

GEFRAN S.p.A. BOARD APPROVES CONSOLIDATED RESULTS AT 30 JUNE 2022

Following the signature of a framework agreement for the sale of the motion control business to the Brazilian WEG Group, as resolved by the Board of Directors of Gefran S.p.A. on 1 August 2022 and described in the press release published on the same date, the Company has reclassified the relevant disposal groups as “held for sale” pursuant to IFRS 5. In order to ensure the comparability of data, the related amounts for comparative periods have also been reclassified in the same way.

This communication therefore provides information about the results of continuing operations businesses separately from those of the disposal groups now classified as held for sale.

- Revenues of 69.3 million Euro (+17.2% compared with 30 June 2021)
- EBITDA positive by 15.4 million Euro (+23.9% compared with 30 June 2021)
- Profit from continuing operations positive by 9.2 million Euro (+29.2% compared with 30 June 2021)
- Net profit (4.8 million Euro) influenced by expected accounting effects from the sale of the motion control business
- Positive net financial position by 2.5 million Euro (positive by 3.4 million Euro at end 2021)

Group income statement highlights

(Euro/000)	30 June 2022		30 June 2021		Q2 2022		Q2 2021	
Revenues	69,308	100.0%	59,138	100.0%	34,137	100.0%	31,214	100.0%
EBITDA	15,400	22.2%	12,434	21.0%	6,793	19.9%	6,654	21.3%
EBIT	11,921	17.2%	9,120	15.4%	5,030	14.7%	4,991	16.0%
Profit (loss) before tax	12,420	17.9%	9,212	15.6%	5,284	15.5%	4,887	15.7%
Profit (loss) from continuing operations	9,227	13.3%	7,139	12.1%	3,881	11.4%	3,806	12.2%
Net results of disposal groups held for sale	(4,396)	-6.3%	915	1.5%	(3,893)	-11.4%	549	1.8%
Group net profit (loss)	4,831	7.0%	8,054	13.6%	(12)	0.0%	4,355	14.0%

Group statement of financial position highlights

(Euro/000)	30 June 2022	31 December 2021
Invested capital from continuing operations	64,434	57,967
Invested capital in disposal groups held for sale	22,126	24,311
Net working capital	23,491	17,808
Shareholders' equity	86,379	85,538
Net financial position associated with continuing operations	2,471	3,374
Net financial position associated with disposal groups held for sale	(2,652)	(114)

(Euro/000)	30 June 2022	30 June 2021
Operating cash flow from continuing operations	10,434	7,908
Operating cash flow from disposal groups held for sale	(1,272)	5,651
Investments in continuing operations	2,666	2,173
Investments in disposal groups held for sale	495	605

Provaglio d'Iseo (BS), 9 September 2022 – The Board of Directors of GEFran S.p.A. met today, chaired by Maria Chiara Franceschetti, to approve the results at 30 June 2022.

Continuing operations

Revenues in the first six months of 2022 amount to 69.3 million Euro, compared to 59.1 million Euro in the same period of 2021. The increase of 10.2 million Euro (+17.2%) is largely due to the steady growth in the volume of sales. This performance was assisted by positive exchange-rate movements, without which the increase in revenues would have been 8.2 million Euro (+13.9%).

Revenues increase in both **business segments**: sensors (+16.5%), with higher sales volumes across all product ranges, supported by the investment carried out in recent years to expand the related production lines; automation components (+17.6%), with most of the additional sales concentrated in Italy, due to expansion of the range with innovative products.

The breakdown of revenues by **geographical region** reveals double-digit growth in almost all the areas served by the Group, particularly in Italy (+22%), Europe (+24.1% overall) and the Americas (+37.2%). Among the main regions, Asia is the only area to contract during the first half of 2022 compared with the same period in 2021 (-5.3%). Asian results is adversely affected by the spike in Covid-19 outbreaks in China that resulted in further, tougher restrictions and new lockdowns in certain areas of the country, including in Shanghai where the Group has a production plant.

Added value at 30 June 2022 amounts to 49.5 million Euro, up by 6.9 million Euro on higher revenues compared with the same period in 2021. This benefit was partially offset by the rise in raw material procurement costs, which led to a decrease in percentage margins (-0,5%).

The growth in sales during the first six months of the year results in an increase in **other operating costs**, amounting to 11.3 million Euro. In particular, there are rises in external processing costs (volume linked), utility costs and commercial costs (specifically travel and trade fairs).

Personnel costs amounting to 22.9 million Euro at 30 June 2022, an increase over the figure of 20.4 million Euro for the first half of 2021. This increase is connected with the rise in employment.

EBITDA in the first half of 2022 is positive by 15.4 million Euro (22.2% of revenues) and 3 million Euro more than was reported at 30 June 2021 (12.4 million Euro, representing 21% of revenues). The improvement in EBITDA is due to increased revenues in the period, as only partially offset by higher ordinary operating costs.

The item **depreciation and amortisation** amount to 3.5 million Euro in the first six months of 2022, in line with the same period of the previous year.

EBIT in the first half of 2022 is positive by 11.9 million Euro (17.2% of revenues), compared with 9.1 million Euro in the same period of 2021 (15.4% of revenues), up by 2.8 million Euro. The change is a result of the same dynamics described for EBITDA.

Income from financial assets/liabilities in the first half of 2022 amounts to 486 thousand Euro (86 thousand Euro in the same period of 2021) and included the positive effect from foreign currency transactions, amounting to 654 thousand Euro (316 thousand Euro in the first six months of 2021). Additionally, the above income are stated net of financial charges linked with the Group's indebtedness amounted to 174 thousand Euro in the first half of 2022, which was lower than in the comparative period of 2021, when they amounted to 233 thousand Euro.

The **result from continuing operations** amounts to 9.2 million Euro in the first half of 2022, up by 2.1 million Euro from 7.1 million Euro compared to the figure for the same period of 2021. As in the case of EBIT, this change is mainly due to the growth in sales during the period.

Group net result for the period ended 30 June 2022 is positive by 4.8 million Euro including the negative result of 4.4 million Euro attributable to the assets classified as held for sale pursuant to IFRS 5. This represents a reduction of 3.2 million Euro from the 8.1 million Euro reported at 30 June 2021.

Working capital amounts to 14.4 million Euro at 30 June 2022, compared with 8.7 million Euro at 31 December 2021, up overall by 5.7 million Euro. This change is due to the increase in inventories (+4 million Euro since the end of 2021) needed to ensure the continuity of production, given the extension of procurement lead times, as well as to satisfy customer orders on time. Trade receivables are also higher (+3 million Euro) due to the growth in sales, as are trade payables (+1.3 million Euro) following increased purchasing of raw materials and services during the period.

Shareholders' equity as of 30 June 2022 amounts to 86.4 million Euro, compared with 85.5 million Euro at 31 December 2021, up by 0.8 million Euro. This change mainly reflects recognition of the positive result for the period (+4.8 million Euro), partially absorbed by the distribution of dividends in May (-5.5 million Euro). Positive contributions were made by the changes in the currency translation reserve and the fair value measurement reserve (+1.5 million Euro in total).

Investments amount to 2.7 million Euro in the first six months of 2022, up by 0.5 million Euro compared with the same period in 2021, and mainly related to production departments, research and development activities and the buildings housing the Group's plant.

Net financial position as of 30 June 2022 is positive by 2.5 million Euro, down 3.4 million Euro over the end of 2021. This change is mainly due to the positive cash flow from typical operations (10.4 million Euro), absorbed by technical investments during the first half of the year (2.7 million Euro), the distribution of dividends (5.5 million Euro) and the payment of interest, taxes and rental charges (totalling 3.7 million Euro).

Net financial position comprises short-term cash and cash equivalents totalling 15.6 million Euro, and medium/long-term debts of 13.2 million Euro.

Business reclassified as assets held for sale (motion control business unit)

Revenues in the first half of 2022 amount to 23.3 million Euro, up by 1.2 million Euro (+5.6%) compared with 22.1 million Euro in the first half of 2021. The breakdown of revenues by **geographical region** shows growth in Italy (+11.1%) and in Europe (overall +35.5%), but contractions in the Americas (down overall by 6%), linked principally to contract work, and in Asia (-6.8%) due, in

particular, to the impact of the “Zero-Covid” policy and new lockdowns in the second quarter of 2022 that also affected the Shanghai production plant.

EBITDA at 30 June 2022 is positive by 0.9 million Euro (3.9% of revenues) and 1 million Euro (-52.1%) less than the figure at 30 June 2021 (1.9 million Euro, representing 8.6% of revenues). The growth in sales volumes during the first six months of the year is offset by the greater incidence of raw material costs and higher operating costs (both general and personnel costs).

The **net loss from assets held for sale** at 30 June 2022 is, on the whole, negative by 4.4 million Euro, down by 5.3 million Euro compared with the net profit of 0.9 million Euro reported at 30 June 2021. The result for the first half of 2022 includes recognition of the net effects expected from disposal of the motion control business, being a loss of 4.1 million Euro. Excluding these effects, the net loss from disposal groups held for sale in the period to 30 June 2022 would have been 0.3 million Euro (-1.2 million Euro than the figure of 30 June 2021).

The final economic impact on the net results for the period will be determined upon closing’ s date. Based on the contractual agreements, this will take place in phases: the first by the end of 2022 and the last by 30 June 2023, with a possible extension up to 31 December 2023 if required by procedures linked to selling the lines of business.

Net financial position at 30 June 2022 is negative by 2.6 million Euro, comprising short-term debt of 2.5 million Euro and medium/long-term debt of 0.1 million Euro. This reflects a reduction of 2.5 million Euro since the end of 2021, when the net financial position was negative by 0.1 million Euro.

Marcello Perini, Chief Executive Officer of the Gefran Group, stated: *“The outstanding economic-financial results for the first half of this year confirm the levels of operational excellence achieved during the first quarter. I am very satisfied by how the Group, despite highly complex operating conditions, has been able to generate value by leveraging its core characteristics: innovation, skill, reliability and efficiency.*

The sensors and the automation components businesses, in particular, achieved double-digit sales growth during the first half of this year with excellent profitability. This evidences their solid market positioning, as consolidated by the investments made in new products, process automation and development of the commercial network.

The results achieved by sensors and automation components confirm the validity of placing our strategic focus on those areas. The agreement to sell the motion control business, signed at the beginning of August, is consistent with this strategy. Application of the resources generated by this operation will give further impetus to the growth of the Group.

We look forward to the rest of the year with confidence, despite the gradual deterioration in the macroeconomic situation and continuing uncertainties that have marked recent years. Accordingly, we believe that the activities of the Group throughout the full year will generate increased revenues with respect to 2021, with the maintenance of percentage profitability”.

Pursuant to paragraph 2 of article 154-bis of the Consolidated Finance Act, Paolo Beccaria, the Executive in charge of financial reporting, declares that the information contained in this press release accurately represents the figures contained in the Group’s accounting records.

The Half-Yearly Financial Report at 30 June 2022 is available at the company’s registered office and may also be consulted in the “Investor/financial reports” section of the company’s website (www.gefran.com/en) and on the SDIR and storage system “1 Info” managed by Computershare S.p.A. (www.1info.it).

This press release contains some “alternative performance indicators” not included in the IFRS accounting principles, whose meaning and content, in line with recommendation ESMA/2015/1415 of 5 October 2015, are illustrated below.

Specifically, the following alternative indicators are used in relation to the income statement:

- **Added value:** the direct margin resulting from revenues, including only direct material, gross of other production costs, such as personnel costs, services and other sundry costs;
- **EBITDA:** the operating result before depreciation, amortisation and impairment. The purpose of this indicator is to present the Group’s operating profitability before the main non-monetary items;
- **EBIT:** operating profit before financial management and taxes. The purpose of this indicator is to present the Group’s operating profitability.

Alternative indicators used in the report on the reclassified statement of financial position are:

- **Net non-current assets:** the algebraic sum of the following items in the statement of financial position:
 - Goodwill
 - Intangible assets
 - Property, plant, machinery and tools
 - Equity investments valued at equity
 - Equity investments in other companies
 - Receivables and other non-current assets
 - Deferred tax assets
- **Working capital:** the algebraic sum of the following items in the statement of financial position:
 - Inventories
 - Trade receivables
 - Trade payables
 - Other assets
 - Tax receivables
 - Current provisions
 - Tax payables
 - Other liabilities
- **Net invested capital:** the algebraic sum of fixed assets, operating capital and provisions
- **Net financial position:** algebraic sum of the following items:
 - Medium/long-term financial payables
 - Short-term financial payables
 - Financial liabilities for derivatives
 - Financial investments for derivatives
 - Non-current financial assets
 - Cash and cash equivalents and short-term financial receivables.

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*The **Gefran Group** directly serves the principal world markets with sales offices in Italy, France, Germany, Switzerland, the United Kingdom, Belgium, Turkey, the United States, Brazil, China, Singapore and India, as well as production plants in Germany, Switzerland, Brazil, the United States and China.*

*The **Gefran Group** currently has approximately 800 employees.*

*The key factors behind **Gefran's** success are specialist know-how, design and production flexibility, capacity for innovation and the quality of its processes and products. Complete control over process technology and application expertise enables **Gefran** to create instruments and integrated systems for specific applications in various different industrial sectors: from the processing of plastics, to the food and pharmaceutical industry, and packaging and moulding machinery.*

***Gefran**, which has been listed on the Italian Stock Exchange since 9 June 1998, became part of the STAR (high-requisite stock) segment in 2001 and has been listed in the ALL STAR class since 31 January 2005, which became Euronext STAR Milan (abbreviated as "STAR") on 25 October 2021.*

Attachments:

Consolidated Income statement, Consolidated results by line of business, Breakdown of consolidated income by geographical region, Consolidated statement of financial position and Consolidated cash flow statement.

Reclassified schedule of the Consolidated Income Statement of the Gefran Group at 30 June 2022

(Euro/000)	30 June 2022	30 June 2021	Diff. 2022-2021	
	Amount	Amount	Amount	%
a Revenues	69,308	59,138	10,170	17.2%
b Increases for internal work	511	521	(10)	-1.9%
c Consumption of materials and products	20,293	17,074	3,219	18.9%
d Added value (a+b-c)	49,526	42,585	6,941	16.3%
e Other operating costs	11,254	9,794	1,460	14.9%
f Personnel costs	22,872	20,357	2,515	12.4%
g EBITDA (d-e-f)	15,400	12,434	2,966	23.9%
h Depreciation, amortisation and impairment	3,479	3,314	165	5.0%
i EBIT (g-h)	11,921	9,120	2,801	30.7%
l Gains (losses) from financial assets/liabilities	486	86	400	n.s.
m Gains (losses) from shareholdings valued at equity	13	6	7	n.s.
n Profit before tax (i±l±m)	12,420	9,212	3,208	34.8%
o Taxes	(3,193)	(2,073)	(1,120)	-54.0%
p Profit from continuing operations (n±o)	9,227	7,139	2,088	29.2%
q Net results of disposal groups held for sale	(4,396)	915	(5,311)	-580.4%
p Group net profit (p±q)	4,831	8,054	(3,223)	-40.0%

Results by business of the Gefran Group at 30 June 2022

(Euro/000)	30 June 2022					30 June 2021				
	Revenues	EBITDA	% of revenues	EBIT	% of revenues	Revenues	EBITDA	% of revenues	EBIT	% of revenues
Sensors	45,886	12,453	27.1%	10,410	22.7%	39,385	9,778	24.8%	7,840	19.9%
Automation components	27,264	2,947	10.8%	1,511	5.5%	23,193	2,656	11.5%	1,280	5.5%
Eliminations	(3,842)	-	n.s.	-	n.s.	(3,440)	-	n.s.	-	n.s.
Total	69,308	15,400	22.2%	11,921	17.2%	59,138	12,434	21.0%	9,120	15.4%

Revenues by geographical region of the Gefran Group at 30 June 2022

(Euro/000)	30 June 2022		30 June 2021		Diff. 2022-2021	
	Amount	%	Amount	%	Amount	%
Italy	23,454	33.8%	19,224	32.5%	4,230	22.0%
European Union	18,852	27.2%	15,074	25.5%	3,778	25.1%
Non-EU Europe	2,429	3.5%	2,078	3.5%	351	16.9%
North America	6,641	9.6%	4,732	8.0%	1,909	40.3%
South America	2,823	4.1%	2,168	3.7%	655	30.2%
Asia	14,840	21.4%	15,675	26.5%	(835)	-5.3%
Rest of the world	269	0.4%	187	0.3%	82	43.9%
Total	69,308	100%	59,138	100%	10,170	17.2%

Schedule of the Consolidated Statement of Financial Position of the Gefran Group at 30 June 2022

(Euro/000)	30 June 2022	31 December 2021
NON-CURRENT ASSETS		
Goodwill	6,091	5,856
Intangible assets	6,212	6,315
Property, plant, machinery and equipment	34,964	34,548
of which related parties:	61	188
Right-of-Use assets	2,632	2,729
Shareholdings valued at equity	108	95
Equity investments in other companies	1,993	2,118
Receivables and other non-current assets	92	89
Deferred tax assets	3,795	3,597
Financial investments for derivatives	310	-
Other financial assets	48	67
TOTAL NON-CURRENT ASSETS	56,245	55,414
CURRENT ASSETS		
Inventories	18,476	14,449
Trade receivables	27,740	24,752
of which related parties:	43	68
Other receivables and assets	3,222	3,603
Tax receivables	514	361
Cash and cash and cash equivalents	25,182	35,497
Financial receivables	4,162	2,201
TOTAL CURRENT ASSETS	79,296	80,863
ASSETS HELD FOR SALE	40,818	42,398
TOTAL ASSETS	176,359	178,675
SHAREHOLDERS' EQUITY		
Capital	14,400	14,400
Reserves	67,148	57,446
Net profit/(loss) for the period	4,831	13,692
Total Group Shareholders' Equity	86,379	85,538
Shareholders' equity of minority interests	-	-
TOTAL SHAREHOLDERS' EQUITY	86,379	85,538
NON-CURRENT LIABILITIES		
Financial payables	11,781	16,483
Financial payables for IFRS 16 leases	1,738	1,121
Financial liabilities for derivatives	-	88
Employee benefits	2,873	2,841
Provisions	562	1,035
Deferred tax liabilities	1,049	916
TOTAL NON-CURRENT LIABILITIES	18,003	22,484
CURRENT LIABILITIES		
Financial payables	12,788	15,059
Financial payables for IFRS 16 leases	924	1,640
Trade payables	22,725	21,393
of which related parties:	107	96
Provisions	1,348	1,272
Tax payables	1,959	2,675
Other payables and liabilities	10,889	10,413
TOTAL CURRENT LIABILITIES	50,633	52,452
LIABILITIES HELD FOR SALE	21,344	18,201
TOTAL LIABILITIES	89,980	93,137
TOTAL EQUITY AND LIABILITIES	176,359	178,675

Schedule of the Consolidated Cash Flow Statement of the Gefran Group at 30 June 2022

(Euro/000)	30 June 2022	30 June 2021
A) CASH AND CASH EQUIVALENTS, START OF PERIOD	35,497	41,742
B) CASH GENERATED (ABSORBED) BY OPERATIONS DURING THE PERIOD		
Profit/(loss) for the period	4,831	8,054
Depreciation, amortisation and impairment	3,479	3,311
Provisions (Releases)	1,099	942
Capital losses (gains) on the sale of non-current assets	-	(18)
Net results of disposal groups held for sale	4,396	(915)
Net result from financial operations	(499)	(92)
Taxes	3,412	2,044
Change in provisions for risks and future liabilities	(740)	(452)
Change in other assets and liabilities	301	(219)
Change in deferred taxes	(220)	31
Change in trade receivables	(2,690)	(7,304)
of which related parties:	25	-
Change in inventories	(4,152)	(3,296)
Change in trade payables	1,217	5,822
of which related parties:	11	-
Operational flows from disposal groups held for sale	(1,272)	5,651
TOTAL	9,162	13,559
C) CASH GENERATED (ABSORBED) BY INVESTING ACTIVITIES		
Investments in:		
- Property, plant, machinery and equipment	(2,666)	(2,173)
of which related parties:	(61)	-
- Financial receivables	(3)	3
Disposal of non-current assets	26	26
Investment flows from disposal groups held for sale	(494)	(605)
TOTAL	(3,137)	(2,749)
D) FREE CASH FLOW (B+C)	6,025	10,810
E) CASH GENERATED (ABSORBED) BY FINANCING ACTIVITIES		
Arrangement of financial debt	-	307
Repayment of financial debt	(5,963)	(5,394)
Increase (decrease) in current financial payables	(2,374)	1,586
Outflows for IFRS 16 leases	(582)	(537)
Taxes paid	(3,986)	(462)
Interest paid	(125)	(464)
Interest collected	268	33
Dividends distributed	(5,462)	(3,737)
Financial flows from disposal groups held for sale	2,248	(4,956)
TOTAL	(15,976)	(13,624)
F) CASH FLOWS FROM CONTINUING OPERATIONS (D+E)	(9,951)	(2,814)
G) CASH FLOWS FROM DISPOSAL GROUPS HELD FOR SALE	(482)	(90)
H) Translation differences on liquid funds	118	467
I) NET CHANGE IN LIQUID FUNDS (F+G+H)	(10,315)	(2,437)
J) CASH AND CASH EQUIVALENTS, END OF PERIOD (A+I)	25,182	39,305