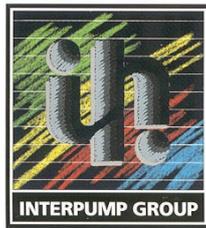


**Half-year financial report  
at 30 June 2022  
and  
Interim Board of Directors' Report  
for Q2 2022**



**Interpump Group S.p.A. and subsidiaries**



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This document can be accessed on the Internet at:

[www.interpumpgroup.it](http://www.interpumpgroup.it)

### **Interpump Group S.p.A.**

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

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

Reggio Emilia Companies Register - Tax Code 11666900151



## **Board of Directors**

Fulvio Montipò  
*Chairman and Chief Executive Officer*

Giovanni Tamburi (b)  
*Deputy Chairman*

Fabio Marasi  
*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*

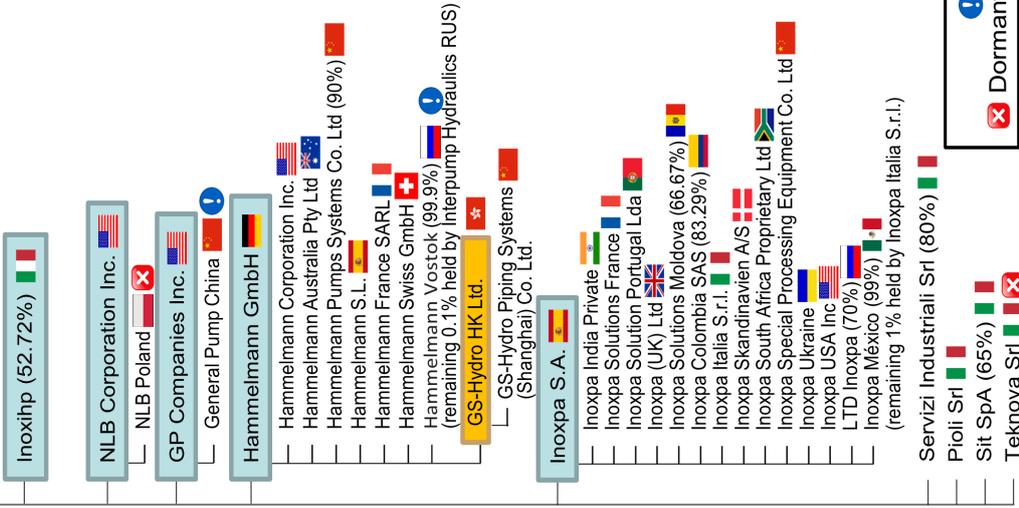


# Group Structure

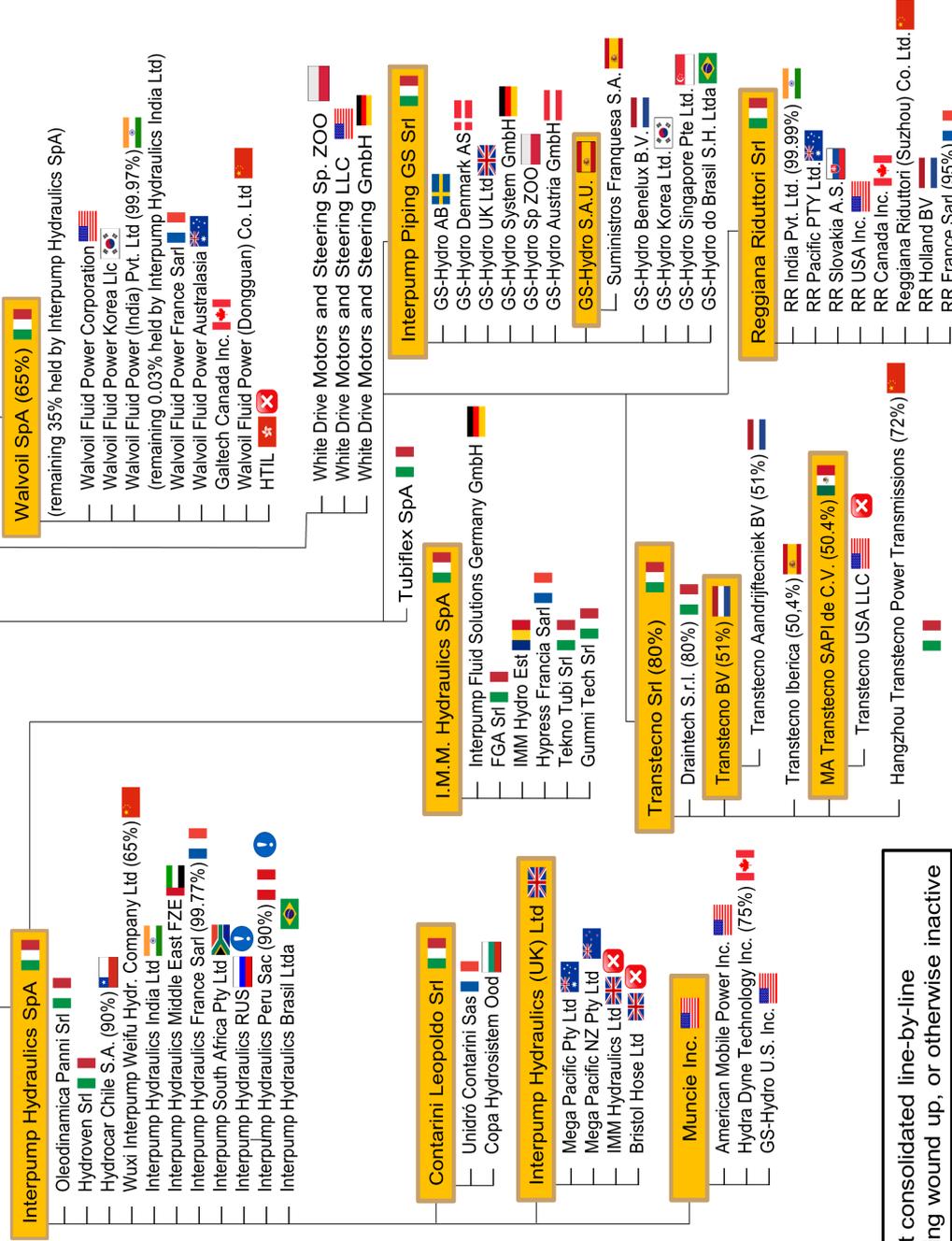


as at 30/06/2022  
all holdings 100% unless otherwise specified

## WATER-JETTING



## HYDRAULICS



Not consolidated line-by-line  
 Dormant, being wound up, or otherwise inactive



## **Interim Board of Directors' Report**



**Directors' remarks on performance  
in H1 2022**

## PERFORMANCE INDICATORS

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

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

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

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

The cash flow statement was prepared using the indirect method.

**H1 consolidated income statements**

(€/000)	<u>2022</u>	<u>2021</u>
<b>Net sales</b>	<b>1,026,292</b>	<b>781,054</b>
Cost of sales	(666,379)	(492,984)
<b>Gross industrial margin</b>	<b>359,913</b>	<b>288,070</b>
<i>% on net sales</i>	<i>35.1%</i>	<i>36.9%</i>
Other operating revenues	14,954	11,386
Distribution expenses	(77,097)	(61,768)
General and administrative expenses	(98,913)	(80,007)
Other operating costs	(7,209)	(3,503)
<b>EBIT</b>	<b>191,648</b>	<b>154,178</b>
<i>% on net sales</i>	<i>18.7%</i>	<i>19.7%</i>
Financial income	15,157	7,613
Financial charges	(15,224)	(11,330)
Equity method contribution	(140)	141
<b>Profit for the period before taxes</b>	<b>191,441</b>	<b>150,602</b>
Income taxes	(51,928)	(22,270)
<b>Consolidated net profit for the period</b>	<b>139,513</b>	<b>128,332</b>
<i>% on net sales</i>	<i>13.6%</i>	<i>16.4%</i>
<b>Attributable to:</b>		
Shareholders of Parent	138,124	126,953
Minority shareholders of subsidiaries	1,389	1,379
<b>Consolidated profit for the period</b>	<b>139,513</b>	<b>128,332</b>
<b>EBITDA</b>	<b>241,700</b>	<b>193,308</b>
<i>% on net sales</i>	<i>23.6%</i>	<i>24.7%</i>
Shareholders' equity	1,400,320	1,262,219
Net financial position	628,808	206,710
Payables for the acquisition of investments	53,219	65,555
Capital employed	2,082,347	1,534,484
<b>Unannualized ROCE</b>	<b>9.2%</b>	<b>10.0%</b>
<b>Unannualized ROE</b>	<b>10.0%</b>	<b>10.2%</b>
<b>Basic earnings per share</b>	<b>1.304</b>	<b>1.189</b>

## **SIGNIFICANT EVENTS DURING H1 2022**

The world economy recovered considerably during 2021, following the relaxation of restrictive measures linked to the pandemic and the acceleration of vaccination campaigns. This recovery was supported by national plans that encouraged the development of infrastructure, energy transition and digitalization projects. The strong upturn in economic activity was accompanied by a sharp spike in inflation, which was mostly obviously reflected in the higher cost of energy and raw materials and compounded by the constant interruption of supply chains. These positive trends continued during the first semester of 2022, with a significant increase in demand after the excellent performance delivered in the prior year. Results also benefited from the ability to implement pricing policies that made it possible to contain the inflationary pressures on costs. Additionally, the exposure to countries involved in the military conflict in Ukraine is limited. In particular, during the first half of 2022 the Interpump Group invoiced €9.3m to customers in Russia, Belarus and Ukraine, with outstanding receivables at 30 June 2022 of just €0.8m.

Against this troubled macroeconomic background, a further adversity was added during the second quarter of 2022. Specifically, 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 Q2 results were therefore adversely influenced by the writedown of fixed assets by €4.7m and inventory losses of €1.6m. The insurance policies arranged by the Group cover the direct and indirect losses deriving from this event, but the results for the period ended 30 June 2022 do not reflect any insurance reimbursements, since the related amounts still need to be assessed and quantified. 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. The objective is to start work on the reconstruction of the plant as soon as possible, with completion scheduled for mid-2023. The strategic plan for the recovery of production should enable the Interpump 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 sales and profitability.

Sales reached €1,026.3m, up by 31.4% compared to H1 2021 when they totaled €781.1m. Analysis by business sector shows that sales in the Hydraulic Sector were 39.3% higher than in H1 2021, while those in the Water-Jetting Sector were 12.6% ahead

EBITDA was €241.7m, equivalent to 23.6% of sales, following a rise of 25.0%. In H1 2021 EBITDA was €193.3m (24.7% of sales).

Given the procurement difficulties, during the semester the Group continued the inventory-building policy implemented in the prior year. For this reason and due to the major investment program that was previously planned and implemented, the free cash flow generated during the first half of 2022 totaled €12.0m, compared with €97.3m in H1 2021. The net financial position at 30 June 2022 totals €628.9m (€494.9m at 31 December 2021) after spending €94.8m on treasury shares, paying dividends of €29.9m and investing €32.6m to acquire equity investments and residual minority interests.

Net profit for H1 2022 was €139.5m (€128.3m in H1 2021) reflecting an increase of 8.7%.

Compared with H1 2021, the Hydraulic Sector has consolidated a number of additional companies in 2022: the three White Drive companies acquired in October 2021, Berma S.r.l. acquired in November 2021 and absorbed by Reggiana Riduttori with effect from 1 January 2022, and Draintech S.r.l., which was acquired on 11 April 2022 and consolidated for just one month.

## NET SALES

Net sales in H1 2022 totaled €1,026.3m, up by 31.4% compared with €781.1m in H1 2021 (+16.5% at unchanged perimeter +12.6% also net of exchange differences).

Sales by business sector and geographical area were as follows:

(€/000)	<u>Italy</u>	<u>Rest of Europe</u>	<u>North America</u>	<u>Pacific Area</u>	<u>Rest of the World</u>	<u>Total</u>
<i>H1 2022</i>						
Hydraulics	143,210	280,576	198,880	79,676	63,780	766,122
Water-Jetting	<u>27,180</u>	<u>85,514</u>	<u>98,732</u>	<u>27,682</u>	<u>21,062</u>	<u>260,170</u>
Total	<u>170,390</u>	<u>366,090</u>	<u>297,612</u>	<u>107,358</u>	<u>84,842</u>	<u>1,026,292</u>
<i>H1 2021</i>						
Hydraulics	113,825	197,006	119,604	67,815	51,756	550,006
Water-Jetting	<u>21,978</u>	<u>85,547</u>	<u>76,915</u>	<u>29,376</u>	<u>17,232</u>	<u>231,048</u>
Total	<u>135,803</u>	<u>282,553</u>	<u>196,519</u>	<u>97,191</u>	<u>68,988</u>	<u>781,054</u>
2022/2021 percentage changes						
Hydraulics	+25.8%	+42.4%	+66.3%	+17.5%	+23.2%	+39.3%
Water-Jetting	+23.7%	-	+28.4%	-5.8%	+22.2%	+12.6%
Total	+25.5%	+29.6%	+51.4%	+10.5%	+23.0%	+31.4%

The changes at unchanged perimeter are as follows:

2022/2021 percentage changes						
Hydraulics	+18.4%	+17.1%	+25.1%	+7.8%	+18.6%	+18.1%
Water-Jetting	+23.7%	-	+28.4%	-5.8%	+22.2%	+12.6%
Total	+19.2%	+11.9%	+26.4%	+3.7%	+19.5%	+16.5%

## PROFITABILITY

The cost of sales accounted for 64.9% of turnover (63.1% in the first half of 2021). Production costs totaled €264.0m (€194.9m in H1 2021, which however did not include the costs of the three White Drive companies, Berma and Draintech), accounting for 25.7% of sales (25.0% in H1 2021). At unchanged perimeter, production costs were 24.8% of sales (0.2% of sales lower than in the same period of 2021). The purchase cost of raw materials and components sourced on the market, including changes in inventories, was €402.4m (€298.1m in the same period of 2021, which however did not include the costs of the three White Drive companies, Berma and Draintech). The incidence of purchase costs, including changes in inventories, was 39.2% compared with 38.2% in H1 2021.

At unchanged perimeter, distribution costs were 16.5% higher than in H1 2021 (+12.3% net also of exchange differences), while their incidence on sales was unchanged. Trade fairs and travel by commercial personnel recommenced following the lifting of pandemic-related restrictions, which explains a significant part of the increase in distribution costs.

At unchanged perimeter, general and administrative expenses were 10.5% higher than in H1 2021 (+7.3% net of exchange differences), but their incidence on sales fell by 0.5 percentage points.

Payroll costs totaled €212.1 million (€175.4 million in H1 2021, which however did not include the costs of the three White Drive companies, Berma and Draintech). At unchanged perimeter, payroll costs amounted to €190.6m, up by 8.7% due to a 5.0% increase in per capita cost and a rise in the average headcount by 261 employees. The average total number of Group employees in H1 2022 was 8,692 (7,688 at unchanged perimeter) compared to 7,427 in H1 2021. Excluding persons employed by the new companies, the increase in average headcount during H1 2022 is analyzed as follows: +145 in Europe, +22 in the US and +94 in the Rest of the World. In addition, the Group employs 1,533 temporary workers (1,024 in 2021) at a cost of €18.7m (€11.1m in 2021).

EBITDA totaled €241.7m (23.6% of sales) compared to €193.3m in H1 2021, which represented 24.7% of sales. The following table analyzes EBITDA by business sector:

	<i>H1 2022</i>	<i>% on</i>	<i>H1 2021</i>	<i>% on</i>	<i>Increase/</i>
	<i>€/000</i>	<i>total</i>	<i>€/000</i>	<i>total</i>	<i>Decrease</i>
		<i>sales*</i>		<i>sales*</i>	
Hydraulics	167,305	21.8%	126,377	23.0%	+32.4%
Water-Jetting	<u>74,395</u>	28.4%	<u>66,931</u>	28.6%	+11.2%
<b>Total</b>	<b><u>241,700</u></b>	<b>23.6%</b>	<b><u>193,308</u></b>	<b>24.7%</b>	<b>+25.0%</b>

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

EBITDA for H1 2022 was adversely affected by the destruction of inventories totaling €1.6m due to the fire at the plant in Romania. Excluding this phenomenon and at unchanged perimeter, EBITDA for H1 2022 would have been 24.3% of sales, while that the Hydraulic Sector would have been 22.0% of sales. The process of integrating the White Drive business (Hydraulic Sector) is best evaluated after a full semester has elapsed. The plan prepared at the time of acquisition is being respected with, as expected, only limited dilution of the profitability of the Group.

EBIT was €191.6m (18.7% of sales) compared with €154.2m in H1 2021 (19.7% of sales), reflecting an increase of 24.3%. EBIT for H1 2022 was also affected by the destruction of fixed assets and inventories totaling €6.3m due to the fire at the plant in Romania. Excluding this phenomenon, EBIT would have totaled €197.9m, representing 19.3% of sales (+28.4% with respect to H1 2021).

The tax rate for the period was 27.1% (14.8% in H1 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 operation resulted in the recognition of tax benefits totaling €20.1m. Net of this one-off effect, the tax rate would have been 28.1%.

Net profit for H1 2022 was €139.5m (€128.3m in H1 2021) reflecting an increase of 8.7% (+35.6% net of costs related to the fire in Romania and the aforementioned tax benefit). Basic earnings has risen from EUR 1.189 in H1 2021 to EUR 1.304 in H1 2022.

Capital employed has increased from €1,912.4m at 31 December 2021 to €2,082.3m at 30 June 2022. This rise reflects the increase in working capital caused by the combined effect of strong sales growth, as reflected in the level of trade receivables, and the decision of the Group to support this expansion adequately via higher inventories. Given the rise in inflation and the ever greater difficulty of sourcing raw and consumable materials, this policy shields productive capacity as much as possible so that customer needs can be satisfied effectively. Unannualized ROCE was 9.2% (10.0% in H1 2021). Unannualized ROE was 10.0% (10.2% in H1 2021).

## CASH FLOW

The change in net indebtedness breaks down as follows:

	<i>H1 2022</i>	<i>H1 2021</i>
	<u>€/000</u>	<u>€/000</u>
<b>Opening net financial position</b>	<b>(494,924)</b>	<b>(269,500)</b>
Adjustment: opening net cash position of companies not consolidated line by line at the end of the prior year	-	(161)
<b>Adjusted opening net financial position</b>	<b>(494,924)</b>	<b>(269,661)</b>
Cash flow from operations	196,891	169,825
Principal portion of leasing installments paid	(10,032)	(9,235)
Cash flow generated (absorbed) by the management of commercial working capital	(129,263)	(41,247)
Cash flow generated (absorbed) by other current assets and liabilities	6,310	12,100
Investment in property, plant and equipment	(48,498)	(32,696)
Proceeds from the sale of tangible fixed assets	855	1,467
Investment in other intangible assets	(3,337)	(2,982)
Financial income received	232	286
Other	<u>(1,208)</u>	<u>(195)</u>
<b>Free cash flow</b>	<b>11,950</b>	<b>97,323</b>
Acquisition of investments, including received debt and net of treasury shares assigned	(32,621)	(5,363)
Dividends paid	(29,870)	(28,434)
Outlays for the purchase of treasury shares	(94,793)	(5,767)
Proceeds from the sale of treasury shares to stock option beneficiaries	8,017	426
Principal portion of leasing installments paid	10,032	9,235
Principal portion of new leasing contracts arranged	(7,955)	(6,132)
Restatement and early redemption of leasing contracts	(254)	957
Change in other financial assets	<u>86</u>	<u>(197)</u>
<b>Net cash generated (used)</b>	<b>(135,408)</b>	<b>62,048</b>
Exchange differences	<u>1,524</u>	<u>903</u>
<b>Closing net financial position</b>	<b><u>(628,808)</u></b>	<b><u>(206,710)</u></b>

Net liquidity generated by operations totaled €196.9m (€169.8m in H1 2021), reflecting an increase of 15.9%. Free cash flow was €12.0m (€97.3m in H1 2021), with a reduction that 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 the payables and commitments identified in ESMA 32-382-1138 and adopted by Consob in communication no. 5/21, comprises:

	30/06/2022	31/12/2021	30/06/2021	31/12/2020
	<u>€/000</u>	<u>€/000</u>	<u>€/000</u>	<u>€/000</u>
Cash and cash equivalents	311,870	349,015	401,412	343,170
Bank payables (advances and STC amounts)	(21,148)	(7,760)	(6,355)	(10,592)
Interest-bearing financial payables (current portion)	(268,998)	(232,213)	(178,787)	(181,603)
Interest-bearing financial payables (non-current portion)	<u>(650,532)</u>	<u>(603,966)</u>	<u>(422,980)</u>	<u>(420,475)</u>
<i>Net financial position</i>	<i>(628,808)</i>	<i>(494,924)</i>	<i>(206,710)</i>	<i>(269,500)</i>
Commitments to acquire equity investments	<u>(53,219)</u>	<u>(77,794)</u>	<u>(65,555)</u>	<u>(62,686)</u>
<b>Total net indebtedness</b>	<b><u>(682,027)</u></b>	<b><u>(572,718)</u></b>	<b><u>(272,265)</u></b>	<b><u>(332,186)</u></b>

At 30 June 2022 all loan covenants are complied with in full.

## CAPITAL EXPENDITURE

Expenditure on property, plant and machinery totaled €59.6m, of which €0.5m via the acquisition of equity investments (€45.4m, of which €1.8m via the acquisition of equity investments in H1 2021). The additions are analyzed in the following table.

€/000	H1 2022 <u>€/000</u>	H1 2021 <u>€/000</u>
Increases for the purchase of fixed assets used in the production process	48,300	32,385
Increases for machinery rented to customers	2,879	5,032
Leased assets	<u>7,955</u>	<u>6,132</u>
<i>Capex</i>	59,134	43,549
Increases via the acquisition of equity investments	<u>483</u>	<u>1,811</u>
Total increases in the period	<u>59,617</u>	<u>45,360</u>

The increases in H1 2022 include €13.5m invested in land and buildings (€13.9m in H1 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 amounted to €3.4m (€3.1m in H1 2021).

## **INTERCOMPANY AND RELATED PARTY TRANSACTIONS**

The transactions entered into with related parties, including intercompany transactions, cannot be defined as either atypical or unusual, as they are carried out in the ordinary course of business between Group companies. They are settled on arm's-length conditions, taking into account the characteristics of the assets transferred and services rendered. Information on transactions carried out with related parties is given in Note 10 of the Interim Board of Directors' Report at 30 June 2022.

## **CHANGES IN GROUP STRUCTURE DURING H1 2022**

With effect from 1 January 2022 Berma S.r.l. was absorbed by Reggiana Riduttori S.r.l.

On 11 April 2022 Interpump Group announced the acquisition, via Transtecno, of 80% of Draintech. This company, based on Anzola dell'Emilia (BO), produces gears and precision components for mechanical transmissions, as well as a complete line of trapezoidal screw jacks. The 2021 sales of Draintech totaled €3.8m, with an EBITDA margin of about 20%. The total value of the company was set at €2.7m. The “put and call” mechanisms have already been established, so that the counterparties can purchase and sell the remaining 20% equity interest from April 2025. The founders of Draintech will remain involved in the activities of the company.

Put options for the residual quotas in Mega Pacific were also exercised during the semester, together with those for an additional 20% of Transtecno S.r.l. Additionally, the residual minority interests in Gummi Tech S.r.l. were acquired.

## **RISK FACTORS**

The business of the Group is exposed to various financial risks: market risk (including the exchange rate risk and interest rate risk), credit risk, liquidity risk, price risk and cash flow risk. The risk management program is based on the unpredictability of financial markets and aims to minimize any adverse impacts on the financial performance of the Group. Based on the policy approved by the Board of Directors, Interpump Group may use derivative financial instruments to hedge the exposure to exchange-rate and interest-rate risks, but cannot arrange derivative financial instruments for speculative purposes. Based on this procedure, financial risk hedging is managed by a central department in the parent company in cooperation with individual operating units. Group exposure to financial risks is substantially unchanged with respect to 31 December 2021.

### *Exchange risk*

The Group has subsidiaries in 34 countries and has to translate financial statements denominated in 26 currencies other than the euro. Accordingly, the Group is primarily exposed to the risk arising on translating the financial statements of the companies concerned.

The Group operates internationally and mostly manufactures in the countries of the destination markets. As such, the majority of local currency revenues are naturally absorbed by costs incurred in the same currency. On a residual level however, the Group is exposed to the exchange-rate risk that derives from transactions with costs and revenues in different currencies, mainly in relation to exchange with the US Dollar, the Brazilian Real, the Indian Rupee, the Chinese Renminbi and, to a much lesser extent, to the exchange risk deriving from exposure to UK sterling, the Canadian Dollar, the Australian Dollar, the Russian Ruble, the South African Rand, the UAE Dirham, the Chilean, Mexican and Colombian Pesos, the Danish Krone and the Romanian Leu.

In view of the significant natural hedge described above, management has decided not to arrange specific hedges except for single and sporadic transactions.

In relation to financial exposure, intercompany loans totaling €6.2m were granted in H1 2022 and loans of €0.7m were repaid in currencies other than those utilized by the debtor companies. At 30 June 2022 loans granted in currencies other than those used by the debtor companies total €30.4m, up by €5.4m from €25.0m at 31 December 2021. The Group decided to continue the strategy of not hedging this exposure in H1 2022 as well.

#### *Interest rate risk*

With the exception of €3.41m, all liquidity is held at floating rates at 30 June 2022; likewise, except for €3.8m, all bank loans and financial payables bear interest at floating rates.

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

#### *Credit risk*

The Group is not exposed to any significant concentrations of sales and historically it has not suffered any significant losses on receivables thanks also to its attentive policy of selling to customers only following a careful assessment of their credit rating and also within preset credit limits. At present, the Group considers the receivables situation to be sound, as evidenced - among other considerations - by losses on receivables at 30 June 2022 totaling €806k (0.1% of sales), compared to losses on receivables in H1 2021 of €947k (0.1% of sales). The potential risk has already been assessed and provided against in the financial statements.

#### *Liquidity risk*

Together with the resources generated by operating and financing activities, management considers that the funds and lines of credit currently available will enable the Group to meet the requirements deriving from investing activities, the management of working capital and the settlement of payables as they fall due, while also supporting the pursuit of a growth strategy that includes targeted acquisitions capable of creating value for the shareholders. Cash on hand at 30 June 2022 totals €311.9m. As in the past, the amount of cash on hand and the further cash to be generated from the operating activities of the Group during H1 2022 are definitely factors that will make it possible to reduce the exposure of the Group to liquidity risk.

#### *Price risk*

The Group is exposed to risks deriving from fluctuations in the prices of the metals utilized, namely brass, aluminum, steel, stainless steel, cast iron and, to a lesser extent, copper, sheet steel and mild steel. Even though the various Group Sectors have a similar exposure to fluctuations of metals prices, they adopt different risk reduction strategies depending on the specific metals involved. Please refer to the notes to the financial statements at 31 December 2021 for more complete information.

The market prices of raw materials have continued to escalate since 31 December 2021, reaching new records on almost a daily basis. Wherever 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. The Group 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.

*Climate change risk*

Following recent comments from the European Securities and Markets Authority (ESMA) about the importance of certain climate change matters and the energy transition for the activities of the Group, as well as the regulatory developments and EU level, the Group has carried out an initial assessment of the potential physical and transitional risks deriving from climate change. In this context, the above assessment indicates that the Group is not particularly exposed, in the short term, to the physical risks associated with climate change, given the nature of its business and the geographical location of its productive plants. At this time, these factors are not thought to have had a significant impact on the judgments and estimates used to prepare this Interim Board of Directors' Report. Nevertheless, these aspects will be examined further in the coming months, with particular reference to the transitional risks and recent developments in the international situation.

**EVENTS OCCURRING AFTER THE END OF H1 2022**

No atypical or unusual transactions have been carried out subsequent to 30 June 2022 that would call for changes to the consolidated financial statements at 30 June 2022.

**Directors' remarks on performance  
in Q2 2022**



**Q2 consolidated income statements**

(€/000)	<u>2022</u>	<u>2021</u>
<b>Net sales</b>	<b>537,612</b>	<b>405,485</b>
Cost of sales	(348,424)	(253,913)
<b>Gross industrial margin</b>	<b>189,188</b>	<b>151,572</b>
<i>% on net sales</i>	35.2%	37.4%
Other operating revenues	7,400	5,844
Distribution expenses	(40,253)	(31,924)
General and administrative expenses	(51,083)	(41,268)
Other operating costs	(6,249)	(1,734)
<b>EBIT</b>	<b>99,003</b>	<b>82,490</b>
<i>% on net sales</i>	18.4%	20.3%
Financial income	8,433	2,553
Financial charges	(6,082)	(7,173)
Equity method contribution	(304)	72
<b>Profit for the period before taxes</b>	<b>101,050</b>	<b>77,942</b>
Income taxes	(27,605)	(3,397)
<b>Consolidated profit for the period</b>	<b>73,445</b>	<b>74,545</b>
<i>% on net sales</i>	13.7%	18.4%
<b>Attributable to:</b>		
Shareholders of Parent	72,719	73,861
Minority shareholders of subsidiaries	726	684
<b>Consolidated profit for the period</b>	<b>73,445</b>	<b>74,545</b>
<b>EBITDA</b>	<b>127,491</b>	<b>101,837</b>
<i>% on net sales</i>	23.7%	25.1%
Shareholders' equity	1,400,320	1,262,219
Net financial position	628,808	206,710
Payables for the acquisition of investments	53,219	65,555
Capital employed	2,082,347	1,534,484
<b>Unannualized ROCE</b>	<b>4.8%</b>	<b>5.4%</b>
<b>Unannualized ROE</b>	<b>5.2%</b>	<b>5.9%</b>
<b>Basic earnings per share</b>	<b>0.689</b>	<b>0.692</b>

## NET SALES

Net sales in Q2 2022 totaled €537.6m, up by 32.6% compared with €405.5m in Q2 2021 (+17.3% at unchanged perimeter and +12.5% also net of exchange differences).

Net sales in Q2 are analyzed below by business sector and geographical area:

(€/000)	<u>Italy</u>	<u>Rest of Europe</u>	<u>North America</u>	<u>Pacific Area</u>	<u>Rest of the World</u>	<u>Total</u>
<i>Q2 2022</i>						
Hydraulics	75,077	144,959	106,062	41,583	33,592	401,273
Water-Jetting	<u>14,440</u>	<u>44,658</u>	<u>53,520</u>	<u>13,912</u>	<u>9,809</u>	<u>136,339</u>
Total	<u>89,517</u>	<u>189,617</u>	<u>159,582</u>	<u>55,495</u>	<u>43,401</u>	<u>537,612</u>
<i>Q2 2021</i>						
Hydraulics	59,972	103,754	60,919	34,702	23,774	283,121
Water-Jetting	<u>11,583</u>	<u>46,350</u>	<u>40,969</u>	<u>14,019</u>	<u>9,443</u>	<u>122,364</u>
Total	<u>71,555</u>	<u>150,104</u>	<u>101,888</u>	<u>48,721</u>	<u>33,217</u>	<u>405,485</u>
2022/2021 percentage changes						
Hydraulics	+25.2%	+39.7%	+74.1%	+19.8%	+41.3%	+41.7%
Water-Jetting	+24.7%	-3.7%	+30.6%	-0.8%	+3.9%	+11.4%
Total	+25.1%	+26.3%	+56.6%	+13.9%	+30.7%	+32.6%

The changes at unchanged perimeter are as follows:

2022/2021 percentage changes						
Hydraulics	+17.1%	+14.8%	+30.7%	+10.2%	+35.9%	+19.9%
Water-Jetting	+24.7%	-3.7%	+30.6%	-0.8%	+3.9%	+11.4%
Total	+18.4%	+9.1%	+30.6%	+7.1%	+26.8%	+17.3%

At unchanged perimeter and exchange rates, the “Hydraulic” and “Water-Jetting” Sectors achieved sales growth of 15.6% and 5.5% respectively.

## PROFITABILITY

The cost of sales accounted for 64.8% of turnover (62.6% in Q2 2021). Excluding the cost of inventories destroyed in the plant fire in Romania, the cost of sales at unchanged perimeter would have been 63.4% of sales. Production costs totaled €135.6m (€99.3m in Q2 2021, which however did not include the costs of the three White Drive companies, Berma and Draintech), accounting for 25.2% of sales (24.5% in Q2 2021). At unchanged perimeter, production costs in Q2 2022 were 24.5% of sales (+16.4% compared with the same period in 2021). The purchase cost of raw materials and components sourced on the market, including changes in inventories, was €212.8m (€154.6m in Q2 2021, which did not include the costs of the three White Drive companies, Berma and Draintech). The incidence of purchase costs, including changes in inventories, was 39.6% (38.1% in Q2 2021).

At unchanged perimeter, distribution costs rose by 26.1% with respect to Q2 2021, while their incidence on sales fell by 0.4 percentage points.

Net of consolidation differences, general and administrative expenses rose by 23.8% with respect to Q2 2021, while their incidence on sales fell by 0.7 percentage points.

EBITDA totaled €127.5m (23.7% of sales) compared with €101.8m in Q2 2021 (25.1% of sales), reflecting a 25.2% increase. The following table analyzes EBITDA by business sector:

	<i>Q2 2022</i>	<i>% on</i>	<i>Q2 2021</i>	<i>% on</i>	<i>Increase/</i>
	<i>€/000</i>	<i>total</i>	<i>€/000</i>	<i>total</i>	<i>Decrease</i>
		<i>sales*</i>		<i>sales*</i>	
Hydraulics	88,114	21.9%	65,890	23.2%	+33.7%
Water-Jetting	<u>39,377</u>	28.7%	<u>35,947</u>	29.0%	+9.5%
<b>Total</b>	<b><u>127,491</u></b>	<b>23.7%</b>	<b><u>101,837</u></b>	<b>25.1%</b>	<b>+25.2%</b>

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

EBITDA for Q2 2022 was adversely affected by the destruction of inventories totaling €1.6m due to the fire at the plant in Romania. Excluding this phenomenon and at unchanged perimeter, EBITDA for Q2 2022 would have been 24.7% of sales, while that the Hydraulic Sector would have been 22.3% of sales. The actual dilution of Group profitability during the quarter was therefore very limited - from 25.1% to 24.7% - highlighting both the rapid implementation and, above all, the effectiveness of the countermeasures adopted to protect profitability, during a quarter characterized by strong inflationary pressures. These were particularly marked, both in absolute terms and with respect to a comparative period that, practically unaffected by such phenomena, delivered record results for the Group.

EBIT was €99.0m (18.4% of sales) compared with €82.5m in Q2 2021 (20.3% of sales), reflecting an increase of 20.0%. EBIT for Q2 2022 was also affected by the destruction of fixed assets and inventories totaling €6.3m due to the fire at the plant in Romania. Excluding this phenomenon, EBIT would have totaled €105.3m, representing 19.6% of sales (+27.6% with respect to Q2 2021).

Q2 closed with a consolidated net profit of €73.4m (€74.5m in Q2 2021). Please see the note on the tax rate in the first half of 2021 for information about the tax benefit deriving from the revaluation of trademarks. Excluding costs relating to the fire in Romania and the one-off tax benefit recognized in Q2 2021, the consolidated net profit for Q2 2022 would have been 29.7% greater than in Q2 2021.

Basic earnings per share were EUR 0.689, compared to EUR 0.692 in Q2 2021.

## **BUSINESS OUTLOOK**

The current order backlog of the Interpump Group suggests that sales will continue to grow during the second semester, with the possibility of exceeding the historical threshold of €2b by the end of 2022. The Group is ready to tackle the foreseeable challenges and, at the same time, will continue to focus on cost control, financial management and the containment of working capital, so that the established growth path can be maintained.

Sant'Ilario d'Enza (RE), 2 August 2022

For the Board of Directors  
Fulvio Montipò  
Chairman and Chief Executive Officer

Carlo Banci, the manager responsible for drafting the company's accounting documents, declares - pursuant to art. 154-bis, para. 2, of the Consolidated Financial Services Act - that the accounting disclosures in this document correspond to the contents of the underlying documents, the accounting books and the accounting entries.

Sant'Ilario d'Enza (RE), 2 August 2022

Carlo Banci  
Manager responsible for drafting  
the company's accounting documents

## **Financial statements and notes**



## Consolidated statement of financial position

(€/000)	<u>Notes</u>	<u>30/06/2022</u>	<u>31/12/2021</u>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		311,870	349,015
Trade receivables		452,123	361,913
Inventories	4	632,565	515,958
Tax receivables		31,922	27,876
Other current assets		30,228	20,766
<b>Total current assets</b>		<b><u>1,458,708</u></b>	<b><u>1,275,528</u></b>
<b>Non-current assets</b>			
Property, plant and equipment	5	639,602	613,715
Goodwill	1	765,448	767,413
Other intangible assets		45,855	44,212
Other financial assets		2,619	2,250
Tax receivables		3,424	2,327
Deferred tax assets		66,190	63,658
Other non-current assets		2,606	2,183
<b>Total non-current assets</b>		<b><u>1,525,744</u></b>	<b><u>1,495,758</u></b>
Assets held for sale	6	-	1,460
<b>Total assets</b>		<b><u>2,984,452</u></b>	<b><u>2,772,746</u></b>

(€/000)	<u>Notes</u>	<u>30/06/2022</u>	<u>31/12/2021</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables		332,438	285,212
Payables to banks		21,148	7,760
Interest-bearing financial payables (current portion)		268,998	232,213
Tax liabilities		43,017	34,669
Other current liabilities		109,965	116,747
Provisions for risks and charges		5,187	4,694
<b>Total current liabilities</b>		<b><u>780,753</u></b>	<b><u>681,295</u></b>
<b>Non-current liabilities</b>			
Interest-bearing financial payables		650,532	603,966
Liabilities for employee benefits		24,344	23,937
Deferred tax liabilities		51,238	48,207
Tax liabilities		763	1,764
Other non-current liabilities		62,681	60,885
Provisions for risks and charges		13,821	13,028
<b>Total non-current liabilities</b>		<b><u>803,379</u></b>	<b><u>751,787</u></b>
<b>Total liabilities</b>		<b><u>1,584,132</u></b>	<b><u>1,433,082</u></b>
<b>SHAREHOLDERS' EQUITY</b>			
	7		
Share capital		54,569	55,327
Legal reserve		11,323	11,323
Share premium reserve		(17,151)	66,472
Remeasurement reserve for defined benefit plans		(8,171)	(8,170)
Translation reserve		41,872	6,013
Other reserves		1,305,525	1,197,234
<b>Group shareholders' equity</b>		<b><u>1,387,967</u></b>	<b><u>1,328,199</u></b>
Non-controlling interests		12,353	11,465
<b>Total shareholders' equity</b>		<b><u>1,400,320</u></b>	<b><u>1,339,664</u></b>
<b>Total shareholders' equity and liabilities</b>		<b><u>2,984,452</u></b>	<b><u>2,772,746</u></b>

## H1 consolidated income statements

(€/000)	<u>Notes</u>	<u>2022</u>	<u>2021</u>
<b>Revenues</b>		<b>1,026,292</b>	<b>781,054</b>
Cost of sales		(666,379)	(492,984)
<b>Gross industrial margin</b>		<b>359,913</b>	<b>288,070</b>
Other operating income		14,954	11,386
Distribution expenses		(77,097)	(61,768)
General and administrative expenses		(98,913)	(80,007)
Other operating costs		(7,209)	(3,503)
<b>EBIT</b>		<b>191,648</b>	<b>154,178</b>
Financial income	8	15,157	7,613
Financial charges	8	(15,224)	(11,330)
Equity method contribution		(140)	141
<b>Profit for the period before taxes</b>		<b>191,441</b>	<b>150,602</b>
Income taxes		(51,928)	(22,270)
<b>Consolidated profit for the period</b>		<b>139,513</b>	<b>128,332</b>
<b>Attributable to:</b>			
Shareholders of Parent		138,124	126,953
Minority shareholders of subsidiaries		1,389	1,379
<b>Consolidated profit for the period</b>		<b>139,513</b>	<b>128,332</b>
Basic earnings per share	9	1.304	1.189
Diluted earnings per share	9	1.292	1.176

## H1 comprehensive consolidated income statements

(€/000)	<u>2022</u>	<u>2021</u>
<b>Consolidated profit (A)</b>	<b>139,513</b>	<b>128,332</b>
<b>Other comprehensive income which will subsequently be reclassified to consolidated profit or loss</b>		
<i>Gains (losses) on translating the financial statements of foreign companies</i>	36,382	13,765
<i>Gains (losses) from companies accounted for using the equity method</i>	449	52
<i>Applicable taxes</i>	=	=
<b>Total other consolidated income which will subsequently be reclassified to consolidated profit or loss, net of the tax effect (B)</b>	<b><u>36,831</u></b>	<b><u>13,817</u></b>
<b>H1 comprehensive consolidated profit (A) + (B)</b>	<b><u>176,344</u></b>	<b><u>142,149</u></b>
<b>Attributable to:</b>		
Shareholders of Parent	173,983	140,406
Minority shareholders of subsidiaries	<u>2,361</u>	<u>1,743</u>
<b>Comprehensive consolidated profit for the period</b>	<b><u>176,344</u></b>	<b><u>142,149</u></b>

## Q2 consolidated income statements

(€/000)		2022	2021
<b>Revenues</b>		<b>537,612</b>	<b>405,485</b>
Cost of sales		(348,424)	(253,913)
<b>Gross industrial margin</b>		<b>189,188</b>	<b>151,572</b>
Other operating income		7,400	5,844
Distribution expenses		(40,253)	(31,924)
General and administrative expenses		(51,083)	(41,268)
Other operating costs		(6,249)	(1,734)
<b>EBIT</b>		<b>99,003</b>	<b>82,490</b>
Financial income	8	8,433	2,553
Financial charges	8	(6,082)	(7,173)
Equity method contribution		(304)	72
<b>Profit for the period before taxes</b>		<b>101,050</b>	<b>77,942</b>
Income taxes		(27,605)	(3,397)
<b>Consolidated net profit for the period</b>		<b>73,445</b>	<b>74,545</b>
<b>Attributable to:</b>			
Shareholders of Parent		72,719	73,861
Minority shareholders of subsidiaries		726	684
<b>Consolidated profit for the period</b>		<b>73,445</b>	<b>74,545</b>
Basic earnings per share	9	0.689	0.692
Diluted earnings per share	9	0.685	0.684

## Q2 comprehensive consolidated income statements

(€/000)	2022	2021
<b>Q2 consolidated profit (A)</b>	<b>73,445</b>	<b>74,545</b>
<b>Other comprehensive income (losses) which will subsequently be reclassified to consolidated profit or loss</b>		
<i>Gains (losses) on translating the financial statements of foreign companies</i>	25,850	(4,169)
<i>Gains (losses) from companies accounted for using the equity method</i>	679	23
<i>Applicable taxes</i>		=
<b>Total other consolidated income (losses) which will subsequently be reclassified to consolidated profit or loss, net of the tax effect (B)</b>	<b><u>26,529</u></b>	<b><u>(4,146)</u></b>
<b>Q2 comprehensive consolidated profit (A) + (B)</b>	<b><u>99,974</u></b>	<b><u>70,399</u></b>
<b>Attributable to:</b>		
Shareholders of Parent	98,184	69,691
Minority shareholders of subsidiaries	<u>1,790</u>	<u>708</u>
<b>Comprehensive consolidated profit for the period</b>	<b><u>99,974</u></b>	<b><u>70,399</u></b>

## H1 consolidated cash flow statements

(€/000)	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities</b>		
Profit before taxes	191,441	150,602
Adjustments for non-cash items:		
Losses (gains) on the sale of fixed assets	(3,208)	(3,382)
Amortization and depreciation	48,585	37,783
Costs recognized in the income statement relative to stock options that do not involve monetary outflows for the Group	2,395	2,264
Losses (profits) from investments	140	(141)
Net change in risk provisions and allocations to employee benefit provisions	1,454	419
Expenditures for tangible assets to be leased	(2,998)	(5,032)
Proceeds from the disposal of leased tangible assets	6,567	5,935
Net financial charges (revenues)	90	3,717
	<u>244,466</u>	<u>192,165</u>
(Increase) decrease in trade receivables and other current assets	(88,036)	(64,510)
(Increase) decrease in inventories	(96,742)	(29,125)
Increase (decrease) in trade payables and other current liabilities	61,825	64,488
Interest paid	(2,461)	(2,262)
Realized exchange differences	552	530
Taxes paid	(45,666)	(20,608)
<b>Net cash from operating activities</b>	<u>73,938</u>	<u>140,678</u>
<b>Cash flows from investing activities</b>		
Outlay for the acquisition of equity investments, net of cash received	(31,743)	(4,174)
Capital expenditure on property, plant and equipment	(48,498)	(32,696)
Proceeds from the sale of tangible fixed assets	855	1,467
Increase in intangible assets	(3,337)	(2,982)
Financial income received	232	286
Other	(1,148)	(258)
<b>Net cash (used in) investing activities</b>	<u>(83,639)</u>	<u>(38,357)</u>
<b>Cash flows from financing activities</b>		
Disbursements (repayments) of loans	82,690	875
Disbursals (repayments) of shareholder loans	(568)	-
Dividends paid	(29,870)	(28,434)
Disbursements for purchase of treasury shares	(94,793)	(5,767)
Proceeds from the sale of treasury shares to stock option beneficiaries	8,017	426
Change in other financial assets	86	(197)
Payment of finance lease installments (principal)	(10,032)	(9,235)
<b>Net cash generated by (used in) financing activities</b>	<u>(44,470)</u>	<u>(42,332)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(54,171)</u>	<u>59,989</u>

(€/000)	<u>2022</u>	<u>2021</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b><u>(54,171)</u></b>	<b><u>59,989</u></b>
Translation differences for cash held by non-EU companies	3,638	2,417
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 period	<u>341,255</u>	<u>332,578</u>
<b>Cash and cash equivalents at the end of the period</b>	<b><u>290,722</u></b>	<b><u>395,057</u></b>

Cash and cash equivalents consist of the following:

	30/06/2022	31/12/2021
	€/000	€/000
Cash and cash equivalents as per the consolidated statement of financial position	311,870	401,412
Bank payables (overdrafts and subject to collection advances)	<u>(21,148)</u>	<u>(6,355)</u>
Cash and cash equivalents as per the consolidated cash flow statement	<u>290,722</u>	<u>395,057</u>

**Consolidated statement of changes in shareholders' equity**

	Share capital	Legal reserve	Share premium reserve	Remeasurement reserve for defined benefit plans	Translation reserve	Other reserves	Group shareholders' equity	Non-controlling interests	Total
<i>At 1 January 2021</i>	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	-	-	2,264	-	-	-	2,264	-	2,264
Purchase of treasury shares	(60)	-	(5,707)	-	-	-	(5,767)	-	(5,767)
Transfer of treasury shares to stock option beneficiaries	17	-	409	-	-	-	426	-	426
Transfer of treasury shares as payment for equity investments	39	-	3,036	-	-	-	3,075	-	3,075
Winding up of subsidiaries	-	-	-	-	-	-	-	(85)	(85)
Dividends paid	-	-	-	-	-	(26,457)	(26,457)	(1,926)	(28,383)
Dividends resolved	-	-	-	-	-	(1,295)	(1,295)	(142)	(1,437)
Comprehensive profit (loss) for H1 2021	-	-	-	-	13,453	126,953	140,406	1,743	142,149
<i>Balances at 30 June 2021</i>	55,458	11,323	78,695	(8,217)	(13,762)	1,128,730	1,252,227	9,992	1,262,219
Recognition in income statement of fair value of stock options granted and exercisable	-	-	2,122	-	-	-	2,122	-	2,122
Purchase of treasury shares	(158)	-	(16,472)	-	-	-	(16,630)	-	(16,630)
Transfer of treasury shares to stock option beneficiaries	12	-	276	-	-	-	288	-	288
Transfer of treasury shares as payment for equity investments	15	-	1,851	-	-	-	1,866	-	1,866
Winding up of subsidiaries	-	-	-	-	-	-	-	3	3
Purchase of residual interests in subsidiaries	-	-	-	-	-	(425)	(425)	(240)	(665)
Dividends paid	-	-	-	-	-	(925)	(925)	(148)	(1,073)
Dividends resolved	-	-	-	-	-	925	925	142	1,067
Comprehensive profit (loss) for H2 2021	-	-	-	47	19,775	68,929	88,751	1,716	90,467
<i>At 31 December 2021</i>	55,327	11,323	66,472	(8,170)	6,013	1,197,234	1,328,199	11,465	1,339,664
Recognition in income statement of fair value of stock options granted and exercisable	-	-	2,395	-	-	-	2,395	-	2,395
Purchase of treasury shares	(1,082)	-	(93,711)	-	-	-	(94,793)	-	(94,793)
Transfer of treasury shares to stock option beneficiaries	324	-	7,693	-	-	-	8,017	-	8,017
Purchase of residual interests in subsidiaries	-	-	-	(1)	-	(175)	(176)	(274)	(450)
Dividends paid	-	-	-	-	-	(29,006)	(29,006)	(864)	(29,870)
Dividends resolved	-	-	-	-	-	(652)	(652)	(335)	(987)
Comprehensive profit (loss) for H1 2022	-	-	-	-	35,859	138,124	173,983	2,361	176,344
<i>Balances at 30 June 2022</i>	54,569	11,323	(17,151)	(8,171)	41,872	1,305,525	1,387,967	12,353	1,400,320

## **Notes to the consolidated financial statements**

### ***General information***

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

The Group manufactures and markets high and very high-pressure plunger pumps, very high-pressure systems, power take-offs, hydraulic cylinders, valves and directional controls, hydraulic hoses and fittings and other hydraulic products. The Group has production facilities in Italy, the US, Germany, China, India, France, Portugal, Brazil, Bulgaria, Romania, Canada and South Korea.

Revenues are not affected by any significant degree of seasonality.

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

The consolidated financial statements at 30 June 2022 were approved by the Board of Directors today (2 August 2022).

### ***Basis of preparation***

The consolidated financial statements at 30 June 2022 were prepared in compliance with the international accounting standards (IAS/IFRS) endorsed by the European Union for interim financial statements (IAS 34). The tables were prepared in compliance with IAS 1, while the notes were prepared in condensed form, as allowed by IAS 34, and therefore do not include all the information required for annual financial statements prepared in compliance with IFRS standards. Accordingly, the consolidated financial statements at 30 June 2022 should be read together with the consolidated financial statements for the year ended 31 December 2021.

The accounting standards and criteria adopted in the consolidated financial statements at 30 June 2022 may conflict with IFRS provisions in force on 31 December 2022, due to the effect of future orientations of the European Commission with regard to the approval of international accounting standards or the issue of new standards, interpretations or implementing guidelines by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretations Committee (IFRIC).

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

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

### **Accounting standards**

The accounting standards adopted are those described in the consolidated financial statements at 31 December 2021, with the exception of those adopted as from 1 January 2022 as described hereunder, and they were uniformly applied to all Group companies and all periods presented.

#### *a) Accounting standards, amendments and interpretations in force from 1 January 2022 and adopted by the Group*

- *Amendment 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 took effect on 1 January 2022 and must be 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 the entity first applies that amendment; its application has not however changed the economic and financial balances of the Group relating to 2021.

- *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. It is effective for annual periods beginning on or after 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.
  - *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. The amendments took effect on 1 January 2022. The Group will apply these amendments to those contracts for which it has not yet satisfied all its obligations at the start of the financial year in which it applies them for the first time.

b) *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 these amendments 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 amendments are applicable from 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact of these amendments 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.

**Notes to the consolidated financial statements at 30 June 2022**

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## 1. Scope of consolidation and goodwill

The consolidation basis at 30 June 2022 includes the Parent Company and the following subsidiaries:

<u>Company</u>	<u>Head office</u>	<u>Share capital</u> <u>€/000</u>	<u>Sector</u>	<u>% held</u> <u>at 30/06/2022</u>
GP Companies Inc.	Minneapolis (USA)	1,854	Water-Jetting	100.00%
Hammelmann GmbH	Oelde (Germany)	25	Water-Jetting	100.00%
Hammelmann Australia Pty Ltd (1)	Melbourne (Australia)	472	Water-Jetting	100.00%
Hammelmann Corporation Inc (1)	Miamisburg (USA)	39	Water-Jetting	100.00%
Hammelmann S. L. (1)	Zaragoza (Spain)	500	Water-Jetting	100.00%
Hammelmann Pumps Systems Co Ltd (1)	Tianjin (China)	871	Water-Jetting	90.00%
Hammelmann France S.a.r.l. (1)	Etrichè (France)	50	Water-Jetting	100.00%
Hammelmann Swiss GmbH (1)	Dudingén (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%
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	65.00%
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%
Interpump Hydraulics (UK) Ltd. (4)	Kidderminster (United Kingdom)	13	Hydraulics	100.00%

*Interim Board of Directors' Report at 30 June 2022 – Interpump Group*

<u>Company</u>	<u>Head office</u>	<u>Share capital</u> <u>€/000</u>	<u>Sector</u>	<u>% held</u> <u>at 30/06/2022</u>
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%
Galtech Canada Inc. (9)	Terrebonne, Quebec (Canada)	76	Hydraulics	100.00%
HTIL (9)	Hong Kong	98	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%
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 (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%

*Interim Board of Directors' Report at 30 June 2022 – Interpump Group*

<i>Company</i>	<i>Head office</i>	<i>Share capital</i>		<i>% held at 30/06/2022</i>
		<i>€/000</i>	<i>Sector</i>	
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 H1 2021, the Hydraulic Sector has consolidated a number of additional companies in 2022: the three White Drive companies acquired in October 2021, Berma S.r.l. acquired in November 2021 and absorbed by Reggiana Riduttori with effect from 1 January 2022, and Draintech S.r.l., which was acquired on 11 April 2022 and consolidated for just one month.

The minority quotaholder of Inoxihp S.r.l. has the right to dispose of its holdings starting from approval of the 2025 financial statements up to the 2035 financial statements, on the basis of the average results of the company reported in the last two financial statements prior to exercise of the option. The minority shareholder of Inoxpa Solution Moldova has the right 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, and the residual 20% interest in Draintech, commencing from April 2025.

In compliance with the requirements of IFRS 10 and IFRS 3, Inoxihp, Solution Moldova, Hydra Dyne, Transtecno, Servizi Industriali and Draintech have been consolidated in full,

recording a payable representing an estimate of the present value of the exercise price of the options determined with reference to the business plans of the companies. Any changes in the above payable identified within 12 months of the date of acquisition, as a result of additional or better information, will be recorded as an adjustment of goodwill, while any changes emerging more than 12 months after the date of acquisition will be recognized in the income statement.

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

Changes in goodwill in H1 2022 are as follows:

<u>Company:</u>	<u>Balance at 31/12/2021</u>	<u>Increases in the period</u>	<u>(Decreases) in the period</u>	<u>Changes due to foreign exchange differences</u>	<u>Balance at 30/06/2022</u>
Water-Jetting	213,645	-	-	3,613	217,258
Hydraulics	<u>553,768</u>	<u>1,397</u>	<u>(7,766)</u>	<u>791</u>	<u>548,190</u>
<i>Total goodwill</i>	<u>767,413</u>	<u>1,397</u>	<u>(7,766)</u>	<u>4,404</u>	<u>765,448</u>

The increases in H1 2022 relate to the acquisition of Draintech. The decreases, on the other hand, reflect price adjustments relating to the acquisition of White Drive.

The successful impairment test carried out in December 2021 was not repeated at 30 June 2022, since the directors believe that the direct and indirect effects deriving from the Russia-Ukraine conflict at the reporting date do not indicate such a loss in value that specific checks on the recoverability of assets need to be carried out. In this regard, the direct exposure of the Group to these countries at 31 December 2021 was quantified as €28.4m in sales and €2.8m in outstanding receivables. These amounts confirm that the direct exposure of the Group is not significant, representing 0.2% of consolidated sales and 0.1% of outstanding receivables. The indirect effects, on the other hand, relate to the rise in commodity prices, the increases in interest rates and the inflation rate, and the impacts on the supply chain and/or on supply breakdowns or the competitive situation. The major increase in raw material prices has also affected competitors; in this regard, the sector has reacted in a disciplined manner, reflecting the cost increases correspondingly in their selling prices, without any particular impact on their operating results. In terms of the supply difficulties, the Group has continued to seek alternate vendors, in a policy already implemented prior to the conflict, with a view to tackling the sourcing problems and minimizing risk.

At 30 June 2022, both CGUs achieved their sales and profitability targets, but neither achieved their cash flow targets for the first semester of 2022. The “Water-Jetting” CGU was closest to achieving the objectives set for the first semester, while the “Hydraulics” CGU lagged due to the greater impact of the increase in working capital, especially inventories, following the Group decision to increase purchasing in order to tackle the difficulty of sourcing materials and sustain the strong growth in output (at unchanged perimeter, the Hydraulic Sector grew by 14.5% in H1 2022). Even investment tended to be concentrated more in the first semester than was envisaged when preparing the business plan. With regard to the second half of the year, the directors consider that the target cash flows established for 2022 are achievable by both the “Water-Jetting” CGU and the “Hydraulics” CGU, as are those for the subsequent years of the business plan. Even if the current, difficult macroeconomic situation persists over the medium-long term, the directors believe that the

cash flows nevertheless generated by the Group will easily be enough to justify the value of the assets subject to impairment testing.

Even so, the directors carried out a sensitivity analysis at 30 June 2022, in order to examine the variability of the results obtained from the previous analysis at 31 December 2021 to changes, within reasonable ranges, in the expected cash flows and the weighted-average cost of capital used to discount those flows. In particular, no impairment loss was identified by reducing the expected cash flows of each CGU by 20% from 2023 and increasing by one percentage point the WACC, recalculated at 30 June, used to discount the expected flows.

Moreover, as an additional positive element supporting the recoverability of goodwill, the stock market capitalization at 30 June 2022 exceeds the shareholders' equity of the Group, as it did throughout the entire first half of 2022. During July and August 2022, the average market value of Interpump Group stock was essentially consistent with the price at 30 June 2022.

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

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

### **Business sectors**

The Group comprises the following business sectors:

*Water-Jetting Sector.* This sector is mainly composed of high and very high-pressure pumps and pumping systems used in a wide range of industrial sectors for the conveyance of fluids. High pressure plunger pumps are the main component of professional pressure washers. These pumps are also utilized for a broad range of industrial applications including car wash installations, forced lubrication systems for machine tools, and inverse osmosis systems for water desalination plants. Very high-pressure pumps and systems are used for cleaning surfaces, ships, various types of pipes, and also for removing machining burr, cutting and removing cement, asphalt, and paint coatings from stone, cement and metal surfaces, and for cutting solid materials. The Sector also includes high pressure homogenizers, mixers, agitators, piston pumps, valves 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. The hydraulic hoses and fittings are designed for use in a broad range of hydraulic systems and also for very high pressure water systems. Gears facilitate the mechanical transmission of energy, with applications in various industrial sectors including agriculture, materials handling, mining, heavy industry, marine & offshore, aerial platforms, forestry and sugar production. Orbital motors are used on industrial vehicles, in the construction sector, in earth-moving machines and in agricultural machinery. The Group also designs and makes piping systems for the industrial, naval and offshore sectors.

**Interpump Group business sector information**

(Amounts shown in €'000)

**Cumulative to 30 June (six months)**

	Hydraulics		Water-Jetting		Elimination entries		Interpump Group	
	2022	2021	2022	2021	2022	2021	2022	2021
Revenues outside the Group	766,122	550,006	260,170	231,048			1,026,292	781,054
Inter-sector revenues	1,600	496	2,069	2,683	(3,669)	(3,179)	-	-
<b>Total revenues</b>	<b>767,722</b>	<b>550,502</b>	<b>262,239</b>	<b>233,731</b>	<b>(3,669)</b>	<b>(3,179)</b>	<b>1,026,292</b>	<b>781,054</b>
Cost of sales	(527,484)	(369,428)	(142,578)	(126,743)	3,683	3,187	(666,379)	(492,984)
<b>Gross industrial margin</b>	<b>240,238</b>	<b>181,074</b>	<b>119,661</b>	<b>106,988</b>	<b>14</b>	<b>8</b>	<b>359,913</b>	<b>288,070</b>
<i>% of revenues</i>		32.9%		45.8%			35.1%	36.9%
Other operating income	11,133	7,972	4,350	3,899	(529)	(485)	14,954	11,386
Distribution expenses	(48,309)	(37,193)	(29,100)	(24,859)	312	284	(77,097)	(61,768)
General and administrative expenses	(67,359)	(51,448)	(31,757)	(28,752)	203	193	(98,913)	(80,007)
Other operating costs	(6,803)	(2,490)	(406)	(1,013)	-	-	(7,209)	(3,503)
<b>EBIT</b>	<b>128,900</b>	<b>97,915</b>	<b>62,748</b>	<b>56,263</b>	<b>-</b>	<b>-</b>	<b>191,648</b>	<b>154,178</b>
<i>% of revenues</i>	16.8%	17.8%	23.9%	24.1%			18.7%	19.7%
Financial income	12,012	5,858	3,692	2,437	(547)	(682)	15,157	7,613
Financial charges	(12,972)	(9,669)	(2,799)	(2,343)	547	682	(15,224)	(11,330)
Dividends	-	-	41,000	44,050	(41,000)	(44,050)	-	-
Equity method contribution	(118)	80	(22)	61	-	-	(140)	141
<b>Profit for the period before taxes</b>	<b>127,822</b>	<b>94,184</b>	<b>104,619</b>	<b>100,468</b>	<b>(41,000)</b>	<b>(44,050)</b>	<b>191,441</b>	<b>150,602</b>
Income taxes	(35,683)	(6,882)	(16,245)	(15,388)	-	-	(51,928)	(22,270)
<b>Consolidated profit for the period</b>	<b>92,139</b>	<b>87,302</b>	<b>88,374</b>	<b>85,080</b>	<b>(41,000)</b>	<b>(44,050)</b>	<b>139,513</b>	<b>128,332</b>
<b>Attributable to:</b>								
Shareholders of Parent	91,092	86,172	88,032	84,831	(41,000)	(44,050)	138,124	126,953
Minority shareholders of subsidiaries	1,047	1,130	342	249	-	-	1,389	1,379
<b>Consolidated profit for the period</b>	<b>92,139</b>	<b>87,302</b>	<b>88,374</b>	<b>85,080</b>	<b>(41,000)</b>	<b>(44,050)</b>	<b>139,513</b>	<b>128,332</b>
<b>Further information required by IFRS 8</b>								
Amortization, depreciation and write-downs	37,762	27,471	10,823	10,312	-	-	48,585	37,783
Other non-monetary costs	2,119	2,290	2,168	1,510	-	-	4,287	3,800

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

**Q2**

	Hydraulics		Water-Jetting		Elimination entries		Interpump Group	
	2022	2021	2022	2021	2022	2021	2022	2021
Revenues outside the Group	401,991	283,121	136,339	122,364			537,612	405,485
Inter-sector revenues	718	298	1,003	1,446	(1,721)	(1,744)	-	-
<b>Total revenues</b>	<b>401,991</b>	<b>283,419</b>	<b>137,342</b>	<b>123,810</b>	<b>(1,721)</b>	<b>(1,744)</b>	<b>537,612</b>	<b>405,485</b>
Cost of sales	(275,849)	(188,649)	(74,309)	(67,012)	1,734	1,748	(348,424)	(253,913)
<b>Gross industrial margin</b>	<b>126,142</b>	<b>94,770</b>	<b>63,033</b>	<b>56,798</b>	<b>13</b>	<b>4</b>	<b>189,188</b>	<b>151,572</b>
<i>% of revenues</i>	<i>31.4%</i>	<i>33.4%</i>	<i>45.9%</i>	<i>45.9%</i>			<i>35.2%</i>	<i>37.4%</i>
Other operating income	5,593	4,187	2,154	1,984	(347)	(327)	7,400	5,844
Distribution expenses	(25,181)	(19,291)	(15,309)	(12,862)	237	229	(40,253)	(31,924)
General and administrative expenses	(34,558)	(26,626)	(16,622)	(14,736)	97	94	(51,083)	(41,268)
Other operating costs	(5,971)	(1,219)	(278)	(515)	-	-	(6,249)	(1,734)
<b>EBIT</b>	<b>66,025</b>	<b>51,821</b>	<b>32,978</b>	<b>30,669</b>	<b>-</b>	<b>-</b>	<b>99,003</b>	<b>82,490</b>
<i>% of revenues</i>	<i>16.4%</i>	<i>18.3%</i>	<i>24.0%</i>	<i>24.8%</i>			<i>18.4%</i>	<i>20.3%</i>
Financial income	6,476	2,026	2,224	873	(267)	(346)	8,433	2,553
Financial charges	(5,231)	(6,483)	(1,118)	(1,036)	267	346	(6,076)	(7,173)
Dividends	-	-	41,000	43,900	(41,000)	(43,900)	-	-
Equity method contribution	(330)	28	26	44	-	-	(304)	72
<b>Profit for the period before taxes</b>	<b>66,940</b>	<b>47,392</b>	<b>75,110</b>	<b>74,450</b>	<b>(41,000)</b>	<b>(43,900)</b>	<b>101,050</b>	<b>77,942</b>
Income taxes	(18,799)	5,593	(8,806)	(8,990)	-	-	(27,605)	(3,397)
<b>Consolidated profit for the period</b>	<b>48,141</b>	<b>52,985</b>	<b>66,304</b>	<b>65,460</b>	<b>(41,000)</b>	<b>(43,900)</b>	<b>73,445</b>	<b>74,545</b>
<b>Attributable to:</b>								
Shareholders of Parent	47,649	52,424	66,070	65,337	(41,000)	(43,900)	72,719	73,861
Minority shareholders of subsidiaries	492	561	234	123	-	-	726	684
<b>Consolidated profit for the period</b>	<b>48,141</b>	<b>52,985</b>	<b>66,304</b>	<b>65,460</b>	<b>(41,000)</b>	<b>(43,900)</b>	<b>73,445</b>	<b>74,545</b>
<b>Further information required by IFRS 8</b>								
Amortization, depreciation and write-downs	21,559	13,796	5,557	5,161	-	-	27,136	18,957
Other non-monetary costs	1,489	1,079	1,431	814	-	-	2,920	1,893

**Financial position**  
**(Amounts shown in €/000)**

	Hydraulics		Water-Jetting		Elimination entries		Interpump Group	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Assets by sector	1,974,255	1,785,883	809,642	743,742	(111,315)	(107,354)	2,672,582	2,422,271
Assets held for sale	-	1,460	-	-	-	-	-	1,460
<b>Assets of the sector (A)</b>	<b>1,974,255</b>	<b>1,787,343</b>	<b>809,642</b>	<b>743,742</b>	<b>(111,315)</b>	<b>(107,354)</b>	<b>2,672,582</b>	<b>2,423,731</b>
Cash and cash equivalents							311,870	349,015
<b>Total assets</b>							<b>2,984,452</b>	<b>2,772,746</b>
<b>Liabilities of the sector (B)</b>	<b>550,689</b>	<b>481,737</b>	<b>150,861</b>	<b>136,986</b>	<b>(111,315)</b>	<b>(107,354)</b>	<b>590,235</b>	<b>511,349</b>
Debts for the payment of investments							53,219	77,794
Payables to banks							21,148	7,760
Interest-bearing financial payables							919,530	836,179
<b>Total liabilities</b>							<b>1,584,132</b>	<b>1,433,082</b>
<b>Total assets, net (A-B)</b>	<b>1,423,566</b>	<b>1,305,626</b>	<b>658,781</b>	<b>606,756</b>	<b>-</b>	<b>-</b>	<b>1,400,320</b>	<b>1,912,382</b>
<b>Further information required by IFRS 8</b>								
Investments measured using the equity method	806	529	561	434	-	-	1,367	963
Non-current assets other than financial assets and deferred tax assets	1,068,022	1,053,327	388,913	376,523	-	-	1,456,935	1,429,850

The H1 and Q2 comparison of the Hydraulic Sector on an unchanged perimeter basis is as follows:

	H1		Q2	
	2022	2021	2022	2021
Revenues outside the Group	649,442	550,006	339,477	283,121
Inter-sector revenues	1,600	496	718	298
<b>Total revenues</b>	<b>651,042</b>	<b>550,502</b>	<b>340,195</b>	<b>283,419</b>
Cost of sales	(442,710)	(369,428)	(230,771)	(188,649)
<b>Gross industrial margin</b>	<b>208,332</b>	<b>181,074</b>	<b>109,424</b>	<b>94,770</b>
<i>% on net sales</i>	<i>32.0%</i>	<i>32.9%</i>		<i>33.4%</i>
Other operating income	10,803	7,972	5,423	4,187
Distribution expenses	(43,175)	(37,193)	(22,467)	(19,291)
General and administrative expenses	(56,869)	(51,448)	(29,192)	(26,626)
Other operating costs	(6,797)	(2,490)	(5,966)	(1,219)
<b>EBIT</b>	<b>112,294</b>	<b>97,915</b>	<b>57,222</b>	<b>51,821</b>
<i>% on net sales</i>	<i>17.2%</i>	<i>17.8%</i>	<i>16.8%</i>	<i>18.3%</i>
Financial income	9,110	5,858	4,874	2,026
Financial charges	(10,632)	(9,669)	(4,211)	(6,483)
Equity method contribution	(118)	80	(330)	28
<b>Profit for the period before taxes</b>	<b>110,654</b>	<b>94,184</b>	<b>57,555</b>	<b>47,392</b>
Income taxes	(32,341)	(6,882)	(17,077)	5,593
<b>Consolidated profit for the period</b>	<b>78,313</b>	<b>87,302</b>	<b>40,478</b>	<b>52,985</b>
<b>Attributable to:</b>				
Shareholders of Parent	77,266	86,172	39,986	52,424
Minority shareholders of subsidiaries	1,047	1,130	492	561
<b>Consolidated profit for the period</b>	<b>78,313</b>	<b>87,302</b>	<b>40,478</b>	<b>52,985</b>

Cash flows by business sector for H1 are as follows:

€/000	Hydraulics		Water-Jetting		Total	
	2022	2021	2022	2021	2022	2021
Cash flows from:						
Operating activities	38,028	94,812	35,914	45,866	73,938	140,678
Investing activities	(52,805)	(24,999)	(30,834)	(13,358)	(83,639)	(38,357)
Financing activities	(48,305)	(31,858)	3,835	(10,474)	(44,470)	(42,332)
Total	(63,086)	37,955	8,915	22,034	(54,171)	59,989

The investing activities of the Hydraulic Sector included €9,940k associated with the acquisition of equity investments (€2,870k in H1 2021). The investing activities of the Water-Jetting Sector included outlays of €21,803k associated with the acquisition of equity investments (€1,304k in H1 2021).

The cash flows deriving from the financing activities of the Water-Jetting Sector included proceeds from the sale of treasury shares to the beneficiaries of stock options totaling €8,017k (€426k in H1 2021) and outlays for the purchase of treasury shares amounting to €94,793k (€5,767k in H1 2021). The financing activities of the Hydraulic Sector included the payment of dividends to Water-Jetting Sector companies totaling €20,500k (€23,970k in H1 2021).

### 3. Acquisition of investments

#### White Drive and Berma S.r.l.

The PPAs (*Purchase Price Allocations*) of Berma S.r.l. and White Drive published in the Annual Financial Report at 31 December 2021 have not yet been finalized at 30 June 2022. The Group does not expect significant changes in the PPA of Berma, which will be finalized on 11 November 2022, while that relating to White Drive is subject to certain changes, mainly with regard to the price paid for the equity investments pursuant to the contractual terms of the price adjustment agreements, which are likely to favor the Group.

#### 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 30 June 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)	(13)	-	(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	<u>(10)</u>	-	<u>(10)</u>
Net assets acquired	<u>1,600</u>	=	1,600
Goodwill related to the acquisition			<u>1,397</u>
<b>Total net assets acquired</b>			<b><u>2,997</u></b>
Total amount paid in cash			2,120
Payables related to the acquisition of investments			<u>877</u>
<b>Total acquisition cost (A)</b>			<b><u>2,997</u></b>
Net financial position acquired (B)			718
Total amount paid in cash			2,120
Payables related to the acquisition of investments			<u>877</u>
<b>Total change in the net financial position including change in debt for the acquisition of investments</b>			<b><u>3,715</u></b>
<b>Capital employed (A) - (B)</b>			<b><u>3,715</u></b>

The transaction was recorded using the acquisition method.

#### 4. Inventories and breakdown of changes in the Allowance for inventories

	30/06/2022	31/12/2021
	€/000	€/000
Inventories gross value	677,754	558,715
Allowance for inventories	<u>(45,189)</u>	<u>(42,757)</u>
Inventories	<u>632,565</u>	<u>515,958</u>

Changes in the allowance for inventories were as follows:

	H1 2022	Year 2021
	€/000	€/000
Opening balances	42,757	37,566
Exchange rate difference	1,137	1,050
Change in consolidation basis	899	3,200
Provisions for the period	1,804	3,633
Releases in the period to cover losses	(1,127)	(1,653)
Release of excess provisions in the period	<u>(281)</u>	<u>(1,039)</u>
Closing balance	<u>45,189</u>	<u>42,757</u>

#### 5. Property, plant and equipment

##### *Purchases and disposals*

In H1 2022 Interpump Group purchased assets for €59,617k, of which €483k via the acquisition of equity investments (€45,360k in H1 2021, of which €1,811k via the acquisition of equity investments). Assets with a net carrying amount of €4,243k were sold during H1 2022 (€4,059k in H1 2021). Divested assets generated a net capital gain of €3,208k (€3,382k in H1 2021).

##### *Contractual commitments*

At 30 June 2022 the Group has contractual commitments for the purchase of tangible fixed assets totaling €2,892k (€10,960k at 30 June 2021). The change since 2021 mainly reflects commitments signed for the construction of new buildings.

#### 6. Assets held for sale

At 31 December 2021, the Group classified a building in Atessa among the assets held for sale, as it was no longer used in the productive activities of IMM Hydraulics. Following the blaze at one of the principal production plants of IMM Hydro East, which caused massive damage to the building and its plant and machinery, the Interpump Group decided to reactivate and re-equip the building previously held for sale, in order to mitigate the fall in production in Romania. As a consequence, at 30 June 2022 that building was reclassified from assets held for sale to property, plant and equipment.

## 7. Shareholders' equity

### *Share capital*

Share capital comprises 108,879,294 ordinary shares with a unit par value of EUR 0.52 totaling €56,617,232.88. However, the share capital reported in the financial statements amounts to €54,569k, since the nominal value of purchased treasury shares, net of those sold, has been deducted from share capital in compliance with the reference accounting standards. At 30 June 2022 Interpump S.p.A. held 3,938,443 treasury shares in the portfolio corresponding to 3.617% of the capital stock, acquired at an average unit cost of EUR 38.7871.

### *Treasury shares purchased*

The amount of the treasury shares held by Interpump Group S.p.A. is recorded in an equity reserve. The Interpump Group purchased 2,080,000 treasury shares for €94,793k in H1 2022 (115,000 treasury shares purchased in H1 2021 for €5,767k).

### *Treasury shares sold*

In relation to stock option plans, a total of 622,200 options were exercised resulting in the receipt of €8,017k (33,100 options exercised in H1 2021, generating receipts of €426k). Moreover, 75,000 treasury shares were transferred in 2021 as payment for equity investments (none in H1 2022).

### *Dividends*

An ordinary dividend (coupon clipping date of 23 May) of EUR 0.28 per share was distributed on 25 May 2022 (EUR 0.26 in 2021).

### *Stock options*

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. At the meeting held on 29 April 2022, the Board of Directors granted 1,620,000 options to Chairman and Chief Executive Officer Fulvio Montipò, while 288,000 options were granted to other beneficiaries on 23 May 2022. Overall, a total of 1,908,500 options have therefore been granted.

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

	Unit of measurement	
Number of shares granted	no.	1,620,000
Grant date		29 April 2022
Exercise price		38.6496
<i>Vesting date</i>		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 to build 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 by linear interpolation of the Eur Composite AA rates at 29 April 2022)	%	1.5540

	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 to build 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 by linear interpolation of the Eur Composite AA rates at 29 April 2022)	%	1.6911

## 8. Financial income and expenses

The breakdown for the first half is shown below:

	2022	2021
	<u>€/000</u>	<u>€/000</u>
<u>Financial income</u>		
Interest income from liquid funds	235	287
Interest income from other assets	50	36
Foreign exchange gains	14,685	6,755
Financial income to adjust estimated debt for commitment to purchase residual interests in subsidiaries	166	503
Other financial income	<u>21</u>	<u>32</u>
Total financial income	<u>15,157</u>	<u>7,613</u>
<u>Financial charges</u>		
Interest expense on bank loans	885	702
Lease interest expense	1,246	1,056
Interest expense on put options	257	254
Financial charges for adjustment of estimated debt for commitment to purchase residual interests in subsidiaries	3,007	3,974
Foreign exchange losses	9,386	5,040
Other financial charges	<u>443</u>	<u>304</u>
Total financial charges	<u>15,224</u>	<u>11,330</u>
Total financial charges (income), net	<u>67</u>	<u>3,717</u>

The breakdown for Q2 is as follows:

	2022	2021
	<u>€/000</u>	<u>€/000</u>
<u>Financial income</u>		
Interest income from liquid funds	133	147
Interest income from other assets	32	19
Foreign exchange gains	8,105	1,868
Financial income to adjust estimated debt for commitment to purchase residual interests in subsidiaries	166	501
Other financial income	<u>(3)</u>	<u>18</u>
Total financial income	<u>8,433</u>	<u>2,553</u>

	2022	2021
	<u>€/000</u>	<u>€/000</u>
<u>Financial charges</u>		
Interest expense on bank loans	544	350
Lease interest expense	624	505
Interest expense on put options	124	140
Financial charges for adjustment of estimated debt for commitment to purchase residual interests in subsidiaries	198	3,974
Foreign exchange losses	4,398	2,162
Other financial charges	<u>188</u>	<u>42</u>
Total financial charges	<u>6,076</u>	<u>7,173</u>
Total financial charges (income), net	<u>(2,351)</u>	<u>4,620</u>

## 9. Earnings per share

### *Basic earnings per share*

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

<i>H1</i>	<u>2022</u>	<u>2021</u>
Consolidated net profit attributable to the owners of the Parent company (€/000)	<u>138,124</u>	<u>126,593</u>
Average number of shares in circulation	105,918,227	106,728,552
Basic earnings per share for the period (€)	<u>1,304</u>	<u>1,189</u>

<i>Q2</i>	<u>2022</u>	<u>2021</u>
Consolidated net profit attributable to the owners of the Parent company (€/000)	<u>72,719</u>	<u>73,861</u>
Average number of shares in circulation	105,585,362	106,720,066
Basic earnings per share for the quarter (€)	<u>0.689</u>	<u>0.692</u>

### *Diluted earnings per share*

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

<i>H1</i>	<u>2022</u>	<u>2021</u>
Consolidated net profit attributable to the owners of the Parent company (€/000)	<u>138,124</u>	<u>126,953</u>
Average number of shares in circulation	105,918,227	106,728,552
Number of potential shares for stock option plans (*)	<u>1,010,656</u>	<u>1,189,892</u>
Average number of shares (diluted)	<u>106,928,883</u>	<u>107,918,444</u>
Earnings per diluted share for the period (€)	<u>1,292</u>	<u>1,176</u>

Q2	2022	2021
Consolidated net profit attributable to the owners of the Parent company (€/000)	<u>72,719</u>	<u>73,861</u>
Average number of shares in circulation	105,585,362	106,720,066
Number of potential shares for stock option plans (*)	<u>635,558</u>	<u>1,298,672</u>
Average number of shares (diluted)	<u>106,220,920</u>	<u>108,018,738</u>
Earnings per diluted share for the quarter (€)	<u>0.685</u>	<u>0.684</u>

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

## 10. Transactions with related parties

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

The effects on the Group's consolidated income statements for H1 2022 and H1 2021 are shown below:

(€/000)	H1 2022					% incidence on F.S. caption
	Consolidated Total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties	
Revenues	1,026,292	1,023		342	1,365	0.1%
Cost of sales	666,379	544		2,878	3,422	0.5%
Other operating income	14,954	1			1	0.0%
Distribution expenses	77,097	19		415	434	0.6%
G&A expenses	98,913			356	356	0.4%
Financial charges	15,224			158	158	1.0%

(€/000)	H1 2021					% incidence on F.S. caption
	Consolidated Total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties	
Revenues	781,054	1,254	-	237	1,491	0.2%
Cost of sales	492,984	481	-	4,024	4,505	0.9%
Other operating income	11,386	3	-	-	3	0.0%
Distribution expenses	61,768	17	-	376	393	0.6%
G&A expenses	80,007	-	-	291	291	0.4%
Financial charges	11,330	-	-	219	219	1.9%

The effects on the consolidated statement of financial position at 30 June 2022 and 2021 are described below:

(€/000)	30 June 2022					% incidence on F.S. caption
	Consolidated Total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties	
Trade receivables	452,123	1,750	-	314	2,064	0.5%
Trade payables	332,438	200	-	1,183	1,383	0.4%
Provision for risks and charges - current	5,187	265	-	-	265	5.1%
Interest-bearing financial payables (current and non-current portions)	919,530	-	-	22,084	22,084	2.4%

(€/000)	30 June 2021					% incidence on F.S. caption
	Consolidated Total	Non-consolidated subsidiaries	associates	Other related parties	Total related parties	
Trade receivables	333,159	2,160	-	260	2,420	0.7%
Trade payables	209,313	104	-	1,455	1,559	0.7%
Provision for risks and charges - current	4,524	242	-	-	242	5.3%
Interest-bearing financial payables (current and non-current portions)	601,767	-	-	24,267	24,267	4.0%

*Relations with non-consolidated subsidiaries*

Relations with non-consolidated subsidiaries are as follows:

(€/000)	Receivables		Revenues	
	<u>30/06/2022</u>	<u>30/06/2021</u>	<u>2022</u>	<u>2021</u>
Interpump Hydraulics Perù	1,307	1,054	245	132
General Pump China Inc.	321	651	94	432
Interpump Hydraulics Russia	<u>122</u>	<u>455</u>	<u>684</u>	<u>693</u>
<i>Total subsidiaries</i>	<u>1,750</u>	<u>2,160</u>	<u>1,023</u>	<u>1,257</u>

(€/000)	Payables		Costs	
	<u>30/06/2022</u>	<u>30/06/2021</u>	<u>2022</u>	<u>2021</u>
General Pump China Inc.	137	104	564	475
Interpump Hydraulics Perù	63	-	-	23
Interpump Hydraulics Russia	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total subsidiaries</i>	<u>200</u>	<u>104</u>	<u>564</u>	<u>498</u>

*Relations with associates*

The Group does not hold investments in associated companies.

### Transactions with other related parties

The H1 2022 income statement includes consultancy provided by entities associated with Group directors and statutory auditors totaling €37k (€11k in H1 2021). These consultancy costs were allocated in full to general and administrative expenses in both H1 2022 and H1 2021. Revenues in the period to 30 June 2022 included revenues from sales to companies held by Group shareholders or directors totaling €342k (€237k in H1 2021). In addition, the cost of sales includes purchases made from companies controlled by minority shareholders or directors of Group companies for €2,653k (€3,757k in H1 2021).

## 11. Information on financial assets and liabilities

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

(€/000)	<i>Financial assets at 30/06/2022</i>			<i>Financial liabilities at 30/06/2022</i>		Total
	Fair value recognized in the income statement		Measured at amortized cost	Fair value recognized in the comprehensive income statement		
	Initially	Subsequently		at amortized cost	at amortized cost	
Trade receivables	-	-	452,123	-	-	452,123
Other current assets	-	-	18,296	-	-	18,296
Other financial assets	2,619	-	-	-	-	2,619
Trade payables	-	-	-	-	(332,438)	(332,438)
Payables to banks	-	-	-	-	(21,148)	(21,148)
Current interest-bearing financial payables	-	-	-	-	(268,998)	(268,998)
Other current liabilities	-	-	-	-	(62,681)	(62,681)
Non-current interest-bearing financial payables	-	-	-	-	(650,532)	(650,532)
Other non-current liabilities	-	-	-	-	(62,681)	(62,681)
Total	-	-	-	-	1,335,797	(862,759)

(€/000)	<i>Financial assets at 31/12/2021</i>			<i>Financial liabilities at 31/12/2021</i>		Total
	Fair value recognized in the income statement		Measured at amortized cost	Fair value recognized in the comprehensive income statement		
	Initially	Subsequently		at amortized cost	at amortized cost	
Trade receivables	-	-	361,903	-	-	361,903
Other current assets	-	-	13,541	-	-	13,541
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	-	375,454	-	(1,303,645)	(925,941)

**12. Disputes, Contingent liabilities and Contingent assets**

The Parent company and some of its subsidiaries are directly involved in lawsuits for relatively 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. There are no substantial changes to report in relation to the disputes or contingent liabilities that were outstanding at 31 December 2021.

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

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

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

of the administrative and accounting procedures for the formation of the condensed half-year consolidated financial statements during H1 2022.

2. It is also confirmed that:

2.1 the condensed half-year consolidated financial statements of Interpump Group S.p.A. and its subsidiaries at 30 June 2022, which report consolidated total assets of €2,984,452k, consolidated net profit of €139,513k and consolidated shareholders' equity of €1,400,320k:

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

2.2 the interim board of directors' report on operations contains references to the key events that occurred in H1 and their influence on the condensed half-year consolidated financial statements, together with a description of the main risks and uncertainties relating to the remaining months of the year and information on significant transactions conducted with related parties.

Sant'Ilario d'Enza (RE), 2 August 2022

Chairman and Chief Executive Officer  
Fulvio Montipò

Manager responsible for drafting the  
accounting documents of the company  
Carlo Banci



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## Review report on the interim condensed consolidated financial statements (Translation from the original Italian text)

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

### Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the consolidated statement of financial position, the consolidated income statements, the comprehensive consolidated income statements, the consolidated statement of changes in shareholders' equity and the consolidated cash flow statements and the related explanatory notes of Interpump Group S.p.A. and its subsidiaries (the "Interpump Group") as of 30 June, 2022. The Directors of Interpump Group S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### Scope of Review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Interpump Group as of June 30, 2022 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Bologna, August 2, 2022

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

This report has been translated into the English language solely for the convenience of international readers

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