MARZOCCHI POMPE S.p.A.

Consolidated Half-Yearly Financial Report

as at 30 June 2023

Registered office in Zola Predosa - Bologna, Italy
Share Capital Euro 6,358,750.00, fully paid-in
Register of Enterprises of Bologna no. 03285900969
Economic Administrative Index (REA) no. 422251
Subject to management and coordination by Abbey Road S.r.l.

Table of Contents

Letter to the Shareholders

Dear Shareholders,

The extensive recovery in the economy seen following the pandemic events slowed sharply at global level from the start of this year, mainly due to the continuation of the conflict in Ukraine, less growth in China compared to pre-Covid figures, and the significant increase in the cost of money carried out by all central banks.

Despite this, even in the first half of 2023 the Group continued to achieve excellent results, both in terms of revenues, once again posting a record performance, and in terms of profitability. This further improvement in our performance was once again made possible due to excellent teamwork: a commitment undertaken at throughout the sales structures, accompanied by the usual flexibility in production and a prudent search for efficiency.

We submit to your attention the 2023 Consolidated Half-Yearly Financial Statements of Marzocchi Pompe S.p.A., which show a profit of Euro 2,104 thousand, an increase of 127% on the Euro 926 thousand in the first half of 2022.

Net revenues, Euro 26.6 million, were up by 4.4% on the first half of 2022, driven by both the core business (Euro 21.3 million, +2.7%) and by the automotive business (Euro 5.3 million, +11.8%).

EBITDA came to Euro 4.95 million, amounting to 18.4% of turnover, up by 28.7% on the first half of 2022, which amounted to Euro 3.8 million, equal to 15.2% of revenues.

Net financial indebtedness rose slightly to Euro 8.3 million, up by 5.64% on 31 December 2022 (Euro 7.8 million, while it came to Euro 10.1 million as at 30 June 2022), due to: (i) investments in progress, mainly linked to the expansion of the Zola Predosa location, as part of the plan to rationalise real estate, aimed at a significant improvement in efficiency, (ii) the additional growth in working capital, driven by revenues for the half year, and (iii) the dividend distributed. Note that the current dividend yield is *3.95%*.

We are very proud of the results achieved in the first half of 2023, as the growth process of Marzocchi Pompe continued, despite a less vivacious market than in the previous year, and a global scenario that is certainly complex and worsening. These results drive up our enthusiasm to continue investing not only to improve productivity and efficiency, but also to strengthen further our commercial positioning: we intend to strengthen our sales network even further and expand our already wide product range.

Last but not least, we will intensify our commitment to ESG issues, as additional proof of the values of transparency and sustainability that have always characterised our Group.

The Managing Director
Gabriele Bonfiglioli

CORPORATE AND CONTROL BODIES

Board of Directors[1]

Paolo Marzocchi	Chairperson
Gabriele Bonfiglioli	Managing Director
Carlo Marzocchi Tabacchi	Director - Deputy Chairperson
Guido Nardi	Director with Delegations
Valentina Camorani Scarpa	Director
Matteo Tamburini	Director
Giuseppe Zottoli	Independent Director

Board of Statutory Auditors[2]

Romano Conti	Chairperson
Andrea Casarotti	Standing Auditor
Stefano Favallesi	Standing Auditor

Independent Auditors[3]

PricewaterhouseCoopers S.p.A.

(1) The management body was appointed by the minutes of the Shareholders' Meeting of 30 April 2021 and shall remain in office until approval of the separate financial statements ending as at 31 December 2023.

(2) The Board of Statutory Auditors was appointed by the minutes of the Shareholders' Meeting of 29 April 2022 and shall remain in office until approval of the separate financial statements ending as at 31 December 2024.

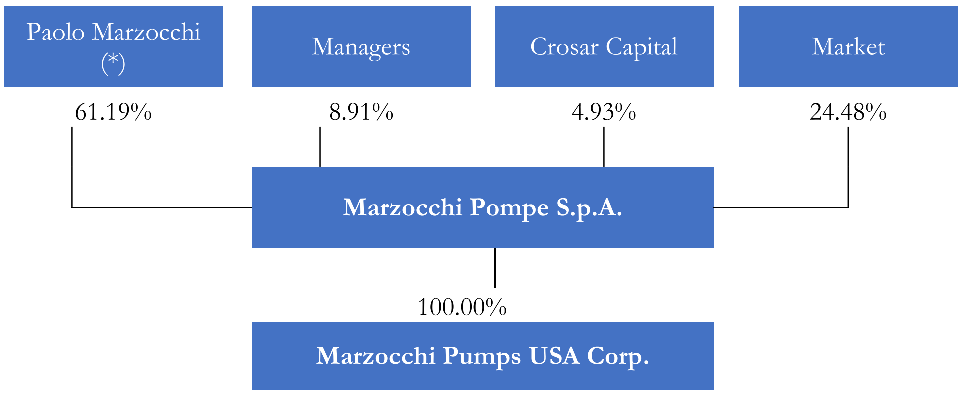
(3) The independent auditors were appointed to audit the accounts by the Shareholders' Meeting of 30 April 2021, for the years 2021 -2023.

Consolidated Board of Directors' Report

Dear Shareholders,

In compliance with Legislative Decree no. 127 of 9 April 1991, implementing the IV and VII EEC Directives, as amended, we have drawn up and hereby submit to you the Consolidated Financial Statements of Marzocchi Pompe S.p.A. (hereinafter, the Parent Company) and its subsidiaries as at 30 June 2023, showing a profit for the period of Euro 2,103,688.00, after reclassifying lease contracts using the financial method.

The document that we are proposing to you today faithfully represents the profit and loss, balance sheet and cash flow of the Group, comprised of Marzocchi Pompe S.p.A., parent company of the Marzocchi Pompe Group of the same name, and of Marzocchi Pumps USA Corp., consolidated on a line-by-line basis, as per the following chart:



(*) through Abbey Road S.r.l.
The associates Montirone S.r.l. (35%) and Marzocchi Symbridge Hydraulic (Shanghai) Co. Ltd (45%) were valued at equity.
The Chinese company Marzocchi (Shanghai) Trading Co. Ltd, previously controlled by not consolidated on a line-by-line basis, as immaterial, was definitively liquidated in May.

1. Significant events during the half year

In the first half of 2023, the Group’s record high in revenues increased further, confirming its excellent positioning among players in the sector.

That growth (+4.4% on the first half of 2022) was driven by both the core business, up +2.7% on the first half of 2022, and the automotive segment, which reported 11.8%, despite the difficult global economic trend.

The increase in sales, which was partly due to price adjustments, was accompanied by a decrease in energy consumption (largely linked to the investment in the Zola Predosa photovoltaic plant) and an easing of procurement bottlenecks that marked the previous year. All of this ensured good recovery in profitability. Specifically, the first half reported an EBITDA margin of 18.4%, compared to 15.2% in the first half of 2022.

These results demonstrate that the Group has positive positioning in this difficult global economic trend, and is further strengthening its position of leadership in the sector.

The initial expansion works on the Zola Predosa facility continued also in the first half, and should be completed by the end of the current year, enabling the transfer of the shipping warehouse, thereby recovering logistics efficiency.

2. *Performance of operations, profit and loss and balance sheet results*

1. General scenario

Also in the first half of 2023, the Group managed to increase its market share in the gear pump sector, due the make approach that it has always applied.

The in-house management of critical components, and long-term partnerships with suppliers of strategic components allowed the Group to avoid the risks of interruption in the production chain. Overcoming the logistics problems that are generating significant slowdowns in the production processes of several of the main sector players, the Company managed to keep its delivery times unchanged.

This strengthened its position on the market, even before expected.

2. Select financial information

To provide a clearer understanding of the Group's performance, its profit and loss and balance sheet results, the reclassified Balance Sheet and Profit and Loss Account are shown below, drawn up using the same criteria indicated in Chapter 3 of the Admission Document.

1) Profit and loss data for the first half of 2023, compared with the first half of 2022

The main consolidated profit and loss data of the Group for the first half of 2023 and the first half of 2022 are shown below:

Eur 000	30-Jun-23		30-Jun-22	
Revenues from sales	26,626	100%	25,502	100%
Changes in WIP	317		(218)	
Other revenues	511		435	
VALUE OF PRODUCTION	27,455		25,719	
Consumption of raw materials	(6,872)	(25.5%)	(6,548)	(25.9%)

Costs for services	(7,225)	(26.8%)	(7,077)	(28.0%)
Costs for use of third-party assets	(185)	(0.7%)	(182)	(0.7%)
Miscellaneous operating costs	(273)	(1.0%)	(224)	(0.9%)
VALUE ADDED	12,899	47.87%	11,690	46.23%
Personnel costs	(7,944)	(29.5%)	(7,841)	(31.0%)
EBITDA[1]	4,955	18.39%	3,849	15.22%
Amortisation/depreciation and writedowns	(1,881)	(7.0%)	(2,279)	(9.0%)
Provisions for risks	0	0.00%	(300)	(1.2%)
EBIT	3,074	11.41%	1,269	5.02%
financial income and charges	(359)	(1.3%)	(23)	(0.1%)
financial value adjustments	(27)	(0.1%)	10	0.04%
PRE-TAX PROFIT	2,688	9.98%	1,256	4.97%
Income taxes for the period	(585)	(2.2%)	(330)	(1.3%)
NET REVENUES	2,104	7.81%	926	3.66%

Specifically, both no events or situations that gave rise to non-recurring costs or revenues occurred either in the first half of 2023 or the first half of 2022.

1.1) Analysis of revenues for the first half ended as at 30 June 2023 compared with the first half ended as at 30 June 2022

The notes provide a breakdown of the item Group revenues by market. Instead, below the revenues are shown by market (a), geographical area (b), sales channel (c) and currency (d) for the period ended as at 30 June 2023, compared with that as at 30 June 2022.

(a) breakdown by markets	Book value 30-Jun-23	Book value 30-Jun-22	*Changes in the period*
Net internal sales	8,219,552 *30.87%*	7,480,352 *29.33%*	*9.88%*
Net EU sales	6,243,568 *23.45%*	6,227,392 *24.42%*	*0.26%*
Net Non-EU sales	12,163,345 *45.68%*	11,794,236 *46.25%*	*3.13%*
Total A, 1	26,626,465	25,501,980	*4.41%*

(b) breakdown by geographical area	Book value 30-Jun-23	Book value 30-Jun-22	*Changes in the period*
AMERICA	9,570,117 *35.94%*	9,266,155 *36.34%*	*3.28%*
EUROPE	6,243,568	6,227,392	*0.26%*

[1] EBITDA = this is defined as operating income before amortisation/depreciation and writedowns. As EBITDA is not identified as an accounting measure, either in the Italian national accounting standards (OIC) or the international accounting standards (IAS/IFRS), the determination of its amount may not be unequivocal.

	23.45%	*24.42%*	
ITALY	8,219,552	7,480,352	*9.88%*
	30.87%	*29.33%*	
ASIA	2,485,021	2,393,219	*3.84%*
	9.33%	*9.38%*	
AFRICA	96,596	114,825	*-15.88%*
	0.36%	*0.45%*	
OCEANIA	11,611	20,037	*-42.05%*
	0.04%	*0.08%*	
Total A, 1	26,626,465	25,501,980	*4.41%*

(c) breakdown by sales channel		Book value 30-Jun-23	Book value 30-Jun-22	*Changes in the period*
Sales Network		9,790,318	9,978,864	*-1.89%*
Automotive		5,381,680	4,778,651	*12.62%*
Fixed		6,116,468	6,004,217	*1.87%*
Mobile		5,337,998	4,740,248	*12.61%*
Total A, 1		26,626,465	25,501,980	*4.41%*
of which				
	Core business	21,244,785	20,723,329	*2.52%*
	% of total	*79.8%*	*81.3%*	
	Automotive	5,381,680	4,778,651	*12.62%*
	% of total	*20.2%*	*18.7%*	

(d) breakdown by currency	Book value 30-Jun-23	Book value 30-Jun-22	*Changes in the period*
in Euro	21,540,929	21,453,643	*0.41%*
	80.90%	*84.13%*	
Value in Euro of turnover in US Dollars	5,085,536	4,048,337	*25.62%*
	19.10%	*15.87%*	
Total A, 1	26,626,465	25,501,980	*4.41%*

2) Balance sheet data for the period ended 30 June 2023 compared with the year ended 31 December 2022

The information regarding the main balance sheet indicators of the Issuer for the period ended 30 June 2023 and the year ended 31 December 2022 is shown below.

More specifically, the Group’s balance sheet reclassified by source and use is shown below.

Eur 000	30-Jun-23	31-Dec-22
A) NET FIXED ASSETS	16,811	17,512
Intangible fixed assets	911	1,065
Tangible fixed assets	14,464	14,907

Financial fixed assets (*)	1,436	1,540
B) NET WORKING CAPITAL	15,498	13,518
Inventories	14,235	14,008
Assets held for sale	0	0
Advances from customers	(33)	(199)
Trade receivables	9,254	8,376
Other receivables	2,075	2,092
Trade payables	(5,823)	(6,671)
Other payables	(3,674)	(3,592)
Provisions for risks and charges	(1,100)	(1,454)
Other assets/liabilities	564	958
C) GROSS INVESTED CAPITAL	32,309	31,030
D) STAFF LEAVING INDEMNITY	(1,398)	(1,525)
E) NET INVESTED CAPITAL	30,911	29,505
covered by		
F) OWN SHARE CAPITAL	(22,386)	(21,400)
G) NET FINANCIAL POSITION (*)	(8,525)	(8,105)
Medium-long term financial payables	(14,078)	(10,320)
Short-term financial payables	(5,352)	(4,712)
Cash and cash equivalents	10,905	6,927
H) TOTAL COVERAGE	(30,911)	(29,505)

(*) the figure includes Euro 234 thousand (compared with Euro 257 thousand in the previous year) in assets arising from interest rate derivative financial instruments. Those derivatives, linked to payables for loans, are considered in identifying the net financial indebtedness, which, therefore, is identified as follows:

Eur 000	30-Jun-23	31-Dec-22
Net Financial Position (book value)	(8,525)	(8,105)
Non-current financial assets	234	257
Actual Net Financial Position or Net Financial Indebtedness	(8,291)	(7,848)

The breakdown of the actual Net Financial Position is illustrated in greater detail in the following pages.

3) Alternative Performance Indicators

The Group uses several Alternative Performance Indicators ("APIs") to facilitate the understanding of the profit and loss and balance sheet performance.

In order to correctly interpret those APIs, the following is noted: *(i)* those indicators have been constructed exclusively on the Group's past data and do not indicate the Group's future performance, *(ii)* the APIs are not set out by the OIC and, though deriving from the Consolidated Financial Statements as at 30 June 2023, 31 December 2022 and 30 June 2022, are not subject to auditing, ***(iii)*** the APIs shall not be considered as replacing the reference accounting standards (OIC), ***(iv)*** as the definitions and criteria adopted to determine the indicators used by the Group do not derive from the reference accounting standards may not be uniform with those adopted by other companies or groups and, therefore, may not be comparable with those presented by those parties, if any, and ***(v)*** the APIs used by the Group have been developed using the same, uniform definition and representation for all years for which the financial information is included in this director's report on operations.

With the exception of revenues, the total net results of the APIs represented (Adjusted EBITDA, % Adjusted EBITDA, Adjusted EBIT, % Adjusted EBIT, EBT, % Adjusted EBT, operating net working capital, net working capital, net financial indebtedness and debt ratio) are not identified as accounting measures under the IFRS. Therefore, as illustrated above, they shall not be considered alternative measures to those provided in the Group's financial statement tables for assessing its profit and loss performance and related balance sheet position.

The tables below show the main profit and loss and balance sheet APIs used by the Group to monitor the profit and loss and balance sheet performance, as well as their methods of determination, calculated net of the normalisations previously described, in order to highlight the performance of turnover and recurring operating margins:

Eur 000	30-Jun-23	30-Jun-22
Revenues from production and sale (1)	26,943	25,284
EBITDA (2)	4,955	3,849
% EBIT margin (2)	*18.39%*	*15.22%*
EBIT (3)	3,074	1,269
% EBIT margin (3)	*11.41%*	*5.02%*
EBT (4)	2,688	1,256
% EBT margin (4)	*9.98%*	*4.97%*
Total net profit	2,104	926
Eur 000	30-Jun-23	31-Dec-22
Operating Net Working Capital (5)	17,633	15,514
Net Working Capital (6)	15,498	13,518
Net financial indebtedness	(8,291)	(7,848)
Debt ratio (7)	0.37	0.37

1) Revenues from production and sale are defined as the algebraic sum of revenues from sales and the (positive or negative) change in work in progress and finished products. For better understanding of the items that contributed to determining that API, the detailed table is shown below:

Eur 000	30-Jun-23		30-Jun-22
Revenues from sales *(with annual changes)*	**26,626**	**4.4%**	**25,502**
Changes in WIP	317		(218)

Revenues from production and sale	26,943	25,284

2) EBITDA is defined as the profit (loss) for the period, adjusted by the following components: (*i*) income taxes, (*ii*) financial income/charges and charges for discounting staff leaving indemnity, (*iii*) non-recurring income and charges (illustrated in greater detail in paragraph 1 above), (*iv*) amortisation, depreciation and impairment and (*v*) provisions. For better understanding of the items that contributed to determining that API, the detailed table is shown below:

Eur 000	30-Jun-23		30-Jun-22
Total net profit	2,104		926
Income taxes	585		330
Value adjustments to financial assets	27		(10)
Financial income and charges	359		23
Non-recurring income and charges	0		0
Amortisation/depreciation and impairment	1,854		2,252
Provision for bad debt	26		27
Provisions for risks	0		300
EBITDA (A) - *with annual changes*	4,955	28.8%	3,849
Revenues from production and sale (B)	26,943		25,284
% EBITDA margin (A/B)	*18.39%*		*15.22%*

3) EBIT is defined as the profit (loss) for the period, adjusted by the following components: (*i*) income taxes, (*ii*) financial income/charges and charges for discounting staff leaving indemnity and (*iii*) non-recurring income and charges (illustrated in greater detail in paragraph 1 above). For a better understanding of the items that contributed to determining that API, the detailed table is shown below:

Eur 000	30-Jun-23		30-Jun-22
Total net profit	2,104		926
Income taxes	585		330
Value adjustments to financial assets	27		(10)
Financial income and charges	359		23
Non-recurring income and charges	0		0
EBIT (A) - *with annual changes*	3,074	142.2%	1,269
Revenues from production and sale (B)	26,943		25,284
% EBIT margin (A/B)	*11.41%*		*5.02%*

If the amortisation/depreciation from revaluation were not considered, such as negative components deriving from the merger through LBO, the effects on the EBIT would be as follows:

Eur 000	30-Jun-23		30-Jun-22	
EBIT (A) - *with annual changes*	3,074	142.2%	1,269	-10.2%
Amortisation/depreciation from revaluation	(298)		(442)	

Adjusted EBIT (A) - *with annual changes*	3,373	56.6%	1,711
Revenues from production and sale (B)	26,943		25,284
% EBIT margin (A/B)	*12.52%*		*6.77%*

4) EBT is defined as the profit (loss) for the period, adjusted by income taxes. For better understanding of the items that contributed to determining that API, the detailed table is shown below:

Eur 000	30-Jun-23	30-Jun-22
Total net profit	2,104	926
Income taxes	585	330
EBT (A)	2,688	1,256
Revenues from production and sale (B)	26,943	25,284
% EBT margin (A/B)	*9.98%*	*4.97%*

5) and 6) the operational net working capital and the net working capital are calculated as follows:

Eur 000	30-Jun-23	31-Dec-22
Inventories	14,235	14,008
Assets held for sale	0	0
Trade receivables (*)	9,221	8,177
Trade payables	(5,823)	(6,671)
Net Operating Working Capital	17,633	15,514
Other current assets and liabilities	(2,346)	(2,078)
Tax receivables and payables and deferred tax liabilities	746	578
Provisions for risks and charges	(1,100)	(1,454)
Other assets/liabilities	564	958
Net Working Capital	15,497	13,518

(*) Trade receivables were indicated net of advances.

7) The Debt Ratio, unchanged on 31 December 2022, is calculated as follows:

Eur 000	30-Jun-23	31-Dec-22
Net Financial Indebtedness (A)	(8,291)	(7,848)
Shareholders' Equity (B)	22,386	21,400
Debt Ratio -(A)/(B)	0.37	0.37

8) Shareholders' Equity is composed of:

Eur 000	30-Jun-23	31-Dec-22
I. Share capital	6,539	6,539
II. Share premium reserve	6,463	6,463

III. Revaluation reserve	1,867	1,867
IV. Legal reserve	1,159	1,055
VI. Other reserves	4,129	3,259
VII. Cash flow hedging reserve	260	376
IX. Profit (loss) for the period	2,104	1,962
X. Negative reserve for treasury shares	(135)	(120)
TOTAL SHAREHOLDERS' EQUITY	22,386	21,400
Minority interests		
TOTAL SHAREHOLDERS' EQUITY	22,386	21,400

4) Cash Flow and Net Financial Position ("NFP")

The change in net financial indebtedness can be analysed as follows:

	30-Jun-23	31-Dec-22
	€/000	€/000
EBIT	**3,074**	**2,714**
Tax effect	(585)	(618)
Changes in provisions	(481)	(143)
Allocations and writedowns	1,881	4,843
Cash flow from income	**3,889**	**6,796**
Changes in working capital		
Inventories	(227)	(1,887)
Trade receivables	(1,044)	(486)
Other receivables	17	588
Payables to suppliers	(848)	(831)
Other payables	477	(562)
Changes in working capital	(1,626)	(3,178)
Operating cash flow (Free cash flow)	**2,263**	**3,618**
Net investments in tangible & intangible assets	(1,283)	(3,118)
Changes in other fixed assets	103	101
Financial value adjustments	(27)	50
Cash flow from investment activities	(1,207)	(2,967)
Financial charges/income	(359)	(184)
Increases/(decreases) in share capital	0	0
Other changes in Shareholders' Equity	(1,118)	(734)
Cash flow from financing activities	(1,477)	(918)

Net cash flow (*)	(420)	(267)
Opening Net Financial Position	(8,105)	(7,838)
Closing Net Financial Position (*)	(8,525)	(8,105)
Net increase (decrease) in cash	(420)	(267)

(*) the cash flow analysis did not include the following:
- the fair value of assets deriving from interest rate hedging derivatives, classified under financial fixed assets (pursuant to that set out in OIC 32 no. 28b), given that their recognition, which passed through capital reserves, did not generate any cash flows;
- the fair value of assets deriving from exchange rate hedging derivatives (USD), classified under working capital, given that, also in this case, their recognition, which passed through capital reserves, did not generate any cash flows.

It seems clear that the Group continues to maintain good cash generation ability, also in a context of sharp growth in working capital.

The breakdown of the Net Financial Position, which, compared to the figure indicated above, also includes non-current financial assets represented by hedging derivatives (strictly linked to bank loans payable), is shown below:

Eur 000	30-Jun-23	31-Dec-22
Liquidity	10,905	6,927
Subscribed capital unpaid	0	0
Current financial assets	0	0
Current financial receivables	0	0
Short-term payables to banks	(4,844)	(4,216)
Short-term payables to banks from LBO	0	0
Short-term lease payables	(448)	(496)
Other short-term payables	(60)	0
Current financial indebtedness	(5,352)	(4,712)
Current net financial indebtedness	5,553	2,215
Non-current financial assets (hedging derivatives)	234	257
Payables to banks	(12,050)	(8,803)
Payables to banks from LBO		
Lease payables	(1,608)	(1,038)
Payables to others	(420)	(480)
Non-current net financial indebtedness	(13,844)	(10,063)
NET FINANCIAL POSITION	(8,291)	(7,848)
% Change on previous period	5.64%	

As illustrated, the NFP increased due to (i) investments in progress, amounting to Euro 1.3 million, mainly linked to the expansion of the Zola Predosa production facilities, (ii) the additional growth in working capital of Euro 1.6 million driven by revenues for the half year, and (iii) the dividend distributed in May, amounting to Euro 1 million.

Despite this, the position remained at definitely balanced levels in proportion to the Group's size and outlook for growth.

3. Investments

In this area the Group implemented the approved business plan, making investments of Euro 1.3 million in the period, slightly less than 5% of turnover for the half year, mainly represented by the expansion of the Zola Predosa production facilities, as part of the plan to rationalise real estate, aimed at a significant improvement in production and logistics efficiency.

4. Research and development

As regards research and development, the Group continued its normal improvement in functions and completion of the product range, aware that its future must be based on a competitive edge correlated with innovation. All of this was carried out in close partnership with the Industrial Engineering Department of the University of Bologna.

5. Information pursuant to Art. 2428, paragraph 2, point 6-bis of the Italian Civil Code

The Group is exposed to the normal risks and uncertainties typical of a business.

The markets where the Group operates are global markets, and niche markets in many cases. Therefore they are small in size, with few important competitors.

As a result of this distinctive trait, our Group maintains significant leadership on the market and, therefore, is less exposed to mass competition which increasingly aims for high volume markets.

A description of the financial risk factors the Group is exposed to is provided below:

1. *Credit risk*

The Group mainly works with know, reliable customers, and it is deemed that financial assets have a good credit quality. Nonetheless, the balance of receivables is monitored periodically for the main purpose of minimising losses.

There are no financial assets exceeding provisions allocated that are deemed potential bad debts.

2. *Liquidity and interest rate risk*

The Group identifies liquidity risk as the possibility that it may not be able to fully meet its obligations. This risk is reduced through actions to guarantee a balanced capital structure and efficient cash flow.

Likewise, there are debt instruments or other credit lines, with varying sources, to cover any liquidity needs. The risk in question has been assessed as relatively significant, and is subject to continuous monitoring.

In this regard, the Group has no loan agreements that require compliance with “financial covenants”.

Interest rate risk is the risk that adverse movements in the interest rate curve negatively influences the cost of debt. As part of its cash flow planning, in order to combat that possibility, several hedging transactions were implemented which, with certain costs, make it possible to set a cap on additional increases (such as the increase currently under way), especially relating to any jumps in inflation.

3. *Exchange rate risk*

With regard to exchange rate risk, the Company has implemented hedging policies by entering into commitments to sell foreign currency as part of exchange rate hedging transactions, as illustrated in the paragraph “commitments to sell currency” of the notes.

4. *Market risk*

Sensitively breaking down market risk into its primary factors: country risk, price risk and cross rate risk, the Group has identified the primary exposure risk as the latter.

The first risk is immaterial, as the Group operates mainly with industrially developed countries. The second is present, though the commercial policies are based on the quality and technical nature of the products, while there is also competition on the technical performance, not only on lower prices.

Nonetheless, it is undeniable the Group is exposed to the risks deriving from the fluctuation in the prices of the metals it uses (specifically, steel and aluminium), which may undergo sudden, significant increases. Especially in the last year, this forced us to adjust the sales prices to fully or partially absorb those greater costs.

Instead, exchange rate risk is present, and may significantly impact sales margins.

The scope of exposure was reduced to the minimum by using, where possible, the price list in the functional currency, but the risk cannot be further reduced, on pain of losing significant market shares.

Therefore, forward sales are carried out, correlated with the expected flows in foreign currency. As these have maximum flexibility and certain costs, they set a limit to the volatility of exchange rates.

5. *COVID-19 risk and geopolitical tensions*

<u>Health risk</u>
The Group has adopted all possible measures to prevent, control and contain the virus at its sites, with the goal of safeguarding the health of its workers, in close collaboration with the Trade Union Representatives.

Market risk

One of the latest consequences of the global pandemic under way, which was joined by the effects of the conflict in Ukraine, is represented by:

- increases in raw material and energy costs;
- increases in logistics costs (charters and transport);
- lack of semi-finished goods (for example, chips for the automotive industry).

Those phenomena are extremely complex to deal with, especially in the current global scenario characterised by extreme geopolitical tensions which broke out in the military conflict in Ukraine. However, as explained below, due to the total lack of purchases and immaterial amount of sales in the countries involved in the war (0.7% of turnover in the last year before the war started), on the one hand, and the measures previously implemented to avoid production problems and significant impacts on profitability of the turbulence in the components market, on the other, the company is deemed to have the necessary characteristics to also mitigate this type of risk.

Financial risk

As regards the financial aspects of this current scenario, the recent, accelerated sharp rise in interest rates should not have specific impacts on our Group, which has a high level of solvency and reliability, as well as significant financial autonomy to support its operating needs, as demonstrated by the significant unused credit lines, which guarantee access to the debt market also due to unforeseen events which could have a negative impact on cash flow.

6. Intercompany transactions and transactions with related parties

Transactions with related parties, including intercompany transactions, were not either atypical or unusual, as they fall within the normal course of business of Group companies.

Those transactions settled at market conditions, taking into account the characteristics of the goods and services provided.

During the period, the following transactions were undertaken:

Credit and debit transactions with related parties:

Eur 000	*trade receivables*	*trade payables*	*other receivables*	*other payables*	*pay. to emp. for remuneration*
Shareholders		(10)			
Board of Directors		(23)		(24)	(10)
Managers					(25)
Marzocchi Pumps USA Corp.	1,416				
Marzocchi Symbridge Hydraulic (Shanghai) Co. Ltd	183				
Montirone S.r.l.	14	(429)			
Total	1,613	(462)		(24)	(35)

Financial transactions with related parties:

Eur 000	Revenues A.1	Costs B.6	Costs B.7	Costs B.9
Shareholders			(10)	
Board of Directors			(159)	
Managers			(20)	(441)
Marzocchi Pumps USA Corp.	3,396		(17)	
Marzocchi Symbridge Hydraulic (Shanghai) Co. Ltd	401			
Montirone S.r.l.	7	(1,481)	(204)	
Total	3,804	(1,481)	(410)	(441)

The Board of Directors of Marzocchi Pompe S.p.A. approved the Procedure for Identifying, Approving and Executing Related-Party Transactions based on the provisions of the Euronext Growth Milan (former AIM) Issuer Regulation and the CONSOB Regulation on Related Party Transactions and Provisions on Related Party Transactions (hereinafter, the "Procedure for Related Party Transactions").

The Procedure for Related Party Transactions governs the rules for identifying, approving and executing Transactions with Related Parties and Associated Entities (as defined therein) implemented by the Issuer, to ensure the transparency and substantive and procedural correctness thereof.

The Issuer adopted that procedure to identify and formalise the conditions, objectives and content of the solutions adopted, and assesses its effectiveness and efficiency over time, to pursue objectives of integrity and impartiality in the decision-making process, respect for the interests of shareholders and creditors in general, and the efficient functioning of corporate bodies.

The Procedure for Related Party Transactions is available (in Italian) on the Issuer's website https://www.marzocchipompe.com/.

7. Significant events since the end of the first half of 2023

After 30 June 2023, no atypical or unusual transactions were carried out that require changes to these interim consolidated financial statements.

Considering the short period of time elapsed since 30 June 2023, and in light of the coverage of the order backlog at the date of preparation of this report, it is deemed that the Group should meet the expectations for 2023, despite a second half marked by a general slowdown in the global economy.

The proven equity and financial soundness also guarantee significant financial autonomy of the Group, which enables it to decisively continue with its operating decisions and in implementing its business development strategies. The extensive diversification of the market segments the Group operates in, several of which are showing significant growth, have enabled the Group to continue its commercial penetration program, aimed at strengthening its leadership position on the market, as demonstrated by the results achieved in this difficult half year.

The Chairman of the Board of Directors

Paolo Marzocchi

FINANCIAL STATEMENTS

Balance sheet and profit and loss account

			Assets	30-Jun-23	31-Dec-22
B)			Fixed assets		
I			Intangible fixed assets		
	1)		establishment and expansion costs	229,990	344,458
	3)		industrial patents and intellectual property rights	0	0
	4)		concessions, licences, trademarks and similar rights	513,901	537,096
	6)		work in progress and advances	81,623	64,370
	7)		other	85,060	119,183
			Total intangible fixed assets	910,574	1,065,107
II			Tangible fixed assets		
	1)		land and buildings	7,604,131	7,783,650
	2)		plant and machinery	3,952,198	4,365,854
	3)		industrial and commercial equipment	1,149,596	1,171,176
	4)		other assets	493,270	502,504
	5)		work in progress and advances	1,264,578	1,084,194
			Total tangible fixed assets	14,463,773	14,907,378
III			Financial fixed assets		
	1)		equity investments in:		
		a)	subsidiaries consolidated at equity	0	28,391
		b)	associates consolidated at equity	705,301	759,755
		d-bis)	other companies	11,376	11,376
	2)		receivables:		
		d-bis)	from others		
			- beyond 12 months	13,618	13,960
	3)		other securities	471,948	469,260
	4)		Assets arising from derivative financial instruments	234,184	256,877
			Total financial fixed assets	1,436,427	1,539,619
			Total fixed assets (B)	16,810,774	17,512,104
C)			Working capital		
I			Inventories		
	1)		raw and subsidiary materials and consumables	4,236,489	4,247,708
	2)		work in progress and semi-finished goods	4,154,318	4,192,083

	4)	finished products and goods	5,844,534	5,568,157
		Total inventories	14,235,341	14,007,948
II		Receivables:		
	1)	trade receivables		
		- within 12 months	9,057,047	8,284,800
	2)	from subsidiaries consolidated at equity		
		- within 12 months	0	0
	3)	from associates consolidated at equity		
		- within 12 months	197,077	91,279
	4)	from parent companies		
		- beyond 12 months	24,744	474,232
	5-bis)	tax receivables		
		- within 12 months	405,486	744,608
	5-ter)	deferred tax assets		
		- within 12 months	204,942	246,108
		- beyond 12 months	465,218	406,352
	5-quater)	from others		
		- within 12 months	974,240	220,688
		Total receivables	11,328,754	10,468,067
III		Financial assets other than fixed assets		
	5)	Assets arising from derivative financial instruments	26,298	119,420
		Total financial assets other than fixed assets	26,298	119,420
IV		Cash and cash equivalents		
	1)	bank and postal deposits	10,902,472	6,925,597
	2)	cheques	0	0
	3)	cash on hand	2,500	1,847
		Total cash and cash equivalents	10,904,972	6,927,444
		Total working capital (C)	36,495,365	31,522,879
D)		Accruals and deferrals		
	a)	Accrued income	12,749	7,530
	b)	Prepayments	978,441	1,323,637
		Total accruals and deferrals	991,190	1,331,167
		TOTAL ASSETS	54,297,329	50,366,150

		Liabilities	30-Jun-23	31-Dec-22
A)		Group Shareholders' equity		
I		Share Capital	6,538,750	6,538,750
II		Share premium reserve	6,462,750	6,462,750
III		Revaluation reserve	1,867,115	1,867,115
IV		Legal reserve	1,159,284	1,054,822
VI		Other reserves	4,128,717	3,258,604
VII		Cash flow hedging reserve	260,482	376,297
VIII		Profits (losses) carried forward	0	0
IX		Profit (loss) for the period	2,103,688	1,962,104
X		Negative reserve for treasury shares in portfolio	(134,683)	(120,311)
		Total Group Shareholders' equity	22,386,103	21,400,131
B)		Provisions for risks and charges		
	1)	for pensions and similar obligations	421,615	401,165
	2)	for taxes, including deferred taxes	178,284	249,588
	3)	Liabilities arising from derivative financial instruments	0	0
	4)	others	500,000	803,595
		Total provisions for risks and charges	1,099,899	1,454,348
C)		Staff leaving indemnity	1,397,636	1,524,604
D)		Payables		
	4)	payables to banks		
		- within 12 months	4,843,543	4,215,655
		- beyond 12 months	12,050,034	8,512,584
	5)	payables to other lenders		
		- within 12 months	508,018	496,435
		- beyond 12 months	2,028,410	1,807,729
	6)	advances		
		- within 12 months	32,659	198,873
	7)	payables to suppliers		
		- within 12 months	5,322,788	6,105,216
	9)	Payables to subsidiaries consolidated at equity		
		- within 12 months	0	0
	10)	Payables to associates consolidated at equity		
		- within 12 months	500,228	566,154
	11)	payables to parent companies		
		- within 12 months	0	6,297
	12)	payables to the tax administration		

		- within 12 months	329,637	819,004
		- beyond 12 months	0	0
13)		contributions to pension and social security institutions		
		- within 12 months	834,285	889,552
14)		other payables		
		- within 12 months	2,510,322	1,876,796
		Total payables	28,959,924	25,494,295
E)		Accruals and deferrals		
	a)	Accrued expenses	136,471	97,466
	b)	Deferred income	317,296	395,306
		Total accruals and deferrals	453,767	492,772
		TOTAL LIABILITIES	54,297,329	50,366,150

			Profit and Loss Account	30-Jun-23	30-Jun-22
A)			Value of production		
	1)		revenues from sales and services	26,626,465	25,501,980
	2)		changes in inventories of work in progress, semi-finished goods and finished products	317,009	-218,052
	4)		increases in fixed assets due to internal works	6,330	14,652
	5)		other revenues and income		
		a)	grants for operating expenses	144,325	0
		b)	others	360,670	420,471
			Total value of production	27,454,799	25,719,051
B)			Cost of production		
	6)		for raw and subsidiary materials, consumables and goods	6,860,400	7,611,418
	7)		for services	7,225,396	7,076,503
	8)		for use of third-party assets	185,444	181,513
	9)		for personnel		
		a)	wages and salaries	5,769,465	5,661,367
		b)	social security contributions	1,769,046	1,732,131
		c)	staff leaving indemnity	355,130	398,649
		e)	other costs	50,000	48,900
			Total personnel costs	7,943,641	7,841,047
	10)		amortisation/depreciation and writedowns		
		a)	amortisation of intangible fixed assets	245,562	224,882
		b)	depreciation of tangible fixed assets	1,609,789	2,027,228
		c)	other writedowns of fixed assets	0	0
		d)	writedowns of receivables entered among working capital and cash and cash equivalents	25,956	27,374
			Total amortisation/depreciation and writedowns	1,881,307	2,279,484
	11)		changes in inventories of raw and subsidiary materials, consumables and goods	11,219	(1,063,789)
	12)		provisions for risks	0	300,000
	14)		miscellaneous operating costs	273,256	223,856
			Total costs of production	24,380,663	24,450,032
			DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A-B)	3,074,136	1,269,019
C)			Financial income and charges		
	15)		income from equity investments		

	b)	income from equity investments in associates consolidated at equity	0	0
	e)	income from other equity investments	168	0
16)		other financial income		
	b)	from securities stated in fixed assets other than equity investments		
		- other securities	3,603	3,603
	d)	other financial income not included above		
		- from others	7,919	280
17)		interest and other financial charges		
		- from others	313,813	143,412
17 bis)		Exchange rate gains and (losses)	(56,800)	116,515
		Total financial income and charges (15 + 16 + 17 + - 17 bis)	(358,923)	(23,014)
D)		Value adjustments to financial assets		
18)		revaluations		
	a)	of equity investments	13,932	61,804
	b)	of financial fixed assets other than equity investments	2,770	0
19)		writedowns		
	a)	of equity investments	43,454	51,706
	b)	of financial fixed assets other than equity investments	0	0
		Total adjustments (18 - 19)	(26,752)	(10,098)
		Profit before taxes (A -B + - C + - D)	2,688,461	1,256,103
20)		income taxes for the period		
	a)	current	97,526	289,049
	b)	Taxes relating to previous periods	24,199	(46)
	c)	deferred	(10,083)	8,729
	d)	prepaid	473,131	32,086
		Total income taxes for the period	584,773	329,818
		Profit (loss) for the period	2,103,688	926,285

FINANCIAL STATEMENTS

Cash flow statement (indirect method)

	30-Jun-23		31-Dec-22	
A. Cash flow from income management				
Profit (loss) for the period	2,103,688		1,962,104	
Income taxes	584,773		618,375	
Interest expense (interest income)	302,291		365,947	
(Dividends)	(51,472)		(236,243)	
(Capital gains)/capital losses deriving from the disposal of assets	706		6,836	
1. Profit (loss) for the period before income taxes, interest, dividends and capital gains/losses from disposals		2,939,986		2,717,019
Allocations to provisions	282,269		636,585	
Amortisation/depreciation of fixed assets	1,855,351		4,546,986	
Writedowns due to impairment losses	0		0	
Adjustments to financial assets and liabilities deriving from derivative financial instruments	0		0	
Other adjustments for non-monetary items	(121,767)		(341,924)	
Adjustments for non-monetary items with no effects on net working capital		2,015,853		4,841,647
2. Cash flow prior to changes in net working capital		4,955,839		7,558,666
Decrease/ (increase) in inventories	(419,827)		(1,760,832)	
Decrease/(increase) in trade receivables (including intercompany receivables)	(437,780)		(549,737)	
Increase/(decrease) in trade payables (including intercompany payables)	(832,492)		(740,255)	
Decrease/(increase) in accruals and deferrals	(343,296)		(498,960)	
Increase/(decrease) in accrued liabilities and deferred income	16,802		86,659	
Other changes in net working capital	(943,611)		420,372	
Cash flow from changes in net working capital		(2,273,612)		(3,042,753)
3. Cash flow after change in net working capital		2,682,227		4,515,913
Interest received/(paid)	(33,415)		(137,423)	
(Income taxes paid)	(160,697)		(416,256)	
Dividends received	51,472		236,243	
(Use of provisions)	(480,144)		(502,237)	

Cash flow from other adjustments		(622,784)		(819,673)
Cash flow from income management (A)		2,059,443		3,696,240

B. Cash flow from investment activities				
(Investments)	(1,186,563)		(3,279,923)	
Price realised on disinvestments	931		604,724	
Tangible fixed assets		(1,185,632)		(2,675,199)
(Investments)	(94,560)		(239,468)	
Price realised on disinvestments	138		825	
Intangible fixed assets		(94,422)		(238,643)
(Investments)	0		(1,035)	
Price realised on disinvestments	53,747		6,494	
Interest income from financial fixed assets	3,500		7,000	
Financial fixed assets		57,247		12,459
(Investments)	0		0	
Price realised on disinvestments	0		0	
Interest income on financial assets not included in fixed assets	140		1,154	
Financial assets not included in fixed assets		140		1,154
Purchase of business branches net of cash and cash equivalents		0		0
Sale of business branches net of liquid assets		0		0
Cash flow from investment activities (B)		(1,222,667)		(2,900,229)

C. Cash flow from financing activities				
Increase (decrease) in short-term payables to banks	0		0	
New loans	6,812,264		6,000,000	
Loan repayments	(2,414,662)		(4,486,183)	
Financial charges on loans	(250,957)		(214,926)	
Financial charges for derivatives on loans	(3,992)		(15,103)	
Cash flow from indebtedness		4,142,653		1,283,788
Increase in share capital and reserves against payment	0		0	
Reimbursement of capital and reserves against payment	0		0	
Change in consolidation and translation reserves	(10,579)		46,214	
Disposal (purchase) of treasury shares	(14,372)		(96,491)	
Dividends (and advances on dividends) paid	(976,950)		(782,850)	
Cash flow from Shareholders' Equity		(1,001,901)		(833,127)
Cash flow from financing activities (C)		3,140,752		450,661
Cash and cash equivalents (period start)		6,927,444		5,680,772

Increase (decrease) in cash and cash equivalents (A ± B ± C)	3,977,528	1,246,672
Cash and cash equivalents (period end)	10,904,972	6,927,444

FINANCIAL STATEMENTS

Notes to the consolidated financial statements ended as at 30 June 2023

Dear Shareholders,

Marzocchi Pompe S.p.A., the parent company, and its subsidiaries operate both in Italy and abroad, in the production of gear pumps.

The significant events that occurred during the period are illustrated in detail in the Consolidated Board of Directors' Report, to which reference is made.

The consolidated financial statements, composed of the balance sheet, profit and loss account cash financial statements and notes to the financial statements were drawn up in compliance with the provisions of article 29 of Italian Legislative Decree 127/91, as set out in these notes, drawn up pursuant to article 38 of that decree.

All the complementary information deemed necessary was also prepared to provide the widest disclosure on the profit and loss, equity and balance sheet of the Group. Specifically, the statement of reconciliation of the Parent Company's Profit and Shareholders' Equity and the Consolidated Profit and Shareholders' Equity for the interim period.

These interim financial statements were drawn up taking account of the regulatory changes introduced by Italian Legislative Decree 139/2015, applicable starting in 2016 and the resulting updating of the OIC accounting standards.

The financial statements have been drawn up with a view to the company as a going concern. They reflect the entries in the duly kept company books and were drawn up in keeping with article 2343 *et seq.* of the Italian Civil Code.

The values in the financial statements are represented in Euro, while the board of directors' report has been drawn up in thousands of Euro, unless otherwise specified.

None of the valuation criteria, set out in the following chapters, differs from those applied in previous periods.

Consolidation area

The scope of line-by-line consolidation includes the financial statements as at 30 June 2023 of Marzocchi Pompe S.p.A. and of the subsidiary Marzocchi Pumps USA Corp., in which the parent company directly holds 100% of voting rights and which represents a long-term investment.

The following associates were valued at equity:
- Marzocchi Symbridge Hydraulic (Shanghai) Co. Ltd, joint venture with the long-term Chinese partner Symbridge Hydraulic Technology (Shenzhen) Co. Ltd., for the purpose of more fruitful

commercial penetration of Asian markets. As at 30 June 2023, the parent company held a significant equity investment of 45%.

- Montirone S.r.l., with registered office in San Giovanni in Persiceto (BO), Italy, in which the parent company held a significant equity investment of 35% as at 30 June 2023.

Lastly, Marzocchi (Shanghai) Trading Co. Ltd, a Chinese company previously controlled by not consolidated on a line-by-line basis, as immaterial, was definitively liquidated in May.

The breakdown of investments is shown below:

Name	Registered office	Currency	Share Capital	%
Marzocchi Pumps USA Corp.	1355 Bowes RD, Elgin, Illinois 60123, USA	US $	768,580	100%
		€uro	707,326	
Marzocchi Symbridge Hydraulic (Shanghai) Co. Ltd	Room F, 21 F/L, Fei-Zhou International Plaza, No 899, Ling-Ling Road, 200030 Shanghai, China	CNY	4,508,462	45%
		€uro	570,814	
Montirone S.r.l.	Via Einstein 15, San Giovanni in Persiceto (BO), Italy	€uro	156,000	35%

The consolidated financial statements as at 30 June 2023 were drawn up based on the draft financial statements prepared by the single investees which, where necessary, were suitably reclassified in order to make their form of presentation comply with the standardised criteria and, also where necessary, were further adjusted to standardise the valuation criteria of the consolidated companies.

The administrative period and the closing date for preparing the consolidated financial statements are those of the parent company's financial statements for the period.

1. Consolidation principles

In compliance with art. 31 of Italian Legislative Decree 127/91, the main consolidation criteria are specified below:

- the carrying amount of consolidated investment was eliminated against the related shareholders' equity in relation to the assumption of the assets and liabilities of the subsidiaries, in accordance with the line-by-line method;
- debt and credit, cost and revenue items and all significant transactions carried out between consolidated companies were eliminated;
- any shares of capital, reserves and the profit (loss) for the period pertaining to third parties were posted to the items "Share capital and reserves of third parties" in Shareholders' equity and "Profit (loss) pertaining to third parties" in the profit and loss account, respectively;
- the excess amount between the purchase cost of the investments and the corresponding value of shareholders' equity of the investees was recognised at the date of acquisition of the consolidated companies, and was recorded under the specific items of intangible fixed assets or, where applicable, under "goodwill".

Where this difference was negative, it was recorded under the item Consolidation loss;
- there are no items with exclusive relevance for tax purposes posted in the balance sheets or the profit and loss accounts of the consolidated companies;
- any tax effects deriving from the adjustments made to standardise the valuation criteria of the financial statements of the consolidated companies are recorded in the provisions for deferred taxes;
- unrealised intercompany profits and losses relating to amounts included in the balance sheet (sales of assets that remain as stocks at the consolidated companies) were eliminated, where possible, contrary to the transfers of assets, as these were immaterial and in any case relating to transactions finalised at values near normal market conditions, in accordance with the provisions of art. 31, paragraph 3 of Italian Legislative Decree 127/91;
- financial statements in foreign currency were translated as follows:
  - all assets and liabilities were translated at the spot exchange rate at the end of June 2023;
  - all costs and revenues for the period were converted at the average exchange rate for the first half of 2023;
  - the translation differences were differentiated by type, either profit and loss or equity, and were recognised in either the profit and loss account or shareholders' equity;
- Operating lease and rental contracts, with equivalent characteristics, in the separate financial statements of the companies consolidated on a line-by-line basis were recorded using the financial method.

2. Valuation criteria

The accounting and valuation criteria underlying the preparation of the consolidated financial statements for the period comply with those set out in art. 35 of Italian Legislative Decree 127/91, and have remained stable over time.
The main criteria are specified below:

Intangible fixed assets
Intangible fixed assets are recognised at cost and subject to direct amortisation over the periods in which they provide economic benefits. The notes to the financial statements regarding this item indicate the period of direct amortisation applied which, in any event, does not exceed five years, except in the case of Trademarks and accessory charges for loans.

In compliance with that required by accounting standard OIC 9, impairment testing was carried out. Fixed assets whose value at the close of the period proves to be consistently lower than the residual cost to be depreciated are stated at the lower value; this figure is restored in later years if the grounds for the adjustment no longer exist.

Tangible fixed assets
Tangible fixed assets are stated at purchase price or cost of production, including directly attributable ancillary charges. The cost is adjusted only in compliance with specific national laws which allow for the revaluation to adjust the value to the changes purchasing power of money.

The depreciation of tangible fixed assets recognised in the financial statements is calculated on a straight-line basis, in constant rates decreased to 50% for assets acquired during the year, with reference to any revalued cost. Those rates represent the actual economic-technical deterioration of the assets based on their residual economic useful life, in compliance with the provisions of art. 2426 of the Italian Civil Code. Ordinary maintenance costs are charged fully to the profit and loss account. Maintenance costs that enhance assets are attributed to the assets they refer to, and depreciated according to the rates applicable to the asset.

In compliance with that required by accounting standard OIC 9, impairment testing was carried out. Fixed assets whose value at the close of the period proves to be consistently lower than the residual cost to be depreciated are stated at the lower value; this figure is restored in later years if the grounds for the adjustment no longer exist.

There are durable goods, mainly hardware and software user licences, acquired through operating leases with characteristics equivalent to finance leases. Those assets, equivalent to those acquired through finance leases, are recognised in these consolidated financial statements, just as in the previous ones, using the financial method. Based on this method, the value of the asset and the corresponding payable to the lease or rental company are recognised among tangible or intangible fixed assets, and the related accumulated depreciation is recognised based on the residual useful life of the assets.

The depreciation rates used, which have not changed on the previous year, are as follows:

	rates
Land and buildings	
- Land	-
- Buildings	3%
Plant and machinery	
- Plant	10%
- Production machinery	15.50%
- Testing machinery	15.50%
Equipment	
- Industrial equipment	15.50%
- Moulds	25%
- Temporary structures	10%
- Canteen equipment and furniture	12%
Others	
- Forklift trucks	20%
- Shelving, containers and workshop furniture	10%
- Office furniture and fittings	12%
- Electronic office equipment	12%
- Hardware	40%
- Vehicles	25%

Financial fixed assets
The non-consolidated equity investments, represented by the associates Marzocchi Symbridge Hydraulic (Shanghai) Co. Ltd and Montirone S.r.l. were valued at equity, adjusting their historical cost to the profit (loss) for the period.

Other equity investments were posted at the historical purchase price, adjusted due to impairment, if necessary.

Receivables recognised under financial fixed assets are posted at their realisable value. Considering their immateriality, the application of the amortised cost method would not have generated significant differences in the valuation.

Closing inventory
Inventories are measured at the lower of the purchase price or production cost, and the realisable value, estimated on the basis of market trends.

In order to ensure a correct valuation of stocks of obsolete products or those with slow turnover, the value of inventories is adjusted by recognising provisions for inventory obsolescence which is determined by an accurate analysis of the consumption of the last 12 months and projected needs, to take account of the actual possibility of use or estimated realisation.

The cost configuration used is the average weighted cost.

The difference between the value of inventories determined at current costs at the end of the period is immaterial.

Receivables
Receivables are recognised in the financial statements using the amortised cost criterion, taking account of the time factor and the estimated realisable value.

On initially recognising receivables using the amortised cost, the time factor is respected by comparing the effective interest rate with the market interest rates. Where the effective interest rate significantly differs from the market interest rate, the latter is used to discount the future cash flows deriving from the receivable, to determine its initial recognition value.

On closing the period, the value of receivables measured at amortised cost is equal to the present value of future cash flows discounted at the effective interest rate. In the event that the contractual rate is fixed, the effective interest rate determined on initial recognition is not recalculated. If, instead, it is a floating rate linked to market rates, the future cash flows are redetermined periodically to reflect the changes in market interest rates, recalculating the effective interest rate.

The amortised cost criterion was not applied, and receivables were not discounted in the event of receivables falling due within 12 months, as the effects are irrelevant for the purposes of a true and correct representation. Therefore, receivables falling due in less than 12 months are posted at their estimated realisable value.

Receivables are derecognised from the financial statements when the contractual rights of the cash flows deriving from the receivables are extinguished, or where all the risks pertaining to the receivable disposed of are transferred.

Accruals and deferrals

Accrued income and prepayments, and accrued liabilities and deferred income reflect revenues, income, costs and charges attributed to a time frame concerning several consecutive years.

Provisions for risks and charges

Provisions for risks and charges are allocated to cover against losses and liabilities that will probably arise but that, as at the end of the period under review, could not be determined, either in terms of amount or the date on which they would emerge.

In the valuation of those provisions, the general criteria of prudence and accruals were applied, and no generic provisions for risks were established lacking economic justification.

Potential liabilities were recognised in the financial statements and posted under provisions, as deemed probable and as the amount of the related charge could be reasonably estimated.

Staff leaving indemnity

The amount of these provisions is suitable to cover the indemnity accrued by employees up to 30 June 2023, in compliance with provisions of law.

Payables

These are recognised using the amortised cost criterion, taking account of the time factor. On initially recognising payables using the amortised cost, the time factor is respected by comparing the effective interest rate with the market interest rates.

On closing the period, the value of payables measured at amortised cost is equal to the present value of future cash flows discounted at the effective interest rate. As set out in article 12, paragraph 2 of Italian Legislative Decree 139/2015, the amortised cost criterion was not applied to payables recognised in the financial statements prior to the year starting on 1 January 2016.
Moreover, the amortised cost criterion was not applied to short-term payables (duration of less than 12 months), or to payables with irrelevant transactions costs in relation to the nominal value, as the effects are irrelevant for the purposes of a true and correct representation. In that case, payables are expressed at their nominal value.

The item “Advances” comprises the advances received from customers for supplies of goods and services that have not yet been performed.

“Trade payables”, all falling due within 12 months, were recognised at nominal value, net of commercial discounts. Instead, cash discounts were recognised at the time of payment. The value of those payables was adjusted as a result of returns or allowances (invoicing corrections), to the extent equal to the amount defined with the counterparty.

Derivative financial instruments

The Parent Company uses financial derivatives only with the intention to manage and cover its exposure to the risk of fluctuations in interest rates and exchange rates in currencies other than the Euro. Derivative financial instruments, even if embedded in other financial instruments, were initially recognised when the Company acquired the related rights and obligations. They were measured at fair value, determined based on the market value, equal to the Mark-to-Market at the period end date.

Derivatives are classified as hedging instruments only when, at the start of the hedge, there is a strict, documented correlation between the characteristics of the hedged element and those of the hedging instrument, that relationship is formally documented and the hedging is highly effective, which is verified periodically.

Financial instruments with positive fair values are recognised under financial fixed assets and in working capital, based on their nature as a derivative financial instrument hedging a highly probably transaction. Derivative financial instruments with negative fair value were recognised in the financial statements under provisions for risks and charges. The cash flow hedging reserve recorded the changes in fair value of the effective portion of derivative financial instruments hedging cash flows, net of deferred tax liabilities.

Costs and revenues

These are entered in the financial statements according to the principles of prudence and on an accrual basis, recognising the related accruals and deferrals.

Revenues, income, costs and charges are entered net of returns, discounts, allowances and bonuses and of the taxes directly related to the sale of products and the provision of services.

Taxes

Income taxes for the period are determined based on the accruals principle. Therefore, the actual current taxes for the period and any deferred tax assets and liabilities are recognised.

B) I - Intangible fixed assets

The table below illustrates the breakdown of this item:

	Establishment and expansion costs	Concessions, licenses, trade-marks, etc.	work in progress	other intangible assets	total
Balance at beginning of period					
Cost	344,458	537,096	64,370	119,183	1,065,107
Revaluations	-				
Accumulated amortisation	-				
Writedowns	-				
Book value	344,458	537,096	64,370	119,183	1,065,107
Changes during the period					
increases due to purchases		66,452	24,715		91,167
reclassifications		7,462	(7,462)		0
decreases due to sales and disposals					-
Revaluations during the period					-
Amortisation for the period	(114,469)	(96,972)		(34,123)	(245,564)
Writedowns for the period					-
Other changes		(137)			(137)
Total changes	(114,469)	(23,195)	17,253	(34,123)	(154,534)
Balance at end of the period					
Cost	229,990	513,901	81,623	85,060	910,574
Revaluations					-
Amortisation (accum. amort.)					-
Writedowns					-
Book value	229,990	513,901	81,623	85,060	910,574

During the period, the purchases related mainly to the implementation of the SAP S/4HANA ERP, including the purchase of the licences to start the SAP project in the United States, planned for January 2024, and the filing of new Trademarks in various countries.

B) II - Tangible fixed assets

The table below illustrates the changes in tangible fixed assets, with the specific details required by art. 38, paragraph 1, letter c, point 2 of Italian Legislative Decree 127/91:

	Land and buildings	plant and machinery	indust. and comm. equipment	other tangible assets	work in progress and advances	Total
Balance at beginning of period						
Cost	6,594,832	26,289,163	8,192,134	3,009,182	1,084,194	45,169,505
Revaluations on cost	7,194,855	3,485,717	13,738	2,170	-	10,696,479
Accumulated depreciation	(6,006,037)	(27,927,198)	(8,329,751)	(2,508,848)	-	(44,771,834)
Revaluations on accum. dep.		2,518,172	1,295,055	-	-	3,813,227
Writedowns	-	-	-	-	-	0
Book value	7,783,650	4,365,854	1,171,176	502,504	1,084,194	14,907,378
Changes during the period						
increases due to purchases	-	32,472	284,734	57,600	793,015	1,167,821
reclassifications		612,631	-	-	(612,631)	-
decreases in cost due to sales and disposals	-	(329,973)	(212,544)	(63,332)	-	(605,849)
decreases in accum. dep. due to sales and disposals		329,198	212,544	63,332	-	605,075
Revaluations during the period	-					-
Depreciation for the period	(179,520)	(1,057,811)	(306,193)	(66,264)	-	(1,609,789)
Writedowns for the period	-					-
Other changes on cost	-	(845)	(581)	(5,656)	-	(7,082)
Other changes on accum. dep.		672	460	5,086	-	6,218
Total changes	(179,520)	(414,328)	(22,040)	(14,320)	180,384	(449,824)
Balance at end of the period						
Cost	6,594,832	26,603,448	8,263,743	2,997,794	1,264,578	45,724,395
Revaluations on cost	7,194,855	3,485,717	13,738	2,170	-	10,696,479
Depreciation (accum. deprec.)	(6,185,557)	(28,655,138)	(8,422,940)	(2,506,694)	0	(45,770,330)
Revaluations on accum. dep.		2,518,172	1,295,055	0	0	3,813,227
Writedowns	-	-	-	-	-	-
Book value	7,604,131	3,952,198	1,149,596	493,270	1,264,578	14,463,773

The increases during the period are almost fully attributable to investments of the parent company (Euro 1,168 thousand) and mainly regarded the expansion of the production areas of the Zola Predosa facility.

The disinvestments from assets that extinguished their production usefulness (historical cost of Euro 605 thousand) did not record capital losses or capital gains.

Breakdown of the revaluations containing amounts as at 30 June 2023:

	Land and buildings	plant and machinery	indust. and comm. equipment	other tangible assets	Total
Revaluation pursuant to Italian Law 576/75	13,886	-	-	-	13,886
Revaluation pursuant to Italian Law 72/83	723,040	49,873	-	-	772,913
Revaluation pursuant to Italian Presidential Decree 917/86		469,138	-	2,170	471,307
Revaluation pursuant to Italian Law 413/91	227,422	-	-	-	227,422
Revaluation pursuant to Italian Law 185/08	6,230,507	-	-	-	6,230,507
Revaluation pursuant to Italian Presidential Decree 917/86					
on the asset		2,966,706	13,738	-	2,980,444
on accumulated depreciation		2,518,172	1,295,055	-	3,813,227
Total revaluations	7,194,855	6,003,889	1,308,793	2,170	14,509,707

It is important to note that in 2008 the companies that own the real estate assets availed of the option provided by Italian Legislative Decree 185/08, and revalued their property assets in terms of the market value of operating assets. Those values, in line with specific appraisal reports prepared by sector professionals were compared with the residual amounts of the assets to be depreciated.

The resulting amounts were used as the maximum limit of the revaluations, which were recorded as increases in the asset value, with offsetting entry in shareholders' equity reserves. As no tax recognition was provided to these items, the deferred tax liabilities relating to the misalignment between statutory values and tax values were allocated, directly decreasing the shareholders' equity reserves.

Following the conversion of Decree Law 104/2020 into Italian Law no. 178 of 30 December 2020, the directors made the decision to carry out the tax "realignment" of that difference, reducing the related payables for deferred tax liabilities.

It is also noted that the LBO, widely covered in the documentation referring to 2018, gave rise to a merger deficit which was fully absorbed by the category of production and testing machinery, as well as industrial equipment and moulds.

That revaluation, backed by a specific appraisal, was subject to tax relief through the application of the provisions of art. 176 of the Consolidated Income Tax Act. Here we certify that the net value of the revalued assets does not exceed the amount that can be fundamentally attributed to them in relation to their production capacity and their market value, as well as the current cycle of depreciation connects with the period of useful life of the assets.

The following is also noted:
- the industrial buildings in Via Grazia in Zola Predosa bear a mortgage of an original amount of Euro 4,375 thousand. The beneficiary is Istituto Mediocredito Trentino;
- technical fixed assets are adequately covered for catastrophic risk with insurance policies entered into with leading insurance companies.

B) III - Financial assets

B) III, 1, a, b & d bis - Equity investments
The amounts presented in point *b)* refer to the significant investments in Marzocchi Symbridge Hydraulic (Shanghai) Co. Ltd, a Chinese company set up as a joint venture at the end of 2020 and operational since the start of 2021 and Montirone S.r.l., both consolidated at equity, while the remainder, presented in the subsequent point *d-bis),* regards the recognition at cost of three minority equity investments in consortia and banking cooperatives, which did not show any impairment.

A table showing the main changes taking place in the period is shown below:

	30-Jun-23	Use of prov. for impairment of equity investments	Profits (Losses) on investees	Writedowns D, 19, a	Cross-rate adjustment	31-Dec-22
1) a Marzocchi (Shanghai) Trading Co. Ltd	0	-27,244		-1,147		28,391
Total C, III, 1, a	*0*	*-27,244*		*-1,147*	*0*	*28,391*
1) b						
Marzocchi Symbridge Hydraulic (Shanghai) Co. Ltd	369,223		13,933	0	(26,079)	381,369
Montirone S.r.l.	336,079		0			378,386
Total C, III, 1, b	*705,301*	*0*	*13,933*	*0*	*(26,079)*	*759,755*
Total C, III	705,301	-27,244	13,933	-1,147	(26,079)	788,146

B) III, 2, d-bis – Receivables
Point *d-bis)* records only security deposits paid in at the time of signing utilities or services contracts.

B) III, 3 – Other securities
This item, deriving from the parent company's financial statements, is composed of two lots of securities, identified in greater detail by codes ISIN IT0005090318 (BTP TF 1.50% GN25 Euro) for Euro 300 thousand and ISIN IT0005210650 (BTP TF 1.25% DC26 Euro) for Euro 200 thousand, with an extremely

high degree of liquidability, acquired to earn income on the financial resources used to oversee the provisions for product warranties, posted to item B, 4 of liabilities.

Even though it is recognised under financial fixed assets, considering the current trend in interest rates, that item may be liquidated and/or replaced before its natural expiry.

The valuation method is the one recommended by OIC 20 (amortised cost), integrated, if necessary, by additional writedowns to implement the negative fluctuations in the financial markets.

B) III, 4 – Assets arising from derivative financial instruments

As at 30 June 2023, the parent company had the following interest rate hedging options, which were stated at fair value, determined based on the market value, equal to the Mark-to-Market at that date.

Institution	Type of Derivative	From	To	Notional Amount	Strike Price	MTM
BNL	*Interest Capped Swap*	7-Feb-18	10-Apr-26	884,810	0.00	41,981
Intesa	*Interest Capped Swap*	21-May-19	31-Mar-25	291,666	0.00	10,937
BPM	*Interest Capped Swap*	4-Jul-19	4-Jan-24	169,803	0.00	2,505
Unicredit	*Interest Capped Swap*	21-Nov-19	30-Nov-24	607,887	0.00	19,633
BNL	*Interest Capped Swap*	18-Jun-20	18-Jun-26	1,500,000	-0.20	91,151
Unicredit	*Interest Capped Swap*	2-Dec-20	30-Nov-26	795,455	-0.20	53,848
BNL	*Interest Capped Swap*	23-Mar-23	17-Dec-26	2,147,199	3.25	(1,851)
BNL	*Interest Capped Swap*	11-May-23	9-May-28	2,500,000	3.15	14,825
Intesa	*Interest Capped Swap*	24-Mar-23	24-Mar-28	2,375,000	3.25	1,155
Totals		Totals		11,271,820		234,184

As shown in the table above, the types of derivatives used are extremely simple, and due to their characteristics there can be no surprises in expected costs.

They are specifically implemented as part of financial planning in order to circumscribe the fluctuations in interest rates within a range deemed economically acceptable and financially sustainable.

All transactions perfectly match both the notional amounts and the timing of the repayment plans of financial payables they serve, and the company records them as hedging derivatives, as they have no speculative functions.

C) - Current assets

C) I Inventories

The breakdown of amounts of inventories is specified in the table below:

	Book value 30-Jun-23	Book value 31-Dec-22	*Changes in the period*
Raw and subsidiary materials and consumables	4,236,489	4,247,708	(11,219)

Work in progress and semi-finished goods	4,154,318	4,192,083	(37,765)
Finished products and goods	5,844,534	5,568,157	276,377
Total C, I	14,235,341	14,007,948	227,393

The average turnover ratio (consumption(A1)/stock(C1)) amounted to 1.87, equal to average coverage of 96.80 days (181 days/I.R.).

The increase in the number of days of coverage on the first half of 2022 (92.80 days) is linked to the increase in stocks, which was launched at the beginning of 2022 to overcome the difficulties in procurement occurring at global level post-pandemic and, especially, following the breakout of the war in Ukraine. This should decrease from the next half year.

C) II, 1 – Trade receivables

The balances and changes in receivables under working capital are illustrated in the tables below:

	Book value 30-Jun-23	Book value 31-Dec-22	*Changes in the period*
Trade receivables Italy	6,021,403	5,221,974	*799,429*
Trade Receivables Export	3,374,018	3,390,837	*(16,819)*
Bad debt provision	(338,374)	(328,011)	*(10,363)*
Total C, II, 1	9,057,047	8,284,800	*772,247*

These are receivables payable within 12 months.

The average collection times can be approximated using the ratio of the value of trade receivables (C, II, 1 + C, II, 2 + C, II, 3) to items A, 1 + A, 5, b (points 2 to 3) of the profit and loss account and dividing the days of the period of reference (181 days) by this turnover ratio. For the period in question, there was an average extension period of 62 days, up slightly on the 59 days in the previous period, despite the fact that the use of without recourse factoring or, more generally, the commercial policy on the matter were practically unchanged.

The changes in bad debt provisions are broken down in the table below:

	Bad debt provision	Taxed bad debt provision	Total amounts
Book value 31.12.2022	(328,011)	0	(328,011)
+/- Cross-rate adjustment	1,282	0	1,282
- Utilisations H1 2023	14,311	0	14,311
- Releases H1 2023	0	0	0
+ Allocations H1 2023	(25,956)	0	(25,956)
Book value 30.06.23	(338,374)	0	(338,374)

The credit quality was confirmed as good overall, and the adjusting amounts present are statistically suitable to absorbing any losses.

C) II, 3 – Trade receivables due from associates consolidated at equity

This item and its changes are illustrated in greater detail in the table below:

	Book value 30-Jun-23	Book value 31-Dec-22	*Changes in the period*
Trade receivables due from Montirone S.r.l.	14,366	10,620	*3,746*
Trade receivables due from Marzocchi Symbridge Hydraulic (Shanghai) Co. Ltd	182,711	80,659	*102,052*
Total C, II, 3)	197,077	91,279	*105,798*

These are receivables payable within 12 months.

C) II, 4 – Receivables (from) parent companies

This item represents receivables for (Italian) deferred tax assets, correlated with the deductibility of tax losses from the holding company Abbey Road S.r.l., included in the Group's tax consolidation.

	Book value 30-Jun-23	Book value 31-Dec-22	*Changes in the period*
Receivables (from) parent companies Abbey Road	24,744	474,232	*(449,488)*
Total C, II, 4)	24,744	474,232	*(449,488)*

These are receivables payable within 12 months.

C) II, 5 bis - Tax receivables

This exposure includes Euro 162 thousand for the VAT credit, Euro 82 thousand for the tax credit pursuant to Italian Law 178/2020 and Euro 71 thousand for the prepayment of IRAP tax. The amounts shown for the previous year were likewise attributable to the same legislative provisions.

	Book value 30-Jun-23	Book value 31-Dec-22	*Changes in the period*
VAT credit	162,045	169,435	*(7,390)*
Withholdings incurred	0	0	*0*
Surplus advances	0	0	*0*
Tax credit	243,440	575,172	*(331,732)*
Total C, II, 5 bis	405,486	744,608	*(339,122)*

These are receivables payable within 12 months.

C) II, 5 ter - Receivables for deferred tax assets

This item represents tax credits arising prior to the participation in the Group tax consolidation, correlated with the time deferral of the deductibility of several categories of costs and the use of losses of previous periods. This item is broken down based on the time frame of collection, between receivables which, based on tax regulations, will be deducted over the next 12 months and those that will arise in subsequent years, based on the financial forecasts drawn up for the period 2022-2024:

	Book value 30-Jun-23	Book value 31-Dec-22	*Changes in the period*
Within 12 months	204,942	246,108	*(41,166)*
Beyond 12 months	465,218	406,352	*58,866*
Total C, II, 5 ter	670,160	652,460	*17,700*

C) II, 5 quater – Other receivables

The breakdown of other receivables is shown below:

	Book value 30-Jun-23	Book value 31-Dec-22	*Changes in the period*
Trade receivables	40,160	50,131	*(9,971)*
Advances to suppliers of services	375,212	136,782	*238,430*
Deposits for confirmation	0	0	*0*
Employees for settlement of accidents under workplace accident insurance authority (INAIL)	1,739	346	*1,393*
Receivables from Italian National Social Security Institute (INPS) for advances on Special Redund. Fund (CIG)	0	0	*0*
Other receivables	557,128	33,429	*523,699*
Total C, II, 5 quater	974,239	220,688	*753,551*

These are receivables payable within 12 months.

Advances on services mainly refer to professional services and processing not yet completed, while trade receivables refer to accounting positions that have actually occurred but for which the related tax documentation has not been received.

The item other receivables mainly refers to advances to be re-invoiced to the lease company as a result of real estate restructuring under way.

C) III, 5 – Assets arising from derivative financial instruments

As at 30 June 2023, the parent company had the following exchange rate hedging options, which were stated at fair value, determined based on the market value, equal to the Mark-to-Market at that date.

Institution	Type of Derivative	From	To	Notional Amount	Strike Price	MTM
BNL	Flexi Term	20-Feb-23	27-Dec-23	$ 3,000,000	1.09	26,298
Totals	Totals			$ 3,000,000		26,298

C) IV, 1, 2, 3 - Cash and cash equivalents
"Bank and postal deposits" mainly comprise the balances of the current accounts that the Group holds with national and foreign credit institutions.

The criteria adopted in the valuation and translation of amounts expressed in foreign currency are illustrated in the first part of these Notes to the financial statements.

	Book value 30-Jun-23	Book value 31-Dec-22	*Changes in the period*
Current accounts and deposits at banks	10,902,472	6,925,597	*3,976,875*
Cash on hand	2,500	1,847	*653*
Cheques	0	0	*0*
Total C, IV	10,904,972	6,927,444	*3,977,528*

The closing balance reflects the operating needs of the Group, which needs to hold a suitable balance on its bank accounts to cover its commitments.

For an exact analysis of the changes during the period, refer to the cash flow statement.

D) Accruals and deferrals

The changes are illustrated in detail in the table below:

	Book value 30-Jun-23	Book value 31-Dec-22	*Changes in the period*
Accrued income	12,749	7,530	*5,219*
Prepayments	978,441	1,323,637	*(345,196)*
Total D	991,190	1,331,167	*(339,977)*

These measure income and charges that accrue before or after the actual date of payment and/or the document. These differ from the date of payment or collection of the income and changes, and are common to two or more periods, and can be broken down based on time.

The item breaks down as follows:

Accrued income	Book value 30-Jun-23	Prepayments	Book value 30-Jun-23
Interest income on government bonds	583	Duties	3,460
Coverage of taxes	12,166	Commission for client GKN	513,148
		Insurance	46,702
		Prepaid services	415,131
Total accrued income	12,749	Total prepayments	978,441

A) Group Shareholders' equity

For a chronological examination of the changes, refer to the Statement of Changes in Shareholders' Equity at the end of this document.

A) I – Share Capital
As at 30 June 2022, the share capital of the parent company amounted to Euro 6,538,750, was fully paid-up and broken down into 6,538,750 ordinary shares with no nominal value.

A) II - Share premium reserve
Recorded in 2019, this is the premium paid on subscribing the share capital increase reserved to the market. As a result of the realignment carried out pursuant to art. 110 of Italian Decree Law 104/2020, the amount of Euro 2,974,009.00 is untaxed.

A) III - Revaluation reserves
Eliminated following the share exchange of December 2018, these reserves were established once again by way of Shareholders' Meeting of 2 May 2019.
As a result of the realignment carried out pursuant to art. 110 of Italian Decree Law 104/2020, the entire amount of Euro 1,867,115.00 is untaxed.

A) IV – Legal reserve
The item in question is composed of portions of profits, as required by art. 2430 of the Italian Civil Code.

A) VI - Other reserves
These comprise Euro 1,460 thousand of the extraordinary reserve (after allocating the profit for the previous year of the parent company and distributing dividends of Euro 976,950.00), which is composed of portions of undistributed profit; Euro 399 thousand of the exchange surplus; Euro 36 thousand of the reserve generated as a result of the translation of the financial statements in US dollars of the American subsidiary into Euro; and the remainder of the consolidation reserve(*) of Euro 2,233 thousand, formed through the consolidation process.

The balance shown also includes the rounding up/down to whole Euro.

(*) *Process occurred with the application of the criteria described in the introduction, whose breakdown is detailed in the table below:*

	Book value 30-Jun-23	Book value 31-Dec-22	*Changes in the period*
Previous profits (or losses)	2,136,871	2,401,301	(264,430)
Netting of writedowns			
Measurement at equity	96,410	31,692	64,718
Consolidation reserve	2,233,281	2,432,993	(199,712)

A) VII - Cash flow hedging reserve

This item represents the fair value, determined based on the market value, equal to the Mark-to-Market at the period end date, of interest rate hedging transactions realised by the parent company as part of its financial planning.

A,)X – Negative reserve for treasury shares in portfolio

The item in question represents the total expenses incurred up to 30 June 2023 to purchase 28,000 treasury shares, as a result of the Shareholders' Meeting resolution of 28 April 2023.

All the changes in the shareholders' equity are illustrated in greater detail in the Statement of Changes shown at the end of this document. A summary is provided below:

	Book value 30-Jun-23	Book value 31-Dec-22	*Changes in the period*
Share capital	6,538,750	6,538,750	
Share premium reserve	6,462,750	6,462,750	
Revaluation reserves	1,867,115	1,867,115	
Legal reserve	1,159,284	1,054,822	104,462
Extraordinary reserve	1,459,709	498,878	960,831
Exchange surplus	398,891	398,891	
Translation differences reserve	36,835	(72,158)	108,993
Consolidation reserve	2,233,281	2,432,993	(199,712)
Hedging derivatives reserve	260,482	376,297	(115,815)
Negative reserve for treasury shares in portfolio	(134,683)	(120,311)	(14,372)
Profit (loss) for the period	2,103,688	1,962,104	141,584
Rounding up/down to whole Euro	1		1
Total consolidated shareholders' equity	22,386,103	21,400,131	985,972

B) Provisions for risks

The item breaks down as follows:

	Provisions for pensions and similar obligations	Provision for taxes, including deferred taxes	*Other provisions*	*Total provisions for risks and charges*
Balance at beginning of period	401,165	249,588	*803,595*	1,454,348
Changes during the period	-	-	-	-
Allocations during the period	20,450	-	-	20,450
Utilisations during the period	-	(71,304)	*(248,526)*	(319,830)
Other changes	-	-	*(55,069)*	(55,069)
Total Changes	20,450	*(71,304)*	*(303,595)*	(354,449)

Balance at end of the period	421,615	178,284	500,000	1,099,899

B) 1 – For retirement benefits
These comprise the obligations deriving from art. 1751 of the Italian Civil Code, as amended by Italian Decree Law no. 303 of 10 September 1991, relating to the severance pay for Commercial Agents and Representatives on termination of the agency relationship.

B) 2 – For deferred tax liabilities
This amount essentially relates to the payable resulting from the application of the financial method to operating lease and equivalent rental contracts pursuant to IAS 16 and 17.

The rates applied to income components whose taxation is deferred or prepaid in accordance with (Italian and US) tax regulations are those set out in the respective legislation.

B) 4 – Others
The current amount is correlated with operations in the automotive segment, with the specific guarantees required in that segment. To date, though lacking a significant time serious for reference, the provisions allocated seem to match the potential risk connected with the number of products sold.

The change compared with 31/12 is partly due to the final liquidation of Marzocchi Shanghai and partly to the conclusion of the settlement made with the previous Sales Manager.

C) Provisions for personnel

The table below shows the changes during the period:

Staff leaving indemnity	
Balance at beginning of period	1,524,604
Allocations during the period	337,152
Utilisations during the period	(152,420)
Contributions to Pension Fund 2023	(311,700)
Balance at end of the period	1,397,636

This payable relates to employees of the Parent Company and represents the actual payable accrued to employees in compliance with the provisions of law and employment contracts in force in Italy, considering all types of ongoing remuneration.

The Provision equals the total of the individual indemnities accrued in favour of the Group's employees at the period-end date, net of advances paid, and equals the amount that would have to be paid to employees if they had ended their employment at that date.

D) Payables

D) 4 - a - Current bank overdrafts and financing

The changes are illustrated in detail in the table below:

	Book value 30-Jun-23	Book value 31-Dec-22	*Changes in the period*
Use of revocable bank credit facilities	0	0	*0*
Instalments of short-term loans	4,843,543	4,215,655	*627,888*
Total D, 4 within 12 months	*4,843,543*	*4,215,655*	*627,888*
Instalments of medium/long-term loans	12,050,034	8,512,584	*3,537,450*
Total D, 4 beyond 12 months	*12,050,034*	*8,512,584*	*3,537,450*
Total D, 4	16,893,577	12,728,239	*4,165,338*

The table below summarises the main features of loans outstanding with banks, while, for a more detailed analysis of indebtedness with banks, refer to that illustrated in the Consolidated Board of Directors' Report.

Bank	Original Amount /,000	Duration	Expiry < 12 months	Expiry > 12 but < 24 months	Expiry > 24 but < 36 months	Expiry more than 36 months	Debt subject to repayment
Mediocredito Trentino	2,500 [(a)]	2016-2026	288,942	294,896	300,972	-	884,810
Raiffeisen	1,500	2018-2023	157,560	-	-	-	157,560
Mediocredito Italiano	1000	2019-2025	166,667	125,000	-	-	291,667
Banco Popolare	1000	2019-2024	170,437	-	-	-	170,437
Unicredit	2000	2019-2024	401,546	206,341	-	-	607,887
Banca di Bologna	2000	2019-2024	401,790	207,677		-	609,467
Unicredit	1250	2020-2026	227,273	227,273	227,273	113,636	795,455
BNL	2500	2020-2026	500,000	500,000	500,000	-	1,500,000
Mediocredito Trentino	1250	2021-2026	250,000	250,000	250,000	125,000	875,000
Intesa S.Paolo	2000	2022-2027	395,137	401,498	407,960	310,274	1,514,869
Cassa Centrale	3000	2022-2027	567,491	596,645	627,670	492,163	2,283,969
Banca di Bologna	1000	2022-2027	196,276	199,932	203,656	207,450	807,314
Intesa S.Paolo	2500	2023-2028	500,000	500,000	500,000	875,000	2,375,000
Mediocredito Trentino	1,000 [(a)]	2023-2033	74,340	79,122	84,212	762,326	1,000,000
BNL	2500	2023-2028	500,000	500,000	500,000	1,000,000	2,500,000
Banca di Bologna	174	2023-2027	20,069	41,524	43,445	68,962	174,000
Banca di Bologna	406	2023-2027	50,750	101,500	101,500	152,250	406,000
Accessory charges deducted from the debt			(24,734)	(17,018)	(10,602)	(7,503)	(59,857)
Total			4,843,543	*4,214,391*	*3,736,085*	*4,099,559*	16,893,577

Currently, all the commitments are borne by the Parent Company, while collateral is represented by a single mortgage registered on the properties in Via Grazia in Zola Predosa, for a residual amount of Euro 885 thousand in favour of Mediocredito Trentino.

There are no financial covenants.

D) 5 - a & b – Payables with other lenders

These mainly represent the payable to the operating lease and rental company for the remaining instalments to be paid. The portions falling due beyond 24 months include Euro 480 thousand in principal comprising the SIMEST loan on the Fund 394/81 [Project for Capitalisation of Exporting Companies].

To ensure greater understanding, the table below illustrates the due dates of these payables:

	Book value 30-Jun-23	Book value 31-Dec-22	*Changes in the period*
within 12 months	508,018	496,435	*11,583*
beyond 12 months but within 24 months	424,202	526,300	*(102,098)*
beyond 24 months but within 36 months	245,897	307,614	*(61,717)*
beyond 36 months but within 48 months	277,500	226,428	*51,072*
beyond 48 months but within 60 months	1,080,811	747,386	*333,425*
Total D, 5	2,536,428	2,304,164	*232,264*
of which			
lease payables	1,897,194	1,615,552	*281,462*
Acc. expenses - lease moratoria	18,072	22,148	*(4,076)*
rental payables	141,162	186,463	*(45,301)*
payables to Simest	480,000	480,000	*0*
Total D, 5	2,536,428	2,304,164	*232,264*

D) 6 - Advances

This item is essentially composed of advance payments received from customers for supplies to be provided in the near future.

	Book value 30-Jun-23	Book value 31-Dec-22	*Changes in the period*
Advances	32,659	198,873	*(166,214)*
Total D, 6	32,659	198,873	*(166,214)*

D) 7 and 10 - Trade payables, due to subsidiaries and associates

Trade payables and due to associates totalled Euro 5.8 million, up by slightly less than Euro 0.8 million on the previous period.

	Book value	Book value	

	30-Jun-23	31-Dec-22	*Changes in the period*
Trade payables - Italy	5,075,221	5,739,079	*(663,858)*
Trade payables - Abroad	247,567	366,137	*(118,570)*
Total D, 7	5,322,788	6,105,216	*(782,428)*

	Book value 30-Jun-23	Book value 31-Dec-22	*Changes in the period*
Payables due to Montirone S.r.l.	500,228	566,154	*(65,926)*
Payables due to Marzocchi Symbridge Hydraulic (Shanghai) Co. Ltd	0	0	*0*
Total D, 10	500,228	566,154	*(65,926)*

Trade payables appear in line with the business volumes and, as a whole (D7 + D10) show, in relation to the turnover (A1), an average payment extension of around 40 days, a significant decrease on the figure in the previous financial statements (50 days). That decrease is related to the definition of several commercial agreements with strategic suppliers, which have guaranteed their commitment to exclusively maintaining adequate safety stock to limit the risk of shortages of materials crucial for our production.

D) 11 - Payables to parent companies

This item represents the IRES tax balance for the period, to be paid to the parent company Abbey Road S.r.l., as the leader of the group tax consolidation, a figure which amounted to zero in the period.

	Book value 30-Jun-23	Book value 31-Dec-22	*Changes in the period*
Payables to parent companies (Abbey Road S.r.l)	0	6,297	*(6,297)*
Total D, 11	0	6,297	*(6,297)*

D) 12 – Tax payables

The breakdown of these payables based on their due dates is mainly attributable, in terms of the nearest due dates, to the taxes withheld as withholding agent, with the obligation to pay them by July 2023, and the tax burden related to the income achieved in the period January-June 2023 (net of advances paid).

The detailed table is shown below:

	Book value 30-Jun-23	Book value 31-Dec-22	*Changes in the period*
within 12 months			
IRES/IRAP tax payables (credits)	24,616	223,045	*(198,429)*
Withholding agent payables	304,923	552,018	*(247,095)*
Tax credit	-	-	*0*

Payables for substitute tax	99	43,941	*(43,842)*
total within 12 months	329,638	819,004	*(489,366)*
beyond 12 months			
Payables for substitute tax	-	-	0
total beyond 12 months	0	0	*0*
Total D, 12	329,638	819,004	*(489,366)*

D) 13 - Welfare and social security contributions

The breakdown of the financial statement balances and changes on the previous year are shown in the table below:

	Book value 30-Jun-23	Book value 31-Dec-22	*Changes in the period*
Inps	298,553	587,862	*(289,309)*
Previndapi	20,832	21,812	*(980)*
Fondapi	20,988	26,698	*(5,710)*
Other funds	15,263	18,802	*(3,539)*
Enasarco	6,954	9,794	*(2,840)*
Inail	12,234	(6,737)	*18,971*
Contributions on deferred remuneration (holiday pay, performance bonuses, 13th month salaries)	459,460	231,321	*228,139*
Total D, 13	834,285	889,552	*(55,267)*

Excluding only the payables for contributions related to the accrual of deferred charges by employees, these are obligations whose payment was made in July 2023.

D) 14 - Other payables

Other payables mainly refer to two cases: the management of employment, with the payables for remuneration of the monthly salaries of June 2023, which are payable in the subsequent month of July, and the payables relating to deferred charges (holiday leave, performance bonuses, 13th month salaries).

"Other payables" refer to services related to the 10-year contract mentioned at the bottom of the section on prepayments.

	Book value 30-Jun-23	Book value 31-Dec-22	*Changes in the period*
Payables for supplies to be gifted	20,998	59,697	*(38,699)*
Payables for remuneration	741,055	704,365	*36,690*
Payables for deferred remuneration (holiday pay, performance bonuses, 13th month salaries)	1,603,074	778,151	*824,923*
Charges to be received	35,583	192,585	*(157,002)*
Other payables	71,606	134,000	*(62,394)*
Others of immaterial unitary amounts	38,006	7,998	*30,008*

Total D, 14	2,510,322	1,876,796	*633,526*

E) Accruals and deferrals

The breakdown of accruals and deferrals is shown in the table below:

	Book value 30-Jun-23	Book value 31-Dec-22	*Changes in the period*
Accrued expenses	136,471	97,466	*39,005*
Deferred income	317,296	395,306	*(78,010)*
Total D	453,767	492,772	*(39,005)*

The item breaks down as follows:

Accrued expenses	Book value 30-Jun-23	Deferred income	Book value 30-Jun-23
Accrued interest and financial charges	52,871	Grants related to equipment	298,111
Costs for the financial period (realign. of leases)	83,600	Grants related to interest	6,811
		Others	12,374
Other accrued expenses	136,471	Total deferred income	317,296

The component grants related to equipment mainly represents the recognition by the Ministry for Economic Development (MISE) of the tax credit pursuant to Italian Law 205 of 27 December 2017, which will be posted to the profit and loss *pro-rata temporis*, as regulated under point 88, paragraph a) of OIC 16.

No component has a duration of more than 5 years.

4. Information on the Profit and Loss Account

A) Revenues

A) 1 - Revenues from sales

Revenues from the sale of products are reported at the time that the risks and benefits are transferred, which normally takes place upon the delivery or shipment of the goods.

Typical sales recorded an increase of 4.41%, and slightly more than 69% regarded international markets, while 97% of the consolidated net volumes were directly realised by the parent company, and the remaining 3% by Marzocchi Pumps USA Corp.

	Book value 30-Jun-23	Book value 30-Jun-22	*Changes in the period*
Net internal sales	8,219,552	7,480,352	*9.88%*
Net EU sales	6,243,568	6,227,392	*0.26%*
Net Non-EU sales	12,163,345	11,794,236	*3.13%*
Total A, 1	26,626,465	25,501,980	*4.41%*

For a more in depth analysis of sales, see the directors' report.

A) 4 - Increases in fixed assets due to internal works

These are capitalisations of costs relating to the in-house construction of equipment for processing or final assembly of parts.

	Book value 30-Jun-23	Book value 30-Jun-22	*Changes in the period*
Increases in fixed assets due to internal works	6,330	14,652	*(8,322)*
Total A, 4	6,330	14,652	(8,322)

A) 5, b - Other revenues

In detail:

	Book value 30-Jun-23	Book value 30-Jun-22	*Changes in the period*
Rent receivable	35,456	833	*34,623*
Customer contributions to the creating of designs, moulds and equipment	89,400	110,373	*(20,973)*
Resales, charge-backs and expense reimbursements	99,565	241,054	*(141,489)*
Grants related to equipment	78,593	63,819	*14,774*
Ordinary capital gains	69	1,973	*(1,904)*

Contingent assets	57,587	0	*57,587*
Other immaterial	0	2,419	*(2,419)*
Total A, 5, b	360,670	420,471	*(59,801)*

The main components are comprised of charges for technical designs and revenues for resales of goods that cannot be classified under A1, while grants related to equipment [4] essentially refer to the portion of the tax credit pursuant to Italian Law 205/17.

B) Costs of production

B) 6 - for raw materials and consumables and B) 11 - changes in inventories

These are illustrated in the table below:

	Book value 30-Jun-23	Book value 30-Jun-22	*Changes in the period*
Purchase of raw materials and semi-finished goods	5,877,763	6,629,564	*(751,801)*
Purchase of fuel	161,756	181,340	*(19,584)*
Purchase of consumables	690,411	697,515	*(7,104)*
Other consumables	130,470	102,999	*27,471*
Total B, 6	6,860,400	7,611,418	*(751,018)*
Changes in inventories	11,219	(1,063,789)	*1,075,008*
Total B, 11	6,871,619	6,547,629	*344,357*
Percentage of sales	*25.50%*	*25.90%*	

This item, suitably adjusted by the changes in inventories of materials and correlated with the sum of the items A, 1 and A, 2[*], represents the percentage ratio of "consumption".
That amount came to 25.5% (it was 25.9% in the first half of 2022), showing a decrease of 0.4%.

[*] Amount which will be used as the reference also to calculate the other percentages shown below.

B) 7 - for services

The breakdown by type of expenditure is as follows:

	Book value 30-Jun-23	Book value 30-Jun-22	*Changes in the period*
Expenses for subcontract work	3,827,052	3,502,476	*324,576*
Services contracted to third parties	197,618	186,744	*10,874*
Staff leasing agencies	75,696	133,734	*(58,038)*
Transportation	373,096	435,454	*(62,358)*
Maintenance charges	539,526	509,188	*30,338*
Charges for commissions	373,199	410,679	*(37,480)*
Promotional charges	141,408	24,438	*116,970*

Insurance charges	255,666	395,556	*(139,890)*
Utilities	636,740	829,124	*(192,384)*
Other charges	211,019	124,308	*86,711*
Consulting fees	392,011	327,581	*64,430*
Corporate bodies	202,365	197,221	*5,144*
Total B, 7	7,225,396	7,076,503	*148,893*

Even if this item showed a slight increase in absolute value, its percentage decreased, amounting to 26.8% of revenues for the period, compared with the previous 28%.

Fees to corporate bodies

For each Director, Statutory Auditor and the Independent Auditors of the parent company, the table below shows the fees accrued during the first half of 2023, also for the work performed at other subsidiaries of the Group:

Euro/000	Fees for the office held	Charges and reimbursements
Directors		
Paolo Marzocchi [(a)]	100	9
Gabriele Bonfiglioli [(b)]	12	1
Guido Nardi [(c)]	10	1
Valentina Camorani Scarpa	8	0
Carlo Marzocchi	8	1
Matteo Tamburini	8	0
Giuseppe Zottoli	8	0
Total	152	14
Auditors		
Romano Conti [(d)]	5	0
Andrea Casarotti	4	0
Stefano Favallesi	4	0
Total	13	1
Independent Auditors		
PricewaterhouseCoopers	19	1
Total	19	1

(a) Chairman of the Board of Directors

(b) Director, CEO and Chairman of M.P. USA

(c) Chief Operating Officer and Secretary of M.P. USA

(d) Chairman of the Board of Statutory Auditors

B) 8 - for use of third-party assets

Having reclassified lease contracts and equivalent operating rental contracts using the financial method as recommended by OIC 17, this item exclusively regards the rental of premises used by the company and operating rentals of vehicles and forklift trucks.

	Book value 30-Jun-23	Book value 30-Jun-22	*Changes in the period*
Operating rentals (not under IAS 16)	11,419	9,760	*1,659*
Long-term vehicle leases	102,752	102,185	*567*
Rent payable	71,273	69,568	*1,705*
Total B, 8	185,444	181,513	*3,931*

B9) a, b, c, e – for personnel

The breakdown of personnel costs is as follows:

	Book value 30-Jun-23	Book value 30-Jun-22	*Changes in the period*
Wages and salaries	5,769,465	5,661,367	*108,098*
Social security contributions	1,769,046	1,732,131	*36,915*
Staff leaving indemnity	355,130	398,649	*(43,519)*
Other costs	50,000	48,900	*1,100*
Total B, 9	7,943,641	7,841,047	*102,594*

Wages and salaries include the “work component” charged to the Staff Leasing Agencies.

In relation to items A1+A2, the percentage amounted to 29.5%, down compared with 31% in the first half of 2022.

No use of social shock absorbers was necessary.

The average composition of the workforce is shown in the table below:

Total Workforce		Average no. 2023	Average no. 2022
Manual workers		186.00	177.67
Worker Supervisors, Office Workers and Managers		77.00	75.67
Senior management		5.00	5.67
Temporary Workers		19.00	34.00
Totals		287.00	293.01
	Men	*202.00*	*207.00*
	Women	*85.00*	*86.00*
Italy			

Manual workers		184.00	175.67
Worker Supervisors, Office Workers and Managers		68.00	66.17
Senior management		4.00	4.67
Temporary Workers		19.00	34.00
Totals Italy		275.00	280.51
	Men	*198.00*	*203.00*
	Women	*77.00*	*77.50*
USA			
Manual workers		2.00	2.00
Worker Supervisors, Office Workers and Managers		9.00	9.50
Senior management		1.00	1.00
Totals USA		12.00	12.50
	Men	4.00	4.00
	Women	8.00	8.50

B) 10, a, b, c, d - Amortisation/depreciation and writedowns

The amortisation/depreciation of fixed assets shows quite a high absolute value. Nonetheless, it is important to consider the effects of the revaluation carried out following the LBO, which account for Euro 300 thousand.

However, the percentage out of the typical value of industrial operations [A, 1 + A, 2] came to 7%, down by 2 percentage points on the first half of 2022.

	Book value 30-Jun-23	Book value 30-Jun-22	*Changes in the period*
a) Amort. of intangible fixed assets	245,562	224,882	*20,680*
b) Dep. of tangible fixed assets	1,609,789	2,027,228	*(417,439)*
c) Other writedowns of fixed assets	0	0	*0*
d) Writedowns of receivables included in net working capital	25,956	27,374	*(1,418)*
Total B, 10	1,881,307	2,279,484	*(398,177)*

The breakdown can be seen under items B, I and B, II of the balance sheet, covered previously.

B) 12 - Risk provisioning

It was not necessary to make any allocations during the period.

	Book value 30-Jun-23	Book value 30-Jun-22	*Changes in the period*
Taxed provisions for sundry risks	0	300,000	*(300,000)*
Taxed product warranty provision	0	0	*0*
Total B, 12	0	300,000	*(300,000)*

B) 14 - Other costs

A residual fixed component, mainly comprised of taxes on real estate assets and charges for remaining on the Euronext Growth Milan listing of Borsa Italiana [former AIM].

	Book value 30-Jun-23	Book value 30-Jun-22	*Changes in the period*
Association fees	33,121	29,527	*3,594*
On-going EGM ITALY costs	74,084	69,242	*4,842*
Taxes and levies (not related to income)	75,210	73,008	*2,202*
Ordinary compensation and contingent liabilities	49,254	10,421	*38,833*
Other costs	41,587	41,658	*(71)*
Total B, 14	273,256	223,856	*49,400*

C) Financial income and charges

C) 15e), 16 b) e 16d) - Other financial income

This mainly regards income deriving from interest paid by securities under item B, III, 3 of assets.

	Book value 30-Jun-23	Book value 30-Jun-22	*Changes in the period*
15e) income from other equity investments	168	0	*168*
16b) from other securities	3,603	3,603	*0*
16d) from others	7,919	280	*7,639*
Total C, 15 and 16	11,690	3,883	*7,807*

C) 17, d - Financial charges

These increased to from a total of Euro 143 thousand in the previous period to Euro 314 thousand in the first half of 2023, exclusively due to the ECB's hikes in interest rates during the period, and are broken down as follows:

	Book value 30-Jun-23	Book value 30-Jun-22	*Changes in the period*
Payable bank interest	318,338	73,054	*245,284*
Financial fees and expenses	(14,463)	55,007	*(69,470)*
Financial discounts and allowances payable	9,941	15,350	*(5,409)*
Rounding up/down of financial statements to whole Euro	(3)	1	*(4)*
Total C, 17	313,813	143,412	*170,401*

C) 17 bis - Exchange rate gains and (losses)

This item is broken down into its two components - the amount realised and the amount from realignment.

	Book value 30-Jun-23	Book value 30-Jun-22	*Changes in the period*
Exchange rate (losses)	(40,781)	(18,617)	*(22,164)*
Exchange rate (losses) from realignment	(3,069)	(4,845)	*1,776*
Exchange rate gains	(31,060)	102,369	*(133,429)*
Exchange rate gains from realignment	18,110	37,608	*(19,498)*
Total C, 17 bis	(56,800)	116,515	*(173,315)*

D) Value adjustments to financial assets

These are summarised in the table below.

	Book value 30-Jun-23	Book value 30-Jun-22	*Changes in the period*
revaluation of equity investments	13,932	61,804	*(47,872)*
revaluations of financial fixed assets other than equity investments	2,770	0	*2,770*
Total D, 18	16,702	61,804	*(45,102)*
writedowns of equity investments	(43,454)	(51,706)	*8,252*
Total D, 19	(43,454)	(51,706)	*8,252*
Value adjustments to financial assets	(26,752)	10,098	(36,850)

D) 18 a, b - Revaluations

The amount recorded refers to the associate Marzocchi Symbridge Hydraulic (Shanghai) Co. Ltd for Euro 13,932, which represents the pertaining portion of the profit and loss for the period, while Euro 2,770 refers to revaluations of government bonds as per point B), III, 3.

C) 19 a, b - Writedowns

The amount recorded fully refers to the subsidiary Montirone S.r.l. and represents its impairment for the period (Euro 43 thousand). Refer to that recognised in point B, III of the balance sheet.

Income taxes

The consolidated financial statements are not subject to a specific tax autonomy. The amount stated, comprising prepaid, deferred and current taxes, derives from the amounts recognised by the individual companies comprising the scope of line-by-line consolidation, which are calculated based on the regulations and rates in force in their home countries.

	Book value 30-Jun-23	Book value 30-Jun-22	*Changes in the period*

20a) current taxes	97,526	289,049	*(191,523)*
20b) taxes relating to previous periods	24,199	(46)	*24,245*
20c) deferred tax liabilities	(10,083)	8,729	*(18,812)*
20d) deferred tax assets	473,131	32,086	*441,045*
Total income taxes for the period	584,773	329,818	*254,955*

Deferred tax liabilities/assets

In order to better highlight the reconciliation between the theoretical tax burden and the actual tax burden recognised in the financial statements, a statement of reconciliation of the theoretical tax rate with the actual tax rate for the period, compared with that as at 30 June 2022 is shown below:

	30-Jun-23		30-Jun-22	
	taxable amount	taxes	taxable amount	taxes
Pre-tax profit (loss) for the period MP ITALY	3,119,575		1,047,734	
Consolidation IAS 16	(219,428)	61,220	(223,497)	62,356
Consolidation USA	(211,686)	41,627	431,866	(178,076)
IRES Tax - Theoretical tax charge (rate 24%)		(748,698)		(251,456)
IRAP tax - Theoretical tax charge (rate 3.9% of EBIT)		(132,593)		(41,949)
Total	2,688,461	(778,443)	1,256,103	(409,125)
Theoretical tax rate		28.95%		32.57%
IRES tax differences				
Permanent increases	124,898	(29,976)	130,459	(31,310)
Increases that feed into deferred tax assets	79,435	(19,064)	456,003	(109,441)
Increases that adjust deferred tax liabilities	59,924	(14,382)	1,184	(284)
Total increases	264,257	(63,422)	587,646	(141,035)
Permanent decreases	(1,132,015)	271,684	(630,037)	151,209
Decreases that adjust deferred tax assets	(2,220,967)	533,032	(943,777)	226,506
Decreases that feed into deferred tax assets	(17,910)	4,298	(37,554)	9,013
Round-offs				
Total decreases	(3,370,892)	809,014	(1,611,368)	386,728
IRAP tax differences				
Personnel costs	739,618	(28,845)	1,002,522	(39,098)
Allocations and writedowns of receivables	25,956	(1,012)	327,374	(12,768)
Other permanent increases	71,397	(2,784)	75,907	(2,960)
Increases that feed into deferred tax assets	0	0	0	0
Round-offs		0		0
Total increases	836,971	(32,641)	1,405,803	(54,826)
Permanent decreases	(225,725)	8,803	(63,891)	2,492
Decreases that adjust deferred tax assets	(327,143)	12,759		0
Round-offs		(1)		(3)

Total decreases	(552,868)	21,561	(63,891)	2,489
Total IRES current taxes		37,589		(203,480)
Total IRAP current taxes		(135,115)		(85,569)
Deferred tax liabilities		10,083		(8,729)
Deferred tax assets		(473,131)		(32,086)
Previous years' taxes		(24,199)		46
Total taxes for the period		(584,773)		(329,818)
Actual tax rate		21.75%		26.26%

RELATED PARTIES

In compliance with art. 2427, point 22 bis, it is noted that transactions undertaken with related parties were concluded, without exception, at normal market conditions. For more details, refer to the information given in that regard in the Director's Report.

OFF-BALANCE SHEET AGREEMENTS

There were no off-balance sheet agreements except for those previously reported in the various chapters of these notes.

SUBSEQUENT EVENTS

We note that to date, there were no events occurring subsequent to 30 June 2023 that could substantially change the current equity or cash flow situations in relation to those resulting from the Consolidated Balance Sheet and Profit and Loss Account at that date, or could require adjustments or additional information to the financial statements.

The Chairman of the Board of Directors
Paolo Marzocchi

Statement of changes in Shareholders' Equity

			28/04/2023 Ordinary Shareholders' Meetings Resolution				
		1-Jan-23	*Allocation of 2022 profit*	*Extraordinary dividend*	*Transfers*	*Changes in the period*	30-Jun-23
A,I	*Share Capital*	6,538,750					6,538,750
A,II	*Share premium reserve*	6,462,750					6,462,750
A,III	*Revaluation reserve pursuant to Italian Law 185/08*	1,867,115					1,867,115
A,IV	*Legal reserve*	1,054,822	104,462				1,159,284
A,VI	*Extraordinary reserve*	498,878	1,937,781	(976,950)			1,459,709
A,VI	*Reserve for exchange rate gains from realignment pursuant to art. 2426 of the Italian Civil Code*	-	47,008				47,008
A,VI	*Exchange surplus*	398,891					398,891
A,VI	*Consolidation reserve*	2,432,993			(72,158)	(127,554)	2,233,281
A,VI	*Reserve for translation of financial statements in foreign currency*	(72,158)			72,158	(10,173)	(10,173)
A,VI	*Rounding up/down to whole Euro*	0				2	2
A,VII	*Cash flow hedging reserve*	376,297				(115,815)	260,482
A,VIII	*Profits (losses) carried forward*	-					-
A,IX	*Profits (losses) for the period pertaining to the Group*	1,962,104	(2,089,251)			127,147	2,103,688
A,X	*Negative reserve for treasury shares in portfolio*	(120,311)				(14,372)	(134,683)
	Total Shareholders' Equity	*21,400,131*	*-*	*(976,950)*	*-*	*(140,765)*	*22,386,103*

Statement of reconciliation of shareholders' equity and profit (loss) for the period as at 30 June 2023 of the parent company and the Consolidated Shareholders' equity and profit (loss) for the period

Amounts	Shareholders' Equity	profit (loss)
Shareholders' equity and profit (loss) for the period of the holding company	20,490,513	2,431,207
▪ Effect of monetary translation of foreign subsidiaries	(10,173)	0
▪ Effect of the application of IAS 17	449,618	-158,208
Elimination of the carrying value of consolidated equity investments:		
▪ Adjustments to writedowns made by the parent company	0	0
▪ Amortisation of goodwill	(185,266)	0
▪ Consolidation differences	1,390,544	(189,974)
▪ Effect of measurement at equity of companies not consolidated line-by-line	201,828	(28,376)
▪ Profit/loss for the period of consolidated companies	49,038	49,038
▪ Rounding up/down to whole Euro	1	1
Consolidated Shareholders' equity and profit (loss) for the period	22,386,103	2,103,688
▪ Minority interests	0	0
Shareholders' equity and profit (loss) for the period pertaining to the Group	22,386,103	2,103,688

REPORT ON THE REVIEW OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2023

MARZOCCHI POMPE S.P.A.

pwc

REPORT ON THE REVIEW OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2023

To the Shareholders of
Marzocchi Pompe S.p.A.

Introduction

We performed the review of the attached consolidated interim financial statements of Marzocchi Pompe S.p.A. (the “Company”) and its subsidiaries (the “Marzocchi Pompe Group"), composed of the balance sheet as at 30 June 2023, profit and loss account, cash flow statement and the related notes to the financial statements, for the six month period closed as at 30 June 2023. The Directors are responsible for drawing up the consolidated interim financial statements that provide a true and correct view in compliance with the accounting standard OIC 30. It is our responsibility to express our conclusions on the consolidated interim financial statements based on the review conducted.

Scope of the limited scope audit

We conducted our work in compliance with the International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of the consolidated interim financial statements consists of conducting interviews, mainly with personnel of the company responsible for financial and accounting aspects, financial statement analyses and other review procedures. The scope of a review is substantially less than that of a complete audit conducted in compliance with the International Standards on Auditing and, as a result, does not provide us with the certainty that we became aware of all significant facts that could be identified in conducting a complete audit. Therefore, we have not expressed an opinion on the consolidated interim financial statements.

Conclusions

Based on the review conducted, no elements came to our attention that would lead us to consider that the consolidated interim financial statements of the

Marzocchi Pompe Group for the six month period ended as at 30 June 2023 does not provide a true and accurate view of the Marzocchi Pompe Group's assets and financial position, operating result and cash flows, in keeping with the accounting standard OIC 30.

Parma, 29 September 2023

PricewaterhouseCoopers SpA

Nicola Madureri

(Independent Auditor)