

PRESS RELEASE

MARZOCCHI POMPE: APPROVED THE HALF-YEAR REPORT AS OF JUNE 30, 2023

NEW ALL-TIME HIGH IN HALF-YEAR REVENUES, UP 4.4 PERCENT TO €26.6 MLN

**MARGINS UP STRONGLY: EBITDA +28.7% VS. 30/6/2022,
 EBITDA MARGIN TO 18.4% FROM 15.2% AS OF 6/30/2022**

**MARZOCCHI CONFIRMS EXCELLENT POSITIONING AMONG THE LEADING PLAYERS
 IN THE INDUSTRY AND INCREASES ITS MARKET SHARE,
 THANKS TO A WIDESPREAD COMMERCIAL COMMITMENT,
 PRODUCTION FLEXIBILITY AND A CONSTANT SEARCH FOR EFFICIENCY**

- **NET REVENUES: €26.6 million, up 4.4% vs. €25.5 million as of June 30, 2022**
- **CORE BUSINESS¹ SALES: €21.3 million +2.7% vs. 1H 2022**
- **AUTOMOTIVE SALES: €5.3 million +11.8% vs. 1H 2022**
- **EBITDA: €4.95 million, +28.7% vs. €3.85 million as of June 30, 2022**
- **EBITDA Margin²: 18.4% vs. 15.2% in H1 2022, through increased sales prices combined with reduced energy costs (also thank to the help of the new photovoltaic system)**
- **NET PROFIT: €2.1 million +127% vs. €0.9 million as of June 30, 2022**
- **NET FINANCIAL DEBT: €8.3 million +5.6% vs. €7.8 million at end-2022 and down 17.8 percent year-on-year (€10.1 million at the end of June 2022)**
- **NET EQUITY: €22.4 million + 4.7% vs. €21.4 million at 31/12/2022**

Bologna, 30 September 2023 - The Board of Directors of **Marzocchi Pompe S.p.A. (EGM:MARP)**, a leading company in the design, production, and marketing of high-performance gear pumps and motors, met on September 29, 2023 under the chairmanship of Paolo Marzocchi and concluded late in the evening, approved the half-year financial report as of June 30, 2023, which was subjected to a limited audit by PricewaterhouseCoopers S.p.A..

Gabriele Bonfiglioli, CEO of Marzocchi Pompe, commented: *"We are particularly proud of the results achieved in the first half of 2023, both in terms of revenues, which again marked the best*

¹ Core Business Revenues (high performance external gear hydraulic pumps for various industries) are obtained by deducting from Total Sales Revenues those of the Automotive market

² EBITDA Margin calculated on Production and Sales Revenues, defined as the algebraic sum of sales revenues and the change (positive or negative) in work in progress and finished goods

result ever, and from the perspective of operating margins. Despite a less bright market than last year and a complex global scenario, Marzocchi Pompe continued its growth path.

These results give us increasing enthusiasm to invest further, not only in improving productivity and efficiency, but also in consolidating our sales presence. We will continue to strengthen our sales network and further extend the already wide range of products we offer. In addition, we will continue with the expansion works at the Zola Predosa plant, which, by the end of the year, will already allow us a first significant logistical optimization, thanks to the transfer of the shipping warehouse from the Casalecchio site”.

MAIN ECONOMIC AND FINANCIAL RESULTS AS OF JUNE 30, 2023

It should be noted that for both the first half of 2023 and the first half of 2022, there were no events and situations such as to show the presence of non-recurring costs and revenues.

Summary of Half-Year Results

€ Millions	30 June 2023	30 June 2022	Change %
Sales Revenue	26.6	25.5	+4.4%
Production Value	27.5	25.7	+6.7%
EBITDA	4.95	3.85	+28.7%
EBITDA Margin ¹	18.4%	15.2%	
EBIT	3.1	1.3	+142%
EBIT Adjusted ²	3.4	1.7	+57%
Earnings before Tax	2.7	1.3	+14.0%
Net Profit	2.1	0.9	+127%
€ Millions	30 June 2023	31 December 2022	
Net Invested Capital	30.9	29.5	+4.6%
Net Equity	22.4	21.4	+4.7%
Net Financial Position	(8.3)	(7.8)	+5.6%

¹ Calculated on sales revenue (A1) including change in work in progress and finished goods (A2)

² Net of revaluation amortisation resulting from the merger from LBO executed in 2018 for the acquisition of the majority shareholding by Paolo Marzocchi through Abbey Road

Net Revenues as at 30 June 2023 once again marked an **all-time high in a six-month period**, reaching a total of **€26.6 million**, up 4.4% compared to €25.5 million as at 30 June 2022.

The sales results for the first half of 2023 confirm **Marzocchi Pompe's excellent positioning among the leading players in the sector**, thanks to its effective commercial grip, which has been further strengthened, and to the continuous innovation and customization of its increasingly wide product range.

Growth was driven by the **Core Business** segment, which recorded +2.7% over H1 2022.

Sales in the **Automotive** segment were also very satisfactory, which, in a particularly complex market, increased by +11.8% over H1 2022.

Breakdown of Revenues by Sales Channel

Eur 000	30-Jun-23		30-Jun-22		Change % on H1 2022
Sales Network	9,585	36.0%	9,979	39.2%	-3.9%
Automotive	5,345	20.1%	4,779	18.7%	11.8%
Industrial	6,419	24.1%	6,004	23.5%	6.9%
Mobile	5,277	19.8%	4,740	18.6%	11.3%
Total Sales revenue	26,626	100.0%	25,502	100.0%	4.4%
<i>of which</i>					
Core Business	21,281	79.9%	20,723	81.3%	2.7%
Automotive	5,345	20.1%	4,779	18.7%	11.8%

In terms of geographical area, **America is confirmed as Marzocchi's first market** with 36% of revenues. The export share is confirmed at 70%.

Once again in the first half of 2023, the Marzocchi Group managed to increase its market share in the gear pump sector, thanks to the **'make' approach** that has always distinguished it.

The increase in sales, partly made possible by a **price adjustment**, was accompanied by a **reduction in energy consumption** (to a large extent linked to the investment in the photovoltaic plant in Zola Predosa) and an easing of the sourcing tensions that characterized the previous year; all this allowed a good recovery in operating margins.

L'**EBITDA** increased by 28.7% to **€4.95 million**, vs. €3.85 million as at 30 June 2022.

L'**EBITDA margin** reached **18.4%**, up strongly from 15.2% in H1 2022.

L'**EBIT** jumped to **€3.1 million** +142% vs. €1.3 million as at 30 June 2022. **Adjusted EBIT**, calculated net of revaluation amortization resulting from the merger transaction from LBO executed in 2018, amounting to €0.3 million in the half-year, almost doubled to **€3.4 million**, +56% vs. €1.7 million in H1 2022.

The first half of 2023 closes with a **Net Profit** of **€2.1 million**, up 127% vs. €0.9 million at 30 June 2022.

Investments amounted to **€1.3 million**, or 5% of sales, up from €0.8 million (or 3.2% of sales) in the first half of 2022. Investments were mainly aimed at **expanding the Zola Predosa**

headquarters, as part of the real estate rationalization plan aimed at significantly improving operating efficiency.

Shareholders' Equity amounted to **€22.4 million** in the first half of 2023, up 4.7% compared to €21.4 million at the end of 2022, net of the payment of the 2022 dividend executed in May of this year (€1.0 million +25% compared to the previous year, with a **dividend yield close to 4%**).

Evolution of Shareholders' Equity

Eur 000	30-Jun-2023	31-Dec-2022
Share Capital	6,539	6,539
Share Premium reserve	6,463	6,463
Revaluation reserve	1,867	1,867
Legal reserve	1,159	1,055
Other reserves	4,129	3,259
Flow hedging transactions reserve	260	376
Profit/(loss) for the periods	2,104	1,962
Negative reserve treasury stock	(135)	(120)
Total Shareholders' Equity	22,386	21,400

The **Net Financial Position** as at 30 June 2023 amounted to **€8.3 million**, up +5.6% vs. €7.8 million as at 31 December 2022, mainly due to the increase in working capital (from €13.5 million as at 31 December 2022 to €15.5 million as at 30 June 2023) naturally linked to the development of sales, but which required specific sources of financing. It should be noted that on an annual basis, net debt decreased by 17.8% vs. €10.1 at the end of June 2022.

The results of the first half of the year confirm Marzocchi Pompe's **proven equity and financial solidity**, which, combined with its great capability to generate cash flow, has supported a greater market penetration in a very challenging competitive scenario and enabled the pursuit of the investment policy aimed at further efficiency improvements.

SIGNIFICANT EVENTS IN THE FIRST HALF OF 2023

In the first half of the year, **work continued on the expansion of the Zola Predosa plant**, which by the end of the year will already allow a first significant logistical and production optimization, thanks to the transfer of the shipping warehouse from the Casalecchio site.

On a commercial level, in the first part of 2023, Marzocchi Pompe continued its **participation** plan at the **main global events of the sector**, which started in February with the **Bauma trade fair in**

New Delhi and continued in March with the **ConExpo in Las Vegas** and in April with the **Hannover Messe**.

SIGNIFICANT EVENTS OCCURRING AFTER JUNE 2023

After 30 June 2023, there were no atypical or non-ordinary transactions requiring changes to these consolidated financial statements for the period.

Marzocchi's participation in industry events and the most important international trade fairs continued.

In **July**, Marzocchi attended the **International VDI Congress 'Dritev'**, organized by the Association of German Engineers in **Baden Baden**, Germany.

In **July**, Marzocchi finalized the **purchase of a second property**, after the one announced last October, of about 3,100 square metres, of which 600 are covered, **adjacent to the Zola Predosa plant**, which will allow the Group to move some activities currently located in the Casalecchio facility in order to increase production capacity and improve operational efficiency.

On the corporate front, the **shareholder agreements** signed between Marzocchi Pompe and the Managers in June 2019 were **renewed in July**, as they expired at the end of June 2023. The new agreements aim to continue the total alignment of objectives, management stability and a strong motivational component between the ownership (Marzocchi family) and the current Management, which has been successfully leading the Company for years.

In **August** Marzocchi completed the development of the **Elika Modular Pumps**, which can then be supplied in separate elements, so that the customer can autonomously compose a multiple Elika pump according to his specific needs. This release will further increase the level of customization of the finished product, as is already the case with traditional pumps.

In **September**, Marzocchi was present for the first time at PeruMin, a trade fair dedicated to innovation in the mining sector in Arequipa, **Peru**.

In the **first half of the year and in the following months**, the **share buy-back programme** continued. As at 30 September 2023, Marzocchi Pompe held a total of 33.750 treasury shares, equivalent to 0.514% of the share capital.

FORESEEABLE DEVELOPMENTS IN OPERATIONS

In light of the current order book, it is believed that the **Group can meet its expectations for 2023**, despite a second half of the year characterized by a general slowdown in the world economy.

Thanks to its proven equity and financial strength, the Group enjoys considerable financial autonomy. This allows it to pursue its operational choices and implement its business development strategies with determination. The diversification of the market segments in which the Group operates, some of which are experiencing significant growth, offers the opportunity to **continue the**

commercial penetration programme aimed at consolidating its leadership position in the market. The results obtained also during this first half of 2023 confirm the validity of this strategy.

DOCUMENTATION STORAGE

A copy of the half-yearly financial report as at 30 June 2023, including the auditors' report, will be made available to the public within the terms of the law at the company's registered office in Bologna, as well as through publication on the institutional website <https://www.marzocchipompe.com/it/bilanci-e-relazioni-periodiche-marzocchi-pompe> and on the authorized storage mechanism www.1info.it managed by Computershare S.p.A.

The Management of Marzocchi Pompe will present by videoconference the half-yearly results 2023 to Italian and international investors on **05 October 2023 at 9:30 a.m. CET.**

Marzocchi Pompe's presentation will be made public on the morning of the event on the Company's website in the *Investor Relations - Corporate Presentations*.

Pursuant to Article 17 of the Euronext Growth Milan Issuers' Regulations, the Company has updated the calendar of corporate events 2023 with an indication of the date on which the event will be held.

Marzocchi Pompe S.p.A.

Marzocchi Pompe is a leading company in the design, manufacture and marketing of high-performance gear pumps and motors, which find application in various fields: industrial, mobile and automotive. It closed 2022 with over 48 million euros in sales revenue. Founded in 1949, it is controlled by the Marzocchi family, which holds the majority of shares and is represented in the company by Paolo Marzocchi, Chairman, and his son Carlo, Deputy Chairman. The shareholding structure also includes CEO Gabriele Bonfiglioli and three other managers. Production is carried out entirely in Italy at the two sites in Casalecchio di Reno (BO) and Zola Predosa (BO). Marzocchi Pompe is present in over 50 countries through an international distribution network.

Contatti

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The following are the main consolidated financial statements of Marzocchi Pompe S.p.A. for the half-year period ended 30 June 2023 compared with the corresponding comparative figures (amounts in Euro/000), and specifically

- profit and loss account;
- balance sheet;
- cash flow statement.

CONSOLIDATED INCOME STATEMENT

(National Accounting Standards + IAS 17)

<i>Eur 000</i>	30-Jun-23		30-Jun-22	
Sales Revenue	26,626	100%	25,502	100%
WIP changes	317		(218)	
Other revenues	511		435	
PRODUCTION VALUE	27,455		25,719	
Raw material consumption	(6,872)	(25.5%)	(6,548)	(25.9%)
Service costs	(7,225)	(26.8%)	(7,077)	(28.0%)
Costs for use of third-party goods	(185)	(0.7%)	(182)	(0.7%)
Various operating costs	(273)	(1.0%)	(224)	(0.9%)
VALUE ADDED	12,899	47.87%	11,690	46.23%
Staff costs	(7,944)	(29.5%)	(7,841)	(31.0%)
EBITDA	4,955	18.39%	3,849	15.22%
Depreciation and amortization	(1,881)	(7.0%)	(2,279)	(9.0%)
Accounting for contingencies	0	0.00%	(300)	(1.2%)
OPERATING PROFIT (EBIT)	3,074	11.41%	1,269	5.02%
Financial income and changes	(359)	(1.3%)	(23)	(0.1%)
Financial value adjustments	(27)	(0.1%)	10	0.04%
EARNINGS BEFORE TAX	2,688	9.98%	1,256	4.97%
Income tax of the year	(585)	(2.2%)	(330)	(1.3%)
NET INCOME	2,104	7.81%	926	3.66%

CONSOLIDATED BALANCE SHEET

(National Accounting Standards + IAS 17)

Eur 000	30-Jun-23	31-Jun-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 intended 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) EMPLOYEE SEVERANCE PAY	(1,398)	(1,525)
E) NET INVESTED CAPITAL	30,911	29,505
Covered by		
F) NET EQUITY	(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 HEDGES	(30,911)	(29,505)

CONSOLIDATED CASH FLOW STATEMENT

(National Accounting Standards + IAS 17)

Eur 000	30-Jun-23	31-Dec-22	30-Jun-22
Operating profit [EBIT]	3,074	2,714	1,269
Tax effect	(585)	(618)	(330)
Change in funds	(481)	(143)	192
Provisions and write-downs	1,881	4,843	2,279
Income cash-flow	3,889	6,796	3,410
Change in working capital			
Inventories	(227)	(1,887)	(958)
Trade receivables	(1,044)	(486)	(2,976)
Other receivables	17	588	30
Payables to suppliers	(848)	(831)	(800)
Other payables	477	(562)	(164)
Changes in working capital	(1,626)	(3,178)	(4,867)
Operating Cash Flow (Free cash flow)	2,263	3,618	(1,456)
Net tangible & intangible investments	(1,283)	(3,118)	(163)
Change other fixed assets	103	101	(161)
Financial value adjustments	(27)	50	10
Cash flow from investing activity	(1,207)	(2,967)	(313)
Financial charges/income	(359)	(184)	(23)
Share capital increases/(decreases)	0	0	0
Other equity changes	(1,118)	(734)	(450)
Cash flow from financial activities	(1,477)	(918)	(473)
Net cash flow	(420)	(267)	(2,242)
Start-of-period cash or (exposure)	(8,105)	(7,838)	(7,838)
End-of-period cash or (exposure)	(8,525)	(8,105)	(10,080)
Net cash increase (decrease)	(420)	(267)	(2,242)