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Testo del comunicato

Vedi allegato

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Press Release

The CAREL Industries Board of Directors has approved the consolidated results as of 31 December 2023

- Consolidated revenues equal to € 650.2 million, +19.3% compared to 2022 (net of the impact of currency exchange rates, growth would have been 21.1%). On a like-for-like basis and at constant exchange rates, growth would have been 10.0%.
- Consolidated EBITDA equal to € 137.2 million corresponding to 21.1% of revenues (21.5% excluding € 2.7 million of non-recurring costs mainly related to the acquisition of Kiona and Eurotec). The growth compared to 2022 is +22.8%;
- Consolidated net result equal to € 70.9 million, +14.2% compared to the net result recorded in 2022;
- Negative consolidated net financial position equal to € 35.6 million (compared to € 95.8 million as at 31 December 2022) including the accounting effect linked to the application of IFRS16 of € 33.4 million.
- Proposed dividend of € 0.19 per share

Brugine, 06 March 2024 – The Board of Directors of CAREL Industries S.p.A. ('**CAREL**', or the '**Company**' or the '**Parent Company**') met today and approved the consolidated results as of 31 December 2023.

***Francesco Nalini, CEO of the Group**, commented: "I am particularly proud to present the results of 2023, as the year just ended marks the 50th anniversary of the CAREL's foundation. In these first 50 years, we have achieved exceptional milestones. We started as a small local company and have become a world leader in the design, development and production of control solutions for air conditioning, ventilation and refrigeration. The daily commitment of those who have put their talent and enthusiasm at the company's disposal, together with the constant search for innovation based on environmental and social sustainability, have made it possible to shape an uninterrupted path of success that has also marked the recently concluded year.*

In 2023, the Group reported consolidated revenue growth (net of currency effects) of more than 20%, as already in 2021 and 2022, thanks to a balanced mix of organic and external growth. From the latter point of view, 2023 was very satisfactory with the closing of two important acquisitions, Eurotec and Kiona, which were added to the nine others made since the IPO. Eurotec is a distributor and system integrator based in Auckland, New Zealand, and its acquisition is part of the Group's strategy to consolidate its presence in its target geographies through the development of its direct sales force. In the case of Kiona, a leading Norwegian company providing software solutions for optimising energy consumption and digitalising buildings, the rationale lies in the intention of CAREL to strengthen its global leadership by seizing opportunities related to the increasing digitalisation and servitisation of the sector, while consolidating and accelerating its digital services development strategy. In order to maintain the financial flexibility to be able to take advantage of possible further investment opportunities in the near future as well, in the second half of 2023, we proceeded to launch a capital increase of approximately € 200 million, which met with considerable interest in the market and was successfully closed at the end of December.

Also very positive was the trend in profitability, understood as EBITDA margin, which stood at about 21.1% (21.5% adjusted), compared to 20.5% in 2022. This performance resulted mainly from the unfolding of the operating leverage phenomenon, an improved product mix, and the contribution of certain price reviews carried out in recent quarters in order to counterbalance the inflationary phenomenon on raw materials.

Shifting the focus towards the future, despite a first part of 2024 that promises to be challenging, both because of the particularly high 2023 comparative base (due to the backlog present at the beginning of last year in the supply chain), and because of the macroeconomic scenario not particularly bright in Europe and China, the Group nevertheless intends to capitalise on the strategic choices made over the years and continue with conviction its development path based on structural and long-term growth trends, aiming for another fifty years of success."

CAREL

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Consolidated revenues

Consolidated revenues came to € 650.2 million, compared to € 544.9 million as at 31 December 2022, an increase of 19.3%. Net of the change in the scope of consolidation related to the acquisitions (€ 58.7 million) and the negative exchange rate effect (€ 7.9 million), the increase would have amounted to 10.0%.

In Europe and the United States, 2023 was characterised by a particularly challenging macroeconomic scenario as a result of the ECB and the Fed continuing to raise interest rates with the aim of reducing inflation. These interventions did indeed affect the inflationary phenomenon, which in the Eurozone went from +8.6% in January to +2.9% in December. However, they also had an impact on current and prospective growth. Eurostat estimates, in fact, target a 2023 GDP growth of only 0.5% for the European Union, with a flat fourth quarter. As far as the Asian continent, and more specifically China, is concerned, 2023 ended with GDP growth of just over 5%, characterised, however, by the crisis in the real estate market and particularly high youth unemployment. Associated with this situation is a very complex geopolitical scenario: in addition to the conflict between Russia and Ukraine, there is also the Israeli-Palestinian conflict.

In this turbulent context, the Group performed very well, posting double-digit organic revenue growth. In particular, during 2023, together with the recovery of the backlog created in previous periods and due to the shortage of electronic material, the same trends already partially present in the previous year continued, with sustained demand in several air-conditioning segments among which certain applications such as data centres and heat pumps stand out. The growth rate of heat pumps, however, decelerated sharply between September and December due to a number of factors, both regulatory and related to the energy and macroeconomic scenario. In the refrigeration sector, the approach to the investment cycle was particularly prudent in both the retail and food-service segments. This timidity is largely linked to inflation, which, particularly in Europe, has caused a slowdown in consumption, and to rising interest rates that make it more expensive to renovate existing shops and open new ones.

The Group's most important region, EMEA (Europe, Middle East, Africa), from which 69% of revenues are derived, closed 2023 with an increase at constant exchange rates of 17.9% (on a like-for-like basis, growth would have been about 8%): this performance benefits both from a significant contribution from the acquisitions made in the last 2 years, and from certain positive trends in HVAC already recorded during this period, such as the cooling of data centres. In relation to high-efficiency heat pumps, as mentioned above, after a two-year period of double-digit percentage market growth, the last few months have witnessed a strong sequential correction mainly affecting a number of countries, including Germany, Poland and Italy. This is generally due to regulatory and macroeconomic factors combined with high inventory levels along the supply and distribution chain. Revenues in Refrigeration, on the other hand, are basically at the same level as in 2022, and this despite the significant slowdown in investments in the sector.

APAC (Asia-Pacific), which accounts for approximately 14% of the Group's revenues, reports growth at constant exchange rates of 21.7% compared to as recorded in 2022. These results benefited from good performance in most of the region (India and South Korea in particular, thanks also to the disposal of the previous backlog), to which the contribution of the newly acquired Eurotec was added. As far as China is concerned, it is worth mentioning some business opportunities that the Group has been able to seize, for instance in new applications related to electrification despite the fact that the signs of a possible acceleration in the economic recovery in that country are not yet evident.

Revenues from North America, which account for about 15% of the total, grew by 40.7% at constant exchange rates and benefited from excellent performance in the HVAC sector, particularly in data centre cooling and other innovative industrial applications, together with the contribution of the newly acquired company SENVA, active in the sensor sector. Also important, from a strategic point of view, was the success of the products for air handling units developed by Enginia, a company acquired in 2021, which led the Group to implement part of the production process for this reference in its plant in Pennsylvania. In contrast, a weak demand scenario persists in the food-service area. Looking ahead, the growing interest in food-retail towards solutions increasingly oriented towards the use of refrigerants with a low polluting impact, mainly natural refrigerants, is particularly positive, also following some regulatory confirmations that have occurred over the last few months. Finally, South America (which represents approximately 2% of the Group's total turnover) reported slightly growing results compared to 2022: the good performance recorded in Brazil was partly offset by less satisfactory results in other South American countries, mainly due to the difficult macro-economic situation.

As far as the individual business areas are concerned, the HVAC segment ended 2023 with a growth of 27.0% (28.7% at constant exchange rates). Even excluding the change in scope due to the Merger&Acquisition activities, amounting to approximately € 52 million, the increase would still be robust at around 14%. In the industrial sector, the excellent performance related to the cooling of data centres continued and the Group was able to seize important opportunities in new segments such as “Battery Energy Storage Systems - BESS”. In relation to high-efficiency heat pumps, after a particularly favourable first part of the year, a strong slowdown in Europe was confirmed in the last quarter. With regard to the Refrigeration segment, revenues increased by 3.7% (5.6% at constant exchange rates), due in part to the contribution from the change in the scope of consolidation due to the acquisitions of Eurotec and Kiona. The slowdown in the investment cycle that has been affecting the sector for about a year in multiple regions showed no signs of improvement in the fourth quarter of the year.

Table 1– Revenue by business area (*thousands of euros)*

	31.12.2023	31.12.2022	Delta %	Delta fx %
HVAC revenue	472,144	371,852	27.0%	28.7%
REF revenue	175,141	168,934	3.7%	5.6%
Total core revenue	**647,285**	**540,786**	**19.7%**	**21.5%**
Non-core revenue	2,962	4,066	(27.2%)	(23.9%)
Total Revenue	**650,247**	**544,852**	**19.3%**	**21.1%**

Table 2 Revenue by geographical area (*thousands of euros)*

	31.12.2023	31.12.2022	Delta %	Delta fx %
EMEA	450,231	382,730	17.6%	17.9%
APAC	89,310	78,186	14.2%	21.7%
North America	97,192	70,974	36.9%	40.7%
South America	13,514	12,962	4.3%	3.9%
Total Revenue	**650,247**	**544,852**	**19.3%**	**21.1%**

Consolidated EBITDA

Consolidated EBITDA for the period ended 31 December 2023 stood at € 137.2 million, up sharply (+22.8%) compared to € 111.7 million recorded in 2022. Excluding non-recurring costs mainly arising from the Merger&Acquisition activity performed during the period, Adjusted EBITDA amounted to € 139.9 million. Profitability, understood as the ratio of EBITDA to Revenues reached 21.1%, (21.5% excluding the non-recurring costs reported above), a significant increase compared to 2022 (20.5%): the positive effect of operating leverage together with an excellent product mix that benefited from the easing of the shortage and the deployment of some sales price increases made in the last eighteen months offset the inflationary phenomenon that, although to a lesser extent than last year, was also present in 2023.

Consolidated net income

The consolidated net income of € 70.9 million shows a double-digit increase (+14.2%) compared to € 62.1 million as at 31 December 2022, thanks to the excellent operating results and the contribution from the change in the scope of consolidation. Financial expenses amounted to € 9.7 million, a significant increase over the same period last year, mainly due to notional interest related to put-call options on minority interests in certain companies recently acquired by the Group and the contingent element related to the bridging loan taken out for the acquisition of Kiona. The tax rate is 20.1%. The decrease compared to both the first nine months of the year and the figure recorded at the end of 2022 is mainly attributable to a different country mix.

Consolidated net financial position

The consolidated net financial position was a negative € 35.6 million, including the accounting effect related to the application of IFRS16 amounting to € 33.4 million, a sharp decrease compared to the figure recorded as at 31 December 2022 and amounting to € 95.8 million. In fact, the robust cash generation easily covered investments of about € 27.4 million, the payment of operating dividends of € 21.2 million, and the increase in net working capital of about € 16.7 million. It is important to emphasise the considerable reduction of the same during the last quarter of the year, mainly due to effective inventory containment initiatives. Finally, we note the negative impact of the M&A transactions concluded during the year in the amount of approximately € 184.0

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million (acquisition of 82.4% of the share capital of Kiona Holding AS and 100% of the share capital of Eurotec) and the positive impact of the increase concluded on 7 December 2023 in the amount of € 196.4 million.

Sustainability and European Taxonomy

Also in 2023, the efforts made by CAREL regarding sustainability were recognized by some of the main ESG rating providers globally: for the second consecutive year Ecovadis awarded the silver medal to CAREL, which was positioned among the best 16% in their reference sector; MSCI confirmed the "AA" rating for the company and its positioning in the category of "ESG leaders", i.e. the category of those companies that, in their sector, best manage the risks and opportunities relating to ESG. In addition to this, CDP (formerly Carbon Disclosure Project), the global non-profit organization that monitors, among others, corporate performance in the fight against climate change has improved its score on CAREL for the second consecutive year by assigning it a " B“ (in 2022 the rating was “B-”), strengthening its positioning in the “Management” category, i.e. within that panel of companies that work to manage their impact on the environment. From this point of view, it is important to underline that during 2023 the Group completed the analysis of its carbon footprint, also including the complete picture of relevant and applicable Scope3 emissions. On the basis of this, a structured decarbonisation path has been started according to the models of the "Science Based Targets initiative (SBTis)" whose first step, the sending of the "commitment letter" to this organisation, will be taken shortly.

Finally, also from an ESG risk management point of view, CAREL's efforts were recognized by Sustainalytics which maintained a score of "17", placing it in the "low risk" category and among the best 4% in its sector membership.

In relation to the so-called “European Taxonomy”, CAREL confirms the excellent results already achieved in 2022. In particular, out of the total revenues, equal to 650 million euros, 540 million euros fall within the scope of the taxonomic analysis, equal to 83% of the total as part of the revenues generated by the Group derive from products purchased and resold and furthermore the scope of analysis was that of December 2022 (the businesses of the companies acquired during the year were therefore excluded).

As regards analyzed investments, 97.8% are eligible while 67.4% are both eligible and aligned (in 2022 there were 66.5% eligible respectively of which 50.2% were both eligible and aligned); 2.2% were ineligible while the remaining portion was not the subject of analysis.

For further information, please refer to the relevant paragraph of the consolidated Non-Financial Statement which will be published within the legal deadlines.

Business outlook

The year 2023 was characterised by a framework of strong geopolitical instability mainly due to the conflict between Russia and Ukraine, the outbreak of the Israeli-Palestinian conflict as well as the trade tensions between the United States and China. In macroeconomic terms, inflation characterised the whole year although, in the Eurozone, the downward trajectory was particularly steep, falling from +8.6% in January to +2.9% in December. Also related to the fight against inflation is the continuation of the restrictive monetary policy undertaken by the ECB in 2022, with key interest rates rising above 4.0%. The same trend was also followed by the FED, which set benchmark rates in a range between 5.25% and 5.50%. These initiatives are having a significant impact on growth projections, especially in the Eurozone, with slowing domestic demand.

The shortage of electronic material that characterised the supply chain between 2021 and 2022 first saw a significant loosening and then a substantial resolution during the year just ended, also due to the economic slowdown in Europe.

Turning our attention to CAREL, the performance recorded in the HVAC segment during the year was particularly positive, especially in certain niches such as computer centre cooling and some innovative industrial applications. As far as the heat pump sector is concerned, after two consecutive years of growth above 30%, there has been a sharp deceleration in Europe, particularly since the second half of 2023, due to a number of contingent considerations, including: a certain regulatory opacity at European level (linked to the lengthy process of discussion and approval of the proposals to revise Regulation (EU) no. 517/2014 on fluorinated gases, so-called F-gas regulation) and at local level (again linked to the troubled process of the recently passed German regulation on building air-conditioning and the subsidy scheme for heat pumps); the oft-mentioned deterioration of the macroeconomic scenario; a significant level of inventories of finished products in the supply chain. Turning to refrigeration, the weak trend recorded during the first nine months of this year also substantially characterised the fourth quarter.

The first months of 2024 basically confirmed the dynamics of the latter part of 2023. Taking this analogy into account, the Group expects to close the first quarter of 2024 with a total revenue amount not far from that recorded in the last quarter of 2023. As far as the continuation of the year is concerned, expectations are for a gradual growth in performance linked to a series of phenomena, including the recovery of the investment cycle in the refrigeration sector (the first slight signs of which are already present), the disposal of accumulated inventories in the heat pump supply chain, and the improvement of the European macroeconomic scenario (interest rates).

Significant events in the year

M&A

The 2023 financial year saw the Carel Industries Group engaged in major corporate acquisition transactions in line with one of the main pillars of the Group's strategy, i.e. growth by external lines with the aim of strengthening its core business, acquiring market shares in its geographical areas of reference and in contiguous applications.

The transactions were as follows (for details, reference is made to the relevant press releases issued via the eMarket storage system and published at www.carel.com in the Investor Relations section):

- Acquisition of 100% of the share capital of Eurotec Ltd, the CAREL long-standing distributor in New Zealand
- Acquisition of 82.4% of the share capital of Kiona Holding AS, a leading Norwegian company in the provision of SaaS services (Software as a Service) for the optimisation of energy consumption and digitalisation of buildings.

Capital Increase

On 14 September 2023, the Extraordinary Shareholders' Meeting resolved to approve the proposal of the Board of Directors to increase the Company's share capital for payment, on a divisible basis, for a maximum total amount of € 200,000 thousand (including any share premium), through the issue of ordinary shares with no nominal value, regular dividend rights and with the same characteristics as those in circulation, to be offered as an option to the Company's shareholders, in proportion to the number of shares held, in order to provide the Carel Group with a flexible financial structure that is consistent with its development plans.

On 15 November 2023, CONSOB authorised the publication of the Information Prospectus relating to the offer and admission to trading on the regulated market Euronext Milan organised and managed by Borsa Italiana S.p.A. of the Carel shares arising from the share capital increase for payment and on a divisible basis, for a total maximum amount of € 200 million (including any share premium), as resolved by the Extraordinary Shareholders' Meeting held on 14 September 2023.

On 7 December 2023, the capital increase was successfully completed through the issue of 12,499,205 new ordinary shares for a total value of € 199,987,280, of which € 1,249,920.50 to be allocated to capital.

Following this transaction, the new share capital amounts to € 11,250 thousands, fully paid-up, and consisted of 112,499,205 shares with no nominal value.

Significant events after the end of the financial year

No significant events occurred after the end of the financial year.

OTHER BOARD OF DIRECTORS RESOLUTIONS

Consolidated non-financial information pursuant to legislative decree 254/2016, Annual Corporate Governance Report and Report on remunerations

Today, the Board of Directors approved the Disclosure of Non-Financial Information ("**DNF**"), at the same time as the draft of the 2023 Separated Financial statements and the 2023 Consolidated Financial Statements, prepared pursuant to Legislative Decree 254/2016 relating to the financial year 2023 (as a different document compared to Management Report).

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The aim of the document is to illustrate the group's activities, results and impact, mainly in relation to environmental and social issues, relating to personnel and in compliance with human rights, to all stakeholders.

At the same session, the Board of Directors approved the Annual Report on Corporate Governance and Ownership Structure pursuant to Articles 123-*bis* of the Legislative Decree of 24 February 1998 ("**TUF**") and 89-*bis* of the Issuers' Regulation 11971/99 and the Remuneration Report pursuant to Articles 123-*ter* of the Legislative Decree of 24 February 1998 and 84-*quater* of the Issuers' Regulation 11971/99.

Both the Corporate Governance Report and the Remuneration Report and the DNF will be made available to the public under the terms and conditions required by law.

2024-2028 Performance Shares Plan

Today, the Board of Directors acting on a recommendation of the Remuneration Committee and having heard the opinion of the Board of Auditors, approved the regulation of an incentive plan whose purpose is to grant free-of-charge Carel ordinary shares (the "**Shares**"). The Plan, called *"2024-2028 Performance Shares Plan"* (the "**Plan**") is reserved to specific beneficiaries, in their capacity as persons who fulfil key roles in achieving the objectives of the Carel Group. The Plan is to be submitted to the approval of the CAREL's Shareholders' Meeting (see below).

The Plan is reserved to specific persons who shall be identified individually, also on several occasions, by the Board of Directors, after hearing the opinion of the Remuneration Committee, among the executive directors, the executive managers having strategic responsibilities, and the employees of the Company or its subsidiaries who fulfil strategically important roles (the "**Beneficiaries**"). Therefore, the Plan must be considered to be of "major importance" pursuant to article 84-bis, paragraph 2, of the Issuers Regulation.

The Plan is a valid tool to provide incentives to the Beneficiaries and to secure their loyalty, as well as to align their interests with those of the shareholders.

The regulation does not identify the Beneficiaries individually; they will be identified by the Board of Directors by 31 December of the first year of by 31 December of the first financial year of the reference three-year vesting periods 2024-2026, 2025-2027, 2026-2028.

The individual identification of the Beneficiaries and the other information required by section 1 of Chart 7 of Attachment 3A to the Issuers Regulation shall be provided in accordance with art. 84-bis, paragraph 5 of the Issuers Regulation.

The plan covers several years and is subdivided into 3 (three) rolling share distribution cycles (the "**Vesting Periods**"), each lasting three years; the Shares shall be distributed at the end of each cycle, subject to the verification that specific performance objectives have been met (cumulative adjusted EBITDA of the Group for each Vesting Period and Cash Conversion rate and ESG targets), under the terms and conditions provided by the regulation.

The maximum number of Shares is not set out, as the number of Shares actually granted to each Beneficiary shall be determined at the end of each Vesting Period by the Board of Directors on the basis of the performance objectives that have been met.

The right to receive the Shares shall be granted to each Beneficiary on a personal basis and cannot be transferred by a deed inter vivos, nor can it be subjected to constraints or be the object of other disposal deeds at any title. In order to ensure greater retention, part of the Shares object of the distribution will be subjected (starting at the end of each Vesting Period to which the distributed Shares refer) to constraints of inalienability for a two-year period for all the beneficiaries.

For more information on the Plan, reference is made to the information document which will be prepared in accordance with art. 114-bis of the TUF (Consolidated Law on Finance) and with art. 84-bis of the Issuers Regulation, which shall be made available to the public at the Company's registered office, at Borsa Italiana S.p.A., on the Company's website at www.carel.com, section IR/Shareholders Meeting, as well as on the authorised data storage facility "eMarket STORAGE" at www.emarketstorage.com, within the time limits provided by the legislation in effect.

In order to provide complete information, it is pointed out that, still on today's date, the Board of Directors also approved a monetary incentive plan called "2024-2028" Cash Performance Plan, reserved to Executive Directors, Managers with strategic responsibilities and employees of the Company or of Carel subsidiaries in consideration of the strategic importance of their roles. This plan cannot be classified as a compensation plan based on financial instruments pursuant to art. 114-bis, paragraph 1 of the TUF as it does not provide for the distribution of financial instruments in favour of the beneficiaries involved and does not set out performance objectives based on indicators linked to the value of Carel's shares.

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The share portfolio used for the Plan shall consist of treasury shares, subject to authorisation by the Shareholders' Meeting pursuant to art. 2357 et seq. of the Civil Code. Consequently, still on today's date, the Board of Directors also resolved upon a proposal to authorise the purchase and disposition of treasury shares, to be submitted to the Shareholders' Meeting (see below).

Proposal for the authorisation to buy and sell treasury shares

The Board of Directors approved the proposal to be submitted to the Shareholders' Meeting regarding authorisation to buy and sell treasury shares, following the revocation of the authorisation approved by the Ordinary Shareholders' Meeting of 21 April 2023.

The Board of Director's new proposal requests authorisation to buy treasury shares, in one go or several instalments, up to a maximum number which, taking into account the treasury shares in the Company's portfolio, at any given time, or those of its subsidiaries, cannot, in total, exceed 5,624,960 shares, equal to 5% of the share capital of the Company, for the purpose of: (i) complying with the obligations arising from stock option plans other allocation of shares to employees, or to members of the administrative or control bodies of the Company or its associates or subsidiaries; (ii) proceed with the purchase of treasury shares owned by employees of the Company or of its subsidiaries and assigned or subscribed pursuant to art. 2349 and 2441, par. 8, of the Italian Civil Code or deriving from compensation plans approved pursuant to art. 114-bis TUF (iii) carrying out transactions supporting market liquidity in order to promote the smooth operation of trading avoiding price variations decoupled with market developments; and (iv) implementing sales, exchanges, trade-ins or contribution transactions or any other acts of disposal of treasury shares through the acquisition of equity investments and/or property and/or the conclusion of agreements with strategic partners, and/or through the implementation of industrial projects or extraordinary finance transactions, which come under the expansion objectives of the company and the Carel Group.

Authorisation to buy treasury shares is requested for the maximum duration provided for by Article 2357, paragraph 2 of the Italian Civil Code, equal to eighteen months from the resolution of the meeting granting authorisation.

The purchase of treasury shares shall take place within the limits of the distributable earnings and the available reserves resulting from the latest financial statements approved at the time of each transaction, (i) at a price which is not more than 20% lower or higher than the benchmark price of the stock at the Stock Exchange session on the day prior to each individual transaction, and, in any event, (ii) at a price which is not higher than the higher price between the price of the latest independent transaction and the highest current independent takeover bid price during the trading session where the purchase is being made.

The company currently holds 6,355 treasury shares in its portfolio, equal to 0. 0,0056% of the share capital.

The Board of Directors also requests authorisation, for the same purposes outlined above, for the possession (in full or in part, and even on several occasions) of the treasury shares in the portfolio, in accordance with Article 2357 (and following) of the Italian Civil Code, without any time constraints, even before having exhausted the maximum quantity of shares that can be purchased and to potentially buy back the actual shares to the extent that the treasury shares held by the Company and, if applicable, its subsidiaries, does not exceed the limit set by the authorisation.

For more information with regard to the proposal for authorisation to buy and sell treasury shares, refer to the report prepared pursuant to Article 124-*ter* of the TUF and Article 73 of the Issuers' Regulation, which will be made available to the public at the Company's Registered Office, at Borsa Italiana S.p.A., at the Company's website www.carel.com in the IR/Shareholders' Meetings section, as well as at the authorised storage mechanism "eMarket STORAGE" at the address www.emarketstorage.com, under the terms required by existing regulations.

Dividend

The Board of Directors resolved to submit a proposal to the Shareholders' Meeting to pay a dividend of € 0.19 per share, which will be paid on 26 June 2024 (ex-dividend date 24 June 2024 - record date 25 June 2024).

Calling of the Shareholders' Meeting

In the light of the above, the Board of Directors has resolved to call the Carel Shareholders' Meeting, in ordinary and extraordinary session, for 18 April 2024, in a single call, to resolve upon the following agenda:

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<u>Extraordinary Part</u>

1. Proposed amendments to Articles 9, 10, 19 and 24 of the Articles of Association; related and consequent resolutions.

<u>Ordinary Part</u>

1. Approval of the Financial Statements at 31 December 2023 and presentation of the CAREL Group Consolidated Financial Statements at 31 December 2023. Allocation of the result for the financial year.
   - 1.1 Approval of the Financial Statements at 31 December 2023; related and consequent resolutions;
   - 1.2 Allocation of the result for the financial year; related and consequent resolutions.
2. Appointment of the Board of Directors; related and consequent resolutions.
   - 2.1 Determination of the number of members of the Board of Directors;
   - 2.2 Determination of the term of office of the Board of Directors;
   - 2.3 Appointment of the members of the Board of Directors;
   - 2.4 Appointment of the Chairman of the Board of Directors;
   - 2.5 Appointment of the Vice Chairman of the Board of Directors;
   - 2.6 Determination of the remuneration of the members of the Board of Directors.
3. Appointment of the Board of Statutory Auditors; related and consequent resolutions.
   - 3.1 Appointment of three Standing Auditors and two Alternate Auditors;
   - 3.2 Appointment of the Chairman of the Board of Statutory Auditors;
   - 3.3 Determination of the remuneration of the members of the Board of Statutory Auditors.
4. Resolutions concerning the report on the remuneration policy and the fees paid pursuant to Article 123-*ter* of Legislative Decree 58/1998 and Article 84-*quater* of Consob Regulation 11971/1999.
   - 4.1 Binding vote on the remuneration policy for the 2024 financial year set forth in the first section of the report; related and consequent resolutions;
   - 4.2 Consultation on the second section of the report concerning remuneration paid in or relating to the 2023 financial year; related and consequent resolutions.
5. Proposal for the approval of a remuneration plan based on financial instruments pursuant to Article 114-*bis* of Legislative Decree 58 of 24 February 1998, as subsequently amended and supplemented; related and consequent resolutions.
6. Proposal to authorise the purchase and disposal of treasury shares, subject to revocation of the previous authorisation approved by the Ordinary Shareholders' Meeting on 21 April 2023; related and consequent resolutions.

The notice of call will be made available to the public, together with the explanatory reports on the items on the agenda of the Shareholders' Meeting, the information document on the “2024-2028 Performance shares plan” and the additional documentation of the Shareholders' Meeting, within the terms and in the manner prescribed by law.

<u>CONFERENCE CALL</u>

The results as of 31 December 2023 will be illustrated today, 6 March 2024, at 16.30 (Italian time) during a conference call to the financial community, which will also be the subject of a webcast in listen-only mode on www.carel.com, Investor Relations section.

The CFO, Nicola Biondo, stated, pursuant to paragraph 2 of Article 154-bis of the Consolidated Finance Act, that the accounting information in this press release corresponds to the documented results, accounts and bookkeeping records.

*The Financial Statements at 31 December 2023 will be made available to the public at the Company's Registered Office, at Borsa Italiana S.p.A., at the Company's website **www.carel.com** in the Investor Relations section, as well as at the authorised storage mechanism "eMarket STORAGE" at the address www.emarketstorage.com, under the terms required by existing regulations.*

For further information

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CAREL

The CAREL Group is a global leader in the design, production and marketing of technologically-advanced components and solutions for excellent energy efficiency in the control of heating, ventilation and air conditioning ("HVAC") and refrigeration equipment and systems. CAREL is focused on several vertical niche markets with extremely specific needs, catered for with dedicated solutions developed comprehensively for these requirements, as opposed to mass markets.
The Group designs, produces and markets hardware, software and algorithm solutions aimed at both improving the performance of the units and systems they are intended for and for energy saving, with a globally-recognised brand in the HVAC and refrigeration markets (collectively, "HVAC/R") in which it operates and, in the opinion of the Company's management, with a distinctive position in the relevant niches in those markets.
HVAC is the Group's main market, representing 73% of the Group's revenues in the financial year to 31 December 2023, while the refrigeration market accounted for 27% of the Group's revenues.
The Group commits significant resources to research and development, an area which plays a strategic role in helping it maintain its position of leadership in the reference HVAC/R market niches, with special attention focused on energy efficiency, the reduction of environmental impact, trends relating to the use of natural refrigerant gases, automation and remote connectivity (the Internet of Things), and the development of data-driven solutions and services.
As of 31 December 2023 the Group operates through 49 branches including 15 production plants located in various countries, approximately 80% of the Group's revenues was generated outside of Italy and 30% outside of EMEA (Europe, Middle East, Africa).
Original Equipment Manufacturers or OEMs - suppliers of complete units for applications in HVAC/R markets - make up the Company's main category of customers, which the Group focuses on to build long-term relationships.

CAREL
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Cap. Soc. € 11.249.920,50 i.v.
C.C.I.A.A. Padova Reg. Imp n. 04359090281
Part. IVA e Cod. Fisc. 04359090281
N. Reg. Prod. Pile: IT09060P00000903
N. Reg. Prod. AEE: IT16030000009265

The accounting statements of the CAREL Industries Group, currently subject to independent auditing, are illustrated below.

Consolidated Financial Statements as of 31 December 2023

Consolidated Statement of financial position

(€'000)	31/12/2023	31/12/2022*
Property, plant and equipment	117,504	109,687
Intangible assets	383,266	194,428
Equity-accounted investments	2,216	1,446
Other non-current assets	6,868	9,769
Deferred tax assets	14,399	7,745
Non-current assets	**524,254**	**323,075**
Trade receivables	101,291	93,692
Inventories	111,722	106,745
Current tax assets	4,264	2,777
Other current assets	21,166	17,446
Current financial assets	3,697	12,875
Cash and cash equivalents	154,010	96,636
Current assets	**396,150**	**330,172**
TOTAL ASSETS	**920,404**	**653,247**
Equity attributable to the owners of the parent company	376,422	205,378
Equity attributable to non-controlling interests	19,751	15,868
Total equity	**396,174**	**221,247**
Non-current financial liabilities	147,390	121,392
Provisions for risks	5,458	5,577
Defined benefit plans	8,479	8,129
Deferred tax liabilities	28,788	18,242
Other non-current liabilities	99,566	76,013
Non-current liabilities	**289,681**	**229,354**
Current financial liabilities	45,980	83,960
Trade payables	74,931	77,174
Current tax liabilities	5,184	4,987
Provisions for risks	6,191	4,301
Other current liabilities	102,263	32,226
Current liabilities	**234,549**	**202,647**
TOTAL LIABILITIES AND EQUITY	**920,404**	**653,247**

**Restated*

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Consolidated Statement of profit or loss

(€'000)	**31/12/2023**	**31/12/2022**
Revenue	650,247	544,852
Other revenue	6,007	5,780
Costs of raw materials, consumables and goods and changes in inventories	(283,634)	(248,838)
Services	(83,705)	(70,234)
Capitalised development expenditure	2,286	705
Personnel expenses	(149,896)	(118,425)
Other expenses, net	(4,121)	(2,115)
Amortisation, depreciation and impairment losses	(32,783)	(24,414)
OPERATING PROFIT	**104,400**	**87,311**
Net financial income/(charges)	(9,705)	(3,173)
Net exchange rate gains/(losses)	(3,763)	(861)
Gains/(losses) on from FV of liabilities for options on minority stakes	1,660	(2,235)
Net results from companies consolidated with equity method	613	2,360
PROFIT BEFORE TAX	**93,205**	**83,402**
Income taxes	(18,732)	(18,603)
PROFIT FOR THE PERIOD	**74,473**	**64,799**
Non-controlling interests	3,531	2,675
PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	**70,942**	**62,124**

Consolidated Statement of comprehensive income

(€'000)	**31/12/2023**	**31/12/2022**
Profit for the period	**74,473**	**64,799**
Items that may be subsequently reclassified to profit or loss:		
- Fair value gains (losses) on hedging derivatives net of the tax effect	(859)	1,303
- Exchange differences	(9,716)	2,011
Items that may not be subsequently reclassified to profit or loss:		
- Discounted benefits to employees net of fiscal effect	(132)	801
Comprehensive income	**63,766**	**68,914**
attributable to:		
- Owners of the parent company	61,089	66,223
- Non-controlling interests	2,678	2,691

Earnings per share

Earnings per share (in euros)	0.70	0.62

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Consolidated Statement of cash flows

(€'000)	**31/12/2023**	**31/12/2022**
Profit for the period	74,473	64,799
Adjustments for:		
Amortisation, depreciation and impairment losses	32,723	24,415
Accruals to/utilisations of provisions	10,220	4,829
Other charges/(gains)	9,474	3,511
Taxes	19,028	14,119
Changes in working capital:		
Change in trade receivables and other current assets	(3,875)	(15,241)
Change in inventories	(8,999)	(19,136)
Change in trade payables and other current liabilities	(2,225)	6,956
Change in non-current assets	(285)	297
Change in non-current liabilities	(462)	2,359
Cash flows generated from operations	**130,073**	**86,908**
Net interest paid	(8,133)	(2,271)
Tax paid	(19,912)	(15,226)
Net cash flows generated by operating activities	**102,028**	**69,411**
Investments in property, plant and equipment	(20,940)	(22,298)
Investments in intangible assets	(6,468)	(4,501)
Investments/Disinvestments of financial assets	8,048	(10,613)
Disinvestments of property, plant and equipment and intangible assets	537	121
Interest collected	2,604	497
Investments in stakes consolidated with equity method	(21)	(0)
Industrial aggregation net of the acquired cash	(180,765)	(42,870)
Cash flows generated by (used in) investing activities	**(197,005)**	**(79,664)**
Share capital increase	196,469	-
Shares buy-back	(1,042)	-
Dividend to Shareholders	(17,999)	(14,995)
Dividend to Minorities	(3,247)	(3,268)
Investment in current financial assets	-	-
Increase in financial liabilities	245,880	102,800
Decrease in financial liabilities	(259,182)	(72,850)
Decrease in financial liabilities for leasing fees	(7,352)	(5,473)
Cash flows generated by (used in) financing activities	**153,527**	**6,214**
Change in cash and cash equivalents	**58,551**	**(4,038)**
Cash and cash equivalents - opening balance	96,636	100,625
Conversion variations	(1,177)	50
Cash and cash equivalents - closing balance	**154,010**	**96,637**

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Consolidated Statement of changes in equity

(€'000)

	Share capital	Legal reserve	Translation reserve	Hedging reserve	Other reserves	Retained earnings	Profit for the period	Equity	Equity att. to non-controlling interests	Total equity
Balance as of 1/1/2022	**10,000**	**2,000**	**3,853**	**(51)**	**17,079**	**73,011**	**49,059**	**154,952**	**14,923**	**169,875**
Owner transactions										
- Allocation of profit for the period	-	-	-	-	27,145	21,914	(49,059)	**-**	-	**-**
- Defined benefit plans	-	-	-	-	408			**408**	-	**408**
- Dividend distributions	-	-	-	-	(14,995)		-	**(14,995)**	(3,268)	**(18,263)**
- Minority stakes acquisition options					(1,207)			**(1,207)**		**(1,207)**
- Change in scope of consolidation	-	-	-	-		-	-	**-**	1,521	**1,521**
Total owner transactions	**10,000**	**2,000**	**3,853**	**(51)**	**28,430**	**94,925**	**-**	**139,158**	**13,176**	**152,334**
- Profit for the period							62,124	**62,124**	2,675	**64,799**
- Other comprehensive income (expenses)	-	-	1,995	1,303	801	-	-	**4,099**	16	**4,115**
Total other comprehensive income (expenses)	**-**	**-**	**1,995**	**1,303**	**801**	**-**	**62,124**	**66,223**	**2,691**	**68,914**
Balance as of 31/12/2022	**10,000**	**2,000**	**5,848**	**1,252**	**29,232**	**94,925**	**62,124**	**205,379**	**15,868**	**221,247**
Balance as of 1/1/2023	**10,000**	**2,000**	**5,848**	**1,252**	**29,232**	**94,925**	**62,124**	**205,379**	**15,868**	**221,247**
Owner transactions										
- Allocation of profit for the period	-	-	-	-	44,504	17,620	(62,124)	**-**	-	**-**
- Share Capital increase	1,250	-	-	-	195,219	-	-	**196,469**	-	**196,469**
- Shares buy-back	-	-	-	-	(1,042)	-	-	**(1,042)**	-	**(1,042)**
- Dividend distribution	-	-	-	-	(17,999)	-	-	**(17,999)**	(3,247)	**(21,246)**
- Minority stakes acquisition options	-	-	-	-	(67,475)	-	-	**(67,475)**	-	**(67,475)**
- Change in scope of consolidation	-	-	-	-	-	-	-	**-**	4,453	**4,453**
Total owner transactions	**11,250**	**2,000**	**5,848**	**1,252**	**182,439**	**112,544**	**-**	**315,333**	**17,074**	**332,407**
- Profit for the period							70,942	**70,943**	3,531	**74,473**
- Other comprehensive expenses			(8,863)	(859)	(132)			**(9,854)**	(853)	**(10,707)**
Total other comprehensive expenses	**-**	**-**	**(8,863)**	**(859)**	**(132)**	**-**	**70,942**	**61,089**	**2,678**	**63,767**
Balance as of 31/12/2023	**11,250**	**2,000**	**(3,015)**	**393**	**182,307**	**112,544**	**70,942**	**376,422**	**19,752**	**396,174**

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