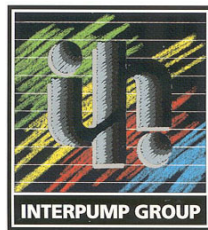


Interim Board of Directors' Report at 31 March 2020



Interpump Group S.p.A. and subsidiaries

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This document can be accessed on the Internet at:

www.interpumpgroup.it

Interpump Group S.p.A.

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

Paid-up Share Capital: 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

Victor Gottardi
Executive Director

Fabio Marasi
Executive Director

Angelo Busani (a) (c)
Independent Director

Antonia Di Bella
Independent Director

Marcello Margotto (b)
Independent Director
Lead Independent Director

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

Stefania Petruccioli
Independent Director

Paola Tagliavini (a), (c)
Independent Director

Board of Statutory Auditors

Chairman
Anna Maria Allievi

Roberta De Simone
Statutory Auditor

Mario Tagliaferri
Statutory Auditor

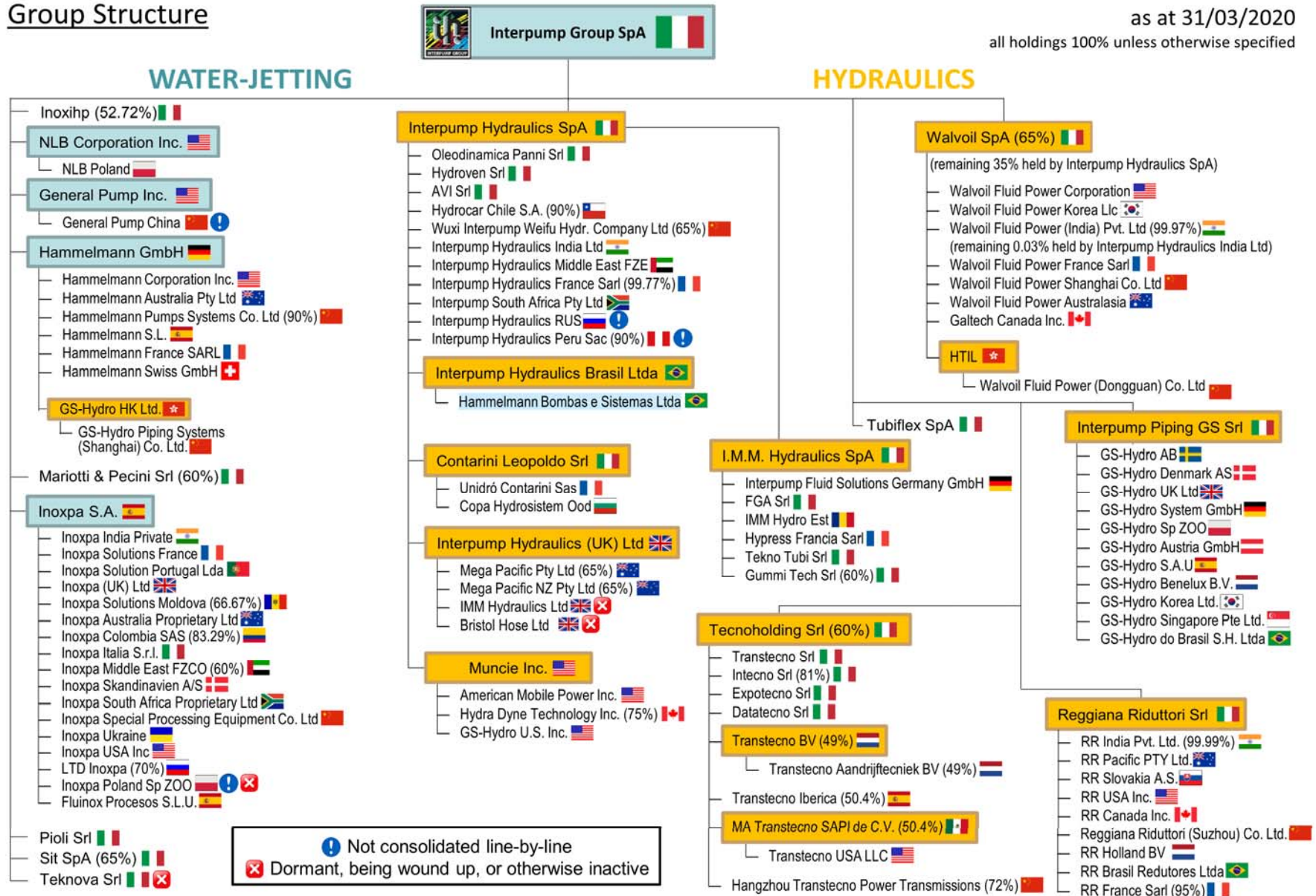
Independent Auditors

EY S.p.A.

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

Group Structure

as at 31/03/2020
all holdings 100% unless otherwise specified



Interim Board of Directors' Report

**Directors' remarks on performance
in Q1 2020**

The Group uses several alternative measures that are not identified as accounting parameters in the framework of IFRS standards, to allow better evaluation of the trend of economic operations and the Group's financial position; such measures are also tools that can assist the directors in identifying operating trends and in making decisions on investments, resource allocation and other business matters. Therefore, the measurement criterion applied by the Group may differ from the criterion adopted by other groups and hence may not be comparable with it. Such alternative performance measures 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 measures refer only to performance in the accounting period illustrated in this Interim Report and the related comparative periods, and not to expected performance. They must not be considered replacements for the indicators envisaged in the reference accounting standards (IFRS). Lastly, the alternative measures are processed continuously on a consistent basis, in terms of definition and representation, covering all periods for which financial information is included in this Interim 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 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.

Consolidated income statements for Q1

(€000)	<u>2020</u>	<u>2019</u>
Net sales	343,971	343,610
Cost of sales	(221,314)	(218,886)
Gross industrial margin	122,657	124,724
<i>% on net sales</i>	<i>35.7%</i>	<i>36.3%</i>
Other operating revenues	4,766	4,952
Distribution costs	(31,649)	(30,697)
General and administrative expenses	(39,612)	(35,717)
Other operating costs	(5,972)	(846)
EBIT	50,190	62,416
<i>% on net sales</i>	<i>14.6%</i>	<i>18.2%</i>
Financial income	4,710	3,827
Financial expenses	(8,719)	(3,525)
Equity method contribution	63	75
Profit for the period before taxes	46,244	62,793
Income taxes	(12,948)	(17,526)
Consolidated profit for the period	33,296	45,267
<i>% on net sales</i>	<i>9.7%</i>	<i>13.2%</i>
Pertaining to:		
Parent company's shareholders	33,136	44,894
Subsidiaries' minority shareholders	160	373
Consolidated profit for the period	33,296	45,267
EBITDA	74,346	78,640
<i>% on net sales</i>	<i>21.6%</i>	<i>22.9%</i>
Shareholders' equity	1,087,377	921,098
Net debt	384,881	381,585
Payables for the acquisition of investments	61,536	49,763
Capital employed	1,533,614	1,352,446
Unannualized ROCE	3.3%	4.6%
Unannualized ROE	3.1%	4.9%
Basic earnings per share	0.310	0.426

EVENTS OCCURRING IN THE QUARTER

The COVID-19 pandemic broke out during the first quarter of 2020, with major effects on all world economies. Many businesses have been shut down by the governmental authorities and, as a consequence, the Interpump Group also had to close several plants. Those businesses that are still open have continued at a slower pace, both to ensure maximum compliance with the safety instructions and due to the shutdown, in turn, of their principal clients and vendors. Against this serious economic background, the Interpump Group has achieved highly respectable results.

Sales reached €344.0m, up by 0.1% compared to Q1 2019 (-10.9% at unchanged perimeter). A breakdown by business sector shows a 0.9% sales increase in the Hydraulic Sector (-15.1% at unchanged perimeter) compared to Q1 2019; Water Jetting Sector sales were down in the same period by 1.5% (-1.8% at unchanged perimeter).

EBITDA was €74.3m, equivalent to 21.6% of sales. In Q1 2019 EBITDA was €78.6m (22.9% of sales). At unchanged perimeter, EBITDA was 22.0% of sales.

Free cash flow was €39.0m in Q1 2020 compared with €2.7m in Q1 2019.

Net profit for Q1 2020 was €33.3m (€45.3m in Q1 2019). The reduction was partially due, €4.7m, to an increase in net exchange losses as a consequence of the greater currency volatility caused by the pandemic (net loss of €3.1m in Q1 2020, compared with a net profit of €1.6m in Q1 2019). Net of tax effect, the impact on net profit was €3.3m. In addition, on 16 March 2020, the Board of Directors approved a termination indemnity for Fulvio Montipò, founder of the Group, who has guided the business to achieve such excellent results. The purpose of this provision is to recognize and remunerate his major contribution and does not imply in any way his imminent or expected future departure. The total amount will represent 3 years of remuneration; the Q1 provision of €5.0m is classified among the other operating costs. As a result, the after-tax effect on net profit for Q1 2020 was €3.8m.

On 14 January 2020, the Company closed the acquisition of the Transtecno Group, which operates in the design, production and commercialization of gears and ratiomotors. This company based in Anzola Emilia (Bologna) has branches in China, the Netherlands, Spain, the USA and Mexico. Transtecno makes a medium-low power range of products that are used in a multitude of sectors, with specific lines designed for poultry farming, car wash systems and renewable energy (biomass boilers and solar panels). The modular design approach facilitates the optimization of distribution, reducing the need for burdensome inventories and simplifying the work of distributors. Transtecno generated consolidated sales of €48.9m in 2019, with an EBITDA of €8.9m. The positive net financial position (NFP) amounts to €2.4m. These results make Transtecno, together with Reggiana Riduttori, one of the most profitable and solid in the Italian gear industry. The price for the acquisition of this 60% interest, including the NFP, was €2m plus 488,533 Interpump shares already owned by the Group. Put and call options, exercisable in two and four years, were agreed in relation to the remaining 40% interest.

Compared with Q1 2019, the consolidation now includes the Reggiana Riduttori Group, acquired in October 2019, and the Transtecno Group, acquired in January 2020, both in the Hydraulic Sector. Hydra Dyne (also in the Hydraulic Sector), acquired on 1 March 2019 and only consolidated for one month in Q1 2019, has been consolidated for the entire period in 2020. In the Water Jetting Sector, Pioli has been consolidated for three months in 2020, but was not consolidated in Q1 2019 since it only joined the Group on 1 April 2019.

NET SALES

Net sales in Q1 2020 totaled €344.0m, up by 0.1% on the €343.6m of Q1 2019 (-10.9% at unchanged perimeter).

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

<i>Q1 2020</i>		Rest of	North	Far East	Rest of	
(€000)	<u>Italy</u>	<u>Europe</u>	<u>America</u>	<u>Oceania</u>	<u>World</u>	<u>Total</u>
Hydraulic Sector	44,161	83,252	63,403	23,431	20,701	234,948
Water Jetting Sector	<u>9,566</u>	<u>39,689</u>	<u>35,116</u>	<u>15,069</u>	<u>9,583</u>	<u>109,023</u>
Total	<u>53,727</u>	<u>122,941</u>	<u>98,519</u>	<u>38,500</u>	<u>30,284</u>	<u>343,971</u>
<i>Q1 2019</i>						
Hydraulic Sector	49,568	85,265	52,896	20,477	24,750	232,956
Water Jetting Sector	<u>9,265</u>	<u>42,219</u>	<u>34,112</u>	<u>14,565</u>	<u>10,493</u>	<u>110,654</u>
Total	<u>58,833</u>	<u>127,484</u>	<u>87,008</u>	<u>35,042</u>	<u>35,243</u>	<u>343,610</u>
2020/2019 percentage changes						
Hydraulic Sector	-10.9%	-2.4%	+19.9%	+14.4%	-16.4%	+0.9%
Water Jetting Sector	+3.2%	-6.0%	+2.9%	+3.5%	-8.7%	-1.5%
Total	-8.7%	-3.6%	+13.2%	+9.9%	-14.1%	+0.1%

The percentage changes at unchanged perimeter are as follows:

Hydraulic Sector	-21.9%	-16.6%	-4.2%	-10.9%	-23.6%	-15.1%
Water Jetting Sector	-1.1%	-6.0%	+2.9%	+3.5%	-8.7%	-1.8%
Total	-18.6%	-13.1%	-1.4%	-4.9%	-19.2%	-10.9%

PROFITABILITY

The cost of sales accounted for 64.3% of turnover (63.7% in Q1 2019). Production costs, which totaled €87.1m (€91.8m in Q1 2019, which however did not include the costs of the Reggiana Riduttori Group, the Transtecno Group, Pioli or two months of Hydra Dyne), accounted for 25.3% of sales (26.7% in the equivalent period of 2019). At unchanged perimeter, production costs were 25.8% of sales, with a decline of 0.9 percentage points despite the lower volume. The purchase cost of raw materials and components sourced on the market, including changes in inventories, was €134.2m (€127.1m in the equivalent period of 2019, which however did not include the costs of the Reggiana Riduttori Group, the Transtecno Group, Pioli or two months of Hydra Dyne). The incidence of purchase costs including changes in inventories was 39.0% compared to 37.0% in Q1 2019.

At unchanged perimeter, distribution costs fell by 6.5% with respect to Q1 2019, but their incidence on sales rose by 0.5 percentage points.

Again at unchanged perimeter, general and administrative expenses rose by 0.9% with respect to Q1 2019 and their incidence on sales rose by 1.4 percentage points.

Payroll costs totaled €82.6m (€80.2m in Q1 2019, which however did not include the costs of the Reggiana Riduttori Group, the Transtecno Group, Pioli or two months of Hydra Dyne). At unchanged perimeter, payroll costs amounted to €75.8m, down by 5.5% despite an increase of

75 in the average headcount, due to 6.5% reduction in the per capita cost as a result of the recourse made to various government relief measures. The average total number of Group employees in Q1 2020 was 7,463 (6,763 at unchanged perimeter) compared to 6,688 in Q1 2019. The increase in average headcount in Q1 2020, net of the personnel of the newly acquired companies, breaks down as follows: plus 28 in Europe, plus 3 in the US and plus 44 in the Rest of the World.

EBITDA was €74.3m (21.6% of sales) compared with €78.6m in Q1 2019, which represented 22.9% of sales. At unchanged perimeter, EBITDA was 22.0% of sales. The following table shows EBITDA by business sector:

	<i>Q1 2020</i>	<i>% on</i>	<i>Q1 2019</i>	<i>% on</i>	<i>Increase/ Decrease</i>
	<i>€/000</i>	<i>total</i>	<i>€/000</i>	<i>total</i>	
		<i>sales*</i>		<i>sales*</i>	
Hydraulic Sector	46,085	19.6%	49,937	21.4%	-7.7%
Water Jetting Sector	<u>28,261</u>	25.8%	<u>28,703</u>	25.8%	-1.5%
Total	<u>74,346</u>	21.6%	<u>78,640</u>	22.9%	-5.5%

* = Total sales include those to other Group companies, while the sales analyzed previously are exclusively those external to the Group (see Note 2 in the explanatory notes). For comparability, the percentage is calculated on total sales, rather than the net sales shown earlier.

EBIT was €50.2m (14.6% of sales) compared with €62.4m in Q1 2019 (18.2% of sales). Following the resolution adopted by the Board of Directors on 16 March 2020, a provision for termination indemnities of €5.0m has been recorded in relation to the current Chairman, as described in more detail in the section entitled “Significant events occurring in the quarter”. Excluding this provision, EBIT would have been €55.2m (16.0% of sales).

The tax rate for the period was 28.0% (27.9% in Q1 2019).

Net profit for Q1 2020 was €33.3m (€45.3m in Q1 2019). Again excluding the above indemnity, net profit would have been €37.1m. Basic earnings per share were €0.310 (€0.426 in Q1 2019).

Capital employed increased from €1,480.2m at 31 December 2019 to €1,533.6m at 31 March 2020, principally due to the acquisition of the Transtecno Group. Unannualized ROCE was 3.3% (4.6% in Q1 2019). Unannualized ROE was 3.1% (4.9% in Q1 2019).

CASH FLOW

The change in net financial indebtedness breaks down as follows:

	<i>Q1 2020</i>	<i>Q1 2019</i>
	<u>€/000</u>	<u>€/000</u>
Opening net financial position	(370,814)	(287,339)
Adjustment: effect of IFRS 16 on the initial net financial position	-	(68,411)
Adjustment: opening net cash position of companies not consolidated line by line at the end of the prior year	<u>(2,223)</u>	-
Adjusted opening net financial position	(373,037)	(355,750)
Cash flow from operations	66,463	72,306
Principal portion of leasing installments paid (IFRS 16)	(4,857)	(3,569)
Cash flow generated (absorbed) by the management of commercial working capital	2,329	(52,089)
Cash flow generated (absorbed) by other current assets and liabilities	(8,886)	(554)
Investment in tangible fixed assets	(16,169)	(13,238)
Proceeds from the sale of tangible fixed assets	477	377
Increase in other intangible fixed assets	(766)	(614)
Received financial income	471	84
Other	<u>(108)</u>	<u>25</u>
Free cash flow	38,954	2,728
Acquisition of investments, including imported financial debt/liquidity	(37,699)	(19,635)
Purchase of treasury stock	(16,624)	(1,307)
Proceeds from the sale of treasury shares to beneficiaries of stock options	614	240
Dividends paid	(169)	-
Principal portion of leasing installments paid (IFRS 16)	4,857	3,569
Principal portion of new leasing contracts arranged (IFRS 16)	(3,480)	(11,195)
Remeasurement and early close-out of leasing contracts (IFRS 16)	811	-
Change in financial assets	<u>(466)</u>	<u>(9)</u>
Net cash generated (used)	(13,202)	(25,609)
Exchange differences	<u>1,358</u>	<u>(226)</u>
Closing net financial position	<u>(384,881)</u>	<u>(381,585)</u>

Net liquidity generated by operating activities totaled €66.5m (€72.3m in Q1 2019). Free cash flow in Q1 2020 was €39.0m (€2.7m in Q1 2019).

The net financial position breaks down as follows:

	31/03/2020	31/12/2019	31/03/2019	01/01/2019
	<u>€000</u>	<u>€000</u>	<u>€000</u>	<u>€000</u>
Cash and cash equivalents	205,818	233,784	104,834	118,140
Bank payables (advances and STC amounts)	(20,260)	(22,076)	(25,695)	(21,404)
Interest-bearing financial payables (current portion)	(180,353)	(195,110)	(169,913)	(151,917)
Interest-bearing financial payables (non-current portion)	<u>(390,086)</u>	<u>(387,412)</u>	<u>(290,811)</u>	<u>(232,158)</u>
Total	<u>(384,881)</u>	<u>(370,814)</u>	<u>(381,585)</u>	<u>(287,339)</u>

The Group also has payables for the acquisition of equity investments totaling €61.5m (€54.3m at 31 December 2019 and €49.8m at 31 March 2019). Of this amount, €3.6m relates to debts for deferred payment of equity investments (€19.5m at 31 December 2019), while €57.9m relates to contractual commitments for the acquisition of residual stakes in subsidiaries (€34.8m at 31

December 2019). When purchasing target companies, the Group's strategy is to purchase majority packages and sign purchase commitments for the residual stakes, at a price depending on the results achieved by the company in subsequent years, thus guaranteeing the continuation of the previous management on the one hand and maximizing growth in profitability on the other.

CAPITAL EXPENDITURE

Expenditure on property, plant and equipment totaled €29.4m, of which €13.5m via the acquisition of equity investments and €3.5m on the signature of new operating leases (€37.3m in Q1 2019, of which €7.3m via the acquisition of equity investments). The situation is broken down in the following table.

€000	<u>Q1 2020</u>	<u>Q1 2019</u>
Increases for the purchase of fixed assets used in the production process	10,281	17,531
Increases for machinery rented to customers	<u>2,119</u>	<u>1,251</u>
Capex	12,400	18,782
Increases on recognition of the right to use on leasing contracts signed in the first quarter (IFRS 16)	3,480	11,195
Increases through the acquisition of equity investments	<u>13,532</u>	<u>7,291</u>
Total increases in the period	<u>29,412</u>	<u>37,268</u>

The increases in 2020 include €1.8m following the construction of new buildings (€13.3m in Q1 2019). The difference with respect to the expenditure recorded in the cash flow statement is due to the timing of payments.

Increases in intangible fixed assets totaled €1.3m, of which €0.5m through the acquisition of equity investments (€3.0m in Q1 2019, including €2.3m via the acquisition of equity investments). The increase in Q1 2020 refers mainly to expenditure for the development of new products.

INTERCOMPANY AND RELATED PARTY TRANSACTIONS

With regard to transactions entered into with related parties, including intercompany transactions, these cannot be defined as either atypical or unusual, as they are part of the normal course of activities of the Group companies. These transactions are regulated at arm's length conditions, taking into account the characteristics of the assets transferred and services rendered. Information on transactions carried out with related parties is given in Note 9 of this Interim Report.

CHANGES IN THE GROUP STRUCTURE IN 2020

As stated above, control over the Transtecno Group was acquired on 14 January 2020.

On 15 April, with legal effect from 1 May, Tecnoholding S.r.l. absorbed Transtecno S.r.l., Exportecno S.r.l. and Datatecno S.r.l. and changed its name to Transtecno S.r.l.

EVENTS OCCURRING AFTER THE END OF Q1 2020

The consequences of COVID-19 worsened in April due to the shutdown of almost all businesses operating in Italy. At an international level, the pandemic has forced many of our clients and vendors to close their activities. Once again, the Interpump Group has demonstrated its solidity under these circumstances. Activities have restarted in May with a return towards normality, albeit still conditioned by the restrictions imposed by governmental authorities. The Interpump Group continues to comply scrupulously with all instructions issued by the authorities with regard to containment of the pandemic.

The Shareholders' Meeting of Interpump Group S.p.A., held on 30 April 2020, approved the 2019 financial statements and distribution of a dividend of EUR 0.25 per share. The meeting also:

- appointed the new Board of Directors and the new Board of Statutory Auditors for the three-year period 2020/2022, until approval of the financial statements at 31 December 2022;
- approved the Remuneration Policy Report pursuant to art. 123 (3) of Decree 58/98;
- approved the remuneration of the directors for 2020;
- authorized the Board of Directors, for the period of eighteen months starting from the date of the shareholders' resolution, to purchase up to a maximum of 10,000,000 treasury shares at a maximum unit price of EUR 34.5 and, in any case, within the maximum number of shares permitted by law, and to sell treasury stock already purchased or that will be acquired in the future in execution of said authorization;
- granted the Board of Directors a mandate to increase share capital with the exclusion of option rights, pursuant to arts. 2443 and 2441, para. 4, final sentence, of the Italian Civil Code, by the issue of new ordinary shares with a nominal value of EUR 0.52 each, to be offered in whole or in part to third parties, up to a maximum of 10% of the outstanding share capital of Interpump at the exercise date of the mandate for contributions in kind and up to a further 10% for cash payments.

No atypical or unusual transactions occurred after the end of Q1 2020 that would require mention in this report or call for changes to the consolidated financial statements at 31 March 2020.

Sant'Ilario d'Enza (RE), 13 May 2020

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

Pursuant to the terms of section 2 article 154-(2) of the Italian Consolidated Finance Act, Chief Reporting Officer 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, 13 May 2020

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>31/03/2020</u>	<u>31/12/2019</u>
ASSETS			
Current assets			
Cash and cash equivalents		205,818	233,784
Trade receivables		289,400	284,842
Inventories	4	413,290	408,443
Tax receivables		22,467	24,337
Other current assets		12,590	9,077
Total current assets		<u>943,565</u>	<u>960,483</u>
Non-current assets			
Property, plant and equipment	5	492,661	484,358
Goodwill	1	550,935	508,670
Other intangible assets		31,931	32,527
Other financial assets		1,910	4,226
Tax receivables		1,673	1,590
Deferred tax assets		35,640	34,679
Other non-current assets		2,095	2,150
Total non-current assets		<u>1,116,845</u>	<u>1,068,200</u>
Total assets		<u>2,060,410</u>	<u>2,028,683</u>

(€000)	<u>Notes</u>	<u>31/03/2020</u>	<u>31/12/2019</u>
LIABILITIES			
Current liabilities			
Trade payables		153,990	157,413
Bank payables		20,260	22,076
Interest-bearing financial payables (current portion)		180,353	195,110
Tax payables		18,278	14,965
Other current liabilities		74,858	90,230
Provisions for risks and charges		4,068	4,055
Total current liabilities		<u>451,807</u>	<u>483,849</u>
Non-current liabilities			
Interest-bearing financial payables		390,086	387,412
Liabilities for employee benefits		22,719	21,402
Deferred tax liabilities		41,977	42,154
Tax payables		151	125
Other non-current liabilities		58,234	35,610
Provisions for risks and charges		8,059	3,057
Total non-current liabilities		<u>521,226</u>	<u>489,760</u>
Total liabilities		<u>973,033</u>	<u>973,609</u>
SHAREHOLDERS' EQUITY			
	6		
Share capital		55,422	55,460
Legal reserve		11,323	11,323
Share premium reserve		95,642	96,733
Reserve from remeasurement of defined benefit plans		(7,358)	(7,358)
Translation reserve		4,307	7,735
Other reserves		918,582	885,446
Group shareholders' equity		<u>1,077,918</u>	<u>1,049,339</u>
Minority interests		9,459	5,735
Total shareholders' equity		<u>1,087,377</u>	<u>1,055,074</u>
Total shareholders' equity and liabilities		<u>2,060,410</u>	<u>2,028,683</u>

Consolidated income statements for Q1

(€000)	<u>Notes</u>	<u>2020</u>	<u>2019</u>
Net sales		343,971	343,610
Cost of sales		(221,314)	(218,886)
Gross industrial margin		122,657	124,724
Other net revenues		4,766	4,952
Distribution costs		(31,649)	(30,697)
General and administrative expenses		(39,612)	(35,717)
Other operating costs		(5,972)	(846)
Ordinary profit before financial expenses		50,190	62,416
Financial income	7	4,710	3,827
Financial expenses	7	(8,719)	(3,525)
Equity method contribution		63	75
Profit for the period before taxes		46,244	62,793
Income taxes		(12,948)	(17,526)
Consolidated profit for the period		33,296	45,267
Pertaining to:			
Parent company's shareholders		33,136	44,894
Subsidiaries' minority shareholders		160	373
Consolidated profit for the period		33,296	45,267
Basic earnings per share	8	0.310	0.426
Diluted earnings per share	8	0.308	0.421

Comprehensive consolidated income statements for Q1

(€000)	<u>2020</u>	<u>2019</u>
Consolidated profit for the period (A)	33,296	45,267
Other comprehensive profit (loss) that will be subsequently reclassified to consolidated profit		
<i>Profits (losses) arising from translation of the financial statements of foreign companies</i>	(3,603)	8,090
<i>Profits (losses) of companies carried at equity</i>	(58)	28
<i>Related taxes</i>	-	-
Total other profit (loss) that will be subsequently reclassified in consolidated profit for the period, net of the tax effect (B)	(3,661)	8,118
Comprehensive consolidated profit for the period (A) + (B)	<u>29,635</u>	<u>53,385</u>
Pertaining to:		
Parent company's shareholders	29,708	52,775
Subsidiaries' minority shareholders	(73)	610
Comprehensive consolidated profit for the period	<u>29,635</u>	<u>53,385</u>

Consolidated cash flow statements for Q1

(€000)	<u>2020</u>	<u>2019</u>
Cash flow from operating activities		
Profit for the period before taxes	46,244	62,793
<i>Adjustments for non-cash items:</i>		
Capital losses (gains) from the sale of fixed assets	(692)	(782)
Amortization and depreciation, impairment and reinstatement of value	19,031	16,093
Costs recognized in the income statement related to stock options that do not involve monetary outflows for the Group	831	422
Outlays for tangible fixed assets granted for hire	(2,119)	(1,251)
Proceeds from the sale of fixed assets granted for hire	1,162	1,716
Loss (profit) from equity investments	(63)	(75)
Net change in provisions for risks and employee benefits	4,863	(137)
Financial charges (income), net	4,009	(302)
	<u>73,266</u>	<u>78,477</u>
(Increase) decrease in trade receivables and other current assets	2,311	(31,165)
(Increase) decrease in inventories	4,924	(18,289)
Increase (decrease) in trade payables and other current liabilities	(13,792)	(3,189)
Interest paid	(1,269)	(1,312)
Currency exchange gains	(68)	245
Taxes paid	(5,466)	(5,104)
Net cash from operating activities	<u>59,906</u>	<u>19,663</u>
Cash flows from investing activities		
Outlay for the acquisition of equity investments, net of cash received	(29,639)	(15,961)
Capital expenditure on property, plant and equipment	(16,169)	(13,238)
Proceeds from the sale of tangible fixed assets	477	377
Increase in intangible assets	(766)	(614)
Received financial income	471	84
Other	(111)	(62)
Net liquidity used in investing activities	<u>(45,737)</u>	<u>(29,414)</u>
Cash flows from financing activities		
Outlays for the purchase of treasury shares	(16,624)	(1,307)
Disbursals (repayments) of loans	(17,840)	(3,848)
Proceeds from the sale of treasury shares to beneficiaries of stock options	614	240
Dividends paid	(169)	-
Change in other financial assets	(466)	(9)
Payment of finance leasing installments (principal portion)	(4,857)	(3,881)
Net liquidity generated (used by) financing activities	<u>(39,342)</u>	<u>(8,805)</u>
Net increase (decrease) in cash and cash equivalents	<u>(25,173)</u>	<u>(18,556)</u>

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(€000)	<u>2020</u>	<u>2019</u>
Net increase (decrease) in cash and cash equivalents	(25,173)	(18,556)
Exchange differences on translation of liquidity of non-EU companies	(1,025)	969
Opening cash and cash equivalents of companies consolidated line by line for the first time	48	-
Effect of IFRS 16 on opening cash and cash equivalents	-	(10)
Cash and cash equivalents at beginning of period	<u>211,708</u>	<u>96,736</u>
Cash and cash equivalents at end of period	<u>185,558</u>	<u>79,139</u>

Cash and cash equivalents can be broken down as follows:

	31/03/2020	31/12/2019
	€000	€000
Cash and cash equivalents from the statement of financial position	205,818	233,784
Bank payables (advances and STC amounts)	<u>(20,260)</u>	<u>(22,076)</u>
Cash and cash equivalents from the cash flow statement	<u>185,558</u>	<u>211,708</u>

Statement of changes in consolidated shareholders' equity

	Share capital	Legal reserve	Share premium reserve	Reserve from remeasurement of defined benefit plans	Translation reserve	Other reserves	Group shareholders' equity	Minority interests	Total
<i>Balances at 1 January 2019</i>	54,842	11,323	71,229	(5,965)	3,142	729,373	863,944	4,961	868,905
Purchase of treasury shares	(26)	-	(1,281)	-	-	-	(1,307)	-	(1,307)
Recognition in the income statement of the fair value of stock options assigned and exercisable	-	-	422	-	-	-	422	-	422
Sale of treasury shares to the beneficiaries of stock options	21	-	219	-	-	-	240	-	240
Dividends declared (attributable to minority interests)	-	-	-	-	-	-	-	(547)	(547)
Comprehensive profit (loss) for Q1 2019	-	-	-	-	7,881	44,894	52,775	610	53,385
<i>Balances at 31 March 2019</i>	54,837	11,323	70,589	(5,965)	11,023	774,267	916,074	5,024	921,098
Purchase of treasury stock	(1,503)	-	(76,183)	-	-	-	(77,686)	-	(77,686)
Recognition in the income statement of the fair value of stock options assigned and exercisable	-	-	2,163	-	-	-	2,163	-	2,163
Sale of treasury shares to the beneficiaries of stock options	150	-	3,433	-	-	-	3,583	-	3,583
Assignment of treasury shares on acquisition of Reggiana Riduttori	1,976	-	96,731	-	-	-	98,707	-	98,707
Minority interest in Reggiana Riduttori	-	-	-	-	-	-	-	175	175
Purchase of residual interests in subsidiaries	-	-	-	-	-	103	103	(153)	(50)
Dividends paid	-	-	-	-	-	(23,200)	(23,200)	(128)	(23,328)
Dividends declared (attributable to minority interests)	-	-	-	-	-	-	-	(99)	(99)
Comprehensive profit (loss) for April-December 2019	-	-	-	(1,393)	(3,288)	134,276	129,595	916	130,511
<i>Balances at 31 December 2019</i>	55,460	11,323	96,733	(7,358)	7,735	885,446	1,049,339	5,735	1,055,074
Purchase of treasury shares	(317)	-	(16,307)	-	-	-	(16,624)	-	(16,624)
Recognition in the income statement of the fair value of stock options assigned and exercisable	-	-	831	-	-	-	831	-	831
Sale of treasury shares to the beneficiaries of stock options	25	-	590	-	-	-	615	-	615
Assignment of treasury shares on acquisition of Transtecno	254	-	13,795	-	-	-	14,049	-	14,049
Minority interest in Transtecno	-	-	-	-	-	-	-	4,380	4,380
Dividends declared (attributable to minority interests)	-	-	-	-	-	-	-	(583)	(583)
Comprehensive profit (loss) for Q1 2020	-	-	-	-	(3,428)	33,136	29,708	(73)	29,635
<i>Balances at 31 March 2020</i>	55,422	11,323	95,642	(7,358)	4,307	918,582	1,077,918	9,459	1,087,377

Notes to the consolidated financial statements

General information

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

The Group manufactures and markets high and very high-pressure plunger pumps, very high-pressure systems, machines for the food processing, chemicals, cosmetics and pharmaceuticals industries (Water Jetting Sector) power take-offs, hydraulic cylinders, directional controls, valves, rotary unions, gears, hydraulic lines and fittings and other hydraulic components (Hydraulic Sector). The Group has production facilities in Italy, the US, Germany, Spain, France, Portugal, China, India, Brazil, Bulgaria, Romania, Canada and South Korea.

The consolidated financial statements at 31 March 2020 were approved by the Board of Directors today (13 May 2020).

This interim board of directors' report has been prepared on a basis consistent with prior years, international practice, the principle of market transparency and Borsa Italiana Notice no. 7587 dated 21 April 2016. As part of the requirements for maintaining a STAR listing, this notice requires the publication of interim reports on operations, regardless of any regulatory changes. This interim board of directors' report is not subject to auditing.

Basis of preparation

The consolidated financial statements at 31 March 2020 were drawn up in compliance with international accounting standards (IAS/IFRS) for interim financial statements. 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 31 March 2020 should be consulted together with the consolidated financial statements for the year ending 31 December 2019.

The accounting principles and criteria adopted in the interim financial statements at 31 March 2020 may conflict with IFRS provisions in force on 31 December 2020 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 potential assets and liabilities at the report reference 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. Certain measurement processes, notably those that are more complex, such as the determination of any impairments of non-current assets, are generally performed in a comprehensive manner only at the time of preparing the annual financial statements, when all the necessary information is available, except in cases in which evidence of impairment calls for an immediate evaluation of any losses in value.?? Likewise, the actuarial valuations require 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 2019, with the exception of those adopted as from 1 January 2020 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 2020 and adopted by the Group

As from 2020 the Group has applied the following new accounting standards, amendments and interpretations, reviewed by IASB:

- *Amendments to IFRS 3 - "Business Combinations"*. IASB published these amendments on 22 October 2018 in order to help determine if a transaction represents the acquisition of a business or a group of activities that does not satisfy the definition of a business pursuant to IFRS 3. Application of the new amendment did not result in adjustments to the Group's equity balances.
- *Amendments to IAS 1 and IAS 8 - "Definition of Material"*. IASB published these amendments on 31 November 2018 in order to clarify the definition of "material", with a view to helping companies determine if a disclosure should be made in the financial statements.
- *Amendments to references to the Conceptual Framework in IFRS Standards*. The IASB published this amendment on 29 March 2018 with the aim of improving both the definitions of "asset" and "liability" and the process for their measurement, elimination and presentation. The document also clarifies a number of important concepts, such as identification of the recipients of financial statements and the objectives they seek to achieve, and discusses application of the concepts of prudence and uncertainty when evaluating financial disclosures.

b) Accounting standards, amendments and interpretations taking effect as from 1 January 2020 but not relevant for the Group

- *Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform*. The IASB published these amendments on 26 September 2019 so that companies can make useful financial disclosures during the period of uncertainty caused by the gradual elimination of certain interest-rate parameters, such as the interbank offered rates (IBORs); they amend certain requirements for the recognition of hedges in order to mitigate potential effects deriving from uncertainties linked to the IBOR reform. The amendments also require companies to make additional disclosures to investors about any hedging relationships that are directly affected by those uncertainties. Application of the new amendment did not result in adjustments to the Group's equity balances.

c) New accounting standards and amendments not yet applicable and not adopted early by the Group

- *IFRS 17 – "Insurance Contracts"*. On 18 May 2017, IASB published a new standard to replace IFRS 4, which was issued in 2004. The new standard seeks to improve the understanding of investors and others about the risk exposure, profitability and financial position of insurers. IFRS 17 is applicable from 1 January 2021, although early adoption is permitted.

- *Amendments to IAS 1 – “Presentation of Financial Statements: Classification of Liabilities as Current or Non-current.* The IASB published these amendments on 23 January 2020 in order to clarify the presentation of liabilities in the statement of financial position. Specifically:
 - They clarify that the classification of liabilities as current or non-current should be based on the rights existing at the end of the reporting period and, in particular, on the right to defer payment for at least 12 months;
 - They clarify that classification is not influenced by expectations regarding decisions by the entity to exercise its right to defer the payment of a liability;
 - They clarify that payment refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

These new amendments are applicable from 1 January 2023 (following the IASB decision to defer the application date, which was previously set for 1 January 2022).

Notes to the consolidated financial statements at 31 March 2020

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1. Scope of consolidation and goodwill

The perimeter of consolidation at 31 March 2020 includes the Parent company and the following subsidiaries:

<i>Company</i>	<i>Head office</i>	<i>Share capital €/000</i>	<i>Sector</i>	<i>% held at 31/03/2020</i>
General Pump 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 Bombas e Sistemas Ltda (13)	San Paolo (Brazil)	1,515	Water Jetting	100.00%
Hammelmann France S.a.r.l. (1)	Etrichè (France)	50	Water Jetting	100.00%
Hammelmann Swiss GmbH (1)	Dudingén (Switzerland)	89	Water Jetting	100.00%
Inoxihp S.r.l.	Nova Milanese (MI)	119	Water Jetting	52.72%
NLB Corporation Inc.	Detroit (USA)	12	Water Jetting	100.00%
NLB Poland Corp. Sp. Z.o.o. (2)	Warsaw (Poland)	1	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)	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 Australia Proprietary Ltd (3)	Capalaba (Australia)	584	Water Jetting	100.00%
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 Middle East FZCO (3)	Dubai (UAE)	253	Water Jetting	60.00%
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%
Fluinox Procesos S.L.U (3)	Foios (Spain)	3	Water Jetting	100.00%
Mariotti & Pecini S.r.l.	Sesto Fiorentino (FI)	100	Water Jetting	60.00%
Pioli S.r.l.	Reggio Emilia	10	Water Jetting	100.00%
SIT S.p.A.	S. Ilario d'Enza (RE)	105	Water Jetting	65.00%
Teknova S.r.l. (in liquidation)	Reggio Emilia	28	Water Jetting	100.00%
Interpump Hydraulics S.p.A.	Calderara di Reno (BO)	2,632	Hydraulic	100.00%
AVI S.r.l. (4)	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)	14,576	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%

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<u>Company</u>	<u>Head office</u>	<u>Share capital €/000</u>	<u>Sector</u>	<u>% held at 31/03/2020</u>
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 Shanghai Co. Ltd (9)	Shanghai (China)	1,872	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%
HTIL (9)	Hong Kong	98	Hydraulic	100.00%
Walvoil Fluid Power (Dongguan) Co., Ltd (10)	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. (14)	Boothwyn (USA)	1	Hydraulic	100.00%
RR Canada Inc. (14)	Vaughan (Canada)	1	Hydraulic	100.00%
RR Holland BV (14)	Oosterhout (Netherlands)	19	Hydraulic	100.00%
RR France S.a.r.l. (14)	Thouare sur Loire (France)	400	Hydraulic	95.00%
RR Slovakia A.S. (14)	Zvolen (Slovakia)	340	Hydraulic	100.00%
RR Brasil Redutores Ltda (14)	San Paolo (Brazil)	569	Hydraulic	100.00%
RR Pacific Pty Ltd (14)	Victoria (Australia)	-	Hydraulic	100.00%
RR India Pvt. Ltd (14)	New Delhi (India)	52	Hydraulic	99.99%
Reggiana Riduttori (Suzhou) Co. Ltd (14)	Suzhou (China)	200	Hydraulic	100.00%
Tecnoholding S.r.l.	Anzola dell'Emilia (BO)	100	Hydraulic	60.00%
Transtecno S.r.l. (15)	Anzola dell'Emilia (BO)	100	Hydraulic	100.00%
Datatecno S.r.l. (15)	Anzola dell'Emilia (BO)	10	Hydraulic	100.00%
Exportecno S.r.l (15)	Anzola dell'Emilia (BO)	10	Hydraulic	100.00%
Intecno S.r.l. (15)	Anzola dell'Emilia (BO)	10	Hydraulic	81.00%
Hangzhou Transtecno Power Transmissions Co. Ltd (15)	Hangzhou (China)	575	Hydraulic	72.00%
Transtecno Iberica the Modular Gearmotor S.A. (15)	Gava (Spain)	94	Hydraulic	50.40%
MA Transtecno S.A.P.I. de C.V. (15)	Apodaca (Mexico)	124	Hydraulic	50.40%
Transtecno USA LLC (17)	Miami (USA)	-	Hydraulic	100.00%
Transtecno BV (15)	Amersfoort (Netherlands)	18	Hydraulic	49.00%
Transtecno Aandrijftechniek (Netherlands) (16)	Amersfoort (Netherlands)	-	Hydraulic	49.00%

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<u>Company</u>	<u>Head office</u>	<u>Share capital €/000</u>	<u>Sector</u>	<u>% held at 31/03/2020</u>
Interpump Piping GS S.r.l.	Reggio Emilia	10	Hydraulic	100.00%
GS-Hydro Singapore Pte Ltd (11)	Singapore	624	Hydraulic	100.00%
GS-Hydro Korea Ltd. (11)	Busan (South Korea)	1,892	Hydraulic	100.00%
GS-Hydro Denmark AS (11)	Kolding (Denmark)	67	Hydraulic	100.00%
GS-Hydro Piping Systems (Shanghai) Co. Ltd. (12)	Shanghai (China)	2,760	Hydraulic	100.00%
GS-Hydro Benelux B.V. (11)	Barendrecht (Netherlands)	18	Hydraulic	100.00%
GS-Hydro Austria GmbH (11)	Pashing (Austria)	40	Hydraulic	100.00%
GS-Hydro Sp Z O O (Poland) (11)	Gdynia (Poland)	1,095	Hydraulic	100.00%
GS-Hydro S.A.U (Spain) (11)	Las Rozas (Spain)	90	Hydraulic	100.00%
GS-Hydro U.S. Inc. (7)	Houston (USA)	9,903	Hydraulic	100.00%
GS-Hydro do Brasil Sistemas Hidraulicos Ltda (11)	Rio de Janeiro (Brazil)	252	Hydraulic	100.00%
GS-Hydro System GmbH (Germany) (11)	Witten (Germany)	179	Hydraulic	100.00%
GS- Hydro UK Ltd (11)	Aberdeen (United Kingdom)	5,095	Hydraulic	100.00%
GS-Hydro Ab (Sweden) (11)	Kista (Sweden)	20	Hydraulic	100.00%
GS-Hydro Hong Kong Ltd (1)	Hong Kong	1	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.

(10) = controlled by HTIL

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

(12) = controlled by GS Hydro Hong Kong Ltd

(13) = controlled by Interpump Hydraulics Brasil Ltda

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

(15) = controlled by Tecnoholding S.r.l.

(16) = controlled by Transtecno B.V.

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

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

Compared with Q1 2019, the Q1 2020 consolidation includes the Reggiana Riduttori Group and the Transtecno Group, both in the Hydraulic Sector. Hydra Dyne (also in the Hydraulic Sector), acquired on 1 March 2019 and only consolidated for one month in Q1 2019, has been consolidated for the entire quarter in 2020. FGA and Innovativ Gummi Tech have also been consolidated on a line-by-line basis from 1 January 2020. They were not consolidated in 2019 due to their insignificance. Lastly, Pioli (Water Jetting Sector), acquired on 1 April 2019 and therefore not consolidated in Q1 2019, has been consolidated for the entire period in 2020.

The minority shareholder 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. The minority shareholder of Mariotti & Pecini S.r.l. is entitled and required to dispose of its holdings, starting from approval of the financial statements at 31 December 2019 up to approval of the financial statements at 31 December 2021, on the basis of the results reported in the latest financial statements prior to exercise of the option. The minority shareholder of Inoxpa Solution Moldova is entitled to dispose of its holdings from October 2020, based on the most recent statement of financial position of that company. The minority shareholder of Hydra Dyne has the right and obligation to dispose of its holdings starting from approval of the 2023 financial statements based on the average

of the results for the two years prior to exercise of the option. The minority shareholder of Tecnoholding 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.

In compliance with the requirements of IFRS 10 and IFRS 3, Inoxihp, Mega Pacific Australia, Mega Pacific New Zealand, Mariotti & Pecini, Inoxpa Solution Moldova, Hydra Dyne and the Transtecno Group have been consolidated in full, recording a payable representing an estimate of the present value of the exercise price of the options determined with reference to the business plans of the companies. Any changes in the payable representing the estimate of the present value of the exercise price that occur 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 after 12 months from the date of acquisition will be recognized in the income statement.

The changes in goodwill during Q1 2020 were as follows:

<u>(€000)</u>	<u>Balance at 31/12/2019</u>	<u>Increases (decreases) in the period</u>	<u>Changes due to foreign exchange differences</u>	<u>Balance at 31/03/2020</u>
Water Jetting Sector	210,703	-	1,022	211,725
Hydraulic Sector	<u>297,967</u>	<u>44,142</u>	<u>(2,899)</u>	<u>339,210</u>
<i>Total goodwill</i>	<u>508,670</u>	<u>44,142</u>	<u>(1,877)</u>	<u>550,935</u>

The increases in Q1 2020 refers almost entire to the consolidation of the Transtecno Group.

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, statutory auditors and functions of the Group's financial management, control and internal auditing, and also consultancy costs and other related costs, were booked to the sectors on the basis of sales.

Business sectors

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and functions of the Group's financial management, control and internal auditing, and also consultancy costs and other related costs, were booked to the sectors on the basis of sales.

The Group is composed of the following business sectors:

Water Jetting Sector. This sector is mainly composed of high- and very-high-pressure pumps and pumping systems used in a wide range of industrial sectors for the conveyance of fluids. High pressure plunger pumps are the main component of professional pressure washers. These pumps are also employed for a broad range of industrial applications including car wash installations, forced lubrication systems for machine tools, and inverse osmosis systems for seawater desalination plants. Very high pressure pumps and systems are used for cleaning surfaces, ship hulls, various types of hoses, and also for removing machining burr, cutting and removing cement, asphalt, and paint coatings from stone, cement and metal surfaces, and for cutting solid materials. The Sector also includes high pressure homogenizers, mixers, agitators, piston pumps, valves and other machines produced mainly for the food processing industry and also used in the chemicals and cosmetics sectors.

Hydraulic Sector. This sector includes the production and sale of power take-offs, hydraulic cylinders and pumps, directional controls, valves, rotary unions, hydraulic hoses and fittings, gears and other hydraulic components. Power take-offs are mechanical devices designed to transmit drive from an industrial vehicle engine or transmission to power a range of ancillary services through hydraulic components. These products, combined with other hydraulic components (spool valves, controls, etc.) allow the execution of special functions such as lifting tipping bodies, operating truck-mounted cranes, 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)

Q1

	Hydraulic		Water Jetting		Elimination entries		Interpump Group	
	2020	2019	2020	2019	2020	2019	2020	2019
Net sales external to the Group	234,948	232,956	109,023	110,654	-	-	343,971	343,610
Sales between sectors	276	231	446	489	(722)	(720)	-	-
Total net sales	235,224	233,187	109,469	111,143	(722)	(720)	343,971	343,610
Cost of sales	(162,279)	(158,198)	(59,736)	(61,409)	701	721	(221,314)	(218,886)
Gross industrial margin	72,945	74,989	49,733	49,734	(21)	1	122,657	124,724
<i>% on net sales</i>	<i>31.0%</i>	<i>32.2%</i>	<i>45.4%</i>	<i>44.7%</i>			<i>35.7%</i>	<i>36.3%</i>
Other net revenues	3,487	3,498	1,403	1,590	(124)	(136)	4,766	4,952
Distribution costs	(18,532)	(17,100)	(13,139)	(13,597)	22	-	(31,649)	(30,697)
General and administrative expenses	(24,726)	(21,779)	(15,009)	(14,073)	123	135	(39,612)	(35,717)
Other operating costs	(4,012)	(728)	(1,960)	(118)	-	-	(5,972)	(846)
Ordinary profit before financial expenses	29,162	38,880	21,028	23,536	-	-	50,190	62,416
<i>% on net sales</i>	<i>12.4%</i>	<i>16.7%</i>	<i>19.2%</i>	<i>21.2%</i>			<i>14.6%</i>	<i>18.2%</i>
Financial income	3,450	2,523	1,619	1,656	(359)	(352)	4,710	3,827
Financial expenses	(6,520)	(2,495)	(2,558)	(1,382)	359	352	(8,719)	(3,525)
Equity method contribution	37	45	26	30	-	-	63	75
Profit for the period before taxes	26,129	38,953	20,115	23,840	-	-	46,244	62,793
Income taxes	(8,347)	(10,755)	(4,601)	(6,771)	-	-	(12,948)	(17,526)
Consolidated profit for the period	17,782	28,198	15,514	17,069	-	-	33,296	45,267
Pertaining to:								
Parent company's shareholders	17,606	27,988	15,530	16,906	-	-	33,136	44,894
Subsidiaries' minority shareholders	176	210	(16)	163	-	-	160	373
Consolidated profit for the period	17,782	28,198	15,514	17,069	-	-	33,296	45,267
Further information required by IFRS 8								
Amortization, depreciation and write-downs	13,463	10,959	5,568	5,134	-	-	19,031	16,093
Other non-monetary costs	3,866	526	2,307	533	-	-	6,173	1,059

Financial position
(Amounts shown in €000)

	Hydraulic		Water Jetting		Elimination entries		Interpump Group	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Assets of the sector (A)	1,258,284	1,203,237	742,593	738,412	(146,285)	(146,750)	1,854,592	1,794,899
Cash and cash equivalents							205,818	233,784
Total assets							2,060,410	2,028,683
Liabilities of the sector (B)	357,683	356,475	109,400	105,000	(146,285)	(146,750)	320,798	314,725
Debts for the payment of investments							61,536	54,286
Bank payables							20,260	22,076
Interest-bearing financial payables							570,439	582,522
Total liabilities							973,033	973,609
Total assets, net (A-B)	900,601	846,762	633,193	633,412	-	-	1,533,794	1,480,174
Further information required by IFRS 8								
Investments carried equity	169	1,050	300	272	-	-	469	1,322
Non-current assets other than financial assets and deferred tax assets	720,169	670,210	359,126	359,085	-	-	1,079,295	1,029,295

The Q1 comparison of the Hydraulic Sector at unchanged perimeter is as follows:

	Hydraulic	
	2020	2019
Net sales external to the Group	197,684	232,956
Sales between sectors	276	231
Total net sales	197,960	233,187
Cost of sales	(136,239)	(158,198)
Gross industrial margin	61,721	74,989
<i>% on net sales</i>	<i>31.2%</i>	<i>32.2%</i>
Other net revenues	3,105	3,498
Distribution costs	(15,606)	(17,100)
General and administrative expenses	(21,217)	(21,779)
Other operating costs	(3,956)	(728)
Ordinary profit before financial expenses	24,047	38,880
<i>% on net sales</i>	<i>12.1%</i>	<i>16.7%</i>
Financial income	2,725	2,523
Financial expenses	(4,912)	(2,495)
Equity method contribution	37	45
Profit for the period before taxes	21,897	38,953
Income taxes	(7,214)	(10,755)
Consolidated profit for the period	14,683	28,198
Pertaining to:		
Parent company's shareholders	14,577	27,988
Subsidiaries' minority shareholders	106	210
Consolidated profit for the period	14,683	28,198

At unchanged perimeter, there are no significant changes in the Water Jetting Sector.

Q1 cash flows by business sector are as follows:

€000	Hydraulic		Water Jetting		Total	
	2020	2019	2020	2019	2020	2019
Cash flows from:						
Operating activities	41,234	11,661	18,672	8,002	59,906	19,663
Investing activities	(11,465)	(22,936)	(34,272)	(6,478)	(45,737)	(29,414)
Financing activities	(114)	(703)	(39,228)	(8,102)	(39,342)	(8,805)
Total	<u>29,655</u>	<u>(11,978)</u>	<u>(54,828)</u>	<u>(6,578)</u>	<u>(25,173)</u>	<u>(18,556)</u>

The investing activities of the Hydraulic Sector in 2020 included €18k associated with the acquisition of equity investments (€15,953k in Q1 2019). The investing activities of the Water Jetting Sector in 2020 included €29,621k associated with the acquisition of equity investments (€8k in Q1 2019).

The cash flows deriving from the financing activities of the Water Jetting Sector in 2020 included proceeds from the sale of treasury shares to the beneficiaries of stock options totaling €614k (€240k in Q1 2019), outlays for the purchase of treasury shares amounting to €16,624k (€1,307k in Q1 2019).

3. Acquisition of investments

Transtecno Group

As mentioned, the Transtecno Group (Hydraulic Sector) was consolidated for the first time in Q1 2020. It operates in the design, production and commercialization of gears and ratiomotors. The parent company is based in Anzola Emilia (Bologna) and has branches in China, the Netherlands, Spain, the USA and Mexico. Transtecno makes a medium-low power range of products that are used in a multitude of sectors, with specific lines designed for poultry farming, car wash systems and renewable energy (biomass boilers and solar panels). The modular design approach facilitates the optimization of distribution, reducing the need for burdensome inventories and simplifying the work of distributors. The full list of equity investments acquired is presented below:

<u>Company</u>	<u>Head office</u>	<u>% held</u>	<u>Sector</u>
Tecnoholding S.r.l.	Anzola dell'Emilia (BO)	60.00%	Hydraulic
Transtecno S.r.l. (1)	Anzola dell'Emilia (BO)	100.00%	Hydraulic
Expotecno S.r.l. (1)	Anzola dell'Emilia (BO)	100.00%	Hydraulic
Datatecno S.r.l. (1)	Anzola dell'Emilia (BO)	100.00%	Hydraulic
Intecno S.r.l. (1)	Anzola dell'Emilia (BO)	81.00%	Hydraulic
Transtecno Iberica the Modular Gearmotor S.A. (1)	Gava (Spain)	50.40%	Hydraulic
Hangzouh Transtecno Power Trasmission Co Ltd (1)	Hangzhou (China)	72.00%	Hydraulic
Transtecno B.V. (1)	Amersfoort (Netherlands)	49.00%	Hydraulic
Transtecno Aandrijftechniek B.V. (2)	Amersfoort (Netherlands)	49.00%	Hydraulic
MA Transtecno S.A.P.I. de C.V. (1)	Apodaca (Mexico)	50.40%	Hydraulic
Transtecno USA LLC (3)	Miami (USA)	100.00%	Hydraulic

(1) = controlled by Tecnoholding S.r.l.

(2) = controlled by Transtecno B.V.

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

The binding contract for the acquisition of the entire equity interest in the Transtecno Group was signed on 27 December 2019, while the closing took place on 14 January 2020. Solely for accounting purposes, 1 January 2020 was designated as the acquisition date, there being no significant differences between then and the actual acquisition date.

The assets and liabilities of the Transtecno Group were as follows at the time of the first consolidation:

€000	Amounts <u>acquired</u>	Adjustments <u>to fair value</u>	Carrying values in the acquiring company
Cash and cash equivalents	10,612	-	10,612
Trade receivables	8,885	-	8,885
Inventories	12,379	-	12,379
Tax receivables	713	-	713
Other current assets	554	-	554
Property, plant and equipment	8,005	-	8,005
Other intangible assets	108	-	108
Other financial fixed assets	1	-	1
Deferred tax assets	523	-	523
Other non-current assets	120	-	120
Trade payables	(6,591)	-	(6,591)
Bank payables	(2,630)	-	(2,630)
Financial payables to banks (current portion)	(2,829)	-	(2,829)
Tax payables	(894)	-	(894)
Other current liabilities	(2,470)	-	(2,470)
Payable for purchase of investments (current portion)	(84)	-	(84)
Financial payables to banks (non-current portion)	(916)	-	(916)
Leasing payables (non-current portion)	(4,315)	-	(4,315)
Employee benefits (severance indemnity provision)	(1,220)	-	(1,220)
Minority interests	<u>(3,908)</u>	=	<u>(3,908)</u>
Net assets acquired	<u>16,043</u>	=	16,043
Goodwill related to the acquisition			<u>44,002</u>
Total net assets acquired			<u>60,045</u>
Total amount paid in cash			21,994
Amount paid by assigning treasury shares			14,051
Amount due in medium/long term			<u>24,000</u>
Total acquisition cost (A)			<u>60,045</u>
Net financial position acquired (B)			78
Total amount paid in cash			21,994
Payables related to the acquisition of investments			<u>24,000</u>
Total change in the net financial position including change in debt for the acquisition of investments			<u>60,123</u>
Capital employed (A) + (B)			60,123

The amounts for subsidiaries not resident in the EU were translated using the exchange rates at 31 December 2019. The transaction was recorded using the acquisition method.

The fair value of the trademark will be reported in interim board of directors' report for Q2, when the necessary details will be available.

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

	<u>31/03/2020</u>	<u>31/12/2019</u>
	€000	€000
Inventories gross value	452,038	447,248
Allowance for inventories	<u>(38,748)</u>	<u>(38,805)</u>
Inventories	<u>413,290</u>	<u>408,443</u>

Changes in the allowance for inventories were as follows:

	<u>Q1 2020</u>	<u>Year</u>
	€000	€000
Opening balances	38,805	36,888
Exchange rate difference	(270)	128
Change in consolidation basis	180	3,081
Provisions for the year	538	2,886
Releases in the year to cover losses	(496)	(3,239)
Release of excess provisions in the period	<u>(9)</u>	<u>(939)</u>
Closing balance	<u>38,748</u>	<u>38,805</u>

5. Property, plant and equipment

Purchases and disposals

In Q1 2020 Interpump Group acquired assets for 29,412 thousand euro, of which 13,532 thousand euro via the acquisition of equity investments (37,268 thousand euro in Q1 2019, of which 7,291 thousand via the acquisition of equity investments). Assets with a net carrying amount of €1,007k were divested in Q1 2020 (€1,261k in Q1 2019). The divested assets generated a net capital gain of €92k (€782k in Q1 2019).

Contractual commitments

At 31 March 2020 the Group has contractual commitments for the purchase of tangible fixed assets totaling €2,992k (€4,861k at 31 March 2019).

6. Shareholders' equity

Share capital

The share capital is composed of 108,879,294 ordinary shares with a unit face value of EUR 0.52 for a total amount of EUR 56,617,232.88. However, the share capital recorded in the financial statements amounts to €55,422k, because the nominal value of purchased treasury shares, net of those sold, has been deducted from share capital in compliance with the reference accounting standards. At 31 March 2020 Interpump S.p.A. held 2,298,506 treasury shares corresponding to 2.11% of share capital, acquired at an average unit cost of EUR 25.138.

Treasury shares purchased

The amount of the treasury shares held by Interpump Group S.p.A. is recorded in an equity reserve. Interpump Group S.p.A. purchased 610,000 treasury shares for €16,624k during Q1 2020 (50,000 treasury shares for €1,307k in Q1 2019).

Treasury shares sold

A total of 47,700 options were exercised in Q1 2020, resulting in proceeds of €614k in the context of the stock option plans (40,000 stock options exercised in Q1 2019 with proceeds of €240k). In addition, 488,533 treasury shares were assigned in part payment for the investment in Transtecno.

7. Financial income and charges

	<u>2020</u>	<u>2019</u>
	€000	€000
<u>Financial income</u>		
Interest income from liquid funds	123	58
Interest income from other assets	15	28
Foreign exchange gains	4,223	3,737
Other financial income	<u>349</u>	<u>4</u>
Total financial income	<u>4,710</u>	<u>3,827</u>
<u>Financial expenses</u>		
Interest expense on loans	543	611
Interest expense in respect of leasing	658	575
Interest expense on put options	135	152
Foreign exchange losses	7,286	2,148
Other financial charges	<u>97</u>	<u>39</u>
Total financial expenses	<u>8,719</u>	<u>3,525</u>
Total financial expenses (income), net	<u>4,009</u>	<u>(302)</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:

<i>Q1</i>	<u>2020</u>	<u>2019</u>
Consolidated net profit attributable to the owners of the Parent company (€000)	<u>33,136</u>	<u>44,894</u>
Average number of shares in circulation	106,775,246	105,503,345
Basic earnings per share for the quarter (€)	<u>0.310</u>	<u>0.426</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:

	<u>2020</u>	<u>2019</u>
Consolidated net profit attributable to the owners of the Parent company (€/000)	33,136	44,894
Average number of shares in circulation	106,775,246	105,503,345
Number of potential shares for stock option plans (*)	<u>918,212</u>	<u>1,152,676</u>
Average number of shares (diluted)	<u>107,693,458</u>	<u>106,656,021</u>
Diluted earnings per share for the quarter (€)	<u>0.308</u>	<u>0.421</u>

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

9. Transactions with related parties

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

The effects in the Group's consolidated income statements for Q1 2020 and Q1 2019 are shown below:

		<u>Q1 2020</u>					%
(€000)	Total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties	Total related parties	incidence on F.S. caption
Net sales	343,971	357	-	113	470	470	0.1%
Cost of sales	221,314	183	-	1,424	1,607	1,607	0.7%
Distribution costs	31,649	10	-	185	195	195	0.6%
G&A expenses	39,612	-	-	139	139	139	0.4%
Financial expenses	8,719	-	-	144	144	144	1.7%

		<u>Q1 2019</u>					%
(€000)	Total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties	Total related parties	incidence on F.S. caption
Net sales	343,610	718	-	307	1,025	1,025	0.3%
Cost of sales	218,886	928	-	2,185	3,113	3,113	1.4%
Other revenues	4,952	1	-	-	1	1	0.0%
Distribution costs	30,697	9	-	153	162	162	0.5%
G&A expenses	35,717	-	-	126	126	126	0.4%
Financial expenses	3,525	-	-	113	113	113	3.2%

The effects on the consolidated statement of financial position at 31 March 2020 and 2019 are shown below:

Interim Board of Directors' Report at 31 March 2020 - Interpump Group

31 March 2020						
(€000)	Total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties	% incidence on F.S. caption
Trade receivables	289,400	2,149	-	1,339	3,488	1.2%
Other financial assets	1,910	2	-	-	2	0.1%
Trade payables	153,990	78	-	1,127	1,205	0.8%
Interest-bearing financial payables	570,439	-	-	29,320	29,320	5.1%

31 March 2019						
(€000)	Total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties	% incidence on F.S. caption
Trade receivables	305,837	3,380	-	580	3,960	1.3%
Other financial assets	2,385	202	-	-	202	8.5%
Trade payables	182,777	124	-	1,680	1,804	1.0%
Interest-bearing financial payables	460,724	-	-	25,919	25,919	5.6%

Relations with non-consolidated subsidiaries

Relations with non-consolidated subsidiaries are as follows:

(€000)	Receivables		Revenues	
	31/03/2020	31/03/2019	2020	2019
Interpump Hydraulics Perù	1,173	1,014	23	67
Interpump Hydraulics Rus	728	587	312	386
General Pump China Inc.	248	732	22	266
Innovativ Gummi Tech S.r.l.*	-	533	-	-
FGA S.r.l.*	-	514	-	-
<i>Total subsidiaries</i>	<u>2,149</u>	<u>3,380</u>	<u>357</u>	<u>719</u>

(€000)	Payables		Costs	
	31/03/2020	31/03/2019	2020	2019
General Pump China Inc.	77	59	193	190
Interpump Hydraulics Perù	1	1	-	1
Innovativ Gummi Tech S.r.l.*	-	45	-	569
FGA S.r.l.*	-	19	-	177
<i>Total subsidiaries</i>	<u>78</u>	<u>124</u>	<u>193</u>	<u>937</u>

(€000)	Loans		Financial income	
	31/03/2020	31/03/2019	2020	2019
Inoxpa Poland Sp ZOO	2	2	-	-
FGA S.r.l.*	-	200	-	-
<i>Total subsidiaries</i>	<u>2</u>	<u>202</u>	<u>-</u>	<u>-</u>

* = FGA S.r.l. and Innovativ Gummi Tech S.r.l. have been consolidated on a line-by-line basis in 2020.

Relations with associates

The Group does not hold investments in associated companies.

Transactions with other related parties

The Q1 2020 income statement includes consultancy provided by entities associated with Group directors and statutory auditors totaling €18k (€26k in Q1 2019). Consultancy costs were recorded in distribution costs in the amount of €5k and in general and administrative expenses for €3k (€25k in distribution costs and €1k in general and administrative expenses in Q1 2019). Net sales include the amount of €113k for sales made to companies related to Group shareholders (€307k in Q1 2019). In addition, the cost of sales includes purchases made from companies controlled by minority shareholders or directors of Group companies for €1,255k (€2,094k in Q1 2019).

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 have not been any substantial changes in relation to the disputes or contingent liabilities existing at 31 December 2019.