

**Half-year financial report at 30 June 2023
and
Interim Board of Directors' Report for 2Q2023**



Interpump Group S.p.A. and subsidiaries

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This document can be accessed on the Internet at:

www.interpumpgroup.it

Interpump Group S.p.A.

Registered office in S. Ilario d'Enza (Reggio Emilia), Via Enrico Fermi 25

Paid-up Share Capital: Euro 56,617,232.88

Reggio Emilia Companies Register - Tax Code 11666900151

Board of Directors

Fulvio Montipò
Executive Chairman

Giovanni Tamburi (b)
Deputy Chairman

Fabio Marasi (d)
Chief Executive Officer

Antonia Di Bella (a) (c)
Independent Director

Nicolò Dubini (a) (c)
Independent Director

Marcello Margotto (b)
Independent Director
Lead Independent Director

Federica Menichetti (a) (b) (c)
Independent Director

Roberta Pierantoni
Independent Director

Rita Rolli (d)
Independent Director

Anna Chiara Svelto (d)
Independent Director

Board of Statutory Auditors

Anna Maria Allievi
Chairman

Mario Tagliaferri
Statutory Auditor

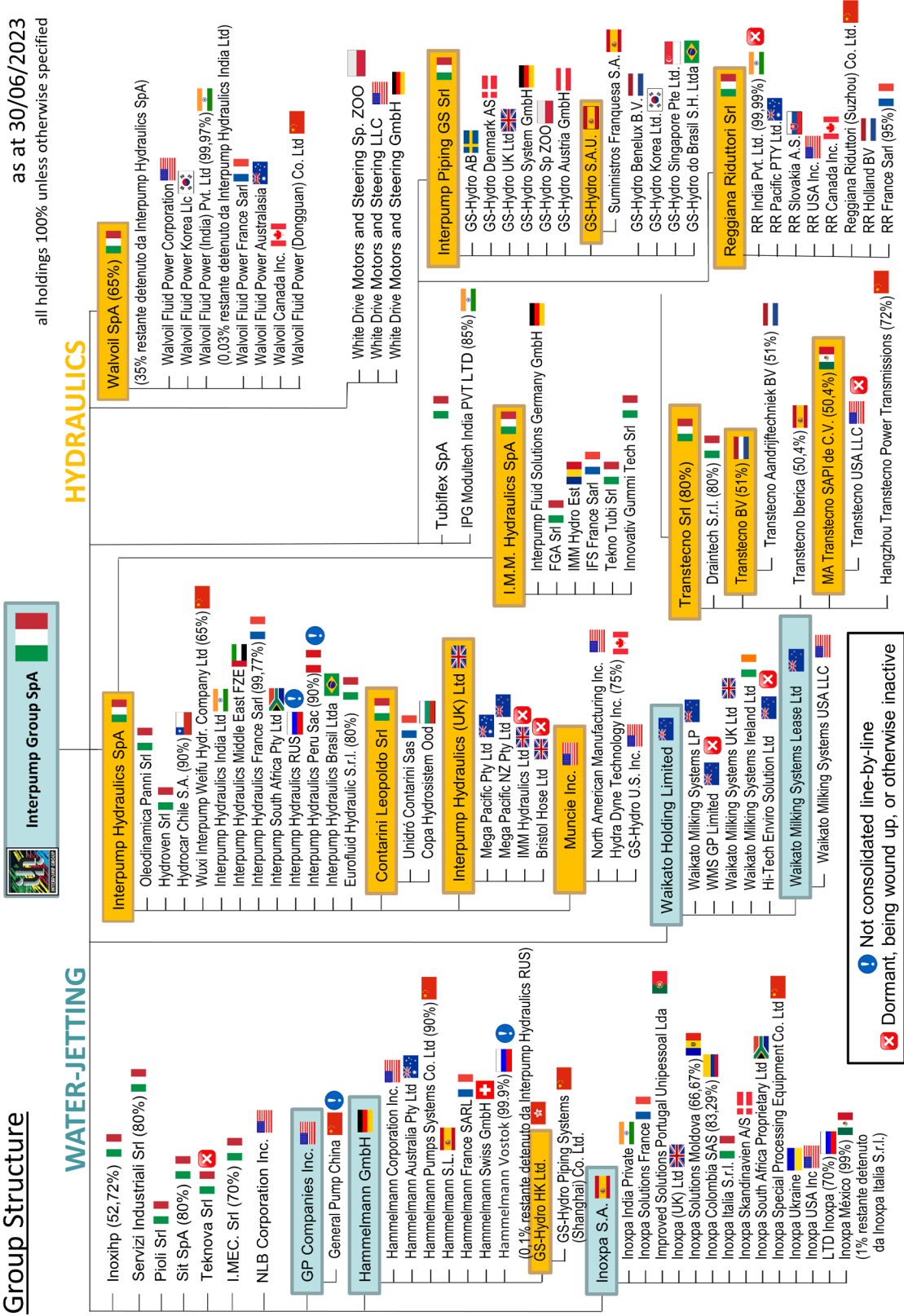
Mirco Zucca
Statutory Auditor

Independent Auditors

PricewaterhouseCoopers S.p.A.

- (a) Member of the Audit and Risks Committee
- (b) Member of the Remuneration Committee and the Appointments Committee
- (c) Member of the Related Party Transactions Committee
- (d) Member of the Sustainability Committee

Group Structure



Interim Board of Directors' Report

Directors' remarks on performance in 1H2023

PERFORMANCE INDICATORS

The Group uses several alternative measures that are not identified as accounting parameters in the framework of IFRS standards, to allow better evaluation of the trend of economic operations and the Group's financial position. Such indicators are also tools that assist the directors in identifying operating trends and in making decisions on investments, resource allocation and other business matters. Therefore, the measurement criterion applied by the Group may differ from the criteria adopted by other groups and hence may not be comparable with them. Such alternative performance indicators are constituted exclusively starting from the Group's historical data and measured in compliance with the matters established by the Guidelines on Alternative Performance Measures issued by ESMA/2015/1415 and adopted by Consob with communication no. 92543 of 3 December 2015. These indicators refer only to performance in the period illustrated in this Interim Board of Directors' Report and the comparative periods and not to expected performance and must not be taken to replace the indicators required by the reference accounting standards (IFRS). Finally, the alternative indicators are processed consistently, using the same definitions and presentations for all periods for which financial information is included in this Interim Board of Directors' Report.

The performance indicators used by the Group are defined as follows:

- **Earnings/(Losses) before interest and tax (EBIT):** Revenues plus Other operating income less Operating costs (Cost of sales, Distribution costs, General and administrative expenses, and Other operating costs);
- **Earnings/(Losses) before interest, tax, depreciation and amortization (EBITDA):** EBIT plus depreciation, amortization, writedowns and provisions;
- **Net financial position:** the sum of Loans obtained and Bank borrowing less Cash and cash equivalents;
- **Net indebtedness:** calculated as the sum of the net financial position and debts for the acquisition of equity investments;
- **Capital expenditure (CAPEX):** the sum of investment in property, plant and equipment and intangible assets, net of divestments;
- **Free cash flow:** the cash flow available for the Group, defined as the difference between the cash flow of operating activities and the cash flow for investments in tangible and intangible fixed assets;
- **Capital employed:** calculated as the sum of shareholders' equity and net financial position, including debts for the acquisition of equity investments;
- **Return on capital employed (ROCE):** $EBIT / \text{Capital employed}$;
- **Return on equity (ROE):** $\text{Net profit} / \text{Shareholders' equity}$.

The Group's income statement is prepared by functional area (also called the "cost of sales" method). This form is deemed to be more representative than its "type of expense" counterpart, which is nevertheless included in the notes to the Annual Financial Report. The chosen form complies with the internal reporting and business management methods.

The cash flow statement was prepared using the indirect method.

1H consolidated income statements

(€/000)	2023	2022
Revenues	1,184,534	1,026,292
Cost of sales	(765,502)	(666,379)
Gross industrial margin	419,032	359,913
<i>% of revenues</i>	<i>35.4%</i>	<i>35.1%</i>
Other operating income	22,700	14,954
Distribution expenses	(85,366)	(77,097)
General and administrative expenses	(109,359)	(98,913)
Other operating costs	(3,022)	(7,209)
EBIT	243,985	191,648
<i>% of revenues</i>	<i>20.6%</i>	<i>18.7%</i>
Financial income	12,950	15,157
Financial charges	(35,519)	(15,224)
Equity method contribution	329	(140)
Profit for the period before taxes	221,745	191,441
Income taxes	(53,291)	(51,928)
Consolidated profit for the period	168,454	139,513
<i>% of revenues</i>	<i>14.2%</i>	<i>13.6%</i>
Attributable to:		
Shareholders of Parent	166,579	138,124
Minority shareholders of subsidiaries	1,875	1,389
Consolidated profit for the period	168,454	139,513
EBITDA	295,350	241,700
<i>% of revenues</i>	<i>24.9%</i>	<i>23.6%</i>
Shareholders' equity	1,703,936	1,400,320
Net financial position	578,297	628,808
Debts for the acquisition of equity investments	72,681	53,219
Capital employed	2,354,914	2,082,347
Unannualized ROCE	10.4%	9.2%
Unannualized ROE	9.9%	10.0%
Basic earnings per share	1.558	1.304

SIGNIFICANT EVENTS DURING 1H2023

Global growth remained slow during the first semester of 2023, although many of the factors that adversely affected 2022 as a whole are easing steadily.

The decline in energy prices and overall inflation, the relaxation of supply chain bottlenecks and the reopening of the Chinese economy, together with strong employment statistics, together comprise a series of factors contributing to forecasts of an upturn.

The world economy is expected to grow by 2.7% in 2023, with a modest rise to 2.9% in 2024. Both figures are well below the average growth rate recorded in the decade prior to the COVID-19 pandemic.

Core inflation (which excludes essentials subject to high price volatility - especially food and energy) remains persistently higher than previously forecast, while headline inflation (the overall statistic) is declining in the wake of lower energy prices. As a consequence, central banks are maintaining their restrictive monetary policies with a view, most probably, to insisting in this approach until there are clear signs of a relaxation in the underlying inflationary pressures.

The tightening of monetary policy in the Euro area has raised significantly the financial burden on households and businesses, with increases in bank lending rates of more than 2 percentage points over the past year.

While, on the one hand, fiscal policy has played a fundamental role in supporting the global economy during the shocks consequent to the COVID-19 pandemic and the Russia-Ukraine conflict, on the other and as a result, most countries are now tackling budget deficits and higher levels of public debt. Average borrowing therefore remains high, with an upward trend to pay for greater spending on the needs of an aging population and to tackle climate change.

Despite this complex macro- and microeconomic scenario, in 1H2023 the Interpump Group continued to generate excellent results in terms of revenues and margins, improving on the outstanding level of performance achieved in 2022.

Furthermore, the limited exposure to countries involved in the military conflict in Ukraine is confirmed. Specifically, the Interpump Group invoiced € 11.5 million to customers in Russia, Belarus and Ukraine during 1H2023, with outstanding receivables at 30 June 2023 of € 1.7 m.

Revenues reached € 1,184.5 million, up by 15.4% compared to 1H2022 when they totaled € 1,026.3 million. Analysis by business sector shows that sales in the Hydraulic Sector were 15.5% higher than in 1H2022, while those in the Water-Jetting Sector were 15.2% ahead.

EBITDA was € 295.4 million (24.9% of revenues), with growth of 22.2%. In 1H2022 EBITDA was € 241.7 million (23.6% of revenues).

Free cash flow amounted to € 44.0 million in 1H2023 compared with € 12 million in 1H2022, representing a marked increase despite the execution of major planned investments, and the fact that working capital absorption has not yet declined to the normal levels historically achieved by the Group, despite the careful inventory management policy implemented during 2022.

The closing net financial position totaled € 578.3 million (€ 628.9 million at 30 June 2022), after paying dividends of € 32.7 million and outflows of € 52.7 million to acquire equity investments and settle payables recorded in prior years with regard to the acquisition of residual minority interests.

Net profit for 1H2023 was € 168.5 million (€ 139.5 million in 1H2022) reflecting an increase of 20.7%.

Compared with 1H2022, Eurofluid Hydraulic S.r.l. has been consolidated by the Hydraulic sector in 2023, following its acquisition in October 2022.

Again in the Hydraulic sector, on 20 February 2023 Interpump Group announced the acquisition of 85% of the capital of Indoshell Automotive System India P.L. (now IPG Mouldtech India Pvt Ltd.). This company was previously owned by Indoshell Mould Limited, an Indian Group specialized in the smelting of ferrous and non-ferrous metals (cast iron and aluminum). Company output is expected to total about 8,000 tonnes by the end of 2023, with an estimated turnover of about € 12 million and an EBITDA of about € 2 million. The value of this operation was fixed at around € 8 million and put option mechanisms were defined, through which Interpump Group can acquire the remaining 15% interest from Indoshell Mould Limited. The company has been consolidated on a line-by-line basis from 31 March 2023 and, therefore, has contributed to the consolidated results for three months.

With regard to the Water-Jetting sector:

On 20 April 2023, the Group announced the acquisition of 70% of the capital I.Mec S.r.l., which specializes in the production of mechanical sifters and vibrating devices for the granulometric selection of materials, mainly for industries active in the ceramics, recycling, filtration, food processing and cosmetics sectors. The company closed 2022 with a turnover of about € 17 million and an EBITDA margin of around 23%. The value of this operation has been fixed at approximately € 14 million and “put and call” mechanisms have defined, through which the counterparties can purchase and sell the remaining 30%.

On 18 May 2023, the Group announced acquisition of the entire capital of the Waikato Group that, with more than 50 years of history, leads the automated milking market in New Zealand and Australia. This reflects the constant development and technological innovation that has enabled progression from the design and production of components in the late 1970s, to the current offer of automated and integrated systems. The company closed 2022¹ with turnover of almost NZ\$ 80 million (about € 48 million) and an EBITDA margin of around 14%.

The total value of the transaction was set at about € 30 million.

Both new acquisitions have been consolidated on a line-by-line basis from 31 May 2023 and, therefore, have contributed to the consolidated results for one month.

¹ *Financial year from April 2022 to March 2023*

REVENUES

Revenues in 1H2023 totaled € 1,184.5 million, up by 15.4% compared with € 1,026.3 million in 1H2022 (+13.2% at unchanged perimeter and +13.7% also net of exchange differences).

Turnover by business sector and geographical area was as follows:

(€/000)	<u>Italy</u>	<u>Rest of Europe</u>	<u>North America</u>	<u>Pacific Area</u>	<u>Rest of the World</u>	<u>Total</u>
<i>1H2023</i>						
Hydraulics	168,665	322,926	232,903	89,929	70,319	884,742
Water-Jetting	<u>32,358</u>	<u>110,998</u>	<u>93,648</u>	<u>33,412</u>	<u>29,376</u>	<u>299,792</u>
Total	<u>201,023</u>	<u>433,924</u>	<u>326,551</u>	<u>123,341</u>	<u>99,695</u>	<u>1,184,534</u>
<i>1H2022</i>						
Hydraulics	143,210	280,576	198,880	79,676	63,780	766,122
Water-Jetting	<u>27,180</u>	<u>85,514</u>	<u>98,732</u>	<u>27,682</u>	<u>21,062</u>	<u>260,170</u>
Total	<u>170,390</u>	<u>366,090</u>	<u>297,612</u>	<u>107,358</u>	<u>84,842</u>	<u>1,026,292</u>
2023/2022 percentage changes						
Hydraulics	+17.8%	+15.1%	+17.1%	+12.9%	+10.3%	+15.5%
Water-Jetting	+19.1%	+29.8%	-5.1%	+20.7%	+39.5%	+15.2%
Total	+18.0%	+18.5%	+9.7%	+14.9%	+17.5%	+15.4%

The changes at unchanged perimeter are as follows:

2023/2022 percentage changes						
Hydraulics	+14.4%	+10.9%	+17.1%	+12.9%	+9.2%	+13.2%
Water-Jetting	+13.7%	+28.7%	-5.8%	+11.8%	+38.9%	+13.1%
Total	+14.3%	+15.0%	+9.5%	+12.6%	+16.6%	+13.2%

PROFITABILITY

The cost of sales accounted for 64.6% of revenues (64.9% in 1H2022). Production costs, which totaled € 304.3 million (€ 264.0 million in 1H2022, which however did not include the costs of Eurofluid Hydraulic S.r.l., I.MEC S.r.l., IPG Mouldtech India Pvt Ltd, the Waikato Group, and 5 months of Draintech S.r.l.), accounted for 25.7% of revenues (25.7% in the equivalent period of 2022). At unchanged perimeter, production costs were 25.6% of revenues (0.1% of revenues lower than in the same period of 2022). The purchase cost of raw materials and components sourced on the market, including changes in inventories, was € 461.2 million (€ 402.4 million in the equivalent period of 2022, which however did not include the costs of Eurofluid Hydraulic S.r.l., I.MEC S.r.l., IPG Mouldtech India Pvt Ltd, the Waikato Group, and 5 months of Draintech S.r.l.). The incidence of purchase costs, including changes in inventories, was 38.9% compared with 39.2% in 1H2022.

Distribution costs were 9.3% higher at unchanged perimeter (+9.9% net also of exchange differences) with respect to 1H2022, with an incidence on revenues of 7.2% compared with 7.5% in 1H2022.

At unchanged perimeter, general and administrative expenses were 8.2% higher than in 1H2022 (+8.5% net of exchange differences), but their incidence on revenues fell by 0.4 percentage points.

Payroll costs totaled € 237.0 million (€ 212.1 million in 1H2022, which however did not include the costs of Eurofluid Hydraulic S.r.l., L.MEC S.r.l., IPG Mouldtech India Pvt Ltd, the Waikato Group, and 5 months of Draintech S.r.l.). At unchanged perimeter, payroll costs amounted to € 234.0 million, up by 10.4% due to a 6.2% increase in per capita cost and a rise of 341 in the average number of employees. The average total number of Group employees in 1H2023 was 9,200 (9,042 at unchanged perimeter) compared to 8,701 in 1H2022. Excluding persons employed by the new companies, the increase in average headcount during 1H2023 is analyzed as follows: +189 in Europe, +167 in the US and -15 in the Rest of the World. In addition, the Group employed 1,772 temporary workers during the period (1,533 in 1H2022) at a cost of € 22.4 million (€ 18.7 million in 1H2022).

EBITDA was € 295.4 million (24.9% of revenues) compared with € 241.7 million in 1H2022, which represented 23.6% of revenues. The following table sets out EBITDA by business sector:

	<i>1H2023</i>	<i>% on total</i>	<i>1H2022</i>	<i>% on total</i>	<i>Increase/ Decrease</i>
	<u>€/000</u>	<u>revenues*</u>	<u>€/000</u>	<u>revenues*</u>	
Hydraulics	211,710	23.9%	167,305	21.8%	+26.5%
Water-Jetting	<u>83,640</u>	27.6%	<u>74,395</u>	28.4%	+12.4%
Total	<u>295,350</u>	24.9%	<u>241,700</u>	23.6%	+22.2%

* = Total revenues include those to other Group companies in the other sector, while the revenues analyzed previously are exclusively those external to the Group (see note 2 in the explanatory notes). Accordingly, for consistency, the percentage is calculated on total revenues rather than on those reported previously.

EBIT was € 244.0 million (20.6% of revenues) compared with € 191.6 million in 1H2022 (18.7% of revenues), reflecting an increase of 1.9 percentage points.

The effective tax rate for the period was 24.0% (27.1% in 1H2022). This reduction reflects the reversal of earlier tax provisions, € 6.1 million, after receiving a favorable response from the Tax Authorities to a question posed by the Parent Company during 2023.

Net profit for 1H2023 was € 168.5 million (€ 139.5 million in 1H2022) reflecting an increase of 20.7%.

Basic earnings per share has risen from EUR 1.304 in 1H2022 to EUR 1.558 in 1H2023.

Capital employed has increased from € 2,170.7 million at 31 December 2022 to € 2,354.9 million at 30 June 2023. This increase reflects the rise in working capital linked to the steady growth in revenues, as well as continued implementation of the major investment plan during the period.

Unannualized ROCE was 10.4% (9.2% in 1H2022). Unannualized ROE was 9.9% (10.0% in 1H2022).

CASH FLOW

The change in net indebtedness breaks down as follows:

	<i>1H2023</i>	<i>1H2022</i>
	<u>€/000</u>	<u>€/000</u>
Opening net financial position	(541,784)	(494,924)
Adjustment: opening net financial position of new consolidated companies	<u>(1,274)</u>	<u>-</u>
Adjusted opening net financial position	(543,058)	(494,924)
Cash flows from operating activities	216,869	196,891
Principal portion of leasing installments paid	(10,217)	(10,032)
Cash flow generated (absorbed) by the management of operating capital	(76,947)	(129,263)
Cash flow generated (absorbed) by other current assets and liabilities	(2,452)	6,310
Capital expenditure on property, plant and equipment	(80,191)	(48,498)
Proceeds from the sale of property, plant and equipment	674	855
Increase in intangible assets	(2,581)	(3,337)
Financial income received	1,245	232
Other	<u>(2,398)</u>	<u>(1,208)</u>
Free cash flow	44,002	11,950
Acquisition of investments, including received debt and net of treasury shares assigned	(52,698)	(32,621)
Dividends paid	(32,679)	(29,870)
Disbursements for purchase of treasury shares	-	(94,793)
Proceeds from the sale of treasury shares to stock option beneficiaries	1,975	8,017
Principal portion of leasing installments paid	10,217	10,032
Principal portion of new leasing contracts arranged	(6,310)	(7,955)
Restatement and early redemption of leasing contracts	684	(254)
Change in other financial assets	<u>(262)</u>	<u>86</u>
Net cash generated (used)	(35,071)	(135,408)
Exchange differences	<u>(168)</u>	<u>1,524</u>
Closing net financial position	<u>(578,297)</u>	<u>(628,808)</u>

Net liquidity generated by operations totaled € 216.9 million (€ 196.9 million in 1H2022), reflecting an increase of 10.2%. Free cash flow amounted to € 44.0 million in 1H2023 (€ 12 million in 1H2022), representing a marked increase despite the execution of major planned investments, and the fact that working capital absorption has not yet declined to the normal levels historically achieved by the Group, despite the careful inventory management policy implemented during 2022.

Net indebtedness, including payables and commitments, determined in accordance with ESMA guidance 32-382-1138 and included in Consob notice no. 5/21, comprises:

	30/06/2023	31/12/2022	30/06/2022	31/12/2021
	€/000	€/000	€/000	€/000
Cash and cash equivalents	304,834	358,275	311,870	349,015
Payables to banks (advances and STC amounts)	(39,584)	(30,928)	(21,148)	(7,760)
Interest-bearing financial payables (current portion)	(270,880)	(288,456)	(268,998)	(232,213)
Interest-bearing financial payables (non-current portion)	<u>(572,667)</u>	<u>(580,675)</u>	<u>(650,532)</u>	<u>(603,966)</u>
<i>Net financial position</i>	<i>(578,297)</i>	<i>(541,784)</i>	<i>(628,808)</i>	<i>(494,924)</i>
Commitments for the acquisition of investments	<u>(72,681)</u>	<u>(62,812)</u>	<u>(53,219)</u>	<u>(77,794)</u>
Total net indebtedness	<u>(650,978)</u>	<u>(604,596)</u>	<u>(682,027)</u>	<u>(572,718)</u>

At 30 June 2023 all loan covenants are complied with in full.

CAPITAL EXPENDITURE

Expenditure on property, plant and machinery totaled € 109.2 million, of which € 11.1 million via the acquisition of equity investments (€ 59.6 million, of which € 0.5 million via the acquisition of equity investments in 1H2022). The additions during the year are analyzed in the following table:

€/000	1H2023	1H2022
	€/000	€/000
Increases for the purchase of fixed assets used in the production process	81,189	48,300
Increases for machinery rented to customers	10,604	2,879
Leased assets	<u>6,310</u>	<u>7,955</u>
<i>Capex</i>	98,103	59,134
Increases through the acquisition of equity investments	<u>11,111</u>	<u>483</u>
Total increases in the period	<u>109,214</u>	<u>59,617</u>

The increases in 2023 include € 27.3 million invested in land and buildings (€ 19 million in 1H2022).

The difference with respect to the expenditure recorded in the cash flow statement is due to the timing of payments.

Increases in intangible assets amounted to € 15.8 million, of which € 13.1 million through the acquisition of equity investments (€ 3.4 million in 1H2022).

INTERCOMPANY AND RELATED PARTY TRANSACTIONS

The transactions entered into with related parties, including intercompany transactions, cannot be defined as either atypical or unusual, as they are carried out in the ordinary course of business between Group companies. They are settled on arm's-length conditions, taking into account the characteristics of the assets transferred and services rendered. Information on transactions carried out with related parties is given in Note 10 of the Interim Board of Directors' Report at 30 June 2023.

CHANGES IN GROUP STRUCTURE DURING 1H2023

As described earlier, the scope of consolidation has changed as follows since 31 December 2022:

In the Hydraulics sector, the newly-acquired IPG Mouldtech India Pvt Ltd has been consolidated on a line-by-line basis with effect from 31 March 2023. In addition, Benmec S.r.l. - previously not consolidated on a line-by-line basis as immaterial - was absorbed by Transtecno S.r.l. with effect from 1 January 2023, thus contributing in full to the consolidated data from 31 March 2023.

In the Water-Jetting sector, the newly-acquired I.Mec S.r.l. and Waikato Group have been consolidated on a line-by-line basis with effect from 31 May 2023.

No “put and call” options were exercised during the semester and non-controlling interests were acquired.

RISK FACTORS

The business of the Group is exposed to various financial risks: market risk (including the exchange rate risk and interest rate risk), credit risk, liquidity risk, price risk and cash flow risk. The risk management program is based on the unpredictability of financial markets and aims to minimize any adverse impacts on the financial performance of the Group. Based on the policy approved by the Board of Directors, Interpump Group may use derivative financial instruments to hedge the exposure to exchange-rate and interest-rate risks, but cannot arrange derivative financial instruments for speculative purposes. Based on this procedure, financial risk hedging is managed by a central department in the parent company in cooperation with individual operating units. Group exposure to financial risks is substantially unchanged with respect to 31 December 2022; accordingly, no hedges were arranged during the first half of 2023.

Exchange risk

The Group has subsidiaries in 35 countries and translates financial statements denominated in 26 currencies other than the euro. Accordingly, the Group is principally exposed to the risk deriving from the translation of those financial statements.

The Group operates at an international level and mainly produces in the countries in which the destination markets are located; accordingly, revenues in local currency are largely absorbed by costs also incurred in that currency. On a residual level however, the Group is exposed to the exchange-rate risk that derives from transactions with costs and revenues in different currencies, mainly in relation to exchange with the US Dollar, the Brazilian Real, the Indian Rupee, the Chinese Renminbi and, to a much lesser extent, to the exchange risk deriving from exposure to the UK Pound, the Canadian Dollar, the Australian Dollar, the Russian Ruble, the South African Rand, the UAE Dirham, the Chilean, Mexican and Colombian Pesos, the Danish Krone, the Polish Zloty and the Romanian Leu.

In view of the significant natural hedge described above, management decided not to arrange specific hedges during the first semester of 2023, reserving the option to do so should significant single or sporadic transactions arise.

In relation to financial exposure, intercompany loans totaling € 26.2 million were granted in 1H2023 and loans of € 5.7 million were repaid in currencies other than those utilized by the debtor companies. At 30 June 2023 loans granted in currencies other than those used by the debtor companies total € 106.1m, up by € 31.4 million from € 74.7 million at 31 December 2022. The Group decided to continue the strategy of not hedging this exposure in 1H2023 as well.

Interest rate risk

With the exception of € 7.6 million, all liquidity is held at floating rates at 30 June 2023; likewise, except for € 3.8 million, all bank loans and financial payables bear interest at floating rates.

Currently Group policy involves careful assessment of market opportunities related to the possibility of taking out hedges (IRS) at economically advantageous conditions; however, considering that the average duration of the Group's medium-/long-term loans is currently somewhat short (around 3/4 years), any potential hedges are unlikely to be particularly attractive.

Credit risk

The Group is not exposed to any significant concentrations of sales and historically it has not suffered any significant losses on receivables thanks also to its attentive policy of selling to customers only following a careful assessment of their credit rating and also within preset credit limits. At present, the Group considers the receivables situation to be sound, as evidenced - among other considerations - by losses on receivables at 30 June 2023 totaling € 1,041 thousand (0.1% of revenues), compared to losses on receivables in 1H2022 of € 806 thousand (0.1% of revenues). The potential risk has already been assessed and provided against in the financial statements.

Liquidity risk

Together with the resources generated by operating and financing activities, management considers that the funds and lines of credit currently available will enable the Group to meet the requirements deriving from investing activities, the management of working capital and the settlement of payables as they fall due, while also supporting the pursuit of a growth strategy that includes targeted acquisitions capable of creating value for the shareholders. Current cash on hand at 30 June 2023 totals € 304.8 million. As in the past, the amount of cash on hand and the further cash to be generated from the operating activities of the Group during 1H2023 are definitely factors that will make it possible to reduce the exposure of the Group to liquidity risk.

Price risk

The Group is exposed to risks deriving from fluctuations in the prices of the metals utilized, namely brass, aluminum, steel, stainless steel, cast iron and, to a lesser extent, copper, sheet steel and mild steel. Even though the various Group Sectors have a similar exposure to fluctuations of metals prices, they adopt different risk reduction strategies depending on the specific metals involved. Please refer to the notes to the financial statements at 31 December 2022 for more complete information.

Despite the relaxation of supply chain bottlenecks and the consequent fall in commodity prices during 1H2023, the Group has continued to increase inventory levels in order to support the growth in turnover and tackle any residual supply chain issues and delays. This decrease in commodity prices should continue during 2024, albeit at slower rates than at present. In this context, the Group monitors commodity price trends constantly, seeking to adopt the most effective policies that minimize risk exposure.

Climate change risk

With regard to climate change, the Interpump Group does not fall with the scope of Directive 2003/87/EC (as amended most recently by Directive (EU) 2018/410), which introduced and governs the European Union Emissions Trading System (EU ETS). The ETS is the principal tool adopted by the European Union to reach the CO₂ reduction targets established for the principal industrial sectors and aviation. Although the Interpump Group is not included in the industrial sectors covered by the ETS, the Group is nevertheless committed to combat climate change. The ESG Plan 2023-2025, approved by the Board of Directors on 5 October 2022, includes actions in support of the ESG strategy that are intended to have a significant, concrete impact on the development of the business. In particular, the Plan not only adopts environmental protection and social inclusion objectives, but also strengthens the correlation between achievement of the ESG Plan objectives and the remuneration of top management. In particular, the actions envisaged for 2023-2024 seek to embed the fundamental ESG principles within the Group's strategies, creating an organizational framework that recognizes the underlying core values, while the later actions are designed to support achievement by the Group of its decarbonization objectives for 2030 and 2050. The entire process will be achieved *inter alia* by leveraging throughout the organization the best practices developed in specific areas by each component part of the Group. Among others, the climate change topic is subject to annual reporting in the consolidated Non-Financial Statement (NFS) prepared pursuant to Decree 254 dated 30 December 2016, which transposed Directive 2014/95/EU into Italian law. This Interpump report describes at Group level the primary risks generated and/or sustained, the policies applied, the performance indicators and the corporate organization, management and control model.

EVENTS AFTER THE END OF 1H2023

No atypical or unusual transactions have been carried out subsequent to 30 June 2023 that would call for changes to these consolidated financial statements.

For completeness, on 25 July 2023 the Parent Company received a response from the Tax Authorities to a question presented during 2Q2023.

As discussed earlier, in the remarks on the effective tax rate, the positive effects of this ruling have been reflected in these consolidated financial statements.

Directors' remarks on performance in 2Q2023

2Q consolidated income statements

(€/000)	2023	2022
Revenues	592,189	537,612
Cost of sales	(384,530)	(348,424)
Gross industrial margin	207,659	189,188
<i>% of revenues</i>	35.1%	35.2%
Other operating income	12,368	7,400
Distribution expenses	(43,175)	(40,253)
General and administrative expenses	(55,719)	(51,083)
Other operating costs	(1,743)	(6,249)
EBIT	119,390	99,003
<i>% of revenues</i>	20.2%	18.4%
Financial income	7,057	8,433
Financial charges	(19,384)	(6,082)
Equity method contribution	179	(304)
Profit for the period before taxes	107,242	101,050
Income taxes	(24,819)	(27,605)
Consolidated profit for the period	82,423	73,445
<i>% of revenues</i>	13.9%	13.7%
Attributable to:		
Shareholders of Parent	81,461	72,719
Minority shareholders of subsidiaries	962	726
Consolidated profit for the period	82,423	73,445
EBITDA	145,687	127,491
<i>% of revenues</i>	24.6%	23.7%
Shareholders' equity	1,703,936	1,400,320
Net financial position	578,297	628,808
Debts for the acquisition of equity investments	72,681	53,219
Capital employed	2,354,914	2,082,347
Unannualized ROCE	5.1%	4.8%
Unannualized ROE	4.8%	5.2%
Basic earnings per share	0.762	0.689

REVENUES

Revenues in 2Q2023 totaled € 592.2 million, up by 10.2% compared with € 537.6 million in 2Q2022 (+7.5% at unchanged perimeter and +9.1% also net of exchange differences).

Net sales in 2Q are analyzed below by business sector and geographical area:

(€/000)	<u>Italy</u>	<u>Rest of Europe</u>	<u>North America</u>	<u>Pacific Area</u>	<u>Rest of the World</u>	<u>Total</u>
<i>2Q2023</i>						
Hydraulics	83,233	158,546	114,030	46,270	36,179	438,258
Water-Jetting	<u>18,250</u>	<u>56,402</u>	<u>47,367</u>	<u>18,738</u>	<u>13,174</u>	<u>153,931</u>
Total	<u>101,483</u>	<u>214,948</u>	<u>161,397</u>	<u>65,008</u>	<u>49,353</u>	<u>592,189</u>
<i>2Q2022</i>						
Hydraulics	75,077	144,959	106,062	41,583	33,592	401,273
Water-Jetting	<u>14,440</u>	<u>44,658</u>	<u>53,520</u>	<u>13,912</u>	<u>9,809</u>	<u>136,339</u>
Total	<u>89,517</u>	<u>189,617</u>	<u>159,582</u>	<u>55,495</u>	<u>43,401</u>	<u>537,612</u>
2023/2022 percentage changes						
Hydraulics	+10.9%	+9.4%	+7.5%	+11.3%	+7.7%	+9.2%
Water-Jetting	+26.4%	+26.3%	-11.5%	+34.7%	+34.3%	+12.9%
Total	+13.4%	+13.4%	+1.1%	+17.1%	+13.7%	+10.2%

The changes at unchanged perimeter are as follows:

2023/2022 percentage changes						
Hydraulics	+7.7%	+5.5%	+7.5%	+11.3%	+5.8%	+7.1%
Water-Jetting	+16.1%	+24.2%	-12.7%	+16.9%	+33.0%	+8.7%
Total	+9.0%	+9.9%	+0.7%	+12.7%	+11.9%	+7.5%

At unchanged perimeter and exchange rates, the Hydraulic and Water-Jetting sectors achieved organic growth of 8.7% and 10.6% respectively.

PROFITABILITY

The cost of sales accounted for 64.9% of revenues (64.8% in 2Q2022). Production costs, which totaled € 153.1 million (€ 135.6 million in 2Q2022, which however did not include the costs of Eurofluid Hydraulic S.r.l., I.MEC S.r.l., IPG Mouldtech India Pvt Ltd, the Waikato Group, and 2 months of Draintech S.r.l.), accounted for 25.9% of revenues (25.2% in the equivalent period of 2022). At unchanged perimeter, production costs in 2Q2023 were 25.7% of revenues (+0.5% compared with the same period in 2022). The purchase cost of raw materials and components sourced on the market, including changes in inventories, was € 226.5 million (€ 212.8 million in the equivalent period of 2022, which however did not include the costs of Eurofluid Hydraulic S.r.l., I.MEC S.r.l., IPG Mouldtech India Pvt Ltd, the Waikato Group, and 2 months of Draintech S.r.l.). The incidence of purchase costs, including changes in inventories, was 39.2% (39.6% in 2Q2022).

At unchanged perimeter, distribution costs rose by 5.3% with respect to 2Q2022, while their incidence on revenues fell by 0.2 percentage points.

Net of consolidation differences, general and administrative expenses rose by 5.9% with respect to 2Q2022, while their incidence on revenues fell by 0.1 percentage points.

EBITDA totaled € 145.7 million (24.6% of revenues) compared to € 127.5 million in 2Q2022, which accounted for 23.7% of revenues, reflecting growth of 0.9%. The following table sets out EBITDA by business sector:

	<i>2Q2023</i> €/000	<i>% on total</i> <i>revenues*</i>	<i>2Q2022</i> €/000	<i>% on total</i> <i>revenues*</i>	<i>Increase/ Decrease</i>
Hydraulics	102,983	23.5%	88,114	21.9%	+16.9%
Water-Jetting	<u>42,704</u>	27.5%	<u>39,377</u>	28.7%	+8.4%
Total	<u>145,687</u>	24.6%	<u>127,491</u>	23.7%	+14.3%

* = Total revenues include those to other Group companies in the other sector, while the revenues analyzed previously are exclusively those external to the Group (see note 2 in the explanatory notes). Accordingly, for consistency, the percentage is calculated on total revenues rather than on those reported previously.

EBIT was € 119.4 million (20.2% of revenues) compared with € 99.0 million in 2Q2022 (18.4% of revenues), reflecting an increase of 20.6%.

2Q closed with consolidated net profit of € 82.4 million (€ 73.4 million in 2Q2022), reflecting a rise of 12.2%.

Basic earnings per share were EUR 0.762, compared to EUR 0.689 in 2Q2022.

BUSINESS OUTLOOK

The results for 1H2023 confirm the ability of the Group to interpret the dynamics of our reference markets in the best possible way and, therefore, to adapt our operating structure accordingly. Given this, based on current conditions, we can imagine organic growth in 2023 that significantly exceeds our initial expectations, with solid and stable profitability surpassing that achieved in 2022.

Sant'Ilario d'Enza (RE), 4 August 2023

For the Board of Directors
Fulvio Montipò
Executive Chairman

Mauro Barani, the manager responsible for drafting the company's accounting documents, declares - pursuant to article 154-(2), subsection 2, TUF - that the accounting disclosures in this document correspond to the contents of the underlying documents, the accounting books and the accounting entries.

Sant'Ilario d'Enza (RE), 4 August 2023

Mauro Barani
Manager responsible for drafting
the company's accounting documents

Financial statements and notes

Consolidated statement of financial position

(€/000)	<u>Notes</u>	<u>30/06/2023</u>	<u>31/12/2022</u>
ASSETS			
Current assets			
Cash and cash equivalents		304,834	358,275
Trade receivables		498,151	433,812
Inventories	4	726,454	683,819
Tax receivables		42,191	45,133
Other current assets		36,710	33,983
Total current assets		<u>1,608,340</u>	<u>1,555,022</u>
Non-current assets			
Property, plant and equipment	5	739,042	681,095
Goodwill	1	779,790	754,944
Other intangible assets		72,421	61,863
Other financial assets		2,791	2,961
Tax receivables		4,410	5,051
Deferred tax assets		65,974	66,184
Other non-current assets		3,373	2,648
Total non-current assets		<u>1,667,801</u>	<u>1,574,746</u>
Assets held for sale	6	1,291	1,291
Total assets		<u>3,277,432</u>	<u>3,131,059</u>

(€/000)	<u>Notes</u>	<u>30/06/2023</u>	<u>31/12/2022</u>
LIABILITIES			
Current liabilities			
Trade payables		319,732	312,222
Payables to banks		39,584	30,928
Interest-bearing financial payables (current portion)		270,880	288,456
Tax liabilities		43,978	60,662
Other current liabilities		174,849	111,553
Provisions for risks and charges		13,230	13,329
Total current liabilities		<u>862,253</u>	<u>817,150</u>
Non-current liabilities			
Interest-bearing financial payables		572,667	580,675
Liabilities for employee benefits		21,000	20,088
Deferred tax liabilities		57,171	56,947
Tax liabilities		352	355
Other non-current liabilities		46,587	76,745
Provisions for risks and charges		13,466	12,989
Total non-current liabilities		<u>711,243</u>	<u>747,799</u>
Total liabilities		<u>1,573,496</u>	<u>1,564,949</u>
SHAREHOLDERS' EQUITY			
Share capital		55,620	55,584
Legal reserve		11,323	11,323
Share premium reserve		43,965	39,444
Remeasurement reserve for defined benefit plans		(5,320)	(5,320)
Translation reserve		16,504	18,379
Other reserves		1,568,642	1,434,138
Group shareholders' equity		<u>1,690,734</u>	<u>1,553,548</u>
Non-controlling interests		13,202	12,562
Total shareholders' equity	7	<u>1,703,936</u>	<u>1,566,110</u>
Total shareholders' equity and liabilities		<u>3,277,432</u>	<u>3,131,059</u>

1H consolidated income statements

(€/000)	<u>Note</u> <u>s</u>	<u>2023</u>	<u>2022</u>
Revenues		1,184,534	1,026,292
Cost of sales		(765,502)	(666,379)
Gross industrial margin		419,032	359,913
Other operating income		22,700	14,954
Distribution expenses		(85,366)	(77,097)
General and administrative expenses		(109,359)	(98,913)
Other operating costs		(3,022)	(7,209)
EBIT		243,985	191,648
Financial income	8	12,950	15,157
Financial charges	8	(35,519)	(15,224)
Equity method contribution		329	(140)
Profit for the period before taxes		221,745	191,441
Income taxes		(53,291)	(51,928)
Consolidated profit for the period		168,454	139,513
Attributable to:			
Shareholders of Parent		166,579	138,124
Minority shareholders of subsidiaries		1,875	1,389
Consolidated profit for the period		168,454	139,513
Basic earnings per share	9	1.558	1.304
Diluted earnings per share	9	1.551	1.292

1H comprehensive consolidated income statements

(€/000)	<u>2023</u>	<u>2022</u>
Consolidated profit (A)	168,454	139,513
Other comprehensive income (losses) which will subsequently be reclassified to consolidated profit or loss		
<i>Gains (losses) on translating the financial statements of foreign companies</i>	(2,334)	36,382
<i>Gains (losses) from companies accounted for using the equity method</i>	(261)	449
<i>Applicable taxes</i>	—	—
Total other consolidated income (losses) which will subsequently be reclassified to consolidated profit or loss, net of the tax effect (B)	<u>(2,595)</u>	<u>36,831</u>
Comprehensive consolidated profit for 1H (A) + (B)	<u>165,859</u>	<u>176,344</u>
Attributable to:		
Shareholders of Parent	164,704	173,983
Minority shareholders of subsidiaries	1,155	2,361
Comprehensive consolidated profit for the period	<u>165,859</u>	<u>176,344</u>

1H consolidated cash flow statements

(€/000)	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Profit before taxes	221,745	191,441
Adjustments for non-cash items:		
Losses (gains) on the sale of fixed assets	(1,465)	(3,208)
Amortization and depreciation	49,744	48,585
Costs recognized in the income statement relative to stock options that do not involve monetary outflows for the Group	2,582	2,395
Losses (profits) from investments	(329)	140
Net change in risk provisions and allocations to employee benefit provisions	(245)	1,454
Expenditures for tangible assets to be leased	(10,727)	(2,998)
Proceeds from the disposal of leased tangible assets	2,879	6,567
Net financial charges (revenues)	22,569	90
Other	(4)	-
	<u>286,749</u>	<u>244,466</u>
(Increase) decrease in trade receivables and other current assets	(45,862)	(88,036)
(Increase) decrease in inventories	(33,130)	(96,742)
Increase (decrease) in trade payables and other current liabilities	(407)	61,825
Interest paid	(13,417)	(2,461)
Realized exchange differences	(3,349)	552
Taxes paid	(53,114)	(45,666)
Net cash from operating activities	<u>137,470</u>	<u>73,938</u>
Cash flows from investing activities		
Payments for the purchase of investments, net of cash received and excluding treasury shares assigned	(36,105)	(31,743)
Capital expenditure on property, plant and equipment	(80,191)	(48,498)
Proceeds from the sale of property, plant and equipment	674	855
Increase in intangible assets	(2,581)	(3,337)
Financial income received	1,245	232
Other	(391)	(1,148)
Net cash (used in) investing activities	<u>(117,349)</u>	<u>(83,639)</u>
Cash flows from financing activities		
Disbursements (repayments) of loans	(37,970)	82,690
Disbursals (repayments) of shareholder loans	(567)	(568)
Dividends paid	(32,679)	(29,870)
Disbursements for purchase of treasury shares	-	(94,793)
Proceeds from the sale of treasury shares to stock option beneficiaries	1,975	8,017
Change in other financial assets	(262)	86
Payment of finance lease installments (principal)	(10,217)	(10,032)
Net cash generated by (used in) financing activities	<u>(79,720)</u>	<u>(44,470)</u>
Net increase (decrease) in cash and cash equivalents	<u>(59,599)</u>	<u>(54,171)</u>

(€/000)	<u>2023</u>	<u>2022</u>
Net increase (decrease) in cash and cash equivalents	(59,599)	(54,171)
Translation differences for cash held by non-EU companies	(2,498)	3,638
Opening cash and cash equivalents of companies consolidated on a line-by-line basis for the first time	-	-
Cash and cash equivalents at the beginning of the period	327,347	341,255
Cash and cash equivalents at the end of the period	<u>265,250</u>	<u>290,722</u>

Cash and cash equivalents consist of the following:

	30/06/2023	31/12/2022
	€/000	€/000
Cash and cash equivalents as per the consolidated statement of financial position	304,834	358,275
Bank payables (overdrafts and subject to collection advances)	<u>(39,584)</u>	<u>(30,928)</u>
Cash and cash equivalents as per the consolidated cash flow statement	<u>265,250</u>	<u>327,347</u>

Consolidated statement of changes in shareholders' equity

	Share capital	Legal reserve	Share premium reserve	Remeasurement reserve for defined benefit plans	Translation reserve	Other reserves	Group shareholders' equity	Non- controlling interests	Total
<i>At 1 January 2022</i>	55,327	11,323	66,472	(8,170)	6,013	1,197,234	1,328,199	11,465	1,339,664
Recognition in income statement of fair value of stock options granted and exercisable	-	-	2,395	-	-	-	2,395	-	2,395
Purchase of treasury shares	(1,082)	-	(93,711)	-	-	-	(94,793)	-	(94,793)
Sale of treasury shares to stock option beneficiaries	324	-	7,693	-	-	-	8,017	-	8,017
Purchase of residual interests in subsidiaries	-	-	-	(1)	-	(175)	(176)	(274)	(450)
Dividends paid	-	-	-	-	-	(29,006)	(29,006)	(864)	(29,870)
Dividends resolved	-	-	-	-	-	(652)	(652)	(335)	(987)
Comprehensive profit (loss) for 1H2022	-	-	-	-	35,859	138,124	173,983	2,361	176,344
<i>Balances at 30 June 2022</i>	54,569	11,323	(17,151)	(8,171)	41,872	1,305,525	1,387,967	12,353	1,400,320
Recognition in income statement of fair value of stock options granted and exercisable	-	-	2,600	-	-	-	2,600	-	2,600
Sale of treasury shares to stock option beneficiaries	1,015	-	53,995	-	-	-	55,010	-	55,010
Purchase of residual interests in subsidiaries	-	-	-	(74)	-	240	166	(260)	(94)
Dividends paid	-	-	-	-	-	(652)	(652)	(646)	(1,298)
Dividends resolved	-	-	-	-	-	652	652	335	987
Comprehensive profit (loss) for 2H2022	-	-	-	2,925	(23,493)	128,373	107,805	780	108,585
<i>At 31 December 2022</i>	55,584	11,323	39,444	(5,320)	18,379	1,434,138	1,553,548	12,562	1,566,110
Recognition in income statement of fair value of stock options granted and exercisable	-	-	2,582	-	-	-	2,582	-	2,582
Sale of treasury shares to stock option beneficiaries	36	-	1,939	-	-	-	1,975	-	1,975
Dividends paid	-	-	-	-	-	(32,075)	(32,075)	(419)	(32,494)
Dividends resolved	-	-	-	-	-	-	-	(96)	(96)
Comprehensive profit (loss) for 1H2023	-	-	-	-	(1,875)	166,579	164,704	1,155	165,859
<i>Balances at 30 June 2023</i>	55,620	11,323	43,965	(5,320)	16,504	1,568,642	1,690,734	13,202	1,703,936

2Q consolidated income statements

(€/000)		2023	2022
Revenues		592,189	537,612
Cost of sales		(384,530)	(348,424)
Gross industrial margin		207,659	189,188
Other operating income		12,368	7,400
Distribution expenses		(43,175)	(40,253)
General and administrative expenses		(55,719)	(51,083)
Other operating costs		(1,743)	(6,249)
EBIT		119,390	99,003
Financial income	8	7,057	8,433
Financial charges	8	(19,384)	(6,082)
Equity method contribution		179	(304)
Profit for the period before taxes		107,242	101,050
Income taxes		(24,819)	(27,605)
Consolidated profit for the period		82,423	73,445
Attributable to:			
Shareholders of Parent		81,461	72,719
Minority shareholders of subsidiaries		962	726
Consolidated profit for the period		82,423	73,445
Basic earnings per share	9	0.762	0.689
Diluted earnings per share	9	0.758	0.685

2Q comprehensive consolidated income statements

(€/000)	<u>2023</u>	<u>2022</u>
Consolidated profit (A)	82,420	73,445
Other comprehensive income (losses) which will subsequently be reclassified to consolidated profit or loss		
<i>Gains (losses) on translating the financial statements of foreign companies</i>	8,426	25,850
<i>Gains (losses) from companies accounted for using the equity method</i>	(364)	679
<i>Applicable taxes</i>	—	—
Total other consolidated income (losses) which will subsequently be reclassified to consolidated profit or loss, net of the tax effect (B)	<u>8,062</u>	<u>26,529</u>
Comprehensive consolidated profit for the period (A) + (B)	<u>90,482</u>	<u>99,974</u>
Attributable to:		
Shareholders of Parent	90,089	98,184
Minority shareholders of subsidiaries	393	1,790
Comprehensive consolidated profit for the period	<u>90,482</u>	<u>99,974</u>

Notes to the consolidated financial statements

General information

Interpump Group S.p.A. is a company domiciled in Sant'Ilario d'Enza (Reggio Emilia, Italy) and incorporated under Italian law. The company is listed on the Milan stock exchange in the Euronext Star Milan segment.

The Group manufactures and markets high and very high pressure plunger pumps, very high pressure systems, machines for the food processing industry, chemicals, cosmetics, pharmaceuticals, mechanical sifters and automated milking systems (Water Jetting sector), power take-offs, gear pumps, hydraulic cylinders, valves and directional controls, hydraulic hoses and fittings, gears, orbital motors, steering systems (hydroguide) and other hydraulic components (Hydraulic sector). The Group has production facilities in Italy, the US, Germany, China, India, France, Portugal, Spain, Brazil, Bulgaria, Romania, Canada, Poland, New Zealand and South Korea.

Revenues are not affected by any significant degree of seasonality.

The consolidated financial statements include Interpump Group S.p.A. and its directly or indirectly controlled subsidiaries (hereinafter "the Group").

The consolidated financial statements at 30 June 2023 were approved by the Board of Directors today (4 August 2023).

Basis of preparation

The consolidated financial statements at 30 June 2023 were prepared in compliance with the international accounting standards (IAS/IFRS) endorsed by the European Union for interim financial statements (IAS 34). The tables have been prepared in compliance with IAS 1, while the notes have been prepared in condensed form, as allowed by IAS 34, and therefore do not include all the information required for annual financial statements prepared in compliance with IFRS standards. Accordingly, the consolidated financial statements at 30 June 2023 should be read together with the consolidated financial statements for the year ended 31 December 2022.

The accounting standards and criteria adopted in the consolidated financial statements at 30 June 2023 may conflict with IFRS provisions in force on 31 December 2023, due to the effect of future orientations of the European Commission with regard to the approval of international accounting standards or the issue of new standards, interpretations or implementing guidelines by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretations Committee (IFRIC).

Preparation of interim financial statements in compliance with IAS 34 - Interim Financial Reporting calls for judgments, estimates, and assumptions that have an effect on assets, liabilities, costs and revenues and on information regarding contingent assets and liabilities at the reporting date. Any estimates made may differ from the actual results obtained in the future. In addition, some measurement processes, notably those that are more complex, such as the determination of impairment losses on non-current assets, are generally only performed in a comprehensive manner at the time of preparing the annual financial statements, when all the necessary information is available, except in cases in which evidence of impairment exists, when the immediate measurement of any losses in value is required. Likewise, the actuarial valuations required to determine the liability for employee benefits are normally made when preparing the annual financial statements.

The consolidated financial statements are presented in thousands of euro. The financial statements are prepared using the cost method, with the exception of financial instruments, which are measured at fair value.

Accounting standards

The accounting standards adopted are those described in the consolidated financial statements at 31 December 2022, with the exception of those adopted as from 1 January 2023 as described hereunder, and they were uniformly applied to all Group companies and all periods presented.

a) Accounting standards, amendments and interpretations in force from 1 January 2023 and adopted by the Group

- *Amendments to IAS 1 “Presentation of Financial Statements and IFRS Practice Statement 2 “Disclosure of Accounting policies”*. The IASB published an amendment to this standard on 12 February 2021 in order to help companies to decide which accounting policies to disclose in their financial statements. The amendment applies to reporting periods beginning on or after 1 January 2023. Early application was allowed.
- *Amendments to IAS 8 “Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates”*. The IASB published an amendment to this standard on 12 February 2021 in order to introduce a new definition of accounting estimate and clarify the distinction between changes in accounting estimates, changes in accounting policies and corrections of errors. The amendment applies to reporting periods beginning on or after 1 January 2023. Early application was allowed.
- *Amendments to IAS 12 “Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction”*. On 7 May 2021 IASB published an amendment to this standard, which requires companies to recognize deferred tax assets and liabilities on specific transactions that, at the time of initial booking, give rise to equivalent timing differences (taxable and deductible) – for example, see transactions related to leasing contracts. The amendment applies to reporting periods beginning on or after 1 January 2023. Early application was allowed.

b) Accounting standards, amendments and interpretations taking effect as from 1 January 2023 but not relevant for the Group

- *IFRS 17 Insurance Contracts*: The IASB published an amendment to the applicability of this standard on 19 November 2021, in order to establish principles for the recognition, measurement, presentation and reporting on insurance contracts falling within the scope of application of this standard. The amendment applies to reporting periods beginning on or after 1 January 2023. Early application was allowed.
- *Amendments to “IFRS 17 Insurance contracts: Initial application of IFRS 17 and IFRS 9 – Comparative information”*. The IASB published this amendment to the transitional instructions for IFRS 17 on 9 December 2021. The amendment gives insurers an option for the purpose of improving the meaningfulness of the information to be provided to investors on initial application of the new standard. The amendment applies to reporting periods beginning on or after 1 January 2023. Early application was allowed.

c) *New accounting standards and amendments not yet applicable and not adopted early by the Group*

- *Amendments to IAS 1 “Presentation of Financial Statements: Classification of Liabilities as Current or Non-current”*. The IASB published this amendment on 23 January 2020 in order to clarify the presentation of liabilities in the statement of financial position. In particular, the amendment clarifies that:
 - the classification of liabilities as current or non-current should be based on the rights existing at the end of the reporting period and, in particular, on the right to defer payment for at least 12 months;
 - classification is not influenced by expectations regarding decisions by the entity to exercise its right to defer the payment of a liability;
 - payment refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The new amendment is applicable from 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact of this amendment on the existing situation.

- *Amendments to “IFRS 16 Leases: Lease Liability in a Sale and Leaseback”*. On 22 September 2022 the IASB published the document entitled *Lease Liability in a Sale and Leaseback*, which amends IFRS 16 and clarifies how to account for a sale and leaseback after the date of the transaction. The amendment applies to reporting periods beginning on or after 1 January 2024. Early application is allowed.
- *Amendments to IAS 12 “Income Taxes: International Tax Reform – Pillar Two Model Rules”*. On 24 April 2023, the IASB published a document that introduces a temporary exception to the recognition of deferred taxes linked to application of the Pillar Two rules published by the OECD.
This amendment is effective for annual periods that began on or after 1 January 2023.
- *Amendments to “IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments” regarding supplier finance arrangements*: On 25 May 2023, in response to investor needs, the IASB published an amendment to the related disclosures that improves transparency with regard to financial indebtedness and its effects on financial liabilities, cash flows and the exposure to liquidity risk.
The new amendment applies to reporting periods beginning on or after 1 January 2024.

Notes to the consolidated financial statements at 30 June 2023

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1. Scope of consolidation and goodwill

The consolidation basis at 30 June 2023 includes the Parent Company and the following subsidiaries:

<u>Company</u>	<u>Location</u>	<u>Share capital</u> <u>€/000</u>	<u>Sector</u>	<u>% held</u> <u>at 30/06/2023</u>
GP Companies Inc.	Minneapolis (USA)	1,854	Water-Jetting	100.00%
Hammelmann GmbH	Oelde (Germany)	25	Water-Jetting	100.00%
Hammelmann Australia Pty Ltd (1)	Melbourne (Australia)	472	Water-Jetting	100.00%
Hammelmann Corporation Inc (1)	Miamisburg (USA)	39	Water-Jetting	100.00%
Hammelmann S. L. (1)	Zaragoza (Spain)	500	Water-Jetting	100.00%
Hammelmann Pumps Systems Co Ltd (1)	Tianjin (China)	871	Water-Jetting	90.00%
Hammelmann France S.a.r.l. (1)	Etrichè (France)	50	Water-Jetting	100.00%
Hammelmann Swiss GmbH (1)	Dudingen (Switzerland)	89	Water-Jetting	100.00%
Inoxihp S.r.l.	Nova Milanese (MI)	119	Water-Jetting	52.72%
NLB Corporation Inc.	Detroit (USA)	12	Water-Jetting	100.00%
Inoxpa S.A.	Banyoles (Spain)	23,000	Water-Jetting	100.00%
Inoxpa India Private Ltd (3)	Pune (India)	6,779	Water-Jetting	100.00%
Inoxpa Solutions France (3)	Gleize (France)	2,071	Water-Jetting	100.00%
Improved Solutions Portugal Unipessoal Ltda (Portugal) (3)	Vale de Cambra (Portugal)	760	Water-Jetting	100.00%
Inoxpa (UK) Ltd (3)	Eastbourne (UK)	1,942	Water-Jetting	100.00%
Inoxpa Solutions Moldova (3)	Chisinau (Moldova)	317	Water-Jetting	66.67%
Inoxpa Colombia SAS (3)	Bogotá (Colombia)	133	Water-Jetting	83.29%
Inoxpa Italia S.r.l. (3)	Mirano (VE)	100	Water-Jetting	100.00%
Inoxpa Skandinavien A/S (3)	Horsens (Denmark)	134	Water-Jetting	100.00%
Inoxpa South Africa Proprietary Ltd (3)	Gauteng (South Africa)	104	Water-Jetting	100.00%
Inoxpa Special Processing Equipment Co. Ltd (3)	Jianxing (China)	1,647	Water-Jetting	100.00%
Inoxpa Ukraine (3)	Kiev (Ukraine)	113	Water-Jetting	100.00%
Inoxpa USA Inc. (3)	Santa Rosa (USA)	1,426	Water-Jetting	100.00%
INOXPA LTD (Russia) (3)	Podolsk (Russia)	1,435	Water-Jetting	70.00%
Inoxpa Mexico S.A. de C.V. (3)	Mexico City (Mexico)	309	Water-Jetting	100.00%
Pioli S.r.l.	Reggio Emilia (RE)	10	Water-Jetting	100.00%
Servizi Industriali S.r.l.	Ozzano Emilia (BO)	100	Water-Jetting	80.00%
SIT S.p.A.	S. Ilario d'Enza (RE)	105	Water-Jetting	80.00%
Teknova S.r.l. (in liquidation)	Reggio Emilia (RE)	28	Water-Jetting	100.00%
Interpump Hydraulics S.p.A.	Calderara di Reno (BO)	2,632	Hydraulics	100.00%
Contarini Leopoldo S.r.l. (4)	Lugo (RA)	47	Hydraulics	100.00%
Unidro Contarini S.a.s. (5)	Barby (France)	8	Hydraulics	100.00%
Copa Hydrosystem Ood (5)	Troyan (Bulgaria)	3	Hydraulics	100.00%
Hydrocar Chile S.A. (4)	Santiago (Chile)	129	Hydraulics	90.00%
Hydroven S.r.l. (4)	Tezze sul Brenta (VI)	200	Hydraulics	100.00%
Interpump Hydraulics Brasil Ltda (4)	Caxia do Sul (Brazil)	15,126	Hydraulics	100.00%
Interpump Hydraulics France S.a.r.l. (4)	Ennery (France)	76	Hydraulics	99.77%
Interpump Hydraulics India Private Ltd (4)	Hosur (India)	682	Hydraulics	100.00%
Interpump Hydraulics Middle East FZE (4)	Dubai (UAE)	326	Hydraulics	100.00%
Interpump South Africa Pty Ltd (4)	Johannesburg (South Africa)	-	Hydraulics	100.00%

Interim Board of Directors' Report at 30 June 2023 – Interpump Group

<u>Company</u>	<u>Location</u>	<u>Share capital</u> <u>€/000</u>	<u>Sector</u>	<u>% held</u> <u>at 30/06/2023</u>
Eurofluid Hydraulic S.r.l. (4)	Albinea (RE)	100	Hydraulics	80.00%
Interpump Hydraulics (UK) Ltd. (4)	Kidderminster (United Kingdom)	13	Hydraulics	100.00%
Mega Pacific Pty Ltd (6)	Newcastle (Australia)	335	Hydraulics	100.00%
Mega Pacific NZ Pty Ltd (6)	Mount Maunganui (New Zealand)	557	Hydraulics	100.00%
Muncie Power Prod. Inc. (4)	Muncie (USA)	784	Hydraulics	100.00%
North American Manufacturing Inc. (7)	Fairmount (USA)	3,410	Hydraulics	100.00%
Hydra Dyne Tech Inc (7)	Ingersoll (Canada)	80	Hydraulics	75.00%
Oleodinamica Panni S.r.l. (4)	Tezze sul Brenta (VI)	2,000	Hydraulics	100.00%
Wuxi Interpump Weifu Hydraulics Company Ltd (4)	Wuxi (China)	2,095	Hydraulics	65.00%
IMM Hydraulics S.p.A. (4)	Atessa (Switzerland)	520	Hydraulics	100.00%
IFS France S.a.r.l. (8)	Strasbourg (France)	162	Hydraulics	100.00%
Interpump Fluid Solutions Germany GmbH (8)	Meinerzhagen (Germany)	52	Hydraulics	100.00%
IMM Hydro Est (8)	Catcau Cluj Napoca (Romania)	3,155	Hydraulics	100.00%
FGA S.r.l. (8)	Fossacesia (CH)	10	Hydraulics	100.00%
Innovativ Gummi Tech S.r.l. (8)	Ascoli Piceno (AP)	4,100	Hydraulics	100.00%
Tekno Tubi S.r.l. (8)	Terre del Reno (FE)	100	Hydraulics	100.00%
Tubiflex S.p.A.	Orbassano (TO)	515	Hydraulics	100.00%
Walvoil S.p.A.	Reggio Emilia	7,692	Hydraulics	100.00%
Walvoil Fluid Power Corp. (9)	Tulsa (USA)	137	Hydraulics	100.00%
Walvoil Fluid Power (India) Pvt. Ltd. (9)	Bangalore (India)	4,803	Hydraulics	100.00%
Walvoil Fluid Power Korea Llc. (9)	Pyeongtaek (South Korea)	453	Hydraulics	100.00%
Walvoil Fluid Power France S.a.r.l. (9)	Vritz (France)	10	Hydraulics	100.00%
Walvoil Fluid Power Australasia (9)	Melbourne (Australia)	7	Hydraulics	100.00%
Walvoil Canada Inc. (9)	Terrebonne, Quebec (Canada)	76	Hydraulics	100.00%
Walvoil Fluid Power (Dongguan) Co., Ltd (9)	Dongguan (China)	3,720	Hydraulics	100.00%
IPG Mouldtech India Pvt Ltd (9)	Coimbatore (India)	298	Hydraulics	85.00%
Reggiana Riduttori S.r.l.	S.Polo d'Enza (RE)	6,000	Hydraulics	100.00%
RR USA Inc. (12)	Boothwyn (USA)	1	Hydraulics	100.00%
RR Canada Inc. (12)	Vaughan (Canada)	1	Hydraulics	100.00%
RR Holland BV (12)	Oosterhout (Netherlands)	19	Hydraulics	100.00%
RR France S.a.r.l. (12)	Thouare sur Loire (France)	400	Hydraulics	95.00%
RR Slovakia A.S. (12)	Zvolen (Slovakia)	340	Hydraulics	100.00%
RR Pacific Pty Ltd (12)	Victoria (Australia)	249	Hydraulics	100.00%
RR India Pvt. Ltd (12) (dormant)	New Delhi (India)	52	Hydraulics	99.99%
Reggiana Riduttori (Suzhou) Co. Ltd (12)	Suzhou (China)	600	Hydraulics	100.00%
Transtecno S.r.l.	Anzola dell'Emilia (BO)	100	Hydraulics	80.00%
Draintech S.r.l. (13)	Anzola dell'Emilia (BO)	10	Hydraulics	80.00%
Hangzhou Transtecno Power Transmissions Co. Ltd (13)	Hangzhou (China)	575	Hydraulics	72.00%
Transtecno Iberica the Modular Gearmotor S.A. (13)	Gava (Spain)	94	Hydraulics	50.40%
MA Transtecno S.A.P.I. de C.V. (13)	Apodaca (Mexico)	124	Hydraulics	50.40%
Transtecno USA LLC (15)	Miami (USA)	3	Hydraulics	100.00%
Transtecno BV (13)	Amersfoort (Netherlands)	18	Hydraulics	51.00%
Transtecno Aandrijftechniek (Netherlands) (14)	Amersfoort (Netherlands)	-	Hydraulics	51.00%
White Drive Motors and Steering Sp zoo	Wroclaw (Poland)	33,254	Hydraulics	100.00%
White Drive Motors and Steering GmbH	Parchim (Germany)	33,595	Hydraulics	100.00%
White Drive Motors and Steering, LLC	Hopkinsville (USA)	46,328	Hydraulics	100.00%
Interpump Piping GS S.r.l.	Reggio Emilia	10	Hydraulics	100.00%

Interim Board of Directors' Report at 30 June 2023 – Interpump Group

<u>Company</u>	<u>Location</u>	<u>Share capital</u> <u>€/000</u>	<u>Sector</u>	<u>% held</u> <u>at 30/06/2023</u>
GS-Hydro Singapore Pte Ltd (10)	Singapore	624	Hydraulics	100.00%
GS-Hydro Korea Ltd. (10)	Busan (South Korea)	1,892	Hydraulics	100.00%
GS-Hydro Piping Systems (Shanghai) Co. Ltd. (11)	Shanghai (China)	2,760	Hydraulics	100.00%
GS-Hydro Benelux B.V. (10)	Barendrecht (Netherlands)	18	Hydraulics	100.00%
GS-Hydro Austria GmbH (10)	Pashing (Austria)	40	Hydraulics	100.00%
GS-Hydro Sp Z O O (Poland) (10)	Gdynia (Poland)	1,095	Hydraulics	100.00%
GS Hydro Denmark AS (10)	Kolding (Denmark)	67	Hydraulics	100.00%
GS-Hydro S.A.U (Spain) (10)	Las Rozas (Spain)	90	Hydraulics	100.00%
Suministros Franquesa S.A. (16)	Lleida (Spain)	160	Hydraulics	100.00%
GS-Hydro U.S. Inc. (7)	Houston (USA)	9,903	Hydraulics	100.00%
GS-Hydro do Brasil Sistemas Hidraulicos Ltda (10)	Rio de Janeiro (Brazil)	252	Hydraulics	100.00%
GS-Hydro System GmbH (Germany) (10)	Witten (Germany)	179	Hydraulics	100.00%
GS- Hydro UK Ltd (10)	Aberdeen (United Kingdom)	5,095	Hydraulics	100.00%
GS-Hydro Ab (Sweden) (10)	Kista (Sweden)	120	Hydraulics	100.00%
GS-Hydro Hong Kong Ltd (1)	Hong Kong	1	Hydraulics	100.00%
IMM Hydraulics Ltd (dormant) (6)	Kidderminster (United Kingdom)	-	Hydraulics	100.00%
I.MEC S.r.l	Reggio Emilia	100	Water-Jetting	70.00%
Waikato Holding Limited (NZ)	Auckland (New Zealand)	15,175	Water-Jetting	100.00%
Waikato Milking Systems L.P. (NZ) (17)	Auckland (New Zealand)	46,803	Water-Jetting	100.00%
Waikato Milking Systems Lease Limited (NZ) (17)	Auckland (New Zealand)	-	Water-Jetting	100.00%
Waikato Milking Systems USA LLC (18)	Verona (USA)	-	Water-Jetting	100.00%
Waikato Milking Systems UK Limited (17)	Shrewsbury (United Kingdom)	-	Water-Jetting	100.00%
Waikato Milking Systems Ireland Limited (17)	Dublin (Ireland)	1	Water-Jetting	100.00%
Waikato Milking Systems Ireland Limited (17)	Dublin (Ireland)	-	Water-Jetting	100.00%
Hi-Tech Enviro Solution Limited (NZ) (dormant) (17)	Auckland (New Zealand)	-	Water-Jetting	100.00%
Waikato Milking Systems Ireland Limited (17)	Dublin (Ireland)	-	Water-Jetting	100.00%
WMS GP Limited (NZ) (17) (dormant)	Hamilton (New Zealand)	-	Water-Jetting	100.00%

(1) = controlled by Hammelmann GmbH

(2) = controlled by NLB Corporation Inc. .

(3) = controlled by Inoxpa S.A.

(4) = controlled by Interpump Hydraulics S.p.A.

(5) = controlled by Contarini Leopoldo S.r.l.

(6) = controlled by Interpump Hydraulics (UK) Ltd.

(7) = controlled by Muncie Power Prod. Inc

(8) = controlled by IMM Hydraulics S.p.A.

(9) = controlled by Walvoil S.p.A.

The other companies are controlled by Interpump Group S.p.A.

(10) = controlled by Interpump Piping GS S.r.l.

(11) = controlled by GS Hydro Hong Kong Ltd

(12) = controlled by Reggiana Riduttori S.r.l.

(13) = controlled by Transtecno S.r.l.

(14) = controlled by Transtecno B.V.

(15) = controlled by MA Transtecno S.A.P.I. de C.V. .

(16) = controlled by GS Hydro S.A.U.

(17) = controlled by Waikato Holding Limited (NZ)

(18) = controlled by Waikato Milking Systems Lease (NZ)

Compared with 1H2022, Eurofluid Hydraulic S.r.l. has been consolidated by the Hydraulic sector following its acquisition in October 2022, while IPG Mouldtech India Pvt Ltd, acquired in 1Q2023, has been consolidated on a line-by-line basis with effect from 31 March 2023.

In the Water-Jetting sector, I.Mec S.r.l. acquired in April 2023 and the Waikato Group acquired in May 2023 have been consolidated on a line-by-line basis with effect from 31 May 2023.

In addition, Benmec S.r.l. - previously not consolidated on a line-by-line basis as immaterial - was absorbed by Transtecno S.r.l. with effect from 1 January 2023, thus contributing in full to the consolidated data from 31 March 2023.

The minority quotaholder of Inoxihp S.r.l. is entitled to dispose of its holdings starting from the approval of the 2025 financial statements up to the 2035 financial statements, on the basis of the average results of the company in the last two financial statements for the years ended before the exercise of the option.

The minority shareholder of Inoxpa Solution Moldova is entitled to dispose of its holdings from October 2020, based on the most recent statement of financial position of that company. The minority shareholder of Hydra Dyne has the right and obligation to dispose of its holdings starting from approval of the 2023 financial statements based on the average of the results for the two years prior to exercise of the option.

The minority quotaholder of Transtecno S.r.l. has the right and obligation to dispose of its holdings during 2024, based on the results for the year prior to exercise of the option.

The minority quotaholder of Eurofluid Hydraulic S.r.l. has the right and obligation to dispose of its holdings on the approval date of the financial statements at 31 December 2025. The price of this option has been fixed by contractual agreement.

The minority shareholder of IPG Mouldtech India Pvt Ltd has the right and obligation to dispose of its holdings by 30 June 2027, based on the results for the year prior to exercise of the option.

The minority quotaholder of I.Mec S.r.l. has the right and obligation to dispose of its holdings in two tranches, the first starting sixty days after approval of the 2025 financial statements, and the second starting from approval of the 2027 financial statements.

Furthermore, Interpump Group S.p.A. is required to purchase the residual 20% interest in Servizi Industriali S.r.l. in due tranches, the first starting from approval of the 2024 financial statements, and the second starting from approval of the 2026 financial statements; as well as the residual 20% interest in Draintech S.r.l., starting from approval of the 2024 financial statements.

In compliance with the requirements of IFRS 10 and IFRS 3, Inoxihp S.r.l., Inoxpa Solution Moldova, Hydra Dyne Tech Inc., Transtecno S.r.l., Servizi Industriali S.r.l., Draintech S.r.l., Eurofluid Hydraulic S.r.l., IPG Mouldtech India Pvt Ltd and I.Mec S.r.l. have been consolidated in full, recording a payable representing an estimate of the present value of the exercise price of the options determined with reference to the business plans of the companies. Any changes in the above payable identified within 12 months of the date of acquisition, as a result of additional or better information, will be recorded as an adjustment of goodwill, while any changes emerging more than 12 months after the date of acquisition will be recognized in the income statement.

Investments in other companies, including subsidiaries, that have not been consolidated due to their insignificance are measured at fair value.

Changes in goodwill in 1H2023 are as follows:

<i>Company:</i>	Balance at 31/12/2022	Increases in the period	(Decreases) in the period	Changes due to foreign exchange differences	Balance at 30/06/2023
Water-Jetting	216,115	13,464	-	(780)	228,799
Hydraulics	<u>538,829</u>	<u>5,466</u>	=	<u>6,696</u>	<u>550,991</u>
<i>Total goodwill</i>	<u>754,944</u>	<u>18,930</u>	=	<u>5,916</u>	<u>779,790</u>

The increases during 1H2023 relate to the acquisitions of the Waikato Group, I.Mec S.r.l. and IPG Mouldtech India Pvt Ltd, while changes due to foreign exchange differences relate to the goodwill denominated in foreign currencies.

The successful impairment test carried out in December 2022 was not repeated at 30 June 2023, since the directors believe that there were no external indicators of possible losses in the value of the measured assets during the first six months of 2023 that would require specific checks on their recoverability to be carried out.

At 30 June 2023, both CGUs achieved have their turnover and profitability targets, while neither has achieved in full their cash flow targets for 1H2023, since the last mentioned were penalized, in particular, by working capital absorption that has not yet declined to the normal levels historically achieved by the Group, following the additional absorption generated in 2022 as a consequence of exceptional and pervasive market conditions during that year. Even investment tended to be concentrated more in the first semester than was envisaged when preparing the business plan. With regard to the second half of the year, the directors nevertheless consider that the Water-Jetting CGU and the Hydraulics CGU can reasonably achieve the target cash flows established for 2023. Additionally, should the current uncertain macroeconomic situation continue over the medium-long term, the Group believes that the cash flows generated by the Group will easily be sufficient to justify the carrying amounts of the assets subject to impairment testing.

The directors nevertheless carried out a sensitivity analysis at 30 June 2023 in order to determine the effect on the results obtained in the last measurement year ended 31 December 2022 of changes, within reasonable boundaries, in the cash flows expected and the WACC used to discount those flows. In particular, no impairment losses were identified on reducing the expected cash flows of each CGU by 10% from 2023, or on increasing by one percentage point the weighted-average cost of capital (WACC) at 30 June 2023 used to discount those expected cash flows.

Moreover, as an additional positive element supporting the recoverability of goodwill, the stock market capitalization at 30 June 2023 exceeds the shareholders' equity of the Group, as it did throughout the entire first half of 2023. During July 2023, the average market value of Interpump Group stock was essentially consistent with the price at 30 June 2023.

2. Business sector information

Business sector information is supplied with reference to the operating sectors. The information required by IFRS by geographical area is also presented. The information provided about business sectors reflects the Group's internal reporting structure.

The values of components or products transferred between sectors are the effective sales price between Group companies, which correspond to the selling prices applied to the best customers.

Sector information includes directly attributable costs and costs allocated on the basis of reasonable estimates. The holding costs, i.e. remuneration of directors and statutory auditors of the parent company and functions of the Group's financial management, control and internal auditing department, and also consultancy costs and other related costs were booked to the sectors on the basis of sales.

Business sectors

The Group comprises the following business sectors:

Water-Jetting sector. This sector is mainly composed of high and very high-pressure pumps and pumping systems used in a wide range of industrial sectors for the conveyance of fluids. High pressure plunger pumps are the main component of professional pressure washers. These pumps are also utilized for a broad range of industrial applications including car wash installations, forced lubrication systems for machine tools, and inverse osmosis systems for water desalination plants. Very high-pressure pumps and systems are used for cleaning surfaces, ships, various types of pipes, and also for removing machining burr, cutting and removing cement, asphalt, and paint coatings from stone, cement and metal surfaces, and for cutting solid materials. The Sector also includes high pressure homogenizers, mixers, agitators, piston pumps, valves, mechanical sifters, automated milking systems and other machines produced mainly for the food processing industry, but also used in the chemicals and cosmetics sectors.

Hydraulic sector. This sector includes the production and sale of power take-offs, hydraulic cylinders and pumps, directional controls, valves, hydraulic hoses and fittings, gears, orbital motors, steering systems (hydroguide) and other hydraulic components. Power take-offs are mechanical units used to transmit energy from the engine or gearbox of an industrial vehicle in order to drive, via hydraulic components, its various applications. These products, combined with other hydraulic components (spool valves, controls, etc.) allow the execution of special functions such as lifting tipping bodies, operating truck-mounted cranes and operating mixer trucks. Hydraulic cylinders are components of the hydraulic system of various vehicle types employed in a wide range of applications depending on the type. Front-end and underbody cylinders (single acting) are fitted mainly on industrial vehicles in the building construction sector, while double acting cylinders are employed in a range of applications: earthmoving machinery, agricultural machinery, cranes and truck cranes, waste compactors, etc. The hydraulic hoses and fittings are designed for use in a broad range of hydraulic systems and also for very high pressure water systems. Gears facilitate the mechanical transmission of energy, with applications in various industrial sectors including agriculture, materials handling, mining, heavy industry, marine & offshore, aerial platforms, forestry and sugar production. Orbital motors are used on industrial vehicles, in the construction sector, in earth-moving machines and in agricultural machinery. The Group also designs and makes piping systems for the industrial, naval and offshore sectors.

Interpump Group business sector information
(Amounts shown in €'000)
Cumulative to 30 June (six months)

	Hydraulics		Water-Jetting		Elimination entries		Interpump Group	
	2023	2022	2023	2022	2023	2022	2023	2022
Revenues outside the Group	884,742	766,122	299,792	260,170	-	-	1,184,534	1,026,292
Inter-sector revenues	1,516	1,600	2,742	2,069	(4,258)	(3,669)	-	-
Total revenues	886,258	767,722	302,534	262,239	(4,258)	(3,669)	1,184,534	1,026,292
Cost of sales	(602,778)	(527,484)	(167,007)	(142,578)	4,283	3,683	(765,502)	(666,379)
Gross industrial margin	283,480	240,238	135,527	119,661	25	14	419,032	359,913
<i>% of revenues</i>	<i>32.0%</i>	<i>31.3%</i>	<i>44.8%</i>	<i>45.6%</i>			<i>35.4%</i>	<i>35.1%</i>
Other operating income	19,475	11,133	3,665	4,350	(440)	(529)	22,700	14,954
Distribution expenses	(53,247)	(48,309)	(32,320)	(29,100)	201	312	(85,366)	(77,097)
General and administrative expenses	(74,645)	(67,359)	(34,928)	(31,757)	214	203	(109,359)	(98,913)
Other operating costs	(2,455)	(6,803)	(567)	(406)	-	-	(3,022)	(7,209)
EBIT	172,608	128,900	71,377	62,748	-	-	243,985	191,648
<i>% of revenues</i>	<i>19.5%</i>	<i>16.8%</i>	<i>23.6%</i>	<i>23.9%</i>			<i>20.6%</i>	<i>18.7%</i>
Financial income	9,568	12,012	5,460	3,692	(2,078)	(547)	12,950	15,157
Financial charges	(20,299)	(12,972)	(17,298)	(2,799)	2,078	547	(35,519)	(15,224)
Dividends	-	-	36,250	41,000	(36,250)	(41,000)	-	-
Equity method contribution	349	(118)	(20)	(22)	-	-	329	(140)
Profit for the period before taxes	162,226	127,822	95,769	104,619	(36,250)	(41,000)	221,745	191,441
Income taxes	(43,710)	(35,683)	(9,581)	(16,245)	-	-	(53,291)	(51,928)
Consolidated profit for the period	118,516	92,139	86,188	88,374	(36,250)	(41,000)	168,454	139,513
Attributable to:								
Shareholders of Parent	117,082	91,092	85,747	88,032	(36,250)	(41,000)	166,579	138,124
Minority shareholders of subsidiaries	1,434	1,047	441	342	-	-	1,875	1,389
Consolidated profit for the period	118,516	92,139	86,188	88,374	(36,250)	(41,000)	168,454	139,513
Further information required by IFRS 8								
Amortization, depreciation and write-downs	37,932	37,762	11,812	10,823	-	-	49,744	48,585
Other non-monetary costs	2,652	2,119	1,623	2,168	-	-	4,275	4,287

Interpump Group business sector information
(Amounts shown in €/000)

2Q

	Hydraulics		Water-Jetting		Elimination entries		Interpump Group	
	2023	2022	2023	2022	2023	2022	2023	2022
Revenues outside the Group	438,258	401,273	153,931	136,339	-	-	592,189	537,612
Inter-sector revenues	657	718	1,614	1,003	(2,271)	(1,721)	-	-
Total revenues	438,915	401,991	155,545	137,342	(2,271)	(1,721)	592,189	537,612
Cost of sales	(300,132)	(275,849)	(86,686)	(74,309)	2,288	1,734	(384,530)	(348,424)
Gross industrial margin	138,783	126,142	68,859	63,033	17	13	207,659	189,188
<i>% of revenues</i>	<i>31.6%</i>	<i>31.4%</i>	<i>44.3%</i>	<i>45.9%</i>			<i>35.1%</i>	<i>35.2%</i>
Other operating income	10,800	5,593	1,882	2,154	(314)	(347)	12,368	7,400
Distribution expenses	(27,310)	(25,181)	(16,048)	(15,309)	183	237	(43,175)	(40,253)
General and administrative expenses	(37,734)	(34,558)	(18,099)	(16,622)	114	97	(55,719)	(51,083)
Other operating costs	(1,446)	(5,971)	(297)	(278)	-	-	(1,743)	(6,249)
EBIT	83,093	66,025	36,297	32,978	-	-	119,390	99,003
<i>% of revenues</i>	<i>18.9%</i>	<i>16.4%</i>	<i>23.3%</i>	<i>24.0%</i>			<i>20.2%</i>	<i>18.4%</i>
Financial income	4,957	6,476	3,210	2,224	(1,111)	(267)	7,056	8,433
Financial charges	(10,168)	(5,231)	(10,326)	(1,118)	1,111	267	(19,383)	(6,082)
Dividends	-	-	36,250	41,000	(36,250)	(41,000)	-	-
Equity method contribution	172	(330)	7	26	-	-	179	(304)
Profit for the period before taxes	78,054	66,940	65,438	75,110	(36,250)	(41,000)	107,242	101,050
Income taxes	(22,836)	(18,799)	(1,983)	(8,806)	-	-	(24,819)	(27,605)
Consolidated profit for the period	55,218	48,141	63,455	66,304	(36,250)	(41,000)	82,423	73,445
Attributable to:								
Shareholders of Parent	54,476	47,649	63,235	66,070	(36,250)	(41,000)	81,461	72,719
Minority shareholders of subsidiaries	742	492	220	234	-	-	962	726
Consolidated profit for the period	55,218	48,141	63,455	66,304	(36,250)	(41,000)	82,423	73,445
Further information required by IFRS 8								
Amortization, depreciation and write-downs	19,211	21,559	6,101	5,557	22	-	25,334	27,136
Other non-monetary costs	1,472	1,489	893	1,431	-	-	2,365	2,920

Statement of financial position
(Amounts shown in €/000)

	Hydraulics		Water-Jetting		Elimination entries		Interpump Group	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Assets by sector	2,176,065	2,071,141	935,037	831,227	(139,795)	(130,875)	2,971,307	2,771,493
Assets held for sale	1,291	1,291	-	-	-	-	1,291	1,291
Assets of the sector (A)	2,177,356	2,072,432	935,037	831,227	(139,795)	(130,875)	2,972,598	2,772,784
Cash and cash equivalents							304,834	358,275
Total assets							3,277,432	3,131,059
Liabilities of the sector (B)	569,848	559,297	187,631	173,656	(139,795)	(130,875)	617,684	602,078
Debts for the acquisition of equity investments							72,681	62,812
Payables to banks							39,584	30,928
Interest-bearing financial payables							843,547	869,131
Total liabilities							1,573,496	1,564,949
Total assets, net (A-B)	1,607,508	1,513,135	747,406	657,571	-	-	2,354,914	2,170,706
<u>Further information required by IFRS 8</u>								
Investments measured using the equity method	849	1,099	505	570	-	-	1,354	1,669
Non-current assets other than financial assets and deferred tax assets	1,172,497	1,118,921	426,539	386,680	-	-	1,599,036	1,505,601

The 1H and 2Q comparison of the Hydraulic sector on an unchanged perimeter basis is as follows:

	1H		2Q	
	2023	2022	2023	2022
Revenues outside the Group	867,403	766,122	429,657	401,273
Inter-sector revenues	1,515	1,600	656	718
Total revenues	868,918	767,722	430,313	401,991
Cost of sales	(591,322)	(527,484)	(294,575)	(275,849)
Gross industrial margin	277,596	240,238	135,738	126,142
<i>% of revenues</i>	31.9%	31.3%	31.5%	31.4%
Other operating income	19,116	11,133	10,633	5,593
Distribution expenses	(52,616)	(48,309)	(26,977)	(25,181)
General and administrative expenses	(73,547)	(67,359)	(37,203)	(34,558)
Other operating costs	(2,448)	(6,803)	(1,440)	(5,971)
EBIT	168,101	128,900	80,751	66,025
<i>% of revenues</i>	19.3%	16.8%	18.8%	16.4%
Financial income	9,582	12,110	4,973	6,476
Financial charges	(20,128)	(10,632)	(10,071)	(5,231)
Equity method contribution	349	(118)	172	(330)
Profit for the period before taxes	157,904	110,654	75,825	66,940
Income taxes	(42,546)	(32,341)	(22,269)	(18,799)
Consolidated profit for the period	115,358	78,313	53,556	48,141
Attributable to:				
Shareholders of Parent	113,924	77,266	52,814	47,649
Minority shareholders of subsidiaries	1,434	1,047	742	492
Consolidated profit for the period	115,358	78,313	53,556	48,141

The 1H and 2Q comparison of the Water-Jetting sector on an unchanged perimeter basis is as follows:

	1H		2Q	
	2023	2022	2023	2022
Revenues outside the Group	294,146	260,170	148,245	136,339
Inter-sector revenues	2,661	2,069	1,573	1,003
Total revenues	296,807	262,239	149,818	137,342
Cost of sales	(163,271)	(142,578)	(82,951)	(74,309)
Gross industrial margin	133,536	119,661	66,867	63,033
<i>% of revenues</i>	45.0%	45.6%	44.6%	45.9%
Other operating income	3,586	4,350	1,803	2,154
Distribution expenses	(31,862)	(29,100)	(15,590)	(15,309)
General and administrative expenses	(33,722)	(31,757)	(16,973)	(16,622)
Other operating costs	(566)	(406)	(296)	(278)
EBIT	70,972	62,748	35,811	32,978
<i>% of revenues</i>	23.9%	23.9%	23.9%	24.0%
Financial income	4,921	3,692	2,671	2,224
Financial charges	(16,064)	(2,799)	(9,094)	(1,118)
Dividends	36,250	41,000	36,250	41,000
Equity method contribution	(20)	(22)	7	26
Profit for the period before taxes	96,059	104,619	65,645	75,110
Income taxes	(9,468)	(16,245)	(1,870)	(8,806)
Consolidated profit for the period	86,591	88,374	63,775	66,304
Attributable to:				
Shareholders of Parent	86,150	88,032	63,555	66,070
Minority shareholders of subsidiaries	441	342	220	234
Consolidated profit for the period	86,591	88,374	63,775	66,304

Cash flows by business sector for 1H are as follows:

€/000	Hydraulics		Water-Jetting		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Cash flows from:						
Operating activities	111,075	38,028	26,389	35,914	137,470	73,938
Investing activities	(70,944)	(52,805)	(46,399)	(30,834)	(117,349)	(83,639)
Financing activities	<u>(35,918)</u>	<u>(48,305)</u>	<u>(43,802)</u>	<u>3,835</u>	<u>(79,720)</u>	<u>(44,470)</u>
Total	<u>4,213</u>	<u>(63,082)</u>	<u>(63,812)</u>	<u>8,915</u>	<u>(59,599)</u>	<u>(54,171)</u>

The investing activities of the Hydraulic Sector included outflows of € 339 thousand to settle payables recorded in prior years with regard to the acquisition of residual minority interests (€ 9,940 thousand in 1H2022). The investing activities of the Water-Jetting Sector included outlays of € 35,766 thousand associated with the acquisition of equity investments (€ 21,803 thousand in 1H2022).

The cash flows deriving from the financing activities of the Water-Jetting Sector included proceeds from the sale of treasury shares to the beneficiaries of stock options totaling € 1,975 thousand (€ 8,017 thousand in 1H2022), with no outlays for the purchase of treasury shares (€ 94,793 thousand in 1H2022). The financing activities of the Hydraulic Sector included payments of dividends to Water-Jetting Sector companies totaling € 18,125 thousand (€ 20,500 thousand in 1H2022).

3. Business combinations

I.Mec S.r.l.

On 20 April 2023 Interpump Group announced the acquisition of 70% of the capital of I.Mec S.r.l.

Formed in 1989 and based in Reggio Emilia, this company is specialized in the production of mechanical sifters for various sectors of application, including ceramics, recycling, filtration, food processing and cosmetics.

The value of this operation has been fixed at approximately € 14 million and “put and call” mechanisms have defined, through which the counterparties can purchase and sell the remaining 30% in two tranches, the first exercisable from June 2026 and the second from April 2028.

The provisional purchase price allocation at 30 June 2023 is presented below:

€/000	Amounts acquired	Adjustments to fair value	Carrying values in the acquiring company
Cash and cash equivalents	2,721	-	2,721
Trade receivables	6,092	-	6,092
Inventories	2,350	-	2,350
Tax receivables	493	-	493
Other current assets	317	-	317
Property, plant and equipment	1,914	-	1,914
Other intangible assets	16	-	16
Other financial assets	12	-	12
Deferred tax assets	113	-	113
Other non-current assets	67	-	67
Trade payables	(3,126)	-	(3,126)
Leasing payables (current portion)	(233)	-	(233)
Tax liabilities	(379)	-	(379)
Other current liabilities	(305)	-	(305)
Provision for risks (non-current portion)	(80)	-	(80)
Leasing payables (non-current portion)	(1,179)	-	(1,179)
Employee benefits (severance indemnity provision)	(885)	-	(885)
Deferred tax liabilities	<u>(23)</u>	-	<u>(23)</u>
Net assets acquired	<u>7,885</u>	=	7,885
Goodwill related to the acquisition			<u>12,613</u>
Total net assets acquired			<u>20,498</u>
Total amount paid in cash			14,000
Payables related to the acquisition of investments			<u>6,498</u>
Total acquisition cost (A)			<u>20,498</u>
Net financial position acquired (B)			(1,309)
Total amount paid in cash			14,000
Payables related to the acquisition of investments			<u>6,498</u>
Total change in the net financial position including change in debt for the acquisition of investments			<u>19,189</u>
Capital employed (A) - (B)			<u>19,189</u>

The transaction was recorded using the acquisition method.

The goodwill was allocated in full to the Water-Jetting CGU and is not relevant for tax purposes.

Waikato Group

On 18 May 2023 Interpump Group announced the acquisition of 100% of the capital of the Waikato Group. With more than 50 years of history, this Group leads the automated milking market in New Zealand and Australia. This reflects the constant development and technological innovation that has enabled progression from the design and production of components in the late 1970s, to the current offer of automated and integrated systems.

The provisional purchase price allocation at 30 June 2023 is presented below:

€/000	Amounts acquired	Adjustments to fair value	Carrying values in the acquiring company
Cash and cash equivalents	1,837	-	1,837
Trade receivables	8,857	-	8,857
Inventories	12,616	-	12,616
Tax receivables	159	-	159
Other current assets	1,054	-	1,054
Property, plant and equipment	5,061	-	5,061
Other intangible assets	13,018	-	13,018
Deferred tax assets	160	-	160
Trade payables	(4,345)	-	(4,345)
Interest-bearing financial payables (current portion)	(11,013)	-	(11,013)
Leasing payables (current portion)	(794)	-	(794)
Tax liabilities	(134)	-	(134)
Other current liabilities	(3,783)	-	(3,783)
Provision for risks (non-current portion)	(562)	-	(562)
Leasing payables (medium-/long-term portion)	(3,374)	-	(3,374)
Deferred tax liabilities	(10)	-	(10)
Net assets acquired	<u>18,747</u>	=	18,747
Goodwill related to the acquisition			<u>851</u>
Total net assets acquired			<u>19,598</u>
Total amount paid in cash			19,598
Payables related to the acquisition of investments			<u>0</u>
Total acquisition cost (A)			<u>19,598</u>
Net financial position acquired (B)			13,344
Total amount paid in cash			19,598
Payables related to the acquisition of investments			<u>0</u>
Total change in the net financial position including change in debt for the acquisition of investments			<u>32,942</u>
Capital employed (A) - (B)			<u>32,942</u>

The transaction was recorded using the acquisition method.

The goodwill was allocated in full to the Water-Jetting CGU and is not relevant for tax purposes.

4. Inventories and detail of changes in the Inventories allowance

	30/06/2023	31/12/2022
	€/000	€/000
Inventories, gross value	775,871	730,568
Allowance for inventories	<u>(49,417)</u>	<u>(46,749)</u>
Inventories	<u>726,454</u>	<u>683,819</u>

Changes in the allowance for inventories were as follows:

	1H2023	Year 2022
	€/000	€/000
Opening balances	46,749	42,757
Exchange rate difference	(491)	376
Change in consolidation basis	1,968	2,278
Provisions for the period	1,657	5,380
Releases in the year to cover losses	(376)	(3,599)
Release of excess provisions in the period	<u>(90)</u>	<u>(443)</u>
Closing balance	<u>49,417</u>	<u>46,749</u>

5. Property, plant and equipment

Purchases and disposals

In 1H2023 Interpump Group purchased assets for € 109,214 thousand, of which € 11,111 thousand via the acquisition of equity investments (€ 59,617 thousand in 1H2022, of which € 483 thousand via the acquisition of equity investments). Assets with a net carrying amount of € 2,120 thousand were sold during 1H2023 (€ 4,243 thousand in 1H2022). Divested assets generated a net capital gain of € 1,465 thousand (€ 3,208 thousand in 1H2022).

Contractual commitments

At 30 June 2023 the Group had contractual commitments for the purchase of tangible fixed assets totaling € 4,633 thousand (€ 2,892 thousand at 30 June 2022). The change since 2022 mainly reflects commitments signed for the construction of new buildings.

6. Assets held for sale

At 31 December 2022, the Group classified a building among the assets held for sale, with reference to a preliminary sale agreement that will be completed during 3Q2023. The net carrying amount of that building at 30 June 2023 is lower than the selling price envisaged in that agreement.

7. Shareholders' equity

Share capital

Share capital comprises 108,879,294 ordinary shares with a unit par value of EUR 0.52 totaling € 56,617,232.88. However, the share capital reported in the financial statements amounts to € 55,620 thousand, since the nominal value of purchased treasury shares, net of those sold, has been deducted from share capital in compliance with the reference accounting standards. At 30 June 2023 Interpump S.p.A. held 1,918,363 treasury shares in the portfolio corresponding to 1.762% of the capital stock, acquired at an average unit cost of EUR 38.7871.

Treasury shares purchased

The amount of the treasury shares held by Interpump Group S.p.A. is recorded in an equity reserve. The Group did not acquire any treasury shares during 1H2023 (2,080,000 treasury shares were purchased in 1H2022 for € 94,793 thousand).

Treasury shares sold

In relation to stock option plans, a total of 69,500 options were exercised resulting in the receipt of € 1,975 thousand (622,200 options exercised in 1H2022, generating receipts of € 8,017 thousand).

Dividends

An ordinary dividend (coupon clipping date of 22 May 2023) of EUR 0.30 per share was distributed on 24 May 2023 (EUR 0.28 in 2022).

Stock options

The Shareholders' Meeting held on 29 April 2022 approved a new stock option plan, the "Interpump Incentive Plan 2022/2024", that envisages the assignment of up to 2,250,000 options at an exercise price of Euro 38.6496 and, for options assigned after 29 April 2023, at the official price determined by Borsa Italiana on the trading day prior to their assignment. At the meeting held on 29 April 2022, the Board of Directors granted 1,620,000 options to Executive Chairman Fulvio Montipò and 45,000 options to Chief Executive Officer Fabio Marasi; while on 23 May 2022, 20 October 2022 and 28 April 2023, respectively 243,000, 6,000 and 35,000 options (including 15,000 for Chief Executive Officer Fabio Marasi) were granted to other beneficiaries. Overall, a total of 1,949,000 options have therefore been granted. The options can be exercised between 30 June 2025 and 31 December 2028. A total of 2,000 options were canceled in 1H2023 (7,000 in 2022).

The fair value of the stock options and the actuarial assumptions utilized in the binomial lattice model are as follows:

	Unit of measurement	
Number of shares granted	no.	35,000
Grant date		28 April 2023
Exercise price		38.6496
Vesting date		30 June 2025
Fair value per option at the grant date	EUR	16.011
Expected volatility (expressed as the weighted average of the volatility values utilized in construction of the binomial lattice model)	%	34
Expected average duration of the plan life	years	3.93
Expected dividends (compared with share value)	%	1.00
Risk-free interest rate (calculated by linear interpolation of the Eur Composite AA rates at 28 April 2023)	%	3.5748

8. Financial income and charges

The breakdown for 1H is shown below:

	2023	2022
	<u>€/000</u>	<u>€/000</u>
<u>Financial income</u>		
Interest income from liquid funds	1,343	235
Interest income from other assets	167	50
Exchange gains	11,358	14,685
Financial income to adjust estimated debt for commitment to purchase residual interests in subsidiaries	32	166
Other financial income	<u>50</u>	<u>21</u>
Total financial income	<u>12,950</u>	<u>15,157</u>
<u>Financial charges</u>		
Interest expense on bank loans	13,701	885
Lease interest expense	1,645	1,246
Interest expense on put options	1,648	257
Financial charges for adjustment of estimated debt for commitment to purchase residual interests in subsidiaries	527	3,007
Foreign exchange losses	17,888	9,386
Other financial charges	<u>110</u>	<u>443</u>
Total financial charges	<u>35,519</u>	<u>15,224</u>
Total financial charges (income), net	<u>22,569</u>	<u>67</u>

The breakdown for 2Q is as follows:

	2023	2022
	<u>€/000</u>	<u>€/000</u>
<u>Financial income</u>		
Interest income from liquid funds	790	133
Interest income from other assets	142	32
Exchange gains	6,064	8,105
Financial income to adjust estimated debt for commitment to purchase residual interests in subsidiaries	32	166
Other financial income	<u>29</u>	<u>(3)</u>
Total financial income	<u>7,057</u>	<u>8,433</u>

	2023	2022
	<u>€/000</u>	<u>€/000</u>
<u>Financial charges</u>		
Interest expense on bank loans	7,544	544
Lease interest expense	881	624
Interest expense on put options	615	124
Financial charges for adjustment of estimated debt for commitment to purchase residual interests in subsidiaries	527	198
Foreign exchange losses	9,772	4,398
Other financial charges	<u>45</u>	<u>194</u>
Total financial charges	<u>19,384</u>	<u>6,082</u>
Total financial charges (income), net	<u>12,327</u>	<u>(2,351)</u>

9. Earnings per share

Basic earnings per share

Basic earnings per share are calculated as the consolidated net profit attributable to the owners of the Parent Company divided by the weighted average number of ordinary shares, as follows:

<i>1H</i>	<u>2023</u>	<u>2022</u>
Consolidated net profit attributable to the owners of the Parent company (€/000)	<u>166,579</u>	<u>138,124</u>
Average number of shares in circulation	106,914,242	105,918,227
Basic earnings per share for the period (EUR)	<u>1.558</u>	<u>1.304</u>

<i>2Q</i>	<u>2023</u>	<u>2022</u>
Consolidated net profit attributable to the owners of the Parent company (€/000)	<u>81,458</u>	<u>72,719</u>
Average number of shares in circulation	106,928,770	105,585,362
Basic earnings per share for the quarter (EUR)	<u>0.762</u>	<u>0.689</u>

Diluted earnings per share

Diluted earnings per share are calculated on the basis of diluted consolidated profit for the period attributable to the Parent company's shareholders, divided by the weighted average number of ordinary shares in circulation adjusted by the number of potentially dilutive ordinary shares. The calculation is as follows:

<i>1H</i>	<u>2023</u>	<u>2022</u>
Consolidated net profit attributable to the owners of the Parent company (€/000)	<u>166,579</u>	<u>138,124</u>
Average number of shares in circulation	106,914,242	105,918,227
Number of potential shares for stock option plans (*)	<u>466,164</u>	<u>1,010,656</u>
Average number of shares (diluted)	<u>107,380,406</u>	<u>106,928,883</u>
Earnings per diluted share for the period (EUR)	<u>1.551</u>	<u>1.292</u>

2Q	<u>2023</u>	<u>2022</u>
Consolidated net profit attributable to the owners of the Parent company (€/000)	<u>81,458</u>	<u>72,719</u>
Average number of shares in circulation	106,928,770	105,585,362
Number of potential shares for stock option plans (*)	<u>479,822</u>	<u>635,558</u>
Average number of shares (diluted)	<u>107,408,592</u>	<u>106,220,920</u>
Earnings per diluted share for the quarter (EUR)	<u>0.758</u>	<u>0.685</u>

(*) calculated as the number of shares assigned for in-the-money stock option plans multiplied by the ratio of the difference between the average share price during the period and the exercise price on the numerator, to the average share price during the period on the denominator.

10. Transactions with related parties

The Group has relations with non-consolidated subsidiaries and other related parties at arm's length conditions considered to be normal in the respective reference markets, taking account of the characteristics of the goods and services rendered. Transactions between Interpump Group S.p.A. and its consolidated subsidiaries, which are related parties of the company, were eliminated from the interim consolidated financial statements and are not detailed in these notes.

The effects in the Group's consolidated income statements for 1H2023 and 1H2022 are given below:

	1H2023					
	Consolidated Total	Non- consolidated subsidiaries	Associates	Other related parties	Total related parties	% incidence on F.S. caption
(€/000)						
Revenues	1,184,534	429	-	480	909	0.1%
Cost of sales	765,502	226	-	3,683	3,909	0.5%
Distribution expenses	85,366	81	-	427	508	0.6%
G&A expenses	109,359	-	-	326	326	0.3%
Financial charges	35,519	-	-	309	309	0.9%
	1H2022					
	Consolidated Total	Non- consolidated subsidiaries	Associates	Other related parties	Total related parties	% incidence on F.S. caption
(€/000)						
Revenues	1,026,292	1,023	-	342	1,365	0.1%
Cost of sales	666,379	544	-	2,878	3,422	0.5%
Other operating income	14,954	1	-	-	1	0.0%
Distribution expenses	77,097	19	-	415	434	0.6%
G&A expenses	98,913	-	-	356	356	0.4%
Financial charges	15,224	-	-	158	158	1.0%

The effects on the consolidated statement of financial position as at 30 June 2023 and 2022 are described below:

	30 June 2023					% incidence on F.S. caption
	Consolidated Total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties	
(€/000)						
Trade receivables	498,151	1,407	-	195	1,602	0.3%
Trade payables	319,732	45	-	1,064	1,109	0.3%
Interest-bearing financial payables (current and non-current portions)	843,547		-	16,235	16,235	1.9%

	30 June 2022					% incidence on F.S. caption
	Consolidated Total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties	
(€/000)						
Trade receivables	452,123	1,750	-	314	2,064	0.5%
Trade payables	332,438	200	-	1,183	1,383	0.4%
Interest-bearing financial payables (current and non-current portions)	919,530		-	22,084	22,084	2.4%

Relations with non-consolidated subsidiaries

Relations with non-consolidated subsidiaries are as follows:

(€/000)	Receivables		Revenues	
	30/06/2023	30/06/2022	2023	2022
Interpump Hydraulics Perù	1,191	1,307	171	245
General Pump China Inc.	144	321	89	94
Interpump Hydraulics Russia	72	122	169	684
<i>Total subsidiaries</i>	<u>1,407</u>	<u>1,750</u>	<u>429</u>	<u>1,023</u>

(€/000)	Payables		Costs	
	30/06/2023	30/06/2022	2023	2022
General Pump China Inc.	44	137	306	564
Interpump Hydraulics Perù	1	63	1	-
Interpump Hydraulics Russia	-	-	-	-
<i>Total subsidiaries</i>	<u>45</u>	<u>200</u>	<u>307</u>	<u>564</u>

Relations with associates

The Group does not hold investments in associated companies.

Transactions with other related parties

The 1H2023 income statement includes consultancy provided by entities associated with Group directors and statutory auditors totaling € 21 thousand (€ 37 thousand in 1H2022). These consultancy costs were allocated in full to general and administrative expenses in both 1H2023 and 1H2022. Revenues in the period to 30 June 2023 included revenues from sales to companies held by Group shareholders or directors totaling € 480 thousand (€ 342 thousand in 1H2022). In addition, the cost of sales includes purchases made from companies controlled by minority shareholders or directors of Group companies for € 3,493 thousand (€ 2,653 thousand in 1H2022).

11. Information on financial assets and liabilities

Financial assets and liabilities, broken down by the categories identified by IFRS 7, are summarized in the following table:

(€/000)	<i>Financial assets at 30/06/2023</i>			<i>Financial liabilities at 30/06/2023</i>		Total
	At fair value through profit and loss		Measured at amortized cost	At fair value through the Comprehensive income statement	Measured at amortized cost	
	Initially	Subsequently				
Trade receivables	-	-	498,151	-	-	498,151
Other current assets	-	-	36,710	-	-	36,710
Other financial assets	2,791	-	-	-	-	2,791
Trade payables	-	-	-	-	(319,732)	(319,732)
Payables to banks	-	-	-	-	(39,584)	(39,584)
Current interest-bearing financial payables	-	-	-	-	(270,880)	(270,880)
Other current liabilities	-	-	-	-	(174,849)	(174,849)
Non-current interest-bearing financial payables	-	-	-	-	(572,667)	(572,667)
Other non-current liabilities	-	-	-	-	(46,587)	(46,587)
Total	2,791	-	534,861	-	(1,424,299)	(886,647)

(€/000)	<i>Financial assets at 31/12/2022</i>			<i>Financial liabilities at 31/12/2022</i>		Total
	At fair value through profit and loss		Measured at amortized cost	At fair value through the Comprehensive income statement	Measured at amortized cost	
	Initially	Subsequently				
Trade receivables	-	-	433,812	-	-	433,812
Other current assets	-	-	25,188	-	-	25,188
Other financial assets	2,961	-	-	-	-	2,961
Trade payables	-	-	-	-	(312,222)	(312,222)
Payables to banks	-	-	-	-	(30,928)	(30,928)
Current interest-bearing financial payables	-	-	-	-	(288,456)	(288,456)
Other current liabilities	-	-	-	-	(106,205)	(106,205)
Non-current interest-bearing financial payables	-	-	-	-	(580,675)	(580,675)
Other non-current liabilities	-	-	-	-	(76,745)	(76,745)
Total	2,961	-	459,000	-	(1,395,231)	(933,270)

12. Disputes, Contingent liabilities and Contingent assets

The Parent company and some of its subsidiaries are directly involved in lawsuits for limited amounts. The settlement of said lawsuits will not generate any significant liabilities for the Group that are not covered by the risk provisions already made. There are no substantial changes to report in relation to the disputes or contingent liabilities that were outstanding at 31 December 2022.

Attestation of the condensed half-year consolidated financial statements pursuant to art. 154 bis of Decree 58/98

1. The undersigned, Fulvio Montipò and Mauro Barani, respectively Executive Chairman and the Manager responsible for drafting the accounting documents of Interpump Group S.p.A., taking account of the provisions of art. 154-bis, paras. 3 and 4, of Decree 58 of 24 February 1998, hereby attest to:

- the adequacy in relation to the characteristics of the business, and
- the effective application

of the administrative and accounting procedures for the formation of the condensed half-year consolidated financial statements during 1H2023.

2. It is also confirmed that:

2.1 the condensed half-year consolidated financial statements of Interpump Group S.p.A. and its subsidiaries at 30 June 2023, which report consolidated total assets of € 3,277,432 thousand, consolidated net profit of € 168,454 thousand and consolidated shareholders' equity of € 1,703,936 thousand:

- were prepared in compliance with the international accounting standards endorsed by the European Commission pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002, and, in particular, with *IAS 34 - Interim Financial Reporting*, and the enabling regulations for art. 9 of Decree no. 38/2005;
- correspond to the results of the company books and accounting entries;
- are capable of providing a truthful and fair representation of the equity, economic and financial situation of the issuer and the group of companies included in the scope of consolidation;

2.2 the interim board of directors' report on operations contains references to the key events that occurred in the first six months of the year and their influence on the condensed half-year consolidated financial statements, together with a description of the main risks and uncertainties relating to the remaining months of the year and information on significant transactions conducted with related parties.

Sant'Ilario d'Enza (RE), 4 August 2023

Executive Chairman
Fulvio Montipò

Manager responsible for drafting
the accounting documents of the company
Mauro Barani



REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the shareholders of
Interpump Group SpA

Foreword

We have reviewed the consolidated condensed interim financial statements, comprising the consolidated statement of financial position, the consolidated income statements, the comprehensive consolidated income statements, the consolidated statement of changes in shareholders' equity, the consolidated cash flow statements and related illustrative notes of Interpump Group SpA and its subsidiaries (hereinafter also the "Interpump Group") as of 30 June 2023. The Directors are responsible for the preparation of the consolidated condensed interim financial statements in accordance with the international accounting standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of Review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No. 10867 of 31 July 1997. A review of consolidated condensed interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated condensed interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed interim financial statements of Interpump Group as of 30 June 2023 are not prepared, in all material respects, in accordance with the international accounting standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

PricewaterhouseCoopers SpA

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Other Matters

The consolidated financial statements as of and for the year ended 31 December 2022 and the consolidated condensed interim financial statements for the period ended 30 June 2022 were audited and reviewed by other auditors, who expressed, respectively, an unmodified opinion on 30 March 2022 and an unmodified conclusion on 2 August 2022.

Parma, 4 August 2023

PricewaterhouseCoopers SpA

Signed by

Nicola Madureri
(Partner)

This review report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.