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LU-VE S.p.A.

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REA Number: VA-191975

Tax Code no. 01570130128

INTEGRATED ANNUAL REPORT

AS OF 31 DECEMBER 2024

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SUMMARY

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DIRECTORS' REPORT AS AT 31 DECEMBER 2024

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13 March 2025

Dear Shareholders,

2024 was a very complex year from the geopolitical standpoint. Not only the hostilities in the conflict between Russia and Ukraine have not been resolved, but new hotbeds of war have flared up in the Middle East involving several states, all the way to Syria with the fall of the regime that had been in power for more than fifty years, just a few months after the change of the Iranian presidency.

In the United States, the November elections gave the newly elected President Donald Trump a very clear mandate, after an election campaign with its fair share of dramatic events, from the withdrawal of the outgoing President to the assassination attempt on the President-elect. The new presidency is unlikely to be characterised by continuity, either politically or economically, with priority given to the interests of the world's leading economy.

Europe ends a very difficult year characterised by a number of events, some of which were unexpected: the renewal of the European Commission with a shift to the right in political orientation despite the continuity of the presidency; the absence of a stable government in France, which is in deep political crisis (with an unprecedented rating cut by Moody's); the fall of the government in Germany and the calling of early elections for February of next year. Lastly, the United Kingdom, with the new Labour government that appears to at least have brought the island closer to the Continent.

China and India are in the background; in a context of stability, they have nevertheless, together with the United States, guaranteed world economic growth of 3.2%, identical to that of 2023. For China, the year ended with +4.9%, in line with government expectations, while India confirmed its position as a leading economy with +6.7%. The United States also performed very well, with a +2.6% and given the initial high values, in a context of moderately falling inflation and with interest rates slowing down and prudently decreasing compared to the previous year. For the Eurozone, after the sluggish growth of 2023 (+0.5%), 2024 also saw a modest +0.7%, with Germany "stagnating" for the second consecutive year. France and the United Kingdom did better, both at +1.1%, while Italy closed with average levels and a sharp slowdown compared to the previous two years, particularly in the second part of the year.

In terms of monetary policy, in addition to the aforementioned caution on the part of the US, the European Central Bank has also moved in the same direction, despite a stagnant economy and inflation close to the 2% target. Rates fell several times during 2024 for a total cut of 100 basis points, to 3% at the end of the year.

On the foreign exchange front, with the election of the new US president, the dollar strengthened significantly against all other currencies. In relation to the euro, the US currency has reached a level

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that is close to the highs of the last 5 years and is almost at parity, up by almost 6% in the year. The outlook is very much dependent on the economic policy choices of the new presidency and the ability of the US to maintain current growth rates.

The forecasts for the current year, assuming some change in the direction of less geopolitical tension, are likely to confirm world growth at 3.2%, the United States at 1.6%, China at 4.5% (but with greater state contributions and a growing deficit) and India at the always excellent 6.8%. For the Eurozone, still struggling with unfavourable demographics, the expected growth is 1.3%, better than 2024, but still weak and above all linked to the expected recovery of Germany (+1% expected), which is not deemed certain, also in relation to energy costs and the crisis in the automotive sector. Italy should not deviate from the European average, well supported by services, especially tourism in the Jubilee year.

On the commodity price front, the upward forecast materialised during 2024. When comparing the average values of the main commodities, copper rose by 8.7%, aluminium by +7.4%, and silver by +21%, while oil, in a very volatile context, closed the year with an overall retracement of 5%. This results in a situation where falling inflation, continued high interest rates, increases in the cost of commodities and a stagnating economy are eroding the margins of manufacturing companies, especially in European markets.

Given such a global picture, the events that may be relevant, especially for companies that are present in all markets and that follow the ongoing transitions, should be pointed out.

On the market front, with China and India growing together with the United States, and keeping in mind the interesting dynamics of Turkey and South America, significant development opportunities are arising for companies like LU-VE that have a significant and growing presence in these markets. Regarding transitions, factors such as the new artificial intelligence technologies and green technology, the data centre sector and the resumption of investments in nuclear power have the potential to more than compensate for the slowdown in European support policies, particularly for heat pumps and the abandonment of endothermic engines in the automotive sector.

In short, there is hope that this year, along with the many unknowns related to changes in the geopolitical context, will also bring new opportunities for companies capable of overseeing developing supply chains and maintaining a presence in all markets. These elements are in line with the positioning of the LU-VE group.

Confirming the results already seen during the year, 2024 recorded a better net profit for the year than 2023 despite a drop in product sales of 4.3% for a year-end turnover value of € 581 million. This result, which derives from the cost containment initiatives already initiated in the second half of 2023, was made possible by the revision of certain processes and the organisational structure, but above all by a significant reduction in procurement costs, favoured not only by the general economic situation, but also by the major effort to expand the supplier base globally and the renegotiation of existing agreements.

At the end of the year, the value of the order backlog amounted to € 174.2 million, a significant increase (+11.5%) compared to the figure at the end of the previous year, and a slight increase (+1.2%) compared to the value recorded in Q3 2024.

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EBITDA reached a record amount of € 82.5 million, or 14.0% of sales, up 4.7% compared to 2023 (€78.8 million, or 12.8% of sales), while the net result for the year amounted to €35.8 million, or 6.1% of sales (€31.4 million in 2023, or 5.1% of sales). The adjusted net result (see paragraph 1.6 - Alternative Performance Measures below for more details) amounted to € 37.4 million, compared to €37.0 million in 2023.

In terms of sales, the year was heavily penalised by the continuing crisis in the heat pump exchanger market (-65.2% compared to the previous year), but it is important to note that, net of the negative impact generated by the drop in heat pump sales, the Group's product turnover grew by 2.5%.

The different performance of the individual applications led to a significant change in the sales mix, which, for the first time in the Group's history, resulted in the "Cooling Systems" SBU achieving a higher sales volume than the "Components" SBU at the end of the year.

Given a 3.8% growth, the "Cooling Systems" SBU reached a turnover of € 296 million thanks to new projects in the area of latest-generation "data centres", despite the continuing slowdown in the distribution channel and a reduction in the number of larger refrigeration and air conditioning projects.

Given the good recovery recorded in the last quarter, the "Components" SBU reduced the drop in sales compared to 2023 to 11.4% with a value of € 285 million, which, net of the aforementioned drop in the heat pump segment, would still have meant a slight growth (+1.1%) in any event.

With regard to the heat pump exchanger segment, despite the end of subsidies for the installation of gas boilers, there is still a high level of uncertainty at European level regarding the new incentive systems, which is combined with the slow reduction of the high volumes of finished product stocks still present along the distribution chain. Considering the importance of heat pump technology within the "Repower EU" programme, it would be reasonable to expect a recovery in consumer demand in the medium term, despite the current high level of uncertainty. The Group has reflected this in its forecasts for the 2025 financial year, in the knowledge that if demand were to recover or suddenly accelerate sharply, production capacity would be available in several plants.

The breakdown of turnover by SBU is given below:

Revenues by SBU (in thousands of Euro)	2024	%	2023	%	Change	% Change
SBU COOLING SYSTEMS	**295,978**	**50.9%**	**285,198**	**47.0%**	**10,780**	**3.8%**
SBU COMPONENTS	**285,024**	**49.1%**	**321,645**	**53.0%**	**-36,621**	**-11.4%**
TOTAL PRODUCT TURNOVER	**581,002**	**100.0%**	**606,843**	**100.0%**	**-25,841**	**-4.3%**

During the year, work was completed on the expansion of the LU-VE Chinese production site at Tianmen in the Hubei Province, with the official inauguration of which took place on 3 December 2024, in the presence of the local authorities and the Group's top management.

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During the year, the implementation of SAP was successfully completed at both the Indian facility in Bhiwadi (on 1 April, to coincide with the closing of the local financial year) and at the German subsidiary (at the end of September).

On 30 September 2024, the deed of merger by incorporation into the parent company LU-VE S.p.A. of the wholly-owned Italian subsidiaries Sest S.p.A. and Air Hex Alonte S.r.l. was signed, in execution of the resolutions passed on 24 June 2024 by the Board of Directors of LU-VE S.p.A. and the Extraordinary Shareholders' Meetings of Sest S.p.A. and AHA S.r.l., respectively. The civil law effects of the Merger shall take effect as of 31 December 2024 and the accounting and tax effects as of 1 January 2024. It should be noted that this transaction has no accounting impact on the consolidated financial statements of the LU-VE Group, since it is a "business combination under common control" within the meaning of IFRS 3.

On 3 October LU-VE S.p.A. completed the purchase of the remaining 25% of the shares (for € 7.4 million) of the subsidiary Refrion S.r.l., through the exercise of the call option provided for in the acquisition agreement (which also contemplated the put option in favour of the seller).

In October, work started on the expansion of the LU-VE US Inc. production facility in Texas, mainly aimed at the production of outdoor appliances for the "Cooling Systems" SBU, also in light of the expected introduction of new customs duties by the new US administration. Production is scheduled to start in the first quarter of 2026.

During 2024, the implementation of the new global organisational structure based on regional divisions (Clusters) continued. This structure, through the definition of a matrix model and the redefinition of roles and operational powers, aims to improve overall efficiency and productivity, as well as streamline the Group's business processes to better meet stakeholders' needs, ensuring a consistent level of service. The new structure was achieved with the crucial contribution of each Cluster and each Department, representing an extraordinary and passionate example of teamwork.

The year 2024 was the second year of implementation of the LU-VE Group's "2023-2025 Sustainability Plan", prepared by the Sustainability Steering Committee, reviewed by the Control and Risk Committee, and approved by the Board of Directors in February 2023.

The Sustainability Plan, the indicators and targets of which are set out in the summary table, outlines the directions that the LU-VE Group intends to pursue in order to improve its impacts, reduce risks and pursue relevant opportunities in environmental and social issues. All the targets set for 2024 have been met.

DIMENSIONS OF THE POSITIONING AND KEY INDICATOR	2022	2023	2024	TARGET 2024
A. Sustainability integrated into the business plan and B. State-of-the-art products				
Turnover from products with natural refrigerant fluids and/or high-efficiency motors (% of total)	50.7%	53.6%	**56%**	>54%
Relevant suppliers who signed the Supplier Form (% of total)	57%	67%	**70%**	>69%
Suppliers audit (no.)	4	10	**11**	11
C. Climate neutrality				
Scope 1 and Scope 2 climate change emission reduction (% of baseline 2022)	-	-6.39%	**-15%**	-10%
D. High involvement of people				
Employees assessed in the Performance Management process (formerly Skills Development, % of total eligible employees)	-	74%	**87%**	>75%
Accident frequency index	5.21	3.08	**3.65**	<4.14
Accident severity index	0.20	0.09	**0.12**	<0.15

With reference to the EU Regulation 2020/852, in 2024 the economic activities eligible for the criteria of the European Taxonomy for environmentally sustainable activities represent 36.4% of the LU-VE Group's turnover. This figure takes into account the turnover of the "Cooling System" Strategic Business Unit related to the Group's high energy efficiency engine solutions and/or designed for the use of natural refrigerant fluids with no or minimal impact on global warming, compared to conventional fluids. Looking at CAPEX and OPEX data, the Group shows a percentage share of eligible assets of 40.9% and 36.4% respectively.

The LU-VE Group achieved some milestones in terms of climate targets in 2024:

- reduced its Scope 1 and Scope 2 greenhouse gas emissions by -15% - calculated according to the Market-based methodology - considering the 2022 baseline. The achievement of the target - defined through the science-based methodology - was possible mainly through the use of electric energy from renewable sources certified through Guarantees of Origin or produced by on-site photovoltaic plants, as well as through energy efficiency initiatives.
- committed to define a Scope 3 climate change emission reduction plan over the next two years. In addition, for the first time, the Group reports data on its Scope 3 climate emissions, *i.e.*, related to its value chain, in its Consolidated Sustainability Report for the financial year 2024, which are mainly attributable to the use of products by customers and purchased materials.

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Among the main sustainability milestones, notable is the completion of the first phase of the "Sustainability Ambassadors' Journey" in 2024, a global programme to increase the LU-VE Group's sustainability culture and accelerate sustainable change in the company. From the various spontaneous applications received, 80 employees - coming from various Group companies and from different functions and company departments - were selected to follow training, discussion and dialogue activities on five main areas: climate crisis, energy market, human rights, circular economy and sustainability communication.

The second phase of the global programme was also launched in 2024 with two main targets: 1) increase the empowerment of individual Ambassadors, so that they can become facilitators of the "Climate Fresk" workshop, then delivered to their colleagues and 2) channel ideas and resources to develop sustainability projects in the Group, through the Sustainability Lab.

On the subject of reporting, the LU-VE Group has prepared its first Consolidated Sustainability Statement for the financial year 2024, in transposition of EU Directive 2022/2464 of the European Parliament and of the Council of 14 December 2022 ("Corporate Sustainability Reporting Directive"), transposed in Italy by Italian Legislative Decree no. 125/2024, which repealed Legislative Decree no. 254/2016. The Report was included in a separate section of this Directors' Report, unlike the Non-Financial Statement (DNF), which was contained in a separate document.

With regard to financing contracts, the following changes occurred during 2024:

- In January, the amount of € 30,000 thousand was disbursed in a single instalment with regard to the unsecured loan signed, for the same amount, in December 2023 with Unicredit S.p.A.. The loan with a duration of 60 months (of which 9 months in the grace period) is aimed at supporting the general financial needs related to the exercise of the activities of the LU-VE Group. The loan requires compliance with financial covenants;

- An unsecured loan for € 30,000 thousand with BPER S.p.A. was subscribed in January, fully proceeded at the time of signing, with a duration of 60 months (of which 12 months in the grace period). This loan requires compliance with financial covenants.

- An unsecured loan was signed with B.N.L. S.p.A. for € 35,000 thousand was subscribed in November, fully proceeded at the signing date, with a duration of 72 months (of which 6 months in the grace period). This loan requires compliance with financial covenants.

- In November, an unsecured loan was subscribed with Intesa Sanpaolo S.p.A. for € 25,000 thousand for a term of 72 months (of which 6 months in the grace period) in constant capital repayment on a quarterly basis. The loan is intended to support the expansion of the Group's operating volumes and requires compliance with financial covenants;

- In November, an unsecured loan was subscribed with Intesa Sanpaolo S.p.A. for € 15,000 thousand for a term of 72 months (of which 6 months in the grace period) in constant capital repayment on a quarterly basis. The loan is intended to support the expansion of the Group's operating volumes and requires compliance with financial covenants.

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Lastly, on 29 April 2024, the Shareholders' Meeting of the Parent Company LU-VE S.p.A.:

- viewed the consolidated figures and the non-financial statement for 2023 of the LU-VE Group;

- approved the 2023 separate financial statements of LU-VE S.p.A., accompanied by the Directors' Report, as approved by the Board of Directors of LU-VE on 13 March 2024 and already communicated to the Market. Note that the net result for the year 2023, equal to € 6.1 million, was allocated as follows: (i) € 0.3 million to the Legal Reserve and (ii) the distribution of an ordinary gross dividend of € 0.40 per each share outstanding, using available reserves for the remainder.

Regarding the tax audit conducted by the Italian Tax Authority for the years 2016, 2017, 2018 and 2019 and tax finding report relating to the year 2019, no further requests have been made and there was no further activity by the tax authorities.

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

With reference to the draft tax deed notified by the Italian Tax Authority (Udine branch) to the subsidiary Refrion S.r.l. relating to the verification of tax credits for the years 2016, 2017, 2018 referred to research and development costs, during the third quarter of 2024, a defensive approach was taken, which led first to a reduction in the challenged amounts and then to the subsidiary's adherence to the Italian Revenue Agency's settlement proposal (with the partial repayment of the receivables used and with a waiver of some receivables recorded in the financial statements and not yet used, without penalties and interest). It should be noted that with regard to the liabilities, since they are tax receivables arising prior to the acquisition of the LU-VE Group, the Group is protected by the guarantees provided by the previous shareholders of the aforementioned subsidiary.

In the second half of 2024, the Central Directorate for Large Taxpayers and International Affairs (*Direzione Centrale Grandi Contribuenti e Internazionale*) of the Italian Tax Authority sent requests for information to the parent company LU-VE S.p.A. to initiate the preliminary activity concerning the application submitted on 28 December 2020 for access to the procedure aimed at concluding Advance Pricing Agreements ("*APA*"), as provided for by Art. 31 *ter* of Italian Presidential Decree no. 600/73. The company promptly responded to all documentary requests received.

On 10 December 2024, the Polish Tax Authority sent to the subsidiary Sest-LUVE-Polska Sp.z.o.o. requests for documentation concerning the application submitted on 30 December 2021 for access to the procedure aimed at concluding Advance Pricing Agreements ("*APA*"), including requests relating to the Group's services charged back. The documentation must be submitted by February 2025.

1.1 CONSIDERATIONS ON THE SHARE'S STOCK MARKET VALUE

In the first part of 2024, the LU-VE share remained almost constantly below the FTSE Italia Star index, to then rise considerably above it from mid-May onwards. At the end of the period, it showed about 25 percentage points more growth than the same index. The average market value of the stock in the second half recorded an increase of 16% compared to the average value of the first half. As at 31 December 2024, the value of the share showed an increase of approximately 20% compared to the beginning of the year.

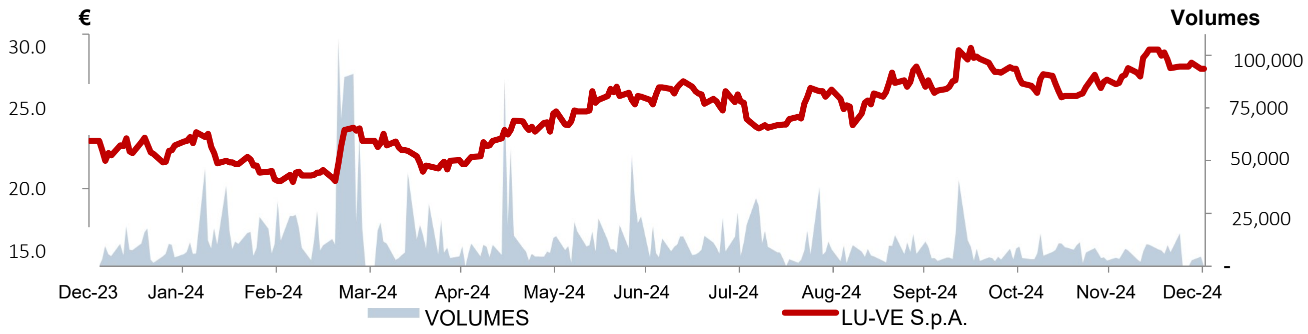
The main figures and share price trends are shown below:

Price as at 1 January 2024: € 23.10
Price as at 31 December 2024: € 27.75
Change in the financial year: 20.13%

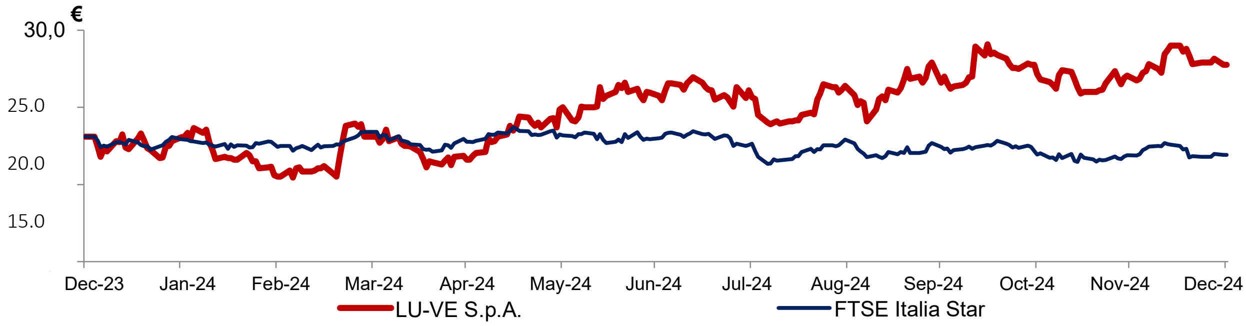
Maximum price: € 29.10 (15 October 2024)
Minimum price: € 20.45 (5 March 2024)
Weighted average price: € 24.20
Traded volumes: 3,134,295 shares

Stock Market capitalisation as at 31 December 2024: € 617.0 million.

On 12 March 2025 (at the close of the last trading day before the approval of the draft financial statements) the price was € 29.80, corresponding to a capitalisation (to be calculated on 22.23 million shares) of € 662.6 million, in any case higher than the book value of the Group's reported shareholders' equity (€ 249.4 million).



Below is the performance of the FTSE STAR Index and the LU-VE share during 2024:



1.2 SUBSIDIARIES AND ASSOCIATES

As at 31 December 2024, the LU-VE Group was composed as follows:

Industrial subsidiaries:

- SEST-LUVE-POLSKA Sp.z.o.o. of Gliwice (Poland), 95% owned by LU-VE S.p.A. (following the merger of the subsidiary SEST S.p.A. into LU-VE S.p.A.): manufactures and sells exchangers for refrigerated counters and display cabinets and other air cooled applications and equipment (evaporators and condensers);
- "OOO" SEST-LUVE of Lipetsk (Russia), 95% owned by LU-VE S.p.A. (following the merger of the subsidiary SEST S.p.A. into LU-VE S.p.A.), manufactures and sells exchangers and air cooled equipment for the market of Russia and neighbouring countries;
- HEAT TRANSFER SYSTEM (HTS) s.r.o. of Novosedly (Czech Republic), wholly-owned subsidiary: manufactures and markets exchangers for the air conditioning, refrigeration and special applications sectors;
- LUVE HEAT EXCHANGERS (Tianmen) Co, Ltd, wholly-owned subsidiary active in the manufacture and marketing of air cooled products for the market of China and neighbouring countries;
- LU-VE SWEDEN AB of Asarum (Sweden), wholly-owned subsidiary: manufactures and markets air cooled products (mainly large condensers and dry coolers using the "AIA" brand) in the Scandinavian markets;
- THERMO GLASS DOOR S.p.A. of Travacò Siccomario (PV), wholly-owned subsidiary of LU-VE S.p.A. (following the merger of the subsidiary SEST S.p.A. into LU-VE S.p.A.), manufactures and sells glass doors and frames for refrigerated display cabinets and cabinets;
- SPIROTECH HEAT EXCHANGERS PRIVATE LIMITED of New Delhi (India), wholly-owned subsidiary: manufactures and markets heat exchangers (for domestic applications, refrigeration and air conditioning) and air cooled equipment for the refrigeration sector;
- LU-VE US INC of Jacksonville (Texas - USA), a wholly-owned subsidiary, manufactures and markets heat exchangers, air cooled equipment and components for air conditioning, refrigeration and special applications for the US market;

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- MANIFOLD S.r.l. of Uboldo (VA), 99% owned subsidiary: manufactures copper components (collectors and distributor units) for Group companies;
- LUVEDIGITAL S.r.l. of Uboldo (VA), 50% owned: deals with the development of software and IT solutions dedicated to the quotation and promotion of the Group's products;
- FINCOIL LU-VE Oy of Vantaa (Finland), wholly-owned subsidiary: manufactures air cooled equipment mainly for the industrial process cooling or "power gen" and refrigeration markets;
- REFRION S.r.l. of Flumignano (UD), a wholly-owned subsidiary: manufactures and markets heat exchangers and air cooled equipment for the air conditioning and industrial process cooling markets;
- RMS S.r.l. of Flumignano (UD), 100% owned by Refrion S.r.l.: specialises in the machining and marketing of sheet metal parts.

Commercial subsidiaries:

- LU-VE France s.a.r.l. of Lyon (France), wholly-owned subsidiary: company operating in the French and North African markets for direct sales and commercial and technical support activities to distributors of air cooled appliances and heat exchangers;
- LU-VE Deutschland GmbH in Stuttgart (Germany), wholly-owned subsidiary: carries out direct sales or sales via distributors of air cooled appliances on the entire German market;
- LU-VE Iberica s.l. of Madrid (Spain), 85% subsidiary: carries out direct sales or sales through distributors in the markets of the Iberian Peninsula and Central and South America;
- LU-VE Contardo Pacific pty. Ltd. of Thomastown, Australia, a 75.5% subsidiary: a company marketing air cooled appliances in the Oceania market. The company ceased operations on 31 March 2021 and liquidation formalities are still in progress;
- LU-VE Asia Pacific Ltd. of Hong Kong, a wholly-owned subsidiary, is no longer operational;
- LU-VE Austria GmbH in Vienna (Austria), wholly-owned subsidiary: carries out sales and agency activities for air cooled appliances mainly in German-speaking countries;
- LU-VE Netherlands B.V. in Breda (The Netherlands), wholly-owned subsidiary: carries out sales of air cooled appliances in the Benelux countries;
- "OOO" LU-VE Moscow in Moscow (Russia), wholly-owned subsidiary: carries out activities for the sale of air cooled appliances on the Russian market only;
- LU VE Middle East DMCC in Dubai (United Arab Emirates), wholly-owned subsidiary: carries out sales of air cooled equipment in the Middle East markets;
- LU-VE SOUTH KOREA in Seoul (South Korea), wholly-owned subsidiary: carries out sales and agency activities for air cooled appliances;
- REFRION Deutschland GmbH in Frankfurt (Germany), a wholly-owned subsidiary of Refrion S.r.l., is active in the direct sales of air cooled appliances throughout the German market;
- LU-VE UK Ltd based in London, a wholly-owned subsidiary, carries out sales and agency activities for air cooled appliances mainly in the UK.

1.3 REFERENCE MARKETS

This report shows the breakdown into the three main categories of products in which the Group operates, which have distinct technical and production characteristics:

i) air cooled heat exchangers;
ii) air cooled equipment;
iii) glass doors for refrigerated counters and display cabinets.

AIR COOLED HEAT EXCHANGERS

"Finned tube" heat exchangers are fundamental components of refrigeration circuits and are constructed by mechanically coupling special tubes (usually in copper), which represent what is known as the primary exchange surface, with stamped "specialised fins" (usually in aluminium), which represent what is known as the secondary exchange surface.

In brief, the function performed by a heat exchanger entails subtracting or transferring heat from a certain environment and its functioning is based on the change of state of special cooling mixtures or fluids which flow inside the tubes, combined with the passage of hot or cold air which passes through the fins.

In the majority of cases, heat exchangers represent a component of a complete unit or machine, designed and constructed by an "Original Equipment Manufacturer" (OEM) (in the case of the LU-VE Group, these are mainly manufacturers of refrigerated counters and cabinets, chillers, heat pumps, clothes dryers, compressed air machines, special electrical cabinets, etc.).

Revenues from sale of heat exchangers, down 11.5% compared to the same period of the previous year (due to the aforementioned issue of heat pump exchangers), accounted for 45.8% of the Group's consolidated revenues.

AIR COOLED EQUIPMENT

Air cooled equipment (unit coolers, condensers, gas coolers and liquid coolers) are finished products consisting of heat exchangers of various styles and sizes (up to over 12 metres long and 3 metres high), coupled with: *(i)* housings, appropriately designed and shaped to maximise the performance of the heat exchangers contained in them and to facilitate their transfer and installation on site; *(ii)* electronic or electrical fans, specifically designed and sized to optimise heat exchange, reduce electric energy consumption and the noise level generated; *(iii)* a range of other electric, electronic and mechanical accessories (designed, for example, to increase the output power in the event of extreme environmental conditions; to further reduce the level of noise pollution; to modulate both electric energy consumption and silence depending on whether it is to be used during the day or night; or to enable several functioning parameters to be remotely managed).

The specific function performed by this equipment, in the presence of specific parameters and working conditions, is to guarantee the supply of cooling power (expressed mainly in kW), within given constraints in terms of electric energy absorbed, noise pollution generated and footprint spaces.

Air cooled equipment is divided into 2 macro-categories: a) "indoor" equipment that is installed in cold rooms at positive or negative temperatures; b) "outdoor" equipment installed outdoors (typically on roofs or on special support structures) near refrigerated and/or air-conditioned rooms or industrial process or energy generation plants.

Revenues from sales of air cooled equipment represented 50.2% of the Group's consolidated revenues in 2024, marking an increase of 3.8%.

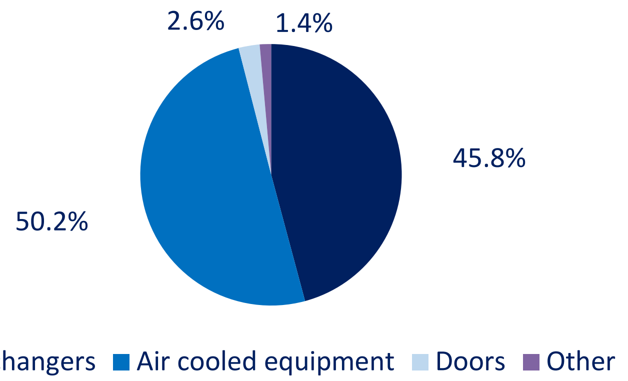
GLASS DOORS FOR REFRIGERATED COUNTERS AND DISPLAY CABINETS

These glass doors for refrigerated counters are manufactured by coupling and isolating up to three different sheets of special glass, inside which an insulating gas is injected.

The specific function of this type of doors, installed on refrigerated cabinets and counters, at positive and negative temperatures, is to guarantee, even if subject to numerous or continuous cycles of opening and closing: *(i)* the maintenance of the temperature inside the refrigerated counters and cabinets so significantly reducing energy consumption by preventing dispersions of cold air, *(ii)* the maximum visibility of the goods displayed/contained in any condition (avoiding the door misting up also by means of applying special nanotechnological film), (iii) the illumination of the inside and (iv) in certain cases, also the illumination of advertising logos on the glass surface.

Revenues from sales of glass doors, down 8.6% from the same period in the previous year in 2023, accounted for only 2.6% of the Group's total revenue.

The chart below shows the breakdown of turnover by product type as at 31 December 2024:



The following table shows the comparison of turnover trends by product type between the two years:

PRODUCTS (in thousands of Euro)	2024	%	2023	%	Delta %
Heat exchangers	269,822	45.8%	305,007	49.4%	-11.5%
Air Cooled Equipment	295,978	50.2%	285,198	46.2%	3.8%
Doors	15,202	2.6%	16,638	2.7%	-8.6%
TOTAL PRODUCTS	**581,002**	**98.6%**	**606,843**	**98.3%**	**-4.3%**
Other	8,086	1.4%	10,414	1.7%	-22.4%
TOTAL	**589,088**	**100%**	**617,257**	**100%**	**-4.6%**

In terms of product application, the Group's operations relate primarily to four different **market sectors**:

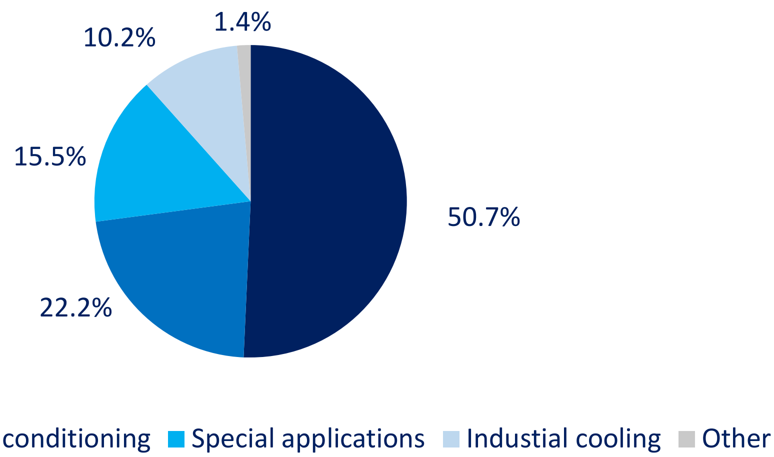
(i) the refrigeration sector, which includes activities relating to the production chain for food products (the "**Refrigeration Sector**");

(ii) the air conditioning sector, which regards the treatment of the air in domestic areas, public and "technological" spaces (the "**Air Conditioning Sector**");

(iii) the "special applications" sector, which primarily includes specific heat exchangers used in various fields of activity ranging from high energy efficiency clothes dryers to "mobile" applications (refrigerated transport, air conditioning for railways and large scale vehicles) to compressed air machines and other industrial applications (the "**Special Applications Sector**");

(iv) the "industrial cooling" sector, which includes mainly high powered air cooled products used for the refrigeration of engines for the generation of power and general industrial processes (the "**Industrial Cooling Sector**").

The chart shows the breakdown of total turnover by segment as at 31 December 2024:



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The table below shows turnover trends by application type in the two years subject to comparison:

APPLICATIONS (in thousands of Euro)	2024	%	2023	%	Delta %
Refrigeration	298,822	50.7%	285,480	46.2%	4.7%
Air Conditioning	130,399	22.2%	171,756	27.8%	-24.1%
Special Applications	91,573	15.5%	78,762	12.8%	16.3%
Industrial cooling	60,208	10.2%	70,845	11.5%	-15.0%
TOTAL APPLICATIONS	**581,002**	**98.6%**	**606,843**	**98.3%**	**-4.3%**
Other	8,086	1.4%	10,414	1.7%	-22.4%
TOTAL	**589,088**	**100%**	**617,257**	**100%**	**-4.6%**

Despite a slow start, refrigeration closed the year 2024 with a 4.7% increase thanks to the finalisation of some important projects in industrial applications, the progressive increase during the year of the consumer demand for heat exchangers for refrigerated display cases and condensing units linked to the world of commercial refrigeration in the large-scale retail sector.

The sharp decline in air conditioning (-24.1%) is mainly attributable to the aforementioned sales slump in the heat pump market (net of this effect, the decrease would have been less than 2%), as growth in data centre applications was only able to partially offset the negative trend in the sector, which was also held back by the low level of investment in construction in the European market.

Performance in the special applications segment was excellent, thanks almost entirely to the very positive consumer demand for exchangers for high energy efficiency clothes dryers and steady growth in refrigerated transport.

Lastly, the decrease recorded in the industrial cooling segment was due to the postponement of some orders, which were initially scheduled to be delivered by the end of the financial year, while the order backlog figure and the steady expansion of the customer base suggest good prospects for 2025.

The geographical breakdown of sales was also affected by the sharp drop in sales in the heat pump segment (which mainly affected customers located in Germany, Austria and Italy), resulting in a drop of almost 6% in turnover in the European Union (amounting to € 426.7 million) despite the excellent results achieved in Poland, Scandinavia and the Benelux. As a consequence, the share of total turnover dropped to just over 73%, while the share of export sales marked the highest value in the Group’s history (80.6%) with France as the leading export market.

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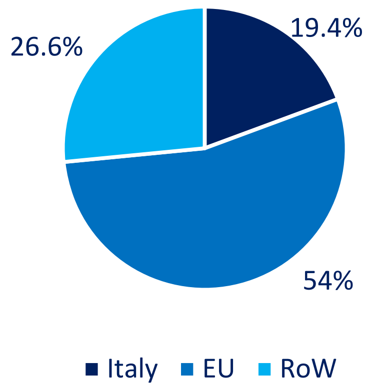
The chart below shows the geographical breakdown of turnover in 2024:



The Group’s turnover does not depend to a significant extent on individual commercial or industrial contracts. As at 31 December 2024, sales revenues relating to the top 10 customers overall represented a percentage of 28.9% of turnover (it was 29.9% at the end of 2023), with the main customer accounting for only 4.1% of total sales.

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1.4 ECONOMIC AND FINANCIAL DATA

The reclassified Income Statement and Balance Sheet are provided below:

Reclassified Consolidated Income Statement *(in thousands of Euro)*	31/12/2024	% Revenues	31/12/2023	% Revenues	% Change 2024 over 2023
Revenues and Operating income	589,088	100%	617,257	100%	(4.6%)
Purchases of materials	(283,969)	48.2%	(302,368)	49.0%	
Changes in inventories	(9,852)	1.7%	(21,440)	3.5%	
Services	(75,542)	12.8%	(80,654)	13.1%	
Personnel costs	(132,532)	22.5%	(129,413)	21.0%	
Other operating expenses and accruals	(4,674)	0.8%	(4,543)	0.7%	
Total operating costs	(506,569)	86.0%	(538,418)	87.2%	(5.9%)
EBITDA	82,519	14.0%	78,839	12.8%	4.7%
Depreciation and amortisation	(31,817)	5.4%	(32,371)	5.2%	
Gains/(Losses) on non-current assets	(150)	0.0%	(41)	0.0%	
Operating profit (EBIT)	50,552	8.6%	46,427	7.5%	8.9%
Net financial income and expense and net exchange gains/(losses)	(3,486)	(0.6%)	(10,057)	(1.6%)	
Gains/(Losses) from investments	-	-	-	-	
Pre-tax result (EBT)	47,066	8.0%	36,370	5.9%	29.4%
Income taxes	(11,245)	1.9%	(5,007)	0.8%	
Net result for the year	35,821	6.1%	31,363	5.1%	14.2%
Net result attributable to non-controlling interests	1,324		1,618		
Net result attributable to the Group	34,497	5.9%	29,745	4.8%	16.0%

Revenues and operating income decreased compared to the previous year by 4.6%. At constant exchange rates, the decrease in revenues would have been approximately 4.4%. The decrease was essentially due to the drop in sales volumes and the change in the product mix.

Total operating costs decreased from € 538.4 million (87.2% of revenues) to € 506.6 million (86.0% of revenues). The overall decrease of 5.9% (€ 31.8 million) was substantially caused by the following factors:

- consumption of materials decreased by € 30.0 million, falling from 52.5% to 49.9% as a percentage of revenues. This decrease was mainly due to the decline in the purchase prices of the main raw materials;

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- costs for services (12.8% as a percentage of sales, last year it was 13.1%) showed a decrease of € 5.1 million, mainly due to a decrease of € 1.7 million in electric energy costs, € 1.1 million in external service costs, and € 2.3 million in production-related service costs;

- personnel costs increased by € 3.1 million, mainly due to the usual salary dynamics and the effects of inflation. As at 31 December 2023, this item included € 1.0 million related to the start-up activities of the former ACC Wanbao production site, which were not part of ordinary operations. Personnel costs as a percentage of revenues rose from 21.0% to 22.5%.

- The item "Other operating costs" included, as at 31 December 2023, costs not falling under ordinary operations related to the donation of € 0.3 million to the Emilia-Romagna region. The item includes €0.8 million of non-income taxes, €0.4 million of provisions for risks and € 4 million of other operating costs.

"EBITDA" amounted to € 82.5 million (14.0% of revenues) compared to € 78.8 million (12.8% of revenues) in 2023. As at 31 December 2024, there were no costs outside the ordinary course of business. Net of the impact of the non-operating costs described above, adjusted EBITDA as at 31 December 2023 would have amounted to € 80.1 million (see the paragraph 1.6 "Alternative Performance Measures" for more details). The change in adjusted EBITDA from the previous financial year (increase of € 2.4 million, +3.0%) is generated by a € 13.5 million decrease in the costs of the main raw materials and other production costs net of the decrease in sales prices, in the amount of € 3.4 million, and a € 7.7 million decrease in the contribution related to the drop in sales volume and the delta mix of sold products.

Depreciation and amortisation decreased by €0.6 million.

"Operating profit (EBIT)" amounted to € 50.6 million (8.6% of revenues) compared to € 46.4 million (7.5% of revenues) in 2023, up by 8.9%. Net of non-operating costs, adjusted EBIT as at 31 December 2023 would have amounted to € 47.7 million, 7.7% of revenues.

The balance of "Net financial income and expense" was negative for € 3.5 million (negative for € 10.1 million in the first half of 2023). The significant decrease of € 6.6 million in net financial expense was due: for € 2.6 million to the positive change in the *fair value* of derivative contracts to hedge financing, for € 4.0 million to the increase in financial income, and for € 0.3 million to the positive change in exchange rate deltas, net of € 0.3 million of higher financial expense. In addition, the negative change in fair value of the *put and call* option, compared to the payable recognised in the Financial Statements, related to the acquisition of the remaining 25% of the equity shareholding of the subsidiary Refrion S.r.l., equal to € 0.9 million, was recognised within this item.

"Pre-tax result (EBT)" was equal to € 47.1 million (8.0% of revenues) against a value of € 36.4 million in 2023 (5.9% of revenues). The EBT for 2024 normalised ("adjusted EBT") for the net effect of the negative change in the fair value of derivatives and the impact of amortised cost (€ 1.0 million) and the impact of the purchase of the remaining 25% of Refrion S.r.l. (€0.9 million) would have amounted to € 48.9 million (8.3% of revenues). Last year it amounted to € 43.8 million (7.1% of revenues).

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“Net result for the year” amounted to € 35.8 million (6.1% of revenues) compared to € 31.4 million (5.1% of revenues) in 2023. Applying the tax effect to the non-recurring costs and revenues described above, the net profit for 2024 (“Adjusted net profit for the year”) would have been € 37.4 million, 6.4% of revenues (last year, € 37.0 million, 6.0% of revenues).

Reclassified Consolidated Balance Sheet *(in thousands of Euro)*	31/12/2024	% of net invested capital	31/12/2023	% of net invested capital	% Change 2024 over 2023
Net intangible assets	88,080		92,863		(4,783)
Net property, plant and equipment	213,621		205,412		8,209
Deferred tax assets	11,227		11,039		188
Other non-current assets	424		969		(545)
Non-current assets (A)	313,352	88.8%	310,283	87.3%	3,069
Inventories	101,061		110,831		(9,770)
Trade receivables	102,961		87,790		15,171
Other receivables and current assets	13,631		14,116		(485)
Current assets (B)	217,653		212,737		4,916
Trade payables	108,291		95,659		12,632
Other payables and current liabilities	44,641		46,577		(1,936)
Current liabilities (C)	152,932		142,236		10,696
Net working capital (D=B-C)	64,721	18.3%	70,501	19.8%	(5,780)
Provisions for employee benefits	5,390		5,363		27
Deferred tax liabilities	13,698		14,109		(411)
Provisions for risks and charges	6,012		5,735		277
Medium/long-term liabilities (E)	25,100	7.1%	25,207	7.1%	(107)
Net Invested Capital (A+D-E)	352,973	100.0%	355,577	100.0%	(2,604)
Shareholders’ equity attributable to the Group	249,434		223,677		25,757
Non-controlling interests	6,003		5,554		449
Total Consolidated Shareholders’ Equity	255,437	72.4%	229,231	64.5%	26,206
Medium - term Net Financial Position	279,756		264,632		15,124
Short - term Net Financial Position	(182,220)		(138,286)		(43,934)
Total Net Financial Position	97,536	27.6%	126,346	35.5%	(28,810)
Shareholder’s equity and net financial debt	352,973	100.0%	355,577	100.0%	(2,604)

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The increase in the item “Non-current assets” (€ 3.1 million) is mainly related to the net investments for the year in property, plant and equipment and intangible fixed assets (€ 3.4 million), net of the decrease in other items of € 0.3 million.

The LU-VE Group’s operating working capital (equal to the sum of inventories and trade receivables net of trade payables) as at 31 December 2024, amounted to € 95.7 million, or 16.3% of sales (it was € 103.0 million as at 31 December 2023, 16.7% of sales).

Consolidated shareholders’ equity amounted to € 255.4 million compared to € 229.2 million as at 31 December 2023. The increase (€ 26.2 million) was substantially due to the net result for the year (€ 35.8 million), the positive effect of the translation reserve (€ 0.1 million) adjusted by the distribution of dividends totalling € 9.7 million.

The net financial position was negative by € 97.5 million (€ 126.3 million as at 31 December 2023), down by € 28.8 million, primarily as a result of investments in fixed assets for €19.9 million, the increase in other financial liabilities (IFRS16) for €9.1 million, the distribution of dividends for € 9.7 million, the change in the other receivables and payables for € 1.0 million, the change in the put-and-call option strike price for €0.9 million, net of € 7.2 million due to the decrease in operating working capital and positive cash flows from operations for approximately € 62.2 million. In the 2024 financial year, cash flow from operations, adjusted for non-operating items, amounted to € 56.4 million (see paragraph 1.6 “Alternative performance measures” for more details). The debt is all medium and long-term, and liquidity as at 31 December 2024 totalled around € 316.1 million.

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1.5 ECONOMIC AND FINANCIAL DATA OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY LU-VE S.P.A.

The reclassified Income Statement and Balance Sheet are provided below:

Reclassified Income Statement of LU-VE S.p.A. ***(in thousands of Euro)***	31/12/2024	% Revenues	31/12/2023 - Unaudited (*)	% Revenues	% Change 2024 over 2023
Revenues and Operating income	200,841	100.0%	200,578	100.0%	0.1%
Purchases of materials	(91,595)	45.6%	(96,378)	48.1%	
Changes in inventories	(1,244)	0.6%	(9,370)	4.7%	
Services	(37,306)	18.6%	(35,422)	17.7%	
Personnel costs	(55,626)	27.7%	(51,418)	25.6%	
Other operating expenses and accruals	(1,272)	0.6%	(1,517)	0.8%	
Total operating costs	(187,043)	93.1%	(194,105)	96.8%	(3.6%)
EBITDA	13,798	6.9%	6,473	3.2%	113.2%
Depreciation and amortisation	(12,474)	6.2%	(12,954)	6.5%	
Gains/(Losses) on non-current assets	(87)	0.0%	(66)	0.0%	
Operating profit (EBIT)	1,237	0.6%	(6,547)	(3.3%)	(118.9%)
Net financial income and expense and net exchange gains/(losses)	18,705	9.3%	11,877	5.9%	
Gains/(Losses) from investments (and other interests)	(3,085)	(1.5%)	-	-	
Pre-tax result (EBT)	16,857	8.4%	5,330	2.7%	216.3%
Income taxes	804	0.4%	2,826	1.4%	
Net result for the year	17,661	8.8%	8,156	4.1%	116.5%

** Following the merger by incorporation into LU-VE S.p.A. of the companies SEST.S.p.A. and Air Hex Alonte S.r.l., pro-forma financial statements as at 31 December 2023 were prepared in order to provide greater comparability between the values as at 31 December 2024 and those as at 31 December 2023, as if the merger had already taken place at the beginning of the previous period. For more information, please see Appendix A to this Report and the paragraph "Introduction" of the Explanatory Notes to the Separate Financial Statements.*

As at 31 December 2024, revenues from finished products decreased by 6.6% (from € 198.9 million in 2023 to € 185.7 million in 2024). The item "Revenues and operating income" includes higher intragroup charge-backs following changes in the Group's organisational structure (for more information, see the Explanatory Notes to the Financial Statements).

Total operating costs decreased from € 194.1 million (96.8% of revenues) to € 187.6 million (93.1% of revenues). The overall decrease was 3.6% (€ 7.1 million) and was mainly attributable to:

- a decrease in the consumption of materials with a total impact of € 12.9 million. The percentage of revenues improved from 52.7 % to 46.1% as a result of lower purchase prices of the main raw materials and the production and sales mix;

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- an increase in costs for services of € 1.9 million (from 17.7% to 18.6% of revenues) due to production-related costs rising by € 1.2 million and an increase in costs for services of € 0.7 million;

- an increase in personnel costs of € 4.2 million as a percentage of revenues, from 25.6% to 27.6%), mainly due to the different recognition of intragroup charge-backs following the Group's organisational change;

"EBITDA" in 2024 amounted to € 13.8 million (6.9% of revenues) compared to € 6.5 million (3.2% of revenues) in 2023.

"Operating profit (EBIT)" amounted to € 1.2 million, accounting for 0.6% of revenues (negative for € 6.5 million in 2023, accounting for -3.3% of revenues).

The balance of "Net financial income and expense" in the year ended 31 December 2024 was a positive € 18.7 million, compared to € 11.9 million in 2023. The positive difference of € 6.8 million was mainly due to: the increase in the return on invested liquidity of € 1.9 million, the decrease in the negative fair value of derivative contracts of € 2.6 million, the positive change in amortised cost of € 2.6 million, the increase in exchange gains of € 2.5 million, the increase in dividends of € 0.1 million, net of the negative change in financial expense of € 2.9 million.

The item Gains and losses from investments and (other interests) includes the write-down of the equity investment in the subsidiary Thermo Glass Door S.p.A. for €1.8 million and the write-down of intragroup financial receivables for the loan granted to the subsidiary LU-VE US inc. for € 1.3 million.

"Pre-tax result (EBT)" in the year ended 31 December 2024 was equal to € 16.9 million (8.4% of revenues) against a value of € 5.3 million as at 31 December 2023 (2.7% of revenues).

"Net result for the year" in 2024 amounted to € 17.7 million (8.8% of revenues) compared to € 8.2 million (4.1% of revenues) in 2023.

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Reclassified Balance Sheet of LU-VE S.p.A. *(in thousands of Euro)*	31/12/2024	% of net invested capital	31/12/2023 - Unaudited (*)	% of net invested capital	% Change 2024 over 2023
Net intangible assets	18,569		19,852		(1,283)
Net property, plant and equipment	72,746		70,227		2,519
Deferred tax assets	11,412		11,875		(463)
Investments	152,243		145,383		6,860
Other non-current assets	41		1,317		(1,276)
Non-current assets (A)	255,011	93.9%	248,654	95.9%	6,357
Inventories	27,220		28,464		(1,244)
Trade receivables	60,210		51,936		8,274
Other receivables and current assets	8,281		6,835		1,446
Current assets (B)	95,711		87,235		8,476
Trade payables	44,719		40,677		4,042
Other payables and current liabilities	23,725		24,569		(844)
Current liabilities (C)	68,444		65,246		3,198
Net working capital (D=B-C)	27,267	10.0%	21,989	8.5%	5,278
Provisions for employee benefits	2,120		2,357		(237)
Deferred tax liabilities	5,897		6,570		(673)
Provisions for risks and charges	2,639		2,506		133
Medium/long-term liabilities (E)	10,656	3.9%	11,433	4.4%	(777)
Net Invested Capital (A+D-E)	271,622	100.0%	259,210	100.0%	12,412
Share capital	62,704		62,704		0
Reserves and retained earnings/(losses)	40,214		40,910		(696)
Profit/(loss) for the year	17,661		8,156		9,505
Total Shareholders' equity	120,579	44.4%	111,770	43.1%	8,809
Medium - term Net Financial Position	270,219		253,038		17,181
Short - term Net Financial Position	(110,542)		(94,357)		(16,185)
Total Net Financial Position	159,677	58.8%	158,681	61.2%	996
Total Other non-current financial assets	(8,634)	-3.2%	(11,241)	-4.3%	2,607
Shareholder's equity and net financial debt	271,622	100.0%	259,210	100.0%	12,412

** Following the merger by incorporation into LU-VE S.p.A. of the companies SEST.S.p.A. and Air Hex Alonte S.r.l., pro-forma financial statements as at 31 December 2023 were prepared in order to provide greater comparability between the values as at 31 December 2024 and those as at 31 December 2023, as if the merger had already taken place at the beginning of the previous period. For more information, please see Appendix A to this Report and the paragraph "Introduction" of the Explanatory Notes to the Separate Financial Statements.*

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The item “Non-current assets” increased by € 6.4 million compared to 2023, mainly due to the item “Investments”, following the purchase of the remaining 25% of the investment in Refrion S.r.l. (already commented on in the introduction to the Directors’ Report).

Operating working capital (the sum of inventories and trade receivables net of trade payables) increased by approximately € 3.0 million (from 19.8% to 21.2% of sales).

The shareholders’ equity amounted to € 120.6 million compared to € 111.8 million as at 31 December 2023. The increase (€ 8.8 million) was due to the net profit for the year (€ 17.7 million), net of the distribution of dividends of €8.9 million.

The net financial position was a negative for € 159.7 million (negative for € 158.7 million as at 31 December 2023), a worsening of € 1.0 million. The debt is all medium and long-term, and liquidity as at 31 December 2024 totalled around € 252.6 million.

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1.6 ALTERNATIVE PERFORMANCE MEASURES

In compliance with ESMA recommendation on alternative performance measures (ESMA/2015/1415), the table below highlights the main alternative performance measures used to monitor the LU-VE Group's economic and financial performance:

Monetary amounts in thousands of Euro	2024	2023
Average days in inventory (1)	62	65
Inventory turnover ratio (2)	5.83	5.57
Receivables turnover ratio (3)	5.72	7.03
Average days sales outstanding (4)	63	51
Payables turnover ratio (5)	3	4
Average days payables outstanding (6)	104	84
Net Invested Capital	352,973	355,577
EBITDA	82,519	78,839
Adjusted EBITDA (7)	82,519	80,139
EBITDA/Financial expense	5	4
Adjusted EBIT (8)	50,552	47,727
Adjusted EBT (9)	48,906	43,812
Adjusted net result for the year (10)	37,361	36,968
Basic earnings per share (11)	1.55	1.34
Diluted earnings per share (12)	1.55	1.34
Dividends per share (13)	0.40	0.38
Net financial position	(97,536)	(126,346)
Net financial position/EBITDA	1.18	1.60
Debt ratio (14)	0.38	0.55
Operating working capital (15)	95,731	102,962
Net working capital (16)	64,721	70,501
Cash flow from operations adjusted for non-operating items (17)	56,440	45,100
Goodwill and Other Intangible assets/Total assets	0.10	0.12
Goodwill and Other Intangible assets/Shareholders' equity	0.34	0.41

Note:

The methods for calculating the indicators noted above are:

(1) Inventories/Revenues and other operating income*360;
(2) Revenues and other operating income/Inventories;
(3) Revenues/Trade receivables;
(4) Trade receivables/revenues*360;

(5) Trade-related operating costs/Trade payables. Trade-related operating costs include purchases of materials and changes in inventories, costs for services and other costs and charges. The item does not include personnel costs;

(6) Trade payables/trade-related operating costs*360;

(7) EBITDA adjusted by non-operating costs and revenues:

Values in millions of Euro	2024	2023
EBITDA	82.5	78.8
Start-up expenses former ACC Wanbao production site	-	1.0
Extraordinary contribution for Emilia-Romagna	-	0.3
Adjusted EBITDA	82.5	80.1

(8) Operating profit (EBIT) adjusted by non-operating costs and revenues (starting from Adjusted EBITDA, see previous table);

(9) Pre-tax result (EBT) adjusted by non-operating costs and revenues:

Values in millions of Euro	2024	2023
EBT	47.1	36.4
Net financial income and expense (*)	1.0	6.1
Start-up expenses former ACC Wanbao production site	-	1.0
Extraordinary contribution for Emilia-Romagna	-	0.3
Strike price adjustment for the option for the purchase of the remaining 25% of Refrion S.r.l. (**)	0.9	-
Adjusted EBT	48.9	43.8

(*) Negative change in the fair value of derivative contracts for the management hedging of loans (€ 5.1 million), net of the positive effect on the amortised cost resulting from updating the interest rate curves (€ 4.1 million), as better described in paragraph 1.5 Economic and Financial Data.

(**) Derived from the acquisition of the remaining 25% of the Refrion S.r.l. equity investment, as described in the Report.

(10) Net result for the year adjusted by non-operating costs and revenues (starting from Adjusted EBT - see the previous table) net of tax effects:

Values in millions of Euro	2024	2023
Net result for the year	35.8	31.4
Net financial income and expense after tax (*)	0.7	4.7
Start-up expenses former ACC Wanbao production site	-	0.8
Extraordinary contribution for Emilia-Romagna	-	0.2
Strike price adjustment for the option for the purchase of the remaining 25% of Refrion S.r.l. (**)	0.9	-
Adjusted net result for the year	37.4	37.0

(*) Negative change in the fair value of derivative contracts for the management hedging of loans (€ 5.1 million), net of the positive effect on the amortised cost resulting from updating the interest rate curves (€4.1 million), as better described in paragraph 1.5 Economic and Financial Data.

(**) Derived from the acquisition of the remaining 25% of the Refrion S.r.l. investment, as described in the Report.

(11) Net result for the year/Weighted average number of ordinary shares;

(12) Net result for the year/(Weighted average number of ordinary shares + potential number of additional ordinary shares);

(13) Nominal value of the dividend per share paid in each year.

(14) Net financial position/Shareholders' equity

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(15) Total of inventories and trade receivables net of trade payables;
(16) Current assets net of current liabilities.
(17) Cash flow from operations adjusted for non-operating items and the difference between actual/expected operating working capital:

Values in millions of Euro	31/12/2024	31/12/2023
Change in Net financial position	28.8	15.9
Non-ordinary investments (*)	7.9	21.7
Dividends paid (**)	9.7	9.1
Change in debt for the purchase of 25% of the Refrion S.r.l. equity investment (**)	0.9	-
Change in financial payables for leases pursuant to IFRS 16	9.1	(2.9)
Non-operating costs	-	1.3
Cash flow from operations adjusted by non-operating items	56.4	45.1

(*) These are investments with deferred contribution to the cash generation of the LU-VE Group, mainly real estate, also included under Property, plant and equipment under construction.

(**) As per "Statement of changes in shareholders' equity", paragraph 1.4 of the Explanatory Notes.

(***) Derived from the acquisition of the remaining 25% of the Refrion S.r.l. equity investment, as described in the Report.

1.7 INDUSTRIAL COMPANIES

The following data reflect for the individual companies the values stated in the reporting packages prepared for consolidation purposes.

Sest-LUVE-Polska Sp.z.o.o. achieved a turnover of € 114.7 million, (€ 133.7 million in 2023). The net profit was € 10.5 million (€ 19.4 million in 2023) after depreciation and amortisation of € 6.1 million and taxes of € 1.8 million.

"OOO" Sest LU-VE achieved a turnover of € 42.0 million (€ 36.3 million in 2023). The net profit was € 14.6 million (positive for € 12.2 million in 2023) after depreciation and amortisation of € 0.8 million and taxes of € 2.9 million.

HTS S.r.o. achieved a turnover of € 53.3 million (€ 73.0 million in 2023). The net profit was € 4.6 million (€ 7.8 million in 2023) after depreciation and amortisation of € 1.2 million and taxes of € 1.3 million.

LU-VE Sweden AB achieved a turnover of €31.6 million (€ 23.7 million in 2023) with a positive result of € 3.2 million, after depreciation and amortisation of € 0.6 million and taxes of € 0.8 million.

LU-VE Tianmen LTD achieved a turnover of € 16.9 million (€ 15.0 million in 2023) and recorded a positive result of € 1.0 million, after depreciation and amortisation of € 0.4 million and taxes of € 0.2 million.

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Thermo Glass Door S.p.A. achieved a turnover of € 15.6 million (€ 16.9 million in 2023) and a negative result of € 0.9 million (negative € 0.7 million in 2023) after depreciation and amortisation of € 1.0 million and a positive tax effect of € 0.3 million.

Manifold S.r.l. achieved a turnover of € 1.4 million (€ 1.5 million in 2023), with a positive net profit of € 0.1 million after depreciation, amortisation and taxes totalling € 13 thousand.

Spirotech Heat Exchangers Private Limited achieved total revenues of € 58.0 million (€ 41.9 million in 2023) with a positive net profit of € 7.0 million (€ 4.4 million in 2023) after depreciation and amortisation of € 1.6 million and taxes of € 2.4 million.

LU-VE US Inc. achieved a turnover of € 20.3 million (€ 19.4 million in 2023), with a negative result of € 5.3 million, after depreciation and amortisation of € 1.1 million.

Fincoil LU-VE OY achieved a turnover of € 43.7 million (€ 41.3 million in 2023), with a positive net profit of € 3.6 million (€ 2.5 million last year), after depreciation and amortisation of € 2.4 million.

Refrion S.r.l. realised a turnover of € 34.8 million (in line with the previous year), with a positive result of € 2.4 million (€ 3.1 million last year), after depreciation and amortisation of € 2.8 million.

RMS S.r.l. achieved a turnover of € 6.9 million (€ 7.5 million last year), with a positive result of € 0.6 million, after depreciation and amortisation and taxes of € 0.6 million.

1.8 SALES COMPANIES

The situation for each company is as follows:

LU-VE France s.a.r.l. achieved a turnover of € 21.1 million (€ 23.4 million in 2023), with a positive net profit of € 0.3 million, after depreciation and amortisation and taxes of € 0.2 million.

LU-VE Deutschland GmbH achieved a turnover of € 2.9 million (€ 4.5 million in 2023) with a negative net profit of € 0.3 million, after depreciation and amortisation and taxes of € 0.1 million.

LU-VE Iberica SL achieved a turnover of € 13.5 million (€ 14.5 million in 2023), with a positive net profit of € 0.4 million, after depreciation and amortisation and taxes of € 0.2 million.

LUVEDIGITAL S.r.l. realised a turnover of € 0.5 million, with a positive net profit of about € 12 thousand, after depreciation and amortisation and taxes of € 16 thousand.

LU-VE Austria GmbH achieved a turnover of € 0.3 million, with a positve net profit of € 64 thousand, after depreciation and amortisation and taxes of € 10 thousand.

LU-VE Netherlands B.V. realised a turnover of € 4.6 million, with a positive net profit of € 0.5 million, after depreciation and amortisation and taxes of € 0.2 million.

LU VE Middle East DMCC achieved a turnover of € 0.9 million, with a positive result of € 60 thousand, after depreciation and amortisation of € 62 thousand.

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"OOO" LU-VE Moscow achieved a turnover of € 2.3 million, with a positive result of € 0.1 million, after depreciation and amortisation and taxes of € 0.1 million.

LU-VE South Korea ended the year with a turnover of € 0.1 million and a negative net profit of €15 thousand.

Refrion Deutschland GmbH realised a turnover of € 2.5 million and a negative net profit of € 0.1 million.

LU-VE UK Ltd had a turnover of € 0.4 million and a positive net profit of € 0.1 million.

LU-VE Contardo Pacific pty. Ltd. and LU-VE Asia Pacific Ltd. are currently not operational, pending the formalisation of their liquidation.

1.9 INVESTMENTS

Group investments in 2024 amounted to € 35.6 million (€44.1 million in 2023), given depreciation and amortisation of € 31.8 million. Below is a summary of investments by company:

Data in thousands of Euro			INVESTMENTS								
Category	LU-VE	SEST LUVE POLSKA	HTS	SPIROTECH	TGD	LU-VE US	LU-VE HEAT EXCHANGERS (Tianmen)	FINCOIL	REFRION GROUP	OTHER	Total
Land and buildings	767	256	225	7	-	-	-	-	906	110	**2,271**
Plant and equipment	3,971	249	5	656	63	-	33	1	316	247	**5,541**
Right-of-use assets	7,289	125	-	-	196	123	886	6,575	455	538	**16,187**
Other	2,189	388	137	117	160	95	62	67	470	348	**4,033**
Fixed assets under construction	436	312	1,066	1,238	72	1,125	944	56	592	1,758	**7,599**
TOTAL	14,652	1,330	1,433	2,018	491	1,343	1,925	6,699	2,739	3,001	35,631

The investment schedule for the expansion and rationalisation of some production sites and the expansion of installed production capacity continued. The main investments for the year concerned:

- The expansion of the production site and the enhancement of the existing production capacity by the subsidiary Refrion S.r.l;
- The expansion of the production site and the enhancement of the existing production capacity by the subsidiary Refrion S.r.l., in particular of the building located in Borgo Valbelluna (Belluno), regarding the former ACC - Wanbao project;
- The expansion of the production site and the enhancement of the existing production capacity by the subsidiary LU-VE HEAT EXCHANGERS (Tianmen) Co, Ltd;
- The expansion of the existing production capacity of the subsidiary SPIROTECH Heat Exchangers Pvt. Ltd;

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- The expansion of existing production capacity (for € 4.0 million) and the purchase of management and technical software for improved Group-wide operations (€ 1.1 million) mainly by the parent company LU-VE S.p.A;
- The expansion of the production site and the enhancement of the existing production capacity by the Czech subsidiary;
- The increase in “rights of use” of € 16 million, of which €13.8 million related to offices and real estate (mainly the Fincoil LU-VE OY property for € 6.4 million and the LU-VE S.p.A property located in Alonte for € 6.3 million) and € 1.2 million related to cars;
- The Group also incurred development costs of €0.4 million.

2 CONSOLIDATED SUSTAINABILITY STATEMENT

2.1 GENERAL DISCLOSURES

2.1.1 GENERAL CRITERIA FOR THE PREPARATION OF THE CONSOLIDATED SUSTAINABILITY STATEMENT (BP1)

This Consolidated Sustainability Statement (hereinafter referred to as the "Consolidated Sustainability Statement" or "Statement"), prepared in compliance with Legislative Decree 125/2024, issued to implement the Directive 2022/2464/EU ("Corporate Sustainability Reporting Directive"), is aimed at providing a complete and accurate representation of the LU-VE Group's performance and management of sustainability matters deemed relevant. Policies, strategies, actions, targets and metrics have been reported for material impacts, risks and opportunities, with a view to show the Group's sustainability journey to date and giving visibility of future prospects. The data and information provided in this document refer to the activities carried out by LU-VE Group in 2024 (from January to December 2024), when not specified otherwise.

The Consolidated Sustainability Statement has been prepared in accordance with the European Sustainability Reporting Standards (hereinafter also referred to as "ESRS") issued by the European Commission; the reporting area includes the Parent Company LU-VE S.p.A. and all LU-VE Group subsidiaries consolidated on a line-by-line basis, and the consolidation scope is the same as that used for the consolidated financial statements. The Consolidated Sustainability Statement shows material information on the impacts, risks and opportunities considered material along the LU-VE Group's value chain, both upstream and downstream. Specifically, with reference to the upstream chain, it reports impacts, risks and opportunities related to environmental and social issues (in particular, issues related to pollution, biodiversity and the protection of human rights); while with reference to the downstream chain, the main areas of reporting are related to product and customer management, in particular, emissions, access to (quality) information and responsible business practices. In this context, the value chain information reported in this document refers to the Group’s policies in relation to impacts, risks and opportunities identified as material in the value chain and to the Scope 3 greenhouse gas emissions metric.

The Group has not use the option to omit a specific piece of information corresponding to intellectual property, know-how or the result of innovation and has not availed itself of the exemption from disclosure of impending developments or matters in the course of negotiation, pursuant to Articles 19 bis (3) and 29 bis (3) of Directive 2013/34/EU.

The frequency of preparation of the Statement will be done on an annual basis and the Group has applied the phase-in provisions in accordance with Annex C of ESRS 1 for all expected financial effects of material risks and opportunities.

For more details on the application of phase-ins, please refer to Section IRO-2 - Disclosure requirements in ESRS covered by the undertaking's sustainability statement.

For the actions taken in relation to sustainability aspects indicated in each chapter, the Group has defined as material the amounts of operating and capital expenditure exceeding the threshold of Euro 1 million.

2.1.2 DISCLOSURES IN RELATION TO SPECIFIC CIRCUMSTANCES (BP2)

The effect of specific circumstances on the preparation of the Consolidated Sustainability Statement is precisely indicated in the description of the disclosures these circumstances relate to. Please note that the Group applies the same short-, medium- and long-term time horizons as defined by ESRS 1, section 6.4.

To provide a fair representation of performance, the use of estimates was limited as much as possible; when estimates were used, they were based on the best methodologies available and duly identified. In this context, the Group needed to make use of estimates concerning data and information related to the value chain for the calculation of Scope 3 emissions (more detailed below). In any case, the estimates made for this Reporting are not, on the whole, characterised by a high level of uncertainty, except for the Scope 3 greenhouse gas emissions, as detailed below.

Estimation methodologies were used in the following cases:

i) in the calculation of Scope 3 greenhouse gas emissions, in relation to a set of Categories as detailed in Section "2.2.2 Climate Change - E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions";

ii) in the estimate of the expected capital expenditures (CAPEX) for mitigating and adapting the climate change, as described in the section "E1-3 – Actions and resources in relation to climate change policies";

iii) in calculating the polluting emissions generated by the plants in India, United States, China and Finland, in the absence of precise measurements carried out at the individual plants, a figure was quantified for average polluting emissions based on the analyses carried out at the Uboldo plant, then multiplied taking into consideration the presence of machinery/production processes at the plants in question. However, the data were not reported in this Statement because, after the completion of the estimates, these emissions resulted lower than the thresholds envisaged by the regulations, as detailed in Section "E2-4 - Pollution of air, water and soil".

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iv) in calculating biological and technical materials, as detailed in section "E5-4 - Resource inflows".

The causes of uncertainties in the estimates can be traced back to the following Scope 3 emissions data:

i) Category 1: emissions calculated according to the spend-based method, equal to 30% of the total expenditure and 4% of the total emissions, has a higher level of uncertainty than the physical-based method;
ii) Category 2: all emissions were estimated using the spend-based approach;
iii) Category 7: the calculation was made on the basis of the results of a survey that collected data on approximately 50% of the group population, i.e., a representative sample of employee commuting habits but one that introduces a margin of uncertainty;
iv) Category 11: the assumptions underlying the calculation associated with product lifespan, average consumption during use and refrigerant gas losses during the lifecycle introduce a margin of uncertainty;
v) Category 12: In the absence of specific data on the different disposal scenarios for end-of-life product components (e.g. landfill, incineration, recycling), it was necessary to adopt a conservative assumption by selecting emission factors corresponding to conservative disposal scenarios from the Ecoinvent 3.11 and DEFRA 2024 databases.

As this is the first year of preparation of Consolidated Sustainability Statement in accordance with EU Regulation 2023/2772, the Group made use of the exemption to disclose comparative information in accordance with ESRS 1 paragraph 10.3.

With reference to the reported information related to the value chain, the following are reported: i) policies and targets in relation to certain material impacts, risks and opportunities; ii) Scope 3 greenhouse gas emission data, as detailed in section E1-6.

The Group does not include in its Consolidated Sustainability Statement information deriving from other legislation that require the disclosure of sustainability information or from other generally accepted sustainability reporting standards and frameworks, with the exception of the requirements of the EU Regulation 2020/852 of the European Parliament and of the Council and its Delegated Regulations, in relation to the European Taxonomy for Environmentally Sustainable Activities.

2.1.3 ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES (GOV1) AND INFORMATION PROVIDED TO AND SUSTAINABILITY MATTERS ADDRESSED BY THE UNDERTAKING'S ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES (GOV2)

The governance of the Parent Company LU-VE S.p.A. (issuer of securities listed on the Euronext Star market in Milan) is characterized by a "traditional" Italian corporate governance system ("Latin model") and aims to guarantee the sustainable success of the Group, through the correct functioning of the Company, first of all, and of the Group in general, as well as the enhancement on a global scale of the environmental compatibility and reliability of its products and attention to people, so as to achieve the optimisation of the value created for shareholders and for all stakeholders, who could be influenced by the company's activities and by its direct and indirect trade transactions along the value chain. The corporate governance system is characterised by the presence:

i) of the ***Board of Directors*** *("BoD")*, vested with the powers of ordinary and extraordinary management of the company; three committees have been set up in the Board of Directors (the Remuneration and Appointments Committee, the Control and Risk and Related Party Transactions Committee and the Independent Committee) which, with an investigatory, advisory and proposal role, aim to support the Board of Directors, improving the efficiency and effectiveness of its activities;
ii) of the ***Board of Statutory Auditors***, called to monitor: (*i*) compliance with the law and the Articles of Association; (*ii*) respect of the principles of correct administration; (*iii*) the adequacy of the Company's organisational structure for aspects within the competence of the Board, of the internal control system and of an adequate administrative-accounting system in correctly representing management events and in particular: the process of financial reporting and Consolidated Sustainability Statement reporting; the effectiveness of the Internal control systems, of internal auditing, if applicable, and of risk management, with relation to financial reporting and Consolidated Sustainability Statement reporting; (*iv*) on the procedures for the practical implementation of the rules of corporate governance set forth in the Corporate Governance Code which the company has communicated its compliance with, as well as those of any additional codes of conduct drafted by the management companies of regulated markets or by trade associations to which the Company, through public disclosures, has declared its adherence; as well as (*v*) the adequacy of the provisions handed down by the Company to its Subsidiaries pursuant to art. 114, paragraph 2, of the Italian Consolidated Law on Finance;

iii) of the ***Shareholders' Meeting*** which, in ordinary and extraordinary sessions, resolves on the matters reserved to it by law and the Articles of Association.

The Company's governance also envisages the presence of the ***General Manager***, an executive who is entrusted with the ordinary management of the Group's activities, in support of the CEO, and the implementation of the strategic lines, also with regard to Sustainable Success, identified by the Board of Directors.

In accordance with applicable legislation, there is no representation of employees and other workers in the administrative, management and supervisory bodies.

With regard to sustainability matters, LU-VE informed the active workers' representatives (RSU) at its administrative headquarters, explaining to them, at a specific meeting in December 2024, the main impacts, risks and opportunities underlying the Group's sustainability strategies, pertaining to issues of interest to workers, as well as the means of obtaining and verifying the relative liability information. The workers did not express any opinion and the meeting was recorded in the minutes signed by the participants.

The composition of the corporate bodies currently in office is summarised below in graphic form.

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Composition of the Board of Directors (BoD)

Matteo Liberali

CEO and Chairman of BoD

Executive

Pier Luigi Faggioli

Vice Chairman

Executive

Michele Faggioli *

CSDO

Executive

Raffaella Cagliano *

Director

Non-Executive

Independent

Anna Gervasoni

Director

Non-Executive

Independent

Fabio Liberali

Director (CICO)

Non-Executive

Laura Oliva *

Director

Non-Executive

Stefano Paleari

Director

Non-Executive

Independent

Carlo Paris *

Director

Non-Executive

Independent

Roberta Pierantoni *

Director

Non-Executive

* The members with specific technical expertise on sustainability issues

Marco Claudio Vitale

Honorary Chairman BoD

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Composition of the Control and Risk and Related Party Transactions Committee

Stefano Paleari Chairman	Anna Gervasoni Member	Laura Oliva Member

Composition of the Remuneration and Appointments Committee

Stefano Paleari Chairman	Anna Gervasoni Member	Roberta Pierantoni Member

Composition of the Independent Committee

Stefano Paleari Chairman	Raffaella Cagliano Member	Carlo Paris Member

Composition of the Board of Statutory Auditors

Mara Palacino Chairman	Paola Mignani Member	Domenico A. M. Fava Member

Composition of the Supervisory Body

Marco Romanelli Chairman	Elena Negri Member	Andrea Colombo Member

Riccardo Quattrini
General Manager (GM)

Michele Garulli
Investor Relator

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Elena Negri Internal Audit & ERM Director	Eligio Macchi Manager in charge of Financial Reporting

THE BOARD OF DIRECTORS: COMPOSITION

The Board of Directors in office, appointed by the Shareholders' Meeting of 28 April 2023 in accordance with the provisions of the law and the Articles of Association on list voting, on the date of this Report, is made up of 10 (ten) members, of which:

i) 3 (three), or 30% of the total number of members, qualify as executive directors pursuant to the Corporate Governance Code; and
ii) 7 (seven), or 70% of the total number of members, qualify as non-executive directors, of which 4 (four), or 40% of the total number of members, meet the independence requirements pursuant to the combined provisions of articles 147-ter, paragraph 4 and 148, paragraph 3 of the Italian Consolidated Law on Finance, and article 2, Recommendation 7 of the Corporate Governance Code;

Of the total number of members of the Board of Directors, six members belong to the male gender (60% of the total number of members) and four members to the female gender, which is therefore the least represented (40% of the total number of members).

Employees and other workers are not represented within the Board of Directors, since neither Italian law nor the Articles of Association of LU-VE S.p.A. provide for their representation within that body.

The members of the Board of Directors and the Board of Statutory Auditors are appointed by the Shareholders' Meeting according to the list voting mechanism. This voting system, involving the use of competing lists of candidates, guarantees the appointment of representatives of the minority shareholders.

All directors have professionalism and expertise to contribute effectively to board discussions and are equipped with diversified skills in order to ensure adequate weighting of board decisions and ensure effective management monitoring. The Board currently appointed shall remain in office until the date of the Shareholders' Meeting called to approve the financial statements for the year ended as at 31 December 2025.

The main sustainability-related expertise of the directors is concisely listed below. It should be noted, however, that with regard to the lack of specific sustainability-related expertise of some directors or experience in such sector in which the Group operates, they nonetheless possess diversified organisational, financial, academic and governance knowledge; this element is of fundamental importance in order to enrich discussions and ensure that the decisions taken are the result of a

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plurality of qualified and diverse points of view, able to examine the issues under discussion from different perspectives.

In addition, the members of the Board of Directors and of the Board of Statutory Auditors participated in induction session specifically dedicated to sustainability matters. On 28 November 2023, a training session on sustainability strategies and innovations was organised, and it was conducted by a university professor with roles of relevance at national and international level in terms of sustainability, finance and innovation with social impact. This meeting provided an opportunity to take a closer look at some key aspects for the current and future sustainability strategy of the LU-VE Group. On 6 November 2024, a training session on the Group's strategies for the implementation of the CSRD "Corporate Sustainability Reporting Directive", which envisages the adoption of the new "European Sustainability Reporting Standards", was held. The session was conducted by the consultants who support the Company in implementing the Consolidated Sustainability Statement regulations. Lastly, on 7 February 2025, another training session on the CSRD directive was held to investigate the progress of the double materiality analysis of the LU-VE Group in particular.

The members of the Board of Directors who have acquired expertise and experience related to sustainability issues are as follows:

Michele Faggioli, director with Proxy ("Chief Strategic Development Officer - CSDO" from 28 November 2023), member of the Board of Directors from 18 July 2014. Since July 2014 he has participated in the share capital of LU-VE through the company G4 S.r.l. and until 28 November 2023 he was Chief Executive Officer Operations of the LU-VE Group; with effect from 28 November 2023, he assumed the role of Chief Strategic Development Officer - CSDO, dealing with the necessary integration of the ESG activities into the LU-VE Group's development strategies first-hand.

Raffaella Cagliano, independent Director in office since 29 April 2020, she is a Full Professor of Business Management and Organisation and Professor and area coordinator of People Management & Organization and of Sustainability at the School of Management of Milan Polytechnic. She is the Director of the Master in *Sustainability Management and Corporate Social Responsibility* of MIP – Graduate School of Business, Milan Polytechnic, and co-director of the Food Sustainability Observatory of the School of Management of Milan Polytechnic.

Laura Oliva, non-executive Director in office since 10 March 2017. An expert in FinTech technologies and in financial and sustainability risk management (ESG), she is co-author of the book "Sostenibilità per scettici" [Sustainability for the sceptics] published by Mondadori in 2022.

Carlo Paris, independent Director in office since 28 April 2023. He has acquired certified expertise in Sustainability, recognised within corporate contexts. He holds the position of Chairman of the Sustainability Committee for Enav (second mandate); since 27 April 2021, he has been a member of the Risk, Control, Sustainability and Related Parties Committee of F.I.L.A. - FABBRICA ITALIANA LAPIS ED AFFINI S.P.A., in addition to being a member of the Board of Directors and Chairman of the Remuneration Committee.

Roberta Pierantoni, non-executive Director in office since 10 March 2017. She mainly works in the fields of commercial law, corporate & sustainability governance, contracts and arbitration at a law and tax firm where she is a partner. In 2022, she attended the course "Sustainability Strategy and

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Governance. Integrating ESG factors in the company" at the SDA Bocconi School of Management, passing the final exam with full marks. She also lectures at seminars, conferences and further education courses, also on corporate & sustainability governance.

THE BOARD OF DIRECTORS: EXPERTISE AND ACTIVITIES WITH REFERENCE TO SUSTAINABILITY MATTERS

The Board of Directors plays a central role in the strategic guidance of the Company and the Group as well as in the supervision of the overall business activity: in fact, it is vested - within the limits of the law and of the articles of association - with the ordinary and extraordinary management of the Company and at the same time it is responsible for the functions and responsibility for the strategic and organisational guidelines of the Company and the Group in line with the pursuit of Sustainable Success, monitoring the implementation of defined strategies, as well as verifying the existence of the controls necessary to monitor the performance of the Company and of its Subsidiaries.

For this reason, the Board:

(a) defines the strategies of the Company and the Group in line with the pursuit of sustainable success and monitors their implementation;

(b) defines the most functional corporate governance system for the performance of the business and for the pursuit of its strategies, taking into account the autonomy offered by the legal system. If necessary, it evaluates and promotes the appropriate changes, submitting them, when applicable, to the Shareholders' Meeting;

(c) promotes, in the most appropriate forms, dialogue with shareholders and other relevant stakeholders of the Company.

The responsibilities of the Board of Directors and the tasks attributed to it, also with regard to impacts, risks and opportunities, are defined in the "Regulation of the Board of Directors and of the Internal Board Committees of LU-VE S.p.A." (hereinafter "Regulation") and in the Guidelines on the Internal Control and Risk Management System (hereinafter "SCIGR Guidelines").

These responsibilities had already been attributed to the aforementioned governance bodies prior to the entry into force of Italian Legislative Decree 125/2024; it should be noted that, following the introduction of the Decree, a number of changes were made in order to incorporate the mandatory provisions.

In particular, consistent with the mission assigned to it, it is established that, *inter alia*, the Board of Directors:

(a) examines and approves the integrated Business Plan of the Company and of the Group, also on the basis of the analysis of the material impacts, risks and opportunities for the generation of long-term value carried out with the support of the Control and Risk Committee, when necessary;

(b) periodically monitors the implementation of the integrated Business Plan and assesses the general performance of operations, periodically comparing the results achieved with those planned;

(c) defines the nature and level of risk compatible with the Company's strategic objectives, identifying and assessing all elements that may be significant in terms of the Company's Sustainable Success;

(d) periodically monitors, with the support of the CCR, the impacts, risks and opportunities relevant to the Company and the Group, the implementation of the Company's and the Group's due diligence procedure for sustainability purposes (the "**Due Diligence**"), as well as the results and effectiveness of the policies, actions, metrics and targets adopted to address them;

(e) defines the Company's corporate governance system and the structure of the LU-VE Group and assesses the adequacy of the organisational, administrative and accounting structure of the Company and of the subsidiaries of strategic importance, with particular reference to the internal control and risk management system, also in relation to the process of preparing the annual financial report containing the Consolidated Sustainability Statement (see "Integrated Annual Report");

(f) with the support of the Remuneration and Appointments Committee: (*i*) draws up, in compliance with the law and regulations in force at the time, as well as with the principles and recommendations of the Corporate Governance Code, the remuneration policy for directors, the general manager, statutory auditors and Top Management, applying a transparent procedure and ensuring that the same is directed towards pursuing Sustainable Success and takes into account the need to possess, retain and motivate people with the expertise and the professionalism required for the position held in the Company; (*ii*) ensures that the remuneration paid and accrued is consistent with the principles and the criteria defined in the policy, in light of the results achieved and of other circumstances relevant to its implementation.

Furthermore, with the aim at guaranteeing an effective internal control and risk management system that contributes to ensuring, among other things, the effectiveness and efficiency of business processes, the reliability, accuracy and trustworthiness of the information provided to corporate bodies and to the market, including economic, financial and sustainability information, and the effective and efficient identification, measurement, management and monitoring of the main material impacts, risks and opportunities for the Company and the Group, in order to contribute to Sustainable Success, pursuant to the above-mentioned SCIGR Guidelines, the Board:

(a) defines and updates the principles and indications contained in the SCIGR Guidelines, with the support and subject to the opinion of the Control and Risk Committee so that the main risks, impacts and important opportunities relating to the Issuer and its Subsidiaries are correctly identified, as well as adequately measured, managed and monitored, also determining the degree of compatibility of these factors with the company management consistent with the strategic objectives identified, including in its assessments all the elements that may be relevant in order to contribute to the Sustainable Success of the Issuer and the Group;

(b) identifies among its members *(i)* the Chief Executive Officer in charge of setting up and maintaining an effective internal control and risk management system, as well as *(ii)* the Control and Risk Committee, with the task of: (x) supporting, with adequate preliminary investigation activities, the assessments and decisions of the Board of Directors relating to the SCIGR, and those relating to the approval of the Integrated Annual Report and other periodic financial reports; (y) monitoring the material impacts, risks and opportunities for the Company and the Group;

(c) periodically, and as a rule on the occasion of (or prior to) the meeting of the Board of Directors convened for the approval of the Integrated Annual Report, approves the strategies and policies for managing the main material impacts, risks and opportunities for the Issuer and the LU-VE Group, with particular attention to the Subsidiaries of strategic importance, based on the analysis of corporate risks and related control processes carried out by the Chief Executive Officer and with the support and subject to the opinion of the Control and Risk Committee, which for this purpose reports to the Board of Directors on the state of the internal control and risk management system, also in relation to the factors that could cause risks to the Company and the Group. In its assessments, the Board of Directors includes all the elements that may be relevant for the purpose of the Sustainable Success of the Issuer and of the Group; please note that with particular reference to the material sustainability-related impacts, risks and opportunities that emerged from the double materiality analysis, the Board of Directors' approval is required starting from financial year 2024;

(d) periodically, and usually during the approval of the integrated business plan, monitors, with the support and prior opinion of the Control and Risk Committee, that the Group's strategy and its decisions on transactions relevant to the Company and the Group, take into account the material risks, impacts and opportunities for the Company and the Group;

(e) periodically, and usually during (or prior to) the meetings of the Board of Directors convened for the approval of the Integrated Annual Report and the interim financial report, verifies, with the support and prior opinion of the Control and Risk Committee, the adequacy of the internal control and risk management system with respect to the company characteristics and the risk profile assumed, also with regard to the management of the material risks, impacts and opportunities for the Company and the Group, as well as its effectiveness, ensuring that:

- tasks and responsibilities are clearly and appropriately allocated;

- the control functions, including the Head of the Internal Audit function, the manager tasked with the preparation of the company's financial documents pursuant to art. 154-*bis* of the Italian Consolidated Law on Finance (also the "Manager in charge of Financial Reporting") and the Supervisory Body, are provided with adequate professionalism and resources for the autonomous performance of their duties, so as to guarantee their effectiveness and impartiality. The Head of the Internal Audit function must in any case be independent of each operational areas managers subject to their monitoring activity;

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(f) with the support of the Control and Risk Committee, describes the main characteristics of the internal control and risk management system and of coordination methods between the parties involved in it, in the Report on Corporate Governance indicating the models and national and international best practices of reference and expressing its assessment on the adequacy of the same, taking into account the choices made regarding the composition of the Supervisory Body. This description includes an illustration of the main characteristics of the internal control and risk management system in relation to the financial reporting and Consolidated Sustainability Statement process;

(g) with the support of the Control and Risk Committee, appoints and dismisses the members of the Issuer's Supervisory Body, set up and functioning pursuant to Italian Legislative Decree no. 231/2001, evaluating, in the event that the Body itself does not coincide with the Board of Statutory Auditors, the opportunity to appoint as members at least one non-executive director and/or a statutory auditor and/or the person with legal and control functions within the Company; this in order to ensure coordination between the various parties involved in the internal control and risk management system;

(h) adopts the Organisation, Management and Control Model prepared pursuant to Italian Legislative Decree no. 231/2001 and approves all adjustments to the regulatory provisions in force from time to time.

In the event that shortcomings or anomalies emerge, the Board of Directors promptly adopts the appropriate measures.

The Board of Directors has identified the Control and Risk Committee, an internal board committee, as the committee responsible for monitoring impacts, risks and opportunities, ensuring that at least one of its members had expertise in sustainability.

The expertise acquired by the members of the Board of Directors enable them to monitor and manage all issues relating to business impacts, risks and opportunities: in fact, the extensive experience gained by the executive members of the Board give them in-depth knowledge, a clear vision of development and rapid responsiveness to the environmental, social and corporate culture issues that Group may encounter; on the other hand, the expertise of the non-executive members enable discussion and dialogue within the Board, in order to guarantee the weighting of the choices adopted.

THE CHIEF EXECUTIVE OFFICER AND THE CHIEF STRATEGIC DEVELOPMENT OFFICER

The Board of Directors carries out its activities directly and collectively, through the Chief Executive Officer (CEO) and the Chief Strategic Development Officer (CSDO).

The Board has identified the CEO as the person responsible for the company's management and as the person in charge of establishing and maintaining an effective Internal Control and Risk Management System. On the basis of the SCIGR Guidelines, the CEO has the following tasks in the area of sustainability, among others, he:

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a) handles the identification of the main company impacts, risks and opportunities, taking account of the characteristics of the activities performed by the Issuer and its Subsidiaries, with particular attention to companies of strategic importance, and their submission to the Board of Directors for examination at least once a year, and normally at the time of (or prior to) the meeting of the Board of Directors called for approval of the Integrated Annual Report;

b) implements the *Guidelines*, handling the design, implementation and management of the Internal Control and Risk Management System and constantly verifying its adequacy and effectiveness, as well as managing its adaptation to the operating conditions dynamics and the legislative and regulatory landscape. More specifically, he:

- identifies the risk factors for the Issuer and the other LU-VE Group companies, with particular attention to companies of strategic importance – without prejudice to the primary responsibility of the respective chief executive officers of the individual companies – also in light of the changes in the internal and external conditions in which they operate, as well as the operating performances, deviations from the forecasts and the legislative and regulatory framework in force from time to time, including all the impacts, risks and opportunities that may assume significance in terms of the Sustainable Success of the Company and of the Group;

- defines the tasks of the operating units dedicated to the control functions, ensuring that the various activities are managed effectively and impartially by qualified staff, who have specific experience and knowledge. In this regard, the areas of potential conflicts of interests are identified and minimised;

c) at least once a year, normally at the time of (or prior to) the meeting of the Board of Directors called for the approval of the Integrated Annual Report – as well as on each occasion in which, nonetheless, he considers it necessary or appropriate based on the circumstances, as in the event in which new relevant risks emerge or there is a significant increase in the possibility of risk – he presents the company risks (including those that may assume relevance from the point of view of the Sustainable Success of the Company and of the Group) and the set of control processes implemented and designed for their prevention, reduction and effective and efficient management, to the Board of Directors for examination and evaluation; this in order to allow the Board of Directors to make an informed and fully-aware decision regarding the strategies and policies for the management of the main risks of the Issuer and of the LU-VE Group, with particular attention to companies of strategic importance;

As part of the Group reorganisation announced at year-end 2023, the Board of Directors identified the figure of the CSDO, to whom it assigned the *task of coordinating, in support of the CEO, the implementation of strategic industrial policies, dealing with the development of the individual Group plants with reference to both real estate and industrial profiles in close cooperation with the General Manager of the LU-VE Group* and specifying that this function should be conducted with a view to pursuing Sustainable Success. In particular, the CSDO, in implementing the guidelines approved by the Board of Directors, handles: *i)* the development of all activities related to sustainability strategies; and *ii)* the integration of these strategies into the business plan, for this purpose organising the sustainability office of the LU-VE Group and coordinating its activities.

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THE CONTROL AND RISK COMMITTEE: COMPOSITION

The Control and Risk Committee in office, appointed by the Board of Directors on 28 April 2023, is currently composed of 3 (three) members, in the persons of Stefano Paleari (Chairman), Anna Gervasoni and Laura Oliva, of which:

a) 3 (representing 100% of the composition) are non-executive;
b) 2 (representing 66.66% of the composition) are independent;
c) 2 (representing 66.66% of the composition) belong to the female gender and 1 (representing 33.33% of the composition) belongs to the male gender.

The functioning of the Control and Risk Committee is governed by the BoD and Committees Regulations and its duties are described in detail in the SCIGR Guidelines.

THE CONTROL AND RISK COMMITTEE: EXPERTISE WITH REFERENCE TO SUSTAINABILITY MATTERS

In compliance with the recommendations of the Corporate Governance Code, the Control and Risk Committee carries out proposal and advisory functions, supporting, with adequate preliminary investigation activities, the assessments and decisions of the Board of Directors relating to the Internal Control and Risk Management System, as well as those relating to the approval of the Integrated Annual Report and the other periodic financial reports. The Control and Risk Committee, on the basis of the provisions of the BoD and Committees Regulations, is also assigned responsibility for the supervision of processes and activities relating to sustainability.

In particular, with reference to the sustainability topics, the Control and Risk Committee:

(a) having consulted the Financial Reporting Manager, the auditing firm and the Board of Statutory Auditors, evaluates the correct use of the applicable accounting standards and their homogeneity for the purposes of the drafting of the Integrated Annual Report;

(b) supports, also by issuing any opinions, the Board of Directors in assessing the adequacy of the company's organisational structure, with a view to managing the impacts, risks and opportunities relevant to the Company and the Group;

(c) supports, also by issuing any opinions, the Board of Directors in monitoring that the Group's strategy and relative decisions on transactions relevant to the Company and the Group take into account the material impacts, risks and opportunities for the Company and the Group;

(d) periodically, and as a rule prior to the meeting of the Board of Directors convened to approve the Integrated Annual Report, monitors the findings of the risk assessment and internal controls regarding the Consolidated Sustainability Statement process;

(e) monitors the development and implementation of the integrated business plan of the Company and of the LU-VE Group aimed at pursuing Sustainable Success and supports the Board of Directors in analysing the material impacts, risks and opportunities for the generation of long-term value for the benefit of all parties whose interests are or could be affected by the activities relevant to the Company and the Group;

(f) evaluates the correctness of the process of financial and sustainability reporting contained in the Integrated Annual Report, so that they are functional to correctly represent the business model, the Company's strategies, the impact of its activities and the performances achieved and acknowledges the disclosure provided by the delegated bodies and by the Financial Reporting Manager regarding its suitability to correctly represent the business model, the Company's strategies, the impact of its activity and the performance achieved;

(g) evaluates the correctness of the process of preparing the financial and sustainability reporting contained in the Integrated Annual Report, so that they are functional to correctly represent the business model, the Company's strategies, the impact of its activities and the performances achieved and acknowledges the disclosure provided by the delegated bodies and by the Financial Reporting Manager regarding its suitability to correctly represent the business model, the Company's strategies, the impact of its activity and the performance achieved;

(h) supports the further assessments and decisions of the Board of Directors regarding sustainability with adequate preliminary activities;

(i) monitors the dissemination of sustainability culture among all stakeholders, in line with the values, policies and integrated business plan;

(j) promotes interaction dynamics with all stakeholders;

(k) supports the Board of Directors, also by issuing any opinions, in monitoring the material impacts, risks and opportunities for the Company and the Group, the implementation of the Duty Diligence, as well as the results and effectiveness of the policies, actions, metrics and targets adopted to address them;

(l) supports the Remuneration and Appointments Committee in assessments relating to the introduction and definition of non-financial performance targets linked to corporate social responsibility, for the determination of the variable remuneration of executive directors and key management personnel.

THE BOARD OF STATUTORY AUDITORS: COMPOSITION

The Board of Statutory Auditors in office, appointed by the Shareholders' Meeting of 28 April 2023, is currently composed of 3 (three) standing members, all of whom (representing 100% of the composition) are independent, of which 2 (representing 66.66% of the composition) belong to the female gender and 1 (representing 33.33% of the composition) belongs to the male gender. No employees or other workers are represented within the Board of Statutory Auditors.

Mara Palacino, *Chairman of the Board of Statutory Auditors*, is in charge of the internal CSR policy of Pirola Pennuto Zei & Associati and has participated for years in the French Chamber of Commerce's CSR Club, which aims to spread a culture of corporate sustainability through dialogue, exchange of ideas and reflection on sustainable development issues. She took part in courses and seminars in 2024 on the subject of Consolidated Sustainability Statement and on the role of the Board of Statutory Auditors in the field of CSRD; with reference to expertise in the field of corporate material impacts, risks and opportunities, she took part in *Induction* sessions organised by LU-VE S.p.A. and expects to develop, also during the current year, adequate skills and knowledge through personal in-depth studies, exchanges of experience and discussions on sustainability matters with other professionals, both internal and external to LU-VE S.p.A., as well as participation in study days on the subject. She can draw on the experience and expertise of colleagues belonging to the ESG & CSR Practice, within its own structure, specialising in sustainability issues, with particular regard to the implementation and monitoring of organisational and compliance systems, and the management of labour, tax and corporate finance aspects.

Paola Mignani, *Standing Statutory Auditor*, is member of the Risk and Sustainability Committee of Cairo Communication S.p.A. (having also served as chair) and of Piaggio & C. S.p.A. In this capacity, she has gained direct experience in the area of compliance with ESG goals (even in countries where awareness of this area still needs to develop further), right from the research and development phase on new products/services. At Cairo Communication S.p.A., she also chairs the Remuneration Committee, thus having gained experience in identifying and then assigning targets to managers related to ESG issues. In the financial field, she is an independent director of Clessidra SGR S.p.A. (private equity), which manages funds with high ESG ratings, the last of which is rated “art. 9”. She keeps constantly updated with regard to the evolution of regulations in the ESG/CSRD area, also thanks to the induction sessions offered by the aforementioned Companies, as well as by LU-VE S.p.A. itself, and to the periodic meetings with the relative directors, managers and auditors. She is a lecturer of Business Economics at the Independent University of Languages and Communication (also dealing with, *inter alia*, topics relating to the ESG and CSRD field), and was previously a lecturer at the Luigi Bocconi University.

Domenico Angelo Magno Fava, *Standing Statutory Auditor*, attended, in 2024, courses and seminars on Consolidated Sustainability Statement and on the role of the board of statutory auditors in the field of CSRD; with reference to expertise in the area of corporate material impacts, risks and opportunities, he took part in Induction sessions organised by LU-VE S.p.A and other companies. As a member of the Supervisory Board of a leading company, he participated in the updating of Organisation Model 231, aimed at incorporating the ESG and CSRD Procedures into the Organisation Model. In the course of the current year, he has continued to keep updated through participation in Seminars and through personal insights and exchanges of experience on sustainability matters with other professionals, both internal and external to LU-VE S.p.A.. The powers and responsibilities of the Board of Statutory Auditors are defined by the applicable regulations and explained in detail, as regards its role within the internal control and risk management system, in the SCIGR Guidelines.

THE BOARD OF STATUTORY AUDITORS: EXPERTISE WITH REFERENCE TO SUSTAINABILITY MATTERS

The SCIGR Guidelines provide that the Board of Statutory Auditors is responsible for verifying the adequacy of the Issuer’s organisational structure for the aspects within its competence, of the Internal Control and Risk Management System and of the administrative-accounting system, as well as the reliability of the latter in correctly representing management events and, in particular:

i) the financial reporting and Consolidated Sustainability Statement process;

ii) the effectiveness of the internal control, internal audit, if applicable, and risk management Systems with regard to financial reporting and Consolidated Sustainability Statement.

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The SCIGR Guidelines also envisage that the Board of Statutory Auditors monitors:

i) the independent audit of the annual and consolidated accounts, as well as the certification of the compliance of Consolidated Sustainability Statement;

ii) the independence of the auditing firm (hereinafter, the "Auditing Firm") and of the auditor in charge of certifying the compliance of Consolidated Sustainability Statement (hereinafter, the "Sustainability Auditor"), in particular with regard to the provision of non-auditing services to the Issuer, in compliance with the provisions of applicable laws, including European laws;

and that, also in order to fulfil the aforementioned duties:

a) The Board of Statutory Auditors takes part in the meetings of the Board of Directors and, if any, of the Executive Committee;

b) at least the Chairman of the Board of Statutory Auditors or another Statutory Auditor designated by the same shall participate in the work of the Control and Risk Committee; however, the other Statutory Auditors may also participate; for greater efficiency, meetings may also be held jointly;

c) the Board of Statutory Auditors conducts autonomous evaluations of the effectiveness and functioning of the Internal Control and Risk Management System, and can formulate, whenever it deems it necessary or appropriate, any recommendations to the competent bodies for the purpose of promoting the strengthening of the Internal Control and Risk Management System;

d) the Board of Statutory Auditors may invite the Supervisory Body to attend its meetings or call it and make requests for information and/or clarifications;

e) the Board of Statutory Auditors receives the reports of the Head of the Internal Audit function (at the time of Control and Risk Committee meetings) and may invite the same to present the results of the activities carried out at the periodic control meetings, in order to directly and independently assess the efficiency of the Internal Control and Risk Management System, whenever it is deemed necessary or appropriate;

h) the Board of Statutory Auditors is responsible for the procedure for selecting the Auditing Firm and the Sustainability Auditor, and evaluates the proposals made by the Auditing Firm and the Sustainability Auditor to make the relative appointment, as well as the work plan prepared for the independent audit and the results presented by the Auditing Firm in their letter of recommendations and supplementary report, if any;

l) without prejudice to the autonomy of the Sustainability Auditor in performing his/her duties - and, in particular, in verifying the correct application of the compliance criteria of Consolidated Sustainability Statement to the rules governing its drafting criteria, reporting and disclosure obligations - with the timing deemed appropriate on each occasion in relation to the circumstances of the specific case, the Board of Statutory Auditors invites the Sustainability Auditor to report on the auditing activities performed, in order to highlight any critical issues;

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m) the Board of Statutory Auditors shall be consulted by the Board of Directors when assessing the results presented by the Auditing Firm and by the Sustainability Auditor in any letter of recommendations, and in any additional report addressed to the Board of Statutory Auditors and sent by them to the Board of Directors;

n) with the timing deemed appropriate on each occasion in relation to the circumstances of the specific case, the Board of Statutory Auditors shall verify that the Auditing Firm and the Sustainability Auditor receive all the information required to perform their duties, inviting the Financial Reporting Manager to report on the completeness and exhaustiveness of the information flows to the Auditing Firm and to the Sustainability Auditor;

p) is consulted by the Control and Risk Committee on the correct use of the applicable standards and their uniformity for the purposes of preparing the Integrated Annual Report.

SENIOR MANAGEMENT AND THE CORPORATE SUSTAINABILITY STEERING COMMITTEE

MANAGER IN CHARGE OF FINANCIAL REPORTING

LU-VE appointed Eligio Macchi (Chief Financial and Legal Officer of the LU-VE Group) as the Manager in Charge of Financial Reporting for thepreparation of the corporate accounting documents (hereinafter also referred to as the “Manager in Charge of Financial Reporting”), who is entrusted with the task of preparing adequate administrative and accounting procedures for the preparation of the financial reporting and the Consolidated Sustainability Statement, as well as other financial and sustainability disclosures.

The Financial Reporting Manager is assigned the task:

a) of designing, managing and monitoring the processes regarding information flows of an administrative-accounting nature, including automatic data processing systems, and accounting and sustainability data entry procedures, also in order to draft – according to the forms required by law and the relevant implementing regulations – the certifications of their adequacy and effective application;

b) of identifying and assessing the risks regarding financial reporting and the Consolidated Sustainability Statement, identifying and conducting the necessary controls, targeted at mitigating the possibility of these risks materialising;

c) of monitoring and evaluating the effectiveness of controls in the context of an adequate and functioning risk management and internal control system in relation to the financial reporting and Consolidated Sustainability Statement process;

d) in agreement with the Chief Executive Officer, also instructing the Subsidiaries of the LU-VE Group, so that they adopt all the provisions, administrative, accounting and control procedures and any other action and measure functional to the correct preparation of financial reporting and Consolidated Sustainability Statement, as well as any measure communicated by the Financial Reporting Manager pursuant to and for the purposes of Italian Law 262/05 and the additional applicable legislation on the subject, to ensure maximum reliability of direct information flows to the

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Financial Reporting Manager relative to the preparation of corporate accounting and Consolidated Sustainability Statement documents.

THE CORPORATE SUSTAINABILITY STEERING COMMITTEE

In order to facilitate the integration of environmental, social and governance sustainability matters within the corporate strategy, risk management and remuneration processes, since 2022 the LU-VE Group has sought to strengthen its sustainability oversight by establishing a Corporate Sustainability Steering Committee, to share the progress of the Group's sustainability performance and discuss strategic lines of action, which are then submitted by the executive directors to the Control and Risk Committee and the Board of Directors for the appropriate assessments and resolutions. During 2022, the Corporate Sustainability Steering Committee conducted analyses to validate the LU-VE Group's positioning on environmental and social issues, and defined a proposal for a set of actions to be undertaken in the following three years, in line with the business plan, identifying commitments and targets, and defining an efficient data collection system to measure and monitor the progress of sustainability strategies over time, which were discussed and formalised in the Sustainability Plan approved by the Board of Directors at its meeting of 23 February 2023 (the "Sustainability Plan"). The Corporate Sustainability Steering Committee counts the stable components of the CEO (Chief Executive Officer), CSDO (Chief Strategic Development Officer), GGM (Group General Manager), CFLO (Chief Financial and Legal Officer), Investor Relations and the Sustainability Office. This Committee shares the progress of the Group's sustainability performance and discusses strategic lines of action, which are then submitted by the executive directors to the Board of Directors for appropriate assessments and resolutions. The Sustainability Office has been in operation since 2021. It reports directly to the CSDO, with the aim of ensuring detailed management of projects at international level.

THE ACTIVITIES OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES DURING THE YEAR: THE CONTROL AND RISK COMMITTEE

In 2024, in accordance with the provisions of the pro tempore legislation in force, of the Regulations and the SCIGR Guidelines in force prior to the amendments made in November 2024, the Control and Risk Committee supervised the activities for the preparation of the 2023 non-financial statement, prepared pursuant to Italian Legislative Decree no. 254/2016.

For the preparation of the 2023 Annual Financial Report and the 2023 non-financial statement, it also carried out preliminary activities on the impact analyses of climate risks prepared by the Company, with the support of an external consultant, verifying together with the Financial Reporting Manager, also through detailed documentary support, the specific issues concerning *climate change* and relative risks related to the *Business Plan* approved by the Board of Directors in the meeting of 21 February 2024.

It also monitored the preparatory activities for the identification of issues relevant to the generation of long-term value and the criteria for drafting the *2024-2027 Business Plan*, also in view of the outcomes of the aforementioned analyses and matrices; furthermore, it periodically monitored the progress of the implementation activities of the projects envisaged in the Sustainability Plan approved by the Group.

The Control and Risk Committee also requested information, together with the Remuneration and Appointments Committee, on the methods of collecting and reporting data on Scope 1 and Scope 2 emissions, the reduction of which, given the same EBITDA, constitutes one of the parameters to which part of the variable remuneration of the executive directors and some managers of the Group is linked.

At its meetings, the Control and Risk Committee was also able to continuously verify the effective functioning of the internal control and risk management system of both the Issuer, and of the Group, expressing a favourable opinion on a half-yearly basis, at the meetings of the Board of Directors for approval of the half-yearly financial report and of the annual financial report.

Following the entry into force of Italian Legislative Decree no. 125/2024, the Control and Risk Committee carried out supervisory activities regarding the implementation of the provisions of the new legislation.

In particular, it carried out preliminary investigation activities in relation to the proposed amendments to the Regulation and Guidelines to transpose the new provisions, was informed by the responsible units on the gap analysis carried out, with the support of an external consultant, to assess the contents envisaged by the new regulations on Consolidated Sustainability Statement that were not present in the 2023 non-financial statement, prepared pursuant to Italian Legislative Decree no. 256, and on the activities carried out in relation to the aforementioned gaps.

It also examined the methodology followed for the preparation of the double materiality assessment and reviewed the procedure established for the preparation of the Consolidated Sustainability Statement, as well as supervised the activities for the preparation of the Consolidated Sustainability Statement, as well as monitoring the implementation activities in relation to the identification of issues relevant to the generation of long-term value and the criteria for the preparation of the *2025-2028 Business Plan*, also considering the outcomes of the aforementioned analyses and matrices.

For the preparation of the 2024 Integrated Annual Report, it carried out preliminary activities on the impact analyses of the climate risks prepared by the Company, with the support of an external consultant, verifying together with the Manager in charge of the Financial Reporting, also through detailed documentary support, the specific issues concerning climate change and relative risks related to the *Business Plan* approved by the Board of Directors in the meeting of 20 February 2025.

THE ACTIVITIES OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES DURING THE YEAR: THE BOARD OF DIRECTORS

In 2024, in accordance with the provisions of the *pro tempore* legislation in force, of the Regulations and the *pro tempore* SCIGR Guidelines in force, the Board of Directors:

(a) examined and approved strategic, industrial and financial plans of the Issuer and of the Group, periodically monitoring their application; in particular, on 21 February 2024, it approved: *(i)* the relevant issues for the generation of long-term value; *(ii)* the update of the 2023-2025 Sustainability Plan; *(iii)* the 2024-2027 Group Business Plan.

During the Board of Directors' meeting held on 21 February 2024, the Board of Directors approved the 2024-2027 business plan after an overall analysis of the Group's strategies and its positioning in relation to the issues and activities to be implemented in order to achieve Sustainable Success: on that occasion, the Board of Directors *(i)* verified the implementation of the 2023-2025 Sustainability Plan which, based on the identification of the issues relevant to the generation of value in the long term, defines a three-year action plan based on four macro-objectives (climate neutrality, positive impact products, high engagement and sustainability integrated into the business plan) and specifies the activities planned over the three-year period to achieve them; and *(ii)* verified the strategic assumptions of the business plan (also already analysed by the Control and Risk Committee), which expressly include reference to the issue of climate change and the results of the related risk assessment on physical risks, detailing the main assumptions considered in drafting the plan;

(b) periodically evaluated (with frequency of no more than quarterly) the general operating performance, taking into consideration the information received from the Managing Directors, and comparing the results achieved with those planned;

(c) approved, at its meeting of 13 March 2024, the 2023 non-financial statement, prepared pursuant to Italian Legislative Decree 254/2016, including the materiality matrix; at this meeting, it analysed the data reported in the statement itself, relating to the material impacts, risks and opportunities, the list of which is published in the methodological note to this Consolidated Sustainability Report;

(d) defined the nature and level of risks compatible with the strategic objectives identified, at the meetings to approve the annual financial report and the half-yearly financial report;

(e) evaluated the adequacy of the organisational, administrative and general accounting structure of the Issuer and the Subsidiaries of strategic importance, most recently at the meetings held on 13 March 2024 and 5 September 2024, during which the annual and half-yearly financial reports were approved. This activity was carried out with the assistance of the Control and Risk Committee which, at its meetings, was able to continuously verify the effective functioning of the internal control and risk management system of both the Issuer, and of the Group, expressing a favourable opinion on a half-yearly basis, at the meetings of the Board of Directors for approval of the interim financial report and of the annual financial report;

(f) At all its meetings, the Chairman of the Control and Risk Committee reported on the activities carried out by the Committee itself, also with specific reference to the activities carried out in relation to sustainability matters; please refer to the dedicated section "Material impacts, risks and opportunities and their interaction with strategy and business model" for the list of material impacts, risks and opportunities;

(g) At its meeting of 13 November 2024, it approved the proposed amendments to the Regulation and Guidelines to implement the new provisions contained in Italian Legislative Decree 125/2024;

(h) At the same meeting, it verified the methodology adopted for the double materiality assessment;

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(i) Was informed about the gap analysis carried out, with the support of an external consultant, to assess the contents envisaged by the new regulations on Consolidated Sustainability Statement that were not present in the 2023 non-financial statement, prepared pursuant to Italian Legislative Decree 256, and on the activities carried out in relation to the above-mentioned gaps, and monitored the activities necessary for the preparation of the Consolidated Sustainability Statement, acknowledging the procedure established for the preparation of the same.

At its meeting of 20 February 2025, the Board of Directors reviewed and approved: *(i)* the material sustainability impacts, risks and opportunities, in accordance with the relevant ESRS, and *(ii)* the Group's 2025-2028 business plan. With reference to the financial year 2024, it noted the reporting of the targets set out in the Sustainability Plan, which will proceed in continuity for the financial year 2025.

THE ACTIVITIES OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES DURING THE YEAR: THE BOARD OF STATUTORY AUDITORS

During 2024, and within the scope of its role, the Board of Statutory Auditors through discussions with Internal Audit, the Internal ERM Manager, members of the Sustainability Office and external consultants verified how the organisational structure of LU-VE S.p.A. was affected and involved in the implementation of the new obligations, how the preparation of Consolidated Sustainability Statement was approached, and which roles and responsibilities were reviewed in this respect.

In particular, the Board of Statutory Auditors examined the processes and information flows updated or integrated for the purposes of Consolidated Sustainability Statement, the controls introduced, and the responsibilities outlined for the purposes of data collection and validation, with the aim of gaining an understanding of the activities implemented by LU-VE S.p.A. in the process of identifying double materiality and reporting in general.

The Board of Statutory Auditors also met with the auditing firm to obtain information on the plan of activities planned as part of the audits to be carried out for Consolidated Sustainability Statement purposes, their timing and the methodological approach adopted.

2.1.4 INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES (GOV3)

The Group has structured its remuneration policy by providing that Executive Directors, the General Manager and Key Management Personnel receive a percentage of their remuneration in variable form, linked to the achievement of annual (MBO) or medium-term (LTI) objectives, both qualitative and quantitative, in order to, *inter alia*:

i) focus the action of management towards strategic objectives in keeping with the priorities set by the Board of Directors;

ii) encourage everyone's contribution not only on financial indicators, but also non-financial and sustainability ones;

iii) enable a correlation between management remuneration and value creation for shareholders in the medium/long-term, combining growth with sustainability.

In particular, the variable remuneration of Executive Directors and the General Manager is approved by the Board of Directors in line with the remuneration policy approved by the Shareholders' Meeting, on the proposal of the Remuneration and Appointments Committee, after consulting the Board of Statutory Auditors; with reference to Key Management Personnel, the remuneration is defined by the CEO in agreement with the General Manager, on the basis of the remuneration policy approved by the Shareholders' Meeting.

With regard to the Executive Directors and the General Manager, taking into account the tasks and responsibilities assigned to each beneficiary, the quantitative MBO objectives established for Executive Directors are based on the following parameters:

i) Consolidated EBITDA (50%);
ii) Consolidated TURNOVER (10%);
iii) NET FINANCIAL POSITION/EBITDA RATIO (25% and, limited to CSDO, 15%).

The remaining 15% and, for the CSDO only, 25% of the short-term variable component is linked to the achievement of sustainability objectives:

i) ACCIDENT RATE (10%, and for the CSDO only, 15%) to be recorded during 2025, considered from three different points of view (at overall Group level, in the Italian facilities and in European ones), to be evaluated on the basis of the trend in the accident ratios, such as rate, frequency and severity;
ii) REDUCTION OF SCOPE 1 AND SCOPE 2 EMISSIONS given the same consolidated EBITDA (5% and, for the CSDO only, 10%).

The above-mentioned sustainability-related objectives were also included in the short-term variable component for some of the key management personnel.

With reference to medium-term variable remuneration for the executive directors, the general manager, key management personnel and other specifically identified executives, the performance objectives that must be achieved for the payment of the cash bonus, have been identified by the Board of Directors on the proposal of the Remuneration and Appointments Committee, after consulting the Board of Statutory Auditors as the following parameters and weights:

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i) consolidated EBITDA (cumulative three-year value) – 50%;
ii) consolidated TURNOVER (cumulative three-year value) – 20%;
iii) NET FINANCIAL POSITION/EBITDA RATIO (average value for the three-year period and value for 2025) – 15%;
iv) EBITDA of the subsidiary LU-VE US (three-year cumulative value) – 5%;
v) REDUCTION OF Scope 1 AND Scope 2 EMISSIONS given the same consolidated EBITDA – 10%.

2.1.5 STATEMENT ON DUE DILIGENCE (GOV4)

In order to identify and thus prevent and mitigate its actual and potential negative impacts on the environment and on people, the LU-VE Group conducts an assessment of the impacts related to its own operations and along the entire value chain, as part of the double materiality assessment. The assessment of impacts is led by the Group Sustainability Office with the support of an external consulting company. The assessment of double materiality outcomes - and thus also of negative impacts - is evaluated within the Corporate Sustainability Steering Committee. The analysis and assessment of the negative impacts confirmed the importance of continuity in the targets identified in the Sustainability Plan 2023-2025, also with reference to the year 2025.

The effectiveness of the measures is regularly monitored with an assessment of the progress in achieving the plan targets within the Corporate Sustainability Steering Committees, as well as in the Board of Directors and Control and Risk Committee. Emission reduction targets are also monitored as part of the regular meetings conducted at plant level. Further information on the roles of the administrative, management and supervisory bodies can be found in the previous sections of this chapter.

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<table>
<tr><th>Core elements of due diligence</th><th>Reference sections in the Consolidated Sustainability Statement</th></tr>
<tr><td>a) Embedding due diligence in governance, strategy and business model</td><td>2.1.7 STRATEGY, BUSINESS MODEL AND VALUE CHAIN (SBM-1)</td></tr>
<tr><td>b) Engaging with affected stakeholders in all key steps of the due diligence</td><td>2.1.8 INTERESTS AND VIEWS OF STAKEHOLDERS (SBM-2)</td></tr>
<tr><td>c) Identifying and assessing adverse impacts</td><td>2.1.10 DESCRIPTION OF THE PROCESS TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES (IRO-1);
2.2.2 CLIMATE CHANGE (E1) | IRO-1 - DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL CLIMATE-RELATED IMPACTS, RISKS AND OPPORTUNITIES;
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2.2.4 WATER AND MARINE RESOURCE (E3) |IRO-1 – DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL WATER AND MARINE RESOURCES-RELATED IMPACTS, RISKS AND OPPORTUNITIES
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<tr><td>d) Taking actions to address those adverse impacts</td><td rowspan="2">2.2.2 CLIMATE CHANGE (E1) | E1-3 – ACTIONS AND RESOURCES IN RELATION TO CLIMATE CHANGE POLICIES;
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2.2.5 BIODIVERSITY (E4) | E4-3 – ACTIONS AND RESOURCES RELATED TO BIODIVERSITY AND ECOSYSTEMS;
2.2.6 RESOURCE USE AND CIRCOLAR ECONOMY (E5) | E5-2 – ACTIONS AND RESOURCES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY
2.3.1 OWN WORKFORCE (S1) | S1-4 – TAKING ACTION ON MATERIAL IMPACTS AND APPROACHES TO MITIGATING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO OWN WORKFORCE, AND EFFECTIVENESS OF THOSE ACTIONS AND APPROACHES;
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2.3.3 CONSUMERS AND END-USERS (S4) | S4-4 – TAKING ACTION ON MATERIAL IMPACTS ON CONSUMERS AND END- USERS, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO CONSUMERS AND END-USERS, AND EFFECTIVENESS OF THOSE ACTIONS;</td></tr>
<tr><td>e) Tracking the effectiveness of these efforts and communicating</td></tr>
</table>

2.1.6 RISK MANAGEMENT AND INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING (GOV5)

The internal control and risk management system in relation to the Consolidated Sustainability Statement involves specific responsibilities of the administrative, management and supervisory bodies, aiming at ensuring, among other things, the effectiveness and efficiency of the corporate processes, the integrity, reliability, accuracy and trustworthiness of the sustainability information provided to the corporate bodies and the market, as well as ensuring the effective and efficient identification, measurement, management and monitoring of the main material impacts, risks and opportunities for the LU-VE Group. The Board of Directors defines the corporate governance system

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and assesses it for its adequacy also as to the internal control and risk management system with regard to Consolidated Sustainability Statement.

The Board has identified the CEO as the person responsible for the company's management and as the person in charge of establishing and maintaining an effective Internal Control and Risk Management System. The Control and Risk Committee has the task of supporting the Board of Directors' evaluations and decisions concerning the internal control and risk management system with adequate preliminary activities, with specific competence in the supervision of sustainability processes and activities, as envisaged by the Board of Directors and Committees Regulation and in the SCIGR Guidelines. The Board of Statutory Auditors is called upon to supervise the adequacy of the internal control system and of an adequate and reliable administrative and accounting system in correctly representing management events and, in particular: the financial reporting and Consolidated Sustainability Statement processes; the effectiveness of the Internal Control, Internal Audit, if applicable, and Risk Management Systems, with regard to financial reporting and Consolidated Sustainability Statement. Internal Audit is responsible for ensuring that the internal control and risk management system is operational and adequate. For further details, please refer to the description of governance in the previous sections.

The main features and elements of the internal control and risk management processes and systems in relation to the Consolidated Sustainability Statement are formalised in a special reporting procedure, which maps activities, roles and responsibilities, as well as the internal control and risk management system related to specific data for which control procedures are enhanced. The procedure details activities and responsibilities relating to the identification of the reporting scope, the analysis of the value chain, the double materiality assessment, the collection of data and the related controls to support the completeness and accuracy of the data, the verification of the adequacy of disclosure, as well as its consistency and correspondence with financial reporting. Specific representations from the Group Directors and by the Heads of Clusters are issued to the Chief Strategic Development Officer to attest to the accuracy of the information provided. The Chief Strategic Development Officer in turn issues a subsequent letter to the Financial Reporting Manager and to the CEO, certifying the accuracy and completeness of the disclosure included in the Consolidated Sustainability Statement.

Risk assessment is conducted according to the methodology developed in the Enterprise Risk Management (ERM) model already developed by the Group, which considers the magnitude, i.e. the economic and financial effect that each risk may have on the Group, and the likelihood of the risk occurring. Having identified the gross risk, resulting from the multiplication of the two factors mentioned above, the Group's ERM model provides for the evaluation of control actions - which allow the magnitude of risks to be mitigated - and thus to identify the net or residual risk. Risk prioritisation is conducted on the basis of the net or residual risk score. Specifically, risks that exceed a threshold value equal to the average of all net risk assessments are prioritised. Specific evaluations can then be conducted to fine-tune the prioritisation. For the purposes of the double materiality assessment, in accordance with the ESRS Standards, impacts, actions and dependencies were also considered as sources of risk and assessed in a dedicated model, based on the same methodology used in ERM.

With specific reference to the sustainability reporting process analysis, the analysis of the underlying reporting processes, with related mapping of primary data sources and data owners, allowed to appropriately identify reporting risks in the processes, the mitigation controls in place and the related checks on their operation.

Overall, sustainability disclosure-related risks refer to the possibility that the information disclosed in a sustainability statement is incomplete, non-transparent, unrepresentative or even false. In order to improve the accuracy, completeness and consistency of sustainability information and curtailing the possibility of reporting risks, a Risk Control Matrix was developed for the data considered most material - such as energy consumption and emissions, and accidents - as an expression of the Group's material impacts, as well as related to MBO/LTI for Directors and Key Executives. With regard to this data, the main risks mapped concern errors in the data aggregation or input into the various monitoring and reporting systems used at local level. The risk and control matrix (RCM) maps the main risks affecting the reporting process, the controls implemented on these risks, the attributes of the controls such as, for example, type and frequency, and the controls for sensitive data.

The risk control matrix (RCM) is appropriately stated in the reporting procedure, published and disseminated internally. Furthermore, in 2024, Internal Audit conducted an audit dedicated to the process for preparing the Non-Financial Statement; the results made it possible to enhance the process overall, with the issuance of the reporting procedure updated in light of organisational and regulatory changes, as well as to define new internal controls for the reporting process relating to the year 2024, with the overall objective of increasing accountability and ensuring the correctness, accuracy, completeness and timeliness of the information reported. The audit conducted by Internal Audit is part of the internal 2023 audit, which is an integral part of the “Internal Audit Plan 2023-2025”, submitted to the Board of Directors for approval in March 2023.

Internal Audit regularly keeps the Board of Directors and the Control and Risk Committee posted on the findings of the risk assessment and the progress of the audit plan by Internal Audit.

2.1.7 STRATEGY, BUSINESS MODEL AND VALUE CHAIN (SBM-1)

Information about the Group

The LU-VE Group is an international group (with headquarters in Uboldo, Varese, Italy) with production plants in several countries, including Italy, Poland, the Czech Republic, Russia, Finland, Sweden, India, China and the United States. The LU-VE Group also includes sales offices in several countries, such as Austria, France, Germany, Spain, the United Arab Emirates, the Netherlands, South Korea and the UK.

The Group is active in the manufacturing and sale of heat exchangers and air-cooled equipment. The three main product categories sold by the Group are as follows:

i) finned tube heat exchangers, i.e., fundamental components of refrigeration circuits constructed by mechanically coupling special tubes (usually in copper), which are the “primary exchange surface”, with stamped “specialised fins” (usually in aluminium), which are the “secondary exchange surface”.

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ii) air cooled equipment (unit coolers, condensers, gas coolers and liquid coolers), i.e. finished products consisting of heat exchangers of various styles and sizes (up to over 12 metres long and 3 metres high), coupled with: (i) housings, appropriately designed and shaped to maximise the performance of the heat exchangers contained in them and to facilitate their transfer and installation on site; (ii) electronic or electrical fans, specifically designed and sized to optimise heat exchange, reduce electric energy consumption and the noise level generated; (iii) various other electric, electronic and mechanical accessories (designed, for example, to increase the output power in the event of extreme environmental conditions);

iii) glass doors for refrigerated counters and display cases: a type of special doors mounted on refrigerated cabinets and counters that ensure temperature maintenance, visibility of the goods on display, interior lighting and illuminated advertising;

The Group's business model is based on a matrix organisation consisting of seven main clusters organised by geographical areas and Functional Departments.

The LU-VE Group's Strategic Business Units - SBUs - are broken down into:

i) SBU Cooling Systems which includes air cooled equipment (unit coolers, condensers, gas coolers and liquid coolers);

ii) SBU Components, which includes heat exchangers and special glass doors for refrigerated display cabinets.

In terms of product application, the Group’s operations today relate primarily to four different market sectors:

i) the refrigeration sector, which includes activities relating to the production chain for food products (the “Refrigeration Sector”);

ii) the air conditioning sector, which regards the treatment of the air in domestic areas, public and “technological” spaces (the “Air Conditioning Sector”);

iii) the “special applications” segment, which mainly includes heat exchangers used in various areas, such as high energy-efficient clothes dryers, mobile applications (refrigerated transport, railway and large vehicle air conditioning), compressed air machines and other industrial applications (the “Special Applications Segment”);

iv) the “industrial cooling” sector, which includes mainly high-powered air-cooled products used for the refrigeration of engines for the generation of power and general industrial processes (the “Industrial Cooling Sector”).

No significant changes in product groups or market groups were reported during the reporting period.

The LU-VE Group's value chain is divided into two main segments: upstream and downstream. The upstream value chain consists of all the resources and activities that enable the Group to produce

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and sell its products. It includes: i) the extraction of materials (mainly copper), ii) the procurement and processing of raw materials, such as copper, aluminium, iron iii) the processing of finished products and iv) incoming logistics to the Group's plants. The downstream value chain includes: i) the sale, installation and maintenance of the solutions developed by the Group, ii) the use of the products, iii) the end-of-life disposal of the product.

The LU-VE Group does not operate directly in the areas of fossil fuels, chemical production, controversial weapons, tobacco cultivation and production, and consequently has no revenues associated with these activities.

The number of employees of the LU-VE Group, equal to 3,086, is broken down as follows: Italy 1,135, EU countries 1,185 and non-EU countries 766.

The LU-VE Group is not based in any EU Member State which allows an exemption from the disclosure of information under Article 18 (1)(a) of Directive 2013/34/EU (22) and consequently did not make use of this exemption.

The activities are aimed at generating long-term value for customers, investors and all other stakeholders. The Group's commitment is to continuously improve the quality of its products and to promote economically, socially and environmentally sustainable development, offering development opportunities for employees and for customers and end consumers.

Strategy on sustainability matters, value chain and business model

The LU-VE Group's sustainability strategy was developed taking into consideration the global scenario and conducting an analysis of the specific characteristics of its business and its material impacts, risks and opportunities.

Globally, the climate crisis continues to generate increasing negative effects on the economy, the environment and people's lives, such as increased poverty, migration, water and food shortages and reduced biodiversity. Furthermore, two main trends characterise the current scenario: the increase in consumer demand for air conditioning and refrigeration and the growing need to reduce energy consumption and greenhouse gas emissions. In response to these situations, the LU-VE Group intends to promote technologically advanced solutions with a reduced environmental impact in order to contribute to reducing greenhouse gas emissions (both direct and indirect), mitigating environmental impacts and producing increasingly efficient products by optimising energy consumption, performance and the use of natural refrigerants.

The sustainability strategy was first summarised in the Sustainability Plan 2023-2025, approved by the Board of Directors in February 2023. In line with the Group's strategic priorities to contribute to sustainable development, a three-year action plan was outlined based on four key elements:

i) Sustainability integrated into the business plan: integration of sustainability levers and targets into the business plan;
ii) Advanced products: developing solutions designed for natural and high-efficiency refrigerants and promoting the positive impact of products by offering decarbonisation solutions;

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iii) Climate neutrality: identifying greenhouse gas emission reduction actions and targets across its operations and along the value chain, in line with the Paris Agreements;
iv) High engagement: adopting policies to promote the well-being of employees and enhancing diversity, ensuring a high level of people engagement.

For each of the above aspects, key indicators and quantitative targets have been identified which are shown in the table below.

OBJECTIVE	KEY INDICATOR	2024	TARGET 2024	TARGET 2025
Sustainability integrated in the business plan and advanced products	Turnover from products designed for natural refrigerant fluids and/or high-efficiency motors (% of total turnover)	56%	>54%	>56%
	Suppliers with completed Supplier Form (% of total relevant suppliers)	70%	>69%	>71%
	Supplier audits (no.)	11	11	15
Climate neutrality	Reduction of climate change Scope 1 and Scope 2 emissions (% of 2022 baseline)	-15%	-10%	-19%
High engagement	Employees evaluated within the Performance Management (% of total eligible employees)	87%	>75%	>80%
	Accident frequency index	3.65	<4.14	<=3.25
	Accident severity index	0.12	<0.15	<=0.12

The Group has assessed and set sustainability targets, without making specific distinctions between product and service groups, customer categories, geographical areas and relations with stakeholders.

With specific reference to product categories, products designed for natural refrigerants and/or high-efficiency motors contribute to the Group's sustainability targets. The high-efficiency motors ("EC", Electronically Commuted or Electronically Controlled) refer to motors equipped with permanent magnets that, together with the current in the stator winding, generate torque on the rotor without dissipating energy. As a direct consequence, the efficiency of the electronic engine motor is higher compared to traditional asynchronous motors ("AC"), in which the rotor has a winding.

For financing purposes, the Group has decided to adopt the same turnover indicator used in the Sustainability Plan, which, in the financial year 2024, was 2% higher than the previous year, switching from 54% to 56%.

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2.1.8 INTERESTS AND VIEWS OF STAKEHOLDERS (SBM-2)

Engagement and dialogue with stakeholders enables the Group to improve the quality of its understanding and management of the impacts, risks and opportunities related to its business activities. Mutual trust and transparent communication foster group growth and the ability to adapt quickly to a changing environment, maximising benefits in the medium to long term.

As part of the activities carried out by the Sustainability Office, a number of surveys were developed over time targeting key stakeholder categories, whose results are shared at the Corporate Sustainability Steering Committee, which discuss strategic lines of action, which the managing directors then submit to the Control and Risk Committee and the Board of Directors for appropriate evaluation and deliberation.

Between the end of 2023 and the beginning of 2024, surveys were conducted through online questionnaires sent to investors and a selected group of customers. The aim of the customer survey was to gather expectations and views on the main sustainability impacts and to share sustainability targets and cooperation opportunities; investors were instead asked to evaluate sustainability plans and governance, as well as the main impacts that should guide the sustainable business strategy. The Corporate Sustainability Steering Committee has already assessed these results.

At the beginning of 2025, on the other hand, the results of a survey promoted by the Group at the end of December 2024 were collected. The survey gathered the point of view of a set of selected suppliers representing the Group's supply chain on the actual and potential impacts of the LU-VE Group's activities in the context of stakeholder engagement in the double materiality assessment process in accordance with the EFRAG guidelines and the ESRS 1. The results collected between the end of 2024 and the beginning of 2025 were evaluated by the Sustainability Office and taken into account in the identification of material impacts, risks and opportunities, and will also be monitored by the relevant departments and the Corporate Sustainability Steering Committee in order to evaluate future actions.

Furthermore, at the end of 2024, LU-VE Group provided with information on sustainability matters to the representatives of active workers at its administrative headquarters (Unitary workplace union structure). In a specific meeting in December 2024, the Unitary workplace union structure were informed of the main impacts, risks and opportunities underlying the Group's sustainability strategies, pertaining to issues of interest to workers, as well as the means of obtaining and verifying the relative liability information. The workers did not express any opinion and the meeting was recorded in the minutes signed by the participants.

In addition to the above Group process, the LU-VE Group also adopted a set of other tools for listening to and engaging stakeholders, as shown in the table below. The results of the engagement process are managed directly by the relevant company departments, i.e. the HR Department for employees; the Sales Departments for customers and other regulatory bodies and product-related associations; the Investor Relations Department for shareholders and investors; the Finance Department for banks and lenders and trade associations; the Procurement and Quality & Assurance Department for suppliers; the individual plant management departments for local communities; the Technical & Innovation Department for academic centres and universities, and the Communications Department for the media.

STAKEHOLDER	STAKEHOLDERS ENGAGEMENT TARGETS	MAIN FEEDBACK AND ENGAGEMENT TOOLS
Employees	• Respect for workers' rights • Contribution to individual well-being • Protection of occupational health and safety • Development of professional skills	• Training sessions • Company intranet • Dedicated internal communications • Meetings on specific topics • Sustainability Ambassadors' Journey
Customers	• Assessment of customer satisfaction • Improvement and development of services and low-energy-consumption solutions • Co-designing	• Customer satisfaction analysis • Group Customer Care Service • Website – Products section • Social networks • Customer Newsletter • Surveys
Shareholders and Investors	• Sharing of growth and sustainability drivers • Profitability • Reduction of investment-related risks	• Insider List • One-to-one meetings • Roadshows • Dedicated communications • Press releases • Website – Investor relations section • Investors Newsletter • Surveys
Banks and other lenders	• Support for the Group's growth and sustainable development	• Press releases • Dedicated communications and meetings • Official financial statement documentation
Suppliers	• Compliance with contractual conditions • Protection of workers and respect for human rights • Assessment of supplier impact on CO_2 emissions	• Supplier selection, qualification and assessment questionnaires • Dedicated meetings • Dedicated communications • Surveys
Regulatory bodies and other associations	• Process and product certifications • Improvement of the performance and impacts of processes and products	• Certification audits
Local communities	• Development of projects of value to the community • Transparency and sharing of information on business matters • Sharing of skills and expertise	• Website • Social networks • Press releases
Trade associations	• Updated and timely information on scenarios and performance • Joint promotion of key sustainability and business matters	• Discussion with representatives

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STAKEHOLDER	STAKEHOLDERS ENGAGEMENT TARGETS	MAIN FEEDBACK AND ENGAGEMENT TOOLS
Academic centres and universities	• Enhancement of research activities • Sharing of technical know-how	• Research partnerships • Training sessions • Workshops
Media	• Transparent, clear and prompt disclosures	• Website • Social networks • Press releases and dedicated Newsletters

During 2024, there were no significant changes to the strategy and business model, as stakeholder engagement actions did not generate substantial changes in corporate choices and priorities. However, the process of dialogue and engagement with stakeholders continued to provide important feedback, which was taken into account to improve operational management and to ensure that the strategy remains aligned with market needs and regulatory developments.

2.1.9 MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL (SBM-3)

The material impacts, risks and opportunities are reported in the following three tables. For each material impact, risk and opportunity, a brief description and indication of the value stage in which it is concentrated is given (if “direct” is indicated, then it is concentrated in the LU-VE Group's own operations, if “indirect” it refers to the upstream or downstream stages of the value chain). For each impact, the description also indicates how it affects people or the environment, how these impacts are related to the business model or corporate strategy, as well as the nature of the business relationships that cause the impact.

The current and anticipated effects of the material impacts, risks and opportunities on the business model, value chain, strategy and decision-making process, as well as how the LU-VE Group has responded or plans to respond to these effects, are set out in the reference chapters (see reference ESRS in the tables).

The Group has applied the phase-in provisions in accordance with Annex C of ESRS 1 for all current and expected financial effects of material risks and opportunities, which are therefore not reported in this document.

As part of the risk analysis, the Group's level of control is analysed for all identified risks; the resulting net risk expresses the Group's resilience. With reference to opportunities, specific analyses are made within the Business Plan, evaluating the Group's model against the Plan’s three-year horizon, with particular reference to the positive and negative effects on business related to climate change. For material impacts, assessments are conducted by the relevant Departments.

As this is the first year of preparation of Consolidated Sustainability Statement in accordance with EU Regulation 2023/2772, the Group made use of the exemption to disclose comparative information in accordance with ESRS 1 paragraph 10.3.

This Consolidated Sustainability Statement does not make use of additional entity-specific disclosures.

TABLE OF MATERIAL IMPACTS OF THE LU-VE GROUP

ESRS	SUB-TOPIC	SUB-SUB-TOPICS	IMPACT	DESCRIPTION	POSITIVE OR NEGATIVE IMPACT	TYPE OF IMPACT	CURRENT OR POTENTIAL IMPACT	DIRECT OR INDIRECT IMPACT	TIME HORIZON
E1 Climate change	Climate change mitigation	-	Inability to promote the spread of decarbonisation technologies	Inability to promote the spread of decarbonisation technologies may have unfavourable consequences for the environment. Without a commitment to low-carbon solutions, the group risks contributing significantly to greenhouse gas emissions, exacerbating the problem of climate change and global warming.	Negative	Generated by the Group To which the Group contributes	Potential	Direct	Medium-term
E1 Climate change	Energy	-	Energy consumption	The industrial production within the LU-VE Group's plants generates an energy consumption-related environmental impact.	Negative	Generated by the Group	Current	Direct	Short-term
E1 Climate change	Energy	-	Energy consumption in the upstream stages of the value chain	Activities along the supply chain, such as the extraction and processing of raw materials, have an impact in terms of energy consumption.	Negative	To which the Group contributes	Current	Indirect (Upstream)	Short-term
E1 Climate change	Climate change mitigation	-	Generation of GHG emissions (Scope 1 and Scope 2) into the atmosphere	Industrial production generates an impact in terms of Scope 1 and Scope 2 GHG emissions resulting from resources directly controlled or owned by the organisation.	Negative	Generated by the Group To which the Group contributes	Current	Direct	Short-term
E1 Climate change	Climate change mitigation	-	Generation of GHG emissions (Scope 3) into the atmosphere at the upstream and downstream stages of the value chain	The activities carried out along LU-VE's value chain generate an impact in terms of Scope 3 GHG emissions from activities not directly controlled by the Group, but occurring within its value chain. The most significant Scope 3 GHG emissions relate to the use of products by customers and the use of non-renewable raw materials.	Negative	Generated by the Group To which the Group contributes	Current	Indirect (Upstream and Downstream)	Short-term
E1 Climate change	Climate change mitigation	-	Widespread use of natural refrigerant gases in the downstream stages of the value chain	In marketed products, the replacement of conventional refrigerant gases with natural refrigerant gases - such as CO_2, ammonia and hydrocarbons - and the use of dry coolers - which use glycol water - represents a positive environmental impact as, unlike conventional refrigerants, these gases have very low or no global warming potential (GWP).	Positive	Generated by the Group	Current	Indirect (Downstream)	Short-term
E1 Climate change	Energy	-	Supporting decarbonisation solutions in the downstream stage of the value chain	The design and development of increasingly innovative solutions from the point of view of the overall energy balance and for the benefit of decarbonisation technologies by players operating downstream in the LU-VE value chain leads to a reduction of GHG emissions generated by the use of the solutions.	Positive	Generated by the Group	Current	Indirect (Downstream)	Short-term
E2 Pollution	Pollution of Air	-	Damage to the environment due to the emission of pollutants into the air	Production processes at Group's facilities generate emissions of pollutants into the air.	Negative	Generated by the Group	Current	Direct	Short-term
E2 Pollution	Pollution of Air	-	Environmental damage due to the emission of air pollutants in the upstream stages of the value chain	The extraction phases of raw materials such as copper, aluminium, steel and iron, release air pollutants, contributing to air pollution and posing a risk to the environment and human health.	Negative	To which the Group contributes	Current	Indirect (Upstream)	Short-term

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ESRS	SUB-TOPIC	SUB-SUB-TOPICS	IMPACT	DESCRIPTION	POSITIVE OR NEGATIVE IMPACT	TYPE OF IMPACT	CURRENT OR POTENTIAL IMPACT	DIRECT OR INDIRECT IMPACT	TIME HORIZON
E2 Pollution	Pollution of water	-	Environmental damage due to water pollution in the upstream stages of the value chain	During the extraction and processing of raw materials such as copper and other metals, the water resource can be polluted due to industrial discharges, surface run-off of pollutants, leaching into the soil that contaminates groundwater, improper management of mining waste, accidents and spills, and refining processes that do not adequately treat the water used. Pollution of water resources can damage ecosystems, human health and biodiversity.	Negative	Generated by the Group	Potential	Indirect (Upstream)	Short-term
E3 Water and marine resources	Water	Water consumption	Exploitation of water resources by the Group	The Group's production activities generate an impact in terms of water consumption	Negative	Generated by the Group	Current	Direct	Medium-term
E3 Water and marine resources	Water	Water consumption	Exploitation of water resources in the upstream stages of the value chain	Mining and processing of raw materials such as copper, aluminium, steel and iron have an impact in terms of water consumption.	Negative	To which the Group contributes	Current	Indirect (Upstream)	Medium-term
E3 Water and marine resources	Water	Water withdrawals	Exploitation of water resources	The Group's production activities generate an impact in terms of water withdrawals	Negative	Generated by the Group	Current	Direct	Medium-term
E3 Water and marine resources	Water	Water withdrawals	Exploitation of water resources in the upstream stages of the value chain	The mining and processing of raw materials such as copper, aluminium, steel and iron, have an impact in terms of water withdrawals.	Negative	To which the Group contributes	Current	Indirect (Upstream)	Medium-term
E3 Water and marine resources	Water	Water discharges	Damage to ecosystems where incompatible water is discharged	The Group's production activities generate an impact in terms of water discharges.	Negative	Generated by the Group	Current	Direct	Short-term
E4 Biodiversity and ecosystems	Direct impact drivers of biodiversity loss	Direct exploitation; Pollution	Damage to ecosystems and loss of biodiversity due to production activities in the upstream stages of the value chain	The extraction of raw materials such as copper requires open-pit or underground mining operations, which can cause the alteration of natural habitats and loss of biodiversity.	Negative	To which the Group contributes	Potential	Indirect (Upstream)	Medium-term
E5 Circular economy	Resources inflows, including resource use	-	Exploitation of non-renewable resources	The irresponsible use of non-renewable raw materials in the production of air conditioning systems will have a negative impact on their future availability.	Negative	Generated by the Group	Current	Direct	Medium-term
E5 Circular economy	Waste	-	Environmental damage due to waste generation and its incorrect disposal in the downstream phase of the value chain	Activities in the end-of-life product phases, mineral material recovery generate an impact in terms of waste generation including metal scraps, packaging materials, and defective components which, if incorrectly disposed of, generate a negative impact on the environment.	Negative	To which the Group contributes	Current	Indirect (Downstream)	Medium-term
E5 Circular economy	Waste	-	Environmental damage due to waste generation and incorrect disposal	Industrial production and related activities generate an impact in terms of waste generation including metal scrap, packaging materials, and defective components.	Negative	Generated by the Group	Current	Direct	Medium-term
S1 Own workforce	Working conditions	Health and safety	Failure to protect the health and safety of workers	The activity involves a series of impacts in terms of occupational health and safety, mainly linked to accidents. It is the industry's responsibility to protect occupational health and safety.	Negative	Generated by the Group	Current	Direct	Short-term
S1	Equal treatment	Gender equality and	Discrimination against workers	The lack of precise and stringent policies and guidelines on the	Negative	Generated by the Group	Potential	Direct	Short-term

ESRS	SUB-TOPIC	SUB-SUB-TOPICS	IMPACT	DESCRIPTION	POSITIVE OR NEGATIVE IMPACT	TYPE OF IMPACT	CURRENT OR POTENTIAL IMPACT	DIRECT OR INDIRECT IMPACT	TIME HORIZON
Own workforce	and opportunities for all	equal pay for work of equal value		selection and remuneration of staff can result in incidents of discrimination based on various factors (gender, sexual orientation, ethnicity, religion, etc.).					
S1 Own workforce	Equal treatment and opportunities for all	Training and skills development	Developing employees' skills through training activities	Companies in the industry implement specific programmes to regularly upgrade the staff's skills in order to ensure stability, remain attractive in the market and continue to create jobs.	Positive	Generated by the Group	Current	Direct	Short-term
S1 Own workforce	Working conditions	Secure employment; Working hours; Adequate wages; Work-life balance	Promotion and protection of occupational well-being	The creation of healthy and stimulating working conditions for the staff offers them an opportunity to make their mark and grow both professionally and personally.	Positive	Generated by the Group	Current	Direct	Short-term
S1 Own workforce	Working conditions	Social Dialogue	Negative impact due to lack of social dialogue in the company	The lack of social dialogue within the company can have a material impact on the staff's cohesion and morale. Without a proper communication channel between management and workers, misunderstandings and conflicts can arise that reduce productivity and increase turnover rates.	Negative	Generated by the Group	Potential	Direct	Short-term
S1 Own workforce	Working conditions	Freedom of association, existence of works councils and information, consultation and participation rights of workers;	Negative impact due to the absence of freedom of association and workers' participation rights	Without the possibility of forming trade unions or committees, workers do not have effective means of expressing their concerns and defending their rights, which can lead to a climate of dissatisfaction and conflict, resulting in decreased motivation and productivity, and increased turnover rate.	Negative	Generated by the Group	Potential	Direct	Short-term
S1 Own workforce	Working conditions	Collective bargaining, including percentage of workers covered by collective bargaining	Negative impact on employees due to the absence of collective bargaining	Without collective bargaining, workers have less bargaining power to obtain fair working conditions, adequate wages and benefits. This can lead to greater dissatisfaction and increased conflict between employees and management.	Negative	Generated by the Group	Potential	Direct	Short-term
S1 Own workforce	Equal treatment and opportunities for all	Measures against violence and harass-ment in the workplace	Negative impact due to lack of measures against violence and harassment in the workplace	Without adequate policies and procedures to prevent and address these behaviours, workers may feel unsafe and unprotected, which can lead to stress, anxiety and reduced productivity, resulting in higher turnover rates.	Negative	Generated by the Group	Potential	Direct	Short-term
S1 Own workforce	Equal treatment and opportunities for all	Diversity	Absence of diversity and inclusion measures and procedures	An under-diversified work environment can limit the variety of perspectives and ideas, reducing innovation and creativity. Furthermore, a lack of diversity can create a less inclusive and welcoming environment, reducing employee morale and satisfaction.	Negative	Generated by the Group	Potential	Direct	Short-term
S1 Own workforce	Working conditions	Adequate wages	Potential negative impact due to inadequate wages	The adoption of inadequate wage policies within the company can generate negative impacts. Insufficient wages can reduce employee motivation and productivity, increase turnover, and undermine operational efficiency.	Negative	Generated by the Group	Potential	Direct	Short-term
S1 Own workforce	Other work-related rights	Child labour; Forced labour	Violation of workers' human rights	In the absence of appropriate working conditions, the Group may not guarantee full respect for the human rights of its employees.	Negative	Generated by the Group	Potential	Direct	Short-term

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ESRS	SUB-TOPIC	SUB-SUB-TOPICS	IMPACT	DESCRIPTION	POSITIVE OR NEGATIVE IMPACT	TYPE OF IMPACT	CURRENT OR POTENTIAL IMPACT	DIRECT OR INDIRECT IMPACT	TIME HORIZON
S2 Workers in the value chain	Working conditions	Health and safety	Failure to protect the health and safety of workers in the downstream stages of the value chain	The activity carried out Group's value chain entail a series of impacts in terms of occupational health and safety, mainly linked to accidents.	Negative	To which the Group contributes	Current	Indirect (Upstream and Downstream)	Short-term
S2 Workers in the value chain	Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value; Measures against violence and harassment in the workplace; Diversity	Discrimination against workers in the upstream stages of the value chain	The lack of precise and stringent policies and guidelines in terms of remuneration of workers along the value chain can lead to the episodes of discrimination based on various factors (gender, sexual orientation, ethnicity, religion, etc.).	Negative	To which the Group contributes	Potential	Indirect (Upstream)	Short-term
S2 Workers in the value chain	Working conditions	Social Dialogue	Negative impact due to lack of social dialogue in the upstream stages of the value chain	The lack of social dialogue along the value chain can have a material impact on worker cohesion and morale. Without a proper communication channel between management and workers, misunderstandings and conflicts can arise that reduce productivity and increase turnover rates.	Negative	To which the Group contributes	Potential	Indirect (Upstream)	Short-term
S2 Workers in the value chain	Working conditions	Collective bargaining, including percentage of workers covered by collective bargaining	Negative impact on workers in the upstream stages of the value chain due to the absence of collective bargaining	Without collective bargaining, workers in the value chain have less bargaining power to obtain fair working conditions, adequate wages and benefits. This can lead to greater dissatisfaction and increased conflict between workers and management.	Negative	To which the Group contributes	Potential	Indirect (Upstream)	Short-term
S2 Workers in the value chain	Working conditions	Adequate wages	Potential negative impact due to inadequate wages of workers in the upstream stages of the value chain	Failure to adopt policies that ensure adequate wages along the value chain can generate negative impacts. Insufficient wages can contribute to worsening living conditions for workers, amplifying socio-economic inequalities and causing discontent or protests. This could lead to operational disruptions, reduced productivity and increased turnover.	Negative	To which the Group contributes	Potential	Indirect (Upstream)	Short-term
S2 Workers in the value chain	Working conditions	Freedom of association, existence of works councils and information, consultation and participation rights of workers;	Negative impact due to the absence of freedom of association and workers' participation rights in the upstream stages of the value chain	Without the possibility of forming trade unions or committees, workers in the value chain do not have effective means of expressing their concerns and defending their rights, which can lead to a climate of dissatisfaction and conflict, resulting in decreased motivation and productivity, and increased turnover rate.	Negative	To which the Group contributes	Potential	Indirect (Upstream)	Short-term
S2 Workers in the value chain	Working conditions	Secure employment; Working hours; Adequate wages; Work-life balance	Failure to protect labour welfare in the upstream stages of the value chain	Without job security, suppliers' employees may experience anxiety and uncertainty, which may reduce their productivity and commitment. Excessive and unregulated working hours can lead to stress, exhaustion and health problems, further impairing work performance.	Negative	To which the Group contributes	Potential	Indirect (Upstream)	Short-term
S2 Workers in the value chain	Working conditions	Child labour; Forced labour	Human rights violations in the upstream stages of the value chain	Potential violation of human rights regulations in the supply chain	Negative	To which the Group contributes	Potential	Indirect (Upstream)	Short-term
S4 Consumers and end-users	Social inclusion of consumers and/or end-users	Responsible marketing practices	Negative customer consequences related to product quality and	Possible customer dissatisfaction following product defects caused by errors or shortcomings during development and quality control, failure to meet market	Negative	To which the Group contributes	Current	Indirect (Downstream)	Short-term

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ESRS	SUB-TOPIC	SUB-SUB-TOPICS	IMPACT	DESCRIPTION	POSITIVE OR NEGATIVE IMPACT	TYPE OF IMPACT	CURRENT OR POTENTIAL IMPACT	DIRECT OR INDIRECT IMPACT	TIME HORIZON
			labelling in the downstream stage of the value chain	requirements, or communicated unrealistic product characteristics.					
S4 Consumers and end-users	Information-related impacts for consumers and/or end-users	Access to (quality) information	Customer listening and satisfaction in the downstream phase of the value chain	Marketing of state-of-the-art solutions and provision of services aimed at engaging and listening to customers in the design, development and delivery phases and communication of transparent and certified performance information.	Positive	To which the Group contributes	Current	Indirect (Downstream)	Medium-term
G1 Business conduct	Management of relations with suppliers, including payment practices	-	Impact of late payment to suppliers in the upstream phase of the value chain	Delays in payments to suppliers can have significant repercussions on the entire supply chain and business operations, such as interruption of supply, additional costs and repercussions on product quality.	Negative	To which the Group contributes	Current	Indirect (Upstream)	Short-term
G1 Business conduct	Corporate culture	-	Absence of corporate culture	The company may not adequately communicate its policies on business conduct and how it promotes its corporate culture, leading to lack of transparency and potential misunderstanding among employees and other stakeholders.	Negative	Generated by the Group	Potential	Direct	Short-term

TABLE OF THE LU-VE GROUP'S MATERIAL RISKS

ESRS	SUB-TOPIC	SUB-SUB-TOPICS	RISK	DESCRIPTION	TIME HORIZON	DIRECT OR INDIRECT IMPACT
E1 Climate change	Climate change adaptation	-	Production downtime or damage to sites or products due to natural/catastrophic events affecting plants	Risk that natural or catastrophic events, such as earthquakes, floods, hurricanes, forest fires, heat waves, intense cold, snowstorms, droughts, etc., may cause the disruption of production activities at LU-VE Group's plants or the interruption of supplies.	Short-term	Direct
E1 Climate change	Climate change mitigation	-	Inability to meet set decarbonisation targets or targets set not being in line with market expectations and international standards	Risk that decarbonisation targets are not in line with market expectations and international standards. Failure to meet these targets may have negative economic consequences due to the interruption of lending from investors or the payment of fines and penalties for non-compliance with regulations as well as reputational consequences.	Medium-term	Direct
E1 Climate change	Energy	-	Increased costs related to the purchase or production of energy and interruptions in the producers' and suppliers' operation due to energy shortages	Rising energy costs, such as those of gas, and interruptions in the producers' and suppliers' operation due to the scarcity of energy resources can generate significant operational and financial difficulties. Such circumstances can lead to increased operating expenses, reduced productivity and delays along the supply chain. Furthermore, dependence on limited energy resources exposes the group to price fluctuations, thus negatively affecting profitability and compromising long-term sustainability.	Short-term	Direct
E1 Climate change	Climate change mitigation	-	Inability to meet set decarbonisation targets or targets set not being in line with market expectations and international standards, in relation to Scope 1, 2 and 3 emissions	Risk that the organisation may fail to meet its decarbonisation targets. Failure to meet these targets may have negative economic consequences due to the interruption of lending from investors or the payment of fines and penalties for non-compliance with regulations as well as reputational consequences.	Medium-term	Direct
E1 Climate change	Climate change mitigation	-	Increase in labour costs following heat waves.	Increase in labour costs due to increased absenteeism/reduced productivity due to heat waves or generally rising average temperatures.	Medium-term	Direct
E1 Climate change	Climate change mitigation	-	Environmental emissions above regulatory limits	Economic and reputational risk that the organisation releases emissions into the environment in quantities exceeding the limits set by current regulations, which may result in fines and penalties and/or operational interruptions as well as costs to restore previous environmental conditions.	Short-term	Direct

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ESRS	SUB-TOPIC	SUB-SUB-TOPICS	RISK	DESCRIPTION	TIME HORIZON	DIRECT OR INDIRECT IMPACT
E1 Climate change	Energy	-	Inadequate management of energy consumption	Economic risk linked to the possibility of inefficient energy consumption management by the organisation, leading to excessive or inefficient use of energy resulting in increased operating costs, reputational damage and loss of competitiveness.	Short-term	Direct
E5 Circular economy	Resources inflows, including resource use	-	Increase in commodity prices beyond Plan expectations	Economic risk due to raw material price increases beyond the company's mapped expectations due to shortages.	Short-term	Direct
S1 Own workforce	Working conditions	Adequate wages	Inadequate remuneration policy/not aligned with company targets/inadequate retention plans	Economic risk linked to the possibility that the organisation may adopt an inadequate remuneration policy or one that is not aligned with the company's targets, and that staff retention plans may be ineffective, resulting in high turnover, low motivation and productivity, and difficulties in attracting staff.	Short-term	Direct
G1 Business conduct	Corruption and bribery	Prevention and detection including training; incidents	"Risk of unfair competition practices and corruption	The LU-VE Group's involvement in corruption episodes would result in financial damage caused by the penalties incurred and possible judicial consequences. Moreover, the Group's reputation could be damaged.	Short-term	Direct

TABLE OF LU-VE GROUP MATERIAL OPPORTUNITIES

ESRS	SUB-TOPIC	SUB-SUB-TOPICS	OPPORTUNITIES	DESCRIPTION	TIME HORIZON	DIRECT OR INDIRECT IMPACT
E1 Climate change	Climate change mitigation	-	Development of solutions with natural and high-efficiency refrigerants	Increased sales volumes related to higher demand for products with lower climate impact, also as a result of stricter regulations and higher Group customers' ambition levels.	Medium-term	Direct
E1 Climate change	Climate change mitigation	-	Development of solutions for the energy transition	The energy transition will require an ever increasing electrification of the energy system; the Group solutions support electrification, with reference to solutions for charging electric vehicles, cooling of power plants, back-up systems for nuclear power plants, etc.	Medium-term	Indirect (Downstream)
E1 Climate change	Climate change mitigation	-	Higher sales volumes due to increase in the heat pump market	The heat pump heat exchanger segment is strongly influenced by current environmental and energy policies. In fact, heat pump systems are a viable technological solution for achieving global decarbonisation targets. Consequently, an increase in the revenues generated by this specific segment is expected.	Medium-term	Indirect (Downstream)

2.1.10 DESCRIPTION OF THE PROCESS TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES (IRO-1)

The double materiality assessment starts with a phase of understanding the context in which the LU-VE Group operates; this phase involves an analysis of internal and external factors and the identification of resources, dependencies, geographical presence and affected stakeholders. As already envisaged, stakeholder engagement was taken into account in the double materiality assessment.

In line with the European Sustainability Reporting Standards (ESRS), the LU-VE Group has identified material impacts, risks and opportunities taking into consideration the list of topics, sub-topics and sub-sub-topics under the ESRS Application Requirement 16. Each impact, risk and opportunity is related to its own activities and stages in its value chain, which have been preliminarily defined and mapped.

In identifying impacts, risks and opportunities, the Group conducted the following activities:

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i) Impact materiality assessment, which evaluates the external, (i.e. those generated by the company in accordance with the "inside-out" logic) actual and potential, negative and positive impacts generated by the company, its business relations and activities along its value chain on the environment and society.
ii) Financial materiality assessment, which considers the risks and opportunities that affect or could affect the company's financial performance, cash flows and reputation in the short, medium or long-term using an outside-in approach.

The materiality assessment was conducted by the Sustainability Office with the support of an external company. The results were evaluated and discussed within the company's Sustainability Steering Committees, and by the Control and Risk Committee and the Board of Directors, which then formally approved the results at its meeting in February 2025.

For each impact, risk and opportunity, a time horizon was identified within which the event could manifest its effects, according to the following classification:

i) Short-term: within one year after the Consolidated Sustainability Statement's reference year;
ii) Medium-term: period extending up to five years after the Consolidated Sustainability Statement's reference year;
iii) Long-term: beyond five years from the Consolidated Sustainability Statement's reference year.

Each impact was classified into the following categories:

i) Negative: impact that causes harm to individuals, the community and the environment, and therefore does not contribute to sustainable development;

ii) Positive: impact that contributes to sustainable development;

iii) Potential: impact that may occur in the future, but has not yet manifested itself;

iv) Actual: impact that has already occurred, thus removing any uncertainty as to its occurrence, being a certain event.

The impact materiality assessment took into account impacts arising from the undertaking's direct operations and its value chain, both upstream and downstream, and extending to its products, services and business relationships. Business relationships encompass all operators in the undertaking's value chain, not limited to direct contractual relationships. To properly consider the impacts, the LU-VE Group mapped the various stages in the value chain. In the impact materiality assessment, gross impacts (i.e. impacts before mitigation actions implemented by the Group) were considered to provide the users of the Reporting with a distinction between the gross impact and the management of the same (policies, actions and targets).

The impact materiality assessment was conducted taking into consideration the following aspects:

i) Severity, in turn calculated as the average of: a) scale, which determines how severe the impact is; b) scope, which assesses how widespread the impact is; c) irremediable character,

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which defines the extent to which the impact can be remedied (this parameter was assessed for negative impacts only). It should be noted that the scope and irremediability parameters were assessed separately, on a scale of 0 to 5.

ii) Likelihood, where a score of 1 was calculated for current impacts, while potential impacts were given a score on a decimal scale of 0 to 1.

The final impact materiality score is determined by multiplying severity and likelihood. In the event of a potential negative human rights impact, the severity of the impact takes precedence over its likelihood.

In order to prioritise the impacts identified, a quantitative threshold was used: all impacts exceeding the average value of the assessment of all impacts, whether positive or negative, are considered material. This precautionary approach ensures that the most significant sustainability matters are properly considered and reported.

In compliance with EFRAG Implementation Guidance 1 and as recalled by ESMA in the "European Common Enforcement Priorities for 2024 corporate reporting" issued on 24 October 2024, the Group decided to further strengthen the assessments by involving certain categories of stakeholders in the assessment of the identified impacts. For details on engagement for double materiality purposes, see section: “SBM-2 - Interests and views of stakeholders”.

In assessing financial materiality, the LU-VE Group identified sustainability-related risks and opportunities that could generate a negative or positive financial impact on the Group. Risks and opportunities arising from the Group's impacts on people and the environment as well as its dependencies were also considered.

The Group has adopted its Enterprise Risk Management (ERM) model as a basis for the identification of risks. However, ERM was not the only source of identification; in fact, in accordance with the ESRS Standards, impacts, actions and dependencies were also considered as sources of risks or opportunities. The opportunities on which the Business Plan is structured were taken into account for the identification of opportunities and the Sustainability Office made an assessment on the correlation to sustainability matters.

The financial materiality assessment for risks and opportunities was conducted based on the following parameters:

i) Magnitude, which represents the economic and financial effect that each risk can generate on the Group, in a range from 1 to 5, based on the incidence of each risk on the company's business, an expression of the potential or actual economic effect on the Group's EBITDA.
ii) Likelihood, that the event to which the risk or opportunity is linked will occur, in a range from 1 (unlikely) to 5 (expected).

The methodology already adopted for the ERM model was used for calculating both the magnitude and the likelihood of the event. In addition, as far as risks are concerned, the result obtained by multiplying these two factors led to the determination of the gross risk; following the evaluation of control actions, the net or residual risk is consequently determined. Specific adjustments were then made based on the Finance Department's understanding of the economic and financial effects.

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In order to determine which risks and opportunities were material, a quantitative threshold of financial materiality was set, identified in the average value of risk and opportunity assessments. Therefore, all risks and opportunities with scores above the average value of all scores were material. This approach ensured adequate consideration of the most significant risks and opportunities and improved the reliability and transparency of reporting.

As this is the first year of preparation of the Consolidated Sustainability Statement, there are no changes in the process compared to the previous reporting period. The materiality assessment was established this year and will be updated on an annual basis to identify any changes in a timely manner. Therefore, the next review of the materiality assessment is scheduled for the following year.

The material impacts, risks and opportunities identified compared to the previous reporting period derive from the update of the double materiality assessment carried out in 2024, which incorporates the changes introduced by Italian Legislative Decree 125/2024. The Group has adopted a double materiality assessment process in compliance with the requirements of the new regulations, taking into account the guidance contained in the new ESRS reporting standards. The methodological approach followed complements the guidance provided by EFRAG in the Implementation Guidance on the double materiality assessment and the value chain. The main changes relate to the integration of the value chain concept into the double materiality assessment, which thus takes into account not only own activities but also the upstream and downstream stages thereof. In addition, compared to last year, risk and opportunity assessments were introduced in order to meet the ESRS standards requirements.

2.1.11 DISCLOSURE REQUIREMENTS IN ESRS COVERED BY THE UNDERTAKING'S SUSTAINABILITY STATEMENT (IRO-2)

LU-VE Group has included in this Consolidated Sustainability Statement all topics identified as material based on impact materiality or financial materiality, even where only one of the two aspects were identified as material.

The table below sets out the disclosure requirements and chapters the title of which corresponds to the reference topic for ease-of-reading and tracking.

Disclosure Requirement	Reference Section
BP-1 – General basis for preparation of sustainability statements	2.1.1 GENERAL CRITERIA FOR CONSOLIDATED SUSTAINABILITY STATEMENT (BP-1)
BP-2 – Disclosures in relation to specific circumstances	2.1.2 DISCLOSURE IN RELATION TO SPECIFIC CIRCUMSTANCES (BP-2)
GOV–1 The role of the administrative, management and supervisory bodies	2.1.3 ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES (GOV-1) AND INFORMATION PROVIDED TO AND SUSTAINABILITY MATTERS ADDRESSED BY THE UNDERTAKING'S ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES (GOV-2)
GOV 2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	2.1.3 ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES (GOV-1) AND INFORMATION PROVIDED TO AND SUSTAINABILITY MATTERS ADDRESSED BY THE UNDERTAKING'S ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES (GOV-2)
GOV-3 – Integration of sustainability-related performance in incentive schemes	2.1.4 INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES (GOV-3)
GOV-4 – Statement on due diligence	2.1.5 STATEMENT ON DUE DILIGENCE (GOV-4)
GOV–5 - Risk management and internal controls over sustainability reporting	2.1.6 RISK MANAGEMENT AND INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING (GOV-5)
SBM-1 - Strategy, business model and value chain	2.1.7 STRATEGY, BUSINESS MODEL AND VALUE CHAIN (SBM-1)
SBM–2 - Interests and views of stakeholders	2.1.8 INTERESTS AND VIEWS OF STAKEHOLDERS (SBM-2)

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Disclosure Requirement	Reference Section
SBM–3 - Material impacts, risks and opportunities and their interaction with strategy and business model	2.1.9 MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL (SBM-3)
IRO-1 - Description of the process to identify and assess material impacts, risks and opportunities	2.1.10 DESCRIPTION OF THE PROCESS TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES (IRO-1)
IRO-2 - Disclosure Requirement in ESRS covered by the undertaking's sustainability statement	2.1.11 DISCLOSURE REQUIREMENTS IN ESRS COVERED BY THE UNDERTAKING'S SUSTAINABILITY STATEMENT (IRO-2)
GOV–3 - Integration of sustainability-related performance in incentive schemes	2.2.2 CLIMATE CHANGE (E1) | E1-GOV3 - INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES
E1-1 – Transition plan for climate change mitigation	2.2.2 CLIMATE CHANGE (E1) | E1-1 – TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION
IRO-1 - Description of the processes to identify and assess material climate-related impacts, risks and opportunities	2.2.2 CLIMATE CHANGE (E1) | IRO -1 - DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL CLIMATE-RELATED IMPACTS, RISKS AND OPPORTUNITIES
E1-2 – Policies related to climate change mitigation and adaptation	2.2.2 CLIMATE CHANGE (E1) | E1-2 – POLICIES RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION
E1-3 – Actions and resources in relation to climate change policies	2.2.2 CLIMATE CHANGE (E1) | E1-3 – ACTIONS AND RESOURCES IN RELATION TO CLIMATE CHANGE POLICIES
E1-4 – Targets related to climate change mitigation and adaptation	2.2.2 CLIMATE CHANGE (E1) | E1-4 – TARGETS RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION
E1-5 - Energy consumption and mix	2.2.2 CLIMATE CHANGE (E1) | E1-5 - ENERGY CONSUMPTION AND MIX
E1-6 - Gross Scopes 1, 2, 3 and Total GHG emissions	2.2.2 CLIMATE CHANGE (E1) | E1-6 - GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS
E1-7 – GHG removals and GHG mitigation projects financed through carbon credits	2.2.2 CLIMATE CHANGE (E1) | E1-7 - GHG REMOVALS AND GHG MITIGATION PROJECTS FINANCED THROUGH CARBON CREDITS
E1-8 – Internal carbon pricing	2.2.2 CLIMATE CHANGE (E1) | E1-8 – INTERNAL CARBON PRICING
IRO-1 - Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	2.2.3 POLLUTION (E2) | IRO-1 - DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL POLLUTION-RELATED IMPACTS, RISKS AND OPPORTUNITIES
E2-1 - Policies related to pollution	2.2.3 POLLUTION (E2) | E2-1 - POLICIES RELATED TO POLLUTION
E2-2 – Actions and resources related to pollution	2.2.3 POLLUTION (E2) | E2-2 – ACTIONS AND RESOURCES RELATED TO POLLUTION
E2-3 - Targets related to pollution	2.2.3 POLLUTION (E2) | E2-3 - TARGETS RELATED TO POLLUTION
E2-4 – Pollution of air, water and soil	2.2.3 POLLUTION (E2) | E2-4 – POLLUTION OF AIR, WATER AND SOIL
IRO-1 – Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	2.2.4 WATER AND MARINE RESOURCES (E3) | IRO-1 – DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL WATER AND MARINE RESOURCES-RELATED IMPACTS, RISKS AND OPPORTUNITIES
E3-1 – Policies related to water and marine resources	2.2.4 WATER AND MARINE RESOURCES (E3) | E3-1 – POLICIES RELATED TO WATER AND MARINE RESOURCES
E3-2 – Actions and resources related to water and marine resources	2.2.4 WATER AND MARINE RESOURCES (E3) | E3-2 – ACTIONS AND RESOURCES RELATED TO WATER AND MARINE RESOURCES
E3-3 – Targets related to water and marine resources	2.2.4 WATER AND MARINE RESOURCES (E3) | E3-3 – TARGETS RELATED TO WATER AND MARINE RESOURCES
E3-4 - Water consumption	2.2.4 WATER AND MARINE RESOURCES (E3) | E3-4 - WATER CONSUMPTION
E4-1 – Transition plan and consideration of biodiversity and ecosystems in strategy and business model	2.2.5 BIODIVERSITY (E4) | E4-1 – TRANSITION PLAN AND CONSIDERATION OF BIODIVERSITY AND ECOSYSTEMS IN STRATEGY AND BUSINESS MODEL
E4-2 – Policies related to biodiversity and ecosystems	2.2.5 BIODIVERSITY (E4) | E4-2 – POLICIES RELATED TO BIODIVERSITY AND ECOSYSTEMS
E4-3 – Actions and resources in relation to biodiversity and ecosystems	2.2.5 BIODIVERSITY (E4) | E4-3 – ACTIONS AND RESOURCES RELATED TO BIODIVERSITY AND ECOSYSTEMS
E4-4 – Targets related to biodiversity and ecosystems	2.2.5 BIODIVERSITY (E4) | E4-4 – TARGETS RELATED TO BIODIVERSITY AND ECOSYSTEMS
IRO-1 – Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	2.2.6 RESOURCE AND CIRCULAR ECONOMY (E5) | IRO-1 – DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL RESOURCE USE AND CIRCULAR ECONOMY-RELATED IMPACTS, RISKS AND OPPORTUNITIES
E5-1 – Policies related to resource use and circular economy	2.2.6 RESOURCE AND CIRCULAR ECONOMY (E5) | E5-1 – POLICIES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY
E5-2 – Actions and resources related to resource use and circular economy	2.2.6 RESOURCE AND CIRCULAR ECONOMY (E5) | E5-2 – ACTIONS AND RESOURCES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY
E5-3 - Targets related to resource use and circular economy	2.2.6 RESOURCE AND CIRCULAR ECONOMY (E5) | E5-3 - TARGETS RELATED TO RESOURCE USE AND CIRCULAR ECONOMY
E5-4 - Resource inflows	2.2.6 RESOURCE AND CIRCULAR ECONOMY (E5) | E5-4 - RESOURCE INFLOWS
E5-5 - Resource outflows	2.2.6 RESOURCE AND CIRCULAR ECONOMY (E5) | E5-5 - RESOURCE OUTFLOWS (WASTE)
S1-1 Policies related to own workforce	2.3.1 OWN WORKFORCE (S1) | S1-1 POLICIES RELATED TO OWN WORKFORCE

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Disclosure Requirement	Reference Section
S1-2 – Processes for engaging with own workforce and workers' representatives about impacts	2.3.1 OWN WORKFORCE (S1) | S1-2 – PROCESSES FOR ENGAGING WITH OWN WORKFORCE AND WORKERS' REPRESENTATIVES ABOUT IMPACTS
S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns	2.3.1 OWN WORKFORCE (S1) | S1-3 – PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR OWN WORKERS TO RAISE CONCERNS
S1-4 – Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	2.3.1 OWN WORKFORCE (S1) | S1-4 – TAKING ACTION ON MATERIAL IMPACTS AND APPROACHES TO MITIGATING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO OWN WORKFORCE, AND EFFECTIVENESS OF THOSE ACTIONS AND APPROACHES
S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	2.3.1 OWN WORKFORCE (S1) | S1-5 – TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES
S1-6 – Characteristics of the undertaking's employees	2.3.1 OWN WORKFORCE (S1) | S1-6 – CHARACTERISTICS OF THE UNDERTAKING'S EMPLOYEES
S1-7 - Characteristics of non-employee workers in the undertaking's own workforce	2.3.1 OWN WORKFORCE (S1) | S1-7 - CHARACTERISTICS OF NON-EMPLOYEE WORKERS IN THE UNDERTAKING'S OWN WORKFORCE
S1-8 - Collective bargaining coverage and social dialogue	2.3.1 OWN WORKFORCE (S1) | S1-8 - COLLECTIVE BARGAINING COVERAGE AND SOCIAL DIALOGUE
S1-9 - Diversity metrics	2.3.1 OWN WORKFORCE (S1) | S1-9 - DIVERSITY METRICS
S1-10 - Adequate wages	2.3.1 OWN WORKFORCE (S1) | S1-10 - ADEQUATE WAGES
S1-11 - Social Protection	2.3.1 OWN WORKFORCE (S1) | S1-11 - SOCIAL PROTECTION
S1-13 – Training and skills development metrics	2.3.1 OWN WORKFORCE (S1) | S1-13 – TRAINING AND SKILLS DEVELOPMENT METRICS
S1-14 – Health and safety metrics	2.3.1 OWN WORKFORCE (S1) | S1-14 – HEALTH AND SAFETY METRICS
S1-15 - Work-life balance metrics	2.3.1 OWN WORKFORCE (S1) | S1-15 - WORK-LIFE BALANCE METRICS
S1-16 – Remuneration metrics (pay gap and total remuneration)	2.3.1 OWN WORKFORCE (S1) | S1-16 – REMUNERATION METRICS (PAY GAP AND TOTAL REMUNERATION)
S1-17 –Incidents, complaints and severe human rights impacts	2.3.1 OWN WORKFORCE (S1) | S1-17 –INCIDENTS, COMPLAINTS AND SEVERE HUMAN RIGHTS IMPACTS
S2-1 Policies related to value chain workers	2.3.2 WORKERS IN THE VALUE CHAIN (S2) | S2-1 – POLICIES RELATED TO VALUE CHAIN WORKERS
S2-2 – Processes for engaging with value chain workers about impacts	2.3.2 WORKERS IN THE VALUE CHAIN (S2) | S2-2 – PROCESSES FOR ENGAGING WITH VALUE CHAIN WORKERS ABOUT IMPACTS
S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns	2.3.2 WORKERS IN THE VALUE CHAIN (S2) | S2-3 – PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR VALUE CHAIN WORKERS TO RAISE CONCERNS
S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	2.3.2 WORKERS IN THE VALUE CHAIN (S2) | S2-4 – TAKING ACTION ON MATERIAL IMPACTS ON VALUE CHAIN WORKERS, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO VALUE CHAIN WORKERS, AND EFFECTIVENESS OF THOSE ACTIONS
S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	2.3.2 WORKERS IN THE VALUE CHAIN (S2) | S2-5 – TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES
S4-1 - Policies related to consumers and end-users	2.3.3 CONSUMERS AND END-USERS (S4) | S4-1 – POLICIES RELATED TO CONSUMERS AND END-USERS
S4-2 – Processes for engaging with consumers and end-users about impacts	2.3.3 CONSUMERS AND END-USERS (S4) | S4-2 – PROCESSES FOR ENGAGING WITH CONSUMERS AND END-USERS ABOUT IMPACTS
S4-3 – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	2.3.3 CONSUMERS AND END-USERS (S4) | S4-3 – PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR CONSUMERS AND END-USERS TO RAISE CONCERNS
S4-4 – Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end- users, and effectiveness of those actions	2.3.3 CONSUMERS AND END-USERS (S4) | S4-4 – TAKING ACTION ON MATERIAL IMPACTS ON CONSUMERS AND END-USERS, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO CONSUMERS AND END-USERS, AND EFFECTIVENESS OF THOSE ACTIONS
S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	2.3.3 CONSUMERS AND END-USERS (S4) | S4-5 – TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES
G1-1 – Corporate culture and business conduct policies	2.4.1 BUSINESS CONDUCT (G1) | G1-1 –CORPORATE CULTURE AND BUSINESS CONDUCT POLICIES
G1-2 – Management of relationships with suppliers	2.4.1 BUSINESS CONDUCT (G1) | G1-2 – MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS
G1-3 – Prevention and detection of corruption and bribery	2.4.1 BUSINESS CONDUCT (G1) | G1-3 – PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY

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Disclosure Requirement	Reference Section
G1-4 – Incidents of corruption or bribery	2.4.1 BUSINESS CONDUCT (G1) | G1-4 – INCIDENTS OF CORRUPTION OR BRIBERY
G1-6 - Payment practices	2.4.1 BUSINESS CONDUCT (G1) | G1-6 - PAYMENT PRACTICES

LIST OF DATAPOINTS IN CROSS-CUTTING AND TOPICAL STANDARDS THAT DERIVE FROM OTHER EU LEGISLATION

Disclosure requirement and related datapoint	SFDR reference[1]	Pillar 3 reference[2]	Benchmark Regulation reference[3]	EU climate law reference[4]	Material Yes/No	Reference section
ESRS 2 GOV-1 | Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table 1 of Annex I		Commission Delegated Regulation (EU) 2020/1816[5], Annex II		Yes	2.1.3 ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES (GOV1) AND INFORMATION PROVIDED TO AND SUSTAINABILITY MATTERS ADDRESSED BY THE
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 lett. (e)			Commission Delegated Regulation (EU) 2020/1816 Annex II		Yes	2.1.3 ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES (GOV1) AND INFORMATION PROVIDED TO AND SUSTAINABILITY MATTERS ADDRESSED BY THE
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table 3 of Annex I				Yes	2.1.5 STATEMENT ON DUE DILIGENCE (GOV4)
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 lett. (d)(i)	Indicator number 4 Table 1 of Annex I	Article 449bis of Regulation (EU) 575/2013; Commission Implementing Regulation (EU) 2022/2453[6] Table 1 - Qualitative information on environmental risk and Table 2 - Qualitative information on social risk	Commission Delegated Regulation (EU) 2020/1816, Annex II		No	-
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 lett. (d)(ii)	Indicator number 9, Table 2 of Annex I		Commission Delegated Regulation (EU)2020/181, Annex II		No	-
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 lett. (d)(iii)	Indicator number 14, Table 1 of Annex I		Article 12(1), of Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816		No	-

Disclosure requirement and related datapoint	SFDR reference[1]	Pillar 3 reference[2]	Benchmark Regulation reference[3]	EU climate law reference[4]	Material Yes/No	Reference section
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d)(iv)			Article 12 (1), of Delegated Regulation (EU) 2020/1818[7] and Annex II Delegated Regulation (EU) 2020/1816		No	-
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2 (1)	Yes	2.2.2 CLIMATE CHANGE (E1) | E1-1 – TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks, paragraph 16, (g)		Article 449a of Regulation (EU) 575/2013; Commission Implementing Regulation(EU) 2022/2453, Template 1: Banking book: Climate change potential risk indicators: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 12(1), lett. (d) to (g), and Article 12(2)		No	-
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4, Table 2 of Annex I	Article 449bis Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book: Climate change transition risk indicators: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		Yes	2.2.2 CLIMATE CHANGE (E1) | E1-4 – TARGETS RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION
ESRS E1-5 Energy consumption from fossil fuels disaggregated by sources (only high climate impact sectors), paragraph 38	Indicator number 5 Table 1 and Indicator n. 5 Table 2 of Annex I				Yes	2.2.2 CLIMATE CHANGE (E1) | E1-5 - ENERGY CONSUMPTION AND MIX
ESRS E1-5 Energy consumption and mix, paragraph 37	Indicator number 5, Table 1 of Annex I				Yes	2.2.2 CLIMATE CHANGE (E1) | E1-5 - ENERGY CONSUMPTION AND MIX
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6, Table 1 of Annex I				Yes	2.2.2 CLIMATE CHANGE (E1) | E1-5 - ENERGY CONSUMPTION AND MIX
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions, paragraph 44	Indicators number 1 and 2, Table 1 of Annex I	Article 449bis of Regulation (EU) 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 1: Banking book: Climate change transition risk indicators: Credit quality of exposures by sector, emissions and residual maturity	Articles 5(1), 6 and 8(1) of the Delegated Regulation (EU) 2020/1818		Yes	2.2.2 CLIMATE CHANGE (E1) | E1-6 - GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS

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Disclosure requirement and related datapoint	SFDR reference[1]	Pillar 3 reference[2]	Benchmark Regulation reference[3]	EU climate law reference[4]	Material Yes/No	Reference section
ESRS E1-6 Gross GHG emissions intensity, paragraphs 53 to 55	Indicator number 3, Table 1 of Annex I	Article 449bis of Regulation (EU) 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book: Climate change transition risk indicators: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8 (1)		Yes	2.2.2 CLIMATE CHANGE (E1) | E1-6 - GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	No	-
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks, paragraph 66			Annex II of Delegated Regulation (EU) 2020/1818, and Annex II of Delegated Regulation (EU) 2020/1816		No	For the fiscal year 2024, which corresponds to the first year of sustainability reporting in accordance with the ESRS, LU-VE has chosen to use the phase-in option regarding the communication of the expected financial effects arising from physical and material transition risks.
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk, paragraph 66 lett. (a) ESRS E1-9 Location of significant assets at material physical risk, paragraph 66lett. (c).		Article 449 bis of Regulation (EU) 575/2013; Commission Implementing Regulation (EU) 2022/2453, paragraphs 46 and 47: Template 5: Banking book - Climate change physical risk indicators: Exposures subject to physical risk.				
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c)		Article 449 bis Regulation (EU) 575/2013; point 34 of Commission Implementing Regulation (EU) 2022/2453; Template 2: Banking book -Climate change transition risk indicators: Loans collateralised by immovable property - Energy efficiency of the collateral				
ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities, paragraph 69			Annex II of Delegated Regulation (EU) 2020/1818			

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Disclosure requirement and related datapoint	SFDR reference[1]	Pillar 3 reference[2]	Benchmark Regulation reference[3]	EU climate law reference[4]	Material Yes/No	Reference section
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8, Table 1 of Annex I; Indicator number 2, Table 2 of Annex I, Indicator number 1, Table 2 of Annex I; Indicator number 3, Table 2 of Annex I				Yes	2.2.3 POLLUTION (E2) | E2-4 – POLLUTION OF AIR, WATER AND SOIL
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7, Table 2 of Annex I				Yes	2.2.4 WATER AND MARINE RESOURCES (E3) | E3-1 – POLICIES RELATED TO
ESRS E3-1 Dedicated policy. paragraph 13	Indicator number 8, Table 2 of Annex I				Yes	2.2.4 WATER AND MARINE RESOURCES (E3) | E3-1 – POLICIES RELATED TO
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12, Table 2 of Annex I				No	-
ESRS E3-4 Total water recycled and reused paragraph 28 lett. (c)	Indicator number 6.2, Table 2 of Annex I				Yes	2.2.4 WATER AND MARINE RESOURCES (E3) | E3-4 - WATER CONSUMPTION
ESRS E3-4 Total water consumption in m³ per net revenue on own operations, paragraph 29	Indicator number 6.1 Table 2 of Annex I				Yes	2.2.4 WATER AND MARINE RESOURCES (E3) | E3-4 - WATER CONSUMPTION
ESRS 2 IRO-1 - E4 paragraph 16 lett. (a)(i)	Indicator number 7 Table 1 of Annex I				Yes	2.2.5 BIODIVERSITY (E4)
ESRS 2 IRO-1 - E4 paragraph 16 lett.(b)	Indicator number 10, Table 2 of Annex I				Yes	2.2.5 BIODIVERSITY (E4)
ESRS 2 IRO-1 - E4 paragraph 16 lett. (c)	Indicator number 14, Table 2 of Annex I				Yes	2.2.5 BIODIVERSITY (E4)
ESRS E4-2 Sustainable land/agriculture practices or policies, paragraph 24 lett. (b)	Indicator number 11, Table 2 of Annex I				No	-
ESRS E4-2 Sustainable oceans/seas practices or policies, paragraph 24 lett.(c)	Indicator number 12, Table 2 of Annex I				No	-
ESRS E4-2 Policies to address deforestation, paragraph 24 lett. (d)	Indicator number 15, Table 2 of Annex I				No	-
ESRS E5-5 Non-recycled waste, paragraph 37 lett.(d)	Indicator number 13, Table 2 of Annex I				Yes	2.2.6 RESOURCE USE AND CIRCULAR ECONOMY (E5) | E5-5 - RESOURCE
ESRS E5-5 Hazardous waste and radioactive waste, paragraph 39	Indicator number 9, Table 1 of Annex I				Yes	2.2.6 RESOURCE USE AND CIRCULAR ECONOMY (E5) | E5-5 - RESOURCE
ESRS 2 - SBM3 - S1 Risk of incidents of forced labour, paragraph 14 lett. (f)	Indicator number 13, Table 3 of Annex I				Yes	2.3.1 OWN WORKFORCE (S1)
ESRS 2 - SBM3 - S1 Risk of incidents of child labour, paragraph 14 lett.(g)	Indicator number 12, Table 3 of Annex I				Yes	2.3.1 OWN WORKFORCE (S1)

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Disclosure requirement and related datapoint	SFDR reference[1]	Pillar 3 reference[2]	Benchmark Regulation reference[3]	EU climate law reference[4]	Material Yes/No	Reference section
ESRS S1-1 Human rights policy commitments, paragraph 20	Indicator number 9, Table 3 and Indicator number 11, Table 1 of Annex I				Yes	2.3.1 OWN WORKFORCE (S1) | S1-1 POLICIES RELATED TO OWN WORKFORCE
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Commission Delegated Regulation (EU) 2020/1816 Annex II		Yes	2.3.1 OWN WORKFORCE (S1) | S1-1 POLICIES RELATED TO OWN WORKFORCE
ESRS S1-1 Processes and measures for preventing trafficking in human beings, paragraph 22	Indicator number 11, Table 3 of Annex I				Yes	2.3.1 OWN WORKFORCE (S1) | S1-1 POLICIES RELATED TO OWN WORKFORCE
ESRS S1-1 Workplace accident prevention policy or management system, paragraph 23	Indicator number 1, Table 3 of Annex I				Yes	2.3.1 OWN WORKFORCE (S1) | S1-1 POLICIES RELATED TO OWN WORKFORCE
ESRS S1-3 Grievance/complaints handling mechanisms, paragraph 32 lett. (c)	Indicator number 5, Table 3 of Annex I				Yes	2.3.1 OWN WORKFORCE (S1) | S1-3 – PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 lett. (b) and (c)	Indicator number 2, Table 3 of Annex I		Commission Delegated Regulation (EU) 2020/1816, Annex II		Yes	2.3.1 OWN WORKFORCE (S1) | S1-14 – HEALTH AND SAFETY METRICS
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness, paragraph 88 lett. (e)	Indicator number 3, Table 3 of Annex I				Yes	2.3.1 OWN WORKFORCE (S1) | S1-14 – HEALTH AND SAFETY METRICS
ESRS S1-16 Unadjusted gender pay gap paragraph 97 lett. (a)	Indicator number 12, Table 1 of Annex I		Commission Delegated Regulation (EU)2020/1816, Annex II		Yes	2.3.1 OWN WORKFORCE (S1) | S1-16 – REMUNERATION METRICS (PAY GAP AND TOTAL REMUNERATION)
ESRS S1-16 Excessive CEO pay ratio, paragraph 97 lett. (b)	Indicator number 8, Table 3 of Annex I				Yes	2.3.1 OWN WORKFORCE (S1) | S1-16 – REMUNERATION METRICS
ESRS S1-17 Incidents of discrimination paragraph 103 lett. (a)	Indicator number 7, Table 3 of Annex I				Yes	2.3.1 OWN WORKFORCE (S1) | S1-17 –INCIDENTS, COMPLAINTS AND SEVERE HUMAN RIGHTS IMPACTS
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 lett. (a)	Indicator number 10, Table 1 and Indicator number 14, Table 3 of Annex I		Annex II of Delegated Regulation (EU) 2020/1816, and Delegated Regulation (EU) 2020/1818, Art 12 (1)		Yes	2.3.1 OWN WORKFORCE (S1) | S1-17 –INCIDENTS, COMPLAINTS AND SEVERE HUMAN RIGHTS IMPACTS
ESRS 2 SBM-3 - S2 Significant risk of child labour or forced labour in the value chain, paragraph 11 lett. (b)	Indicators number 12 and 13 Table 3 of Annex I				Yes	2.3.2 WORKERS IN THE VALUE CHAIN (S2)
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9, Table 3 and Indicator number 11, Table 1 of Annex I				Yes	2.3.2 WORKERS IN THE VALUE CHAIN (S2) | S2-1 – POLICIES RELATED TO VALUE CHAIN WORKERS

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Disclosure requirement and related datapoint	SFDR reference[1]	Pillar 3 reference[2]	Benchmark Regulation reference[3]	EU climate law reference[4]	Material Yes/No	Reference section
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicators number 11 and 4 Table 3 of Annex				Yes	2.3.2 WORKERS IN THE VALUE CHAIN (S2) | S2-1 – POLICIES RELATED TO
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines, paragraph 19	Indicator number 10, Table 1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Yes	2.3.2 WORKERS IN THE VALUE CHAIN (S2) | S2-1 – POLICIES RELATED TO VALUE CHAIN WORKERS
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Commission Delegated Regulation (EU) 2020/1816, Annex II		Yes	2.3.2 WORKERS IN THE VALUE CHAIN (S2) | S2-1 – POLICIES RELATED TO VALUE CHAIN WORKERS
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain, paragraph 36	Indicator 14, Table 3 of Annex I				Yes	2.3.2 WORKERS IN THE VALUE CHAIN (S2) | S2-4 – TAKING ACTION ON MATERIAL IMPACTS ON VALUE CHAIN WORKERS, AND APPROACHES TO MANAGING MATERIAL
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9, Table 3 and Indicator number 11, Table 1 of Annex I				No	-
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines, paragraph 17	Indicator number 10, Table 1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		No	-
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14, Table 3 of Annex I				No	-
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9, Table 3 and Indicator number 11, Table 1 of Annex I				Yes	2.3.3 CONSUMERS AND END-USERS (S4) | S4-1 – POLICIES RELATED TO CONSUMERS AND END-USERS
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines, paragraph 17	Indicator number 10, Table 1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Yes	2.3.3 CONSUMERS AND END-USERS (S4) | S4-1 – POLICIES RELATED TO CONSUMERS AND END-USERS
ESRS S4-4 Human rights issues and incidents, paragraph 35	Indicator number 14, Table 3 of Annex I				Yes	2.3.3 CONSUMERS AND END-USERS (S4) | S4-4 – TAKING ACTION ON MATERIAL IMPACTS ON CONSUMERS AND END-USERS, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO CONSUMERS
ESRS G1-1 United Nations Convention against Corruption, paragraph 10 lett. (b)	Indicator number 15, Table 3 of Annex I				Yes	2.4.1 BUSINESS CONDUCT (G1) | G1-1 – CORPORATE CULTURE AND BUSINESS CONDUCT POLICIES

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Disclosure requirement and related datapoint	SFDR reference[1]	Pillar 3 reference[2]	Benchmark Regulation reference[3]	EU climate law reference[4]	Material Yes/No	Reference section
ESRS G1-1 Protection of whistle-blowers, paragraph 10 lett. (d)	Indicator number 6, Table 3 of Annex I				Yes	2.4.1 BUSINESS CONDUCT (G1) | G1-1 – CORPORATE CULTURE AND BUSINESS CONDUCT POLICIES
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws, paragraph 24 lett. (a)	Indicator number 17, Table 3 of Annex I		Annex II of Delegated Regulation (EU) 2020/1816		Yes	2.4.1 BUSINESS CONDUCT (G1) | G1-4 – INCIDENTS OF CORRUPTION OR BRIBERY
ESRS G1-4 Standards of anti- corruption and anti-bribery paragraph 24 lett. (b)	Indicator number 16, Table 3 of Annex I				Yes	2.4.1 BUSINESS CONDUCT (G1) | G1-4 – INCIDENTS OF CORRUPTION OR BRIBERY

[1] Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (SFDR) (OJ L 317 of 9 December 2019, p. 1).
[2] Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176 of 27 June 2013, p. 1).
[3] Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, of 29 June 2016, p. 1).
[4] Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, of 9 July 2021, p. 1).
[5] Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published (OJ L 406, of 3 December 2020, p. 1).
[6] Commission Implementing Regulation (EU) 2022/2453 of 30 November 2022 amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/637 as regards the disclosure of environmental, social and governance risks (OJ L 324, of 19 December 2022, p.1.).
[7] Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (OJ L 406, of 3 December 2020, p. 17).

2.2 ENVIRONMENTAL INFORMATION

2.2.1 TAXONOMY FOR ENVIRONMENTALLY SUSTAINABLE ACTIVITIES

Introduced by Regulation (EU) 2020/852 (hereinafter also referred to as the "Regulation"), the EU Taxonomy established a unified classification system aimed at defining economic activities that can be considered environmentally sustainable. The objective of this system is to support the implementation of the European Green Deal and to direct investments towards activities that support the transition to a zero net carbon economy by 2050.

An economic activity can only be classified as environmentally sustainable ("eligible activity") if it substantially contributes to at least one of the following six environmental objectives:

i. Climate change mitigation (CCM)
ii. Climate change adaptation (CCA)
iii. Sustainable use and protection of water and marine resources (WTR)
iv. Transition to a Circular Economy (CE)
v. Pollution prevention and control (PPC)
vi. Protection and restoration of biodiversity and ecosystems (BIO)

In 2021, the European Commission adopted the "Disclosure Delegated Act" (Delegated Act EU 2021/2178), which defines the reporting obligations of companies regarding the alignment of their economic activities with the EU Taxonomy, establishing KPIs and standardised templates to ensure transparency and comparability. The "Climate Delegated Act" was introduced at the same time,

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setting technical criteria for the assessment of activities that contribute to climate change mitigation and adaptation targets. Subsequently, in the course of 2023, the European Commission published:

i. the Delegated Regulation 2023/2485, which amended the "Climate Delegated Act" by introducing new activities and establishing additional technical screening criteria for determining the conditions under which certain economic activities qualify as contributing substantially to the first two existing objectives - Climate change mitigation and Climate change adaptation.
ii. the "Environmental Delegated Act" (Delegated Act EU 2023/2486), which defines in Annexes I, II, III and IV, the economic activities with respect to the four remaining non-climate targets and their technical screening criteria. In addition, Annex V sets out amendments to Delegated Regulation (EU) 2021/2178, also known as the "Disclosure Delegated Act", including changes to the templates to be used for the publication of key performance indicators (KPIs).

An economic activity can be considered eligible for the Taxonomy if it is included in at least one of the delegated regulations of the EU Taxonomy.

Furthermore, an eligible activity can be considered aligned with the taxonomy if:

iii. it complies with a set of technical screening criteria (TSC) that define the conditions under which the activity:
    - makes a substantial contribution to one of the six environmental objectives of the Taxonomy Regulation
    - does not cause significant harm to any of the other five objectives (Do No Significant Harm - DNSH)
iv. the company complies with minimum safeguards (MS), recognising the importance of human rights and international standards.

EVALUATION OF THE ELIGIBILITY OF LU-VE GROUP'S ECONOMIC ACTIVITIES

The LU-VE Group conducted an eligibility assessment of its core activities, comparing them with the economic activities listed in the Delegated Regulations (Climate Delegated Act, Complementary Climate Delegated Act - Delegated Act 2022/1214, that introduced economic activities in the energy industry, of which nuclear and gas), Environmental Delegated Act and Delegated Regulation 2023/2485) of the European Taxonomy Regulation.

The economic activities identified as eligible in relation to revenues refer to the "Climate change mitigation" (CCM) objective and are as follows:

European Taxonomy activities	Objective	Economic activities of LU-VE Group
3.5. Manufacture of energy efficiency equipment for buildings	CCM	Ventilated products with high energy-efficient motors
3.6. Manufacture of other low carbon technologies	CCM	Ventilated products using natural refrigerants

In addition, a list of additional eligible activities under "Capex" investments (Annex I of Delegated Regulation (EU) 2021/2178, paragraph 1.1.2.2, point (c)) and operating costs or "Opex" (Annex I of

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Delegated Regulation (EU) 2021/2178, paragraph 1.1.3.2, point (c)) has been identified, with reference to the acquisition of output from economic activities that meet the eligibility criteria, as well as individual measures that can be classified as eligible investments under the Taxonomy.

Specifically, the following activities were identified:

European Taxonomy activities	Objective	Economic activities of LU-VE Group
3.2 Manufacture of equipment for the production and use of hydrogen	CCM	Manufacture of hydrogen
7.1 Construction of new buildings	CCM	New construction aimed at expanding production sites, particularly in Russia and the USA
7.2 Renovation of existing buildings	CCM CE	Renovation work
7.3 Installation, maintenance and repair of energy efficiency equipment	CCM CE	Installation, maintenance and repair of ventilation systems
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM	Installation, maintenance and repair of Building Management Systems (BMS)
7.6 Installation, maintenance and repair of renewable energy technologies	CCM	Installation, maintenance and repair of photovoltaic systems
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	CCM	Leasing or purchase of vehicles forming part of the company fleet

The Group carried out an assessment of the identified economic activities to determine their relevance to the six environmental objectives. From the analysis, the climate change mitigation (CCM) objective was found to be the most relevant for the Group's operations. All of the activities listed above (3.5, 3.6, 3.2, 7.1, 7.2, 7.3, 7.5, 7.6 and 6.5) contribute to this objective. With regard to Climate change adaptation, no eligible activities were identified, as no expenditure was incurred on adaptation measures, i.e. interventions aimed at reducing climate risks. With reference to activities 7.1 and 7.2, it should be noted that they also contribute to the achievement of the “Transition to a Circular Economy” (CE) environmental objective. Consequently, the eligibility analysis was also carried out with respect to this objective.

Delegated Regulation 2022/1214 expanded the scope of eligible activities to include, in particular in the energy sector, activities related to nuclear energy and gas. However, the Group has not classified any activities in this sector as eligible, as reported in Table A - Nuclear energy and fossil gas activities.

EVALUATION OF THE ALIGNMENT OF LU-VE GROUP'S ECONOMIC ACTIVITIES - SUBSTANTIAL CONTRIBUTION CRITERIA AND DNSH

The LU-VE Group carried out an evaluation of the substantial contribution criteria and the “Do No Significant Harm” (DNSH) criteria to ensure that economic activities classified as eligible in relation to one objective do not adversely affect other environmental objectives.

In the course of 2022, the LU-VE Group had already undertaken a set of actions with a view to meeting the technical screening criteria required in order to be able to consider its economic activities not

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only eligible but also aligned with the requirements of the Taxonomy. These criteria, among other things, prescribe the presence of a third-party carbon footprint certificate in accordance with international ISO standards. Specific Life Cycle Assessment studies continued in 2023. In the course of 2022, the Group had also broadened the criteria related to the management of chemicals (related to the “Do No Significant Harm” (DNSH - criterion) and initiated a set of evaluations to define how to manage and track - voluntarily and proactively - specific substances, whose traceability is not required by regulations.

At the date of preparation of the Consolidated Sustainability Statement, the Group has concluded that not all the technical screening criteria required by the regulations are currently met and that, as a result, the assets identified as “eligible” cannot also be considered to be “aligned”.

With regard to capital expenditure and non-capitalised operating costs (activities 3.2, 6.5, 7.1, 7.2, 7.3, 7.5, 7.6), in the absence of sufficient information from suppliers to verify compliance with the substantial contribution and DNSH criteria, and adopting a precautionary approach, the Group decided to classify these activities as non-aligned.

EVALUATION OF MINIMUM SAFEGUARDS

In 2024, the LU-VE Group initiated an analysis to assess the compliance of its activities with minimum safeguards, in accordance with the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, as well as the fundamental principles and rights listed in the eight core conventions of the International Labour Organization Declaration and the International Bill of Human Rights, as governed by Article 18 of the Regulation. The analysis also took into account the guidelines expressed by the Platform on Sustainable Finance (PSF) in its Final Report on Minimum Safeguards, published in October 2022, and the European Commission's Communication of June 2023, with regard to “indicators of negative sustainability effects”.

Specifically, the provisions in the Regulation and in the PSF can be traced to nine topic areas which include human rights policies, human rights risk analysis and due diligence, human rights impact management, communication and information on human rights issues, grievance mechanisms, consumer protection, anti-corruption, competition and taxation.

The Group oversees the issues listed above through various policies, procedures and tools consistent with the requirements of the Minimum Safeguards, including its Human Resources Policy, the Supplier Form, the General Terms and Conditions of Purchase, the Group Code of Ethics, the Whistleblowing Channel compliant with Italian Legislative Decree 24/2023 implementing EU Directive 2019/1937, the Privacy Policy and 231/01 Model to prevent corruption offences. The Group also maps human resources risks within the Enterprise Risk Management (ERN) system.

Despite the measures and controls taken, the Group does not have any activities aligned with the EU Taxonomy. However, the company continues to monitor and strengthen its safeguards to ensure compliance with the principles of social sustainability and responsible governance.

CALCULATION METHODOLOGY - ACCOUNTING POLICY

The Sustainability Office and the Finance & Legal Department were involved in the determination of

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KPIs (Turnover, CapEx, OpEx). In accordance with the requirements set forth in Schedule 1 of the Disclosure Delegated Act, these departments have identified the values to be included in the KPIs, referring to the relevant items of the consolidated financial statements, as illustrated in the following paragraph.

With regard to the calculation of numerators, only budget items related to the identified activities were taken into account. With regard to the denominators, all elements prescribed by the regulation were included, referring to the consolidated financial statements of the LU-VE Group.

Specifically, with regard to turnover, consolidated net revenue was considered for products (heat exchangers, ventilated appliances, doors, spare parts, etc.).

For the calculation of capital expenditure (CapEx), consolidated increases for the year relating to tangible and intangible assets and leases accounted for in accordance with IFRS16 were included.

The operating expenditure (OpEx) denominator was determined by taking into account the direct costs associated with the Group's investments, such as building renovation measures, maintenance, repairs, cleaning costs and short-term rents.

KPI CALCULATION

The percentage of total turnover, capital expenditure (CapEx) and operating expenditure (OpEx) relating to eligible ("EL") and non-eligible ("N/EL") economic activities is reported in aggregate form for the Group within each reference category.

In order to prevent the risk of double counting in the calculation of KPIs, values were determined directly from the items of the Group's consolidated financial statements, excluding all intercompany transactions.

Turnover KPI

This KPI was calculated as the ratio of revenues from sales of eligible products or services (numerator) to total revenues (denominator). In line with the Disclosure Delegated Act, the LU-VE Group considered the following values for the calculation of the numerator:

i) The denominator was determined on the basis of the consolidated revenues of the LU-VE Group for the financial year 2024. The denominator corresponds to the item "Revenues" reported in Note 4.1 "Revenues" of the Notes to the Consolidated Financial Statements, in the amount of EUR 581,012 thousand.
ii) The numerator was determined by including revenues from sales related to the marketing of equipment with natural refrigerants, falling under activity 3.6 of the Delegated Regulation, as well as equipment with non-natural refrigerants but equipped with high efficiency motor, classified under activity 3.5 of the Delegated Regulation.

Capital expenses (CapEx) KPI

As previously mentioned, the calculation of capital expenses (CapEx) was made on the basis of the total increases related to tangible and intangible assets, including those resulting from the application of IFRS 16.

In line with the “Disclosure Delegated Act”, the LU-VE Group took the following values into account for the calculation of the CapEx proportion:

i) For the calculation of the denominator, the Group took into account the increases for the period relating to tangible and intangible assets, including those relating to use rights. As required by the Regulation, the values taken into consideration correspond to the item "Increases" in the tables in Note 3.1 "Goodwill and other intangible assets" and Note 3.2 "Tangible assets and rights of use" of the Comprehensive Annual Report. The consolidated value resulting from the increases in tangible assets (amounting to EUR 17,827 thousand), intangible assets (amounting to EUR 1,617 thousand) and rights of use (amounting to EUR 16,187 thousand) was EUR 35,631 thousand.
ii) The numerator corresponds to the capital expenditure, included in the denominator, attributable by use to the identified revenue-generating activities (CapEx A) and to investments related to the purchase of output from activities compliant with the European Taxonomy (CapEx C). Please refer to Table C for the eligibility proportion of the identified activities.

In calculating CapEx A relating to activities 3.5 and 3.6, the Group adopted an allocation criterion based on a methodological assumption. In particular, investments attributable to revenue-generating activities were identified, however, it was not possible to determine precisely whether these investments were primarily attributable to one specific activity rather than another. Therefore, the Group allocated investments by applying the same eligibility percentages as determined for revenues.

Operating expenses (OpEx) KPI

In line with the Disclosure Delegated Act, the LU-VE Group considered the following values for the calculation of the operating expenses proportion:

i) The denominator includes all non-capitalised operating costs related to maintenance, building renovation measures, short-term leases, industrial vehicle rentals and any other direct expenses related to the day-to-day maintenance of property, plant and equipment. The consolidated value amounted to EUR 9,320 thousand.

ii) The numerator corresponds to the proportion of non-capitalised operating costs, included in the denominator, attributable by destination to the identified revenue-generating activities (OpEx A) and to direct costs relating to the purchase of output from activities conforming to the European Taxonomy (OpEx C). For the level of eligibility of the activities listed below, please refer to Table D.

For the calculation of OpEx A, relating to activities 3.5 and 3.6, the Group followed the same allocation criteria used for CapEx A. In the absence of an objective criterion for the allocation of non-capitalised direct costs to a specific activity, the same eligibility percentage as determined for turnover was applied.

Within the CapEx and OpEx headings, there are no entries relating to a plan to expand economic

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activities aligned with the taxonomy or to enable economic activities eligible to align with the taxonomy.

The tables in the following pages contain information on the shares of turnover, capital expenditure and operating expenditure identified as eligible and ineligible according to the European Taxonomy.

It should be noted that in carrying out the analysis and preparation activities of the disclosures relating to the Taxonomy, top management adopted an overall prudential approach based on its understanding and interpretation, at the current state of knowledge, of the applicable regulatory requirements. Further developments in the interpretation of the regulations could therefore lead to substantial changes in the assessments and KPI calculation process. Therefore, the LU-VE Group reserves the right to update and amend, even substantially, the process and method for calculating the indicators in order to ensure their correct alignment with European legislation.

TABLE A – ACTIVITIES RELATED TO NUCLEAR ENERGY AND FOSSIL GAS

	Activities related to nuclear energy	
1	The company carries out, finances or has exposure to activities related to research, development, demonstration and implementation of innovative electric energy generation plants that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The company carries out, finances or has exposures to the construction and safe operation of new nuclear installations for the production of electric energy or process heat, including for district heating or industrial processes such as hydrogen production, as well as related safety upgrades, using the best available technology.	No
3	The company carries out, finances or has exposures to the safe operation of existing nuclear power plants for the production of electric energy or process heat, including for district heating or industrial processes such as the production of hydrogen from nuclear energy, as well as related safety upgrades.	No
	Activities related to fossil gas	
4	The enterprise carries out, finances or has exposure to the construction or operation of electric energy generation plants that produce electric energy using gaseous fossil fuels.	No
5	The company carries out, finances or has exposures to the construction, renovation and operation of combined heating/cooling and power generation plants using gaseous fossil fuels.	No
6	The company carries out, finances or has exposures to the construction, renovation and operation of heat generation plants that produce heating/cooling using gaseous fossil fuels.	No

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TABLE B – TURNOVER

Financial year 2024				Substantial contribution criteria						DNSH criteria ("Do No Significant Harm")									
Economic activity	Code	Absolute turnover (k€)	Proportion of turnover	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Pollution (PPC)	Circular economy (CE)	Biodiversity and ecosystems (BIO)	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Pollution (PPC)	Circular economy (CE)	Biodiversity and ecosystems (BIO)	Minimum Safeguards	Proportion of turnover aligned with or eligible for the Taxonomy FY 2023	Category of enabling activity	Category of transitional activity
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (aligned with taxonomy)																			
Turnover of environmentally sustainable activities aligned to the taxonomy (A.1)		-	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%		
of which enabling		-	0%															E	
of which transitional		-	0%																T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of energy efficiency equipment for buildings	CCM 3.5	13,439	2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								3%	E	
Manufacture of other low carbon technologies	CCM 3.6	197,880	34%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								32%	E	
Turnover of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		211,319	36%	36%	36%	0%	0%	0%	0%								35%		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		211,319	36%	36%	36%	0%	0%	0%	0%								35%		
B. Taxonomy-non-eligible activities																			
Turnover of Taxonomy-non-eligible activities (B)		369,693	64%																
Total (A+B)		581,012	100%																

Proportion of Turnover/Total turnover		
	Aligned to the taxonomy by objective	Eligible for the taxonomy by objective
CCM	0%	36%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

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TABLE C – CAPITAL EXPENDITURE

Financial year 2024				Substantial contribution criteria						DNSH criteria ("Do No Significant Harm")						Minimu	Proporti on of	Category	Category (
Economic activity	Code	Capex (€)	Proportion of CapEx year 2024	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Pollution (PPC)	Circular economy (CE)	Biodiversity and ecosystems (BIO)	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Pollution (PPC)	Circular economy (CE)	Biodiversity and ecosystems (BIO)				
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (aligned with taxonomy)																			
CapEx of taxonomy-aligned environmentally sustainable activities (A.1)		0	0%														0%		
of which enabling		-	0%														0%	E	
of which transitional		0	0%														0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of energy efficiency equipment for buildings	CCM 3.5	580	2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2%	E	
Manufacture of other low carbon technologies	CCM 3.6	8,532	24%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								15%	E	
Manufacture of equipment for the production and use of hydrogen	CCM 3.2	72	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%	E	
Construction of new buildings	CCM/ CE 7.1	3,715	10%	EL	N/EL	N/EL	N/EL	EL	N/EL								10%		
Renovation of existing buildings	CCM/ CE 7.2	503	1%	EL	N/EL	N/EL	N/EL	EL	N/EL								1%		T
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	141	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%	E	
Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings	CCM 7.5	95	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	195	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%	E	
Transport by motorbikes, cars and commercial vehicles	CCM 6.5	724	2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1%		T
CapEx of activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)		14,557	41%	41%	0%	0%	0%	0%	0%								29%		
A. CapEx of activities eligible for the taxonomy (A.1+A.2)		14,557	41%	41%	0%	0%	0%	0%	0%								29%		
B. Taxonomy-non-eligible activities																			
CapEx of taxonomy-non-eligible activities (B)		21,074	59%																
Total (A+B)		35,631	100%																

	Proportion of CapEx/Total CapEx	
	Aligned to the taxonomy by objective	Eligible for the taxonomy by objective
CCM	0%	41%
CCA	0%	0%
WTR	0%	0%
CE	0%	12%
PPC	0%	0%
BIO	0%	0%

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TABLE D – OPERATING COSTS

Financial year 2024				Substantial contribution criteria						DNSH criteria ("Do No Significant Harm")									
Economic activity	Code	OpEx (k€)	Proportion of OpEx year 2024	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Pollution (PPC)	Circular economy (CE)	Biodiversity and ecosystems (BIO)	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Pollution (PPC)	Circular economy (CE)	Biodiversity and ecosystems (BIO)	Minimum Safeguards	Proportion of OpEx aligned or eligible for the Taxonomy FY 2023	Category of enabling activity	Category of transitional activity
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (aligned with taxonomy)																			
OpEx of environmentally sustainable activities aligned with the taxonomy (A.1)		0	0%														0%		
of which enabling		-	0%														0%	E	
of which transitional		0	0%														0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of energy efficiency equipment for buildings	CCM 3.5	144	2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2%	E	
Manufacture of other low carbon technologies	CCM 3.6	2,111	23%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								19%	E	
Manufacture of equipment for the production and use of hydrogen	CCM 3.2	11	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%	E	
Construction of new buildings	CCM/CE 7.1	755	8%	EL	N/EL	N/EL	N/EL	EL	N/EL								11%		
Renovation of existing buildings	CCM/CE 7.2	103	1%	EL	N/EL	N/EL	N/EL	EL	N/EL								1%		T
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	29	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%	E	
Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings	CCM 7.5	20	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	39	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%	E	
Transport by motorbikes, cars and commercial vehicles	CCM 6.5	177	2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2%		T
OpEx of activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)		3,390	36%	36%	0%	0%	0%	0%	0%								34%		
A. OpEx of activities eligible for taxonomy (A.1+A.2)		3,390	36%	36%	0%	0%	0%	0%	0%								34%		
B. Taxonomy-non-eligible activities																			
OpEx of activities ineligible for the taxonomy (B)		5,930	64%																
Total (A+B)		9,320	100%																

Proportion of total OpEx/ Total OpEx		
	Aligned to the taxonomy by objective	Eligible for the taxonomy by objective
CCM	0%	36%
CCA	0%	0%
WTR	0%	0%
CE	0%	9%
PPC	0%	0%
BIO	0%	0%

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2.2.2 CLIMATE CHANGE (E1)

This section reports on the material impacts, risks and opportunities identified by the LU-VE Group in relation to climate change adaptation, climate change mitigation and energy consumption.

Scope 1 greenhouse gas emissions refer to direct emissions generated by the use of fossil fuels, such as methane gas and LPG for production processes and heating; Scope 2 greenhouse gas emissions refer to indirect emissions related to electricity consumption. Scope 3 greenhouse emissions refer to all indirect emissions generated along the entire upstream and downstream value chain related to the Group's activities.

E1-GOV3- INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES

The Group has established the presence, both within short-term incentives (MBO - Management by Objectives) and medium-term incentives (LTI - Long-Term Incentive) for the 2023-2025 three-year period of a Scope 1 and Scope 2 greenhouse gas emission reduction parameter calculated using a Market-based methodology, assuming the same consolidated EBITDA.

With reference to the incidence of this parameter in the total variable remuneration, the Scope 1 and Scope 2 greenhouse gas emission reduction parameter assuming the same consolidated EBITDA has an incidence of 5% on the MBO of the General Manager and the Chief Executive Officer (CEO) and of 10% of that of the Chief Strategic Development Officer (CSDO). With regard to the LTI plan for the 2023-2025 three-year period, the greenhouse gas emission reduction parameter has an incidence of 10% for Executives (CEO and CSDO), the General Manager, Key Management personnel and selected Group managers. With reference to the incidence of the variable portion linked to emission reduction, compared to total remuneration, the following incidence was recorded in 2024: 2% for the CEO, 5% for the CSDO and 3% for the Vice Chairman.

For further information on sustainability-related remuneration systems, please refer to chapter "2.1 General Disclosures", section "2.1.4 Integration of sustainability-related performance in incentive schemes".

IRO-1 - DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL CLIMATE-RELATED IMPACTS, RISKS AND OPPORTUNITIES

The LU-VE Group conducted a double materiality assessment to identify and assess sustainability impacts, risks and opportunities, as detailed in the chapter "General Disclosures".

Considering climate-related impacts, risks and opportunities,

i) with reference to greenhouse gas emissions: the LU-VE Group considered emissions generated in its own operations (Scope 1 and Scope 2 greenhouse gas emissions) and along the upstream and downstream value chain (Scope 3 emissions). For details on quantitative

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data, please refer to section "E1-6 - Gross GHG Scope 1, 2, 3 and Total GHG Emissions";

ii) with reference to physical climate risks: the LU-VE Group conducted a detailed assessment of the physical climatic risks at its production sites. On the other hand, no detailed assessments have been conducted to date on the upstream and downstream value chain, considering, for example, suppliers and customers. The physical climate risk assessment was carried out in 2022 and this assessment is considered to be up-to-date and applicable also for financial year 2024, as it is based on IPCC (Intergovernmental Panel on Climate Change) scenarios, physical climate risk categories, calculation methodologies and time horizons that are still in line with the state of the art and the scenario in which the Group operates. The assessment was conducted considering different future scenarios correlated to internationally recognised climate models and based on greenhouse gas concentration pathways (Representative Concentration Pathways - RPC) developed by the Intergovernmental Panel on Climate Change (IPCC), i.e. the RCP 2.6 and RCP 4.5 scenarios and considering a time horizon to 2035. Furthermore, the assessment was developed by combining scientific data at an asset and climate risk level, assessed based on the i) likelihood of occurrence of the risk based on various climate models, ii) asset exposure and iii) vulnerability, i.e., expected losses if the event should occur. The risks that will have the greatest influence on the Group are temperature variability, intense precipitation and precipitation variability. On the contrary, the exposure to certain other risks, e.g. drought and fire risk, is not expected to be material to the Group's operating assets;

iii) with reference to climate-related transition opportunities and risks: the LU-VE Group updated its analysis of climate-related transition risks in 2024. The various types of market, technological, legal/policy and reputational risk were assessed based on their potential impact on the business and on the Group's capacity to manage them over time. By way of example, the market risks related to increases in production and transport costs, due to specific market conditions and the introduction of new regulations (such as the Carbon Border Adjustment Mechanism at European level) were assessed, as was the demand for products with increasingly lower emission impact, as a result of the development of regulations and standards aligned with climate policies, such as the F-Gas Regulation (the new revision was published in February 2024). Unlike physical climate risks, transition opportunities and risks have neither been scientifically identified by considering different climate scenarios, nor by considering the specific one related to limiting global warming to 1.5 °C.

E1-1 – TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION

As at the date of this reporting, the LU-VE Group has not defined a structured climate transition plan that is integrated and aligned with the group's overall corporate strategy and financial planning.

Overall, the LU-VE Group is committed to developing a structured transition plan, aligned with the financial planning, over the next two years. Further information on emission reduction targets can be found in section E1-4.

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E1-2 – POLICIES RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

The LU-VE Group has an Environmental Policy in place that formalises principles and actions with reference to the following relevant sustainability matters:

i) climate change mitigation: the Policy explicitly highlights the importance of reducing greenhouse gas emissions both for its own operations and for the solutions it markets. The impacts, risks and opportunities related to the following targets refer to the generation of climate change Scope 1, Scope 2 and Scope 3 emissions, dissemination of solutions designed for natural refrigerant gases and dissemination of decarbonisation technologies;

ii) energy: the Policy explicitly highlights the importance of reducing energy consumption at production sites and designing products that minimise energy consumption. The impacts, risks and opportunities related to the following targets refer to energy consumption at plants and energy consumption of marketed products. The Policy does not explicitly refer to energy consumption issues along the upstream value chain.

With reference to climate change adaptation policies, the LU-VE Group intends to ensure production continuity through some production redundancies by standardising production and products. No targets related to climate change adaptation of its operations are stated in the Environmental Policy to date.
The Environmental Policy applies to the entire Group, without exclusions based on activities or geographical areas.

Over the next year, an update of the Environmental Policy, applicable to all Group companies is planned which shall explicitly include material sustainability matters that are currently not formally indicated. The highest management level in the LU-VE Group, which promote and is responsible for the implementation of the Environmental Policy, is the Chief Strategic and Development Officer.

In addition to the Group Environmental Policy, production companies with ISO 14001 certification have a site-specific Environmental Policy, managed by senior management at local level. The plants with ISO 14001 certification are Alonte (Vicenza, Italy), Limana (Belluno, Italy), Travacò Siccomario (Pavia, Italy), Uboldo (Varese, Italy), Tianmen (China), Vantaa (Finland), Bhiwadi (India), Sarole (India) and Novosedly (Czech Republic).

The Environmental Policy does neither currently state any specific regulations or third-party initiatives that the Group is committed to complying with through the implementation of the policy, nor does it indicate the interests of stakeholders.

The Environmental Policy is published in company systems and thus made available to employees.

E1-3 – ACTIONS AND RESOURCES IN RELATION TO CLIMATE CHANGE POLICIES

In the context of the Sustainability Plan and with regard to the reduction of Scope 1 and Scope 2 greenhouse gas emissions, the LU-VE Group will work in two main directions during 2024:

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i) use of energy from renewable sources. In 2024, 46% of the total electric energy consumed came from renewable energy sources, produced by on-site photovoltaic plants or purchased with Guarantees of Origin.

   Electric energy purchased from renewable sources certified through Guarantees of Origin amounted to 15,056 MWh, and accounted for 42% of the total electric energy consumed. This reduced emissions by 7,674 tCO2e. Guarantees of Origin were purchased for the entire consumption of electric energy from the national grid for the plants in Asarum (Sweden), Limana (Belluno, Italy), Novosedly (Czech Republic), Uboldo (Varese, Italy) and Travacò Siccomario (Pavia, Italy), as in previous years, and, from 2024, also for the plants in Alonte (Vicenza, Italy) and Mel (Belluno, Italy).

   The total renewable energy produced in 2024 by the Group's photovoltaic plants amounted to 1,547 MWh, and accounted for 4% of the total electric energy consumed. This reduced emissions by 1,011 tCO2e. Photovoltaic plants are located at the plants in Uboldo (Varese, Italy), Limana (Belluno, Italy), Travacò Siccomario (Pavia, Italy), Vantaa (Finland) and Bhiwadi (India);

ii) energy efficiency. Energy consumption optimisation initiatives were implemented for production plants and offices. At the plant in Poland, energy recovery measures were implemented to heat and cool the production areas. These measures saved more than 180 MWh, equal to 142 tCO2e avoided. At the plant in the Czech Republic, improvements were made to the lighting system that improved the brightness control system and reduced electric energy consumption by about 80MWh. Furthermore, the Uboldo plant (Varese, Italy), which hosts the headquarters and is among the most energy-consuming sites, conducted its operations in full compliance with the ISO 50001 international energy management standard.

In addition, in 2024, the LU-VE Group started preliminary studies to develop a structured decarbonisation plan.

The Group is also aware that almost all of its business-related emissions relate to its value chain: Scope 3 emissions account for 99% of total Scope 1, Scope 2 and Scope 3 emissions. To date, no specific actions to reduce Scope 3 emissions have been identified, although turnover from natural fluid products and/or high-efficiency motorsis expected to gradually increase as a percentage of the Group's total emissions.

With reference to the material opportunities identified by the double materiality assessment, the Group has marketed solutions to support decarbonisation of its downstream value chain, such as:

i) heat pumps for domestic and industrial use, also contributing to the development of the new heat pump range for one of Europe's leading players in domestic heating applications.
ii) wind turbine cooling systems
iii) high-voltage electrification systems to support European electrification plans, which are key for the energy transition.
iv) charging stations for electric vehicles, especially fast charging stations, which require a heat exchanger to cool the unit.

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v) retrofitting of refrigerated counters that reduce energy impacts at points of sale/supermarkets, through the installation of glass doors and LED lighting systems to replace neon lighting, starting in the European market. This was made possible through the development of a dedicated service department established in TGD in 2024.

In the area of decarbonisation solutions, an agreement has been signed to supply cooling solutions for the Hinkley Point C nuclear power station in Somerset, England. Specifically, through its subsidiary Refrion, the Group will supply cooling systems for the EDG emergency diesel generators on the nuclear island. The project is now in the implementation phase, and in 2024 the processes begun that will lead to the production of the exchangers in 2025.

With a view to also progressively developing actions aimed at reducing Scope 3 emissions, with reference to the Strategic Business Unit Cooling Systems, in 2024 the LU-VE Group continued to promote solutions with natural refrigerants and high energy-efficient (EC) motors. This commitment will continue in the years to come, especially to spread a sustainability and energy saving culture to all levels of the market: customers, installers and designers.

With regard to the Strategic Business Unit Components, the LU-VE Group promoted new solutions with reduced refrigerant charge in 2024. The LU-VE Group continued its industrialisation activities for heat exchangers with a 4 mm-diameter refrigerant pipe, an important alternative to the current 5 mm product ranges in the domestic heat pump sector and systems for domestic dryers. This solution allows customers to reduce the amount of refrigerant and increase machine efficiency, resulting in a reduction of the emission impact.

In addition, with reference to planned actions, the Group envisaged to:

i) complete the retrofitting of at least 500 customer outlets between 2025 and 2030 with glass doors and LED counter lighting instead of the current neon lights.
ii) speed up the replacement of heat pump heat exchangers and domestic dryers with the lower refrigerant charge solution.
iii) increase the marketing of heat exchangers (with a lesser environmental impact, with 5 mm and 4 mm pipe) for domestic heat pumps and commercial refrigeration between 2025 and 2030.
iv) support the development of decarbonisation technologies, specifically domestic heat pumps, in the US market.

With reference to the actions taken in 2024, the Group did not incur any significant operating costs (OPEX) nor significant investments (CAPEX).

In the context of the 2025-2028 Business Plan, with reference from the year 2026 onwards, the Group has planned investments (CAPEX) with the aim of mitigating the impacts arising from climate change mitigation and adaptation for a total estimated amount of Euro 8.5 million, of which

i) Euro 7 million for Scope 1 and Scope 2 emission reduction actions, through investments in advanced technologies for climate-friendly production processes to be developed in 2025;
ii) and Euro 1.5 million for the adaptation of plants to the effects of climate change, with particular reference to adaptation works to mitigate flooding risks and increase the

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protection of sites in the event of heavy rainfall, and with reference to the cooling of sites to mitigate the negative effects of heat waves.

The LU-VE Group has the capacity to pursue the above-mentioned actions in accordance with the financial resources in the budget, then the actual results recorded in the future could be different from those estimates. This process will be reviewed periodically as part of the definition of business plans and annual budgets, and therefore the results that will be achieved in future years may differ from these estimates. The 2025-2028 Business Plan does not foresee significant operating costs (OPEX) in the area of climate change mitigation and adaptation.

There are no CAPEX and OPEX aligned with the European Taxonomy for sustainable activities, according to Regulation (EU) 2021/2178 supplementing Regulation 2020/852 - EU Taxonomy Regulation. For more details regarding the European Taxonomy, please refer to the dedicated section 2.2.1 in this chapter.

With reference to the ISO 14001 and ISO 9001 international standards, which were amended in 2024 to include specific climate change requirements, the LU-VE Group holds certifications for the following Group companies:

i) ISO 14001 environmental management for the plants of: Alonte (Vicenza, Italy), Limana (Belluno, Italy), Travacò Siccomario (Pavia, Italy), Uboldo (Varese, Italy), Tianmen (China), Vantaa (Finland), Bhiwadi (India), Sarole (India) and Novosedly (Czech Republic).
ii) ISO 9001 quality management for the plants of: Alonte (Vicenza, Italy), Flumignano di Talmassons (Udine, Italy), Limana (Belluno, Italy), Mel (Belluno, Italy), Travacò Siccomario (Pavia, Italy), Uboldo (Varese, Italy), Tianmen (China), Vantaa (Finland), Bhiwadi (India), Sarole (India), Gliwice (Poland), Novosedly (Czech Republic), Asarum (Sweden) and Jacksonville (USA).

With regard to climate change mitigation, the Group also participated in a number of working tables and sector networks:

i) As a member of the Unione del Caldo e del Freddo Green, a coalition of companies in the refrigeration and heating industry, it promoted meetings on the use of natural refrigerants;
ii) in the ESG Group of Asercom, an association of technical experts in the sector, in-depth discussions on environmental regulations were conducted and work started to define some guidelines for the calculation of Scope 3 emissions for the sector.

E1-4 – TARGETS RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

With regard to climate change mitigation, the LU-VE Group:

i) has defined Scope 1 and Scope 2 greenhouse gas emission reduction targets;
ii) as of today, has set targets for Scope 3 greenhouse gas emission reduction, which are mostly related to the energy consumption of products by end-customers and the procurement of materials for product production. The LU-VE Group intends to define a Scope 3 greenhouse

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gas emission reduction plan over the next two years. Decarbonisation levers related to Scope 3 emissions have not been identified, as targets have not yet been defined.

With regard to adaptation to climate change, to date the LU-VE Group has not set any targets.

With reference to Scope 1 and Scope 2 emission reduction targets calculated through a market-based methodology, the Group has defined the following targets, considering the 2022 baseline (i.e. the last financial year prior to the 2023 - 2025 sustainability plan):

i) 10% reduction by 2024;
ii) 19% reduction by 2025.

The 10% reduction target for 2024 was achieved, with an overall reduction of 15% compared to the 2022 baseline.

This is a combined reduction target and the overall reduction is achieved through the reduction of Scope 2 and not Scope 1 emissions. The base value (2022) represents not only the last year prior to the preparation of the 2023-2025 Sustainability Plan, but also the first year of consistency in terms of the Group's scope of consolidation, as several business combinations took place in previous years (including the last in chronological order, the Refrion Group, precisely in 2022).

Covering the 2023-2025 three-year period, the above-mentioned reduction targets are an integral part of the LU-VE Group's Sustainability Plan, defined for the years 2023-2025, drawn up by the Corporate Sustainability Steering Committee, reviewed by the Control and Risk Committee and approved by the Parent Company's Board of Directors in February 2023. These targets are part of a broader pathway that envisages a 42% reduction from the baseline by 2030, taking into account the target of achieving climate neutrality by 2050. With regard to climate neutrality, no specific assessment has been conducted to date on how to reduce residual emissions outside the explicit period defined in the sustainability plan.

The specific Scope 1 and Scope 2 greenhouse gas emission reduction targets were defined in accordance with science-based targets, based on the tools made publicly available by the Science-based Targets Initiative, so that these targets are compatible with limiting global warming to 1.5 °C in line with the Paris Agreement. The reduction targets are absolute, not industry-specific. This commitment was not formalised by joining the Science-Based Target Initiative; therefore, there was no external monitoring of the identified targets.

In assessing the potential future impacts on the increase or reduction of emissions with the LU-VE Group's expected increase in production, no critical issues have been identified to date concerning the inability to meet emission reduction targets, as approximately two-thirds of the Group's emissions are derived from electric energy consumption, which does not contribute to greenhouse gas emissions when generated from renewable sources. At the same time, the increasing international pressure on increasing renewable energy will progressively improve the electric energy emission factors of the various countries where the Group operates. Achieving these targets does not require the adoption of new technologies, which will be crucial for future reduction targets.

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Regarding decarbonisation levers to achieve the above-mentioned Scope 1 and Scope 2 emission reduction targets, the Group envisages:

i) the use of energy from renewable sources, through the purchase of electric energy from certified renewable sources (Guarantees of Origin) and/or the installation of new photovoltaic systems, probably through the transfer of surface use without potential CAPEX impacts. With reference to future allocated resources please see section "E1-3 Actions and resources in relation to climate change policies"
ii) Improvement of energy efficiency through industrial process optimisation actions, defined at individual plant level.

The sustainability plan also includes a target to increase the percentage of turnover from products designed with natural and/or high energy-efficient fluids, i.e. with a lower emission impact (with reference to the Scope 3 category 11 missions of the GHG Protocol).
The targets as a percentage of total sales are as follows:

i) >54% revenues from sales of natural fluid and/or high energy-efficient products by the end of 2024;
ii) >56% revenues from sales of natural and/or high energy-efficient fluid products by the end of 2025.

The >54% incidence target by the end of 2024 has been reached, with an overall incidence of 56%.
The Group did not involve its stakeholders in the process of defining all the targets mentioned above.

E1-5- ENERGY CONSUMPTION AND MIX

In 2024, the total energy consumption within the Group's production and trading companies was 79,105 MWh. This consumption includes electric energy and fuels, used for heating premises, production processes and the company fleet.

The allocation of the energy mix, shown in the table, was conducted as follows:

- Consumption from renewable sources: electric energy self-produced by photovoltaic plants and consumed and electric energy covered by Guarantees of Origin are taken into account.
- Consumption from nuclear sources: for each country of consumption of LU-VE Group companies, the share of electric energy not covered by Guarantees of Origin was multiplied by the nuclear-generated component in the residual electricity generation mix of the reference country, taking into account AIB and International Energy Agency (IEA) sources.
- Consumption from fossil sources: the fossil fuels used are indicated and, for electric energy consumed in the various countries of the LU-VE Group companies, the residual share downstream of the allocation of electric energy not covered by Guarantees of Origin and the allocation of the share produced by nuclear power are also indicated.

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ENERGY CONSUMPTION AND MIX	2024
(1) Fuel consumption from coal and coal products (MWh)	-
(2) Fuel consumption from crude oil and petroleum products (MWh)	11,828
(3) Fuel consumption from natural gas (MWh)	28,256
(4) Fuel consumption from other fossil sources (MWh)	-
(5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	21,111
(6) Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)	61,196
Share of fossil sources in total energy consumption (%)	77%
(7) Consumption from nuclear sources (MWh)	1,307
Share of consumption from nuclear sources in total energy consumption (%)	2%
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	-
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	15,056
(10) Consumption of self-generated non-fuel renewable energy (MWh)	1,547
(11) Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)	16,603
Share of renewable sources in total energy consumption (%)	21%
Total energy consumption (MWh) (calculated as the sum of lines 6, and 11)	79,105

The LU-VE Group produces energy through its photovoltaic plants, part of which is consumed to meet the plant's energy needs (see table "Energy consumption and mix"), while part is sold to the national grid.

ENERGY PRODUCTION (in MWh)	2024
Energy production from non-renewable sources	-
Use of energy from renewable sources	1,684

The following table shows the total energy consumption in relation to the Group's total net revenue.

The LU-VE Group's activity falls within the high climate impact sectors, i.e. the sectors listed in Annex I, Sections A to H and L, of Regulation (EC) No. 1893/2006 of the European Parliament and of the Council (as defined in Commission Delegated Regulation (EU) 2022/1288; the turnover achieved in the financial year 2024 in relation to the Group's activities in respect of these sectors is equal to the total consolidated turnover reported in Note "4.1 - Revenues", included in the LU-VE Group's consolidated financial statements as at 31 December 2024. The LU-VE Group's activities fall within the sectors of Section C - MANUFACTURING ACTIVITIES of the Regulation; specifically: (i) manufacture of non-domestic refrigeration and ventilation equipment; (ii) general mechanical work; (iii) manufacture of other general purpose machinery n.e.c.

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ENERGY INTENSITY RATE	2024
Total energy consumption from activities in high climate impact sectors (MWh)	79,105
Net revenue from activities in high climate impact sectors (thousand of Euro)	587,205
Total energy consumption from activities in high climate impact sectors per net revenues from such activities (MWh/thousand of Euro)	0.135

E1-6- GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS

Scope 1 greenhouse gas emissions refer to direct emissions generated by the use of fossil fuels, such as methane gas and LPG for production processes and heating; Scope 2 greenhouse gas emissions refer to indirect emissions related to electricity consumption. Scope 3 greenhouse gas emissions refer to all indirect emissions generated along the entire upstream and downstream value chain related to the Group's activities.

GREENHOUSE GAS EMISSIONS (in tCO_{2eq})	2024
Scope 1 greenhouse gas emissions	7,920
Scope 2 greenhouse gas emissions, Market-based methodology	12,695
Scope 2 greenhouse gas emissions, Location-based methodology	16,875
Scope 3 greenhouse gas emissions	2,478,379

Greenhouse gas emissions were calculated according to the following methodology, depending on the type of emission:

i) Scope 1 greenhouse gas emissions: emissions from the use of natural gas (methane) and diesel for heating and of fuel for the company fleet and emissions related to refrigerant gas leaks were determined using the emission factors listed in DEFRA's *"UK Government GHG Conversion Factors for Company Reporting"*, 2024 edition. Emissions were calculated in CO2 equivalent, insofar as CO2, CH4 and N2O gases are taken into account.

ii) Scope 2 greenhouse gas emissions, market-based methodology: the emission factors for electric energy in Figure 4 of the document "*European Residual Mixes*" (2023 edition), published by the Association of Issuing Bodies, for European countries, and the factors published by the Center for Resource Solutions in the document "*Green-e Energy Residual Mix Emissions Rates*" (2023 edition), for the United States of America, were taken into account. For countries for which the residual mix emission factors are not available, in accordance with the reporting standards, the same factors as for the location-based method were used.

iii) Scope 2 greenhouse gas emissions, location-based methodology: the emission factors for electric energy found in "Table 49 - Main socio-economic and energy indicators", published by Terna in the International Comparisons section, and available in their most recent version at the time of publication of this document (Terna 2020, 2019 data) were taken into consideration.

For both Scope 2 greenhouse gas emissions calculations (both location-based and market-based methodologies), emissions related to district heating consumption were defined using the

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coefficients listed in DEFRA's "*UK Government GHG Conversion Factors for Company Reporting*", 2024 edition.
The LU-VE Group is not covered by regulated emissions trading schemes.

GREENHOUSE GAS EMISSIONS (in tCO_{2eq})				
	Historical data	Milestones and target years		
	2024	2025	2030	% Delta 2024/2022
Scope 1 and Scope 2 GHG emissions				
Gross Scope 1 (tCO_{2eq}) and Scope 2 GHG emissions according to Market Based methodology (tCO_{2eq})	20,615	-19% (*)	-42% (*)	-15%
Gross Scope 1 (tCO_{2eq}) and Scope 2 GHG emissions according to Location Based methodology (tCO_{2eq})	24,795			
Total gross indirect GHG emissions (Scope 3) (tCO_{2eq})				
1. Purchased good and services	329,520			
2. Capital goods	10,987			
3. Fuel and energy-related Activities (not included in Scope 1 or Scope 2)	4,172			
4. Upstream transportation and distribution	7,562			
5. Waste generated in operations	800			
6. Business traveling	1,218			
7. Employee commuting	4,618			
8. Upstream leased assets	n/a			
9. Downstream transportation	12,584			
10. Processing of sold products	n/a			
11. Use of sold products	2,097,749			
12. End-of-life treatment of sold products	9,169			
13. Downstream leased assets	n/a			
14. Franchises	n/a			
15. Investments	-			
Total GHG emissions				
Total GHG emissions (according to market-based methodology) (tCO_{2eq})	2,498,994			
Total GHG emissions (according to location-based methodology) (tCO_{2eq})	2,503,174			

(*) The Scope 1 and Scope 2 emission reduction target is a combined target.

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The above emissions refer to the Group as a whole, the scope of which has not changed compared to the previous year. Finally, the Group has started to report and consequently publish data on its Scope 3 emissions for this reporting year.

With reference to Scope 3 emissions, the categories "8. Upstream leased assets", "13 Downstream leased assets" and "14. Franchising" have not been calculated as they are not applicable for the LU-VE Group. In accordance with the international GHG Protocol framework, a materiality assessment of the Scope 3 categories was conducted and the following two exclusions were considered: a) category "10. Processing of products sold" was considered non material for the LU-VE Group, insofar as, after sale, the LU-VE Group's products do not undergo reworking (assembly activities are mostly involved); b) category "15. Investments" was considered non material (less than 20 tonnes of CO_{2eq}). All other categories were considered material, insofar as each of them is roughly equal to or larger than the Scope 1 emission-generating energy sources.

In 2023, the LU-VE Group had already started some preliminary calculations of Scope 3 greenhouse gas emissions (with reference to actual data for the year 2022), in accordance with the GHG Protocol categories, in order to have a first estimate of emissions for the categories considered applicable and identify the actions needed to improve the accuracy and completeness of the data for some specific categories. This preliminary exercise made it possible to consolidate the calculation methodology during 2024 in the first Consolidated Sustainability Statement under ESRS for the categories deemed material.

Below are the calculation methodologies for the Scope 3 emission categories reported by the LU-VE Group:

i) Category 1 "Purchased goods and services": 95% of emissions, i.e. 70% of total material purchases, were calculated using the physical-based approach. Specifically, an approach mixing the physical-based and spend-based approach was adopted with reference to direct costs, and a spend-based approach was adopted for indirect costs, i.e. those costs of materials and services not directly attributable to the finished product. For items calculated using a physical-based approach, purchased quantities were converted using emission factors derived from the Ecoinvent 3.11 database, while for items calculated using a spend-based approach, conversion factors derived from the DEFRA 2021 database (latest available data for this type of factor) were used.
ii) Category 2 "Capital goods": the expenditure items used as input for the calculation correspond to the investments in capital goods (CAPEX) incurred by the LU-VE Group and reported under the EU Taxonomy (see Section 2.2.1). For the calculation, emission factors - extracted from the DEFRA 2021 database - were used for clustered assets.
iii) Category 3 "Fuel and energy-related activities (not included in Scope 1 or 2)": for the calculation of electric energy, a distinction was made between energy from renewable sources (purchase of Guarantees of Origin and self-generation from photovoltaic systems) and energy taken from the grid, based on the national mix. Country-specific emission factors, extracted from the AIB 2022 and DEFRA 2024 databases, were applied to all electric energy consumption, expressed in kWh. As far as fuels are concerned, emissions were estimated considering the consumption of petrol, diesel, natural gas and LPG, applying DEFRA 2024 emission factors.

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iv) Category 4 "Upstream transportation and distribution" and Category 9 "Downstream transportation and distribution": emissions were calculated using a distance-based approach. The distinction between emissions relating to shipments charged to LU-VE and those not charged to it was made on the basis of Incoterms and intra-group movements. The distances were determined considering the city and country of origin and destination of the shipments. In the specific cases where actual kilometres or weights were unavailable, an average value based on the average distance of similar shipments was used; weight was estimated in 2.6% of the cases, while distance in kilometres were estimated in 1.9% of the cases in truck routes and 1.8% of the cases in air routes. Assumptions were made in those shipments where the mean of transport was unknown, i.e., road transport was chosen, air transport being only chosen when the land option was unlikely. Emission factors for land, air and sea transportation were extracted from the DEFRA 2024 database. In particular, Well-to-Wheel (WTW) emission factors were constructed, which include both the emissions from the consumption of transport fuels (Tank-to-Wheel, TTW) and those from the extraction and production of the fuels themselves (Well-to-Tank, WTT).

v) Category 5 "Waste generated in operations": emissions from waste generated were calculated using emission factors from the Ecoinvent 3.11 and DEFRA 2024 database. Each type of waste was assigned a specific emission factor, determined both based on the composition material and the disposal method adopted. In those cases (equal to 11% of the total weight) where the waste destination was not indicated, a conservative approach was adopted, assuming landfill as the destination of the waste in question as a worst-case scenario.

vi) Category 6 "Business travelling": business travel-related emissions were calculated using DEFRA 2024 emission factors based on data collected from individual Group companies. It should be noted that: a) for flights, the total route length was taken into account without considering any stopovers, b) for rail travel, kilometres were estimated based on car use; c) for rental cars, an average distance of 100 km per day was considered; d) for hotels, where emission factors were unavailable, European or general averages were used. The accommodation data only concern Italian companies, as no information was available for the other companies.

vii) Category 7 "Employee commuting": emissions related to the workforce commuting journeys are based on the results of a questionnaire sent to Group employees in 2022 and completed by 50% of the population involved; therefore, emissions were calculated using DEFRA 2022 emission factors. To calculate the data for financial year 2024, an average emission value per employee per company, multiplied by the number of employees in 2024, was considered.

viii) Category 11 "Use of sold products": emissions refer to the sum of emissions related to leakage of refrigerant used in sold products and emissions related to energy consumption of products sold by the Strategic Business Unit Cooling System. In fact, only ventilated products (products with a motor) were considered, in line with the scope envisaged and used for the European Taxonomy.

For emissions related to leakage of refrigerants used in sold products, the calculation was made using the following formula: quantity of sold products * internal volume (dm3) * 1.1 (kg/dm3) * 0.3 (liquid/gas filling factor)) * 0.15 (percentage leakage) * gas GWP (Global Warming Potential). With reference to the "0.15" factor, this means 15% overall leakage,

calculated as the product of 1.2% loss/year times 12.5 years of assumed useful life of the machinery marketed by the Group.
For emissions related to energy consumption of sold products, the calculation was made using the following formula: Quantity of sold products * Energy consumption due to motors * Annual hours of use * Years of use * Emission factor of country of sale. With regard to operating hours, different values were assumed between standard ("AC") and high-efficiency "EC" motors. With regard to years of use, an assumption of 12.5 years was made for the average life of the machinery sold by the Group. For emission factors, country-specific factors for location-based electric energy consumption from Terna 2019, EEA, EPA or national databases were used where available. Data on internal volumes and energy consumption were extrapolated from the Eurovent database with specific reference to the Group's products. Overall, the category calculation methods allow 59% of sold products to be traced back to the technical characteristics related to the product's emissions during its lifetime. Emissions related to the remaining 41% of the sold products are calculated by means of a linear emission proportioning.

ix) Category 12 "End-of-Life treatment of sold products": In the absence of detailed information on the end-of-life of sold products, a hypothetical scenario was adopted. The calculation approach is based on data collected for category 1 (Purchased goods and services) and uses emission factors from the Ecoinvent 3.11 and DEFRA 2024 databases, which consider different disposal scenarios (e.g. landfill, incineration, recycling) depending on the type of waste. As category 1 is calculated using both quantity data (kg) and expenditure data (€), category 12 emissions were only estimated punctually for those materials for which kg data were available, as the emission factors adopted are in tCO_2eq/kg. From these items, an emission intensity was derived in relation to expenditure ($tCO_2eq/€$), which was then used to estimate the emissions of the material items for which only the monetary value was available. Using this method, it was possible to accurately calculate 95% of category 12 emissions, corresponding to 70% of the total expenditure, while for the remainder, the calculation was remeasured.

GREENHOUSE GAS INTENSITY BASED ON NET REVENUE	2024
Net revenue (in thousands of Euro)	587,205
Greenhouse gas intensity (Scope 1, Scope 2 Market-based and Scope 3) ((tCO_{2eq})/thousands of Euro)	4.256
Greenhouse gas intensity (Scope 1, Scope 2 Location-based and Scope 3) (($tCO2_{eq}$)/thousands of Euro)	4.263

E1-7- GHG REMOVALS AND GHG MITIGATION PROJECTS FINANCED THROUGH CARBON CREDITS

The LU-VE Group does not carry out any greenhouse gas absorption or storage activities and has not purchased carbon credits.

As the LU-VE Group does not yet have a structured transition plan, it has not yet identified how to neutralise residual greenhouse gas emissions for its own operations and those in its upstream and downstream value chain.

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E1-8 – INTERNAL CARBON PRICING

To date, the LU-VE Group has not established internal carbon pricing systems.

2.2.3 POLLUTION (E2)

This section shows aspects related to:

i) pollutant emissions into the atmosphere. Due to the processing of metals, e.g. through brazing/welding and painting activities, LU-VE's production processes and the production processes in the supply chain generate emissions of pollutants into the air, which are damaging to the environment and pose a risk to human health when certain concentrations of pollutants in the air are exceeded;

ii) pollution of suppliers' water resources. During the extraction and processing of raw materials such as copper, aluminium, steel and iron, the water resource can be polluted due to industrial discharges, surface run-off of pollutants, leaching into the soil that contaminates groundwater, improper management of mining waste, accidents and spills, and refining processes that do not adequately treat the water used. Pollution of water resources can damage ecosystems, human health and biodiversity. As a result of the double materiality assessment, this aspect was deemed relevant for some of the Group's suppliers, while it was not deemed relevant for the LU-VE Group. Since the impact is potentially only material for suppliers, the standard does not provide for reporting on quantitative metrics.

IRO-1 – DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL POLLUTION-RELATED IMPACTS, RISKS AND OPPORTUNITIES

Through the double materiality assessment, the LU-VE Group assessed impacts, risks and opportunities related to the material topic of pollution.

The assessment took into account the Group's plants and activities, as well as the stages of the value chain, and some material negative impacts were identified.

Material impacts related to the activities of the Group's factories include: i) damage to the environment due to the emission of pollutants into the air, due to metal processing activities, such as welding/brazing, and painting plants. Considering the value chain, the material impacts apply to the upstream value chain and are related to: (i) damage to the environment due to the emission of pollutants into the air, again resulting from metalworking activities, and (ii) damage to the environment due to pollution of the water resource, resulting from metal mining and processing activities; in fact, the water resource can be polluted due to industrial discharges, surface run-off of pollutants, leaching into the soil that contaminates groundwater, improper management of mining waste, accidents and spills, and refining processes that do not adequately treat the water used, generating a negative impact. Pollution of water resources can damage ecosystems, human health and biodiversity.

Pollution risks and opportunities have not been assessed as material in terms of their financial effect on the Group.

For the purpose of identifying impacts, risks and opportunities related to the material topic of pollution, structured information was collected from suppliers, customers and investors, as described in Chapter "2.1 General Disclosures" - Section "2.1.8. SBM–2 Interests and views of stakeholders”. No consultations were held with the affected communities.

For a description of the process for identifying and assessing impacts, risks and opportunities related to this topic, see Chapter "2.1 General Disclosures", Section 2.1.9.

E2-1- POLICIES RELATED TO POLLUTION

The LU-VE Group has an Environmental Policy and Code of Ethics that formalise principles and actions with reference to the following material sustainability matters:

i) air pollution due to its own operations: the LU-VE Group's Environmental Policy formalises its commitment to mitigating the environmental impacts of its plants, such as the protection of the environments surrounding its plants, avoiding all forms of pollution and all possible environmental accidents. The impacts related to these targets refer to the generation of air polluting emissions due to production processes and potential environmental damage. In addition to the Group Environmental Policy, it should also be noted that production companies with ISO 14001 certification have a site-specific Environmental Policy, as indicated in section E1-3 of this chapter;
ii) pollution of air and water due to value chain activities: the protection and preservation of the environment in all its components of the atmosphere, water, soil and subsoil, flora, fauna and ecosystems is included among the behavioural principles of the Code of Ethics and, therefore, are also applicable to suppliers and business partners. Impacts related to these targets refer to environmental damage due to pollution of water resources and the atmosphere, resulting for example from the extraction and processing of raw materials.

The highest management level in the LU-VE Group, which promote and is responsible for the implementation of the Environmental Policy, is the Chief Strategic and Development Officer. The Code of Ethics is implemented through formal adoption by the administrative body of each Group company and applies to employees and external collaborators, such as partners, agents, distributors, and suppliers.

The Environmental Policy and the Code of Ethics do not currently state any specific regulations or third-party initiatives that the Group is committed to complying with through the implementation of the policy, nor does it state the interests of stakeholders. The Environmental Policy is published in the company systems, as well as on the Group's website, and made available to employees through sharing methods, while the Code of Ethics is published on the Group's website.

In addition, General Purchasing Conditions are in place - used in the management of suppliers of Group companies in Italy, Poland, the Czech Republic and India - where reference is made to the Code of Ethics and which requires supplier to use “all resources and facilities necessary for the

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production of Products (including materials, energy and water) efficiently and in such a way as to minimise the environmental impact of such production (in particular, as regards waste, waste water, air pollution and noise)”. It is envisaged that over time the General Terms and Conditions of Purchase will also be extended to companies with smaller production facilities, such as China, the United States and Northern Europe.

E2-2 – ACTIONS AND RESOURCES RELATED TO POLLUTION

With regard to polluting emissions from the Group's production plants, pollution management action plans are developed to comply with legislation in force in the relevant countries. These plans may include the precise control of the quantitative parameters of the polluting emissions released into the atmosphere through periodic monitoring and the definition of specific measures for their containment below the limits defined by local regulations. Activities are understood to be continuous, as part of the management of one's own operations; therefore, no precise time horizons have been set.

In addition to the request to sign the General Terms and Conditions of Purchase, the LU-VE Group periodically monitors the signature by its relevant suppliers of the "Supplier Form", a self-declaration certifying the supplier's compliance with the current environmental regulations applicable to the company, as already indicated in the previous sections. Relevant suppliers are defined annually on the basis of Pareto analyses that take into account turnover thresholds, critical supply analyses and coverage of production facilities.

No significant operational expenditure (OPEX) and capital expenditure (CAPEX) are envisaged under current and future action plans.

E2-3- TARGETS RELATED TO POLLUTION

In terms of targets, the LU-VE Group:

a) with reference to polluting emissions from production plants, the Group intends to continue to comply with the limits established by the legislation in force in the countries where its production plants are located. There are no voluntary quantitative reduction targets with reference to the emission of pollutants into the atmosphere by Group plants; therefore, no baselines, time horizons or methods for verifying the achievement of targets have been defined. It should be noted that, as at the date of this report, the LU-VE Group had not received any measures relating to violations of environmental regulations;

b) with regard to its suppliers, the Group has set the target of increasing the percentage of relevant suppliers that have signed the Supplier Form, containing the declaration of compliance with environmental regulations, setting a target of at least 69% by 2024 and at least 71% by 2025. The target for 2024 was achieved with a response rate of 70%.

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E2-4 – POLLUTION OF AIR, WATER AND SOIL

Emissions were calculated from direct measurements by accredited consultancy companies and laboratories, as well as from estimates based on the production activities of the various plants.

The Group made estimates for plants in India, the United States, China and Finland in the absence of precise measurements at individual plants. The estimation of polluting emissions for these plants was conducted using measurements taken at the plant in Uboldo (Varese, Italy), the parent company's headquarters. For each production process/machinery, an average polluting emission figure was quantified on the basis of analyses carried out at the Uboldo plant; the resulting value for each process/machinery was multiplied by taking into account the presence of production machinery/processes at the plants subject to estimation. The methodology was developed with the support of a specialised external company and does not refer to specific standards. Although mitigated by the methodology used based on individual production processes, the degree of uncertainty is affected by the measurement scope of the emissions sampled at the Uboldo site.

On the basis of the calculations and measurements made, it should be noted that, on an aggregate level, no pollutant in the atmosphere exceeds the threshold value reported in Annex II of EU Regulation 166/2006.

In relation to water polluting emissions, which are not material for the LU-VE Group but only in the context of the supply chain, the Group does not currently plan to start a monitoring and collecting process for the qualitative and quantitative information required by the relevant ESRS standards in the coming years.

2.2.4 WATER AND MARINE RESOURCES (E3)

This section reports on aspects related to water consumption, water withdrawals, water discharges both in relation to the Group's production plants and in relation to the supply chain. Although the LU-VE Group does not have direct suppliers active in the field of raw material extraction and refining, it should be noted that the extraction and processing of raw materials such as copper, aluminium, steel and iron traditionally have a material impact in terms of water withdrawals and consumption and consequent proper management of water discharges.

IRO-1 – DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL WATER AND MARINE RESOURCES-RELATED IMPACTS, RISKS AND OPPORTUNITIES

Through the double materiality assessment, the LU-VE Group assessed impacts, risks and opportunities related to the material topic of water.

The assessment took into account the Group's plants and activities, as well as the stages of the value chain, and some material negative impacts were identified.

Material impacts related to the activities of the Group's facilities include the exploitation of water resources, used by the Group at the facilities for certain production processes, such as product testing

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in dedicated tanks, in the painting plants, as well as for a production sector at the Uboldo plant that uses water to cool the plants.

Considering the value chain, the material impacts persist in the upstream value chain and are related to the exploitation of water resources in the upstream stages of the value chain, as the extraction and processing of raw materials such as copper, aluminium, steel and iron generate a negative impact in terms of water consumption.

Water resource risks and opportunities have not been assessed as material from the point of view of their financial effect on the Group and will therefore not be reported.

For the purpose of identifying impacts, risks and opportunities related to the material topic of water resources, structured information was collected from suppliers, customers and investors, as described in chapter "2.1 General Disclosures" - Section "SBM-2 - Interests and views of stakeholders”. However, no consultations were held with the affected communities.

For a description of the process for identifying and assessing impacts, risks and opportunities related to this topic, see chapter "2.1 General Disclosures".

E3-1 – POLICIES RELATED TO WATER AND MARINE RESOURCES

The LU-VE Group has an Environmental Policy and Code of Ethics that formalise principles and actions with reference to the following material sustainability matters:

i) Water withdrawals, consumption and discharges at its own operations: explicit references to the use and optimisation of water consumption are made in the Environmental Policy, while specific aspects relating to water treatment, water pollution prevention and reduction are not included, as they do not represent material topics for the LU-VE Group. In addition, ISO 14001 certified plants have their own site-specific Policy. Specific aspects concerning the commitment to reduce material water consumption in areas at water risk are not made explicit, as this is not material (less than 12,000 cubic metres of total annual consumption in areas at water risk). The impacts related to these targets refer to the exploitation of water resources in the Group's production processes, such as product testing in dedicated tanks, painting plants, as well as for a production sector of the Uboldo plant that uses water for cooling-plants.
ii) Water withdrawals, consumption and discharges in the value chain: the protection and preservation of the environment in all its components of the atmosphere, water, soil and subsoil, flora, fauna and ecosystems is included in the behavioural principles of the Code of Ethics and is thus also applicable to suppliers and business partners. The impacts related to these targets refer to the exploitation of water resources in production processes along the upstream value chain. Although the LU-VE Group does not have direct suppliers active in the field of raw material extraction and refining, extraction and processing of raw materials such as copper, aluminium, steel and iron traditionally have a material impact in terms of water consumption.

The highest management level in the LU-VE Group, which promote and is responsible for the implementation of the Environmental Policy, is the Chief Strategic and Development Officer. The

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Code of Ethics is instead implemented through formal adoption by the administrative body of each Group company and applies to employees and external collaborators, such as partners, agents, distributors, and suppliers.

The Environmental Policy and the Code of Ethics do not currently state any specific regulations or third-party initiatives that the Group is committed to complying with through the implementation of the policy, nor does it state the interests of stakeholders. The Environmental Policy is published in the company systems and made available to collaborators, while the Code of Ethics is published on the Group's website.

In addition, General Purchasing Conditions are in place - used in the management of suppliers of Group companies in Italy, Poland, the Czech Republic and India - where reference is made to the Code of Ethics and which requires suppliers to use “all resources and facilities necessary for the production of Products (including materials, energy and water) efficiently and in such a way as to minimise the environmental impact of such production (in particular, as regards waste, waste water, air pollution and noise)”. No specific aspects related to the commitment to reduce material water consumption in areas at water risk along the value chain have been made explicit. Over time, it is expected that the General Terms and Conditions of Purchase will also be extended to companies with smaller production facilities, such as China, the United States and Northern Europe.

Looking at product development, it should also be noted that the development of adiabatic solutions allows the Group's customers to very significantly reduce water consumption compared to, for example, the use of traditional evaporative towers. In this sense, the Group has developed a product design to conserve water resources. No particular policies have been implemented in this regard.

E3-2 – ACTIONS AND RESOURCES RELATED TO WATER AND MARINE RESOURCES

With reference to water management at production plants, the Group monitors its water withdrawals and discharges, through locally defined resources, for each plant, based on the nature of the production processes, the specific characteristics of the site and the environmental regulations applicable in the reference country.

Starting in the financial year 2022, the Group conducted a specific physical climate risk analysis for plants located in water stress areas. This analysis is much more precise than those conducted in the past, as it takes into account the area where the plant operates, based on GPS coordinates, whereas previous analyses took into account the country’s water stress characteristics. This analysis is based on IPCC (Intergovernmental Panel on Climate Change) scenarios, physical climate risk categories, calculation methodologies and time horizons still in line with the state of the art and the context in which the Group operates.

On the basis of the analysis performed, which was also confirmed with reference to the financial year 2024, the Group's plants were classified into different water stress risk areas, as follows:

i) India (for the Bhiwadi and Sarole plants): extremely high risk;
ii) Italy (for the Alonte plant), Finland and Russia (for the Lipetsk plant); high risk;
iii) all other Group plants: medium, low or very-low risk.

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With reference to the plants in India, no particular actions have been carried out to save water; the Group intends to evaluate the implementation of specific actions in the short and medium term.

With reference to its suppliers, the LU-VE Group periodically monitors the signature by relevant suppliers of the Supplier Form, a self-declaration concerning "compliance with current environmental legislation applicable to the company".

No significant operational expenditure (OPEX) and capital expenditure (CAPEX) are envisaged under current and future action plans.

E3-3 – TARGETS RELATED TO WATER AND MARINE RESOURCES

To date, the LU-VE Group has not defined any water-related targets for its production plants, neither in relation to the management of material impacts related to areas at water risk, nor in relation to the reduction of water consumption. Similarly, it did not define specific targets for its suppliers. In the coming years, the Group will assess the opportunity to define measurable targets related to water management.

E3-4- WATER CONSUMPTION

The following tables show the metrics concerning water withdrawals, water consumption and other aspects of the LU-VE Group's use of water resources in the financial year 2024.

WATER WITHDRAWAL BY SOURCE (in m^3)	2024	
	All areas	Areas at water risk, including areas of high water stress
Total water withdrawals	**229,702**	**65,593**
Freshwater	125,292	65,593
Other waters	104,410	0

WATER DISCHARGES BY SOURCE (in m^3)	2024	
	All areas	Areas at water risk, including areas of high water stress
Total water discharges	**214,593**	**54,508**
Freshwater	206,197	54,508
Other waters	8,396	0

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WATER CONSUMPTION (in m^3)	2024	
	All areas	Areas at water risk, including areas of high water stress
Surface water (total)	15,109	11,085

REUSED, RECYCLED AND STORED WATER (in m^3)	2024
Total recycled and reused water	655
of which recycled	0
of which reused	655
Total stored water	0

WATER INTENSITY	2024
Water consumption (m^3)	15,109
Net revenue (in millions of Euro)	587
Water intensity (m^3/millions of Euro)	25.73

It should be noted that in the process of collecting and managing information on the quality and quantity of water consumption, direct measurements are performed on a periodic basis, in compliance with local regulations in the countries where the Group operates.

2.2.5 BIODIVERSITY (E4)

This section reports on biodiversity-related aspects along the supply chain, while biodiversity-related aspects in relation to its own operations carried out at LU-VE Group plants are not reported. In fact, both the current presence and the expansion of the Group's production capacity in several countries, such as the United States, India and Poland, do not cause the alteration of natural habitats and the loss of biodiversity, as the plants are located in areas of low environmental value and not in biodiversity-sensitive areas.

The LU-VE Group has identified a potential negative impact of biodiversity loss with reference to direct exploitation and pollution within the scope of the double materiality assessment pertaining only the supply chain, in particular with regard to companies involved in the extraction of the main raw materials, especially copper. In fact, open pit or underground mining operations can cause the alteration of natural habitats and loss of biodiversity.

For a description of the process for identifying and assessing impacts, risks and opportunities related to this topic, see chapter "2.1 General Disclosures".

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E4-1 – TRANSITION PLAN AND CONSIDERATION OF BIODIVERSITY AND ECOSYSTEMS IN STRATEGY AND BUSINESS MODEL

The use in its own production operations of raw materials such as metals (in particular copper and aluminium) requires mining operations upstream in their supply chain, in open-pit or underground mines, which can cause the alteration of natural habitats and loss of biodiversity. Although the LU-VE Group has no direct suppliers operating in the metal mining business, the impact is material when considering the entire supply chain.

The Group monitors risks related to rising raw material costs, as non-renewable materials are potentially subject to scarcity. However, to date it has not formalised an assessment of the resilience of the current strategy and business model to physical, transition and systemic risks linked to biodiversity and ecosystems.

E4-2 – POLICIES RELATED TO BIODIVERSITY AND ECOSYSTEMS

The LU-VE Group has put in place a Code of Ethics, which formalises certain principles that are partly related to the following material sustainability matter:

i) biodiversity: the protection and preservation of the environment in all its components of the atmosphere, water, soil and subsoil, flora, fauna and ecosystems is included in the behavioural principles of the Code of Ethics and is thus also applicable to suppliers and business partners. The impacts related to these targets refer to the damage to ecosystems and the loss of biodiversity due to production activities along the upstream value chain. Although the LU-VE Group has no direct suppliers active in the extraction and refining of raw materials, the extraction and processing of raw materials such as copper requires open-pit or underground mining operations, which may cause the alteration of natural habitats and loss of biodiversity.

The Environmental Policy and the Code of Ethics apply to the entire Group, without exclusions in terms of activities or geographical areas. In addition, the Code of Ethics also applies to all those who work for the achievement of the legitimate targets of the Company and the Group, both in their capacity as corporate officers (directors, members of corporate bodies, etc.) and external collaborators who in any capacity and on the basis of any legal relationship operate in the interest or to the advantage of the Company and the Group, such as partners, agents, distributors, and suppliers. The highest management level in the LU-VE Group, promoter and responsible for the implementation of the Environmental Policy, is the Chief Strategic and Development Officer. Conversely, the Code of Ethics is implemented through formal adoption by the administrative body of each Group company.

The Environmental Policy and the Code of Ethics do not currently state any specific regulations or third-party initiatives that the Group is committed to complying with through the implementation of the policy, nor does it state the interests of stakeholders. The Environmental Policy is published in the company systems and made available to collaborators, while the Code of Ethics is published on the Group's website.

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In addition to the Code of Ethics, it should also be noted that in the General Purchasing Conditions in place - used in the management of suppliers of Group companies in Italy, Poland, the Czech Republic and India - it is required that suppliers use “all resources and facilities necessary for the production of Products (including materials, energy and water) efficiently and in such a way as to minimise the environmental impact of such production (in particular, as regards waste, waste water, air pollution and noise)”. To date, there are no specific policies for the upstream supply chain of the LU-VE Group's direct suppliers.

E4-3 – ACTIONS AND RESOURCES RELATED TO BIODIVERSITY AND ECOSYSTEMS

In addition to the request to sign the General Terms and Conditions of Purchase, the LU-VE Group periodically monitors the signature by its relevant suppliers of the "Supplier Form", a self-declaration certifying the supplier's compliance with the current environmental regulations applicable to the company. No specific actions on biodiversity are planned to date.

E4-4 – TARGETS RELATED TO BIODIVERSITY AND ECOSYSTEMS

To date, the Group has not set specific biodiversity targets, which potentially affect the upstream supply chain of the Group's suppliers (tier 1). Overall, the Group has set the target of increasing the percentage of relevant suppliers that have signed the Supplier Form, containing the declaration of compliance with environmental regulations, setting a target of at least 69% by 2024 and at least 71% by 2025. The target for 2024 was achieved with a response rate of 70%.

No significant operational expenditure (OPEX) and capital expenditure (CAPEX) are envisaged under current and future action plans.

2.2.6 RESOURCE USE AND CIRCULAR ECONOMY (E5)

This section reports on aspects related to

i) resource inflows, as the LU-VE Group uses non-renewable resources, such as copper and other metals, with a consequent impact on future availability, as well as an economic risk due to raw material price increases beyond the company's mapped expectations;
ii) waste, as industrial production generates waste with potential environmental damage related to its incorrect disposal, both with reference to waste produced at plants and to end-of-life management of marketed products.

IRO-1 – DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL RESOURCE USE AND CIRCULAR ECONOMY-RELATED IMPACTS, RISKS AND OPPORTUNITIES

Through the double materiality assessment, the LU-VE Group assessed impacts, risks and opportunities related to the material topic of resource use and circular economy.

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The assessment took into account the Group's plants and activities, as well as the stages of the value chain, and some material negative impacts were identified.

Material impacts related to the Group's activities include: i) the exploitation of non-renewable resources, which will have a negative impact on their future availability; ii) environmental damage due to the production of waste - related to industrial production, e.g. metal scraps, special waste - and its improper disposal. Considering the value chain, the material impacts persist in the downstream value chain and relate to: i) environmental damage due to waste generation and its incorrect disposal, in connection with end-of-life product management which, if not properly managed and disposed of, generates a negative impact on the environment.

With reference to risks, there is an economic risk due to raw material price increases beyond the company's mapped expectations, due to the scarcity of raw materials.

For the purpose of identifying impacts, risks and opportunities related to the material topic of resource use, structured information was collected from suppliers, customers and investors, as described in Chapter “2.1 General Disclosures”' - Section “2.1.8 SBM-2 - Interests and views of stakeholders”. No consultations were held with the affected communities.

For a description of the process for identifying and assessing impacts, risks and opportunities related to this topic, see chapter "2.1 General Disclosures".

E5-1 – POLICIES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

The LU-VE Group has in place an Environmental Policy, which formalises certain principles related to the following material sustainability matter:

i) resource inflows: the Environmental Policy explicitly states how research and development of new products is "guided by the principles of “circular economy” and material optimisation throughout the product life cycle". Among the main directions that have always characterised product innovation, there is the reduction of the use of raw material, for example, through the study of optimised heat exchange technologies: the solutions developed by the LU-VE Group in recent years in fact use pipes with an increasingly smaller diameter and reduced thickness, allowing the reduction of weight (and therefore of the use) of raw material while providing the same performance. The impacts related to these targets refer to the exploitation of non-renewable resources: the Group is aware of the impact related to the use of non-renewable natural resources, such as copper and other metals, both in terms of the environmental impact related to mining and processing and end-of-life management, and in terms of the availability of the same materials in the future;

ii) waste: the importance of reducing hazardous and non-hazardous waste generation is made explicit in the Environmental Policy. The impacts related to these targets refer to environmental damage due to waste production and its improper disposal with reference to both its own operations and the end-of-life management of the marketed product. To date, the Group has not defined a specific policy on the phasing out of virgin resources.

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The Environmental Policy and the Code of Ethics apply to the whole Group, without exclusions in terms of activities or geographical areas. In addition, the Code of Ethics also applies to all those who work for the achievement of the legitimate targets of the Company and the Group, both in their capacity as corporate officers (directors, members of corporate bodies, etc.) and external collaborators who in any capacity and on the basis of any legal relationship operate in the interest or to the advantage of the Company and the Group, such as partners, agents, distributors, and suppliers.

The highest management level in the LU-VE Group, which promote and is in charge of implementing the Environmental Policy, is the Chief Strategic and Development Officer. Conversely, the Code of Ethics is implemented through formal adoption by the administrative body of each Group company.

The Environmental Policy does neither currently state any specific regulations or third-party initiatives that the Group is committed to complying with through the implementation of the policy, nor does it indicate the interests of stakeholders. The Environmental Policy is published in company systems and made available to collaborators.

E5-2 – ACTIONS AND RESOURCES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

In line with the above-mentioned policy, the LU-VE Group conducted the following activities in 2024:

i) review of the new product development process: the Group initiated a review of the new product development process to optimise the flow of activities and enhance innovation capacity. As part of this review, a number of aspects were integrated to improve and track the level of circularity in the design of the Group's solutions. The material efficiency indicator, expressed in kW/m2, is intended to measure the heat exchange capacity per unit of finned surface area; the higher the number, the better the performance with reduced material consumption. In addition, some specific activities were integrated, such as, in the concept identification phase, the initial assessment of the product's end-of-life and reusability, while in the technical feasibility analysis phase, the assessment of the use of recycled or recyclable materials and the level of reparability of the product to extend its life, with the aim of increasing product longevity and reducing waste generation is required. The new process will be tested in early 2025;

ii) new product development: the Group continued its activities to reduce the use of raw materials while ensuring the same energy performance of the solution. With this in mind, the Group continued its industrialisation activities for smaller diameter pipes, as described in the chapter on Climate Change. The transition of many products from the 9.52 mm and 7.94 mm pipe to the 5 mm one is leading to many gas coolers being more efficient and using less raw material than other products. Other activities in this regard are reductions in aluminium fin thicknesses as well as, for example, the use of mixed plastic/aluminium profiles in the glass door segment, which reduce use consumption by reducing thermal bridges in refrigerated counters. New technical solutions were launched on the market by the Group at Chillventa 2024. The launch of the 7 mm diameter ribbed aluminium pipe, an absolute novelty, offers high performance as well as weight reduction, which for the refrigerated transport sector, especially with the ongoing transition to electric vehicles, is a major competitive advantage;

iii) supply chain assessment: the Group has initiated pilot surveys of some aluminium and copper suppliers to start mapping material content from recycling, the availability of an environmental product label (EPD) and any carbon footprint.

No significant operational expenditure (OPEX) and capital expenditure (CAPEX) are envisaged under current and future action plans.

E5-3- TARGETS RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

With regard to waste management, the Group intends to continue to comply with the regulations on waste management and disposal in accordance with applicable local laws.

To date, the LU-VE Group has not defined any other specific targets relating to raw materials and waste management of plants and end-of-life product management. This will be the subject of a strategic evaluation over the next two years; on the basis of these analyses, the Group will consider setting specific targets.

E5-4- RESOURCE INFLOWS

The main materials used for the LU-VE Group's products are copper, aluminium, steel and iron; plastic film and/or cardboard can be used for packaging to protect the product and pallets or wooden crates, depending on the type of product.

The table below shows the total weight of technical and biological products and materials. Biological materials mean natural and biodegradable materials that come from organic sources, while technical materials mean non-biodegradable and synthetic materials that are used in products to ensure their function, durability and performance.

OVERALL TOTAL WEIGHT OF PRODUCTS AND TECHNICAL AND BIOLOGICAL MATERIALS (in kg)	2024
Biological materials (paper and cardboard)	771,047
Technical Materials	42,028,064
Total (biological and technical materials)	**47,799,112**

The figure was calculated using an estimate of 18% of the expensed amount for biological materials and 7% of the expensed amount for technical materials.

With reference to the provenance of raw materials, in 2024 the LU-VE Group started some initial surveys among suppliers to assess the percentage of material coming from recycled materials and the presence of material coming from certified supply chains (e.g. *Forest Stewardship Council - FSC*); at present there are no specific certifications on the sustainability of materials.

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E5-5- RESOURCE OUTFLOWS (WASTE)

With regard to resource outflows, and in particular with regard to the generation of waste at individual production sites, the figures for the year 2024 are shown below.

Overall, in 2024 waste for recovery accounted for about 86% of the total waste generated. With regard to hazardous waste, the main waste types resulting from the Group's activities are chemical compounds (e.g. lubricating oils and solvents), while the main types of non-hazardous waste are processing waste (e.g. aluminium, copper, iron, packaging cardboard), while in the case of some of the Group's companies the waste water resulting from production activities is disposed of as waste.

WASTE BY COMPOSITION (in t)	2024		
	Waste generated	Waste diverted from disposal	Waste directed to disposal
Non-hazardous waste (total)	**8,538**	**7,667**	**871**
Aluminium waste	1,969	1,969	0
Copper waste	458	458	0
Steel waste	762	762	0
Iron waste	1,441	1,438	4
Paper and cardboard	900	900	0
Plastic	152	152	0
Other*	2,855	1,988	867
Hazardous waste (total)	**670**	**232**	**438**
Oil-contaminated waste	253	77	177
Chemical	234	98	136
Radioactive	0	0	0
Other*	183	57	125
Total (hazardous and non-hazardous waste)	**9,208**	**7,899**	**1,309**

*The "Other" category of hazardous and non-hazardous waste refers primarily to waste disposed of through chemical/physical treatment and biological treatment.

WASTE COMPOSITION BY DESTINATION (in t)	2024		
	Non-hazardous	Hazardous waste	Total
Recovery operations (total)	**7,667**	**232**	**7,899**
Recycling	5,270	122	5,392
Other recovery operations	2,396	110	2,505
Preparation for reuse	1	0	1
Disposal operations (total)	**871**	**438**	**1,309**
Incineration	104	1	104
Landfill	182	17	199
Other disposal operations	585	421	1,006
Total (recovery and disposal operations)	**8,538**	**670**	**9,208**

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RECYCLABILITY	2024
Total non-recycled waste (ton)	1,309
Total non-recycled waste (%)	14%

2.3 SOCIAL INFORMATION

2.3.1 OWN WORKFORCE (S1)

This section reports on the impacts, risks and opportunities relating to the LU-VE Group's workforce, with reference to:

i) working conditions, with regard to secure employment, working hours, work-life balance, adequate wages, health and safety, social dialogue, freedom of association, the presence of works councils and information, consultation and participation rights, and collective bargaining;
ii) equal treatment and opportunities for all, with regard to gender equality and equal pay for work of equal value, training and skills development, measures against violence and harassment in the workplace, and diversity;
iii) other labour-related rights, with regard to child labour and forced labour.

S1-1 POLICIES RELATED TO OWN WORKFORCE

The LU-VE Group promotes corporate governance aimed at guaranteeing gender equality, equal pay, avoiding discrimination and valuing diversity and inclusion, applying a corporate management policy that guarantees the application of collective bargaining and minimum wages, where applicable, supporting freedom of association and workers' participation rights.

In particular, the Group operates by avoiding any form of discrimination, including that based on trade union membership or association activities, promoting an open dialogue between management and workers' representatives for the development of an inclusive corporate culture that values the active participation of workers and respect of their rights.

The LU-VE Group formalises its own workforce commitments in the "LU-VE Group Human Resources Policy" (hereinafter "HR Policy") and in its Code of Ethics, both valid at Group level.

Principles and actions related to the following material sustainability matters are formalised in the HR Policy and Code of Ethics:

i) working conditions: the importance of preserving the health and safety of workers, of complying with the local regulations in force in the countries where the Group is based, of stimulating constructive dialogue with workers' trade unions, business and trade associations,

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and of ensuring proper management of remuneration and compensation is made explicit. The impacts, risks and opportunities related to the following targets refer to the protection of workers' health and safety, the promotion of occupational well-being, the support of social dialogue within the company, freedom of association, workers' participation and collective bargaining rights, and the respect of adequate wages;

ii) equal treatment and opportunities for all: the importance of promoting adequate training of employees, valuing individual skills and abilities, offering equal opportunities to all without any discrimination based on political, gender, trade union, religious, racial, linguistic or sexual orientation, and ensuring an inclusive work environment is made explicit. The impacts, risks and opportunities related to the following targets refer to skills development through training activities, talent attraction, discrimination against employees, measures against violence and harassment in the workplace and diversity and inclusion;

iii) other work-related rights: the importance of promoting respect for human rights and preventing all forms of violation with reference to the related impact of violation of workers' human rights is made explicit.

The HR Policy applies to all employees of the LU-VE Group, while the Code of Ethics applies to all those who work for the achievement of the legitimate targets of the Company and the Group, both as corporate officers (directors, members of corporate bodies, etc.) and as external collaborators, such as partners, agents, distributors, and suppliers. The interests of these target groups were taken into account at the policy-making stage.

Responsibility for implementing the HR Policy rests with the People and Organisation Department, under the leadership of the Chief People & Organisation Officer. Conversely, the Code of Ethics is implemented through formal adoption by the administrative body of each Group company.

The HR Policy and Code of Ethics require compliance with and adaptation to the relevant local and international labour laws.

The Group has not adopted formal processes and mechanisms to verify compliance with the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises.

The Group's human rights commitments are inspired by the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines, which provide, among others, for (a) the principles of freedom of association and effective recognition of the right to collective bargaining; (b) the elimination of all forms of forced or compulsory labour; (c) the effective abolition of child labour; (d) the elimination of discrimination in respect of employment and occupation; and (e) a safe and healthy working environment.

The HR Policy and the Code of Ethics do not explicitly mention the topics of human trafficking, forced or compulsory labour and child labour; in any case, the commitment in place is formalised in the policies through explicit compliance with the labour laws and regulations in force in each country in which the Group operates, which require full compliance with these issues.

Accident prevention is regulated within the HR Policy and the Code of Ethics. The HR Policy explicitly calls for protection of the health and safety of employees through the adoption of protection and

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prevention measures, the application of company procedures and the promotion of information and training activities. The Code of Ethics calls for spreading a safety culture by developing risk awareness and promoting responsible behaviour, for protecting, in particular through preventive actions, the health and safety of workers, for fostering the continuous improvement of workers' health and safety performance by defining appropriate measurement methods for their systematic evaluation, and for seeking the best safety standards available and applicable to company activities on the basis of established scientific and technological knowledge.

All Group companies have an internal accident management system. In addition, the plants in Alonte (Vicenza, Italy), Limana (Belluno, Italy), Travacò Siccomario (Pavia, Italy), Sarole (India) and Tianmen (China) have a health and safety management system certified according to the international ISO 45001 standard.

With reference to creating an inclusive work environment, the HR Policy and Code of Ethics mention respect for diversity in terms of race and ethnic origin, gender, sexual orientation, religion and political opinions. There is no explicit reference to diversity in terms of skin colour, gender identity, disability, age, national ancestry and social background.

The Group has not assumed specific commitments in its HR Policy related to inclusion and/or positive action for people from groups at particular risk of vulnerability in its own workforce.

S1-2 – PROCESSES FOR ENGAGING WITH OWN WORKFORCE AND WORKERS' REPRESENTATIVES ABOUT IMPACTS

The LU-VE Group has structured processes for the engagement of employees and their representatives in order to integrate their expectations into the company's development plans and to ensure a positive working environment. Workers' representatives are engaged in countries where local legislation provides for them.

Engagement takes place at different stages, depending on the nature of the process and local regulations, and can be consultative, participatory or informative. The frequency of engagement may be periodic or occasional, depending on the nature of the topics covered.

Engagement activities can take place both at organisational level, through initiatives defined by the Group Management, and at specific site level, through, for instance, trade union meetings held in the individual plant. Information from site engagement activities is centralised taking into account the points raised by the function coordinators. In the LU-VE Group, the responsibility for defining strategies for the engagement of its own workforce and of employee representatives rests with the People & Organisation Department, headed at Group level by the Chief People & Organisation Officer. The operational responsibility for implementing and supporting these strategies and actions rests with the Human Resources Managers of the clusters and individual companies, as well as to human resources allocated for engagement of workers.

At Group level, a people engagement process called “Sustainability Ambassadors' Journey” led by the Sustainability Office, was launched in 2023 and also continued in 2024 - which allowed selected self-

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nominated employees to participate in training, discussion and dialogue activities on various topics, including in relation to human rights. At the end of the first phase, the “Sustainability Ambassadors' Journey” evolved into a “Sustainability Lab”, where employees could develop sustainability proposals. To date, this activity is ongoing. The most senior role within the undertaking that has operational responsibility for ensuring this engagement happens, and that the results inform the LU-VE Group’s approach, is the Chief Strategic and Development Officer. Within the “Sustainability Ambassadors' Journey” programme, particularly in the sessions dedicated to the climate crisis and the energy market and energy transition, it was possible to share with the participants the positive impacts on people that can result from the reduction of carbon emissions and the energy transition.

There is no comprehensive framework agreement or other agreements between the company and workers' representatives in relation to respect for the human rights of its own workforce, but there are collective bargaining agreements as described in detail in section "S1-8 - Collective bargaining coverage and social dialogue".

The effectiveness of the engagement of its own workforce is examined through evaluation meetings and company performance reviews.

To date, the Group has not adopted specific measures to better understand the perspectives of its own workers who may be particularly vulnerable to impacts and/or marginalised, e.g. women, migrants, people with disabilities.

S1-3 – PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR OWN WORKERS TO RAISE CONCERNS

The LU-VE Group has a set of actions and processes in place for the purpose of: i) ensuring the wellbeing of employees in a positive and inclusive work environment, ii) putting in place actions to mitigate the negative impacts deemed material on employees.

The main formal channel through which workers can make their concerns and needs known, and report conduct contrary to the ethical and professional principles defined by the Group, is the whistleblowing channel.

The whistleblowing channel envisages that reports can be made by both Group employees and external parties (consultants, suppliers, customers, other stakeholders), and provides for the protection of those who report misconduct. Although the model adopted by the LU-VE Group is uniform, each European company has adopted specific procedures for the handling of reports according to the applicable local legislation.

Further information on the whistleblowing channel, with reference to the processes through which the Group supports the availability of this channel, the way in which it controls and monitors the issues raised, the process for remedying the issues and the way in which it assesses employees' awareness of the availability of this channel are detailed in the chapter “Business Conduct”.

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S1-4 – TAKING ACTION ON MATERIAL IMPACTS AND APPROACHES TO MITIGATING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO OWN WORKFORCE, AND EFFECTIVENESS OF THOSE ACTIONS AND APPROACHES

With reference to the main impacts, risks and opportunities, the main actions taken by the Group to: i) address material negative and positive impacts, ii) manage material risks in relation to its own workforce, as well as the effectiveness of these actions, are outlined below. At resource level, the Group adopts dedicated governance and allocates defined resources to manage these impacts. Specifically, the LU-VE Group pursued diverse actions in various areas during 2024:

i) to protect the human rights of employees, the LU-VE Group has a) implemented monitoring of compliance with national and international reference regulations through the local HR structure; b) defined specific policies and procedures for the reporting and management of human rights violations, guaranteeing the confidentiality and protection of whistleblowers. For future years, the following actions are envisaged: c) drafting of a formal declaration, also to be included in the updating of the Code of Ethics, which makes explicit the company's commitment to respect human rights, based on international standards such as the Universal Declaration of Human Rights and the UN guidelines; d) updating risk assessment analyses to identify potential areas of vulnerability in addition to those identified to date and develop action plans to mitigate these additional risks;

ii) with regard to freedom of association and workers' participation rights, the Group has: a) pursued a company management policy in application of collective bargaining agreements, where present, and supported freedom of association and workers' participation rights; b) promoted non-discrimination policies, which prohibit discrimination based on union membership or association activity; c) promoted open dialogue between management and workers' representatives; and d) fostered a corporate culture that values active worker participation and respect for rights. For future years, the following actions are envisaged: e) renewal and/or extension of second-level bargaining and more favourable conditions compared to national legislation; f) guarantee of employee participation rights in every Group plant;

iii) for the development of a safe, healthy and productive working environment, reducing the risk of accidents, the Group has: a) implemented preventive and training measures, with periodic monitoring through monthly KPIs; b) implemented continuous training plans for employees on safety practices, proper use of equipment and emergency procedures, and organised workshops and seminars to raise awareness among collaborators; c) implemented workstation monitoring actions. Actions to increase employee participation in training and safety programmes are planned for 2025;

iv) for the promotion and protection of occupational well-being, the Group has worked to ensure working hours in line with or better than regulations, as well as to mitigate the risk arising from possible inadequate wages and to address the impacts of inadequate work-life balance. These aims were pursued through: a) the implementation of employment contracts in a mainly stable form where not linked to seasonality, b) the definition of flexible working hours to adapt to employees' personal needs and the monitoring and management of overtime; c) conducting market research to ensure the competitiveness of salaries and their adequacy to the cost of living and implementing annual salary reviews to align salaries with performance and inflation; d) introducing experimental working time forms (e.g. “time for you”) to improve entry and exit flexibility and ensure a better work-life balance. In 2025, it is planned to continue pursuing the targets and initiatives already implemented in the reporting year, while also improving work-life balance through vertical part-time and post maternity/paternity leave part-time;

v) with regard to training and skills development, also with the aim of attracting and retaining talent, ensuring adequate skills for all workers and complying with laws on training obligations, the Group has built a corporate “Learning Model”, and more specifically it has (a) defined Corporate Training Programmes at Group level (Leadership, Common Technical and Professional Programme for functions, common e-learning platform, common language learning solution), (b) identified Group Learning Programme priorities, (c) collected and supported programmes at individual company level. In 2025, actions are planned to develop a Group Corporate Academy internally, with the aim of enhancing the skills and knowledge of its employees.

No significant operational expenditure (OPEX) and capital expenditure (CAPEX) are envisaged under current and future action plans.

S1-5 – TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

With reference to the impacts related to training and skills development, as well as health and safety related to the Group's own workforce, the Group has defined two main targets, respectively:

i) increase of the percentage of employees involved in the Performance Management (formerly “Skill Assessment”), to enhance the positive impact of performance appraisal, training and development of people in the organisation;
ii) reduction of accident rates, to reduce negative impacts related to health and safety in the workplace.

Specifically, the Group has defined the following targets for employee engagement in the Performance Management process (formerly “Skill Assessment”) considering the 2022 baseline, as follows:

i) at least 75% of employees engaged (out of the total number of eligible employees) by 2024;
ii) at least 80% of employees engaged (out of the total number of eligible employees) by 2025.

Eligible employees are defined as all those deemed eligible for a performance and competence evaluation for the financial year 2024. In this respect, all Group employees were considered eligible, with the exception of certain companies for which there are currently no suitable instruments to put in place an accurate assessment process.

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Eligible employees represent 84% of total employees in 2024.

With regard to the 2024 performance, 87% of eligible employees were engaged, thus reaching the above-mentioned target.

As far as accidents are concerned, the LU-VE Group also updates its targets annually on the basis of the results of previous years. In 2023, it defined the following targets, including both employees and collaborators, with reference to the financial year 2024:

i) accident frequency index lower than 4.14;
ii) accident severity index less than 0.15.

Both accident targets were met in the financial year 2024, with an accident frequency index of 3.65 and an accident severity index of 0.12.

For more on metrics and quantitative data, please refer to sections "S1-13 - Training and skills development metrics" and "S1-14 - Health and safety metrics".

For all other sub-sub-topics assessed as material as a result of the double materiality assessment, no specific quantitative targets have been defined to date.

The current specific measurable targets are part of the LU-VE Group's 2023-2025 Sustainability Plan, prepared by the Corporate Sustainability Steering Committee, reviewed by the Control and Risk Committee, and approved by the Board of Directors in February 2023. Achievement of the targets is monitored periodically on occasion of the company's Sustainability Steering Committees and on occasion of Internal Board Committee meetings, such as those of the Control and Risk Committee and Remuneration and Appointments Committee. The accident target is also monitored on occasion of the specific performance monitoring meetings of the production companies and their clusters.

These targets were not defined on the basis of direct engagement of the workforce.

S1-6 – CHARACTERISTICS OF THE UNDERTAKING'S EMPLOYEES

As at 31 December 2024, LU-VE Group had a workforce of 3,915 people, 3,086 of which were employees.

Of the employee population, around 31% were women. The gender difference is mainly due to the peculiarity of the metalworking industry which, especially in the past, mainly attracted men.

NUMBER OF EMPLOYEES (in number of persons)	2024
Men	2,143
Women	943
Other	-
Not communicated	-
Total employees	3,086

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The table below shows the employees and the breakdown by country.

NUMBER OF EMPLOYEES (in number of persons)	2024
Italy	1,135
Poland	686
Czech Republic	277
Sweden	64
Finland	108
India	210
China	58
Russia	406
United States of America	84
Other countries	58
Total	3,086

"Other countries" include the employees of the various sales offices, located in Austria, Germany, France, Spain, the Netherlands, the United Arab Emirates, South Korea and the United Kingdom. The table shows employees by contract type and type of employment and their breakdown by gender.

NUMBER OF EMPLOYEES (in number of persons)	2024				
	Women	Men	Other	Not communicated	Total
Total number of employees	**943**	**2,143**	-	-	**3,086**
Permanent contract	815	1,924	-	-	2,739
Fixed-term contract	128	219	-	-	347
Variable hours	-	-	-	-	-
Full-time	880	2,122	-	-	3,002
Part-time	63	21	-	-	84

In 2024, the number of employees leaving the Group was 433, with a leaving turnover rate of 14%.

For the quantification of the above tables, the method of calculating the precise Group's employees headcount as at 31 December 2024 was used.

Please refer to Note 4.5 of the Consolidated Financial Statements.

S1-7- CHARACTERISTICS OF NON-EMPLOYEE WORKERS IN THE UNDERTAKING'S OWN WORKFORCE

As at 31 December 2024, the LU-VE Group had 3,915 people, of whom 829 were non-employee workers.

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Non-employee workers include:

i) Directors, i.e. people who make strategic decisions for the organisation;
ii) Temporary workers, i.e. workers hired on a fixed-term or permanent basis through employment agencies;
iii) Apprentices, i.e. workers who are acquiring specific skills for a profession through a period of practical on-the-job training;
iv) Consultants, i.e. workers with defined and shared corporate roles.

Non-employee jobs are shown in the table below. Data as at 31 December 2024.

NON-EMPLOYEE WORKERS (COLLABORATORS) (in number of persons)	2024
Directors	6
Temporary workers	811
Apprentices	1
Consultants	11
Total non-employee workers	829

S1-8- COLLECTIVE BARGAINING COVERAGE AND SOCIAL DIALOGUE

The adoption of collective bargaining and representation in social dialogue may vary from country to country within the LU-VE Group, depending on local legislation.

The percentage of employees covered by collective bargaining agreements out of the total number of employees is 45%.

The table below provides detailed information for both collective bargaining coverage and social dialogue for countries with more than 50 employees.

Coverage rate	Collective bargaining coverage		Social Dialogue
	►C2 Employees - EEA (for countries with > 50 employees representing > 10 % of total employees) ◄	►C2 Employees - Non-EEA (estimate for regions with > 50 employees representing > 10 % of total employees) ◄	►C2 Workplace representation (EEA only) (for countries with > 50 employees representing > 10 % of total employees) ◄
0-19%	Poland Czech Republic	India Russia United States of America	Czech Republic
20-39%			
40-59%			
60-79%			
80-100%	Finland Italy Sweden	China	Finland Italy Poland Sweden

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With reference to the table, the acronym EEA stands for European Economic Area.

For both employees and non-employee workers not covered by collective bargaining agreements, the LU-VE Group determines working conditions on the basis of local legislation.

There are no agreements with its employees for representation by a European Works Council (EWC), a Societas Europaea (SE) Works Council, or a Societas Cooperativa Europaea (SCE) Works Council.

S1-9- DIVERSITY METRICS

The tables below provide detailed information on employees by professional category, broken down by gender and age group.

It should be noted that “Executives” - according to the Group's internal classification - refers to the first lines who have responsibilities at Group or Cluster level and who report directly to the Group General Manager, as defined by the Group in the classification of employees by professional category within the information systems.

NUMBER OF EMPLOYEES BY PROFESSIONAL CATEGORY AND GENDER (in number of persons)	2024	
	Number	Percentage
Executives	**32**	
Men	30	94%
Women	2	6%
Middle managers and white-collar workers	**1,009**	
Men	684	68%
Women	325	32%
Blue collar workers	**2,045**	
Men	1,429	70%
Women	616	30%

NUMBER OF EMPLOYEES BY PROFESSIONAL CATEGORY AND AGE GROUP (in number of persons)	2024	
	Number	Percentage
Executives	**32**	
Under 30 years of age	0	0%
Between 30 and 50	9	28%
Over 50 years of age	23	72%
Middle managers and white-collar workers	**1,009**	
Under 30 years of age	134	13%
Between 30 and 50	657	65%
Over 50 years of age	218	22%
Blue collar workers	**2,045**	
Under 30 years of age	344	17%

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NUMBER OF EMPLOYEES BY PROFESSIONAL CATEGORY AND AGE GROUP (in number of persons)	2024 Number	Percentage
Between 30 and 50	1,174	57%
Over 50 years of age	527	26%
Total	3,086	
Under 30 years of age	478	15%
Between 30 and 50	1,840	60%
Over 50 years of age	768	25%

S1-10- ADEQUATE WAGES

The LU-VE Group guarantees an adequate wage in the various countries, in line with the benchmarks in force in the countries where the Group operates.

Adequate wages means compliance with the parameters shared in collective bargaining agreements, reported in section "S1-8 - Collective bargaining coverage and social dialogue", and with the parameters defined by current regulations and market standards in the countries where the Group operates.

S1-11- SOCIAL PROTECTION

Employees of the Group companies located in Italy, Poland, the Czech Republic, Sweden, Finland, Austria, Germany, France, Spain, the Netherlands and the United Kingdom are covered by social protection and social security mechanisms, through public programmes or benefits offered by the undertaking, against loss of income due to one of the major life events listed, such as illness, unemployment (from the time the employee actually works for the undertaking), industrial accident and acquired disability, parental leave and retirement.

With reference to Russia, South Korea and the United States of America, a Social Security or Unemployment Benefit (Weekly Benefit Amount - WBA) is recognised, whose disbursement and timing terms vary from country to country.

In the remaining countries where the Group operates, India and the United Arab Emirates, there are no benefits in the event of job loss. However, in India, a disability pension is granted if the disability occurs as a result of work-related causes.

S1-13 – TRAINING AND SKILLS DEVELOPMENT METRICS

Training and professional development plans are overseen by the governance of the People and Organisation Department, under the leadership of the Chief People & Organisation Officer, to whom the dedicated Talent Acquisition & Development team reports.

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The Group "Talent Acquisition & Development Manager" coordination figure is responsible for integrating people development strategies globally, ensuring that training plans are aligned with training needs. In addition, it designs and implements targeted professional development programmes, promoting growth paths for employees, both in terms of technical and leadership skills, to support their potential and foster skill development.

During 2024, the following activities were carried out:

i. definition of corporate training programmes at Group level (leadership, common technical and professional programme for functions, common e-learning platform);
ii. definition of the Group learning programme priorities;
iii. collection and support of training programmes at local company level.

During 2024, the "Sustainability Ambassadors' Journey" programme continued, an initiative launched globally in 2023 to increase sustainability culture in the LU-VE Group and accelerate sustainable change in the company. From the various spontaneous applications received, a total of 80 employees were selected from the various Group companies and from different functions and company departments. Training, discussion and dialogue covered five main areas: climate crisis, energy market, human rights, circular economy, and sustainability communication.

At the end of the first phase, the "Sustainability Ambassadors' Journey" continued with two main modules: i) through the Climate Fresk Path, employees can participate in intensive training to become Climate Fresk certified facilitators, with the aim to help their colleagues in workshops on climate change and the resulting social impacts; ii) by participating in the Sustainability Lab, employees joined working groups to generate ideas and proposals for sustainability projects to be developed in the company. Activities are ongoing.

The tables below provide details of the average training hours per capita broken down by gender and professional employee category.

AVERAGE HOURS OF TRAINING PER CAPITA BY GENDER OF EMPLOYEES	2024
Total	**8.40**
Men	9.02
Women	7.09

AVERAGE HOURS OF TRAINING PER CAPITA BY PROFESSIONAL CATEGORY OF EMPLOYEES	2024
Total	**8.40**
Executives	14.94
Middle managers and white-collar workers	15.49
Blue collar workers	5.19

With regard to periodic reviews and career development, in 2024 the LU-VE Group implemented a significant development in "Skill Assessment" system, already started by the Group in 2021. The new

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"Performance Management" system is a strategic process aimed at fostering people's satisfaction and development in the company. The "Performance Management" system is developed through performance appraisal and target setting, through a global system shared by people.

With regard to performance in 2024, the "Performance Management" process was completed by 87% of all eligible persons, with a similar distribution between men and women.

The target set in the Sustainability Plan for 2024, equal to 75% as described in section "S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities" was achieved.

S1-14 – HEALTH AND SAFETY METRICS

The health and safety management systems are guided by the HSE offices and by the Operations Department at local level. It should also be noted that the plants in Alonte (Vicenza, Italy), Limana (Belluno, Italy), Travacò Siccomario (Pavia, Italy), Sarole (India) and Tianmen (China) - which correspond to 19% of the Group's total company population - have a health and safety management system certified according to the ISO 45001 international standard.

With respect to accidents, during 2024 the following was observed for LU-VE Group:

i) there were no fatalities at work;
ii) there were no charges concerning occupational diseases from employees or former employees.

The tables below provide information on accident indices and data for the employed workforce and non-employee workers.

EMPLOYEE ACCIDENT INDICES AND DATA	2024
Total number of work-related injuries	20
Commuting accidents	-
Total number of high-consequence work-related injuries	-
Days lost due to accidents at work	616
Rate of work-related injuries	3.82
Rate of high-consequence work-related injuries	-
Severity rate	117.81
Hours worked	5,228,938
The number of fatalities as a result of work-related injuries and diseases	-
Number of cases of recordable work-related diseases, subject to legal restrictions on the collection of data	-

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NON-EMPLOYEE ACCIDENT INDICES AND DATA	2024
Total number of work-related injuries	7
Commuting accidents	-
Total number of high-consequence work-related injuries	-
Rate of work-related injuries	3.09
Rate of high-consequence work-related injuries	-
Severity rate	126.12
Hours worked	2,267,699
The number of fatalities as a result of work-related injuries and diseases	-

Appropriate methodological indications are given below:

i) "commuting accident" means an accident that takes place during the commute between the workplace and a private life place (e.g. place of residence, place where meals are usually eaten), only when the transport has been organised by LU-VE Group.

ii) "a serious work-related accident" means an accident at work that results in a fatality or in an injury from which the worker cannot, does not, or is not realistically expected to recover fully to their pre-injury health status within six months.

iii) the "rate of work-related accidents" is calculated as the number of work-related injuries/hours worked x 1,000,000.

iv) the "rate of high-consequence work-related accidents" is calculated as the number of high-consequence work-related accidents/hours worked x 1,000,000.

v) the "severity rate" is calculated as the number of days lost due to a work-related injury/hours worked x 1,000,000.

S1-15- WORK-LIFE BALANCE METRICS

The Group complies with current regulations on employee family-related leaves, aimed at promoting a work-life balance, communicating the amount of leave to which they are entitled and how they can take it. Family-related leave is a recognised period of absence from work to care for family members in certain circumstances.

All of LU-VE Group employees are entitled to family leave.

During 2024, overall 25% of all employees took family leave. Specifically, the percentage of male employees who took leave was 20% of all men, while the percentage of female employees who tool leave was 36% of all women.

The right to family-related leave is promoted by company policies and contractual agreements with employees.

S1-16 – REMUNERATION METRICS (PAY GAP AND TOTAL REMUNERATION)

The tables below provide information on the pay gap for basic salary and total remuneration by gender and professional category.

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When the ratio index equals 100, then there is parity between men and women in the basic salary and total remuneration. It should be noted that the table includes very different professional categories and positions which, along with the different number of men and women, makes the data difficult to compare.

RATIO BETWEEN BASIC WAGE OF WOMEN AND MEN	2024		
	Executives	Middle managers and	Blue collar
Italy	95.4	80.0	94.0
EU countries	-	68.4	78.5
Non-EU countries	-	85.7	119.2

RATIO BETWEEN TOTAL REMUNERATION OF WOMEN AND MEN	2024		
	Executives	Middle managers and	Blue collar
Italy	92.4	78.1	92.3
EU countries	-	66.7	79.7
Non-EU countries	-	84.5	110.5

With regard to wages and remuneration, the following data are taken into account:

i) “Basic wage”: Gross annual salary + any potential monthly payments included in the contract;
ii) "Total remuneration": Basic wage + any other actual remuneration (MBO, spot bonus, overtime, benefits, allowances).

The Group has also identified the ratio between the remuneration of the highest earner and the median remuneration among employees, taking into account the people employed by Group companies as at 31 December 2024.

For 2024, the ratio of the annual total remuneration of the highest paid person (CEO) to the median annual total remuneration of all employees of the LU-VE Group (excluding the highest paid person) was 40.57. With reference to this computation, the total remuneration of the highest paid individual (CEO) does not take into account the dividend-related share.

In addition, in the “Annual Report on Remuneration Policy and Remuneration Paid”, the LU-VE Group reports on the relationship between the remuneration of Executive Directors and the average gross annual remuneration of the Group's employees in Italy. Employees' remuneration takes into account the basic salary and any other actual remuneration (MBO, spot bonus, overtime, benefits, allowances).

S1-17 –INCIDENTS, COMPLAINTS AND SEVERE HUMAN RIGHTS IMPACTS

With reference to 2024, there were no recorded incidents of discrimination, including harassment; consequently, no fines, sanctions and/or compensation for damages were registered. With reference to the Group's whistleblowing channels, during 2024 an anonymous report was received by the whistleblowing system set up by LU-VE S.p.A.: however, it had no relevance to the business activities

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of LU-VE S.p.A. and was archived for lack of details and elements useful to promote the necessary in-depth investigations.

Furthermore, no human rights cases (e.g. forced labour, human trafficking or child labour) were recorded; consequently, no fines, sanctions and/or compensation for damages were registered.

2.3.2 WORKERS IN THE VALUE CHAIN (S2)

This section reports on aspects related to workers in the LU-VE Group's supply chain. After analysing the impacts of the LU-VE Group's activity along the entire value chain, the following material impacts were identified for employees along the upstream value chain:

i) working conditions, in the various aspects of health and safety, adequate wages, social dialogue, freedom of association and collective bargaining, suppliers, safe employment; working hours and work-life balance
ii) equal treatment and opportunities for all, i.e. gender equality and equal pay for work of equal value; measures against violence and harassment in the workplace, diversity
iii) child labour and forced labour.

The Group's main suppliers include companies that process copper, aluminium, steel and iron, and manufacturers of motor fans. The entire upstream value chain of the Group's suppliers is particularly extensive and located in various places across the world. For example, the main global copper mines are located in Central and South America, as well as in Africa and South-East Asia, with potential risk of human rights violations.

It should be noted, however, that the LU-VE Group does not source directly from suppliers active in metal mining.

As far as copper is concerned, the Group deals with the main suppliers of copper tubes globally, while for other suppliers the Group has implemented a policy of geographic diversification. Overall, as these are manufacturing operations, the activities in the Group's upstream value chain are characterised by potential occupational health and safety impacts, particularly in relation to accidents. Due to the geographical diversity of the LU-VE Group's suppliers - defined to minimise supply risks - there are potential impacts connected with the absence of favourable working conditions for the suppliers' workers.

Mining has been identified as an activity potentially at risk of human rights violations, also due to the presence of mines in geographic areas with human rights concerns, such as South America, Africa and South East Asia, as revealed by some scenario analyses in the context of the double materiality assessments.

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S2-1 – POLICIES RELATED TO VALUE CHAIN WORKERS

The Code of Ethics and the General Purchasing Conditions formalise the behavioural principles that guide the Group's activities and the ethical principles and rules of conduct, also relevant in the context of relations with all workers along the value chain, with reference also to suppliers and business partners. Below are the principles relating to sustainability matters relevant to the supply chain as a whole:

i) working conditions: the active promotion of a dignified, safe and inclusive workplace, based on respect for workers' rights is an essential element of the General Purchase Conditions, and the Code of Ethics also refers to the principles of protection of health and safety, physical and moral integrity and, more generally, workers' rights. It should also be noted that the Group does not establish any employment relationship or any form of collaboration with individuals without a regular residence permit, nor does it make use of companies that use illegal labour or are in violation of generally applied labour standards or international standards;
ii) equal treatment and opportunities for all: the Code of Ethics expresses the importance of respect for workers and the commitment to enhance their professional skills;
iii) child labour and forced labour: the General Terms and Conditions of Purchase recall the importance of the supplier in complying with applicable child labour legislation.

Transversally relevant to the above-mentioned material sustainability matters, the General Terms and Conditions of Purchase also require the supplier inspire its conduct to the main international reference standards on social responsibility, such as the Universal Declaration of Human Rights, the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy of the International Labour Organization (ILO), the United Nations Guiding Principles and the OECD Guidelines for Multinational Enterprises.

Group policies in relation to workers in the supply chain do not explicitly address human trafficking and forced or compulsory labour. The General Terms and Conditions of Purchase regulate business relations with suppliers from a legal and insurance perspective and also supplement other guidelines by serving as a code of conduct.

In order to identify, assess, manage and/or remediate the material impacts on its suppliers’ workers, although not having directly engaged with the workers in its value chain, in 2024 the LU-VE Group implemented monitoring and verification procedures on its suppliers through the following set of tools: i) the General Conditions of Purchase; ii) the Supplier Form; iii) specific audits at suppliers' premises, also with the engagement of suppliers' workers.

The General Terms and Conditions of Purchase contain a set of principles requiring the supplier to respect workers' rights; to ensure a decent, safe and inclusive working environment for all its employees; to inspire its conduct to the main international standards on social responsibility; to comply with applicable legislation on child labour and with respect to the working conditions under which its employees operate. Suppliers are asked to sign the General Terms and Conditions of Purchase at the time of supply activation or as soon as possible.

The General Terms and Conditions of Purchase are used in the management of suppliers of Group companies in Italy, Poland, the Czech Republic and India; over time, the General Terms and

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Conditions of Purchase are also expected to be extended to companies with smaller production facilities, such as China, the United States and Northern Europe.

The “Supplier Form” is a self-declaration by the supplier stating that, in all locations and activities, national and international, the relevant environmental health and safety regulations are complied with, that child and forced labour, physical and mental punishment and verbal abuse are prohibited, that there is a full right to freedom of association, that a system for the prevention of discrimination is in place, that there is compliance with regulations on working hours and pay and environmental matters. In the Supplier Form, the supplier declares its compliance with existing international human rights, including all fundamental conventions of the International Labour Organization (ILO), the General Declaration on Human Rights and the UN Convention on the Rights of the Child. The Supplier Form is required prior to the activation of the supply.

During the year, 70% of the LU-VE Group's relevant suppliers completed the Supplier Form, reaching the target set in the sustainability plan. Relevant suppliers are defined annually on the basis of Pareto analysis - which takes into account turnover thresholds and representativeness of product classes that have led to an increase in the number of suppliers compared to the previous year - and of critical supply issues analysis.

For more information on policies and general approach to worker engagement in the value chain and on measures to provide and/or enable remedy for human rights impacts, please refer to sections "S2-2" and "S2-4".

Considering the information received directly from suppliers through instruments put in place to ensure compliance with policies on workers in the value chain, no cases of non-compliance with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines were reported. The percentage of signing of the Supplier Form and General Terms and Conditions of Purchase is monitored by the Group; no other specific activities are conducted to assess non-compliance with the above-mentioned guiding principles.

The Group is committed to respecting human rights and preventing negative impacts in its operations by promoting responsible mining supply chains in line with OECD guidelines. This includes monitoring risks related to minerals such as tantalum, tin, tungsten, gold, cobalt and mica, and engaging suppliers in an ongoing due diligence process to mitigate risks. The management system adopted by the Group's European companies will gradually be extended globally, with the aim of continuously improving the sustainability of supply chains.

S2-2 – PROCESSES FOR ENGAGING WITH VALUE CHAIN WORKERS ABOUT IMPACTS

In 2024, a specific survey was designed to gather the views of a set of selected suppliers’ representative of the Group's supply chain on the actual and potential impacts of the LU-VE Group's activities. These questionnaires were sent to the contact person at the selected supplier. Collected at the beginning of 2025, the results confirmed the impacts reported in this Consolidated Sustainability Statement. The results collected between the end of 2024 and the beginning of 2025

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will be evaluated by the relevant departments and the Corporate Sustainability Steering Committee in order to assess future actions.

Generally, in the LU-VE Group, the responsibility for involvement and dialogue with suppliers rests with:

i) the Procurement Department, headed by the Chief Group Procurement Officer who is in charge of sourcing. In the Procurement Department, there are also Global Commodity Managers who operate globally in procurement activities and Cluster Procurement Managers who oversee sourcing activities at Cluster level;
ii) the Quality & Assurance Department, headed by the Chief Group Quality Director, responsible for overseeing and monitoring the supplier's quality and regulatory performance.

A coordination figure within the Group' "Purchasing process development and compliance specialist", in place since 2021, is also present responsible for integrating and monitoring social responsibility aspects (CSR) within Group processes and procedures, collaborating on sustainability projects, monitoring the Purchasing Department's KPIs and following compliance issues. There are no global framework agreements or agreements between the company and global trade unions in relation to the respect for the human rights of suppliers' workers.

Every six months or depending on the developments in the external context, mainly in Europe, the contact persons in the Procurement, Quality & Assurance, Operations and Supply Chain departments in certain facilities meet to review the performance of key suppliers over the previous six months, examine any points for attention in the supply and consequently define any appropriate improvement plans and update the audit plan to be carried out on the Group's new or long-standing suppliers.

During these on-site audits, the suppliers' management systems and performance are assessed in terms of quality, and macro guidelines related to the environment and the health and safety of workers are assessed, depending on the skills of the audit team and the relative organisational and production characteristics of the supplier.

In 2024, 11 supplier audits were conducted, reaching the target set in the sustainability plan. For more details on the actions taken with regard to these audits, please refer to section S2-4 "Processes to remediate negative impacts and channels for value chain workers to raise concerns".

To date the LU-VE Group has not defined any specific measures to gain insight into the perspectives of workers that may be particularly vulnerable to impacts and/or marginalised such as, for example, women workers, migrant workers, and workers with disabilities. No specific initiatives in this regard are expected in the coming years.

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S2-3 – PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR VALUE CHAIN WORKERS TO RAISE CONCERNS

In its relations with suppliers, the LU-VE Group has provided for measures to be taken in the event of anomalies or non-compliance with the required principles. Specifically,

i) with reference to the General Terms and Conditions of Purchase, in the event of non-compliance or failure on the suppliers' part to take appropriate corrective measures, the affected Group company may terminate the business relationship, even before the contractual deadline;
ii) with reference to the Supplier Form, in case of non-compliance with these principles, the supplier is required to take all necessary corrective measures in order to improve the situation and meet the requirements within a reasonable period of time. Corrective measures are defined on the basis of the supplier's specific circumstances and monitored internally by the Procurement function.

Furthermore, the LU-VE Group has also directly made its whistleblowing channel available to workers in its supply chain, so that they can communicate their concerns or needs to the Group.

The system makes it possible to report, also anonymously, to the person responsible for receiving and managing reports who has been appointed by the individual company, any breaches, including those of an omissive nature, which damage the integrity of the company and which fall within the regulatory scope of reference. The Group does not require explicit access to the channel in the suppliers' workers place of work. The general procedure and internal processes of companies applying whistleblowing procedures can all be consulted, including by suppliers, on the dedicated section of the company website (https://whistleblowing.luvegroup.com/it/). All documents are available at the bottom of the first screen, even without making a report.

In the course of 2024, an anonymous report was received by the whistleblowing system set up by LU-VE S.p.A.: however, it had no relevance to the business activities of LU-VE S.p.A. and it was filed due to lack of details and elements useful to start the necessary in-depth investigations.

The Group has made public on its corporate website the procedures for reporting on the application of regulations, the Code of Ethics and the internal process for evaluating reports, as well as the same reporting channel, in order to make all workers in the value chain aware of these structures. For details on the operation of the whistleblowing system, please see chapter "2.4 Governance information".

S2-4 – TAKING ACTION ON MATERIAL IMPACTS ON VALUE CHAIN WORKERS, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO VALUE CHAIN WORKERS, AND EFFECTIVENESS OF THOSE ACTIONS

Through the aforementioned due diligence mechanism, such as the signing the General Terms and Conditions of Purchase, the signing of the Supplier Form self-declaration, audits undertaken on its suppliers, the Group monitors environmental and social impacts, and takes limited and partial action

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to avoid causing or contributing to material negative impacts on workers in its supply chain. The consequences in relation to relevant anomalies are given above.

As already mentioned in section S2-2, in 2024 the Group conducted 11 supplier audits, which investigated, among other things, aspects related to the safety of its suppliers' workers and existing certifications. Specifically, in order to prevent or mitigate potential negative impacts on suppliers' workers, the Group intends to expand the audit questionnaire in 2025 with new elements relating to the protection of working conditions and human rights. Based on the evidence from the audits already conducted, no actual major impacts were identified.

The department responsible for the overall management of the supplier audit process is the Quality & Assurance department, headed by the Chief Group Quality Director, which develops the annual audit plan. After the audit has been carried out, the LU-VE Group Lead Auditor (who may be accompanied by an audit team composed of various figures from the Procurement, Quality & Assurance and HSE departments, selected according to the audit's investigation areas) issues a set of observations classified according to the severity of the anomalies found and identifies possible corrective actions. In order to monitor the effectiveness of these actions and initiatives in producing the desired results for the workers, the LU-VE Group Lead Auditor is required to verify the adoption by the supplier of the identified corrective actions; subsequent follow-ups are conducted to assess the progress of the corrective actions until completion by the supplier. If necessary, it is possible to consider a new audit on the same supplier.

The task of identifying the necessary and appropriate action in response to a particular actual or potential negative impact revealed during the audit is the responsibility of the LU-VE Group audit team, which summarises their observations and related corrective actions in an audit plan shared with the supplier.

In the event that specific material negative impacts are identified during the audit, the LU-VE Group monitors the supplier's activity so that it can proceed as quickly as possible to remove the causes of any negative impacts.

The results of audits and subsequent follow-ups are collected through company databases accessible to the functions participating in the audits, with the aim of making the results available and assessing the effectiveness of the implementation of corrective actions by suppliers.

In addition, the LU-VE Group carries out due diligence activities in the supply chain of Conflict Minerals.

In 2012, the United States Securities and Exchange Commission (SEC) approved the procurement law for "Conflict Minerals" as defined in the Dodd-Frank Wall Street Reform and Consumer Protection Act, Section 1502 (“*SEC's Conflict Mineral Rule*”), originating from the Democratic Republic of Congo (DRC) and the surrounding areas. In 2017, the European Union adopted Regulation (EU) 2017/821 which establishes obligations regarding supply chain due diligence for EU importers of tin, tantalum and tungsten, gold and their derivatives that originate in conflict or high-risk areas.

In the period covered by this report, the LU-VE Group was not subject to the obligations defined by this regulatory framework, however, voluntarily, the Group chooses to adopt responsible metal

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procurement policy, adopting an approach based on the OECD document "*Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas".* During the reporting period, the Group has applied due diligence to the procurement of tin, tantalum, tungsten, gold and their derivatives ("3TG"), and cobalt and mica. The adopted procedure includes traceability management through the direct and periodic involvement of our suppliers, using the Conflict Minerals Reporting Template (CMRT) for the "3TG" and the Extended Minerals Reporting Template (EMRT) for cobalt and mica, to identify the risks associated with their sourcing in order to mitigate them.. To date, the LU-VE Group is not a member of an industry organisation that supports companies in this issue but has referred to data published by the *Responsible Minerals* Initiative (RMI) for the purpose of evaluating the information obtained from suppliers. In cases of identified risk, e.g., lack of information regarding the adequacy of due diligence implemented by an identified foundry in its supply chain, LU-VE Group has activated the complaint mechanism provided by the OECD Guidelines.

With reference to risks and opportunities related to the supply chain, economic, reputational and legal risks and opportunities arising from non-compliance with the requirements of workers' health and safety, safe employment, working hours, collective bargaining, work-life balance, lack of social dialogue, absence of guarantees, lack of welfare measures and human rights violations for suppliers' workers, child and forced labour, gender equality and diversity, as well as the risk of operational inefficiency and failure to adopt sustainable solutions due to inadequate supplier training were assessed.

None of these risks were assessed as being capable of having a material economic and financial effect on the LU-VE Group. At the same time, no supply chain-related opportunities were identified that could lead to positive economic and financial impacts. In the context of ERM, there is a risk for the Group related to the dependencies of specific suppliers.

The Group does not take structured action to avoid causing, or contributing to causing, material negative impacts on suppliers' workers.

Considering information gathered during audits and through the whistleblowing channels made available by the Group, no reports of serious issues and violations related to human rights in relation to its supply chain were identified.

The management of the aforementioned impacts falls under the traditional management of the Procurement and Quality organisations activities and with the specialist support of other corporate functions (such as Finance and HSE, for example), as mentioned above.

No significant operational expenditure (OPEX) and capital expenditure (CAPEX) are envisaged under current and future action plans.

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S2-5 – TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

With the aim of reducing negative impacts on workers in the value chain, the LU-VE Group has defined the following targets:

i) increase the number of audits on suppliers: 15 audits by the end of 2025;
ii) increase the percentage of relevant suppliers that have signed the Supplier Form: >71% by 2025

These targets were defined and formalised in the 2023-2025 Sustainability Plan approved by the Board of Directors in February 2023. The targets indicated are designed to improve the Group's performance over time.

In setting targets, the Group did not interact directly with the workers in the value chain.

2.3.3 CONSUMERS AND END-USERS (S4)

This section reports on aspects relating to LU-VE Group customers, with reference to

i) access to (quality) information,
ii) responsible marketing practices.

In fact, material impacts of the LU-VE Group when considering the downstream value chain include: i) listening to and satisfying customers in the development of state-of-the-art solutions with certified performance, ii) potential customer dissatisfaction due to product faults or performance not in line with declarations.

S4-1 – POLICIES RELATED TO CONSUMERS AND END-USERS

The Code of Ethics formalises principles with reference to material sustainability matters such as access to (quality) information and responsible marketing practices. The baseline impacts are related to negative customer consequences linked to product quality and labelling and customer listening and satisfaction.

Specifically, the Code of Ethics sets out:

i) the importance of conducting business with integrity;
ii) the requirement to base one's conduct on the principles of honesty, transparency, loyalty, integrity and fairness, in compliance with company policies, as well as with the laws and regulations in force.

The impacts related to the following targets refer to possible negative consequences on customers linked to product quality and labelling and to customer listening and satisfaction.

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The Code of Ethics is implemented through formal adoption by the administrative body of each Group company.

The Environmental Policy adopted by the Group also indicates the importance of sharing and involving customers in the definition and pursuit of the targets set by the company to maximise positive impacts and minimise negative impacts. The highest management level in the LU-VE Group, which promote and is responsible for the implementation of the Environmental Policy, is the Chief Strategic and Development Officer.

The Environmental Policy and the Code of Ethics do not currently refer to any specific regulations or third-party initiatives that the Group is committed to comply with through the implementation of the policy, nor do they refer to the interests of the main stakeholders. The Environmental Policy is published in company systems and is made available to employees, while the Code of Ethics is published on the Group's website.

S4-2 – PROCESSES FOR ENGAGING WITH CONSUMERS AND END-USERS ABOUT IMPACTS

The process for engaging customers in the Group's impacts is implemented along two different lines:

i) as part of the day-to-day relations between customer and sales contact person or between customer and customer service contact person, aspects of customer listening and satisfaction and product quality are directly addressed. The dialogue takes place with the customer's contact person (usually procurement managers or officers), with a variable frequency depending on the customer's requests and contact needs. The two Chief Commercial Officers of the respective Strategic Business Units - Chief Commercial Officer Cooling System and Chief Commercial Officer Components - represent the highest levels in the Group with operational responsibility for ensuring that engagement occurs. The operational responsibility for engagement rests with the cluster Sales Managers and Customer Service Managers. The effectiveness of the engagement can be assessed through customer satisfaction analysis requests;

ii) through periodic surveys: between the end of 2023 and the beginning of 2024, and as part of the “double materiality” assessment, the LU-VE Group developed a process to engage with a selected group of customers, with the aim of gathering expectations and views on key sustainability impacts and sharing sustainability targets and cooperation opportunities. Specifically, contact persons of customers with whom the Group already has business relations were involved. The results contributed to the assessment of the LU-VE Group's impacts as part of the double materiality assessment. Engagement took place by requesting answers to an online follow-up questionnaire. The frequency is periodic and evaluated by the Sustainability Office according to the need for in-depth analysis of certain impacts of the LU-VE Group. The highest level role in the LU-VE Group with the operational responsibility for ensuring that engagement takes place and that the results steer the company’s approach is the Chief Strategic and Development Officer, who is personally responsible for the necessary integration of ESG activities into the LU-VE Group's development strategies.

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S4-3 – PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR CONSUMERS AND END-USERS TO RAISE CONCERNS

The Group adopts a set of processes to facilitate dialogue and remediate potential negative impacts, related to customer listening and satisfaction and to product quality and compliance with technical specifications requested by the customer and reported in the specific labels. This system provides for the presence of sales and customer service contacts, specialised by type of application and geographical area.

The Group Customer Service is a dedicated and direct channel of communication to promptly gather customer needs and concerns and implement any improvement actions quickly and effectively. Each customer is assigned a Customer Service contact person, who is communicated to the customer at the product marketing stage. In the specific handling of grievances, roles and responsibilities have been defined at local level through the figure of the Claim Coordinator, in charge of coordinating and managing the entire process. Significant grievances are assessed and monitored in regular meetings at individual plant/cluster level,with the participation of company management if necessary. On the basis of the complaint analysis, customer commercial contact are involved in order to assess the resolution status of nonconformities and the implementation of specific action plans to remediate such inefficiencies.

The LU-VE Group has established a formalised procedure for the handling of product quality and related customer grievances, which is published in the company's information systems. This procedure establishes the steps to be followed for the internal registration of grievances within the company's systems, the communication and information to the customer and the subsequent handling of the complaint, with the aim of arriving at an effective and satisfactory resolution of the reported issues. The complaint managing phase is followed in the first instance by the Customer Service, which receives the first contact from the customer and collects all the information related to the reported problem, and in the second instance by the Claim Coordinator, who is responsible for filtering and evaluating the requests for assistance received from the Customer Service and verifying the need for further technical information required to investigate the complaint. In addition, the Claim Coordinator is responsible for the handling of the registered claim, from the moment of acceptance to the assignment for resolution. The complaint is considered closed not only when the problem is resolved, but also when all costs have been collected and recorded within the management systems. Once the costs have been recovered and the problem solved, under the supervision of the Claim Coordinator, the claim can be closed. Finally, all costs are included in the monthly reports.

In addition, it should be noted that customers may also send reports through the whistleblowing channel, as described in the chapter “Governance information”.

S4-4 – TAKING ACTION ON MATERIAL IMPACTS ON CONSUMERS AND END-USERS, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO CONSUMERS AND END-USERS, AND EFFECTIVENESS OF THOSE ACTIONS

On the whole, to manage material impacts on consumers, with particular reference to mitigation of the sold product faults to minimise the sold product faults, LU-VE Group pursues a set of actions in various stages:

i) Following the product planning and development phase: the Technical & Innovation Department produces a detailed guide (Installation and Maintenance Manual) that contains the technical specifications and instructions for the correct use of the solution. The document contains information on the possible presence of substances potentially harmful to the environment, on the safety of the product and how to dispose of it, and on environmental impacts, in accordance with applicable regulations.

i) In the marketing phase: all LU-VE Group products are tested before they are placed on the market. The controls are performed through end of line tests designed to guarantee mechanical resistance, airtightness and the correct operation of the products and their components. All the equipment is designed, manufactured and identified in compliance with Directive 2014/68/EU (PED). For the air cooled and glazing product categories, manufactured in Italy, the Group conducts health and safety impact assessments. Specifically, risk assessments are carried out relating to electrical safety, and further safety testing is conducted in accordance with European directives, such as the “Machinery Directive 2006/42/EC”, applicable to all machinery introduced to the European market.

ii) After marketing: Customers have constant access to the Sales Department Customer Services for any subsequent maintenance requirements or requests for assistance. When product faults are identified, the company agrees on the corrective actions to be taken with the customer and if necessary, activates the insurance taken out for this purpose. Any external non-conformities are monitored during periodic meetings at plant level with the aim of resolving the problem for the customer and in parallel the related cause by involving all the company functions concerned.

In order to achieve material positive impacts on customers, with regard to customer listening and satisfaction in the development of solutions aligned to expectations and with certified performance, the LU-VE Group uses state-of-the-art resources and technologies in its design stage:

i) The Technical & Innovation Department guides the design, with the aim of maximising product performance and quality, as well as respecting and protecting resources and the environment and maximising energy efficiency, in accordance with the European Energy related Products (ERP) Directive.

ii) LU-VE Group's design is conducted through four Research & Development (”R&D”) laboratories in Uboldo (Varese, Italy), Alonte (Vicenza, Italy), Flumignano di Talmassons (Udine, Italy) and Vantaa (Finland). The R&D laboratory in Uboldo is a state-of-the-art technology hub in Europe in terms of size and competence, as it is one of the few in the world capable of conducting performance tests on appliances that use carbon dioxide as a refrigerant fluid. The laboratory has an area dedicated to the thermodynamic design of heat exchangers: the heart of the Group's products. A second section is reserved for experimental

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design, where medium and long-term research is conducted in collaboration with the Polytechnic Institute of Milan and other universities and scientific centres. Lastly, the laboratory has an area specifically dedicated to CFD - Computational Fluid Dynamics, which studies and analyses fluid-dynamic phenomena and heat exchange processes. The Group's R&D laboratories were the first in the sector to use this technology applied to the study of thermo-fluid dynamic processes in heat exchangers. The use of CFD codes applied to finned exchangers has enabled a better understanding of fluid-dynamic phenomena and heat transfer processes. As a result, it has been possible to further increase the already very high exchange characteristics of the different geometries used, continuously renewing the layers of air in contact with the specialised fins and increasing the turbulence generated by the latter. The greater uniformity of the air flow obtained thanks to the design of the air cooler fins allows less humidity to be deposited on the fins and therefore less frost formation, reducing dehumidification. The results of the CFD analysis have been accurately confirmed by experimental tests. For design purposes, the laboratory uses software specially developed by the Group and calibrated using data from the laboratory.

iii) The Refrion Climatic Chamber (R.C.C) at Flumignano di Talmassons is one of the largest proprietary climatic chambers in Europe and the first laboratory dedicated to performance testing of liquid coolers. The R.C.C. is able to measure the performance of even the largest and most powerful air-cooled equipment, and it can be split crosswise to match the size of the unit under test. A specific area is dedicated to prototype testing, supporting the R&D department. Measurements can be taken in the laboratory not only according to EN 1048, but above all under the exact operating and environmental conditions defined by the customer when sizing the unit. By being able to monitor both the temperature and relative humidity of the air inside the chamber, it is also possible to test units not covered by the Eurovent certification programme, such as those equipped with adiabatic saturation systems. The temperatures at the inlet and outlet of the liquid circulating in the equipment, the volumetric flow rate and the relative pressure drop are measured in the R.C.C. Electrical voltages and currents and the power factor are then measured. It is then possible to accurately calculate the heat exchange power, electrical power consumption and energy efficiency index of the unit being tested. Lastly, it is possible to measure the sound power level of the air-cooled equipment by means of an intensimetric probe according to EN 13487 and ISO 9614-1.

Overall, with the aim of ensuring the transparency and correctness of the performance of the products marketed, the LU-VE Group:

i) also for 2024, renewed its membership of the Eurovent certification programme, to which it has belonged for more than 20 years. Eurovent is the European association which certifies the performance of many components for heating, ventilation, air conditioning, process cooling and food cold chain technology. By subjecting products to the tests and checks of a recognised third party such as Eurovent, product performance can be monitored in a concrete, precise and transparent manner, guaranteeing reliable solutions in terms of energy efficiency and conserved product quality for business partners and end-users. The “Eurovent Certified Performance” (ECP) certificate verifies the products compliance with specific standards related to the product performance in terms of power, air flow, energy consumption, sound emissions and construction specifications. The effectiveness of the

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action can be measured by the recording of tests conducted by Eurovent on certified products.

In the area of product quality, the LU-VE Group's commitment to the management of chemicals in marketed products also continues, through proactive management in the traceability of hazardous substances by means of surveys aimed at its suppliers.

In relation to the risks and opportunities related to the topics, there are no material financial effects.

No customer-related human rights problems or incidents were reported through the reports received by Customer Care and through the whistleblowing channel. The Group's resources for the management of material impacts pertain to different company departments, such as Commercial, Technical & Innovation, and Quality Management Departments, as described in the previous paragraphs.

No significant operational expenditure (OPEX) and capital expenditure (CAPEX) are envisaged under current and future action plans.

S4-5 – TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

The Group intends to continue renewing its membership of the Eurovent Certification programme for future years. In order to increase customer listening and satisfaction, the Group plans to carry out a customer satisfaction survey in the Components sector during 2025. Overall, the LU-VE Group has not defined specific measurable targets.

2.4 GOVERNANCE INFORMATION

2.4.1 BUSINESS CONDUCT (G1)

This chapter reports on aspects of corporate culture, supplier relationship management, including payment practices, and corruption and bribery.

For a description of the process for identifying and assessing impacts, risks and opportunities related to the topic in question, please see section "2.1 - General Disclosures".

G1-1 – CORPORATE CULTURE AND BUSINESS CONDUCT POLICIES

The Board of Directors approved the LU-VE Group's code of ethics and instructed the CEO to disseminate it to all subsidiaries. The same Board of Directors is also the body that approved the company's adoption of the Organisation, Management and Control Model (pursuant to Italian Legislative Decree 231/2001) to prevent and combat the risk of committing the offences envisaged in the same Decree, therefore including offences against the individual, environmental offences and corruption offences (hereinafter ”231 Model”).

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The Board of Directors appoints the Supervisory Body (hereinafter "SB") envisaged by the aforementioned decree and regulated in the same 231 Model, which is responsible for monitoring and verifying the effectiveness of the 231 Model, and for notifying any need to update the 231 Model as a result of regulatory or organisational changes. The Board of Directors receives the report of the Supervisory Board on its activities on a six-monthly basis.

The Control and Risk Committee and the Board of Statutory Auditors in turn examine this report and interact on a regular basis with the Supervisory Board and its Chairman to coordinate activities and exchange information.

In addition to the parent company LU-VE S.p.A., the subsidiaries Sest S.p.A. and Air Hex Alonte S.r.l. - merged by incorporation into LU-VE S.p.A. with legal effect as from 31 December 2024 - have also adopted a 231 Model. In light of the organisational changes that took place following the aforementioned merger, the LU-VE Group mandated an external consultant to update its 231 Model.

LU-VE S.p.A. adopted 231 Model by decision of the Board of Directors on 30 June 2016; 231 Model was drafted following an analysis of the risk of commission of the offences provided for in Italian Legislative Decree 231/2001, also in relation to the sector of activity and the mitigation tools put in place to prevent them, submitted to the Board of Directors at the time of its approval. On the occasion of changes in the applicable legislation, 231 Model was subsequently updated (most recently in November 2023), again on the basis of an analysis of the risk of the offences provided for in Italian Legislative Decree 231/2001 being committed, also in relation to the sector of activity and the mitigation tools put in place to prevent them, again submitted to the Board of Directors when the update was approved.

In different ways depending on their role in the company, all LU-VE employees received specific training on the Code of Ethics and the contents of 231 Model, with particular reference to offences related to safety at work and corruption, when 231 Model was adopted or when they were hired. With regard to this last aspect, following the analyses conducted internally by the Group, it was determined that the functions most at risk of corruption and bribery are the purchasing and sales functions.

231 Model also provides for a system of sanctions in the event of violations of the same Model. The Group does not have a formalised policy aligned with the UN Convention against Corruption, as set out in Regulation (EU) 2019/2088.

The Group has not adopted any further specific procedures governing the prevention of cases of corruption and bribery, believing that the type of business conducted, which is rarely directed at public administrations, does not easily lend itself to the commission of such offences. There are currently no plans to adopt such procedures.

With reference to Directive 2019/1937, all European companies based in states where this directive has been implemented have adopted whistleblowing procedures to protect those who report conduct not in line with the Code of Ethics and the 231 Model adopted by the Group.

The model adopted by the Group provides for the adoption by the administrative bodies of each individual company in the Group of a general procedure, uniform for all companies, which contains

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the founding principles for the protection of whistleblowers, and a special procedure, differentiated by company, which governs the practical procedures for reporting, the investigation processes concerning the reports received and the protection of whistleblowers, in accordance with the applicable local legislation and the organisational structure of the company involved.

In particular, reports may be made either by Group employees or by external parties, and may concern violations of national or European Union regulations - including the rules on corruption and bribery - and/or of procedural and regulatory provisions and/or of the LU-VE Group's Code of Ethics, which affect the integrity of LU-VE or also of other Group companies, of which they have become aware of by reason of the functions performed.

The reporting person enjoys the protection provided by Italian Legislative Decree no. 24/2023, implementing EU Directive 2019/1937, and reports may also be made anonymously; retaliatory or discriminatory acts against the reporting person are prohibited.

The reports may take various forms among the companies also due to the applicable regulations; in the LU-VE Group, such reports may be made either by traditional means (e-mail, fax) or by e-mail addressed to the Supervisory Body, or by access to a portal reserved to whistleblowing reports, which guarantees separation of the different Group companies, anonymity and timely handling of the procedure.

The investigation of reports, including cases of corruption and bribery, as well as the evaluation of the effectiveness of the tool, is entrusted to entities with specific competences. In particular, at LU-VE, this entity has been identified as the Supervisory Body.

All employees have been informed about the adoption of the whistleblowing procedure and further training sessions on the prevention of environmental crimes are being approved for 2025.

The company has no further procedures in place to investigate incidents of company conduct, including cases of corruption and bribery.

G1-2 – MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS

The LU-VE Group adopts an approach based on transparency and responsibility in managing relations with suppliers, with the aim of intensifying cooperation and mutual support, especially with those considered strategic. Thus, the virtuous path of value creation through partnerships and synergies within the Group continues, promoting the rationalisation of the supplier base and greater use of suppliers with a global presence.

The main impacts, risks and opportunities relating to the supply chain identified in the double materiality assessment are described in chapter “2.1 General Disclosures”, section “2.1.9 Material impacts, risks and opportunities and their interaction with strategy and business model”.

The Group adopts a structured governance model in the management of the procurement process, which is overseen by the Procurement Department, headed by the *C*hief Group Procurement Officer, who is responsible for sourcing and the Quality Department, headed by the Chief Group Quality

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Director, who is responsible for overseeing and monitoring supplier quality and regulatory performance.

In the Procurement Department, there are also Global Commodity Managers who operate globally in procurement activities and Cluster Procurement Managers who oversee sourcing activities at Cluster level; In managing supplier relationships, Global Commodity Managers and Cluster Procurement Managers benefit from economic incentives depending on the ability to negotiate favourable prices from suppliers and product quality. There are no financial incentives for people in the Procurement Department in relation to sustainability characteristics of suppliers or products.

The procurement process consists of several stages ranging from the search and evaluation of potential suppliers, selection, order issuing, supplier relationship management and performance evaluation and monitoring. In the phase of managing relations with suppliers, it is ensured that correct behaviour is maintained towards them, favouring the building of solid relations, based on mutual trust, the strengthening of synergies and compliance with contractual agreements.

With a view to managing and mitigating supply risk, new suppliers were approved to reduce geographical dependence on individual countries and spread purchase quotas over a larger number of counterparties, allowing for the distribution of any peaks in demand, aiming to ensure a sound, resilient and sustainable supply chain. The Group's procurement processes are structured to minimise supply chain risks.

Procurement and supply chain employees of the Procurement Department are updated on the procedures in place and on the engagement and dialogue commitment with suppliers through internal training. In 2024, the Procurement Process Compliance Specialist coordination figure, responsible for integrating social and environmental responsibility aspects in the Group processes and procedures and for collaborating on sustainability projects, attended a course on “Sustainable procurement and supplier qualification”, held by experts on the topic.

The examination and evaluation of the social and environmental performance of suppliers is monitored through: i) the collection of Supplier Forms - a self-declaration by the supplier for compliance with environmental and social laws - signed by relevant suppliers; ii) the collection of General Terms and Conditions of Purchase - where attention is required to reduce environmental impacts - signed by suppliers, iii) audits where macro areas related to the environment, health and safety of workers can be analysed, depending on the skills of the audit team and the organisational and production characteristics of the supplier. With reference to the first two points, the collection of Supplier Forms and General Terms and Conditions of Purchase is monitored through indicators relating to the rate of completion.

With the aim of avoiding payment delays and ensuring effective management of professional relations, the Group establishes payment terms with its suppliers from the beginning of the collaboration, formalising them by means of Purchase Orders and/or the joint signing of General Terms and Conditions of Purchase. The Group has not recorded the financial size of its suppliers in its systems and therefore does not differentiate payment terms according to the financial size of the supplier. The phases of purchase request, order issuance and payment to the supplier are managed

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through computerised systems and follow clear procedures, defined at Group level and shared with all employees, in order to ensure punctuality at each stage of the process.

Overall, a large part of purchases come from European and Asian suppliers. To date, no special assessment is made in the selection phase with respect to the proximity of suppliers. ISO 9001, ISO 14001 and ISO 45001 certifications for raw material suppliers are tracked and mapped in the company's systems. The Group does not take social and environmental criteria into account in a structured manner when selecting its suppliers. The availability of certifications from the supplier is considered an added value.

The aforementioned tools, i.e. signing of Supplier Forms and General Terms and Conditions of Purchase and conducting audits, are also used by the Group to assess and manage business risks related to the supply chain and impacts on sustainability matters.

No special management practices are implemented by the Group with regard to “vulnerable” suppliers, i.e. suppliers exposed to significant economic, environmental and/or social risks.

The main targets related to supplier relationship management are to increase the percentage of relevant suppliers' completion of the Supplier Form and to increase the number of audits, as stipulated in the sustainability plan.

For further information on relations with suppliers, please see chapter “S2 - Workers in the value chain”.

G1-3 – PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY

With regard to the LU-VE Group's adoption of a Code of Ethics and the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001, please refer to what has already been described in section G1-1.

The Group has not adopted any further specific procedures governing the prevention of cases of corruption and bribery, believing that the type of business conducted, which is rarely directed at public administrations, does not easily lend itself to the commission of such offences. There are currently no plans to adopt such procedures.

G1-4 – INCIDENTS OF CORRUPTION OR BRIBERY

During 2024, the Group did not receive any convictions or fines for violations of laws against corruption and bribery, nor were there any reported cases of bribery involving members of the value chain in which the Group or its employees are directly involved.

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G1-6- PAYMENT PRACTICES

The LU-VE Group is committed to complying with payment practices, ensuring that payment times are transparent and punctual; it should be noted that the Group has not recorded the financial size of its suppliers in its systems.

The Group uses a highly diversified supplier network, which includes partners for the procurement of raw materials, industrial equipment, as well as providers of Capex solutions, services and support for business transactions.

The LU-VE Group's standard contractual payment terms provide for the payment of its suppliers' invoices within 120 days from the date of the invoice. This payment standard applies to about 75% of all invoices received. The average number of days between the invoice date and the payment date is about 100 days. This is an indistinct average, regardless of the financial size of the suppliers (not recorded in the LU-VE Group's systems).

These figures refer to all payment transactions carried out in 2024 to third-party suppliers by LU-VE Group companies, with the exception of transactions carried out by certain subsidiaries of the Group, the subsidiaries Refrion S.r.l. and R.M.S. S.r.l., in consideration of the fact that the latter companies were acquired in 2022 and the integration of the corporate systems of the aforementioned companies with those of the Group is still in progress (it should be noted that the amount of the purchases of the aforementioned companies in comparison with those of the Group is to be considered negligible).

As at 31 December 2024, there were no pending legal proceedings for overdue payments.

The LU-VE Group does not have a formal policy on late payments; however, it adopts clear and well-defined procedures for managing payments to suppliers.

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Certification of sustainability report pursuant to art. 81-ter, paragraph 1, of Consob Regulation no. 11971 of 14 May 1999 as amended

The undersigned, Matteo Liberali, Chief Executive Officer, and Eligio Macchi, Manager in charge of financial reporting of LU-VE S.p.A., certify, pursuant to Article 154-bis, paragraph 5-ter, of Legislative Decree of 24 February 1998, no. 58, that the sustainability report as at 31 December 2024 included in the Directors' Report has been prepared:

a) in accordance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 and Legislative Decree No. 125 of 6 September 2024;
b) with the specifications adopted pursuant to Article 8(4) of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020.

March 13, 2025

Matteo Liberali
CEO

Eligio Macchi
Manager in charge
of financial reporting

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INDEPENDENT AUDITOR'S
REPORT ON THE CONSOLIDATED SUSTAINABILITY STATEMENT
PURSUANT TO ARTICLE 14-BIS OF LEGISLATIVE DECREE No. 39 OF 27 JANUARY 2010

To the Shareholders of
LU-VE S.p.A.

Conclusion

Pursuant to artt. 8 and 18, paragraph 1 of Legislative Decree no. 125 of 6 September 2024 (hereinafter also the "Decree"), we have carried out a limited assurance engagement on the consolidated sustainability statement (the "Consolidated Sustainability Statement") of LU-VE Group (hereinafter also the "Group") for the year ended 31 December 2024, prepared pursuant to Art. 4 of the Decree, included in the specific section of the director's report.

Based on the work performed, nothing has come to our attention that causes us to believe that:

- the Consolidated Sustainability Statement of LU-VE Group for the year ended 31 December 2024 is not prepared, in all material respects, in accordance with the reporting principles adopted by European Commission pursuant to the Directive (EU) 2013/34/EU (European Sustainability Reporting Standards, hereinafter also "ESRS");

- the information included in the paragraph "2.2.1 – Taxonomy for environmentally sustainable activities" of the Consolidated Sustainability Statement is not prepared, in all material respects, in accordance with art. 8 of Regulation (EU) No. 852 of 18 June 2020 (hereinafter also "Taxonomy Regulation").

Basis for conclusion

We conducted the limited assurance engagement in accordance with the assurance standard of the sustainability report – "Principio di Attestazione della Rendicontazione di Sostenibilità - SSAE (Italia)". The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than level of assurance that would have been obtained had we performed a reasonable assurance engagement.

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

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We are independent in accordance with the independence and other ethical requirements applicable under Italian law to the limited assurance engagement of the Consolidated Sustainability Statement.

Our firm applies International Standards on Quality Management (ISQM Italia 1), which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Other matter

The Consolidated Sustainability Statement for the year ended 31 December 2024 contains, in the specific section "2.2.1 - Taxonomy for environmentally sustainable activities", the comparative information for the year ended 31 December 2023, which has not been verified.

Responsibility of the Directors and the Board of Statutory Auditor of LU-VE S.p.A. for the Consolidated Sustainability Statement

The Directors are responsible for developing and implementing the procedures performed to identify the information reported in the Consolidated Sustainability Statement in accordance with the ESRS (hereinafter the "double materiality assessment process") and for disclosing this process in "2.1.10 - Description of the process to identify and assess material impacts, risks and opportunities (IRO-1)" of the Consolidated Sustainability Statement.

The Directors are also responsible for the preparation of the Consolidated Sustainability Statement, which includes the information identified as part of the double materiality assessment process, in accordance with the requirements of Art. 4 of the Decree, including:

- compliance with ESRS;
- compliance of the information included in the paragraph "2.2.1 - Taxonomy for environmentally sustainable activities" with Art. 8 of the Taxonomy Regulation.

Such responsibility involves designing, implementing and maintaining, within the terms established by the law, such internal control that the Directors determine necessary to enable the preparation of the Consolidated Sustainability Statement in accordance with the requirements of the Art. 4 of the Decree that is free from material misstatements, whether due to fraud and error. Furthermore, the above mentioned responsibility involves the selection and application of appropriate methods in elaborating information and making assumption and estimates about specific sustainability information that are reasonable in the circumstances.

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The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provision set out in the Decree.

Inherent limitations in the preparation of the Consolidated Sustainability Statement

In reporting forward looking information in accordance with ESRS, the Directors are required to prepare the forward looking information on the basis of assumptions, as described in the Consolidated Sustainability Statement, regarding events that may occur in the future and possible future actions of the Group. Due to the inherent uncertainty regarding any future event, including whether these events will take place and their extent and timing, the variances between actual outcomes and forward looking information could be significant.

The information provided by the Group regarding Scope 3 emissions is subject to greater inherent limitations compared to those related to Scope 1 and 2 emissions. This is due to the lower availability and relative accuracy of the data used to define the information on Scope 3 emissions, both quantitative and qualitative, in relation to the value chain, as described in the paragraph "2.1.2 – Disclosures in relation to specific circumstances (BP-2)".

Auditor's responsibility for the limited assurance of the Consolidated Sustainability Statement

Our objectives are to plan and perform procedures to obtain limited assurance about whether the Consolidated Sustainability Statement is free from material misstatements, whether due to fraud or error, and to issue an assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, could influence the decisions of users taken on the basis of Consolidated Sustainability Statement.

As part of the limited assurance engagement in accordance with the Principio di Attestazione della Rendicontazione di Sostenibilità - SSAE (Italia), we exercise professional judgement and maintain professional skepticism throughout the engagement.

Our responsibilities include:

- considering risks to identify and assess the disclosure when a material misstatement is likely to arise, either due to fraud or error;

- designing and performing procedures to verify disclosures in the Consolidated Sustainability Statement where material misstatement is likely to arise. The risk of not detecting a material misstatement due to fraud is higher than the risk of not identifying a material misstatement due to error, as fraud may involve collusion, falsifications, intentional omissions, misrepresentations, or override of internal control;

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- the direction, supervision and performance of the limited assurance engagement of the Consolidated Sustainability Statement. We remain solely responsible for the conclusion on the Consolidated Sustainability Statement.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidences as the basis for expressing our conclusion.

The procedures performed on the Consolidated Sustainability Statement are based on our professional judgement and included inquiries, primarily with the personnel of the Group responsible for the preparation of information included in the Consolidated Sustainability Statement, analyses of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically, we performed the following main procedures in a preliminary phase before year end and then in a final phase up to the date of issuance of this report:

- understanding the business model, the Group's strategies and the context in which the Group operates with reference to sustainability matters;

- understanding the processes underlying the generation, collection, and management of qualitative and quantitative information included in the consolidated sustainability statement, including an analysis of the reporting perimeter;

- understanding the process carried out by the Group for the identification and evaluation of material impact, risks and opportunities, based on the principle of double materiality, with reference to sustainability matters;

- identification of the information where a risk of material misstatement is likely to arise;

- design and performance of procedures, based on the professional judgement of the auditor of the Consolidated Sustainability Statement, to respond to identified risk of material misstatement;

- understanding of the process set up by the Group to identify eligible economic activities according to the requirements of the Taxonomy regulation, and verifying the related information included in the Consolidated Sustainability Statement;

- comparison of the information reported in the Consolidated Sustainability Statement with the information included in the consolidated financial statements pursuant to the applicable financial reporting framework, or with the accounting data used for the preparation of the financial statements, or with the management data accounting in nature;

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- verification of the structure and presentation of the information included in the consolidated sustainability statement in accordance with ESRS;

- obtaining the representation letter.

DELOITTE & TOUCHE S.p.A.

Signed by
Massimiliano Semprini
Partner

Milan, 28 March 2025

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

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3 OBSERVATIONS ON THE FINANCIAL PROFILE AND ON-GOING CONCERN

The consolidated Financial Statements of the LU-VE Group and the financial statements of the Parent Company LU-VE S.p.A as at 31 December 2024 have been prepared on a going concern basis pursuant to paragraphs 25 and 26 of the IAS 1, as the Directors have verified the non-existence of indicators of a financial, management or any other nature that might indicate critical issues relating to the ability of the Group and the Parent Company of meeting its commitments in the foreseeable future.

As at 31 December 2024, both the LU-VE Group and the Parent Company show a solid and balanced financial structure with a Net financial debt/Shareholders' Equity ratio (Debt ratio) of 0.38 and 1.31 and a positive short-term net financial position of € 182.2 million and € 110.5 million, respectively. Therefore, the repayment of medium and long-term debt expiring during 2025 is guaranteed by current liquidity. In addition, there are no substantial restrictions on the release of invested liquidity, amounting to € 43.2 million (in addition to cash and cash equivalents amounting to € 272.2 million), which can therefore be used to meet any payment obligations, should the need arise.

It should be noted that the assessment of compliance with financial and economic requirements (covenants) on a consolidated basis, required by the loan agreements of the LU-VE Group, as at 31 December 2024, did not highlight any critical issues. Furthermore, it is highlighted that the estimates of the 2025 Budget will lead to the expectation that no critical issues with regard to these requirements will arise also for next year.

Significant uncertainty remains with reference to geopolitical tensions, and the Group remains exposed to this as it has subsidiaries in Russia (7.7% of consolidated turnover 2024). This part of the business may be subject to restrictions due to potential sanctions enforceable by other government authorities. The Directors, given the limited impact of the Russian business on the consolidated financial statements, together with the above considerations, believe that the Group is able to operate as a going concern.

3.1 MAIN RISKS AND UNCERTAINTIES

RISKS RELATED TO TRENDS IN RAW MATERIAL PRICES

The production costs of the LU-VE Group are influenced by the prices of raw materials, mainly copper and aluminium. Risks are related to fluctuations in the prices of these materials on the reference markets (on which they are quoted in USD) and the fluctuation in the Euro/USD exchange rate (as the Group purchases in Euro, while price listings are in USD), as well as the reliability and the policies of mining and/or transformation companies.

The fluctuation in the availability and price of the above-mentioned materials could be significant, depending on a number of factors, including the economic cycle of the reference markets, supply conditions and other factors that are out of the control of the LU-VE Group and are difficult to predict (such as: problems regarding the extraction or transformation capacity of individual suppliers which could hinder or delay the delivery of the raw materials ordered; operational and/or industrial decisions made by individual suppliers which entail an interruption of the mining or processing of the raw materials and the subsequent greater difficulty in immediately sourcing said raw materials in the reference market; significant delays in the transport and delivery of these raw materials to Group companies, the possible introduction of tariffs and the impacts of climate change on mining activities). With reference to the energy transition, in particular, additional quantities of copper and aluminium will be necessary, which may however require less energy intensive mining techniques.

To manage those risks, the LU-VE Group constantly monitors the availability of raw materials in the market as well as the relative price trends (also taking into consideration USD currency fluctuations with respect to the Euro), in order to promptly identify any shortfalls in the availability of raw materials and take suitable actions to guarantee the required production autonomy, and also to keep its production activities competitive with regard to this aspect as well. Analyses are constantly carried out to identify alternatives to strategic suppliers to reduce the relative dependence on them and also of geographical diversification activities both with the aim to reduce purchase costs with comparable quality and to avoid excessive geographical dependence on some areas in the world. In particular, with regard to the main purchased raw material – copper – the LU-VE Group has dealt for several years, for the most part in terms of its own needs, with the same suppliers, selected and periodically assessed on the basis of trading reliability criteria and with whom a relationship based on reciprocal trust has been built. Furthermore, when it deems this necessary in relation to expected trends, the Group enters into contracts to hedge the risk of fluctuations in the price of raw materials.

This year recorded an increase in the cost of raw materials compared to the average of 2023, particularly copper, reaching an all-time high in May. It should be noted that the Group has "pass through" systems in place which allow cost increases to be transferred to end customers, guaranteeing the protection of marginality.

Unlike the problems that arose in previous years, related to the availability of materials, which forced a review of the procurement approach and an increase in inventories of raw materials and components in order to be able to respond to market demands in a timely manner, during 2024, Group's inventory management returned to a "just in time" principles, with positive effects on the reduction of inventories and responding to the market with delivery times in line with expectations.

Lastly, please note that oil price volatility impacts (aside from raw material prices) investments made at global level in the Power Gen market, making it difficult to predict trends in this market segment, especially in view of the energy transition, which could limit its operations in time.

RISKS RELATED TO NET FINANCIAL DEBT

In relation to certain loan agreements, the LU-VE Group is committed to respecting specific financial parameters (covenants), mainly: i) Net financial debt/EBITDA, ii) Net financial debt/Shareholders' equity. In addition, a significant portion of the Group's loan agreements include cross-default - cross acceleration clauses, negative pledge clauses and *pari passu* clauses. In the future, if the above-mentioned financial covenants or other commitments laid out in existing loan agreements are not respected, the Group could be required to repay the relative debt in advance.

Lastly, a significant portion of the LU-VE Group's loan agreements establish, for the Group company that concluded the loan, disclosure obligations on various occasions, the obligation to request prior

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consent in the event of new loans or special extraordinary transactions, as well as the obligation not to establish new mortgages.

To mitigate this risk, the LU-VE Group carefully monitors respect for financial covenants, all clauses laid out in the loan agreements and the disclosure obligations through formalised procedures involving the legal and financial function. In addition, it also maintains a significant quantity of available financial liquidity or financial resources that can be liquidated within a short period of time and short-term credit lines to deal with any, even remote, obligations for the early repayment of medium and long-term loans.

The financial instruments in which the LU-VE Group invests its available liquidity are mainly represented by Time Deposits, which can be freely divested, term deposits for a specific short period of time and remunerated at a pre-established rate. The main risk of these financial instruments is the capital strength and the rating of the banks with which the LU-VE Group subscribes them.

The LU-VE Group selects its investments by privileging low risk ones and makes them with leading banking institutions. In addition, a careful liquidity management policy and the existence of short-term credit lines mitigate the risk of having to proceed with the sudden and unforeseen freeing up of liquidity.

RISKS RELATED TO EXCHANGE RATE FLUCTUATIONS

The Group is exposed to the risk of fluctuations in the exchange rates of currencies deriving from different circumstances.

(i) First of all, the LU-VE Group is exposed to “translation” exchange rate risk.

Indeed, the Group prepares its consolidated Financial Statements in Euro, while it holds controlling interests in companies that prepare their Financial Statements in currencies different than Euro (Russian rouble, Polish zloty, US dollar, Indian rupee, Czech koruna, Swedish krona, Chinese yuan renminbi, UAE dirham, British pound and South Korean won). The Group is therefore exposed to the risk that fluctuations in the exchange rates used to translate the values in subsidiary Financial Statements originally expressed in foreign currency may significantly influence the Group’s results as well as the consolidated net financial debt and consolidated shareholders’ equity. The main exposures are monitored, but hedging translation exchange rate risk is not part of the Group’s current policies.

(ii) In the second place, the LU-VE Group is exposed to “transaction” exchange rate risk for purchases of goods and materials from suppliers as well as for sales to customers.

In terms of purchases, the main currency to which the LU-VE Group is exposed is the US dollar (USD, currency to which the cost of the main raw materials is linked): indeed, raw materials in the reference markets are quoted in USD and the cost is converted into euros by applying the USD/Euro exchange rate for the day to the price in dollars; thus, exchange rate risk is borne by the buyer. Furthermore, the Group companies located in countries in which the reference currency is not the Euro (which also acquire raw materials with contracts under which the Euro is the payment currency and therefore

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bear the USD/Euro exchange rate risk noted above) are also exposed to the risk of fluctuations in the Euro/local currency exchange rate.

Sales are mainly made in Euro. Moreover, although Sest-LUVE Polska Sp.z.o.o., HTS, Spirotech and LU-VE Sweden are located in countries that do not use the Euro as their reference currency, they make almost all sales in Euro and therefore they are exposed to the risk of fluctuations in the exchange rate between the Euro and their local currencies.

At centralised level, in order to protect the result for the year and the profit and loss, equity and financial situation from such fluctuations, and therefore reduce the risk arising from changes in exchange rates, the Group considers the subscription of derivative financial instruments with the aim to hedge the underlying risks: in particular, during 2024, financial instruments were underwritten to hedge the EUR/USD exchange rate, such as swaps, tarfs and forwards. However, from a purely accounting perspective, although such instruments substantially hedge the risks mentioned, they do not meet all the requirements as laid out under IFRS 9 and cannot be defined as hedge accounting; therefore, the Group has decided to consider these instruments as for trading and not hedges and as a result such instruments were measured at fair value with changes reported on the income statement. For further details, please refer to Appendix A of the Explanatory Notes to the Consolidated Financial Statements.

On some currencies (Chinese yuan, Swedish krona, Indian rupee, Russian rouble and US dollar) in which operating revenues and costs are expressed there is also “natural” hedging (revenues expressed in a given currency are naturally hedged by operating costs expressed in the same currency).

RISKS RELATED TO GENERAL ECONOMIC CONDITIONS

The economic results and the profit and loss, equity and financial situation of the LU-VE Group, which operates internationally in various countries, are influenced by various factors reflecting macroeconomic trends, including consumption trends, the cost of raw materials, fluctuations in interest rates and currency markets.

As already stated at the beginning of this document, 2024 was a very complex year in geopolitical terms. Not only have the hostilities in the conflict between Russia and Ukraine not been resolved, but new hotbeds of war have flared up in the Middle East involving several states, all the way to Syria with the fall of the regime that had been in power for more than fifty years, just a few months after the change of the Iranian presidency.

In the United States, the November elections gave the Donald Trump a very clear mandate, in the wake of an election campaign with its fair share of dramatic events, from the withdrawal of the outgoing President to the assassination attempt on the President-elect. The new presidency is unlikely to be characterised by continuity, either politically or economically, with priority given to the interests of the world’s leading economy.

Europe ends a very difficult year characterised by a number of events, some of which were unexpected: the renewal of the European Commission with a shift to the right in political orientation despite the continuity of the presidency; the absence of a stable government in France, which is in

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deep political crisis (with an unprecedented rating cut by Moody's); the fall of the government in Germany and the calling of early elections for February of next year. Lastly, the United Kingdom, with the new Labour government that appears to at least have brought the island closer to the Continent.

China and India are in the background; in a context of stability, they have nevertheless, together with the United States, guaranteed world economic growth of 3.2%, identical to that of 2023. For China, the year ended with +4.9%, in line with government expectations, while India confirmed its position as a leading economy with +6.7%. The United States also performed very well, with a +2.6% and given the initial high values, in a context of moderately falling inflation and with interest rates slowing down and prudently decreasing compared to the previous year. For the Eurozone, after the sluggish growth of 2023 (+0.5%), 2024 also saw a modest +0.7%, with Germany "stagnating" for the second consecutive year. France and the United Kingdom did better, both at +1.1%, while Italy closed with average levels and a sharp slowdown compared to the previous two years, particularly in the second part of the year.

In terms of monetary policy, in addition to the aforementioned caution on the part of the US, the European Central Bank has also moved in the same direction, despite a stagnant economy and inflation close to the 2% target. Rates fell several times during 2024 for a total cut of 100 basis points, to 3% at the end of the year.

On the foreign exchange front, with the election of the new US president, the dollar strengthened significantly against all other currencies. In relation to the euro, the US currency has reached a level that is close to the highs of the last 5 years and is almost at parity, up by almost 6% in the year. The outlook is very much dependent on the economic policy choices of the new presidency and the ability of the US to maintain current growth rates.

The forecasts for the current year, assuming some change in the direction of less geopolitical tension, are likely to confirm world growth at 3.2%, the United States at 1.6%, China at 4.5% (but with greater state contributions and a growing deficit) and India at the always excellent 6.8%. For the Eurozone, still struggling with unfavourable demographics, the expected growth is 1.3%, better than 2024, but still weak and above all linked to the expected recovery of Germany (+1% expected), which is by no means certain, also in relation to energy costs and the crisis in the automotive sector. Italy should not deviate from the European average, well supported by services, especially tourism in the Jubilee year.

On the commodity price front, the upward forecast materialised during 2024. When comparing the average values of the main commodities, copper rose by 8.7%, aluminium by +7.4%, and silver by +21%, while oil, in a very volatile context, closed the year with an overall retracement of 5%. This results in a situation where falling inflation, continued high interest rates, increases in the cost of commodities and a stagnating economy are eroding the margins of manufacturing companies, especially in European markets.

Given such a global picture, the events that may be relevant, especially for companies that are present in all markets and that follow the ongoing transitions, should be pointed out.

On the market front, with China and India growing together with the United States, and keeping in mind the interesting dynamics of Turkey and South America, significant development opportunities

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are arising for companies like LU-VE that have a significant and growing presence in these markets. Regarding transitions, factors such as the new artificial intelligence technologies and green technology, the data centre sector and the resumption of investments in nuclear power have the potential to more than compensate for the slowdown in European support policies, particularly for heat pumps and the abandonment of endothermic engines in the automotive sector.

In short, there is hope that this year, along with the many unknowns related to changes in the geopolitical context, will also bring new opportunities for companies capable of overseeing developing supply chains and maintaining a presence in all markets. These elements are in line with the positioning of the LU-VE group.

RISKS INHERENT IN THE GROWTH STRATEGY THROUGH EXTERNAL LINES

The LU-VE Group's strategy of expansion into new markets and the development and diversification of its product portfolio is also based on external growth, mainly through acquisitions. Therefore, the Group is exposed to the typical risks inherent in growth initiatives through external lines.

Although the LU-VE Group carries out financial, accounting, fiscal and legal due diligence before finalising acquisitions, joint ventures or investments, there could still be instances where this activity does not allow for the identification of all the significant potential or current liabilities of the acquired entity, nor lead to an adequate determination of the purchase price.

The integration of newly acquired companies is a complex organisational process that can take longer than expected and involve unforeseen costs, thus compromising or delaying the benefits expected from the acquisition.

In order to mitigate these risks, the Group undertakes careful due diligence (business, accounting, financial, tax, legal and environmental) on companies subject to possible acquisition, with the support of highly qualified and well-known consultants. In addition, the Group activates structured integration processes by deploying dedicated cross-functional teams in order to meet the set deadlines and make the most of all possible synergies.

LIQUIDITY RISK

The liquidity risk to which the LU-VE Group may be exposed consists of the failure to locate the adequate financial resources needed for its operations, as well as for the development of its industrial and commercial activities.

The LU-VE Group's liquidity is mainly supplied by the cash flow from or used in operating or investment activities, and on the other hand the maturity characteristics of medium and long-term financial debt.

In relation to this last aspect, the liquidity management guidelines adopted by the Group consist of:

- maintaining adequate medium/long-term loans in light of the level of non-current assets;

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- maintaining an adequate level of short-term lines of credit (both in cash and for the assignment of domestic receivables and export credit).

Also thanks to the application of this policy, to date the LU-VE Group has lines of credit granted by leading Italian and international banking institutions, which are adequate to meet its current needs. For more information, see paragraph 4.16 "Information on Financial Risks" of the Explanatory Notes to the Consolidated Financial Statements.

RISKS ASSOCIATED WITH THE HIGH DEGREE OF COMPETITIVENESS OF THE SECTORS IN WHICH THE GROUP OPERATES AND THE ABILITY TO CONTINUE TO IMPLEMENT PRODUCT INNOVATIONS, ALSO IN RELATION TO THE SECTOR'S CONTINUOUS TECHNOLOGICAL EVOLUTION AND INVESTMENTS IN RESEARCH AND DEVELOPMENT

The market segments in which the Group operates are characterised by a high level of competition in terms of product quality, innovation, economic conditions, energy efficiency as well as reliability and performance security, and by the presence of competition brought by other major international industrial groups.

The Group's ability to produce value also depends on the ability of its companies to offer products that are innovative in terms of technology and in line with market trends, particularly with reference to the use of natural refrigerants (also with reference to regulations in place or being implemented in many areas of the world).

From this point of view, the Group has proven in the past to be a leader in terms of technological innovation, also as a result of its policy of promoting the resources dedicated to the development of its products. It intends to continue in this direction in the future, maintaining its consolidated collaborative relationships with prestigious universities both in Italy and abroad.

Moreover, if the Group is unable to develop and continue to offer innovative products that are competitively priced, high quality and functional compared to those of its main competitors, or in case of delays in the market launch of strategic models for its business, the Group's market share could drop, which would have a negative impact on the Group's activities, equity and/or financial position, economic results and future prospects.

In order to mitigate exposure to these risks, the Group constantly monitors the reference market and the intermediate results generated in the various phases of the research and development process, in order to select and carry forward only the most reliable initiatives, or those with the highest probability of success and economic-financial return, while also pursuing a policy of progressive diversification and enrichment of its product portfolio and continuous development of the range. As regards technological innovation, the Group carries out intense development activities, as usual, to offer the market increasingly advanced products with a lower environmental impact (a key distinctive element of its competitive strategy), broken down over several different projects, some of which are carried out in partnership with prestigious European Universities. For further details, please refer to paragraph 3.2 "*Development activities*".

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RISKS RELATED TO THE CONCENTRATION OF SALES

Although there is no customer of the LU-VE Group that alone represents more than 5% (4.1% in 2024, 4.1% in 2023) of consolidated turnover, and the top 10 customers represent a total percentage of consolidated turnover of 28.9% (29.9% in 2023), the "heat pumps" sector (which accounts for 3.6% of the product turnover this year, compared to 10.0% in 2023), the segment of manufacturers of refrigerated counters (in which the Group is the supplier of all the most important European players, and which represented 14.9% of total turnover in 2024), the domestic appliances sector (in which the Group supplies all the most important European brands with a sharp increase in turnover during the period and an incidence up to 6.0% of the total) and the power generation applications sector (5.4% of turnover) are characterised by the strong commercial leadership exercised by several large customers.

As a result, if the supply to one of the Group's customers in the above-mentioned segments is discontinued, the Group companies that operate in that sector could have difficulty recovering the lost turnover with other customers, with a negative impact in terms of their profit or loss and/or the equity and/or financial situation.

The Group regularly takes measures to diversify the risk linked to the concentration of sales, by regularly conducting business surveys aimed at always seeking out new customers and new application fields both in Italy and abroad.

RISKS RELATED TO POSSIBLE PROCUREMENT DIFFICULTIES AND RELATIONS WITH SUPPLIERS

The Group acquires raw materials from external suppliers as well as semi-finished materials and components (including engines, electronic components, collectors, sheet metal items, distributor units) and is therefore exposed to risks deriving from relations with third party manufacturers and suppliers, which may not guarantee the current continuous supply of such materials and components in the future. In particular the Group is exposed to the risk linked to difficulties in the procurement of large "EC" technology electronic motors due to the fact that global supply of these engines is concentrated in the hands of two manufacturers, which may not be able to continue to guarantee a supply of these components that meets market demand.

The Group manages the above-mentioned risks through of (a) a permanent assessment model of the reliability of each recurrent supplier in terms of both quality and price of the products manufactured; (b) checks on the economic assessment of suppliers and, consequently, on the respective reliability to each of adequate production volumes; (c) assessment of the services provided by suppliers in terms of their performance in logistics terms and punctuality of respective deliveries and the resulting decisions taken on a case by case basis; (d) continuous assessment of possible supply solutions from alternative suppliers to reduce the relative dependence, also in geographical terms. Nevertheless, it cannot be excluded the non-fulfilment of contractual obligations by one or more suppliers which supply Group companies, or in any event a lack of supply continuity; these possibilities could entail additional costs or prevent delivery to customers in accordance with agreed timing and/or specifications, with negative impacts on operations and on the profit and loss, equity and/or financial situation of the Group.

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In 2024 the LU-VE Group monitored the possible risks of shortage in the availability of materials and components critical to the correct supply of production processes with reference to both main raw materials (copper, aluminium and steel in particular) and components (in particular electric motors), minimising any negative impacts, thanks to adequate source diversification policies (both in terms of number and geographical location).

RISKS RELATED TO ENVIRONMENTAL ISSUES

In the event of serious breakdown or damage to its plants or catastrophic events, the industrial production of the Group could lead to damage to third parties, accidents or environmental damage. This risk is also linked to the presence of products in the systems that are potentially hazardous for the environment, such as flammable and chemical materials.

Although the Group endeavours to prevent this type of risk, in the event of accidents or environmental damage, it would be exposed to unforeseeable and substantial compensation obligations and liabilities, including criminal liabilities, towards injured parties and/or the competent authorities, and could experience interruptions to production with consequent possible negative effects on the activities, on the profit and loss, equity and/or financial situation, on future profitability prospects.

Although the Group companies have taken out insurance policies to cover civil liability deriving from such events, the ceilings of which are considered adequate in relation to the estimate of the risk in question, the possibility of damages occurring that exceed the ceilings provided for in the policies cannot be excluded.

Through its specialised offices, the Group carries out all the activities necessary to guarantee respect for the environment and optimisation of the use of energy sources and natural resources. Furthermore, research and development is always oriented towards products with a lower environmental impact in terms of energy consumption, use of refrigerant gases and noise reduction.

RISKS RELATED TO THE CONSEQUENCES OF BUSINESS INTERRUPTIONS

The Group operates with a production process associated with fixed costs connected with the operations of its facilities. Therefore, the Group is exposed to the risk resulting from the interruption of production activities in one or more of its facilities, following events such as, simply by way of example, accidents, breakdowns of machinery, malfunctioning of IT systems, the revocation of or objection to permits or licences by the competent public authorities, strikes or lack of a workforce, natural disasters, pandemics (as in the case of local lockdown provisions related to the COVID-19 emergency), significant interruptions in the supply of raw materials or energy, or lastly disasters caused by humans such as accidents, fires and acts of terrorism. More specifically, an interruption in production activities could entail a partial lack of absorption of fixed production costs and/or render the Group temporarily unable to promptly meet the consumer demand.

All of the Group’s facilities are independent from each other, and in the very recent past investments were made to ensure back-up production lines located in other facilities and in different countries. For these reasons, both production flexibility and the level of service to customers are constantly increasing.

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Although the Group companies have taken out loss of profit and all risk insurance policies against damages from fire and natural disasters (but not against indirect damages caused by force majeure), the limits and insurance deducitble of which are deemed consistent in consideration of the possible damages that could take place, any significant interruption in activities at its industrial facilities, due to the events mentioned above and other events outside the Group’s control and not included in insurance policies, could have negative effects on the activities and on the profit and loss, equity and/or financial situation, on the economic results and on outlooks.

PRODUCT QUALITY AND PRODUCT LIABILITY RISKS

The Group’s products are primarily intended for commercial and industrial refrigeration and must meet various quality and safety standards in the different jurisdictions in which they are marketed. Therefore, there is a risk that a product may not conform to the quality and safety standards required by the regulations in those jurisdictions. This could legitimise the return of this product, which would lead to increased production costs.

The recurrence of product defect events has historically been very limited and considered absolutely natural for the business segment. When product defects were found, the Group company involved agreed on the corrective actions to be taken with the Customer and if necessary, activated the insurance taken out for this purpose.

Furthermore, since the Group’s products are usually incorporated into more complex products, the malfunctioning of the component supplied by the Group could result in the recall of a series of products sold and/or installed by the Group’s customers.

It should also be noted that the Group manufactures categories of products that use carbon dioxide (instead of freon) as a refrigerant gas. While carbon dioxide has a lower environmental impact than the most commonly used refrigerants, the high operating pressures involved mean that it presents a higher risk profile during the production and testing phases, and in the event of manufacturing defects that emerge during installation and/or operation in the field.

Finally, it should be noted that some of the Group’s products are intended for use in power generation plants, the supply contracts for which usually stipulate that, in the event of malfunction or defects, the suppliers are also liable for consequential damages resulting from the aforementioned malfunction or defect, which are difficult to estimate and not proportionate to the value of the supply made. So far, in a small number of cases, customers have reported product malfunctions, which have been resolved through on-site interventions by Group technicians.

In this regard, the Group applies strict control standards to its products: it follows a quality risk management protocol that involves various activities and procedures to protect product quality; in addition, a department is dedicated to quality control, performed directly at the production units and at the suppliers.

To face such potential liabilities, which are historically rather limited, the Group has taken out insurance policies on all its products, with a ceiling considered adequate for the risks and constantly monitored.

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In addition, it has set up a special product warranty provision to cover products' potential defects, based on prudence and statistical data.

Furthermore, the Group's entry into the nuclear orders market exposes it, especially in the early stages of a project, to the risk of defective supplies or the supply of products that do not fully comply, with consequent repercussions in terms of significant warranty costs and damage to the Group's reputation. In order to mitigate the risk, the Group has entrusted the project to a dedicated internal team with highly specialised skills for this type of sales. Finally, specific insurance contracts, which are currently being negotiated, will be concluded in the run-up to the start of the projects.

RISKS RELATED TO INTEREST RATE TRENDS

The Group makes recourse to short as well as, mainly, medium/long-term bank debt in accordance with adequate procedures and technical forms in relation to the structure of its investments.

Exposure to interest rate risk derives from the fact that the Group holds assets and liabilities sensitive to fluctuations in interest rates which are needed for the management of liquidity and financial requirements.

In particular, the main source of exposure to the risk in question for the Group derives from financial debt, which is almost all floating rate. This risk is managed by entering derivative contracts (primarily Interest Rate Swaps) to hedge this risk based on its own needs. This hedging policy allows the Group to reduce its exposure to the risk of interest rate fluctuations. Interest rates fell in the first half of 2024 compared to 2023. Changes in interest rate policies may lead to a change, even a significant one, in the fair value of these instruments with a consequent impact on the income statement of subsequent years.

As at 31 December 2024, the coverage of these risks represented 93.1% of the residual outstanding loans.

However, from a purely accounting perspective, although such instruments substantially hedge the risks mentioned, they do not meet all the requirements as laid out under IFRS 9 and cannot be defined as hedge accounting; therefore, the Group has decided to consider these instruments as for trading and not hedges and as a result such instruments were measured at fair value with changes reported on the income statement. For further details, please refer to Appendix A of the Explanatory Notes to the Consolidated Financial Statements.

CREDIT RISKS

The Group is exposed to credit risk deriving from commercial dealings with exposure to potential losses arising from the failure of commercial counterparties to meet their obligations. Trade receivables risk is monitored on the basis of formalised procedures for the selection and assessment of the customer portfolio, for the definition of credit limits by individual customer, for the monitoring of expected cash inflows and for any debt collection actions. In certain cases, customers are asked for further guarantees, primarily in the form of guaranteed payment forms or sureties.

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Any extensions of payment times by customers may also make it necessary for the Group to obtain loans to meet the connected working capital requirement.

The historically low levels of losses on receivables recognised in previous years are proof of the good results achieved, also in the presence of the impacts of the pandemic and the current macroeconomic context.

SOCIO-POLITICAL RISKS CONNECTED TO THE GROUP'S OPERATIONS AT GLOBAL LEVEL, INCLUDING IN EMERGING COUNTRIES

The Group operates on a global level, with a strong presence in a range of geographical markets.

More specifically, the Group:

(i) is heavily export-oriented, with turnover realized earned predominantly outside the Italian market (in the years ended 31 December 2024, 2023 and 2022, Group revenues from sales made abroad represented 80.6%, 80.2% and 80.2% of total sales, respectively);

(ii) is present abroad not only through its commercial branches, but also with industrial companies and production facilities located in different geographical areas (Poland, Russia, China, Sweden, Finland, the Czech Republic, India, USA).

This geographical diversity exposes the Group to risks deriving from its operations in multiple international markets, including the risk that changes in the political and socio-economic conditions of a geographical area may impact production and distribution by the Group in that area.

In addition, the Group also conducts its business in countries with economic and political systems characterised by different factors of potential instability, including: (i) political and economic instability; (ii) boycotts and embargoes which could be imposed by the international community; (iii) unfavourable changes in governmental policies, in particular with respect to foreign investments; (iv) significant fluctuations in interest and exchange rates; (v) expropriation or repossession of assets; (vi) bureaucratic requirements that are difficult to meet; (vii) the impossibility of protecting certain legal and contractual rights in certain jurisdictions; (viii) the imposition of taxes, duties or other unforeseen payments; (ix) currency controls which could limit the remittance of funds or currency conversion; and (x) widespread corruption.

In addition, operations in emerging markets could be influenced by the typical difficulties of developing countries economies such as, for example, transport difficulties, lack of infrastructure or greater difficulties in finding a qualified workforce.

In addition, the primary or secondary regulations of emerging countries or their interpretation could be subject to expected or unforeseeable changes, or there could be a limited number of precedents linked to the interpretation, implementation and application of those regulations.

Definitively, although the spread at global level and operations in emerging countries evidently represent significant opportunities for the Group to take advantage of the potential to develop the various geographical areas concerned, it cannot be excluded that the occurrence of one or more of

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the risks noted above may have negative consequences on the activities and on the profit and loss, equity and financial position, results and outlooks of the Group. Therefore, the Group carefully monitors the situation in the various countries with a view to promptly intervening in the case of significant negative changes in the reference scenarios.

The LU-VE Group continues to carefully monitor the evolution of the conflict between Russia and Ukraine which is having significant repercussions on the world economy, also as a result of the sanctions that have been imposed or may be imposed further on Russia. The extreme geographical diversification of sales means that the Group's exposure in this area in terms of turnover is just 7.9% (6.3% last year). For further details, please refer to the paragraph "Impacts of the Russian-Ukrainian conflict" in the Explanatory Notes.

The LU-VE Group has engaged in monitoring activity in relation to the restrictions that have been imposed by the European Union and the United States on Russia and the individuals sanctioned, to ensure their full compliance. The Group has adopted guidelines aimed at regulating relations with its Russian subsidiaries and commercial activities in Russia, also with the support of external consultants. It has also established verification procedures regarding the possibility of exporting its own products and components to Russia and, if necessary with the support of external consultants, verifies the correct interpretation of the applicable legislation with the competent authorities. It has also established procedures for verifying, also through the appropriate software programs developed by specialised companies, the Ultimate Beneficial Owners of its customers and suppliers in sensitive areas, to check that they are not subject to sanctions. It also obtained advice to ensure that its European associates who work in Russia and China cannot be subject to sanctions in Europe and the United States based on said activity. It has also planned, with the support of external consultants, large-scale annual checks on its entire range of suppliers and customers, in order to ensure that none of them, regardless of location, is subject to sanctions or part of a sanctioned entity.

With reference to the possible introduction of customs duties into the United States, the Group believes that the possible impact will not be material.

CYBER RISKS

The Group is exposed to the risk of a cyber-attack causing a significant interruption to operations, the loss, the theft or unlawful appropriation of sensitive information, the breach or forgery of company emails and/or the breach of current regulations relating to privacy issues, with consequent negative effects both in terms of economic and reputational impact.

The Group IT infrastructure is kept constantly up to date on the basis of the needs arising from the rapid technological evolution. Therefore, considering that good IT performance is a key issue for business continuity, the Group started a progressive process on the various company systems, to assess threats and the degree of resistance of current protection systems against cyber-attacks, also through the execution of vulnerability assessments. The infrastructures and platforms used by the Group are largely managed by external companies that carry out the vulnerability assessments, confirming the results obtained and taking steps to mitigate the potential shortcomings identified.

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The “continuous improvement” security model adopted by the infrastructure group allows constant updating of threats and proactivity in taking stategic measures. The Microsoft Zero-Trust model, aided by the Office365 platform, was distributed across the group. New security features for external networks are being considered in order to further improve protection from external and even internal attacks.

New organisational models are being considered that would assign resources with direct responsibility for the group, including network operations, defining dedicated security perimeters.

Even though the Group has adopted rigid protocols for the protection of the data acquired in the course of its operations and in relation to the protection of information and privacy, it cannot be excluded that one or more of the risks highlighted above may cause significant negative consequences on the Group’s operations and its profit and loss, equity and financial position, on its economic results and its future prospects. As at the date of this Financial Report, no breaches of the Group’s IT systems by third parties have been recorded.

The conflict that arose in 2022 between Russia and Ukraine further highlighted that the internet and information systems of the authorities involved were used as a battlefield and as strategic targets in the evolution of the conflict. With the prolongation of the conflict and the geopolitical tensions that are being generated between the United States and China, the risk of cyber attacks has increased. Therefore, the LU-VE Group has activated further procedures for risk mitigation, eliminating the possibility of accessing the intranet from the Russian facility and enabling Russian users to access the necessary services only from the cloud through authentication and profiling. In order to mitigate the economic impact of possible cyber-attacks, the Group decided in June (effective 1 July 2024) to take out an 18-month cyber risk insurance policy.

Finally, it should be noted that the Group did not suffer any damage or significant malfunctions as a result of the technology outage due to the upgrade of Windows systems and the ensuing IT incidents that arose on a global scale during late July.

RISKS RELATED TO CLIMATE CHANGE

The Directors, having as a reference the best practices of the sector to which they belong as well as the most authoritative literature on the subject (including the TCFD guidelines), have carried out specific assessments in order to identify in detail the risk factors relating to climate change, both physical and transitional, most relevant to the Group's activities (having in this regard, for the aspects deemed to be of interest, also the supply chain, as recommended by the European Union guidelines relating to the reporting of climate-related information).

The LU-VE Group has conducted an analysis of the relevant physical and transition risks whose potential impacts on the economic performance and expected financial position of the Group have been included in the 2025-2028 Industrial Plan approved by the Board of Directors of LU-VE S.p.A. February 20, 2025.

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For further information, please refer to the paragraph "Use of estimates" in the Explanatory Notes to the Consolidated Financial Statements and the Separate Financial Statements, as well as to Chapter 2 - Consolidated Sustainability Statement - of this Report.

3.2 DEVELOPMENT ACTIVITIES

The Group has conducted significant research and development to offer the market increasingly advanced products with a lower environmental impact, with a particular emphasis on digital technologies and solutions related to decarbonisation, with numerous projects also carried out in partnership with prestigious European universities.

On the one hand, the parent company developed a renewed range of liquid coolers for Datacenter applications, which improve heat exchange efficiency and reduce energy consumption. On the other, the parent company presented a renewed range of electronic controllers that, by adopting innovative AI techniques, enable a marked improvement in the human-machine interface.

In parallel, projects continued on the development of new solutions dedicated to heat pump applications, covering various application areas, ranging from solutions for residential heat pumps, to heat pump technologies intended for district heating networks, and to heat pumps dedicated to producing heat for use in industrial processes. Special focus is on the application of natural fluids.

In this area, the Parent Company continued to work on the TESSERE project, supported by an outright grant related to the "Bando a cascata" (Cascade funding) pursuant to Art. 5 of MUR Notice no. 341 of 15/03/2022, for the financing of research activities carried out by Micro, Small, and Medium Enterprises (MSMEs) and Large Enterprises (LEs) within the PE NEST "Network 4 Energy Sustainable Transition" (D.D. - management decree - Rep. no. 1865/2024, Prot. no. 33106/2024 of 13/02/2024 and subsequent amendment).

Some of these projects are still ongoing. The Group incurred costs of €0.6 million during the year for their development (of which €0.4 million was capitalised under Intangible Fixed Assets with the approval of the Board of Statutory Auditors).

3.3 EXEMPTION FROM THE OBLIGATIONS TO PUBLISH DISCLOSURE DOCUMENTS IN THE CASE OF SIGNIFICANT TRANSACTIONS ("OPT-OUT")

On 13 March 2017, the Board of Directors of the Parent Company LU-VE S.p.A. decided to apply, pursuant to art. 3 of Consob Resolution no. 18079 of 20 January 2012, the opt-out regime established by articles 70, paragraph 8, and 71, paragraph 1-bis, of Consob Regulation no. 11971/99 as amended, therefore taking advantage of the right to exemption from the obligations to publish the disclosure

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documents required in the case of significant merger, spin-off, share capital increase through the contribution of assets in kind, acquisition and disposal transactions.

3.4 PERFORMANCE IN THE FIRST MONTHS OF 2025: SIGNIFICANT EVENTS AND BUSINESS OUTLOOK

In February 2025, the Parent Company signed a loan agreement with Intesa Sanpaolo S.p.A., for an amount of € 25 million, fully disbursed at the date of signing.

With reference to the Italian Revenue Agency audit relating to the years 2016, 2017, 2018 and 2019, a number of additional requests, related to 2017, were made to which the Parent Company LU-VE S.p.A. promptly responded. With reference to the tax finding report served in November 2023, there were no further activities to be undertaken by the Italian Revenue Agency.

The tax audit to which the subsidiary LU-VE Iberica S.L. is subject for the fiscal years 2013, 2018, and 2019 ended with the payment of € 120 thousand for interest, sanctions and higher taxes.

With regard to the audit by the Central Directorate for Large Taxpayers and International Affairs (*Direzione Centrale Grandi Contribuenti e Internazionale*) in relation to the application submitted on 28 December 2020 for access to the procedure aimed at the stipulation of Advanced Pricing Agreements ("*APA*"), as provided for by Art. 31 *ter* of Italian Presidential Decree 600/73, the company promptly responded to all documentary requests received.

With regard to the audit by the Polish Tax Authority of the subsidiary Sest-LUVE-Polska Sp.z.o.o. in relation to the application submitted on 30 December 2021 for access to the procedure aimed at the stipulation of Advanced Pricing Agreements ("*APA*"), the subsidiary promptly responded to all documentary requests received by the set time limit.

The LU-VE Group continues to pay a high level of attention to the evolution of the crisis between Russia and Ukraine, which may have further significant repercussions on the world economy also as a result of the sanctions. The extreme geographical diversification of sales means that as at 31 December 2024, the Group's exposure in this area is only around 7.9% in terms of turnover and 2.5% of net invested capital. As at 28 February 2025, the exposure in terms of order backlog was 8.8%.

Turnover is expected to return to growth in the second half of 2025, due to strengthening demand, the impact of key investments and the expected improvement in international turmoil, which is expected to lead to a stable environment for growth. Short-term uncertainty remains high and continues to increase, making shorter-term estimates difficult.

The record financial performance in 2024 was driven by operational efficiency, disciplined cost management and strategic investments, allowing the company to expand its profitability and cash flow, even though sales experienced a modest decline. Looking ahead, the LU-VE Group has its focus on resuming revenue growth while maintaining financial resilience and sustainable margins.

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The financial performance confirms the validity of the strategy pursued in building a resilient business model (diversification of product applications in sectors with uncorrelated trends), supported by long-term factors such as electrification, decarbonisation, digitisation and adoption of natural refrigerant gases with low or no environmental impact. The Group was the first to seize many of these key technological developments, strengthening its competitive advantage and positioning itself for long-term growth. These advances remain a crucial element in the company's strategy to increase efficiency, expand market share and sustain profitability in a changing environment.

The full potential of this strategy will be realised when the company's two new plants in China and the USA become fully operational. These plants will improve production capacity and strengthen the Group's presence in two major global markets, further supporting its long-term growth ambitions.

The expected growth will be driven mainly by strong consumer demand in the booming data centre market, as well as in commercial refrigeration and refrigerated transport, where the company continues to strengthen its position with advanced, energy-efficient solutions. These fast-growing sectors present significant opportunities as global demand for temperature-controlled cooling, energy efficiency and sustainable logistics continues to increase.

However, there remains a high degree of uncertainty due to macroeconomic conditions, regulatory developments and geopolitical turmoil, which could affect the pace of growth and overall market dynamics. The company remains cautious and adaptable in dealing with these external factors while pursuing its strategic priorities.

As it goes along on its path, the Group will continue to prioritise operational improvements and targeted growth initiatives to support sustainable expansion, while maintaining a solid financial base.

3.5 MANAGEMENT AND COORDINATION ACTIVITIES

The Parent Company LU-VE S.p.A is not subject to the management and coordination by Finami S.p.A., nor of any other subject, pursuant to articles 2497 et seq. of the Italian Civil Code.

The Parent Company LU-VE S.p.A. manages and coordinates activities on all subsidiaries pursuant to articles 2497 et seq. of the Italian Civil Code.

3.6 RELATED PARTY TRANSACTIONS

For information on related party transactions, please refer to the detailed tables provided in the Explanatory Notes to the separate financial statements of LU-VE S.p.A. and the consolidated financial statements of the LU-VE Group. All transactions with related parties are carried out on an arm's length basis.

3.7 TREASURY SHARES

Pursuant to law, please note that as at 31 December 2024, the Group holds 28,027 treasury shares (unchanged with respect to 31 December 2023), equal to 0.1261% of share capital, acquired at an average price of € 10,2827 based on the authorisation resolution approved by the Shareholders' Meeting on 29 April 2019. In application of international accounting standards, these instruments are recognised as a deduction from the shareholders' equity attributable to the Group.

3.8 DISCLOSURE ON ESSENTIAL INTANGIBLE RESOURCES

The LU-VE Group, in the process of value creation, take into account factors that represent essential intangible resources, not reflected in the balance sheet, such as:

a) its intellectual capital and the intangible assets corresponding to organisational capital, with its implicit knowledge and know-how;

b) human capital, which concerns the skills, capabilities, and experience of the Group's workforce and the sharing of ethical values that characterise the Group and the ability to understand, develop, and implement the defined strategy;

c) relational capital, which has allowed the Group over the years to gain increasing market shares and acquire leadership in the reference market.

In particular, intellectual capital helps to develop and generate value for stakeholders, in a transversal manner with human capital and relational capital.

Product innovation, technical characteristics, and commercial strength have indeed driven growth and enabled the Group to enhance its leadership position.

With reference to human capital, its quality is fundamental for the Group's growth and, consequently, for fostering value creation over time. People, with their knowledge, the skills developed and consolidated over time, their managerial capabilities, their motivation and sense of belonging, are a central element of all corporate activities, to be protected and guaranteed rights.

The well-being and growth, both personal and professional, of individuals are among the primary objectives of the LU-VE Group.

The factors related to essential intangible resources constitute a distinctive and foundational value for the LU-VE Group.

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3.9 ATTESTATION PURSUANT TO ART. 15 OF CONSOB REGULATION 20249/2017

Pursuant to art. 2.6.2, paragraph 8 of the Regulation of the Markets organised and managed by Borsa Italiana S.p.A., LU-VE S.p.A. declares that the requirements referred to in art. 15 of CONSOB Regulation no. 20249/2017 letters a), b) and c) in relation to the subsidiaries established and governed by the law of states not belonging to the European Union have been met.

3.10 ORGANISATION, MANAGEMENT AND CONTROL MODEL PURSUANT TO ITALIAN LEGISLATIVE DECREE NO. 231/2001

During the year, the Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231/2001 adopted by LU-VE S.p.A. was updated in relation to new legislation and organisational changes in the companies. In addition, following the effectiveness of the merger of the subsidiaries Sest S.p.A. and Air Hex Alonte S.r.l., the parent company LU-VE instructed its consultants to update its Model to take account of the new corporate structure.

3.11 REPRESENTATION OF THE FINANCIAL REPORTING MANAGER

The Manager in charge of financial reporting, Mr Eligio Macchi, declares, pursuant to Article 154-bis, paragraph 2 of the Consolidated Law on Finance, that the accounting disclosure contained in this Directors’ Report as at 31 December 2024 corresponds to the results of the accounting documents, books and entries.

3.12 SECONDARY OFFICES

The parent company LU-VE S.p.A. continues to carry out its activities in its registered office in Uboldo, via Caduti della Liberazione, 53 and, following the merger, also in its operating offices in Alonte (VI) via delle Albere 5, in Limana (BL), via Baorche no. 39, in Borgo Valbelluna (BL), via Vasco Salvatelli 5.

The following secondary offices, used as warehouses and depots, have also been opened: in Origgio (VA), via Achille Grandi, 5; in Origgio (VA), via Papa Giovanni XXIII 135; in Borgo Valbelluna (BL), via Vasco Salvatelli no. 4; in Alonte (VI), via Enrico Fermi no. 4.

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3.13 PROPOSALS FOR RESOLUTION TO THE SHAREHOLDERS' MEETING

1) Proposed resolution in relation to item 1 on the agenda of the Shareholders' Meeting called for 18 April 2025 ("*Approval of the Financial Statements as at 31 December 2024 accompanied by the Directors' Report, the Board of Statutory Auditors' Report and the Report of the Auditing Firm. Presentation of the Consolidated Financial Statements as at 31 December 2024 and the Consolidated Sustainability Report pursuant to Italian Legislative Decree no. 125/2024. Related and consequent resolutions").*

Dear Shareholders,

in submitting the Separate Financial Statements as at 31 December 2024 of LU-VE S.p.A. to the Shareholders' Meeting for approval, we invite you to approve the following proposed resolution:

"The Ordinary Shareholders' Meeting of LU-VE S.p.A., having examined the Directors' Report and the data of the Financial Statements as at 31 December 2024 of LU-VE S.p.A., the Board of Statutory Auditors' report and the report of the Auditing Firm, as well as the further documentation required by law

resolves

1) to approve the separate financial statements as at 31 December 2024 of LU-VE S.p.A., which show a net profit for the year of € 17,660,752.67 (seventeen million six hundred sixty thousand seven hundred fifty-two/67), as well as the Directors' Report;

2) to grant the Board of Directors - and its Chairman and Chief Executive Officer on its behalf - all powers necessary to execute, with the right to sub-delegate, this resolution and file it for registration with the competent Company Registry, making any formal amendments, additions or deletions that may be necessary".

2) Proposed resolution in relation to item 2 on the agenda of the Shareholders' Meeting called for 18 April 2025 ("*Proposal for the allocation of the profit for the year and distribution of the dividend. Related and consequent resolutions")*

The Ordinary Shareholders' Meeting of LU-VE S.p.A., having approved the separate financial statements as at 31 December 2024, which show a net profit for the year of € 17,660,752.67 (seventeen million six hundred sixty thousand seven hundred fifty-two/67)

resolves

1. *to allocate a portion of the net profit for the year to the "Legal Reserve", in the amount of € 883,037.63 (eight hundred eighty-three thousand zero thirty-seven/63)";*
2. *to distribute a gross ordinary dividend of €0.42 (zero/42) for each share entitled to the record date pursuant to Article 83-terdecies of Italian Legislative Decree no. 58/98;*
3. *to allocated to the "Extraordinary Reserve" the amount of the remaining profit for the year;*
4. *to establish that the payment of the dividend shall take place, for each share entitled, on 30 April 2025, upon presentation of coupon no. 10 of 28 May 2025, in accordance with the*

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calendar of Borsa Italiana, and record date pursuant to art. 83-terdecies of Italian Legislative Decree no. 58/98 on 29 April 2025".

The Chairman and Chief Executive Officer

Matteo Liberali

3.14 CORPORATE BODIES AND COMPANY INFORMATION

BOARD OF DIRECTORS [1]

Chairman	Matteo Liberali
Vice Chairman	Pierluigi Faggioli
Directors	Michele Faggioli
	Stefano Paleari (*)
	Anna Gervasoni (*)
	Fabio Liberali
	Laura Oliva
	Roberta Pierantoni

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	Raffaella Cagliano (*)
	Carlo Paris (*)

*Meeting the independence requirements pursuant to Italian Legislative Decree no. 58/1998 (TUF) and of the Corporate Governance Code.

BOARD OF STATUTORY AUDITORS [1]

Chairwoman	Mara Palacino
Standing Auditors	Paola Mignani
	Domenico Angelo Magno Fava
Alternate auditors	Michaela Rita Marcarini
	Alessia Fulgeri

1) The corporate bodies were appointed by the Shareholders' Meeting of 28 April 2023 and are in office until the approval of the 2025 financial statements. For all detailed information on the corporate bodies, please refer to the Report on Corporate Governance and Ownership Structures prepared pursuant to Art. 123 bis of Italian Legislative Decree 58/1998, available on the Company's website.

AUDIT FIRM

Deloitte & Touche S.p.A.

REGISTERED OFFICE AND COMPANY INFORMATION

LU-VE S.p.A.

Via Vittorio Veneto no. 11, Varese

I - 21100 Varese (VA) Italy

Tel: +39 02 96716270

Share capital EUR 62,704,488.80 fully paid in

Tax Code and VAT no.: 01570130128

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4 APPENDIX A

Below are the pro-forma financial statements:

Statement of Financial position (in Euro)	Notes	LU-VE S.p.A 31/12/2023 (a)	SEST S.p.A. 31/12/2023 (***)	Air Hex Alonte S.r.l. 31/12/2023 (****)	IC Balance Elisions	SEST merger deficit allocation (*)	Air Hex Alonte merger deficit allocation (**)	MERGER CONTRIBUTION (b)	PROFORMA 31/12/2023 c=(a+b)	31/12/2024
ASSETS										
Goodwill	3.1	14,629,431	-	-	-	-	667,564	667,564	15,296,995	15,296,995
Other intangible assets	3.1	3,820,594	1,720	732,927	-	-	-	734,647	4,555,241	3,272,042
Property, plant and equipment	3.2	35,001,865	15,856,180	5,700,654	-	-	-	21,556,834	56,558,699	58,603,829
Right-of-use assets	3.2	1,089,709	611,210	1,994,852	-	-	-	2,606,062	3,695,771	8,770,716
Other tangible asset	3.2	2,898,803	3,916,056	3,156,644	-	-	-	7,072,700	9,971,503	5,371,138
Deferred tax assets	3.19	11,020,910	264,020	590,395	-	-	-	854,415	11,875,325	11,411,735
Investments	3.3	176,131,960	8,404,844	-	-	(23,720,549)	(15,433,477)	(30,749,183)	145,382,777	152,242,779
Changes in other non-current financial assets	3.4	11,241,290	-	-	-	-	-	-	11,241,290	8,633,958
Other non-current assets	3.5	1,303,292	3,635	10,360	-	-	-	13,995	1,317,287	41,411
Non-current assets		257,137,854	29,057,665	12,185,832	-	(23,720,549)	(14,765,913)	2,757,035	259,894,889	263,644,603
Inventories	3.6	11,214,283	6,805,295	10,444,916	-	-	-	17,250,210	28,464,493	27,220,287
Trade receivables	3.7	36,853,453	8,869,973	13,723,539	(7,511,296)	-	-	15,082,215	51,935,669	60,209,576
Current tax assets	3.8	2,721,371	166,871	272,878	-	-	-	439,749	3,161,120	4,785,133
Current financial assets	3.9	65,985,360	-	-	(9,959,463)	-	-	(9,959,463)	56,025,897	25,934,961
Other current assets	3.10	5,015,293	1,318,021	588,730	(3,247,756)	-	-	(1,341,005)	3,674,288	3,495,873
Cash and cash equivalents	3.11	162,581,278	2,890,579	5,206,282	-	-	-	8,096,860	170,678,138	226,659,817
Current assets		284,371,038	20,050,738	30,236,345	(20,718,515)	-	-	29,568,567	313,939,606	348,305,647
Assets held for sale		-	-	-	-		-	-	-	-
Assets held for sale		-	-	-	-		-	-	-	-
TOTAL ASSETS		541,508,892	49,108,402	42,422,177	(20,718,515)	(23,720,549)	(14,765,913)	32,325,601	573,834,494	611,950,250

(*) The elimination of SEST's equity shareholding of € 44,894,885 against SEST's Shareholders' equity of € 23,720,549 (where the value of assets and liabilities is aligned with that of the consolidated financial statements of the LU-VE Group) generated a difference of € 21,174,336, allocated to the value of the SEST-LUVE-Polska equity shareholding.
(**) The elimination of AHA's shareholding of € 15,433,477 against AHA's Shareholders' Equity of € 14,765,913 (where the value of the assets and liabilities is aligned with that of the consolidated financial statements of the LU-VE Group) generated a difference of € 667,564, which was allocated to the value of goodwill.
(***) Financial statements audited by Deloitte & Touche S.p.A., which issued its report on 17 April 2024.

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(****) Financial statements audited by Deloitte & Touche S.p.A., which issued its report on 19 April 2024.

Statement of Financial position (in Euro)	Notes	LU-VE S.p.A 31/12/2023 (a)	SEST S.p.A. 31/12/2023 (***)	Air Hex Alonte S.r.l. 31/12/2023 (****)	IC Balance Elisions	SEST* merger deficit allocation (*)	Air Hex Alonte** merger deficit allocation (**)	MERGER CONTRIBUTION (b)	PROFORMA 31/12/2023 c=(a+b)	31/12/2024
LIABILITIES AND SHAREHOLDERS' EQUITY										
Share capital	3.12	62,704,489	1,000,000	2,010,000	-	(1,000,000)	(2,010,000)	-	62,704,489	62,704,489
Reserves and retained earnings (losses)	3.12	42,985,439	13,067,403	10,333,743	-	(13,067,403)	(10,333,743)	(2,075,316)	40,910,123	40,213,847
Net result for the year	3.12	6,080,565	9,653,146	2,422,170	-	(9,653,146)	(2,422,170)	2,075,316	8,155,881	17,660,753
TOTAL SHAREHOLDERS' EQUITY		111,770,493	23,720,549	14,765,913	-	(23,720,549)	(14,765,913)	-	111,770,493	120,579,089
Loans	3.13	250,222,200	-	-	-	-	-	-	250,222,200	263,258,407
Provisions	3.14	1,463,168	240,225	802,274	-	-	-	1,042,498	2,505,666	2,639,319
Employee benefits obligations	3.15	782,174	887,077	687,838	-	-	-	1,574,916	2,357,090	2,119,644
Deferred taxes	3.19	5,630,671	348,188	591,071	-	-	-	939,260	6,569,931	5,897,383
Other financial liabilities	3.16	1,673,769	384,232	757,651	-	-	-	1,141,882	2,815,651	6,960,991
Non-current liabilities		259,771,982	1,859,722	2,838,834	-	-	-	4,698,556	264,470,538	280,875,744
Trade payables	3.17	24,085,344	9,456,616	14,646,435	(7,511,296)	-	-	16,591,754	40,677,098	44,719,403
Loans	3.13	118,619,506	-	-	-	-	-	-	118,619,506	129,252,290
Provisions	3.14	-	-	-	-	-	-	-	-	
Tax payables	3.18	1,169,614	520,607	598,023	-	-	-	1,118,630	2,288,244	2,387,742
Other financial liabilities	3.16	12,225,844	7,752,122	3,708,944	(9,959,463)	-	-	1,501,603	13,727,447	12,800,594
Other current liabilities	3.20	13,866,109	5,798,786	5,864,029	(3,247,756)	-	-	8,415,059	22,281,168	21,335,388
Current liabilities		169,966,417	23,528,131	24,817,430	(20,718,515)	-	-	27,627,047	197,593,464	210,495,417
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		541,508,892	49,108,402	42,422,177	(20,718,515)	(23,720,549)	(14,765,913)	32,325,603	573,834,495	611,950,250

(*) The elimination of SEST's equity shareholding of €44,894,885 against SEST's Shareholders' equity of € 23,720,549 (where the value of assets and liabilities is aligned with that of the consolidated financial statements of the LU-VE Group) generated a difference of € 21,174,336, allocated to the value of the SEST-LUVE-Polska equity shareholding.
(**) The elimination of AHA's equity shareholding of € 15,433,477 against AHA's Shareholders' Equity of € 14,765,913 (where the value of the assets and liabilities is aligned with that of the consolidated financial statements of the LU-VE Group) generated a difference of € 667,564, which was allocated to the value of goodwill.
(***) Financial statements audited by Deloitte & Touche S.p.A., which issued its report on 17 April 2024.
(****) Financial statements audited by Deloitte & Touche S.p.A., which issued its report on 19 April 2024.

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Income Statement (in Euro)	Notes	LU-VE S.p.A 31/12/2023 (a)	SEST S.p.A. 31/12/2023 (***)	Air Hex Alonte S.r.l. 31/12/2023 (****)	IC Balance Elisions	MERGER CONTRIBUTION (b)	PROFORMA 31/12/2023 c=(a+b)	31/12/2024
REVENUES AND OTHER OPERATING INCOME								
Revenues	4.1	93,784,873	46,972,345	60,676,127	(2,503,704)	105,144,768	198,929,641	185,733,057
Other operating income	4.2	2,079,495	40,266	107,710	(578,929)	(430,953)	1,648,542	15,108,299
Total revenues and other operating income		95,864,368	47,012,611	60,783,837	(3,082,633)	104,713,815	200,578,183	200,841,356
OPERATING COSTS								
Purchases of materials	4.3	(42,021,860)	(27,786,650)	(29,156,140)	2,587,068	(54,355,722)	(96,377,582)	(91,594,989)
Changes in inventories	3.6	(5,479,437)	(511,142)	(3,379,533)		(3,890,675)	(9,370,112)	(1,244,206)
Costs for services	4.4	(25,161,409)	(5,755,605)	(9,538,849)	5,033,482	(10,260,972)	(35,422,381)	(37,305,917)
Personnel costs	4.5	(21,663,576)	(14,061,209)	(11,134,339)	(4,558,601)	(29,754,149)	(51,417,725)	(55,625,979)
Net reversal/(write-downs) of financial assets	4.6	-	(209,447)	100,000	-	(109,447)	(109,447)	(50,000)
Other operating costs	4.7	(973,734)	(382,154)	(72,432)	20,684	(433,902)	(1,407,636)	(1,221,565)
Total operating costs		(95,300,016)	(48,706,207)	(53,181,293)	3,082,633	(98,804,867)	(194,104,883)	(187,042,656)
Depreciation and amortisation	3.1 - 3.2	(7,041,427)	(2,532,273)	(3,380,280)	-	(5,912,553)	(12,953,980)	(12,473,905)
Gains/(Losses) on the sale of non-current assets	3.1 - 3.2	(52,536)	1,872	5,700	-	7,572	(44,964)	16,749
Write-downs on non-current assets	3.1	-	-	(21,639)	-	(21,639)	(21,639)	(104,361)
EBIT		(6,529,611)	(4,223,997)	4,206,325	-	(17,672)	(6,547,283)	1,237,183
Financial income	4.8	27,124,609	13,783,852	-	(10,577,824)	3,206,028	30,330,637	31,752,050
Financial expense	4.9	(16,578,903)	(611,473)	(329,287)	577,824	(362,936)	(16,941,839)	(14,050,922)
Exchange gains (losses)	4.10	(1,243,657)	(238,791)	(29,125)		(267,916)	(1,511,573)	1,003,029
Gains/(losses) from investments (and other interests)	3.3 - 3.4	-	-	-	-	-	-	(3,084,566)
PRE-TAX RESULT		2,772,438	8,709,591	3,847,913	(10,000,000)	2,557,504	5,329,942	16,856,774
Income taxes	4.12	3,308,127	943,555	(1,425,743)		(482,188)	2,825,939	803,979
NET PROFIT		6,080,565	9,653,146	2,422,170	(10,000,000)	2,075,316	8,155,881	17,660,753
Profit (loss) from assets/liabilities held for sale		-	-	-	-	-	-	-
NET PROFIT FOR THE YEAR		6,080,565	9,653,146	2,422,170	(10,000,000)	2,075,316	8,155,881	17,660,753

(***) Financial statements audited by Deloitte & Touche S.p.A., which issued its report on 17 April 2024.
(****) Financial statements audited by Deloitte & Touche S.p.A., which issued its report on 19 April 2024.

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Statement of comprehensive income *(in Euro)*	**Notes**	**LU-VE S.p.A 31/12/2023 (a)**	**SEST S.p.A. 31/12/2023 (***)**	**Air Hex Alonte S.r.l. 31/12/2023 (****)**	**IC Balance Elisions**	**MERGER CONTRIBUTION (b)**	**PROFORMA 31/12/2023 c=(a+b)**	**31/12/2024**
NET PROFIT FOR THE YEAR	1.2	6,080,565	9,653,146	2,422,170	(10,000,000)	2,075,316	8,155,881	17,660,753
Components that will not subsequently be reclassified to the Income Statement								
Actuarial gains/(losses) from employee benefits obligations employee benefits obligations	3.15	(8,791)	(28,414)	(4,403)	-	(32,817)	(41,608)	39,972
Tax effect		2,110	6,819	1,057	-	7,876	9,986	(9,593)
Total components that will not subsequently be reclassified in the Income Statement		(6,681)	(21,595)	(3,346)	-	(24,941)	(31,622)	30,379
TOTAL COMPREHENSIVE NET PROFIT	1.4	6,073,884	9,631,551	2,418,824	(10,000,000)	2,050,375	8,124,259	17,691,132

(***) Financial statements audited by Deloitte & Touche S.p.A., which issued its report on 17 April 2024.
(****) Financial statements audited by Deloitte & Touche S.p.A., which issued its report on 19 April 2024.

It should be noted that the pro forma financial data of LU-VE S.p.A. as at 31 December 2023 shown in the tables above were not audited.

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CONSOLIDATED FINANCIAL STATEMENTS AND EXPLANATORY NOTES AS AT 31 DECEMBER 2024

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Teleborsa: distribution and commercial use strictly prohibited

1 FINANCIAL STATEMENTS

1.1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated Statement of Financial Position *(in thousands of Euro)*	**Notes**	**31/12/2024**	**31/12/2023**
ASSETS			
Goodwill	3.1	64,526	63,961
Other intangible assets	3.1	23,554	28,902
Property, plant and equipment	3.2	167,151	164,469
Right-of-use assets	3.2	22,705	13,476
Other tangible assets	3.2	23,765	27,467
Deferred tax assets	3.19	11,227	11,039
Investments	3.3	141	141
Other non-current assets	3.4	283	828
Non-current assets		313,352	310,283
Inventories	3.5	101,061	110,831
Trade receivables	3.6	102,961	87,790
Current tax assets	3.7	10,391	9,356
Current financial assets	3.8	44,941	50,387
Other current assets	3.9	3,240	4,760
Cash and cash equivalents	3.10	271,191	212,059
Current assets		533,785	475,183
Assets held for sale		-	-
Assets held for sale		-	-
TOTAL ASSETS		847,137	785,466

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Consolidated Statement of Financial Position *(in thousands of Euro)*	**Notes**	**31/12/2024**	**31/12/2023**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital	3.11	62,704	62,704
Reserves and retained earnings (losses)	3.11	152,233	131,228
Net Result for the year	3.11	34,497	29,745
Shareholders' equity attributable to the Group		249,434	223,677
Shareholders' equity attributable to non-controlling interests		6,003	5,554
TOTAL SHAREHOLDERS' EQUITY		255,437	229,231
Loans	3.12	263,258	250,222
Provisions	3.13	6,012	5,735
Employee benefits obligations	3.14	5,390	5,363
Deferred tax liabilities	3.19	13,698	14,109
Other financial liabilities	3.2 - 3.15	16,498	14,410
Non-current liabilities		304,856	289,839
Trade payables	3.16	108,291	95,659
Loans	3.12	129,252	119,005
Tax liabilities	3.17	6,361	8,653
Other financial liabilities	3.2 - 3.15 - 3.8	4,660	5,155
Other current liabilities	3.18	38,280	37,924
Current liabilities		286,844	266,396
Liabilities held for sale		-	-
Liabilities held for sale		-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		847,137	785,466

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1.2 CONSOLIDATED INCOME STATEMENT

Consolidated Income Statement *(in thousands of Euro)*	**Notes**	**31/12/2024**	**31/12/2023**
REVENUES AND OTHER OPERATING INCOME			
Revenues	4.1	587,205	615,823
Other operating income	4.2	1,883	1,434
Total revenues and other operating income		589,088	617,257
OPERATING EXPENSES			
Purchases of materials	4.3	(283,969)	(302,368)
Changes in inventories	3.5	(9,852)	(21,440)
Costs for services	4.4	(75,542)	(80,654)
Personnel costs	4.5	(132,532)	(129,413)
Net reversal/(write-downs) of financial assets	4.6	(652)	(771)
Other operating expenses	4.7	(4,022)	(3,772)
Total operating expenses		(506,569)	(538,418)
Depreciation and amortisation	3.1 – 3.2	(31,817)	(32,371)
Gains/(Losses) on the sale of non-current assets		131	(19)
Write-downs on non-current assets	3.1	(281)	(22)
OPERATING RESULT		50,552	46,427
Financial income	3.8 - 3.15 - 4.8	9,499	5,548
Financial expenses	4.9	(15,685)	(17,988)
Exchange gains (losses)	4.10	2,700	2,383
Gains/(Losses) from sale of investments	4.11	-	-
TAXABLE PROFIT		47,066	36,370
Income taxes	4.12	(11,245)	(5,007)
NET PROFIT/NET LOSS		35,821	31,363
Net profit attributable to non-controlling interests	3.11	1,324	1,618
NET PROFIT ATTRIBUTABLE TO THE GROUP		34,497	29,745

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1.3 EARNINGS PER SHARE AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Earnings per share

Earnings per share *(in Euro)*	**Notes**	**31/12/2024**	**31/12/2023**
EARNINGS PER SHARE	4.13		
Basic		1.55	1.34
Diluted		1.55	1.34

Consolidated statement of comprehensive income

Consolidated statement of comprehensive income *(in thousands of Euro)*	**Notes**	**31/12/2024**	**31/12/2023**
NET PROFIT/NET LOSS		35,821	31,363
Components that will not subsequently be reclassified to the Income Statement:			
Actuarial gains/(losses) from employee benefits obligations	3.14	29	(110)
Tax effect		(7)	27
		22	(83)
Components that will subsequently be reclassified in the Income Statement:			
Exchange differences from translation of Financial Statements in foreign currency	1.4	121	(4,295)
TOTAL COMPREHENSIVE INCOME (LOSS)		35,964	26,985
Of which:			
Attributable to non-controlling interests.	3.11	1,324	1,618
ATTRIBUTABLE TO THE GROUP		34,640	25,367

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1.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated Statement of changes in Shareholders' Equity *(in thousands of Euro)*	Share capital	Share premium reserve	Legal reserve	Treasury shares	Translation reserve	Actuarial gains/(losses) of employee benefits reserve	Other reserves	Net Result for the year	Total Shareholders' equity attributable to the Group	Shareholders' equity attributable to non-controlling interests	Total shareholders' equity
BALANCE AS AT 01/01/2023	62,704	24,762	3,745	(288)	(13,643)	(8)	81,762	47,714	206,748	4,712	211,460
Allocation of 2022 profit											
Dividends paid	-	-	-	-	-	-	(8,438)	-	(8,438)	(710)	(9,148)
Retained	-	-	812	-	-	-	46,902	(47,714)	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	(66) (*)	(66)
Comprehensive income as at 31/12/2023	-	-	-	-	(4,295)	(83)	-	29,745	25,367	1,618	26,985
BALANCE AS AT 31/12/2023	62,704	24,762	4,557	(288)	(17,938)	(91)	120,226	29,745	223,677	5,554	229,231

(*) The line item "Other" shows the net effect of the changes in the translation reserve pertaining to the minority shareholders of the subsidiaries SEST LUVE-Polska Sp.z.o.o. for a positive amount of EUR 269 thousand and the subsidiary "OOO" SEST LU-VE for a negative amount of EUR 335 thousand.

Consolidated Statement of changes in Shareholders' Equity (in thousands of Euro)	Share capital	Share premium reserve	Legal reserve	Treasury shares	Translation reserve	Actuarial gains/(losses) of employee benefits reserve	Other reserves	Net Result for the year	Total Shareholders' equity attributable to the Group	Shareholders' equity attributable to non-controlling interests	Total shareholders' equity
BALANCE AS AT 01/01/2024	62,704	24,762	4,557	(288)	(17,938)	(91)	120,226	29,745	223,677	5,554	229,231
Allocation of 2023 profit											
Dividends paid (Note 4.14)	-	-	-	-	-	-	(8,883)	-	(8,883)	(812)	(9,695)
Retained	-	-	304	-	-	-	29,441	(29,745)	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	(63) (**)	(63)
Comprehensive income as at 31/12/2024	-	-	-	-	121	22	-	34,497	34,640	1,324	35,964
BALANCE AS AT 31/12/2024	62,704	24,762	4,861	(288)	(17,817)	(69)	140,784	34,497	249,434	6,003	255,437

(**) The line item "Other" shows the net effect of the changes in the translation reserve pertaining to the minority shareholders of the subsidiaries SEST LUVE-Polska Sp.z.o.o. for a positive EUR 67 thousand and the subsidiary "OOO" SEST LU-VE for a negative EUR 130 thousand.

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1.5 CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated Statement of Cash Flows *(in thousands of Euro)*	**Notes**	31/12/2024	31/12/2023
A. Cash and cash equivalents at the beginning of the year		212,059	177,258
Net Profit for the year		35,821	31,363
Adjustments for:			
- Depreciation and amortisation	3.1 – 3.2	31,817	32,371
- Capital (Gains)/losses, write-downs of non-current assets		150	41
- (Gains)/losses from the sale of investments	4.10	-	-
- Net financial expenses	4.7 - 4.8	1,391	5,607
- Income taxes	4.11	11,245	5,007
- Changes in fair value	4.7 - 4.8	5,187	6,063
Changes in employee benefit obligations	3.14	(118)	(193)
Changes in provisions	3.13	277	243
Changes in trade receivables	3.6	(15,171)	(4,525)
Changes in inventories	3.5	9,852	21,440
Changes in trade payables	3.16	12,632	(10,928)
Changes in net working capital		**7,313**	**5,987**
Changes in other receivables and payables, deferred taxes		5,123	5,599
Taxes paid	4.11	(14,085)	(12,270)
Net paid financial expense	4.7 - 4.8	(7,069)	(8,580)
B. Cash flows from (used in) operating activities		77,052	71,238
Investments in non-current assets:			
- intangible assets	3.1	(1,617)	(2,599)
- property, plant and equipment	3.2	(18,289)	(33,434)
- financial assets		-	-
Net investments in current financial assets	3.8	259	70,423
C. Cash flows from (used in) investing activities		(19,647)	34,390
Repayment of loans	3.12	(147,338)	(103,292)
Proceed from new loans	3.12	175,000	50,385
Contingent consideration subsequent to a business combination	3.15	(7,360)	-
Changes in other financial liabilities (*)		(6,620)	(6,001)
Sale/(Purchase) of treasury shares		-	-
Contributions/repayments of share capital		-	-
Dividends paid	3.11	(9,695)	(9,148)
Other changes		-	-
D. Cash flows from (used in) financing activities		3,987	(68,056)
Exchange differences	3.11	58	(4,361)
Other non-monetary changes (**)		(2,318)	1,590
E. Other changes		(2,260)	(2,771)
F. Net cash flows during the year (B+C+D+E)		59,132	34,801
Cash and cash equivalents at the end of the year (A+F)		271,191	212,059
Current financial indebtedness		88,971	73,773
Non-current financial indebtedness		279,756	264,632
Net financial indebtedness		97,536	126,346

(*) The amount mainly refers to payments on right of use assets accounted for pursuant to IFRS 16.
(**) The amount is mainly composed of the effect for the year of the net exchange rates difference of intangible assets (negative for EUR 559 thousand), property, plant and equipment (negative for EUR 1,640 thousand) and inventories (negative for EUR 82 thousand). As at 31 December 2023, the amount was mainly composed of the period effect of the net exchange rate difference of intangible assets (positive for EUR 462 thousand), property, plant and equipment (negative for EUR 897 thousand) and inventories (positive for EUR 1,966 thousand).

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2. EXPLANATORY NOTES

2.1 ACCOUNTING STANDARDS

Declaration of compliance and accounting policies

The Parent Company LU-VE S.p.A. is a company with legal personality organised in accordance with the laws of the Italian Republic. The Company is active in the production and sale of heat exchangers and air-cooled equipment. The Company's registered office is in Varese (Italy), Via Vittorio Veneto 11. The majority shareholder is Finami S.p.A.

The consolidated Financial Statements for 2024 of the LU-VE Group have been prepared in compliance with the accounting standards issued by the International Accounting Standards Board and adopted by the European Union applicable at 31 December 2024. The label "IFRS Accounting Standards" includes also the International Accounting Standards ("IAS®") still applicable, and all interpretations issued by the IFRS Interpretation Committee, previously named International Financial Reporting Interpretation Committee ("IFRIC®"), and before Standing Interpretation Committee (SIC®).

The consolidated Financial Statements have been prepared in Euro, which is the functional currency of the Parent Company LU-VE S.p.A. and the subsidiaries in which LU-VE Group primarily carries out its business, with amounts rounded to thousands, and are compared with the consolidated Financial Statements for the previous year, prepared with the same accounting criteria. The financial figures included in the Explanatory Notes are shown mainly in thousands of Euro. The consolidated financial statements is composed by the (i) consolidated statement of financial position, (ii) consolidated income statement, (iii) consolidated statement of comprehensive income, (iv) consolidated statement of changes in equity, (v) consolidated statement of cash flows and these Explanatory Notes.

The Financial Statements have been prepared on the basis of the historical cost principle, except for the fair value measurement of some financial instruments, pursuant to IFRS 9 and IFRS 13, of the activities covered by the exercise of the Purchase Price Allocation, pursuant to IFRS 3, as described below. Furthermore, the Financial Statements have been prepared on a going concern basis pursuant to paragraphs 25 and 26 of the IAS 1, as the Directors have verified the non-existence of indicators of a financial, management or any other nature that might indicate critical issues relating to the ability of the LU-VE Group of meeting its commitments in the foreseeable future. The risks and uncertainties related to the business are described in the dedicated sections of the Director's Report.

In particular, with reference to this last assumption, as at 31 December 2024, LU-VE Group has a solid and balanced financial structure with a Net financial debt/Shareholders' equity ratio (Debt ratio) of 0.38 and a positive short-term net financial position of EUR 182.2 million. Therefore, the repayment of medium/long-term debt expiring during 2025 is guaranteed by current liquidity. In addition, there are no substantial restrictions on the disposal of invested liquidity, amounting to EUR 43.2 million, consisting of (i) Time deposits of EUR 32.6 million (ii) capitalisation policies of EUR 10.3 million, and (iii) other securities of EUR 0.3 million (Note 3.8), which can therefore be used to meet any payment obligations (Note 3.20), if needed.

It should be noted that the assessment of compliance with financial and economic requirements (covenants) on a consolidated basis, as required by the financial debt of the LU-VE Group, as at 31

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December 2024, did not highlight any critical issues. Furthermore, it is highlighted that the estimates of the 2025 Budget lead to the expectation that no critical issues with regard to these requirements will arise also for next year.

Significant uncertainty remains with reference to geopolitical tensions, and the Group remains exposed to this as it has subsidiaries in Russia (7.7% of 2024 consolidated Revenues). This part of the business may be subject to restrictions due to potential sanctions enforceable by other government authorities. The Directors, given the limited impact of the Russian business on the consolidated financial statements, together with the above considerations, believe that the Group is able to operate as a going concern.

Based on what is laid out above, the consolidated Financial Statements of the LU-VE Group as at 31 December 2024 were prepared on a going concern basis, pursuant to paragraphs 25 and 26 of IAS 1.

Directive 2013/50/EU, which amended Directive 2004/109/EC (Transparency Directive), established that all Annual Financial Reports of Issuers, whose securities are admitted to trading on a regulated market, must be prepared in a single electronic reporting format. The European Commission has implemented these rules in the Delegated Regulation 2019/815 (European Single Electronic Format - ESEF Regulation). This is in order to make the annual financial reports readable by both human users and automatic devices and to improve the comparability and analysis of the information included in the annual financial reports. The ESEF Regulation provides that issuers who prepare consolidated Financial Statements in compliance with IAS/IFRS must prepare and publish their annual financial report in the eXtensible HyperText Markup Language ("XHTML") format, using the inline eXtensible Business Reporting Language ("iXBRL") to mark up the consolidated Financial Statements (consolidated statement of financial position, consolidated statement of changes in shareholders' equity, consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows) starting from the year which begins on 1 January 2021, which is why this financial report has been prepared using the XHTML language and the consolidated financial statements have been marked up using the XBRL language. In addition, in line with the provisions of the regulations, starting from 2022, the information contained in the explanatory notes has also been marked with this language. Therefore, these financial statements and the explanatory notes have also been prepared in accordance with the aforementioned format.

The Consolidated Financial Statements as at 31 December 2024 were approved by the Board of Directors of the parent company LU-VE S.p.A. on 13 March 2025.

Financial Statements

The LU-VE Group has adopted the following Financial Statements:

- a consolidated statement of financial position, which shows current and non-current assets and liabilities separately;
- a consolidated income statement in which costs are classified by nature;
- a consolidated statement of comprehensive income, which shows revenue and cost items that are not recognised in the Income Statement as required by IFRS;
- a consolidated statement of changes in equity;

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- a consolidated statement of cash flows that presents cash flows from operations using the indirect method.

The use of these statements provides the most meaningful view of the LU-VE Group's profit and loss, equity and financial situation.

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Consolidation area

The consolidated financial statements of the Group include the annual figures of the Parent Company LU-VE S.p.A. and its direct and indirect subsidiaries, resulting from the income statements and balance sheets approved by the respective Boards of Directors, duly adjusted, where necessary, to bring them into line with the IAS/IFRS adopted by the LU-VE Group ("Reporting Package") in preparation of its consolidated financial statements:

Company name	Registered office	% equity investment	Currency	Share capital
Direct subsidiaries:				
SEST-LUVE-Polska SP.z.o.o.	Gliwice (Poland)	95.00%	PLN	16,000,000
«OOO» SEST LU-VE	Lipetsk (Russia)	95.00%	RUB	136,000,000
Thermo Glass Door S.p.A.	Travacò Siccomario (PV)	100.00%	EUR	100,000
Heat Transfer Systems s.r.o. (HTS)	Novosedly (Czech Republic)	100.00%	CZK	133,300,000
LU-VE Sweden AB	Asarum (Sweden)	100.00%	SEK	50,000
LU-VE France S.a.r.l.	Lyon (France)	100.00%	EUR	84,150
LU-VE Pacific Pty Ltd (*)	Thomastown (Australia)	75.50%	AUD	200,000
LU-VE Deutschland GmbH	Stuttgart (Germany)	100.00%	EUR	230,000
LU-VE Iberica S.L.	Madrid (Spain)	85.00%	EUR	180,063
LU-VE HEAT EXCHANGERS (Tianmen) Co, Ltd	Tianmen (China)	100.00%	CNY	61,025,411
LU-VE Asia Pacific Limited (*)	Wan Chai (Hong Kong)	100.00%	HKD	10,000
LuveDigital S.r.l.	Uboldo (VA)	50.00%	EUR	10,000
MANIFOLD S.r.l.	Uboldo (VA)	99.00%	EUR	10,000
SPIROTECH Heat Exchangers Pvt. Ltd	Ghaziabad, Uttar Pradesh (India)	100.00%	INR	25,729,600
LU-VE AUSTRIA GmbH	Vienna (Austria)	100.00%	EUR	17,500
LU-VE US Inc.	Jacksonville (USA, Texas)	100.00%	USD	10,001,000
Fincoil LU-VE OY	Vantaa (Finland)	100.00%	EUR	1,190,000
LU-VE Netherlands B.V.	Breda (Netherlands)	100.00%	EUR	10,000
«OOO» LU-VE Moscow	Moscow (Russia)	100.00%	RUB	100,000
LU VE MIDDLE EAST DMCC	Dubai (UAE)	100.00%	AED	50,000
LU-VE SOUTH KOREA LLC	Seoul (South Korea)	100.00%	KRW	100,000,000
Refrion S.r.l.	Flumignano di Talmassons (UD)	100.00%	EUR	1,000,000
LU-VE UK Ltd	London (United Kingdom)	100.00%	GBP	10,000
Indirect subsidiaries:				
RMS S.r.l. (100% owned by Refrion S.r.l.)	Flumignano di Talmassons (UD)	100.00%	EUR	40,000
Refrion Deutschland GmbH (100% owned by Refrion S.r.l.)	Frankfurt am Main (Germany)	100.00%	EUR	150,000

(*) Liquidation procedures are in progress.

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Pursuant to IFRS 10, companies for which LU-VE S.p.A. simultaneously has the following three elements are considered subsidiaries: (a) power over the investee; (b) exposure, or rights, to variable returns deriving from its involvement with the investee; (c) the ability to use its power to affect its returns. The subsidiaries are consolidated from when control begins until the date on which it ends.

It should be noted that, despite the following transactions, there were no changes in the scope of consolidation in 2024, other than what follows:

- merger by incorporation of the subsidiaries SEST S.p.A. and Air Hex Alonte S.r.l. into the Parent Company LU-VE S.p.A. For further details, please refer to the note in the introduction of the separate financial statements of LU-VE S.p.A.. However, this transaction does not have any impact on the scope of consolidation since the two entities were wholly owned by the Parent Company LU-VE S.p.A., so the transaction falls within the definition of "business combination under common control";

- the exercise of the call option in favour of LU-VE for the purchase of the remaining 25% of the share capital of Refrion S.r.l. for an amount of EUR 7,360 thousand; Therefore, since July 2024, the subsidiary Refrion S.r.l. is a fully owned subsidiary of LU-VE S.p.A. (the Parent had granted the seller a corresponding put option). For further details, please refer to Note 3.15 "Other financial liabilities". It should be noted that this transaction does not lead to a modification of the consolidation area for the reason explained at the end of this paragraph.

Profits or losses and all the components of the statement of comprehensive income are attributable to the Group and to non-controlling interests. The total comprehensive income of subsidiaries is allocated to the Group and to non-controlling interests, even if this leads to a negative balance for non-controlling interests.

In the case of the initial recognitions of a financial liability deriving from put/forward options granted to subsidiaries' minority interests (as in the case of Refrion S.r.l. mentioned above), the Group has defined an accounting policy to reduce shareholders' equity of non-controlling interests and only in the alternative, for the excess amount, the shareholders' equity attributable to the Group. Subsequent changes in the aforementioned financial liability are recognised in the income statement.

Consolidation criteria

The data used for the consolidation are based on the income statements and balance sheets approved by the Directors of the individual subsidiaries. These data have been appropriately adjusted and reclassified when necessary to bring them into line with international accounting standards and the uniform classification criteria used within the LU-VE Group.

The following criteria have been adopted for the consolidation:

a) assets and liabilities, income and expenses in the financial statements subject to line-by-line consolidation are included in the LU-VE Group's Financial Statements, irrespective of the portion of the investment in subsidiaries. The carrying amount of equity investments has also been eliminated against the shareholders' equity attributable to the subsidiaries;

b) payable/receivable and cost/revenue intercompany items and profit/loss arisen from intra-group transactions are eliminated. Likewise, dividends and write-downs on investments in subsidiaries recognised in the respective annual financial statements are eliminated;

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c) if there are non-controlling interests, the portion of shareholders' equity and the profit (loss) of the year attributable to them are highlighted in separate items of the consolidated statement of financial position and income statement;

d) final inventories, for products acquired from LU-VE Group companies, are adjusted by the intra-group margins they contain, as they have not yet been realised with respect to third parties;

e) the gains realised from intra-group sales related to property, plant and equipment and intangible assets are eliminated net of depreciation and amortisation calculated on the gains themselves.

Translation into Euro of Income Statements and Balance Sheets drafted in foreign currency

The separate financial statements of each company belonging to LU-VE Group are prepared in the currency of the primary economic environment in which it conducts business (functional currency). For the purposes of the consolidated financial statements, the Reporting Package of each overseas entity is expressed in Euro, which is the functional currency of the Parent Company and the presentation currency of the consolidated Financial Statements.

The translation of items in the equity and financial position of the Reporting Packages expressed in currencies other than the Euro is carried out by applying exchange rates at the end of the reporting period. Income statement items are translated using the average exchange rates for the reporting period.

Translation exchange differences resulting from the comparison between the opening equity translated at current exchange rates at that date and the same converted at final exchange rates, as well as the difference between the profit and loss expressed at average exchange rates and that expressed at final exchange rates, are recognised in the shareholders' equity item "Translation reserve".

The exchange rates used for the translation into Euro of the financial statements of the overseas subsidiaries, prepared in local currency, are shown in the table below:

Currency	Exchange rate as at 31/12/2024	Average exchange rate 2024	Exchange rate as at 31/12/2023	Average exchange rate 2023
AUD	1.6772	1.6397	1.6263	1.6288
PLN	4.2750	4.3058	4.3395	4.5420
CZK	25.1850	25.1198	24.7240	24.0043
RUB (*)	106.1028	100.2801	99.1919	92.8741
SEK	11.4590	11.4325	11.0960	11.4788
HKD	8.0686	8.4454	8.6314	8.4650
CNY	7.5833	7.7875	7.8509	7.6600
INR	88.9335	90.5563	91.9045	89.3001
USD	1.0389	1.0824	1.1050	1.0813
AED	3.8154	3.9750	4.0581	3.9710
GBP	0.8292	0.8466	0.8691	0.8698
KRW	1,532.15	1,475.40	1,433.66	1,412.88

(*) For the Russian companies, in 2024 and 2023, the exchange rates of the Russian Central Bank were used.

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Statement of reconciliation between shareholders' equity and net result for the year of the parent company and shareholders' equity and net result for the year of the consolidated Financial Statement

SHAREHOLDERS' EQUITY RECONCILIATION STATEMENT (in thousands of Euro)	2024 Net result for the year	2024 Shareholders' Equity	2023 Net result for the year	2023 Shareholders' Equity
Net Result and Shareholders' equity of LU-VE S.p.A.	17,661	120,579	6,081	111,770
Difference between carrying amount of consolidated investments in subsidiaries and value of the portion of shareholders' equity and profit (loss) of consolidated subsidiaries	14,662	134,136	23,796	119,270
Elimination of intra-group profits	1,338	(5,302)	(167)	(6,548)
Other	836	21	35	(815)
Net Result and shareholders' equity attributable to the Group	34,497	249,434	29,745	223,677

Measurement criteria

The material accounting policies' information and measurement criteria adopted for the preparation of the consolidated Financial Statements as at 31 December 2024, which did not change compared to the previous year, are described below:

INTANGIBLE ASSETS

Goodwill and business combinations

Business combinations are accounted for using the acquisition method. In accordance with this method, the consideration transferred in a business combination is measured at fair value, which is calculated as the sum of acquisition-date's fair values of the assets transferred, liabilities incurred by LU-VE Group and the equity interest issued in exchange for control of the acquiree. At the date of the acquisition, the identifiable acquired assets and liabilities incurred are recognised at their fair value at the acquisition date.

Goodwill is measured as the excess of the sum of the fair value of the considerations transferred, the amount of non-controlling interests and the fair value of the acquirer's previously held equity investment in the acquiree (if any) over the net of the acquisition date's fair value of acquired assets and liabilities incurred. At the acquisition date, the portions of non-controlling interests were measured at the pro-quota fair value of the net assets recognized for the acquired company, with the exception of the acquisitions of Spirotech Heat Exchangers Private Ltd. and Refrion S.r.l., for which non-controlling interests were measured directly at fair value.

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With respect to acquisitions occurred prior to the date of adoption of IFRS (1 January 2014), the LU-VE Group exercised the option set forth in IFRS 1 not to apply IFRS 3 relating to business combinations to the acquisitions that took place before the transition date. As a result, the goodwill resulting from acquisitions that took place in the past was not restated and was recognised at the value determined on the basis of the previous accounting standards, net of amortisation accounted for as at 31 December 2013 and any impairment losses.

For further information please refer to the next paragraph "Impairment of assets".

It is also reported that Management did not consider the acquisition of the subsidiary Brener a.s. as a business combination in accordance to IFRS 3. The subsidiary, mainly holder of lands and industrial buildings rented to another LU-VE Group's company, has therefore been included in the LU-VE Group's consolidated financial statements as an "acquisition of assets".

Other intangible assets

Trademarks

This item includes long-term expenses incurred for the protection and distribution of LU-VE Group trademarks. These expenses are recognised as assets in accordance with IAS 38 “Intangible assets” when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset can be determined in a reliable manner.

The LU-VE Group has identified, among others, the item Trademarks, as Primary Income Generating Asset (“PIGA”) from the exercise of the purchase price allocation of “Al Air” (final allocation on 31 December 2020) and the Refrion Group (final allocation on 31 December 2022); the relative amortisation for both trademarks was estimated by the Directors to be 10 years.

Development costs

Development costs incurred for projects for the manufacturing of new products or components are recognised as an intangible asset only if: (i) the costs can be reliably determined, (ii) the LU-VE Group has the intention and available resources to complete the asset, (iii) it is technically feasible to complete the project so as to make it available for use and (iv) expected volumes and prices indicate that the costs incurred in the development phase will be capable of generating future economic benefits.

Capitalised development costs include only expenses incurred that may be directly attributed to the development process.

Capitalised development costs are amortised systematically, starting from the date when the output of the project is available for use and throughout the estimated life of the product or process, which has been evaluated as four years. All other development costs that do not meet the aforementioned requirements, as well as the related research costs, are recognised in the income statement when incurred.

Other intangible assets

Other intangible assets are recognised as assets in accordance with IAS 38 when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset can be

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determined in a reliable manner. If such future economic benefits do not arise with reference to development costs, they are written down in the year in which this is confirmed.

These assets are measured at acquisition or production cost and amortised on a straight-line basis throughout their estimated useful life, if they have a finite useful life.

In particular, investments in software are amortised over a period of 3 years.

For further information please refer to the next paragraph "Impairment of assets".

Customer relationship

The LU-VE Group identified the Customer Relationship as a PIGA from the purchase price allocation of the US company LU-VE US (concluded in 2018) and the Indian company Spirotech (concluded in 2017). In addition, it should be noted that part of the fair value of the consideration transferred from the business combination of the "AI Air" business was also allocated to the customer relationship (concluded in 2020).

In addition, following the periodic review of the economic and technical useful lives of property, plant and equipment and intangible assets, the residual useful life of the customer list referring to the US company LU-VE US Inc. (acquired in 2018 and initially amortised over 20 years) was reviewed in 2023. The estimated total useful life has been restated to 10 years.

Customer Relationship of "AI Air" was instead amortised over 10 years.

The change in the year in the Customer List amounts mainly refers to the amortisation of the year.

An intangible asset is eliminated from the financial statements at the time of disposal or when no future economic benefits are expected from its use or disposal. The profits or losses deriving from the cancellation of an intangible asset, measured as the difference between net revenue from the sale and the net book value of the asset, are recognised in the Income Statement at the time the asset is cancelled.

For further information please refer to the next paragraph "Impairment of assets".

PROPERTY, PLANT AND EQUIPMENT

These assets include land and buildings, plant and machinery, equipment and other tangible assets.

They are recognised at purchase or construction cost, or at their fair value in the event of purchase through business combinations. The cost includes ancillary costs directly attributable to the asset. Depreciation is calculated on the basis of uniform rates for categories of similar assets, deemed suitable to break down the carrying amount of the property, plant and equipment over the period of its useful life. The estimated useful life is as follows, in years:

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Property, plant and equipment	Years
Buildings	33
Light constructions	10
Plant and machinery	6 – 10
Fixtures and fittings, tools and other equipment	3 – 10
Other assets	4 – 8

Ordinary maintenance costs are charged to the Income Statement in the year in which they are incurred; costs that increase the value or useful life of the asset are capitalised and depreciated in line with the remaining useful life of the assets to which they refer.

If there are indicators of impairment, property, plant and equipment are tested for impairment. The testing process is described in the "Impairment of assets" section. Any possible impairments may be subject to subsequent reversals should the causes that induced the LU-VE Group to impair such assets no longer apply; reversals of impairment will be made to the limit of the value the asset would have had if the impairment had not taken place.

Land is not depreciated.

For further information please refer to the next paragraph "Impairment of assets".

Lease agreements and right-of-use assets

The LU-VE Group must evaluate if an agreement is, or contains, a lease at the inception of the same. The LU-VE Group recognises the Right-of-use asset and the corresponding lease financial Liability for all lease agreements in which it assumes the role of lessee, with the exception of short-term agreements (lease agreements of duration of 12 months or less) and of leases related to low value assets (that is to say, assets whose fair value is less than EUR 5,000). Contracts to which this exemption has been applied mainly fall within the following categories:

- Computers, telephones and tablets;
- Printers;
- Other electronic devices;
- Furniture and fittings.

In relation to these exemptions, the LU-VE Group recognises the relative payments as operating costs recognised on a straight-line basis throughout the duration of the agreement.

On the other hand, for lease agreements the initial lease financial liability is recognised at the present value of future payments at commencement date of the lease agreement. The discount rate to be applied to future lease payments has been determined as the risk-free rate of each country in which the contracts were stipulated, with due dates commensurate to the duration of the specific rental contract, increased by the credit spread specific to the LU-VE Group subsidiary that has signed the agreement.

Lease payments included in the measurement of lease financial liabilities include:

- The fixed component of the lease payments, net of any incentive receivable;

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- Variable lease payments based on an index or rate, initially measured using the index or rate at the commencement date of the contract;
- The amount expected to be payable by the lessee under residual value guarantees.
- The exercise price of the call option, which is to be included only if the exercise of such option is deemed reasonably certain.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The incentives linked to the lease (for example free leasing periods) are recognised as part of the initial value of the right of use and of the lease liability throughout the contractual period.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Right-of-use asset is included as a separate line item in the consolidated statement of financial position.

The LU-VE Group applies IAS 36 – *"Impairment of Assets"* in order to identify the presence of any impairment loss.

In the consolidated statement of cash flows LU-VE Group splits the amount paid overall into the principal amount (recognised in the cash flow from (used in) financial activities) and the interest portion (presented under net financial expense paid, in the cash flow from operating activities).

Impairment of assets

At least at each reporting date, LU-VE Group reviews the carrying amount of goodwill and its property, plant and equipment and intangible assets to determine whether there are indicators that these assets have suffered an impairment loss. The impairment test activity is aimed to verify that the carrying amount of the above-mentioned asset is not higher than its recoverable amount. When the asset does not generate cash inflows that are independent from those generated by other assets, LU-VE Group estimates the recoverable amount of the cash-generating unit ("*cash generating unit*" or CGU") to which the asset belongs.

In particular, the recoverable amount of the cash-generating units is verified by determining the value in use. In determining value in use, future cash flows net of taxes, estimated on the basis of past experience, are discounted to their present value using a post-tax discount rate, which reflects current market assessments of the time value of money and the specific risks of the asset. The main assumptions used to determine value in use concern the discount rate, the growth rate, expected changes in sale prices and the trend in direct costs during the period assumed for the calculation. The

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growth rates adopted are based on growth forecasts for the applicable industrial sector. Changes in sale prices are based on past experience and on future market expectations. LU-VE Group prepares projections of operating cash flows deriving from the business plan prepared by the Management of parent company LU-VE S.p.A. and approved by the Parent Company's Board of Directors, on 20 February 2025, and determines the terminal value (present value of perpetual cash flows) on the basis of a medium and long-term growth rate in line with that of the specific applicable sector.

If the recoverable amount of an asset (or of a cash-generating unit) is estimated to be lower than its carrying amount, the carrying amount of the asset is reduced to its lower recoverable amount, with the impairment loss immediately recognised in the income statement.

Subsequently, if the impairment loss on an asset is no longer applicable or is reduced, the carrying amount of the asset (or of the CGU), with the exception of goodwill, is increased to the new value corresponding to the estimated recoverable amount, which may be no higher than the net carrying amount that the asset would have had if the impairment loss had never been recognised. The reversal is recognised immediately in the income statement.

FINANCIAL INSTRUMENTS

Derivative financial instruments

Derivative financial instruments are entered primarily for hedging purposes, in order to reduce the risk of fluctuating exchange rates, interest rates and raw material costs. Pursuant to IFRS 9, derivative financial instruments are measured using the hedge accounting criteria only when:

a) at the inception of the hedge, the hedging relationship is formally designated and documented;
b) the hedge is expected to be highly effective;
c) this effectiveness may be reliably measured;
d) the hedge is determined to have been highly effective during the different accounting periods for which it is designated.

All derivative financial instruments are measured at fair value, as established by IFRS 9.

If the instrument is not eligible for hedge accounting, the gains or losses arising from the measurement of the derivative financial instrument at fair value are recognised in the Income Statement.

However, at the reporting date, not all requirements for the application of hedge accounting in accordance with IFRS 9 were satisfied. Therefore, the Group deemed it appropriate to treat these instruments as trading transactions, not as hedge accounting transactions, therefore recognising the changes in the fair value of the financial instrument directly in the Income Statement.

The relative effects were recognised under "Financial Expense" in the Income Statement.

With reference to derivative instruments entered for hedging the interest rate risk on loans, for management purposes, the Group presents the differential exchanged with the counterparty during the year in the item "Interest expense to banks", while the change in the fair value of these derivative

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instruments is instead presented in the item "Other financial income", if positive, or in the item "Other financial expense" if negative.

INVENTORIES

Inventories are measured at the lower of acquisition or production cost, determined on the basis of the weighted average cost method, and the corresponding realisable value represented by the replacement cost for purchased materials and the estimated realisable value for finished and semi-finished products, calculated by taking into account any manufacturing costs as well as the direct sales costs yet to be incurred. The cost of inventories includes the amount of ancillary costs and direct and indirect production costs reasonably attributable to them. Obsolete or slow-moving inventories are written down based on their possibilities of use or realisation. The write-down of inventories is derecognised in subsequent years if the reasons for it no longer apply.

TRADE AND OTHER RECEIVABLES

The receivables are initially recognised at fair value.

Subsequently, receivables are measured with the amortised cost method on the basis of the effective interest rate represented by the rate, which makes the present value of future cash flows and the carrying amount equal at the moment of initial recognition.

In accordance with IFRS 9 trade receivables are classified into the categories “Held to collect” and “Held to collect and sell”. Their amount is adjusted at the end of the reporting period to the expected realisable value and written down in case of impairment measuring the expected credit loss along the life of the receivable, together with the level of solvency of the individual debtors, also in function of the specific characteristic of the underlying credit risk, taking into account available information.

ASSIGNMENT OF RECEIVABLES

Receivables transferred based on factoring transactions are cancelled from the assets in the equity and financial position only if the risks and benefits correlated with their ownership have been substantially transferred to the assignee.

LOANS

Loans are initially measured at cost, corresponding to the fair value of the consideration received, net of ancillary acquisition costs.

After this initial valuation, loans are measured at the amortised cost principle calculated through the application of the effective interest rate method.

The effective interest method is the method to calculate the amortised cost of a financial liability and the allocation of interest expense during the relevant period. The effective interest rate is the rate that discounts future payments (including all fees, transaction costs and other premiums or discounts) over the term of a financial liability or, if more appropriate, over a shorter period. To determine the effective interest rate on floating-rate loans, the Group updates the cash flows on the basis of the reference rate expected forward curves at each reporting date, recognising the difference compared to the previous period in the Income Statement.

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Loans are classified as current liabilities unless the LU-VE Group has the unconditional right to defer the settlement of the liability for at least twelve months after the reporting date.

PROVISIONS

Provisions for risks and charges represent probable liabilities of uncertain amount and/or timing deriving from past events, whose settlement will entail an outflow of resources. Provisions are recognised exclusively if there is a present legal or constructive obligation requiring the use of economic resources, provided such obligation can be reliably estimated. The amount recognised in the provision represents the best estimate of the expenditure required to settle the obligation at the reporting date. Provisions are reviewed at each reporting date and adjusted so as to represent the best current estimate.

If the outflow of resources connected to the obligation is expected to take place beyond normal payment terms and the effect of discounting is relevant, the amount of the provision is represented by the present value of the expected future payments for the settlement of the obligation.

Contingent assets and liabilities are not recognised in the Financial Statements. However, they are subject to adequate disclosure.

EMPLOYEE BENEFITS OBLIGATIONS

Short-term benefits

Short-term employee benefits are accounted for in the income statement in the year in which the services are rendered.

Post-employment benefits

Starting from 1 January 2007, the Financial Act (law 296/2006) and the relative implementing decrees introduced considerable amendments to the rules on post-employment benefits, including the selection to be made by the worker with respect to the allocation of accruing post-employment benefits. In particular, for companies with more than 50 employees on the date of introduction of the reform, these new regulations required new post-employment benefit contributions to be allocated to pension plans chosen by the worker or, if the worker decided to keep those contributions within the company, to a treasury account set up at INPS.

For employees of Italian companies with more than 50 employees, only post-employment benefits accrued up to 31 December 2006 continue to be classified as "defined benefit plans", while those accruing subsequent to that date are classified as a "defined contribution plan", as all obligations of the company are met when it makes the periodic contribution to third-party entities. Therefore, discounted amounts are no longer recognised in the income statement. Instead, outlays made to the various types of pension plans selected by employees or to the separate INPS treasury fund, calculated based on Article 2120 of the Italian Civil Code, are recognised under personnel costs.

For employees of Italian companies with less than 50 employees (Manifold S.r.l. and R.M.S. S.r.l.) post-employment benefits accrued as at 31 December 2024 take the form of a defined benefit plan. The LU-VE Group's obligation in relation to defined benefit plans and the annual cost recognised in the income statement is determined on the basis of actuarial valuations using the projected unit credit method.

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TRADE AND OTHER PAYABLES

Trade payables and other payables are initially recognised at fair value, plus any costs connected to the transaction. Subsequently they are measured at nominal value, as it is not deemed necessary to apply any discounting or separately attribute explicit or separated interest expense in the income statement, as it is not considered material in light of expected payment times.

CRITERIA FOR THE TRANSLATION OF FINANCIAL ITEMS IN FOREIGN CURRENCY

Receivables and payables originally expressed in foreign currencies are translated to euro at the exchange rates of the date on which the transactions giving rise to them take place. The exchange differences realised upon collection of the receivables and payment of the payables in foreign currency are recognised in the income statement. Income and expenses relating to transactions in foreign currency are recognised at the current exchange rate on the date on which the relative transaction takes place.

At year end, assets and liabilities expressed in foreign currency are recognised at the spot exchange rate as at the end of the year and the relative exchange gains and losses are recognised in the Income Statement. If the translation gives rise to a net profit, a non-distributable reserve for a corresponding amount is restricted until its actual realisation.

REVENUE RECOGNITION

Revenues are recognised at the time of transfer of the control on the goods or services promised to the customer. Revenues are recognised net of returns, discounts, allowances and premiums, as well as directly linked taxes.

Contracts with customers generally include a single performance obligation, that is the sale of the goods, generally met upon delivery of the goods to the customer.

It should be noted that the Group, through its subsidiary Refrion S.r.l., also started to recognise revenues through long-term projects (i.e. the supply of cooling systems for the EDG emergency diesel generators of the nuclear island of the Hinkley Point C power station in Somerset - UK). In addition to the supply of finished products, these projects also include the remuneration for designing and engineering services preparatory to the development and installation of the products sold. Revenues related to these projects are recognised "over time", on a cost-to-cost method, based on the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs (as they represent a valid proxy for the amount of work in progress already performed with respect to the project completion). Any amounts invoiced in excess of the above revenue recognition method are suspended and recognised as contract liabilities and classified under "Other current liabilities".

COST RECOGNITION

Costs and expenses are recognised in the financial statements on an accrual basis.

FINANCIAL INCOME

Financial income includes interest income on invested funds and income from financial instruments, together with the fair value effect on derivative financial instruments. Interest income is recognised to the income statement on an accrual basis, using the effective interest rate method.

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FINANCIAL EXPENSE

Financial expense includes interest expense on financial payables calculated using the effective interest rate method (net of differentials exchanged with the counterparty during the year relating to IRS derivative instruments entered into to hedge the interest rate risk of loans), bank fees and expenses deriving from financial instruments, together with the fair value effect of derivative financial instruments.

INCOME TAXES FOR THE YEAR

Income taxes include all taxes calculated on the LU-VE Group's taxable income for the year. Income taxes are recognised in the Income Statement, with the exception of those relating to items directly charged or credited to shareholders' equity, in which case the tax effect is recognised directly under shareholders' equity. Other taxes not correlated with income, such as other indirect taxes and fees on property, are classified as other operating expenses. Deferred tax liabilities are recognised based on the global liability method. They are calculated based on all temporary differences emerging between the taxable amount of an asset or liability and the carrying amount in the consolidated financial statements, with the exception of goodwill, which is not tax deductible and those differences from investments in subsidiaries which are not expected to be offset in the foreseeable future. Deferred tax assets on tax losses and unused retained tax receivables are recognised to the extent to which is it likely that future taxable income will be available against which those tax assets may be utilised. Current and deferred tax assets and liabilities are offset when the income taxes are levied by the same tax authority and when there is a legal right to offset. Deferred tax assets and liabilities are measured using the tax rates expected to be applicable in the years in which the temporary differences will be realised or extinguished. The temporary differences in taxable incomes do not give rise to deferred liabilities for investments in subsidiaries, associates and joint ventures when the LU-VE Group is able to control the timing of cancellation of the temporary differences in taxable income and it is probable that these differences will not be reversed in the foreseeable future.

If the possibility of realigning the tax value of goodwill to its book value were to be granted by Italian tax law, the accounting policy established by the Directors is not to immediately record in the income statement the future tax benefit connected to the redemption as a contra-entry to deferred tax assets.

DIVIDENDS

Dividends are accounted for on an accrual basis when the right to receive them arises, corresponding to the resolution of distribution.

TREASURY SHARES

Treasury shares are recognised as a deduction from shareholders' equity. The carrying amount of treasury shares and gains from any subsequent sales are recognised as changes in shareholders' equity.

EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the LU-VE Group's share of the net profit for the year by the weighted average of ordinary shares outstanding during the year. The diluted earnings per share coincide with the basic earnings per share as there are no options outstanding which may potentially lead to the issue of new parent company's shares and thus result in dilutive effects.

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TAX CONSOLIDATION AGREEMENT

National Tax Consolidation applies (pursuant to art. 117 et seq. of Italian Presidential Decree 917/86 – TUIR (Consolidation Act on Income Taxes), and its area includes, in addition to the parent LU-VE S.p.A., four other Italian subsidiaries: Thermo Glass Door S.p.A. (TGD), Manifold S.r.l., the latter for the 2023-2025 years, and, starting from 2024, the above-mentioned scope will also include the companies Refrion S.r.l. and RMS S.r.l. (the tax consolidation agreement entered into among LU-VE S.p.A. and these companies covers the period 2024-2026).

National tax consolidation allows the determination of current IRES tax on a taxable income corresponding to the algebraic sum of positive and negative taxable components of the participating companies. Economic relationships, in addition to reciprocal responsibilities and obligations, are regulated by specific agreements between the parties according to which, in case of positive taxable income, subsidiaries transfer to the parent company the financial resources corresponding to the greater tax due by them for the effect of participating to the national tax consolidation, and in case of negative taxable income, they receive a compensation equivalent to the relative tax saving made by the parent company, if and to the extent that there are prospects of profitability that allow the LU-VE Group to effectively reduce current taxes or the recognition of deferred tax assets.

USE OF ESTIMATES

The preparation of the Consolidated Financial Statements and the relative Explanatory Notes in application of IFRS Accounting Standards requires Management to make use of estimates and assumptions that impact, even significantly, the values of the assets and liabilities in the financial statements and the disclosure relating to contingent assets and liabilities as at the reporting date. These estimates and assumptions are based on historical experience and on other external and internal factors deemed relevant by Management. Actual results may differ from those estimates.

The underlying estimates and assumptions are reviewed periodically by Management (at least annually). Any changes in the estimate are recognised prospectively starting from the period in which this estimate is revised.

In the preparation of the consolidated financial statements, no significant judgements were adopted during the application of the Group accounting standards, with the exception of those relating to estimates that have a significant impact on amounts recognised in the financial statements. The main assumptions relating to the future and the main causes for uncertainty in the estimates at the date of closure of the year which represent a major risk of giving rise to significant adjustments in the accounting values of the assets and liabilities in the following year are reported below.

Recoverability of the value of goodwill, other intangible assets and property, plant and equipment

The procedure for the impairment test on goodwill, other intangible assets and property, plant and equipment described in the paragraph "Impairment of assets" implies (in estimating the value in use) the use of assumptions regarding: i) the forecast of expected cash flows from the cash generating units (“CGUs”) identified, making reference to the 2025-2028 Business Plan, approved by the Board of Directors of the Parent Company on 20 February 2025, ii) the determination of an appropriate discounting rate (WACC) and iii) a long-term growth rate (g-rate).

These assumptions are based on the management's perspectives: i) to focus on the "core" product (air heat exchangers) through product and process innovation, technological advancements and

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increased production efficiency, also thanks to the specialisation and localisations of production facilities; ii) to focus on improving profitability and protecting cash generation through increased production efficiency, and the modernisation of processes for product selection and configuration processes, order management and careful management of fixed expenses; iii) the reduction of the risk profile through the further development of applications in non-correlated sectors and the increase of geographical coverage with the aim of a reduction in the concentration of sales in Europe in the medium term; iv) the improved use of installed production capacity with reduction in capital investments compared to the historical average, but with a focus in particular on the automation of all industrial processes; and v) the exploitation of growth opportunities mainly linked to:

- exchangers using natural refrigerants in line with the latest revision of the European F-GAS regulation;
- strengthening its presence in the United States, with priority given to the data centre segment, with growth in both commercial and industrial refrigeration, and with the start of on-site production of high-power ventilated appliances;
- strengthening its presence in China, both for the increasing focus on exchangers with natural refrigerants, and thanks to the start-up of local production of the outdoor range, which on the one hand increases competitiveness in the already monitored refrigeration segment by completing the existing offer package, and on the other hand should allow entry into new applications in the field of data centres and industrial applications in particular;
- the development of the cold chain, especially in less advanced countries (India and, in the medium/long-term, Africa) also as a result of the progressive introduction of increasingly stringent regulations in terms of proper food preservation throughout the production chain;
- the increased global attention and awareness of energy efficiency issues and the reduction of the environmental impact of all human activities;
- electrification: from the replacement of traditional gas boilers with heat pump systems possibly integrated with solar panels, to the heavy investments expected worldwide for the increase of energy production of all types with a special focus on those from renewable sources and for the need to modernise some of the existing infrastructures in the most developed countries;
- In the energy field in general, the aim is to expand the customer base with a focus on applications in the segments of oil coolers for electrical transformers, C02 recovery, hydrogen production as well as nuclear energy.

The actions envisaged on sales prices suggest that it is reasonable to pass on to the market the expected cost increases over the years of the Plan for raw materials, energy and labour costs, thus allowing to safeguard EBITDA in absolute value (as it has been abundantly done in the past). These assumptions take into account an assessment of the possible impacts related to the ongoing geopolitical tensions (Russian-Ukrainian conflict and situation in the Middle East) and to events or trends related to climate change or regulatory changes, also soon to come into force (e.g. Carbon Border Adjustment Mechanism).

As required by IAS 36, since the above-mentioned CGUs include goodwill, LU-VE Group’s Management conducted an impairment test to determine whether the carrying amounts relating to the assets of the individual CGUs are measured in the financial statements as at 31 December 2024 at a value not higher than their recoverable amount. In particular, in the consolidated financial statements as at 31 December 2024 LU-VE Group has recognised goodwill for a total amount of EUR 64.5 million. This goodwill is attributable to two cash generating units (“CGUs”): "Components" for

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EUR 27.5 million and "Cooling Systems" for EUR 37.0 million, to which were also allocated intangible assets with a finite useful life for EUR 23.5 million, rights of use assets for EUR 22.7 million and property, plant and equipment and other tangible assets for EUR 190.9 million.
Given the particular situation of uncertainty in the Russian macroeconomic context due to the sanctions resulting from the ongoing conflict between Russia and Ukraine, and the direct exposure of the LU-VE Group to the areas affected by the conflict, Management of LU-VE Group carried out an impairment test in order to determine if the amount of the Net Invested Capital ("NIC") of the LU-VE Group's Russian production company, "OOO" SEST LUVE, is recognised in the financial statements as at 31 December 2024 at a value not higher than its recoverable amount. In particular, the NIC pertaining to the Russian company recognised in the consolidated financial statements as at 31 December 2024 totalled EUR 9.6 million (RUB 1,017 million), of which EUR 6.2 million (RUB 660 million) related to property, plant and equipment and the remaining amount essentially related to operating working capital.

For more information, see the specific paragraph in the following Note 3.2 Property, plant and equipment and right of use.

Bad debt provision for trade receivables

Receivables are adjusted by the relative bad debt provision to take into account their recoverable amount. To determine the amount of write-downs, the Directors are required to make subjective assessments based on available documentation and information regarding customer solvency, as well as historical and (forward-looking) collection experience and trends.

It should be noted that only for the receivables of the Russian production subsidiary "OOO" SEST LUVE a specific customer-by-customer analysis was carried out, given the particular situation of uncertainty of the Russian macroeconomic context due to the sanctions resulting from the ongoing conflict.

Income taxes and deferred tax assets

LU-VE Group is subject to various income tax legislation. To determine LU-VE Group's income tax liabilities, the Management needs to make assessment with respect to transactions that have uncertain tax implications at the reporting date. In addition, deferred tax assets are measured on the basis of expected income of LU-VE Group companies in future years; the assessment of this expected income depends on factors that could change over time and have significant effects on the measurement of deferred tax assets.

In testing the initial recognition and recoverability of deferred tax assets recognised in the Financial Statements as at 31 December 2024, equal to EUR 11.2 million, Management relied on the taxable results deriving from the Business Plans 2025-2028, in addition to the fiscal year 2029, obtained by carrying forward the figures from the last year of the Business Plan's explicit period for the Parent Company LU-VE S.p.A. and the other Italian subsidiaries included in the national tax consolidation area by extrapolating the expected taxable income . The effects deriving from the temporary differences on which deferred tax liabilities were recognised were also used in the test of deferred tax asset recognition. However, the future trend of various factors, including the difficult evolution of the economic and global financial environment, together with the effects that will derive from recent geopolitical tensions, requires that circumstances and events that could lead to the non-recoverability of deferred tax assets recognised by the Group are constantly monitored by the Group's management.

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Climate change impacts

LU-VE Group conducted an analysis related to the significant physical and transitional climate risks (for further details please see the Consolidated Sustainability Reporting), whose potential impact on the expected Group's economic and financial performance has been included in the Business Plan 2025-2028 approved by the LU-VE S.p.A.'s Board of Directors on 20 February 2025.

Regarding physical climate risks, LU-VE Group conducted a thorough analysis of the physical climate risks pertaining to its production facilities. This analysis, carried out in 2022, considered current and applicable also for the fiscal year 2024, is based on IPCC scenarios (Intergovernmental Panel on Climate Change), categories of physical climate risks, calculation methodologies, and time horizons that remain aligned with the state of the art and the context in which the Group operates. The analysis was conducted by considering various future scenarios related to internationally recognised climate models and based on the Representative Concentration Pathways (RCP) developed by the Intergovernmental Panel on Climate Change (IPCC), specifically the RCP 2.6 and RCP 4.5 scenarios, with a time horizon extending to 2035. Furthermore, it should be noted that the analysis was developed by combining scientific data at asset level with climate risk, evaluated according to the dimensions of i) probability of risk occurrence according to different climate models, ii) asset exposure, and iii) vulnerability, i.e., expected losses in the event of occurrence. Among the main findings, it emerges that the risks most likely to impact the Group are temperature variability, heavy rainfall, and rainfall variability. Vice versa, the exposure to certain other risks, e.g. drought and fire risk, is not expected to be material for the Group's operating assets.

In particular, the facilities identified at higher physical climate risk are those located in India, the United States, and Italy, more specifically in the Flumignano di Talmassons (Udine) site, where the only potentially material risk was identified for the facilities in India. The Business Plan 2025-2028 does not include negative effects arising from this physical risk; however, a sensitivity analysis was performed considering a possible negative impact quantifiable in an EBITDA decrease for each year of the Business Plan explicit and terminal period for EUR 1 million, regarding the CGU Components. This decrease in the Business Plan expected future cash flows would reduce the impairment test cover for the CGU Components by approximately 17%.

Moreover, so far, no facility has been subject to dedicated actions for climate change adaptation. With reference to the Business Plan 2025-2028, the Group has planned investments (CAPEX) aimed at mitigating impacts arising from climate change mitigation and adaptation, totaling EUR 8.5 million, of which:

i) EUR 7 million for actions aimed at reducing Scope 1 and Scope 2 emissions through investments in advanced technologies for low climate impact production processes, with development expected in 2025;

ii) EUR 1.5 million for adapting facilities to the effects of climate change, particularly for works to mitigate flood risks and increase site protection in case of heavy rainfall and site cooling to mitigate the negative effects of heatwaves (These amounts are managed within the total CAPEX planned for property renovations totaling approximately EUR 6 million).

Regarding climate transitional risks, LU-VE Group updated the analysis of climate transitional risks in 2024. Various types of risks – market, technological, legal/policy, and reputational – were assessed based on their potential impact on the business and the Group's ability to address them over time.

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For example, market risks related to increases in production and transportation costs due to specific market conditions and the introduction of new regulations (such as the Carbon Border Adjustment Mechanism at the European level) were evaluated, as well as the demand for products with increasingly lower emissions impact due to evolving regulations and policies aligned with climate policies, such as the F-Gas Regulation (whose new revision was published in February 2024). Unlike physical climate risks, transition opportunities and risks were neither scientifically identified by considering different climate scenarios, nor the specific scenario related to limiting global warming to 1.5°C.

In this context, it is noted that the assumptions underlying the Business Plan 2025-2028 reflect the investments, approximately EUR 97 million, required by the expected expansion of the market share of products using natural refrigerants and high-efficiency motors (the plan foresees a growth in heat exchangers using natural refrigerants of 6% in 2025, 11% in 2026, 9% in 2027, and 7% in 2028, with consequent impact on revenue estimates), as well as the incremental targets set by existing bank financing contracts related to these types of products. Regarding procurement costs, a significant issue considering that the main raw materials used by the Group result from energy-intensive production processes, these are expected to remain constant throughout the Plan period, similarly to the sales prices applied by the Group; overall profitability is assumed to be constant and invariant even in the presence of further increases in these costs, given the Group's ability to pass these increases on to customers with a pass-through price increase without affecting demand, as historically occurred and allowed by the contractual conditions generally applied to customers. Therefore, no differential impacts on the terminal value have been identified compared to those on the last explicit year of the plan (2028).

Lastly, it is expected that currently there are no impairment indicators concerning assets used in the traditional technologies production, given the regulatory forecasts that will allow their commercialization, albeit with constraints on the overall market share, at least throughout the next decade. In this regard, the Business Plan includes annual investments of approximately EUR 8 million dedicated to maintaining plant efficiency, to ensure production continuity even for the traditional refrigerant product line.

Finally, it is noted that in the present financial statements, no expenses related to the recognition of risk provisions, finished goods/merchandise write-downs, or impairment of intangible assets arising from climate change impacts (neither physical nor transitional risks) have been identified. It should be noted that in the fiscal year 2023, the Group recognized impairment losses on assets arising from extreme weather events for EUR 1.6 million and related insurance reimbursements of EUR 1.4 million.

Impacts of the Russian-Ukrainian conflict

LU-VE Group continues to closely monitor the evolution of the conflict between Russia and Ukraine. The extreme geographical diversification of sales means that Group's exposure, in terms of revenues, in this area is only 7.9% and 2.5% of net invested capital (EUR 9.0 million). Net invested capital includes approximately EUR 2.5 million of net working capital, of which EUR 10.2 million of inventories. As at 31 December 2024, the exposure in terms of order backlog was 8.8%.

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As at 31 December 2024, the net assets of the subsidiaries based in Russia (where OOO SEST LU-VE is a production and trading company, while OOO LU-VE Moscow is a pure trading company) are mainly composed of:

- Non-current assets (which in addition to property, plant and equipment and intangible assets include deferred tax assets) equal to EUR 6,663 thousand (EUR 5,217 thousand as at 31 December 2023).
- Net working capital for the year of EUR 2,465 thousand;
- Cash and cash equivalents (Time Deposits) of EUR 31,235 thousand (EUR 21,473 thousand as at 31 December 2023). The increase is net of the negative effect of approximately EUR 1.4 million of the impact of the EUR/RUB exchange rate;
- Intercompany payables of EUR 1,387 thousand (EUR 1,400 thousand as at 31 December 2023).

In the worst case scenario of loss of control of the two Russian companies (OOO SEST LU-VE and OOO LU-VE Moscow) due to events beyond LU-VE Group's control, in addition to the already quantified effects on revenues, on net invested capital, on the loss of cash and cash equivalents and of current financial assets, LU-VE Group would be obliged to record in the income statement the negative translation reserve relating to the two companies with Russian roubles as their functional currency, equal to EUR 11.2 million as at 31 December 2024. The intragroup receivables of other LU-VE Group companies from the two Russian subsidiaries are equal to EUR 1.4 million as at 31 December 2024 (EUR 1.4 million at 31 December 2023). As at 31 December 2024, no LU-VE Group company had guaranteed the payables of the two Russian companies towards third parties.

With specific reference to the operations of the Russian companies, it is confirmed that, considering that production in Russia is targeted exclusively at the domestic market and refers to products for civil use linked to the primary needs of customers, LU-VE Group has decided to keep the Lipetsk plant operational.

Intra-group supply activities to the Russian facility remain substantially suspended and replaced with direct supplies from third-party suppliers. The Russian companies of LU-VE Group have also ensured the necessary diversification of logistics services in order to ensure continuity of supply. These companies only work on an active basis and therefore no financial intervention was necessary.

LU-VE Group has also engaged in monitoring activity in relation to the restrictions that have been imposed by the European Union and the United States on Russia and the individuals sanctioned, to ensure their full compliance. The Group has maintained guidelines aimed at regulating relations with its Russian subsidiaries and business activities in Russia.

The Group has also established testing procedures regarding the possibility of exporting its products and components to Russia and maintained procedures in order to verify the name of the Ultimate Beneficial Owners of its customers and suppliers in sensitive areas, and to verify that the same are not among those subject to sanctions.

Finally, the Group also been received from UAMA (Unità per le Autorizzazioni dei Materiali di Armamento - Unit for Authorisation of Armament Materials): (i) the authorisation to continue, in favour of its Russian subsidiaries, the software licencing activity, as well as (ii) the authorisation for the General Manager of the two Russian companies, an Italian citizen, to continue to provide his management services to them;

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2.2 NEW ACCOUNTING STANDARDS

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED AS AT 1 JANUARY 2024

The following IFRS accounting standards, amendments and interpretations have been applied by the LU-VE Group for the first time as of 1 January 2023:

- On 23 January 2020, the IASB published an amendment called "Amendments to IAS 1 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*" and on 31 October 2022 published an amendment called "*Amendments to IAS 1 Presentation of Financial Statements*: *Non-Current Liabilities with Covenants*". These amendments have the objective to clarify the classification of payables as current or non-current. In addition, the amendments also improve the information that an entity must provide when its right to defer the settlement of a liability for at least twelve months is subject to compliance with certain parameters (i.e. covenants). The adoption of these amendments had no effects on the Group's consolidated financial statements.

- On 22 September 2022, the IASB published an amendment called "*Amendments to IFRS 16 Leases:* Lease Liability in a Sale and Leaseback". The document requires the seller-lessee to assess the liability for the lease deriving from a sale & leaseback transaction so as not to recognise an income or a loss that refers to the right of use withheld. The adoption of this amendment had no effects on the Group's consolidated Financial Statements.

- On 25 May 2023, the IASB published an amendment called "Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: *Supplier Finance Arrangements".* The document requires an entity to provide additional disclosure on reverse factoring agreements that allow users of the financial statements to evaluate how the financial agreements with suppliers can affect the entity's liabilities and cash flows and to understand the effect of such arrangements on the entity's exposure to liquidity risk.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION, FOR WHICH APPLICATION IS NOT YET REQUIRED AND NOT ADOPTED EARLY BY THE LU-VE GROUP AS AT 31 DECEMBER 2024

At the date of this document, the competent bodies of the European Union have completed the approval process required for the adoption of the amendments and standards described below, but these standards have not been mandatorily applicable and have not been adopted early by the Group as at 31 December 2024:

- On 15 August 2023, the IASB published an amendment called "Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: *Lack of Exchangeability".* The document requires an entity to adopt a methodology to be applied consistently in order to verify whether one currency can be converted into another and, when this is not possible, how to determine the exchange rate to be used and the disclosure to be provided in the explanatory notes. The amendment shall apply as of 1 January 2025, but early application is permitted.

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The directors do not expect the adoption of this amendment to have a significant effect on the Group's consolidated Financial Statements.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION AT 31 DECEMBER 2024

At the date of this document, the competent bodies of the European Union have not yet completed the endorsement process required for the adoption of the amendments and standards described below.

- On 30 May 2024, the IASB published the document *"Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7"*. This document clarifies certain problematic aspects that emerged from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary upon the achievement of ESG goals (i.e. *green bonds*). Specifically, the amendments aim to:

    - Clarify the classification of financial assets with variable returns linked to environmental, social, and corporate governance (ESG) goals and the criteria to be used for the SPPI test assessment;

    - Determine that the settlement date of liabilities through electronic payment systems is the date on which the liability is extinguished. However, an entity is permitted to adopt an accounting policy that allows for the derecognition of a financial liability before delivering cash on the settlement date, provided certain specific conditions are met.

  With these amendments, the IASB has also introduced additional disclosure requirements, particularly regarding investments in equity instruments designated through FVOCI.
  The amendments will apply to financial statements for years beginning on or after 1 January 2026. The directors are currently assessing the possible effects of the introduction of this new standard on the Group's consolidated financial statements.

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

    - IFRS 1 First-time Adoption of International Financial Reporting Standards;
    - IFRS 7 Financial Instruments: Disclosures and related guidance on the implementation of IFRS 7;
    - IFRS 9 Financial Instruments;
    - IFRS 10 Consolidated Financial Statements; and
    - IAS 7 Statement of Cash Flows.

  The amendments shall apply as at 1 January 2026, but early application is permitted. The directors are currently assessing the possible effects of the introduction of this new amendments on the Group's consolidated financial statements.

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- On 18 December 2024, the IASB published an amendment entitled "*Contracts Referencing Nature-dependent Electricity - Amendment to IFRS 9 and IFRS 7"*. This document aims to support entities in reporting the financial effects of renewable electric energy purchase agreements (often structured as Power Purchase Agreements). On the basis of these contracts, the amount of electric energy generated and purchased can vary depending on uncontrollable factors such as weather conditions. The IASB made targeted amendments to IFRS 9 and IFRS 7. The amendments include:

    - a clarification regarding the application of the "own use" requirements to this type of contract;

    - the criteria for allowing such contracts to be recognised as hedging instruments;

    - new disclosure requirements to enable users of financial statements to understand the effect of these contracts on an entity's financial performance and cash flows.

  The amendment shall apply as of 1 January 2026, but early application is permitted. The directors do not expect the adoption of this amendment to have a significant effect on the Group's consolidated Financial Statements.

- On 9 April 2024, the IASB published a new standard, IFRS 18, "*Presentation and Disclosure in Financial Statements"*, which will replace IAS 1, "*Presentation of Financial Statements*. The new standard aims to improve the presentation of financial statements, with particular reference to the format of the income statement. In particular, the new standard requires:

    - classification of revenues and costs into three new categories (operating section, investing section, and financing section), in addition to the existing categories of taxes and discontinued operations in the income statement;

    - Presentation of two new sub-totals, the operating profit and the profit before interest and taxes (i.e. EBIT).

  The new standard also:

    - requires more information on management-defined performance indicators;

    - introduces new criteria for the aggregation and disaggregation of information;

    - Introduces a number of changes to the format of the statement of cash flows, including the requirement to use the EBIT as the starting point for the statement of cash flows prepared using the indirect method and the elimination of certain classification options currently available (such as interest paid, interest collected, dividends paid, and dividends collected).

  The new standard will come into effect as of 1 January 2027, although early adoption is permitted. The directors are currently assessing the possible effects of the introduction of this new standard on the Group's consolidated financial statements.

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- On 30 January 2024, the IASB published IFRS 14 – Regulatory Deferral Accounts, which allows only those that adopt IFRS for the first time to continue to recognise amounts relating to rate regulation activities in accordance with the previous GAAP applied. As the Group is not a first-time adopter, that standard is not applicable.

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3 COMMENT ON THE MAIN ITEMS OF THE STATEMENT OF CONSOLIDATED FINANCIAL POSITION

3.1 GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill and other intangible assets *(in thousands of Euro)*	Goodwill	Other intangible assets	Total
Historical			
As at 31 December 2022	**77,346**	**93,707**	**171,053**
Increases	-	2,599	2,599
Decreases	-	(51)	(51)
Reclassifications	-	-	-
Exchange differences	(470)	(31)	(501)
As at 31 December 2023	**76,876**	**96,224**	**173,100**
Increases	-	1,617	1,617
Decreases	-	(287)	(287)
Reclassifications	-	-	-
Exchange differences	565	(41)	524
As at 31 December 2024	**77,441**	**97,513**	**174,954**
Accumulated amortisation			
As at 31 December 2022	**12,915**	**59,664**	**72,579**
Increases	-	7,702	7,702
Decreases	-	(5)	(5)
Reclassifications	-	-	-
Exchange differences	-	(39)	(39)
As at 31 December 2023	**12,915**	**67,322**	**80,237**
Increases	-	6,681	6,681
Decreases	-	(9)	(9)
Reclassifications	-	-	-
Exchange differences	-	(35)	(35)
As at 31 December 2024	**12,915**	**73,959**	**86,874**
Net carrying amount			
As at 31 December 2023	**63,961**	**28,902**	**92,863**
As at 31 December 2024	**64,526**	**23,554**	**88,080**

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Goodwill

The increase in the item “Goodwill” for EUR 565 thousand is attributable to the translation at the exchange rates as at 31 December 2024 of the goodwill generated in previous years by the acquisitions of the Indian company Spirotech Ltd and the US company LU-VE US Inc.

As already reported in the "*Measurement criteria*" section of note "*2.1 Accounting Standards*", it should be noted that the goodwill’s accumulated amortisation refers to the amount as at 1 January 2014 under the previous accounting policies and no longer changed since that date.

Pursuant to IAS 36, goodwill is not subject to amortisation, but rather is subject to impairment test on at least yearly basis, or more frequently, if specific circumstances take place that could require an immediate valuation of possible impairment losses (impairment test).

LU-VE Group tested the recoverability of the carrying amount of Net Invested Capital (NIC) as at 31 December 2024, which includes the value of goodwill, among other things. For the purpose of impairment testing, the value of goodwill was allocated to the two cash-generating units (CGUs) identified (“Components” and “Cooling Systems”) in line with the operating segments identified in accordance with IFRS 8. Management has not identified other lower-level of cash generating units with largely independent cash inflows to be considered in the allocation of the goodwill.

In particular, LU-VE Group recognised goodwill of EUR 64.5 million in the consolidated financial statements as at 31 December 2024, attributed to the "Components CGU" for EUR 27.5 million (EUR 27.0 million as at 31 December 2023) and to the "Cooling Systems CGU" for EUR 37.0 million (unchanged from 31 December 2023) to which intangible assets with a finite useful life of EUR 23.5 million, rights of use of EUR 22.7 million and property, plant and equipment of EUR 190.9 million were also allocated.

In determining the recoverable amount of these CGUs, identified as the value in use equal to the sum of the discounted cash flows expected to be generated in the future and continuously by the NIC (Discounted Cash Flow Unlevered method), Management referred to the Group's Business Plan 2025-2028 approved by the Parent Company's Board of Directors on 20 February 2025, whose assumptions are detailed in the paragraph “Use of estimates - Recoverability of the value of goodwill, other intangible assets and property, plant and equipment” to which reference should be made.

The weighted average cost of capital calculated for the discounting of cash flows is based on a weighting between the cost of debt and the cost of equity, determined on the basis of the values of companies comparable to LU-VE and therefore operating within the same business segments.

The values used for the calculation of the average cost of capital (extrapolated from the main financial sources) are as follows:

- industry financial structure: 8.25% (third party capital) and 91.75% (own capital) for both the CGUs, taking into account the average of a panel of comparable companies;
- sector releveled beta: EUR 1,093 for the “Components CGU” and EUR 1,095 for the “Cooling Systems CGU”;

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- risk-free rate: 4.85% for the "Components CGU" and 3.27% for the "Cooling Systems CGU", determined considering the average yield for the last six months of government bonds maturing in 10 years, in consideration of the countries where each CGU operates (in line with the test performed for the 2023 year);

- risk premium: 5.50% (attributable to AAA-rated countries – source Prof. P. Fernandez, Survey: Market Risk Premium and Risk-Free Rate used for 96 countries in 2024);

- gross cost of debt: determined by taking the average yield of BBB-rated Corporate Bonds with a 10-year maturity relative to the Industrials sector (Source: Capital IQ).

The recoverable amount also includes the terminal value of the cash flows, which was calculated with the "perpetual cash flow" method considering a growth rate (g-rate) of 2.53% and 2.05% respectively for the "Components CGU" and for the "Cooling Systems CGU". This rate was calculated as the weighted average of the long-term inflation of the countries in which the CGUs operate (source "IMF") and the related revenues. In the Terminal Value, an operating cash flow equal to the last year of the plan (2028) was considered, net of the cash flows generated in the last year by the subsidiary 'OOO' SEST LUVE, as described in Note 3.2; the resulting Terminal Value is also adjusted to reflect a "fully operational" situation. The level of amortisation and investments was balanced and a change in working capital equal to zero was assumed. A weighted tax rate was also considered in relation to the countries in which the two CGUs operate.

In more detail, in order to determine the recoverable amount of Net Invested Capital, cash flows were discounted using a discounting rate (WACC) which takes into account the specific risks of the assets and which reflects current market assessments of the cost of money. Two different WACCs were calculated, equivalent to 10.21% for the Components CGU and 8.77% for the Cooling Systems CGU.

From the impairment test carried out, approved by the Parent Company's Board of Directors on 13 March 2025, the Group has not recognised any impairment loss, as the value in use resulted to be higher than the carrying amount for both CGUs.

As required by IAS 36 and by the impairment test guidelines drafted by the O.I.V., LU-VE Group has carried out a sensitivity analysis in relation to the recoverable amount of the above-mentioned CGUs, analysing the effect of the variation of the discounting rate used to discount future cash flows (WACC) and the g-rate, maintaining the main plan assumptions unchanged.

A further sensitivity analysis was conducted, analysing the changes in recoverable amount as a result of the changes in the discount rate used to discount expected cash flows (WACC) (+1%/-1%) and the changes in the depreciation/investments of terminal value changed, with all other main assumptions underlying the plan unchanged.

These sensitivity analyses did not highlight any critical issues, confirming the results in terms of robustness of the test.

In addition, Management has determined the break-even WACC, the break-even reduction of EBITDA and the break-even g-rate (which equalize the Value in Use with the Carrying Amount), obtaining the results reported below:

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- increase of the WACC (maintaining all other plan assumptions unchanged) of approximately +2.53% for the Components CGU and approximately +8.40% for the Cooling Systems CGU;

- lowering of the EBITDA in the Plan's specific period and in Terminal Value (maintaining all other plan assumptions unchanged) of -17.83% for the "Components CGU" and -39.68% for the "Cooling Systems CGU";

- *break-even g-rate* (keeping all the other plan assumptions unchanged): reduction in the *g-rate* of TV not significant. Even by using a nil value for both CGUs, the Cover would not be zero.

Lastly, with reference to the impact of climate change risks arising from on the determination of the cash flows of the explicit periods in the plan and the terminal value, prepared for the two CGUs for the purpose of the impairment test, it should be noted that:

- With regard to transition risks, no differential impacts are expected compared to what already included in the plan approved by the Directors;
- With regard to physical risks, no differential impacts are expected compared to what already included in the plan approved by the Directors, other than for the Component CGU. This negative impact is quantifiable in a reduction of cash flows in any year of the above-mentioned explicit period and in the terminal value for an amount equal to EUR 1 million for the Components CGU (EUR 1 million linked to higher costs to be incurred to mitigate the effects deriving from the "Heatwave" with air conditioning systems in the production areas in India). The aforementioned reduction in cash flows would lead to a reduction in the CGU Components' cover of 17.3%.

On the basis of the impacts identified and deriving from the climate change risk, no further sensitivity analyses are considered applicable (for example, +1/-1-degree centigrade increase compared to the Paris agreement).

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Other intangible assets

The following table illustrates in more detail information relating to other intangible assets:

Detail of other intangible assets *(in thousands of Euro)*	**Customer relationship**	**Trademarks**	**Development costs**	**Development costs in progress**	**Software**	**Other**	**Total**
Historical							
As at 31 December 2022	**20,579**	**26,889**	**17,384**	**2,044**	**26,587**	**224**	**93,707**
Increases	-	15	303	676	1,226	379	2,599
Decreases	-	-	-	(22)	(5)	(24)	(51)
Reclassifications	-	-	600	(698)	101	(3)	-
Exchange differences	-	-	9	11	(35)	(16)	(31)
As at 31 December 2023	**20,579**	**26,904**	**18,296**	**2,011**	**27,874**	**560**	**96,224**
Increases	-	-	20	356	1,171	70	1,617
Decreases	-	-	-	(241)	(9)	(37)	(287)
Reclassifications	-	-	1,533	(1,533)	369	(369)	-
Exchange differences	-	(7)	(7)	(2)	(17)	(8)	(41)
As at 31 December 2024	**20,579**	**26,897**	**19,842**	**591**	**29,388**	**216**	**97,513**
Accumulated amortisation							
As at 31 December 2022	**6,227**	**15,463**	**15,265**	**-**	**22,699**	**10**	**59,664**
Increases	1,678	2,129	1,218	-	2,674	3	7,702
Decreases	-	-	-	-	(5)	-	(5)
Reclassifications	-	-	-	-	-	-	-
Exchange differences	-	-	(5)	-	(34)	-	(39)
As at 31 December 2023	**7,905**	**17,592**	**16,478**	**-**	**25,334**	**13**	**67,322**
Increases	1,678	1,591	1,319	-	2,090	3	6,681
Decreases	-	-	-	-	(9)	-	(9)
Reclassifications	-	-	-	-	-	-	-
Exchange differences	-	(4)	(12)	-	(19)	-	(35)
As at 31 December 2024	**9,583**	**19,179**	**17,785**	**-**	**27,396**	**16**	**73,959**
Net carrying amount							
As at 31 December 2023	**12,674**	**9,312**	**1,818**	**2,011**	**2,540**	**547**	**28,902**
As at 31 December 2024	**10,996**	**7,718**	**2,057**	**591**	**1,992**	**200**	**23,554**

Customer list

The change in the year in the Customer list mainly refers to the amortisation of the year.

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Trademarks

The change in this item refers exclusively to amortisation for the year.

Development costs and development costs in progress

The total Development costs incurred in the year amounted to EUR 376 thousand referring to projects for new product development.

In particular, development activities focused on a renewed range of liquid coolers for Datacenter applications, a renewed range of electronic controllers (adopting innovative AI techniques, allowing a marked improvement in the human-machine interface); in parallel, projects continued on the development of new solutions dedicated to heat pump applications, covering various application areas, ranging from solutions for residential heat pumps, to heat pump technologies intended for district heating networks, and to heat pumps dedicated to producing heat for use in industrial processes. In addition, development related to the application of natural fluids remains important.

Furthermore, during the year EUR 1,533 thousand of projects successfully concluded in 2024 were reclassified from "Development costs in progress" to "Development costs".

The decreases for the year of EUR 241 thousand refer to write-downs of development projects in progress that are no longer deemed feasible based on information acquired during the year.

Software

Software increased by EUR 1,171 thousand; the main projects developed during the year related to the implementation and improvement of new evolutions in SAP, product listing software, product management software, and other management software for better Group-wide operations.

Other intangible assets

Other intangible assets rose by EUR 70 thousand (EUR 379 thousand in the previous year) and mainly refer to software developments and databases not yet in operation.

The change in intangible assets resulted in cash absorption of EUR 1,617 thousand.

Intangible assets were included in the considerations on the impairment test described above as they were allocated to the two CGUs identified by the Management.

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3.2 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Other tangible assets *(in thousands of Euro)*	Property	Plant and machinery	Right-of-use assets	Other tangible assets	Tangible Assets under constructions	Total
Historical						
As at 31 December 2022	127,789	176,783	30,149	42,397	12,758	389,876
Increases	12,119	10,314	3,039	5,303	10,708	41,483
Decreases	(355)	(2,586)	(2,171)	(486)	(325)	(5,923)
Reclassifications	6,938	1,848	-	721	(9,507)	-
Exchange differences	(351)	(973)	(72)	55	513	(828)
As at 31 December 2023	146,140	185,386	30,945	47,990	14,147	424,608
Increases	2,272	5,541	16,187	2,842	7,172	34,014
Decreases	(831)	(1,102)	(10,660)	(551)	(679)	(13,823)
Reclassifications	1,569	7,128	-	1,694	(10,391)	-
Exchange differences	853	888	102	174	50	2,067
As at 31 December 2024	150,003	197,841	36,574	52,149	10,299	446,866
Accumulated depreciation						
As at 31 December 2022	32,853	122,977	13,761	31,021	-	200,612
Increases	3,268	11,776	5,573	4,055	-	24,672
Decreases	(2)	(2,099)	(1,852)	(410)	-	(4,363)
Reclassifications	-	-	-	-	-	-
Exchange difference	(414)	(1,301)	(13)	3	-	(1,725)
As at 31 December 2023	35,705	131,353	17,469	34,669	-	219,196
Increases	3,690	11,537	5,543	4,368	-	25,138
Decreases	(831)	(1,009)	(9,196)	(479)	-	(11,515)
Reclassifications	-	-	-	-	-	-
Exchange difference	(45)	293	52	127	-	427
As at 31 December 2024	38,519	142,174	13,868	38,685	-	233,246
Net carrying amount						
As at 31 December 2023	110,435	54,033	13,476	13,321	14,147	205,412
As at 31 December 2024	111,484	55,667	22,706	13,464	10,299	213,620

As at 31 December 2024, increases in the historical cost of property, plant and equipment amount to EUR 34,014 thousand, mainly related to the following:

- EUR 2,272 thousand refer to the increase in investments in land and buildings, in particular the facility owned by the subsidiary Refrion S.r.l. and the facilities owned by the Parent Company LU-VE S.p.A. in Limana and Borgo Valbelluna;
- EUR 5,541 thousand refer to the expansion of the current production capacity, through the purchase of new plant and machinery (for further information please refer to the section “Investments” in the Directors’ Report);
- EUR 16,187 thousand related to the recognition of the effects of IFRS 16, of which EUR 13,894 thousand related to the increase in leased properties (particularly the leased production sites of Fincoil LU-VE OY (renewal for a further 5 years), of Alonte (renewal for a further 6 years) and LU-VE HEAT EXCHANGERS (TIANMEN) Co. Ltd (expansion of the production site), EUR 1,212 for

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the use of leased motor vehicles and EUR 1,136 thousand for the use of forklifts and other machinery.

- EUR 10,014 thousand relative to the technological investment programme in Italy and abroad, mainly for the expansion and rationalisation of the production sites of SPIROTECH Heat Exchangers Pvt. Ltd. and LU-VE HEAT EXCHANGERS (Tianmen) Co, Ltd.

In the year, capital expenditure in property, plant and equipment lead to cash outflows for a total amount of EUR 18,289 thousand (equal to the total group increase of EUR 34,014 thousand, net of the increase related to IFRS 16 of EUR 16,187 thousand and the net effect compared to 31 December 2023 of investments not yet paid of EUR 642 thousand, classified within the item "Other current liabilities").

For more details on the investments for the year, please refer to the Directors' Report.

These items in property, plant and equipment were included in the impairment test described above as they were allocated to the two CGUs identified by Management.

In this regard, it is reported that, given the particular situation of uncertainty in the Russian macroeconomic context due to the sanctions resulting from the ongoing conflict between Russia and Ukraine, and the direct exposure of the LU-VE Group to the areas affected by the conflict, the management of LU-VE Group carried out an impairment test aimed at determining that the value of the Net Invested Capital ("NIC") of the LU-VE Group’s Russian company, "OOO" SEST LUVE, is recognised in the financial statements as at 31 December 2024 at a value not higher than its recoverable value. In particular, the NIC pertaining to the Russian company recognised in LU-VE Group’s financial statements as of 31 December 2024 amount approximately EUR 9.6 million (RUB 1,017 million), of which approximately EUR 6.2 million (RUB 659 million) related to property, plant and equipment and the remaining amount essentially related to operating working capital.

In particular, in determining the recoverable amount, identified as the value in use made of the discounted cash flows (Discounted Cash Flow Unlevered method), Management referred to the Business Plan of "OOO" SEST LUVE, (approved by the Board of Directors of the Parent Company of LU-VE S.p.A. on 20 February 2025), developed over a finite time horizon (2025-2028), consistent with the explicit period of the of the Group’s Business Plan, as it did not include the terminal value in the recoverable amount, in order to reflect the uncertainty by the Group of being able to benefit from the subsidiary’s cash flows in the long term. The plan reflects the assumption that “OOO” SEST LUVE carries out its business exclusively for Russian customers, without the direct involvement of LU-VE Group companies in the supply chain.

For the purposes of determining the recoverable amount of the Net Invested Capital, given the situation of extreme uncertainty, the discounting of the cash flows was carried out using a discount rate (WACC = Ke, as a full equity financial structure was envisaged) that it takes into account the specific risks of the activity and the reference geo-political context, equal to 17.51%, determined with the unconditional adjustment method starting from the free risk rate of the United States and adding the Equity Risk Premium of Russia (Source: Damodaran).

Based on the impairment test carried out, approved by the Parent Company’s Board of Directors on 13 March 2025, no impairment losses emerged.

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3.3 INVESTMENTS

The LU-VE Group holds the following equity investments:

Investments *(in thousands of Euro)*	**31/12/2024**	**31/12/2023**	**Change**
Other investments	141	141	-
Total	**141**	**141**	**-**

The other investments did not show any changes during the year and refer primarily to non-controlling investments deriving from the contribution of the Refrion group, including the companies Refrion D.o.o., with registered office in Serbia, and Refrion Schweiz, with registered office in Switzerland.

3.4 OTHER NON-CURRENT ASSETS

The item is broken down as follows as at 31 December 2024:

Other non-current assets ***(in thousands of Euro)***	**31/12/2024**	**31/12/2023**	**Change**
Other non-current assets	283	828	(545)
Total	**283**	**828**	**(545)**

The item “Other non-current assets” mainly refer to security deposits paid to service providers (EUR 276 thousand as at 31 December 2023). The change in the year, of EUR 545 thousand, is attributable to repayment of the Refrion group’s receivables guaranteed by the previous shareholders.

3.5 INVENTORIES

The item is broken down as follows as at 31 December 2024:

Inventories *(in thousands of Euro)*	**31/12/2024**	**31/12/2023**	**Change**
Raw, ancillary and consumable materials	78,645	83,748	(5,103)
Work in progress and semi-finished products	10,309	9,999	310
Finished products and goods for resale	22,637	27,444	(4,807)
Provision for inventory losses	(10,530)	(10,360)	(170)
Total	**101,061**	**110,831**	**(9,770)**

The decrease in inventories amounting to EUR 9,770 thousand was due to the following factors:

- EUR 9,852 thousand (net cash generation) is mainly related to the warehousing logics that have reverted to “just in time” principles, with positive effects on the reduction of inventories to respond to the market with delivery times in line with expectations.

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- o EUR 82 thousand due to the effect of the positive changes in the delta exchange rate for the period.

The inventories of subsidiaries, for the products acquired from LU-VE Group companies, are adjusted by intra-group margins and the related tax effect has been calculated.

The increase in the provision for inventory losses for EUR 170 thousand is broken down as follows:

- net increase of EUR 119 thousand due to higher provisions recognised in the income statement under the item "Change in inventories";

- increase due to the exchange differences of EUR 51 thousand.

3.6 TRADE RECEIVABLES

This item was broken down as follows at the end of the year:

Trade Receivables *(in thousands of Euro)*	**31/12/2024**	**31/12/2023**	**Change**
Trade receivables	113,424	97,828	15,596
Bad debt provision	(10,463)	(10,038)	(425)
Total	**102,961**	**87,790**	**15,171**

As further detailed below, the increase in trade receivables of EUR 15,171 thousand was mainly due to the lower use of receivables factoring arrangements without recourse in 2024 as compared to 2023, and an increase in average collection days, which are detailed in section 1.6 "Alternative performance measures" in the Directors' Report.

The above-mentioned changes in trade receivables lead to a cash outflow of EUR 15,171 thousand.

The increase in the bad debt provision for EUR 425 thousand is due to:

- net increase of EUR 652 thousand due to higher accruals, recognised in the income statement under the item "Net reversal/(write-down) of financial assets" (Note 4.6);
- decrease of EUR 186 thousand for utilisations;
- decrease of EUR 41 thousand for exchange differences.

Please refer to the Directors' Report for the price and volume effects referring to the turnover.

In addition, the total receivables transferred to Factoring companies amounted to EUR 21,081 thousand (EUR 32,167 thousand as at 31 December 2023) of which 18,002 thousand refer to receivables transferred in December 2024 (EUR 28,107 thousand as at 31 December 2023). All these transfers were without recourse. The percentage of receivables sold in December compared to turnover in the last 12 months was 3.07% (4.56% as at 31 December 2023).

All trade receivables are due within the subsequent 12 months and derive from normal sales transactions.

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Trade receivables include contract assets (invoices to be issued relative to services already provided by the Group) for an amount of EUR 32 thousand and a reduction in trade receivables due to variable payments (mainly credit notes to be issued for bonuses granted to customers) for EUR 1,699 thousand.

The breakdown of trade receivables by geographical area is shown below:

Breakdown of trade receivables by geographical area *(in thousands of Euro)*	**31/12/2024**	**31/12/2023**	**Change**
Italy	28,886	21,029	7,857
EU countries	60,007	53,325	6,682
Non-EU countries	24,531	23,474	1,057
Bad debt provision	(10,463)	(10,038)	(425)
Total	**102,961**	**87,790**	**15,171**

The ageing of trade receivables is shown below:

Breakdown of trade receivables by maturity *(in thousands of Euro)*	**31/12/2024**	**31/12/2023**	**Change**
Current receivables (not past due)	96,604	77,703	18,901
Past due up to 30 days	8,168	10,451	(2,283)
Past due from 30 to 60 days	1,900	1,980	(80)
Past due from 60 to 90 days	546	711	(165)
Past due for more than 90 days	6,206	6,983	(777)
Total	**113,424**	**97,828**	**15,596**

LU-VE Group measures the bad debt provisions on trade receivables at an amount equal to the losses expected throughout the lifetime of such receivables. The expected losses on trade receivables are estimated using a provision matrix by clusters of overdue accounts, making reference to its own historical experience in relation to losses on receivables, and an analysis of creditors' financial position, adjusted to include factors specific to the creditor, general economic conditions of the industry in which the creditor operates and an assessment of the current and anticipated evolution of these conditions at the end of the reporting period.

As at 31 December 2024, it must also be noted that the estimated expected losses prudentially include the potential forward-looking impacts on the possible worsening of customers' credit ratings and those of countries in which they operate, and on their ability to meet their obligations. A specific analysis of the solvency of each individual customer was carried out only for the customers of the Russian production subsidiary "OOO" SEST LUVE, because of the situation of uncertainty due to the economic sanctions resulting from the conflict in progress.

For the average collection terms, please refer to the paragraph "Alternative performance measures" in the Directors' Report.

The following table details the risk profile of trade receivables on the basis of the provision matrix reviewed by the LU-VE Group in 2024 on the basis of IFRS 9. As the LU-VE Group's historical experience does not indicate significantly different loss profiles on receivables by customer segment,

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the bad debt provision based on the level of overdue accounts has not been further split on the basis of groupings of customer base.

31/12/2024 *(in thousands of Euro)*	**Not past due**	**<30**	**31 - 60**	**61 - 90**	**>90**	**Total**
Expected default rate	3.77%	3.89%	8.5%	24.9%	100.0%	9.2%
Estimate of gross carrying amount at the time of default	96,604	8,168	1,900	546	6,206	113,424
Expected losses throughout the life of the receivable	3,641	318	162	136	6,206	10,463

No trade receivables with a residual maturity of more than 5 years were recognised in the Financial Statements.

3.7 CURRENT TAX ASSETS

This item was broken down as follows:

Current tax assets *(in thousands of Euro)*	**31/12/2024**	**31/12/2023**	**Change**
VAT receivables	5,343	5,405	(62)
Receivables from tax authorities	4,849	3,798	1,051
Others	199	153	46
Total	10,391	9,356	1,035

VAT receivables from the tax authorities were substantially in line with the previous year.

Receivables from the tax authorities for EUR 4,849 thousand mainly related to: *(i)* EUR 2,990 thousand for receivables not directly or immediately offsetable against direct taxes (EUR 1,829 thousand as at 31 December 2023), *(ii)* EUR 1,495 thousand for substitute tax on interest on Time deposits (EUR 811 thousand as at 31 December 2023), *(iii)* tax prepayments made in 2024 for EUR 325 thousand (EUR 1,133 thousand as at 31 December 2023).

3.8 CURRENT FINANCIAL ASSETS

The current financial assets included in this item refer to the “FVTPL” category under IFRS 9. These are financial instruments, whose contractual financial flows are not made solely by payment of capital and interest on the amount of capital to be repaid, and are held by the Group in the context of a pro tempore strategy whose objective, at equal risk, is the optimisation of the net cost of debt. Time deposits, which are included in the “Held to collect” category under IFRS 9, are measured at amortised cost. This item was broken down as follows:

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Current financial assets *(in thousands of Euro)*	**31/12/2024**	**31/12/2023**	**Change**
Time deposit	32,596	32,855	(259)
Capitalisation policies	10,351	10,169	182
Fair value of derivatives	1,722	7,100	(5,378)
Other securities	272	263	9
Total	**44,941**	**50,387**	**(5,446)**

As at 31 December 2024, the Time deposit contracts signed by Group companies amounted to EUR 167,305 thousand (EUR 118,354 thousand as at 31 December 2023), of which EUR 32,596 thousand (EUR 32,855 thousand as at 31 December 2023, divested in 2024) in the section "Current financial assets" having a maturity of more than three months and EUR 134,709 thousand (EUR 85,499 thousand as at 31 December 2023, also fully divested in 2024) classified under the item "Cash and cash equivalents", having a maturity of less than three months, for more details, see note 3.10 - *"Cash and cash equivalents"* and the Note 3.20 - *"Net financial position".* The Group companies with liquidity invested in Time deposits with a maturity of more than three months at the end of the year are: the Russian subsidiary "OOO" SEST LU-VE Russia for EUR 23,345 thousand, and the Indian subsidiary SPIROTECH Heat Exchangers Pvt. Ltd for a total of EUR 9,251 thousand. All Time deposit contracts provide for the remuneration of the invested capital and of interest accrued on expiry of the contractual terms.

As at 31 December 2024, Time deposit investments generated financial income of EUR 8,496 thousand - of which EUR 6,305 thousand collected - recognised in the Income Statement under "Financial income". Divestments and investments in Time Deposits with a maturity of more than three months but in any case less than one year resulted in a net cash generation of EUR 259 thousand in 2024.

As at 31 December 2024, the item "Capitalisation policies" includes the following financial instruments:

- Class I policies issued by ARCA Vita S.p.A., subscribed during 2023, for EUR 5,000 thousand, net of non-material subscription commissions, whose fair value as at 31 December 2024 amounted to EUR 5,266 thousand. These policies allow, after the assignment of a single insurance premium, the possible annual revaluation, i.e. on 31 December of each year, of the capital according to the yield obtained from the management of such instruments. ARCA Vita policies are restricted for the first 12 months from their subscription, after which the invested liquidity can be divested without any restriction. The fair value measurement as at 31 December 2024 resulted in the recognition of a positive change of EUR 181 thousand (see Note 4.8 - Financial Income).
- Class I and Class III policies issued by the company SOGELIFE SA, subscribed during 2023, for EUR 5,000 thousand, net of non-material subscription commissions (the latter recognised in the Income Statement under the item "Financial expense") and whose fair value as at 31 December amounted for EUR 5,085 thousand. These policies make provision for a minimum guaranteed yield and allow, after the assignment of a single premium, the possible annual revaluation of the capital according to the yield obtained from management. SOGELIFE SA policies do not provide restrictions linked to any early redemption.

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The item "fair value of derivatives" represents the fair value as at 31 December 2024 of derivative contracts stipulated by the Group companies.

The following table summarises the derivative financial instruments outstanding as at 31 December 2024, broken down by type:

Derivative financial instruments as at 31/12/2024 *(in thousands of Euro)*		31/12/2024		31/12/2023		31/12/2024	31/12/2023
TYPE	ORIGINAL NOTIONAL	NOT. Short	NOT. M/L	NOT. Short	NOT. M/L	FAIR VALUE	FAIR VALUE
IRS on loans	563,000	110,353	246,110	102,438	221,463	1,200	6,306
Currency options	42,286	43,105	-	13,734	-	410	794
Commodities Swap	2,718	2,718	-	-	-	112	-
Total	**608,004**	**156,176**	**246,110**	**116,172**	**221,463**	**1,722**	**7,100**
Total Notional		**402,286**		**337,635**			

As at 31 December 2024, derivative financial instruments on IRSs entered into by LU-VE Group companies showed a positive fair value of EUR 1,200 thousand (EUR 6,306 thousand at 31 December 2024), while derivative financial instruments on currencies, held by LU-VE Group, had a positive fair value of EUR 410 thousand (positive for EUR 794 thousand at 31 December 2023). It should be noted that as at 31 December 2024 the Group had derivative financial instruments on commodities with a positive fair value of EUR 112 thousand (as at 31 December 2023 the Group did not have any derivative financial instruments on commodities). Please refer to Appendix A for details as at 31 December 2024 of the existing derivative financial instruments broken down by type.

The negative change in the fair value of derivatives instruments for EUR 5,378 thousand compared to the previous year is mainly determined as follows:

- negative change in fair value of EUR 5,106 thousand for derivative financial instruments on interest rates (note 4.9 - Financial expense);
- net negative change in the fair value of derivative financial instruments on foreign currency transactions for EUR 384 thousand (Note 4.10 – Exchange gains and losses);
- net positive change in the fair value of derivative financial instruments on purchases of the main copper and aluminium commodities for EUR 112 thousand;

Other securities refer to investments in insurance certificates, with Unicredit, totalling EUR 300 thousand. The fair value measurement as at 31 December 2024 resulted in the recognition of a positive change of EUR 9 thousand (see Note 4.8 - Financial Income).

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3.9 OTHER CURRENT ASSETS

The details of this item are shown below:

Other current assets *(in thousands of Euro)*	**31/12/2024**	**31/12/2023**	**Change**
From employees	172	176	(4)
Advances and other receivables	3,068	4,584	(1,516)
Total	**3,240**	**4,760**	**(1,520)**

The decrease of EUR 1,516 thousand in the item advances and sundry receivables mainly refers to the decrease in sundry receivables recognised in the various Group companies.

3.10 CASH AND CASH EQUIVALENTS

The details of this item are shown below:

Cash and cash equivalents *(in thousands of Euro)*	**31/12/2024**	**31/12/2023**	**Change**
Cash and cash equivalents	136,482	126,560	9,922
Cash equivalents	134,709	85,499	49,210
Total	**271,191**	**212,059**	**59,132**

For information regarding cash flows dynamics, please refer to paragraph 1.5 – "Consolidated Statement of Cash Flows".

Cash and cash equivalents are mainly concentrated in Italy for an amount of EUR 230,956 thousand. LU-VE Group has no restrictions/constraints on the use of these amounts. With reference to cash and cash equivalents subject to restrictions in the Russian Federation (about EUR 7.9 million in total, of which about EUR 5.0 million in Russian Roubles), the possibility is envisaged of an instalment-based distribution of dividends for a maximum monthly amount of 10 million Roubles (EUR 94 thousand at the exchange rate as at 31 December 2024).

The following table reports the breakdown of cash and cash equivalents by geographical area: cash and cash equivalents in non-EU countries refer to current account balances in US dollars (EUR 9.9 million), Russian roubles (EUR 5.0 million), Chinese yuan (EUR 2.0 million), and Indian rupees (EUR 3.2 million).

Cash and cash equivalents by geographical areas *(in thousands of Euro)*	**31/12/2024**	**31/12/2023**	**Change**
Italy	105,955	93,338	12,617
EU countries	11,905	12,051	(146)
Non-EU countries	18,622	21,171	(2,549)
Total	**136,482**	**126,560**	**9,922**

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Cash equivalents refer to liquidity invested by Group companies in Time deposits with a maturity of less than three months and refer primarily to the Parent Company LU-VE S.p.A. for EUR 125,000 thousand and to other Group companies, for EUR 9,709 thousand (of which EUR 4,790 thousand pertaining to the Chinese subsidiary LU-VE HEAT EXCHANGERS (Tianmen) Co. Ltd, EUR 4,400 thousand to the Indian subsidiary Spirotech Heat Exchangers Private Ltd, and EUR 519 thousand to the Russian subsidiary "OOO" SEST-LU-VE Russia; for further details see Note 3.8 - "Current Financial Assets").

3.11 SHAREHOLDERS' EQUITY

The share capital of the Parent Company LU-VE S.p.A. amounted to EUR 62,704 thousand (unchanged from 31 December 2023). In 2024, dividends of EUR 8,883 thousand were distributed by the Parent Company LU-VE S.p.A. from retained earnings.

As at 31 December 2024 the Parent Company held 28,027 treasury shares (0.13% of the share capital), purchased during the previous years and recognised in the consolidated Financial Statements as a reduction of shareholders' equity for a total amount of EUR 288 thousand. No treasury shares were purchased/sold during the year.

Equity attributable to non-controlling interests amounted to EUR 6,003 thousand (EUR 5,554 thousand as at 31 December 2023). The net result attributable to non-controlling interests amounts to EUR 1,324 thousand (EUR 1,618 thousand in 2023). The increase in equity attributable to non-controlling interests is offset by the distribution of dividends of EUR 750 thousand by SEST LU-VE POLSKA Sp.z.o.o. and by the distribution of EUR 62 thousand by the company of the «OOO» SEST LU-VE Russia Group, all fully paid up.

It should be noted that as at 31 December 2024, the translation reserve amounting to a negative EUR 17.8 million (EUR 17.9 million as at 31 December 2023) refers to the following currencies: EUR 11.8 million for Russian Roubles (EUR 8.7 million as at 31 December 2023), EUR 4.7 million for Indian Rupees (EUR 6.2 million as at 31 December 2023), EUR 0.4 million for Polish Zloty (EUR 1.7 million as at 31 December 2023), and EUR 1.7 million for other currencies.

Finally, it should be noted that for Russian companies, as reported in the paragraph "Translation into Euro of the Income Statements and Statements of Financial Positions drafted in foreign currency", the exchange rates indicated by the Russian Central Bank were used.

3.12 LOANS

This item was broken down as follows:

Loans *(in thousands of Euro)*	31/12/2024		31/12/2023	
	Current	Non-current	Current	Non-current
Loans	119,252	263,258	118,620	250,222
Bank advances on invoices	10,000	-	385	-
Total	**129,252**	**263,258**	**119,005**	**250,222**

As at 31 December 2024, bank loans amounted to EUR 382,510 thousand (EUR 368,842 thousand as at 31 December 2023).

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LOANS

The breakdown of this item, recognised according to the amortised cost, the evolution with respect to the previous year and the characteristics of the bank loans held by the LU-VE Group are provided in the table of paragraph 9 "Appendix B". It should be reminded that for floating rate loans, LU-VE Group calculated the amortised cost as at 31 December 2024 on the basis of the market forward yield curve at the reporting date.

In relation to certain loan agreements, LU-VE Group is committed to meeting specific financial and economic parameters (covenants), which however, are tested only annually during the preparation of the Consolidated Financial Statements as at 31 December of each year. In accordance with ESMA Guidelines 2021/32-382-1138, the related Appendix shows the loans outstanding as at 31 December 2024, for which compliance with the equity and economic covenants is required on a consolidated basis, as well as the characteristics of the covenants themselves (in thousands of Euro).

The changes in loans during the year are shown below:

Loans: changes during the period (in thousands of Euro)	Opening balance	New loans	Repayments	Change in amortised cost (*)	Exchange delta	Closing balance
Loans	368,842	135,000	(116,940)	(4,392)	-	382,510
Bank advances on invoices	385	40,000	(30,398)	-	13	10,000
Total	**369,227**	**175,000**	**(147,338)**	**(4,392)**	**13**	**392,510**

(*) Impact generated by the calculation of future cash outflows for interest on the basis of market forward curves for variable rate loans, of which EUR 2,641 thousand related to the impact on the income statement (determined by the positive effect arising from the update of the rate curves for EUR 4,128 thousand and the positive effect of interest accrued in the year but not yet paid of EUR 1,487 thousand, Note 4.9) and EUR 1,751 thousand related to the repayment of interest, part of which accrued in 2023 and paid in 2024.

The following changes took place in loans in 2024:

- Disbursement occurred in January 2024 of EUR 30,000 thousand obtained from the unsecured loan subscribed in December 2023 with Unicredit S.p.A. for a total of EUR 30,000 thousand. The loan with a duration of 60 months (of which 9 months in the grace period) is aimed at supporting the general financial needs related to the exercise of the activities of the LU-VE Group. The loan requires compliance with financial covenants (please refer to Appendix B);

- subscription of an unsecured loan for EUR 30,000 thousand with BPER S.p.A., fully proceeded at the signing date, with a duration of 60 months (of which 12 months in the grace period). This loan requires compliance with financial covenants (please refer to Appendix B);

- In November an unsecured loan for EUR 35,000 thousand was subscribed with B.N.L. S.p.A., fully disbursed at the time of subscription, for a term of 72 months (of which six months of grace period). Intended for general corporate needs, this loans requires compliance with financial covenants. This loan does not provide for better conditions on reaching specific sustainability targets;

- In November, an unsecured loan for EUR 25,000 thousand was subscribed with Intesa Sanpaolo S.p.A. for a term of 72 months (of which 6 months of grace period), with capital repayments on a quarterly basis. Aimed at supporting and expanding the Group's operating volumes, this loan provides for compliance with financial covenants;

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- In November, an unsecured loan for EUR 15,000 thousand was subscribed with Intesa Sanpaolo S.p.A. for a term of 72 months (of which 6 months of grace period), with capital repayments on a quarterly basis. Aimed at supporting and expanding the Group's operating volumes, this loan provides for compliance with financial covenants.

- repayments for the year of EUR 116,940 thousand entirely related to repayments made during the year of current instalments of existing loans, no early redemptions occurred in 2024.

- The new loans were stipulated by taking into account the average cost of the LU-VE Group's debt, in line with market interest rates.

The total cash flows used in reimbursements amounted to EUR 116,940 thousand (EUR 102,786 thousand in 2023), the subscriptions brought a cash generation of EUR 135,000 thousand.

It should be noted that the following guarantees are in place on the existing loans subscribed with Deutsche Bank in 2020:

- with reference to the loan of EUR 5,500 thousand maturing on 11 November 2026, a 90% guarantee is in place, granted by *Fondo Centrale di Garanzia PMI* (Italian central guarantee fund for SMEs) pursuant to Italian Law 40 of 5 June 2020, in order to support small and medium companies whose business has been affected by the COVID-19 emergency;

- with reference to the loan of EUR 10,000 thousand maturing on 11 November 2025, a payment guarantee issued by SACE S.p.A. applied, for the benefit of the bank, to cover 50% of the due amount of principal and interest to be paid by LU-VE S.p.A. The SACE guarantee is to be intended as public support for the development of production activities benefiting from the counter-guarantee of the Italian government in the context of the application of Italian Legislative Decree no. 123 of 31 March 1998, "Provisions for the rationalisation of public support measures for enterprises", pursuant to article 4, paragraph 4, letter c) of Italian Law no. 59 of 15 March 1997.

All outstanding bank loans were denominated in Euro, and were mainly floating rate and pegged to the Euribor. Note 4.16 below provides the information relating to financial risks.

During 2024, the following changes occurred in the item "Other advances on invoices":

- use of short-term lines of credit for EUR 40,000 thousand;
- repayments of short-term lines of credit amounted to EUR 30,000 thousand.
- advances on invoices received from the Indian subsidiary SPIROTECH Heat Exchangers Pvt. Ltd for EUR 385 thousand. During the year, the same company repaid EUR 506 thousand.

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3.13 PROVISIONS

The details of this item are shown below:

Change in provisions *(In thousands of Euro)*	**31/12/2023**	**Provisions/(Releases)**	**Utilizations**	**Exchange differences**	**31/12/2024**
Provision for agents' leaving indemnities	30	90	-	-	120
Product warranty provision	5,165	277	(97)	8	5,353
Other provisions for risks and charges	540	-	-	(1)	539
Total	**5,735**	**367**	**(97)**	**7**	**6,012**

The provision for agents' leaving indemnities covers amounts to be paid out to agents in the event of termination of the agency relationship by the LU-VE Group. In 2024, the provision was increased by EUR 90,000 taking into account the update of recognised commission margins.

The product warranty provision covers the risk of returns or charges from customers for non-compliant products already sold. The provision was adjusted at year-end on the basis of analyses conducted and past experience. The change of EUR 188 thousand is explained for EUR 180 thousand by higher provision net of releases and utilisations, broken down into the various production companies of the LU-VE Group based on their best estimates, and for EUR 8 thousand by positive exchange rate deltas.

The other provisions for risks and charges remained substantially unchanged compared to the previous year.

Provisions, which represent the estimated future outflows calculated partly based on historical experience, were subject to actuarial valuation as at 31 December 2024. As the effect was deemed negligible, it was not incorporated in the LU-VE Group's consolidated Financial Statements as at 31 December 2024.

3.14 EMPLOYEE BENEFITS OBLIGATIONS

Employee benefits obligations amounted to EUR 5,390 thousand (EUR 5,363 thousand as at 31 December 2023) with a net increase of EUR 27 thousand compared to the previous year. The entire amount referred to the provision for post-employment benefits ("TFR").

The *T.F.R.* provision refers only to the LU-VE Group's Italian companies and includes substantially the post-employment benefits accrued by personnel employed as at 31 December, net of advances paid out to employees.

In accordance with what is established by domestic regulations, the amount due to each employee accrues based on services rendered and is disbursed when the employee leaves the company. The amount due upon termination of the employment relationship is calculated on the basis of its duration and the taxable wages of each employee. The liability is revalued each year on the basis of the official cost of living index and legal interest.

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It is noted that, following the amendments to the "Provision for post-employment benefits" introduced by Italian Law no. 296 of 27 December 2006, and subsequent Decrees and Regulations issued in the first few months of 2007, for companies with at least 50 employees (LU-VE S.p.A., Thermo Glass Door S.p.A., and Refrion S.r.l.), the amounts accrued from 1 January 2007 are destined, by choice of employees, either to the INPS Treasury Fund or to forms of complementary social security, with the nature of "defined contribution plans". Furthermore, these amounts are not subject to actuarial valuation and are no longer allocated to the “Provision for post-employment benefits”. The “Provision for post-employment benefits” accrued as at 31 December 2006 remains a “defined benefit plan” with the consequent need to carry out the actuarial calculations, which will however no longer take into account the component relating to future salary increases. For companies with fewer than 50 employees (Manifold S.r.l. and RMS S.r.l.), in accordance with IAS 19 the fund as at 31 December 2024 is recognised entirely as "Defined benefit plan" and is therefore subject to actuarial valuation.

The breakdown and changes in the item as at 31 December 2024 are shown below:

Employee benefits *(in thousands of Euro)*	**31/12/2024**	**31/12/2023**
Liabilities as at 1 January	5,363	5,299
Provisions	383	305
Financial expense	132	154
Payments made	(459)	(505)
Actuarial (gains)/losses	(29)	110
Liabilities as at 31 December	**5,390**	**5,363**

The shareholders’ equity adjustment includes a net actuarial loss of EUR 29 thousand, calculated as follows:

- Actuarial gain deriving from the change in the main actuarial assumptions used as at 31 December 2024 compared to the previous evaluation and from effect of the variation that the collective object of the valuation suffered between one valuation and the other: EUR 36 thousand;
- Actuarial loss deriving from the effect of the variation that the financial assumptions have suffered between one year and the other: EUR 65 thousand.

Actuarial gains and losses are recognised in shareholders’ equity through the statement of comprehensive income.
The values recognised in the Income Statement are included in “Personnel costs” (Note 4.5).

The main financial and demographic assumptions used at the date of the last reference valuation of 31 December 2024 are shown below:

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Financial assumptions	31/12/2024 %	31/12/2023 %
Discount rate (IBOXX Eurozone Corporate AA 10+ Index)	3.18 - 3.38	3.08 - 3.17
Inflation rate	2.00	2.00
Salary increase rate	1.00 - 2.50	1.00 - 2.50
Employee severance indemnity increase rate	3.00	3.00

Demographic assumptions	31/12/2024	31/12/2023
Mortality rate	ISTAT 2022	State General Accountancy Table RG48
Disability	INPS Tables	INPS Tables
Personnel turnover	2.0% - 7.0%	2.0% - 7.0%
Advances	1.50% - 5.0%	1.50% - 5.0%
Retirement age	100% upon satisfaction of general compulsory insurance requirements	100% upon satisfaction of general compulsory insurance requirements

The sensitivity analysis for the provision for post-employment benefits is reported below. The following table reports the change in the provision with the variation of the most significant actuarial hypothesis, that is the discount rate:

Sensitivity of provision for post-employment benefits as at 31/12/2024 (in thousands of Euro)	0.25%	-0.25%
Discount rate	(114)	79

3.15 OTHER FINANCIAL LIABILITIES

The item “Other financial liabilities” refers to financial payables linked to IFRS 16.

The details of this item for the non-current portion are shown below:

Other non-current financial liabilities *(in thousands of Euro)*	31/12/2024	31/12/2023	Change
IFRS 16 financial liabilities	16,498	6,920	9,578
Other non-current financial liabilities	-	7,490	(7,490)
Total	**16,498**	**14,410**	**2,088**

The item "IFRS 16 Financial liabilities" includes all the long-term financial payables of contracts falling under the application of IFRS 16.

The decrease in "Other non-current financial liabilities" of EUR 7,490 thousand was due to:

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- decrease of EUR 6,500 thousand for the exercise of the call option for the purchase of the remaining 25% of REFRION S.r.l.; a similar put option had been granted to the minority shareholder (value as at 31 December 2023, calculated according to a defined contractual formula). The strike price of the option was defined between the parties in July 2024 in the amount of EUR 7,360 thousand and the difference of EUR 860 thousand was recognised in the income statement in the financial expenses (Note 4.9 Financial expenses);

- decrease of EUR 990 thousand due to the extinction of the share of the deferred consideration related to the purchase of 75% of the Refrion Group.

The details of this item for the current portion are shown below:

Other current financial liabilities *(in thousands of Euro)*	**31/12/2024**	**31/12/2023**	**Change**
IFRS 16 financial payables	4,656	5,147	(491)
Other financial liabilities	4	8	(4)
Total	**4,660**	**5,155**	**(495)**

The item “IFRS 16 financial payables” includes all the short-term financial payables of contracts falling under the application of IFRS 16.

3.16 TRADE PAYABLES

The breakdown of trade payables by geographical area is shown below:

Trade payables *(in thousands of Euro)*	**31/12/2024**	**31/12/2023**	**Change**
Italy	43,962	47,586	(3,624)
EU countries	21,940	20,688	1,252
Non-EU countries	42,389	27,385	15,004
Total	**108,291**	**95,659**	**12,632**

The increase of EUR 12,632 thousand is due primarily to the increase in the average payment terms (for more details, please refer to what is reported in the annual Directors’ Report).

The change in "Trade payables", therefore, involved a cash inflow of EUR 12,632 thousand.

Contract liabilities (advances received from customers before rendering any service) for an amount of EUR 15,179 thousand are recognised under trade payables.

As at 31 December 2024, there were no past-due payables of significant amounts, and the LU-VE Group has received no payment orders for past-due payables. It should be noted that the Group does not have any supplier financing and/or reverse factoring contracts.

No trade payables with a residual maturity of more than 5 years were recognised in the Financial Statements.

The Directors believe that the recognition amount of trade payables is similar to their fair value.

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3.17 TAX LIABILITIES

The details of this item are shown below:

Tax liabilities *(in thousands of Euro)*	**31/12/2024**	**31/12/2023**	**Change**
Towards tax authorities for income taxes	1,638	3,922	(2,284)
Withholding taxes	2,942	2,948	(6)
VAT liabilities	1,781	1,783	(2)
Total	**6,361**	**8,653**	**(2,292)**

The decrease in tax liabilities of EUR 2,284 thousand is mainly related to the net effect of the accounts and tax burden for the year.

3.18 OTHER CURRENT LIABILITIES

The details of this item are shown below:

Other current liabilities *(in thousands of Euro)*	**31/12/2024**	**31/12/2023**	**Change**
To employees	18,082	17,595	487
To social security institutions	7,970	8,033	(63)
To Directors and Statutory Auditors	2,538	2,277	261
Other current payables	9,690	10,019	(329)
Total	**38,280**	**37,924**	**356**

"Other current liabilities" are substantially in line with the previous financial year. The increase for EUR 356 thousand is mainly due to:

- the increase in payables to personnel and social security institutions for EUR 424 thousand, for performance bonuses, additional months' salaries and leaving bonuses;

- decrease in other liabilities "To Directors and Statutory Auditors" and "Other current liabilities" for EUR 261 thousands and EUR 329 thousands, respectively, reflecting the decrease in payables for investments in fixed assets;

In the beginning of 2025, payables to personnel and social security institutions were paid in accordance with the relative due dates.

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3.19 DEFERRED TAX ASSETS AND LIABILITIES

The details of this item are shown below:

Deferred tax assets and liabilities *(in thousands of Euro)*	**31/12/2024**	**31/12/2023**	**Change**
Deferred tax assets	11,227	11,039	188
Deferred tax liabilities	(13,698)	(14,109)	411
Net position	**(2,471)**	**(3,070)**	**599**

The nature of the temporary differences that resulted in the recognition of deferred tax liabilities and assets and the relative changes during the current year and the previous year are analysed below.

Deferred tax liabilities and assets: changes in the year *(in thousands of Euro)*	**TAX LOSSES**	**DEPRECIATION/AMORTISATION**	**MERGERS/ACQUISITIONS GROSS UP**	**ACTUARIAL VALUATION OF POST-EMPLOYMENT BENEFITS**	**PROVISIONS AND ADJUSTMENTS**	**OTHER DIFFERENCES**	**TOTAL**
01.01.2023	(530)	1,807	11,857	39	(5,203)	(8)	7,962
In Income Statement	(3,067)	216	(856)	(2)	(823)	(385)	(4,917)
In shareholders' equity	-	-	-	(27)	-	-	(27)
Reclassifications	-	(21)	-	-	310	(289)	-
Exchange rate delta	-	(28)	-	-	33	47	52
31/12/2023	(3,597)	1,974	11,001	10	(5,683)	(635)	3,070
In Income Statement	512	(354)	(960)	-	(260)	404	(658)
In shareholders' equity	-	-	-	7	-	-	7
Reclassifications	-	26	(12)	-	13	(27)	-
Exchange rate delta	-	42	-	-	5	(5)	42
31/12/2024	(3,085)	1,688	10,029	17	(5,925)	(263)	2,461

As at 31 December 2024, deferred tax assets refer to:

- the recognition in the income statement of tax losses of the Italian companies included in the national tax consolidation perimeter, which are expected to be used to offset future taxable income over the next five years, on the basis of the expected future taxable income of the same companies;

- deferred tax impact of the actuarial valuation of the post-employment benefits of Italian companies following the application of IAS 19;

- tax differences on increases in the provisions of Group companies;

- other tax differences, regarding net temporary recoveries such as unpaid remuneration and exchange differences.

As at 31 December 2024 deferred tax liabilities refer to:

- tax differences on accounting depreciation and depreciation recognised for tax purposes on fixed assets in some Group companies;

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- the allocation of taxes to the 2008 merger deficit allocated to land and the tax effect deriving from the allocation of capital gains with respect to the carrying amounts for the acquisition of Spirotech (2016), LU-VE US (2018), "AL Air" (2019) and the Refrion Group (2022).

- allocation of deferred tax liabilities relative to any future distribution of earnings or reserves by Group's subsidiaries.

Pursuant to "*Amendments to IAS 12 Income Taxes:* Deferred Tax related to Assets and Liabilities arising from a Single Transaction" published by IASB on 7 May 2021, it should be noted that the deferred tax assets and liabilities generated by lease agreements, mainly attributable to the Finnish subsidiary Fincoil LU-VE OY, amounted respectively to EUR 1,984 thousand and EUR 2,056 thousand, reported as net amount in the Consolidated Financial Statement.

As mentioned in Note 2.2 "Use of Estimates" above, in testing the initial recognition and recoverability of deferred tax assets recognised in the Financial Statements as at 31 December 2024, Management relied on the taxable results derived from the business plans 2025-2028 were taken into account when verifying the recognition and recoverability of deferred tax assets recognised in the financial statements as at 31 December 2024. The effects deriving from the temporary differences on which deferred tax liabilities were recognised were also used in the test of recognition.

3.20 NET FINANCIAL POSITION

In compliance with the provisions of the ESMA Guidelines 2021/32-382-1138, it should be noted that LU-VE Group's net financial position is as follows:

Net financial position *(in thousands of Euro)*	**31/12/2024**	**31/12/2023**	**Change**
A. Cash (Note 3.10)	136,482	126,560	9,922
B. Cash equivalents (Note 3.8 and 3.10) (*)	134,709	85,499	49,210
C. Other current financial assets (Note 3.8)	44,941	50,387	(5,446)
D. Total Liquidity (A+B+C)	**316,132**	**262,446**	**53,686**
E. Current financial debt (including debt instruments, but excluding current portion of non-current financial debt (Note 3.12 and 3.15)	4,660	5,155	(495)
F. Current portion of non-current financial debt (Note 3.12)	129,252	119,005	10,247
G. Current financial indebtedness (E+F)	**133,912**	**124,160**	**9,752**
H. Net current financial indebtedness (G-D)	**(182,220)**	**(138,286)**	**(43,934)**
I. Non-current financial debt (excluding current portion and debt instruments) (Note 3.12 and 3.15)	279,756	264,632	15,124
J. Debt instruments	-	-	-
K. Non-current trade and other payables	-	-	-
L. Non-current financial indebtedness (I+J+K)	**279,756**	**264,632**	**15,124**
M. Net financial indebtedness (H+L)	**97,536**	**126,346**	**(28,810)**

Cash equivalents (under letter B. of the table above) refer to liquidity invested in Time deposits by Group companies with a maturity of less than 3 months (Note 3.10). The amount refers for EUR 125,000 thousand to the liquidity invested by the Parent Company LU-VE S.p.A. and for EUR 4,790 thousand to the Chinese subsidiary LU-VE HEAT EXCHANGERS (Tienen) Co.Ltd. for EUR 4,400 thousand of the Group's subsidiary SPIROTECH Heat Exchangers Pvt. Ltd., and for EUR 519 thousand to the Russian subsidiary "OOO" SEST LU-VE Russia.

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The item “Other current financial assets” (under letter C. of the table above) includes EUR 32,596 thousand in investments in Time deposits, with a maturity of more than 3 months (Note 3.8), of which EUR 23,345 thousand relating to the Russian subsidiary «OOO» SEST LU-VE, and EUR 9,251 thousand relating to the liquidity invested in the Indian subsidiary SPIROTECH Heat Exchangers Pvt. Ltd.

The item "Current Financial Debt" (under letter E. of the table above) substantially in line with the previous year includes EUR 4,656 thousand referring to contracts covered by the application of IFRS16.

The item "Non-current financial payables" under letter I. of the table above) includes EUR 263,258 thousand of payables for loans measured at amortised cost, and EUR 16,498 thousand related to contracts covered by IFRS 16. The year-on-year increase of EUR 15,124 thousand includes a EUR 13,036 thousand increase in the payable for loans measured at amortised cost over the medium- and long-term (Note “3.12 Loans”), an increase of EUR 9,578 thousand in medium- and long-term IFRS16 payables, and a decrease of EUR 7,490 thousand in “Other non-current financial liabilities”, as detailed in Note “3.15 - Other financial liabilities”.
Paragraph "1.5 - Consolidated statement of cash flows" shows the changes in cash and "cash equivalents" (letters A and B of this statement).

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4 COMMENT ON THE MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT

4.1 REVENUES

In 2024, sales revenue amounted to EUR 587,205 thousand (EUR 615,823 thousand in 2023).

Revenues by product family:

Revenues by product *(in thousands of Euro)*	**2024**	**%**	**2023**	**%**	**Change**	**% Change**
Heat exchangers	269,822	45.8%	305,007	49.4%	(35,185)	-11.5%
Air Cooled Equipment	295,978	50.2%	285,198	46.2%	10,780	3.8%
Doors	15,202	2.6%	16,638	2.7%	(1,436)	-8.6%
Sub-total	**581,002**	**98.6%**	**606,843**	**98.3%**	**(25,841)**	**-4.3%**
Other	6,203	1.4%	8,980	1.7%	(2,777)	-30.9%
TOTAL	587,205	100.0%	615,823	100.0%	(28,618)	-4.6%

Revenues by geographical area:

Revenues by geographical area *(in thousands of Euro)*	**2024**	**%**	**2023**	**%**	**Change**	**% Change**
Italy	112,468	19.2%	120,052	19.5%	(7,584)	(6.3%)
Germany	34,184	5.8%	71,594	11.6%	(37,410)	(52.3%)
France	44,341	7.6%	45,995	7.5%	(1,654)	(3.6%)
Czech Republic	38,173	6.5%	36,144	5.9%	2,029	5.6%
Poland	41,563	7.1%	29,458	4.8%	12,105	41.1%
Finland	26,705	4.5%	28,118	4.6%	(1,413)	(5.0%)
USA	25,466	4.3%	25,719	4.2%	(253)	(1.0%)
Sweden	25,725	4.4%	20,299	3.3%	5,426	26.7%
The Netherlands	19,968	3.4%	17,259	2.8%	2,709	15.7%
Austria	10,576	1.8%	16,536	2.7%	(5,960)	(36.0%)
Spain	18,327	3.1%	15,801	2.6%	2,526	16.0%
China	11,602	2.0%	13,759	2.2%	(2,157)	(15.7%)
India	6,918	1.2%	6,289	1.0%	629	10.0%
Other countries	171,189	29.2%	168,800	27.4%	2,389	1.4%
TOTAL	587,205	100.0%	615,823	100.0%	(28,618)	(4.6%)

Please refer to the Directors' Report for detailed comments on trends in the reference markets during the 2024 year.

The value of compensation for transactions with unfulfilled (or not fully fulfilled by the LU-VE Group and therefore not included in the revenue for the 2024 year) performance obligations at the end of the year amounts to EUR 2,299 thousand (EUR 1,489 thousand in 2023). The Directors estimate that they will be recognised as revenue in following year.

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It should be noted that in 2024, the Group did not recognise material revenues through the implementation of long-term projects (i.e. the supply of cooling systems for the EDG emergency diesel generators of the nuclear island of the Hinkley Point C power station in Somerset - UK), since the Group will start the production phase starting from 2025.

The Group, working mainly on transactions with a single performance obligation, does not have, as reported above, significant values relating to performance obligations not satisfied at the end of the year.

4.2 OTHER OPERATING INCOME

Other Operating Income *(in thousands of Euro)*	**2024**	**2023**	**Change**
Other revenues	1,883	1,434	449
Total	**1,883**	**1,434**	**449**

"Other operating income" refers for EUR 500 thousand to export incentives of the subsidiary Spirotech, for EUR 184 thousand to government grants received by the Chinese subsidiary LU-VE HEAT EXCHANGERS (Tianmen) Co. Ltd, and for EUR 1,199 thousand to other marginal revenues of other LU-VE Group companies.

4.3 PURCHASES OF MATERIALS

Purchases of materials *(in thousands of Euro)*	**2024**	**2023**	**Change**
Raw materials and purchased components	274,830	291,264	(16,434)
Consumables	9,139	11,104	(1,965)
Total	**283,969**	**302,368**	**(18,399)**

Please refer to the Directors' Report for detailed comments in relation to costs and consumptions for the year.

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4.4 COSTS FOR SERVICES

Costs for services *(in thousands of Euro)*	**2024**	**2023**	**Change**
Expenses for utilities	10,590	12,162	(1,572)
General and advisory expenses	19,719	19,542	177
Advertising and promotional expenses	1,883	1,347	536
Transport expenses	13,864	13,451	413
Maintenance expenses	7,409	7,841	(432)
Outsourced production	6,861	7,984	(1,123)
Commissions	1,419	1,149	270
Remuneration to the corporate bodies	4,133	4,731	(598)
Other costs for services	6,842	9,308	(2,466)
Other production costs	2,822	3,139	(317)
Total	**75,542**	**80,654**	**(5,112)**

The decrease of EUR 5,112 thousand is mainly due to:

- the reduction of EUR 3,127 thousand in costs for energy, telephone and connections, external works and maintenance;
- the decrease in other costs for services and other production costs for EUR 2,783 thousand;
- the reduction in emoluments to corporate bodies for EUR 598 thousand.

These reductions are partially offset by:

- the increase in general and advisory expenses, commissions and promotional costs for EUR 983 thousand;
- increases of EUR 413 thousand for transport costs.

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Audit fees disclosure

Pursuant to Article 149-duodecies of the CONSOB issuer regulations, a summary table of the audit and non-audit fees paid for the services provided by Deloitte & Touche S.p.A., which was engaged to audit LU-VE Group's consolidated Financial Statements, is provided below.

Type of Services	Service provider	Recipient	Remuneration *(in thousands of Euro)*
Audit	Deloitte & Touche S.p.A.	Parent Company	205
		Italian subsidiaries	150
	Deloitte & Touche S.p.A. Network	Foreign subsidiaries	160
Limited assurance on the Consolidated Sustainabilty Statement	Deloitte & Touche S.p.A.	Parent Company	100
Other non-audit services	Deloitte & Touche S.p.A.	Parent Company	45
		Total	660

4.5 PERSONNEL COSTS

Personnel costs *(in thousands of Euro)*	2024	2023	Change
Wages and salaries	102,762	100,907	1,855
Social security costs	26,530	25,455	1,075
Post-employment benefits	3,240	3,051	189
Total	**132,532**	**129,413**	**3,119**

The increase in the item "Wages and salaries" is mainly due to the wage trend and the effects of the adjustment of wages to inflation.

The average number of employees of LU-VE Group in 2024 was 3,981 (the average number of employees in 2023 was 4,042). As at 31 December 2024, the number of employees in the Group was 3,915 (2,850 blue-collar workers, 1,027 white-collar workers and middle managers, 38 executives) compared to 4,024 in 2023 (2,950 blue-collar workers, 1,044 white-collar workers and middle managers, 30 executives).

As at 31 December 2024, the number of temporary workers was 829 (755 in 2023).

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4.6 NET REVERSAL/(WRITE-DOWNS) OF FINANCIAL ASSETS

Net reversal/(write-downs) of financial assets	2024	2023	Change
Net reversal/(write-downs) of financial assets	(652)	(771)	119
Total	(652)	(771)	119

The item includes the net accruals made during 2024 in accordance with the application of the IFRS 9 standard, reflecting the estimate of the potential forward-looking impacts of the global macroeconomic situation on the possible deterioration of customers' creditworthiness, of the countries in which operate and on their ability to meet their obligations.

For further details, please refer to Note "3.6 - Trade receivables".

4.7 OTHER OPERATING EXPENSES

Other operating expenses *(in thousands of Euro)*	2024	2023	Change
Non-income taxes	832	814	18
Accruals for risks	373	276	97
Other operating costs	2,817	2,682	135
Total	4,022	3,772	250

Non-income taxes include mainly taxes on owned property and stamp duty on insurance policies and certificates.
The item "Accruals for risks" includes the increase in provisions for risks net of the releases of surpluses. Please refer to Note "3.13 - Provisions".

4.8 FINANCIAL INCOME

Financial income *(in thousands of Euro)*	2024	2023	Change
Interest income	9,300	4,705	4,595
Other financial income	199	843	(644)
Total	9,499	5,548	3,951

The breakdown of interest income is as follows:

- EUR 8,496 thousand refer to interest accrued on Time deposits during the year. As at 31 December 2024, EUR 6,305 thousand had been collected; the difference refers to the accrued portion that will be collected during the new year (for more details, see Note "3.8 – Current financial assets");

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- EUR 804 thousand mainly refers to interest income on current accounts accrued by the Parent Company LU-VE S.p.A. for the management of the Group's liquidity.

Details of "Other financial income" are as follows:

- EUR 192 thousand relate to the fair value of capitalisation policies and insurance certificates, of which EUR 181 thousand relate to the positive change in fair value as of 31 December 2024 of ARCA VITA policies and EUR 9 thousand to the fair value valuation as of 31 December 2024 of Unicredit Cash Collect insurance certificates (see Note 3.8 - "Current financial assets");

- EUR 7 thousand relates to other financial income.

During the year, financial income of EUR 6,619 thousand was collected, equal to financial income from the income statement of EUR 9,499 thousand gross of interest on Time deposits yet to collected for EUR 2,191 thousand, bank interest income and other interest to be collected for EUR 499 thousand and the net change in fair value of capitalisation policies for EUR 190 thousand as non-monetary items.

4.9 FINANCIAL EXPENSE

Financial expense *(in thousands of Euro)*	**2024**	**2023**	**Change**
Interest expenses to banks	8,390	8,614	(224)
Other financial expenses	7,295	9,374	(2,079)
Total	**15,685**	**17,988**	**(2,303)**

"Interest expenses to banks" of EUR 8,390 thousand refer to interest on loans for EUR 16,685 thousand, partially offset by the differentials exchanged with counterparties on IRS financial instruments for EUR 5,654 thousand as at 31 December 2023, and by the effect of the amortised cost of EUR 2,641 thousand as at 31 December 2024 (determined by the positive effect of the updated interest yield curves for EUR 4,128 thousand and the negative effect of interest accrued in the year recognised for the year, but not yet paid, equal to EUR 1,487 thousand).

The monetary change in interest expenses to banks is negative for EUR 11,026 thousand and the difference mainly relates to accrued interest expenses for the year not yet paid as at 31 December 2024 and to the effect of amortised cost.

Details of "Other financial expense" are as follows:

- EUR 5,106 thousand refers to the negative fair value on derivative financial instruments underlying existing loans of LU.VE S.p.A. (please refer to Note 3.8. - "Current financial assets");

- EUR 1,329 thousand mainly refers to other interest expense and financial expense, of which EUR 933 thousand paid.

- EUR 860 thousand refers to the effect on the income statement of the updated strike price of the put & call option (whose fair value at 30 June 2024 was EUR 7,360 thousand, EUR 6,500

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thousand at 31 December 2023) of the remaining 25% of the Refrion Group, which is reported in Note 3.15 - "Other financial liabilities" and Note 3.20 - "Net financial position";

4.10 EXCHANGE GAINS (LOSSES)

During 2024, the LU-VE Group achieved net exchange gains of approximately EUR 2,700 thousand (net profits of EUR 2,383 thousand in 2023) due to the strengthening of the Euro against other currencies (mainly the US Dollar, the Chinese Renminbi Yuan, the Indian Rupee, and the Polish Zloty).

The net unrealised exchange profit amounted to EUR 2,853 thousand, and consisted of a negative EUR 384 thousand in fair value delta on hedging instruments for currency exchange risk (for more details, see Note 3.8 - "Current financial assets") and unrealised positive exchange delta for EUR 2,469 thousand.

The net realised exchange loss amounted to EUR 153 thousand.

4.11 GAINS AND LOSSES FROM SALE OF INVESTMENTS

During 2024, there were no gains and/or losses deriving from the sale of investments of any of the Group companies.

4.12 INCOME TAXES

Income taxes *(in thousands of Euro)*	**2024**	**2023**	**Change**
Current taxes	11,870	9,965	1,905
Deferred tax liabilities	(658)	(4,917)	4,259
Adjustment previous year	33	(41)	74
Total	**11,245**	**5,007**	**6,238**

For a detailed analysis of deferred taxes please see the table on changes in deferred tax assets and liabilities reported in Note 3.19 - "Deferred tax liabilities and assets".

The increase in current taxes is mainly related to the higher pre-tax profit realised in the period and the lower use of local tax incentives compared to the same period in 2023.

The taxes paid in the fiscal year amounted to EUR 14,085 thousand.

With reference to the tax audit conducted by the Italian Tax Authority on the parent company concerning the fiscal years 2016, 2017, 2018, and 2019, and the report on findings relating to the year 2019, no further requests have been made and no further activities have been undertaken by the Tax Authority.

With regard to the tax audit to which the subsidiary LU-VE Iberica S.L. was subject for the fiscal years 2013, 2018, and 2019, all documentation requested from time to time by the Spanish Tax Authority was delivered.

With reference to the deed notified by the Udine Revenue Agency to the subsidiary Refrion S.r.l. concerning the verification of tax receivables referred to research and development costs, in the third

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quarter of 2024, a defensive process was initiated first of all that led, in a first moment, to a reduction in the contested amounts and, then, to the subsidiary's agreement to settlement proposal formulated by the Italian Tax Authority (with the partial reversal of the receivables used and with a waiver of some receivables recorded in the financial statements and not yet used, without penalties and interest), for a total amount equal to EUR 245 thousand. It should be noted that with regard to the liabilities, as these tax receivables arose before the date of the acquisition by the LU-VE Group, the Group is protected by the guarantees provided by the previous shareholders of the aforementioned subsidiary.

In the second half of 2024, the Central Directorate for Large Taxpayers and International Affairs (*Direzione Centrale Grandi Contribuenti e Internazionale*) of the Italian Tax Authority sent a request for information to the Parent Company LU-VE S.p.A. to initiate the preliminary activity concerning the application submitted on 28 December 2020 for access to the procedure aimed at the stipulation of the Advanced Pricing Agreements ("*APA*"), as provided for by art. 31-*ter* of Italian Presidential Decree 600/73. The Company promptly responded to all documentary requests received.

On 10 December 2024, the Polish Tax Authority sent to the subsidiary Sest-LUVE-Polska Sp.z.o.o. requests for documentation regarding the application submitted on 30 December 2021 for access to the procedure aimed at entering into procedure aimed at the stipulation of Advanced Pricing Agreements ("APA"), including requests relating to the Group's recharged services. The documentation must be submitted by February 2025.

For further details, please refer to Note 8 - "Subsequent events occurred after 31 December 2024".

Income taxes *(in thousands of Euro)*	**2024**	**2023**
Theoretical income taxes	11,296	8,729
Tax effect of permanent differences	574	1,236
Income taxes recognised in the Financial Statements	**11,870**	**9,965**
Broken down as follows:		
IRES Italian subsidiaries	-	721
Of which IRES of Parent Company:	-	-
IRAP	588	770
Tax realignment		
Taxes foreign companies	11,282	8,474
Total	**11,870**	**9,965**

Theoretical taxes were determined by applying the applicable tax rate in the countries in which the LU-VE Group companies operate to the relative taxable incomes.

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4.13 EARNINGS PER SHARE

The basic and diluted earnings per share were calculated based on the following figures:

Basic and diluted earnings calculation *(in thousands of Euro)*	**2024**	**2023**
PROFIT *(In thousands of Euro)*		
Net profit for the year	34,497	29,745
NUMBER OF SHARES		
Average weighted number of ordinary shares for the calculation of basic earnings per share	22,206,341	22,206,341
Dilution effect deriving from potential ordinary shares	-	-
Average weighted number of ordinary shares for the calculation of diluted earnings per share	22,206,341	22,206,341

EARNINGS PER SHARE *(In Euros)*	**2024**	**2023**
Basic earnings per share	1.55	1.34
Diluted earnings per share	1.55	1.34

4.14 DIVIDENDS

In May 2024, dividends totalling EUR 8,883 thousand were distributed by LU-VE S.p.A., corresponding to the distribution of a gross dividend of EUR 0.40 (zero/40) for each of the 22,206,341 shares outstanding, net of treasury shares.

In addition, EUR 812 thousand was resolved, of which EUR 750 thousand in favour of the non-controlling interests of the Polish subsidiary SEST LUVE POLSKA Sp.z.o.o., and EUR 62 thousand in favour of the non-controlling interests of the Russian subsidiary «OOO» SEST LU-VE Russia, fully paid up as at 31 December 2024.

With respect to the current year, the Directors proposed the payment of a EUR 0.42 (zero/42) dividend per share. This dividend is subject to the approval of the annual Shareholders' Meeting called for the approval of the Financial Statements of the Parent Company and, therefore, it was not included under liabilities in these Financial Statements.

Any proposed dividend will be payable as of 30 April 2025, with coupon no. 10 on 28 April 2025 (record date on 29 April 2025).

4.15 SEGMENT INFORMATION

As regards segment information, the LU-VE Group has applied IFRS 8, which focuses attention on the reporting used internally by the company management, by requiring the publication of segment disclosure based on the elements used by management to take operating decisions.

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The LU-VE Group's Strategic Business Units (SBU) pursuant to IFRS 8 are identified as the business segments that generate revenues and costs, whose results are periodically reviewed by the highest decision-making level to assess performance and to take decisions regarding resource allocation, in line with the CGUs. The LU-VE Group has the following SBUs:

- SBU Cooling Systems which includes air cooled equipment (unit coolers, condensers, gas coolers and liquid coolers);
- SBU Components, which includes heat exchangers and special glass doors for refrigerated counters and display cabinets.

Details of turnover by SBU in the two years in question are provided in the table below:

Revenues by SBU *(in thousands of Euro)*	**2024**	**%**	**2023**	**%**	**Change**	**% Change**
Air Cooled Equipment	295,978	50.9%	285,198	47.0%	10,780	3.8%
SBU COOLING SYSTEMS	**295,978**	**50.9%**	**285,198**	**47.0%**	**10,780**	**3.8%**
Heat exchangers	269,822	46.5%	305,007	50.3%	(35,185)	-11.5%
Doors	15,202	2.6%	16,638	2.7%	(1,436)	-8.6%
SBU COMPONENTS	**285,024**	**49.1%**	**321,645**	**53.0%**	**(36,621)**	**-11.4%**
TOTAL PRODUCT TURNOVER	**581,002**	**100.0%**	**606,843**	**100.0%**	**(25,841)**	**-4.3%**

The SBUs are therefore identified as components of an enterprise whose financial information is available and measured regularly by the top management to decide how to allocate resources and assess performance.

Information is provided below by SBU as at 31 December 2024 and 31 December 2023:

	2024				**2023**			
Segment *(in thousands of Euro)*	**Components**	**Cooling Systems**	**Unallocated costs**	**Total**	**Components**	**Cooling Systems**	**Unallocated costs**	**Total**
REVENUES	285,024	295,978	-	**581,002**	321,639	285,204	-	**606,843**
EBITDA	30,110	52,409	-	**82,519**	34,974	43,865	-	**78,839**

4.16 INFORMATION ON FINANCIAL RISKS

IFRS 7 requires companies to provide supplementary information in their Financial Statements that enable users to evaluate:

a) the significance of financial instruments with reference to the financial position and the profit and loss of the companies;
b) the nature and extent of risks deriving from financial instruments to which the companies are exposed in the course of the year and at the reporting date, and how they are managed.

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The LU-VE Group is exposed to financial risks connected with its operations, particularly to the following nature:

- credit risk, particularly with reference to ordinary trade relations with customers;
- market risk (particularly exchange rate risk, relating to transactions in currencies other than the functional currency; interest rate risk, relating to the LU-VE Group's financial exposure; raw material price volatility risk);
- liquidity risk, which may take the form of the inability to obtain the financial resources necessary for LU-VE Group operations.

The coordination and monitoring of the main financial risks are centralised in the Management. The LU-VE Group carefully and specifically monitors each of the above-mentioned financial risks, intervening with the aim of minimising them promptly, including by using hedging derivatives.

One of LU-VE Group's policies is to protect its exposure to fluctuations in prices, exchange rates and interest rates using derivative financial instruments. This hedging may be achieved using forward contracts, options and interest rate swaps.

Please note that all derivative instruments were subscribed for the purposes of hedging, from a management point of view, the underlying risks. However, at the reporting date, not all requirements of IFRS 9 for the application of hedge accounting were satisfied. Therefore, LU-VE Group Management deemed it appropriate to treat, from an accounting point of view, those instruments as trading, not hedging, transactions.

Categories of financial instruments

The following tables group information relative to:

- Classes of financial instruments on the basis of their nature and characteristics;
- Carrying amount of financial instruments;
- Fair value of financial instruments (except financial instruments whose book value approximates their fair value); and
- Hierarchy of fair value levels for financial assets and liabilities whose fair value is reported.

Levels from 1 to 3 of the fair value hierarchy are based on the degree of observability of information:

- Level 1 valuations are those derived from listed (unadjusted) prices on active markets for identical assets or liabilities;
- Level 2 valuations are those derived from inputs other than the quoted prices referred to at Level 1 which are observable for the assets and liabilities, both directly (e.g. prices) or indirectly (e.g. derived from prices);
- Level 3 valuations are those derived from the application of valuation techniques which include inputs for the assets or liabilities that are not based on observable market data (non-observable inputs).

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Financial assets valued at fair value as at 31/12/2024 *(in thousands of Euro)*	**Level 1**	**Level 2**	**Level 3**	**Total**
Other financial assets				
Current financial assets	-	10,623	-	10,623
Derivatives	-	1,722	-	1,722
Total	-	12,345	-	12,345

Some of the other LU-VE Group's financial assets are measured at fair value at the reference date of every set of Financial Statements. At the end of the year, there were no other financial liabilities measured at fair value.

More specifically, the fair value of option contracts on foreign currencies, interest rate swaps, is calculated discounting future cash flows on the basis of forward exchange rates, contractual forward interest rates, discounted at the date of the Financial Statements (level 2 fair value).

The fair value of Other financial assets derives from the counter-value of investments in quoted instruments, adjusted on the basis of the contractual return, and therefore falling under category 2 of fair value.
The categories of financial instruments are reported below:

Financial instruments by IFRS 9 categories *(in thousands of Euro)*	**31/12/2024**	**31/12/2023**
Financial assets		
Amortised cost		
Cash and cash equivalents (*)	271,191	212,059
Time deposit (**)	32,596	32,855
Trade receivables	102,961	87,790
Non-current financial assets	-	-
Fair Value		
Trading derivatives	1,722	7,100
Current financial assets	10,623	10,432
Financial liabilities		
Amortised cost		
Loans	(392,510)	(369,227)
Trade payables	(108,291)	(95,659)
IFRS 16 financial payables	(21,154)	(12,067)
Other non-current financial payables	-	(990)

(*) Cash and cash equivalents include EUR 134,709 thousand of Time deposits with a maturity of less than three months and EUR 136,482 thousand in cash deposited in bank current accounts. Please refer to Note "3.10 - Cash and cash equivalents".

(**) Time deposits in the amount of EUR 32,596 thousand fall under amortised cost category pursuant to IFRS 9 and refer to investments of liquidity in time-deposit accounts with a maturity of more than ninety days and in any case less than one year classified as "Current financial assets". See Note "3.8. – Current financial assets".

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Credit risk management

The LU-VE Group is exposed to credit risk deriving from commercial dealings with exposure to potential losses arising from the failure of commercial counterparties to meet their obligations. Trade receivables risk is monitored on the basis of formalised procedures for the selection and assessment of the customer portfolio, for the definition of credit limits by individual customer, for the monitoring of expected cash inflows and for any debt collection actions. In certain cases, customers are asked for further guarantees, primarily in the form of guaranteed payment forms or sureties.

Any extensions of payment times by customers may also make it necessary for LU-VE Group to finance the connected working capital requirement.

The historically low levels of losses on receivables recognised are proof of the good results achieved in the current macroeconomic context.

The Parent Company LU-VE S.p.A. is also exposed to the credit risk of issuers of financial instruments.

Exchange rate risk management

The Group is exposed to the risk of fluctuations in the exchange rates of currencies deriving from different circumstances.

(i) First of all, the LU-VE Group is exposed to “translation” exchange rate risk.

Indeed, the Group prepares its consolidated Financial Statements in Euro, while it holds controlling equity investments in companies that prepare their Financial Statements in currencies different than Euro (Russian rouble, Polish zloty, US dollar, Indian rupee, Czech koruna, Swedish krona, Chinese yuan renminbi, UAE dirham, Australian dollar, British pound, South Korean won and HK dollar). The Group is therefore exposed to the risk that fluctuations in the exchange rates used to translate the values in subsidiary Financial Statements originally expressed in foreign currency may significantly influence the Group’s results as well as the consolidated net financial debt and consolidated shareholders’ equity. The main exposures are monitored, but hedging translation exchange rate risk is not part of the Group’s current policies.

(ii) In the second place, the LU-VE Group is exposed to “transaction” exchange rate risk for purchases of goods and materials from suppliers as well as for sales to customers.

In terms of purchases, the main currency to which the LU-VE Group is exposed is the US dollar (USD, currency to which the cost of the main raw materials is linked): indeed, raw materials in the reference markets are quoted in USD and the cost is converted into euros by applying the USD/Euro exchange rate for the day to the price in dollars; thus, exchange rate risk is borne by the buyer. Furthermore, the Group companies located in countries in which the reference currency is not the Euro (which also acquire raw materials with contracts under which the Euro is the payment currency and therefore bear the USD/Euro exchange rate risk noted above) are also exposed to the risk of fluctuations in the Euro/local currency exchange rate.

Sales are mainly made in Euro. Moreover, although Sest-LUVE Polska Sp.z.o.o., HTS, Spirotech and LU-VE Sweden are located in countries that do not use the Euro as their reference currency, they make almost all sales in Euro and therefore they are exposed to the risk of fluctuations in the exchange rate between the Euro and their local currencies.

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At centralised level, in order to protect the result for the year and the equity and financial position from such fluctuations and, therefore, reduce the risk arising from changes in exchange rates, the Group considers the underwriting of derivative financial instruments with the intent of hedging the underlying risks: in particular, in 2024, financial instruments were underwritten to hedge the EUR/USD exchange rate, such as swaps, TARFs and forwards. However, from a purely accounting perspective, although such instruments substantially hedge the risks mentioned, they do not meet all the requirements as laid out under IFRS 9 and cannot be defined as hedge accounting; therefore, the Group has decided to consider these instruments as for trading and not hedges and as a result such instruments were measured at fair value with changes reported on the income statement. For further details, please refer to Appendix A of the Explanatory Notes to the Consolidated Financial Statements.

On some currencies (Chinese yuan, Swedish krona, Indian rupee, Russian rouble and US dollar) in which operating revenues and costs are expressed there is also “natural” hedging (revenues expressed in a given currency are naturally hedged by operating costs expressed in the same currency).

Sensitivity analysis

With reference to financial assets and liabilities in foreign currency as at 31 December 2024, a theoretical and immediate revaluation of the Euro of 10% compared to other currencies would have entailed a further loss on exchanges of EUR 5,901 thousand to be recognised in the consolidated comprehensive income statement as at 31 December 2024.

Given the international context, the Directors deemed it appropriate to conduct a sensitivity analysis on financial assets and liabilities in Russian roubles as at 31 December 2024. The analysis showed that an immediate 40% revaluation of the euro against the rouble would lead, at parity with other currencies, to an exchange rate loss of EUR 8,163 thousand to be recognised in the consolidated statement of comprehensive income as at 31 December 2024.

Interest rate risk management

The Group uses short as well as, mainly, medium/long-term bank debt in accordance with adequate procedures and technical forms in relation to the structure of its investments.

Exposure to interest rate risk derives from the fact that the Group holds assets and liabilities sensitive to fluctuations in interest rates which are needed for the management of liquidity and financial requirements.

In particular, the main source of exposure to the risk in question for the Group derives from financial debt, which is almost all floating rate. This risk is managed by entering derivative contracts (primarily Interest Rate Swaps) to hedge this risk based on its own needs. This hedging policy allows the Group to reduce its exposure to the risk of interest rate fluctuations. Interest rates fell in 2024 compared to 2023. Following the aforementioned change in the trend of medium-term interest rates, a negative fair value change of EUR 5.1 million (EUR 7.7 million in 2023) was recognised in the consolidated income statement in 2024. Changes in interest rate policies may lead to a negative change, even a significant one, in the fair value of these instruments with a consequent impact on the income statement of subsequent years.

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As at 31 December 2024, the coverage of these risks represented 93.1% of the residual outstanding loans.

However, from a merely accounting perspective, the management of such instruments (which, although they substantially hedge the risks mentioned) does not meet all the requirements as laid out under IFRS 9 to be defined as hedge accounting and therefore changes in their fair value are recognised in the Income Statement.

Sensitivity analysis

With reference to the floating rate financial assets and liabilities as at 31 December 2024, a theoretical increase in interest rates by 100 basis points with respect to the exact interest rates in force at the same date, with all other variables remaining unchanged, would have entailed an increase in financial expense equal to EUR 3,806 thousand to be recognised in the LU-VE Group's income statement as at 31 December 2024, and equal to EUR 7,420 thousand on the entire residual contractual duration.

Raw material price risk management

The production costs of LU-VE Group are influenced by the prices of raw materials, mainly copper and aluminium. Risks are related to fluctuations in the prices of these materials on the reference markets (on which they are quoted in USD) and the fluctuation in the Euro/USD exchange rate (as the Group purchases in euro, while listings are in USD), as well as the reliability and the policies of mining and/or transformation companies.

The fluctuation in the availability and price of the above-mentioned materials could be significant, depending on a number of factors, including the economic cycle of the reference markets, supply conditions and other factors that are out of the control of the LU-VE Group and are difficult to predict (such as: problems regarding the extraction or transformation capacity of individual suppliers which could hinder or delay the delivery of the raw materials ordered; operational and/or industrial decisions made by individual suppliers which entail an interruption of the mining or processing of the raw materials and the consequential greater difficulty in immediately finding said raw materials in the reference market; significant delays in the transport and delivery of these raw materials to Group companies, the possible introduction of tariffs and the impacts of climate change on extractive activities). With reference to the energy transition, in particular, additional quantities of copper and aluminium will be necessary, which will however require less energy intensive mining techniques.

To manage those risks, LU-VE Group constantly monitors the availability of raw materials in the market as well as the relative price trends (also taking into consideration USD currency fluctuations with respect to the Euro), in order to promptly identify any shortfalls in the availability of raw materials and take suitable actions to guarantee the required production autonomy, and also to keep its production activities competitive with regard to this aspect as well. Analyses are constantly carried out to identify alternatives to strategic suppliers in order to reduce the relative dependence on them, as well as geographic diversification activities with the aim of both reducing purchasing costs with comparable quality and not being overly dependent on certain areas of the world. In particular, with regard to the main purchased raw material – copper – the LU-VE Group has dealt for several years, for the most part in terms of its own needs, with the same suppliers, selected and periodically assessed on the basis of trading reliability criteria and with whom a relationship based on reciprocal trust has been built. Furthermore, when it deems this necessary in relation to expected trends, the Group enters into contracts to hedge the risk of fluctuations in the price of raw materials.

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The current year showed an increase in the cost of raw materials compared to the 2023 average, in particular copper, reaching the highest values ever reached in May. It should be noted that the Group has "pass through" systems in place which allow cost increases to be transferred to end customers, guaranteeing the protection of marginality.

Unlike the problems that arose in previous years, related to the availability of materials, which forced a review of the procurement approach and an increase in inventories of raw materials and components in order to be able to respond to market demands in a timely manner, in 2024 the Group's inventory management returned to a "just in time" principles, with positive effects on the reduction of inventories and responding to the market with delivery times in line with expectations.

Lastly, please note that oil price volatility impacts (aside from raw material prices) investments made at global level in the Power Gen market, making it difficult to predict trends in this market segment, especially in view of the energy transition, which could limit its operations in time.

Liquidity risk management

The liquidity risk to which the LU-VE Group may be exposed consists of the failure to locate the adequate financial resources needed for its operations, as well as for the development of its industrial and commercial activities.

LU-VE Group's liquidity is mainly supplied by the cash flow from or used in operating or investment activities, and on the other hand the maturity characteristics of medium and long-term financial payables.

In relation to this last aspect, the liquidity management guidelines adopted by LU-VE Group consist of:

- maintaining adequate medium/long-term loans in light of the level of non-current assets;
- maintaining an adequate level of short-term bank loans (both in cash and for the assignment of domestic receivables and export credit).

In addition, as at 31 December 2024 the LU-VE Group has unused short-term credit lines totalling EUR 43.3 million. In addition, to minimise liquidity risk the Administration and Financial Department:

- constantly checks forecast financial requirements to promptly take any corrective actions;
- maintains the proper composition of net financial debt, financing investments with own funds and possibly with medium/long-term payables.

An analysis of financial liabilities by maturity as at 31 December 2024 is provided below:

Analysis of financial liabilities by maturity as at 31 December 2024 *(in thousands of Euro)*	**Book value**	**Contractual cash flows**	**Within 1 year**	**From 1 to 5 years**	**More than 5 years**
Bank loans	382,510	382,864	118,771	264,093	-
Other advances on invoices	10,000	10,000	10,000	-	-
IFRS 16 Financial payables*	21,154	21,154	6,271	11,440	3,443
Financial Liabilities	**413,664**	**414,018**	**135,042**	**275,533**	**3,443**
Trade payables	108,291	108,291	108,291	-	-
Total	**521,955**	**522,309**	**243,333**	**275,533**	**3,443**

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(*) "IFRS 16 Financial Payables" include the discounting of repayments of principal amounts of lease instalments under IFRS 16.

The various maturity ranges are based on the period between the reporting date and the contractual maturity of the obligations. The amounts specified in the table correspond to non-discounted cash flows. The cash flows include principal and interest; for floating rate liabilities, interest is calculated based on the value of the benchmark at the closing date of the year, plus the spread established for each contract.

Capital risk management

LU-VE Group manages its capital in order to ensure that the entities of the LU-VE Group are able to guarantee its business continuity while maximising the return for shareholders by optimising the debt to equity ratio.

LU-VE Group's capital structure consists of net financial debt (loans described in note 3.12, net of relative balances of cash and cash equivalents) and the Shareholders' equity attributable to LU-VE Group (which includes the fully paid share capital, reserves, retained earnings and non-controlling interests, as described in note 3.11).

LU-VE Group is not subject to any externally imposed requirements in relation to its capital.

Related party transactions

The Parent Company and the other companies belonging to the LU-VE Group carry out some trade and financial transactions with Related Parties, settled at market conditions from the economic as well as financial perspective, or at the same conditions that would have been applied to independent counterparties. In this regard, there is however no guarantee that, if such transactions were concluded between, or with, third parties, they would have negotiated and entered into the relative contracts, or carried out such transactions, under the same conditions and with the same methods.

In compliance with the provisions of IAS 24, Related Parties are considered to be: *(a)* companies which directly, or indirectly through one or more intermediary companies, control, or are controlled by or under joint control with, the company preparing the Financial Statements; *(b)* associates; *(c)* the natural persons who directly or indirectly have voting power in the company preparing the Financial Statements, which gives them dominant influence over the company, and their close family members; *(d)* key managers, i.e., those who have the power and responsibility to plan, manage and control the activities of the company preparing the Financial Statements, including directors and officers of the company and their close family members; *(e)* the businesses in which significant voting power is directly or indirectly held by any natural person described in point c) or d) or in which such natural person is capable of exercising significant influence. The case in point e) includes the businesses held by directors or by the major shareholders of the company preparing the financial statements and the businesses that have a key manager in common with the company preparing the financial statements.

The table below shows the economic and financial transactions carried out by LU-VE Group Companies with related parties in 2024:

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Related Companies (in thousands of Euro)	Trade receivables	Trade payables	Financial receivables	Financial payables	Trade revenues	Trade costs	Financial revenues	Financial costs
ARCA SAS DI CERANA MANUELA & C.	-	-	-	-	-	(7)	-	-
Finami S.p.A.	-	(23)	-	-	-	(225)	-	-
ISIDE SNC DI ISABELLA CASETTA & C.	-	(4)	-	-	-	(28)	-	-
Limmo S.r.l	-	-	-	-	-	(32)	-	-
Marco Aurelio Tanci	-	-	-	-	-	(12)	-	-
Mauro Cerana	-	(30)	-	-	-	(52)	-	-
Total	**-**	**(57)**	**-**	**-**	**-**	**(356)**	**-**	**-**

The transactions were governed by dedicated contracts aligned with arm's length conditions.

Please note that the main transactions with Related Parties carried out by the LU-VE Group are governed by the long-term contracts specified below:

- TGD has a sub-lease agreement in place with FINAMI for the plant and the offices located in Travacò Siccomario (PV), where Finami S.p.A. is in turn the lessee by virtue of two financial lease agreements with Selmabipiemme Leasing S.p.A.; the contract, which started in 2010, was revised over the years and the last review took place in 2021 with effect from 1 January 2022 for a duration of three years and tacitly renewable for another three years;

4.17 DIRECTORS' AND STATUTORY AUDITORS' REMUNERATION

The economic benefits of the Directors of the Parent Company and of the members of the Board of Statutory Auditors are reported in paragraph 11 "Appendix C" of these notes to the Consolidated Financial Statements.

With reference to the remuneration relating to Key Management Personnel, please refer to the "Remuneration Report for the year 2024".

4.18 SHARE-BASED PAYMENTS

As at 31 December 2024, there were no share-based incentive plans in favour of LU-VE Group Directors or employees.

4.19 COMMITMENTS AND GUARANTEES

The following table provides details on the commitments and guarantees given by the LU-VE Group:

Commitments *(in thousands of Euro)*	**31/12/2024**	**31/12/2023**	**Change**
Sureties	6,644	6,786	(142)
Total	**6,644**	**6,786**	**(142)**

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As at 31 December 2024, there were no loans for which a mortgage was granted on properties owned by the LU-VE Group.

The following table provides details on the sureties given by the LU-VE Group:

Sureties as at 31 December 2024 *(in thousands of Euro)*	**31/12/2024**	**31/12/2023**	**Change**
Sureties in favour of third parties	3,667	5,000	(1,333)
Sureties to banks with respect to customers of our subsidiaries	308	903	(595)
Sureties to banks with respect to customers	2,360	658	1,702
Insurance sureties	309	225	84
Total	**6,644**	**6,786**	**(142)**

Sureties in favour of third parties refer to the autonomous bank guarantee on first demand issued in favour of Wanbao ACC SRL to guarantee the commitments undertaken at the time of the purchase of the business unit.
Sureties to banks with respect to customers of Group companies refer to guarantees granted to customers of Fincoil LU-VE OY.

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5 CONSOLIDATION AREA AND SIGNIFICANT EQUITY INVESTMENTS

5.1 COMPANIES CONSOLIDATED LINE-BY-LINE

Company name	Registered office	% equity investment	Currency	Share capital	Shareholders' Equity as at 31/12/2024	Result as at 31/12/2024
Direct subsidiaries:						
SEST-LUVE-Polska SP.z.o.o.	Gliwice (Poland)	95.00%	PLN	16,000,000	328,214,463	45,236,059
«OOO» SEST LU-VE	Lipetsk (Russia)	95.00%	RUB	136,000,000	4,249,402,335	1,468,858,176
Thermo Glass Door S.p.A. (100% owned by SEST S.p.A.)	Travacò Siccomario (PV)	100.00%	EUR	100,000	528,159	(857,710)
Heat Transfer Systems s.r.o. (HTS)	Novosedly (Czech Republic)	100.00%	CZK	133,300,000	497,979,984	115,140,112
LU-VE Sweden AB	Asarum (Sweden)	100.00%	SEK	50,000	67,848,930	36,958,943
LU-VE France S.a.r.l.	Lyon (France)	100.00%	EUR	84,150	1,911,934	319,703
LU-VE Pacific Pty Ltd (*)	Thomastown (Australia)	75.50%	AUD	200,000	2,170	-
LU-VE Deutschland GmbH	Stuttgart (Germany)	100.00%	EUR	230,000	(1,817,934)	(335,908)
LU-VE Iberica S.L.	Madrid (Spain)	85.00%	EUR	180,063	1,004,695	399,259
LU-VE HEAT EXCHANGERS (Tianmen) Co, Ltd	Tianmen (China)	100.00%	CNY	61,025,411	71,954,033	7,671,632
LU-VE Asia Pacific Limited (*)	Wan Chai (Hong Kong)	100.00%	HKD	10,000	-	739,055
LuveDigital S.r.l.	Uboldo (VA)	50.00%	EUR	10,000	66,629	12,384
MANIFOLD S.r.l.	Uboldo (VA)	99.00%	EUR	10,000	218,478	63,313
SPIROTECH Heat Exchangers Pvt. Ltd	Ghaziabad, Uttar Pradesh (India)	100.00%	INR	25,729,600	4,353,832,432	632,192,247
LU-VE AUSTRIA GmbH	Vienna (Austria)	100.00%	EUR	17,500	185,394	63,822
LU-VE US Inc.	Jacksonville (USA, Texas)	100.00%	USD	1,000	(9,383,371)	(5,722,417)
Fincoil LU-VE OY	Vantaa (Finland)	100.00%	EUR	1,190,000	8,522,228	3,553,578
LU-VE Netherlands B.V.	Breda (Netherlands)	100.00%	EUR	10,000	186,925	538,290
«OOO» LU-VE Moscow	Moscow (Russia)	100.00%	RUB	100,000	21,985,385	10,786,558
LU VE MIDDLE EAST DMCC	Dubai (UAE)	100.00%	AED	50,000	771,205	240,432
LU-VE SOUTH KOREA LLC	Seoul (South Korea)	100.00%	KRW	100,000,000	24,908,385	(22,732,246)
Refrion S.r.l.	Flumignano di Talmassons (UD)	100.00%	EUR	1,000,000	8,744,326	2,397,797
LU-VE UK Ltd	London (United Kingdom)	100.00%	GBP	10,000	58,091	117,838
Indirect subsidiaries:						
RMS S.r.l. (100% owned by Refrion S.r.l.)	Flumignano di Talmassons (UD)	100.00%	EUR	40,000	2,367,131	565,705
Refrion Deutschland GmbH (100% owned by Refrion S.r.l.)	Frankfurt am Main (Germany)	100.00%	EUR	150,000	1,967	(127,935)

(*) Liquidation procedures are in progress.

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6 SIGNIFICANT NON-RECURRING TRANSACTIONS

During 2024, no significant non-recurring transactions were carried out.

7 TRANSACTIONS DERIVING FROM ATYPICAL AND/OR UNUSUAL TRANSACTIONS

Pursuant to Consob communication of 28 July 2006, please note that in 2024 LU-VE Group did not carry out atypical and/or unusual transactions, i.e., transactions which in terms of their significance, the nature of the counterparties, the subject of the transaction, the pricing methods and the timing of occurrence may give rise to doubts with regard to the accuracy of the information in the Financial Statements, conflicts of interests, the safeguarding of the company assets or the protection of non-controlling shareholders.

8 SUBSEQUENT EVENTS OCCURRED AFTER 31 DECEMBER 2024

In February 2025, the Parent Company entered into a loan agreement with Intesa Sanpaolo S.p.A. for an amount of EUR 25 million, fully disbursed at the subscription date.

With reference to the Italian Tax Authority audit relating to the years 2016, 2017, 2018 and 2019, a number of additional requests, related to 2017, were made to which the Parent Company LU-VE S.p.A. promptly responded. With reference to the tax finding report served in November 2023, there were no further activities to be undertaken by the Italian Tax Authority.

With regard to the tax audit to which the subsidiary LU-VE Iberica S.L. was subject for the fiscal years 2013, 2018, and 2019, this was concluded with payment of EUR 120 thousand in interest, sanctions and higher taxes.

With regard to the audit by the Central Directorate for Large Taxpayers and International Affairs (*Direzione Centrale Grandi Contribuenti e Internazionale*) of the Italian Tax Authority in relation to the application submitted on 28 December 2020 for access to the procedure aimed at the stipulation of Advanced Pricing Agreements (“*APA*”), as provided for by Art. 31 *ter* of Italian Presidential Decree 600/73, the Company promptly responded to all documentary requests received.

With regard to the Polish Tax Authority's audit of the subsidiary Sest-LUVE-Polska Sp.z.o.o. concerning the application filed on 30 December 2021 for access to the procedure aimed at the stipulation of Advanced Pricing Agreements ("*APA")*, the subsidiary promptly responded to all documentary requests received within the prescribed time limit.

The LU-VE Group continues to pay a high level of attention to the evolution of the crisis between Russia and Ukraine, which may have further significant repercussions on the world economy also as a result of the sanctions. The extreme geographical diversification of sales means that, as at 31 December 2024, the Group's exposure in this area is only around 7.9% in terms of turnover and 2.5% of net invested capital. As at 28 February 2025, the exposure in terms of order backlog was 8.8%.

Turnover is expected to return to growth in the second half of 2025, thanks to strengthening consumer demand, the impact of key investments and the expected improvement in international

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turbulence, which is expected to create a stable environment for growth. Short-term uncertainty remains high and continues to increase, making shorter-range estimates difficult.

The company's record financial performance in 2024 was driven by operational efficiency, disciplined cost management and strategic investments, allowing the company to improve profitability and cash flows, even though sales showed a modest decrease. Looking ahead, the LU-VE Group focuses on resuming revenue growth while maintaining financial resilience and sustainable margins.

The financial performance confirms the validity of the strategy pursued in building a resilient business model (diversification of product applications in sectors with uncorrelated trends), supported by long-term factors such as: electrification, decarbonisation, digitisation and adoption of natural refrigerant gases with low or no environmental impact. The Group was the first to seize many of these key technological developments, strengthening its competitive advantage and positioning itself for long-term growth. These advances remain a crucial element in the company's strategy to increase efficiency, expand market share and sustain profitability in a changing environment.

This strategy’s full potential will be realised when the company's two new plants in China and the US become fully operational. These plants will improve production capacity and strengthen the Group's presence in two major global markets, further supporting its long-term growth ambitions.

The expected growth will be driven mainly by strong consumer demand in the booming data centre market, as well as in commercial refrigeration and refrigerated transport, where the company continues to strengthen its position with advanced, energy-efficient solutions. These fast-growing sectors present significant opportunities as global consumer demand for temperature-controlled cooling, energy efficiency and sustainable logistics continues to increase.

However, a high degree of uncertainty remains due to macroeconomic conditions, regulatory developments and geopolitical turmoil, which could affect the pace of growth and overall market dynamics. The company remains cautious and adaptive in dealing with these external factors while pursuing its strategic priorities.

As the Group continues on its path, it will continue to prioritise operational improvements and targeted growth initiatives to support sustainable expansion, while maintaining a sound financial base.

The Chairman and Chief Executive Officer

Matteo Liberali

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9 APPENDIX A

IRS on loans (in thousands of Euro)

DEBTOR COMPANY	COUNTERPARTY	TAKEN OUT	MATURITY	ORIGINAL NOTIONAL	31/12/2024 NOT. Short	31/12/2024 NOT. M/L	31/12/2024 FAIR VALUE
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	20/05/2020	30/09/2025	12,500	2,083	-	27
LU-VE S.P.A.	Banca Nazionale del Lavoro S.p.A.	28/05/2020	28/05/2025	40,000	5,000	-	70
LU-VE S.P.A.	Deutsche Bank S.p.A.	30/10/2020	30/10/2026	5,500	1,123	1,178	65
LU-VE S.P.A.	Deutsche Bank S.p.A.	30/10/2020	30/10/2025	10,000	2,000	-	30
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	31/03/2021	31/03/2026	30,000	7,500	1,875	177
LU-VE S.P.A.	Banco BPM S.p.A.	14/06/2021	31/03/2026	12,000	2,824	706	67
LU-VE S.P.A.	Banco BPM S.p.A.	14/06/2021	31/03/2026	18,000	4,235	1,059	97
LU-VE S.P.A.	Unicredit S.p.A.	30/09/2021	31/03/2025	30,000	4,286	-	69
LU-VE S.P.A.	Banco BPM S.p.A.	17/12/2021	30/09/2026	40,000	10,667	8,000	405
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	31/05/2022	31/05/2029	20,000	4,000	14,000	291
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	31/05/2022	31/05/2029	20,000	4,000	14,000	232
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	31/05/2022	31/03/2029	15,000	3,000	9,750	182
LU-VE S.P.A.	Banca Nazionale del Lavoro S.p.A.	22/07/2022	22/07/2027	40,000	8,000	16,000	442
LU-VE S.P.A.	BPER Banca S.p.A.	22/07/2022	22/07/2027	25,000	6,250	10,938	120
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	28/07/2022	28/07/2027	15,000	3,750	6,563	112
LU-VE S.P.A.	Deutsche Bank S.p.A.	25/10/2022	28/10/2028	15,000	3,333	10,000	(67)
LU-VE S.P.A.	Unicredit S.p.A.	24/11/2022	31/12/2026	25,000	6,250	6,250	(45)
LU-VE S.p.A.	Banco BPM S.p.A.	20/12/2022	30/09/2027	25,000	5,882	10,292	(197)
LU-VE S.p.A.	Intesa Sanpaolo S.p.A.	26/10/2023	26/10/2028	30,000	6,667	20,000	(383)
LU-VE S.p.A.	Unicredit S.p.A.	11/01/2024	31/12/2025	15,000	3,529	11,471	(101)
LU-VE S.p.A.	Unicredit S.p.A.	16/01/2024	31/12/2028	15,000	3,529	11,471	(38)
LU-VE S.p.A.	BPER	23/01/2024	22/01/2026	15,000	2,813	12,188	(115)
LU-VE S.p.A.	BPER	23/01/2024	22/01/2029	15,000	2,813	12,188	(80)
LU-VE S.p.A.	Banca Nazionale del Lavoro S.p.A.	17/12/2024	28/11/2030	35,000	3,182	31,818	(60)
LU-VE S.p.A.	Intesa San Paolo	18/12/2024	29/11/2030	25,000	2,273	22,727	(62)
LU-VE S.p.A.	Intesa San Paolo	18/12/2024	29/11/2030	15,000	1,364	13,636	(38)
			Total	**563,000**	**110,353**	**246,110**	**1,200**

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COMPANIES CONSOLIDATED LINE-BY-LINE

Currency options (in thousands of Euro)

COMPANY	COUNTERPARTY	TYPE	HEDGED ELEMENT	TAKEN OUT	MATURITY	NOT. ORIG.	31/12/2024 NOT. Short	NOT. M/L	31/12/2024 FAIR VALUE
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	PURCHASE SWAP	EUR /$ Exchange Rate	18/06/2024	31/01/2025	921	963	-	40
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	PURCHASE SWAP	EUR /$ Exchange Rate	18/06/2024	28/02/2025	920	963	-	40
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	PURCHASE SWAP	EUR /$ Exchange Rate	18/06/2024	31/03/2025	919	963	-	40
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	PURCHASE SWAP	EUR /$ Exchange Rate	18/06/2024	30/04/2025	918	963	-	39
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	FORWARD OF SALE	EUR /$ Exchange Rate	18/11/2024	30/06/2025	4,675	4,767	-	(92)
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	FORWARD OF SALE	EUR /$ Exchange Rate	22/11/2024	30/06/2025	2,847	2,860	-	(13)
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	FORWARD OF SALE	EUR /$ Exchange Rate	13/12/2024	30/06/2025	2,358	2,384	-	(26)
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	FORWARD OF SALE	EUR /$ Exchange Rate	27/12/2024	30/06/2025	4,754	4,769	-	(15)
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	TARF	EUR /$ Exchange Rate	18/06/2024	18/06/2025	1,474	1,477	-	3
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	TARF	EUR /$ Exchange Rate	18/06/2024	18/06/2025	10,000	10,098	-	98
SEST LUVE POLSKA SP. Z O.O.	Bank BNP Paribas S.A.	FX Option	EUR /PLN Exchange Rate	16/04/2024	07/01/2025	1,000	1,036	-	36
SEST LUVE POLSKA SP. Z O.O.	Bank BNP Paribas S.A.	FX Option	EUR /PLN Exchange Rate	16/04/2024	05/02/2025	1,000	1,038	-	36
SEST LUVE POLSKA SP. Z O.O.	Bank BNP Paribas S.A.	FX Option	EUR /PLN Exchange Rate	16/04/2024	05/03/2025	1,000	1,040	-	35
SEST LUVE POLSKA SP. Z O.O.	Bank BNP Paribas S.A.	FX Option	EUR /PLN Exchange Rate	16/04/2024	07/04/2025	1,000	1,043	-	35
SEST LUVE POLSKA SP. Z O.O.	Bank BNP Paribas S.A.	FX Option	EUR /PLN Exchange Rate	07/06/2024	05/05/2025	1,000	1,027	-	16

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COMPANIES CONSOLIDATED LINE-BY-LINE

COMPANY	COUNTERPARTY	TYPE	HEDGED ELEMENT	TAKEN OUT	MATURITY	NOT. ORIG.	31/12/2024 NOT. Short	NOT. M/L	31/12/2024 FAIR VALUE
SEST LUVE POLSKA SP. Z O.O.	Bank BNP Paribas S.A.	FX Option	EUR /PLN Exchange Rate	07/06/2024	05/06/2025	1,000	1,029	-	15
SEST LUVE POLSKA SP. Z O.O.	Bank BNP Paribas S.A.	FX Option	EUR /PLN Exchange Rate	03/10/2024	03/07/2025	1,000	1,029	-	12
SEST LUVE POLSKA SP. Z O.O.	Bank BNP Paribas S.A.	FX Option	EUR /PLN Exchange Rate	03/10/2024	05/08/2025	1,000	1,032	-	11
SEST LUVE POLSKA SP. Z O.O.	Bank BNP Paribas S.A.	FX Option	EUR /PLN Exchange Rate	03/10/2024	05/09/2025	1,000	1,034	-	11
SEST LUVE POLSKA SP. Z O.O.	Bank BNP Paribas S.A.	FX Option	EUR /PLN Exchange Rate	03/10/2024	03/10/2025	1,000	1,036	-	10
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	07/03/2024	28/02/2025	100	101	-	3
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	11/03/2024	31/01/2025	100	101	-	4
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	21/03/2024	28/02/2025	100	101	-	4
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	21/03/2024	28/02/2025	100	101	-	4
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	15/05/2024	28/03/2025	100	102	-	3
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	04/06/2024	25/04/2025	100	102	-	3
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	06/06/2024	28/03/2025	100	102	-	3
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	01/07/2024	30/05/2025	100	102	-	2
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	04/07/2024	27/06/2025	100	103	-	2
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	05/07/2024	30/04/2025	100	102	-	2
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	05/07/2024	30/04/2025	100	102	-	2
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	05/07/2024	30/04/2025	100	102	-	2
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	08/07/2024	30/04/2025	100	102	-	2

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COMPANIES CONSOLIDATED LINE-BY-LINE

COMPANY	COUNTERPARTY	TYPE	HEDGED ELEMENT	TAKEN OUT	MATURITY	NOT. ORIG.	31/12/2024 NOT. Short	NOT. M/L	31/12/2024 FAIR VALUE
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	12/07/2024	30/06/2025	100	103	-	3
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	12/07/2024	30/06/2025	100	103	-	3
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	15/07/2024	30/05/2025	100	102	-	3
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	15/07/2024	30/05/2025	100	102	-	3
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	22/07/2024	30/05/2025	100	102	-	3
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	07/08/2024	31/07/2025	100	103	-	3
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	12/08/2024	31/07/2025	100	103	-	3
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	14/08/2024	31/07/2025	100	103	-	4
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	14/08/2024	31/07/2025	100	103	-	4
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	14/08/2024	28/03/2025	100	102	-	4
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	21/08/2024	27/06/2025	100	103	-	5
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	22/08/2024	31/07/2025	100	103	-	5
Total						**42,286**	**43,105**	-	**410**

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COMPANIES CONSOLIDATED LINE-BY-LINE

Commodities Swap (in thousands of Euro)

CONTRACTOR	COUNTERPARTY	CONTRACT NO.	RAW MATERIALS	IDENTIFIER NO.	NOTIONAL	TAKEN OUT	MATURITY	QUANTITY	Orig. notional	Short-term notional	M/L term notional	Fair Value 31/12/2024
LU-VE S.P.A.	Unicredit S.p.A.	549300TRUWO2CD2G5692	Copper	MSO_605426907	635	30/07/2024	31/05/2025	75	635	635	-	12
LU-VE S.P.A.	Unicredit S.p.A.	549300TRUWO2CD2G5692	Aluminium	MSO_605427897	161	30/07/2024	31/05/2025	75	161	161	-	23
LU-VE S.P.A.	Unicredit S.p.A.	549300TRUWO2CD2G5692	Aluminium	MSO_605428474	270	30/07/2024	31/07/2025	125	270	270	-	36
LU-VE S.P.A.	Unicredit S.p.A.	549300TRUWO2CD2G5692	Copper	MSO_605427581	1,060	30/07/2024	31/07/2025	125	1,060	1,060	-	20
LU-VE S.P.A.	Unicredit S.p.A.	549300TRUWO2CD2G5692	Aluminium	MSO_606272401	171	30/07/2024	31/07/2026	75	171	171	-	11
LU-VE S.P.A.	Unicredit S.p.A.	549300TRUWO2CD2G5692	Copper	MSO_606272051	421	30/07/2024	31/07/2026	50	421	421	-	10
Total									**2,718**	**2,718**	**-**	**112**

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10 APPENDIX B

Bank loans (in thousands of Euro)								AMORTISED COST			
								31/12/2024		31/12/2023	
DEBTOR COMPANY	COUNTERPARTY	LOAN TYPE	TAKEN OUT	MATURITY	RATE APPLIED	FINANCIAL COVENANTS	ORIGINAL AMOUNT	RESIDUAL AMOUNT	OF WHICH CURRENT	RESIDUAL AMOUNT	OF WHICH CURRENT
LU-VE	Mediocredito Italiano S.p.A.	Unsecured loan	28/11/2018	30/06/2024	6M Euribor + Spread	NFP/EBITDA <3; NFP/SE <=1	12,500	-	-	1,298	1,298
LU-VE	Mediocredito Italiano S.p.A.	Unsecured loan	28/11/2018	30/06/2024	6M Euribor + Spread	NFP/EBITDA <3; NFP/SE <=1	12,500	-	-	1,298	1,298
LU-VE	Banca Nazionale del Lavoro S.p.A.	Unsecured loan	20/12/2018	24/09/2024	6M Euribor + Spread	NFP/EBITDA <= 3; NFP/SE <=1.25	10,000	-	-	2,047	2,047
LU-VE	Banca Nazionale del Lavoro S.p.A.	Unsecured loan	20/12/2018	24/09/2024	6M Euribor + Spread	NFP/EBITDA <=3; NFP/OWN FUNDS <=1.25	10,000	-	-	5,047	5,047
LU-VE	Banco BPM S.p.A.	Unsecured loan	16/06/2019	28/06/2024	3M 360 days Euribor + Spread	-	10,000	-	-	1,051	1,051
LU-VE	Unicredit S.p.A.	Unsecured loan	12/07/2019	30/06/2024	6M 360 days Euribor + Spread	NFP/EBITDA <=3; NFP/OWN FUNDS <=1	12,000	-	-	1,237	1,237
LU-VE	Intesa Sanpaolo S.p.A.	Unsecured loan	23/03/2020	23/09/2025	3M 360 days Euribor + Spread	NFP/EBITDA <= 3; NFP/SE <=1	25,000	4,178	4,178	9,850	5,671
LU-VE	Banca Nazionale del Lavoro S.p.A.	Unsecured loan	28/05/2020	28/05/2025	6M 360 days Euribor + Spread	NFP/EBITDA <= 3; NFP/SE <=1.25	40,000	5,021	5,021	15,212	10,180
LU-VE	UniCredit S.p.A.	Unsecured loan	04/11/2020	30/11/2024	6M 360 days Euribor + Spread	NFP/EBITDA <=3; NFP/OWN FUNDS <=1	20,000	-	-	5,792	5,792
LU-VE	Deutsche Bank S.p.A.	Unsecured loan	11/11/2020	11/11/2026	3M EURIBOR 360 basis + spread	NFP/EBITDA <= 3.2 NFP/EQUITY <=1.15	5,500	2,309	1,129	3,424	1,104
LU-VE	Deutsche Bank S.p.A.	Unsecured loan	11/11/2020	11/11/2025	3M EURIBOR 360 basis + spread	NFP/EBITDA <= 3.2 NFP/EQUITY <=1.15	10,000	2,007	2,007	4,060	2,052
LU-VE	Intesa Sanpaolo S.p.A.	Unsecured loan	31/03/2021	31/03/2026	3M EURIBOR 360 basis + spread	NFP/EBITDA <3; NFP/SE <1	30,000	9,409	7,535	17,133	7,721
LU-VE	Banco BPM S.p.A.	Unsecured loan	14/06/2021	31/03/2026	3M EURIBOR 360 basis + spread	-	12,000	3,541	2,835	6,445	2,903
LU-VE	Banco BPM S.p.A.	Unsecured loan	14/06/2021	31/03/2026	3M EURIBOR 360 basis + spread	NFP/EBITDA <= 3.0 NFP/EQUITY <=1.25	18,000	5,334	4,274	9,738	4,402
LU-VE	Unicredit S.p.A.	Unsecured loan	30/09/2021	31/03/2025	6M EURIBOR 360 basis + spread	NFP/EBITDA <= 3.0 NFP/SE <=1.0	30,000	4,302	4,302	13,013	8,680

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Bank loans (in thousands of Euro)								AMORTISED COST			
								31/12/2024		31/12/2023	
DEBTOR COMPANY	COUNTERPARTY	LOAN TYPE	TAKEN OUT	MATURITY	RATE APPLIED	FINANCIAL COVENANTS	ORIGINAL AMOUNT	RESIDUAL AMOUNT	OF WHICH CURRENT	RESIDUAL AMOUNT	OF WHICH CURRENT
LU-VE	Banco BPM S.p.A.	Unsecured loan	17/12/2021	30/09/2026	3M EURIBOR 360 basis + spread	NFP/EBITDA <= 3.0 NFP/EQUITY <=1.25	40,000	18,727	10,731	29,780	11,040
LU-VE	Cassa Depositi e Prestiti	Unsecured loan	28/04/2022	05/05/2029	6M 360 days Euribor + Spread	NFP/EBITDA <= 3 NFP/SE <= 1.15	40,000	36,018	8,053	40,511	4,373
LU-VE	Intesa Sanpaolo S.p.A.	Unsecured loan	28/04/2022	29/03/2029	3M 360 days Euribor + Spread	NFP/EBITDA <= 3 NFP/SE <= 1.0	15,000	12,717	3,014	15,142	2,404
LU-VE	Intesa Sanpaolo S.p.A.	Unsecured loan	31/05/2022	29/03/2029	3M 360 days Euribor + Spread	NFP/EBITDA <= 3 NFP/SE <= 1.0	15,000	12,701	3,008	15,118	2,396
LU-VE	Banca Nazionale del Lavoro S.p.A.	Unsecured loan	22/07/2022	22/07/2027	6M 360 days Euribor + Spread	NFP/EBITDA <= 3 NFP/SE <= 1.0	40,000	24,192	8,048	32,542	8,144
LU-VE	BPER Banca S.p.A.	Unsecured loan	22/07/2022	22/07/2027	3M 360 days Euribor + Spread	NFP/EBITDA <= 3 NFP/SE <= 1.0	25,000	17,214	6,266	23,693	6,423
LU-VE	Intesa Sanpaolo S.p.A.	Unsecured loan	28/07/2022	28/07/2027	3M 360 days Euribor + Spread	NFP/EBITDA <= 3 NFP/SE <= 1.0	15,000	10,351	3,785	14,208	3,850
LU-VE	Deutsche Bank S.p.A.	Unsecured loan	25/10/2022	25/10/2028	3M 360 days Euribor + Spread	NFP/EBITDA <= 3 NFP/SE <= 1.15	30,000	26,615	6,694	30,261	3,601
LU-VE	Unicredit S.p.A.	Unsecured loan	24/11/2022	31/12/2026	3M 360 days Euribor + Spread	NFP/EBITDA <= 3 NFP/SE <= 1.0	25,000	12,416	6,198	18,774	6,345
LU-VE	Banco BPM S.p.A.	Unsecured loan	21/12/2022	30/09/2027	3M 360 days Euribor + Spread	NFP/EBITDA <= 3.25 NFP/SE <= 1.25	5,000	15,994	5,805	22,008	5,982
LU-VE	Intesa Sanpaolo S.p.A.	Unsecured loan	26/10/2023	26/10/2028	3M 360 days Euribor + Spread	NFP/EBITDA <= 3 NFP/SE <= 1.0	30,000	26,580	6,704	30,160	3,579
LU-VE	Unicredit S.p.A.	Unsecured loan	21/12/2023	31/12/2028	3M 360 days Euribor + Spread	NFP/EBITDA <= 3 NFP/SE <= 1.0	30,000	27,944	7,000	-	-
LU-VE	BPER Banca S.p.A.	Unsecured loan	22/01/2024	22/01/2029	3M 360 days Euribor + Spread	NFP/EBITDA <= 3 NFP/SE <= 1.25	30,000	29,933	5,661	-	-
LU-VE	Banca Nazionale del Lavoro S.p.A.	Unsecured loan	28/11/2024	28/11/2030	6M 360 days Euribor + Spread	NFP/EBITDA <= 3 NFP/SE <= 1.25	35,000	34,992	3,264	-	-
LU-VE	Intesa Sanpaolo S.p.A.	Unsecured loan	29/11/2024	29/11/2030	3M 360 days Euribor + Spread	NFP/EBITDA <= 3 NFP/SE <= 1.00	25,000	25,010	2,337	-	-
LU-VE	Intesa Sanpaolo S.p.A.	Unsecured loan	29/11/2024	29/11/2030	6M 360 days Euribor + Spread	NFP/EBITDA <= 3 NFP/SE <= 1.00	15,000	15,006	1,403	-	-
							Total	**382,510**	**119,252**	**368,842**	**118,620**

Notes:
NFP: net financial position;
SE: shareholders' equity;

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COMPANIES CONSOLIDATED LINE-BY-LINE

DSCR: debt service coverage ratio
LR: leverage ratio (NFP/EBITDA)
GR: gearing ratio (NFP/SE)
U.L. Unsecured Loan
M.L. Mortgage Loan

11 APPENDIX C

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and surname	Office	Period for which the office was held	Expiry of office*	Fixed remuneration	Remuneration for participation in committees	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Severance pay or termination of employment indemnity
						Bonuses and other incentives	Profit sharing					
Matteo Liberali	Chairman of the Board of Directors and CEO	01/01/2024-31/12/2024	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				725,000 (1)(2)		541,458 (3)		6,212		1,272,670		
(II) Remuneration from subsidiaries and associates												
(III) Total				725,000		541,458		6,212		1,272,670		
Pier Luigi Faggioli	Vice Chairman	01/01/2024-31/12/2024	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				285,000 (1)(4)		256,555		6,434		547,989		
(II) Remuneration from subsidiaries and associates												
(III) Total				285,000		256,555		6,434		547,989		
Michele Faggioli	CSDO	01/01/2024-31/12/2024	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				550,000 (1)(5)		541,301 (3)		11,704		1,103,005		
(II) Remuneration from subsidiaries and associates												
(III) Total				550,000		541,301		11,704		1,103,005		
Raffaella Cagliano	Director	01/01/2024-31/12/2024	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				25,000 (1)	4,000 (7)					29,000		
(II) Remuneration from subsidiaries and associates												

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COMPANIES CONSOLIDATED LINE-BY-LINE

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and surname	Office	Period for which the office was held	Expiry of office*	Fixed remuneration	Remuneration for participation in committees	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Severance pay or termination of employment indemnity
						Bonuses and other incentives	Profit sharing					
(III) Total				25,000	4,000					29,000		
Anna Gervasoni	Director	01/01/2024-31/12/2024	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				25,000 (1)	16,000 (6)(8)					41,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				25,000	16,000					41,000		
Fabio Liberali	Director	01/01/2024-31/12/2024	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				25,000 (1)				7,362	100,000	132,362		
(II) Remuneration from subsidiaries and associates												
(III) Total				25,000				7,362	100,000	132,362		
Laura Oliva	Director	01/01/2024-31/12/2024	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				25,000 (1)	8,000 (6)					33,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				25,000	8,000					33,000		
Stefano Paleari	Director	01/01/2024-31/12/2024	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				25,000 (1)	27,500 (11)(1)					52,500		
(II) Remuneration from subsidiaries and associates												
(III) Total				25,000	27,500					52,500		
Carlo Paris	Director	01/01/2024-31/12/2024	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				25,000 (1)	4,000 (7)					29,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				25,000	4,000					29,000		

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COMPANIES CONSOLIDATED LINE-BY-LINE

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and surname	Office	Period for which the office was held	Expiry of office*	Fixed remuneration	Remuneration for participation in committees	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Severance pay or termination of employment indemnity
						Bonuses and other incentives	Profit sharing					
Roberta Pierantoni	Director	01/01/2024-31/12/2024	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				25,000 (1)	8,000 (6)					33,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				25,000	8,000					33,000		
Marco Vitale	Honorary Chairman	01/01/2024-31/12/2024	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				25,000 (1)(13)						25,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				25,000						25,000		
Mara Palacino	Chairman - Board of Statutory Auditors	01/01/2024-31/12/2024	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				45,000 (14)						45,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				45,000						45,000		
Paola Mignani	Standing Statutory Auditor	01/01/2024-31/12/2024	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				30,000 (14)						30,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				30,000								
										30,000		
Domenico A.M. Fava	Standing Statutory Auditor	01/01/2024-31/12/2024	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				30,000 (14)						30,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				30,000						30,000		

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COMPANIES CONSOLIDATED LINE-BY-LINE

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and surname	Office	Period for which the office was held	Expiry of office*	Fixed remuneration	Remuneration for participation in committees	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Severance pay or termination of employment indemnity
						Bonuses and other incentives	Profit sharing					
Riccardo Quattrini	General Manager	01/01/2024-31/12/2024	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				390,000 [14]		173,975 [15]		9,201		573,177		
(II) Remuneration from subsidiaries and associates												
(III) Total				390,000		173,975		9,201		573,177		
Key Management Personnel	5	01/01/2023-31/12/2023	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				887,507		397,661 [16]		36,318		1,321,486		
(II) Remuneration from subsidiaries and associates				225,163		86,997		28,409	161,000	501,569		
(III) Total				1,112,670		484,658		64,727	161,000	1,823,055		

(*) The expiry date refers to the Shareholders' Meeting that will approve the Financial Statements for the year indicated

(1) following its renewal resolved by the Shareholders' Meeting on 28 April 2023 the Board of Directors resolved to assign each member of the Board an annual gross remuneration of EUR 25,000.00 pro rata temporis.

(2) of which EUR 25,000.00 as Director, EUR 175,000.00 for the office of Chairman of the Board of Directors and EUR 525,000.00 for the office of Chief Executive Officer CEO;

(3) of which EUR 143,355.73 as variable medium/long term Component (2023 -2025 LTI plan) accrued for 2024.

(4) of which EUR 25,000.00 as Director, EUR 25,000.00 for the office of Vice-Chairman of the Board of Directors, and EUR 235,000.00 for special powers granted;

(5) of which EUR 25,000.00 as Director and EUR 525,000.00 for the office of Director with delegated powers (CSDO).

(6) Following its renewal resolved by the Shareholders' Meeting on 28 April 2023, the Board of Directors resolved to assign each member of the Remuneration and Appointments Committee and of the Control and Risk Committee a fixed annual remuneration of EUR 8,000.00 pro rata temporis.

(7) following its renewal resolved by the Shareholders' Meeting on 28 April 2023, the Board of Directors resolved to grant each of the members of the Independent Committee other than the committee Chair a fixed annual remuneration of EUR 4,000.00 gross pro rata temporis.

(8) of which EUR 8,000.00 as a member of the Remuneration and Appointments Committee, and EUR 8,000.00 as a member of the Control and Risk Committee;

(9) as annual gross remuneration accrued in relation to the employment with LU-VE SPA;

(10) following its renewal resolved by the Shareholders' Meeting on 28 April 2023, the Board of Directors resolved to assign the Chairmen of the Remuneration and Appointments Committee and of the Control and Risk Committee a fixed annual remuneration of EUR 11,000.00 pro rata temporis.

(11) Following its renewal resolved by the Shareholders' Meeting on 28 April 2023, the Board of Directors has resolved to grant the Chairman of the Independent Committee a fixed annual remuneration of EUR 5,500.00 gross pro rata temporis.

(12) of which EUR 11,000 as Chairman of the Remuneration and Appointments Committee, EUR 11,000 as Chairman of the Control and Risk Committee, and EUR 5,500 as Chairman of the Independent Committee;

(13) The Shareholders' Meeting of 28 April 2023 has introduced the position of Honorary Chairman. At the Board meeting of 12 May 2023, the Board of Directors awarded the Honorary Chairman appointed for the three-year period 2023-2025 a fixed annual remuneration of EUR 25,000.00.

(14) the mandate of the Board of Statutory Auditors was renewed by the Shareholders' Meeting of 28 April 2023 which confirmed, pro rata temporis, an annual remuneration of EUR 45,000.00 for the Chairman and of EUR 30,000 for each of the two standing auditors;

(15) of which EUR 56,977.57 accrued as variable medium/long term Component (2023-2025 LTI) for 2024

(16) of which EUR 134,408.62 accrued as variable medium/long term Component (2023-2025 LTI) for 2024

(17) By way of remuneration accrued in relation to the office of director on the management bodies of subsidiary companies;

(18) The remuneration reported in this section has been calculated taking into account the full annual amount of the remuneration paid for 2024 to the Key Management personnel who became qualified in the year 2024.

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*Certification of the consolidated financial statements pursuant to art. 81-*ter *of Consob Regulation no. 11971 of 14 May 1999 as amended*

The undersigned Matteo Liberali, CEO, and Eligio Macchi, Manager in charge of financial reporting of LU-VE S.p.A., certify, also taking into account what is set forth in art. 154-*bis*, paragraphs 3 and 4 of Italian Legislative Decree no. 58 of 24 February 1998:

1. the adequacy in relation to the characteristics of the business and
2. the effective application

of the administrative and accounting procedures for the formation of the consolidated financial statements in the period 1 January - 31 December 2024.

It is also certified that the consolidated financial statements as at 31 December 2024:

- have been prepared in compliance with the applicable international accounting standards recognised in the European Community pursuant to regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- correspond to the results of the accounting books and entries;
- are suitable to provide a true and fair view of the financial position, profit and loss and cash flow situation of the issuer and of the group of consolidated companies.

The directors' report includes a reliable analysis of the performance and results of operations, as well as the situation of the issuer and the group of consolidated companies, along with a description of the main risks and uncertainties to which they are exposed.

13 March 2025

Matteo Liberali
CEO

Eligio Macchi
Manager in charge
of financial reporting

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

To the Shareholders of
LU-VE S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of LU-VE S.p.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and explanatory notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

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Impairment test on goodwill, other intangible assets and property, plant and equipment

Description of the key audit matter	LU-VE Group accounts for goodwill equal to EUR 64.5 million (7.6% of consolidated assets) in the consolidated financial statements as at 31 December 2024. This goodwill is attributable to two cash generating units ("CGUs") of LU-VE Group: "Components" for EUR 27.5 million and "Cooling Systems" for Euro 37.0 million, to which were also allocated intangible assets with a finite useful life amounting to EUR 23.5 million, right-of-use assets for EUR 22.7 and property, plant and equipment for EUR 190.9 million. As requested by IAS 36 – Impairment of assets, as the above-mentioned CGUs include goodwill, LU-VE Group's Management performed an impairment test to determine whether the assets of the individual CGUs are recognised in the consolidated financial statements as at 31 December 2024 at a value not higher than their recoverable amount. After the conclusion of the impairment test, approved by the Board of Directors on 13 March 2025, the Group has not recognised any impairment losses. The impairment test process carried out by Management on the assets of the consolidated financial statements is based on the value in use method, and is complex since it includes assumption regarding, inter alia, (i) the forecast of expected cash flows from the CGUs, making reference to the 2025-2028 consolidated business plan, approved by the Board of Directors of LU-VE S.p.A. in its meeting held on 20 February 2025, (ii) the determination of an appropriate discount rate (WACC) and a long term growth rate (g-rate). Considering the relevant amount of the assets accounted for in the financial statements related to the CGUs and the judgment of the estimates used to determine cash flows, we considered the impairment test a key audit matter of the Group's consolidated financial statements. Note 3.1 "Goodwill and Other intangible assets" and the paragraph "Measurement criteria – Use of estimates" included in the Note 2.1 "Accounting Standards" within the consolidated financial statements provided a disclosure on the impairment test, including a sensitivity analysis conducted by the Management, which describes the effects that could arise when certain key assumptions used for the purposes of the impairment test.

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Audit procedures performed	To evaluate the recoverability of the assets of the CGUs, we preliminarily examined the rationale used by the Management to determine the value in use of the CGUs, analysing the methods and assumptions used for the development of the impairment test. As part of our audit we, inter alia, performed the following procedures, also relying on the support of experts within our Network: • observation and understanding of the relevant controls undertaken by the Group on the impairment test process; • assessment of the reasonableness of the main assumptions adopted to develop cash flow forecasts (included the effect of the current macroeconomic scenario and potential impacts related to the climate change) and collection of other relevant information by Management; • variance analysis of actual data in comparison with original business plans, in order to evaluate the nature of the variances and the reliability of the process of preparing the plans; • assessment of the methods for determining the discount rate (WACC) by analysing its individual elements and their consistency with generally used evaluation practices and analysis of the reasonableness of the long term growth rate (g-rate); • test of the mathematical accuracy of the model used to determine the value in use of the CGUs Components and Cooling Systems; • test of the correct determination of the carrying amount of the CGUs Components and Cooling Systems and their consistency with the methods for determining their value in use; • assessment of the sensitivity analysis prepared by Management, that includes the possible impacts related to the climate change; • assessment of the adequacy of the disclosure provided by the Group on the impairment tests with IAS 36 requirements.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

The Shareholders' Meeting of LU-VE S.p.A. has appointed us on 17 March 2017 as auditors of the Company for the years from 31 December 2017 to 31 December 2025.

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

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

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REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

In our opinion, the consolidated financial statements as at 31 December 2024have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information contained in the explanatory notes to the consolidated financial statements, when extracted from XHTML format in an XBRL instance, may not be reproduced in the same way as the corresponding information displayed in the consolidated financial statements in XHTML format.

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

The Directors of LU-VE S.p.A. are responsible for the preparation of the director's report and the report on corporate governance and the ownership structure of LU-VE Group as at 31 December 2024, including its their consistency with the related consolidated financial statements and its their compliance with the law.

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

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

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

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

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In our opinion, the director's report and the specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of LU-VE Group as at 31 December 2024.

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

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

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

DELOITTE & TOUCHE S.p.A.

Signed by
Massimiliano Semprini
Partner

Milan, Italy
28 March 2025

As disclosed by the Directors on the first page, the accompanying consolidated financial statements of LU-VE S.p.A. constitute a non-official version which has not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

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SEPARATE FINANCIAL STATEMENTS AND EXPLANATORY NOTES AS AT 31 DECEMBER 2024

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1 FINANCIAL STATEMENTS

1.1 STATEMENT OF FINANCIAL POSITION

Statement of financial position (in Euro)	Notes	31/12/2024	31/12/2023
ASSETS			
Goodwill	3.1	15,296,995	14,629,431
Other intangible assets	3.1	3,272,042	3,820,594
Property, plant and equipment	3.2	58,603,829	35,001,865
Right-of-use assets	3.2	8,770,716	1,089,709
Other tangible assets	3.2	5,371,138	2,898,803
Deferred tax assets	3.19	11,411,735	11,020,910
Investments	3.3	152,242,779	176,131,960
Other non-current financial assets	3.4	8,633,958	11,241,290
Other non-current assets	3.5	41,411	1,303,292
Non-current assets		263,644,603	257,137,854
Inventories	3.6	27,220,287	11,214,283
Trade receivables	3.7	60,209,576	36,853,453
Current tax assets	3.8	4,785,133	2,721,371
Current financial assets	3.9	25,934,961	65,985,360
Other current assets	3.10	3,495,873	5,015,293
Cash and cash equivalents	3.11	226,659,817	162,581,278
Current assets		348,305,647	284,371,038
Assets held for sale		-	-
Assets held for sale		-	-
TOTAL ASSETS		611,950,250	541,508,892

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Statement of financial position (in Euro)	Notes	31/12/2024	31/12/2023
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital	3.12	62,704,489	62,704,489
Reserves and retained earnings (losses)	3.12	40,213,847	42,985,439
Net result for the year	3.12	17,660,753	6,080,565
TOTAL SHAREHOLDERS' EQUITY		120,579,089	111,770,493
Loans	3.13	263,258,407	250,222,200
Provisions	3.14	2,639,319	1,463,168
Employee benefits obligations	3.15	2,119,644	782,174
Deferred tax liabilities	3.19	5,897,383	5,630,671
Other financial liabilities	3.16	6,960,991	1,673,769
Non-current liabilities		280,875,744	259,771,982
Trade payables	3.17	44,719,403	24,085,344
Loans	3.13	129,252,290	118,619,506
Provisions	3.14	-	-
Tax liabilities	3.18	2,387,742	1,169,614
Other financial liabilities	3.16	12,800,594	12,225,844
Other current liabilities	3.20	21,335,388	13,866,109
Current liabilities		210,495,417	169,966,417
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		611,950,250	541,508,892

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1.2 INCOME STATEMENT

Income Statement (in Euro)	Notes	31/12/2024	31/12/2023
REVENUES AND OTHER OPERATING INCOME			
Revenues	4.1	185,733,057	93,784,873
Other operating income	4.2	15,108,299	2,079,495
Total revenues and other operating income		200,841,356	95,864,368
OPERATING EXPENSES			
Purchases of materials	4.3	(91,594,989)	(42,021,860)
Changes in inventories	3.6	(1,244,206)	(5,479,437)
Costs for services	4.4	(37,305,917)	(25,161,409)
Personnel costs	4.5	(55,625,979)	(21,663,576)
Net write-downs of financial assets	4.6	(50,000)	-
Other operating expenses	4.7	(1,221,565)	(973,734)
Total operating expenses		(187,042,656)	(95,300,016)
Depreciation and amortisation	3.1 – 3.2	(12,473,905)	(7,041,427)
Gains/(Losses) on the sale of non-current assets	3.1 – 3.2	16,749	(52,536)
Write-downs on non-current assets	3.1	(104,361)	-
OPERATING RESULT		1,237,183	(6,529,611)
Financial income	4.8	31,752,050	27,124,609
Financial expense	4.9	(14,050,922)	(16,578,903)
Exchange gains (losses)	4.10	1,003,029	(1,243,657)
Gains/(losses) from sale of investments (and other interests)	3.3 – 3.4	(3,084,566)	-
TAXABLE PROFIT		16,856,774	2,772,438
Income taxes	4.12	803,979	3,308,127
NET PROFIT/NET LOSS		17,660,753	6,080,565
Profit (loss) from assets/liabilities held for sale		-	-
NET PROFIT/NET LOSS (FOR THE YEAR)		17,660,753	6,080,565

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1.3 STATEMENT OF COMPREHENSIVE INCOME

Statement of comprehensive income *(in Euro)*	**Notes**	**31/12/2024**	**31/12/2023**
NET PROFIT/NET LOSS (FOR THE YEAR	1.2	17,660,753	6,080,565
Components that will not subsequently be reclassified to the Income Statement			
Actuarial gains/(losses) from employee benefits obligations	3.15	39,972	(8,791)
Tax effect		(9,593)	2,110
Total components that will not subsequently be reclassified to the Income Statement		30,379	(6,681)
TOTAL COMPREHENSIVE INCOME (LOSS)	1.4	17,691,132	6,073,884

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1.4 STATEMENT OF CHANGES IN EQUITY

Statement of changes in equity *(in Euro)* **Note 3.12**	**Share capital**	**Share premium reserve**	**Legal reserve**	**Extraordinary reserve**	**Treasury shares**	**Actuarial gains/(losses) of employee benefits reserve**	**Other reserves**	**Retained earnings (losses carried forward)**	**Net Profit for the year**	**Total shareholders' equity**
BALANCE AS AT 31/12/2022	62,704,489	24,762,200	3,745,812		(288,194)	(7,395)	6,973,021	-	16,245,097	114,135,019
Allocation of 2022 profit										
Dividends paid	-	-	-	-	-	-	(8,438,410)	-	-	(8,438,410)
Retained	-	-	812,255	-	-	-	15,432,842	-	(16,245,097)	-
Increases (decreases)	-	-	-	-	-	-	-	-	-	-
Comprehensive income as at 31/12/2023	-	-	-	-	-	(6,681)	-	-	6,080,565	6,073,884
BALANCE AS AT 31/12/2023	62,704,489	24,762,200	4,558,067		(288,194)	(14,076)	13,967,453		6,080,565	111,770,493
CONTRIBUTION FROM MERGER	-	-	-	-	-	-	(2,075,316)	-	2,075,316	-
PROFORMA	62,704,489	24,762,200	4,558,067	-	(288,194)	(14,076)	11,892,137	-	8,155,881	111,770,493
Allocation of 2023 profit										
Dividends paid	-	-	-	-	-	-	(8,882,536)	-	-	(8,882,536)
Retained	-	-	304,028	-	-	-	7,851,852	-	(8,155,881)	-
Increases (decreases)	-	-	-	-	-	-	-	-	-	-
Comprehensive income as at 31/12/2024	-	-	-	-	-	30,379	-	-	17,660,753	17,691,132
BALANCE AS AT 31/12/2024	62,704,489	24,762,200	4,862,095	-	(288,194)	16,303	10,861,454	-	17,660,753	120,579,089

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1.5 STATEMENT OF CASH FLOWS

Statement of Cash Flows LU-VE S.p.A. *(in Euro)*	**Notes**	**31/12/2024**	**31/12/2023**
A. Cash and cash equivalents at the beginning of the year		162,581,277	117,217,407
B. Cash and cash equivalents from merger at the beginning of the year		8,096,860	-
Result for the year		17,660,753	6,080,565
Adjustments for:			
- Depreciation and amortisation	3.1 – 3.2	12,473,904	7,041,427
- Realised (gains)/losses	3.1 – 3.2	87,612	52,536
- (Gains)/losses on the sale of equity investments		-	0
- Net financial expenses	4.8 – 4.9	(22,390,934)	(17,382,439)
- Income taxes	4.11	(803,979)	(3,308,127)
- Changes in fair value	4.8 – 4.9	4,689,806	6,857,004
Adjustments for losses from equity investments (and other interests)	3.3 – 3.4	3,084,686	0
Changes in employee benefit obligations	3.15	(280,102)	(45,751)
Changes in provisions	3.14	133,653	0
Changes in trade receivables	3.7	(8,273,908)	2,279,962
Changes in inventories	3.6	1,244,206	5,479,483
Changes in trade payables	3.17	4,042,305	(6,845,305)
Changes in net working capital		(2,987,397)	914,140
Changes in other receivables and payables, deferred taxes		(801,673)	24,516
Tax payments		(244,679)	(1,828,740)
Net paid financial expense		(6,842,832)	(4,686,103)
C. Cash flows from (used in) operating activities		11,875,678	(6,280,973)
Investments in non-current assets:			
- intangible assets	3.1	(1,383,452)	(2,006,092)
- property, plant and equipment	3.2	(5,081,632)	(2,648,226)
- investments	3.3	(8,610,000)	-
Other non-current financial assets	3.4	1,628,321	3,779,805
Net investments in current financial assets	3.9	27,243,206	85,292,548
Dividends received	4.8	23,817,800	20,000,000
D. Cash flows from (used in) investing activities		37,614,243	104,418,035
Repayment of loans	3.13	(146,940,434)	(102,786,495)
Proceed from new loans	3.13	175,000,000	50,000,000
Changes in other financial liabilities	3.16	(4,223,144)	7,520,915
Sale/(purchase) of treasury shares		-	-
Contributions/repayments of share capital		-	-
Dividends paid	3.12	(8,882,536)	(8,438,410)
Other changes		-	-
E. Cash flows from (used in) financing activities		14,953,886	- 53,703,990
Exchange differences		-	-
Other non-monetary changes (*)	3.12	(365,267)	930,798
F. Other changes		(365,267)	930,798
G. Net cash flows in the year (C+D+E+F)		64,078,540	45,363,870
Cash and cash equivalents at the end of the year (A+B+G)		226,659,817	45,363,870
Current financial indebtedness		116,117,921	64,859,989
Non-current financial indebtedness		270,219,398	251,895,970
Net financial indebtedness		159,677,502	271,392,089

(*) Mainly negative exchange rate effect (non-monetary) on loans granted towards LU-VE Sweden and LU-VE US and classified in the line item "Other non-current financial assets" (Note 3.4)

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2 EXPLANATORY NOTES

2.1 INTRODUCTION

Merger by incorporation of Sest S.p.A. and Air Hex Alonte S.r.l. into LU-VE S.p.A.

On 24 June 2024, the Board of Directors of the Parent Company LU-VE S.p.A. approved the merger project (" Merger") for the incorporation in the same LU-VE S.p.A. of the wholly-owned subsidiaries Sest S.p.A. ("Sest") and Air Hex Alonte S.r.l. ("Alonte" or "AHA"), both wholly-owned subsidiaries of LU-VE S.p.A.

On 30 September, the merger deed was signed in execution of the resolutions passed on 24 June 2024, respectively by the Board of Directors of LU-VE (pursuant to Article 2505, paragraph 2, of the Italian Civil Code, and Article 16, paragraph 2, of the Articles of Association) and by the Extraordinary Shareholders' Meetings of Sest and Alonte.

The purpose of the merger is to optimise internal processes, contain costs and simplify the Group's organizational chart structure, ensuring greater efficiency and operating effectiveness in economic, management and financial terms.

The legal effects of the merger became effective starting from 31 December 2024, whereas the accounting and tax effects became effective starting from 1 January 2024.

The merger deed was filed with the competent Companies' Registers and transmitted to CONSOB within the terms and in the manner established by the applicable laws and regulations.

The merger by incorporation of Sest S.p.A. and Air Hex Alonte S.r.l. into LU-VE S.p.A. (parent-subsidiary merger) is characterised by the absence of economic exchange with third parties and the persistence of control over the acquired entities: for this reason, this transaction is excluded from the scope of IFRS 3 – Business Combinations.

In the absence of references to specific IFRS Accounting Standards or Interpretations, Management took into account that paragraph 13 of IAS 1 requires generally that the financial statements give a true and fair view of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria provided by the IFRS Framework for assets, liabilities, income and expenses, and that paragraph 15 of IAS 1 establishes the obligation to select the accounting policies appropriate to achieve the general objective of true and fair view, in accordance with the hierarchy established by IAS 8. In this context, the "*Orientamenti Preliminari Assirevi in tema di IFRS*" (" OPI") No. 2 (Revised) – Accounting Treatment of Mergers in Financial Statements, were also taken into account.

Considering that the merger transaction is (i) characterised by the absence of economic exchange with third parties and the persistence of control over the acquired entities, and (ii) had, by its nature, no significant effect on the cash flows of the merged companies, the accounting criteria adopted gave preference to the adoption of a predecessor book value accounting.

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Applying the predecessor book value accounting to the merger meant emphasising the pre-existence of the control relationship between the companies involved in the transaction. In other words, the merger for restructuring purposes resulted in the post-merger separate financial statements of the merging company becoming the same as its consolidated financial statements, achieving a so-called "legal consolidation".

Therefore, the inclusion in the separate financial statements of the Merging Company of assets and liabilities arising from the Merged Companies did not result in the identification of higher fair values than those reported in the consolidated financial statements, or of additional goodwill. The difference between the carrying amount of the investments held in the Merged Companies and the corresponding interest in their equity was allocated to assets, without exceeding the amounts reported in the consolidated financial statements.

This difference resulted in a total amount of EUR 21,842 thousand, of which EUR 21,174 thousand related to the merger by incorporation of SEST S.p.A. and EUR 668 thousand to the merger by incorporation of Air Hex Alonte S.r.l.

For Sest S.p.A., as at 1 January 2024, the assets whose carrying amounts in the separate financial statements of the merged company were most different to those reported in the consolidated financial statements of the merging company consisted in the equity investments held by the merged company in the operational subsidiaries shown in the following table:

Equity investments in subsidiaries *(in Euro thousand)*	**Carrying amount as at 31/12/2023**	**Contribution to the consolidated financial statements as at 31/12/2023**
SEST-LUVE-Polska SP.z.o.o.	4,134	95,086
«OOO» SEST LU-VE	3,771	30,492
Thermo Glass Door S.p.A.	500	(1,514)

This difference was entirely allocated to the investment in the subsidiary SEST-LUVE-Polska SP.z.o.o., given the immateriality of the contribution of TGD to the consolidated financial statements and considering the uncertainty arising from the Russian-Ukrainian conflict on the fate of the investment in the «OOO» SEST LU-VE subsidiary, while the difference arising from the merger of Air Hex Alonte S.r.l. was entirely allocated to goodwill, being its values in line with those included in the consolidated financial statements of LU-VE Group, because of the recent acquisition and the subsequent adoption of IFRS Accounting Standards in its separate financial statements.

In order to provide disclosure that, on one hand, is consistent with IFRS reporting criteria and, on the other hand, allows a like-for-like comparison for an adequate performance analysis, the effects of the merger (identified as "merger contribution") are highlighted in the individual Explanatory separately from those that took place during year. For this purpose, proforma statement of financial position and income statement were also prepared as if the mergers had taken place at the beginning of 2023 reporting period (see Appendix A to the Directors' Report), a comparative identified as "proforma"' in the individual Explanatory Notes.

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2.2 STRUCTURE AND CONTENT OF THE FINANCIAL STATEMENTS

Information about the Company

LU-VE S.p.A. is a company with legal personality organised in accordance with the laws of the Italian Republic. The Company is active in the production and sale of heat exchangers and air cooled equipment. The Company's registered office is in Varese (Italy), Via Vittorio Veneto 11. The majority shareholder is Finami S.p.A.

It should also be noted that LU-VE S.p.A., as of 21 September 2022, is a company listed on the Euronext STAR segment (previously it was listed on the "Euronext Milan" Market) organised and managed by Borsa Italiana S.p.A. and that, as Parent Company, it prepared the consolidated financial statements of the LU-VE Group as at 31 December 2024.

Declaration of compliance and accounting policies

The Financial Statements of LU-VE S.p.A. as at 31 December 2024 have been prepared in compliance with the accounting standards issued by the International Accounting Standards Board and adopted by the European Union applicable at 31 December 2024. The label "IFRS Accounting Standards" includes also to International Accounting Standards ("IAS®") still applicable, and all interpretations issued by the IFRS Interpretations Committee, previously named International Financial Reporting Interpretation Committee ("IFRIC®"), and before Standing Interpretation Committee ("SIC®").

The Financial Statements have been prepared in Euro, which is the functional currency of the Company, and are compared with the Financial Statements for the previous year, prepared with the same accounting criteria, taking into account what is reported in Paragraph 2.1. The financial figures included in the Explanatory Notes are shown mainly in thousands of Euro. The financial statements consist of the (i) statement of financial position, (ii) income statement, (iii) statement of comprehensive income, (iv) statement of changes in equity, (v) statement of cash flows and these Explanatory Notes.

The Financial Statements have been prepared on the basis of the historical cost principle, except for the fair value measurement of some financial instruments, pursuant to IFRS 9 and IFRS 13, as described below. Furthermore, the Financial Statements have been prepared on a going concern basis pursuant to paragraphs 25 and 26 of IAS 1, as the Directors have verified the non-existence of indicators of a financial, management or other nature that might indicate critical issues relating to the ability of the Company of meeting its commitments in the foreseeable future. The risks and uncertainties related to the business are described in the dedicated sections of the Director's Report.

In particular, with reference to this last assumption, as at 31 December 2024, the Company has a solid and balanced financial structure, with a Net financial debt/Shareholders' Equity ratio (Debt ratio) of 1.31 and a positive short-term net financial position of EUR 110.5 million, therefore the repayment of medium/long-term debt maturing in 2025 is guaranteed by current liquidity. In addition, there are no substantial restrictions on the release of invested liquidity, amounting to EUR 24.5 million, consisting of (i) capitalisation policies of EUR 10.3 million, (ii) Group Cash Pooling of EUR 12.8 million, (iii) other securities of EUR 0.3 million, and (iv) other financial receivables of EUR 1.1 million (Note 3.9), which can therefore be used to meet any payment obligations (Note 3.21), if needed.

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It should be noted that the assessment of compliance with financial and economic requirements (covenants) on a consolidated basis, as required by the financial debt of LU-VE S.p.A., as at 31 December 2024, did not highlight any critical issues. Furthermore, it is highlighted that the estimates of the LU-VE S.p.A. 2025 Budget lead to the expectation that no critical issues with regard to these requirements will arise also for next year.

Significant uncertainty remains with reference to geopolitical tensions and the Company remains exposed as it holds subsidiaries in Russia. This part of the business may be subject to limitations due to potential sanctions enforceable by other government authorities. Given the limited impact of the Russian business, LU-VE S.p.A. believes that it is able to operate as a going concern. In a remote hypothesis of a loss of control of the Russian business, this would entail, for LU-VE S.p.A., the write-down of the investment in the Russian companies, totally equal to EUR 3.8 million.

Based on what is laid out above, the Financial Statements of LU-VE S.p.A. as at 31 December 2024 were prepared on a going concern basis, pursuant to paragraphs 25 and 26 of IAS 1.

The directors of LU-VE S.p.A. are responsible for applying the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of an European single electronic reporting format (ESEF) (hereinafter the “Delegated Regulation”) to the Financial Statements, included in the Annual Financial Report.

The Separate Financial Statements were prepared in XHTML format in compliance with the provisions of the Delegated Regulation and were approved by the Board of Directors on 13 March 2025.

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Financial Statements

The Company has adopted the following Financial Statements:

- a statement of financial position, which shows current and non-current assets and liabilities separately;
- a statement of changes in equity;
- an income statement in which costs are classified by nature;
- a statement of comprehensive income, which shows revenue and cost items that are not recognised in Income Statement as required by IFRS;
- a statement of cash flows that presents cash flows from operations using the indirect method.

The use of these statements provides the most meaningful view of the Company's profit and loss, equity and financial situation.

MEASUREMENT CRITERIA

The material accounting policies' information and measurement criteria adopted for the preparation of the Separate Financial Statements as at 31 December 2024, which did not change compared to the previous year, are described below:

INTANGIBLE ASSETS

Goodwill and business combinations

Business combinations are accounted for using the acquisition method. In accordance with this method, the consideration transferred in a business combination is measured at fair value, which is calculated as the sum of acquisition date's fair values of the assets transferred, liabilities incurred by the Company and equity interest issued in exchange for control the acquiree. At the date of the acquisition, the identifiable acquired assets and incurred liabilities are recognised at fair value at the acquisition date.

Goodwill is measured as the excess of the sum of the fair value of the considerations transferred over the acquisition date's fair value of acquired net assets and incurred liabilities.

With respect to acquisitions occurred prior to the date of adoption of IFRS (1 January 2014), LU-VE S.p.A. exercised the option set forth in IFRS 1 not to apply IFRS 3 relating to business combinations to the acquisitions that took place before the transition date. As a result, the goodwill resulting from acquisitions that took place in the past was not restated and was recognised at the value determined on the basis of the previous accounting standards, net of amortisation accounted for as at 31 December 2013 and any impairment losses.

For further information please refer to the next paragraph "Impairment of assets".

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OTHER INTANGIBLE ASSETS

Trademarks

This item includes long-term expenses incurred for the protection and distribution of Company trademarks. These expenses are recognised as assets in accordance with IAS 38 “Intangible assets” when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset can be determined in a reliable manner.

Development costs

Development costs incurred for projects on the manufacturing of new products or components are recognised as intangible assets only if: (i) the costs can be reliably determined, (ii) the Company has the intent and available resources to complete the asset, (iii) it is technically feasible to complete the project so as to make it available for use, and (iv) expected volumes and prices indicate that the costs incurred in the development phase will be capable of generating future economic benefits.

Capitalised development costs include only expenses incurred that may be directly attributed to the development process.

Capitalised development costs are amortised systematically, starting from the date when the project output is available for use and throughout the estimated life of the product or process, which has been evaluated as four years. All other development costs that do not meet the aforementioned requirements, as well as the related research costs, are recognised in the income statement when incurred.

Other intangible assets

Other intangible assets are recognised as assets in accordance with IAS 38 when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset can be determined in a reliable manner. If such future economic benefits do not arise, they are written down in the year in which this is confirmed.

These assets are measured at acquisition or production cost and amortised on a straight-line basis throughout their estimated useful life, if they have a finite useful life.

Investments in software are amortised over a period of 3 years.

PROPERTY, PLANT AND EQUIPMENT

These assets include land and buildings, plant and machinery, equipment and other tangible assets. They are recognised at acquisition or construction cost. The cost includes ancillary costs directly attributable to the asset. Depreciation is calculated on the basis of uniform rates for categories of similar assets, deemed suitable to break down the carrying amount of the property, plant and equipment over the period of its useful life.

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The estimated useful life is as follows, in years:

Asset	Years
Buildings	33
Light constructions	10
Plant and machinery	8 – 10
Fixtures and fittings, tools and other equipment	3 – 10
Other assets	4-8

Ordinary maintenance costs are charged to the Income Statement in the year in which they are incurred; costs that increase the value or useful life of the asset are capitalised and depreciated in line with the remaining useful life of the assets to which they refer.

If there are indicators of impairment, property, plant and equipment are tested for impairment. The testing process is described in the "Impairment of assets" section. Any possible write-downs may be subject to subsequent reversals should the causes that induced the Company to impair such assets no longer apply; reversals will be made to the limit of the value the asset would have had if the impairment had not taken place.

Land is not depreciated.

For further information please refer to the next paragraph "Impairment of assets".

Lease agreements and right-of-use assets

The Company must evaluate if an agreement is, or contains a lease, at the inception of the same. The Company recognises the Right-of-use asset and the corresponding lease financial liability for all lease agreements in which it assumes the role of lessee, with the exception of short-term agreements (lease agreements of duration of 12 months or less) and of leases related to low value assets (that is to say, assets whose fair value is less than EUR 5,000). Contracts to which this exemption has been applied mainly fall within the following categories:

- Computers, telephones and tablets;
- Printers;
- Other electronic devices;
- Furniture and fittings.

In relation to these exemptions, the Company recognises the relative payments as operating costs recognised on a straight-line basis throughout the term of the agreement.

On the other hand, for lease agreements the initial lease financial liability is recognised at the present value of future payments at commencement date of the lease agreement. The discount rate to be applied to future lease payments has been determined as the risk-free rate of each country in which the agreements were stipulated, with due dates commensurate to the duration of the specific rental contract, increased by the credit spread specific to the Company.

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Lease payments included in the measurement of lease financial liabilities include:

- The fixed component of the lease payments, net of any incentive receivable;
- Variable lease payments based on an index or rate, initially measured using the index or rate at the commencement date of the contract;
- The amount expected to be payable by the lessee under residual value guarantees.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The incentives linked to the lease (for example free leasing periods) are recognised as part of the initial value of the right of use and of the lease liability throughout the contractual period.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included as a separate line item in the statement of financial position.

The Company applies IAS 36 Impairment of Assets in order to identify the presence of any impairment loss.

In the statement of cash flows the Company splits the amount paid overall into the principal amount (recognised in the cash flow from (used in) the financial activities) and the interest portion (presented under net financial expense paid, in the cash flow from operating activities).

Investments

Investments in subsidiaries are valued at cost, net of any impairment losses.

In the presence of specific impairment indicators (for example, significant losses incurred in the current and/or previous years, which for some of the subsidiaries have also led to negative shareholders' equity or significant differences between the carrying amount of the investments recorded in the financial statements and the related portion of shareholders' equity attributable to the Company), the carrying amount of the investments in subsidiaries, determined at historical cost, is subject to impairment test. For the purposes of the impairment test, the carrying amount of the investment is compared with its recoverable amount, defined as the higher of its fair value less costs of sale and its value in use.

The value in use is determined by applying the discounted cash flow – equity side method, which consists of the calculation of the present value of future cash flows that are estimated will be

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generated by the subsidiary, including flows deriving from operating activities and the terminal value determined using the "perpetual income" method, offset by the net financial position of the subsidiary at the reporting date. The fair value is based on the fair value of the net assets of the subsidiary net of directly attributable costs of sale.

If the prerequisites for any impairment loss previously recognised no longer apply, the carrying amount of the investment is reversed with an impact to the Income Statement. The dividends received from subsidiaries are accounted as positive income components, under the item "Financial income – Dividends from subsidiaries", in the Company's Separate Financial Statements, independently of the time the retained earnings of the subsidiary are formed.

The Company includes in the carrying amount of the investment the ancillary costs related to the acquisition of the same investment.

Impairment of assets

At least at each reporting date, the Company reviews the carrying amount of goodwill and its property, plant and equipment and other intangible assets to determine whether there are indicators that these assets have suffered an impairment loss. The impairment test activity is aimed to verify that the carrying amount of the above-mentioned asset is not higher than its recoverable amount. When the asset does not generate cash inflows that are independent from those generated by other assets, the Company estimates the recoverable amount of the Cash-Generating Unit ("CGU") to which the asset belongs. Within the Company, following the merger, two CGUs were identified, "Components" and "Cooling Systems", in line with the consolidated financial statements (whereas prior to the merger, the Company as a whole was represented by the single "Cooling Systems" CGU).

For the purposes of the impairment test, the value of CGUs, property, plant and equipment and intangible assets, is compared with its recoverable amount, defined as the higher of fair value less costs of sale and value in use.

In determining value in use, future cash flows net of taxes, estimated on the basis of past experience, are discounted to their present value using a post-tax discount rate, which reflects current market assessments of the time value of money and the specific risks of the asset. The main assumptions used to determine value in use concern the discount rate, the growth rate, expected changes in sale prices and the trend in direct costs during the period assumed for the calculation. The growth rates adopted are based on growth forecasts for the applicable industrial sector. Changes in sale prices are based on past experience and on future market expectations.

If the recoverable amount of an asset (or of a cash-generating unit) is estimated to be lower than its carrying amount, the carrying amount of the asset is reduced to its lower recoverable amount, with the impairment loss immediately recognised in the Income Statement.

Subsequently, if the impairment loss on an asset is no longer applicable or is reduced, the carrying amount of the asset (or of the CGU), with the exception of goodwill, is increased to the value corresponding to the estimated new recoverable amount, which may be no higher than the net carrying amount that the asset would have had if the impairment loss had never been recognised. The reversal is recognised immediately in the Income Statement.

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FINANCIAL INSTRUMENTS

Derivative financial instruments

Derivative financial instruments are entered primarily for hedging purposes, in order to reduce the risk of fluctuating exchange rates, interest rates and raw material costs. Pursuant to IFRS 9, derivative financial instruments are measured using the hedge accounting criteria only when:

a) at the inception of the hedge, the hedging relationship is formally designated and documented;

b) the hedge is expected to be highly effective;

c) this effectiveness may be reliably measured;

d) the hedge is determined to have been highly effective during the different accounting periods for which it is designated.

All derivative financial instruments are measured at fair value, as established by IFRS 9.

If the instrument is not eligible for hedge accounting, the gains or losses arising from the measurement of the derivative financial instrument at fair value are recognised in the Income Statement.

However, at the reporting date, not all requirements for the application of hedge accounting in accordance with IFRS 9 were satisfied. Therefore, the Company's Management deemed it appropriate to treat these instruments as trading transactions, not as hedge accounting transactions, therefore recognising the change in the fair value of the financial instrument directly in the Income Statement.

With reference to derivative instruments entered for hedging the interest rate risk on loans for management purposes, the Company presents the differential exchanged with the counterparty during the year in the item “Interest expense to banks”, while the change in the fair value of these derivative instruments is instead presented in the item “Other financial income”, if positive, or in the item “Other financial expense” if negative.

INVENTORIES

Inventories are measured at the lower of acquisition or production cost, determined on the basis of the weighted average cost method, and the corresponding realisable value represented by the replacement cost for purchased materials and the estimated realisable value for finished and semi-finished products, calculated by taking into account any manufacturing costs as well as the direct sales costs yet to be incurred. The cost of inventories includes the amount of ancillary costs and direct and indirect production costs reasonably attributable to them. Obsolete or slow-moving inventories are written down based on their possibilities of use or realisation. The write-down of inventories is derecognised in subsequent years if the reasons for it no longer apply.

TRADE AND OTHER RECEIVABLES

The receivables are initially recognised at fair value.

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Subsequently, receivables are measured with the amortised cost method on the basis of the effective interest rate represented by the rate, which makes the present value of future cash flows and the carrying amount equal at the moment of initial recognition.

In accordance with IFRS 9 trade receivables are classified into the categories "Held to collect" and "Held to collect and sell". Their value is adjusted at the end of the year, written down by the expected credit loss along the life of the receivable, together with the level of solvency of the individual debtors, also in function of the specific characteristic of the underlying credit risk, taking into account available information.

ASSIGNMENT OF RECEIVABLES

Receivables transferred based on factoring transactions are cancelled from the assets in the equity and financial position only if the risks and benefits correlated with their ownership have been substantially transferred to the assignee.

LOANS

Loans are initially measured at cost, corresponding to the fair value of the consideration received, net of ancillary acquisition costs.

After this initial valuation, loans are measured at amortised cost calculated through the application of the effective interest rate method.

The effective interest method is the method to calculate the amortised cost of a financial liability and the allocation of interest expense during the relevant period. The effective interest rate is the rate that discounts future payments (including all fees, transaction costs and other premiums or discounts) over the term of a financial liability or, if more appropriate, over a shorter period. To determine the effective interest rate on floating-rate loans, the Company updates the estimation of cash flows on the basis of the reference rate expected forward curves at each reporting date, recognising the difference with respect to the estimation in the previous period in the Income Statement.

Loans are classified as current liabilities unless the Company has the unconditional right to defer the settlement of the liability for at least twelve months after the reporting date.

PROVISIONS

Provisions for risks and charges represent probable liabilities of uncertain amount and/or timing deriving from past events, whose settlement will entail an outflow of resources. Provisions are recognised exclusively if there is a present legal or constructive obligation requiring the use of economic resources, provided such obligation can be reliably estimated. The amount recognised in the provision represents the best estimate of the expenditure required to settle the obligation at the reporting date. Provisions are reviewed at each reporting date and adjusted so as to represent the best current estimate.

If the outflow of resources connected to the obligation is expected to take place beyond normal payment terms and the effect of discounting is relevant, the amount of the provision is represented by the present value of the expected future payments for the settlement of the obligation.

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Contingent assets and liabilities are not recognised in the Financial Statements. However, they are subject to adequate disclosure.

EMPLOYEE BENEFITS

Short-term benefits

Short-term employee benefits are accounted for in the Income Statement in the period in which the services are rendered.

Post-employment benefits

Starting from 1 January 2007, the Financial Act (law 296/2006) and the relative implementing decrees introduced considerable amendments to the rules on post-employment benefits, including the selection to be made by the worker with respect to the allocation of accruing post-employment benefits. In particular, the new regulations require the payment of new flows of post-employment benefits to pension funds chosen by the employee or, in case the same employee has opted to retain these flows within the company, to a treasury account set up at INPS.

For employees of companies with more than 50 employees, as in the case of LU-VE S.p.A., only post-employment benefits accrued up to 31 December 2006 continue to be classified as “defined benefit plans”, while those accruing subsequent to that date are classified as a “defined contribution plan”, as all obligations of the company are met when it makes the periodic contribution to third-party entities. Therefore, discounted amounts are no longer recognised in the Income Statement. Instead, outlays made to the various types of pension plans selected by employees or to the separate INPS treasury fund, calculated based on art. 2120 of the Italian Civil Code, are recognised under personnel costs.

TRADE AND OTHER PAYABLES

Trade payables and other payables are initially recognised at fair value, plus any costs connected to the transaction. Subsequently they are measured at nominal value, as it is not deemed necessary to apply any discounting or separately attribute explicit or separated interest expense in the Income Statement, as it is not considered material in light of expected payment times.

CRITERIA FOR THE TRANSLATION OF FINANCIAL ITEMS IN FOREIGN CURRENCY

Receivables and payables originally expressed in foreign currencies are translated to euro at the exchange rates of the date on which the transactions giving rise to them take place. The exchange differences realised upon collection of the receivables and payment of the payables in foreign currency are recognised in the Income Statement. Income and expenses relating to transactions in foreign currency are recognised at the current exchange rate on the date on which the relative transaction takes place.

At year end, assets and liabilities expressed in foreign currency are recognised at the spot exchange rate as at the end of the year and the relative exchange gains and losses are recognised in the Income Statement. If the translation gives rise to a net profit, a non-distributable reserve for a corresponding amount is restricted until its actual realisation.

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REVENUE RECOGNITION

Revenues are recognised at the time of transfer of the control on the goods (on the basis of the conditions agreed with customers) or services promised to the customer. Revenues are recognised net of returns, discounts, allowances and premiums, as well as directly linked taxes.

Contracts with customers generally include a single performance obligation, that is the sale of the goods, generally met upon delivery of the goods to the customer.

COST RECOGNITION

Costs and expenses are recognised in the Financial Statements on an accrual basis.

FINANCIAL INCOME

Financial income includes interest income on invested funds and income from financial instruments. Interest income is recognised to the Income Statement on an accrual basis, using the effective interest rate method.

FINANCIAL EXPENSE

Financial expense includes interest expense on financial payables calculated using the effective interest rate method (net of differentials exchanged with the counterparty during the year relating to IRS derivative instruments entered into to hedge the interest rate risk of loans), bank fees and expenses deriving from financial instruments, together with the fair value effect of derivative financial instruments.

INCOME TAXES FOR THE YEAR

Income taxes include all taxes calculated on the Company's taxable income for the year. Income taxes are recognised in the Income Statement, with the exception of those relating to items directly charged or credited to shareholders' equity, in which case the tax effect is recognised directly under shareholders' equity. Other taxes not correlated with income, such as other indirect taxes and fees on property, are classified as operating expenses to the item "Other operating expenses". Deferred tax liabilities are recognised based on the global liability method. They are calculated based on all temporary differences emerging between the taxable amount of an asset or liability and the carrying amount in the Separate Financial Statements, with the exception of goodwill, which is not tax deductible. Deferred tax assets on tax losses and unused retained tax receivables are recognised to the extent to which is it likely that future taxable income will be available against which those tax assets may be utilised. Current and deferred tax assets and liabilities are offset when the income taxes are levied by the same tax authority and when there is a legal right to offset. Deferred tax assets and liabilities are calculated using the tax rates expected to be applicable in the years in which the temporary differences will be realised or extinguished.

If the possibility of realigning the tax value of goodwill to its book value were to be granted by Italian tax law, the accounting policy established by the Directors is not to immediately record in the Income Statement the future tax benefit connected to the redemption as a contra-entry to deferred tax assets.

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As described in the following paragraph relative to the tax consolidation scheme, LU-VE S.p.A. is the consolidating company for the companies within this scope.

DIVIDENDS

Dividends are accounted for on an accrual basis when the right to receive them arises, corresponding to the resolution of distribution.

TREASURY SHARES

Treasury shares are recognised as a deduction from shareholders' equity. The carrying amount of treasury shares and revenues from any subsequent sales are recognised as changes in shareholders' equity.

EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit (loss) attributable to shareholders of the Company by the weighted average of ordinary shares outstanding during the year. The diluted earnings per share coincide with the basic earnings per share as there are no options in circulation which may potentially lead to the issue of new Company's shares and thus result in dilutive effects.

TAX CONSOLIDATION AGREEMENT

National Tax Consolidation applies (pursuant to art. 117 et seq. of Italian Presidential Decree 917/86 – TUIR (Consolidation Act on Income Taxes), and its area includes, in addition to the parent LU-VE S.p.A., four other Italian subsidiaries: Thermo Glass Door S.p.A., Manifold S.r.l. (years 2023-2025) and from 2024 the companies Refrion S.r.l. and RMS S.r.l. (the tax consolidation agreement entered into among LU-VE S.p.A. and these companies covers the period 2024-2026). The relations in place last year with SEST S.p.A. and Air Hex Alonte S.r.l. were terminated following the merger, for more details see Note – 2.1 “Introduction”.

National tax consolidation allows the determination of current IRES tax on a taxable income corresponding to the algebraic sum of positive and negative taxable components of the participating companies. Economic relationships, in addition to reciprocal responsibilities and obligations, are regulated by specific agreements between the parties according to which, in case of positive taxable income, subsidiaries transfer to the parent company the financial resources corresponding to the greater tax due by them for the effect of participating to the national tax consolidation scheme, and in case of negative taxable income, they receive a compensation equivalent to the relative tax saving made by the parent company, if and in the measure in which there are prospects of profitability that allow the Group to effectively reduce current taxes or the recognition of deferred tax assets.

USE OF ESTIMATES

The preparation of the Financial Statements and the relative Explanatory Notes in application of IFRS Accounting Standards requires Management to make use of estimates and assumptions that impact, even significantly, the values of the assets and liabilities in the Financial Statements and the disclosure relating to contingent assets and liabilities as at the reporting date. These estimates and assumptions are based on historical experience and on other external and internal factors deemed relevant by Management. Actual results may differ from those estimates.

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The underlying estimates and assumptions are reviewed periodically by Management (at least annually). Any changes in the estimate are recognised prospectively starting from the period in which this estimate is revised.
In the preparation of the separate financial statements, the following significant Judgement was adopted during the process of application of LU-VE S.p.A. accounting policies.

Merger by incorporation of SEST S.p.A. and Air Hex Alonte S.r.l. into LU-VE S.p.A.

Considering that the merger transaction is (i) characterised by the absence of economic exchange with third parties and the persistence of control over the acquired entity, and (ii) had, by its nature, no significant effect on the cash flows of the merged companies, the accounting criteria adopted gave preference to the adoption of a predecessor book value accounting.

Applying the predecessor book value accounting to the merger meant emphasising the pre-existence of the control relationship between the companies involved in the transaction. In other words, the merger for restructuring purposes resulted in the post-merger separate financial statements of the merging company becoming the same as its consolidated financial statements, achieving a so-called "legal consolidation".

Therefore, the inclusion in the separate financial statements of the Merging Company of assets and liabilities arising from the Merged Companies did not result in the identification of higher fair values than those reported in the consolidated financial statements, or of additional goodwill. The difference between the carrying amount of the investments held in the Merged Companies and the corresponding interest in their equity was allocated to assets, without exceeding the amounts reported in the consolidated financial statements.

This difference resulted in a total amount of EUR 21,842 thousand, of which EUR 21,174 thousand related to the merger by incorporation of SEST S.p.A. and EUR 668 thousand to the merger by incorporation of Air Hex Alonte S.r.l.

For SEST S.p.A., this merger difference was entirely allocated to the investment in the subsidiary SEST-LUVE-POLSKA, given the immateriality of the contribution to the consolidated financial statements of Thermo Glass Door S.p.A. and considering the uncertainty arising from the Russian-Ukrainian conflict on the fate of the investment in the «OOO» SEST LU-VE operating company, while the difference arising from the merger of Air Hex Alonte S.r.l. was entirely allocated to goodwill, since the values of this latter are in line with those included in the consolidated financial statements of the LU-VE Group, being the subject of a recent acquisition and the subsequent transition of the financial statements to international accounting standards.

This difference was entirely allocated to the investment in the subsidiary SEST-LUVE-Polska SP.z.o.o., given the immateriality of the contribution to the consolidated financial statements of TGD and considering the uncertainty arising from the Russian-Ukrainian conflict on the fate of the investment in the «OOO» SEST LU-VE subsidiary, while the difference arising from the merger of Air Hex Alonte S.r.l. was entirely allocated to goodwill, since the values of this latter are in line with those included in the consolidated financial statements of the LU-VE Group, being the subject of a recent acquisition and the subsequent transition of the financial statements to international accounting standards.

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The main assumptions relating to the future and the main causes for uncertainty in the estimates at the date of closure of the year which represent a major risk of giving rise to significant adjustments in the accounting values of the assets and liabilities in the following year are reported below.

Recoverability of the value of goodwill, other intangible assets and property, plant and equipment

The procedure for determining impairment of goodwill, other intangible assets and property, plant and equipment is described in the “Impairment” section.

As already mentioned in the above paragraph, following the merger of SEST S.p.A. and Air Hex Alonte S.r.l. into LU-VE S.p.A., two CGUs were identified within LU-VE S.p.A. in line with what had already been identified at LU-VE Group level: “Components” and “Cooling Systems”. For the purposes of the impairment test, the value of the NIC of the two CGUs is compared with its recoverable amount, defined as the higher of fair value less costs of sale and value in use.

As required by IAS 36, since the above-mentioned CGUs include a goodwill, Company’s Management conducted an impairment test to determine whether the carrying amounts relating to the assets of the CGUs are recognised in the Financial Statements as at 31 December 2024 at a value not higher than their recoverable amount. In particular, the Company recognises in its separate financial statements as at 31 December 2024 goodwill of EUR 15.3 million. In particular, this goodwill is attributable to the two CGUs: “Cooling Systems” for EUR 13.8 million and “Components” for EUR 1.5 million, in addition to intangible assets with a finite useful life for EUR 3.3 million, rights of use assets for EUR 8.8 million and property, plant and equipment for EUR 64.0 million.

The determination of the recoverable amount is mainly based on the value-in-use criterion, through the estimate of the expected cash flows coming from the 2025-2028 plans, together with a terminal value, for the “Cooling Systems” CGU, while the fair value criterion was considered for the “Components” CGU, determined by adopting the sum-of-the-parts approach, which determines the recoverable amount as the sum of the fair value of individual assets (mainly consisting of property, plant and equipment and other tangible assets) net of the fair value of individual liabilities (mostly aligned to their book value).
The procedure for estimating the value in use was based on assumptions concerning the forecasted expected cash flows of the “Cooling Systems” CGU, referring to the CGU's Business Plan 2025-2028 prepared by Management and subsequently included in the LU-VE Group's consolidated business plan approved by the Company's Board of Directors on 20 February 2025, the determination of an appropriate discount rate (WACC) and long-term growth rate, in line with the growth expectations of the countries in which the Company operates (g-rate).

These assumptions are based on Management's perspectives: i) to focus on the "core" product (air heat exchangers) through product and process innovation, technological advancements and increased production efficiency; ii) to focus on improving profitability and protecting cash generation through increased production efficiency, and the modernisation of processes for product selection and configuration processes, order management and careful management of fixed expenses; iii) to reduce the risk profile through the further development of applications in non-correlated sectors and the increase of geographical coverage; iv) to improve utilisation of installed production capacity with reduction in capital investments compared to the historical average, but with a focus in particular on the automation of all industrial processes; and v) to use growth opportunities mainly linked to:

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- to exchangers using natural refrigerants in line with the latest revision of the European F-GAS regulation;
- the development of the cold chain, especially in less advanced countries also as a result of the progressive introduction of increasingly stringent regulations in terms of proper food preservation throughout the production chain;
- the increased global attention and awareness of energy efficiency issues and the reduction of the environmental impact of all human activities;
- In the energy field in general, the aim is to expand the customer base with a focus on applications in the segments of oil coolers for electrical transformers, C02 recovery, hydrogen production as well as nuclear energy.

The actions envisaged on sales prices suggest that it is reasonable to pass on to the market the expected cost increases over the years of the Plan for raw materials, energy and labour costs, thus allowing to safeguard EBITDA in absolute value (as it has been abundantly done in the past). These assumptions take into account an assessment of the possible impacts related to the ongoing geopolitical tensions (Russian-Ukrainian conflict and situation in the Middle East) and to events or trends related to climate change or regulatory changes, also soon to come into force (e.g. Carbon Border Adjustment Mechanism).

With reference to the “Components” CGU, the recoverable amount was determined using the sum-of-the-parts approach, which determines the recoverable amount as the sum of the fair value of individual assets (mainly consisting of property, plant and equipment and other tangible assets) less the fair value of individual liabilities (mostly aligned to their book value). With regard to the value of property, plant and equipment and other tangible assets, an appraisal was prepared by a leading independent expert who determined the fair value of the above-mentioned assets, particularly the production sites of Limana and Borgo Valbelluna (both in the province of Belluno).

The main assumptions used in the appraisal are:

- with reference to properties: a valuation was carried out using the prices per square meter taken from comparable transactions in the area in which these properties are located;
- with reference to plant and machinery and other tangible assets: a valuation was made using the cost approach, i.e. the cost that would be incurred, at the reporting date, if an asset were to be replaced with a new one with the same characteristics. Degradation coefficients (where necessary) were applied to the values thus obtained, which take into account the physical state of the assets (age, wear and tear and state of maintenance) and their condition of use, in relation to their economic residual life.

Recoverability of the value of investments

Investments in subsidiaries (together with monetary long-term items that, in substance, represent a further net investment in subsidiaries), for which estimates are used in a significant manner in order to determine any write-downs and reversals, were carefully analysed by the Company Management to identify possible indicators of impairment.

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In particular, the investments in subsidiaries subjected to impairment test include investments in the following companies:

- LU-VE Deutschland GmbH, LU-VE US Inc. and Thermo Glass Door S.p.A., for a total amount respectively equal to EUR 0.2 million, EUR 13.5 million and EUR 1.75 million (this latter before the impairment test), which incurred significant losses in the current year and/or in previous years that, with reference to LU-VE Deutschland GmbH and LU-VE US Inc., led to highlight negative equity for a total amount of EUR 10.8 million as at 31 December 2024;
- Fincoil LU-VE OY, for EUR 30.6 million, and REFRION S.r.l., for EUR 17.2 million, which show a significant difference between their value at initial recognition and the pertaining related portion of shareholders' equity;
- «OOO» SEST LUVE, for EUR 3.8 million, due to the particular situation of uncertainty in the macroeconomic environment caused by the sanctions resulting from the ongoing war between Russia and Ukraine.

The Management's valuation process is based on the value-in-use criterion by estimating the expected cash flows from the 2025-2028 business plans of these subsidiaries, with the exception of LU-VE US Inc. for which the fair value criterion was considered, adopting the sum-of-the-parts approach, which determines the recoverable amount as the sum of the fair value of the individual assets (mainly consisting of the newly constructed production site and the newly acquired machinery) net of the fair value of the individual liabilities (mostly aligned to the relevant book values), and of «OOO» SEST LU-VE, for which only the cash flows expected the explicit plan period were taken into account (given the current significant uncertainties of the macroeconomic context).

The procedure for the assessment of the recoverability of investments carrying amounts is based on assumptions concerning, by the way, i) forecast of the expected cash flows from the investments, referring to the 2025-2028 business plans drawn up by the local management in collaboration with the Company's Management and subsequently included in the consolidated business plan of LU-VE Group approved on 20 February 2025 by the Company's Board of Directors, and ii) the determination of an appropriate discount rate (WACC) and long-term growth rate (g-rate), net of their net financial position.

The assumptions underlying the 2025-2028 plans are based on the prospects used by Management in preparing the Group's consolidated business plan, to which reference is made to the paragraph "Measurement criteria – Use of estimates, Recoverability of the value of goodwill, intangible assets and property, plant and equipment" contained in Note 2.1 "Accounting standards" of LU-VE Group's consolidated financial statements.

With particular reference to the subsidiary LU-VE US Inc., an appraisal was prepared by an independent expert of primary standing which determined the fair value of the property, plant and equipment purchased by the subsidiary from 2019 onwards (the assets in the fixed asset register at acquisition date in 2018 have, as then stated in the purchase price allocation, a net book value in line with their fair value), in particular the recently built production site and the related machinery.

The main assumptions used in the appraisal are:

- with reference to properties: a valuation was carried out using the prices per square meter taken from comparable transactions in the area in which these properties are located;

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- with reference to plant and machinery: since these are assets acquired in very recent years with respect to the appraisal date (30 September 2024), the historical cost is considered a still reliable reference for the purpose of determining its fair value, adjusted by applying age and degradation coefficients.

The fair value of the equity investment, thus determined, was in line with the net book value recorded as at 31 December 2024.

Bad debt provision for trade receivables

Receivables are adjusted by the relative bad debt provision to take into account their recoverable amount. To determine the amount of write-downs, the Directors are required to make subjective assessments based on available documentation and information regarding customer solvency, as well as experience and historical and prospective collection trends.

Income taxes and deferred tax assets

To determine the Company's income tax liabilities, the Management needs to make assessments with respect to transactions that have uncertain tax implications at the reporting date. In addition, deferred tax assets are measured on the basis of expected income in future years; the assessment of this expected income depends on factors that could change over time and have significant effects on the measurement of deferred tax assets.

In assessing the recognition and recoverability of deferred tax assets of EUR 11.4 million recorded in the Financial Statements as at 31 December 2024, the Company relied on the taxable results deriving from the 2025-2028 business plan, in addition to the fiscal year 2029, obtained by carrying forward the figures from the last year of Business Plan's explicit period for LU-VE S.p.A. and the other Italian subsidiaries included in the national tax consolidation agreement by extrapolating the expected taxable income. The effects deriving from the temporary differences on which deferred tax liabilities were recognised were also used in the test of recognition. However, the future trend of these factors, including the evolution of the complex global economic and financial environment, together with the effects deriving from the recent geopolitical tensions, requires that the circumstances be constantly monitored by the Company Management.

Climate change impacts

LU-VE Group conducted an analysis related to the significant physical and transitional climate risks (for further details please see the Consolidated Sustainability Statement), whose potential impact on the Group's economic and financial performance has been included in the Business Plan 2025-2028 approved by the LU-VE S.p.A.'s Board of Directors on 20 February 2025.

Regarding physical climate risks, the LU-VE Group conducted a thorough analysis of the physical climate risks pertaining to its production facilities. This analysis, carried out in 2022, is considered current and applicable also for the fiscal year 2024, is based on IPCC scenarios (Intergovernmental Panel on Climate Change), categories of physical climate risks, calculation methodologies, and time horizons that remain aligned with the state of the art and the context in which the Group operates. The analysis was conducted by considering various future scenarios related to internationally recognised climate models and based on the Representative Concentration Pathways (RCP) developed by the Intergovernmental Panel on Climate Change (IPCC), specifically the RCP 2.6 and

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RCP 4.5 scenarios, with a time horizon extending to 2035. Furthermore, it should be noted that the analysis was developed by combining scientific data at asset level with climate risk, evaluated according to the dimensions of i) probability of risk occurrence according to different climate models, ii) asset exposure, and iii) vulnerability, i.e., expected losses in the event of occurrence. Among the main findings, it emerges that the risks most likely to impact the Group are temperature variability, heavy rainfall, and rainfall variability. Vice versa, the exposure to certain other risks, e.g. drought and fire risk, is not expected to be material for the Group's operating assets.

None of the LU-VE S.p.A. facilities have been deemed to be at higher climate risk. Consequently, the Business Plan 2025-2028 includes neither negative effects arising from such physical risk, nor a sensitivity analysis has been conducted.

Regarding climate transitional risks, LU-VE Group updated the analysis of climate transitional risks in 2024. Various types of risks – market, technological, legal/policy, and reputational – were assessed based on their potential impact on the business and the Group's ability to address them over time. For example, market risks related to increases in production and transportation costs due to specific market conditions and the introduction of new regulations (such as the Carbon Border Adjustment Mechanism at the European level) were evaluated, as well as the demand for products with increasingly lower emissions impact due to evolving regulations and policies aligned with climate policies, such as the F-Gas Regulation (whose new revision was published in February 2024). Unlike physical climate risks, transition opportunities and risks were neither scientifically identified by considering different climate scenarios, nor the specific scenario related to limiting global warming to 1.5°C.

In this context, it is noted that the assumptions underlying the Business Plan 2025-2028 of the Company reflect the investments, required by the expected expansion of the market share of products using natural refrigerants and high-efficiency motors (the plan expect a growth in heat exchangers using natural refrigerants of 6% in 2025, 11% in 2026, 9% in 2027, and 7% in 2028, with consequent impact on revenue estimates; it should be noted that the expected growth reported in the Company's Business Plan is aligned with the Group's Business Plan assumption), as well as the incremental targets set by existing bank financing contracts related to these types of products. Regarding procurement costs, a significant issue considering that the main raw materials used by the Group result from energy-intensive production processes, these are expected to remain constant throughout the Plan period, similarly to the sales prices applied by the Group; overall profitability is assumed to be constant and invariant even in the presence of further increases in these costs, given the Group's ability to pass these increases on to customers with a pass-through price increase without affecting demand, as historically occurred and allowed by the contractual conditions generally applied to customers. Therefore, no differential impacts on the terminal value have been identified compared to those on the last explicit year of the plan (2028).

Lastly, it is expected that there are currently no impairment indicators concerning assets used in the traditional technologies production, given the regulatory forecasts that will allow their commercialization, albeit with constraints on the overall market share, at least throughout the next decade.

Finally, it is noted that in the present financial statements, no expenses related to the recognition of risk provisions, finished goods/merchandise write-downs, or impairment of intangible assets arising

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from climate change impacts (neither physical nor transitional risks) have been identified. It should be reminded that in the fiscal year 2023, the Company recognized impairment losses on assets arising from extreme weather events for EUR 1.2 million and related insurance reimbursements of EUR 1 million.

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2.3 NEW ACCOUNTING STANDARDS

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED AS OF 1 JANUARY 2024

The following IFRS accounting standards, amendments and interpretations have been applied by the Group for the first time as of 1 January 2024:

- On 23 January 2020, the IASB published an amendment called "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" and on 31 October 2022 published an amendment called "Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants". These amendments have the objective to clarify the classification of payables as current or non-current. In addition, the amendments also improve the information that an entity must provide when its right to defer the settlement of a liability for at least twelve months is subject to compliance with certain parameters (i.e. covenants). The adoption of these amendments had no effects on the Company's financial statements.
- On 22 September 2022, the IASB published an amendment called "Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback". The document requires the seller-lessee to assess the liability for the lease deriving from a sale & leaseback transaction so as not to recognise an income or a loss that refers to the right of use withheld. The adoption of this amendment had no effects on the Company's Financial Statements.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION

At the date of this document, the competent bodies of the European Union have not yet completed the endorsement process required for the adoption of the amendments and standards described below.

- On 30 May 2024, the IASB published the document "Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7". This document clarifies certain problematic aspects that emerged from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary upon the achievement of ESG goals (i.e. *green bonds*). Specifically, the amendments aim to:
    - Clarify the classification of financial assets with variable returns linked to environmental, social, and corporate governance (ESG) goals and the criteria to be used for the SPPI test assessment;
    - determine that the settlement date of liabilities through electronic payment systems is the date on which the liability is extinguished. However, an entity is permitted to adopt an accounting policy that allows for the derecognition of a financial liability before delivering cash on the settlement date, provided certain specific conditions are met.

With these amendments, the IASB has also introduced additional disclosure requirements, particularly regarding investments in equity instruments designated through FVOCI.

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The amendments will apply to financial statements for years beginning on or after 1 January 2026. The Directors do not expect the adoption of these amendments to have a significant effect on the Company's Financial Statements.

- On 18 July 2024, the IASB published a document entitled "Annual Improvements Volume 11". The document includes clarifications, simplifications, corrections and changes to improve the consistency of several IFRS Accounting Standards. The amended standards are:
    - IFRS 1 First-time Adoption of International Financial Reporting Standards;
    - IFRS 7 Financial Instruments: Disclosures and related guidance on the implementation of IFRS 7;
    - IFRS 9 Financial Instruments;
    - IFRS 10 Consolidated Financial Statements; and
    - IAS 7 Statement of Cash Flows.

  The amendments shall apply as at 1 January 2026, but early application is permitted. The Directors do not expect the adoption of these amendments to have a significant effect on the Company's Financial Statements.

- On 18 December 2024, the IASB published an amendment entitled "Contracts Referencing Nature-dependent Electricity - Amendment to IFRS 9 and IFRS 7". This document aims to support entities in reporting the financial effects of renewable electric energy purchase agreements (often structured as Power Purchase Agreements). On the basis of these contracts, the amount of electric energy generated and purchased can vary depending on uncontrollable factors such as weather conditions. The IASB made targeted amendments to IFRS 9 and IFRS 7. The amendments include:
    - a clarification regarding the application of the "own use" requirements to this type of contract;
    - the criteria for allowing such contracts to be recognised as hedging instruments; and
    - new disclosure requirements to enable users of financial statements to understand the effect of these contracts on an entity's financial performance and cash flows.

The amendment shall apply as of 1 January 2026, but early application is permitted. The Directors do not expect the adoption of these amendments to have a significant effect on the Company's Financial Statements.

- On 9 April 2024, the IASB published a new standard, IFRS 18 Presentation and Disclosure in Financial Statements, which will replace IAS 1 Presentation of Financial Statements. The new standard aims to improve the presentation of financial statements, with particular reference to the format of the income statement. In particular, the new standard requires:
    - classification of revenues and costs into three new categories (operating section, investing section, and financing section), in addition to the existing categories of taxes and discontinued operations in the income statement;
    - presentation of two new sub-totals, the operating profit and the profit before interest and taxes (i.e. EBIT).

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The new standard also:

- requires more information on management-defined performance indicators;
- introduces new criteria for the aggregation and disaggregation of information; and
- Introduces a number of changes to the format of the statement of cash flows, including the requirement to use the EBIT as the starting point for the statement of cash flows prepared using the indirect method and the elimination of certain classification options currently available (such as interest paid, interest collected, dividends paid, and dividends collected).

The new standard will come into effect as of 1 January 2027, although early adoption is permitted. The directors are currently assessing the possible effects of the introduction of this new standard on the Company's financial statements.

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3 COMMENT ON THE MAIN ITEMS OF THE STATEMENT OF FINANCIAL POSITION

3.1 GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill and other intangible assets *(in thousands of Euro)*	Goodwill		Other intangible assets	Total
Historical				
As at 1 January 2023	**21,078**		**41,771**	**62,849**
Increases	-		2,006	2,006
Decreases	-		(23)	(23)
Reclassifications	-		-	-
As at 31 December 2023	**21,078**		**43,754**	**64,832**
Merger contribution	668		3,488	4,156
Increases	-		1,383	1,383
Decreases	-		(112)	(112)
Reclassifications	-		-	-
As at 31 December 2024	**21,746**		**48,513**	**70,259**
Accumulated amortisation				
As at 1 January 2023	**6,449**	**(*)**	**36,718**	**43,167**
Increases	-		3,215	3,215
Decreases	-		-	-
Reclassifications	-		-	-
As at 31 December 2023	**6,449**	**(*)**	**39,933**	**46,382**
Merger contribution	-		2,754	2,754
Increases	-		2,554	2,554
Decreases	-		-	-
Reclassifications	-		-	-
As at 31 December 2024	**6,449**	**(*)**	**45,241**	**51,690**
Net carrying amount				
As at 31 December 2023	**14,629**		**3,821**	**18,450**
Merger contribution	**668**		**734**	**1,402**
As at 31 December 2024	**15,297**		**3,272**	**18,569**

** The goodwill accumulated amortisation refers to the amount recognised as at 1/01/2014 in accordance with previous accounting standards and unchanged since that date.*

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Goodwill

The increase in goodwill of EUR 668 thousand is due to the entire allocation of the difference between the carrying amount of the investment in the subsidiary Air Hex Alonte S.r.l. and the subsidiary's net assets in the Group's consolidated financial statements, for further details see Appendix A to the Directors' Report

Pursuant to IAS 36, goodwill is not subject to amortisation, but rather impairment testing on at least yearly basis or more frequently if specific circumstances take place that could require an immediate valuation of possible impairment losses (impairment test).

The Company tested the recoverability of the carrying amount of the Net Invested Capital (NIC) as at 31 December 2024. Among others, the NIC includes the value of the Company's goodwill. With regard to goodwill, for the purpose of the impairment test, as of the year 2024, the value was allocated to two identified CGUs (cash generating units) (" Components" and "Cooling Systems"), consistent with the CGUs identified at the LU-VE Group's consolidated financial statements. Management has not identified other lower-level of cash generating units with largely independent cash inflows to be considered in the allocation of the goodwill.

In particular, the Company recognised goodwill for EUR 15.3 million in its financial statements, attributable to the "Cooling System" CGU for EUR 13.8 million, and to the "Components" CGU for EUR 1.5 million. The NIC also includes intangible assets with a finite useful life of EUR 3.3 million, rights of use of EUR 8.8 million, and property, plant and equipment for a total of EUR 64.0 million.

As reported in the note "Use of estimates", in determining the recoverable amount of the "Cooling Systems" CGU, identified in the value in use as the sum of the NIC discounted cash flows generated in the future and on an ongoing basis (Unlevered Discounted Cash Flow method), Management referred to the Company's 2025-2028 business plan prepared by Management and subsequently included in the LU-VE Group's consolidated business plan approved by the Company's Board of Directors held on 20 February 2025, whose main assumptions are reported in the Note "*Use of estimates*" above.

The weighted average cost of capital calculated for the discounting of cash flows is based on a weighting between the cost of debt and the cost of equity, determined on the basis of the values of companies comparable to LU-VE S.p.A. and operating within the same business segment.

The values used for the calculation of the average cost of capital (extrapolated from the main financial sources) are as follows:

- industry financial structure: 8.25% (third party capital) and 91.75% (own capital), taking into account the average of a panel of comparable companies;
- sector releveled beta: 1.093;
- risk-free rate: 3.76%, determined considering the average yield of the last 6 months of government bonds maturing in ten years, in consideration of the countries in which each CGU operates (in line with test carried out for the year 2023);

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- risk premium: 5.50% (attributable to AAA-rated countries – source Prof. P. Fernandez, Survey: Market Risk Premium and Risk-Free Rate used for 96 countries in 2024);
- gross cost of debt: determined by taking the average yield of BBB-rated Corporate Bonds with a 10-year maturity relative to the Industrials sector (Source: Capital IQ).

In more detail, in order to determine the recoverable amount of Net Invested Capital, cash flows were discounted using a discounting rate (WACC) which takes into account the specific risks of the assets and which reflects current market assessments of the cost of money. The calculation of the weighted average cost of capital resulted in a value of 9.20%.

The recoverable amount also includes the Terminal Value, which was calculated with the “perpetual cash flow” method considering a g-rate of 2.20%. This rate was calculated as the weighted average of the long-term inflation of the countries in which the Company operates (source “IMF”) and the related revenues. In the Terminal Value calculation, an operating cash flow based on the last year of the business plan (2028), adjusted so as to reflect a situation “under normal circumstances”, was considered. The level of amortisation and investments was balanced and a change in working capital equal to zero was assumed. A tax rate of 27.9% was also considered, equal to the current applicable Italian rates.

From the impairment test carried out, approved by the Directors of the Company on 13 March 2025, the Group has not recognised any impairment losses based on the testing carried out, as the value in use resulted higher than the carrying amount.

As required by IAS 36 and by the impairment test guidelines drafted by the OIV (Italian Business Valuation standard setter), the Company has carried out a further sensitivity analysis in relation to the recoverable amount of the CGU, analysing the effect of the variation of the of the g-rate, as well as the effect of a change in the discount rate used to discount future cash flows (WACC) and of the terminal value EBITDA, maintaining the main business plan assumptions unchanged. With reference to the quantitative assessments of physical and transition climate risks, the Directors did not identify any particular risks to be reflected in specific sensitivity analyses in the impairment test on the goodwill of LU-VE S.p.A.

These sensitivity analyses did not highlight any critical issues, confirming the results in terms of robustness of the test.

Management has determined the break-even WACC, the reduction of EBITDA and the break-even g-rate (which equalize the Value in Use with the Carrying Amount), obtaining the results reported below:

- break-even WACC (maintaining all the other plan assumptions unchanged) equal to 13.12%;

- reduction of the EBITDA in the explicit period of the Plan and in Terminal Value (maintaining all other plan assumptions unchanged) equal to -22.90%;

- break-even g-rate (keeping all the other plan assumptions unchanged): not significant parameter. Even by using a zero value, the Cover would not be zero.

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While as reported in the note "Use of estimates", the recoverable amount of "Components" CGU was determined using the fair value criterion, determined using a sum-of-the-parts approach which determines the recoverable amount as the sum of the fair value of individual assets (mainly consisting of property, plant and equipment and other tangible assets) less the fair value of individual liabilities (mostly aligned to their book value). With regard to the value of property, plant and equipment and other tangible assets, an appraisal was prepared by a leading independent expert who determined the fair value of the above-mentioned assets, consisting particularly the production sites of Limana and Borgo Valbelluna (both in the province of Belluno).

The main assumptions used in the appraisal are:

- with reference to properties: a valuation was carried out using the prices per square meter taken from comparable transactions in the area in which these properties are located;
- with reference to plant and machinery and other tangible assets: a valuation was made using the cost approach, i.e. the cost that would be incurred, at the reporting date, if an asset were to be replaced with a new one with the same characteristics. Degradation coefficients (where necessary) were applied to the values thus obtained, which take into account the physical state of the assets (age, wear and tear and state of maintenance) and their condition of use, in relation to their economic residual life.

The fair value of the equity investment, thus determined, was in line with the net carrying amount recorded as at 31 December 2024.

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Other intangible assets

The following table illustrates in more detail information relating to other intangible assets:

Detail of other intangible assets *(in thousands of Euro)*	Trademarks	Development costs	Development costs in progress	Software	Other	Total
Historical						
As at 1 January 2023	10,799	10,551	933	19,451	37	41,771
Increases	-	189	405	1,124	288	2,006
Decreases	-	-	-	-	(23)	(23)
Reclassifications	-	236	(236)	-	-	-
As at 31 December 2023	10,799	10,976	1,102	20,575	302	43,754
Merger contribution	17	718	318	2,435	-	3,488
Increases	-	-	201	1,122	60	1,383
Decreases	-	-	(104)	-	(8)	(112)
Reclassifications	-	1,295	(1,295)	295	(295)	-
As at 31 December 2024	10,816	12,989	222	24,427	59	48,513
Accumulated amortisation						
As at 1 January 2023	10,262	9,777	-	16,679	-	36,718
Increases	537	562	-	2,116	-	3,215
Decreases	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
As at 31 December 2023	10,799	10,339	-	18,795	-	39,933
Merger contribution	17	351	-	2,386		2,754
Increases	-	877	-	1,677	-	2,554
Decreases	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
As at 31 December 2024	10,816	11,567	-	22,858	-	45,241
Net carrying amount						
As at 31 December 2023	-	637	1,102	1,780	302	3,821
Merger contribution	-	367	318	49	-	734
As at 31 December 2024	-	1,422	222	1,569	59	3,272

It should be noted that the contribution of SEST and Air Hex Alonte at the effective merger date amounted to EUR 734 thousand. For further details, please refer to Appendix A to the Directors' Report.

Trademarks

As at 31 December 2024, trademarks were fully amortised.

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Development costs and development costs in progress

The increase in historical development costs and development costs in progress of EUR 1,237 thousand was due to:

- EUR 1,036 thousand for the merger contribution, for more details please see Appendix A to the Directors' Report;

- EUR 201 thousand (EUR 594 thousand in 2023), capitalised in the year subject to the prior authorisation of the Board of Statutory Auditors, refers to the development of new products or services development projects completed or in the process of being completed.

The decrease of EUR 104 thousand was mainly due to write-downs of development projects in progress that were no longer deemed feasible based on information acquired during the year.

In particular, development activities focused on a renewed range of liquid coolers for Datacentre applications, a renewed range of electronic controllers (adopting innovative AI techniques, allowing a marked improvement in the human-machine interface); in parallel, projects continued on the development of new solutions dedicated to heat pump applications, covering various application areas, ranging from solutions for residential heat pumps, to heat pump technologies intended for district heating networks, and to heat pumps dedicated to producing heat for use in industrial processes. In addition, development related to the application of natural fluids remains important.

During the year, several projects were completed which have led to a reclassification of the item "Development costs in progress" to "Development costs" for EUR 1,295 thousand.

Software

The historical cost of the Software category increased by EUR 3,557 thousand, broken down as follows:

- EUR 2,435 thousand as a result of the merger contribution, for more details see Appendix A to the Directors' Report;

- EUR 1,122 thousand (EUR 1,124 thousand in 2023), the main projects developed during the year related to the implementation of the SAP ERP at the subsidiary SPIROTECH Heat Exchangers Pvt. Ltd and to the improvement of new evolutions in SAP, product listing software, product management software, and other management software for improved operations at Group level.

Cash outflows in the year referring to investments in intangible assets amounted to EUR 1,383 thousand.

These property, plant and equipment items were included in the impairment test described above as they were allocated to the two CGUs identified by the Management.

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3.2 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Other tangible assets *(in thousands of Euro)*	Property	Plant and machinery	Right-of-use assets	Other tangible assets	Tangible Assets under constructions	Total
Historical						
As at 1 January 2023	41,893	47,679	1,821	15,332	795	107,520
Increases	214	2,181	563	1,281	954	5,193
Decreases	(206)	(1,782)	(297)	(145)	(2)	(2,432)
Reclassifications	353	340	-	-	(693)	-
As at 31 December 2023	42,254	48,418	2,087	16,468	1,054	110,281
Merger contribution	15,677	38,672	8,136	11,795	3,405	77,685
Increases	767	4,036	7,289	1,067	345	13,504
Decreases	-	(674)	(1,202)	(128)	(882)	(2,886)
Reclassifications	826	2,324	-	93	(3,243)	-
As at 31 December 2024	59,524	92,776	16,310	29,295	679	198,584
Accumulated depreciation						
As at 1 January 2023	12,760	41,819	785	13,976	-	69,340
Increases	649	1,964	460	753	-	3,826
Decreases	-	(1,522)	(248)	(105)	-	(1,875)
Reclassifications	-	-	-	-	-	-
As at 31 December 2023	13,409	42,261	997	14,624	-	71,291
Merger contribution	5,424	27,368	5,530	8,127	-	46,449
Increases	1,212	4,673	2,056	1977	-	9,918
Decreases	-	(651)	(1,044)	(125)	-	(1,820)
Reclassifications	-	-	-	-	-	-
As at 31 December 2024	20,045	73,651	7,539	24,603	-	125,838
Net carrying amount						
As at 31 December 2023	28,845	6,157	1,090	1,844	1,054	38,990
Merger contribution	10,253	11,304	2,606	3,668	3,405	31,236
As at 31 December 2024	39,479	19,125	8,771	4,692	679	72,746

The net increase in property, plant and equipment following the merger was EUR 31,236 thousand (of which EUR 77,685 thousand was historical cost and EUR 46,449 thousand was accumulated depreciation); for further details, see Appendix A to the Directors' Report".

The increases for the year are mainly due for EUR 13,504 thousand to the year's increases in the 4 plants, in particular:

- EUR 5,148 thousand for the programme of technological investments in property, plant and equipment for the improvement and rationalisation of the existing production capacity, of which EUR 345 thousand refers to property, plant and equipment under construction;
- EUR 1,067 thousand for the purchase of industrial equipment and moulds;

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- EUR 7,289 thousand for the recognition of new rights of use in accordance with IFRS 16, mainly due to the renewal of the leased property in Alonte (VI), for a further 6 years.

It is specified that, of the EUR 13,504 thousand increase in property, plant and equipment, approximately EUR 3,130 thousand was recognised as payables in the item “other current payables”, as they were for purchases of assets not yet fully paid up as at 31 December 2024.

Decreases of EUR 2,886 thousand were recorded during the year, due for EUR 1,202 thousand to expired rental contracts, divestments, disposals and sales of almost fully depreciated plant and machinery, which generated a loss of EUR 17 thousand.

During the year, financial expense was not capitalised on property, plant and equipment.

In the year, capital expenditure in property, plant and equipment led to a net cash outflow of EUR 5,081 thousand (equal to the total increase of EUR 13,504 thousand, net of increases related to IFRS 16 of EUR 7,289 thousand and the net effect on 31 December 2023 of investments not yet paid for of EUR 1,134 thousand).

These property, plant and equipment items were included in the impairment test described above as they were allocated to the two CGUs identified by the Management.

The table below provides detailed information on assets still owned on which the revaluations provided under specific laws were carried out:

Types of revaluations *(in thousands of Euro)*	Property		Plant and machinery		Other tangible assets		Trademarks		
	Gross amount	Net amount as at 31/12/2024	Gross amount	Net amount as at 31/12/2024	Gross amount	Net amount as at 31/12/2024	Gross amount	Net amount as at 31/12/2024	Net total as at 31/12/2024
Italian Law 413 of 30 December 1991	5	1	-	-	-	-	-	-	1
Italian Law 342 of 21 November 2000	-	-	1,347	-	1,080	-	-	-	-
Italian Law 350 of 24 December 2003	-	-	1,814	-	1,183	-	-	-	-
Italian Law 266 of 23 December 2005	-	-	847	-	296	-	-	-	-
Art. 1, paragraph 622 of the 2022 Budget Law (It. Law 234/2021)	4,515	3,968	-	-	-	-	1,971	1,813	5,781
TOTAL	**4,520**	**3,969**	**4,008**	**-**	**2,559**	**-**	**1,971**	**1,813**	**5,782**

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3.3 INVESTMENTS

The details of this item are shown below:

Investments *(in thousands of Euro)*	**31/12/2024 (d)**	**31/12/2023 (a)**	**MERGER CONTRIBUTION (b)**	**PROFORMA (c=a+b)**	**Change (e=d-c)**
SEST S.p.A.	-	44,895	(44,895)	-	-
SEST-LUVE-Polska SP.z.o.o.	25,309	-	25,309	25,309	-
«OOO» SEST LU-VE	3,771	-	3,771	3,771	-
Thermo Glass Door S.p.A.	-	-	500	500	(500)
Heat Transfer System s.r.o. (HTS)	9,540	9,540	-	9,540	-
LU-VE France S.à.r.l.	1,303	1,303	-	1,303	-
LU-VE Deutschland GmbH	173	173	-	173	-
LU-VE Iberica S.l.	145	145	-	145	-
LU-VE Asia Pacific Ltd. (*)	13	13	-	13	-
LU-VE HEAT EXCHANGERS (Tianmen) Co, Ltd	10,535	10,535	-	10,535	-
LU-VE Sweden AB	390	390	-	390	-
MANIFOLD S.r.l.	10	10	-	10	-
LUVEDIGITAL S.r.l.	5	5	-	5	-
Spirotech Heat Exchangers Private Ltd	39,468	39,468	-	39,468	-
LU-VE Austria GmbH	18	18	-	18	-
LU-VE US Inc.	13,552	13,552	-	13,552	-
Air Hex Alonte S.r.l.	-	15,434	(15,434)	-	-
Fincoil LU-VE OY	30,649	30,649	-	30,649	-
LU-VE Netherlands B.V.	10	10	-	10	-
«OOO» LU-VE Moscow	1	1	-	1	-
LU VE MIDDLE EAST DMCC	20	20	-	20	-
LU-VE Korea LLC	107	107	-	107	-
REFRION S.r.l.	17,206	9,846	-	9,846	7,360
LU-VE UK Ltd	12	12	-	12	-
Total investments in subsidiaries:	**152,237**	**176,126**	**(30,749)**	**145,377**	**6,860**
Industria e Università S.r.l. (other companies)	6	6	-	6	-
Total	**152,243**	**176,132**	**(30,749)**	**145,383**	**6,860**

The change in investments of EUR 6,860 thousand refers to:

- the exercise of the call option for the purchase of the remaining 25% of the shares of Refrion S.r.l. for an amount of EUR 7,360 thousand;

- the net reduction of the investment in Thermo Glass Door S.p.A. previously subsidiary of SEST (please see Appendix A to the Directors' Report) for EUR 500 thousand.
  The value of the investment contributed by SEST at the merger effective date was EUR 500 thousand; during 2024, payments were made by the parent company to cover future losses for a total of EUR 1,250 thousand. At the end of 2024, the equity investment was fully written down by EUR 1,750 thousand following the impairment test, as described below (see also Note 4.11 – "Gains and losses from equity investments and other interests").

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The change in investments resulted in a cash absorption of EUR 8,610 thousand (equal to the sum of the exercise price of the option to purchase 25% of Refrion S.r.l. and the payments made to Thermo Glass Door S.p.A. for EUR 1,250 thousand).

As part of the recoverability test of the investment book values of the as at 31 December 2024 (impairment test), the company identified as impairment indicators: (i) the presence of significant losses incurred in the current year and/or previous years that led to a negative shareholders' equity for certain companies or (ii) significant differences between the value at first recognition of the investments in the financial statements and the relevant carrying amount of shareholders' equity or (iii) with reference to the subsidiary «OOO» SEST LU-VE, the particular situation of uncertainty in the macroeconomic environment due to the sanctions resulting from the ongoing war between Russia and Ukraine.

The companies subject to impairment testing are therefore the following:

- LU-VE Deutschland GmbH
- LU-VE US Inc.
- REFRION S.r.l.
- Fincoil LU-VE OY
- Thermo Glass Door S.p.A.
- «OOO» SEST LU-VE

In determining the recoverable amount, identified as the value in use, for all subsidiaries except LU-VE US Inc., is determined as the sum of the discounted cash flows expected in the future and, on an ongoing basis, net of the subsidiary's net financial position (Discounted Cash Flow method – Equity side), Management made reference to the Business Plans 2025-2028 of these subsidiaries prepared by the local management in collaboration with Management of the Company and subsequently included in the consolidated Business Plan 2025-2028, approved by the Board of Directors on 20 February 2025 (the terminal value is not taken into consideration for «OOO» SEST LU-VE but only the flows deriving from the plan's explicit periods, given the significant uncertainties deriving from the macroeconomic context).

In particular, for the key variables of greater importance in determining the cash flow forecasts, please refer to the previous paragraph "Use of estimates – Recoverability of the value of investments".

In more detail, in order to determine the recoverable amount of the investments tested, cash flows were discounted using a discount rate (WACC) which takes into account the specific risks of the investment and reflects current market assessments of the cost of money. Different WACCs were calculated assuming as a reference basis the risk free rates relating to the different countries of the tested investments in subsidiaries. The recoverable amount also includes the terminal value of the cash flows, which was calculated using the "perpetual cash flow" method considering a g-rate in line with the expected growth rates of the countries in which each company operates. An EBITDA which derives from an operating cash flow equal to the last year of the plan (2028), adjusted to reflect a situation "under normal circumstances", was considered in the terminal value. This approach was used for all companies, with the exception of LU-VE Deutschland GmbH, for which the average value of the last three years of the plan was conservatively taken as the EBITDA terminal value.

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The level of amortisation and investments was balanced and a change in working capital equal to zero was assumed. A tax rate equal to the that in force in the countries in which the individual subsidiaries are based was also considered.

The main parameters considered in estimating the Equity value are reported below:

Company	*WACC*	*g-rate*
LU-VE Deutschland GmbH	7.81%	1.98%
REFRION S.r.l.	8.64%	1.96%
Fincoil LU-VE OY	8.52%	2.01%
Thermo Glass Door S.p.A.	11.34%	2.04%
«OOO» SEST LU-VE	17.51%	n/a

With specific reference to the WACC used in the development of the impairment test of the subsidiary Thermo Glass Door S.p.A., a Company Specific Risk Premium of 2.50% was also considered.

The impairment tests performed, which were approved by the Company's Board of Directors on 13 March 2025, did not reveal any impairment losses, with the exception of the investment in Thermo Glass Door S.p.A., for which an impairment loss of EUR 1,750 thousand was recognised (equant to the whole carrying amount).

In addition, as the recoverable amount is determined on the basis of projections, the Company Management has developed sensitivity analyses.

In addition, Management determined the break-even WACC and the break-even g-rate (excluding the equity investment in Thermo Glass Door S.p.A. as it had been written-down), together with a reduction in the percentage of the EBITDA value in the period in question and of the Terminal Value for each equity investment subject to impairment test.

Company	% EBITDA	*WACC*	*g-rate **
LU-VE Deutschland GmbH	(46.84%)	32.14%	n/s
REFRION S.r.l.	(57.13%)	29.60%	n/s
Fincoil LU-VE OY	(19.70%)	11.14%	n/s
Thermo Glass Door S.p.A.	n/s	n/s	n/s
«OOO» SEST LU-VE	(116.10%)	n/s	n/s

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** Break-even g-rate: non-significant reduction of the TV g. *Even by using a zero value, the Cover would not be zero.*

As a result of the sensitivity scenario on the group's climate change, it should be noted that for the investments tested for impairment, no differential impacts compared to those anticipated in the plan (2025-2028 period) were detected with regard to transition and physical risks.
Finally, with particular reference to the subsidiary LU-VE US Inc., the recoverable amount was determined based on the fair value criterion, adopting the sum-of-the-parts approach given by the sum of the fair value of the individual assets net of the fair value of individual liabilities.

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To this end, an appraisal was prepared, drawn up by an independent expert of primary standing, which determined the fair value of the property, plant and equipment acquired by the subsidiary from 2019 onwards (the assets in the fixed assets register at the date of acquisition of the subsidiary in 2018 have, as then declared at the time of purchase price allocation, a net book value in line with their fair value, in particular the recently built production site and the related machinery).

The main assumptions used in the appraisal are:

- with reference to properties: a valuation was carried out using the prices per square meter taken from comparable transactions in the area in which these properties are located;
- with reference to plant and machinery: since these are assets acquired in very recent years with respect to the appraisal date (31 December 2023), the historical cost is to be considered a still reliable reference for the purpose of determining the fair value, adjusted by applying age and old degradation coefficients.

The fair value shown in the aforementioned appraisal was essentially in line with the net book value recorded as at 31 December 2024.

It should be noted that in previous years management had also included in the book value subject to impairment test the loans granted by LU-VE S.p.A. (classified under Non-current financial assets described in the following note) with regard to the subsidiary LU-VE US Inc., considered by Management as a long-term interest that, in substance, represented an extension of the net investment in the subsidiary, whose fulfilment by the subsidiary is neither planned nor likely to occur in the foreseeable future. As at 31 December 2024, these financial receivables were fully impaired.

Company Management then determined that a reduction in the recoverable amount, as calculated above, of 2.6% would lead to a break-even test for impairment considering that the fair value of the loan with the Company is considered to be zero, in line with the net book value recorded in the Separate Financial Statements of LU-VE S.p.A.

While representing an important growth opportunity for the Group, the investments underway for the expansion of the plant in Texas for the production and sale of high-powered outdoor machines also entail some specific risks (e.g., delays and cost increases both in the construction of the plant expansion and in relation to the necessary machinery, insufficient brand awareness on the part of customers, possible long lead times required to enter the vendor list of some prestigious customers in the data centre sector). In consideration of the strategic nature and priority assigned to this project for the Group's future development, a joint working group was set up between local management and the top management at corporate level under the direct responsibility of the General Manager, which established an accurate work programme in each of the areas involved, also including a training period in Europe for the main American figures involved and the establishment of a dedicated European “task force” during the installation and start-up phase of the production lines in Texas.

A dedicated list indicating the information required for each subsidiary by art. 2427 of the Italian Civil Code, is provided in the appendix.

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3.4 OTHER NON-CURRENT FINANCIAL ASSETS

Other non-current financial assets *(in thousands of Euro)*	31/12/2024 (d)	31/12/2023 (a)	MERGER CONTRIBUTION (b)	PROFORMA (c=a+b)	Change (e=d-c)
Other non-current financial assets	30,946	32,219	-	32,219	(1,273)
Intragroup bad debt provision	(22,312)	(20,978)	-	(20,978)	(1,334)
Total	**8,634**	**11,241**	**-**	**11,241**	**(2,607)**

The item "Other non-current financial assets" amounted to EUR 30,946 thousand (gross of the related bad debt provision) compared to EUR 32,219 thousand in the previous year and make reference to financial receivables from subsidiaries.

These financial receivables are detailed as follows:

- for EUR 22,312 thousand to a long-term loan in dollars (about USD 23,180 thousand) granted to the subsidiary LU-VE US Inc. to provide the necessary financial resources for the development of the production site. This receivable was fully written down in previous years (in 2024 it increased by EUR 1,335 thousand due to the positive exchange rate effect and was simultaneously written down by the same amount, see Note 4.11 – "Gains and losses from equity investments and other interests");
- for EUR 4,084 thousand to a long-term loan granted to the subsidiary LU-VE Sweden AB (equal to SEK 46,798 thousand);
- for EUR 3,850 thousand to a multi-year loan, denominated in Euro, granted to the subsidiary SPIROTECH Heat Exchangers Pvt. Ltd;
- for EUR 700 thousand to a long-term loan granted to the indirect subsidiary RMS S.r.l.;

It should be noted that there were no increases for new loans granted to subsidiaries during the year.

Decreases for the year:

- for EUR 800 thousand due to the partial repayment of a long-term loan granted to the indirect subsidiary RMS S.r.l.;
- for EUR 650 thousand due to the partial repayment of a long-term loan granted to the subsidiary SPIROTECH Heat Exchangers Pvt. Ltd.;
- for EUR 178 thousand due to the full repayment of a long-term loan granted to the subsidiary LU-VE Iberica S.l.;

Exchange rate effect for the year:

- for EUR 979 thousand due to the non-monetary effect of negative exchange rates on the loan granted to the subsidiary LU-VE Sweden AB.

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The change in non-current financial assets resulted in a cash generation of EUR 1,628 thousand due to the above-mentioned loan repayments by subsidiaries.

3.5 OTHER NON-CURRENT ASSETS

Other non-current assets *(in thousands of Euro)*	**31/12/2024 (d)**	**31/12/2023 (a)**	**MERGER CONTRIBUTION (b)**	**PROFORMA (c=a+b)**	**Change (e=d-c)**
Other non-current assets	41	1,303	14	1,317	(1,276)
Total	**41**	**1,303**	**14**	**1,317**	**(1,276)**

“Other non-current assets” amounted to EUR 41 thousand (EUR 1,303 thousand in 2023) and mainly refer to security deposits.

The change of EUR 1,276 thousand mainly refer to the reclassification of EUR 1,283 thousand under "Other current assets" (Note 3.10 – “Other non-current assets”) of the short-term receivable from the subsidiary SEST-LUVE-Polska SP.z.o.o. for values referring to the customer list and the know-how of the commercial evaporators production line transferred to Poland, as reported in the Introduction to the 2020 Financial Statements. The contract signed with the counterpart includes a residual 1-year instalment repayment plan.

3.6 INVENTORIES

The item is broken down as follows as at 31 December 2024:

Inventories *(in thousands of Euro)*	**31/12/2024 (d)**	**31/12/2023 (a)**	**MERGER CONTRIBUTION (b)**	**PROFORMA (c=a+b)**	**Change (e=d-c)**
Raw, ancillary and consumable materials	21,584	8,704	13,982	22,686	(1,102)
Work in progress and semi-finished products	3,039	1,631	1,545	3,176	(137)
Finished products and goods for resale	5,601	2,825	3,166	5,991	(390)
Provision for inventory losses	(3,004)	(1,946)	(1,443)	(3,389)	385
Total	**27,220**	**11,214**	**17,250**	**28,464**	**(1,244)**

The item ”Inventories” was EUR 27,220 thousand (EUR 28,464 thousand as at 31 December 2023), recording a decrease of EUR 1,244 thousand.

The decrease is mainly related to the Company’s inventory management that have reverted to “just in time” principles, with positive effects on the reduction of inventories to respond to the market with delivery times in line with expectations.
During the year, EUR 385 thousand of the inventory write-down reserve was released as a result of changes in the estimates of obsolete inventories.

The change in inventories led to a cash generation for EUR 1,244 thousand.

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3.7 TRADE RECEIVABLES

This item was broken down as follows at the end of the year:

Trade Receivables *(in thousands of Euro)*	**31/12/2024 (d)**	**31/12/2023 (a)**	**MERGER CONTRIBUTION (b)**	**PROFORMA (c=a+b)**	**Change (e=d-c)**
Trade receivables from third parties	28,816	12,002	16,358	28,360	456
Trade receivables from Group customers	35,774	28,742	(488)	28,254	7,520
Bad debt provision - third parties	(2,636)	(2,147)	(787)	(2,934)	298
Bad debt provision - Group	(1,744)	(1,744)	-	(1,744)	-
Total	**60,210**	**36,853**	**15,083**	**51,936**	**8,274**

As at 31 December 2024, receivables from Group companies amounted to EUR 35,774 thousand, broken down as follows:

- EUR 35,563 thousand of gross trade receivables for invoices issued (partially offset by the related bad debt provision for an amount of EUR 1,744 thousand);

- EUR 211 thousand of receivables for contract assets.

For details, please refer to the Note on Related Parties (see Note 4.16 – “Transactions with Related Parties”)

As at 31 December 2024, receivables from third-party customers amounted to EUR 28,816 thousand, broken down as follows:

- EUR 29,022 thousand of gross trade receivables for invoices issued (partially offset by the related bad debt provision for an amount of EUR 2,636 thousand);

- EUR 817 thousand for advance payments to suppliers and other trade receivables;

- EUR 1,023 thousand to reduce trade receivables relating to variable remuneration (credit notes to be issued for bonuses granted to customers);

In addition, total receivables transferred to Factoring companies amounted to EUR 10,196 thousand (EUR 7,108 thousand as at 31 December 2023), of which EUR 9,003 thousand refer to receivables transferred in December 2024 (EUR 6,413 thousand as at 31 December 2023). All transfers are without recourse. Transferred receivables as a percentage of revenue amounted to 5.49% in 2024 and 6.69% in 2023.

The Company's bad debt provision for receivables from third parties decreased overall during the year by EUR 298 thousand. This change refers to:

- EUR 348 thousand to utilisations of the bad debt provision for receivables no longer recoverable;
- EUR 50 thousand to net provisions.

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The breakdown of receivables from third parties by geographical area is shown below:

Breakdown of trade receivables from third parties by geographical area *(in thousands of Euro)*	**31/12/2024 (d)**	**31/12/2023 (a)**	**MERGER CONTRIBUTION (b)**	**PROFORMA (c=a+b)**	**Change (e=d-c)**
Italy	15,591	1,297	6,463	7,760	7,831
EU countries	6,326	6,894	7,011	13,905	(7,579)
Non-EU countries	6,899	3,811	2,884	6,695	204
Bad debt provision	(2,636)	(2,147)	(787)	(2,934)	298
Total	**26,180**	**9,855**	**15,571**	**25,426**	**754**

The ageing of trade receivables from third parties is shown below:

Breakdown of trade receivables from third parties by maturity *(in thousands of Euro)*	**31/12/2024 (d)**	**31/12/2023 (a)**	**MERGER CONTRIBUTION (b)**	**PROFORMA (c=a+b)**	**Change (e=d-c)**
Current receivables (not past due)	25,197	9,682	14,125	23,807	1,390
Past due up to 30 days	2,296	1,126	1,124	2,250	46
Past due from 30 to 60 days	279	162	334	496	(217)
Past due from 60 to 90 days	48	43	282	325	(277)
Past due for more than 90 days	996	989	493	1,482	(486)
Total	**28,816**	**12,002**	**16,358**	**28,360**	**456**

The Company measures the bad debt provision for trade receivables at an amount equal to the expected credit losses (ECL) throughout the lifetime of such receivables. The expected losses on trade receivables are estimated using a provision matrix by clusters of overdue accounts, making reference to its own historical experience in relation to losses on receivables, and an analysis of creditors' financial position, adjusted to include factors specific to the creditor, general economic conditions of the industry in which the creditor operates and an assessment of the current and anticipated evolution of these conditions at the end of the reporting period.

As at 31 December 2024, the estimate of the expected losses included the potential forward-looking impacts and of the macroeconomic conditions related to the possible deterioration of customers' creditworthiness, of the countries in which operate and on their ability to meet their obligations. With reference to the latter, it is reported that, as at 31 December 2024, the effects on receivables arising from the current macroeconomic context had not generated significant delays in collections with respect to the original contractual due dates with its customers.

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The following table summarises, on the basis of the IFRS 9, the risk profile of trade receivables on the basis of the provision matrix reviewed by the Company in 2024, therefore reporting the gross book value of receivables from third parties at the time of possible default (equivalent to the recognition value of receivables) and the estimate as at 31 December 2024 of expected losses throughout the credit life:

(in thousands of Euro)	Not past due	0-30	31 – 60	61 – 90	>90	Total
Expected default rate	5.63%	7.27%	13.62%	33.33%	100.00%	9.15%
Estimate of gross carrying amount at the time of default	25,197	2,296	279	48	996	28,816
Expected losses throughout the life of the receivable	1,419	167	38	16	996	2,636

Management has also calculated the ECL on the Company's net credit position towards subsidiaries, in the assumption that in case of default of a subsidiary within the Group, the Parent Company would only suffer the loss of the net amount of reciprocal items, having the possibility of controlling cash flows between the parties. Therefore, for each direct or indirect subsidiary, the test has considered as its unit-of-account the algebraic sum of trade receivables, other non-current financial assets (where not already included in the impairment test of equity investments described in Note 3.3 – "Equity Investments"), the Cash Pooling balance included in "Current financial assets", net of the "Cash Pooling" liability balance included in the item "Other current financial liabilities", "Trade payables" and "Tax consolidation payables and receivables".

Management has then divided direct and indirect subsidiaries into three risk categories, on the basis of their historical and expected economic performance.

Subsequently, Management has estimated the timing of expected cash payments. Based on the expected timing, these cash flows were discounted at an annual rate that includes a specific risk component of the three identified categories (0.5%, 2% and 4.5% based on historical knowledge) and a mark-up for the component of the geographical area in which the subsidiary operates.

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The results of the analyses in thousands of Euro as at 31 December 2024 are reported below:

Risk class	Trade receivables	Other non-current financial assets	Net cash pooling	Payables and Other receivables	Net lending position	Impairment loss on receivables
Risk Class 1	5,309	-	-	-	5,309	443
Risk Class 2	4,278	-	3,742	(1,193)	6,827	180
Risk Class 3	26,187	8,634	(1,876)	(5,150)	27,795	1,121
Total	**35,774**	**8,634**	**1,866**	**(6,343)**	**39,931**	**1,744**

The allocation to risk class 1 refers exclusively to the company LU-VE US Inc.
All trade receivables are due within the subsequent year and derive from ordinary sales transactions.
Please note that no receivables with a duration of more than 5 years were recognised in this item of the Financial Statements.
The change in trade receivables resulted in cash absorption of EUR 8,274 thousand.

3.8 CURRENT TAX ASSETS

This item was broken down as follows:

Current tax assets *(in thousands of Euro)*	31/12/2024 (d)	31/12/2023 (a)	MERGER CONTRIBUTION (b)	PROFORMA (c=a+b)	Change (e=d-c)
VAT receivables	734	618	39	657	77
Receivables from tax authorities	4,051	2,103	401	2,504	1,547
Total	**4,785**	**2,721**	**440**	**3,161**	**1,624**

The increase in current tax receivables amounting to EUR 1,624 thousand was due to:

- an increase of EUR 1,547 thousand mainly due to substitute taxes on interest on Time deposits for EUR 638 thousand, receivables from tax authorities for EUR 859 thousand and other minor tax receivables for EUR 50 thousand;

- decrease of EUR 77 thousand for VAT referring to purchase trends.

3.9 CURRENT FINANCIAL ASSETS

The current financial assets included in this item are part of the “FVTPL” category under IFRS 9. These are financial instruments, whose contractual financial flows are not constituted solely by payment of capital and interest on the amount of capital to be repaid, and are held by the Company in the context of a pro tempore strategy whose objective, at equal risk, is the optimisation of the net cost of debt. Time deposits, on the other hand, are part of the “Held to collect” category under IFRS 9 and measured at amortised cost.

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This item was broken down as follows:

Current financial assets *(in thousands of Euro)*	**31/12/2024 (d)**	**31/12/2023 (a)**	**MERGER CONTRIBUTION (b)**	**PROFORMA (c=a+b)**	**Change (e=d-c)**
Time deposit	-	10,000	-	10,000	(10,000)
Capitalisation policies	10,351	10,169	-	10,169	182
Fair value of derivatives	1,426	6,306	-	6,306	(4,880)
Cash Pooling	12,810	39,247	(9,959)	29,288	(16,478)
Other securities	272	263	-	263	9
Other financial receivables	1,076	-	-	-	1,076
Total	**25,935**	**65,985**	**(9,959)**	**56,026**	**(30,091)**

As at 31 December 2024, the Company had no Time deposit contracts with a maturity of more than 3 months (EUR 10,000 thousand as at 31 December 2023, completely collected in fiscal year 2024). During the year, the Company invested exclusively in Time Deposits with a maturity of less than 3 months classified under "Cash and cash equivalents", for further details see Note 3.11 – "Cash and cash equivalents", and Note 3.21 – "Net Financial Position".

As at 31 December 2024, Time deposit investments generated financial income of EUR 4,941 thousand, of which EUR 4,469 thousand collected during the year, recognised in the Income Statement under the "Financial income" items.

As at 31 December 2024, the item "Capitalisation policies" includes the following financial instruments:

- Class I policies issued by ARCA Vita S.p.A., subscribed during 2023, for EUR 5,000 thousand, net of non-material subscription commissions, whose fair value as at 31 December 2024 amounted to EUR 5,266 thousand. These policies allow, after the assignment of a single insurance premium, the possible annual revaluation, i.e. on 31 December of each year, of the capital according to the yield obtained from the management of such instruments. ARCA Vita policies are restricted for the first 12 months from their subscription, after which the invested liquidity can be divested without any restriction. The fair value measurement as at 31 December 2024 resulted in the recognition of a positive change of EUR 181 thousand (see Note 4.8 – "Financial Income");
- Class I and Class III policies issued by the company SOGELIFE SA, subscribed during 2023 for EUR 5,000 thousand, net of non-material commissions (the latter recognised in the Income Statement under the item "Financial expense", and whose fair value as at 31 December 2024 amounted to EUR 5,085 thousand. These policies make provision for a minimum guaranteed yield and allow, after the assignment of a single premium, the possible annual revaluation of the capital according to the yield obtained from management. SOGELIFE SA policies do not provide restrictions linked to any early redemption.

The item "Fair value of derivatives" represents the fair value as at 31 December 2024 of derivative contracts stipulated by the Group companies.

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The following table summarises the derivative financial instruments outstanding as at 31 December 2024, broken down by type:

Derivative financial instruments as at 31/12/2024 *(in thousands of Euro)*		31/12/2024		31/12/2023		31/12/2024	31/12/2023
TYPE	ORIGINAL NOTIONAL	Short NOT.	M/L NOT.	Short NOT.	M/L NOT.	FAIR VALUE	FAIR VALUE
IRS on loans	563,000	110,353	246,110	97,732	205,287	1,200	6,306
Currency options	29,786	30,206	-	-	-	114	-
Commodities Swap	2,718	2,718	-	-	-	112	-
Total	**595,504**	**143,277**	**246,110**	**97,732**	**205,287**	**1,426**	**6,306**
Total Notional		**389,387**		**303,019**			

As at 31 December 2024, derivative financial instruments related to IRSs on loans entered into by the Company showed a positive fair value of EUR 1,200 thousand (EUR 6,306 thousand as at 31 December 2023).

The change in the fair value of derivatives for EUR 4,880 thousand compared to the previous year is mainly determined as follows:

- negative change in fair value of EUR 5,106 thousand for derivative financial instruments on interest rates (Note 4.9 – “Financial expense”);
- positive change in the fair value of derivative financial instruments on foreign currency transactions for EUR 114 thousand (Note 4.10 – “Exchange gains and losses”);
- positive change in the fair value of derivative financial instruments on purchases of the main copper and aluminium commodities for EUR 112 thousand;

Other securities refer to investments in insurance certificates, with Unicredit, totalling EUR 300 thousand. The fair value measurement as at 31 December 2024 resulted in the recognition of a positive change of EUR 9 thousand (see Note 4.8 – “Financial Income”). "Cash pooling" represents receivable balances for the Company deriving from the Group’s centralised treasury. The numerical change in Cash Pooling as at 31 December 2024 is approximately EUR 16,478 thousand.

The aforementioned net disinvestments in financial assets resulted in a net cash generation of EUR 27,243 thousand (determined by the difference between the change in other current financial assets of EUR 30,091 net of the negative change in the fair value of derivatives of EUR 4,880 thousand, the positive change in receivables for invoices to be issued for Cash pooling interest of EUR 766 thousand, the positive change in the fair value of investments in policies for EUR 190 thousand, the interests on non-collected intergroup loans of EUR 1,076 thousand).

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3.10 OTHER CURRENT ASSETS

The details of this item are shown below:

Other current assets *(in thousands of Euro)*	**31/12/2024 (d)**	**31/12/2023 (a)**	**MERGER CONTRIBUTION (b)**	**PROFORMA (c=a+b)**	**Change (e=d-c)**
Advances to suppliers	957	956	95	1,051	(94)
Receivables from Group Companies for tax consolidation	1,077	1,842	(1,782)	60	1,017
Sundry receivables	1,462	2,217	346	2,563	(1,101)
Total	**3,496**	**5,015**	**(1,341)**	**3,674**	**(178)**

The increase in "other current assets" for EUR 178 thousand is due to:

- the decrease in sundry receivables for EUR 1,101 thousand for receivables collected during the year, including the part of current receivables from the subsidiary SEST-LUVE-Polska SP.z.o.o. for values referring to the customer list and the know-how of the commercial evaporators production line transferred to Poland in 2020 (for EUR 1,383 thousand) and advances to suppliers for EUR 94 thousand;
- an increase of EUR 1,017 thousand mainly for tax consolidation receivables from Refrion S.r.l. and RMS S.r.l., that fall within the scope of the tax consolidation scheme as from 2024.

3.11 CASH AND CASH EQUIVALENTS

The details of this item are shown below:

Cash and cash equivalents *(in thousands of Euro)*	**31/12/2024 (d)**	**31/12/2023 (a)**	**MERGER CONTRIBUTION (b)**	**PROFORMA (c=a+b)**	**Change (e=d-c)**
Cash and cash equivalents	101,660	80,081	8,097	88,178	13,482
Cash equivalents	125,000	82,500	-	82,500	42,500
Total	**226,660**	**162,581**	**8,097**	**170,678**	**55,982**

For further information on cash flow dynamics, please refer to paragraph 1.5 – "Statement of Cash Flows" above.

The cash equivalents refer to Time deposits of EUR 125,000 thousand with a maturity of less than 3 months (Note 3.9 – "Current financial assets"), measured at amortised cost.

The Company has placed no restrictions and/or constraints on the use of these amounts.

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3.12 SHAREHOLDERS' EQUITY

The share capital amounts to EUR 62,704 thousand, unchanged from 31 December 2023.

During the year 2024, dividends of EUR 8,882 thousand were distributed by the Company through the use of the extraordinary reserve partly from retained earnings from the previous year.

As at 31 December 2024, LU-VE S.p.A. held 28,027 treasury shares with a value of EUR 288 thousand. It should be noted that the Company did not purchase and/or sell any treasury shares during the year 2024.

The table provided below shows the possibility of use of the different items of the shareholders' equity and the summary of uses in the last three years:

				Summary of uses in the last three years (*)	
Nature/description	**Amount**	**Possibility of use**	**Available portion**	**to cover losses**	**for other reasons**
Share capital	62,704	-			
Capital reserves:		-			
Share premium reserve	24,762	A,B,C	24,762		
Reserve for treasury shares	-	-			
Profit reserves:					
Legal reserve	4,862	B			
Exchange delta reserve not available	-	B			
Extraordinary reserve	6,225	A,B,C	6,225		(25,784)
Fair value change reserve not available	2,482	B			
Revaluation reserve	273	A,B	273		
Actuarial gains/(loss) of employee benefits reserve	16	-			
Total (*)	**101,324**		**31,260**	-	
Non-distributable portion	73,583				
Distributable portion	27,741				

(*) Please note the existence of tax restrictions mainly for realignment transactions in the Share Capital carried out in 2000/2003 and 2005 for EUR 7,709 thousand, EUR 273 thousand in the revaluation reserve and EUR 152 thousand in the extraordinary reserve (as reported in the 2021 UNICO form). During the year 2022, following the realignment of trademarks and buildings, an additional amount of EUR 6,292 thousand was restricted (EUR 3,198 thousand in the legal reserve and EUR 3,094 thousand in the share premium reserve). There are no further constraints as a result of the Merger, for further information, please see Appendix A to the Directors' Report

Key:
A: for capital increases
B: to cover losses
C: for distribution to shareholders

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3.13 LOANS

This item was broken down as follows:

	31/12/2024		31/12/2023 (a)		MERGER CONTRIBUTION (b)		PROFORMA (c=a+b)	
Loans *(in thousands of Euro)*	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
M/L-term bank loans	119,252	263,258	118,620	250,222	-	-	118,620	250,222
Advances on export flows	10,000	-	-	-	-	-	-	-
Total	**129,252**	**263,258**	**118,620**	**250,222**	**-**	**-**	**118,620**	**250,222**

As at 31 December 2024, bank loans amounted to EUR 382,510 thousand (EUR 368,842 thousand as at 31 December 2023).

For the breakdown of this item, recognised at the amortised cost, the evolution with respect to the previous year and the characteristics of the bank loans held by the LU-VE Group are provided in the table in paragraph 9 – "Appendix B". It should be reminded that for floating rate loans, LU-VE Group calculated the amortised cost as at 31 December 2024 on the basis of the market forward yield curve at the reporting date.

In relation to certain loan agreements, LU-VE Group is committed to meeting specific financial and economic parameters (covenants), which however, are tested only annually on drawing up the Consolidated Financial Statements as at 31 December of each year. In accordance with ESMA Guidelines 2021/32-382-1138, the related Appendix shows the loans outstanding as at 31 December 2024, for which compliance with the equity and economic covenants is required on a consolidated basis, as well as the characteristics of the covenants themselves (in thousands of Euro).

The changes in loans during the year are shown below:

Loans: changes for the year *(in thousands of Euro)*	Opening balance	New loans	Repayments	Amortised cost effect (*)	Closing balance
Loans	368,842	135,000	(116,940)	(4,392)	382,510
Other advances on invoices	-	40,000	(30,000)	-	10,000
Total	**368,842**	**175,000**	**(146,940)**	**(4,392)**	**392,510**

(*) Impact generated by calculating future cash outflows for interest on the basis of market forward rate curves for variable-rate loans, of which EUR 2,641 thousand related to the impact on Income Statement (determined by the positive effect of the updated interest yield curves for EUR 4,128 thousand and the net positive effect of accrued interest for the year not yet paid equal to EUR 1,487 thousand, Note 4.9 – "Financial expenses") and EUR 1,751 thousand related to the reimbursement of the interest accrued in fiscal year 2023 and paid in 2024.

The following changes took place in loans in 2024:

- disbursement occurred in January 2024 of EUR 30,000 thousand obtained from the unsecured loan subscribed in December 2023 with Unicredit S.p.A. for a total of EUR 30,000 thousand. The loan with a duration of 60 months (of which 9 months in the grace period) is aimed at

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supporting the general financial needs related to the exercise of the activities of the LU-VE Group. The loan requires compliance with financial covenants (please refer to Appendix B);

- subscription of an unsecured loan for EUR 30,000 thousand with BPER S.p.A., fully proceeded at the signing date, with a duration of 60 months (of which 12 months in the grace period). The loan requires compliance with financial covenants (please refer to Appendix B);

- In November, an unsecured loan for EUR 35,000 thousand was subscribed with B.N.L. S.p.A., fully disbursed at the time of subscription, for a term of 72 months (of which six months of grace period). Intended for general corporate needs, this loans requires compliance with financial covenants. This loan does not provide for better conditions on reaching specific sustainability targets;

- in November, an unsecured loan for EUR 25,000 thousand was subscribed with Intesa Sanpaolo S.p.A. for a term of 72 months (of which 6 months of grace period), with fixed capital repayments on a quarterly basis. Aimed at supporting and expanding the Group's operating volumes, this loan provides for compliance with financial covenants;

- in November, an unsecured loan for EUR 15,000 thousand was subscribed with Intesa Sanpaolo S.p.A. for a term of 72 months (of which 6 months of grace period), with fixed capital repayments on a quarterly basis. Aimed at supporting and expanding the Group's operating volumes, this loan provides for compliance with financial covenants;

- repayments for the year of EUR 116,940 thousand entirely related to repayments made during the year of current instalments of existing loans, no early redemptions occurred in 2024.

The new loans were stipulated by taking into account the average cost of the LU-VE Group’s debt, in line with market interest rates.

The total cash flows absorbed for reimbursements amounted to EUR 116,940 thousand (EUR 102,786 thousand in 2023), the subscriptions brought a cash generation of EUR 135,000 thousand.

It should be noted that the following guarantees are in place on the existing loans subscribed with Deutsche Bank in 2020:

- with reference to the loan of EUR 5,500 thousand maturing on 11 November 2026, a 90% guarantee is in place, granted by *Fondo Centrale di Garanzia PMI* (Italian central guarantee fund for SMEs) pursuant to Italian Law 40 of 5 June 2020, in order to support small and medium companies whose business has been affected by the COVID-19 emergency;

- with reference to the loan of EUR 10,000 thousand maturing on 11 November 2025, a payment guarantee issued by SACE S.p.A. applied, for the benefit of the bank, to cover 50% of the due amount of principal and interest to be paid by LU-VE S.p.A. The SACE guarantee is to be intended as public support for the development of production activities benefiting from the counter-guarantee of the Italian government in the context of the application of Italian Legislative Decree no. 123 of 31 March 1998, “Provisions for the rationalisation of public

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support measures for enterprises", pursuant to article 4, paragraph 4, letter c) of Italian Law no. 59 of 15 March 1997.

All outstanding bank loans were denominated in Euro, and were mainly floating rate and pegged to the Euribor. Note 4.15 below provides the information relating to financial risks.

During 2024, the following changes occurred in the item "Other advances on invoices":

- use of short-term lines of credit for EUR 40,000 thousand;

- repayments of short-term credit lines amounted to EUR 30,000 thousand.

The Company did not enter into any reverse factoring/supplier financing agreements during the year.

3.14 PROVISIONS

Change in provisions *(In thousands of Euro)*	**31/12/2023 (a)**	**MERGER CONTRIBUTION (b)**	**PROFORMA (c=a+b)**	**Provisions/ (Releases)**	**Utilizations**	**31/12/2024 (d)**
Provision for agents' leaving indemnities	18	14	32	90	-	122
Product warranty provision	1,445	1,029	2,474	140	(97)	2,517
Total	**1,463**	**1,043**	**2,506**	**230**	**(97)**	**2,639**

The provision for agents' leaving indemnities covers the amounts to be paid out to agents in the event of termination of the agency relationship by the Company. The provision increased by EUR 90 thousand compared to the previous year.

The product warranty provision relates to the risk of returns or charges from customers for products already sold and identified as non-compliant. Increased by EUR 140 thousand compared to the previous year, this provision is adjusted on the basis of analyses conducted and past experience.

Provisions, which represent the estimated future outflows calculated partly based on historical experience, were subject to actuarial valuation as at 31 December 2024. As the effect was deemed negligible, it was not incorporated in the Company's Separate Financial Statements as at 31 December 2024.

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3.15 EMPLOYEE BENEFITS OBLIGATIONS

As at 31 December 2024, employee benefits obligations amounted to a total of EUR 2,120 thousand with a net decrease of EUR 237 thousand compared to 31 December 2023 proforma, for further details see Appendix A to the Directors' Report.

The entire amount of this item referred to the Post-employment benefits (*Trattamento di Fine Rapporto, T.F.R.*), which includes substantially the post-employment benefits accrued by personnel employed as at 31 December, net of advances paid out to employees.

In accordance with what is established by domestic regulations, the amount due to each employee accrues based on services rendered and is disbursed when the employee leaves the company. The amount due upon termination of the employment relationship is calculated on the basis of its duration and the taxable wages of each employee. The liability is revalued each year on the basis of the official cost of living index and legal interest.

The relative regulations were supplemented by Italian Legislative Decree 252/2005 and Italian Law 296/2006 (2007 Financial Act), which established that for companies with at least 50 employees the amounts accrued starting in 2007 would be allocated to the INPS Treasury Fund or to supplementary pension plans, at the choice of the employee, and would therefore become "Defined contribution plan".

In application of IAS 19, the provision for post-employment benefits is recalculated using the actuarial valuation methodology with the support of an external expert, and adjusted in relation to the occurrence of events which require its updating.

The date of the last actuarial valuation was 31 December 2024.

The breakdown and changes in the item as at 31 December 2024 are shown below:

Employee benefits *(in thousands of Euro)*	**31/12/2024**	**31/12/2023**	**MERGER CONTRIBUTION**	**PROFORMA**
Liabilities as at 1 January	2,357	791	1,772	2,563
Provisions		-	-	-
Financial expense	73	27	60	87
Payments made	(270)	(39)	(290)	(329)
Transfers in/out		(6)	-	(6)
Actuarial (gains)/losses	(40)	9	33	42
Liabilities at the end of the year	**2,120**	**782**	**1,575**	**2,357**

The Post-employment benefits changed primarily based on uses for the year to disburse advances and/or payments to former personnel.

The adjustment to shareholders' equity for actuarial gains and losses includes a net actuarial gain of EUR 40 thousand, calculated as follows:

- actuarial gain deriving from the change in the main actuarial assumptions used as at 31 December 2024 with respect to the previous valuation of EUR 20 thousand as at 31 December 2023;

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- actuarial loss deriving from the effect of the change in the group subject to valuation between one valuation and another, which was different from what was assumed, equal to EUR 20 thousand.

Actuarial gains and losses are recognised in shareholders' equity through the statement of comprehensive income.

The amounts recognised in the Income Statement are included in "Personnel costs" (please see Note 4.5 – "Personnel costs").

The main financial and demographic assumptions used at the date of the last reference valuation of 31 December 2024 are shown below:

Financial assumptions	**31/12/2024 %**	**31/12/2023 %**
Discount rate (IBOXX Eurozone Corporate AA 10+ Index)	3.18	3.08
Inflation rate	2.00	2.00
Employee severance indemnity increase rate	3.00	3.00

The sensitivity analysis for the provision for post-employment benefits is reported below. The following table reports the change in the provision with the variation of the most significant actuarial hypothesis, that is the discount rate:

Sensitivity of provision for post-employment benefits as at 31/12/2024 *(in thousands of Euro)*	**0.25%**	**-0.25%**
Discount rate	23	(23)

3.16 OTHER FINANCIAL LIABILITIES

The item "Other financial liabilities" refers to financial payables linked to IFRS 16 and the Cash Pooling payables.

The details of this item for the non-current portion are shown below:

Other non-current financial liabilities *(in thousands of Euro)*	**31/12/2024 (d)**	**31/12/2023 (a)**	**MERGER CONTRIBUTION (b)**	**PROFORMA (c=a+b)**	**Change (e=d-c)**
IFRS 16 financial liabilities	6,961	684	1,142	1,826	5,135
Other financial liabilities	-	990	-	990	(990)
Total	**6,961**	**1,674**	**1,142**	**2,816**	**4,145**

Other non-current financial liabilities consisted of "IFRS 16 financial payables" for EUR 6,961 thousand, referring to the medium- and long-term lease payable recognised in application of IFRS 16; "Other financial payables" were paid off during the year.

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The increase of IFRS 16 financial liabilities mainly refers to the renewal of the lease agreement of the Alonte facility, for a lease term of 6 years.

The details of this item for the current portion are shown below:

Other current financial liabilities *(in thousands of Euro)*	**31/12/2024 (d)**	**31/12/2023 (a)**	**MERGER CONTRIBUTION (b)**	**PROFORMA (c=a+b)**	**Change (e=d-c)**
Cash Pooling	10,944	11,808	-	11,807	(864)
IFRS 16 financial payables	1,857	418	1,502	1,920	(63)
Total	**12,801**	**12,226**	**1,502**	**13,727**	**(927)**

Cash pooling represented liabilities for the Company relating to the Group’s centralised treasury. As at 31 December 2024, the balance of EUR 10,944 thousand is mainly linked to the company LU-VE Sweden AB for EUR 5,072 thousand, the company HTS s.r.o. for EUR 3,174 thousand, the company Fincoil OY for EUR 2,398 thousand and other Group companies for EUR 300 thousand.

The item "IFRS 16 financial payables" of EUR 1,857 thousand refer to the short-term lease payable recognised in application of the IFRS 16. The total "cash out" in the year with reference to IFRS 16 amounts to approximately EUR 2,059 thousand.

The monetary effect of other financial liabilities is negative for EUR 4,223 thousand (based on the decrease in the Cash Pooling and other financial payables of EUR 2,164 thousand, and EUR 2,059 thousand related to the payment in the year of IFRS 16 lease costs).

3.17 TRADE PAYABLES

The breakdown of trade payables by geographical area is shown below:

Trade payables *(in thousands of Euro)*	**31/12/2024 (d)**	**31/12/2023 (a)**	**MERGER CONTRIBUTION (b)**	**PROFORMA (c=a+b)**	**Change (e=d-c)**
Italy	31,456	19,876	11,832	31,708	(252)
EU countries	8,151	3,999	2,982	6,981	1,170
Non-EU countries	5,112	210	1,778	1,988	3,124
Total	**44,719**	**24,085**	**16,592**	**40,677**	**4,042**

The increase of EUR 4,042 thousand is mainly due to the increase in average payment days compared to the previous year.

As at 31 December 2024, there were no past-due payables of significant amounts, nor payables with due date exceeding 5 years, nor had the Company received payment orders for past-due payables.

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Contract liabilities (advances received from customers before rendering any service) for an amount of EUR 346 thousand were recognised under trade payables. There were no supplier financing and/or reverse factoring transactions during the year.

The change in "Trade payables" therefore resulted in a cash generation of EUR 4,042 thousand.

The Directors believe that the recognition amount of trade payables is similar to their fair value.

3.18 TAX LIABILITIES

Current tax liabilities *(in thousands of Euro)*	**31/12/2024 (d)**	**31/12/2023 (a)**	**MERGER CONTRIBUTION (b)**	**PROFORMA (c=a+b)**	**Change (e=d-c)**
Payables to tax authorities for direct taxes	338	-	357	357	(19)
Other payables	2,050	1,170	761	1,931	119
Total	**2,388**	**1,170**	**1,118**	**2,288**	**100**

The item "Other payables" for EUR 2,050 thousand mainly refers to the payable to the tax authorities for tax withholdings for employees and Directors.

The item "Payables to tax authorities for direct taxes" for EUR 338 thousand mainly refers to the payable to tax authorities for IRAP.

3.19 DEFERRED TAX ASSETS AND LIABILITIES

The details of this item are shown below:

Deferred tax assets and liabilities *(in thousands of Euro)*	**31/12/2024 (d)**	**31/12/2023 (a)**	**MERGER CONTRIBUTION (b)**	**PROFORMA (c=a+b)**	**Change (e=d-c)**
Deferred tax assets	11,412	11,021	854	11,875	(463)
Deferred tax liabilities	(5,898)	(5,631)	(939)	(6,570)	672
Net position	**5,514**	**5,390**	**(85)**	**5,305**	**209**

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The nature of the temporary differences that resulted in the recognition of deferred tax liabilities and assets and the relative changes during the current year and the previous year are analysed below.

Deferred tax liabilities and assets: changes in the year	TAX LOSSES	DEPR/ AMORT. AND LEASES	MERGER GROSS UP	ACTUARIAL VALUATION OF POST-EMPLOYMENT BENEFITS	PROVISIONS AND ADJUSTMENTS	OTHER DIFFERENCES	TOTAL
31/12/2022	**-**	**632**	**4,378**	**(1)**	**(7,350)**	**17**	**(2,324)**
In Income Statement	(3,556)	(97)	-	-	535	(108)	(3,226)
In Shareholders' equity				(9)			(9)
31/12/2023	**(3,556)**	**535**	**4,378**	**(10)**	**(6,815)**	**(91)**	**(5,559)**
MERGER CONTRIBUTION	**-**	**973**	**-**	**3**	**(723)**	**1**	**254**
PROFORMA	**(3,556)**	**1,508**	**4,378**	**(7)**	**(7,538)**	**(90)**	**(5,305)**
In Income Statement	(369)	(200)	-	-	(35)	(449)	(1,053)
Tax consolidation	834	-	-	-	-	-	834
In Shareholders' equity	-	-	-	10	-	-	10
31/12/2024	**(3,091)**	**1,308**	**4,378**	**3**	**(7,573)**	**(539)**	**(5,514)**

As at 31 December 2024, deferred tax assets refer to:

- the impact on the income statement of the Company's tax losses; it is expected that this impact will be reduced over the next few years in consideration of the future taxable income expected from the companies included in the tax consolidation scheme;

- tax differences on increases in provisions;

- the deferred tax impact of the actuarial valuation of post-employment benefits following the application of IAS 19;

- other tax differences, regarding net temporary recoveries such as unpaid remuneration, exchange rate differences and other.

As at 31 December 2024, deferred tax liabilities referred to:

- tax differences on accounting depreciation and depreciation recognised for tax purposes on fixed assets;

- the recognition of taxes on the 2008 merger difference allocated to land.

As reported in the previous Note "Use of estimates", in the test of recognition and recoverability of deferred tax assets recognised in the Financial Statements as at 31 December 2024, the taxable income derived from the 2025-2028 business plan of the Company and Italian subsidiaries participating in the tax consolidation scheme for the same period were taken into account and, by extrapolation from the latter, the expected taxable income for the year following that of the explicit period. The effects deriving from the temporary differences on which deferred tax liabilities were recognised were also used in the test of recognition.

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3.20 OTHER CURRENT LIABILITIES

The details of this item are shown below:

Other current liabilities *(in thousands of Euro)*	**31/12/2024 (d)**	**31/12/2023 (a)**	**MERGER CONTRIBUTION (b)**	**PROFORMA (c=a+b)**	**Change (e=d-c)**
To employees	9,372	4,710	4,372	9,082	290
To social security institutions	4,761	2,178	2,216	4,394	367
To Directors and Statutory Auditors	2,308	1,869	166	2,035	273
Payables to subsidiaries for tax consolidation	444	2,393	(1,462)	931	(487)
Other current payables	4,450	2,716	3,123	5,839	(1,389)
Total	**21,335**	**13,866**	**8,415**	**22,281**	**(946)**

The increase in other current liabilities for EUR 946 thousand is due to:

- an increase of EUR 930 thousand for payables to directors and statutory auditors and payables to employees and social security institutions;
- a decrease of EUR 487 thousand for payables for tax consolidation to the Italian companies participating in the tax consolidation scheme;
- a decrease of EUR 1,389 thousand following the decrease in Other current payables mainly attributable to payables for the purchase of fixed assets.

In early 2025, payables to employees and social security institutions were paid in accordance with the relative due dates.

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3.21 NET FINANCIAL POSITION

In compliance with the provisions of the ESMA Guidelines 2021/32-382-1138 issued on 4 March 2021, it should be noted that the Company's net financial position is as follows:

Net financial position *(in thousands of Euro)*	**31/12/2024 (d)**	**31/12/2023 (a)**	**MERGER CONTRIBUTION (b)**	**PROFORMA (c=a+b)**	**Change (e=d-c)**
A. Cash (Note 3.11)	101,660	80,081	8,097	88,178	13,482
B. Cash equivalents (Notes 3.9 and 3.11) (*)	125,000	82,500	-	82,500	42,500
C. Other current financial assets (Note 3.9) (**)	25,935	65,985	(9,959)	56,026	(30,091)
D. Total Liquidity (A+B+C)	252,595	228,566	(1,862)	226,704	25,891
E. Current financial debt (including debt instruments, but excluding current portion of non-current financial debt) (Note 3.16)	12,801	12,226	1,502	13,728	(927)
F. Current portion of non-current financial debt (Note 3.13)	129,252	118,620	-	118,620	10,632
G. Current financial debt (E+F)	142,053	130,846	1,502	132,348	9,705
H. Net current financial indebtedness (H-D)	(110,542)	(97,720)	3,364	(94,356)	(16,186)
I. Non-current financial debt (excluding current portion and debt instruments) (Notes 3.13 and 3.16)	270,219	251,896	1,142	253,038	17,181
- Non-current bank payables (Note 3.13)	263,258	250,222	-	250,222	13,036
- Lease payables and other non-current financial payables (Note 3.16)	6,961	1,674	1,142	2,816	4,145
J. Debt instruments	-	-	-	-	-
K. Non-current trade and other payables	-	-	-	-	-
L. Non-current financial indebtedness (I+J+K)	270,219	251,896	1,142	253,038	17,181
M. Net financial indebtedness (H+L)	159,677	154,176	4,506	158,682	995

(*) Cash equivalents refer to liquidity invested in Time deposit by Group companies with a maturity of less than 3 months (Note 3.9).

(**) The item "Other current financial assets" includes receivables for Cash Pooling from Group companies for EUR 12,810 thousand (Note 3.9).

Please refer to the Statement of Cash Flows in Note 1.5 for details on changes.

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4 COMMENT ON THE MAIN ITEMS OF THE INCOME STATEMENT

4.1 REVENUES

In 2024, revenues from sales amounted to EUR 185,733 thousand, a decrease of 6.63% compared to the previous year (EUR 198,930 thousand as at 31 December 2023).

Revenues by product family

Revenues by product *(in thousands of Euro)*	2024	%	2023	%	MERGER CONTRIBUTION (b)	PROFORMA (c=a+b)	%	Change	% Change
Air Cooled Equipment	129,484	69.72%	78,387	83.58%	58,443	136,830	68.78%	51,097	65.19%
Heat exchangers	56,249	30.28%	15,398	16.42%	46,702	62,100	31.22%	40,851	265.30%
Total	185,733	100.00%	93,785	100.00%	105,145	198,930	100%	(13,197)	(6.63%)

Revenues by geographical area

Revenues by geographical area *(in thousands of Euro)*	2024	%	2023	%	MERGER CONTRIBUTION (b)	PROFORMA (c=a+b)	%	Change	% Change
Italy	63,912	34.41%	28,211	30.08%	38,008	66,219	33.29%	(2,308)	(3.48%)
France	17,913	9.64%	14,747	15.72%	5,114	19,861	9.98%	(1,948)	(9.81%)
The Netherlands	14,755	7.94%	2,205	2.35%	9,311	11,516	5.79%	3,239	28.12%
Czech Republic	10,042	5.41%	2,102	2.24%	6,196	8,298	4.17%	1,744	21.02%
Finland	7,550	4.06%	1,033	1.10%	5,566	6,599	3.32%	951	14.41%
Spain	7,324	3.94%	5,107	5.45%	1,269	6,376	3.21%	948	14.87%
Germany	6,190	3.33%	9,467	10.09%	8,234	17,701	8.90%	(11,511)	(65.03%)
Poland	5,669	3.05%	5,841	6.23%	1,910	7,751	3.90%	(2,082)	(26.87%)
Belgium	4,423	2.38%	538	0.57%	2,835	3,373	1.70%	1,050	31.12%
United Arab Emirates	3,878	2.09%	3,858	4.11%	4,554	8,412	4.23%	(4,534)	(53.90%)
Saudi Arabia	3,806	2.05%	779	0.83%	1,487	2,266	1.14%	1,540	67.99%
Great Britain	3,327	1.79%	1,968	2.10%	1,492	3,460	1.74%	(133)	(3.84%)
Norway	3,238	1.74%	97	0.10%	25	122	0.06%	3,116	2,549.80%
Other countries	33,706	18.15%	17,832	19.01%	19,143	36,975	18.59%	(3,269)	(8.84%)
Total	185,733	100.00%	93,785	100.00%	105,145	198,930	100%	(13,197)	(6.63%)

For further details, please refer to the Directors' Report.

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4.2 OTHER OPERATING INCOME

Other operating income *(in thousands of Euro)*	2024 (d)	2023 (a)	MERGER CONTRIBUTION (b)	PROFORMA (c=a+b)	Change (e=d-c)
Other revenues	15,108	2,079	(431)	1,648	13,460
Total	**15,108**	**2,079**	**(431)**	**1,648**	**13,460**

Other revenues of EUR 15,108 thousand mainly refer to intergroup recharges that increased compared to previous years as a result of the Group's new organisational structure.

4.3 PURCHASES OF MATERIALS

Purchases of materials *(in thousands of Euro)*	2024 (d)	2023 (a)	MERGER CONTRIBUTION (b)	PROFORMA (c=a+b)	Change (e=d-c)
Raw materials and purchased components	89,546	40,601	53,499	94,100	(4,554)
Consumables	2,049	1,421	857	2,278	(229)
Total	**91,595**	**42,022**	**54,356**	**96,378**	**(4,783)**

In 2024, the cost for the purchase of materials decreased from EUR 96,378 thousand to EUR 91,595 thousand (down by EUR 4,783 thousand, or around 4.96%).

For further details, please refer to the Directors' Report.

4.4 COSTS FOR SERVICES

Services *(in thousands of Euro)*	2024 (d)	2023 (a)	MERGER CONTRIBUTION (b)	PROFORMA (c=a+b)	Change (e=d-c)
General and advisory expenses	9,917	9,157	(499)	8,658	1,259
Remuneration to the corporate bodies	3,631	3,382	625	4,006	(375)
Outsourced production	3,354	2,098	1,173	3,271	83
Expenses for utilities	5,516	3,532	2,204	5,736	(220)
Transport expenses	2,884	1,133	1,910	3,043	(159)
Maintenance expenses	4,738	2,129	1,308	3,437	1,301
Commissions	3,101	1,082	1,496	2,578	523
Costs for use of third-party assets	837	313	515	828	9
Advertising and promotional expenses	750	214	181	395	355
Other costs for services	2,578	2,121	1,348	3,470	(892)
Total	**37,306**	**25,161**	**10,261**	**35,422**	**1,884**

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The item "Costs for services" increased compared to the previous year by a total amount of EUR 1,884 thousand. This increase mainly refers to:

- the increase in costs for general and advisory expenses for EUR 9,917 thousand (EUR 8,658 thousand in 2023);

- the increase in maintenance costs of EUR 4,738 thousand (EUR 3,437 thousand in 2023) attributable to increased work on machinery;

- the increase in costs for advertising and promotional expenses amounting to EUR 750 thousand (EUR 395 thousand in 2023), due to increased participation in trade fairs;

- the decrease in transport expenses of EUR 2,884 thousand (EUR 3,043 thousand in 2023) mainly linked to the decrease in purchases;

- the decrease in expenses for utilities of EUR 5,516 thousand (EUR 5,736 thousand in 2023) mainly due to the decrease in the cost of electric energy at constant volumes;

- the decrease in costs for remuneration to corporate bodies of EUR 3,631 thousand (EUR 4,006 thousand in 2023) – see table below for more details;

- a decrease in other costs for services of EUR 9,870 thousand (EUR 10,147 in 2023) due to a reduction in charges from customers for non-quality costs, customs charges and contingent liabilities, as well as lower expenses for warehouse management, cleaning and personnel training;

For further details, please refer to the Directors' Report.

As described in Note 3.13 – "Loans", LU-VE S.p.A. has taken out unsecured loans that provide for conditions that become better for the Group when specific sustainability targets are achieved.

In this regard, LU-VE S.p.A. declares:

- to have purchased energy from renewable sources for all electric energy used during the year, equal to approximately 11,287 MWh/h;

- to have allocated approximately 0.3% of annual turnover to community support activities, for an amount of EUR 0.6 million;

- to have a procurement policy into its internal procedures that integrates environmental considerations and covers the purchases, transportation and energy supplies;

- to have introduced in the company fleet new vehicles with reduced environmental impact (approximately 23% of the total fleet);

- to have offered 4.08 hours of training per employee on environmental and social sustainability issues during the year, for a total of 3,782 hours.

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Remuneration to corporate bodies are provided below (for more details, please see Note 4.17 – "Directors' and Statutory Auditors' Remuneration" below):

Remuneration to the corporate bodies *(in thousands of Euro)*	**2024 (d)**	**2023 (a)**	**MERGER CONTRIBUTION (b)**	**PROFORMA (c=a+b)**	**Change (e=d-c)**
Directors' remuneration	3,367	3,239	531	3,770	(403)
Board of Statutory Auditors' remuneration	264	143	94	237	27
Total	**3,631**	**3,382**	**625**	**4,007**	**(376)**

For details on the remuneration of Directors and Statutory Auditors, reference should be made to Note 4.17 – "Directors' and Statutory Auditors' remuneration" of these Explanatory Notes.

Audit fees disclosure

Pursuant to article 149-duodecies of the CONSOB Issuers' Regulations, a summary table is included showing the audit fees paid for the services provided by Deloitte & Touche S.p.A., which was engaged to audit the Company's Separate and Consolidated Financial Statements:

Type of services	Service provider	Recipient	Remuneration *(in thousands of Euro)*
Audit	Deloitte & Touche S.p.A.	LU-VE S.p.A.	205
Limited assurance on the Consolidated Sustainability Statement	Deloitte & Touche S.p.A.	LU-VE S.p.A.	100
Oter non-audit services	Deloitte & Touche S.p.A.	LU-VE S.p.A.	45
		Total	350

4.5 PERSONNEL COSTS

Personnel costs *(in thousands of Euro)*	**2024 (d)**	**2023 (a)**	**MERGER CONTRIBUTION (b)**	**PROFORMA (c=a+b)**	**Change (e=d-c)**
Wages and salaries	40,617	15,119	21,626	36,745	3,872
Social security costs	12,197	5,361	6,720	12,081	116
Post-employment benefits	2,812	1,184	1,408	2,592	220
Total	**55,626**	**21,664**	**29,754**	**51,418**	**4,208**

In 2024, the average number of employees of LU-VE S.p.A. was 1,008 (1,031 in 2023, considering the average number of employees in 2023 of LU-VE S.p.A., SEST S.p.A. and Air Hex Alonte S.r.l.).

As at 31 December 2024, the number of Company employees was 988 (616 blue-collar workers, 352 white-collar workers and middle managers, 20 executives), compared to 1,032 in 2023 (considering

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the number of employees as at 31 December 2023 of LU-VE S.p.A., SEST S.p.A. and Air Hex Alonte S.r.l.).

As at 31 December 2024, the number of temporary employees was 59 (54 in 2023).

The increase in the item "Personnel costs" is mainly due to the different accounting of intergroup recharges following the Group's organisational change, see Note 4.2 – "Other revenues".

4.6 NET WRITE-DOWNS OF CURRENT FINANCIAL ASSETS

Write-downs *(in thousands of Euro)*	**2024 (d)**	**2023 (a)**	**MERGER CONTRIBUTION (b)**	**PROFORMA (c=a+b)**	**Change (e=d-c)**
Reversal/(write-down) of bad debt provision - intragroup	-	-	-	-	-
Reversal/(write-down) of bad debt provision - third parties	50	-	109	109	(59)
Total	**50**	**-**	**109**	**109**	**(59)**

The item includes the net accruals made during 2024 in accordance with the application of the IFRS 9 standard, reflecting the estimate of the potential forward-looking impacts of the global macroeconomic situation on the possible deterioration of customers' creditworthiness, of the countries in which operate and on their ability to meet their obligations.

For further details, please refer to Note 3.7 – "Trade receivables".

4.7 OTHER OPERATING EXPENSES

Other operating expenses *(in thousands of Euro)*	**2024 (d)**	**2023 (a)**	**MERGER CONTRIBUTION (b)**	**PROFORMA (c=a+b)**	**Change (e=d-c)**
Non-income taxes	440	236	202	438	2
Provisions/(Releases) for risks	231	-	(32)	(32)	263
Other operating costs	551	738	264	1,002	(451)
Total	**1,222**	**974**	**434**	**1,408**	**(186)**

Non-income taxes included mainly taxes on owned property.

The item "Other management expenses" shows a decrease of EUR 186 thousand compared to the previous year, mainly due to the lower amount of donations made during the year: in fact, it should be noted that in 2023 EUR 300 thousand had been donated to the population of Emilia Romagna affected by the May 2023 flood.

For year 2024, this item mainly includes membership contributions for EUR 199 thousand, contingent liabilities for EUR 107 thousand, stamp duties for EUR 73 thousand, deductible taxes and duties for EUR 69 thousand and other residual costs for EUR 283 thousand.

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4.8 FINANCIAL INCOME

Financial income *(in thousands of Euro)*	**2024 (d)**	**2023 (a)**	**MERGER CONTRIBUTION (b)**	**PROFORMA (c=a+b)**	**Change (e=d-c)**
Dividends from subsidiaries	23,924	20,000	3,784	23,784	140
Interest income	7,636	6,324	(578)	5,746	1,890
Other financial income	192	801	-	801	(609)
Total	**31,752**	**27,125**	**3,206**	**30,331**	**1,421**

Details of financial income are as follows:

- EUR 23,924 thousand refer to: (i) dividends distributed by SEST-LU-VE-Polska SP.z.o.o. for EUR 14,250 thousand and (ii) dividends distributed by Heat Transfer Systems s.r.o. for EUR 6,000 thousand; (iii) dividends distributed by Fincoil LU.VE OY EUR 2,000 thousand; (iv) dividends distributed by «OOO» SEST LU-VE for EUR 1,174 thousand; (v) dividends distributed by LU-VE France S.à.r.l. for EUR 500 thousand;

- EUR 7,636 thousand mainly refer to interest income accrued on Time deposits during the year, amounting to EUR 4,941 thousand (of which EUR 4,469 thousand were collected; for more details, please refer to Note 3.9 – “Current financial assets”), interest income on intergroup loans of EUR 1,320 thousand, cash pooling of EUR 766 thousand and bank interest income of EUR 609 thousand;

- EUR 192 thousand relate to the fair value of capitalisation policies and insurance certificates, of which EUR 181 thousand relate to the positive change in fair value as at 31 December 2024 of ARCA VITA policies and EUR 9 thousand to the measurement at fair value as at 31 December 2024 of Unicredit Cash Collect insurance certificates (see Note 3.9 – “Current financial assets”).

During the year, financial income of EUR 28,419 thousand was collected (equal to total interest of EUR 31,752 thousand net of the fair value of investments, interest income on Cash pooling, on loans to subsidiaries, from banks and on Time deposits, accrued and not collected, and non-collected dividends from subsidiaries of EUR 3,333 thousand).

4.9 FINANCIAL EXPENSE

Financial expense *(in thousands of Euro)*	**2024 (d)**	**2023 (a)**	**MERGER CONTRIBUTION (b)**	**PROFORMA (c=a+b)**	**Change (e=d-c)**
Interest expenses to banks	8,385	8,631	-	8,631	(246)
Interest expense to other lenders	311	39	-	39	272
Other financial expenses	5,355	7,909	363	8,272	(2,917)
Total	**14,051**	**16,579**	**363**	**16,942**	**(2,891)**

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“Interest expense to banks” of EUR 8,385 thousand refers primarily to interest on loans (for EUR 16,680 thousand in 2024), partially offset by the differentials exchanged with counterparties on IRS financial instruments (EUR 6,038 thousand in 2024), and by the effect of the amortised cost (EUR 2,257 thousand in 2024 resulting from the positive effect of the updated forward interest yield curves for EUR 4,128 thousand and the negative effect of interest for the year, but not yet paid, equal to EUR 1,871 thousand, please refer to Note 3.13 – "Loans”).

“Interest expense to other lenders” refers to the negative interest on Cash pooling.

Details of “Other financial expense” are as follows:

- EUR 5,106 thousand refers to the negative fair value on derivative financial instruments underlying existing loans of LU.VE S.p.A. (see Note 3.9 – "Current financial assets");

- EUR 249 thousand refers to other interest expense and financial expense accrued or realised during the year.

The monetary change in interest expense to banks was negative for EUR 11,337 thousand (equal to total interest on loans of EUR 16,680 thousand paid in the year, net of differentials exchanged with counterparties and collected on IRS financial instruments for EUR 5,654 thousand, and the payment of other interest expense for EUR 311 thousand).

4.10 EXCHANGE GAINS (LOSSES)

In 2024 LU-VE S.p.A. reported net exchange gains of EUR 1,003 thousand (net losses of EUR 1,512 thousand in 2023). Of these net gains, approximately EUR 1,553 related to unrealised exchange gains as at 31 December 2024 (net losses of EUR 1,427 thousand as at 31 December 2023) and EUR 550 thousand related to realised exchange losses as at 31 December 2024 (losses of approximately EUR 85 thousand as at 31 December 2023).

4.11 GAINS AND LOSSES FROM SALE OF INVESTMENTS AND OTHER INTERESTS

During 2024, the following write-downs were recorded:

- write-down of the investment in the subsidiary Thermo Glass Door S.p.A. for EUR 1,750 thousand, see Note 3.3 – “Equity investments”;
- write-down of intergroup financial receivables for the loan disbursed to the subsidiary LU-VE US Inc. for EUR 1,335 thousand, see Note 3.4 – “Other non-current financial assets”.

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4.12 INCOME TAXES

Income taxes *(in thousands of Euro)*	2024 (d)	2023 (a)	MERGER CONTRIBUTION (b)	PROFORMA (c=a+b)	Change (e=d-c)
Current taxes	338	-	-	-	338
Deferred tax liabilities	(1,053)	(3,064)	464	(2,600)	2,011
Adjustment previous year	(89)	(244)	18	(226)	155
Total	(804)	(3,308)	482	(2,826)	2,504

The reconciliation between the tax charge recognised in the Financial Statements and the theoretical tax charge, determined on the basis of theoretical tax rates in force in Italy, is shown below:

Reconciliation of IRES theoretical tax charge *(in thousands of Euro)*	Pre-tax amounts	%	Tax effect
Pre-tax profit (loss)	**18,191**	**24.00%**	**4,366**
+ Non-deductible amortisation and depreciation	106	0.14%	25
+ Costs for motor vehicles, telephony and food service	580	0.77%	139
+ Non-deductible local taxes	-	0.00%	-
+ Other permanent upward adjustments	2,239	2.95%	537
- Non-taxable dividends	(22,728)	(29.99%)	(5,455)
- Deductible IRAP	(34)	(0.04%)	(8)
- Other permanent downward adjustments	(881)	(1.16%)	(211)
Actual tax charge	**(2,527)**	**(27.33%)**	**(607)**
+ Temporary upward adjustments	2,105	2.78%	505
- Temporary downward adjustments	(1,572)	(2.07%)	(377)
Current tax charge	**(1,994)**	**(26.63%)**	**(479)**

Reconciliation of IRAP theoretical tax charge *(in thousands of Euro)*	Pre-tax amounts	%	Tax effect
Difference between values and costs of production	1,273	3.90%	50
+ Non-deductible amortisation and depreciation	105	0.32%	4
+ Non-deductible local taxes	-	0.00%	-
+ Non-deductible labour costs	2,355	7.21%	92
+ Other permanent upward adjustments	4,633	14.19%	181
- Permanent downward adjustments	(112)	(0.34%)	(4)
Actual tax charge	8,254	21.39%	323
+ Temporary upward adjustments	841	2.58%	34
- Temporary downward adjustments	(485)	(1.49%)	(19)
Current tax charge	**8,610**	**22.48%**	**338**

Deferred tax assets have been previously commented in Note 3.19 – “Deferred tax assets and liabilities”.

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Theoretical IRES taxes were determined by applying the tax rate in force, equal to 24%, to the pre-tax result, while the theoretical IRAP taxes were determined by applying the current tax rate of 3.9% to the difference between production values and costs.

With reference to the tax audit conducted by the Italian Tax Authority on the parent company concerning the fiscal years 2016, 2017, 2018, and 2019, and the report on findings relating to the year 2019, no further requests have been made and no further activities have been undertaken by the Tax Authority.

In the second half of 2024, the Central Directorate for Large Taxpayers and International Affairs (*Direzione Centrale Grandi Contribuenti e Internazionale*) of the Italian Tax Authority sent a request for information to the Parent Company LU-VE S.p.A. to initiate the preliminary activity concerning the application submitted on 28 December 2020 for access to the procedure aimed at the stipulation of Advanced Pricing Agreements ("*APA*"), as provided for by art. 31-*ter* of Italian Presidential Decree 600/73. The Company promptly responded to all documentary requests received.

For further details, please refer to the Note 8 – "Subsequent events occurred after 31 December 2024".

4.13 PUBLIC CONTRIBUTIONS

During 2024 year, the Company accounted on an accrual basis the following contributions falling under the cases pursuant to Italian Law 124 of 4 August 2017. With regard to tax reliefs (already included by the Company in the specific declarations) and the general measures available to all companies, it has not been deemed necessary to indicate them in the Explanatory Notes to the Financial Statements on the basis of authoritative interpretations of current regulations while waiting for a definitive interpretation by the relevant Ministries.

Granting body	Nature of public contribution	Public Contribution relating to 2024 year	Public Contribution relating to 2023	MERGER CONTRIBUTION	PROFORMA	Classification in the Financial Statements
Gestore dei Servizi Energetici GSE S.p.A.	Subsidies in the year for photovoltaic system	167	64	153	217	As a reduction in Expenses for utilities, included in the item "Costs for Services"
Total		**167**	**64**	**153**	**217**	

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4.14 DIVIDENDS

In May 2024, dividends for EUR 8,883 thousand were distributed, corresponding to the distribution of a gross dividend of EUR 0.40 (zero/40) for each of the 22,206,341 shares outstanding, net of treasury shares.

With respect to the current year, the Directors proposed the payment of a EUR 0.42 (zero/42) dividend per share. This dividend is subject to the approval of the annual Shareholders' Meeting called for the approval of the Financial Statements of the Parent Company and, therefore, it was not included under liabilities in these Financial Statements.

Any proposed dividend will be payable as of 30 April 2025, with coupon no. 10 on 28 April 2025 (record date on 29 April 2025).

4.15 INFORMATION ON FINANCIAL RISKS

IFRS 7 requires companies to provide supplementary information in their Financial Statements that enable users to evaluate:

a) the significance of financial instruments with reference to the financial position and the profit and loss of the companies;
b) the nature and extent of risks deriving from financial instruments to which the Company is exposed in the course of the year and at the reporting date, and how they are managed.

The Company is exposed to financial risks related to its operations, particularly those of the following nature:

- credit risk, particularly with reference to ordinary trade relations with customers;
- market risk (particularly exchange rate risk, relating to transactions in currencies other than the functional currency, interest rate risk, relating to the Company's financial exposure, raw material price volatility risk);
- liquidity risk, which may take the form of the inability to obtain the financial resources necessary for Company operations.

The coordination and monitoring of the main financial risks are centralised in the Management. The Company carefully and specifically monitors each of the above-mentioned financial risks, intervening with the aim of minimising them promptly, also using hedging derivatives.

The Company has established policies, among others, to protect its exposure to fluctuations in prices, exchange rates and interest rates through the use of derivative financial instruments. This hedging may be achieved using forward contracts, options and interest rate swaps.

Please note that all derivative instruments were subscribed for the purposes of hedging, from a management point of view, the underlying risks. However, at the reporting date, not all requirements of IFRS 9 for the application of hedge accounting were satisfied. Therefore, the Company Management deemed it appropriate to treat, from an accounting point of view, those instruments as trading, not hedging, transactions.

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Categories of financial instruments

The following tables group information relative to:

- Classes of financial instruments on the basis of their nature and characteristics;
- Carrying amount of financial instruments;
- Fair value of financial instruments (except financial instruments whose carrying amount approximates their fair value);
- Hierarchy of fair value levels for financial assets and liabilities whose fair value is reported.

Levels from 1 to 3 of the fair value hierarchy are based on the degree of observability of information:

- Level 1 valuations are those derived from listed (unadjusted) prices on active markets for identical assets or liabilities;
- Level 2 valuations are those derived from inputs other than the listed prices referred to at Level 1 which are observable for the assets and liabilities, both directly (e.g. prices) or indirectly (e.g. derived from prices);
- Level 3 valuations are those derived from the application of valuation techniques which include inputs for the assets or liabilities that are not based on observable market data (non-observable inputs).

Financial assets measured at fair value as at 31/12/2024 *(in thousands of Euro)*	**Level 1**	**Level 2**	**Level 3**	**Total**
Other financial assets				
Current financial assets	-	10,351	-	10,351
Derivatives	-	1,426	-	1,426
Total	**-**	**11,777**	**-**	**11,777**

Some of the Company's financial assets and liabilities are measured at fair value at each reporting date in the Financial Statements.

More specifically, the fair value of interest rate swaps is calculated discounting future cash flows on the basis of contractual forward interest rates, discounted at the date of the Financial Statements (level 2 fair value).

The fair value of Other financial assets derives from the fair value of investments in listed instruments, adjusted on the basis of the contractual return, and therefore falling under level 2 fair value.

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The categories of financial instruments are reported below:

Financial instruments by IFRS 9 categories *(in thousands of Euro)*	**31/12/2024**	**31/12/2023**	**MERGER CONTRIBUTION**	**PROFORMA**
Financial assets				
Amortised cost				
Cash and cash equivalents (*)	226,660	162,581	8,097	170,678
Time deposit (**)	-	10,000	-	10,000
Trade receivables	60,210	36,853	15,083	51,936
Other non-current assets	8,634	11,241	-	11,241
Fair Value				
Trading derivatives	1,426	6,306	-	6,306
Current financial assets (***)	24,509	49,679	(9,959)	39,720
Financial liabilities				
Amortised cost				
Loans	(392,510)	(368,842)	-	(368,842)
Trade payables	(44,719)	(24,085)	(16,592)	(40,677)
Other non-current financial payables (****)	(6,961)	(1,674)	(1,142)	(2,816)
Other current financial payables (*****)	(12,801)	(12,226)	(1,502)	(13,728)

(*) Cash and cash equivalents include EUR 125,000 thousand for Time deposits with a maturity of less than 3 months (EUR 82,500 as at 31 December 2023)

(**) Time deposit with maturity of more than 3 months. As at 31 December 2024, the Company had no such contracts in place, see Note 3.9 – "Current Financial Assets"

(***) Current financial assets are shown net of derivative financial instruments, equal to EUR 1,426 thousand, and Time deposits with a maturity exceeding 3 months falling under IFRS 9 categories for measurement at amortised cost

(****) Other non-current financial liabilities are represented by payables for IFRS 16 (see Note 3.16 – "Other financial liabilities")

(*****) Other current financial liabilities are represented by payables for cash pooling and payables for IFRS 16 (see Note 3.16 – "Other financial liabilities")

Credit risk management

The Company is exposed to credit risk deriving from commercial dealings with exposure to potential losses arising from the failure of commercial counterparties to meet their obligations. Trade receivables risk is monitored on the basis of formalised procedures for the selection and assessment of the customer portfolio, for the definition of credit limits by individual customer, for the monitoring of expected cash inflows and for any debt collection actions. In certain cases, customers are asked for further guarantees, primarily in the form of sureties.

Any delays in payments by customers may also make it necessary for the Company to finance the connected working capital requirement.

The Company assesses the creditworthiness of all customers at the start of the supply and then periodically. Each customer is assigned a credit limit based on this assessment.

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The historically low levels of losses on receivables recognised are proof of the good results achieved also in the presence of the impact of the pandemic.

LU-VE S.p.A. is also exposed to the credit risk of issuers of financial instruments.

Exchange rate risk management

Due to its ordinary operations, the Company is exposed to the risk of fluctuations in the exchange rates of currencies other than the functional currency in which commercial and financial transactions are reported. In terms of purchases, the main currency to which the Company is exposed is the US dollar (USD): indeed, raw materials in the reference markets are listed in USD and the cost is converted into Euro by applying the USD/Euro exchange rate for the day to the price in dollars; thus, exchange rate risk is borne by the buyer.

With an activity carried out at centralised level, in order to protect the result for the year and the economic and financial situation from such fluctuations and, therefore, reduce the risk arising from changes in exchange rates, LU-VE S.p.A. considers the subscription of derivative financial instruments with the intent of hedging the underlying risks: in particular, during 2024, financial instruments were entered into to hedge the EUR/USD exchange rate, such as swaps, TARFS and forwards. However, from a purely accounting perspective, although such instruments substantially hedge the risks mentioned, they do not meet all the requirements as laid out under IFRS 9 and cannot be defined as hedge accounting; therefore, the Group has decided to consider these instruments as for trading and not hedges and as a result such instruments were measured at fair value with changes reported on the income statement. For further details, please refer to Appendix A of the Explanatory Notes to the Separate Financial Statements.

Sensitivity analysis

With reference to financial assets and liabilities in foreign currency as at 31 December 2024, a theoretical and immediate revaluation of the Euro by 10% compared to other currencies would have entailed a loss of EUR 2,924 thousand.

Interest rate risk management

LU-VE S.p.A. uses short-term as well as, mainly, medium/long-term bank debt in accordance with adequate procedures and technical forms in relation to the structure of its investments.

Exposure to interest rate risk derives from the fact that LU-VE S.p.A. holds assets and liabilities sensitive to fluctuations in interest rates which are needed for the management of liquidity and financial requirements.

More specifically, the main source of exposure to the risk in question for LU-VE S.p.A. originates from the financial debt which is almost all floating rate. This risk is managed by entering derivative contracts (primarily Interest Rate Swaps) to hedge this risk based on its own needs. This hedging policy allows the Group to reduce its exposure to the risk of interest rate fluctuations. Interest rates fell in the first half of 2024 compared to 2023. Changes in interest rate policies may lead to a change, even a significant one, in the fair value of these instruments with a consequent impact on the income statement of subsequent years.

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As at 31 December 2024, the coverage of these risks represented 93.1% of the residual outstanding loans.

However, from a merely accounting perspective, the management of such instruments (which, although they substantially hedge the risks mentioned) does not meet all the requirements as laid out under IFRS 9 to be defined as hedge accounting and therefore changes in their fair value are recognised in the Income Statement.

Sensitivity analysis

With reference to the floating rate financial assets and liabilities as at 31 December 2024, a theoretical increase in interest rates by 100 basis points with respect to the spot interest rates in force at the same date, with all other variables remaining unchanged, would have entailed an increase in financial expense equal to EUR 3,806 thousand as at 31 December 2024, and equal to EUR 7,420 thousand on the entire residual contractual duration, without taking into account transactions with derivative instruments which were considered for trading.

Raw material price risk management

The production costs of the LU-VE S.p.A. are influenced by the prices of raw materials, mainly copper and aluminium. Risks are related to fluctuations in the prices of these materials on the reference markets (on which they are quoted in USD) and the fluctuation in the Euro/USD exchange rate (as the Group purchases in euro, while listings are in USD), as well as the reliability and the policies of mining and/or transformation companies.

The fluctuation in the availability and price of the above-mentioned materials could be significant, depending on a number of factors, including the economic cycle of the reference markets, supply conditions and other factors that are out of the control of LU-VE S.p.A. and are difficult to predict (such as: problems regarding the extraction or transformation capacity of individual suppliers which could hinder or delay the delivery of the raw materials ordered; operational and/or industrial decisions made by individual suppliers which entail an interruption of the mining or processing of the raw materials and the consequential greater difficulty in immediately finding said raw materials in the reference market; significant delays in the transport and delivery of these raw materials to the Company, the possible introduction of tariffs and the impacts of climate change on mining activities). With reference to the energy transition, in particular, additional quantities of copper and aluminium will be necessary, which will however require reduced energy intensity mining techniques.

To manage those risks, the Company constantly monitors the availability of raw materials in the market as well as the relative price trends (also taking into consideration USD currency fluctuations with respect to the euro), in order to promptly identify any shortfalls in the availability of raw materials and take suitable actions to guarantee the required production autonomy, and also to keep its production activities competitive with regard to this aspect as well. Analyses are constantly carried out to identify alternatives to strategic suppliers in order to reduce the relative dependence on them, as well as geographic diversification activities with the aim of both reducing purchasing costs with comparable quality and not being overly dependent on certain areas of the world. In particular, with regard to the main purchased raw material (copper) LU-VE S.p.A. has dealt for several years, for the most part in terms of volumes, with the same suppliers, selected and periodically assessed on the basis of trading reliability criteria and with whom a relationship based on reciprocal trust has been

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built. Furthermore, when it deems this necessary in relation to expected trends, the Company enters into contracts to hedge the risk of fluctuations in the price of raw materials.

The current year showed an increase in the cost of raw materials compared to the 2023 average, in particular copper, reaching the highest values ever reached in May. It should be noted that the Company has "pass through" systems in place which allow cost increases to be transferred to end customers, guaranteeing margin protection.

Unlike the problems that arose in previous years, related to the availability of materials, which forced a review of the procurement approach and an increase in inventories of raw materials and components in order to be able to respond to market demands in a timely manner, in 2024 the Company's inventory management approaches returned to a "just in time" principles, with positive effects on the reduction of inventories and responding to the market with delivery times in line with expectations.

Lastly, please note that oil price volatility impacts (aside from raw material prices) investments made at global level in the Power Gen market, making it difficult to predict trends in this market segment, especially in view of the energy transition, which could limit its operations in time.

Liquidity risk management

The liquidity risk to which the Company may be exposed consists of the failure to locate the adequate financial resources needed for its operations, as well as for the development of its industrial and commercial activities.

The Company's liquidity is provided primarily, on one hand, by the cash flow from or used in operating and investment activities, and on the other hand by the maturity characteristics of medium- and long-term financial payables.

In relation to this last aspect, the liquidity management guidelines adopted consist of:

- maintaining adequate medium/long-term loans in light of the level of non-current assets;
- maintaining an adequate level of short-term bank credit facilities (both in cash and for the assignment of domestic receivables and export credit).

The Company has lines of credit granted by multiple leading Italian and international banking institutions which are adequate to meet its current needs.

As at 31 December 2024, LU-VE S.p.A. has unused short-term credit lines totalling EUR 37.9 million.

In addition, to minimise liquidity risk the Administration and Financial Department:

- constantly checks forecast financial requirements to promptly take any corrective actions;
- maintains the proper composition of net financial debt, financing investments with own funds and possibly with medium/long-term payables.

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An analysis of financial liabilities by maturity as at 31 December 2024 is provided below:

Analysis of financial liabilities by maturity as at 31 December 2024 *(in thousands of Euro)*	**Book value**	**Contractual cash flows**	**Within 1 year**	**From 1 to 5 years**	**More than 5 years**
Bank loans	382,510	382,864	118,771	264,093	-
Other advances on invoices	10,000	10,000	10,000	-	-
IFRS 16 Financial payables*	8,818	8,818	1,857	5,436	1,525
Financial payables	**401,328**	**401,682**	**130,628**	**269,529**	**1,525**
Trade payables	44,719	44,719	44,719	-	-
Total	**446,047**	**446,401**	175,347	**269,529**	**1,525**

** "IFRS 16 Financial Payables" include the discounting of repayments of portions of principal amounts of lease instalments under IFRS 16*

The various maturity ranges are based on the period between the reporting date and the contractual maturity of the obligations. The amounts specified in the table correspond to non-discounted cash flows. The cash flows include principal and interest; for floating rate liabilities, interest is calculated based on the value of the benchmark at the closing date of the year, plus the spread established for each contract.

Capital risk management

The Company manages its own capital in order to ensure its business continuity, maximising at the same time return for shareholders, through the optimisation of the debt to equity ratio.

The Company's capital structure consists of net financial debt (loans described in Note 3.13 – "Loans", net of relative balances of cash and cash equivalents) and the Company's shareholders' equity (which includes the fully paid share capital, reserves, retained earnings and non-controlling interests, as described in Note 3.12 – "Shareholders' equity").

The Company is not subject to any externally imposed requirements in relation to its own capital.

4.16 RELATED PARTY TRANSACTIONS

The Company carries out some trade and financial transactions with Related Parties, settled at market conditions from the economic as well as financial perspective, or at the same conditions that would have been applied to independent counterparties. In this regard, there is however no guarantee that, if such transactions were concluded between, or with, third parties, they would have negotiated and entered into the relative contracts, or carried out such transactions, under the same conditions and with the same methods.

In compliance with the provisions of IAS 24, Related Parties are considered to be: *(a)* companies which directly, or indirectly through one or more intermediary companies, control, or are controlled by or under joint control with, the company preparing the Financial Statements; *(b)* associates; *(c)* the natural persons who directly or indirectly have voting power in the company preparing the Financial Statements, which gives them dominant influence over the company, and their close family members; *(d)* key managers, i.e., those who have the power and responsibility to plan, manage and control the activities of the company preparing the Financial Statements, including directors and officers of the company and their close family members; *(e)* the businesses in which significant voting

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power is directly or indirectly held by any natural person described in point c) or d) or in which such natural person is capable of exercising significant influence. The case in point e) includes the businesses held by directors or by the major shareholders of the company preparing the Financial Statements and the businesses that have a key manager in common with the company preparing the Financial Statements.

The transactions of LU-VE S.p.A. with Related Parties primarily relate to:

- financial transactions;
- transactions connected to service agreements;
- trade transactions;
- transactions entered into as part of the national tax consolidation scheme with the Italian companies of the LU-VE Group therein included.

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The impact on the Statement of financial position and the Income Statement items of the transactions between the Company and its directly and indirectly controlled subsidiaries is shown below:

Intercompany (In thousands of Euro)	Trade receivables	Trade payables	Financial receivables	Financial payables	Other receivables/(payables)	Revenues for goods and services	Costs for goods and services	Financial income	Financial expense	Other revenues/(costs)
SEST-LUVE-Polska SP.z.o.o.	6,519	(3,835)	7,121	-	1,283	8,752	(12,588)	382	-	-
Thermo Glass Door S.p.A.	744	(207)	3,742	-	(444)	745	(225)	224	-	-
«OOO» SEST LU-VE	204	-	-	-	106	-	(1)	-	-	-
Heat Transfer Systems s.r.o. (HTS)	2,520	(200)	-	(3,236)	-	2,643	(612)	-	(62)	-
LU-VE France S.a.r.l.	1,534	(68)	-	-	-	11,073	(117)	-	-	-
LU-VE Deutschland GmbH	3,533	(542)	-	-	-	1,239	(535)	-	-	-
LU-VE Iberica S.L.	3,544	(38)	-	-	-	6,183	(45)	-	-	-
LU-VE Sweden AB	2,538	(333)	5,063	(5,252)	-	3,596	(501)	-	(180)	-
MANIFOLD S.r.l.	87	(534)	361	-	22	83	(1,380)	12	-	-
LuveDigital S.r.l.	-	(84)	-	-	-	-	-	-	-	-
SPIROTECH Heat Exchangers Pvt. Ltd	1,827	(283)	3,850	-	-	2,438	(797)	191	-	-
LU-VE AUSTRIA GmbH	-	(19)	-	-	-	-	(65)	-	-	-
LU-VE US Inc.	5,309	-	20,853	-	-	3,415	(6)	1,076	-	-
LU-VE HEAT EXCHANGERS Co, Ltd	1,157	(3)	-	-	-	1,025	-	-	-	-
LU-VE Netherlands B.V.	530	(495)	-	(2)	-	1,215	(1,831)	-	-	-
LU-VE MIDDLE EAST DMCC	6	(160)	-	-	-	5	(713)	-	-	-
«OOO» LU-VE Moscow	-	-	-	-	-	483	-	-	-	-
Fincoil LU-VE OY	3,205	(237)	-	(2,454)	-	8,610	(407)	-	(56)	-
LU-VE SOUTH KOREA LLC	-	-	-	-	-	-	-	-	-	-
LU-VE UK Ltd	22	(12)	-	-	-	-	(82)	-	-	-
Refrion S.r.l.	1,833	(1,065)	1,586	-	978	1,886	(1,441)	134	-	-
RMS S.r.l.	495	(219)	700	-	77	366	(223)	53	-	-
Refrion Deutschland GmbH	9	-	-	-	-	9	(5)	-	-	-
TOTAL	**35,616**	**(8,334)**	**43,276**	**(10,944)**	**2,022**	**53,766**	**(21,574)**	**2,072**	**(298)**	**-**

Balances converted from foreign currencies are shown gross of the exchange rate delta.

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RELATED PARTY TRANSACTIONS

The table below shows the economic and financial transactions carried out by the Company with related parties outside of the LU-VE Group:

Related companies *(in thousands of Euro)*	**Trade receivables**	**Trade payables**	**Financial receivables**	**Financial payables**	**Trade revenues**	**Trade costs**	**Financial revenues**	**Financial costs**
Mauro Cerana	-	(27)	-	-	-	(27)	-	-
Total	**-**	**(27)**	**-**	**-**	**-**	**(27)**	**-**	**-**

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4.17 DIRECTORS' AND STATUTORY AUDITORS' REMUNERATION

The economic benefits of the Directors of the Parent Company and of the members of the Board of Statutory Auditors are reported in paragraph 11 "Appendix C" of these explanatory notes to the Financial Statements.

With reference to the remuneration relating to Key Managers, please refer to the "2024 Report on Remuneration".

4.18 SHARE-BASED PAYMENTS

As at 31 December 2024, there were no share-based incentive plans in favour of Company Directors or employees.

4.19 COMMITMENTS

Details of existing sureties as at 31 December 2024 are reported below:

Commitments as at 31/12/2024 (in thousands of Euro)	2024	2023	MERGER CONTRIBUTION	PROFORMA	Change
Sureties to banks with respect to customers of our subsidiaries	308	903	-	903	(595)
Sureties to banks with respect to customers	2,041	658	-	658	1,383
Sureties in favour of third parties	3,667	5,000	-	5,000	(1,333)
Insurance sureties	309	225	-	225	84
Total	**6,325**	**6,786**	**-**	**6,786**	**(461)**

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5 LIST OF EQUITY INVESTMENTS IN SUBSIDIARIES (ART. 2427 NO. 5 OF ITALIAN CIVIL CODE)

Company name	Registered office	% held	Currency	Share capital	Currency	Shareholders' Equity as at 31/12/2024	Currency	Profit (loss) for the year 2024	Currency	Cost of the equity investment
Direct subsidiaries:										
SEST-LUVE-Polska SP.z.o.o.	Gliwice (Poland)	95.00	PLN	16,000,000	PLN	328,214,463	PLN	45,236,059	EUR	25,308,457
«OOO» SEST LU-VE	Lipetsk (Russia)	95.00	RUB	136,000,000	RUB	4,249,402,335	RUB	1,468,858,176	EUR	3,770,723
Thermo Glass Door S.p.A.	Travacò Siccomario (PV)	100.00	EUR	100,000	EUR	528,159	EUR	(857,710)	EUR	-
Heat Transfer Systems s.r.o. (HTS)	Novosedly (Czech Rep.)	100.00	CZK	133,300,000	CZK	497,979,984	CZK	115,140,112	EUR	9,539,657
LU-VE Sweden AB	Asarum (Sweden)	100.00	SEK	50,000	SEK	67,848,930	SEK	36,958,943	EUR	390,448
LU-VE France S.a.r.l.	Lyon (France)	100.00	EUR	84,150	EUR	1,911,934	EUR	319,703	EUR	1,303,072
LU-VE Pacific Pty Ltd	Thomastown (Australia)	100.00	AUD	200,000	AUD	2,170	AUD	-	EUR	-
LU-VE Deutschland GmbH	Stuttgart (Germany)	100.00	EUR	230,000	EUR	(1,817,934)	EUR	(335,908)	EUR	173,001
LU-VE Iberica S.L.	Madrid (Spain)	85.00	EUR	180,063	EUR	1,004,695	EUR	399,259	EUR	145,285
LU-VE HEAT EXCHANGERS (Tianmen) Co, Ltd	Tianmen (China)	100.00	CNY	61,025,411	CNY	71,954,033	CNY	7,671,632	EUR	10,535,407
LU-VE Asia Pacific Limited	Wan Chai (Hong Kong)	100.00	HKD	10,000	HKD	-	HKD	739,055	EUR	-
LuveDigital S.r.l.	Uboldo (VA)	50.00	EUR	10,000	EUR	66,629	EUR	12,384	EUR	5,000
MANIFOLD S.r.l.	Uboldo (VA)	99.00	EUR	10,000	EUR	218,478	EUR	63,313	EUR	9,900
SPIROTECH Heat Exchangers Pvt. Ltd	Ghaziabad, Uttar Pradesh (India)	100.00	INR	25,729,600	INR	4,353,832,432	INR	632,192,247	EUR	39,468,270
LU-VE AUSTRIA GmbH	Vienna (Austria)	100.00	EUR	17,500	EUR	185,394	EUR	63,822	EUR	17,500
LU-VE US Inc.	Jacksonville (USA, Texas)	100.00	USD	1,000	USD	(9,383,371)	USD	(5,722,417)	EUR	13,552,196
Fincoil LU-VE OY	Vantaa (Finland)	100.00	EUR	1,190,000	EUR	8,522,228	EUR	3,553,578	EUR	30,648,883
LU-VE Netherlands B.V.	Breda (Netherlands)	100.00	EUR	10,000	EUR	186,925	EUR	538,290	EUR	10,000
«OOO» LU-VE Moscow	Moscow (Russia)	100.00	RUB	100,000	RUB	21,985,385	RUB	10,786,558	EUR	1,382
LU VE MIDDLE EAST DMCC	Dubai (UAE)	100.00	AED	50,000	AED	771,205	AED	240,432	EUR	20,147
LU-VE SOUTH KOREA Llc	Seoul (South Korea)	100.00	KRW	100,000,000	KRW	24,908,385	KRW	(22,732,246)	EUR	107,680
LU-VE UK Ltd	London (United Kingdom)	100.00	GBP	10,000	GBP	58,091	GBP	117,838	EUR	11,500
Refrion S.r.l.	Flumignano di Talmassons (UD)	100.00	EUR	1,000,000	EUR	8,744,326	EUR	2,397,797	EUR	17,205,828
Indirect subsidiaries:										
RMS S.r.l. (100% owned by Refrion S.r.l.)	Flumignano di Talmassons (UD)	100.00	EUR	40,000	EUR	2,367,131	EUR	565,705	EUR	-
Refrion Deutschland GmbH (100% owned by Refrion S.r.l.)	Frankfurt am Main (Germany)	100.00	EUR	150,000	EUR	1,967	EUR	(127,935)	EUR	-

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6 SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

During 2024, no significant non-recurring transactions were carried out.

7 TRANSACTIONS DERIVING FROM ATYPICAL AND/OR UNUSUAL TRANSACTIONS

Pursuant to CONSOB communication of 28 July 2006, please note that in 2024 the Company did not carry out atypical and/or unusual transactions, i.e., transactions which in terms of their significance, the nature of the counterparties, the subject of the transaction, the pricing methods and the timing of occurrence may give rise to doubts with regard to the accuracy of the information in the Financial Statements, conflicts of interests, the safeguarding of the company assets or the protection of non-controlling shareholders.

8 SUBSEQUENT EVENTS OCCURRED AFTER 31 DECEMBER 2024

In February 2025, the Parent Company entered into a loan agreement with Intesa Sanpaolo S.p.A. for an amount of EUR 25 million, fully disbursed at the subscription date.

With reference to the Italian Tax Authority audit relating to the years 2016, 2017, 2018 and 2019, a number of additional requests, related to 2017, were made to which LU-VE S.p.A. promptly responded. With reference to the tax finding report served in November 2023, there were no further activities to be undertaken by the Italian Tax Authority.

With regard to the audit by the Central Directorate for Large Taxpayers and International Affairs (*Direzione Centrale Grandi Contribuenti e Internazionale*) of the Italian Tax Authority in relation to the application submitted on 28 December 2020 for access to the procedure aimed at the stipulation of Advanced Pricing Agreements (“*APA*”), as provided for by art. 31 *ter* of Italian Presidential Decree 600/73, the Company promptly responded to all documentary requests received.

The Company continues to pay great attention to the evolution of the crisis between Russia and Ukraine, which may have further significant repercussions on the global economy also as a result of the sanctions. For further details please see the Explanatory Notes to the Consolidated Financial Statements.

At Group level, turnover is expected to return to growth in the second half of 2025, thanks to strengthening consumer demand, the impact of key investments and the expected improvement in international turbulence, which is expected to create a stable environment for growth. Short-term uncertainty remains high and continues to increase, making shorter-range estimates difficult.

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The Company's record financial performance in 2024 was driven by operational efficiency, disciplined cost management and strategic investments, allowing it to improve its economic and financial performance. Looking ahead, the LU-VE Group focuses on resuming revenue growth while maintaining financial resilience and sustainable margins.

The financial performance confirms the validity of the strategy pursued in building a resilient business model (diversification of product applications in sectors with uncorrelated trends), supported by long-term factors such as: electrification, decarbonisation, digitisation and adoption of natural refrigerant gases with low or no environmental impact. The Group was the first to seize many of these key technological developments, strengthening its competitive advantage and positioning itself for long-term growth. These advances remain a crucial element in the Company's strategy to increase efficiency, expand market share and sustain profitability in a changing environment.

The expected growth at Group level will be driven mainly by strong consumer demand in the booming data centre market, as well as in commercial refrigeration and refrigerated transport, where the Company continues to strengthen its position with advanced, energy-efficient solutions. These fast-growing sectors present significant opportunities as global consumer demand for temperature-controlled cooling, energy efficiency and sustainable logistics continues to increase.

However, a high degree of uncertainty remains due to macroeconomic conditions, regulatory developments and geopolitical turmoil, which could affect the pace of growth and overall market dynamics. The Company remains cautious and adaptive in dealing with these external factors while pursuing its strategic priorities.

As the Group continues on its path, it will continue to prioritise operational improvements and targeted growth initiatives to support sustainable expansion, while maintaining a sound financial base.

The Chairman and Chief Executive Officer

Matteo Liberali

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9 APPENDIX A

IRS on loans (in thousands of Euro)

DEBTOR COMPANY	COUNTERPARTY	TAKEN OUT	MATURITY	ORIGINAL NOTIONAL	31/12/2024		31/12/2024
					Short NOT.	Short NOT.	FAIR VALUE
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	20/05/2020	30/09/2025	12,500	2,083	-	27
LU-VE S.P.A.	Banca Nazionale del Lavoro S.p.A.	28/05/2020	28/05/2025	40,000	5,000	-	70
LU-VE S.P.A.	Deutsche Bank S.p.A.	30/10/2020	30/10/2026	5,500	1,123	1,178	65
LU-VE S.P.A.	Deutsche Bank S.p.A.	30/10/2020	30/10/2025	10,000	2,000	-	30
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	31/03/2021	31/03/2026	30,000	7,500	1,875	177
LU-VE S.P.A.	Banco BPM S.p.A.	14/06/2021	31/03/2026	12,000	2,824	706	67
LU-VE S.P.A.	Banco BPM S.p.A.	14/06/2021	31/03/2026	18,000	4,235	1,059	97
LU-VE S.P.A.	Unicredit S.p.A.	30/09/2021	31/03/2025	30,000	4,286	-	69
LU-VE S.P.A.	Banco BPM S.p.A.	17/12/2021	30/09/2026	40,000	10,667	8,000	405
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	31/05/2022	31/05/2029	20,000	4,000	14,000	291
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	31/05/2022	31/05/2029	20,000	4,000	14,000	232
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	31/05/2022	31/03/2029	15,000	3,000	9,750	182
LU-VE S.P.A.	Banca Nazionale del Lavoro S.p.A.	22/07/2022	22/07/2027	40,000	8,000	16,000	442
LU-VE S.P.A.	BPER Banca S.p.A.	22/07/2022	22/07/2027	25,000	6,250	10,938	120
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	28/07/2022	28/07/2027	15,000	3,750	6,563	112
LU-VE S.P.A.	Deutsche Bank S.p.A.	25/10/2022	28/10/2028	15,000	3,333	10,000	(67)
LU-VE S.P.A.	Unicredit S.p.A.	24/11/2022	31/12/2026	25,000	6,250	6,250	(45)
LU-VE S.p.A.	Banco BPM S.p.A.	20/12/2022	30/09/2027	25,000	5,882	10,292	(197)
LU-VE S.p.A.	Intesa Sanpaolo S.p.A.	26/10/2023	26/10/2028	30,000	6,667	20,000	(383)
LU-VE S.p.A.	Unicredit S.p.A.	11/01/2024	31/12/2025	15,000	3,529	11,471	(101)
LU-VE S.p.A.	Unicredit S.p.A.	16/01/2024	31/12/2028	15,000	3,529	11,471	(38)
LU-VE S.p.A.	BPER	23/01/2024	22/01/2026	15,000	2,813	12,188	(115)
LU-VE S.p.A.	BPER	23/01/2024	22/01/2029	15,000	2,813	12,188	(80)
LU-VE S.p.A.	Banca Nazionale del Lavoro S.p.A.	17/12/2024	28/11/2030	35,000	3,182	31,818	(60)
LU-VE S.p.A.	Intesa San Paolo	18/12/2024	29/11/2030	25,000	2,273	22,727	(62)
LU-VE S.p.A.	Intesa San Paolo	18/12/2024	29/11/2030	15,000	1,364	13,636	(38)
			Total	**563,000**	**110,353**	**246,110**	**1,200**

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Currency options (in thousands of Euro)

COMPANY	COUNTERPARTY	TYPE	HEDGED ELEMENT	TAKEN OUT	MATURITY	ORIG. NOT.	31/12/2024 Short NOT.	31/12/2024 M/L NOT.	31/12/2024 FAIR VALUE
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	PURCHASE SWAP	EUR /$ Exchange Rate	18/06/2024	31/01/2025	921	963	-	40
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	PURCHASE SWAP	EUR /$ Exchange Rate	18/06/2024	28/02/2025	920	963	-	40
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	PURCHASE SWAP	EUR /$ Exchange Rate	18/06/2024	31/03/2025	919	963	-	40
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	PURCHASE SWAP	EUR /$ Exchange Rate	18/06/2024	30/04/2025	918	963	-	39
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	FORWARD OF SALE	EUR /$ Exchange Rate	18/11/2024	30/06/2025	4,675	4,767	-	(92)
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	FORWARD OF SALE	EUR /$ Exchange Rate	22/11/2024	30/06/2025	2,847	2,860	-	(13)
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	FORWARD OF SALE	EUR /$ Exchange Rate	13/12/2024	30/06/2025	2,358	2,384	-	(26)
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	FORWARD OF SALE	EUR /$ Exchange Rate	27/12/2024	30/06/2025	4,754	4,769	-	(15)
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	TARF	EUR /$ Exchange Rate	18/06/2024	18/06/2025	1,474	1,477	-	3
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	TARF	EUR /$ Exchange Rate	18/06/2024	18/06/2025	10,000	10,098	-	98
					Total	**29,786**	**30,206**	**-**	**114**

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COMMITMENTS

Commodity derivatives (in thousands of Euro)

CONTRACTOR	COUNTERPARTY	CONTRACT NO.	RAW MATERIALS	IDENTIFIER NO.	NOTIONAL	TAKEN OUT	MATURITY	QUANTITY	ORIG. NOT.	SHORT-TERM NOT.	M/L-TERM NOT.	FAIR VALUE AS AT 31/12/2024
LU-VE S.P.A.	Unicredit S.p.A.	549300TRUWO2CD2G5692	Copper	MSO_605426907	635	30/07/2024	31/05/2025	75	635	635	-	12
LU-VE S.P.A.	Unicredit S.p.A.	549300TRUWO2CD2G5692	Aluminium	MSO_605427897	161	30/07/2024	31/05/2025	75	161	161	-	23
LU-VE S.P.A.	Unicredit S.p.A.	549300TRUWO2CD2G5692	Aluminium	MSO_605428474	270	30/07/2024	31/07/2025	125	270	270	-	36
LU-VE S.P.A.	Unicredit S.p.A.	549300TRUWO2CD2G5692	Copper	MSO_605427581	1,060	30/07/2024	31/07/2025	125	1,060	1,060	-	20
LU-VE S.P.A.	Unicredit S.p.A.	549300TRUWO2CD2G5692	Aluminium	MSO_606272401	171	30/07/2024	31/07/2026	75	171	171	-	11
LU-VE S.P.A.	Unicredit S.p.A.	549300TRUWO2CD2G5692	Copper	MSO_606272051	421	30/07/2024	31/07/2026	50	421	421	-	10
							Total		**2,718**	**2,718**	-	**112**

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10 APPENDIX B

Bank loans (in thousands of Euro)								AMORTISED COST			
								31/12/2024		31/12/2023	
DEBTOR COMPANY	COUNTERPARTY	LOAN TYPE	TAKEN OUT	MATURITY	RATE APPLIED	FINANCIAL COVENANTS	ORIGINAL AMOUNT	RESIDUAL AMOUNT	OF WHICH CURRENT	RESIDUAL AMOUNT	OF WHICH CURRENT
LU-VE	Mediocredito Italiano S.p.A.	Unsecured loan	28/11/2018	30/06/2024	6M Euribor + Spread	NFP/EBITDA <3; NFP/SE <=1	12,500	-	-	1,298	1,298
LU-VE	Mediocredito Italiano S.p.A.	Unsecured loan	28/11/2018	30/06/2024	6M Euribor + Spread	NFP/EBITDA <3; NFP/SE <=1	12,500	-	-	1,298	1,298
LU-VE	Banca Nazionale del Lavoro S.p.A.	Unsecured loan	20/12/2018	24/09/2024	6M Euribor + Spread	NFP/EBITDA <= 3; NFP/SE <=1.25	10,000	-	-	2,047	2,047
LU-VE	Banca Nazionale del Lavoro S.p.A.	Unsecured loan	20/12/2018	24/09/2024	6M Euribor + Spread	NFP/EBITDA <=3; NFP/OWN FUNDS <=1.25	10,000	-	-	5,047	5,047
LU-VE	Banco BPM S.p.A.	Unsecured loan	16/06/2019	28/06/2024	3M 360 days Euribor + Spread	-	10,000	-	-	1,051	1,051
LU-VE	Unicredit S.p.A.	Unsecured loan	12/07/2019	30/06/2024	6M 360 days Euribor + Spread	NFP/EBITDA <=3; NFP/OWN FUNDS <=1	12,000	-	-	1,237	1,237
LU-VE	Intesa Sanpaolo S.p.A.	Unsecured loan	23/03/2020	23/09/2025	3M 360 days Euribor + Spread	NFP/EBITDA <= 3; NFP/SE <=1	25,000	4,178	4,178	9,850	5,671
LU-VE	Banca Nazionale del Lavoro S.p.A.	Unsecured loan	28/05/2020	28/05/2025	6M 360 days Euribor + Spread	NFP/EBITDA <= 3; NFP/SE <=1.25	40,000	5,021	5,021	15,212	10,180
LU-VE	UniCredit S.p.A.	Unsecured loan	04/11/2020	30/11/2024	6M 360 days Euribor + Spread	NFP/EBITDA <=3; NFP/OWN FUNDS <=1	20,000	-	-	5,792	5,792
LU-VE	Deutsche Bank S.p.A.	Unsecured loan	11/11/2020	11/11/2026	3M EURIBOR 360 basis + spread	NFP/EBITDA <= 3.2 NFP/EQUITY <=1.15	5,500	2,309	1,129	3,424	1,104
LU-VE	Deutsche Bank S.p.A.	Unsecured loan	11/11/2020	11/11/2025	3M EURIBOR 360 basis + spread	NFP/EBITDA <= 3.2 NFP/EQUITY <=1.15	10,000	2,007	2,007	4,060	2,052
LU-VE	Intesa Sanpaolo S.p.A.	Unsecured loan	31/03/2021	31/03/2026	3M EURIBOR 360 basis + spread	NFP/EBITDA <3; NFP/SE <1	30,000	9,409	7,535	17,133	7,721

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COMMITMENTS

Bank loans (in thousands of Euro)								AMORTISED COST 31/12/2024		31/12/2023	
DEBTOR COMPANY	COUNTERPARTY	LOAN TYPE	TAKEN OUT	MATURITY	RATE APPLIED	FINANCIAL COVENANTS	ORIGINAL AMOUNT	RESIDUAL AMOUNT	OF WHICH CURRENT	RESIDUAL AMOUNT	OF WHICH CURRENT
LU-VE	Banco BPM S.p.A.	Unsecured loan	14/06/2021	31/03/2026	3M EURIBOR 360 basis + spread	-	12,000	3,541	2,835	6,445	2,903
LU-VE	Banco BPM S.p.A.	Unsecured loan	14/06/2021	31/03/2026	3M EURIBOR 360 basis + spread	NFP/EBITDA <= 3.0 NFP/EQUITY <=1.25	18,000	5,334	4,274	9,738	4,402
LU-VE	Unicredit S.p.A.	Unsecured loan	30/09/2021	31/03/2025	6M EURIBOR 360 basis + spread	NFP/EBITDA <= 3.0 NFP/SE <=1.0	30,000	4,302	4,302	13,013	8,680
LU-VE	Banco BPM S.p.A.	Unsecured loan	17/12/2021	30/09/2026	3M EURIBOR 360 basis + spread	NFP/EBITDA <= 3.0 NFP/EQUITY <=1.25	40,000	18,727	10,731	29,780	11,040
LU-VE	Cassa Depositi e Prestiti	Unsecured loan	28/04/2022	05/05/2029	6M 360 days Euribor + Spread	NFP/EBITDA <= 3 NFP/SE <= 1.15	40,000	36,018	8,053	40,511	4,373
LU-VE	Intesa Sanpaolo S.p.A.	Unsecured loan	28/04/2022	29/03/2029	3M 360 days Euribor + Spread	NFP/EBITDA <= 3 NFP/SE <= 1.0	15,000	12,717	3,014	15,142	2,404
LU-VE	Intesa Sanpaolo S.p.A.	Unsecured loan	31/05/2022	29/03/2029	3M 360 days Euribor + Spread	NFP/EBITDA <= 3 NFP/SE <= 1.0	15,000	12,701	3,008	15,118	2,396
LU-VE	Banca Nazionale del Lavoro S.p.A.	Unsecured loan	22/07/2022	22/07/2027	6M 360 days Euribor + Spread	NFP/EBITDA <= 3 NFP/SE <= 1.0	40,000	24,192	8,048	32,542	8,144
LU-VE	BPER Banca S.p.A.	Unsecured loan	22/07/2022	22/07/2027	3M 360 days Euribor + Spread	NFP/EBITDA <= 3 NFP/SE <= 1.0	25,000	17,214	6,266	23,693	6,423
LU-VE	Intesa Sanpaolo S.p.A.	Unsecured loan	28/07/2022	28/07/2027	3M 360 days Euribor + Spread	NFP/EBITDA <= 3 NFP/SE <= 1.0	15,000	10,351	3,785	14,208	3,850
LU-VE	Deutsche Bank S.p.A.	Unsecured loan	25/10/2022	25/10/2028	3M 360 days Euribor + Spread	NFP/EBITDA <= 3 NFP/SE <= 1.15	30,000	26,615	6,694	30,261	3,601
LU-VE	Unicredit S.p.A.	Unsecured loan	24/11/2022	31/12/2026	3M 360 days Euribor + Spread	NFP/EBITDA <= 3 NFP/SE <= 1.0	25,000	12,416	6,198	18,774	6,345

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COMMITMENTS

Bank loans (in thousands of Euro)								AMORTISED COST 31/12/2024		31/12/2023	
DEBTOR COMPANY	COUNTERPARTY	LOAN TYPE	TAKEN OUT	MATURITY	RATE APPLIED	FINANCIAL COVENANTS	ORIGINAL AMOUNT	RESIDUAL AMOUNT	OF WHICH CURRENT	RESIDUAL AMOUNT	OF WHICH CURRENT
LU-VE	Banco BPM S.p.A.	Unsecured loan	21/12/2022	30/09/2027	3M 360 days Euribor + Spread	NFP/EBITDA <= 3.25 NFP/SE <= 1.25	5,000	15,994	5,805	22,008	5,982
LU-VE	Intesa Sanpaolo S.p.A.	Unsecured loan	26/10/2023	26/10/2028	3M 360 days Euribor + Spread	NFP/EBITDA <= 3 NFP/SE <= 1.0	30,000	26,580	6,704	30,160	3,579
LU-VE	Unicredit S.p.A.	Unsecured loan	21/12/2023	31/12/2028	3M 360 days Euribor + Spread	NFP/EBITDA <= 3 NFP/SE <= 1.0	30,000	27,944	7,000	-	-
LU-VE	BPER Banca S.p.A.	Unsecured loan	22/01/2024	22/01/2029	3M 360 days Euribor + Spread	NFP/EBITDA <= 3 NFP/SE <= 1.25	30,000	29,933	5,661	-	-
LU-VE	Banca Nazionale del Lavoro S.p.A.	Unsecured loan	28/11/2024	28/11/2030	6M 360 days Euribor + Spread	NFP/EBITDA <= 3 NFP/SE <= 1.25	35,000	34,992	3,264	-	-
LU-VE	Intesa Sanpaolo S.p.A.	Unsecured loan	29/11/2024	29/11/2030	3M 360 days Euribor + Spread	NFP/EBITDA <= 3 NFP/SE <= 1.00	25,000	25,010	2,337	-	-
LU-VE	Intesa Sanpaolo S.p.A.	Unsecured loan	29/11/2024	29/11/2030	6M 360 days Euribor + Spread	NFP/EBITDA <= 3 NFP/SE <= 1.00	15,000	15,006	1,403	-	-
							Total	**382,510**	**119,252**	**368,842**	**118,620**

Notes:

NFP: net financial position;
SE: shareholders' equity:
DSCR: debt service coverage ratio
LR: leverage ratio (NFP/EBITDA)
GR: gearing ratio (NFP/SE)

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11 APPENDIX C

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and surname	Office	Term of office	Expiry of office*	Fixed remuneration	Remuneration for participation in committees	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Severance pay or termination of employment indemnity
						Bonuses and other incentives	Profit sharing					
Matteo Liberali	Chairman of the Board of Directors and CEO	01/01/2024-31/12/2024	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				725,000.00 (1)'(2)		541,457.96 (3)		6,212.30		1,272,670.26		
(II) Remuneration from subsidiaries and associates												
(III) Total				725,000.00		541,457.96		6,212.30		1,272,670.26		
Pier Luigi Faggioli	Vice Chairman	01/01/2024-31/12/2024	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				285,000.00 (1)'(4)		256,555.09		6,433.56		547,988.65		
(II) Remuneration from subsidiaries and associates												
(III) Total				285,000.00		256,555.09		6,433.56		547,988.65		
Michele Faggioli	CSDO	01/01/2024-31/12/2024	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				550,000.00 (1)'(5)		541,301.44 (3)		11,703.55		1,103,004.99		
(II) Remuneration from subsidiaries and associates												
(III) Total				550,000.00		541,301.44		11,703.55		1,103,004.99		
Raffaella Cagliano	Director	01/01/2024-31/12/2024	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				25,000.00 '(1)'	4,000.00 (7)					29,000.00		
(II) Remuneration from subsidiaries and associates												
(III) Total				25,000.00	4,000.00					29,000.00		
Anna Gervasoni	Director	01/01/2024-31/12/2024	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				25,000.00 '(1)'	16,000.00 (6)'(8)					41,000.00		
(II) Remuneration from subsidiaries and associates												
(III) Total				25,000.00	16,000.00					41,000.00		
Fabio Liberali	Director	01/01/2024-31/12/2024	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				25,000.00 '(1)'				7,362.40	100,000.00 (9)	132,362.40		
(II) Remuneration from subsidiaries and associates												
(III) Total				25,000.00				7,362.40	100,000.00	132,362.40		

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COMMITMENTS

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and surname	Office	Term of office	Expiry of office*	Fixed remuneration	Remuneration for participation in committees	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Severance pay or termination of employment indemnity
						Bonuses and other incentives	Profit sharing					
Laura Oliva	Director	01/01/2024-31/12/2024	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				25,000.00 '(1)'	8,000.00 (6)					33,000.00		
(II) Remuneration from subsidiaries and associates												
(III) Total				25,000.00	8,000.00					33,000.00		
Stefano Paleari	Director	01/01/2024-31/12/2024	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				25,000.00 '(1)'	27,500.00 11)'(1					52,500.00		
(II) Remuneration from subsidiaries and associates												
(III) Total				25,000.00	27,500.00					52,500.00		
Carlo Paris	Director	01/01/2024-31/12/2024	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				25,000.00 '(1)'	4,000.00 (7)					29,000.00		
(II) Remuneration from subsidiaries and associates												
(III) Total				25,000.00	4,000.00					29,000.00		
Roberta Pierantoni	Director	01/01/2024-31/12/2024	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				25,000.00 '(1)'	8,000.00 (6)					33,000.00		
(II) Remuneration from subsidiaries and associates												
(III) Total				25,000.00	8,000.00					33,000.00		
Marco Vitale	Honorary Chairman	01/01/2024-31/12/2024	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				25,000.00 (1)'(13)						25,000.00		
(II) Remuneration from subsidiaries and associates												
(III) Total				25,000.00						25,000.00		
Mara Palacino	Chairman of the Board of Statutory Auditors	01/01/2024-31/12/2024	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				45,000.00 (14)						45,000.00		
(II) Remuneration from subsidiaries and associates												
(III) Total				45,000.00						45,000.00		
Paola Mignani	Standing Statutory Auditor	01/01/2024-31/12/2024	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				30,000.00 (14)						30,000.00		
(II) Remuneration from subsidiaries and associates												
(III) Total				30,000.00						30,000.00		

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COMMITMENTS

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and surname	Office	Term of office	Expiry of office*	Fixed remuneration	Remuneration for participation in committees	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Severance pay or termination of employment indemnity
						Bonuses and other incentives	Profit sharing					
Domenico A.M. Fava	Standing Statutory Auditor	01/01/2024-31/12/2024	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				30,000.00 [14]						30,000.00		
(II) Remuneration from subsidiaries and associates												
(III) Total				30,000.00						30,000.00		
Riccardo Quattrini	General Manager	01/01/2024-31/12/2024	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				390,000.00		173,975.49 [15]		9,201.06		573,176.55		
(II) Remuneration from subsidiaries and associates												
(III) Total				390,000.00		173,975.49		9,201.06		573,176.55		

(*) The expiry date refers to the Shareholders' Meeting that will approve the Financial Statements for the year indicated

(1) *following its renewal resolved by the Shareholders' Meeting on 28 April 2023, the Board of Directors resolved to assign each board member an annual gross remuneration of EUR 25,000.00 pro rata temporis;*

(2) *of which EUR 25,000.00 as Director, EUR 175,000.00 for the office of Chairman of the Board of Directors and EUR 525,000.00 for the office of Chief Executive Officer CEO;*

(3) *of which EUR 143,355.73 as variable medium/long-term remuneration (2023 -2025 LTI plan) accrued for 2024;*

(4) *of which EUR 25,000.00 as Director, EUR 25,000.00 for the office of Vice-Chairman of the Board of Directors, and EUR 235,000.00 for the office of Executive Director;*

(5) *of which EUR 25,000.00 as Director and EUR 525,000.00 for the office of Director with delegated powers (CSDO);*

(6) *following its renewal resolved by the Shareholders' Meeting on 28 April 2023, the Board of Directors resolved to assign each member of the Remuneration and Appointments Committee and of the Control and Risk Committee a fixed annual remuneration of EUR 8,000.00 pro rata temporis;*

(7) *following its renewal resolved by the Shareholders' Meeting on 28 April 2023, the Board of Directors resolved to grant each members of the Independent Committee other than the committee Chair a fixed annual remuneration of EUR 4,000.00 gross pro rata temporis;*

(8) *of which EUR 8,000.00 as member of the Remuneration and Appointments Committee, and EUR 8,000.00 as member of the Control and Risk Committee;*

(9) *as annual gross remuneration accrued in relation to the employment with LU-VE S.p.A.;*

(10) *following its renewal resolved by the Shareholders' Meeting on 28 April 2023, the Board of Directors resolved to assign the Chairmen of the Remuneration and Appointments Committee and of the Control and Risk Committee a fixed annual remuneration of EUR 11,000.00 pro rata temporis;*

(11) *following its renewal resolved by the Shareholders' Meeting on 28 April 2023, the Board of Directors has resolved to grant the Chairman of the Independent Committee a fixed annual remuneration of EUR 5,500.00 gross pro rata temporis;*

(12) *of which EUR 11,000 as Chairman of the Remuneration and Appointments Committee, EUR 11,000 as Chairman of the Control and Risk Committee, and EUR 5,500 as Chairman of the Independent Committee;*

(13) *The Shareholders' Meeting of 28 April 2023 has introduced the position of Honorary Chairman in the Articles of Association and, on the same date, the Board of Directors appointed Mr Vitale to this office. At the Board meeting of 12 May 2023, the Board of Directors awarded the Honorary Chairman appointed for the three-year period 2023-2025 a fixed annual remuneration of EUR 25,000.00.*

(14) *the mandate of the Board of Statutory Auditors was renewed by the Shareholders' Meeting of 28 April 2023 which confirmed, pro rata temporis, an annual remuneration of EUR 45,000.00 for the Chairman and of EUR 30,000 for each of the two standing auditors;*

(15) *of which EUR 56,977.57 accrued as variable medium/long-term remuneration (2023-2025 LTI) accrued for 2024.*

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12 GENERAL INFORMATION ABOUT THE COMPANY

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Tax information:

ECONOMIC AND ADMINISTRATIVE INDEX VARESE 191975

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Certification of the separate financial statements pursuant to art. 81-ter *of Consob Regulation no. 11971 of 14 May 1999 as amended*

The undersigned Matteo Liberali, CEO, and Eligio Macchi, Manager in charge of financial reporting of LU-VE S.p.A., certify, also taking into account what is set forth in art. 154-*bis*, paragraphs 3 and 4 of Italian Legislative Decree no. 58 of 24 February 1998:

1. the adequacy in relation to the characteristics of the business and
2. the effective application

of the administrative and accounting procedures for the formation of the separate financial statements in the period 1 January - 31 December 2024.

It is also certified that the separate financial statements as at 31 December 2024:

- have been prepared in compliance with the applicable international accounting standards recognised in the European Community pursuant to regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- correspond to the results of the accounting books and entries;
- are suitable to provide a true and fair view of the equity, profit and loss and financial situation of the issuer.

The directors' report includes a reliable analysis of the performance and results of operations, as well as the situation of the issuer, along with a description of the main risks and uncertainties to which it is exposed.

13 March 2025

Matteo Liberali
CEO

Eligio Macchi
Manager in charge
of financial reporting

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

To the Shareholders of
LU-VE S.p.A.

REPORT ON THE AUDIT OF THE SEPARATE FINANCIAL STATEMENTS

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

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Merger by incorporation of the subsidiaries SEST S.p.A. and Air Hex Alonte S.r.l.

Description of the key audit matter	On 24 June 2024, the Company's Board of Directors approved the merger project ("Merger") by incorporation in the same LU-VE S.p.A. of the wholly-owned subsidiaries SEST S.p.A. ("Sest") and Air Hex Alonte S.r.l. ("Alonte"), both wholly owned subsidiaries of LU-VE S.p.A. On 30 September, the merger deed was signed in execution of the resolutions passed on 24 June 2024, respectively by the Board of Directors of LU-VE (pursuant to Article 2505, paragraph 2, of the Italian Civil Code, and Article 16, paragraph 2, of the Articles of Association) and by the Extraordinary Shareholders' Meetings of Sest and Alonte. The legal effects of the Merger became effective starting from 31 December 2024, whereas the accounting and tax effects became effective starting from 1 January 2024. Considering that the Merger (i) is characterised by the absence of economic exchange with third parties and the persistence of control over the acquired entities, and (ii) had, by its nature, no significant effects on the cash flows of the merged companies, the accounting criteria adopted by the Company's Management gave preference to the adoption of a predecessor book value accounting. In particular, the Merger resulted to a recognition of EUR 21.8 million of differences, of which EUR 21.1 related to the merger by incorporation of Sest and EUR 0.7 million to the merger by incorporation of Alonte, respectively allocated to the investment in the subsidiary SEST LUVE POLSKA Sp.z.o.o. (transferred by SEST following the Merger), and to goodwill. Considering the relevance of this transaction, we considered the Merger a key audit matter of LU-VE S.p.A.'s separate financial statements. The explanatory note "2.1 – Introduction" of the separate financial statements provide a disclosure of the above-mentioned transaction.
Audit procedures performed	The audit procedures performed included: • analysis of the Merger project and other additional documents and deeds required by law for the success of the transaction; • Reading of the minutes of Company's and incorporated company's Board of Directors that approved the Merger project; • Reading of the minutes the Extraordinary Shareholder's Meeting of the incorporated companies that approved the Merger project;

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- Analysis of the criteria adopted by the Directors for the recognition of the effects related to the Merger and the reasonableness in the allocation of the arisen differences;
- Test of the journal entries performed by the Company and reconciliation of the account balances transferred from the incorporated companies to the Company;

- Assessment of the adequacy of the disclosure provided by the Company in the Explanatory Notes in the separate financial statements regarding the Merger.

Impairment test on goodwill, other intangible assets and property, plant and equipment

Description of the key audit matter

The company accounts for goodwill equal to EUR 15.3 million (2.5% of total assets in the separate financial statements as at 31 December 2024). This goodwill is allocated to the two cash generating units ("CGU") identified consistently with the consolidated financial statements: "Components" for EUR 1.5 million and "Cooling Systems" for EUR 13.8, to which were also allocated other intangible assets for EUR 3.3 million, right-of-use assets for EUR 8.8 million and property, plant and equipment for EUR 64.0 million.

As requested by IAS 36 – Impairment of assets, as the above-mentioned CGUs includes goodwill, the Company's Management performed an impairment test to determine whether the carrying amounts of the CGUs are recognised in the separate financial statements as at 31 December 2024 at a value not higher than their recoverable amount. After the conclusion of the impairment test, approved by the Board of Directors on 13 March 2025, the Company has not recognised any impairment losses.

The impairment test process carried out by Management regarding the recoverability of the amounts included in the CGU "Cooling Systems", based on the value in use method, is complex and it includes assumptions regarding, inter alia, (i) the forecast of expected cash flows from the CGU, making reference to the 2025-2028 business plan of the Company prepared by Management and included in the LU-VE Group consolidated business plan approved by the Board of Directors of 20 February 2025, and (ii) the determination of an appropriate discount rate (WACC) and a long-term growth rate (g-rate).

Regarding the CGU "Components", the recoverable amount has been determined using the fair value method, by adopting the sum-of-the-part approach, resulted in a sum of the fair values of the single assets net of the fair value of the single liabilities.

For this reason, an appraisal was prepared by a primary standing expert, which determined the fair value of the property, plant and equipment,

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made in particular by the production plant in Limana and Borgo Valbelluna.

Considering the significant amount of the assets accounted for within the separate financial statements related to the CGU, the judgement of the estimates used to determine the cash flow and the key variables of the model, we considered the impairment test a key audit matter of LU-VE S.p.A.'s separate financial statements.

The explanatory note 3.1 "Goodwill and other intangible assets" and the paragraph "Measurement criteria – Use of estimates" included in the explanatory note 2.2 "Structure and content of the financial statements" provide disclosures on the impairment test, including the sensitivity analyses carried out by Management, which describes the effects deriving from the changes in certain key assumptions used for the purposes of the impairment test.

Audit procedures performed

To evaluate the recoverability of the assets of the CGUs, we preliminarily examined the rationale used by Management to determine the value in use and fair value of the CGUs, analysing the methods and assumptions used for the development of the impairment test.

As part of our audit we, inter alia, performed the following procedures, also relying on the support of experts within our Network:

- observation and understanding of the relevant controls undertaken by the Company on the impairment test process;
- assessment of the reasonableness of the main assumptions adopted by Management to develop cash flow forecasts (including the effects of the macroeconomic contest) and collection of other relevant information obtained by Management;
- variance analysis of actual data in comparison with original business plans, in order to evaluate the nature of the variances and the reliability of the process of preparation of the business plans;
- assessment of the methods for determining the discount rate (WACC) by analysing its individual elements and their consistency with generally used valuation practices and analysis of the reasonableness of the long-term growth rate (g-rate);
- test of the mathematical accuracy of the model used to determine the value in use of the CGU "Cooling Systems";
- test of the correct determination of the carrying amount of the CGUs "Components" and "Cooling Systems" and their consistency with the methods for determining their recoverable amount;

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- assessment of the reasonableness of the main assumptions adopted to determine the fair value of single assets and liabilities of the CGU “Components” and collection of information by Management;
- assessment of the appraisal prepared by the independent expert for the fair value evaluation of CGU “Components” property, plant and equipment and performance of inquiries with Management to obtain an understanding and analysing the reasonableness of the data and methodology adopted by this expert;
- assessment of the sensitivity analysis prepared by the Management;
- assessment of the adequacy of the disclosure provided by the Company on the impairment test with IAS 36 requirements.

Impairment test on investments	
Description of the key audit matter	The Company’s separate financial statements as at 31 December 2024 include investments in subsidiaries for a total amount of EUR 152.2 million, of which: (i) EUR 0.2 million, EUR 13.5 million and EUR 1.8 million (this latter amount before the impairment test) related respectively to the subsidiaries LU-VE Deutschland GmbH, LU-VE US Inc. and Thermo Glass Door S.p.A., which incurred in significant losses in the current and/or in previous years, which led, with reference to LU-VE Deutschland and LU-VE US Inc., to negative equity for a total amount of EUR 10.8 million as at 31 December 2024, (ii) the subsidiaries Fincoil LU-VE OY and Refrion S.r.l., whose carrying amounts, totally amounted to EUR 47.8 million, are significantly higher in comparison with the related portion of equity attributable to the Company, (iii) the Russian subsidiary “OOO” SEST LUVE, for an amount of EUR 3.8 million, due to the particular situation of uncertainty in the macroeconomic environment caused by the sanctions resulting from the ongoing conflict between Russia and Ukraine. As required by IAS 36 – Impairment of Assets, due to the presence of a possible impairment loss, the Company’s Management performed an impairment test in order to determine whether the carrying amount of the investments in subsidiaries are recognised in the separate financial statements as at 31 December 2024 at an amount not higher than their recoverable amount. After the conclusion of the impairment tests, approved by the Board of Directors on 13 March 2025, the Company has not recognised any impairment losses, except for the subsidiary Thermo Glass Door S.p.A., where an impairment loss equal to its full carrying amount of EUR 1,8 million was recognised. The impairment test process carried out by Management for the subsidiaries LU-VE Deutschland GmbH, Fincoil LU-VE OY, “OOO” SEST LUVE and Refrion S.r.l., based on the value in use method, is complex and based on assumptions regarding, inter alia, (i) the forecast of

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	expected cash flows from the subsidiaries, making reference to the 2025 - 2028 business plans of the subsidiaries prepared by the local management with the support of Company's Management and included in the LU-VE Group consolidated business plan approved by the Board of Directors of 20 February 2025 (the terminal value is not taken into consideration for «OOO» SEST LU-VE but only the cash flows deriving from the plan's explicit periods, given the significant uncertainties deriving from the macroeconomic context), and (ii) the determination of an appropriate discount rate (WACC) and a long-term growth rate (g-rate). With reference to the subsidiary LU-VE US Inc., the recoverable amount was determined based on the fair value method, adopting the sum-of-the-parts approach, which determines the recoverable amount as the sum of the fair value of the individual assets net of the fair value of the individual liabilities. For this reason an appraisal was prepared by an independent expert of primary standing which determined the fair value of the tangible fixed assets purchased by the subsidiary from 2019 onwards, in particular the recently built production site and the related machinery. Considering the judgement of the estimates used to determine the cash flows included in the test and the key assumptions of the impairment models and the economic/financial performance of such subsidiaries, we considered the impairment test a key audit matter of the Company's separate financial statements. Note 3.3 "Investments" and paragraph "Measurement Criteria – Use of estimates" included in Note 2.1 "Structure and content of the financial statements" within the separate financial statements provide disclosures regarding the impairment test, including a sensitivity analysis carried out by Management, that reports the impacts that could arise changing some key assumptions used in the impairment test performed on the recoverable amount of the investments in subsidiaries.
Audit procedures performed	We preliminarily examined the rationale used by the Management to determine the recoverable amount of the investments, analysing the methods and assumptions used for the development of the impairment test. As part of our audit we, inter alia, performed the following procedures, also relying on the support of experts within our Network:

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- observation and understanding of the relevant controls undertaken by the Company on the impairment test process on the investments in subsidiaries;

- assessment of the reasonableness of the main assumption adopted by the Management to develop cash flow forecasts (including the effects of the macroeconomic contest) and collection of other relevant information by Management;

- variance analysis of actual data in comparison with original business plans, in order to evaluate the nature of the variances and the reliability of the process of preparation of the business plans;

- assessment of the methods for determining the discount rate (WACC) by analysing its individual elements and their consistency with generally used valuation practices and analysis of the reasonableness of the long-term growth rate (g-rate);

- comparison between the recoverable amount and the carrying amount of the investments in such subsidiaries;

- assessment of the appraisal prepared by the independent expert for the fair value evaluation of LU-VE US Inc.'s property, plant and equipment, and performance of inquiries with Management to obtain an understanding and analysing the reasonableness of the data and methodology adopted by this expert;

- assessment of the sensitivity analysis prepared by the Management;

- assessment of the adequacy of the disclosure provided by the Company on the impairment test with IAS 36 requirements.

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

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

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

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

Auditor's Responsibilities for the Audit of the Separate Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The Shareholders' Meeting of LU-VE S.p.A. has appointed us on 10 March 2017 as auditors of the Company for the years from 31 December 2017 to 31 December 2025.

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

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

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REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

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

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

The Directors of LU-VE S.p.A. are responsible for the preparation of the directors' report and the report on corporate governance and ownership structure of LU-VE S.p.A. as at 31 December 2024, including their consistency with the related financial statements and their compliance with the law.

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

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

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

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

In our opinion, the directors' report and the specific information contained in the report on corporate governance and ownership structure are consistent with the separate financial statements of LU-VE S.p.A. as at 31 December 2024.

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

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

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

DELOITTE & TOUCHE S.p.A.

Signed by
Massimiliano Semprini
Partner

Milano, Italy
28 March 2025

As disclosed by the Directors on the first page, the accompanying financial statements of LU-VE S.p.A. constitute a non-official version which has not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

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LU-VE S.p.A.

Via Vittorio Veneto 11 – 21100 Varese

REA [Economic and Administrative Index] Number: VA-191975

Tax Code 01570130128

BOARD OF STATUTORY AUDITORS REPORT TO SHAREHOLDERS' MEETING

Dear Shareholders,

with this report, drawn up pursuant to Article 153 of Italian Legislative Decree No. 58 of 24 February 1998 ("Consolidated Law on Finance" or "TUF") and Article 2429 of the Italian Civil Code, the Board of Statutory Auditors of LU-VE S.p.A. ("LU-VE" or the "Company") reports to you on the activities carried out in the year 2024, in compliance with the reference legislation, also taking into account the Rules of Conduct for the Board of Statutory Auditors of Listed Companies, updated in December 2024, by the National Council of Certified Accountants and Bookkeepers, the Consob provisions on corporate controls and the principles and recommendations contained in the Corporate Governance Code.

It should be initially noted that, as LU-VE adopts the traditional governance model and has appointed the company Deloitte & Touche S.p.A. ("Deloitte") as the auditing firm, the Board of Statutory Auditors is identified with the "Internal Control and Audit Committee" and, therefore, in this report, the specific control and monitoring functions on the subject of financial reporting and auditing, provided for by Article 19 of Italian Legislative Decree No. 39 of 27 January 2010, as amended, will also be taken into account.

The Board of Statutory Auditors was appointed on 28 April 2023 by the Shareholders' Meeting and will expire on the date of the Shareholders' Meeting that will approve the financial statements as at 31 December 2025; as of 1 January 2024, the Board of Statutory Auditors performed its duties by holding 23 meetings; the activities performed at these meetings are documented in the relevant minutes. The Board of Statutory Auditors also attended all the meetings of the Board of Directors and of the Committees, in particular: (i) 7 meetings of the Board of Directors, (ii) 7 meetings of the Control and Risk Committee, which is also responsible for supervising sustainability processes and activities, (iii) 6 meetings of the Remuneration and Appointments Committee, as well as 2 inductions on sustainability issues, one of which took place on 7 February 2025. It also attended the shareholders' meeting on 29 April 2024.

During the same year, the Board of Statutory Auditors also met the Supervisory Board pursuant to Italian Legislative Decree No. 231 of 2001 and the auditing firm Deloitte for a mutual exchange of information, as well as the Company's senior managers and some senior managers.

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1. TRANSACTIONS AND MAJOR ECONOMIC, FINANCIAL, EQUITY AND SUSTAINABILITY EVENTS DURING THE YEAR OR AFTER YEAR-END

The year 2024 was characterised for the LU-VE Group by the continuation of the crisis in the heat pump exchanger market, but also by the achievement of a better net profit than in the previous year and a higher EBITDA than in 2023.

In addition, it should be noted that, during the year:

- the merger by incorporation into LU-VE S.p.A. of the wholly-owned subsidiaries Sest S.p.A. and Air Hex Alonte S.r.l. was completed; the legal effects of the merger run from 31 December 2024, while the accounting and tax effects apply from 1 January 2024. The cancellation difference between the carrying amount of the equity investments held in the Merged companies and the corresponding share of the accounting Shareholders' equity was recorded in the assets within the limit of the values expressed in the consolidated financial statements.
- the expansion of the Chinese production site at LU-VE Tianmen was completed;
- SAP implementation was completed at both the Indian plant and the German subsidiary;
- the purchase of the remaining 25% of the shares of the subsidiary Refrion S.r.l. was finalised;
- work started on the expansion of the LU-VE US Inc. production plant in Texas with the aim of starting production in the first quarter of 2026;
- the implementation of the new global organisational structure on a regional basis ("*Clusters*") continued.

The LU-VE Group continues monitoring the restrictions that have been imposed by the European Union and the United States on Russia and the individuals sanctioned, in order to ensure their full compliance. The Group has adopted guidelines aimed at regulating relations with its Russian subsidiaries and commercial activities in Russia, also with the support of external consultants. It has also established verification procedures regarding the possibility of exporting its own products and components to Russia and, if necessary with the support of external consultants, verifies the correct interpretation of the applicable legislation with the competent authorities.

2. SUPERVISION OF COMPLIANCE WITH THE LAW AND THE ARTICLES OF ASSOCIATION

On the supervisory activities carried out during the year, governed by Article 2403 of the Italian Civil Code, the Consolidated Law on Finance and Italian Legislative Decree No. 39 of 2010, the Board of Statutory Auditors states the following, also in compliance with the indications provided by Consob with communication No. DEM/1025564 of 2001 and subsequent amendments and additions.

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The Board of Statutory Auditors periodically obtained information from the directors, also by attending Board of Directors and internal board committees meetings, on the activities carried out and on the most significant economic, financial and equity transactions resolved and implemented during the financial year, acquiring the elements necessary to carry out the verification on compliance with the law and the articles of association. On the basis of the information available, the Board of Statutory Auditors can reasonably state that such transactions comply with the law and the Articles of Association and are not manifestly imprudent, reckless, in conflict with the resolutions of the Shareholders' Meeting or such as to compromise the integrity of the company's assets.

The Board of Statutory Auditors has liaised with the Financial Reporting Officer and the Head of Group Legal and Corporate Affairs and held dedicated meetings with the Head of Internal Audit, the General Manager, the Chief People & Organisation Officer, the Chief Transformation Officer, the Plant Manager and Security Officer, the Chief Operations Officer, the Chief Technical & Innovation Officer, the Chief Quality Process Officer, the Chief Procurement Officer, the Chief Strategic & Development Officer and the Sustainability manager. In addition, the Board of Statutory Auditors maintained a constant information channel and held regular meetings with the members of the Supervisory Board and the appointed auditing firm, as mentioned above.

The Board of Statutory Auditors also exchanged information, through dedicated meetings, with the Board of Statutory Auditors or Single Statutory Auditor, where appointed, of subsidiaries, and with the heads of foreign companies of strategic importance.

It should be noted that during 2024:

- no complaints were received pursuant to Article 2408 of the Italian Civil Code and no complaints were filed pursuant to Article 2409 of the Italian Civil Code.
- no reports were received
- where required by law, opinions of the Board were expressed at meetings of the Committees and the Board in which the Auditors participated.

The Board of Statutory Auditors, in its role as the Internal Control and Audit Committee, has fulfilled the duties required by Article 19 of Italian Legislative Decree 39/2010, as amended and supplemented, by assessing and approving the assignment of tasks to the auditing company for additional services, other than the statutory audit of the accounts.

In addition, still with reference to the activity performed by the Board of Statutory Auditors in its capacity as Internal Control and Audit Committee, it should be noted that, in agreement with the Financial Reporting Manager, the selection process was initiated in the 2024 financial year for the legal audit assignment for the 2026-2034 nine-year period, as well as for the sustainability reporting compliance attestation assignment for the 2026-2028 three-year period.

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Indeed, the engagement of Deloitte & Touche S.p.A. as auditing firm will end with the approval of the financial statements for the year 2025 and, according to the current legislation on statutory audits, it cannot be awarded to the current auditing firm again.

Therefore, in anticipation of the expiry of the statutory audit assignment, in line with the best practices adopted by Public Interest Entities such as LU-VE S.p.A., the selection process was carried out in advance of the expiry date, thus allowing for an adequate succession to the Company's benefit.

Following the adoption of the "Procedure for the Engagement of the LU-VE Group's Statutory Audit and Sustainability Reporting Compliance Engagements and Additional Non-Audit Engagements to Appointed Auditors" approved on 6 November 2024, the Board of Statutory Auditors has chosen to follow a unified approach for both the assignment of tasks concerning the compliance attestation of sustainability reporting and the assignment of tasks concerning the statutory audit, and this in order to guarantee Shareholders the rigour provided for by European Regulation No. 537/2014 for the appointment of statutory auditors, as well as the freedom to choose whether to use a single auditor or two auditors with separate mandates.

The activities of the Board of Auditors concluded with the formulation of a recommendation and a reasoned proposal to the Shareholders' Meeting for the assignment of the statutory audit and the compliance of the sustainability report certification. Please refer to these documents for an examination of the selection process followed and the evaluation criteria adopted by the Board of Auditors in reaching the conclusions described therein.

3. SUPERVISING COMPLIANCE WITH THE PRINCIPLES OF SOUND ADMINISTRATION

The Board of Statutory Auditors, by attending, as mentioned, the meetings of the Board of Directors and of the Internal Board Committees, as well as through the information received during the financial year with the periodicity provided for by Art. 17 of the Articles of Association, from the Chief Executive Officer concerning the activities performed, the transactions of major economic, financial and equity materiality carried out by LU-VE and its subsidiaries, as described in the Single Report on Operations and in the Notes to the Financial Statements, can affirm that the directors' choices were inspired by principles of sound administration and reasonableness, as they were aware of the risks and effects of the transactions performed.

The directors adequately described in the Notes to the Financial Statements the main assumptions used in conducting the impairment test to which certain balance sheet assets had to be subjected.

During the year 2024, the Company did not purchase any additional treasury shares, which thus remained unchanged from the previous year. Specifically, at the date of this report , LU-VE held 28,027 treasury

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shares, equal to 0.1261% of the share capital, purchased at an average price of EUR 10.2827 pursuant to the authorising resolution taken by the Shareholders' Meeting of29 April 2019.
The Board of Statutory Auditors acquired information on the adequacy of the instructions given to the subsidiaries pursuant to Article 114, paragraph 2, of the Consolidated Law on Finance, from the boards of statutory auditors or single statutory auditors of the Italian subsidiaries, including those ceased as a result of the merger by incorporation of Sest S.p.A. and Air Hex Alonte Srl, and from the heads of the foreign subsidiaries with strategic importance, by acquiring specific questionnaires filled out by these control bodies, from which no critical profiles emerged.
In the course of the activities carried out and on the basis of the information obtained, no omissions, reprehensible facts, irregularities or in any case significant circumstances such as to require reporting to the Supervisory Authorities or mention in this report were detected.

4. SUPERVISORY ACTIVITIES ON THE ADEQUACY OF THE ORGANISATIONAL STRUCTURE

The Board of Statutory Auditors has monitored the adequacy of the organisational structure adopted by the Company to the extent of its competence, conducting meetings with the Chief People & Organisation Officer, the Financial Reporting Manager, the Head of Legal and Corporate Affairs and the Head of Internal Audit, as well as with the senior managers, as indicated in paragraph 2 and by virtue of its supervisory activity on the implementation of the new organisational structure.
During 2024, in fact, the implementation of the new organisational model approved by the Board of Directors at its meeting of 28 November 2023 continued; it provides for the introduction of matrix-type reporting and the division in clusters characterised by geographical proximity, each led and coordinated by a top manager with suitable delegated powers.
The new organisational model will also be refined during the year 2025, so that it can be fully effective in achieving the objectives of the medium-term plan. The importance of the project is such that its gradual implementation is taken care of and constantly monitored by the Board of Directors and supervised by the Board of Auditors.

5. SUPERVISORY ACTIVITIES CONCERNING THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM AND THE ADMINISTRATIVE-ACCOUNTING SYSTEM

The Board of Statutory Auditors has monitored the adequacy of the internal control and risk management system and of the administrative-accounting system, as well as the latter's suitability to correctly represent operational events by:

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- reviewing the positive assessment expressed by the Board of Directors at its meeting of 13 March 2025 on the adequacy and effective functioning of the internal control and risk management system;
- examining the Report of the Audit and Risk Committee on the activities carried out and the adequacy of the internal control and risk management system;
- reviewing the annual report of the Head of Internal Audit to the Board of Directors on the internal control and risk management system;
- reviewing the reports of the Head of Internal Audit and the update on the implementation of the corrections identified as a result of audits;
- examining the periodic reports of the Supervisory Board pursuant to Italian Legislative Decree 231/2001 and holding meetings with the same body;
- regularly attending the Audit and Risk Committee and the Remuneration and Appointments Committee;
- reviewing the assessments by the Financial Reporting Manager on the adequacy of the administrative and accounting procedures put in place and shared with the subsidiaries for the proper preparation of the year's financial statements and consolidated financial statements;
- holding regular meetings with the auditing firm;
- obtaining information from the supervisory bodies of investee companies by having them fill in questionnaires, as well as from the heads of foreign companies of strategic importance.

The Board of Statutory Auditors also notes that LU-VE's Internal Audit function operates on the basis of a multi-year plan revised annually, which defines activities and processes to be audited in a risk-based approach; the plan was approved by the Board of Directors on 14 March 2023, after receiving the favourable opinion of the Control and Risk Committee and after consulting the Board of Statutory Auditors.

It should be noted first of all that the implementation of the new organisational model mentioned above required a review of the activities planned for the year 2024 as contained in the original 2023-2025 three-year plan prepared by the Head of Internal Audit, as it became necessary not to audit processes that would have undergone a change due to the implementation of the new organisational model.

By virtue of the changes made to the 2024 audit plan, it was then found that the work carried out by the Head of Internal Audit during the year 2024 substantially covered the scope of the re-planned activities; the only exception was the postponement, duly agreed with the CEO, of the IT security audit to the year 2025, and this was to allow for more effective control over the information systems following the changes under way, i.e. the merger of the subsidiaries Sest S.p.A. and Air Hex Alonte S.r.l. into the Company, and the SAP adoption at the Indian subsidiary.

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The Board of Statutory Auditors has noted that the Company employs an integrated corporate risk management system, including ESG risks, according to the COSO Committee of Sponsoring Organisation's Enterprise Risk Management (ERM) criteria.
The CS&DO (Chief Strategic and Development Officer), the Steering Sustainability Committee and the Sustainability office are involved in the identification and audit of ESG risks.
It should also be noted that the Company is equipped with an IT portal for collecting whistleblowing reports, as detailed in the "Procedure for Reports on the Application of Rules and Code of Ethics of the LU-VE Group".
The Board of Statutory Auditors has acknowledged the certification issued by the Financial Reporting Manager on the adequacy of the administrative-accounting system in light of the company's characteristics.
Taking all the above into account, the Board of Statutory Auditors deems that there are no critical elements that compromise the internal control and risk management system and the adequate application of administrative and accounting procedures.

6. SUPERVISION OF ATYPICAL AND/OR UNUSUAL TRANSACTIONS WITH THIRD PARTIES OR INTRA-GROUP AND RELATED PARTY TRANSACTIONS

The Board of Statutory Auditors has not found any atypical and/or unusual transactions, as defined by Consob in its communication of 28 July 2006, carried out with third parties or within the Group, nor has it received any such indications from the Board of Directors, the auditing firm, the Supervisory Board or the Head of the Internal Audit Department.
The Notes to the Financial Statements provide adequate information on transactions of an ordinary nature carried out in the year 2024 with Group companies and other related parties, to which reference is expressly made for a full description of their characteristics and financial, economic and equity effects.
With reference to transactions with related parties, the Board of Auditors monitored the compliance of the procedure adopted by LU-VE with the principles set forth by Consob as well as their compliance also by attending the meetings of the Control and Risk Committee. In this context, it should be noted that the Company has adopted a procedure aimed at regulating the Group's operations with related parties in accordance with the principles established in Consob Regulation No. 17221 of 12 March 2010, as amended, approved by the Board of Directors on 3 May 2017 and subsequently supplemented and amended due to the changes introduced in the reference legislation.

7. SUPERVISORY ACTIVITIES ON THE STATUTORY AUDIT PROCESS

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Pursuant to Article 19 of Italian Legislative Decree No. 39 of 2010, the Board of Statutory Auditors coincides with the Internal Control and Audit Committee and has therefore performed the prescribed supervisory activity on the statutory audit of the annual and consolidated accounts.

The Board of Statutory Auditors met periodically with the auditing firm Deloitte, also pursuant to Article 150, par. 3 of the TUF, for the exchange of mutual information, the examination of the results of the audit of the regular bookkeeping and the examination of the LU-VE and Group Audit Plan for the year 2024. In these meetings, the auditing firm did not point out any acts or facts deemed reprehensible or irregularities that required specific reports pursuant to Article 155 of the Consolidated Law on Finance.

The Board of Statutory Auditors:

- has analysed the audit plan prepared by the auditing firm, examining the approach used for the various significant areas of the financial statements and finding that the audits were adequate to the size and complexity of the Company;
- received on 28 March 2025 the reports on the separate and consolidated financial statements of the Company and the Group pursuant to Articles 14 of Italian Legislative Decree 39/10 and 10 of EU Regulation 537/2014, which were issued without qualifications or requests for information, allowing us to state that the separate financial statements and the consolidated financial statements give a true and fair view of the financial position of LU-VE and the Group and of the results of operations and cash flows for the year ended 31 December 2024; the auditing firm has also certified, in accordance with the provisions of Delegated Regulation 2019/815 with reference to the obligation to use the European Single Electronic Format (ESEF), that the separate financial statements and the consolidated financial statements have been prepared in the XHTML format that complies with the provisions of the aforementioned Delegated Regulation and that the consolidated financial statements have also been marked, in all material respects, in accordance with the ESEF provisions;
- received on 28 March 2025 the additional report for the Internal Control and Audit Committee required by Article 11 of EU Regulation 537/2014. This report (i) confirms the existence of the independence requirements of the auditing firm (ii) does not point out significant deficiencies in the internal control system or cases of actual or alleged non-compliance with laws or statutory provisions (iii) does not point out the identification of significant errors; this Report will be forwarded, with any comments from the Board of Auditors, to the Board of Directors;
- received on[28 March 2025] the attestation of compliance of the consolidated sustainability report pursuant to Articles 8 and 18 of Italian Legislative Decree 125/2024 confirming, having regard to all significant aspects, that the consolidated report was prepared in accordance with the reporting principles adopted by the European Commission pursuant to Directive 2013/34 and

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the information in the Environmental Taxonomy section complies with Article 8 of the Taxonomy Regulation No. 852/2020;

- noted that LU-VE, pursuant to Article 149-duodecies of the Issuers' Regulation, provided in the Notes to the Financial Statements and Consolidated Financial Statements adequate information on the fees for the auditing firm. In this regard, it should be noted that a further assignment was given other than the audit of LU-VE's separate financial statements and the consolidated financial statements and the attestation of compliance of the consolidated sustainability report regarding other non-audit services in the amount of €45,000, for which the Board of Statutory Auditors, after evaluation and analysis, had approved the assignment.

The draft financial statements for the year ending 31 December 2024, accompanied by the Single Report prepared by the Directors, as well as the aforementioned attestation of the Chief Executive Officer and the Financial Reporting Manager, approved by the Board of Directors at its meeting of 13 March 2025, was made available at the same time to the Board of Statutory Auditors in view of the Shareholders' Meeting convened for 18 April 2025.

On the same date of 13 March 2025, the Board of Directors also approved the consolidated financial statements, as drawn up by the Financial Reporting Manager, and made them available to the Board of Auditors.

LU-VE's annual financial statements show a net profit of EUR 17.7 million and a total consolidated profit of EUR 35.8 million. Consolidated EBITDA reached EUR 82.5 million. The consolidated net financial position was negative for EUR 97.3 million.

The Board of Statutory Auditors did not receive any information from the auditing firm on facts deemed reprehensible that were discovered in the course of the statutory audit of the year's financial statements and consolidated financial statements.

8. SUPERVISION OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the performance of its duties, the Board of Statutory Auditors, as prescribed by Article 2403 of the Italian Civil Code and Article 149 of the Consolidated Law on Finance, monitored the procedures for the implementation of the corporate governance rules laid down in the codes of conduct which the Company declares to follow. The Company follows the Corporate Governance Code drawn up by the Corporate Governance Committee and has prepared, pursuant to art. 123-bis of the Consolidated Law on Finance, the annual "Report on Corporate Governance and Ownership Structure", which provides, among other things, information on (i) the ownership structure, (ii) the corporate governance rules actually applied, (iii) the main features of the internal control and risk management system (iv) the mechanisms for the functioning of the Shareholders' Meeting, shareholders' rights and how they can be

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exercised, (v) shareholder relations and engagement policy, (vi) the composition and functioning of the management and supervisory bodies and of the internal committees.

The Board of Directors approved the "Report on Corporate Governance and Ownership Structure" on 13 March 2025.

The Board of Statutory Auditors verified the correct application of the assessment criteria and procedures adopted by the Board of Directors to assess the independence of its members, also based on the qualitative and quantitative criteria defined by the Board of Directors.

The Board of Statutory Auditors also notes that the Company has prepared the Remuneration report in accordance with the principles and recommendations dictated by the Corporate Governance Code.

The Board of Statutory Auditors verified, also by attending Remuneration and Appointments Committee meetings, the corporate processes that led to the definition of the Company's remuneration policies, with particular reference to the remuneration criteria for CEOs and Executives with strategic responsibilities, providing, where required by law, the relevant opinions. During the year, the Board also monitored compliance with the recommendations communicated by the Chairman of the Corporate Governance Committee for the year 2024.

9. SUPERVISION OF SUSTAINABILITY REPORTING

As provided for by Italian Legislative Decree 125/2024 implementing the Corporate Sustainability Reporting Directive 2022/2464 (so-called CSRD), the Board of Statutory Auditors monitored the adequacy of the procedures and processes concerning the preparation of sustainability reporting, also verifying compliance with applicable regulations.

The Board monitored the preparatory activities for sustainability reporting, in particular the processes adopted, the structures involved and the adaptation to the content of the new regulation, including the completion of the dual materiality analysis identifying impacts, risks and opportunities as required by the regulation.

The Board of Statutory Auditors held specific meetings with the auditing firm, the Head of Internal Audit, the members of the Sustainability office and the Chief Strategic & Development Officer in order to carry out its supervisory activities.

The auditing firm confirmed that it had performed the audits with reference to the *ESRS* (European Sustainability Reporting Standards) adopted by the European Commission, by Delegated Act of 31 July 2023, pursuant to Article 29b of Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 .

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It should be noted that the Sustainability Report is drawn up on a consolidated basis with regard to all LU-VE Group companies consolidated on a line-by-line basis, and the scope of consolidation is the same as that used for the Financial Statements.

The consolidated sustainability report is contained in a specific section (section no. 2) of the Single Report and is accompanied by a declaration of compliance with the standards signed by the Chief Executive Officer and the Financial Reporting Manager, pursuant to Article 154-bis, paragraph 5-ter, of Italian Legislative Decree no. 58 of 24 February 1998.

The Board of Statutory Auditors, in reviewing the sustainability governance structure, found that:

- the Board of Directors reviews and approves strategic and industrial plans also based on the analysis of impacts, risks and opportunities relevant to the Company's long-term value generation and, in particular, on 21 February 2024, it approved: *(i)* the update of the 2023-2025 Sustainability Plan; *(ii)* the 2024-2027 Business Plan; and on 20 February 2025, the dual materiality analysis;
- the Chief Executive Officer is in charge of identifying the main corporate impacts, risks and opportunities, taking into account the characteristics of the activities carried out by the Company and its Subsidiaries, with particular attention to companies of strategic importance;
- the Chief Strategic Development Officer is responsible for: *(i)* the development of all activities related to sustainability strategies; and *(ii)* the integration of these strategies into the business plan, organising and coordinating the activities of the Sustainability office;
- the Steering Sustainability Committee has the task of monitoring performance in the area of sustainability, discussing possible courses of action to be submitted to the Control and Risk Committee and the Board of Directors for appropriate evaluation and deliberation.

10. SELF-ASSESSMENT BY THE BOARD OF AUDITORS

With reference to its own self-assessment, taking into account the indications provided by Standard Q.1.7. "Self-assessment of the Board of Statutory Auditors" included in the document "Rules of conduct for the Board of Statutory Auditors of listed companies" issued by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (National Council of Certified Public Accountants and Accounting Experts - December 2024) and the document "Self-assessment of the Board of Statutory Auditors - Rules of conduct for the Board of Statutory Auditors of listed companies Standard Q.1.1." also issued by the National Council of Certified Public Accountants and Accounting Experts, which comments on and provides application guidelines for the same Standard Q.1.7. (May 2019), the Board of Statutory Auditors independently carried out an assessment of (i) its own composition, (ii) the functioning and organisation of its work, (iii) its working methods, cohesion and interaction, (iv) the role and responsibility of the Statutory Auditors (v) its competences in the field of sustainability. The results

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of this self-assessment were submitted to the Board of Directors at its meeting of 20 February 2025, which then reported on them in the Report on Corporate Governance and Ownership Structure prepared for the financial year 2024.

Overall, the average assessment led to positive results both in qualitative terms concerning the profiles of the members, also with reference to gender diversity, and in quantitative terms concerning the time and commitment to the board's activities. It was also noted that the inbound information flows enable the Board of Auditors to adequately perform its function and that the members of the Board of Auditors, on the whole, consider the degree of interaction and cohesion within the Board of Auditors to be adequate; moreover, the way in which the work entrusted to the Board of Auditors is organised and carried out, and the cooperation between the Board of Auditors and the Board of Directors is deemed appropriate. In addition, the Board of Auditors assessed the continued existence of the independence requirements with regard to each of its members on a six-monthly basis, with no objections being noted.

11. Conclusions

In consideration of all the foregoing, the Board of Statutory Auditors, having considered the content of the reports prepared by the auditing firm, having acknowledged the attestations of the Financial Reporting Manager and of the Chief Executive Officer, hereby expresses, to the extent of its competence, a favourable opinion on the proposal for approval of LU-VE's financial statements as at 31 December 2024, which show a net profit of EUR 17.7 million, and on the proposal for allocation of the net profit for the year, which provides, inter alia, for the distribution of a dividend in the amount of EUR 0.42 per share, as formulated by the Board of Directors.

Milan, 28 March 2025

The Board of Statutory Auditors of LU-VE S.p.A.

Mara Palacino (Chairman)

Paola Mignani (Statutory Auditor)

Domenico Angelo Magno Fava (Statutory Auditor)