PRESS RELEASE

MARZOCCHI POMPE: APPROVED THE HALF-YEARLY REPORT AS AT 30 JUNE 2020

- **NET REVENUES[1]: €15.6 million, down 26.2% vs. H1 2019**
- **EBITDA: €1.2 million, from €3.98 million (€3.90 million Adjusted[1)] at 30 June 2019**
- **EBITDA Margin: 7.6% vs. 17.6% (17.0% Adjusted[1]) in H1 2019**
- **NET RESULT: a loss of €0.9 million vs. profit of €0.8 million at 30 June 2019**
- **NET FINANCIAL DEBT: €11.2 million (FY2019: €12.5 million)**
- **NET EQUITY: €17.4 million (FY2019: €18.7 million)**
- **IMPORTANT NEW AWARD FROM A WORLD AUTOMOTIVE LEADER**

Bologna, 30 September 2020 - The Board of Directors of **Marzocchi Pompe S.p.A. (AIM:MARP), a leading company in the design, production and marketing of high performance gear pumps and motors**, met today under the chairmanship of Paolo Marzocchi and approved the half-yearly financial report as at 30 June 2020, subject to a limited audit.

Gabriele Bonfiglioli, CEO of Marzocchi Pompe commented: *"The year 2020 got off to a good start, with the automotive sector growing in the first two months compared to the same period in 2019, but the results of the first half of the year were obviously affected by the Covid-19 pandemic, which as we all know had a devastating impact on all world economies. In compliance with government regulations, Marzocchi Pompe had to suspend its production activities for three weeks, between the end of March and the beginning of April, and also our foreign offices suffered significant limitations, being able to operate for a long time only remotely.*
In this exceptional and critical circumstance, however, the company reacted promptly, taking all appropriate measures to contain costs, obviously safeguarding the high technical, quality and production standards that characterise us. Our proven equity and financial solidity has been demonstrated by our usual ability to generate cash flows, as demonstrated by the further decline in the Net Financial Position of €1.3 million compared to the beginning of the year.
Despite this difficult context, we have continued to pursue our development and commercial penetration programme with unchanged and strong determination, aimed at organic growth across all current business lines. This commitment has enabled us to conclude an important agreement with one of the world leaders in the heavy automotive industry to partner them in the electrification process for their products.
With the great climate of uncertainty that the world economy is experiencing, it is difficult to make a short-term forecast, but we believe that we have put in place all the appropriate measures to be able to manage multiple scenarios and to be ready for the full recovery of the market".

[1] *Adjusted = net of non recurring items: in 1H 2020 no impact; in 1H 2019 net of €66.4k of R&D costs recovered from clients*

MAIN ECONOMIC AND FINANCIAL RESULTS AT 30 JUNE 2020

The figures as at June 30, 2020 are shown net of some non-recurring income items, in line with what was represented in the Admission Document.

€ Millions	30 June 2020	30 June 2019
Sales revenue	15,6	21,1
Production Value	16,5	22,9
EBITDA	1,2	4.0
EBITDA Adjusted	1,2	3,9
EBIT	-0,9	1,3
Earnings before tax	-1,2	0,9
Net profit	-0,9	0,8
€ Millions	**30 June 2020**	**31 December 2019**
Net invested capital	28,6	31,2
Equity	17,4	18,7
Net financial position	11,2	12,5

In general, with respect to the same period in 2019, it should be noted that the economic results for the first half of 2020 reflect, in addition to the effects of the lockdown from Covid-19, the non-recognition of contractual revenues from the automotive sales channel to the main customer (so-called take-or-pay). Prudentially, the Group has in fact preferred to postpone the accounting of these revenues and related margins to the end of the financial year, in order to reflect a situation in line with the actual evolution of the supply made throughout the year. In the first half of 2019, this item had a positive impact of €0.6 million; taking this into account, EBIT and net profit for the first half of 2020 would have been breakeven.

Net Revenues at 30 June 2020 amounted to €15.6 million, down 26.2% compared to €21.1 million at 30 June 2019, in line with the figures for the sector that emerge from the economic analyses carried out by trade associations. Revenues by line fell by 24% in the core business (to €11.6 million) and by 32% in the automotive sector (to €4.0 million). The latter sector had started 2020 with a growth in turnover in the first two months, i.e. until the lockdown, suggesting a year of growth if there had not been a pandemic.

EBITDA amounted to €1.2 million compared to approximately €3.98 million (€3.98 million Adjusted) at 30 June 2019, corresponding to an EBITDA margin of 7.6% compared to 17.6% (17.0% Adjusted) at 30 June 2019. The change was mainly influenced by the 26% drop in revenues, despite the reduction in operating costs generated by the usual focus on improving production efficiency.

EBIT was negative by €0.9 million compared to a profit of €1.3 million at June 30, 2019, partly due to the increased incidence of depreciation, amortisation and write-downs.

The first half of 2020 closed with a negative **Net Result** of €0.9 million, compared to a profit of €0.8 million at 30 June 2019 despite the reduction in financial charges resulting from the debt renegotiation in 2019, which is worth -€0.2 million, equivalent to a 55% decrease.

Investments amounted to €0.7 million, equal to 5% of turnover, down from €1.5 million in the first half of 2019, corresponding to 7% of turnover. As a result of changed market conditions, the Company promptly revised its investment plan.

Shareholders' Equity amounted to €17.4 million in the first half of 2020, down from €18.7 million at the end of 2019, reflecting the loss for the half-year and the payment of the 2019 dividend.

The **Net Financial Position** at 30 June 2020 amounted to €11.2 million of debt, down from €12.5 million at 31 December 2019, testifying to the Group's proven equity and financial solidity also thanks to its persistent ability to generate cash flows.

In particular, the optimal management of working capital and the regular management of orders and payments allowed a considerable cash generation of €1.3 million, reflected in the improvement of the net financial position.

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MAIN SIGNIFICANT EVENTS DURING THE FIRST HALF OF 2020

The first half of 2020 was marked by the explosion of the **COVID-19 pandemic**, which had a devastating impact on all world economies.
In many countries the government authorities have ordered a **lockdown**: Marzocchi Pompe had to suspend its production activities for three weeks, between the end of March and the beginning of April, and also the foreign offices suffered significant limitations, being able to operate for a long time only remotely.
When production restarted in mid-April, a slowdown in order intake was immediately noticed, as a logical consequence of the high degree of uncertainty that still characterises the Company's many markets.

Despite the particularly difficult period, **the high level of know-how recognised to the Company has produced numerous requests for offers**, thus multiplying the opportunities for technical collaboration in order to obtain new orders. In fact, many customers rely even more on technological innovation to reinvigorate a weak demand.

This is evidenced by the **award won by one of the world's leading heavy automotive manufacturers** for the supply of an Elika pump, which will go into production in three years' time, as part of an electrification process for their models.

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FORESEEABLE EVOLUTION OF THE MANAGEMENT

In this exceptional and critical world economic scenario, Marzocchi Pompe reacted promptly, adopting all the appropriate measures to contain indirect costs, also making use of the social security measures provided by the Legislator, obviously safeguarding the high technical, quality and production standards that characterize it.

The Group's capital and financial solidity allows it to pursue with unchanged strong determination the implementation of investment and business development strategies.

It is reasonable to expect that in the second half of the year the development of new products and commercial actions will continue, together with those of operational efficiency. The objectives of organic growth on all business lines remain effective, even if the related results will inevitably be delayed.

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APPOINTMENT OF THE INVESTOR RELATIONS MANAGER

Furthermore, the Board of Directors, in accordance with the provisions of Article 6-bis of the AIM Issuers' Regulations, has formalised the appointment of Gabriele Bonfiglioli as Investor Relations Manager, who has in fact already been in office since the listing.

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FILING OF DOCUMENTATION

A copy of the half-yearly financial report as at 30 June 2020, including the independent auditors' report, will be made available to the public within the terms of the law at the company's registered office in Bologna, as well as through publication on the institutional website https://www.marzocchipompe.com/it/bilanci-e-relazioni-periodiche-marzocchi-pompe and on the authorised storage mechanism www.1info.it managed by Computershare S.p.A.

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Marzocchi Pompe S.p.A.

Marzocchi Pompe is a leading company in the design, production and marketing of high performance gear pumps and motors, which find application in various fields: industrial, mobile and automotive. It closed 2019 with approximately 40 million euros in sales revenues. Founded in 1949, it is controlled by the Marzocchi family, which holds the majority of the shares and is present in the company with Paolo Marzocchi, Chairman, and his son Carlo, in the Technical Area. CEO Gabriele Bonfiglioli and four other managers are also part of the shareholding structure. Production is carried out entirely in Italy at the two sites in Casalecchio di Reno (BO) and Zola Predosa (BO). Marzocchi Pompe is present in over 50 countries through an international distribution network.

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Below are the main consolidated financial statements of Marzocchi Pompe S.p.A. for the six-month period ended June 30, 2020 compared with the corresponding comparative values (values in Euro/000) and specifically:
- income statement;
- balance sheet;
- cash flow statement
- net financial position.

CONSOLIDATED PROFIT & LOSS

(National accounting standards + IAS 17)

Eur 000	30-June-20		30-June-19	
Sales Revenue	**15.584**	**100%**	**21.111**	**100%**
WIP changes	397		1.456	
Other revenue	528		409	
PRODUCTION VALUE	**16.509**		**22.976**	
Raw materials consumption	(3.845)	(24,1%)	(5.436)	(24,1%)
Service costs	(4.756)	(29,8%)	(6.169)	(27,3%)
Costs for use of third-party goods	(153)	(1,0%)	(209)	(0,9%)
Various operating costs	(131)	(0,8%)	(152)	(0,7%)
VALUE ADDED	**7.624**	**47,71%**	**11.010**	**48,79%**
Staff costs	(6.363)	(39,8%)	(7.028)	(31,1%)
EBITDA	**1.261**	**7,89%**	**3.982**	**17,64%**
Depreciation, amortisations and writedowns	(2.224)	(13,9%)	(2.599)	(11,5%)
OPERATING PROFIT (EBIT)	**(963)**	**(6,0%)**	**1.382**	**6,13%**
Financial income and charges	(175)	(1,1%)	(381)	(1,7%)
Financial value adjustments	(120)	(0,8%)	(86)	(0,4%)
EARNINGS BEFORE TAX	**(1.258)**	**(7,9%)**	**916**	**4,06%**
Income Tax for the year	335	2,09%	(63)	(0,3%)
NET INCOME	**(923)**	**(5,8%)**	**853**	**3,78%**

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CONSOLIDATED BALANCE SHEET

(National accounting standards + IAS 17)

Eur 000	30-June-20	31-June-19
A) NET FIXED ASSETS	**24.486**	**26.105**
Intangible fixed assets	1.665	1.405
Tangible fixed assets	21.706	23.465
Financial Fixed assets	1.115	1.236
B) NET WORKING CAPITAL	**5.798**	**6.787**
Inventories	8.932	8.119
Advances from customers	(17)	(23)
Trade receivables	5.454	7.862
Other receivables	1.829	1.369
Trade payables	(4.345)	(4.530)
Other payables	(3.132)	(2.954)
Provisions for risks and charges	(2.990)	(2.770)
Other assets/liabilities	67	(285)
C) GROSS INVESTED CAPITAL	**30.285**	**32.893**
D) EMPLOYEE SEVERANCE PAY	**(1.681)**	**(1.681)**
E) NET INVESTED CAPITAL	**28.603**	**31.212**
covered by		
F) EQUITY	**(17.401)**	**(18.676)**
G) NET FINANCIAL POSITION	**(11.202)**	**(12.535)**
Medium/long-term financial payables	(12.886)	(11.898)
Short-term financial payables	(5.238)	(5.361)
Cash and cash equivalents	6.922	4.723
H) TOTAL HEDGES	**(28.603)**	**(31.212)**

CONSOLIDATED CASH FLOW STATEMENT

(National accounting standards + IAS 17)

	30-giu-20	30-giu-19
	€/000	**€/000**
Operating profit [EBIT]	**(963)**	**1.382**
Tax effect	335	(63)
Change in funds	220	238
Provisions and write-downs	2.224	2.599
Income cash flow	**1.816**	**4.157**
Changes in working capital		
Inventories	(813)	(1.168)
Trade receivables	2.402	(1.766)
Other receivables	(460)	410
Trade payables	(185)	134
Other payables	(174)	(297)
Variazioni capitale circolante	769	(2.687)
Operating Cash Flow	**2.585**	**1.470**
Net tangible & intangible investments	(726)	(1.604)
Change other fixed assets	120	86
Financial value adjustments	(120)	(86)
Cash flow from investing activity	(725)	(1.604)
Financial charges/income	(175)	(381)
Share capital increases/(decreases)	0	0
Other equity changes	(352)	(521)
Cash flow from financial activities	(527)	(902)
Net cash flow	**1.333**	**(1.036)**
Start-of-period cash or (exposure)	(12.535)	(19.217)
End-of-period cash or (exposure)	(11.202)	(20.253)
Net cash increase (decrease)	**1.333**	**(1.036)**

CONSOLIDATED NET FINANCIAL POSITION

(National accounting standards + IAS 17)

Eur 000	30-June-20	31-Dec-19
Liquidity	6.922	4.723
Financial receivables from shareholders for payments still due	0	0
Current financial operations	0	0
Current financial receivables	0	0
Short-term bank payables	(2.488)	(2.179)
Short-term bank payables from LBO	(782)	(1.172)
Short-term leasing payables	(1.968)	(2.009)
Short-term payables to others	0	0
Short-term financial payables	(5.238)	(5.361)
Net current financial debt	**1.684**	**(637)**
Payables to banks	(6.362)	(4.659)
Payables to banks from LBO	(4.059)	(4.648)
Leasing payables	(2.466)	(2.591)
Debiti due to others	0	0
Non-current financial debt	**(12.886)**	**(11.898)**
Adjusted net financial position [NFP]	**(11.202)**	**(12.535)**
% Change previous year	-10,63%	-34,77%
% Change previous year without LBO	-5,26%	-18,28%

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