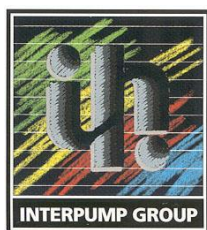


# **Interim Board of Directors' Report for Q3 2021**



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



<b>Contents</b>	<b>Page</b>
Composition of corporate bodies	5
Interpump Group Organization Chart at 30 September 2021	7
Interim Board of Directors' Report:	
- Directors' remarks on performance in 9M 2021	11
- Directors' remarks on performance in Q3 2021	21
Financial statements and notes	27

This document can be accessed on the Internet at:

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

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

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

Paid-up Share Capital: EUR 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.

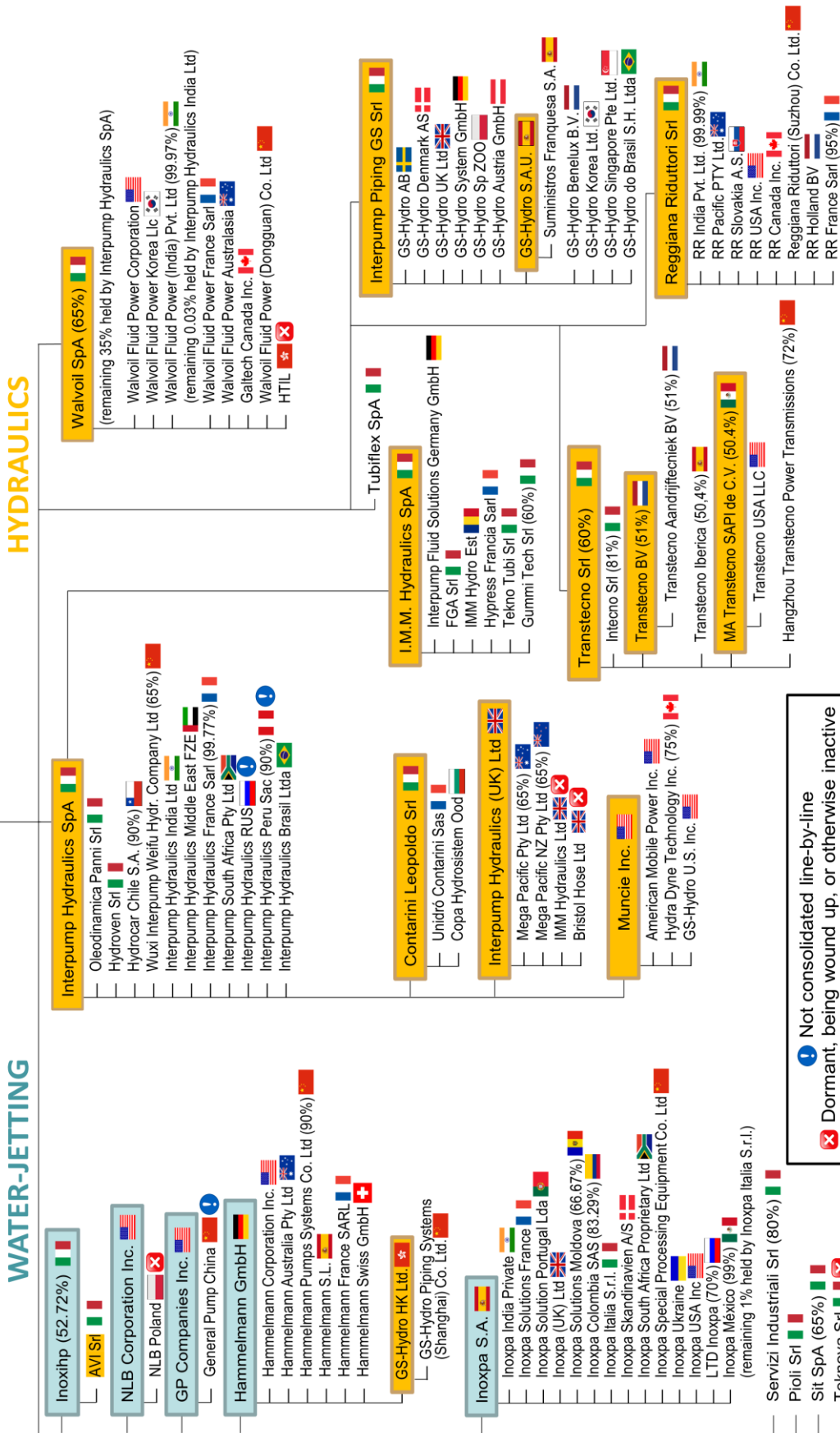
- (a) Member of the Audit, Risks and Sustainability Committee*
- (b) Member of the Remuneration Committee and Appointments Committee*
- (c) Member of the Related Party Transactions Committee*



# Group Structure

as at 30/09/2021

all holdings 100% unless otherwise specified



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





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



**Directors' remarks on performance  
in 9M 2021**

## PERFORMANCE INDICATORS

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

**9M consolidated income statement**

(€/000)	<u>2021</u>	<u>2020</u>
<b>Net sales</b>	<b>1,154,568</b>	<b>954,237</b>
Cost of sales	(733,757)	(611,700)
<b>Gross industrial margin</b>	<b>420,811</b>	<b>342,537</b>
<i>% on net sales</i>	<i>36.4%</i>	<i>35.9%</i>
Other operating revenues	17,326	13,255
Distribution costs	(91,982)	(84,970)
General and administrative expenses	(118,143)	(110,819)
Other operating costs	(5,163)	(11,519)
<b>EBIT</b>	<b>222,849</b>	<b>148,484</b>
<i>% on net sales</i>	<i>19.3%</i>	<i>15.6%</i>
Financial income	9,598	9,164
Financial charges	(14,315)	(17,253)
Equity method contribution	43	155
<b>Profit for the period before taxes</b>	<b>218,175</b>	<b>140,550</b>
Income taxes	(39,744)	(37,543)
<b>Consolidated net profit for the period</b>	<b>178,431</b>	<b>103,007</b>
<i>% on net sales</i>	<i>15.5%</i>	<i>10.8%</i>
<b>Pertaining to:</b>		
Parent company's shareholders	176,458	101,443
Subsidiaries' minority shareholders	1,973	1,564
<b>Consolidated profit for the period</b>	<b>178,431</b>	<b>103,007</b>
<b>EBITDA</b>	<b>281,939</b>	<b>215,254</b>
<i>% on net sales</i>	<i>24.4%</i>	<i>22.6%</i>
Shareholders' equity	1,315,107	1,109,385
Net indebtedness	174,355	310,676
Payables for the acquisition of investments	62,376	58,021
Capital employed	1,551,838	1,478,082
<b>Unannualized ROCE</b>	<b>14.4%</b>	<b>10.0%</b>
<b>Unannualized ROE</b>	<b>13.6%</b>	<b>9.3%</b>
<b>Basic earnings per share</b>	<b>1.654</b>	<b>0.946</b>

## **SIGNIFICANT EVENTS IN THE FIRST NINE MONTHS**

The world economy saw recovery during the first nine months of 2021, after having been heavily penalized by the COVID-19 pandemic throughout 2020. The vaccination campaign contained the pandemic and fueled expectations for a return to social and economic normality. Interpump achieved excellent results within this climate of recovery, far in excess of pre-pandemic performance.

Net sales, €1,154.6m, were 21.0% higher than the €954.2m reported in 9M 2020, and 12.5% ahead of the €1,026.1m reported in 9M 2019. Analysis by business sector shows that sales in the Hydraulic Sector rose by 26.0% with respect to 9M 2020, while those in the Water Jetting Sector were 10.5% greater.

EBITDA was €281.9m (24.4% of sales). In 9M 2020 EBITDA amounted to €215.3m (22.6% of sales), so 31.0% growth was achieved. The comparative total in 9M 2019 was €240.3m (23.4% of sales).

Net profit was €178.4m in 9M 2021 (€103.0m in 9M 2020), benefiting from lower taxation of €20.1m following the revaluation of trademarks in the separate financial statements of certain Italian subsidiaries under special domestic legislation. The comparative total in 9M 2019 was €135.5m.

Free cash flow was €134.9m in 9M 2021 (€148.6m in 9M 2020), following a reduction that was essentially due to the additional investment carried out.

Compared with 9M 2020, the 2021 consolidation includes DZ Trasmissioni (Hydraulic Sector), acquired in January 2021, and Suministros Franquesa (Hydraulic Sector), which was acquired in 2020 but not consolidated then as insignificant. Servizi Industriali (Water Jetting Sector), acquired in July 2020 and only consolidated for three months in September 2020, has been consolidated for the entire period (nine months) in 2021.

On 1 June 2021, Interpump Group signed a binding agreement to purchase the White Drive Motors & Steering Business Unit from the Danfoss Group, in an operation that was completed on 1 October 2021. This acquisition, which is the biggest in Interpump's history, will extend the Hydraulic Sector product catalog to include orbital motors and steering systems, thus helping to consolidate Interpump's role as a global player in hydraulics. The White Drive Motors & Steering Business Unit includes three manufacturing facilities: Hopkinsville (Kentucky, USA), Parchim (Germany) and Wroclaw (Poland). Three production lines will also be acquired from the Eaton Hydraulics plants in the USA and moved to the Hopkinsville plant, while a production line in China will be transferred to the Walvoil plant in Dongguan. Based on data provided by Danfoss, the related consolidated 2021 sales should total about €195m, with a pro-forma EBITDA of around €53m.

The consideration for this operation, paid in cash on completion and amounting to €275.4m, was partly determined with reference to the operating capital and net financial position reported at 30/9/2021.

The funding for this operation included the arrangement of two loan contracts totaling €230m, at a floating rate composed of Euribor (without floor) plus a spread of 0.55/0.60 basis points.

As a consequence, financial leverage (Net financial position/EBITDA) will remain about 1, which fully respects all the financial covenants included in the loan contracts (being 3/3.5 times) and leaves ample room for further M&A transactions.

Efforts have continued to implement actions in the area of sustainability, consistent with the guidelines for the strategic development of the Group.

## NET SALES

Net sales totaled €1,154.6m in 9M 2021, up by 21.0% with respect to sales in the equivalent period of 2020, when net sales were €954.2m (+20.4% at unchanged perimeter, +22.3% also net of exchange differences).

The following table gives a breakdown of sales by business sector and geographical area:

(€/000)	<u>Italy</u>	<u>Rest of Europe</u>	<u>North America</u>	<u>Far East and Oceania</u>	<u>Rest of the World</u>	<u>Total</u>
<i>9M 2021</i>						
Hydraulic Sector	165,909	289,248	182,052	99,025	76,386	812,620
Water Jetting Sector	<u>31,474</u>	<u>126,525</u>	<u>116,249</u>	<u>43,283</u>	<u>24,417</u>	<u>341,948</u>
Total	<u>197,383</u>	<u>415,773</u>	<u>298,301</u>	<u>142,308</u>	<u>100,803</u>	<u>1,154,568</u>
<i>9M 2020</i>						
Hydraulic Sector	118,689	229,474	161,053	82,686	52,983	644,885
Water Jetting Sector	<u>26,238</u>	<u>114,229</u>	<u>98,201</u>	<u>43,804</u>	<u>26,880</u>	<u>309,352</u>
Total	<u>144,927</u>	<u>343,703</u>	<u>259,254</u>	<u>126,490</u>	<u>79,863</u>	<u>954,237</u>
2021/2020 percentage changes						
Hydraulic Sector	+39.8%	+26.0%	+13.0%	+19.8%	+44.2%	+26.0%
Water Jetting Sector	+20.0%	+10.8%	+18.4%	-1.2%	-9.2%	+10.5%
Total	+36.2%	+21.0%	+15.1%	+12.5%	+26.2%	+21.0%

## PROFITABILITY

The cost of sales accounted for 63.6% of turnover (64.1% in 9M 2020). Production costs, which totaled €288.5m (€243.7m in 9M 2020, which however did not include the costs of DZ Trasmissioni and Suministros Franquesa, and only included those of Servizi Industriali for 3 months), accounted for 25.0% of sales (25.5% in the equivalent period of 2020). The purchase cost of raw materials and components sourced on the market, including changes in inventories, was €445.2m (€368.0m in the equivalent period of 2020, which however did not include the costs of DZ Trasmissioni and Suministros Franquesa, and only included those of Servizi Industriali for 3 months). The incidence of purchase costs, including changes in inventories, was 38.6% as in 9M 2020.

At unchanged perimeter, distribution costs were 7.8% higher than in 9M 2020, but their incidence on sales fell by 0.9 percentage points.

Also at unchanged perimeter, general and administrative expenses rose by 5.6% with respect to 9M 2020, while their incidence on sales was 1.4 percentage points lower.

Payroll costs totaled €256.9m (€229.1m in 9M 2020, which however did not include the costs of DZ Trasmissioni and Suministros Franquesa, and only included those of Servizi Industriali for 3 months). At unchanged perimeter, payroll costs amounted to €255.8m, up by 11.6% due to an 11.3% rise in per capita cost and an increase in the average headcount by 20 employees. The rise in per capita cost was essentially due to termination of the recourse made to government-assisted lay-offs and similar programs, in order to tackle the sharp increase in orders received. The average total number of Group employees in 9M 2021 was 7,456 (7,438 at unchanged perimeter) compared to 7,418 in 9M 2020. The increase in average headcount, net of the personnel of the



newly-acquired companies, breaks down as follows: minus 79 in Europe, plus 25 in the US and plus 74 in the Rest of the World. In addition, the Group employed 1,045 temporary workers during the period (723 in 2020) at a cost of €17.4m (€10.8m in 2020), up by 11.7%.

EBITDA totaled €281.9m (24.4% of sales) compared to €215.3m in 9M 2020, which accounted for 22.6% of sales. The following table shows EBITDA by business sector:

	<i>9M 2021</i>	<i>% on</i>	<i>9M 2020</i>	<i>% on</i>	<i>Increase/</i>
	<i>€/000</i>	<i>total</i>	<i>€/000</i>	<i>total</i>	<i>Decrease</i>
		<i>sales*</i>		<i>sales*</i>	
Hydraulic Sector	184,311	22.7%	132,885	20.6%	+38.7%
Water Jetting Sector	<u>97,628</u>	28.2%	<u>82,369</u>	26.5%	+18.5%
<b>Total</b>	<b><u>281,939</u></b>	<b>24.4%</b>	<b><u>215,254</u></b>	<b>22.6%</b>	<b>+31.0%</b>

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

EBIT was €222.8m (19.3% of sales) compared to €148.5m in 9M 2020 (15.6% of sales), reflecting growth of 50.1%. This increase was however influenced by the special provision for termination indemnities of €7.4m recorded in 2020 with regard to the Chairman, compared with the adjustment of €0.7m envisaged in the Report on remuneration policy approved at the Shareholders' Meeting and recorded during 9M 2021.

The tax rate for the period was 18.2% (26.7% in 9M 2020). Several Group companies revalued their trademarks pursuant to Decree 104 dated 14 August 2020, as enacted by Law 126 dated 13 October 2020. This operation resulted in the recognition of tax benefits totaling €20.1m. Net of this one-off effect, the tax rate would have been 27.4%.

Net profit was €178.4m in 9M 2021 (€103.0m in 9M 2020), reflecting growth of 73.2% (+53.7% before the above tax benefits). Basic earnings per share rose 74.8%, from EUR 0.946 in 9M 2020 to EUR 1.654 in 9M 2021.

The growth in capital employed from €1,482.2m at 31 December 2020 to €1,551.8m at 30 September 2021 was principally due to the increase in working capital, given the need to build inventories in order to service the economic recovery, and to the additional investment in productive capacity carried out during the year. Unannualized ROCE was 14.4% (10.0% in 9M 2020). Unannualized ROE was 13.6% (9.3% in 9M 2020).

## CASH FLOW

The change in net indebtedness breaks down as follows:

	9M 2021	9M 2020
	<u>€/000</u>	<u>€/000</u>
<b>Opening net financial position</b>	<b>(269,500)</b>	<b>(370,814)</b>
Adjustment: opening net cash position of companies not consolidated line by line at the end of the prior year	<u>(161)</u>	<u>(2,223)</u>
<b>Adjusted opening net financial position</b>	<b>(269,661)</b>	<b>(373,037)</b>
Cash flow from operations	247,918	182,531
Principal portion of leasing instalments paid	(13,778)	(13,764)
Cash flow generated (absorbed) by the management of commercial working capital	(48,453)	30,003
Cash flow generated (absorbed) by other current assets and liabilities	11,828	(6,102)
Investment in property, plant and equipment	(59,771)	(44,052)
Proceeds from the sale of property, plant and equipment	1,873	1,198
Investment in other intangible assets	(4,701)	(2,876)
Received financial income	401	829
Other	<u>(459)</u>	<u>855</u>
<b>Free cash flow</b>	<b><u>134,858</u></b>	<b><u>148,622</u></b>
Acquisition of investments, including received debt and net of treasury shares assigned	(9,010)	(48,359)
Dividends paid	(28,812)	(28,185)
Outlays for the purchase of treasury shares	(12,338)	(31,847)
Proceeds from the sale of treasury shares to beneficiaries of stock options	545	14,278
Principal portion of leasing instalments paid	13,778	13,764
Principal portion of new leasing contracts arranged	(6,656)	(7,677)
Restatement and early redemption of leasing contracts	966	1,862
Change in other financial assets	<u>(38)</u>	<u>21</u>
<b>Net cash generated (used)</b>	<b><u>93,293</u></b>	<b><u>62,479</u></b>
Exchange differences	<u>2,013</u>	<u>(118)</u>
<b>Closing net financial position</b>	<b><u>(174,355)</u></b>	<b><u>(310,676)</u></b>

Net liquidity generated by operations totaled €247.9m (€182.5m in 9M 2020), reflecting an increase of 35.8%. Free cash flow amounted to €134.9m (€148.6m in 9M 2020).

The net financial position, excluding the debts and commitments illustrated below, can be broken down as follows:

	30/09/2021	31/12/2020	30/09/2020	01/01/2020
	<u>€/000</u>	<u>€/000</u>	<u>€/000</u>	<u>€/000</u>
Cash and cash equivalents	582,595	343,170	290,254	233,784
Bank payables (advances and STC amounts)	(3,781)	(10,592)	(11,280)	(22,076)
Interest-bearing financial payables (current portion)	(182,309)	(181,603)	(166,807)	(195,110)
Interest-bearing financial payables (non-current portion)	<u>(570,860)</u>	<u>(420,475)</u>	<u>(422,843)</u>	<u>(387,412)</u>
<b>Total</b>	<b><u>(174,355)</u></b>	<b><u>(269,500)</u></b>	<b><u>(310,676)</u></b>	<b><u>(370,814)</u></b>

The Group also has contractual commitments for the acquisition of residual interests in subsidiaries totaling €62.4m (€62.7m at 31 December 2020 and €58.1m at 30 September 2020). Of this amount, €0.5m relates to the acquisition of equity investments (€3.2m at 31 December 2020), while €61.9m relates to contractual agreements for the acquisition of residual interests in subsidiaries (€59.5m at 31 December 2020).

## CAPITAL EXPENDITURE

Expenditure on property, plant and equipment totaled €79.0m, of which €1.8m through the acquisition of equity investments (€59.8m in 9M 2020, of which €14.2m through the acquisition of equity investments). The additions during the year are analyzed in the following table.

€/000	9M 2021 €/000	9M 2020 €/000
Increases for the purchase of fixed assets used in the production process	63,846	34,370
Increases for machinery rented to customers	6,720	3,566
Leased assets	<u>6,656</u>	<u>7,677</u>
<i>Capex</i>	77,222	45,613
Increases through the acquisition of equity investments	<u>1,811</u>	<u>14,210</u>
Total increases in the period	<u>79,033</u>	<u>59,823</u>

The increases in 2021 include €29.3m invested in land and buildings (€10.1m in 9M 2020).

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 €4.8m (€18.6m in 9M 2020, including €15.6m via the acquisition of equity investments).

## 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](http://www.interpumpgroup.it). Information on transactions carried out with related parties is given in Note 9 of the interim consolidated financial statements at 30 September 2021. Overall, no atypical or unusual transactions were carried out with related parties during 9M 2021 and the transactions that did take place were completed on an arm’s-length basis.

### **CHANGES IN GROUP STRUCTURE IN 9M 2021**

Hammelmann Bombas has been absorbed by Interpump Hydraulics Brasil and Inoxpa Australia has been absorbed by Hammelmann Australia, both with effect from 1 January 2021. In addition, Inoxpa Middle East has been liquidated. Also with effect from 1 January 2021 DZ Trasmissioni S.r.l. was absorbed by Transtecno S.r.l.

### **EVENTS OCCURRING AFTER THE CLOSE OF 9M 2021**

No atypical or unusual transactions have been carried out subsequent to 30 September 2021 that would call for changes to the consolidated financial statements at 30 September 2021.

**Directors' remarks on performance  
in Q3 2021**



**Q3 consolidated income statement**

(€/000)	<u>2021</u>	<u>2020</u>
<b>Net sales</b>	<b>373,514</b>	<b>314,701</b>
Cost of sales	(240,773)	(200,050)
<b>Gross industrial margin</b>	<b>132,741</b>	<b>114,651</b>
<i>% on net sales</i>	35.5%	36.4%
Other operating revenues	5,940	4,391
Distribution costs	(30,214)	(26,169)
General and administrative expenses	(38,136)	(35,087)
Other operating costs	(1,660)	(1,269)
<b>EBIT</b>	<b>68,671</b>	<b>56,517</b>
<i>% on net sales</i>	18.4%	18.0%
Financial income	1,991	2,300
Financial charges	(2,991)	(5,341)
Equity method contribution	(98)	42
<b>Profit for the period before taxes</b>	<b>67,573</b>	<b>53,518</b>
Income taxes	(17,474)	(13,979)
<b>Consolidated profit for the period</b>	<b>50,099</b>	<b>39,539</b>
<i>% on net sales</i>	13.4%	12.6%
<b>Pertaining to:</b>		
Parent company's shareholders	49,505	38,926
Subsidiaries' minority shareholders	594	613
<b>Consolidated profit for the period</b>	<b>50,099</b>	<b>39,539</b>
<b>EBITDA</b>	<b>88,631</b>	<b>76,004</b>
<i>% on net sales</i>	23.7%	24.2%
Shareholders' equity	1,315,107	1,109,385
Net indebtedness	174,355	310,676
Payables for the acquisition of investments	62,376	58,021
Capital employed	1,551,838	1,478,082
<b>Unannualized ROCE</b>	<b>4.4%</b>	<b>3.8%</b>
<b>Unannualized ROE</b>	<b>3.8%</b>	<b>3.6%</b>
<b>Basic earnings per share</b>	<b>0.464</b>	<b>0.363</b>

## NET SALES

Net sales in Q3 2021 totaled €373.5m, up by 18.7% on the €314.7m of Q3 2020 (+18.6 % at unchanged perimeter and +17.9% also net of exchange differences).

Net sales in Q3 are shown in the following breakdown by business sector and geographical area:

(€/000)	<u>Italy</u>	<u>Rest of Europe</u>	<u>North America</u>	<u>Far East and Oceania</u>	<u>Rest of the World</u>	<u>Total</u>
<i>Q3 2021</i>						
Hydraulic Sector	52,084	92,242	62,448	31,210	24,630	262,614
Water Jetting Sector	<u>9,496</u>	<u>40,978</u>	<u>39,334</u>	<u>13,907</u>	<u>7,185</u>	<u>110,900</u>
Total	<u>61,580</u>	<u>133,220</u>	<u>101,782</u>	<u>45,117</u>	<u>31,815</u>	<u>373,514</u>
<i>Q3 2020</i>						
Hydraulic Sector	38,836	74,948	49,958	30,238	21,293	215,273
Water Jetting Sector	<u>8,085</u>	<u>38,943</u>	<u>30,866</u>	<u>14,832</u>	<u>6,702</u>	<u>99,428</u>
Total	<u>46,921</u>	<u>113,891</u>	<u>80,824</u>	<u>45,070</u>	<u>27,995</u>	<u>314,701</u>
2021/2020 percentage changes						
Hydraulic Sector	+34.1%	+23.1%	+25.0%	+3.2%	+15.7%	+22.0%
Water Jetting Sector	+17.5%	+5.2%	+27.4%	-6.2%	+7.2%	+11.5%
Total	+31.2%	+17.0%	+25.9%	+0.1%	+13.6%	+18.7%

## PROFITABILITY

The cost of sales accounted for 64.5% of turnover (63.6% in Q3 2020). Production costs, which totaled €93.6m (€78.7m in Q3 2020), absorbed 25.1% of sales (25.0% in the same period of 2020). The purchase cost of raw materials and components sourced on the market, including changes in inventories, was €147.1m (€121.4m in the same period of 2020). The incidence of purchase costs, including changes in inventories, was 39.4% (38.6% in Q3 2020).

Distribution costs were 15.5% greater than in Q3 2020, but their incidence on sales fell by 0.2 percentage points.

General and administrative expenses were 8.7% greater than in Q3 2020, although their incidence on sales was 0.9 percentage points lower.

EBITDA totaled €88.6m (23.7% of sales) compared with €76.0m in Q3 2020 (24.2% of sales), with an increase of 16.6%.



The following table shows EBITDA by business sector:

	<i>Q3 2021</i>	<i>% on</i>	<i>Q3 2020</i>	<i>% on</i>	<i>Increase/</i>
	<i>€/000</i>	<i>total</i>	<i>€/000</i>	<i>total</i>	<i>Decrease</i>
		<i>sales*</i>		<i>sales*</i>	
Hydraulic Sector	57,934	22.0%	46,775	21.7%	+23.9%
Water Jetting Sector	<u>30,697</u>	27.4%	<u>29,229</u>	29.2%	+5.0%
<b>Total</b>	<b><u>88,631</u></b>	<b>23.7%</b>	<b><u>76,004</u></b>	<b>24.2%</b>	<b>+16.6%</b>

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

EBIT was €68.7m (18.4% of sales) compared with €56.5m in Q3 2020 (18.0% of sales), reflecting an increase of 21.5%.

Q3 closed with a consolidated net profit of €50.1m (€39.6m in Q3 2020), reflecting growth of 26.7%.

Basic earnings per share were EUR 0.464, compared to EUR 0.363 in Q3 2020.

## BUSINESS OUTLOOK

After a 2020 penalized by the pandemic, a significant recovery is taking place in 2021 and all Group companies have record order backlogs. Given this, the results for Q4 and 2022 are expected to be consistent with those for 9M 2021, confirming the current growth. In addition, consolidation of the White Drive group from 1 October 2021 will generate additional growth.

The Group will continue to pursue a strategy designed to contain costs and optimize financial management, 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), 10 November 2021

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

Pursuant to the terms of art. 154-(2), para. 2, of the Italian Consolidated Finance Act, the executive in charge of preparing the company's accounting documents, Carlo Banci, declares that the accounting disclosures in this document correspond to the documentary evidence, the company books and the accounting entries.

Sant'Ilario d'Enza (RE), 10 November 2021

Carlo Banci  
Executive in charge of preparing  
the company's accounting documents



## **Financial statements and notes**



## Consolidated statement of financial position

(€/000)	<u>Notes</u>	<u>30/09/2021</u>	<u>31/12/2020</u>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		582,595	343,170
Trade receivables		309,651	261,707
Inventories	4	441,087	376,596
Tax receivables		19,251	23,573
Other current assets		15,566	10,360
<b>Total current assets</b>		<b><u>1,368,150</u></b>	<b><u>1,015,406</u></b>
<b>Non-current assets</b>			
Property, plant and equipment	5	504,959	476,480
Goodwill	1	555,549	549,168
Other intangible assets		42,952	43,511
Other financial assets		2,027	2,269
Tax receivables		823	757
Deferred tax assets		81,068	59,610
Other non-current assets		2,232	2,089
<b>Total non-current assets</b>		<b><u>1,189,610</u></b>	<b><u>1,133,884</u></b>
<b>Total assets</b>		<b><u>2,557,760</u></b>	<b><u>2,149,290</u></b>

(€/000)	<u>Notes</u>	<u>30/09/2021</u>	<u>31/12/2020</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables		203,279	154,098
Bank payables		3,781	10,592
Interest-bearing financial payables (current portion)		182,309	181,603
Tax payables		41,318	14,483
Other current liabilities		128,903	73,738
Provisions for risks and charges		4,980	4,739
<b>Total current liabilities</b>		<b><u>564,570</u></b>	<b><u>439,253</u></b>
<b>Non-current liabilities</b>			
Interest-bearing financial payables		570,860	420,475
Liabilities for employee benefits		23,908	23,809
Deferred tax liabilities		44,378	43,229
Tax payables		3,078	3,809
Other non-current liabilities		24,084	58,323
Provisions for risks and charges		11,775	10,415
<b>Total non-current liabilities</b>		<b><u>678,083</u></b>	<b><u>560,060</u></b>
<b>Total liabilities</b>		<b><u>1,242,653</u></b>	<b><u>999,313</u></b>
<b>SHAREHOLDERS' EQUITY</b>			
	6		
Share capital		55,396	55,462
Legal reserve		11,323	11,323
Share premium reserve		73,456	78,693
Reserve from the remeasurement of defined benefit plans		(8,217)	(8,217)
Translation reserve		(5,840)	(27,215)
Other reserves		1,178,235	1,029,529
<b>Group shareholders' equity</b>		<b><u>1,304,353</u></b>	<b><u>1,139,575</u></b>
Minority interests		10,754	10,402
<b>Total shareholders' equity</b>		<b><u>1,315,107</u></b>	<b><u>1,149,977</u></b>
<b>Total shareholders' equity and liabilities</b>		<b><u>2,557,760</u></b>	<b><u>2,149,290</u></b>

## 9M consolidated income statement

(€/000)	<u>Notes</u>	<u>2021</u>	<u>2020</u>
<b>Net sales</b>		<b>1,154,568</b>	<b>954,237</b>
Cost of sales		(733,757)	(611,700)
<b>Gross industrial margin</b>		<b>420,811</b>	<b>342,537</b>
Other net revenues		17,326	13,255
Distribution costs		(91,982)	(84,970)
General and administrative expenses		(118,143)	(110,819)
Other operating costs		(5,163)	(11,519)
<b>Ordinary profit before financial charges</b>		<b>222,849</b>	<b>148,484</b>
Financial income	7	9,598	9,164
Financial charges	7	(14,315)	(17,253)
Equity method contribution		43	155
<b>Profit for the period before taxes</b>		<b>218,175</b>	<b>140,550</b>
Income taxes		(39,744)	(37,543)
<b>Consolidated profit for the period</b>		<b>178,431</b>	<b>103,007</b>
<b>Pertaining to:</b>			
Parent company's shareholders		176,458	101,443
Subsidiaries' minority shareholders		1,973	1,564
<b>Consolidated profit for the period</b>		<b>178,431</b>	<b>103,007</b>
Basic earnings per share	8	1.654	0.946
Diluted earnings per share	8	1.634	0.943

## 9M comprehensive consolidated income statement

(€/000)	<u>2021</u>	<u>2020</u>
<b>Consolidated profit (A)</b>	<b>178,431</b>	<b>103,007</b>
<b>Other comprehensive profit (loss) that will be subsequently reclassified to consolidated profit</b>		
<i>Profits (losses) arising from translation of the financial statements of foreign companies</i>	21,819	(23,726)
<i>Profits (losses) of companies carried at equity</i>	85	(81)
<i>Related taxes</i>	-	-
<b>Total other profit (loss) that will be subsequently reclassified to the consolidated income statement, net of tax effect (B)</b>	<b><u>21,904</u></b>	<b><u>(23,807)</u></b>
<b>9M comprehensive consolidated profit (A) + (B)</b>	<b><u>200,335</u></b>	<b><u>79,200</u></b>
<b>Pertaining to:</b>		
Parent company's shareholders	197,833	78,111
Subsidiaries' minority shareholders	2,502	1,089
<b>Comprehensive consolidated profit for the period</b>	<b><u>200,335</u></b>	<b><u>79,200</u></b>



### Q3 consolidated income statement

(€/000)		2021	2020
<b>Net sales</b>		<b>373,514</b>	<b>314,701</b>
Cost of sales		(240,773)	(200,050)
<b>Gross industrial margin</b>		<b>132,741</b>	<b>114,651</b>
Other net revenues		5,940	4,391
Distribution costs		(30,214)	(26,169)
General and administrative expenses		(38,136)	(35,087)
Other operating costs		(1,660)	(1,269)
<b>Ordinary profit before financial charges</b>		<b>68,671</b>	<b>56,517</b>
Financial income	7	1,991	2,300
Financial charges	7	(2,991)	(5,341)
Equity method contribution		(98)	42
<b>Profit for the period before taxes</b>		<b>67,573</b>	<b>53,518</b>
Income taxes		(17,474)	(13,979)
<b>Consolidated net profit for the period</b>		<b>50,099</b>	<b>39,539</b>
<b>Pertaining to:</b>			
Parent company's shareholders		49,505	38,926
Subsidiaries' minority shareholders		594	613
<b>Consolidated profit for the period</b>		<b>50,099</b>	<b>39,539</b>
Basic earnings per share	8	0.464	0.363
Diluted earnings per share	8	0.458	0.361

### Q3 comprehensive consolidated income statement

(€/000)	2021	2020
<b>Q3 consolidated profit (A)</b>	<b>50,099</b>	<b>39,539</b>
<b>Other comprehensive profit (loss) that will be subsequently reclassified to consolidated profit</b>		
<i>Profits (losses) arising from translation of the financial statements of foreign companies</i>	8,054	(14,661)
<i>Profits (losses) of companies carried at equity</i>	33	(19)
<i>Related taxes</i>	-	-
<b>Total other profit (loss) that will be subsequently reclassified to the consolidated income statement, net of tax effect (B)</b>	<b><u>8,087</u></b>	<b><u>(14,680)</u></b>
<b>Q3 comprehensive consolidated profit (A) + (B)</b>	<b><u>58,186</u></b>	<b><u>24,859</u></b>
<b>Pertaining to:</b>		
Parent company's shareholders	57,427	24,424
Subsidiaries' minority shareholders	759	435
<b>Comprehensive consolidated profit for the period</b>	<b><u>58,186</u></b>	<b><u>24,859</u></b>

## 9M consolidated cash flow statement

(€/000)	<u>2021</u>	<u>2020</u>
<b>Cash flow from operating activities</b>		
Pretax profit	218,175	140,550
Adjustments for non-cash items:		
Capital losses (gains) from the sale of fixed assets	(4,544)	(2,018)
Amortization and depreciation, loss and reinstatement of the value of assets	57,156	58,364
Costs recognized in the income statement related to stock options that do not involve monetary outflows for the Group	3,415	2,460
Loss (profit) from equity investments	(43)	(155)
Net change in provisions for risks and employee benefits	642	7,690
Outlays for tangible fixed assets destined for hire	(6,720)	(3,566)
Proceeds from the sale of fixed assets granted for hire	7,862	4,187
Financial charges (income), net	4,717	8,089
	<b>280,660</b>	<b>215,601</b>
(Increase) decrease in trade receivables and other current assets	(40,923)	34,058
(Increase) decrease in inventories	(51,951)	17,815
Increase (decrease) in trade payables and other current liabilities	56,249	(27,973)
Interest paid	(3,025)	(3,658)
Currency exchange gains	604	(2,475)
Taxes paid	(30,321)	(26,937)
<b>Net cash from operating activities</b>	<b>211,293</b>	<b>206,431</b>
<b>Cash flows from investing activities</b>		
Outlay for the acquisition of equity investments, net of cash received	(7,821)	(39,092)
Capital expenditure on property, plant and equipment	(59,771)	(44,052)
Proceeds from the sale of property, plant and equipment	1,873	1,198
Capital expenditure on intangible assets	(4,701)	(2,876)
Financial income collected	401	829
Other	(405)	877
<b>Net liquidity used in investing activities</b>	<b>(70,424)</b>	<b>(83,116)</b>
<b>Cash flows from financing activities</b>		
Disbursals (repayments) of loans	156,059	7,160
Dividends paid	(28,812)	(28,185)
Outlays for purchase of treasury shares	(12,338)	(31,847)
Proceeds from the sale of treasury shares to beneficiaries of stock options	545	14,278
Change in other financial assets	(38)	21
Payment of finance leasing installments (principal portion)	(13,778)	(13,764)
<b>Net liquidity generated (used by) financing activities</b>	<b>101,638</b>	<b>(52,337)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>242,507</b>	<b>70,978</b>

(€/000)	<u>2021</u>	<u>2020</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b><u>242,507</u></b>	<b><u>70,978</u></b>
Exchange differences on translation of liquidity of non-EU companies	3,656	(3,760)
Opening cash and cash equivalents of companies consolidated line by line for the first time	73	48
Cash and cash equivalents at beginning of period	<u>332,578</u>	<u>211,708</u>
<b>Cash and cash equivalents at end of period</b>	<b><u>578,814</u></b>	<b><u>278,974</u></b>

Cash and cash equivalents can be broken down as follows:

	30/09/2021	31/12/2020
	€/000	€/000
Cash and cash equivalents from the statement of financial position	582,595	343,170
Bank payables (current account overdrafts and advances subject to collection)	<u>(3,781)</u>	<u>(10,592)</u>
Cash and cash equivalents from the cash flow statement	<u>578,814</u>	<u>332,578</u>

## Statement of changes in consolidated shareholders' equity

	Share capital	Legal reserve	Share premium reserve	Reserve from the remeasurement of defined benefit plans	Translation reserve	Other reserves	Group shareholders' equity	Minority interests	Total
<i>Balances at 1 January 2020</i>	55,460	11,323	96,733	(7,358)	7,735	885,446	1,049,339	5,735	1,055,074
Recognition in the income statement of the fair value of stock options assigned and exercisable	-	-	2,460	-	-	-	2,460	-	2,460
Purchase of treasury shares	(594)	-	(31,253)	-	-	-	(31,847)	-	(31,847)
Sale of treasury shares to the beneficiaries of stock options	576	-	13,702	-	-	-	14,278	-	14,278
Sales of treasury shares to pay for equity investments	254	-	13,796	-	-	-	14,050	-	14,050
Minority interest in companies consolidated for the first time	-	-	-	-	-	-	-	4,283	4,283
Dividends paid	-	-	-	-	-	(26,898)	(26,898)	(1,215)	(28,113)
Comprehensive profit (loss) for 9M 2020	-	-	-	-	(23,332)	101,443	78,111	1,089	79,200
<i>Balances at 30 September 2020</i>	55,696	11,323	95,438	(7,358)	(15,597)	959,991	1,099,493	9,892	1,109,385
Recognition in the income statement of the fair value of stock options assigned and exercisable	-	-	(541)	-	-	-	(541)	-	(541)
Purchase of treasury shares	(243)	-	(16,397)	-	-	-	(16,640)	-	(16,640)
Sale of treasury shares to the beneficiaries of stock options	9	-	193	-	-	-	202	-	202
Minority interest in companies consolidated for the first time	-	-	-	-	-	-	-	(16)	(16)
Dividends paid	-	-	-	-	-	1	1	(148)	(147)
Dividends declared	-	-	-	-	-	-	-	(29)	(29)
Comprehensive profit (loss) for Q4 2020	-	-	-	(859)	(11,618)	69,537	57,060	703	57,763
<i>Balances at 31 December 2020</i>	55,462	11,323	78,693	(8,217)	(27,215)	1,029,529	1,139,575	10,402	1,149,977
Recognition in the income statement of the fair value of stock options assigned and exercisable	-	-	3,415	-	-	-	3,415	-	3,415
Purchase of treasury shares	(127)	-	(12,211)	-	-	-	(12,338)	-	(12,338)
Sale of treasury shares to the beneficiaries of stock options	22	-	523	-	-	-	545	-	545
Sales of treasury shares to pay for equity investments	39	-	3,036	-	-	-	3,075	-	3,075
Liquidation of subsidiaries	-	-	-	-	-	-	-	(82)	(82)
Dividends paid	-	-	-	-	-	(26,685)	(26,685)	(2,067)	(28,752)
Dividends declared	-	-	-	-	-	(1,067)	(1,067)	(1)	(1,068)
Comprehensive profit (loss) for 9M 2021	-	-	-	-	21,375	176,458	197,833	2,502	200,335
<i>Balances at 30 September 2021</i>	55,396	11,323	73,456	(8,217)	(5,840)	1,178,235	1,304,353	10,754	1,315,107

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

### ***General information***

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

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

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 30 September 2021 were approved by the Board of Directors on this day (10 November 2021).

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

The consolidated financial statements at 30 September 2021 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 in application of the faculty provided by IAS 34 and therefore they do not include all the information required for annual financial statements drafted in compliance with IFRS standards. Therefore, the consolidated financial statements at 30 September 2021 should be consulted together with the annual consolidated financial statements for the year ending 31 December 2020.

The accounting principles and criteria adopted in the interim report at 30 September 2021 may conflict with IFRS provisions in force on 31 December 2021 due to the effect of future orientations of the European Commission with regard to the approval of international accounting standards or the issue of new standards, interpretations or implementing guidelines by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretation Committee (IFRIC).

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

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

### **Accounting standards**

The accounting standards adopted are those described in the consolidated financial statements at 31 December 2020, with the exception of those adopted as from 1 January 2021 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 2021 and adopted by the Group**

- *Amendments to IFRS 16 “Leases: Covid-19-Related Rent Concessions beyond 30 June 2021”*. On 31 March 2021 the IASB published an amendment to this standard that extends, for one year, the May 2020 amendment that clarifies the circumstances in which a lessee may, as a practical expedient, determine those specific reductions in instalments (as a direct consequence of Covid-19) need not be treated as changes in the payment plan and recognize them accordingly. The new amendment took effect on 1 April 2021. It was endorsed by the EU on 31 August 2021; however, its application will not result in changes to the economic and financial balances reported by the Group in 2021.

**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 this amendment on 23 January 2020 in order to clarify the presentation of liabilities in the statement of financial position. Specifically, it clarifies that:
  - the classification of liabilities as current or non-current should be based on the rights existing at the end of the reporting period and, in particular, on the right to defer payment for at least 12 months;
  - classification is not influenced by expectations regarding decisions by the entity to exercise its right to defer the payment of a liability;
  - payment refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The new amendment applies to reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact of this amendment on the existing situation.

- *Amendments to IFRS 3 “Business combinations”, IAS 16 “Property, Plant and Equipment”, IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”, Annual Improvements 2018-2020*. On 14 May 2020 IASB published a packet of amendments that clarify and make minor changes to the following IFRS standards, while the Annual Improvements 2018-2020 Cycle concern IFRS 1, IFRS 9, and the illustrative examples annexed to IFRS 16:
  - IFRS 3: update of references to the IAS Conceptual Framework (no change in the accounting for business combinations);
  - IAS 16: the amendment clarifies that companies cannot deduct proceeds from the sale of assets produced from the cost of tangible fixed assets while they are preparing them for use. Companies must recognize those sales and the related costs separately in the income statement.
  - IAS 37: the amendment clarifies the costs to be included when measuring the losses generated by a contract.

The new amendments apply prospectively from 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 items produced while bringing that asset to the location and condition necessary for it to be 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 applies to reporting periods beginning on or after 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.

This amendment is not expected to have a material impact on the Group.

- *Amendments to IAS 37 – “Onerous Contracts – Costs of Fulfilling a Contract”*. In May 2020, the IASB published amendments to IAS 37 to specify what costs must be considered by an entity when assessing whether a contract is onerous or loss-making. The amendments require 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 apply to reporting periods beginning on or after 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 they are applied for the first time.

#### *Annual Improvements 2018-2020 Cycle*

- *Amendments to IFRS 1 “First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter”*. As part of its annual improvements to IFRS standards 2018-2020, the IFRS has published an amendment to IFRS 1 that permits a subsidiary applying paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the latter’s date of transition to IFRSs. This amendment also applies to associates and joint ventures that elect to apply paragraph D16(a) of IFRS 1. The amendment applies to reporting periods beginning on or after 1 January 2022. Early application is permitted.
- *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 applies to reporting periods beginning on or after 1 January 2022. Early application is permitted. The Group will apply this amendment to those financial liabilities that are amended or exchanged subsequent to or at the start of the financial year in which it is applied for the first time. This amendment is not expected to have a material impact on the Group.
- *Amendments to IAS 1 “Presentation of Financial Statements and IFRS Practice Statement 2 “Disclosure of Accounting policies”*. The IASB published an amendment to this standard on 12 February 2021 in order to help companies to decide which accounting



policies to disclose in their financial statements. The amendment applies to reporting periods beginning on or after 1 January 2023. Early application is permitted.

- *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 permitted.
- *Amendments to “IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction”*. On 7 May 2021 IASB published an amendment to this standard, which requires companies to recognize deferred tax assets and liabilities on specific transactions that, at the time of initial booking, give rise to equivalent timing differences (taxable and deductible) – for example, see transactions related to leasing contracts.

The amendment applies to reporting periods beginning on or after 1 January 2023. Early application is permitted.

**Notes to the consolidated financial statements at 30 September 2021**

	Page
1. Scope of consolidation and goodwill	43
2. Business sector information	46
3. Acquisition of equity investments	52
4. Inventories and detail of changes in the Inventories allowance	53
5. Property, plant and equipment	53
6. Shareholders' equity	53
7. Financial income and charges	54
8. Earnings per share	55
9. Transactions with related parties	56
10. Disputes, Contingent liabilities and Contingent assets	58

## 1. Scope of consolidation and goodwill

The scope of consolidation at 30 September 2021 comprises the Parent company and the following subsidiaries:

<u>Company</u>	<u>Head office</u>	<u>Share capital</u> <u>€/000</u>	<u>Sector</u>	<u>% held</u> <u>at 30/09/2021</u>
GP Companies Inc.	Minneapolis (USA)	1,854	Water Jetting	100.00%
Hammelmann GmbH	Oelde (Germany)	25	Water Jetting	100.00%
Hammelmann Australia Pty Ltd (1)	Melbourne (Australia)	472	Water Jetting	100.00%
Hammelmann Corporation Inc (1)	Miamisburg (USA)	39	Water Jetting	100.00%
Hammelmann S. L. (1)	Zaragoza (Spain)	500	Water Jetting	100.00%
Hammelmann Pumps Systems Co Ltd (1)	Tianjin (China)	871	Water Jetting	90.00%
Hammelmann France S.a.r.l. (1)	Etrichè (France)	50	Water Jetting	100.00%
Hammelmann Swiss GmbH (1)	Dudingén (Switzerland)	89	Water Jetting	100.00%
Inoxihp S.r.l.	Nova Milanese (MI)	119	Water Jetting	52.72%
NLB Corporation Inc.	Detroit (USA)	12	Water Jetting	100.00%
Inoxpa S.A.	Banyoles (Spain)	23,000	Water Jetting	100.00%
Inoxpa India Private Ltd (3)	Pune (India)	6,779	Water Jetting	100.00%
Inoxpa Solutions France (3)	Gleize (France)	2,071	Water Jetting	100.00%
Improved Solutions Unipessoal Ltda (Portugal) (3)	Vale de Cambra (Portugal)	760	Water Jetting	100.00%
Inoxpa (UK) Ltd (3)	Eastbourne (UK)	1,942	Water Jetting	100.00%
Inoxpa Solutions Moldova (3)	Chisinau (Moldova)	317	Water Jetting	66.67%
Inoxpa Colombia SAS (3)	Bogotá (Colombia)	133	Water Jetting	83.29%
Inoxpa Italia S.r.l. (3)	Mirano (VE)	100	Water Jetting	100.00%
Inoxpa Skandinavien A/S (3)	Horsens (Denmark)	134	Water Jetting	100.00%
Inoxpa South Africa Proprietary Ltd (3)	Gauteng (South Africa)	104	Water Jetting	100.00%
Inoxpa Special Processing Equipment Co. Ltd (3)	Jianxing (China)	1,647	Water Jetting	100.00%
Inoxpa Ukraine (3)	Kiev (Ukraine)	113	Water Jetting	100.00%
Inoxpa USA Inc. (3)	Santa Rosa (USA)	1,426	Water Jetting	100.00%
INOXPA LTD (Russia) (3)	Podolsk (Russia)	1,435	Water Jetting	70.00%
Inoxpa Mexico S.A. de C.V. (3)	Mexico City (Mexico)	309	Water Jetting	100.00%
Pioli S.r.l.	Reggio Emilia	10	Water Jetting	100.00%
Servizi Industriali S.r.l.	Ozzano Emilia (BO)	100	Water Jetting	80.00%
SIT S.p.A.	S. Ilario d'Enza (RE)	105	Water Jetting	65.00%
Teknova S.r.l. (in liquidation)	Reggio Emilia	28	Water Jetting	100.00%
NLB Poland Corp. Sp. Z.o.o. (2) (in liquidation)	Warsaw (Poland)	1	Water Jetting	100.00%
Interpump Hydraulics S.p.A.	Calderara di Reno (BO)	2,632	Hydraulic	100.00%
AVI S.r.l. (16)	Varedo (MB)	10	Hydraulic	100.00%
Contarini Leopoldo S.r.l. (4)	Lugo (RA)	47	Hydraulic	100.00%
Unidro Contarini S.a.s. (5)	Barby (France)	8	Hydraulic	100.00%
Copa Hydrosystem Ood (5)	Troyan (Bulgaria)	3	Hydraulic	100.00%
Hydrocar Chile S.A. (4)	Santiago (Chile)	129	Hydraulic	90.00%
Hydroven S.r.l. (4)	Tezze sul Brenta (VI)	200	Hydraulic	100.00%
Interpump Hydraulics Brasil Ltda (4)	Caxia do Sul (Brazil)	15,126	Hydraulic	100.00%
Interpump Hydraulics France S.a.r.l. (4)	Ennery (France)	76	Hydraulic	99.77%
Interpump Hydraulics India Private Ltd (4)	Hosur (India)	682	Hydraulic	100.00%
Interpump Hydraulics Middle East FZE (4)	Dubai (UAE)	326	Hydraulic	100.00%
Interpump South Africa Pty Ltd (4)	Johannesburg (South Africa)	-	Hydraulic	100.00%

*Interim Board of Directors' Report at 30 September 2021 – Interpump Group*

<i>Company</i>	<i>Head office</i>	<i>Share capital</i>	<i>Sector</i>	<i>% held at 30/09/2021</i>
		<i>€/000</i>		
Interpump Hydraulics (UK) Ltd. (4)	Kidderminster (United Kingdom)	13	Hydraulic	100.00%
Mega Pacific Pty Ltd (6)	Newcastle (Australia)	335	Hydraulic	65.00%
Mega Pacific NZ Pty Ltd (6)	Mount Maunganui (New Zealand)	557	Hydraulic	65.00%
Muncie Power Prod. Inc. (4)	Muncie (USA)	784	Hydraulic	100.00%
American Mobile Power Inc. (7)	Fairmount (USA)	3,410	Hydraulic	100.00%
Hydra Dyne Tech Inc (7)	Ingersoll (Canada)	80	Hydraulic	75.00%
Oleodinamica Panni S.r.l. (4)	Tezze sul Brenta (VI)	2,000	Hydraulic	100.00%
Wuxi Interpump Weifu Hydraulics Company Ltd (4)	Wuxi (China)	2,095	Hydraulic	65.00%
IMM Hydraulics S.p.A. (4)	Atessa (Switzerland)	520	Hydraulic	100.00%
Hypress France S.a.r.l. (8)	Strasbourg (France)	162	Hydraulic	100.00%
Interpump Fluid Solutions Germany GmbH (8)	Meinerzhagen (Germany)	52	Hydraulic	100.00%
IMM Hydro Est (8)	Catcau Cluj Napoca (Romania)	3,155	Hydraulic	100.00%
FGA S.r.l. (8)	Fossacesia (CH)	10	Hydraulic	100.00%
Innovativ Gummi Tech S.r.l. (8)	Ascoli Piceno (AP)	25	Hydraulic	60.00%
Tekno Tubi S.r.l. (8)	Terre del Reno (FE)	100	Hydraulic	100.00%
Tubiflex S.p.A.	Orbassano (TO)	515	Hydraulic	100.00%
Walvoil S.p.A.	Reggio Emilia	7,692	Hydraulic	100.00%
Walvoil Fluid Power Corp. (9)	Tulsa (USA)	137	Hydraulic	100.00%
Walvoil Fluid Power (India) Pvt. Ltd. (9)	Bangalore (India)	4,803	Hydraulic	100.00%
Walvoil Fluid Power Korea Llc. (9)	Pyeongtaek (South Korea)	453	Hydraulic	100.00%
Walvoil Fluid Power France S.a.r.l. (9)	Vritz (France)	10	Hydraulic	100.00%
Walvoil Fluid Power Australasia (9)	Melbourne (Australia)	7	Hydraulic	100.00%
Galtech Canada Inc. (9)	Terrebonne, Quebec (Canada)	76	Hydraulic	100.00%
Walvoil Fluid Power (Dongguan) Co., Ltd (9)	Dongguan (China)	3,720	Hydraulic	100.00%
Reggiana Riduttori S.r.l.	S. Polo d'Enza (RE)	6,000	Hydraulic	100.00%
RR USA Inc. (12)	Boothwyn (USA)	1	Hydraulic	100.00%
RR Canada Inc. (12)	Vaughan (Canada)	1	Hydraulic	100.00%
RR Holland BV (12)	Oosterhout (Netherlands)	19	Hydraulic	100.00%
RR France S.a.r.l. (12)	Thouare sur Loire (France)	400	Hydraulic	95.00%
RR Slovakia A.S. (12)	Zvolen (Slovakia)	340	Hydraulic	100.00%
RR Pacific Pty Ltd (12)	Victoria (Australia)	-	Hydraulic	100.00%
RR India Pvt. Ltd (12)	New Delhi (India)	52	Hydraulic	99.99%
Reggiana Riduttori (Suzhou) Co. Ltd (12)	Suzhou (China)	600	Hydraulic	100.00%
Transtecno S.r.l.	Anzola dell'Emilia (BO)	100	Hydraulic	60.00%
Intecno S.r.l. (13)	Anzola dell'Emilia (BO)	10	Hydraulic	81.00%
Hangzhou Transtecno Power Transmissions Co. Ltd (13)	Hangzhou (China)	575	Hydraulic	72.00%
Transtecno Iberica the Modular Gearmotor S.A. (13)	Gava (Spain)	94	Hydraulic	50.40%
MA Transtecno S.A.P.I. de C.V. (13)	Apodaca (Mexico)	124	Hydraulic	50.40%
Transtecno USA LLC (15)	Miami (USA)	3	Hydraulic	100.00%
Transtecno BV (13)	Amersfoort (Netherlands)	18	Hydraulic	51.00%
Transtecno Aandrijftechniek (Netherlands) (14)	Amersfoort (Netherlands)	-	Hydraulic	51.00%
Interpump Piping GS S.r.l.	Reggio Emilia	10	Hydraulic	100.00%
GS-Hydro Singapore Pte Ltd (10)	Singapore	624	Hydraulic	100.00%
GS-Hydro Korea Ltd. (10)	Busan (South Korea)	1,892	Hydraulic	100.00%

*Interim Board of Directors' Report at 30 September 2021 – Interpump Group*

<u>Company</u>	<u>Head office</u>	<u>Share capital</u> <u>€/000</u>	<u>Sector</u>	<u>% held</u> <u>at 30/09/2021</u>
GS-Hydro Piping Systems (Shanghai) Co. Ltd. (11)	Shanghai (China)	2,760	Hydraulic	100.00%
GS-Hydro Benelux B.V. (10)	Barendrecht (Netherlands)	18	Hydraulic	100.00%
GS-Hydro Austria GmbH (10)	Pashing (Austria)	40	Hydraulic	100.00%
GS-Hydro Sp Z O (Poland) (10)	Gdynia (Poland)	1,095	Hydraulic	100.00%
GS Hydro Denmark AS (10)	Kolding (Denmark)	67	Hydraulic	100.00%
GS-Hydro S.A.U (Spain) (10)	Las Rozas (Spain)	90	Hydraulic	100.00%
Suministros Franquesa S.A. (17)	Lleida (Spain)	160	Hydraulic	100.00%
GS-Hydro U.S. Inc. (7)	Houston (USA)	9,903	Hydraulic	100.00%
GS-Hydro do Brasil Sistemas Hidraulicos Ltda (10)	Rio de Janeiro (Brazil)	252	Hydraulic	100.00%
GS-Hydro System GmbH (Germany) (10)	Witten (Germany)	179	Hydraulic	100.00%
GS- Hydro UK Ltd (10)	Sunderland (United Kingdom)	5,095	Hydraulic	100.00%
GS-Hydro Ab (Sweden) (10)	Kista (Sweden)	120	Hydraulic	100.00%
GS-Hydro Hong Kong Ltd (1)	Hong Kong	1	Hydraulic	100.00%
HTIL (9) (in liquidation)	Hong Kong	98	Hydraulic	100.00%
IMM Hydraulics Ltd (dormant) (6)	Kidderminster (United Kingdom)	-	Hydraulic	100.00%
Bristol Hose Ltd (dormant) (6)	Bristol (United Kingdom)	-	Hydraulic	100.00%

(1) = controlled by Hammelmann GmbH

(2) = controlled by NLB Corporation Inc. .

(3) = controlled by Inoxpa S.A.

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

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

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

(7) = controlled by Muncie Power Prod. Inc

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

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

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

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

(11) = controlled by GS Hydro Hong Kong Ltd

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

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

(14) = controlled by Transtecno B.V.

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

(16) = controlled by Inoxihp S.r.l.

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

Compared with 2020, DZ Trasmissioni and Suministros Franquesa have been consolidated in 2021; in addition, Servizi Industriali has been consolidated for the full period, while it was only consolidated for three months in 2020, having been acquired in July. The effects of these changes are not however significant in volume terms and are negligible in relation to 9M 2020.

The minority quotaholder of Inoxihp S.r.l. is entitled to dispose of its holdings starting from the approval of the 2025 financial statements up to the 2035 financial statements, on the basis of the average results of the company in the last two financial statements for the years ended before the exercise of the option. Likewise, the minority shareholder of Mega Pacific Pty Ltd and of Mega Pacific NZ Pty Ltd is entitled and required to sell its shares within 90 days of 29 July 2021, based on the results of the last financial statements published before exercise of the option. This option has in fact been exercised and price negotiations are now in progress. The minority shareholder of Inoxpa Solution Moldova is entitled to dispose of its holdings from October 2020, based on the most recent statement of financial position of that company. The minority shareholder of Hydra Dyne has the right and obligation to dispose of its holdings starting from approval of the 2023 financial statements based on the average of the results for the two years prior to exercise of the option. The minority quotaholder of Transtecno S.r.l. is entitled and required to dispose of its holdings during 2022 or during 2024, on the basis of the results for the year prior to that in which the option is exercised. Furthermore, Interpump Group S.p.A. is required to purchase the residual 20% interest in Servizi Industriali S.r.l., commencing from 2024.

In compliance with the requirements of IFRS 10 and IFRS 3, Inoxihp, Mega Pacific Australia, Mega Pacific New Zealand, Inoxpa Solution Moldova, Hydra Dyne, Transtecno and Servizi Industriali have been consolidated in full, recording a payable representing the estimated present value of the exercise price of the options determined with reference to the business plans of the companies. Any changes in the above payable identified within 12 months of the date of acquisition, as a result of additional or better information, will be recorded as an adjustment of goodwill, while any changes emerging more than 12 months after the date of acquisition will be recognized in the income statement.

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

The changes in goodwill during 9M 2021 were as follows:

<i>Company:</i>	Balance at 31/12/2020	Increases (Decreases) in the year	Changes due to foreign exchange differences	Balance at 30/09/2021
Water Jetting Sector	210,570	-	2,202	212,772
Hydraulic Sector	<u>338,598</u>	<u>2,546</u>	<u>1,633</u>	<u>342,777</u>
<i>Total goodwill</i>	<u>549,168</u>	<u>2,546</u>	<u>3,835</u>	<u>555,549</u>

The increases during 2021 mainly reflect the acquisition of DZ Trasmissioni.

## 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 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. 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 30 September (nine months)**

	Hydraulic		Water Jetting		Elimination entries		Interpump Group	
	2021	2020	2021	2020	2021	2020	2021	2020
Net sales external to the Group	812,620	644,885	341,948	309,352			1,154,568	954,237
Sales between sectors	721	679	3,646	1,481	(4,367)	(2,160)	-	-
<b>Total net sales</b>	<b>813,341</b>	<b>645,564</b>	<b>345,594</b>	<b>310,833</b>	<b>(4,367)</b>	<b>(2,160)</b>	<b>1,154,568</b>	<b>954,237</b>
Cost of sales	(549,150)	(441,339)	(188,990)	(172,478)	4,383	2,117	(733,757)	(611,700)
<b>Gross industrial margin</b>	<b>264,191</b>	<b>204,225</b>	<b>156,604</b>	<b>138,355</b>	<b>16</b>	<b>(43)</b>	<b>420,811</b>	<b>342,537</b>
<i>% on net sales</i>	<i>32.5%</i>	<i>31.6%</i>	<i>45.3%</i>	<i>44.5%</i>			<i>36.4%</i>	<i>35.9%</i>
Other net revenues	12,151	9,539	5,858	4,207	(683)	(491)	17,326	13,255
Distribution costs	(55,310)	(50,765)	(37,021)	(34,384)	349	179	(91,982)	(84,970)
General and administrative expenses	(75,762)	(69,964)	(42,699)	(41,210)	318	355	(118,143)	(110,819)
Other operating costs	(3,703)	(7,818)	(1,460)	(3,701)	-	-	(5,163)	(11,519)
<b>Ordinary profit before financial charges</b>	<b>141,567</b>	<b>85,217</b>	<b>81,282</b>	<b>63,267</b>	<b>-</b>	<b>-</b>	<b>222,849</b>	<b>148,484</b>
<i>% on net sales</i>	<i>17.4%</i>	<i>13.2%</i>	<i>23.5%</i>	<i>20.4%</i>			<i>19.3%</i>	<i>15.6%</i>
Financial income	7,215	5,948	3,420	4,294	(1,037)	(1,078)	9,598	9,164
Financial charges	(12,197)	(12,089)	(3,155)	(6,242)	1,037	1,078	(14,315)	(17,253)
Dividends	-	-	44,054	39,700	(44,054)	(39,700)	-	-
Equity method contribution	67	87	(24)	68	-	-	43	155
<b>Profit for the period before taxes</b>	<b>136,652</b>	<b>79,163</b>	<b>125,577</b>	<b>101,087</b>	<b>(44,054)</b>	<b>(39,700)</b>	<b>218,175</b>	<b>140,550</b>
Income taxes	(17,740)	(23,042)	(22,004)	(14,501)	-	-	(39,744)	(37,543)
<b>Consolidated profit for the period</b>	<b>118,912</b>	<b>56,121</b>	<b>103,573</b>	<b>86,586</b>	<b>(44,054)</b>	<b>(39,700)</b>	<b>178,431</b>	<b>103,007</b>
<b>Pertaining to:</b>								
Parent company's shareholders	117,345	54,729	103,167	86,414	(44,054)	(39,700)	176,458	101,443
Subsidiaries' minority shareholders	1,567	1,392	406	172	-	-	1,973	1,564
<b>Consolidated profit for the period</b>	<b>118,912</b>	<b>56,121</b>	<b>103,573</b>	<b>86,586</b>	<b>(44,054)</b>	<b>(39,700)</b>	<b>178,431</b>	<b>103,007</b>
<b>Further information required by IFRS 8</b>								
Amortization, depreciation and write-downs	41,476	42,056	15,680	16,308	-	-	57,156	58,364
Other non-monetary costs	3,375	7,874	2,364	4,562	-	-	5,739	12,436



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

**Q3**

	Hydraulic		Water Jetting		Elimination entries		Interpump Group	
	2021	2020	2021	2020	2021	2020	2021	2020
Net sales external to the Group	262,614	215,273	110,900	99,428			373,514	314,701
Sales between sectors	225	152	963	556	(1,188)	(708)	-	-
<b>Total net sales</b>	<b>262,839</b>	<b>215,425</b>	<b>111,863</b>	<b>99,984</b>	<b>(1,188)</b>	<b>(708)</b>	<b>373,514</b>	<b>314,701</b>
Cost of sales	(179,722)	(146,644)	(62,247)	(54,109)	1,196	703	(240,773)	(200,050)
<b>Gross industrial margin</b>	<b>83,117</b>	<b>68,781</b>	<b>49,616</b>	<b>45,875</b>	<b>8</b>	<b>(5)</b>	<b>132,741</b>	<b>114,651</b>
<i>% on net sales</i>	<i>31.6%</i>	<i>31.9%</i>	<i>44.4%</i>	<i>45.9%</i>			<i>35.5%</i>	<i>36.4%</i>
Other net revenues	4,179	3,100	1,959	1,429	(198)	(138)	5,940	4,391
Distribution costs	(18,117)	(15,889)	(12,162)	(10,296)	65	16	(30,214)	(26,169)
General and administrative expenses	(24,314)	(22,506)	(13,947)	(12,708)	125	127	(38,136)	(35,087)
Other operating costs	(1,213)	(937)	(447)	(332)	-	-	(1,660)	(1,269)
<b>Ordinary profit before financial charges</b>	<b>43,652</b>	<b>32,549</b>	<b>25,019</b>	<b>23,968</b>	<b>-</b>	<b>-</b>	<b>68,671</b>	<b>56,517</b>
<i>% on net sales</i>	<i>16.6%</i>	<i>15.1%</i>	<i>22.4%</i>	<i>24.0%</i>			<i>18.4%</i>	<i>18.0%</i>
Financial income	1,363	1,457	983	1,196	(355)	(353)	1,991	2,300
Financial charges	(2,534)	(3,367)	(812)	(2,327)	355	353	(2,991)	(5,341)
Dividends	-	-	4	-	(4)	-	-	-
Equity method contribution	(13)	23	(85)	19	-	-	(98)	42
<b>Profit for the period before taxes</b>	<b>42,468</b>	<b>30,662</b>	<b>25,109</b>	<b>22,856</b>	<b>(4)</b>	<b>-</b>	<b>67,573</b>	<b>53,518</b>
Income taxes	(10,858)	(8,642)	(6,616)	(5,337)	-	-	(17,474)	(13,979)
<b>Consolidated profit for the period</b>	<b>31,610</b>	<b>22,020</b>	<b>18,493</b>	<b>17,519</b>	<b>(4)</b>	<b>-</b>	<b>50,099</b>	<b>39,539</b>
<b>Pertaining to:</b>								
Parent company's shareholders	31,173	21,473	18,336	17,453	(4)	-	49,505	38,926
Subsidiaries' minority shareholders	437	547	157	66	-	-	594	613
<b>Consolidated profit for the period</b>	<b>31,610</b>	<b>22,020</b>	<b>18,493</b>	<b>17,519</b>	<b>(4)</b>	<b>-</b>	<b>50,099</b>	<b>39,539</b>
<b>Further information required by IFRS 8</b>								
Amortization, depreciation and write-downs	14,005	13,947	5,368	5,267	-	-	19,373	19,214
Other non-monetary costs	1,085	1,522	854	384	-	-	1,939	1,906

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

	Hydraulic		Water Jetting		Elimination entries		Interpump Group	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020	30 September 2021	31 December 2020	30 September 2021	31 December 2020
<b>Assets of the sector (A)</b>	<b>1,358,579</b>	<b>1,232,414</b>	<b>771,681</b>	<b>704,940</b>	<b>(155,095)</b>	<b>(131,234)</b>	<b>1,975,165</b>	<b>1,806,120</b>
Cash and cash equivalents							582,595	343,170
<b>Total assets</b>							<b>2,557,760</b>	<b>2,149,290</b>
<b>Liabilities of the sector (B)</b>	<b>447,906</b>	<b>353,588</b>	<b>130,516</b>	<b>101,603</b>	<b>(155,095)</b>	<b>(131,234)</b>	<b>423,327</b>	<b>323,957</b>
Debts for the payment of investments							62,376	62,686
Bank payables							3,781	10,592
Interest-bearing financial payables							753,169	602,078
<b>Total liabilities</b>							<b>1,242,653</b>	<b>999,313</b>
<b>Total assets, net (A-B)</b>	<b>910,673</b>	<b>878,826</b>	<b>641,165</b>	<b>603,337</b>			<b>1,551,838</b>	<b>1,482,163</b>
<b>Further information required by IFRS 8</b>								
Investments carried at equity	482	998	270	270			752	1,268
Non-current assets other than financial assets and deferred tax assets	738,707	718,913	367,808	353,092			1,106,515	1,072,005

The cash flows by business sector during 9M were as follows:

€/000	Hydraulic		Water Jetting		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Cash flows from:						
Operating activities	140,843	143,958	70,450	62,473	211,293	206,431
Investing activities	(48,728)	(33,817)	(21,696)	(49,299)	(70,424)	(83,116)
Financing activities	<u>(38,734)</u>	<u>(40,275)</u>	<u>140,372</u>	<u>(12,062)</u>	<u>101,638</u>	<u>(52,337)</u>
Total	<u>53,381</u>	<u>69,866</u>	<u>189,126</u>	<u>1,112</u>	<u>242,507</u>	<u>70,978</u>

Investing activities in the Hydraulic Sector included €6,420k associated with the acquisition of equity investments (€1,843k in 9M 2020). Investing activities in the Water Jetting Sector included €1,401k associated with the acquisition of equity investments (€37,249k in 9M 2020).

The cash flows from the financing activities of the Water Jetting Sector included proceeds from the sale of treasury shares to the beneficiaries of stock options totaling €545k (€14,278k in 9M 2020), outlays for the purchase of treasury shares totaling €12,338k (€31,847k in 9M 2020) and the payment of dividends totaling €26,760k (€27,950k in 9M 2020). The financing activities of the Hydraulic Sector included the payment of dividends to companies in the Water Jetting Sector totaling €24,978k (€27,950k in 9M 2020).

### 3. Acquisition of investments

On 14 January 2021 the acquisition was signed for 100% of DZ Trasmissioni S.r.l., active in the design, production and sale of right-angle drives, activities that are highly synergic with those of the Group. Solely for accounting purposes, 1 January 2021 was designated as the acquisition date, there being no significant differences between then and the actual acquisition date.

The provisional purchase price allocation at 30 September 2021 is presented below.

€/000	Amounts acquired	Adjustments to fair value	Carrying values in the acquiring company
Cash and cash equivalents	1,765	-	1,765
Trade receivables	1,215	-	1,215
Inventories	3,155	-	3,155
Tax receivables	33	-	33
Other current assets	48	-	48
Property, plant and equipment	1,529	-	1,529
Other intangible assets	2	-	2
Deferred tax assets	232	-	232
Other non-current assets	13	-	13
Trade payables	(958)	-	(958)
Bank payables	(1)	-	(1)
Tax payables	(77)	-	(77)
Other current liabilities	(178)	-	(178)
Leasing payables (non-current portion)	(1,189)	-	(1,189)
Deferred tax liabilities	(1)	-	(1)
Employee benefits (severance indemnity provision)	<u>(281)</u>	-	<u>(281)</u>
Net assets acquired	<u>5,307</u>	=	5,307
Goodwill related to the acquisition			<u>2,384</u>
<b>Total net assets acquired</b>			<b><u>7,691</u></b>
Total amount paid in cash			4,616
Amount paid by assigning treasury shares			<u>3,075</u>
<b>Total acquisition cost (A)</b>			<b><u>7,691</u></b>
Net financial position acquired (B)			(575)
Total amount paid in cash			<u>4,616</u>
Total change in net financial position			<u>4,041</u>
<b>Capital employed (A) - (B)</b>			<b><u>7,116</u></b>

The transaction was recorded using the acquisition method.

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

	30/09/2021	31/12/2020
	€/000	€/000
Inventories gross value	481,289	414,162
Allowance for inventories	<u>(40,202)</u>	<u>(37,566)</u>
Inventories	<u>441,087</u>	<u>376,596</u>

Changes in the allowance for inventories were as follows:

	9M 2021	Year 2020
	€/000	€/000
Opening balances	37,566	38,805
Exchange rate difference	689	(1,240)
Change in consolidation basis	670	712
Provisions for the period	2,342	3,388
Releases in the period to cover losses	(881)	(2,977)
Release of excess provisions in the period	<u>(184)</u>	<u>(1,122)</u>
Closing balance	<u>40,202</u>	<u>37,566</u>

#### 5. Property, plant and equipment

##### *Purchases and disposals*

Interpump Group acquired tangible fixed assets during 9M 2021 totaling €79,033k, of which €1,811k via the acquisition of equity investments (€59,823k in 9M 2020, of which €14,210k via the acquisition of equity investments). Assets with a net book value of €5,238k were divested in 9M 2021 (€3,395k in 9M 2020). A net capital gain was realized on the divested assets of €4,544k (€2,018k in 9M 2020).

##### *Contractual commitments*

At 30 September 2021 the Group has contractual commitments for the purchase of tangible fixed assets totaling €9,804k (€15,314k at 30 September 2020). The change since 2020 mainly reflects commitments signed for the construction of new buildings.

#### 6. 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 €55,396k, since the nominal value of purchased treasury shares, net of those sold, has been deducted from share capital in compliance with the reference accounting standards. At 30 September 2021 Interpump S.p.A. holds 2,348,625 shares in the portfolio, corresponding to 2.157% of share capital, acquired at an average unit cost of EUR 30.467.

##### *Treasury shares purchased*

The amount of the treasury shares held by Interpump Group S.p.A. is recorded in an equity reserve. During 9M 2021 Interpump Group purchased 243,569 treasury shares for €12,338k (1,142,000 treasury shares for €31,847k in 9M 2020).

*Treasury shares sold*

In the context of the stock option plans, a total of 42,300 options were exercised during the period, resulting in the receipt of €545k (a total of 1,108,200 options were exercised in 9M 2020, with the collection of €14,278k). Moreover, 75,000 treasury shares were assigned in 9M 2021 as payment for equity investments (488,533 shares in 9M 2020).

An ordinary dividend (coupon clipping date of 24 May) of EUR 0.26 per share was distributed on 26 May 2021 (EUR 0.25 in 2020).

**7. Financial income and expenses**

The first nine months are analyzed as follows:

	2021	2020
	<u>€/000</u>	<u>€/000</u>
<u>Financial income</u>		
Interest income from liquid funds	401	382
Interest income from other assets	52	225
Foreign exchange gains	8,578	7,411
Financial income to adjust estimated debt for commitment to purchase residual interests in subsidiaries	541	679
Other financial income	<u>26</u>	<u>467</u>
Total financial income	<u>9,598</u>	<u>9,164</u>
<u>Financial charges</u>		
Interest expense on bank loans	1,038	1,819
Lease interest expense	1,554	1,845
Interest expense on put options	370	635
Financial charges for adjustment of estimated debt for commitment to purchase residual interests in subsidiaries	3,972	29
Foreign exchange losses	7,009	12,767
Other financial charges	<u>372</u>	<u>158</u>
Total financial charges	<u>14,315</u>	<u>17,253</u>
Total financial charges (income), net	<u>4,717</u>	<u>8,089</u>

The breakdown for Q3 is as follows:

	<u>2021</u>	<u>2020</u>
	<u>€/000</u>	<u>€/000</u>
<u>Financial income</u>		
Interest income from liquid funds	114	141
Interest income from other assets	16	23
Foreign exchange gains	1,823	2,062
Other financial income	<u>38</u>	<u>74</u>
Total financial income	<u>1,991</u>	<u>2,300</u>
<u>Financial charges</u>		
Interest expense on bank loans	336	682
Lease interest expense	498	585
Interest expense on put options	116	170
Foreign exchange losses	1,969	3,862
Other financial charges	<u>72</u>	<u>42</u>
Total financial charges	<u>2,991</u>	<u>5,341</u>
Total financial charges (income), net	<u>1,000</u>	<u>3,041</u>

## 8. 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:

	<u>2021</u>	<u>2020</u>
<i>9M</i>		
Consolidated net profit attributable to the owners of the Parent company (€/000)	<u>176,458</u>	<u>101,443</u>
Average number of shares in circulation	106,664,662	107,180,902
Basic earnings per share for the period (€)	<u>1.654</u>	<u>0.946</u>
<i>Q3</i>		
Consolidated net profit attributable to the owners of the Parent company (€/000)	<u>49,505</u>	<u>38,926</u>
Average number of shares in circulation	106,618,234	107,284,190
Basic earnings per share for the quarter (€)	<u>0.464</u>	<u>0.363</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>9M</i>	<u>2021</u>	<u>2020</u>
Consolidated net profit attributable to the owners of the Parent company (€/000)	<u>176,458</u>	<u>101,443</u>
Average number of shares in circulation	106,664,662	107,180,902
Number of potential shares for stock option plans (*)	<u>1,325,057</u>	<u>385,247</u>
Average number of shares (diluted)	<u>107,989,719</u>	<u>107,566,149</u>
Earnings per diluted share for the period (€)	<u>1.634</u>	<u>0.943</u>
 <i>Q3</i>	 <u>2021</u>	 <u>2020</u>
Consolidated net profit attributable to the owners of the Parent company (€/000)	<u>49,505</u>	<u>38,926</u>
Average number of shares in circulation	106,618,234	107,284,190
Number of potential shares for stock option plans (*)	<u>1,561,931</u>	<u>422,317</u>
Average number of shares (diluted)	<u>108,180,165</u>	<u>107,706,507</u>
Earnings per diluted share for the quarter (€)	<u>0.458</u>	<u>0.361</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.

**9. 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 consolidated income statements for the first nine months of 2021 and 2020 are shown below:

(€/000)	9M 2021						% incidence on F.S. caption
	Consolidated Total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties		
Net sales	1,154,568	1,639	-	397	2,036	0.2%	
Cost of sales	733,757	778	-	6,265	7,043	1.0%	
Other revenues	17,326	3	-	-	3	0.0%	
Distribution costs	91,982	26	-	529	555	0.6%	
G&A expenses	118,143	-	-	474	474	0.4%	
Financial income	9,598	-	-	28	28	0.3%	
Financial charges	14,315	-	-	328	328	2.3%	

(€/000)	9M 2020						% incidence on F.S. caption
	Consolidated Total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties		
Net sales	954,237	1,273	-	298	1,571	0.2%	
Cost of sales	611,700	591	-	4,973	5,564	0.9%	
Other revenues	13,255	3	-	-	3	0.0%	
Distribution costs	84,970	32	-	490	522	0.6%	
G&A expenses	110,819	-	-	427	427	0.4%	
Financial charges	17,253	-	-	373	373	2.2%	

The effects on the consolidated statement of financial position at 30 September 2021 and 2020 are described below:

(€/000)	30 September 2021						% incidence on F.S. caption
	Consolidated Total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties		
Trade receivables	309,651	2,002	-	350	2,352	0.8%	
Trade payables	203,279	142	-	1,591	1,733	0.9%	
Interest-bearing financial payables (current and non-current portions)	753,169	-	-	24,388	24,388	3.2%	

(€/000)	30 September 2020						% incidence on F.S. caption
	Consolidated Total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties		
Trade receivables	256,500	2,110	-	920	3,030	1.2%	
Other financial assets	2,224	2	-	-	2	0.1%	
Trade payables	133,164	107	-	1,270	1,377	1.0%	
Interest-bearing financial payables (current and non-current portions)	589,650	-	-	24,821	24,821	4.2%	

*Relations with non-consolidated subsidiaries*

Relations with non-consolidated subsidiaries are as follows:

(€/000)	Receivables		Revenues	
	<u>30/09/2021</u>	<u>30/09/2020</u>	<u>2021</u>	<u>2020</u>
Interpump Hydraulics Perù	1,038	1,078	158	67
Interpump Hydraulics Russia	486	507	1,020	641
General Pump China Inc.	<u>478</u>	<u>525</u>	<u>464</u>	<u>568</u>
<i>Total subsidiaries</i>	<u>2,002</u>	<u>2,110</u>	<u>1,642</u>	<u>1,276</u>

(€/000)	Payables		Costs	
	<u>30/09/2021</u>	<u>30/09/2020</u>	<u>2021</u>	<u>2020</u>
General Pump China Inc.	142	85	781	576
Interpump Hydraulics Perù	-	22	23	43
Interpump Hydraulics Russia	<u>-</u>	<u>-</u>	<u>-</u>	<u>4</u>
<i>Total subsidiaries</i>	<u>142</u>	<u>107</u>	<u>804</u>	<u>623</u>

(€/000)	Loans		Financial income	
	<u>30/09/2021</u>	<u>30/09/2020</u>	<u>2021</u>	<u>2020</u>
Inoxpa Poland Sp ZOO	=	<u>2</u>	=	=
<i>Total subsidiaries</i>	=	<u>2</u>	=	=

*Relations with associates*

The Group does not hold investments in associated companies.

*Transactions with other related parties*

The 9M 2021 income statement includes consultancy provided by entities associated with the directors and statutory auditors of Group companies totaling €16k (€54k in 9M 2020). The consultancy costs incurred in 9M 2021 have been allocated in full to general and administrative expenses (€45k to distribution costs and €9k to general and administrative expenses in 9M 2020). Revenues from sales in the period to 30 September 2021 included revenues from sales to companies owned by Group shareholders or directors totaling €397k (€298k in the period to 30 September 2020). In addition, the cost of sales includes purchases from companies controlled by minority shareholders or the directors of Group companies totaling €5,871k (€4,669k in 9M 2020).

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

The Parent company and some of its subsidiaries are directly involved in lawsuits for limited amounts. The settlement of said lawsuits 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 2020.