



Carel Industries S.p.A.

(Translation from the Italian original which remains the definitive version)

**BOARD OF DIRECTORS' REPORT
ON MATTERS 1 AND 2 ON THE AGENDA OF THE ORDINARY SHAREHOLDERS'
MEETING**

prepared pursuant to article 125-ter of Legislative decree no. 58 of 24 February 1998 (the Consolidated Finance Act, "CFA") and article 84-ter of the regulation adopted by Consob with resolution no. 11971/99 (the "Issuer Regulation"), as subsequently amended and supplemented, for the ordinary shareholders' meeting of Carel Industries S.p.A. ("Carel" or the "company") scheduled, on a single call, for 22 April 2026

Board of directors' report prepared pursuant to article 125-ter of Legislative decree no. 58 of 24 February 1998, as subsequently amended and supplemented (the Consolidated Finance Act, "CFA"), and article 84-ter of the Regulation adopted by Consob with resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented (the "Issuer Regulation")

Dear shareholders,

This report illustrates the proposals that the board of directors of Carel Industries S.p.A. ("**Carel**" or the "**company**") intends to present for your approval at the ordinary shareholders' meeting to be held, on a single call, at 10 a.m. on 22 April 2026 at the CAREL 5 building at Via Adroneghe 15, Brugine (Padua). They refer to matters 1 and 2 on the meeting agenda.

Agenda matter 1:

1. Approval of the separate financial statements as at and for the year ended 31 December 2025 and presentation of the consolidated financial statements of the Carel Group at the same date. Allocation of the profit for the year.

1.1 Approval of the separate financial statements as at and for the year ended 31 December 2025; consequent resolutions;

1.2 Allocation of the profit for the year; consequent resolutions.

Dear shareholders,

With respect to the first matter on the agenda for the ordinary shareholders' meeting called for 22 April 2026, we remind you that you are called to approve the company's separate financial statements as at and for the year ended 31 December 2025, the draft version of which we approved in our meeting of 10 March 2026.

We invite you to read Carel's 2025 annual report, which we approved on 10 March 2026 and which includes the draft separate financial statements and consolidated financial statements, along with our report (including the sustainability statement) and the statements pursuant to article 154-bis.5/5-ter of the CFA.

The directors' report (which includes the sustainability statement) will be made available to the public, together with the company's draft financial statements at 31

December 2025, the group's consolidated financial statements at 31 December 2025, the statements of the manager in charge of financial reporting, the board of statutory auditors' report, the independent auditors' report and the statement on the compliance of the sustainability statement required by article 14-bis of Legislative decree no. 39, at the company's registered office, at Borsa Italiana S.p.A. ("**Borsa Italiana**"), as well as on the company's website at www.carel.com and with the other methods envisaged by the relevant Consob regulation, in the manner and within the time limits set forth by the applicable regulations.

The consolidated financial statements at 31 December 2025 and the directors' report thereon (which also includes the sustainability statement) do not require your approval.

We ask you to consult these documents and invite you to approve Carel's separate financial statements as at for the year ended 31 December 2025, which show a profit of approximately €44,597,391.

It should be noted that:

- the legal reserve has reached the minimum threshold set by article 2430 of the Italian Civil Code;
- unrealised fair value losses amount to €159 thousand and, therefore, it is no longer necessary to maintain the non-distributable reserve set up in accordance with article 2426.8-bis of the Italian Civil Code when the 2024 separate financial statements were approved; it can be reclassified as a freely distributable reserve;
- unamortised development expenditure at 31 December 2025 amounts to €6,268,313 and, therefore, pursuant to article 2426.5 of the Italian Civil Code, until amortisation is complete, dividends may only be distributed if there are sufficient available reserves to cover the amount of unamortised costs.

We also invite you to approve the distribution of part of the profit for the year as a dividend in accordance with the dividend distribution policy adopted by us on 11 May 2018 and disclosed to the market as part of the Listing Prospectus.

To this end, we also propose that you approve the allocation of the profit for the year as follows:

- as dividends to shareholders equal to €0.195 per share outstanding at the ex-dividend date, excluding treasury shares. Total dividends are estimated at

€21,936,105.75, taking into account the shares outstanding at 10 March 2026 (112,492,850);

- to pay dividends of €0.195 per share, before tax withholdings, with an ex-dividend date of 22 June 2026, with record date, pursuant to article 83-terdecies of the CFA, of 23 June 2026 and payment date of 24 June 2026;
- the remainder to the extraordinary reserve;
- to reclassify the reserve for unrealised exchange gains which is not distributable as per article 2426.1.8-bis of the Italian Civil Code of €421,859 to a distributable reserve as the net unrealised exchange losses at year end meant that the reasons to set up the reserve distributable upon realisation no longer apply,

on the understanding that, should the above distribution not be approved, the profit for the year will be allocated in full to the extraordinary reserve.

For complete information on this matter, please refer to the Annual Report, the directors' report and other documentation that will be made available to the public, in the manner and within the terms provided by law, at the company's registered office, at Borsa Italiana S.p.A., as well as on the company's website at www.carel.com and with the other methods provided for by Consob regulations.

In light of the above, with respect to this matter on the agenda, two separate votes will be taken at the shareholders' meeting, based on the following proposals.

1.1 Approval of the separate financial statements as at and for the year ended 31 December 2025; consequent resolutions

With respect to the approval of the separate financial statements as at and for the year ended 31 December 2025, should you agree with the proposal outlined above, we invite you to pass the following resolution:

"In their ordinary meeting, the shareholders of Carel Industries S.p.A.:

- *having examined the directors' report, as well as the sustainability statement included therein and prepared in accordance with Legislative decree no. 125/2024 (including the independent auditors' limited assurance report);*
- *having acknowledged the board of statutory auditors' report and the independent auditors' report;*
- *having examined the company's draft separate financial statements as at and for the year ended 31 December 2025 which show a profit of €44,597,391;*

resolve

1. *to approve the company's draft separate financial statements as at and for the year ended 31 December 2025;*
2. *to grant the chairperson of the board of directors and the chief executive officer, severally between them and with the right to sub-delegate, a mandate to perform all activities inherent, consequent or connected to the implementation of this resolution”:*

1.2 Allocation of the profit for the year; consequent resolutions.

With respect to the allocation of the profit for the year, should you agree with the proposal outlined above, we invite you to pass the following resolution:

“In their ordinary meeting, the shareholders of Carel Industries S.p.A.:

- having examined the directors' report, as well as the sustainability statement included therein and prepared in accordance with Legislative decree no. 125/2024 (including the independent auditors' limited assurance report);*
- having acknowledged the board of statutory auditors' report and the independent auditors' report;*
- having examined the company's draft separate financial statements as at and for the year ended 31 December 2025 which show a profit of €44,597,391;*

resolve

1. *(i) to distribute dividends to shareholders, equal to €0.195 per share outstanding at the ex-dividend date, excluding treasury shares. Total dividends are estimated at €21,936,105.75, taking into account the shares outstanding at 10 March 2026 (112,492,850);*
(ii) to pay dividends of €0.195 per share, before tax withholdings, with an ex-dividend date of 22 June 2026, with record date, pursuant to article 83-terdecies of the CFA, of 23 June 2026 and payment date of 24 June 2026;
(iii) the remainder to the extraordinary reserve.
(iv) to reclassify the reserve for unrealised exchange gains which is not distributable as per article 2426.1.8-bis of the Italian Civil Code of €421,859 to a distributable reserve as the net unrealised exchange losses at year end meant that the reasons to set up the reserve distributable upon realisation no longer apply.

2. *to grant the chairperson of the board of directors and the chief executive officer, severally between them and with the right to sub-delegate, a mandate to perform all activities inherent, consequent or connected to the implementation of this resolution."*

As noted above, if the proposed resolution is not approved, the profit for the year will be entirely allocated to the extraordinary reserve.

Agenda matter 2:

2. Resolutions on the remuneration report pursuant to article 123–ter of Legislative decree no. 58/1998 and article 84–quater of Consob regulation no. 11971/1999.

- 2.1 Binding vote on the remuneration policy for 2026 presented in the first section of the report; consequent resolutions;**
- 2.2 Consultation on the second section of the report concerning remuneration paid in or related to 2025; consequent resolutions.**

Dear shareholders,

With respect to the second matter on the agenda, we will present the remuneration report detailing the remuneration paid to the directors, statutory auditors, general managers and key management personnel (the “**report**”). This report was prepared in accordance with article 123–ter of the CFA, as amended by Legislative decree no. 49 of 10 June 2019 enacting Directive (EU) 2017/828 (the Shareholder Rights Directive II) of the European Parliament, and article 84–quater of the Issuer Regulation and Annex 3A (Tables 7–bis and 7–ter) of this Regulation, as most recently amended by Consob with resolution no. 21623 of 10 December 2020, as well as the provisions of article 5 of the Corporate Governance Code.

Pursuant to article 123–ter of the CFA, as amended by Legislative decree no. 49 of 10 June 2019, enacting Directive (EU) 2017/828 (the Shareholder Rights Directive II) of the European Parliament and of the Council of 17 May 2017 which amends Directive no. 2007/36/EC (the Shareholder Rights Directive I), as regards the encouragement of long–term shareholder engagement, the remuneration report is split into two sections.

The first section sets out, in a clear and comprehensible manner, the company’s policy on the remuneration of directors, statutory auditors, general managers and key management personnel with reference to at least the following year, as well as the procedures used for the adoption and implementation of this policy. In accordance with article 123–ter.3–bis/3–ter of the CFA, introduced by Legislative decree no. 49/2019, the remuneration policy presented in this section requires the binding vote of the shareholders in their ordinary meeting.

The second section of the report must, in a clear and comprehensible manner and by name for the members of the boards of directors and statutory auditors and general managers and in aggregate form for key management personnel (i) provide an adequate presentation of each of the items that make up the remuneration,

including the amounts provided in the event of termination of office or termination of employment, showing their consistency with the company's remuneration policy for the year in question, (ii) provide a breakdown of the remuneration paid in the year for any reason and in any form by the company and its subsidiaries or associates, indicating any components of such remuneration that relate to activities carried out in previous years and also showing the remuneration to be paid in one or more subsequent years for the services carried out in the year, (iii) illustrate how the company has considered the vote cast the previous year on the second section of the report. As required by article 123-ter.6 of the CFA, introduced by Legislative decree no. 49/2019, this section requires an advisory vote rather than the binding vote of the shareholders that are required to vote for or against the section at their ordinary meetings.

Lastly, any equity investments held by the above persons in the company and its subsidiaries are indicated in the report.

For complete information on this matter, please refer that set out in the directors' report pursuant to article 123-ter of the CFA and article 84-quater of the Issuer Regulation, as well as article 5 of the Corporate Governance Code that will be made available to the public, in the manner and within the terms provided by law, at the company's registered office, at Borsa Italiana S.p.A., as well as on the company's website at www.carel.com and with the other methods provided for by Consob regulations.

In light of the above, with respect to this matter on the agenda, two separate votes will be taken at the shareholders' meeting, based on the following proposals.

2.1 Binding vote on the remuneration policy for 2026 presented in the first section of the report; consequent resolutions

We submit the following proposal for the first section of the above-mentioned report for your approval:

"In their ordinary meeting, the shareholders of Carel Industries S.p.A.:

- having examined the first section of the remuneration report required by article 123-ter.3 of Legislative decree no. 58 of 24 February 1998 prepared by the board of directors on the basis of the remuneration committee's proposal. This section sets out the company's policy on the remuneration of the directors, statutory auditors, general managers and key management personnel for 2026,*

as well as the procedures used for the adoption and implementation of this policy.

- *having found that the first section of the remuneration report and the remuneration policy described therein are consistent with the legal and regulatory requirements covering the remuneration of the directors, statutory auditors, general managers and key management personnel; and*
- *having acknowledged that the remuneration report was made available to the public in the manner and within the timeframe required by the applicable regulations,*

resolve

to approve, as required by article 123-ter.3-bis/3-ter of the CFA, the remuneration policy described in the first section of the remuneration report prepared by the company's board of directors on 10 March 2026."

2.2 Consultation on the second section of the report concerning remuneration paid in or related to 2025; consequent resolutions

With respect to the second section of the report, we submit the following proposal for your approval:

"In their ordinary meeting, the shareholders of Carel Industries S.p.A.:

- *having examined the second section of the remuneration policy as per article 123-ter.4 of Legislative decree no. 58 of 24 February 1998 prepared by the board of directors on the basis of the remuneration committee's proposal. This section sets out the remuneration paid to the directors, statutory auditors, general managers and key management personnel in 2025 or related thereto;*
- *having found that the second section of the remuneration report is consistent with the legal and regulatory requirements covering the remuneration of directors, statutory auditors, general managers and key management personnel; and*
- *having acknowledged that the remuneration report was made available to the public in the manner and within the timeframe required by the applicable regulations,*

resolve

favourably, as required by article 123-ter.3-bis/3-ter of the CFA, on the second section of the remuneration report prepared by the company's board of directors on 10 March 2026."

Brugine, 10 March 2026

Chairperson of the board of directors
Luigi Rossi Luciani
(signed on the original)