

ANNUAL REPORT 2021



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STATEMENTS BY THE PRESIDENT



A CONSTANT MARKET PRESENCE AND EXCELLENT MARKET SHARES HAVE LED TO SOME OF THE BEST PROFITABILITY RESULTS IN OUR 90 YEARS OF DOING BUSINESS.

While the year 2021 was again characterized by the twin challenges of macro-economic issues and the pandemic, plus considerable levels of uncertainty and ensuing market volatility, the Cefla group nevertheless achieved impressive economic results, with EBITDA touching 69 million euro and total net profits reaching 50 million.

The Group's consolidated financial statements up to 31 December 2021 paint a picture of excellent economic and financial health, with **Revenues** standing at 574 million euro.

Net Equity was 308 million euro, up 14% compared to 2020.

At the end of the year the Group's **Net Financial Position** showed a positive balance of 99 million euro, a further significant improvement on the already-encouraging balance of 55 million euro at the end of 2020.

These results were achieved against a global macroeconomic backdrop in which the Italian economy recovered vigorously in Q2 and Q3. Moreover, the last quarter of 2021 and the first quarter of 2022 saw global business impacted by a resurgence of the pandemic and global supply chain tensions.

Despite the above-described scenario, **research and development**, innovation, expansion of the product range, digitalization and exploration of new projects - with investments totalling 9.4 million euro - proceeded apace across all sectors. This proved to be advantageous both to Business Units of a more industrial nature (Medical, Finishing and Lighting) and the Engineering Business Unit.

Research and development proceeded on a sector by sector basis, in keeping with Group goals. In addition to ongoing projects begun the previous year, 2021 saw the launch of further projects designed to streamline the product portfolio and organise/launch further research and development within both consolidated and new businesses.

Like the previous year, 2021 was characterized by a difficult global scenario, mainly due to supply chain issues (national and international) and the scarcity of components and sensors.

While international tensions and pandemic outbreaks continued throughout the year, we succeeded in maintaining a constant market presence and capturing significant market shares. All this has allowed us to convey a message of confidence to our customers.

The achieved revenues allowed us to recoup nearly all the losses that stemmed from the transfer of one of our longest-standing Business Units, Shopfitting.

The overall picture is that of a solid, highly capitalized company in excellent financial health and with a very young corporate workforce. Historically we are a 'company of many companies': a multi-business Group that demands an analysis of the cooperative's performance in light of the dynamics of its individual Business Units.

The Medical sector is enjoying a period of growth, with expansion proceeding from the dental field to the more general medical/hospital ones. Finishing, which has a more narrowly focused market, is also performing positively; that said, efforts are being made to diversify in order to loosen its ties to the extremely volatile housing sector. Engineering has, instead, struggled, not so much because of a lack of opportunities but on account of the cost of materials and the need to review some contracts. Lighting has been impacted by higher energy costs, which penalize investment in greenhouses and new electro-cultivation systems.

"Our goal is to create value over time, to invest in products, people and expand. Our outstanding financial solidity forms the bedrock on which to build investment plans. What we gain from the market by creating value for customers is ploughed back into the company, its products, improvements to the way we work and other areas, creating a positive feedback loop.

Cefla believes in the values of sharing and making people the focus of doing business. And that "shared entrepreneurship" allows it to pursue its primary goal: customer satisfaction.

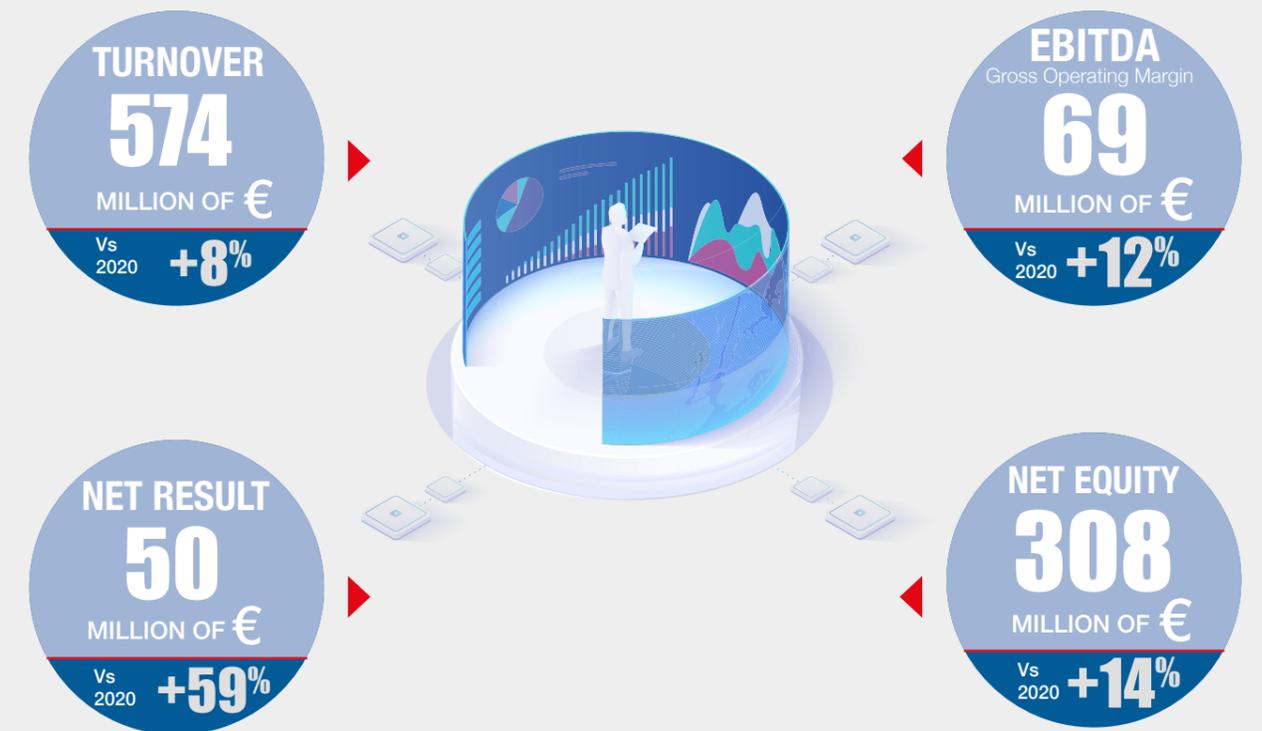


Gianmaria Balducci - Cefla BoD Chairman

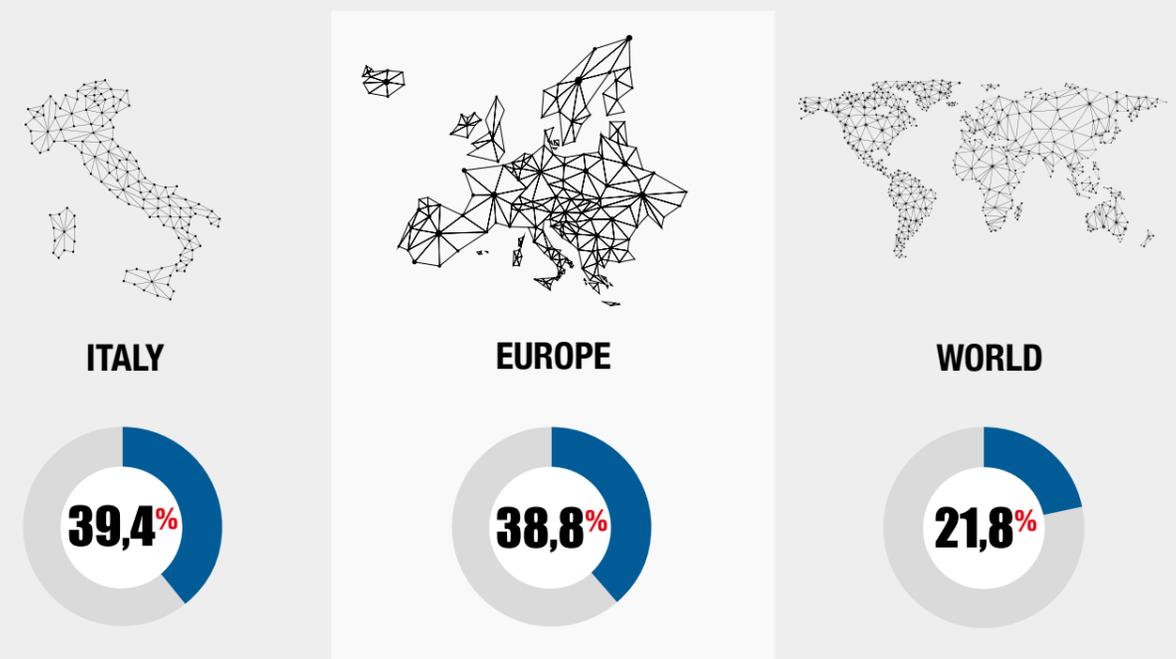
ECONOMIC FINANCIAL INDICATORS 2021

INCOME STATEMENT	2017	2018	2019 (*)	2020 (*)	2021
REVENUE	550.151	559.155	585.813	531.173	573.569
revenues % growth	21,8 %	1,6 %	4,8 %	-9,3 %	8 %
EBITDA	47.066	49.651	50.808	55.592	68.675
% EBITDA	8,6 %	8,9 %	8,7 %	10,5 %	12 %
EBIT	35.141	35.203	30.398	32.799	50.209
% EBIT	6,4 %	6,3 %	5,2 %	6,2 %	8,8 %
Net Result	27.894	30.155	27.014	31.569	50.293
Net Result % growth	59,5 %	8,1 %	-10,4 %	16,9 %	59,3 %
BALANCE SHEET	2017	2018	2019	2020 (*)	2021
Net Fixed Assets	160.551	175.545	182.421	189.877	196.028
Net working capital	58.336	53.422	45.932	37.079	22.959
NWC/Revenues incidence	8,8 %	10,0 %	8,5 %	7,8 %	5,2 %
Net Equity	216.905	238.493	254.205	270.605	308.422
Net Financial Position	12.668	21.991	37.561	54.771	98.935

(*) Includes the result of discontinued business units and assets and liabilities held for sale

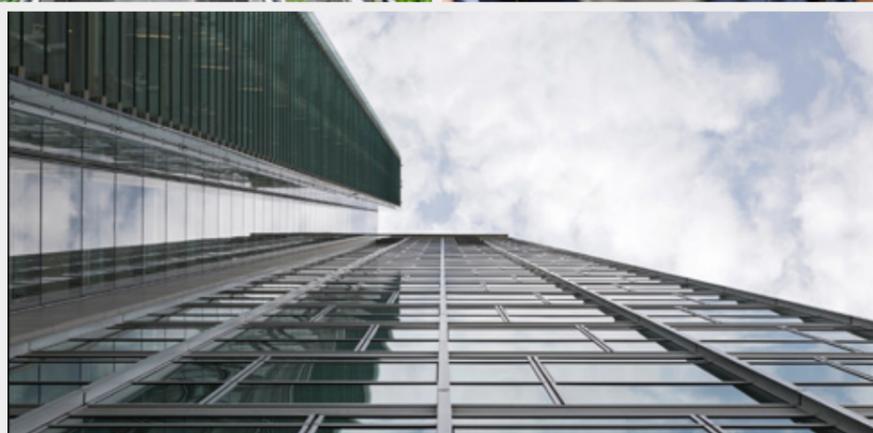
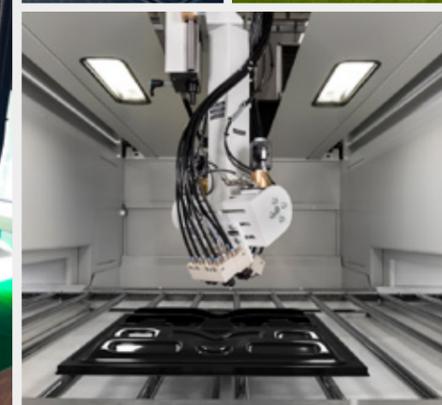
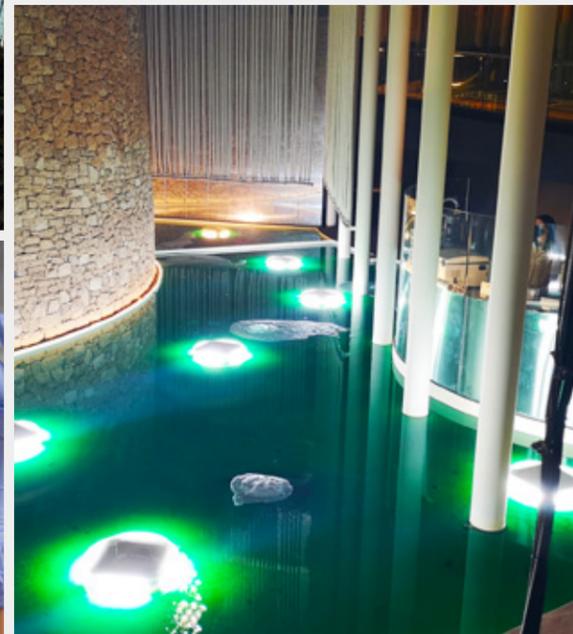


SALES REVENUES BY GEOGRAPHICAL AREA



BUSINESS UNITS

ENGINEERING | FINISHING | MEDICAL EQUIPMENT | LIGHTING



BUSINESS UNIT ENGINEERING

TECHNOLOGY TO ENHANCE YOUR WELLBEING.

CUSTOMER-FOCUSED, DIVERSIFIED SOLUTIONS, CUTTING-EDGE TECHNOLOGY: MAKING THE SPACES WE BUILD PLACES OF WELLBEING.

For 90 years, the BU Engineering's mission has been to enhance people's living conditions and quality of life by building and maintaining technologically advanced systems that provide healthy, comfortable, welcoming places in which to live.

With its 3 Business Lines - **EPC Contracting, Global Service and Energy - the Engineering BU** designs, builds and manages high-tech civil, industrial and energy generation facilities that prioritise comfort and efficiency. The BU works in close partnership with customers according to the highest certified quality and safety standards.

A wealth of experience and the continuous application of innovative technology, engineering and IT have allowed the company to implement complex, top-flight projects with practical solutions aimed at enhancing comfort and safeguarding the environment.

The end-of-2021 macroeconomic context was characterised by signs of a slowdown in some areas. Compared to 2020, Italy benefited from moderate growth (+7.3%). Our greatest difficulties, instead, were experienced in other countries, mainly in Germany. However, we responded to this new scenario by pursuing development plans, reorganizing facilities and recalibrating skills, a strategy that allowed us to mitigate the impact of lockdowns and narrower margins.

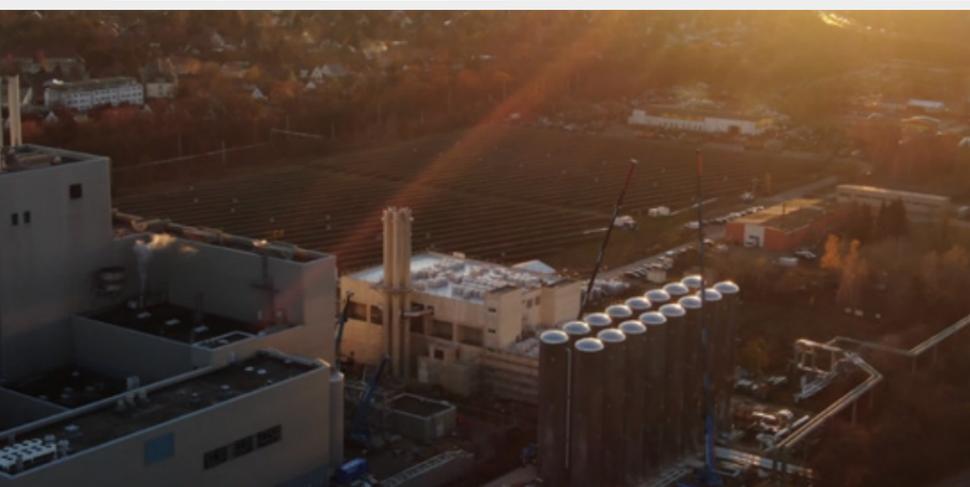
Expanding the role played by **BL Global Service** - which makes a significant contribution to profitability and achieved record-breaking highs in 2021 - remains a priority. The year 2021 also saw encouraging continuity in volume growth, consolidating the development of the sector and closing what has been a noteworthy five-year period. We provide customers with close support via highly specialised maintenance engineering partnerships, enabling them to manage their assets (both manufacturing and infrastructure) from a Full Service and Global Service perspective.

One of the year's key orders was the renewal of the general systems maintenance contract at the **LGS plant in Cameri**. Work also continued on the **Unipol Headquarters** in Milan and the **CINECA Data Center** at **Bologna Technopole** where one of the world's most powerful HPC super-computers will be installed.

On the Energy front, some three years of work have now led to the completion of the cogeneration plant at Cottbus, in Germany. Moreover, a major agreement for the construction of an integrated **ENERGY HUB** at the new Pizzoli production plant was signed; this hub will consist of a trigeneration plant, a heating-cooling plant, a compressed air plant and a water supply system.



Construction of the Control Room
(Fusaro site, Leonardo Electronics)



Next-gen cogeneration plant
(Cottbus, Germany)



Redevelopment of the Galfa Tower systems
(Milan)

BUSINESS UNIT FINISHING

*THE MOST TRUSTED SURFACE FINISHING PARTNER,
IN EVERYTHING YOU SEE.*

J-PRINT Digital Printing Line



A COMPREHENSIVE RANGE OF SOLUTIONS AND TECHNOLOGIES HAS MADE CEFLA FINISHING THE GLOBAL LEADER IN THE WOOD SECTOR, A POSITION IT MAINTAINS THROUGH UNRIVALLED EXPERTISE, A SHARP FOCUS ON INNOVATION AND THE DELIVERY OF ON-SITE CUSTOMER SERVICES, ALL REINFORCED BY A SOLID WORLDWIDE ORGANIZATIONAL SET-UP.

Cefla Finishing sees the constant development of innovative, reliable solutions as strategic to both its continued growth and the establishment of a leadership position in the veneering of other materials. With the general economic recovery driving industry performance, 2021 closed with higher revenues than the previous year.

Overall, business outside the wood sector saw a return to pre-pandemic values, allowing for a major 're-think and restart' in the direction of risk-mitigating diversification.

On the development front, the spraying segment will soon see the completion and implementation of two new functions that will provide customers' production processes with significant time and cost savings: **Timeskip on iBotic and Fast Color Switch on Easy.**

Both solutions underscore an ability to convert know-how into tangible benefits on customers' production lines.

The roller coating field has seen significant advances, such as the application of products that give finished items functional features like anti-reflective or stain-resistant finishes on **thin substrates (less than 1 mm) with Smartcoater PRO** or their application in nanometric terms with Solarcoater.

In the overhead lines field, **upgrades to the robot and the colour change system on iGiotto** have resulted in higher performance while a **software upgrade** and **redesigned iFlow** allow for heightened process automation.

There have also been several developments in the digital field: **printing on cardboard sheets, on metal coils, printing and texturing on SPC flooring.**

Industrial operations continue to see improvements to production efficiency. Note however that such operations have been affected by supply chain issues in terms of both stock levels, which have limited growth, and inflationary pressure that, given the nature of the business, has narrowed margins.

Automation and digital transformation are proceeding apace thanks to the ever-more widespread adoption of CRM and remote service systems.

The year also saw completion of Jet-Set's incorporation into the Business Unit and the transfer of production operations to Imola.

Painted solar panels
with SOLARCOATER



Spray coating for automotive industry



BUSINESS UNIT MEDICAL EQUIPMENT

THE MOST RECOGNIZED PROVIDER OF CBCT IMAGING AND DENTISTRY SOLUTIONS, CHOSEN TO DELIVER A HIGH-QUALITY HEALTHCARE EXPERIENCE

Showroom & Training Center



CEFLA MEDICAL EQUIPMENT IS A GLOBAL PARTNER THAT, THROUGH SEVERAL BRANDS AND DISTRIBUTION NETWORKS, PROVIDES THE MAIN DENTAL AND RADIOLOGY SEGMENTS WITH UNMATCHED SOLUTIONS.

Via its **Anthos, Castellini, Stern Weber, MyRay, NewTom, Mocom** and **Winsix** brands, the Group is a leading player on the main international markets. Its products are widely recognized for their quality and innovation.

In 2021, the Medical Equipment Business Unit succeeded in overcoming numerous difficulties - mainly linked to a resurgence of the pandemic and raw material supply issues - to achieve strong revenue growth and improved profitability.

The utmost importance was given to workplace health and safety.

During 2021, the Verona production facility was merged into the revamped industrial Imaging platform in Imola, boosting the efficiency/output capacity of the entire panoramic and CBCT range.

Moreover, patient chair assembly lines were redesigned to improve efficiency and raise production capacity.

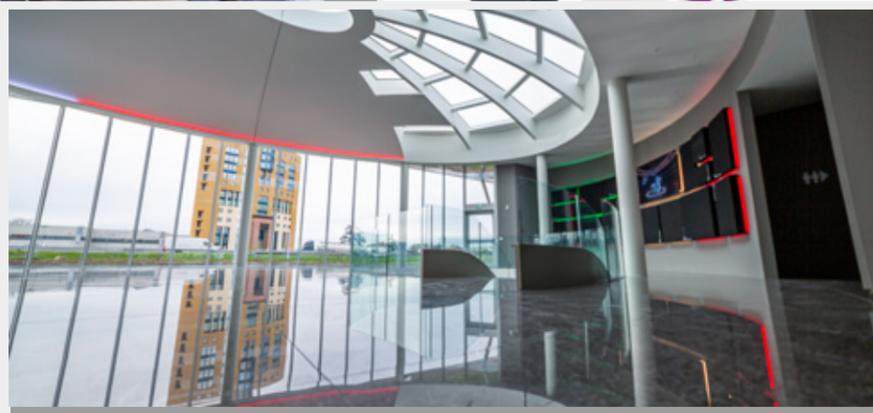
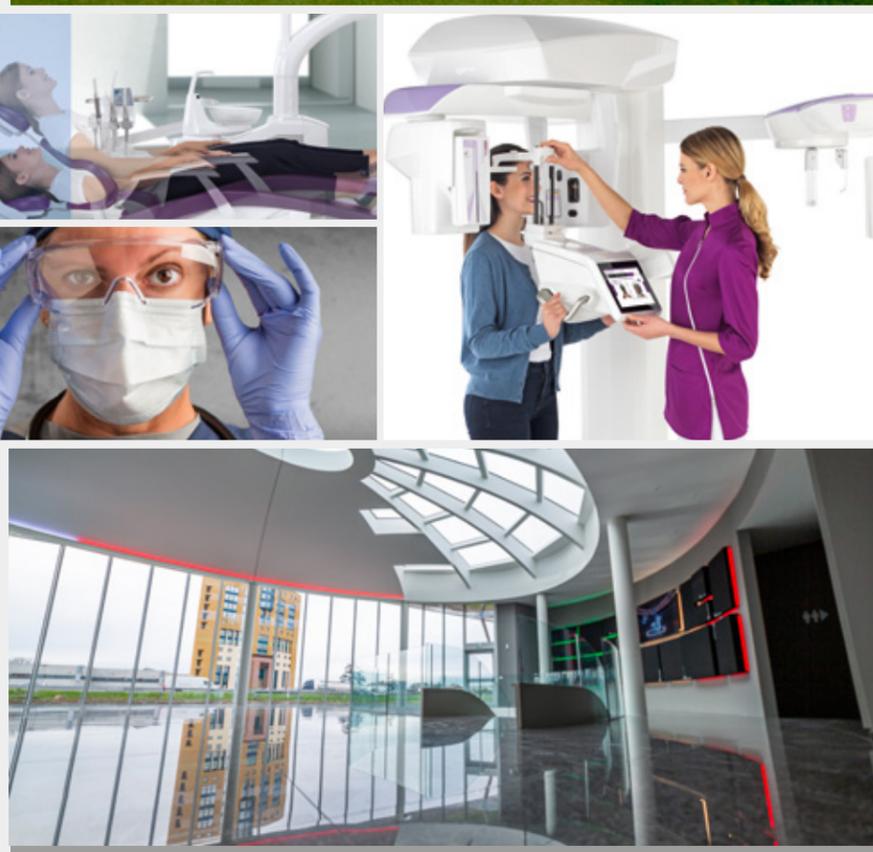
The new **Showroom and Training Center** were inaugurated: these 'technological hubs' have been established to showcase the product ranges and provide training, both in person and online.

Early 2021 saw the finalisation of the takeover of **BioSAFin S.r.l.**, a company specialised in the development and production of dental implants and customized orthodontic devices.

In 2022, product development investment in all Product Lines will see the introduction of new models and accessories that provide dentists with innovative ergonomics and new functions. The year will also see completion of the project to strengthen the Operations and R&D office areas. Moreover, expansion of the Production and Logistics Center will begin, with completion expected by 2024.

Key investments are planned for the three-year period 2022-2024. These are part of an industrial plan that provides for expansion of the product portfolio, market development and installation of industrial assets.

Showroom & Training Center



BUSINESS UNIT LIGHTING

ENHANCING THE WAY YOU ILLUMINATE



Vertical Farm, Profarms



Microalgae production
at EXPO 2020 Dubai



Fitotrone at Conase

CEFLA LIGHTING: PUTTING YOUR BUSINESS IN THE SPOTLIGHT

The **Lighting Business Unit** is Cefla's lighting and wireless connectivity ambassador all over the world. It has a wealth of experience in the design and manufacture of Made-in-Italy LED-powered products. The Lighting Business Unit was born out of synergy between the companies C-LED and Lucifero's.

C-LED designs and manufactures technologies for the Lighting world and has three main business lines: LED and UV LED modules, Smart Lighting for the industrial and automation sector, and horticulture lighting products. The company offers outstanding expertise in electronics, especially the design and production of circuit cards/boards. Thanks to smoothly integrated design and production, C-Led ensures high levels of product customisation while maintaining flexibility and fast delivery.

The year 2021 saw the industrialisation of products intended for the Growing sector and the implementation of solutions to optimize both production and sales organization. During the year, economic performance was characterized by a slight increase in orders.

LUCIFERO'S, which joined the Cefla Group in July 2018, is a company that has specialised in the development of archi-tech lighting solutions for over 40 years by designing and manufacturing lighting fixtures for the interior design, outdoor and retail design sectors.

Lucifero's smoothly integrates lighting fixtures into their surroundings, not just physically but also in terms of the materials used, ensuring outstanding versatility for designers.

The two main business lines are: standard products (profiles and systems, spotlights, outdoor products) and project-specific products.

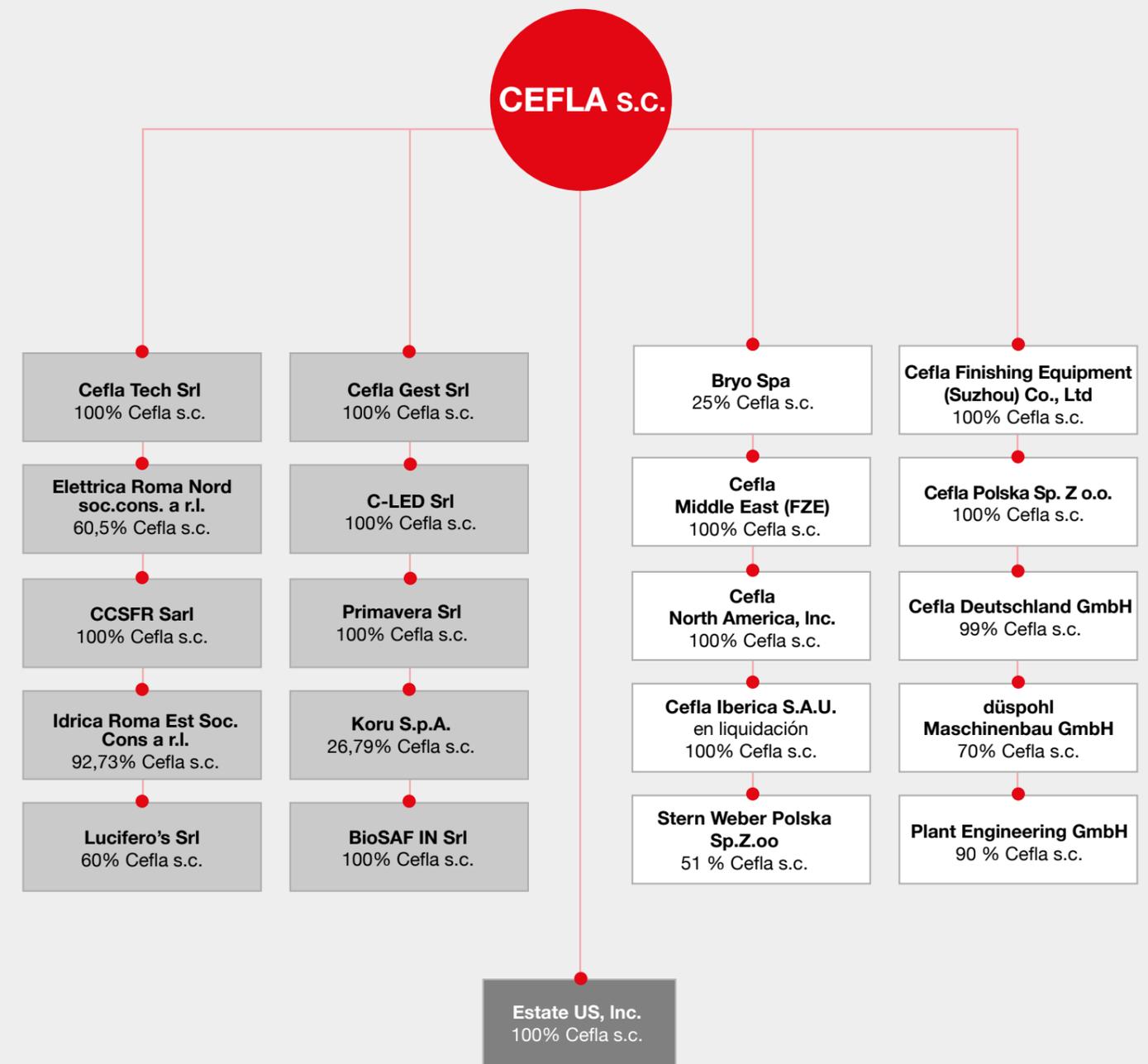
COMPANY ORGANIZATION



CEFLA

DIFFERENT ROUTES TO ONE GOAL: EXCELLENCE.

Cefla consists of a number of different divisions, active in different fields and environments, but nonetheless sharing the same main goals. Four different business units, combining skills and abilities to achieve primary targets in their respective fields of action. All sharing a common project, in which everyone's talent and relations are integrated and mutually supported.



CEFLA WORLDWIDE

