

BOARD OF GEFRAN S.p.A. APPROVES CONSOLIDATED RESULTS AT 30 SEPTEMBER 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 separately from those of the disposal groups now classified as held for sale.

- Revenues of 101.5 million Euro (+16.6% compared with 30 September 2021)
- EBITDA of 21 million Euro (20.7% of revenues)
- EBIT of 15.7 million Euro (15.5% of revenues)
- Net profit of 8 million Euro
- Net financial position positive by 8.6 million Euro (positive by 3.4 million Euro at end 2021)

Group economic and financial position highlights

(Euro/000)	30 September 2022		30 September 2021		Q3 2022		Q3 2021	
Revenues	101,549	100.0%	87,105	100.0%	32,241	100.0%	27,967	100.0%
EBITDA	20,994	20.7%	17,690	20.3%	5,594	17.4%	5,256	18.8%
EBIT	15,719	15.5%	12,724	14.6%	3,798	11.8%	3,604	12.9%
Profit before tax	16,638	16.4%	12,499	14.3%	4,218	13.1%	3,287	11.8%
Profit from continuing operations	12,027	11.8%	9,600	11.0%	2,800	8.7%	2,461	8.8%
Net results of disposal groups held for sale	(4,031)	-4.0%	985	1.1%	365	1.1%	70	0.3%
Group net profit	7,996	7.9%	10,585	12.2%	3,165	9.8%	2,531	9.0%

(Euro/000)	30 September 2022		31 December 2021	
Capital invested in continuing operations	61,935		57,967	
Capital invested in disposal groups held for sale	25,312		24,311	
Net working capital	23,851		17,808	
Shareholders' equity	90,457		85,538	
Net financial position associated with continuing operations	8,580		3,374	
Net financial position associated with disposal groups held for sale	(5,370)		(114)	

(Euro/000)	30 September 2022		30 September 2021	
Operating cash flow from continuing operations	17,851		13,590	
Operating cash flow from disposal groups held for sale	(3,526)		5,177	
Investment in continuing operations	3,689		4,331	
Investment in disposal groups held for sale	646		834	

Provaglio d'Iseo (BS), 10 November 2022 – The Board of Directors of GEFran S.p.A. met today, in a session chaired by Maria Chiara Franceschetti, to approve the results at 30 September 2022.

Continuing operations

Revenues amounted to 101.5 million Euro in the first nine months of 2022, up by 14.4 million Euro (+16.6%) compared with 87.1 million Euro in the comparative period of 2021.

In particular, the value of orders received was higher for both automation components (+13.8%) and sensors (+4.4%). The order book for these two lines at 30 September 2022 is higher than at the same date in the previous year (+24.5% overall) and at the end of 2021 (+17.3% overall), albeit lower than at the end of the first half of 2022.

An analysis of revenues by **geographical region** reveals double-digit growth in almost all the areas served by the Group, particularly in Italy (+20.2%), Europe (+20.9% overall) and the Americas (+37% overall). This last region benefited from favourable exchange-rate movements against the US dollar and the Brazilian real: excluding this effect, growth of 21% would have been reported.

Asia was the only main region that did not follow this trend, with a contraction in the first nine months of 2022 compared with the same period in 2021 (-2.7%). This outcome would have been worse (-9%) without the positive contribution made by currency dynamics. The contraction was compounded by the Chinese spike in Covid-19 infections during the first nine months of the year. Fuelled by the Omicron variant, the new crisis prompted the introduction of further, even tougher restrictions under the “Zero Covid” policy. For example, new lockdowns were imposed in many areas of the country, including Shanghai where the Group has a production plant.

Revenues were higher in both **business areas** served by the Group. The growth of **sensors** (+16.2% compared with the revenues reported at 30 September 2021) reflects increased sales volumes for all product ranges, particularly industrial pressure sensors and high temperature sensors, which benefited from the investment in recent years to consolidate the relevant production lines. Revenues from **automation components** (+16.7%) also rose, mostly in Italy and Europe, sustained by the launch of innovative products capable of interfacing with digitalised industrial processes.

Added value amounted to 72.9 million Euro in the period to 30 September 2022, up by 10.2 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 slight decrease in percentage margins (-0,2%).

The growth in sales during the first nine months of the year resulted in an increase in **other operating costs**, which totalled 17.6 million Euro. In particular, there were rises in external processing costs (volume linked), utility costs and commercial costs (specifically travel and trade fairs).

Personnel costs also rose, amounting to 34.4 million Euro in the period to 30 September 2022, compared with 30.2 million Euro in the first nine months of 2021. This increase is connected with the rise in employment. Despite the absolute increase in personnel costs, their incidence as a percentage of revenues has decreased to 33.8% (34.7% reported at 30 September 2021).

EBITDA for the period ended 30 September 2022 amounted to 21 million Euro (20.7% of revenues), being 3.3 million Euro more than was reported at 30 September 2021 (17.7 million Euro, representing 20.3% of revenues). The improvement in EBITDA is attributable to the growth in revenues during the period, as only partially offset by higher ordinary operating costs.

Depreciation, amortisation and impairment amounted to 5.3 million Euro in the first nine months of 2022, up by 0.3 million Euro with respect to the comparative period of last year.

EBIT for the period ended 30 September 2022 amounted to 15.7 million Euro (15.5% of revenues), compared with 12.7 million Euro in the same period of 2021 (14.6% of revenues), up by 3 million Euro. The change is linked to the same dynamics described for EBITDA.

Gains from financial assets/liabilities totalled 0.9 million Euro in the first nine months of 2022 (0.2 million Euro in the same period of 2021). This includes the positive effect from foreign currency transactions of 1.1 million Euro (0.3 million Euro in the first nine months of 2021). Additionally, the above gains are stated net of financial charges linked with the Group's indebtedness. These totalled 247 thousand Euro, which was lower than in the comparative period ended 30 September 2021, when they amounted to 571 thousand Euro.

The **profit from continuing operations** in the period ended 30 September 2022 amounted to 12 million Euro, up by 2.4 million Euro from 9.6 million Euro in the same period of 2021. As in the case of EBIT, this change was mainly due to the growth in sales during the period.

Group **net profit** for the period ended 30 September 2022 amounted to 8 million Euro, after absorbing the loss of 4 million Euro attributable to the disposal groups classified as held for sale pursuant to IFRS 5. This represents a reduction of 2.6 million Euro from the 10.6 million Euro reported at 30 September 2021.

Working capital amounts to 12 million Euro at 30 September 2022, compared with 8.7 million Euro at 31 December 2021, up overall by 3.3 million Euro. This change was due to the increase in inventories (+6.2 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. The increase in inventories was offset by the rise in other net liabilities to 11.8 million Euro (+2.7 million Euro since 31 December 2021). This item includes payables to employees and social security institutions, as well as tax receivables and payables.

Shareholders' equity amounts to 90.5 million Euro at 30 September 2022, compared with 85.5 million Euro at 31 December 2021, up by 4.9 million Euro. This change mainly reflects recognition of the net profit for the period (+8 million Euro), as offset 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 (+2.4 million Euro in total).

Investments amounted to 3.7 million Euro in the first nine months of 2022, down by 0.6 million Euro compared with the same period in 2021. They mainly focused on production departments, research and development activities and the factory buildings used by the Group.

The **net financial position** at 30 September 2022 is positive by 8.6 million Euro, up from 3.4 million Euro at the end of 2021. This change was mainly due to the cash flow generated by ordinary operations (17.8 million Euro), as absorbed by technical investments during the first nine months of the year (3.7 million Euro), the distribution of dividends (5.5 million Euro) and the payment of interest, taxes and rental charges (totalling 4.1 million Euro).

The net financial position comprises net short-term cash and cash equivalents totalling 19.9 million Euro, and net medium/long-term debt of 11.3 million Euro.

Significant events following the end of the third quarter of 2022

On 3 October 2022, Gefran S.p.A. commenced the first phase of the sale of the Motion Control business to the Brazilian WEG group for 17.9 million Euro, out of an agreed total of 23 million Euro. In particular, the equity interest in the Italian Gefran Drives and Motion S.r.l. was sold to WEG S.A. on that date. At the same time, Gefran S.p.A. signed a three-month licence agreement for use of the Gefran trademark, limited to the products included in the sale, so that the purchaser could continue their production without interruption.

On 4 October 2022, Gefran S.p.A. sold the equity interest in the German Siei Areg GmbH to WEG S.A. for 1.4 million Euro, out of an agreed total for the disposal of the Motion Control business of 23 million Euro.

Under the agreement, the Motion Control business units carved out from Gefran Siei Drives Technology Co Ltd and from Gefran India Private Ltd will be sold subsequently.

The scope and total value of the operation are unchanged with respect to the information communicated on 1 August 2022.

On 3 November 2022, the Group notified the payment to employees of a one-off contribution to help families tackle the impact of the significant rise in the cost of living. About 1.3 million Euro has been set aside for distribution to the employees of Italian plant in their October payslips, and to the employees of foreign affiliates on the basis and timing determined with reference to the characteristics of each country

Business reclassified as disposal group held for sale

Revenues amounted to 34.9 million Euro in the period ended 30 September 2022, up by 2.4 million Euro (+7.3%) compared with 32.5 million Euro in the first nine months of 2021. The analysis of revenues by **geographical region** shows growth in Italy (+17.7%) and in Europe (overall +40.7%), but contractions in the Americas (down overall by 2.5%), linked principally to contract work, and in Asia (-11.5%) 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 for the period ended 30 September 2022 was positive by 1.8 million Euro (5.3% of revenues) and 0.5 million Euro (-21.7%) less than was reported at 30 September 2021 (2.4 million Euro, representing 7.2% of revenues). The growth in sales volumes during the first nine months of the year was offset by the greater incidence of raw material costs and higher operating costs (both general and personnel costs).

The **net loss from disposal groups held for sale** in the period to 30 September 2022 was 4 million Euro, down by 5 million Euro compared with the net profit of 1 million Euro reported at 30 September 2021. The 2022 result includes recognition of the net effects expected from disposal of the motion control business, being a loss of 3.9 million Euro. Excluding these effects, the net loss from disposal groups held for sale in the period to 30 September 2022 would have been 0.2 million Euro (-1.1 million Euro in the period to 30 September 2021).

The **net financial position** at 30 September 2022 is negative by 5.4 million Euro, comprising short-term debt of 5.2 million Euro and medium/long-term debt of 0.2 million Euro. This reflects a deterioration of 5.3 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 results to the end of September are very positive, confirming the absolute levels of operational excellence achieved in the previous quarters.*

Investment levels have also remained high throughout the year. The resources were principally dedicated to the development of new products and the automation of industrial processes, consistent with a strategy that identifies both the quality of customer service and technological innovation as pillars ensuring the generation of value and the competitiveness of the Group.

The macroeconomic situation is flagging ever clearer signals of a slowdown in demand. Given the order book, we nevertheless believe that the current year will close with growth in absolute terms, compared with the prior year, of both revenues (about 10% ahead) and EBITDA (up about 5%)”.

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 communication accurately represents the figures contained in the Group’s accounting records.

The Interim financial statements at 30 September 2022 are available at the registered office and can be consulted in the “Investors/Financial Reports” section of the institutional website (www.gefran.com/en) and on the “1 Info” SDIR and storage system administered by Computershare S.p.A. (www.1info.it).

This communication contains some “alternative performance indicators” not included in the IFRS, 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 materials, 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 result before financial management and taxes. The purpose of this indicator is to present the Group’s operating profitability.

The following alternative indicators are used in relation to the reclassified statement of financial position:

- **Net non-current assets:** the algebraic sum of the following items in the statement of financial position:
 - Goodwill
 - Intangible assets
 - Property, plant, machinery and equipment
 - Shareholdings 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 investments
 - 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, Turkiye, the United States, Brazil, China, Singapore and India, as well as production plants in Switzerland, Brazil, the United States and China. The **Gefran Group** currently has approximately 670 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 business, Analysis of consolidated revenues by geographical region, Consolidated statement of financial position and Consolidated cash flow statement.

Reclassified Consolidated Income Statement of the Gefran Group for the period ended 30 September 2022

(Not audited by independent auditors)

(Euro/000)	30 September 2022 Amount	30 September 2021 Amount	Diff. 2022-2021	
			Amount	%
a Revenues	101,549	87,105	14,444	16.6%
b Increases for internal work	684	747	(63)	-8.4%
c Consumption of materials and products	29,312	25,145	4,167	16.6%
d Added value (a+b-c)	72,921	62,707	10,214	16.3%
e Other operating costs	17,572	14,818	2,754	18.6%
f Personnel costs	34,355	30,199	4,156	13.8%
g EBITDA (d-e-f)	20,994	17,690	3,304	18.7%
h Depreciation, amortisation and impairment	5,275	4,966	309	6.2%
i EBIT (g-h)	15,719	12,724	2,995	23.5%
l Gains (losses) from financial assets/liabilities	899	(234)	1,133	n.s.
m Gains (losses) from shareholdings valued at equity	20	9	11	n.s.
n Profit before tax (i±l±m)	16,638	12,499	4,139	33.1%
o Taxes	(4,611)	(2,899)	(1,712)	-59.1%
p Profit from continuing operations (n±o)	12,027	9,600	2,427	25.3%
q Net results of disposal groups held for sale	(4,031)	985	(5,016)	n.s.
p Group net profit (p±q)	7,996	10,585	(2,589)	-24.5%

Results of the Gefran Group by business area at 30 September 2022

(Not audited by independent auditors)

(Euro/000)	30 September 2022					30 September 2021				
	Revenues	EBITDA	% of revenues	EBIT	% of revenues	Revenues	EBITDA	% of revenues	EBIT	% of revenues
Sensors	67,943	17,278	25.4%	14,188	20.9%	58,446	14,012	24.0%	11,132	19.0%
Automation components	39,451	3,716	9.4%	1,531	3.9%	33,813	3,678	10.9%	1,592	4.7%
Eliminations	(5,845)	-	n.s.	-	n.s.	(5,154)	-	n.s.	-	n.s.
Total	101,549	20,994	20.7%	15,719	15.5%	87,105	17,690	20.3%	12,724	14.6%

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

(Not audited by independent auditors)

(Euro/000)	30 September 2022		30 September 2021		Diff. 2022-2021	
	Amount	%	Amount	%	Amount	%
Italy	34,102	33.6%	28,360	32.6%	5,742	20.2%
European Union	27,275	26.9%	22,410	25.7%	4,865	21.7%
Non-EU Europe	3,390	3.3%	2,948	3.4%	442	15.0%
North America	10,051	9.9%	7,341	8.4%	2,710	36.9%
South America	4,470	4.4%	3,257	3.7%	1,213	37.2%
Asia	21,890	21.6%	22,501	25.8%	(611)	-2.7%
Rest of the world	371	0.4%	288	0.3%	83	28.8%
Total	101,549	100%	87,105	100%	14,444	16.6%

Consolidated Statement of Financial Position of the Gefran Group at 30 September 2022

(Not audited by independent auditors)

(Euro/000)	30 September 2022	31 December 2021
NON-CURRENT ASSETS		
Goodwill	6,275	5,856
Intangible assets	6,077	6,315
Property, plant, machinery and tools	34,952	34,548
of which related parties:	123	188
Right-of-Use assets	2,674	2,729
Shareholdings valued at equity	116	95
Equity investments in other companies	2,015	2,118
Receivables and other non-current assets	94	89
Deferred tax assets	3,785	3,597
Financial investments for derivatives	519	-
Other financial assets	38	67
TOTAL NON-CURRENT ASSETS	56,545	55,414
CURRENT ASSETS		
Inventories	20,664	14,449
Trade receivables	24,931	24,752
of which related parties:	16	68
Other receivables and assets	3,346	3,603
Tax receivables	620	361
Cash and cash and cash equivalents	26,090	35,497
Financial receivables	6,997	2,201
TOTAL CURRENT ASSETS	82,648	80,863
ASSETS HELD FOR SALE	40,088	42,398
TOTAL ASSETS	179,281	178,675
SHAREHOLDERS' EQUITY		
Capital	14,400	14,400
Reserves	68,061	57,446
Net profit/(loss) for the period	7,996	13,692
Total Group Shareholders' Equity	90,457	85,538
Shareholders' equity of minority interests	-	-
TOTAL SHAREHOLDERS' EQUITY	90,457	85,538
NON-CURRENT LIABILITIES		
Financial payables	10,094	16,483
Financial payables for IFRS 16 leases	1,803	1,121
Financial liabilities for derivatives	-	88
Employee benefits	2,959	2,841
Provisions	562	1,035
Deferred tax liabilities	1,149	916
TOTAL NON-CURRENT LIABILITIES	16,567	22,484
CURRENT LIABILITIES		
Financial payables	12,266	15,059
Financial payables for IFRS 16 leases	901	1,640
Trade payables	21,744	21,393
of which related parties:	87	96
Provisions	1,384	1,272
Tax payables	3,050	2,675
Other payables and liabilities	12,766	10,413
TOTAL CURRENT LIABILITIES	52,111	52,452
LIABILITIES HELD FOR SALE	20,146	18,201
TOTAL LIABILITIES	88,824	93,137
TOTAL EQUITY AND LIABILITIES	179,281	178,675

Consolidated Cash Flow Statement of the Gefran Group for the period ended 30 September 2022

(Not audited by independent auditors)

(Euro/000)	30 September 2022	30 September 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	7,996	10,585
Depreciation, amortisation and impairment	5,275	4,966
Provisions (Releases)	1,731	2,061
Capital losses (gains) on the sale of non-current assets	15	(17)
Net results of disposal groups held for sale	4,031	(985)
Net result from financial operations	(919)	225
Taxes	4,823	3,121
Change in provisions for risks and future liabilities	(857)	(911)
Change in other assets and liabilities	2,001	230
Change in deferred taxes	(212)	(220)
Change in trade receivables	253	(5,789)
of which related parties:	52	(286)
Change in inventories	(6,471)	(5,507)
Change in trade payables	185	5831
of which related parties:	(9)	(22)
Operational flows from assets held for sale	(3,526)	5,177
TOTAL	14,325	18,767
C) CASH GENERATED (ABSORBED) BY INVESTING ACTIVITIES		
Investments in:		
- Property, plant, machinery and tools	(3,689)	(4,331)
of which related parties:	(123)	(169)
- Equity investments and securities	(1)	-
- Financial receivables	(5)	4
Disposal of non-current assets	22	26
Investment flows from assets held for sale	(646)	(834)
TOTAL	(4,319)	(5,135)
D) FREE CASH FLOW (B+C)	10,006	13,632
E) CASH GENERATED (ABSORBED) BY FINANCING ACTIVITIES		
Arrangement of financial debt	-	787
Repayment of financial debt	(8,190)	(7,430)
Increase (decrease) in current financial payables	(4,904)	697
Outflows for IFRS 16 leases	(868)	(770)
Taxes paid	(4,305)	(654)
Interest paid	(161)	(462)
Interest collected	311	43
Dividends distributed	(5,462)	(3,737)
Financial flows from assets held for sale	4797	(4,076)
TOTAL	(18,783)	(15,602)
F) CASH FLOWS FROM CONTINUING OPERATIONS (D+E)	(8,777)	(1,970)
G) CASH FLOWS FROM DISPOSAL GROUPS HELD FOR SALE	(625)	(267)
H) Translation differences on liquid funds	(5)	280
I) NET CHANGE IN LIQUID FUNDS (F+G+H)	(9,407)	(1,957)
J) CASH AND CASH EQUIVALENTS, END OF PERIOD (A+I)	26,090	39,785