Annual Financial Report
at 31 December 2022

INTERPUMP GROUP

Contents

Board of Directors

Fulvio Montipò
Chairman and Chief Executive Officer

Giovanni Tamburi (b)
Deputy Chairman

Fabio Marasi
Executive Director

Claudio Berretti
Non-Executive Director

Angelo Busani (a) (c)
Independent Director

Antonia Di Bella
Independent Director

Marcello Margotto (b)
Independent Director
Lead Independent Director

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

Stefania Petruccioli
Independent Director

Paola Tagliavini (a) (c)
Independent Director

Board of Statutory Auditors

Anna Maria Allievi
Chairman

Roberta De Simone
Statutory Auditor

Mario Tagliaferri
Statutory Auditor

Independent Auditors

EY S.p.A.

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

2022 Board of Directors' Report

Financial Highlights of the Interpump Group

	31/12/2022 (€/000)	31/12/2021 (€/000)	31/12/2020 (€/000)	31/12/2019 (€/000)	31/12/2018 (€/000)
Consolidated revenues	2,077,964	1,604,255	1,294,363	1,368,618	1,279,167
Foreign revenues	84%	83%	85%	84%	83%
EBITDA	492,337	379,757	294,055	317,890	288,519
EBITDA %	23.7%	23.7%	22.7%	23.2%	22.6%
EBIT (Operating profit)	384,004	295,048	207,659	247,214	236,549
EBIT %	18.5%	18.4%	16.0%	18.1%	18.5%
Consolidated net profit	269,749	198,519	173,271	180,602	173,862
Free cash flow	51,100	133,800	203,769	124,824	82,183
Net indebtedness [(a)]	604,596	572,718	332,186	425,100	331,866
Consolidated shareholders' equity	1,566,110	1,339,664	1,149,977	1,055,074	868,905
Net indebtedness / EBITDA	1.23	1.51	1.13	1.17	1.15
Net capital expenditure (Capex)	129,479	106,726	61,395	73,654	68,185
Average headcount	8,721	8,433	7,415	6,921	6,472
ROE	17.2%	14.8%	15.1%	17.1%	20.0%
ROCE	17.7%	15.4%	14.0%	16.7%	19.7%
EPS - EUR	2.524	1.836	1.596	1.699	1.619
Dividend per share - EUR	0.300	0.280	0.260	0.250	0.220

ROE: Consolidated net profit / Consolidated shareholders' equity

ROCE: Consolidated operating profit / (Consolidated shareholders' equity + Net indebtedness)

Dividends refer to the year of formation of the distributed profit.

[(a)] Inclusive of the debt related to the acquisition of investments.

	31/12/2017	31/12/2016	31/12/2015	31/12/2014	31/12/2013
	(€/000)	(€/000)	(€/000)	(€/000)	(€/000)
Consolidated revenues	1,086,547	922,818	894,928	671,999	556,513
Foreign revenues	82%	83%	85%	86%	86%
EBITDA	248,648	198,502	180,258	136,106	105,173
EBITDA %	22.9%	21.5%	20.1%	20.3%	18.9%
EBIT (Operating profit)	198,912	153,533	136,896	104,367	79,334
EBIT %	18.3%	16.6%	15.3%	15.5%	14.3%
Consolidated net profit	135,723	94,473	118,306	57,742	44,087
Free cash flow	93,552	89,947	85,246	38,290	34,282
Net indebtedness [(a)]	323,808	300,024	278,196	226,044	121,384
Consolidated shareholders' equity	764,729	677,538	622,628	466,550	432,949
Net indebtedness / EBITDA	1.30	1.51	1.54	1.66	1.15
Net capital expenditure (Capex)	47,812	36,527	28,863	34,142	29,278
Average headcount	5,750	5,016	4,830	3,575	2,998
ROE	17.7%	13.9%	19.0%	12.4%	10.2%
ROCE	18.3%	15.7%	15.2%	15.1%	14.3%
EPS - EUR	1.257	0.884	1.101	0.541	0.413
Dividend per share - EUR	0.210	0.200	0.190	0.180	0.170

KEY EVENTS OF 2022

After two difficult years due to the Covid-19 pandemic, the markets were supported by the relaxation of restrictions in most economies. This contributed to an upturn in consumption, with particularly good results during the first part of 2022. Major help also came from government- and EU-funded support and relaunch measures including those set out in, respectively, the National Recovery and Resilience Plan (PNRR) and the NextGenerationEU plan (NGEU).

There was a gradual return to normality as a result, but uncertainties nevertheless clouded the global economy and the first signs of a slowdown appeared, with growth expectations slipping away as the months progressed.

Initial adversities linked to the difficulty of sourcing raw materials and labor, as well as to bottlenecks in the productive supply chains, were compounded from February by the effects of the Russia-Ukraine war. This immediately created an extremely serious humanitarian crisis for the populations involved, followed by an economic-financial shock of global proportions. Continuation of the conflict has heightened the indirect effects on the entire economic system, causing rises in commodity prices, interest rates and inflation rates, with uncontrolled effects on the supply chain, including supply breakdowns, and on the competitive situation.
In this regard, the exposure of the Group to the countries directly involved in the conflict is limited. Specifically, €19.8m was invoiced to customers in Russia, Belarus and Ukraine during 2022 €28.4m in 2021), with outstanding receivables at 31 December 2022 of €1.7m (€2.8m at 31 December 2021).

In a macroeconomic context, a strong and lasting spike in prices was initially fueled by strong demand following the crisis caused by the Covid-19 pandemic, and then by the start of the Russia-Ukraine war, when the supply-side suffered yet another shock. Operator confidence collapsed as a result, penalizing the investment decisions of businesses and the consumption plans of households.

The rise in inflation prompted the principal central banks to change course, by starting to apply more restrictive monetary policies. While interest rates remained essentially stable during the first half of 2022, the second semester was marked by regular increases by the U.S. Federal Reserve Bank (FED) and the European Central Bank (ECB).

In particular, the ECB raised rates four times during the second half to reach 2.5%, while the FED - after an initial hike in the first semester - continued its restrictive policy with further increases during the second, to close the year at 4.5%.

Both central banks also revised their GDP forecasts: just under 3% for the Euro area and just under 2% for the United States, considering an expected annual inflation rate of 6.8% in Europe at year end, and 5.2% in the United States.

Albeit with some signs of a slowdown, inflation remains significant and, pushed by the prices of energy commodities, further conditions the international situation, already affected by considerable uncertainty about the outcome of the Russia-Ukraine conflict and by the impact of the restrictive monetary policies adopted by the principal countries. These elements are keeping the world economy in check, with a slowdown forecast for the next two years. Indeed, the European Commission has lowered its estimates for global GDP growth for the two-year period 2022-2023 (to respectively +3.1% and +2.5%).

Turning to the currency markets, the Euro depreciated against the US dollar during the year (from 1.13 to 1.07), due to the relatively more restrictive monetary policy over there and to the greater vulnerability of the Euro area to the consequences of the war.

Against this troubled macroeconomic background, a further adversity for the Group was added during the year. In particular, a fire broke out on 12 May 2022 at the principal plant of IMM Hydro Est, which produces small and medium-sized hydraulic pipes. While the damage was massive, fortunately no-one inside or outside this subsidiary was involved in the blaze. The fire destroyed a major part of the building and the productive plant, as well as the finished products and raw materials (mixes and threads) that were stored there. The results for the year were therefore adversely influenced by the writedown of fixed assets by €4.6m and inventory losses of €1.6m. The insurance policies arranged by the Group cover the direct and indirect losses deriving from this event and, at 31 December 2022, an advance of €4m against the direct losses incurred is reflected in the financial statements. This amount was collected in October. In response to this adversity, the Group promptly introduced a short-term plan designed to mitigate the loss of production in Romania, by simultaneously reactivating and re-equipping the Atessa plant that was put on sale in December 2021, and expanding production at the Ascoli Satriano plant. Clearance of the plant in Romania began in June, with removal of all the damaged structures and the productive plant beneath them. In the meantime, as planned, work has started on reconstruction of the plant, with completion scheduled for mid-2023. The strategic plan implemented for the recovery of production has enabled the Group to contain the amount of lost sales in 2022.

Despite this complex micro and macroeconomic picture, the Interpump Group has continued to generate excellent results in terms of both revenues and margins, not least due to an ability to implement timely strategies. With regard to management of the inflationary pressures on raw material prices and energy costs, appropriate countermeasures were adopted from their early onset in autumn 2021. Action focused on pricing policies, the continuity and saturation of production capacity, and the constant control of indirect costs. As a consequence, the Group has been able to maintain the very high margins normally achieved.

Revenues reached €2,078m, up by 29.5% compared with 2021 when they totaled €1,604.3m. Analysis by business sector shows that sales in the Hydraulic Sector rose by 35.9% with respect to 2021, while those in the Water-Jetting Sector grew by 14.1%.

EBITDA was €492.3m (23.7% of revenues). In 2021 EBITDA was €379.8m (23.7% of revenues), so 29.6% growth was achieved.

Net profit totaled €269.7m in 2022 (€198.5m in 2021), reflecting growth of 35.9%.

Given the procurement difficulties generated by the unusual market conditions, the Group maintained high inventory levels throughout the second semester, consistent with the policy first adopted in the prior year, in order to satisfy growing customer demand and improve constantly the guaranteed service levels. For this reason and due to the major investment program that was previously planned and implemented, the free cash flow generated during 2022 totaled €51.1m, compared with €133.8m in 2021.

The closing net financial position totaled €541.8m (€494.9m at 31 December 2021), primarily after spending €94.8m on treasury shares, paying dividends of €31.2m and, lastly, investing €43.0m to acquire equity investments and residual minority interests.

Draintech S.r.l., acquired on 11 April 2022, was consolidated for 7 months in 2022, and Eurofluid Hydraulic S.r.l., acquired on 20 October 2022, was consolidated for 2 months, as discussed in more detail later.
Compared with 2021, the Hydraulic Sector consolidated a number of additional companies for a full 12 months in 2022: the three White Drive companies acquired in October 2021 and Berma S.r.l., which was acquired in November 2021 and absorbed by Reggiana Riduttori with effect from 1 January 2022.

Via Interpump Hydraulics S.p.A., Interpump Group acquired 80% of Eurofluid Hydraulic S.r.l. on 20 October 2022. This company, founded in 1994 and based on Borzano di Albinea (RE), specializes in the manufacture of high-end hydraulic blocks, offering both standard production and customizations to meet customer requirements. Eurofluid employs over 90 persons and 2022 turnover is expected to be about €28m, with an EBITDA margin in excess of 20%.
The value of this equity interest was agreed to be €26.4m and “put and call” mechanisms have been defined, with a set price, so that the counterparties can purchase and sell the remaining 20% from April 2026.
The previous owners will remain involved in the activities of the company.

The Board of Directors of Interpump Group S.p.A. approved the ESG Plan 2023-2025 on 5 October 2022. Twenty actions are planned, seven environmental, seven social and six governance, to be completed during the three-year period 2023-2025, except for one objective due to be achieved in 2027. 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 will support attainment by the Group of its decarbonization goals 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. Over the reference period, Plan is expected to require an investment of about €10m, including about €3m in additional operating costs incurred to extend the ISO 45001 certifications and deliver non-mandatory training. Achievement of the Plan objectives and the remuneration of top management will also be correlated more strongly.

Group Structure

as at 31/12/2022

all holdings 100% unless otherwise specified

Interpump Group SpA

WATER-JETTING

- Inoxihp (52.72%)
- Servizi Industriali Srl (80%)
- Pioli Srl
- Sit SpA (80%)
- Teknova Srl ✖
- **NLB Corporation Inc.**
  - NLB Poland ✖
- **GP Companies Inc.**
  - General Pump China !
- **Hammelmann GmbH**
  - Hammelmann Corporation Inc.
  - Hammelmann Australia Pty Ltd
  - Hammelmann Pumps Systems Co. Ltd (90%)
  - Hammelmann S.L.
  - Hammelmann France SARL
  - Hammelmann Swiss GmbH
  - Hammelmann Vostok (99.9%) ! (remaining 0.1% held by Interpump Hydraulics RUS)
  - **GS-Hydro HK Ltd.**
    - GS-Hydro Piping Systems (Shanghai) Co. Ltd.
- **Inoxpa S.A.**
  - Inoxpa India Private
  - Inoxpa Solutions France
  - Inoxpa Solution Portugal Lda
  - Inoxpa (UK) Ltd
  - Inoxpa Solutions Moldova (66.67%)
  - Inoxpa Colombia SAS (83.29%)
  - Inoxpa Italia S.r.l.
  - Inoxpa Skandinavien A/S
  - Inoxpa South Africa Proprietary Ltd
  - Inoxpa Special Processing Equipment Co. Ltd
  - Inoxpa Ukraine
  - Inoxpa USA Inc
  - LTD Inoxpa (70%)
  - Inoxpa México (99%) (remaining 1% held by Inoxpa Italia S.r.l.)

HYDRAULICS

- **Interpump Hydraulics SpA**
  - Oleodinamica Panni Srl
  - Hydroven Srl
  - Hydrocar Chile S.A. (90%)
  - Wuxi Interpump Weifu Hydr. Company Ltd (65%)
  - Interpump Hydraulics India Ltd
  - Interpump Hydraulics Middle East FZE
  - Interpump Hydraulics France Sarl (99.77%)
  - Interpump South Africa Pty Ltd
  - Interpump Hydraulics RUS !
  - Interpump Hydraulics Peru Sac (90%) !
  - Interpump Hydraulics Brasil Ltda
  - Eurofluid Hydraulic S.r.l. (80%)
  - **Contarini Leopoldo Srl**
    - Unidró Contarini Sas
    - Copa Hydrosistem Ood
  - **Interpump Hydraulics (UK) Ltd**
    - Mega Pacific Pty Ltd
    - Mega Pacific NZ Pty Ltd
    - IMM Hydraulics Ltd ✖
    - Bristol Hose Ltd ✖
  - **Muncie Inc.**
    - American Mobile Power Inc.
    - Hydra Dyne Technology Inc. (75%)
    - GS-Hydro U.S. Inc.
  - **I.M.M. Hydraulics SpA**
    - Interpump Fluid Solutions Germany GmbH
    - FGA Srl
    - IMM Hydro Est
    - Hypress Francia Sarl
    - Tekno Tubi Srl
    - Gummi Tech Srl
- **Walvoil SpA (65%)** (remaining 35% held by Interpump Hydraulics SpA)
  - Walvoil Fluid Power Corporation
  - Walvoil Fluid Power Korea Llc
  - Walvoil Fluid Power (India) Pvt. Ltd (99.97%) (remaining 0.03% held by Interpump Hydraulics India Ltd)
  - Walvoil Fluid Power France Sarl
  - Walvoil Fluid Power Australasia
  - Galtech Canada Inc.
  - Walvoil Fluid Power (Dongguan) Co. Ltd
  - White Drive Motors and Steering Sp. ZOO
  - White Drive Motors and Steering LLC
  - White Drive Motors and Steering GmbH
- Tubiflex SpA
- **Interpump Piping GS Srl**
  - GS-Hydro AB
  - GS-Hydro Denmark AS
  - GS-Hydro UK Ltd
  - GS-Hydro System GmbH
  - GS-Hydro Sp ZOO
  - GS-Hydro Austria GmbH
  - **GS-Hydro S.A.U.**
    - Suministros Franquesa S.A.
  - GS-Hydro Benelux B.V.
  - GS-Hydro Korea Ltd.
  - GS-Hydro Singapore Pte Ltd.
  - GS-Hydro do Brasil S.H. Ltda
- **Transtecno Srl (80%)**
  - Draintech S.r.l. (80%)
  - **Transtecno BV (51%)**
    - Transtecno Aandrijftechniek BV (51%)
  - Transtecno Iberica (50,4%)
  - **MA Transtecno SAPI de C.V. (50.4%)**
    - Transtecno USA LLC ✖
  - Hangzhou Transtecno Power Transmissions (72%)
  - Benmec Srl !
- **Reggiana Riduttori Srl**
  - RR India Pvt. Ltd. (99.99%)
  - RR Pacific PTY Ltd.
  - RR Slovakia A.S.
  - RR USA Inc.
  - RR Canada Inc.
  - Reggiana Riduttori (Suzhou) Co. Ltd.
  - RR Holland BV
  - RR France Sarl (95%)

! Not consolidated line-by-line

✖ Dormant, being wound up, or otherwise inactive

ALTERNATIVE PERFORMANCE MEASURES

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 measures are also tools that can 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. The measures in question refer only to performance in the accounting period illustrated in this Annual Financial Report and the periods placed in comparison with it, and not to the expected performance and they must not be considered to replace the indicators provided by the reference accounting standards (IFRS). Finally, the alternative measures are processed continuously and with uniformity of definition and representation for all the periods for which financial information is included in this Annual Financial 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**: 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 / Capital employed;
- **Return on equity (ROE)**: Net profit / 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, in fact, complies with the internal reporting and business management methods.

The cash flow statement was prepared using the indirect method.

Consolidated income statement

(€/000)	*2022*	*2021*
Revenues	**2,077,964**	**1,604,255**
Cost of sales	(1,353,451)	(1,029,564)
Gross industrial margin	**724,513**	**574,691**
% of revenues	*34.9%*	*35.8%*
Other operating income	42,703	25,283
Distribution expenses	(158,047)	(127,471)
General and administrative expenses	(198,277)	(166,394)
Other operating costs	(26,888)	(11,061)
EBIT	**384,004**	**295,048**
% of revenues	*18.5%*	*18.4%*
Financial income	31,887	14,578
Financial charges	(47,447)	(34,408)
Equity method contribution	235	283
Profit for the year before taxes	**368,679**	**275,501**
Income taxes	(98,930)	(76,982)
Consolidated profit for the year	**269,749**	**198,519**
% of revenues	*13.0%*	*12.4%*
Attributable to:		
Shareholders of Parent	266,497	195,882
Minority shareholders of subsidiaries	3,252	2,637
Consolidated profit for the year	**269,749**	**198,519**
EBITDA	**492,337**	**379,757**
% of revenues	*23.7%*	*23.7%*
Shareholders' equity	1,566,110	1,339,664
Net financial position	541,784	494,924
Debts for the acquisition of equity investments	62,812	77,794
Capital employed	2,170,706	1,912,382
ROCE	**17.7%**	**15.4%**
ROE	**17.2%**	**14.8%**
Basic earnings per share	**2.524**	**1.836**

REVENUES

Revenues in 2022 totaled €2,078.0m, up by 29.5% from €1,604.3m in 2021 (+18.1% at unchanged perimeter and +13.7% net also of exchange differences).

Turnover by business sector and geographical area were as follows:

(€/000)	Italy	Europe (Italy excluded)	North America	Far East and Pacific Area	Rest of the World	Total
2022						
Hydraulics	281,502	558,010	409,417	165,248	127,446	1,541,623
Water-Jetting	53,547	180,258	191,851	63,211	47,474	536,341
Total	335,049	738,268	601,268	228,459	174,920	2,077,964
2021						
Hydraulics	221,793	412,241	262,361	134,738	102,999	1,134,132
Water-Jetting	48,929	167,552	155,996	62,935	34,711	470,123
Total	270,722	579,793	418,357	197,673	137,710	1,604,255
2022/2021 percentage changes						
Hydraulics	+26.9%	+35.4%	+56.1%	+22.6%	23.7%	+35.9%
Water-Jetting	+9.4%	+7.6%	+23.0%	+0.4%	+36.8%	+14.1%
Total	+23.8%	+27.3%	+43.7%	+15.6%	+27.0%	+29.5%
2022/2021 at unchanged perimeter (%)						
Hydraulics	+19.9%	+16.0%	+28.1%	+14.6%	+19.8%	+19.7%
Water-Jetting	+9.5%	+7.6%	+23.0%	+0.4%	+36.8%	+14.1%
Total	+18.0%	+13.5%	+26.2%	+10.1%	+24.1%	+18.1%

PROFITABILITY

The cost of sales accounted for 65.1% of turnover (64.2% in 2021). Production costs totaled €541.9m (€412.0m in 2021, which however did not include the costs of Draintech S.r.l. or Eurofluid Hydraulic S.r.l., the costs of the White Drive companies for 9 months or the costs of Berma for 10 months), accounting for 26.1% of revenues (25.7% in 2021). The purchase cost of raw materials and components sourced on the market, including the change in inventories, was €811.6m (€617.6m in 2021, which however did not include the costs of Draintech S.r.l. or Eurofluid Hydraulic S.r.l., the costs of the White Drive companies for 9 months or the costs of Berma for 10 months). The incidence of purchase costs, including the change in inventories, was 39.1% (38.5% in 2021).

At unchanged perimeter, distribution expenses rose by 17.3% with respect to 2021, but their percentage incidence on revenues was unchanged.

Also at unchanged perimeter, general and administrative expenses rose by 11.6% with respect to 2021, while their incidence on revenues was 0.6 percentage points lower.

Total payroll costs were €423.3m (€353.4m in 2021, which however did not include the costs of Draintech S.r.l. or Eurofluid Hydraulic S.r.l., the costs of the White Drive companies for 9 months or the costs of Berma for 10 months). At unchanged perimeter, payroll costs amounted to €387.6m, up by 9.7% due to a 6.1% rise in per capita cost and an increase in the average headcount by 280 employees. The total number of Group employees in 2022 averaged 8,721 (8,713 at unchanged perimeter) compared to 8,433 in 2021. The change in average headcount, net of the personnel of the newly-acquired companies, breaks down as follows: minus 163 in Europe, plus 70 in the US and plus 55 in the Rest of the World. In addition, the Group employed 1,609 temporary workers during the year (1,111 in 2021) at a cost of €40.3m (€25.6m in 2021).

EBITDA totaled €492.3m (23.7% of revenues) compared with €379.8m (also 23.7% of revenues) in 2021, reflecting a 29.6% increase. The following table sets out EBITDA by business sector:

	2022 €/000	*% on total revenues**	*2021 €/000*	*% on total revenues**	*Increase/ Decrease*
Hydraulics	337,473	21.8%	246,913	21.7%	+36.7%
Water-Jetting	154,864	28.7%	132,844	28.0%	+16.6%
Total	***492,337***	***23.7%***	***379,757***	***23.7%***	***+29.6%***

* = 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 4 in the explanatory notes). Accordingly, for consistency, the percentage is calculated on total revenues rather than on those reported previously.

EBIT amounted to €384.0m (18.5% of revenues) compared with €295.0m in 2021 (18.4% of revenues), up by 30.1%.

The brilliant results of the subsidiaries resulted in remeasurement of the put options for the purchase of minority interests in subsidiaries and, consequently, the recognition of financial charges totaling €7.5m that had an adverse effect on net profit for the year.

The tax rate for the year was 26.8% (27.9% in 2021).

Several Group companies revalued their trademarks in 2021 pursuant to Decree 104 dated 14 August 2020, as enacted by Law 126 dated 13 October 2020. This law was subsequently amended on 23 December 2021, to change the timing of tax deductions. Net of this one-off effect, the tax rate for 2021 would have been 26.4%.

Net profit for 2022 was €269.7m (€198.5m in 2021) reflecting an increase of 35.9%.

Basic earnings per share were 2.524 euro (1.836 euro in 2021).

CASH FLOW

The change in net financial position breaks down as follows:

	2022 *€/000*	*2021* *€/000*
Opening net financial position	**(494,924)**	**(269,500)**
Adjustment: opening net financial position of companies not consolidated line by line at the end of the prior year	-	(161)
Adjusted opening net financial position	**(494,924)**	**(269,661)**
Cash flows from operating activities	395,800	317,793
Principal portion of finance lease installments (IFRS 16)	(25,915)	(18,971)
Cash flow generated (absorbed) by the management of commercial working capital	(195,122)	(63,226)
Cash flow generated (absorbed) by other current assets and liabilities	3,194	2,662
Capital expenditure on property, plant and equipment	(125,410)	(101,869)
Proceeds from the sale of tangible fixed assets	3,086	2,284
Increase in intangible assets	(7,155)	(7,141)
Financial income received	1,056	627
Other	1,566	1,641
Free cash flow	***51,100***	***133,800***
Purchase of investments, including received debt and net of treasury shares assigned	(43,041)	(321,362)
Dividends paid	(31,239)	(29,536)
Disbursements for purchase of treasury shares	(94,793)	(22,397)
Proceeds from the sale of treasury shares to stock option beneficiaries	63,027	714
Principal portion of finance lease installments (IFRS 16)	25,915	18,971
Principal portion of new leasing contracts arranged (IFRS 16)	(16,446)	(9,320)
Remeasurement and early close-out of leasing contracts (IFRS 16)	(635)	1,156
Change in other financial assets	(36)	(18)
Net cash generated (used)	***(46,148)***	***(227,992)***
Exchange differences	(712)	2,729
Closing net financial position	**(541,784)**	**(494,924)**

The net cash flow generated from operating activities was €395.8m (€317.8m in 2021), with growth of 24.5%. Free cash flow was €51.1m (€133.8m in 2021). The reduction mainly reflects the increase in working capital and higher investment. As mentioned, the increase in working capital is a phenomenon linked to the rise in sales; however, at this specific moment in time, it also reflects a decision made by the Group to tackle the shortage of raw materials and the volatility in their prices. The rise in investment is consistent with the ongoing process of expanding productive capacity, as that part of the growth strategy implemented over a longer time horizon.

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

	31/12/2022	31/12/2021	01/01/2021
	€/000	€/000	€/000
Cash and cash equivalents	358,275	349,015	343,170
Payables to banks (advances and STC amounts)	(30,928)	(7,760)	(10,592)
Interest-bearing financial payables (current portion)	(288,456)	(232,213)	(181,603)
Interest-bearing financial payables (non-current portion)	(580,675)	(603,966)	(420,475)
Net financial position	*(541,784)*	*(494,924)*	*(269,500)*
Commitments for the acquisition of investments	(62,812)	(77,794)	(62,686)
Total net indebtedness	**(604,596)**	**(572,718)**	**(332,186)**

The Net indebtedness/EBITDA ratio of 1.23 is lower than last year (1.51), partly due to the contribution made to EBITDA by the White Drive business for the full year.

GROUP STATEMENT OF FINANCIAL POSITION

Capital employed increased from €1,912.4m at 31 December 2021 to €2,170.7m at 31 December 2022, principally due to consolidation of the new companies acquired and the increase in working capital. This was mainly a result of the need to build inventories in order to service the economic recovery, as well as the additional investment in productive capacity carried out during 2022. ROCE was 17.7% (15.4% in 2021). ROE was 17.2% (14.8% in 2021). The statement of financial position is analyzed below in terms of the sources and applications of funds:

	31/12/2022 (€/000)	*%*	*31/12/2021 (€/000)*[1]	*%*
Trade receivables	433,812		361,913	
Net inventories	683,819		515,958	
Other current assets	80,407		*71,361*	
Trade payables	(312,222)		(285,212)	
Current taxes payable	(60,662)		(34,669)	
Current portion of provisions for risks and charges	(13,329)		(4,694)	
Other current liabilities	(110,709)		(90,448)	
Net working capital	**701,116**	**32.3**	***534,209***	***27.9***
Net intangible and tangible fixed assets	681,095		*629,773*	
Goodwill	754,944		*734,697*	
Other financial fixed assets	61,863		44,212	
Other non-current assets	76,844		70,418	
Liabilities for employee benefits	(20,088)		(23,937)	
Non-current portion of provisions for risks and charges	(12,989)		(13,028)	
Other non-current liabilities	(72,079)		*(63,962)*	
Total net fixed assets	**1,469,590**	**67.7**	**1,378,173**	***72.0***
Total capital employed	**2,170,706**	**100**	**1,912,382**	***100***

[1] *Comparative 2021 data restated to reflect the changes made on definitive allocation of the purchase price of White Drive, as required by para. 49 of IFRS 3. Further information is provided in note 5 to the consolidated financial statements on "Business combinations".*

	31/12/2022 (€/000)	*%*	*31/12/2021 (€/000)*	*%*
Financed by:				
Group shareholders' equity	1,553,548		1,328,199	
Minority interests	12,562		11,465	
Total shareholders' equity	**1,566,110**	**72.2**	**1,339,664**	**70.0**
Cash and cash equivalents	(358,275)		(349,015)	
Payables to banks	30,928		7,760	
Interest-bearing financial payables (current portion)	288,456		232,213	
Debts for the acquisition of equity investments (current portion)	844		26,299	
Total current financial payables (liquid funds)	**(38,047)**	**-1.8**	**(82,743)**	**-4.3**
Interest-bearing financial payables (non-current portion)	580,675		603,966	
Debts for the acquisition of equity investments (non-current portion)	61,968		51,495	
Total non-current financial payables	**642,643**	**29.6**	**655,461**	**34.3**
Total sources of financing	**2,170,706**	**100**	**1,912,382**	**100**

Interpump Group's equity structure is balanced, with a leverage index of 0.39 (0.43 at 31 December 2021). The leverage index is calculated as the ratio between the short and medium/long-term financial payables and shareholders' equity inclusive of minority interests.

CAPITAL EXPENDITURE

Expenditure on property, plant and machinery totaled €157.7m, of which €8.8m through the acquisition of investments (€209.5m in 2021, of which €84.8m through the acquisition of investments). The additions during the year are analyzed in the following table:

€/000	*2022*	*2021*
Increases for the purchase of fixed assets used in the production process	127,510	106,509
Increases for machinery rented to customers	4,927	8,839
Leased assets	16,446	9,320
	148,883	124,668
Increases through the acquisition of equity investments	8,781	84,815
Total increases in the year	157,664	209,483

The increases in 2022 include €48.4m invested in land and buildings (€46.6m in 2021).

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

Increases in intangible assets totaled €8.4m, of which €1.1m through the acquisition of equity investments (*€24.3m* in 2021, including *€17.0m* through the acquisition of equity investments - *restated data*).

The increase in 2022 includes €16.1m representing the fair value of the trademark obtained by acquiring the three White Drive companies. The value of the White Drive trademark has been recognized in 2022, as the information needed for its measurement was not available in 2021, when that Group was acquired; as a consequence, the related PPA has been revised.

RESEARCH, DEVELOPMENT AND DESIGN WORK

The Group considers research and development activities as one of the main factors of success and a source of competitive advantage on international markets. Once again, the Group invested heavily during 2022 to place new product ranges on the market, optimize and customize existing products, and develop new technological and circuit solutions. In particular, the design and development of new high pressure pumps and related accessories for the Water-Jetting Sector is carried out by the parent company Interpump Group S.p.A. Five projects were completed in 2022, of which two related to new pump versions and to mechanical components for high and very high pressure pumps for the food processing and pharmaceuticals industries. In addition, work commenced on eight new projects. Development activities concerning new very high pressure pumps and systems for the Water-Jetting sector are instead carried out by Hammelmann and Inoxihp. In 2022, Hammelmann completed five new projects relating to very high pressure pumps, systems and new accessories.

R&D activities in the Hydraulic Sector are also carried out by Walvoil, Interpump Hydraulics, IMM and White Drive. 2022 saw the development of new power take-offs, valves and electro-valves, servo controls, hoses, fittings and other hydraulic components offering higher quality and performance than currently available, as well as work on the development of electro-hydraulic steering systems.

Group strategy over the next few years is to continue with high levels of expenditure in the area of research and development in order to assure renewed impetus to structured growth. Research costs have been capitalized in accordance with their multi-annual usefulness. Product development costs capitalized in 2022 amounted to €2,348k (€2,367k in 2021), while the costs for design personnel charged to the income statement totaled €31,653k (€27,713k in 2021).

SUSTAINABILITY AND GROUP VALUES

In the context of its business activities and with a view to the constant improvement of its long-term business strategies, the Group has always sought to recognize sustainability as a key factor in the creation of value, both internally and for the community and the environment, having regard for the real differences in each country where Group companies operate. Accordingly, on 5 October 2022 the Board of Directors approved the ESG Strategic Plan for the three-year period 2023-2025, which sets out the ambitions and commitments identified by the Group to assure sustainable economic growth over the long term, via the inclusion of twenty actions covering the environmental, social and governance areas. With particular reference to the environmental aspects, these actions provide a starting point for developing a strategy to attain the 2030-2050 decarbonization goals.
The Board of Directors is responsible for the strategic leadership of Corporate Social Responsibility matters within the Group, with investigative assistance from the Audit, Risks and Sustainability Committee ("ARSC"), while the Governors are responsible for the operational implementation of individual initiatives.
The Group drawn inspiration from and has adopted the OECD Guidelines for multinational enterprises and the United Nations Guiding principles for business and human rights, as well as the International Labour Organization (ILO) conventions.

In addition to the compliance regulation mentioned above, over the years the Group has prepared a set of internal policies, communicated to all subsidiaries and updated periodically, comprising:

- the Code of Ethics;
- the Global Compliance Program (GCP) covering anti-corruption, occupational health and safety, the environment and human rights;
- the Organization, Management and Control Model pursuant to Decree 231/2001 (231 Model), which includes a Whistleblowing policy for the management of concerns and allegedly improper or unlawful business conduct.

Code of Ethics

The Code of Ethics collects and summarizes the principles of conduct and the ethical values that must be accepted and agreed by all collaborators. These include the principles of impartiality, honesty, professional ethics and respect for diversity. This Code is adopted by all Group companies, having due regard for the different cultural and social realities in all the geographical areas where they operate.

During 2022, the Group updated the Code of Ethics in order to embed the sustainability principles and commitments accepted on approval of the strategic ESG Plan 2023-2025. This update was also disseminated to all Group companies. In particular, the updated version places greater emphasis on such fundamental criteria as sustainable development, the protection of human and workers' rights, energy saving, the reduction of environmental impacts, the training of employees and corporate social responsibility, via dialog with and the direct involvement of all stakeholders.

Global Compliance Program

The Group has established a preventive Global Compliance Program (GCP) containing guidelines for conduct, in order to disseminate throughout the Group a culture for the conduct of business based on ethics and corporate social responsibility, as well as respect for the principle of legality. Adoption of the GDP is mandatory and implementation is binding for all Group companies.

The Anti-corruption guidelines comprise a set of rules designed to prevent the risk of engagement in corrupt practices by the collaborators of Group companies. These Guidelines promote the principle of zero tolerance for all forms of corruption, and support full and unconditional compliance with the related domestic and international laws and standards.

The OHS and environmental guidelines promote responsible behavior, stimulating the continuous improvement of health and safety conditions in the workplace. These Guidelines give all Group companies a set of rules and minimum measures designed to protect workers and minimize the impacts of Group activities on the environment and surrounding landscapes.

The human rights guidelines promote the protection of human and workers' rights, establishing instructions and rules of conduct designed to prevent all forms of discriminatory practice, including those based on personal circumstances, and combat the exploitation of workers and child labor. These Guidelines strongly support the principles of dignity, freedom and equality, as well as the safeguarding of working conditions and union rights.

Organization, Management and Control Model (231 Model)

Interpump Group S.p.A. adopted an Organizational, Management and Control Model pursuant to Decree 231/2001 (hereinafter the "231 Model") on 22 January 2004. This has been updated subsequently including, most recently, on 19 March 2021. After careful assessment of the risk of committing offenses specified in the Decree, the 231 Model has also been implemented by other Italian companies within the Group that, in consideration of their size and organizational complexity, have a higher level of relative risk with respect to those offenses.

The 231 Model comprises a general part, describing the risk profile of the company concerned, the reference regulations and the underlying principles, and special parts detailing the specific types of offense that might be committed having regard for its profile and activities, as well as the procedures and control activities implemented to prevent and monitor the risk of committing offenses. The 231 Model also details the Disciplinary System adopted to penalize failures to comply with the measures specified in the Model, the Code of Ethics and the Whistleblowing policy.
In particular, the Whistleblowing policy governs the channels used to communicate and report any infringements of the 231 Model, the Code of Ethics and other internal regulations and/or laws; these channels guarantee the privacy of the reporter and the confidentiality of the information, as well as the acceptance of reports, even if made anonymously, on condition that they are factual and detailed.

Management systems
In order to guarantee enhanced supervision and the control of risks, certain Group companies have adopted internal management systems certified by international bodies.

In particular, with reference to the quality-related topic, a number of companies have adopted and implemented quality management systems certified pursuant to UNI EN ISO 9001 - Quality management systems, while some plants are certified pursuant to UNI ISO/TS 16969:2009.
Certain companies have obtained international UNI EN ISO 14001:2004 certification for their environmental management systems and, in some cases, have commenced the update process in order to comply with the new requirements of standard UNI EN ISO 14001:2015.
Some companies have adopted safety management systems in accordance with international standard UNI EN ISO 45001:2019.

EXPOSURE TO RISKS, UNCERTAINTIES AND FINANCIAL RISK FACTORS

The Group is exposed to the normal risks and uncertainties of any business activity. The markets in which the Group operates are world niche markets in many cases, with limited dimensions and few significant competitors. These characteristics represent a significant barrier to entry by new competitors, given the major benefits of economies of scale and the doubtful economic returns available to potential competitors. The Interpump Group enjoys a position of world leadership in the fields of high and very-high pressure pumps and power take-offs: these positions accentuate the risks and uncertainties of the business venture.

The following is an illustration of the financial risk factors to which the Group is exposed:

(a) Market risks

(i) Exchange rate risk
The Group has subsidiaries in 34 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. However the Group is also exposed, to a lesser extent, to the exchange rate risk originating from revenues denominated in currencies other than those in which the related costs were incurred.

In order to manage exchange rate risk generated by forecasts of future commercial transactions stated in a currency other than the Group's functional currency (euro), Group companies can use plain vanilla forward contracts or purchase options, when deemed appropriate. The counterparties of these contracts are primary international financial institutions with high ratings.

In particular, the Group is exposed in US dollars for the revenues earned from its US subsidiaries and, to a lesser extent, for those earned from third-party customers. The Group also has limited exposures that are mainly denominated in Australian dollars, Canadian dollars, Chinese renminbi, Brazilian reals, Indian rupees, Romanian leu, Korean won, Russian rubles, Danish kroner, Swedish kronas, UK Sterling and Polish zloty, principally relating to commercial transactions between Group companies. It is current Group policy not to hedge recurring commercial transactions, taking out exchange risk hedges only in the event of those that are non-recurring, either in terms of amount or of the frequency with which they occur.

In relation to financial exposures, €34.8m of intercompany loans were disbursed and €3.4m collected during 2022 in currencies other than those utilized by the debtor or creditor companies. At 31 December 2022 loans granted in currencies other than those used by the debtor or creditor companies total €74.7m, down by €49.8m since 31 December 2021. Once again in 2022, the Group made the strategic decision not to hedge these exposures.

(ii) *Interest rate risk*
Interest rate risk derives from medium/long-term loans granted at floating rates. It is currently Group policy not to arrange hedges, in view of the short average duration of the existing loans (around 3.5 years).

(b) Credit risk
The Group does not have any significant credit concentrations. Group policy is to sell to customers only after having evaluated their creditworthiness and, therefore, within predetermined credit limits. Historically, the Group has not incurred any major losses for bad debts.

(c) Liquidity risk
Prudent management of liquidity risk involves the retention of an appropriate level of cash on hand and sufficient access to lines of credit. Because of the dynamic nature of the Group's business with the associated frequent acquisitions, it is Group policy to have access to stand-by lines of credit that can be utilized at very short notice.

(d) Price and cash flow risk
The Group is subject to constant changes in metal prices, especially brass, aluminum, steel, stainless steel and cast iron. Group policy is to hedge this risk where possible by way of medium-term commitments with suppliers, or by means of stocking policies when prices are low, or by entering into agreements with customers to transfer the risk to them. The market prices of raw materials have continued to escalate since 31 December 2021, reaching new records on almost a daily basis. Where possible, the Group has reviewed selling prices in order to pass on all or part of the higher cost of raw materials to customers, while also expanding inventory levels in order to freeze purchase prices and assure the sourcing of materials, thereby lowering supply chain tensions and delays. Further, the Group constantly monitors the price trend of these raw materials, seeking to adopt the most effective policies that minimize the exposure to this risk.

The Group does not hold listed securities that would be subject to stock market fluctuations. The revenues and cash flow of Group operating activities are not influenced by changes in interest generating assets.

(e) Climate risks

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 CO_2 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 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 - prepared at Group level - describes the primary risks generated and/or sustained, the policies applied, the performance indicators and the corporate organization, management and control model. With regard to financial reporting, stakeholders are increasingly interested in the impact of climate change on business models, cash flows, the financial position and business results. Although the IAS/IFRS do not make explicit reference to climate matters, any significant impacts are considered by the Group when applying the international accounting standards, evaluating their effects on business continuity and the application of specific standards. In this context, the Group has not identified significant risks deriving from the application of individual standards and no doubts or uncertainties have arisen about events or conditions that might cause concern about business continuity. In particular, the Group monitors constantly the most recent regulations governing climate-related topics. At this time, no regulations have been approved with a direct impact on the Group. If necessary, the Group will amend the key assumptions used to calculate the value in use of assets and the sensitivity to changes.

CORPORATE GOVERNANCE

In relation to corporate governance, Interpump Group's model is based on the provisions of the Corporate Governance Code promoted by Borsa Italiana S.p.A., published in January 2020, to which Interpump Group has adhered. The report on corporate governance and the ownership structure can be found in the Corporate Governance section of the websitewww.interpumpgroup.it.

The following table provides information on the number of shares held by the directors and statutory auditors, as required by the combined provisions of art. 123-(2), subsection 1.c), and art. 123-(3), subsection 4, TUF:

Name	Number of shares held at 31/12/2021	Number of shares purchased and/or subscribed for in 2022	Number of shares sold in 2022	Number of shares held at 31/12/2022
Fulvio Montipò	635,233	2,420,000	1,500,000 [1]	1,555,233
Fabio Marasi	-	30,000	-	30,000

[1] On 6 December 2022, Fulvio Montipò, Chairman and Chief Executive Officer of Interpump Group S.p.A., contributed 1,350,000 shares and 150,000 shares to, respectively, Gruppo IPG Holding S.p.A. and Leila Montipò e Sorelle S.A.p.A.

Leila Montipò e Sorelle S.A.p.A. holds 67.825% of the share capital of Gruppo IPG Holding S.p.A., which in turn holds 27,301,799 shares in Interpump Group S.p.A., equal to 25.075% of the share capital. The other 32.175% interest in Gruppo IPG Holding S.p.A. is held by Tamburi Investment Partners S.p.A., in which Giovanni Tamburi (Deputy Chairman of the Board of Directors of Interpump Group S.p.A.) is the Chairman of the Board of Directors and Chief Executive Officer.
Leila Montipò e Sorelle S.A.p.A., formed on 6 November 2020, holds a controlling interest pursuant to art. 2359, subsection 2, of the Italian Civil Code in Gruppo IPG Holding S.p.A. and, accordingly, is required to prepare consolidated financial statements since the exemption clauses envisaged in art. 27 of Decree 127 dated 09.04.1991 do not apply: the financial statements are prepared in accordance with the IAS/IFRS.
From FY 2021, Gruppo IPG Holding S.p.A. is no longer required to prepare consolidated financial statements since Leila Montipò e Sorelle S.A.p.A. was formed on 6 November 2020 and is subject to that obligation, being the parent company of Gruppo IPG Holding S.p.A., owning 67.825% of its share capital. Nevertheless, Gruppo IPG Holding S.p.A. has not elected to apply that exemption and continues to prepare consolidated financial statements.

Leila Montipò e Sorelle S.A.p.A. does not carry out management and coordination activities in relation to Gruppo IPG Holding S.p.A. and is also not subject to any management and coordination activities.
Gruppo IPG Holding S.p.A. does not carry out any management or coordination activities in relation to Interpump Group S.p.A. and is also not subject to any management and coordination activities.

The resolution adopted by the Board of Directors of Interpump Group S.p.A. on 12 June 2008 acknowledges that Interpump Group S.p.A. is not subject to management or coordination by Gruppo IPG Holding S.p.A. because:

- the shareholder has no means or facilities for the execution of such activities, having no employees or other personnel capable of providing support for the activities of the Board of Directors;
- the shareholder does not prepare the budgets or business plans of Interpump Group S.p.A.;
- it does not issue any directives or instructions to its subsidiary, nor does it require to be informed beforehand or to approve either its most significant transactions or its routine administration;
- there are no formal or informal committees or work groups in existence, formed of representatives of Gruppo IPG Holding and representatives of the subsidiary.

At the date of this report there were no changes in relation to the conditions stated above.

STOCK OPTION PLANS

With the aim of motivating Group management and promoting participation in the goal of value creation for shareholders, there are currently two stock option plans in existence, one approved at the Shareholders' Meeting of 30 April 2019 (**2019-2021** plan) and one approved at the Shareholders' Meeting of 29 April 2022 (**2022-2024** plan).

The Shareholders' Meeting held on 30 April 2019 approved a new stock option plan, known as the "*Interpump Incentive Plan 2019-2021*", which envisages granting a maximum of 2,500,000 options at an exercise price of EUR 28.4952 each and, for options granted after 30 April 2020, at the official price quoted on the Italian Stock Exchange on the day prior to the grant date. The options can be exercised between 30 June 2022 and 31 December 2025. The meeting of the Board of Directors held on 27 June 2019 decided that 2,500,000 options would be granted, determined the total number of options in each tranche (750,000 for the first tranche, 875,000 for the second tranche and 875,000 for the third tranche) and established conditions for exercising the options that are linked to the achievement of specific financial statement parameters; in addition, 1,800,000 options were granted to Fulvio Montipò and 418,500 options were granted to other beneficiaries. A further 20,000 options were granted to other beneficiaries on 3 June 2020. Overall, a total of 2,238,500 options have therefore been granted. The options can be exercised from 30 June 2022 to 31 December 2025. A total of 2,500 options were canceled in 2022.

At 31 December 2022 the situation of the **2019-2021** plan was as follows:

Options granted at 1 January	2,096,756
Options canceled in the year	(2,500)
Options exercised in the year	(1,913,980)
Total options granted at 31 December	180,276

The beneficiaries of the options were:

	Price per share for the exercise of options	Vesting period	Number of options assigned, start of year	Number of options canceled in the year	Number of options exercised in the year	Number of options exercisable at year end
Directors of the Parent Company						
❑ Fulvio Montipò	€ 28.4952	01.07.2022-31.12.2025	1,800,000	-	(1,800,000)	-
❑ Fabio Marasi	€ 28.4952	01.07.2022-31.12.2025	30,000	-	(30,000)	-
Other beneficiaries	€ 28.4952	01.07.2022-31.12.2025	246,756	(2,500)	(83,980)	160,276
Other beneficiaries	€ 27.9868	01.07.2022-31.12.2025	20,000	-	-	20,000
Total			2,096,756	(2,500)	(1,913,980)	180,276

The Shareholders' Meeting held on 29 April 2022 approved a new stock option plan, known as the "*Interpump Incentive Plan 2022-2024*", which envisages granting a maximum of 2,250,000 options at an exercise price of EUR 38.6496 each and, for options granted after 29 April 2023, at the official price quoted on the Italian Stock Exchange on the day prior to the grant date. The meeting of the Board of Directors held on the same date granted 1,620,000 options to Chairman and Chief Executive Officer Fulvio Montipò. A further 288,000 options and 6,000 options were granted to other beneficiaries on, respectively, 23 May 2022 and 20 October 2022. Overall, a total of 1,914,000 options have therefore been granted. The options can be exercised between 30 June 2025 and 31 December 2028. A total of 7,000 options were canceled in 2022.

At 31 December 2022 the situation of the **2022-2024** plan was as follows:

Number of rights assigned	1,914,000
Number of rights canceled	(7,000)
Total number of rights not yet exercised at 31/12/2022	1,907,000

The beneficiaries of the rights were:

	Price per share for the exercise of rights	Vesting period	Number of rights assigned, start of year	Number of rights canceled in the year	Number of rights exercised in the year	Number of rights exercisable at year end
Directors of the Parent Company						
❑ Fulvio Montipò	€ 38.6496	01.07.2025-31.12.2028	1,620,000	-	-	1,620,000
❑ Fabio Marasi	€ 38.6496	01.07.2025-31.12.2028	45,000	-	-	45,000
Other beneficiaries	€ 38.6496	01.07.2025-31.12.2028	249,000	(7,000)	-	242,000
Total			1,914,000	(7,000)	-	1,907,000

RELATIONS WITH GROUP COMPANIES AND TRANSACTIONS WITH RELATED PARTIES

With regard to transactions entered into with related parties, including intercompany transactions, we point out that they cannot be defined as either atypical or unusual, inasmuch as they form part of the normal course of activities of the Group companies. These transactions are regulated at arm's length conditions, taking into account the characteristics of the assets transferred and services rendered.

Information on relations with related parties, including the information required by Consob communication of 28 July 2006, is given in Note 34 to the Annual Financial Report.

The Board of Directors of Interpump Group S.p.A. has approved the Procedure for Transactions with Related Parties, in application of the new legislation issued to transpose the relevant European Council Directive and the related Consob Regulation. Further information is provided in the report on corporate governance and the ownership structure, which can be found in the Corporate Governance section of the website www.interpumpgroup.it.

TREASURY SHARES

At 31 December 2022 the Parent Company held 1,987,863 shares, representing 1.8257% of capital, acquired at an average unit cost of EUR 38.7871.

RECONCILIATION WITH THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

The consolidated shareholders' equity and net profit attributable to the owners of the Parent Company are reconciled below with the equivalent amounts reported in the separate financial statements:

	Shareholders' equity at 31/12/2022	Net profit for 2022	Shareholders' equity at 31/12/2021
Parent Company's financial statements	604,893	102,089	558,762
Difference between the carrying amount of consolidated investments and their valuation using the equity method	951,710	165,741	771,159
Greater book value of a building owned by the Parent Company	169	(4)	173
Elimination of Parent Company's intercompany profits	(3,224)	(1,329)	(1,895)
Total consolidation adjustments	948,655	164,408	769,437
Consolidated shareholders' equity and net profit attributable to Shareholders of Parent	1,553,548	266,497	1,328,199

GROUP COMPANIES

At 31 December 2022 the Interpump Group is led by Interpump Group S.p.A., which holds direct and indirect controlling interests in 109 companies (5 of which are dormant and/or in liquidation) operating in two business segments (the Hydraulic Sector and the Water-Jetting Sector).

The Parent Company, with registered offices in Sant'Ilario d'Enza, mainly produces high and very high pressure plunger pumps for water, as well as high pressure cleaners, which are classified in the Water-Jetting Sector.

The main data of the consolidated subsidiaries are summarized in the table below, whereas for the Parent Company the data are provided in the financial report attached hereto.

Companies consolidated line by line	Share capital (€/000)	% held at 31/12/2022	Head office	Main activity	Sales €/million 31/12/2022	Sales €/million 31/12/2021	Ave. number of employees 2022	Ave. number of employees 2021
GP Companies Inc.	1,854	100.00%	Minneapolis - USA	Distributor of high pressure pumps (Water-Jetting Sector)	71.4	61.1	62	65
Hammelmann GmbH	25	100.00%	Oelde - Germany	High pressure systems and pumps (Water-Jetting Sector)	118.2	105.9	393	381
Hammelmann Australia Pty Ltd	472	100.00%	Melbourne - Australia	Sale of high pressure systems and pumps (Water-Jetting Sector)	15.5	14.0	28	27
Hammelmann Corporation Inc.	39	100.00%	Miamisburg - USA	Sale of high pressure systems and pumps (Water-Jetting Sector)	30.1	23.6	27	27
Hammelmann S. L.	500	100.00%	Zaragoza - Spain	Sale of high pressure systems and pumps (Water-Jetting Sector)	4.9	4.4	8	7
Hammelmann Pumps Systems Co Ltd	871	90.00%	Tianjin - China	Sale of high pressure systems and pumps (Water-Jetting Sector)	10.5	15.9	29	31
Hammelmann France	50	100.00%	Etrichè – France	Sale of high pressure systems and pumps (Water-Jetting Sector)	6.5	5.5	5	4
Hammelmann Swiss GmbH	89	100.00%	Dudingen - Switzerland	Sale of high pressure systems and pumps (Water-Jetting Sector)	4.4	3.4	2	2
Inoxihp S.r.l.	119	52.72%	Nova Milanese (MI)	Production and sale of very high pressure systems and pumps (Water-Jetting Sector)	17.3	15.9	51	50
NLB Corporation Inc.	12	100.00%	Detroit - USA	Production and sale of very high pressure systems and pumps (Water-Jetting Sector)	97.5	78.2	224	218
Inoxpa S.A.	23,000	100.00%	Banyoles – Spain	Production and sale of machinery for the food processing, chemicals, cosmetics and pharmaceuticals industries (Water-Jetting Sector)	60.1	54.0	241	233
Inoxpa India Private Ltd	6,779	100.00%	Pune - India	Production and sale of machinery for the food processing, chemicals, cosmetics and pharmaceuticals industries (Water-Jetting Sector)	17.4	14.6	95	95
Inoxpa Solutions France	2,071	100.00%	Gleize – France	Production and sale of machinery for the food processing, chemicals, cosmetics and pharmaceuticals industries (Water-Jetting Sector)	12.5	12.3	25	24
Improved Solutions Unipessoal Ltda (Portugal)	760	100.00%	Vale de Cambra – Portugal	Production and sale of machinery for the food processing, chemicals, cosmetics and pharmaceuticals industries (Water-Jetting Sector)	5.8	5.6	40	37
Inoxpa (UK) Ltd	1,942	100.00%	Eastbourne – United Kingdom	Sale of machinery for food processing, chemicals, cosmetics and pharmaceuticals (Water-Jetting Sector)	1.7	1.3	5	5
Inoxpa Solutions Moldova	317	66.67%	Chisinau – Moldova	Sale of machinery for food processing, chemicals, cosmetics and pharmaceuticals (Water-Jetting Sector)	0.9	1.5	25	32
Inoxpa Colombia SAS	133	83.29%	Bogotá - Colombia	Sale of machinery for food processing, chemicals, cosmetics and pharmaceuticals (Water-Jetting Sector)	6.2	3.9	19	16

Companies consolidated line by line	Share capital (€/000)	% held at 31/12/2022	Head office	Main activity	Sales €/million 31/12/2022	Sales €/million 31/12/2021	Ave. number of employees 2022	Ave. number of employees 2021
Inoxpa Italia S.r.l.	100	100.00%	Mirano (VE)	Sale of machinery for food processing, chemicals, cosmetics and pharmaceuticals (Water-Jetting Sector)	4.6	3.6	13	10
Inoxpa Skandinavien A/S	134	100.00%	Horsens – Denmark	Sale of machinery for food processing, chemicals, cosmetics and pharmaceuticals (Water-Jetting Sector)	2.6	1.9	5	5
Inoxpa South Africa Proprietary Ltd	104	100.00%	Gauteng – South Africa	Sale of machinery for food processing, chemicals, cosmetics and pharmaceuticals (Water-Jetting Sector)	5.6	4.3	16	16
Inoxpa Special Processing Equipment Co. Ltd	1,647	100.00%	Jianxing – China	Sale of machinery for food processing, chemicals, cosmetics and pharmaceuticals (Water-Jetting Sector)	3.9	2.1	5	5
Inoxpa Ukraine	113	100.00%	Kiev – Ukraine	Sale of machinery for food processing, chemicals, cosmetics and pharmaceuticals (Water-Jetting Sector)	0.3	0.5	4	4
Inoxpa USA Inc.	1,426	100.00%	Santa Rosa – USA	Sale of machinery for food processing, chemicals, cosmetics and pharmaceuticals (Water-Jetting Sector)	4.6	2.4	8	6
INOXPA LTD	1,435	70.00%	Podolsk - Russia	Sale of machinery for food processing, chemicals, cosmetics and pharmaceuticals (Water-Jetting Sector)	10.5	8.9	55	55
Inoxpa Mexico S.A. de C.V.	309	100.00%	Mexico City - Mexico	Sale of machinery for food processing, chemicals, cosmetics and pharmaceuticals (Water-Jetting Sector)	1.4	0.9	4	4
Pioli s.r.l	10	100.00%	Reggio Emilia	Galvanic treatment of metals (Water-Jetting Sector)	4.7	4.1	39	33
Servizi Industriali S.r.l.	100	80.00%	Ozzano Emilia (BO)	Sale of centrifugal separators (Water-Jetting Sector)	7.8	7.5	26	27
SIT S.p.A.	105	80.00%	S.Ilario d'Enza (RE)	Sheet metal drawing, blanking, and pressing (Water-Jetting Sector)	5.7	5.1	19	21
Interpump Hydraulics S.p.A.	2,632	100.00%	Calderara di Reno (BO)	Production and sale of power take-offs and hydraulic pumps (Hydraulic Sector)	100.9	93.2	296	290
Contarini Leopoldo S.r.l.	47	100.00%	Lugo (RA)	Production and sale of hydraulic cylinders (Hydraulic Sector)	31.4	28	105	105
Unidrò Contarini S.a.s.	8	100.00%	Barby - France	Production and sale of hydraulic cylinders (Hydraulic Sector)	6.4	5.8	16	15
Copa Hydrosystem Ood	3	100.00%	Troyan - Bulgaria	Production and sale of hydraulic cylinders (Hydraulic Sector)	12.7	10.4	166	164
Hydrocar Chile S.A.	129	90.00%	Santiago - Chile	Sale of hydraulic pumps and power take-offs (Hydraulic Sector)	8.7	7.9	54	51
Hydroven S.r.l.	200	100.00%	Tezze sul Brenta (VI)	Sale of ancillary products for ind. vehicles, hydraulic pumps and power take-offs (Hydraulic Sector)	30.8	25.3	54	52
Interpump Hydraulics Brasil Ltda	15,126	100.00%	Caxia do Sul - Brazil	Production and sale of power take-offs, hydraulic pumps and cylinders (Hydraulic Sector)	22.1	16.7	152	140
Interpump Hydraulics France S.a.r.l.	76	99.77%	Ennery - France	Sale of hydraulic pumps and power take-offs (Hydraulic Sector)	4.6	4.2	11	12
Interpump Hydraulics India Private Ltd	682	100.00%	Hosur - India	Production and sale of power take-offs and hydraulic pumps (Hydraulic Sector)	21.3	15	113	106

Companies consolidated line by line	Share capital (€/000)	% held at 31/12/2022	Head office	Main activity	Sales €/million 31/12/2022	Sales €/million 31/12/2021	Ave. number of employees 2022	Ave. number of employees 2021
Interpump Hydraulics Middle East FZE	326	100.00%	Dubai - United Arab Emirates	Sale of ancillary products for industrial vehicles, hydraulic pumps and power takeoffs (Hydraulic Sector)	1.0	1.1	3	3
Interpump South Africa PTY Ltd	-	100.00%	Johannesburg – South Africa	Sale of ancillary products for industrial vehicles, hydraulic pumps and power takeoffs (Hydraulic Sector)	5.4	5.2	29	29
Eurofluid Hydraulics S.r.l.	100	80.00%	Albinea (RE)	Production and sale of hydraulic valves and directional controls (Hydraulic Sector)	4.0 b)	-	12	-
Interpump Hydraulics (UK) Ltd.	13	100.00%	Kidderminster – United Kingdom	Sale of hydraulic pumps and power take-offs (Hydraulic Sector)	19.5	18.8	69	65
Mega Pacific Pty Ltd	335	100.00%	Newcastle – Australia	Sale of hydraulic products (Hydraulic Sector)	18.5	16.3	39	39
Mega Pacific NZ Pty Ltd	557	100.00%	Mount Maunganui – New Zealand	Sale of hydraulic products (Hydraulic Sector)	2.2	2.1	6	6
Muncie Power Prod. Inc.	784	100.00%	Muncie - USA	Power take-offs and hydraulic pumps (Hydraulic Sector)	103.6	94.1	396	386
American Mobile Power Inc.	3,410	100.00%	Fairmount - USA	Production and sale of hydraulic oil tanks (Hydraulic Sector)	13.6	11.6	73	72
Hydra Dyne Technology Inc.	80	75.00%	Ingersoll - Canada	Production and sale of hydraulic cylinders, valves and rotary unions (Hydraulic Sector)	37.7	29.3	177	170
Oleodinamica Panni S.r.l.	2,000	100.00%	Tezze sul Brenta (VI)	Production and sale of hydraulic cylinders (Hydraulic Sector)	69.4	63.6	232	225
Wuxi Interpump Weifu Hydraulics Company Ltd	2,095	65.00%	Wuxi - China	Production and sale of hydraulic pumps and power take-offs (Hydraulic Sector)	17.0	15.8	56	58
IMM Hydraulics S.p.A.	520	100.00%	Atessa (Switzerland)	Production and sale of hydraulic hoses and fittings (Hydraulic Sector)	94.9	79.1	356	335
Hypress France S.a.r.l.	162	100.00%	Strasbourg - France	Sale of hydraulic hoses and fittings (Hydraulic Sector)	2.9	3.3	7	8
Interpump Fluid Solutions Germany Gmbh	52	100.00%	Meinerzhagen - Germany	Sale of hydraulic hoses and fittings (Hydraulic Sector)	8.8	8.9	17	15
IMM Hydro Est	3,155	100.00%	Catcau Cluj Napoca - Romania	Production and sale of hydraulic hoses and fittings (Hydraulic Sector)	9.7	14.4	178	178
FGA S.r.l.	10	100.00%	Fossacesia (CH)	Surface treatments (Hydraulic Sector)	1.9	1.9	12	11
Innovativ Gummi Tech S.r.l.	4,100	100.00%	Ascoli Piceno (AP)	Production and sale of rubber mixtures (Hydraulic Sector)	7.9	5.6	20	14
Tekno Tubi S.r.l.	100	100.00%	Terre del Reno (FE)	Production and sale of rigid and flexible hydraulic lines (Hydraulic Sector)	24.5	18.7	83	82
Tubiflex S.p.A.	515	100.00%	Orbassano (TO)	Production and sale of flexible hydraulic lines (Hydraulic Sector)	25.5	22.5	135	137

Companies consolidated line by line	Share capital (€/000)	% held at 31/12/2022	Head office	Main activity	Sales €/million 31/12/2022	Sales €/million 31/12/2021	Ave. number of employees 2022	Ave. number of employees 2021
Walvoil S.p.A.	7,692	100.00%	Reggio Emilia	Production and sale of hydraulic valves and directional controls (Hydraulic Sector)	296.3	253.2	1,214	1,196
Walvoil Fluid Power Corp.	137	100.00%	Tulsa - USA	Sale of hydraulic valves and directional controls (Hydraulic Sector)	74.5	54.8	73	65
Walvoil Fluid Power (India) Pvt Ltd	4,803	100.00%	Bangalore - India	Production and sale of hydraulic valves and directional controls (Hydraulic Sector)	57.7	45.7	408	393
Walvoil Fluid Power Korea Llc	453	100.00%	Pyeongtaek – South Korea	Production and sale of hydraulic valves and directional controls (Hydraulic Sector)	22.9	17.9	68	62
Walvoil Fluid Power France Sarl	10	100.00%	Vritz – France	Production and sale of hydraulic valves and directional controls (Hydraulic Sector)	0.0	0.0	4	4
Walvoil Fluid Power Australasia	7	100.00%	Melbourne - Australia	Agent for the sale of hydraulic valves and directional controls (Hydraulic Sector)	-	-	1	1
Galtech Canada Inc.	76	100.00%	Terrebonne Quebec - Canada	Sale of hydraulic valves and directional controls (Hydraulic Sector)	6.9	5.7	18	17
Walvoil Fluid Power Dongguan Co. Ltd	3,720	100.00%	Dongguan - China	Production and sale of hydraulic valves and directional controls (Hydraulic Sector)	26.6	22.2	145	130
Reggiana Riduttori S.r.l.	6,000	100.00%	S. Polo d'Enza (RE)	Production and sale of power transmission systems: planetary gears, ratiomotors and drive wheels. (Hydraulic Sector)	118.2	72.9	218	177
RR USA Inc.	1	100.00%	Boothwin (USA)	Sale of power transmission systems: planetary gears, ratiomotors and drive wheels (Hydraulic Sector)	46.0	31.6	25	25
RR Canada Inc.	1	100.00%	Vaughan (Canada)	Sale of power transmission systems: planetary gears, ratiomotors and drive wheels (Hydraulic Sector)	4.9	3.9	7	6
RR Holland BV	19	100.00%	Oosterhout (Netherlands)	Sale of power transmission systems: planetary gears, ratiomotors and drive wheels (Hydraulic Sector)	7.9	9.2	13	14
RR France S.a r.l.	400	95.00%	Thouare sur Loire (France)	Sale of power transmission systems: planetary gears, ratiomotors and drive wheels (Hydraulic Sector)	2.9	2.7	6	5
RR Slovakia A.S.	340	100.00%	Zvolen (Slovakia)	Production and sale of power transmission systems: planetary gears, ratiomotors and drive wheels (Hydraulic Sector)	1.4	1.2	35	33
RR Pacific Pty	249	100.00%	Victoria (Australia)	Sale of power transmission systems: planetary gears, ratiomotors and drive wheels	4.5	2.9	8	8
RR India Pvt. Ltd	52	99.99%	New Delhi (India)	Sale of power transmission systems: planetary gears, ratiomotors and drive wheels (Hydraulic Sector)	0.2	0.1	5	5

Companies consolidated line by line	Share capital (€/000)	% held at 31/12/2022	Head office	Main activity	Sales €/million 31/12/2022	Sales €/million 31/12/2021	Ave. number of employees 2022	Ave. number of employees 2021
Reggiana Riduttori (Suzhou) Co Ltd	600	100.00%	Suzhou (China)	Sale of power transmission systems: planetary gears, ratiomotors and drive wheels	3.9	2.3	5	5
Transtecno S.r.l.	100	80.00%	Anzola dell'Emilia (BO)	Production and sale of gears and ratiomotors (Hydraulic Sector)	59.6	47.0	129	117
Draintech S.r.l.	10	80.00%	Anzola dell'Emilia (BO)	Production and sale of gears and ratiomotors (Hydraulic Sector)	2.8 c)	-	6	-
Hangzhou Transtecno Power Transmission Co. Ltd	575	72.00%	Hangzhou (China)	Production and sale of gears and ratiomotors (Hydraulic Sector)	32.3	31.8	161	163
Transtecno Iberica the Modular Gearmotor S.A.	94	50.40%	Gava (Spain)	Sale of gears and ratiomotors (Hydraulic Sector)	3.2	2.7	12	10
MA Transtecno S.A.P.I. de C.V.	124	50.40%	Apodaca (Mexico)	Sale of gears and ratiomotors (Hydraulic Sector)	6.6	3.2	21	18
Transtecno BV	18	51.00%	Amersfoort (Netherlands)	Sale of gears and ratiomotors (Hydraulic Sector)	4.3	4.1	10	9
Transtecno Aandrijftechniek (Netherlands)	-	51.00%	Amersfoort (Netherlands)	Sale of gears and ratiomotors (Hydraulic Sector)	1.3	1.2	1	1
White Drive Motors and Steering Sp zoo	33,254	100.00%	Wroclaw (Poland)	Production and sale of orbital motors and steering systems (Hydraulic Sector)	142.8	30.7 a)	560	555
White Drive Motors and Steering GmbH	33,595	100.00%	Parchim (Germany)	Production and sale of hydraulic valves and directional controls (Hydraulic Sector)	22.4	4.9 a)	139	145
White Drive Motors and Steering, LLC	46,328	100.00%	Hopkinsville (USA)	Production and sale of hydraulic valves and directional controls (Hydraulic Sector)	100.7	20.4 a)	294	248
Interpump Piping GS S.r.l.	10	100.00%	Reggio Emilia	Piping holding company (Hydraulic Sector)	-	-	-	-
GS-Hydro Singapore Pte Ltd	624	100.00%	Singapore	Design, production and sale of piping systems (Hydraulic Sector)	1.9	2.0	5	3
GS-Hydro Korea Ltd.	1,892	100.00%	Busan - South Korea	Design, production and sale of piping systems (Hydraulic Sector)	7.1	5.0	32	31
GS-Hydro Piping Systems (Shanghai) Co. Ltd.	2,760	100.00%	Shanghai (China)	Design, production and sale of piping systems (Hydraulic Sector)	7.8	4.7	47	45
GS-Hydro Benelux B.V.	18	100.00%	Barendrecht - Netherlands	Design, production and sale of piping systems (Hydraulic Sector)	6.0	4.1	15	16
GS-Hydro Austria GmbH	40	100.00%	Pashing - Austria	Design, production and sale of piping systems (Hydraulic Sector)	7.2	6.5	25	25
GS-Hydro Sp Z O O (Poland)	1,095	100.00%	Gdynia - Poland	Design, production and sale of piping systems (Hydraulic Sector)	3.8	3.0	27	28
GS-Hydro Denmark AS	67	100.00%	Kolding - Denmark	Design, production and sale of piping systems (Hydraulic Sector)	5.2	3.2	13	13
GS-Hydro S.A.U (Spain)	90	100.00%	Las Rozas - Spain	Design, production and sale of piping systems (Hydraulic Sector)	9.9	9.8	70	75
Suministros Franquesa S.A.	160	100.00%	Lleida - Spain	Assembly and sale of hydraulic hoses, fittings and other components (Hydraulic Sector)	1.5	1.5	11	11

Companies consolidated line by line	Share capital (€/000)	% held at 31/12/2202	Head office	Main activity	Sales €/million 31/12/2022	Sales €/million 31/12/2021	Ave. number of employees 2022	Ave. number of employees 2021
GS-Hydro U.S. Inc.	9,903	100.00%	Huston - USA	Design, production and sale of piping systems (Hydraulic Sector)	3.1	2.4	6	15
GS-Hydro do Brasil Sistemas Hidr. Ltda	252	100.00%	Rio de Janeiro (Brazil)	Design, production and sale of piping systems (Hydraulic Sector)	1.7	1.2	8	9
GS-Hydro System GmbH (Germany)	179	100.00%	Witten - Germany	Design, production and sale of piping systems (Hydraulic Sector)	-	-	1	1
GS- Hydro UK Ltd	5,095	100.00%	Aberdeen - United Kingdom	Design, production and sale of piping systems (Hydraulic Sector)	16.2	13.8	79	66
GS-Hydro Ab (Sweden)	120	100.00%	Kista - Sweden	Design, production and sale of piping systems (Hydraulic Sector)	1.3	1.4	5	5
GS-Hydro Hong Kong Ltd	1	100.00%	Hong Kong	Design, production and sale of piping systems (Hydraulic Sector)	0.7	0.8	-	-
Transtecno USA LLC	3	100.00%	Miami (USA)	Dormant (Hydraulic Sector)	-	-	-	-
NLB Poland Corp. Sp. Z.o.o.	-	100.00%	Warsaw – Poland	Dormant and in liquidation (Water-Jetting Sector)	-	0.5	-	-
IMM Hydraulics Ltd	-	100.00%	Kidderminster - United Kingdom	Dormant (Hydraulic Sector)	-	-	-	-
Bristol Hose Ltd	-	100.00%	Bristol - United Kingdom	Dormant (Hydraulic Sector)	-	-	-	-
Teknova S.r.l.	28	100.00%	Reggio Emilia	Dormant and in liquidation (Water-Jetting Sector)	-	-	-	-

Companies not consolidated line by line				
General Pump China	111	100%	Ningbo – China	Marketing of components (Water-Jetting Sector)
Interpump Hydraulics Perù	318	90%	Lima - Peru	Sale of hydraulic pumps and power take-offs (Hydraulic Sector)
Interpump Hydraulics Rus	172	100%	Moscow – Russia	Sale of hydraulic pumps and power take-offs (Hydraulic Sector)
Hammelmann Vostok	86-	100%	Moscow – Russia	Sale of high pressure systems and pumps (Water-Jetting Sector)
Benmec S.r.l.	10	100%	Valsamoggia (BO)	Production and sale of gears and ratiomotors (Hydraulic Sector)

a) = Sales for 3 months in 2021
b) = Sales for 2 months in 2022
c) = Sales for 7 months in 2022

EVENTS OCCURRING AFTER THE END OF THE YEAR AND BUSINESS OUTLOOK

No atypical or unusual transactions have been carried out subsequent to 31 December 2022 that would call for changes to these consolidated financial statements.

The outstanding results obtained during the final months of 2022, in terms of both volume and margins, combined with the substantial order backlogs of many Group companies, suggest that performance and results will be even better during 2023 than the already excellent numbers achieved in 2022.

The Group will continue to pursue a strategy designed to contain costs, optimize financial management and contain working capital, in order to maximize the generation of free cash flow for allocation to internal and external growth and the remuneration of shareholders.

On 20 February 2023 Interpump Group announced the acquisition of 85% of the capital of Indoshell Automotive System India P.L.
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 €12m and an EBITDA of about €2m.
The value of this operation was fixed at around €8m and *"put and call"* mechanisms were defined with a set price, through which Interpump Group can, starting from April 2027, acquire the remaining 15% interest from Indoshell Mould Limited.

FURTHER INFORMATION

With regard to the regulatory requirements envisaged in art.15 of the Consob Market Regulation (previously art. 36, updated by Consob Decision 20249 dated 28 December 2017), on the conditions for listing the parent companies of subsidiaries formed in or governed by the laws of countries that are not EU member states, it is confirmed with respect to the situation at 31 December 2021 that the Group has added American Mobile Power Inc. to the companies of importance to the consolidated financial statements, given its inclusion in the audit plan, despite not having exceeded individually the limits indicated in art. 151 of the Issuers' Regulation.

The Interpump Group is extremely active in making acquisitions, including of small and medium-sized companies, which is why it comprises a large number of companies, including small enterprises, and has a direct presence in 34 countries. This generally results in a need to update the audit plan every year.

Sant'Ilario d'Enza (RE), 17 March 2023

For the Board of Directors
Fulvio Montipò
Chairman of the Board of Directors

Consolidated Financial Statements at 31/12/2022

Interpump Group S.p.A. and subsidiaries

Consolidated statement of financial position

(€/000)	*Notes*	*31/12/2022*	*31/12/2021*[1]
ASSETS			
Current assets			
Cash and cash equivalents	6	358,275	349,015
Trade receivables	7, 30	433,812	361,913
Inventories	8	683,819	515,958
Tax receivables		45,133	27,876
Other current assets	9, 30	33,983	*42,025*
Total current assets		**1,555,022**	***1,296,787***
Non-current assets			
Property, plant and equipment	10	681,095	613,715
Goodwill	11	754,944	*734,697*
Other intangible assets	12	61,863	*60,270*
Other financial assets	13, 30	2,961	2,250
Tax receivables		5,051	2,327
Deferred tax assets	14	66,184	63,658
Other non-current assets		2,648	2,183
Total non-current assets		**1,574,746**	***1,479,100***
Assets held for sale	15	1,291	1,460
Total assets		**3,131,059**	**2,777,347**

[1] *Comparative 2021 data restated to reflect the changes made on definitive allocation of the purchase price of White Drive, as required by para. 49 of IFRS 3. Further information is provided in note 5 "Business combinations"*

(€/000)	*Notes*	*31/12/2022*	*31/12/2021*[1]
LIABILITIES			
Current liabilities			
Trade payables	7, 30	312,222	285,212
Payables to banks	16, 30	30,928	7,760
Interest-bearing financial payables (current portion)	16, 30	288,456	232,213
Tax liabilities		60,662	34,669
Other current liabilities	17, 30	111,553	116,747
Provisions for risks and charges	18	13,329	4,694
Total current liabilities		**817,150**	**681,295**
Non-current liabilities			
Interest-bearing financial payables	16, 30	580,675	603,966
Liabilities for employee benefits	19	20,088	23,937
Deferred tax liabilities	14	56,947	*52,808*
Tax liabilities		355	1,764
Other non-current liabilities	20, 30	76,745	60,885
Provisions for risks and charges	18	12,989	13,028
Total non-current liabilities		**747,799**	***756,388***
Total liabilities		**1,564,949**	***1,437,683***
SHAREHOLDERS' EQUITY			
Share capital	21	55,584	55,327
Legal reserve	22	11,323	11,323
Share premium reserve	21, 22	39,444	66,472
Remeasurement reserve for defined benefit plans	22	(5,320)	(8,170)
Translation reserve	22	18,379	6,013
Other reserves	22	1,434,138	1,197,234
Group shareholders' equity		**1,553,548**	**1,328,199**
Minority interests	23	12,562	11,465
Total shareholders' equity		**1,566,110**	**1,339,664**
Total shareholders' equity and liabilities		**3,131,059**	**2,777,347**

[1] *Comparative 2021 data restated to reflect the changes made on definitive allocation of the purchase price of White Drive, as required by para. 49 of IFRS 3. Further information is provided in note 5 "Business combinations"*

Consolidated income statement

(€/000)	*Notes*	*2022*	*2021*
Revenues		**2,077,964**	**1,604,255**
Cost of sales	25	(1,353,451)	(1,029,564)
Gross industrial margin		**724,513**	**574,691**
Other operating income	24	42,703	25,283
Distribution expenses	25	(158,047)	(127,471)
General and administrative expenses	25, 26	(198,277)	(166,394)
Other operating costs	25	(26,888)	(11,061)
EBIT		**384,004**	**295,048**
Financial income	27	31,887	14,578
Financial charges	27	(47,447)	(34,408)
Equity method contribution		235	283
Profit for the year before taxes		**368,679**	**275,501**
Income taxes	28	(98,930)	(76,982)
Consolidated profit for the year		**269,749**	**198,519**
Attributable to:			
Shareholders of Parent		266,497	195,882
Minority shareholders of subsidiaries		3,252	2,637
Consolidated profit for the year		**269,749**	**198,519**
Basic earnings per share	29	2.524	1.836
Diluted earnings per share	29	2.519	1.813

Comprehensive consolidated income statement for the year

(€/000)	*2022*	*2021*
Consolidated profit (A)	**269,749**	**198,519**
Gains (losses) on translating the financial statements of foreign companies	*12,162*	*33,950*
Gains (losses) from companies accounted for using the equity method	*75*	*96*
Applicable taxes	-	-
Total other comprehensive income (losses) which will subsequently be reclassified to consolidated profit or loss, net of the tax effect (B)	**12,237**	**34,046**
Other comprehensive income (losses) which will not subsequently be reclassified to consolidated profit or loss		
Gains (losses) deriving from the remeasurement of defined benefit plans	*3,872*	*69*
Applicable taxes	*(929)*	*(18)*
Total other comprehensive income (losses) which will not subsequently be reclassified to consolidated profit or loss, net of the tax effect (C)	**2,943**	**51**
Comprehensive consolidated profit for the year (A) + (B) + (C)	**284,929**	**232,616**
Attributable to:		
Shareholders of Parent	281,788	229,157
Minority shareholders of subsidiaries	3,141	3,459
Comprehensive consolidated profit for the year	**284,929**	**232,616**

Consolidated cash flow statement

(€/000)	*2022*	*2021*
Cash flows from operating activities		
Profit before taxes	368,679	275,501
Adjustments for non-cash items:		
Losses (gains) on the sale of fixed assets	(5,795)	(6,125)
Amortization and depreciation	98,420	82,126
Costs recognized in the income statement relative to stock options that do not involve monetary outflows for the Group	4,995	4,386
Losses (profits) from investments	(235)	(283)
Net change in risk provisions and allocations to employee benefit provisions	7,139	23
Expenditures for tangible assets to be leased	(4,915)	(8,839)
Proceeds from the disposal of leased tangible assets	10,808	11,116
Net financial charges	15,560	19,830
	494,656	**377,735**
(Increase) decrease in trade receivables and other current assets	(93,054)	(68,440)
(Increase) decrease in inventories	(158,552)	(84,342)
Increase (decrease) in trade payables and other current liabilities	59,678	92,218
Interest paid	(8,653)	(4,136)
Realized exchange differences	1,599	1,147
Taxes paid	(91,802)	(56,953)
Net cash from operating activities	**203,872**	**257,229**
Cash flows from investing activities		
Payments for the purchase of investments, net of cash received and net of treasury shares assigned	(39,400)	(306,815)
Capital expenditure on property, plant and equipment	(125,410)	(101,869)
Proceeds from the sale of tangible fixed assets	3,086	2,284
Increase in intangible assets	(7,155)	(7,141)
Financial income received	1,056	627
Other	2,359	1,765
Net cash (used in) investing activities	**(165,464)**	**(411,149)**
Cash flows from financing activities		
Disbursements (repayments) of loans	36,484	227,269
Dividends paid	(31,239)	(29,536)
Disbursements for purchase of treasury shares	(94,793)	(22,397)
Proceeds from the sale of treasury shares to stock option beneficiaries	63,027	714
Disbursements (repayments) of shareholder loans	(482)	-
Change in other financial assets	(36)	(18)
Payment of finance leasing installments (principal)	(25,915)	(18,971)
Net cash generated by (used in) financing activities	**(52,954)**	**157,061**
Net increase (decrease) in cash and cash equivalents	**(14,546)**	**3,141**

(€/000)	*2022*	*2021*
Net increase (decrease) in cash and cash equivalents	**(14,546)**	**3,141**
Translation differences for cash held by non-EU companies	638	5,463
Opening cash and cash equivalents of companies consolidated on a line-by-line basis for the first time	-	73
Cash and cash equivalents at the beginning of the year	341,255	332,578
Cash and cash equivalents at the end of the year	**327,347**	**341,255**

For reconciliation of cash and cash equivalents refer to Note 32.

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*
At 1 January 2021	*55,462*	*11,323*	*78,693*	*(8,217)*	*(27,215)*	*1,029,529*	*1,139,575*	*10,402*	*1,149,977*
Recognition in income statement of fair value of stock options granted and exercisable	-	-	4,386	-	-	-	4,386	-	4,386
Purchase of treasury shares	(218)	-	(22,179)	-	-	-	(22,397)	-	(22,397)
Transfer of treasury shares to stock option beneficiaries	29	-	685	-	-	-	714	-	714
Transfer of treasury shares as payment for equity investments	54	-	4,887	-	-	-	4,941	-	4,941
Winding up of subsidiaries	-	-	-	-	-	-	-	(82)	(82)
Purchase of residual interests in subsidiaries	-	-	-	-	-	(425)	(425)	(240)	(665)
Dividends paid	-	-	-	-	-	(27,382)	(27,382)	(2,074)	(29,456)
Dividends resolved	-	-	-	-	-	(370)	(370)	-	(370)
Comprehensive income (loss) for 2021	-	-	-	47	33,228	195,882	229,157	3,459	232,616
At 31 December 2021	*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	-	-	4,995	-	-	-	4,995	-	4,995
Purchase of treasury shares	(1,082)	-	(93,711)	-	-	-	(94,793)	-	(94,793)
Transfer of treasury shares to stock option beneficiaries	1,339	-	61,688	-	-	-	63,027	-	63,027
Purchase of residual interests in subsidiaries	-	-	-	(75)	-	65	(10)	(534)	(544)
Dividends paid	-	-	-	-	-	(29,658)	(29,658)	(1,510)	(31,168)
Comprehensive income (loss) for 2022	-	-	-	2,925	12,366	266,497	281,788	3,141	284,929
At 31 December 2022	*55,584*	*11,323*	*39,444*	*(5,320)*	*18,379*	*1,434,138*	*1,553,548*	*12,562*	*1,566,110*

Notes to the annual financial report

1. General information

Interpump Group S.p.A. is an Italian company domiciled in Sant'Ilario d'Enza (RE)._The company is listed on the Milan stock exchange in the STAR segment.

The Group manufactures and markets high and very high pressure plunger pumps, very high pressure systems, machines for the food processing, chemicals, cosmetics and pharmaceuticals industries (Water-Jetting Sector), power take-offs, gear pumps, hydraulic cylinders, directional controls, valves, 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, Canada, Germany, France, Portugal, Poland, China, India, Brazil, Bulgaria, Romania and South Korea.

The consolidated financial statements at 31 December 2022 were approved by the Board of Directors on this day (17 March 2023).

2. Scope of consolidation

The 2022 consolidation basis includes the Parent Company and the following subsidiaries consolidated on a line-by-line basis (with the information required on the basis of Consob communication DEM/6064293 of 28/07/2006):

Companies	Head office	Share capital €/000	Sector	% held at 31/12/2022
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%
NLB Poland Corp. Sp. Z.o.o. (2)	Warsaw (Poland)	-	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 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%

Companies	Head office	Share capital €/000	Sector	% held at 31/12/2022
Inoxpa Mexico S.A. de C.V. (3)	Mexico City (Mexico)	309	Water-Jetting	100.00%
Pioli S.r.l.	Reggio Emilia	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	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%
Eurofluid Hydraulics 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%
American Mobile Power 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%
Hypress 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%
Reggiana Riduttori S.r.l.	S. Polo d'Enza (RE)	6,000	Hydraulics	100.00%
RR USA Inc. (13)	Boothwyn (USA)	1	Hydraulics	100.00%
RR Canada Inc. (13)	Vaughan (Canada)	1	Hydraulics	100.00%
RR Holland BV (13)	Oosterhout (Netherlands)	19	Hydraulics	100.00%
RR France S.a.r.l. (13)	Thouare sur Loire (France)	400	Hydraulics	95.00%
RR Slovakia A.S. (13)	Zvolen (Slovakia)	340	Hydraulics	100.00%
RR Pacific Pty Ltd (13)	Victoria (Australia)	249	Hydraulics	100.00%

Companies	*Head office*	*Share capital €/000*	*Sector*	*% held at 31/12/2022*
RR India Pvt. Ltd (13)	New Delhi (India)	52	Hydraulics	99.99%
Reggiana Riduttori (Suzhou) Co. Ltd (13)	Suzhou (China)	600	Hydraulics	100.00%
Transtecno S.r.l.	Anzola dell'Emilia (BO)	100	Hydraulics	80.00%
Draintech S.r.l (14)	Anzola dell'Emilia (BO)	10	Hydraulics	80.00%
Hangzhou Transtecno Power Transmissions Co. Ltd (14)	Hangzhou (China)	575	Hydraulics	72.00%
Transtecno Iberica the Modular Gearmotor S.A. (14)	Gava (Spain)	94	Hydraulics	50.40%
MA Transtecno S.A.P.I. de C.V. (14)	Apodaca (Mexico)	124	Hydraulics	50.40%
Transtecno USA LLC (dormant) (16)	Miami (USA)	3	Hydraulics	100.00%
Transtecno BV (14)	Amersfoort (Netherlands)	18	Hydraulics	51.00%
Transtecno Aandrijftechniek (Netherlands) (15)	Amersfoort (Netherlands)	-	Hydraulics	51.00%
Interpump Piping GS S.r.l.	Reggio Emilia	10	Hydraulics	100.00%
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 Denmark AS (10)	Kolding (Denmark)	67	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 S.A.U (Spain) (10)	Las Rozas (Spain)	90	Hydraulics	100.00%
Suministros Franquesa S.A. (17)	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)	Sunderland (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%
Bristol Hose Ltd (dormant) (6)	Bristol (United Kingdom)	-	Hydraulics	100.00%
White Drive Motors and Steering Sp. z o.o.	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%

(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 Interpump Hydraulics Brasil Ltda
(13) = controlled by Reggiana Riduttori S.r.l.
(14) = controlled by Transtecno S.r.l.
(15) = controlled by Transtecno B.V.
(16) = controlled by MA Transtecno S.A.P.I. de C.V.
(17) = controlled by GS Hydro S.A.U.

Compared with 2021, Draintech S.r.l. has been consolidated for 7 months in 2022, having been acquired on 11 April 2022, and Eurofluid Hydraulic S.r.l. has been consolidated for 2 months, following its acquisition on 20 October 2022.

The Hydraulic Sector consolidated the three White Drive companies for the full year in 2022, compared with 3 months in 2021, as well as Berma S.r.l., which was consolidated for 2 months in 2021 and later absorbed by Reggiana Riduttori with effect from 1 January 2022.
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. Furthermore, Interpump Group S.p.A. is required to purchase the residual 20% interest in Servizi Industriali S.r.l. commencing from 2024, the residual 20% interest in Draintech commencing from April 2025, and the residual 20% interest in Eurofluid Hydraulic S.r.l. commencing from April 2026.

In compliance with the requirements of IFRS 10 and IFRS 3, Inoxihp, Inoxpa Solution Moldova, Hydra Dyne, Transtecno, Servizi Industriali, Draintech and Eurofluid Hydraulics Srl 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 and/or on the basis of specific contractual agreements. 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.

3. Accounting standards

3.1 Reference accounting standards

The annual financial report as of 31 December 2022 has been prepared in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union, as well as with the enabling measures for art. 9 of Law 38 dated 28 February 2005. "IFRS" also means the International Accounting Standards ("IAS") currently in force and all the interpretative documents issued by the IFRS Interpretation Committee, previously denominated International Financial Reporting Interpretations Committee ("IFRIC") and still earlier known as the Standing Interpretations Committee ("SIC").

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 and the obligations deriving from options to acquire minority interests in certain subsidiaries, which are measured at fair value.

Preparation of financial statements in compliance with IFRS (International Financial Reporting Standards) calls for judgments, estimates, and assumptions that have an effect on assets, liabilities, costs and revenues. The final results may differ from the results obtained using estimates of this type. The captions of the financial statements that call for more subjective appraisal by the directors when preparing estimates and for which a change in the conditions underlying the assumptions utilized could have a significant effect on the financial statements are: goodwill, amortization and depreciation of fixed assets, deferred tax assets and liabilities, the allowance for doubtful accounts and the allowance for inventories, provisions for risks and charges, defined benefit plans for employees, and liabilities for the acquisition of investments included under other liabilities.

Notably, discretionary measurements and significant accounting estimates concern the recoverable value of non-financial assets calculated as the greater amount between the fair value minus the cost of sale and the value in use. The value in use calculation is based on a cash flow actualization model. The recoverable value is highly dependent on the discount rate used for cash flow actualization, as well as on the expected future cash flows and the growth rate applied. The key assumptions used to determine the recoverable value for the two cash flow generating units, including a sensitivity analysis, are described in Note 11 to the Consolidated Financial Statements at 31 December 2022.

Moreover, the use of accounting estimates and significant assumptions concerns also the determination of the fair values of the assets and liabilities acquired in the framework of business combinations. In fact, at the acquisition date the Group must record, separately from the associated fair value, assets, liabilities and potential liabilities identifiable and acquired or assumed in the context of the business combination, and also determine the current value of the exercise price of any purchase options on minority interests. This process calls for the preparation of estimates, based on measurement techniques that involve making judgments about future cash flows and other hypotheses about the long-term growth rates and discount rates used in models developed with, in some cases, assistance from external experts. The accounting impacts of determination of the fair value of acquired assets and assumed liabilities, and of the options to purchase minority interests for operations of business combinations that occurred during the year, are provided in Note 5. Business combinations.

3.1.1 Accounting standards, amendments and interpretations in force from 1 January 2022 and adopted by the Group

As from 2022 the Group has applied the following new accounting standards, amendments and interpretations, reviewed by IASB:

- *Amendments to IFRS 3 - "Business combinations".* On 14 May 2020 the IASB published this amendment that updates references to the IAS Conceptual Framework without any change in the accounting for business combinations. The new amendment took effect on 1 January 2022.
- *Amendments to IAS 16 –* "*Property, Plant and Equipment: Proceeds before Intended Use*". The IASB published this amendment in May 2020, prohibiting entities from deducting from the cost of an item of property, plant and equipment any proceeds from selling products made while bringing that item to the location or for the time necessary for it to become capable of operating in the manner intended by management. Instead, the entity must recognize the proceeds from selling such items, and the cost of producing them, in profit or loss.
  The amendment, effective from 1 January 2022, has been applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which that amendment was first applied. Application of the new amendment did not result in adjustments to the economic and financial position of the Group.
- *Amendments to IAS 37 – "Onerous Contracts – Costs of Fulfilling a Contract".* In May 2020, the IASB published amendments to IAS 37 to specify what costs must be considered by an entity when assessing whether a contract is onerous or loss-making. The amendments requires application of the "directly-related cost" approach. Costs that

relate directly to a contract for the supply of goods or services include both the incremental fulfillment costs and the costs directly attributable to the contractual activities. General and administrative expenses are not directly attributable to a contract and are excluded, unless they are explicitly rechargeable to the counterparty under the terms of the contract. These amendments took effect on 1 January 2022. The Group has applied them to those contracts for which it has not yet satisfied all its obligations.

- *Annual Improvements 2018-2020 Cycle*. On 14 May 2020 the IASB published a series of amendments, comprising:
  - *Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter"*. As part of its annual improvements to IFRS standards 2018-2020, the IFRS has published an amendment to IFRS 1 that permits a subsidiary applying paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the latter's date of transition to IFRSs. This amendment also applies to associates and joint ventures that elect to apply paragraph D16(a) of IFRS 1. The amendment took effect on 1 January 2022.
  - *Amendment to IFRS 9* "*Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities*". As part of its annual improvements to IFRS standards 2018--2020, the IFRS has published an amendment to IFRS 9 that clarifies which fees an entity includes when assessing whether the conditions of a new or amended financial liability are substantially different to those of the original financial liability. These fees only include those paid or received between the borrower and the lender, including fees paid or received by either the entity or the lender on behalf of the other. The entity will apply this amendment to those financial liabilities that are amended or exchanged subsequent to the start of the financial year in which it is applied for the first time. The amendment took effect on 1 January 2022.
  - *IAS 41 Agriculture:* the IASB has published an amendment to this standard that removes the requirement envisaged in para. 22 of IAS 41 for entities applying the NPV method to exclude tax cash flows when measuring the fair value of their assets in the context of IAS 41. The amendment took effect on 1 January 2022. This standard does not apply to the Group.

3.1.2 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, they clarify 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 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 is 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 is 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.
- *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 is allowed.
- *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.

3.2 Consolidation principles

(i) Subsidiaries
Companies are subsidiaries when the Parent Company is exposed to or is entitled to variable returns deriving from its investment relationship and, at the same time, is able to influence such returns by exercising its power over the entity concerned.

Specifically, the Group controls an investment if, and only if, the Group has:
- power over the entity in which the investment is held (i.e. holds valid rights granting the real ability to direct the significant activities of that entity);
- exposure to or rights to variable returns deriving from its investment relationship with the entity concerned;
- the ability to exercise its power over the entity concerned in order to influence the amounts of its returns.

Generally, ownership of the majority of voting rights is presumed to result in control. In support of this presumption and when the Group holds less than the majority of voting rights (or similar), the Group considers all significant facts and circumstances in order to determine whether or not it controls the entity concerned, including:
- contractual agreements with other owners of voting rights;
- rights deriving from contractual agreements;
- voting rights and potential voting rights held by the Group that are not freely exercisable or convertible.

The Group reviews whether or not it controls an entity, if the facts and circumstances indicate changes in one or more of the three elements that are significant for the definition of control. Said potential voting rights are not considered for the purposes of the consolidation process at the time of attribution to minority interests of the economic result and the portion of shareholders' equity pertaining to them. The financial statements of several subsidiaries were not consolidated in consideration of their limited significance; these investments are carried in accordance with the principles illustrated in note 3.10.

The financial statements of subsidiaries are consolidated starting from the date on which the Group acquires control, and deconsolidated from the date on which control is relinquished.

Acquisitions of stakes in subsidiary companies are recorded in accordance with the purchase account method. The acquisition cost corresponds to the current value of the acquired assets, shares issued, or liabilities assumed at the date of acquisition. Ancillary expenses associated with the acquisition are generally recognized in the income statement when they are incurred. The excess of acquisition cost over the Group interest in the current value of the net assets acquired is recognized in the statement of financial position as goodwill. For all business combinations, the Group decides whether to measure the non-controlling interest in the acquired entity at fair value, or in proportion to the minority equity interest acquired. Any negative goodwill is recorded in the income statement at the date of acquisition.

If the business combination is achieved in several phases, the equity interest previously held is remeasured at fair value at the acquisition date and any profits or losses are recognized in the income statement.

The fair value of any contingent consideration payable is recognized by the purchaser at the acquisition date. Changes in the fair value of contingent consideration classified as an asset or a liability, as a financial instrument governed by IFRS 9 Financial instruments: recognition and measurement, are recognized in the income statement or in the statement of other comprehensive income. Any contingent consideration not falling within the scope of IFRS 9 is measured at fair value and the changes in fair value are recognized in the income statement.

If the contingent consideration is classified in equity, its value is not remeasured and the effect of subsequent settlement is also recognized in equity.

After the Group has obtained control of an entity, subsequent acquisitions of interests in said entity that result in an increase or decrease in acquisition cost with respect to the amount attributable to the Group are recognized as equity transactions.

Subsidiaries are consolidated on a line-by-line basis, which combines the entire amount of their assets and liabilities and all their costs and revenues, irrespective of the percentage of control. The accounting value of consolidated equity investments is therefore eliminated against the related interest in their shareholders' equity. The portions of shareholders' equity and profits of minority interests are shown respectively in a specific caption under shareholders' equity and on a separate line of the consolidated income statement. The Group is required to allocate the total statement of comprehensive income to the owners of the parent and to the non-controlling interests, even if this means that the latter have a negative balance.

If the Group losses control over a subsidiary, the related assets (including goodwill), liabilities, non-controlling interests and other components of equity are deconsolidated, while any profits or losses are recognized in the income statement. Any equity interest retained is recognized at fair value.

(ii) Associates
Associates are companies over which the Group has significant influence, without exercising control over their operations. The considerations made in order to determine the existence of significant interest or joint control are similar to those made to determine the existence of control over subsidiaries. The Group's investments in associates are measured using the equity method.

Under the equity method, the investment in an associate is initially measured at cost. The carrying amount of the investment is increased or decreased to recognize the interest of the investor in the profits and losses earned by the entity subsequent to the acquisition date. Any goodwill for an associate is included in its carrying amount and is not subject to separate impairment testing.

The income statement reflects the Group's interest in the results for the year of the associate. All changes in the other comprehensive income reported by associates are recognized as part of the other comprehensive income of the Group. In addition, if an associate recognizes a change directly in equity, the Group also recognizes its share of that change, where applicable, in the statement of changes in shareholders' equity. Any unrealized profits and losses deriving from transactions between the Group and associates are eliminated in proportion to the interests held in them.

The total interest of the Group in the results for the year of associates is classified in the income statement below the operating results line. This interest represents their results after taxation and the portion attributable to the other owners of the associate.

The financial statements of associates are prepared at the same reporting date as that used by the Group. Where necessary, they are adjusted to reflect the accounting policies adopted by the Group.

Subsequent to application of the equity method, the Group considers if it is necessary to recognize any impairment in the value of its interests in associates. On each reporting date, the Group determines if there is any objective evidence that the carrying amount of associates might be impaired. If so, the Group calculates the loss as the difference between the recoverable value of the associate and its carrying amount, and charges it to the "interest in the results of associates" caption of the income statement.

When significant interest over an associate is lost, the Group measures and recognizes the residual investment at its fair value. The difference between the carrying amount of an investment on the date when significant influence is lost, and the fair value of the residual investment plus the consideration received, is recognized in the income statement.

(iii) Investments in other companies
Information about the investments in other companies that represent financial assets is provided in section 3.12 Financial assets (Trade receivables, Other financial assets and Other assets).

(iv) Transactions eliminated in the consolidation process
Intercompany balances and gains and losses arising from intercompany transactions are omitted in the consolidated financial statements. Intercompany gains deriving from transactions with associated companies are omitted in the valuation of the investment with the net equity method. Intercompany losses are only omitted in the presence of evidence that they have not been incurred in relation to third parties.

3.3 Business sector information

Based on the definition provided by standard IFRS 8 an operating segment is a component of an entity:

- that undertakes business activity that generates costs and revenues;
- the operating results of which are periodically reviewed at the highest decisional/operating level of the entity in order to make decisions concerning the resources to allocate to the segment and the measurement of the results;
- for which separate accounting information is available.

The business segments in which the Group operates are determined on the basis of the reporting utilized by Group top management to make decisions, and they have been identified as the Water-Jetting Sector, which basically includes high and very-high pressure pumps and very high pressure systems, as well as machines for the food processing, chemicals, cosmetics and pharmaceutical industries, and the Hydraulic Sector, which includes power take-offs, hydraulic cylinders, directional controls and hydraulic valves, hydraulic hoses and fittings, gears, orbital motors, steering systems (hydroguide) and other hydraulic components. With the aim of providing more comprehensive disclosure, information is provided for the geographical areas in which the Group operates, namely Italy, Europe (including non-EU European countries and excluding Italy), North America, Far East and Pacific Area, and the Rest of the World.

3.4 Treatment of foreign currency transactions

(i) Foreign currency transactions
The functional and presentation currency adopted by the Interpump Group is the euro. Foreign currency transactions are translated to euro using the exchange rates in force on the date of the transaction. Monetary assets and liabilities are translated at the exchange rate in force on the reporting date. Foreign exchange differences arising from the translation are recognized in the income statement. Non-monetary assets and liabilities measured at historical cost are translated at the exchange rates in force on the date of the related transactions. Monetary assets and liabilities stated at fair value are translated to euro at the

exchange rate in force on the reporting date in respect of which their fair value was determined.

(ii) Translation to euro of financial statements in foreign currencies
The assets and liabilities of companies not residing in the EU and whose functional currency is not the Euro, including the goodwill adjustments deriving from the consolidation process and the fair-value adjustments generated by the acquisition of a foreign company outside the EU, are translated at the exchange rates in force on the reporting date. Revenues and costs of the same companies are translated at the average exchange rate in force in the year, which approximates the exchange rates in force on the dates on which the individual transactions were carried out. Foreign exchange differences arising from translation are allocated to a specific equity reserve designated Translation Reserve. At the time of disposal of a foreign economic entity, accumulated exchange differences reported in the Translation Reserve will be recognized in the income statement. The exchange rates used for the translation to euro of the amounts booked to the income statements and statements of financial position of companies with functional currency other than the euro are as follows:

	2022 averages	At 31 December 2022	2021 averages	At 31 December 2021
Danish Krone	7.440	7.437	7.437	7.436
Swedish Krona	10.630	11.122	10.146	10.250
UAE Dirham	3.867	3.917	4.344	4.160
Australian Dollar	1.517	1.569	1.575	1.562
Canadian Dollar	1.369	1.444	1.483	1.439
Hong Kong Dollar	8.245	8.316	9.193	8.833
New Zealand dollar	1.658	1.680	1.672	1.658
Singapore Dollar	1.451	1.430	1.589	1.528
US Dollar	1.053	1.067	1.183	1.133
Swiss Franc	1.005	0.985	1.081	1.033
Ukrainian Hryvnia	34.025	39.037	32.259	30.922
Moldovan Leu	19.861	20.397	20.892	20.120
Romanian Leu	4.931	4.950	4.921	4.949
Bulgarian Lev	1.956	1.956	1.956	1.956
New Peruvian Sol	4.038	4.046	4.591	4.519
Chilean Peso	917.832	913.820	898.395	964.350
Columbian Peso	4,473.283	5,172.470	4,429.479	4,598.680
South African Rand	17.209	18.097	17.477	18.063
Mexican Peso	21.187	20.856	23.985	23.144
Brazilian Real	5.440	5.639	6.378	6.310
Russian Ruble	72.696	75.655	87.153	85.300
Indian Rupee	82.686	88.171	87.439	84.229
UK Pound	0.853	0.887	0.860	0.840
South Korean Won	1,358.073	1,344.090	1,354.057	1,346.380
Chinese Yuan	7.079	7.358	7.628	7.195
Polish Zloty	4.686	4.681	4.565	4.597

The economic values of companies that entered the scope of consolidation during the year were converted at the average exchange rate of the period in which they contributed to the Group results.

3.5 Non-current assets held for sale and discontinued operations

Non-current assets held for sale and any assets and liabilities pertaining to lines of business destined for sale are measured at the lower of their book value at the time these items were classified as held for sale, and their fair value, net of the costs of sale. Any impairments recorded in application of said principle are recorded in the income statement, both in the event of write-downs for adaptation to the fair value and also in the case of profits and losses deriving from future changes of the fair value.

Business complexes that represent a large portion of the Group's assets are classified as discontinued operations at the time of their disposal or when they fit the description of assets held for sale, if said requirements existed previously.

3.6 Property, plant and equipment

(i) Recognition and measurement
Property, plant and equipment are measured at the historical cost and stated net of accumulated depreciation (see next point *iii*) and impairment losses (see section 3.9). The cost of goods produced internally includes the cost of raw materials, directly related labor costs, and a portion of indirect production costs. The cost of assets, whether purchased externally or produced internally, includes the ancillary costs that are directly attributable and necessary for use of the asset and, when they are significant and in the presence of contractual obligations, the current value of the cost estimated for the dismantling and removal of the related assets.

Financial charges relative to loans utilized for the purchase of tangible fixed assets are recorded in the income statement on an accruals basis if they are not specifically allocated to the purchase or construction of the asset, otherwise they are capitalized.

Assets held for sale are measured at the lower of the fair value net of ancillary sales charges and their book value.

(ii) Subsequent costs
The replacement costs of certain parts of assets are capitalized when it is expected that said costs will result in future economic benefits and they can be measured in a reliable manner. All other costs, including maintenance and repair costs, are ascribed to the income statement when they arise.

(iii) Depreciation
Depreciation is charged to the income statement on a straight-line basis in relation to the estimated residual useful life of the associated asset. Land is not depreciated. The estimated useful life of assets is as follows:

- Property	20-25 years
- Plant and equipment	12.5 years
- Industrial and commercial equipment	3-6 years
- Other assets	3-8 years

The estimated useful life of the assets is reviewed on an annual basis, and any changes in the rates of depreciation are applied, where necessary, to future depreciation charges.

For assets purchased and/or that became operational in the year, depreciation is calculated utilizing annual rates reduced by 50%. Historically, this method has been representative of the effective utilization of the assets concerned.

Any profits/losses emerging on the derecognition of assets, i.e. on disposal (from the date on which the purchaser obtains control over them) or when no further economic benefits are expected from their use or disposal, (being the difference between their carrying amount and the net consideration obtained) are recognized in the income statement at that time.

(iv) Leasing
Right-of-use assets are measured at cost and stated net of accumulated depreciation and impairment. They are also adjusted following remeasurement of the related lease liabilities. The cost of right-of-use assets comprises the amount of the lease liabilities recognized, the initial direct costs incurred and the lease payments made at the start date or in advance, net of any and all incentives received. Right-of-use assets are depreciated on a straight-line basis from the start date until the end of the useful life of the asset, being the end of the usage right (duration of the lease contract).

If the lease contract transfers ownership of the underlying asset to the lessee at the end of the lease period, or if the cost of the right-of-use asset reflects the fact that the lessee will exercise the purchase option, the lessee must depreciate the right-of-use asset from the start date until the end of the useful life of the underlying asset. The corresponding liability to the lessor is classified among the financial payables.

(v) Leasehold improvements
Any leasehold improvements with the same characteristics as fixed assets are capitalized in the asset category to which they relate and depreciated over their useful lives or, if shorter, over the residual life of the lease.

3.7 Goodwill

As stated in section 3.2 Consolidation principles, goodwill represents the excess amount of the purchase cost with respect to the Group portion of the fair value of current and potential assets and liabilities at the date of purchase.

Goodwill is recorded at cost, net of impairment losses.

Goodwill is allocated to the cash-generating units identified with reference to the organization, management and control structure of the Group, which coincide with the two operational sectors identified by the Group. The book value is measured in order to assess the absence of impairment (see section 3.9). Goodwill related to non-consolidated subsidiaries and associates is included in the value of the investment.

Any negative goodwill originating from acquisitions is entered directly in the income statement.

If the goodwill was allocated to a cash generating unit and the entity retires part of that unit's activities, the goodwill associated with the retired assets is added to their carrying amount when determining the profit or loss on retirement. The goodwill associated with the retired activity is determined with reference to the value of the retired assets with respect to those retained by the cash generating unit.

3.8 Other intangible assets

(i) Research and development costs
Research costs for the acquisition of new technical know-how are charged to the income statement as incurred.

Development costs relating to the creation of new products/accessories or new production processes are capitalized if the Group's companies can prove:

- the technical feasibility and intention of completing the intangible asset in such a way that it is available for use or for sale;
- their ability to use or sell the asset;
- the forecast volumes and realization values indicate that the costs incurred for development activities will generate future economic benefits;
- that the costs are measurable in a reliable manner;
- that resources exist to complete the development project.

The capitalized cost includes the cost of raw materials, directly related labor costs and a portion of indirect costs. Capitalized development costs are valued at cost, net of accumulated amortization, (see next point *v*) and impairment (see section 3.9). Other development costs are ascribed to the income statement when they arise.

(ii) Loan ancillary costs
Loan ancillary costs are treated as outlined in section 3.16. Ancillary costs relating to loans not yet received are recorded as current assets and reclassified as a deduction from the loans on their receipt.

(iii) Other intangible assets
Other intangible assets, all having a defined useful life, are measured at cost and recorded net of accumulated amortization (see next point *v*) and impairment (see section 3.9).

Trademarks and patents, which constitute almost the entirety of this caption, are amortized as follows: the Hammelmann trademark and NLB trademark and patents, the Inoxihp trademark, Inoxpa and the American Mobile trademark are amortized over 15 years, this period being considered representative of the expected useful life, in consideration of their positions as world leaders in their respective niche markets. The Walvoil, Reggiana Riduttori, Transtecno, White Drive, Berma and Eurofluid trademarks are amortized over 10 years, in consideration of their leadership positions in highly competitive markets.

Software licenses are amortized over their period of utilization (3-5 years).

The costs incurred internally for the creation of trademarks or goodwill are recognized in the income statement when they are incurred.

(iv) Subsequent costs
Costs incurred subsequently relative to intangible fixed assets are capitalized only if they increase the future economic benefits of the specific capitalized asset, otherwise they are entered in the income statement when they are sustained.

(v) Amortization/depreciation
Amortization amounts are recorded in the income statement on a straight-line basis in accordance with the estimated useful life of the capitalized assets to which they refer. The estimated useful life of assets is as follows:

- Patents and trademarks	5-15 years
- Development costs	5 years
- Granting of software and other licenses	3-5 years

The useful life is reviewed on an annual basis and any changes in the rates are made, where necessary, for future amounts.

3.9 Impairment of assets

The book values of assets, with the exception of inventories (see section 3.14), financial assets regulated by IFRS 9, deferred tax assets (see section 3.18), and non-current assets held for sale regulated by IFRS 5, are subject to measurement at the reporting date in order to identify the existence of possible indicators of impairment. If the valuation process identifies the presence of such indicators, the presumed recoverable value of the asset is calculated using the methods indicated in the following point (*i*).

The recoverable value of goodwill and intangible assets not yet in use is estimated at least annually, or more frequently if specific events provide evidence of possible impairment.

If the estimated recoverable value of the asset or its cash generating unit is lower than its net book value, the asset to which it refers is consequently adjusted for impairment loss with entry into the income statement.

Adjustments for impairment losses made in relation to the cash generating units are allocated initially to goodwill, and, for the remainder, to other assets on a proportional basis.

Goodwill is tested for impairment on a yearly basis even if there are no indicators of potential impairment.

(i) Calculation of presumed impairment loss
The estimated recoverable value of other assets is equal to their fair value less selling costs or, if greater, their value in use. The value in use is equivalent to the projected future cash flows, discounted to present value at a rate, including tax, that takes account of the market value, of interest rates and specific risks of the asset to which the presumed realization value refers. For assets that do not give rise to independent cash flows the presumed realization value is determined with reference to the cash generating unit to which the asset belongs.

(ii) Reinstatement of impairment losses
An impairment relative to other assets is reinstated if a change has occurred in the estimate used to determine the presumed recovery value.

Impairment is reinstated to the extent of the corresponding book value that would have been determined, net of depreciation/amortization, if no impairment loss had ever been recognized.

Impairment related to goodwill can never be reinstated.

3.10 Equity investments

Investments in associates are measured using the equity method, as envisaged in IAS 28 (see section 3.2 (ii) Associates).

Information about the investments in equity instruments (investments in other companies) is provided in section 3.12 Financial assets (Trade receivables, Other financial assets and Other assets).

3.11 Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank and post office deposits, and securities having original maturity date of less than three months. Current account overdrafts and advances with recourse are deducted from cash only for the purposes of the cash-flow statement.

3.12 Financial assets (Trade receivables, Other financial assets and Other assets)

On initial recognition, the classification of financial assets depends on how they will be measured subsequently: at amortized cost, at fair value through other components of comprehensive income or at fair value through profit or loss. Again at the time of initial recognition, financial assets are classified with reference to the characteristics of the related contractual cash flows and the business model used by the Group for their management. With the exclusion of trade receivables that do not contain a significant financing component, the Group initially measures financial assets at their fair value, including transaction costs in the case of those not measured at fair value through profit and loss. Trade receivables that do not have a significant financial component are measured at their transaction price, as defined in accordance with IFRS 15.

Financial assets are measured at amortized cost if they are held in order to collect contractual cash flows (*Held to Collect*), represented solely by the payment of principal and interest on the amount of principal still be repaid. All receivables are included in this category. These assets are measured at amortized cost, in accordance with the effective interest criterion, and stated net of impairment losses. Interest income, exchange gains and losses, and impairment losses are recognized in the profit (loss) for the year, as are derecognition gains and losses.

Financial assets are measured at fair value through other comprehensive income if they are held by the Group both to collect contractual cash flows, represented solely by the payment of principal and interest on the amount of principal to be repaid, and to sell them *(Held to Collect and Sell).*

If a financial asset is not measured in one of the two ways described above, it must be measured at fair value through profit or loss. Accordingly, this category includes the assets held for trading and the assets designated on initial recognition as financial assets at fair value through profit or loss, as well as the financial assets whose measurement at fair value is mandatory. The fair value of the financial assets held for trading is determined with reference to market prices on the relevant annual or interim reporting date, or using financial valuation techniques and models.

In accordance with IFRS 9, commencing on 1 January 2018 the Group adopted a new impairment model for financial assets measured at amortized cost or at fair value through other components of comprehensive income, with the exception of equity securities and assets deriving from customer contracts. This new model is based on determining the expected credit loss (ECL), which replaced the incurred loss model envisaged previously. The new standard envisages adoption of the following methodologies: the General deterioration method and the Simplified approach. With regard to the simplified approach adopted by the Group, the standard does not specify how to segment customers, leaving each entity free to select the sample subsets in a manner consistent with its own circumstances. Within the simplified model, an analytical approach has been applied in relation to trade receivables deemed by management to be individually significant, and for which more detailed information is available about the significant increase in credit risk.

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized (i.e. removed from the statement of financial position) when:

- the right to receive cash flows deriving from the asset has expired, or
- the Company has transferred the right to receive cash flows deriving from the asset to a third party, or has accepted a contractual obligation to pay them over in full and without

delay and (a) has transferred substantially all the risks and benefits of ownership of the financial asset, or (b) has not transferred or retained substantially all the risks and benefits of ownership of the financial asset, but has transferred control over it.

The profit (loss) on a financial asset that is measured at amortized cost and is not included in a hedging relationship must be recognized in profit (loss) in the year in which it is derecognized or reclassified, or via the amortization process or when impairment adjustments are recorded.

3.13 Derivative financial instruments

It is Group policy to avoid speculative derivative financial instruments; however, when derivative financial instruments fail to meet all the requirements for hedge accounting, any changes in their fair value are recognized in the income statement as financial charges and/or income.

Derivative financial instruments are brought to account using hedge accounting methods when:

- formal designation and documentation of the hedge relation is present at the start of the hedge;
- the hedge is expected to be highly effective;
- effectiveness can be reliably measured and the hedge is highly effective during the periods of designation.

The method used to recognize derivative financial instruments depends on whether or not the conditions and requirements of IFRS 9 are fulfilled. Specifically, it clarifies that:

(i) Cash flow hedges
In the case of a derivative financial instrument for which formal documentation is provided of the hedging relation of the variations in cash flows originating from an asset or liability of a future transaction (underlying hedged variable), considered to be highly probable and that could impact on the income statement, the effective hedge portion deriving from the adaptation of the derivative financial instrument to fair value is recognized directly in equity. When the underlying hedged item is delivered or settled, the related provision is derecognized from equity and attributed at the recording value of the underlying element. The ineffective portion, if present, of the change in value of the hedging instrument is immediately ascribed to the income statement under financial expenses and/or income.

When a hedging financial instrument expires, is sold, terminated, or exercised, or the company changes the relationship with the underlying variable, and the forecast transaction has not yet occurred although it is still considered likely, the relative gains or losses deriving from adjustment of the financial instrument to fair value are still retained in equity and are recognized in the income statement when the transaction takes place in accordance with the situation described above. If the forecast transaction related to the underlying risk is no longer expected to occur, the relative gains or losses of the derivative contract, originally deferred in equity, must be taken to the income statement immediately.

(ii) Hedges of monetary assets and liabilities (Fair value hedges)
When a derivative financial instrument is used to hedge changes in value of a monetary asset or liability already recorded in the financial statements that can impact on the income statement, the gains and losses relative to the changes in the fair value of the derivative instrument are taken to the income statement immediately. Likewise, the gains and losses

relative to the hedged item modify the book value of said item and are recognized in the income statement.

3.14 Inventories

Inventories are measured at the lower of purchase cost or their estimated realizable value. Cost is determined on a weighted-average basis and includes all costs incurred to purchase the materials and transform them into their state and condition at the reporting date. The cost of semi-finished goods and finished products includes a portion of indirect costs determined on the basis of normal production capacity. Write down provisions are calculated for materials, semi-finished goods and finished products considered to be obsolete or slow moving, taking account of their expected future usefulness and their realization value. The net realization value is estimated taking account of the market price during the course of normal business activities, from which the costs of completion and costs of sale are subsequently deducted.

3.15 Share capital and treasury shares

In the case of purchase of treasury shares, the price paid, inclusive of any directly attributable ancillary costs, is deducted from share capital for the portion concerning the nominal value of shares and from shareholders' equity for the surplus portion. When said treasury shares are resold or reissued, the price collected, net of any directly attributable ancillary charges and the relative tax effect, is recorded as share capital for the portion concerning the nominal value of shares and as shareholders' equity for the surplus.

3.16 Financial liabilities (Trade payables, Bank payables, Interest-bearing financial payables and Other liabilities)

On initial recognition, financial liabilities are measured at fair value through profit and loss and classified either as loans or as derivatives designated as hedging instruments. All financial liabilities are initially recognized at fair value, including directly-attributable transaction costs in the case of loans and payables. Following initial recognition, loans are measured at amortized cost using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated collections over the expected life of the financial instrument or the future payments to the gross carrying amount of the financial asset or the amortized cost of the financial liability. Profits and losses are recognized in the income statement when liabilities are settled, as well as via the amortization process. Amortization using the effective interest rate is classified among financial expenses in the income statement.

A financial liability is derecognized when the underlying obligation expires or when the obligation specified in the contract is settled, canceled or expires.

Trade payables and other debts, the relative due date of which is within normal commercial terms, are not discounted to present value and are entered at the amortized cost representative of their discharge value.

Current financial liabilities include the short-term portions of the interest-bearing financial payables, bank and lease payables and other financial liabilities.

3.17 Liabilities for employee benefits

(i) Defined contribution plans
The Group participates in defined pension plans with public administration or private plans on a compulsory, contractual, or voluntary basis. The payment of contributions fulfills the Group's obligations towards its employees. The contributions therefore constitute costs of the period in which they are due.

(ii) Defined benefit plans
Defined benefits for employees disbursed on termination of their employment with the Group or thereafter, and which include severance indemnity of Italian companies, are calculated separately for each plan, using actuarial techniques to estimate the amount employees have accrued in the year and in previous years. The resulting benefit is discounted to present value and recorded net of the fair value of any related assets. The discount rate on the reporting date is calculated as required by IAS 19 with reference to the market yield of high quality corporate bonds. Only the securities of corporate issuers with an "AA" rating are considered, on the assumption that this class identifies a high rating level in the context of "Investment Grade" (IG) securities, with the exclusion, therefore, of higher risk securities. Given that IAS 19 does not make explicit reference to a specific business category, the Group has opted for a “Composite” market yield curve that, accordingly, summarizes market conditions on the measurement date for the securities issued by companies active in various sectors, including utilities, telephony, finance, banking and industrials. At 31 December 2022, analysis of the above rate curve for “AA” securities used for actuarial valuation purposes indicates a sharp increase in expected yields for all maturities, with respect to that at 31 December 2021, and that the curve is extremely flat compared with historical experience. The increase in the curve, due to changes in the macroeconomic situation and the instability of the financial markets, is explained by the rise in interest rates and the broadening of credit spreads during 2022. The spike in inflation, the potential slowdown in global growth, the restrictive monetary policies adopted by the Central Banks and the Russia-Ukraine conflict have contributed to the creation of highly-volatile macroeconomic conditions and extreme adversity in the financial markets. Deterioration of the crisis in Ukraine has exacerbated the generalized rise in commodity prices - already evident in the post-Covid period - causing additional inflationary pressures. In response, the principal Central Banks have adopted an increasingly aggressive policy, intended to dampen the rise in inflation, by sharply raising interest rates on multiple occasions during the year. After many years of near-zero (or negative) rates, credit spreads on corporate bonds broadened during 2022. Investment Grade (IG) spreads at the end of 2022 were over 30 points more than at the start of 2022, and slightly more than average for the past decade. Given all of the above, bond yields rose in the principal bond markets during 2022 and, in particular, those on investment grade bonds reached levels not seen since the global financial crisis. Growth forecasts have been revised downwards and economic activity is expected to slow or contract, possibly resulting in an extended period of recession during 2023. The defined benefit obligation is calculated on an annual basis by an independent actuary using the projected unit credit method.

If the plan benefits increase, the prior-service portion of the increase is charged to the income statement on a straight-line basis over the period in which the related rights will be acquired. If the rights are acquired immediately, the increase is recognized immediately in the income statement.

Actuarial profits and losses are recognized in a specific equity reserve on an accrual basis.

Until 31 December 2006 the severance indemnity provision (TFR) of Italian companies was considered to be a defined benefits plan. The rules governing the provision were amended by

Law no. 296 of 27 December 2006 ("2007 Finance Act") and by subsequent Decrees and Regulations enacted in the initial months of 2007. In the light of these changes, and in particular with reference to companies with at least 50 employees, the TFR severance indemnity should now be classified as a defined benefits plan exclusively for the portions accrued prior to 1 January 2007 (and not yet paid out at the date of the financial statements), while after that date TFR should be considered as a defined contributions plan.

(iii) Stock options

On the basis of the stock option plan currently in existence, certain employees and directors are entitled to purchase the treasury shares of Interpump Group S.p.A. The options are measured at their fair value, which is charged to the income statement as an increase in the cost of personnel and directors, with a matching entry to the share premium reserve for share-based payment transactions. Fair value is measured at the grant date of the option and recorded in the income statement in the period that runs between said date and the date on which the options become exercisable (vesting period), after the conditions relating to the achievement of objectives and/or the provision of services have been met. The cumulative costs recognized in relation to these operations at each reporting date until the vesting date are determined with reference to the length of the vesting periods and the best estimate of the number of participating instruments that will actually vest. The cost or income reported in the income statement reflects the change in the accumulated costs between the start and the end of the year.

No costs are recognized for rights that do not vest, except in the case of rights whose assignment is dependent on market conditions or a non-vesting condition. These are treated as if vested, regardless of whether or not the market conditions or other non-vesting conditions have been satisfied, without prejudice to the fact that all other performance and/or service conditions must still be satisfied. If the plan conditions are amended, the minimum cost recognized is that which would have been incurred without the plan amendment. A cost is also recognized for each amendment that increases the total fair value of the payment plan, or that is in any case favorable for employees; this cost is measured with reference to the amendment date.

The diluting effect of unexercised options is reflected in the calculation of diluted earnings per share.

The fair value of the option is determined using the applicable options measurement method (specifically, the binomial lattice model), taking account the terms and conditions at which the options were granted.

3.18 Income taxes

Income taxes disclosed in the income statement include current and deferred taxes. Income taxes are generally disclosed in the income statement, except when they refer to types of items that are recorded directly under shareholders' equity. In this case, the income taxes are also recognized directly in equity.

Current taxes are taxes that are expected to be due, calculated by applying to the taxable income the tax rate in force at the reporting date and the adjustments to taxes of prior years.

Deferred taxes are calculated using the liability method on the timing differences between the amount of assets and liabilities in the consolidated financial statements and the corresponding values recognized for tax purposes. Deferred tax liabilities are recognized in relation to all taxable temporary differences, except for:

- the deferred tax liabilities deriving from the initial recognition of goodwill or an asset or liability in a transaction that does not represent a business combination and, at the time of the transaction, does not affect the reported results or taxable income;
- reversals of taxable temporary differences, associated with investments in subsidiaries, associates and joint ventures, that can be controlled and that are unlikely to occur in the foreseeable future.

Deferred tax assets are recognized in relation to all deductible temporary differences, tax credits and unused tax losses carried forward, to the extent that future taxable income is likely to be sufficient to allow the recovery of the deductible temporary differences, tax credits and tax losses carried forward, except for:

- the deferred tax assets linked to deductible temporary differences that derive from the initial recognition of an asset or liability in a transaction that does not represent a business combination and, at the time of the transaction, does not affect the reported results or taxable income;
- the deferred tax assets linked to deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, which are only recognized if they are likely to reverse in the foreseeable future and there will be sufficient taxable income for the recovery of such temporary differences.

Deferred taxes are calculated in accordance with the envisaged method of transfer of timing differences, using the tax rate in force at the reference date of years in which the timing differences arose.

Deferred tax assets are recognized exclusively in the event that it is probable that in future years sufficient taxable incomes will be generated for the realization of said deferred taxes. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that future taxable income is no longer likely to be sufficient to allow the recovery of such assets, in whole or in part. Any unrecognized deferred tax assets are reviewed at each reporting date and recognized to the extent that it has become is probable that future taxable income will be sufficient to allow their recovery.

3.19 Provisions for risks and charges

In cases where the Group has a legal or substantial obligation resulting from a past event, and when it is probable that the loss of economic benefits must be sustained in order to fulfill such an obligation, a specific provision for risks and charges is created. If the temporal factor of the envisaged loss of benefits is significant, the amount of the future cash outflows is discounted to present values at a rate, gross of taxes, that takes account of the market interest rates and the specific risk of the liability referred to.

(i) Product warranty provision
Liabilities for warranty repairs are allocated to the specific product warranty provision at the time of sale of the products. The provision is determined on the basis of historic data describing the cost of warranty repairs.

(ii) Restructuring provision
A restructuring provision is formed exclusively in the event that the Group has approved a formal and detailed restructuring plan and has started to implement it or has published it before the reporting date. In other cases, the future costs are not set aside.

(iii) Onerous contracts
When the forecast future benefits of a contract are less than the non-eliminable costs relating to it, a specific provision is created equivalent to the difference.

3.20 Revenues

(i) Revenues from the sale of goods and services
Revenues deriving from contracts with customers are recognized on the basis of the following 5 steps: (i) identification of the contract with the customer; (ii) identification of the contractual performance obligations to be transferred to the customer in exchange for the transaction price; (iii) determination of the transaction price; (iv) allocation of the transaction price to the individual performance obligations; (v) recognition of the revenue when the associated performance obligation is fulfilled. Revenues are recognized at the amount of the consideration to which the Group considers it is entitled on satisfaction of the obligation, when the customer acquires control over the goods or services transferred. The Group has identified a single revenue stream from the sale of products and spare parts representing the obligations satisfied at a given point in time. Revenues from the sale of products are recognized when the significant risks and benefits associated with control over the goods are transferred to the purchaser. The change of control coincides with the transfer of ownership or possession of the goods to the purchaser and, therefore, generally occurs on shipment or on completion of the service.

(ii) State grants
State grants are recorded as deferred revenue under other liabilities when it becomes reasonably certain that they will be disbursed and when the Group has fulfilled all the necessary conditions to obtain them. Grants received against costs sustained are recorded in the income statement systematically in the same periods in which the relative costs are incurred.

3.21 Costs

(ii) Lease installments
The principal portion of lease installments is deducted from the financial payable, while the interest portion is charged to the income statement.

(ii) Financial income and charges
Financial revenues and charges are recorded on an accrual basis in accordance with the interest matured on the net value of the relative financial assets and liabilities, using the effective interest rate. Financial charges and income include currency exchange gains and losses and gains and losses on derivative instruments to be charged to the income statement (see section 3.13).

4. Business sector information

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

The value of components and products transferred between sectors is generally the effective sales price between Group companies and corresponds to the best customer sale prices.

Sector information includes directly attributable costs and costs allocated on the basis of reasonable estimates. Holding company costs, i.e. remuneration of directors, statutory auditors and functions of the Group's financial management, control and internal auditing, and also consultancy costs and other related costs, are allocated to each sector on the basis of sales.

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 employed for a broad range of industrial applications including car wash installations, forced lubrication systems for machine tools, and inverse osmosis systems for seawater desalination plants. Very high pressure pumps and systems are used for cleaning surfaces, ship hulls, various types of hoses, 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 and other machines produced mainly for the food processing industry and 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. Hydraulic hoses and fittings are used in a vast range of hydraulic equipment and are also employed in 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)

	Hydraulics		Water-Jetting		Elimination entries		**Interpump Group**	
	2022	2021	2022	2021	2022	2021	2022	2021
Revenues outside the Group	1,541,623	1,134,132	536,341	470,123	-	-	2,077,964	1,604,255
Inter-sector revenues	3,372	3,074	4,012	4,838	(7,384)	(7,912)	-	-
Total revenues	**1,544,995**	**1,137,206**	**540,353**	**474,961**	**(7,384)**	**(7,912)**	**2,077,964**	**1,604,255**
Cost of sales	(1,068,061)	(776,662)	(292,813)	(260,832)	7,423	7,930	(1,353,451)	(1,029,564)
Gross industrial margin	**476,934**	**360,544**	**247.540**	**214,129**	**39**	**18**	**724,513**	**574,691**
% of revenues	*30.9%*	*31.7%*	*45.8%*	*45.1%*			*34.9%*	*35.8%*
Other operating income	34,927	18,414	8,869	7,888	(1,093)	(1,019)	42,703	25,283
Distribution expenses	(98,038)	(77,705)	(60,611)	(50,326)	602	560	(158,047)	(127,471)
General and administrative expenses	(135,265)	(108,611)	(63,464)	(58,224)	452	441	(198,277)	(166,394)
Other operating costs	(25,572)	(7,727)	(1,316)	(3,334)	-	-	(26,888)	(11,061)
EBIT	**252,986**	**184,915**	**131,018**	**110,133**	-	-	**384,004**	**295,048**
% of revenues	*16.4%*	*16.3%*	*24.2%*	*23.2%*			*18.5%*	*18.4%*
Financial income	23,560	10,548	9,838	5,354	(1,511)	(1,324)	31,887	14,578
Financial charges	(35,904)	(27,969)	(13,054)	(7,763)	1,511	1,324	(47,447)	(34,408)
Dividends	-	-	42,200	44,204	(42,200)	(44,204)	-	-
Equity method contribution	207	179	28	104	-	-	235	283
Profit for the year before taxes	**240,849**	**167,673**	**170,030**	**152,032**	**(42,200)**	**(44,204)**	**368,679**	**275,501**
Income taxes	(62,738)	(42,492)	(36,192)	(34,490)	-	-	(98,930)	(76,982)
Consolidated profit for the year	**178,111**	**125,181**	**133,838**	**117,542**	**(42,200)**	**(44,204)**	**269,749**	**198,519**
Attributable to:								
Shareholders of Parent	175,727	123,134	132,970	116,952	(42,200)	(44,204)	266,497	195,882
Minority shareholders of subsidiaries	2,384	2,047	868	590	-	-	3,252	2,637
Consolidated profit for the year	**178,111**	**125,181**	**133,838**	**117,542**	**(42,200)**	**(44,204)**	**269,749**	**198,519**
Further information required by IFRS 8								
Amortization, depreciation and write-downs	75,819	60,346	22,601	21,780	-	-	98,420	82,126
Other non-monetary costs	12,523	5,704	5,353	3,504	-	-	17,876	9,208

Financial position
(Amounts shown in €/000)

	Hydraulics		Water-Jetting		Elimination entries		**Interpump Group**	
	31 December 2022	31 December 2021 *(restated)*	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021 *(restated)*
Assets of the sector	2,071,141	*1,790,484*	831,227	743,742	(130,875)	(107,354)	2,771,493	*2,426,872*
Assets held for sale	1,291	1,460	-	-	-	-	1,291	1,460
Assets of the sector (A)	**2,072,432**	***1,791,944***	**831,227**	**743,742**	**(130,875)**	**(107,354)**	**2,772,784**	***2,428,332***
Cash and cash equivalents							358,275	349,015
Total assets							**3,131,059**	***2,777,347***
Liabilities of the sector (B)	**559,297**	***486,318***	**173,656**	**136,986**	**(130,875)**	**(107,354)**	**602,078**	***515,950***
Debts for the acquisition of equity investments							62,812	77,794
Payables to banks							30,928	7,760
Interest-bearing financial payables							869,131	836,179
Total liabilities							**1,564,949**	**1,437,683**
Total assets, net (A-B)	**1,513,135**	**1,305,626**	**657,571**	**606,756**	**-**	**-**	**2,170,706**	**1,912,382**
<u>Further information required by IFRS 8</u>								
Investments measured using the equity method	1,099	529	570	434	-	-	1,669	963
Non-current assets other than financial assets and deferred tax assets	1,118,921	*1,057,928*	386,680	376,523	-	-	1,505,601	*1,434,451*

At unchanged perimeter, the organic growth of the Hydraulic Sector - being the only sector affected by business combinations during the year - is analyzed as follows:

	Hydraulics	
	2022	2021
Revenues outside the Group	1,357,937	1,077,986
Inter-sector revenues	3,372	3,074
Total revenues	**1,361,309**	**1,081,060**
Cost of sales	(928,559)	(736,771)
Gross industrial margin	**432,750**	**344,289**
% of revenues	*31.8%*	*31.8%*
Other operating income	26,879	18,142
Distribution expenses	(89,573)	(75,022)
General and administrative expenses	(122,760)	(103,457)
Other operating costs	(18,610)	(6,701)
EBIT	**228,686**	**177,251**
% of revenues	*16.8%*	*16.4%*
Financial income	17,352	9,826
Financial charges	(31,838)	(27,073)
Dividends	-	-
Equity method contribution	238	179
Profit for the year before taxes	**214,438**	**160,183**
Income taxes	(57,606)	(40,693)
Consolidated profit for the year	**156,832**	**119,490**
Attributable to:		
Shareholders of Parent	154,448	117,443
Minority shareholders of subsidiaries	2,384	2,047
Consolidated profit for the year	**156,832**	**119,490**

Cash flows for the year by business sector are as follows:

€/000	Hydraulics		Water-Jetting		Total	
	2022	2021	2022	2021	2022	2021
Cash flows from:						
Operating activities	99,578	170,067	104,294	87,162	203,872	257,229
Investing activities	(133,541)	(103,278)	(31,923)	(307,871)	(165,464)	(411,149)
Financing activities	(32,079)	(63,946)	(20,875)	221,007	(52,954)	157,061
Total	(66,042)	2,843	51,946	298	(14,096)	3,141

The investing activities of the Hydraulic Sector included €33,800k associated with the acquisition of equity investments (€30,416k in 2021). The investing activities of the Water-Jetting Sector included €5,600k associated with the acquisition of equity investments (€276,399k in 2021).

The cash flows deriving from the financing activities of the Hydraulic Sector include dividend payments to Water-Jetting Sector companies totaling €42,200k (€42,924k in 2021). Moreover, the cash flows deriving from the financing activities of the Water-Jetting Sector in 2022 included proceeds from the sale of treasury shares to the beneficiaries of stock options totaling €63,027k (€714k in 2021), outlays for the purchase of treasury shares amounting to €94,793k (€22,397k in 2021) and the payment of dividends of €30,077k (€27,451k in 2021).

Geographical areas

Revenues are analyzed below by the five geographical areas identified:

	2022 (€/000)	%	2021 (€/000)	%	Growth
Italy	335,049	16	270,722	17	+23.8%
Europe (Italy excluded)	738,268	36	579,793	36	+27.3%
North America	601,268	29	418,357	26	+43.7%
Far East and Pacific Area	228,459	11	197,673	12	+15.6%
Rest of the World	174,920	8	137,710	9	+27.0%
Total	*2,077,964*	100	*1,604,255*	100	+29.5%

Non-current assets other than financial assets and deferred tax assets are analyzed by geographical area below, based on their location:

	31/12/2022 (€/000)	31/12/2021 *(restated)* (€/000)
Italy	814,738	754,407
Europe (Italy excluded)	396,251	*411,228*
North America	233,718	216,408
Far East and Pacific Area	28,006	21,779
Rest of the World	32,888	30,629
Total	1,505,601	*1,434,451*

The geographical areas to which operations are assigned depend on the nationality of the company performing them. No companies have operations in more than one area.

5. Business combinations

Draintech S.r.l.

The agreement to acquire 80% of Draintech S.r.l. was signed on 11 April 2022. This company produces gears and precision components for mechanical transmissions, as well as a complete line of trapezoidal screw jacks, all activities that are highly synergic with those of the Group. Solely for accounting purposes, 1 June 2022 was designated as the acquisition date, there being no significant differences between then and the actual acquisition date. The provisional purchase price allocation at 31 December 2022 is presented below.

€/000	Amounts acquired	Adjustments to fair value	Carrying values in the acquiring company
Cash and cash equivalents	160	-	160
Trade receivables	1,097	-	1,097
Inventories	1,364	-	1,364
Tax receivables	47	-	47
Other current assets	26	-	26
Property, plant and equipment	909	-	909
Other financial assets	194	-	194
Deferred tax assets	1	-	1
Other non-current assets	1	-	1
Trade payables	(744)	-	(744)
Payables to banks	(5)	-	(5)
Interest-bearing financial payables (current portion)	(131)	-	(131)
Tax liabilities	(413)	-	(413)
Other current liabilities	(89)	-	(89)
Provisions for risks and charges (current portion)	(5)	-	(5)
Interest-bearing financial payables (medium-/long-term portion)	(742)	-	(742)
Employee benefits (severance indemnity provision)	(60)	-	(60)
Other non-current liabilities	(10)	-	(10)
Net assets acquired	1,600	-	1,600
Goodwill related to the acquisition			1,579
Total net assets acquired			**3,179**
Total amount paid in cash			2,120
Payables related to the acquisition of investments			1,059
Total acquisition cost (A)			**3,179**
Net financial position acquired (B)			718
Total amount paid in cash			2,120
Payables related to the acquisition of investments			1,059
Total change in the net financial position including change in debt for the acquisition of investments			**3,897**
Capital employed (A) + (B)			**3,897**

The transaction was recorded using the acquisition method.
The goodwill was allocated in full to the Hydraulic CGU and is not relevant for tax purposes.

Since the acquisition date, Draintech S.r.l. has contributed €2.8m to the revenues of the Group and €0.5m to the pre-tax profits of the Group. Had the business combination taken place at the start of 2022, the contribution to Group revenues would have been €4.9m, with an insignificant effect on the net profit of the Group.

White Drive Motors and Steering

On 1 October 2021, Interpump Group acquired the three companies in the White Drive Motors & Steering business unit from the Danfoss Group. The White Drive Motors & Steering business unit includes three manufacturing facilities: Hopkinsville (Kentucky, USA), Parchim (Germany) and Wroclaw (Poland). In addition, three production lines were acquired from the Eaton Hydraulics plants in the USA and moved to the Hopkinsville plant, and a production line was acquired in China.
The acquisition of White Drive Motors and Steering has extended the Hydraulic Sector product catalog to include orbital motors and steering systems, thus helping to consolidate Interpump's role as a global player in hydraulics**.**

The PPA (*Purchase Price Allocation*) was finalized as follows on 30 September 2022:

€/000	Amounts acquired (restated)	Adjustments to fair value (restated)	Carrying values in the acquiring company (restated)
Cash and cash equivalents	8,708	-	8,708
Trade receivables	30,952	-	30,952
Inventories	29,004	-	29,004
Tax receivables	1,368	-	1,368
Other current assets	565	-	565
Property, plant and equipment	67,001	13,465	80,466
Other intangible assets	918	16,058	16,976
Other financial fixed assets	34	-	34
Deferred tax assets	946	-	946
Other non-current assets	108	-	108
Trade payables	(35,205)	-	(35,205)
Tax liabilities	(1,254)	-	(1,254)
Other current liabilities	(7,639)	-	(7,639)
Provisions for risks and charges (current portion)	(100)		(100)
Leasing payables (non-current portion)	(13,280)	-	(13,280)
Deferred tax liabilities	-	(7,661)	(7,661)
Provision for risks (non-current portion)	(909)	-	(909)
Net assets acquired	81,217	21,862	103,079
Goodwill related to the acquisition			147,958
Total net assets acquired			**251,037**
Total amount paid in cash			274,333
Price adjustment			(23,296)
Total acquisition cost (A)			**251,037**
Net financial position acquired (B)			4,572
Total amount paid in cash			274,333
Price adjustment			(23,296)
Total change in net financial position			**255,609**
Capital employed (A) + (B)			**255,609**

The amounts for companies not resident in the EU were translated using the exchange rates at 30 September 2021.
The transaction was recorded using the acquisition method.
The goodwill was allocated in full to the Hydraulic CGU and is not relevant for tax purposes.

The changes in the fair value adjustments since 31 December 2021 mainly reflect the increase on recognizing the White Drive trademark in the consolidated financial statements, €16,058k, following an independent appraisal completed during the year, and the decrease on recognizing the related tax effect, €4,601k, as well as a decrease of €428k following the completion of independent work to measure property, plant and equipment and the related tax effect.
In addition, the opening balances were amended further, by insignificant amounts, following completion of the review process during 2022.
Lastly, goodwill was amended on adjustment of the purchase price of investments, as envisaged in the purchase contract, by €21,259k.

As required by para. 49 of IFRS 3 on business combinations and to ensure greater comparability, the data at 31 December 2021 was restated to reflect the significant effects described above, as if their initial recognition had taken place on the acquisition date.

Berma S.r.l.

The entire equity interest in Berma S.r.l. was acquired on 11 November 2021. This company produces gears specifically designed for conveyor belts and dispersion devices used to spread solid biological fertilizers.
Solely for accounting purposes, 1 November 2021 was designated as the acquisition date, there being no significant differences between then and the actual acquisition date.

The PPA (*Purchase Price Allocation*) was finalized as follows on 11 November 2022:

€/000	Amounts acquired	Adjustments to fair value (restated)	Carrying values in the acquiring company (restated)
Cash and cash equivalents	5,741	-	5,741
Trade receivables	2,996	-	2,996
Inventories	6,313	-	6,313
Tax receivables	181	-	181
Other current assets	20	-	20
Property, plant and equipment	2,110	-	2,110
Other intangible assets	1	2,220	2,221
Deferred tax assets	481	-	481
Other non-current assets	1	-	1
Trade payables	(4,889)	-	(4,889)
Tax liabilities	(241)	-	(241)
Other current liabilities	(2,355)	-	(2,355)
Leasing payables (non-current portion)	(78)	-	(78)
Deferred tax liabilities	(130)	(619)	(749)
Employee benefits (severance indemnity provision)	(905)		(905)
Net assets acquired	9,246	1,601	10,847
Goodwill related to the acquisition			27,584
Total net assets acquired			**38,431**
Total amount paid in cash			38,431
Total acquisition cost (A)			**38,431**
Net financial position acquired (B)			(5,663)
Total amount paid in cash			38,431
Total change in net financial position			**32,768**
Capital employed (A) - (B)			**32,768**

The transaction was recorded using the acquisition method.
The goodwill was allocated in full to the Hydraulic CGU and became relevant for tax purpose on absorption of the company by Reggiana Riduttori.

The changes in the fair value adjustments since 31 December 2021 reflect the increase on recognizing the Berma trademark in the consolidated financial statements, €2,220k, following an independent appraisal completed during the year, and the decrease on recognizing the related tax effect, €619k.

Eurofluid Hydraulic S.r.l.

The acquisition of 80% of Eurofluid Hydraulic S.r.l. was completed on 20 October 2022. This company, founded in 1994, is specialized in the manufacture of high-end hydraulic blocks. Solely for accounting purposes, 1 November 2022 was designated as the acquisition date, there being no significant differences between then and the actual acquisition date.

The provisional purchase price allocation at 31 December 2022 is presented below.

€/000	Amounts acquired	Adjustments to fair value	Carrying values in the acquiring company
Cash and cash equivalents	2,985	-	2,985
Trade receivables	6,189	-	6,189
Inventories	3,919	-	3,919
Tax receivables	1,688	-	1,688
Other current assets	33	-	33
Property, plant and equipment	8,298	-	8,298
Other intangible assets	1,093	-	1,093
Deferred tax assets	105	-	105
Other non-current assets	-	-	-
Trade payables	(3,659)	-	(3,659)
Payables to banks	(2,728)	-	(2,728)
Tax liabilities	(1,524)	-	(1,524)
Other current liabilities	(1,527)	-	(1,527)
Leasing payables	(35)	-	(35)
Deferred tax liabilities	(301)	-	(301)
Provision for risks and charges	(121)		(121)
Employee benefits (severance indemnity provision)	(1,172)	-	(1,172)
Net assets acquired	13,243	-	13,243
Goodwill related to the acquisition			18,911
Total net assets acquired			**32,154**
Total amount paid in cash			26,400
Amount paid by assigning treasury shares			-
Amount payable			5,754
Total acquisition cost (A)			**32,154**
Net financial position acquired (B)			(222)
Total amount paid in cash			26,400
Payables related to the acquisition of investments			5,754
Total change in net financial position			**31,932**
Capital employed (A) - (B)			**31,932**

The transaction was recorded using the acquisition method.
The goodwill was allocated in full to the Hydraulic CGU and is not relevant for tax purposes.

Since the acquisition date, Eurofluid S.r.l. has contributed €4.0m to the revenues of the Group and €0.7m to the pre-tax profits of the Group.
Had the business combination taken place at the start of 2022, the contribution to Group revenues would have been €26.6m, with an insignificant effect on the net profit of the Group.

6. Cash and cash equivalents

	31/12/2022 (€/000)	31/12/2021 (€/000)
Cash	192	221
Bank deposits	355,370	348,471
Other liquid funds	2,713	323
Total	358,275	349,015

Cash and cash equivalents at 31 December 2022 include amounts denominated in foreign currencies, as shown below:

	Amounts in €/000	Amount in original currency
Euro	276,864	276,864
US Dollar	30,241	32,193
Chinese Renminbi	23,798	166,774
Indian Rupee	9,567	843,476
UK Sterling	3,762	3,337
Brazilian Real	3,704	20,888
Australian Dollar	2,862	4,491
Korean Won	1,679	2,256,429
Russian Ruble	896	67,756
Singapore Dollar	890	1,272
Danish Krone	830	6,166
South African Rand	597	10,822
Canadian Dollar	557	804
Colombian Peso	523	2,702,946
New Zealand Dollar	471	791
Polish Zloty	357	1,670
Chilean Peso	165	150,427
Swiss Franc	115	113
Bulgarian Lev	111	217
UAE Dirham	75	294
Romanian Leu	51	255
Swedish Krona	45	490
Mexican Peso	44	917
Ukrainian Hryvnia	38	1,470
Other minor currencies	33	n.a.
Total	358,275	

At 31 December 2022, bank deposits include deposits and restricted accounts with a total notional balance of €89.5m at an average fixed interest rate of 1.27%.

Investment of the Group's liquidity made it possible to achieve an average yield of 0.25% in 2022 (0.16% in 2021).

7. Trade receivables

	31/12/2022 (€/000)	31/12/2021 (€/000)
Trade receivables, gross	447,272	374,484
Bad debt provision	(13,460)	(12,571)
Trade receivables, net	433,812	361,913

Changes in the bad debt provision were as follows:

	2022 (€/000)	*2021* (€/000)
Opening balances	12,571	11,236
Exchange rate difference	(1)	176
Change in consolidation basis	208	337
Reclassifications	-	2
Provisions in the year	2,407	3,005
Decreases in the year due to surpluses	(1,120)	(771)
Utilizations in the year	(605)	(1,414)
Closing balance	13,460	12,571

Provisions in the year are booked under other operating costs.

At 31 December 2022, trade receivables due beyond 12 months total €787k, while trade payables due beyond 12 months amount to €55k.

Further information is provided in note 31 "Information on financial risks".

8. Inventories

	31/12/2022 (€/000)	31/12/2021 (€/000)
Raw materials and components	244,963	178,913
Semi-finished products	207,036	153,975
Finished products	231,820	183,070
Total inventories	683,819	515,958

Inventories are stated net of an allowance that has changed as indicated below:

	2022 (€/000)	*2021* (€/000)
Opening balances	42,757	37,566
Exchange rate difference	376	1,050
Change in consolidation basis	2,278	3,200
Provisions for the period	5,380	3,633
Utilizations in the year	(3,599)	(1,653)
Reversal of provisions due to surpluses	(443)	(1,039)
Closing balance	46,749	42,757

9. Other current assets

	31/12/2022 € (000)	31/12/2021 (€/000) *(restated)*
Accrued income and prepaid expenses	8,795	7,225
Price adjustments receivable	6,898	*23,296*
Other receivables	9,761	9,103
Other current assets	8,529	2,401
Total other current assets	33,983	*42,025*

10. Property, plant and equipment

	Land and buildings (€/000)	*Plant and machinery* (€/000)	*Equipment* (€/000)	*Other assets* (€/000)	*Total* (€/000)
At 31 December 2020					
Cost	314,042	503,383	141,382	103,387	1,062,194
Accumulated depreciation	(79,728)	(318,712)	(117,500)	(69,774)	(585,714)
Net carrying amount	234,314	184,671	23,882	33,613	476,480
Changes in 2021					
Opening net carrying amount	234,314	184,671	23,882	33,613	476,480
Exchange differences	5,520	3,493	1,042	2,019	12,074
Change in consolidation basis	32,816	48,773	1,674	1,552	84,815
Additions	45,658	42,786	11,968	14,936	115,348
Recognition of right-of-use assets	7,106	12	91	2,111	9,320
Disposals	(618)	(2,066)	(173)	(4,475)	(7,332)
Early close-out of right-of-use assets	(1,175)	-	(20)	(208)	(1,403)
Remeasurement of right-of-use assets	295	-	6	(3)	298
Reclassifications	(1,507)	661	42	705	(99)
Capitalized depreciation	(1,449)	(11)	-	-	(1,460)
Write-backs	(64)	(8)	(5)	-	(77)
Write-downs	(1,869)	(328)	-	(1)	(2,198)
Depreciation	(20,994)	(31,723)	(9,418)	(9,916)	(72,051)
Closing net carrying amount	298,033	246,260	29,089	40,333	613,715
At 31 December 2021					
Cost	396,953	578,053	159,735	117,225	1,251,966
Accumulated depreciation	(98,920)	(331,793)	(130,646)	(76,892)	(638,251)
Net carrying amount	298,033	246,260	29,089	40,333	613,715

	Land and buildings (€/000)	Plant and machinery (€/000)	Equipment (€/000)	Other assets (€/000)	Total (€/000)
Changes in 2022					
Opening net carrying amount	298,033	246,260	29,089	40,333	613,715
Exchange differences	3,149	1,791	338	1,193	6,471
Change in consolidation basis	4,482	3,870	195	234	8,781
Additions	29,629	72,555	15,729	14,524	132,437
Recognition of right-of-use assets	13,450	-	-	2,996	16,446
Disposals	(1,714)	(2,079)	(550)	(3,820)	(8,163)
Early close-out of right-of-use assets	(964)	(96)	-	(96)	(1,156)
Remeasurement of right-of-use assets	1,782	-	-	9	1,791
Reclassifications	(658)	(2,155)	117	935	(1,761)
Reclassification of assets held for sale	158	11	-	-	169
Capitalized depreciation	(90)	(11)	(7)	(2)	(110)
Write-downs	(1,505)	(3,031)	(25)	(84)	(4,645)
Depreciation	(24,424)	(37,941)	(9,792)	(10,723)	(82,880)
Closing net carrying amount	321,328	279,174	35,094	45,499	681,095
At 31 December 2022					
Cost	432,617	649,155	176,890	130,001	1,388,663
Accumulated depreciation	(111,289)	(369,981)	(141,796)	(84,502)	(707,568)
Net carrying amount	321,328	279,174	35,094	45,499	681,095

The cost of assets under construction, included in the net carrying amounts disclosed in the previous table, is as follows:

	Land and buildings (€/000)	Plant and machinery (€/000)	Equipment (€/000)	Other assets (€/000)	Total (€/000)
At 1 January 2021	7,795	13,021	601	17	21,434
At 31 December 2021	5,658	29,807	917	323	36,705
At 31 December 2022	10,349	32,946	836	237	44,368

The net carrying amount of leased assets at 31 December is analyzed below:

	Land and buildings (€/000)	Plant and machinery (€/000)	Equipment (€/000)	Other assets (€/000)	Total (€/000)
At 31 December 2021	85,574	2,985	2,151	4,635	95,345
At 31 December 2022	83,655	2,252	1,697	5,288	92,892

Depreciation of €69,087k was charged to the cost of sales (€59,641k in 2021), €6,438k to distribution costs (€5,950k in 2021) and €7,288k for general and administrative costs (€6,460k in 2021).

At 31 December 2022 the Group has contractual commitments for the purchase of property, plant and equipment totaling €1,989k (€7,640k at 31 December 2021).

At 31 December 2022 property, plant and equipment are not burdened by mortgages and/or specific guarantees.
Further information is provided in notes 32 “Notes to the cash flow statement” and 33 “Commitments”.

11. Goodwill

Changes in goodwill were as follows in 2022:

Company:	Balance at 31/12/2021 *(restated)*	Increases (decreases) in the year	Changes due to foreign exchange differences	Balance at 31/12/2022
Water-Jetting	213,645	-	2,470	216,115
Hydraulics	*521,052*	18,889	(1,112)	538,829
Total goodwill	734,697	18,889	1,358	754,944

The net increases in 2022 mainly relate to the acquisitions of Eurofluid Hydraulics S.r.l. and Draintech S.r.l., as well as the update of the price allocation made following the purchase of Berma S.r.l.

The goodwill acquired via business combinations was allocated, on checking for impairment, to the Water-Jetting CGU and the Hydraulics CGU, which correspond to the two operating sectors about which specific information has been provided. The Group carried out an impairment test on 31 December 2022. When reviewing its impairment indicators, the Group considered inter alia its stock market capitalization. In fact, the stock market capitalization of Interpump Group was far higher than the Group's net assets, inclusive of goodwill, throughout 2022. The recoverable value identified from the impairment test was determined from the value-in-use calculation carried out using the Discounted Cash Flow (DCF) method, net of taxation. Expected cash flows utilized in the calculation of DCF were determined on the basis of 5-year business plans that take account of the various reference scenarios and on the basis of growth forecasts in the various markets. In particular, the Group considers that the sales policies adopted in prior years, aimed at improving the degree of integration between its production and distribution networks and consolidating the growth of several important outlet markets for the Group, will make it possible to boost revenues by around 3% for the "Water-Jetting Sector" CGU and about 5% for the "Hydraulic Sector" CGU. A perpetual growth rate of 1% was applied for periods after 2026 for the "Hydraulic Sector" CGU, while a perpetual growth rate of 1.5% was applied for the "Water-Jetting Sector" CGU due to the sustainability through time of the competitive advantages of the individual CGUs. The projected cash flows determined in this manner were reduced by a discount factor in order to take account of the risk that future plans could become impracticable. The weighted average cost of capital (WACC) after tax was measured for the various CGUs as follows:

CGU	WACC
Water-Jetting	9.04%
Hydraulics	10.05%
Weighted average cost of capital	9.71%

The WACC utilized in 2021 was 5.20%. The sensitivity analysis required in the joint Bank of Italy, Consob, ISVAP document dated 3 March 2010 was also carried out. No impairment losses on goodwill were identified on reducing the expected cash flows of each CGU by 10%, or on increasing by 10% the cost of capital used to discount those expected cash flows.

Further information about the potential effects deriving from climate change is provided in note 31 "Information on financial risks".

12. Other intangible assets

	Product development costs (€/000)	*Patents trademarks and industrial rights* (€/000)	*Other intangible assets* (€/000)	*Total* (€/000)
At 31 December 2020				
Cost	38,758	80,498	23,268	142,524
Accumulated amortization	(30,411)	(48,244)	(20,358)	(99,013)
Net carrying amount	8,347	32,254	2,910	43,511
Changes in 2021				
Opening net carrying amount	8,347	32,254	2,910	43,511
Exchange differences	3	126	166	295
Change in consolidation basis	-	734	192	926
Increases	2,367	1,063	3,869	7,299
Decreases	-	(1)	(80)	(81)
Reclassifications	146	-	(7)	139
Write-downs	(92)	-	-	(92)
Capitalized amortization	-	-	-	-
Amortization	(1,227)	(5,048)	(1,510)	(7,785)
Closing net carrying amount	9,544	29,128	5,540	44,212
At 31 December 2021				
Cost	41,405	83,125	27,190	151,720
Accumulated amortization	(31,861)	(53,997)	(21,650)	(107,508)
Net carrying amount	9,544	29,128	5,540	44,212
Changes in 2022				
Opening net carrying amount	9,544	29,128	5,540	44,212
Restated data (IFRS 3)	-	*16,058*	-	*16,058*
Exchange differences	2	28	109	139
Change in consolidation basis *(restated)*	-	*1,078*	15	*1,093*
Increases	2,348	549	4,367	7,264
Decreases	-	-	(2)	(2)
Reclassifications	(56)	3,725	325	3,994
Write-downs	(303)	-	-	(303)
Capitalized amortization	-	-	-	-
Amortization	(1,151)	(7,084)	(2,357)	(10,592)
Closing net carrying amount	10,384	43,482	7,997	61,863
At 31 December 2022				
Cost	43,569	105,266	31,020	179,855
Accumulated amortization	(33,185)	(61,784)	(23,023)	(117,992)
Net carrying amount	10,384	43,482	7,997	61,863

The cost of assets in progress, included in the net carrying amounts reported above, is as follows:

	Product development costs (€/000)	*Patents trademarks and industrial rights* (€/000)	*Other intangible assets* (€/000)	*Total* (€/000)
At 1 January 2021	5,736	10	111	5,857
At 31 December 2021	7,201	50	759	8,010
At 31 December 2022	8,512	16	1,743	10,271

Amortization was charged in full to general and administrative costs. Product development costs consist mainly of capitalized internal costs.

13. Other financial assets

This item comprises:

	31/12/2022 (€/000)	31/12/2021 (€/000)
Investments in non-consolidated subsidiaries	1,669	963
Assets servicing employee benefits	970	966
Other financial assets	322	321
Total	2,961	2,250

The following changes were recorded:

	2022 (€/000)	2021 (€/000)
Opening balance	2,250	2,269
Exchange differences	100	92
Change in consolidation basis	194	(666)
Reclassifications	(137)	20
Increases for the year	743	1,441
Change in fair value	(4)	7
Decreases for the year	(185)	(913)
Closing balance	2,961	2,250

Breakdown of the value of investments in non-consolidated subsidiaries:

Companies	31/12/2022 (€/000)	% held	31/12/2021 (€/000)	% held
Interpump Hydraulics Rus	898	100%	434	100%
General Pump China	570	100%	529	100%
Hammelmann Vostok	-	100%	-	100%
Interpump Hydraulics Perù S.a.c.	-	90%	-	90%
Benmec S.r.l.	201	100%	-	-
Total non-consolidated subsidiaries	*1,669*		*963*	

General Pump China, Interpump Hydraulics RUS, Interpump Hydraulics Perù, Hammelmann Vostok and Benmec are all subsidiaries, but they have not been consolidated in view of their limited size.

The value of the investment in Interpump Hydraulics Perù, a distribution company based in Lima incorporated at the end of 2015 with the aim of strengthening the Group's direct presence in South America, has been reduced to zero and a provision for risks of €332k has been created to cover losses, which were mainly incurred by the company during the start-up phase and in subsequent years.

Benmec S.r.l., a company that uses automated lathes in engineering processes, was acquired in 2022 with a view to vertical integration in the gears sector.

In relation to financial instruments recorded at fair value in the statement of financial position (assets servicing employee benefits and other financial assets), international accounting standards require that said values be classified on the basis of a hierarchy of levels that reflects the significance of the inputs utilized to establish the fair value and subdivided on the basis of the recurrence in their measurement. International accounting standards identify the following levels:

- Level 1 quotations recorded on an active market for assets and liabilities subject to measurement;
- Level 2 inputs other than the price quotations mentioned in the above point, which are directly (prices) or indirectly (price derivatives) observable in the market;
- Level 3 inputs that are not based on empirical market data.

The following table shows the financial instruments measured at fair value at 31 December 2022, broken down by level:

(€/000)	Level 1	Level 2	Level 3	Total
Other financial assets	1,151	-	141	1,292
Total assets	**1,151**	**-**	**141**	**1,292**

No transfers between levels were carried out in 2022.

All fair value measurements shown in the above table are to be considered as recurring; the Group did not perform any non-recurring fair value measurements in 2022.

14. Deferred tax assets and liabilities

The changes in the year of deferred tax assets and liabilities are listed below:

	Deferred tax assets		Deferred tax liabilities	
	2022	2021	2022	2021
	(€/000)	(€/000)	(€/000)	(€/000)
At 31 December of the previous year *(restated)*	63,658	59,610	*52,808*	43,229
Exchange differences	172	630	1,176	1,595
Change in consolidation basis *(restated)*	56	1,708	*721*	*7,372*
Recognized in the income statement	3,163	1,538	1,567	577
Reclassifications	(84)	190	534	35
Recognized directly in equity	(781)	(18)	141	-
At 31 December of the current year *(restated)*	66,184	63,658	56,947	*52,808*

The deferred taxes recognized directly in equity arise from remeasurement of defined benefit plans.

Deferred tax assets and liabilities refer to the following items in the statement of financial position:

	Deferred tax assets		Deferred tax liabilities	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	(€/000)	(€/000)	(€/000)	(€/000)
Property, plant and equipment	18,222	19,861	31,130	29,407
Intangible assets *(restated)*	12,218	12,893	21,225	*19,834*
Equity investments	381	360	17	18
Inventories	22,258	17,944	942	604
Receivables	1,362	1,471	55	124
Liabilities for employee benefits	803	2,600	72	-
Provisions for risks and charges	3,306	2,869	-	-
Losses to be carried forward	1,632	1,564	-	-
Other	6,002	4,096	3,506	2,821
Total *(restated)*	66,184	63,658	56,947	*52,808*

No deferred tax liabilities were recorded for reserves qualifying for tax relief as they are not expected to be distributed (see note 22).

15. Assets and liabilities held for sale

Following the fire during the year that destroyed the plant operated by IMM Hydro Est, the building that was held for sale at 31 December 2021 was reactivated in order to mitigate the drop in production. This building was therefore included again in the production cycle and in the list of tangible fixed assets in use.

Conversely, another building was recognized as held for sale at 31 December 2022: a preliminary sale agreement has already been signed, with completion expected during the first semester of 2023. The net carrying amount of that building at 31 December 2022 is lower than the selling price envisaged in the preliminary agreement.

16. Interest-bearing financial payables and bank payables

The main loans are all subject to the following financial covenants, calculated on the consolidated values:

- Net indebtedness / Shareholders' equity;
- Net financial position / EBITDA;
- Net indebtedness / EBITDA;
- EBITDA / Financial charges.

At 31 December 2022 all financial covenants are amply respected.

	31/12/2022 (€/000)	31/12/2021 (€/000)
Current		
Payables to banks	30,928	7,760
Bank loans	268,761	213,802
Leases	19,350	18,322
Other financial payables	345	89
Total current interest-bearing financial payables	288,456	232,213
Non-current		
Bank loans	520,248	533,528
Leases	58,428	67,591
Shareholder loans	1,513	2,270
Other financial payables	486	577
Total non-current interest-bearing financial payables	580,675	603,966

At 31 December 2022, fixed-rate loans amount to €5,273k, while the remainder are at floating rates.

Payables to banks and loans include €35,008k in currencies other than the euro, mainly comprising US dollars, Chinese renminbi, Polish zloty, Indian rupees, UK pounds, Australian dollars, Canadian dollars and Chilean Pesos relating to foreign subsidiaries. Amounts in currencies other than the euro are as follows:

(€/000)	Payables to banks	Current interest-bearing financial payables	Non-current interest-bearing financial payables	Total
US Dollar	1,752	2,654	8,267	12,673
Chinese Renminbi	1,303	2,474	2,181	5,958
Polish Zloty	3,776	121	175	4,072
Indian Rupee	11	747	3,220	3,978
UK Pound	11	835	1,939	2,785
Australian Dollar	4	579	745	1,328
Canadian Dollar	8	537	654	1,199
Chilean Peso	-	169	897	1,066
Korean Won	19	77	330	426
South African Rand	-	180	166	346
Brazilian Real	1	220	116	337
Swedish Krona	-	88	84	172
Danish Krone	-	65	93	158
Mexican Peso	6	58	59	123
Swiss Franc	-	43	72	115
Russian Ruble	-	73	32	105
New Zealand Dollar	-	61	37	98
Colombian Peso	-	8	19	27
Ukrainian Hryvnia	-	9	10	19
Bulgarian Lev	-	7	7	14
Singapore Dollar	-	9	-	9
Total	6,891	9,014	19,103	35,008

The following rates were charged on the interest-bearing financial payables:

%	31/12/2022	31/12/2021
Bank loans	Euribor+0.88 (average spread)	Euribor+0.78 (average spread)
Finance leases	3.51	2.73

No outstanding loans are backed by guarantees at 31 December 2022 or were backed by guarantees during the year.

Breakdown of lease payables at 31 December:

	31 December 2022				31 December 2021			
(€/000)	Within the year	Between one and five years	Beyond five years	Total	Within the year	Between one and five years	Beyond five years	Total
Outstanding installments on leasing contracts	21,735	51,849	12,407	85,991	20,641	56,739	16,613	93,993
Interest	(2,385)	(4,343)	(1,485)	(8,213)	(2,319)	(4,618)	(1,143)	(8,080)
Present value of lease payables	19,350	47,506	10,922	77,778	18,322	52,121	15,470	85,913

At 31 December 2022 the Group is party to several leasing contracts for industrial buildings, plant and machinery, the carrying amount of which, totaling €92,892k (€95,345k at 31 December 2021), is classified under Property, plant and equipment (Note 10).

During the year, a guarantee of €16,859k was given to third parties in relation to rental contracts.

Non-current financial payables have the following due dates:

	31/12/2022 (€/000)	31/12/2021 (€/000)
Within 2 years	240,786	240,180
From 2 to 5 years	328,174	345,836
Beyond 5 years	11,715	17,950
Total	580,675	603,966

The Group has the following lines of credit that were unused at year-end:

	31/12/2022 (€/000)	31/12/2021 (€/000)
Export advances and Italian portfolio	121,294	115,706
Current account overdrafts	2,231	23,045
Medium/long-term loans	18,938	19,774
Total	142,463	158,525

Further information about liquidity and interest-rate risks is provided in note 31 “Information on financial risks”.

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

	31/12/2022	31/12/2021	31/12/2020
	€/000	€/000	€/000
Cash and cash equivalents	358,275	349,015	343,170
Payables to banks (advances and STC amounts)	(30,928)	(7,760)	(10,592)
Interest-bearing financial payables (current portion)	(288,456)	(232,213)	(181,603)
Interest-bearing financial payables (non-current portion)	(580,675)	(603,966)	(420,475)
Net financial position	*(541,784)*	*(494,924)*	*(269,500)*
Commitments for the acquisition of investments	(62,812)	(77,794)	(62,686)
Total net indebtedness	**(604,596)**	**(572,718)**	**(332,186)**

17. Other current liabilities

	31/12/2022 (€/000)	31/12/2021 (€/000)
Payables related to the acquisition of investments	844	26,299
Other short-term payables	104,282	86,581
Government grants	779	729
Other	5,348	3,138
Total	111,553	116,747

Other short-term payables mainly concern amounts due to personnel, directors, statutory auditors and social security institutions.

18. Provisions for risks and charges

Changes were as follows:

(€/000)	Product warranty provision	Directors' termination indemnity provision	Agents' termination indemnity provision	Provision for returns on sales	Provision for risks on investments	Other	Total
Balance at 31/12/2021	4,253	8,193	926	381	375	3,594	17,722
Exchange rate difference	57	-	-	(1)	21	63	140
Increase in the year	1,960	-	47	62	-	7,845	9,914
Surplus released to the income statement	(235)	-	(8)	-	-	(662)	(905)
Change in consolidation basis	-	-	5	-	-	121	126
Reclassifications	-	-	-	-	57	-	57
Utilizations in the year	(539)	-	(4)	-	-	(193)	(736)
Balance at 31/12/2022	5,496	8,193	966	442	453	10,768	26,318

The balance of other provisions at 31 December 2022 refers to various disputes or estimated liabilities in group companies. The increase during the year mainly relates to future charges on a non-recurring operation that will be completed during 2023. The Directors' termination indemnity provision was recorded in favor of Fulvio Montipò, founder of the Group, by decision of the Board of Directors on 16 March 2020.

The closing balance is classified as follows in the statement of financial position:

	31/12/2022 (€/000)	31/12/2021 (€/000)
Current	13,329	4,694
Non-current	12,989	13,028
Total	26,318	17,722

The Parent company and some of its subsidiaries are directly involved in lawsuits for limited amounts. The settlement of said lawsuits is not expected to generate any significant liabilities for the Group that are not covered by the risk provisions already made.

19. Liabilities for employee benefits

Liabilities for defined benefit plans

The following movements were recorded in liabilities:

	2022 (€/000)	2021 (€/000)
Liabilities at 1 January	23,937	23,809
Amount charged to the income statement in the year	613	738
Reclassifications to other current liabilities	(65)	(114)
Recognition in equity of actuarial results	(3,848)	(43)
Change in consolidation basis	1,232	1,186
Payments	(1,781)	(1,639)
Liabilities at 31 December	20,088	23,937

The following items were recognized in the income statement:

	2022 (€/000)	2021 (€/000)
Current service cost	707	866
Financial expenses (Income)	(94)	(128)
Past service cost	-	-
Total recognized in the income statement	613	738

Items recognized in the income statement were booked as follows:

	2022 (€/000)	2021 (€/000)
Cost of sales	371	446
Distribution expenses	161	198
General and administrative expenses	175	222
Financial expenses (Income)	(94)	(128)
Total	613	738

Liabilities for defined benefit plans (Severance indemnity - TFR) were established with the following actuarial assumptions:

	Unit of measurement	2022	2021
Discount rate	%	3.74	0.79
Expected increase in rate of remuneration*	%	2.62	2.64
Percentage of employees expected to resign (turnover)**	%	5.31	4.86
Annual cost-of-living increase	%	2.70	2.20
Average period of employment	Years	13.45	13.64

* = restricted to companies with less than 50 employees.
** = average annual resignation percentage, all causes, in the first ten years following the assessment.

20. Other non-current liabilities

	2022 (€/000)	2021 (€/000)
Payables related to the acquisition of investments	61,968	51,495
Long-term employee benefits	2,736	3,332
Other	12,041	6,058
Total	76,745	60,885

The changes in other non-current liabilities were as follows:

	2022 (€/000)	2021 (€/000)
Liabilities at 1 January	60,885	58,323
Exchange rate difference	(39)	123
Change in consolidation basis	10	-
Amount charged to the income statement in the year	332	418
Reclassifications to other current liabilities	(563)	(19,174)
Change in fair value	3,470	18,534
Increase in medium/long-term payables	14,347	3,794
Payments	(1,634)	(1,133)
Liabilities at 31 December	76,745	60,885

The portion of other non-current liabilities charged to the income statement mainly relates to the interest expense on put options, while the changes in fair value reflect positive and negative adjustments to the non-current portion of the estimated payables for the acquisition of equity investments.

21. 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 €55,584k, 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 31 December 2022 Interpump S.p.A. holds 1,987,863 treasury shares in the portfolio corresponding to 1.8257% of the share capital, acquired at an average unit cost of EUR 38.7871.

Changes in treasury shares over the past two years have been as follows:

	Number
Balance at 31/12/2020	*2,222,356*
2021 purchases	418,285
Sale of shares to finance purchase of subsidiaries	(104,598)
Sale of shares for the exercise of stock options	(55,400)
Balance at 31/12/2021	*2,480,643*
2022 purchases	2,080,000
Sale of shares for the exercise of stock options	(2,572,780)
Balance at 31/12/2022	*1,987,863*

Taking treasury shares into consideration, the following changes were recorded in the number of shares in circulation:

	2022 Number of shares	2021 Number of shares
Ordinary shares in existence at 1 January	108,879,294	108,879,294
Treasury shares held	(2,480,643)	(2,222,356)
Shares in circulation at 1 January	106,398,651	106,656,938
Treasury shares purchased	(2,080,000)	(418,285)
Treasury shares sold	2,572,780	159,998
Total shares in circulation at 31 December	106,891,431	106,398,651

The aims identified by the Group in the management of capital are the creation of value for all shareholders and supporting development of the group, both through internal means and by means of targeted acquisitions. The Group therefore intends to maintain an adequate level of capitalization, which simultaneously makes it possible to generate a satisfactory economic return for shareholders and to guarantee economically effective access to external sources of borrowing. The Group constantly monitors the evolution of the debt-equity ratio and the generation of cash through its industrial operations. In order to attain the aforementioned goals, the Group constantly monitors the cash flows generated by the business sectors in which it operates, both through improvement or maintenance of profitability, and careful management of working capital and of other expenditure. Capital is construed as both the value contributed by Interpump Group shareholders (share capital and share premium reserve, totaling €95,028k at 31 December 2022 and €121,799k at 31 December 2021), and the value generated by Group operations (other reserves and legal reserve, including profit for the year, totaling €1,445,461k at 31 December 2022 and €1,208,557k at 31 December 2021, excluding the translation reserve and the remeasurement reserve for defined benefit plans).

Treasury shares purchased

The amount of the treasury shares held by Interpump Group S.p.A. is recorded in an equity reserve. Interpump Group purchased 2,080,000 treasury shares for €94,793k in 2022 (418,285 treasury shares purchased in 2021 for €22,397k).

Treasury shares sold
In the framework of the exercise of stock options, a total of 2,572,780 options were exercised, resulting in proceeds of €63,027k (55,400 options were exercised for €714k in 2021). No treasury shares were divested during 2022 in payment for equity investments (104,598 in 2021).

Stock options
The fair value of the 2019-2021 and 2022-2024 stock option plans was recorded in the 2022 and 2021 financial statements in compliance with IFRS 2. Costs of €4,995k (€4,386k in 2021) relating to the stock option plans were therefore recognized in the 2022 income statement, with a matching entry to the share premium reserve. Said costs represent the portion for the year of the value of the options granted to employees and directors, established at the allocation date, corresponding to the value of the services rendered by the latter in addition to normal remuneration.

Items recognized in the income statement were booked as follows:

	2022 (€/000)	2021 (€/000)
Cost of sales	-	-
Distribution expenses	43	55
General and administrative expenses	4,952	4,331
Total	4,995	4,386

Changes in the share premium reserve were as follows:

	2022 €/000	2021 €/000
Share premium reserve at 1 January	66,472	78,693
Increase due to income statement recognition of the fair value of stock options granted	4,995	4,386
Increase for the disposal of treasury shares further to payment for acquisitions of subsidiaries	-	4,887
Increase for the disposal of treasury shares further to the exercise of stock options	61,688	685
Utilization to cover purchase of treasury shares	(93,711)	(22,179)
Share premium reserve at 31 December	39,444	66,472

The Shareholders' Meeting held on 30 April 2019 approved a stock option plan, known as the "*Interpump Incentive Plan 2019-2021*", which envisages granting a maximum of 2,500,000 options at an exercise price of EUR 28.4952 each and, for options granted after 30 April 2020, at the official price quoted on the Italian Stock Exchange on the day prior to the grant date. At the meeting held on 27 June 2019, the Board of Directors granted 1,800,000 options to Chairman and Chief Executive Officer Fulvio Montipò, while 418,500 options were granted to other beneficiaries during 2019. A further 20,000 options were granted to other beneficiaries on 3 June 2020. Overall, a total of 2,238,500 options have therefore been granted. The options can be exercised from 30 June 2022 to 31 December 2025. A total of 2,500 options were canceled in 2022.

The changes in options in 2022 and 2021 were as follows:

	2022 Number of options	2021 Number of options
Options granted at 1 January	2,096,756	2,147,900
Options granted in the year	-	-
Options exercised in the year	(1,913,980)	-
Options canceled in the year	(2,500)	(51,144)
Total options granted at 31 December	180,276	2,096,756

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

2019-2021 Plan

First assignment	Unit of measurement	
Number of shares granted	no.	2,218,500
Grant date		28 June 2019
Exercise price		28.4952
Vesting date		30 June 2022
Fair value per option at the grant date	EUR	4.562
Expected volatility (expressed as the weighted average of the volatility values utilized in construction of the binomial lattice model)	%	30
Expected average duration of the plan life	years	4.76
Expected dividends (compared with share value)	%	1.00
Risk-free interest rate (calculated using a linear interpolation of Euro Swap rates on 28 June 2019)	%	-0.0182

2019-2021 Plan

Second assignment	Unit of measurement	
Number of shares granted	no.	20,000
Grant date		3 June 2020
Exercise price		27.9868
Vesting date		30 June 2022
Fair value per option at the grant date	EUR	5.226
Expected volatility (expressed as the weighted average of the volatility values utilized in construction of the binomial lattice model)	%	30
Expected average duration of the plan life	years	3.83
Expected dividends (compared with share value)	%	1.00
Risk-free interest rate (calculated using a linear interpolation of Euro Swap rates on 28 June 2019)	%	0.1557

2022/2024 Plan

First assignment	Unit of measurement	
Number of shares granted	no.	1,620,000
Grant date		29 April 2022
Exercise price		38.6496
Vesting date		30 June 2025
Fair value per option at the grant date	EUR	8.4601
Expected volatility (expressed as the weighted average of the volatility values utilized in construction of the binomial lattice model)	%	31
Expected average duration of the plan life	years	4.93
Expected dividends (compared with share value)	%	1.00
Risk-free interest rate (calculated using a linear interpolation of the Eur Composite AA rates on 29 October 2022)	%	1.5540

Second assignment	Unit of measurement	
Number of shares granted	no.	288,000
Grant date		23 May 2022
Exercise price		38.6496
Vesting date		30 June 2025
Fair value per option at the grant date	EUR	8.8040
Expected volatility (expressed as the weighted average of the volatility values utilized in construction of the binomial lattice model)	%	31
Expected average duration of the plan life	years	4.86
Expected dividends (compared with share value)	%	1.00
Risk-free interest rate (calculated using a linear interpolation of the Eur Composite AA rates on 23 May 2022)	%	1.6911

Third assignment	Unit of measurement	
Number of shares granted	no.	6,000
Grant date		20 October 2022
Exercise price		38.6496
Vesting date		30 June 2025
Fair value per option at the grant date	EUR	8.7606
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	4.45
Expected dividends (compared with share value)	%	1.00
Risk-free interest rate (calculated using a linear interpolation of the Eur Composite AA rates at 20 October 2022)	%	3.5668

The expected volatility of the underlying variable (Interpump Group share) is a measure of the prospect of price fluctuations in a specific period. The indicator that measures volatility in the model utilized to evaluate the options is the mean square annualized deviation of compound returns of the Interpump Group share through time.

22. Reserves

Translation reserve
This comprises the exchange differences deriving from translation of the financial statements of foreign consolidated companies resident outside of the EU area, as well as fluctuations in the goodwill attributable to those companies due to exchange-rate fluctuations.

Reserve from remeasurement of defined benefit plans
Includes the actuarial component of defined benefit plans (TFR).

Classification of net equity depending on possibility of utilization

(amounts in €/000)	Amount	Possible utilizations	Available portion	Tax payable on distribution	Summary of utilizations over the past three years	
					cover losses	other reasons
Share capital	56,617	B	-	-	-	-
Nominal value of treasury shares in portfolio	(1,033)					
Total share capital	55,584					
Capital reserves						
From Parent's financial statements:						
Legal reserve	6,860	B	-	-	-	-
Share premium reserve	-	A,B,C	-	-	-	48,407
Total from Parent Company	6,860		-			
Consolidation entries	36					
Total from consolidated financial statements	6,896					
Profit reserves						
From Parent's financial statements:						
Legal reserve	4,463	B	-	-	-	-
Share premium reserve	39,348	A,B,C	36,289	1,232	-	-
Extraordinary reserve	396,798	A,B,C	361,564	7,164	-	-
Reserve for share capital reduction	1,033	-	-	-	-	-
First Time Adoption Reserve	(76)		-	-	-	-
Merger surplus	863	A,B,C	698	-	-	-
Reserve for restatement of defined benefit plans	(2,069)	-	-	-	-	-
Profit for the year	102,089	A,B,C	102,089	-	-	-
Total from Parent Company	542,449		500,640			
Consolidation entries	948,619					
Total from consolidated financial statements	1,491,068					
Reserve for treasury shares held	77,103	-	-	-	-	135,040
Treasury shares	(77,103)					
Non-distributable portion*			(3,226)			
Remaining distributable portion			497,414			

A: for capital increase B: for coverage of losses C: for distribution to shareholders

*= represents the non-distributable portion destined to cover deferred costs that have not yet been amortized.

Utilizations refer to dividends, purchases of treasury shares and reductions of reserves for other causes and do not include transfers between reserves. In particular, the changes in the past three years reflect the purchases of treasury shares and use of the share premium reserve on the sale of treasury shares for less than their carrying amount, following the exercise of stock options.

On the basis of Italian tax legislation the reserves and profits are freely distributable and do not attract tax even in the case of distribution, on the condition that the reserves and residual profits exceed the negative components of income ascribed exclusively in the tax return; otherwise, distributed reserves and profits would be subject to tax in the measure in which the residual reserves and profits were lower than the negative components of income that have been ascribed exclusively to the tax return. At 31 December 2022, this condition has been complied with in full, hence no taxes were payable in the event of distribution of the Parent company's entire profits for the year and the entirety of available reserves, beyond the taxes already indicated in the prior statement.

Breakdown of components recorded directly in equity

	2022			2021		
(amounts in €/000)	Pre-tax amount	Taxation	Amount net of taxes	Pre-tax amount	Taxation	Amount net of taxes
Profit (Loss) arising from translation of the financial statements of foreign companies	12,167	-	12,167	33,950	-	33,950
Profit (Loss) of companies measured using the equity method	75	-	75	96	-	96
Actuarial Profits (Losses) associated with restatement of defined benefit plans	3,872	(929)	2,943	69	(18)	51
Total	**16,114**	**(929)**	**15,185**	**34,115**	**(18)**	**34,097**

23. Minority shareholders' equity

This is the portion of consolidated shareholders' equity pertaining to minority shareholders of the consolidated subsidiaries. Minority interest subsidiaries are not individually or cumulatively significant to the Interpump Group.

24. Other operating income

	2022 (€/000)	2021 (€/000)
Reimbursement of expenses	10,739	10,310
Income from the sale of waste and scrap	7,915	6,783
Release of surplus provisions and allocations	1,510	878
Capital gains from the sale of property, plant and equipment	1,248	615
Income from rent/royalties	532	513
Refunds from insurance	4,284	265
Writeback of property, plant and equipment	-	-
Profit from early close-out of right-of-use assets	67	56
Other	16,408	5,863
Total	42,703	25,283

The increase in the Other caption mainly reflects the effect of adjusting the purchase price of investments, as envisaged in the purchase contract.

The Other caption also includes operating grants received by the Group. Pursuant to subsection 125-*(2)* of art. 1 of Law 124/2017, the grants, subsidies, contributions and aid (in cash and/or in kind), not of a general nature and not representing consideration, remuneration or compensation for losses, received by the Group from Public Administrations during 2022 are listed below:

- grants TF COVID-19 (Section 3.1 of Commission Communication C(2020) 1863 final dated 19 March 2020, as amended) totaling €25k
- exemption from the payment of pension contributions for new hires/transformations to permanent contracts in the two-year period 2021-2022 (art. 1, subsection 10 - 15, Law 178/2020) totaling €17k
- grants for continuous training (exempted pursuant to Regulation (EC) 651/2014 and admitted to the "de minimis" regime pursuant to Regulation (EC) 1407/2013) totaling €16k
- exemption from the payment of pension contributions for enterprises that do not request government-assisted lay-off payments (art. 3, Decree 104/2020) totaling €16k
- reduced contributions for employment in disadvantaged areas (Lower contributions in the South, art. 27, Decree 104/2020) totaling €4k

Some Group companies also obtained grants, subsidies, contributions and State aid that are properly listed in the register of State aid available on the website: www.rna.gov.it

25. Costs by nature

	2022 (€/000)	2021 (€/000)
Raw materials and components	811,572	617,558
Personnel and temporary staff	463,600	379,007
Services	218,895	159,223
Amortization / depreciation (Notes 10 and 12)	93,472	79,836
Directors' and statutory auditors' remuneration	11,203	11,092
Hire purchase and leasing charges	4,881	3,391
Provisions / impairment of tangible and intangible fixed assets (Notes 10, 12 and 18)	14,861	4,873
Other operating costs	118,179	79,510
Total cost of sales, distribution costs, general and administrative expenses, other operating costs and impairment losses on intangible and tangible fixed assets	1,736,663	1,334,490

In accordance with the requirements of article 149-(12) of the Issuers' Regulation as amended by Consob Resolution no. 15915 of 3 May 2007 published in the Official Journal of the Italian Republic no. 111 of 15 May 2007 (S.O. no. 115), the remuneration amounts for 2022 are listed below for services rendered to the Group by the independent auditors and the entities belonging to the network of the independent auditors:

- assignments for auditing of the Parent Company, €158k;
- assignments for auditing of subsidiaries, €1,042k;
- limited assurance of the Parent Company's Non-Financial Statement, €51k.
- Attestation services for the Parent Company and subsidiaries, €11k.

The above amounts are included under Other costs within general and administrative expenses.

26. Directors' and statutory auditors' remuneration

The emoluments of the Directors and Statutory Auditors of Interpump Group S.p.A., for their functions performed at the Parent Company and at other consolidated companies, are summarized below:

	2022 (€/000)	2021 (€/000)
Parent Company	7,835	8,150
Statutory auditors	105	105
Total remuneration	7,940	8,255

The amounts include the emoluments authorized at the Shareholders' Meeting and those established by the Board of Directors for directors with special duties, including bonuses, fringe benefits, payments to cover the cost of personal security, adjustment of the termination indemnities of the Chairman and Chief Executive Officer, and the components of remuneration deriving from salaries and stock option plans. The last mentioned are represented by the period portion of the fair value of the options calculated at the assignment date. Further details about the compensation due to persons with power and strategic responsibilities at Interpump Group S.p.A. are available in the Report on remuneration policy and compensation paid.

27. Financial income and expenses

	2022 €/000	2021 €/000
Financial income		
Interest income from liquid funds	776	482
Interest income from other assets	112	86
Financial income to adjust estimated debt for commitment to purchase residual interests in subsidiaries	3,300	831
Foreign exchange gains	27,385	12,990
TFR financial income	90	100
Other financial income	224	89
Total financial income	31,887	14,578

	2022 €/000	2021 €/000
Financial charges		
Interest expense on loans	6,017	1,502
Lease interest expense	2,907	2,184
Interest expense on put options	1,256	560
Financial charges to adjust estimated debt for commitment to purchase residual interests in subsidiaries	9,527	19,180
Foreign exchange losses	27,112	10,496
Other financial charges	628	486
Total financial charges	47,447	34,408
Total financial charges (income), net	15,560	19,830

The interest expense on put options relates to the release of the discounting effect on payables for the purchase of equity investments. Adjustments of the estimated liability for the purchase of residual interests in subsidiaries may result in financial charges due to an increase in the liability, if the actual performance of the companies concerned is better than initially expected, or if the related put options are exercised later than initially expected. Conversely, financial income is recognized if actual performance is worse than initially expected, or if the put options are exercised earlier than initially expected.

28. Income taxes

The effective tax rate for the year was 26.8% (27.9% in 2021).

Taxes recognized in the income statement can be broken down as follows:

	2022 (€/000)	2021 (€/000)
Current taxes	(102,494)	(75,041)
Current taxes for prior financial years	1,969	(496)
Substitute tax	-	(2,406)
Deferred taxes	1,595	961
Total taxes	(98,930)	(76,982)

Deferred tax recognized in the income statement can be broken down as follows:

	2022 (€/000)	2021 (€/000)
Deferred tax assets generated in the year	10,294	16,474
Deferred tax liabilities generated in the year	(5,622)	(4,400)
Deferred tax assets transferred to the income statement	(7,110)	(14,936)
Deferred tax liabilities recognized in the income statement	4,033	3,823
Deferred tax assets resulting from change in rate	-	-
Deferred tax liabilities resulting from change in rate	-	-
Derecognized deferred tax assets	-	-
Deferred taxes not calculated in previous years	-	-
Total deferred taxes	1,595	961

The reconciliation of taxes calculated on the basis of the nominal rates in force in the different countries and the effective tax burden is as follows:

IRES/National tax	2022 (€/000)	2021 (€/000)
Profit before taxes from the income statement	368,679	275,501
Theoretical taxes at the Italian rate (24.0%)	88,483	66,120
Effect of different rates applicable to foreign subsidiaries	(6,333)	(4,731)
Tax on dividends from consolidated companies	2,253	3,529
Higher taxes due to non-deductible adjustments to the value of investments	3,331	-
Higher (Lower) taxes resulting from the measurement of investments at equity	(77)	(68)
Higher tax for non-deductible stock option costs	66	53
Lower taxes due to IRAP deduction relating to expenses for employees and similar for the year	(451)	(232)
Lower taxes due to IRAP deduction on interest expenses in the year	(347)	(81)
Lower taxes due to super- and hyper-depreciation	(5,432)	(3,766)
Lower taxes resulting from Economic Growth Assistance (ACE)	(1,503)	(1,550)
Lower taxes due to tax benefit of franking goodwill	-	-
Higher taxes on the franking of goodwill	-	5,076
Lower taxes due to tax benefit of revaluing plant and machinery	-	-
Lower taxes due to tax benefit of revaluing trademarks	-	(5,217)
Higher taxes due to not recognizing deferred tax assets on tax losses	3,731	116
Lower taxes due to not recognizing deferred tax assets on prior year tax losses	(32)	(101)

	2022	2021
	(€/000)	(€/000)
Taxes relating to previous years (current plus deferred)	(1,580)	524
Higher taxes on ancillary costs incurred to purchase investments	-	697
Higher (Lower) taxes on financial expenses relative to discounting of debts for the purchase of investments and related adjustments	1,403	4,496
Effect of change in the tax rate of Indian companies from 2020	-	-
Higher (Lower) taxes for non-taxable revenues and non-deductible costs	(582)	(426)
Total IRES/National tax	*82,930*	*64,439*
IRAP/Local income taxes		
Profit before taxes from the income statement	368,679	275,501
Theoretical taxes at the Italian rate (3.9%)	14,378	10,745
Effect of different rates applicable to foreign subsidiaries and for holding companies	(699)	491
Higher taxes for non-deductible payroll costs	671	321
Higher taxes for non-deductible directors' emoluments	414	432
Higher (lower) taxes due to non-deductible financial expenses and non-taxable financial income	183	804
Higher taxes due to measuring investments at equity	(13)	(11)
Lower taxes due to tax benefit of franking goodwill	-	-
Higher taxes on the franking of goodwill	-	983
Lower taxes due to tax benefit of revaluing plant and machinery	-	-
Lower taxes due to tax benefit of revaluing trademarks	-	(1,288)
Lower taxes on exemption from IRAP payments	-	(688)
Taxes relating to previous years (current plus deferred)	(114)	277
Tax effect of not recognizing deferred tax assets on tax losses	631	-
Higher taxes due to non-deductible adjustments to the value of investments	645	-
Higher (Lower) taxes for non-taxable revenues and non-deductible costs	(96)	477
Total IRAP/Local income taxes	*16,000*	*12,543*
Total income taxes recognized in the income statement	*98,930*	*76,982*

During 2022, Interpump Group S.p.A. confirmed the domestic tax group established together with Interpump Piping S.r.l.

29. 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:

	2022	2021
Consolidated net profit attributable to the owners of the Parent Company (€/000)	266,497	195,882
Average number of shares in circulation	105,593,321	106,664,662
Basic earnings per share (€)	2.524	1.836

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:

	2022	2021
Consolidated net profit attributable to the owners of the Parent company (€/000)	266,497	195,882
Average number of shares in circulation	105,593,321	106,664,662
Number of potential shares for stock option plans (*)	190,562	1,399,025
Average number of shares (diluted)	105,783,883	108,063,687
Diluted earnings per share (€)	2.519	1.813

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

30. 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)	At fair value through profit and loss – Initially	At fair value through profit and loss – Subsequently	Financial assets at 31/12/2022 – Measured at amortized cost	At fair value through the Comprehensive income statement	Financial liabilities at 31/12/2022 – Measured at amortized cost	Total
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)

(€/000)	At fair value through profit and loss – Initially	At fair value through profit and loss – Subsequently	Financial assets at 31/12/2021 (restated) – Measured at amortized cost	At fair value through the Comprehensive income statement	Financial liabilities at 31/12/2021 – Measured at amortized cost	Total *(restated)*
Trade receivables	-	-	361,913	-	-	361,913
Other current assets *(restated)*	-	-	*34,800*	-	-	*34,800*
Other financial assets	2,250	-	-	-	-	2,250
Trade payables	-	-	-	-	(285,212)	(285,212)
Payables to banks	-	-	-	-	(7,760)	(7,760)
Current interest-bearing financial payables	-	-	-	-	(232,213)	(232,213)
Other current liabilities	-	-	-	-	(113,609)	(113,609)
Non-current interest-bearing financial payables	-	-	-	-	(603,966)	(603,966)
Other non-current liabilities	-	-	-	-	(60,885)	(60,885)
Total	2,250	-	*396,713*	-	(1,303,645)	*(904,682)*

The financial assets measured at amortized cost generated revenues and costs. Revenues comprise gains of €12,690k (€4,810k in 2021). Costs, on the other hand, comprise losses on receivables of €2,478k (€3,559k in 2021), classified in the income statement as other operating costs, and exchange losses of €10,846k (€5,063k in 2021).

The financial liabilities measured at amortized cost also generated costs and revenues in the income statement. Revenues comprise exchange gains of €9,458k (€5,282k in 2021), while costs refer to exchange losses of €11,571k (€3,502k in 2021) and the portion of ancillary charges initially incurred to obtain the loans and subsequently expensed over the duration of the loan in accordance with the financial method. No ancillary charges were charged to the 2022 income statement (€112k in 2021).

Financial assets and liabilities measured at amortized cost generated respectively interest income of €3,412k (€917k in 2021) and interest expense of €20,335k (€23,800k in 2021); in addition, general and administrative expenses include commission amounts and bank charges of €1,980k (€1,673k in 2021).

31. Information on financial risks

The Group is exposed to financial risks associated with its activities:

- market risk (mainly related to currency exchange rates and interest rates) since the Group does business internationally and is exposed to the exchange risk;
- credit risk connected with business relations with customers;
- liquidity risk, with special reference to the availability of financial resources and access to the lending market and financial instruments in general;
- price risk in relation to metal price fluctuations that constitute a significant portion of the raw materials purchase price.

The Group is not exposed to significant risk concentrations.

As described in the Board of Directors' Report, the Interpump Group constantly monitors the financial risks to which it is exposed so that the potential negative effects can be evaluated in advance and appropriate actions can be taken to mitigate them.

The following section provides reference qualitative and quantitative indications concerning the uncertainty of such risks for the Interpump Group.

The quantitative data given below are not to be construed as forecasts; specifically, the sensitivity analyses concerning market risks are unable to reflect the complexity and correlated relations of markets that may derive from each prospected change.

Exchange risk

The Group is exposed to risks deriving from fluctuations in currency exchange rates that can impact on the economic result and shareholders' equity value. Specifically, it clarifies that:

- Some of the Group's subsidiaries are located in countries outside the Eurozone, notably in the USA, Mexico, Canada, Brazil, Chile, Peru, Australia, New Zealand, China, Hong Kong, Singapore, India, South Korea, Denmark, Sweden, Poland, Romania, Moldova, Bulgaria, Ukraine, UK, UAE, Russia, Colombia and South Africa. Since the Group's functional currency is the euro, the income statements of these companies are translated into euro at the average exchange rate of the year. Changes in exchange rates can impact on the corresponding value of revenues, costs and economic result in euro.
- The assets and liabilities of consolidated companies whose account currency is different from the euro can assume different equivalent euro values depending on the rates of exchange. As provided for by the reference accounting standards, the effects of changes in the exchange rate are recognized directly in equity in the Translation reserve. The Group monitors the main exposures to translation risk; at the date of the financial statements no hedges have been arranged in relation to these exposures.
- Wherever Group companies generate revenues in currencies other than the currencies in which the respective costs are denominated, exchange rate fluctuations can impact on the relative companies' operating profit.

  In 2022 the total amount of cash flows directly exposed to exchange risks corresponded to approximately 20% of Group turnover (approximately 14% in 2021). The main exchange rates to which the Group is exposed are:

- Euro/USD in relation to dollar sales of high pressure pumps, very high pressure systems, directional controls, gears and valves in North America and Mexico through the Group's distribution companies and, to a lesser degree, to customers external to the Group;
- Euro/CAD in relation to sales in Canadian dollars of valves and directional controls on the Canadian market to customers external to the Group;
- Euro/AUD in relation to sales in Australian dollars of very high pressure systems in Australia through one of the Group's distribution companies;
- Euro/GBP in relation to sales in pounds sterling of hydraulic components, hoses and fittings in the UK market to third parties and, to a lesser extent, to the Group's distribution companies;
- USD/Euro in relation to euro sales of high pressure pumps, directional controls and valves in North America by the Group's distribution companies;
- RON/Euro in relation to euro sales of hoses and fittings made in Romania for the Italian market;
- Chilean Peso/USD, in relation to sales in US dollars of various hydraulic components in South America;
- Renminbi/USD, Indian rupee/USD, Renminbi/Euro, Indian rupee/Euro, in relation to euro and dollar sales of components for food processing machines, hydraulic components, directional controls, gears and valves in North America, Korea and Italy;
- Mexican Peso/USD in relation to sales in US dollars of gears in North America through the Group's distribution companies;
- Polish Zloty/USD in relation to sales in US dollars of hydroguides and orbital motors in North America through the Group's distribution companies.

When it is not possible to establish macro hedges between revenues and costs in foreign currency, current Group policy is to hedge exchange risks solely for commercial transactions that are unusual, either in terms of their amount or the frequency with which they occur. To proceed in this manner, the Interpump Group has set up a hedging procedure for commercial transactions in foreign currency, in the framework of which the most effective derivative instruments for the achievement of the preset goals have been identified and the associated responsibilities, duties and system of delegations have been attributed.

- Whenever Group companies sustain costs denominated in foreign currencies other than the currencies of denomination of the relative revenues, fluctuations in the exchange rates can affect the operating profit of the companies in question.

  In 2022 the commercial cash flows directly exposed to exchange risks were equivalent to approximately 32% of Group purchases (29% in 2021) and mainly related to intercompany transactions involving the USD/Euro, Zloty/USD, Renminbi/Euro, Zloty/Euro, Euro/USD, Korean Won/Euro, CAD/USD, GBP/Euro, AUD/Euro and Indian Rupee/Euro exchange rates and, to a lesser extent, the USD/Renminbi, Zloty/Danish Krone, Romanian Leu/Euro, CAD/Euro, Rand/Euro and Chilean Peso/Euro exchange rates, carried out in local markets (*in primis* the North American market) via the Group's distribution companies. Current Group policy regarding purchases in currencies other than those used locally does not envisage systematic hedges. The decision to refrain from systematic hedging is due to the large number of transactions, usually between Group companies, that occur constantly throughout the year and that can therefore be considered to be recurrent in terms of amount and also of the frequency with which they take place. However, the Group monitors this phenomenon constantly both in relation to exchange rate trends and also the evolution of business.

- Again in relation to commercial activities, Group companies may be obliged to hold trade receivables or payables denominated in currencies other than the account currency of the holding entity. Fluctuations in exchange rates can therefore result in the realization or assessment of positive or negative exchange differences.
- In relation to financial exposure, wherever the monetary outflows/inflows are denominated in a currency other than the account currency utilized by the creditor/debtor company, fluctuation of the exchange rates can impact negatively on the net profits of said companies. In relation to financial exposures, €34.8m of intercompany loans were disbursed and €3.4m collected during 2022 in currencies other than those utilized by the debtor or creditor companies. At 31 December 2022 loans granted in currencies other than those used by the debtor or creditor companies total €74.7m, down by €49.8m since 31 December 2021. Once again in 2022, the Group made the strategic decision not to hedge these exposures.

The nature and structure of the exposure to exchange risk and the related hedging policies adopted by the Group were substantially unchanged in 2022.

Exchange risk sensitivity analysis

The potential loss deriving from the change in the fair value of financial assets and liabilities caused by a hypothetical and sudden increase in the value of the euro of 10% with respect to the main foreign currencies would be approximately €8,188k at 31 December 2022 (€4,737k at 31 December 2021).
The sensitivity analysis did not take account of changes in the receivables and payables in relation to which the hedge operations were arranged. It is reasonable to assume that the fluctuation in exchange rates could produce an opposite economic effect on the derivative financial instruments of an amount that is identical to the change in the underlying hedged transactions, thereby effectively offsetting the fluctuation.

Interest rate risk

Group companies use external financial resources in the form of debt and employ cash on hand available in bank deposits. Changes in the market interest rate influence the cost and return of various forms of financing and investment, thus impacting on the Group's level of financial expenses.

It is Group policy not to arrange hedges, in view of the short average duration of the existing loans (around 3.5 years). As more fully described in Note 16, loans at fixed rates of interest total €5,273k at 31 December 2022.

At 31 December 2022, liquidity of €89.5m is held in the form of unrestricted deposits at fixed interest rates, while the remainder is held at floating rates consistent with the Group's financial payables and bank debt.

Sensitivity analysis related to interest rate risk

The effects on the Group of a hypothetical and immediate upward variation in interest rates of 50 basis points would be higher financial expenses of €4,317k (€2,521k in 2021). It is reasonable to assume that a 50 basis points decrease in interest rates would produce an equivalent effect, although this time in terms of lower financial expenses. The sensitivity analysis did not take account of loans in relation to which hedges have been arranged, those at fixed interest rates and liquidity invested at fixed rates. It is reasonable to assume that the fluctuation in interest rates could produce an opposite economic effect on the derivative financial instruments of an amount that is identical to the change in the underlying hedged transactions, thereby effectively offsetting the fluctuation.

Credit risk

The maximum theoretical credit risk exposure of the Group at 31 December 2022 and 2021 is represented by the carrying value of the financial assets recorded in the financial statements.

Historically, the Group has not suffered significant bad debts (incidence of direct losses charged to the income statement and bad debt provisions of 0.1% of turnover in 2022 compared with 0.2% in 2021). This is because Group companies generally grant extended payment terms only to their long-term customers of known solvency and reliability. In contrast, after having passed an initial credit rating analysis, new customers are required to make payments in advance or to open a letter of credit for amounts due.

Individual write-downs are applied in relation to positions, if of significant magnitude, in relation to which an objective condition of uncollectability is present for all or part of the outstanding amount. The amount of the write-down takes account of an estimate of the recoverable flows and the associated collection date, and the expenses and costs for future debt recovery. Collective provisions are allocated in relation to receivables that are not subject to individual write-downs, taking account of the historic exposure and statistical data.

At 31 December 2022 the Loans and Receivables booked under financial assets for the purposes of IFRS 7 total €459,000k (€375,454k at 31 December 2021), and include €13,460k related to written down receivables (€12,571k at 31 December 2021); on the residual amount, payments overdue by less than three months total €82,014k (€74,481k at 31 December 2021), while those overdue beyond three months total €25,620k (€19,036k at 31 December 2021). The increases were mainly due to the change in consolidation basis.

The Group is not exposed to any significant concentrations of sales. In fact, in 2022 the top customer in terms of sales accounted for about 2% (2% in 2021), while the top 15 customers accounted for about 14% of revenues (about 12% in 2021). At sector level, the top customer accounted for around 1% of turnover in the Water-Jetting Sector and around 2% in the Hydraulic Sector, while the top 15 customers accounted for around 11% of turnover in the Water-Jetting Sector and 19% in the Hydraulic Sector.

Liquidity risk

The liquidity risk can arise if it becomes impossible to obtain, at acceptable economic conditions, the financial resources needed for the Group's business operations.

The two main factors that define the Group's liquidity situation are the resources generated by or used in operating and spending activities, and the characteristics of expiry and renewal of debt or liquidity of financial investments and the relative market conditions.

The Group has adopted a series of policies and processes aimed at optimizing the management of resources in order to reduce the liquidity risk:

- retention of an appropriate level of cash on hand;
- diversification of the banks with which the Group operates;
- access to adequate lines of credit;
- negotiation of covenants at a consolidated level;
- monitoring of the prospective conditions of liquidity in relation to the corporate process.

The maturity characteristics of interest bearing financial debts and bank debts are described in Note 16.

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. Liquid funds at 31 December 2022 total €358.3m. These funds, combined with the significant cash generation from operations that the Group has proved able to achieve in 2022 and in prior years, are definitely factors that make it possible to reduce the Group's exposure to liquidity risk. The decision to maintain a high level of liquidity was taken in order to pick up on any acquisition opportunities that may arise and to minimize the liquidity risk due to possible periods of uncertainty of the macroeconomic context that may emerge in the future.

Price risk

The Group is exposed to risks deriving from fluctuations in the prices of metals that can impact on economic results and profit margins. Specifically, the incidence of costs for the purchase of metals was 31% of total Group purchase costs of raw materials, semi-finished products and finished products in 2022 (30% in 2021). The main metals utilized by the Group include steel, cast iron, mild steel, stainless steel, aluminum, brass and, to a lesser extent, copper and sheet metal. The market prices of raw materials have continued to escalate since 31 December 2021, reaching new records on almost a daily basis. Where possible, the Group has reviewed selling prices in order to pass on all or part of the higher cost of raw materials to customers, while also expanding inventory levels in order to freeze purchase prices and assure the sourcing of materials, thereby lowering supply chain tensions and delays. Further, the Group constantly monitors the price trend of these raw materials, seeking to adopt the most effective policies that minimize the exposure to this risk. The Group sectors feature differing levels of propensity towards the risk of fluctuations in the prices of metals, notably:

- in the Water-Jetting Sector the cost of metals constituted approximately 17% of costs for the purchase of raw materials, semi-finished products and finished products in 2022 (15% in 2021). The metals utilized are primarily stainless steel, brass, steel, aluminum and sheet metal. Agreements in place at 31 December 2022 covered 82% of projected brass consumption and 38% of projected aluminum consumption in 2023 (at 31 December 2021: 6% coverage of projected brass consumption and 4% coverage of projected aluminum consumption in 2022). Projected brass and aluminum consumption in 2023 is further covered if, in addition to the agreements signed, the inventories held at 31 December 2022 are considered (entire projected brass consumption covered and 67% of aluminum consumption);
- the cost of metals in the Hydraulic Sector represented around 35% of purchase costs for raw materials, semi-finished products and finished products in 2022 (34% in 2021). The metals utilized are primarily steel, cast iron, mild steel and aluminum. The prices of these commodities, with the exception of aluminum, are not historically subject to significant fluctuations; accordingly, the Group has always considered the careful analysis of price

trends to be sufficient to mitigate price risk. In relation to aluminum, no hedging transactions are undertaken because of the limited incidence on purchase costs.

The selling prices of each Group company are usually revised annually; however, during 2022, due to the exceptional rise in commodity prices, the companies had to amend their price lists several times in order to transfer downstream the higher purchasing costs.

Climate risks

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 CO_2 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 - prepared at Group level - describes the primary risks generated and/or sustained, the policies applied, the performance indicators and the corporate organization, management and control model. With regard to financial reporting, stakeholders are increasingly interested in the impact of climate change on business models, cash flows, the financial position and business results. Although the IAS/IFRS do not make explicit reference to climate matters, any significant impacts are considered by the Group when applying the international accounting standards, evaluating their effects on business continuity and the application of specific standards. In this context, the Group has not identified significant risks deriving from the application of individual standards and no doubts or uncertainties have arisen about events or conditions that might cause concern about business continuity. In particular, the Group monitors constantly the most recent regulations governing climate-related topics. At this time, no regulations have been approved with a direct impact on the Group. If necessary, the Group will amend the key assumptions used to calculate the value in use of assets and the sensitivity to changes.

32. Notes to the cash flow statement

Property, plant and equipment

In 2022, the Group purchased property, plant and machinery totaling €132,473k (€115,348k in 2021). This investment involved payments of €130,325k, including the purchase of assets for subsequent rental and considering the dynamics of the payables incurred for this reason (€110,708k in 2021).

Cash and cash equivalents

This item can be broken down as follows:

	31/12/2022 (€/000)	31/12/2021 (€/000)
Cash and cash equivalents as per the consolidated statement of financial position	358,275	349,015
Bank payables (overdrafts and subject to collection advances)	(30,928)	(7,760)
Cash and cash equivalents as per the consolidated cash flow statement	327,347	341,255

Net financial position and cash-flow statement

For the amount and detail of the main components of the net financial position and the changes that occurred in 2022 and 2021 we invite you to refer to the "Cash Flow" section of the Report on operations.

33. Commitments

At 31 December 2022 the Group has commitments to purchase raw materials totaling €14,137k (€13,197k at 31 December 2021).

Furthermore, the Group also has commitments to purchase property, plant and equipment totaling €1,989k (€7,640k at 31 December 2021) and commitments for intangible assets totaling €116k (€186k at 31 December 2021).

The Group also has commitments to purchase investments totaling €10,150k (€10,150k at 31 December 2021 as well) and has given secured guarantees to third parties totaling €20,188k (€3,340k at 31 December 2021).

34. Transactions with related parties

The Group has business relations with unconsolidated subsidiaries, associates and other related parties at arm's length conditions considered to be normal in the relevant 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 in the consolidated financial statements and are not described in this note.

The effects on the Group's consolidated income statements for 2022 and 2021 are shown below:

	2022					
(€/000)	Consolidated Total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties	% incidence on F.S. caption
Revenues	2,077,964	1,728	-	791	2,519	0.1%
Cost of sales	1,353,451	1,443	-	6,799	8,242	0.6%
Other operating income	42,703	2	-	-	2	0.0%
Distribution expenses	158,047	68	-	827	895	0.6%
G&A expenses	198,277	-	-	648	648	0.3%
Financial income	31,887	-	-	1	1	0.0%
Financial charges	47,447	-	-	304	304	0.6%

	2021					
(€/000)	Consolidated Total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties	% incidence on F.S. caption
Revenues	1,604,255	2,390	-	565	2,955	0.2%
Cost of sales	1,029,564	1,080	-	7,577	8,657	0.8%
Other operating income	25,283	4	-	-	4	0.0%
Distribution expenses	127,471	36	-	723	759	0.6%
G&A expenses	166,394	-	-	649	649	0.4%
Financial income	14,578	-	-	-	-	-
Financial charges	34,408	-	-	501	501	1.5%

The effects on the consolidated statement of financial position at 31 December 2022 and 2021 are described below:

	31 December 2022					
(€/000)	Consolidated Total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties	% incidence on F.S. caption
Trade receivables	433,812	1,474	-	273	1,747	0.4%
Trade payables	312,222	50	-	757	807	0.3%
Interest-bearing financial payables (current and non-current portions)	869,131	-	-	16,242	16,242	1.9%

	31 December 2021					
(€/000)	Consolidated Total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties	% incidence on F.S. caption
Trade receivables	361,913	2,119	-	403	2,522	0.7%
Trade payables	285,212	147	-	1,525	1,672	0.6%
Interest-bearing financial payables (current and non-current portions)	836,179	-	-	22,492	22,492	2.7%

Relations with non fully-consolidated subsidiaries

Relations with subsidiaries that are not fully consolidated are as follows:

(€/000)	Receivables		Revenues	
	31/12/2022	31/12/2021	2022	2021
General Pump China Inc.	256	647	299	757
Interpump Hydraulics Perù	1,219	1,011	356	201
Interpump Hydraulics Russia	-	461	1,068	1,436
Hammelmann Russia	-	-	5	-
Benmec	-	-	-	-
Total subsidiaries	*1,475*	*2,119*	*1,728*	*2,394*

(€/000)	Payables		Costs	
	31/12/2022	31/12/2021	2022	2021
General Pump China Inc.	44	96	998	1,039
Interpump Hydraulics Perù	6	51	6	51
Interpump Hydraulics Russia	1	-	-	-
Hammelmann Russia	-	-	-	-
Benmec	-	-	509	-
Total subsidiaries	*51*	*147*	*1,513*	*1,090*

Relations with associates

The Group does not hold any associated companies.

Transactions with other related parties
The 2022 income statement includes consultancy provided by entities associated with Group directors and statutory auditors totaling €47k (€41k in 2021). The consultancy costs were charged in full to general and administrative expenses in both 2022 and 2021. Revenues from sales in 2022 included those made to companies owned by Group shareholders or directors totaling €791k (€565k in 2021). In addition, the cost of sales includes purchases from companies controlled by minority shareholders or Group company directors totaling €6,383k (€7,070k in 2021).

35. Events occurring after the close of the year

On 20 February 2023 Interpump Group announced the acquisition of 85% of the capital of Indoshell Automotive System India P.L.
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 €12m and an EBITDA of about €2m.
The value of this operation was fixed at around €8m and "put and call" mechanisms were defined with a set price, through which Interpump Group can, starting from April 2027, acquire the remaining 15% interest from Indoshell Mould Limited.

No other significant events worthy of mention have taken place subsequent to 31 December 2022.

Annex 1

Certification of the consolidated financial statements pursuant to art. 81-(3) of Consob regulation no. 11971 of 14 May 1999, as amended

1. The undersigned, Fulvio Montipò and Giovanni Poletti, respectively Executive Director and Chief Reporting Officer of Interpump Group S.p.A., taking account also of the provisions of art. 154-(2), subsections 3 and 4 of Decree 58 dated 24 February 1998, attest to:
   - adequacy in relation to the characteristics of the business and
   - effective application

   of the administrative and accounting procedures for the formation of the consolidated financial statements during 2022.

2. It is further attested that the consolidated financial statements of Interpump Group S.p.A. and its subsidiaries for the year ended 31 December 2022, which show consolidated total assets of €3,131,059k, consolidated net profit of €269,749k and consolidated shareholders' equity of €1,566,110k:
   a) correspond to the results of the company books and accounting entries;
   b) were prepared in compliance with the international accounting standards approved by the European Commission further to the enforcement of Ruling (CE) no. 1606/2002 of the European Parliament and the European Council of 19 July 2002, and the provisions issued in implementation of art. 9 of Italian legislative decree 38/2005 and the contents are suitable for providing a truthful and fair representation of the equity, economic and financial situation of the Parent company and the group of companies included in the scope of consolidation;
   c) include the Board of Directors' Report, which contains a reliable analysis of performance and results and the situation of the Issuer and the companies included in the consolidation together with a description of the main risks and uncertainties to which they are exposed.

Sant'Ilario d'Enza (RE), 17 March 2023

Fulvio Monti Chairman and Chief Executive Officer	Giovanni Poletti Chief Reporting Officer

Report of the Board of Statutory Auditors

Report of the Board of Statutory Auditors to the Shareholders' Meeting of Interpump Group S.p.A. pursuant to art. 153 of Decree no. 58/1998 and art. 2429 of the Italian civil code

To the Shareholders' Meeting of Interpump Group S.p.A.

Introduction

Pursuant to art. 153 of Decree no. 58/1998 (hereinafter also referred to as the "TUF") and art. 2429, subsection 2 of the Italian Civil Code, and in compliance with the recommendations made by CO.N.SO.B. ("CONSOB") in Communication no. DEM/1025564 of 6 April 2001 and amendments, the Board of Statutory Auditors of Interpump Group S.p.A. (hereinafter also referred to as "IPG" or the "Company") is required to report to the Shareholders' Meeting, called to approve the financial statements for the year ended 31 December 2022, on the supervisory activities carried out during the year in the fulfillment of our duties, in part in our role as the Audit Committee, as well as on any omissions or inappropriate conduct that we identified, and on the results of the year. This Board is also required to make proposals regarding the financial statements, their approval and other matters for which we are responsible.

During the year ended 31 December 2022, and subsequently to date, the Board of Statutory Auditors has carried out the supervisory activities required by law, taking account of the Rules of conduct for Boards of Statutory Auditors of listed companies (hereinafter, the Rules) issued by the Italian Accounting Profession, the CONSOB instructions on the audit of companies, and the provisions of art. 19 of Decree no. 39/2010.

The separate and consolidated financial statements of IPG were prepared in accordance with the IAS/IFRS international accounting and financial reporting standards issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, and with the CONSOB instructions implementing art. 9, subsection 3, of Decree no. 38/2005.

The financial statements were prepared in compliance with the law and are accompanied by the documents specified by the Italian civil code and the TUF. Moreover, in accordance with legal requirements, the Company has also presented consolidated financial statements and the consolidated non-financial statement for 2022.

The Board of Statutory Auditors obtained the information needed to carry out our assigned supervisory activities by attending the meetings of the Board of Directors and the established Board Committees, as well as by interviewing the management of the Company and the Group, gathering information from the competent corporate functions, and performing additional monitoring activities. This Board has further enhanced the exchanges of information with Board Committees and the Independent Auditors of the Company, having due regard for the contents of the Notice issued by Consob on 16 February 2021.

Appointment and Independence of the Board of Statutory Auditors

The Board of Statutory Auditors in office at the date of this Report was appointed at the Shareholders' Meeting held on 30 April 2020: its members are Anna Maria Allievi (Chair),

Roberta De Simone (Serving Auditor), Mario Tagliaferri (Serving Auditor), and Roberta Senni and Andrea Romersa (Alternate Auditors). The Board will remain in office for three years and its mandate will lapse on 28 April 2023, being the date of the Shareholders' Meeting called to approve the 2022 financial statements.
The appointments were made from the two lists submitted, one by the majority shareholder and one by a number of institutional investors representing non-controlling interests, in compliance with the law, applicable regulations and the corporate bylaws. The Chair of the Board of Statutory Auditors and one Alternate Auditor were drawn from the minority list. The composition of the Board of Statutory Auditors complies with the gender balance criterion specified in art. 148, subsection 1-*(2)*, of Decree no. 58/1998 (TUF), as amended by art. 1, subsection 303, of Law no. 160 dated 27 December 2019 and taking account of the clarifications contained in CONSOB Communication no. 1/2020 dated 30 January 2020.

The Board of Statutory Auditors checked its satisfaction of the independence requirements upon appointment and in each subsequent year. Most recently, the Board performed this check on 10 February 2023, applying the criteria envisaged in art. 148, sub-section 3, TUF and those recommended in the Corporate Governance Code adopted, as well as in compliance with the Rules published by the Italian Accounting Profession on 26 April 2018, as amended in May 2019. The outcome of these checks and the self-assessment (envisaged in section Q.1.1. of the Rules) was communicated to and acknowledged by the Board of Directors, pursuant to art. 144-*(9)*, subsection 1-*(3)* of CONSOB Regulation no. 11971 and recommendation 10 of the Corporate Governance Code, on 15 February 2023.

In addition, having regard for the outcome of the self-assessment, guidance for the quali-quantitative composition of the new Board of Statutory Auditors to be elected for the three-year period 2023-2025 was approved at the meeting held on 28 February 2023. This guidance was published on the website of the Issuer on 1 March 2023 and made available to the shareholders.

Supervisory and control activities of the Board of Statutory Auditors

Supervision of compliance with the law and the bylaws

In the performance of its duties, the Board of Statutory Auditors has carried out the supervisory activities required by art. 2403 of the Italian civil code, art. 149 of Decree no. 58/1998, art. 19 of Decree no. 39/2010, and the CONSOB recommendations on company audits and the activities of the Board of Statutory Auditors, while also making reference to the provisions of the Corporate Governance Code and the Standards of Conduct for Boards of Statutory Auditors issued by the Italian Accounting Profession.

In the context of those duties, the Board of Statutory Auditors therefore:

- attended the meetings of the Shareholders and the Board of Directors, supervising their compliance with the bylaws, current legislation and the regulations governing the operation of corporate bodies, as well as with the principles of proper administration;
- monitored, to the extent of its responsibilities, the adequacy of the organizational structure of the Company and compliance with the principles of proper administration, by means of direct observation, collection of information from the managers of certain business functions, and meetings with the Independent Auditors as part of the reciprocal exchange of data and significant information;
- assessed and monitored the adequacy of the internal control system and the administrative and accounting system, and the reliability of the latter in terms of

representing operating events correctly, by means of the information provided by the managers of the respective functions, examination of the corporate documents and analysis of the results of the work carried out by the Independent Auditors;

- held 9 meetings, attended by all members, with an average duration of about 2 hours and 30 minutes each. The Board also attended all 80 meetings of the Board of Directors, as well as the meetings the Board Committees (Audit, Risks and Sustainability Committee, Related-Party Transactions Committee, Remuneration Committee and Appointments Committee);
- supervised the adequacy of the reciprocal flow of information between IPG and its subsidiaries pursuant to art. 114, subsection 2, of Decree no. 58/1998, which complies with the instructions issued by the management of the Company to the various Group companies;
- monitored compliance with the “Market abuse”, “Investor protection” and “Internal dealing” rules, with special reference to the treatment of inside information and the procedures for the dissemination of communications and information to the public and monitored the changes made to the procedure adopted by the Company for the management of inside and significant information, having regard for CONSOB Guidelines no. 1/2017;

Moreover, the Board of Statutory Auditors:

- obtained adequate information from the Directors about the activities undertaken and the operations of greatest economic, financial and capital significance performed by the Company and its subsidiaries pursuant to art. 150, subsection 1, TUF. In this regard, both jointly and individually, the Board of Statutory Auditors paid special attention to ensuring that the operations authorized and carried out were performed in compliance with the law and with the bylaws, and were not imprudent or subject to undue risk, in contrast with resolutions adopted at the Shareholders’ Meeting, in potential conflict of interest, or capable of jeopardizing the integrity of net equity;
- held meetings with the representatives of the Independent Auditors pursuant to art. 150, subsection 3, TUF, from which no significant data and/or information emerged that should be mentioned in this Report;
- exchanged information with the boards of statutory auditors of the companies directly or indirectly controlled by IPG pursuant to art. 151, paras. 1 and 2, TUF;
- supervised the practical implementation of the rules of corporate governance set down in the Corporate Governance Code to which the Company adheres, as adequately described in the Report on Corporate Governance and the Ownership Structure, in compliance with art. 124-*(3)* TUF and art. 89-*(2)* of the Issuers’ Code;
- checked, in relation to the periodic assessment required pursuant to the Corporate Governance Code, in the framework of our supervision of the practical implementation of the corporate governance rules, the proper application of the appraisal criteria and procedures adopted by the Board of Directors to confirm the independence of the Directors.

The Board of Statutory Auditors agreed with the positive evaluation expressed by the Appointments Committee and adopted by the Board of Directors at its meeting held on 15 February 2023, as required by the Corporate Governance Code, concerning the size and composition of the administrative body and its operation, and the size, composition and operation of the board committees. The assessment was carried out using specific measurement criteria, based on the results of a self-assessment questionnaire revised and reformulated in

February 2023 by the Appointments Committee and completed by all members of the Board of Directors.
The Board of Statutory Auditors also issued its opinion pursuant to art. 2389, subsection 3, of the Italian civil code, having regard for the conclusions of the Remuneration Committee concerning the proposal made for the remuneration of the Directors with special duties.
Supervision of the adequacy of the administrative-accounting system and the legal audit of the accounts

Pursuant to art. 19 of Decree no. 39/2010 (consolidated legal auditing law), in its role as the "Internal Control and Audit Committee" the Board of Statutory Auditors is required to supervise:

- the financial reporting process;
- the efficacy of the internal control and risk management system;
- the legal audit of the annual and consolidated financial statements;
- the independence of the Independent Auditors, particularly with regard to the provision of non-auditing services.

The Board of Statutory Auditors performed this work in collaboration with the current Audit, Risks and Sustainability Committee, in order to coordinate the respective duties and avoid the overlap of activities.

Financial reporting process

The Board of Statutory Auditors checked on the existence of rules and procedures governing the preparation and dissemination of financial information. In this regard, the Report on corporate governance and the ownership structure illustrates the ways in which the Group has defined its Internal Control and Risks Management System in relation to the financial reporting process at a consolidated level. On 31 August 2022, after receiving a favorable opinion from this Board, the Board of Directors of IPG appointed Giovanni Poletti as the Chief Reporting Officer pursuant to art. 154-(2) of Decree no. 58/1998, following the untimely demise of Carlo Banci.

The Chief Reporting Officer makes use of support from the Internal Audit function to check the operation of the administrative and accounting procedures via the testing of controls. The Board of Statutory Auditors confirms the receipt of adequate information about the monitoring of corporate processes with an administrative-accounting impact that was carried out, within the framework of the internal control system, both during the year in relation to the interim financial reports, and at the time of closing the accounts for preparation of the financial statements, in compliance with the monitoring and attestation obligations to which IPG is subject pursuant to Law no. 262/2005. In particular, the Board of Statutory Auditors took due account of the Risk Assessment and the half-yearly update of test activities pursuant to Law no. 262/2005.

The adequacy of the administrative-reporting system was also assessed via the acquisition of information from the managers of the respective functions and analysis of the results of the work carried out by the Independent Auditors.

No particular issues or impediments emerged to prevent the release of an attestation by the Chief Reporting Officer and the Chief Executive Officer concerning the adequacy of the administrative and accounting procedures for the preparation of the separate financial statements of IPG and the consolidated financial statements for 2022.

The Board of Statutory Auditors supervised compliance with the rules concerning the preparation and publication of the Interim Financial Report and the Interim Board of Directors' Reports, their format and the proper application of accounting standards, partly by reference to information obtained from the Independent Auditors.

Furthermore, it is acknowledged that:

- the Independent Auditors responsible for the legal audit of the accounts explained their work to the Board of Statutory during the periodic meetings held, without raising any significant matters;
- the Board of Statutory Auditors supervised the audit of the annual and consolidated financial statements, obtaining information from and holding discussions with the Independent Auditors, which also covered the innovations introduced with regard to their auditors' report concerning, in particular, key audit matters.

With regard to the above, the Board of Statutory Auditors was informed of all the main stages of the auditing activity, including identification of the areas of risk, with a description of the related procedures adopted, and the main accounting policies applied by IPG. The Board of Statutory Auditors also acknowledges that the Independent Auditors EY S.p.A. have issued their opinions on the separate and consolidated financial statements today (29 March 2023), and have also issued today the Supplementary Report for the Board of Statutory Auditors required by art. 11 of Regulation (EU) 2014/537.

The Board of Statutory Auditors has supervised the independence of the Independent Auditors EY S.p.A., checking the nature and extent of any services rendered other than the audit of IPG and subsidiaries, and has obtained explicit confirmation from the Independent Auditors that their independence requirements have been met. The declaration regarding independence is included, pursuant to art. 11, sub-section 2.a), of Regulation (EU) 2014/537, in the above-mentioned Supplementary Report.

As required by art. 149-(12) of the Issuers' Regulation, as amended by CONSOB Decision no. 15915 dated 3 May 2007, the fees earned in 2022 for services provided to the Group by the Independent Auditors, and firms belonging to its network, are listed below:

- audit of the Parent Company, €158k;
- audits of subsidiaries, €1,042k;
- limited assurance of the Parent Company's Non-Financial Statement, €51k;
- attestation services for the Parent Company and its subsidiaries, €11k. These fees are classified among the other general and administrative costs.

The scope of the audit changed in 2022 as a result of acquisitions made by the Group and corresponding fee adjustments were made. In the light of the matters presented above, the Board of Statutory Auditors deems that independence requirements placed on EY S.p.A. are satisfied.

Supervision of the adequacy of the system of internal control and the organizational structure

The Board of Statutory Auditors has assessed and supervised the adequacy of the internal controls and the efficacy of the internal control and risk management system. The Board of Statutory Auditors checked the most significant activities performed by the internal control and risk management system, taken as a whole, by attending the meetings of the Audit, Risks and Sustainability Committee and the Related-Party Transactions Committee together with:

- the Director in charge of the internal control and risk management system;
- the Internal Audit, Risk & Compliance function;
- the Chief Reporting Officer;
- the Supervisory Body;
- the information systems manager;
- the investor relations officer.

In the framework of this activity, in particular, the Board of Statutory Auditors confirms receipt and examination of:

- the periodic work reports prepared by the Audit, Risks and Sustainability Committee and by the Internal Audit, Risk & Compliance function;
- the reports prepared by the Internal Audit, Risk & Compliance function on completion of its checking and monitoring activities, including the results obtained, the actions recommended and the checks carried out on their implementation;
- periodic updates on the changes in the risk management process, the results of the monitoring and assessment activities performed by the Internal Audit, Risk & Compliance function and the Group Risk Management & Corporate Finance function, and the objectives reached.

The Board of Statutory Auditors acknowledges and agrees with the update of the risk management policy adopted by the IPG Group. The Board of Statutory Auditors examined, on a half-yearly basis, the periodic reports on the activities carried out by the Supervisory Body, and also examined the related plan of activities and the 2023 budget. Similarly, the Board of Statutory Auditors acknowledges the work performed on compliance with Decree no. 231/2001 and the plan of activities for 2023, examining and agreeing the proposed update to the Organization and Management Model pursuant to Decree no. 231/2001.

Following the work carried out during the year, as detailed above, the Board of Statutory Auditors concurs with the positive evaluation expressed by the Audit, Risks and Sustainability Committee regarding the adequacy of the System of internal control and risk management.

Supervision of compliance with the principles of proper administration
Based on the information obtained and the analyses performed as part of the above supervisory work, this Board confirms that the transactions of greatest economic and financial significance carried out by the Company, or via directly-held subsidiaries, are those described below and illustrated in detail in the Board of Directors' Report.

In particular, as in prior years, the operations of Interpump Group S.p.A. consisted in ordinary industrial activities, the strategic and operational coordination of the Group, the drive to optimize the Group's cash flows, and the search for and selection of new equity investments that can help to accelerate the growth of the Group.

The following new-acquired companies were consolidated for the first time in 2022: Draintech S.r.l. (7 months) and Eurofluid Hydraulic S.r.l. (2 months). Compared with 2021, the Hydraulic Sector consolidated a number of companies for a full 12 months in 2022: the three White Drive companies acquired in October 2021 and Berma S.r.l., acquired in November 2021, which was absorbed by Reggiana Riduttori with effect from 1 January 2022.

The Board of Directors of IPG approved the ESG Plan 2023-2025 on 5 October 2022, confirming the commitment made in the prior year. Twenty actions have been launched, seven environmental, seven social and six governance, for execution during the three-year period 2023-2025, except for one to be completed in 2027.

Within the ordinary industrial activities of the Group, efforts continue to tackle sustainability issues, consistent with the guidelines for strategic development of the Group.

Further to the activity of supervision and control performed in the year, the Board of Statutory Auditors attests that:

- the activities performed did not reveal any omissions, irregularities, inappropriate conduct or significant violations that should be reported to the supervisory authorities or mentioned in this Report;
- no complaints were received pursuant to art. 2408 of the Italian civil code, and no petitions were received from third parties;
- no transactions with third parties, within the Group and/or with related parties were found to be atypical or unusual in terms of their content, type, size, or timing.

Supervision of the implementation of corporate governance rules

The Board of Statutory Auditors has assessed application of the rules of corporate governance set down in the Corporate Governance Code adopted by IPG, principally by analyzing the Report on Corporate Governance and the Ownership Structure and comparing its content with the results of the general supervisory activities carried out. In particular, the degree of compliance by IPG with the requirement to inform the market, in the report on corporate governance, about its application of the Code, having regard for the provisions of art. 123-(2) TUF, was assessed.

The Board of Statutory Auditors believes that the Report on Corporate Governance has been prepared in accordance with the instructions accompanying the Regulations for Markets Organized and Managed by Borsa Italiana.

Additional supervisory activity in relation to the separate financial statements, the consolidated financial statements and the consolidated statement of non-financial information

With regard to the financial statements of the Parent Company at 31 December 2022, the consolidated financial statements at that date and the related Board of Directors' Report, your attention is drawn to the following matters:

- by both direct checks and information obtained from the Independent Auditors, the Board of Statutory Auditors has ascertained compliance with the laws governing the preparation and content of the separate financial statements, the consolidated financial statements and the Board of Directors' Report, as well as the formats adopted for the accounting schedules, confirming proper application of the accounting standards and policies described in the notes to the financial statements and in the Board of Directors' Report;
- in application of CONSOB Resolution no. 15519/2006, the effects of transactions with related parties are expressly indicated in the accounting schedules;
- The Board of Statutory Auditors also notes that, in application of Commission Delegated Regulation (EU) 2019/815 (so-called ESEF Regulation) implementing Directive 2013/50/EU which, from 1 January 2021, requires listed issuers to prepare their Annual

Financial Reports (AFRs) in a European Single Electronic Format (ESEF), the Company has completed the project to implement the requirements of the ESEF Regulation for the 2021 and 2022 financial years. The Consolidated Annual Financial Report of Interpump Group S.p.A. at 31 December 2022 was therefore prepared in XHTML format, marking certain information in the IFRS consolidated statements and related explanatory notes with *Inline* XBRL specifications.

- the financial statements reflect the events and information that came to the attention of the Board of Statutory Auditors when performing the required supervisory, monitoring and inspection activities;
- based on the information available to the Board of Statutory Auditors, the Directors did not make any exceptions to the law when preparing the financial statements, as would be allowed under certain circumstances pursuant to art. 2423, subsection 5, of the Italian civil code;
- the Chief Executive Officer and the Chief Reporting Officer have issued the attestation required by art. 81-*(3)* of CONSOB Regulation no. 11971/1999 as amended, and art. 154-*(2)* of Decree no. 58/1998 (TUF);
- the Board of Directors' Report complies with the relevant legal requirements and is consistent with the data and results reflected in the financial statements; it makes the necessary disclosures about the significant activities and transactions that were drawn to the attention of the Board of Statutory Auditors during the year, about the principal risks faced by the Company and its subsidiaries, about intercompany and related-party transactions, and about the alignment of the organization with the principles of corporate governance, consistent with the Corporate Governance Code for listed companies. As required by the CONSOB notice dated 18 March 2022, the Board of Directors' Report also describes the risks associated with the conflict in Ukraine and their impacts.
- pursuant to art. 123-*(3)* of Decree no. 58/1998 (TUF), the Shareholders' Meeting will receive the Remuneration report, the format for which was examined and agreed by the Board of Statutory Auditors at a joint meeting held with the Remuneration Committee.
- The impairment procedures implemented by the Company in conformity with IAS 36 were the subject of precise approval by the Board of Directors before the draft financial statements were approved.

In relation to the Consolidated Non-Financial Statement, in conformity with Decree no. 254 dated 30 December 2016 the Board of Statutory Auditors monitored compliance with the provisions of that Decree and CONSOB resolution no. 20267 dated 18/01/2018 regarding preparation of the related declarations, obtaining the attestation issued by the designated independent auditing firm, EY S.p.A., on 29 March 2023. This activity did not reveal any matters that should be mentioned in this Report.

Assessment of the impacts of COVID-19 and the macro- and microeconomic situation

Once again, the COVID-19 pandemic conditioned activities during 2022; accordingly, the Board of Statutory Auditors continued to supervise the adoption of measures necessary to prevent and contain contagion in the workplace, in conformity with the instructions given by the competent authorities.

The difficulties experienced in sourcing raw materials and labor were compounded during 2022 by the effects of the conflict between Russia and Ukraine and their indirect impact on the entire economic system, provoking increases in commodity prices, interest rates and inflation, as well as supply chain issues and/or interruptions. The Board of Statutory Auditors determined that the Company has limited exposure to the countries in conflict and, in compliance with the policy ban imposed by European regulations, that the Group has ceased to work with them.

With regard to the Shareholders' Meeting called for 28 April 2023, the Board of Statutory Auditors notes that the "Cure Italy" Decree no. 18 dated 17 March 2020, as enacted with amendments by Law no. 27 dated 24 April 2020 (as most recently extended by "Blanket extensions" Decree no. 198 dated 29 December 2022), authorizes ordinary and extraordinary meetings to be held "behind closed doors", enabling companies to include in their notices of calling, as exceptions to the requirements of their bylaws, recourse to instruments - such as voting by correspondence, electronic voting, meeting attendance via remote communications, appointment of a designated representative - that allow participation and the exercise of voting rights without need for the physical presence of the shareholders in a single location.

In this regard, the Board of Statutory Auditors will work closely with the Board of Directors, so that the Shareholders' Meeting can be held in an orderly manner, with the proper exercise of shareholder rights in compliance with the above instructions.

Proposals to the Shareholders' Meeting regarding the separate financial statements for the year ended 31 December 2022 and allocation of the results for the year

Considering the specific duties assigned to the Independent Auditors in terms of checking the accounting records and verifying the reliability of the separate financial statements for the year ended 31 December 2022, the Board of Statutory Auditors takes due note and has no objections to their approval or to the resolution proposed by the Board of Directors to make a partial distribution from the Extraordinary Reserve, by paying a dividend of € 0.30 to each share in circulation, inclusive of the right specified in art. 2357-*(3)*, subsection 2, of the Italian civil code.

Lastly, noting that its mandate expires naturally at the annual Shareholders' Meeting, this Board expresses gratitude for the confidence shown in it.

S. Ilario d'Enza, 29 March 2023

The Board of Statutory Auditors

Anna Maria Allievi

Roberta De Simone

Mario Tagliaferri

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014 (Translation from the original Italian text)

To the Shareholders of
Interpump Group S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Interpump Group S.p.A. and its subsidiaries ("Interpump Group" or the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Interpump Group S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters:

Key Audit Matter	Audit Response
Business combinations During the 2022 financial period, the Group completed the acquisition of the controlling shares of Draintech S.r.l. and Eurofluid Hydraulics S.r.l.. These business combinations have determined, among other, the preliminary recognition of a goodwill component of Euro 20,5 million, allocated to the Oil CGU. In the same 2022 financial period, the Group has definitely determined the acquired intangible assets and the fair value allocated, based on the purchase price allocation method, to the assets and liabilities acquired as part of the White Drive Motors & Steering business combination and the acquisition of Berma S.r.l., occurred during the previous financial year, which determined the recognition of intangible assets for a value, gross of the related effect of deferred taxes, of Euro 18,3 million. The processes and accounting policies related to the business combinations require, for each transaction, the identification of all intangible assets acquired, the allocation of the purchase price to the fair value of the assets acquired and liabilities assumed which are sometimes based on complex assumptions that by their nature involve Directors' judgmental considerations, in particular with reference to the forecast of profitability and cash flows that such companies will generate in the future. Considering the relevance of effects of the acquisitions, business combinations were, therefore, considered as a key audit matter in relation to the judgment required and the complexity of the assumptions used in the estimate by Directors with reference to the identification of the acquired intangible assets and the allocation of the purchase price to the fair value of the assets acquired and liabilities assumed.	Our audit procedures performed to address this key audit matter include, among others: • the analysis of the signed acquisition agreements in order to understand the key terms and conditions; • the assessment of the accounting for such transactions; • the identification and assessment of the estimated fair values of the assets acquired and liabilities assumed at the acquisition date, although the support of our expert in valuation techniques; • the analysis of the report issued by the Directors' expert who assisted the Group, as well as the assessment of their expertise, capabilities and objectivity; • the critical assessment of the valuation assumptions such as long-term growth rates and discount rates underlying Director's estimate of the present value of the exercise price for the purchase options on minority interests. Lastly, we reviewed the adequacy of the disclosures provided in the notes to the financial statements in relation to the business combination transactions.

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The financial statement disclosures related to business combinations are included in note 3.1 "Accounting standards" and note 5 "Business combinations".

Valuation of Goodwill

Goodwill as of December 31, 2022 amounts to Euro 754,9 million, allocated to the Cash Generating Units ("CGUs") related to the Water Sector, for Euro 216,1 million, and to the Oil Sector for Euro 538,8 million.

The processes and valuation methodologies for assessing and determining the recoverable amount of each CGU, in terms of value in use, are based on assumptions, sometimes complex, that by their nature require the Directors' judgment, in particular with reference to the forecasted future cash flows for the period covered by the Group's business plan, the determination of the normalized future cash flows underlying the estimated terminal value, as well as the determination of long-term growth rates and discount rates applied to the forecasted future cash flows.

Considering the judgment required and the complexity of the assumptions underlying the estimation of the recoverable amount of goodwill, we considered this area as a key audit matter.

The financial statements disclosures related to valuation of goodwill are included in note 3.1 "Accounting standards" and note 11 "Goodwill".

Our audit procedures performed to address this key audit matter include, among others:

- the assessment of the process and key controls implemented by the Group regarding the assessment of goodwill, considering the impairment test procedure approved by the Board of Directors;
- the assessment of the CGUs' perimeter and the allocation of the carrying values of the assets and liabilities to the individual CGUs;
- the assessment of forecasted future cash flows for each CGUs;
- the assessment of the consistency of the forecasted future cash flows of each CGU with the Group's business plan for the period 2023-2027;
- the assessment of the reasonableness of the estimates made by Directors, also by comparing actual figures and estimates made in previous periods;
- the assessment of the long-term growth rates and discount rates.

In performing our audit procedures, we also involved our expert in valuation techniques who independently performed a recalculation and sensitivity analyses on key assumptions in order to determine any changes in assumptions that could significantly impact the valuation of the recoverable amount.
Lastly, we reviewed the adequacy of the disclosures provided in the notes to the financial statements in relation to the valuation of goodwill.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Interpump Group S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to

continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Interpump Group S.p.A., in the general meeting held on April 30, 2014, engaged us to perform the audits of the consolidated financial statements for each of the years ending 31 December 2014 to 31 December 2022.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Group in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion on the compliance with Delegated Regulation (EU) 2019/815

The Directors of Interpump Group S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulations (EU) 2019/815 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF – European Single Electronic Format) (the "Delegated Regulation") to the consolidated financial statements, to be included in the annual financial report.

We have performed the procedures under the auditing standard SA Italia n. 700B, in order to express an opinion on the compliance of the consolidated financial statements as at 31 December 2022 with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at 31 December 2022 have been prepared in the XHTML format and have been marked-up, in all material aspects, in compliance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information included in the illustrative notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Interpump Group S.p.A. are responsible for the preparation of the Board of Directors' Report and of the Report on Corporate Governance and Ownership Structure of Interpump Group as at 31 December 2022, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Board of Directors' Report and of specific information included in the Report on Corporate Governance and Ownership Structure, published in the section "Governance" of Interpump Group S.p.A.'s website, as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements of Interpump Group as at 31 December 2022 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Board of Directors' Report and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the consolidated financial statements of Interpump Group as at 31 December 2022 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016

The Directors of Interpump Group S.p.A. are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated 30 December 2016. We have verified that non-financial information have been approved by Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated 30 December 2016, such non-financial information are subject to a separate compliance report signed by us.

Bologna, March 30, 2023

EY S.p.A.
Signed by: Elisa Vicenzi, Auditor

The accompanying [consolidated] financial statements of EIP S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's 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.

Interpump Group S.p.A.

Separate Financial Statements at 31 December 2022

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2022 Board of Directors' Report of the Parent Company Interpump Group S.p.A.

ALTERNATIVE PERFORMANCE MEASURES

The Company monitors its operations using several alternative performance 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 Company's financial position; such measures are also tools that can assist the directors in identifying operating trends and in making decisions on investments, resource allocation and other business matters. The measurement criterion applied by the Company may therefore differ from the criterion adopted by other companies and hence the Company may not be comparable with such other companies. Such alternative performance measures are constituted exclusively starting from the Company's historic 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. The measures in question refer only to performance in the accounting period illustrated in this Annual Financial Report and the periods placed in comparison with it, and not to the expected performance and they must not be considered to replace the indicators provided by the reference accounting standards (IFRS). Finally, the alternative measures are processed continuously and with uniformity of definition and representation for all the periods for which financial information is included in this Annual Financial Report.

The performance indicators used by the Company 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;
- **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 Company, defined as the difference between the Cash flow from operating activities and the Cash flow absorbed by 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.

Interpump Group S.p.A. presents its income statement by functional areas (also called the "cost of sales" method). This form is deemed more representative than its “type of expense” counterpart, which is nevertheless included in the notes to the Annual financial report. The chosen form, in fact, complies with the internal reporting and business management methods.

The cash flow statement was prepared using the indirect method.

As in previous years, the operations of Interpump Group S.p.A. consisted, in addition to ordinary industrial activities, in the strategic and management coordination of the Group, in the drive to optimize its financial flows, and in research activities and the selection of equity investments to acquire with the aim of maximizing the Group's rate of growth. The acquisitions of Draintech S.r.l. and Eurofluid Hydraulic S.r.l. during 2022 were consistent with this external growth strategy. A more complete discussion of these operations is given in the "Report on operations" accompanying the Consolidated Annual Financial Report at 31 December 2022.

1 Profitability

The recovery of the global economy continued in 2022, following the relaxation of restrictions linked to the Covid-19 pandemic, consequent to the vaccination campaigns. This approach contributed to an upturn in consumption, with good results particularly in the first part of the year. In addition to national plans supporting the development of infrastructure, energy transition and digitalization projects (National Resilience and Recovery Plan - PNRR), this recovery was also assisted by European funds (NextGenerationEU Plan - NGEU).

In this context, there was a gradual return to normality, but uncertainties nevertheless clouded the global economy and the first signs of a slowdown appeared, with growth expectations slipping away as the months progressed.

Initial adversities linked to the difficulty of sourcing raw materials and labor, as well as constant supply-chain interruptions, were compounded from early February by growing geopolitical tensions and the negative effects of the military conflict in Ukraine. In addition to the extremely serious humanitarian crisis, this situation added to the instability and discontinuity of global economic activities. Although the Interpump Group has direct contact with the countries involved in the conflict, the financial exposure to them is limited. Interpump Group S.p.A. generated revenues of €3.1m from business with Russia and Ukraine during 2022 (€4m in 2021), with no outstanding receivables at 31 December 2022 (€0.3m at 31 December 2021).

From a macroeconomic standpoint, the resulting global economic-financial shock is reflected in higher commodity prices, interest rates and inflation, with uncontrolled effects on the competitive situation, the supply chain and procurement. Operator confidence collapsed as a result, penalizing the investment decisions of businesses and the consumption plans of households.

The rise in inflation prompted the principal central banks to change course, by starting to apply more restrictive monetary policies: while interest rates remained essentially stable during the first half of 2022, the second semester was marked by regular increases by the U.S. Federal Reserve Bank (FED) and the European Central Bank (ECB). In particular, the ECB raised rates 4 times during the second half to reach 2.5%, while the FED - after an initial hike in the first semester - continued its restrictive policy with further increases during the second semester, to close the year at 4.5%.

Both central banks also revised their GDP forecasts to reflect slowdowns in the two-year period 2022-2023 (respectively +3.1% and +2.5% for the European Commission, and just under 2% for the FED), considering an expected annual inflation rate of 6.8% in Europe at year end, and 5.2% in the United States.

Against this complex macro and microeconomic background, the results for 2022 evidence the ability of the Company and the Group to serve customers proactively, without interruptions, and to manage manufacturing capacity efficiently. This is clear from the business results achieved in terms of turnover and margins.

Interpump Group S.p.A. booked net revenues of €124.6m (€112.4m in 2021). An analysis by geographic area of the revenues from sales and services is given in the commentary on this item in the notes to the financial statements.

The cost of sales accounted for 60.7% of turnover (61.7% in 2021). Production costs, which totaled €37.2m (€35.5m in 2021) accounted for 29.9% of revenues (31.6% in 2021). The purchase cost of raw materials and components sourced on the market, including changes in inventories, totaled €38.4m equivalent to 30.8% of revenues (€33.9m in 2021).

Distribution costs totaled €6.7m (€6.4m in 2021), reflecting a decrease in their incidence on revenues by 0.3 percentage points compared to 2021.

General and administrative expenses amounted to €22.2m (€21.5m in 2021) and their incidence on revenues fell by 0.7 percentage points compared to 2021.

Total payroll costs were €28.9m (€28.9m in 2021 as well) with an average of 453 employees (464 employees in 2021). The per capita cost was slightly higher than in the prior year (+2.1%). In addition, the Company employed an average of 40 temporary workers during the year (29 temporary workers in 2021) at a cost of €1.9m (€1.4m in 2021). The reconciliation of the income statement to obtain sub-totals is shown below:

	2022 (€/000)	*% of revenues*	*2021 (€/000)*	*% of revenues*
Ordinary profit before financial charges	116,231		94,568	
Dividends	(85,586)		(77,653)	
Impairment losses on investments	7		5	
Operating profit (EBIT)	***30,652***	***24.6%***	***16,920***	***15.0%***
Amortization, depreciation and write-downs	5,998		6,335	
Gross operating profit (EBITDA)	***36,650***	***29.4%***	***23,255***	***20.7%***

EBIT amounted to €30.7m (24.6% of revenues), compared with €16.9m in 2021 (15.0% of revenues), partly due to the recognition in 2022 of other income deriving from adjustments to the purchase price of investments totaling €8,807k.

EBITDA totaled €36.7m or 29.4% of revenues compared with €23.3m in 2021 or 20.7% of revenues.

The year ended 31 December 2022 closed with a net profit of €102.1m (€84.3m in 2021). Dividends from subsidiaries recognized in the income statement totaled €85.6m in 2022 and €77.7m in 2021.

Net of dividends, the effective tax rate in 2022 was 26.1%, compared with 23.6% in 2021 after adjustments not only for dividends, but also for the effect of franking goodwill on deferred tax assets.

2 Statement of financial position

The statement of financial position is analyzed below in terms of the sources and applications of funds:

	31/12/2022 (€/000)	*%*	*31/12/2021 (€/000)*	*%*
Trade receivables	19,211		18,665	
Net inventories	33,131		25,793	
Other current assets	55,832		34,675	
Trade payables	(21,214)		(17,433)	
Current taxes payable	(18,543)		(1,633)	
Current portion of provisions for risks and charges	(30)		(30)	
Other current liabilities	(9,053)		(8,901)	
Net working capital	**59,334**	**5.1**	**51,136**	**4.5**
Net intangible and tangible fixed assets	42,616		40,759	
Goodwill	44,537		44,537	
Equity investments	944,022		943,317	
Other financial fixed assets	78,480		65,937	
Other non-current assets	7,803		7,297	
Liabilities for employee benefits	(4,138)		(5,026)	
Non-current portion of provisions for risks and charges	(8,272)		(8,278)	
Other non-current liabilities	(1,381)		(1,217)	
Total net fixed assets	**1,103,667**	**94.9**	**1,087,326**	**95.5**
Total capital employed	**1,163,001**	**100.0**	**1,138,462**	**100.0**
Financed by:				
Total shareholders' equity	**604,893**	**52.0**	**558,762**	**49.1**
Cash and cash equivalents	(188,778)		(135,514)	
Payables to banks	2,519		106	
Interest-bearing financial payables (current portion)	257,042		201,419	
Total current financial payables (liquid funds)	**70,783**	**6.1**	**66,011**	**5.8**
Total non-current financial payables	**487,325**	**41.9**	**513,689**	**45.1**
Total sources of financing	**1,163,001**	**100.0**	**1,138,462**	**100.0**

The format of the reclassified statement of financial position makes it possible to appreciate the financial strength of the Company, highlighting its ability to maintain financial equilibrium over the long term.

3 Capital expenditure

Capital expenditure on tangible fixed assets was €7.0m (€7.1m in 2021) and related to the normal renewal and modernization of plant and equipment. The difference with respect to the expenditure recorded in the cash flow statement is due to the dynamics of payments.

Increases in intangible assets amounted to €0.9m (€0.7m in 2021), mostly due to the capitalization of product development costs.

4 Loans

The net financial position at 31 December 2022 is €558.1m (€579.7m at 31/12/2021). The changes during the year are analyzed in the table below:

	2022 (€/000)	2021 (€/000)
Opening net financial position	**(579,700)**	**(342,011)**
Cash flow from operations	32,748	23,460
Principal portion of leasing installments paid	(852)	(801)
Liquidity generated (absorbed) by operating capital	(4,017)	(4,154)
Liquidity generated (absorbed) by other current assets and liabilities	4,923	1,509
Net investment in tangible and intangible fixed assets	(7,448)	(6,299)
Financial income received	1,294	1,438
Other	(1,728)	200
Free cash flow	*24,920*	*15,353*
Proceeds (payments) from the disposal (purchase) of investments	(5,301)	(313,363)
Purchase of treasury shares	(94,793)	(22,397)
Proceeds from sales of treasury shares for stock options	63,027	714
Principal portion of leasing installments paid	852	801
Principal portion of new leasing contracts arranged	(163)	(108)
Restatement and early redemption of leasing contracts	(148)	18
Dividends received from subsidiaries	85,579	79,890
Dividends paid	(29,802)	(27,382)
Change in other financial assets	(436)	(28)
Reimbursement (Disbursement) of loans from (to) subsidiaries	(22,143)	28,813
Net cash generated (used)	*21,592*	*(237,689)*
Net financial position at end of year	**(558,108)**	**(579,700)**

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

	31/12/2022 €/000	31/12/2021 €/000	01/01/2021 €/000
Cash and cash equivalents	188,778	135,514	136,677
Current financial payables (excluding the current portion of non-current financial payables)	(3,367)	(901)	(998)
Current portion of non-current financial payables	(256,194)	(200,624)	(142,599)
Current net indebtedness	***(70,783)***	***(66,011)***	***(6,920)***
Non-current financial payables	(487,325)	(513,689)	(335,091)
Net financial position	***(558,108)***	***(579,700)***	***(342,011)***
Commitments for the acquisition of investments	-	-	(1,125)
Total net indebtedness	**(558,108)**	**(579,700)**	**(343,136)**

At 31 December 2022 all financial covenants are amply respected.

5 Relations with subsidiaries

The Company also operates through subsidiaries with which it maintains commercial and financial relations. These relations are detailed in the table below (amounts expressed in €/000). Note that Berma S.r.l., acquired in November 2021, was absorbed by Reggiana Riduttori S.r.l. with effect from 1 January 2022: to facilitate readers, any amounts previously reported in relation to the now-merged Berma S.r.l. for FY 2021 or at 31 December 2021, have been restated and added to the balances reported for Reggiana Riduttori S.r.l.

	Trade receivables		Revenues	
	31/12/2022	31/12/2021	2022	2021
Subsidiaries:				
GP Companies Inc.	5,133	4,814	33,677	23,493
NLB Corporation Inc.	772	872	2,782	2,248
Interpump Hydraulics India Ltd	291	439	686	1,359
Inoxpa Ltd	-	13	388	128
IMM Hydraulics S.p.A.	154	235	372	432
Muncie Power Inc.	102	67	339	266
Interpump Hydraulics Brasil	30	41	221	186
General Pump China Inc.	247	588	214	641
Inoxpa S.A.	77	7	171	204
Inoxihp S.r.l.	45	113	169	193
Inoxpa South Africa	44	3	115	20
GS-Hydro UK Ltd	33	22	110	81
Hammelmann S. L.	28	10	106	125
Inoxpa Italia S.r.l.	82	-	105	34
Pioli S.r.l.	-	-	91	101
Hammelmann GmbH	13	10	55	49
GS-Hydro Piping Systems Co. Ltd	15	11	49	42
GS-Hydro Korea Ltd	14	12	45	46
GS-Hydro Austria GmbH	12	10	43	37
GS-Hydro S.A.U	32	66	37	34
GS-Hydro Benelux B.V.	11	7	35	27
Interpump Hydraulics France S.a.r.l.	9	2	33	15
Interpump South Africa Pty Ltd	27	-	31	-
Inoxpa Solutions France Sas	24	-	31	20
GS-Hydro Sp Z O O	9	8	30	50
SIT S.p.A.	2	-	29	4
Interpump Hydraulics S.p.A.	51	68	26	18
Hammelmann Australia Pty Ltd	-	-	23	1
GS-Hydro Denmark AS	7	11	22	21
Interpump Hydraulics (UK) Ltd	-	14	17	25
Inoxpa Colombia Sas	-	3	14	51
Walvoil S.p.A.	26	21	11	7
GS-Hydro Ab	3	2	11	9
Interpump Piping GS S.r.l.	6	-	10	10

	Trade receivables		Revenues	
	31/12/2022	31/12/2021	2022	2021
Walvoil Fluid Power Korea Llc	-	-	10	3
GS-Hydro Singapore Pte Ltd	3	2	8	7
GS-Hydro U.S. Inc.	11	48	6	15
Inoxpa Ukraine	-	-	6	11
Hydroven S.r.l.	2	4	5	11
Servizi Industriali S.r.l.	-	-	5	3
Improved Solutions Unipessoal Ltda	2	-	4	8
GS-Hydro do Brasil Sistemas Hidraulicos Ltda	2	4	4	4
Hydrocar Chile S.A.	-	-	4	8
Interpump Hydraulics Middle East FZE	-	14	4	35
Tubiflex S.p.A.	2	-	3	3
GS-Hydro System GmbH	1	-	3	3
Unidrò Contarini Sarl	-	-	3	3
Transtecno S.r.l.	2	2	2	2
Tekno Tubi S.r.l.	1	-	2	2
White Drive Motors and Steering LLC	8	94	-	-
Reggiana Riduttori S.r.l.	7	7	-	-
White Drive Motors and Steering Sp. Z O O	5	-	-	-
Oleodinamica Panni S.r.l.	2	2	-	-
Contarini Leopoldo S.r.l.	1	2	-	-
White Drive Motors and Steering GmbH	1	1	-	-
Interpump Hydraulics Rus	-	-	-	11
Inoxpa Solutions Moldova	-	3	-	3
Inoxpa India Private Ltd	-	-	-	3
Mega Pacific Pty Ltd	-	-	-	1
Hydra Dyne Technology Inc.	-	3	-	-
FGA S.r.l.	-	1	-	-
Total	*7,349*	*7,656*	*40,167*	*30,113*

	Trade payables		Costs	
	31/12/2022	31/12/2021	2022	2021
Subsidiaries:				
Pioli S.r.l.	346	326	1,329	1,287
Interpump Hydraulics S.p.A.	161	202	386	428
IMM Hydraulics S.p.A.	140	131	396	321
SIT S.p.A.	59	92	231	293
Hammelmann GmbH	71	4	118	127
General Pump China Inc.	20	27	96	85
Walvoil S.p.A.	49	13	94	102
GP Companies Inc.	10	6	73	42
Inoxpa Italia S.r.l.	27	15	58	31
Transtecno S.r.l.	46	13	54	41
Inoxpa Ltd	8	-	33	33
Inoxihp S.r.l.	20	-	24	-
Hydroven S.r.l.	7	3	18	24
NLB Corporation Inc.	-	-	7	-
Inoxpa Solutions France Sas	-	-	1	-
Interpump Hydraulics India Ltd	22	8	-	-
Inoxpa S.A.	2	-	-	-
Inoxpa Solution Moldova	-	-	-	95
Improved Solutions Unipessoal Ltda	-	-	-	83
Servizi Industriali S.r.l.	-	-	-	50
GS-Hydro UK Ltd	-	-	-	7
Total	988	840	2,918	3,049

The Company also has a receivable from Interpump Piping GS S.r.l. of €19k (payable of €4k in 2021) following membership of the domestic tax group from 2018, as renewed in 2021.

Financial relations are outlined below (amounts shown in €/000):

	Loans granted		Interest income	
	31/12/2022	31/12/2021	2022	2021
Subsidiaries:				
Interpump Hydraulics S.p.A.	31,000	32,590	450	553
IMM Hydraulics S.p.A.	29,000	33,000	384	336
Hydra Dyne Technology Inc.	10,000	10,000	195	195
White Drive Motors and Steering LLC	17,000	-	116	-
Interpump Piping GS S.r.l.	4,000	6,000	67	65
GS-Hydro Korea Ltd	2,100	2,100	63	46
Transtecno S.r.l.	3,037	4,556	62	83
White Drive Motors and Steering GmbH	4,000	1,000	56	3
Muncie Power Inc.	11,252	-	53	-
Tekno Tubi S.r.l.	1,760	2,760	30	30
Inoxihp S.r.l.	1,687	2,109	30	32

	Loans granted		Interest income	
	31/12/2022	31/12/2021	2022	2021
Subsidiaries:				
Reggiana Riduttori S.r.l.	-	1,867	24	4
GS-Hydro UK Ltd	490	500	6	5
Tubiflex S.p.A.	3,000	-	3	-
Unidrò Contarini Sarl	100	233	2	4
Total	118,426	96,715	1,541	1,356

The intercompany loans outstanding at 31 December 2022 earn interest at 3-month Euribor uplifted by a spread that fluctuated between 80 and 200 basis points, except for certain fixed-rate loans granted in a range between 1.50% and 4.50%. At 31 December 2022, interest receivable amounts to €683k (€297k at 31 December 2021), as analyzed below:

	Interest receivable	
	31/12/2022	31/12/2021
Subsidiaries:		
Interpump Hydraulics S.p.A.	246	89
IMM Hydraulics S.p.A.	162	83
White Drive Motors and Steering LLC	116	-
Hydra Dyne Technology Inc.	49	49
Interpump Piping GS S.r.l.	25	15
GS-Hydro Korea Ltd	16	16
White Drive Motors and Steering GmbH	15	-
Transtecno S.r.l.	14	20
Teknova S.r.l. (in liquidation)	12	12
Tekno Tubi S.r.l.	12	8
Inoxihp S.r.l.	7	-
Reggiana Riduttori S.r.l.	3	4
GS-Hydro UK	3	1
Tubiflex S.p.A.	3	-
Total	683	297

The following dividends have been credited to the income statement (amounts expressed in €/000):

	Dividends receivable		Dividends	
	31/12/2022	31/12/2021	2022	2021
Subsidiaries:				
Hammelmann GmbH	-	-	30,000	20,000
Walvoil S.p.A.	-	-	26,000	26,000
Reggiana Riduttori S.r.l.	-	-	15,000	15,000
Inoxpa S.A.	-	-	10,000	7,000
GP Companies Inc.	-	-	2,426	5,973
Transtecno S.r.l.	-	-	1,200	900

	Dividends receivable		Dividends	
	31/12/2022	31/12/2021	2022	2021
Servizi Industriali S.r.l.	-	-	960	776
Tubiflex S.p.A.	1,280	1,280	-	2,000
Walvoil Fluid Power Pvt Ltd.	-	-	-	4
Total	*1,280*	*1,280*	*85,586*	*77,653*

6 Transactions with related parties

In accordance with IFRS 16, the financial statements report interest-bearing financial payables of €2,756k (€3,276k at 31 December 2021) and financial charges due to discounting the rentals payable to related parties of €18k (€48k at 31 December 2021). Other costs totaling €12k (€12k in 2021 as well) have also been charged to the income statement.

The above transactions were carried out on arm's-length conditions.

7 Exposure to risks and uncertainties and Financial risk factors

The Company is exposed to the normal risks and uncertainties of any business activity. The markets in which the Company operates are world niche markets of moderate size and with few competitors. These market characteristics constitute a high barrier to the entry of new competitors, due to significant economy of scale effects against the backdrop of uncertain economic returns for potential new entrants. The Company retains world leadership positions that mitigate the risks and uncertainties of the business activity.

The business of the Company is exposed to various financial risks: market risk (including the exchange rate risk and interest rate risk), credit risk and liquidity risk. The financial risks management program is based on the unpredictability of financial markets and it is aimed at minimizing any negative impact on the Company's financial performance. Interpump Group S.p.A. can use derivative financial instruments to hedge against exchange and interest rate risks. The Company does not hold derivative financial instruments of a speculative nature, in compliance with the rulings established by the procedure approved by the Board of Directors.

(a) Market risks

(i) Exchange rate risk

The Company does business internationally and is exposed to the exchange risk related to business conducted in US dollars. In this context, the Company invoices its US subsidiaries and a major US customer in dollars. The Company's current policy is to refrain from hedging recurring transactions and instead to hedge only exposures that are non-recurring in terms of amount or frequency of occurrence.

(ii) Interest rate risk

Interest rate risk derives from medium/long-term loans granted at floating rates. It is currently Company policy not to arrange hedges, in view of the short average duration of the existing loans (around 3.5 years).

(b) Credit risk

The Company does not have any significant concentrations of receivables. It is Company policy to make sales to customers following a careful assessment of their credit rating and therefore within preset credit limits. Historically, the Company has not had to support any significant losses on receivables.

(c) *Liquidity risk*

Prudent management of liquidity risk involves the retention of an appropriate level of cash on hand and sufficient access to lines of credit. Because of the dynamic nature of the business, which includes frequent acquisitions, it is Company policy to have access to stand-by lines of credit that can be utilized at short notice.

(d) *Price and cash flow risk*

The Company is subject to constant changes in metal prices, especially brass, aluminum, stainless steel and steel. It is Company policy to hedge this risk where possible by way of medium-term commitments with suppliers or stockpiling policies when prices are at the low point of their cycle. The market prices of raw materials have continued to escalate since 31 December 2021, reaching new records on almost a daily basis. Where possible, the Company has reviewed selling prices in order to pass on all or part of the higher cost of raw materials to customers, while also expanding inventory levels in order to freeze purchase prices and assure the sourcing of materials, thereby lowering supply chain tensions and delays. The Company constantly monitors the price trend of these raw materials in the attempt to adopt the most effective policies to minimize potential exposure to this risk.

The income and cash flow from the Company's operating activities are not influenced much by changes in interest generating assets.

(e) *Climate change risk*

Although the IAS/IFRS do not make explicit reference to climate matters, any significant impacts are considered by the Company when applying the international accounting standards, evaluating their effects on business continuity and the application of specific standards. In this context, the Company has not identified significant risks deriving from the application of individual standards and no doubts or uncertainties have arisen about events or conditions that might cause concern about business continuity. In particular, the Company monitors constantly the most recent regulations governing climate-related topics. At this time, no regulations have been approved with a direct impact on the Company which, if necessary, will amend the key assumptions used to calculate the value in use of assets and the sensitivity to changes.

8 Environment, health and safety

The Company is engaged exclusively in mechanical engineering and components assembly activities that are not accompanied by the emission of pollutants into the environment. The production process is performed in compliance with statutory legislation. The Company is exposed to risks associated with occupational health and safety and the environment, typical of a company that performs manufacturing and sales activities in different geographical contexts.
In relation to occupational health and safety and the environment the Company applies international standards ISO 9001, ISO 14001 and OHSAS 18001.
Pursuant to art. 5, subsection 3.b), of Decree 254/2016, the Company has prepared a consolidated non-financial statement, which is provided as a separate document with respect to this Annual Financial Report. The consolidated non-financial statement, prepared in compliance with GRI Standards and subjected to limited examination by EY S.p.A., is available on the Company's website.

9 Further information

Five projects were completed in 2022, of which 2 related to new pump versions and to mechanical components for high and very high pressure pumps for the food processing and pharmaceuticals industries; in addition, work commenced on 8 new projects.

During 2022, the activities of the Company included those deemed eligible pursuant to the 2020 Budget Law (Law 160/2019, as amended), involving a significant commitment of resources to the implementation of projects to acquire the new knowledge and technical skills needed to develop:

- innovative solutions for the design and manufacture of a major family of pumps and an innovative system for inserting bushings in their carters;
- innovative technical solutions specific to the food and pharma sectors;
- innovative solutions for prototyping products;
- experimental and pre-competitive family of high-performance homogenizers with extended reliability over time;
- experimental and pre-competitive solutions for product quality control;
- small experimental and pre-competitive machines with design optimized to maximize performance in combination with compact size and low power rating.

The positive outcome of these innovations should generate good results in terms of turnover, with a beneficial effect on the performance of the business.

With regard to these R&D activities, the Company intends to apply the tax credit envisaged in the 2020 Budget Law (art. 1, subsections 198/209, of Law 160/2019), as amended by the 2021 Budget Law (art. 1, subsection 1064, of Law 178/2020, as amended); this tax credit amounted to about €42k in 2022 (€42k in 2021 as well).

It is Company policy to continue to invest heavily in research and development in future years in order to add further impetus to organic growth. Product development costs totaling €756k were capitalized in 2022, since they will benefit future years, while an amount of €164k was charged to the income statement.

At 31 December 2022, the Company held 1,987,863 treasury shares corresponding to 1.8257% of share capital, acquired at an average unit cost of 38.7871 euro.

With regard to stock option plans and the shares in the Company and in subsidiaries held by directors, statutory auditors and general managers, you are invited to consult the "Board of Directors' Report", which is attached to the Consolidated Annual Financial Report.

The Company is not subject to management and coordination activities. Leila Montipò e Sorelle S.A.p.A., formed on 6 November 2020, holds a controlling interest pursuant to art. 2359, subsection 2, of the Italian Civil Code in Gruppo IPG Holding S.p.A. and, accordingly, is the company required to prepare consolidated financial statements since the exemption clauses envisaged in art. 27 of Decree 127 dated 9 April 1991: the financial statements that include the data of Interpump Group S.p.A. and its subsidiaries are prepared in accordance with the IAS/IFRS and are available from the Milan Companies Register.

Leila Montipò e Sorelle S.A.p.A. does not carry out management and coordination activities in relation to Gruppo IPG Holding S.p.A. and is also not subject to any management and coordination activities.
In turn, Gruppo IPG Holding S.p.A. prepares consolidated financial statements on a voluntary basis, although this is no longer required from FY 2021, since that requirement is now placed on its parent company, "Leila Montipò e Sorelle S.A.p.A.".

Gruppo IPG Holding S.p.A. does not carry out any management or coordination activities in relation to Interpump Group S.p.A. and is also not subject to any management and coordination activities.

10 Events occurring after the end of the year and business outlook

Considering the short time since 31 December 2022, and in the light of the short period of time historically covered by the order portfolio, we do not yet have enough information to make a reliable forecast of expected trends in the current year.

That said, on 20 February 2023 Interpump Group S.p.A. acquired 85% of the capital of Indoshell Automotive System India P.L. 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 €12m and an EBITDA of about €2m. The value of this operation was fixed at around €8m and "put and call" mechanisms were defined with a set price, through which Interpump Group can, starting from April 2027, acquire the remaining 15% interest from Indoshell Mould Limited.

No other events worthy of mention in this report have taken place, and the activities of the Company have proceeded smoothly.

Although the overall macroeconomic situation in 2022 was highly volatile and exceptionally negative for the financial markets, the significant growth in demand evident at the start of 2023 appears to confirm that the positive results achieved by the Company in the past year will continue. Accordingly, Interpump expects to continue operating at the usual levels of excellence.

11 Proposal to the Shareholders' Meeting

The profit for the year was EUR 102,089,514. We propose:

- allocation of the net profit for the year to the Extraordinary Reserve, since the legal reserve has already reached the limit of one-fifth of the subscribed and fully paid up share capital;
- partial distribution of the Extraordinary Reserve by declaring a dividend of EUR 0.30 for each share in circulation including the right as per art. 2357-(3) subsection 2 of the Italian Civil Code. For fiscal purposes, the entire dividend of €0.30 per share is taxable in the hands of the recipient and was drawn from the profit reserves accumulated in 2016 and 2017.

Sant'Ilario d'Enza (RE), 17 March 2023

For the Board of Directors

Fulvio Montipò

Chairman and Chief Executive Officer

Separate financial statements at 31 December 2022 of the Parent Company Interpump Group S.p.A.

INTERPUMP GROUP S.p.A.
Registered Office: S. Ilario d'Enza (RE)
Via E. Fermi 25
Share Capital: € 56,617,232.88
Tax Code and Companies Register number 11666900151
VAT number 01682900350

Statement of financial position

Euro	*Notes*	*31/12/2022*	*31/12/2021*
ASSETS			
Current assets			
Cash and cash equivalents	3	188,778,032	135,513,852
Trade receivables	4, 20	19,210,939	18,665,388
Dividends receivable	20	1,279,700	1,279,700
Inventories	5	33,130,883	25,793,110
Tax receivables		1,110,454	97,541
Current financial assets	11, 20	39,945,489	30,777,999
Other current assets	6, 20	13,496,074	2,519,460
Total current assets		**296,951,571**	**214,647,050**
Non-current assets			
Property, plant and equipment	7	39,390,277	37,640,913
Goodwill	8	44,536,997	44,536,997
Other intangible assets	9	3,225,754	3,118,490
Investments in subsidiaries	10	944,022,399	943,317,056
Other financial assets	11, 20	78,480,012	65,936,560
Tax receivables		499,194	111,658
Deferred tax assets	12	7,285,608	7,168,827
Other non-current assets		18,190	16,474
Total non-current assets		**1,117,458,431**	**1,101,846,975**
Total assets		***1,414,410,002***	***1,316,494,025***

Euro	*Notes*	*31/12/2022*	*31/12/2021*
LIABILITIES			
Current liabilities			
Trade payables	4, 20	21,213,534	17,433,309
Payables to banks		2,518,765	106,169
Interest-bearing financial payables (current portion)	13, 20	257,041,651	201,418,719
Tax liabilities		18,543,360	1,632,827
Other current liabilities	14, 20	8,930,722	8,837,815
Accrued expenses and deferred income		122,682	62,681
Provisions for risks and charges	15	30,000	30,000
Total current liabilities		**308,400,714**	**229,521,520**
Non-current liabilities			
Interest-bearing financial payables	13, 20	487,325,108	513,689,616
Liabilities for employee benefits	16	4,137,969	5,025,520
Tax liabilities		-	341,120
Deferred tax liabilities	12	705,929	652,547
Other non-current liabilities	17	674,689	223,334
Provisions for risks and charges	15	8,272,100	8,278,432
Total non-current liabilities		**501,115,795**	**528,210,569**
Total liabilities		**809,516,509**	**757,732,089**
SHAREHOLDERS' EQUITY			
Share capital	18	55,583,544	55,327,299
Legal reserve	19	11,323,447	11,323,447
Share premium reserve	18	39,348,601	66,119,099
Reserve from remeasurement of defined benefit plans		(2,069,261)	(2,539,920)
Other reserves	19	500,707,162	428,532,011
Total shareholders' equity		**604,893,493**	**558,761,936**
Total shareholders' equity and liabilities		***1,414,410,002***	***1,316,494,025***

Income statement

Euro	*Notes*	*2022*	*2021*
Revenues	22	**124,644,799**	**112,389,053**
Cost of sales	24	(75,671,823)	(69,367,863)
Gross industrial margin		**48,972,976**	**43,021,190**
Other operating income	23	11,232,391	2,332,929
Distribution expenses	24	(6,670,588)	(6,427,229)
General and administrative expenses	24	(22,230,006)	(21,517,233)
Impairment losses on assets	9, 10	(315,055)	(97,609)
Other operating costs	24	(344,540)	(397,765)
Dividends		85,585,838	77,653,343
EBIT		**116,231,016**	**94,567,626**
Financial income	25	2,808,292	2,103,177
Financial charges	25	(6,491,148)	(1,089,346)
Profit for the year before taxes		**112,548,160**	**95,581,457**
Income taxes	26	(10,458,646)	(11,272,599)
Net profit for the year		**102,089,514**	**84,308,858**
Basic earnings per share	27	0.967	0.790
Diluted earnings per share	27	0.965	0.780

Comprehensive income statement

(€/000)	***2022***	***2021***
Net profit (A)	**102,089**	**84,309**
Income (losses) which will not subsequently be reclassified to profit or loss		
Profit (Loss) deriving from the restatement of defined benefit plans	*619*	*(108)*
Applicable taxes	*(148)*	*26*
Total other comprehensive income (losses) which will not subsequently be reclassified to profit or loss, net of tax effect (B)	**471**	**(82)**
Comprehensive net profit (A) + (B)	**102,560**	**84,227**

Cash flow statement

(€/000)	2022	2021
Cash flows from operating activities		
Profit before taxes	112,548	95,581
Adjustments for non-cash items:		
Losses (gains) on the sale of fixed assets	47	(27)
Amortization, depreciation and write-downs of tangible assets	5,992	5,548
Costs recognized in the income statement related to stock options that do not involve monetary outflows for the Company	4,722	4,167
Impairment losses (writebacks) on assets	7	5
Net change in risk funds and allocations to provisions for employee benefits	(208)	454
Dividends credited to the income statement	(85,586)	(77,653)
Net financial charges (revenues)	3,683	(1,013)
	41,205	27,062
(Increase) decrease in trade receivables and other current assets	(6,858)	(291)
(Increase) decrease in inventories	(7,338)	(2,848)
Increase (decrease) in trade payables and other current liabilities	15,102	494
Taxes paid	(5,944)	(3,162)
Interest paid	(3,162)	(993)
Realized exchange differences	649	553
Net cash from operating activities	**33,654**	**20,815**
Cash flows from investing activities		
Outlay for the acquisition of equity investments net of treasury shares assigned	(5,301)	(313,363)
Disbursements for purchase of treasury shares	(94,793)	(22,397)
Proceeds from sales of treasury shares for stock options	63,027	714
Capital expenditure on property, plant and equipment	(6,721)	(5,910)
Proceeds from the sale of tangible fixed assets	36	228
Increase in intangible assets	(763)	(617)
Financial income received	1,294	1,438
Other	(436)	(28)
Net liquidity generated (used) by investing activities	**(43,657)**	**(339,935)**

(€/000)	2022	2021
Cash flows from financing activities		
Dividends received from subsidiaries	85,579	79,890
Dividends paid	(29,802)	(27,382)
(Disbursal) Repayment of intercompany loans, net of treasury shares sold	(22,143)	28,813
Disbursals (repayments) of loans	27,508	237,315
Payment of finance leasing installments (principal)	(852)	(801)
Other	564	223
Net cash generated by (used in) financing activities	**60,854**	**318,058**
Net increase (decrease) of cash and cash equivalents	**50,851**	**(1,062)**
Cash and cash equivalents at the beginning of the year	**135,408**	**136,470**
Cash and cash equivalents at the end of the year	**186,259**	**135,408**

For reconciliation of cash and cash equivalents refer to Note 28.

Statement of changes in shareholders' equity

	Share capital	*Legal reserve*	*Share premium reserve*	*Remeasure-ment reserve for defined benefit plans*	*Other reserves*	*Total shareholders' equity*
At 1 January 2021	*55,462*	*11,323*	*78,475*	*(2,458)*	*371,841*	*514,643*
Dividends paid	-	-	-	-	(27,382)	*(27,382)*
Dividends resolved	-	-	-	-	(370)	*(370)*
Recognition in the income statement of the fair value of stock options granted to and exercisable by employees of Interpump Group S.p.A.	-	-	4,167	-	-	*4,167*
Fair value measurement of the stock options granted to and exercisable by employees of subsidiaries	-	-	219	-	-	*219*
Purchase of treasury shares	(218)	-	(22,397)	-	218	*(22,397)*
Sale of treasury shares to the beneficiaries of stock options	29	-	714	-	(29)	*714*
Sale of treasury shares for the acquisition of equity investments	54	-	4,941	-	(54)	*4,941*
Comprehensive net profit for the year	-	-	-	(82)	84,309	*84,227*
At 31 December 2021	*55,327*	*11,323*	*66,119*	*(2,540)*	*428,533*	*558,762*
Dividends paid	-	-	-	-	(29,658)	*(29,658)*
Recognition in the income statement of the fair value of stock options granted to and exercisable by employees of Interpump Group S.p.A.	-	-	4,722	-	-	*4,722*
Fair value measurement of the stock options granted to and exercisable by employees of subsidiaries	-	-	273	-	-	*273*
Purchase of treasury shares	(1,082)	-	(94,793)	-	1,082	*(94,793)*
Sale of treasury shares to the beneficiaries of stock options	1,339	-	63,027	-	(1,339)	*63,027*
Comprehensive net profit for the year	-	-	-	471	102,089	*102,560*
At 31 December 2022	*55,584*	*11,323*	*39,348*	*(2,069)*	*500,707*	*604,893*

Notes to the financial statements of Interpump Group S.p.A.

1. General information

Interpump Group S.p.A. is a company, incorporated under Italian law with registered offices in Sant'Ilario d'Enza (RE), that is listed on the Milan Stock Exchange.

The Company manufactures and markets high and very high pressure plunger pumps, and has direct and indirect controlling interests in 109 companies. Interpump Group S.p.A. has production facilities in Sant'Ilario d'Enza (RE). For information on the Group's operations, refer to the "Board of Directors' Report" attached to the Consolidated Financial Report.

The financial statements at 31 December 2022, prepared on a going concern basis, were approved by the Board of Directors at the meeting held on 17 March 2023.

2. Accounting standards

2.1 Reference accounting standards

The financial statements at 31 December 2022 have been prepared in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union. "IFRS" also means the International Accounting Standards ("IAS") currently in force and all the interpretative documents issued by the IFRS Interpretation Committee, previously denominated International Financial Reporting Interpretations Committee ("IFRIC") and still earlier known as the Standing Interpretations Committee ("SIC").

The statement of financial position and the income statement are presented in euro, while the other schedules and notes 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.

Preparation of a report in compliance with IFRS (International Financial Reporting Standards) calls for judgments, estimates, and assumptions that effect assets, liabilities, costs and revenues. The final results may differ from the results obtained using estimates of this type. The captions of the financial statements that call for more subjective appraisal by the directors when preparing estimates and for which a change in the conditions underlying the assumptions utilized could have a significant effect on the financial statements are: goodwill, amortization and depreciation of fixed assets, deferred tax assets and liabilities, the allowance for doubtful accounts and the allowance for inventories, provisions for risks and charges, defined benefit plans for employees, the recoverability of the value of investments and liabilities for the acquisition of investments included under other liabilities.

In particular, discretionary measurements and significant accounting estimates are made to determine the recoverable value of each equity investment. Their purpose is to identify possible evidence of impairment, forecast profitability over the period covered by the Group Business Plan, determine the normalized cash flows needed to estimate terminal value, and establish the long-term growth and discounting rates applied to the forecasts of future profitability. The key assumptions used to measure equity investments, including a sensitivity analysis, are described in Note 10.

The Company's income statement is prepared by functional areas (or cost of sales), this form being considered more representative than presentation by type of sales, this information being specified in the notes to the financial statements. The chosen form, in fact, complies with the internal reporting and business management methods. For a comprehensive analysis of the Group's economic results, see the "Board of Director's Report" attached to the Consolidated Annual Financial Report.

The cash flow statement was prepared using the indirect method.

2.1.1 Accounting standards, amendments and interpretations in force from 1 January 2022 and adopted by the Company

As from 2022 the Company has applied the following new accounting standards, amendments and interpretations, reviewed by IASB:

- *Amendments to IFRS 3 - "Business combinations".* On 14 May 2020 the IASB published this amendment that updates references to the IAS Conceptual Framework without any change in the accounting for business combinations. The new amendment took effect on 1 January 2022.
- *Amendments to IAS 16 – "Property, Plant and Equipment: Proceeds before Intended Use*". The IASB published this amendment in May 2020, prohibiting entities from deducting from the cost of an item of property, plant and equipment any proceeds from selling products made while bringing that item to the location or for the time necessary for it to become capable of operating in the manner intended by management. Instead, the entity must recognize the proceeds from selling such items, and the cost of producing them, in profit or loss. The amendment, effective from 1 January 2022, has been applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which that amendment was first applied. Application of the new amendment did not result in adjustments to the economic and financial position of the Company.
- *Amendments to IAS 37 – "Onerous Contracts – Costs of Fulfilling a Contract".* In May 2020, the IASB published amendments to IAS 37 to specify what costs must be considered by an entity when assessing whether a contract is onerous or loss-making. The amendments requires application of the "directly-related cost" approach. Costs that relate directly to a contract for the supply of goods or services include both the incremental fulfillment costs and the costs directly attributable to the contractual activities. General and administrative expenses are not directly attributable to a contract and are excluded, unless they are explicitly rechargeable to the counterparty under the terms of the contract. These amendments took effect on 1 January 2022. The Company has applied them to those contracts for which it has not yet satisfied all its obligations.
- *Annual Improvements 2018-2020 Cycle*. On 14 May 2020 the IASB published a series of amendments, comprising:
  - *Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter".* As part of its annual improvements to IFRS standards 2018-2020, the IFRS has published an amendment to IFRS 1 that permits a subsidiary applying paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the latter's date of transition to IFRSs. This amendment also applies to associates and joint ventures that elect to apply paragraph D16(a) of IFRS 1. The amendment took effect on 1 January 2022.

- *Amendments to IFRS 9 "Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities".* As part of its annual improvements to IFRS standards 2018-2020, the IFRS has published an amendment to IFRS 9 that clarifies which fees an entity includes when assessing whether the conditions of a new or amended financial liability are substantially different to those of the original financial liability. These fees only include those paid or received between the borrower and the lender, including fees paid or received by either the entity or the lender on behalf of the other. The entity will apply this amendment to those financial liabilities that are amended or exchanged subsequent to the start of the financial year in which it is applied for the first time. The amendment took effect on 1 January 2022 and was applied to the financial liabilities that were amended or exchanged during the year.
- *IAS 41 Agriculture:* the IASB has published an amendment to this standard that removes the requirement envisaged in para. 22 of IAS 41 for entities applying the NPV method to exclude tax cash flows when measuring the fair value of their assets in the context of IAS 41. The amendment took effect on 1 January 2022. This standard does not apply to the Company.

2.1.2 Accounting standards and amendments not yet applicable and not adopted early by the Company

- *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 Company is currently assessing the impact of this amendment on the existing situation.
- *Amendments to IAS 1 – "Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" 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. This amendment is effective for annual periods beginning on or after 1 January 2023. Early adoption is 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. This amendment is effective for annual periods beginning on or after 1 January 2023. Early adoption is 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.

- *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. This amendment is effective for annual periods beginning on or after 1 January 2023. Early adoption is allowed.

- *Amendments to IFRS 16 - "Leases: Lease Liability in a Sale and Leaseback".* On 22 September 2022 the IASB published the document that amends IFRS 16, clarifying how to account for a sale and leaseback after the date of the transaction. This amendment is effective for annual periods beginning on or after 1 January 2024. Early adoption is allowed.

2.2 Segment information

Based on the definition provided by standard IFRS 8 an operating segment is a component of an entity:

- that undertakes a business activity that generates costs and revenues;
- the operating results of which are periodically reviewed at the highest decisional/operating level of the entity in order to make decisions concerning the resources to allocate to the segment and the measurement of the results;
- for which separate accounting information is available.

The business sectors in which the Group operates are determined on the basis of the reporting utilized by Group top management to make decisions, and they have been identified as the Water-Jetting Sector, which basically includes high and very-high pressure pumps, very high pressure systems, high pressure homogenizers, separators, mixers, agitators, piston pumps, valves and other machinery, primarily for the food industry, but also for the chemicals and cosmetics sectors, as well as the Hydraulic Sector, which includes power take-offs, gear pumps, hydraulic cylinders, directional controls, valves, gears and dispersion devices used to spread solid biological fertilizers, hoses and fittings, gears, right-angle drives, orbital motors, steering systems and other hydraulic components. Interpump Group S.p.A. operates entirely in the Water-Jetting Sector, so it was not considered necessary to present the associated sector information.
With the aim of providing more comprehensive disclosure, information is provided for the geographical areas in which the Company operates, namely Italy, Europe (including non-EU European countries and excluding Italy) and the Rest of the World.

2.3 Treatment of foreign currency transactions

The functional and presentation currency adopted by Interpump Group S.p.A. is the euro. Foreign currency transactions are translated to euro using the exchange rates in force on the date of the transaction. Monetary assets and liabilities are translated at the exchange rate in force on the reporting date. Foreign exchange differences arising from the translation are recognized in the income statement. Non-monetary assets and liabilities measured at historical cost are translated at the exchange rates in force on the date of the related transactions. Monetary assets and liabilities stated at fair value are translated to euro at the exchange rate in force on the date in respect of which the relative fair value was determined.

2.4 Non-current assets held for sale and discontinued operations

Non-current assets held for sale and any assets and liabilities pertaining to lines of business or consolidated investments held for sale, are measured at the lower of their book value at the time of classification of said captions as "held for sale", and their fair value, net of the costs of sale. Any impairments recorded in application of said principle are recorded in the income statement, both in the event of write-downs for adaptation to the fair value and also in the case of profits and losses deriving from future changes of the fair value.

Assets and liabilities that satisfy the definition of discontinued operations are classified as discontinued operations at the time of their disposal or when they satisfy the description of assets held for sale, if said requirements existed previously.

2.5 Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at the historical cost and stated net of accumulated depreciation (see next point *iii*) and impairment losses (see section 2.8). The cost of goods produced internally includes the cost of raw materials, directly related labor costs, and a portion of indirect production costs. The cost of assets, whether purchased externally or produced internally, includes the ancillary costs that are directly attributable and necessary for use of the asset and, when they are significant and in the presence of contractual obligations, the current value of the cost estimated for the dismantling and removal of the related assets.

Financial charges relating to loans utilized for the purchase of tangible fixed assets are recorded in the income statement on an accruals basis if they are not specifically allocated to the purchase or construction of the asset, otherwise they are capitalized.

Assets held for sale are measured at the lower of the fair value net of ancillary charges to the sale and their book value at the time of classification of said captions as held for sale.

(ii) Subsequent costs

The replacement costs of certain parts of assets are capitalized when it is expected that said costs will result in future economic benefits and they can be measured in a reliable manner. All other costs, including maintenance and repair costs, are ascribed to the income statement when they arise.

Depreciation

Depreciation is charged to the income statement on a straight-line basis in relation to the estimated residual useful life of the associated asset. Land is not depreciated. The estimated useful life of assets is as follows:

- Buildings	25 years
- Plant and equipment	12.5 years
- Industrial and commercial equipment	4 years
- Other assets	4-8 years

The estimated useful life of the assets is reviewed on an annual basis, and any changes in the rates of depreciation are applied, where necessary, to future depreciation charges.

For assets purchased and/or that became operational in the year, depreciation is calculated utilizing annual rates reduced by 50%. Historically, this method of calculation has been representative of the effective use of the assets in question.

Any profits/losses emerging on the derecognition of assets, i.e. on disposal (from the date on which the purchaser obtains control over them) or when no further economic benefits are expected from their use or disposal, (being the difference between their carrying amount and the net consideration obtained) are recognized in the income statement at that time.

(iii) Leases

Right-of-use assets are measured at cost and stated net of accumulated depreciation and impairment. They are also adjusted following remeasurement of the related lease liabilities. The cost of right-of-use assets comprises the amount of the lease liabilities recognized, the initial direct costs incurred and the lease payments made at or before the start date, net of any and all incentives received. Right-of-use assets are depreciated on a straight-line basis from the start date until the end of the useful life of the asset, being the end of the usage right (duration of the lease contract).

If the lease contract transfers ownership of the underlying asset to the lessee at the end of the lease period, or if the cost of the right-of-use asset reflects the fact that the lessee will exercise the purchase option, the lessee must depreciate the right-of-use asset from the start date until the end of the useful life of the underlying asset. The corresponding liability to the lessor is classified among the financial payables.

(iv) Leasehold improvements

Any leasehold improvements with the same characteristics as fixed assets are capitalized in the asset category to which they relate and depreciated over their useful lives or, if shorter, over the residual life of the lease.

2.6 Goodwill

Goodwill is represented by the merger deficit portions paid for this reason and arising from the merger operations.

Goodwill is recorded at cost, net of impairment losses. Goodwill is allocated to a single cash generating unit and is no longer amortized as from 1 January 2004. The book value is measured in order to assess the absence of impairment (see section 2.8).

2.7 Other intangible assets

(i) Research and development costs

Research costs for the acquisition of new technical know-how are charged to the income statement as incurred.

Development costs relating to the creation of new products/accessories or new production processes are capitalized if the Company can prove:

- the technical feasibility and intention of completing the intangible asset in such a way that it is available for use or for sale;
- its ability to use or sell the asset;
- the forecast volumes and realization values indicate that the costs incurred for development activities will generate future economic benefits;
- those costs are measurable in a reliable manner;
- the resources exist to complete the development project.

The capitalized costs relate to development projects that meet the requirements for deferral. Capitalized development costs are valued at cost, net of accumulated amortization, (see next point *v*) and impairment (see section 2.8).

(ii) Loan ancillary costs

Loan ancillary costs are deducted from the nominal amount of the loan and treated as outlined in section 2.15.

(iii) Other intangible assets

Other intangible assets, all having a defined useful life, are measured at cost and recorded net of accumulated amortization (see next point *v*) and impairment (see section 2.8).

Software licenses are amortized over their period of utilization (5 years).

The costs incurred internally for the creation of trademarks or goodwill are recognized in the income statement when they are incurred.

(iv) Subsequent costs

Costs incurred subsequently relative to intangible fixed assets are capitalized only if they increase the future economic benefits of the specific capitalized asset, otherwise they are entered in the income statement when they are sustained.

(v) Amortization

Amortization amounts are recorded in the income statement on a straight-line basis in accordance with the estimated useful life of the capitalized assets to which they refer. The estimated useful life of assets is as follows:

- Patents and trademarks 3 years
- Development costs 5 years
- Software licenses 5 years

The estimated useful life is reviewed on an annual basis and any changes in the rates are made, where necessary, for future amounts.

2.8 Impairment of assets

The book values of assets, with the exception of inventories (see section 2.13), financial assets regulated by IFRS 9, deferred tax assets (see section 2.17), and non-current assets held for sale regulated by IFRS 5, are subject to measurement at the reporting date in order to identify the existence of possible indicators of impairment. If the valuation process identifies the presence of such indicators, the presumed recoverable value of the asset is calculated using the methods indicated in the following point (*i*).

The presumed recovery value of goodwill and intangible assets that have not yet been used is estimated at intervals of no longer than once a year or more frequently if specific events occur that point to the possible existence of impairment. If the estimated recoverable value of the asset or its cash generating unit is lower than its net book value, the asset to which it refers is consequently adjusted for impairment loss with entry into the income statement.

Goodwill is systematically measured (impairment test)at least once a year or more as prescribed by IAS 36.

(i) Calculation of estimated recoverable value

The estimated recoverable value of other assets is equal to their fair value less selling costs or, if greater, their value in use. The value in use is equivalent to the projected future cash flows, discounted to a rate, including taxes, that takes account of the market value of interest rates and the specific risks of the asset to which the presumed realization value refers. For assets that do not give rise to independent cash flows the presumed realization value is determined with reference to the cash generating unit to which the asset belongs.

(ii) Reinstatement of impairment losses

An impairment relative to other assets is reinstated if a change has occurred in the estimate used to determine the presumed recovery value.

Impairment is reinstated to the extent of the corresponding book value that would have been determined, net of depreciation/amortization, had no impairment loss ever been recognized. Impairment related to goodwill can never be reinstated.

2.9 Equity investments

Investments in subsidiaries and associates are measured at cost. Should any impairment of value arise at the reporting date in comparison to the value determined according to the above method, the investment in question will be written down.

2.10 Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank and post office deposits, and securities having original maturity date of less than three months. Current account overdrafts and advances with recourse are deducted from cash only for the purposes of the cash-flow statement.

2.11 Financial assets (Trade receivables, Other financial assets and Other assets)

On initial recognition, the classification of financial assets depends on how they will be measured subsequently: at amortized cost, at fair value through other components of comprehensive income or at fair value through profit or loss. Again at the time of initial recognition, financial assets are classified with reference to the characteristics of the related contractual cash flows and the business model used by the Company for their management. With the exclusion of trade receivables that do not contain a significant financing component, the Company initially measures financial assets at their fair value, including transaction costs in the case of those not measured at fair value through profit and loss. Trade receivables that do not have a significant financial component are measured at their transaction price, as defined in accordance with IFRS 15.

Financial assets are measured at amortized cost if they are held in order to collect contractual cash flows (*Held to Collect*), represented solely by the payment of principal and interest on the amount of principal still be repaid. All receivables are included in this category. These assets are measured at amortized cost, in accordance with the effective interest criterion, and stated net of impairment losses. Interest income, exchange gains and losses, and impairment losses are recognized in the profit (loss) for the year, as are derecognition gains and losses.

Financial assets are measured at fair value through other comprehensive income if they are held by the Group both to collect contractual cash flows, represented solely by the payment of principal and interest on the amount of principal to be repaid, and to sell them *(Held to Collect and Sell).*

If a financial asset is not measured in one of the two ways described above, it must be measured at fair value through profit or loss. Accordingly, this category includes the assets held for trading and the assets designated on initial recognition as financial assets at fair value through profit or loss, as well as the financial assets whose measurement at fair value is mandatory. The fair value of the financial assets held for trading is determined with reference to market prices on the relevant annual or interim reporting date, or using financial valuation techniques and models.

In accordance with IFRS 9, commencing on 1 January 2018 the Company adopted a new impairment model for financial assets measured at amortized cost or at fair value through other components of comprehensive income, with the exception of equity securities and assets deriving from customer contracts. This new model is based on determining the expected credit loss (ECL), which replaced the incurred loss model previously envisaged in IAS 39.

The new standard envisages adoption of the following methodologies: the General deterioration method and the Simplified approach. The standard does not define specific criteria for the segmentation of customers, leaving entities free to select the sampling subsets in a manner that ensures consistency with historical experience.

Within the simplified model, an analytical approach has been applied in relation to trade receivables deemed by management to be individually significant, and for which more detailed information is available about the significant increase in credit risk.

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized (i.e. removed from the statement of financial position) when:

- the right to receive cash flows deriving from the asset has expired, or
- the Company has transferred the right to receive cash flows deriving from the asset to a third party, or has accepted a contractual obligation to pay them over in full and without delay and (a) has transferred substantially all the risks and benefits of ownership of the financial asset, or (b) has not transferred or retained substantially all the risks and benefits of ownership of the financial asset, but has transferred control over it.

The profit (loss) on a financial asset that is measured at amortized cost and is not included in a hedging relationship must be recognized in profit (loss) in the year in which it is derecognized or reclassified, or via the amortization process or to recognize the gains or loss on impairment adjustments.

2.12 Derivative financial instruments

It is Company policy to avoid speculative derivative financial instruments; however, when derivative financial instruments fail to meet all the requirements for hedge accounting, any changes in their fair value are recognized in the income statement as financial charges and/or income. Derivative financial instruments are brought to account using hedge accounting methods when:

- formal designation and documentation of the hedge relation is present at the start of the hedge;
- the hedge is expected to be highly effective;
- effectiveness can be reliably measured and the hedge is highly effective during the periods of designation.

The method used to recognize derivative financial instruments depends on whether or not the conditions and requirements of IFRS 9 are fulfilled. Specifically, it clarifies that:

(i) Cash flow hedges

In the case of a derivative financial instrument for which formal documentation is provided of the hedging relation of the variations in cash flows originating from an asset or liability of a future transaction (underlying hedged variable), considered to be highly probable and that could impact on the income statement, the effective hedge portion deriving from the adaptation of the derivative financial instrument to fair value is recognized directly in equity. When the underlying hedged item is delivered or settled, the relative provision is derecognized from equity and attributed at the recording value of the underlying element. The ineffective portion, if present, of the change in value of the hedging instrument is immediately ascribed to the income statement under financial expenses and/or income. When a hedging financial instrument expires, is sold, terminated, or exercised, or the company changes the relationship with the underlying variable, and the forecast transaction has not yet occurred although it is still considered likely, the relative gains or losses deriving from adjustment of the financial instrument to fair value are still retained in equity and are recognized in the income statement when the transaction takes place in accordance with the situation described above. If the forecast transaction related to the underlying risk is no longer expected to occur, the relative gains or losses of the derivative contract, originally deferred in equity, must be taken to the income statement immediately.

(ii) Hedges of monetary assets and liabilities (Fair value hedges)

When a derivative financial instrument is used to hedge changes in value of a monetary asset or liability already recorded in the financial statements that can impact on the income statement, the gains and losses relative to the changes in the fair value of the derivative instrument are taken to the income statement immediately. Likewise, the gains and losses relative to the hedged item modify the book value of said item and are recognized in the income statement.

2.13 Inventories

Inventories are measured at the lower of purchase cost or their estimated realizable value. The cost is determined with the criterion of the average weighted cost and it includes all the costs incurred to purchase the materials and transform them at the conditions in force on the reporting date. The cost of semi-finished goods and finished products includes a portion of indirect costs determined on the basis of normal production capacity. Write down provisions are calculated for materials, semi-finished goods and finished products considered to be obsolete or slow moving, taking account of their expected future usefulness and their realization value. The net realization value is estimated taking account of the market price during the course of normal business activities, from which the costs of completion and costs of sale are subsequently deducted.

2.14 Share capital and treasury shares

In the case of purchase of treasury shares, the price paid, inclusive of any directly attributable ancillary costs, is deducted from share capital for the portion concerning the nominal value of shares and from shareholders' equity for the surplus portion. When treasury shares are sold or reissued, the price collected, net of any directly attributable ancillary charges and the associated tax effect, is recorded as share capital for the portion concerning the nominal value of shares and as shareholders' equity for the surplus.

2.15 Financial liabilities (Trade payables, Bank payables, Interest-bearing financial payables and Other liabilities)

On initial recognition, financial liabilities are measured at fair value through profit and loss and classified either as loans or as derivatives designated as hedging instruments. All financial liabilities are initially recognized at fair value, including directly-attributable transaction costs in the case of loans and payables. Following initial recognition, loans are measured at amortized cost using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated collections over the expected life of the financial instrument or the future payments to the gross carrying amount of the financial asset or the amortized cost of the financial liability. Profits and losses are recognized in the income statement when liabilities are settled, as well as via the amortization process. Amortization using the effective interest rate is classified among financial expenses in the income statement.

A financial liability is derecognized when the underlying obligation expires or when the obligation specified in the contract is settled, canceled or expires.

Trade payables and other debts, the relative due date of which is within normal commercial terms, are not discounted to present value and are entered at the amortized cost representative of their discharge value.

Current financial liabilities include the short-term portions of the interest-bearing financial payables, bank and lease payables and other financial liabilities.

2.16 Liabilities for employee benefits

(i) Defined contribution plans

The Company participates in defined pension plans with public administration or private plans on a compulsory, contractual or voluntary basis. The payment of contributions fulfills the Company's obligations towards its employees. The contributions therefore constitute costs of the period in which they are due.

(ii) Defined benefit plans

Defined benefit plans for employees - disbursed at the time of termination of the period of employment with the Company or thereafter - that include severance indemnity, are calculated separately for each plan, estimating the amount of the future benefit that the employees have accrued during the year and in previous years by means of actuarial techniques. The resulting benefit is discounted to present value and recorded net of the fair value of any related assets. The discount rate at the reporting date is calculated as required by IAS 19 with reference to the market yields of high quality corporate bonds. Only the securities of corporate issuers with an "AA" rating are considered, on the assumption that this class identifies a high rating level in the context of "Investment Grade" securities, with the exclusion, therefore, of higher risk securities. Considering that IAS 19 makes no explicit reference to a specific product sector, we opted for a composite market curve that summarizes the market conditions existing at the date of valuation of the securities issued by companies operating in various sectors including utilities, telecommunications, finance, banking and industrial. At 31 December 2022, analysis of the above rate curve for “AA” securities used for actuarial valuation purposes indicates a sharp increase in expected yields for all maturities, with respect to that at 31 December 2021, and that the curve is extremely flat compared with historical experience. The increase in the curve, due to changes in the macroeconomic situation and the instability of the financial markets, is explained by the rise in interest rates and the broadening of credit spreads during 2022. The spike in inflation, the potential slowdown in global growth, the restrictive monetary policies adopted by the Central Banks and the Russia-Ukraine conflict have contributed to the creation of highly-volatile macroeconomic conditions and extreme adversity in the financial markets. Deterioration of the crisis in Ukraine has exacerbated the generalized rise in commodity prices - already evident in the post-Covid period - causing additional inflationary pressures. In response, the principal Central Banks have adopted an increasingly aggressive policy, intended to dampen the rise in inflation, by sharply raising interest rates on multiple occasions during the year. After many years of near-zero (or negative) rates, credit spreads on corporate bonds broadened during 2022. Investment Grade (IG) spreads at the end of 2022 were over 30 points more than at the start of 2022, and slightly more than average for the past decade. Given all of the above, bond yields rose in the principal bond markets during 2022 and, in particular, those on investment grade bonds reached levels not seen since the global financial crisis. Growth forecasts have been revised downwards and economic activity is expected to slow or contract, possibly resulting in an extended period of recession during 2023. The defined benefit obligation is calculated on an annual basis by an independent actuary using the projected unit credit method.

If the plan benefits increase, the prior-service portion of the increase is charged to the income statement on a straight-line basis over the period in which the related rights will be acquired. If the rights are acquired immediately, the increase is recognized immediately in the income statement.

Actuarial profits and losses are recognized in a specific equity reserve on an accrual basis.

Until 31 December 2006 the severance indemnity provision (TFR) of Italian companies was considered to be a defined benefits plan. The rules governing the provision were amended by Law no. 296 of 27 December 2006 ("2007 Finance Act") and by subsequent Decrees and Regulations enacted in the initial months of 2007. In the light of these changes, and in particular with reference to companies with at least 50 employees, as is the case of Interpump Group S.p.A., the TFR severance indemnity provision should now be classified as a defined benefits plan exclusively for the portions accrued prior to 1 January 2007 (and not yet paid out at the date of the financial statements), while after that date TFR should be considered as a defined contributions plan.

(iii) *Stock options*

On the basis of the stock option plan currently in existence, certain employees and directors are entitled to purchase the treasury shares of Interpump Group S.p.A. The options are measured at fair value, this being booked to the income statement as an addition to the cost of personnel and directors, with a matching entry in the share premium reserve. The fair value is measured at the grant date of the option and recorded in the income statement in the period that runs between said date and the date on which the options become exercisable (vesting period). The fair value of the option is determined using the applicable options measurement method (specifically, the binomial lattice model), taking account the terms and conditions at which the options were granted.

The remuneration component deriving from stock option plans with Interpump Group S.p.A. shares as the underlying, in accordance with the matters envisaged by interpretation IFRIC 11, is recognized as a capital grant disbursed to subsidiaries wherein the beneficiaries of the stock option plans are employees and consequently recorded as an increase of the relative value of the shareholdings, with a matching entry recorded directly in equity.

2.17 Income taxes

Income taxes disclosed in the income statement include current and deferred taxes. Income taxes are generally disclosed in the income statement, except when they refer to types of items that are recorded directly under shareholders' equity. In this case, the income taxes are also recognized directly in equity.

Current taxes are taxes that are expected to be due, calculated by applying to the taxable income the tax rate in force at the reporting date and the adjustments to taxes of prior years.

Deferred taxes are calculated using the liability method on the temporary differences between the amount of assets and liabilities in the financial statements and the corresponding values recognized for tax purposes. Deferred tax liabilities are recognized in relation to all taxable temporary differences, except for:

- the deferred tax liabilities deriving from the initial recognition of goodwill or an asset or liability in a transaction that does not represent a business combination and, at the time of the transaction, does not affect the reported results or taxable income;
- reversals of taxable temporary differences, associated with investments in subsidiaries, associates and joint ventures, that can be controlled and that are unlikely to occur in the foreseeable future.

Deferred tax assets are recognized in relation to all deductible temporary differences, tax credits and unused tax losses carried forward, to the extent that future taxable income is likely to be sufficient to allow the recovery of the deductible temporary differences, tax credits and tax losses carried forward, except for:

- the deferred tax assets linked to deductible temporary differences that derive from the initial recognition of an asset or liability in a transaction that does not represent a business combination and, at the time of the transaction, does not affect the reported results or taxable income;
- the deferred tax assets linked to deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, which are only recognized if they are likely to reverse in the foreseeable future and there will be sufficient taxable income for the recovery of such temporary differences. Deferred taxes are calculated in accordance with the envisaged method of transfer of timing differences, using the tax rate in force at the reference date of years in which the timing differences arose.

Deferred taxes are calculated in accordance with the envisaged method of transfer of timing differences, using the tax rate in force at the reference date of years in which the timing differences arose.

Deferred tax assets are recognized exclusively in the event that it is probable that in future years sufficient taxable incomes will be generated for the realization of said deferred taxes. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that future taxable income is no longer likely to be sufficient to allow the recovery of such assets, in whole or in part. Any unrecognized deferred tax assets are reviewed at each reporting date and recognized to the extent that it has become is probable that future taxable income will be sufficient to allow their recovery.

2.18 Provisions for risks and charges

In cases wherein the Company has a legal or substantial obligation resulting from a past event, and when it is probable that the loss of economic benefits must be sustained in order to fulfill such an obligation, a specific provision for risks and charges is created. If the temporal factor of the envisaged loss of benefits is significant, the amount of the future cash outflows is discounted to present values at a rate, gross of taxes, that takes account of the market interest rates and the specific risk of the liability referred to.

2.19 Revenues

(i) Revenues from the sale of goods and services

Revenues deriving from contracts with customers are recognized on the basis of the following 5 steps: (i) identification of the contract with the customer; (ii) identification of the contractual performance obligations to be transferred to the customer in exchange for the transaction price; (iii) determination of the transaction price; (iv) allocation of the transaction price to the individual performance obligations; (v) recognition of the revenue when the associated performance obligation is fulfilled. Revenues are recognized at the amount of the consideration to which the Company considers it is entitled on satisfaction of the obligation, when the customer acquires control over the goods or services transferred. The Company has identified a single revenue stream from the sale of products and spare parts representing the obligations satisfied at a given point in time. Revenues from the sale of products are recognized when the significant risks and benefits associated with control over the goods are transferred to the purchaser. The change of control coincides with the transfer of ownership or possession of the goods to the purchaser and, therefore, generally occurs on shipment or on completion of the service.

(ii) Dividends

Dividends are recognized in the income statement on the date they became payable, and are classified under ordinary earnings before interest and tax because they are considered to represent the ordinary holding activities performed by the Company.

2.20 Costs

(i) Lease installments

The principal portion of lease installments is deducted from the financial payable, while the interest portion is charged to the income statement.

(ii) Financial income and expenses

Financial income and charges are recorded on an accrual basis in accordance with the interest matured on the net value of the relative financial assets and liabilities, using the effective interest rate. Financial income and charges include foreign exchange gains and losses and the gains and losses on derivative instruments booked to the income statement.

3. Cash and cash equivalents

	31/12/2022 (€/000)	31/12/2021 (€/000)
Cash	11	13
Bank deposits	188,767	135,501
Total	188,778	135,514

Bank deposits include €137k held in US dollars ($146k).

The Company maintained the strategy of holding immediately-available liquidity during 2022, investing solely in restricted accounts with a total notional balance at 31 December 2022 of €80m at an average fixed interest rate of 1.40%.

4. Trade receivables

	31/12/2022 (€/000)	31/12/2021 (€/000)
Trade receivables, gross	19,931	19,293
Bad debt provision	(720)	(628)
Trade receivables, net	19,211	18,665

Changes in the bad debt provision were as follows:

	2022 (€/000)	2021 (€/000)
Opening balance	628	658
Provisions in the year	94	89
Releases in the year to cover losses	(2)	(119)
Closing balance	720	628

Provisions in the year are booked under other operating costs.

Receivables denominated in US dollars total €5,544k ($5,913k). At 31 December 2022 no receivables were hedged against the risk of exchange rate fluctuations.

No trade receivables or payables are due beyond twelve months.

Further information is provided in note 21 “Information on financial risks”.

5. Inventories

	31/12/2022 (€/000)	31/12/2021 (€/000)
Raw materials and components	17,625	12,548
Semi-finished products	11,326	10,396
Finished products	4,180	2,849
Total inventories	33,131	25,793

Inventories are stated net of an allowance that has changed as indicated below:

	2022 (€/000)	2021 (€/000)
Opening balance	2,247	2,147
Provisions in the year	750	100
Releases in the year to cover losses	(249)	-
Closing balance	2,748	2,247

6. Other current assets

This item comprises:

	31/12/2022 (€/000)	31/12/2021 (€/000)
Price adjustments receivable	6,898	2,036
Other current assets	5,331	-
Other receivables	909	235
Accrued income and prepaid expenses	358	248
Total	13,496	2,519

7. Property, plant and equipment

	Land and buildings (€/000)	*Plant and machinery* (€/000)	*Equipment* (€/000)	*Other assets* (€/000)	*Total* (€/000)
At 1 January 2021					
Cost	16,432	54,363	20,573	4,859	96,227
Accumulated depreciation	(5,631)	(32,699)	(18,348)	(3,722)	(60,400)
Allowance for impairment	-	(4)	(146)	-	(150)
Net carrying amount	10,801	21,660	2,079	1,137	35,677
Changes in 2021					
Opening net carrying amount	10,801	21,660	2,079	1,137	35,677
Additions	760	4,617	1,366	235	6,978
Recognition of right-of-use assets (IFRS 16)	-	-	-	108	108
Disposals	-	(150)	(41)	(10)	(201)
Early close-out (IFRS 16)	-	-	-	(17)	(17)
Remeasurement (IFRS 16)	-	-	-	(1)	(1)
Capitalized depreciation	(64)	(8)	(5)	-	(77)
Depreciation	(797)	(2,752)	(878)	(399)	(4,826)
Closing net carrying amount	10,700	23,367	2,521	1,053	37,641
At 31 December 2021					
Cost	17,192	57,209	21,647	4,880	100,928
Accumulated depreciation	(6,492)	(33,838)	(18,980)	(3,827)	(63,137)
Allowance for impairment	-	(4)	(146)	-	(150)
Net carrying amount	10,700	23,367	2,521	1,053	37,641

	Land and buildings (€/000)	*Plant and machinery* (€/000)	*Equipment* (€/000)	*Other assets* (€/000)	*Total* (€/000)
Changes in 2022					
Opening net carrying amount	10,700	23,367	2,521	1,053	37,641
Additions	208	5,399	884	367	6,858
Recognition of right-of-use assets (IFRS 16)	-	-	-	163	163
Disposals	-	(82)	-	(1)	(83)
Early close-out (IFRS 16)	-	-	-	(14)	(14)
Remeasurement (IFRS 16)	162	-	-	-	162
Capitalized depreciation	(90)	(11)	(7)	(2)	(110)
Depreciation	(819)	(2,971)	(993)	(444)	(5,227)
Closing net carrying amount	10,161	25,702	2,405	1,122	39,390
At 31 December 2022	(€/000)	(€/000)	(€/000)	(€/000)	(€/000)
Cost	16,436	61,549	22,456	5,120	105,561
Accumulated depreciation	(6,275)	(35,843)	(19,905)	(3,998)	(66,021)
Allowance for impairment	-	(4)	(146)	-	(150)
Net carrying amount	10,161	25,702	2,405	1,122	39,390

The cost of assets in progress, included in the net carrying amounts reported above, is as follows:

	Land and buildings (€/000)	*Plant and machinery* (€/000)	*Equipment* (€/000)	*Other assets* (€/000)	*Total* (€/000)
At 1 January 2021	-	3,672	483	-	4,155
At 31 December 2021	-	4,015	419	5	4,439
At 31 December 2022	-	1,460	138	-	1,598

The net carrying amount of leased assets at 31 December 2022 is analyzed below:

	Land and buildings (€/000)	*Plant and machinery* (€/000)	*Equipment* (€/000)	*Other assets* (€/000)	*Total* (€/000)
At 31 December 2021	3,294	-	-	344	3,638
At 31 December 2022	2,765	-	-	335	3,100

Depreciation of €4,628k was charged to the cost of sales (€4,213k in 2021), €40k to distribution costs (€50k in 2021) and €559k for general and administrative costs (€563k in 2021).

At 31 December 2022 the Company has contractual commitments for the purchase of property, plant of equipment totaling €1,989k (€4,720k at 31 December 2021).

At 31 December 2022 property, plant and equipment are not burdened by mortgages and/or specific guarantees.
Further information is provided in notes 28 "Notes to the cash flow statement" and 29 "Commitments".

8. Goodwill

Goodwill is represented by the merger deficit portions paid for this reason and arising from the merger operations. Goodwill at 31 December 2022 amounts to €44,537k (€44,537k at 31 December 2021 as well). The value of goodwill is allocated to the sole CGU in which the Company is active.

The Company carried out an impairment test on 31 December 2022. When reviewing its impairment indicators, the Company considered inter alia its stock market capitalization. In fact, the stock market capitalization of Interpump Group S.p.A. was far higher than the net assets of the Company and the Group, inclusive of goodwill, throughout 2022. The recoverable value identified from the impairment test was determined from the value-in-use calculation carried out using the Discounted Cash Flow (DCF) method, net of taxation. The projected cash flows used in the DCF calculation is determined on the basis of a 5-year business plan that takes account of the various reference scenarios and on the basis of growth forecasts in the various markets. A perpetual growth rate of 1.5% was used for periods after 2027. The projected cash flows determined in this manner were reduced by a discount factor in order to take account of the risk that future plans could become impracticable. The after tax weighted average cost of capital (WACC) was measured at 9.04%. The WACC was 4.75% at 31 December 2021. The sensitivity analysis required in the joint Bank of Italy, Consob, ISVAP document dated 3 March 2010 was also carried out. Even reducing the projected cash flows of the CGU by 10% would not have led to any impairment, and nor would an 0.5% increase in the cost of capital used to actualize the projected cash flows.

9. Other intangible assets

	Product development expenses (€/000)	*Patents trademarks and industrial rights (€/000)*	*Other intangible assets (€/000)*	*Total (€/000)*
At 1 January 2021				
Cost	22,641	149	2,931	25,721
Accumulated amortization	(18,398)	(145)	(2,638)	(21,181)
Allowance for impairment	(1,369)	-	-	(1,369)
Net carrying amount	2,874	4	293	3,171
Changes in 2021				
Opening net carrying amount	2,874	4	293	3,171
Increases	573	-	121	694
Reclassifications	(25)	-	-	(25)
Write-downs	(92)	-	-	(92)
Amortization	(512)	-	(118)	(630)
Closing net carrying amount	2,818	4	296	3,118

	Product development expenses (€/000)	*Patents trademarks and industrial rights* (€/000)	*Other intangible assets* (€/000)	*Total* (€/000)
At 31 December 2021				
Cost	23,097	149	3,052	26,298
Accumulated amortization	(18,910)	(145)	(2,756)	(21,811)
Allowance for impairment	(1,369)	-	-	(1,369)
Net carrying amount	2,818	4	296	3,118
Changes in 2022				
Opening net carrying amount	2,818	4	296	3,118
Increases	756	-	117	873
Write-downs	(307)	-	-	(307)
Amortization	(333)	-	(125)	(458)
Closing net carrying amount	2,934	4	288	3,226
At 31 December 2022				
Cost	23,546	149	3,169	26,864
Accumulated amortization	(19,243)	(145)	(2,881)	(22,269)
Allowance for impairment	(1,369)	-	-	(1,369)
Net carrying amount	2,934	4	288	3,226

Product development costs refer to the cost of developing new products, which is capitalized when the criteria set down in IAS 38 are satisfied. The Company writes down any capitalized project costs that are no longer deemed to be recoverable.

The other intangible assets mainly relate to the cost of purchasing licenses.

The cost of assets in progress, included in the net carrying amounts reported above, is as follows:

	Product development expenses (€/000)	*Other intangible assets* (€/000)	*Total* (€/000)
At 1 January 2021	1,978	33	2,011
At 31 December 2021	2,144	78	2,222
At 31 December 2022	2,556	92	2,648

Amortization of €458k (€630k in 2021) was booked entirely to general and administrative expenses.

10. Investments in subsidiaries

(€/000)	Balance at 31 December 2021	Increases due to assignment of stock options	Increases / (Decreases)	Impairment	Balance at 31 December 2022
Subsidiaries:					
Walvoil S.p.A.	118,172	-	-	-	118,172
Walvoil Fluid Power India Pvt. Ltd.	14	-	-	-	14
NLB Corporation Inc.	62,048	-	-	-	62,048
GP Companies Inc.	8,903	-	-	-	8,903
Interpump Hydraulics S.p.A.	104,258	-	-	-	104,258
Hammelmann GmbH	26,032	-	-	-	26,032
Inoxpa S.A.	93,127	-	-	-	93,127
Reggiana Riduttori S.r.l.	165,226	-	-	-	165,226
Transtecno S.r.l.	36,161	-	21,604	-	57,765
Inoxihp S.r.l.	8,704	-	-	-	8,704
Interpump Piping GS S.r.l.	310	-	-	-	310
Teknova S.r.l. (in liquidation)	8	-	-	(7)	1
SIT S.p.A.	814	-	77	-	891
Tubiflex S.p.A.	34,485	-		-	34,485
Pioli S.r.l.	3,008	-		-	3,008
Servizi Industriali S.r.l.	4,059	-	-	-	4,059
White Drive Motors and Steering Sp. z.o.o.	191,119	-	(6,421)		184,698
White Drive Motors and Steering GmbH	40,277	-	(4,898)		35,379
White Drive Motors and Steering LLC	43,805	-	(9,923)		33,882
Fair value of the stock options of the employees of subsidiaries	2,787	273	-	-	3,060
Total subsidiaries	*943,317*	*273*	*439*	*(7)*	*944,022*

The increase in the investment in Transtecno S.r.l. reflects the exercise of put options for a further 20% interest during the first semester of 2022, while the increase in Sit S.p.A. is attributable to the purchase of an additional 15% from the minority shareholders during the third quarter of 2022.

The reductions in the carrying amounts of the investments held in companies within the White Drive Motors and Steering group mainly reflect application of the price adjustment clauses envisaged in the related purchase contract.

The impairment of Teknova S.r.l. (in liquidation) reflects alignment with the book value of its quotaholders' equity following the loss incurred during the year.

Share-based payment agreements (stock option plans) that make equity instruments of the Parent company available to employees of its subsidiaries are recognized in accordance with IFRIC 11. The fair value of the stock options granted to and exercisable by employees of subsidiaries, €273k, has been added to the value of the investments, with an increase in the share premium reserve as the matching entry.

All the equity investments held by Interpump Group S.p.A., with the exception of the investment in Sit S.p.A., are considered financial fixed assets from the date of acquisition and, therefore, not held-for-sale instruments (as defined in IFRS 9).

The following breakdown shows the cost of investments in subsidiaries at 31 December 2022, compared with the related portion of equity pertaining to Interpump Group S.p.A.:

(€/000)	Share capital	Shareholders' equity	Profit (Loss)	% held	Carrying amount	% Shareholders' equity	Difference
Walvoil S.p.A.	7,692	206,141	53,672	65%	118,172	133,992	15,820
Walvoil Fluid Power India Pvt. Ltd.	4,803	32,877	7,628	-	14	39	25
NLB Corporation Inc.	12	117,363	10,138	100%	62,048	117,363	55,315
GP Companies Inc.	1,854	24,115	8,034	100%	8,903	24,115	15,212
Interpump Hydraulics S.p.A.	2,632	317,677	41,602	100%	104,258	317,677	213,419
Hammelmann GmbH	25	137,720	31,455	100%	26,032	137,720	111,688
Inoxpa S.A.	23,000	64,283	13,423	100%	93,127	64,283	(28,844)
Reggiana Riduttori S.r.l.	6,000	101,005	26,105	100%	165,226	101,005	(64,221)
Transtecno S.r.l.	100	26,800	8,918	80%	57,765	21,440	(36,325)
Inoxihp S.r.l.	119	12,556	3,207	53%	8,704	6,620	(2,084)
Interpump Piping GS S.r.l.	10	5,040	1,842	100%	310	5,040	4,730
Teknova S.r.l. (in liquidation)	28	-	(8)	100%	1	-	(1)
SIT S.p.A.	105	1,914	232	80%	891	1,531	640
Tubiflex S.p.A.	515	17,275	4,232	100%	34,485	17,275	(17,210)
Pioli S.r.l.	10	3,097	764	100%	3,008	3,097	89
Servizi Industriali S.r.l.	100	3,171	1,457	80%	4,059	2,537	(1,522)
White Drive Motors and Steering Sp. z.o.o.	33,254	75,067	28,256	100%	184,698	75,067	(109,631)
White Drive Motors and Steering GmbH	33,595	23,887	(7,322)	100%	35,379	23,887	(11,492)
White Drive Motors and Steering LLC	46,328	32,524	(10,583)	100%	33,882	32,524	(1,358)

Para. 4 of IAS 36 establishes that financial assets classified as subsidiaries in accordance with IAS 27 must be stated at a value that does not exceed their recoverable amount. An asset may be stated at more than its recoverable amount, if its carrying amount exceeds the amount obtainable from its use or sale and the impairment is identified and analyzed.

In order to identify circumstances that might indicate the impairment of equity investments, management carries out the following procedures every year, or more frequently if necessary:

- compares the carrying amount of each equity investment with its equity value at the reporting date;
- if less, analyzes the trend of such differences in recent years. This includes, in particular, the consideration of any dividend payments made and the reasons for any results generated in prior years that were not in line with expectations;
- analyzes expected future performance, as reflected in the financial plans used for consolidation purposes;
- where potential impairment concerns remain, subjects each investment concerned to impairment testing via the DCF method applied net of taxation using the "equity-side" approach, in which its recoverable amount - equal to the Enterprise Value (as determined at a consolidated level via the DCF method using the "asset-side" approach) less the net financial position (usually referred to as the Equity Value) - must be compared with its carrying amount.

  The projected cash flows used in the DCF calculation were determined on the basis of a 5-year business plan that takes account of the various reference scenarios and on the basis of growth forecasts in the various markets. A perpetual growth rate of 1-1.5% was used for periods after 2027. The projected cash flows determined in this manner were reduced by a discount factor in order to take account of the risk that future plans could become impracticable. In addition, a sensitivity analysis was performed, reducing the projected cash flows of the single companies and increasing the cost of capital employed to actualize the prospective cash flows.

The above work did not identify any lasting impairment that would require the carrying amount of equity investments to be written down. The negative differentials are solely related to investments acquired in recent years, for which the capital gains that emerged and the related goodwill are booked to the Group's consolidated financial statements.

11. Other financial assets

Other financial assets mostly comprise loans granted to subsidiaries.

The following table shows existing financial relations (amounts expressed in €/000):

	Loans granted		Interest income	
	31/12/2022	31/12/2021	2022	2021
Subsidiaries:				
Interpump Hydraulics S.p.A.	31,000	32,590	450	553
IMM Hydraulics S.p.A.	29,000	33,000	384	336
Hydra Dyne Technology Inc.	10,000	10,000	195	195
White Drive Motors and Steering LLC	17,000	-	116	-
Transtecno S.r.l.	3,037	4,556	62	83
Interpump Piping GS S.r.l.	4,000	6,000	67	65
GS-Hydro Korea Ltd	2,100	2,100	63	46
White Drive Motors and Steering GmbH	4,000	1,000	56	3
Muncie Power Inc.	11,252	-	53	-
Inoxihp S.r.l.	1,687	2,109	30	32
Tekno Tubi S.r.l.	1,760	2,760	30	30
GS-Hydro UK Ltd	490	500	6	5
Tubiflex S.p.A.	3,000	-	3	-
Unidrò Contarini Sarl	100	233	2	4
Reggiana Riduttori S.r.l.	-	1,867	24	4
Total	*118,426*	*96,715*	*1,541*	*1,356*

The intercompany loans outstanding at 31 December 2022 earn interest at 3-month Euribor uplifted by a spread that fluctuated between 80 and 200 basis points, except for certain fixed-rate loans granted in a range between 1.50% and 4.50%.

In relation to the loans granted, €39,946k are current, while the remaining €78,480k are considered non-current.

12. Deferred tax assets and liabilities

The changes during the year in deferred tax assets and liabilities are analyzed below:

	Deferred tax assets		*Deferred tax liabilities*	
	2022 (€/000)	*2021* (€/000)	*2022* (€/000)	*2021* (€/000)
At 1 January	7,169	13,229	653	657
Recognized in the income statement	266	(6,086)	53	(4)
Recognized in equity reserves	(149)	26	-	-
At 31 December	7,286	7,169	706	653

Deferred tax assets and liabilities may be classified in the following captions of the statement of financial position:

	31/12/2022 *Deferred tax assets* (€/000)	*31/12/2021* *Deferred tax assets* (€/000)	*31/12/2022* *Deferred tax liabilities* (€/000)	*31/12/2021* *Deferred tax liabilities* (€/000)
Property, plant and equipment	76	80	614	617
Intangible assets	3,518	3,575	-	-
Other financial assets	104	-	-	-
Inventories	787	644	-	-
Receivables	97	61	-	10
Dividends receivable	-	-	15	16
Equity investments	318	318	10	10
Liabilities for employee benefits	(553)	(614)	65	-
Provision for risks	1,977	1,977	-	-
Shareholders' equity:				
- liabilities for employee benefits	653	802	-	-
Other	309	326	2	-
Total	7,286	7,169	706	653

Deferred taxes recognized directly in equity are related to remeasurement of liabilities for employee benefits (TFR) connected to the actuarial component.

No deferred tax liabilities were recorded on provisions qualifying for tax relief due to the fact that distribution is not anticipated (see Note 18).

13. Interest-bearing financial payables and bank payables

The main loans are all subject to the following financial covenants, calculated on the consolidated values:

- Net indebtedness / Shareholders' equity;
- Net indebtedness / EBITDA;
- EBITDA / Financial charges.

At 31 December 2022 all financial covenants are amply respected.

Interest-bearing financial payables at 31 December 2022 include lease payables of €3,175k (€3,716k in 2021) in relation to rental and hiring contracts (IFRS 16) that are analyzed below at 31 December 2022:

	31 December 2022				31 December 2021			
(€/000)	Within the year	Between one and five years	Beyond five years	Total	Within the year	Between one and five years	Beyond five years	Total
Outstanding installments on leasing contracts	866	2,341	9	3,216	838	2,997	5	3,840
Interest	(18)	(23)	-	(41)	(43)	(81)	-	(124)
Present value of lease payables	848	2,318	9	3,175	795	2,916	5	3,716

Non-current financial payables have the following due dates:

	31/12/2022 (€/000)	31/12/2021 (€/000)
From 1 to 2 years	211,146	214,891
From 2 to 5 years	276,170	298,793
Beyond 5 years	9	5
Total	487,325	513,689

The average interest rate on loans in 2022 was approximately 0.68% (0.14% in 2021).

All loans at 31 December 2022 are at floating rates.

No outstanding loans are backed by guarantees at 31 December 2022 or were backed by guarantees during the year.

The Company has the following lines of credit which were unused at year-end:

	31/12/2022 (€/000)	31/12/2021 (€/000)
Current account overdrafts and export advances	20,795	39,054
Medium/long-term loans	-	-
Total	20,795	39,054

Further information about liquidity and interest-rate risks is provided in note 21 “Information on financial risks”.

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

	31/12/2022 €/000	31/12/2021 €/000	01/01/2021 €/000
Cash and cash equivalents	188,778	135,514	136,677
Current financial payables (excluding the current portion of non-current financial payables)	(3,367)	(901)	(998)
Current portion of non-current financial payables	(256,194)	(200,624)	(142,599)
Current net indebtedness	***(70,783)***	***(66,011)***	***(6,920)***
Non-current financial payables	(487,325)	(513,689)	(335,091)
Net financial position	***(558,108)***	***(579,700)***	***(342,011)***
Commitments for the acquisition of investments	-	-	(1,125)
Total net indebtedness	**(558,108)**	**(579,700)**	**(343,136)**

14. Other current liabilities

Other current liabilities are analyzed below:

	31/12/2022 (€/000)	31/12/2021 (€/000)
Payables to personnel	4,172	3,646
Payables to social security institutions	1,627	1,694
Customer advances	1,506	1,542
Customer credit balance	238	387
Customers for credit notes to issue	66	40
Payables for remuneration of directors/auditors	1,000	1,038
Other	321	491
Total	8,930	8,838

15. Provisions for risks and charges

(€/000)	Directors' termination indemnity provision	Agents' termination indemnity provision	Other	Total
Balance at 31/12/2021	8,193	85	30	8,308
Increase in the year	-	6	-	6
Surplus transferred to the income statement	-	(8)	-	(8)
Utilizations in the year	-	(4)	-	(4)
Balance at 31/12/2022	8,193	79	30	8,302

The principal item relates to the termination indemnity provision recorded in favor of Fulvio Montipò, founder of the Group, by decision of the Board of Directors on 16 March 2020.

The other provisions relate to a dispute.

16. Liabilities for employee benefits

Liabilities for defined benefit plans

The changes in these liabilities are analyzed below:

	2022 (€/000)	2021 (€/000)
Liabilities at 1 January	5,026	5,250
Amount charged to the income statement in the year	(21)	(22)
Recognition in equity of actuarial results	(619)	108
Reclassifications	(66)	-
Payments	(182)	(310)
Liabilities at 31 December	4,138	5,026

The following items were recognized in the income statement:

	2022 (€/000)	2021 (€/000)
Current service cost	-	-
Financial Income / Expenses	(21)	(22)
Past service cost	-	-
Total recognized in the income statement	(21)	(22)

Refer to the "Board of Directors' Report" in chapter "1. Profitability" for a breakdown of labor costs.

The average number of employees broken down by category is as follows:

	2022	2021
Executives	14	13
Managers	17	19
White collar	116	113
Blue collar	305	317
Fixed-contract personnel	1	2
Total	453	464

Liabilities for defined benefit plans (Severance indemnity - TFR) are determined using the following actuarial assumptions:

	Unit of measurement	2022	2021
Discount rate	%	3.74	0.79
Percentage of employees expected to resign before retirement age (turnover)*	%	6.35	5.76
Annual cost-of-living increase	%	2.70	2.20
Average period of employment	Years	17.63	17.71

* = average annual resignation percentage, all causes, in the first ten years following the assessment.

17. Other non-current liabilities

The deferred income classified among the non-current liabilities relates to tax credits for the purchase of non-Industry 4.0 tangible fixed assets (2020 Budget Law - art. 1 of Law 160/2019, as amended by the 2021 Budget Law - art. 1 of Law 178/2020), which are deferred as future income and released to the income statement on an accruals basis, to match the depreciation charged on the assisted assets.

18. 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 €55,584k, 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 31 December 2022 Interpump S.p.A. holds 1,987,863 treasury shares in the portfolio corresponding to 1.8257% of the share capital, acquired at an average unit cost of EUR 38.7871.

Changes in treasury shares over the past two years have been as follows:

	Number
Balance at 31/12/2020	*2,222,356*
2021 purchases	418,285
Sale of shares to finance purchase of subsidiaries	(104,598)
Sale of shares for the exercise of stock options	(55,400)
Balance at 31/12/2021	*2,480,643*
2022 purchases	2,080,000
Sale of shares for the exercise of stock options	(2,572,780)
Balance at 31/12/2022	*1,987,863*

Taking treasury shares into consideration, the following changes were recorded in the number of shares in circulation:

	2022 Number of shares	2021 Number of shares
Ordinary shares in existence at 1 January	108,879,294	108,879,294
Treasury shares held	(2,480,643)	(2,222,356)
Shares in circulation at 1 January	106,398,651	106,656,938
Treasury shares purchased	(2,080,000)	(418,285)
Treasury shares sold	2,572,780	159,998
Total shares in circulation at 31 December	106,891,431	106,398,651

The aims identified by the Group in the management of capital are the creation of value for all shareholders and supporting development of the group, both through internal means and by means of targeted acquisitions. The Group therefore intends to maintain an adequate level of capitalization, which simultaneously makes it possible to generate a satisfactory economic return for shareholders and to guarantee economically effective access to external sources of borrowing. The Group constantly monitors the evolution of the debt-equity ratio and the generation of cash through its industrial operations. In order to attain the aforementioned goals, the Group constantly monitors the cash flows generated by the business sectors in which it operates, both through improvement or maintenance of profitability, and careful management of working capital and of other expenditure. Capital is construed as both the value contributed by Interpump Group shareholders (share capital and share premium reserve, totaling €94,932k at

31 December 2022 and €121,446k at 31 December 2021), and the value generated by Group operations (other reserves and legal reserve, including profit for the year, totaling €512,030k at 31 December 2022 and €439,856k at 31 December 2021, excluding the translation reserve and the remeasurement reserve for defined benefit plans).

Treasury shares purchased
The amount of the treasury shares held by Interpump Group S.p.A. is recorded in an equity reserve. The Company acquired 2,080,000 treasury shares in 2022 for €94,793k, at an average price of €45.5737 (418,285 treasury shares were purchased in 2021 for €22,397k, at an average price of EUR 53.5448).

Treasury shares sold
In the framework of the execution of stock option plans, a total of 2,572,780 options have been exercised resulting in the collection of €63,027k (55,400 options were exercised for €714k in 2021). No treasury shares were divested during 2022 in payment for equity investments (104,598 in 2021).

Stock options
The fair value of the 2019-2021 and 2022-2024 stock option plans was recorded in the 2022 and 2021 financial statements in compliance with IFRS 2. Costs of €4,722k (€4,167k in 2021) relating to the stock option plans were therefore recognized in the 2022 income statement, with a matching entry to the share premium reserve. Said costs represent the portion for the year of the value of the options granted to employees and directors, established at the allocation date, corresponding to the value of the services rendered by the latter in addition to normal remuneration.

The income statement effects were booked as follows:

	2022 (€/000)	2021 (€/000)
Distribution expenses	22	17
General and administrative expenses	4,700	4,150
Total	4,722	4,167

Changes in the share premium reserve were as follows:

	2022 €/000	2021 €/000
Share premium reserve at 1 January	66,119	78,475
Increase due to income statement recognition of the fair value of stock options granted	4,722	4,167
Increase due to the recognition in equity of the fair value of stock options granted to employees of subsidiaries	273	219
Increase for the disposal of treasury shares further to payment for acquisitions of subsidiaries	-	4,941
Increase for the disposal of treasury shares further to stock options exercised	63,027	714
Utilization to cover purchase of treasury shares	(94,793)	(22,397)
Share premium reserve at 31 December	39,348	66,119

The Shareholders' Meeting held on 30 April 2019 approved a stock option plan, known as the "*Interpump Incentive Plan 2019-2021*", which envisages granting a maximum of 2,500,000 options at an exercise price of EUR 28.4952 each and, for options granted after 30 April 2020, at the official price quoted on the Italian Stock Exchange on the day prior to the grant date. At the meeting held on 27 June 2019, the Board of Directors granted 1,800,000 options to Chairman and Chief Executive Officer Fulvio Montipò, while 418,500 options were granted to other beneficiaries during 2019. A further 20,000 options were granted to other beneficiaries on 3 June 2020. Overall, a total of 2,238,500 options have therefore been granted. The options can be exercised from 30 June 2022 to 31 December 2025. A total of 2,500 options were canceled in 2022.

The changes in options in 2022 and 2021 were as follows:

	2022 Number of options	2021 Number of options
Options granted at 1 January	2,096,756	2,147,900
Options granted in the year	-	-
Options exercised in the year	(1,913,980)	-
Options canceled in the year	(2,500)	(51,144)
Total options granted at 31 December	180,276	2,096,756

The Shareholders' Meeting held on 29 April 2022 approved a new stock option plan, known as the "*Interpump Incentive Plan 2022-2024*", which envisages granting a maximum of 2,250,000 options at an exercise price of EUR 38.6496 each and, for options granted after 29 April 2023, at the official price quoted on the Italian Stock Exchange on the day prior to the grant date. The meeting of the Board of Directors held on the same date granted 1,620,000 options to Chairman and Chief Executive Officer Fulvio Montipò. A further 288,000 options and 6,000 options were granted to other beneficiaries on, respectively, 23 May 2022 and 20 October 2022. Overall, a total of 1,914,000 options have therefore been granted. The options can be exercised between 30 June 2025 and 31 December 2028. A total of 7,000 options were canceled in 2022.

The changes in options during 2022 were as follows:

	2022 Number of options
Number of rights assigned at 1 January	-
Number of rights assigned	1,914,000
Number of shares purchased	-
Number of rights canceled	(7,000)
Total number of rights not yet exercised at 31 December	1,907,000

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

2019-2021 Plan

First assignment	Unit of measurement	
Number of shares granted	no.	2,218,500
Grant date		28 June 2019
Exercise price		28.4952
Vesting date		1 July 2022
Fair value per option at the grant date	EUR	4.562
Expected volatility (expressed as the weighted average of the volatility values utilized in construction of the binomial lattice model)	%	30
Expected average duration of the plan life	years	4.76
Expected dividends (compared with share value)	%	1.00
Risk-free interest rate (calculated using a linear interpolation of Euro Swap rates on 28 June 2019)	%	-0.0182

Second assignment	Unit of measurement	
Number of shares granted	no.	20,000
Grant date		3 June 2020
Exercise price		27.9868
Vesting date		1 July 2022
Fair value per option at the grant date	EUR	5.226
Expected volatility (expressed as the weighted average of the volatility values utilized in construction of the binomial lattice model)	%	30
Expected average duration of the plan life	years	3.83
Expected dividends (compared with share value)	%	1.00
Risk-free interest rate (calculated using a linear interpolation of Euro Swap rates at 3 June 2020)	%	0.1557

2022/2024 Plan

First assignment	Unit of measurement	
Number of shares granted	no.	1,620,000
Grant date		29 April 2022
Exercise price		38.6496
Vesting date		30 June 2025
Fair value per option at the grant date	EUR	8.4601
Expected volatility (expressed as the weighted average of the volatility values utilized in construction of the binomial lattice model)	%	31
Expected average duration of the plan life	years	4.93
Expected dividends (compared with share value)	%	1.00
Risk-free interest rate (calculated using a linear interpolation of the Eur Composite AA rates on 29 October 2022)	%	1.5540

2022/2024 Plan

Second assignment	Unit of measurement	
Number of shares granted	no.	288,000
Grant date		23 May 2022
Exercise price		38.6496
Vesting date		30 June 2025
Fair value per option at the grant date	EUR	8.8040
Expected volatility (expressed as the weighted average of the volatility values utilized in construction of the binomial lattice model)	%	31
Expected average duration of the plan life	years	4.86
Expected dividends (compared with share value)	%	1.00
Risk-free interest rate (calculated using a linear interpolation of the Eur Composite AA rates on 23 May 2022)	%	1.6911

Third assignment	Unit of measurement	
Number of shares granted	no.	6,000
Grant date		20 October 2022
Exercise price		38.6496
Vesting date		30 June 2025
Fair value per option at the grant date	EUR	8.7606
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	4.45
Expected dividends (compared with share value)	%	1.00
Risk-free interest rate (calculated using a linear interpolation of the Eur Composite AA rates at 20 October 2022)	%	3.5668

The expected volatility of the underlying variable (Interpump Group share) is a measure of the prospect of price fluctuations in a specific period. The indicator that measures volatility in the model utilized to evaluate the options is the mean square annualized deviation of compound returns of the Interpump Group share through time.

19. Reserves

(i) Reserve from remeasurement of defined benefit plans

Includes the actuarial component of defined benefit plans (TFR).

(ii) Classification of net equity depending on possibility of utilization

(€/000)	Amount	Possible utilizations	Available portion	Tax payable on distribution	Summary of utilizations over the past three years	
					cover losses	other reasons
Share capital						
Subscribed and fully paid-up share capital	56,617	B	-	-	-	-
Nominal value of treasury shares in portfolio	(1,033)	-	-	-	-	-
Total share capital	55,584					
Capital reserves						
Legal reserve	6,860	B	-	-	-	-
Share premium reserve	-	A,B,C	-	-	-	48,407
Total capital reserves	6,860		-			
Profit reserves						
Legal reserve	4,463	B	-	-	-	-
Share premium reserve	39,348	A,B,C	36,289	1,232	-	-
Extraordinary reserve	396,798	A,B,C	361,564	7,164	-	-
Reserve for share capital reduction	1,033	-	-	-	-	-
First Time Adoption Reserve	(76)	-	-	-	-	-
Merger surplus	863	A,B,C	698	-	-	-
Reserve for restatement of defined benefit plans	(2,069)	-	-	-	-	-
Profit for the year	102,089	A,B,C	102,089	-	-	-
Total profit reserves	542,449		500,640			
Reserve for treasury shares held	77,103	-	-	-	-	135,040
Treasury shares	(77,103)	-	-	-	-	-
Non-distributable portion*			(3,226)			
Remaining distributable portion			497,414			

A: for capital increase B: for coverage of losses C: for distribution to shareholders

*= represents the non-distributable portion destined to cover deferred costs that have not yet been amortized.

We draw your attention to the fact that €12,987k of the share premium reserve qualifies for tax relief in that it was fiscally formed from the revaluation reserve, Law 342/2000 and Law 266/2005.

Utilizations refer to dividends, purchases of treasury shares and reductions of reserves for other causes and do not include transfers between reserves. In particular, the changes in the past three years reflect the purchases of treasury shares and use of the share premium reserve on the sale of treasury shares for less than their carrying amount, following the exercise of stock options.

On the basis of tax legislation the reserves and profits are freely distributable and do not attract tax even in the case of distribution, on the condition that the reserves and residual profits exceed the negative components of income ascribed exclusively to the tax return; otherwise, distributed reserves and profits are subject to tax in the measure in which the residual reserves and profits are lower than the negative components of income that have been ascribed exclusively to the tax return. This condition is satisfied at 31 December 2022, hence no taxes would be payable in the event of distribution of the Company's entire profit for the year and all available reserves, beyond those already indicated in the prior statement.

(iii) Breakdown of components recorded directly in equity

	2022			2021		
(€/000)	Pre-tax amount	Taxation	Amount net of taxes	Pre-tax amount	Taxation	Amount net of taxes
Restatement of defined benefit plans	619	(148)	471	(108)	26	(82)
Total	**619**	**(148)**	**471**	**(108)**	**26**	**(82)**

20. Information on financial assets and liabilities

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

			Financial assets at 31/12/2022		*Financial liabilities at 31/12/2022*	
(€/000)	At fair value through profit and loss		Measured at amortized cost	At fair value through the Comprehensive income statement	Measured at amortized cost	Total
	Initially	Subsequently				
Trade receivables	-	-	19,211	-	-	19,211
Dividends receivable			1,280			1,280
Other current assets	-	-	7,807	-	-	7,807
Other financial assets - current	-	-	39,946	-	-	39,946
Other financial assets - non-current			78,480	-	-	78,480
Trade payables	-	-	-	-	(21,214)	(21,214)
Current interest-bearing financial payables	-	-	-	-	(259,561)	(259,561)
Other current liabilities	-	-	-	-	(8,930)	(8,930)
Non-current interest-bearing financial payables	-	-	-	-	(487,325)	(487,325)
Total	-	-	146,724	-	(777,030)	(630,306)

(€/000)	Financial assets at 31/12/2021				Financial liabilities at 31/12/2021	
	At fair value through profit and loss		Measured at amortized cost	At fair value through the Comprehensive income statement	Measured at amortized cost	Total
	Initially	Subsequently				
Trade receivables	-	-	18,665	-	-	18,665
Dividends receivable			1,280			1,280
Other current assets	-	-	2,271	-	-	2,271
Other financial assets - current	-	-	30,778	-	-	30,778
Other financial assets - non-current			65,937	-	-	65,937
Trade payables	-	-	-	-	(17,433)	(17,433)
Current interest-bearing financial payables	-	-	-	-	(201,525)	(201,525)
Other current liabilities	-	-	-	-	(8,838)	(8,838)
Non-current interest-bearing financial payables	-	-	-	-	(513,689)	(513,689)
Total	-	-	118,931	-	(741,485)	(622,554)

The financial assets measured at amortized cost generated revenues and costs. Revenues comprise exchange gains of €1,076k (€444k in 2021). Costs, on the other hand, refer to exchange losses of €1,037k (€74k in 2021) and to bad debts for €94k (€89k in 2021) classified under other operating costs.

Financial assets and liabilities measured at amortized cost generated interest income of €1,541k (€1,356k in 2021), interest expense of €5,147k (€764k in 2021) and interest expense on leasing payables of €22k (€53k in 2021); in addition, general and administrative expenses include commission amounts and bank charges of €72k (€95k in 2021).

21. Information on financial risks

The Company is exposed to financial risks associated with its activities:

- market risks (mainly related to currency exchange rates and interest rates) since the Company does business internationally and is exposed to the exchange risk deriving from exposure to the US dollar;
- credit risk connected with business relations with customers;
- liquidity risk, with special reference to the availability of financial resources and access to the lending market and financial instruments in general;
- price risk in relation to metal price fluctuations that constitute a significant portion of the raw materials purchase price.

The Company is not exposed to significant concentrations of risk.

The Company constantly monitors the financial risks to which it is exposed in such a way as to make an advance assessment of potential negative effects and take appropriate actions to mitigate them.

The following section contains reference qualitative and quantitative indications regarding the uncertainty of these risks for Interpump Group S.p.A.

The quantitative data given below are not to be construed as forecasts; specifically, the sensitivity analyses concerning market risks are unable to reflect the complexity and correlated relations of markets that may derive from each prospected change.

Exchange risk

The Company is exposed to risks arising from fluctuations in currency exchange rates, which may affect economic results. Specifically, it clarifies that:

- for revenues denominated in currencies other than the currencies in which the respective costs are denominated, exchange rate fluctuations can impact on the Company's operating profit.
  In 2022 the total amount of cash flow exposed directly to exchange risks was approximately 29% of Company sales (about 22% in 2021), none of which is hedged against the risk of exchange-rate fluctuations.
  The exchange rates to which the Company is exposed are EUR/USD in relation to sales in dollars of high pressure pumps in North America through GP Companies Inc., which is located in this market, and in direct relation to an important US customer. The Company also bills in USD to its other US subsidiary, NLB Corporation Inc.
  The Interpump Group has adopted a policy of hedging commercial transactions denominated in foreign currency in the framework of which the most effective derivative instruments for the achievement of the preset goals have been identified and the relative responsibilities, duties and system of delegations have been defined.
  In relation to the dollar exposure on recurring sales in the American market, Company policy is not to hedge those foreign currency transactions, while in relation to non-recurring sales in the US market (in terms of their amount or frequency), it is Company policy to arrange hedges only when deemed appropriate.
- Again in relation to commercial activities, the Company may be in a position wherein it holds commercial receivables denominated in currencies other than the account currency. Fluctuations in exchange rates can therefore result in the realization or assessment of positive or negative exchange differences.
- In relation to the financial exposures, wherever the monetary outflows are denominated in a currency other than the account currency, fluctuation of the exchange rates can impact the net profits of the Company negatively. An intra-group loan for 12 million dollars (€11.7m) was made in 2022. At 31 December 2022, the equivalent value of that loan was €11.3m, down by €0.4m since the date on which it was made.

The nature and structure of the exposure to exchange risk and the related hedging policies were substantially unchanged in 2022 and 2021.

Exchange risk sensitivity analysis

The potential profit deriving from the change in the fair value of financial assets and liabilities caused by a hypothetical and immediate increase in the value of the euro of 10% with respect to the US dollar would be about €1,536k (€472k in 2022).

Interest rate risk

It is currently Company policy not to arrange hedges, in view of the short average duration of the existing loans (around 3.5 years). At 31 December 2022, liquidity of €80m is held in the form of unrestricted deposits at fixed interest rates, while the remainder is held at floating rates consistent with the Group's financial payables and bank debt. In addition, in 2022 and in prior years the Company granted loans to subsidiaries totaling €118.4m (€96.7m at 31 December 2021). As described in Note 11, these loans were all granted at floating rates, with the exception of those made to Muncie Power Inc., White Drive Motors and Steering LLC, GS-Hydro Korea

Ltd, Tubiflex S.p.A., Hydra Dyne Technology Inc., Unidrò Contarini Sarl, Transtecno S.r.l. and White Drive Motors and Steering GmbH.

Sensitivity analysis related to interest rate risk

The effects of a hypothetical and immediate upward variation in interest rates of 50 basis points would subject Interpump Group S.p.A. to higher financial expenses, net of the increase in financial income, totaling €3,394k (€2,414k in 2021). It is reasonable to assume that a 50 basis points decrease in interest rates would produce an equivalent effect, although this time in terms of lower financial expenses.

Credit risk

The maximum theoretical credit risk exposure of the Company at 31 December 2022 and 2021 is represented by the accounting value of the financial assets recorded in the financial statements.

Historically the Company has not suffered any significant losses on receivables. This is because the Company generally allows extended payments only to its long-term customers, whose solvency and economic stability are known. In contrast, after having passed an initial credit rating analysis, new customers are required to make payments in advance or to open a letter of credit for amounts due.

Individual write-downs are applied in relation to positions, if of significant magnitude, in relation to which an objective condition of uncollectability is present for all or part of the outstanding amount. The amount of the write-down takes account of an estimate of the recoverable flows and the associated collection date, and the expenses and costs for future debt recovery. Collective provisions are allocated in relation to receivables that are not subject to individual write-downs, taking account of the historic exposure and statistical data.

At 31 December 2022, Loans and Receivables from financial activities total €146,724k (€118,931k at 31 December 2021), and include €720k for written down receivables (€628k at 31 December 2021); amounts overdue by less than three months are €3,540k (€4,187k at 31 December 2021), while those overdue beyond three months total €446k (€502k at 31 December 2021).

The Company is not exposed to any significant concentrations of sales. In fact, the top customer in terms of sales is part of the Interpump Group and accounted for about 27% of total revenues in 2022 (21% in 2021). The top customer outside the Group accounted for approximately 3% of sales in 2022 (2% in 2021) while, in total, the top 10 customers after the first intercompany customer accounted for 18% of sales (17% in 2021).

Liquidity risk

The liquidity risk can arise if it becomes impossible to obtain, at acceptable economic conditions, the financial resources needed for the Company's business operations. The two main factors that define the Company's liquidity situation are the resources generated by or used in business activities and investment, and the characteristics of expiry and renewal of debt or liquidity of financial investments and the relative market conditions.

The Company has adopted a series of policies and processes aimed at optimizing the management of resources in order to reduce the liquidity risk:

- retention of an appropriate level of cash on hand;
- diversification of the banks with which the Company operates;
- access to adequate lines of credit;

- negotiation of covenants at a consolidated level;
- monitoring of the prospective conditions of liquidity in relation to the corporate process.

The maturity characteristics of interest-bearing financial debts and bank debts are described in Note 13. Together with the resources generated by operating and financing activities, management considers that the funds and lines of credit currently available, or at an advanced stage of negotiation, will enable the Company 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. Liquid funds at 31 December 2022 total €188.8m. These funds and the cash generated by the Company in 2022 are definitely factors that serve to reduce the exposure to liquidity risk. The decision to maintain a high level of cash was adopted in order to minimize the liquidity risk, which is considered important given the current state of uncertainty of the economy, and to pick up on any acquisition opportunities that may arise.

Price risk

Interpump Group S.p.A. is exposed to risks deriving from price fluctuations of metals, which may affect economic results and profitability. Specifically, the purchase cost of metals accounted for about 32% of the purchase cost of the Company's raw materials, semi-finished products and finished products (26% in 2021). The main metals utilized by the Company include brass, aluminum, stainless steel and steel.

Company policy is to transfer the cost of stocking materials to suppliers; in this scenario the risk is hedged by means of orders for specific periods and quantities agreed at a fixed price; at 31 December 2022 signed commitments are in place covering 90% of the projected 2023 consumption of brass (6% at 31 December 2021), 80% of the projected 2023 steel consumption (85% at 31 December 2021), 54% of the projected 2023 stainless steel consumption (29% at 31 December 2021), 39% of the projected 2023 aluminum consumption (4% at 31 December 2021) and 26% of the projected 2023 copper consumption (no commitment at 31 December 2021). In addition, at 31 December 2022 stocks covered about 37% of forecast brass consumption of (36% at 31 December 2021), about 27% of aluminum consumption (48% at 31 December 2021), 13% of steel consumption (16% at 31 December 2021) and 34% of stainless steel consumption (24% at 31 December 2021).

The index of non-energy raw material prices continued to rise sharply during 2022, reaching record levels compared with the pre-Covid period, albeit with differences among the various commodities: among the ferrous metals, the price of steel grew strongly until September 2022, when it touched its historical maximum before falling back in subsequent months; with regard to non-ferrous metals, aluminum prices spiked multiple times in the early months of the year, before the rises slowed in the period from June to year end. The situation was further aggravated by the sharp rise in energy prices, especially for gas, which was passed on in the cost of Italian electricity. In this context, the Company was forced to revise several times the selling prices charged to customers.

Rising prices were accompanied by availability problems and bottlenecks in the supply chain, which impeded production due to material shortages and resulted in extended delivery times. The Company reacted with increased focus on the organization of processes and constant monitoring of the supply chain, sometimes deciding to purchase larger batches in order to stock the materials needed for production processes.

Climate change risk

Although the IAS/IFRS do not make explicit reference to climate matters, any significant impacts are considered by the Company when applying the international accounting standards, evaluating their effects on business continuity and the application of specific standards. In this context, the Company has not identified significant risks deriving from the application of individual standards and no doubts or uncertainties have arisen about events or conditions that might cause concern about business continuity. In particular, the Company monitors constantly the most recent regulations governing climate-related topics. At this time, no regulations have been approved with a direct impact on the Company which, if necessary, will amend the key assumptions used to calculate the value in use of assets and the sensitivity to changes.

22. Revenues

The following table gives a breakdown of revenues by geographical area:

	2022 (€/000)	2021 (€/000)
Italy	24,752	25,602
Europe (Italy excluded)	36,648	35,004
Rest of the World	63,245	51,783
Total	124,645	112,389

Details of revenues in each invoicing currency are provided below:

	2022 (€/000)	2021 (€/000)
Euro	88,378	87,698
USD	36,251	24,667
GBP	16	24
Total	124,645	112,389

Revenues in USD refer primarily to invoices issued to the US subsidiaries GP Companies Inc. and NLB Corporation Inc.

23. Other operating income

	2022 (€/000)	2021 (€/000)
Capital gains on the sale of tangible assets	34	27
Income from rent/royalties	447	443
Revenues from consultancy	10	10
Sale of scrap	179	208
Reimbursement of expenses	840	839
Release of excess provisions	8	-
Other	9,714	806
Total	11,232	2,333

The Other caption mainly reflects the effect of adjusting the purchase price of investments, as envisaged in the purchase contract.

24. Costs by nature

	2022 (€/000)	2021 (€/000)
Raw materials and components	38,438	33,877
Personnel and temporary staff	30,754	30,316
Services	17,006	15,276
Amortization and depreciation of intangible and tangible fixed assets (Notes 7 and 9)	5,685	5,456
Directors' and statutory auditors' remuneration	7,604	7,147
Hire purchase and leasing charges	194	175
Provisions and impairment of intangible and intangible fixed assets (Notes 7, 9 and 15)	313	879
Other operating costs	5,230	4,676
Total cost of sales, distribution costs, general and administrative expenses, other operating costs and impairment losses on intangible and tangible fixed assets	105,224	97,802

The emoluments of the Directors and Statutory Auditors of Interpump Group S.p.A. in 2022 were, respectively, €7,499k and €105k and they include remuneration resolved by the Shareholders' Meeting, the remuneration established by the Board of Directors for directors vested with special offices, including bonuses and the remunerative component deriving from stock option plans represented by the fair value of the options calculated at the time of their allocation, for the current portion.

25. Financial income and expenses

	2022 (€/000)	2021 (€/000)
Financial income		
Interest income from liquid funds	128	3
Interest income from financial assets (intercompany loans)	1,541	1,356
Other financial income	57	72
Foreign exchange gains	1,082	672
Total	2,808	2,103

	2022 (€/000)	2021 (€/000)
Financial charges		
Interest expense on bank loans	5,130	859
Interest expense on leasing payables (IFRS 16)	22	53
Interest expense on liquid funds	-	17
Financial charges for adjustment of estimated debt	-	-
Other financial charges	302	87
Foreign exchange losses	1,037	74
Total	6,491	1,090

26. Income taxes

The reconciliation of taxes calculated on the basis of the nominal rates in force and the effective tax burden is a follows:

	2022 (€/000)	2021 (€/000)
IRES		
Profit before taxes from the income statement	112,548	95,581
Theoretical taxes at nominal rate (24%)	27,012	22,939
Lower taxes for non-taxable dividends	(19,759)	(17,660)
Higher taxes due to non-deductible adjustments to the value of investments	3,331	1
Lower taxes due to IRAP deduction relating to expenses for employees and similar	(71)	(78)
Lower taxes due to IRAP deduction on interest expenses	(35)	(23)
Lower taxes due to super and hyper depreciation	(622)	(533)
Lower taxes resulting from Economic Growth Assistance (ACE)	(666)	(759)
Higher (Lower) taxes due to tax benefit of franking goodwill	-	5,076
Taxes for prior financial years	(888)	(16)
Other	(32)	82
Total IRES	8,270	9,029

	2022 (€/000)	2021 (€/000)
IRAP (regional tax)		
Profit before taxes from the income statement	112,548	95,581
Theoretical taxes at nominal rate (4.65%)	5,233	4,445
Lower taxes for non-taxable dividends	(3,980)	(3,611)
Higher (Lower) taxes due to tax benefit of franking goodwill	-	983
Higher taxes for non-deductible payroll costs	41	68
Higher taxes for non-deductible directors' emoluments	332	344
Higher (Lower) taxes due to non-deductible financial expenses	(21)	(22)
Taxes for prior financial years	(104)	12
Higher taxes due to non-deductible adjustments to the value of investments	645	-
Other	43	24
Total IRAP	2,189	2,243
Total income taxes recognized in the income statement	10,459	11,272

Taxes recognized in the income statement can be broken down as follows:

	2022 (€/000)	2021 (€/000)
Current taxes	(11,664)	(5,194)
Current taxes for prior financial years	992	4
Deferred taxes	213	(6,082)
Total taxes	(10,459)	(11,272)

Deferred tax recognized in the income statement can be broken down as follows:

	2022 (€/000)	2021 (€/000)
Deferred tax assets generated in the year	1,363	561
Deferred tax liabilities generated in the year	(690)	(25)
Deferred tax assets transferred to the income statement	(1,097)	(6,647)
Deferred tax liabilities recognized in the income statement	637	29
Total deferred taxes	213	(6,082)

27. Earnings per share

Basic earnings per share

Earnings per share are calculated on the basis of profit for the year divided by the weighted average number of ordinary shares during the year as follows:

	2022	2021
Profit for the year attributable to shareholders (€/000)	102,089	84,309
Average number of shares in circulation	105,593,321	106,664,662
Basic earnings per share for the year	0.967	0.790

Diluted earnings per share

Diluted earnings per share are calculated on the basis of diluted profit of the year 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:

	2022	2021
Profit for the year attributable to shareholders (€/000)	102,089	84,309
Average number of shares in circulation	105,593,321	106,664,662
Number of potential shares for stock option plans (*)	190,562	1,399,025
Average number of shares (diluted)	105,783,883	108,063,687
Earnings per diluted share at 31 December (EUR)	0.965	0.780

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

28. Notes to the cash flow statement

Property, plant and equipment

In 2022 the Company purchased property, plant and equipment totaling €6,858k (€6,978k in 2021). This expenditure involved the payment of €6,721k, inclusive of the payment of past debts for the same purpose and net of payables deferred to the following year (€5,910k in 2021).

Cash and cash equivalents

This item can be broken down as follows:

	31/12/2022 (€/000)	31/12/2021 (€/000)	01/01/2021 (€/000)
Cash and cash equivalents as per the consolidated statement of financial position	188,778	135,514	136,677
Bank payables (current account overdrafts and advances subject to collection and accrued interest payable)	(2,519)	(106)	(207)
Cash and cash equivalents as per the consolidated cash flow statement	186,259	135,408	136,470

Net financial position and cash-flow statement

For the amount and details of the main components of the net financial position and the changes in 2022 and 2021, please see Section 4 "Loans" in the "Report on operations" accompanying the financial statements of Interpump Group S.p.A. at 31 December 2022.

29. Commitments

The Company has commitments to purchase property, plant and equipment totaling €1,989k (€4,720k at 31 December 2021) and commitments for intangible assets totaling €116k (€181k at 31 December 2021).

The Company also has commitments to purchase investments totaling €10,150k (€10,150k at 31 December 2021 as well) and has given secured guarantees to third parties totaling €16,975k and consolidated companies totaling €1,990k (respectively €245k and €438k at 31 December 2021).

30. Transactions with related parties

With regard to transactions with Group companies, please see sections 5 and 6 of the "Report on operations" accompanying the financial statements of Interpump Group S.p.A. at 31 December 2022.

The above transactions were carried out on arm's-length conditions.

31. Events occurring after the close of the year

On 20 February 2023 Interpump Group S.p.A. acquired 85% of the capital of Indoshell Automotive System India P.L. 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 €12m and an EBITDA of about €2m. The value of this operation was fixed at around €8m and "put and call" mechanisms were defined with a set price, through which Interpump Group can, starting from April 2027, acquire the remaining 15% interest from Indoshell Mould Limited.

See the "Report on operations" accompanying the Consolidated Annual Financial Report at 31 December 2022 for information about subsequent events relating to the Group.

32. Proposal to the Shareholders' Meeting

The profit for the year was EUR 102,089,514. We propose:

- allocation of the net profit for the year to the Extraordinary Reserve, since the legal reserve has already reached the limit of one-fifth of the subscribed and fully-paid share capital;
- partial distribution of the Extraordinary Reserve by declaring a dividend of EUR 0.30 for each share in circulation including the right as per art. 2357-(3) subsection 2 of the Italian Civil Code. For fiscal purposes, the entire dividend of €0.30 per share is taxable in the hands of the recipient and was drawn from the profit reserves accumulated in 2016 and 2017.

Annex 1

Attestation of the separate financial statements pursuant to art. 81-(3) of Consob regulation no. 11971 of 14 May 1999, as amended

1. The undersigned, Fulvio Montipò and Giovanni Poletti, respectively Executive Director and Chief Reporting Officer of Interpump Group S.p.A., taking account also of the provisions of art. 154-(2), subsections 3 and 4 of Decree 58 dated 24 February 1998, attest to:
   - adequacy, in relation to the characteristics of the business and
   - effective application, of the administrative and accounting procedures for formation of the financial statements during 2022.
2. We further confirm that the separate financial statements of Interpump Group S.p.A. for the year ended 31 December 2022, showing total assets of €1,414,410,002, net profit of €102,089,514 and shareholders' equity of €604,893,493:
   a. correspond to the results of the company books and accounting entries;
   b. were prepared in compliance with the international accounting standards approved by the European Commission further to the enforcement of Ruling (CE) no. 1606/2002 of the European Parliament and the European Council of 19 July 2002, and the provisions issued in implementation of art. 9 of Italian legislative decree 38/2005 and the contents are suitable for providing a truthful and fair representation of the equity, economic and financial situation of the Company;
   c. include the Board of Directors' Report, which contains a reliable analysis of performance and results and the situation of the issuer together with a description of the main risks and uncertainties to which it is exposed.

Sant'Ilario d'Enza (RE), 17 March 2023

Fulvio Montipò Chairman and Chief Executive Officer	Giovanni Poletti Chief Reporting Officer

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Independent auditor's report
pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
Interpump Group S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Interpump Group S.p.A. (the Company), which comprise the statement of financial position as at 31 December 2022, and the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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We identified the following key audit matter:

Key Audit Matter	Audit Response
Valuation of investments in subsidiaries Investments in subsidiaries as at December 31, 2022 amount to Euro 944,0 million. The processes and valuation methodologies for assessing and determining the recoverable amount of each investments in subsidiaries are based on assumptions, sometimes complex, that by their nature require the Directors' judgment, in particular with reference to the identification of impairment indicators, forecasted future cash flows for the period covered by the Group's business plan, the determination of the normalized future cash flows underlying the estimated terminal value, as well as the determination of long-term growth rates and discount rates applied to the forecasted future cash flows. Considering the judgment required and the complexity of the assumptions underlying the estimation of the recoverable amount of investments in subsidiaries, we considered this area as a key audit matter. The financial statements disclosures related to the valuation of investments in subsidiaries are included in note 2.1 "Accounting standards" and note 10 "Investments in subsidiaries".	Our audit procedures performed to address this key audit matter include, among others, consistent with the impairment test for the consolidated financial statements: • the assessment of the process and key controls implemented by the Company regarding the valuation of investments in subsidiaries; • the assessment of the process adopted by the Company regarding the presence of any impairment indicator on the recoverability; • the assessment of forecasted future cash flows; • the assessment of the consistency of the forecasted future cash flows of each investments in subsidiaries with the Group's business plan for the period 2023-2027; • the assessment of the reasonableness of the estimates made by Directors, also by comparing actual figures and estimates made in previous periods; • the assessment of the long-term growth rates and discount rates. In performing our audit procedures, we also involved our expert in valuation techniques who independently performed a recalculation and sensitivity analyses on key assumptions in order to determine any changes in assumptions that could significantly impact the valuation of the recoverable amount of investments in subsidiaries. Lastly, we reviewed the adequacy of the disclosures provided in the notes to the financial statements regarding this key audit matter.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

However, future events or conditions may cause the Company to cease to continue as a going concern;

- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Interpump Group S.p.A., in the general meeting held on April 30, 2014, engaged us to perform the audits of the financial statements for each of the years ending 31 December 2014 to 31 December 2022.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion on the compliance with Delegated Regulation (EU) 2019/815

The Directors of Interpump Group S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulations (EU) 2019/815 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF – European Single Electronic Format) (the "Delegated Regulation") to the financial statements, to be included in the annual financial report.

We have performed the procedures under the auditing standard SA Italia n. 700B, in order to express an opinion on the compliance of the financial statements as at 31 December 2022 with the provisions of the Delegated Regulation.

In our opinion, the financial statements as at 31 December 2022 have been prepared in the XHTML format in compliance with the provisions of the Delegated Regulation.

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Interpump Group S.p.A. are responsible for the preparation of the Board of Directors' Report and of the Report on Corporate Governance and Ownership Structure of Interpump Group S.p.A. as at 31 December 2022, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Board of Directors' Report and of specific information included in the Report on Corporate Governance and Ownership Structure, published in the section "Governance" of Interpump Group S.p.A.'s website, as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the financial statements of Interpump Group S.p.A. as at 31 December 2022 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Board of Directors' Report and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the financial statements of Interpump Group S.p.A. as at 31 December 2022 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Bologna, March 30, 2023

EY S.p.A.
Signed by: Elisa Vicenzi, Auditor

The accompanying financial statements of Interpump Group S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's 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.