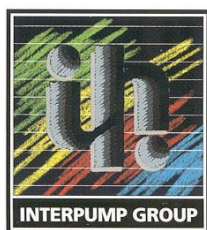


Interim Board of Directors' Report for Q4 2022



Interpump Group S.p.A. and subsidiaries

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This document can be accessed on the Internet at:

www.interpumpgroup.it

Interpump Group S.p.A.

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

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

Reggio Emilia Companies Register - Tax Code 11666900151

Board of Directors

Fulvio Montipò
Chairman and Chief Executive Officer

Giovanni Tamburi (b)
Deputy Chairman

Fabio Marasi
Executive Director

Claudio Berretti
Non-Executive Director

Angelo Busani (a) (c)
Independent Director

Antonia Di Bella
Independent Director

Marcello Margotto (b)
Independent Director
Lead Independent Director

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

Stefania Petruccioli
Independent Director

Paola Tagliavini (a) (c)
Independent Director

Board of Statutory Auditors

Anna Maria Allievi
Chairman

Roberta De Simone
Statutory Auditor

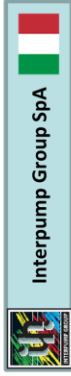
Mario Tagliaferri
Statutory Auditor

Independent Auditors

EY S.p.A.

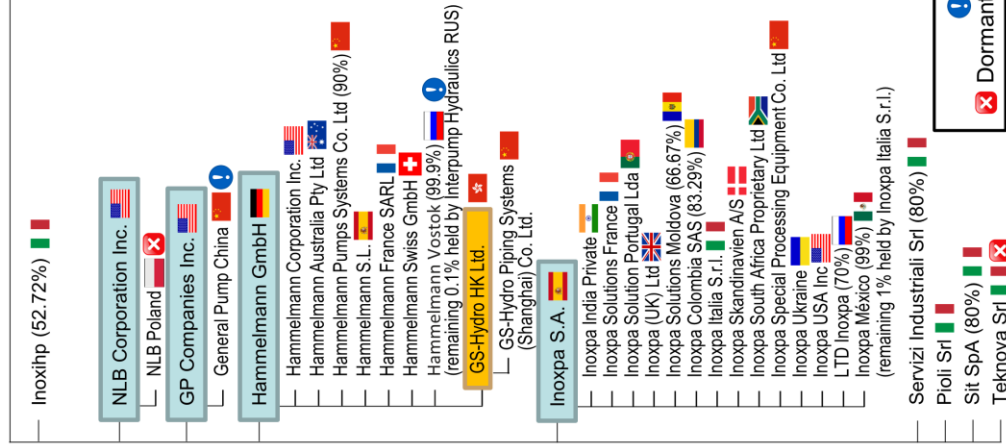
- (a) Member of the Audit, Risks and Sustainability Committee*
- (b) Member of the Remuneration Committee and Appointments Committee*
- (c) Member of the Related Party Transactions Committee*

Group Structure

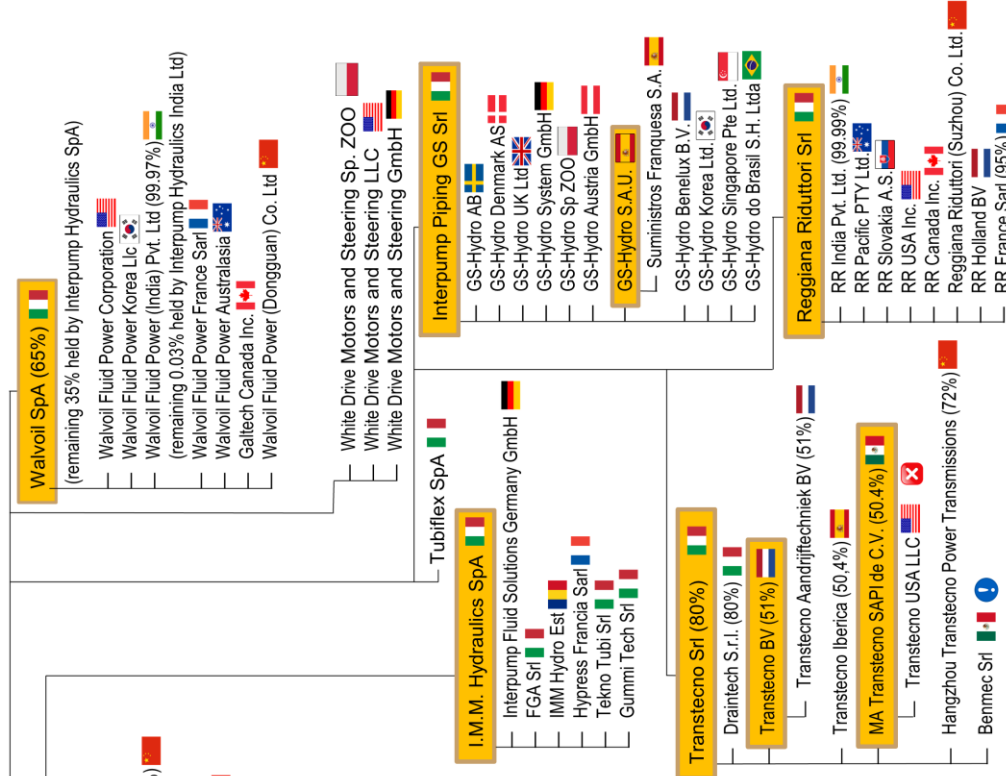


as at 31/12/2022
all holdings 100% unless otherwise specified

WATER-JETTING



HYDRAULICS



Dormant, being wound up, or otherwise inactive

Interim Board of Directors' Report

**Directors' remarks on performance
in 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.

Consolidated income statement for the year

(€/000)	<u>2022</u>	<u>2021</u>
Net sales	2,077,964	1,604,255
Cost of sales	(1,353,357)	(1,029,564)
Gross industrial margin	724,607	574,691
<i>% on net sales</i>	<i>34.9%</i>	<i>35.8%</i>
Other operating revenues	42,703	25,283
Distribution expenses	(158,048)	(127,471)
General and administrative expenses	(198,277)	(166,394)
Other operating costs	(26,888)	(11,061)
EBIT	384,097	295,048
<i>% on net sales</i>	<i>18.5%</i>	<i>18.4%</i>
Financial income	31,887	14,578
Financial charges	(47,412)	(34,408)
Equity method contribution	235	283
Profit for the year before taxes	368,807	275,501
Income taxes	(99,241)	(76,982)
Consolidated net profit for the year	269,566	198,519
<i>% on net sales</i>	<i>13.0%</i>	<i>12.4%</i>
Attributable to:		
Shareholders of Parent	266,314	195,882
Minority shareholders of subsidiaries	3,252	2,637
Consolidated profit for the year	269,566	198,519
EBITDA	492,284	379,757
<i>% on net sales</i>	<i>23.7%</i>	<i>23.7%</i>
Shareholders' equity	1,565,932	1,339,664
Net financial position	541,784	494,924
Payables for the acquisition of investments	62,812	77,794
Capital employed	2,170,528	1,912,382
ROCE	17.7%	15.4%
ROE	17.2%	14.8%
Basic earnings per share	2.522	1.836

KEY EVENTS OF 2022

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

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

Initial adversities linked to the difficulty of sourcing raw materials and labor, as well as to bottlenecks in the productive supply chains, were compounded from February by the effects of the Russia-Ukraine war. This immediately created an extremely serious humanitarian crisis for the populations involved, followed by an economic-financial shock of global proportions. Continuation of the conflict has heightened the indirect effects on the entire economic system, causing rises in commodity prices, interest rates and inflation rates, with uncontrolled effects on the supply chain, including supply breakdowns, and on the competitive situation.

In this regard, the exposure of the Group to the countries directly involved in the conflict is limited. Specifically, €19.8m was invoiced to customers in Russia, Belarus and Ukraine during 2022, with outstanding receivables at 31 December 2022 of €1.7m.

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

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

In particular, the ECB raised rates 4 times during the second half to reach 2.5%, while the FED - after an initial hike in the first semester - continued its restrictive policy with further increases during the second, to close the year at 4.5%.

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

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

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

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

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

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

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

Net profit totaled €269.6 million in 2022 (€198.5m in 2021), reflecting growth of 35.8%.

Given the procurement difficulties generated by the unusual market conditions, the Group maintained high inventory levels throughout the second semester, consistent with the policy first adopted in the prior year, in order to satisfy growing customer demand and improve constantly the guaranteed service levels. For this reason and due to the major investment program that was previously planned and implemented, the free cash flow generated during 2022 totaled €49.0m, compared with €133.8m in 2021.

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

Draintech S.r.l. was consolidated for seven months in 2022, having been acquired on 11 April 2022, while Eurofluid Hydraulic S.r.l. was consolidated for two months, following its acquisition on 20 October 2022, as discussed in more detail later.

Compared with 2021, the Hydraulic Sector consolidated a number of additional companies for a full 12 months in 2022: the three White Drive companies acquired in October 2021 and Berma S.r.l., which was acquired in November 2021 and absorbed by Reggiana Riduttori with effect from 1 January 2022.

Via Interpump Hydraulics S.p.A., Interpump Group acquired 80% of Eurofluid Hydraulic S.r.l. on 20 October 2022. This company, founded in 1994 and based on Borzano di Albinea (RE), specializes in the manufacture of high-end hydraulic blocks, offering both standard production and customizations to meet customer requirements. Eurofluid employs over 90 persons and 2022 turnover is expected to be about €28m, with an EBITDA margin in excess of 20%.

The value of this equity interest was agreed to be €26.4m and “put and call” mechanisms have been defined, with a set price, so that the counterparties can purchase and sell the remaining 20% from April 2026.

The current owners will remain involved in the activities of the company.

NET SALES

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

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

PROFITABILITY

The cost of sales accounted for 65.1% of turnover (64.2% in 2021). Production costs totaled €541.8m (€412.0m in 2021, which however did not include the costs of Draintech S.r.l. or Eurofluid Hydraulic S.r.l., the costs of the White Drive companies for 9 months or the costs of Berma for 10 months), accounting for 26.1% of sales (25.7% in 2021). The purchase cost of raw materials and components sourced on the market, including the change in inventories, was €811.5m (€617.6m in 2021, which however did not include the costs of Draintech S.r.l. or Eurofluid Hydraulic S.r.l., the costs of the White Drive companies for 9 months or the costs of Berma for 10 months). The incidence of purchase costs, including the change in inventories, was 39.1% (38.5% in 2021).

At unchanged perimeter, distribution expenses rose by 17.3% with respect to 2021, with the same percentage incidence on sales. 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.

Also at unchanged perimeter, general and administrative expenses rose by 11.6% with respect to 2021, but their incidence on sales was 0.7 percentage points lower.

Total payroll costs were €423.3m (€353.4m in 2021, which however did not include the costs of Draintech S.r.l. or Eurofluid Hydraulic S.r.l., the costs of the White Drive companies for 9 months

or the costs of Berma for 10 months). At unchanged perimeter, payroll costs amounted to €387.6m, up by 9.7% due to a 6.1% rise in per capita cost and an increase in the average headcount by 280 employees. The total number of Group employees in 2022 averaged 8,721 (8,713 at unchanged perimeter) compared with 8,433 in 2021. The increase in average headcount, net of the personnel of the newly-acquired companies, breaks down as follows: plus 134 in Europe, plus 92 in North America and plus 54 in the Rest of the World. In addition, the Group employed 1,609 temporary workers during the year (1,111 in 2021) at a cost of €40.3m (€25.6m in 2021).

EBITDA totaled €492.3m (23.7% of sales) compared with €379.8m in 2021, which represented 23.7% of sales, reflecting a 29.6% increase. The following table analyzes EBITDA by business sector:

	2022	% on	2021	% on	Increase/ Decrease
	<u>€/000</u>	<u>total</u>	<u>€/000</u>	<u>total</u>	
		<u>sales*</u>		<u>sales*</u>	
Hydraulics	337,420	21.8%	246,913	21.7%	+36.7%
Water-Jetting	<u>154,864</u>	28.7%	<u>132,844</u>	28.0%	+16.6%
Total	<u>492,284</u>	23.7%	<u>379,757</u>	23.7%	+29.6%

* = 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.

After excluding the effects of the plant fire in Romania, described earlier, normalized EBITDA for 2022 would have been 23.6% of sales, while that the Hydraulic Sector would have been 21.7% of sales.

EBIT amounted to €384.1m (18.5% of sales) compared with €295.0m in 2021 (18.4% of sales), up by 30.2%.

The tax rate for the year was 26.9% (27.9% in 2021).

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

Net profit for 2022 was €269.6m (€198.5m in 2021) reflecting an increase of 35.8%.

Basic earnings per share were 2.522 euro (1.836 euro in 2021).

Capital employed increased from €1,912.4m at 31 December 2021 to €2,170.5m at 31 December 2022. This increase reflects a rise in working capital caused by both the sharp growth in sales and, therefore, of trade receivables, and the decision made by the Group to support this growth with adequate inventory levels. The approach adopted has safeguarded production capacity as much as possible, considering the ever greater inflationary pressures and the increasing difficulty of sourcing raw and consumable materials, and made it possible to satisfy customer requirements in an effective manner. ROCE was 17.7% (15.4% in 2021). ROE was 17.2% (14.8% in 2021).

CASH FLOW

The change in the Net financial position breaks down as follows:

	2022	2021
	<u>€/000</u>	<u>€/000</u>
Opening net financial position	(494,924)	(269,500)
Adjustment: opening net cash position of companies not consolidated line by line at the end of the prior year	-	(161)
Adjusted opening net financial position	(494,924)	(269,661)
Cash flow from operations	394,459	317,793
Principal portion of leasing installments paid	(26,043)	(18,971)
Cash flow generated (absorbed) by the management of commercial working capital	(197,298)	(63,226)
Cash flow generated (absorbed) by other current assets and liabilities	5,261	2,662
Investment in property, plant and equipment	(125,436)	(101,869)
Proceeds from the sale of tangible fixed assets	3,085	2,284
Investment in other intangible assets	(7,155)	(7,141)
Financial income received	1,056	627
Other	<u>1,112</u>	<u>1,641</u>
Free cash flow	49,041	133,800
Acquisition of investments, including received debt and net of treasury shares assigned	(43,041)	(321,362)
Dividends paid	(31,239)	(29,536)
Outlays for the purchase of treasury shares	(94,793)	(22,397)
Proceeds from the sale of treasury shares to stock option beneficiaries	63,027	714
Principal portion of leasing installments paid	26,043	18,971
Principal portion of new leasing contracts arranged	(16,062)	(9,320)
Restatement and early redemption of leasing contracts	(1,012)	1,156
Change in other financial assets	<u>(36)</u>	<u>(18)</u>
Net cash generated (used)	(48,072)	(227,992)
Exchange differences	<u>1,212</u>	<u>2,729</u>
Closing net financial position	<u>(541,784)</u>	<u>(494,924)</u>

The net cash flow generated from operating activities was €394.5m (€317.5m in 2021), with growth of 24.3%. Free cash flow was €49.0m (€133.8m in 2021). The reduction mainly reflects the increase in working capital and higher investment. As mentioned, the increase in working capital is a phenomenon linked to the rise in sales; however, at this specific moment in time, it also reflects a decision made by the Group to tackle the shortage of raw materials and the volatility in their prices. The rise in investment is consistent with the ongoing process of expanding productive capacity, as that part of the growth strategy implemented over a longer time horizon.

Net indebtedness, including the payables and commitments identified in ESMA 32-382-1138 and adopted by Consob in communication no. 5/21, comprises:

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

CAPITAL EXPENDITURE

Expenditure on property, plant and machinery totaled €157.3m, of which €8.8m through the acquisition of investments (€209.5m in 2021, of which €84.8m through the acquisition of investments). The additions are analyzed in the following table.

€/000	2022	2021
	<u>€/000</u>	<u>€/000</u>
Increases for the purchase of fixed assets used in the production process	127,536	106,509
Increases for machinery rented to customers	4,927	8,839
Leased assets	<u>16,062</u>	<u>9,320</u>
<i>Capex</i>	148,525	124,668
Increases via the acquisition of equity investments	<u>8,781</u>	<u>84,815</u>
Total increases in the year	<u>157,306</u>	<u>209,483</u>

The increases in 2022 include €47.3m invested in land and buildings (€46.6m in 2021).

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

Increases in intangible assets totaled €24.7m, of which €17.4m through the acquisition of equity investments (€8.2m in 2021, including €0.9m through the acquisition of equity investments).

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

INTERCOMPANY AND RELATED PARTY TRANSACTIONS

In compliance with the provisions of the Consob regulation adopted with resolution no. 17221 of 12 March 2010, as amended, Interpump Group S.p.A. has adopted the procedure that regulates related party transactions. This procedure was approved for the first time by the Board of Directors on 10 November 2010 and has been continuously updated in accordance with the regulatory provisions in force time by time and adapted to reflect current practices. In particular, on 28 June 2021 the Board of Directors approved a new version that takes account of the effects of Decree 49/2019, which transposed into Italian law the provisions of Directive (EU) 2017/828 (“Shareholders’ Rights II”) with regard to related parties, as well as the related amendments made by CONSOB on 10 December 2020 to the Issuers’ Regulation and the Regulation governing Related Party Transactions. The new version can be found in the Corporate Governance section of the Interpump website www.interpumpgroup.it. Information on transactions carried out with related parties is given in Note 9 of the Interim Consolidated Financial statements at 31 December 2022. Overall, no atypical or unusual transactions were carried out with related parties during 2021 and the transactions that did take place were conducted on an arm's-length basis.

CHANGES IN THE GROUP STRUCTURE IN 2022

As mentioned in the section entitled “Key events of 2022”, Draintech S.r.l. and Eurofluid Hydraulic S.r.l. were acquired during the year.

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

Put options for the residual quotas in Mega Pacific were also exercised during 2022, together with those for an additional 20% of Transtecno S.r.l. Additionally, the residual minority interests in Gummi Tech S.r.l. and a further 15% of SIT S.p.A. were acquired.

EVENTS OCCURRING AFTER THE END OF 2022

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

**Directors' remarks on performance
in Q4 2022**

Q4 consolidated income statement

(€/000)	2022	2021
Net sales	533,025	449,687
Cost of sales	(344,895)	(295,807)
Gross industrial margin	188,130	153,880
<i>% on net sales</i>	35.3%	34.2%
Other operating revenues	10,536	7,957
Distribution expenses	(41,771)	(35,489)
General and administrative expenses	(51,286)	(48,251)
Other operating costs	(11,645)	(5,898)
EBIT	93,964	72,199
<i>% on net sales</i>	17.6%	16.1%
Financial income	5,621	5,012
Financial charges	(22,249)	(20,125)
Equity method contribution	120	240
Profit for the period before taxes	77,456	57,326
Income taxes	(22,623)	(37,238)
Consolidated profit for the period	54,833	20,088
<i>% on net sales</i>	10.3%	4.5%
Attributable to:		
Shareholders of Parent	53,757	19,424
Minority shareholders of subsidiaries	1,076	664
Consolidated profit for the period	54,833	20,088
EBITDA	127,161	97,818
<i>% on net sales</i>	23.9%	21.8%
Shareholders' equity	1,565,932	1,339,664
Net financial position	541,784	494,924
Payables for the acquisition of investments	62,812	77,794
Capital employed	2,170,528	1,912,382
Unannualized ROCE	17.7%	15.4%
Unannualized ROE	17.2%	14.8%
Basic earnings per share	2.522	1.836

NET SALES

Net sales in Q4 2022 totaled €533.0m, up by 18.5% on the €449.7m of Q4 2021 (+17.4 % at unchanged perimeter and +14.0% also net of exchange differences).

The following table gives a breakdown of net sales in Q4 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>Q4 2022</i>						
Hydraulics	74,012	145,280	101,886	40,174	31,817	393,169
Water-Jetting	<u>15,002</u>	<u>46,086</u>	<u>44,867</u>	<u>18,779</u>	<u>15,122</u>	<u>139,856</u>
Total	<u>89,014</u>	<u>191,366</u>	<u>146,753</u>	<u>58,953</u>	<u>46,939</u>	<u>533,025</u>
<i>Q4 2021</i>						
Hydraulics	55,884	122,993	80,309	35,713	26,613	321,512
Water-Jetting	<u>17,455</u>	<u>41,027</u>	<u>39,747</u>	<u>19,652</u>	<u>10,294</u>	<u>128,175</u>
Total	<u>73,339</u>	<u>164,020</u>	<u>120,056</u>	<u>55,365</u>	<u>36,907</u>	<u>449,687</u>
2022/2021 percentage changes						
Hydraulics	+32.4%	+18.1%	+26.9%	+12.5%	+19.6%	+22.3%
Water-Jetting	-14.1%	+12.3%	+12.9%	-4.4%	+46.9%	+9.1%
Total	+21.4%	+16.7%	+22.2%	+6.5%	+27.2%	+18.5%
2022/2021 at unchanged perimeter (%)						
Hydraulics	+28.8%	+15.5%	+27.3%	+12.4%	+19.5%	+20.7%
Water-Jetting	-13.9%	+12.3%	+12.9%	-4.4%	+46.9%	+9.1%
Total	+18.6%	+14.7%	+22.5%	+6.4%	+27.1%	+17.4%

PROFITABILITY

The cost of sales accounted for 64.7% of turnover (65.8% in Q4 2021). Production costs, which totaled €140.5m (€123.5m in Q4 2021, which however did not include the costs of Draintech S.r.l. or Eurofluid Hydraulic S.r.l., or the costs of Berma for 1 month), accounted for 26.4% of sales (27.5% in the equivalent period of 2021). The purchase cost of raw materials and components sourced on the market, including changes in inventories, was €204.4m (€172.3m in the equivalent period of 2021, which however did not include the costs of Draintech S.r.l. or Eurofluid Hydraulic S.r.l., or the costs of Berma for 1 month). The incidence of purchase costs, including the change in inventories, was 38.3% (38.3% in Q4 2021).

At unchanged perimeter, distribution expenses rose by 17.3% with respect to Q4 2021, while their incidence on sales was unchanged.

Also at unchanged perimeter, general and administrative expenses rose by 11.2% with respect to Q4 2021, while the incidence on sales was 0.5 percentage points lower.

EBITDA amounted to €127.2m (23.9% of sales) compared to €97.8m in Q4 2021 (21.8% of sales), with growth of 30.0%.

The following table analyzes EBITDA by business sector:

	<i>Q4 2022</i>	<i>% on</i>	<i>Q4 2021</i>	<i>% on</i>	
	<i>€/000</i>	<i>total</i>	<i>€/000</i>	<i>total</i>	<i>Increase/</i>
		<i>sales*</i>		<i>sales*</i>	<i>Decrease</i>
Hydraulics	86,622	22.0%	62,603	19.3%	+38.4%
Water-Jetting	<u>40,539</u>	28.8%	<u>35,216</u>	27.2%	+15.1%
Total	<u>127,161</u>	23.9%	<u>97,819</u>	21.8%	+30.0%

* = 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.

EBIT was €94.0m (17.6% of sales) compared with €72.2m in Q4 2021 (16.1% of sales), reflecting an increase of 30.2%.

Q4 2022 closed with a consolidated net profit of €54.8m (€20.1m in Q4 2021), reflecting growth of 173%.

The fourth quarter of 2021 was heavily penalized by two non-recurring events whose full effects were borne in the period: the remeasurement of the put options on minority interests by €14.9m and the write-down of the deferred tax assets recognized on the revaluation of trademarks and on franking the goodwill of the Parent Company by €19.6m.

Basic earnings per share were 0.509 euro, compared to 0.182 euro in Q4 2021.

BUSINESS OUTLOOK

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

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

Sant'Ilario d'Enza (RE), 15 February 2023

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

Giovanni Poletti, 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), 15 February 2023

Giovanni Poletti
Manager responsible for drafting
the company's accounting documents

Financial statements and notes

Consolidated statement of financial position

(€/000)	<u>Notes</u>	<u>31/12/2022</u>	<u>31/12/2021</u>
ASSETS			
Current assets			
Cash and cash equivalents		358,275	349,015
Trade receivables		433,812	361,913
Inventories	4	683,819	515,958
Tax receivables		44,441	27,876
Other current assets		33,985	20,766
Total current assets		<u>1,554,332</u>	<u>1,275,528</u>
Non-current assets			
Property, plant and equipment	5	681,109	613,715
Goodwill	1	755,026	767,413
Other intangible assets		61,863	44,212
Other financial assets		2,961	2,250
Tax receivables		4,801	2,327
Deferred tax assets		65,912	63,658
Other non-current assets		3,024	2,183
Total non-current assets		<u>1,574,696</u>	<u>1,495,758</u>
Assets held for sale	6	1,291	1,460
Total assets		<u>3,130,319</u>	<u>2,772,746</u>

(€/000)	<u>Notes</u>	<u>31/12/2022</u>	<u>31/12/2021</u>
LIABILITIES			
Current liabilities			
Trade payables		312,222	285,212
Payables to banks		30,928	7,760
Interest-bearing financial payables (current portion)		288,456	232,213
Tax liabilities		59,953	34,669
Other current liabilities		111,878	116,747
Provisions for risks and charges		13,184	4,694
Total current liabilities		<u>816,621</u>	<u>681,295</u>
Non-current liabilities			
Interest-bearing financial payables		580,675	603,966
Liabilities for employee benefits		20,088	23,937
Deferred tax liabilities		56,914	48,207
Tax liabilities		355	1,764
Other non-current liabilities		76,745	60,885
Provisions for risks and charges		12,989	13,028
Total non-current liabilities		<u>747,766</u>	<u>751,787</u>
Total liabilities		<u>1,564,387</u>	<u>1,433,082</u>
SHAREHOLDERS' EQUITY			
	7		
Share capital		55,584	55,327
Legal reserve		11,323	11,323
Share premium reserve		39,444	66,472
Remeasurement reserve for defined benefit plans		(5,320)	(8,170)
Translation reserve		18,384	6,013
Other reserves		1,433,955	1,197,234
Group shareholders' equity		<u>1,553,370</u>	<u>1,328,199</u>
Non-controlling interests		12,562	11,465
Total shareholders' equity		<u>1,565,932</u>	<u>1,339,664</u>
Total shareholders' equity and liabilities		<u>3,130,319</u>	<u>2,772,746</u>

Consolidated income statement for the year

(€/000)	<u>Note</u> <u>s</u>	<u>2022</u>	<u>2021</u>
Revenues		2,077,964	1,604,255
Cost of sales		(1,353,357)	(1,029,564)
Gross industrial margin		724,607	574,691
Other operating income		42,703	25,283
Distribution expenses		(158,048)	(127,471)
General and administrative expenses		(198,277)	(166,394)
Other operating costs		(26,888)	(11,061)
EBIT		384,097	295,048
Financial income	8	31,887	14,578
Financial charges	8	(47,412)	(34,408)
Equity method contribution		235	283
Profit for the year before taxes		368,807	275,501
Income taxes		(99,241)	(76,982)
Consolidated profit for the year		269,566	198,519
Attributable to:			
Shareholders of Parent		266,314	195,882
Minority shareholders of subsidiaries		3,252	2,637
Consolidated profit for the year		269,566	198,519
Basic earnings per share	9	2.522	1.836
Diluted earnings per share	9	2.518	1.813

Consolidated statement of comprehensive income for the year

(€/000)	2022	2021
Consolidated profit (A)	269,566	198,519
Other comprehensive income (losses) which will subsequently be reclassified to consolidated profit or loss		
<i>Gains (losses) on translating the financial statements of foreign companies</i>	12,167	33,950
<i>Gains (losses) from companies accounted for using the equity method</i>	75	96
<i>Applicable taxes</i>	-	-
Total other consolidated income (losses) which will subsequently be reclassified to consolidated profit or loss, net of the tax effect (B)	12,242	34,046
<i>Gains (losses) deriving from the remeasurement of defined benefit plans</i>	3,872	69
<i>Applicable taxes</i>	<u>(929)</u>	<u>(18)</u>
Total other consolidated income (losses) which will not subsequently be reclassified to consolidated profit or loss, net of the tax effect (C)	<u>2,943</u>	<u>51</u>
Comprehensive consolidated profit for the year (A)+(B)+(C)	<u>284,751</u>	<u>232,616</u>
Attributable to:		
Shareholders of Parent	281,610	229,157
Minority shareholders of subsidiaries	<u>3,141</u>	<u>3,459</u>
Comprehensive consolidated profit for the year	<u>284,751</u>	<u>232,616</u>

Q4 consolidated income statement

(€/000)		2022	2021
Revenues		533,025	449,687
Cost of sales		(344,895)	(295,807)
Gross industrial margin		188,130	153,880
Other operating income		10,536	7,957
Distribution expenses		(41,771)	(35,489)
General and administrative expenses		(51,286)	(48,251)
Other operating costs		(11,645)	(5,898)
EBIT		93,964	72,199
Financial income	8	5,621	5,012
Financial charges	8	(22,249)	(20,125)
Equity method contribution		120	240
Profit for the period before taxes		77,456	57,326
Income taxes		(22,623)	(37,238)
Consolidated net profit for the period		54,833	20,088
Attributable to:			
Shareholders of Parent		53,757	19,424
Minority shareholders of subsidiaries		1,076	664
Consolidated profit for the period		54,833	20,088
Basic earnings per share	9	0.509	0.182
Diluted earnings per share	9	0.509	0.179

Consolidated statement of comprehensive income for Q4

(€/000)	2022	2021
Consolidated profit for Q4 (A)	54,833	20,088
Other comprehensive income (losses) which will subsequently be reclassified to consolidated profit or loss		
<i>Gains (losses) on translating the financial statements of foreign companies</i>	(43,662)	12,131
<i>Gains (losses) from companies accounted for using the equity method</i>	(345)	11
<i>Applicable taxes</i>	-	-
Total other consolidated income (losses) which will subsequently be reclassified to consolidated profit or loss, net of the tax effect (B)	(44,007)	12,142
<i>Gains (losses) deriving from the remeasurement of defined benefit plans</i>	3,872	69
<i>Applicable taxes</i>	<u>(929)</u>	<u>(18)</u>
Total other consolidated income (losses) which will not subsequently be reclassified to consolidated profit or loss, net of the tax effect (C)	<u>2,943</u>	<u>51</u>
Comprehensive consolidated profit for Q4 (A)+(B)+(C)	<u>13,769</u>	<u>32,281</u>
Attributable to:		
Shareholders of Parent	13,822	31,324
Minority shareholders of subsidiaries	<u>(53)</u>	<u>957</u>
Comprehensive consolidated profit for Q4	<u>13,769</u>	<u>32,281</u>

Consolidated cash flow statement for the year

(€/000)	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Profit before taxes	368,807	275,501
Adjustments for non-cash items:		
Losses (gains) on the sale of fixed assets	(5,795)	(6,125)
Amortization and depreciation	98,425	82,126
Costs recognized in the income statement relative to stock options that do not involve monetary outflows for the Group	4,995	4,386
Losses (profits) from investments	(235)	(283)
Net change in risk provisions and allocations to employee benefit provisions	6,946	23
Expenditures for tangible assets to be leased	(4,915)	(8,839)
Proceeds from the disposal of leased tangible assets	10,808	11,116
Net financial charges (revenues)	15,525	19,830
	494,561	377,735
(Increase) decrease in trade receivables and other current assets	(87,612)	(68,440)
(Increase) decrease in inventories	(158,665)	(84,342)
Increase (decrease) in trade payables and other current liabilities	54,241	92,218
Interest paid	(8,618)	(4,136)
Realized exchange differences	1,599	1,147
Taxes paid	(93,083)	(56,953)
Net cash from operating activities	202,423	257,229
Cash flows from investing activities		
Payments for the purchase of investments net of cash received and net of treasury shares assigned	(39,400)	(306,815)
Capital expenditure on property, plant and equipment	(125,436)	(101,869)
Proceeds from the sale of tangible fixed assets	3,085	2,284
Increase in intangible assets	(7,155)	(7,141)
Financial income received	1,056	627
Other	2,045	1,765
Net cash (used in) investing activities	(165,805)	(411,149)
Cash flows from financing activities		
Disbursements (repayments) of loans	38,402	227,269
Dividends paid	(31,239)	(29,536)
Disbursements for purchase of treasury shares	(94,793)	(22,397)
Proceeds from the sale of treasury shares to stock option beneficiaries	63,027	714
(Disbursements) repayments of shareholder loans	(482)	-
Change in other financial assets	(36)	(18)
Payment of finance lease installments (principal)	(26,043)	(18,971)
Net cash generated by (used in) financing activities	(51,164)	157,061
Net increase (decrease) in cash and cash equivalents	(14,546)	3,141

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

Cash and cash equivalents consist of the following:

	31/12/2022	31/12/2021
	€/000	€/000
Cash and cash equivalents as per the consolidated statement of financial position	358,275	349,015
Bank payables (overdrafts and subject to collection advances)	<u>(30,928)</u>	<u>(7,760)</u>
Cash and cash equivalents as per the consolidated cash flow statement	<u>327,347</u>	<u>341,255</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	-	-	4,386	-	-	-	4,386	-	4,386
Purchase of treasury shares	(218)	-	(22,179)	-	-	-	(22,397)	-	(22,397)
Transfer of treasury shares to stock option beneficiaries	29	-	685	-	-	-	714	-	714
Transfer of treasury shares as payment for equity investments	54	-	4,887	-	-	-	4,941	-	4,941
Winding up of subsidiaries	-	-	-	-	-	-	-	(82)	(82)
Purchase of residual interests in subsidiaries	-	-	-	-	-	(425)	(425)	(240)	(665)
Dividends paid	-	-	-	-	-	(27,382)	(27,382)	(2,074)	(29,456)
Dividends resolved	-	-	-	-	-	(370)	(370)	-	(370)
Comprehensive income (loss) for 2021	-	-	-	47	33,228	195,882	229,157	3,459	232,616
<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	-	-	4,995	-	-	-	4,995	-	4,995
Purchase of treasury shares	(1,082)	-	(93,711)	-	-	-	(94,793)	-	(94,793)
Transfer of treasury shares to stock option beneficiaries	1,339	-	61,688	-	-	-	63,027	-	63,027
Purchase of residual interests in subsidiaries	-	-	-	(75)	-	65	(10)	(534)	(544)
Dividends paid	-	-	-	-	-	(29,658)	(29,658)	(1,510)	(31,168)
Comprehensive income (loss) for 2022	-	-	-	2,925	12,371	266,314	281,610	3,141	284,751
<i>At 31 December 2022</i>	55,584	11,323	39,444	(5,320)	18,384	1,433,955	1,553,370	12,562	1,565,932

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, machines for the food processing, chemicals, cosmetics and pharmaceuticals industries (Water-Jetting Sector), power take-offs, gear pumps, hydraulic cylinders, directional controls, valves, gears and dispersion devices, hydraulic hoses and fittings, steering systems and other hydraulic components (Hydraulic Sector). The Group has production facilities in Italy, the US, Germany, China, India, France, Portugal, Brazil, Poland, Bulgaria, Romania, Canada and South Korea.

Sales 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 31 December 2022 were approved by the Board of Directors on this day (15 February 2023).

Basis of preparation

The consolidated financial statements at 31 December 2022 were drawn up 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. Therefore, the consolidated financial statements at 31 December 2022 should be consulted together with the consolidated financial statements for the year ending 31 December 2021.

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. The captions of the financial statements that call for more subjective appraisal by the directors when preparing estimates and for which a change in the conditions underlying the assumptions utilized could have a significant effect on the financial statements are: goodwill, amortization and depreciation of fixed assets, deferred tax assets and liabilities, the allowance for doubtful accounts and the allowance for inventories, provisions for risks and charges, defined benefit plans for employees, liabilities for the acquisition of investments included under other liabilities, and the determination of the fair value of the assets and liabilities acquired in the framework of business combinations.

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 2024 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.

- *Amendments to “IFRS 16 Leases: Lease Liability in a Sale and Leaseback”*. On 22 September 2022 the IASB published the document entitled *Lease Liability in a Sale and Leaseback*, which amends IFRS 16 and clarifies how to account for a sale and leaseback after the date of the transaction. The amendment applies to reporting periods beginning on or after 1 January 2024. Early application is allowed.

Notes to the consolidated financial statements at 31 December 2022

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1. Scope of consolidation and goodwill

The scope of consolidation at 31 December 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 31/12/2022</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)	Dudingen (Switzerland)	89	Water-Jetting	100.00%
Inoxihp S.r.l.	Nova Milanese (MI)	119	Water-Jetting	52.72%
NLB Corporation Inc.	Detroit (USA)	12	Water-Jetting	100.00%
NLB Poland Corp. Sp. Z.o.o. (2)	Warsaw (Poland)	-	Water-Jetting	100.00%
Inoxpa S.A.	Banyoles (Spain)	23,000	Water-Jetting	100.00%
Inoxpa India Private Ltd (3)	Pune (India)	6,779	Water-Jetting	100.00%
Inoxpa Solutions France (3)	Gleize (France)	2,071	Water-Jetting	100.00%
Improved Solutions Unipessoal Ltda (Portugal) (3)	Vale de Cambra (Portugal)	760	Water-Jetting	100.00%
Inoxpa (UK) Ltd (3)	Eastbourne (UK)	1,942	Water-Jetting	100.00%
Inoxpa Solutions Moldova (3)	Chisinau (Moldova)	317	Water-Jetting	66.67%
Inoxpa Colombia SAS (3)	Bogotá (Colombia)	133	Water-Jetting	83.29%
Inoxpa Italia S.r.l. (3)	Mirano (VE)	100	Water-Jetting	100.00%
Inoxpa Skandinavien A/S (3)	Horsens (Denmark)	134	Water-Jetting	100.00%
Inoxpa South Africa Proprietary Ltd (3)	Gauteng (South Africa)	104	Water-Jetting	100.00%
Inoxpa Special Processing Equipment Co. Ltd (3)	Jianxing (China)	1,647	Water-Jetting	100.00%
Inoxpa Ukraine (3)	Kiev (Ukraine)	113	Water-Jetting	100.00%
Inoxpa USA Inc. (3)	Santa Rosa (USA)	1,426	Water-Jetting	100.00%
INOXPA LTD (Russia) (3)	Podolsk (Russia)	1,435	Water-Jetting	70.00%
Inoxpa Mexico S.A. de C.V. (3)	Mexico City (Mexico)	309	Water-Jetting	100.00%
Pioli S.r.l.	Reggio Emilia	10	Water-Jetting	100.00%
Servizi Industriali S.r.l.	Ozzano Emilia (BO)	100	Water-Jetting	80.00%
SIT S.p.A.	S. Ilario d'Enza (RE)	105	Water-Jetting	80.00%
Teknova S.r.l. (in liquidation)	Reggio Emilia	28	Water-Jetting	100.00%
Interpump Hydraulics S.p.A.	Calderara di Reno (BO)	2,632	Hydraulics	100.00%
Contarini Leopoldo S.r.l. (4)	Lugo (RA)	47	Hydraulics	100.00%
Unidro Contarini S.a.s. (5)	Barby (France)	8	Hydraulics	100.00%
Copa Hydrosystem Ood (5)	Troyan (Bulgaria)	3	Hydraulics	100.00%
Hydrocar Chile S.A. (4)	Santiago (Chile)	129	Hydraulics	90.00%
Hydroven S.r.l. (4)	Tezze sul Brenta (VI)	200	Hydraulics	100.00%
Interpump Hydraulics Brasil Ltda (4)	Caxia do Sul (Brazil)	15,126	Hydraulics	100.00%
Interpump Hydraulics France S.a.r.l. (4)	Ennery (France)	76	Hydraulics	99.77%
Interpump Hydraulics India Private Ltd (4)	Hosur (India)	682	Hydraulics	100.00%
Interpump Hydraulics Middle East FZE (4)	Dubai (UAE)	326	Hydraulics	100.00%
Interpump South Africa Pty Ltd (4)	Johannesburg (South Africa)	-	Hydraulics	100.00%
Eurofluid Hydraulics S.r.l. (4)	Albinea (RE)	100	Hydraulics	80.00%
Interpump Hydraulics (UK) Ltd. (4)	Kidderminster (United Kingdom)	13	Hydraulics	100.00%

Interim Board of Directors' Report at 31 December 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 31/12/2022</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%
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 31 December 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 31/12/2022</u>
GS-Hydro Austria GmbH (10)	Pashing (Austria)	40	Hydraulics	100.00%
GS-Hydro Sp Z O O (Poland) (10)	Gdynia (Poland)	1,095	Hydraulics	100.00%
GS-Hydro S.A.U (Spain) (10)	Las Rozas (Spain)	90	Hydraulics	100.00%
Suministros Franquesa S.A. (17)	Lleida (Spain)	160	Hydraulics	100.00%
GS-Hydro U.S. Inc. (7)	Houston (USA)	9,903	Hydraulics	100.00%
GS-Hydro do Brasil Sistemas Hidraulicos Ltda (10)	Rio de Janeiro (Brazil)	252	Hydraulics	100.00%
GS-Hydro System GmbH (Germany) (10)	Witten (Germany)	179	Hydraulics	100.00%
GS- Hydro UK Ltd (10)	Sunderland (United Kingdom)	5,095	Hydraulics	100.00%
GS-Hydro Ab (Sweden) (10)	Kista (Sweden)	120	Hydraulics	100.00%
GS-Hydro Hong Kong Ltd (1)	Hong Kong	1	Hydraulics	100.00%
IMM Hydraulics Ltd (dormant) (6)	Kidderminster (United Kingdom)	-	Hydraulics	100.00%
Bristol Hose Ltd (dormant) (6)	Bristol (United Kingdom)	-	Hydraulics	100.00%
White Drive Motors and Steering Sp. z o.o.	Wroclaw (Poland)	33,254	Hydraulics	100.00%
White Drive Motors and Steering GmbH	Parchim (Germany)	33,595	Hydraulics	100.00%
White Drive Motors and Steering, LLC	Hopkinsville (USA)	46,328	Hydraulics	100.00%

(1) = controlled by Hammelmann GmbH

(2) = controlled by NLB Corporation Inc. .

(3) = controlled by Inoxpa S.A.

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

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

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

(7) = controlled by Muncie Power Prod. Inc

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

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

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

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

(11) = controlled by GS Hydro Hong Kong Ltd

(12) = controlled by Interpump Hydraulics Brasil Ltda

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

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

(15) = controlled by Transtecno B.V.

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

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

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

The Hydraulic Sector consolidated the three White Drive companies for the full year in 2022, compared with 3 months in 2021, as well as Berma S.r.l., which was consolidated for 2 months in 2021 and later absorbed by Reggiana Riduttori with effect from 1 January 2022.

The minority quotaholder of Inoxihp S.r.l. 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, the residual 20% interest in Draintech commencing from April 2025, and the residual 20% interest in Eurofluid Hydraulic S.r.l. commencing from April 2026.

In compliance with the requirements of IFRS 10 and IFRS 3, Inoxihp, Inoxpa Solution Moldova, Hydra Dyne, Transtecno, Servizi Industriali, Draintech and Eurofluid Hydraulics Srl have been consolidated in full, recording a payable representing an estimate of the present value of the exercise price of the options determined with reference to the business plans of the companies and/or on the basis of specific contractual agreements. Any changes in the above payable identified within 12 months of the date of acquisition, as a result of additional or better information, will be recorded as an adjustment of goodwill, while any changes emerging more than 12 months after the date of acquisition will be recognized in the income statement. Investments in other companies, including subsidiaries, that have not been consolidated due to their insignificance are measured at fair value.

Changes in goodwill were as follows in 2022:

<u>Company:</u>	<u>Balance at 31/12/2021</u>	<u>Increases in the year</u>	<u>(Decreases) in the year</u>	<u>Changes due to foreign exchange differences</u>	<u>Balance at 31/12/2022</u>
Water-Jetting	213,645	-	-	2,470	216,115
Hydraulics	<u>553,768</u>	<u>20,572</u>	<u>(34,388)</u>	<u>(1,041)</u>	<u>538,911</u>
<i>Total goodwill</i>	<u>767,413</u>	<u>20,572</u>	<u>(34,388)</u>	<u>1,429</u>	<u>755,026</u>

The increases in 2022 relate to the acquisition of Eurofluid Hydraulics S.r.l. for €18,993k and the acquisition of Draintech for €1,579k. The decreases, on the other hand, mainly reflect price adjustments relating to the acquisition of White Drive.

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, rotary unions, 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 (directional control manifolds, controls, etc.) allow the execution of special functions such as lifting tipping bodies, operating truck-mounted cranes, operating truck mixer truck drums, and so forth. 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 at 31 December

	Hydraulics		Water-Jetting		Elimination entries		Interpump Group	
	2022	2021	2022	2021	2022	2021	2022	2021
Revenues outside the Group	1,541,623	1,134,132	536,341	470,123			2,077,964	1,604,255
Inter-sector revenues	3,372	3,074	4,012	4,838	(7,384)	(7,912)	-	-
Total revenues	1,544,995	1,137,206	540,353	474,961	(7,384)	(7,912)	2,077,964	1,604,255
Cost of sales	(1,067,967)	(776,662)	(292,813)	(260,832)	7,423	7,930	(1,353,357)	(1,029,564)
Gross industrial margin	477,028	360,544	247,540	214,129	39	18	724,607	574,691
<i>% of revenues</i>	30.9%	31.7%	45.8%	45.1%			34.9%	35.8%
Other operating income	34,927	18,414	8,869	7,888	(1,093)	(1,019)	42,703	25,283
Distribution expenses	(98,039)	(77,705)	(60,611)	(50,326)	602	560	(158,048)	(127,471)
General and administrative expenses	(135,265)	(108,611)	(63,464)	(58,224)	452	441	(198,277)	(166,394)
Other operating costs	(25,572)	(7,727)	(1,316)	(3,334)	-	-	(26,888)	(11,061)
EBIT	253,079	184,915	131,018	110,133	-	-	384,097	295,048
<i>% of revenues</i>	16.4%	16.3%	24.2%	23.2%			18.5%	18.4%
Financial income	23,560	10,548	9,838	5,354	(1,511)	(1,324)	31,887	14,578
Financial charges	(35,869)	(27,969)	(13,054)	(7,763)	1,511	1,324	(47,412)	(34,408)
Dividends			42,200	44,204	(42,200)	(44,204)		
Equity method contribution	207	179	28	104	-	-	235	283
Profit for the year before taxes	240,977	167,673	170,030	152,032	(42,200)	(44,204)	368,807	275,501
Income taxes	(63,049)	(42,492)	(36,192)	(34,490)	-	-	(99,241)	(76,982)
Consolidated profit for the year	177,928	125,181	133,838	117,542	(42,200)	(44,204)	269,566	198,519
Attributable to:								
Shareholders of Parent	175,544	123,134	132,970	116,952	(42,200)	(44,204)	266,314	195,882
Minority shareholders of subsidiaries	2,384	2,047	868	590	-	-	3,252	2,637
Consolidated profit for the year	177,928	125,181	133,838	117,542	(42,200)	(44,204)	269,566	198,519
Further information required by IFRS 8								
Amortization, depreciation and write-downs	75,824	60,346	22,601	21,780	-	-	98,425	82,126
Other non-monetary costs	12,260	5,704	5,360	3,504	-	-	17,620	9,208

Interpump Group business sector information
 (Amounts shown in €/000)
Q4

	Hydraulics		Water-Jetting		Elimination entries		Interpump Group	
	2022	2021	2022	2021	2022	2021	2022	2021
Revenues outside the Group	393,169	321,512	139,856	128,175			533,025	449,687
Inter-sector revenues	881	2,353	1,006	1,192	(1,887)	(3,545)	-	-
Total revenues	394,050	323,865	140,862	129,367	(1,887)	(3,545)	533,025	449,687
Cost of sales	(271,029)	(227,512)	(75,778)	(71,842)	1,912	3,547	(344,895)	(295,807)
Gross industrial margin	123,021	96,353	65,084	57,525	25	2	188,130	153,880
<i>% of revenues</i>	<i>31.2%</i>	<i>29.8%</i>	<i>46.2%</i>	<i>44.5%</i>			<i>35.3%</i>	<i>34.2%</i>
Other operating income	8,576	6,263	2,358	2,030	(398)	(336)	10,536	7,957
Distribution expenses	(25,756)	(22,395)	(16,251)	(13,305)	236	211	(41,771)	(35,489)
General and administrative expenses	(35,160)	(32,849)	(16,263)	(15,525)	137	123	(51,286)	(48,251)
Other operating costs	(10,821)	(4,024)	(824)	(1,874)	-	-	(11,645)	(5,898)
EBIT	59,860	43,348	34,104	28,851	-	-	93,964	72,199
<i>% of revenues</i>	<i>15.2%</i>	<i>13.3%</i>	<i>24.2%</i>	<i>22.3%</i>			<i>17.6%</i>	<i>16.1%</i>
Financial income	2,592	3,365	3,727	1,934	(698)	(287)	5,621	5,012
Financial charges	(15,346)	(15,804)	(7,601)	(4,608)	698	287	(22,249)	(20,125)
Dividends	--	-	1,200	150	(1,200)	(150)	-	-
Equity method contribution	125	112	(5)	128	-	-	120	240
Profit for the period before taxes	47,231	31,021	31,425	26,455	(1,200)	(150)	77,456	57,326
Income taxes	(10,915)	(24,752)	(11,708)	(12,486)	-	-	(22,623)	(37,238)
Consolidated profit for the period	36,316	6,269	19,717	13,969	(1,200)	(150)	54,833	20,088
Attributable to:								
Shareholders of Parent	35,593	5,789	19,364	13,785	(1,200)	(150)	53,757	19,424
Minority shareholders of subsidiaries	723	480	353	184	-	-	1,076	664
Consolidated profit for the period	36,316	6,269	19,717	13,969	(1,200)	(150)	54,833	20,088
Further information required by IFRS 8								
Amortization, depreciation and write-downs	18,980	18,551	6,195	6,100	-	-	25,175	24,651
Other non-monetary costs	9,584	2,321	2,365	1,146	-	-	11,949	3,462

Financial position
(Amounts shown in €/000)

	Hydraulics		Water-Jetting		Elimination entries		Interpump Group	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Assets by sector	2,070,274	1,785,883	831,354	743,742	(130,875)	(107,354)	2,770,753	2,422,271
Assets held for sale	1,291	1,460	-	-	-	-	1,291	1,460
Assets of the sector (A)	2,071,565	1,787,343	831,354	743,742	(130,875)	(107,354)	2,772,044	2,431,731
Cash and cash equivalents							358,275	349,015
Total assets							3,130,319	2,772,746
Liabilities of the sector (B)	558,608	481,717	173,783	136,986	(130,875)	(107,354)	601,516	511,349
Debts for the payment of investments							62,812	77,794
Payables to banks							30,928	7,760
Interest-bearing financial payables							869,131	836,179
Total liabilities							1,564,387	1,433,082
Total assets, net (A-B)	1,512,957	1,305,626	657,571	606,756			2,170,528	1,912,382
Further information required by IFRS 8								
Investments measured using the equity method	1,099	529	570	434			1,669	963
Non-current assets other than financial assets and deferred tax assets	1,119,017	1,053,327	386,806	376,523			1,505,823	1,429,850

The full year and Q4 comparison of the Hydraulic Sector at unchanged perimeter is as follows:

	Year		Q4	
	2022	2021	2022	2021
Revenues outside the Group	1,357,937	1,077,986	388,153	268,273
Inter-sector revenues	3,372	3,074	881	2,353
Total revenues	1,361,309	1,081,060	389,034	270,626
Cost of sales	(928,576)	(736,771)	(265,108)	(189,388)
Gross industrial margin	432,733	344,289	123,926	81,238
<i>% of revenues</i>	31.8%	31.8%	31.8%	30.0%
Other operating income	26,879	18,142	8,020	6,006
Distribution expenses	(89,574)	(75,022)	(25,536)	(19,914)
General and administrative expenses	(122,762)	(103,457)	(37,528)	(28,083)
Other operating costs	(18,610)	(6,701)	(10,840)	(2,998)
EBIT	228,666	177,252	58,042	36,249
<i>% of revenues</i>	16.8%	16.4%	14.0%	13.4%
Financial income	17,348	9,826	3,075	2,652
Financial charges	(31,799)	(27,073)	(15,778)	(14,923)
Equity method contribution	238	179	156	112
Profit for the period before taxes	214,453	160,183	45,495	24,090
Income taxes	(57,887)	(40,693)	(10,643)	(23,364)
Consolidated profit for the period	156,566	119,490	34,852	726
Attributable to:				
Shareholders of Parent	154,182	117,443	34,129	482
Minority shareholders of subsidiaries	2,384	2,047	723	244
Consolidated profit for the period	156,566	119,490	34,852	726

The scope of consolidation of the Water-Jetting Sector did not change significantly between 2021 and 2022. Cash flows for the year by business sector are as follows:

€/000	Hydraulics		Water-Jetting		Total	
	2022	2021	2022	2021	2022	2021
Cash flows from:						
Operating activities	97,624	170,067	104,799	87,162	202,423	257,229
Investing activities	(133,377)	(103,278)	(32,428)	(307,871)	(165,805)	(411,149)
Financing activities	(30,289)	(63,946)	(20,875)	221,007	(51,164)	157,061
Total	(66,042)	2,843	51,496	298	(14,546)	3,141

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

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

The cash flows deriving from the financing activities of the Hydraulic Sector include the payment of dividends to Water-Jetting Sector companies totaling €42,200k (€42,924k in 2021).

3. Acquisition of investments

Draintech Srl and Eurofluid Hydraulic Srl were acquired during 2022.

Draintech S.r.l.

The PPA (*Purchase Price Allocation*) of Draintech S.r.l., published in the Half-year Financial Report at 30 June 2022, has not yet been finalized. The Group does not expect significant changes during this process, which will be finalized on 1 June 2023.

Eurofluid Hydraulic S.r.l.

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

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

€/000	Amounts acquired	Adjustments to fair value	Carrying values in the acquiring company
Cash and cash equivalents	2,985	-	2,985
Trade receivables	6,189	-	6,189
Inventories	3,806	-	3,806
Tax receivables	1,688	-	1,688
Other current assets	33	-	33
Property, plant and equipment	8,298	-	8,298
Other intangible assets	1,093	-	1,093
Deferred tax assets	23	-	23
Other non-current assets	-	-	-
Trade payables	(3,659)	-	(3,659)
Payables to banks	(2,728)	-	(2,728)
Tax liabilities	(1,411)	-	(1,411)
Other current liabilities	(1,527)	-	(1,527)
Leasing payables	(35)	-	(35)
Deferred tax liabilities	(301)	-	(301)
Provision for risks and charges	(121)	-	(121)
Employee benefits (severance indemnity provision)	(1,172)	-	(1,172)
Net assets acquired	<u>13,161</u>	=	<u>13,161</u>
Goodwill related to the acquisition			<u>18,993</u>
Total net assets acquired			<u>32,154</u>
Total amount paid in cash			26,400
Amount paid by assigning treasury shares			-
Amount payable			<u>5,754</u>
Total acquisition cost (A)			<u>32,154</u>
Net financial position acquired (B)			(222)
Total amount paid in cash			26,400
Amount payable			<u>5,754</u>
Total change in net financial position			<u>31,932</u>
Capital employed (A) - (B)			<u>31,932</u>

The transaction was recorded using the acquisition method.

White Drive

The PPA (*Purchase Price Allocation*) of White Drive, provisionally recorded in the Annual Financial Report at 31 December 2021, was finalized on 30 September 2022.

The final purchase price allocation is presented below.

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

The transaction was recorded using the acquisition method.

Berma S.r.l.

The PPA (*Purchase Price Allocation*) of Berma S.r.l., provisionally recorded in the Annual Financial Report at 31 December 2021, was finalized on 11 November 2022.

The final purchase price allocation is presented below.

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

4. Inventories and detail of changes in the Inventories allowance

	31/12/2022	31/12/2021
	€/000	€/000
Inventories, gross value	730,569	558,715
Allowance for inventories	<u>(46,750)</u>	<u>(42,757)</u>
Inventories	<u>683,819</u>	<u>515,958</u>

Changes in the allowance for inventories were as follows:

	2022	2021
	€/000	€/000
Opening balances	42,757	37,566
Exchange rate difference	376	1,051
Change in consolidation basis	2,391	3,200
Provisions for the year	5,268	3,633
Releases in the year to cover losses	(3,599)	(1,653)
Release of excess provisions in the year	<u>(443)</u>	<u>(1,039)</u>
Closing balance	<u>46,750</u>	<u>42,757</u>

5. Property, plant and equipment

Purchases and disposals

In 2022 Interpump Group acquired assets for €157,306k, of which €8,781k through the acquisition of equity investments (€195,590k in 2021, of which €70,922k through the acquisition of equity investments). Assets with a net carrying amount of €8,162k were sold in 2022 (€7,327k in 2021). Divested assets produced a net capital gain of €5,795k (€6,125k in 2021).

Contractual commitments

At 31 December 2022 the Group has contractual commitments for the purchase of tangible fixed assets totaling €3,311k (€7,821k at 31 December 2021).

6. Assets held for sale

The assets held for sale at 31 December 2022 relate to a building for which sale negotiations are at an advanced stage. The carrying amount at 31 December 2022 is lower than its fair value net of selling costs.

7. Shareholders' equity

Share capital

Share capital comprises 108,879,294 ordinary shares with a unit par value of EUR 0.52 totaling €56,617,232.88. However, the share capital reported in the financial statements amounts to €55,584k, since the nominal value of purchased treasury shares, net of those sold, has been deducted from share capital in compliance with the reference accounting standards. At 31 December 2022 Interpump S.p.A. holds 1,987,863 treasury shares in the portfolio, corresponding to 1.8257% of share capital, acquired at an average unit cost of 38.7871 euro.

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 2022 (418,285 treasury shares purchased in 2021 for €22,397k).

Treasury shares sold

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

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 on 23 May 2022 and 20 October 2022, respectively 288,000 and 6,000 options were granted to other beneficiaries. Overall, a total of 1,914,000 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
Vesting date		30 June 2025
Fair value per option at the grant date	EUR	8.4601
Expected volatility (expressed as the weighted average of the volatility values utilized 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 23 May 2022)	%	1.6911

	Unit of measurement	
Number of shares granted	no.	6,000
Grant date		20 October 2022
Exercise price		38.6496
Vesting date		30 June 2025
Fair value per option at the grant date	EUR	8.7606
Expected volatility (expressed as the weighted average of the volatility values utilized to build the binomial lattice model)	%	34
Expected average duration of the plan life	years	4.45
Expected dividends (compared with share value)	%	1.00
Risk-free interest rate (calculated by linear interpolation of the Eur Composite AA rates at 20 October 2022)	%	3.5668

8. Financial income and expenses

The breakdown for the year is as follows:

	2022	2021
	<u>€/000</u>	<u>€/000</u>
<u>Financial income</u>		
Interest income from liquid funds	762	482
Interest income from other assets	202	186
Foreign exchange gains	27,385	12,990
Financial income to adjust estimated debt for commitment to purchase residual interests in subsidiaries	3,300	831
Other financial income	<u>238</u>	<u>89</u>
Total financial income	<u>31,887</u>	<u>14,578</u>
<u>Financial charges</u>		
Interest expense on bank loans	5,844	1,502
Lease interest expense	2,872	2,184
Interest expense on put options	1,256	560
Financial charges for adjustment of estimated debt for commitment to purchase residual interests in subsidiaries	9,527	19,180
Foreign exchange losses	27,112	10,496
Other financial charges	<u>801</u>	<u>486</u>
Total financial charges	<u>47,412</u>	<u>34,408</u>
Total financial charges (income), net	<u>15,525</u>	<u>19,830</u>

The breakdown for Q4 is as follows:

	2021	2021
	<u>€/000</u>	<u>€/000</u>
<u>Financial income</u>		
Interest income from liquid funds	354	81
Interest income from other assets	135	134
Foreign exchange gains	1,875	4,412
Financial income to adjust estimated debt for commitment to purchase residual interests in subsidiaries	3,134	290
Other financial income	<u>123</u>	<u>95</u>
Total financial income	<u>5,621</u>	<u>5,012</u>
<u>Financial charges</u>		
Interest expense on bank loans	3,422	355
Lease interest expense	667	630
Interest expense on put options	907	190
Financial charges for adjustment of estimated debt for commitment to purchase residual interests in subsidiaries	6,518	15,208
Foreign exchange losses	10,626	3,487
Other financial charges	<u>109</u>	<u>255</u>
Total financial charges	<u>22,249</u>	<u>20,125</u>
Total financial charges (income), net	<u>16,628</u>	<u>15,113</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>Year</i>	<u>2022</u>	<u>2021</u>
Consolidated net profit attributable to the owners of the Parent company (€/000)	<u>266,314</u>	<u>195,822</u>
Average number of shares in circulation	105,593,321	106,664,662
Basic earnings per share for the year (€)	<u>2.522</u>	<u>1.836</u>
<i>Q4</i>	<u>2022</u>	<u>2021</u>
Consolidated net profit attributable to the owners of the Parent company (€/000)	<u>53,757</u>	<u>19,424</u>
Average number of shares in circulation	105,561,397	106,618,234
Basic earnings per share for the quarter (€)	<u>0.509</u>	<u>0.182</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>Year</i>	<u>2022</u>	<u>2021</u>
Consolidated net profit attributable to the owners of the Parent company (€/000)	<u>266,314</u>	<u>195,882</u>
Average number of shares in circulation	105,593,321	106,664,662
Number of potential shares for stock option plans (*)	<u>190,380</u>	<u>1,399,025</u>
Average number of shares (diluted)	<u>105,783,701</u>	<u>108,063,687</u>
Earnings per diluted share for the year (€)	<u>2.518</u>	<u>1.813</u>
<i>Q4</i>	<u>2022</u>	<u>2021</u>
Consolidated net profit attributable to the owners of the Parent company (€/000)	<u>53,757</u>	<u>19,424</u>
Average number of shares in circulation	105,561,397	106,618,234
Number of potential shares for stock option plans (*)	<u>94,927</u>	<u>1,636,958</u>
Average number of shares (diluted)	<u>105,656,369</u>	<u>108,255,192</u>
Earnings per diluted share for the quarter (€)	<u>0.509</u>	<u>0.179</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 2022 and 2021 are shown below:

	2022					% incidence on F.S. caption
	Consolidated Total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties	
(€/000)						
Revenues	2,077,964	1,728	-	791	2,519	0.1%
Cost of sales	1,353,357	1,443	-	6,799	8,242	0.6%
Other operating income	42,703	2	-	-	2	0.0%
Distribution expenses	158,048	68	-	827	895	0.6%
G&A expenses	198,277	-	-	648	648	0.3%
Financial income	31,891	-	-	1	1	0.0%
Financial charges	47,412	-	-	304	304	0.6%

	2021					% incidence on F.S. caption
	Consolidated Total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties	
(€/000)						
Revenues	1,604,255	2,390	-	565	2,955	0.2%
Cost of sales	1,029,245	1,080	-	7,577	8,657	0.8%
Other operating income	25,283	4	-	-	4	0.0%
Distribution expenses	127,471	36	-	723	759	0.6%
G&A expenses	166,393	-	-	649	649	0.4%
Financial charges	34,401	-	-	501	501	1.5%

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

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

	2021					% incidence on F.S. caption
	Consolidated Total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties	
(€/000)						
Trade receivables	361,888	2,119	-	403	2,522	0.7%
Trade payables	285,288	147	-	1,525	1,672	0.6%
Interest-bearing financial payables (current and non-current portions)	836,179	-	-	22,492	22,492	2.7%

Relations with non-consolidated subsidiaries

Relations with non-consolidated subsidiaries are as follows:

(€/000)	Receivables		Revenues	
	<u>31/12/2022</u>	<u>31/12/2021</u>	<u>2022</u>	<u>2021</u>
Interpump Hydraulics Perù	1,219	1,011	356	201
Interpump Hydraulics Russia	-	461	1,068	1,436
General Pump China Inc.	<u>255</u>	<u>647</u>	<u>299</u>	<u>757</u>
<i>Total subsidiaries</i>	<u>1,474</u>	<u>2,119</u>	<u>2,728</u>	<u>2,394</u>

(€/000)	Payables		Costs	
	<u>31/12/2022</u>	<u>31/12/2021</u>	<u>2022</u>	<u>2021</u>
General Pump China Inc.	44	96	998	1,039
Interpump Hydraulics Perù	6	51	6	51
Interpump Hydraulics Russia	-	-	-	-
Benmec	-	-	<u>509</u>	-
<i>Total subsidiaries</i>	<u>50</u>	<u>147</u>	<u>1,513</u>	<u>1,090</u>

Relations with associates

The Group does not hold investments in associated companies.

Transactions with other related parties

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

11. 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.