



INTEGRATED ANNUAL REPORT AS OF 31 DECEMBER 2025

LU-VE S.p.A.

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**DIRECTOR'S
REPORT
AS AT 31 DECEMBER 2025**

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1 DIRECTORS' REPORT AS AT 31 DECEMBER 2025

13 March 2026

Dear Shareholders,

2025 was chiefly affected by the dynamics brought about by the new American presidency.

The first half of the year was very unstable due to the escalating conflicts in the Middle East and Ukraine and, above all, the introduction by the United States of tariffs and duties on goods traded with the rest of the world.

However, the second half of the year, with particular reference to the customs issue, despite the persistently high levels of uncertainty, saw a rebalancing of positions and an aggregate effect that was less strong than initially envisaged. Geopolitically, too, the ceasefire in Gaza and the attempt to reach an agreement between Russia and Ukraine with the mediation of Americans and Europeans have opened a window of greater hope. These dynamics, despite the turmoil throughout 2025, therefore did not prevent another year of growth in the global economy. The new year, however, opened with an escalation of geopolitical tensions. First with the capture of the Venezuelan President by the United States and, starting from the end of February, with the escalation of tensions between Iran on the one hand and the United States and Israel on the other. Military intervention has led to the killing of Ayatollah Khamenei and the opening of a conflict that has spread to other Gulf countries, also putting European countries on alert as well. At the economic and financial level, the blockade of the Strait of Hormuz led to an immediate rise in energy prices and a strong pullback in financial markets. 2026 is shaping up to be a year marked by unpredictable geopolitical developments and economic impacts.

Returning to the year just ended in particular, global economic growth was 3.3%, identical to that of the previous year. On the other hand, all the world's leading financial markets have also performed very well, setting new records in the levels achieved.

Regarding individual countries, the United States maintained growth above 2% but below the 2.6% rate seen in the previous year. China ended 2025 slightly down with growth close to the 5% "barrier". The forecasts for 2026, prior to the war between Iran and the United States and Israel, are for a further slowdown, indicating a new phase in the economy of this leading global producer. India ended last year with growth of 6.6%, unchanged from the previous year. The forecasts for the current year also estimate over 6%.

For the Eurozone, after the sluggish growth of 2023 (+0.5%) and 2024 (+0.9%), 2025 ended with a GDP at +1.3%. Trump's tariffs have found the European continent to be resilient and forecasts for 2026 are in line with the previous year. Of course, these values are always very moderate, taking into account various factors, from the ageing population to falling birth rate, the lack of dominance over new technologies, a bureaucratic superstructure and internal barriers, including fiscal barriers, which hold back investment. We also need to consider how the former German "locomotive" continues to struggle on the economic growth side, especially due to the automotive crisis. After two years of recession, 2025 has essentially ended flat and the forecast for the current year is still lower than that of the Eurozone. France and Italy are also expected to grow much less than 1%. Above this level are Spain and the United Kingdom.

With regard to monetary policies, 2025 presented a misalignment between the US and Europe, especially in the first part of the year, when the ECB cut rates more than the Fed did. However, concerns about inflation induced by the tightening of tariffs have made both the Fed and the ECB very cautious. All the more so since the United States and Europe have maintained their GDP. This year, however, sees the end of Jerome Powell's Fed term, which the US administration considers too restrictive on the monetary front. The new Chair will, however, have to get inflation down first, keenly felt by American citizens, all the more so in the year of the midterm elections. For the ECB, given the good economic

growth projections for the current year, it is unlikely that, following the reductions in 2025, there will continue to be a marked easing in the current year, too.

On the foreign exchange front, 2025 reserved several surprises. Though at the end of 2024, just after the election of the new US president, the dollar strengthened significantly against all other currencies, the US dollar weakened considerably over the course of 2025. The US currency lost about 13% on the euro last year. Pressure on the Fed to reduce interest rates and the high and growing US public debt (downgraded by rating agencies from Aaa to Aa1 in 2025) does not support a reversal of the trend this year.

With reference to raw material prices, not only prices continued to increase in 2024 but, with the exception of oil, which severely weakened (-20%) in 2025, the main metals traded achieved historical highs in the past year. Starting with gold (+66% to over USD 4,300 per ounce and in 2026 over USD 5,000), silver increased by 144%, copper by 41% and aluminium by “only” 18%. For this reason, too, the concern related to continuing inflation; if industrial companies were to benefit from low value supplies and the depreciation of the dollar during 2025, it is likely that rises in the main raw materials would be recovered, albeit only partially, in higher prices for the end products.

The levels of uncertainty that characterise both politics, in view of the conflicts that have ensued since March in particular, and the economy, due to the medium-term effect of higher customs barriers and raw material prices, and finance, in view of the high values achieved by stock market indices in 2025, often dominated by high-tech companies and linked to expectations of artificial intelligence applications, lead to a year - the current one - of very great uncertainty. A global business approach geared towards product and market diversification, as well as a solid financial position, makes it more protected from the risks that this volatility entails.

This is also true for the sectors in which the LU-VE Group operates. They are both traditional and emerging, such as data centres and power generation. This year, an awareness of the overall framework and periodic actions taken to seize opportunities as and when they arise, while minimising the risks, continue to make the LU-VE Group strong.

The 2025 financial year saw the Group's product sales return to growth (+3%), with a turnover of EUR 598.6 million, thanks to a recovery in the second half of the year and, in particular, an extremely positive final quarter (+10.2%).

At year-end, the order backlog remained near its all-time high with a value of EUR 233.7 million, up by more than 34% compared to the figure at the end of the previous year.

EBITDA reached a record high of EUR 87.2 million, or 14.4% of sales, up 5.7% compared to 2024 (EUR 82.5 million, or 14% of sales), while the net profit for the year amounted to EUR 39.8 million, or 6.6% of sales (EUR 35.8 million in 2024, or 6.1% of sales). The adjusted net profit (see paragraph 1.6 - Alternative Performance Indicators below for more details) amounted to EUR 42.1 million, compared to EUR 37.4 million in 2024.

Once again, the differentiated performance of the individual applications in which the Group operates led to a significant shift in the sales mix, with the “Components” SBU once again prevailing over the “Cooling Systems” SBU with a turnover amounting to EUR 302 million (+5.9%). The latter, after a slow start in the early months, recovered strongly in the final part of the year, closing the year with slight growth (+0.2%). Sales amounted to EUR 296.7 million, equal to 49.6% of the Group's total turnover, but accounting for 76% of the order backlog at the end of the year.

The breakdown of turnover by SBU is as follows:

Revenues by SBU (in thousands of Euro)	2025	%	2024	%	Change	% change
COOLING SYSTEMS SBU	296,690	49.6%	295,978	50.9%	712	0.2%
SBU COMPONENTS	301,952	50.4%	285,024	49.1%	16,928	5.9%
TOTAL PRODUCT TURNOVER	598,642	100.0%	581,002	100.0%	17,640	3.0%

2025 was the third and last year of implementation of the LU-VE Group's "**2023-2025 Sustainability Plan**". During 2025, the Group developed a new Sustainability Plan integrated into the 2026-2029 Business Plan, developed by the Sustainability *Steering Committee*, reviewed by the Control and Risk Committee, and approved by the Board of Directors in February 2026.

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.

	BUSINESS PLAN 2023-2025				BUSINESS PLAN 2026-2029			
TARGETS AND KEY INDICATORS	2023	2024	2025	TARGET 2025	TARGET 2026	TARGET 2027	TARGET 2028	TARGET 2029
Turnover from products designed for natural refrigerant fluids and/or high-efficiency motors (% of total turnover)	54%	56%	58%	>56%	>58%	>60%	>62%	>64%
Suppliers with completed Supplier Form (% of total relevant suppliers)	67%	70%	72%	>71%	>73%	>74%	>75%	>76%
Suppliers audits (no.)	10	11	17	15	20	25	30	33
Scope 1 and Scope 2 climate change emission reduction (% of 2022 baseline)	-6.39%	-15%	-36%	-19%	-40.1%	-44.2%	-48.3%	-52.3%
Employees evaluated in Performance Management (% of total eligible employees)	74%	87%	97%	>80%	85%	>88%	>90%	>90%
Accident frequency index	3.08	3.65	4.82	<=3.25	<=3.89	<=3.55	<=3.20	<=2.80
Accident severity index	0.09	0.12	0.18	<=0.12	<=0.16	<=0.14	<=0.11	<=0.08
<u>New indicators:</u>								
Average training per capita					8.50	>8.50	>8.50	9.00
Online Academy Training: average training per capita	-	-	-	-	>3.30	>3.40	3.50	>3.50
Online Academy Training: number of active employees					500	>500	550	>550

The LU-VE Group achieved some milestones in terms of climate targets in 2025:

- **it reduced its Scope 1 and Scope 2 greenhouse gas emissions by -36%** – calculated using 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.
- **it committed to developing a Scope 3 greenhouse gas emissions reduction plan by the end of 2026.** Scope 3 greenhouse gas emissions are those related to the Group's upstream and downstream value chain; calculations showed that the Group's main Scope 3 emissions are attributable to customer use of products and purchased materials.

For the second consecutive year, the LU-VE Group participated in the 2025 disclosure of **CDP - Carbon Disclosure Project**, one of the most authoritative global systems for assessing environmental performance. The Group achieved a **score of C** - corresponding to the "Awareness" level - **in the Climate Change and Water Security categories**.

With reference to the EU Regulation 2020/852, in 2025 the economic activities eligible for the criteria of the **European Taxonomy for environmentally sustainable activities** represent 33.5% 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 solutions with high energy efficiency motors and/or those designed to use natural refrigerants with zero or minimal global warming impact compared to traditional fluids, as well as PFAS-free refrigerants, so-called *"forever chemicals"* - permanent substances that do not degrade in the environment or in the human body, accumulating over time and causing serious risks to human health and the ecosystem. Looking at **CAPEX and OPEX** data, the Group shows a percentage share of eligible assets of **64.9% and 30.3%** respectively.

Among the main sustainability milestones, notable is the completion of the second phase of the *"Sustainability Ambassadors' Journey"* in 2025, a global programme to increase the LU-VE Group's sustainability culture and accelerate sustainable change in the company. After training on key sustainability topics, the Sustainability Ambassadors were offered two different projects to achieve two complementary objectives: 1) the "Climate Fresk Path", to become accredited facilitators of the Climate Fresk laboratory and promote comprehensive, science-based knowledge of climate change among colleagues; 2) the Sustainability Lab, to develop sustainability ideas and projects within the Group.

On the subject of reporting, the LU-VE Group has prepared its second Consolidated Sustainability Statement for the financial year 2025, 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 Consolidated Sustainability Statement is contained in a separate section of this Directors' Report, unlike the previous Non-Financial Statement (DNF) developed in a separate document.

In the first few months of the year, the production of high-power outdoor machines started in China, and the first orders and pilot projects were acquired in new applications for which the extension of the existing plant for the domestic market and Asia-Pacific countries is intended.

In the United States, work on the expansion of the Jacksonville production site was more or less completed. Production is expected to gradually commence in the first quarter of 2026. In light of the "tariff law" launched by the new US administration, the new plant takes on even greater strategic importance and, as a result, the entire organization of the Group is carrying out strong support activities aimed at the selection and training of the local team as well as the creation and validation of the supply chain.

After the successful completion of the merger of the three main Italian companies at the end of 2024, the reorganisation and simplification plan of the Group's organisational structures continued in April 2025 with the finalisation of the purchase by the Parent Company LU-VE S.p.A. of the business unit previously held by the subsidiary Manifold S.r.l. for a consideration of EUR 0.9 million. It should be recalled that as at the date of the transaction, Manifold S.r.l. was a 99% direct subsidiary of the Parent Company LU-VE S.p.A., and therefore the aforementioned transaction had no impact on the consolidated financial statements of the LU-VE Group.

At the same time, consolidation continued of the new global organisational structure based on regional divisions. 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, created with the fundamental contribution of each Cluster and Function, has been an extraordinary and enthusiastic example of teamwork.

The following changes occurred during 2025 in respect of the item "Loans" (all of which taken out by the Parent Company LU-VE S.p.A.):

- In February, an unsecured loan for EUR 25,000 thousand was taken out with Intesa Sanpaolo S.p.A., for a term of 72 months (of which 12 months of grace period), with capital repayments on a quarterly basis;
- In March an unsecured loan for EUR 35,000 thousand was taken out with Banco BPM S.p.A., for a term of 60 months (of which 6 months of grace period), with capital repayments on a quarterly basis;
- In May, an unsecured loan for EUR 25,000 thousand was taken out with Intesa Sanpaolo S.p.A., for a term of 72 months (of which 12 months of grace period), with capital repayments on a quarterly basis;
- In September, with BPER Banca S.p.A., an unsecured loan of EUR 20,000 thousand was signed with a term of 60 months (including a 12-month grace period), with capital repayments on a quarterly basis.
- In September, with Unicredit S.p.A., an unsecured loan of EUR 50,000 thousand was signed with a term of 60 months (including a 12-month grace period), with capital repayments on a quarterly basis.
- In December, an unsecured loan for EUR 30,000 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;

All the new loans listed above provide for compliance with financial covenants.

On 18 April 2025, the Shareholders' Meeting of the Parent Company LU-VE S.p.A.:

- reviewed the LU-VE Group's consolidated financial statements and consolidated sustainability statement as at 31 December 2024;
- approved the 2024 financial statements of LU-VE S.p.A., accompanied by the Director's Report, as approved by the Board of Directors of LU-VE on 13 March 2025 and already communicated to the Market. It should be noted that the result for the year 2024, equal to EUR 17.7 million, was allocated as follows: (i) EUR 0.9 million to the "Legal Reserve", (ii) the distribution of an ordinary gross dividend of EUR 0.42 per each share outstanding, and (iii) the remaining profit for the year was allocated to the "Extraordinary reserve".

On 1 July 2025, the extraordinary shareholders' meeting of the Company was held, which approved the proposed amendments to the Articles of Association aimed, among other things, at introducing the increased voting rights already in force. As a result of this introduction, the so-called "ordinary increased voting rights" already envisaged – granting 2 votes for each LU-VE share held by the same person for a continuous period of 24 months from the date of their registration in the special list for the increased voting rights, established and kept by the Company pursuant to the applicable laws and regulations (the "Special List") – will be joined for the same LU-VE share held by the same person who shall continue to be registered in the Special List even after the double vote has accrued, by the assignment of a third vote upon the expiry of a further period of 12 months from the date of accrual of the ordinary increased vote, and a further vote upon the expiry of each further period of 12 months, up to a total maximum of 10 voting rights per share.

The effectiveness of the article of association amendment was expressly conditional on:

- (i) the amount in cash, if any, to be paid by LU-VE to the withdrawing shareholders (the "Withdrawal Amount"), exceeding in aggregate the amount of EUR 25,000,000.00 (twenty five million); and/or
- (ii) the positive difference, if any, between (x) the unit liquidation price to be paid to the withdrawing shareholders (equal to EUR 28.82 (twenty-eight/82) and (y) the closing price of LU-VE's shares on the

last day of the option offer period, multiplied by the number of LU-VE's shares subject to withdrawal that were to be purchased by LU-VE, exceeding in aggregate the amount of EUR 5,000,000.00 (five million).

As the company did not receive any requests for withdrawal from eligible shareholders the resolution of the shareholders' meeting to amend the Articles of Association adopted on 1 July became definitively effective and the enhancement of the increased voting right approved by the shareholders' meeting is therefore fully implemented in the Articles of Association, with effect from 3 July 2025.

During the year, liquidation proceedings relating to the companies LU-VE Contardo Pacific pty. Ltd and LU-VE Asia Pacific Ltd have finally come to an end.

In December 2025, LU-VE S.p.A. acquired from LUVEDIGITAL S.r.l. the business unit owned by the latter, currently in Turin and concerning the implementation and production of application and automation software and the provision of services related to them, for an amount of EUR 10,200. The sale was effective on 1 January 2026. At the same time, LUVEDIGITAL S.r.l. was placed into liquidation.

In the month of December, the parent company also purchased 7.5% of the shares of LU-VE Iberica S.l. (for an amount of EUR 315 thousand), thus reaching a controlling share of 92.5%.

With reference to the tax audit carried out by the Italian Tax Authority on the Parent Company concerning the years 2016, 2017, 2018, and 2019, and the report on finding relating to the year 2019, the assessment power relating to the years 2016 to 2018 has elapsed. With reference to the assessment relating to the year 2019, during the year 2025, the Italian Tax Authority notified two deed sheets (for Ires and IRAP purposes, for approximately EUR 1.9 million) for the subjection to taxation of the higher taxable amount highlighted in the 2023 report on finding. The company has applied for a tax settlement proposal and the proceedings are pending.

As regards the tax audit concerning the subsidiary LU-VE Iberica S.L. for the fiscal years 2013, 2018, and 2019, during 2025 the audit ended with the payment of EUR 120 thousand for interest, sanctions and higher taxes.

In April 2025, a general tax audit was initiated at the parent company with reference to the 2021 tax period. On 18 September 2025, a report on findings was delivered by the Italian Tax Authority – Regional Directorate of Lombardy with a number of challenges related to intercompany transactions for a total higher potential taxable amount of approximately EUR 845 thousand for both IRES and IRAP purposes. The tax inspector considered that the documentation submitted by the Company is suitable and that it therefore allows the application of the bonus scheme to disapply the sanctions. From an analysis, also carried out with the tax advisors, of the findings raised and the assumptions on which conclusion is based, it is believed that the risk relating to the findings formulated may be considered possible and, in any case, not fully quantifiable at the moment.

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 Article 31 ter of Italian Presidential Decree No. 600/73, the parent company promptly responded to all documentary requests received pro tempore. On 5 December 2025, the Revenue Agency announced that the intercompany transactions covered by the application were to be linked to a broader corporate reorganisation and should therefore be valued as a whole and not considered as separate sales of individual *assets* (contrary to the approach taken by the Italian Tax Authority in Varese with reference to the year 2019). For these reasons, the Authority proposed adopting a methodology deemed more appropriate for the specific case, based on the *discounted cash flow* (DCF) model. Based on this approach, a sale value of approximately EUR 21.7 million was estimated, compared to the EUR 5 million indicated in the application. The parent company submitted explanatory briefs pointing out the lack of factual and legal grounds that would allow the multiple transfers to be reclassified as a single legal transaction and highlighting several methodological and calculation issues in the estimates made by the Authority. The briefs are currently under review by the Authority and we await the commencement of the adversarial proceeding. In any case, at present, the potential risk

relating to the approach taken by the tax authorities is considered to be possible, with a probability to be assessed, but certainly not quantifiable at this time.

With regard to the Polish Tax Authority's audit on the subsidiary Sest-LUVE-Polska Sp.z.o.o. concerning the application submitted on 30 December 2021 for access to the procedure aimed at the stipulation of Advanced Pricing Agreements ("APA"), the company promptly responded to all documentary requests received within the prescribed time limit.

1.1 CONSIDERATIONS ON THE SHARE'S STOCK MARKET VALUE

During 2025 and starting from February, the LU-VE share remained constantly above the FTSE Italia Star index and, at the end of the year, showed about 32 percentage points more growth than the same index. The average market value of the stock in the second half recorded an increase of about 21% compared to the average value of the first half. As at 31 December 2025, the value of the share showed an increase of 42% compared to the beginning of the year.

The main figures and share price trends are shown below:

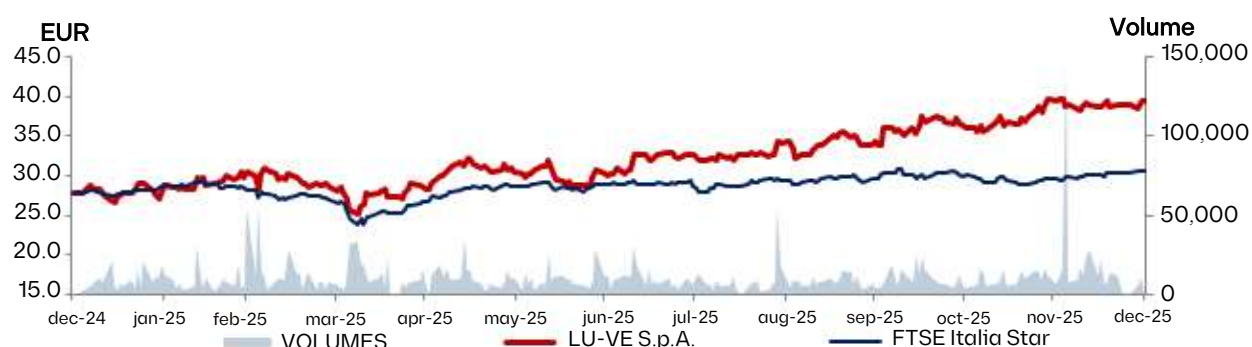
Price as at 1 January 2025: EUR 27.75
 Price as at 31 December 2025: EUR 39.40
 Change in the financial year: 42%

Maximum price: EUR 39.75 (28 November 2025)
 Minimum price: EUR 25.25 (7 April 2025)
 Weighted Average Price: EUR 32.55
 Volumes traded: 2,768,147 shares

Stock market capitalisation as at 31 December 2025: EUR 876.0 million.

On 12 March 2026 (at the close of the last trading day before the approval of the draft financial statements) the price was EUR 37.40, corresponding to a capitalisation (to be calculated on 22.23 million shares) of EUR 831.6 million, in any case higher than the book value of the Group's reported shareholders' equity (EUR 276.6 million).

Below, the performance of the FTSE STAR Index and the LU-VE share during 2025:



1.2 SUBSIDIARIES AND ASSOCIATES

As at 31 December 2025, 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.: 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.: 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” trademark) in the Scandinavian markets;
- **THERMO GLASS DOOR S.p.A.** of Travacò Siccomario (PV), wholly-owned subsidiary of 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;
- **MANIFOLD S.r.l.** of (VA), 99% owned subsidiary: manufactures copper components (collectors and distributor units) for Group companies;
- **LUVEDIGITAL S.r.l.** in Uboldo (VA), held 50%: deals with the development of software and IT solutions dedicated to the quotation and promotion of the Group's products. The company is in liquidation.
- **FINCOIL LU-VE** 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), 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), a 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), a 92.5% subsidiary: carries out direct sales or sales through distributors in the markets of the Iberian Peninsula and Central and South America;
- **LU-VE Austria GmbH** in Vienna (Austria), a 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 (Netherlands), wholly-owned subsidiary: carries out sales of air cooled equipment in the Benelux countries;
- **“OOO” LU-VE Moscow**, of Moscow (Russia), a wholly-owned subsidiary: carries out activities for the sale of air cooled equipment only on the market;

- **LU VE Middle East DMCC** in Dubai (United Arab Emirates), wholly-owned subsidiary: carries out sales of air cooled equipment in the markets of the Middle East;
- **LU-VE SOUTH KOREA**, Seoul (South Korea), wholly-owned subsidiary: carries out sales and agency activities for air cooled equipment;
- **REFRION Deutschland GmbH** in Frankfurt (Germany), a wholly-owned subsidiary of LU-VE Deutschland GmbH, 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.

LU-VE Contardo Pacific Pty. Ltd. (Australia) and LU-VE Asia Pacific Ltd (Hong Kong) were liquidated during 2025.

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 sales of heat exchangers, up 7.5% over the year, accounted for 47.9% of the Group's consolidated revenues.

AIR COOLED EQUIPMENT

The air cooled equipment (unit coolers, condensers, *gas coolers* and liquid coolers) is 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 two 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 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 49.0% of the Group's consolidated revenues in 2025, slightly higher than in 2024.

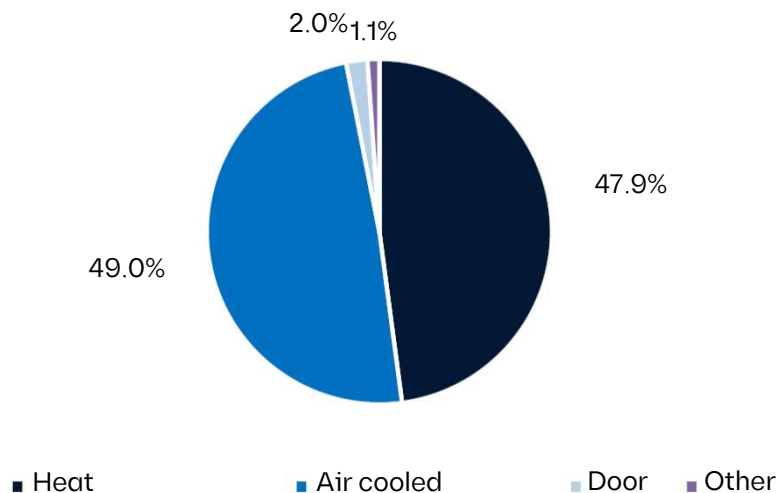
GLASS DOORS FOR REFRIGERATED COUNTERS AND DISPLAY CABINETS

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.

As a result of the sharp drop in revenues (-21.5%) of glass doors, revenues from the sale of glass doors accounted for just 2% of the Group's total revenues.

The chart below shows the breakdown of turnover by product type as at 31 December 2025:



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

PRODUCTS (in thousands of Euro)	2025	%	2024	%	Delta %
Heat exchangers	290,017	47.9%	269,822	45.8%	7.5%
Air Cooled Equipment	296,690	49.0%	295,978	50.2%	0.2%
Doors	11,935	2.0%	15,202	2.6%	-21.5%
TOTAL PRODUCTS	598,642	98.9%	581,002	98.6%	3.0%
Other	6,749	1.1%	8,086	1.4%	-16.5%
TOTAL	605,391	100%	589,088	100%	2.8%

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

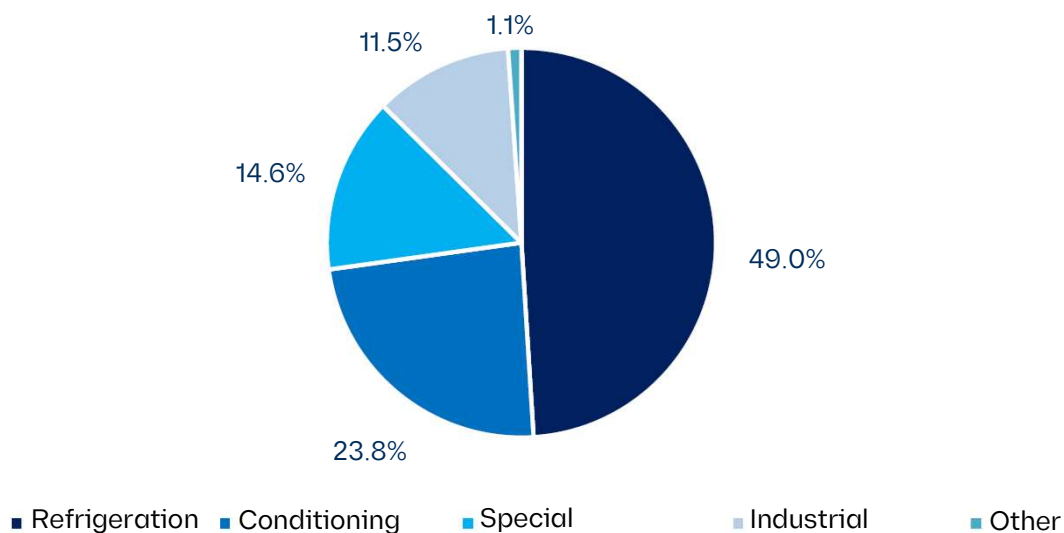
(i) the refrigeration sector, which includes activities relating to the production chain for food products (the "**Refrigeration Sector**");

(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 2025:



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

APPLICATIONS (in thousands of Euro)	2025	%	2024	%	Delta %
Refrigeration	296,716	49.0%	288,481	49.0%	2.9%
Air Conditioning	143,815	23.8%	133,789	22.7%	7.5%
Special Applications	88,587	14.6%	91,068	15.4%	-2.7%
Industrial Cooling	69,524	11.5%	67,664	11.5%	2.7%
TOTAL APPLICATIONS	598,642	98.9%	581,002	98.6%	3.0%
Other	6,749	1.1%	8,086	1.4%	-16.5%
TOTAL	605,391	100%	589,088	100%	2.8%

Excluding the negative performance of glass doors, growth in refrigeration would have been above 4%, with an excellent performance in heat exchangers (+9.2%), particularly attributable to applications for

refrigerated cabinets and the "HoReCa" segment. Meanwhile, sales of air cooled appliances (+1%) were impacted by the negative performance of the French market in particular, where the Group has, over the years, achieved a leading position in large-scale refrigerated logistics projects.

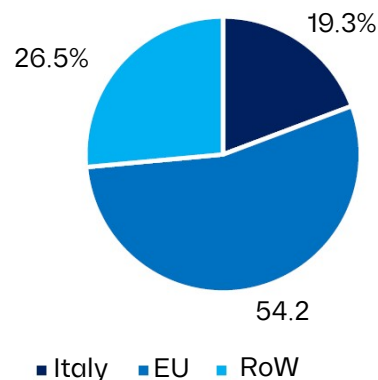
The recovery of the heat pump market combined with progress in "data center" applications allowed the air conditioning segment to return to significant growth despite the continuing difficulties in the market for projects involving large buildings in Europe.

The slight growth in the "Industrial Cooling" sector does not fully reflect the record-high order backlog at year-end, as during 2025 the Group secured numerous prestigious projects for both motor cooling systems and power transformers.

The only negative note among the various markets in which the Group is present is represented by the "special applications" sector, surprisingly penalised by all the "mobile" applications that have nullified the progress made in energy-efficient clothes dryers.

Turnover in the European Union in 2025 was EUR 440.2 million, up 3.2% thanks to the extremely positive performance of countries such as Germany, the Czech Republic and Finland, which have more than offset the negative performance of France and Belgium in particular, penalised not only by the negative market performance in general, but also by the difficult comparison with a particularly positive 2024 in the two countries. Italy (+2.4%) accounted for just over 19% of the Group's turnover, while outside Europe, noteworthy performances included, on the one hand, the excellent results achieved in the Middle East and, on the other, the unusually slower project lead times in the Chinese market, which only showed signs of recovery in the latter part of the year.

The chart below shows the geographical breakdown of turnover in 2025:



The Group's turnover is not significantly dependent on individual commercial or industrial contracts, although, following a significant consolidation of two of its main customers active in the production of refrigerated cabinets, the Group's largest customer's share of total sales rose to 5.1%, while the top 10 customers collectively accounted for a percentage of the turnover amounting to 29.6% (it was 28.9% at the end of 2024).

1.4 ECONOMIC AND FINANCIAL DATA

The reclassified Income Statement and Balance Sheet are provided below:

Consolidated Income Statement					
Reclassified <i>(in thousands of Euro)</i>	31/12/2025	% revenues	31/12/2024	% revenues	% change 2025 over 2024
Revenues and operating income	605,391	100%	589,088	100%	2.8%
Purchases of materials	(306,969)	50.7%	(283,969)	48.2%	
Changes in inventories	10,761	(1.8%)	(9,852)	1.7%	
Services	(75,207)	12.4%	(75,542)	12.8%	
Personnel costs	(140,258)	23.2%	(132,532)	22.5%	
Other operating costs and accruals	(6,477)	1.1%	(4,674)	0.8%	
Total operating costs	(518,150)	85.6%	(506,569)	86.0%	2.3%
EBITDA	87,241	14.4%	82,519	14.0%	5.7%
Depreciation and amortisation	(30,578)	5.1%	(31,817)	5.4%	
Gains/(Losses) non-current assets	(263)	0.0%	(150)	0.0%	
Operating profit (EBIT)	56,400	9.3%	50,552	8.6%	11.6%
Net financial income and expense and net exchange gains/(losses)	(3,824)	(0.6%)	(3,486)	(0.6%)	
Pre-tax result (EBT)	52,576	8.7%	47,066	8.0%	11.7%
Income taxes	(12,782)	2.1%	(11,245)	1.9%	
Net result for the year	39,794	6.6%	35,821	6.1%	11.1%
Net result attributable to non-controlling interests	1,670		1,324		
Net result attributable to the Group	38,124	6.3%	34,497	5.9%	10.5%

“Revenues and operating income” increased by 2.8% compared to the previous year. At constant exchange rates, the increase in revenues would have remained unchanged. The increase is due to the increase in sales prices (approximately 0.8%) and volumes and the change in the sales mix.

Total operating costs decreased from EUR 506.6 million (86% of revenues) to EUR 518.1 million (85.6% of revenues). The overall increase of 2.3% (EUR 11.6 million) was essentially due to the following factors:

- consumption of materials increased by EUR 2.4 million, falling from 49.9% to 48.9% as a percentage of revenues. This increase was mainly due to the increase in the purchase prices of the main raw materials and volumes and the change in the production mix;
- costs for services (12.4% of sales, 12.8% of the previous year) show a decline of EUR 0.3 million mainly related to the decrease of EUR 1.2 million in travel expenses, net of the increase of EUR 0.9 million in costs for production-related services;
- personnel costs increased by EUR 7.7 million, mainly due to the usual salary dynamics and the effects of inflation. Personnel costs as at 31 December 2025 include approximately EUR 1.5 million for activities related to the expansion of the LU-VE US Inc. production plant in Texas (so-called “start-up costs”), which are not deemed to be part of core operations. As at 31 December 2024, there were no costs outside the ordinary course of business. Personnel costs as a percentage of revenue rose from 22.5% to 23.2%.

- The item “Other operating costs” increased by approximately EUR 1.8 million. The item includes EUR 1.6 million of non-income taxes, EUR 2.5 million of provisions for risks net of releases and EUR 2.4 million of other operating costs.

“EBITDA” amounted to EUR 87.2 million (14.4% of revenues) compared to EUR 82.5 million (14% of revenues) in 2024. Net of the impact of the non-operating costs described above, adjusted EBITDA as at 31 December 2025 would have amounted to EUR 88.7 million (see the paragraph 1.6 “Alternative Performance Measures” for more details). As at 31 December 2024, there were not non-operating costs. The change in adjusted EBITDA from the previous financial year (increase of EUR 6.2 million, +7.5%) is generated by a EUR 4.7 million increase in sales prices and the contribution related to the increase in volumes and the delta mix of sold products amounting to EUR 4.5 million, net of the increase in costs of the main raw materials and other production costs amounting to EUR 3.0 million.

Depreciation and amortisation decreased by EUR 1.2 million.

“Operating profit (EBIT)” amounted to EUR 56.4 million (9.3% of revenues) compared to EUR 50.6 million (8.6% of revenues) in 2024, up by 11.6%. Net of non-operating costs, adjusted EBIT as at 31 December 2025 would have amounted to EUR 57.9 million, 9.6% of revenues.

The balance of “Net financial income and expense” was negative for EUR 3.8 million (negative for EUR 3.5 million in 2024). The slight increase in net financial expenses of EUR 0.3 million was due to: the positive change in the fair value of derivative contracts to hedge financing of EUR 4.6 million; the increase in financial income of EUR 3.6 million; the negative change in exchange rate deltas net of EUR 4.8 million and higher financial expense of EUR 4.6 million. 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 EUR 0.9 million, was recognised within this item as at 31 December 2024.

“Pre-tax result (EBT)” was equal to EUR 52.6 million (8.7% of revenues) against a value of EUR 47.1 million in 2024 (8.0% of revenues). The EBT for 2025 adjusted (“adjusted EBT”) for the net effect of the negative change in the fair value of derivatives and the impact of amortised cost (EUR 1.0 million) would have amounted to EUR 55.1 million (9.1% of revenues). Last year it amounted to EUR 48.9 million (8.3% of revenues).

“Net result for the year” amounted to EUR 39.8 million (6.6% of revenues) compared to EUR 35.8 million (6.1% of revenues) in 2024. Applying the tax effect to the non-operating costs and revenues described above, the net profit for 2025 (“Adjusted net profit for the year”) would have been EUR 42.1 million, 6.9% of revenues (last year, EUR 37.4 million, 6.4% of revenues).

Consolidated Balance Sheet Reclassified <i>(in thousands of Euro)</i>	31/12/2025	% of net invested capital	31/12/2024	% of net invested capital	Change 2025 over 2024
Net intangible assets	82,001		88,080		(6,079)
Net property, plant and equipment	221,746		213,621		8,125
Deferred tax assets	12,878		11,227		1,651
Other non-current assets	619		424		195
Non-current assets (A)	317,244	89.0%	313,352	88.8%	3,892
Inventories	110,731		101,061		9,670
Trade receivables	121,986		102,961		19,025
Other receivables and current assets	11,314		13,631		(2,317)
Current assets (B)	244,031		217,653		26,378
Trade payables	126,588		108,291		18,297
Other payables and current liabilities	51,486		44,641		6,845
Current liabilities (C)	178,074		152,932		25,142
Net working capital (D=B-C)	65,957	18.5%	64,721	18.3%	1,236
Provisions for employee benefits	5,237		5,390		(153)
Deferred tax liabilities	12,664		13,698		(1,034)
Provisions for risks and charges	8,898		6,012		2,886
Medium/long-term liabilities (E)	26,799	7.5%	25,100	7.1%	1,699
Net Invested Capital (A+D-E)	356,402	100.0%	352,973	100.0%	3,429
Shareholders' equity attributable to the Group	276,589		249,434		27,155
Non-controlling interests	7,098		6,003		1,095
Total Consolidated Shareholders' Equity	283,687	79.6%	255,437	72.4%	28,250
Medium-term Net Financial Position	343,994		279,756		64,238
Short-term Net Financial Position	(271,279)		(182,220)		(89,059)
Total Net Financial Position	72,715	20.4%	97,536	27.6%	(24,821)
Shareholder's equity and net financial indebtedness	356,402	100.0%	352,973	100.0%	3,429

The increase in the item "Non-current assets" (EUR 3.9 million) is mainly related to the net investments for the year in property, plant and equipment and intangible fixed assets.

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 2025, amounted to EUR 106.1 million, or 17.5% of sales (it was EUR 95.7 million as at 31 December 2024, 16.3% of sales).

Consolidated shareholders' equity amounted to EUR 283.7 million compared to EUR 255.4 million as at 31 December 2024. The increase (EUR 28.2 million) was substantially due to the net profit for the year (EUR 39.8 million), adjusted for the negative effect of the translation reserve (EUR 1.4 million) and the distribution of dividends for EUR 10.2 million.

The net financial position was negative by EUR 72.7 million (EUR 97.5 million as at 31 December 2024), down by EUR 24.8 million, primarily as a result of paid investments in fixed assets for EUR 31.0 million, the distribution of dividends for EUR 10.2 million, the increase in operating working capital for 10.4 million, net of EUR 7 million due to the change in receivables and payables, EUR 0.7 million due to the decrease in other financial liabilities (IFRS 16) and positive cash flows from operations for approximately EUR 68.7 million. In the 2025 financial year, cash flow from operations, adjusted for non-operating items, amounted to EUR 54.5 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 2025 totalled around EUR 394.5 million.

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:

Income Statement LU-VE S.p.A.					% change 2025 over 2024
Reclassified <i>(in thousands of Euro)</i>	31/12/2025	% revenues	31/12/2024	% revenues	
Revenues and operating income	198,769	100.0%	200,841	100.0%	(1.0%)
Purchases of materials	(91,637)	46.1%	(91,595)	45.6%	
Changes in inventories	1,900	(1.0%)	(1,244)	0.6%	
Services	(36,005)	18.1%	(37,306)	18.6%	
Personnel costs	(58,269)	29.3%	(55,626)	27.7%	
Other operating costs and accruals	(3,363)	1.7%	(1,272)	0.6%	
Total operating costs	(187,374)	94.3%	(187,043)	93.1%	0.2%
EBITDA	11,395	5.7%	13,798	6.9%	(17.4%)
Depreciation and amortisation	(11,710)	5.9%	(12,474)	6.2%	
Gains/(Losses) on Non-current assets	(247)	0.1%	(87)	0.0%	
Operating profit (EBIT)	(562)	(0.3%)	1,237	0.6%	(145.5%)
Net financial income and expense and net exchange gains/(losses)	13,938	7.0%	18,705	9.3%	
Gains/(Losses) from investments (and other interests)	(2,791)	(1.4%)	(3,085)	(1.5%)	
Pre-tax result (EBT)	10,585	5.3%	16,857	8.4%	(37.2%)
Income taxes	1,567	0.8%	804	0.4%	
Net result for the year	12,152	6.1%	17,661	8.8%	(31.2%)

As at 31 December 2025, revenues and operating income decreased by 1.0% mainly related to the decrease in sales volumes.

Total operating costs were almost in line with the previous year (+0.2%), with the percentage of revenue rising from 93.1% to 94.3%. The slight increase in operating costs is mainly due to:

- a decrease in the consumption of materials with a total impact of EUR 3.1 million. The percentage of revenues improved from 46.2% to 45.1% as a result of the drop in sales volumes and the change in the sales mix;
- a reduction in costs for services of EUR 1.3 million (as a percentage of revenues, which fell from 18.6% to 18.1%) due to the decrease in service costs of EUR 1.8 million net of the increase in production-related costs of EUR 0.5 million;
- an increase in personnel costs of EUR 2.6 million as a percentage of revenues, from 27.7% to 29.3%), mainly due to salary dynamics;
- an increase in the item "Other operating costs and accruals" of EUR 2.1 million, related to higher provision for bad debt and risks.

"EBITDA" in 2025 amounted to EUR 11.4 million (5.7% of revenues) compared to EUR 13.8 million (6.9% of revenues) in 2024.

"Operating profit (EBIT)" was negative and amounted to EUR 0.6 million, accounting for -0.3% of revenues (positive for EUR 1.2 million in 2024, accounting for 0.6% of revenues).

The balance of "Net financial income and expense" in the year ended 31 December 2025 was a positive EUR 13.9 million, compared to EUR 18.7 million in 2024. The positive difference of EUR 4.8 million was mainly due to: the increase in the return on invested liquidity of EUR 4.7 million, the decrease in the negative fair value of derivative contracts of EUR 1.2 million, the positive change in amortised cost of EUR 0.7 million, the increase in exchange gains of EUR 0.7 million, the increase in dividends of EUR 2.1 million, net of the negative change in financial expense of EUR 4.6 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 EUR 0.7 million and the write-down of intragroup financial receivables for the loan granted to the subsidiary LU-VE US inc. for EUR 2.1 million.

"Pre-tax result (EBT)" in the year ended 31 December 2025 was equal to EUR 10.6 million (5.3% of revenues) against a value of EUR 16.9 million as at 31 December 2024 (8.4% of revenues).

"Net result for the year" in 2025 amounted to EUR 12.2 million (6.1% of revenues) compared to EUR 17.7 million (8.8% of revenues) in 2024.

Balance Sheet LU-VE S.p.A. Reclassified <i>(in thousands of Euro)</i>	31/12/2025	% of net invested capital	31/12/2024	% of net invested capital	Change 2025 over 2024
Net intangible assets	18,234		18,569		(335)
Net property, plant and equipment	69,443		72,746		(3,303)
Deferred tax assets	13,188		11,412		1,776
Investments	166,760		152,243		14,517
Other non-current assets	42		41		1
Non-current assets (A)	267,667	92.6%	255,011	93.9%	12,656
Inventories	29,120		27,220		1,900
Trade receivables	71,019		60,210		10,809
Other receivables and current assets	6,996		8,281		(1,285)
Current assets (B)	107,135		95,711		11,424
Trade payables	50,688		44,719		5,969
Other payables and current liabilities	23,990		23,725		265
Current liabilities (C)	74,678		68,444		6,234
Net working capital (D=B-C)	32,457	11.2%	27,267	10.0%	5,190
Provisions for employee benefits	2,238		2,120		118
Deferred tax liabilities	5,712		5,897		(185)
Provisions for risks and charges	3,136		2,639		497
Medium/long-term liabilities (E)	11,086	3.8%	10,656	3.9%	430
Net Invested Capital (A+D-E)	289,038	100.0%	271,622	100.0%	17,416
Share capital	62,704		62,704		-
Reserves and retained earnings/(losses)	48,547		40,214		8,333
Profit/(loss) for the year	12,152		17,661		(5,509)
Total Shareholders' equity	123,403	42.7%	120,579	44.4%	2,824
Medium-term Net Financial Position	336,029		270,219		65,810
Short-term Net Financial Position	(162,869)		(110,542)		(52,327)
Total Net Financial Position	173,160	59.9%	159,677	58.8%	13,483
Total Other non-current financial assets	(7,525)	(2.6%)	(8,634)	(3.2%)	1,109
Shareholder's equity and net financial indebtedness	289,038	100.0%	271,622	100.0%	17,416

The item “Non-current assets” increased by EUR 12.7 million compared to 2024, mainly due to the item “Investments”, following the increase in the equity investment by conversion of the loan disbursed to the subsidiary LU-VE US Inc. for EUR 17.3 million and the reduction in the equity investment of the subsidiary LU-VE Heat Exchangers (Tianmen) Co for EUR 3.4 million.

Operating working capital (the sum of inventories and trade receivables net of trade payables) increased by approximately EUR 6.7 million (from 21.3% to 24.9% of sales).

The shareholders' equity amounted to EUR 123.4 million compared to EUR 120.6 million as at 31 December 2024. The increase (EUR 2.8 million) was due to the net profit for the year (EUR 12.1 million), net of the distribution of dividends of EUR 9.3 million.

The net financial position was a negative for EUR 173.2 million (negative for EUR 159.7 million as at 31 December 2024), a worsening of EUR 13.5 million. The debt is all medium and long-term, and liquidity as at 31 December 2025 totalled around EUR 307.1 million.

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	2025	2024
Average days in inventory (1)	66	62
Inventory turnover ratio (2)	5.47	5.83
Receivables turnover ratio (3)	4.96	5.72
Average days sales outstanding (4)	73	63
Payables turnover ratio (5)	3	3
Average days payables outstanding (6)	121	104
Net Invested Capital	356,402	352,973
EBITDA	87,241	82,519
Adjusted EBITDA (7)	88,741	82,519
EBITDA/Financial expense	6	5
Adjusted Operating profit (EBIT) (8)	57,900	50,552
Adjusted Pre-tax result (EBT) (9)	55,076	48,906
Adjusted net result for the year (10)	42,094	37,361
Basic earnings per share (11)	1.72	1.55
Diluted earnings per share (12)	1.72	1.55
Dividends per share (13)	0.42	0.40
Net financial position	(72,715)	(97,536)
Net financial position/EBITDA	0.83	1.18
Debt ratio (14)	0.26	0.38
Operating working capital (15)	106,129	95,731
Net working capital (16)	65,957	64,721
Cash flow from operations adjusted for non-operating items (17)	54,500	56,440
Goodwill and Other Intangible assets/Total assets	0.09	0.10
Goodwill and Other Intangible assets/Shareholders' equity	0.29	0.34

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	2025	2024
EBITDA	87.2	82.5
Start-up expenses for LU-VE US	1.5	-
Adjusted EBITDA	88.7	82.5

- (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	2025	2024
EBT	52.6	47.1
Net financial income and expense (amortised cost effect and fair value of derivatives)	1.0	1.0
Start-up expenses for LU-VE US	1.5	-
Change in Put and Call strike price - purchase of 25% of Refrion S.r.l.	-	0.9
Adjusted EBT	55.1	48.9

- (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	2025	2024
Net result for the year	39.8	35.8
Net financial income and expense (amortised cost effect and fair value of derivatives)	0.8	0.7
Start-up expenses for LU-VE US	1.5	-
Change in Put and Call strike price - purchase of 25% of Refrion S.r.l.	-	0.9
Adjusted net profit for the year	42.1	37.4

- (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
- (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	31/12/2025	31/12/2024
Change in Net financial position	24.8	28.8
Non-ordinary investments (*)	18.7	7.9
Dividends paid (**)	10.2	9.7
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	(0.7)	9.1
Non-operating costs (****)	1.5	-
Cash flow from operations adjusted for non-operating items	54.5	56.4

(*) These are investments with deferred contribution to the cash generation of the LU-VE Group.

(**) 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.

(****) "Start-up" costs (personnel costs) relating to activities in connection with the expansion of LU-VE US Inc.'s production plant in Texas.

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 EUR 129.1 million, (EUR 114.7 million in 2024). The net profit was EUR 16.1 million (EUR 10.5 million in 2024) after depreciation and amortisation of EUR 6.2 million and taxes of EUR 3.4 million.

“OOO” Sest LU-VE achieved a turnover of EUR 50.4 million (EUR 42.0 million in 2024). The net profit was EUR 17.0 million (positive for EUR 14.6 million in 2024) after depreciation and amortisation of EUR 0.8 million and taxes of EUR 4.1 million.

HTS S.r.o. achieved a turnover of EUR 57.6 million (EUR 53.3 million in 2024). The net profit was EUR 5.3 million (EUR 4.6 million in 2024) after depreciation and amortisation of EUR 1.5 million and taxes of EUR 1.6 million.

LU-VE Sweden AB achieved a turnover of EUR 30.7 million (EUR 31.6 million in 2024) with a positive result of EUR 3.1 million, after depreciation and amortisation of EUR 0.6 million and taxes of EUR 0.9 million.

LU-VE Tianmen LTD achieved a turnover of EUR 13.3 million (EUR 16.9 million in 2024) and recorded a positive result of EUR 0.4 million, after depreciation and amortisation of EUR 0.5 million and taxes of EUR 0.1 million.

Thermo Glass Door S.p.A. achieved a turnover of EUR 12.1 million (EUR 15.6 million in 2024) and a negative result of EUR 0.8 million after depreciation and amortisation of EUR 0.8 million and a positive tax effect of EUR 0.3 million.

Manifold S.r.l. achieved a turnover of EUR 0.5 million (EUR 1.4 million in 2024), with a negative net profit of EUR 30 million after depreciation, amortisation and taxes totalling EUR 0.1 million.

Spirotech Heat Exchangers Private Limited achieved total revenues of EUR 57.1 million (EUR 58.0 million in 2024) with a positive net profit of EUR 8.0 million (EUR 7.0 million in 2024) after depreciation and amortisation of EUR 1.4 million and taxes of EUR 2.7 million.

LU-VE US Inc. achieved a turnover of EUR 20.3 million, in line with the previous year, with a negative result of EUR 5.4 million, after depreciation and amortisation of EUR 1.0 million.

Fincoil LU-VE OY achieved a turnover of EUR 47.7 million (EUR 43.7 million in 2024), with a positive net profit of EUR 4.4 million (EUR 3.6 million last year), after depreciation and amortisation of EUR 2.3 million.

Refriion S.r.l. achieved a turnover of EUR 33.1 million (EUR 34.8 million last year), with a positive profit of EUR 2.0 million (EUR 2.4 million last year), after depreciation and amortisation of EUR 2.1 million.

RMS S.r.l. achieved a turnover of EUR 6.4 million (EUR 6.9 million last year), with a positive result of EUR 0.6 million, after depreciation and amortisation and taxes of EUR 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 EUR 18.2 million (EUR 21.1 million in 2024), with a positive net profit of EUR 0.2 million, after depreciation and amortisation and taxes of EUR 0.1 million.

LU-VE Deutschland GmbH achieved a turnover of EUR 2.5 million (EUR 2.9 million in 2024) with a negative net profit of EUR 0.1 million, after depreciation and amortisation and taxes of EUR 0.1 million.

LU-VE Iberica SL achieved a turnover of EUR 14.3 million (EUR 13.5 million in 2024), with a positive net profit of EUR 0.1 million, after depreciation and amortisation and taxes of EUR 0.3 million.

LUVEDIGITAL S.r.l. realised a turnover of EUR 0.5 million, with a positive net profit of about EUR 15 thousand, after depreciation and amortisation and taxes of EUR 17 thousand.

LU-VE Austria GmbH achieved a turnover of EUR 0.2 million, with a positive net profit of EUR 61 thousand, after depreciation and amortisation and taxes of EUR 16 thousand.

LU-VE Netherlands B.V. realised a turnover of EUR 4.6 million, with a positive net profit of EUR 0.1 million, after depreciation and amortisation and taxes of EUR 0.1 million.

LU VE Middle East DMCC achieved a turnover of EUR 1.0 million, with a positive result of EUR 0.1 million, after depreciation and amortisation of EUR 0.1 million.

“OOO” LU-VE Moscow achieved a turnover of EUR 1.1 million, with a positive result of EUR 0.1 million, after depreciation and amortisation and taxes of EUR 0.1 million.

LU-VE South Korea ended the year with a turnover of EUR 0.1 million and a negative net profit of EUR 4 thousand.

Refrion Deutschland GmbH realised a turnover of EUR 4.0 million and a positive net profit of EUR 22 thousand.

LU-VE UK Ltd had a turnover of EUR 0.5 million and a negative net profit of EUR 9 thousand.

LU-VE Contardo Pacific Pty. Ltd and LU-VE Asia Pacific Ltd were liquidated during 2025.

1.9 INVESTMENTS

Group investments in 2025 amounted to EUR 37.7 million (EUR 35.6 million in 2024), given depreciation and amortisation of EUR 30.6 million. Below is a summary of investments by company:

Data in thousands of Euro		INVESTMENTS										Total
Category		LU-VE S.p.A.	SEST-LUVE-Polska SP.z.o.o.	Heat Transfer Systems s.r.o. (HTS)	SPIROTECH Heat Exchangers Pvt. Ltd	Thermo Glass Door S.p.A.	LU-VE US Inc.	LU-VE HEAT EXCHANGERS (Tianmen) Co. Ltd	Fincoil LU-VE OY	Refrion S.r.l.	Other	
Land and buildings		1,202	228	76	-	-	-	-	-	209	1,196	2,911
Plant and equipment		1,939	406	141	197	12	-	78	-	466	160	3,399
Right-of-use assets		2,771	219	49	130	-	13	223	280	76	910	4,671
Other		1,750	522	5	98	94	-	66	186	245	216	3,182
Fixed assets under construction		677	312	710	381	64	20,124	-	1	-	1,288	23,557
TOTAL		8,339	1,687	981	806	170	20,137	367	467	996	3,770	37,720

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 LU-VE US Inc.;
- The existing production capacity of LU-VE S.p.A., in particular for the Uboldo and Alonte plant and the restructuring of the company restaurant at the company headquarters;
- 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 SEST-LUVE-Polska SP z.o.o.;
- The enhancement of the existing production capacity by the Czech subsidiary;
- The expansion of the existing production capacity of the subsidiary SPIROTECH Heat Exchangers Pvt. Ltd.;
- The increase in "rights of use" of EUR 4.6 million, of which EUR 2.0 million related to offices and real estate, EUR 1.3 million related to cars and EUR 1.3 million related to other equipment;
The Group also incurred costs for software of EUR 1.1 million and other costs for intangible assets of EUR 0.6 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 2025 (from January to December 2025), 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 area is the same 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 used 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 is done on an annual basis, also for the year 2025, and the Group has applied the phase-in provisions in accordance with Annex C of ESRS 1 - in compliance with Delegated Regulation (EU) 2025/1416 ("Quick-fix") - for all anticipated 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 estimating the expected investments (CAPEX) for climate change mitigation and adaptation, as described in section "E1-3 – Actions and resources in relation to climate change policies", as well as for training, as described in section "S1-4 – Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities in relation to own workforce, and effectiveness of those actions".
- 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".
- 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 16.5% of the total expenditure and 3% 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 headcount, i.e., deemed 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 3.12 and DEFRA 2025 databases.
- vi. Category 15: in the absence of specific data on the emissions of investee companies, emissions were estimated through an emission index calculated as the ratio of the Group's CO₂ emissions (location-based) to the relevant shareholders' equity, then applying it to the value of the equity investments.

As this is the second year preparation of Consolidated Sustainability Statement in accordance with EU Regulation 2023/2772, the Group contains the comparative information relating to the financial year 2024. No amendments or changes were identified in the preparation criteria or in the methods for submitting sustainability information compared to the previous financial year's reporting and no material errors were found in the data and information related to 2024, presented for comparative purposes.

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 characterised by a “traditional” corporate governance system (Latin model) and therefore is characterised by the presence of a Board of Directors, a Board of Statutory Auditors and the Shareholders' Meeting. There is also a 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.

ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES: 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 (same composition as at 31 December 2025 and 31 December 2024), of which:

- three executive members representing 30% of the total number of members (Matteo Liberali - Chairman and CEO, Pier Luigi Faggioli - Vice Chairman and Michele Faggioli - Chief Strategic Development Officer, hereinafter also CSDO);
- three non-executive members, representing 30% of the total number of members (Fabio Liberali, Laura Oliva and Roberta Pierantoni);
- four non-executive and independent members, equal to 40% of the total number of members (Anna Gervasoni, Stefano Paleari, Raffaella Cagliano and Carlo Paris).

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).

The Board of Statutory Auditors in office, appointed by the Shareholders' Meeting of 28 April 2023, is currently composed of 3 (three) standing members, 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.

ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES: ROLES AND RESPONSIBILITIES WITH REFERENCE TO SUSTAINABILITY MATTERS

The Board of Directors plays a central role in the strategic leadership 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 Board of Statutory Auditors is called upon to supervise: (i) on compliance with the law and the Articles of Association; (ii) on compliance with the principles of correct administration; (iii) on 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 and reliable 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;

ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES: EXPERTISE IN SUSTAINABILITY

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 appointed as so 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 Board of Directors, as a whole, has adequate knowledge and expertise on sustainability issues and five Directors have specific expertise and knowledge on sustainability issues.

All members of the Board of Statutory Auditors have specific expertise and knowledge on sustainability issues, gained, for example, through academic experience or positions held in corporate committees dedicated to ESG issues. On 7 February 2025, the members of Board of Directors, together with those of the Board of Statutory Auditors, attended a training session on the CSRD Directive, in particular deepening the outcomes of the double materiality analysis of LU-VE Group.

ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES: COMPOSITION AND DIVERSITY

Of the total number of members of the Board of Directors:

- 3 (three), or 30% of the total number of members, qualify as Executive Directors pursuant to the *Corporate Governance Code*;
- 7 (seven) members, or 70% of the total number of members, qualify as Non-Executive Directors.

None of the members of the Board of Statutory Auditors have executive roles.

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

In February 2026, with regard to sustainability matters, the LU-VE Group held a meeting with active workers' representatives at its administrative headquarters. The RSUs were illustrated with 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 related liability information. The workers contributed and expressed satisfaction with the results presented; the meeting was recorded in the minutes signed by the participants.

The Executive Members of the Board of Directors have extensive and consolidated experience in the fields, products and geographical areas of the company.

It should be noted, however, that with regard to the lack of specific expertise of some directors and the Board of Statutory Auditors in sustainability or experience in the same sector in which the Group operates, they nonetheless have a diverse range of 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 plurality of qualified and diverse points of view, able to examine the issues under discussion from different perspectives.

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

Of the three current members of the Board of Statutory Auditors, two members are female (66.6% of the total number of members) and one male, which is therefore the least represented (33.3% of the total number of members).

Of the current ten members of the Board of Directors, 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 Consolidated Law on Finance, and article 2, Recommendation 7 of the Corporate Governance Code;

All three members of the Board of Statutory Auditors (representing 100% of the composition) are independent.

ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES: ACTIVITIES WITH REFERENCE TO SUSTAINABILITY MATTERS

The entire Board of Directors plays a central role in the strategic leadership 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:

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

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

Within the Board of Directors, the Executive Directors (CEO and CSDO) are responsible for setting the guidelines for sustainability and the Control and Risk Committee are assigned specific responsibilities relating to sustainability; 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 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.

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 ROLE OF THE BOARD OF DIRECTORS WITH REFERENCE TO SUSTAINABILITY MATTERS

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, which incorporates the objectives and strategies 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 a view to 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 impacts, risks and opportunities relevant to 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 impacts, risks and opportunities relevant to 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 Consolidated Law on Finance (also the "**Financial Reporting Manager**") 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;
- (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 an 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. The Board of Directors receives the report of the Supervisory Board on its activities on a six-monthly basis.
- (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 skills vested by the members of Board of Directors allow them to monitor and manage all issues related to corporate 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 ROLE OF EXECUTIVE DIRECTORS (CEO AND CSDO) WITH REFERENCE TO SUSTAINABILITY MATTERS

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:

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:

- 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, it 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 – 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.

THE ROLE OF THE CONTROL AND RISKS COMMITTEE WITH REFERENCE TO SUSTAINABILITY MATTERS

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.

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 impacts, risks and opportunities relevant to the Company and the Group, the implementation of the Due 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 ROLE OF THE BOARD OF STATUTORY AUDITORS WITH REFERENCE TO SUSTAINABILITY MATTERS

The SCIGR Guidelines envisage 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.

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;
- (f) 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;
- (g) 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;
- (h) 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;
- (i) 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;

- (j) 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.

THE ROLE OF MANAGEMENT WITH REFERENCE TO SUSTAINABILITY MATTERS

THE FINANCIAL REPORTING MANAGER

LU-VE appointed Eligio Macchi (Chief Financial and Legal Officer of the LU-VE Group) as the Manager in Charge of Financial Reporting for the preparation 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 Reporting, 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 Reporting 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 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 issues within the corporate strategy, risk management and remuneration processes, since 2022 LU-VE 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.

ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES: EXPERTISE WITH REFERENCE TO SUSTAINABILITY MATTERS

The skills vested by the members of Board of Directors allow them to monitor and manage all issues related to corporate 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

Board of Directors, the Executive Directors and the Control and Risk Committee have the option to engage external experts, should they deem it appropriate, to provide support in defining sustainability strategies, in monitoring the activities and results achieved, and concerning material impacts, risks and opportunities.

THE ACTIVITIES OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES DURING THE YEAR

THE CONTROL AND RISK COMMITTEE

In 2025, in accordance with the provisions of the *pro tempore* legislation in force, of the Regulations and the SCIGR Guidelines in force, the Control and Risk Committee carried out supervisory activities regarding the implementation of the provisions of the new legislation of Legislative Decree 125/2024, up to the date of approval of the sustainability reporting by the Board of Directors on 13 March 2025.

In particular, it confirmed that there was no need to make any changes to the methodology implemented for preparing the double materiality assessment, overseeing the procedure and the editing tasks for 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 2025 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 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 19 February 2026.

It also assessed, with the Financial Reporting Manager, after consulting the auditor and the Board of Statutory Auditors, the correct use of accounting standards and ESRS and their consistency for the purposes of preparing the Integrated Annual Report and on the process for preparing integrated reporting, and examined the suitability of the draft Integrated Annual Report, also including the Consolidated Financial Statements and the Consolidated Sustainability Statement, to correctly represent management events, also with reference to the impacts relating to *Climate Change*.

It also monitored the results for the period of the actions identified in the 2023–2025 sustainability plan on a six-monthly basis.

THE BOARD OF DIRECTORS

In 2025, 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 the Group, periodically monitoring their implementation; in particular, on 20 February 2025, it: *(i)* approved the material sustainability impacts, risks and opportunities, in accordance with the relevant ESRS; *(ii)* reviewed and analysed the results for the year 2024 of the actions identified in the 2023-2025 Sustainability Plan and its ; *(iii)* approved the Group's 2025-2028 Business Plan, after an overall analysis of the Group's strategies and its positioning in relation to the topics and activities to be implemented to achieve Sustainable Success. It also verified the strategic assumptions of the business plan (also subject to analysis 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 preparing 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 2025, the Integrated Annual Report as at 31 December 2024, including the draft financial statements and consolidated financial statements, the Directors' single report on operations and the Consolidated Sustainability Statement prepared pursuant to Italian Legislative Decree 125/2024;
- (d) defined the nature and level of risks compatible with the strategic objectives identified, at the meetings to approve the integrated annual 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 2025 and 9 September 2025, 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 half-yearly 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.

THE BOARD OF STATUTORY AUDITORS

During 2025 and as part of its role, the Board of Statutory Auditors continued to interact with the Financial Reporting Manager and corporate managers to verify how the organisational structure of LU-VE S.p.A. was involved and involved in the process of preparing Consolidated Sustainability Statement, discussed with the Financial Reporting Manager the manner of its preparation and compliance with the roles and responsibilities envisaged in this respect.

In particular, the Board of Statutory Auditors examined the processes and information flows for the purposes of Consolidated Sustainability Reporting, the controls introduced, and the responsibilities outlined for the purposes of data collection and validation.

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 for 2025 has been approved by the Board of Directors in line with the remuneration policy approved by the Shareholders' Meeting on 18 April 2025, 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), 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:

- 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. 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.

Core elements of due diligence	Reference sections in the Consolidated Sustainability Statement
a) Embedding due diligence in governance, strategy and business model	2.1.7 STRATEGY, BUSINESS MODEL AND VALUE CHAIN (SBM-1)
b) Engaging with affected stakeholders in all key steps of the due diligence	2.1.8 INTERESTS AND VIEWS OF STAKEHOLDERS (SBM-2)
c) Identifying and assessing adverse impacts	2.1.10 DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS CLIMATE-RELATED MATERIAL IMPACTS, RISKS AND OPPORTUNITIES (IRO-1); 2.2.2 CLIMATE CHANGE (E1) IRO-1 - DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS CLIMATE-RELATED MATERIAL 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 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; 2.2.6 RESOURCE USE 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
d) Taking actions to address those adverse impacts	2.2.2 CLIMATE CHANGE (E1) E1-3 - ACTIONS AND RESOURCES IN RELATION TO CLIMATE CHANGE POLICIES 2.2.3 POLLUTION (E2) E2-2 - ACTIONS AND RESOURCES RELATED TO POLLUTION 2.2.4 WATER AND MARINE RESOURCES (E3) E3-2 - ACTIONS AND RESOURCES RELATED TO WATER AND MARINE RESOURCES 2.2.5 BIODIVERSITY (E4) E4-3 - ACTIONS AND RESOURCES RELATED TO BIODIVERSITY AND ECOSYSTEMS 2.2.6 - RESOURCE USE AND CIRCULAR ECONOMY (E5) E5-2 - ACTIONS AND RESOURCES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY
e) Tracking the effectiveness of these efforts and communicating	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 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 ACTION 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

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 LU-VE Group. The Board of Directors defines the corporate governance system 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. Internal Audit is responsible for ensuring that the internal control and risk management system is operational and adequate. For further details and for an explanation of the specific expertise of the Control and Risk Committee, the Board of Directors and the Board of Statutory Auditors, please refer to the description on 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. not only the economic and financial effect that each risk may have on the Group, but also the likelihood of it 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, in the double materiality analysis, 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, specific controls have been put in place concerning 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 aim is to extend and strengthen the monitoring of these controls for the coming years.

The aforementioned controls are appropriately stated in the reporting procedure, published and disseminated internally. It should also be noted that in 2024, Internal Audit conducted an audit dedicated to the process of drafting Non-Financial Statement, the results of which overall strengthened its structure. The controls defined and carried out in 2024 by Internal Audit were also replicated for the 2025 financial year. 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

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) air cooled heat exchangers; 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”.
- 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.

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 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 3,039, is broken down as follows: Italy 1,081, EU countries 1,202 and non-EU countries 756.

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 people's lives, the economy, the environment, increasing inequalities, poverty, migration, water and food shortages and reduced biodiversity. 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. The Sustainability Plan was then updated to become an integral part of the 2026-2029 Business Plan, approved by the Board of Directors in February 2026.

The four key elements - already a founding part of the 2023-2025 Sustainability Plan - are also confirmed for the four-year period 2026-2029, in line with the Group's strategic priorities:

- i) Sustainability integrated into the business plan: integration of sustainability levers and targets into the business plan;

- ii) State-of-the-art products: development of solutions designed for natural and high-efficiency refrigerants and promoting the positive impact of products by offering decarbonisation solutions;
- iii) Climate neutrality: climate change emission reduction actions and targets across its *operations* and along the value chain, in line with the Paris Agreements;
- iv) High engagement: adoption of policies to promote the well-being of employees and enhancing diversity, ensuring a high involvement of people.

For each of the above aspects, key indicators and quantitative targets have been identified as shown in the table below. The same key indicators are also considered for the 2026-2029 Business Plan and the values of the expected targets were updated at the same time. In addition, new key indicators related to training (last line of the table below) have been introduced.

BUSINESS PLAN 2023-2025					BUSINESS PLAN 2026-2029			
OBJECTIVES	KEY INDICATORS	2024	2025	TARGET 2025	TARGET 2026	TARGET 2027	TARGET 2028	TARGET 2029
Sustainability integrated into the business plan and state-of-the-art products	Turnover from products designed for natural refrigerant fluids and/or high-efficiency motors (% of total turnover)	56%	58%	>56%	>58%	>60%	>62%	>64%
	Suppliers with completed Supplier Form (% of total relevant suppliers)	70%	72%	>71%	>73%	>74%	>75%	>76%
	Suppliers audits (no.)	11	17	15	20	25	30	33
Climate neutrality	Scope 1 and Scope 2 climate change emission reduction (% of 2022 baseline)	-15%	-36%	-19%	-40.1%	-44.2%	-48.3%	-52.3%
High engagement	Employees evaluated within the Performance Management (% of total eligible employees)	87%	97%	>80%	85%	>88%	>90%	>90%
	Accident frequency index	3.65	4.82	<=3.25	<=3.89	<=3.55	<=3.20	<=2.80
	Accident severity index	0.12	0.18	<=0.12	<=0.16	<=0.14	<=0.11	<=0.08
	Average training per capita				8.50	>8.50	>8.50	9.00
	Online Academy Training: average training per capita	-	-	-	>3.30	>3.40	3.50	>3.50
	Online Academy Training: number of active employees				500	>500	550	>550

All 2025 targets have been met and exceeded, except for accident-related targets, as detailed in section “S1-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities”.

With specific reference to product categories, products designed for natural refrigerants and/or high-efficiency motors contribute to the Group's sustainability targets.

Natural refrigerants, unlike HFCs (and HCFCs), are without PFAS and are characterised by zero or very low GWP values and zero ODP values. The GWP is an indicator that quantifies the impact of a greenhouse gas on global warming, while the ODP indicates a substance's ability to damage the

atmospheric ozone layer. PFAS are known as “permanent chemical substances”, i.e. substances that never degrade, because they do not degrade in the environment or human body, accumulating over time and causing serious risks (cancer, hormonal and immune damage) for human health and the ecosystem.

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.

With reference to Scope 1 and Scope 2 emission reduction targets, it should be noted that the Group increased its reduction ambition, in line with the methodological approach of the science-based target initiative, as it already achieved a -36% reduction in 2025, exceeding the expected target (-19%). Consequently, the reduction target for the end of 2029 will no longer be -42% but -52.3%.

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.

For financing purposes, the Group adopted, as in the previous year, the same turnover indicator used in the Sustainability Plan, which, in the financial year 2025, was 2% higher than the previous year, switching from 56% to 58%.

The table above shows that the target of increasing turnover of products using natural and/or high energy-efficient refrigerants, set between 56% and 60% in the 2025-2028 Business Plan, was achieved, having recorded a value of 58% in 2025.

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 resolution.

During 2025, two new surveys were conducted dedicated to customers of the *Strategic Business Unit Components* and the *Strategic Business Unit Cooling System*, with the aim of gathering expectations and views on various aspects of business management, including main sustainability impacts and sharing sustainability targets and cooperation opportunities. Among the priorities identified as most significant by customers are the reduction of emissions generated in the plants and during product use (climate change mitigation), and the adoption of a supply chain responsible for environmental protection and human rights aspects. The Corporate Sustainability Steering Committee has already assessed these results.

In addition to the results of analysing customer surveys, the results from other listening and dialogue activities with other stakeholder categories were also considered. Specifically, with reference to employees, the results of specific surveys conducted on the Sustainability Ambassadors, participants in the Group’s programme, were taken into account; with reference to investors, the topics and priorities that emerged during the meetings planned between the company and the investors on the occasion of the Sustainability Week of Borsa Italiana were taken into account; finally, with reference to suppliers, the results of audits were taken into account, which also include sustainability topics. In 2025, the analysis was also supplemented with new benchmark analyses on the reporting of the impacts, risks and opportunities of comparable companies – by size and business sector – to LU-VE Group.

All the collected results mentioned above were evaluated by the Sustainability Office and taken into account in the identification of material impacts, risks and opportunities, and were also monitored by

the relevant departments and the Corporate Sustainability Steering Committee in order to evaluate future actions.

It should also be noted that, with regard to sustainability matters, in February 2026, LU-VE Group held a meeting with active workers' representatives at its administrative headquarters. The RSUs were illustrated with 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 related liability information. The workers contributed and expressed satisfaction with the results presented; the meeting was recorded in the minutes signed by the participants.

All the tools for listening to and engaging stakeholders are 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	STAKEHOLDER 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 • Sustainability Week – Borsa Italiana • 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	• Supplier selection, qualification and assessment questionnaires • Meeting, audit and dedicated meetings • Dedicated communications

STAKEHOLDER	STAKEHOLDER ENGAGEMENT TARGETS	MAIN FEEDBACK AND ENGAGEMENT TOOLS
	Assessment of supplier impact on CO₂ emissions	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 issues	Discussion with representatives
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 2025, there were no significant changes to the stakeholder category mapped by the Group, the strategy and the 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).

To date, the Group does not include any significant monetary amounts directly related to sustainability risks assessed as material in this Statement.

The Group has applied the *phase-in* provisions in accordance with Annex C of ESRS 1 for all anticipated 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 second year of preparation of the Consolidated Sustainability Statement in accordance with EU Regulation 2023/2772, the Group provides comparative information compared to the previous year of the reporting period considered. 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-TOPIC	IMPACT	DESCRIPTION	POSITIVE OR NEGATIVE 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	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	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	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	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	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	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	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	Current	Direct	Short-term

ESRS	SUB-TOPIC	SUB-SUB-TOPIC	IMPACT	DESCRIPTION	POSITIVE OR NEGATIVE IMPACT	CURRENT OR POTENTIAL IMPACT	DIRECT OR INDIRECT IMPACT	TIME HORIZON
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	Current	Indirect (Upstream)	Short-term
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	Potential	Indirect (Upstream)	Short-term
E3 Water and marine resources	Water	Water withdrawals; Water consumption	Exploitation of water resources	The Group's production activities generate an impact in terms of water withdrawals and water consumption	Negative	Current	Direct	Medium-term
E3 Water and marine resources	Water	Water withdrawals; Water consumption	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 and water consumption.	Negative	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	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	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	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	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	Current	Direct	Medium-term

ESRS	SUB-TOPIC	SUB-SUB-TOPIC	IMPACT	DESCRIPTION	POSITIVE OR NEGATIVE IMPACT	CURRENT OR POTENTIAL IMPACT	DIRECT OR INDIRECT IMPACT	TIME HORIZON
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	Current	Direct	Short-term
S1 Own workforce	Equal treatment and opportunities for all	Gender Equality and equal pay for work of equal value	Discrimination against workers	The lack of precise and stringent policies and guidelines on the selection and remuneration of staff can result in incidents of discrimination based on various factors (gender, sexual orientation, ethnicity, religion, etc.).	Negative	Potential	Direct	Short-term
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	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	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	Potential	Direct	Short-term
S1 Own workforce	Working conditions	Freedom of association, the existence of works councils and the information, consultation and participation rights of workers;	Negative impact due to the absence of freedom of association and workers' participation rights	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	Potential	Direct	Short-term
S1 Own workforce	Working conditions	Collective bargaining agreements, including percentage of workers covered by collective bargaining agreements	Negative impact on employees due to the absence of Collective bargaining agreements	Without collective bargaining agreements, 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	Potential	Direct	Short-term

ESRS	SUB-TOPIC	SUB-SUB-TOPIC	IMPACT	DESCRIPTION	POSITIVE OR NEGATIVE IMPACT	CURRENT OR POTENTIAL IMPACT	DIRECT OR INDIRECT IMPACT	TIME HORIZON
S1 Own workforce	Equal treatment and opportunities for all	Measures against violence and harassment 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, leading to stress, anxiety and reduced productivity, resulting in higher turnover rates.	Negative	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	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	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	Potential	Direct	Short-term
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	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	Potential	Indirect (Upstream)	Short-term

ESRS	SUB-TOPIC	SUB-SUB-TOPIC	IMPACT	DESCRIPTION	POSITIVE OR NEGATIVE IMPACT	CURRENT OR POTENTIAL IMPACT	DIRECT OR INDIRECT IMPACT	TIME HORIZON
S2 Workers in the value chain	Working conditions	Social dialogue; Collective bargaining agreements, including the per-centage of workers covered by collective agreements; Freedom of association, existence of works councils and workers' rights to information, consultation and worker participation	Negative impact due to lack of social dialogue, absence of Collective Bargaining Agreements, absence of freedom of association and workers' participation rights along 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. Without collective bargaining agreements, 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. Without the possibility of forming trade unions or committees, value chain 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	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	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	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	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 labelling in the downstream stage of the value chain	Possible customer dissatisfaction following product defects caused by multiple factors: errors or shortcomings during development and quality control, failure to meet market requirements, or communicated unrealistic product characteristics.	Negative	Current	Indirect (Downstream)	Short-term

ESRS	SUB-TOPIC	SUB-SUB-TOPIC	IMPACT	DESCRIPTION	POSITIVE OR NEGATIVE IMPACT	CURRENT OR POTENTIAL IMPACT	DIRECT OR INDIRECT IMPACT	TIME HORIZON
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	Current	Indirect (Downstream)	Medium-term
G1 Business conduct	Management of relationships 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	Current	Indirect (Upstream)	Short-term

TABLE OF THE LU-VE GROUP'S MATERIAL RISKS

ESRS	SUB-TOPIC	SUB-SUB-TOPIC	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 expenditure, 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

ESRS	SUB-TOPIC	SUB-SUB-TOPIC	RISK	DESCRIPTION	TIME HORIZON	DIRECT OR INDIRECT IMPACT
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
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 in particular 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:

- 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 updated by the Sustainability Office on the basis of the methodology developed for the first year of reporting in accordance with the new standards, with the support of an external company. The results were then 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 2026.

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**: involves a 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) **Current**: 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**, 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 risk** or residual risk is consequently determined. Specific adjustments were then made based on the Finance Department's understanding of the economic and financial effects.

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.

Overall, the double materiality assessment process was conducted based on the methodology already developed for the previous year in compliance with the requirements of the regulations and in compliance with the guidance contained in the 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.

It should be noted that there were no changes in the topics, sub-topics and sub-sub topics reported compared to the previous year. In this context, it should be noted that:

- the impact “Absence of corporate culture policies”, referred to the sub-topic “Business culture” and topic “G1 – Business conduct”, which was significant in the previous year, was not assessed as such in the current year. This change is mainly attributable to an update of the scores carried out based on internal analyses and benchmark activities;
- the impacts “Water resource utilisation at the Group” and “water resource utilisation in the upstream stages of the value chain”, referring to the topic “E3 – Water and marine resources”, were grouped into the single impact “Water resource utilisation”;
- the impacts “Collective bargaining agreements, including percentage of workers covered by collective bargaining” and “Freedom of association, existence of works councils and information, consultation and participation rights of workers”, referring to the topic S2 – Workers in the value chain”, were grouped in the single impact “Social dialogue; Collective bargaining, including the percentage of workers covered by collective bargaining; Freedom of association, existence of works councils and information, consultation and participation rights”.

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.

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	
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)
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)

Disclosure Requirement	Reference section
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 climate-related material impacts, risks and opportunities	2.2.2 CLIMATE CHANGE (E1) IRO-1 - DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS CLIMATE-RELATED MATERIAL 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 pollution-related material 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 water and marine resources-related material impacts, risks and opportunities	2.2.4 WATER AND MARINE RESOURCES (E3) IRO-1 - DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS WATER AND MARINE RESOURCES-RELATED MATERIAL 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 related 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
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 workforce to raise concerns	2.3.1 OWN WORKFORCE (S1) S1-3 - PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR OWN WORKERS TO RAISE CONCERNS

Disclosure Requirement	Reference section
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 negative material 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
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		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 UNDERTAKING'S ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES (GOV2)
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 UNDERTAKING'S ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES (GOV2)
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 449 bis 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) 2020/1816, 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		Article 12(1), of Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816		No	-
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

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 E1-1 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 transition 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 449 bis 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 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 449 bis 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

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 449 bis 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(i)	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 2025, which corresponds to the second year of sustainability reporting in accordance with the ESRS, LU-VE has chosen to use the <i>phase-in</i> 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 66 (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 of Regulation (EU) 575/2013; point 34 of Commission Implementing Regulation (EU) 2022/2453; Template 2: Banking book: Climate change transition risk indicators: loans guaranteed by real estate – Energy efficiency of real guarantees				
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities, paragraph 69			Annex II of Delegated Regulation (EU) 2020/1818			

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 WATER AND MARINE RESOURCES
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 WATER AND MARINE RESOURCES
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(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(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				Yes	2.2.6 RESOURCE USE AND CIRCULAR ECONOMY (E5) E5-5 – RESOURCE OUTFLOWS (WASTE)
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 OUTFLOWS (WASTE)
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)

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 – SBM3 – S1 Risk of incidents of child labour, paragraph 14 (g)	Indicator number 12, Table 3 of Annex I				Yes	2.3.1 OWN WORKFORCE (S1)
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(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 FOR OWN WORKERS TO RAISE CONCERNS
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88(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(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 (PAY GAP AND TOTAL REMUNERATION)
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(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(b)	Indicators number 12 and 13 Table 3 of Annex I				Yes	2.3.2 WORKERS IN THE VALUE CHAIN (S2)

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 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
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicators number 11 and 4 Table 3 of Annex I				Yes	2.3.2 WORKERS IN THE VALUE CHAIN (S2) S2-1 – POLICIES RELATED TO VALUE CHAIN WORKERS
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 RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO VALUE CHAIN WORKERS, AND EFFECTIVENESS OF THOSE ACTIONS
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

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 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 AND END-USERS, AND EFFECTIVENESS OF THOSE ACTIONS
ESRS G1-1 United Nations Convention against Corruption, paragraph 10(b)	Indicator number 15, Table 3 of Annex I				Yes	2.4.1 BUSINESS CONDUCT (G1) G1-1 – CORPORATE CULTURE AND BUSINESS CONDUCT POLICIES
ESRS G1-1 Protection of whistleblowers, 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(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 (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

TAXONOMY FOR ENVIRONMENTALLY SUSTAINABLE ACTIVITIES

Introduced by Regulation (EU) 2020/852 (hereinafter also referred to as the "Regulation"), the European Union 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:

- Climate change mitigation (CCM)
- 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 economic and financial indicators (turnover, Capex and Opex, according to definitions set out in the regulations in question, also referred to as “KPIs”) and standardised templates to ensure transparency and comparability. The “*Climate Delegated Act*” was introduced at the same time, setting technical criteria for the assessment of activities that contribute to mitigation targets and climate change adaptation. Subsequently, in the course of 2023, the European Commission published:

- 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.
- 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 “*Disclosures Delegated Act*”, including changes to the templates to be used for the publication of required key performance indicators (KPIs).

On 4 July 2025, the European Commission finally adopted Delegated Regulation (EU) 2026/73, published in the Official Journal of the European Union on 8 January 2026, amending Delegated Regulation (EU) 2021/2178, with regard to the simplification of the content and presentation methods of information on environmentally sustainable activities, as well as Delegated Regulations (EU) 2021/2139 and (EU) 2023/2486, with reference to the simplification of certain technical screening criteria. These amendments are applicable to the Sustainability reports published after 1 January 2026, without prejudice to the right, for companies subject to the reporting obligation, to prepare the disclosure relating to the 2025 financial year in accordance with the previous version of the legislation. In this regard, it should be noted that the Group has prepared the Taxonomy disclosures for 2025 using the simplifications set out in Regulation 2026/73, opting for the non-application of the materiality option and therefore undertaking the complete analysis of the economic activities carried out by the Group and the reporting of eligible activities regardless of how significant the associated KPIs are.

In this context, please note that according to the definitions adopted by the Regulation 2020/852, An economic activity can be considered eligible for the Taxonomy if it is included in at least one of the delegated regulations of the European Taxonomy.

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

- it complies with a set of technical screening criteria 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)
- the company complies with minimum safeguards (MS), recognising the importance of human rights and international standards.

Assessment of the eligibility of the LU-VE Group’s economic activities

The LU-VE Group has conducted an eligibility assessment of its core activities, comparing them with the economic activities listed in the applicable Delegated Regulations and listed above.

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

European Taxonomy activities	Objective	Economic activities of the LU-VE Group
3.5. Manufacture of energy efficiency equipment for buildings	CCM	Ventilated products with 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 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	Interventions realised by the LU-VE Group
1.2 Manufacture of electrical and electronic equipment	CE	Purchase of electronic equipment (laptop, etc.)
7.1 Construction of new buildings	CCM	New construction aimed at expanding production sites, particularly in the USA
7.2 Renovation of existing buildings	CCM	Renovation work
7.3 Installation, maintenance and repair of energy efficiency equipment	CCM	Installation, maintenance and repair of ventilation systems
7.4 Installation, maintenance and repair of electric vehicle charging stations in buildings (and in the parking spaces belonging to the buildings)	CCM	Installation of charging points for electric vehicles
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	CCM	Leases or purchase of vehicles forming part of the company fleet

All of the activities listed above (3.5, 3.6, 7.1, 7.2, 7.3, 7.4 and 6.5) contribute to this Climate Change Mitigation 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. Activity 1.2, however, contributes exclusively to this last objective.

Evaluation of the alignment of the 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 turnover (activity 3.5, 3.6) contribute to one environmental objective without adversely affecting other objectives.

In relation to the substantial contribution criteria, over the years the LU-VE Group has conducted specific Life Cycle Assessment studies necessary to meet the expected requirements, which include, among others, the presence of a third-party carbon footprint certificate in accordance with international ISO standards. The Group continues to monitor this area, with the aim of identifying opportunities for improvement and progressively strengthening its environmental impact analyses.

With regard to the DNSH criteria and in particular the criteria for climate change adaptation, the Group conducted a formal assessment of the physical climate risks associated with the average rise in temperatures at all the Group's facilities, using IPCC RCP 2.6 and RCP 4.5 climate scenarios with a time horizon of 2030. The analysis made it possible to identify the main physical climate risks relevant to the Taxonomy, in particular thermal stress, temperature change and variability, with potential effects on the increase in energy costs for cooling and heating; however, no timely assessment of the impacts of these risks on taxonomic activity was developed.

With regard to the sustainable use and protection of water and marine resources, the topic is mainly managed through controls on industrial discharges to ensure compliance with regulatory limits, but the Group has not yet developed a structured and integrated approach to water resource management, or a water management plan or systematic analysis of water stress and ecological status of water.

The transition to a circular economy is being gradually integrated into the design and production processes of the LU-VE Group. Aspects such as durability, recycling, waste reduction and traceability of substances are considered in the Group's environmental policies and guide the development of innovative solutions focused on environmental impacts. However, there remains a commitment to further strengthen the structuring of analysis and monitoring processes in this area.

With regard to the criteria for the prevention and reduction of pollution in Appendix C to Annex I of Delegated Regulation (EU) 2021/2139, as amended by the *Commission Delegated Act (EU) 2026/73*, the LU-VE Group uses substances in concentrations above 0.1% by weight (p/p) and which meet the criteria set forth in Article 57 of Regulation (EC) No 1907/2006 and which have been identified in accordance with Article 59(1) of that Regulation for a period of at least 18 months. A study is currently underway to verify the market presence of alternative substances and technologies. The substances listed in Annex II to Directive 2011/65/EU and the substances listed in Annex XVII to Regulation (EC) No 1907/2006 are tracked and monitored as part of the Reach & ROHS project. Extending these analyses to include China, Russia and India is being considered.

With regard to the protection and restoration of biodiversity, the criterion requires that an environmental impact assessment or equivalent analysis has been carried out and, in the case of sites located within or near biodiversity-sensitive areas, an appropriate assessment has been carried out. To date, LUVE has not launched specific initiatives or structured analysis on biodiversity since the Group's plants are not located in areas sensitive to biodiversity.

At the date of preparation of this Consolidated Sustainability Statement, the Group has concluded that, with reference to activities 3.5 and 3.6, 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 investments and non-capitalised direct operating costs (activities 1.2, 6.5, 7.1, 7.2, 7.3 and 7.4), it was not possible to collect sufficient data from suppliers to assess compliance with substantial contribution criteria and DNSH requirements. By adopting a precautionary approach, the Group therefore considered these activities not aligned.

Evaluation of minimum safeguards

In 2025, the LU-VE Group continued the 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 Organisation 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". In line with the European regulatory framework, the Group also oversees the compliance requirements provided for in the SFDR

Regulation¹, also with reference to the “*Do No Significant Harm*” principle, monitoring and reporting on issues such as the gender pay gap and gender diversity in governance bodies.

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* (ERM) 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 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.

Following the adoption of Delegated Regulation (EU) 73/2026, the reporting tables have been updated. In accordance with Article 8(3) of the *Disclosure Delegated Act*, the comparative information relating to the 2024 financial year is presented in the tables at the end of the “*Calculation of KPIs*” section.

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 2025 financial year. The denominator corresponds to the item “Revenues” reported in

¹ Sustainable Finance Disclosure Regulation (SFDR): Regulation (EU) 2019/2088

Note 4.1 “Revenues” of the Explanatory Notes to the Consolidated Financial Statements, in the amount of EUR 598,642 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 expenditure (CapEx) KPI:

As previously mentioned, the calculation of capital expenditure (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 31,277 thousand), intangible assets (amounting to EUR 1,720 thousand) and rights of use (amounting to EUR 4,674 thousand) was EUR 37,720 thousand.
- ii. The numerator corresponds to the capital expenditure, included in the denominator, attributable 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 and alignment 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 over the other. Therefore, the Group allocated investments by applying the same eligibility percentages as determined for revenues.

The increase in the eligibility proportion referable to activity 7.1 in 2025 is mainly attributable to investments incurred for the construction of a new building in the United States. This transaction resulted in a significant increase in the percentage weight of this activity compared to the previous year.

Operating expenditure (OpEx) KPI:

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

- i. The denominator includes all non-capitalised operating costs related to maintenance, 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 10,082 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 and alignment 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 activities aligned with the taxonomy or to enable economic activities eligible to align with the 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.

The tables in the following pages contain information on the shares of turnover, capital expenditure and operating expenditure identified as suitable and aligned according to the European Taxonomy, according to the new models included in Annex II of Delegated Regulation 2026/73.

Table A – Proportion of turnover, capital expenditure (CapEx), operating expenditure (OpEx) deriving from products or services associated with taxonomy-eligible or taxonomy-aligned economic activities – Information for the year 2025 (Summary of KPIs)

KPI	Total	Proportion of taxonomy-eligible activities	Taxonomy-aligned activities	Proportion of taxonomy-aligned activities	Breakdown by environmental objective of taxonomy-aligned activities						Share of enabling activity	Proportion of transition activities	Activities not measured as irrelevant	Taxonomy-aligned activities in the previous financial year (2024)	Proportion of taxonomy-aligned activities in the previous financial year (2024)
					CCM	CCA	WTR	CE	PPC	BIO					
	kEuro	%	kEuro	%	%	%	%	%	%	%	%	%	%	kEuro	%
Turnover	598,642	33.5%	0	0%									0%	0	0%
CapEx	37,720	64.9%	0	0%									0%	0	0%
OpEx	10,082	30.3%	0	0%									0%	0	0%

Table B – Share of turnover from products or services associated with taxonomy-eligible or taxonomy-aligned economic activities – Information for the year 2025 (breakdown by activity)

Economic activities	Code	Taxonomy-eligible KPI (proportion of turnover eligible for the taxonomy)	Taxonomy-aligned KPI (monetary turnover value)	Taxonomy-aligned KPI (proportion of turnover aligned with the taxonomy)	Breakdown by environmental objective of taxonomy-aligned activities						Enabling activities	Transitional activities	Taxonomy-aligned proportion of total taxonomy-eligible
					CCM	CCA	WTR	CE	PPC	BIO			
		%	kEuro	%	%	%	%	%	%	%	A where applicable	T where applicable	%
Manufacture of energy efficiency equipment for buildings	3.5 CCM	2.2%	0	0%							A		0%
Manufacture of other low carbon technologies	3.6 CCA	31.4%	0	0%							A		0%
Total alignment by objective													
Total KPI (turnover)		33.5%	0	0%									0%

Table C – Proportion of capital expenditure (CapEx) deriving from products or services associated with taxonomy-eligible or taxonomy-aligned economic activities – Information for the year 2025 (breakdown by activity)

Economic activities	Code	Taxonomy-eligible KPI (proportion of CapEx eligible for the taxonomy)	Taxonomy-aligned KPI (monetary value of CapEx)	Taxonomy-aligned KPI (proportion of CapEx aligned with the taxonomy)	Breakdown by environmental objective of taxonomy-aligned activities						Enabling activities	Transitional activities	Taxonomy-aligned proportion of total taxonomy-eligible
					CCM	CCA	WTR	CE	PPC	BIO			
		%	kEuro	%	%	%	%	%	%	%	A where applicable	T where applicable	%
Manufacture of energy efficiency equipment for buildings	3.5 CCM	1.1%	0	0%							A		0%
Manufacture of other low carbon technologies	3.6 CCM	15.6%	0	0%							A		0%
Manufacture of electrical and electronic equipment	1.2 EC	0.6%	0	0%									0%
Transport by motorbikes, cars and commercial vehicles	6.5 CCM	2.1%	0	0%								T	0%
Construction of new buildings	7.1 CCM/CE	42.8%	0	0%									0%
Renovation of existing buildings	7.2 CCM/CE	2.3%	0	0%								T	0%
Installation, maintenance and repair of energy efficiency equipment	7.3 CCM	0.4%	0	0%							A		0%
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and in the parking spaces belonging to the buildings)	7.4 CCM	0.1%	0	0%							A		0%
Total alignment by objective													
Total KPI (CapEx)		64.9%	0	0%									0%

Table D – Proportion of operating expenditure (OpEx) deriving from products or services associated with taxonomy-eligible or taxonomy-aligned economic activities – Information for the year 2025 (breakdown by activity)

Economic activities	Code	Taxonomy-eligible KPI (proportion of OpEx eligible for the taxonomy)	Taxonomy-aligned KPI (OpEx monetary value)	Taxonomy-aligned KPI (proportion of OpEx aligned with the taxonomy)	Breakdown by environmental objective of taxonomy-aligned activities						Enabling activities	Transitional activities	Taxonomy-aligned proportion of total taxonomy-eligible
					CCM	CCA	WTR	CE	PPC	BIO			
		%	kEuro	%	%	%	%	%	%	%	A where applicable	T where applicable	%
Manufacture of energy efficiency equipment for buildings	3.5 CCM	2.0%	0	0%							A		0%
Manufacture of other low carbon technologies	3.6 CCM	28.3%	0	0%							A		0%
Installation, maintenance ³ and repair of energy efficiency equipment	7.3 CCM	0.0%	0	0%							A		0%
Total alignment by objective													
Total KPI (OpEx)		30.3%	0	0%									0%

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 electric energy 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

With reference to the incidence of this parameter in the total variable remuneration, the Scope 1 and Scope 2 climate change 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 with Proxy (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 incidence in 2025 is confirmed in line with that of 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 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 data, please refer to section “E1-6 - Gross greenhouse gas Scope 1, 2, 3 and Total greenhouse gas 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 2025, 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 - RCP*) 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. Vice versa, 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 the analysis of climate transitional risks in 2025. 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 were business opportunities linked to 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. 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 including Scope 3 emissions aligned with the Group's overall corporate strategy and financial planning.

The LU-VE Group is committed to developing a transition plan by the end of 2026 that also includes Scope 3 emissions and is aligned with the financial planning.

Further information on emission reduction targets can be found in section E1-4.

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:** 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. 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*.

Over the next year, the Environmental Policy is expected to be updated as part of the introduction of a new and broader Group Sustainability Policy, which shall explicitly include material sustainability matters that are currently not formally indicated and which will be applicable to all Group companies. 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 2025:

- i) **use of energy from renewable sources:** in 2025, 68% of the total electric energy consumed came from renewable energy sources, produced by on-site photovoltaic plants or purchased with Guarantees of Origin that certify the source. In 2024, this figure was 46%.

Electric energy purchased from renewable sources certified by Guarantees of Origin amounted to 22,227 MWh, and accounted for 62% of the total electric energy consumed. In 2024, the equivalent values were 15,056 MWh and 42% of total consumption. The purchase of energy from renewable sources reduced emissions by 12,646 tCO_{2e}.

Guarantees of Origin were purchased for the entire consumption of electric energy from the national grid for the plants in Asarum (Sweden), Alonte (Vicenza, Italy), Limana (Belluno, Italy), Mel (Belluno, Italy) Novosedly (Czech Republic), Uboldo (Varese, Italy) and Travacò Siccomario (Pavia, Italy), as in previous years, and, from 2025, also for the plants in Gliwice (Poland) and Vantaa (Finland). The extension to the two new sites contributed to the increase in the share of electric energy from renewable sources compared to the previous year.

The Guarantees of Origin purchased for the Novosedly plant (Czech Republic) cover 74% of the consumption of electric energy from the national network, while for all other plants 100% of the annual consumption has been covered.

The total renewable energy produced in 2025 by the Group's photovoltaic plants amounted to 1,983 MWh, and accounted for 6% of the total electric energy consumed. These values are broadly in line with those recorded in 2024, equal to 1,547 MWh and corresponding to 4% of the total electric energy consumed. Car production of electric energy reduced emissions by 1,271 tCO_{2e}.

Photovoltaic plants are located at the plants in Bhiwadi (India), Gliwice (Poland), Limana (Belluno, Italy), Travacò Siccomario (Pavia, Italy), Uboldo (Varese, Italy) and Vantaa (Finland).

- ii) **energy efficiency:** energy consumption optimisation initiatives were implemented for production plants and offices. At the plant in Poland, low-temperature active solutions were adopted in the painting lines, more efficient than previously, which saved 618 MWh, or 500 tCO_{2e}. In addition, a total of improvements in lighting and ventilation management were implemented in the plants in Poland and the Czech Republic, which saved 82 MWh, or 58 tCO_{2e}. Lastly, the Uboldo plant (Varese, Italy), which hosts the headquarters and is among the most energy-consuming plants, conducted its operations in full compliance with the ISO 50001 international energy management standard.

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 engines is 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, commercial and industrial use, also contributing to the development of the new heat pump range for Europe's leading players in domestic heating applications and domestic hot water supply;
- 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;
- 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 from 2024;
- vi) efficient solutions for the *Data Centers*, such as the adoption of dry coolers (also in adiabatic configuration) to replace traditional chillers, in order to reduce energy and water consumption and improve the overall efficiency of cooling systems.

With a view to also progressively developing actions aimed at reducing Scope 3 emissions, with reference to the Strategic Business Unit Cooling Systems, in 2025 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 2025. 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, domestic hot water supply 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, domestic hot water supply systems and commercial refrigeration between 2025 and 2030;
- iv) support the development of decarbonisation technologies, specifically domestic heat pumps, in the US market.

For the second consecutive year, LU-VE participated in the 2025 disclosure of **CDP - Carbon Disclosure Project**, one of the most authoritative global systems for assessing environmental performance. At Group level, LU-VE achieved a C score - corresponding to the "Awareness" level - in the Climate Change category.

In the context of the challenges related to climate change, as well as the optimisation of resources and the creation of social value through the Group's solutions, a session on "Transforming Innovation" was organised in July 2025. The meeting focused on the integration of new tools into decision-making processes and product design, with the aim of generating positive and transformative impacts on society and involved employees with technical skills from the Group's Italian plants. The event developed into two activities: a keynote speech held by a professor of the Politecnico di Milano and a workshop, during which the potential impacts and activities related to energy efficiency and circular economy were analysed, as well as the environmental and social challenges for each of the Group's applications. The results of the meeting were collected and organised to support the analysis of possible climate change mitigation actions and the development of future partnerships.

With reference to the actions taken in 2025, the Group did not incur any significant operating costs (OPEX) nor significant investments (CAPEX). With reference to the Business Plan 2026-2029, the Group has planned investments (CAPEX) aimed at reducing emissions and mitigating impacts arising from climate change mitigation and adaptation, totalling an estimated EUR 10.3 million.

In 2024, the Group launched preliminary corporate studies aimed at developing a structured decarbonisation plan, while in 2025, the *Decarbonisation Project* was launched for the Uboldo (Varese, Italy) and Gliwice (Poland) plants, among the Group's most emission-intensive facilities. This project involved creating two dedicated technical teams made up of employees in each respective plant with the aim of analysing opportunities to streamline and reduce emissions related to production processes and heating and cooling systems. The different solutions were assessed considering the climate change emission reduction impact, as well as the economic feasibility and the investment payback period. The results of the analyses contributed to the definition of the aforementioned expected investments.

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, note that 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 some guidelines were developed 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) defined Scope 1 and Scope 2 climate change emission reduction targets;
- ii) as of today, has set targets for Scope 3 climate change emission reduction, which are mostly related to the energy consumption of products used by end-customers and the procurement of materials for product production. The LU-VE Group intends to define a Scope 3 climate change emission reduction plan by the end of 2026. Decarbonisation levers related to Scope 3 emissions have not been identified, as targets have not yet been defined.

With regard to climate change adaptation, 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):

- 19% reduction for 2025;
- 40.1% reduction for 2026;
- 44.2% reduction for 2027;
- 48.3% reduction for 2028;
- 52.3% reduction for 2029.

The 19% reduction target for 2025 was achieved, with an overall reduction of 36% compared to the 2022 baseline.

Following the early achievement of the target, the Group increased its ambition to reduce Scope 1 and Scope 2 emissions, in line with the methodological approach of the *Science-based Targets initiative*. This recalculation takes into account the FLA (forward-looking ambition adjustment), which takes into account both the baseline (2022) as well as the most recent data (2025).

The specific Scope 1 and Scope 2 climate change emission reduction targets were defined on the basis of 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 sector-specific. This commitment was not formalised by joining the *Science-Based Target Initiative*; therefore, there was no external monitoring of the identified targets.

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).

- The aforementioned reduction targets are indicated in: 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.
- Sustainability Plan integrated into the Business Plan 2026-2029, prepared by the Corporate Sustainability Steering Committee, reviewed by the Control and Risk Committee, and approved by the Board of Directors in February 2026.

It is noted that these targets are part of a broader pathway that takes 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.

In assessing the potential future impacts on the increase or reduction of emissions with the LU-VE Group's expected increase in production, it is considered reasonable, based on current regulations, 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 climate changing 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.

To achieve the set targets, the adoption of new technologies was not considered necessary. However, a specific risk assessment will be necessary to define and achieve future targets. Regarding decarbonisation levers to achieve the aforementioned 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, either through direct acquisition or through the transfer of surface use without potential CAPEX impacts. With reference to future resources allocated, 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;
- iii) improvement of the insulation and thermal protection of new buildings.

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 emissions of the GHG Protocol).

The target as a percentage of total sales is as follows:

- >56% revenues from sales of natural and/or high energy-efficient fluid products by the end of 2025;
- >58% for 2026;
- >60% for 2027;
- >62% for 2028;
- >64% for 2029.

The >56% incidence target by the end of 2025 has been reached, with an overall incidence of 58%.

To explore the targets for the three-year period 2027-2029, please refer to section “2.1.7 Strategy, business model and value chain (SBM-1)”.

The Group did not involve its stakeholders in the process of defining all the targets mentioned above.

E1-5 – ENERGY CONSUMPTION AND MIX

During 2025, total energy consumption within the Group's companies, both production as well as trading, amounted to 79,550 MWh, in line with the figure recorded in 2024, which 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 (Association of Issuing Bodies)* and *IEA (International Energy Agency)* 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.

ENERGY CONSUMPTION AND MIX	2025	2024
1) Fuel consumption from coal and coal products (MWh)	-	-
2) Fuel consumption from crude oil and petroleum products (MWh)	10,848	11,828
3) Fuel consumption from natural gas (MWh)	30,488	28,256
4) Fuel consumption from other fossil sources (MWh)	-	-
5) Consumption of purchased or acquired electric energy, heat, steam, and cooling from fossil sources (MWh)	12,403	21,111
6) Total energy consumption from fossil sources (MWh) (calculated as the sum of lines from 1) to 5)	53,739	61,196
Share of fossil sources in total energy consumption (%)	68%	77%
7) Consumption from nuclear sources (MWh)	1,601	1,307
Share of consumption from nuclear sources in total energy consumption (%)	2%	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 electric energy, heat, steam, and cooling from renewable sources (MWh)	22,227	15,056
10) Consumption of self-generated non-fuel renewable energy (MWh)	1,983	1,547

ENERGY CONSUMPTION AND MIX	2025	2024
11) Total energy consumption from renewable sources (calculated as the sum of lines 8 to 10) (MWh)	24,210	16,603
Share of renewable sources in total energy consumption (%)	30%	21%
Total energy consumption (MWh) (calculated as the sum of lines 6 and 11)	79,550	79,105

The table shows a change in the energy mix: the share of energy from renewable sources in total consumption increased, rising from 21% in 2024 to 30% in 2025, with a consequent reduction in the share from fossil sources, which fell from 77% to 68% in the same period. This trend is mainly attributable to the purchase of electric energy from renewable sources, certified through Guarantees of Origin, for the plants in Gliwice (Poland) and Vantaa (Finland). The extension of procurement to the two new sites therefore contributed to the increase in the share of renewable electric energy compared to the previous year. It should be noted that the share related to the purchase of electricity from renewable sources has been determined on the basis of Guarantees of Origin contracts entered into with electricity suppliers, based on cancellation certificates and contractual agreements.

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)	2025	2024
Energy production from non-renewable sources	-	-
Use of energy from renewable sources	2,135	1,684

The production of energy from renewable sources in 2025 was 2,135 MWh, compared to 1,684 MWh recorded in 2024. This increase is attributable to the increase in the production of the photovoltaic system at the Uboldo site (Varese, Italy), after the restoration that occurred in March 2025 following the interruption caused by the hail of summer 2023, as well as improvements in routine maintenance that made it possible to increase the efficiency of the system at the Bhiwadi site (India). The following table shows the total energy consumption in relation to the Group's total net revenue. The energy intensity rate in 2025 is in line with that recorded in 2024.

ENERGY INTENSITY RATE	2025	2024
Total energy consumption from activities in high climate impact sectors (MWh)	79,550	79,105
Net revenue from activities in high climate impact sectors (thousands of Euro)	603,793	587,205
Total energy consumption from activities in high climate impact sectors per net revenues from such activities (MWh/thousand of Euro)	0.132	0.135

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 engineering work; iii) manufacture of other general-purpose machinery n.c.

E1-6 – GROSS SCOPES 1, 2, 3 OF GREENHOUSE GAS EMISSIONS AND TOTAL GREENHOUSE GAS 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; whereas Scope 2 greenhouse gas emissions refer to greenhouse gas related to electric energy consumption. For Scope 3 emissions, reference is made to all greenhouse gas generated along the entire upstream and downstream value chain related to the Group's activities.

GREENHOUSE GAS EMISSIONS (in tCO _{2e})	2025	2024
Scope 1 greenhouse gas emissions	8,051	7,920
Scope 2 greenhouse gas emissions, <i>Market-based</i> methodology	7,467	12,695
Scope 2 greenhouse gas emissions, <i>Location-based</i> methodology	17,304	16,875
Scope 3 greenhouse gas emissions	2,852,307	2,478,379

During 2025, Scope 1 and Scope 2 greenhouse gas emissions, calculated according to the *Location-based* methodology, were substantially in line with the previous year. Scope 2 emissions, calculated according to the Market-based methodology, on the other hand show a significant reduction, mainly attributable to the purchase of electric energy from renewable sources, certified through Guarantees of Origin, for the plants in Gliwice (Poland) and Vantaa (Finland).

Scope 3 emissions showed an increase. Analysing the table Greenhouse gas emissions (in tCO_{2e}), a particularly marked increase can be seen in categories 1. Purchased good and services and 11. Use of sold products, attributable respectively to an increase in Group purchases and in products sold. In addition, it should be noted that it was possible to reduce the use of estimates, compared to the calculation of the previous year, as detailed in section “2.1.2 Disclosures in relation to specific circumstances (BP2)”.

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 combustion 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*”, 2025 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*” (2024 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*” (2024 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 (2022 edition) 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 coefficients listed in DEFRA's “*UK Government GHG Conversion Factors for Company Reporting*”, 2025 edition. The LU-VE Group is not covered by regulated emissions trading schemes.

GREENHOUSE GAS EMISSIONS (in tCO _{2e})						
	Historical Data			Milestones and target-years		
	2022	2024	2025	2026	2030	% Delta 2025/2022
Scope 1 and Scope 2 GHG emissions (tCO_{2e})						
Gross Scope 1 and Scope 2 GHG emissions according to Market Based methodology	24,278	20,615	15,518	-40.1%	-52.3%	-19%
Gross Scope 1 and Scope 2 GHG emissions according to Location Based methodology	25,823	24,795	25,355			
Gross greenhouse gas Scope 3 GHG emissions (tCO_{2e})						
1. Purchased good and services		329,520	370,083			
2. Capital goods		10,987	11,249			
3. Fuel and energy-related Activities (not included in Scope 1 or Scope 2)		4,172	2,814			
4. Upstream transportation and distribution		7,562	6,528			
5. Waste generated in operations		800	729			
6. Business traveling		1,218	819			
7. Employee commuting		4,618	4,891			
8. Upstream leased assets		n/a	n/a			
9. Downstream transportation		12,584	7,842			
10. Processing of sold products		n/a	n/a			
11. Use of sold products		2,097,749	2,437,301			
12. End-of-life treatment of sold products		9,169	10,018			
13. Downstream leased assets		n/a	n/a			
14. Franchises		n/a	n/a			
15. Investments		16	32			
Total GHG emissions						
Total GHG emissions (according to the Market-based methodology) (tCO_{2e})		2,498,994	2,867,825			
Total GHG emissions (according to the Location-based methodology) (tCO_{2e})		2,503,174	2,877,661			

(*) The Scope 1 and Scope 2 emission reduction target is combined and uses 2022 as the *base year*.

The above emissions refer to the Group as a whole, the scope of which has not changed compared to the previous year. Finally, beginning in 2024 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, please note that the categories “8. Upstream leased assets”, “10. Processing of sold products”, “13. Downstream leased assets” and “14. Franchising” have not been calculated as they are not applicable for the LU- VE Group. All other categories were calculated and included in the Group's total Scope 3 GHG emissions.

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

- i) Category 1 “Purchased goods and services”: 97% of emissions, i.e., 84% of total purchases of materials, 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 3.12 database, while for items calculated using a *spend-based* approach, conversion factors derived from the DEFRA 2022 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 2022 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 DEFRA 2025 and DEFRA 2021 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 2025 emission factors.
- 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 1.5% of the cases, while kilometres were estimated at 0.02%. Assumptions were made in those shipments where the mode of transport was unknown, based on the generally most plausible options, giving priority to land transport solutions when compatible and using maritime or air alternatives in cases where they were more likely given the characteristics of the shipment. Emission factors for land, air and sea transportation were extracted from the DEFRA 2025 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 3.12 and DEFRA 2025 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 13% 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 2025 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 vehicles with unknown fuel type, an average emission factor was applied based on combustion-engine cars of the same engine size; where engine size was also unavailable, an average of the factors for cars with unknown fuel type was used; e) 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 2025, an average emission value per employee per company, multiplied by the number of employees in 2025, 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

an engine) 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 in sold products, the calculation was made using the following formula: quantity of sold products * Energy consumption due to engines * 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” engines. 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 2022, 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 63% 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 37% 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 3.12 and DEFRA 2025 databases, which consider different mixed 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 (EUR), category 12 emissions were only estimated punctually for those materials for which kg data were available, as the emission factors adopted are in tCO₂eq/kg. From these items, an emission intensity was derived in relation to expenditure (tCO₂eq/€), 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 96% of category 12 emissions, corresponding to 96% of the total expenditure, while for the remainder, the calculation was remeasured.
- x) Category 15 “Investments”: in the absence of precise emission data from the two non-consolidated investee companies, it was assumed that they exhibit similar operational characteristics to those of the LU-VE Group. Consequently, the related emissions were estimated using an emission index built up to relate the Group’s total Scope 1 and Scope 2 emissions (*Location-based* method) to the Group’s shareholders’ equity. The index thus obtained was applied to the value of the equity investments in order to estimate the emissions indirectly attributable to the two companies.

GREENHOUSE GAS INTENSITY BASED ON NET REVENUE	2025	2024
Net revenue (in thousands of Euro)	603,793	587,205
Greenhouse gas intensity (Scope 1, Scope 2 Market-based and Scope 3) ((tCO _{2e})/thousands of Euro)	4.750	4.256
Greenhouse gas intensity (Scope 1, Scope 2 Location-based and Scope 3) ((tCO _{2e})/thousands of Euro)	4.766	4.263

It should be noted that the increase in values recorded in 2025 compared with 2024 is mainly attributable to the increase in Scope 3 emissions, as detailed above.

E1-7 – GREENHOUSE GAS ABSORPTION AND GREENHOUSE GAS EMISSION 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.

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 air pollutants, which are damaging to the environment and pose a risk to human health when certain concentrations of air pollutants 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 persist in 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 operation: the LU-VE Group's Environmental Policy formalises its commitment to the mitigation of 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 incidents. 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) air and water pollution 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 in the behavioural principles of the Code of Ethics and is thus 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 in charge of implementing 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 corporate systems and made available to employees through shared-access methods, while the Code of Ethics is also published on the Group's website.

During 2026, the Environmental Policy is expected to be updated as part of a broader Group Sustainability Policy, which shall explicitly include material sustainability matters that are currently not formally indicated and which will be applicable to all Group companies.

In addition, General Purchasing Conditions are in place - used in the management of suppliers of Group companies in Italy, Poland, the Czech Republic, India and the United States - where reference is made to the Code of Ethics and which requires supplier 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)". 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 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 operating 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 71% by 2025. The target was achieved with a response rate of 72%. For the four-year period 2026-2029, new targets were defined as detailed in section 2.1.7 “Strategy, business model and value chain (SBM-1)”.

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 IMPACTS, RISKS AND OPPORTUNITIES LINKED TO WATER AND MARINE RESOURCES

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.

Among the material impacts related to the activities of the Group's facilities, it should be included the exploitation of water resources, used by the Group at the facilities for certain production processes, such as product testing 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. 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 effluents at its *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 effluents 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 in charge of implementing the Environmental Policy, is the *Chief Strategic and Development Officer*. The 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 also published on the Group's website.

During 2026, the Environmental Policy is expected to be updated as part of a broader Group Sustainability Policy, which shall explicitly include material sustainability matters that are currently not formally indicated and which will be applicable to all Group companies.

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, wastewater, air pollution and noise)". No specific aspects related to the commitment to reduce material water consumption in areas at water risk along the supply 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 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 effluents, 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 fiscal 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 2025, 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.

With reference to the plants in India, no particular actions have been carried out to save water. It is considered that optimisation measures have already been evaluated for the water cycle used in production.

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".

For the second consecutive year, it is noted that LU-VE participated in the 2025 disclosure of **CDP - Carbon Disclosure Project**, one of the most authoritative global systems for assessing environmental

performance. At Group level, the LU-VE Group achieved a score of C – corresponding to the “Awareness” level – in the Water Security category.

No significant operating 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 2025.

WATER WITHDRAWAL BY SOURCE (in m ³)		2025		2024	
	All areas	Areas at water risk, including areas of high water stress	All areas	Areas at water risk, including areas of high water stress	
Total water withdrawals	231,851	64,861	229,702	65,593	
Freshwater	122,810	64,861	125,292	65,593	
Other waters	109,041	0	104,410	0	

EFFLUENTS BY SOURCE (in m ³)		2025		2024	
	All areas	Areas at water risk, including areas of high water stress	All areas	Areas at water risk, including areas of high water stress	
Effluent totals	230,421	56,804	214,593	54,508	
Freshwater	222,956	56,804	206,197	54,508	
Other waters	7,465	0	8,396	0	

Total water withdrawals in 2025, including those in areas at water risk, were substantially in line with the 2024 values. Total effluents are slightly increased compared to the previous year, mainly attributable to changes in the operating activities of the individual plants, without involving significant changes in the overall management of water resources.

WATER CONSUMPTION (in m ³)	2025		2024	
	All areas	Areas at water risk, including areas of high water stress	All areas	Areas at water risk, including areas of high water stress
Surface water (total)	1,430	8,057	15,109	11,085

A decrease in water consumption was noted, consistent with the changes recorded in previous years, attributable to changes in water withdrawal and discharge conditions in individual plants.

REUSED, RECYCLED AND STORED WATER (in m ³)	2025	2024
Total water (recycled and reused)	707	655
of which recycled	0	0
of which reused	707	655
Total stored water	0	0

WATER INTENSITY	2025	2024
Water consumption (m ³)	1,430	15,109
Net revenue (in millions of Euro)	604	587
Water intensity (m³/millions of Euro)	2.37	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 LU-VE Group's own *operations* 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 biodiversity loss, 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 biodiversity loss.

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

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 biodiversity loss. 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 biodiversity loss.

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, 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 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 also published on the Group's website.

Over the course of 2026, an update of the Environmental Policy is planned as part of a broader Group Sustainability Policy, with the explicit inclusion of material sustainability matters that are currently not formally indicated, applicable to all Group companies. 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, India and the United States - 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, wastewater, 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 71% by 2025. The target for 2025 was achieved with a response rate of 72%. For the four-year period 2026-2029, new targets were defined as detailed in section 2.1.7 "Strategy, business model and value chain (SBM-1)". No significant operating 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 shows 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 generated at plants and to end-of-life management of marketed products.

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

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.

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 upstream value chain and are related 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 its own *operations*. In addition, the Environmental Policy refers to the importance of adequately managing the end-of-life of the marketed product. To date, the Group has not defined a specific policy on the phasing out of virgin resources.

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, 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.

During 2026, the Environmental Policy is expected to be updated as part of a broader Group Sustainability Policy, which shall explicitly include material sustainability matters that are currently not formally indicated and which will be applicable to all Group companies.

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 2025:

- i) **review of the new product development process:** in 2024, the Group had already 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 was tested in 2025 and became operational during the same year;

- 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 9.52 mm diameter ribbed aluminium pipe, an absolute novelty, offers high performance matched with a significant 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 operating expenses (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; 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)	2025	2024
Biological materials (paper and cardboard)	809,092	771,047
Technical Materials	44,611,410	42,028,064
Total (biological and technical materials)	45,420,502	42,799,111

The figure was calculated using an estimate of 5% of the expensed amount for biological materials and 1% 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.

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 2025 are shown below.

Overall, in 2025 waste for recovery accounted for about 84% 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 wastewater resulting from production activities is disposed of as waste.

The total waste, as well as the breakdown between non-hazardous and hazardous waste, in 2025 remains substantially in line with what was recorded in 2024. Even with regard to the destination of waste, there are no significant changes between recovery and disposal between the two years.

WASTE BY COMPOSITION (in t)	2025			2024		
	Waste generated	Waste diverted from disposal	Waste directed to disposal	Waste generated	Waste diverted from disposal	Waste directed to disposal
Non-hazardous waste (total)	8,298	7,282	1,015	8,538	7,667	871
Aluminium waste	1,992	1,992	0	1,969	1,969	0
Copper waste	432	432	0	458	458	0
Steel waste	838	838	0	762	762	0
Iron waste	1,224	1,220	4	1,441	1,438	4
Paper and cardboard	910	910	0	900	900	0
Plastic	125	125	0	152	152	0
Other *	2,777	1,766	1,011	2,855	1,988	867
Hazardous waste (total)	677	295	382	670	232	438
Oil-contaminated waste	240	68	172	253	77	177
Chemical	272	117	155	234	98	136
Radioactive	0	0	0	0	0	0
Other *	164	110	54	183	57	125
Total (hazardous and non-hazardous waste)	8,975	7,578	1,397	9,208	7,899	1,309

WASTE COMPOSITION BY DESTINATION (in t)	2025			2024		
	Non-hazardous waste	Hazardous waste	Total	Non-hazardous waste	Hazardous waste	Total
Recovery operations (total)	7,282	295	7,578	7,667	232	7,899
Recycling	5,094	163	5,257	5,270	122	5,392
Other recovery operations	2,180	132	2,312	2,396	110	2,505
Preparation for reuse	8	0	8	1	0	1
Disposal operations (total)	1,015	382	1,397	871	438	1,309

WASTE COMPOSITION BY DESTINATION (in t)	2025			2024		
Incineration	103	1	103	104	1	104
Disposal in landfill	162	0	162	182	17	199
Other disposal operations	750	381	1,131	585	421	1,006
Total (recovery and disposal operations)	8,298	677	8,975	8,538	670	9,208

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

RECYCLABILITY	2025	2024
Total non-recycled waste (ton)	1,397	1,309
Total non-recycled waste (%)	16%	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 worker participation, and collective bargaining agreements;
- 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 worker 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, 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, worker participation and collective bargaining agreement 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 agreements; (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 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), Bhiwadi (India), 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 department coordinators. In the LU-VE Group, the responsibility for defining strategies for the engagement of its own workforce and of workers’ 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-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 and in the “*Climate Fresk Path*”, which made it possible to train facilitators accredited in the Climate Fresk methodology to conduct in-company workshops exploring climate change. The activity continued in 2025 and will continue in 2026. 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, persons 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".

S1-4 – TAKING ACTION ON MATERIAL IMPACTS AND APPROACHES TO THE MITIGATION OF 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. 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 2025:

- i) **to protect the human rights of employees** , the LU-VE Group has a) implemented and ensured substantive 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) **for the freedom of association and worker participation rights** , the Group has: a) ensured the application of a company management policy in application of collective bargaining agreements, where present, and supported freedom of association and worker 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, f) ensured worker participation rights at every Group plant. For future years, the following actions are planned: e) renewal and/or extension of second-level bargaining and more favourable conditions compared to national legislation, where possible based on the regulations of the reference country;

- 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, seeking to extend Group best practices; 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. For 2026, the organisational strengthening of the Group Safety department is planned to ensure the definition, implementation and development of a common and coordinated approach in each individual production unit or company;
- 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 purposes 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 2026, 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, the extension of smart working and the development of policies aimed at improving worklife balance;
- 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, d) developed an Academy internally, with the aim of enhancing the skills and knowledge of its employees, developing ad-hoc training paths for internal staff in commercial roles. In 2026, actions are planned to further develop a Group Corporate Academy, with the target of enhancing the skills and knowledge of its employees.

As part of the 2026-2029 Business Plan, with reference from the year 2026, the Group has planned investments (CAPEX) aimed at:

- improvement of safety standards, with a focus on reducing accident risk and improving ergonomic conditions;
- enhancement of training and skills development programmes, for a total estimated amount of EUR 1.2 million.

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 three 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.
- iii. increase in the training provided to employees, to promote the positive impacts related to professional growth and skills development.

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

- i) at least 80% of employees engaged (out of the total number of eligible employees) by 2025.
- ii) at least 85% of employees engaged (out of the total number of eligible employees) by 2026.
- iii) higher than 88% for 2027;
- iv) higher than 90% for 2028 and 2029.

Eligible employees are defined as all those deemed eligible for a performance and competence evaluation for the financial year 2025. 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.

Eligible employees represent 83% of total employees in 2025.

With regard to the 2025 performance, 97% of eligible employees were engaged, thus reaching the above-mentioned target.

With regard to accidents, the LU-VE Group has defined the following targets, including both employees as well as collaborators:

- i) With reference to the accident frequency index
 - a. less than or equal to 3.25 for 2025;
 - b. less than or equal to 3.89 for 2026;
 - c. gold or equal to 3.55 for 2027;
 - d. less than or equal to 3.20 for 2028;
 - e. less than or equal to 2.80 for 2029.
- ii) with reference to the accident severity index
 - a. less than or equal to 0.12 for 2025;
 - b. less than or equal to 0.16 for 2026;
 - c. less than or equal to 0.14 for 2027;
 - d. less than or equal to 0.11 for 2028;
 - e. less than or equal to 0.08 for 2029.

The accident targets were not met in the financial year 2025, with an accident frequency index of 4.82 and an accident severity index of 0.18. The failure to achieve the target is due to the specific characteristics of the individual production sites and to behavioural and occasional dynamics that are difficult to manage preventively.

The frequency index is calculated by comparing the number of accidents to the total hours worked and multiplying the result by one million. On the other hand, the severity index is determined by comparing the total number of days of prognosis with the hours worked and by multiplying the value obtained by one thousand.

Both indicators set out in the Sustainability Plan refer to all Group employees operating at production sites, including both employees and workers who are not employees.

With regard to training, the LU-VE Group defined the following new targets for the 2026 financial year in the update of the Sustainability Plan integrated into the 2026-2029 Business Plan:

- i) average training per capita per employee of at least 8.5 hours;
- ii) average training per capita through Online Academy of at least 3.3 hours;
- iii) at least 500 employees active in the Online Academy training courses.

To explore the targets for the three-year period 2027-2029, please refer to section “2.1.7 Strategy, business model and value chain (SBM-1)”.

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-subtopics assessed as material as a result of the double materiality assessment, no specific quantitative targets have been defined to date.

These 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.
- Sustainability Plan integrated into the Business Plan 2026–2029, prepared by the Corporate Sustainability Steering Committee, reviewed by the Control and Risk Committee, and approved by the Board of Directors in February 2026.

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*.

The targets relating to the own workforce were defined according to the following methodologies and assumptions:

- i. increase of the percentage of employees involved in the *Performance Management* (formerly “*Skill Assessment*”): the target was defined by the *People and Organisation* Department on the basis of the results of the corporate performance assessment and in line with the department’s strategic initiatives;
- ii. reduction of accident rates: the target was defined by the *People and Organisation and Operations* Departments, taking into account the periodic accident monitoring reports and current and future improvement programmes;
- iii. increase in training provided to employees: the target was defined by the *People and Organisation* Department, taking into account the periodic monitoring reports and the skills development plans necessary for the organisation.

The defined targets are in alignment with national, European Union and international policy goals and consider the wider context of sustainable development and the local situation in which impacts take place. In particular, the Group aims to contribute to global goals such as the promotion of decent work and economic growth, the improvement of health and well-being and the reduction of inequalities. At local context level, the targets take into account the specific operating conditions of each production site, local risks and the needs of the community of reference.

The data sources used mainly refer to qualitative and quantitative internal company information collected and systematised over the years by the *People and Organisation* department.

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

S1-6 – CHARACTERISTICS OF THE UNDERTAKING’S EMPLOYEES

As at 31 December 2025, LU-VE Group had a workforce of 3,993 people, 3,038 of which were employees.

Of the employee population, the share of women stands at about 30% in 2025, in line with 31% recorded in 2024. The gender difference is mainly due to the peculiarity of the metalworking industry and to seasonality which, especially in the past, mainly attracted men.

NUMBER OF EMPLOYEES (in number of persons)	2025	2024
Men	2,129	2,143
Women	909	943
Other	-	-
Not communicated	-	-
Total	3,038	3,086

The table below shows the employees and the breakdown by country, in line with the previous financial year, with slight variations between countries due to normal recruitment and turnover dynamics.

NUMBER OF EMPLOYEES (in number of persons)	2025	2024
Italy	1,081	1,135
Poland	705	686
Czech Republic	267	277
Sweden	68	64
Finland	109	108
India	223	210
China	63	58
Russia	378	406
United States of America	81	84
Other countries	63	58
Total	3,038	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)	2025					2024				
	Women	Men	Other	Not communicated	Total	Women	Men	Other	Not communicated	Total
Total										
number of employees	909	2,129	-	-	3,038	943	2,143	-	-	3,086
Permanent contract	876	1,974	-	-	2,850	815	1,924	-	-	2,739
Fixed-term contract	33	155	-	-	188	128	219	-	-	347
Variable hours	0	0	-	-	0	-	-	-	-	-
Full-time	840	2,111	-	-	2,951	880	2,122	-	-	3,002
Part-time	69	19	-	-	88	63	21	-	-	84

It should be noted that, in 2025, the number of employees leaving the Group was 388 people, with a leaving turnover rate of 12.77%, in line with 2024, the year in which departures amounted to 433 people, also corresponding to a rate of 14%.

For the quantification of the above tables, the method of calculating the precise Group's employees *headcount* as at 31 December 2025 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 2025, the LU-VE Group had 3,961 employees, of whom 923 were non-employee workers.

Workers who are not employees 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 2025.

The increase in total workers who are not employees, which rose from 829 in 2024 to 923 in 2025, is mainly due to the increase in temporary workers (from 811 to 880) and apprentices (from 1 to 30), compared to slight variations in other categories. This reflects greater flexibility and operational support within the organisation.

NON-EMPLOYEES (employees)	2025	2024
Directors	5	6
Temporary workers	880	811
Apprentices	30	1
Consultants	8	11
Total workers who are not employees	923	829

S1-8 – COLLECTIVE BARGAINING COVERAGE AND SOCIAL DIALOGUE

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

In 2025, 44% of employees were covered by collective bargaining agreements, in line with 45% in 2024.

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

COVERAGE RATE	Collective bargaining agreement 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%	-	-	-

COVERAGE RATE	Collective bargaining agreement 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) ◀
80-100%	Finland Italy Sweden	China	Finland Italy Poland Sweden

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)	2025		2024	
	Number	%	Number	%
Executives	33		32	
Women	2	6%	2	6%
Men	31	94%	30	94%
Middle managers and white-collar workers	1,010		1,009	
Women	323	32%	325	32%
Men	678	68%	684	68%
Blue collar workers	1,995		2,045	
Women	584	29%	616	30%
Men	1,411	71%	1,429	70%

The distribution of employees by professional category and gender in 2025 is in line with that recorded in 2024.

NUMBER OF EMPLOYEES BY PROFESSIONAL CATEGORY AND AGE GROUP (in number of persons)	2025		2024	
	Number	%	Number	%
Executives	33		32	
Under 30 years of age	0	0%	0	0%
Between 30 and 50	14	42%	9	28%
Over 50 years of age	19	58%	23	72%
Middle managers and white-collar workers	1,010		1,009	
Under 30 years of age	183	18%	134	13%
Between 30 and 50	630	62%	657	65%
Over 50 years of age	197	19%	218	22%
Blue collar workers	1,995		2,045	
Under 30 years of age	395	20%	344	17%
Between 30 and 50	1,166	58%	1,174	57%
Over 50 years of age	434	22%	527	26%
Total	3,038		3,086	
Under 30 years of age	578	19%	478	15%
Between 30 and 50	1,811	60%	1,840	60%
Over 50 years of age	650	21%	768	25%

The distribution of employees by age group in 2025 shows an increase in the under 30 share, compared to a decrease in the over 50 group, while the segment between 30 and 50 years remains stable compared to 2024, reflecting the entry of new young employees into the company.

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 worker 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.

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 2025, 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 2025, 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 activities covered five main areas: climate crisis, energy market, human rights, circular economy, 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.

A first pilot phase of the project was launched in 2025: The colleagues certified as Climate Fresk facilitators conducted 9 workshops at the company’s premises, engaging and training 56 employees on the topics of climate change and its environmental and social impacts.

The tables below provide details of the average training hours per capita broken down by gender and professional employee category.

It should be noted that average training hours per capita increased by 40% in 2025 compared to 2024, thanks to the enhancement of training programmes implemented during the year.

AVERAGE TRAINING HOURS PER EMPLOYEE BY GENDER	2025	2024
Total	11.75	8.40
Men	12.06	9.02
Women	11.05	7.09

AVERAGE TRAINING HOURS PER EMPLOYEE BY PROFESSIONAL CATEGORY	2025	2024
Total	11.75	8.40
Executives	10.87	14.94
Middle managers and white-collar workers	16.87	15.49
Blue collar workers	9.19	5.19

With regard to periodic reviews and career development, in 2025 the LU-VE Group implemented a significant development in “*Skill Assessment*” system, already started by the Group in 2021. The new “*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 2025, the “*Performance Management*” process was completed by 97% of all eligible persons, with a similar distribution between men and women.

The target set in the Sustainability Plan for 2025, equal to 80% 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 29% 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 2025 the following was observed for LU-VE Group:

- i) there were no fatalities at work;
- ii) there were no charges concerning recognised work-related ill health affecting 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	2025	2024
Total number of work-related injuries	22	20
Commuting accidents	-	-
Days lost due to work-related injuries	1,073	616
Rate of work-related injuries	4.27	3.82
Hours worked	5,147,216	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	-	-

NON-EMPLOYEE ACCIDENT INDICES AND DATA	2025	2024
Total number of work-related injuries	14	7
Commuting accidents	-	-
Rate of work-related injuries	5.72	3.09
Hours worked	2,447,609	2,267,699
The number of fatalities as a result of work-related injuries and diseases	-	-

The increase in the total number of accidents in 2025, compared to 2024, is due to the specific characteristics of the individual production sites and linked to behavioural and occasional dynamics that are difficult to manage preventively.

The distribution of employees by age group in 2025 shows an increase in the under 30 share, compared to a decrease in the over 50 group, while the segment between 30 and 50 years remains stable compared to 2024, reflecting the entry of new young employees into the company.

Appropriate methodological indications are given below:

- i) “commuting incident” 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 high-consequence work-related injury” 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-incident health status within six months.
- iii) the “rate of work-related injuries” is calculated as the number of work-related injuries/hours worked *1,000,000.
- iv) the “rate of high-consequence work-related injuries” is calculated as the number of high-consequence work-related injuries/hours worked *1,000,000.
- v) the “severity rate” is calculated as the number of days lost due to a work-related injury/hours worked *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 2025, 19% of all employees took family leave. Specifically, the percentage of male employees who took leave was 15% of all men, while the percentage of female employees who took leave was 26% of all women.

In 2024, the total share of employees who benefited from family leave was 25%; 20% of men and 36% of women made use of such leave.

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 wage and total remuneration by gender and professional category.

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	2025			2024		
	Executives	Middle managers and white- collar workers	Blue collar workers	Executives	Middle managers and white- collar workers	Blue collar workers
Italy	98.0	80.7	94.1	95.4	80.0	94.0
EU countries	-	71.2	81.0	-	68.4	78.5
Non-EU countries	-	113.8	127.5	-	85.7	119.2

RATIO BETWEEN TOTAL REMUNERATION OF WOMEN AND MEN	2025			2024		
	Executives	Middle managers and white- collar workers	Blue collar workers	Executives	Middle managers and white- collar workers	Blue collar workers
Italy	117.0	79.0	92.5	92.4	78.1	92.3
EU countries	-	70.0	84.5	-	66.7	79.7
Non-EU countries	-	110.9	111.3	-	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, indemnity).

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 2025.

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) is 40.85 in 2025, in line with the 2024 value of 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 wage and any other actual remuneration (MBO, spot bonus, overtime, benefits, indemnity).

S1-17 – INCIDENTS, COMPLAINTS AND SEVERE HUMAN RIGHTS IMPACTS

With reference to 2025, 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, no reports were received in the systems in place in 2025.

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 agreements, 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.

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: 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 remedy the material impacts on its suppliers' workers, although not having directly engaged with the workers in its value chain, 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, India and the United States; over time, the General Terms and Conditions of Purchase are also expected to be extended to companies with smaller production facilities, such as China 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 Organisation (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, 72% 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 workers in the value chain and on measures to provide and/or enable remediation 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 procurement 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 procurement 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 were analysed by the relevant departments and the Corporate Sustainability Steering Committee in order to assess future actions.

The Group also involved suppliers in the process of adaptation to the CBAM (Carbon Border Adjustment Mechanism), in order to ensure compliance with the Carbon Emission Regulation. Through targeted requests, the targets and implementation methods have been shared, providing support and advice to suppliers in measuring and ensuring greater transparency throughout the supply chain. 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 coordination with, and following consultation with, the other corporate functions when required. 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 Quality Process Officer*, 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 and with the aim of 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 2025, 17 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.

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 ommissive 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 ([Luve Whistleblowing](#)). All documents are available at the bottom of the first screen, even without making a report.

During 2025, no reports were received in the prepared whistleblowing systems.

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 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 2025 the Group conducted 17 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 in the supply chain, the Group has supplemented the audit checklist, introducing additional environmental and social responsibility assessment elements. Based on the evidence from the audits already conducted, no actual major impacts were identified.

The Department responsible for the overall management of the suppliers audit process is the Quality & Assurance Department, headed by the *Chief Quality Process Officer*, 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, HSE and

Sustainability 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 2010, the United States Congress adopted the Dodd-Frank Wall Street Reform and Consumer Protection Act, Article 1502 of which introduced transparency obligations in relation to the procurement of certain conflict minerals. In implementation of this provision, the United States Securities and Exchange Commission (SEC) issued the Conflict Minerals Rule in 2012, providing for due diligence and disclosure obligations for listed companies subject to SEC supervision, with the reporting requirements applying for the first time from 2014. The legislation concerns the use of tin, tantalum, tungsten and gold (3TG) potentially originating in the Democratic Republic of the Congo and neighbouring countries ("Covered Countries"). In 2017, the European Union adopted Regulation (EU) 2017/821, applicable from 1 January 2021, which establishes supply chain due diligence obligations for Union importers of tin, tantalum, tungsten, gold and related derivatives, defined in Annex I of the Regulation, coming from conflict or high-risk areas, in accordance with OECD guidelines.

In the reporting period covered by this report, the LU-VE Group was not subject to the obligations defined by this regulatory framework, concerning the procurement of "conflict minerals"; however, voluntarily, the Group chooses to adopt a responsible-metal 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"), as well as 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, in order to identify and mitigated the risks associated with their procurement. 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 assessing 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 reporting 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 agreements, 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. Within the Enterprise Risk Management (ERM) system, a risk has been identified for the Group relating to dependence on specific key suppliers, which could affect the continuity and reliability of the supply chain.

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 operating expenditure (OPEX) and capital expenditure (CAPEX) are envisaged under current and future action plans.

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 suppliers audits:
 - 15 audits by the end of 2025;
 - 20 audits for 2026;
 - 25 audits for 2027;
 - 30 audits for 2028;
 - 33 audits for 2029.
- ii) increase the percentage of relevant suppliers who have signed the *Supplier Form*:
 - >71% by 2025;
 - >73% for 2026;
 - >74% for 2027;
 - >75% for 2028;
 - >76% for 2029.

These targets were defined and formalised within the:

- 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.
- Sustainability Plan integrated into the Business Plan 2026–2029, prepared by the Corporate Sustainability Steering Committee, reviewed by the Control and Risk Committee, and approved by the Board of Directors in February 2026.

In setting targets, the Group did not interact directly with the workers in the value chain.

Both of the targets set were achieved in the 2025 financial year, with the conduct of 17 audits at suppliers and the involvement of 72% of relevant suppliers that have signed the Supplier Form.

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, one of the material impacts of the LU-VE Group considering the downstream value chain includes: 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.

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 in charge of implementing the Environmental Policy, is the *Chief Strategic and Development Officer*.

The 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 Policy is published in the company systems and made available to collaborators, while the Code of Ethics is also 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: during 2025, as well as part of the “double materiality” assessment, the LU-VE Group developed a process to engage with customers, with the aim of gathering expectations and views on key sustainability impacts and expected priorities that the Group should pursue. Specifically, two surveys were prepared: one addressed to SBU Cooling Systems customers and one to SBU Components customers. 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* and by *Product Marketing* 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.

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 remedy 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 Care* contacts, specialised by type of application and geographical area.

The *Customer Care* Service is a direct and dedicated channel, designed to promptly meet needs and turn each report into an opportunity for improvement. Each customer has a personal contact person, already communicated during purchase, to ensure a clear and transparent relationship.

In the event of complaints, the process is managed with the utmost attention: the *Claim Specialist* coordinates each phase, from the initial assessment to the final resolution, involving technical and commercial teams to ensure effective and lasting solutions. The most significant complaints are analysed in periodic meetings, with the support of management, to ensure continuous improvement. The use of the “*scram team*” involves the entire corporate process in the management of complex claims and ensures the alignment of all functions aimed at solving the issue itself and contributing to the continuous improvement process.

A clear and accessible procedure has been formalised, published in the Group Information Systems, which defines the key steps: registration, communication to the customer, technical analysis and closure of the grievance.

The handling of the grievance begins with *Customer Care*, which receives the customer’s initial contact and collects all the information necessary to understand the issue. Subsequently, the Claim Specialist, a key figure who analyses the requests, assesses priorities and coordinates any technical investigations, ensures that a thorough review is carried out.

The *Claim Specialist* follows the entire process: from the acceptance of the grievance until its assignment for resolution. Closure does not occur only when the issue has been resolved, but also when all costs have been correctly recorded in the management systems, ensuring transparency and traceability.

Once the resolution and recovery of costs have been completed, the grievance is closed under the supervision of the *Claim Specialist* and the data are incorporated into the monthly reports, to continuously monitor quality and improve processes.

The Group’s goal is to transform grievances into opportunities to grow and offer an increasingly reliable service.

Furthermore, customers are offered the possibility of reporting any critical issues 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) **after the product design 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 its disposal methods, 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**: the *Customer Care* team is available to the customer 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 instances of non-compliance 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 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 high-capacity 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 2025, 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 action can be measured by the recording of tests conducted by Eurovent on certified products.

Furthermore, the LU-VE Group’s commitment to the management of chemicals in marketed products 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.

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 Sales, Technical & Innovation, and Quality & Assurance Departments, as described in the previous paragraphs.

No significant operating 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.

In order to increase customer listening and satisfaction, the Group plans to continue the dialogue established with its *partners*.

Overall, the LU-VE Group has not defined specific measurable targets.

2.4 GOVERNANCE INFORMATION

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”.

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”).

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.

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, 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.

During 2025, due to the organisational changes that took place and the merger by incorporation into LU-VE of the subsidiaries Sest S.p.A. and Air Hex Alonte S.r.l., the 231 Model was subject to an in-depth audit activity and, in its updated version, was approved by Board of Directors at its meeting of 9 September 2025.

All LU-VE employees, in different ways and depending on the position they hold in the company, at the time of the adoption of Model 231, or at the time they were hired, received specific training on the Code of Ethics and on the content of Model 231, with particular reference to offences related to safety at work

and corruption. 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.

Model 231 also provides for a system of sanctions in the event of violations of the 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 addressed to 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 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 whistleblower enjoys the protection regime provided by Italian Legislative Decree no. 24/2023, transposing EU Directive no. 2019/1937, and reports may also be made anonymously; retaliatory or discriminatory acts against the whistleblower 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, said party 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 2026.

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 the management of relationships 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 *Chief Group Procurement Officer*, who is responsible for *sourcing* - in coordination and following consultation with the other corporate functions when required - and by the Quality & Assurance Department, headed by the *Chief Group Quality 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 the management of relationships with suppliers, the *Global Commodity Manager* and the *Cluster Procurement Manager* 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.

The screening and evaluation of 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 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 addressed to 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 2025, as in 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 corruption involving members of the value chain in which the Group or its employees are directly involved.

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 suppliers 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 77% of all invoices received. The average number of days between the invoice date and the payment date is about 119 days in 2025, compared to 100 days recorded in the 2024 financial year. This is an indistinct average, one that is independent 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 2025 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 2025, as at the close of the 2024 financial year, 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.

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 2025 included in the Directors' Report has been prepared:

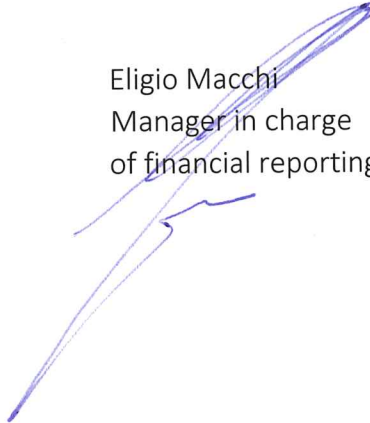
- a) in accordance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 and Legislative Decree No. 125 of 6 September 2024;
- b) with the specifications adopted pursuant to Article 8(4) of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020.

13 March 2026

Matteo Liberali
CEO



Eligio Macchi
Manager in charge
of financial reporting



**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 December 31, 2025, 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 December 31, 2025 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 June 18, 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. Our responsibilities pursuant to that standard are further described in the paragraph *Auditor’s responsibility for the limited assurance of the Consolidated Sustainability Statement* of this report. 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.

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 assumptions and estimates about specific sustainability information that are reasonable in the circumstances.

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;
- 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, taking into considerations, among others, risk factors related to the generation and collection of the information, to the estimates and to the complexity of the relevant calculation methods, as well as qualitative and quantitative factors related to the nature of such information;
- 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 also with the support of internal specialists, with reference to specific environmental information;
- 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;
- verification of the structure and presentation of the information included in the Consolidated Sustainability Statement in accordance with ESRS, including the information related to the materiality assessment process;
- obtaining the representation letter.

DELOITTE & TOUCHE S.p.A.

Signed by
Giacomo Bellia
Partner

Milan, Italy
March 27, 2026

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

3 OBSERVATIONS ON THE FINANCIAL PROFILE AND GOING CONCERN

Furthermore, 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 2025 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 2025, both the LU-VE Group and the Parent Company show a solid and balanced financial structure with a Net financial indebtedness/Shareholders' Equity ratio (Debt ratio) of 0.26 and 1.40 and a positive short-term net financial position of EUR 271.3 million and EUR 162.9 million, respectively. Therefore, the repayment of medium and long-term debt expiring during 2026 is guaranteed by current liquidity. In addition, there are no substantial restrictions on the release of invested liquidity, amounting to EUR 86.6 million (in addition to cash and cash equivalents amounting to EUR 307.9 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 2025, did not highlight any critical issues. Furthermore, it is highlighted that the estimates of the 2026 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 (8.8% of 2025 consolidated turnover). 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 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 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.

The current year recorded an average value of the main raw materials up compared to 2024, with the maximum annual levels achieved in the last quarter. It should be noted that the Group has “pass through” systems in place which allow cost increases to be transferred to end customers (also possibly generated by the fluctuation in currencies), 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, during 2025, the Group’s inventory management returned to “*just in time*” principles, 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.

RISKS RELATED TO NET FINANCIAL INDEBTEDNESS

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 related debt in advance.

Lastly, a significant portion of the LU-VE Group’s loan agreements establish disclosure obligations on various occasions, the obligation to request prior 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 compliance with financial *covenants*, all clauses laid out in the loan agreements and the disclosure obligations through formalised procedures involving the legal and financial department. 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 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. In addition, Group companies located in countries where the reference currency is other than the Euro (which also purchase raw materials with contracts that envisage the Euro as the currency for payment and, therefore, are exposed to the USD/Euro exchange rate risk highlighted), are also exposed to the risk of fluctuations in the Euro exchange rate with respect to local currencies.

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 financial position 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, in 2025, 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, to which reference is made, 2025 was primarily influenced by the dynamics triggered by the new US presidency.

The first half of the year was very unstable due to the escalating conflicts in the Middle East and Ukraine and, above all, the introduction by the United States of tariffs and duties on goods traded with the rest of the world.

However, the second half of the year, with particular reference to the customs issue, despite the persistently high levels of uncertainty, showed a rebalancing of positions and an aggregate effect that was less strong than initially envisaged. Geopolitically, too, the ceasefire in Gaza and the attempt to reach an agreement between Russia and Ukraine with the mediation of Americans and Europeans have opened a window of greater hope. These dynamics, despite the turmoil throughout 2025, therefore did not prevent another year of growth in the global economy. The new year, however, opened with an escalation of geopolitical tensions. First with the capture of the Venezuelan President by the United States and, starting from the end of February, with the escalation of tensions between Iran on the one hand and the United States and Israel on the other. Direct military intervention has led to the killing of Ayatollah Khamenei and the opening of a conflict that has spread to other Gulf countries, also putting European countries on alert as well. At the economic and financial level, the blockade of the Strait of Hormuz led to an immediate rise in energy prices and a strong pullback in financial markets. 2026 is shaping up to be a year marked by unpredictable geopolitical developments and economic impacts.

Specifically, global economic growth in 2025 was 3.3%, identical to that of the previous year. On the other hand, all the world's leading financial markets have also performed very well, setting new records in the levels achieved.

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 external growth initiatives.

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 payables.

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;

- 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.

RISKS RELATED TO THE CONCENTRATION OF SALES

The diversification of sales is significant (the first customer accounts for only 5.1% of consolidated turnover, and the top 10 customers represent a percentage of 29.6%). Despite this, certain applications (the “retail food-builders refrigerated counters” segment, those of the “heat pumps”, that of “home appliances” and that of “industrial cooling”) are characterised by the strong commercial leadership exercised by a few major 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 risks mentioned above by means 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 timeliness 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 dependencies, 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.

In 2025 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.

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 deductible 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.

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. The drop in interest rates continued during 2025, stabilising in the latter part of the year. 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 2025, the coverage of these risks represented 76.4% 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.

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 2025, 2024 and 2023, Group revenues from sales made abroad represented 80.7%, 80.6% 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 geographic 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 provisions 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 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 equal to 8.8% (7.9% 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 activities in relation to the restrictions that have been imposed by the European Union and the United States on Russia and the individual parties 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.

With regard to import duties applied when entering the United States, the Group incurred total costs of approximately EUR 1.4 million during 2025. The overall impact was certainly not material (also considering that part of the duties was passed on to sales prices) and it is estimated that even in 2026 the amounts will not be significant.

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.

The “continuous improvement” security model adopted by the infrastructure group allows constant updating of threats and proactivity in taking strategic 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.

Specifically, assessment activities are being planned to meet the criteria required by the NIS2 security protocol already adopted by Italy and other EU countries. A subsequent Remediation Plan will emerge, the scope and duration of which is yet to be defined, which will further improve security on both the IT and OT operations side.

The NIS2 plan will implement security models and training with a greater impact on the IT side, but with the involvement of the business; the measure is aimed at increasing the awareness of all levels of the company to further improve current security levels.

New business continuity, data and information segregation criteria will be introduced to structure business systems for the future adoption of AI models and agents.

In addition, the implementation of technological and organisational solutions is planned to strengthen the Group's security perimeter, including:

- the introduction of the Microsoft Data Loss Prevention (DLP) platform aimed at preventing the loss, unauthorised dissemination or removal of sensitive data, with particular attention to the protection of critical information and personal data;
- the adoption of dedicated software for the backing up and restoration of the Active Directory to ensure the resilience of the authentication and authorisation infrastructure, reducing operational risk in the event of a ransomware attack or compromise of domain controllers;
- the activation of a structured Cyber Awareness programme for all corporate users, including periodic training sessions and simulated phishing campaigns with sending test emails, aimed at measuring the level of learning and strengthening the ability to recognise social engineering attack attempts.

These interventions are part of an organic IT risk management strategy, focused on prevention, operational resilience and continuous improvement in the organisation's cyber maturity level.

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 activated additional risk mitigation procedures, eliminating the possibility of accessing the intranet from the Russian facility and enabling Russian users to access the necessary services only via cloud through authentication and profiling. In order to mitigate the economic impact of possible cyber-attacks, the Group decided to take out a cyber risk insurance policy effective 1 July 2024, for a period of 18 months. The Group renewed the policy until 31 December 2026.

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), as well as the outcome of the benchmarking activity carried out on the Sustainability Reports published for the 2024 financial year by the main peers and competitors that, like the Group, are subject to the sustainability reporting obligations introduced by the new EU Directive (CSRD), undertook, as part of the update of the double materiality analysis for the 2025 financial year, have carried out specific assessments in order to identify in detail the risk factors, both physical and transitional, as well as the opportunities that are most material to the Group's activities (having in this regard, for the aspects considered to be of interest, also the supply chain, as recommended by the European Union guidelines relating to the reporting of climate-related information) related to climate change.

The outcome of such assessments was duly taken into account also in the process of defining the assumptions adopted for the preparation of the Business Plan for the years 2026-2029.

3.2 DEVELOPMENT ACTIVITIES

The Group has carried out, as usual, intense development activities 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.

The main projects involved the continuous development of new solutions dedicated to the application of heat pumps to different areas, as part of the decarbonisation project furthered by the European Union. Significant efforts were dedicated, with reference to ventilated products, to the rationalisation of the range based on platform concepts and the new digital configurator for guided product selection and the subsequent automatic processing of production orders.

In this context, research activities have covered various application areas, ranging from residential heat pump solutions to heat pump technologies for district heating networks, and finally also covering the brand new technology of heat pumps dedicated to producing heat for use within industrial processes.

In addition, another area of research concerns new technologies for Datacentres, particularly related to Immersion and Chip cooling systems, as well as the study of the applications of Artificial intelligence to product development processes.

In this area, the Parent Company concluded within the year the 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 EUR 0.4 million during the year for their development (of which EUR 0.2 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 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 2026: SIGNIFICANT EVENTS AND BUSINESS OUTLOOK

On 26 January 2026, LUVÉ unveiled its **new logo**, created from the desire to make the trademark fully consistent with the company’s current role in the market and the responsibilities that come with it.

Over its forty-year history, LUVÉ has not only followed the evolution of the industry but has also helped shape it. Indeed, at the heart of its new positioning is the concept of “shaping”: the market, technologies, industry standards. This concept is expressed in the new tagline “*The Shape of Cooling*”, which describes LUVÉ’s approach: designing solutions that combine technology, sustainability and industrial culture, creating lasting value for customers, the market, employees and the communities in which the company operates.

LUVÉ’s roots lead to the future. The new trademark derives from the synthesis of two visual and symbolic elements: the rose, a historic emblem of the passion and values that have guided the company’s growth, and the fan, a universally recognised icon of refrigeration. Their fusion creates an identity capable of looking to the future without losing its connection to its roots.

In January, the parent company purchased 7.5% of the shares of LU-VE Iberica S.I. (for an amount of EUR 315 thousand), thus reaching a controlling share of 100%.

In January 2026, the Parent Company entered into two loan agreements with Intesa Sanpaolo S.p.A. for a total of EUR 40 million, fully disbursed as of the signing date.

Regarding the subsidiary Refrion s.r.l., the formal procedure to close Villa Santina plant and to move 18 collaborators to Flumignano plant has been started in March.

With reference to the preliminary assessments notified by the Italian Revenue Agency in 2025 regarding the tax year 2019, following the filing of the settlement proposal by the Parent Company, a statement of defense was submitted in March 2026 addressing the main points of discussion, and the proceedings are currently pending.

With reference to the tax audit regarding the 2021 tax year, there have been no further developments as of the date of this report.

With reference to the procedure for Advance Pricing Agreements (“APA”) filed on December 28, 2020, following the submission by the Parent Company of explanatory briefs contesting the factual and legal grounds raised by the tax authorities, such briefs are still under review as of the date of this report and no formal discussion process has been initiated.

Regarding the tax audit by the Polish Tax Authority on the subsidiary Sest-LUVÉ-Polska Sp.z.o.o. concerning the application filed on December 30, 2021, to access the Advance Pricing Agreement (“APA”) procedure, the subsidiary continues to respond to all documentation requests within the prescribed deadlines."

Based on the current order backlog, the commercial pipeline and the operating performance achieved in 2025, the Group enters 2026 with solid fundamentals and an even stronger financial position.

Subject to macroeconomic conditions, energy markets, the geopolitical context and supply chain dynamics, the Group currently expects to make further progress in achieving its medium- to long-term objectives in 2026.

This expectation is attributable not only to the record level of the order backlog at the end of 2025 and sustained consumer demand in most of its core markets, but also to the continuation of initiatives aimed at achieving ever-increasing operational efficiency.

Growth is expected to be driven primarily by strong consumer demand in the dynamic data centre market, in “power generation”, as well as in heat pumps and commercial refrigeration, and by increasingly improved territorial coverage of the Group’s markets, amid a structural increase in global consumer demand for cooling, energy efficiency and sustainable, temperature-controlled logistics.

However, the recent events in the Middle East (2025 sales represented 3.8% on total revenues), in addition to causing market turbulence, could impact logistics and the procurement of certain materials, as well as delay deliveries of some existing orders and the completion times of new orders

currently under negotiation. The expected increase in energy costs, however, should not have a particularly significant impact in 2026.

The Group will continue to monitor evolving market conditions closely, maintaining a disciplined approach to capital allocation and cost control.

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 2025, the Group holds 28,027 treasury shares (unchanged with respect to 31 December 2024), equal to 0.1261% of share capital, acquired at an average price of EUR 10.2827 based on the authorisation resolution approved by the Shareholders' Meeting on 29 April 2019. In accordance with the 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 targets of the LU-VE Group.

The factors related to essential intangible resources constitute a distinctive and foundational value for the LU-VE Group.

3.9 ATTESTATION PURSUANT TO ART. 15 OF CONSOB REGULATION 20249/2017

Pursuant to Article 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 Article 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, including those arising from the merger of the subsidiaries Sest S.p.A. and Air Hex Alonte S.r.l. into the Parent Company. The updated Model was approved by the company's Board of Directors at its meeting of 9 September 2025.

3.11 DECLARATION OF THE FINANCIAL REPORTING MANAGER

The Financial Reporting Manager, 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 2025 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 Uboldo (VA), via Papa Giovanni XXIII 135; in Alonte (VI), via Enrico Fermi no. 4; in Lainate (MI), via Manuel Fangio 11, as well as an office in Turin, (TO), Corso Vittorio Emanuele II 88.

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 28 April 2026 (*"Approval of the Financial Statements as at 31 December 2025 accompanied by the Directors' Report, the Report of the Board of Statutory Auditors and the Report of the Auditing Firm . Presentation of the Consolidated Financial Statements as at 31 December 2025 and the Consolidated Sustainability Statement pursuant to Italian Legislative Decree no. 125/2024. Related and consequent resolutions"*).

Dear Shareholders,

in submitting the Separate Financial Statements as at 31 December 2025 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 2025 of LU-VE S.p.A., the Report of the Board of Statutory Auditors 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 2025 of LU-VE S.p.A., which show a net profit for the year of EUR 12,152,409.81 (twelve million one hundred fifty-two thousand four hundred nine/81), 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 28 April 2026 (*"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 2025, which show a net profit for the year of EUR 12,152,409.81 (twelve million one hundred fifty-two thousand four hundred nine/81)

resolves

- 1) *to allocate a portion of the net profit for the year to the "Legal Reserve", in the amount of EUR 607,620.49 (six hundred seven thousand six hundred twenty/49);*
- 2) *to distribute a gross ordinary dividend of EUR 0.47 (zero/47) for each share entitled on 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 6 May 2026, upon presentation of coupon no. 11 of 4 May 2026, in accordance with the calendar of Borsa Italiana, and record date pursuant to art. 83-terdecies of Italian Legislative Decree no. 58/98 on 5 May 2026".*

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
	Raffaella Cagliano (*)
	Carlo Paris (*)

*Meeting the independence requirements pursuant to Italian Legislative Decree No. 58/1998 (Consolidated Law on Finance) and 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.

AUDITING 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



**CONSOLIDATED
FINANCIAL
STATEMENTS
AND EXPLANATORY
NOTES
AS AT 31 DECEMBER
2025**

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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1 FINANCIAL STATEMENTS

1.1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated Statement of Financial Position (in thousands of Euro)	Notes	31/12/2025	31/12/2024
ASSETS			
Goodwill	3.1	62,801	64,526
Other intangible assets	3.1	19,200	23,554
Property, plant and equipment	3.2	163,067	167,151
Right-of-use assets	3.2	21,618	22,705
Other tangible assets	3.2	37,061	23,765
Deferred tax assets	3.19	12,878	11,227
Investments	3.3	346	141
Other non-current assets	3.4	273	283
Non-current assets		317,244	313,352
Inventories	3.5	110,731	101,061
Trade receivables	3.6	121,986	102,961
Current tax assets	3.7	8,042	10,391
Current financial assets	3.8	86,640	44,941
Other current assets	3.9	3,272	3,240
Cash and cash equivalents	3.10	307,847	271,191
Current assets		638,518	533,785
Assets held for sale		-	-
Assets held for sale		-	-
TOTAL ASSETS		955,762	847,137

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated Statement of Financial Position (in thousands of Euro)	Notes	31/12/2025	31/12/2024
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital	3.11	62,704	62,704
Reserves and retained earnings (losses)	3.11	175,761	152,233
Net Result for the year	3.11	38,124	34,497
Shareholders' equity attributable to the Group		276,589	249,434
Non-controlling interests		7,098	6,003
TOTAL SHAREHOLDERS' EQUITY		283,687	255,437
Loans	3.12	328,248	263,258
Provisions	3.13	8,898	6,012
Employee benefits obligations	3.14	5,237	5,390
Deferred tax liabilities	3.19	12,664	13,698
Other financial liabilities	3.2 - 3.15	15,746	16,498
Non-current liabilities		370,793	304,856
Trade payables	3.16	126,588	108,291
Loans	3.12	118,575	129,252
Tax liabilities	3.17	8,982	6,361
Other financial liabilities	3.2 - 3.15 - 3.8	4,633	4,660
Other current liabilities	3.18	42,504	38,280
Current liabilities		301,282	286,844
Liabilities held for sale		-	-
Liabilities held for sale		-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		955,762	847,137

CONSOLIDATED INCOME STATEMENT

1.2 CONSOLIDATED INCOME STATEMENT

Consolidated Income Statement (in thousands of Euro)	Notes	31/12/2025	31/12/2024
REVENUES AND OTHER OPERATING INCOME			
Revenues	4.1	603,793	587,205
Other operating income	4.2	1,598	1,883
Total revenues and other operating income		605,391	589,088
OPERATING EXPENSES			
Purchases of materials	4.3	(306,969)	(283,969)
Changes in inventories	3.5	10,761	(9,852)
Costs for services	4.4	(75,207)	(75,542)
Personnel costs	4.5	(140,258)	(132,532)
Net reversal/(write-downs) of financial assets	4.6	422	(652)
Other operating expenses	4.7	(6,899)	(4,022)
Total operating expenses		(518,150)	(506,569)
Depreciation and amortisation	3.1 - 3.2	(30,578)	(31,817)
Gains/(Losses) on the sale of non-current assets		33	131
Write-downs of non-current assets	3.1	(296)	(281)
OPERATING RESULT (EBIT)		56,400	50,552
Financial income	3.8 - 3.15 - 4.7	13,051	9,499
Financial expense	4.9	(14,794)	(15,685)
Exchange gains (losses)	4.10	(2,081)	2,700
Gains/(Losses) from sale of investments	4.11	-	-
PRE-TAX RESULT		52,576	47,066
Income taxes	4.12	(12,782)	(11,245)
NET PROFIT / (NET LOSS)		39,794	35,821
Net profit attributable to non-controlling interests	3.11	1,670	1,324
NET PROFIT ATTRIBUTABLE TO THE GROUP		38,124	34,497

EARNINGS PER SHARE AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1.3 EARNINGS PER SHARE AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Earnings per share

Earnings per share (in Euro)	Notes	31/12/2025	31/12/2024
EARNINGS PER SHARE	4.13		
Basic		1.72	1.55
Diluted		1.72	1.55

Consolidated statement of comprehensive income

Consolidated statement of comprehensive income (in thousands of Euro)	Notes	31/12/2025	31/12/2024
NET PROFIT / (NET LOSS)		39,794	35,821
<i>Components that will not subsequently be reclassified to the Income Statement:</i>			
Actuarial gains/(losses) from employee benefits obligations	3.14	172	29
Tax effect		(41)	(7)
		131	22
<i>Components that will subsequently be reclassified in the Income Statement:</i>			
Exchange differences from translation of Financial Statements in foreign currency	1.4	(1,373)	121
TOTAL COMPREHENSIVE INCOME (LOSS)		38,552	35,964
Of which:			
Attributable to non-controlling interests.	3.11	1,670	1,324
ATTRIBUTABLE TO THE GROUP		36,882	34,640

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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	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 (loss)											
<i>Dividends paid</i>	-	-	-	-	-	-	(8,883)	-	(8,883)	(812)	(9,695)
<i>Retained</i>	-	-	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 "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;

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	Non-controlling interests	Total shareholders' equity
BALANCE AS AT 01/01/2025	62,704	24,762	4,861	(288)	(17,817)	(69)	140,784	34,497	249,434	6,003	255,437
Allocation of 2024 profit (loss)											
<i>Dividends paid</i>	-	-	-	-	-	-	(9,327)	-	(9,327)	(865)	(10,192)
<i>Retained</i>	-	-	833	-	-	-	33,664	(34,497)	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	(400) (**)	-	(400)	290 (***)	(110)
Comprehensive income as at 31/12/2025	-	-	-	-	(1,373)	131	-	38,124	36,882	1,670	38,552
BALANCE AS AT 31/12/2025	62,704	24,762	5,694	(288)	(19,190)	62	164,721	38,124	276,589	7,098	283,687

(**) This refers to the purchase of a 7.5% equity investment in LU-VE Iberica S.L. for EUR 239 thousand and for EUR 161 thousand to the effect of the merger of Brener a.s. into the company HTS;

(***) This mainly refers to the net effect of the movement in the translation reserve pertaining to the minority shareholders of the subsidiaries "OOO" SEST LU-VE for a positive EUR 323 thousand and of the company SEST LUVE Polska Sp.z.o.o. for a positive EUR 42 thousand, partially offset for EUR 75 thousand by the 7.5% decrease in the share pertaining to minority interests in the company LU-VE Iberica S.L..

1.5 CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated Statement of Cash Flows <i>(in thousands of Euro)</i>		31/12/2025	31/12/2024
A. Cash and cash equivalents at the beginning of the year		271,191	212,059
Net Profit for the year		39,794	35,821
Adjustments for:			
- Depreciation and amortisation	3.1 - 3.2	30,578	31,817
- Capital (Gains)/losses, write-downs of non-current assets		263	150
- (Gains)/losses from the sale of investments	4.10	-	-
- Net financial expenses	4.7 - 4.8	2,123	1,391
- Income taxes	4.11	12,782	11,245
- Changes in provisions	3.13	2,886	277
- Changes in <i>fair value</i>	4.7 - 4.8	(50)	5,187
Changes in employee benefit obligations	3.14	(479)	(118)
<i>Changes in trade receivables</i>	3.6	(19,025)	(15,171)
<i>Changes in inventories</i>	3.5	(10,761)	9,852
<i>Changes in trade payables</i>	3.16	18,297	12,632
Changes in net working capital		(11,489)	7,313
Changes in other receivables and payables, deferred taxes		5,219	5,123
Tax paid	4.11	(12,325)	(14,085)
Net paid financial expense	4.7 - 4.8	(2,197)	(7,069)
B. Cash flows from (used in) operating activities		67,105	77,052
Investments in non-current assets:			
- intangible assets	3.1	(1,706)	(1,617)
- property, plant and equipment	3.2	(29,470)	(18,289)
- financial assets		(205)	-
Net investments in current financial assets	3.8	(42,537)	259
C. Cash flows from (used in) investing activities		(73,918)	(19,647)
Repayment of loans	3.12	(150,719)	(147,338)
Proceed from new loans	3.12	205,000	175,000
<i>Contingent consideration</i> subsequent to a business combination	3.15	-	(7,360)
Changes in other financial liabilities (*)		(4,963)	(6,620)
Sale/(Purchase) of treasury shares		-	-
Contributions/repayments of share capital		-	-
Dividends paid	3.11	(10,192)	(9,695)
Other changes		12	-
D. Cash flows from (used in) financing activities		39,138	3,987
Exchange differences	3.11	(1,008)	58
Other non-monetary changes (**)		5,339	(2,318)
E. Other changes		4,331	(2,260)
F. Net cash flows during the year (B+C+D+E)		36,656	59,132
Cash and cash equivalents at the end of the year (A+F)		307,847	271,191
Current financial indebtedness		36,568	88,971
Non-current financial indebtedness		343,994	279,756
Net financial indebtedness		72,715	97,536

(*) 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 differences of intangible assets (positive for EUR 1,704 thousand), property, plant and equipment (positive for EUR 1,898 thousand) and inventories (positive for EUR 1,091 thousand).

As at 31 December 2024, the amount was mainly composed of the period effect of the net exchange rate 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).

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 2025 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 2025. 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 the *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 figures in the Explanatory Notes are shown mainly in thousands of Euro. The consolidated financial statements are 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 shareholders' equity, (v) consolidated statement of cash flows and (vi) these Explanatory Notes.

The Financial Statements have been prepared on the basis of the historical cost principle, except for the *fair value* evaluation 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 Directors' Report.

In particular, with reference to this last assumption, as at 31 December 2025, the LU-VE Group has a solid and balanced financial structure with a net financial indebtedness/shareholders' equity ratio (Debt ratio) equal to 0.26 (0.38 as at 31 December 2024) and a positive short-term net financial position of EUR 271.3 million (positive for EUR 182.2 as at 31 December 2024). Therefore, the repayment of the medium-/long-term debt maturing in the next twelve months (totalling a nominal EUR 119.4 million, valued at amortised cost for EUR 118.6 million) is guaranteed by total liquidity as determined in the statement of the Net Financial Position in Note 3.20 (totalling EUR 394.5 million). In addition, there are no substantial restrictions on the disposal of invested liquidity, amounting to EUR 86.6 million, consisting of (i) *time deposits* of EUR 49.2 million (ii) capitalisation policies of EUR 37.1 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, required by the financial debt of the LU-VE Group, as at 31 December 2025, did not highlight any critical issues. Furthermore, it is highlighted that the estimates of the 2026 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 (8.8% of 2025 consolidated turnover). 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 2025 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 2025 were approved by the Board of Directors of the parent company LU-VE S.p.A. on 13 March 2026.

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 shareholders’ equity;
- a consolidated statement of cash flows which shows 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.

Consolidation area

The consolidated financial statements of the LU-VE 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 accounting standards 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
«ООО» 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 Deutschland GmbH	Stuttgart (Germany)	100.00%	EUR	230,000
LU-VE Iberica S.L.	Madrid (Spain)	92.50%	EUR	180,063
LU-VE HEAT EXCHANGERS (Tianmen) Co, Ltd	Tianmen (China)	100.00%	CNY	32,827,800
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	30,001,000
Fincoil LU-VE OY	Vantaa (Finland)	100.00%	EUR	1,190,000
LU-VE Netherlands B.V.	Breda (Netherlands)	100.00%	EUR	10,000
«ООО» 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
LU-VE UK Ltd	London (United Kingdom)	100.00%	GBP	10,000
Refrion S.r.l.	Flumignano di Talmassons (UD)	100.00%	EUR	1,000,000
Indirect subsidiaries:				
RMS S.r.l.	Flumignano di Talmassons (UD)	100.00%	EUR	40,000
Refrion Deutschland GmbH	Frankfurt am Main (Germany)	100.00%	EUR	150,000

**liquidation procedures are in progress.*

Pursuant to IFRS 10, subsidiaries are companies over which LU-VE S.p.A. simultaneously possesses the following three elements: (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 those variable returns. The subsidiaries are consolidated from when control begins until the date on which it ends.

It should be noted that there were no changes in the scope of consolidation in 2025, other than the following:

- in September, the liquidation procedures for LU-VE Pacific Pty Ltd, based in Thomastown, Australia and LU-VE Asia Pacific Limited, based in Wan Chai, Hong Kong, were completed;
- in December, an additional 7.5% equity investment in the subsidiary LU-VE Iberica S.L., already 85% owned until 31 December 2024, was acquired.

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 recognition of a financial liability deriving from *put/forward options* granted to subsidiaries' non-controlling interests, 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, regardless of the size of the equity investment. 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;
- c) if there are shareholders or 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 tangible 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 year. Income statement items are translated using the average exchange rates for the reporting period.

Translation exchange differences resulting from the comparison between the opening shareholders' 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 31/12/2025	Average exchange rate 2025	Exchange rate as at 31/12/2024	Average exchange rate 2024
AUD	1.7581	1.7518	1.6772	1.6397
PLN	4.2210	4.2397	4.2750	4.3058
CZK	24.2370	24.6879	25.1850	25.1198
RUB (*)	92.0938	94.0522	106.1028	100.2801
SEK	10.8215	11.0663	11.4590	11.4325
HKD	9.1464	8.8104	8.0686	8.4454
CNY	8.2262	8.1185	7.5833	7.7875
INR	105.5965	98.5239	88.9335	90.5563
USD	1.1750	1.1300	1.0389	1.0824
AED	4.3152	4.1499	3.8154	3.9750
GBP	0.8726	0.8568	0.8292	0.8466
KRW	1696.94	1605.45	1,532.15	1,475.40

(*) For the Russian companies, in 2025 and 2024, the exchange rates of the Russian Central Bank were used.

Statement of reconciliation between shareholders' equity and profit for the year of the parent company and consolidated shareholders' equity and profit for the year

SHAREHOLDERS' EQUITY RECONCILIATION STATEMENT (in thousands of Euro)	Net profit for the year	2025 Shareholders' Equity	Net profit for the year	2024 Shareholders' Equity
Amounts from LU-VE S.p.A. Financial Statements	12,152	123,403	17,661	120,579
Difference between carrying amount of consolidated investments in subsidiaries and value of the portion of shareholders' equity and profit (loss) of consolidated subsidiaries	23,836	138,991	14,662	116,868
Elimination of intra-group profits/(losses)	2,387	14,425	1,338	11,966
Other	(251)	(230)	836	21
Profit and shareholders' equity attributable to the Group	38,124	276,589	34,497	249,434

Measurement criteria

The material accounting standards' information and measurement criteria adopted for the preparation of the consolidated Financial Statements as at 31 December 2025, 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 value of the shareholders' equity 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*.

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 Brenner a.s. as a business combination in accordance with IFRS 3. The subsidiary, mainly holder of land and industrial buildings rented to another LU-VE Group's company, was therefore included in the LU-VE Group's consolidated financial statements as an "*acquisition of assets*" up to 31 December 2024. In 2025, the company Brenner a.s. was merged into its direct parent company Heat Transfer Systems s.r.o. (HTS), with accounting and tax effects backdated to 1 January 2025; therefore, the considerations reported up to the 2024 financial year are no longer applicable, as Heat Transfer Systems s.r.o. (HTS) is a wholly-owned subsidiary of LU-VE S.p.A. and falls within the current consolidation model. This merger had a net negative impact of EUR 161 thousand on the consolidated shareholders' equity as reported in notes "1.4 - Statement of changes in consolidated shareholders' equity" and "3.2 Tangible assets and rights of use".

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 a *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 production of new products or components are recorded as assets 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 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 exercise of the *purchase price allocation* of the US company LU-VE US (concluded in 2018) and the Indian company Spirotech Heat Exchangers Pvt. Ltd (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.

The *Customer Relationship* of “AI Air” is 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:

Property, plant and equipment	Years
Buildings	33
Light constructions	10
Plant and equipment	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 contracts and right-of-use assets

The LU-VE Group must evaluate if a contract is, or contains, a *lease* at the inception of the same. The LU-VE Group recognises the Right of use and the corresponding lease financial Liability for all *lease* contracts in which it assumes the role of lessee, with the exception of short-term contracts (*lease* contracts 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:

- 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 contract.

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 payments of rentals 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;
- 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 before or at the commencement day and any other initial direct cost. 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 systematically over the shorter period of *lease term* and useful life of the underlying asset. If a *lease* transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the LU-VE Group expects to exercise a purchase option, the related right of use is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the *lease*.

The Right of use 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 deriving from the financial activities) and the interest portion (presented under net financial expense paid, in the cash flow deriving 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. If any of these indicators exist, the recoverable amount of these assets is estimated to determine the amount of the impairment loss. 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 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 the Parent Company LU-VE S.p.A. and approved by the Parent Company's Board of Directors, on 19 February 2026, 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 may be 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 *hedge accounting* is not applied, 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 subscribed to hedge the interest rate risk on loans, 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 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 stocks 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 accessory 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 prospective reference rate curves extracted at each reporting date, recognising the difference compared to the previous period in the income statement.

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 deemed possible 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 benefits to be allocated to pension plans chosen by the worker or, if the worker decided to keep those contributions within the company, to an INPS treasury account.

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 fewer than 50 employees (R.M.S. S.r.l.) post-employment benefits accrued as at 31 December 2025 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*.

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., has begun generating revenue through the implementation of multi-year projects (i.e.: the supply of cooling systems for the EDG emergency diesel generators at the Hinkley Point C nuclear island in Somerset, UK). In addition to the supply of finished products, these projects also provide for the remuneration of design and engineering services preparatory to the development and installation of the products sold. Revenues related to these projects are recognised “over time”, according to the progress of costs incurred with respect to total estimated project 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.

FINANCIAL EXPENSE

Financial expense includes interest expense on financial payables calculated using the effective interest rate method (net of or by way of increase of the differentials exchanged with the counterparty during the year relating to IRS derivative instruments subscribed 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 cost. 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 it is 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. 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 cancelled 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.

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., for the 2023-2025 financial years (and with automatic renewal option for the subsequent period), and Refrion S.r.l. and RMS S.r.l. for the 2024-2026 financial years.

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 requires the 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 as at the year-end 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, intangible assets and property, plant and equipment

The procedure for determining the impairment of goodwill, intangible assets and property, plant and equipment described in the section “*Impairment of Assets*” involves – in estimating 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 2026-2029 Business Plan, approved by the Board of Directors on 19 February 2026, ii) the determination of an appropriate discount rate (WACC) and iii) the determination of a long-term growth rate (*g-rate*).

These assumptions are based on Management’s expectations: i) to focus on the “core” product (air heat exchangers) through product and process innovation, technological advancements, increased production efficiency of plants, including through specialisation and localisation of production, digitisation and automation of production and design processes; ii) to focus on improving profitability and protecting generation through increased production efficiency, the use of automation, the modernisation of product selection and configuration processes, order management and careful management of fixed costs; iii) reduction of the risk profile through the further development of applications in unrelated sectors and increased territorial coverage, with the medium-term target of reducing the concentration of sales in the European continent, targeting two-thirds of total turnover over the plan period; iv) confirmation and further increase in diversification in terms of customers, geography, and applications. Thanks to the growth of applications such as data centres, industrial cooling, power generation and heat pump exchangers, refrigeration (while remaining the main macro application) will see significant dilution over the plan period; v) improved exploitation of installed production capacity with careful management of capex compared to the historical average, but with a particular focus on the automation of all business processes; vi) exploitation of growth opportunities mainly related to:

- Focus on heat exchangers using natural refrigerants, in line with the latest revision of the European F-GAS regulation, now the benchmark in China and, albeit with conflicting pressures, also in the United States and other areas of the world.
- Focus on the heat dissipation sector related to data centres. The expansion of Artificial Intelligence, cryptocurrencies and social networks requires a continuous increase in the number and power of data centres, resulting in a dramatic increase in the need for heat dissipation. “Hyperscalers” investments, especially those related to AI, are projected to be close to USD 200 billion for each year of the plan. This creates a significant growth opportunity.
- Increased sales in applications driven by projects of a more than proportional size that present a simpler and shorter added value chain.
- Greater attention to pre- and post-sales services, which present opportunities for significant customer service with beneficial effects on customer retention and margins.
- Reduction in launch times for new product lines and product costs, thanks to the digitisation of internal processes and automatic 3D design;
- Acceleration of the sales cycle thanks to intelligent and automated product pricing systems;
- Focus on the United States: a) priority to the data centre segment, which is undergoing a major technological shift (from air cooling to new water-based “immersion” solutions and, above all, “direct-to-chip liquid cooling”), accompanied by significant investments expected worldwide in AI applications, cryptocurrency, and data mining; b) growth in both commercial and industrial refrigeration by leveraging the competitive advantage over local competitors resulting from the Group’s greater expertise in natural refrigerant exchangers (particularly CO₂); c) launch of local production of high-power ventilated equipment, now essential for logistical and marketing reasons (brand, “proudly made in the US”), for inclusion/qualification on certain vendor lists, and for the introduction of tariffs by the new administration.
- Further strengthening the presence in China, both through the increasing focus on exchangers with natural refrigerants and the launch of local production of the “outdoor” range, which, on the one hand, increases competitiveness in the already well-established refrigeration segment by completing the existing offering and, on the other, should enable entry into new applications in the data centre and industrial sectors in particular;
- Development of the cold chain in general, including less developed countries (India and, in the medium/long term, Africa) and the progressive introduction of increasingly stringent

- regulations regarding proper food preservation throughout the production chain (from the food processing industry to transport and refrigerated storage, to product exposure at points of sale).
- Increased global attention and sensitivity to energy efficiency issues and the reduction of the environmental impact of all human activities.
 - Population growth, increasing urbanisation, the expansion of the middle/middle class and the search for living conditions more in line with those of the developed West, resulting in significant growth in refrigeration and air conditioning applications;
 - Electrification: significant investments are being made and are expected worldwide to increase energy production, with a particular focus on renewable energy sources, and to address the need to modernise existing infrastructure (e.g. in Europe, with the Energy Performance Building Directive).
 - Decarbonisation: Overall, there is a progressive increase in renewable energy worldwide, led by China, which has seen a stabilisation/decrease in emissions over the past 18 months; in the United States, despite the fossil fuel rhetoric, electricity generation from solar power will grow by 49% by 2027, and in Europe, wind and solar have surpassed fossil fuels (gas and coal) for electricity generation for the first time. In this field,
 - Regarding nuclear energy, supplies for the Hinkley Point nuclear power plant in England are expected to be completed within the plan period. Now that the Group has gained visibility within this sector, it is expected to participate in new tenders related to the modernisation of existing nuclear plants (the expected useful life of which has in some cases been extended) and the construction of new power plants with both high-power reactors and the adoption of the new SMR (Small Modular Reactor) technology. However, to be on the safe side, no other nuclear projects other than the one in England have been included in the plan (they could represent a possible upside).

As a result of the above, the plan envisages more significant development of the Cooling business unit in the coming years, driven by strategic development plans both geographically (USA and China) and in terms of application (data centres, industrial cooling and power generation) and by the nuclear project.

The Components business unit expects more moderate growth, with the target of operational excellence (through leaner processes, automation and lead time reduction), expanding customer services to further strengthen their loyalty and potentially exploring the use of different materials (aluminium-aluminium).

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 a 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 2025 at a value not higher than their recoverable amount. In particular, in the consolidated financial statements as at 31 December 2025 the LU-VE Group has recognised goodwill of EUR 62.8 million. This goodwill is attributable to two *cash generating units* ("CGUs"): "*Components*" for EUR 25.8 million and "*Cooling Systems*" for EUR 37.0 million, to which intangible assets with a finite useful life were also allocated for EUR 19.2 million, along with rights of use assets for EUR 21.6 million and property, plant and equipment and tangible assets for EUR 200.1 million.

Given the particular situation of uncertainty in the Russian macroeconomic context due to the sanctions resulting from the ongoing war 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* 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 2025 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 2025 totalled EUR 17.7

million (RUB 1,631 million), of which EUR 8.9 million (RUB 824 million) related to tangible assets 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 2025, equal to EUR 12.9 million, Management relied on the taxable results deriving from the 2026-2029 business plan, in addition to the year 2030, obtained by carrying forward the figures from the last year of the Plan of LU-VE S.p.A. and the other Group companies included in the consolidation area by extrapolating from the latter the expected taxable income for subsequent years.

The effects deriving from the temporary differences on which deferred tax assets 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.

Climate change impacts

LU-VE Group conducted an analysis related to the significant physical and transitional climate risks (for further details please see the Sustainability *Reporting*), whose potential impact on the expected Group’s economic and financial *performance* has been included in the Business Plan 2026-2029 approved by the LU-VE S.p.A.’s Board of Directors on 19 February 2026.

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, is considered current and applicable also for the year 2026, as it 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 greenhouse gas concentration pathways *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. Conversely, the exposure to certain other risks, e.g. drought and fire risk, is not expected to be material to 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 2026-2029 Business Plan, in the income statement, does not include any negative effects arising from this physical risk; however, a *sensitivity* analysis was performed considering a possible negative impact quantifiable as an EBITDA decrease for each year of the Business Plan explicit period and *terminal value* of EUR 1 million for the CGU *Components*. This decrease in the Business Plan future cash flows would reduce the *impairment test cover* for the CGU *Components* by approximately 10%.

Moreover, so far, no facility has been subject to dedicated actions for climate change adaptation. With reference to the 2026-2029 Business Plan, the Group has planned investments (CAPEX) aimed at mitigating impacts arising from climate change, totalling EUR 12.3 million, of which:

- i) EUR 8.1 million for actions aimed at reducing *Scope 1* and *Scope 2* emissions through investments in advanced technologies for low climate impact production processes;
- ii) EUR 2 million relating to the Flumignano facility for possible damage due to "heavy precipitation";
- iii) EUR 2.2 million for the adaptation of the facilities to the effects of climate change, with particular reference to adaptation works to mitigate flooding risks and increase the 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.

Regarding climate transitional risks, LU-VE Group updated the analysis of climate transitional risks in 2025. 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* in Europe) 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 2026-2029 Business Plan reflect the investments required by the expected expansion of the market share of products using natural refrigerants and high-efficiency motors (the plan envisages a turnover of exchangers using natural refrigerants starting from 59% in 2026, reaching 62% in 2027, 63% in 2028 and 64% in 2029). With regard to procurement costs, a significant issue considering that the main raw materials used by the Group are the result of energy-intensive production processes, these are expected to remain constant throughout the Plan period (for 2026 alone, incremental costs of approximately EUR 16 million were considered, mainly linked to the increase in the price of copper, completely neutralised by an equal increase in revenues), similarly to the sales prices applied by the Group; in any case, the overall margin is assumed to be constant and invariable even in the presence of further increases in these costs, given the Group's ability to pass on these increases to customers through price increases without affecting consumer demand, as has historically occurred and is permitted 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 (2029).

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.

Finally, it is noted that in these 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.

Impacts of the Russian-Ukrainian conflict

The LU-VE Group continues to carefully monitor the evolution of the conflict between Russia and Ukraine. The extreme geographical diversification of sales means that Group's exposure, in terms of turnover, in this area is only 8.8% and 4.9% of net invested capital (EUR 17.4 million). Net invested capital includes approximately EUR 8.0 million of net working capital, of which EUR 12.0 million of inventories. As at 31 December 2025, the exposure in terms of order backlog was 5.0%.

As at 31 December 2025, the equity and financial position 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 sales company) is mainly composed of:

- Non-current assets (which in addition to property, plant and equipment, tangible assets and intangible assets include deferred tax assets) equal to EUR 9,521 thousand (EUR 6,663 thousand as at 31 December 2024).
- Net working capital for the year of EUR 8,021 thousand;
- Cash and cash equivalents and current financial assets (*Time Deposits*) of EUR 45,197 thousand (EUR 31,235 thousand as at 31 December 2024). The increase includes the positive effect of approximately EUR 4.6 million of the impact of the EUR/RUB exchange rate;
- *Intercompany* payables of EUR 500 thousand (EUR 1,387 thousand as at 31 December 2024).

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, as well as the effects already quantified on sales and on net invested capital, the loss of 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 preparing their financial statements with Russian roubles as their functional currency, equal to EUR 5.3 million as at 31 December 2025. The intragroup receivables of the other LU-VE Group companies from the two Russian subsidiaries are equal to EUR 0.5 million as at 31 December 2025 (EUR 1.4 million at 31 December 2024). As at 31 December 2025, 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, the 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 verification 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 obtained from UAMA (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.

2.2 NEW ACCOUNTING STANDARDS

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED AS OF 1 JANUARY 2025

The following IFRS accounting standards, amendments and interpretations have been applied by the LU-VE Group for the first time as of 1 January 2025:

- 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 identify 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 adoption of this amendment had no effects on the Group’s consolidated Financial Statements.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION, FOR WHICH APPLICATION IS NOT YET MANDATORY AND NOT ADOPTED EARLY BY THE GROUP AS AT 31 DECEMBER 2025

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 2025:

- 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 at FVOCI.

The amendments will apply to financial statements for years beginning on or after 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 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 agreements;
 - the criteria for allowing such agreements to be recognised as hedging instruments; and

- new disclosure requirements to enable users of financial statements to understand the effect of these agreements 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.

- o 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*;
 - IAS 7 *Statement of Cash Flows*.

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.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION AT 31 DECEMBER 2025

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.

- o 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:
 - the 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;
 - the 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.

- On 30 January 2014, 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 accounting standards applied. As the Group is not a *first-time adopter*, that standard is not applicable.

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	Development costs and Other intangible assets	Total
Historical			
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
Increases	-	1,706	1,706
Decreases	-	(285)	(285)
Reclassifications	-	-	-
Exchange differences	(1,725)	147	(1,578)
As at 31 December 2025	75,716	99,081	174,797
Accumulated depreciation			
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
Increases	-	6,073	6,073
Decreases	-	(275)	(275)
Reclassifications	-	-	-
Exchange differences	-	124	124
As at 31 December 2025	12,915	79,881	92,796
Net carrying amount			
As at 31 December 2024	64,526	23,554	88,080
As at 31 December 2025	62,801	19,200	82,001

Goodwill

The decrease in the item “Goodwill” for EUR 1,725 thousand is attributable to the translation at the exchange rates as at 31 December 2025 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 amortisation provision refers to the amount recognised as at 1 January 2014 under the previous accounting standards and no longer changed since that date.

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 LU-VE Group tested the recoverability of the book value of Net Invested Capital (NIC) as at 31 December 2025, 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 flows to be considered in the allocation of the goodwill.

In particular, LU-VE Group recognised goodwill of EUR 62.8 million in the consolidated financial statements as at 31 December 2025, attributed to the “*Components CGU*” for EUR 25.8 million (EUR 27.5 million as at 31 December 2024) and to the “*Cooling Systems CGU*” for EUR 37.0 million (unchanged from 31 December 2024) to which intangible assets with a finite useful life of EUR 19.2 million, rights of use of EUR 21.6 million and property, plant and equipment of EUR 200.1 million were also allocated.

In determining the recoverable amount of these CGUs, identified in the value in use as the sum of the discounted cash flows generated in the future and continuously of the NIC (*Discounted Cash Flow Unlevered* method), Management referred to the Group’s 2026-2029 Business Plan approved by the Parent Company’s Board of Directors on 19 February 2026, whose assumptions are detailed in the paragraph “Use of estimates - Recoverability of the value of goodwill, 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: 7.57% (third party capital) and 92.43% (own capital) for both the CGUs, taking into account the average of a *panel* of comparable companies;
- sector *relevered beta*: EUR 1,098 for the “*Components CGU*” and EUR 1,099 for the “*Cooling Systems CGU*”;
- *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 2024 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 2025);
- *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 2.52% and 2.07% 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 revenue. In the *Terminal Value*, an operating cash flow equal to the last year of the plan (2029) 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 discount rate (WACC) which takes into account the specific risks of the asset and which reflects current market assessments of the cost of money. Two different WACCs were calculated, equivalent to 10.27% for the *Components CGU* and 8.99% for the *Cooling Systems CGU*.

From the *impairment test* carried out, approved by the Parent Company’s Board of Directors on 13 March 2026, the Group has not recognised any impairment loss, as the value in use of the CGUs was found to be higher than the carrying amount.

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, the 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:

- increase in the WACC (maintaining all other plan assumptions unchanged) of +14.82% for the *Components CGU* and +16.19% 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 -23.35% for the “*Components CGU*” and -34.78% for the “*Cooling Systems CGU*”;
- *break-even g-rate (keeping all the other plan assumptions unchanged)*: non-significant reduction in the *g-rate* of TV. Even by using a nil value for both CGUs, the Cover would not be zero.

Lastly, with reference to the impact of the risks arising from *climate change* on the determination of the cash flows of the specific plan period and the *terminal value*, prepared for the two CGUs for the purpose of the *impairment test*, it should be noted that:

- With regard to transitional risks, it is not believed that there will be any differential impact from that anticipated in the plan approved by the Directors;
- With regard to physical risks, it is not believed that there will be any differential impacts from those anticipated 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 reductions in cash flows would lead to a reduction in the CGU Components’ cover of 10%.

On the basis of the impacts identified and deriving from the risk of *climate change*, no further sensitivity analyses are considered applicable (for example, +1/-1-degree centigrade increase compared to the Paris agreement).

GOODWILL AND OTHER INTANGIBLE ASSETS

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 list	Trademarks	Software	Development costs and Other intangible assets	Total
Historical					
As at 31 December 2023	20,579	26,904	27,874	20,867	96,224
Increases	-	-	1,171	446	1,617
Decreases	-	-	(9)	(278)	(287)
Reclassifications	-	-	369	(369)	-
Exchange differences	-	(7)	(17)	(17)	(41)
As at 31 December 2024	20,579	26,897	29,388	20,649	97,513
Increases	-	7	1,137	562	1,706
Decreases	-	-	-	(285)	(285)
Reclassifications	-	22	63	(85)	-
Exchange differences	-	10	94	43	147
As at 31 December 2025	20,579	26,936	30,682	20,884	99,081
Accumulated depreciation					
As at 31 December 2023	7,905	17,592	25,334	16,491	67,322
Increases	1,678	1,591	2,090	1,322	6,681
Decreases	-	-	(9)	-	(9)
Reclassifications	-	-	-	-	-
Exchange differences	-	(4)	(19)	(12)	(35)
As at 31 December 2024	9,583	19,179	27,396	17,801	73,959
Increases	1,678	1,592	1,646	1,157	6,073
Decreases	-	-	-	(275)	(275)
Reclassifications	-	-	-	-	-
Exchange differences	-	10	82	32	124
As at 31 December 2025	11,261	20,781	29,124	18,715	79,881
Net carrying amount					
As at 31 December 2024	10,996	7,718	1,992	2,848	23,554
As at 31 December 2025	9,318	6,155	1,558	2,169	19,200

Customer list

The change in the year in the Customer list refers to the amortisation of the year.

Trademarks

GOODWILL AND OTHER INTANGIBLE ASSETS

The change in this item refers exclusively to amortisation for the year.

Software

Software increased by EUR 1,137 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.

Development costs and Other intangible assets

Other intangible assets rose by EUR 562 thousand (EUR 446 thousand in the previous year) and mainly refer to *software* developments and databases not yet in operation and to projects for the development of new products.

The decreases for the year refer mainly to write-downs of development projects in progress which, based on the information acquired during the year, have no longer been considered feasible.

The change in intangible assets resulted in cash absorption of EUR 1,706 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.

3.2 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Tangible assets and right-of-use assets (in thousands of Euro)	Land and Buildings	Plant and equipment	Right-of-use assets	Other tangible assets	Tangible assets under construction	Total
Historical						
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
Increases	2,912	3,398	4,674	1,887	23,143	36,014
Decreases	(816)	(5,742)	(9,255)	(577)	(273)	(16,663)
Reclassifications	3,414	3,571	-	608	(7,593)	-
Exchange differences	(474)	(1,370)	(304)	(123)	(53)	(2,324)
As at 31 December 2025	155,039	197,698	31,689	53,944	25,523	463,893
Accumulated depreciation						
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 rate difference	(45)	293	52	127	-	427
As at 31 December 2024	38,519	142,174	13,868	38,685	-	233,246
Increases	4,641	10,344	5,272	4,248	-	24,505
Decreases	(594)	(5,049)	(9,006)	(529)	-	(15,178)
Reclassifications	-	(140)	-	140	-	-
Exchange rate difference	221	(446)	(63)	(138)	-	(426)
As at 31 December 2025	42,787	146,883	10,071	42,406	-	242,147
Net carrying amount						
As at 31 December 2024	111,484	55,667	22,706	13,464	10,299	213,620
As at 31 December 2025	112,252	50,815	21,618	11,538	25,523	221,746

As at 31 December 2025, increases in the historical cost of tangible fixed assets amount to EUR 36,014 thousand, mainly related to the following:

- EUR 2,912 thousand refers to the increase in investments in land and buildings mainly linked to the new land acquired by Refrion S.r.l. and the facilities owned by the Parent Company LU-VE S.p.A. in Uboldo, Limana and Borgo Valbelluna.
- EUR 3,398 thousand refer to the expansion of the current production capacity, through the purchase of new plant and equipment (for further information please refer to the section "Investments" in the Directors' Report) with reference to a number of companies belonging to the Group;
- EUR 4,674 thousand related to the recognition of the effects of IFRS 16, of which EUR 1,997 thousand related to the increase in leased properties, EUR 1,300 for the use of leased motor vehicles and EUR 1,377 thousand for the use of forklifts and other machinery.
- EUR 25,030 thousand relates to the technological investment programme in Italy and abroad, mainly for the expansion and streamlining of the production site of the LU-VE US Inc. Group company for EUR 20,124.

INVESTMENTS

During the year, investments in tangible assets generated an absorption of liquidity for a total of EUR 29,470 thousand (equal to the total of the group increases of EUR 36,014 thousand, net of the effect on shareholders' equity deriving from the merger of Brener s.a. referred to in the note in "2.1 – Accounting standards, in the subparagraph Measurement criteria" for EUR 161 thousand, the increases referred to in IFRS 16 of EUR 4,674 thousand and of the net effect compared to 31 December 2024 of investments not yet paid of EUR 2,031 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 the 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 war 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 production company, "OOO" SEST LUVE, is recognised in the financial statements as at 31 December 2025 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 2025 amounts to approximately EUR 17.7 million (RUB 1,630 million), of which approximately EUR 8.9 million (RUB 824 million) related to tangible assets and the remaining amount essentially related to operating working capital.

In particular, in determining the recoverable amount, identified in the value in use as the sum 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 19 February 2026), developed over a finite time horizon (2026-2029), 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 cash flows was carried out using a discount rate (WACC = K_e , as a *full equity* financial structure was envisaged) which takes into account the specific risks of the activity and the reference geo-political context, equal to 19.22%, 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 2026, no impairment losses emerged.

3.3 INVESTMENTS

The LU-VE Group holds the following equity investments:

Investments (in thousands of Euro)	31/12/2025	31/12/2024	Change
Other investments	346	141	205
Total	346	141	205

The other investments refer primarily to (non-controlling) minority interests held by the subsidiary Refrion S.r.l., including the companies STDCoil D.o.o. (previously Refrion D.o.o.) with registered office in Serbia and Refrion Schweiz GmbH with registered office in Switzerland.

OTHER NON-CURRENT ASSETS

3.4 OTHER NON-CURRENT ASSETS

The item is broken down as follows as at 31 December 2025:

Other non-current assets (in thousands of Euro)	31/12/2025	31/12/2024	Change
Other non-current assets	273	283	(10)
Total	273	283	(10)

The item “Other non-current assets” mainly refers to security deposits paid to service providers (EUR 283 thousand as at 31 December 2024).

3.5 INVENTORIES

The item is broken down as follows as at 31 December 2025:

Inventories (in thousands of Euro)	31/12/2025	31/12/2024	Change
Raw, ancillary and consumable materials	86,087	78,645	7,442
Work in progress and semi-finished products	10,249	10,309	(60)
Finished products and goods for resale	25,942	22,637	3,305
Provision for inventory losses	(11,547)	(10,530)	(1,017)
Total	110,731	101,061	9,670

The increase in inventories amounting to EUR 9,670 thousand was due to the following factors:

- EUR 10,761 thousand (net cash absorption) is mainly related to the Group’s procurement policies aimed at meeting the need to address the solid order backlog and the consequent increase in purchase orders;
- EUR 1,091 thousand due to the negative exchange effect of the year.

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 1,017 thousand is due to:

- net increase of EUR 1,111 thousand due to higher provisions recognised in the income statement under the item “Changes in inventories”;
- decrease due to the exchange delta effect for EUR 94 thousand.

TRADE RECEIVABLES

3.6 TRADE RECEIVABLES

This item was broken down as follows at the end of the year:

Trade Receivables (in thousands of Euro)	31/12/2025	31/12/2024	Change
Trade receivables	130,702	113,424	17,278
Bad debt provision	(8,716)	(10,463)	1,747
Total	121,986	102,961	19,025

As detailed below, the EUR 19,025 thousand increase in trade receivables is primarily due to an increase in turnover in the final quarter of 2025 compared to the final quarter of 2024. For further details regarding average collection days, please refer to section “1.6 Alternative *Performance Measures*” of the Directors’ Report.

The above-mentioned changes in trade receivables lead to a cash absorption of EUR 19,025 thousand.

The decrease in the bad debt provision for EUR 1,747 thousand is due to:

- decrease of EUR 1,236 thousand for utilisations;
- net increase of EUR 422 thousand due to higher releases, recognised in the income statement under the item “Net reversal/(write-down) of financial assets” (Note 4.6);
- decrease of EUR 89 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 the Factoring companies amounted to EUR 21,479 thousand (EUR 20,574 thousand as at 31 December 2024) of which 21,069 thousand refer to receivables transferred in December 2025 (EUR 18,002 thousand as at 31 December 2024). All these transfers were without recourse. The percentage of receivables sold in December compared to turnover in the last 12 months was 3.49% (3.07% as at 31 December 2024).

All trade receivables are due within the subsequent 12 months and derive from normal sales transactions.

Trade receivables include *contract assets* (invoices to be issued relative to services already provided by the LU-VE Group) for an amount of EUR 8 thousand and a reduction in trade receivables due to variable payments (mainly credit notes to be issued for bonuses granted to customers) for EUR 3,079 thousand.

The breakdown of trade receivables by geographical area is shown below:

Breakdown of trade receivables by geographic area (in thousands of Euro)	31/12/2025	31/12/2024	Change
Italy	31,471	28,886	2,585
EU countries	70,448	60,007	10,441
Non-EU countries	28,783	24,531	4,252
Bad debt provision	(8,716)	(10,463)	1,747
Total	121,986	102,961	19,025

TRADE RECEIVABLES

The ageing of trade receivables is shown below:

Breakdown of trade receivables by maturity (in thousands of Euro)	31/12/2025	31/12/2024	Change
Current receivables (not past due)	105,764	96,604	9,160
Past due up to 30 days	14,230	8,168	6,062
Past due from 30 to 60 days	3,383	1,900	1,483
Past due from 60 to 90 days	1,018	546	472
Past due for more than 90 days	6,307	6,206	101
Total	130,702	113,424	17,278

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 2025, 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 2025 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, the bad debt provision based on the level of overdue accounts has not been further split on the basis of groupings of customer base.

31/12/2025 (in thousands of Euro)	Not past due	<30	31 - 60	61 - 90	>90	Total
Expected default rate	1.44%	3.16%	6.4%	21.7%	100.0%	6.7%
Estimate of gross book value at the time of default	105,764	14,230	3,383	1,018	6,307	130,702
Expected losses throughout the life of the credit	1,521	449	218	221	6,307	8,716

No trade receivables with a residual maturity of more than 5 years were recognised in the Financial Statements.

CURRENT TAX ASSETS

3.7 CURRENT TAX ASSETS

This item was broken down as follows:

Current tax receivables (in thousands of Euro)	31/12/2025	31/12/2024	Change
VAT receivables	2,858	5,343	(2,485)
Tax receivables from tax authorities for advance payments of direct taxes	5,122	4,849	273
Others	62	199	(137)
Total	8,042	10,391	(2,349)

VAT receivables from the tax authorities decreased due to the trend of sales and purchases compared to the previous year and an increased use of declarations of intent.

Receivables from the tax authorities amounting to EUR 5,122 thousand mainly refer to (i) EUR 2,358 thousand in receivables not directly or immediately offsetable against direct taxes (EUR 2,456 thousand as of 31 December 2024), (ii) EUR 2,252 thousand in withholding taxes on *time deposit* interest and foreign income (EUR 1,906 thousand as of 31 December 2024), and (iii) advance payments of EUR 510 thousand for IRAP (regional business tax) paid in 2025 (EUR 487 thousand as of 31 December 2024).

3.8 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 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 part of the “*Held to collect*” category under IFRS 9, are measured at amortised cost. This item was broken down as follows:

Current financial assets (in thousands of Euro)	31/12/2025	31/12/2024	Change
<i>Time deposit</i>	49,245	32,596	16,649
Capitalisation policies	36,220	10,351	25,869
<i>Fair value</i> of derivatives	896	1,722	(826)
Other securities	279	272	7
Total	86,640	44,941	41,699

As at 31 December 2025, *time deposit* contracts signed by Group companies amounted to EUR 241,250 thousand (EUR 167,305 thousand as at 31 December 2024), of which EUR 49,245 thousand (EUR 32,596 thousand as at 31 December 2024, divested during 2025) in the section “Current financial assets” having a maturity of more than three months, and EUR 192,005 thousand (EUR 134,709 thousand as at 31 December 2024, also fully divested in 2024) classified under “Cash and cash equivalents”, as they have a maturity of less than three months, for further details please refer to note 3.10 – “Cash and cash equivalents” and note 3.20 – “Net financial position”. At year-end, the Group companies with liquidity invested in *time deposits* with terms exceeding three months are: the Russian subsidiary “OOO” SEST LU-VE for EUR 26,962 thousand, the Indian subsidiary SPIROTECH Heat Exchangers Pvt. Ltd for a total of EUR 12,283 thousand, and the Parent Company LU-VE S.p.A. for EUR 10,000 thousand. All *time deposit* contracts provide for the remuneration of the invested capital and of interest accrued on expiry of the contractual terms.

CURRENT FINANCIAL ASSETS

As at 31 December 2025, *time deposit* investments generated financial income of EUR 10,941 thousand, recognised in the income statement under “Financial income” as at 31 December 2025. Disinvestments and investments in *time deposits* with a maturity of more than three months but less than one year during 2025 resulted in a net absorption of cash of EUR 16,649 thousand.

As at 31 December 2025, 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 2025 amounted to EUR 5,477 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 2025 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 2025 amounted to EUR 5,354 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 *fair value* measurement as at 31 December 2025 resulted in the recognition of a positive change of EUR 269 thousand (see Note 4.8 - Financial Income);
- Class I policies issued by BNP Paribas Cardif Vita Compagnia di Assicurazione e Riassicurazione S.p.A. underwritten in February 2025 for a nominal amount of EUR 5,000 thousand, were measured as at 31 December 2025 at *fair value* for EUR 5,170 thousand. These policies permit, after the assignment of a single 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. These policies are restricted for the first 12 months from its underwriting, after which the invested liquidity can be divested without any restriction. The *fair value* measurement as at 31 December 2025 resulted in the recognition of a positive change of EUR 170 thousand in the income statement (see Note 4.8 – Financial Income);
- CNP Class I policy issued by the insurance company CNP VITA ASSICURA S.p.A., signed in July 2025 with Banca Aletti & C. S.p.A. (Banco BPM S.p.A. group), for a nominal amount of EUR 20,000 thousand, net of non-material commissions, and valued at *fair value* as of 31 December 2025, at EUR 20,250 thousand. These policies permit, after the contribution of a single premium, the possible annual revaluation (31 December of each year), of the capital according to the yield obtained from management. These policies are restricted for the first 12 months from its underwriting, after which the invested liquidity can be divested without any restriction. The *fair value* measurement as at 31 December 2025 resulted in the recognition of a positive change of EUR 251 thousand in the income statement (see Note 4.8 – Financial Income).

The item “*fair value* of derivatives” represents the *fair value* as at 31 December 2025 of derivative contracts stipulated by the Group companies.

OTHER CURRENT ASSETS

The following table summarises the derivative financial instruments outstanding as at 31 December 2025, broken down by type:

Derivative financial instruments as at 31/12/2025 (in thousands of Euro)		31/12/2025		31/12/2024		31/12/2025		31/12/2024
TYPE	ORIGINAL NOTIONAL	NOT. Short	NOT. M/L	NOT. Short	NOT. M/L	FAIR VALUE	FAIR VALUE	
IRS on loans	565,500	111,700	230,106	110,353	246,110	701	1,200	
Currency options	21,475	23,256	-	43,105	-	74	410	
Commodities Swap	592	592	-	2,718	-	121	112	
Total	587,567	135,548	230,106	156,176	246,110	896	1,722	
Total Notional		365,654		402,286				

As at 31 December 2025, derivative financial instruments on IRSs entered into by LU-VE Group companies showed a positive *fair value* of EUR 701 thousand (EUR 1,200 thousand at 31 December 2024), while derivative financial instruments on currencies, held by LU-VE Group, had a positive *fair value* of EUR 74 thousand (positive for EUR 410 thousand at 31 December 2024). It should be noted that as at 31 December 2025 the Group had *commodity* derivatives with a positive *fair value* of EUR 121 thousand (positive EUR 112 thousand as at 31 December 2024). Please refer to Appendix A for details as at 31 December 2025 of the existing derivative financial instruments broken down by type.

The negative change in the *fair value* of derivatives instruments for EUR 826 thousand compared to the previous year is mainly determined as follows:

- negative change in *fair value* of EUR 499 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 336 thousand (Note 4.10 – Exchange gains and losses);
- net positive change in the *fair value* of derivative financial instruments on purchases of the main commodities, namely copper and aluminium, for EUR 9 thousand;

Other securities refer to investments in insurance certificates, with Unicredit, totalling EUR 300 thousand. The *fair value* measurement as at 31 December 2025, equal to EUR 279 thousand, resulted in the recognition of a positive change of EUR 7 thousand (see Note 4.8 - Financial Income).

3.9 OTHER CURRENT ASSETS

The details of this item are shown below:

Other current assets (in thousands of Euro)	31/12/2025	31/12/2024	Change
From employees	104	172	(68)
Advances and sundry receivables	3,168	3,068	100
Total	3,272	3,240	32

The item is substantially in line with the previous year and mainly refers to the advances and sundry receivables from the various Group companies.

CASH AND CASH EQUIVALENTS

3.10 CASH AND CASH EQUIVALENTS

The details of this item are shown below:

Cash and cash equivalents <i>(in thousands of Euro)</i>	31/12/2025	31/12/2024	Change
Cash and cash equivalents	115,842	136,482	(20,640)
Cash equivalents	192,005	134,709	57,296
Total	307,847	271,191	36,656

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 a total amount of EUR 260,390 thousand. LU-VE Group has no restrictions/constraints on the use of these amounts.

With reference to only cash and cash equivalents subject to restrictions in the Russian Federation (about EUR 18.2 million in total, of which about EUR 13.7 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 109 thousand at the exchange rate as at 31 December 2025).

The following table shows the breakdown of cash and cash equivalents by geographical area: cash and cash equivalents in non-EU countries, totalling EUR 22.6 million, refer to current account balances denominated in US dollars (EUR 10.3 million), Russian roubles (EUR 5.8 million), and Indian rupees (EUR 0.6 million), and to the current account balances denominated in EUR (EUR 5.9 million) of Group companies in countries outside the European Union.

Cash and cash equivalents by geographical areas <i>(in thousands of Euro)</i>	31/12/2025	31/12/2024	Change
Italy	82,890	105,955	(23,065)
EU countries	10,340	11,905	(1,565)
Non-EU countries	22,612	18,622	3,990
Total	115,842	136,482	(20,640)

Cash equivalents refer to liquidity invested in *Time deposits* with a duration of less than three months by Group companies and mainly refer to the Parent Company LU-VE S.p.A. for EUR 177,500 thousand and for EUR 14,505 thousand to other Group companies, of which EUR 7,819 thousand to the Russian subsidiary “OOO” SEST LU-VE Russia and EUR 6,686 thousand to the Indian subsidiary Spirotech Heat Exchangers Private Ltd. 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 2024). In the year 2025, dividends of EUR 9,327 thousand were distributed by the Parent Company LU-VE S.p.A. from retained earnings.

As at 31 December 2025 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 7,098 thousand (EUR 6,003 thousand as at 31 December 2024). The net result attributable to non-controlling interests amounts to EUR 1,670 thousand (EUR 1,324 thousand in 2024). The increase in equity attributable to non-controlling interests is offset by the distribution of dividends of EUR 800 thousand by SEST LU-VE POLSKA Sp.z.o.o. and by the distribution of EUR 65 thousand by the Group company of the "OOO" SEST LU-VE Russia.

It should be noted that as at 31 December 2025, the translation reserve amounting to a negative EUR 19.2 million (EUR 17.8 million as at 31 December 2024) refers to the following currencies: EUR 5.3 million for Russian roubles (EUR 11.8 million as at 31 December 2024), EUR 13.0 million for Indian rupees (EUR 4.7 million as at 31 December 2024) and EUR 0.9 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)	31/12/2025		31/12/2024	
	Current	Non-current	Current	Non-current
Loans	118,575	328,248	119,252	263,258
Bank advances on invoices	-	-	10,000	-
Total	118,575	328,248	129,252	263,258

As at 31 December 2025, bank loans amounted to EUR 446,823 thousand (EUR 382,510 thousand as at 31 December 2024).

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 2025 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 2025, 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).

LOANS

The changes in loans during the year are shown below:

Loans: transactions during the year (in thousands of Euro)	Opening balance	New loans	Repayments	Change in amortised cost (*)	Exchange delta	Closing balance
Loans	382,510	185,000	(120,719)	32	-	446,823
Bank advances on invoices	10,000	20,000	(30,000)	-	-	-
Total	392,510	205,000	(150,719)	32	-	446,823

(*) Impact generated by the calculation of future cash outflows for interest based on forward market curves for floating rate loans, of which EUR 1,924 thousand refers to the impact on the income statement (determined by the effect of the update of the interest rate curves for EUR 519 thousand and the effect of interest accrued for the year but not yet paid, amounting to EUR 1,405 thousand, note 4.9). This impact was fully absorbed by EUR 1,892 thousand, mainly relating to the repayment of interest which accrued for the year 2024 and was paid in 2025.

The following changes took place to loans in 2025:

- In February 2025, an unsecured loan of EUR 25,000 thousand was signed with Intesa Sanpaolo S.p.A.. This loan, fully disbursed at the signing date, has a term of 72 months (including a 12-month grace period), with capital repayments on a quarterly basis. It is intended to support the expansion of the Group's operating volumes, requires compliance with financial covenants and does not include improved conditions upon the achievement of specific sustainability objectives (see Appendix B);
- In March an unsecured loan for EUR 35,000 thousand was taken out with Banco BPM S.p.A., fully disbursed as at the date of execution, for a term of 60 months (of which 6 months of grace period), with capital repayments on a quarterly basis. This loan, aimed exclusively at covering the company's financial needs, envisages compliance with financial covenants (see Appendix B);
- In May, an unsecured loan for EUR 25,000 thousand was taken out with Intesa Sanpaolo S.p.A., fully disbursed as at the date of execution, for a term of 72 months (of which 12 months of grace period), with capital repayments on a quarterly basis. This loan envisages compliance with financial *covenants* and improved conditions for the Group, upon the achievement of an increase in the incidence of turnover from products using natural and/or high energy-efficient refrigerants (SLOAN GREEN);
- In September an unsecured loan of EUR 20,000 thousand was signed, with BPER Banca S.p.A., with a term of 72 months (including a 12-month grace period), with capital repayments on a quarterly basis. This loan requires compliance with financial *covenants*;
- In September, an unsecured loan of EUR 50,000 thousand was signed with Unicredit S.p.A., fully disbursed as at the signing date. It has a term of 60 months (including a 12-month grace period) with capital repayments on a quarterly basis. This loan is aimed at supporting the general financial needs related to the exercise of the activities of the LU-VE Group and requires compliance with financial covenants;
- In December, an unsecured loan for EUR 30,000 thousand was taken out with Banca Nazionale del Lavoro S.p.A., fully disbursed as at the signing date, for a term of 72 months (including a 6-month grace period), with capital repayments on a six-monthly basis. This loan is aimed at supporting the general financial needs related to the exercise of the activities of the LU-VE Group and requires compliance with financial covenants;

PROVISIONS

- repayments for the year of EUR 120,719 thousand entirely related to repayments made during the year of current instalments of existing loans; no early redemptions occurred in 2025.

The new loans were stipulated by taking into account the average cost of the LU-VE Group's debt, in line with market rates.

The total cash flows absorbed for reimbursements amounted to EUR 120,719 thousand (EUR 116,940 thousand in 2024), the subscriptions brought a cash generation of EUR 185,000 thousand.

Regarding the existing loans signed with Deutsche Bank in 2020, please note the following:

- 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;
- in November 2025, the loan of EUR 10,000 thousand reached its natural expiry, for which 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 was 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 2025, the following changes occurred in the item "Other advances on invoices":

- use of short-term lines of credit for EUR 20,000 thousand;
- repayments of short-term credit lines amounted to EUR 30,000 thousand.

3.13 PROVISIONS

The details of this item are shown below:

Change in provisions (In thousands of Euro)	31/12/2024	Provisions/(Releases)	Uses	Exchange rate delta	31/12/2025
Provision for agents' leaving indemnities	120	-	(2)	-	118
Product warranty provision	5,353	2,413	(24)	(4)	7,738
Other provisions for risks and charges	539	500	-	3	1,042
Total	6,012	2,913	(26)	(1)	8,898

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. During 2025, the provision remained substantially in line with the previous year.

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 2,385 thousand is explained for EUR 2,389 thousand by higher

EMPLOYEE BENEFITS OBLIGATIONS

provisions 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 4 thousand by negative exchange rate deltas.

The increase in other provisions for risks and charges, amounting to EUR 500 thousand, is attributable to an estimate of the costs for restoring the proper storage of waste materials from previous operations at the Borgo Val Belluna plants of the Parent Company LU-VE S.p.A..

Provisions, which represent the estimated future outflows calculated partly based on historical experience, were subject to actuarial valuation as at 31 December 2025. As the effect was deemed negligible, it was not incorporated in the LU-VE Group's Consolidated Financial Statements as at 31 December 2025.

3.14 EMPLOYEE BENEFITS OBLIGATIONS

Employee benefits obligations amounted in total to EUR 5,237 thousand (EUR 5,390 thousand as at 31 December 2024) with a net decrease of EUR 153 thousand compared to the previous year. The entire amount referred to the provision for post-employment benefits ("TFR").

The post-employment benefits provision refers mainly 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 remuneration of each employee. The liability is revalued each year on the basis of the official cost of living index and legal interest.

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 (RMS S.r.l.), in accordance with IAS 19 the fund as at 31 December 2025 is recognised entirely as a "Defined benefit plan" and is therefore subject to actuarial valuation.

The breakdown and changes in the item as at 31 December 2025 are shown below:

Employee benefits obligations (in thousands of Euro)	31/12/2025	31/12/2024
Liabilities as at 1 January	5,390	5,363
Provisions	334	383
Financial expense	154	132
Payments made	(487)	(459)
Actuarial (gains)/losses	(154)	(29)
Liabilities as at 31 December	5,237	5,390

The adjustment to shareholders' equity encompasses a net actuarial gain of EUR 154 thousand, determined as follows:

EMPLOYEE BENEFITS OBLIGATIONS

- Actuarial gain deriving from the change in the main actuarial assumptions used as at 31 December 2025 compared to the previous evaluation and from the effect of the variation that the collective object of the valuation suffered between one valuation and the other: EUR 46 thousand;
- Actuarial gain deriving from the effect of the variation that the financial assumptions have suffered between one year and the other: EUR 108 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 2025 are shown below:

Financial assumptions	31/12/2025 %	31/12/2024 %
Discount rate (IBOXX Eurozone Corporate AA 10+ Index)	3.09 - 3.96	3.18 - 3.38
Inflation rate	2.00	2.00
Salary increase rate	1.00 - 2.50	1.00 - 2.50
Post-employment benefits increase rate	3.00	3.00

Demographic assumptions	31/12/2025	31/12/2024
Mortality rate	ISTAT 2022	ISTAT 2022
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 post-employment benefits provision as at 31/12/2025 (in thousands of Euro)	0.25%	-0.25%
Discount rate	(86)	83

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)	31/12/2025	31/12/2024	Change
IFRS 16 financial payables	15,746	16,498	(752)
Total	15,746	16,498	(752)

The item “IFRS 16 Financial payables” includes all the long-term financial payables of contracts falling under the application of IFRS 16.

The details of this item for the current portion are shown below:

Other current financial liabilities (in thousands of Euro)	31/12/2025	31/12/2024	Change
IFRS 16 financial payables	4,621	4,656	(35)
Other financial liabilities	12	4	8
Total	4,633	4,660	(27)

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)	31/12/2025	31/12/2024	Change
Italy	54,808	43,962	10,846
EU countries	27,021	21,940	5,081
Non-EU countries	44,759	42,389	2,370
Total	126,588	108,291	18,297

The increase of EUR 18,297 thousand is primarily due to the need to address the solid order backlog and the resulting increase in purchase orders.

The change in “Trade payables”, therefore, involved a cash inflow of EUR 18,297 thousand.

Contract liabilities (advances received from customers before rendering any service) for an amount of EUR 20,723 thousand deriving from sales of products are recognised under trade payables.

As at 31 December 2025, 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.

TAX LIABILITIES

3.17 TAX LIABILITIES

The details of this item are shown below:

Tax liabilities <i>(in thousands of Euro)</i>	31/12/2025	31/12/2024	Change
Towards tax authorities for income taxes	4,027	1,638	2,389
Withholding taxes	2,766	2,942	(176)
VAT liabilities	2,189	1,781	408
Total	8,982	6,361	2,621

The increase in tax payables for EUR 2,621 thousand is mainly linked to the improved results of the Group's foreign companies.

3.18 OTHER CURRENT LIABILITIES

The details of this item are shown below:

Other current liabilities <i>(in thousands of Euro)</i>	31/12/2025	31/12/2024	Change
To employees	18,987	18,082	905
To social security institutions	8,510	7,970	540
To Directors and Statutory Auditors	2,694	2,538	156
Other current payables	12,313	9,690	2,623
Total	42,504	38,280	4,224

The increase in "Other current liabilities" of EUR 4,224 thousand is primarily due to:

- an increase in "Other current payables" of EUR 2,623 thousand, primarily attributable to the net increase in payables for investments related to the purchase of fixed assets;
- a net increase in the payable to personnel and social security institutions of EUR 1,445 thousand, related to performance bonuses and additional monthly salaries;
- an increase in other liabilities "To Directors and Statutory Auditors" for EUR 156 thousand.

3.19 DEFERRED TAX ASSETS AND LIABILITIES

The details of this item are shown below:

Deferred tax assets and liabilities <i>(in thousands of Euro)</i>	31/12/2025	31/12/2024	Change
Deferred tax assets	12,878	11,227	1,651
Deferred tax liabilities	(12,664)	(13,698)	1,034
Net position	214	(2,471)	2,685

DEFERRED TAX ASSETS AND LIABILITIES

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: Change during 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
01/01/2024	(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	52
31/12/2024	(3,085)	1,688	10,029	17	(5,925)	(253)	2,471
In Income Statement	(1,385)	(326)	(887)	(9)	406	369	(2,644)
In shareholders' equity	-	-	-	41	-	26	67
Reclassifications	4	137	-	-	(137)	(4)	-
Exchange rate delta	-	24	-	-	(121)	(11)	(108)
31.12.2025	(4,466)	1,523	9,142	49	(6,589)	127	(214)

As at 31 December 2025, 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;
- the deferred tax impact of the actuarial valuation of post-employment benefits of the 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.
- As at 31 December 2025 deferred tax liabilities refer to:
 - tax differences on accounting depreciation and depreciation recognised for tax purposes on fixed assets in some Group companies;
 - 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* contracts, attributable to the Finnish subsidiary Fincoil LU-VE OY, amounted respectively to EUR 1,788 thousand and EUR 1,865 thousand, presented net in the financial statements.

As reported in Note 2.2 "Use of Estimates" above, in assessing the initial recognition and recoverability of deferred tax assets recognised in the financial statements as at 31 December 2025, the taxable results derived from the 2026-2029 business plan of the Parent Company and subsidiaries for the explicit period were taken into account and, by extrapolating from the latter, the expected taxable income for the year following that of the last explicit period. 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)	31/12/2025	31/12/2024	Change
A. Cash (Note 3.10)	115,842	136,482	(20,640)
B. Cash equivalents (Note 3.8 and 3.10)	192,005	134,709	57,296
C. Other current financial assets (Note 3.8)	86,640	44,941	41,699
D. Total Liquidity (A+B+C)	394,487	316,132	78,355
E. Current financial debt (including debt instruments, but excluding current portion of non-current financial debt (Note 3.12 and 3.15))	4,633	4,660	(27)
F. Current portion of non-current financial debt (Note 3.12)	118,575	129,252	(10,677)
G. Current financial debt (E+F)	123,208	133,912	(10,704)
H. Net current financial debt (G-D)	(271,279)	(182,220)	(89,059)
I. Non-current financial debt (excluding current portion and debt instruments) (Note 3.12 and 3.15)	343,994	279,756	64,238
J. Debt instruments	-	-	-
K. Non-current trade and other payables	-	-	-
L. Non-current financial debt (I+J+K)	343,994	279,756	64,238
M. Net financial debt (H+L)	72,715	97,536	(24,821)

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 177,500 thousand to the liquidity invested by the Parent Company LU-VE S.p.A. and for EUR 7,819 thousand to the Russian subsidiary "OOO" SEST LU-VE Russia and for EUR 6,686 thousand to the Group's subsidiary SPIROTECH Heat Exchangers Pvt. Ltd.

The item "Other current financial assets" (under letter C. of the table above) includes EUR 49,245 thousand in investments in *time deposits*, with a maturity of more than 3 months (Note 3.8), of which EUR 26,962 thousand relating to the Russian subsidiary "OOO" SEST LU-VE, EUR 12,283 thousand relating to the Group's Indian subsidiary SPIROTECH Heat Exchangers Pvt. Ltd and EUR 10,000 thousand related to the Parent Company LU-VE S.p.A..

The item "Current Financial Debt" (under letter E. of the table above) substantially in line with the previous year includes EUR 4,621 thousand referring to contracts covered by the application of IFRS 16.

The item "Current portion of non-current financial debt" (under letter F. in the table above) refers to the current portion of financial payables due to credit institutions measured at amortised cost. In the twelve months following the reporting date, a repayment of EUR 119,352 thousand is envisaged.

The item "Non-current financial payables" under letter I. of the table above) includes EUR 328,248 thousand of payables for loans measured at amortised cost (see note "3.12 Loans"), and EUR 15,746 thousand related to contracts covered by IFRS 16. The year-on-year increase of EUR 64,238 thousand includes a EUR 64,989 thousand increase in the payable for loans measured at amortised cost over the medium- and long-term (Note "3.12 Loans") and the decrease of EUR 752 thousand in medium- and long-term IFRS 16 payables.

Paragraph "1.5 - Consolidated statement of cash flows" shows the changes in cash and "cash equivalents" (letters A and B of this statement).

4 COMMENT ON THE MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT

4.1 REVENUES

In 2025, sales revenue amounted to EUR 603,793 thousand (EUR 587,205 thousand in 2024).

Revenues by product family:

Revenues by product (in thousands of Euro)	2025	%	2024	%	Change	% Change
Heat exchangers	290,017	48.0%	269,822	46.0%	20,195	7.5%
Air Cooled Equipment	296,690	49.1%	295,978	50.4%	712	0.2%
Doors	11,935	2.0%	15,202	2.6%	(3,267)	(21.5%)
Sub-total	598,642	98.6%	581,002	98.9%	17,640	3.0%
Other	5,151	0.9%	6,203	1.1%	(1,052)	(17.0%)
TOTAL	603,793	100.0%	587,205	100.0%	16,588	2.8%

Revenues by geographical area:

Revenues by geographical area (in thousands of Euro)	2025	%	2024	%	Change	% Change
Italy	115,420	19.1%	112,468	19.2%	2,952	2.6%
Germany	45,701	7.6%	34,184	5.8%	11,517	33.7%
Czech Republic	44,474	7.4%	44,341	7.6%	133	0.3%
Poland	42,649	7.1%	38,173	6.5%	4,476	11.7%
Finland	35,409	5.9%	41,563	7.1%	(6,154)	(14.8%)
France	32,154	5.3%	26,705	4.5%	5,449	20.4%
Sweden	25,040	4.1%	25,466	4.3%	(426)	(1.7%)
USA	23,455	3.9%	25,725	4.4%	(2,270)	(8.8%)
Spain	19,102	3.2%	19,968	3.4%	(866)	(4.3%)
The Netherlands	18,773	3.1%	10,576	1.8%	8,197	77.5%
Austria	10,763	1.8%	18,327	3.1%	(7,564)	(41.3%)
China	9,226	1.5%	11,602	2.0%	(2,376)	(20.5%)
India	6,886	1.1%	6,918	1.2%	(32)	(0.5%)
Other countries	174,741	28.9%	171,189	29.2%	3,552	2.1%
TOTAL	603,793	100.0%	587,205	100.0%	16,588	2.8%

Please refer to the Directors' Report for detailed comments on *trends* in the reference markets during the 2025 year.

The value of compensation for transactions with unfulfilled *performance obligations* (or those not fully fulfilled by the LU-VE Group and therefore not included in the revenue for the 2025 year) at the end of the year amounts to EUR 1,846 thousand (EUR 2,299 thousand in 2024). The Directors estimate that they will be recognised as revenue in following year.

It should be noted that in the year 2025, no significant revenue was recognised through the implementation of long-term projects.

OTHER OPERATING INCOME

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)	2025	2024	Change
Other revenues	1,598	1,883	(285)
Total	1,598	1,883	(285)

“Other revenue” refers for EUR 167 thousand to export incentives of the subsidiary Spirotech and for EUR 1,431 thousand to other marginal revenues distributed homogeneously between the other LU-VE Group companies.

4.3 PURCHASES OF MATERIALS

Purchases of materials (in thousands of Euro)	2025	2024	Change
Raw materials and purchased components	297,447	274,830	22,617
Consumables	9,522	9,139	383
Total	306,969	283,969	23,000

Please refer to the Directors’ Report for detailed comments in relation to costs and consumptions for the year.

4.4 COSTS FOR SERVICES

Costs for services (in thousands of Euro)	2025	2024	Change
Expenses for utilities	10,204	10,590	(386)
General and advisory expenses	18,774	19,719	(945)
Advertising and promotional expenses	1,101	1,883	(782)
Transport expenses	13,693	13,864	(171)
Maintenance expenses	8,018	7,409	609
Outsourced production	7,354	6,861	493
Commissions	1,677	1,419	258
Remuneration to the corporate bodies	3,818	4,133	(315)
Other costs for services	7,853	6,842	1,011
Other production costs	2,715	2,822	(107)
Total	75,207	75,542	(335)

The decrease of EUR 335 thousand is mainly due to:

- decreases of EUR 1,438 thousand in expenses for utilities, general and advisory expenses and

PERSONNEL COSTS

other production costs;

- decreases of EUR 782 thousand for advertising and promotional expenses;
- decreases of EUR 315 thousand in fees to corporate officers;
- decreases of EUR 171 thousand for transport costs.

These reductions are partially offset by:

- the increase of EUR 1,360 thousand in maintenance expenses, outsourced work and commissions;
- the increase in other costs for services for EUR 1,011 thousand.

Please refer to the Directors' Report for an in-depth commentary on the costs and consumption for the financial year.

Audit fees disclosure

Pursuant to Article 149-duodecies of the CONSOB Issuers' Regulation 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	208
		Italian subsidiaries	73
	Deloitte & Touche S.p.A. Network	Foreign subsidiaries	164
Limited assurance on the Consolidated Sustainability Statement	Deloitte & Touche S.p.A.	Parent Company	100
Total			545

4.5 PERSONNEL COSTS

Personnel costs (in thousands of Euro)	2025	2024	Change
Wages and salaries	108,914	102,762	6,152
Social security costs	28,064	26,530	1,534
POST-EMPLOYMENT BENEFITS	3,280	3,240	40
Total	140,258	132,532	7,726

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 temporary workers and employees of LU-VE Group in 2025 was 3,936 (the average number of employees in 2024 was 3,981). As at 31 December 2025, the number of employees in the Group was 3,069 (2,018 blue-collar workers, 1,018 white-collar workers and middle managers, 33 executives) compared to 3,086 in 2024 (2,045 blue-collar workers, 1,009 white-collar workers and middle managers, 32 executives).

As at 31 December 2025, the number of temporary workers was 884 (829 in 2024).

NET REVERSAL/(WRITE-DOWNS) OF FINANCIAL ASSETS

Please refer to the Directors' Report for an in-depth commentary on the costs for the financial year.

4.6 NET REVERSAL/(WRITE-DOWNS) OF FINANCIAL ASSETS

Net reversal/(write-downs) of financial assets (in thousands of Euro)	2025	2024	Change
Net reversal/(write-downs) of financial assets	422	(652)	1,074
Total	422	(652)	1,074

The item includes the net accruals/releases made during 2025 in accordance with the application of IFRS 9, 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 they 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)	2025	2024	Change
Non-income taxes	1,623	832	791
Accruals for risks	2,912	373	2,539
Other operating costs	2,364	2,817	(453)
Total	6,899	4,022	2,877

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)	2025	2024	Change
Interest income	12,127	9,300	2,827
Other financial income	924	199	725
Total	13,051	9,499	3,552

The breakdown of interest income is as follows:

- EUR 10,941 thousand refers to interest accrued on *time deposits* during the year as at 31 December 2025;
- EUR 1,186 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.

FINANCIAL EXPENSE

Details of “Other financial income” are as follows:

- EUR 878 thousand refers to the *fair value* of the capitalisation policies and insurance certificates, of which the detail by policy is reported in Note “3.8 – Current financial assets”;
- EUR 46 thousand relates to other financial income.

During the year, gross income amounted to EUR 13,051 thousand, of which EUR 10,941 thousand refers to financial income from the income statement on *time deposits*, EUR 418 thousand refers to the portion of bank interest income and other interest fully collected, gross of bank income to be collected for EUR 814 thousand and the net change in *fair value* of capitalisation policies for EUR 878 thousand as non-monetary items.

4.9 FINANCIAL EXPENSE

Financial expense (in thousands of Euro)	2025	2024	Change
Interest expenses to banks	13,212	8,390	4,822
Other financial expenses	1,582	7,295	(5,713)
Total	14,794	15,685	(891)

“Interest expenses to banks” of EUR 13,212 thousand refer to interest on loans for EUR 12,506 thousand, partially offset by the differentials exchanged with counterparties on IRS financial instruments for EUR 1,218 thousand as at 31 December 2025, and by the effect of the amortised cost of EUR 1,924 thousand as at 31 December 2025 (determined by the positive effect of the updated interest yield curves for EUR 519 thousand and the negative effect of interest accrued in the year recognised for the year, but not yet paid, equal to EUR 1,405 thousand).

The net monetary change in interest expenses to banks is negative for EUR 11,278 thousand and the difference mainly relates to accrued interest expenses for the year not yet paid as at 31 December 2025 and to the effect of the amortised cost.

Details of “Other financial expense” are as follows:

- EUR 499 thousand refers to the negative *fair value* on derivative financial instruments underlying existing loans of the Parent Company LU-VE S.p.A. (please refer to Note 3.8. - “Current financial assets”);
- EUR 1,083 thousand mainly refers to other interest expense and financial expense, of which EUR 690 thousand paid.

4.10 EXCHANGE GAINS (LOSSES)

During the year, the LU-VE Group recorded net foreign exchange losses of EUR 2,081 thousand (net gains of EUR 2,700 thousand in 2024) due to the strengthening of the Euro against certain currencies (primarily the US dollar).

The realised exchange rate effect was positive for EUR 3,512 thousand, of which EUR 2,157 thousand referring mainly to exchange rate deltas realised by the Group's Indian subsidiary SPIROTECH Heat Exchangers Pvt. Ltd, and EUR 1,272 thousand to exchange rate deltas realised by the Parent Company LU-VE S.p.A..

The net unrealised foreign exchange loss amounted to EUR 5,593 thousand, of which EUR 5,086 thousand related to the net effect of the translation into Euro of mainly US dollar denominated items in the individual financial statements of Group companies, and EUR 338 thousand of negative *fair value* deltas on hedging instruments for the foreign currency exchange risk (for further details, see Note 3.8 – “Current financial assets”).

4.11 GAINS AND LOSSES FROM SALE OF INVESTMENTS

During 2025, there were no gains and/or losses deriving from the sale of equity investments of any of the Group companies.

4.12 INCOME TAXES

Income taxes (in thousands of Euro)	2025	2024	Change
Current taxes	14,840	11,870	2,970
Deferred tax liabilities	(2,634)	(658)	(1,976)
Adjustment previous year	576	33	543
Total	12,782	11,245	1,537

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 primarily due to the higher pre-tax results achieved in the period, primarily by foreign companies, compared to the 2024 year.

The taxes paid in the period amounted to EUR 12,325 thousand.

With reference to the tax audit carried out by the Italian Tax Authority on the Parent Company concerning the years 2016, 2017, 2018, and 2019, and the report on finding relating to the year 2019, the assessment power relating to the years 2016 to 2018 has elapsed. With reference to the assessment relating to the year 2019, during the year 2025, the Italian Tax Authority notified two deed sheets (for Ires and IRAP purposes, for approximately EUR 1.9 million) for the subjection to taxation of the higher taxable amount highlighted in the 2023 report on finding. The company has applied for a tax settlement proposal and the proceedings are pending.

As regards the tax audit concerning the subsidiary LU-VE Iberica S.L. for the fiscal years 2013, 2018, and 2019, during 2025 the audit ended with the payment of EUR 120 thousand for interest, sanctions and higher taxes.

In April 2025, a general tax audit was initiated at the parent company with reference to the 2021 tax period. On 18 September 2025, a report on findings was delivered by the Italian Tax Authority – Regional Directorate of Lombardy with a number of challenges related to intercompany transactions for a total higher potential taxable amount of approximately EUR 845 thousand for both IRES and IRAP purposes.

INCOME TAXES

The tax inspector considered that the documentation submitted by the Company is suitable and that it therefore allows the application of the bonus scheme to disapply the sanctions. From an analysis, also carried out with the tax advisors, of the findings raised and the assumptions on which conclusion is based, it is believed that the risk relating to the findings formulated may be considered possible and in any case not fully quantifiable at the moment.

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 Article 31 ter of Italian Presidential Decree No. 600/73, the parent company promptly responded to all documentary requests received pro tempore. On 5 December 2025, the Revenue Agency announced that the intercompany transactions covered by the application were to be linked to a broader corporate reorganisation and should therefore be valued as a whole and not considered as separate sales of individual *assets* (contrary to the approach taken by the Italian Tax Authority in Varese with reference to the year 2019). For these reasons, the Authority proposed adopting a methodology deemed more appropriate for the specific case, based on the *discounted cash flow* (DCF) model. Based on this approach, a sale value of approximately EUR 21.7 million was estimated, compared to the EUR 5 million indicated in the application. The parent company submitted explanatory briefs pointing out the lack of factual and legal grounds that would allow the multiple transfers to be reclassified as a single legal transaction and highlighting several methodological and calculation issues in the estimates made by the Authority. The briefs are currently under review by the Authority and we await the commencement of the adversarial proceeding. In any case, at present, the potential risk relating to the approach taken by the tax authorities is considered to be possible, with a probability to be assessed, but certainly not quantifiable at this time.

With regard to the Polish Tax Authority's audit on the subsidiary Sest-LUVE-Polska Sp.z.o.o. concerning the application submitted on 30 December 2021 for access to the procedure aimed at the stipulation of Advanced Pricing Agreements ("APA"), the company promptly responded to all documentary requests received within the prescribed time limit.

For further details, please refer to Note 8 - "Events that occurred after 31 December 2025":

Income taxes <i>(in thousands of Euro)</i>	2025	2024
Theoretical income taxes	12,618	11,296
Tax effect of permanent differences	2,222	574
Income taxes recognised in the Financial Statements	14,840	11,870
<i>Broken down as follows:</i>		
IRES Italian subsidiaries	-	-
<i>Of which IRES of Parent Company:</i>	-	-
IRAP	530	588
Tax realignment		
Taxes foreign companies	14,310	11,282
Total	14,840	11,870

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.

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)	2025	2024
PROFIT (In thousands of Euro)		
Net profit for the year	38,124	34,497
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)	2025	2024
Basic earnings per share	1.72	1.55
Diluted earnings per share	1.72	1.55

4.14 DIVIDENDS

In May 2025, dividends totalling EUR 9,327 thousand were distributed by LU-VE S.p.A., corresponding to the distribution of a gross dividend of EUR 0.42 (zero/42) for each of the 22,206,341 shares outstanding, net of treasury shares.

In addition, EUR 865 thousand was resolved, of which EUR 750 thousand in favour of the minority shareholders of the Polish subsidiary SEST LUVE POLSKA Sp.z.o.o., and EUR 62 thousand in favour of the non-controlling interests in the Russian subsidiary “OOO” SEST LU-VE Russia, not fully paid up as at 31 December 2025.

With respect to the current year, the Directors proposed the payment of a EUR 0.47 (zero/47) 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 6 May 2026, with coupon no. 11 ex-dividend date 4 May 2026 (record date 5 May 2026).

4.15 SEGMENT DISCLOSURE

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.

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)	2025	%	2024	%	Change	% Change
Air Cooled Equipment	296,690	49.6%	295,978	50.9%	712	0.2%
SBU COOLING SYSTEMS	296,690	49.6%	295,978	50.9%	712	0.2%
Heat exchangers	290,017	48.4%	269,822	46.4%	20,195	7.5%
Doors	11,935	2.0%	15,202	2.6%	(3,267)	(21.5%)
SBU COMPONENTS	301,952	50.4%	285,024	49.1%	16,928	5.9%
TOTAL PRODUCT TURNOVER	598,642	100.0%	581,002	100.0%	17,640	3.0%

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 2025 and 31 December 2024:

Segment (in thousands of Euro)	2025				2024			
	Components	Cooling Systems	Unallocated costs	Total	Components	Cooling Systems	Unallocated costs	Total
REVENUES	301,952	296,690	-	598,642	285,024	295,978	-	581,002
EBITDA	36,822	50,419	-	87,243	30,110	52,409	-	82,519

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.

INFORMATION ON FINANCIAL RISKS

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 business relationships 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*).

Financial assets valued at <i>fair value</i> as at 31/12/2025 (in thousands of Euro)	Level 1	Level 2	Level 3	Total
Other financial assets:				
Current financial assets	-	36,499	-	36,499
Derivatives	-	896	-	896
Total	-	37,395	-	37,395

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*.

INFORMATION ON FINANCIAL RISKS

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)	31/12/2025	31/12/2024
Financial assets		
<u>Amortised cost</u>		
Cash and cash equivalents (*)	307,847	271,191
Time deposit (**)	49,245	32,596
Trade receivables	121,986	102,961
Non-current financial assets	-	-
<u>Fair Value</u>		
Trading derivatives	896	1,722
Current financial assets	36,499	10,623
Financial liabilities		
<u>Amortised cost</u>		
Loans	(446,823)	(392,510)
Trade payables	(126,588)	(108,291)
IFRS 16 financial payables	(20,367)	(21,154)
Other non-current financial payables	-	-

(*) Cash and cash equivalents include EUR 192,005 thousand of time deposits with a maturity of less than three months. Please refer to Note "3.10 - Cash and cash equivalents".

(**) Time deposits in the amount of EUR 49,245 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".

Credit risk management

The Group is exposed to credit risk deriving from business relationships 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 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.

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 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 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. In addition, Group companies located in countries where the reference currency is other than the Euro (which also purchase raw materials with contracts that envisage the Euro as the currency for payment and, therefore, are exposed to the USD/Euro exchange rate risk highlighted), are also exposed to the risk of fluctuations in the Euro exchange rate with respect to local currencies.

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 financial position 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, in 2025, 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 2025, a theoretical and immediate revaluation of the Euro of 10% compared to other currencies would have entailed a further loss on exchanges of EUR 7,897 thousand to be recognised in the consolidated comprehensive income statement as at 31 December 2025.

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 2025. 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 11,633 thousand to be recognised in the consolidated statement of comprehensive income as at 31 December 2025.

Interest rate risk management

The Group 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 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 2025 compared to 2024. Following the aforementioned change in the *trend* of medium-term interest rates, a negative *fair value* change of EUR 0.5 million (EUR 5.1 million in 2024) was recognised in the consolidated income statement in 2025. 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.

As at 31 December 2025, the coverage of these risks represented 76.4% 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 2025, 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 4,150 thousand to be recognised in the LU-VE Group's income statement as at 31 December 2025, and equal to EUR 9,435 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 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.

INFORMATION ON FINANCIAL RISKS

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.

The current year recorded an average value of the main raw materials up compared to 2024, with the maximum annual levels achieved in the last quarter. It should be noted that the Group has “*pass through*” systems in place which allow cost increases to be transferred to end customers (also possibly generated by the fluctuation in currencies), 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, during 2025, the inventory management returned to being inspired by the “*just in time*” principles, 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.

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 2025 the LU-VE Group has unused short-term credit lines totalling EUR 49.05 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 indebtedness, financing investments with own funds and possibly with medium/long-term payables.

An analysis of financial liabilities by maturity as at 31 December 2025 is provided below:

Analysis of financial liabilities by maturity as at 31/12/2025 (in thousands of Euro)	Book value	Contractual cash flows	Within 1 year	From 1 to 5 years	More than 5 years
Bank loans	446,823	447,144	119,352	315,587	12,205
Other advances on invoices	-	-	-	-	-
IFRS 16 financial payables (*)	20,322	20,322	4,646	11,864	3,812
Financial liabilities	467,145	467,466	123,998	327,451	16,017
Trade payables	108,291	108,291	108,291	-	-
Total	575,436	575,757	232,289	327,451	16,017

(*) “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 shareholders' 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.

Transactions with related parties

The Parent Company and the other LU-VE Group companies carry out a number of trade and financial transactions with Related Parties, settled at market conditions from an 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 accordance with IAS 24, the following entities are considered to be Related Parties: *(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 management personnel, i.e., that 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 2025:

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 SRL	-	(46)	-	-	-	(225)	-	-
ISIDE SNC DI ISABELLA CASETTA & C.	-	-	-	-	-	(36)	-	-
Marco Aurelio Tanci	-	-	-	-	-	(12)	-	-
Mauro Cerana	-	(27)	-	-	-	(64)	-	-
Velmet Srl	-	(0)	-	-	-	(1)	-	-
Total	-	(73)	-	-	-	(345)	-	-

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 2025".

4.18 SHARE-BASED PAYMENTS

As at 31 December 2025, 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)	31/12/2025	31/12/2024	Change
Sureties	7,511	6,644	867
Total	7,511	6,644	867

As at 31 December 2025, 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 31/12/2025 (in thousands of Euro)	31/12/2025	31/12/2024	Change
Sureties in favour of third parties	1,667	3,667	(2,000)
Sureties to banks with respect to customers of Group companies	2,458	308	2,150
Sureties to banks with respect to customers	3,077	2,360	717
Insurance sureties	309	309	-
Total	7,511	6,644	867

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.

COMMITMENTS AND GUARANTEES

Sureties to banks with respect to customers of Group companies refer to guarantees given to customers of the companies Refrion S.r.l. and Fincoil LU-VE OY.

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 31/12/2025	Result as at 31/12/2025
Direct subsidiaries:						
SEST-LUVE-Polska SP.z.o.o.	Gliwice (Poland)	95.00%	PLN	16,000,000	327,850,415	68,063,152
«OOO» SEST LU-VE	Lipetsk (Russia)	95.00%	RUB	136,000,000	5,732,408,811	1,603,006,477
Thermo Glass Door S.p.A.	Travacò Siccomario (PV)	100.00%	EUR	100,000	468,547	(813,194)
Heat Transfer Systems s.r.o. (HTS)	Novosedly (Czech Republic)	100.00%	CZK	133,300,000	509,566,934	130,594,978
LU-VE Sweden AB	Asarum (Sweden)	100.00%	SEK	50,000	102,689,659	34,840,729
LU-VE France S.a.r.l.	Lyon (France)	100.00%	EUR	84,150	1,830,354	218,420
LU-VE Deutschland GmbH	Stuttgart (Germany)	100.00%	EUR	230,000	(1,897,492)	(79,558)
LU-VE Iberica S.L.	Madrid (Spain)	92.50%	EUR	180,063	1,116,533	111,838
LU-VE HEAT EXCHANGERS (Tianmen) Co, Ltd	Tianmen (China)	100.00%	CNY	32,827,800	46,793,576	3,162,216
LuveDigital S.r.l. (*)	Uboldo (VA)	50.00%	EUR	10,000	81,405	14,776
MANIFOLD S.r.l.	Uboldo (VA)	99.00%	EUR	10,000	399,980	(30,143)
SPIROTECH Heat Exchangers Pvt. Ltd	Ghaziabad, Uttar Pradesh (India)	100.00%	INR	25,729,600	5,144,264,903	790,432,471
LU-VE AUSTRIA GmbH	Vienna (Austria)	100.00%	EUR	17,500	246,070	60,676
LU-VE US Inc.	Jacksonville (USA, Texas)	100.00%	USD	30,001,000	4,546,706	(6,069,923)
Fincoil LU-VE OY	Vantaa (Finland)	100.00%	EUR	1,190,000	10,970,671	4,448,443
LU-VE Netherlands B.V.	Breda (Netherlands)	100.00%	EUR	10,000	269,348	82,423
«OOO» LU-VE Moscow	Moscow (Russia)	100.00%	RUB	100,000	31,463,622	9,478,237
LU VE MIDDLE EAST DMCC	Dubai (UAE)	100.00%	AED	50,000	1,259,974	488,769
LU-VE SOUTH KOREA LLC	Seoul (South Korea)	100.00%	KRW	100,000,000	31,421,212	6,512,827
Refrion S.r.l.	Flumignano di Talmassons (UD)	100.00%	EUR	1,000,000	10,761,319	1,963,578
LU-VE UK Ltd	London (United Kingdom)	100.00%	GBP	10,000	50,132	(7,959)
Indirect subsidiaries:						
RMS S.r.l. (100% owned by Refrion S.r.l.)	Flumignano di Talmassons (UD)	100.00%	EUR	40,000	2,956,474	577,225
Refrion Deutschland GmbH (100% owned by LU-VE Deutschland GmbH)	Frankfurt am Main (Germany)	100.00%	EUR	150,000	23,899	21,932

(*) Liquidation procedures are in progress.

6 SIGNIFICANT NON-RECURRING TRANSACTIONS

During 2025, 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 2025 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 2025

On 26 January 2026, LUVÉ unveiled its **new logo**, created from the desire to make the trademark fully consistent with the company's current role in the market and the responsibilities that come with it.

Over its forty-year history, LUVÉ has not only followed the evolution of the industry, but has also helped shape it. Indeed, at the heart of its new positioning is the concept of "shaping": the market, technologies, industry standards. This concept is expressed in the new tagline "*The Shape of Cooling*", which describes LUVÉ's approach: designing solutions that combine technology, sustainability and industrial culture, creating lasting value for customers, the market, employees and the communities in which the company operates.

LUVÉ's roots lead to the future. The new trademark derives from the synthesis of two visual and symbolic elements: the rose, a historic emblem of the passion and values that have guided the company's growth, and the fan, a universally recognised icon of refrigeration. Their fusion creates an identity capable of looking to the future without losing its connection to its roots.

In January, the parent company purchased the additional 7.5% of the shares of LU-VE Iberica S.l. (for an amount of EUR 315 thousand), thus reaching a controlling share of 100%.

In January 2026, the Parent Company entered into two loan agreements with Intesa Sanpaolo S.p.A. for a total of EUR 40 million, fully disbursed as of the signing date.

Regarding the subsidiary Refrion s.r.l., the formal procedure to close Villa Santina plant and to move 18 collaborators to Flumignano plant has been started in March.

With reference to the preliminary assessments notified by the Italian Revenue Agency in 2025 regarding the tax year 2019, following the filing of the settlement proposal by the Parent Company, a statement of defense was submitted in March 2026 addressing the main points of discussion, and the proceedings are currently pending.

With reference to the tax audit regarding the 2021 tax year, there have been no further developments as of the date of this report.

With reference to the procedure for Advance Pricing Agreements ("APA") filed on December 28, 2020, following the submission by the Parent Company of explanatory briefs contesting the factual and legal grounds raised by the tax authorities, such briefs are still under review as of the date of this report and no formal discussion process has been initiated.

Regarding the tax audit by the Polish Tax Authority on the subsidiary Sest-LUVÉ-Polska Sp.z o.o. concerning the application filed on December 30, 2021, to access the Advance Pricing Agreement

("APA") procedure, the subsidiary continues to respond to all documentation requests within the prescribed deadlines."

Based on the current order backlog, the commercial pipeline and the operating performance achieved in 2025, the Group enters 2026 with solid fundamentals and an even stronger financial position.

Subject to macroeconomic conditions, energy markets, the geopolitical context and supply chain dynamics, the Group currently expects to make further progress in achieving its medium- to long-term objectives in 2026.

This expectation is attributable not only to the record level of the order backlog at the end of 2025 and sustained consumer demand in most of its core markets, but also to the continuation of initiatives aimed at achieving ever-increasing operational efficiency.

Growth is expected to be driven primarily by strong consumer demand in the dynamic data centre market, in "power generation", as well as in heat pumps and commercial refrigeration, and by increasingly improved territorial coverage of the Group's markets, amid a structural increase in global consumer demand for cooling, energy efficiency and sustainable, temperature-controlled logistics.

However, the recent events in the Middle East (2025 sales represented 3.8% on total revenues), in addition to causing market turbulence, could impact logistics and the procurement of certain materials, as well as delay deliveries of some existing orders and the completion times of new orders currently under negotiation. The expected increase in energy costs, however, should not have a particularly significant impact in 2026.

The Group will continue to monitor evolving market conditions closely, maintaining a disciplined approach to capital allocation and cost control.

The Chairman and Chief Executive Officer



Matteo Liberali

9 APPENDIX A

IRS on loans *(in thousands of Euro)*

DEBTOR COMPANY	COUNTERPARTY	TAKEN OUT	MATURITY	ORIGINAL NOTIONAL	31/12/2025		31/12/2025 FAIR VALUE
					NOT. Short	NOT. M/L	
LU-VE S.p.A.	Deutsche Bank S.p.A.	30/10/2020	30/10/2026	5,500	1,171	-	15
LU-VE S.p.A.	Intesa Sanpaolo S.p.A.	31/03/2021	31/03/2026	30,000	1,875	-	11
LU-VE S.p.A.	Banco BPM S.p.A.	14/06/2021	31/03/2026	12,000	706	-	4
LU-VE S.p.A.	Banco BPM S.p.A.	14/06/2021	31/03/2026	18,000	1,060	-	6
LU-VE S.p.A.	Banco BPM S.p.A.	31/12/2021	30/09/2026	40,000	8,000	-	81
LU-VE S.p.A.	Intesa Sanpaolo S.p.A.	28/04/2022	28/04/2029	20,000	4,000	10,000	232
LU-VE S.p.A.	Intesa Sanpaolo S.p.A.	28/04/2022	28/04/2029	20,000	4,000	10,000	206
LU-VE S.p.A.	Intesa Sanpaolo S.p.A.	25/07/2022	29/03/2029	15,000	3,000	6,750	108
LU-VE S.p.A.	Banca Nazionale del Lavoro S.p.A.	22/07/2022	22/07/2027	40,000	8,000	8,000	117
LU-VE S.p.A.	BPER Banca S.p.A.	22/07/2022	22/07/2027	25,000	6,250	4,688	23
LU-VE S.p.A.	Intesa Sanpaolo S.p.A.	28/07/2022	28/07/2027	15,000	3,750	2,813	28
LU-VE S.p.A.	Deutsche Bank S.p.A.	28/10/2022	28/10/2028	15,000	3,333	6,667	(43)
LU-VE S.p.A.	Unicredit S.p.A.	24/11/2022	31/12/2026	25,000	6,250	-	(17)
LU-VE S.p.A.	Banco BPM S.p.A.	19/01/2023	30/09/2027	25,000	5,882	4,412	(93)
LU-VE S.p.A.	Intesa Sanpaolo S.p.A.	19/01/2023	30/09/2027	30,000	6,667	13,333	(232)
LU-VE S.p.A.	Unicredit S.p.A.	26/10/2023	26/10/2028	15,000	3,529	7,059	(3)
LU-VE S.p.A.	BPER Banca S.p.A.	16/01/2024	31/12/2028	15,000	12,188	-	(33)
LU-VE S.p.A.	BPER Banca S.p.A.	23/01/2024	22/01/2026	15,000	3,750	8,438	(28)
LU-VE S.p.A.	Banca Nazionale del Lavoro S.p.A.	23/01/2024	22/01/2029	35,000	6,364	25,455	93
LU-VE S.p.A.	Intesa Sanpaolo S.p.A.	17/12/2024	28/11/2030	25,000	4,545	18,182	12
LU-VE S.p.A.	Intesa Sanpaolo S.p.A.	29/11/2024	29/11/2030	15,000	2,727	10,909	7
LU-VE S.p.A.	Intesa Sanpaolo S.p.A.	29/11/2024	29/11/2030	25,000	3,750	21,250	70
LU-VE S.p.A.	Banco BPM S.p.A.	27/02/2025	27/02/2031	20,000	4,444	14,444	14
LU-VE S.p.A.	Banco BPM S.p.A.	20/06/2025	29/03/2030	15,000	3,333	10,832	(15)
LU-VE S.p.A.	Unicredit S.p.A.	30/09/2025	31/03/2030	35,000	2,188	32,812	115
LU-VE S.p.A.	Unicredit S.p.A.	30/09/2025	30/09/2030	15,000	938	14,062	23
Total				565,500	111,700	230,106	701

COMPANIES CONSOLIDATED LINE-BY-LINE

Currency options (in thousands of Euro)

COMPANY	COUNTERPARTY	TYPE	HEDGED ELEMENT	TAKEN OUT	MATURITY	ORIG. ORIG.	31/12/2025		31/12/2025 FAIR VALUE
							NOT. Short	NOT. M/L	
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	TARF	EUR / \$ Exchange Rate	11/04/2025	25/02/2026	1,000	1,000	-	-
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	TARF	EUR / \$ Exchange Rate	16/06/2025	29/04/2026	1,000	1,000	-	6
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	TARF	EUR / \$ Exchange Rate	04/08/2025	15/07/2026	1,000	1,000	-	(2)
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	TARF	EUR / \$ Exchange Rate	07/08/2025	15/07/2026	1,000	1,000	-	-
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	TARF	EUR / \$ Exchange Rate	11/12/2025	02/12/2026	1,000	1,000	-	(6)
SEST LUVÉ POLSKA SP. Z O.O.	Bank BNP Paribas S.A.	FX Option	EUR / PLN Exchange Rate	14/03/2025	03/03/2026	1,000	1,020	-	15
SEST LUVÉ POLSKA SP. Z O.O.	Bank BNP Paribas S.A.	FX Option	EUR / PLN Exchange Rate	14/03/2025	03/02/2026	1,000	1,017	-	14
SEST LUVÉ POLSKA SP. Z O.O.	Bank BNP Paribas S.A.	FX Option	EUR / PLN Exchange Rate	14/03/2025	02/01/2026	1,000	1,015	-	14
SEST LUVÉ POLSKA SP. Z O.O.	Bank BNP Paribas S.A.	FX Option	EUR / PLN Exchange Rate	04/04/2025	03/04/2026	1,000	1,033	-	26
SEST LUVÉ POLSKA SP. Z O.O.	Bank BNP Paribas S.A.	FX Option	EUR / PLN Exchange Rate	03/06/2025	05/05/2026	1,000	1,040	-	32
SEST LUVÉ POLSKA SP. Z O.O.	Bank BNP Paribas S.A.	FX Option	EUR / PLN Exchange Rate	03/06/2025	03/06/2026	1,000	1,041	-	32
Heat Transfer Systems s.r.o. (HTS)	Komerční banka, a.s.	FX Par Forward	EUR/CZK Exchange Rate	11/04/2025	09/01/2026	250	250	-	10
Heat Transfer Systems s.r.o. (HTS)	Komerční banka, a.s.	FX Par Forward	EUR/CZK Exchange Rate	11/04/2025	10/02/2026	250	250	-	10
Heat Transfer Systems s.r.o. (HTS)	Komerční banka, a.s.	FX Par Forward	EUR/CZK Exchange Rate	11/04/2025	10/03/2026	250	250	-	10
Heat Transfer Systems s.r.o. (HTS)	Komerční banka, a.s.	FX Par Forward	EUR/CZK Exchange Rate	11/04/2025	10/04/2026	250	250	-	9
Heat Transfer Systems s.r.o. (HTS)	Komerční banka, a.s.	FX Strategy Target Accumulator	EUR/CZK Exchange Rate	07/10/2025	06/10/2028	105	105	-	4
Heat Transfer Systems s.r.o. (HTS)	Komerční banka, a.s.	FX Strategy Target Accumulator	EUR/CZK Exchange Rate	03/12/2025	26/11/2027	270	270	-	(9)

COMPANIES CONSOLIDATED LINE-BY-LINE

COMPANY	COUNTERPARTY	TYPE	HEDGED ELEMENT	TAKEN OUT	MATURITY	ORIG. ORIG.	31/12/2025		31/12/2025
							NOT. Short	NOT. M/L	FAIR VALUE
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	06/03/2025	27/02/2026	100	110	-	(8)
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	06/03/2025	27/02/2026	100	110	-	(8)
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	10/03/2025	27/02/2026	100	110	-	(8)
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	10/03/2025	27/02/2026	100	110	-	(8)
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	11/03/2025	27/02/2026	100	111	-	(7)
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	11/03/2025	27/02/2026	100	111	-	(7)
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	09/04/2025	30/03/2026	100	113	-	(7)
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	11/04/2025	30/03/2026	100	116	-	(5)
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	11/04/2025	30/03/2026	100	116	-	(5)
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	11/04/2025	30/03/2026	100	116	-	(5)
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	11/04/2025	30/03/2026	100	116	-	(4)
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	21/05/2025	30/04/2026	100	116	-	(6)
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	21/05/2025	30/04/2026	100	116	-	(6)
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	02/06/2025	29/05/2026	100	117	-	(5)
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	12/06/2025	29/05/2026	100	118	-	(4)
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	12/06/2025	29/05/2026	100	118	-	(4)
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	13/06/2025	29/05/2026	100	118	-	(4)
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	13/06/2025	29/05/2026	100	118	-	(4)
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	20/06/2025	29/05/2026	100	118	-	(4)
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	20/06/2025	29/05/2026	100	118	-	(4)
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	23/06/2025	29/05/2026	100	117	-	(4)

COMPANIES CONSOLIDATED LINE-BY-LINE

COMPANY	COUNTERPARTY	TYPE	HEDGED ELEMENT	TAKEN OUT	MATURITY	ORIG. ORIG.	31/12/2025		31/12/2025
							NOT. Short	NOT. M/L	FAIR VALUE
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	26/06/2025	30/06/2026	100	120	-	(3)
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	02/07/2025	30/06/2026	100	120	-	(3)
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	22/07/2025	30/06/2026	100	119	-	(3)
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	25/08/2025	31/07/2026	100	119	-	(2)
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	29/08/2025	31/07/2026	100	119	-	(1)
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	01/09/2025	31/07/2026	100	119	-	(1)
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	05/09/2025	31/07/2026	100	119	-	(1)
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	09/09/2025	31/08/2026	100	120	-	(1)
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	17/09/2025	31/08/2026	100	120	-	-
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	18/09/2025	31/08/2026	100	120	-	-
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	18/09/2025	31/08/2026	100	120	-	-
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	23/09/2025	31/08/2026	100	120	-	-
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	23/09/2025	31/08/2026	100	120	-	-
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	03/12/2025	30/11/2026	100	118	-	-
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	11/12/2025	30/11/2026	100	119	-	-
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	12/12/2025	30/11/2026	100	119	-	1
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	15/12/2025	30/10/2026	100	119	-	1
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	15/12/2025	30/11/2026	100	119	-	1
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	15/12/2025	30/11/2026	100	119	-	1
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	16/12/2025	30/09/2026	100	119	-	1
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	16/12/2025	30/09/2026	100	119	-	1
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	16/12/2025	30/10/2026	100	119	-	1

COMPANIES CONSOLIDATED LINE-BY-LINE

COMPANY	COUNTERPARTY	TYPE	HEDGED ELEMENT	TAKEN OUT	MATURITY	ORIG. ORIG.	31/12/2025		31/12/2025
							NOT. Short	NOT. M/L	FAIR VALUE
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	16/12/2025	30/10/2026	100	119	-	1
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	16/12/2025	30/09/2026	100	119	-	1
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	16/12/2025	27/02/2026	200	236	-	3
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	16/12/2025	30/04/2026	200	237	-	3
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	16/12/2025	30/09/2026	100	119	-	1
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	16/12/2025	30/03/2026	200	236	-	3
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	16/12/2025	30/06/2026	200	237	-	3
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	16/12/2025	30/01/2026	200	236	-	3
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	17/12/2025	30/04/2026	100	118	-	-
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	17/12/2025	29/05/2026	100	118	-	-
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	17/12/2025	31/07/2026	100	118	-	1
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	17/12/2025	30/03/2026	100	118	-	-
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	17/12/2025	27/02/2026	100	118	-	1
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	18/12/2025	30/01/2026	100	118	-	-
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	18/12/2025	31/08/2026	200	237	-	1
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	18/12/2025	31/07/2026	100	119	-	-
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	18/12/2025	30/09/2026	100	119	-	-
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	18/12/2025	30/10/2026	200	238	-	1
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	18/12/2025	30/03/2026	100	118	-	-
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	18/12/2025	30/01/2026	100	117	-	1
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	18/12/2025	31/08/2026	200	237	-	1
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	18/12/2025	30/11/2026	200	238	-	1

COMPANIES CONSOLIDATED LINE-BY-LINE

COMPANY	COUNTERPARTY	TYPE	HEDGED ELEMENT	TAKEN OUT	MATURITY	ORIG. ORIG.	31/12/2025		31/12/2025
							NOT. Short	NOT. M/L	FAIR VALUE
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	18/12/2025	27/02/2026	100	118	-	-
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	19/12/2025	30/01/2026	100	117	-	-
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	19/12/2025	30/04/2026	200	236	-	1
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	19/12/2025	30/06/2026	200	236	-	-
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	19/12/2025	29/05/2026	200	236	-	1
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	22/12/2025	31/07/2026	20	24	-	1
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	22/12/2025	31/07/2026	180	213	-	1
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	22/12/2025	30/01/2026	200	235	-	1
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	23/12/2025	30/03/2026	100	118	-	1
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	23/12/2025	29/05/2026	100	119	-	1
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	23/12/2025	30/04/2026	100	119	-	1
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	29/12/2025	30/03/2026	100	118	-	-
SPIROTECH Ltd	CITI BANK	FX Option	EUR /INR Exchange Rate	29/12/2025	30/04/2026	100	118	-	1
Total						21,475	23,256	-	74

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 31/12/2025
LU-VE S.P.A.	Unicredit S.p.A.	549300TRUWO2CD2G5692	Aluminium	MSO_606272401	171	30/07/2024	31/07/2026	75	171	171	-	19
LU-VE S.P.A.	Unicredit S.p.A.	549300TRUWO2CD2G5692	Copper	MSO_606272051	421	30/07/2024	31/07/2026	50	421	421	-	102
Total									592	592	-	121

10 APPENDIX B

Bank loans (in thousands of Euro)								AMORTISED COST			
								31/12/2025		31/12/2024	
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	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
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
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	1,173	1,173	2,309	1,129
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
LU-VE	Intesa Sanpaolo S.p.A.	Unsecured loan	31/03/2021	31/03/2026	3M EURIBOR 360 basis + spread	NFP/GOM< 3; NFP/Shareholders' Equity<1	30,000	1,876	1,876	9,409	7,535
LU-VE	Banco BPM S.p.A.	Unsecured loan	14/06/2021	31/03/2026	3M EURIBOR 360 basis + spread	-	12,000	706	706	3,541	2,835
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	1,061	1,061	5,334	4,274
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
LU-VE	Banco BPM S.p.A.	Unsecured loan	16/12/2021	30/09/2026	3M EURIBOR 360 basis + spread	NFP/EBITDA <=3.0 NFP/EQUITY <=1.25	40,000	8,005	8,005	18,727	10,731
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	28,018	7,957	36,018	8,053
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	9,723	2,980	12,717	3,014
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	9,709	2,973	12,701	3,008

COMPANIES CONSOLIDATED LINE-BY-LINE

Bank loans (in thousands of Euro)								AMORTISED COST			
								31/12/2025		31/12/2024	
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	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 <= 1.25	40,000	16,128	8,026	24,192	8,048
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 <= 1.25	25,000	10,958	6,249	17,214	6,266
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	6,570	3,746	10,351	3,785
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	19,959	6,612	26,615	6,694
LU-VE	Unicredit S.p.A.	Unsecured loan	24/11/2022	31/12/2026	3M 360 days Euribor + Spread	NFP/EBITDA <= 3.25; NFP/SE <= 1.25	25,000	6,216	6,216	12,416	6,198
LU-VE	Banco BPM S.p.A.	Unsecured loan	20/12/2022	30/09/2027	3M 360 days Euribor + Spread	NFP/EBITDA <=3.25 NFP/SE <= 1.25	25,000	10,201	5,809	15,994	5,805
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	19,932	6,606	26,580	6,704
LU-VE	Unicredit S.p.A.	Unsecured loan	21/12/2023	31/12/2028	3M 360 days Euribor + Spread	NFP/EBITDA <= 3.25; NFP/SE <= 1.25	30,000	20,976	6,941	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	24,526	7,636	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	31,812	6,306	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	22,715	4,504	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	13,629	2,702	15,005	1,403
LU-VE	Intesa Sanpaolo S.p.A.	Unsecured loan	27/02/2025	27/02/2031	3M 360 days Euribor + Spread	NFP/EBITDA <= 3 NFP/SE <=1.00	25,000	25,026	3,708	-	-
LU-VE	Banco BPM S.p.A.	Unsecured loan	31/03/2025	29/03/2030	3M 360 days Euribor + Spread	NFP/EBITDA <= 3 NFP/SE <= 1.25	35,000	32,991	7,714	-	-

COMPANIES CONSOLIDATED LINE-BY-LINE

Bank loans (in thousands of Euro)								AMORTISED COST			
								31/12/2025		31/12/2024	
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	Intesa Sanpaolo S.p.A.	Unsecured loan	28/05/2025	31/05/2031	3M 360 days Euribor + Spread	NFP/EBITDA <= 3 NFP/SE <=1.00	25,000	25,034	2,452	-	-
LU-VE	BPER Banca S.p.A.	Unsecured loan	18/09/2025	18/09/2031	Euribor 3 months 360 days + spread	NFP/EBITDA <= 3.0; NFP/SE <= 1.25	20,000	19,994	952	-	-
LU-VE	Unicredit S.p.A.	Unsecured loan	29/09/2025	30/09/2030	Euribor 3 months 360 days + spread	NFP/EBITDA <= 3.25; NFP/SE <= 1.25	50,000	49,911	3,016	-	-
LU-VE	Banca Nazionale del Lavoro S.p.A.	Unsecured loan	18/12/2025	18/12/2031	6M 360 days Euribor + Spread	NFP/EBITDA <= 3.5; NFP/SE <= 1.25	30,000	29,974	2,649	-	-
Total								446,823	118,575	382,510	119,252

Notes:

NFP: net financial position;

SE: shareholders' equity;

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	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
		was held				Bonuses and other incentives	Profit sharing					
Matteo Liberali	Chairman of the Board of Directors and CEO	01/01/2025-31/12/2025	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				725,000 ⁽¹⁾⁽²⁾		506,761 ⁽³⁾		7,870		1,239,631		
(II) Remuneration from subsidiaries and associates												
(III) Total				725,000		506,761		7,870		1,239,631		
Pier Luigi Faggioli	Vice Chairman	01/01/2025-31/12/2025	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				285,000 ⁽¹⁾⁽⁴⁾		234,596		6,320		525,916		
(II) Remuneration from subsidiaries and associates												
(III) Total				285,000		234,596		6,320		525,916		
Michele Faggioli	CSDO	01/01/2025-31/12/2025	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				550,000 ⁽¹⁾⁽⁵⁾		488,706 ⁽³⁾		7,870		1,046,576		
(II) Remuneration from subsidiaries and associates												
(III) Total				550,000		488,706		7,870		1,046,576		
Raffaella Cagliano	Director	01/01/2025-31/12/2025	Approval of 2025 Financial Statements									

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					
(I) Remuneration in the company that prepares Financial Statements				25,000 ⁽¹⁾	4,000					29,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				25,000	4,000					29,000		

Anna Gervasoni	Director	01/01/2025-31/12/2025	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	01/01/2025-31/12/2025	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				25,000 ⁽¹⁾				7,063	120,420 ⁽⁹⁾	152,483		
(II) Remuneration from subsidiaries and associates												
(III) Total				25,000				7,063	120,420	152,483		

Laura Oliva	Director	01/01/2025-31/12/2025	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				25,000 ⁽¹⁾	8,000					33,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				25,000	8,000					33,000		

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	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
		was held				Bonuses and other incentives	Profit sharing					
Stefano Paleari	Director	01/01/2025-31/12/2025	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				25,000 ⁽¹⁾	27,500 ⁽¹⁰⁾⁽¹¹⁾⁽¹²⁾					52,500		
(II) Remuneration from subsidiaries and associates												
(III) Total				25,000	27,500					52,500		
Carlo Paris	Director	01/01/2025-31/12/2025	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				25,000 ⁽¹⁾	4,000					29,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				25,000	4,000					29,000		
Roberta Pierantoni	Director	01/01/2025-31/12/2025	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				25,000 ⁽¹⁾	8,000					33,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				25,000	8,000					33,000		
Marco Vitale	Honorary Chairman	01/01/2025-31/12/2025	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												

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						25,000		

Mara Palacino	Chairman of the Board of Statutory Auditors	01/01/2025-31/12/2025	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 Auditor	01/01/2025-31/12/2025	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 Auditor	01/01/2025-31/12/2025	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		

Riccardo Quattrini	General Manager	01/01/2025-31/12/2025	Approval of 2025									
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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					
			Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				390,000		197,852 ⁽¹⁵⁾		9,201		597,053		
(II) Remuneration from subsidiaries and associates												
(III) Total				390,000		197,852		9,201		597,053		

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					
Key Management Personnel	8	01/01/2025-31/12/2025	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				1,024,334		380,753 ⁽¹⁶⁾		38,392		1,443,479		
(II) Remuneration from subsidiaries and associates				228,228		91,382		29,915	201,522 ⁽¹⁷⁾	551,047		
(III) Total				1,252,562		472,135		68,307	201,522	1,994,526		

(*) 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 142,733.40 as variable medium/long term Component (2023 -2025 LTI) accrued for 2025;

(4) of which € 25,000.00 as Director, € 25,000.00 for the office of Vice Chairman of the Board of Directors, and € 235,000.00 for special powers granted in his capacity of Executive Director;

(5) of which € 25,000.00 as Director and € 525,000.00 for the office of Director with proxy (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 fee of € 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 Chairman a fixed annual remuneration of € 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 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 fee of € 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 € 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 and, on the same date, the Board of Directors appointed Prof. 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 € 45,000.00 for the Chairman and of € 30,000 for each of the two standing auditors.

(15) of which EUR 56,730.22 accrued as variable medium/long term Component (2023-2025 LTI) for 2025 and EUR 35,000.00, by way of a one-off bonus;

(16) of which EUR 182,200.36 accrued as variable medium/long term Component (2023-2025 LTI) for 2025;

(17) By way of remuneration accrued in relation to the director and/or senior management offices in subsidiaries.

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 2025.

It is also certified that the consolidated financial statements as at 31 December 2025:

- 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.

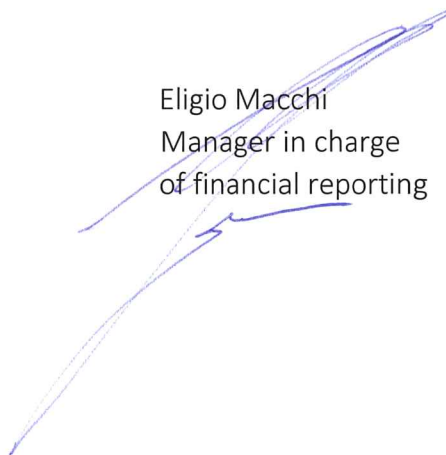
The directors' report includes a reliable analysis of the performance and results of operations, as well as the situation of the issuer and the group of consolidated companies, along with a description of the main risks and uncertainties to which they are exposed.

13 March 2026

Matteo Liberali
CEO



Eligio Macchi
Manager in charge
of financial reporting



**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 December 31, 2025, 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 December 31, 2025, 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 62.8 million in the consolidated financial statements as at December 31, 2025. This goodwill is attributable to two cash generating units (“CGUs”) of LU-VE Group: “Cooling Systems” for EUR 37.0 million and “Components” for EUR 25.8 million, to which were also allocated other tangible and intangible assets amounting to EUR 240.9 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 December 31, 2025 at a value not higher than their recoverable amount. After the conclusion of the impairment test 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 2026-2029 consolidated business plan, and (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.

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:

- understanding of the relevant controls undertaken by the Group on the impairment test process;

- 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 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;
- 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.

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. 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 17, 2017 as auditors of the Company for the years from December 31, 2017 to December 31, 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.

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 December 31, 2025, 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 December 31, 2025 have 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 December 31, 2025, including its consistency with the related consolidated financial statements and its 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 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.

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 December 31, 2025.

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
Giacomo Bellia
Partner

Milan, Italy
March 27, 2026

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.



**SEPARATE FINANCIAL
STATEMENTS
AND EXPLANATORY
NOTES
AS AT 31 DECEMBER
2025**

STATEMENT OF FINANCIAL POSITION

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STATEMENT OF FINANCIAL POSITION

1 FINANCIAL STATEMENTS**1.1 STATEMENT OF FINANCIAL POSITION**

Statement of Financial position (in Euro)	Notes	31/12/2025	31/12/2024
ASSETS			
Goodwill	3.1	15,802,281	15,296,995
Other intangible assets	3.1	2,431,560	3,272,042
Property, plant and equipment	3.2	56,111,042	58,603,829
Right-of-use assets	3.2	9,375,489	8,770,716
Other tangible assets	3.2	3,956,340	5,371,138
Deferred tax assets	3.19	13,187,697	11,411,735
Investments	3.3	166,760,495	152,242,779
Other non-current financial assets	3.4	7,524,545	8,633,958
Other non-current assets	3.5	42,331	41,411
Non-current assets		275,191,780	263,644,603
Inventories	3.6	29,119,769	27,220,287
Trade receivables	3.7	71,018,983	60,209,576
Current tax assets	3.8	4,673,417	4,785,133
Current financial assets	3.9	50,691,525	25,934,961
Other current assets	3.10	2,322,723	3,495,873
Cash and cash equivalents	3.11	256,448,043	226,659,817
Current assets		414,274,460	348,305,647
Assets held for sale		-	-
Assets held for sale		-	-
TOTAL ASSETS		689,466,240	611,950,250

STATEMENT OF FINANCIAL POSITION

Statement of Financial position (in Euro)	Notes	31/12/2025	31/12/2024
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital	3.12	62,704,489	62,704,489
Reserves and retained earnings (losses)	3.12	48,545,998	40,213,847
Net result for the year	3.12	12,152,410	17,660,753
TOTAL SHAREHOLDERS' EQUITY		123,402,897	120,579,089
Loans	3.13	328,247,653	263,258,407
Provisions	3.14	3,136,348	2,639,319
Employee benefits obligations	3.15	2,238,430	2,119,644
Deferred tax liabilities	3.19	5,711,435	5,897,383
Other financial liabilities	3.16	7,781,737	6,960,991
Non-current liabilities		347,115,603	280,875,744
Trade payables	3.17	50,687,913	44,719,403
Loans	3.13	118,574,906	129,252,290
Tax liabilities	3.18	2,395,400	2,387,742
Other financial liabilities	3.16	25,695,688	12,800,594
Other current liabilities	3.20	21,593,833	21,335,388
Current liabilities		218,947,740	210,495,417
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		689,466,240	611,950,250

INCOME STATEMENT

1.2 INCOME STATEMENT

Income Statement <i>(in Euro)</i>	Notes	31/12/2025	31/12/2024
REVENUES AND OPERATING INCOME			
Revenues	4.1	182,989,451	185,733,057
Other operating income	4.2	15,780,316	15,108,299
Total revenues and operating income		198,769,767	200,841,356
OPERATING EXPENSES			
Purchases of materials	4.3	(91,637,087)	(91,594,989)
Changes in inventories	3.6	1,899,481	(1,244,206)
Costs for services	4.4	(36,004,505)	(37,305,917)
Personnel costs	4.5	(58,269,170)	(55,625,979)
Net write-downs of financial assets	4.6	(1,756,742)	(50,000)
Other operating expenses	4.7	(1,605,666)	(1,221,565)
Total operating expenses		(187,373,689)	(187,042,656)
Depreciation and amortisation	3.1 - 3.2	(11,710,035)	(12,473,905)
Gains/(Losses) on the sale of non-current assets	3.1 - 3.2	39,792	16,749
Write-downs on non-current assets	3.1	(286,898)	(104,361)
OPERATING RESULT (EBIT)		(561,063)	1,237,183
Financial income	4.8	29,639,747	31,752,050
Financial expense	4.9	(14,575,951)	(14,050,922)
Exchange gains (losses)	4.10	(1,125,735)	1,003,029
Gains/(losses) from investments (and other interests)	3.3 - 3.4	(2,791,316)	(3,084,566)
PRE-TAX RESULT		10,585,682	16,856,774
Income taxes	4.12	1,566,728	803,979
NET PROFIT/ (NET LOSS)		12,152,410	17,660,753
Profit (loss) from assets/liabilities held for sale		-	-
NET PROFIT/ (NET LOSS) FOR THE YEAR		12,152,410	17,660,753

STATEMENT OF COMPREHENSIVE INCOME

1.3 STATEMENT OF COMPREHENSIVE INCOME

Statement of comprehensive income (in Euro)	Notes	31/12/2025	31/12/2024
NET PROFIT/ (NET LOSS) FOR THE YEAR	1.2	12,152,410	17,660,753
<i>Components that will not subsequently be reclassified to the Income Statement</i>			
Actuarial gains/(losses) from employee benefits obligations	3.15	(2,550)	39,972
Tax effect		611	(9,593)
Total components that will not subsequently be reclassified to the Income Statement		(1,939)	30,379
TOTAL COMPREHENSIVE INCOME (LOSS)	1.4	12,150,471	17,691,132

1.4 STATEMENT OF CHANGES IN EQUITY

Statement of changes in equity (in Euro) Note 3.12	Share capital	Share premium reserve	Legal 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 31/12/2023	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 (loss)									
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
Allocation of 2024 profit (loss)									
Dividends paid	-	-	-	-	-	(9,326,663)	-	-	(9,326,663)
Retained	-	-	883,038	-	-	16,777,715	-	(17,660,753)	-
Increases (decreases)	-	-	-	-	-	-	-	-	-
Comprehensive income as at 31/12/2025	-	-	-	-	(1,939)	-	-	12,152,410	12,150,471
BALANCE AS AT 31/12/2025	62,704,489	24,762,200	5,745,133	(288,194)	14,364	18,312,505	-	12,152,410	123,402,897

STATEMENT OF CASH FLOWS

1.5 STATEMENT OF CASH FLOWS

Statement of cash flows (in Euro)	Notes	31/12/2025	31/12/2024
A. Cash and cash equivalents at the beginning of the year		226,659,816	162,581,277
B. Cash and cash equivalents from merger at the beginning of the year		-	8,096,860
Result for the year		12,152,410	17,660,753
Adjustments for:			
- Changes in provisions	3.14	497,029	133,653
- Depreciation and amortisation	3.1 - 3.2	11,710,035	12,473,904
- Realised (gains)/losses	3.1 - 3.2	247,106	87,612
- (Gains)/losses from the sale of investments		-	-
- Net financial expense	4.8 - 4.9	(14,676,350)	(22,390,934)
- Income taxes	4.11	(1,566,728)	(803,979)
- Changes in <i>fair value</i>	4.8 - 4.9	(271,156)	4,689,806
Adjustments for losses from equity investments (and other interests)	3.3 - 3.4	2,791,316	3,084,686
Changes in employee benefit obligations	3.15	(311,297)	(280,102)
<i>Changes in trade receivables</i>	3.7	(10,809,407)	(8,273,908)
<i>Changes in inventories</i>	3.6	(1,899,482)	1,244,206
<i>Changes in trade payables</i>	3.17	5,968,510	4,042,305
Changes in net working capital		(6,740,379)	(2,987,397)
Changes in other receivables and payables, deferred taxes		2,150,457	(801,673)
Tax payments		-	(244,679)
Net paid financial expense		(6,987,435)	(6,842,832)
C. Cash flows from (used in) operating activities		(1,004,992)	11,875,678
Investments in non-current assets:			
- intangible assets	3.1	(1,323,679)	(1,383,452)
- property, plant and equipment	3.2	(5,605,180)	(5,081,632)
- investments	3.3	(15,192,265)	(8,610,000)
Other non-current financial assets	3.4	(1,278,741)	1,628,321
Net investments in current financial assets	3.9	(24,478,573)	27,243,206
Dividends received	4.8	23,005,100	23,817,800
D. Cash flows from (used in) investing activities		(24,873,338)	37,614,243
Repayment of loans	3.13	(150,719,000)	(146,940,434)
Proceed from new loans	3.13	205,000,000	175,000,000
Changes in other financial liabilities	3.16	10,402,206	(4,223,144)
Sale/(purchase) of treasury shares		-	-
Contributions/repayments of share capital		-	-
Dividends paid	3.12	(9,326,663)	(8,882,536)
Other changes		-	-
E. Cash flows from (used in) financing activities		55,356,543	14,953,886
Exchange differences		-	-
Other non-monetary changes (*)	3.12	310,014	(365,267)
F. Other changes		310,014	(365,267)
G. Net cash flows in the year (C+D+E+F)		29,788,227	64,078,540
Cash and cash equivalents at the end of the year (A+B+G)		256,448,043	226,659,817
Current financial indebtedness		93,579,069	116,117,921
Non-current financial indebtedness		336,029,390	270,219,398
Net financial indebtedness		173,160,416	159,677,502

(*) Mainly net negative exchange rate effect (non-monetary) on loan granted towards LU-VE Sweden and LU-VE US Inc. and classified in the line item "Other non-current financial assets" (Note 3.4).

2 EXPLANATORY NOTES

2.1 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 2025.

Declaration of compliance and accounting policies

The Separate Financial Statements of LU-VE S.p.A. as at 31 December 2025 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 2025. 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 the *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 shareholders' 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 Directors' Report.

In particular, with reference to this last assumption, as at 31 December 2025, the Company has a solid and balanced financial structure, with a Net financial debt/Shareholders' Equity ratio (Debt ratio) of 1.40 and a positive short-term net financial position of EUR 162.9 million, therefore the repayment of medium/long-term debt maturing in 2026 amounting overall to a nominal EUR 119.4 million (EUR 118.6 million measured at amortised cost) is guaranteed by current liquidity. In addition, there are no substantial restrictions on the release of invested liquidity, amounting to EUR 50.7 million, consisting of (i) capitalisation policies of EUR 37.0 million, (ii) a *Time Deposit* with maturity of less than one year for EUR 10.0 million, (iii) Group *Cash Pooling* of EUR 3.4 million, (iv) other securities of EUR 0.3 million, which can therefore be used to meet any payment obligations (Note 3.21), if needed.

It should be noted that the assessment of compliance with financial and economic requirements (*covenants*) on a consolidated basis, required by the financial debt of the Group, as at 31 December 2025, did not highlight any critical issues. Furthermore, it is highlighted that the estimates of the LU-VE S.p.A. 2026 *Budget of the Group* lead to the expectation that no critical issues with regard to these requirements will arise also for next year.

STRUCTURE AND CONTENT OF THE FINANCIAL STATEMENTS

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 restrictions due to potential sanctions enforceable by other government authorities. Given the limited impact of the Russian business, it is believed that LU-VE S.p.A. 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 complete write-down of the investment in the Russian companies, equal in total to EUR 3.8 million.

Based on what is laid out above, the Separate Financial Statements of LU-VE S.p.A. as at 31 December 2025 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 2026.

STRUCTURE AND CONTENT OF THE FINANCIAL STATEMENTS

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 shareholders' 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 standards' information and measurement criteria adopted for the preparation of the Separate Financial Statements as at 31 December 2025, 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*".

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.

STRUCTURE AND CONTENT OF THE FINANCIAL STATEMENTS

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. The estimated useful life is as follows, in years:

Asset	Years
Buildings	33
Light constructions	10
Plant and equipment	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

STRUCTURE AND CONTENT OF THE FINANCIAL STATEMENTS

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 contracts 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:

- 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.

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 before or at the commencement day and any other initial direct cost. 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 systematically over the shorter period of *lease* term and useful life of the underlying 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.

STRUCTURE AND CONTENT OF THE FINANCIAL STATEMENTS

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 investments 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 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 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.

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.

STRUCTURE AND CONTENT OF THE FINANCIAL STATEMENTS

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 may be 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 *hedge accounting* is not applied, 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 stocks 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.

STRUCTURE AND CONTENT OF THE FINANCIAL STATEMENTS**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 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 accessory 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.

Contingent assets and liabilities deemed possible are not recognised in the financial statements. However, they are subject to adequate disclosure.

STRUCTURE AND CONTENT OF THE FINANCIAL STATEMENTS**EMPLOYEE BENEFITS OBLIGATIONS***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 worker or, in case the same worker 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.

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.

STRUCTURE AND CONTENT OF THE FINANCIAL STATEMENTS**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 or increasing 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 it is 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.

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

STRUCTURE AND CONTENT OF THE FINANCIAL STATEMENTS

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 with an option to automatically renew for the subsequent period) 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 latter 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 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.

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 standards.

Recoverability of the value of goodwill, 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.

Two CGUs have been identified within LU-VE S.p.A. in line with what has 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 2025 at a value not higher than their recoverable amount. In particular, the Company recognises in its separate financial statements as at 31 December 2025 goodwill of EUR 15.8 million. Such goodwill is attributable to the two CGU: “*Cooling Systems*” for EUR 14.3 million and “*Components*” for EUR 1.5 million, in addition to intangible assets with a finite useful life for EUR 2.4 million, rights of use assets for EUR 9.4 million and property, plant and equipment for EUR 60.0 million.

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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 2026-2029 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 2026-2029 prepared by Management and subsequently included in the LU-VE Group's consolidated business plan approved by the Company's Board of Directors on 19 February 2026, 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 expectations: 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:

- 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, CO₂ recovery and hydrogen production.

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;

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- with reference to plant and equipment 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*.

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 30.8 million and EUR 0.7 million (this latter value before the *impairment test*), which incurred significant losses in the current year and/or in previous years and with reference to LU-VE Deutschland GmbH led to the highlighting of negative shareholders' equity for an amount of EUR 1.9 million as at 31 December 2025;
- 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.

Management's valuation process is based on the *value-in-use* criterion by estimating the expected cash flows from the 2026-2029 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 for 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 2026-2029 business plans drawn up by local *management* in collaboration with the Company's Management and subsequently included in the consolidated business plan of the LU-VE Group approved on 19 February 2026 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 2026-2029 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 the 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

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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;
- with reference to plant and equipment: since these are assets acquired in very recent years with respect to the appraisal date (31 December 2025), 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.

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 testing the initial recognition and recoverability of deferred tax assets recognised in the Financial Statements as at 31 December 2025, equal to EUR 13.2 million, Management relied on the taxable results deriving from the Business Plans 2026-2029, in addition to the fiscal year 2030, 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 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 S.p.A. conducted an analysis related to the significant physical and transitional climate risks (for further details please see the Sustainability Reporting), whose potential impact on the expected Group's economic and financial *performance* has been included in the Business Plan 2026-2029 approved by the LU-VE S.p.A.'s Board of Directors on 19 February 2026.

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 2025, 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 greenhouse gas concentration pathways *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

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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. Conversely, the exposure to certain other risks, e.g. drought and fire risk, is not expected to be material to 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 2026-2029 includes neither negative effects arising from such physical risk, nor a *sensitivity* analysis has been conducted.

Moreover, so far, no facility has been subject to dedicated actions for climate change adaptation. With reference to the Business Plan 2026-2029, the Company has not planned significant investments (CAPEX) aimed at mitigating impacts arising from climate change mitigation and adaptation.

Regarding climate transitional risks, LU-VE Group updated the analysis of climate transitional risks in 2025. The various types of risk – market, technological, legal/*policy* and reputation – were assessed on the basis of their potential impact on the business and of the Company's ability to deal with 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 2026-2029 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 Business Plan 2026-2029 expects turnover from heat exchangers using natural refrigerants which, starting from 59% in 2026, reaches 62% in 2027, 63% in 2028, and 64% in 2029), 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 loan agreements 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 (2029).

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.

Finally, it is noted that in these 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.

2.2 NEW ACCOUNTING STANDARDS

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED AS OF 1 JANUARY 2025

The following IFRS *accounting standards*, amendments and interpretations have been applied by the Company for the first time as of 1 January 2025:

- 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 identify 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 adoption of this amendment had no effects on the Company’s Financial Statements.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION, FOR WHICH APPLICATION IS NOT YET REQUIRED AND NOT ADOPTED EARLY BY THE COMPANY AS AT 31 DECEMBER 2025

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 are not mandatorily applicable and have not been adopted early by the Company as at 31 December 2025:

- 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 at FVOCI.

The amendments will apply to financial statements for years beginning on or after 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:

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- a clarification regarding the application of the “*own use*” requirements to this type of agreements;
- the criteria for allowing such agreements to be recognised as hedging instruments; and
- new disclosure requirements to enable users of financial statements to understand the effect of these agreements 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 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 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.

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 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:
 - the 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;
 - the 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; and

NEW ACCOUNTING STANDARDS

- 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.

GOODWILL AND OTHER INTANGIBLE ASSETS

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
<i>Historical</i>			
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
Increases	505	1,324	1,829
Decreases	-	-	-
Reclassifications	-	-	-
As at 31 December 2025	22,251	49,837	72,088
<i>Accumulated depreciation</i>			
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
Increases	-	2,164	2,164
Decreases	-	-	-
Reclassifications	-	-	-
As at 31 December 2025	6,449 (*)	47,405	53,854
<i>Net carrying amount</i>			
As at 31 December 2024	15,297	3,272	18,569
As at 31 December 2025	15,802	2,432	18,234

* The goodwill amortisation provision refers to the amount recognised as at 1/01/2014 in accordance with previous accounting standards and unchanged since that date.

GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

The increase in goodwill of EUR 505 thousand is attributable to the acquisition of the business unit of Manifold S.r.l., see Note 3.3 Equity investments.

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 2025. Among others, the NIC includes the value of the Company's goodwill. With regard to goodwill, for the purpose of the *impairment test*, the value was allocated to two identified CGUs (*Cash generating units*) ("Components" and "Cooling Systems"), consistent with the CGUs identified in the LU-VE Group's consolidated financial statements. Management has not identified other lower level of cash generating units with largely independent cash flows to be considered in the allocation of the goodwill.

In particular, the Company recognised goodwill for EUR 15.8 million in its financial statements, attributable to the "*Cooling System*" CGU for EUR 14.3 million, and to the "*Components*" CGU for EUR 1.5 million. The NIC also includes intangible assets with a finite useful life of EUR 2.4 million, rights of use of EUR 9.4 million, and property, plant and equipment for a total of EUR 60.0 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 2026-2029 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 19 February 2026, 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: 7.57% (third party capital) and 92.43% (own capital), taking into account the average of a *panel* of comparable companies;
- sector relevered beta: 1.097;
- *risk-free* rate: 4.00%, 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 2024);
- 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 2025*);
- *gross cost of debt*: determined as equal to 3.68%, considering the average yield of BBB-rated *Corporate Bonds* with a 10-year maturity in 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 discount rate (WACC) which takes into account the specific risks of the asset 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 9.52%.

The recoverable amount also includes the *Terminal Value*, which was calculated with the "perpetual cash flow" method considering a g-rate of 2.27%. 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 (2029), adjusted so as to reflect a situation "under normal circumstances", was considered. The level of

GOODWILL AND OTHER INTANGIBLE ASSETS

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 2026, 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 *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..

The sensitivity analysis conducted, which assessed the combined impact of variations in WACC and Terminal Value EBITDA, as well as WACC and growth rate (*g-rate*), show that in adverse scenarios the CGU may incur in impairment situations.

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 10.20%;
- reduction of the EBITDA in the explicit period of the Plan and in *Terminal Value* (maintaining all other plan assumptions unchanged) equal to -4.75%;
- *break-even g-rate* keeping all the other plan assumptions unchanged is 1.43%.

While as reported in the note “*Use of estimates*”, the recoverable amount of the “*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 equipment 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 2025.

GOODWILL AND OTHER INTANGIBLE ASSETS

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	Software	Development costs and Other intangible assets	Total
<i>Historical</i>				
As at 31 December 2023	10,799	20,575	12,380	43,754
Merger contribution	17	2,435	1,036	3,488
Increases	-	1,122	261	1,383
Decreases	-	-	(112)	(112)
Reclassifications	-	295	(295)	-
As at 31 December 2024	10,816	24,427	13,270	48,513
Increases	-	1,020	304	1,324
Decreases	-	-	-	-
Reclassifications	-	-	-	-
As at 31 December 2025	10,816	25,447	13,574	49,837
<i>Accumulated depreciation</i>				
As at 31 December 2023	10,799	18,795	10,339	39,933
Merger contribution	17	2,386	351	2,754
Increases	-	1,677	877	2,554
Decreases	-	-	-	-
Reclassifications	-	-	-	-
As at 31 December 2024	10,816	22,858	11,567	45,241
Increases	-	1,363	801	2,164
Decreases	-	-	-	-
Reclassifications	-	-	-	-
As at 31 December 2025	10,816	24,221	12,368	47,405
<i>Net carrying amount</i>				
As at 31 December 2024	-	1,569	1,703	3,272
As at 31 December 2025	-	1,226	1,206	2,432

Trademarks

As at 31 December 2025, trademarks were fully amortised.

GOODWILL AND OTHER INTANGIBLE ASSETS*Software*

The historical cost of the category increased by EUR 1,020 thousand (EUR 1,122 thousand in 2024) and mainly refers to projects developed during the year relating to the improvement of new SAP evolutions, product listing *software*, product management *software* and other management *software* for improved operations.

Cash outflows in the year referring to investments in intangible assets amounted to EUR 1,323 thousand; the increase in goodwill following the business unit purchase transaction did not have any monetary effects.

These intangible fixed assets were included in the *impairment* test described above as they were allocated to the two CGUs identified by Management.

Development costs and Other intangible assets

The increase in historical development costs and other intangible assets in the amount of EUR 304 thousand mainly refers to developments of *software* and databases not yet in operation and projects for the development of new products.

PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

3.2 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Other tangible assets (in thousands of Euro)	Property	Plant and equipment	Right-of-use assets	Other tangible assets	Tangible assets under construction	Total
<i>Historical</i>						
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
Increases	1,202	1,938	2,771	730	373	7,014
Decreases	-	(2,209)	(7,544)	(261)	(224)	(10,238)
Reclassifications	26	207	-	179	(412)	-
As at 31 December 2025	60,752	92,712	11,537	29,943	416	195,360
<i>Accumulated depreciation</i>						
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	1,977	-	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
Increases	1,246	4,315	2,087	1,900	-	9,548
Decreases	-	(1,763)	(7,465)	(241)	-	(9,469)
Reclassifications	-	(140)	-	140	-	-
As at 31 December 2025	21,291	76,063	2,161	26,402	-	125,917
<i>Net carrying amount</i>						
As at 31 December 2024	39,479	19,125	8,771	4,692	679	72,746
As at 31 December 2025	39,461	16,649	9,376	3,541	416	69,443

The increases for the year are due for EUR 7,014 thousand to the year's increases in the four *plants*, in particular:

- EUR 3,513 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 373 thousand refers to property, plant and equipment under construction;
- EUR 730 thousand for the purchase of industrial equipment and moulds;
- EUR 2,771 thousand for the recognition of new rights of use pursuant to IFRS 16.

PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

It is specified that, of the EUR 7,014 thousand increase in property, plant and equipment, approximately EUR 1,768 thousand was recognised as payables in the item “other current payables”, as they were for purchases of assets not yet fully paid for as at 31 December 2025.

Decreases of EUR 10,238 thousand were recorded during the year, due for around EUR 6,336 thousand to terminated and renegotiated rental agreements, expired lease contracts, divestments, disposals and sales of almost fully depreciated plant and equipment, which generated a loss of EUR 40 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 5,605 thousand (equal to the total increase of EUR 7,014 thousand, net of increases related to IFRS 16 of EUR 2,771 thousand and the net effect on 31 December 2024 of investments not yet paid for of EUR 1,362 thousand).

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 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 equipment		Other tangible assets		Trademarks		
	Gross amount	Net amount as at 31/12/2025	Gross amount	Net amount as at 31/12/2025	Gross amount	Net amount as at 31/12/2025	Gross amount	Net amount as at 31/12/2025	Net total as at 31/12/2025
Italian Law 413 of 30 December 1991	5	-	-	-	-	-	-	-	-
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	3,831	-	-	-	-	1,971	1,774	5,605
TOTAL	4,520	3,831	4,008	-	2,559	-	1,971	1,774	5,605

INVESTMENTS

3.3 INVESTMENTS

The details of this item are shown below:

Investments <i>(in thousands of Euro)</i>	31/12/2025	31/12/2024	Change
SEST-LUVE-Polska SP.z.o.o.	25,309	25,309	-
«OOO» SEST LU-VE	3,771	3,771	-
Thermo Glass Door S.p.A.	-	-	-
Heat Transfer System s.r.o. (HTS)	9,540	9,540	-
LU-VE France S.à.r.l.	1,303	1,303	-
LU-VE Deutschland GmbH	173	173	-
LU-VE Iberica S.I.	460	145	315
LU-VE Asia Pacific Ltd.	-	13	(13)
LU-VE HEAT EXCHANGERS (Tianmen) Co, Ltd	7,100	10,535	(3,435)
LU-VE Sweden AB	390	390	-
MANIFOLD S.r.l.	405	10	395
LUVEDIGITAL S.r.l. (*)	5	5	-
Spirotech Heat Exchangers Private Ltd	39,468	39,468	-
LU-VE Austria GmbH	18	18	-
LU-VE US Inc.	30,808	13,552	17,256
Fincoil LU-VE OY	30,649	30,649	-
LU-VE Netherlands B.V.	10	10	-
«OOO» LU-VE Moscow	1	1	-
LU VE MIDDLE EAST DMCC	20	20	-
LU-VE Korea LLC	107	107	-
REFRION S.r.l.	17,206	17,206	-
LU-VE UK Ltd	12	12	-
Total investments in subsidiaries:	166,755	152,237	14,518
Industria e Università S.r.l. (other companies)	6	6	-
Total	166,761	152,243	14,518

The change in investments of EUR 14,518 thousand refers to:

- for EUR 17,256 thousand (equal to USD 20,000 thousand) to the conversion of the loan disbursed to the subsidiary LU-VE US Inc. into equity, carried out in November;
- for EUR 3,435 thousand to the partial repayment, in December, of the share capital of the subsidiary LU-VE HEAT EXCHANGERS (Tianmen) Co;
- for EUR 395 thousand to the increase in the equity investment in the company Manifold S.r.l., resulting from the transaction for the acquisition of the business unit in April. As a result of this transaction, in addition to the value of the equity investment, the Company increased goodwill for EUR 505 thousand, see Note 3.1 Goodwill and other intangible assets.
- for EUR 315 thousand to the purchase of a further 7.5% of the equity investment of LU-VE Iberica S.I. in December (% of ownership as at 31 December 2025 equal to 92.5%);
- for EUR 13 thousand to the elimination of the equity investment of the subsidiary LU-VE Asia Pacific Ltd. following the conclusion of the related liquidation procedure in September.

INVESTMENTS

During the year, EUR 700 thousand was paid to the subsidiary Thermo Glass Door S.p.A. to cover the losses, then written down following the results of the *impairment test*, see Note 4.11 Gains and losses from equity investments and other interests.

The change in equity investments resulted in a cash absorption of EUR 15,192 thousand, deriving from the difference between the disbursements incurred for the Manifold transaction, the partial purchase of the equity investment in LU-VE Iberica S.L., the conversion of the loan to LU-VE US Inc. and the collections relating to the partial repayment of the share capital of the subsidiary LU-VE HEAT EXCHANGERS (Tianmen) Co., Ltd..

In December 2025, LU-VE S.p.A. acquired from LUVEDIGITAL the business unit owned by the latter, currently in Turin and concerning the implementation and production of application and automation software and the provision of services related to them, for an amount of EUR 10,200. The sale was effective on 1 January 2026. At the same time, LUVEDIGITAL was placed into liquidation.

As part of the recoverability test of the investment book values as at 31 December 2025 (*impairment test*), the company identified the following 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 on 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 2026-2029 of these subsidiaries prepared by the local management in collaboration with Management of the Company and subsequently included in the consolidated Business Plan 2026-2029, approved by the Board of Directors on 19 February 2026 (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 (2029), adjusted to reflect a situation "under normal circumstances", was considered in the *terminal value*.

INVESTMENTS

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.

The level of amortisation and investments was balanced and a change in working capital equal to zero was assumed. A *tax rate* equal to 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	8.28%	2.18%
REFRION S.r.l.	8.95%	1.97%
Fincoil LU-VE OY	8.81%	2.01%
Thermo Glass Door S.p.A.	11.03%	2.17%
«OOO» SEST LU-VE	19.22%	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 1.50% was also considered.

The *impairment* tests performed, which were approved by the Company's Board of Directors on 13 March 2026, 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 700 thousand was recognised (equal 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 *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	(23.00%)	16.00%	n/s.
REFRION S.r.l.	(50.50%)	24.60%	n/s.
Fincoil LU-VE OY	(39.76%)	16.18%	n/s.
Thermo Glass Door S.p.A.	n/a	n/a	n/a
«OOO» SEST LU-VE	(12.51%)	27.11%	n/a

* *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 (2026-2029 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.

OTHER NON-CURRENT FINANCIAL ASSETS

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 equipment: with reference to plant and machinery: since these are assets acquired in very recent years with respect to the appraisal date (31 December 2025), 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 2025.

Furthermore, with regard to the value of the *assets under construction* as at 31 December 2025 (not included in the expert's appraisal), the purchase price was considered representative of the *fair value*.

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 2025, these financial receivables were fully impaired.

Company Management has then determined that a minimum reduction in the recoverable value, as calculated above, would lead to a *break-even impairment* test.

Furthermore, in the United States, work on the expansion of the Jacksonville production site was more or less completed. Production is expected to gradually commence in the first semester of 2026. In light of the "tariff law" launched by the new US administration, the new plant takes on even greater strategic importance and, as a result, the entire organisation of the Group is carrying out strong support activities aimed at the selection and training of the local team as well as the creation and validation of the supply chain

A dedicated list indicating the information required for each subsidiary by art. 2427 of the Italian Civil Code, is provided in the appendix.

3.4 OTHER NON-CURRENT FINANCIAL ASSETS

Other non-current financial assets (in thousands of Euro)	31/12/2025	31/12/2024	Change
Other non-current financial assets	29,380	30,946	(1,566)
Intragroup bad debt provision	(21,855)	(22,312)	457
Total	7,525	8,634	(1,109)

OTHER NON-CURRENT ASSETS

The item "Other non-current financial assets" amounted to EUR 29,380 thousand (gross of the related bad debt provision) compared to EUR 30,946 thousand in the previous year and refers to financial receivables from subsidiaries.

Financial receivables are broken down as follows:

- EUR 21,855 thousand relating to a long-term loan in dollars (about USD 25,680 thousand) granted to the subsidiary *LU-VE US* Inc. to support the development of the production site. This receivable was fully written down. It should be noted that the bad debt provision on intercompany financial receivables amounted to EUR 21,855 thousand as at 31 December 2025 (EUR 22,312 thousand as at 31 December 2024) and decreased by EUR 457 thousand. This change is attributable to the release of EUR 2,535 thousand relating to unrealised exchange rate deltas for the previous year (see Note 4.10 - Exchange gains and losses) and provisions of EUR 2,078 thousand made for the adjustment of the value of the bad debt provision to that of the receivable in the current year (see Note 4.11 - Gains and losses on equity investments and other interests).
- EUR 4,325 thousand relating to a long-term loan granted to the subsidiary *LU-VE Sweden AB* (equal to SEK 46,798 thousand);
- EUR 3,200 thousand relating to a multi-year loan, denominated in Euro, granted to the subsidiary *SPIROTECH Heat Exchangers Pvt. Ltd.*;

Increases for the year:

- EUR 19,884 thousand (equal to USD 22,500 thousand) for new disbursements granted to the subsidiary *LU-VE Inc.*

Decreases for the year:

- EUR 700 thousand due to the full repayment of a long-term loan granted to the indirect subsidiary *RMS S.r.l.*;
- EUR 650 thousand due to the partial repayment of a long-term loan granted to the subsidiary *SPIROTECH Heat Exchangers Pvt. Ltd.*;
- EUR 17,256 thousand (equal to USD 20,000 thousand) for the conversion of the loan disbursed to the subsidiary *LU-VE US Inc.* into equity (see Note 3.3 - Equity investments).

Exchange rate effect for the year:

- EUR 3,085 thousand due to the non-monetary effect of the negative exchange rate delta on the loan granted to the subsidiary *LU-VE US Inc.*;
- EUR 241 thousand due to the non-monetary effect of the positive exchange rate delta on the loan granted to the subsidiary *LU-VE Sweden AB.*

The change in non-current financial assets resulted in cash absorption of EUR 1,279 thousand resulting from the repayments made and new disbursements during the year.

3.5 OTHER NON-CURRENT ASSETS

Other non-current assets (in thousands of Euro)	31/12/2025	31/12/2024	Change
Other non-current assets	42	41	1
Total	42	41	1

"Other non-current assets" amounted to EUR 42 thousand (EUR 41 thousand in 2024).

INVENTORIES

3.6 INVENTORIES

The item is broken down as follows as at 31 December 2025:

Inventories <i>(in thousands of Euro)</i>	31/12/2025	31/12/2024	Change
Raw, ancillary and consumable materials	21,651	21,584	67
Work in progress and semi-finished products	3,732	3,039	693
Finished products and goods for resale	6,881	5,601	1,280
Provision for inventory losses	(3,144)	(3,004)	(140)
Total	29,120	27,220	1,900

The item "Inventories" was EUR 29,120 thousand (EUR 27,220 thousand as at 31 December 2024), recording an increase of EUR 1,900 thousand.

The gross increase of EUR 2,040 thousand is due to the need to address the solid order backlog and the consequent increase in purchase orders.

Furthermore, during the year, EUR 140 thousand was allocated to the provision for inventory losses as a result of changes in the estimates of obsolete inventories.

The change in inventories led to a cash absorption for EUR 1,900 thousand.

3.7 TRADE RECEIVABLES

This item was broken down as follows at the end of the year:

Trade Receivables <i>(in thousands of Euro)</i>	31/12/2025	31/12/2024	Change
Trade receivables from third parties	35,031	28,816	6,215
Trade receivables from Group customers	42,042	35,774	6,268
Bad debt provision - third parties	(2,554)	(2,636)	82
Bad debt provision - Group	(3,500)	(1,744)	(1,756)
Total	71,019	60,210	10,809

As at 31 December 2025, receivables from Group companies amounted to EUR 42,042 thousand, broken down as follows:

- EUR 41,736 thousand of gross trade receivables for invoices issued (partially offset by the related bad debt provision for an amount of EUR 3,500 thousand);
- EUR 205 thousand of receivables for *contract assets*;
- EUR 150 thousand for advance payments to intercompany suppliers;
- EUR 49 thousand for credit notes to be issued to Group companies.

For details, please refer to the Note on Related Parties (see Note 4.16 – Transactions with Related Parties)

TRADE RECEIVABLES

The increase in trade receivables of EUR 10,809 thousand is mainly due to an increase in turnover in the last quarter of 2025 compared to the last quarter of 2024 and the increase in average collection days. For further details on the average collection days, please refer to the Directors' Report.

During the year, the Group's bad debt provision increased by EUR 1,756 thousand. This provision was made on the basis of an estimate of the expected future cash inflows mainly from the subsidiary LU-VE US Inc..

As at 31 December 2025, receivables from third-party customers amounted to EUR 35,031 thousand, broken down as follows:

- EUR 35,222 thousand of gross trade receivables for invoices issued (partially offset by the related bad debt provision for an amount of EUR 2,554 thousand);
- EUR 878 thousand for advance payments to suppliers and other trade receivables;
- EUR 1,069 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 11,085 thousand (EUR 10,196 thousand as at 31 December 2024), of which 10,710 thousand refer to receivables transferred in December 2025 (EUR 9,003 thousand as at 31 December 2024). All transfers are without *recourse*. Transferred receivables as a percentage of revenue amounted to 6.06% in 2025 and 5.49% in 2024.

The Company's bad debt provision for receivables from third parties decreased overall during the year by EUR 82 thousand. This change refers to uses of the provision against no longer recoverable receivables.

The breakdown of receivables from third parties by geographical area is shown below:

Breakdown of trade receivables from third parties by geographical area <i>(in thousands of Euro)</i>	31/12/2025	31/12/2024	Change
Italy	16,233	15,591	642
EU countries	12,760	6,326	6,434
Non-EU countries	6,038	6,899	(861)
Bad debt provision	(2,554)	(2,636)	82
Total	32,477	26,180	6,297

The ageing of trade receivables from third parties is shown below:

Breakdown of trade receivables from third parties by maturity <i>(in thousands of Euro)</i>	31/12/2025	31/12/2024	Change
Current receivables (not past due)	28,188	25,197	2,991
Past due up to 30 days	3,496	2,296	1,200
Past due from 30 to 60 days	815	279	536
Past due from 60 to 90 days	415	48	367
Past due for more than 90 days	2,117	996	1,121
Total	35,031	28,816	6,215

TRADE RECEIVABLES

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 2025, the estimate of the expected losses included the potential *forward-looking* impacts of the macroeconomic conditions related to the possible deterioration of customers' creditworthiness and that of the countries in which they operate and on their ability to meet their obligations. With reference to the latter, it is reported that, as at 31 December 2025, 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.

The following table summarises, on the basis of IFRS 9, the risk profile of trade receivables on the basis of the provision matrix reviewed by the Company in 2025, 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 2025 of expected losses throughout the credit life:

<i>(in thousands of Euro)</i>	Not past due	0-30	31 - 60	61 - 90	>90	Total
Expected default rate	4.90%	6.86%	13.62%	25.78%	33.73%	7.29%
Estimate of gross book value at the time of default	28,188	3,496	815	415	2,117	35,031
Expected losses throughout the life of the credit	1,382	240	111	107	714	2,554

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.

CURRENT TAX ASSETS

The results of the analyses in thousands of Euro as at 31 December 2025 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	11,179	-	-	(191)	10,988	2,778
Risk Class 2	4,666	-	3,372	(1,310)	6,728	461
Risk Class 3	26,197	7,525	(24,045)	(6,771)	2,905	261
Total	42,042	7,525	(20,673)	(8,272)	19,317	3,500

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 10,809 thousand.

3.8 CURRENT TAX ASSETS

This item was broken down as follows:

Current tax assets (in thousands of Euro)	31/12/2025	31/12/2024	Change
VAT receivables	127	734	(607)
Receivables from tax authorities	4,546	4,051	495
Total	4,673	4,785	(112)

The decrease in receivables due from tax authorities for current taxes amounting to EUR 112 thousand was due to:

- a decrease of EUR 607 thousand for VAT referring to the purchase/sale trends.
- an increase of EUR 495 thousand mainly due to tax credits for investments.

Receivables from tax authorities, recorded under current assets, refer to:

- EUR 1,737 thousand for tax receivables for current taxes;
- EUR 1,273 thousand for withholding taxes on interest;
- EUR 800 thousand for tax credits for investments;
- EUR 737 thousand for other minor receivables.

CURRENT FINANCIAL ASSETS

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 are measured at amortised cost.

This item was broken down as follows:

Current financial assets (in thousands of Euro)	31/12/2025	31/12/2024	Change
<i>Time deposit</i>	10,000	-	10,000
Capitalisation policies	36,220	10,351	25,869
Fair value of derivatives	820	1,426	(606)
<i>Cash Pooling</i>	3,372	12,810	(9,438)
Other securities	280	272	8
Other financial receivables	-	1,076	1,076
Total	50,692	25,935	24,757

As at 31 December 2025, the Company had *Time deposit* contracts with a maturity of more than 3 months and in any event less than one year for EUR 10,000 thousand (as at 31 December 2024 there were no *Time deposits* with a maturity of more than 3 months). During the year, the Company invested mainly 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 2025, *Time deposit* investments generated financial income of EUR 3,093 thousand recognised in the Income Statement under the “Financial income” items, fully collected during the year.

As at 31 December 2025, 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 commission, whose *fair value* as at 31 December 2025 amounted to EUR 5,447 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 2025 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 commission (the latter recognised in the Income Statement under the item “Financial expense”, and whose *fair value* as at 31 December 2025 amounted to EUR 5,354 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 *fair value* measurement as at 31 December 2025 resulted in the recognition of a positive change of EUR 269 thousand (see Note 4.8 - Financial Income);
- Class I policies issued by BNP Paribas Cardif Vita Compagnia di Assicurazione e Riassicurazione S.p.A. underwritten in February 2025 for a nominal amount of EUR 5,000 thousand, were measured as at 31 December 2025 at *fair value* for EUR 5,170 thousand. These policies permit,

CURRENT FINANCIAL ASSETS

after the assignment of a single 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. These policies are restricted for the first 12 months from its underwriting, after which the invested liquidity can be divested without any restriction. The *fair value* measurement as at 31 December 2025 resulted in the recognition of a positive change of EUR 170 thousand in the income statement (see Note 4.8 – Financial Income);

- CNP Class I policy issued by the insurance company CNP VITA ASSICURA S.p.A., signed in July 2025 with Banca Aletti & C. S.p.A. (Banco BPM S.p.A. group), for a nominal amount of EUR 20,000 thousand, net of non-material commissions, and valued at *fair value* as of 31 December 2025, at EUR 20,250 thousand. These policies permit, after the assignment of a single 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. These policies are restricted for the first 12 months from its underwriting, after which the invested liquidity can be divested without any restriction. The *fair value* measurement as at 31 December 2025 resulted in the recognition of a positive change of EUR 251 thousand in the income statement (see Note 4.8 – Financial Income).

The item “*fair value* of derivatives” represents the *fair value* as at 31 December 2025 of derivative contracts stipulated by the Company.

The following table summarises the derivative financial instruments outstanding as at 31 December 2025, broken down by type:

Derivative financial instruments as at 31/12/2025 (in thousands of Euro)		31/12/2025		31/12/2024		31/12/2025	31/12/2024
TYPE	ORIGINAL NOTIONAL	NOT. Short	NOT. M/L	NOT. Short	NOT. M/L	FAIR VALUE	FAIR VALUE
IRS on loans	565,500	111,700	230,106	110,353	246,110	701	1,200
Currency options	5,000	5,000	-	30,206	-	(2)	114
Commodities Swap	592	592	-	2,718	-	121	112
Total	571,092	117,292	230,106	143,277	246,110	820	1,426
Total Notional		347,398		389,387			

As at 31 December 2025, derivative financial instruments related to IRS on loans entered into by the Company showed a positive *fair value* of EUR 701 thousand (EUR 1,200 thousand as at 31 December 2024).

The negative change in the *fair value* of derivatives instruments for EUR 606 thousand compared to the previous year is mainly determined as follows:

- negative change in *fair value* of EUR 499 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 116 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 9 thousand;

Other securities refer to investments in insurance certificates, with Unicredit, totalling EUR 280 thousand. The *fair value* measurement as at 31 December 2025 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 2025 is approximately EUR 9,438 thousand.

OTHER CURRENT ASSETS

Finally, the change in “*Other financial receivables*” for EUR 1,076 thousand refers to the collection of interest income on intercompany loans that had not yet been collected as at 31 December 2024.

The aforementioned net investments in financial assets resulted in a net cash absorption of EUR 24,479 thousand (determined by the difference between the change in other current financial assets of EUR 24,757 net of the negative change in the *fair value* of derivatives amounting to EUR 607 thousand, the positive change in receivables for invoices to be issued for *Cash pooling* interest of EUR 7 thousand, and the positive change in the *fair value* of investments in policies for EUR 878 thousand).

3.10 OTHER CURRENT ASSETS

The details of this item are shown below:

Other current assets (in thousands of Euro)	31/12/2025	31/12/2024	Change
Advances to suppliers	1,280	957	323
Receivables from Group Companies for tax consolidation	984	1,077	(93)
Sundry receivables	59	1,462	(1,403)
Total	2,323	3,496	(1,173)

The increase in "other current assets" for EUR 1,173 thousand is due to:

- a decrease in sundry receivables for EUR 1,403 thousand, mainly attributable to the collection of receivables during the year. In particular, the collection of the entire current receivable due from the subsidiary SEST-LUVE-Polska Sp. Z.o.o., referring to the values of the customer list and the *know-how* of the commercial evaporators production line transferred to Poland in 2020, for a total amount of EUR 1,383 thousand, collected in full as at 31 December 2025;
- a decrease in receivables from Group companies for tax consolidation for EUR 93 thousand;
- an increase of EUR 323 thousand in advances to suppliers, mainly for *software and data center* maintenance contracts.

3.11 CASH AND CASH EQUIVALENTS

The details of this item are shown below:

Cash and cash equivalents (in thousands of Euro)	31/12/2025	31/12/2024	Change
Cash and cash equivalents	78,948	101,660	(22,712)
Cash equivalents	177,500	125,000	52,500
Total	256,448	226,660	29,788

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* for EUR 177,500 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.

SHAREHOLDERS' EQUITY

3.12 SHAREHOLDERS' EQUITY

The share capital amounts to EUR 62,704 thousand, unchanged from 31 December 2024.

During the year 2025, dividends of EUR 9,327 thousand were distributed by the Company through the use of the retained earnings from the previous year.

As at 31 December 2025, 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 2025.

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:

Nature/description	Amount	Possibility of use	Available portion	Summary of uses in the last three years (*)	
				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	(288)	-			
Profit reserves:					
Legal reserve	5,745	B			
Exchange delta reserve not available	-	B			
Extraordinary reserve	16,105	A,B,C	16,105		(26,648)
Fair value change reserve not available	1,935	B			
Revaluation reserve	273	A,B	273		
Post-employment benefits discounting reserve	14	-			
Total (*)	111,250		41,140		
Non-distributable portion	74,815				
Distributable portion	36,435				

**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).*

Key:

A: for capital increases

B: to cover losses

C: for distribution to shareholders

LOANS

3.13 LOANS

This item was broken down as follows:

Loans (in thousands of Euro)	31/12/2025		31/12/2024	
	Current	Non-current	Current	Non-current
M/L-term bank loans	118,575	328,248	119,252	263,258
Advances on export flows in Euro	-	-	10,000	-
Total	118,575	328,248	129,252	263,258

As at 31 December 2025, bank loans amounted to EUR 446,823 thousand (EUR 382,510 thousand as at 31 December 2024).

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 Company are provided in the table of paragraph 9 "Appendix B". It should be reminded that for floating rate loans, the Company calculated the amortised cost as at 31 December 2025 on the basis of the market *forward* yield curve at the *reporting* date.

In relation to certain loan agreements, LU-VE S.p.A. 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 2025, 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: transactions during the year (in thousands of Euro)	Opening balance	New loans	Repayments	Change in amortised cost (*)	Closing balance
Loans	382,510	185,000	(120,719)	32	446,823
Bank advances on invoices	10,000	20,000	(30,000)	-	-
Total	392,510	205,000	(150,719)	32	446,823

(*) Impact generated by the calculation of future cash outflows for interest on the basis of market forward curves for floating rate loans, of which EUR 1,924 thousand related to the impact on the income statement (determined by the effect arising from the update of the rate curves for EUR 519 thousand and the effect of interest accrued in the year but not yet paid of EUR 1,405 thousand, Note 4.9) fully absorbed by EUR 1,892 thousand mainly relating to the repayment of interest which accrued in the year 2024 and was paid in 2025.

The following changes took place to loans in 2025:

- In February 2025, an unsecured loan of EUR 25,000 thousand was signed with Intesa Sanpaolo S.p.A.. This loan, fully disbursed as at the date of execution, has a term of 72 months (of which 12 months of grace period), with capital repayments on a quarterly basis, is aimed at supporting the expansion of the Group's operating volumes, envisages compliance with financial covenants and does not foresee better conditions upon the achievement of precise sustainability targets (see Appendix B);
- in March an unsecured loan for EUR 35,000 thousand was taken out with Banco BPM S.p.A., fully disbursed as at the date of execution, for a term of 60 months (of which 6 months of grace period),

LOANS

- with capital repayments on a quarterly basis. This loan, aimed exclusively at covering the company's financial needs, envisages compliance with financial covenants (see Appendix B);
- in May, an unsecured loan for EUR 25,000 thousand was taken out with Intesa Sanpaolo S.p.A., fully disbursed as at the date of execution, for a term of 72 months (of which 12 months of grace period), with capital repayments on a quarterly basis. This loan envisages compliance with financial covenants and improved conditions for the Group, upon the achievement of an increase in the incidence of turnover from products using natural and/or high energy-efficient refrigerants (SLOAN GREEN);
- in September, an unsecured loan for EUR 20,000 thousand was taken out with BPER Banca S.p.A. for a term of 72 months (of which 12 months of grace period), with capital repayments on a quarterly basis. This loan requires compliance with financial covenants;
- in September, an unsecured loan for EUR 50,000 thousand was taken out with Unicredit S.p.A., fully disbursed as at the date of execution, for a term of 60 months (of which 12 months of grace period), with capital repayments on a quarterly basis. This loan is aimed at supporting the general financial needs related to the exercise of the activities of the LU-VE Group and requires compliance with financial covenants;
- In December, an unsecured loan for EUR 30,000 thousand was taken out with Banca Nazionale del Lavoro S.p.A., fully disbursed as at the signing date, for a term of 72 months (including a 6-month grace period), with capital repayments on a six-monthly basis. This loan is aimed at supporting the general financial needs related to the exercise of the activities of the LU-VE Group and requires compliance with financial covenants;
- repayments for the year of EUR 120,719 thousand entirely related to repayments made during the year of current instalments of existing loans; no early redemptions occurred in 2025.

The new loans were stipulated by taking into account the average cost of the LU-VE Group's debt, in line with market rates.

The total cash flows absorbed for reimbursements amounted to EUR 120,719 thousand (EUR 116,940 thousand in 2024), the subscriptions brought a cash generation of EUR 185,000 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;
- it should be noted that in November 2025 the loan of EUR 10,000 thousand matured, for which a payment guarantee issued by SACE S.p.A. applied, for the benefit of the bank, to cover 50% of the amount due for principal and interest to be paid by LU-VE S.p.A.. The SACE guarantee was 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 4.15 below provides the information relating to financial risks.

During 2025, the following changes occurred in the item "Other advances on invoices":

- use of short-term lines of credit for EUR 20,000 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.

PROVISIONS

3.14 PROVISIONS

Change in provisions (In thousands of Euro)	31/12/2024	Provisions/ (Releases)	Uses	31/12/2025
Provision for agents' leaving indemnities	122	-	(3)	119
Product warranty provision	2,517	-	-	2,517
Other provisions for risks and charges	-	500	-	500
Total	2,639	500	(3)	3,136

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 was used for EUR 3 thousand with respect 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. The provision is unchanged from the previous year and was adjusted on the basis of analyses conducted and past experience.

The increase in other provisions for risks and charges, amounting to EUR 500 thousand, is due to an estimate of the costs for the restoration of the correct storage of materials dating back to past management of the plants in Borgo Valbelluna.

Provisions, which represent the estimated future outflows calculated partly based on historical experience, were subject to actuarial valuation as at 31 December 2025. As the effect was deemed negligible, it was not incorporated in the Company's Separate Financial Statements as at 31 December 2025.

3.15 EMPLOYEE BENEFITS OBLIGATIONS

Employee benefits obligations as at 31 December 2025 amounted to EUR 2,238 thousand, with a net increase of EUR 118 thousand compared to 31 December 2024.

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 2025, 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 remuneration 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.

EMPLOYEE BENEFITS OBLIGATIONS

The date of the last actuarial valuation was 31 December 2025.

The breakdown and changes in the item as at 31 December 2025 are shown below:

Employee benefits obligations <i>(in thousands of Euro)</i>	31/12/2025	31/12/2024
Liabilities as at 1 January	2,120	2,357
Provisions	-	-
Financial expense	60	73
Payments made	(312)	(270)
Manifold business purchase support	367	-
Actuarial (gains)/losses	3	40
Liabilities at the end of the year	2,238	2,120

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 discloses a net actuarial loss of EUR 3 thousand, calculated as follows:

- actuarial gain deriving from the change in the main actuarial assumptions used as at 31 December 2025 with respect to the previous valuation of EUR 9 thousand as at 31 December 2024;
- 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 12 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 2025 are shown below:

Financial assumptions	31/12/2025 %	31/12/2024 %
Discount rate (IBOXX Eurozone Corporate AA 10+ Index)	3.09	3.18
Inflation rate	2.00	2.00
Post-employment benefits 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 post-employment benefits as at 31/12/2025 <i>(in thousands of Euro)</i>	0.25%	-0.25%
Discount rate	(34)	35

OTHER FINANCIAL LIABILITIES

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)	31/12/2025	31/12/2024	Change
IFRS 16 financial payables	7,782	6,961	821
Total	7,782	6,961	821

Other non-current financial liabilities consisted of “IFRS 16 financial payables” for EUR 7,782 thousand, referring to the medium- and long-term lease payable recognised in application of IFRS 16.

The increase in IFRS 16 financial payables mainly refers to the change in the lease agreement of the Alonte facility, which was entered into in 2024 and amended during the year.

The details of this item for the current portion are shown below:

Other current financial liabilities (in thousands of Euro)	31/12/2025	31/12/2024	Change
<i>Cash Pooling</i>	24,045	10,944	13,101
IFRS 16 financial payables	1,651	1,857	206
Total	25,696	12,801	12,895

Cash Pooling represented liabilities for the Company relating to the Group’s centralised treasury. As at 31 December 2025, the balance of EUR 24,045 thousand is mainly linked to the company SEST-LUVE-Polska SP.z.o.o. for EUR 7,982 thousand, the company Fincoil LU-VE OY for EUR 5,428 thousand, the company Heat Transfer Systems s.r.o. (HTS) for EUR 3,728 thousand, the company Refrion S.r.l. for EUR 2,896 thousand, the company LU-VE Sweden AB for EUR 2,144 thousand, the company LU-VE France S.a.r.l. for EUR 1,045 thousand and other Group companies for EUR 822 thousand.

The item “IFRS 16 financial payables” of EUR 1,651 thousand refer to the short-term lease payable recognised in application of IFRS 16.

The monetary effect of other financial liabilities is positive for EUR 10,402 thousand (based on the increase in the Cash Pooling for EUR 13,012 thousand, and for EUR 2,610 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)	31/12/2025	31/12/2024	Change
Italy	33,606	31,456	2,150
EU countries	11,920	8,151	3,769
Non-EU countries	5,162	5,112	50
Total	50,688	44,719	5,969

TAX LIABILITIES

The increase of EUR 5,969 thousand is mainly due to the need to address the solid order backlog and the consequent increase in purchase orders.

As at 31 December 2025, 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.

Contract liabilities (advances received from customers before rendering any service) for an amount of EUR 2,972 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 5,969 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)	31/12/2025	31/12/2024	Change
Payables to tax authorities for direct taxes	369	338	31
Others	2,026	2,050	(24)
Total	2,395	2,388	7

The item "Other payables" for EUR 2,026 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 369 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)	31/12/2025	31/12/2024	Change
Deferred tax assets	13,188	11,412	1,776
Deferred tax liabilities	(5,712)	(5,898)	186
Net position	7,476	5,514	1,962

DEFERRED TAX ASSETS AND LIABILITIES

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: change during the year (in thousands of Euro)	TAX LOSSES	DEPR/ AMORT. AND LEASES	MERGER GROSS UP	ACTUARIAL VALUATION OF POST- EMPLOYMENT BENEFITS	PROVISIONS AND ADJUSTMENTS	OTHER DIFFERENCE S	TOTAL
31/12/2023	(3,556)	535	4,378	(10)	(6,815)	- 91	(5,559)
In Income Statement	(369)	(200)	-	-	(35)	(449)	(1,053)
Tax consolidation	834	-	-	-	-	-	834
In shareholders' equity	-	-	-	10	-	-	10
MERGER CONTRIBUTION	-	973	-	3	(723)	1	254
31/12/2024	(3,091)	1,308	4,378	3	(7,573)	(539)	(5,514)
In Income Statement	(1,956)	(186)	-	-	(384)	(10)	2,536
Tax consolidation	575	-	-	-	-	-	575
In shareholders' equity	-	-	-	(1)	-	-	(1)
31.12.2025	(4,472)	1,122	4,378	2	(7,957)	(549)	(7,476)

As at 31 December 2025, 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 2025, 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 2025, the taxable income derived from the 2026-2029 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.

OTHER CURRENT LIABILITIES

3.20 OTHER CURRENT LIABILITIES

The details of this item are shown below:

Other current liabilities <i>(in thousands of Euro)</i>	31/12/2025	31/12/2024	Change
To employees	10,032	9,372	660
To social security institutions	4,892	4,761	131
To Directors and Statutory Auditors	2,612	2,308	304
Payables to subsidiaries for tax consolidation	253	444	(191)
Other current payables	3,805	4,450	(645)
Total	21,594	21,335	259

The increase in other current liabilities, for EUR 259 thousand, is mainly due to:

- an increase of EUR 1,095 thousand relating to payables to directors, statutory auditors, employees and social security institutions;
- a decrease of EUR 191 thousand in payables resulting from the tax consolidation scheme with the Italian companies participating in the related contract;
- a decrease of EUR 645 thousand in other current payables, mainly referable to payables for the purchase of fixed assets.

In early 2026, payables to employees and social security institutions were paid in accordance with the relative due dates

NET FINANCIAL POSITION

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)	31/12/2025	31/12/2024	Change
A. Cash (Note 3.11)	78,948	101,660	(22,712)
B. Cash equivalents (Note 3.9 and 3.11) (*)	177,500	125,000	52,500
C. Other current financial assets (Note 3.9) (**)	50,692	25,935	24,757
D. Total Liquidity (A+B+C)	307,140	252,595	54,545
E. Current financial debt (including debt instruments, but excluding current portion of non-current financial debt) (Note 3.16)	25,696	12,801	12,895
F. Current portion of non-current financial debt (Note 3.13)	118,575	129,252	(10,677)
G. Current financial debt (E+F)	144,271	142,053	2,218
H. Net current financial debt (G-D)	(162,869)	(110,542)	(52,327)
I. Non-current financial debt (excluding current portion and debt instruments) (Notes 3.13 and 3.16)	336,029	270,219	65,810
- Non-current bank payables (Note 3.13)	328,248	263,258	64,990
- Lease payables and other non-current financial payables (Note 3.16)	7,782	6,961	821
J. Debt instruments	-	-	-
K. Non-current trade and other payables	-	-	-
L. Non-current financial debt (I+J+K)	336,029	270,219	65,810
M. Net financial debt (H+L)	173,160	159,677	13,483

(*) Cash equivalents refer to liquidity invested in Time deposits by the Company 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 3,372 thousand (Note 3.9).

Please refer to the Statement of Cash Flows in Note 1.5 – Statement of Cash Flows for details on changes.

REVENUES

4 COMMENT ON THE MAIN ITEMS OF THE INCOME STATEMENT

4.1 REVENUES

In 2025, revenues from sales amounted to EUR 182,989 thousand, a decrease of 1.48% compared to the previous year (EUR 185,733 thousand as at 31 December 2024).

Revenues by product family

Revenues by product (in thousands of Euro)	2025	%	2024	%	Change	% Change
Air Cooled Equipment	116,486	63.66%	129,484	69.72%	(12,998)	(10.04%)
Heat exchangers	66,503	36.34%	56,249	30.28%	10,254	18.23%
TOTAL	182,989	100.00%	185,733	100.00%	(2,744)	(1.48%)

Revenues by geographical area

Revenues by geographical area (in thousands of Euro)	2025	%	2024	%	Change	% Change
Italy	64,703	35.36%	63,912	34.41%	791	1.24%
France	15,292	8.36%	17,913	9.64%	(2,621)	(14.63%)
Czech Republic	13,417	7.33%	10,042	5.41%	3,375	33.61%
The Netherlands	12,623	6.90%	14,755	7.94%	(2,132)	(14.45%)
Germany	10,623	5.81%	6,190	3.33%	4,433	71.61%
Finland	7,486	4.09%	7,550	4.06%	(64)	(0.84%)
Poland	7,387	4.04%	5,669	3.05%	1,718	30.31%
Spain	6,386	3.49%	7,324	3.94%	(938)	(12.80%)
USA	4,024	2.20%	2,366	1.27%	1,658	70.07%
United Arab Emirates	3,563	1.95%	3,878	2.09%	(315)	(8.13%)
Great Britain	3,205	1.75%	3,327	1.79%	(122)	(3.68%)
Turkey	2,976	1.63%	2,235	1.20%	741	33.14%
Saudi Arabia	2,815	1.54%	3,806	2.05%	(991)	(26.05%)
Other countries	28,489	15.57%	36,766	19.80%	(8,277)	(22.51%)
TOTAL	182,989	100.00%	185,733	100.00%	(2,744)	(1.48%)

For further details, please refer to the Directors' Report.

OTHER OPERATING INCOME

4.2 OTHER OPERATING INCOME

Other operating income (in thousands of Euro)	2025	2024	Change
Other revenues	15,780	15,108	672
Total	15,780	15,108	672

The item other revenues, equal to EUR 15,780 thousand, mainly refers to intercompany charge-backs, up compared to the previous year as a result of greater services provided.

4.3 PURCHASES OF MATERIALS

Purchases of materials (in thousands of Euro)	2025	2024	Change
Raw materials and purchased components	89,270	89,546	(276)
Consumables	2,367	2,049	318
Total	91,637	91,595	42

In 2025, the cost for the purchase of materials remained essentially unchanged, rising from EUR 91,595 thousand to EUR 91,637 thousand, with an increase of EUR 42 thousand.

For further details, please refer to the Directors' Report.

4.4 COSTS FOR SERVICES

Costs for services (in thousands of Euro)	2025	2024	Change
Expenses for <i>utilities</i>	5,626	5,500	126
General and advisory expenses	9,155	9,917	(762)
Advertising and promotional expenses	363	765	(402)
Transport expenses	2,997	2,884	113
Maintenance expenses	5,248	4,738	510
Outsourced production	3,181	3,701	(520)
Commissions	2,431	3,101	(670)
Remuneration to the corporate bodies	3,529	3,631	(102)
Other production costs	859	919	(60)
Other costs for services	2,616	2,150	466
Total	36,005	37,306	(1,301)

The item "Costs for services" decreased compared to the previous year by a total amount of EUR 1,301 thousand. This increase mainly refers to:

- the increase in maintenance costs of EUR 5,248 thousand (EUR 4,738 thousand in 2024) attributable to increased work on machinery and maintenance of the SaaS (*Software as a Service*) services;
- the increase in costs for expenses for *utilities* of EUR 5,626 thousand (EUR 5,500 thousand in 2024) mainly due to *data center* costs;
- the increase in transport expenses of EUR 2,997 thousand (EUR 2,884 thousand in 2024) mainly linked to the rise in costs for shipments;

COSTS FOR SERVICES

- the decrease in costs for general and advisory expenses for EUR 9,155 thousand (EUR 9,917 thousand in 2024);
- the increase in other costs for services of EUR 2,616 thousand (EUR 2,150 thousand in 2024), mainly attributable to customs duties;
- the decrease in costs for external work of EUR 3,181 thousand (EUR 3,701 thousand in 2024), due to the lower use of these services, mainly attributable to the work previously carried out by Manifold S.r.l. (following the purchase of the business unit, see Note 3.3 - Equity investments);
- the decrease in commission, amounting to EUR 2,431 thousand (EUR 3,101 thousand in 2024), resulting from the reduction in sales made by the Group's agents and sales companies.
- the decrease in costs for advertising and promotional expenses amounting to EUR 363 thousand (EUR 765 thousand in 2024), due to minor participation in trade fairs;
- the decrease in costs for remuneration to corporate bodies of EUR 3,529 thousand (EUR 3,631 thousand in 2024) – see table below for more details;
- the decrease in other production costs of EUR 859 thousand (EUR 919 thousand in 2024) due to a reduction in charges from customers for non-quality costs.

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 Company when specific sustainability targets are achieved.

In this regard, LU-VE S.p.A. declares:

- the purchase of energy from renewable sources for all electricity used during the year, equal to approximately MWh 10,626;
- to have allocated approximately 0.32% 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 41% of the total fleet);
- to have offered 4.25 hours of training per employee on environmental and social sustainability issues during the year, for a total of 3,832 hours.

Remuneration to corporate bodies is analysed below (for more details, please see Note 4.17 – Directors' and Statutory Auditors' Remuneration below):

Remuneration to the corporate bodies <i>(in thousands of Euro)</i>	2025	2024	Change
Directors' remuneration	3,289	3,367	(78)
Board of Statutory Auditors' remuneration and other corporate bodies	240	264	(24)
Total	3,529	3,631	(102)

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.

PERSONNEL COSTS

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.	208
Limited assurance on the Consolidated Sustainability Statement	Deloitte & Touche S.p.A.	LU-VE S.p.A.	100
Total			308

4.5 PERSONNEL COSTS

Personnel costs (in thousands of Euro)	2025	2024	Change
Wages and salaries	42,876	40,617	2,259
Social security costs	12,571	12,197	374
Post-employment benefits	2,822	2,812	10
Total	58,269	55,626	2,643

The average number of employees of LU-VE S.p.A. in 2025 was 990 (1,008 in 2024).

As at 31 December 2025, the number of employees of the Company was 902 (541 blue-collar workers, 341 white-collar and middle-collar workers, 20 executives), compared to 927 in 2024 (557 blue-collar workers, 350 white-collar and middle-collar workers, 20 executives).

As at 31 December 2025, the number of temporary employees was 85 (59 in 2024).

The increase in the item "Personnel costs" is mainly attributable to the salary increases envisaged in the national collective agreement and the inflationary effect.

4.6 NET WRITE-DOWNS OF CURRENT FINANCIAL ASSETS

Write-downs (in thousands of Euro)	2025	2024	Change
Reversal/(write-down) of bad debt provision - intragroup	1,757	-	1,757
Reversal/(write-down) of bad debt provision - third parties	-	50	(50)
Total	1,757	50	1,707

The item includes the net accruals made during 2025 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.

OTHER OPERATING EXPENSES

Following the application of this principle to intercompany receivables, during the year the Company set aside EUR 1,757 thousand referring to the intercompany trade receivables of the subsidiary LU-VE US Inc.

For further details, please refer to Note 3.7 – Trade receivables.

4.7 OTHER OPERATING EXPENSES

Other operating expenses (in thousands of Euro)	2025	2024	Change
Non-income taxes	497	440	57
Provisions/(Releases) for risks	500	231	269
Other operating costs	609	551	58
Total	1,606	1,222	384

Non-income taxes included mainly taxes on owned property.

For year 2025, this item mainly includes membership contributions for EUR 193 thousand, contingent liabilities for EUR 154 thousand, stamp duties for EUR 80 thousand, deductible taxes and duties for EUR 60 thousand and other residual costs for EUR 122 thousand.

Provisions for risks of EUR 500 thousand (EUR 231 thousand in 2024) refer to the allocation of the costs for the restoration of the correct storage of materials dating back to previous management of the plants in Borgo Valbelluna, see Note 3.14 – Provisions.

4.8 FINANCIAL INCOME

Financial income (in thousands of Euro)	2025	2024	Change
Dividends from subsidiaries	23,233	23,924	(691)
Interest income	5,517	7,636	(2,119)
Other financial income	890	192	698
Total	29,640	31,752	(2,112)

Details of financial income are as follows:

- EUR 23,233 thousand refer to: (i) dividends distributed by SEST-LU-VE-Polska SP.z.o.o. for EUR 15,200 thousand and (ii) dividends paid by Heat Transfer Systems s.r.o. for EUR 4,500 thousand; (iii) dividends paid by Fincoil LU.VE OY for EUR 2,000 thousand; (iv) dividends paid by «OOO» SEST LU-VE for EUR 1,233 thousand; (v) and dividends paid by LU-VE France S.à.r.l. for EUR 300 thousand;
- EUR 5,517 thousand mainly refers to interest income accrued on *Time deposits* during the year, amounting to EUR 3,093 thousand collected in full as at 31 December 2025, (for more details, please refer to Note 3.9 – “Current financial assets”), interest income on intergroup loans of EUR 1,225 thousand, *Cash Pooling* interest income of EUR 137 thousand and bank interest income of EUR 1,062 thousand;
- EUR 890 thousand mainly refers to the *fair value* of capitalisation policies and insurance certificates, of which the policy details are indicated in Note 3.9 - Current financial assets.

During the year, financial income of EUR 27,294 thousand was collected (equal to total interest of EUR 29,640 thousand net of the interest income on *Cash Pooling*, on loans to subsidiaries, from banks, on *Time deposits*, accrued and not collected for EUR 1,240 thousand, of the fair value of investments for EUR 878 thousand and uncollected dividends from subsidiaries of EUR 228 thousand).

FINANCIAL EXPENSE

4.9 FINANCIAL EXPENSE

Financial expense (in thousands of Euro)	2025	2024	Change
Interest expenses to banks	13,202	8,385	4,817
Interest expense to other lenders	385	311	74
Other financial expenses	989	5,355	(4,366)
Total	14,576	14,051	525

“Interest expense to banks” of EUR 13,202 thousand refers primarily to interest on loans (for EUR 12,496 thousand in 2025), partially offset by the differentials exchanged with counterparties on IRS financial instruments (EUR 1,218 thousand in 2025), and by the effect of the amortised cost (EUR 1,924 thousand in 2025 resulting from the negative effect of the updated forward interest yield curves for EUR 519 thousand and the interest for the year, but not yet paid, equal to EUR 1,405 thousand, as indicated in 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 499 thousand refers to the negative *fair value* on derivative financial instruments underlying existing loans of LU-VE S.p.A. (please refer to Note 3.9 - “Current financial assets”);
- EUR 490 thousand refers to other interest expense and financial expense accrued or realised during the year.

The net monetary change in interest expenses to banks is negative for EUR 11,278 thousand and the difference mainly relates to accrued interest expenses for the year not yet paid as at 31 December 2025 and to the effect of the amortised cost.

4.10 EXCHANGE GAINS (LOSSES)

In 2025 LU-VE S.p.A. reported net exchange losses of EUR 1,126 thousand (net exchange gains of EUR 1,003 thousand in 2024).

- losses of EUR 2,398 refer to unrealised exchange losses as at 31 December 2025 (net gains of EUR 1,553 thousand as at 31 December 2024). It should be noted that unrealised exchange rate deltas amounted to EUR 4,933 thousand, net of EUR 2,535 thousand referring to the release of the loan write-down provision for the portion of the exchange delta in place as at 31 December 2024, see Note 3.4 - Other non-current financial assets.
- the gain of EUR 1,272 thousand refers to realised exchange gains as at 31 December 2025 (losses of EUR 550 thousand as at 31 December 2024).

These changes are mainly attributable to the exchange rate trend recorded during the year.

4.11 GAINS AND LOSSES FROM SALE OF INVESTMENTS AND OTHER INTERESTS

During 2025, the following write-downs were recorded:

- write-down of the investment in the subsidiary Thermo Glass Door S.p.A. for EUR 700 thousand, see Note 3.3 – “Equity investments”;
- the adjustment of the write-down of the exchange rate delta on the loan disbursed to the subsidiary LU-VE US Inc. for EUR 2,078 thousand, see Note 3.4 - Other non-current financial assets.

INCOME TAXES

4.12 INCOME TAXES

Income taxes (in thousands of Euro)	2025	2024	Change
Current taxes	369	338	31
Deferred tax liabilities	2,536	(1,053)	(1,483)
Adjustment previous year	600	(89)	689
Total	(1,567)	(804)	(763)

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)	10,585	24.00%	2,540
+ Non-deductible amortisation and depreciation	209	0.47%	50
+ Costs for motor vehicles, telephony and food service	743	1.68%	178
+ Non-deductible local taxes	-	0.00%	-
+ Other permanent upward adjustments	2,770	6.28%	665
- Non-taxable dividends	(22,071)	(50.04%)	(5,297)
- Deductible IRAP	(36)	(0.08%)	(9)
- Other permanent downward adjustments	(287)	(0.65%)	(69)
Actual tax charge	(8,087)	(42.34%)	(1,942)
+ Temporary upward adjustments	1,421	3.22%	341
- Temporary downward adjustments	-	0.00%	-
Current tax charge	(6,666)	(39.11%)	(1,601)

Reconciliation of IRAP theoretical tax charge (in thousands of Euro)	Pre-tax amounts	%	Tax effect
Difference between values and costs of production	(567)	3.90%	(22)
+ Non-deductible amortisation and depreciation	105	(0.72%)	4
+ Non-deductible local taxes	383	(2.63%)	15
+ Non-deductible labour costs	3,182	(21.89%)	124
+ Other permanent upward adjustments	5,195	(35.73%)	203
- Permanent downward adjustments	(182)	0.00%	(7)
Actual tax charge	8,116	(60.98%)	317
+ Temporary upward adjustments	1,298	(8.93%)	52
- Temporary downward adjustments	-	0.00%	-
Current tax charge	9,414	(69.90%)	369

Deferred tax assets have been previously commented in Note 3.19 – “Deferred tax assets and liabilities”.

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 carried out by the Italian Tax Authority on LU-VE S.p.A. concerning the years 2016, 2017, 2018, and 2019, and the report on finding relating to the year 2019, the assessment power relating to the years 2016 to 2018 has elapsed. With reference to the assessment relating to the year 2019,

PUBLIC CONTRIBUTIONS

during the year 2025, the Italian Tax Authority notified two deed sheets (for Ires and IRAP purposes, for approximately EUR 1.9 million) for the subjection to taxation of the higher taxable amount highlighted in the 2023 report on finding. The Company has applied for a tax settlement proposal and the proceedings are pending.

In April 2025, a general tax audit was initiated at LU-VE S.p.A. with reference to the 2021 tax period. On 18 September 2025, a report on findings was delivered by the Italian Tax Authority – Regional Directorate of Lombardy with a number of challenges related to intercompany transactions for a total higher potential taxable amount of approximately EUR 845 thousand for both IRES and IRAP purposes. The tax inspector considered that the documentation submitted by the Company is suitable and that it therefore allows the application of the bonus scheme to disapply the sanctions. From an analysis, also carried out with the tax advisors, of the findings raised and the assumptions on which conclusion is based, it is believed that the risk relating to the findings formulated may be considered possible and in any case not fully quantifiable at the moment.

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 Article 31 ter of Italian Presidential Decree No. 600/73, LU-VE S.p.A. promptly responded to all documentary requests received pro tempore. On 5 December 2025, the Revenue Agency announced that the intercompany transactions covered by the application were to be linked to a broader corporate reorganisation and should therefore be valued as a whole and not considered as separate sales of individual *assets* (contrary to the approach taken by the Italian Tax Authority in Varese with reference to the year 2019). For these reasons, the Authority proposed adopting a methodology deemed more appropriate for the specific case, based on the *discounted cash flow* (DCF) model. Based on this approach, a sale value of approximately EUR 21.7 million was estimated, compared to the EUR 5 million indicated in the application. LU-VE S.p.A. submitted explanatory briefs pointing out the lack of factual and legal grounds that would allow the multiple transfers to be reclassified as a single legal transaction and highlighting several methodological and calculation issues in the estimates made by the Authority. The briefs are currently under review by the Authority and we await the commencement of the adversarial proceeding. In any case, at present, the potential risk relating to the approach taken by the tax authorities is considered to be possible, with a probability to be assessed, but certainly not quantifiable at this time.

For further details, please refer to Note 8 - Events that occurred after 31 December 2025.

4.13 PUBLIC CONTRIBUTIONS

During 2025 year, the Company accounted on an accrual basis the following contributions falling under the cases pursuant to Italian Law 124 of 4 August 2017.

Granting body	Nature of public contribution	Public Contributions relating to 2025	Public Contributions relating to 2024	Classification in the Financial Statements
Gestore dei Servizi Energetici GSE S.p.A.	Subsidies in the year for photovoltaic system	138	167	As a reduction in Expenses for <i>utilities</i> , included in the item "Costs for Services"
Total		138	167	

DIVIDENDS

It should be noted that the Company received State aid and de minimis aid subject to the publication requirement in the National Register of State Aid (RNA), pursuant to Article 52 of Law 234/2012. Such aid is duly reported and available for consultation in the transparency section of the mentioned Register, which is referenced for detailed information.

4.14 DIVIDENDS

In May 2025, dividends for EUR 9,327 thousand were distributed, corresponding to the distribution of a gross dividend of EUR 0.47 (zero/47) 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 0.45 (zero/45) 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 Company and, therefore, it was not included under liabilities in these Financial Statements.

Any proposed dividend will be payable as of 6 May 2026, with coupon No. 11 ex-dividend date 4 May 2026 (*record date* 5 May 2026).

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 business relationships 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.

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).

INFORMATION ON FINANCIAL RISKS

Financial assets measured at fair value as at 31/12/2025 (in thousands of Euro)	Level 1	Level 2	Level 3	Total
Current financial assets	-	36,220	-	36,220
Derivatives	-	820	-	820
Total	-	37,040	-	37,040

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*.

The categories of financial instruments are reported below:

Financial instruments by IFRS 9 categories (in thousands of Euro)	31/12/2025	31/12/2024
<u>Financial assets</u>		
<u>Amortised cost</u>		
Cash and cash equivalents (*)	256,448	226,660
Time deposit (**)	10,000	-
Trade receivables	71,019	60,210
Non-current financial assets		
Other non-current assets	7,525	8,634
<u>Fair Value</u>		
Trading derivatives	820	1,426
Current financial assets (***)	39,872	24,509
<u>Financial liabilities</u>		
<u>Amortised cost</u>		
Loans	(446,823)	(392,510)
Trade payables	(50,688)	(44,719)
Other non-current financial payables (****)	(7,782)	(6,961)
Other current financial payables (*****)	(25,696)	(12,801)

(*) Cash and cash equivalents include EUR 177,500 thousand for Time deposits with a maturity of less than 3 months (EUR 125,000 as at 31 December 2024)

(**) Time deposit with maturity of less than one year. As at 31 December 2025, the Company had contracts in place with a maturity of less than 6 months for EUR 10,000 thousand, 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 820 thousand and Time deposits exceeding 3 months, which fall 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 payables are represented by payables for cash pooling and payables for IFRS 16 (see Note 3.16 - "Other financial liabilities")

INFORMATION ON FINANCIAL RISKS

Credit risk management

The Company is exposed to credit risk deriving from business relationships 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.

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 and the current macro-economic context.

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 risks are borne by the buyer.

At centralised level, in order to protect the result for the year and the financial position 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 aim to hedge the underlying risks. In particular, in 2025, 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 Company 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 recognised in 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 2025, a theoretical and immediate revaluation of the Euro by 10% compared to other currencies would have entailed a loss of EUR 873 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. The drop in interest rates continued

INFORMATION ON FINANCIAL RISKS

during 2025, stabilising in the latter part of the year. 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 2025, the coverage of these risks represented 76.4% 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 Company 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 recognised in the income statement.

Sensitivity analysis

With reference to the floating rate financial assets and liabilities as at 31 December 2025, 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 4,150 thousand as at 31 December 2025, and equal to EUR 9,435 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 Company 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 Company 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 extractive 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, LU-VE S.p.A. 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 action 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 Company 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, LU-VE S.p.A. enters into contracts to hedge the risk of fluctuations in the price of raw materials.

INFORMATION ON FINANCIAL RISKS

The current year recorded an average value of the main raw materials up compared to 2024, with the maximum annual levels achieved in the last quarter. It should be noted that LU-VE S.p.A. has “*pass through*” systems in place which allow cost increases to be transferred to end customers (also possibly generated by the fluctuation in currencies), 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, during 2025, the inventory management returned to “just in time” principles, 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.

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 2025, LU-VE S.p.A. has unused short-term credit lines totalling EUR 44.4 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 indebtedness, financing investments with own funds and possibly with medium/long-term payables.

An analysis of financial liabilities by maturity as at 31 December 2025 is provided below:

Analysis of financial liabilities by maturity as at 31 December 2025 (in thousands of Euro)	Book value	Contractual cash flows	Within 1 year	From 1 to 5 years	More than 5 years
Bank loans	446,823	382,864	118,771	264,093	-
Other advances on invoices	-	10,000	10,000	-	-
IFRS 16 Financial payables*	9,433	9,433	1,651	4,639	3,143
Financial payables	456,256	402,297	130,422	268,732	3,143
Trade payables	50,688	50,688	50,688	-	-
Total	506,944	452,985	181,110	268,732	3,143

(*) “IFRS 16 Financial payables” include the discounting of principal repayments

TRANSACTIONS WITH RELATED PARTIES

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 shareholders' 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 TRANSACTIONS WITH RELATED PARTIES

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 accordance with IAS 24, the following entities are considered to be Related Parties: *(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 management personnel, i.e., that 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 transactions of LU-VE S.p.A. with Related Parties primarily relate to:

- financial transactions;
- transactions connected to service agreements;
- business relationships;
- transactions entered into as part of the national tax consolidation scheme with the Italian companies of the LU-VE Group therein included.

TRANSACTIONS WITH RELATED PARTIES

The impact on the Balance Sheet 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/(pay ables)	Revenue s for goods and services	Costs for goods and services	Financial income	Financial expense	Other revenues/(cost s)
SEST-LUVE-Polska SP.z.o.o.	6,804	(3,968)	-	(8,090)	(137)	9,226	(11,815)	19	128	-
Thermo Glass Door S.p.A.	734	405	3,372	-	(253)	734	332	112	-	-
«OOO» SEST LU-VE	205	-	-	-	228	-	-	-	-	-
Heat Transfer Systems s.r.o. (HTS)	3,350	(181)	-	(3,757)	-	3,879	(262)	-	(29)	-
LU-VE France S.a.r.l.	1,838	(60)	-	(1,050)	-	8,615	(164)	-	(4)	-
LU-VE Deutschland GmbH	3,932	(652)	-	-	-	1,634	(667)	-	-	-
LU-VE Iberica S.L.	3,058	(180)	-	-	-	5,976	(193)	-	-	-
LU-VE Sweden AB	1,799	(193)	5,063	(2,201)	-	2,747	(505)	-	(57)	-
MANIFOLD S.r.l.	-	-	-	(467)	78	-	(495)	-	(5)	-
LuveDigital S.r.l.	-	44	-	-	-	-	-	-	-	-
SPIROTECH Heat Exchangers Pvt. Ltd	1,563	318	3,200	-	-	2,726	(762)	161	-	-
LU-VE AUSTRIA GmbH	-	(29)	-	-	-	-	(49)	-	-	-
LU-VE US Inc.	11,179	(191)	-	-	-	5,471	(196)	1,052	-	-
LU-VE HEAT EXCHANGERS Co, Ltd	1,069	(85)	-	-	-	940	(83)	-	-	-
LU-VE Netherlands B.V.	410	(533)	-	-	-	1,165	(1,279)	-	-	-
LU-VE MIDDLE EAST DMCC	9	(85)	-	-	-	11	(612)	-	-	-
«OOO» LU-VE Moscow	48	-	-	-	-	48	-	-	-	-
Fincoil LU-VE OY	3,839	(432)	-	(5,527)	-	8,449	(578)	-	(99)	-
LU-VE SOUTH KOREA LLC	-	-	-	-	-	-	-	-	-	-
LU-VE UK Ltd	172	(5)	-	-	-	-	(105)	-	-	-
Refrion S.r.l.	1,920	(1,314)	-	(2,953)	599	1,912	(1,261)	-	(57)	-
RMS S.r.l.	554	(271)	-	-	153	444	(281)	13	-	-
Refrion Deutschland GmbH	11	-	-	-	-	11	-	-	-	-
TOTAL	42,494	(8,946)	11,635	(24,045)	668	53,988	(19,639)	1,357	(379)	-

Balances converted from foreign currencies are shown gross of the exchange rate delta.

TRANSACTIONS WITH RELATED PARTIES

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)	-	-

DIRECTORS' AND STATUTORY AUDITORS' REMUNERATION

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 "2025 Report on Remuneration".

4.18 SHARE-BASED PAYMENTS

As at 31 December 2025, 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 2025 are reported below:

Commitments as at 31 December 2025 <i>(in thousands of Euro)</i>	2025	2024	Change
Sureties to banks with respect to customers of our subsidiaries	3,080	308	2,772
Sureties to banks with respect to customers	2,455	2,041	414
Sureties in favour of third parties	1,667	3,667	(2,000)
Insurance sureties	309	309	-
Total	7,511	6,325	1,186

COMMITMENTS

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 31/12/2025	Currency	Profit (loss) for the year 2025	Currency	Cost of the equity investment
<i>Direct subsidiaries:</i>										
SEST-LUVE-Polska SP.z.o.o.	Gliwice (Poland)	95.00	PLN	16,000,000	PLN	327,850,415	PLN	68,063,152	EUR	25,308,457
«ООО» SEST LU-VE	Lipetsk (Russia)	95.00	RUB	136,000,000	RUB	5,732,408,811	RUB	1,603,006,477	EUR	3,770,723
Thermo Glass Door S.p.A.	Travacò Sicomario (PV)	100.00	EUR	100,000	EUR	468,547	EUR	(813,194)	EUR	-
Heat Transfer Systems s.r.o. (HTS)	Novosedly (Czech Republic)	100.00	CZK	133,300,000	CZK	509,566,934	CZK	130,594,978	EUR	9,539,657
LU-VE Sweden AB	Asarum (Sweden)	100.00	SEK	50,000	SEK	102,689,659	SEK	34,840,729	EUR	390,448
LU-VE France S.a.r.l.	Lyon (France)	100.00	EUR	84,150	EUR	1,830,354	EUR	218,420	EUR	1,303,072
LU-VE Deutschland GmbH	Stuttgart (Germany)	100.00	EUR	230,000	EUR	(1,897,492)	EUR	(79,558)	EUR	173,001
LU-VE Iberica S.L.	Madrid (Spain)	92.50	EUR	180,063	EUR	1,195,672	EUR	190,977	EUR	460,285
LU-VE HEAT EXCHANGERS (Tianmen) Co, Ltd	Tianmen (China)	100.00	CNY	32,827,800	CNY	46,793,576	CNY	3,162,216	EUR	7,099,607
LuveDigital S.r.l. (*)	Uboldo (VA)	50.00	EUR	10,000	EUR	81,405	EUR	14,776	EUR	5,000
MANIFOLD S.r.l.	Uboldo (VA)	99.00	EUR	10,000	EUR	399,980	EUR	(30,143)	EUR	405,337
SPIROTECH Heat Exchangers Pvt. Ltd	Ghaziabad, Uttar Pradesh (India)	100.00	INR	25,729,600	INR	5,144,264,903	INR	790,432,471	EUR	39,468,270
LU-VE AUSTRIA GmbH	Vienna (Austria)	100.00	EUR	17,500	EUR	246,070	EUR	60,676	EUR	17,500
LU-VE US Inc.	Jacksonville (USA, Texas)	100.00	USD	30,001,000	USD	4,546,706	USD	(6,069,923)	EUR	30,808,451
Fincoil LU-VE OY	Vantaa (Finland)	100.00	EUR	1,190,000	EUR	10,970,671	EUR	4,448,443	EUR	30,648,883

LIST OF EQUITY INVESTMENTS IN SUBSIDIARIES (ART. 2427 NO. 5 OF ITALIAN CIVIL CODE)

COMMITMENTS

Company name	Registered office	% held	Currency	Share capital	Currency	Shareholders' Equity as at 31/12/2025	Currency	Profit (loss) for the year 2025	Currency	Cost of the equity investment
LU-VE Netherlands B.V.	Breda (Netherlands)	100.00	EUR	10,000	EUR	269,348	EUR	82,423	EUR	10,000
«OOO» LU-VE Moscow	Moscow (Russia)	100.00	RUB	100,000	RUB	31,463,622	RUB	9,478,237	EUR	1,382
LU VE MIDDLE EAST DMCC	Dubai (UAE)	100.00	AED	50,000	AED	1,259,974	AED	488,769	EUR	20,147
LU-VE SOUTH KOREA Llc	Seoul (South Korea)	100.00	KRW	100,000,000	KRW	31,421,212	KRW	6,512,827	EUR	107,680
LU-VE UK Ltd	London (United Kingdom)	100.00	GBP	10,000	GBP	50,132	GBP	(7,959)	EUR	11,500
Refrion S.r.l.	Flumignano di Talmassons (UD)	100.00	EUR	1,000,000	EUR	10,761,319	EUR	1,963,578	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	2,956,474	EUR	577,225	EUR	551,620
Refrion Deutschland GmbH (100% owned by LU-VE Deutschland GmbH)	Frankfurt am Main (Germany)	100.00	EUR	150,000	EUR	23,899	EUR	21,932	EUR	115,638

(*) Company in liquidation

6 SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

During 2025, 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 2025 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 2025

On 26 January 2026, LU-VE S.p.A. unveiled its **new logo**, created from the desire to make the trademark fully consistent with the company's current role in the market and the responsibilities that come with it.

Over its forty-year history, LU-VE S.p.A. has not only followed the evolution of the industry, but has also helped shape it. Indeed, at the heart of its new positioning is the concept of "shaping": the market, technologies, industry standards. This concept is expressed in the new tagline "*The Shape of Cooling*", which describes LU-VE S.p.A.'s approach: designing solutions that combine technology, sustainability and industrial culture, creating lasting value for customers, the market, employees and the communities in which the company operates.

LU-VE S.P.A's roots lead to the future. The new trademark derives from the synthesis of two visual and symbolic elements: the rose, a historic emblem of the passion and values that have guided the company's growth, and the fan, a universally recognised icon of refrigeration. Their fusion creates an identity capable of looking to the future without losing its connection to its roots.

In January, LU-VE S.p.A. purchased 7.5% of the shares of LU-VE Iberica S.l. (for an amount of EUR 315 thousand), thus reaching a controlling share of 100%.

In January 2026, the Parent Company entered into two loan agreements with Intesa Sanpaolo S.p.A. for a total of EUR 40 million, fully disbursed as of the signing date.

With reference to the preliminary assessments notified by the Italian Revenue Agency in 2025 regarding the tax year 2019, following the filing of the settlement proposal by LU-VE S.p.A., a statement of defense was submitted in March 2026 addressing the main points of discussion, and the proceedings are currently pending.

With reference to the tax audit regarding the 2021 tax year, there have been no further developments as of the date of this report.

With reference to the procedure for Advance Pricing Agreements ("APA") filed on December 28, 2020, following the submission by the LU-VE S.p.A. of explanatory briefs contesting the factual and legal grounds raised by the tax authorities, such briefs are still under review as of the date of this report and no formal discussion process has been initiated.

COMMITMENTS

Based on the current order backlog, the commercial pipeline and the operating performance achieved in 2025, the Group enters 2026 with solid fundamentals and an even stronger financial position.

Subject to macroeconomic conditions, energy markets, the geopolitical context and supply chain dynamics, the Group currently expects to make further progress in achieving its medium- to long-term objectives in 2026.

This expectation is attributable not only to the record level of the order backlog at the end of 2025 and sustained consumer demand in most of its core markets, but also to the continuation of initiatives aimed at achieving ever-increasing operational efficiency.

Growth is expected to be driven primarily by strong consumer demand in the dynamic data centre market, in “power generation”, as well as in heat pumps and commercial refrigeration, and by increasingly improved territorial coverage of the Group’s markets, amid a structural increase in global consumer demand for cooling, energy efficiency and sustainable, temperature-controlled logistics.

However, the recent events in the Middle East (2025 sales represented 3.8% on total revenues of the Group), in addition to causing market turbulence, could impact logistics and the procurement of certain materials, as well as delay deliveries of some existing orders and the completion times of new orders currently under negotiation. The expected increase in energy costs, however, should not have a particularly significant impact in 2026.

The Group will continue to monitor evolving market conditions closely, maintaining a disciplined approach to capital allocation and cost control.

The Chairman and Chief Executive Officer

Matteo Liberali



COMMITMENTS

9 APPENDIX AIRS on loans (*in thousands of Euro*)

DEBTOR COMPANY	COUNTERPARTY	TAKEN OUT	MATURITY	ORIGINAL NOTIONAL	31/12/2025		31/12/2025
					NOT. Short	NOT. M/L	FAIR VALUE
LU-VE S.p.A.	Deutsche Bank S.p.A.	30/10/2020	30/10/2026	5,500	1,171	-	15
LU-VE S.p.A.	Intesa Sanpaolo S.p.A.	31/03/2021	31/03/2026	30,000	1,875	-	11
LU-VE S.p.A.	Banco BPM S.p.A.	14/06/2021	31/03/2026	12,000	706	-	4
LU-VE S.p.A.	Banco BPM S.p.A.	14/06/2021	31/03/2026	18,000	1,060	-	6
LU-VE S.p.A.	Banco BPM S.p.A.	31/12/2021	30/09/2026	40,000	8,000	-	81
LU-VE S.p.A.	Intesa Sanpaolo S.p.A.	28/04/2022	28/04/2029	20,000	4,000	10,000	232
LU-VE S.p.A.	Intesa Sanpaolo S.p.A.	28/04/2022	28/04/2029	20,000	4,000	10,000	206
LU-VE S.p.A.	Intesa Sanpaolo S.p.A.	25/07/2022	29/03/2029	15,000	3,000	6,750	108
LU-VE S.p.A.	Banca Nazionale del Lavoro S.p.A.	22/07/2022	22/07/2027	40,000	8,000	8,000	117
LU-VE S.p.A.	BPER Banca S.p.A.	22/07/2022	22/07/2027	25,000	6,250	4,688	23
LU-VE S.p.A.	Intesa Sanpaolo S.p.A.	28/07/2022	28/07/2027	15,000	3,750	2,813	28
LU-VE S.p.A.	Deutsche Bank S.p.A.	28/10/2022	28/10/2028	15,000	3,333	6,667	(43)
LU-VE S.p.A.	Unicredit S.p.A.	24/11/2022	31/12/2026	25,000	6,250	-	(17)
LU-VE S.p.A.	Banco BPM S.p.A.	19/01/2023	30/09/2027	25,000	5,882	4,412	(93)
LU-VE S.p.A.	Intesa Sanpaolo S.p.A.	19/01/2023	30/09/2027	30,000	6,667	13,333	(232)
LU-VE S.p.A.	Unicredit S.p.A.	26/10/2023	26/10/2028	15,000	3,529	7,059	(3)
LU-VE S.p.A.	BPER	16/01/2024	31/12/2028	15,000	12,188	-	(33)
LU-VE S.p.A.	BPER	23/01/2024	22/01/2026	15,000	3,750	8,438	(28)
LU-VE S.p.A.	Banca Nazionale del Lavoro S.p.A.	23/01/2024	22/01/2029	35,000	6,364	25,455	93
LU-VE S.p.A.	Intesa Sanpaolo S.p.A.	17/12/2024	28/11/2030	25,000	4,545	18,182	12
LU-VE S.p.A.	Intesa Sanpaolo S.p.A.	29/11/2024	29/11/2030	15,000	2,727	10,909	7
LU-VE S.p.A.	Intesa Sanpaolo S.p.A.	29/11/2024	29/11/2030	25,000	3,750	21,250	70
LU-VE S.p.A.	Banco BPM S.p.A.	27/02/2025	27/02/2031	20,000	4,444	14,444	14
LU-VE S.p.A.	Banco BPM S.p.A.	20/06/2025	29/03/2030	15,000	3,333	10,832	(15)
LU-VE S.p.A.	Unicredit S.p.A.	30/09/2025	31/03/2030	35,000	2,188	32,812	115
LU-VE S.p.A.	Unicredit S.p.A.	30/09/2025	30/09/2030	15,000	938	14,062	23
Total				565,500	111,700	230,106	701

COMMITMENTS

Currency options (*in thousands of Euro*)

COMPANY	COUNTERPARTY	TYPE	HEDGED ELEMENT	TAKEN OUT	MATURITY	ORIG. ORIG.	31/12/2025		31/12/2025 FAIR VALUE
							NOT. Short	NOT. M/L	
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	TARF	EUR /\$ Exchange Rate	11/04/2025	25/02/2026	1,000	1,000	-	-
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	TARF	EUR /\$ Exchange Rate	16/06/2025	29/04/2026	1,000	1,000	-	6
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	TARF	EUR /\$ Exchange Rate	04/08/2025	15/07/2026	1,000	1,000	-	(2)
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	TARF	EUR /\$ Exchange Rate	07/08/2025	15/07/2026	1,000	1,000	-	-
LU-VE S.P.A.	Intesa Sanpaolo S.p.A.	TARF	EUR /\$ Exchange Rate	11/12/2025	02/12/2026	1,000	1,000	-	(6)
Total						5,000	5,000	-	(2)

Commodity derivatives (*in thousands of Euro*)

CONTRACTOR	COUNTERPARTY	CONTRACT NO.	RAW MATERIALS	IDENTIFIER NO.	NOTIONAL	TAKEN OUT	MATURITY	QUANTITY	NOT. ORIG.	NOT. SHOR T-TERM	NOT. M/L TERM	FAIR VALUE 31/12/2025
LU-VE S.P.A.	Unicredit S.p.A.	549300TRUWO 2CD2G5692	Aluminium	MSO_606272401	171	30/07/2024	31/07/2026	75	171	171	-	19
LU-VE S.P.A.	Unicredit S.p.A.	549300TRUWO 2CD2G5692	Copper	MSO_606272051	421	30/07/2024	31/07/2026	50	421	421	-	102
Total									592	592	-	121

COMMITMENTS

10 APPENDIX B

Bank loans (in thousands of Euro)							AMORTISED COST				
							31/12/2025		31/12/2024		
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	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
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
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	1,173	1,173	2,309	1,129
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
LU-VE	Intesa Sanpaolo S.p.A.	Unsecured loan	31/03/2021	31/03/2026	3M EURIBOR 360 basis + spread	NFP/GOM< 3; NFP/Shareholders' Equity<1	30,000	1,876	1,876	9,409	7,535
LU-VE	Banco BPM S.p.A.	Unsecured loan	14/06/2021	31/03/2026	3M EURIBOR 360 basis + spread	-	12,000	706	706	3,541	2,835
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	1,061	1,061	5,334	4,274
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
LU-VE	Banco BPM S.p.A.	Unsecured loan	16/12/2021	30/09/2026	3M EURIBOR 360 basis + spread	NFP/EBITDA <=3.0 NFP/EQUITY <=1.25	40,000	8,005	8,005	18,727	10,731

COMMITMENTS

Bank loans (in thousands of Euro)								AMORTISED COST			
								31/12/2025		31/12/2024	
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	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	28,018	7,957	36,018	8,053
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	9,723	2,980	12,717	3,014
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	9,709	2,973	12,701	3,008
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 <= 1.25	40,000	16,128	8,026	24,192	8,048
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 <= 1.25	25,000	10,958	6,249	17,214	6,266
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	6,570	3,746	10,351	3,785
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	19,959	6,612	26,615	6,694
LU-VE	Unicredit S.p.A.	Unsecured loan	24/11/2022	31/12/2026	3M 360 days Euribor + Spread	NFP/EBITDA <= 3.25; NFP/SE <= 1.25	25,000	6,216	6,216	12,416	6,198
LU-VE	Banco BPM S.p.A.	Unsecured loan	20/12/2022	30/09/2027	3M 360 days Euribor + Spread	NFP/EBITDA </=3.25 NFP/SE <= 1.25	25,000	10,201	5,809	15,994	5,805

COMMITMENTS

Bank loans (in thousands of Euro)								AMORTISED COST			
								31/12/2025		31/12/2024	
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	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	19,932	6,606	26,580	6,704
LU-VE	Unicredit S.p.A.	Unsecured loan	21/12/2023	31/12/2028	3M 360 days Euribor + Spread	NFP/EBITDA <= 3.25; NFP/SE <= 1.25	30,000	20,976	6,941	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	24,526	7,636	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	31,812	6,306	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	22,715	4,504	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	13,629	2,702	15,005	1,403
LU-VE	Intesa Sanpaolo S.p.A.	Unsecured loan	27/02/2025	27/02/2031	3M 360 days Euribor + Spread	NFP/EBITDA <= 3 NFP/SE <= 1.00	25,000	25,026	3,708	-	-
LU-VE	Banco BPM S.p.A.	Unsecured loan	31/03/2025	29/03/2030	3M 360 days Euribor + Spread	NFP/EBITDA <= 3 NFP/SE <= 1.25	35,000	32,991	7,714	-	-
LU-VE	Intesa Sanpaolo S.p.A.	Unsecured loan	28/05/2025	31/05/2031	3M 360 days Euribor + Spread	NFP/EBITDA <= 3 NFP/SE <= 1.00	25,000	25,034	2,452	-	-

COMMITMENTS

Bank loans (in thousands of Euro)								AMORTISED COST			
								31/12/2025		31/12/2024	
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	BPER Banca S.p.A.	Unsecured loan	18/09/2025	18/09/2031	Euribor 3 months 360 days + spread	NFP/EBITDA <= 3.0; NFP/SE <= 1.25	20,000	19,994	952	-	-
LU-VE	Unicredit S.p.A.	Unsecured loan	29/09/2025	30/09/2030	Euribor 3 months 360 days + spread	NFP/EBITDA <= 3.25; NFP/SE <= 1.25	50,000	49,911	3,016	-	-
LU-VE	Banca Nazionale del Lavoro S.p.A.	Unsecured loan	18/12/2025	18/12/2031	6M 360 days Euribor + Spread	NFP/EBITDA <= 3.5; NFP/SE <= 1.25	30,000	29,974	2,649	-	-
							Total	446,823	118,575	382,510	119,252

Notes:*NFP: net financial position;**SE: shareholders' equity;**DSCR: debt service coverage ratio**LR: leverage ratio (NFP/EBITDA)**GR: gearing ratio (NFP/SE)*

COMMITMENTS

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	01/01/2025-31/12/2025	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				725,000.00	(1)(2)	506,761.30	(3)	7,869.89		1,239,631.19		
(II) Remuneration from subsidiaries and associates												
(III) Total				725,000.00		506,761.30		7,869.89		1,239,631.19		
Pier Luigi Faggioli	Vice Chairman	01/01/2025-31/12/2025	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				285,000.00	(1)(4)	234,596.05		6,320.28		525,916.33		
(II) Remuneration from subsidiaries and associates												
(III) Total				285,000.00		234,596.05		6,320.28		525,916.33		
Michele Faggioli	CSDO	01/01/2025-31/12/2025	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				550,000.00	(1)(5)	488,705.76	(3)	7,869.89		1,046,575.65		
(II) Remuneration from subsidiaries and associates												
(III) Total				550,000.00		488,705.76		7,869.89		1,046,575.65		

COMMITMENTS

(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					
Raffaella Cagliano	Director	01/01/2025-31/12/2025	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				25,000.00	'(1)'	4,000.00				29,000.00		
(II) Remuneration from subsidiaries and associates												
(III) Total				25,000.00		4,000.00				29,000.00		
Anna Gervasoni	Director	01/01/2025-31/12/2025	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	01/01/2025-31/12/2025	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				25,000.00	'(1)'			7,062.73	120,420.00 ⁽⁹⁾	152,482.73		
(II) Remuneration from subsidiaries and associates												
(III) Total				25,000.00				7,062.73	120,420.00	152,482.73		
Laura Oliva	Director	01/01/2025-31/12/2025	Approval of 2025 Financial Statements									

COMMITMENTS

(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
(I) Remuneration in the company that prepares Financial Statements				25,000.00 ⁽¹⁾	8,000.00					33,000.00		
(II) Remuneration from subsidiaries and associates												
(III) Total				25,000.00	8,000.00					33,000.00		
Stefano Paleari	Director	01/01/2025-31/12/2025	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				25,000.00 ⁽¹⁾	27,500.00 ^{(10)(11) (12)}					52,500.00		
(II) Remuneration from subsidiaries and associates												
(III) Total				25,000.00	27,500.00					52,500.00		
Carlo Paris	Director	01/01/2025-31/12/2025	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				25,000.00 ⁽¹⁾	4,000.00					29,000.00		
(II) Remuneration from subsidiaries and associates												
(III) Total				25,000.00	4,000.00					29,000.00		
Roberta Pierantoni	Director	01/01/2025-31/12/2025	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				25,000.00 ⁽¹⁾	8,000.00					33,000.00		
(II) Remuneration from subsidiaries and associates												
(III) Total				25,000.00	8,000.00					33,000.00		

COMMITMENTS

(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					
Marco Vitale	Honorary Chairman	01/01/2025-31/12/2025	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	01/01/2025-31/12/2025	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 Auditor	01/01/2025-31/12/2025	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		

COMMITMENTS

(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					
Domenico A.M. Fava	Standing Auditor	01/01/2025-31/12/2025	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		

COMMITMENTS

(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	01/01/2025-31/12/2025	Approval of 2025 Financial Statements									
(I) Remuneration in the company that prepares Financial Statements				390,000.00		197,851.57 ⁽¹⁵⁾		9,201.06		597,052.63		
(II) Remuneration from subsidiaries and associates												
(III) Total				390,000.00		197,851.57		9,201.06		597,052.63		

(*) 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 142,733.40 as variable medium/long term Component (2023 -2025 LTI) accrued for 2025;

(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 in his capacity 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 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 and, on the same date, the Board of Directors appointed Prof. 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 30,000.00 for each of the two standing auditors.

(15) of which EUR 56,730.22 accrued as variable medium/long term Component (2023-2025 LTI) for 2025 and EUR 35,000.00, by way of a one-off bonus;

12 GENERAL INFORMATION ABOUT THE COMPANY

Registered office:

Via Vittorio Veneto, 11
21100 Varese
ITALY (ITA)

Contact information:

Tel: +39 02 - 967161
E-mail: info@luvegroup.com
Website: www.luvegroup.com

Tax information:

Economic and Administrative Index VARESE 191975
VAT No./Tax Code 01570130128

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 2025.

It is also certified that the separate financial statements as at 31 December 2025:

- 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 2026

Matteo Liberali
CEO

Eligio Macchi
Manager in charge
of financial reporting

**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 December 31, 2025, 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 December 31, 2025, 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.

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 15.8 million. This goodwill is allocated to the two cash generating units (“CGU”) identified consistently with the consolidated financial statements: “Cooling Systems” for EUR 14.3 million and “Components” for EUR 1.5 million, to which were also allocated other tangible and intangible assets for EUR 71.9 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 December 31, 2025 at a value not higher than their recoverable amount. After the conclusion of the impairment test 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 2026-2029 business plan of the Company prepared by Management and included in the LU-VE Group consolidated business plan, 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 an independent expert, which determined the fair value of the property, plant and equipment.

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 the Company’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 2.1 “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:

- understanding of the relevant controls undertaken by the Company on the impairment test process;
- 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;
- assessment of the reasonableness of the main assumptions adopted by Management to develop cash flow forecasts (including the effects of the macroeconomic context) 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) of the CGU “Cooling Systems”;
- test of the mathematical accuracy of the model used to determine the value in use of the CGU “Cooling Systems”;
- 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 December 31, 2025 include investments in subsidiaries for a total amount of EUR 166.8 million, of which: (i) EUR 0.2 million, EUR 30.8 million and EUR 0.7 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, (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, and (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 December 31, 2025 at an amount not higher than their recoverable amount.

After the conclusion of the impairment tests 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 0.7 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 expected cash flows from the subsidiaries, making reference to the 2026 - 2029 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 (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 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:

- 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 analyzing 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.

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.

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 March 10, 2017 as auditors of the Company for the years from December 31, 2017 to December 31, 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.

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 December 31, 2025, 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 December 31, 2025 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 December 31, 2025, 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 December 31, 2025.

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.

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
Giacomo Bellia
Partner

Milan, Italy
March 27, 2026

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.

LU-VE S.p.A.
Via Vittorio Veneto 11 – 21100 Varese
REA [Economic and Administrative Index] Number: VA-191975
Tax Code: 01570130128

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE 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 2025, 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 approval of the financial statements as at 31 December 2025: you will therefore be called upon to resolve on the appointment of the new Board of Statutory Auditors for the next three years.

As of 1 January 2025, the Board of Statutory Auditors performed its duties by holding 19 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 the Committees, in particular: (i) 8 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 3 induction sessions. It also attended the Shareholders' Meetings on 18 April 2025 and 1 July 2025. During the same year, the Board of Statutory Auditors also met the Supervisory Body pursuant to Italian Legislative Decree No. 231 of 2001 and the auditing firm Deloitte for a mutual exchange

of information, the members of the Boards of Statutory Auditors of the Italian subsidiaries (where appointed) as well as the Company's senior managers and some senior managers, active both at Italian Group companies and at the foreign ones.

1. TRANSACTIONS AND MAJOR ECONOMIC, FINANCIAL, EQUITY AND SUSTAINABILITY EVENTS DURING THE YEAR OR AFTER YEAR-END

The year 2025 was characterised for the LU-VE Group by a total increase in product sales of 3%; at the end of the year, the portfolio value was more than 34% higher than the previous year. EBITDA reached 14.4% of sales, up 5.7% compared to 2024.

In addition, it should be noted that, during the year:

- the business unit of LUVE DIGITAL Srl was acquired, whose percentage of equity investment in the share capital is 50%, related to the implementation and production of application and automation software;
- 7.5% of the share capital of LUVE IBERICA S.L. was acquired, further replicated in January 2026, thus reaching a 100% equity investment;
- work was substantially completed on the expansion of the production plant at LU-VE US Inc. in Texas;
- the implementation of the new global organisational structure on a regional basis ("Clusters") became consolidated.

The LU-VE Group continues to monitor 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 kept the verification procedures regarding the possibility of exporting its own products and components to Russia active and, if necessary with the support of external consultants, verifies the correct interpretation of the applicable legislation with the competent authorities.

The Group also monitors the new situation created with the conflict in Iran in order to take prompt action in the event of significant negative changes in the reference scenarios that may cause any impacts on logistics and finding materials.

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.

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 liaised with the Financial Reporting Manager and the Group Legal and Corporate Affairs Manager and held dedicated meetings with the Head of Internal Audit department, the Chief Technology & Innovation Officer, the Chief Quality Process Officer and the Information & Communication Technologies Director. In addition, the Board of Statutory Auditors maintained a constant information channel and held regular meetings with the members of the Supervisory Body and the appointed auditing firm, as mentioned above.

The Board of Statutory Auditors also exchanged information, through dedicated meetings, with the heads of foreign companies of strategic importance, as well as the Russian investee company. It should be noted that during 2025:

- 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 Boards which the Board of Statutory Auditors attended.

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 firm for additional services, other than the statutory audit of the accounts.

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 Directors' Report and in the Explanatory 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 Explanatory Notes the main assumptions used in conducting the impairment test to which certain balance sheet assets had to be subjected.

During the year 2025, 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 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 of 29 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 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 Financial Reporting Manager, the Head of Legal and Corporate Affairs and the Head of the Internal Audit department, as well as with the senior managers, as indicated in paragraph 2.

It has also acquired relevant information from the Board of Directors, the auditing firm and the supervisory body.

During 2025, in fact, the organisational model previously started in the previous year was consolidated. It introduced matrix-type reporting and the division in clusters characterised by

geographical proximity, each led and coordinated by a top manager with suitable delegated powers.

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:

- reviewing the positive assessment expressed by the Board of Directors at its meeting of 13 March 2026 on the adequacy and effective functioning of the internal control and risk management system;
- examining the Report of the Control 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 the Internal Audit department to the Board of Directors on the internal control and risk management system;
- reviewing the reports of the Head of the Internal Audit department and the update on the implementation of the corrections identified as a result of audits;
- examining the periodic reports of the Supervisory Body pursuant to Italian Legislative Decree 231/2001 and holding meetings with the same body;
- regularly attending the Control 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 reports that 2025 was the last year of the three-year plan 2023-2025 prepared by the Internal Audit department to define activities and processes to be tested for risk-based testing; the new three-year plan 2026-2028 was approved by the Board of Directors on 13 March 2026 subject to the favourable opinion of the Control and Risk Committee and after consulting the board of statutory auditors. The new three-year plan 2026-2028 was

planned, giving priority to risks not covered by the previous plan and the results of the previous audit activity, as well as to the net risk assessment resulting from the update of the risk assessment analysis of the ERM system carried out in 2025.

The Board of Statutory Auditors has noted that the Company employs an integrated corporate risk management system, including ESG risks, based on 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 with the support of external consultants.

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 TRANSACTIONS WITH RELATED PARTIES

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 Body or the Head of the Internal Audit Department.

The Explanatory Notes to the Financial Statements provide adequate information on transactions of an ordinary nature carried out in the year 2025 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 Statutory 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 29 June 2021.

7. SUPERVISORY ACTIVITIES ON THE STATUTORY AUDIT PROCESS

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 Consolidated Law on Finance, 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 2025. 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 27 March 2026 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 2025; 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 27 March 2026 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 Statutory Auditors, to the Board of Directors;

- received on 27 March 2026 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 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 Explanatory 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 no further assignments have been made in addition to the audit of the separate financial statements of LU-VE and the consolidated financial statements and the attestation of compliance of the consolidated sustainability statement.

The draft financial statements for the year ending 31 December 2025, accompanied by the Directors' 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 2026, was made available at the same time to the Board of Statutory Auditors in view of the Shareholders' Meeting convened for 28 April 2026.

On the same date of 13 March 2026, 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 Statutory Auditors.

LU-VE's financial statements show a net profit of EUR 12.1 million and a total consolidated profit of EUR 39.8 million. Consolidated EBITDA reached EUR 87.2 million. The consolidated net financial position was negative for EUR 72.7 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 exercised, (v) shareholder relations and engagement policy, (vi) the composition and functioning of the management and supervisory bodies and of the internal board committees.

The Board of Directors approved the “Report on Corporate Governance and Ownership Structure” on 13 March 2026.

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 itself also with reference to the updating of the quantitative and qualitative criteria in relation to the significance of the reports referred to in letters c) and d) of Recommendation 7 of the Corporate Governance Code approved by Board of Directors at its meeting of 13 November 2025.

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 also notes that the Company has adopted a "Policy for Managing Dialogue with Investors and Other Stakeholders" and in the "Report on Corporate Governance and Ownership Structure" it illustrated the relationships with shareholders and other relevant stakeholders and the issues subject to dialogue in compliance with Recommendation no. 3 of 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 key management personnel, 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 2025.

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 double materiality analysis identifying impacts, risks and opportunities as required by the regulation.

The Board of Statutory Auditors held specific meetings with the auditing firm and the Head of the Internal Audit department 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 29 ter of Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013.

It should be noted that the Sustainability reporting 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 statement is contained in a specific section (section no. 2) of the Directors' 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.

Also for the year 2025, the phase-in provisions in compliance with Delegated Regulation (EU) 2025/1416 ("Quick-fix") for all anticipated financial effects of material risks and opportunities were applied.

The Board of Statutory Auditors, in reviewing the sustainability governance structure, found that:

- the Board of Directors examines and approves the integrated business plan, defining the nature and risks compatible with the company's objectives important for the pursuit of sustainable success and in particular has approved: (i) the 2026-2029 integrated business plan and (ii) the double 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 paid to companies of strategic importance;
- the Board of Directors, with the support of the Control and Risk Committee, monitors the identified impacts, risks and opportunities;

- the Chief Strategic and 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 STATUTORY AUDITORS

With reference to its own self-assessment, taking into account the indications provided by Standard Q.1.7. "Self-assessment by 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 by 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 of this self-assessment were submitted to the Board of Directors at its meeting of 19 February 2026, which then reported on them in the Report on Corporate Governance and Ownership Structure prepared for the financial year 2025.

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. The opportunity to initiate induction and in-depth analysis sessions on the Group's reference business and its competitive

levers was also shared, as well as on the Italian and international sector regulations important for risk activity and analysis. At the meeting on 10 March, the orientations on the composition of the new board of statutory auditors to be communicated to the Shareholders in view of the next renewal were also shared.

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.p.A.'s financial statements as at 31 December 2025, which show a net profit of EUR 12.1 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 0.47 per share, as formulated by the Board of Directors.

Milan, 27 March 2026

The Board of Statutory Auditors of LU-VE S.p.A.

Mara Palacino (Chairman)

Paola Mignani (Standing Auditor)

Domenico Angelo Magno Fava (Standing Auditor)