

Interim Board of Directors' Report for 1Q2023



Interpump Group S.p.A. and subsidiaries

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This document can be accessed on the Internet at:

www.interpumpgroup.it

Interpump Group S.p.A.

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

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

Reggio Emilia Companies Register - Tax Code 11666900151

Board of Directors

Fulvio Montipò
Executive Chairman

Giovanni Tamburi (b)
Deputy Chairman

Fabio Marasi (d)
Chief Executive Officer

Antonia di Bella (a) (c)
Independent Director

Nicolò Dubini (a) (c)
Independent Director

Marcello Margotto (b)
Independent Director
Lead Independent Director

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

Roberta Pierantoni
Independent Director

Rita Rolli (d)
Independent Director

Anna Chiara Svelto (d)
Independent Director

Board of Statutory Auditors

Anna Maria Allievi
Chairperson

Mario Tagliaferri
Statutory Auditor

Mirco Zucca
Statutory Auditor

Independent Auditors

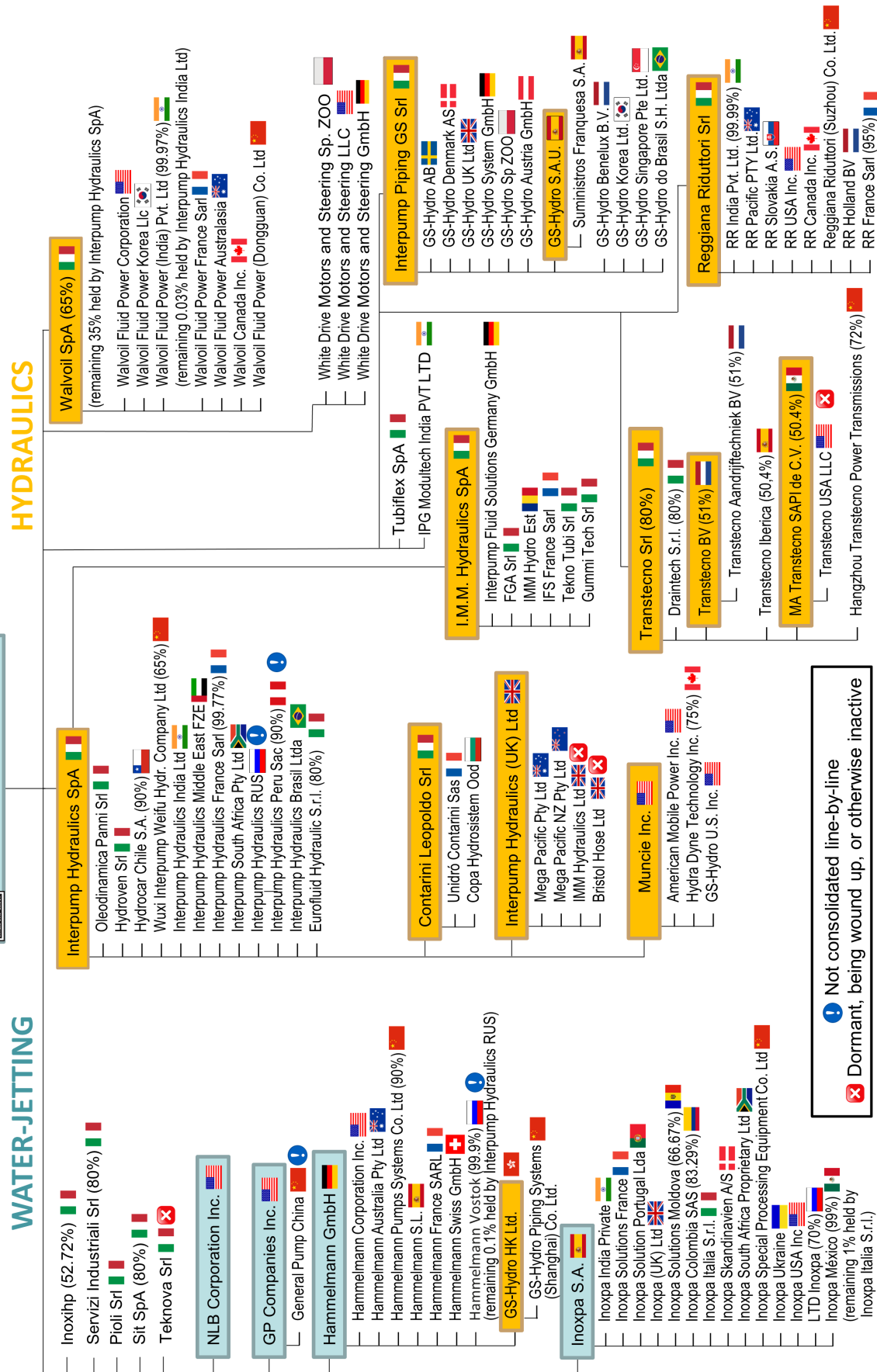
PricewaterhouseCoopers S.p.A.

- (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*
- (d) Member of the Sustainability Committee*

Group Structure

as at 31/03/2023

all holdings 100% unless otherwise specified



Interim Board of Directors' Report

**Directors' remarks on performance
in 1Q2023**

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 consistently, using the same definitions and presentations for all periods for which financial information is included in this Interim Board of Directors' Report.

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

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

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

The cash flow statement was prepared using the indirect method.

1Q consolidated income statements

(€/000)	<u>2023</u>	<u>2022</u>
Revenues	592,345	488,680
Cost of sales	(380,971)	(317,955)
Gross industrial margin	211,374	170,725
<i>% of revenues</i>	<i>35.7%</i>	<i>34.9%</i>
Other operating income	10,332	7,554
Distribution expenses	(42,191)	(36,844)
General and administrative expenses	(53,640)	(47,830)
Other operating costs	(1,279)	(960)
EBIT	124,596	92,645
<i>% of revenues</i>	<i>21.0%</i>	<i>19.0%</i>
Financial income	5,894	6,724
Financial charges	(16,134)	(9,142)
Equity method contribution	150	164
Profit for the period before taxes	114,506	90,391
Income taxes	(28,472)	(24,323)
Consolidated profit for the period	86,034	66,068
<i>% of revenues</i>	<i>14.5%</i>	<i>13.5%</i>
Attributable to:		
Shareholders of Parent	85,121	65,405
Minority shareholders of subsidiaries	913	663
Consolidated profit for the period	86,034	66,068
EBITDA	149,642	114,209
<i>% of revenues</i>	<i>25.3%</i>	<i>23.4%</i>
Shareholders' equity	1,642,873	1,374,560
Net financial position	533,891	530,259
Debts for the acquisition of equity investments	65,024	81,197
Capital employed	<u>2,241,788</u>	<u>1,986,016</u>
ROCE	5.6%	4.7%
ROE	5.2%	4.8%
Basic earnings per share	0.796	0.616

EVENTS OCCURRING IN THE QUARTER

The world economy and international trade remained weak in the first part of the year, due to the ongoing geopolitical uncertainties and persistent high inflation in the principal advanced economies. International institutions confirm that global GDP is likely to slow in the current year, albeit by less than was forecast in autumn 2022.

The uncertainties about the global outlook are further compounded by the potential knock-on effects from recent bank failures in the United States and Switzerland, which resulted in a sudden increase in volatility and greater risk adversity.

At over a year since the invasion of Ukraine, considerable uncertainty remains: each change in the conflict could potentially affect the volatility of commodity prices, causing productive activity and international trade to slow.

In this regard, exposure to the countries involved in the conflict remains limited. Specifically, the Interpump Group invoiced €5.6m to customers in Russia, Belarus and Ukraine during 1Q2023 (€4.7m in 1Q2022), with outstanding receivables at 31 March 2023 of €2.4m (€1.8m at 31 March 2022).

Monetary policy remains restrictive in order to contain the rate of inflation, which is still high, but there are signs of commodity price reductions and, over the coming months, the actions taken by the institutions are likely to play a significant role in supporting the global economic recovery. The recovery of the labor market, especially in Europe and the Americas, suggests that consumption levels will follow with slow, but steady, domestic growth in the key markets.

Available indicators for the first part of this year reflect contained growth in the United States and the United Kingdom, while activity in China has rebounded after the Zero-Covid policy was abandoned there.

In this context, marked by the troubles and uncertainties described, in 1Q2023 the Interpump Group continued to generate excellent results in terms of revenues and margins, maintaining the outstanding level of performance achieved in 2022.

Revenues reached €592.3m, up by 21.2% compared to 1Q2022 when they totaled €488.7m. Analysis by business sector shows that sales in the Hydraulic Sector were 22.3% higher than in 1Q2022, while those in the Water-Jetting Sector were 17.7% ahead.

EBITDA was €149.6m, equivalent to 25.3% of revenues, following a rise of 31%. In particular, EBITDA was €114.2m in 1Q2022 (23.4% of revenues).

An insurance reimbursement of €9m was collected in March 2023, in final settlement of the direct and indirect losses caused by the fire in 2022 at IMM Hydro Est, a subsidiary. This amount will be partially deferred during 1H2023, to match the completion of reconstruction work on the building and the full restart of productive activities in Romania. In particular, insurance proceeds of €3.6m were recognized at 31 March 2023.

Given the instability of procurement and related uncertainties, the Group continued to manage inventories with great care during 1Q2023. The planned program of major investments also continued. Free cash flow was €14.1m in 1Q2023 compared with €5.8m in 1Q2022. The net financial position (NFP) amounts to €533.9m.

Net profit for 1Q2023 was €86m (€66.1m in 1Q2022), reflecting an increase of 30.2%.

On 20 February 2023 Interpump Group announced the acquisition of 85% of the capital of Indoshell Automotive System India P.L. (now IPG Mouldtech Invia Pvt Ltd.). This company was previously owned by Indoshell Mould Limited, an Indian Group specialized in the smelting of ferrous and non-ferrous metals (cast iron and aluminum). Company output is expected to total about 8,000 tonnes by the end of 2023, with an estimated turnover of about €12m and an EBITDA of about €2m. The value of this operation was fixed at around €8m and “put and call” mechanisms were defined, through which Interpump Group can acquire the remaining 15% interest from Indoshell Mould Limited.

REVENUES

Revenues in 1Q2023 totaled €592.3m, up by 21.2% compared with €488.7m in 1Q2022 (+19.4% at unchanged perimeter +18.7% also net of exchange differences).

Turnover by business sector and geographical area was as follows:

1Q2023

(€/000)	<u>Italy</u>	<u>Rest of Europe</u>	<u>North America</u>	<u>Far East and Pacific Area</u>	<u>Rest of the World</u>	<u>Total</u>
Hydraulics	85,432	164,380	118,873	43,659	34,140	446,484
Water-Jetting	<u>14,108</u>	<u>54,596</u>	<u>46,281</u>	<u>14,674</u>	<u>16,202</u>	<u>145,861</u>
Total	<u>99,540</u>	<u>218,976</u>	<u>165,154</u>	<u>58,333</u>	<u>50,342</u>	<u>592,345</u>

1Q2022

Hydraulics	68,133	135,617	92,818	38,093	30,188	364,849
Water-Jetting	<u>12,740</u>	<u>40,856</u>	<u>45,212</u>	<u>13,770</u>	<u>11,253</u>	<u>123,831</u>
Total	<u>80,873</u>	<u>176,473</u>	<u>138,030</u>	<u>51,863</u>	<u>41,441</u>	<u>488,680</u>

2023/2022 percentage changes

Hydraulics	+25.4%	+21.2%	+28.1%	+14.6%	+13.1%	+22.4%
Water-Jetting	+10.7%	+33.6%	+2.4%	+6.6%	+44.0%	+17.8%
Total	+23.1%	+24.1%	+19.7%	+12.5%	+21.5%	+21.2%

The changes at unchanged perimeter are as follows:

2023/2022 percentage changes

Hydraulics	+21.8%	+16.6%	+28.1%	+14.6%	+13.0%	+20.0%
Water-Jetting	+11.1%	+33.6%	+2.4%	+6.6%	+44.0%	+17.8%
Total	+20.1%	+20.5%	+19.7%	+12.4%	+21.4%	+19.4%

PROFITABILITY

The cost of sales absorbed 64.3% of revenues (65.1% in 1Q2022). Production costs totaled €151.2m (€128.4m in 1Q2022, which however did not include the costs of Draintech and Eurofluid) and accounted for 25.5% of revenues (26.3% in the equivalent period of 2022). At unchanged perimeter, production costs were 25.4% of revenues (26.3% in 1Q2022). The purchase cost of raw materials and components sourced on the market, including changes in inventories, was €229.7m (€189.6m in the equivalent period in 2022, which however did not include the costs of Draintech and Eurofluid). The incidence on revenues of purchase costs, including the change in inventories, was 38.8% (same in 1Q2022).

Distribution costs were 13.7% higher at unchanged perimeter (+12.8% net also of exchange differences) with respect to 1Q2022, with an incidence on revenues of 7.2% compared with 7.5% in 1Q2022.

At unchanged perimeter, general and administrative expenses were 10.8% higher than in 1Q2022 (+10% net also of exchange differences), but their incidence on revenues fell by 0.7 percentage points.

Total payroll costs were €116.2m (€104.2m in 1Q2022, which however did not include the costs of Draintech and Eurofluid). At unchanged perimeter, payroll costs amounted to €115.2m, up by 10.5% due to a 7.0% increase in per capita cost and a rise of 279 in the average number of employees. The average total number of Group employees in 1Q2023 was 9,028 (8,942 at unchanged perimeter) compared with 8,663 in 1Q2022. Excluding persons employed by the new companies, the increase in average headcount during 1Q2023 is analyzed as follows: +141 in Europe, +145 in the US and -7 in the Rest of the World. In addition, the Group employed 1,681 temporary workers during the period (1,477 in 1Q2022) at a cost of €11.1m (€8.6m in 1Q2022).

EBITDA was €149.6m (25.3% of revenues) compared with €114.2m in 1Q2022, which represented 23.4% of revenues. The following table sets out EBITDA by business sector:

	<i>1Q2023</i>	<i>% on total</i>	<i>1Q2022</i>	<i>% on total</i>	<i>Increase/</i>
	<i>€/000</i>	<i>sales*</i>	<i>€/000</i>	<i>sales*</i>	<i>Decrease</i>
Hydraulics	108,727	24.3%	79,191	21.7%	+37.3%
Water-Jetting	40,915	27.8%	35,018	28.0%	+16.8%
Total	<u>149,642</u>	<u>25.3%</u>	<u>114,209</u>	<u>23.4%</u>	<u>+31.0%</u>

* = Total sales include sales to other Group companies, 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 €124.6m (21.0% of revenues) compared with €92.6m in 1Q2022 (19.0% of revenues), reflecting an increase of 34.5%.

The tax rate for the period was 24.9% (26.9% in 1Q2022).

Net profit for 1Q2023 was €86.0m (€66.1m in 1Q2022), reflecting an increase of 30.2%. Basic earnings per share rose from EUR 0.616 in 1Q2022 to EUR 0.796 in 1Q2023.

Capital employed increased from €2,170.7m at 31 December 2022 to €2,241.8m at 31 March 2023, principally due to the effects of investment and the increase in working capital. Unannualized ROCE was 5.6% (4.7% in 1Q2022). Unannualized ROE was 5.2% (4.8% in 1Q2022).

CASH FLOW

The change in net indebtedness breaks down as follows:

	1Q2023 €/000	1Q2022 €/000
Opening net financial position	(541,784)	(494,924)
Net opening financial position of companies consolidated for the first time	(1,274)	-
Adjusted opening net financial position	(543,058)	(494,924)
Cash flows from operating activities	131,264	108,848
Principal portion of leasing installments paid	(5,065)	(4,900)
Cash flow generated (absorbed) by the management of operating capital	(60,941)	(70,437)
Cash flow generated (absorbed) by other current assets and liabilities	(9,075)	(3,027)
Capital expenditure on property, plant and equipment	(39,576)	(22,778)
Proceeds from the sale of property, plant and equipment	684	344
Increase in intangible assets	(1,234)	(1,555)
Financial income received	509	98
Other	(2,457)	(811)
Free cash flow	14,109	5,782
Acquisition of investments, including received debt and net of treasury shares assigned	(7,269)	(122)
Dividends paid	(441)	(357)
Purchase of treasury shares	0	(49,350)
Proceeds from the sale of treasury shares to stock option beneficiaries	442	8,017
Principal portion of leasing installments paid	5,065	4,900
Principal portion of new leasing contracts arranged	(3,561)	(4,731)
Restatement and early redemption of leasing contracts	384	59
Change in other financial assets	(46)	(3)
Net cash generated (used)	8,683	(35,805)
Exchange differences	484	470
Closing net financial position	(533,891)	(530,259)

Net cash from operating activities totaled €131.3m (€108.8m in 1Q2022), reflecting an increase of 20.7%. Free cash flow was €14.1m (€5.8m in 1Q2022), up despite greater investment to expand productive capacity and the rise in working capital linked to the growth in turnover.

Net indebtedness, including payables and commitments, determined in accordance with ESMA guidance 32-382-1138 and included in Consob notice no. 5/21, comprises:

	31/03/2023 €/000	31/12/2022 €/000	31/03/2022 €/000	01/01/2022 €/000
Cash and cash equivalents	336,734	358,275	293,376	349,015
Payables to banks (advances and STC amounts)	(39,436)	(30,928)	(13,338)	(7,760)
Interest-bearing financial payables (current portion)	(272,175)	(288,456)	(240,644)	(232,213)
Interest-bearing financial payables (non-current portion)	<u>(559,014)</u>	<u>(580,675)</u>	<u>(569,653)</u>	<u>(603,966)</u>
<i>Net financial position</i>	<i>(533,891)</i>	<i>(541,784)</i>	<i>(530,259)</i>	<i>(494,924)</i>
Commitments for the acquisition of investments	<u>(65,024)</u>	<u>(62,812)</u>	<u>(81,197)</u>	<u>(77,794)</u>
Total net indebtedness	<u>(598,915)</u>	<u>(604,596)</u>	<u>(611,456)</u>	<u>(572,718)</u>

CAPITAL EXPENDITURE

Expenditure on property, plant and equipment totaled €48.5m, of which €4.1m via the acquisition of equity investments (€25.4m, net, in 1Q2022). The additions are analyzed in the following table.

€/000	<u>1Q2023</u>	<u>1Q2022</u>
Increases for the purchase of fixed assets		
used in the production process	37,017	20,508
Increases for machinery rented to customers	3,787	608
Leased assets	<u>3,561</u>	<u>4,731</u>
<i>Capex</i>	44,365	25,847
Increases through the acquisition of equity investments	<u>4,136</u>	<u>(426)</u>
Total increases in the period	<u>48,501</u>	<u>25,421</u>

The increases in 1Q2023 include €12.2m invested in land and buildings (€10.3m in 1Q2022). The difference with respect to the expenditure recorded in the cash flow statement is due to the timing of payments.

Increases in intangible assets amounted to €1.4m (€1.6m in 1Q2022).

INTERCOMPANY AND RELATED PARTY TRANSACTIONS

In compliance with the provisions of the Consob regulation adopted with resolution no. 17221 of 12 March 2010, as amended, Interpump Group S.p.A. has adopted the procedure that regulates related party transactions. This procedure was approved for the first time by the Board of Directors on 10 November 2010 and has been continuously updated in accordance with the regulatory provisions in force time by time and adapted to reflect current practices. In particular, on 28 June 2021 the Board of Directors approved a new version that takes account of the effects of Decree 49/2019, which transposed into Italian law the provisions of Directive (EU) 2017/828 (“Shareholders’ Rights II”) with regard to related parties, as well as the related amendments made by CONSOB on 10 December 2020 to the Issuers’ Regulation and the Regulation governing Related Party Transactions. The new version can be found in the Corporate Governance section of the Interpump website www.interpumpgroup.it. Information on transactions carried out with related parties is given in Note 9 of the Interim Consolidated Financial statements at 31 March 2023. Overall, no atypical or unusual transactions were carried out with related parties during 1Q2023 and the transactions that did take place were completed on an arm’s-length basis.

CHANGES IN GROUP STRUCTURE IN 1Q2023

As stated earlier, Interpump Group acquired 85% of the share capital of Indoshell Automotive System India P.L. on 20 February 2023. In addition, Benmec S.r.l. - previously not consolidated on a line-by-line basis as immaterial - was absorbed by Transtecno S.r.l. with effect from 1 January 2023, thus contributing in full to the consolidated data at 31 March 2023.

EVENTS OCCURRING AFTER THE END OF 1Q2023

The Shareholders' Meeting of Interpump Group S.p.A., held on 28 April 2023, approved the 2022 financial statements and distribution of a dividend of EUR 0.30 per share. The meeting also:

- appointed the new Board of Directors and the new Board of Statutory Auditors for the three-year period 2023/2025, until approval of the financial statements at 31 December 2025;
- appointed the new Chief Reporting Officer pursuant to art. 154-(2) of Decree 58/98 (TUF);
- approved the Report on remuneration policy pursuant to art. 123-(3) TUF;
- approved the remuneration of the directors for 2023;
- acknowledged the Consolidated non-financial statement for 2022;
- authorized the Board of Directors, for the period of eighteen months starting from the date of the shareholders' resolution, to purchase the maximum number of treasury shares permitted by the law in force at the time, at a maximum unit price of EUR 85.0, and to sell treasury shares already purchased or that will be acquired in the future in execution of said authorization;
- For further information, see the Report of the Board of Directors to the Shareholders' Meeting pursuant to art. 125-(3) TUF.

No atypical or unusual transactions occurred after the end of 1Q2023 that would require mention in this report or call for changes to the consolidated financial statements at 31 March 2023.

On 20 April 2023 Interpump Group announced the acquisition of 70% of the capital of I.Mec S.r.l. Formed in 1989 and based in Reggio Emilia, this company is specialized in the production of mechanical sifters for various sectors of application, including ceramics, recycling, filtration, food processing and cosmetics. The company closed 2022 with a turnover of about €17 million and an EBITDA margin of around 23%.

The value of this operation has been fixed at approximately €14 million and “put and call” mechanisms have defined, through which - from April 2026 - the counterparties can purchase and sell the remaining 30%.

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

For the Board of Directors
Fulvio Montipò
Executive Chairman

Mauro Barani, the manager responsible for drafting the company's accounting documents, declares - pursuant to article 154-(2), subsection 2, TUF - that the accounting disclosures in this document correspond to the contents of the underlying documents, the accounting books and the accounting entries.

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

Mauro Barani
Manager responsible for drafting
the company's accounting documents

Financial statements and notes

Consolidated statement of financial position

(€/000)	<u>Notes</u>	<u>31/03/2023</u>	<u>31/12/2022</u>
ASSETS			
Current assets			
Cash and cash equivalents		336,734	358,275
Trade receivables		478,703	433,812
Inventories	4	705,242	683,819
Tax receivables		44,659	45,133
Other current assets		36,167	33,983
Total current assets		1,601,505	1,555,022
Non-current assets			
Property, plant and equipment	5	700,758	681,095
Goodwill	1	759,184	754,944
Other intangible assets		60,469	61,863
Other financial assets		2,588	2,961
Tax receivables		5,021	5,051
Deferred tax assets		65,402	66,184
Other non-current assets		3,195	2,648
Total non-current assets		1,596,617	1,574,746
Assets held for sale		1,291	1,291
Total assets		3,199,413	3,131,059

(€/000)	<u>Notes</u>	<u>31/03/2023</u>	<u>31/12/2022</u>
LIABILITIES			
Current liabilities			
Trade payables		315,187	312,222
Payables to banks		39,436	30,928
Interest-bearing financial payables (current portion)		272,175	288,456
Tax liabilities		66,815	60,662
Other current liabilities		130,176	111,553
Provisions for risks and charges		13,327	13,329
Total current liabilities		837,116	817,150
Non-current liabilities			
Interest-bearing financial payables		559,014	580,675
Liabilities for employee benefits		20,436	20,088
Deferred tax liabilities		56,843	56,947
Tax liabilities		353	355
Other non-current liabilities		69,672	76,745
Provisions for risks and charges		13,106	12,989
Total non-current liabilities		719,424	747,799
Total liabilities		1,556,540	1,564,949
SHAREHOLDERS' EQUITY			
	6		
Share capital		55,594	55,584
Legal reserve		11,323	11,323
Share premium reserve		41,139	39,444
Remeasurement reserve for defined benefit plans		(5,320)	(5,320)
Translation reserve		7,873	18,379
Other reserves		1,519,259	1,434,138
Group shareholders' equity		1,629,868	1,553,548
Non-controlling interests		13,005	12,562
Total shareholders' equity		1,642,873	1,566,110
Total shareholders' equity and liabilities		3,199,413	3,131,059

1Q consolidated income statements

(€/000)	<i>Notes</i>	2023	2022
Revenues		592,345	488,680
Cost of sales		(380,971)	(317,955)
Gross industrial margin		211,374	170,725
Other operating income		10,332	7,554
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General and administrative expenses		(53,640)	(47,830)
Other operating costs		(1,279)	(960)
EBIT		124,596	92,645
Financial income	7	5,894	6,724
Financial charges	7	(16,134)	(9,142)
Equity method contribution		150	164
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Attributable to:			
Shareholders of Parent		85,121	65,405
Minority shareholders of subsidiaries		913	663
Consolidated profit for the period		86,034	66,068
Basic earnings per share	8	0.796	0.616
Diluted earnings per share	8	0.793	0.610

1Q comprehensive consolidated income statements

(€/000)	<u>2023</u>	<u>2022</u>
Consolidated profit (A)	86,034	66,068
Other comprehensive income (losses) which will subsequently be reclassified to consolidated profit or loss		
<i>Gains (losses) on translating the financial statements of foreign companies</i>	<i>(10,760)</i>	<i>10,532</i>
<i>Profits (Losses) of companies carried at equity</i>	<i>103</i>	<i>(230)</i>
<i>Applicable taxes</i>	<i>—</i>	<i>—</i>
Total other comprehensive income (losses) which will subsequently be reclassified to consolidated profit, net of the tax effect (B)	<u>(10,657)</u>	<u>10,302</u>
Comprehensive consolidated profit for the period (A) + (B)	<u>75,377</u>	<u>76,370</u>
Attributable to:		
Shareholders of Parent	74,615	75,799
Minority shareholders of subsidiaries	762	571
Comprehensive consolidated profit for the period	<u>75,377</u>	<u>76,370</u>

1Q consolidated cash flow statements

(€/000)	2023	2022
Cash flows from operating activities		
Profit before taxes	114,506	92,058
Adjustments for non-cash items:		
Losses (gains) on the sale of fixed assets	(1,198)	(1,821)
Amortization and depreciation, impairment and reinstatement of assets	24,410	21,449
Costs recognized in the income statement relative to stock options that do not involve monetary outflows for the Group	1,263	783
Losses (profits) from investments	(150)	(164)
Net change in risk provisions and allocations to employee benefit provisions	574	243
Expenditures for tangible assets to be leased	(3,909)	(608)
Proceeds from the disposal of leased tangible assets	2,119	3,437
Net financial charges (revenues)	10,240	752
	147,855	116,129
(Increase) decrease in trade receivables and other current assets	(46,180)	(39,461)
(Increase) decrease in inventories	(26,874)	(47,326)
Increase (decrease) in trade payables and other current liabilities	3,038	13,323
Interest paid	(4,966)	(1,032)
Realized exchange differences	(1,500)	(143)
Taxes paid	(10,125)	(6,106)
Net cash from operating activities	61,248	35,384
Cash flows from investing activities		
Payments for the purchase of investments, net of cash received and net of treasury shares assigned	(7,269)	(122)
Capital expenditure on property, plant and equipment	(39,576)	(22,778)
Proceeds from the sale of property, plant and equipment	684	344
Increase in intangible assets	(1,234)	(1,555)
Financial income received	509	98
Other	(501)	(663)
Net cash (used in) investing activities	(47,387)	(24,676)
Cash flows from financing activities		
Disbursements (repayments) of loans	(37,533)	(26,930)
Dividends paid	(441)	(357)
Disbursements for purchase of treasury shares	0	(49,350)
Proceeds from the sale of treasury shares to stock option beneficiaries	442	8,017
Change in other financial assets	(46)	(3)
Payment of finance lease installments (principal)	(5,065)	(4,900)
Net cash generated by (used in) financing activities	(42,643)	(73,523)
Net increase (decrease) in cash and cash equivalents	(28,782)	(62,815)

(€/000)	<u>2023</u>	<u>2022</u>
Net increase (decrease) in cash and cash equivalents	(28,782)	(62,815)
Translation differences for cash held by non-EU companies	(1,267)	1,598
Opening cash and cash equivalents of companies consolidated on a line-by-line basis for the first time	-	-
Cash and cash equivalents at the beginning of the period	327,347	341,255
Cash and cash equivalents at the end of the period	297,298	280,038

Cash and cash equivalents consist of the following:

	31/03/2023 €/000	31/12/2022 €/000
Cash and cash equivalents as per the consolidated statement of financial position	336,734	358,275
Bank payables (overdrafts and subject to collection advances)	(39,436)	(30,928)
Cash and cash equivalents as per the consolidated cash flow statement	<u>297,298</u>	<u>327,347</u>

Consolidated statement of changes in shareholders' equity

(€/000)	Share capital	Legal reserve	Share premium reserve	Remeasurement reserve for defined benefit plans	Translation reserve	Other reserves	Group shareholders' equity	Non- controlling interests	Total
<i>At 1 January 2022</i>	55,327	11,323	66,472	(8,170)	6,013	1,197,234	1,328,199	11,465	1,339,664
Recognition in income statement of fair value of stock options granted and exercisable	-	-	783	-	-	-	783	-	783
Purchase of treasury shares	(515)	-	(48,835)	-	-	-	(49,350)	-	(49,350)
Sale of treasury shares to stock option beneficiaries	324	-	7,693	-	-	-	8,017	-	8,017
Transfer of treasury shares as payment for equity investments	-	-	-	-	-	-	-	-	-
Purchase of residual interests in subsidiaries	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-
Dividends resolved	-	-	-	-	-	-	-	(924)	(924)
Comprehensive profit (loss) for 1Q2022	-	-	-	-	10,394	65,405	75,799	571	76,370
<i>Balances at 31 March 2022</i>	55,136	11,323	26,113	(8,170)	16,407	1,262,639	1,363,448	11,112	1,374,560
Recognition in income statement of fair value of stock options granted and exercisable	-	-	4,212	-	-	-	4,212	-	4,212
Purchase of treasury shares	(567)	-	(44,876)	-	-	-	(45,443)	-	(45,443)
Sale of treasury shares to stock option beneficiaries	1,015	-	53,995	-	-	-	55,010	-	55,010
Transfer of treasury shares as payment for equity investments	-	-	-	-	-	-	-	-	-
Purchase of residual interests in subsidiaries	-	-	-	(75)	-	65	(10)	(534)	(544)
Dividends paid	-	-	-	-	-	(29,658)	(29,658)	(586)	(30,244)
Dividends resolved	-	-	-	-	-	-	-	-	-
Comprehensive profit (loss) for April-December 2022	-	-	-	2,925	1,972	201,092	205,989	2,570	208,559
<i>At 31 December 2022</i>	55,584	11,323	39,444	(5,320)	18,379	1,434,138	1,553,548	12,562	1,566,110
Recognition in income statement of fair value of stock options granted and exercisable	-	-	442	-	-	-	442	-	442
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Sale of treasury shares to stock option beneficiaries	10	-	1,253	-	-	-	1,263	-	1,263
Transfer of treasury shares as payment for equity investments	-	-	-	-	-	-	-	-	-
Purchase of residual interests in subsidiaries	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	(24)	(24)
Dividends resolved	-	-	-	-	-	-	-	(295)	(295)
Comprehensive profit (loss) for 1Q2023	-	-	-	-	(10,506)	85,121	74,615	762	75,377
<i>Balances at 31 March 2023</i>	55,594	11,323	41,139	(5,320)	7,873	1,519,259	1,629,868	13,005	1,642,873

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 EURONEXT STAR MILAN 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, rotary unions, hydraulic hoses and fittings, orbital motors, steering systems (hydroguide), gears and other hydraulic products. The Group has production facilities in Italy, the US, Germany, Poland, China, India, France, Portugal, Brazil, Bulgaria, Romania, Canada and South Korea.

Revenues are not affected by any significant degree of seasonality.

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

The consolidated financial statements at 31 March 2023 were approved by the Board of Directors today (15 May 2023).

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 audited.

Basis of preparation

The consolidated financial statements at 31 March 2023 have been prepared in compliance with the international accounting standards (IAS/IFRS) for interim financial statements. The tables have been prepared in compliance with IAS 1, while the notes have been prepared in condensed form, as allowed by IAS 34, and therefore do not include all the information required for annual financial statements prepared in compliance with IFRS standards. Accordingly, the consolidated financial statements at 31 March 2023 should be read together with the consolidated financial statements for the year ended 31 December 2022.

The accounting standards and criteria adopted in the consolidated financial statements at 31 March 2023 may conflict with IFRS provisions in force on 31 December 2023, due to the effect of future orientations of the European Commission with regard to the approval of international accounting standards or the issue of new standards, interpretations or implementing guidelines by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretations Committee (IFRIC).

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

available, except in cases in which evidence of impairment exists, when the immediate measurement of any losses in value is required. Likewise, the actuarial valuations required to determine the liability for employee benefits are normally made when preparing the annual financial statements.

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

Accounting standards

The accounting standards adopted are those described in the consolidated financial statements at 31 December 2022, with the exception of those adopted as from 1 January 2023 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 2023 and adopted by 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 was allowed.
- *Amendments to IAS 8 “Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates”*. The IASB published an amendment to this standard on 12 February 2021 in order to introduce a new definition of accounting estimate and clarify the distinction between changes in accounting estimates, changes in accounting policies and corrections of errors. The amendment applies to reporting periods beginning on or after 1 January 2023. Early application was allowed.
- *Amendments to IAS 12 “Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction”*. On 7 May 2021 IASB published an amendment to this standard, which requires companies to recognize deferred tax assets and liabilities on specific transactions that, at the time of initial booking, give rise to equivalent timing differences (taxable and deductible) – for example, see transactions related to leasing contracts. The amendment applies to reporting periods beginning on or after 1 January 2023. Early application was allowed.
- *Amendments to “IFRS 17 Insurance contracts: Initial application of IFRS 17 and IFRS 9 – Comparative information”*. The IASB published this amendment to the transitional instructions for IFRS 17 on 9 December 2021. The amendment gives insurers an option for the purpose of improving the meaningfulness of the information to be provided to investors on initial application of the new standard. The amendment applies to reporting periods beginning on or after 1 January 2023. Early application was allowed.

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. In particular, they clarify that:

- the classification of liabilities as current or non-current should be based on the rights existing at the end of the reporting period and, in particular, on the right to defer payment for at least 12 months;
- classification is not influenced by expectations regarding decisions by the entity to exercise its right to defer the payment of a liability;
- payment refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The new amendment is applicable from 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact of this amendment on the existing situation.

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

Notes to the consolidated financial statements at 31 March 2023

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1. Scope of consolidation and goodwill

The perimeter of consolidation at 31 March 2023 includes the Parent company and the following subsidiaries:

<u>Company</u>	<u>Location</u>	<u>Share capital</u> <u>€/000</u>	<u>Sector</u>	<u>% held at</u> <u>31/03/2023</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 (RE)	10	Water-Jetting	100.00%
Servizi Industriali S.r.l.	Ozzano Emilia (BO)	100	Water-Jetting	80.00%
SIT S.p.A.	S. Ilario d'Enza (RE)	105	Water-Jetting	80.00%
Teknova S.r.l. (in liquidation)	Reggio Emilia (RE)	28	Water-Jetting	100.00%
Interpump Hydraulics S.p.A.	Calderara di Reno (BO)	2,632	Hydraulics	100.00%
Contarini Leopoldo S.r.l. (4)	Lugo (RA)	47	Hydraulics	100.00%
Unidro Contarini S.a.s. (5)	Barby (France)	8	Hydraulics	100.00%
Copa Hydrosystem Ood (5)	Troyan (Bulgaria)	3	Hydraulics	100.00%
Hydrocar Chile S.A. (4)	Santiago (Chile)	129	Hydraulics	90.00%
Hydroven S.r.l. (4)	Tezze sul Brenta (VI)	200	Hydraulics	100.00%
Interpump Hydraulics Brasil Ltda (4)	Caxia do Sul (Brazil)	15,126	Hydraulics	100.00%
Interpump Hydraulics France S.a.r.l. (4)	Ennery (France)	76	Hydraulics	99.77%
Interpump Hydraulics India Private Ltd (4)	Hosur (India)	682	Hydraulics	100.00%
Interpump Hydraulics Middle East FZE (4)	Dubai (UAE)	326	Hydraulics	100.00%
Interpump South Africa Pty Ltd (4)	Johannesburg (South Africa)	-	Hydraulics	100.00%

Interim Board of Directors' Report at 31 March 2023 - Interpump Group

<u>Company</u>	<u>Location</u>	<u>Share capital</u> <u>€/000</u>	<u>Sector</u>	<u>% held at</u> <u>31/03/2023</u>
Eurofluid Hydraulics S.r.l. (4)	Albinea (RE)	100	Hydraulics	80.00%
Interpump Hydraulics (UK) Ltd. (4)	Kidderminster (United Kingdom)	13	Hydraulics	100.00%
Mega Pacific Pty Ltd (6)	Newcastle (Australia)	335	Hydraulics	100.00%
Mega Pacific NZ Pty Ltd (6)	Mount Maunganui (New Zealand)	557	Hydraulics	100.00%
Muncie Power Prod. Inc. (4)	Muncie (USA)	784	Hydraulics	100.00%
American Mobile Power Inc. (7)	Fairmount (USA)	3,410	Hydraulics	100.00%
Hydra Dyne Tech Inc (7)	Ingersoll (Canada)	80	Hydraulics	75.00%
Oleodinamica Panni S.r.l. (4)	Tezze sul Brenta (VI)	2,000	Hydraulics	100.00%
Wuxi Interpump Weifu Hydraulics Company Ltd (4)	Wuxi (China)	2,095	Hydraulics	65.00%
IMM Hydraulics S.p.A. (4)	Atessa (Switzerland)	520	Hydraulics	100.00%
Hypress France S.a.r.l. (8)	Strasbourg (France)	162	Hydraulics	100.00%
Interpump Fluid Solutions Germany GmbH (8)	Meinerzhagen (Germany)	52	Hydraulics	100.00%
IMM Hydro Est (8)	Catcau Cluj Napoca (Romania)	3,155	Hydraulics	100.00%
FGA S.r.l. (8)	Fossacesia (CH)	10	Hydraulics	100.00%
Innovativ Gummi Tech S.r.l. (8)	Ascoli Piceno (AP)	4,100	Hydraulics	100.00%
Tekno Tubi S.r.l. (8)	Terre del Reno (FE)	100	Hydraulics	100.00%
Tubiflex S.p.A.	Orbassano (TO)	515	Hydraulics	100.00%
Walvoil S.p.A.	Reggio Emilia	7,692	Hydraulics	100.00%
Walvoil Fluid Power Corp. (9)	Tulsa (USA)	137	Hydraulics	100.00%
Walvoil Fluid Power (India) Pvt. Ltd. (9)	Bangalore (India)	4,803	Hydraulics	100.00%
Walvoil Fluid Power Korea Llc. (9)	Pyeongtaek (South Korea)	453	Hydraulics	100.00%
Walvoil Fluid Power France S.a.r.l. (9)	Vritz (France)	10	Hydraulics	100.00%
Walvoil Fluid Power Australasia (9)	Melbourne (Australia)	7	Hydraulics	100.00%
Walvoil Canada Inc. (9)	Terrebonne, Quebec (Canada)	76	Hydraulics	100.00%
Walvoil Fluid Power (Dongguan) Co., Ltd (9)	Dongguan (China)	3,720	Hydraulics	100.00%
IPG Mouldtech India Pvt Ltd (9)	Coimbatore (India)	298	Hydraulics	85.00%
Reggiana Riduttori S.r.l.	S.Polo d'Enza (RE)	6,000	Hydraulics	100.00%
RR USA Inc. (12)	Boothwyn (USA)	1	Hydraulics	100.00%
RR Canada Inc. (12)	Vaughan (Canada)	1	Hydraulics	100.00%
RR Holland BV (12)	Oosterhout (Netherlands)	19	Hydraulics	100.00%
RR France S.a.r.l. (12)	Thouare sur Loire (France)	400	Hydraulics	95.00%
RR Slovakia A.S. (12)	Zvolen (Slovakia)	340	Hydraulics	100.00%
RR Pacific Pty Ltd (12)	Victoria (Australia)	249	Hydraulics	100.00%
RR India Pvt. Ltd (12)	New Delhi (India)	52	Hydraulics	99.99%
Reggiana Riduttori (Suzhou) Co. Ltd (12)	Suzhou (China)	600	Hydraulics	100.00%
Transtecno S.r.l.	Anzola dell'Emilia (BO)	100	Hydraulics	80.00%
Draintech S.r.l. (13)	Anzola dell'Emilia (BO)	10	Hydraulics	80.00%
Hangzhou Transtecno Power Transmissions Co. Ltd (13)	Hangzhou (China)	575	Hydraulics	72.00%
Transtecno Iberica the Modular Gearmotor S.A. (13)	Gava (Spain)	94	Hydraulics	50.40%
MA Transtecno S.A.P.I. de C.V. (13)	Apodaca (Mexico)	124	Hydraulics	50.40%
Transtecno USA LLC (15)	Miami (USA)	3	Hydraulics	100.00%
Transtecno BV (13)	Amersfoort (Netherlands)	18	Hydraulics	51.00%
Transtecno Aandrijftechniek (Netherlands) (14)	Amersfoort (Netherlands)	-	Hydraulics	51.00%
White Drive Motors and Steering Sp zoo	Wroclaw (Poland)	33,254	Hydraulics	100.00%
White Drive Motors and Steering GmbH	Parchim (Germany)	33,595	Hydraulics	100.00%
White Drive Motors and Steering, LLC	Hopkinsville (USA)	46,328	Hydraulics	100.00%
Interpump Piping GS S.r.l.	Reggio Emilia	10	Hydraulics	100.00%

Interim Board of Directors' Report at 31 March 2023 – Interpump Group

<i>Company</i>	<i>Location</i>	<i>Share capital €/000</i>	<i>Sector</i>	<i>% held at 31/03/2023</i>
GS-Hydro Singapore Pte Ltd (10)	Singapore	624	Hydraulics	100.00%
GS-Hydro Korea Ltd. (10)	Busan (South Korea)	1,892	Hydraulics	100.00%
GS-Hydro Piping Systems (Shanghai) Co. Ltd. (11)	Shanghai (China)	2,760	Hydraulics	100.00%
GS-Hydro Benelux B.V. (10)	Barendrecht (Netherlands)	18	Hydraulics	100.00%
GS-Hydro Austria GmbH (10)	Pashing (Austria)	40	Hydraulics	100.00%
GS-Hydro Sp Z O O (Poland) (10)	Gdynia (Poland)	1,095	Hydraulics	100.00%
GS Hydro Denmark AS (10)	Kolding (Denmark)	67	Hydraulics	100.00%
GS-Hydro S.A.U (Spain) (10)	Las Rozas (Spain)	90	Hydraulics	100.00%
Suministros Franquesa S.A. (16)	Lleida (Spain)	160	Hydraulics	100.00%
GS-Hydro U.S. Inc. (7)	Houston (USA)	9,903	Hydraulics	100.00%
GS-Hydro do Brasil Sistemas Hidraulicos Ltda (10)	Rio de Janeiro (Brazil)	252	Hydraulics	100.00%
GS-Hydro System GmbH (Germany) (10)	Witten (Germany)	179	Hydraulics	100.00%
GS- Hydro UK Ltd (10)	Aberdeen (United Kingdom)	5,095	Hydraulics	100.00%
GS-Hydro Ab (Sweden) (10)	Kista (Sweden)	120	Hydraulics	100.00%
GS-Hydro Hong Kong Ltd (1)	Hong Kong	1	Hydraulics	100.00%
IMM Hydraulics Ltd (dormant) (6)	Kidderminster (United Kingdom)	-	Hydraulics	100.00%
Bristol Hose Ltd (dormant) (6)	Bristol (United Kingdom)	-	Hydraulics	100.00%

(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 GS Hydro S.A.U.

Benmec S.r.l. - previously not consolidated on a line-by-line basis as immaterial - was absorbed by Transtecno S.r.l. during 1Q2023. In addition, the opening balances of IPG Mouldtech India Pvt Ltd. were consolidated at 31 March 2023.

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.

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. has the right and obligation to dispose of its holdings during 2024, based on the results for the year prior to exercise of the option.

The minority quotaholder of Eurofluid Hydraulic S.r.l. has the right and obligation to dispose of its holdings on the approval date of the financial statements at 31 December 2025. The price of this option has been fixed by contractual agreement.

The minority shareholder of IPG Mouldtech India Pvt Ltd has the right and obligation to dispose of its holdings by 30 June 2027, based on the results for the year prior to exercise of the option.

Furthermore, the Interpump Group is required to purchase the residual 20% interest in Servizi Industriali S.r.l., commencing from 2024, and the residual 20% interest in Draintech, commencing from April 2025.

In compliance with the requirements of IFRS 10 and IFRS 3, the above companies have been consolidated in full, recording a payable representing an estimate of the present value of the exercise price of the options determined, where possible, with reference to their business plans and/or on the basis of specific contractual agreements. Any changes in the above payable identified within 12 months of the date of acquisition, as a result of additional or better information, will be recorded as an adjustment of goodwill, while any changes emerging more than 12 months after the date of acquisition will be recognized in the income statement.

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

Changes in goodwill were as follows in 1Q2023:

<u>Company:</u>	<u>Balance at 31/12/2022</u>	<u>Increases (Decreases) in the period</u>	<u>Changes due to exchange differences</u>	<u>Balance at 31/03/2023</u>
Water-Jetting	216,115	-	(814)	215,301
Hydraulics	<u>538,829</u>	<u>5,466</u>	<u>(412)</u>	<u>543,883</u>
<i>Total goodwill</i>	<u>754,944</u>	<u>5,466</u>	<u>(1,226)</u>	<u>759,184</u>

The increases comprise €5,160k relating to the acquisition of IPG Mouldtech Invia Pvt Ltd. and €306k relating to Benmec S.r.l., which was previously not consolidated on a line-by-line basis.

2. Business sector information

Business sector information is supplied with reference to the operating sectors. The information required by IFRS by geographical area is also presented. 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, centrifugal separators and other machines produced mainly for the food processing industry and also used in the chemicals and cosmetics sectors.

Hydraulic Sector. This sector includes the production and sale of power take-offs, hydraulic cylinders and pumps, directional controls, valves, rotary unions, hydraulic hoses and fittings, gears, orbital motors, steering systems (hydroguide) and other hydraulic components. Power take-offs are mechanical units used to transmit energy from the engine or gearbox of an industrial vehicle in order to drive, via hydraulic components, its various applications. These products, combined with other hydraulic components (directional control manifolds, controls, etc.) allow the execution of special functions such as lifting tipping bodies, operating truck-mounted cranes, operating mixer truck drums, and so forth. Hydraulic cylinders are components of the hydraulic system of various vehicle types employed in a wide range of applications depending on the type. Front-end and underbody cylinders (single acting) are fitted mainly on industrial vehicles in the building construction sector, while double acting cylinders are employed in a range of applications: earthmoving machinery, agricultural machinery, cranes and truck cranes, waste compactors, etc. The hydraulic hoses and fittings are designed for use in a broad range of hydraulic systems and also for very high pressure water systems. Gears facilitate the mechanical transmission of energy, with applications in various industrial sectors including agriculture, materials handling, mining, heavy industry, marine & offshore, aerial platforms, forestry and sugar production. Orbital motors are used on industrial vehicles, in the construction sector, in earth-moving machines and in agricultural machinery. The Group also designs and makes piping systems for the industrial, naval and offshore sectors.

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

1Q

	Hydraulics		Water-Jetting		Elimination entries		Interpump Group	
	2023	2022	2023	2022	2023	2022	2023	2022
Revenues outside the Group	446,484	364,849	145,861	123,831			592,345	488,680
Inter-sector revenues	859	882	1,128	1,066	(1,987)	(1,948)	-	-
Total revenues	447,343	365,731	146,989	124,897	(1,987)	(1,948)	592,345	488,680
Cost of sales	(302,646)	(251,635)	(80,320)	(68,269)	1,995	1,949	(380,971)	(317,955)
Gross industrial margin	144,697	114,096	66,669	56,628	8	1	211,374	170,725
<i>% of revenues</i>	<i>32.3%</i>	<i>31.2%</i>	<i>45.4%</i>	<i>45.3%</i>			<i>35.7%</i>	<i>34.9%</i>
Other operating income	8,675	5,540	1,783	2,196	(126)	(182)	10,332	7,554
Distribution expenses	(25,937)	(23,128)	(16,272)	(13,791)	18	75	(42,191)	(36,844)
General and administrative expenses	(36,911)	(32,801)	(16,829)	(15,135)	100	106	(53,640)	(47,830)
Other operating costs	(1,009)	(832)	(270)	(128)	-	-	(1,279)	(960)
EBIT	89,515	62,875	35,081	29,770	-	-	124,596	92,645
<i>% of revenues</i>	<i>20.0%</i>	<i>17.2%</i>	<i>23.9%</i>	<i>23.8%</i>			<i>21.0%</i>	<i>19.0%</i>
Financial income	4,611	5,536	2,250	1,468	(967)	(280)	5,894	6,724
Financial charges	(10,131)	(7,741)	(6,970)	(1,681)	967	280	(16,134)	(9,142)
Dividends	-	-	-	-	-	-	-	-
Equity method contribution	177	212	(27)	(48)	-	-	150	164
Profit for the period before taxes	84,172	60,882	30,334	29,509	-	-	114,506	90,391
Income taxes	(20,874)	(16,884)	(7,598)	(7,439)	-	-	(28,472)	(24,323)
Consolidated profit for the period	63,298	43,998	22,736	22,070	-	-	86,034	66,068
Attributable to:								
Shareholders of Parent	62,606	43,443	22,515	21,962	-	-	85,121	65,405
Minority shareholders of subsidiaries	692	555	221	108	-	-	913	663
Consolidated profit for the period	63,298	43,998	22,736	22,070	-	-	86,034	66,068
Further information required by IFRS 8								
Amortization, depreciation and write-downs	18,721	16,203	5,689	5,246	-	-	24,410	21,449
Other non-monetary costs	1,180	621	730	746	-	-	1,910	1,367

Financial position
(Amounts shown in €/000)

	Hydraulics		Water-Jetting		Elimination entries		Interpump Group	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022	31 March 2023	31 December 2022	31 March 2023	31 December 2022
Assets by sector	2,142,298	2,071,141	845,712	831,227	(126,622)	(130,875)	2,861,388	2,771,493
Assets held for sale	1,291	1,291	-	-	-	-	1,291	1,291
Assets of the sector (A)	2,143,589	2,072,432	845,712	831,227	(126,622)	(130,875)	2,862,679	2,772,784
Cash and cash equivalents							336,734	358,275
Total assets							3,199,413	3,131,059
Liabilities of the sector (B)	575,276	559,297	172,237	173,656	(126,622)	(130,875)	620,891	602,078
Debts for the acquisition of equity investments							65,024	62,812
Payables to banks							39,436	30,928
Interest-bearing financial payables							831,189	869,131
Total liabilities							1,556,540	1,564,949
Total assets, net (A-B)	1,568,313	1,513,135	673,475	657,571	-	-	2,241,788	2,170,706
<u>Further information required by IFRS 8</u>								
Investments measured using the equity method	847	1,099	534	570	-	-	1,381	1,669
Non-current assets other than financial assets and deferred tax assets	1,142,508	1,118,921	386,119	386,680	-	-	1,528,627	1,505,601

The 1Q comparison of the Sector at unchanged perimeter is as follows:

	2023	2022
Revenues outside the Group	437,746	364,849
Inter-sector revenues	859	882
Total revenues	438,605	365,731
Cost of sales	(296,747)	(251,635)
Gross industrial margin	141,858	114,096
% of revenues	32.3%	31.2%
Other operating income	8,483	5,540
Distribution expenses	(25,639)	(23,128)
General and administrative expenses	(36,344)	(32,801)
Other operating costs	(1,008)	(832)
EBIT	87,350	62,875
% of revenues	19.9%	17.2%
Financial income	4,609	5,536
Financial charges	(10,057)	(7,741)
Equity method contribution	177	212
Profit for the period before taxes	82,079	60,882
Income taxes	(20,277)	(16,884)
Consolidated profit for the period	61,802	43,998
Attributable to:		
Shareholders of Parent	61,110	43,443
Minority shareholders of subsidiaries	692	555
Consolidated profit for the period	61,802	43,998

The scope of consolidation of the Water-Jetting Sector did not change between 2022 and 2023.

1Q cash flows by business sector are as follows:

€/000	Hydraulics		Water-Jetting		Total	
	2023	2022	2023	2022	2023	2022
Cash flows from:						
Operating activities	57,638	11,680	3,610	23,704	61,248	35,384
Investing activities	(36,116)	(15,872)	(11,271)	(8,804)	(47,387)	(24,676)
Financing activities	(2,753)	(5,514)	(39,890)	(68,009)	(42,643)	(73,523)
Total	<u>18,769</u>	<u>(9,706)</u>	<u>(47,551)</u>	<u>(53,109)</u>	<u>(28,782)</u>	<u>(62,815)</u>

The investing activities of the Hydraulic Sector included €339k associated with the acquisition of equity investments (€36k in 1Q2022). The investing activities of the Water Jetting Sector included €6,930k associated with the acquisition of equity investments (€86k in 1Q2022).

The cash flows deriving from the financing activities of the Water-Jetting Sector include proceeds from the sale of treasury shares to the beneficiaries of stock options totaling €442k (€8,017k in 1Q2022). The Water-Jetting Sector did not purchase any treasury shares during 1Q2023 (€49,350k in 1Q2022).

3. Acquisition of investments

On 20 February 2023, 85% of the capital of Indoshell Automotive System India P.L., now IPG Mouldtech Invia Pvt Ltd., was purchased from Indoshell Mould Limited, an Indian group specialized in the casting of ferrous and non-ferrous metals (cast iron and aluminum).

Solely for accounting purposes, 31 March 2023 was designated as the acquisition date, there being no significant differences between then and the actual acquisition date.

The provisional purchase price allocation at 31 March 2023 is presented below.

€/000	Amounts acquired	Adjustments to fair value	Carrying values in the acquiring company
Cash and cash equivalents	644	-	644
Trade receivables	4	-	4
Inventories	150	-	150
Tax receivables	514	-	514
Other current assets	1,995	-	1,995
Property, plant and equipment	3,102	-	3,102
Other intangible assets	1	-	1
Other financial fixed assets	1	-	1
Other non-current assets	489	-	489
Trade payables	(813)	-	(813)
Payables to banks	-	-	-
Tax liabilities	(354)	-	(354)
Other current liabilities	(900)	-	(900)
Leasing payables	-	-	-
Deferred tax liabilities	(535)	-	(535)
Provision for risks and charges	-	-	-
Other medium/long-term liabilities	(23)	-	(23)
Net assets acquired	<u>4,275</u>	-	<u>4,275</u>
Goodwill related to the acquisition			5,160
Total net assets acquired			<u>9,435</u>
Total amount paid in cash			7,785
Amount paid by assigning treasury shares			-
Amount payable			<u>1,650</u>
Total acquisition cost (A)			<u>9,435</u>
Net financial position acquired (B)			(644)
Total amount paid in cash			7,785
Amount payable			<u>1,650</u>
Total change in net financial position			<u>8,791</u>
Capital employed (A) - (B)			<u>8,791</u>

The transaction was recorded using the acquisition method.

The goodwill was allocated in full to the Hydraulic CGU and is not relevant for tax purposes.

4. Inventories and detail of changes in the Inventories allowance

	31/03/2023	31/12/2022
	€/000	€/000
Inventories, gross value	752,258	730,568
Inventory allowance	<u>(47,016)</u>	<u>(46,749)</u>
Inventories	<u>705,242</u>	<u>683,819</u>

Changes in the inventory allowance were as follows:

	1Q 2023	Year 2022
	€/000	€/000
Opening balances	46,749	42,757
Exchange rate difference	(358)	376
Change in consolidation basis	-	2,278
Provisions for the period	716	5,380
Releases in the year to cover losses	(90)	(3,599)
Release of excess provisions in the period	<u>(1)</u>	<u>(443)</u>
Closing balance	<u>47,016</u>	<u>46,749</u>

5. Property, plant and equipment

Purchases and disposals

In 1Q2023 Interpump Group acquired assets for €48,501k, of which €4,136k through the acquisition of equity investments (€25,421k, net, in 1Q2022). Assets with a net carrying amount of €1,621k were divested in 1Q2023 (€2.082k in 1Q2022). The divested assets generated a net capital gain of €1,198k (€1,821k in 1Q2022).

Contractual commitments

At 31 March 2023 the Group has contractual commitments for the purchase of property, plant and equipment totaling €5,752k (€7,210k at 31 March 2022).

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 €55,594k, since the nominal value of purchased treasury shares, net of those sold, has been deducted from share capital in compliance with the reference accounting standards. At 31 March 2023 Interpump Group S.p.A. holds 1,972,363 treasury shares, representing 1.812% of share capital, acquired at an average unit cost of EUR 38.7871.

Treasury shares purchased

The amount of the treasury shares held by Interpump Group S.p.A. is recorded in an equity reserve. Interpump Group did not purchase any treasury shares during 1Q2023 (990,000 treasury shares for €49,350k during 1Q2022).

Treasury shares sold

In relation to stock option plans, a total of 15,500 options were exercised during 1Q2023 resulting in the receipt of €442k (622,200 options were exercised in 1Q2022, generating receipts of €8,017k). No treasury shares were transferred in 1Q2023 as payment for equity investments (no such transfers were made in 1Q2022 either).

7. Financial income and charges

The analysis is as follows:

	2023	2022
	€/000	€/000
Financial income		
Interest income from liquid funds	553	102
Interest income from other assets	25	18
Exchange gains	5,294	6,580
Financial income to adjust estimated debt for commitment to purchase residual interests in subsidiaries	-	-
Other financial income	<u>15</u>	<u>24</u>
Total financial income	<u>5,887</u>	<u>6,724</u>
Financial charges		
Interest expense on bank loans	6,171	341
Lease interest expense	750	622
Interest expense on put options	1,033	133
Financial charges to adjust estimated debt for commitment to purchase residual interests in subsidiaries	-	2,809
Foreign exchange losses	8,116	4,988
Other financial charges	<u>64</u>	<u>249</u>
Total financial charges	<u>16,134</u>	<u>9,142</u>
Total financial charges (income), net	<u>10,247</u>	<u>2,418</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>IQ</i>	<u>2023</u>	<u>2022</u>
Consolidated net profit attributable to the owners of the Parent company (€/000)	<u>85,121</u>	<u>65,405</u>
Average number of shares in circulation	106,900,385	106,245,891
Basic earnings per share for the period (€)	<u>0.796</u>	<u>0.616</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:

1Q	2023	2022
Consolidated net profit attributable to the owners of the Parent company (€/000)	<u>85,121</u>	<u>65,405</u>
Average number of shares in circulation	106,900,385	106,245,891
Number of potential shares for stock option plans (*)	<u>467,373</u>	<u>910,214</u>
Average number of shares (diluted)	<u>107,367,758</u>	<u>107,156,105</u>
Earnings per diluted share for the period (€)	<u>0.793</u>	<u>0.610</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 non-consolidated 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 in the Group's consolidated income statements for 1Q2023 and 1Q2022 are shown below:

(€/000)	2023					%
	Consolidated total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties	incidence on F.S. caption
Revenues	592,345	257	-	291	566	0.1%
Cost of sales	380,971	97	-	1,974	2,071	0.5%
Other operating income	10,332	-	-	-	-	0.0%
Distribution expenses	42,191	41	-	211	252	0.6%
G&A expenses	53,640	-	-	170	170	0.3%
Financial income	5,887	-	-	1	1	0.0%
Financial charges	16,127	-	-	146	146	0.9%

(€/000)	2022					%
	Consolidated total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties	incidence on F.S. caption
Revenues	488,680	377	-	151	528	0.1%
Cost of sales	317,955	221	-	1,574	1,795	0.6%
Other operating income	7,554	1	-	-	1	0.0%
Distribution expenses	36,844	9	-	201	210	0.6%
G&A expenses	47,830	-	-	155	155	0.3%
Financial charges	9,142	-	-	97	97	1.1%

Financial charges principally relate to the discounting of the rental payables recognized pursuant to IFRS 16 and to rentals charged by related parties.

The effects on the consolidated statement of financial position at 31 March 2023 and 2022 are shown below:

(€/000)	31 March 2023					
	Consolidated total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties	% incidence on F.S. caption
Trade receivables	478,703	1,461	-	328	1,789	0.4%
Trade payables	315,187	58	-	1,271	1,329	0.4%
Interest-bearing financial payables (current and non-current portions)	1,104,688	-	-	15,566	15,566	1.4%

(€/000)	31 March 2022					
	Consolidated total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties	% incidence on F.S. caption
Trade receivables	399,952	2,100	-	392	2,492	0.6%
Trade payables	293,096	164	-	1,163	1,327	0.5%
Interest-bearing financial payables (current and non-current portions)	810,297	-	-	22,415	22,415	2.8%

Financial payables mainly comprise the lease liability recognized pursuant to IFRS 16 for rentals due to related parties.

Relations with non-consolidated subsidiaries

Relations with non-consolidated subsidiaries are as follows:

(€/000)	Receivables		Revenues	
	<u>31/03/2023</u>	<u>31/03/2022</u>	<u>1Q2023</u>	<u>1Q2022</u>
Interpump Hydraulics Perù	1,220	1,122	96	106
General Pump China Inc.	158	610	10	48
Interpump Hydraulics Russia	<u>83</u>	<u>368</u>	<u>169</u>	<u>224</u>
<i>Total subsidiaries</i>	<u>1,461</u>	<u>2,100</u>	<u>275</u>	<u>378</u>

(€/000)	Payables		Costs	
	<u>31/03/2023</u>	<u>31/03/2022</u>	<u>1Q2023</u>	<u>1Q2022</u>
Interpump Hydraulics Perù	7	59	1	-
General Pump China Inc.	<u>51</u>	<u>105</u>	<u>137</u>	<u>230</u>
<i>Total subsidiaries</i>	<u>58</u>	<u>164</u>	<u>138</u>	<u>230</u>

Relations with associates

The Group does not hold investments in associated companies.

Transactions with other related parties

The 1Q2023 income statement includes consultancy provided by entities associated with Group directors and statutory auditors totaling €12k (€11k in 1Q2022). The consultancy costs were charged to general and administrative expenses. Revenues from sales in 1Q2023 included those made to companies owned by Group shareholders or directors totaling €291k (€151k in 1Q2022). In addition, the cost of sales includes purchases made from companies controlled by minority shareholders or directors of Group companies for €1,874k (€1,453k in 1Q2022).

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 2022.