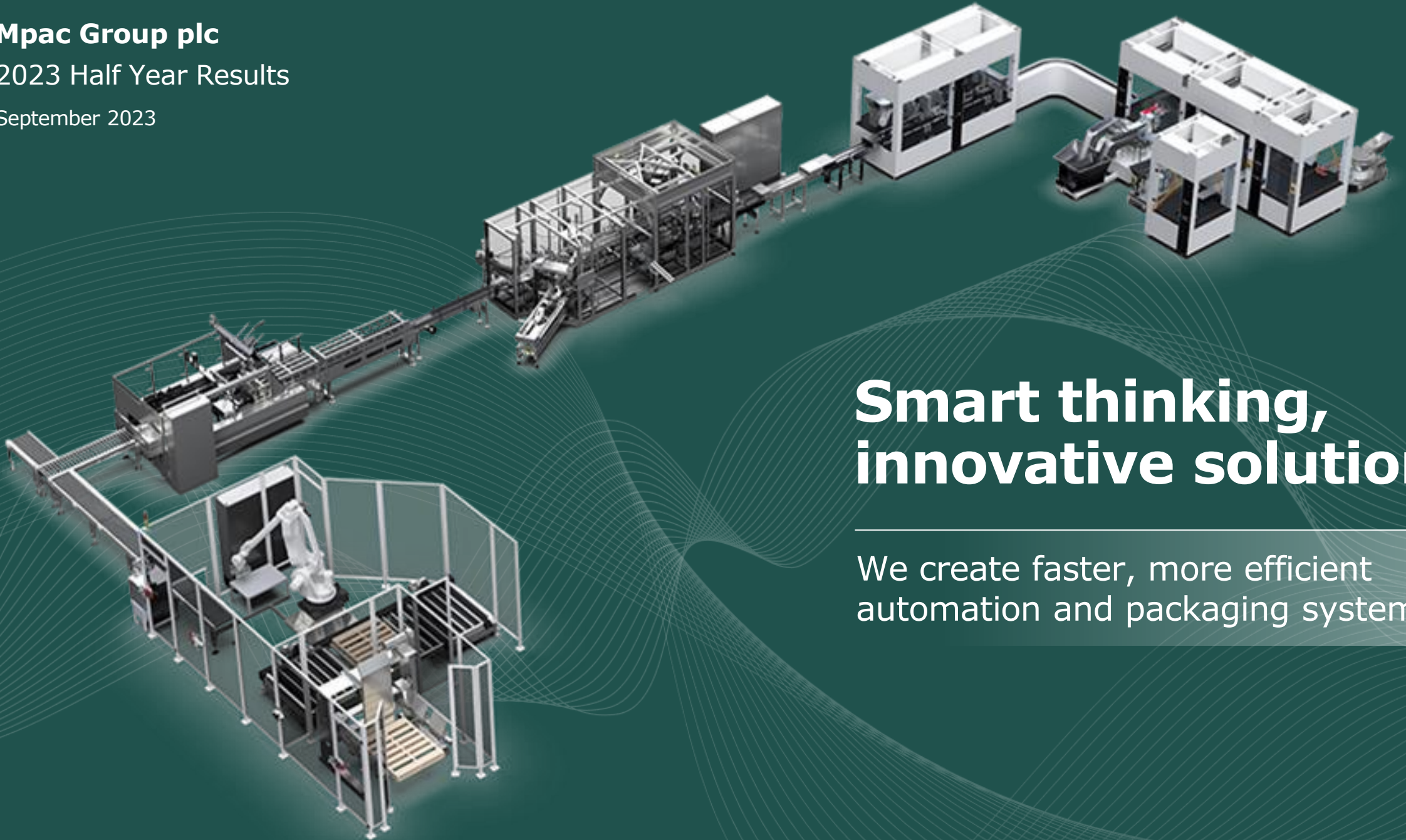


Mpac Group plc

2023 Half Year Results

September 2023



Smart thinking, innovative solutions

We create faster, more efficient
automation and packaging systems



Agenda

- 04 What we do
- 06 Investment case
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- 09 Financials
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- 19 Case Study: Freyr
- 20 Summary & Outlook
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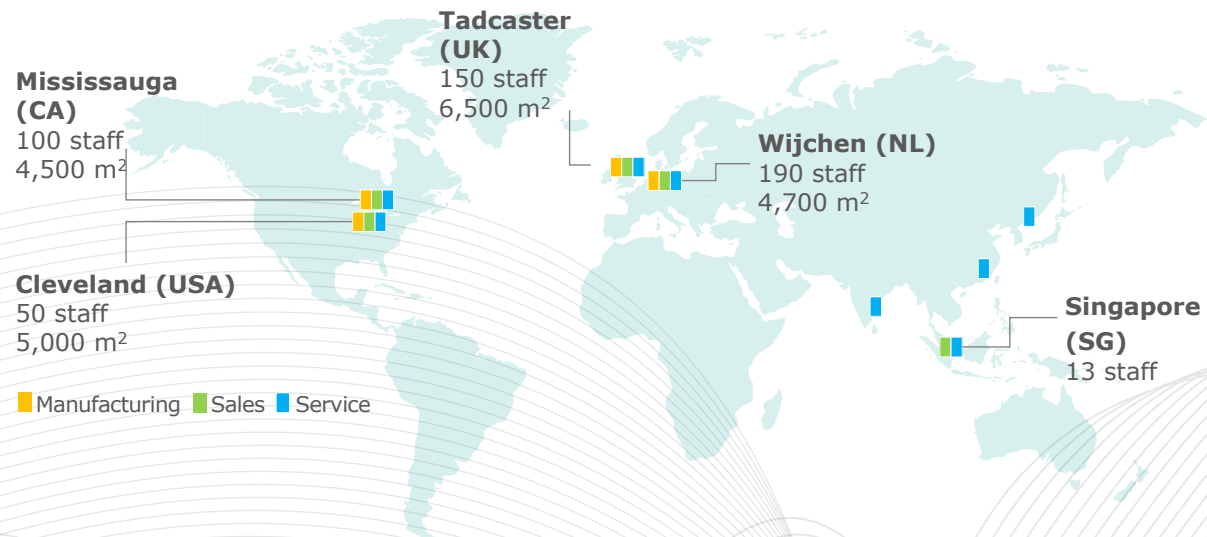




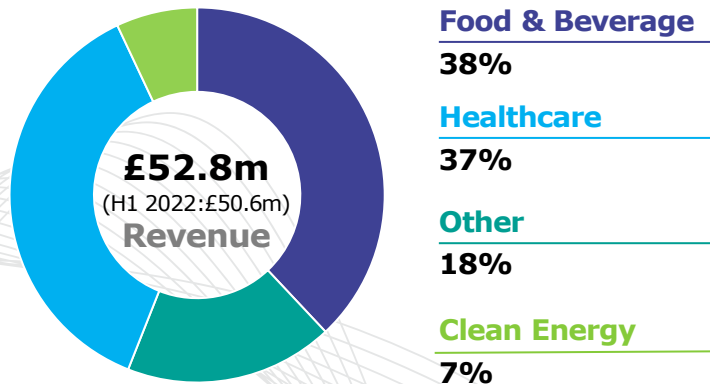
About Mpac



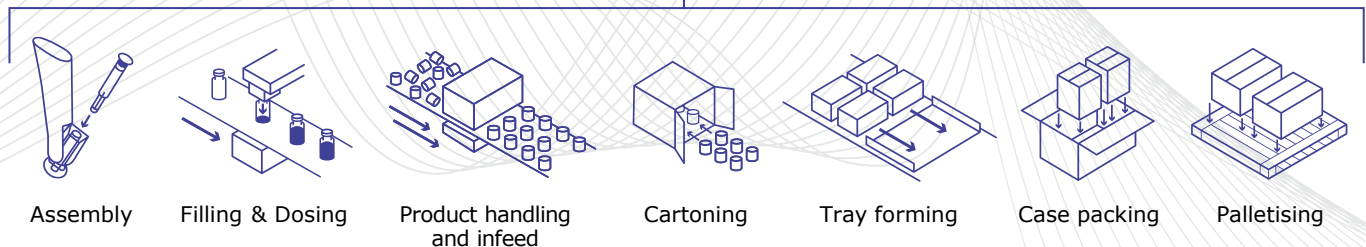
We create and service superior automation and packaging machines globally



H1 2023 Sales by Sector (%)



Full line original equipment manufacturing combined with compelling service offering



4,000

Machines in service

4

Innovation centres

4

Global manufacturing facilities

180

Global engineers & designers

80

Countries served

8

Customer service hubs



Mpac operates in a very attractive market with significant growth opportunities

Attractive Market	
Huge addressable market	Significant opportunities for growth
Competition is fragmented	Acquisition and organic opportunities
Reliability and efficiency is key to customer profitability	Engineering led and superior offering
Barriers to entry	Best in class people and accumulation of know how within the business

Growth Opportunities		
Product category	Solutions	Market value
Packaging Machinery	<ul style="list-style-type: none">> Personal healthcare> Contact lens> Point of use drug delivery	\$47.0bn*
Cartoning and case handling	<ul style="list-style-type: none">> Beverage> Cereals> Frozen foods> Tissues	\$9.6bn*
Clean Energy	<ul style="list-style-type: none">> Electric vehicles> Energy storage systems> IT and other devices	\$7.0bn**

*PMMI – Jan 2022

** Roland Berger 2020

The world is becoming more automated

Mpac has an attractive investment proposition

Growth opportunity

- > F&B and Healthcare markets offer compelling growth opportunity
- > Substantial opportunity to benefit from operational leverage and increase profitability
- > Exciting clean energy market recently added

\$47.0bn

Packaging machinery market value

\$9.6bn

Cartoning and case handling market value

\$7.0bn

Clean energy market value

Technical expertise and innovation

- > Deep technical and engineering expertise creates superior customer service
- > Exciting innovation roadmap leading to a broader market opportunity

Engineering Hours

122,000

(H1 2022: 95,000)

Technical staff

287

(H1 2022: 268)

% Revenue on Innovations

3.4%

(H1 2022: 3.0%)

High quality of earnings

- > Growing higher margin recurring Service revenue
- > Strong original equipment revenue visibility with solid prospect pipeline and order book
- > Growing revenue provides earnings security

Order book

£77.5m

(H1 2022: £62.6m)

Order intake

£62.4m

(H1 2022: £32.8m)

Service revenue

£17.6m

(H1 2022: £10.8m)

Capital light and strong balance sheet

- > Capital light growth strategy
- > Unwind of prior expansion of working capital
- > Strong balance sheet to fund future growth

Net cash

£2.2m

(H1 2022: net borrowings £4.7m)

Net current assets

£11.9m

(H1 2022: £12.2m)

Total assets exc. pensions

£42.3m

(H1 2022: £43.7m)



Mpac is highly trusted by its diversified blue chip customer base

Examples of our customers and what we do for them:



Revenue: \$107.3bn (2022)

Providing a specialist noodle packaging line for the world's largest food and beverage company.

MARS

Revenue: \$45bn (2022)

Providing specialist cartoning and case-packing solutions for the world's leading ice-cream and confectionary company.

DIAGEO

Revenue: \$28.5bn (2022)

Key strategic partner for the case-packing of high value spirits for a global leader in premium spirits beverages.



CooperVision
Live Brightly.

Revenue: \$2.2bn (2022)

Providing production automation, cartoning and case-packing for a global leader in contact lenses.

Dexcom

Revenue: \$2.9bn (2022)

Providing multiple packaging automation lines for innovative glucose monitoring devices.

Our install base also includes:

Johnson & Johnson



BAUSCH + LOMB

Kellogg's



Alcon

QuidelOrtho™

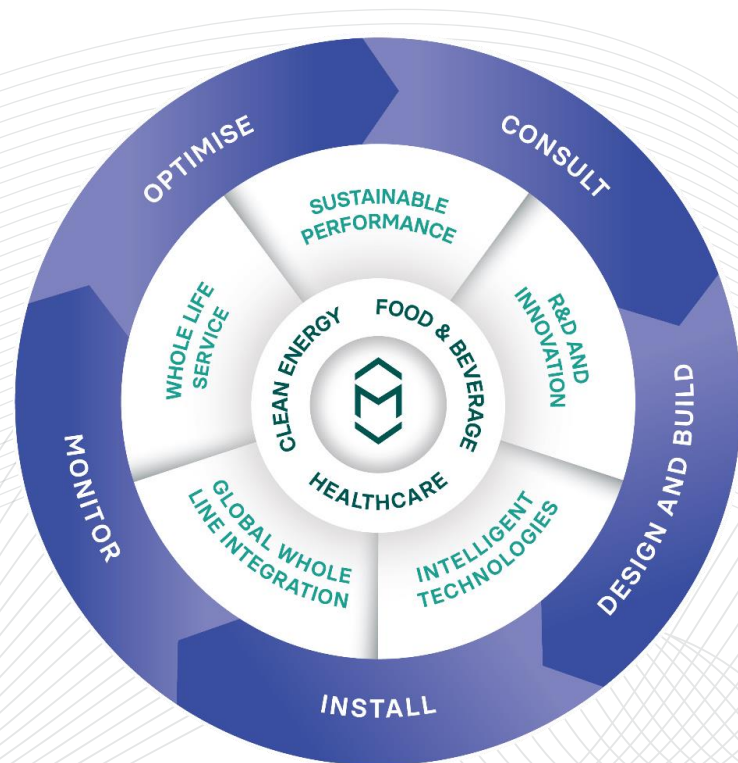
WestRock

FREYR

GLENMORANGIE

3M

“We channel limitless ingenuity to create and optimise whole line manufacturing ecosystems. With many parts, in many countries, our world-class productivity helps our clients achieve more with less.”



A business model which wins and retains customers

Consult

Early customer engagement and buy-in using Mpac’s extensive know how and knowledge

Design and build

Produce equipment which fulfils the customers’ needs and potential future needs

Install

Support rapid ramp up of the new equipment to reach full productivity with effective training reducing start up costs

Monitor

Expertise to connect to control systems to provide a complete review of equipment performance

Optimise

Ensure equipment stays up-to-date with the latest modernisations and automation upgrades



H1 2023 results



Financial review: 2023 half year highlights

£62.4m

Order intake
+90.2% (H1 2022: £32.8m)

£52.8m

Revenue
+4.3% (H1 2022: £50.6m)

£77.5m

Order book
+23.8% (H1 2022: £62.8m)

23.9%

Gross profit margin
+13.3% (H1 2022: 21.1%)

£2.2m

Underlying operating profit
+83.3% (H1 2022: £1.2m)

£0.2m

Statutory profit before tax
+£0.6m (H1 2022: loss of
£0.4m)

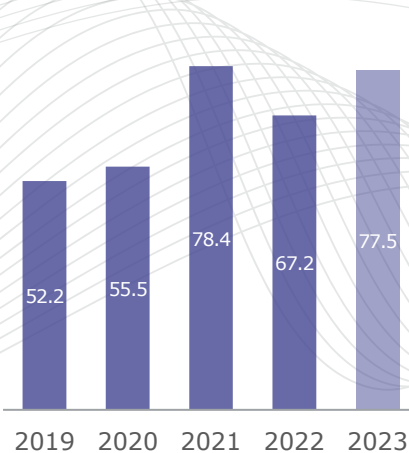
£2.2m

Net Cash
(FY 2022: net debt £4.7m)

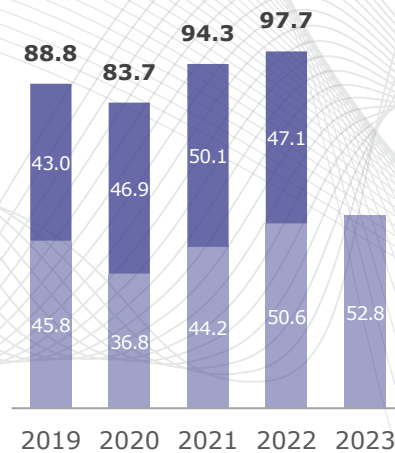
£9.6m

Working Capital
-43% (FY 2022: £16.9m)

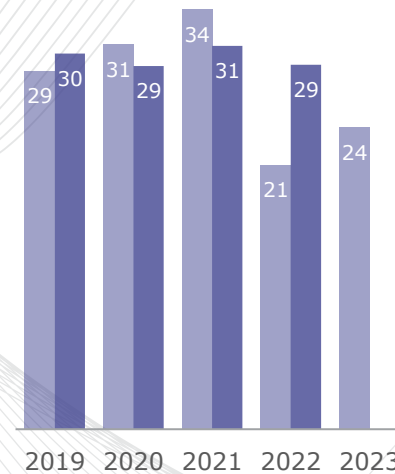
Order book (£m)



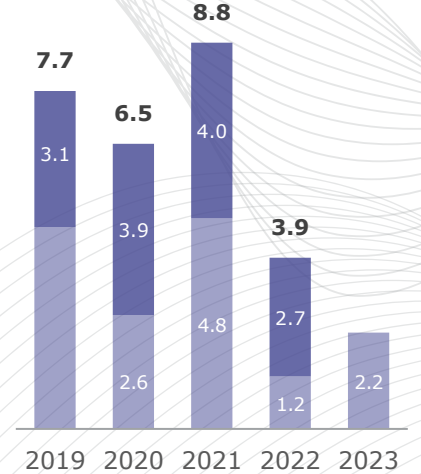
Revenue (£m)



Gross profit margin (%)



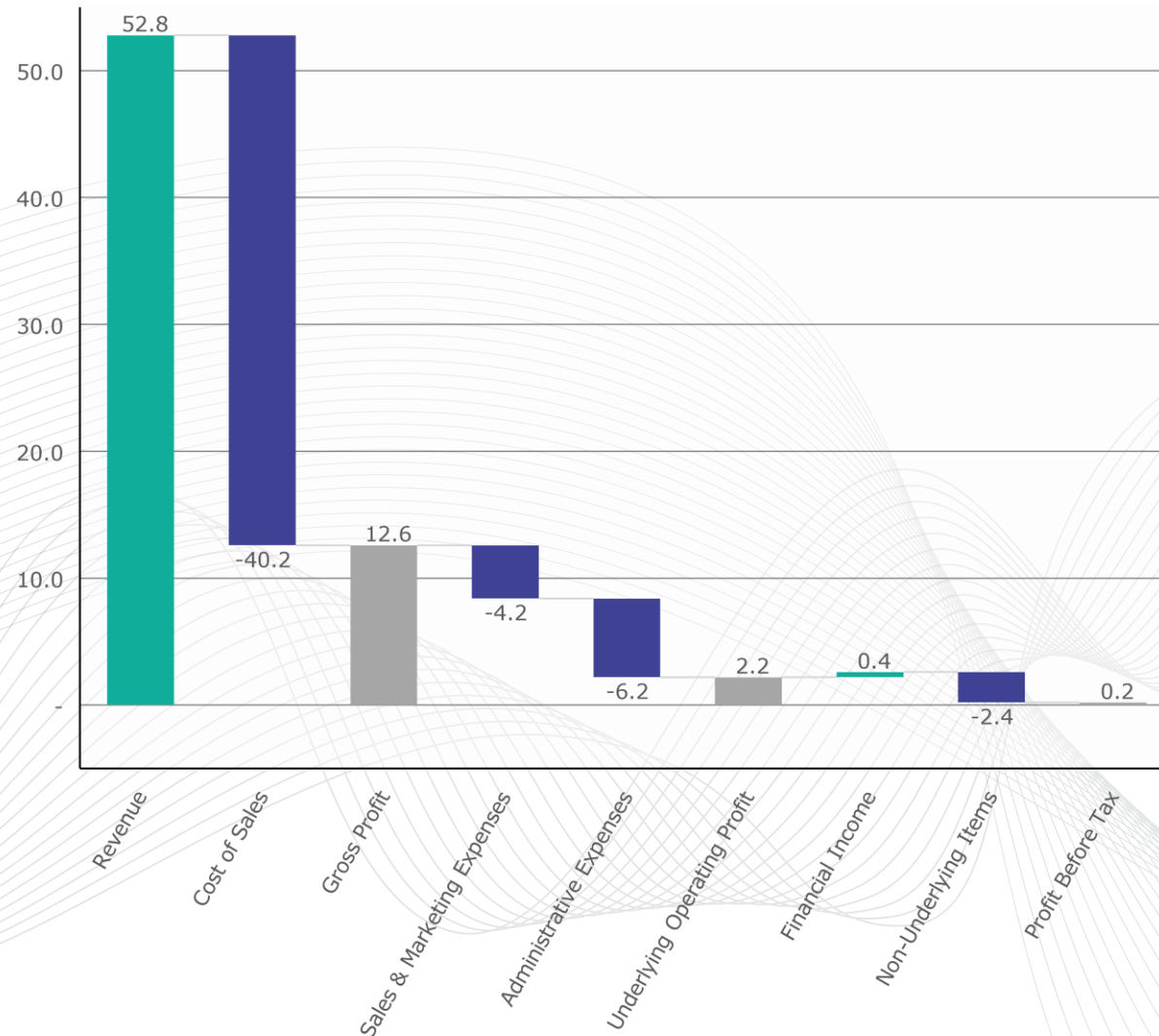
Underlying operating profit (£m)



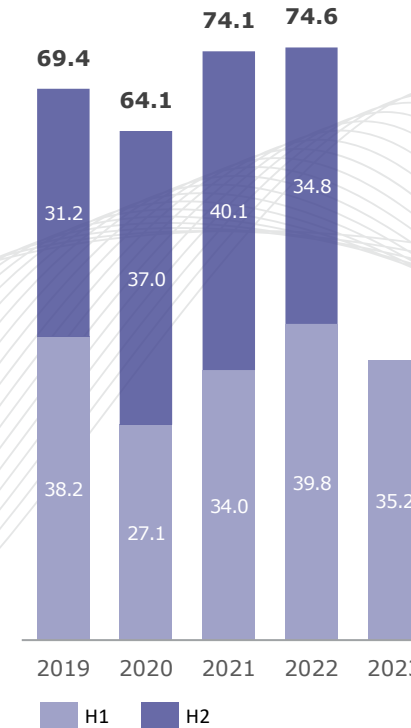
H1 H2

Financial review: Group Income Statement (£m)

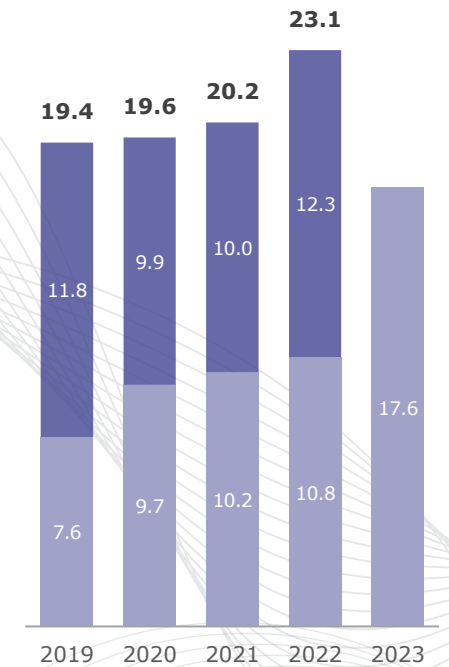
For the period to 30 June 2023



OE revenue (£m)



Service revenue (£m)



Financial review: Balance sheet

For the period to 30 June 2023

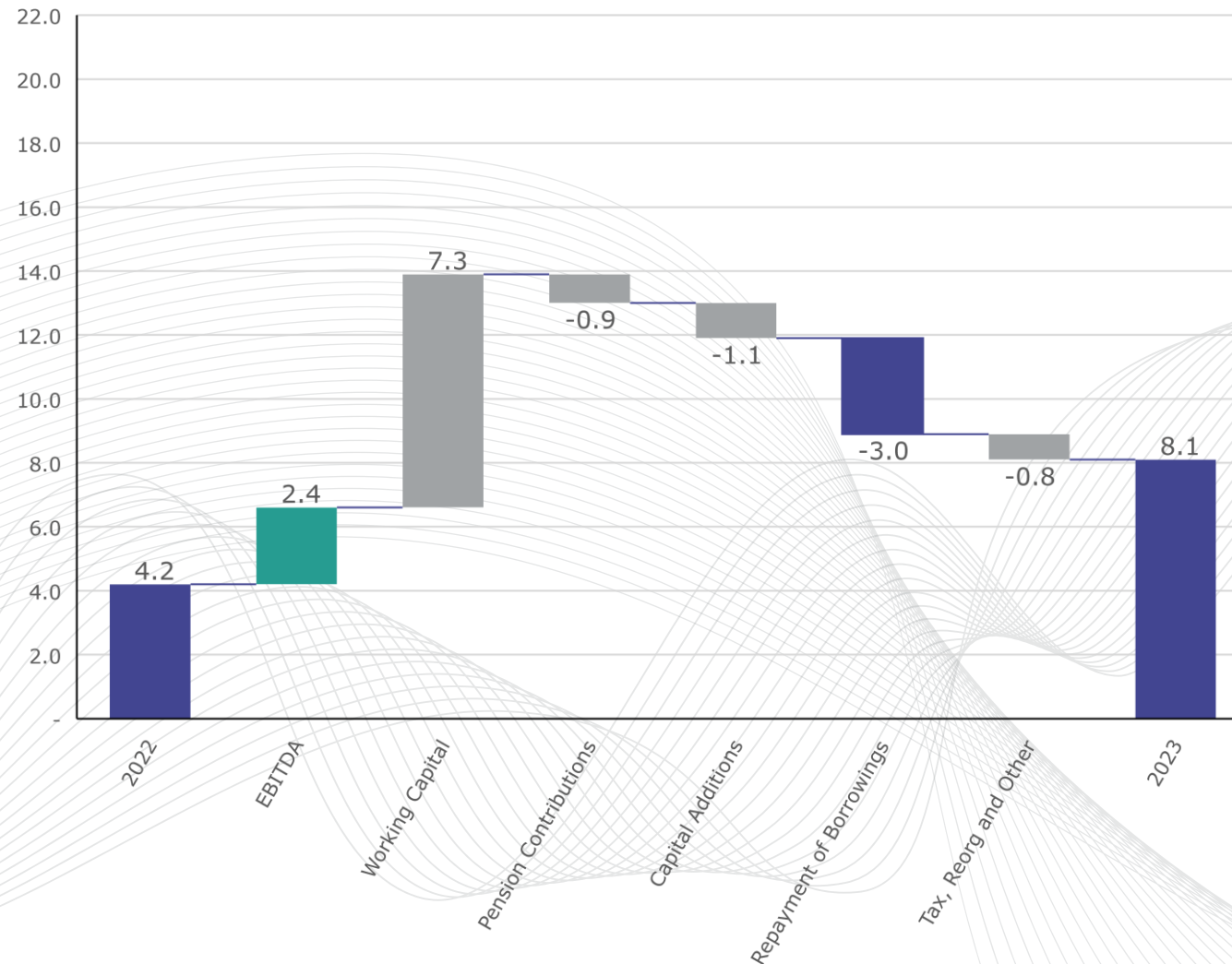
	30.06.2023 (£m)	31.12.2022 (£m)	Change
Non-current assets	69.8	68.0	3%
Inventories	10.2	9.6	6%
Trade & other receivables	44.8	47.9	-6%
Cash	8.1	4.2	93%
Current Assets	63.1	61.7	2%
Trade & other payables	(46.2)	(41.5)	-8%
Interest bearing loans	(5.0)	(8.0)	38%
Current Liabilities	(51.2)	(49.5)	-1%
Net current assets	11.9	12.2	8%
Total assets less current liabilities	81.7	80.2	4%
Net assets	63.3	62.2	2%

Commentary

- > Non-current assets include £24.3m of Intangible assets, £9.3m of Tangible fixed assets, £35.2m of Pension assets and a £1.0m Deferred tax asset.
- > Net pension assets of £33.6m, despite the continuing volatility in 2023, the schemes Liability Driven Investments ensured the surplus was protected
- > Inventory level reflects increased service orders, especially spare parts, requiring increased stock levels
- > Trade & other receivables of £44.8m includes £20.3m of contract assets (H1 2022: £19.7m) & £14.5m of Trade debtors (H1 2022: £18.2m)
- > Trade and other payables of £46.2m includes £18.1m of contract liabilities (H1 2022: £14.1m) and £12.8m of trade creditors (H1 2022: £11.7m)
- > £3.0m of borrowings repaid, leaving £5.0m (H1 2022: £8m) of short-term interest-bearing borrowings from the Revolving Credit Facility
- > Net cash of £2.2m compared to net debt of £4.7m at 31.12.22

Financial review: 2023 half year cash bridge and working capital (£m)

For the period to 30 June 2023



Commentary

H1 2023 delivered a significant increase in order intake and machine deliveries, the timing of which had a material positive impact on working capital movements

£20m borrowing facility entered into in July 2022 committed until June 2025 – Amount drawn reduced by £3m in H1 2023, leaving £5m outstanding

Working capital level reflects the improvements in project build times from the reduction in supply chain delays, moderation of inventory levels and the timing of contracted billing milestones

Strong balance sheet with sufficient liquidity to support the strategic initiatives and to drive growth

	H1 2023 £m	FY 2022 £m
Working capital cashflow		
Inventories	(0.8)	(3.7)
Trade debtors	3.1	(6.3)
Trade creditors/Contract balances	5.1	(8.2)
Provision	(0.1)	0.5
Total	7.3	(17.7)



Ambition and Strategy



We are targeting double digit % revenue CAGR and 10% return on sales

**Double digit
% revenue
growth**
Compound average
growth rate

Delivered via

Innovation

Delivering innovative, highly efficient machines into extensive addressable markets

Grow and win customers

Investment in customer communication and expansion of the breadth of products and services provided

Service growth

Service expansion through investment in both the digital and on-site service offer for our extensive machine fleet

**10%
Operational
return**
Deliver 10%
return on sales

Delivered via

Operational leverage

Our global manufacturing footprint and centres of excellence ensure efficient delivery of our projects

People

Investment in skills, people development and processes ensures efficient project delivery

Scale

Our investment in world-class business systems ensures high quality, right-first-time projects are delivered efficiently



Progress on strategy

Going for Growth

- > New customer acquisition in target sectors
- > Expansion and deification of Lambert project prospect pipeline

Outstanding Customer Service

- > Expansion of Service capacity in the Americas
- > Elevating customer experience with best-in-class service function

Operational Excellence

- > Deployment of Mpac ERP and business systems blueprint at Cleveland site
- > Extended and harmonized use of Project Online to manage loading and project delivery

Innovation

- > Launch of flagship top load cartoner solution
- > Environmental and sustainability orientated innovation

People

- > Expansion of site leadership teams
- > Year 2 cohort entered the Mpac Academy

People are critical to delivering our strategy



Kevin Rooney

*Director of Operations
- Mississauga*

- > Over 30 years industrial experience at Fortune500 companies of varying sizes
- > Track record in engineering, project management, sales & general management- bringing key skills to the Mississauga site
- > Qualifications in electrical engineering, business administration & project management



Tammy Bristow

Group HR Director

- > Over 18 years experience at global organisations within the engineering & manufacturing sectors
- > Wealth of knowledge in organisational transformation, resourcing, talent management and change management
- > Passionate about connecting business and people strategies.



Cindy Montgomery

*Supply Chain Director
- Americas*

- > Career-long track record of success in developing and deploying process improvement initiatives
- > Delivering value throughout the supply chain process
- > Senior leader in lean and continuous improvement



David Taylor

*Managing Director -
Tadcaster*

- > Vast experience in electrical engineering & electronic engineering
- > Has held management positions in design & manufacturing
- > Proven track record as Managing Director at some of the UK's largest engineering & electrical companies

Case study:

MARS

Mars recently purchased a 6th packaging line from Mpac.

The Mpac team worked tirelessly to ensure all requirements and timelines were met.

Mpac delivered on commitments – this latest line will be commissioned in the coming year.



Mars Requirement

- > Automatically package various size flow wraps in an end-load carton
- > Automatically group and pack 5,6,12,14 and 24 count cartons, resulting in 13 unique packaging configurations
- > The capability to achieve >700 bars per minute and up to 130 cartons per minute
- > Withstand a caustic dairy washdown environment
- > Unique carton identification

Mpac Solution

- > High speed product handling and pivoting nose transfer for product orientation
- > Proven robotic picking and grouping to form the proper collation
- > Continuous motion MAESTRO-c cartoner with washdown configuration
- > Networked control architecture and expandable data communication capability
- > Integrated carton laser coding



Frank Jeurissen
Global Strategic Accounts Manager

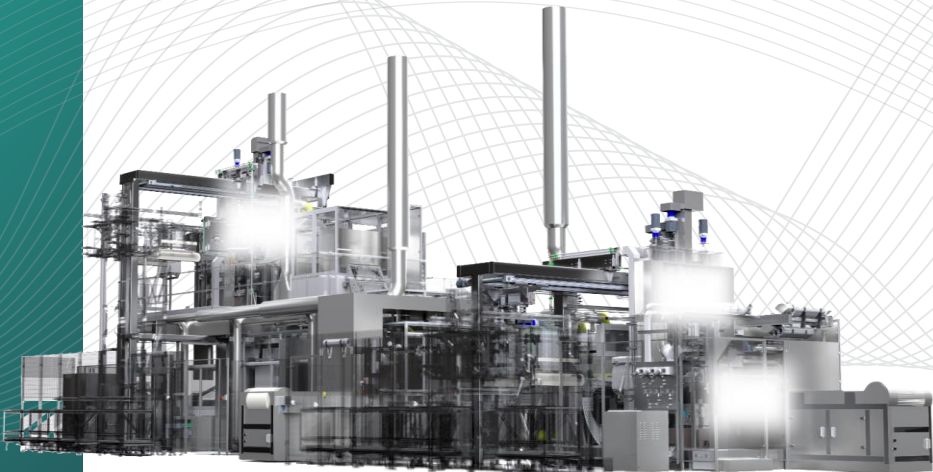
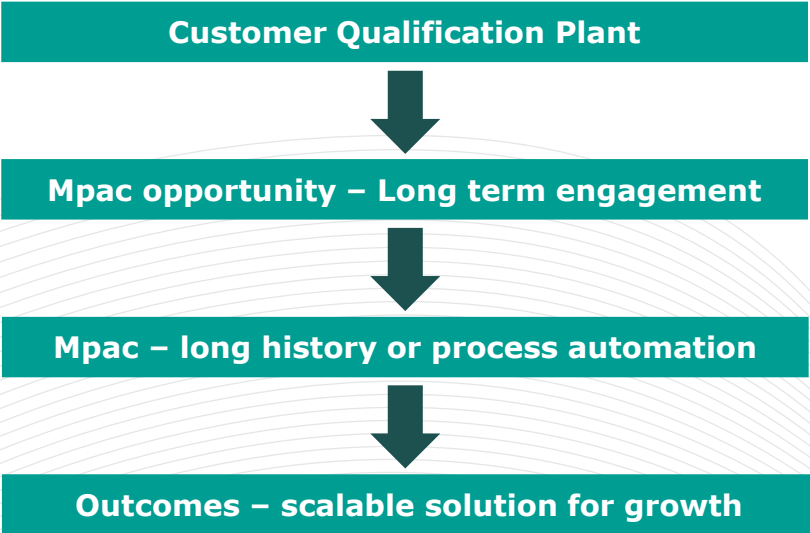
"Mars Wrigley chose Mpac Langen side load cartoner, type MAESTRO-c, which packs products using advanced infeed systems with delta robots, in various packaging formats. Key to this project was the close collaboration between the Mars and Mpac teams to design & deliver state-of-the-art, high-performance lines."



Michael Brown
Managing Director - Americas

"It was great to see the instant collaboration between the Mpac team, the key OEM supplier and the Mars quality operational team at the Mars Burr Ridge facility. They all worked tirelessly onsite and had daily and weekly updates, resulting in all lines running at their full capacity."

Strategy Clean Energy case study: CQP status and Market Opportunity



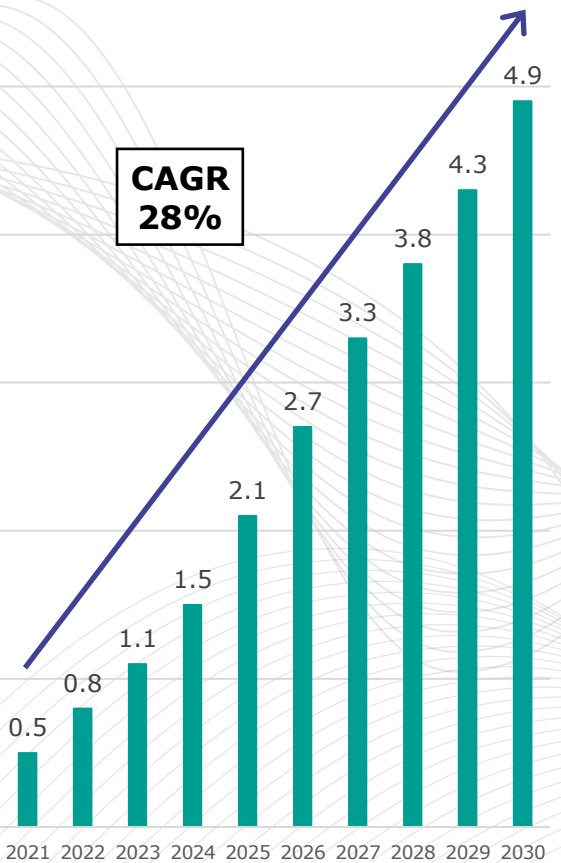
Freyr: Long-term opportunity and plans

FREYR is targeting 200GWh output by 2030, twice the company’s previous ambition with the following plant ramp up plans:

FREYR Website, May 2023

Plant	Location	Capacity (p.a.)	Stage
Giga Arctic	Mo I Rana Norway	100GWh	Ongoing
Giga USA	Georgia US	Up to 40GWh	In build

Global battery capacity forecast by supplier type (yield adjusted) (TWh)



Source: Goldman Sachs, March 2022



Summary & Outlook

Operational highlights

2023 half year highlights

- > Acquisition of new customers in target sector
- > Strong growth in Service business, delivering on strategic focus to improve and sustain customer support
- > Reduction in working capital expansion progressing to plan
- > Shipment, installation and commissioning of battery cell assembly automation line to FREYR Battery progressing to their schedule
- > Started pre-engineering work to define specification of Giga America for Freyr
- > Implementation of One Mpac business systems to Mpac USA site, Cleveland
- > Increased certainty and control over supply chain lead times
- > Strengthened leadership team with new appointments in UK and North America
- > Second year cohort joined Mpac Academy to develop future leaders and to retain talent

2023 outlook

- > Strong and diverse opening H2 2023 order book providing good coverage over forecast revenue
- > Encouraging prospect pipeline in resilient end markets
- > Focus remains on organic growth with active assessment of further acquisition opportunities
- > Full year trading expected to be in line with market guidance



Order intake

£62.4m

(H1 2022: £32.8m)

Revenue

£52.8m

(H1 2022: £50.6m)

Underlying PBT

£1.9m

(H1 2022: £1.1m)

Underlying EPS

6.5p

(H1 2022: 3.6p)

Appendices



Financial review: Group income statement

For the period to 30 June 2023

	H1 2023 (£m)	H1 2022 (£m)	Change
Revenue	52.8	50.6	4.3%
– Original Equipment	35.2	39.8	-11.5%
– Services	17.6	10.8	62.9%
Gross profit	12.6	10.7	17.8%
Gross profit margin	24.2%	21.1%	
Selling, marketing and distribution costs	(3.6)	(3.4)	
Administration expenses	(6.2)	(5.8)	
Other operating expenses	(0.6)	(0.3)	
Underlying operating profit	2.2	1.2	83.3%
Underlying operating profit margin	4.2%	2.4%	
Net financing income	0.4	0.2	
Non-underlying items	(2.4)	(1.8)	
Taxation	(0.6)	(0.3)	
Loss after tax for the period	(0.4)	(0.7)	
Basic loss per share	(2.2)p	(3.6)p	
Underlying earnings per share	6.5p	3.6p	80.1%

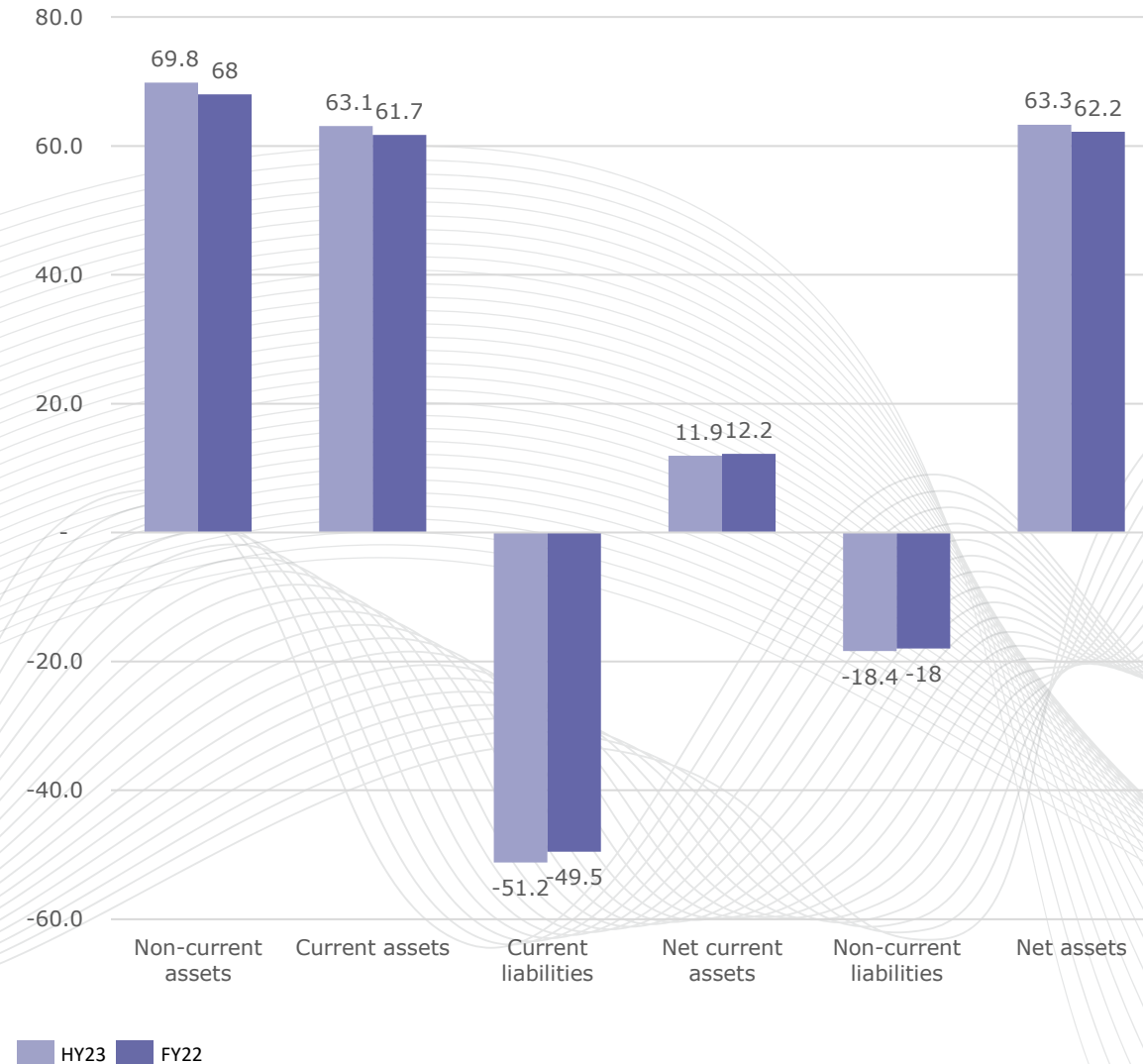
Commentary

- > OE revenue reduction driven by the Americas region, which enjoyed an exceptional early 2022, following the post-covid tax incentives available, and the delays to order intake seen in H2 2022.
- > Service revenue grew strongly in all regions and from all sectors, driven by the robust performance of our customers and their need to fulfil their growth ambitions.
- > Gross profit margins reflect the completion of orders from 2022 which suffered from supply chain delays. These are now largely complete and margins are improving.
- > Underlying operating margin of 4.2% (H1 2022: 2.4%)
- > Non-underlying items include Amortisation of Intangible Assets (£0.8m), Defined Benefit Pension Scheme costs (£0.4m) and Reorganisation & Acquisition costs (£1.2m).

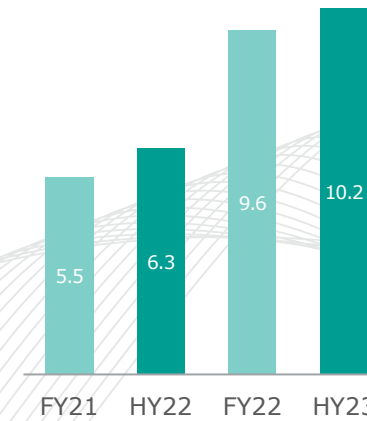


Financial review: Group Balance Sheet (£m)

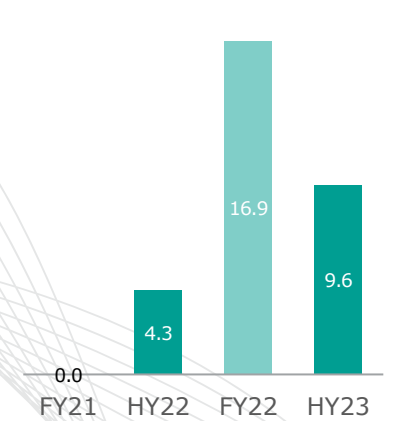
For the period to 30 June 2023



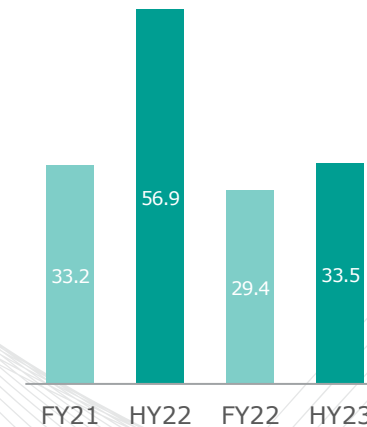
Inventory (£m)



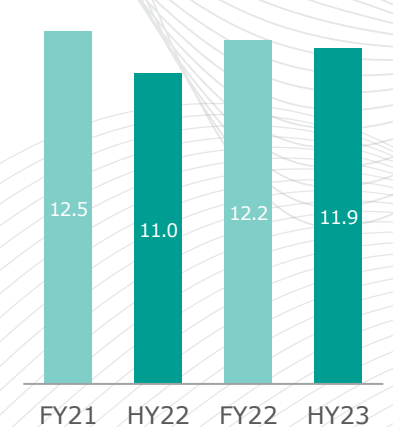
Working Capital (£m)



Net pension asset (£m)



Net Current Assets (£m)



2023 Pension scheme

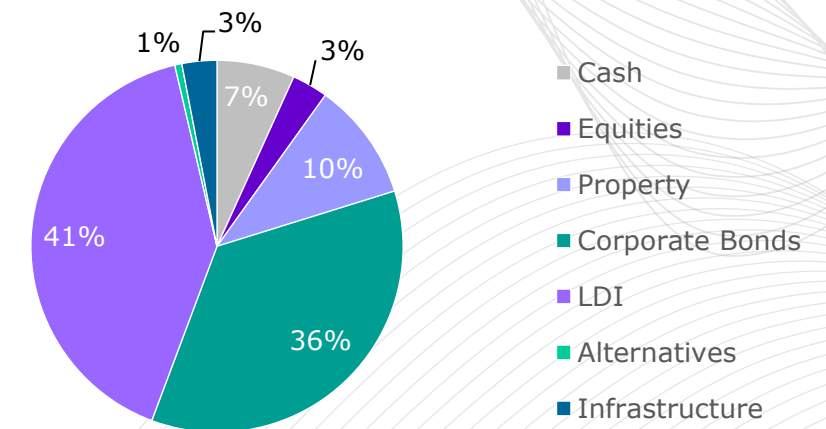
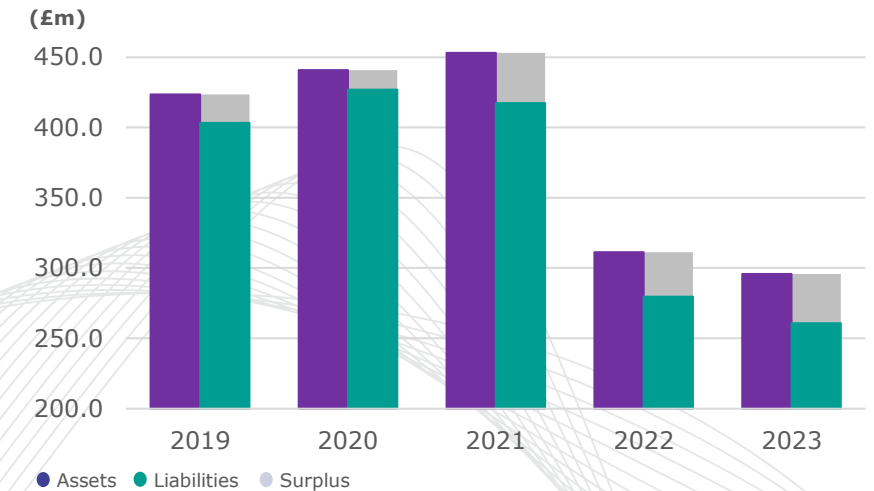
UK scheme

- > Accounting surplus £35.2m (FY 2022: £31.5m)
- > Scheme surplus remained stable in the face of the continuing volatility in H1 2023, with the increase driven by increasing discount rates, partially offset by increasing inflation assumptions.
- > Liability matching programme continued to protect the scheme from excess volatility - scheme remains ~100% hedged liability inflation risk and discount rates
- > Scheme strategy continues to be executed, proving resilient despite falling real asset values in property and infrastructure.

Strategy

- > Funding level increased to ~100% based upon June 21 valuation assumptions
- > Recovery period runs until December 2025
- > Actuarial valuation based on prudent financial assumptions
- > Route to risk transfer embedded in scheme funding agreement
- > Funding agreement includes protections against surplus being trapped in the scheme

UK Pension Scheme – IAS19 surplus





Appendices: Summary Share Register

For the period to 30 June 2023

	30 June 2023
Schroder Investment Management	4,196,253
Hargreaves Lansdown, stockbrokers (EO)	1,989,156
Interactive Investor (EO)	1,856,667
Tellworth Investments	1,670,952
Oury Family	1,364,370
Individuals	747,607
AJ Bell, stockbrokers (EO)	681,284
Charles Stanley	645,806
Barclays Smart Investor (EO)	602,416
Canacord Genuity Wealth Management (Inst)	550,000
Other	6,169,913

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We create faster, more efficient
automated packaging systems

