| Informazione Regolamentata n. 2092-13-2021 | Data/Ora Ricezione 04 Marzo 2021 15:08:14 | MTA - Star |
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| Societa' | : | CAREL INDUSTRIES S.P.A. |
| Identificativo Informazione Regolamentata | : | 143101 |
| Nome utilizzatore | : | CARELINDUSN03 - Grosso |
| Tipologia | : | 1.1; REGEM |
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| Data/Ora Inizio Diffusione presunta | : | 04 Marzo 2021 15:08:16 |
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*Testo del comunicato*

Vedi allegato.

CAREL

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Press Release

## The CAREL Industries Board of Directors has approved the consolidated results as of 31 December 2020

- Consolidated revenues of € 331.6 million, +1.3% compared to 2019 (+2.8% at constant exchange rates).
- Consolidated EBITDA of € 65.2 million (19.7% of revenues), +3.3% compared to 2019;
- Consolidated net income of € 35.1 million, +0.3% compared to 2019;
- Negative consolidated net financial position of € 49.6 million, compared to € 62.1 million reported on 31 December 2019. Net of the accounting effect deriving from IFRS16, the consolidated net financial position stands at € 21.4 million, compared to € 46.9 at 31 December 2019
- Proposed dividend of € 0.12 per share (in line with 2019 dividend per share)

*Brugine, 4 March 2021* – The Board of Directors of CAREL Industries S.p.A. ('CAREL' or the 'Company' or the 'Parent Company'), which met today, has approved the results as of 31 December 2020.

***Francesco Nalini, the Group's Chief Executive Officer,*** *commented: "2020 was a challenging year which tested the social and economic resilience across global geographic areas due to the spread of the Coronavirus/COVID-19 pandemic. Despite temporary shutdown of some key facilities, such as the Chinese and Italian ones, the Group was able to respond both promptly and effectively. Evidence of this can be seen in the performance achieved throughout the year just gone, which I can proudly present: at the end of 2020, consolidated revenues actually grew, with an increase of 1.3% at current exchange rates (+2.8% at constant exchange rates); if we take into account that a profitability of 19.7% was achieved (40 basis points higher than 2019), taken as the EBITDA margin, this result is even more significant, despite the fact that the operating leverage effects were not fully deployed. Growth and profitability were also reflected in the strong cash flow generation, which made it possible to significantly reduce net debt. This fell from about 62 million euro to less than 50 million euro, a 20% reduction (without the IFRS 16 accounting effect, net debt would have come to about 21.4 million euro). These results once again prove the significant resilience of the Group's business model and the continuous commitment of CAREL's workforce, making it possible to write another chapter in our success story now spanning almost fifty years."*

### Consolidated Revenues

Consolidated revenues came to €331.6 million, compared to €327.4 million on December 31, 2019, an increase of 1.3%. The increase would have been +2.8%, had it not been for the negative foreign exchange effect, having an impact of around €5 million, largely due to the US dollar's and Brazilian Real's weakness. These results are even more positive when viewed in light of the COVID-19 pandemic, which caused temporary lockdowns affecting the Suzhou facility in China and the Brugine production Hub in Padua during the first half of the year, leading to a backlog which was then cleared in June and July.

This performance was underpinned by both CAREL's range of highly flexible facilities (a substantial part of the product platforms can be assembled simultaneously in at least two facilities) and by the Group's inherent resilience, owing to the strong diversification of the geographies and markets it caters to. On top of this is the ability to seize major opportunities in extremely volatile circumstances, partly thanks to an impressive sales force of over 400 staff around the world, continuously training and in touch with customers' needs.

The geographical area that holds most weight for the Group, EMEA (Europe, Middle East, Africa), which 71% of revenue is derived from, closed the financial year with 5.0% growth, on a constant currency exchange rate basis. It saw significant improvements in the second half of the year (in H1 2020 the results were slightly down on the same period in 2019). The phenomena underlying this performance correlate, first and foremost, with a sharp increase in CAREL's Eastern Europe presence, but also with accelerated growth in various applications, such as residential (high-efficiency heat pumps) and computer centre cooling. These factors more than offset the contraction in demand across some industrial applications and in the "HO.RE.CA" sector. APAC (Asia-Pacific), accounting for around 15% of the Group's revenue, shows growth of 1% (at constant exchange rates) compared to 2019, despite the Souzhou facility shutdown, due to the pandemic, in the first weeks of February. These results are owed to the Group's capacity to seize major opportunities in both the *Food Retail* and HVAC segments (particularly in the Datacentre field) at a time when the Chinese economy has shown strong recovery. North America, accounting for around 12% of the Group's revenue, saw a 7.7% contraction in revenue (minus exchange rate impacts) due to the natural combination of the strong increase seen in 2019 (+20%) and the worsening of the macro-economic situation due to COVID-19, particularly in terms of the *food-service* sector. Finally, in South America (accounting for about 2% of the Group's total turnover), excluding the negative impacts of exchange rates, saw growth in double digits (+10.1%), largely due to the positive performance seen in Brazil offsetting the other regions in the area suffering due to the pandemic.

In terms of individual *business* areas both positive and steadily improving performance is seen in the second half of 2020. Refrigeration grew by 2.6% (5.0% at constant exchange rates) despite the fact that the supply chain, mainly comprised of *OEMs*, *Contractors* and *System Integrators*, saw a reduction in investments due to caution and uncertainty across the sector caused by the pandemic. These results can therefore be attributed to CAREL's increased market share in the "*Food retail*" sector (supermarkets/hypermarkets/convenience stores), more than offsetting the "*Food service*" sector's performance, which is still negative. The HVAC sector also ended 2020 showing growth (+1.0% at current exchange rates, +2.1% at constant exchange rates) with a strong recovery during the second half of the year: the positive trends seen within the "high-efficiency heat pumps" segment (mainly in Northern Europe), and within the "Data-Centre" and hospital segments (the latter particularly in Eastern Europe and China) made it possible to limit the negative performance effects of some commercial (Wellness and Hospitality) and industrial (Automotive) segments.

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

| | 31.12.2020 | 31.12.2019 | Delta % | Delta fx % |
|---|---|---|---|---|
| HVAC revenue | 217,498 | 215,366 | 1.0% | 2.1% |
| REF revenue | 110,337 | 107,578 | 2.6% | 5.0% |
| **Total core revenue** | **327,836** | **322,943** | **1.5%** | **3.1%** |
| Non-core revenue | 3,775 | 4,415 | (14.5%) | (14.5%) |
| **Total Revenue** | **331,610** | **327,358** | **1.3%** | **2.8%** |

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

| | 31.12.2020 | 31.12.2019 | Delta % | Delta fx % |
|---|---|---|---|---|
| EMEA | 236,267 | 226,470 | 4.3% | 5.0% |
| APAC | 49,714 | 50,205 | (1.0%) | 1.0% |
| North America | 38,456 | 42,461 | (9.4%) | (7.7%) |
| South America | 7,173 | 8,222 | (12.8%) | 10.1% |
| **Total Revenue** | **331,610** | **327,358** | **1.3%** | **2.8%** |

## Consolidated EBITDA

On December 31, 2020, consolidated EBITDA stood at €65.2 million, showing an increase (+3.3%) compared to the €63.1 million seen on December 31, 2019. The profitability analysis, seen as the EBITDA to Revenue ratio, is particularly significant at 19.7%, up 40 basis points from 19.3% seen at the end of 2019. This performance is due to the effects of several discretionary cost containment measures (marketing, travel, etc.) which more than offset the lack of operating leverage and higher logistics costs associated with the pandemic.

## Consolidated Net income

The consolidated net income of €35.1 million shows substantial stability compared to €35.0 million on December 31, 2019: both increased depreciation due to higher investments made in previous years as well as the increased impacts of foreign exchange management were offset by better operating outcomes and slightly lower tax rates than in 2019 (21.1% at 31 December 2020 vs. 22.0% at the end of 2019).

## Consolidated net financial position

The consolidated net financial position was a negative value of €49.6 million, a significant decrease from €62.1 million on December 31, 2019. This result would have been improved had the accounting effect due to the IFRS16 application been excluded, which had an impact of €12.8 million on the year: minus the IFRS16 related stock of debt, the consolidated net financial position on December 31, 2020 would be €21.4 million.

The developments impacting on the debt trend largely correspond to a robust cash generation over the period, broadly hedging investments of €13.3 million and dividends of about 12 million. Additionally, there was a slight decrease of around €3.9 million of net working capital due to better management of receivables and payables for suppliers.

## Significant events after the end of the financial year

The first months of 2021 are still affected by the persistence of the pandemic in many of the markets in which the Group operates; nevertheless, the measures implemented by the Group guaranteed normal production activity in all plants.

## Business outlook

2020 was dominated by the detection and spread of Coronavirus (Covid-19), which caused widespread production shut-downs and strict social contact limits over large geographical areas, albeit with varied timings and intensities. This resulted in a general downturn for the global economy and significant supply-chain stresses across multiple sectors and markets.

Despite several pharmaceutical companies distributing vaccines, the beginning of 2021 was still dominated by significant elements of uncertainty. How quickly the global population will be immunised and, therefore, a definitive timeframe for exiting the pandemic, is not actually clear. Additionally, there is a significant global shortage of electronic equipment due to a combination of strong economic recovery, already visible in some macro-areas (and anticipated in others), and limited upstream production capacity.

Taking the above information into account it is therefore not currently possible or prudent to give precise forecasts for the end of the current year. However, the Group remains optimistic, not least because of the acceleration of trends across the sectors CAREL operates in during the first few months of 2021, which were already positive in the second half of 2020.

## 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 2020 Separated Financial statements and the 2020 Consolidated Financial Statements, prepared pursuant to Legislative Decree 254/2016 relating to the financial year 2020 (as a different document compared to Management Report).

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.

### Policy for the management of the engagement with all the Shareholders

In accordance with the provisions of art. 1, Recommendation 3 of the new Corporate Governance Code, the Board of Directors, at the proposal of the President in agreement with the Chief Executive Officer, has adopted a policy for managing the communication with all the Shareholders. The communication activity with the financial community offers the opportunity to share the strategic visions underlying corporate management with main players of the community itself. At the same time, it is a valuable source of information to be taken into account in defining the mission that inspires the work of the Company, as well as the activities aimed at ensuring the high standards of governance that the Board is committed to pursuing.

**Responsibilities and powers in relation to Sustainability**

As part of the growing attention paid by the Company to ESG (Environmental, Social and Governance) issues, today the Board of Directors also resolved to confer on the Director Carlotta Rossi Luciani powers, proxies and responsibilities regarding "Sustainability" in synergy and consistency with the business and organizational strategies established by the Chief Executive Officer and the functions assigned to the Control, Risks and Sustainability Committee on the matter.

**Granting of shares under the 2018-2022 Performance shares plan: Disclosure pursuant to art. 84-*bis*, paragraph 5 of Consob Regulation.**

The Board of Directors, on the proposal of the Remuneration Committee, resolved to grant, effective by 30 April 2021, a total No. 67,687 CAREL shares to No. 11 beneficiaries, in implementation of the provision contained in the "*2018-2022 Performance Share Plan*" established by the Board of Directors on 1 August 2018 and subsequently approved by the Shareholders' Meeting on 7 September 2018 (the " **2018-2022 Plan**"). Mention should be made that the 2018-2022 Plan takes form of a multi-year incentive plan, concerning the free-of-charge granting of CAREL shares, with 3 waves (rolling) lasting 3 years each, granting its beneficiaries the right to receive, at the end of each wave, ordinary shares of CAREL provided that certain performance targets (Group Cumulative Adjusted EBITDA for each vesting period and Cash Conversion rate) have been achieved and in accordance with terms and conditions indicated in the plan regulation.

The No. 11 beneficiaries of the 2018-2022 Plan, identified by name by the Board of Directors, heard the opinion of the Remuneration Committee, are the CEO, the Executive Directors, the managers with strategic responsibilities and a number of key roles located in Italy.

The characteristics of the 2018-2022 Plan are explained in detail in the Directors' report to the Shareholders' meeting of 7 September 2018 and in the information document ex. art. 84-*bis* of Issuers Regulation, available on the coprarate website www.carel.com in the section IR/Shareholders meetings, as well as at the authorised storage mechanism "eMarket STORAGE" at www.emarketstorage.com.

Attached is the information required by Schedule 7 of Annex 3A to Consob Regulation n. 11971/1999 to account for the granting of shares in the context of the 2018-2022 Plan.

**2021-2025 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 "2021-2025 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 Remneration 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 2021-2023, 2022-2024, 2023-2025.

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 "2021-2025" 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.

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).

<u>**Proposal for the authorisation to buy and sell treasury shares**</u>

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 20 April 2020.

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 5,000,000 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 168,209 treasury shares in its portfolio, equal to 0.1682% 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 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 € 0.12 per share, which will be paid on 23 June 2021 (ex-dividend date 21 June 2021 - record date 22 June 2021).

## 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 20 April 2021, in a single call, to resolve upon the following agenda:

**Ordinary part**

1. Proposals for amendments to articles 17 and 23 of the Articles of Association in compliance with the Budget Law no. 160/2019 containing provisions on gender quotas in the administrative and control bodies of listed companies; Resolutions pertaining thereto and resulting therefrom.

**Extraordinary part**

1. Approval of the Draft Financial Statements as at 31 December 2020 and presentation of the Consolidated Financial Statements as at 31 December 2020. Allocation of the profit (loss) for the year.
   1.1 Approval of the Draft Financial Statements as at 31 December 2020; Resolutions pertaining thereto and resulting therefrom.
   1.2 Allocation of the profit (loss) for the year; Resolutions pertaining thereto and resulting therefrom.
2. Appointment of the Board of Directors; Resolutions pertaining thereto and resulting therefrom.
   2.1 Determination of the numbers of the member of the Board of Directors;
   2.2 Determination of the tenure of the Board of Directors;
   2.3 Appointment of the members of the Board of Directors;
   2.4 Appointment of the Chairman and the Vice-Chairman of the Board of Directors;
   2.5 Determination of the remuneration of the members of the Board of Directors.
3. Appointment of the Board of Statutory Auditors; Resolutions pertaining thereto and resulting therefrom.
   3.1 Appointment of three standing and two alternate Statutory Auditors;
   3.2 Appointment of the Chairman of the Statutory Auditors;
   3.3 Determination of the remuneration of the members of the Statutory Auditors.
4. Resolutions related to the Remuneration Report pursuant to Article 123-*ter,* Legislative decree 58/1998 and pursuant to art. 84-quarter of the Consob Regulation n. 11971/1999.

4.1 Binding vote on the remuneration policy relating to the year 2021 illustrated in the first section of the Report; Resolutions pertaining thereto and resulting therefrom;

4.2 Consultation on the second section of the Report, relating to the fees paid in or related to 2020; Resolutions pertaining thereto and resulting therefrom.

5. Proposal for the approval of a compensation plan based on financial instruments pursuant to art. 114-*bis* of D. Lgs. 24 February 1998 n. 58, as subsequently amended and supplemented; Resolutions pertaining thereto and resulting therefrom.

6. Proposal for the authorisation to buy and sell treasury shares, following the revocation of the authorisation approved by the Ordinary Shareholders' Meeting held on 20 April 2020. Resolutions pertaining thereto and resulting therefrom.

## CONFERENCE CALL

The results as of 31 December 2020 will be illustrated today, 4 March 2021, at 16.00 (CET) 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 2020 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 66% of the Group's revenues in the financial year to 31 December 2020, while the refrigeration market accounted for 33% of the Group's revenues.

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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.
The Group operates through 27 subsidiaries and nine production plants located in various countries. As of 31 December 2020, 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.

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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 2020

### Consolidated Statement of financial position

| *(€'000)* | **31/12/2020** | **31/12/2019** |
|---|---|---|
| Property, plant and equipment | 74,880 | 63,775 |
| Intangible assets | 89,498 | 90,534 |
| Equity-accounted investments | 724 | 536 |
| Other non-current assets | 11,311 | 13,111 |
| Deferred tax assets | 5,265 | 4,378 |
| **Non-current assets** | **181,678** | **172,335** |
| Trade receivables | 57,728 | 58,552 |
| Inventories | 52,012 | 48,265 |
| Current tax assets | 2,156 | 1,711 |
| Other current assets | 7,445 | 6,613 |
| Current financial assets | 7,540 | 56 |
| Cash and cash equivalents | 105,586 | 62,798 |
| **Current assets** | **232,468** | **177,994** |
| **TOTAL ASSETS** | **414,145** | **350,330** |
| | | |
| Equity attributable to the owners of the parent company | 159,317 | 142,868 |
| Equity attributable to non-controlling interests | 304 | 353 |
| **Total equity** | **159,621** | **143,220** |
| Non-current financial liabilities | 113,657 | 86,486 |
| Provisions for risks | 1,292 | 1,368 |
| Defined benefit plans | 8,189 | 7,844 |
| Deferred tax liabilities | 10,212 | 10,896 |
| **Non-current liabilities** | **133,350** | **106,595** |
| Current financial liabilities | 49,080 | 38,492 |
| Trade payables | 43,234 | 38,200 |
| Current tax liabilities | 2,991 | 1,113 |
| Provisions for risks | 2,104 | 2,418 |
| Other current liabilities | 23,766 | 20,292 |
| **Current liabilities** | **121,175** | **100,515** |
| **TOTAL LIABILITIES AND EQUITY** | **414,145** | **350,330** |

CAREL

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Part. IVA e Cod. Fisc. 04359090281

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N. Reg. Prod. AEE: IT16030000009265



## Consolidated Statement of profit or loss

| *(€'000)* | **31/12/2020** | **31/12/2019** |
|---|---|---|
| Revenue | 331,610 | 327,358 |
| Other revenue | 3,704 | 3,611 |
| Costs of raw materials, consumables and goods and changes in inventories | (139,644) | (138,637) |
| Services | (42,536) | (47,503) |
| Capitalised development expenditure | 2,227 | 2,970 |
| Personnel expenses | (88,620) | (83,412) |
| Other expenses, net | (1,548) | (1,255) |
| Amortisation, depreciation and impairment losses | (18,482) | (16,769) |
| **OPERATING PROFIT** | **46,713** | **46,363** |
| Net financial income | (1,489) | (1,431) |
| Net exchange rate losses | (921) | (152) |
| Net result from companies consolidated with Equity method | 208 | 177 |
| **PROFIT BEFORE TAX** | **44,511** | **44,957** |
| Income taxes | (9,393) | (9,910) |
| **PROFIT FOR THE PERIOD** | **35,118** | **35,047** |
| Non-controlling interests | 5 | 28 |
| **PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY** | **35,112** | **35,019** |

## Consolidated Statement of comprehensive income

| *(€'000)* | **31/12/2020** | **31/12/2019** |
|---|---|---|
| **Profit for the period** | **35,118** | **35,047** |
| Items that may be subsequently reclassified to profit or loss: | | |
| - Fair value gains (losses) on hedging derivatives net of the tax effect | (73) | (270) |
| - Exchange differences | (6,279) | 926 |
| Items that may not be subsequently reclassified to profit or loss: | | |
| - Discounted benefits to employees net of fiscal effect | (177) | (313) |
| **Comprehensive income** | **28,589** | **35,390** |
| attributable to: | | |
| - Owners of the parent company | 28,619 | 35,333 |
| - Non-controlling interests | (31) | 57 |

## Earnings per share

| | | |
|---|---|---|
| Earnings per share (in euros) | **0.35** | **0.35** |

## Consolidated Statement of cash flows

| *(€'000)* | **31/12/2020** | **31/12/2019** |
|---|---|---|
| Profit for the period | 35,118 | 35,047 |
| Adjustments for: | | - |
| Amortisation, depreciation and impairment losses | 18,482 | 16,747 |
| Accruals to/utilisations of provisions | (560) | 2,426 |
| Non-monetary net financial income | 1,187 | 1,341 |
| Taxes | 8,122 | 9,821 |
| (Capital gains)/losses on fixed assets disposal | - | (850) |
| | **62,349** | **64,532** |
| Changes in working capital: | | |
| Change in trade receivables and other current assets | 692 | 3,104 |
| Change in inventories | (4,348) | 5,283 |
| Change in trade payables and other current liabilities | 5,887 | (4,988) |
| Change in non-current assets | 1,592 | 515 |
| Change in non-current liabilities | 84 | 101 |
| **Cash flows generated from operations** | **66,256** | **68,547** |
| Net interest paid | (1,650) | (1,657) |
| Taxes paid | (7,503) | (17,325) |
| **Net cash flows generated by operating activities** | **57,103** | **49,565** |
| Investments in property, plant and equipment | (8,260) | (17,736) |
| Investments in intangible assets | (5,086) | (5,823) |
| Investments in financial assets | (0) | 25 |
| Disinvestments of property, plant and equipment and intangible assets | 148 | 2,198 |
| Interest collected | 178 | 316 |
| Investment in companies evaluated with the equity method | (15) | (25) |
| Industrial aggregation net of the acquired cahs | - | (1,303) |
| **Cash flows generated by (used in) investing activities** | **(13,036)** | **(22,348)** |
| Capital increase | 33 | - |
| Repurchase of treasury stocks | (958) | (807) |
| Dividend to Shareholders | (11,980) | (9,992) |
| Dividend to Minorities | (50) | (74) |
| Investments in current financial assets | (7,500) | - |
| Increase in financial liabilities | 69,797 | 48,185 |
| Decrease in financial liabilities | (44,510) | (53,398) |
| Decrease in financial liabilities for leasing fees | (4,238) | (4,036) |
| **Cash flows generated by (used in) financing activities** | **594** | **(20,121)** |
| **Change in cash and cash equivalents** | **44,662** | **7,096** |
| **Cash and cash equivalents - opening balance** | **62,798** | **55,319** |
| Exchange differences | (1,873) | 383 |
| **Cash and cash equivalents - closing balance** | **105,586** | **62,798** |

## 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 1/1/2019** | **10,000** | **2,000** | **2,660** | **(93)** | **32,950** | **39,798** | **30,678** | **117,992** | **296** | **118,288** |
| **Owner transactions** | | | | | | | | | | |
| - Allocation of profit for the period | - | - | - | - | 23,990 | 6,689 | (30,678) | - | | - |
| - Defined benefit plans | - | - | - | - | 340 | - | - | **340** | | **340** |
| - Treasury shares repurchase | - | - | - | - | (807) | - | - | **(807)** | | **(807)** |
| - Dividend distributions | - | - | - | - | (9,992) | - | - | **(9,992)** | | **(9,992)** |
| - Change in the consolidation perimeter | - | - | - | - | | - | - | - | | - |
| **Total owner transactions** | **10,000** | **2,000** | **2,660** | **(93)** | **46,480** | **46,487** | **(0)** | **107,532** | **296** | **107,828** |
| - Profit for the period | | | | | | | 35,019 | **35,019** | 28 | **35,047** |
| - Other comprehensive income (expenses) | - | - | 897 | (270) | (314) | - | - | **314** | 29 | **343** |
| **Total other comprehensive income (expenses)** | **-** | **-** | **897** | **(270)** | **(314)** | **-** | **35,019** | **35,333** | **57** | **35,390** |
| **Balance as of 31/12/2019** | **10,000** | **2,000** | **3,557** | **(363)** | **46,166** | **46,487** | **35,019** | **142,868** | **353** | **143,220** |
| | | | | | | | | | | |
| **Balance as of 1/1/2020** | **10,000** | **2,000** | **3,557** | **(363)** | **46,166** | **46,487** | **35,019** | **142,868** | **353** | **143,220** |
| **Owner transactions** | | | | | | | | | | |
| - Allocation of profit for the period | - | - | - | - | 22,711 | 12,308 | (35,019) | **0** | - | **0** |
| - Capital increase | - | - | - | - | - | - | - | - | 33 | **33** |
| - Defined benefit plans | - | - | - | - | 767 | - | - | **767** | - | **767** |
| - Treasury shares repurchase | - | - | - | - | (958) | - | - | **(958)** | - | **(958)** |
| - Dividend distributions | - | - | - | - | (11,980) | - | - | **(11,980)** | (50) | **(12,030)** |
| **Total owner transactions** | **10,000** | **2,000** | **3,557** | **(363)** | **56,706** | **58,795** | **(0)** | **130,697** | **336** | **131,032** |
| - Profit for the period | | | | | | | 35,112 | **35,112** | 5 | **35,118** |
| - Other comprehensive expenses | - | - | (6,243) | (73) | (177) | - | - | **(6,493)** | (36) | **(6,529)** |
| **Total other comprehensive expenses** | **-** | **-** | **(6,243)** | **(73)** | **(177)** | **-** | **35,112** | **28,619** | **(31)** | **28,589** |
| **Balance as of 31/12/2020** | **10,000** | **2,000** | **(2,686)** | **(436)** | **56,530** | **58,795** | **35,112** | **159,317** | **304** | **159,621** |

INFORMATION EX FORM No. 7 OF THE ANNEX 3A - CONSOB REGULATION No. 11971/1999

COMPENSATION PLANS BASED ON FINANCIAL INSTRUMENTS

| Name and Surname or category | Office (only to be specified for parties named individually) | Box 1 (Financial instruments other than *stock option*) | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | **Section 2** Newly assigned instruments on the basis of the resolution resolved upon by the Body in charge of the implementation of the Shareholders' meeting resolution | | | | | | |
| | | Date of Shareholders' meeting resolution | Type of financial instruments | No. of financial instruments assigned by the BoD | Date assigned (*) | Instrument purchase price (if applicable) | Market price at the time of assignment (**) | Vesting period |
| Luigi Rossi Luciani | Chairman | 7 September 2018 | Shares of CAREL Industries S.p.A. | 9,365 | 4 March 2021 | N.A. | € 16.1 | 1° January 2018 - 31 December 2020 |
| Luigi Nalini | Vice-Chairman | 7 September 2018 | Shares of CAREL Industries S.p.A. | 6,743 | 4 March 2021 | N.A. | € 16.1 | 1° January 2018 - 31 December 2020 |
| Francesco Nalini | Chief Executive Officers | 7 September 2018 | Shares of CAREL Industries S.p.A. | 16,707 | 4 March 2021 | N.A. | € 16.1 | 1° January 2018 - 31 December 2020 |
| Carlotta Rossi Luciani | Executive Director | 7 September 2018 | Shares of CAREL Industries S.p.A. | 2,248 | 4 March 2021 | N.A. | € 16.1 | 1° January 2018 - 31 December 2020 |
| Giandomenico Lombello | Managing Director | 7 September 2018 | Shares of CAREL Industries S.p.A. | 8,843 | 4 March 2021 | N.A. | € 16.1 | 1° January 2018 - 31 December 2020 |
| Managers with strategic respons. Of CAREL Industries S.p.A. | Executive Managers | 7 September 2018 | Shares of CAREL Industries S.p.A. | 18,034 | 4 March 2021 | N.A. | € 16.1 | 1° January 2018 - 31 December 2020 |
| Other employees of CAREL Industries S.p.A. and its subsidiaries | Managers | 7 September 2018 | Shares of CAREL Industries S.p.A. | 5,748 | 4 March 2021 | N.A. | € 16.1 | 1° January 2018 - 31 December 2020 |

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(*) Shares will be made available by 30 April 2021 by the BoD met on 4 March 2021; the Remuneration Committee made its proposal on 3 March 2021.
(**)The value indicated refers to the date of determination of the assignments by the BoD, it being understood that the effective assignment date is deferred by 30 April 2021

| | |
|---|---|
| Fine Comunicato n.2092-13 | Numero di Pagine: 16 |