

ILPRA GROUP APPROVES RESULTS AS AT 30 JUNE 2024

- **Revenues: Euro 26.8 million, -7.0% (1H 2023: Euro 28.8 million)**
- **Value of Production: Euro 33.8 million, +0.8% (1H 2023: Euro 33.5 million)**
- **EBITDA: Euro 5.9 million, (1H 2023: Euro 5.9 million)**
- **EBITDA margin 22.1%, +1,5% (1H 2023: 20.6%)**
- **Net Profit: Euro 2.2 million, -30% (1H 2023: Euro 3.2 million)**
- **Net Financial Debt: Euro 19.6 million (FY 2023: Euro 15.5 million)**

Mortara (PV), 26 September 2024

The Board of Directors of **ILPRA** (ILP:MI), an innovative SME active in the *packaging* sector with a wide range of machines and technological solutions for the packaging of food, cosmetic and medical products, has approved the consolidated half-year report as at 30 June 2024, voluntarily subject to a limited audit.

Maurizio Bertocco, Chairman and CEO of ILPRA: *"The first half of the year closed with more than satisfactory results, highlighting an almost stable situation in terms of revenues and the maintenance of good operating profitability (22.1% compared to 20.6% in the first half of 2023), the result of a better sales policy and improved cost controlling. EBIT declined due to higher depreciation and amortization of intangible assets, in particular due to the consolidation reserve generated by M&A transactions carried out in 2023. The increase in costs of services and personnel is the natural consequence of the structuring of the Group and the companies belonging to it in its process of dimensional growth, functional to face the challenges of the near future with peace of mind. The increase in net financial debt, typical of the interim period and generated by the strategy of increasing inventory to compete in terms of time to market, was also fully under control. Expectations for the second half of 2024 and 2025 are positive, supported both by UCIMA data relating to order intake for the Italian and international market, and by the recent adoption of the Industry 5.0 Implementing Decree."*

Main consolidated results as at 30 June 2024

Revenues amounted to Euro 26.8 million, down -7.0% compared to June 30, 2023 (Euro 28.8 million). Revenues generated in **Italy** amounted to Euro 9.4 million (-5.4% compared to Euro 10.0 million as of June 30, 2023) and represent 35% of the total (35% as of June 30, 2023); Revenues realized **abroad** amounted to Euro 17.4 million (-7.7% compared to Euro 18.8 million as of June 30, 2023) and represent 65% of the total (65% as of June 30, 2023).

The **Value of Production** amounted to Euro 33.8 million, +0.8% compared to Euro 33.5 million as of June 30, 2023; the change is mainly attributable to the increase in inventory, attributable, on the one hand, to the strategy aimed at increasing the stock of semi-finished and finished products to benefit from it in the commercial field by reducing time *to market* and, on the other hand, the acquisition of orders relating to medium-large machines with important customizations, which have a longer processing time than the models sold so far.

EBITDA amounted to Euro 5.9 million, unchanged compared to June 30, 2023 (Euro 5.9 million); despite the decrease in revenues, caused by the stagnant crisis in Italian and European industrial production, and despite the increase in raw material costs generated by international conflicts, ILPRA, strengthened by customer confidence and the Group's structuring interventions, maintained a good operating margin, which stood at 22.1% (20.6% as of June 30, 2023).

EBIT amounted to Euro 3.8 million, -9.8% compared to June 30, 2023 (Euro 4.2 million), after depreciation, amortization and write-downs of Euro 2.1 million (Euro 1.8 million as of June 30, 2023).

Pre-tax profit amounted to Euro 3.1 million, down by -21.1% compared to June 30, 2023 (Euro 4.0 million), mainly due to higher financial charges.

Net Profit amounted to Euro 2.2 million, down 30.5% compared to June 30, 2023 (Euro 3.2 million), after taxes of Euro 1.0 million (Euro 0.8 million as of June 30, 2023), while **Net Profit attributable to the Group** amounted to Euro 1.8 million (Euro 2.5 million as of June 30, 2023).

Net Financial Debt amounted to Euro 19.6 million (Euro 15.5 million as of December 31, 2023), with cash and cash equivalents of Euro 12.9 million (Euro 15.2 million as of December 31, 2023). The change is linked to the taking out of new bank loans to finance the increase in inventories (cyclically increasingly significantly at the end of the half-year compared to the end of the year).

Shareholders' equity amounted to Euro 35.9 million, an increase compared to Euro 34.9 million as of December 31, 2023, net of the dividends approved by the Shareholders' Meeting on April 29, 2024 of Euro 1.4 million.

Significant events in the first half of 2024

Opening of ILPRA KOREA branch

On 8 January 2024, ILPRA S.p.A. opened a commercial branch in Daejeon, South Korea, called LLC ILPRA KOREA (유한회사 일프라코리아) and 60% owned by ILPRA S.p.A. and the remaining 40% by the Group's managers.

The further strengthening of the Group's presence in foreign markets is part of the Group's policy of consolidation in geographical areas considered strategic and with high growth potential, as well as a strengthening of the sales network aimed at increasing commercial activities and, consequently, market shares. The branch will bring ILPRA closer to customers in the area, providing technical support in the most significant projects and allowing it to react quickly to specific market demands.

Resolution of the Board of Directors on the purchase of 76.67% of ILPRA SYSTEM ESPANA

On 18 April 2024, the Board of Directors of ILPRA S.p.A., having taken note of the Information Document and the fairytale opinion of the Committee for Transactions with Related Parties, resolved to acquire 76.67% of the share capital of Ilpra System Espana S.L., granting the Chief Executive Officer Maurizio Bertocco the powers to proceed with the transaction.

The transaction will take place through a subscribed capital increase with waiver and related contribution of the trade receivable claimed by the Company as of December 31, 2023 against Ilpra System Espana S.L. itself equal to Euro 2,140,093.00.

The shareholder Ilpra Group S.r.l. will not subscribe to the capital increase and therefore will not receive any income from 76.67% of the share capital before the increase itself.

The direct management of the currently connected company will make it possible to strengthen its potential to fully seize the opportunities of a market with commercial volumes very close to those of the Italian market. In addition, the geographical and logistical location of the future subsidiary, which is based in Catalonia, makes it an ideal aggregating hub in the Iberian packaging sector, able to exploit the *add-on possibilities* of other commercial and production companies on the Spanish market.

Finally, the strengthening of Spanish *operations* will also allow the establishment of an important "bridgehead" towards the Latin American market, with which it shares, in addition to the language, also the business culture, the financial system and some operating logics of the packaging sector.

The closing of the transaction is expected by the end of September.

Appointment of the Board of Directors and the Board of Statutory Auditors

On 29 April 2024, the Shareholders' Meeting of ILPRA S.p.A. renewed the Board of Directors and the Board of Statutory Auditors, confirming the 9 directors including the Chairman and Chief Executive Officer Maurizio Bertocco and the 5 statutory auditors, of which 3 standing and 2 alternate, with Mr. Alessandro Maruffi as Chairman of the Board of Statutory Auditors.

The choice made by the Shareholders' Meeting was dictated by the desire to give continuity to the company management.

Acquisition of the entire share capital of IVAXIA S.r.l.

On 2 May 2024, 100% of the share capital of IVAXIA S.r.l., a company active in the design and manufacture of fully customized precision centering machines and special systems, was purchased. All production is designed and developed internally, thanks to the very high skills of the technical team in the field.

As of December 31, 2023, IVAXIA S.r.l. had a turnover of Euro 3.0 million (Euro 1.5 million in 2022), total assets of Euro 2.5 million (Euro 1.9 million in 2022) and a negative Net Financial Position of Euro 31 thousand (positive Euro 110 thousand in 2022).

Activation of the buy back plan

On 16 May 2024, the share buyback plan was launched, as resolved by the Shareholders' Meeting on 29 April 2024, proceeding to carry out purchases of treasury shares on the market (as specified below).

Merger by incorporation of IVAXIA S.r.l. and ELTEC S.r.l. into ILPRA S.p.A.

On 17 May 2024, the plan for the merger by incorporation of IVAXIA S.r.l. and ELTEC S.r.l. into ILPRA S.p.A., approved by the respective Administrative Bodies the previous day, was filed with the Companies Register of Milan, Monza Brianza and Lodi.

Since the merged companies are 100% owned by the merging company, the simplified merger procedure referred to in art. 2505 of the Civil Code; as such, it is not necessary to prepare the reports of the administrative bodies of the companies participating in the merger deal provided for by Article 2505-quinquies of the Civil Code, nor is needed the obligation to obtain the experts' report on the adequacy of the exchange ratio applicable. Pursuant to art. 2501-quarter, paragraph 2, of the Italian Civil Code, the needed financial positions of the companies participating in the merger are replaced by the related financial statements as at 31 December 2023.

For accounting and tax purposes only, the transactions of the companies that will be absorbed will be retroactively charged to ILPRA's financial statements, with effect from the date of the first day of the current financial year to the date of filing of the merger deed with the Companies Register and therefore, to 1 January 2024.

This operation is aimed at simplifying the organisational structure and increasing efficiency in the management of activities through concentration and rationalisation of the structure, also achieving economies of scale, particularly in the purchase of products and raw materials.

On 2 July 2024, the Board of Directors of ILPRA S.p.A, and the Extraordinary Shareholders' Meetings of Eltec S.r.l. and Ivaxia S.r.l. before Notary Fabrizio Paini, Notary Public in Pavia, approved the Merger Plan by incorporation of Eltec S.r.l. ("Absorbed Company") and Ivaxia S.r.l. ("Absorbed Company") into ILPRA S.p.A. ("Incorporating Company"). The deed of merger will be formalized once 60 days have elapsed from the registration of the aforementioned resolution in the Register of Companies.

Significant events subsequent to the end of the half-year

Increase in the stake to 70.84% in the commercial subsidiary ILPRA SYSTEM UK Ltd

On 15 July 2024, ILPRA S.p.A. completed the purchase of 19.18%, equal to 11,500 shares of ILPRA SYSTEM UK Ltd, at a cost of 1,387,931 British pounds, paid in cash.

This transaction, approved by the Board of Directors of the parent company on 3 June 2024, followed the sale of the stake held by Brian O'Donoghue (14,500 shares, equal to 24.17% of the share capital of ILPRA System UK Ltd), the current manager of the company who, upon reaching the age limit, will leave the leadership of the British company in favour of Mike Portera, but will continue to play a commercial role within it. The agreement provides for the sale of the shares as follows: 3,000 shares (4.99% of the share capital) to Mike Santo Valentino Portera, 11,500 shares (19.18% of the share capital) to ILPRA S.p.A.

ILPRA System UK Ltd, founded in 1990 and headquartered in Swindon (UK), reported in 2023 a turnover of 8.67 million British pounds, an EBITDA of 1.15 million British pounds and a negative Net Financial Debt (*cash positive*) of 2.72 million British pounds. The British Company owns 95% of ILPRA Hong Kong and 100% of ILPRA Middle East LLC (the latter in turn holds 100% of ILPRA Arabia).

Centralization of the commercial management of the Asian market in the subsidiary "LLC ILPRA KOREA"

On 7 August 2024, ILPRA S.p.A. announced the activation of the closure procedure of the subsidiary "ILPRA HONG KONG Ltd", 95% owned by "ILPRA System UK Ltd", expected by the end of 2024.

"ILPRA Hong Kong Ltd" achieved a turnover of 55 thousand Hong Kong dollars in 2023, a negative EBITDA of 232 thousand Hong Kong dollars and, as of December 31, 2023, had a *positive cash* Net Financial Debt of 307 thousand Hong Kong dollars, constituting more of a representative office than a real operating branch, without the presence of a *service* and a spare parts warehouse.

The commercial management of the Asian market, strategic and with high growth potential, is entrusted to the subsidiary "LLC ILPRA Korea", established in January 2024 and based in Daejeon in South Korea.

Increase in ILPRA SYSTEM ESPANA S.L. participation to 99.36%

On 19 September 2024, ILPRA S.p.A. announced the increase in its stake in ILPRA SYSTEM ESPANA S.L. completing the purchase of the 76.04% of the shares. The transaction took place through a capital increase, subscribed with waiver and related contribution of the trade receivable claimed by the company as of December 31, 2023 amounting to Euro 2,140,093.00.

Outlook

The data reported by the trade association of companies active in the packaging machinery production sector (UCIMA) for the second half of 2024 and 2025 are reassuring; after a difficult first half of the year with reduced growth, strong growth in orders was noted in the third quarter of 2024, especially in the food, medical and beauty sectors, reference sectors for the Group.

The latest data, provided by the Government, attest that since July 2024 production in our country has been the one with the highest European growth; this bodes well for the second half of 2024 and the coming years, also in anticipation of the European Central Bank's interest rate cut, which envisage an important economic revival.

ISTAT data show a contraction in industrial production in July, after two positive months; despite this, Italy's industrial performance is the best in the EU, which sees both Germany and France in a strong crisis. The value of GDP in the second quarter of 2024 is bucking the trend and employment is also growing with more than 24 million employees (for the first time since these data have been collected).

The Russian-Ukrainian and Middle Eastern conflicts seem not to be destined, in the short term, to a resolution, despite the fact that international diplomacy is working hard to resolve the diatribes peacefully; to date, they seem destined to remain confined at a regional level, creating uncertainties (especially in the Middle East) that induces large groups to postpone some industrial investments.

The delay in the adoption of the Industry 5.0 Implementing Decree has also caused a freeze on investments, which are expected to be copious in the last months of 2024 and 2025.

ILPRA (ILP:MI) is active in the production and sale of machinery for the packaging of food, cosmetic and medical products. Founded in 1955, it is one of the main players in the *packaging* sector thanks to its wide range of machines



(tray-sealers, fillers, thermoforming machines, doypacks, dosing machines, weighers, packaging machines for beauty and end-of-line) and cutting-edge technological solutions. An innovative SME, it stands out for its continuous investments in R&D (5.0 million euros in the last 3 years) which have allowed it to develop innovative technologies and packaging techniques internally capable of promptly satisfying customer needs. The ProGas technology, patented by ILPRA, is based on an exclusive work cycle that reduces the use and waste of gas and increases the productivity of machinery. With more than 19,600 machines sold, 334 employees, a vast network of salespeople and a presence in 8 countries (Italy, UK, Hong Kong, United Arab Emirates, Saudi Arabia, India, Russia and South Korea), the Group achieves about 65% of its turnover abroad and directly oversees markets all over the world.

Press release available on www.ilpra.com and www.linfo.it

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RECLASSIFIED CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT	30.06.2024	30.06.2023	Variation	% change
(Data in Euro/000)				
Sales revenue	26.818	28.822	(2.004)	-7,0%
Variation p.f. and work in progress	5.794	3.002	2.792	93,0%
Incremento imm. lav. int.	500	1.170	(670)	-57,3%
Other income and income	702	556	146	26,3%
VALUE OF PRODUCTION	33.814	33.550	264	0,8%
Raw materials and semi-finished products	(13.086)	(14.572)	(1.486)	-10,2%
Services	(5.967)	(5.055)	912	18,0%
Enjoyment of Leasehold Assets	(553)	(486)	67	13,8%
Staff	(8.296)	(7.173)	1.123	15,7%
Raw material change	429	(4)	453	-10825,0%
Miscellaneous operating costs	(412)	(324)	88	27,2%
PRODUCTION COSTS	(27.885)	(27.614)	(271)	1,0%
EBITDA	5.929	5.936	(7)	-0,1%
<i>EBITDA Margin (%)</i>	<i>22,11%</i>	<i>20,60%</i>	<i>1,51%</i>	<i>1,5%</i>
Depreciation	(2.099)	(1.701)	398	23,4%
Provisions for risks	(10)	(15)	(5)	-33,3%
Downs	(50)	(42)	8	19,0%
EBIT	3.770	4.178	(408)	-9,8%
<i>EBIT Margin (%)</i>	<i>14,06%</i>	<i>14,50%</i>	<i>-0,44%</i>	<i>-0,4%</i>
Financial management balance	(625)	(190)	435	228,9%
Financial income	60	55	5	9,1%
Financial charges	(762)	(394)	368	93,4%
Foreign Exchange Gains/(Losses)	40	132	(92)	-69,7%
Adjustments to financial assets	37	17	20	117,6%
PRE-TAX RESULTS	3.145	3.988	(843)	-21,1%
Taxes	(954)	(835)	119	14,3%
NET RESULT	2.191	3.153	(962)	-30,8%
<i>- of which Group</i>	<i>1.774</i>	<i>2.461</i>	<i>(687)</i>	<i>-27,9%</i>
<i>- of which third parties</i>	<i>417</i>	<i>692</i>	<i>(275)</i>	<i>-39,7%</i>
<i>Net Profit Margin (%)</i>	<i>8,17%</i>	<i>10,94%</i>	<i>-2,77%</i>	<i>-2,8%</i>

RECLASSIFIED CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET	30.06.2024	31.12.2023	Delta	Delta
(Data in Euro/000)				%
Inventories	31.539	25.591	5.948	23,2%
Credits vs Customers	20.354	17.118	3.236	18,9%
Payables vs Suppliers	(9.457)	(9.113)	344	3,8%
Advances	(7.863)	(5.392)	2.471	45,8%
TRADE WORKING CAPITAL	34.573	28.204	6.369	22,6%
Other receivables and non-fixed assets	9.735	8.764	971	11,1%
Other payables	(5.767)	(4.711)	1.056	22,4%
Accrued income and deferred income	1.086	928	158	17,0%
Accrued expenses and deferred income	(4.311)	(3.731)	580	15,5%
NET WORKING CAPITAL	35.316	29.454	5.862	19,9%
Intangible assets	10.423	10.678	(255)	-2,4%
Tangible fixed assets	13.949	14.535	(586)	-4,0%
Financial fixed assets	595	651	(56)	-8,6%
NET FIXED ASSETS	24.967	25.864	(897)	-3,5%
GROSS INVESTED CAPITAL	60.283	55.318	4.965	9,0%
TFR	(3.677)	(3.707)	(30)	-0,8%
Provisions for risks and charges	(1.141)	(1.191)	(50)	-4,2%
NET INVESTED CAPITAL	55.465	50.420	5.045	10,0%
The goddess survives V. B.T.	15.244	13.538	1.886	14,1%
Debts to banks and other finances. m/l term	16.842	16.920	(78)	-0,5%
Payables to other lenders	464	464	-	0,0%
Total financial payables	32.550	30.742	1.808	5,9%
Cash equivalents	(12.299)	(14.678)	(2.379)	-16,2%
Securities held for trading	(644)	(558)	86	15,4%
NET FINANCIAL POSITION	19.607	15.506	4.101	26,4%
Share capital	2.408	2.408	-	0,0%
Reserves	31.259	26.012	5.247	20,2%
Operating profit	2.191	6.494	(4.303)	-66,3%
EQUITY	35.858	34.914	944	2,7%
<i>Group Shareholders' Equity</i>	<i>29.200</i>	<i>29.019</i>	<i>181</i>	<i>0,6%</i>
<i>Minority Interests</i>	<i>6.658</i>	<i>5.895</i>	<i>763</i>	<i>12,9%</i>
TOTAL SOURCES	55.465	50.420	5.045	10,0%

NET FINANCIAL DEBT

<i>Net financial debt</i> <i>(Data in Euro/000)</i>	<i>30.06.2024</i>	<i>31.12.2023</i>	<i>Variations</i>	<i>Variations</i> <i>%</i>
A. Cash and cash equivalents	12.300	14.678	(2.378)	-16%
B. cash equivalents	-	-	-	
C. Other current financial assets	644	558	86	15%
D. Liquidità (A) + (B) + (C)	12.944	15.236	(2.292)	-15%
E. Current financial debt	15.245	13.358	1.887	14%
F. Current portion of non-current debt	464	464	-	-
G. Current financial debt (E)+(F)	15.709	13.822	1.887	14%
H. Net current financial debt (G) - (D)	2.765	(1.414)	4.179	-296%
I. Non-current financial debt	16.842	16.893	(51)	0%
J. Debt instruments	-	-	-	
K. Trade and other non-current payables	-	27	(27)	-100%
L. Non-current financial debt (I) + (J) + (K)	16.842	16.920	(78)	0%
M. Total Financial debt (H) + (L)	19.607	15.506	4.101	26%

CONSOLIDATED CASH FLOW STATEMENT, indirect method

Cash flow statement, indirect method	30.06.2024	30.06.2023
(Data in Euro/000)		
A) Cash flows from operating activities (indirect method)		
Profit (loss) for the year	2.191	3.153
Income taxes	954	835
Interest expense/(income)	662	207
1) Profit (loss) for the year before income taxes, interest, dividends and capital gains/losses on disposals	3.807	4.195
Adjustments for non-monetary items that have not been offset in net working capital		
Provisions for funds	367	319
Depreciation of fixed assets	2.099	1.701
Impairment losses for impairment	(37)	(17)
Other adjustments for non-monetary items	50	42
Total adjustments for non-monetary items that were not offset in net working capital	2.479	2.045
2) Cash flow before changes in net working capital	6.286	6.240
Changes in net working capital		
Decrease/(Increase) in inventories	(5.948)	(5.492)
Decrease/(Increase) in Fixed assets held for sale	9	0
Decrease/(Increase) in receivables from customers	(1.794)	1.104
Increase/(decrease) in payables to suppliers	2.815	912
Decrease/(Increase) in accrued income and deferred income	(158)	(635)
Increase/(decrease) in accrued income and deferred income	581	(2.648)
Other decreases/(Other Increases) in net working capital	(1.387)	(2.517)
Total changes in net working capital	(5.882)	(9.276)
3) Cash flow after changes in net working capital	404	(3.036)
Other adjustments		
Interest received/(paid)	(662)	(207)
(Income taxes paid)	(720)	(1.516)
(Use of funds)	(459)	555
Total other corrections	(1.841)	(1.168)
Cash flow from operating activities (A)*	(1.437)	(4.204)
B) Cash flows from investment activities		
Tangible fixed assets		
(Investments) / Divestments	(404)	(4.363)
Intangible assets		
(Investments) / Divestments	(855)	(7.250)
Financial fixed assets		
(Investments) / Divestments	56	(126)
Non-fixed financial assets		
(Investments) / Divestments	(326)	(312)
Cash flow of investment activity (B)	(1.529)	(12.051)
C) Cash flows from financing activities		
Third-party means		
Increase/(decrease) in short-term payables to banks	1.886	3.723
Financing	6.300	16.333
(Repayment of loans)	(6.480)	(5.020)
Equity	0	0
Principal repayment		
Consolidation difference		
Paid capital increase		
Sale (purchase of treasury shares)	(51)	(50)
Dividends (and interim dividends) paid	(1.132)	(714)
Cash flow of financing activities (C)	523	14.272
Increase (decrease) in cash and cash equivalents (A ± B ± C)	(2.443)	(1.982)
Cash and cash equivalents at the beginning of the period	14.678	17.316
Cash balances for new consolidated companies	65	541
Cash and cash equivalents at the end of the period	12.300	15.875

