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## STATEMENTS BY THE PRESIDENT

CEFLA: SHARED ENTREPRENEURSHIP, A SHARP FOCUS ON INNOVATION AND CONTINUOUSLY IMPROVED PROCESSES TO ACHIEVE EXCELLENT GROWTH AND DEVELOPMENT

In a year like 2022, in which the macroeconomic outlook was characterised by new exogenous problems and a spike in the cost of raw materials - all in addition to the uncertainty triggered in February by the war in Ukraine - the Cefla Group's consolidated economic results were encouraging: EBITDA reached €91 million and net profits totalled €61 million.

The Cefla Group's consolidated financial statements up to 31st December 2022 paint a picture of optimal economic and financial health, with **Revenues** standing at €647 million (+12.8% compared to 2021).

**Net Equity** rose to €350 million, up 13.5% compared to 2021, highlighting the Group's asset-related solidity.

The end-of-year **Net Financial Position** showed a positive balance of €94 million, confirming the Group's excellent financial situation. During the fiscal year, operational management created the liquidity needed to self-finance two key areas. Firstly, it permitted a substantial increase in stock (which rose in value by €31 million, +40% compared to 2021), needed to prevent delays in the supply of components, still a distinct possibility on account of the ongoing global geopolitical instability. Secondly, it funded corporate equity investments (goodwill and know-how totalling €13.6 million were acquired), driving vertical integration of the Medical Equipment BU production cycle by bringing the production of high-tech goods (X-ray sensors and generators) and diagnostic software (with AI-related development opportunities) within the Group's operating perimeter.

**Revenues** in Italy (whose share of the Group total rose from 39.4% in 2021 to 43% in 2022) and the USA (+50.1% compared to 2021) increased, while Europe experienced a slight drop.

Further information on the individual Business Units:

**Engineering BU** - Despite intensifying inflationary pressure and procurement issues, revenues grew and performance in the last quarter was nothing short of excellent.

**Finishing BU** - Compared to the previous year, 2022 closed with an increase in revenues thanks to a clear strategy of simplification and changes at both operational and organisational level. The scope of the business and its territorial coverage, together with a solid leadership position, ensured market opportunities - mostly in the West - were seized promptly.

**Medical Equipment BU** - In 2022 the Business Unit tackled context-related threats - war in Ukraine, hyperinflation, soaring production costs, supply chain crises - by taking actions designed to ensure continuity of production, defend profit margins and secure higher volumes and market shares. In 2022, corporate acquisitions focused on strengthening technological skills related to the Imaging Business Line.

**C-LED** - The year's economic performance was characterized by sluggish order inflows and an economic slowdown in the Lighting sector. Costs relating to **research, development, innovation functional/aesthetic product improvements**, product range expansion, process re-engineering, digitalization and the exploration of new businesses **amounted to €11.9 million** in 2022 (11.3 million of which was attributable to Cefla s.c.). In keeping with Group goals, in 2022 Cefla's research, development and innovation projects were carried forwards for the benefit of both production-oriented Business Units (i.e. Finishing and Medical Equipment) and the Engineering Business Unit.

"Cefla continues to grow, overcoming challenges and creating lasting value by drawing on a diversified skills set, solidity and a rare capacity for innovation. Our outstanding financial strength forms a solid bedrock, allowing us to make continuous investments.

By taking a 'shared entrepreneurship' approach, what we gain from the market by creating value for customers we return to the company and its products, making improvements to the way we work and in other areas, thus creating a positive feedback loop. We see this as a priority, one that requires responsibility, commitment and meticulous attention to innovation and the continuous improvement of processes." states **President Gianmaria Balducci**



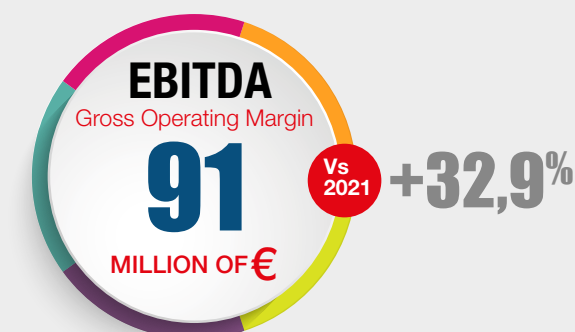
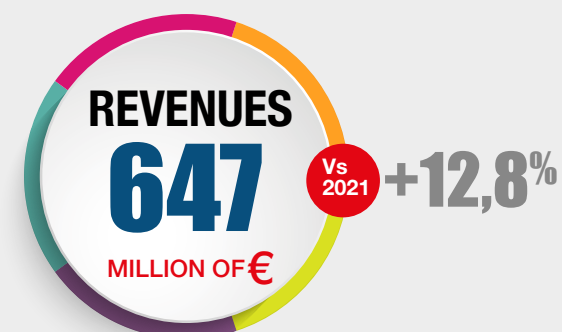
Gianmaria Balducci - Cefla BoD Chairman



| INCOME STATEMENT              | 2018           | 2019 (*)       | 2020 (*)       | 2021           | 2022           |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>REVENUE</b>                | <b>559.155</b> | <b>585.813</b> | <b>531.173</b> | <b>573.569</b> | <b>647.104</b> |
| revenues % growth             | 1,6%           | 4,8%           | -9,3%          | 8,0%           | 12,8%          |
| <b>EBITDA</b>                 | <b>49.651</b>  | <b>50.808</b>  | <b>55.592</b>  | <b>68.675</b>  | <b>91.298</b>  |
| % EBITDA                      | 8,9%           | 8,7%           | 10,5%          | 12,0%          | 14,0%          |
| <b>EBIT</b>                   | <b>35.203</b>  | <b>30.398</b>  | <b>32.799</b>  | <b>50.209</b>  | <b>77.424</b>  |
| % EBIT                        | 6,3%           | 5,2%           | 6,2%           | 8,8%           | 11,9%          |
| <b>Net Result</b>             | <b>30.155</b>  | <b>27.014</b>  | <b>31.569</b>  | <b>50.293</b>  | <b>61.464</b>  |
| Net Result % growth           | 8,1%           | -10,4%         | 16,9%          | 59,3%          | 22,2%          |
| BALANCE SHEET                 | 2018           | 2019           | 2020 (*)       | 2021           | 2022           |
| <b>Net Fixed Assets</b>       | <b>175.545</b> | <b>182.421</b> | <b>189.877</b> | <b>196.028</b> | <b>210.506</b> |
| <b>Net working capital</b>    | <b>53.422</b>  | <b>45.932</b>  | <b>37.079</b>  | <b>22.959</b>  | <b>53.001</b>  |
| NWC/Revenues incidence        | 10,0%          | 8,5%           | 7,8%           | 5,2%           | 5,8%           |
| <b>Net Equity</b>             | <b>238.493</b> | <b>254.205</b> | <b>270.605</b> | <b>308.422</b> | <b>350.001</b> |
| <b>Net Financial Position</b> | <b>21.991</b>  | <b>37.561</b>  | <b>54.771</b>  | <b>98.935</b>  | <b>94.368</b>  |

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

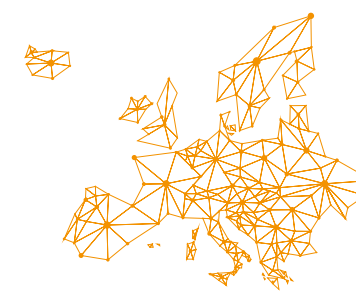
## ECONOMIC FINANCIAL INDICATORS 2022



## SALES REVENUES BY GEOGRAPHICAL AREA



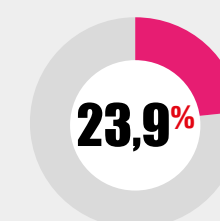
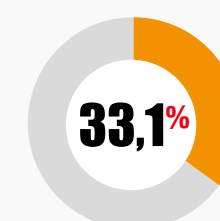
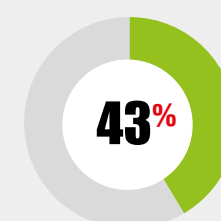
ITALY



EUROPE



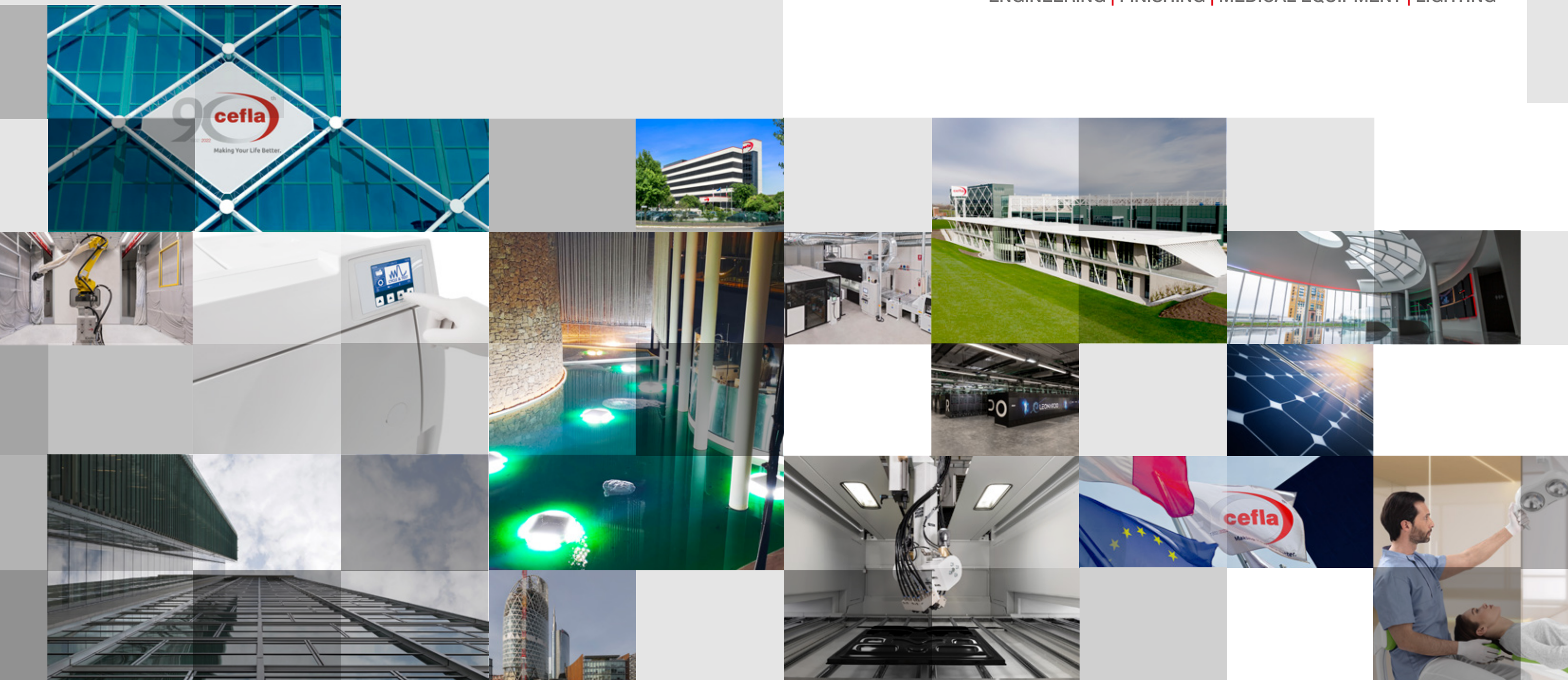
WORLD





## BUSINESS UNITS

ENGINEERING | FINISHING | MEDICAL EQUIPMENT | LIGHTING





## BUSINESS UNIT ENGINEERING

*TECHNOLOGY TO ENHANCE YOUR WELLBEING.*

### **PARTNERSHIP, SYSTEM INTEGRATION, PIONEERING TECHNOLOGY: MAKING THE SPACES WE BUILD PLACES OF WELLBEING.**

For 90 years, the Engineering BU's mission has been to enhance people's lives by building and managing technologically advanced systems that provide healthy, comfortable, welcoming places in which to live and work.

The Cefla Group's 'shared entrepreneurship' approach also permeates the Engineering Business Unit. Over the years, the BU has successfully diversified, yet also drawn strength from a confluence of skills and common goals as part of a wider System Integration strategy. Today, with its three Business Lines - **EPC Contracting, Global Service and Energy** - it designs, builds and manages technological facilities, processing plants and high-tech power stations in both civil and industrial contexts: "our integrated vision makes us our customers' go-to partner, all in compliance with the highest certified quality and safety standards".

A wealth of experience and the ceaseless application of innovative technology, design and IT have allowed - and continue to allow - the company to implement complex, top-flight projects with practical solutions that enhance comfort, efficiency, productivity and safeguard the environment.

Despite intensifying inflationary pressures and procurement difficulties, **revenues increased markedly** in 2022, with a strong surge in performance in the last quarter (+46% compared to previous), leading to the highest revenues ever achieved.

The project to expand **BL Global Service** continues. Committed to assisting companies in the management of their infrastructural and productive assets from a Full Service and Global Service perspective, BL Global Service is also involved in business transformation, with a clear focus on maintenance engineering and development of the innovative technology that will be used in the so-called "factory of the future". In 2022, this area continued to enjoy growing revenues and margins: the resulting consolidation goes hand in hand with the goals of maintaining technical leadership, penetrating new segments with good growth opportunities and developing solid partnerships with clients. The multi-utility sector is also expanding, as highlighted by the development of new business lines. Key projects included a renewal of the framework contract with UnipolSai Assicurazioni S.p.A. and major unscheduled maintenance works for the Leonardo Group (including construction of the office building and control tower adjacent to the new coating plant at the Leonardo Helicopters plant in Vergiate). Further developments included new engineering/specialised management projects designed to support Leonardo's production operations and expansion of the operating perimeter towards its ETN Division.

Work is also proceeding apace on the **UnipolSai Headquarters** in Milan and the **CINECA Data Center** at the **Bologna Technopole**, home to the Leonardo Supercomputer, the fourth most powerful in the world. Restoration work has begun on the former Villanova nursing home in via Careggi, in Florence: this facility will house the highly specialised healthcare facilities of the Meyer paediatric hospital.

On the Energy front, work continues on the **ENERGY HUB** incorporated in the new Pizzoli production plant (consisting of trigeneration, heating-cooling, water and compressed air systems) and on construction of a new 110 MW gas-fuelled power plant for the customer A2A gencogas S.p.A. in Cassano D'Adda. Towards the end of 2022, a partnership deal was signed with Bloom Energy to market and service their **Fuel Cells** in Italy and develop **NOVA**, the Cefla "Fuel Cell Cogeneration" system that integrates this cutting-edge solid oxide technology in a combined heat and power (CHP) version. This agreement falls within the scope of the European Green Deal and the ongoing energy transition, increasing the availability of clean energy to Italian companies.

UnipolSai tower,  
Milan

Fuel Cell partnership  
with Bloom Energy

Cineca Data Center,  
home of the Leonardo  
Supercomputer,  
Bologna



## BUSINESS UNIT FINISHING

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

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.

For more than 60 years **Cefla Finishing** has been designing, manufacturing and marketing coating, lining and digital printing systems for products and components made of wood, glass, plastic, fibre cement, cardboard, composites, metals and other materials, all at a global level.

A comprehensive range of solutions has made Cefla Finishing the international 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 organisational 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. Positive results in industrial digital printing are driving further improvements in this technology.

The year 2022 saw an **increase in revenues compared to the previous year** thanks to a clear strategy of simplification and changes at both operational and organisational level.

The scope of the business and its territorial coverage, together with Cefla Finishing's leadership position and brand recognizability, have ensured market opportunities are seized promptly.

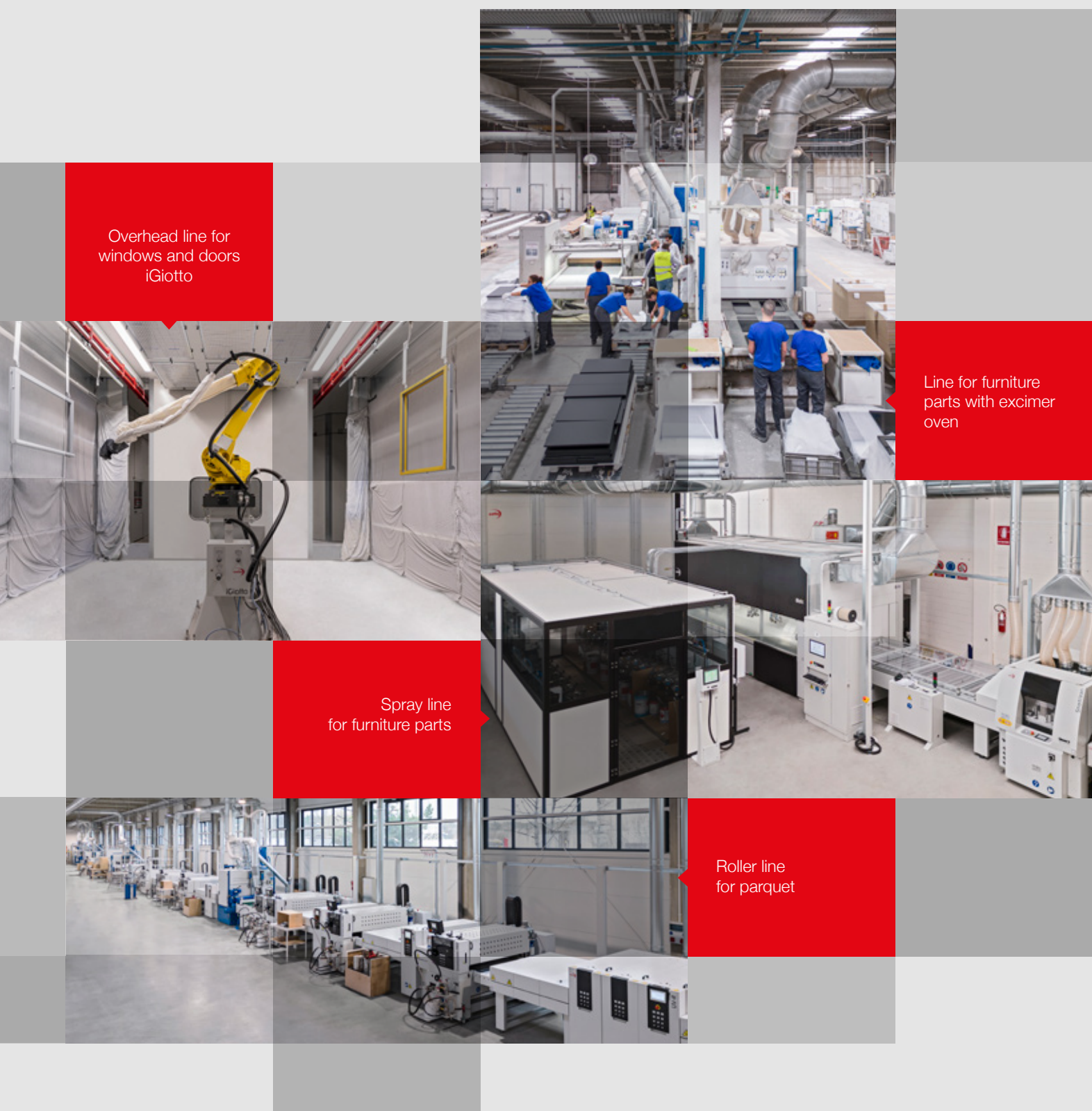
On the product side, actions aimed at simplifying and stabilising the range mainly focused on the three product lines: spraying, roller application and drying.

With regard to advances in **spraying**, product developments were completed on both the entry-level platform and on Easy, the flagship spray coater that has won widespread market acclaim. Upgrades to the iGiotto control software have resulted in improved system performance thanks to the mirroring function. In parallel, other new products have been launched. These include the Vacuum table (a new machinery platform for cleaning substrates), an expanded range of cleaning brushes and the development of market-specific solutions such the Unidry G for North America. In the **digital printing** field, we've made further improvements to our roll-fed plastic decoration solutions and completed the development and start-up of a roll-fed steel printing solution for a major steelworks. The year 2022 also saw the Bergamo digital printing team move to the KM ROSSO Science and Technology Park, a hub that hosts companies, hi-tech manufacturing operations, research centres and labs.

All the above underscore our ability to deliver know-how that benefits customers' production processes: this means solutions that allow for the creation of better products and ensure **competitive advantages in terms of profitability and applicative technological processes**.

Alongside enhanced production efficiency, industrial policies designed to mitigate the procurement crisis have made it possible to take full advantage of business opportunities.

The process of automation and digital transformation continues apace thanks to the ever-more widespread adoption of CRM and remote service systems.



Overhead line for windows and doors  
iGiotto

Line for furniture parts with excimer oven

Spray line for furniture parts

Roller line for parquet



## BUSINESS UNIT MEDICAL EQUIPMENT

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

**THE LEADING PROVIDER OF CBCT IMAGING AND DENTISTRY SOLUTIONS, ALL DESIGNED TO  
DELIVER A HIGH-QUALITY HEALTHCARE EXPERIENCE**

**Cefla Medical Equipment** is a global partner that provides - through multiple brands and distribution networks - unmatched solutions for the dental market and the best radiology solutions for the dental, medical and veterinary segments.

The full range is made up of various product lines: these consist of patient chairs and dental units, dynamic instrumentation, 2D and 3D intraoral/extraoral digital radiology solutions, diagnostic and image management software, dental implants and personalised orthodontic devices.

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

Despite the present geopolitical instability, rising production costs and procurement issues, the Medical Equipment BU has been able to ensure continuity of production and has actually increased its volumes and market shares.

Moreover, in 2022 corporate acquisitions in the technical/manufacturing sphere focused on strengthening know-how related to the Imaging business line.

Product development investments envisaged as part of the 2022-2024 three-year plan saw completion of the '2022 tranche'.

The year 2022 also saw the continuation of all the projects that will, in 2023, lead to the launch of ground-breaking equipment that provides doctors and dentists with unprecedented ergonomics and functions.

For example, new products and accessories in the **Treatment Center** and **Imaging** segments are expected to be introduced.

New dental unit models with floor-mounted unit body and suspended patient chair will be launched, with new functions that will, for the most part, be applied across the entire range and on all relative brands. The **Imaging area**, instead, will see new products introduced in the intraoral segment.

During the year, the **Operations and R&D office facilities were reorganised and enlarged**. With regard to manufacturing facilities, instead, expansion of the production-logistics area at the Imola plant is expected to begin in the second half of 2023.

For 2023, the main Medical Equipment BU goal is to consolidate its acquired positions.





## BUSINESS UNIT LIGHTING

ENHANCING THE WAY YOU ILLUMINATE

### CEFLA LIGHTING: LED LIGHTS FOR THE INDUSTRY AND AGRICULTURE OF THE FUTURE

Outstanding electronics skills are driving the design and production of 'made in Italy' LED-powered products.

**C-LED designs** and manufactures technologies for the Lighting industry and has several business lines:

- LED modules and lamps for the Retail, Refrigeration, Industrial and Automation sectors.
- Industrial lighting for processes that use vision systems (fruit and seed sorting, etc.) and for automatic ferrous material recycling machines.
- 'Smart' architectural lighting.
- Horticulture and floriculture lighting products for Greenhouses, Vertical Farms and Micropropagation Labs (together also referred to as the 'Growing' sector).
- Indoor air sanitization and purification systems that use photocatalysis technology (with UV-A LEDs).

The company's main area of expertise is **electronics** and comprises both the design and production of circuit boards. Smoothly integrated design and production means C-LED ensures high levels of product customisation while maintaining flexibility and ensuring fast delivery.

The year 2022 saw industrialisation of the '**PURE**' product: this features a Smart application that lets users **sanitize** and **purify** their surroundings using **UV-A LED technology with photocatalysis**.

This distinct technology is (differently from other solutions like ozone or mercury lamps) harmless and can be used in the presence of people or animals as it contains no chemicals. Throughout 2022, development of products for applications in the **Growing** and **Industrial** sectors continued apace, the latter mainly employing LED chips that operate beyond wavelengths visible to the naked eye (UV, IR, SWIR), opening up opportunities in new sectors.

In September 2022, 430 high-efficiency COMBO series **horticulture lamps** were installed in greenhouses at **Bologna University's Faculty of Agriculture**, leading to electricity savings of over 40%. The inauguration was attended by the Rector of Bologna University, Giovanni Molari.

The year 2022 also saw the development of a **weighing system** that combines centralised data collection with transmission of that data from greenhouse to office (patent pending). The system aims to control the average daily quantities of irrigation water delivered to individual vegetable growing crates in the greenhouse, augmenting sustainability by providing significant water and energy savings.

The system measures the average zone-specific amount of water absorbed by plants in the greenhouse - or in multiple greenhouses - on the basis of the relative environmental conditions (e.g. humidity, temperature, exposure to sunshine); it then uses this information to increase/decrease water delivery to the involved areas accordingly.

University greenhouses  
from Bologna  
Faculty of Agriculture

Serra Orto-Mio  
weighing system  
centralized

PURE  
device air sanitization

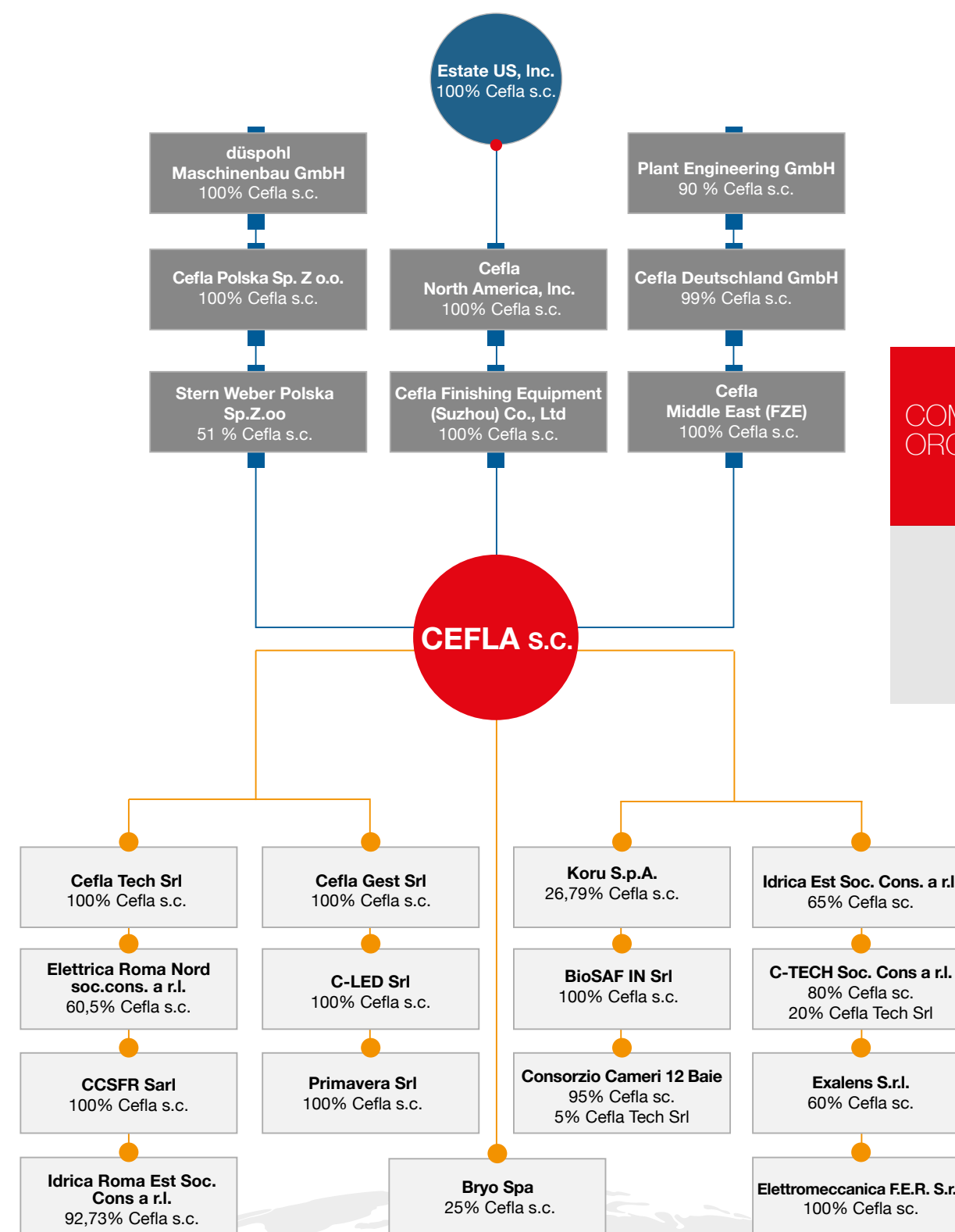


# CEFLA

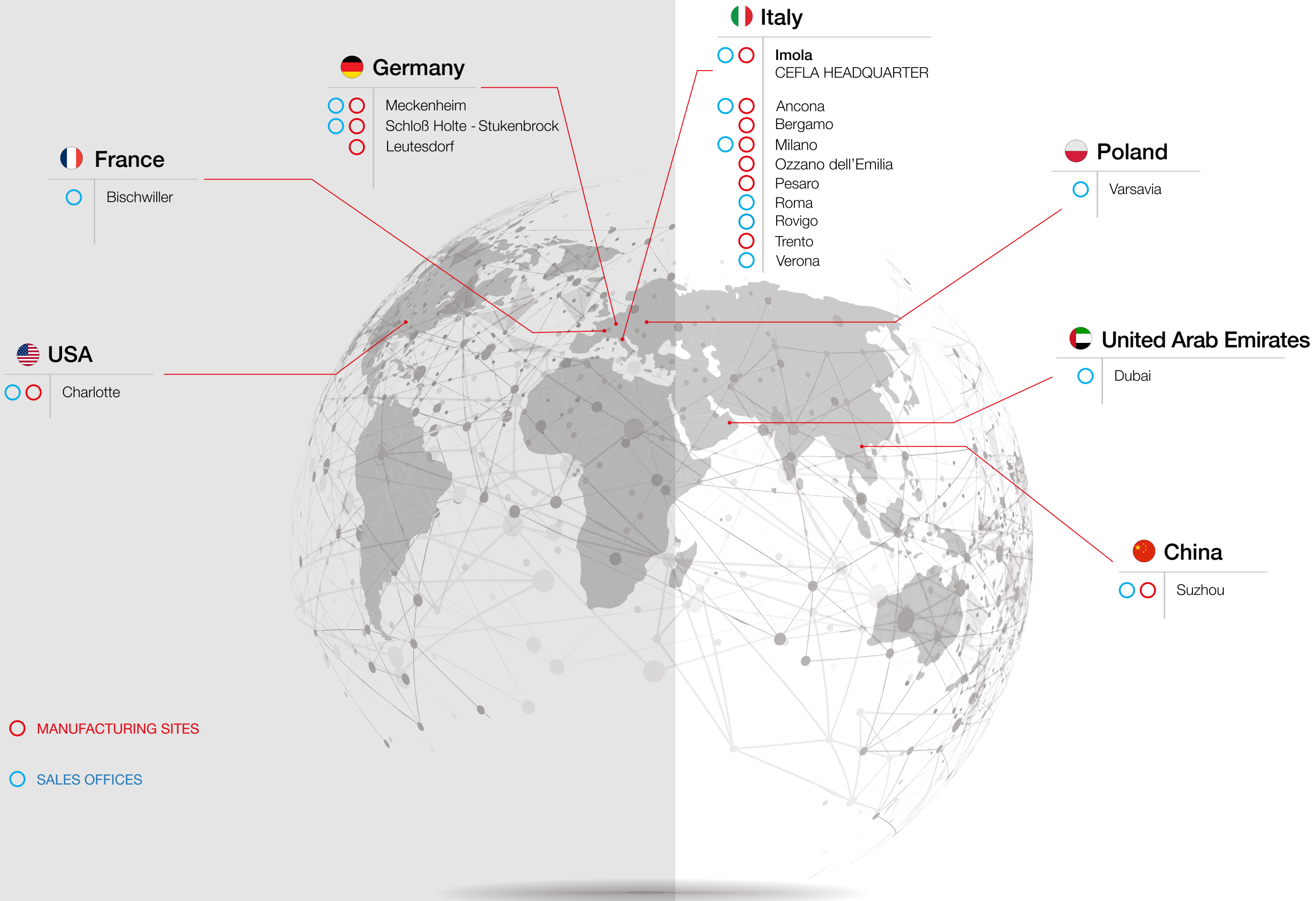
## DIFFERENT ROUTES TO ONE GOAL: EXCELLENCE.

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.

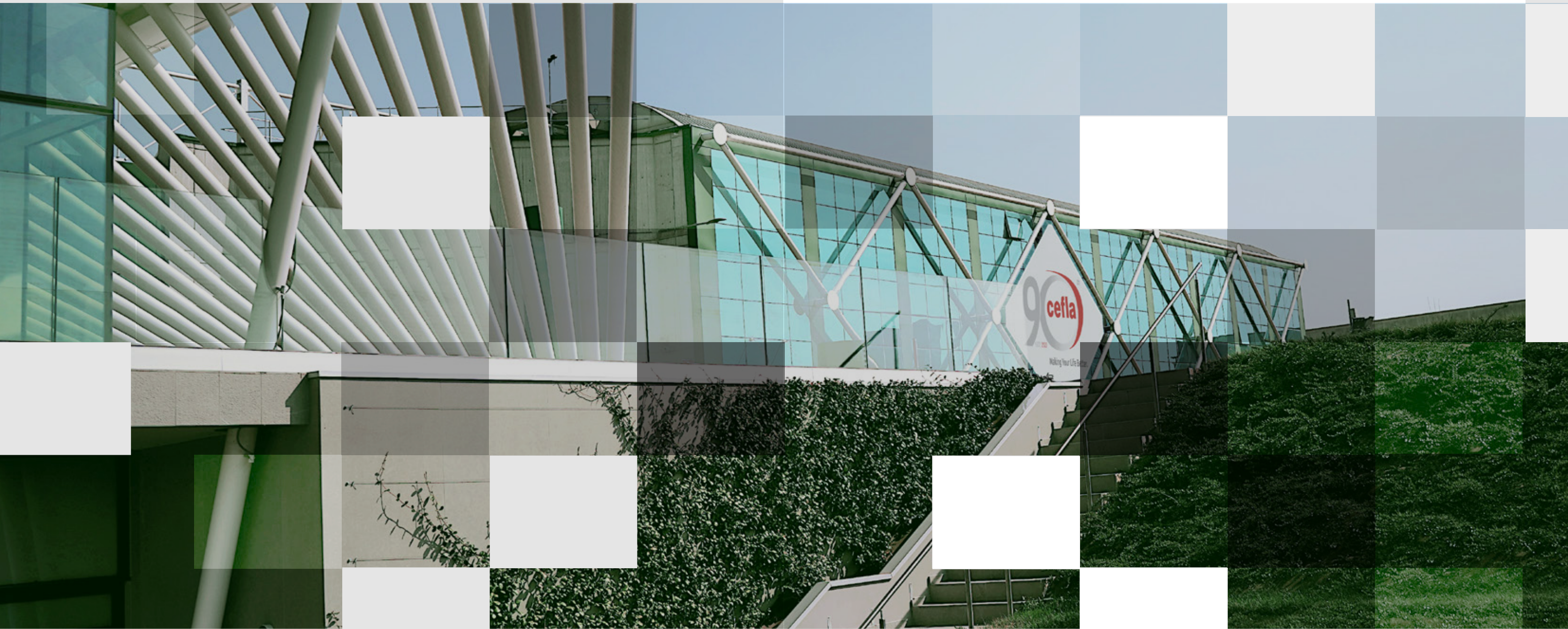
## COMPANY ORGANIZATION















Making Your Life Better.

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