

Interim Report on Operations for Q3 2024



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
Chairman

Mario Tagliaferri
Statutory Auditor

Mirco Zucca
Statutory Auditor

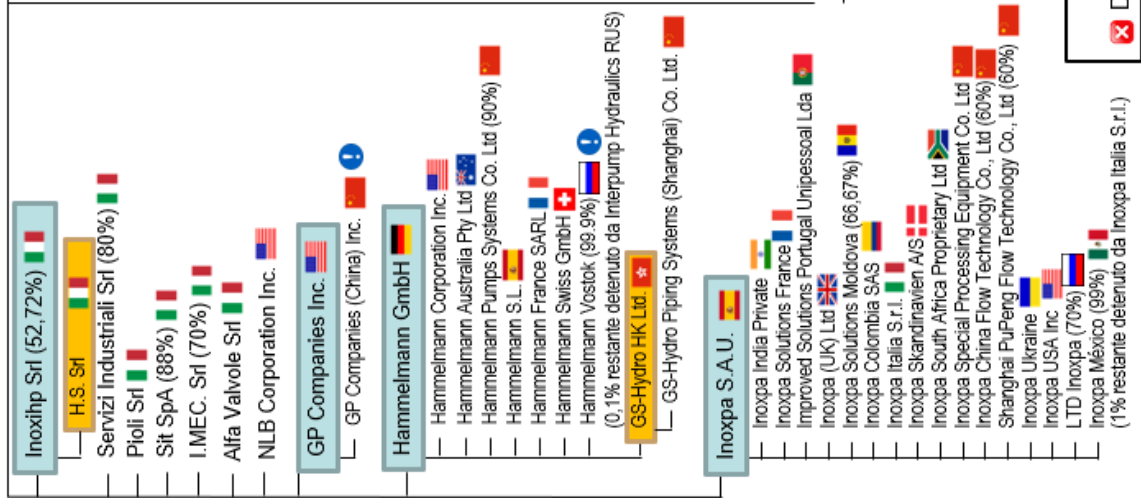
Independent Auditors

PricewaterhouseCoopers S.p.A.

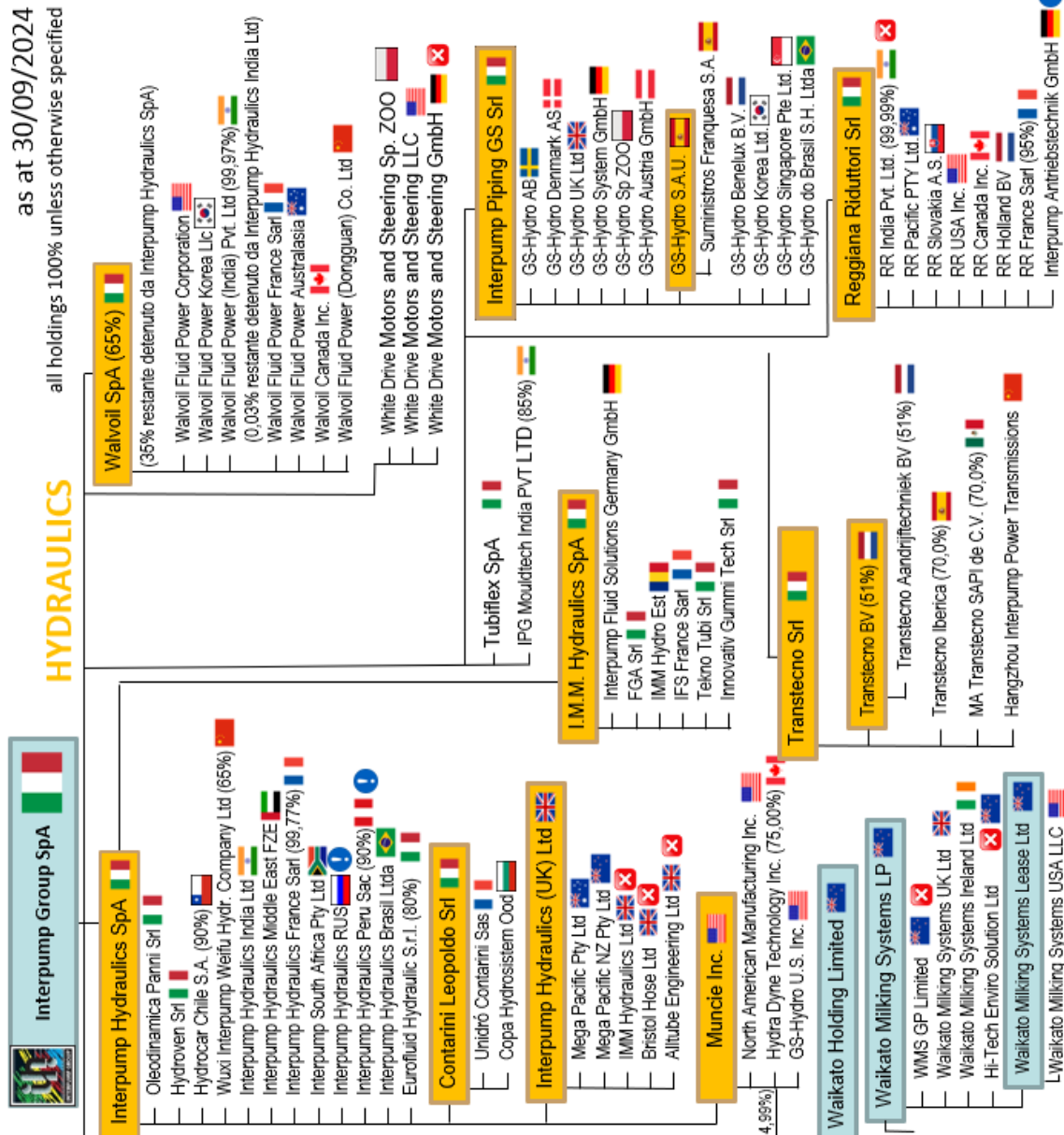
- (a) Member of the Control and Risks Committee*
- (b) Member of the Remuneration Committee and the Nomination Committee*
- (c) Member of the Related Party Transactions Committee*
- (d) Member of the Sustainability Committee*

Group Structure

WATER-JETTING



HYDRAULICS



as at 30/09/2024
all holdings 100% unless otherwise specified

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

Interim Report on Operations

**Directors' remarks on performance
in the first nine months of 2024**

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 Report on Operations 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:** 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 deriving from operating activities and the cash outflow 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 format is deemed to be more representative than its "type of expense" counterpart, which is nevertheless included in the notes to the Annual Financial Report. The chosen form, in fact, complies with the internal reporting and business management methods.

The cash flow statement was prepared using the indirect method.

Consolidated income statement for the first nine months

(€/000)	<u>2024</u>	<u>2023</u>
Revenues	1,588,509	1,720,442
Cost of sales	(1,033,365)	(1,113,270)
Gross profit	555,144	607,172
<i>% of revenues</i>	<i>34.9%</i>	<i>35.3%</i>
Other net revenues	25,934	31,225
Distribution expenses	(129,083)	(125,783)
General and administrative expenses	(169,453)	(161,194)
Other operating costs	(4,870)	(4,431)
EBIT	277,672	346,989
<i>% of revenues</i>	<i>17.5%</i>	<i>20.2%</i>
Financial income	18,851	20,332
Financial expenses	(47,813)	(49,555)
Equity method contribution	225	484
Profit for the period before taxes	248,935	318,250
Income taxes	(68,549)	(77,684)
Consolidated profit for the period	180,386	240,566
<i>% of revenues</i>	<i>11.4%</i>	<i>14.0%</i>
Attributable to:		
Shareholders of Parent	179,304	238,202
Minority shareholders of subsidiaries	1,082	2,364
Consolidated profit for the period	180,386	240,566
EBITDA	363,509	425,639
<i>% of revenues</i>	<i>22.9%</i>	<i>24.7%</i>
Shareholders' equity	1,943,866	1,773,063
Net financial position	441,065	526,138
Debts for the acquisition of equity investments	46,014	75,116
Capital employed	<u>2,430,945</u>	<u>2,374,317</u>
Unannualized ROCE	11.4%	14.6%
Unannualized ROE	9.3%	13.6%
Basic earnings per share	1.676	2.228

SIGNIFICANT EVENTS IN THE FIRST NINE MONTHS

The global economy continued to exhibit moderate but stable growth during the first nine months of 2024, even though future prospects remain clouded by uncertainty caused, not least, by persistent geopolitical tensions in various strategic areas.

On the one hand, geopolitical tensions are fueling doubts about the health of trading conditions, with the risk of heightened protectionist policies in certain countries. On the other, the outcome of political elections in the final quarter might alter current equilibriums, leading to new inflationary pressures and, in response, restrictive monetary policies intended to contain price increases.

Additionally, given persistent troubles in the principal conflict zones, the re-routing of global trade could have a significant impact, with higher shipping costs and extended delivery lead times.

The delays in making the interest-rate cuts flagged by the US Federal Reserve might well have an even greater effect on the economic policies of developing countries, whose markets seem to be more sensitive to rate fluctuations than in the past.

In this context of profound uncertainty, governments are facing higher costs given their need to roll-over public debt at increased interest rates, multinational enterprises are slowing the implementation of their long-term investment projects, and private consumers are lowering their propensity to borrow in view of the high rates offered.

The macroeconomic indicators available for the leading economies indicate that:

- in the Euro area, reference interest rates are continuing to fall (3.65% at the end of September), despite expectations of higher inflation. Growth prospects appear to be stable across the entire area, given sound conditions in the jobs market and lower prices. Furthermore, investment financed by the Next Generation EU program is expected to stimulate economic activity there;
- in the United States, economic activity remains dynamic and, despite a slowdown in Q1 2024, US GDP continues to grow in the wake of healthy household consumption and private investment. Foreign demand is having an adverse influence however, mainly due to the sharp rise in imports. Inflation continues to ease and the Federal Reserve started to relax monetary policy with a rate cut of 50 basis points in September (now 5%), signaling another possible cut after the elections. The euro-dollar exchange rate has continued to fluctuate around 2023 values.
- in China, growth seems to be ahead of forecast, largely due to the buoyancy of manufacturing exports. This overshadows the real estate crisis and the low level of confidence demonstrated by consumers and private investors, as reflected in the weakness of domestic demand and the service sector. Despite this, for the time being, the rate of inflation seems to be very low. The objective for real GDP growth, fixed by the government at “around 5%” for 2024, is expected to be achievable.

OECD forecasts for the current year confirm modest global growth, with the forecast of 3.1% being unchanged with respect to 2023. Overall inflation in the OECD countries should ease gradually to 5.9% in 2024, and then to 3.4% in 2025, edging closer in the leading economies to the objectives set by their central banks.

In this context, with major ongoing disruptions and uncertainties, the Interpump Group continued to generate results during the first nine months 2024 that, although down with respect to those achieved in the same period of 2023, remain significantly positive in terms of revenues, margins and cash generation.

Revenues amounted to € 1,588.5 million, down by 7.7% compared with Q3 2023YTD when they totaled € 1,720.4 million. Analysis by business sector shows that revenues in the Hydraulic Sector fell by 14% with respect to Q3 2023YTD, while those in the Water-Jetting Sector were 10.1% higher.

EBITDA was € 363.5 million (22.9% of revenues). EBITDA in Q3 2023YTD amounted to € 425.6 million (24.7% of revenues).

Notably, the income statement for Q3 2023YTD benefited from non-recurring insurance proceeds of € 9 million. Excluding this effect, EBITDA in Q3 2024YTD was 12.8% lower than the adjusted prior-year comparative amount.

Despite pursuing major investment plans, the Group generated free cash flow of € 156.9 million in Q3 2024YTD, compared with € 100.7 million in Q3 2023YTD.

The net financial position totals € 441.1 million (€ 526.1 million at 30 September 2023), primarily after paying dividends of € 34.4 million and making net investments of € 82.3 million to acquire equity investments and residual minority interests.

Net profit in Q3 2024YTD was € 180.4 million (€ 240.6 million in Q3 2023YTD), down by 25%.

The limited exposure to countries involved in the military conflict in Ukraine is confirmed. Specifically, the Interpump Group earned revenues of € 12.7 million from customers in Russia, Belarus and Ukraine during Q3 2024YTD (€ 16.5 million in Q3 2023YTD), with outstanding receivables at 30 September 2024 of € 2.3 million (€ 1.9 million at the end of the comparative period).

As indicated in the section dedicated to “*Events occurring after the close of the year*” in the report on operations accompanying the Annual Financial Report for 2023, on 31 January 2024 Interpump Group announced the signature of an agreement with PGIM Inc. for a Note Purchase and Private Shelf Agreement (“Shelf Facility”) amounting to US\$ 300 million, and the simultaneous issue, in the form of a US Private Placement, of initial bonds backed by the above facility totaling € 100 million.

In particular, the Shelf Facility agreement grants the Group the right, but not the obligation, to issue bonds totaling a maximum of US\$ 300 million over the next 3 years, on the same contractual conditions as those negotiated initially, with pricing to be determined at the time of each drawdown and a maximum duration of 20 years.

At the same time, senior unsecured bonds totaling € 100 million were issued in a single tranche, with maturity in 10 years (January 2034), an average duration from issue of 8 years, and a six-monthly coupon of 4.17%. These bonds, placed with funds managed by *Pricoa Private Capital* - the private capital division of PGIM Inc, which is the global investment manager of Prudential Financial Inc., a US insurance company - pay a six-monthly coupon at a fixed rate, do not have a rating and will not be listed in regulated markets.

On 27 September 2024, in the context of the mandate to purchase treasury shares granted at the Shareholders’ Meeting held on 26 April 2024, Interpump Group announced the decision to purchase a total of 250,000 treasury shares on the market between 25 September and 23 December 2024, at maximum price of € 44 per share and, therefore, with a maximum total outlay of € 11 million. The dual purpose of this program was to guarantee not only implementation of the share-

based incentive plans arranged in favor of the directors, employees and key collaborators of the Group, but also the disposal and/or exchange of treasury shares, in the context of acquisitions and/or agreements with strategic partners that support the development of the Group.

Compared with Q3 2023YTD, the consolidation perimeter of the Water-Jetting sector has changed as follows:

- on 9 April 2024 the Interpump Group announced the acquisition, via Inoxpa S.A.U., of a 60% equity interest in Process Partner China Co., Ltd. (now Shanghai PuPeng Flow Technology Co., Ltd) and an increase to 60%¹ in its investment in YRP (Shanghai) Flow Technology Co., Ltd. (now Inoxpa China Flow Technology Co., Ltd), both businesses operating in China. Inoxpa China Flow Technology Co., Ltd was founded in 2015 and specializes in the production and sale of plant and complete solutions for the food processing industry, especially dairy. With support from the Inoxpa Group, Shanghai PuPeng Flow Technology Co., Ltd was formed in 2016 to distribute components, valves, pumps and actuators in China, as the exclusive distributor for the Inoxpa Group in the region. Together, the two businesses generated revenues of almost € 11 million in 2023, with an EBITDA margin of about 10%. On the one hand, the Group enters the Chinese plant engineering market via these transactions while, on the other, it expands the opportunities for further market penetration since, following many years of mutual collaboration, the local management team has accumulated comprehensive knowledge of the products concerned. The current shareholders will remain involved in the activities of the acquired companies. The total price paid for the two businesses was € 2.9 million. Both companies have been consolidated on a line-by-line basis from 31 March 2024 and, therefore, have contributed to the consolidated results at 30 September for six months.
- On 3 June 2024 the Interpump Group announced the acquisition of 100% of the capital of Alfa Valvole S.r.l. from IDEX Corporation, a US company. This international player is positioned in the high-end segment of the valves sector, given the quality and services offered to customers. The company absorbed OBL, a specialist in the design and production of volumetric pumps, in 2021 to become a provider of integrated solutions for the movement and management of industrial fluids. The principal reference markets comprise water treatment, mining, Oil&Gas, maritime and rail transportation, food processing and pharmaceuticals. In 2023, the company generated turnover of about € 28 million, with an EBITDA margin of about 26%. The total price agreed for the transaction was € 55.2 million. The company has been consolidated on a line-by-line basis from 31 May 2024 and, therefore, has contributed to the consolidated results at 30 September for four months.
- The Group acquired an additional 8% of SIT S.p.A. during Q1 2024 and now holds an 88% interest in that company.
- Lastly, during Q3 2024 the Group acquired an additional 16.71% of Inoxpa Colombia SAS and now holds the entire equity interest in that company.

¹ Through Inoxpa SAU, the Group already held 10% of YRP (Shanghai) Flow Technology Co.

Compared with Q3 2023YTD, the consolidation perimeter of the Hydraulic sector has changed as follows:

- on 22 April 2024, the Interpump Group announced the acquisition, through Interpump Hydraulics Ltd., of the entire share capital of Alltube Engineering Ltd., a British operator in the hydraulic hoses and fittings sector. Founded in 1986 and backed by decades of design and manufacturing experience, this company specializes in the processing of rigid and flexible hydraulic hoses. The services offered by Alltube include bending, welding, brazing, ring rolling, tube forming, flushing, pressure testing and swaging. In the previous year², the company generated revenues of about € 5 million, with an EBITDA margin of about 15%. The total consideration paid for the transaction was € 2.3 million. Via Alltube, the Group establishes an important presence for the development of the UK market. The company has been consolidated on a line-by-line basis from 30 April 2024 and, therefore, has contributed to the consolidated results at 30 September for 5 months.
- On 11 July 2024, Interpump Group indirectly acquired 100% of H.S S.r.l. via Inoxihp S.r.l., a subsidiary. This company, active in the hydraulic sector, specializes in the design and production of hydraulic systems and circuits known for their high qualitative and manufacturing standards. In 2023, the company generated turnover of about € 4 million. The total price agreed for the transaction was € 0.1 million. The company has been consolidated on a line-by-line basis from 30 June 2024 and, therefore, has contributed to the consolidated results at 30 September for 3 months.
- Reggiana Riduttori (Suzhou) Co. Ltd and Transtecno USA LLC were liquidated during Q1 2024.
- Put options for the remaining 20% interests in Transtecno S.r.l. and Draintech S.r.l. were exercised during Q2 2024, raising Group ownership of both companies from 80% to 100%.
- Lastly, Draintech S.r.l. was absorbed by Transtecno S.r.l. during Q3 2024, with retroactive effect from 1 January 2024.

²Financial year from 1 November 2022 to 31 October 2023

REVENUES

Revenues totaled € 1,588.5 million in Q3 2024YTD, down by 7.7% compared with € 1,720.4 million in the same period of 2023 (-9.6% at unchanged perimeter and -9.4% also net of exchange differences).

Revenues by business sector and geographical area were as follows:

(€/000)	Italy	Rest of Europe	North America	Far East and Pacific Area	Rest of the World	Total
<i>Q3 2024YTD</i>						
Hydraulic	187,120	374,849	307,523	114,527	107,004	1,091,023
Water-Jetting	47,290	174,941	145,232	82,393	47,630	497,486
Total	234,410	549,790	452,755	196,920	154,634	1,588,509
<i>Q3 2023YTD</i>						
Hydraulic	234,495	457,631	341,521	126,871	108,118	1,268,636
Water-Jetting	47,367	162,663	141,901	55,863	44,012	451,806
Total	281,862	620,294	483,422	182,734	152,130	1,720,442
2024/2023 percentage changes						
Hydraulic	-20.2%	-18.1%	-10.0%	-9.7%	-1.0%	-14.0%
Water-Jetting	-0.2%	+7.5%	+2.3%	+47.5%	+8.2%	+10.1%
Total	-16.8%	-11.4%	-6.3%	+7.8%	+1.6%	-7.7%

The changes at constant perimeter are as follows:

2024/2023 percentage changes						
Hydraulic	-20.4%	-18.2%	-10.0%	-9.7%	-1.7%	-14.1%
Water-Jetting	-20.9%	+4.9%	+0.5%	+25.4%	+4.7%	+3.3%
Total	-20.5%	-12.2%	-6.9%	+1.0%	+0.2%	-9.6%

On an organic basis (at constant perimeter and exchange rates), the revenues of the Hydraulic sector contracted by 14% in Q3 2024YTD, while those of the Water-Jetting sector rose by 3.6%.

PROFITABILITY

The cost of sales accounted for 65.1% of revenues (64.7% in Q3 2023YTD).

Production costs, which totaled € 421.9 million (€ 445.5 million in Q3 2023YTD, which however did not include the costs of IPG Mouldtech India Pvt Ltd for 3 months, or of I.mec S.r.l. and the Waikato group for 5 months, or of the new companies acquired during 2024), accounted for 26.6% of revenues (25.9% in the equivalent period of 2023).

At constant perimeter, they absorbed 26.8% of revenues. The purchase cost of raw materials and components sourced on the market, including the change in inventories at constant perimeter, was € 597.2 million (€ 667.7 million in the same period of 2023). On the above basis, purchasing costs absorbed 38.4% of revenues, compared with 38.8% in Q3 2023YTD.

Distribution costs were 0.6% lower at constant perimeter (-0.3% net also of exchange differences) with respect to Q3 2023YTD, with an incidence on revenues of 8% compared with 7.3% in Q3 2023YTD.

Again at constant perimeter, general and administrative expenses were 1.9% higher (+2.0% net also of exchange differences) with respect to Q3 2023YTD, with an incidence on revenues of 10.6% compared with 9.4% in Q3 2023YTD.

Payroll costs totaled € 354.8 million (€ 348.6 million in Q3 2023YTD, which however did not include the costs of IPG Mouldtech India Pvt Ltd for 3 months, or of I.mec S.r.l. and the Waikato group for 5 months, or of the companies acquired in 2024). The average total number of Group employees in Q3 2024YTD was 9,316 (9,221 at unchanged perimeter) compared to 9,295 in Q3 2023YTD. The increase of 21 in average headcount is analyzed as follows: +40 in Europe, -101 in North America and +82 in the Rest of the World.

At unchanged perimeter, payroll costs amounted to € 347.7 million, down by 0.3% due to a 2.1% rise in per capita cost and a decrease in the average headcount by 74 employees.

In addition, the Group employed 1,547 temporary workers (1,557 at unchanged perimeter) during the period, compared with 1,789 in Q3 2023YTD, at a cost of € 22.6 million (€ 22.4 million in Q3 2023YTD).

EBITDA was € 363.5 million (22.9% of revenues) compared with € 425.6 million in Q3 2023YTD, which represented 24.7% of revenues. The following table sets out EBITDA by business sector:

	<i>Q3 2024YTD</i>	<i>% on total</i>	<i>Q3 2023YTD</i>	<i>% on total</i>	<i>Increase/</i>
	<i>€/000</i>	<i>revenues*</i>	<i>€/000</i>	<i>revenues*</i>	<i>Decrease</i>
Hydraulic	231,463	21.2%	298,485	23.5%	-22.5%
Water-Jetting	132,046	26.4%	127,154	27.9%	+3.8%
Total	363,509	22.9%	425,639	24.7%	-14.6%

* = Total revenues include those to Group companies in the other sector, while the revenues 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 revenues rather than on those reported previously.

As stated earlier, Q3 2023YTD benefited from non-recurring insurance proceeds of € 9 million attributable entirely to the Hydraulic sector. Excluding this amount, total EBITDA would have been 12.8% lower, while that of the Hydraulic sector would have been 20.0% lower.

EBIT was € 277.7 million (17.5% of revenues) compared with € 347.0 million in Q3 2023YTD (20.2% of revenues).

The effective tax rate for the period was 27.5% (24.4% in Q3 2023YTD), which however benefited from the reversal of earlier tax provisions, € 6.1 million, after receiving a favorable response from the Tax Authorities to a question posed by the Parent Company, as described in the Report on Operations for Q3 2023. Net of this amount, the tax rate for Q3 2023YTD would have been 26.3%.

Net profit in Q3 2024YTD was € 180.4 million (€ 240.6 million in Q3 2023YTD).

Basic earnings per share declined from € 2.228 in Q3 2023YTD to € 1.676 in Q3 2024YTD.

Capital employed increased from € 2,370.6 million at 31 December 2023 to € 2,430.9 million at 30 September 2024, reflecting continuation of the investment programs and the acquisitions completed during the period.

Unannualized ROCE was 11.4% (14.6% in Q3 2023YTD).

Unannualized ROE was 9.3% (13.6% in Q3 2023YTD).

CASH FLOW

The change in the Net Financial Position breaks down as follows:

	Q3 2024YTD €/000	Q3 2023YTD €/000
Opening net financial position	(486,497)	(541,784)
Adjustment: opening net financial position of companies previously measured using the equity method and now consolidated line by line	-	(1,274)
Adjusted opening net financial position	(486,497)	(543,058)
Liquidity generated by operations	258,974	318,790
Principal portion of leasing installments paid	(14,403)	(15,470)
Cash flow generated (absorbed) by the management of operating capital	(17,906)	(70,302)
Cash flow generated (absorbed) by other current assets and liabilities	28,366	(7,297)
Capital expenditure on tangible fixed assets	(97,567)	(121,774)
Proceeds from the sale of tangible fixed assets	2,454	2,598
Increase in intangible fixed assets	(6,201)	(4,237)
Financial income received	3,632	1,865
Other	(498)	(3,466)
Free cash flow	156,851	100,707
Net acquisition of investments, including received debt and net of treasury shares assigned	(82,327)	(57,383)
Dividends paid	(34,352)	(34,435)
Disbursements for purchase of treasury shares	(1,640)	-
Proceeds from the sale of treasury shares to stock option beneficiaries	57	2,104
Principal portion of leasing installments paid	14,403	15,470
Principal portion of new leasing contracts arranged	(7,814)	(8,867)
Restatement and early redemption of leasing contracts	1,448	1,199
Change in other financial assets	(397)	(393)
Net cash generated (used)	46,229	18,402
Exchange differences	(797)	(1,482)
Closing net financial position	(441,065)	(526,138)

Net liquidity generated by operating activities totaled € 259.0 million (€ 318.8 million in Q3 2023YTD). Free cash flow increased markedly to € 156.9 million (€ 100.7 million in Q3 2023YTD), up 55.7%, despite ongoing major planned investments and assisted by the reduction in working capital absorption.

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

	30/09/2024	31/12/2023	30/09/2023	01/01/2023
	€/000	€/000	€/000	€/000
Cash and cash equivalents	378,628	334,483	348,982	358,275
Bank debts (advances and STC amounts)	(40,036)	(52,469)	(37,623)	(30,928)
Interest-bearing financial debts (current portion)	(250,288)	(264,911)	(260,277)	(288,456)
Interest-bearing financial debts (non-current portion)	(529,369)	(503,600)	(577,220)	(580,675)
<i>Net financial position</i>	<i>(441,065)</i>	<i>(486,497)</i>	<i>(526,138)</i>	<i>(541,784)</i>
Commitments for the purchase of equity investments (current portion)	(3,927)	(38,354)	(36,724)	(844)
Commitments for the purchase of equity investments (non-current portion)	(42,087)	(42,810)	(38,392)	(61,968)
Total net indebtedness	(487,079)	(567,661)	(601,254)	(604,596)

CAPITAL EXPENDITURE

Expenditure on property, plant and equipment totaled € 111.2 million, of which € 5.2 million through the acquisition of equity investments (€ 154.6 million in the first nine months of 2023, of which € 11 million through the acquisition of equity investments). The additions are analyzed in the following table.

€/000	<i>Q3</i> 2024YTD €/000	<i>Q3</i> 2023YTD €/000
Increases for the purchase of fixed assets used in the production process	88,097	122,734
Increases for machinery rented to customers	10,095	11,855
Leased assets	7,814	8,867
<i>Capex</i>	<i>106,006</i>	<i>143,456</i>
Increases through the acquisition of equity investments	5,224	11,136
Total increases in the period	111,230	154,592

The increases in 2024 include € 44 million invested in land and buildings (€ 43.9 million in Q3 2023YTD).

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

The increase in intangible fixed assets by € 13.5 million (€ 17.5 million in Q3 2023YTD) included € 7 million on the acquisition of equity investments (€ 13 million in Q3 2023YTD) and the resulting recognition in the consolidated financial statements, as part of the purchase price allocation process, of the I.mec S.r.l. and Alfa Valvole S.r.l. brand names.

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 Italian Legislative 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. Lastly, on 4 August 2023 the Board of Directors approved a new version of the procedure that reflects the latest regulatory changes, of a minor nature, made since the amendments mentioned above. The new version can be found in the Corporate Governance section of the Interpump website (www.interpumpgroup.it).

Information on transactions with related parties is given in Note 10 of the Interim Report on Operations at 30 September 2024.

CHANGES IN GROUP STRUCTURE DURING Q3 2024YTD

As described earlier, the consolidation perimeter has changed as follows since 31 December 2023:

Water-Jetting sector:

- The newly-acquired YRP (Shanghai) Flow Technology Co., Ltd. (now Inoxpa China Flow Technology Co., Ltd) and Process Partner China Co., Ltd (now Shanghai PuPeng Flow Technology Co., Ltd.) have been consolidated from 31 March 2024;
- The Group acquired an additional 8% of SIT S.p.A. during Q1 2024 and now holds an 88% interest in that company;
- The newly-acquired Alfa Valvole S.r.l. has been consolidated from 31 May 2024;
- Lastly, during Q3 2024 the Group acquired an additional 16.71% of Inoxpa Colombia SAS and now holds the entire equity interest in that company.

Hydraulic sector:

- Reggiana Riduttori (Suzhou) Co. Ltd and Transtecno USA LLC were liquidated during Q1 2024;
- The newly-acquired Alltube Engineering Ltd. has been consolidated on a line-by-line basis with effect from 30 April 2024;
- Put and call options for the residual 20% interests in Transtecno S.r.l. and Draintech S.r.l. were exercised during Q2 2024, raising Group ownership of both companies from 80% to 100%;
- The newly-acquired H.S S.r.l. has been consolidated from 1 July 2024;
- Lastly, Draintech S.r.l. was absorbed by Transtecno S.r.l. during Q3 2024, with retroactive effect from 1 January 2024.

EVENTS OCCURRING AFTER THE CLOSE OF Q3 2024YTD

No atypical or unusual transactions have been carried out subsequent to 30 September 2024 that would call for changes to the consolidated financial statements at 30 September 2024.

The treasury share purchase program was completed on 18 October 2024. Announced to the market on 27 September 2024, following authorization at the Shareholders' Meeting held on 26 April 2024, this program resulted in the purchase of 250,000 treasury shares (including 39,000 shares purchased in Q3 2024³) at an average price of € 41.3496 each, with a total outlay of € 10.3 million.

On 24 October, Interpump Group informed the market about the signing of a binding contract to purchase 59% of the capital of Hidrover Equipamentos Hidraulicos Ltda, via Interpump Hydraulics Brasil Ltda. This company is active in the hydraulic cylinders sector, with a focus on the construction and agricultural markets. The consideration for this transaction has been established and “put and call” mechanisms have already been defined so that, in future, the Group will be able to acquire the remaining equity interest.

³ See note 7 “Shareholders' equity”.

**Directors' remarks on performance
in Q3 2024**

Q3 consolidated income statement

(€/000)	2024	2023
Revenues	492,805	535,908
Cost of sales	(321,017)	(347,768)
Gross profit	171,788	188,140
<i>% of revenues</i>	<i>34.9%</i>	<i>35.1%</i>
Other net revenues	8,727	8,525
Distribution expenses	(41,809)	(40,417)
General and administrative expenses	(54,845)	(51,835)
Other operating costs	(1,517)	(1,409)
EBIT	82,344	103,004
<i>% of revenues</i>	<i>16.7%</i>	<i>19.2%</i>
Financial income	4,652	7,382
Financial expenses	(17,273)	(14,036)
Equity method contribution	71	155
Profit for the period before taxes	69,794	96,505
Income taxes	(19,460)	(24,393)
Consolidated profit for the period	50,334	72,112
<i>% of revenues</i>	<i>10.2%</i>	<i>13.5%</i>
Attributable to:		
Shareholders of Parent	49,957	71,623
Minority shareholders of subsidiaries	377	489
Consolidated profit for the period	50,334	72,112
EBITDA	111,545	130,289
<i>% of revenues</i>	<i>22.6%</i>	<i>24.3%</i>
Shareholders' equity	1,943,866	1,773,063
Net financial position	441,065	526,138
Debts for the acquisition of equity investments	46,014	75,166
Capital employed	2,430,945	2,374,317
Unannualized ROCE	3.4%	4.3%
Unannualized ROE	2.6%	4.1%
Basic earnings per share	0.467	0.670

REVENUES

Revenues in Q3 2024 totaled € 492.8 million, down by 8.0% compared with € 535.9 million in Q3 2023 (-9.8% at constant perimeter and -9.4% also net of exchange differences).

Net sales in Q3 are analyzed below by business sector and geographical area:

(€/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>
<i>Q3 2024</i>						
Hydraulic	50,165	109,889	89,673	36,626	33,179	319,532
Water-Jetting	16,267	56,463	46,386	36,122	18,035	173,273
Total	66,432	166,352	136,059	72,748	51,214	492,805
<i>Q3 2023</i>						
Hydraulic	65,830	134,705	108,618	36,942	37,799	383,894
Water-Jetting	15,009	51,665	48,253	22,451	14,636	152,014
Total	80,839	186,370	156,871	59,393	52,435	535,908
2024/2023 percentage changes						
Hydraulic	-23.8%	-18.4%	-17.4%	-0.9%	-12.2%	-16.8%
Water-Jetting	+8.4%	+9.3%	-3.9%	+60.9%	+23.2%	+14.0%
Total	-17.8%	-10.7%	-13.3%	+22.5%	-2.3%	-8.0%

The changes at constant perimeter are as follows:

2024/2023 percentage changes						
Hydraulic	-25.0%	-18.4%	-17.6%	-0.9%	-12.2%	-17.0%
Water-Jetting	-17.1%	+6.0%	-4.0%	+50.6%	+19.5%	+8.4%
Total	-23.5%	-11.7%	-13.4%	+18.6%	-3.4%	-9.8%

On an organic basis (at constant perimeter and exchange rates), the revenues of the Hydraulic sector contracted by 16.6% in Q3 2024, while those of the Water-Jetting sector rose by 8.6%.

PROFITABILITY

The cost of sales accounted for 65.1% of revenues (64.9% in Q3 2023). Production costs, which totaled € 131.3 million (€ 141.2 million in Q3 2023, which however did not include the costs of IPG Mouldtech India Pvt Ltd for 3 months, or of I.mec S.r.l. and the Waikato group for 5 months, or of the new companies acquired during 2024), accounted for 26.7% of revenues (26.3% in the equivalent period of 2023). At unchanged perimeter, production costs in Q3 2024 were 26.9% of sales (-7.9% compared with the same period in 2023). The purchase cost of raw materials and components sourced on the market, including the change in inventories at constant perimeter, was € 185.7 million (€ 206.6 million in the same period of 2023). The incidence of purchase costs, including changes in inventories, was 38.4% (38.5% in Q3 2023).

At constant perimeter, distribution costs rose by 1.2% with respect to Q3 2023, with an incidence on revenues in excess of 1 percentage point.

Again at constant perimeter, general and administrative expenses rose by 3.4% with respect to Q3 2023, with an incidence on revenues in excess of 1.4 percentage points.

EBITDA totaled € 111.5 million (22.6% of revenues) compared to € 130.3 million in Q3 2023, reflecting a decrease of 14.4%.

The following table sets out EBITDA by business sector:

	<i>Q3 2024</i> <i>€/000</i>	<i>% on total</i> <i>revenues*</i>	<i>Q3 2023</i> <i>€/000</i>	<i>% on total</i> <i>revenues*</i>	<i>Increase/ Decrease</i>
Hydraulic	64,851	20.3%	86,775	22.6%	-25.3%
Water-Jetting	46,694	26.8%	43,514	28.4%	+7.3%
Total	111,545	22.6%	130,289	24.3%	-14.4%

* = Total revenues include those to Group companies in the other sector, while the revenues 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 revenues rather than on those reported previously.

EBIT amounted to € 82.3 million (16.7% of revenues) compared with € 103.0 million in Q3 2023 (19.2% of revenues).

The third quarter closed with a consolidated net profit of € 50.3 million (€ 72.1 million in Q3 2023).

Basic earnings per share were € 0.467, compared to € 0.670 in Q3 2023.

BUSINESS OUTLOOK

The complexity of the operating environment experienced in the early part of the year continues to affect various markets of the Hydraulic division, while more reassuring trends in the Water-Jetting division help to improve the overall results. As a consequence, considering 2024 as a whole and absent unlikely shake-ups in the near future, the Group forecasts a modest contraction in turnover, in the high single digits on an organic basis, while EBITDA performance should remain excellent at 22.5-23% of turnover.

Sant’Ilario d’Enza (RE), 14 November 2024

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), 14 November 2024

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>30/09/2024</u>	<u>31/12/2023</u>
ASSETS				
Current assets				
Cash and cash equivalents			378,628	334,483
Trade receivables			397,111	414,787
Inventories	4		703,899	696,428
Tax receivables			48,618	46,306
Other current assets			34,811	27,693
Total current assets			<u>1,563,067</u>	<u>1,519,697</u>
Non-current assets				
Property, plant and equipment	5		811,024	785,911
Goodwill	1		814,706	784,571
Other intangible fixed assets			74,965	70,773
Other financial assets			3,580	3,293
Tax receivables			3,124	4,297
Deferred tax assets			43,327	72,509
Other non-current assets			2,752	2,912
Total non-current assets			<u>1,753,478</u>	<u>1,724,266</u>
Assets held for sale			-	-
Total assets			<u>3,316,545</u>	<u>3,243,963</u>

(€/000)	<u>Notes</u>	<u>30/09/2024</u>	<u>31/12/2023</u>
LIABILITIES			
Current liabilities			
Trade payables		220,170	262,941
Bank debts		40,036	52,469
Interest-bearing financial debts (current portion)		250,288	264,911
Tax liabilities		44,602	39,323
Other current liabilities		154,918	159,029
Provisions for risks and charges		8,567	8,525
Total current liabilities		718,581	787,198
Non-current liabilities			
Interest-bearing financial debts		529,369	503,600
Liabilities for employee benefits		22,120	21,061
Deferred tax liabilities		30,498	54,524
Tax liabilities		164	331
Other non-current liabilities		59,046	60,990
Provisions for risks and charges		12,901	13,355
Total non-current liabilities		654,098	653,861
Total liabilities		1,372,679	1,441,059
SHAREHOLDERS' EQUITY	7		
Share capital		55,605	55,625
Legal reserve		11,323	11,323
Share premium reserve		49,321	46,938
Remeasurement reserve for defined benefit plans		(5,945)	(5,922)
Translation reserve		3,799	11,850
Other reserves		1,819,028	1,673,764
Group shareholders' equity		1,933,131	1,793,578
Non-controlling interests		10,735	9,326
Total shareholders' equity		1,943,866	1,802,904
Total shareholders' equity and liabilities		3,316,545	3,243,963

Consolidated income statement for the first nine months

(€/000)	<i>Note s</i>	<i>2024</i>	<i>2023</i>
Revenues		1,588,509	1,720,442
Cost of sales		(1,033,365)	(1,113,270)
Gross profit		555,144	607,172
Other net revenues		25,934	31,225
Distribution expenses		(129,083)	(125,783)
General and administrative expenses		(169,453)	(161,194)
Other operating costs		(4,870)	(4,431)
EBIT		277,672	346,989
Financial income	8	18,851	20,332
Financial expenses	8	(47,813)	(49,555)
Equity method contribution		225	484
Profit for the period before taxes		248,935	318,250
Income taxes		(68,549)	(77,684)
Consolidated profit for the period		180,386	240,566
Attributable to:			
Shareholders of Parent		179,304	238,202
Minority shareholders of subsidiaries		1,082	2,364
Consolidated profit for the period		180,386	240,566
Basic earnings per share	9	1.676	2.228
Diluted earnings per share	9	1.673	2.219

Comprehensive consolidated income statement for the first nine months

(€/000)	<u>2024</u>	<u>2023</u>
Consolidated profit (A)	180,386	240,566
Other comprehensive income (losses) which will subsequently be reclassified to consolidated profit		
<i>Gains (losses) on translating the financial statements of foreign companies</i>	(8,159)	841
<i>Gains (losses) from companies accounted for using the equity method</i>	(152)	(316)
<i>Applicable taxes</i>	-	-
Total other consolidated income (losses) which will subsequently be reclassified to consolidated profit, net of the tax effect (B)	(8,311)	525
<i>Profit (Loss) deriving from the remeasurement of defined benefit plans</i>	(30)	-
<i>Applicable taxes</i>	7	-
Total other comprehensive profit (loss) that will not be subsequently reclassified to consolidated profit (C)	(23)	-
Comprehensive consolidated profit for the period (A)+(B)+(C)	172,052	241,091
Attributable to:		
Shareholders of Parent	171,253	239,326
Minority shareholders of subsidiaries	799	1,765
Comprehensive consolidated profit for the period	<u>172,052</u>	<u>241,091</u>

Consolidated cash flow statement for the first nine months

(€/000)	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Profit before taxes	248,935	318,250
Adjustments for non-cash items:		
Losses (gains) on the sale of fixed assets	(4,381)	(3,238)
Amortization and depreciation	82,909	76,188
Costs recognized in the income statement relative to stock options . that do not involve monetary outflows for the Group	3,946	3,934
Losses (profits) from equity investments	(225)	(484)
Net change in risk provisions and allocations to employee benefit provisions	(896)	4,052
Expenditures for tangible fixed assets to be leased	(10,091)	(11,981)
Proceeds from the disposal of leased tangible fixed assets	8,848	5,362
Net financial expenses (revenues)	28,962	29,223
	358,204	413,202
(Increase) decrease in trade receivables and other current assets	21,257	(9,588)
(Increase) decrease in inventories	(2,543)	(28,581)
Increase (decrease) in trade payables and other current liabilities	(8,254)	(39,430)
Interest paid	(31,333)	(21,911)
Realized exchange differences	435	(3,038)
Taxes paid	(68,332)	(69,463)
Net cash from operating activities	269,434	241,191
Cash flows from investing activities		
Payments for the purchase of equity investments, net of cash received and net of treasury shares assigned	(79,575)	(40,790)
Capital expenditure on property, plant and equipment	(97,567)	(121,774)
Proceeds from the sale of tangible fixed assets	2,454	2,598
Increase in intangible fixed assets	(6,201)	(4,237)
Financial income received	3,632	1,865
Other	(1,039)	(55)
Net cash (used in) investing activities	(178,296)	(162,393)
Cash flows from financing activities		
Disbursals (repayments) of loans and bonds	18,210	(44,863)
Dividends paid	(34,352)	(34,435)
Disbursements for purchase of treasury shares	(1,640)	-
Proceeds from the sale of treasury shares to stock option beneficiaries	57	2,104
Disbursals (repayments) of shareholder loans	(378)	(567)
Change in other financial assets	(397)	(393)
Payment of finance lease installments (principal)	(14,403)	(15,470)
Net cash generated by (used in) financing activities	(32,903)	(93,624)
Net increase (decrease) in cash and cash equivalents	58,235	(14,826)

(€/000)	<u>2024</u>	<u>2023</u>
Net increase (decrease) in cash and cash equivalents	58,235	(14,826)
Translation differences for cash held by non-EU companies	(1,657)	(1,162)
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	282,014	327,347
Cash and cash equivalents at the end of the period	338,592	311,359

Cash and cash equivalents consist of the following:

	30/09/2024 €/000	31/12/2023 €/000
Cash and cash equivalents as per the consolidated statement of financial position	378,628	334,483
Bank debts (overdrafts and subject-to-collection advances)	(40,036)	(52,469)
Cash and cash equivalents as per the consolidated cash flow statement	338,592	282,014

Consolidated statement of changes in shareholders' equity

	Share capital	Legal reserve	Share premium reserve	Remeasurement reserve for defined benefit plans	Translation reserve	Other reserves	Group shareholders' equity	Non- controlling interests	Total
<i>At 1 January 2023</i>	55,584	11,323	39,444	(5,320)	18,379	1,434,138	1,553,548	12,562	1,566,110
Charge to the income statement of fair value of stock options granted and exercisable	-	-	3,934	-	-	-	3,934	-	3,934
Sale of treasury shares to stock option beneficiaries	38	-	2,066	-	-	-	2,104	-	2,104
Purchase of residual interests in subsidiaries	-	-	-	-	-	(2,569)	(2,569)	(3,431)	(6,000)
Dividends paid	-	-	-	-	-	(32,074)	(32,074)	(2,102)	(34,176)
Comprehensive profit (loss) for the first nine months of 2023	-	-	-	-	1,124	238,202	239,326	1,765	241,091
<i>Balances at 30 September 2023</i>	55,622	11,323	45,444	(5,320)	19,503	1,637,697	1,764,269	8,794	1,773,063
Charge to the income statement of fair value of stock options granted and exercisable	-	-	1,355	-	-	-	1,355	-	1,355
Sale of treasury shares to stock option beneficiaries	3	-	139	-	-	-	142	-	142
Dividends paid	-	-	-	-	-	-	-	(349)	(349)
Comprehensive profit (loss) for Q4 2023	-	-	-	(602)	(7,653)	36,067	27,812	881	28,693
<i>At 31 December 2023</i>	55,625	11,323	46,938	(5,922)	11,850	1,673,764	1,793,578	9,326	1,802,904
Charge to the income statement of fair value of stock options granted and exercisable	-	-	3,946	-	-	-	3,946	-	3,946
Purchase of treasury shares	(20)	-	(1,620)	-	-	-	(1,640)	-	(1,640)
Sale of treasury shares to stock option beneficiaries	-	-	57	-	-	-	57	-	57
Change in consolidation perimeter	-	-	-	-	-	-	-	1,553	1,553
Purchase of residual interests in subsidiaries	-	-	-	(23)	-	191	168	(440)	(272)
Dividends paid	-	-	-	-	-	(34,003)	(34,003)	(355)	(34,358)
Dividends resolved	-	-	-	-	-	(228)	(228)	(148)	(376)
Comprehensive profit (loss) for the first nine months of 2024	-	-	-	-	(8,051)	179,304	171,253	799	172,052
<i>Balances at 30 September 2024</i>	55,605	11,323	49,321	(5,945)	3,799	1,819,028	1,933,131	10,735	1,943,866

Q3 consolidated income statement

(€/000)		<u>2024</u>	<u>2023</u>
Revenues		492,805	535,908
Cost of sales		(321,017)	(347,768)
Gross profit		171,788	188,140
Other net revenues		8,727	8,525
Distribution expenses		(41,809)	(40,417)
General and administrative expenses		(54,845)	(51,835)
Other operating costs		(1,517)	(1,409)
EBIT		82,344	103,004
Financial income	8	4,652	7,382
Financial expenses	8	(17,273)	(14,036)
Equity method contribution		71	155
Profit for the period before taxes		69,794	96,505
Income taxes		(19,460)	(24,393)
Consolidated profit for the period		50,334	72,112
Attributable to:			
Shareholders of Parent		49,957	71,623
Minority shareholders of subsidiaries		377	489
Consolidated profit for the period		50,334	72,112
Basic earnings per share	9	0.467	0.670
Diluted earnings per share	9	0.467	0.667

Q3 comprehensive consolidated income statement

(€/000)	<u>2024</u>	<u>2023</u>
Consolidated profit (A)	50,334	72,112
Other comprehensive income (losses) which will subsequently be reclassified to consolidated profit		
<i>Gains (losses) on translating the financial statements of foreign companies</i>	(24,185)	3,175
<i>Gains (losses) from companies accounted for using the equity method</i>	(152)	(55)
<i>Applicable taxes</i>	-	-
Total other consolidated income (losses) which will subsequently be reclassified to consolidated profit, net of the tax effect (B)	(24,337)	3,120
<i>Profit (Loss) deriving from the remeasurement of defined benefit plans</i>	-	-
<i>Applicable taxes</i>	-	-
Total other comprehensive profit (loss) that will not be subsequently reclassified to consolidated profit (C)	-	-
Comprehensive consolidated profit for the period (A)+(B)+(C)	25,997	75,232
Attributable to:		
Shareholders of Parent	25,986	74,622
Minority shareholders of subsidiaries	11	610
Comprehensive consolidated profit for the period	<u>25,997</u>	<u>75,232</u>

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, machines for the food processing industry, chemicals, cosmetics, pharmaceuticals, mechanical sifters and automated milking systems (Water-Jetting sector), power take-offs, gear pumps, hydraulic cylinders, valves and directional controls, hydraulic hoses and fittings, gears, orbital motors, steering systems (hydroguide) and other hydraulic components (Hydraulic sector). The Group has production facilities in Italy, the US, Germany, China, India, France, Portugal, Spain, Brazil, Bulgaria, Romania, Canada, Poland, New Zealand 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 30 September 2024 were approved by the Board of Directors today (14 November 2024).

Basis of preparation

The consolidated financial statements at 30 September 2024 were prepared in compliance with the international accounting standards (IAS/IFRS) endorsed by the European Union for interim financial statements (IAS 34). 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 30 September 2024 should be read together with the consolidated financial statements for the year ended 31 December 2023.

The accounting standards and criteria adopted in the consolidated financial statements at 30 September 2024 may conflict with IFRS provisions in force on 31 December 2024, 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 2023, with the exception of those adopted as from 1 January 2024 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 2024 and adopted by the Group

- *Amendments to “IAS 1 - Presentation of Financial Statements”*. The IASB published this amendment on various dates between January 2020 and October 2022, 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 applies to reporting periods beginning on or after 1 January 2024 and must be applied retrospectively.

- *Amendments to IAS 7 - Statement of Cash Flows and IFRS 7 - Financial Instruments*: On 25 May 2023, in response to investor needs, the IASB published an amendment to the related disclosures that improves transparency with regard to financial indebtedness and its effects on financial liabilities, cash flows and the exposure to liquidity risk.

The new amendment applies to reporting periods beginning on or after 1 January 2024.

The adoption of these standards had no significant effects on the financial statements of the Group.

The *International Tax Reform – Pillar Two Model Rules* took effect from 1 January 2024.

In December 2023, Decree 209/2023 (Implementation of international tax reforms) transposed into Italian law the GloBE Model Rules adopted by the European Union in Directive 2022/2523/EU; additionally, on 20 May 2024, the Deputy Minister of the economy and finance published a Decree allowing simplified transitional arrangements for domestic and multinational groups subject to the global minimum tax rules. In the same way, other countries have adopted or are about to adopt the Pillar Two Rules.

Lastly, the enabling Decree containing instructions for the National Minimum Tax (referred to as the *Qualified Minimum Top-up Tax, QDMTT*, in the GloBE Model Rules) was published on 1 July 2024.

As stated in the Annual Financial Report at 31 December 2023, to which reference is made for additional information, the Interpump Group had already made a preliminary assessment of the data relating to the 2022 tax year, which was used by the Ultimate Parent Entity to prepare the Country-by-Country Report (CbCR), in order to check the applicability of the Transitional CbCR Safe Harbor. The same assessment was also made with reference to the data for the 2023 tax year. These analyses did not identify any material impacts for the Interpump Group, had the regulation concerned already been applicable from 2023.

Based on an update of these analyses, carried out in order to prepare this Directors' Report on Operations at 30 September 2024, there are no indications that the global minimum tax will have a significant impact on the Interpump Group during 2024.

b) Accounting standards, amendments and interpretations taking effect as from 1 January 2024 but not relevant for the Group

- *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.

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

- *Amendments to IAS 21 - The effects of changes in foreign exchange rates: lack of exchangeability.* The IASB published an amendment on 15 August 2023 that contains guidelines to clarify when one currency is exchangeable into another currency and how to determine the exchange rate when, by contrast, it is not exchangeable. The new amendment applies to reporting periods beginning on or after 1 January 2025 and early adoption is allowed.
- *IFRS 18 - Presentation and Disclosure in Financial Statements.* On 9 April 2024 the IASB published a new standard that introduces certain important disclosures to be made in the explanatory notes to the financial statements when Management-defined Performance Measures are used. This ensures more transparent and comparable information for investors on the financial results of companies. All companies that adopt IFRS will apply this standard.
The standard will apply to reporting periods beginning on or after 1 January 2027. Early application is allowed.
- *IFRS 19 Subsidiaries without Public Accountability: Disclosures.* On 9 May 2024, the IASB published a new standard for subsidiaries without public accountability, which allows qualifying subsidiaries to apply IFRS with limited disclosures. The application of IFRS 19 will reduce the cost of preparing the financial statements of subsidiaries, while retaining the usefulness of the information provided to the users of their accounts.
The standard will apply to reporting periods beginning on or after 1 January 2027. Early application is allowed.
- *Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments.* On 30 May 2024, the IASB published an Exposure Draft that amends in particular IFRS 9 (Financial Instruments) and IFRS 7 (Financial Instruments: Disclosures), proposing amendments to ensure *inter alia* that the financial statements reflect more fairly the effects that contracts for renewable electricity have on a company. The standard will apply to reporting periods beginning on or after 1 January 2026. Early application is allowed.

The Group is currently assessing the possible impacts of the new standards included in this section.

Notes to the consolidated financial statements at 30 September 2024

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1. Scope of consolidation and goodwill

The scope of consolidation at 30 September 2024 comprises 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</u> <u>at 30/09/2024</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%
H.S Srl (20)	Sulbiate (MB)	99	Hydraulic	100.00%
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 Portugal 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	100.00%
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%
Inoxpa China Flow Technology Co., Ltd (3)	Shanghai (China)	1,536	Water-Jetting	60.00%
Shanghai PuPeng Flow Technology Co.,	Shanghai (China)	1,170	Water-Jetting	60.00%
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	88.00%
Interpump Hydraulics S.p.A.	Calderara di Reno (BO)	2,632	Hydraulic	100.00%
Contarini Leopoldo S.r.l. (4)	Lugo (RA)	47	Hydraulic	100.00%
Unidro Contarini S.a.s. (5)	Barby (France)	8	Hydraulic	100.00%
Copa Hydrosystem Ood (5)	Troyan (Bulgaria)	3	Hydraulic	100.00%
Hydrocar Chile S.A. (4)	Santiago (Chile)	129	Hydraulic	90.00%
Hydroven S.r.l. (4)	Tezze sul Brenta (VI)	200	Hydraulic	100.00%
Interpump Hydraulics Brasil Ltda (4)	Caxia do Sul (Brazil)	15,126	Hydraulic	100.00%
Interpump Hydraulics France S.a.r.l. (4)	Ennery (France)	76	Hydraulic	99.77%
Interpump Hydraulics India Private Ltd (4)	Hosur (India)	682	Hydraulic	100.00%
Interpump Hydraulics Middle East FZE (4)	Dubai (UAE)	326	Hydraulic	100.00%
Interpump South Africa Pty Ltd (4)	Johannesburg (South Africa)	-	Hydraulic	100.00%

Interim Report on Operations at 30 September 2024 – Interpump Group

<i>Company</i>	<i>Location</i>	<i>Share capital €/000</i>	<i>Sector</i>	<i>% held at 30/09/2024</i>
Eurofluid Hydraulic S.r.l. (4)	Albinea (RE)	100	Hydraulic	80.00%
Interpump Hydraulics (UK) Ltd. (4)	Kidderminster (United Kingdom)	13	Hydraulic	100.00%
Alltube Engineering Ltd	Daventry (United Kingdom)	351	Hydraulic	100.00%
Mega Pacific Pty Ltd (6)	Newcastle (Australia)	335	Hydraulic	100.00%
Mega Pacific NZ Pty Ltd (6)	Mount Maunganui (New Zealand)	557	Hydraulic	100.00%
Muncie Power Prod. Inc. (4)	Muncie (USA)	784	Hydraulic	100.00%
North American Manufacturing Inc. (7)	Fairmount (USA)	3,410	Hydraulic	100.00%
Hydra Dyne Tech Inc (7)	Ingersoll (Canada)	80	Hydraulic	89.99%
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%
IFS 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)	Cateau 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)	4,100	Hydraulic	100.00%
Tekno Tubi S.r.l. (8)	Terre del Reno (FE)	100	Hydraulic	100.00%
Tubiflex S.p.A.	Orbassano (TO)	515	Hydraulic	100.00%
Walvoil S.p.A.	Reggio Emilia	7,692	Hydraulic	100.00%
Walvoil Fluid Power Corp. (9)	Tulsa (USA)	137	Hydraulic	100.00%
Walvoil Fluid Power (India) Pvt. Ltd. (9)	Bangalore (India)	4,803	Hydraulic	100.00%
Walvoil Fluid Power Korea Llc. (9)	Pyeongtaek (South Korea)	453	Hydraulic	100.00%
Walvoil Fluid Power France S.a.r.l. (9)	Vritz (France)	10	Hydraulic	100.00%
Walvoil Fluid Power Australasia (9)	Melbourne (Australia)	7	Hydraulic	100.00%
Walvoil Canada Inc. (9)	Terrebonne, Quebec (Canada)	76	Hydraulic	100.00%
Walvoil Fluid Power (Dongguan) Co., Ltd (9)	Dongguan (China)	3,720	Hydraulic	100.00%
IPG Mouldtech India Pvt Ltd (9)	Coimbatore (India)	298	Hydraulic	85.00%
Reggiana Riduttori S.r.l.	S.Polo d'Enza (RE)	6,000	Hydraulic	100.00%
RR USA Inc. (12)	Boothwyn (USA)	1	Hydraulic	100.00%
RR Canada Inc. (12)	Vaughan (Canada)	1	Hydraulic	100.00%
RR Holland BV (12)	Oosterhout (Netherlands)	19	Hydraulic	100.00%
RR France S.a.r.l. (12)	Thouare sur Loire (France)	400	Hydraulic	95.00%
RR Slovakia A.S. (12)	Zvolen (Slovakia)	340	Hydraulic	100.00%
RR Pacific Pty Ltd (12)	Victoria (Australia)	249	Hydraulic	100.00%
RR India Pvt. Ltd (12) (dormant)	New Delhi (India)	52	Hydraulic	99.99%
Transtecno S.r.l.	Anzola dell'Emilia (BO)	100	Hydraulic	100.00%
Draintech S.r.l. (13)	Anzola dell'Emilia (BO)	10	Hydraulic	100.00%
Hangzhou Interpump Power Transmissions Co. Ltd (13)	Hangzhou (China)	575	Hydraulic	100.00%
Transtecno Iberica the Modular Gearmotor S.A. (13)	Gava (Spain)	203	Hydraulic	70.00%
MA Transtecno S.A.P.I. de C.V. (13)	Apodaca (Mexico)	124	Hydraulic	70.00%
Transtecno BV (13)	Amersfoort (Netherlands)	18	Hydraulic	51.00%
Transtecno Aandrijftechniek (Netherlands) (14)	Amersfoort (Netherlands)	-	Hydraulic	51.00%
White Drive Motors and Steering Sp zoo	Wroclaw (Poland)	33,254	Hydraulic	100.00%
White Drive Motors and Steering GmbH	Parchim (Germany)	33,595	Hydraulic	100.00%
White Drive Motors and Steering, LLC	Hopkinsville (USA)	67,920	Hydraulic	100.00%
Interpump Piping GS S.r.l.	Reggio Emilia	10	Hydraulic	100.00%

Interim Report on Operations at 30 September 2024 – Interpump Group

<i>Company</i>	<i>Location</i>	<i>Share capital €/000</i>	<i>Sector</i>	<i>% held at 30/09/2024</i>
GS-Hydro Singapore Pte Ltd (10)	Singapore	624	Hydraulic	100.00%
GS-Hydro Korea Ltd. (10)	Busan (South Korea)	1,892	Hydraulic	100.00%
GS-Hydro Piping Systems (Shanghai) Co. Ltd. (11)	Shanghai (China)	2,760	Hydraulic	100.00%
GS-Hydro Benelux B.V. (10)	Barendrecht (Netherlands)	18	Hydraulic	100.00%
GS-Hydro Austria GmbH (10)	Pashing (Austria)	40	Hydraulic	100.00%
GS-Hydro Sp Z O O (Poland) (10)	Gdynia (Poland)	1,095	Hydraulic	100.00%
GS Hydro Denmark AS (10)	Kolding (Denmark)	67	Hydraulic	100.00%
GS-Hydro S.A.U (Spain) (10)	Las Rozas (Spain)	90	Hydraulic	100.00%
Suministros Franquesa S.A. (16)	Lleida (Spain)	160	Hydraulic	100.00%
GS-Hydro U.S. Inc. (7)	Houston (USA)	9,903	Hydraulic	100.00%
GS-Hydro do Brasil Sistemas Hidraulicos Ltda (10)	Rio de Janeiro (Brazil)	252	Hydraulic	100.00%
GS-Hydro System GmbH (Germany) (10)	Witten (Germany)	179	Hydraulic	100.00%
GS- Hydro UK Ltd (10)	Aberdeen (United Kingdom)	5,095	Hydraulic	100.00%
GS-Hydro Ab (Sweden) (10)	Kista (Sweden)	120	Hydraulic	100.00%
GS-Hydro Hong Kong Ltd (1)	Hong Kong	1	Hydraulic	100.00%
IMM Hydraulics Ltd (dormant) (6)	Kidderminster (United Kingdom)	-	Hydraulic	100.00%
Bristol Hose Ltd (dormant) (6)	Bristol (United Kingdom)	-	Hydraulic	100.00%
Alfa Valvole S.r.l.	Cesorezzo (MI)	1,560	Water-Jetting	100.00%
I.MEC S.r.l	Reggio Emilia	100	Water-Jetting	70.00%
Waikato Holding Limited (NZ)	Auckland (New Zealand)	32,210	Water-Jetting	100.00%
Waikato Milking Systems L.P. (NZ) (17)	Auckland (New Zealand)	46,803	Water-Jetting	100.00%
Waikato Milking Systems Lease Limited (NZ) (18)	Auckland (New Zealand)	-	Water-Jetting	100.00%
Waikato Milking Systems USA LLC (19)	Verona (USA)	-	Water-Jetting	100.00%
Waikato Milking Systems UK Limited (18)	Shrewsbury (United Kingdom)	-	Water-Jetting	100.00%
Waikato Milking Systems Ireland Limited (18)	Dublin (Ireland)	1	Water-Jetting	100.00%
Hi-Tech Enviro Solution Limited (NZ) (dormant) (18)	Auckland (New Zealand)	-	Water-Jetting	100.00%
WMS GP Limited (NZ) (18) (dormant)	Hamilton (New Zealand)	-	Water-Jetting	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 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

(17) = controlled by Waikato Holding Limited

(18) = controlled by Waikato Milking Systems LP

(19) = controlled by Waikato Milking Systems Lease LTD

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

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

The scope of consolidation has changed as follows since 31 December 2023:

Water-Jetting sector:

- The newly-acquired YRP (Shanghai) Flow Technology Co., Ltd. (now Inoxpa China Flow Technology Co., Ltd) and Process Partner China Co., Ltd (now Shanghai PuPeng Flow Technology Co., Ltd.) have been consolidated from 31 March 2024;
- The Group acquired an additional 8% of SIT S.p.A. during Q1 2024 and now holds an 88% interest in that company;
- The newly-acquired Alfa Valvole S.r.l. has been consolidated from 31 May 2024;
- Lastly, during Q3 2024 the Group acquired an additional 16.71% of Inoxpa Colombia SAS and now holds the entire equity interest in that company.

Hydraulic sector:

- Reggiana Riduttori (Suzhou) Co. Ltd and Transtecno USA LLC were liquidated during Q1 2024;
- The newly-acquired Alltube Engineering Ltd. has been consolidated on a line-by-line basis with effect from 30 April 2024;
- Put and call options for the residual 20% interests in Transtecno S.r.l. and Draintech S.r.l. were exercised during Q2 2024, raising Group ownership of both companies from 80% to 100%;
- The newly-acquired H.S S.r.l. has been consolidated from 1 July 2024;
- Lastly, Draintech S.r.l. was absorbed by Transtecno S.r.l. during Q3 2024, with retroactive effect from 1 January 2024.

Rights of minorities to dispose of their holdings (put options)

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.

Rights and obligations of minorities to dispose of their holdings (put & call options)

The minority shareholder of Hydra Dyne Technology Inc. has the right and obligation to dispose of its holdings starting from approval of the 2028 financial statements based on the average of the results for the two years 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 financial year prior to exercise of the option.

The minority quotaholder of I.mec S.r.l. has the right and obligation to dispose of its holdings in two tranches, the first starting sixty days after approval of the 2025 financial statements, and the second starting from approval of the 2027 financial statements.

Obligations of the Group to purchase minority holdings

Interpump Group S.p.A. is required to purchase the residual 20% interest in Servizi Industriali S.r.l. in due tranches, the first starting from approval of the 2024 financial statements, and the second - following new agreements reached with the non-controlling interest during the year - starting from approval of the 2026 financial statements.

In compliance with the requirements of IFRS 10 and IFRS 3, Inoxihp S.r.l., Inoxpa Solution Moldova, Hydra Dyne Technology Inc., Servizi Industriali S.r.l., Eurofluid Hydraulic S.r.l., IPG Mouldtech India Pvt Ltd and I.mec S.r.l. 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 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.

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

The changes in goodwill during the first nine months of 2024 were as follows:

<u>Company:</u>	Balance at 31/12/2023	Increases (Decreases) in the period	Changes due to foreign exchange differences	Balance at 30/09/2024
Water-Jetting	230,092	28,923	(517)	258,498
Hydraulic	554,479	377	1,352	556,208
Total goodwill	784,571	29,300	835	814,706

The increases in Q3 2024YTD reflect the acquisitions of Inoxpa China Flow Technology Co., Ltd, Shanghai PuPeng Flow Technology Co., Ltd, Alltube Engineering Ltd, and Alfa Valvole S.r.l, as well as adjustments to the purchase price allocations made in 2023 and finalized in 2024, while the changes due to foreign exchange differences relate to the goodwill denominated in foreign currencies.

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 revenues.

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, mechanical sifters, automated milking systems and other machines produced mainly for the food processing industry, but 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, 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 (spool valves, controls, etc.) allow the execution of special functions such as lifting tipping bodies, operating truck-mounted cranes and operating mixer trucks. 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 equipment, 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 equipment and in agricultural equipment. The Group also designs and makes piping systems for the industrial, naval and offshore sectors.

Interpump Group business sector information
(Amounts shown in €(000))
Cumulative at 30 September (nine months)

	Hydraulic		Water-Jetting		Elimination entries		Interpump Group	
	2024	2023	2024	2023	2024	2023	2024	2023
Revenues outside the Group	1,091,023	1,268,636	497,486	451,806			1,558,509	1,720,442
Inter-sector revenues	1,973	2,179	3,366	3,987	(5,339)	(6,166)	-	-
Total revenues	1,092,996	1,270,815	500,852	455,793	(5,339)	(6,166)	1,558,509	1,720,442
Cost of sales	(760,950)	(868,879)	(277,782)	(250,589)	5,367	6,198	(1,033,365)	(1,113,270)
Gross profit	332,046	401,936	223,070	205,204	28	32	555,144	607,172
<i>% of revenues</i>	<i>30.4%</i>	<i>31.6%</i>	<i>44.5%</i>	<i>45.0%</i>			<i>34.9%</i>	<i>35.3%</i>
Other net revenues	20,396	26,186	6,136	5,609	(598)	(570)	25,934	31,225
Distribution expenses	(74,508)	(77,053)	(54,780)	(48,947)	205	217	(129,083)	(125,783)
General and administrative expenses	(107,782)	(108,644)	(62,036)	(52,871)	365	321	(169,453)	(161,194)
Other operating costs	(2,900)	(3,583)	(1,970)	(848)	-	-	(4,870)	(4,431)
EBIT	167,252	238,842	110,420	108,147	-	-	277,672	346,989
<i>% of revenues</i>	<i>15.3%</i>	<i>18.8%</i>	<i>22.0%</i>	<i>23.7%</i>			<i>17.5%</i>	<i>20.2%</i>
Financial income	12,000	15,194	8,954	8,423	(2,103)	(3,285)	18,851	20,332
Financial expenses	(20,166)	(26,528)	(29,750)	(26,312)	2,103	3,285	(47,813)	(49,555)
Dividends	-	-	54,750	36,250	(54,750)	(36,250)	-	-
Equity method contribution	264	479	(39)	5	-	-	225	484
Profit for the period before taxes	159,350	227,987	144,335	126,513	(54,750)	(36,250)	248,935	318,250
Income taxes	(42,986)	(59,945)	(25,563)	(17,739)	-	-	(68,549)	(77,684)
Consolidated profit for the period	116,364	168,042	118,772	108,774	(54,750)	(36,250)	180,386	240,566
Attributable to:								
Shareholders of Parent	115,802	166,379	118,252	108,073	(54,750)	(36,250)	179,304	238,202
Minority shareholders of subsidiaries	562	1,663	520	701	-	-	1,082	2,364
Consolidated profit for the period	116,364	168,042	118,772	108,774	(54,750)	(36,250)	180,386	240,566
Further information required by IFRS 8								
Amortization, depreciation and write-downs	62,044	58,043	20,865	18,145	-	-	82,909	76,188
Other non-monetary costs	4,628	3,613	5,056	2,834	-	-	9,684	6,447

Interpump Group business sector information

(Amounts shown in €(000))

Q3

	Hydraulic		Water-Jetting		Elimination entries		Interpump Group	
	2024	2023	2024	2023	2024	2023	2024	2023
Revenues outside the Group	319,532	383,894	173,273	152,014			492,805	535,908
Inter-sector revenues	664	663	821	1,245	(1,485)	(1,908)	-	-
Total revenues	320,196	384,557	174,094	153,259	(1,485)	(1,908)	492,805	535,908
Cost of sales	(225,640)	(266,101)	(96,866)	(83,582)	1,489	1,908	(321,017)	(347,768)
Gross profit	94,556	118,456	77,228	69,677	4	-	171,788	188,140
<i>% of revenues</i>	<i>29.5%</i>	<i>30.8%</i>	<i>44.4%</i>	<i>45.5%</i>			<i>34.9%</i>	<i>35.1%</i>
Other net revenues	7,133	6,711	1,722	1,944	(128)	(130)	8,727	8,525
Distribution expenses	(23,601)	(23,806)	(18,209)	(16,627)	1	16	(41,809)	(40,417)
General and administrative expenses	(34,155)	(33,999)	(20,813)	(17,943)	123	107	(54,845)	(51,835)
Other operating costs	(778)	(1,128)	(739)	(281)	-	-	(1,517)	(1,409)
EBIT	43,155	66,234	39,189	36,770	-	-	82,344	103,004
<i>% of revenues</i>	<i>13.5%</i>	<i>17.2%</i>	<i>22.5%</i>	<i>24.0%</i>			<i>16.7%</i>	<i>19.2%</i>
Financial income	3,154	5,626	2,084	2,963	(586)	(1,207)	4,652	7,382
Financial expenses	(7,442)	(6,229)	(10,417)	(9,014)	586	1,207	(17,273)	(14,036)
Dividends	-	-	8,000	-	(8,000)	-	-	-
Equity method contribution	60	130	11	25	-	-	71	155
Profit for the period before taxes	38,927	65,761	38,867	30,744	(8,000)	-	69,794	96,505
Income taxes	(10,901)	(16,235)	(8,559)	(8,158)	-	-	(19,460)	(24,393)
Consolidated profit for the period	28,026	49,526	30,308	22,586	(8,000)	-	50,334	72,112
Attributable to:								
Shareholders of Parent	27,779	49,297	30,178	22,326	(8,000)	-	49,957	71,623
Minority shareholders of subsidiaries	247	229	130	260	-	-	377	489
Consolidated profit for the period	28,026	49,526	30,308	22,586	(8,000)	-	50,334	72,112
Further information required by IFRS 8								
Amortization, depreciation and write-downs	20,843	20,111	7,127	6,333	-	-	27,970	26,444
Other non-monetary costs	2,070	961	1,776	1,211	-	-	3,846	2,172

Financial position
(Amounts shown in €/000)

	Hydraulic		Water-Jetting		Elimination entries		Interpump Group	
	30 September 2024	31 December 2023	30 September 2024	31 December 2023	30 September 2024	31 December 2023	30 September 2024	31 December 2023
Assets by sector	2,070,737	2,131,325	961,049	859,703	(93,869)	(81,548)	2,937,917	2,909,480
Assets held for sale	-	-	-	-	-	-	-	-
Assets of the sector (A)	2,070,737	2,131,325	961,049	859,703	(93,869)	(81,548)	2,937,917	2,909,480
Cash and cash equivalents							378,628	334,483
Total assets							3,316,545	3,243,963
Liabilities of the sector (B)	388,210	443,088	212,631	177,375	(93,869)	(81,548)	506,972	538,915
Debts for the acquisition of equity investments							46,014	81,164
Bank debts							40,036	52,469
Interest-bearing financial debts							779,657	768,511
Total liabilities							1,372,679	1,441,059
Total assets, net (A-B)	1,682,527	1,688,237	748,418	682,328	-	-	2,430,945	2,370,565
Further information required by IFRS 8								
Equity investments measured using the equity method	1,098	999	532	563	-	-	1,630	1,562
Non-current assets other than financial assets and deferred tax assets	1,225,317	1,215,942	481,254	432,522	-	-	1,706,571	1,648,464

The changes in the consolidation perimeter of the Hydraulic sector during Q3 2024YTD did not generate significant changes in its economic data.

The Q3 YTD and Q3 comparison of the Water-Jetting Sector at constant perimeter is as follows:

	Q3 YTD		Q3	
	2024	2023	2024	2023
Revenues outside the Group	466,878	451,806	164,837	152,014
Inter-sector revenues	3,366	3,987	821	1,245
Total revenues	470,244	455,793	165,658	153,259
Cost of sales	(259,305)	(250,589)	(92,250)	(83,582)
Gross profit	210,939	205,204	73,408	69,677
<i>% of revenues</i>	<i>44.9%</i>	<i>45.0%</i>	<i>44.3%</i>	<i>45.5%</i>
Other net revenues	5,781	5,609	1,607	1,944
Distribution expenses	(50,813)	(48,947)	(17,339)	(16,627)
General and administrative expenses	(57,173)	(52,871)	(19,735)	(17,943)
Other operating costs	(1,634)	(848)	(640)	(281)
EBIT	107,100	108,147	37,301	36,770
<i>% of revenues</i>	<i>22.8%</i>	<i>23.7%</i>	<i>22.5%</i>	<i>24.0%</i>
Financial income	7,871	8,423	2,051	2,963
Financial expenses	(28,753)	(26,312)	(10,384)	(9,014)
Dividends	54,750	36,250	8,000	-
Equity method contribution	(39)	5	11	25
Profit for the period before taxes	140,929	126,513	36,979	30,744
Income taxes	(23,828)	(17,739)	(8,016)	(8,158)
Consolidated profit for the period	117,101	108,774	28,963	22,586
Attributable to:				
Shareholders of Parent	116,656	108,073	28,850	22,326
Minority shareholders of subsidiaries	445	701	113	260
Consolidated profit for the period	117,101	108,774	28,963	22,586

The cash flows by business sector during Q3 YTD were as follows:

€/000	Hydraulic		Water-Jetting		Total	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Cash flows from:						
Operating activities	195,890	192,294	73,544	48,897	269,434	241,191
Investing activities	(80,980)	(108,407)	(97,316)	(53,986)	(178,296)	(162,393)
Financing activities	<u>(60,252)</u>	<u>(46,634)</u>	<u>27,349</u>	<u>(46,990)</u>	<u>(32,903)</u>	<u>(93,624)</u>
Total	54,658	37,253	3,577	(52,079)	58,235	(14,826)

Investing activities in the Hydraulic sector included € 5,773 thousand associated with the acquisition of equity investments (€ 1,231 thousand in Q3 2023YTD). Investing activities in the Water-Jetting sector included € 73,802 thousand associated with the acquisition of equity investments (€ 39,559 thousand in Q3 2023YTD).

The cash flows from the financing activities of the Water-Jetting sector included proceeds from the sale of treasury shares to the beneficiaries of stock options totaling € 57 thousand (€ 2,104 thousand in Q3 2023YTD). The outlays for the purchase of treasury shares amounted to € 1,640 thousand (none in Q3 2023YTD), while dividend payments totaled € 34,155 thousand (€ 32,533 thousand in Q3 2023YTD). The financing activities of the Hydraulic Sector included the payment of dividends to companies in the Water-Jetting Sector totaling € 29,572 thousand (€ 20,027 thousand in Q3 2023YTD).

3. Business combinations

IPG Mouldtech India Pvt Ltd.

On 20 February 2023, 85% of the capital of Indoshell Automotive System India P.L., now IPG Mouldtech India 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). The definitive purchase price allocation was unchanged with respect to the provisional PPA published in the 2023 Annual Financial Report, to which reference is made for further details.

I.mec S.r.l.

On 20 April 2023 Interpump Group announced the acquisition of 70% of the capital of and control over 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 value of this operation has been fixed at approximately € 14 million and “put and call” mechanisms have been defined, through which the counterparties can purchase and sell the remaining 30% in two tranches, the first exercisable from June 2026 and the second from April 2028. The definitive purchase price allocation is presented below:

€/000	Amounts acquired	Adjustment to fair value	Carrying values in the acquiring company
Cash and cash equivalents	2,721	-	2,721
Trade receivables	6,092	-	6,092
Inventories	2,350	-	2,350
Tax receivables	493	-	493
Other current assets	305	-	305
Property, plant and equipment	3,033	-	3,033
Other intangible assets	16	2,286	2,302
Other financial fixed assets	12	-	12
Deferred tax assets	126	-	126
Other non-current assets	67	-	67
Trade payables	(3,126)	-	(3,126)
Bank debts	-	-	-
Tax liabilities	(52)	-	(52)
Other current liabilities	(650)	-	(650)
Lease payables	(2,519)	-	(2,519)
Deferred tax liabilities	(4)	(655)	(659)
Provision for risks and charges	(80)	-	(80)
Employee benefits (severance indemnity provision)	(943)	-	(943)
Net assets acquired	7,841	1,631	9,472
Goodwill related to the acquisition			13,628
Total net assets acquired			23,100

€/000	Amounts acquired	Adjustment to fair value	Carrying values in the acquiring company
Total amount paid in cash			14,000
Amount paid by assigning treasury shares			-
Amount payable			9,100
Total acquisition cost (A)			23,100

Net financial position acquired (B)	(202)
Total amount paid in cash	14,000
Amount payable	9,100
Total change in net financial position	22,898
Capital employed (A) - (B)	22,898

The transaction was accounted for using the acquisition method.

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

Waikato group

On 18 May 2023 Interpump Group announced the acquisition of 100% of the capital of and control over the Waikato group.

With more than 50 years of history, this group leads the automated milking market in New Zealand and Australia. This reflects the constant development and technological innovation that has enabled progression from the design and production of components in the late 1970s, to the current offer of automated and integrated systems.

The definitive purchase price allocation is presented below:

€/000	Amounts acquired	Adjustment to fair value	Carrying values in the acquiring company
Cash and cash equivalents	1,837	-	1,837
Trade receivables	9,200	-	9,200
Inventories	13,009	-	13,009
Tax receivables	159	-	159
Other current assets	1,054	-	1,054
Property, plant and equipment	4,815	-	4,815
Other intangible assets	13,018	-	13,018
Deferred tax assets	728	-	728
Other non-current assets	-	-	-
Trade payables	(4,475)	-	(4,475)
Bank debts	(11,013)	-	(11,013)
Tax liabilities	(134)	-	(134)
Other current liabilities	(3,783)	-	(3,783)
Lease payables	(3,922)	-	(3,922)
Deferred tax liabilities	(2,990)	-	(2,990)
Provision for risks and charges	-	-	-
Employee benefits (severance indemnity provision)	-	-	-
Net assets acquired	17,503	-	17,503

€/000	Amounts acquired	Adjustment to fair value	Carrying values in the acquiring company
Goodwill related to the acquisition			2,726
Total net assets acquired			20,229
Total amount paid in cash			20,229
Amount paid by assigning treasury shares			-
Amount payable			-
Total acquisition cost (A)			20,229
Net financial position acquired (B)			13,098
Total amount paid in cash			20,229
Amount payable			-
Total change in net financial position			33,327
Capital employed (A) - (B)			33,327

The transaction was accounted for using the acquisition method.

The amounts for group companies not resident in the EU were translated using the exchange rates at 31 May 2023.

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

Inoxpa China Flow Technology Co., Ltd

On 9 April 2024 Interpump Group announced the acquisition, via Inoxpa SAU, of a 60%⁴ equity interest in YRP (Shanghai) Flow Technology Co., Ltd. (now Inoxpa China Flow Technology Co., Ltd.). With support from the Inoxpa group, the company was formed in 2016 to distribute components, valves, pumps and actuators in China, as the exclusive distributor for the Inoxpa group in the region. The total value of the transaction was set at about € 1.5 million.

The provisional purchase price allocation is presented below:

€/000	Amounts acquired	Adjustment to fair value	Carrying values in the acquiring company
Cash and cash equivalents	945		945
Trade receivables	798		798
Inventories	802		802
Tax receivables			
Other current assets	399		399
Property, plant and equipment	1,573		1,573
Other intangible fixed assets			
Other financial assets			
Deferred tax assets	109		109
Other non-current assets	47		47
Trade payables	(1,364)		(1,364)
Leasing payables (current portion)	(115)		(115)
Tax liabilities	(6)		(6)
Other current liabilities	(114)		(114)
Provision for risks (non-current portion)			
Leasing payables (non-current portion)	(1,264)		(1,264)
Employee benefits (severance indemnity provision)			
Deferred tax liabilities			
Non-controlling interests	(854)		(854)
Net assets acquired			956
Goodwill related to the acquisition			688
Total net assets acquired			1,644
Total amount paid in cash			1,544
10% interest already held by Inoxpa SAU			100
Payables related to the acquisition of investments			
Total acquisition cost (A)			1,644
Net financial position acquired (B)			434
Total amount paid in cash			1,544
10% interest already held by Inoxpa SAU			100
Amount payable			-
Total change in net financial position			2,078
Capital employed (A) - (B)			2,078

The amounts for the company were translated using the exchange rates at 31 March 2024.

The transaction was accounted for using the acquisition method.

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

⁴ Through Inoxpa SAU, the Group already held 10% of Inoxpa China Flow Technology Co., Ltd.

Since the acquisition date, the company has contributed € 3.6 million to the revenues of the Group, with an insignificant effect on net profit. Had the business combination taken place at the start of 2024, the contribution to Group revenues would have been € 3.8 million, with an insignificant effect on net profit.

Shanghai PuPeng Flow Technology Co., Ltd

On 9 April 2024 Interpump Group announced the acquisition, via Inoxpa SAU, of a 60% equity interest in Process Partner China Co., Ltd., now Shanghai PuPeng Flow Technology Co., Ltd. This company was founded in 2015 and specializes in the production and sale of plant and complete solutions for the food processing industry, especially dairy. The total value of the transaction was set at about € 1.4 million. The provisional purchase price allocation is presented below:

€/000	Amounts acquired	Adjustment to fair value	Carrying values in the acquiring company
Cash and cash equivalents	1,494		1,494
Trade receivables	2,217		2,217
Inventories	134		134
Tax receivables			-
Other current assets	662		662
Property, plant and equipment	129		129
Other intangible fixed assets			-
Other financial assets			-
Deferred tax assets			-
Other non-current assets	2		2
Trade payables	(1,940)		(1,940)
Financial debts to banks - loans (current portion)	(384)		(384)
Leasing payables (current portion)			-
Tax liabilities	(46)		(46)
Other current liabilities	(520)		(520)
Provision for risks (non-current portion)			-
Leasing payables (non-current portion)			-
Employee benefits (severance indemnity provision)			-
Deferred tax liabilities			-
Non-controlling interests	(699)		(699)
Net assets acquired			1,049
Goodwill related to the acquisition			351
Total net assets acquired			1,400
Total amount paid in cash			1,400
Payables related to the acquisition of investments			-
Total acquisition cost (A)			1,400
Net financial position acquired (B)			(1,110)
Total amount paid in cash			1,400
Amount payable			-
Total change in net financial position			290
Capital employed (A) - (B)			290

The amounts for the company were translated using the exchange rates at 31 March 2024. The transaction was accounted for using the acquisition method. The goodwill was allocated in full to the Water-Jetting CGU and is not relevant for tax purposes.

Since the acquisition date, the company has contributed € 2.0 million to the revenues of the Group, with an insignificant effect on net profit. Had the business combination taken place at the start of 2024, the contribution to Group revenues would have been € 3.7 million, with an insignificant effect on net profit.

Alltube Engineering Ltd.

On 22 April 2024, Interpump Group announced the acquisition, through Interpump Hydraulics Ltd., a British subsidiary, of the entire share capital of Alltube Engineering Ltd. Founded in 1986 and backed by decades of design and manufacturing experience, this company specializes in the processing of rigid and flexible hydraulic hoses. In the previous financial year⁵, the company generated turnover of about € 5 million, with an EBITDA margin of about 15%. The total consideration paid for the transaction was € 2.3 million. The provisional purchase price allocation is presented below:

€/000	Amounts acquired	Adjustment to fair value	Carrying values in the acquiring company
Cash and cash equivalents	1,399		1,399
Trade receivables	817		817
Inventories	507		507
Tax receivables			-
Other current assets	41		41
Property, plant and equipment	382		382
Other intangible fixed assets			-
Other financial assets			-
Deferred tax assets			-
Other non-current assets			-
Trade payables	(397)		(397)
Financial debts to banks - loans (current portion)			-
Leasing payables (current portion)			-
Tax liabilities	(378)		(378)
Other current liabilities	(58)		(58)
Provision for risks (non-current portion)			-
Leasing payables (non-current portion)			-
Employee benefits (severance indemnity provision)			-
Deferred tax liabilities	(54)		(54)
Non-controlling interests			-
Net assets acquired			2,259
Goodwill related to the acquisition			377
Total net assets acquired			2,636
Total amount paid in cash			2,636
Payables related to the acquisition of investments			-
Total acquisition cost (A)			2,636
Net financial position acquired (B)			(1,399)
Total amount paid in cash			2,636
Amount payable			-
Total change in net financial position			1,237
Capital employed (A) - (B)			1,237

⁵Financial year from 1 November 2022 to 31 October 2023

The amounts for the company were translated using the exchange rates at 30 April 2024. The transaction was accounted for using the acquisition method. The goodwill was allocated in full to the Hydraulic CGU and is not relevant for tax purposes. Since the acquisition date, the company has contributed € 0.7 million to the revenues of the Group, with an insignificant effect on net profit. Had the business combination taken place at the start of 2024, the contribution to Group revenues would have been € 2.0 million, with an insignificant effect on net profit.

Alfa Valvole S.r.l.

On 3 June 2024 Interpump Group announced the acquisition of 100% of the capital of Alfa Valvole S.r.l. from IDEX Corporation, a US company.

The company is positioned in the high-end segment of the valves sector, given the quality and services offered to customers. Following the absorption of OBL (specialist in the design and production of volumetric pumps) in 2021, the company became a provider of integrated solutions for the movement and management of industrial fluids. In 2023, the company generated turnover of about € 28 million, with an EBITDA margin of about 26%. The total price agreed for the transaction was € 55.2 million. The provisional purchase price allocation is presented below:

€/000	Amounts acquired	Adjustment to fair value	Carrying values in the acquiring company
Cash and cash equivalents	13,375		13,375
Trade receivables	7,992		7,992
Inventories	6,675		6,675
Tax receivables	384		384
Other current assets	301		301
Property, plant and equipment	2,841		2,841
Other intangible fixed assets	100	4,806	4,906
Other financial assets	-		-
Deferred tax assets	654		654
Other non-current assets	22		22
Trade payables	(3,274)		(3,274)
Financial debts to banks - loans (current portion)	-		-
Leasing payables (current portion)	(100)		(100)
Tax liabilities	(750)		(750)
Other current liabilities	(2,146)		(2,146)
Provisions for risks and charges (current portion)	(60)		(60)
Leasing payables (non-current portion)	(178)		(178)
Employee benefits (severance indemnity provision)	(941)		(941)
Deferred tax liabilities	(15)	(1,341)	(1,356)
Other medium/long-term liabilities	(502)		(502)
Net assets acquired			27,843
Goodwill related to the acquisition			27,103
Total net assets acquired			54,946
Total amount paid in cash			54,946
Payables related to the acquisition of investments			-
Total acquisition cost (A)			54,946
Net financial position acquired (B)			(13,097)
Total amount paid in cash			54,946
Amount payable			-
Total change in net financial position			41,849
Capital employed (A) - (B)			41,849

The transaction was accounted for using the acquisition method.

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

Since the acquisition date, the company has contributed € 9.1 million to the revenues of the Group and € 1.7 million to net profit. Had the business combination taken place at the start of 2024, the contribution to Group revenues would have been € 21.3 million, with an effect on net profit of € 3.4 million.

H.S S.r.l.

On 11 July 2024, Interpump Group indirectly acquired 100% of H.S S.r.l. via Inoxihp S.r.l., a subsidiary.

This company, active in the hydraulic sector, specializes in the design and production of hydraulic systems and circuits known for their high qualitative and manufacturing standards. In 2023, the company generated turnover of about € 4 million. The total price agreed for the transaction was € 0.1 million. The provisional purchase price allocation is presented below:

€/000	Amounts acquired	Adjustment to fair value	Carrying values in the acquiring company
Cash and cash equivalents	88		88
Trade receivables	2,311		2,311
Inventories	1,078		1,078
Tax receivables	44		44
Other current assets	8		8
Property, plant and equipment	306		306
Other intangible fixed assets	10		10
Deferred tax assets	202		202
Other non-current assets	50		50
Trade payables	(1,549)		(1,549)
Bank debts	(569)		(569)
Financial debts to banks - loans (current portion)	(216)		(216)
Leasing payables (current portion)	(112)		(112)
Tax liabilities	(83)		(83)
Other current liabilities	(284)		(284)
Financial debts to banks – loans (medium-/long-term portion)	(256)		(256)
Provisions for risks and charges (current portion)			
Leasing payables (non-current portion)	(127)		(127)
Employee benefits (severance indemnity provision)	(652)		(652)
Deferred tax liabilities	(8)		(8)
Net assets acquired			241
Negative goodwill related to the acquisition			(141)
Total net assets acquired			100
Total amount paid in cash			100
Payables related to the acquisition of investments			-
Total acquisition cost (A)			100
Net financial position acquired (B)			1,192
Total amount paid in cash			100
Amount payable			-
Total change in net financial position			1,292
Capital employed (A) - (B)			1,292

The transaction was accounted for using the acquisition method.

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

Since the acquisition date, the company has contributed € 1.1 million to the revenues of the Group. Had the business combination taken place at the start of 2024, the contribution to Group revenues would have been € 4.5 million.

4. Inventories and detail of changes in the Inventories allowance

	30/09/2024	31/12/2023
	€/000	€/000
Inventories, gross value	758,149	745,399
Allowance for inventories	(54,250)	(48,971)
Inventories	<u>703,899</u>	<u>696,428</u>

Changes in the allowance for inventories were as follows:

	Q3 2024YTD	Year 2023
	€/000	€/000
Opening balances	48,971	46,749
Exchange rate difference	(284)	(695)
Change in consolidation perimeter	3,042	1,575
Provisions for the period	4,683	4,522
Releases in the year to cover losses	(1,776)	(2,221)
Release of excess provisions in the period	<u>(386)</u>	<u>(959)</u>
Closing balance	<u>54,250</u>	<u>48,971</u>

5. Property, plant and equipment

Purchases and disposals

Interpump Group acquired tangible fixed assets during Q3 2024YTD totaling € 111,230 thousand, of which € 5,224 thousand via the acquisition of equity investments (€ 154,592 thousand in Q3 2023YTD, of which € 11,136 thousand via the acquisition of equity investments). Assets with a net carrying amount of € 6,978 thousand were divested in Q3 2024YTD (€ 4,745 thousand in Q3 2023YTD). A net capital gain was realized on the divested assets of € 4,381 thousand (€ 3,238 thousand in Q3 2023YTD).

Contractual commitments

At 30 September 2024 the Group has contractual commitments for the purchase of tangible fixed assets totaling € 19,087 thousand (€ 4,949 thousand at 30 September 2023). This amount mainly reflects commitments signed for the renewal of installations and the construction of new buildings.

6. Assets held for sale

The Group did not have any assets classified as held for sale at 30 September 2024 or at 31 December 2023.

7. Shareholders' equity

Share capital

Share capital comprises 108,879,294 ordinary shares with a unit par value of € 0.52 totaling € 56,617,232.88. However, the share capital reported in the financial statements amounts to € 55.605 million, since the nominal value of purchased treasury shares, net of those sold, has been deducted from share capital in compliance with the reference accounting standards. At 30 September 2024 Interpump S.p.A. holds 1,945,863 shares in the portfolio, corresponding to 1.787% of share capital, acquired at an average unit cost of € 38.8524.

Treasury shares purchased

The amount of the treasury shares held by Interpump Group S.p.A. is recorded in an equity reserve. During Q3 2024YTD Interpump Group purchased 39,000 treasury shares for € 1,640 thousand (none in Q3 2023YTD).

Treasury shares sold

In the context of the stock option plans, a total of 2,500 options were exercised during the period, resulting in the receipt of € 57 thousand (a total of 74,000 options were exercised in Q3 2023YTD, with the collection of € 2,104 thousand).

Dividends

An ordinary dividend (coupon clipping date of 20 May 2024) of € 0.32 per share was distributed on 22 May 2024 (€ 0.30 in 2023).

Stock options

The Shareholders' Meeting held on 29 April 2022 approved a new stock option plan, the "Interpump Incentive Plan 2022/2024", that envisages the assignment of up to 2,250,000 options at an exercise price of € 38.6496 and, for options assigned after 29 April 2023, at the official price determined by Borsa Italiana on the trading day prior to their assignment. At the meeting held on 29 April 2022, the Board of Directors granted 1,620,000 options to Executive Chairman Fulvio Montipò and 45,000 options to Chief Executive Officer Fabio Marasi; while on 23 May 2022, 20 October 2022 and 28 April 2023, respectively 243,000, 6,000 and 35,000 options (including 15,000 for Chief Executive Officer Fabio Marasi) were granted to other beneficiaries. Overall, a total of 1,949,000 options have therefore been granted. The options can be exercised between 30 June 2025 and 31 December 2028. A total of 21,200 options were canceled in Q3 2024YTD (2,000 in 2023).

See the 2023 Annual Financial Report for information about the fair value of the stock options and the actuarial assumptions used in the binomial lattice model, since no changes were made during Q3 2024YTD.

8. Financial income and expenses

The first nine months are analyzed as follows:

	2024	2023
	<u>€/000</u>	<u>€/000</u>
<u>Financial income</u>		
Interest income from liquid funds	5,727	2,350
Interest income from other assets	102	275
Exchange gains	12,805	17,293
Financial income to adjust estimated debt for commitment to purchase residual interests in subsidiaries	20	327
Other financial income	<u>197</u>	<u>87</u>
Total financial income	<u>18,851</u>	<u>20,332</u>
<u>Financial expenses</u>		
Interest expense on bank loans	24,592	22,600
Interest expense on bond	2,845	-
Lease interest expense	3,609	2,610
Interest expense on put options	1,752	2,339
Financial charges for adjustment of estimated debt for commitment to purchase residual interests in subsidiaries	8	1,966
Foreign exchange losses	14,933	19,850
Other financial expenses	<u>74</u>	<u>190</u>
Total financial expenses	<u>47,813</u>	<u>49,555</u>
Total financial expenses (income), net	<u>28,962</u>	<u>29,223</u>

The breakdown for Q3 is as follows:

	2024	2023
	<u>€/000</u>	<u>€/000</u>
<u>Financial income</u>		
Interest income from liquid funds	1,604	1,007
Interest income from other assets	50	108
Exchange gains	2,837	5,935
Financial income to adjust estimated debt for commitment to purchase residual interests in subsidiaries	-	295
Other financial income	<u>161</u>	<u>37</u>
Total financial income	<u>4,652</u>	<u>7,382</u>
<u>Financial expenses</u>		
Interest expense on bank loans	7,668	8,900
Interest expense on bond	1,067	-
Lease interest expense	1,196	964
Interest expense on put options	426	691
Financial charges for adjustment of estimated debt for commitment to purchase residual interests in subsidiaries	-	1,439
Foreign exchange losses	6,915	1,962
Other financial expenses	<u>1</u>	<u>80</u>
Total financial expenses	<u>17,273</u>	<u>14,036</u>
Total financial charges (income), net	<u>12,621</u>	<u>6,654</u>

9. Earnings per share

Basic earnings per share

Basic earnings per share are calculated as the consolidated net profit attributable to the owners of the Parent Company divided by the weighted average number of ordinary shares, as follows:

<i>Q3 YTD</i>	<u>2024</u>	<u>2023</u>
Consolidated net profit attributable to the owners of the Parent company (€/000)	179,304	238,202
Average number of shares in circulation	106,970,966	106,931,199
Basic earnings per share for the period (€)	1.676	2.228
<i>Q3</i>	<u>2024</u>	<u>2023</u>
Consolidated net profit attributable to the owners of the Parent company (€/000)	49,957	71,623
Average number of shares in circulation	106,970,314	106,964,331
Basic earnings per share for the quarter (€)	0.467	0.670

Diluted earnings per share

Diluted earnings per share are calculated on the basis of diluted consolidated profit for the period attributable to the Parent company's shareholders, divided by the weighted average number of ordinary shares in circulation adjusted by the number of potentially dilutive ordinary shares. The calculation is as follows:

<i>Q3 YTD</i>	<u>2024</u>	<u>2023</u>
Consolidated net profit attributable to the owners of the Parent company (€/000)	179,304	238,202
Average number of shares in circulation	106,970,966	106,931,199
Number of potential shares for stock option plans (*)	193,250	434,642
Average number of shares (diluted)	107,164,216	107,365,841
Earnings per diluted share for the period (€)	1.673	2,219
<i>Q3</i>	<u>2024</u>	<u>2023</u>
Consolidated net profit attributable to the owners of the Parent company (€/000)	49,957	71,623
Average number of shares in circulation	106,970,314	106,964,331
Number of potential shares for stock option plans (*)	54,869	362,830
Average number of shares (diluted)	107,025,183	107,327,161
Earnings per diluted share for the quarter (€)	0.467	0.667

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

10. Transactions with related parties

The Group has relations with 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 on the consolidated income statements for the first nine months of 2024 and 2023 are shown below:

(€/000)	Q3 2024YTD					
	Consolidated total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties	% incidence on F.S. caption
Revenues	1,588,509	879	-	731	1,610	0.1%
Cost of sales	1,033,365	415	-	3,616	4,031	0.4%
Other operating income	25,934	17	-	-	17	0.1%
Distribution expenses	129,083	275	-	478	753	0.6%
G&A expenses	169,453	-	-	491	491	0.3%
Financial expenses	47,813	-	-	531	531	1.1%

(€/000)	Q3 2023YTD					
	Consolidated total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties	% incidence on F.S. caption
Revenues	1,720,442	569	-	767	1,336	0.1%
Cost of sales	1,113,270	325	-	5,067	5,392	0.5%
Other operating income	31,225	3	-	-	3	0.0%
Distribution expenses	125,783	119	-	572	691	0.5%
G&A expenses	161,194	-	-	486	486	0.3%
Financial expenses	49,555	-	-	477	477	1.0%

The effects on the consolidated statement of financial position at 30 September 2024 and 2023 are described below:

(€/000)	30 September 2024					
	Consolidated total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties	% incidence on F.S. caption
Trade receivables	397,111	1,695	-	199	1,894	0.5%
Trade payables	220,170	81	-	543	624	0.3%
Interest-bearing financial debts (current and non-current portions)	779,657	-	-	13,587	13,587	1.7%

(€/000)	30 September 2023					% incidence on F.S. caption
	Consolidated total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties	
Trade receivables	459,554	1,444	-	300	1,744	0.4%
Trade payables	278,798	58	-	685	743	0.3%
Interest-bearing financial debts (current and non-current portions)	837,497	-	-	15,527	15,527	1.9%

Relations with non-consolidated subsidiaries

Relations with non-consolidated subsidiaries are as follows:

(€/000)	Receivables		Revenues	
	30/09/2024	30/09/2023	30/09/2024	30/09/2023
Interpump Hydraulics Perù	1,517	1,288	629	305
Interpump Hydraulics Russia	-	68	-	169
General Pump China Inc.	166	88	260	98
Interpump Antriebstechnik GmbH	<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total subsidiaries</i>	<u>1,688</u>	<u>1,444</u>	<u>889</u>	<u>572</u>

(€/000)	Payables		Costs	
	30/09/2024	30/09/2023	30/09/2024	30/09/2023
General Pump China Inc.	55	52	510	438
Interpump Hydraulics Perù	1	6	12	6
Interpump Hydraulics Russia	-	-	-	-
Interpump Antriebstechnik GmbH	<u>25</u>	<u>-</u>	<u>168</u>	<u>-</u>
<i>Total subsidiaries</i>	<u>81</u>	<u>58</u>	<u>690</u>	<u>444</u>

Relations with associates

The Group does not hold equity investments in associated companies.

Transactions with other related parties

The Q3 2024YTD income statement includes consultancy provided by entities associated with the directors and statutory auditors of Group companies totaling € 31 thousand (€ 35 thousand in Q3 2023YTD). The consultancy costs incurred in Q3 2024YTD have been allocated in full to general and administrative expenses (also in Q3 2023YTD). Revenues in the period to 30 September 2024 included revenues from sales to companies held by Group shareholders or directors totaling € 731 thousand (€ 767 thousand in the first nine months of 2023). In addition, the cost of sales includes purchases from companies controlled by minority shareholders or the directors of Group companies totaling € 3,580 thousand (€ 4,805 thousand in Q3 2023YTD).

11. 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 2023.