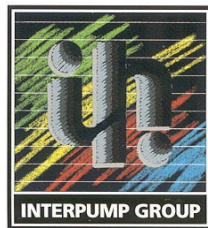


Annual Financial Report at 31 December 2023



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

2023 Board of Directors' Report

Financial Highlights of the Interpump Group

	<u>31/12/2023</u>	<u>31/12/2022</u>	<u>31/12/2021</u>	<u>31/12/2020</u>	<u>31/12/2019</u>
	(€/000)	(€/000)	(€/000)	(€/000)	(€/000)
Consolidated revenues	2,240,039	2,077,964	1,604,255	1,294,363	1,368,618
Foreign revenues	84%	84%	83%	85%	84%
EBITDA	536,725	492,337	379,757	294,055	317,890
EBITDA %	24.0%	23.7%	23.7%	22.7%	23.2%
EBIT (Operating profit)	428,819	384,004	295,048	207,659	247,214
EBIT %	19.1%	18.5%	18.4%	16.0%	18.1%
Consolidated net profit	277,516	269,749	198,519	173,271	180,602
Free cash flow	147,892	51,100	133,800	203,769	124,824
Net indebtedness ^(a)	567,661	604,596	572,718	332,186	425,100
Consolidated shareholders' equity	1,802,904	1,566,110	1,339,664	1,149,977	1,055,074
Net indebtedness / EBITDA	1.06	1.23	1.51	1.13	1.17
Net capital expenditure (Capex)	164,948	129,479	106,726	61,395	73,654
Average headcount	9,338	8,721	8,433	7,415	6,921
ROE	15.4%	17.2%	14.8%	15.1%	17.1%
ROCE	18.1%	17.7%	15.4%	14.0%	16.7%
EPS - Euro	2.565	2.524	1.836	1.596	1.699
Dividend per share - Euro	0.320*	0.300	0.280	0.260	0.250

ROE: Consolidated net profit / Consolidated shareholders' equity

ROCE: Consolidated operating profit / (Consolidated shareholders' equity + Net indebtedness)

Dividends refer to the year of formation of the distributed profit.

(a) Inclusive of the debt related to the acquisition of investments.

* Proposed dividend, subject to approval at the Shareholders' Meeting.

Annual Financial Report at 31-12-2023 – Interpump Group

	<u>31/12/2018</u>	<u>31/12/2017</u>	<u>31/12/2016</u>	<u>31/12/2015</u>	<u>31/12/2014</u>
	(€/000)	(€/000)	(€/000)	(€/000)	(€/000)
Consolidated revenues	1,279,167	1,086,547	922,818	894,928	671,999
Foreign revenues	83%	82%	83%	85%	86%
EBITDA	288,519	248,648	198,502	180,258	136,106
EBITDA %	22.6%	22.9%	21.5%	20.1%	20.3%
EBIT (Operating profit)	236,549	198,912	153,533	136,896	104,367
EBIT %	18.5%	18.3%	16.6%	15.3%	15.5%
Consolidated net profit	173,862	135,723	94,473	118,306	57,742
Free cash flow	82,183	93,552	89,947	85,246	38,290
Net indebtedness ^(a)	331,866	323,808	300,024	278,196	226,044
Consolidated shareholders' equity	868,905	764,729	677,538	622,628	466,550
Net indebtedness / EBITDA	1.15	1.30	1.51	1.54	1.66
Net capital expenditure (Capex)	68,185	47,812	36,527	28,863	34,142
Average headcount	6,472	5,750	5,016	4,830	3,575
ROE	20.0%	17.7%	13.9%	19.0%	12.4%
ROCE	19.7%	18.3%	15.7%	15.2%	15.1%
EPS - Euro	1.619	1.257	0.884	1.101	0.541
Dividend per share - Euro	0.220	0.210	0.200	0.190	0.180

KEY EVENTS OF 2023

International economic prospects remain uncertain, even though 2023 started brighter with a fall in energy prices and the re-opening of China. The outlook is dominated by geopolitical tensions, for which there are no imminent solutions, and by continuation of the restrictive financial conditions faced by businesses and consumers. Prices for energy commodities seem to be trending downwards at the moment, with the level of demand and inventories conducive to lower prices; nevertheless, international trade continues to display a certain fragility. The principal global indicators for new export orders suggest further reductions in the coming months.

The dynamics of the global economy reflect regional differences. GDP growth in China and the United States accelerated sharply during the third quarter. However the Chinese economy remains affected by the weakness of the real estate sector and the high level of private sector debt. By contrast, economic activity in Europe remained stagnant in the same period, influenced by the asymmetric effect of the energy crisis linked to the Russia-Ukraine conflict. Overall inflation eased further in all leading countries, essentially reflecting the lower prices for energy commodities and sound conditions in the labor market.

Although held in check by the restrictive monetary conditions and modest wage growth, at least for now, the underlying rate of inflation nevertheless declined more slowly. Broadly, the phase of steady interest-rate hikes by the Federal Reserve and the ECB should now be over. Despite these positive elements, the international outlook remains highly uncertain. Indeed, further price increases cannot be excluded if energy costs become a risk factor once again, not least due to heightened geopolitical tensions in the Middle East.

In the Euro area, inflation picked up in December and this trend seems likely to continue during the first part of the current year. Recent data appears to confirm the ECB forecast that, after reaching a minimum in November, the rate of increase in the consumer price index should stabilize above the 2% target during 2024, but ease further in the following year.

The exposure of the Interpump Group to the countries involved in the Russia-Ukraine conflict remains limited. Specifically, € 21.7 million was invoiced to customers in Russia, Belarus and Ukraine during 2023 (€ 19.8 million in 2022), with outstanding receivables at 31 December 2023 of € 2.3 million (€ 1.7 million at the end of 2022).

Despite current uncertainties in the macroeconomic environment, the Interpump Group continues to report excellent results.

Revenues reached € 2,240 million, up by 7.8% compared with 2022 when they totaled € 2,078 million. Analysis by business sector shows that revenues in the Hydraulic Sector rose by 6.0% with respect to 2022, while those in the Water-Jetting Sector experienced growth of 12.9%.

EBITDA was € 536.7 million (24.0% of revenues). In 2022 EBITDA was € 492.3 million (23.7% of revenues), so 9.0% growth was achieved.

Net profit totaled € 277.5 million in 2023 (€ 269.7 million in 2022), reflecting growth of 2.9%.

While still implementing a major investment program, the Group has continued to manage inventories and working capital with great care. Consequent to this strategy, free cash flow of € 147.9 million was generated in 2023 (€ 51.1 million in 2022), up by 189%.

The net financial position at 31 December 2023 amounts to € 486.5 million (€ 541.8 million at 31 December 2022), primarily after paying dividends of € 34.8 million and making net investments of € 57.6 million to acquire equity investments and residual minority interests.

Compared with the reporting perimeter in 2022, Indoshell Automotive System India P.L. (now IPG Mouldtech Invia Pvt Ltd.), a newly-acquired company, was consolidated in the Hydraulic sector for the first time during 2023. The acquisition of an 85% equity interest was completed on 20 February 2023. This company was previously owned by Indoshell Mould Limited, an Indian group specialized in the smelting of ferrous and non-ferrous metals (cast iron and aluminum). The value of this operation was fixed at around € 8 million and put option mechanisms were defined, through which Interpump Group can acquire the remaining 15% interest from Indoshell Mould Limited. The company has been consolidated on a line-by-line basis from 31 March 2023 and, therefore, has contributed to the consolidated results for nine months.

Again in the Hydraulic sector, the following minority interests were acquired during the year:

- Hangzhou Interpump Power Transmission - the Group interest was raised from 72% to 100%, following purchase of the residual 28% interest;
- Transtecno Iberico - the Group interest was raised from 50.4% to 70%, following the purchase of an additional 19.6% interest;
- MA Transtecno S.A.P.I. - the Group interest was raised from 50.4% to 70%, following the purchase of an additional 19.6% interest.

During the year, an agreement was also signed for the partial early exercise of the options to purchase/sell the minority interests in Hydra Dyne Technology Inc., which as a result is now 89.99% owned by the Group. The related “put and call” mechanisms were also redefined, enabling the counterparties to purchase/sell the remaining 10.01% equity interest following approval of the 2028 financial statements.

Lastly, again in the Hydraulic sector, Interpump Antriebstechnik GmbH was formed on 10 October 2023 and has been consolidated using the equity method.

The following companies were acquired in the Water-Jetting sector:

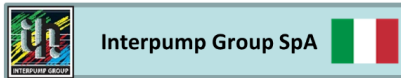
- Imec S.r.l., specialized in the production of mechanical sifters and vibrating devices for the granulometric selection of materials, mainly for industries active in the ceramics, recycling, filtration, food processing and cosmetics sectors. A 70% equity interest in the company was acquired on 20 February 2023. The value of this operation has been fixed at approximately € 14 million and “put and call” mechanisms have defined, through which the counterparties can purchase and sell the remaining 30%.
- The Waikato Group, established over 50 years ago, is leader in the New Zealand and Australian markets for mechanized milking. The entire equity interest in this group was acquired on 18 May 2023 in a transaction valued at about € 30 million.

Both new acquisitions have been consolidated on a line-by-line basis from 31 May 2023 and, therefore, have contributed to the consolidated results for seven months.

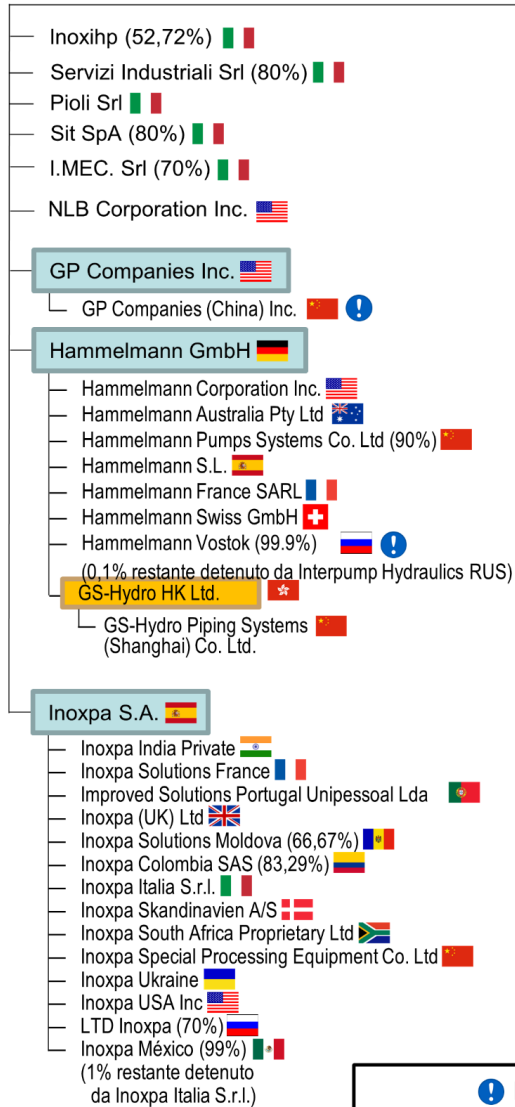
Lastly in the Water-Jetting sector, Teknova S.r.l. was liquidated on 28 December 2023.

Group Structure

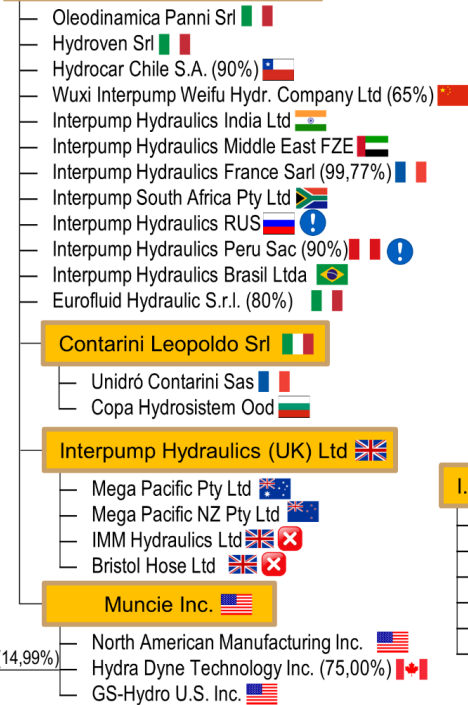
as at 31/12/2023
all holdings 100% unless otherwise specified



WATER-JETTING



Interpump Hydraulics SpA



Waikato Holding Limited



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

HYDRAULICS

Walvoil SpA (65%)



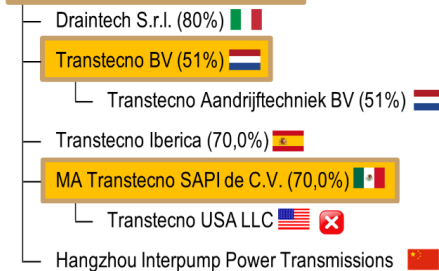
Tubiflex SpA



I.M.M. Hydraulics SpA



Transtecno Srl (80%)



Interpump Piping GS Srl



Reggiana Riduttori Srl



ALTERNATIVE PERFORMANCE MEASURES

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

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

The cash flow statement was prepared using the indirect method.

Consolidated income statement

(€/000)	<i>2023</i>	<i>2022</i>
Revenues	2,240,039	2,077,964
Cost of sales	(1,460,068)	(1,353,451)
Gross industrial margin	779,971	724,513
<i>% of revenues</i>	<i>34.8%</i>	<i>34.9%</i>
Other operating income	42,154	42,703
Distribution expenses	(169,744)	(158,047)
General and administrative expenses	(214,594)	(198,277)
Other operating costs	(8,968)	(26,888)
EBIT	428,819	384,004
<i>% of revenues</i>	<i>19.1%</i>	<i>18.5%</i>
Financial income	26,515	31,887
Financial charges	(78,174)	(47,447)
Equity method contribution	627	235
Profit for the year before taxes	377,787	368,679
Income taxes	(100,271)	(98,930)
Consolidated profit for the year	277,516	269,749
<i>% of revenues</i>	<i>12.4%</i>	<i>13.0%</i>
Attributable to:		
Shareholders of Parent	274,269	266,497
Minority shareholders of subsidiaries	3,247	3,252
Consolidated profit for the year	277,516	269,749
EBITDA	536,725	492,337
<i>% of revenues</i>	<i>24.0%</i>	<i>23.7%</i>
Shareholders' equity	1,802,904	1,566,110
Net financial position	486,497	541,784
Debts for the acquisition of equity investments	81,164	62,812
Capital employed	2,370,565	2,170,706
ROCE	18.1%	17.7%
ROE	15.4%	17.2%
Basic earnings per share	2.565	2.524

REVENUES

Revenues totaled € 2,240.0 million in 2023, up by 7.8% compared with € 2,078.0 million in 2022 (+5.1% at unchanged perimeter and +6.9% also net of exchange differences).

Revenues by business sector and geographical area were as follows:

(€/000)	<u>Italy</u>	<u>Europe (Italy excluded)</u>	<u>North America</u>	<u>Far East and Pacific Area</u>	<u>Rest of the World</u>	<u>Total</u>
2023						
Hydraulic	297,482	591,997	439,806	160,443	144,595	1,634,323
Water-Jetting	66,252	212,892	187,162	78,203	61,207	605,716
Total	363,734	804,889	626,968	238,646	205,802	2,240,039
2022						
Hydraulic	281,502	558,010	409,417	165,248	127,446	1,541,623
Water-Jetting	53,547	180,258	191,851	63,211	47,474	536,341
Total	335,049	738,268	601,268	228,459	174,920	2,077,964
2023/2022 percentage changes						
Hydraulic	+5.7%	+6.1%	+7.4%	-2.9%	+13.5%	+6.0%
Water-Jetting	+23.7%	+18.1%	-2.4%	+23.7%	+28.9%	+12.9%
Total	+8.6%	+9.0%	+4.3%	+4.5%	+17.7%	+7.8%
2023/2022 at unchanged perimeter (%)						
Hydraulic	+3.3%	+3.1%	+7.4%	-2.9%	+12.3%	+4.4%
Water-Jetting	+8.9%	+14.3%	-5.0%	+8.5%	+27.2%	+7.3%
Total	+4.2%	+5.8%	+3.5%	+0.2%	+16.4%	+5.1%

PROFITABILITY

The cost of sales accounted for 65.2% of revenues (65.1% in 2022). Production costs accounted for 26.3% of revenues (26.1% in 2022) and totaled € 588.2 million (€ 541.9 million in 2022, which however did not include the costs of DRAINTech S.r.l. for 5 months, of Eurofluid Hydraulic S.r.l. for 10 months, and of I.mec S.r.l., IPG Mouldtech India Pvt Ltd and the Waikato group for the full year). The purchase cost of raw materials and components sourced on the market, including changes in inventories, accounted for 38.9% of revenues (39.1% in 2022) and totaled € 871.8 million (€ 811.6 million in 2022, which however did not include the costs of DRAINTech S.r.l. for 5 months, of Eurofluid Hydraulic S.r.l. for 10 months, and of I.mec S.r.l., IPG Mouldtech India Pvt Ltd and the Waikato group for the full year).

At unchanged perimeter, distribution expenses rose by 4.5% with respect to 2022, with the same percentage incidence on revenues.

Also at unchanged perimeter, general and administrative expenses rose by 5.0% with respect to 2022, with the same percentage incidence on revenues.

Payroll costs totaled € 464.0 million (€ 423.3 million in 2022, which however did not include the costs of Draintech S.r.l. for 5 months, of Eurofluid Hydraulic S.r.l. for 10 months, and of I.mec S.r.l., IPG Mouldtech India Pvt Ltd and the Waikato group for the full year). At unchanged perimeter, payroll costs amounted to € 455.1 million, up by 7.5% due to a 3.3% rise in per capita cost and an increase in the average headcount by 358 employees.

The total number of Group employees in 2023 averaged 9,338 (9,143 at unchanged perimeter) compared to 8,721 in 2022. The increase in average headcount, net of the personnel of the newly-acquired companies, breaks down as follows: plus 214 in Europe, plus 141 in North America and plus 3 in the Rest of the World. In addition, the Group employed 1,741 temporary workers during the year (1,609 in 2022) at a cost of € 39.3 million (€ 40.3 million in 2022).

EBITDA totaled € 536.7 million (24.0% of revenues) compared to € 492.3 million in 2022, which represented 23.7% of revenues, reflecting a 9.0% increase. The following table sets out EBITDA by business sector:

	<u>2023</u>	<u>% on</u>	<u>2022</u>	<u>% on</u>	<u>Increase/</u>
	<u>€/000</u>	<u>total</u>	<u>€/000</u>	<u>total</u>	<u>Decrease</u>
		<u>*</u>		<u>*</u>	
		<u>revenues</u>		<u>revenues</u>	
		<u>—</u>		<u>—</u>	
Hydraulic	368,919	22.5%	337,473	21.8%	+9.3%
Water-Jetting	167,806	27.5%	154,864	28.7%	+8.4%
Total	536,725	24.0%	492,337	23.7%	+9.0%

* = Total revenues include those to other Group companies in the other sector, while the revenues analyzed previously are exclusively those external to the Group (see Note 4 in the explanatory notes). Accordingly, for consistency, the percentage is calculated on total revenues rather than on those reported previously.

EBIT amounted to € 428.8 million (19.1% of revenues) compared with € 384.0 million in 2022 (18.5% of revenues), up by 11.7%.

The tax rate for the year was 26.5% (26.8% in 2022).

Net profit for 2023 was € 277.5 million (€ 269.7 million in 2022) reflecting an increase of 2.9%. Basic earnings per share were € 2.565 (€ 2.524 in 2022).

Capital employed increased from € 2,170.7 million at 31 December 2022 to € 2,370.6 million at 31 December 2023. This increase mainly reflects continued implementation of the major investment plan during the year.

ROCE was 18.1% (17.7% in 2022). ROE was 15.4% (17.2% in 2022).

CASH FLOW

The change in net financial position breaks down as follows:

	<i>2023</i>	<i>2022</i>
	<u>€/000</u>	<u>€/000</u>
Opening net financial position	(541,784)	(494,924)
Adjustment: opening net financial position of companies not consolidated line by line at the end of the prior year	(1,274)	-
Adjusted opening net financial position	(543,058)	(494,924)
Cash flows from operating activities	372,219	395,800
Principal portion of finance lease installments (IFRS 16)	(20,540)	(25,915)
Cash flow generated (absorbed) by the management of operating capital	(26,495)	(195,122)
Cash flow generated (absorbed) by other current assets and liabilities	(13,173)	3,194
Capital expenditure on property, plant and equipment	(161,712)	(125,410)
Proceeds from the sale of property, plant and equipment	3,372	3,086
Increase in intangible assets	(6,608)	(7,155)
Financial income received	4,377	1,056
Other	(3,548)	1,566
Free cash flow	147,892	51,100
Purchase of investments, including received debt and net of treasury shares assigned	(57,609)	(43,041)
Dividends paid	(34,761)	(31,239)
Disbursements for purchase of treasury shares	-	(94,793)
Proceeds from the sale of treasury shares to stock option beneficiaries	2,246	63,027
Principal portion of finance lease installments (IFRS 16)	20,540	25,915
Principal portion of new leasing contracts arranged (IFRS 16)	(29,374)	(16,446)
Remeasurement and early close-out of leasing contracts (IFRS 16)	8,080	(635)
Change in other financial assets	(555)	(36)
Net cash generated (used)	56,459	(46,148)
Exchange differences	102	(712)
Closing net financial position	(486,497)	(541,784)

Net liquidity generated by operating activities totaled € 372.2 million (€ 395.8 million in 2022), reflecting a decrease of 5.9%. Free cash flow increased significantly to € 147.9 million (€ 51.1 million in 2022) despite the continuation of major planned investments, given the reduction in working capital absorption and the impact of the careful inventory management policy implemented during 2022.

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

	31/12/2023	31/12/2022	01/01/2022
	€/000	€/000	€/000
Cash and cash equivalents	334,483	358,275	349,015
Payables to banks (advances and STC amounts)	(52,469)	(30,928)	(7,760)
Interest-bearing financial payables (current portion)	(264,911)	(288,456)	(232,213)
Interest-bearing financial payables (non-current portion)	(503,600)	(580,675)	(603,966)
<i>Net financial position</i>	<i>(486,497)</i>	<i>(541,784)</i>	<i>(494,924)</i>
Commitments for the purchase of investments (current portion)	(38,354)	(844)	(26,299)
Commitments for the purchase of investments (non-current portion)	(42,810)	(61,968)	(51,495)
Total net indebtedness	(567,661)	(604,596)	(572,718)

The Net indebtedness/EBITDA ratio of 1.06 is lower than last year (1.23).
There were no outstanding hedge contracts at 31 December 2023.

GROUP STATEMENT OF FINANCIAL POSITION

Capital employed increased from € 2,170.7 million at 31 December 2022 to € 2,370.6 million at 31 December 2023, principally due to new investments, consolidation of the new companies acquired and the increase in working capital. ROCE was 18.1% (17.7% in 2022). ROE was 15.4% (17.2% in 2022).

The following statement of financial position is classified in terms of the sources and applications of funds.

	31/12/2023	%	31/12/2022	%
	(€/000)		(€/000)	
Trade receivables	414,787		433,812	
Net inventories	696,428		683,819	
Other current assets	73,999		80,407	
Trade payables	(262,941)		(312,222)	
Current taxes payable	(39,323)		(60,662)	
Current portion of provisions for risks and charges	(8,525)		(13,329)	
Other current liabilities	(120,675)		(110,709)	
Net working capital	753,750	31.8	701,116	32.3
Net intangible and tangible fixed assets	785,911		681,095	
Goodwill	784,571		754,944	
Other financial fixed assets	70,773		61,863	
Other non-current assets	83,011		76,844	
Liabilities for employee benefits	(21,061)		(20,088)	
Non-current portion of provisions for risks and charges	(13,355)		(12,989)	
Other non-current liabilities	(73,035)		(72,079)	
Total net fixed assets	1,616,815	68.2	1,469,590	67.7
Total capital employed	2,370,565	100	2,170,706	100

	31/12/2023 <u>(€/000)</u>	%	31/12/2022 <u>(€/000)</u>	%
<i>Financed by:</i>				
Group shareholders' equity	1,793,578		1,553,548	
Non-controlling interests	9,326		12,562	
Total shareholders' equity	1,802,904	76.1	1,566,110	72.1
Cash and cash equivalents	(334,483)		(358,275)	
Payables to banks	52,469		30,928	
Interest-bearing financial payables (current portion)	264,911		288,456	
Debts for the acquisition of equity investments (current portion)	38,354		844	
Total current financial payables (liquid funds)	21,251	0.9	(38,047)	-1.8
Interest-bearing financial payables (non-current portion)	503,600		580,675	
Debts for the acquisition of equity investments (non-current portion)	42,810		61,968	
Total non-current financial payables	546,410	23.0	642,643	29.6
Total sources of financing	2,370,565	100	2,170,706	100

Interpump Group's equity structure is balanced, with a leverage index of 0.31 (0.39 at 31 December 2022). The leverage index is calculated as the ratio between the short and medium/long-term financial payables and shareholders' equity inclusive of non-controlling interests.

Goodwill was subjected to an impairment test at 31 December 2023.

CAPITAL EXPENDITURE

Expenditure on property, plant and machinery totaled € 219 million, of which € 11.0 million through the acquisition of investments (€ 157.7 million in 2022, of which € 8.8 million through the acquisition of investments). The additions during the year are analyzed in the following table:

€/000	2023 <u>€/000</u>	2022 <u>€/000</u>
Increases for the purchase of fixed assets used in the production process	164,674	127,510
Increases for machinery rented to customers	13,908	4,927
Leased assets	29,374	16,446
	207,956	148,883
Increases through the acquisition of equity investments	11,016	8,781
Total increases in the year	218,972	157,664

The increases in 2023 include € 78.2 million invested in land and buildings (€ 48.4 million in 2022).

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

Increases in intangible assets totaled € 19.9 million, of which € 13.1 million through the acquisition of equity investments (€ 8.4 million in 2022, including € 1.1 million through the acquisition of equity investments).

RESEARCH, DEVELOPMENT AND DESIGN WORK

The Group considers research and development activities as one of the main factors of success and a source of competitive advantage on international markets. Once again, the Group invested heavily during 2023 to place new product ranges on the market, optimize and customize existing products, and develop new technological and circuit solutions. In particular, the design and development of new high pressure pumps and related accessories for the Water Jetting Sector is carried out by the parent company Interpump Group S.p.A. Three new projects were completed in 2023, of which one related to new mechanical components for very high pressure pumps used in the water cutting industry, while another related to optimization of the use of raw materials in production. In addition, work commenced on seven new projects. Development activities concerning new very high pressure pumps and systems for the Water Jetting sector are instead mainly carried out by Hammelmann GmbH. In 2023, this German subsidiary completed four projects relating to very high pressure pumps, high pressure energy recovery devices, and systems and new accessories.

R&D activities in the Hydraulic Sector are also carried out by Walvoil S.p.A., Interpump Hydraulics S.p.A. and IMM Hydraulics S.p.A. 2023 saw the development of new power take-offs, valves and electro-valves, servo controls, hoses, fittings and other hydraulic components offering higher quality and performance than currently available, as well as work on the development of electro-hydraulic steering systems.

Group strategy over the next few years is to continue with high levels of expenditure in the area of research and development in order to assure renewed impetus to structured growth. Research costs have been capitalized in accordance with their multi-annual usefulness. Product development costs capitalized in 2023 amounted to € 2,135 thousand (€ 2,348 thousand in 2022), while the costs for design personnel charged to the income statement totaled € 34,786 thousand (€ 31,653 thousand in 2022).

SUSTAINABILITY AND GROUP VALUES

In the context of its business activities and with a view to the constant improvement of its long-term business strategies, the Group has always sought to recognize sustainability as a key factor in the creation of value, both internally and for the community and the environment, having regard for the real differences in each country where Group companies operate. Accordingly, on 5 October 2022 the Board of Directors approved the ESG (environment, social and governance) Strategic Plan for the three-year period 2023-2025, which sets out the ambitions and commitments identified by the Group to assure sustainable economic growth over the long term, via the inclusion of twenty actions covering the environmental, social and governance areas. With particular reference to the environmental aspects, these actions provide a starting point for developing a strategy to attain the 2023-2032 decarbonization goals.

The Board of Directors is responsible for the strategic leadership of Corporate Social Responsibility matters within the Group, with investigative assistance from the Control and Risks Committee (“CRC”) and the Sustainability Committee (SC), while top management is responsible for the operational implementation of individual initiatives.

All scheduled actions envisaged in the 2023-2025 ESG Plan were completed during 2023. The objectives are to pursue “sustainable success” over the long term and embed fundamental ESG principles within the Group’s strategies, creating an organizational framework that both recognizes the underlying core values and supports attainment of the Group’s decarbonization goals for 2030 and 2050.

In particular, as resolved at the Shareholders' Meeting held on 28 April 2023, a "Sustainability Committee" (objective G.1) has been established with *inter alia* powers to investigate, recommend and advise the Board of Directors when considering and deciding on sustainability matters, including the objectives, processes and actions taken in an ESG context.

On 10 November 2023 the Board of Directors approved the 2023-2032 Decarbonization Strategy (objective E.1) and formalized the Succession Plan (objective G.3).

A pilot project in the circular economy field (objective E.4) has been launched and the pilot project to prepare and implement a vendor rating model that applies environmental and social criteria (objective S.5) has been completed. Lastly, investors have been informed on an appropriate, constant and timely basis about the progress made towards achieving the objectives established in the ESG Plan (objective G.6).

The Group drawn inspiration from and has adopted the OECD Guidelines for multinational enterprises and the United Nations Guiding principles for business and human rights, as well as the International Labour Organization (ILO) conventions.

This constant commitment to the creation of economic, technological, human, social and environmental value enabled the Interpump Group to win the "*Best Performer of the Year*" award, promoted by the SDA Bocconi School of Management, on 16 February 2024. The assessment was made using a multi-dimensional analysis that took into account not only the economic and financial indicators, but also such factors as technological innovation and the social and environmental impacts of the Group's growth strategies.

In addition to the compliance regulation mentioned above, over the years the Group has prepared a set of internal policies, communicated to all subsidiaries and updated periodically, comprising:

- the Code of Ethics;
- the Global Compliance Program (GCP) covering anti-corruption, occupational health and safety, the environment and human rights;
- the Organization, Management and Control Model pursuant to Decree 231/2001 (231 Model), which includes a Whistleblowing policy for the management of concerns and allegedly improper or unlawful business conduct.

Code of Ethics

The Code of Ethics collects and summarizes the principles of conduct and the ethical values that must be accepted and agreed by all collaborators. These include the principles of impartiality, honesty, professional ethics and respect for diversity. This Code is adopted by all Group companies, having due regard for the different cultural and social realities in all the geographical areas where they operate.

During 2022, the Group updated the Code of Ethics in order to embed the sustainability principles and commitments accepted on approval of the strategic ESG Plan 2023-2025. This update was also disseminated to all Group companies. In particular, the updated version places greater emphasis on such fundamental criteria as sustainable development, the protection of human and workers' rights, energy saving, the reduction of environmental impacts, the training of employees and corporate social responsibility, via dialog with and the direct involvement of all stakeholders.

Global Compliance Program

The Group has established a preventive Global Compliance Program (GCP) containing guidelines for conduct, in order to disseminate throughout the Group a culture for the conduct of business based on ethics and corporate social responsibility, as well as respect for the principle of legality. Adoption of the GDP is mandatory and implementation is binding for all Group companies.

The Anti-corruption guidelines comprise a set of rules designed to prevent the risk of engagement in corrupt practices by the collaborators of Group companies. These Guidelines promote the

principle of zero tolerance for all forms of corruption, and support full and unconditional compliance with the related domestic and international laws and standards.

The OHS and environmental guidelines promote responsible behavior, stimulating the continuous improvement of health and safety conditions in the workplace. These Guidelines give all Group companies a set of rules and minimum measures designed to protect workers and minimize the impacts of Group activities on the environment and surrounding landscapes.

The human rights guidelines promote the protection of human and workers' rights, establishing instructions and rules of conduct designed to prevent all forms of discriminatory practice, including those based on personal circumstances, and combat the exploitation of workers and child labor. These Guidelines strongly support the principles of dignity, freedom and equality, as well as the safeguarding of working conditions and union rights.

Organization, Management and Control Model (231 Model)

Interpump Group S.p.A. adopted an Organizational, Management and Control Model pursuant to Decree 231/2001 (231 Model) on 22 January 2004. This has been modified subsequently, most recently on 4 August 2023, to reflect the legislative changes made in the meantime including, in particular, the identification of tax and contraband offenses, and the entry into force of Decree 24/2023 on whistleblowing matters, and take into account the current organizational structure of the Company. After careful assessment of the risk of committing offenses specified in the Decree, the 231 Model has also been implemented by other Italian companies within the Group that, in consideration of their size and organizational complexity, have a higher level of relative risk with respect to those offenses.

The 231 Model comprises a general part, describing the risk profile of the company concerned, the reference regulations and the underlying principles, and special parts detailing the specific types of offense that might be committed having regard for its profile and activities, as well as the procedures and control activities implemented to prevent and monitor the risk of committing offenses. The 231 Model also details the Disciplinary System adopted to penalize failures to comply with the measures specified in the Model, the Code of Ethics and the Whistleblowing policy.

In particular, the Whistleblowing policy governs the channels used to communicate and report any infringements of the 231 Model, the Code of Ethics and other internal regulations and/or laws; these channels guarantee the privacy of the reporter and the confidentiality of the information, as well as the acceptance of reports, even if made anonymously, on condition that they are factual and detailed.

Management systems

In order to guarantee enhanced supervision and the control of risks, certain Group companies have adopted internal management systems certified by international bodies.

In particular, with reference to the quality-related topic, a number of companies have adopted and implemented quality management systems certified pursuant to UNI EN ISO 9001 - *Quality management systems*, while some plants are certified pursuant to UNI ISO/TS 16969:2009. Certain companies have obtained international UNI EN ISO 14001:2004 certification for their environmental management systems and, in some cases, have commenced the update process in order to comply with the new requirements of standard UNI EN ISO 14001:2015. Some companies have adopted safety management systems in accordance with international standard UNI EN ISO 45001:2019.

EXPOSURE TO RISKS AND UNCERTAINTIES AND FINANCIAL RISK FACTORS

The Group is exposed to the normal risks and uncertainties of any business activity. The markets in which the Group operates are world niche markets in many cases, with limited dimensions and few significant competitors. These characteristics represent a significant barrier to entry by new competitors, given the major benefits of economies of scale and the doubtful economic returns available to potential competitors. The Interpump Group enjoys a position of world leadership in the fields of high and very-high pressure pumps and power take-offs: these positions accentuate the risks and uncertainties of the business venture.

The following is an illustration of the financial risk factors to which the Group is exposed:

(a) *Market risks*

(i) *Exchange rate risk*

The Group has subsidiaries in 35 countries and translates financial statements denominated in 26 currencies other than the euro. Accordingly, the Group is principally exposed to the risk deriving from the translation of those financial statements.

The Group operates at an international level and mainly produces in the countries in which the destination markets are located; accordingly, revenues in local currency are largely absorbed by costs also incurred in that currency. However the Group is also exposed, to a lesser extent, to the exchange rate risk originating from revenues denominated in currencies other than those in which the related costs were incurred.

In order to manage exchange rate risk generated by forecasts of future commercial transactions stated in a currency other than the Group's functional currency (euro), Group companies can use plain vanilla forward contracts or purchase options, when deemed appropriate. The counterparties of these contracts are primary international financial institutions with high ratings.

There were no outstanding hedge contracts at 31 December 2023.

In particular, the Group is exposed in US dollars for the revenues earned from its US subsidiaries and, to a lesser extent, for those earned from third-party customers. The Group also has limited exposures that are mainly denominated in Australian dollars, Canadian dollars, Chinese renminbi, Brazilian reals, Indian rupees, Romanian leu, Korean won, Russian rubles, Danish kroner, Swedish kronas, UK Sterling and Polish zloty, principally relating to commercial transactions between Group companies. It is current Group policy not to hedge recurring commercial transactions, taking out

exchange risk hedges only in the event of those that are non-recurring, either in terms of amount or of the frequency with which they occur.

In relation to financial exposures, € 25.5 million of intercompany loans were disbursed and € 11.2 million collected during 2023 in currencies other than those utilized by the debtor or creditor companies. At 31 December 2023 loans granted in currencies other than those used by the debtor or creditor companies totaled € 65.4 million, down by € 9.3 million since 31 December 2022. Once again in 2023, the Group made the strategic decision not to hedge these exposures.

(ii) *Interest rate risk*

Interest rate risk derives from medium/long-term loans granted at floating rates. It is currently Group policy not to arrange hedges, in view of the limited average duration of the existing loans (around 3.5 years).

(b) *Credit risk*

The Group does not have any significant credit concentrations. Group policy is to sell to customers only after having evaluated their creditworthiness and, therefore, within predetermined credit limits. Historically, the Group has not incurred any major losses for bad debts.

(c) *Liquidity risk*

Prudent management of liquidity risk involves the retention of an appropriate level of cash on hand and sufficient access to lines of credit. Because of the dynamic nature of the Group's business with the associated frequent acquisitions, it is Group policy to have access to stand-by lines of credit that can be utilized at very short notice.

(d) *Price and cash flow risk*

The Group is subject to constant changes in metal prices, especially brass, iron, aluminum, steel, stainless steel and cast iron. Group policy is to hedge this risk where possible by way of medium-term commitments with suppliers, or by means of stocking policies when prices are low, or by entering into agreements with customers to transfer the risk to them.

Following the major increases recorded in 2022, the prices of non-energy commodities stabilized in 2023, maintaining record levels however with respect to the pre-Covid period. In this context, there have been significant differences among the various commodities: in the ferrous metals sector, the steel price trended downwards in the early months of the year, before stabilizing in the second semester; in the non-ferrous sector, by contrast, aluminum prices began to ease from the start of the year, following a trend that continued through year end. Although the supply chain problems encountered in 2022 have been overcome, the Group has sometimes decided to purchase larger quantities in order to guarantee the availability of the materials needed for production purposes.

Further, the Group constantly monitors the price trend of these raw materials, seeking to adopt the most effective policies that minimize the exposure to this risk.

The Group does not hold listed securities that would be subject to stock market fluctuations. The revenues and cash flow of Group operating activities are not influenced by changes in interest generating assets.

(e) *Climate risks*

With regard to climate change, the Interpump Group does not fall with the scope of Directive 2003/87/EC (as amended most recently by Directive (EU) 2018/410), which introduced and governs the European Union Emissions Trading System (EU ETS). The

ETS is the principal tool adopted by the European Union to reach the CO₂ reduction targets established for the principal industrial sectors and aviation. Although the Interpump Group is not included in the industrial sectors covered by the ETS, the Group is nevertheless committed to combat climate change. The ESG Plan 2023-2025, approved by the Board of Directors on 5 October 2022, includes actions in support of the ESG strategy that are intended to have a significant, concrete impact on the development of the business. In particular, the Plan not only adopts environmental protection and social inclusion objectives, but also strengthens the correlation between achievement of the ESG Plan objectives and the remuneration of top management. In particular, the actions completed in 2023 and those envisaged for 2024 seek to embed the fundamental ESG principles within the Group's strategies, creating an organizational framework that recognizes the underlying core values, while the later actions are designed to support achievement by the Group of its decarbonization objectives for 2030 and 2050. The Group strategy also envisages the reduction of emissions via increased recourse to green certified electricity, the installation of new renewable energy plants and the optimization of energy consumption within the organization.

The path of sustainable growth and environmental protection taken by the Interpump Group also means devising processes that support the circular economy of products, the more efficient management of water resources and the development of technical solutions for the eco-design of products. The entire process will be achieved *inter alia* by leveraging throughout the organization the best practices developed in specific areas by each component part of the Group.

Among others, the climate change topic is subject to annual reporting in the consolidated Non-Financial Statement (NFS) prepared pursuant to Decree 254 dated 30 December 2016, which transposed Directive 2014/95/EU into Italian law. This Interpump Group report describes the primary risks generated and/or sustained, the policies applied, the performance indicators, and the corporate organization, management and control model.

With regard to financial reporting, stakeholders are focusing increasingly on the impact of climate change on business models, cash flows, the financial position and business results.

Ahead of the adoption of “integrated reporting”, in June 2023 the ISSB published standards that establish general requirements for the disclosure of sustainability-related financial information (*IFRS S1*) and require the disclosure of information about the exposure to climate-related risks and opportunities (*IFRS S2*), effective for annual reporting periods beginning on or after 1 January 2024. All significant impacts are considered by the Group when applying the international accounting standards, evaluating in particular their effects on business continuity. In this context, the Group has not identified significant risks deriving from the application of individual standards and no doubts or uncertainties have arisen about events or conditions that might cause concern about business continuity. In particular, the Group monitors constantly the most recent regulations governing climate-related topics. At this time, no regulations have been approved with a direct impact on the Group. If necessary, the Group will amend the key assumptions used to calculate the value in use of assets and the sensitivity to changes.

CORPORATE GOVERNANCE

In relation to corporate governance, Interpump Group's model is based on the provisions of the Corporate Governance Code promoted by Borsa Italiana S.p.A., published in January 2020, to which Interpump Group has adhered. The report on corporate governance and the ownership structure can be found in the Corporate Governance section of the website www.interpumpgroup.it.

The following table provides information on the number of shares held by the directors and statutory auditors, as required by the combined provisions of art. 123-(2), subsection 1.c), and art. 123-(3), subsection 4, TUF:

Name	Number of shares held at 31/12/2022	Number of shares purchased and/or subscribed for in 2023	Number of shares sold in 2023	Number of shares held at 31/12/2023
Fulvio Montipò	1,555,233	-	-	1,555,233
Fabio Marasi	30,000	-	(12,000)	18,000

Given that the 25% limit placed on the share capital of the Company held by Gruppo IPG Holding S.p.A. and persons acting on its behalf pursuant to art. 44-(4), subsection 1.a) of the Issuers' Regulation had been exceeded, on 6 December 2022 Fulvio Montipò, Gruppo IPG Holding S.p.A. and its members, Leila Montipò e Sorelle S.A.p.A. (as a shareholder of both the Company and Gruppo IPG Holding S.p.A.) and Tamburi Investment Partners S.p.A. (as a shareholder of Gruppo IPG Holding S.p.A.) agreed to sell to third parties other than related parties, within a period of no more than 12 months, a number of shares in the Company necessary to reduce their combined equity interest to less than 25%. Consequently, Gruppo IPG Holding S.p.A. sold 1,800,000 shares to third parties other than related parties, on 16 November 2023.

Leila Montipò e Sorelle S.A.p.A. holds 73.08% of the share capital of Gruppo IPG Holding S.p.A., which in turn holds 25,501,799 shares in Interpump Group S.p.A., equal to 23.422% of the share capital. The other 26.92% interest in Gruppo IPG Holding S.p.A. is held by Tamburi Investment Partners S.p.A., in which Giovanni Tamburi (Deputy Chairman of the Board of Directors of Interpump Group S.p.A.) is the Chairman of the Board of Directors and Chief Executive Officer.

Leila Montipò e Sorelle S.A.p.A., formed on 6 November 2020, holds a controlling interest pursuant to art. 2359, subsection 2, of the Italian Civil Code in Gruppo IPG Holding S.p.A. and, accordingly, is required to prepare consolidated financial statements since the exemption clauses envisaged in art. 27 of Decree 127 dated 09.04.1991 do not apply: the financial statements are prepared in accordance with the IAS/IFRS.

From FY 2021, Gruppo IPG Holding S.p.A. is no longer required to prepare consolidated financial statements since Leila Montipò e Sorelle S.A.p.A. was formed on 6 November 2020 and is subject to that obligation, being the parent company of Gruppo IPG Holding S.p.A., owning 73.08% of its share capital. Nevertheless, Gruppo IPG Holding S.p.A. has not elected to apply that exemption and continues to prepare consolidated financial statements.

Leila Montipò e Sorelle S.A.p.A. does not carry out management and coordination activities in relation to Gruppo IPG Holding S.p.A. and is also not subject to any management and coordination activities.

Gruppo IPG Holding S.p.A. does not carry out any management or coordination activities in relation to Interpump Group S.p.A. and is also not subject to any management and coordination activities.

The resolution adopted by the Board of Directors of Interpump Group S.p.A. on 12 June 2008 acknowledges that Interpump Group S.p.A. is not subject to management or coordination by Gruppo IPG Holding S.p.A. because:

- the shareholder has no means or facilities for the execution of such activities, having no employees or other personnel capable of providing support for the activities of the Board of Directors;
- the shareholder does not prepare the budgets or business plans of Interpump Group S.p.A.;
- it does not issue any directives or instructions to its subsidiary, nor does it require to be informed beforehand or to approve either its most significant transactions or its routine administration;
- there are no formal or informal committees or work groups in existence, formed of representatives of Gruppo IPG Holding and representatives of the subsidiary.

At the date of this report there were no changes in relation to the conditions stated above.

STOCK OPTION PLANS

With the aim of motivating Group management and promoting participation in the goal of value creation for shareholders, there are currently two stock option plans in existence, one approved at the Shareholders' Meeting of 30 April 2019 (**2019-2021** plan) and one approved at the Shareholders' Meeting of 29 April 2022 (**2022-2024** plan).

The Shareholders' Meeting held on 30 April 2019 approved a stock option plan, known as the "*Interpump Incentive Plan 2019-2021*", which envisages granting a maximum of 2,500,000 options at an exercise price of Euro 28.4952 each and, for options granted after 30 April 2020, at the official price quoted on the Italian Stock Exchange on the day prior to the grant date. The meeting of the Board of Directors held on 27 June 2019 decided that 2,500,000 options would be granted, determined the total number of options in each tranche (750,000 for the first tranche, 875,000 for the second tranche and 875,000 for the third tranche) and established conditions for exercising the options that are linked to the achievement of specific financial statement parameters; in addition, 1,800,000 options were granted to Fulvio Montipò, the Executive Chairman, and 418,500 options were granted to other beneficiaries. A further 20,000 options were granted to other beneficiaries on 3 June 2020. Overall, a total of 2,238,500 options have therefore been granted. The options can be exercised from 30 June 2022 to 31 December 2025. A total of 2,500 options were canceled in 2022.

At 31 December 2023 the situation of the **2019-2021** plan was as follows:

Options granted at 1 January	180,276
Options canceled in the year	-
Options exercised in the year	(79,000)
Total options granted at 31 December	101,276

The beneficiaries of the options were:

	Price per share for the exercise of options	<u>Vesting period</u>	Number of options granted, start of year	Number of options canceled in the year	Number of options exercised in the year	Number of options exercisable at year end
<u>Directors of the Parent Company</u>						
<input type="checkbox"/> Fulvio Montipò	€ 28.4952	01.07.2022-31.12.2025	-	-	-	-
<input type="checkbox"/> Fabio Marasi	€ 28.4952	01.07.2022-31.12.2025	-	-	-	-
Other beneficiaries	€ 28.4952	01.07.2022-31.12.2025	160,276	-	(69,000)	91,276
Other beneficiaries	€ 27.9868	01.07.2022-31.12.2025	20,000	-	(10,000)	10,000
Total			180,276	-	(79,000)	101,276

The Shareholders' Meeting held on 29 April 2022 approved a new stock option plan, known as the “*Interpump Incentive Plan 2022-2024*”, which envisages granting a maximum of 2,250,000 options at an exercise price of Euro 38.6496 each and, for options granted after 29 April 2023, at the official price quoted on the Italian Stock Exchange on the day prior to the grant date. The meeting of the Board of Directors held on the same date granted 1,620,000 options to Fulvio Montipò, the Executive Chairman. A further 288,000 options and 6,000 options were granted to other beneficiaries on, respectively, 23 May 2022 and 20 October 2022.

The Board of Directors then granted an additional total of 35,000 options on 28 April 2023, of which 15,000 to Fabio Marasi, Chief Executive Officer, and 20,000 to other beneficiaries. Overall, therefore, 1,914,000 options were granted during 2022 and 35,000 were granted in 2023. A total of 2,000 options were canceled in 2023 (7,000 in 2022). The options can be exercised between 30 June 2025 and 31 December 2028.

At 31 December 2023 the situation of the **2022-2024** plan was as follows:

Number of rights assigned at 1 January	1,907,000
Number of rights assigned	35,000
Number of rights canceled	(2,000)
Total number of rights not yet exercised at 31/12/2023	1,940,000

The beneficiaries of the rights were:

	Price per share for the exercise of rights	Vesting period	Number of rights assigned, start of year	Number of rights canceled in the year	Number of rights assigned in the year	Number of rights exercised in the year	Number of rights exercisable at year end
Directors of the Parent Company							
<input type="checkbox"/> Fulvio Montipò	€ 38.6496	01.07.2025-31.12.2028	1,620,000	-	-	-	1,620,000
<input type="checkbox"/> Fabio Marasi	€ 38.6496	01.07.2025-31.12.2028	45,000	-	15,000	-	60,000
Other beneficiaries	€ 38.6496	01.07.2025-31.12.2028	242,000	(2,000)	20,000	-	260,000
Total			1,907,000	(2,000)	35,000	-	1,940,000

RELATIONS WITH GROUP COMPANIES AND TRANSACTIONS WITH RELATED PARTIES

In compliance with the provisions of the Consob regulation adopted with resolution no. 17221 of 12 March 2010, as amended, Interpump Group S.p.A. has adopted the procedure that regulates related party transactions. This procedure was approved for the first time by the Board of Directors on 10 November 2010 and has been continuously updated in accordance with the regulatory provisions in force time by time and adapted to reflect current practices. In particular, on 28 June 2021 the Board of Directors approved a new version that takes account of the effects of Decree 49/2019, which transposed into Italian law the provisions of Directive (EU) 2017/828 (“Shareholders’ Rights II”) with regard to related parties, as well as the related amendments made by CONSOB on 10 December 2020 to the Issuers’ Regulation and the Regulation governing Related Party Transactions. 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 carried out with related parties is given in Note 34 of this Annual Financial Report. Overall, there were no atypical or unusual transactions with related parties during 2023 and the transactions that did take place, in the ordinary course of business by the Group companies concerned, were conducted on an arm's-length basis.

TREASURY SHARES

At 31 December 2023 the Parent company held 1,908,863 shares, representing 1.753% of capital, acquired at an average unit cost of Euro 38.7871.

RECONCILIATION WITH THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

The consolidated shareholders' equity and net profit attributable to the owners of the Parent company are reconciled below with the equivalent amounts reported in the separate financial statements:

	Shareholders' equity at 31/12/2023	Net profit for 2023	Shareholders' equity at 31/12/2022
Parent Company's financial statements	<u>656,362</u>	<u>76,054</u>	<u>604,893</u>
Difference between the carrying amount of consolidated investments and their valuation using the equity method	1,140,052	197,996	951,710
Greater book value of a building owned by the Parent Company	165	(4)	169
Elimination of Parent Company's intercompany profits	<u>(3,001)</u>	<u>223</u>	<u>(3,224)</u>
Total consolidation adjustments	<u>1,137,216</u>	<u>198,215</u>	<u>948,655</u>
Consolidated shareholders' equity and net profit attributable to Shareholders of Parent	<u>1,793,578</u>	<u>274,269</u>	<u>1,553,548</u>

GROUP COMPANIES

At 31 December 2023 the Interpump Group is led by Interpump Group S.p.A., which holds direct and indirect controlling interests in 117 companies (6 of which are dormant and/or in liquidation) operating in two business segments (the Hydraulic Sector and the Water Jetting Sector).

The Parent Company, with registered offices in Sant'Ilario d'Enza, mainly produces high and very high pressure plunger pumps for water, as well as high pressure cleaners, which are classified in the Water Jetting Sector.

The main data of the consolidated subsidiaries are summarized in the table below, whereas for the Parent Company the data are provided in the financial report attached hereto.

<u>Companies consolidated line by line</u>	<u>Share capital (€/000)</u>	<u>% held at 31/12/23</u>	<u>Location</u>	<u>Main activity</u>	<u>Revenues €/million 31/12/2023</u>	<u>Revenues €/million 31/12/2022</u>	<u>Ave. no. employees 2023</u>	<u>Ave. no. employees 2022</u>
GP Companies Inc.	1,854	100.00%	Minneapolis - USA	Distributor of high pressure pumps (Water Jetting sector)	60.9	71.4	61	62
Hammelmann GmbH	25	100.00%	Oelde - Germany	High pressure systems and pumps (Water Jetting sector)	150.3	118.2	420	393
Hammelmann Australia Pty Ltd	472	100.00%	Melbourne - Australia	Sale of high pressure systems and pumps (Water Jetting sector)	15.5	15.5	27	28
Hammelmann Corporation Inc.	39	100.00%	Miamisburg - USA	Sale of high pressure systems and pumps (Water Jetting sector)	32.7	30.1	31	27
Hammelmann S. L.	500	100.00%	Zaragoza - Spain	Sale of high pressure systems and pumps (Water Jetting sector)	4.7	4.9	8	8
Hammelmann Pumps Systems Co Ltd	871	90.00%	Tianjin - China	Sale of high pressure systems and pumps (Water Jetting sector)	11.2	10.5	28	29
Hammelmann France	50	100.00%	Etrichè – France	Sale of high pressure systems and pumps (Water Jetting sector)	8.0	6.5	6	5
Hammelmann Swiss GmbH	89	100.00%	Dudingén - Switzerland	Sale of high pressure systems and pumps (Water Jetting sector)	3.8	4.4	2	2
Inoxihp S.r.l.	119	52.72%	Nova Milanese (MI)	Production and sale of very high pressure systems and pumps (Water Jetting sector)	19.2	17.3	56	51
NLB Corporation Inc.	12	100.00%	Detroit - USA	Production and sale of very high pressure systems and pumps (Water Jetting sector)	100.6	97.5	244	224
Inoxpa S.A.	23,000	100.00%	Banyoles – Spain	Production and sale of machinery for the food processing, chemicals, cosmetics and pharmaceuticals industries (Water Jetting sector)	61.2	60.1	245	241
Inoxpa India Private Ltd	6,779	100.00%	Pune - India	Production and sale of machinery for the food processing, chemicals, cosmetics and pharmaceuticals industries (Water Jetting sector)	16.8	17.4	94	95
Inoxpa Solutions France	2,071	100.00%	Gleize – France	Production and sale of machinery for the food processing, chemicals, cosmetics and pharmaceuticals industries (Water Jetting sector)	15.0	12.5	29	25
Improved Solutions Unipessoal Ltda (Portugal)	760	100.00%	Vale de Cambra – Portugal	Production and sale of machinery for the food processing, chemicals, cosmetics and pharmaceuticals industries (Water Jetting sector)	7.7	5.8	49	40
Inoxpa (UK) Ltd	1,942	100.00%	Eastbourne – United Kingdom	Sale of machinery for the food processing, chemicals, cosmetics and pharmaceuticals industries (Water Jetting sector)	1.6	1.7	4	5
Inoxpa Solutions Moldova	317	66.67%	Chisinau – Moldova	Sale of machinery for the food processing, chemicals, cosmetics and pharmaceuticals industries (Water Jetting sector)	2.5	0.9	25	25
Inoxpa Colombia SAS	133	83.29%	Bogotá - Colombia	Sale of machinery for the food processing, chemicals, cosmetics and pharmaceuticals industries (Water Jetting sector)	6.1	6.2	20	19

<u>Companies consolidated line by line</u>	<u>Share capital</u> <u>(€/000)</u>	<u>% held at</u> <u>31/12/23</u>	<u>Location</u>	<u>Main activity</u>	<u>Revenues</u> <u>€/million</u> <u>31/12/2023</u>	<u>Revenues</u> <u>€/million</u> <u>31/12/2022</u>	<u>Ave.no.</u> <u>employees</u> <u>2023</u>	<u>Ave. no.</u> <u>employees</u> <u>2022</u>
Inoxpa Italia S.r.l.	100	100.00%	Mirano (VE)	Sale of machinery for food processing, chemicals, cosmetics and pharma (Water Jetting sector)	7.1	4.6	14	13
Inoxpa Skandinavien A/S	134	100.00%	Horsens – Denmark	Sale of machinery for food processing, chemicals, cosmetics and pharma (Water Jetting sector)	2.3	2.6	5	5
Inoxpa South Africa Proprietary Ltd	104	100.00%	Gauteng – South Africa	Sale of machinery for food processing, chemicals, cosmetics and pharma (Water Jetting sector)	4.3	5.6	17	16
Inoxpa Special Processing Equipment Co. Ltd	1,647	100.00%	Jianxing – China	Sale of machinery for food processing, chemicals, cosmetics and pharma (Water Jetting sector)	10.3	3.9	6	5
Inoxpa Ukraine	113	100.00%	Kiev – Ukraine	Sale of machinery for food processing, chemicals, cosmetics and pharma (Water Jetting sector)	0.5	0.3	4	4
Inoxpa USA Inc.	1,426	100.00%	Santa Rosa – USA	Sale of machinery for food processing, chemicals, cosmetics and pharma (Water Jetting sector)	4.1	4.6	8	8
INOXPA LTD	1,435	70.00%	Podolsk - Russia	Sale of machinery for food processing, chemicals, cosmetics and pharma (Water Jetting sector)	14.4	10.5	57	55
Inoxpa Mexico S.A. de C.V.	309	100.00%	Mexico City - Mexico	Sale of machinery for food processing, chemicals, cosmetics and pharma (Water Jetting sector)	1.2	1.4	4	4
Pioli s.r.l	10	100.00%	Reggio Emilia	Galvanic treatment of metals (Water Jetting sector)	4.3	4.7	34	39
Servizi Industriali S.r.l.	100	80.00%	Ozzano Emilia (BO)	Sale of centrifugal separators (Water Jetting sector)	6.7	7.8	24	26
SIT S.p.A.	105	80.00%	S.Illario d'Enza (RE)	Sheet metal drawing, blanking, and pressing (Water Jetting sector)	4.7	5.7	18	19
Interpump Hydraulics S.p.A.	2,632	100.00%	Calderara di Reno (BO)	Production and sale of power take-offs and hydraulic pumps (Hydraulic sector)	104.2	100.9	299	296
Contarini Leopoldo S.r.l.	47	100.00%	Lugo (RA)	Production and sale of hydraulic cylinders (Hydraulic sector)	30.2	31.4	107	105
Unidrò Contarini S.a.s.	8	100.00%	Barby - France	Production and sale of hydraulic cylinders (Hydraulic sector)	6.2	6.4	16	16
Copa Hydrosystem Ood	3	100.00%	Troyan - Bulgaria	Production and sale of hydraulic cylinders (Hydraulic sector)	12.0	12.7	159	166
Hydrocar Chile S.A.	129	90.00%	Santiago - Chile	Sale of hydraulic pumps and power take-offs (Hydraulic sector)	9.1	8.7	50	54
Hydroven S.r.l.	200	100.00%	Tezze sul Brenta (VI)	Sale of ancillary products for ind. vehicles, hydraulic pumps and power take-offs (Hydraulic sector)	29.4	30.8	57	54
Interpump Hydraulics Brasil Ltda	15,126	100.00%	Caxia do Sul - Brazil	Production and sale of power take-offs, hydraulic pumps and cylinders (Hydraulic sector)	22.6	22.1	155	152
Interpump Hydraulics France S.a.r.l.	76	99.77%	Ennery - France	Sale of hydraulic pumps and power take-offs (Hydraulic sector)	4.2	4.6	13	11
Interpump Hydraulics India Private Ltd	682	100.00%	Hosur - India	Production and sale of power take-offs and hydraulic pumps (Hydraulic sector)	22.1	21.3	122	113

<u>Companies consolidated line by line</u>	<u>Share capital</u> <u>(€/000)</u>	<u>% held at</u> <u>31/12/23</u>	<u>Location</u>	<u>Main activity</u>	<u>Revenues</u> <u>€/million</u> <u>31/12/2023</u>	<u>Revenues</u> <u>€/million</u> <u>31/12/2022</u>	<u>Ave. no.</u> <u>employees</u> <u>2023</u>	<u>Ave. no.</u> <u>employees</u> <u>2022</u>
Interpump Hydraulics Middle East FZE	326	100.00%	Dubai - United Arab Emirates	Sale of ancillary products for ind. vehicles, hydraulic pumps and power take-offs (Hydraulic sector)	0.0	1.0	2	3
Interpump South Africa PTY Ltd	-	100.00%	Johannesburg – South Africa	Sale of ancillary products for ind. vehicles, hydraulic pumps and power take-offs (Hydraulic sector)	4.9	5.4	30	29
Eurofluid Hydraulics S.r.l.	100	80.00%	Albinea (RE)	Production and sale of hydraulic valves and directional controls (Hydraulic sector)	25.2	4.0 c)	74	72
Interpump Hydraulics (UK) Ltd.	13	100.00%	Kidderminster – United Kingdom	Sale of hydraulic pumps and power take-offs (Hydraulic sector)	20.1	19.5	74	69
Mega Pacific Pty Ltd	335	100.00%	Newcastle – Australia	Sale of hydraulic products (Hydraulic sector)	19.2	18.5	40	39
Mega Pacific NZ Pty Ltd	557	100.00%	Mount Maunganui – New Zealand	Sale of hydraulic products (Hydraulic sector)	2.0	2.2	5	6
Muncie Power Prod. Inc.	784	100.00%	Muncie - USA	Power take-offs and hydraulic pumps (Hydraulic sector)	130.9	103.6	427	396
North American Manufacturing Inc.	3,410	100.00%	Fairmount - USA	Production and sale of hydraulic oil tanks (Hydraulic sector)	13.2	13.6	82	73
Hydra Dyne Technology Inc.	80	89.99%	Ingersoll - Canada	Production and sale of hydraulic cylinders, valves and rotary unions (Hydraulic sector)	36.9	37.7	192	177
Oleodinamica Panni S.r.l.	2,000	100.00%	Tezze sul Brenta (VI)	Production and sale of hydraulic cylinders (Hydraulic sector)	76.3	69.4	266	232
Wuxi Interpump Weifu Hydraulics Company Ltd	2,095	65.00%	Wuxi - China	Production and sale of hydraulic pumps and power take-offs (Hydraulic sector)	14.0	17.0	57	56
IMM Hydraulics S.p.A.	520	100.00%	Atessa (Switzerland)	Production and sale of hydraulic hoses and fittings (Hydraulic sector)	92.0	94.9	373	356
IFS France S.a.r.l.	162	100.00%	Strasbourg - France	Sale of hydraulic hoses and fittings (Hydraulic sector)	2.7	2.9	7	7
Interpump Fluid Solutions Germany Gmbh	52	100.00%	Meinerzhagen - Germany	Sale of hydraulic hoses and fittings (Hydraulic sector)	7.8	8.8	17	17
IMM Hydro Est	3,155	100.00%	Catcau Cluj Napoca - Romania	Production and sale of hydraulic hoses and fittings (Hydraulic sector)	9.0	9.7	167	178
FGA S.r.l.	10	100.00%	Fossacesia (CH)	Surface treatments (Hydraulic sector)	1.8	1.9	12	12
Innovativ Gummi Tech S.r.l.	4,100	100.00%	Ascoli Piceno (AP)	Production and sale of rubber mixtures (Hydraulic sector)	8.4	7.9	19	20
Tekno Tubi S.r.l.	100	100.00%	Terre del Reno (FE)	Production and sale of rigid and flexible hydraulic lines (Hydraulic sector)	26.6	24.5	90	83
Tubiflex S.p.A.	515	100.00%	Orbassano (TO)	Production and sale of flexible hydraulic lines (Hydraulic sector)	27.5	25.5	130	135

<u>Companies consolidated line by line</u>	<u>Share capital (€/000)</u>	<u>% held at 31/12/23</u>	<u>Location</u>	<u>Main activity</u>	<u>Revenues €/million 31/12/2023</u>	<u>Revenues €/million 31/12/2022</u>	<u>Ave. no. employees 2023</u>	<u>Ave. no. employees 2022</u>
Walvoil S.p.A.	7,692	100.00%	Reggio Emilia	Production and sale of hydraulic valves and directional controls (Hydraulic sector)	323.0	296.3	1,303	1,214
Walvoil Fluid Power Corp.	137	100.00%	Tulsa - USA	Sale of hydraulic valves and directional controls (Hydraulic sector)	76.1	74.5	77	73
Walvoil Fluid Power (India) Pvt Ltd	4,803	100.00%	Bangalore - India	Production and sale of hydraulic valves and directional controls (Hydraulic sector)	59.9	57.7	391	408
Walvoil Fluid Power Korea Llc	453	100.00%	Pyeongtaek – South Korea	Production and sale of hydraulic valves and directional controls (Hydraulic sector)	21.2	22.9	77	68
Walvoil Fluid Power France Sarl	10	100.00%	Vritz – France	Production and sale of hydraulic valves and directional controls (Hydraulic sector)	-	-	4	4
Walvoil Fluid Power Australasia	7	100.00%	Melbourne - Australia	Agent for the sale of hydraulic valves and directional controls (Hydraulic sector)	-	-	1	1
Walvoil Canada Inc.	76	100.00%	Terrebonne Quebec - Canada	Sale of hydraulic valves and directional controls (Hydraulic sector)	7.8	6.9	17	18
Walvoil Fluid Power Dongguan Co. Ltd	3,720	100.00%	Dongguan - China	Production and sale of hydraulic valves and directional controls (Hydraulic sector)	22.8	26.6	146	145
IPG Mouldtech India PVT Ltd	298	85.00%	Coimbatore - India	Smelting of ferrous metals, cast iron and aluminum (Hydraulic sector)	6.7 (a)	-	85	-
Reggiana Riduttori S.r.l.	6,000	100.00%	S. Polo d'Enza (RE)	Production and sale of power transmission systems: planetary gears, ratiomotors and drive wheels (Hydraulic sector)	131.9	118.2	243	218
RR USA Inc.	1	100.00%	Boothwin USA	Sale of power transmission systems: planetary gears, ratiomotors and drive wheels (Hydraulic sector)	51.2	46.0	26	25
RR Canada Inc.	1	100.00%	Vaughan Canada	Sale of power transmission systems: planetary gears, ratiomotors and drive wheels (Hydraulic sector)	6.1	4.9	7	7
RR Holland BV	19	100.00%	Oosterhout - Netherlands	Sale of power transmission systems: planetary gears, ratiomotors and drive wheels (Hydraulic sector)	8.4	7.9	14	13
RR France S.a r.l.	400	95.00%	Thouare sur Loire - France	Sale of power transmission systems: planetary gears, ratiomotors and drive wheels (Hydraulic sector)	3.9	2.9	7	6
RR Slovakia A.S.	340	100.00%	Zvolen - Slovakia	Production and sale of power transmission systems: planetary gears, ratiomotors and drive wheels (Hydraulic sector)	1.2	1.4	31	35
RR Pacific Pty	249	100.00%	Victoria - Australia	Sale of power transmission systems: planetary gears, ratiomotors and drive wheels (Hydraulic sector)	4.6	4.5	8	8

<u>Companies consolidated line by line</u>	<u>Share capital</u> <u>(€/000)</u>	<u>% held at</u> <u>31/12/23</u>	<u>Location</u>	<u>Main activity</u>	<u>Revenues</u> <u>€/million</u> <u>31/12/2023</u>	<u>Revenues</u> <u>€/million</u> <u>31/12/2022</u>	<u>Ave. no.</u> <u>employees</u> <u>2023</u>	<u>Ave. no.</u> <u>employees</u> <u>2022</u>
Reggiana Riduttori (Suzhou) Co Ltd	600	100.00%	Suzhou (China)	Sale of power transmission systems: planetary gears, ratiomotors and drive wheels (Hydraulic sector)	4.3	3.9	4	5
Transtecno S.r.l.	100	80.00%	Anzola dell'Emilia (BO)	Production and sale of gears and ratiomotors (Hydraulic sector)	56.8	59.6	136	129
Drainitech S.r.l.	10	80.00%	Anzola dell'Emilia (BO)	Production and sale of gears and ratiomotors (Hydraulic sector)	4.9	2.8 d)	14	10
Hangzhou Interpump Power Transmission Co. Ltd	575	100.00%	Hangzhou - China	Production and sale of gears and ratiomotors (Hydraulic sector)	24.9	32.3	160	161
Transtecno Iberica the Modular Gearmotor S.A.	203	70.00%	Gava - Spain	Sale of gears and ratiomotors (Hydraulic sector)	3.4	3.2	13	12
MA Transtecno S.A.P.I. de C.V.	124	70.00%	Apodaca - Mexico	Sale of gears and ratiomotors (Hydraulic sector)	7.2	6.6	24	21
Transtecno BV	18	51.00%	Amersfoort - Netherlands	Sale of gears and ratiomotors (Hydraulic sector)	3.7	4.3	8	10
Transtecno Aandrijftechniek - Netherlands	-	51.00%	Amersfoort - Netherlands	Sale of gears and ratiomotors (Hydraulic sector)	1.2	1.3	1	1
White Drive Motors and Steering Sp zoo	33,254	100.00%	Wroclaw - Poland	Production and sale of orbital motors and steering systems (Hydraulic sector)	150.7	142.8	609	560
White Drive Motors and Steering GmbH	33,595	100.00%	Parchim - Germany	Production and sale of hydraulic valves and directional controls (Hydraulic sector)	12.1	22.4	72	139
White Drive Motors and Steering, LLC	67,920	100.00%	Hopkinsville - USA	Production and sale of hydraulic valves and directional controls (Hydraulic sector)	108.0	100.7	366	294
Interpump Piping GS S.r.l.	10	100.00%	Reggio Emilia	Piping holding company (Hydraulic sector)	-	-	-	-
GS-Hydro Singapore Pte Ltd	624	100.00%	Singapore	Design, production and sale of piping systems (Hydraulic sector)	1.4	1.9	6	5
GS-Hydro Korea Ltd.	1,892	100.00%	Busan - South Korea	Design, production and sale of piping systems (Hydraulic sector)	10.6	7.1	33	32
GS-Hydro Piping Systems (Shanghai) Co. Ltd.	2,760	100.00%	Shanghai - China	Design, production and sale of piping systems (Hydraulic sector)	6.8	7.8	49	47
GS-Hydro Benelux B.V.	18	100.00%	Barendrecht - Netherlands	Design, production and sale of piping systems (Hydraulic sector)	6.8	6.0	17	15
GS-Hydro Austria GmbH	40	100.00%	Pashing - Austria	Design, production and sale of piping systems (Hydraulic sector)	8.6	7.2	26	25
GS-Hydro Sp Z O O - Poland	1,095	100.00%	Gdynia - Poland	Design, production and sale of piping systems (Hydraulic sector)	4.4	3.8	28	27
GS-Hydro Denmark AS	67	100.00%	Kolding - Denmark	Design, production and sale of piping systems (Hydraulic sector)	4.0	5.2	15	13
GS-Hydro S.A.U (Spain)	90	100.00%	Las Rozas - Spain	Design, production and sale of piping systems (Hydraulic sector)	12.3	9.9	67	70
Suministros Franquesa S.A.	160	100.00%	Lleida - Spain	Assembly and sale of hydraulic hoses, fittings and other components (Hydraulic sector)	1.5	1.5	10	11

<u>Companies consolidated line by line</u>	<u>Share capital (€/000)</u>	<u>% held at 31/12/23</u>	<u>Location</u>	<u>Main activity</u>	<u>Revenues €/million 31/12/2023</u>	<u>Revenues €/million 31/12/2022</u>	<u>Ave. no. employees 2023</u>	<u>Ave. no. employees 2022</u>
GS-Hydro U.S. Inc.	9,903	100.00%	Huston - USA	Design, production and sale of piping systems (Hydraulic sector)	2.2	3.1	5	6
GS-Hydro do Brasil Sistemas Hidr. Ltda	252	100.00%	Rio de Janeiro - Brazil	Design, production and sale of piping systems (Hydraulic sector)	1.8	1.7	8	8
GS-Hydro System GmbH (Germany)	179	100.00%	Witten - Germany	Design, production and sale of piping systems (Hydraulic sector)	-	-	1	-
GS- Hydro UK Ltd	5,095	100.00%	Aberdeen - United Kingdom	Design, production and sale of piping systems (Hydraulic sector)	18.3	16.2	90	79
GS-Hydro Ab (Sweden)	120	100.00%	Kista - Sweden	Design, production and sale of piping systems (Hydraulic sector)	1.9	1.3	3	5
GS-Hydro Hong Kong Ltd	1	100.00%	Hong Kong	Design, production and sale of piping systems (Hydraulic sector)	0.3	0.7	-	-
I.mec S.r.l.	100	70.00%	Reggio Emilia	Production of production of mechanical sifters (Water Jetting sector)	9.6 <u>b)</u>	-	31	-
Waikato Holding Limited (NZ)	32,210	100.00%	Auckland - New Zealand	Design, production and sale of mechanized milking systems (Water Jetting sector)	-	-	-	-
Waikato Milking Systems L.P. (NZ)	46,803	100.00%	Auckland - New Zealand	Design, production and sale of mechanized milking systems (Water Jetting sector)	13.8 <u>b)</u>	-	57	-
Waikato Milking Systems Lease Ltd	-	100.00%	Auckland - New Zealand	Design, production and sale of mechanized milking systems (Water Jetting sector)	-	-	-	-
Waikato Milking Systems USA LLC	-	100.00%	Verona - USA	Design, production and sale of mechanized milking systems (Water Jetting sector)	5.0 <u>b)</u>	-	9	-
Waikato Milking Systems UK Limited	-	100.00%	Shrewsbury - United Kingdom	Design, production and sale of mechanized milking systems (Water Jetting sector)	2.4 <u>b)</u>	-	1	-
Waikato Milking Systems Ireland Ltd	1	100.00%	Dublin - Ireland	Design, production and sale of mechanized milking systems (Water Jetting sector)	2.6 <u>b)</u>	-	2	-
Hi-Tech Enviro Solutions Limited	-	100.00%	Auckland - New Zealand	Inoperative (Water Jetting sector)	-	-	-	-
WMS GP Limited (NZ)	-	100.00%	Hamilton - New Zealand	Inoperative (Water Jetting sector)	-	-	-	-
Transtecno USA LLC	3	100.00%	Miami - USA	Dormant (Hydraulic sector)	-	-	-	-
IMM Hydraulics Ltd	-	100.00%	Kidderminster - United Kingdom	Dormant (Hydraulic sector)	-	-	-	-
Bristol Hose Ltd	-	100.00%	Bristol - United Kingdom	Dormant (Hydraulic sector)	-	-	-	-
RR India Pvt. Ltd	52	99.99%	New Delhi - India	Dormant (Hydraulic sector)	-	0.2	-	5

<u>Companies not consolidated line by line</u>	<u>Share capital (€/000)</u>	<u>% held at 31/12/23</u>	<u>Location</u>	<u>Main activity</u>
General Pump China	111	100%	Ningbo – China	Marketing of components (Water Jetting sector)
Interpump Hydraulics Perù	318	90%	Lima - Peru	Sale of hydraulic pumps and power take-offs (Hydraulic sector)
Interpump Hydraulics Rus	172	100%	Moscow - Russia	Sale of hydraulic pumps and power take-offs (Hydraulic sector)
Hammelmann Vostok	86-	100%	Moscow - Russia	Sale of high pressure systems and pumps (Water Jetting sector)
Interpump Antriebstechnik GmbH	25	100%	Stuttgart - Germany	Sale of power transmission systems: planetary gears, ratiomotors and drive wheels (Hydraulic sector)

- a) = Revenues for 9 months in 2023
- b) = Revenues for 7 months in 2023
- c) = Revenues for 2 months in 2022
- d) = Revenues for 7 months in 2022

EVENTS OCCURRING AFTER THE CLOSE OF THE YEAR AND BUSINESS OUTLOOK

No atypical or unusual transactions have been carried out subsequent to 31 December 2023 that would call for changes to these consolidated financial statements.

In the current year, the Group expects to consolidate the good results achieved during 2023, even though the international environment remains very complex.

Based on available indicators, the Group forecasts that annual turnover will be essentially stable on a comparable basis. In terms of profitability, the Group will seek to defend the excellent results achieved in 2023.

On 31 January 2024 Interpump Group S.p.A. 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 paying a fixed coupon of 4.17% every semester. 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.

OTHER INFORMATION

With regard to the regulatory requirements envisaged in art.15 of the Consob Market Regulation (previously art. 36, updated by Consob Decision 20249 dated 28 December 2017), on the conditions for listing the parent companies of subsidiaries formed in or governed by the laws of countries that are not EU member states, it is confirmed with respect to the situation at 31 December 2022 that Waikato Milking Systems L.P., a New Zealand company, has been added to the companies of importance to the consolidated financial statements, given its inclusion in the audit plan.

The Interpump Group is especially active in making acquisitions, including of small and medium-sized companies, which is why it comprises a large number of companies, including small enterprises, and has a direct presence in 35 countries.

Sant’Ilario d’Enza (RE), 18 March 2024

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

Consolidated Financial Statements at 31/12/2023



Interpump Group S.p.A. and subsidiaries

Consolidated statement of financial position

(€/000)	<u>Notes</u>	<u>31/12/2023</u>	<u>31/12/2022</u>
ASSETS			
Current assets			
Cash and cash equivalents	6	334,483	358,275
Trade receivables	7, 30	414,787	433,812
Inventories	8	696,428	683,819
Tax receivables	9	46,306	45,133
Other current assets	9, 30	27,693	33,983
Total current assets		<u>1,519,697</u>	<u>1,555,022</u>
Non-current assets			
Property, plant and equipment	10	785,911	681,095
Goodwill	11	784,571	754,944
Other intangible assets	12	70,773	61,863
Other financial assets	13, 30	3,293	2,961
Tax receivables		4,297	5,051
Deferred tax assets	14	72,509	66,184
Other non-current assets		2,912	2,648
Total non-current assets		<u>1,724,266</u>	<u>1,574,746</u>
Assets held for sale	15	-	1,291
Total assets		<u>3,243,963</u>	<u>3,131,059</u>

(€/000)	<u>Notes</u>	<u>31/12/2023</u>	<u>31/12/2022</u>
LIABILITIES			
Current liabilities			
Trade payables	17, 30	262,941	312,222
Payables to banks	16, 30	52,469	30,928
Interest-bearing financial payables (current portion)	16, 30	264,911	288,456
Tax liabilities	17	39,323	60,662
Other current liabilities	17, 30	159,029	111,553
Provisions for risks and charges	18	8,525	13,329
Total current liabilities		<u>787,198</u>	<u>817,150</u>
Non-current liabilities			
Interest-bearing financial payables	16, 30	503,600	580,675
Liabilities for employee benefits	19	21,061	20,088
Deferred tax liabilities	14	54,524	56,947
Tax liabilities		331	355
Other non-current liabilities	20, 30	60,990	76,745
Provisions for risks and charges	18	13,355	12,989
Total non-current liabilities		<u>653,861</u>	<u>747,799</u>
Total liabilities		<u>1,441,059</u>	<u>1,564,949</u>
SHAREHOLDERS' EQUITY			
Share capital	21	55,625	55,584
Legal reserve	22	11,323	11,323
Share premium reserve	21, 22	46,938	39,444
Remeasurement reserve for defined benefit plans	22	(5,922)	(5,320)
Translation reserve	22	11,850	18,379
Other reserves	22	1,673,764	1,434,138
Group shareholders' equity		<u>1,793,578</u>	<u>1,553,548</u>
Non-controlling interests	23	9,326	12,562
Total shareholders' equity		<u>1,802,904</u>	<u>1,566,110</u>
Total shareholders' equity and liabilities		<u>3,243,963</u>	<u>3,131,059</u>

Consolidated income statement

(€/000)	<i>Notes</i>	<u>2023</u>	<u>2022</u>
Revenues	24	2,240,039	2,077,964
Cost of sales	25	<u>(1,460,068)</u>	<u>(1,353,451)</u>
Gross industrial margin		779,971	724,513
Other operating income	24	42,154	42,703
Distribution expenses	25	(169,744)	(158,047)
General and administrative expenses	25, 26	(214,594)	(198,277)
Other operating costs	25	<u>(8,968)</u>	<u>(26,888)</u>
EBIT		428,819	384,004
Financial income	27	26,515	31,887
Financial charges	27	(78,174)	(47,447)
Equity method contribution		627	235
Profit for the year before taxes		377,787	368,679
Income taxes	28	<u>(100,271)</u>	<u>(98,930)</u>
Consolidated profit for the year		277,516	269,749
Attributable to:			
Shareholders of Parent		274,269	266,497
Minority shareholders of subsidiaries		<u>3,247</u>	<u>3,252</u>
Consolidated profit for the year		277,516	269,749
Basic earnings per share	29	2.565	2.524
Diluted earnings per share	29	2.556	2.519

Consolidated statement of comprehensive income for the year

(€/000)	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Consolidated profit (A)		277,516	269,749
<i>Gains (losses) on translating the financial statements of foreign companies</i>		(6,855)	12,162
<i>Gains (losses) from companies accounted for using the equity method</i>		(273)	75
<i>Applicable taxes</i>		-	-
Total other comprehensive income (losses) which will subsequently be reclassified to consolidated profit or loss, net of the tax effect (B)	22	(7,128)	12,237
Other comprehensive income (losses) which will not subsequently be reclassified to consolidated profit or loss			
<i>Gains (losses) deriving from the remeasurement of defined benefit plans</i>		(795)	3,872
<i>Applicable taxes</i>		191	(929)
Total other comprehensive income (losses) which will not subsequently be reclassified to consolidated profit or loss, net of the tax effect (C)	22	(604)	2,943
Comprehensive consolidated profit for the year (A) + (B) + (C)		<u>269,784</u>	<u>284,929</u>
Attributable to:			
Shareholders of Parent		267,138	281,788
Minority shareholders of subsidiaries		<u>2,646</u>	<u>3,141</u>
Comprehensive consolidated profit for the year		<u>269,784</u>	<u>284,929</u>

Consolidated cash flow statement

(€/000)	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Cash flows from operating activities			
Profit before taxes		377,787	368,679
Adjustments for non-cash items:			
Losses (gains) on the sale of fixed assets		(2,753)	(5,795)
Amortization and depreciation	25	103,510	98,420
Costs recognized in the income statement relative to stock options that do not involve monetary outflows for the Group	25	5,290	4,995
Losses (profits) from investments		(627)	(235)
Net change in risk provisions and allocations to employee benefit provisions	18, 19	(4,788)	7,139
Expenditures for tangible assets to be leased	10	(14,035)	(4,915)
Proceeds from the disposal of leased tangible assets	10	7,663	10,808
Net financial charges (revenues)	27	51,659	15,560
Other		5	-
		523,711	494,656
(Increase) decrease in trade receivables and other current assets	7, 9	33,735	(93,054)
(Increase) decrease in inventories	8	(6,688)	(158,552)
Increase (decrease) in trade payables and other current liabilities	17	(66,715)	59,678
Interest paid	27	(32,901)	(8,653)
Realized exchange differences	27	(7,015)	1,599
	28		
Taxes paid		(111,576)	(91,802)
Net cash from operating activities		332,551	203,872
Cash flows from investing activities			
Payments for the purchase of investments, net of cash received and net of treasury shares assigned	5	(40,153)	(39,400)
Capital expenditure on property, plant and equipment	10	(161,712)	(125,410)
Proceeds from the sale of property, plant and equipment	10	3,372	3,086
Increase in intangible assets	12	(6,608)	(7,155)
Financial income received	27	4,377	1,056
Other		1,222	2,359
Net cash (used in) investing activities		(199,502)	(165,464)
Cash flows from financing activities			
Disbursements (repayments) of loans	16	(120,640)	36,484
Dividends paid	22	(34,761)	(31,239)
Disbursements for purchase of treasury shares		-	(94,793)
Proceeds from sale of treasury shares to stock option beneficiaries	21	2,246	63,027
Disbursements (repayments) of shareholder loans		(946)	(482)
Change in other financial assets		(555)	(36)
Payment of finance leasing installments (principal)	16	(20,540)	(25,915)
Net cash generated by (used in) financing activities		(175,196)	(52,954)
Net increase (decrease) in cash and cash equivalents		(42,147)	(14,546)

(€/000)	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Net increase (decrease) in cash and cash equivalents		<u>(42,147)</u>	<u>(14,546)</u>
Exchange differences on translating the liquidity of foreign companies		(3,186)	638
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 year	32	<u>327,347</u>	<u>341,255</u>
Cash and cash equivalents at the end of the year	32	<u>282,014</u>	<u>327,347</u>

See Note 32 for the reconciliation of cash and cash equivalents.

Consolidated statement of changes in shareholders' equity

	<i>Notes</i>	<i>Share capital</i>	<i>Legal reserve</i>	<i>Share premium reserve</i>	<i>Remeasurement reserve for defined benefit plans</i>	<i>Translation reserve</i>	<i>Other reserves</i>	<i>Group shareholders' equity</i>	<i>Non-controlling interests</i>	<i>Total</i>
<i>At 1 January 2022</i>		55,327	11,323	66,472	(8,170)	6,013	1,197,234	1,328,199	11,465	1,339,664
Recognition in income statement of fair value of stock options granted and exercisable		-	-	4,995	-	-	-	4,995	-	4,995
Purchase of treasury shares		(1,082)	-	(93,711)	-	-	-	(94,793)	-	(94,793)
Sale of treasury shares to stock option beneficiaries		1,339	-	61,688	-	-	-	63,027	-	63,027
Transfer of treasury shares as payment for equity investments		-	-	-	-	-	-	-	-	-
Winding up of subsidiaries		-	-	-	-	-	-	-	-	-
Purchase of residual interests in subsidiaries		-	-	-	(75)	-	65	(10)	(534)	(544)
Dividends paid		-	-	-	-	-	(29,658)	(29,658)	(1,510)	(31,168)
Dividends resolved		-	-	-	-	-	-	-	-	-
Comprehensive income (loss) for 2022		-	-	-	2,925	12,366	266,497	281,788	3,141	284,929
<i>At 31 December 2022</i>	21, 22	55,584	11,323	39,444	(5,320)	18,379	1,434,138	1,553,548	12,562	1,566,110
Recognition in income statement of fair value of stock options granted and exercisable		-	-	5,289	-	-	-	5,289	-	5,289
Purchase of treasury shares		-	-	-	-	-	-	-	-	-
Sale of treasury shares to stock option beneficiaries		41	-	2,205	-	-	-	2,246	-	2,246
Purchase of residual interests in subsidiaries		-	-	-	-	-	(2,569)	(2,569)	(3,431)	(6,000)
Dividends paid		-	-	-	-	-	(32,074)	(32,074)	(2,451)	(34,525)
Comprehensive income (loss) for 2023		-	-	-	(602)	(6,529)	274,269	267,138	2,646	269,784
<i>At 31 December 2023</i>	21, 22	55,625	11,323	46,938	(5,922)	11,850	1,673,764	1,793,578	9,326	1,802,904

Notes to the annual financial report

1. General information

Interpump Group S.p.A. is an Italian company domiciled in Sant'Ilario d'Enza (RE). 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, directional controls, valves, gears and dispersion devices, hydraulic hoses and fittings, 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, Poland, Bulgaria, Romania, Canada, New Zealand and South Korea.

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

This consolidated Annual Financial Report at 31 December 2023, prepared on a going concern basis, was approved at the meeting of the Board of Directors held on 18 March 2024 (today).

2. Scope of consolidation

The 2023 consolidation basis includes the Parent Company and the following subsidiaries consolidated on a line-by-line basis (with the information required on the basis of Consob communication DEM/6064293 of 28/07/2006):

<i>Company</i>	<i>Location</i>	<i>Share capital €/000</i>	<i>Sector</i>	<i>% held at 31/12/2023</i>
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)	Dudingen (Switzerland)	89	Water-Jetting	100.00%
Inoxihp S.r.l.	Nova Milanese (MI)	119	Water-Jetting	52.72%
NLB Corporation Inc.	Detroit (USA)	12	Water-Jetting	100.00%
Inoxpa S.A.	Banyoles (Spain)	23,000	Water-Jetting	100.00%
Inoxpa India Private Ltd (3)	Pune (India)	6,779	Water-Jetting	100.00%
Inoxpa Solutions France (3)	Gleize (France)	2,071	Water-Jetting	100.00%
Improved Solutions 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	83.29%
Inoxpa Italia S.r.l. (3)	Mirano (VE)	100	Water-Jetting	100.00%
Inoxpa Skandinavien A/S (3)	Horsens (Denmark)	134	Water-Jetting	100.00%
Inoxpa South Africa Proprietary Ltd (3)	Gauteng (South Africa)	104	Water-Jetting	100.00%
Inoxpa Special Processing Equipment Co. Ltd (3)	Jianxing (China)	1,647	Water-Jetting	100.00%

Annual Financial Report at 31-12-2023 – Interpump Group

<u>Company</u>	<u>Location</u>	<u>Share capital</u> <u>€/000</u>	<u>Sector</u>	<u>% held</u> <u>at 31/12/2023</u>
Inoxpa Ukraine (3)	Kiev (Ukraine)	113	Water-Jetting	100.00%
Inoxpa USA Inc. (3)	Santa Rosa (USA)	1,426	Water-Jetting	100.00%
INOXPA LTD (Russia) (3)	Podolsk (Russia)	1,435	Water-Jetting	70.00%
Inoxpa Mexico S.A. de C.V. (3)	Mexico City (Mexico)	309	Water-Jetting	100.00%
Pioli S.r.l.	Reggio Emilia (RE)	10	Water-Jetting	100.00%
Servizi Industriali S.r.l.	Ozzano Emilia (BO)	100	Water-Jetting	80.00%
SIT S.p.A.	S. Ilario d'Enza (RE)	105	Water-Jetting	80.00%
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%
Eurofluid Hydraulic S.r.l. (4)	Albinea (RE)	100	Hydraulic	80.00%
Interpump Hydraulics (UK) Ltd. (4)	Kidderminster (United Kingdom)	13	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)	Catcau Cluj Napoca (Romania)	3,155	Hydraulic	100.00%
FGA S.r.l. (8)	Fossacesia (CH)	10	Hydraulic	100.00%
Innovativ Gummi Tech S.r.l. (8)	Ascoli Piceno (AP)	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)	Pyongtaek (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%

Annual Financial Report at 31-12-2023 – Interpump Group

<u>Company</u>	<u>Location</u>	<u>Share capital</u> <u>€/000</u>	<u>Sector</u>	<u>% held</u> <u>at 31/12/2023</u>
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%
Reggiana Riduttori (Suzhou) Co. Ltd (12)	Suzhou (China)	600	Hydraulic	100.00%
Transtecno S.r.l.	Anzola dell'Emilia (BO)	100	Hydraulic	80.00%
Draintech S.r.l. (13)	Anzola dell'Emilia (BO)	10	Hydraulic	80.00%
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 USA LLC (dormant) (15)	Miami (USA)	3	Hydraulic	100.00%
Transtecno BV (13)	Amersfoort (Netherlands)	18	Hydraulic	51.00%
Transtecno Aandrijftechniek (Netherlands) (14)	Amersfoort (Netherlands)	-	Hydraulic	51.00%
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%
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%
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 | (10) = controlled by Interpump Piping GS S.r.l. |
| (2) = controlled by NLB Corporation Inc. | (11) = controlled by GS Hydro Hong Kong Ltd |
| (3) = controlled by Inoxpa S.A. | (12) = controlled by Reggiana Riduttori S.r.l. |
| (4) = controlled by Interpump Hydraulics S.p.A. | (13) = controlled by Transtecno S.r.l. |
| (5) = controlled by Contarini Leopoldo S.r.l. | (14) = controlled by Transtecno B.V. |
| (6) = controlled by Interpump Hydraulics (UK) Ltd. | (15) = controlled by MA Transtecno S.A.P.I. de C.V. |
| (7) = controlled by Muncie Power Prod. Inc | (16) = controlled by GS Hydro S.A.U |
| (8) = controlled by IMM Hydraulics S.p.A. | (17) = controlled by Waikato Holding Limited |
| (9) = controlled by Walvoil S.p.A. | (18) = controlled by Waikato Milking Systems LP |
| (19) = controlled by Waikato Milking Systems Lease LTD | |
- The other companies are controlled by Interpump Group S.p.A.

Compared with 2022, IPG Mouldtech India Pvt Ltd, acquired in 1Q2023, has been consolidated in the Hydraulic sector on a line-by-line basis with effect from 31 March 2023.

Benmec S.r.l. - previously not consolidated on a line-by-line basis as immaterial - was absorbed by Transtecno S.r.l. with effect from 1 January 2023, thus contributing in full to all the consolidated data.

Minority interests were acquired in Hangzhou Interpump Power Transmission, now wholly owned, as well as in Transtecno Iberica and MA Transtecno S.A.P.I., now both 70% owned.

Agreement was reached for the partial early exercise of the options to purchase/sell the minority interests in Hydra Dyne, which is now 89.99% owned.

Additionally, Interpump Antriebstechnik GmbH was formed on 10 October 2023 and has been consolidated using the equity method.

In the Water-Jetting sector, I.mec S.r.l. acquired in April 2023 and the Waikato group acquired in May 2023 have been consolidated on a line-by-line basis with effect from 31 May 2023.

Lastly, Teknova S.r.l. was liquidated on 28 December 2023.

Draintech Srl and Eurofluid Srl were consolidated in the Hydraulic sector for the whole of 2023, having been consolidated for 7 months and 2 months respectively in 2022.

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

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

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

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.

Furthermore, also following new agreements reached with the non-controlling interest during the year, the Group is required to purchase the residual 20% interest in Draintech S.r.l. commencing from approval of the 2023 financial statements.

In compliance with the requirements of IFRS 10 and IFRS 3, Inoxihp S.r.l., Inoxpa Solution Moldova, Hydra Dyne Tech Inc., Transtecno S.r.l., Servizi Industriali S.r.l., Draintech 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 and/or on the basis of specific contractual agreements. Any changes in the above payable identified within 12 months of the date of acquisition, as a result of additional or better information, will be recorded as an adjustment of goodwill, while any changes emerging more than 12 months after the date of acquisition will be recognized in the income statement.

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

3. Accounting standards adopted

3.1 Reference accounting standards

The annual financial report as of 31 December 2023 has been prepared in compliance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and endorsed by the European Union, as well as with the enabling measures for art. 9 of Law 38 dated 28 February 2005. “IFRS” also means the International Accounting Standards (“IAS”) currently in force and all the interpretative documents issued by the IFRS Interpretation Committee, previously called the International Financial Reporting Interpretations Committee (“IFRIC”) and still earlier known as the Standing Interpretations Committee (“SIC”).

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 and the obligations deriving from options to acquire minority interests in certain subsidiaries, which are measured at fair value.

Preparation of financial statements in compliance with IFRS (International Financial Reporting Standards) calls for judgments, estimates, and assumptions that have an effect on assets, liabilities, costs and revenues. The final results may differ from the results obtained using estimates of this type. The captions of the financial statements that call for more subjective appraisal by the directors when preparing estimates and for which a change in the conditions underlying the assumptions utilized could have a significant effect on the financial statements are: goodwill, amortization and depreciation of fixed assets, deferred tax assets and liabilities, the allowance for doubtful accounts and the allowance for inventories, provisions for risks and

charges, defined benefit plans for employees, and liabilities for the acquisition of investments included under other liabilities.

Notably, discretionary measurements and significant accounting estimates concern the recoverable value of non-financial assets calculated as the greater amount between the fair value minus the cost of sale and the value in use. The value in use calculation is based on a cash flow actualization model. The recoverable value is highly dependent on the discount rate used for cash flow actualization, as well as on the expected future cash flows and the growth rate applied. The key assumptions used to determine the recoverable value for the two cash flow generating units, including a sensitivity analysis, are described in Note 11 to the Consolidated Financial Statements at 31 December 2023.

Moreover, the use of accounting estimates and significant assumptions concerns also the determination of the fair values of the assets and liabilities acquired in the framework of business combinations. In fact, at the acquisition date the Group must record, separately from the associated fair value, assets, liabilities and potential liabilities identifiable and acquired or assumed in the context of the business combination, and also determine the current value of the exercise price of any purchase options on minority interests. This process calls for the preparation of estimates, based on measurement techniques that involve making judgments about future cash flows and other hypotheses about the long-term growth rates and discount rates used in models developed with, in some cases, assistance from external experts. The accounting impacts of determination of the fair value of acquired assets and assumed liabilities, and of the options to purchase minority interests for operations of business combinations that occurred during the year, are provided in Note 5. Business combinations.

The reporting formats and related classification criteria adopted by the Group are indicated below.

In the context of the options envisaged in IAS 1 - Presentation of financial statements, the consolidated statement of financial position classifies assets and liabilities in accordance with the “current/non-current” criterion.

The consolidated income statement classifies operating costs by the purpose for which they were incurred; in compliance with IFRS requirements, the consolidated statement of comprehensive income includes, in addition to the results for the year, income and costs not recognized in the income statement for the year.

The consolidated cash flow statement presents the cash flows from operating activities using the “indirect method”.

3.1.1 Accounting standards, amendments and interpretations in force from 1 January 2023 and adopted by the Group

As from 2023 the Group has applied the following new accounting standards, amendments and interpretations, reviewed by IASB:

- *Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Disclosure of Accounting policies.* The IASB published an amendment to this standard on 12 February 2021 in order to help companies to decide which accounting policies to disclose in their financial statements. The amendment applies to reporting periods beginning on or after 1 January 2023. Early application was allowed.
- *Amendments to IAS 8 - Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates.* The IASB published an amendment to this standard on 12 February 2021 in order to introduce a new definition of accounting estimate and clarify the distinction between changes in accounting estimates, changes in accounting policies and corrections of errors. The amendment applies to reporting periods beginning on or after 1 January 2023. Early application was allowed.
- *Amendments to IAS 12 - Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.* On 7 May 2021 IASB published an amendment to this standard, which requires companies to recognize deferred tax assets and liabilities on specific transactions that, at the time of initial booking, give rise to equivalent timing differences (taxable and deductible) – for example, see transactions related to leasing contracts. The amendment applies to reporting periods beginning on or after 1 January 2023. Early application was allowed.
- *Amendments to IAS 12 - Income Taxes: International Tax Reform – Pillar Two Model Rules.* On 24 April 2023, the IASB published a document that introduces a temporary exception to the recognition of deferred taxes linked to application of the Pillar Two rules published by the OECD.

This amendment is effective for annual periods that began on or after 1 January 2023.

3.1.2 Accounting standards, amendments and interpretations effective from 1 January 2023 but not relevant for the Group

- *IFRS 17 - Insurance Contracts:* The IASB published an amendment to the applicability of this standard on 19 November 2021, in order to establish principles for the recognition, measurement, presentation and reporting on insurance contracts falling within the scope of application of this standard. The amendment applies to reporting periods beginning on or after 1 January 2023. Early application was allowed.
- *Amendments to IFRS 17 - Insurance Contracts: Initial application of IFRS 17 and IFRS 9 - Comparative information.* The IASB published this amendment to the transitional instructions for IFRS 17 on 9 December 2021. The amendment gives insurers an option for the purpose of improving the meaningfulness of the information to be provided to investors on initial application of the new standard. The amendment applies to reporting periods beginning on or after 1 January 2023. Early application was allowed.

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

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

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

- *Amendments to IFRS 16 - Leases: Lease Liability in a Sale and Leaseback.* On 22 September 2022 the IASB published the document entitled *Lease Liability in a Sale and Leaseback*, which amends IFRS 16 and clarifies how to account for a sale and leaseback after the date of the transaction. The amendment applies to reporting periods beginning on or after 1 January 2024. Early application is allowed.
- *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.
- *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 S1 - General Requirements for Disclosure of Sustainability-related Financial Information.* In June 2023 the ISSB published a standard that establishes general requirements for the disclosure of sustainability-related financial information. The amendment applies to reporting periods beginning on or after 1 January 2024. Early application was allowed.
- *IFRS S2 - Climate-related Disclosures.* In June 2023 the ISSB published a standard that requires the disclosure of supplementary information about climate-related risks and opportunities. The amendment applies to reporting periods beginning on or after 1 January 2024. Early application was allowed.

3.2 Consolidation principles

(i) Subsidiaries

Companies are subsidiaries when the Parent Company is exposed to or is entitled to variable returns deriving from its investment relationship and, at the same time, is able to influence such returns by exercising its power over the entity concerned.

Specifically, the Group controls an investment if, and only if, the Group has:

- power over the entity in which the investment is held (i.e. holds valid rights granting the real ability to direct the significant activities of that entity);
- exposure to or rights to variable returns deriving from its investment relationship with the entity concerned;
- the ability to exercise its power over the entity concerned in order to influence the amounts of its returns.

Generally, ownership of the majority of voting rights is presumed to result in control. In support of this presumption and when the Group holds less than the majority of voting rights (or similar), the Group considers all significant facts and circumstances in order to determine whether or not it controls the entity concerned, including:

- contractual agreements with other owners of voting rights;
- rights deriving from contractual agreements;
- voting rights and potential voting rights held by the Group that are not freely exercisable or convertible.

The Group reviews whether or not it controls an entity, if the facts and circumstances indicate changes in one or more of the three elements that are significant for the definition of control. Such potential voting rights are not considered for consolidation purposes at the time of allocation to non-controlling interests of their portion of the economic results and shareholders' equity. The financial statements of several subsidiaries have not been consolidated in consideration of their limited significance; these investments are carried in accordance with the principles illustrated in Note 3.10.

The financial statements of subsidiaries are consolidated starting from the date on which the Group acquires control, and deconsolidated from the date on which control is relinquished. They are prepared with reference to the same accounting period and using the same accounting standards as the Parent Company.

Acquisitions of stakes in subsidiaries are recorded in accordance with the purchase account method. The acquisition cost corresponds to the current value of the acquired assets, shares issued, or liabilities assumed at the date of acquisition. Ancillary expenses associated with the acquisition are generally recognized in the income statement when they are incurred. The excess of acquisition cost over the Group interest in the current value of the net assets acquired is recognized in the statement of financial position as goodwill. For all business combinations, the Group decides whether to measure the non-controlling interest in the acquired entity at fair value, or in proportion to the minority equity interest acquired. Any negative goodwill is recorded in the income statement at the date of acquisition.

If the business combination is achieved in several phases, the equity interest previously held is remeasured at fair value at the acquisition date and any profits or losses are recognized in the income statement.

The fair value of any contingent consideration payable is recognized by the purchaser at the acquisition date. Changes in the fair value of contingent consideration classified as an asset or a liability, as a financial instrument governed by IFRS 9 Financial instruments: recognition and measurement, are recognized in the income statement or in the statement of other

comprehensive income. Any contingent consideration not falling within the scope of IFRS 9 is measured at fair value and the changes in fair value are recognized in the income statement. If the contingent consideration is classified in equity, its value is not remeasured and the effect of subsequent settlement is also recognized in equity.

After the Group has obtained control of an entity, subsequent acquisitions of interests in said entity that result in an increase or decrease in acquisition cost with respect to the amount attributable to the Group are recognized as equity transactions.

Subsidiaries are consolidated on a line-by-line basis, which combines the entire amount of their assets and liabilities and all their costs and revenues, irrespective of the percentage of control. The accounting value of consolidated equity investments is therefore eliminated against the related interest in their shareholders' equity. The portions of shareholders' equity and profits of non-controlling interests are shown respectively in a specific caption under shareholders' equity and on a separate line of the consolidated income statement. The Group is required to allocate the total statement of comprehensive income to the owners of the parent and to the non-controlling interests, even if this means that the latter have a negative balance.

If the Group loses control over a subsidiary, the related assets (including goodwill), liabilities, non-controlling interests and other components of equity are deconsolidated, while any profits or losses are recognized in the income statement. Any equity interest retained is recognized at fair value.

(ii) Associates

Associates are companies over which the Group has significant influence, without exercising control over their operations. The considerations made in order to determine the existence of significant interest or joint control are similar to those made to determine the existence of control over subsidiaries. The Group's investments in associates are measured using the equity method.

Under the equity method, the investment in an associate is initially measured at cost. The carrying amount of the investment is increased or decreased to recognize the interest of the investor in the profits and losses earned by the entity subsequent to the acquisition date. Any goodwill for an associate is included in its carrying amount and is not subject to separate impairment testing.

The income statement reflects the Group's interest in the results for the year of the associate. All changes in the other comprehensive income reported by associates are recognized as part of the other comprehensive income of the Group. In addition, if an associate recognizes a change directly in equity, the Group also recognizes its share of that change, where applicable, in the statement of changes in shareholders' equity. Any unrealized profits and losses deriving from transactions between the Group and associates are eliminated in proportion to the interests held in them.

The total interest of the Group in the results for the year of associates is classified in the income statement below the operating results line. This interest represents their results after taxation and the portion attributable to the other owners of the associate.

The financial statements of associates are prepared at the same reporting date as that used by the Group. Where necessary, they are adjusted to reflect the accounting policies adopted by the Group.

Subsequent to application of the equity method, the Group considers if it is necessary to recognize any impairment in the value of its interests in associates. On each reporting date, the Group determines if there is any objective evidence that the carrying amount of associates might be impaired. If so, the Group calculates the loss as the difference between the recoverable value of the associate and its carrying amount, and charges it to the "interest in the results of associates" caption of the income statement.

When significant interest over an associate is lost, the Group measures and recognizes the residual investment at its fair value. The difference between the carrying amount of an investment on the date when significant influence is lost, and the fair value of the residual investment plus the consideration received, is recognized in the income statement.

(iii) Investments in other companies

Information about the investments in other companies that represent financial assets is provided in section 3.12 Financial assets (Trade receivables, Other financial assets and Other assets).

(iv) Transactions eliminated in the consolidation process

Intercompany balances and gains and losses arising from intercompany transactions are omitted in the consolidated financial statements. Intercompany gains deriving from transactions with associated companies are omitted in the valuation of the investment with the net equity method. Intercompany losses are only omitted in the presence of evidence that they have not been incurred in relation to third parties.

3.3 Business sector information

Based on the definition provided in IFRS 8, an operating segment is a component of an entity:

- that undertakes business activity that generates costs and revenues;
- the operating results of which are periodically reviewed at the highest decision-making/operating level of the entity in order to make decisions concerning the resources to allocate to the segment and the measurement of the results;
- for which separate accounting information is available.

The business sectors in which the Group operates are determined on the basis of the reporting utilized by Group top management to make decisions, and they have been identified as the water-Jetting sector and the Hydraulic sector:

- the Water-Jetting sector essentially comprises high and very high-pressure pumps and very high-pressure pumping systems used in a wide range of industrial sectors for the conveyance of fluids. The sector also includes high pressure homogenizers, mixers, agitators, piston pumps, valves, mechanical sifters, automated milking systems and other machines mainly used in the food processing, chemicals, cosmetics and pharmaceuticals industries;
- the Hydraulic sector includes power take-offs, hydraulic cylinders and pumps, directional controls and hydraulic valves, rotary unions, hydraulic hoses and fittings, gears, orbital motors, steering systems (hydroguide) and other hydraulic components. This sector also includes piping systems used in the industrial, naval and offshore sectors.

With the aim of providing more comprehensive disclosure, information is also provided for the geographical areas in which the Group operates, namely Italy, Europe (including non-EU European countries and excluding Italy), North America, Far East and Pacific Area, and the Rest of the World.

3.4 Treatment of foreign currency transactions

(i) Foreign currency transactions

The functional and presentation currency adopted by the Interpump Group is the euro. Foreign currency transactions are translated to euro using the exchange rates in force on the date of the transaction. Monetary assets and liabilities are translated at the exchange rate in force on the reporting date. Foreign exchange differences arising from the translation are recognized in the income statement. Non-monetary assets and liabilities measured at historical cost are translated at the exchange rates in force on the date of the related transactions. Monetary assets and liabilities stated at fair value are translated to euro at the exchange rate in force on the reporting date in respect of which their fair value was determined.

(ii) Translation to euro of financial statements in foreign currencies

The assets and liabilities of companies not residing in the European Union (EU) and whose functional currency is not the Euro, including the goodwill adjustments deriving from the consolidation process and the fair-value adjustments generated by the acquisition of a foreign company outside the EU, are translated at the exchange rates in force on the reporting date. Revenues and costs of the same companies are translated at the average exchange rate in force in the year, which approximates the exchange rates in force on the dates on which the individual transactions were carried out. Foreign exchange differences arising from translation are allocated to a specific equity reserve designated Translation Reserve. At the time of disposal of a foreign economic entity, accumulated exchange differences reported in the Translation Reserve will be recognized in the income statement. The exchange rates used for the translation to euro of the amounts booked to the income statements and statements of financial position of companies with functional currency other than the euro are as follows:

	Ave.2023	At 31 December 2023	Ave. 2022	At 31 December 2022
Danish Krone	7.451	7.453	7.440	7.437
Swedish Krona	11.479	11.096	10.630	11.122
UAE Dirham	3.971	4.058	3.867	3.917
Australian Dollar	1.629	1.626	1.517	1.569
Canadian Dollar	1.459	1.464	1.369	1.444
Hong Kong Dollar	8.465	8.631	8.245	8.316
New Zealand Dollar	1.762	1.750	1.658	1.680
Singapore Dollar	1.452	1.459	1.451	1.430
US Dollar	1.081	1.105	1.053	1.067
Swiss Franc	0.972	0.926	1.005	0.985
Ukrainian Hryvnia	39.540	41.996	34.025	39.037
Moldovan Leu	19.593	19.167	19.861	20.397
Romanian Leu	4.947	4.976	4.931	4.950
Bulgarian Lev	1.956	1.956	1.956	1.956

	Ave. 2023	At 31 December 2023	Ave. 2022	At 31 December 2022
New Peruvian Sol	4.047	4.082	4.038	4.046
Chilean Peso	908.197	977.070	917.832	913.820
Columbian Peso	4,675.001	4,267.520	4,473.283	5,172.470
South African Rand	19.955	20.348	17.209	18.097
Mexican Peso	19.183	18.723	21.187	20.856
Brazilian Real	5.401	5.362	5.440	5.639
Russian Ruble	92.874	99.192	72.696	75.655
Indian Rupee	89.300	91.905	82.686	88.171
UK Pound	0.870	0.869	0.853	0.887
South Korean Won	1,412.880	1,433.660	1,358.073	1,344.090
Chinese Yuan	7.660	7.851	7.079	7.358
Polish Zloty	4.542	4.340	4.686	4.681

The economic values of companies that entered the scope of consolidation during the year were converted at the average exchange rate of the period in which they contributed to the Group results.

3.5 Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at the historical cost and stated net of accumulated depreciation (see next point *iii*) and impairment losses (see section 3.9). The cost of goods produced internally includes the cost of raw materials, directly related labor costs, and a portion of indirect production costs. The cost of assets, whether purchased externally or produced internally, includes the ancillary costs that are directly attributable and necessary for use of the asset and, when they are significant and in the presence of contractual obligations, the current value of the cost estimated for the dismantling and removal of the related assets.

Financial charges relative to loans utilized for the purchase of tangible fixed assets are recorded in the income statement on an accruals basis if they are not specifically allocated to the purchase or construction of the asset, otherwise they are capitalized.

Assets held for sale are measured at the lower of the fair value net of ancillary sales charges and their book value.

(ii) Subsequent costs

The replacement costs of certain parts of assets are capitalized when it is expected that said costs will result in future economic benefits and they can be measured in a reliable manner. All other costs, including maintenance and repair costs, are ascribed to the income statement when they arise.

(iii) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated residual useful lives of the related capitalized assets. Land is not depreciated. The estimated useful lives of assets are as follows:

- Property	20-25 years
- Plant and equipment	12.5 years
- Industrial and commercial equipment	3-6 years
- Other assets	3-8 years

The estimated useful lives of assets are reviewed on an annual basis, and any changes in the rates of depreciation are applied, where necessary, on a prospective basis.

For assets purchased and/or that became operational in the year, depreciation is calculated utilizing annual rates reduced by 50%. Historically, this method has been representative of the effective utilization of the assets concerned.

Any profits/losses emerging on the derecognition of assets, i.e. on disposal (from the date on which the purchaser obtains control over them) or when no further economic benefits are expected from their use or disposal, (being the difference between their carrying amount and the net consideration obtained) are recognized in the income statement at that time.

(iv) Leasing

Right-of-use assets are measured at cost and stated net of accumulated depreciation and impairment. They are also adjusted following remeasurement of the related lease liabilities. The cost of right-of-use assets comprises the amount of the lease liabilities recognized, the initial direct costs incurred and the lease payments made at the start date or in advance, net of any and all incentives received. Right-of-use assets are depreciated on a straight-line basis from the start date until the end of the useful life of the asset, being the end of the usage right (duration of the lease contract). The corresponding liability to the lessor is classified among the financial payables.

(v) Leasehold improvements

Any leasehold improvements with the same characteristics as fixed assets are capitalized in the asset category to which they relate and depreciated over their useful lives or, if shorter, over the residual life of the lease.

3.6 Goodwill

As stated in section 3.2 Consolidation principles, goodwill represents the excess amount of the purchase cost with respect to the Group portion of the fair value of current and potential assets and liabilities at the date of purchase.

Goodwill is recorded at cost, net of impairment losses.

Goodwill is allocated to the cash-generating units identified with reference to the organization, management and control structure of the Group, which coincide with the two operational sectors identified by the Group. The book value is measured in order to assess the absence of impairment (see section 3.9). Goodwill related to non-consolidated subsidiaries and associates is included in the value of the investment.

Any negative goodwill originating from acquisitions is entered directly in the income statement.

If the goodwill was allocated to a cash generating unit and the entity retires part of that unit's activities, the goodwill associated with the retired assets is added to their carrying amount when determining the profit or loss on retirement. The goodwill associated with the retired activity is determined with reference to the value of the retired assets with respect to those retained by the cash generating unit.

3.7 Other intangible assets

(i) Research and development costs

Research costs for the acquisition of new technical know-how are charged to the income statement as incurred.

Development costs relating to the creation of new products/accessories or new production processes are capitalized if the Group's companies can prove:

- the technical feasibility and intention of completing the intangible asset in such a way that it is available for use or for sale;
- their ability to use or sell the asset;
- the forecast volumes and realization values indicate that the costs incurred for development activities will generate future economic benefits;
- that the costs are measurable in a reliable manner;
- that resources exist to complete the development project.

The capitalized cost includes the cost of raw materials, directly related labor costs and a portion of indirect costs. Capitalized development costs are valued at cost, net of accumulated amortization, (see next point v) and impairment (see section 3.9). Other development costs are ascribed to the income statement when they arise.

(ii) Loan ancillary costs

Loan ancillary costs are treated as outlined in section 3.16. Ancillary costs relating to loans not yet received are recorded as current assets and reclassified as a deduction from the loans on their receipt.

(iii) Other intangible assets

Other intangible assets, all having a defined useful life, are measured at cost and recorded net of accumulated amortization (see next point v) and impairment (see section 3.9).

Trademarks and patents, which constitute almost the entirety of this caption, are amortized as follows: the Hammelmann trademark, the NLB trademark and patents, the Inoxihp trademark, the Inoxpa trademark, the American Mobile trademark and the Waikato trademark are amortized over 15 years, this period being considered representative of the expected useful life, in consideration of their positions as world leaders in their respective niche markets. The Walvoil, Reggiana Riduttori, Transtecno, White Drive, Berma and Eurofluid trademarks are amortized over 10 years, in consideration of their leadership positions in highly competitive markets.

Software licenses are amortized over their period of utilization (3-5 years).

The costs incurred internally for the creation of trademarks or goodwill are recognized in the income statement when they are incurred.

(iv) Subsequent costs

Costs incurred subsequently relative to intangible fixed assets are capitalized only if they increase the future economic benefits of the specific capitalized asset, otherwise they are entered in the income statement when they are sustained.

(v) Amortization

Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of the related capitalized assets. The estimated useful lives of assets are as follows:

- Patents and trademarks	5-18 years
- Development costs	5 years
- Granting of software and other licenses	3-5 years

Useful lives are reviewed on an annual basis and any changes in the rates are applied, where necessary, on a prospective basis.

3.8 Impairment of assets

The book values of assets, with the exception of inventories (see section 3.14), financial assets regulated by IFRS 9, deferred tax assets (see section 3.18), and non-current assets held for sale regulated by IFRS 5, are subject to measurement at the reporting date in order to identify the existence of possible indicators of impairment. If the valuation process identifies the presence of such indicators, the presumed recoverable value of the asset is calculated using the methods indicated in the following point (i).

The recoverable value of goodwill and intangible assets not yet in use is estimated at least annually, or more frequently if specific events provide evidence of possible impairment.

If the estimated recoverable value of the asset or its cash generating unit is lower than its net book value, the asset to which it refers is consequently adjusted for impairment loss with entry into the income statement.

Adjustments for impairment losses made in relation to the cash generating units are allocated initially to goodwill, and, for the remainder, to other assets on a proportional basis.

Goodwill is tested for impairment on a yearly basis even if there are no indicators of potential impairment.

(i) Calculation of presumed impairment loss

The estimated recoverable value of other assets is equal to their fair value less selling costs or, if greater, their value in use. The value in use is equivalent to the projected future cash flows, discounted to present value at a rate, including tax, that takes account of the market value, of interest rates and specific risks of the asset to which the presumed realization value refers. For assets that do not give rise to independent cash flows the presumed realization value is determined with reference to the cash generating unit to which the asset belongs.

(ii) Reinstatement of impairment losses

An impairment relative to other assets is reinstated if a change has occurred in the estimate used to determine the presumed recovery value.

Impairment is reinstated to the extent of the corresponding book value that would have been determined, net of depreciation/amortization, if no impairment loss had ever been recognized.

Impairment related to goodwill can never be reinstated.

3.9 Equity investments

Investments in associates are measured using the equity method, as envisaged in IAS 28 (see section 3.2 (ii) Associates).

Information about the investments in equity instruments (investments in other companies) is provided in section 3.12 Financial assets (Trade receivables, Other financial assets and Other assets).

3.10 Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank and post office deposits, and securities having original maturity date of less than three months. Current account overdrafts and advances with recourse are deducted from cash only for the purposes of the cash-flow statement.

3.11 Financial assets (Trade receivables, Other financial assets and Other assets)

On initial recognition, the classification of financial assets depends on how they will be measured subsequently: at amortized cost, at fair value through other components of comprehensive income or at fair value through profit or loss. Again at the time of initial recognition, financial assets are classified with reference to the characteristics of the related contractual cash flows and the business model used by the Group for their management. With the exclusion of trade receivables that do not contain a significant financing component, the Group initially measures financial assets at their fair value, including transaction costs in the case of those not measured at fair value through profit and loss. Trade receivables that do not have a significant financial component are measured at their transaction price, as defined in accordance with IFRS 15.

Financial assets are measured at amortized cost if they are held in order to collect contractual cash flows (*Held to Collect*), represented solely by the payment of principal and interest on the amount of principal still to be repaid. All receivables are included in this category. These assets are measured at amortized cost, in accordance with the effective interest criterion, and stated net of impairment losses. Interest income, exchange gains and losses, and impairment losses are recognized in the profit (loss) for the year, as are derecognition gains and losses.

Financial assets are measured at fair value through other comprehensive income if they are held by the Group both to collect contractual cash flows, represented solely by the payment of principal and interest on the amount of principal to be repaid, and to sell them (*Held to Collect and Sell*).

If a financial asset is not measured in one of the two ways described above, it must be measured at fair value through profit or loss. Accordingly, this category includes the assets held for trading and the assets designated on initial recognition as financial assets at fair value through profit or loss, as well as the financial assets whose measurement at fair value is mandatory. The fair value of the financial assets held for trading is determined with reference to market prices on the relevant annual or interim reporting date, or using financial valuation techniques and models.

In accordance with IFRS 9, commencing on 1 January 2018 the Group adopted a new impairment model for financial assets measured at amortized cost or at fair value through other components of comprehensive income, with the exception of equity securities and assets

deriving from customer contracts. This new model is based on determining the expected credit loss (ECL), which replaced the incurred loss model envisaged previously. The new standard envisages adoption of the following methodologies: the General deterioration method and the Simplified approach. With regard to the simplified approach adopted by the Group, the standard does not specify how to segment customers, leaving each entity free to select the sample subsets in a manner consistent with its own circumstances. Within the simplified model, an analytical approach has been applied in relation to trade receivables deemed by management to be individually significant, and for which more detailed information is available about the significant increase in credit risk.

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized (i.e. removed from the statement of financial position) when:

- the right to receive cash flows deriving from the asset has expired, or
- the Company has transferred the right to receive cash flows deriving from the asset to a third party, or has accepted a contractual obligation to pay them over in full and without delay and (a) has transferred substantially all the risks and benefits of ownership of the financial asset, or (b) has not transferred or retained substantially all the risks and benefits of ownership of the financial asset, but has transferred control over it.

The profit (loss) on a financial asset that is measured at amortized cost and is not included in a hedging relationship must be recognized in profit (loss) in the year in which it is derecognized or reclassified, or via the amortization process or when impairment adjustments are recorded.

3.12 Inventories

Inventories are measured at the lower of purchase cost or their estimated realizable value. Cost is determined on a weighted-average basis and includes all costs incurred to purchase the materials and transform them into their state and condition at the reporting date. The cost of semi-finished goods and finished products includes a portion of indirect costs determined on the basis of normal production capacity. Write down provisions are calculated for materials, semi-finished goods and finished products considered to be obsolete or slow moving, taking account of their expected future usefulness and their realization value. The net realization value is estimated taking account of the market price during the course of normal business activities, from which the costs of completion and costs of sale are subsequently deducted.

3.13 Share capital and treasury shares

In the case of purchase of treasury shares, the price paid, inclusive of any directly attributable ancillary costs, is deducted from share capital for the portion concerning the nominal value of shares and from shareholders' equity for the surplus portion. When said treasury shares are resold or reissued, the price collected, net of any directly attributable ancillary charges and the relative tax effect, is recorded as share capital for the portion concerning the nominal value of shares and as shareholders' equity for the surplus.

3.14 Financial liabilities (Trade payables, Bank payables, Interest-bearing financial payables and Other liabilities)

On initial recognition, financial liabilities are measured at fair value through profit and loss and classified either as loans or as derivatives designated as hedging instruments. All financial liabilities are initially recognized at fair value, including directly-attributable transaction costs in the case of loans and payables. Following initial recognition, loans are measured at amortized cost using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated collections over the expected life of the financial instrument or the future payments to the gross carrying amount of the financial asset or the amortized cost of the financial liability. Profits and losses are recognized in the income statement when liabilities are settled, as well as via the amortization process. Amortization using the effective interest rate is classified among the financial charges in the income statement.

A financial liability is derecognized when the underlying obligation expires or when the obligation specified in the contract is settled, canceled or expires.

Trade payables and other debts, the relative due date of which is within normal commercial terms, are not discounted to present value and are entered at the amortized cost representative of their discharge value.

Current financial liabilities include the short-term portions of the interest-bearing financial payables, bank and lease payables and other financial liabilities.

3.15 Liabilities for employee benefits

(i) Defined contribution plans

The Group participates in defined pension plans with public administration or private plans on a compulsory, contractual, or voluntary basis. The payment of contributions fulfills the Group's obligations towards its employees. The contributions therefore constitute costs of the period in which they are due.

(ii) Defined benefit plans

Defined benefits for employees disbursed on termination of their employment with the Group or thereafter, and which include severance indemnity of Italian companies, are calculated separately for each plan, using actuarial techniques to estimate the amount employees have accrued in the year and in previous years. The resulting benefit is discounted to present value and recorded net of the fair value of any related assets.

The defined benefit obligation is calculated on an annual basis by an independent actuary using the projected unit credit method.

If the plan benefits increase, the prior-service portion of the increase is charged to the income statement on a straight-line basis over the period in which the related rights will be acquired. If the rights are acquired immediately, the increase is recognized immediately in the income statement.

Actuarial profits and losses are recognized in a specific equity reserve on an accrual basis.

Until 31 December 2006 the severance indemnity provision (TFR) of Italian companies was considered to be a defined benefits plan. The rules governing the provision were amended by Law no. 296 of 27 December 2006 ("2007 Finance Act") and by subsequent Decrees and Regulations enacted in the initial months of 2007. In the light of these changes, and in particular with reference to companies with at least 50 employees, the TFR severance indemnity should now be classified as a defined benefits plan exclusively for the portions accrued prior to 1

January 2007 (and not yet paid out at the date of the financial statements), while after that date TFR should be considered as a defined contributions plan.

(iii) Stock options

On the basis of the stock option plans currently in existence, certain employees and directors are entitled to purchase treasury shares from Interpump Group S.p.A. The options are measured at their fair value, which is charged to the income statement as an increase in the cost of personnel and directors, with a matching entry to the share premium reserve for share-based payment transactions. Fair value is measured at the grant date of the option and recorded in the income statement in the period that runs between said date and the date on which the options become exercisable (vesting period), after the conditions relating to the achievement of objectives and/or the provision of services have been met.

The cumulative costs recognized in relation to these operations at each reporting date until the vesting date are determined with reference to the length of the vesting periods and the best estimate of the number of participating instruments that will actually vest. The cost or income reported in the income statement reflects the change in the accumulated costs between the start and the end of the year.

No costs are recognized for rights that do not vest, except in the case of rights whose assignment is dependent on market conditions or a non-vesting condition. These are treated as if vested, regardless of whether or not the market conditions or other non-vesting conditions have been satisfied, without prejudice to the fact that all other performance and/or service conditions must still be satisfied. If the plan conditions are amended, the minimum cost recognized is that which would have been incurred without the plan amendment. A cost is also recognized for each amendment that increases the total fair value of the payment plan, or that is in any case favorable for employees; this cost is measured with reference to the amendment date.

The diluting effect of unexercised options is reflected in the calculation of diluted earnings per share.

The fair value of the option is determined using the applicable options measurement method (specifically, the binomial lattice model), taking account the terms and conditions at which the options were granted.

3.16 Income taxes

Income taxes disclosed in the income statement include current and deferred taxes. Income taxes are generally disclosed in the income statement, except when they refer to types of items that are recorded directly under shareholders' equity. In this case, the income taxes are also recognized directly in equity.

Current taxes are taxes that are expected to be due, calculated by applying to the taxable income the tax rate in force at the reporting date and the adjustments to taxes of prior years.

Deferred taxes are calculated using the liability method on the timing differences between the amount of assets and liabilities in the consolidated financial statements and the corresponding values recognized for tax purposes. Deferred tax liabilities are recognized in relation to all taxable temporary differences, except for:

- the deferred tax liabilities deriving from the initial recognition of goodwill or an asset or liability in a transaction that does not represent a business combination and, at the time of the transaction, does not affect the reported results or taxable income;

- reversals of taxable temporary differences, associated with investments in subsidiaries, associates and joint ventures, that can be controlled and that are unlikely to occur in the foreseeable future.

Deferred tax assets are recognized in relation to all deductible temporary differences, tax credits and unused tax losses carried forward, to the extent that future taxable income is likely to be sufficient to allow the recovery of the deductible temporary differences, tax credits and tax losses carried forward, except for:

- the deferred tax assets linked to deductible temporary differences that derive from the initial recognition of an asset or liability in a transaction that does not represent a business combination and, at the time of the transaction, does not affect the reported results or taxable income;
- the deferred tax assets linked to deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, which are only recognized if they are likely to reverse in the foreseeable future and there will be sufficient taxable income from them to recover such temporary differences.

Deferred taxes are calculated in accordance with the envisaged method of transfer of timing differences, using the tax rate in force at the reference date of years in which the timing differences arose.

Deferred tax assets are recognized exclusively in the event that it is probable that in future years sufficient taxable incomes will be generated for the realization of said deferred taxes. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that future taxable income is no longer likely to be sufficient to allow the recovery of such assets, in whole or in part. Any unrecognized deferred tax assets are reviewed at each reporting date and recognized to the extent that it has become is probable that future taxable income will be sufficient to allow their recovery.

3.17 Provisions for risks and charges

In cases where the Group has a legal or substantial obligation resulting from a past event, and when it is probable that the loss of economic benefits must be sustained in order to fulfill such an obligation, a specific provision for risks and charges is created. If the temporal factor of the envisaged loss of benefits is significant, the amount of the future cash outflows is discounted to present values at a rate, gross of taxes, that takes account of the market interest rates and the specific risk of the liability referred to.

(i) Product warranty provision

Liabilities for warranty repairs are allocated to the specific product warranty provision at the time of sale of the products. The provision is determined on the basis of historic data describing the cost of warranty repairs.

(ii) Restructuring provision

A restructuring provision is formed exclusively in the event that the Group has approved a formal and detailed restructuring plan and has started to implement it or has published it before the reporting date. In other cases, the future costs are not set aside.

(iii) Onerous contracts

When the forecast future benefits of a contract are less than the non-eliminable costs relating to it, a specific provision is created equivalent to the difference.

3.18 Revenues

(i) Revenues from the sale of goods and services

Revenues deriving from contracts with customers are recognized on the basis of the following 5 steps: (i) identification of the contract with the customer; (ii) identification of the contractual performance obligations to be transferred to the customer in exchange for the transaction price; (iii) determination of the transaction price; (iv) allocation of the transaction price to the individual performance obligations; (v) recognition of the revenue when the associated performance obligation is fulfilled. Revenues are recognized at the amount of the consideration to which the Group considers it is entitled on satisfaction of the obligation, when the customer acquires control over the goods or services transferred. The Group has identified a single revenue stream from the sale of products and spare parts representing the obligations satisfied at a given point in time. Revenues from the sale of products are recognized when the significant risks and benefits associated with control over the goods are transferred to the purchaser. The change of control coincides with the transfer of ownership or possession of the goods to the purchaser and, therefore, generally occurs on shipment or on completion of the service.

(ii) State grants

State grants are recorded as deferred revenue under other liabilities when it becomes reasonably certain that they will be disbursed and when the Group has fulfilled all the necessary conditions to obtain them. Grants received against costs sustained are recorded in the income statement systematically in the same periods in which the relative costs are incurred.

3.19 Costs

(i) Lease installments

The principal portion of lease installments is deducted from the financial payable, while the interest portion is charged to the income statement.

(ii) Financial income and charges

Financial revenues and charges are recorded on an accrual basis in accordance with the interest matured on the net value of the relative financial assets and liabilities, using the effective interest rate. Financial charges and income include currency exchange gains and losses and gains and losses on derivative instruments to be charged to the income statement (see section 3.13).

The other cost captions are described in the previous sections of Note 3.

4. 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 value of components and products transferred between sectors is generally the effective sales price between Group companies and corresponds to the best customer sale prices.

Sector information includes directly attributable costs and costs allocated on the basis of reasonable estimates. Holding company costs, i.e. remuneration of directors, statutory auditors and functions of the Group's financial management, control and internal auditing, and also consultancy costs and other related costs, are allocated to each sector on the basis of their revenues.

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, rotary unions, hydraulic hoses and fittings, gears, orbital motors, steering systems (hydroguide) and other hydraulic components. Power take-offs are mechanical units used to transmit energy from the engine or gearbox of an industrial vehicle in order to drive, via hydraulic components, its various applications. These products, combined with other hydraulic components (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 machinery, agricultural machinery, cranes and truck cranes, waste compactors, etc. The hydraulic hoses and fittings are designed for use in a broad range of hydraulic systems and also for very high pressure water systems. Gears facilitate the mechanical transmission of energy, with applications in various industrial sectors including agriculture, materials handling, mining, heavy industry, marine & offshore, aerial platforms, forestry and sugar production. Orbital motors are used on industrial vehicles, in the construction sector, in earth-moving machines and in agricultural machinery. The Group also designs and makes piping systems for the industrial, naval and offshore sectors.

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

	Hydraulic		Water-Jetting		Elimination entries		Interpump Group	
	2023	2022	2023	2022	2023	2022	2023	2022
Revenues outside the Group	1,634,323	1,541,623	605,716	536,341	-	-	2,240,039	2,077,964
Inter-sector revenues	2,685	3,372	5,196	4,012	(7,881)	(7,384)	-	-
Total revenues	1,637,008	1,544,995	610,912	540,353	(7,881)	(7,384)	2,240,039	2,077,964
Cost of sales	(1,130,870)	(1,068,061)	(337,127)	(292,813)	7,929	7,423	(1,460,068)	(1,353,451)
Gross industrial margin	506,138	476,934	273,785	247,540	48	39	779,971	724,513
<i>% of revenues</i>	<i>30.9%</i>	<i>30.9%</i>	<i>44.8%</i>	<i>45.8%</i>			<i>34.8%</i>	<i>34.9%</i>
Other operating income	34,643	34,927	8,409	8,869	(898)	(1,093)	42,154	42,703
Distribution expenses	(102,914)	(98,038)	(67,222)	(60,611)	392	602	(169,744)	(158,047)
General and administrative expenses	(142,675)	(135,265)	(72,377)	(63,464)	458	452	(214,594)	(198,277)
Other operating costs	(7,602)	(25,572)	(1,366)	(1,316)	-	-	(8,968)	(26,888)
EBIT	287,590	252,986	141,229	131,018	-	-	428,819	384,004
<i>% of revenues</i>	<i>17.6%</i>	<i>16.4%</i>	<i>23.1%</i>	<i>24.2%</i>			<i>19.1%</i>	<i>18.5%</i>
Financial income	18,865	23,560	11,909	9,838	(4,259)	(1,511)	26,515	31,887
Financial charges	(41,827)	(35,904)	(40,606)	(13,054)	4,259	1,511	(78,174)	(47,447)
Dividends	-	-	36,475	42,200	(36,475)	(42,200)	-	-
Equity method contribution	615	207	(4,933)	28	4,945	-	627	235
Profit for the year before taxes	265,243	240,849	144,074	170,030	(31,530)	(42,200)	377,787	368,679
Income taxes	(68,134)	(62,738)	(32,137)	(36,192)	-	-	(100,271)	(98,930)
Consolidated profit for the year	197,109	178,111	111,937	133,838	(31,530)	(42,200)	277,516	269,749
Attributable to:								
Shareholders of Parent	194,839	175,727	110,960	132,970	(31,530)	(42,200)	274,269	266,497
Minority shareholders of subsidiaries	2,270	2,384	977	868	-	-	3,247	3,252
Consolidated profit for the year	197,109	178,111	111,937	133,838	(31,530)	(42,200)	277,516	269,749
Further information required by IFRS 8								
Amortization, depreciation and write-downs	78,193	75,819	25,317	22,601	-	-	103,510	98,420
Other non-monetary costs	7,490	12,523	9,094	5,353	(4,945)	-	11,639	17,876

Financial position
(Amounts shown in €/000)

	Hydraulic		Water-Jetting		Elimination entries		Interpump Group	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Assets of the sector	2,131,325	2,071,141	859,703	831,227	(81,548)	(130,875)	2,909,480	2,771,493
Assets held for sale	-	1,291	-	-	-	-	-	1,291
Assets of the sector (A)	2,131,325	2,072,432	859,703	831,227	(81,548)	(130,875)	2,909,480	2,772,784
Cash and cash equivalents							334,483	358,275
Total assets							3,243,963	3,131,059
Liabilities of the sector (B)	443,088	559,297	177,375	173,656	(81,548)	(130,875)	538,915	602,078
Debts for the acquisition of equity investments							81,164	62,812
Payables to banks							52,469	30,928
Interest-bearing financial payables							768,511	869,131
Total liabilities							1,441,059	1,564,949
Total assets, net (A-B)	1,688,237	1,513,135	682,328	657,571			2,370,565	2,170,706
Further information required by IFRS 8								
Investments measured using the equity method	999	1,099	563	570			1,562	1,669
Non-current assets other than financial assets and deferred tax assets	1,215,942	1,118,921	432,522	386,680			1,648,464	1,505,601

The Hydraulic sector is compared as follows, at unchanged perimeter:

	Year	
	2023	2022
Revenues outside the Group	1,609,338	1,541,623
Inter-sector revenues	2,683	3,372
Total revenues	1,612,021	1,544,995
Cost of sales	(1,114,462)	(1,068,061)
Gross industrial margin	497,559	476,934
<i>% of revenues</i>	<i>30.9%</i>	<i>30.9%</i>
Other operating income	34,164	34,927
Distribution expenses	(101,920)	(98,038)
General and administrative expenses	(141,005)	(135,265)
Other operating costs	(7,595)	(25,572)
EBIT	281,203	252,986
<i>% of revenues</i>	<i>17.4%</i>	<i>16.4%</i>
Financial income	18,927	23,560
Financial charges	(41,538)	(35,904)
Dividends	-	-
Equity method contribution	615	207
Profit for the year before taxes	259,207	240,849
Income taxes	(66,510)	(62,738)
Consolidated profit for the year	192,697	178,111
Attributable to:		
Shareholders of Parent	190,427	175,727
Minority shareholders of subsidiaries	2,270	2,384
Consolidated profit for the year	192,697	178,111

The Water Jetting sector is compared as follows, at unchanged perimeter:

	Year	
	2023	2022
Revenues outside the Group	575,571	536,341
Inter-sector revenues	5,060	4,012
Total revenues	580,631	540,353
Cost of sales	(317,497)	(292,813)
Gross industrial margin	263,134	247,540
<i>% of revenues</i>	<i>45.3%</i>	<i>45.8%</i>
Other operating income	7,970	8,869
Distribution expenses	(63,588)	(60,611)
General and administrative expenses	(67,605)	(63,464)
Other operating costs	(1,165)	(1,316)
EBIT	138,746	131,018
<i>% of revenues</i>	<i>23.9%</i>	<i>24.2%</i>
Financial income	10,951	9,838
Financial charges	(37,417)	(13,054)
Dividends	36,475	42,200
Equity method contribution and write-downs of investments	(4,933)	28
Profit for the year before taxes	143,822	170,030
Income taxes	(32,227)	(36,192)
Consolidated profit for the year	111,595	133,838
Attributable to:		
Shareholders of Parent	110,618	132,970
Minority shareholders of subsidiaries	977	868
Consolidated profit for the year	111,595	133,838

Cash flows for the year by business sector are as follows:

€/000	Hydraulic		Water-Jetting		Total	
	2023	2022	2023	2022	2023	2022
Cash flows from:						
Operating activities	256,131	99,578	76,420	104,294	332,551	203,872
Investing activities	(142,175)	(133,541)	(57,327)	(31,923)	(199,502)	(165,464)
Financing activities	(78,756)	(32,079)	(96,440)	(20,875)	(175,196)	(52,954)
Total	35,200	(66,042)	(77,347)	51,496	(42,147)	(14,546)

Investing activities in the Hydraulic sector included € 2,171 thousand associated with the acquisition of equity investments (€ 33,800 thousand in 2022) and expenditure on property, plant and equipment totaling € 139,505 thousand (€ 101,969 thousand in 2022).

The investing activities of the Water-Jetting sector included € 37,982 thousand associated with the acquisition of equity investments (€ 5,600 thousand in 2022).

The cash flows deriving from the financing activities of the Water-Jetting sector included proceeds from the sale of treasury shares to the beneficiaries of stock options totaling € 2,246 thousand (€ 63,027 thousand in 2022), zero outlays for the purchase of treasury shares (€ 94,793 thousand in 2022) and the payment of dividends of € 32,567 thousand (€ 30,077 thousand in 2022).

The cash flows deriving from the financing activities of the Hydraulic sector include the payment of dividends to Water-Jetting Sector companies totaling € 36,475 thousand (€ 42,200 thousand in 2022).

Geographical areas

Revenues are analyzed below by the five geographical areas identified:

	2023		2022		Growth
	(€/000)	%	(€/000)	%	
Italy	363,734	16	335,049	16	+8.6%
Europe (Italy excluded)	804,889	36	738,268	36	+9.0%
North America	626,968	28	601,268	29	+4.3%
Far East and Pacific Area	238,646	11	228,459	11	+4.5%
Rest of the World	<u>205,802</u>	<u>9</u>	<u>174,920</u>	<u>8</u>	+17.7%
Total	<u>2,240,039</u>	<u>100</u>	<u>2,077,964</u>	<u>100</u>	+7.8%

Non-current assets other than financial assets and deferred tax assets are analyzed by geographical area below, based on their location:

	31/12/2023	31/12/2022
	(€/000)	(€/000)
Italy	883,133	814,738
Europe (Italy excluded)	430,586	396,251
North America	244,650	233,718
Far East and Pacific Area	44,331	28,006
Rest of the World	<u>45,764</u>	<u>32,888</u>
Total	<u>1,648,464</u>	<u>1,505,601</u>

The geographical areas to which operations are assigned depend on the nationality of the company performing them. No companies have operations in more than one area.

5. Business combinations

Draintech S.r.l.

The agreement for the purchase of 80% of and control over Draintech S.r.l. was signed on 11 April 2022. This company produces gears and precision components for mechanical transmissions, as well as a complete line of trapezoidal screw jacks, all activities that are highly synergic with those of the Group.

Mechanisms for the purchase of the minority interests were defined, whereby the Group is required to acquire the remaining 20% equity interest following approval of the 2023 financial statements.

Solely for accounting purposes, 1 June 2022 was designated as the acquisition date, there being no significant differences between then and the actual acquisition date.

The definitive purchase price allocation at 31 December 2023 is presented below:

€/000	Amounts acquired	Adjustments to fair value	Carrying values in the acquiring company
Cash and cash equivalents	160	-	160
Trade receivables	1,097	-	1,097
Inventories	1,364	-	1,364
Tax receivables	47	-	47
Other current assets	26	-	26
Property, plant and equipment	909	-	909
Other financial assets	194	-	194
Deferred tax assets	1	-	1
Other non-current assets	1	-	1
Trade payables	(744)	-	(744)
Payables to banks	(5)	-	(5)
Interest-bearing financial payables (current portion)	(131)	-	(131)
Tax liabilities	(413)	-	(413)
Other current liabilities	(89)	-	(89)
Provisions for risks and charges (current portion)	(5)	-	(5)
Interest-bearing financial payables (medium-/long-term portion)	(742)	-	(742)
Employee benefits (severance indemnity provision)	(60)	-	(60)
Other non-current liabilities	<u>(10)</u>	-	<u>(10)</u>
Net assets acquired	<u>1,600</u>	=	<u>1,600</u>
Goodwill related to the acquisition			<u>1,579</u>
Total net assets acquired			<u>3,179</u>
Total amount paid in cash			2,120
Payables related to the acquisition of investments			<u>1,059</u>
Total acquisition cost (A)			<u>3,179</u>
Net financial position acquired (B)			718
Total amount paid in cash			2,120
Payables related to the acquisition of investments			<u>1,059</u>
Total change in the net financial position including change in debt for the acquisition of investments			<u>3,897</u>
Capital employed (A) + (B)			<u>3,897</u>

The transaction was recorded using the acquisition method.

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

Eurofluid Hydraulic S.r.l.

The agreement to purchase 80% of and control over Eurofluid Hydraulic S.r.l. was signed on 20 October 2022. This company, founded in 1994, is specialized in the manufacture of high-end hydraulic blocks.

The value of this operation was fixed at € 26.4 million and “put and call” mechanisms were defined, through which the counterparties can purchase and sell the remaining 20% equity interest following approval of the 2025 financial statements. The contract fixed the option price.

Solely for accounting purposes, 1 November 2022 was designated as the acquisition date, there being no significant differences with respect to the actual acquisition date.

The definitive purchase price allocation at 31 December 2023 is presented below:

€/000	Amounts <u>acquired</u>	Adjustments <u>to fair value</u>	Carrying values in the acquiring <u>company</u>
Cash and cash equivalents	2,985	-	2,985
Trade receivables	6,189	-	6,189
Inventories	3,919	-	3,919
Tax receivables	1,688	-	1,688
Other current assets	33	-	33
Property, plant and equipment	8,298	-	8,298
Other intangible assets	1,093	-	1,093
Deferred tax assets	105	-	105
Other non-current assets	-	-	-
Trade payables	(3,659)	-	(3,659)
Payables to banks	(2,728)	-	(2,728)
Tax liabilities	(1,524)	-	(1,524)
Other current liabilities	(1,527)	-	(1,527)
Lease payables	(35)	-	(35)
Deferred tax liabilities	(301)	-	(301)
Provision for risks and charges	(121)	-	(121)
Employee benefits (severance indemnity provision)	(1,172)	-	(1,172)
Net assets acquired	13,243	-	13,243
Goodwill related to the acquisition			18,911
Total net assets acquired			32,154
Total amount paid in cash			26,400
Amount paid by assigning treasury shares			-
Amount payable			5,754
Total acquisition cost (A)			32,154
Net financial position acquired (B)			(222)
Total amount paid in cash			26,400
Amount payable			5,754
Total change in net financial position			31,932
Capital employed (A) - (B)			31,932

The transaction was recorded using the acquisition method.

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

IPG Mouldtech India Pvt Ltd.

On 20 February 2023, 85% of the capital of and control over 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 value of this operation was fixed at approximately € 8 million and “put and call” mechanisms were defined, through which the counterparties can purchase and sell the remaining 15% equity interest, by 30 June 2027, on the basis of the results for the year prior to that in which the option is exercised.

Solely for accounting purposes, 31 March 2023 was designated as the acquisition date, there being no significant differences with respect to the actual acquisition date.

The definitive purchase price allocation at 31 December 2023 is presented below:

€/000	Amounts <u>acquired</u>	Adjustments <u>to fair value</u>	Carrying values in the acquiring <u>company</u>
Cash and cash equivalents	644	-	644
Trade receivables	568	-	568
Inventories	255	-	255
Tax receivables	323	-	323
Other current assets	848	-	848
Property, plant and equipment	2,216	-	2,216
Other intangible assets	1	-	1
Deferred tax assets	210	-	210
Other non-current assets	498	-	498
Trade payables	(1,627)	-	(1,627)
Payables to banks	-	-	-
Tax liabilities	(204)	-	(204)
Other current liabilities	(1,118)	-	(1,118)
Lease payables	-	-	-
Deferred tax liabilities	-	-	-
Provision for risks and charges	-	-	-
Other medium/long-term liabilities	(345)	-	(345)
Net assets acquired	2,269	-	2,269
Goodwill related to the acquisition			6,191
Total net assets acquired			8,460
Total amount paid in cash			7,785
Amount paid by assigning treasury shares			-
Amount payable			675
Total acquisition cost (A)			8,460
Net financial position acquired (B)			(644)
Total amount paid in cash			7,785
Amount payable			675
Total change in net financial position			7,816
Capital employed (A) - (B)			7,816

The amounts for the company were translated using the exchange rates at 31 March 2023.

The transaction was recorded using the acquisition method.

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

Since the acquisition date, IPG Mouldtech India Pvt Ltd. has not contributed significantly to the revenues or pre-tax profit of the Group.

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 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 provisional purchase price allocation at 31 December 2023 is presented below:

€/000	Amounts acquired	Adjustments 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	-	16
Other financial fixed assets	12	-	12
Deferred tax assets	126	-	126
Other non-current assets	67	-	67
Trade payables	(3,126)	-	(3,126)
Payables to banks	-	-	-
Tax liabilities	(52)	-	(52)
Other current liabilities	(650)	-	(650)
Lease payables	(2,519)	-	(2,519)
Deferred tax liabilities	(4)	-	(4)
Provision for risks and charges	(80)	-	(80)
Employee benefits (severance indemnity provision)	(943)	-	(943)
Net assets acquired	7,841	-	7,841
Goodwill related to the acquisition			15,259
Total net assets acquired			23,100
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 recorded 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, I.mec S.r.l. has contributed € 9.6 million to the revenues of the Group and € 2.1 million to the pre-tax profit of the Group. Had the business combination taken place at the start of 2023, the contribution to Group revenues would have been € 17.2 million, with an insignificant effect on the net profit of the Group.

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 provisional purchase price allocation at 31 December 2023 is presented below:

€/000	Amounts acquired	Adjustments 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	160	-	160
Other non-current assets	-	-	-
Trade payables	(4,475)	-	(4,475)
Payables to banks	(11,013)	-	(11,013)
Tax liabilities	(134)	-	(134)
Other current liabilities	(3,783)	-	(3,783)
Lease payables	(3,922)	-	(3,922)
Deferred tax liabilities	(10)	-	(10)
Provision for risks and charges	-	-	-
Employee benefits (severance indemnity provision)	-	-	-
Net assets acquired	19,915	-	19,915
Goodwill related to the acquisition			314
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 recorded 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. Since the acquisition date, the Waikato Group has contributed € 18.9 million to the revenues of the Group, without a significant effect on the pre-tax profit of the Group. Had the business combination taken place at the start of 2023, the contribution to Group revenues would have been € 26.2 million, with an insignificant effect on the net profit of the Group.

6. Cash and cash equivalents

	31/12/2023 (€/000)	31/12/2022 (€/000)
Cash	91	192
Bank deposits	331,143	355,370
Other liquid funds	<u>3,249</u>	<u>2,713</u>
Total	<u>334,483</u>	<u>358,275</u>

Cash and cash equivalents at 31 December 2023 include amounts denominated in foreign currencies, as shown below:

	Amounts in €/000	Amount in original currency
Euro	231,921	231,921
US Dollar	36,155	40,105
Chinese Renminbi	25,726	201,971
Indian Rupee	14,228	1,307,675
UK Sterling	6,320	5,493
Brazilian Real	5,147	27,600
Canadian Dollar	3,096	4,645
Australian Dollar	2,597	4,223
Korean Won	2,567	3,681,992
New Zealand Dollar	2,064	3,613
Danish Krone	1,257	9,369
South African Rand	702	14,285
Bulgarian Lev	640	1,251
Columbian Peso	505	2,155,180
Polish Zloty	357	1,550
Swiss Franc	262	243
Chilean Peso	182	177,874
Russian Ruble	173	17,186
Ukrainian Hryvnia	159	6,674
Swedish Krona	153	1,693
Mexican Peso	151	2,830
UAE Dirham	57	230
Singapore Dollar	17	19
Romanian Leu	15	77
Other minor currencies	<u>32</u>	n.a.
Total	<u>334,483</u>	

At 31 December 2023, bank deposits include deposits and restricted accounts with a total notional balance of € 33.0 million at an average fixed interest rate of 3.72%.

Investment of the Group's liquidity made it possible to achieve an average yield of 1.24% in 2023 (0.25% in 2022).

7. Trade receivables

	31/12/2023	31/12/2022
	<u>(€/000)</u>	<u>(€/000)</u>
Trade receivables, gross	428,779	447,272
Bad debt provision	<u>(13,992)</u>	<u>(13,460)</u>
Trade receivables, net	<u>414,787</u>	<u>433,812</u>

Changes in the bad debt provision were as follows:

	2023	2022
	<u>(€/000)</u>	<u>(€/000)</u>
Opening balances	13,460	12,571
Exchange rate difference	(153)	(1)
Change in consolidation basis	377	208
Reclassifications	8	-
Provisions in the year	2,620	2,407
Decreases in the year due to surpluses	(1,759)	(1,120)
Utilizations in the year	<u>(561)</u>	<u>(605)</u>
Closing balance	<u>13,992</u>	<u>13,460</u>

Provisions in the year are booked under other operating costs.

At 31 December 2023, trade receivables due beyond 12 months total € 14 thousand, while trade payables due beyond 12 months amount to € 60 thousand.

Further information is provided in Note 31 “Information on financial risks”.

8. Inventories

	31/12/2023	31/12/2022
	<u>(€/000)</u>	<u>(€/000)</u>
Raw materials and components	243,157	244,963
Semi-finished products	214,571	207,036
Finished products	<u>238,700</u>	<u>231,820</u>
Total inventories	<u>696,428</u>	<u>683,819</u>

Inventories are stated net of an allowance that has changed as indicated below:

	2023	2022
	<u>(€/000)</u>	<u>(€/000)</u>
Opening balances	46,749	42,757
Exchange rate difference	(695)	376
Change in consolidation basis	1,575	2,278
Provisions for the year	4,522	5,380
Utilizations in the year	(2,221)	(3,599)
Reversal of provisions due to surpluses	<u>(959)</u>	<u>(443)</u>
Closing balance	<u>48,971</u>	<u>46,749</u>

9. Tax receivables and Other current assets

Tax receivables are analyzed below:

	31/12/2023	31/12/2022
	<u>€ (000)</u>	<u>€ (000)</u>
Current taxes	7,696	7,649
VAT recoverable	18,282	18,436
Withholding taxes	1,123	516
Other tax receivables	<u>19,205</u>	<u>18,532</u>
Total tax receivables	<u>46,306</u>	<u>45,133</u>

Other tax receivables include other indirect tax credits (including flat tax credits).

Other current assets are analyzed below:

	31/12/2023	31/12/2022
	<u>€ (000)</u>	<u>€ (000)</u>
Accrued income and prepaid expenses	11,159	8,795
Price adjustments receivable	3,335	6,898
Other receivables	8,078	9,761
Other current assets	<u>5,121</u>	<u>8,529</u>
Total other current assets	<u>27,693</u>	<u>33,983</u>

The Other receivables and Other current assets captions report all receivables and assets not classified in the other receivables captions, such as advances to suppliers, grants receivable, amounts due from employees and social security institutions, and guarantee deposits paid, recoverable within twelve months.

10. Property, plant and equipment

	<i>Land and buildings</i> (€/000)	<i>Plant and machinery</i> (€/000)	<i>Equipment</i> (€/000)	<i>Other assets</i> (€/000)	<i>Total</i> (€/000)
At 31 December 2021					
Cost	396,953	578,053	159,735	117,225	1,251,966
Accumulated depreciation	<u>(98,920)</u>	<u>(331,793)</u>	<u>(130,646)</u>	<u>(76,892)</u>	<u>(638,251)</u>
Net carrying amount	<u>298,033</u>	<u>246,260</u>	<u>29,089</u>	<u>40,333</u>	<u>613,715</u>
Changes in 2022					
Opening net carrying amount	298,033	246,260	29,089	40,333	613,715
Exchange differences	3,149	1,791	338	1,193	6,471
Change in consolidation basis	4,482	3,870	195	234	8,781
Additions	29,629	72,555	15,729	14,524	132,437
Recognition of right-to-use	13,450	-	-	2,996	16,446
Disposals	(1,714)	(2,079)	(550)	(3,820)	(8,163)
Early close-out of right-to-use	(964)	(96)	-	(96)	(1,156)
Remeasurement of right-to-use	1,782	-	-	9	1,791
Reclassifications	(658)	(2,155)	117	935	(1,761)
Reclassification of assets held for sale	158	11	-	-	169
Capitalized depreciation	(90)	(11)	(7)	(2)	(110)
Write-downs	(1,505)	(3,031)	(25)	(84)	(4,645)
Depreciation	<u>(24,424)</u>	<u>(37,941)</u>	<u>(9,792)</u>	<u>(10,723)</u>	<u>(82,880)</u>
Closing net carrying amount	<u>321,328</u>	<u>279,174</u>	<u>35,094</u>	<u>45,499</u>	<u>681,095</u>
At 31 December 2022					
Cost	432,617	649,155	176,890	130,001	1,388,663
Accumulated depreciation	<u>(111,289)</u>	<u>(369,981)</u>	<u>(141,796)</u>	<u>(84,502)</u>	<u>(707,568)</u>
Net carrying amount	<u>321,328</u>	<u>279,174</u>	<u>35,094</u>	<u>45,499</u>	<u>681,095</u>
Changes in 2023					
Opening net carrying amount	321,328	279,174	35,094	45,499	681,095
Exchange differences	(2,127)	(1,598)	(612)	(1,275)	(5,612)
Change in consolidation basis	7,487	2,267	124	1,138	11,016
Additions	53,159	88,514	14,979	21,930	178,582
Recognition of right-to-use	25,077	291	192	3,814	29,374
Disposals	(2,488)	(2,096)	(740)	(3,228)	(8,552)
Early close-out of right-to-use	(8,120)	-	-	(108)	(8,228)
Remeasurement of right-to-use	71	-	-	77	148
Reclassifications	1,646	(2,227)	(743)	325	(999)
Reclassification of assets held for sale	1,291	-	-	-	1,291
Capitalized depreciation	(68)	(8)	(6)	(1)	(83)
Write-downs	(336)	(342)	(25)	(25)	(728)
Depreciation	<u>(25,560)</u>	<u>(42,460)</u>	<u>(11,111)</u>	<u>(12,262)</u>	<u>(91,393)</u>
Closing net carrying amount	<u>371,360</u>	<u>321,515</u>	<u>37,152</u>	<u>55,884</u>	<u>785,911</u>
At 31 December 2023					
Cost	482,226	724,681	186,700	146,889	1,540,496
Accumulated depreciation	<u>(110,866)</u>	<u>(403,166)</u>	<u>(149,548)</u>	<u>(91,005)</u>	<u>(754,585)</u>
Net carrying amount	<u>371,360</u>	<u>321,515</u>	<u>37,152</u>	<u>55,884</u>	<u>785,911</u>

The cost of assets under construction, included in the net carrying amounts disclosed in the previous table, is as follows:

	<u>Land and buildings</u> (€/000)	<u>Plant and machinery</u> (€/000)	<u>Equipment</u> (€/000)	<u>Other assets</u> (€/000)	<u>Total</u> (€/000)
At 1 January 2022	5,658	29,807	917	323	36,705
At 31 December 2022	10,349	32,946	836	237	44,368
At 31 December 2023	32,631	40,130	457	195	73,413

The net carrying amount of leased assets at 31 December is analyzed below:

	<u>Land and buildings</u> (€/000)	<u>Plant and machinery</u> (€/000)	<u>Equipment</u> (€/000)	<u>Other assets</u> (€/000)	<u>Total</u> (€/000)
At 31 December 2022	83,655	2,252	1,697	5,288	92,892
At 31 December 2023	90,166	2,270	1,561	7,013	101,010

Depreciation of € 75,983 thousand was charged to the cost of sales (€ 69,087 thousand in 2022), € 6,975 thousand to distribution costs (€ 6,438 thousand in 2022) and € 8,439 thousand to general and administrative expenses (€ 7,288 thousand in 2022).

At 31 December 2023 the Group has contractual commitments for the purchase of property, plant and equipment totaling € 4,341 thousand (€ 1,989 thousand at 31 December 2022).

At 31 December 2023 property, plant and equipment are not burdened by mortgages and/or specific guarantees.

Further information is provided in Notes 32 “Notes to the cash flow statement” and 33 “Commitments”.

11. Goodwill

Changes in goodwill were as follows in 2023:

<u>Company:</u>	<u>Balance at 31/12/2022</u>	<u>Increases (decreases) in the year</u>	<u>Changes due to foreign exchange differences</u>	<u>Balance at 31/12/2023</u>
Water-Jetting	216,115	15,573	(1,596)	230,092
Hydraulic	538,829	6,497	9,153	554,479
Total goodwill	754,944	22,070	7,557	784,571

In the Hydraulic sector, the increases in goodwill during 2023 relate to the purchase of IPG Mouldtech India Pvt Ltd (€ 6,191 thousand) and to the absorption of Benmec (previously measured using the equity method) by Transtecno S.r.l. (€ 306 thousand).

In the Water-Jetting sector, the increases relate to the acquisition of I.mec S.r.l. (€ 15,259 thousand) and the acquisition of Waikato group (€ 314 thousand).

The changes due to foreign exchange differences relate to the goodwill denominated in foreign currencies.

The goodwill acquired via business combinations was allocated, on checking for impairment, to the Water-Jetting CGU and the Hydraulic CGU, which correspond to the two operating sectors about which specific information has been provided.

The Group carried out an impairment test on 31 December 2023. When reviewing its impairment indicators, among other factors the Group also takes into consideration its stock market capitalization, which exceeded the shareholders' equity of the Group throughout 2023. The recoverable value identified from the impairment test was determined from the value-in-use calculation carried out using the Discounted Cash Flow (DCF) method, net of current taxes. Expected cash flows utilized in the calculation of DCF were determined on the basis of 5-year business plans (2024-2028) that take account of the various reference scenarios, and of growth forecasts in the various markets.

In particular, the Group considers that the sales policies adopted in prior years, aimed at improving the integration of its production and distribution networks and consolidating the growth of several important outlet markets for the Group, will make it possible to boost revenues in the period 2024-2028 by around 5% for the “Water Jetting” CGU and about 4% for the “Hydraulic” CGU, with essentially stable margins. A perpetual growth rate of 1% was applied for periods after 2028 for the “Hydraulic” CGU, while a perpetual growth rate of 1.5% was applied for the “Water Jetting Sector” CGU due to the sustainability over time of the competitive advantages of the individual CGUs.

The projected cash flows determined in this manner were reduced by a discount factor in order to take account of the risk that future plans could become impracticable. The weighted average cost of capital (WACC) after tax was measured for the various CGUs as follows:

CGU	WACC
Water-Jetting	8.55%
Hydraulic	8.97%
Weighted average cost of capital	8.82%

The WACC utilized in 2022 was 9.71%.

The sensitivity analysis required in the joint Bank of Italy, Consob, ISVAP document dated 3 March 2010 was also carried out. No impairment losses on goodwill were identified on reducing the expected cash flows of each CGU by 10%, or on increasing by 0.5% the cost of capital used to discount those expected cash flows.

Further information about the potential effects deriving from climate change is provided in Note 31 “Information on financial risks”.

12. Other intangible assets

	<i>Product development costs</i> <u>(€/000)</u>	<i>Patents trademarks and industrial rights</i> <u>(€/000)</u>	<i>Other intangible assets</i> <u>(€/000)</u>	<i>Total</i> <u>(€/000)</u>
At 31 December 2021				
Cost	41,405	83,125	27,190	151,720
Accumulated amortization	<u>(31,861)</u>	<u>(53,997)</u>	<u>(21,650)</u>	<u>(107,508)</u>
Net carrying amount	<u>9,544</u>	<u>29,128</u>	<u>5,540</u>	<u>44,212</u>
Changes in 2022				
Opening net carrying amount	9,544	29,128	5,540	44,212
<i>Restated data (IFRS 3)</i>	-	16,058	-	16,058
Exchange differences	2	28	109	139
Change in consolidation basis (<i>restated</i>)	-	1,078	15	1,093
Increases	2,348	549	4,367	7,264
Decreases	-	-	(2)	(2)
Reclassifications	(56)	3,725	325	3,994
Write-downs	(303)	-	-	(303)
Capitalized amortization	-	-	-	-
Amortization	<u>(1,151)</u>	<u>(7,084)</u>	<u>(2,357)</u>	<u>(10,592)</u>
Closing net carrying amount	<u>10,384</u>	<u>43,482</u>	<u>7,997</u>	<u>61,863</u>
At 31 December 2022				
Cost	43,569	105,266	31,020	179,855
Accumulated amortization	<u>(33,185)</u>	<u>(61,784)</u>	<u>(23,023)</u>	<u>(117,992)</u>
Net carrying amount	<u>10,384</u>	<u>43,482</u>	<u>7,997</u>	<u>61,863</u>
Changes in 2023				
Opening net carrying amount	10,384	43,482	7,997	61,863
Exchange differences	50	173	(93)	130
Change in consolidation basis	2,393	10,726	-	13,119
Increases	2,040	597	4,184	6,821
Decreases	(114)	(8)	(25)	(147)
Reclassifications	(146)	88	426	368
Write-downs	(87)	-	(102)	(189)
Capitalized amortization	-	-	-	-
Amortization	<u>(1,537)</u>	<u>(7,008)</u>	<u>(2,647)</u>	<u>(11,192)</u>
Closing net carrying amount	<u>12,983</u>	<u>48,050</u>	<u>9,740</u>	<u>70,773</u>
At 31 December 2023				
Cost	47,408	116,261	32,508	196,177
Accumulated amortization	<u>(34,425)</u>	<u>(68,211)</u>	<u>(22,768)</u>	<u>(125,404)</u>
Net carrying amount	<u>12,983</u>	<u>48,050</u>	<u>9,740</u>	<u>70,773</u>

The cost of assets in progress, included in the net carrying amounts reported above, is as follows:

	<i>Product development costs</i> <u>(€/000)</u>	<i>Patents trademarks and industrial rights</i> <u>(€/000)</u>	<i>Other intangible assets</i> <u>(€/000)</u>	<i>Total</i> <u>(€/000)</u>
At 1 January 2022	7,201	50	759	8,010
At 31 December 2022	8,512	16	1,743	10,271
At 31 December 2023	10,361	16	3,733	14,110

Amortization was charged in full to general and administrative costs. Product development costs consist mainly of capitalized internal costs.

13. Other financial assets

This item comprises:

	31/12/2023 <u>(€/000)</u>	31/12/2022 <u>(€/000)</u>
Investments in non-consolidated subsidiaries	1,588	1,669
Assets servicing employee benefits	1,317	970
Other financial assets	<u>388</u>	<u>322</u>
Total	<u><u>3,293</u></u>	<u><u>2,961</u></u>

The following changes were recorded:

	2023 <u>(€/000)</u>	2022 <u>(€/000)</u>
Opening balance	2,961	2,250
Exchange differences	(319)	100
Change in consolidation basis	(219)	194
Reclassifications	(158)	(137)
Increases for the year	1,263	743
Change in fair value	25	(4)
Decreases for the year	<u>(260)</u>	<u>(185)</u>
Closing balance	<u><u>3,293</u></u>	<u><u>2,961</u></u>

Breakdown of the value of investments in non-consolidated subsidiaries:

Company	31/12/2023 <u>(€/000)</u>	% held	31/12/2022 <u>(€/000)</u>	% held
Interpump Hydraulics Rus	999	100%	898	100%
General Pump China	563	100%	570	100%
Hammelmann Vostok	-	100%	-	100%
Interpump Hydraulics Perù S.a.c.	-	90%	-	90%
Benmec S.r.l.	-	-	201	100%
Interpump Antriebstechnik GmbH	<u>26</u>	100%	-	-
<i>Total non-consolidated subsidiaries</i>	<u><u>1,588</u></u>		<u><u>1,669</u></u>	

Interpump Hydraulics Rus, General Pump China, Hammelmann Vostok, Interpump Hydraulics Perù, and Interpump Antriebstechnik are all subsidiaries, but they have not been consolidated in view of their limited size.

The value of the investment in Interpump Hydraulics Perù, a distribution company based in Lima incorporated at the end of 2015 with the aim of strengthening the Group's direct presence in South America, has been reduced to zero and a provision for risks of € 332 thousand has been created to cover losses, which were mainly incurred by the company during the start-up phase and in subsequent years.

Benmec S.r.l., a company that uses automated lathes in engineering processes, was acquired in 2022 with a view to vertical integration in the gears sector. The company was absorbed by Transtecno S.r.l. with effect from 1 January 2023.

Interpump Antriebstechnik GmbH, whose commercial development and management activities support businesses in the Hydraulic sector, was formed on 10 October 2023.

In relation to financial instruments recorded at fair value in the statement of financial position (assets servicing employee benefits and other financial assets), international accounting standards require that said values be classified on the basis of a hierarchy of levels that reflects the significance of the inputs utilized to establish the fair value and subdivided on the basis of the recurrence in their measurement. International accounting standards identify the following levels:

- Level 1 quotations recorded on an active market for assets and liabilities subject to measurement;
- Level 2 inputs other than the price quotations mentioned in the above point, which are directly (prices) or indirectly (price derivatives) observable in the market;
- Level 3 inputs that are not based on empirical market data.

The following table shows the financial instruments measured at fair value at 31 December 2023, broken down by level:

(€/000)	Level 1	Level 2	Level 3	Total
Other financial assets	1,445	-	260	1,705
Total assets	1,445	-	260	1,705

No transfers between levels were carried out in 2023.

All fair value measurements shown in the above table are to be considered as recurring; the Group did not perform any non-recurring fair value measurements in 2023.

14. Deferred tax assets and liabilities

The changes in the year of deferred tax assets and liabilities are listed below:

	<u>Deferred tax assets</u>		<u>Deferred tax liabilities</u>	
	2023	2022	2023	2022
	(€/000)	(€/000)	(€/000)	(€/000)
At 31 December of the previous year	66,184	63,658	56,947	52,808
Exchange differences	(337)	172	(776)	1,176
Change in consolidation basis	496	56	14	721
Recognized in the income statement	6,042	3,163	(1,606)	1,567
Reclassifications	(53)	(84)	(41)	534
Recognized directly in equity	177	(781)	(14)	141
At 31 December of the current year	72,509	66,184	54,524	56,947

The deferred taxes recognized directly in equity arise from remeasurement of defined benefit plans.

Deferred tax assets and liabilities refer to the following items in the statement of financial position:

	<u>Deferred tax assets</u>		<u>Deferred tax liabilities</u>	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	(€/000)	(€/000)	(€/000)	(€/000)
Property, plant and equipment	15,983	18,222	27,144	26,803
Rights of use	-	-	24,094	23,437
Intangible assets	12,151	12,218	18,937	21,225
Equity investments	337	381	23	17
Inventories	24,061	22,258	536	942
Receivables	1,350	1,362	50	55
Liabilities for employee benefits	1,020	803	80	72
Leasing liabilities	19,580	19,110	-	-
Provisions for risks and charges	3,788	3,306	-	-
Losses to be carried forward	4,949	1,632	-	-
Other	8,870	6,002	3,240	3,506
Offset of deferred taxes	(19,580)	(19,110)	(19,580)	(19,110)
Total	72,509	66,184	54,524	56,947

No deferred tax liabilities have been recorded for reserves qualifying for tax relief as they are not expected to be distributed (see Note 22).

15. Assets and liabilities held for sale

The Group did not have any assets classified as held for sale at 31 December 2023. At 31 December 2022, the Group classified a building among the assets held for sale, with reference to a preliminary sale agreement that was completed during 3Q2023.

16. Interest-bearing financial payables and Bank payables

The main loans are all subject to the following financial covenants, calculated on the consolidated values:

- Net indebtedness / Shareholders' equity;
- Net financial position / EBITDA;
- Net indebtedness / EBITDA;
- EBITDA / Financial charges.

At 31 December 2023 all financial covenants are amply respected.

	31/12/2023 (€/000)	31/12/2022 (€/000)
<i>Current</i>		
Payables to banks	<u>52,469</u>	<u>30,928</u>
Bank loans	246,495	268,761
Leases	18,323	19,350
Other financial payables	<u>93</u>	<u>345</u>
Total current interest bearing financial payables	<u>264,911</u>	<u>288,456</u>
<i>Non-current</i>		
Bank loans	435,827	520,248
Leases	66,813	58,428
Shareholder loans	567	1,513
Other financial payables	<u>393</u>	<u>486</u>
Total non-current interest bearing financial payables	<u>503,600</u>	<u>580,675</u>

At 31 December 2023, fixed-rate loans amount to € 3,240 thousand, while the remainder are at floating rates.

Payables to banks and loans include € 40,209 thousand in currencies other than the euro, mainly comprising Polish zloty, US dollars, Chinese renminbi, New Zealand dollars, Indian rupees, UK pounds, Australian dollars, Canadian dollars and Chilean Pesos relating to foreign subsidiaries. Amounts in currencies other than the euro are as follows:

(€/000)	Payables to banks	Current interest-bearing financial payables	Non-current interest- bearing financial payables	Total
Polish Zloty	11,401	76	121	11,598
US Dollar	240	3,120	6,614	9,974
Chinese Renminbi	6	2,334	1,091	3,431
New Zealand Dollar	-	523	2,706	3,229
Indian Rupee	9	773	2,414	3,196
UK Sterling	12	879	1,895	2,786
Australian Dollar	4	505	1,456	1,965
Canadian Dollar	7	245	944	1,196
Chilean Peso	-	209	850	1,059
Danish Krone	-	196	257	453
Korean Won	-	76	316	392
Brazilian Real	1	198	56	255
South African Rand	-	79	70	149
Romanian Leu	8	41	73	122
Mexican Peso	13	63	34	110
Swedish Krona	-	83	-	83
Swiss Franc	-	46	31	77
Singapore Dollar	-	42	13	55
Russian Ruble	-	27	-	27
Columbian Peso	-	12	12	24
Bulgarian Lev	-	9	10	19
Ukrainian Hryvnia	-	9	-	9
Total	<u>11,701</u>	<u>9,545</u>	<u>18,963</u>	<u>40,209</u>

The following rates were charged on the interest-bearing financial payables:

%	31/12/2023	31/12/2022
Bank loans	Euribor+0.72 (average spread)	Euribor+0.88 (average spread)
Finance leases	4.94	3.51

No outstanding loans are backed by guarantees at 31 December 2023 or were backed by guarantees during the year.

Breakdown of lease payables at 31 December:

(€/000)	31 December 2023				31 December 2022			
	Within the year	Between one and five years	Beyond five years	Total	Within the year	Between one and five years	Beyond five years	Total
Outstanding installments on leasing contracts	22,861	54,070	29,049	105,980	21,735	51,849	12,407	85,991
Interest	(4,538)	(9,949)	(6,357)	(20,844)	(2,385)	(4,343)	(1,485)	(8,213)
Present value of lease payables	<u>18,323</u>	<u>44,121</u>	<u>22,692</u>	<u>85,136</u>	<u>19,350</u>	<u>47,506</u>	<u>10,922</u>	<u>77,778</u>

At 31 December 2023 the Group is party to several leasing contracts for industrial buildings, plant and machinery, the carrying amount of which, totaling € 101,010 thousand (€ 92,892 thousand at 31 December 2022), is classified under Property, plant and equipment (Note 10).

The guarantee issued to third parties in relation to rental contracts, amounting to € 16,859 thousand at 31 December 2023 (€ 16,859 thousand also at 31 December 2022), was subsequently closed out prior to the approval of this Annual Financial Report.

Non-current financial payables fall due as follows:

	31/12/2023 <u>(€/000)</u>	31/12/2022 <u>(€/000)</u>
Within 2 years	210,931	240,786
From 2 to 5 years	268,503	328,174
Beyond 5 years	<u>24,166</u>	<u>11,715</u>
Total	<u>503,600</u>	<u>580,675</u>

The Group has the following unused lines of credit at year-end:

	31/12/2023 <u>(€/000)</u>	31/12/2022 <u>(€/000)</u>
Export advances and Italian portfolio	139,313	121,294
Current account overdrafts	77	2,231
Medium/long-term loans	<u>-</u>	<u>18,938</u>
Total	<u>139,390</u>	<u>142,463</u>

Further information about liquidity and interest-rate risks is provided in Note 31 “Information on financial risks”.

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

	31/12/2023 <u>€/000</u>	31/12/2022 <u>€/000</u>	01/01/2022 <u>€/000</u>
Cash and cash equivalents	334,483	358,275	349,015
Payables to banks (advances and STC amounts)	(52,469)	(30,928)	(7,760)
Interest-bearing financial payables (current portion)	(264,911)	(288,456)	(232,213)
Interest-bearing financial payables (non-current portion)	(503,600)	(580,675)	(603,966)
<i>Net financial position</i>	<i>(486,497)</i>	<i>(541,784)</i>	<i>(494,924)</i>
Commitments for the purchase of investments (current portion)	(38,354)	(844)	(26,299)
Commitments for the purchase of investments (non-current portion)	(42,810)	(61,968)	(51,495)
Total net indebtedness	(567,661)	(604,596)	(572,718)

17. Trade payables and Other current liabilities

Trade payables total € 262,941 thousand (€ 312,222 thousand in 2022) and principally comprise amounts payable to suppliers for goods and services.

Tax payables are analyzed below:

	31/12/2023	31/12/2022
	<u>(€/000)</u>	<u>(€/000)</u>
Current taxes	27,459	32,141
VAT payable	3,941	5,395
Other tax payables	<u>7,923</u>	<u>23,126</u>
Total tax payables	<u>39,323</u>	<u>60,662</u>

Other tax payables principally comprise withholding taxes.

Other current liabilities are analyzed below:

	31/12/2023	31/12/2022
	<u>(€/000)</u>	<u>(€/000)</u>
Payables related to the acquisition of investments	38,354	844
Other short-term payables	111,262	104,282
Government grants	-	779
Other	<u>9,413</u>	<u>5,648</u>
Total	<u>159,029</u>	<u>111,553</u>

The increase in payables related to the acquisition of investments principally reflects the reclassification to short term, from other non-current liabilities, of put and call options on the minority interests in subsidiaries (see Note 20).

Other short-term payables are mainly due to personnel, directors, statutory auditors and social security institutions.

18. Provisions for risks and charges

Changes were as follows:

(€/000)	Product warranty provision	Directors' termination indemnity provision	Agents' termination indemnity provision	Provision for returns on sales	Provision for risks on investments	Other	Total
Balance at 31/12/2022	<u>5,496</u>	<u>8,193</u>	<u>966</u>	<u>442</u>	<u>453</u>	<u>10,768</u>	<u>26,318</u>
Exchange rate difference	(88)	-	-	(4)	22	68	(2)
Increase in the year	3,445	-	40	-	-	911	4,396
Surplus released to the income statement	(260)	-	-	-	(120)	(1,262)	(1,642)
Change in consolidation basis	-	-	80	-	-	-	80
Reclassifications	159	-	-	(32)	(189)	5	(57)
Utilizations in the year	<u>(2,026)</u>	<u>-</u>	<u>(174)</u>	<u>-</u>	<u>-</u>	<u>(5,013)</u>	<u>(7,213)</u>
Balance at 31/12/2023	<u>6,726</u>	<u>8,193</u>	<u>912</u>	<u>406</u>	<u>166</u>	<u>5,477</u>	<u>21,880</u>

The balance of other provisions at 31 December 2023 refers to various disputes or estimated liabilities in group companies. The reduction mainly relates to charges on a special transaction that was completed during the year. The Directors' termination indemnity provision was recorded in favor of Fulvio Montipò, founder of the Group, by decision of the Board of Directors on 16 March 2020.

The closing balance is classified as follows in the statement of financial position:

	31/12/2023 (€/000)	31/12/2022 (€/000)
Current	8,525	13,329
Non-current	<u>13,355</u>	<u>12,989</u>
Total	<u>21,880</u>	<u>26,318</u>

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.

19. Liabilities for employee benefits*Liabilities for defined benefit plans*

The following movements were recorded in liabilities:

	2023 <u>(€/000)</u>	2022 <u>(€/000)</u>
Liabilities at 1 January	20,088	23,937
Amount charged to the income statement in the year	1,527	613
Reclassifications to other current liabilities	(129)	(65)
Recognition in equity of actuarial results	795	(3,848)
Change in consolidation basis	943	1,232
Payments	<u>(2,163)</u>	<u>(1,781)</u>
Liabilities at 31 December	<u>21,061</u>	<u>20,088</u>

The following items were recognized in the income statement:

	2023 <u>(€/000)</u>	2022 <u>(€/000)</u>
Current service cost	935	707
Financial charges (Income)	592	(94)
Past service cost	-	-
Total recognized in the income statement	<u>1,527</u>	<u>613</u>

Items recognized in the income statement were booked as follows:

	2023 <u>(€/000)</u>	2022 <u>(€/000)</u>
Cost of sales	530	371
Distribution expenses	195	161
General and administrative expenses	210	175
Financial charges (Income)	<u>592</u>	<u>(94)</u>
Total	<u>1,527</u>	<u>613</u>

Liabilities for defined benefit plans (Severance indemnity - TFR) were established using the following actuarial assumptions:

	Unit of measurement	2023	2022
Discount rate	%	3.33	3.74
Expected rate of increase in remuneration*	%	2.51	2.62
Percentage of employees expected to resign (turnover)**	%	5.58	5.31
Annual cost-of-living increase	%	2.10	2.70
Average period of employment	Years	13.00	13.45

* = arithmetic average of the rates of increase in remuneration by category, used in the actuarial valuation, weighted by the remuneration of each category.

** = average annual turnover rate for all causes, in the first ten years following the valuation.

The following table summarizes the sensitivity analysis carried out on the discount rate, showing the effects (absolute amount) of reasonable changes in the rate at 31 December 2023.

Sensitivity analysis		TFR €/000
Change in discount rate	+ 0.50%	20,167
Change in discount rate	- 0.50%	22,024

The discount rate on the reporting date is calculated as required by IAS 19 with reference to the market yield of high quality corporate bonds. Only the securities of corporate issuers with an "AA" rating are considered, on the assumption that this class identifies a high rating level in the context of "Investment Grade" securities, with the exclusion, therefore, of higher risk securities. Given that IAS 19 does not make explicit reference to a specific business category, the Group has opted for a "Composite" market yield curve that, accordingly, summarizes market conditions on the measurement date for the securities issued by companies active in various sectors, including utilities, telephony, finance, banking and industrials.

At 31 December 2023, analysis of the above rate curve for "AA" securities used for actuarial valuation purposes indicates a generalized reduction in expected yields for all maturities, with respect to that at 31 December 2022, and that the curve remains extremely flat compared with historical experience.

Among other factors, the reduction in the curve reflects market sentiment, which is influenced by inflation expectations, the European and global economic environment, and the geopolitical tensions heightened by the Israel-Palestine conflict.

20. Other non-current liabilities

	2023 (€/000)	2022 (€/000)
Payables related to the acquisition of investments	42,810	61,968
Long-term employee benefits	2,862	2,736
Other	15,318	12,041
Total	60,990	76,745

The changes in other non-current liabilities were as follows:

	2023 (€/000)	2022 (€/000)
Liabilities at 1 January	76,745	60,885
Exchange rate difference	(120)	(39)
Change in consolidation basis	348	10
Amount charged to the income statement in the year	1,445	332
Reclassifications to other current liabilities	(31,787)	(563)
Change in fair value	6,018	3,407
Increase in medium/long-term payables	15,229	14,347
Payments	(6,888)	(1,634)
Liabilities at 31 December	60,990	76,745

The portion of other non-current liabilities charged to the income statement mainly relates to the interest expense on put options, while the changes in fair value reflect positive and negative

adjustments to the non-current portion of the estimated payables for the acquisition of equity investments.

21. Share capital

Share capital comprises 108,879,294 ordinary shares with a unit par value of Euro 0.52 totaling € 56,617,232.88. However, the share capital reported in the financial statements amounts to € 55,625 thousand, since the nominal value of purchased treasury shares, net of those sold, has been deducted from share capital in compliance with the reference accounting standards. At 31 December 2023 Interpump S.p.A. holds 1,908,863 treasury shares in the portfolio, corresponding to 1.753% of share capital, acquired at an average unit cost of € 38.7871.

The changes in treasury shares over the past two years were as follows:

	<u>Number</u>
<i>Balance at 31/12/2021</i>	2,480,643
2022 purchases	2,080,000
Sale of shares to finance purchases of subsidiaries	-
Sale of shares for the exercise of stock options	(2,572,780)
<i>Balance at 31/12/2022</i>	1,987,863
2023 purchases	-
Sale of shares for the exercise of stock options	(79,000)
<i>Balance at 31/12/2023</i>	1,908,863

Taking treasury shares into consideration, the following changes were recorded in the number of shares in circulation:

	2023	2022
	<u>Number of shares</u>	<u>Number of shares</u>
Ordinary shares in existence at 1 January	106,891,431	108,879,294
Treasury shares held	(1,987,863)	(2,480,643)
Shares in circulation at 1 January	104,903,568	106,398,651
Treasury shares purchased	-	(2,080,000)
Treasury shares sold	79,000	2,572,780
Total shares in circulation at 31 December	104,982,568	106,891,431

The aims identified by the Group in the management of capital are the creation of value for all shareholders and supporting development of the group, both through internal means and by means of targeted acquisitions. The Group therefore intends to maintain an adequate level of capitalization, which simultaneously makes it possible to generate a satisfactory economic return for shareholders and to guarantee economically effective access to external sources of borrowing. The Group constantly monitors the evolution of the debt/equity ratio and the generation of cash through its industrial operations. In order to attain the aforementioned goals, the Group constantly monitors the cash flows generated by the business sectors in which it operates, both through improvement or maintenance of profitability, and careful management of working capital and of other expenditure. Capital is construed as both the value contributed by Interpump Group shareholders (share capital and share premium reserve, totaling € 102,563 thousand at 31 December 2023 and € 95,028 thousand at 31 December 2022), and the value generated by Group operations (other reserves and legal reserve, including profit for the year, totaling € 1,685,087 thousand at 31 December 2023 and € 1,445,461 thousand at 31 December 2022, excluding the translation reserve and the remeasurement reserve for defined benefit plans).

Treasury shares purchased

The amount of the treasury shares held by Interpump Group S.p.A. is recorded in an equity reserve. The Group did not acquire any treasury shares during 2023 (2,080,000 treasury shares were purchased in 2022 for € 94,793 thousand).

Treasury shares sold

In the framework of the exercise of stock options, a total of 79,000 options were exercised, resulting in proceeds of € 2,246 thousand (2,572,780 options were exercised for € 63,027 thousand in 2022). As in 2022, no treasury shares were divested during 2023 in payment for equity investments.

Stock options

The fair value of the 2019-2021 and 2022-2024 stock option plans was recorded in the 2023 and 2022 financial statements in compliance with IFRS 2. Costs of € 5,289 thousand (€ 4,995 thousand in 2022) relating to the stock option plans were therefore recognized in the 2023 income statement, with a matching entry to the share premium reserve. Said costs represent the portion for the year of the value of the options granted to employees and directors, established at the allocation date, corresponding to the value of the services rendered by the latter in addition to normal remuneration.

Items recognized in the income statement were booked as follows:

	2023 (€/000)	2022 (€/000)
Cost of sales	-	-
Distribution expenses	56	43
General and administrative expenses	5,233	4,952
Total	5,289	4,995

Changes in the share premium reserve were as follows:

	2023 €/000	2022 €/000
Share premium reserve at 1 January	39,444	66,472
Increase due to income statement recognition of the fair value of stock options granted	5,289	4,995
Increase for the disposal of treasury shares further to payment for acquisitions of subsidiaries	-	-
Increase for the disposal of treasury shares further to the exercise of stock options	2,205	61,688
Utilization to cover purchase of treasury shares	-	(93,711)
Share premium reserve at 31 December	46,938	39,444

The Shareholders' Meeting held on 30 April 2019 approved a stock option plan, known as the “*Interpump Incentive Plan 2019-2021*”, which envisages granting a maximum of 2,500,000 options at an exercise price of Euro 28.4952 each and, for options granted after 30 April 2020, at the official price quoted on the Italian Stock Exchange on the day prior to the grant date. The meeting of the Board of Directors held on 27 June 2019 decided that 2,500,000 options would be granted, determined the total number of options in each tranche (750,000 for the first tranche, 875,000 for the second tranche and 875,000 for the third tranche) and established conditions for exercising the options that are linked to the achievement of specific financial statement parameters; in addition, 1,800,000 options were granted to Fulvio Montipò, the Executive Chairman, and 418,500 options were granted to other beneficiaries. A further 20,000 options were granted to other beneficiaries on 3 June 2020. Overall, a total of 2,238,500 options have therefore been granted. The options can be exercised from 30 June 2022 to 31 December 2025. A total of 2,500 options were canceled in 2022.

The changes in options in 2023 and 2022 were as follows:

	2023	2022
	Number of options	Number of options
Options granted at 1 January	180,276	2,096,756
Options granted in the year	-	-
Options exercised in the year	(79,000)	(1,913,980)
Options canceled in the year	-	(2,500)
Total options granted at 31 December	101,276	180,276

The fair value of the stock options and the actuarial assumptions utilized in the binomial lattice model are as follows:

2019-2021 Plan

<i>First assignment</i>	Unit of measurement	
Number of shares granted	no.	2,218,500
Grant date		28 June 2019
Exercise price		28.4952
Vesting date		30 June 2022
Fair value per option at the grant date	€	4.562
Expected volatility (expressed as the weighted average of the volatility values utilized to build the binomial lattice model)	%	30
Expected average duration of the plan life	years	4.76
Expected dividends (compared with share value)	%	1.00
Risk-free interest rate (calculated using a linear interpolation of Euro Swap rates on 28 June 2019)	%	-0.0182

2019-2021 Plan

<i>Second assignment</i>	Unit of measurement	
Number of shares granted	no.	20,000
Grant date		3 June 2020
Exercise price		27.9868
Vesting date		30 June 2022
Fair value per option at the grant date	€	5.226
Expected volatility (expressed as the weighted average of the volatility values utilized to build the binomial lattice model)	%	30
Expected average duration of the plan life	years	3.83
Expected dividends (compared with share value)	%	1.00
Risk-free interest rate (calculated using a linear interpolation of Euro Swap rates on 28 June 2019)	%	0.1557

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, while on 23 May 2022, 20 October 2022 and 28 April 2023, respectively 288,000 (of which 45,000 to Chief Executive Officer Fabio Marasi), 6,000 and 35,000 (including 15,000 to Chief Executive Officer Fabio Marasi) options 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 2,000 options were canceled in 2023 (7,000 in 2022).

The changes in options in 2023 and 2022 were as follows:

	2023	2022
	Number of options	Number of options
Options granted at 1 January	1,907,000	1,914,000
Options granted in the year	35,000	-
Options exercised in the year	-	-
Options canceled in the year	(2,000)	(7,000)
Total options granted at 31 December	1,940,000	1,907,000

2022-2024 Plan

<i>First assignment</i>	Unit of measurement	
Number of shares granted	no.	1,620,000
Grant date		29 April 2022
Exercise price		38.6496
Vesting date		30 June 2025
Fair value per option at the grant date	€	8.4601
Expected volatility (expressed as the weighted average of the volatility values utilized to build the binomial lattice model)	%	31
Expected average duration of the plan life	years	4.93
Expected dividends (compared with share value)	%	1.00
Risk-free interest rate (calculated using a linear interpolation of the Eur Composite AA rates on 29 October 2022)	%	1.5540
 <i>Second assignment</i>	 Unit of measurement	
Number of shares granted	no.	288,000
Grant date		23 May 2022
Exercise price		38.6496
Vesting date		30 June 2025
Fair value per option at the grant date	€	8.8040
Expected volatility (expressed as the weighted average of the volatility values utilized to build the binomial lattice model)	%	31
Expected average duration of the plan life	years	4.86
Expected dividends (compared with share value)	%	1.00
Risk-free interest rate (calculated using a linear interpolation of the Eur Composite AA rates on 23 May 2022)	%	1.6911
 <i>Third assignment</i>	 Unit of measurement	
Number of shares granted	no.	6,000
Grant date		20 October 2022
Exercise price		38.6496
Vesting date		30 June 2025
Fair value per option at the grant date	€	8.7606
Expected volatility (expressed as the weighted average of the volatility values utilized to build the binomial lattice model)	%	34
Expected average duration of the plan life	years	4.45
Expected dividends (compared with share value)	%	1.00
Risk-free interest rate (calculated using a linear interpolation of the Eur Composite AA rates on 20 October 2022)	%	3.5668

<i>Fourth assignment</i>	Unit of measurement	
Number of shares granted	no.	35,000
Grant date		28 April 2023
Exercise price		38.6496
Vesting date		30 June 2025
Fair value per option at the grant date	€	16.011
Expected volatility (expressed as the weighted average of the volatility values utilized to build the binomial lattice model)	%	34
Expected average duration of the plan life	years	3.93
Expected dividends (compared with share value)	%	1.00
Risk-free interest rate (calculated by linear interpolation of the Eur Composite AA rates on 28 April 2023)	%	3.5748

The expected volatility of the underlying variable (Interpump Group share) is a measure of the prospect of price fluctuations in a specific period. The indicator that measures volatility in the model utilized to evaluate the options is the mean square annualized deviation of compound returns of the Interpump Group share through time.

22. Reserves

Translation reserve

This comprises the exchange differences deriving from translation of the financial statements of foreign consolidated companies resident outside of the EU area, as well as fluctuations in the goodwill attributable to those companies due to exchange-rate fluctuations.

Reserve from remeasurement of defined benefit plans

Includes the actuarial component of defined benefit plans (TFR).

Classification of shareholders' equity depending on possibility of utilization

(amounts in €/000)	Amount	Possibility of utilization	Available portion	Tax payable in the event of distribution	Summary of utilizations over the past three years	
					to cover losses	for other reasons
Share capital	56,617	B	-	-	-	-
Nominal value of treasury shares held	(992)					
Total share capital	<u>55,625</u>					
Capital reserves						
From Parent's financial statements:						
Legal reserve	6,860	B	-	-	-	-
Share premium reserve	-	A,B,C	=	-	-	34,605
Total from Parent's financial statements	6,860		=			
Consolidation entries	<u>36</u>					
Total consolidated financial statements	6,896					
Profit reserves						
From Parent's financial statements:						
Legal reserve	4,463	B	-	-	-	-
Share premium reserve	46,883	A,B,C	43,511	1,232	-	-
Extraordinary reserve	466,815	A,B,C	464,622	7,164	-	-
Reserve for share capital reduction	992	-	-	-	-	-
First Time Adoption Reserve	(78)	-	-	-	-	-
Merger surplus	863	A,B,C	698	-	-	-
Reserve for restatement of defined benefit plans	(2,115)	-	-	-	-	-
Profit for the year	<u>76,054</u>	A,B,C	<u>76,054</u>	-	-	-
Total from Parent's financial statements	593,877		<u>584,885</u>			
Consolidation entries	<u>1,137,180</u>					
Total consolidated financial statements	1,731,057					
Reserve for treasury shares held	74,039	-	-	-	-	86,553
Treasury shares	(74,039)					
Non-distributable portion*			<u>(3,266)</u>			
Remaining distributable portion			<u>581,619</u>			

A: for capital increase

B: for coverage of losses

C: for distribution to shareholders

*= represents the non-distributable portion destined to cover deferred costs that have not yet been amortized.

Utilizations refer to dividends, purchases of treasury shares and reductions of reserves for other causes and do not include transfers between reserves. In particular, the changes in the past three years reflect the purchases of treasury shares and use of the share premium reserve on the sale of treasury shares for less than their carrying amount, following the exercise of stock options.

On the basis of Italian tax legislation the reserves and profits are freely distributable and do not attract tax even in the case of distribution, on the condition that the reserves and residual profits exceed the negative components of income ascribed exclusively in the tax return; otherwise, distributed reserves and profits would be subject to tax in the measure in which the residual reserves and profits were lower than the negative components of income that have been ascribed exclusively to the tax return. At 31 December 2023, this condition has been complied with in full, hence no taxes were payable in the event of distribution of the Parent company's entire profits for the year and the entirety of available reserves, beyond the taxes already indicated in the prior statement.

Breakdown of components recorded directly in equity

(amounts in €/000)	2023			2022		
	<u>Pre-tax amount</u>	<u>Taxation</u>	<u>Amount net of taxes</u>	<u>Pre-tax amount</u>	<u>Taxation</u>	<u>Amount net of taxes</u>
Profit (Loss) arising from translating the financial statements of foreign companies	(6,855)	-	(6,855)	12,162	-	12,162
Profit (Loss) of companies measured using the equity method	(273)	-	(273)	75	-	75
Actuarial Profits (Losses) associated with the restatement of defined benefit plans	<u>(795)</u>	<u>191</u>	<u>(604)</u>	<u>3,872</u>	<u>(929)</u>	<u>2,943</u>
Total	<u>(7,923)</u>	<u>191</u>	<u>(7,732)</u>	<u>16,109</u>	<u>(929)</u>	<u>15,180</u>

23. Non-controlling interests

This is the portion of consolidated shareholders' equity attributable to the minority shareholders of consolidated subsidiaries. The subsidiaries with minority shareholders are not individually or cumulatively significant to the Interpump Group.

24. Revenues and Other operating income

Revenues amounted to € 2,240.0 million in 2023 (€ 2,078.0 million in 2022). Revenues are analyzed by business sector and geographical area in the Directors' Report on Operations in 2023.

Other operating income is analyzed as follows:

	2023 (€/000)	2022 (€/000)
Reimbursement of expenses	11,330	10,739
Income from the sale of waste and scrap	5,696	7,915
Release of surplus provisions and allocations	2,203	1,510
Capital gains from the sale of property, plant and equipment	1,092	1,248
Income from rent/royalties	462	532
Refunds from insurance	10,048	4,284
Profit from early close-out of right-of-use assets	170	67
Other	<u>11,153</u>	<u>16,408</u>
Total	<u>42,154</u>	<u>42,703</u>

With respect to 2022, the increase in the Refunds from insurance principally relates to the indemnity for the 2022 fire at IMM Hydro Est (as described in the Annual Financial Report at 31 December 2022).

Other operating income also includes reimbursements linked to the purchase of investments, as envisaged in the related contracts.

Additionally, this caption includes the operating grants received by the Group.

The grants, subsidies, contributions and aid (in cash and/or in kind), not of a general nature and not representing consideration, remuneration or compensation for losses, received by the Group from Public Administrations during 2023, as envisaged in art. 1, subsection 125-(2), of Law 124/2017, were not significant (€ 13,000 relating to a capital grant - an amendments pursuant to decision SA. 62668 and decision C [2022] 171 final SA 101076).

See the National Register of State Aid, kept pursuant to art. 52 of Law 234 dated 24 December 2012, for information about any State aid not mentioned in this disclosure (www.rna.gov.it).

25. Costs by nature

	2023 <u>(€/000)</u>	2022 <u>(€/000)</u>
Raw materials and components	871,830	811,572
Personnel and temporary staff	503,301	463,600
Services	234,781	218,895
Amortization / depreciation (Notes 10 and 12)	102,589	93,472
Directors' and statutory auditors' remuneration	11,913	11,203
Hire purchase and leasing charges	6,429	4,881
Provisions / impairment of tangible and intangible fixed assets (Notes 10, 12 and 18)	5,313	14,861
Other operating costs	<u>117,218</u>	<u>118,179</u>
Total cost of sales, distribution costs, general and administrative expenses, other operating costs and impairment losses on intangible and tangible fixed assets	<u>1,853,374</u>	<u>1,736,663</u>

In accordance with the requirements of article 149-(12) of the Issuers' Regulation as amended by Consob Resolution no. 15915 of 3 May 2007 published in the Official Journal of the Italian Republic no. 111 of 15 May 2007 (S.O. no. 115), the remuneration amounts for 2023 are listed below for services rendered to the Group by the independent auditors and the entities belonging to the network of the independent auditors:

- audit engagements - Parent Company, € 96 thousand;
- audit engagements - subsidiaries, € 633 thousand;
- limited assurance of the Parent Company's Non-Financial Statement, € 30 thousand;
- attestation services - Parent Company and subsidiaries, € 5 thousand.

The above amounts are included under Other costs within general and administrative expenses.

26. Directors' and statutory auditors' remuneration

The emoluments of the Directors and Statutory Auditors of Interpump Group S.p.A., for their functions performed at the Parent Company and at other consolidated companies, are summarized below:

	2023 <u>(€/000)</u>	2022 <u>(€/000)</u>
Parent Company	8,048	7,835
Statutory auditors	105	105
Total remuneration	8,153	7,940

The amounts include the emoluments authorized at the Shareholders' Meeting and those established by the Board of Directors for directors with special duties, including bonuses, fringe benefits, payments to cover the cost of personal security, adjustment of the termination indemnities of the Executive Chairman, and the components of remuneration deriving from salaries and stock option plans. The last mentioned are represented by the period portion of the fair value of the options calculated at the grant date. Further details about the compensation due

to persons with power and strategic responsibilities at Interpump Group S.p.A. are provided in the Report on Remuneration Policy and Compensation Paid.

27. Financial income and expenses

	2023	2022
	<u>€/000</u>	<u>€/000</u>
<u>Financial income</u>		
Interest income from liquid funds	4,162	776
Interest income from other assets	213	112
Exchange gains	21,580	27,385
Financial income to adjust estimated debt for commitment to purchase residual interests in subsidiaries	495	3,300
TFR financial income	-	90
Other financial income	<u>65</u>	<u>224</u>
Total financial income	26,515	31,887
	2023	2022
	<u>€/000</u>	<u>€/000</u>
<u>Financial charges</u>		
Interest expense on bank loans	32,010	6,017
Lease interest expense	3,808	2,907
Interest expense on put options	3,099	1,256
Financial charges for adjustment of estimated debt for commitment to purchase residual interests in subsidiaries	6,836	9,527
TFR financial charges	593	-
Foreign exchange losses	31,592	27,112
Other financial charges	<u>236</u>	<u>628</u>
Total financial charges	78,174	47,447
Total financial charges (income), net	51,659	15,560

The interest expense on put options relates to the release of the discounting effect on payables for the purchase of equity investments. Adjustments of the estimated liability for the purchase of residual interests in subsidiaries may result in financial charges due to an increase in the liability, if the actual performance of the companies concerned is better than initially expected, or if the related put options are exercised later than initially expected. Conversely, financial income is recognized if actual performance is worse than initially expected, or if the put options are exercised earlier than initially expected.

Compared with the prior year, the increase in bank interest expense was mainly attributable to the rise in official interest rates during the year.

28. Income taxes

The effective tax rate for the year was 26.5% (26.8% in 2021).

Taxes recognized in the income statement can be broken down as follows:

	2023 <u>(€/000)</u>	2022 <u>(€/000)</u>
Current taxes	(106,498)	(102,494)
Current taxes for prior financial years	(1,427)	1,969
Flat tax	1	-
Deferred taxes	<u>7,653</u>	<u>1,595</u>
Total taxes	(100,271)	(98,930)

The deferred taxes recognized in the income statement are analyzed as follows:

	2023 <u>(€/000)</u>	2022 <u>(€/000)</u>
Deferred tax assets generated in the year	12,061	10,294
Deferred tax liabilities generated in the year	(3,732)	(5,622)
Deferred tax assets reversed to the income statement	(6,012)	(7,110)
Deferred tax liabilities reversed to the income statement	5,338	4,033
Deferred tax assets resulting from change in rate	-	-
Deferred tax liabilities resulting from change in rate	-	-
Derecognized deferred tax assets	-	-
Deferred taxes not calculated in previous years	<u>(2)</u>	-
Total deferred taxes	7,653	1,595

The reconciliation of taxes calculated on the basis of the nominal rates in force in the different countries and the effective tax burden is as follows:

	2023 <u>(€/000)</u>	2022 <u>(€/000)</u>
<u>IRES/National tax</u>		
Profit before taxes from the income statement	<u>377,787</u>	<u>368,679</u>
Theoretical taxes at the Italian rate (24.0%)	90,669	88,483
Effect of different rates applicable to foreign subsidiaries	(7,227)	(6,333)
Tax on dividends from consolidated companies	2,521	2,253
Higher taxes due to non-deductible adjustments to the value of investments	1,187	3,331
Higher (Lower) taxes resulting from the measurement of investments at equity	(150)	(77)
Higher tax for non-deductible stock option costs	75	66
Lower taxes due to IRAP deduction relating to expenses for employees and similar for the year	(384)	(451)
Lower taxes due to IRAP deduction on interest expenses in the year	(160)	(347)
Lower taxes due to super- and hyper-depreciation	(3,039)	(5,432)
Lower taxes resulting from Economic Growth Assistance (ACE)	(1,710)	(1,503)
Lower taxes due to tax benefit of franking goodwill	-	-
Higher taxes on the franking of goodwill	-	-
Lower taxes due to tax benefit of revaluing plant and machinery	-	-
Lower taxes due to tax benefit of revaluing trademarks	-	-
Higher taxes due to not recognizing deferred tax assets on tax losses	294	3,731

	2023	2022
	<u>(€/000)</u>	<u>(€/000)</u>
Lower taxes due to not recognizing deferred tax assets on prior year tax losses	(2,492)	(32)
Taxes relating to previous years (current plus deferred)	(2,826)	(1,580)
Higher taxes on ancillary costs incurred to purchase investments	-	-
Higher (Lower) taxes on financial charges relative to discounting of debts for the purchase of investments and related adjustments	2,299	1,403
Effect of change in the tax rate of Indian companies from 2020	-	-
Higher (Lower) taxes for non-taxable revenues and non-deductible costs	351	(582)
<i>Total IRES/National tax</i>	<u>79,408</u>	<u>82,930</u>
<u>IRAP/Local income taxes</u>	2023	2022
Profit before taxes from the income statement	<u>377,787</u>	<u>368,679</u>
Theoretical taxes at the Italian rate (3.9%)	14,734	14,378
Effect of different rates applicable to foreign subsidiaries and for holding companies	(7)	(699)
Higher taxes for non-deductible payroll costs	567	671
Higher taxes for non-deductible directors' emoluments	413	414
Higher (lower) taxes due to non-deductible financial charges and non-taxable financial income	673	183
Higher taxes due to measuring investments at equity	(24)	(13)
Lower taxes due to tax benefit of franking goodwill	-	-
Higher taxes on the franking of goodwill	-	-
Lower taxes due to tax benefit of revaluing plant and machinery	-	-
Lower taxes due to tax benefit of revaluing trademarks	-	-
Lower taxes on exemption from IRAP payments	-	-
Taxes relating to previous years (current plus deferred)	4,253	(114)
Tax effect of not recognizing deferred tax assets on tax losses	116	631
Higher taxes due to non-deductible adjustments to the value of investments	230	645
Higher (Lower) taxes for non-taxable revenues and non-deductible costs	<u>(92)</u>	<u>(96)</u>
<i>Total IRAP/Local income taxes</i>	<u>20,863</u>	<u>16,000</u>
<i>Total income taxes recognized in the income statement</i>	<u>100,271</u>	<u>98,930</u>

During 2023, Interpump Group S.p.A. confirmed once again the domestic tax group established together with Interpump Piping S.r.l.

Pillar II - Global minimum tax

On 8 October 2021 over 135 member countries of the Inclusive Framework agreed to a Two-Pillar solution intended to reform the international tax system, ensuring that multinational companies pay a reasonable rate of tax wherever they operate and generate profits.

On 15 December 2022, the Council of the European Union formally approved Directive (EU) 2022/2523 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union, with a view to guaranteeing a minimum level of taxation (effective tax rate) in each jurisdiction of 15%, consistent with the rules defined by the Organisation for Economic Cooperation and Development (OECD), the so-called “GloBE Rules”.

Commission Regulation (EU) 2023/2468 was issued on 8 November 2023, amending Regulation (EU) 2023/1803 as regards IAS 12 - Income taxes.

On 28 December 2023, Italy transposed Directive (EU) 2022/2523 on ensuring a global minimum level of taxation by publishing Decree 209/2023 in the Italian Official Gazette, effective for reporting periods beginning after 31 December 2023.

In this regard, the OECD has published technical guidance and an overview of the potential impacts of applying the “Pillar II” regulation in accordance with IAS 12 - Income taxes.

The Interpump Group is not thought to have any current tax exposures linked to the introduction of this Global minimum tax, since the regulation was not in force on the reporting date.

In addition, the Interpump Group has applied the exemption concerning the identification and disclosure of deferred tax assets and liabilities arising in relation to income taxes, as envisaged in the amendment to IAS 12 published in April 2023.

Given the above, the Interpump Group has made a preliminary assessment of the data relating to the 2022 tax year, 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. This assessment was also made with reference to the data relating to the 2023 tax year.

Based on the analyses carried out to date, there is no evidence that the Global minimum tax would have had a material impact on the Interpump Group, had the regulation concerned already been applicable from 2023.

In conclusion, there are no indications at 31 December 2023 that the Global minimum tax will have a significant impact on the Interpump Group during 2024.

29. Earnings per share

Basic earnings per share

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

	<u>2023</u>	<u>2022</u>
Consolidated net profit attributable to the owners of the Parent company (€/000)	274,269	266,497
Average number of shares in circulation	106,939,951	105,593,321
Basic earnings per share (€)	2.565	2.524

Diluted earnings per share

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

	<u>2023</u>	<u>2022</u>
Consolidated net profit attributable to the owners of the Parent company (€/000)	274,269	266,497
Average number of shares in circulation	106,939,951	105,593,321
Number of potential shares for stock option plans (*)	374,316	190,562
Average number of shares (diluted)	107,314,267	105,783,883
Diluted earnings per share (€)	2.556	2.519

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

The payment of a dividend of Euro 0.32 to each outstanding share is envisaged for 2023 (Euro 0.30 for 2022) (proposal subject to approval at the Shareholders' Meeting).

30. Information on financial assets and liabilities

Financial assets and liabilities, broken down by the categories identified by IFRS 7, are summarized in the following table:

(€/000)	At fair value through profit and loss		Financial assets at 31/12/2023	At fair value through other comprehensive income	Financial liabilities at 31/12/2023	Total
	Initially	Subsequently	Measured at amortized cost		Measured at amortized cost	
Trade receivables	-	-	414,787	-	-	414,787
Other current assets	-	-	16,534	-	-	16,534
Other financial assets	3,293	-	-	-	-	3,293
Trade payables	-	-	-	-	(262,941)	(262,941)
Payables to banks	-	-	-	-	(52,469)	(52,469)
Current interest-bearing financial payables	-	-	-	-	(264,911)	(264,911)
Other current liabilities	-	-	-	-	(149,616)	(149,616)
Non-current interest-bearing financial payables	-	-	-	-	(503,600)	(503,600)
Other non-current liabilities	-	-	-	-	(60,990)	(60,990)
Total	3,293	-	431,321	-	(1,294,527)	(859,913)

(€/000)	At fair value through profit and loss		Financial assets at 31/12/2022	At fair value through other comprehensive income	Financial liabilities at 31/12/2022	Total (restated)
	Initially	Subsequently	Measured at amortized cost		Measured at amortized cost	
Trade receivables	-	-	433,812	-	-	433,812
Other current assets	-	-	25,188	-	-	25,188
Other financial assets	2,961	-	-	-	-	2,961
Trade payables	-	-	-	-	(312,222)	(312,222)
Payables to banks	-	-	-	-	(30,928)	(30,928)
Current interest-bearing financial payables	-	-	-	-	(288,456)	(288,456)
Other current liabilities	-	-	-	-	(106,205)	(106,205)
Non-current interest-bearing financial payables	-	-	-	-	(580,675)	(580,675)
Other non-current liabilities	-	-	-	-	(76,745)	(76,745)
Total	2,961	-	459,000	-	(1,395,231)	(933,270)

The financial assets measured at amortized cost generated revenues and costs. Revenues comprise exchange gains of € 8,546 thousand (€ 12,690 thousand in 2022). Costs, on the other hand, comprise losses on receivables of € 3,034 thousand (€ 2,478 thousand in 2022), classified in the income statement as other operating costs, and exchange losses of € 15,995 thousand (€ 10,846 thousand in 2022).

The financial liabilities measured at amortized cost also generated costs and revenues in the income statement. Revenues comprise exchange gains of € 8,244 thousand (€ 9,458 thousand in 2022), while costs refer to exchange losses of € 9,836 thousand (€ 11,571 thousand in 2022) and the portion of ancillary charges initially incurred to obtain the loans and subsequently expensed over the duration of the loan in accordance with the financial method. The amount charged to the 2023 income statement was € 189 thousand (zero in 2022).

Financial assets and liabilities measured at amortized cost generated respectively interest income of € 708 thousand (€ 3,412 thousand in 2022) and interest expense of € 45,822 thousand (€ 20,335 thousand in 2022); in addition, general and administrative expenses include commission amounts and bank charges of € 2,141 thousand (€ 1,980 thousand in 2022).

31. Information on financial risks

The Group is exposed to financial risks associated with its activities:

- market risk (mainly related to currency exchange rates and interest rates) since the Group does business internationally and is exposed to the exchange risk;
- credit risk connected with business relations with customers;
- liquidity risk, with special reference to the availability of financial resources and access to the lending market and financial instruments in general;
- price risk in relation to metal price fluctuations that constitute a significant portion of the raw materials purchase price.

The Group is not exposed to significant risk concentrations.

As described in the Board of Directors' Report, the Interpump Group constantly monitors the financial risks to which it is exposed so that the potential negative effects can be evaluated in advance and appropriate actions can be taken to mitigate them.

With specific reference to the direct and indirect risks deriving from the macroeconomic environment and the Russia-Ukraine conflict, the exposure of the Group remains limited - as already stated in the Board of Directors' Report and confirmed by the economic results achieved in recent years.

The following section provides reference qualitative and quantitative indications concerning the uncertainty of such risks for the Interpump Group.

The quantitative data given below are not to be construed as forecasts; specifically, the sensitivity analyses concerning market risks are unable to reflect the complexity and correlated relations of markets that may derive from each prospected change.

Exchange risk

The Group is exposed to risks deriving from fluctuations in currency exchange rates that can impact on the economic result and shareholders' equity value. Specifically, it clarifies that:

- Some of the Group's subsidiaries are located in countries outside the Eurozone, notably in the USA, Mexico, Canada, Brazil, Chile, Peru, Australia, New Zealand, China, Hong Kong, Singapore, India, South Korea, Denmark, Sweden, Poland, Romania, Moldova, Bulgaria, Ukraine, UK, UAE, Russia, Colombia and South Africa. Since the Group's functional currency is the euro, the income statements of these companies are translated into euro at the average exchange rate of the year. Changes in exchange rates can impact on the corresponding value of revenues, costs and economic result in euro.
- The assets and liabilities of consolidated companies whose account currency is different from the euro can assume different equivalent euro values depending on the rates of exchange. As provided for by the reference accounting standards, the effects of changes in the exchange rate are recognized directly in equity in the Translation reserve. The Group monitors the main exposures to translation risk; at the date of the financial statements no hedges have been arranged in relation to these exposures.
- Wherever Group companies generate revenues in currencies other than the currencies in which the respective costs are denominated, exchange rate fluctuations can impact on the relative companies' operating profit.

In 2023 the total amount of cash flows directly exposed to exchange risks corresponded to approximately 17% of Group revenues (approximately 20% in 2022). The main exchange rates to which the Group is exposed are:

- Euro/USD in relation to dollar sales of high pressure pumps, very high pressure systems, directional controls, gears and valves in North America and Mexico through the Group's distribution companies and, to a lesser degree, to customers external to the Group;
- Euro/CAD in relation to sales in Canadian dollars of valves and directional controls on the Canadian market to customers external to the Group;
- Euro/AUD in relation to sales in Australian dollars of very high pressure systems in Australia through one of the Group's distribution companies;
- Euro/GBP in relation to sales in pounds sterling of hydraulic components, hoses and fittings in the UK market to third parties and, to a lesser extent, to the Group's distribution companies;
- USD/Euro in relation to euro sales of high pressure pumps, directional controls and valves in North America by the Group's distribution companies;
- RON/Euro in relation to euro sales of hoses and fittings made in Romania for the Italian market;
- Chilean Peso/USD, in relation to sales in US dollars of various hydraulic components in South America;
- Renminbi/USD, Indian rupee/USD, Renminbi/Euro, Indian rupee/Euro, in relation to euro and dollar sales of components for food processing machines, hydraulic components, directional controls, gears and valves in North America, Korea and Italy;
- Mexican Peso/USD in relation to sales in US dollars of gears in North America through the Group's distribution companies;
- Polish Zloty/EUR in relation to sales in Euro of hydroguides and orbital motors in the European market to customers external to the Group;
- Polish Zloty/USD in relation to sales in US dollars of hydroguides and orbital motors in North America through the Group's distribution companies.

When it is not possible to establish macro hedges between revenues and costs in foreign currency, current Group policy is to hedge exchange risks solely for commercial transactions that are unusual, either in terms of their amount or the frequency with which they occur. To proceed in this manner, the Interpump Group has set up a hedging procedure for commercial transactions in foreign currency, in the framework of which the most effective derivative instruments for the achievement of the preset goals have been identified and the associated responsibilities, duties and system of delegations have been attributed.

- Whenever Group companies sustain costs denominated in foreign currencies other than the currencies of denomination of the relative revenues, fluctuations in the exchange rates can affect the operating profit of the companies concerned.

In 2023 the commercial cash flows directly exposed to exchange risks were equivalent to approximately 34% of Group purchases (32% in 2022) and mainly related to intercompany transactions involving the USD/Euro, Renminbi/Euro, Zloty/Euro, Zloty/USD, Indian Rupee/Euro, Korean Won/Euro, GBP/Euro, CAD/EUR, AUD/Euro and Euro/USD exchange rates and, to a lesser extent, the USD/Renminbi, Russian Ruble/Renminbi, CAD/USD, Romanian Leu/Euro, Rand/Euro and Zloty/Danish Krone exchange rates. Current Group policy regarding purchases in currencies other than those used locally does not envisage systematic hedges. The decision to refrain from systematic hedging is due to the large number of transactions, usually between Group companies, that occur constantly throughout the year and that can therefore be considered to be recurrent in terms of amount and also of the

frequency with which they take place. However, the Group monitors this phenomenon constantly both in relation to exchange rate trends and also the evolution of business.

- Again in relation to commercial activities, Group companies may be obliged to hold trade receivables or payables denominated in currencies other than the account currency of the holding entity. Fluctuations in exchange rates can therefore result in the realization or assessment of positive or negative exchange differences.
- In relation to financial exposure, wherever the monetary outflows/inflows are denominated in a currency other than the account currency utilized by the creditor/debtor company, fluctuation of the exchange rates can impact negatively on the net profits of said companies. In relation to financial exposures, € 25.5 million of intercompany loans were disbursed and €11.2 million collected during 2023 in currencies other than those utilized by the debtor or creditor companies. At 31 December 2023 loans granted in currencies other than those used by the debtor or creditor companies totaled € 65.4 million, down by € 9.3 million since 31 December 2022. Once again in 2023, the Group made the strategic decision not to hedge these exposures.

The nature and structure of the exposure to exchange risk and the related hedging policies adopted by the Group were substantially unchanged in 2023 and 2022.

Exchange risk sensitivity analysis

The potential loss deriving from the change in the fair value of financial assets and liabilities caused by a hypothetical and sudden increase in the value of the Euro of 10% with respect to the main foreign currencies would be approximately € 8,737 thousand at 31 December 2023 (€ 8,188 thousand at 31 December 2022).

The sensitivity analysis did not take account of changes in the receivables and payables in relation to which the hedge operations were arranged. It is reasonable to assume that the fluctuation in exchange rates could produce an opposite economic effect on the derivative financial instruments of an amount that is identical to the change in the underlying hedged transactions, thereby effectively offsetting the fluctuation.

Interest rate risk

Group companies use external financial resources in the form of debt and employ cash on hand available in bank deposits. Changes in the market interest rate influence the cost and return of various forms of financing and investment, thus impacting on the Group's level of financial charges.

It is Group policy not to arrange hedges, in view of the short average duration of the existing loans (around 3.5 years). As more fully described in Note 16, loans at fixed rates of interest total € 3,240 thousand at 31 December 2023.

At 31 December 2023, liquidity of € 33.0 million is held in the form of unrestricted deposits at fixed interest rates, while the remainder is held at floating rates consistent with the Group's financial payables and bank debt.

Sensitivity analysis related to interest rate risk

The effects on the Group of a hypothetical and immediate upward variation in interest rates of 50 basis points would be higher financial charges of € 2,163 thousand (€ 4,317 thousand in 2022). It is reasonable to assume that a 50 basis points decrease in interest rates would produce an equivalent effect, although this time in terms of lower financial charges. The sensitivity analysis did not take account of loans in relation to which hedges have been arranged, those at fixed interest rates and liquidity invested at fixed rates. It is reasonable to assume that the fluctuation in interest rates could produce an opposite economic effect on the derivative financial instruments of an amount that is identical to the change in the underlying hedged transactions, thereby effectively offsetting the fluctuation.

Credit risk

The maximum theoretical credit risk exposure of the Group at 31 December 2023 and 2022 is represented by the carrying value of the financial assets recorded in the financial statements.

Historically, the Group has not suffered significant bad debts (incidence of direct losses charged to the income statement and bad debt provisions of 0.1% of revenues in both 2023 and 2022). This is because Group companies generally grant extended payment terms only to their long-term customers of known solvency and reliability. In contrast, after having passed an initial credit rating analysis, new customers are required to make payments in advance or to open a letter of credit for amounts due.

Individual write-downs are applied in relation to positions, if of significant magnitude, in relation to which an objective condition of uncollectability is present for all or part of the outstanding amount. The amount of the write-down takes account of an estimate of the recoverable flows and the associated collection date, and the expenses and costs for future debt recovery. Collective provisions are allocated in relation to receivables that are not subject to individual write-downs, taking account of the historic exposure and statistical data.

At 31 December 2023 the Loans and Receivables booked under financial assets for the purposes of IFRS 7 total € 431,321 thousand (€ 459,000 thousand at 31 December 2022), and include € 13,992 thousand related to written down receivables (€ 13,460 thousand at 31 December 2022); on the residual amount, payments overdue by less than three months total € 82,402 thousand (€ 82,014 thousand at 31 December 2022), while those overdue beyond three months total € 28,526 thousand (€ 25,620 thousand at 31 December 2022). The increases were mainly due to the change in consolidation basis.

The Group is not exposed to any significant concentrations of revenues. In fact, in 2023 the top customer in terms of revenues accounted for about 2% (2% in 2022), while the top 15 customers accounted for about 13% of revenues (about 14% in 2022). At sector level, the top customer accounted for around 1% of revenues in the Water-Jetting Sector and around 2% in the Hydraulic Sector, while the top 15 customers accounted for around 10% of revenues in the Water-Jetting sector and 18% in the Hydraulic sector.

Liquidity risk

The liquidity risk can arise if it becomes impossible to obtain, on acceptable economic conditions, the financial resources needed for the Group's business operations.

The two main factors that define the Group's liquidity situation are the resources generated by or used in operating and spending activities, and the characteristics of expiry and renewal of debt or liquidity of financial investments and the relative market conditions.

The Group has adopted a series of policies and processes aimed at optimizing the management of resources in order to reduce the liquidity risk:

- retention of an appropriate level of cash on hand;
- diversification of the banks with which the Group operates;
- access to adequate lines of credit;
- negotiation of covenants at a consolidated level;
- monitoring of the prospective conditions of liquidity in relation to the corporate process.

The maturity characteristics of interest bearing financial debts and bank debts are described in Note 16.

Together with the resources generated by operating and financing activities, management considers that the funds and lines of credit currently available will enable the Group to meet the requirements deriving from investing activities, the management of working capital and the settlement of payables as they fall due, while also supporting the pursuit of a growth strategy that includes targeted acquisitions capable of creating value for the shareholders. Liquid funds at 31 December 2023 total € 334.5 million. These funds, combined with the significant cash generation from operations that the Group has proved able to achieve in 2023 and in prior years, are definitely factors that make it possible to reduce the Group's exposure to liquidity risk. The decision to maintain a high level of liquidity was taken in order to pick up on any acquisition opportunities that may arise and to minimize the liquidity risk due to possible periods of uncertainty of the macroeconomic context that may emerge in the future.

Price risk

The Group is exposed to risks deriving from fluctuations in the prices of metals that can impact on economic results and profit margins. Specifically, the incidence of costs for the purchase of metals was 32% of total Group purchase costs of raw materials, semi-finished products and finished products in 2023 (31% in 2022). The main metals utilized by the Group include steel, cast iron, mild steel, stainless steel, aluminum, brass and, to a lesser extent, copper and sheet metal.

Since 31 December 2022, the prices of non-energy commodities have stabilized following the major increases seen in 2022, maintaining record levels however with respect to the pre-Covid period. In this context, there have been significant differences among the various commodities: in the ferrous metals sector, the steel price trended downwards in the early months of the year, before stabilizing in the second semester; in the non-ferrous sector, by contrast, aluminum prices began to ease from the start of the year, following a trend that continued through year end. Although the supply chain problems encountered in 2022 have been overcome, the Group has sometimes decided to purchase larger quantities in order to guarantee the availability of the materials needed for production purposes. Further, the Group constantly monitors the price trend of these raw materials, seeking to adopt the most effective policies that minimize the exposure to this risk. The Group sectors feature differing levels of propensity towards the risk of fluctuations in the prices of metals, notably:

- in the Water Jetting sector the cost of metals constituted approximately 16% of costs for the purchase of raw materials, semi-finished products and finished products in 2023 (17% in 2022). The metals utilized are primarily stainless steel, brass, aluminum, copper, steel and cast iron. Agreements in place at 31 December 2023 cover all projected brass consumption and 35% of projected aluminum consumption in 2024 (at 31 December 2022: 82% coverage of projected brass consumption and 38% coverage of projected aluminum consumption in 2023). Projected aluminum consumption in 2024 is further covered if, in addition to the agreements signed, the inventories held at 31 December 2023 are considered (77% of aluminum consumption);
- the cost of metals in the Hydraulic sector represented around 37% of purchase costs for raw materials, semi-finished products and finished products in 2023 (35% in 2022). The metals utilized are primarily steel, cast iron, mild steel and aluminum. The prices of these commodities, with the exception of aluminum, are not historically subject to significant fluctuations; accordingly, the Group has always considered the careful analysis of price trends to be sufficient to mitigate price risk. In relation to aluminum, no hedging transactions are undertaken because of the limited incidence on purchase costs.

The various Group companies usually revise their selling prices every year, in the absence of exceptional dynamics that require action to be taken during the year as well.

Climate risks

With regard to climate change, the Interpump Group does not fall within the scope of Directive 2003/87/EC (as amended most recently by Directive (EU) 2018/410), which introduced and governs the European Union Emissions Trading System (EU ETS). The ETS is the principal tool adopted by the European Union to reach the CO₂ reduction targets established for the principal industrial sectors and aviation. Although the Interpump Group is not included in the industrial sectors covered by the ETS, the Group is nevertheless committed to combat climate change. The ESG Plan 2023-2025, approved by the Board of Directors on 5 October 2022, includes actions in support of the ESG strategy that are intended to have a significant, concrete impact on the development of the business. In particular, the Plan not only adopts environmental protection and social inclusion objectives, but also strengthens the correlation between achievement of the ESG Plan objectives and the remuneration of top management. In particular, the actions completed in 2023 and those envisaged for 2024 seek to embed the fundamental ESG principles within the Group's strategies, creating an organizational framework that recognizes the underlying core values, while the later actions are designed to support achievement by the Group of its decarbonization objectives for 2030 and 2050. The Group strategy also envisages the reduction of emissions via increased recourse to green certified electricity, the installation of new renewable energy plants and the optimization of energy consumption within the organization.

The path of sustainable growth and environmental protection taken by the Interpump Group also means devising processes that support the circular economy of products, the more efficient management of water resources and the development of technical solutions for the eco-design of products. The entire process will be achieved *inter alia* by leveraging throughout the organization the best practices developed in specific areas by each component part of the Group.

Among others, the climate change topic is subject to annual reporting in the consolidated Non-Financial Statement (NFS) prepared pursuant to Decree 254 dated 30 December 2016, which transposed Directive 2014/95/EU into Italian law. This Interpump Group report describes the primary risks generated and/or sustained, the policies applied, the performance indicators, and the corporate organization, management and control model.

With regard to financial reporting, stakeholders are focusing increasingly on the impact of climate change on business models, cash flows, the financial position and business results. In this regard, the Group is potentially exposed to risks deriving from the impact of more restrictive laws and regulations governing energy efficiency and climate change, that might result in increased operating costs. Such risks were considered appropriately when preparing this Annual Financial Report, as well as in the five-year business plans that support the impairment testing of goodwill.

Ahead of the adoption of “integrated reporting”, in June 2023 the ISSB published standards that establish general requirements for the disclosure of sustainability-related financial information (*IFRS S1*) and require the disclosure of information about the exposure to climate-related risks and opportunities (*IFRS S2*), effective for annual reporting periods beginning on or after 1 January 2024. All significant impacts are considered by the Group when applying the international accounting standards, evaluating in particular their effects on business continuity. In this context, the Group has not identified significant risks deriving from the application of individual standards and no doubts or uncertainties have arisen about events or conditions that might cause concern about business continuity. In particular, the Group monitors constantly the most recent regulations governing climate-related topics. At this time, no regulations have been approved with a direct impact on the Group. If necessary, the Group will amend the key assumptions used to calculate the value in use of assets and the sensitivity to changes.

32. Notes to the cash flow statement

Property, plant and equipment

In 2023, the Group purchased property, plant and machinery totaling € 178,582 thousand (€ 132,473 thousand in 2022). This investment involved payments of € 175,747 thousand, including the purchase of assets for subsequent rental and considering the dynamics of the payables incurred for this reason (€130,325 thousand in 2022).

Cash and cash equivalents

This item can be broken down as follows:

	31/12/2023	31/12/2022
	(€/000)	(€/000)
Cash and cash equivalents as per the statement of financial position	334,483	358,275
Bank payables (overdrafts and subject-to-collection advances)	<u>(52,469)</u>	<u>(30,928)</u>
Cash and cash equivalents as per the cash flow statement	<u>282,014</u>	<u>327,347</u>

Net financial position and cash flow statement

For the amount and detail of the main components of the net financial position and the changes that occurred in 2023 and 2022 we invite you to refer to the "Cash Flow" section of the Report on operations.

33. Commitments

At 31 December 2023 the Group has commitments to purchase raw materials totaling € 3,142 thousand (€ 14,137 thousand at 31 December 2022).

Furthermore, the Group has commitments to purchase property, plant and equipment totaling € 9,704 thousand (€ 1,989 thousand at 31 December 2022), but no commitments with regard to intangible assets (€116 thousand at 31 December 2022).

The Group has also received guarantees for the purchase of investments totaling € 9,400 thousand (€ 10,150 thousand at 31 December 2022) and has given secured guarantees to third parties totaling € 21,246 thousand, of which € 16,859 thousand closed out by the date of approval of this Annual Financial Report (€ 20,188 thousand at 31 December 2022).

34. Transactions with related parties

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

The effects on the Group's consolidated income statements for 2023 and 2022 are shown below:

(€/000)	2023					
	Consolidated <u>total</u>	Non- consolidated <u>subsidiaries</u>	<u>Associates</u>	Other related <u>parties</u>	Total related <u>parties</u>	% incidence on F.S. <u>caption</u>
Revenues	2,240,039	774	-	1,070	1,844	0.1%
Cost of sales	1,460,068	402	-	6,232	6,634	0.5%
Other operating income	42,154	3	-	-	3	0.0%
Distribution expenses	169,744	190	-	744	934	0.6%
G&A expenses	214,594	-	-	633	633	0.3%
Financial charges	78,146	-	-	662	662	0.8%

(€/000)	2022					
	Consolidated <u>total</u>	Non- consolidated <u>subsidiaries</u>	<u>Associates</u>	Other related <u>parties</u>	Total related <u>parties</u>	% incidence on F.S. <u>caption</u>
Revenues	2,077,964	1,728	-	791	2,519	0.1%
Cost of sales	1,353,451	1,443	-	6,799	8,242	0.6%
Other operating income	42,703	2	-	-	2	0.0%
Distribution expenses	158,047	68	-	827	895	0.6%
G&A expenses	198,277	-	-	648	648	0.3%
Financial charges	47,447	-	-	304	304	0.6%

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

(€/000)	31 December 2023					
	Consolidated <u>total</u>	Non- consolidated <u>subsidiaries</u>	<u>Associates</u>	Other related <u>parties</u>	Total related <u>parties</u>	% incidence on F.S. <u>caption</u>
Trade receivables	414,787	1,373	-	425	1,798	0.4%
Trade payables	262,941	47	-	703	750	0.3%
Interest-bearing financial payables (current and non-current portions)	768,511	-	-	16,299	16,299	2.1%

(€/000)	31 December 2022					
	Consolidated <u>total</u>	Non- consolidated <u>subsidiaries</u>	<u>Associates</u>	Other related <u>parties</u>	Total related <u>parties</u>	% incidence on F.S. <u>caption</u>
Trade receivables	433,812	1,474	-	273	1,747	0.4%
Trade payables	312,222	50	-	757	807	0.3%
Interest-bearing financial payables (current and non-current portions)	869,131	-	-	16,242	16,242	1.9%

Relations with subsidiaries not consolidated line by line

Relations with subsidiaries not consolidated line by line are as follows:

(€/000)	Receivables		Revenues	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
General Pump China Inc.	109	256	211	299
Interpump Hydraulics Perù	1,263	1,219	397	356
Interpump Hydraulics Russia	1	-	169	1,068
Hammelmann Russia	-	-	-	5
Interpump Antriebstechnik GmbH	-	-	-	-
Benmec	-	-	-	-
<i>Total subsidiaries</i>	1,373	1,475	777	1,728

(€/000)	Payables		Costs	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
General Pump China Inc.	47	44	558	998
Interpump Hydraulics Perù	-	6	8	6
Interpump Hydraulics Russia	-	1	-	-
Hammelmann Russia	-	-	-	-
Interpump Antriebstechnik GmbH	-	-	26	-
Benmec	-	-	-	509
<i>Total subsidiaries</i>	47	51	592	1,513

Relations with associates

The Group does not hold any investments in associated companies.

Transactions with other related parties

The 2023 income statement includes consultancy provided by entities associated with Group directors and statutory auditors totaling € 51 thousand (€ 47 thousand in 2022). The consultancy costs were charged in full to general and administrative expenses in both 2023 and 2022. Revenues from sales in 2023 included those made to companies owned by Group shareholders or directors totaling € 1,070 thousand (€ 791 thousand in 2022). In addition, the cost of sales includes purchases from companies controlled by minority shareholders or Group company directors totaling € 5,891 thousand (€ 6,383 thousand in 2022).

35. Events occurring after the close of the year

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 paying a fixed coupon of 4.17% every semester. 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.

No other significant events worthy of mention have taken place subsequent to 31 December 2023.

Certification of the consolidated financial statements pursuant to art. 81-(3) of Consob regulation no. 11971 of 14 May 1999, as amended

1. The undersigned, Fulvio Montipò and Mauro Barani, respectively Executive Chairman and Manager responsible for drafting the accounting documents of Interpump Group S.p.A., taking account also of the provisions of art. 154-(2), subsections 3 and 4 of Decree 58 dated 24 February 1998, attest to:
 - adequacy in relation to the characteristics of the business and
 - effective applicationof the administrative and accounting procedures for the formation of the consolidated financial statements during 2023.

2. It is further attested that the consolidated financial statements of Interpump Group S.p.A. and its subsidiaries for the year ended 31 December 2023, which show consolidated total assets of € 3,243,963 thousand, consolidated net profit of € 277,516 thousand and consolidated shareholders' equity of € 1,802,904 thousand:
 - a) correspond to the results of the company books and accounting entries;
 - b) were prepared in compliance with the international accounting standards approved by the European Commission further to the enforcement of Ruling (CE) no. 1606/2002 of the European Parliament and the European Council of 19 July 2002, and the provisions issued in implementation of art. 9 of Italian legislative decree 38/2005 and the contents are suitable for providing a truthful and fair representation of the equity, economic and financial situation of the Parent company and the group of companies included in the scope of consolidation;
 - c) include the Board of Directors' Report, which contains a reliable analysis of performance and results and the situation of the issuer and the companies included in the consolidation together with a description of the main risks and uncertainties to which they are exposed.

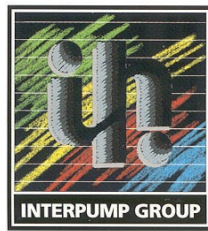
Sant'Ilario d'Enza (RE), 18 March 2024

Fulvio Montipò
Executive Chairman

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

Interpump Group S.p.A.

**Draft Separate Financial Statements
at 31 December 2023**



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**2023 Board of Directors' Report
of Interpump Group S.p.A.**

ALTERNATIVE PERFORMANCE MEASURES

The Company monitors its operations using several alternative performance 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 Company's financial position; such measures are also tools that can assist the directors in identifying operating trends and in making decisions on investments, resource allocation and other business matters. The measurement criterion applied by the Company may therefore differ from the criterion adopted by other companies and hence the Company may not be comparable with such other companies. Such alternative performance measures are constituted exclusively starting from the Company's historic 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. The measures in question refer only to performance in the accounting period illustrated in this Annual Financial Report and the periods placed in comparison with it, and not to the expected performance and they must not be considered to replace the indicators provided by the reference accounting standards (IFRS). Finally, the alternative measures are processed continuously and with uniformity of definition and representation for all the periods for which financial information is included in this Annual Financial Report.

The performance indicators used by the Company 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;
- **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 Company, defined as the difference between the Cash flow from operating activities and the Cash flow absorbed by 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.

Interpump Group S.p.A. presents its income statement by functional areas (also called the "cost of sales" method). This form is deemed 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.

As in previous years, the operations of Interpump Group S.p.A. consisted, in addition to ordinary industrial activities, in the strategic and management coordination of the Group, in the drive to optimize its financial flows, and in research activities and the selection of equity investments to acquire with the aim of maximizing the Group's rate of growth. The acquisitions of IPG Mouldtech India Pvt Ltd., I.mec S.r.l. and the Waikato group during 2023 were consistent with this external growth strategy. A more complete discussion of these operations is given in the “Report on operations” accompanying the Consolidated Annual Financial Report at 31 December 2023.

Profitability

International economic prospects remain uncertain, even though 2023 started brighter with a fall in energy prices and the re-opening of China. The outlook is dominated by geopolitical tensions, for which there are no imminent solutions, and by continuation of the restrictive financial conditions faced by businesses and consumers.

Prices for energy commodities seem to be trending downwards at the moment, with the level of demand and inventories conducive to lower prices; nevertheless, international trade continues to display a certain fragility.

The principal global indicators for new export orders suggest further reductions in the coming months.

The dynamics of the global economy reflect regional differences. GDP growth in China and the United States accelerated sharply during the third quarter. However the Chinese economy remains affected by the weakness of the real estate sector and the high level of private sector debt. By contrast, economic activity in Europe remained stagnant in the same period, influenced by the asymmetric effect of the energy crisis linked to the Russia-Ukraine conflict. Overall inflation eased further in all leading countries, essentially reflecting the lower prices for energy commodities and sound conditions in the labor market.

Although held in check by the restrictive monetary policies and modest wage growth, at least for now, the underlying rate of inflation nevertheless declined more slowly. Broadly, the phase of steady interest-rate hikes by the US Federal Reserve (FED) and the European Central Bank (ECB) should now be over. Despite these positive elements, the international outlook remains highly uncertain. Indeed, further price increases cannot be excluded if energy costs become a risk factor once again, not least due to heightened geopolitical tensions in the Middle East.

Inflation in the Euro area picked up in December and this trend seems likely to continue during the first part of 2024. Recent data appears to confirm the ECB forecast that, after reaching a minimum in November, the rate of increase in the consumer price index should stabilize above the 2% target during 2024, but ease further in the following year.

The exposure of the Company to the countries involved in the Russia-Ukraine conflict remains limited. Specifically, revenues of € 2.1 million were invoiced to customers in Russia, Belarus and Ukraine during 2023 (€ 3.1 million in 2022), with no outstanding receivables at 31 December 2023 or 2022.

Against this complex and uncertain macro and microeconomic background, the Company continues to demonstrate an ability to manage its manufacturing capacity efficiently.

Interpump Group S.p.A. booked net revenues of € 117.2 million in 2023 (€ 124.6 million in 2022). An analysis by geographic area of the revenues from sales and services is presented in Note 7 to the financial statements.

The cost of sales accounted for 63.3% of revenues (60.7% in 2022). Production costs, which totaled € 37.1 million (€ 37.2 million in 2022), accounted for 31.6% of revenues in 2023 (29.9% in 2022). The purchase cost of raw materials and components sourced on the market, including changes in inventories, totaled € 37.2 million equivalent to 31.7% of revenues (€ 38.4 million in 2022).

Distribution costs totaled € 6.2 million (€ 6.7 million in 2022), reflecting a decrease in their incidence on revenues by 0.1 percentage points compared to 2022.

General and administrative expenses amounted to € 22.5 million (€ 22.2 million in 2022) and their incidence on revenues rose by 1.4 percentage points compared to 2022.

Payroll costs totaled € 28.7 million (€ 28.9 million in 2022) with an average of 455 employees (453 employees in 2022). The per capita cost was slightly lower than in the prior year (-1.1%). In addition, the Company employed an average of 28 temporary workers during the year (40 temporary workers in 2022) at a cost of € 1.4 million (€1.9 million in 2022).

The reconciliation of the income statement to obtain sub-totals is shown below:

	2023 <u>(€/000)</u>	% of <u>revenues</u>	2022 <u>(€/000)</u>	% of <u>revenues</u>
Ordinary profit before financial charges	91,265		116,231	
Dividends	(77,532)		(85,586)	
Impairment losses on investments	<u>4,945</u>		<u>7</u>	
Operating profit (EBIT)	<u>18,678</u>	15.9%	<u>30,652</u>	24.6%
Depreciation, amortization, provisions and writedowns	<u>6,214</u>		<u>5,998</u>	
Gross operating profit (EBITDA)	<u>24,892</u>	21.2%	<u>36,650</u>	29.4%

EBIT amounted to € 18.7 million (15.9% of revenues), compared with € 30.7 million in 2022 (24.6% of revenues) due, in part, to the recognition of other income deriving from adjustments to the purchase price of investments totaling € 8,807 thousand.

EBITDA totaled € 24.9 million or 21.2% of revenues, compared with € 36.7 million in 2022 or 29.4% of revenues.

Net profit for the year ended 31 December 2023 totaled € 76.1 million (€ 102.1 million in 2022), after recording higher financial charges due to the increase in official interest rates during the year. Dividends from subsidiaries recognized in the income statement totaled € 77.5 million in 2023 and € 85.6 million in 2022.

The tax charge for the year benefited from the reversal of a previous provision of € 6.1 million, following a favorable response to a question filed with the Tax Authorities by the Company during 2023, and from the recognition of deferred tax assets totaling € 2.1 million in relation to tax losses incurred during the year.

Statement of financial position

The following statement of financial position is classified in terms of the sources and applications of funds.

	31/12/2023	%	31/12/2022	%
	<u>(€/000)</u>		<u>(€/000)</u>	
Trade receivables	16,927		19,211	
Net inventories	31,843		33,131	
Other current assets	40,566		55,832	
Trade payables	(14,789)		(21,214)	
Current taxes payable	(234)		(18,543)	
Current portion of provisions for risks and charges	-		(30)	
Other current liabilities	<u>(8,413)</u>		<u>(9,053)</u>	
Net working capital	<u>65,900</u>	5.5	<u>59,334</u>	5.1
Net intangible and tangible fixed assets	40,509		42,616	
Goodwill	44,537		44,537	
Equity investments	1,020,959		944,022	
Other financial fixed assets	38,785		78,480	
Other non-current assets	10,810		7,803	
Liabilities for employee benefits	(3,775)		(4,138)	
Non-current portion of provisions for risks and charges	(8,231)		(8,272)	
Other non-current liabilities	<u>(2,980)</u>		<u>(1,381)</u>	
Total net fixed assets	<u>1,140,614</u>	94.5	<u>1,103,667</u>	94.9
Total capital employed	<u>1,206,514</u>	100.0	<u>1,163,001</u>	100.0
<i>Financed by:</i>				
Total shareholders' equity	<u>656,362</u>	54.4	<u>604,893</u>	52.0
Cash and cash equivalents	(88,280)		(188,778)	
Payables to banks	5,242		2,519	
Interest-bearing financial payables (current portion)	<u>233,343</u>		<u>257,042</u>	
Total current financial payables (liquid funds)	<u>150,305</u>	12.5	<u>70,783</u>	6.1
Total non-current financial payables	<u>399,847</u>	33.1	<u>487,325</u>	41.9
Total sources of financing	<u>1,206,514</u>	100.0	<u>1,163,001</u>	100.0

The format of the reclassified statement of financial position makes it possible to appreciate the financial strength of the Company, highlighting its ability to maintain financial equilibrium over the long term.

Capital expenditure

Capital expenditure on property, plant and equipment was € 3.6 million (€ 7.0 million in 2022) and related to the normal renewal and modernization of plant and equipment. The difference with respect to the expenditure recorded in the cash flow statement is due to the dynamics of payments.

Increases in intangible assets amounted to € 0.6 million (€ 0.9 million in 2022), mostly due to the capitalization of product development costs.

Loans

The net financial position at 31 December 2023 is € 550.2 million (€ 558.1 million at 31/12/2022).
The changes during the year are analyzed in the table below:

	2023 <u>(€/000)</u>	2022 <u>(€/000)</u>
Opening net financial position	(558,108)	(579,700)
Cash flow from operations	721	32,748
Principal portion of leasing installments paid	(824)	(852)
Liquidity generated (absorbed) by operating capital	(1,836)	(4,017)
Liquidity generated (absorbed) by other current assets and liabilities	(9,511)	4,923
Net investment in tangible and intangible fixed assets	(4,839)	(7,448)
Financial income received	6,577	1,294
Other	<u>(999)</u>	<u>(1,728)</u>
<i>Free cash flow</i>	<i>(10,711)</i>	<i>24,920</i>
Proceeds (payments) from the disposal (purchase) of investments	(38,961)	(5,301)
Purchase of treasury shares	-	(94,793)
Proceeds from sales of treasury shares for stock options	2,246	63,027
Principal portion of leasing installments paid	824	852
Principal portion of new leasing contracts arranged	(127)	(163)
Restatement and early redemption of leasing contracts	34	(148)
Dividends received from subsidiaries	77,547	85,579
Dividends paid	(32,300)	(29,802)
Change in other financial assets	(1,324)	(436)
Reimbursement (Disbursement) of loans from (to) subsidiaries	<u>10,728</u>	<u>(22,143)</u>
<i>Net cash generated (used)</i>	<i><u>7,956</u></i>	<i><u>21,592</u></i>
Net financial position at end of year	<u>(550,152)</u>	<u>(558,108)</u>

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

	31/12/2023 <u>€/000</u>	31/12/2022 <u>€/000</u>	01/01/2022 <u>€/000</u>
Cash and cash equivalents	88,280	188,778	135,514
Current financial payables (excluding the current portion of non-current financial payables)	(6,042)	(3,367)	(901)
Current portion of non-current financial payables	<u>(232,543)</u>	<u>(256,194)</u>	<u>(200,624)</u>
Current net indebtedness	<u>(150,305)</u>	<u>(70,783)</u>	<u>(66,011)</u>
Non-current financial payables	<u>(399,847)</u>	<u>(487,325)</u>	<u>(513,689)</u>
Net financial position	<u>(550,152)</u>	<u>(558,108)</u>	<u>(579,700)</u>
Commitments for the acquisition of investments	<u>-</u>	<u>-</u>	<u>-</u>
Total net indebtedness	<u>(550,152)</u>	<u>(558,108)</u>	<u>(579,700)</u>

At 31 December 2023 all financial covenants are amply respected.

Relations with subsidiaries

The Company also operates through subsidiaries with which it maintains commercial and financial relations. These relations are detailed in the table below (amounts expressed in €/000).

	Trade receivables		Revenues	
	<u>31/12/2023</u>	<u>31/12/2022</u>	<u>2023</u>	<u>2022</u>
<i>Subsidiaries:</i>				
GP Companies Inc.	3,659	5,133	24,506	33,677
NLB Corporation Inc.	811	772	3,852	2,782
Interpump Hydraulics India Ltd	835	291	1,418	686
Interpump Hydraulics Brasil	171	30	655	221
Muncie Power Inc.	120	102	511	339
IMM Hydraulics S.p.A.	169	154	398	372
Inoxpa Solutions France Sas	21	24	387	31
Inoxpa S.A.	18	77	245	171
Inoxpa Ltd	-	-	226	388
General Pump China Inc.	108	247	197	214
Inoxpa Italia S.r.l.	137	82	192	105
Inoxpa South Africa	1	44	186	115
Hammelmann S. L.	48	28	179	106
Inoxihp S.r.l.	50	45	147	169
GS-Hydro UK Ltd	28	33	109	110
Pioli S.r.l.	-	-	88	91
Interpump South Africa Pty Ltd	1	27	87	31
Interpump Hydraulics France S.a.r.l.	10	9	67	33
GS-Hydro Piping Systems Co. Ltd	11	15	45	49
Improved Solutions Unipessoal Ltda	3	2	43	4
GS-Hydro Korea Ltd	-	14	43	45
GS-Hydro Austria GmbH	10	12	40	43
Interpump Hydraulics S.p.A.	67	51	31	26
GS-Hydro S.A.U	8	32	31	37
Inoxpa Colombia Sas	20	-	30	14
GS-Hydro Benelux B.V.	8	11	30	35
SIT S.p.A.	-	2	29	29
Interpump Hydraulics (UK) Ltd	-	-	29	17
GS-Hydro Sp Z O O	7	9	28	30
GS-Hydro Denmark AS	6	7	23	22
Inoxpa Ukraine	-	-	15	6
Walvoil S.p.A.	23	26	14	11
Inoxpa Skandinavien A/S	-	-	13	-
Hydroven S.r.l.	6	2	12	5
Eurofluid Hydraulic S.r.l.	1	-	11	-
Interpump Piping GS S.r.l.	6	6	10	10
GS-Hydro Singapore Pte Ltd	2	3	7	8
Hammelmann Australia Pty Ltd	-	-	6	23

	Trade receivables		Revenues	
	<u>31/12/2023</u>	<u>31/12/2022</u>	<u>2023</u>	<u>2022</u>
<i>Subsidiaries:</i>				
GS-Hydro Ab	1	3	5	11
GS-Hydro U.S. Inc.	1	11	5	6
Servizi Industriali S.r.l.	3	-	5	5
GS-Hydro do Brasil Sistemas Hidraulicos Ltda	1	2	4	4
Inoxpa Solutions Moldova	-	-	4	-
Hammelmann GmbH	6	13	3	55
Tubiflex S.p.A.	1	2	3	3
Tekno Tubi S.r.l.	1	1	3	2
Unidrò Contarini Sarl	2	-	2	3
Reggiana Riduttori S.r.l.	8	7	2	-
Interpump Hydraulics Middle East FZE	-	-	2	4
Transtecno S.r.l.	2	2	2	2
GS-Hydro System GmbH	-	1	1	3
Interpump Fluid Solutions Germany GmbH	-	-	1	-
I.mec S.r.l.	2	-	1	-
Transtecno BV	-	-	1	-
White Drive Motors and Steering LLC	8	8	-	-
White Drive Motors and Steering Sp. Z O O	5	5	-	-
Oleodinamica Panni S.r.l.	2	2	-	-
Contarini Leopoldo S.r.l.	2	1	-	-
White Drive Motors and Steering GmbH	1	1	-	-
Waikato Holding Limited	1	-	-	-
Walvoil Fluid Power Korea Llc	-	-	-	10
Hydrocar Chile S.A.	-	-	-	4
<i>Total</i>	<u>6,412</u>	<u>7,349</u>	<u>33,984</u>	<u>40,167</u>

	Trade payables		Costs	
	<u>31/12/2023</u>	<u>31/12/2022</u>	<u>2023</u>	<u>2022</u>
<i>Subsidiaries:</i>				
Pioli S.r.l.	187	346	1,090	1,329
Interpump Hydraulics S.p.A.	149	161	398	386
Hammelmann GmbH	23	71	225	118
SIT S.p.A.	69	59	208	231
IMM Hydraulics S.p.A.	29	140	187	396
Walvoil S.p.A.	26	49	186	94
Improved Solutions Unipessoal Ltda	-	-	70	-
Inoxpa Italia S.r.l.	33	27	67	58
General Pump China Inc.	19	20	48	96
Hydroven S.r.l.	16	7	47	18
GP Companies Inc.	9	10	42	73
Inoxihp S.r.l.	20	20	38	24
Transtecno S.r.l.	6	46	26	54
Servizi Industriali S.r.l.	-	-	10	-
Inoxpa Ltd	-	8	8	33
Contarini Leopoldo S.r.l.	1	-	1	-
Interpump Hydraulics India Ltd	17	22	-	-
Interpump Hydraulics (UK) Ltd	4	-	-	-
NLB Corporation Inc.	-	-	-	7
Inoxpa Solutions France Sas	-	-	-	1
Inoxpa S.A.	-	<u>2</u>	-	-
<i>Total</i>	<u>608</u>	<u>988</u>	<u>2,651</u>	<u>2,918</u>

The Company also has a payable to Interpump Piping GS S.r.l. of € 2 thousand (receivable of € 19 thousand in 2022) following membership of the domestic tax group from 2018, as renewed in 2021.

Financial relations are outlined below (amounts shown in €/000):

	Loans granted		Interest income	
	<u>31/12/2023</u>	<u>31/12/2022</u>	<u>2023</u>	<u>2022</u>
<i>Subsidiaries:</i>				
IMM Hydraulics S.p.A.	22,000	29,000	1,136	384
Interpump Hydraulics S.p.A.	11,000	31,000	1,107	450
White Drive Motors and Steering LLC	-	17,000	621	116
Muncie Power Inc.	8,145	11,252	484	53
Waikato Holding Limited	-	-	333	-
Tubiflex S.p.A.	10,000	3,000	233	3
White Drive Motors and Steering GmbH	4,000	4,000	203	56
Hydra Dyne Technology Inc.	8,308	10,000	186	195
Interpump Piping GS S.r.l.	1,000	4,000	113	67
GS-Hydro Korea Ltd	2,100	2,100	63	63
Tekno Tubi S.r.l.	310	1,760	54	30
Transtecno S.r.l.	-	3,037	31	62

	Loans granted		Interest income	
	<u>31/12/2023</u>	<u>31/12/2022</u>	<u>2023</u>	<u>2022</u>
<i>Subsidiaries:</i>				
Inoxihp S.r.l.	633	1,687	19	30
GS-Hydro UK Ltd	390	490	18	6
Unidrò Contarini Sarl	-	100	1	2
Reggiana Riduttori S.r.l.	-	-	-	24
<i>Total</i>	<u>67,886</u>	<u>118,426</u>	<u>4,602</u>	<u>1,541</u>

The intercompany loans outstanding at 31 December 2023 earn interest at 3-month Euribor uplifted by a spread that fluctuated between 100 and 200 basis points, except for certain fixed-rate loans granted in a range between 1.50% and 4.50%. At 31 December 2023, interest receivable amounts to € 869 thousand (€ 683 thousand at 31 December 2022), as analyzed below:

	Interest receivable	
	<u>31/12/2023</u>	<u>31/12/2022</u>
<i>Subsidiaries:</i>		
IMM Hydraulics S.p.A.	298	162
Interpump Hydraulics S.p.A.	193	246
Tubiflex S.p.A.	111	3
Muncie Power Inc.	109	-
White Drive Motors and Steering GmbH	61	15
Hydra Dyne Technology Inc.	43	49
Interpump Piping GS S.r.l.	21	25
GS-Hydro Korea Ltd	16	16
Tekno Tubi S.r.l.	8	12
GS-Hydro UK	5	3
Inoxihp S.r.l.	4	7
White Drive Motors and Steering LLC	-	116
Transtecno S.r.l.	-	14
Teknova S.r.l. (liquidated)	-	12
Reggiana Riduttori S.r.l.	-	3
<i>Total</i>	<u>869</u>	<u>683</u>

The following dividends have been credited to the income statement (amounts expressed in €/000):

	Dividends receivable		Dividends	
	<u>31/12/2023</u>	<u>31/12/2022</u>	<u>2023</u>	<u>2022</u>
<i>Subsidiaries:</i>				
Hammelmann GmbH	-	-	22,500	30,000
Reggiana Riduttori S.r.l.	-	-	20,000	15,000
Walvoil S.p.A.	-	-	16,250	26,000
Inoxpa S.A.	-	-	10,000	10,000
GP Companies Inc.	-	-	4,169	2,426

	Dividends receivable		Dividends	
	<u>31/12/2023</u>	<u>31/12/2022</u>	<u>2023</u>	<u>2022</u>
NLB Corporation Inc.	-	-	3,653	-
Servizi Industriali S.r.l.	-	-	960	960
Transtecno S.r.l.	-	-	-	1,200
Tubiflex S.p.A.	1,280	1,280	-	-
Walvoil Fluid Power Pvt Ltd.	-	-	-	-
<i>Total</i>	<u>1,280</u>	<u>1,280</u>	<u>77,532</u>	<u>85,586</u>

Transactions with related parties

In accordance with IFRS 16, the financial statements report interest-bearing financial payables of € 2,122 thousand (€ 2,756 thousand at 31 December 2022) and financial charges due to discounting the rentals payable to related parties of € 106 thousand (€ 18 thousand at 31 December 2022). Other costs totaling € 12 thousand (€ 12 thousand in 2022 as well) have also been charged to the income statement.

The above transactions were carried out on arm's-length conditions.

Exposure to risks and uncertainties and Financial risk factors

The Company is exposed to the normal risks and uncertainties of any business activity. The markets in which the Company operates are world niche markets of moderate size and with few competitors. These market characteristics constitute a high barrier to the entry of new competitors, due to significant economy of scale effects against the backdrop of uncertain economic returns for potential new entrants. The Company retains world leadership positions that mitigate the risks and uncertainties of the business activity.

The business of the Company is exposed to various financial risks: market risk (including the exchange rate risk and interest rate risk), credit risk and liquidity risk. The financial risks management program is based on the unpredictability of financial markets and it is aimed at minimizing any negative impact on the Company's financial performance. Interpump Group S.p.A. can use derivative financial instruments to hedge against exchange and interest rate risks. The Company does not hold derivative financial instruments of a speculative nature, in compliance with the rulings established by the procedure approved by the Board of Directors.

(a) Market risks

(i) Exchange rate risk

The Company does business internationally and is principally exposed to the exchange risk related to business conducted in US dollars. In this context, the Company invoices its US subsidiaries and a major US customer in dollars. The Company's current policy is to refrain from hedging recurring transactions and instead to hedge only exposures that are non-recurring in terms of amount or frequency of occurrence.

(ii) *Interest rate risk*

Interest rate risk derives from medium/long-term loans granted at floating rates. It is currently Company policy not to arrange hedges, in view of the short average duration of the existing loans (around 3.5 years).

(b) *Credit risk*

The Company does not have any significant concentrations of receivables. It is Company policy to make sales to customers following a careful assessment of their credit rating and therefore within preset credit limits. Historically, the Company has not had to support any significant losses on receivables.

(c) *Liquidity risk*

Prudent management of liquidity risk involves the retention of an appropriate level of cash on hand and sufficient access to lines of credit. Because of the dynamic nature of the business, which includes frequent acquisitions, it is Company policy to have access to stand-by lines of credit that can be utilized at short notice.

(d) *Price and cash flow risk*

The Company is subject to constant changes in metal prices, especially brass, aluminum, stainless steel and steel. It is Company policy to hedge this risk where possible by way of medium-term commitments with suppliers or stockpiling policies when prices are at the low point of their cycle. The prices of non-energy commodities stabilized in 2023 following the major increases seen in 2022, maintaining record levels however with respect to the pre-Covid period. Although the supply chain problems encountered in 2022 have been overcome, the Company has sometimes decided to purchase larger quantities in order to guarantee the availability of the materials needed for production purposes. The Company constantly monitors the price trend of these raw materials in the attempt to adopt the most effective policies to minimize potential exposure to this risk.

The income and cash flow from the Company's operating activities are not influenced much by changes in interest generating assets.

(e) *Climate change risk*

Ahead of the adoption of “integrated reporting”, two standards were published in June 2023 that establish general requirements for the disclosure of sustainability-related financial information (*IFRS S1*) and require the disclosure of information about the exposure to climate-related risks and opportunities (*IFRS S2*), effective for annual reporting periods beginning on or after 1 January 2024. Any significant impacts are considered by the Company when applying the international accounting standards, evaluating their effects on business continuity and the application of specific standards. In this context, the Company has not identified significant risks deriving from the application of individual standards and no doubts or uncertainties have arisen about events or conditions that might cause concern about business continuity. In particular, the Company monitors constantly the most recent regulations governing climate-related topics. At this time, no regulations have been approved with a direct impact on the Company which, if necessary, will amend the key assumptions used to calculate the value in use of assets and the sensitivity to changes.

Environment, health and safety

The Company is engaged exclusively in mechanical engineering and components assembly activities that are not accompanied by the emission of pollutants into the environment. The production process is performed in compliance with statutory legislation. The Company is exposed to risks associated with occupational health and safety and the environment, typical of a company that performs manufacturing and sales activities in different geographical contexts.

In relation to occupational health and safety and the environment the Company applies international standards ISO 9001, ISO 14001 and OHSAS 18001.

Pursuant to art. 5, subsection 3.b), of Decree 254/2016, the Company has prepared a consolidated non-financial statement, which is provided as a separate document with respect to this Annual Financial Report. The consolidated non-financial statement, prepared in compliance with GRI Standards and subjected to limited examination by PwC S.p.A., is available on the Company's website.

Other information

Three new projects were completed in 2023, of which one related to new mechanical components for very high pressure pumps used in the water cutting industry, while another related to optimization of the use of raw materials in production; in addition work commenced on seven new projects.

During 2023, the activities of the Company included those deemed eligible pursuant to the 2020 Budget Law (Law 160/2019, as amended), involving a significant commitment of resources to the implementation of projects to acquire the new knowledge and technical skills needed to develop:

- innovative technical solutions specific to the food and pharmaceuticals sectors;
- an experimental and pre-competitive family of high-performance homogenizers with extended reliability over time;
- small experimental and pre-competitive machines with design optimized to maximize performance in combination with compact size and low power rating;
- experimental and innovative solutions that complete and expand the range of products offered by the Company, surpassing the results already achieved and the technological level of current solutions by using new materials and new processes;
- experimental technical solutions that make it possible to offer a new remote control and monitoring service that supports the predictive maintenance of high-value pumps used in the fabric-non-fabric sector;
- project analyses and definitions in preparation for the manufacture of new E-pack pumps to be used in the electrification sector.

The positive outcome of these innovations should generate good results in terms of revenues, with a beneficial effect on the performance of the business.

With regard to these R&D activities, the Company intends to apply the tax credit envisaged in the 2020 Budget Law (art. 1, subsections 198/209, of Law 160/2019), as amended by the 2021 Budget Law (art. 1, subsection 1064, of Law 178/2020, as amended); this tax credit amounted to about € 24 thousand in 2023 (€ 42 thousand in 2022).

It is Company policy to continue to invest heavily in research and development in future years in order to add further impetus to organic growth. Product development costs totaling € 501 thousand

were capitalized in 2023, since they will benefit future years, while an amount of € 278 thousand was charged to the income statement.

At 31 December 2023, the Company held 1,908,863 treasury shares corresponding to 1.753% of share capital, acquired at an average unit cost of 38.7871 euro.

With regard to stock option plans and the shares in the Company and in subsidiaries held by directors, statutory auditors and general managers, you are invited to consult the “Board of Directors' Report”, which is attached to the Consolidated Annual Financial Report.

The Company is not subject to management and coordination activities. Leila Montipò e Sorelle S.A.p.A., formed on 6 November 2020, holds a controlling interest pursuant to art. 2359, subsection 2, of the Italian Civil Code in Gruppo IPG Holding S.p.A. and, accordingly, is the company required to prepare the consolidated financial statements of the largest group, given the exemption clauses envisaged in art. 27 of Decree 127 dated 9 April 1991: the financial statements that include the data of Interpump Group S.p.A. and its subsidiaries are prepared in accordance with the IAS/IFRS and are available from the Milan Companies Register.

Leila Montipò e Sorelle S.A.p.A. does not carry out management and coordination activities in relation to Gruppo IPG Holding S.p.A. and is also not subject to any management and coordination activities.

In turn, Gruppo IPG Holding S.p.A. prepares consolidated financial statements on a voluntary basis, although this is no longer required from FY 2021, since that requirement is now placed on its parent company, “Leila Montipò e Sorelle S.A.p.A.”.

Gruppo IPG Holding S.p.A. does not carry out any management or coordination activities in relation to Interpump Group S.p.A. and is also not subject to any management and coordination activities.

Events occurring after the close of the year and business outlook

No atypical or unusual transactions have been carried out subsequent to 31 December 2023 that would call for changes to these separate financial statements.

Faced with a stagnant economy, 2023 ended with lower inflation in both the Euro area and the United States. Inflation is expected to fall further in 2024, as the jobs market weakens and the economy slows. Divergent performance in economic terms and the geopolitical tensions will together offer considerable potential for price fluctuations. Against this highly complex international background, the Company expects to consolidate during 2024 the good results achieved in the year just ended.

The signature of a US\$ 300 million Note Purchase and Private Shelf Agreement (“Shelf Facility”) with PGIM Inc. was announced on 31 January 2024, with 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 Company the right, but not the obligation, to issue bonds totaling a maximum of US\$ 300 million (or the Euro equivalent, net of the initial bond amount) over the next 3 years (subject to possible renewals in future), 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 paying a fixed coupon of 4.17% every semester. 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.

Proposal to the Shareholders' Meeting

The profit for the year was € 76,053,887. We propose:

- allocation of the net profit for the year to the Extraordinary Reserve, since the legal reserve has already reached the limit of one-fifth of the subscribed and paid-up share capital;
- partial distribution of the Extraordinary Reserve formed from profits, by declaring a dividend of Euro 0.32 for each share outstanding including the right envisaged in art. 2357-(3) subsection 2, of the Italian Civil Code.

Sant'Ilario d'Enza (RE), 18 March 2024

For the Board of Directors

Fulvio Montipò

Executive Chairman

**Draft Separate financial statements at 31 December 2023
of Interpump Group S.p.A.**

INTERPUMP GROUP S.p.A.

Registered Office: S. Ilario d'Enza (RE)

Via E. Fermi 25

Share Capital: € 56,617,232.88

Tax Code and Companies Register number 11666900151

VAT number 01682900350

Statement of financial position

Euro	<u>Notes</u>	<u>31/12/2023</u>	<u>31/12/2022</u>
ASSETS			
Current assets			
Cash and cash equivalents	3	88,280,082	188,778,032
Trade receivables	4, 20	16,926,865	19,210,939
Dividends receivable	20	1,279,700	1,279,700
Inventories	5	31,842,597	33,130,883
Tax receivables		4,113,745	1,110,454
Current financial assets	11, 20	29,100,692	39,945,489
Other current assets	6, 20	6,072,054	13,496,074
Total current assets		<u>177,615,735</u>	<u>296,951,571</u>
Non-current assets			
Property, plant and equipment	7	37,244,125	39,390,277
Goodwill	8	44,536,997	44,536,997
Other intangible assets	9	3,265,813	3,225,754
Investments in subsidiaries	10	1,020,959,070	944,022,399
Other financial assets	11, 20	38,784,744	78,480,012
Tax receivables		1,419,643	499,194
Deferred tax assets	12	9,377,871	7,285,608
Other non-current assets		11,900	18,190
Total non-current assets		<u>1,155,600,163</u>	<u>1,117,458,431</u>
Total assets		<u>1,333,215,898</u>	<u>1,414,410,002</u>

Euro	<u>Notes</u>	<u>31/12/2023</u>	<u>31/12/2022</u>
LIABILITIES			
Current liabilities			
Trade payables	14, 20	14,788,655	21,213,534
Payables to banks	13, 20	5,242,086	2,518,765
Interest-bearing financial payables (current portion)	13, 20	233,343,505	257,041,651
Tax liabilities		234,142	18,543,360
Other current liabilities	14, 20	8,138,231	8,930,722
Accrued expenses and deferred income		274,522	122,682
Provisions for risks and charges	15	-	30,000
Total current liabilities		<u>262,021,141</u>	<u>308,400,714</u>
Non-current liabilities			
Interest-bearing financial payables	13, 20	399,846,593	487,325,108
Liabilities for employee benefits	16	3,775,161	4,137,969
Deferred tax liabilities	12	680,421	705,929
Other non-current liabilities	17	2,300,053	674,689
Provisions for risks and charges	15	8,230,452	8,272,100
Total non-current liabilities		<u>414,832,680</u>	<u>501,115,795</u>
Total liabilities		<u>676,853,821</u>	<u>809,516,509</u>
SHAREHOLDERS' EQUITY			
Share capital	18	55,624,624	55,583,544
Legal reserve	19	11,323,447	11,323,447
Share premium reserve	18	46,883,075	39,348,601
Reserve from remeasurement of defined benefit plans	19	(2,114,858)	(2,069,261)
Other reserves	19	544,645,789	500,707,162
Total shareholders' equity		<u>656,362,077</u>	<u>604,893,493</u>
Total shareholders' equity and liabilities		<u>1,333,215,898</u>	<u>1,414,410,002</u>

Income statement

Euro	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Revenues	22	117,224,247	124,644,799
Cost of sales	24	<u>(74,252,740)</u>	<u>(75,671,823)</u>
Gross industrial margin		42,971,507	48,972,976
Other operating income	23	4,598,464	11,232,391
Distribution expenses	24	(6,220,702)	(6,670,588)
General and administrative expenses	24	(22,471,647)	(22,230,006)
Impairment losses on assets	9, 10	(5,056,467)	(315,055)
Other operating costs	24	(87,509)	(344,540)
Dividends	10	77,531,823	85,585,838
EBIT		91,265,469	116,231,016
Financial income	25	6,983,402	2,808,292
Financial charges	25	<u>(29,774,773)</u>	<u>(6,491,148)</u>
Profit for the year before taxes		68,474,098	112,548,160
Income taxes	26	7,579,789	(10,458,646)
Net profit for the year		76,053,887	102,089,514
Basic earnings per share	27	<u>0.711</u>	<u>0.967</u>
Diluted earnings per share	27	<u>0.709</u>	<u>0.965</u>

Comprehensive income statement

(€/000)	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Net profit (A)		76,054	102,089
Income (losses) which will not subsequently be reclassified to profit or loss			
<i>Profit (Loss) deriving from the restatement of defined benefit plans</i>		<i>(60)</i>	<i>619</i>
<i>Applicable taxes</i>		<i>14</i>	<i>(148)</i>
Total other comprehensive income (losses) which will not subsequently be reclassified to profit or loss, net of tax effect (B)	19	(46)	471
Comprehensive net profit (A) + (B)		76,008	102,560

Cash flow statement

(€/000)	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Cash flows from operating activities			
Profit before taxes		68,474	112,548
Adjustments for non-cash items:			
Losses (gains) on the sale of fixed assets		(12)	47
Amortization, depreciation and write-downs of tangible assets	24	6,141	5,992
Costs recognized in the income statement related to stock options that do not involve monetary outflows for the Company	24	4,978	4,722
Impairment losses (writebacks) on assets	10	4,945	7
Net change in risk funds and allocations to provisions for employee benefits		(588)	(208)
Dividends credited to the income statement	10	(77,532)	(85,586)
Net financial charges (revenues)	25	22,791	3,683
		<u>29,197</u>	<u>41,205</u>
(Increase) decrease in trade receivables and other current assets	4.6	5,414	(6,858)
(Increase) decrease in inventories	5	1,288	(7,338)
Increase (decrease) in trade payables and other current liabilities	4.14	(18,049)	15,102
Taxes paid	26	(2,629)	(5,944)
Interest paid	25	(25,665)	(3,162)
Realized exchange differences		(182)	649
Net cash from operating activities		<u>(10,626)</u>	<u>33,654</u>
Cash flows from investing activities			
Outlay for the acquisition of equity investments net of treasury shares assigned	10	(38,961)	(5,301)
Disbursements for purchase of treasury shares		-	(94,793)
Proceeds from sales of treasury shares for stock options	18	2,246	63,027
Capital expenditure on property, plant and equipment	7	(4,427)	(6,721)
Proceeds from the sale of property, plant and equipment	7	72	36
Increase in intangible assets	9	(484)	(763)
Financial income received	25	6,577	1,294
Other		(1,324)	(436)
Net liquidity generated (used) by investing activities		<u>(36,301)</u>	<u>(43,657)</u>

(€/000)	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Cash flows from financing activities			
Dividends received from subsidiaries	10	77,547	85,579
Dividends paid	19	(32,300)	(29,802)
(Disbursal) Repayment of intercompany loans, net of treasury shares sold	11	10,728	(22,143)
Disbursals (repayments) of loans	13	(113,177)	27,508
Payment of finance leasing installments (principal)		(824)	(852)
Other		1,732	564
Net cash generated by (used in) financing activities		(56,294)	60,854
Net increase (decrease) of cash and cash equivalents		(103,221)	50,851
Cash and cash equivalents at the beginning of the year	28	186,259	135,408
Cash and cash equivalents at the end of the year	28	83,038	186,259

For reconciliation of cash and cash equivalents refer to Note 28.

Statement of changes in shareholders' equity
(€/000)

	<i>Notes</i>	<i>Share capital</i>	<i>Legal reserve</i>	<i>Share premium reserve</i>	<i>Remeasurement reserve for defined benefit plans</i>	<i>Other reserves</i>	<i>Total shareholders' equity</i>
<i>At 1 January 2022</i>		55,327	11,323	66,119	(2,540)	428,533	558,762
Dividends paid		-	-	-	-	(29,658)	(29,658)
Recognition in the income statement of the fair value of stock options granted to and exercisable by employees of Interpump Group S.p.A.		-	-	4,722	-	-	4,722
Fair value measurement of the stock options granted to and exercisable by employees of subsidiaries		-	-	273	-	-	273
Purchase of treasury shares		(1,082)	-	(94,793)	-	1,082	(94,793)
Sale of treasury shares to the beneficiaries of stock options		1,339	-	63,027	-	(1,339)	63,027
Comprehensive net profit for the year		-	-	-	471	102,089	102,560
<i>At 31 December 2022</i>	<i>18, 19</i>	55,584	11,323	39,348	(2,069)	500,707	604,893
Dividends paid		-	-	-	-	(32,074)	(32,074)
Recognition in the income statement of the fair value of stock options granted to and exercisable by employees of Interpump Group S.p.A.		-	-	4,978	-	-	4,978
Fair value measurement of the stock options granted to and exercisable by employees of subsidiaries		-	-	311	-	-	311
Sale of treasury shares to the beneficiaries of stock options		41	-	2,246	-	(41)	2,246
Comprehensive net profit for the year		-	-	-	(46)	76,054	76,008
<i>At 31 December 2023</i>	<i>18, 19</i>	55,625	11,323	46,883	(2,115)	544,646	656,362

Notes to the financial statements of Interpump Group S.p.A.

1. General information

Interpump Group S.p.A. is a company, incorporated under Italian law with registered offices in Sant'Ilario d'Enza (RE), that is listed on the Milan Stock Exchange.

The Company manufactures and markets high and very high pressure plunger pumps, and has direct and indirect controlling interests in 117 companies. Interpump Group S.p.A. has production facilities in Sant'Ilario d'Enza (RE). For information on the Group's operations, refer to the "Board of Directors' Report" attached to the Consolidated Financial Report.

The financial statements at 31 December 2023, prepared on a going concern basis, were approved by the Board of Directors at the meeting held on 18 March 2024.

2. Accounting standards adopted

2.1 Reference accounting standards

The financial statements at 31 December 2023 have been prepared in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union. "IFRS" also means the International Accounting Standards ("IAS") currently in force and all the interpretative documents issued by the IFRS Interpretation Committee, previously denominated International Financial Reporting Interpretations Committee ("IFRIC") and still earlier known as the Standing Interpretations Committee ("SIC").

The statement of financial position and the income statement are presented in euro, while the other schedules and notes 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.

Preparation of a report in compliance with IFRS (International Financial Reporting Standards) calls for judgments, estimates, and assumptions that affect assets, liabilities, costs and revenues. The final results may differ from the results obtained using estimates of this type. The captions of the financial statements that call for more subjective appraisal by the directors when preparing estimates and for which a change in the conditions underlying the assumptions utilized could have a significant effect on the financial statements are: goodwill, amortization and depreciation of fixed assets, deferred tax assets and liabilities, the allowance for doubtful accounts and the allowance for inventories, provisions for risks and charges, defined benefit plans for employees, the recoverability of the value of investments and liabilities for the acquisition of investments included under other liabilities.

In particular, discretionary measurements and significant accounting estimates are made to determine the recoverable value of each equity investment. Their purpose is to identify possible evidence of impairment, forecast profitability over the period covered by the Group Business Plan, determine the normalized cash flows needed to estimate terminal value, and establish the long-term growth and discounting rates applied to the forecasts of future profitability. The key assumptions used to measure equity investments, including a sensitivity analysis, are described in Note 10.

The Company's income statement is prepared by functional areas (or cost of sales), this form being considered more representative than presentation by type of sales, this information being specified in the notes to the financial statements. The chosen form, in fact, complies with the

internal reporting and business management methods. For a comprehensive analysis of the Group's economic results, see the “Board of Director's Report” attached to the Consolidated Annual Financial Report.

The reporting formats and related classification criteria adopted by the Company are indicated below.

In the context of the options envisaged in IAS 1 - Presentation of financial statements, the consolidated statement of financial position classifies assets and liabilities in accordance with the “current/non-current” criterion.

The consolidated income statement classifies operating costs by the purpose for which they were incurred; in compliance with IFRS requirements, the consolidated statement of comprehensive income includes, in addition to the results for the year, income and costs not recognized in the income statement for the year.

The cash flow statement presents the cash flows from operating activities using the “indirect method”.

2.1.1 Accounting standards, amendments and interpretations in force from 1 January 2023 and adopted by the Company

As from 2023 the Company has applied the following new accounting standards, amendments and interpretations, reviewed by IASB:

- *Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Disclosure of Accounting policies.* The IASB published an amendment to this standard on 12 February 2021 in order to help companies to decide which accounting policies to disclose in their financial statements. The amendment took effect on 1 January 2023.
- *Amendments to IAS 8 - Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates.* The IASB published an amendment to this standard on 12 February 2021 in order to introduce a new definition of accounting estimate and clarify the distinction between changes in accounting estimates, changes in accounting policies and corrections of errors. The amendment took effect on 1 January 2023.
- *Amendments to IAS 12 - Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.* On 7 May 2021 IASB published an amendment to this standard, which requires companies to recognize deferred tax assets and liabilities on specific transactions that, at the time of initial booking, give rise to equivalent timing differences (taxable and deductible) – for example, see transactions related to leasing contracts. The amendment took effect on 1 January 2023.
- *Amendments to IAS 12 - Income Taxes: International Tax Reform – Pillar Two Model Rules.* On 24 April 2023, the IASB published a document that introduces a temporary exception to the recognition of deferred taxes linked to application of the Pillar Two rules published by the OECD. This amendment is effective for annual periods beginning on or after 1 January 2023.

2.1.2 Accounting standards, amendments and interpretations in force from 1 January 2023 but not relevant for the Company

- *IFRS 17 - Insurance Contracts*. The IASB published an amendment to the applicability of this standard on 19 November 2021, in order to establish principles for the recognition, measurement, presentation and reporting on insurance contracts falling within the scope of application of this standard. The amendment took effect on 1 January 2023.
- *Amendments to IFRS 17 - Insurance contracts: Initial application of IFRS 17 and IFRS 9 - Comparative information*. The IASB published this amendment to the transitional instructions for IFRS 17 on 9 December 2021. The amendment gives insurers an option for the purpose of improving the meaningfulness of the information to be provided to investors on initial application of the new standard. The amendment took effect on 1 January 2023.

2.1.3 Accounting standards and amendments not yet applicable and not adopted early by the Company

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

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

- *Amendments to IFRS 16 - Leases: Lease Liability in a Sale and Leaseback*. On 22 September 2022 the IASB published the document that amends IFRS 16, clarifying how to account for a sale and leaseback after the date of the transaction. This amendment is effective for annual periods beginning on or after 1 January 2024. Early adoption is allowed.
- *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. This amendment is effective for annual periods beginning on or after 1 January 2024.
- *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 will apply to reporting periods beginning on or after 1 January 2025. Early adoption is allowed.

- *IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information.* In June 2023 the ISSB published a standard that establishes general requirements for the disclosure of sustainability-related financial information. This amendment is effective for annual periods beginning on or after 1 January 2024. Early adoption is allowed.
- *IFRS S2 - Climate-related Disclosures.* In June 2023 the ISSB published a standard that requires the disclosure of supplementary information about climate-related risks and opportunities. This amendment is effective for annual periods beginning on or after 1 January 2024. Early adoption is allowed.

2.2 Segment information

Based on the definition provided in IFRS 8, an operating segment is a component of an entity:

- that undertakes a business activity that generates costs and revenues;
- the operating results of which are periodically reviewed at the highest decisional/operating level of the entity in order to make decisions concerning the resources to allocate to the segment and the measurement of the results;
- for which separate accounting information is available.

The business sectors in which the Group operates are determined on the basis of the reporting utilized by top management to make decisions, and they have been identified as the Water-Jetting Sector, which basically includes high and very-high pressure pumps, very high pressure systems, high pressure homogenizers, separators, mixers, agitators, piston pumps, valves, mechanical sifters, automated milking systems and other machinery, primarily for the food industry, but also for the chemicals and cosmetics sectors, as well as the Hydraulic Sector, which includes power take-offs, gear pumps, hydraulic cylinders, directional controls, valves, gears and dispersion devices used to spread solid biological fertilizers, hoses and fittings, right-angle drives, orbital motors, steering systems (hydroguides) and other hydraulic components. Interpump Group S.p.A. operates entirely in the Water-Jetting sector, so it was not considered necessary to present the associated sector information.

With the aim of providing more comprehensive disclosure, information is provided for the geographical areas in which the Company operates, namely Italy, Europe (including non-EU European countries and excluding Italy) and the Rest of the World.

2.3 Treatment of foreign currency transactions

The functional and presentation currency adopted by Interpump Group S.p.A. is the euro. Foreign currency transactions are translated to euro using the exchange rates in force on the date of the transaction. Monetary assets and liabilities are translated at the exchange rate in force on the reporting date. Foreign exchange differences arising from the translation are recognized in the income statement. Non-monetary assets and liabilities measured at historical cost are translated at the exchange rates in force on the date of the related transactions. Monetary assets and liabilities stated at fair value are translated to euro at the exchange rate in force on the date in respect of which the relative fair value was determined.

2.4 Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at the historical cost and stated net of accumulated depreciation (see next point *iii*) and impairment losses (see section 2.8). The cost of goods produced internally includes the cost of raw materials, directly related labor costs, and a portion of indirect production costs. The cost of assets, whether purchased externally or produced internally, includes the ancillary costs that are directly attributable and necessary for use of the asset and, when they are significant and in the presence of contractual obligations, the current value of the cost estimated for the dismantling and removal of the related assets.

Financial charges relating to loans utilized for the purchase of tangible fixed assets are recorded in the income statement on an accruals basis if they are not specifically allocated to the purchase or construction of the asset, otherwise they are capitalized.

Assets held for sale are measured at the lower of the fair value net of ancillary charges to the sale and their book value at the time of classification of said captions as held for sale.

(ii) Subsequent costs

The replacement costs of certain parts of assets are capitalized when it is expected that said costs will result in future economic benefits and they can be measured in a reliable manner. All other costs, including maintenance and repair costs, are ascribed to the income statement when they arise.

(iii) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated residual useful lives of the related capitalized assets. Land is not depreciated. The estimated useful lives of assets are as follows:

- Buildings	25 years
- Plant and equipment	12.5 years
- Industrial and commercial equipment	4 years
- Other assets	4-8 years

The estimated useful lives of assets are reviewed on an annual basis, and any changes in the rates of depreciation are applied, where necessary, on a prospective basis.

For assets purchased and/or that became operational in the year, depreciation is calculated utilizing annual rates reduced by 50%. Historically, this method of calculation has been representative of the effective use of the assets in question.

Any profits/losses emerging on the derecognition of assets, on disposal (from the date on which the purchaser obtains control over them) or when no further economic benefits are expected from their use or disposal (being the difference between their carrying amount and the net consideration obtained), are recognized in the income statement at that time.

(iv) Leases

Right-of-use assets are measured at cost and stated net of accumulated depreciation and impairment. They are also adjusted following remeasurement of the related lease liabilities. The cost of right-of-use assets comprises the amount of the lease liabilities recognized, the initial direct costs incurred and the lease payments made at or before the start date, net of any and all incentives received. Right-of-use assets are depreciated on a straight-line basis from the start date until the

end of the useful life of the asset, being the end of the usage right (duration of the lease contract). The corresponding liability to the lessor is classified among the financial payables.

(v) *Leasehold improvements*

Any leasehold improvements with the same characteristics as fixed assets are capitalized in the asset category to which they relate and depreciated over their useful lives or, if shorter, over the residual life of the lease.

2.5 Goodwill

Goodwill is represented by the merger deficit portions paid for this reason and arising from the merger operations.

Goodwill is recorded at cost, net of impairment losses. Goodwill is allocated to a single cash generating unit and is no longer amortized as from 1 January 2004. The book value is measured in order to assess the absence of impairment (see section 2.8).

2.6 Other intangible assets

(i) *Research and development costs*

Research costs for the acquisition of new technical know-how are charged to the income statement as incurred.

Development costs relating to the creation of new products/accessories or new production processes are capitalized if the Company can prove:

- the technical feasibility and intention of completing the intangible asset in such a way that it is available for use or for sale;
- its ability to use or sell the asset;
- the forecast volumes and realization values indicate that the costs incurred for development activities will generate future economic benefits;
- those costs are measurable in a reliable manner;
- the resources exist to complete the development project.

The capitalized costs relate to development projects that meet the requirements for deferral. Capitalized development costs are valued at cost, net of accumulated amortization, (see next point v) and impairment (see section 2.8).

(ii) *Loan ancillary costs*

Loan ancillary costs are deducted from the nominal amount of the loan and treated as outlined in section 2.15.

(iii) *Other intangible assets*

Other intangible assets, all having a defined useful life, are measured at cost and recorded net of accumulated amortization (see next point v) and impairment (see section 2.8).

Software licenses are amortized over their period of utilization (5 years).

The costs incurred internally for the creation of trademarks or goodwill are recognized in the income statement when they are incurred.

(iv) Subsequent costs

Costs incurred subsequently relative to intangible fixed assets are capitalized only if they increase the future economic benefits of the specific capitalized asset, otherwise they are entered in the income statement when they are sustained.

(v) Amortization

Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of the related capitalized assets. The estimated useful lives of assets are as follows:

- Patents and trademarks	5-18 years
- Development costs	5 years
- Software licenses	5 years

The estimated useful life is reviewed on an annual basis and any changes in the rates are made, where necessary, for future amounts.

2.7 Impairment of assets

The book values of assets, with the exception of inventories (see section 2.13), financial assets regulated by IFRS 9, deferred tax assets (see section 2.17), and non-current assets held for sale regulated by IFRS 5, are subject to measurement at the reporting date in order to identify the existence of possible indicators of impairment. If the valuation process identifies the presence of such indicators, the presumed recoverable value of the asset is calculated using the methods indicated in the following point *(i)*.

The presumed recovery value of goodwill and intangible assets that have not yet been used is estimated at intervals of no longer than once a year or more frequently if specific events occur that point to the possible existence of impairment. If the estimated recoverable value of the asset or its cash generating unit is lower than its net book value, the asset to which it refers is consequently adjusted for impairment loss with entry into the income statement.

Goodwill is systematically measured (impairment test) at least once a year or more as prescribed by IAS 36.

(i) Calculation of estimated recoverable value

The estimated recoverable value of other assets is equal to their fair value less selling costs or, if greater, their value in use. The value in use is equivalent to the projected future cash flows, discounted to present value at a rate, including tax, that takes account of the market value, of interest rates and specific risks of the asset to which the presumed realization value refers. For assets that do not give rise to independent cash flows the presumed realization value is determined with reference to the cash generating unit to which the asset belongs.

(ii) Reinstatement of impairment losses

An impairment relative to other assets is reinstated if a change has occurred in the estimate used to determine the presumed recovery value.

Impairment is reinstated to the extent of the corresponding book value that would have been determined, net of depreciation/amortization, had no impairment loss ever been recognized. Impairment related to goodwill can never be reinstated.

2.8 Equity investments

Investments in subsidiaries and associates are measured at cost. Should any impairment of value arise at the reporting date in comparison to the value determined according to the above method, the investment in question will be written down.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank and post office deposits, and securities having original maturity date of less than three months. Current account overdrafts and advances with recourse are deducted from cash only for the purposes of the cash-flow statement.

2.10 Financial assets (Trade receivables, Other financial assets and Other assets)

On initial recognition, the classification of financial assets depends on how they will be measured subsequently: at amortized cost, at fair value through other components of comprehensive income or at fair value through profit or loss. Again at the time of initial recognition, financial assets are classified with reference to the characteristics of the related contractual cash flows and the business model used by the Company for their management. With the exclusion of trade receivables that do not contain a significant financing component, the Company initially measures financial assets at their fair value, including transaction costs in the case of those not measured at fair value through profit and loss. Trade receivables that do not have a significant financial component are measured at their transaction price, as defined in accordance with IFRS 15.

Financial assets are measured at amortized cost if they are held in order to collect contractual cash flows (*Held to Collect*), represented solely by the payment of principal and interest on the amount of principal still to be repaid. All receivables are included in this category. These assets are measured at amortized cost, in accordance with the effective interest criterion, and stated net of impairment losses. Interest income, exchange gains and losses, and impairment losses are recognized in the profit (loss) for the year, as are derecognition gains and losses.

Financial assets are measured at fair value through other comprehensive income if they are held by the Company both to collect contractual cash flows, represented solely by the payment of principal and interest on the amount of principal to be repaid, and to sell them (*Held to Collect and Sell*).

If a financial asset is not measured in one of the two ways described above, it must be measured at fair value through profit or loss. Accordingly, this category includes the assets held for trading and the assets designated on initial recognition as financial assets at fair value through profit or loss, as well as the financial assets whose measurement at fair value is mandatory. The fair value of the financial assets held for trading is determined with reference to market prices on the relevant annual or interim reporting date, or using financial valuation techniques and models.

In accordance with IFRS 9, commencing on 1 January 2018 the Company adopted a new impairment model for financial assets measured at amortized cost or at fair value through other components of comprehensive income, with the exception of equity securities and assets deriving from customer contracts. This new model is based on determining the expected credit loss (ECL), which replaced the incurred loss model previously envisaged in IAS 39.

The new standard envisages adoption of the following methodologies: the General deterioration method and the Simplified approach. The standard does not define specific criteria for the segmentation of customers, leaving entities free to select the sampling subsets in a manner that ensures consistency with historical experience.

Within the simplified model, an analytical approach has been applied in relation to trade receivables deemed by management to be individually significant, and for which more detailed information is available about the significant increase in credit risk.

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized (i.e. removed from the statement of financial position) when:

- the right to receive cash flows deriving from the asset has expired, or
- the Company has transferred the right to receive cash flows deriving from the asset to a third party, or has accepted a contractual obligation to pay them over in full and without delay and (a) has transferred substantially all the risks and benefits of ownership of the financial asset, or (b) has not transferred or retained substantially all the risks and benefits of ownership of the financial asset, but has transferred control over it.

The profit (loss) on a financial asset that is measured at amortized cost and is not included in a hedging relationship must be recognized in profit (loss) in the year in which it is derecognized or reclassified, or via the amortization process or to recognize the gains or loss on impairment adjustments.

2.11 Inventories

Inventories are measured at the lower of purchase cost or their estimated realizable value. The cost is determined with the criterion of the average weighted cost and it includes all the costs incurred to purchase the materials and transform them at the conditions in force on the reporting date. The cost of semi-finished goods and finished products includes a portion of indirect costs determined on the basis of normal production capacity. Write down provisions are calculated for materials, semi-finished goods and finished products considered to be obsolete or slow moving, taking account of their expected future usefulness and their realization value. The net realization value is estimated taking account of the market price during the course of normal business activities, from which the costs of completion and costs of sale are subsequently deducted.

2.12 Share capital and Treasury shares

In the case of purchase of treasury shares, the price paid, inclusive of any directly attributable ancillary costs, is deducted from share capital for the portion concerning the nominal value of shares and from shareholders' equity for the surplus portion. When treasury shares are sold or reissued, the price collected, net of any directly attributable ancillary charges and the associated tax effect, is recorded as share capital for the portion concerning the nominal value of shares and as shareholders' equity for the surplus.

2.13 Financial liabilities (Trade payables, Bank payables, Interest-bearing financial payables and Other liabilities)

On initial recognition, financial liabilities are measured at fair value through profit and loss and classified either as loans or as derivatives designated as hedging instruments. All financial liabilities are initially recognized at fair value, including directly-attributable transaction costs in the case of loans and payables. Following initial recognition, loans are measured at amortized cost using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated collections over the expected life of the financial instrument or the future payments to the gross carrying amount of the financial asset or the amortized cost of the financial liability. Profits and losses are recognized in the income statement when liabilities are settled, as well as via the amortization process. Amortization using the effective interest rate is classified among the financial charges in the income statement.

A financial liability is derecognized when the underlying obligation expires or when the obligation specified in the contract is settled, canceled or expires.

Trade payables and other debts, the relative due date of which is within normal commercial terms, are not discounted to present value and are entered at the amortized cost representative of their discharge value.

Current financial liabilities include the short-term portions of the interest-bearing financial payables, bank and lease payables and other financial liabilities.

2.14 Liabilities for employee benefits

(i) Defined contribution plans

The Company participates in defined pension plans with public administration or private plans on a compulsory, contractual or voluntary basis. The payment of contributions fulfills the Company's obligations towards its employees. The contributions therefore constitute costs of the period in which they are due.

(ii) Defined benefit plans

Defined benefit plans for employees - disbursed at the time of termination of the period of employment with the Company or thereafter - that include severance indemnity, are calculated separately for each plan, estimating the amount of the future benefit that the employees have accrued during the year and in previous years by means of actuarial techniques. The resulting benefit is discounted to present value and recorded net of the fair value of any related assets. The discount rate at the reporting date is calculated as required by IAS 19 with reference to the market yields of high quality corporate bonds. Only the securities of corporate issuers with an "AA" rating are considered, on the assumption that this class identifies a high rating level in the context of "Investment Grade" securities, with the exclusion, therefore, of higher risk securities. Given that IAS 19 does not make explicit reference to a specific business category, the Group has opted for a "Composite" market yield curve that, accordingly, summarizes market conditions on the measurement date for the securities issued by companies active in various sectors, including utilities, telephony, finance, banking and industrials.

The defined benefit obligation is calculated on an annual basis by an independent actuary using the projected unit credit method. If the plan benefits increase, the prior-service portion of the increase is charged to the income statement on a straight-line basis over the period in which the related rights will be acquired. If the rights are acquired immediately, the increase is recognized immediately in the income statement.

Actuarial profits and losses are recognized in a specific equity reserve on an accrual basis.

Until 31 December 2006 the severance indemnity provision (TFR) of Italian companies was considered to be a defined benefits plan. The rules governing the provision were amended by Law no. 296 of 27 December 2006 ("2007 Finance Act") and by subsequent Decrees and Regulations enacted in the initial months of 2007. In the light of these changes, and in particular with reference to companies with at least 50 employees, as is the case of Interpump Group S.p.A., the TFR severance indemnity provision should now be classified as a defined benefits plan exclusively for the portions accrued prior to 1 January 2007 (and not yet paid out at the date of the financial statements), while after that date TFR should be considered as a defined contributions plan.

(iii) *Stock options*

On the basis of the stock option plans currently in existence, certain employees and directors are entitled to purchase treasury shares from Interpump Group S.p.A. The options are measured at fair value, this being booked to the income statement as an addition to the cost of personnel and directors, with a matching entry in the share premium reserve. The fair value is measured at the grant date of the option and recorded in the income statement in the period that runs between said date and the date on which the options become exercisable (vesting period). The fair value of the option is determined using the applicable options measurement method (specifically, the binomial lattice model), taking account the terms and conditions at which the options were granted.

The remuneration component deriving from stock option plans with Interpump Group S.p.A. shares as the underlying, in accordance with the matters envisaged by interpretation IFRIC 11, is recognized as a capital grant disbursed to subsidiaries wherein the beneficiaries of the stock option plans are employees and consequently recorded as an increase of the relative value of the shareholdings, with a matching entry recorded directly in equity.

2.15 Income taxes

Income taxes disclosed in the income statement include current and deferred taxes. Income taxes are generally disclosed in the income statement, except when they refer to types of items that are recorded directly under shareholders' equity. In this case, the income taxes are also recognized directly in equity.

Current taxes are taxes that are expected to be due, calculated by applying to the taxable income the tax rate in force at the reporting date and the adjustments to taxes of prior years.

Deferred taxes are calculated using the liability method on the temporary differences between the amount of assets and liabilities in the financial statements and the corresponding values recognized for tax purposes. Deferred tax liabilities are recognized in relation to all taxable temporary differences, except for:

- the deferred tax liabilities deriving from the initial recognition of goodwill or an asset or liability in a transaction that does not represent a business combination and, at the time of the transaction, does not affect the reported results or taxable income;
- reversals of taxable temporary differences, associated with investments in subsidiaries, associates and joint ventures, that can be controlled and that are unlikely to occur in the foreseeable future.

Deferred tax assets are recognized in relation to all deductible temporary differences, tax credits and unused tax losses carried forward, to the extent that future taxable income is likely to be sufficient to allow the recovery of the deductible temporary differences, tax credits and tax losses carried forward, except for:

- the deferred tax assets linked to deductible temporary differences that derive from the initial recognition of an asset or liability in a transaction that does not represent a business combination and, at the time of the transaction, does not affect the reported results or taxable income;
- the deferred tax assets linked to deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, which are only recognized if they are likely to reverse in the foreseeable future and there will be sufficient taxable income for the recovery of such temporary differences. Deferred taxes are calculated in accordance with the envisaged method of transfer of timing differences, using the tax rate in force at the reference date of years in which the timing differences arose.

Deferred taxes are calculated in accordance with the envisaged method of transfer of timing differences, using the tax rate in force at the reference date of years in which the timing differences arose.

Deferred tax assets are recognized exclusively in the event that it is probable that in future years sufficient taxable incomes will be generated for the realization of said deferred taxes. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that future taxable income is no longer likely to be sufficient to allow the recovery of such assets, in whole or in part. Any unrecognized deferred tax assets are reviewed at each reporting date and recognized to the extent that it has become is probable that future taxable income will be sufficient to allow their recovery.

2.16 Provisions for risks and charges

In cases wherein the Company has a legal or substantial obligation resulting from a past event, and when it is probable that the loss of economic benefits must be sustained in order to fulfill such an obligation, a specific provision for risks and charges is created. If the temporal factor of the envisaged loss of benefits is significant, the amount of the future cash outflows is discounted to present values at a rate, gross of taxes, that takes account of the market interest rates and the specific risk of the liability referred to.

2.17 Revenues

(i) Revenues from the sale of goods and services

Revenues deriving from contracts with customers are recognized on the basis of the following 5 steps: (i) identification of the contract with the customer; (ii) identification of the contractual performance obligations to be transferred to the customer in exchange for the transaction price; (iii) determination of the transaction price; (iv) allocation of the transaction price to the individual performance obligations; (v) recognition of the revenue when the associated performance obligation is fulfilled. Revenues are recognized at the amount of the consideration to which the Company considers it is entitled on satisfaction of the obligation, when the customer acquires control over the goods or services transferred. The Company has identified a single revenue stream from the sale of products and spare parts representing the obligations satisfied at a given point in time. Revenues from the sale of products are recognized when the significant risks and benefits associated with control over the goods are transferred to the purchaser. The change of control coincides with the transfer of ownership or possession of the goods to the purchaser and, therefore, generally occurs on shipment or on completion of the service.

(ii) Dividends

Dividends are recognized in the income statement on the date they became payable, and are classified under ordinary earnings before interest and tax because they are considered to represent the ordinary holding activities performed by the Company.

2.18 Costs

(i) Lease installments

The principal portion of lease installments is deducted from the financial payable, while the interest portion is charged to the income statement.

(ii) Financial income and expenses

Financial income and charges are recorded on an accrual basis in accordance with the interest matured on the net value of the relative financial assets and liabilities, using the effective interest rate. Financial income and charges include foreign exchange gains and losses and the gains and losses on derivative instruments booked to the income statement.

3. Cash and cash equivalents

	31/12/2023 <u>(€/000)</u>	31/12/2022 <u>(€/000)</u>
Cash	13	11
Bank deposits	<u>88,267</u>	<u>188,767</u>
Total	<u>88,280</u>	<u>188,778</u>

Bank deposits include € 200 thousand held in US dollars (\$ 221 thousand).

The Company continued its strategy of maintaining immediately available liquidity throughout 2023.

4. Trade receivables

	31/12/2023 <u>(€/000)</u>	31/12/2022 <u>(€/000)</u>
Trade receivables, gross	17,724	19,931
Bad debt provision	<u>(797)</u>	<u>(720)</u>
Trade receivables, net	<u>16,927</u>	<u>19,211</u>

Changes in the bad debt provision were as follows:

	2023 <u>(€/000)</u>	2022 <u>(€/000)</u>
Opening balance	720	628
Provisions in the year	82	94
Releases in the year to cover losses	<u>(5)</u>	<u>(2)</u>
Closing balance	<u>797</u>	<u>720</u>

Provisions in the year are booked under other operating costs.

Receivables denominated in US dollars total € 4,358 thousand (\$ 4,815 thousand). At 31 December 2023 no receivables were hedged against the risk of exchange rate fluctuations.

No trade receivables or payables are due beyond twelve months.

Further information is provided in Note 21 “Information on financial risks”.

5. Inventories

	31/12/2023	31/12/2022
	<u>(€/000)</u>	<u>(€/000)</u>
Raw materials and components	16,715	17,625
Semi-finished products	11,721	11,326
Finished products	<u>3,407</u>	<u>4,180</u>
Total inventories	<u>31,843</u>	<u>33,131</u>

Inventories are stated net of an allowance that has changed as indicated below:

	2023	2022
	<u>(€/000)</u>	<u>(€/000)</u>
Opening balance	2,748	2,247
Provisions in the year	234	750
Releases in the year to cover losses	<u>(62)</u>	<u>(249)</u>
Closing balance	<u>2,920</u>	<u>2,748</u>

6. Other current assets

This item comprises:

	31/12/2023	31/12/2022
	<u>(€/000)</u>	<u>(€/000)</u>
Price adjustments receivable	3,335	6,898
Other current assets	2,137	5,331
Other receivables	175	909
Accrued income and prepaid expenses	<u>424</u>	<u>358</u>
Total	<u>6,071</u>	<u>13,496</u>

7. Property, plant and equipment

	<i>Land and buildings</i> <u>(€/000)</u>	<i>Plant and machinery</i> <u>(€/000)</u>	<i>Equipment</i> <u>(€/000)</u>	<i>Other assets</i> <u>(€/000)</u>	<i>Total</i> <u>(€/000)</u>
At 1 January 2022					
Cost	17,192	57,209	21,647	4,880	100,928
Accumulated depreciation	(6,492)	(33,838)	(18,980)	(3,827)	(63,137)
Allowance for impairment	—	(4)	(146)	—	(150)
Net carrying amount	<u>10,700</u>	<u>23,367</u>	<u>2,521</u>	<u>1,053</u>	<u>37,641</u>
Changes in 2022					
Opening net carrying amount	10,700	23,367	2,521	1,053	37,641
Additions	208	5,399	884	367	6,858
Recognition of right-to-use assets (IFRS 16)	-	-	-	163	163
Disposals	-	(82)	-	(1)	(83)
Early close-out (IFRS 16)	-	-	-	(14)	(14)
Remeasurement (IFRS 16)	162	-	-	-	162
Capitalized depreciation	(90)	(11)	(7)	(2)	(110)
Depreciation	<u>(819)</u>	<u>(2,971)</u>	<u>(993)</u>	<u>(444)</u>	<u>(5,227)</u>
Closing net carrying amount	<u>10,161</u>	<u>25,702</u>	<u>2,405</u>	<u>1,122</u>	<u>39,390</u>
At 31 December 2022					
Cost	16,436	61,549	22,456	5,120	105,561
Accumulated depreciation	(6,275)	(35,843)	(19,905)	(3,998)	(66,021)
Allowance for impairment	—	(4)	(146)	—	(150)
Net carrying amount	<u>10,161</u>	<u>25,702</u>	<u>2,405</u>	<u>1,122</u>	<u>39,390</u>

	<i>Land and buildings</i> (€/000)	<i>Plant and machinery</i> (€/000)	<i>Equipment</i> (€/000)	<i>Other assets</i> (€/000)	<i>Total</i> (€/000)
Changes in 2023					
Opening net carrying amount	10,161	25,702	2,405	1,122	39,390
Additions	137	2,475	712	193	3,517
Recognition of right-to-use assets (IFRS 16)	-	-	-	127	127
Disposals	-	(53)	-	(7)	(60)
Early close-out (IFRS 16)	(49)	-	-	-	(49)
Remeasurement (IFRS 16)	15	-	-	-	15
Reclassifications	17	-	-	(17)	-
Write-downs	-	-	(25)	-	(25)
Capitalized depreciation	(68)	(8)	(6)	(1)	(83)
Depreciation	<u>(844)</u>	<u>(3,258)</u>	<u>(1,054)</u>	<u>(432)</u>	<u>(5,588)</u>
Closing net carrying amount	<u>9,369</u>	<u>24,858</u>	<u>2,032</u>	<u>985</u>	<u>37,244</u>
At 31 December 2023					
Cost	15,827	63,913	22,605	5,003	107,348
Accumulated depreciation	(6,458)	(39,051)	(20,402)	(4,018)	(69,929)
Allowance for impairment	-	(4)	(171)	-	(175)
Net carrying amount	<u>9,369</u>	<u>24,858</u>	<u>2,032</u>	<u>985</u>	<u>37,244</u>

The cost of assets under construction, included in the net carrying amounts disclosed in the previous table, is as follows:

	<i>Land and buildings</i> (€/000)	<i>Plant and machinery</i> (€/000)	<i>Equipment</i> (€/000)	<i>Other assets</i> (€/000)	<i>Total</i> (€/000)
At 1 January 2022	-	4,015	419	5	4,439
At 31 December 2022	-	1,460	138	-	1,598
At 31 December 2023	-	970	168	6	1,144

The net carrying amount of leased assets is analyzed below:

	<i>Land and buildings</i> (€/000)	<i>Plant and machinery</i> (€/000)	<i>Equipment</i> (€/000)	<i>Other assets</i> (€/000)	<i>Total</i> (€/000)
At 31 December 2022	2,765	-	-	335	3,100
At 31 December 2023	2,037	-	-	307	2,344

Depreciation of € 4,985 thousand was charged to the cost of sales (€ 4,628 thousand in 2022), € 36 thousand to distribution costs (€ 40 thousand in 2022) and € 567 thousand for general and administrative costs (€ 559 thousand in 2022).

At 31 December 2023 the Company has contractual commitments for the purchase of property, plant of equipment totaling € 1,083 thousand (€ 1,989 thousand at 31 December 2022).

At 31 December 2023 property, plant and equipment are not burdened by mortgages and/or specific guarantees.

Further information is provided in Notes 28 “Notes to the cash flow statement” and 29 “Commitments”.

8. Goodwill

Goodwill is represented by the merger deficit portions paid for this reason and arising from the merger operations. Goodwill at 31 December 2023 amounts to € 44,537 thousand (€ 44,537 thousand at 31 December 2022 as well). The value of goodwill is allocated to the sole CGU in which the Company is active.

The Company carried out an impairment test on 31 December 2023. When reviewing its impairment indicators, the Company considered inter alia its stock market capitalization. In fact, the stock market capitalization of Interpump Group S.p.A. was far higher than the net assets of the Company and the Group, inclusive of goodwill, throughout 2023. The recoverable value identified from the impairment test was determined from the value-in-use calculation carried out using the Discounted Cash Flow (DCF) method, net of taxation. The projected cash flows used in the DCF calculation is determined on the basis of a 5-year business plan that takes account of the various reference scenarios and on the basis of growth forecasts in the various markets. A perpetual growth rate of 1.5% was used for periods after 2028. The projected cash flows determined in this manner were reduced by a discount factor in order to take account of the risk that future plans could become impracticable. The after tax weighted average cost of capital (WACC) was measured at 9.13%. The WACC was 9.04% at 31 December 2022. The sensitivity analysis required in the joint Bank of Italy, Consob, ISVAP document dated 3 March 2010 was also carried out. Even reducing the projected cash flows of the CGU by 10% would not have led to any impairment, and nor would an 0.5% increase in the cost of capital used to actualize the projected cash flows.

9. Other intangible assets

	<i>Product development expenses (€/000)</i>	<i>Patents trademarks and industrial rights (€/000)</i>	<i>Other intangible assets (€/000)</i>	<i>Total (€/000)</i>
At 1 January 2022				
Cost	23,097	149	3,052	26,298
Accumulated amortization	(18,910)	(145)	(2,756)	(21,811)
Allowance for impairment	<u>(1,369)</u>	-	-	<u>(1,369)</u>
Net carrying amount	<u>2,818</u>	<u>4</u>	<u>296</u>	<u>3,118</u>
Changes in 2022				
Opening net carrying amount	2,818	4	296	3,118
Increases	756	-	117	873
Write-downs	(307)	-	-	(307)
Amortization	<u>(333)</u>	-	<u>(125)</u>	<u>(458)</u>
Closing net carrying amount	<u>2,934</u>	<u>4</u>	<u>288</u>	<u>3,226</u>
At 31 December 2022				
Cost	23,546	149	3,169	26,864
Accumulated amortization	(19,243)	(145)	(2,881)	(22,269)
Allowance for impairment	<u>(1,369)</u>	-	-	<u>(1,369)</u>
Net carrying amount	<u>2,934</u>	<u>4</u>	<u>288</u>	<u>3,226</u>

	<i>Product development expenses (€/000)</i>	<i>Patents trademarks and industrial rights (€/000)</i>	<i>Other intangible assets (€/000)</i>	<i>Total (€/000)</i>
Changes in 2023				
Opening net carrying amount	2,934	4	288	3,226
Increases	501	-	66	567
Write-downs	(87)	-	-	(87)
Amortization	<u>(335)</u>	<u>(1)</u>	<u>(105)</u>	<u>(441)</u>
Closing net carrying amount	<u>3,013</u>	<u>3</u>	<u>249</u>	<u>3,265</u>
At 31 December 2023				
Cost	23,960	149	3,235	27,344
Accumulated amortization	(19,578)	(146)	(2,986)	(22,710)
Allowance for impairment	<u>(1,369)</u>	-	-	<u>(1,369)</u>
Net carrying amount	<u>3,013</u>	<u>3</u>	<u>249</u>	<u>3,265</u>

Product development costs refer to the cost of developing new products, which is capitalized when the criteria set down in IAS 38 are satisfied. The Company writes down any capitalized project costs that are no longer deemed to be recoverable.

The other intangible assets mainly relate to the cost of purchasing licenses.

The cost of assets in progress, included in the net carrying amounts reported above, is as follows:

	<i>Product development expenses (€/000)</i>	<i>Other intangible assets (€/000)</i>	<i>Total (€/000)</i>
At 1 January 2022	2,144	78	2,222
At 31 December 2022	2,556	92	2,648
At 31 December 2023	2,133	116	2,249

Amortization of € 441 thousand (€ 458 thousand in 2022) was booked entirely to general and administrative expenses.

10. Investments in subsidiaries

(€/000)	Balance at 31 December <u>2022</u>	Increases due to assignment of stock options	<u>Increases / (Decreases)</u>	<u>Impairment</u>	Balance at 31 December <u>2023</u>
<i>Subsidiaries:</i>					
Walvoil S.p.A.	118,172	-	-	-	118,172
Walvoil Fluid Power India Pvt. Ltd.	14	-	-	-	14
NLB Corporation Inc.	62,048	-	-	-	62,048
GP Companies Inc.	8,903	-	-	-	8,903
Interpump Hydraulics S.p.A.	104,258	-	-	-	104,258
Hammelmann GmbH	26,032	-	-	-	26,032
Inoxpa S.A.	93,127	-	-	-	93,127
Reggiana Riduttori S.r.l.	165,226	-	-	-	165,226
Transtecno S.r.l.	57,765	-	-	-	57,765
Inoxihp S.r.l.	8,704	-	-	-	8,704
(€/000)	Balance at 31 December <u>2022</u>	Increases due to assignment of stock options	<u>Increases / (Decreases)</u>	<u>Impairment</u>	Balance at 31 December <u>2023</u>
Interpump Piping GS S.r.l.	310	-	-	-	310
Teknova S.r.l. (liquidated)	1	-	11	(12)	-
SIT S.p.A.	891	-	-	-	891
Tubiflex S.p.A.	34,485	-	-	-	34,485
Pioli S.r.l.	3,008	-	-	-	3,008
Servizi Industriali S.r.l.	4,059	-	-	-	4,059
White Drive Motors and Steering Sp. z.o.o.	184,698	-	-	-	184,698
White Drive Motors and Steering GmbH	35,379	-	-	(4,933)	30,446
White Drive Motors and Steering LLC	33,882	-	22,000	-	55,882
IPG Mouldtech India Pvt Ltd.	-	-	7,861	-	7,861
Waikato Holding Limited	-	-	33,130	-	33,130
Hydra Dyne Technology Inc	-	-	4,507	-	4,507
I.mec S.r.l.	-	-	14,062	-	14,062
Fair value of the stock options of the employees of subsidiaries	<u>3,060</u>	<u>311</u>	<u>-</u>	<u>-</u>	<u>3,371</u>
<i>Total subsidiaries</i>	<u>944,022</u>	<u>311</u>	<u>81,571</u>	<u>(4,945)</u>	<u>1,020,959</u>

An 85% interest in the capital of Indoshell Automotive System India P.L. (now IPG Mouldtech Invia Pvt Ltd.) was acquired on 20 February 2023. This company was previously owned by Indoshell Mould Limited, an Indian Group specialized in the smelting of ferrous and non-ferrous metals (cast iron and aluminum). The value of this operation was fixed at € 7.9 million and “put and call” mechanisms were defined, through which Interpump Group can acquire the remaining 15% interest from Indoshell Mould Limited.

A 70% interest in the capital of I.mec S.r.l. was acquired on 20 April 2023. This company specializes in the production of mechanical sifters and vibrating devices for the granulometric selection of materials, mainly for industries active in the ceramics, recycling, filtration, food processing and cosmetics sectors. The value of this operation has been fixed at € 14.0 million and “put and call” mechanisms have defined, through which the counterparties can purchase and sell the remaining 30%.

The entire equity interest in the Waikato group was acquired on 18 May 2023. This group, established over 50 years ago, is leader in the New Zealand and Australian markets for mechanized milking. The total value of the transaction was set at about € 33 million.

The increase in the investment in Hydra Dyne Technology Inc reflects the partial early exercise of “put and call” options that raised the Group interest to 89.99%; the change, 14.99%, was subscribed for in full by the Company.

The increase in the investment in White Drive Motors and Steering LLC reflects the capital increase authorized during the year in order to capitalize the company, which is investing heavily in production line improvements.

The reduction in the value of White Drive Motors and Steering GmbH reflects alignment of the investment with the book value of shareholders’ equity, following the completion of a special transaction involving the contribution of a line of business to White Drive Motors and Steering Sp. z.o.o.

The liquidation of Teknova S.r.l. was completed on 28 December 2023.

Share-based payment agreements (stock option plans) that make equity instruments of the Parent company available to employees of its subsidiaries are recognized in accordance with IFRIC 11. The fair value of the stock options granted to and exercisable by employees of subsidiaries, € 311 thousand, has been added to the value of the investments, with an increase in the share premium reserve as the matching entry.

All the equity investments held by Interpump Group S.p.A., with the exception of the investment in Sit S.p.A., are considered financial fixed assets from the date of acquisition and, therefore, not held-for-sale instruments (as defined in IFRS 9).

The dividends credited to the income statement during the year totaled € 77,532 thousand (€ 85,586 thousand in 2022), as analyzed below (amounts shown in €/000):

<i>Subsidiaries:</i>	<u>2023</u>	<u>2022</u>
GP Companies Inc.	4,169	2,426
Hammelmann GmbH	22,500	30,000
Inoxpa S.A.	10,000	10,000
NLB Corporation Inc.	3,653	-
Reggiana Riduttori S.r.l.	20,000	15,000
Servizi Industriali S.r.l.	960	960
Transtecno S.r.l.	-	1,200
Walvoil S.p.A.	<u>16,250</u>	<u>26,000</u>
<i>Total</i>	<u>77,532</u>	<u>85,586</u>

The following breakdown shows the cost of investments in subsidiaries at 31 December 2023, compared with the related portion of the adjusted shareholders' equity (as described better below) pertaining to Interpump Group S.p.A.:

(€/000)	Share capital	Shareholders' equity	Profit (Loss)	% held	Carrying amount	Adj. Shareholders' equity	% Adj. Shareholders' equity	Difference Adj. Shareholders' equity
Walvoil S.p.A.	7,692	231,994	50,888	65%	118,172	286,177	186,015	67,843
Walvoil Fluid Power India Pvt. Ltd.	4,803	38,227	6,879	-	14	38,227	46	32
NLB Corporation Inc.	12	118,199	8,722	100%	62,048	153,205	153,205	91,157
GP Companies Inc.	1,854	25,548	6,483	100%	8,903	31,601	31,601	22,698
Interpump Hydraulics S.p.A.	2,632	344,976	27,308	100%	104,258	363,967	363,967	259,709
Hammelmann GmbH	25	146,963	31,743	100%	26,032	207,692	207,692	181,660
Inoxpa S.A.	23,000	65,734	11,451	100%	93,127	112,367	112,367	19,240
Reggiana Riduttori S.r.l.	6,000	105,731	24,747	100%	165,226	191,533	191,533	26,307
Transtecno S.r.l.	100	39,565	12,846	80%	57,765	96,641	77,313	19,548
Inoxihp S.r.l.	119	16,284	3,776	53%	8,704	38,974	20,547	11,843
Interpump Piping GS S.r.l.	10	6,761	1,721	100%	310	6,761	6,761	6,451
Teknova S.r.l. (liquidated)	-	-	(12)	100%	-	-	-	-
SIT S.p.A.	105	2,027	123	80%	891	2,027	1,622	731

(€/000)	Share capital	Shareholders' equity	Profit (Loss)	% held	Carrying amount	Adj. Shareholders' equity	% Adj. Shareholders' equity	Difference Adj. Shareholders' equity
Tubiflex S.p.A.	515	21,484	4,218	100%	34,485	41,575	41,575	7,090
Pioli S.r.l.	10	3,639	567	100%	3,008	5,375	5,375	2,367
Servizi Industriali S.r.l.	100	3,129	1,163	80%	4,059	6,397	5,118	1,059
White Drive Motors and Steering Sp. z.o.o.	33,254	102,624	20,702	100%	184,698	267,084	267,084	82,386
White Drive Motors and Steering GmbH	33,595	30,447	6,560	100%	30,446	30,447	30,447	1
White Drive Motors and Steering LLC	67,920	50,625	(1,926)	100%	55,882	55,268	55,268	(614)
IPG Mouldtech India Pvt Ltd.	298	4,322	495	85%	7,861	10,467	8,897	1,036
Waikato Holding Limited	32,210	32,831	261	100%	33,130	33,145	33,145	15
Hydra Dyne Technology Inc	80	18,401	2,315	15%	4,507	30,599	4,587	80
I.mec S.r.l.	100	10,022	2,088	70%	14,062	25,281	17,697	3,635

Para. 4 of IAS 36 establishes that financial assets classified as subsidiaries in accordance with IAS 27 must be stated at a value that does not exceed their recoverable amount. An asset is stated at more than its recoverable amount if its carrying amount exceeds the amount obtainable from its use or sale; in that case, IAS 36 requires recognition of the impairment identified.

In order to identify circumstances that might indicate the impairment of equity investments, management carries out the following procedures every year, or more frequently if necessary:

- comparison of the value of equity investments with the corresponding shareholders' equity, suitably adjusted at the reporting date by the additional value identified at the time of acquisition and included in the Purchase Price Allocation (PPA), as reported in the consolidated financial statements of the Interpump Group;
- in the case of negative differentials, analysis of expected future performance, as reflected in the budgets used for impairment testing purposes when preparing the consolidated financial statements;

- where potential impairment concerns remain, subjects each investment concerned to impairment testing via the Discounted Cash Flow (DCF) method applied net of taxation using the “equity-side” approach, in which its recoverable amount - equal to the Enterprise Value (as determined at a consolidated level via the DCF method using the “asset-side” approach) less the net financial position (usually referred to as the Equity Value) - must be compared with its carrying amount.

The above work did not identify any additional lasting impairment that would require the carrying amount of equity investments to be written down beyond that already described. The negative differentials solely relate to investments acquired in recent years, for which the capital gains that emerged and the related goodwill are recognized in the Group's consolidated financial statements.

11. Other financial assets

Other financial assets mostly comprise loans granted to subsidiaries.

The following table shows existing financial relations (amounts expressed in €/000):

	Loans granted		Interest income	
	<u>31/12/2023</u>	<u>31/12/2022</u>	<u>2023</u>	<u>2022</u>
<i>Subsidiaries:</i>				
IMM Hydraulics S.p.A.	22,000	29,000	1,136	384
Interpump Hydraulics S.p.A.	11,000	31,000	1,107	450
White Drive Motors and Steering LLC	-	17,000	621	116
Muncie Power Inc.	8,145	11,252	484	53
Waikato Holding Limited	-	-	333	-
Tubiflex S.p.A.	10,000	3,000	233	3
White Drive Motors and Steering GmbH	4,000	4,000	203	56
Hydra Dyne Technology Inc.	8,308	10,000	186	195
Interpump Piping GS S.r.l.	1,000	4,000	113	67
GS-Hydro Korea Ltd	2,100	2,100	63	63
Tekno Tubi S.r.l.	310	1,760	54	30
Transtecno S.r.l.	-	3,037	31	62
Inoxihp S.r.l.	633	1,687	19	30
GS-Hydro UK Ltd	390	490	18	6
Unidrò Contarini Sarl	-	100	1	2
Reggiana Riduttori S.r.l.	-	-	-	24
<i>Total</i>	<u>67,886</u>	<u>118,426</u>	<u>4,602</u>	<u>1,541</u>

The intercompany loans outstanding at 31 December 2023 earn interest at 3-month Euribor uplifted by a spread that fluctuated between 100 and 200 basis points, except for certain fixed-rate loans granted in a range between 1.50% and 4.50%.

In relation to the loans granted, € 29,101 thousand are current, while the remaining € 38,785 thousand are considered non-current.

12. Deferred tax assets and liabilities

The changes during the year in deferred tax assets and liabilities are analyzed below:

	<i>Deferred tax assets</i>		<i>Deferred tax liabilities</i>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>(€/000)</u>	<u>(€/000)</u>	<u>(€/000)</u>	<u>(€/000)</u>
At 1 January	7,286	7,169	706	653
Recognized in the income statement	2,100	266	(26)	53
Recognized in equity reserves	14	(149)	-	-
Other changes	<u>(22)</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December	<u>9,378</u>	<u>7,286</u>	<u>680</u>	<u>706</u>

Deferred tax assets and liabilities may be classified in the following captions of the statement of financial position:

	<i>31/12/2023</i>	<i>31/12/2022</i>	<i>31/12/2023</i>	<i>31/12/2022</i>
	<i>Deferred tax assets</i>	<i>Deferred tax assets</i>	<i>Deferred tax liabilities</i>	<i>Deferred tax liabilities</i>
	<u>(€/000)</u>	<u>(€/000)</u>	<u>(€/000)</u>	<u>(€/000)</u>
Property, plant and equipment	80	76	613	614
Intangible assets	3,518	3,518	-	-
Other financial assets	148	104	-	-
Inventories	837	787	-	-
Receivables	77	97	-	-
Dividends receivable	-	-	15	15
Equity investments	318	318	10	10
Liabilities for employee benefits	(568)	(553)	39	65
Provision for risks	1,968	1,977	-	-
Tax losses carried forward	2,002	-	-	-
Shareholders' equity:				
- liabilities for employee benefits	668	653	-	-
Other	<u>330</u>	<u>309</u>	<u>3</u>	<u>2</u>
Total	<u>9,378</u>	<u>7,286</u>	<u>680</u>	<u>706</u>

Deferred taxes recognized directly in equity are related to remeasurement of liabilities for employee benefits (TFR) connected to the actuarial component.

No deferred tax liabilities were recorded on provisions qualifying for tax relief due to the fact that distribution is not anticipated (see Note 18).

13. Interest-bearing financial payables and bank payables

The main loans are all subject to the following financial covenants, calculated on the consolidated values:

- Net indebtedness / Shareholders' equity;
- Net indebtedness / EBITDA;
- EBITDA / Financial charges.

At 31 December 2023 all financial covenants are amply respected.

Interest-bearing financial payables at 31 December 2023 include lease payables of € 2,444 thousand (€ 3,175 thousand in 2022) in relation to rental and hiring contracts (IFRS 16) that are analyzed below at 31 December 2023:

(€/000)	31 December 2023				31 December 2022			
	Within the year	Between one and five years	Beyond five years	Total	Within the year	Between one and five years	Beyond five years	Total
Outstanding installments on leasing contracts	885	1,720	-	2,605	866	2,341	9	3,216
Interest	(85)	(76)	=	(161)	(18)	(23)	=	(41)
Present value of lease payables	<u>800</u>	<u>1,644</u>	=	<u>2,444</u>	<u>848</u>	<u>2,318</u>	<u>9</u>	<u>3,175</u>

Non-current financial payables fall due as follows:

	31/12/2023 (€/000)	31/12/2022 (€/000)
From 1 to 2 years	178,969	211,146
From 2 to 5 years	220,878	276,170
Beyond 5 years	-	9
Total	<u>399,847</u>	<u>487,325</u>

The average interest rate on loans in 2023 was approximately 3.89% (0.68% in 2022).

All loans at 31 December 2023 are at floating rates.

No outstanding loans are backed by guarantees at 31 December 2023 or were backed by guarantees during the year.

The Company has the following lines of credit which were unused at year-end:

	31/12/2023 (€/000)	31/12/2022 (€/000)
Current account overdrafts and export advances	17,100	20,795
Medium/long-term loans	-	-
Total	<u>17,100</u>	<u>20,795</u>

Further information about liquidity and interest-rate risks is provided in Note 21 “Information on financial risks”.

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

	31/12/2023	31/12/2022	01/01/2022
	€/000	€/000	€/000
Cash and cash equivalents	88,280	188,778	135,514
Current financial payables (excluding the current portion of non-current financial payables)	(6,042)	(3,367)	(901)
Current portion of non-current financial payables	<u>(232,543)</u>	<u>(256,194)</u>	<u>(200,624)</u>
Current net indebtedness	(150,305)	(70,783)	(66,011)
Non-current financial payables	<u>(399,847)</u>	<u>(487,325)</u>	<u>(513,689)</u>
Net financial position	(550,152)	(558,108)	(579,700)
Commitments for the acquisition of investments	-	-	-
Total net indebtedness	<u>(550,152)</u>	<u>(558,108)</u>	<u>(579,700)</u>

14. Trade payables and Other current liabilities

Trade payables total € 14,789 thousand (€ 21,214 thousand in 2022) and principally comprise amounts payable to suppliers for goods and services.

Other current liabilities are analyzed below:

	31/12/2023	31/12/2022
	€/000	€/000
Payables to personnel	3,833	4,172
Payables to social security institutions	1,536	1,627
Customer advances	1,313	1,506
Customer credit balance	172	238
Customers for credit notes to issue	42	66
Payables for remuneration of directors/auditors	1,130	1,000
Other	<u>112</u>	<u>321</u>
Total	<u>8,138</u>	<u>8,930</u>

15. Provisions for risks and charges

(€/000)	Directors' termination indemnity provision	Agents' termination indemnity provision	Other	Total
Balance at 31/12/2022	8,193	79	30	8,302
Increase in the year	-	3	70	73
Surplus transferred to the income statement	-	-	(4)	(4)
Utilizations in the year	-	<u>(44)</u>	<u>(96)</u>	<u>(140)</u>
Balance at 31/12/2023	<u>8,193</u>	<u>38</u>	=	<u>8,231</u>

The principal item relates to the termination indemnity provision recorded in favor of Fulvio Montipò, founder of the Group, by decision of the Board of Directors on 16 March 2020.

The change in the other provisions for risks and charges reflects the closure of a dispute that arose in prior years.

16. Liabilities for employee benefits

Liabilities for defined benefit plans

The changes in these liabilities are analyzed below:

	2023 <u>(€/000)</u>	2022 <u>(€/000)</u>
Liabilities at 1 January	4,138	5,026
Amount charged to the income statement in the year	117	(21)
Recognition in equity of actuarial results	60	(619)
Reclassifications	(23)	(66)
Payments	<u>(517)</u>	<u>(182)</u>
Liabilities at 31 December	<u>3,775</u>	<u>4,138</u>

The following items were recognized in the income statement:

	2023 <u>(€/000)</u>	2022 <u>(€/000)</u>
Current service cost	-	-
Financial Income / Expenses	117	(21)
Past service cost	<u>-</u>	<u>-</u>
Total recognized in the income statement	<u>117</u>	<u>(21)</u>

Refer to the "Board of Directors' Report" in chapter "1. Profitability" for a breakdown of labor costs.

The average number of employees broken down by category is as follows:

	<u>2023</u>	<u>2022</u>
Executives	16	14
Managers	14	17
White collar	119	116
Blue collar	304	305
Fixed-contract personnel	<u>2</u>	<u>1</u>
Total	<u>455</u>	<u>453</u>

The Company has 447 employees at 31 December 2023.

Liabilities for defined benefit plans (Severance indemnity - TFR) are determined using the following actuarial assumptions:

	Unit of measurement	2023	2022
Discount rate	%	3.33	3.74
Percentage of employees expected to resign before retirement age (<i>turnover</i>)*	%	6.69	6.35
Annual cost-of-living increase	%	2.10	2.70
Average period of employment	Years	17.65	17.63

* = average annual resignation percentage, all causes, in the first ten years following the assessment.

The following table summarizes the sensitivity analysis carried out on the discount rate, showing the effects (absolute amount) of reasonable changes in the rate at 31 December 2023.

Sensitivity analysis		TFR €/000
Change in discount rate	+ 0.50%	3,649
Change in discount rate	- 0.50%	3,908

The discount rate on the reporting date is calculated as required by IAS 19 with reference to the market yield of high-quality corporate bonds. Only the securities of corporate issuers with an "AA" rating are considered, on the assumption that this class identifies a high rating level in the context of "Investment Grade" securities, with the exclusion, therefore, of higher risk securities. Given that IAS 19 does not make explicit reference to a specific business category, the Group has opted for a "Composite" market yield curve that, accordingly, summarizes market conditions on the measurement date for the securities issued by companies active in various sectors, including utilities, telephony, finance, banking and industrials.

At 31 December 2023, analysis of the above rate curve for "AA" securities used for actuarial valuation purposes indicates a generalized reduction in expected yields for all maturities, with respect to that at 31 December 2022, and that the curve remains extremely flat compared with historical experience.

Among other factors, the reduction in the curve reflects market sentiment, which is influenced by inflation expectations, the European and global economic environment, and the geopolitical tensions heightened by the Israel-Palestine conflict.

17. Other non-current liabilities

The deferred income classified among the non-current liabilities, € 2,300 thousand at 31 December 2023 (€ 675 thousand at 31 December 2022), relates to tax credits for the purchase of non-Industry 4.0 tangible fixed assets (2020 Budget Law - art. 1 of Law 160/2019, as amended by the 2021 Budget Law - art. 1 of Law 178/2020, and extended by art. 1, subsection 44, of Budget Law 2022 - Law 234/2021), which are deferred as future income and released to the income statement on an accruals basis, to match the depreciation charged on the assisted assets.

18. Share capital

Share capital comprises 108,879,294 ordinary shares with a unit par value of Euro 0.52 totaling € 56,617,232.88. However, the share capital reported in the financial statements amounts to € 55,625 thousand, since the nominal value of purchased treasury shares, net of those sold, has been deducted from share capital in compliance with the reference accounting standards. At 31

December 2023 Interpump S.p.A. holds 1,908,863 treasury shares in the portfolio corresponding to 1.753% of the share capital, acquired at an average unit cost of Euro 38.7871.

The changes in treasury shares over the past two years were as follows:

	<u>Number</u>
<i>Balance at 31/12/2021</i>	2,480,643
2022 purchases	2,080,000
Sale of shares for the exercise of stock options	<u>(2,572,780)</u>
<i>Balance at 31/12/2022</i>	1,987,863
Sale of shares for the exercise of stock options	<u>(79,000)</u>
<i>Balance at 31/12/2023</i>	<u>1,908,863</u>

Taking treasury shares into consideration, the following changes were recorded in the number of shares in circulation:

	2023	2022
	<u>Number of shares</u>	<u>Number of shares</u>
Ordinary shares in existence at 1 January	108,879,294	108,879,294
Treasury shares held	<u>(1,987,863)</u>	<u>(2,480,643)</u>
Shares in circulation at 1 January	106,891,431	106,398,651
Treasury shares purchased	-	(2,080,000)
Treasury shares sold	<u>79,000</u>	<u>2,572,780</u>
Total shares in circulation at 31 December	<u>106,970,431</u>	<u>106,891,431</u>

The aims identified by the Group in the management of capital are the creation of value for all shareholders and supporting development of the group, both through internal means and by means of targeted acquisitions. The Group therefore intends to maintain an adequate level of capitalization, which simultaneously makes it possible to generate a satisfactory economic return for shareholders and to guarantee economically effective access to external sources of borrowing. The Group constantly monitors the evolution of the debt to equity ratio and the generation of cash through its industrial operations. In order to attain the aforementioned goals, the Group constantly monitors the cash flows generated by the business sectors in which it operates, both through improvement or maintenance of profitability, and careful management of working capital and of other expenditure. Capital is construed as both the value contributed by Interpump Group shareholders (share capital and share premium reserve, totaling € 102,508 thousand at 31 December 2023 and € 94,932 thousand at 31 December 2022), and the value generated by Group operations (other reserves and legal reserve, including profit for the year, totaling € 555,969 thousand at 31 December 2023 and € 512,030 thousand at 31 December 2022, excluding the translation reserve and the remeasurement reserve for defined benefit plans).

Treasury shares purchased

The amount of the treasury shares held by Interpump Group S.p.A. is recorded in an equity reserve. The Company did not acquire any treasury shares in 2023 (2,080,000 treasury shares were purchased in 2022 for € 94,793 thousand at an average price of Euro 45.5737).

Treasury shares sold

In the framework of the execution of stock option plans, a total of 79,000 options have been exercised resulting in the collection of € 2,246 thousand (2,572,780 options were exercised for € 63,027 thousand in 2022). No treasury shares were divested during 2023 or 2022 in payment for equity investments.

Stock options

The fair value of the 2019-2021 and 2022-2024 stock option plans was recorded in the 2023 and 2022 financial statements in compliance with IFRS 2. Costs of € 4,978 thousand (€4,722 thousand in 2022) relating to the stock option plans were therefore recognized in the 2023 income statement, with a matching entry to the share premium reserve. Said costs represent the portion for the year of the value of the options granted to employees and directors, established at the allocation date, corresponding to the value of the services rendered by the latter in addition to normal remuneration.

The income statement effects were booked as follows:

	2023 <u>(€/000)</u>	2022 <u>(€/000)</u>
Distribution expenses	25	22
General and administrative expenses	<u>4,953</u>	<u>4,700</u>
Total	<u>4,978</u>	<u>4,722</u>

Changes in the share premium reserve were as follows:

	2023 <u>€/000</u>	2022 <u>€/000</u>
Share premium reserve at 1 January	39,348	66,119
Increase due to income statement recognition of the fair value of stock options granted	4,978	4,722
Increase due to the recognition in equity of the fair value of stock options granted to employees of subsidiaries	311	273
Increase for the disposal of treasury shares further to payment for acquisitions of subsidiaries	-	-
Increase for the disposal of treasury shares further to stock options exercised	2,246	63,027
Utilization to cover purchase of treasury shares	<u>-</u>	<u>(94,793)</u>
Share premium reserve at 31 December	<u>46,883</u>	<u>39,348</u>

The Shareholders' Meeting held on 30 April 2019 approved a stock option plan, known as the "Interpump Incentive Plan 2019-2021", which envisages granting a maximum of 2,500,000 options at an exercise price of Euro 28.4952 each and, for options granted after 30 April 2020, at the official price quoted on the Italian Stock Exchange on the day prior to the grant date. At the meeting held on 27 June 2019, the Board of Directors granted 1,800,000 options to Executive Chairman Fulvio Montipò, while 418,500 options were granted to other beneficiaries during 2019. A further 20,000 options were granted to other beneficiaries on 3 June 2020. Overall, a total of 2,238,500 options have therefore been granted. The options can be exercised from 30 June 2022 to 31 December 2025. A total of 2,500 options were canceled in 2022.

The changes in options in 2023 and 2022 were as follows:

	2023	2022
	<u>Number of options</u>	<u>Number of options</u>
Options granted at 1 January	180,276	2,096,756
Options granted in the year	-	-
Options exercised in the year	(79,000)	(1,913,980)
Options canceled in the year	-	(2,500)
Total options granted at 31 December	<u>101,276</u>	<u>180,276</u>

The Shareholders' Meeting held on 29 April 2022 approved a new stock option plan, known as the “*Interpump Incentive Plan 2022-2024*”, which envisages granting a maximum of 2,250,000 options at an exercise price of Euro 38.6496 each and, for options granted after 29 April 2023, at the official price quoted on the Italian Stock Exchange on the day prior to the grant date. The meeting of the Board of Directors held on the same date granted 1,620,000 options to Fulvio Montipò, the Executive Chairman. A further 288,000 (of which 45,000 to Chief Executive Officer Fabio Marasi), 6,000 and 35,000 (including 15,000 to Chief Executive Officer Fabio Marasi) options were granted to other beneficiaries on, respectively, 23 May 2022, 20 October 2022 and 28 April 2023. 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 2,000 options were canceled in 2023 (7,000 options canceled in 2022).

The changes in options in 2023 and 2022 were as follows:

	2023	2022
	<u>Number of options</u>	<u>Number of options</u>
Number of options granted at 1 January	1,907,000	-
Number of options granted	35,000	1,914,000
Number of shares purchased	-	-
Number of options canceled	(2,000)	(7,000)
Total number of options not yet exercised at 31 December	<u>1,940,000</u>	<u>1,907,000</u>

The fair value of the stock options and the actuarial assumptions utilized in the binomial lattice model are as follows:

2019-2021 Plan

<i>First assignment</i>	Unit of measurement	
Number of shares granted	no.	2,218,500
Grant date		28 June 2019
Exercise price		28.4952
Vesting date		1 July 2022
Fair value per option at the grant date	€	4.562
Expected volatility (expressed as the weighted average of the volatility values utilized to build the binomial lattice model)	%	30
Expected average duration of the plan life	years	4.76
Expected dividends (compared with share value)	%	1.00
Risk-free interest rate (calculated using a linear interpolation of Euro Swap rates on 28 June 2019)	%	-0.0182

<i>Second assignment</i>	Unit of measurement	
Number of shares granted	no.	20,000
Grant date		3 June 2020
Exercise price		27.9868
Vesting date		1 July 2022
Fair value per option at the grant date	€	5.226
Expected volatility (expressed as the weighted average of the volatility values utilized to build the binomial lattice model)	%	30
Expected average duration of the plan life	years	3.83
Expected dividends (compared with share value)	%	1.00
Risk-free interest rate (calculated using a linear interpolation of Euro Swap rates on 3 June 2020)	%	0.1557

2022-2024 Plan

<i>First assignment</i>	Unit of measurement	
Number of shares granted	no.	1,620,000
Grant date		29 April 2022
Exercise price		38.6496
Vesting date		30 June 2025
Fair value per option at the grant date	€	8.4601
Expected volatility (expressed as the weighted average of the volatility values utilized to build the binomial lattice model)	%	31
Expected average duration of the plan life	years	4.93
Expected dividends (compared with share value)	%	1.00
Risk-free interest rate (calculated using a linear interpolation of the Eur Composite AA rates on 29 April 2022)	%	1.5540

<i>Second assignment</i>	Unit of measurement	
Number of shares granted	no.	288,000
Grant date		23 May 2022
Exercise price		38.6496
Vesting date		30 June 2025
Fair value per option at the grant date	€	8.8040
Expected volatility (expressed as the weighted average of the volatility values utilized to build the binomial lattice model)	%	31
Expected average duration of the plan life	years	4.86
Expected dividends (compared with share value)	%	1.00
Risk-free interest rate (calculated using a linear interpolation of the Eur Composite AA rates on 23 May 2022)	%	1.6911

<i>Third assignment</i>	Unit of measurement	
Number of shares granted	no.	6,000
Grant date		20 October 2022
Exercise price		38.6496
Vesting date		30 June 2025
Fair value per option at the grant date	€	8.7606
Expected volatility (expressed as the weighted average of the volatility values utilized to build the binomial lattice model)	%	34
Expected average duration of the plan life	years	4.45
Expected dividends (compared with share value)	%	1.00
Risk-free interest rate (calculated using a linear interpolation of the Eur Composite AA rates on 20 October 2022)	%	3.5668
<i>Fourth assignment</i>		
	Unit of measurement	
Number of shares granted	no.	35,000
Grant date		28 April 2023
Exercise price		38.6496
Vesting date		30 June 2025
Fair value per option at the grant date	€	16.011
Expected volatility (expressed as the weighted average of the volatility values utilized to build the binomial lattice model)	%	34
Expected average duration of the plan life	years	3.93
Expected dividends (compared with share value)	%	1.00
Risk-free interest rate (calculated using a linear interpolation of the Eur Composite AA rates on 28 April 2023)	%	3.5748

The expected volatility of the underlying variable (Interpump Group share) is a measure of the prospect of price fluctuations in a specific period. The indicator that measures volatility in the model utilized to evaluate the options is the mean square annualized deviation of compound returns of the Interpump Group share through time.

19. Reserves*(i) Reserve from remeasurement of defined benefit plans*

Includes the actuarial component of defined benefit plans (TFR).

(ii) Classification of net equity depending on possibility of utilization

(€/000)	Amount	Possibility of utilization	Available portion	Tax payable in the event of distribution	Summary of utilizations over the past three years	
					to cover losses	for other reasons
Share capital						
Subscribed and fully-paid share capital	56,617	B	-	-	-	-
Nominal value of treasury shares held	<u>(992)</u>	-	-	-	-	-
<i>Total share capital</i>	<u>55,625</u>					
Capital reserves						
Legal reserve	6,860	B	-	-	-	-
Share premium reserve	-	A,B,C	=	-	-	34,605
<i>Total capital reserves</i>	<u>6,860</u>		=			
Profit reserves						
Legal reserve	4,463	B	-	-	-	-
Share premium reserve	46,883	A,B,C	43,511	1,232	-	-
Extraordinary reserve	466,815	A,B,C	464,622	7,164	-	-
Reserve for share capital reduction	992	-	-	-	-	-
First Time Adoption Reserve	(78)	-	-	-	-	-
Merger surplus	863	A,B,C	698	-	-	-
Reserve for restatement of defined benefit plans	(2,115)	-	-	-	-	-
Profit for the year	<u>76,054</u>	A,B,C	<u>76,054</u>	-	-	-
<i>Total profit reserves</i>	<u>593,877</u>		<u>584,885</u>			
Reserve for treasury shares held	74,039	-	-	-	-	86,553
Treasury shares	(74,039)	-	-	-	-	-
Non-distributable portion*			<u>(3,266)</u>			
Remaining distributable portion			<u>581,619</u>			

A: for capital increase

B: for coverage of losses

C: for distribution to shareholders

* = represents the non-distributable portion destined to cover deferred costs that have not yet been amortized.

The share premium reserve includes € 12,987 thousand subject to the deferral of taxation since, for tax purposes, it was formed from the revaluation reserves pursuant to Law 342/2000 and Law 266/2005.

The extraordinary reserve includes € 33,089 thousand subject to the deferral of taxation following the recognition for tax purposes of the net carrying amount of the goodwill recorded in the financial statements at 31 December 2019 pursuant to art. 110, subsection 8-(2), of Decree 104/2020, as amended by art. 1, subsection 83, of Law 178 dated 30 December 2020.

Utilizations refer to dividends, purchases of treasury shares and reductions of reserves for other causes and do not include transfers between reserves. In particular, the changes in the past three years reflect the purchases of treasury shares and use of the share premium reserve on the sale of treasury shares for less than their carrying amount, following the exercise of stock options.

On the basis of tax legislation the reserves and profits are freely distributable and do not attract tax even in the case of distribution, on the condition that the reserves and residual profits exceed the negative components of income ascribed exclusively to the tax return; otherwise, distributed reserves and profits are subject to tax in the measure in which the residual reserves and profits are lower than the negative components of income that have been ascribed exclusively to the tax return. This condition is satisfied at 31 December 2023, hence no taxes would be payable in the event of distribution of the Company's entire profit for the year and all available reserves, beyond those already indicated in the prior statement.

(iii) *Breakdown of components recorded directly in equity*

(€/000)	2023			2022		
	Pre-tax amount	Taxation	Amount net of taxes	Pre-tax amount	Taxation	Amount net of taxes
Restatement of defined benefit plans	<u>(60)</u>	<u>14</u>	<u>(46)</u>	<u>619</u>	<u>(148)</u>	<u>471</u>
Total	<u>(60)</u>	<u>14</u>	<u>(46)</u>	<u>619</u>	<u>(148)</u>	<u>471</u>

20. Information on financial assets and liabilities

Financial assets and liabilities, broken down by the categories identified by IFRS 7, are summarized in the following tables:

(€/000)	<i>Financial assets at 31/12/2023</i>			<i>Financial liabilities at 31/12/2023</i>		Total
	At fair value through profit and loss		Measured at amortized cost	At fair value through other comprehensive income		
	Initially	Subsequently		Measured at amortized cost		
Trade receivables	-	-	16,927	-	-	16,927
Dividends receivable	-	-	1,280	-	-	1,280
Other current assets	-	-	3,510	-	-	3,510
Other financial assets - current	-	-	29,101	-	-	29,101
Other financial assets - non-current	-	-	38,785	-	-	38,785
Trade payables	-	-	-	-	(14,789)	(14,789)
Current interest-bearing financial payables	-	-	-	-	(238,585)	(238,585)
Other current liabilities	-	-	-	-	(8,138)	(8,138)
Non-current interest-bearing financial payables	=	=	=	=	(399,847)	(399,847)
Total	=	=	<u>89,603</u>	=	<u>(661,359)</u>	<u>(571,756)</u>

(€/000)	<i>Financial assets at 31/12/2022</i>			<i>Financial liabilities at 31/12/2022</i>		Total
	At fair value through profit and loss		Measured at amortized cost	At fair value through other comprehensive income		
	Initially	Subsequently		Measured at amortized cost	Measured at amortized cost	
Trade receivables	-	-	19,211	-	-	19,211
Dividends receivable			1,280			1,280
Other current assets	-	-	7,807	-	-	7,807
Other financial assets - current	-	-	39,946	-	-	39,946
Other financial assets - non-current			78,480	-	-	78,480
Trade payables	-	-	-	-	(21,214)	(21,214)
Current interest-bearing financial payables	-	-	-	-	(259,561)	(259,561)
Other current liabilities	-	-	-	-	(8,930)	(8,930)
Non-current interest-bearing financial payables	=	=	=	=	(487,325)	(487,325)
Total	=	=	<u>146,724</u>	=	<u>(777,030)</u>	<u>(630,306)</u>

The financial assets measured at amortized cost generated revenues and costs. Revenues comprise exchange gains of € 175 thousand (€ 1,076 thousand in 2022). Costs, on the other hand, refer to exchange losses of € 1,263 thousand (€ 1,037 thousand in 2022) and to bad debts for € 82 thousand (€ 94 thousand in 2022) classified under other operating costs.

Financial assets and liabilities measured at amortized cost generated interest income of € 4,602 thousand (€ 1,541 thousand in 2022), interest expense of € 28,065 thousand (€ 5,147 thousand in 2022) and interest expense on lease payables of € 113 thousand (€ 22 thousand in 2022); in addition, general and administrative expenses include commission amounts and bank charges of € 79 thousand (€ 72 thousand in 2022).

21. Information on financial risks

The Company is exposed to financial risks associated with its activities:

- market risks (mainly related to currency exchange rates and interest rates) since the Company does business internationally and is exposed to the exchange risk deriving from exposure to the US dollar;
- credit risk connected with business relations with customers;
- liquidity risk, with special reference to the availability of financial resources and access to the lending market and financial instruments in general;
- price risk in relation to metal price fluctuations that constitute a significant portion of the raw materials purchase price.

The Company is not exposed to significant concentrations of risk.

The Company constantly monitors the financial risks to which it is exposed in such a way as to make an advance assessment of potential negative effects and take appropriate actions to mitigate them.

With specific reference to the direct and indirect risks deriving from the macroeconomic environment and the Russia-Ukraine conflict, the exposure of the Company remains limited - as already stated in the Board of Directors' Report and confirmed by the economic results achieved in recent years.

The following section contains reference qualitative and quantitative indications regarding the uncertainty of these risks for Interpump Group S.p.A.

The quantitative data given below are not to be construed as forecasts; specifically, the sensitivity analyses concerning market risks are unable to reflect the complexity and correlated relations of markets that may derive from each prospected change.

Exchange risk

The Company is exposed to risks arising from fluctuations in currency exchange rates, which may affect economic results. Specifically, it clarifies that:

- for revenues denominated in currencies other than the currencies in which the respective costs are denominated, exchange rate fluctuations can impact on the Company's operating profit. In 2023 the total amount of cash flow exposed directly to exchange risks was approximately 24% of Company revenues (about 29% in 2022), none of which is hedged against the risk of exchange-rate fluctuations.

The principal exchange rates to which the Company is exposed are EUR/USD in relation to sales in dollars of high pressure pumps in North America through GP Companies Inc., which is located in this market, and in direct relation to an important US customer. The Company also bills in USD to its other US subsidiary, NLB Corporation Inc.

The Interpump Group has adopted a policy of hedging commercial transactions denominated in foreign currency in the framework of which the most effective derivative instruments for the achievement of the preset goals have been identified and the relative responsibilities, duties and system of delegations have been defined.

In relation to the dollar exposure on recurring sales in the American market, Company policy is not to hedge those foreign currency transactions, while in relation to non-recurring sales in the US market (in terms of their amount or frequency), it is Company policy to arrange hedges only when deemed appropriate.

- Again in relation to commercial activities, the Company may be in a position wherein it holds commercial receivables denominated in currencies other than the account currency. Fluctuations in exchange rates can therefore result in the realization or assessment of positive or negative exchange differences.
- In relation to the financial exposures, wherever the monetary outflows are denominated in a currency other than the account currency, fluctuation of the exchange rates can impact the net profits of the Company negatively. No intercompany loans were granted in currencies other than the Euro during 2023, while collections totaled € 2.7 million. At 31 December 2023, loans granted in currencies other than the functional currency of the Company totaled € 8.1 million.

The nature and structure of the exposure to exchange risk and the related hedging policies were substantially unchanged in 2023 and 2022.

Exchange risk sensitivity analysis

The potential profit deriving from the change in the fair value of financial assets and liabilities caused by a hypothetical and immediate increase in the value of the euro of 10% with respect to the US dollar would be about € 1,141 thousand (€ 1,536 thousand in 2022).

Interest rate risk

It is currently Company policy not to arrange hedges, in view of the short average duration of the existing loans (around 3.5 years). At 31 December 2023 all liquid funds were subject to floating interest rates, as were all financial and bank debts. In addition, in 2023 and in prior years the Company granted loans to subsidiaries totaling € 67.9 million (€ 118.4 million at 31 December 2022). As described in Note 11, these loans were all granted at floating rates, with the exception of those made to Muncie Power Inc., GS-Hydro Korea Ltd, Tubiflex S.p.A. and Hydra Dyne Technology Inc.

Sensitivity analysis related to interest rate risk

The effects of a hypothetical and immediate upward variation in interest rates of 50 basis points would subject Interpump Group S.p.A. to higher financial charges, net of the increase in financial income, totaling € 2,157 thousand (€ 3,394 thousand in 2022). It is reasonable to assume that a 50 basis points decrease in interest rates would produce an equivalent effect, although this time in terms of lower financial charges.

Credit risk

The maximum theoretical credit risk exposure of the Company at 31 December 2023 and 2022 is represented by the accounting value of the financial assets recorded in the financial statements.

Historically the Company has not suffered any significant losses on receivables. This is because the Company generally allows extended payments only to its long-term customers, whose solvency and economic stability are known. In contrast, after having passed an initial credit rating analysis, new customers are required to make payments in advance or to open a letter of credit for amounts due.

Individual write-downs are applied in relation to positions, if of significant magnitude, in relation to which an objective condition of uncollectability is present for all or part of the outstanding amount. The amount of the write-down takes account of an estimate of the recoverable flows and the associated collection date, and the expenses and costs for future debt recovery. Collective provisions are allocated in relation to receivables that are not subject to individual write-downs, taking account of the historic exposure and statistical data.

At 31 December 2023, Loans and Receivables from financial activities total € 89,603 thousand (€ 146,724 thousand at 31 December 2022), and include € 797 thousand for written down receivables (€ 720 thousand at 31 December 2022); amounts overdue by less than three months are € 2,538 thousand (€ 3,540 thousand at 31 December 2022), while those overdue beyond three months total € 286 thousand (€ 446 thousand at 31 December 2022).

The Company is not exposed to any significant concentrations of revenues. In fact, the top customer in terms of revenues is part of the Interpump Group and accounted for about 21% of total revenues in 2023 (27% in 2022). The top customer outside the Group accounted for approximately 3% of revenues in 2023 (3% in 2022 as well) while, in total, the top 10 customers after the first intercompany customer accounted for 20% of revenues (18% in 2022).

Liquidity risk

The liquidity risk can arise if it becomes impossible to obtain, at acceptable economic conditions, the financial resources needed for the Company's business operations. The two main factors that define the Company's liquidity situation are the resources generated by or used in business activities and investment, and the characteristics of expiry and renewal of debt or liquidity of financial investments and the relative market conditions.

The Company has adopted a series of policies and processes aimed at optimizing the management of resources in order to reduce the liquidity risk:

- retention of an appropriate level of cash on hand;
- diversification of the banks with which the Company operates;
- access to adequate lines of credit;
- negotiation of covenants at a consolidated level;
- monitoring of the prospective conditions of liquidity in relation to the corporate process.

The maturity characteristics of interest bearing financial debts and bank debts are described in Note 13. Together with the resources generated by operating and financing activities, as well as from the collection of dividends from affiliates, management considers that the funds and lines of credit currently available, or at an advanced stage of negotiation, will enable the Company to meet the requirements deriving from investing activities, the management of working capital and the settlement of payables as they fall due, while also supporting the pursuit of a growth strategy that includes targeted acquisitions capable of creating value for the shareholders. Liquid funds at 31 December 2023 total € 88.3 million. These funds, together with the cash generated in the manner described above, are definitely factors that reduce the exposure of the Company to liquidity risk. The decision to maintain a high level of cash was adopted in order to minimize the liquidity risk, which is considered important given the current state of uncertainty of the economy, and to pick up on any acquisition opportunities that may arise.

Price risk

Interpump Group S.p.A. is exposed to risks deriving from price fluctuations of metals, which may affect economic results and profitability. Specifically, the purchase cost of metals accounted for about 24% of the purchase cost of the Company's raw materials, semi-finished products and finished products (32% in 2022). The main metals utilized by the Company include brass, aluminum, stainless steel and steel.

Company policy is to transfer the cost of stocking materials to suppliers; in this scenario the risk is hedged by means of orders for specific periods and quantities agreed at a fixed price; at 31 December 2023 signed commitments are in place covering the entire projected 2024 consumption of brass (90% at 31 December 2022), 88% of the projected 2024 steel consumption (80% at 31 December 2022), 36% of the projected 2024 aluminum consumption (39% at 31 December 2022), 25% of the projected 2024 stainless steel consumption (54% at 31 December 2022) and none of the projected 2024 copper consumption (26% at 31 December 2022). In addition, at 31 December 2023 stocks covered about 71% of forecast steel consumption of (13% at 31 December 2022), about 58% of stainless steel consumption (34% at 31 December 2022), about 40% of aluminum consumption (27% at 31 December 2022) and about 39% of brass consumption (37% at 31 December 2022).

The prices of non-energy commodities have stabilized following the major increases seen in 2022, maintaining record levels however with respect to the pre-Covid period. In this context, there have been significant differences among the various commodities: in the ferrous metals sector, the steel price trended downwards in the early months of the year, before stabilizing in the second semester; in the non-ferrous sector, by contrast, aluminum prices began to ease from the start of the year, following a trend that continued through year end. With regard to energy commodities, prices seem to be on a downward trend, especially those for gas, with a beneficial effect on the cost of Italian electricity.

On the procurement front, the availability issues encountered during 2022, due to supply chain bottlenecks, have largely been overcome. Nevertheless, the Company has maintained focus on the organization of processes, accompanied by constant monitoring of the supply chain, sometimes deciding to purchase larger quantities in order to guarantee the availability of the materials needed for production purposes.

Climate change risk

Ahead of the adoption of “integrated reporting”, two standards were published in June 2023 that establish general requirements for the disclosure of sustainability-related financial information (*IFRS S1*) and require the disclosure of information about the exposure to climate-related risks and opportunities (*IFRS S2*), effective for annual reporting periods beginning on or after 1 January 2024. Any significant impacts are considered by the Company when applying the international accounting standards, evaluating their effects on business continuity and the application of specific standards. In this context, the Company has not identified significant risks deriving from the application of individual standards and no doubts or uncertainties have arisen about events or conditions that might cause concern about business continuity. In particular, the Company monitors constantly the most recent regulations governing climate-related topics. At this time, no regulations have been approved with a direct impact on the Company which, if necessary, will amend the key assumptions used to calculate the value in use of assets and the sensitivity to changes.

In this regard, the Company is potentially exposed to risks deriving from the impact of more restrictive laws and regulations governing energy efficiency and climate change, that might result in increased operating costs. Such risks were considered appropriately when preparing these separate financial statements, as well as in the five-year business plan that supports the impairment testing of goodwill.

22. Revenues

The following table analyzes net revenues by geographical area:

	2023 (€/000)	2022 (€/000)
Italy	24,210	24,752
Europe (Italy excluded)	36,780	36,648
Rest of the World	<u>56,234</u>	<u>63,245</u>
Total	<u>117,224</u>	<u>124,645</u>

Details of revenues in each invoicing currency are provided below:

	2023 (€/000)	2022 (€/000)
Euro	88,551	88,378
USD	28,644	36,251
GBP	<u>29</u>	<u>16</u>
Total	<u>117,224</u>	<u>124,645</u>

Revenues in USD refer primarily to invoices issued to GP Companies Inc. and NLB Corporation Inc., both US subsidiaries.

23. Other operating income

Revenues totaled € 117,224 thousand in 2023 (€ 124,645 thousand in 2022). Revenues are analyzed by business sector and geographical area in the Directors' Report on Operations in 2023.

	2023 (€/000)	2022 (€/000)
Capital gains on the sale of tangible assets	18	34
Income from rent/royalties	435	447
Revenues from consultancy	10	10
Sale of scrap	116	179
Reimbursement of expenses	886	840
Release of excess provisions	4	8
Refunds from insurance	5	-
Other	<u>3,124</u>	<u>9,714</u>
Total	<u>4,598</u>	<u>11,232</u>

Other operating income principally includes reimbursements linked to the purchase of investments, as envisaged in the related contracts.

24. Costs by nature

	2023 <u>(€/000)</u>	2022 <u>(€/000)</u>
Raw materials and components	37,191	38,438
Personnel and temporary staff	30,068	30,754
Services	16,086	17,006
Amortization and depreciation of intangible and tangible fixed assets (Notes 7 and 9)	6,029	5,685
Directors' and statutory auditors' remuneration	7,840	7,604
Hire purchase and leasing charges	253	194
Provisions and impairment of tangible and intangible fixed assets (Notes 7, 9 and 15)	185	313
Other operating costs	<u>5,493</u>	<u>5,230</u>
Total cost of sales, distribution costs, general and administrative expenses, other operating costs and impairment losses on intangible and tangible fixed assets	<u>103,145</u>	<u>105,224</u>

The emoluments of the Directors and Statutory Auditors of Interpump Group S.p.A. in 2023 were, respectively, € 7,735 thousand and € 105 thousand and they include remuneration resolved by the Shareholders' Meeting, the remuneration established by the Board of Directors for directors vested with special offices, including bonuses and the remunerative component deriving from stock option plans represented by the fair value of the options calculated at the time of their allocation, for the current portion.

Other operating costs mainly include other industrial costs, such as consumables, small tools and ancillary items, and other general and administrative expenses.

25. Financial income and expenses

	2023 <u>(€/000)</u>	2022 <u>(€/000)</u>
<u>Financial income</u>		
Interest income from liquid funds	2,143	128
Interest income from financial assets (intercompany loans)	4,602	1,541
Other financial income	1	57
Exchange gains	<u>238</u>	<u>1,082</u>
Total	<u>6,984</u>	<u>2,808</u>
	2023	2022
	<u>(€/000)</u>	<u>(€/000)</u>
<u>Financial charges</u>		
Interest expense on bank loans	28,254	5,130
Interest expense on lease payables (IFRS 16)	113	22
Other financial charges	145	302
Foreign exchange losses	<u>1,263</u>	<u>1,037</u>
Total	<u>29,775</u>	<u>6,491</u>

The increases in interest income and expense were mainly attributable to the rise in official interest rates during the year.

26. Income taxes

The reconciliation of taxes calculated on the basis of the nominal rates in force and the effective tax burden is as follows:

	2023 (€/000)	2022 (€/000)
<u>IRES</u>		
Profit before taxes from the income statement	68,474	112,548
Theoretical taxes at nominal rate (24%)	16,434	27,012
Lower taxes for non-taxable dividends	(17,575)	(19,759)
Higher taxes due to non-deductible adjustments to the value of investments	1,187	3,331
Lower taxes due to IRAP deduction relating to expenses for employees and similar	(76)	(71)
Lower taxes due to IRAP deduction on interest expenses	(12)	(35)
Lower taxes due to super and hyper depreciation	(614)	(622)
Lower taxes resulting from Economic Growth Assistance (ACE)	(891)	(666)
Higher (Lower) taxes due to tax benefit of franking goodwill	(164)	-
Taxes for prior financial years	(5,458)	(888)
Other	(35)	(32)
<i>Total IRES</i>	<u>(7,204)</u>	<u>8,270</u>

	2023 (€/000)	2022 (€/000)
<u>IRAP (regional tax)</u>		
Profit before taxes from the income statement	68,474	112,548
Theoretical taxes at nominal rate (4.65%)	3,184	5,233
Lower taxes for non-taxable dividends	(3,605)	(3,980)
Higher (Lower) taxes due to tax benefit of franking goodwill	(32)	-
Higher taxes for non-deductible payroll costs	37	41
Higher taxes for non-deductible directors' emoluments	344	332
Higher (Lower) taxes due to non-deductible financial charges	106	(21)
Taxes for prior financial years	(637)	(104)
Higher taxes due to non-deductible adjustments to the value of investments	230	645
Other	(3)	43
<i>Total IRAP</i>	<u>(376)</u>	<u>2,189</u>
<i>Total income taxes recognized in the income statement</i>	<u>(7,580)</u>	<u>10,459</u>

Taxes recognized in the income statement can be broken down as follows:

	2023 (€/000)	2022 (€/000)
Current taxes	(641)	(11,664)
Current taxes for prior financial years	6,095	992
Deferred taxes	2,126	213
Total taxes	<u>7,580</u>	<u>(10,459)</u>

The deferred taxes recognized in the income statement are analyzed as follows:

	2023 (€/000)	2022 (€/000)
Deferred tax assets generated in the year	3,061	1,363
Deferred tax liabilities generated in the year	(566)	(690)
Deferred tax assets reversed to the income statement	(961)	(1,097)
Deferred tax liabilities reversed to the income statement	<u>592</u>	<u>637</u>
Total deferred taxes	<u>2,126</u>	<u>213</u>

During 2023, the Company confirmed the domestic tax group established together with Interpump Piping S.r.l.

27. Earnings per share

Basic earnings per share

Earnings per share are calculated on the basis of profit for the year divided by the weighted average number of ordinary shares during the year as follows:

	2023	2022
Profit for the year attributable to shareholders (€/000)	<u>76,054</u>	<u>102,089</u>
Average number of shares in circulation	106,939,951	105,593,321
Basic earnings per share for the year	<u>0.711</u>	<u>0.967</u>

Diluted earnings per share

Diluted earnings per share are calculated on the basis of diluted profit of the year 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:

	2023	2022
Profit for the year attributable to shareholders (€/000)	<u>76,054</u>	<u>102,089</u>
Average number of shares in circulation	106,939,951	105,593,321
Number of potential shares for stock option plans (*)	<u>374,316</u>	<u>190,562</u>
Average number of shares (diluted)	<u>107,314,267</u>	<u>105,783,883</u>
Earnings per diluted share at 31 December (Euro)	<u>0.709</u>	<u>0.965</u>

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

The payment of a dividend of Euro 0.32 to each outstanding share is envisaged for 2023 (Euro 0.30 for 2022) (proposal subject to approval at the Shareholders' Meeting).

28. Notes to the cash flow statement

Property, plant and equipment

In 2023 the Company purchased property, plant and equipment totaling € 3,517 thousand (€ 6,858 thousand in 2022). This expenditure involved the payment of € 4,427 thousand, inclusive of the payment of past debts for the same purpose and net of payables deferred to the following year (€ 6,721 thousand in 2022).

Cash and cash equivalents

This item can be broken down as follows:

	31/12/2023	31/12/2022	01/01/2022
	<u>(€/000)</u>	<u>(€/000)</u>	<u>(€/000)</u>
Cash and cash equivalents as per the statement of financial position	88,280	188,778	135,514
Bank payables (current account overdrafts and advances subject to collection and accrued interest payable)	<u>(5,242)</u>	<u>(2,519)</u>	<u>(106)</u>
Cash and cash equivalents as per the cash flow statement	<u>83,038</u>	<u>186,259</u>	<u>135,408</u>

Net financial position and cash flow statement

For the amount and details of the main components of the net financial position and the changes in 2023 and 2022, please see Section 4 “Loans” in the “Report on operations” accompanying the financial statements of Interpump Group S.p.A. at 31 December 2023.

29. Commitments

The Company has commitments to purchase property, plant and equipment totaling € 1,083 thousand (€ 1,989 thousand at 31 December 2022), but no commitments for intangible assets (€ 116 thousand at 31 December 2022).

The Company also has commitments to purchase investments totaling € 9,400 thousand (€ 10,150 thousand at 31 December 2022) and has given secured guarantees to third parties totaling € 16,889 thousand (of which € 16,859 thousand subsequently closed out prior to the approval of these separate financial statements) and consolidated companies totaling € 1,850 thousand (respectively € 16,975 thousand and € 1,990 thousand at 31 December 2022).

30. Transactions with related parties

With regard to transactions with Group companies, please see sections 5 and 6 of the “Report on operations” accompanying the financial statements of Interpump Group S.p.A. at 31 December 2023.

The above transactions were carried out on arm's-length conditions.

31. Events occurring after the close of the year

With reference to Interpump Group S.p.A. after 31 December 2023, the signature of a US\$ 300 million Note Purchase and Private Shelf Agreement (“Shelf Facility”) with PGIM Inc. was announced on 31 January 2024, with 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 Company the right, but not the obligation, to issue bonds totaling a maximum of US\$ 300 million (or the Euro equivalent, net of the initial bond amount) over the next 3 years (subject to possible renewals in future), 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 paying a fixed coupon of 4.17% every semester. 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.

See the “Report on operations” accompanying the Consolidated Annual Financial Report at 31 December 2023 for information about subsequent events relating to the Group.

32. Proposal to the Shareholders' Meeting

The profit for the year was € 76,053,887. We propose:

- allocation of the net profit for the year to the Extraordinary Reserve, since the legal reserve has already reached the limit of one-fifth of the subscribed and paid-up share capital;
- partial distribution of the Extraordinary Reserve formed from profits, by declaring a dividend of Euro 0.32 for each share outstanding including the right envisaged in art. 2357-(3) subsection 2, of the Italian Civil Code.

Attestation of the separate financial statements pursuant to art. 81-(3) of Consob regulation no. 11971 of 14 May 1999, as amended

1. The undersigned, Fulvio Montipò and Mauro Barani, respectively Executive Chairman and Manager responsible for drafting the accounting documents of Interpump Group S.p.A., taking account also of the provisions of art. 154-(2), subsections 3 and 4 of Decree 58 dated 24 February 1998, attest to:
 - adequacy in relation to the characteristics of the business and
 - effective application of the administrative and accounting procedures for formation of the financial statements during 2023.
2. We further confirm that the separate financial statements of Interpump Group S.p.A. for the year ended 31 December 2023, reporting total assets of € 1,333,215,898, net profit of € 76,053,887 and shareholders' equity of € 656,362,077:
 - a. correspond to the results of the company books and accounting entries;
 - b. were prepared in compliance with the international accounting standards approved by the European Commission further to the enforcement of Ruling (CE) no. 1606/2002 of the European Parliament and the European Council of 19 July 2002, and the provisions issued in implementation of art. 9 of Italian legislative decree 38/2005 and the contents are suitable for providing a truthful and fair representation of the equity, economic and financial situation of the Company;
 - c. include the Board of Directors' Report, which contains a reliable analysis of performance and results and the situation of the issuer together with a description of the main risks and uncertainties to which it is exposed.

Sant'Ilario d'Enza (RE), 18 March 2024

Fulvio Montipò
Executive Chairman

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