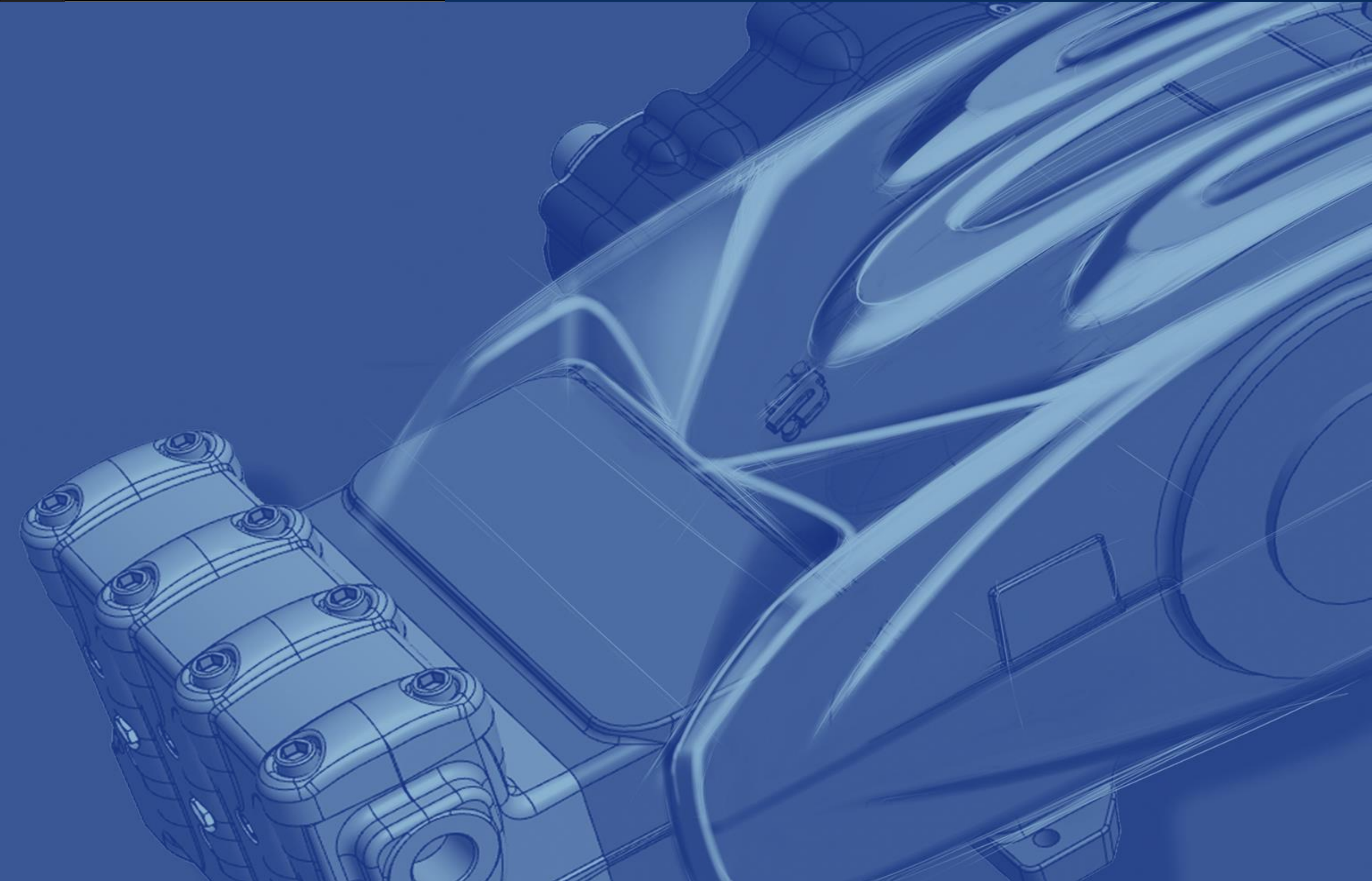
INTERPUMP GROUP

2023-2025 ESG Journey
2023-32 Decarbonisation Strategy
10 November 2023

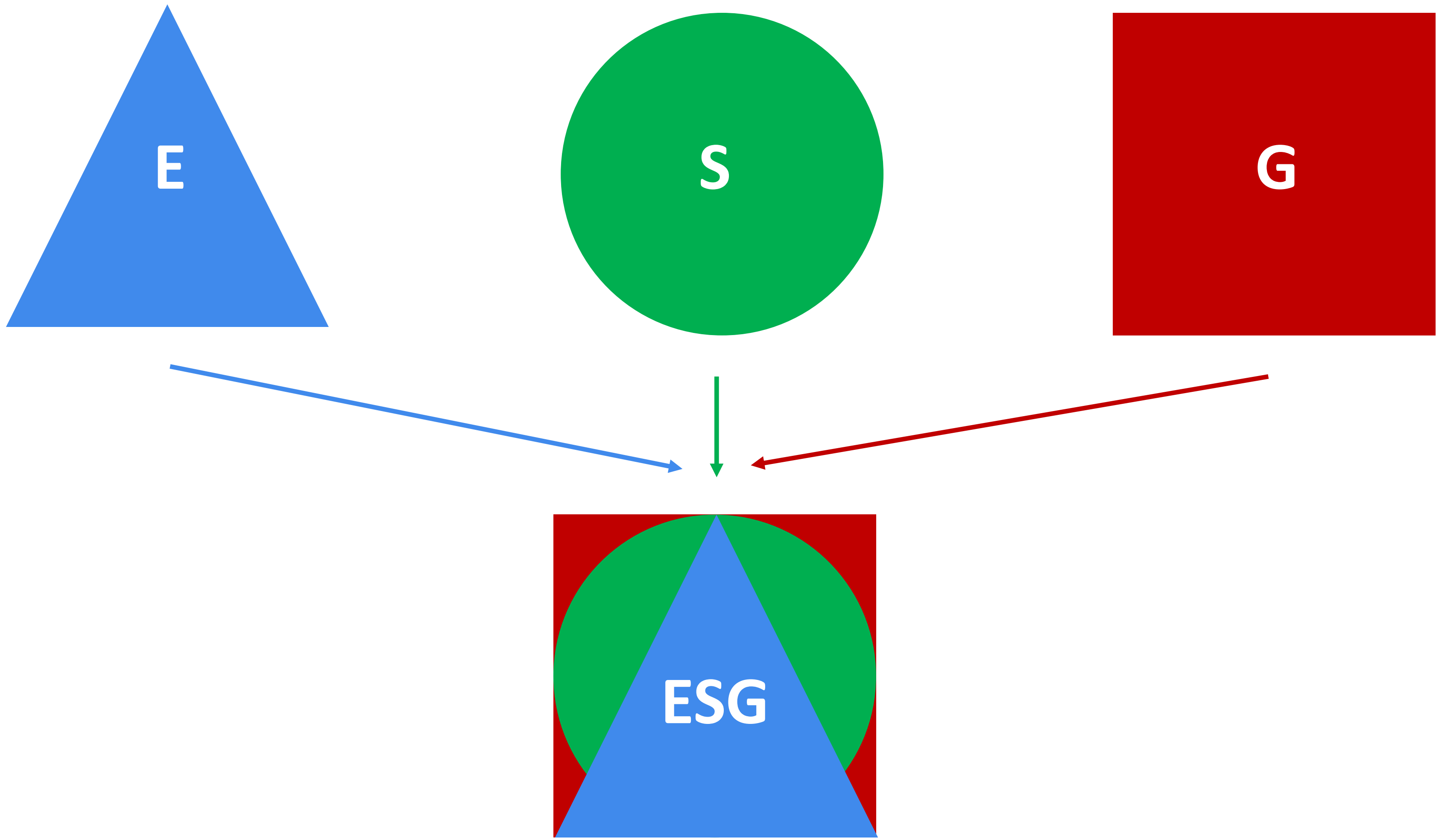
- HIGHLIGHTS
- GROUP APPROACH
- 2023-32 DECARBONISATION STRATEGY
- 2023-25 ESG JOURNEY SHORT OVERVIEW AND UPDATING
- ANNEX

2023-25 ESG JOURNEY HIGHLIGHTS



"A falling tree makes more noise than a growing forest"

Lao Tzu


E
S
G
ESG

THREE PRIORITIES FOR THREE PILLARS

	2023-2025 KEY TARGETS		SUPPORTED GRI and SDG
E	Definition of Group "Carbon neutrality" strategy	2023	GRI 305-1 and 2 302-1
	Reduction of Group "Carbon intensity"	2025	
	Increase of renewed electricity consumption	2025	
S	Injury rate improvement	2024	GRI 403-9 308-1 / 414-1
	ESG supply chain evaluation	2023	
	ISO 45001 extension	2027	
G	Establishment of Board ESG Committee	2023	GRI 207-1, 2 and 3
	Succession plan formalisation	2023	
	Tax compliance consolidation	2024	

2023 DECARBONISATION STRATEGY

E

2023-2025 KEY TARGETS	
Definition of Group "Carbon neutrality" strategy	2023
Reduction of Group "Carbon intensity"	2025
Increase of renewed electricity consumption	2025

SUPPORTED GRI and SDG

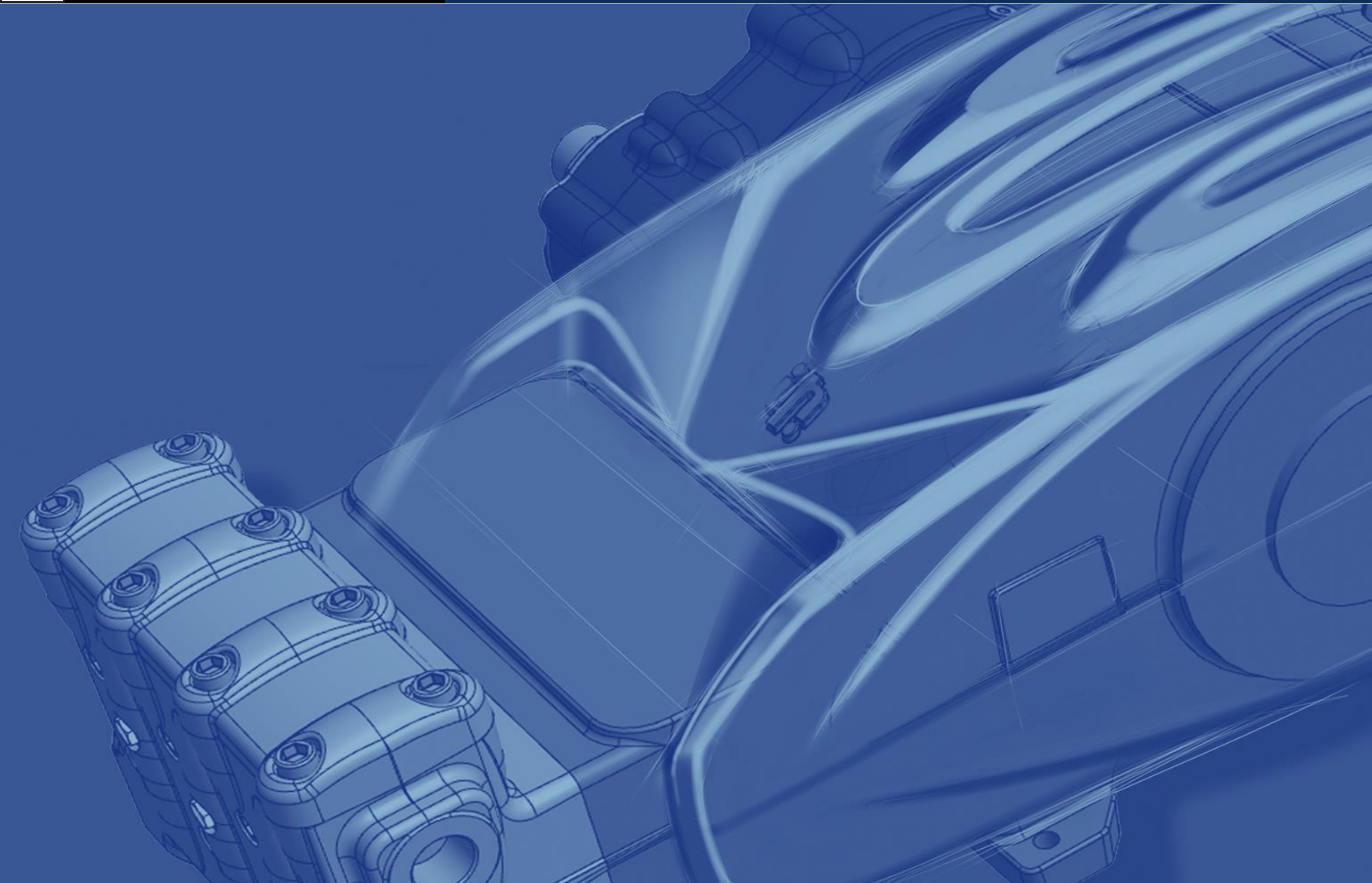
GRI 305-1 and 2
302-1

- Targets
  - Achievement of Group 2025 Emission reduction target
  - Enhancement of "2030 Emission reduction target" road map
- Emission focus: Scope 1&2 emissions
- Levers: photovoltaic plants, green energy and corporate power purchase agreement [1]
- Costs: around € 3m of CAPEX and less than € 6m of OpEX spread over the next 10 years [2]

[1] CPPA

[1] Total resources dedicated to Group ESG evolution (2023-25 ESG Journey and 2023-32 Decarbonisation Strategy): around € 13m of CAPEX and around € 9m of OpEX until 2032

GROUP APPROACH



GROUP APPROACH – MILESTONES

- Four Group key success factors to incorporate and balance
  - Diversification by product, geography and application sector
  - Business models heterogeneity
  - Growth strategy based on both organic and M&A
    - "Soft integration policy" for acquired companies
  - Powerful and consistent focus on Operations and execution

- Three guidelines to follow
  - "Dynamic materiality" approach
  - Focus on production activities
  - Leverage on subsidiaries "best practices"

- Two phases to implement
  - 2023-2024: building Group ESG foundations
  - 2025: leading to 2030-2050 decarbonisation targets

- One mantra to apply
  - Concreteness

GROUP APPROACH – MILESTONES – LEVERS

- Levers to implement "2023-2025 ESG Journey"
  - Know-how and best practices spread across the Group
  - Speed up of ongoing projects
  - External support activation

- Know-how and best practices, especially for "S" and "G" actions
  - IMM and Reggiana Riduttori for circular economy
  - Walvoil for ESG supply chain evaluation model definition
  - Muncie for diversity & inclusion

  "Pilot project" will be way to consolidate and afterwards spread internal knowledge

- Speed up of going project and external support activation, especially for "E" actions
  - Photovoltaic plants
  - Corporate Power Purchase Agreement

GROUP APPROACH – IMPROVEMENTS

- Consistently with Group commitment to improve ESG approach, “2023-32 Decarbonisation Strategy” factors some important improvements compared to “2023-25 ESG Journey”

- Higher number of Group companies included in the sample
  - From 25 to 29: almost 90% of turnover and of Scope 1&2 emissions [1]

- Scope 3 data collection and analysis
  - Cat. 11, Cat. 1, Cat. 9 and Cat. 4 are the most important Scope 3 categories

- M&A sensitivity exercise to evaluate Group acquisition strategy impact
  - ESG parameters will start to be consider in the due diligence process of material manufacturer targets

[1] See please 2022 Non-Financial Statements

GROUP APPROACH – IMPROVEMENTS – LARGER SAMPLE

- Both "2023-25 ESG Journey" and "2023-32 Decarbonisation Strategy" are applied to the entire Group
- For "2023-25 ESG Journey" 25 manufacturing companies were identified as calculation sample, consistently with both Interpump business model and geographical presence and relevance of the single entity
- For "2023-32 Decarbonisation Strategy" calculation sample was enlarged to 29 companies
  - To fulfil Group commitment to improve ESG approach
  - To reflect M&A strategy in Group ESG Journey

2023-2025 ESG JOURNEY 5 October 2022 [1]	2023-32 DECARBONISATION STRATEGY 10 November 2023 [3]
▪ 25 companies included in the calculation sample – 16 and 9 in the Hydraulic and Water-Jetting division respectively ▪ Almost 65% of 2021 sales covered ▪ Around 50% of top Group productive sites [2] and around 70% of Group employees ▪ Close to 80% of Group total Scope 1&2 emissions	▪ 29 companies included in the calculation sample – 17 and 12 in the Hydraulic and Water-Jetting division respectively ▪ Almost 80% of 2022 sales covered ▪ Around 65% of top Group productive sites [2] and around 80% of Group employees ▪ Close to 90% of Group total Scope 1&2 emissions

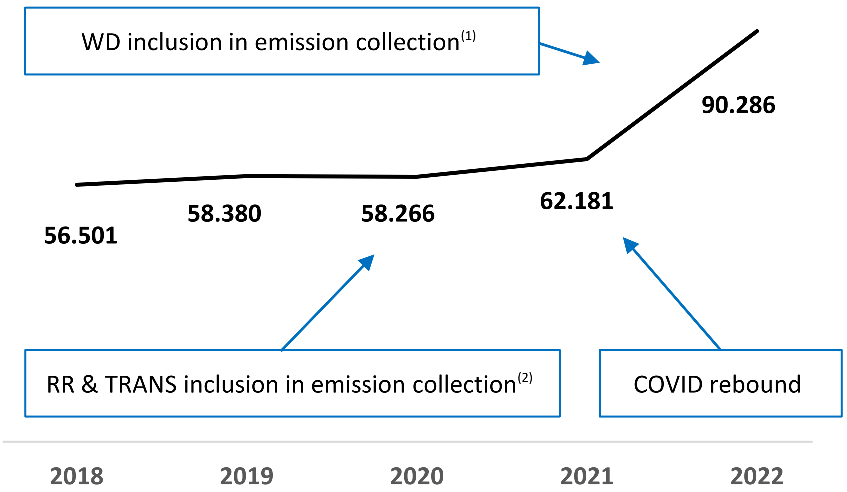
[1] See please 2021 Non-Financial Statements - [2] Perimeter: factories above 1.000sq - [3] See please 2022 Non-Financial Statements

GROUP APPROACH – IMPROVEMENTS – LARGER SAMPLE

- Main novelties of the new calculation sample
  - Increase of the Water Jetting companies
  - Enlargement of North American and Asian coverage
  - Inclusion of White Drive

- Motor & steering producers' business model is different Group production business models, therefore White Drive had a material impact on Group emission at Scope 1&2 level
  - Higher integration in production processes
    - E.g. heat treatment line, painting line and manganese phosphating line

2018-22 GROUP SCOPE 1&2 EMISSION EVOLUTION (tCO_2e)



(1) WD = White Drive Group
(2) RR = Reggiana Riduttori – TRANS = Transtecno

GROUP APPROACH – IMPROVEMENTS – SCOPE 1, 2 & 3

- Scope 1 and 2 emissions have been tracked since 2017

- Scope 3 emissions were tracked for the first time in 2023
  - First indications point out from one side relevance of Scope 3 different categories and to the other different required effort levels
    - Cat. 11, Cat. 1, Cat. 9 and Cat. 4 are the most important Scope 3 categories
    - For Cat. 1, Cat. 9 and Cat. 4 Group is already assuming possible steps to implement while Cat. 11 deserves deeper and additional analysis

- Collection on 2023 data will strength Group Scope 3 data base and could eventually allow to update 2023-32 Decarbonisation Strategy

SCOPE 3 EMISSION CATEGORIES	EXPECTED IMPACT
CAT.1 - PURCHASED GOOD PURCHASED SERVICE	**MATERIAL** NOT MATERIAL
CAT.2 – CAPITAL GOODS	NOT MATERIAL
CAT.3 – FUEL- & ENERGY-RELATED ACTIVITIES	NOT MATERIAL
CAT.4 – UPSTREAM TRANSPORTATION & DISTRIBUTION	**MATERIAL**
CAT.5 – WASTED GENERATED IN OPERATIONS	NOT MATERIAL
CAT.9 – DOWNSTREAM TRANSPORTATION & DISTRIBUTION	**MATERIAL**
CAT. 11 – USE OF SOLD PRODUCT [1]	**RELEVANT**

[1] In which application, in which countries and for how long are used final products where Group products are installed

- M&A is a crucial lever of Interpump growth strategy
  - 2012-2022 C.A.G.R. growth rate: +14.7% on total basis and +8.5% organically

- Definition of "2023-32 Decarbonisation Strategy" drove to a M&A sensitivity exercise

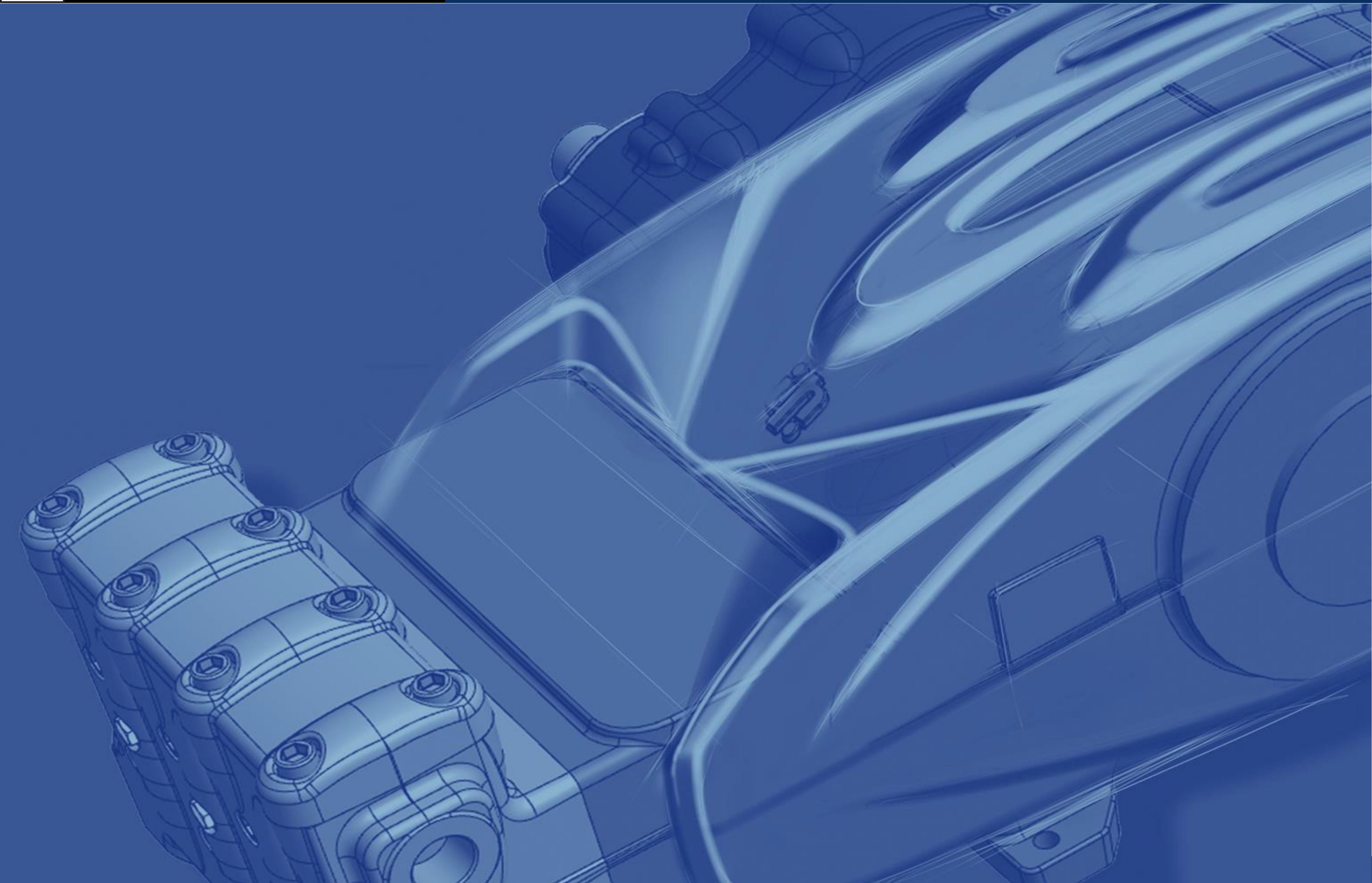
- As target samples, sensitivity takes 3 previous material acquisitions performed by the Group
  - Criteria: emission impact and representativeness of Group production processes
    - Water Jetting: one example for each segment
    - Hydraulics: the example of a company with a higher-than-Group-average emission level
  - Acquisitions are assumed to be performed random between 2023 and 2032

- Targets assumed for sensitivity exercise could increase Group carbonisation footprint up to almost 60% in 2032 [1]

- Mitigation actions foreseen would narrow the increase to around 30%
  - Levers consistent with 2023-32 Decarbonisation Strategy and to be applied directly on acquired companies
  - Related costs could be up to € 1m in OpEX, not included in "2023-32 Decarbonisation Strategy" costs

[1] Compared to 2032 emission level calculated excluding M&A activities in the period 2023-32 – 2022 emission data as starting poi (tCO_2e 90.286)
M&A sensitivity methodological note: 60% emission increase is neither a direct nor an indirect indication of the possible financial impact of the 3 acquisitions

2023 DECARBONISATION STRATEGY



2023 DECARBONISATION STRATEGY

- "2023-32 Decarbonisation Strategy" targets 2 goals
  - Achievement of Group 2025 Emission reduction target
  - Enhancement of "2030 Emission reduction target"[1] road map

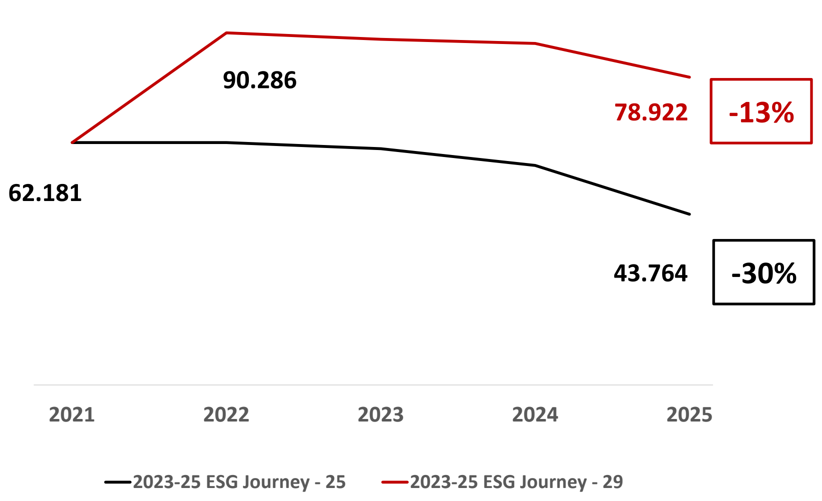
- Levers
  - Broader use of levers already foreseen for 2023-25 ESG Journey
    - Photovoltaic plants: more focus on Europe
    - CPPA: other countries beyond Italy
  - Additional levers: renewable energy certificates

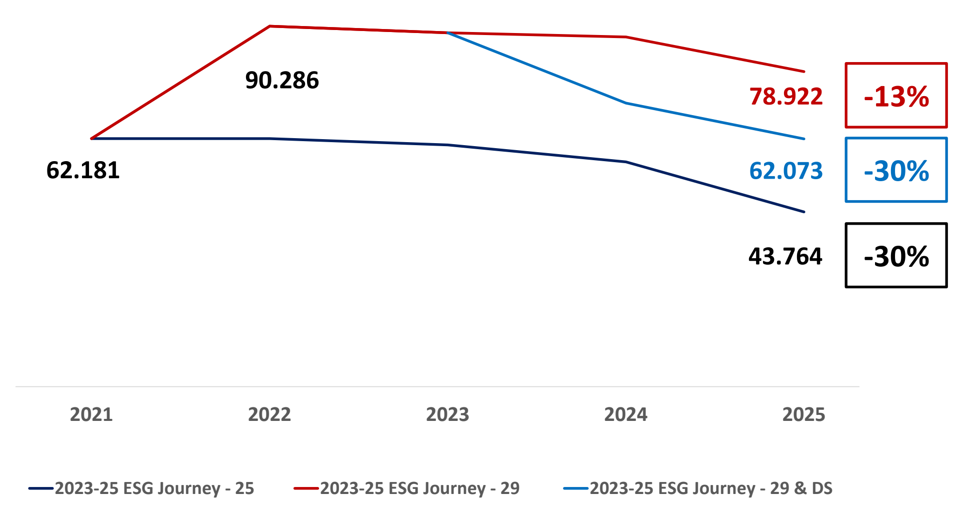
  Levers would be modulated according to both Group strategic developments and availability of reducing-carbon-emissions tools in the different regions where Group is present

[1] 2015 Paris agreement

- Achievement of Group 2025 Emission reduction target
  - "2023-32 Decarbonisation Strategy" will allow Group to reach the 30% emission reduction

2025 REDUCTION TARGET[1]
(tCO_2e)



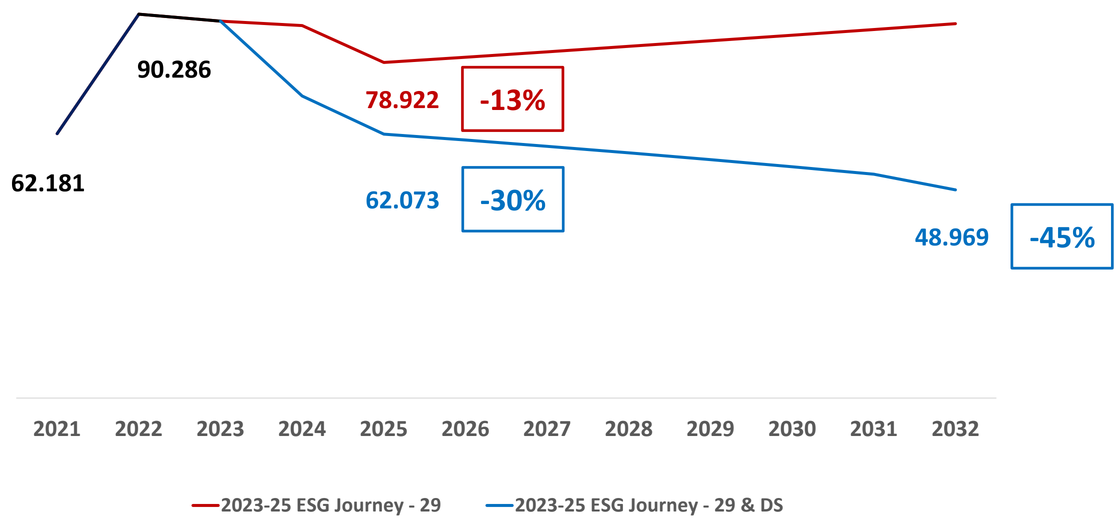


[1] 25 = Calculation sample composed by 25 companies - 29 = Calculation sample composed by 29 companies - DC = 2023-32 Decarbonisation Strategy

2023 DECARBONISATION STRATEGY – PARIS 2030 TARGET

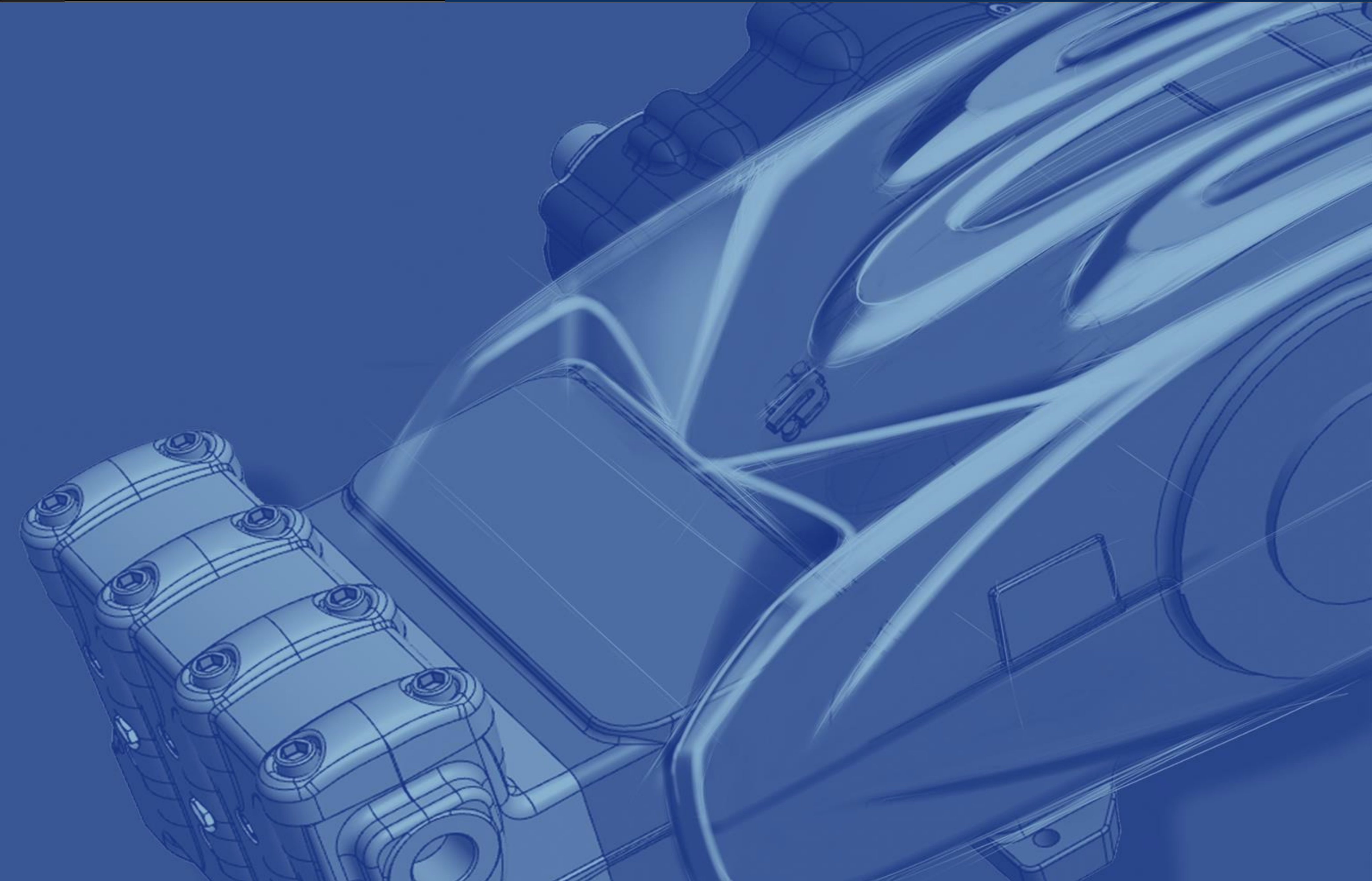
- Enhancement of "2030 Emission reduction target" [1] road map
  - "2023-32 Decarbonisation Strategy" will allow Group to reach a 45% emission reduction in 2032

2030 REDUCTION TARGET [2]
(tCO_2e)



[1] 2015 Paris agreement - [2] 29 = Calculation sample composed by 29 companies - DC = 2023-32 Decarbonisation Strategy

SHORT OVERVIEW



SHORT OVERVIEW – HIGHLIGHTS

- “Consolidation and alignment of Group sustainability activities and processes” consistent with 2022 Group focuses

- Concrete achievement of this focus: Group “2023-2025 ESG journey”
  - The first project at Group level

- Concrete and precise actions: 20 targets to be delivered
  - 12 to be delivered in the next two years to build Group ESG foundations
  - 8 to be executed before 2025[1] to lead to 2030-2050 decarbonisation targets

- Concrete resources defined for the entire Journey
  - CAPEX: approximately 10m, around 40% already included in 2022 budget
  - OpEx: around € 3m of incremental costs
  - G&A: no material impacts is expected, resources placed at disposal in case

- Concrete correlation with top management remuneration policy
  - 2022-2024 Stock Option Plan already linked to ESG targets [2-3]
  - 2023-2025 bonuses correlated to execution and I Section of Group remuneration policy updated last AGM

[1] 7 to be executed before 2025 and 1 before 2027 - [2] ESG targets to be achieved for the vesting and consequent exercisability of the Options (see please 2022-2024 Stock Option Plan for details) - [3] Annual and/or annualised targets

ANALYSIS AND MEASUREMENT

BUILDING GROUP ESG FOUNDATIONS

LEADING TO 2030 AND 2050 DECARBONISATION TARGETS

2022 — **2023** — **2024** — **2025** — **2027**

2023–2024

- **E.1** - Carbon neutrality strategy
- **E.4** - Circular economy (phase 1)
- **E.7** - Product ECO-design

- **S.1** - Injury rate improvement
- **S.5** - ESG supply chain evaluation model definition
- **S.6** - ESG supply chain evaluation model extension

- **G.1** - Board ESG Committee
- **G.2** - Code of Ethics revision
- **G.3** - Succession plan formalisation
- **G.4** - Tax Control Framework adoption
- **G.5** - GR1 207-4 information updating

2025

- **E.2** - Carbon intensity reduction
- **E.3** - Increase of renewable energy consumption
- **E.5** - Circular economy (phase 2)
- **E.6** - Water monitoring system

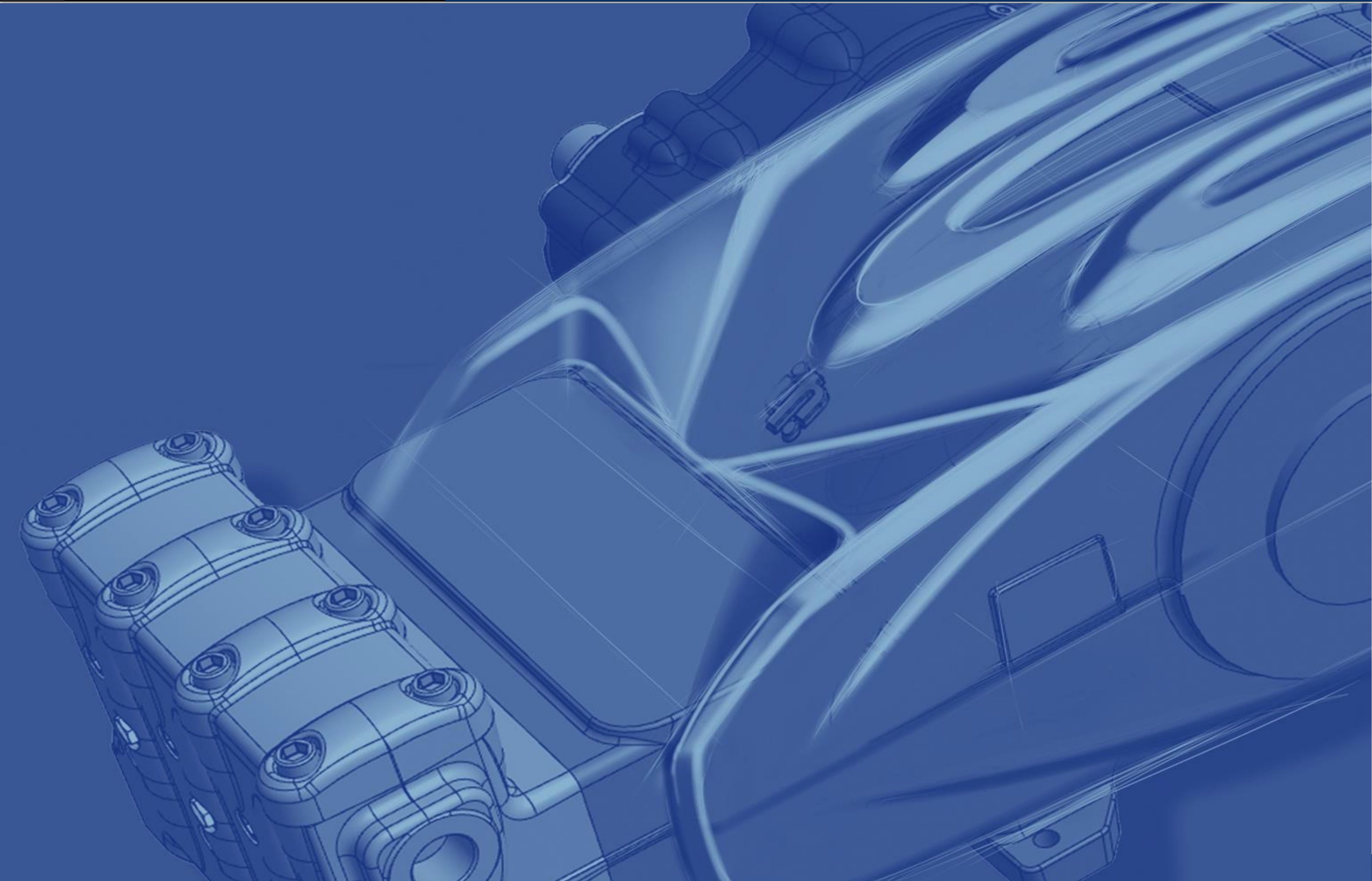
- **S.3** - Increase of non-compulsory training
- **S.4** - Global mobility program
- **S.7** - Diversity&inclusion model definition

2027

- **S.2** - ISO 45001 extension

ANALYSIS, MEASUREMENT, REVIEW AND FINETUNE

ANNEX



ANNEX – FORWARD LOOKING STATEMENTS

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The Group uses several alternative measures that are not identified as accounting parameters in the framework of IFRS standards, to allow better evaluation of the trend of economic operations and the Group's financial position. Such indicators are also tools that assist the directors in identifying operating trends and in making decisions on investments, resource allocation and other business matters. Therefore, the measurement criterion applied by the Group may differ from the criteria adopted by other groups and hence may not be comparable with them. Such alternative performance indicators are constituted exclusively starting from the Group's historical data and measured in compliance with the matters established by the Guidelines on Alternative Performance Measures issued by ESMA/2015/1415 and adopted by Consob with communication no. 92543 of 3 December 2015. These indicators refer only to performance in the period illustrated in this Interim Board of Directors' Report and the comparative periods and not to expected performance and must not be taken to replace the indicators required by the reference accounting standards (IFRS). Finally, the alternative indicators are processed with continuity and using uniform definition and representation for all the 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 indebtedness (Net financial position)**: calculated as the sum of Loans obtained and Bank borrowing less Cash and cash equivalents;
- **Capital expenditure (CAPEX)**: the sum of investment in property, plant and equipment and intangible assets, net of divestments;
- **Free Cash Flow**: the cash flow available for the Group, defined as the difference between the cash flow of operating activities and the cash flow for investments in tangible and intangible fixed assets;
- **Capital employed**: calculated as the sum of shareholders' equity and net financial position, including debts for the acquisition of equity investments;
- **Return on capital employed (ROCE)**: EBIT / Capital employed;
- **Return on equity (ROE)**: Net profit / Shareholders' equity.

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