



FULL-YEAR 2022 RESULTS PRESENTATION

April 2023

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Agenda

- ❑ Company at a Glance
- ❑ Full-Year 2022 Results & Outlook
- ❑ Achievements
- ❑ Market & Competitive Positioning
- ❑ Appendix
 - Business Overview



Marzocchi Pompe at a glance: world leader in top-performing products

Company

Marzocchi Pompe is a leading world player in the design, production and marketing of high performance external gear pumps and motors, which are used in sectors like: industrial (textile machines, machine tools, plastic injection machines, medical equipment, energy, etc.), mobile (agricultural machines, forklift trucks, etc.) and automotive (transmissions, power steering, attitude adjusters,...).

Key Success Factors

Marzocchi Pompe boasts a **wide range of products** well known for its **high performance and great reliability**, covering most of the market needs in terms of displacements and interfacing.

A key feature is the continuous investment in R&D aimed at satisfying the customer demand for high performance products.

The production of the historical brand «Marzocchi Pompe» is entirely carried out in Italy, in two locations nearby Bologna: Zola Predosa and Casalecchio di Reno, through an extremely verticalized process that allows to keep the product quality under control.

Main Consolidated Financials

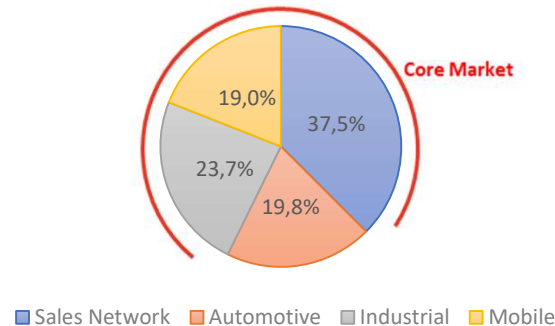
€/000	2019	2020	2021	2022
Net Sales	39.171	34.143	40.538	48.513
EBITDA	5.422	4.129	7.153	7.557
EBITDA Margin *	14,4%	12,2%	16,4%	15,4%
Net Income	203	229	1.591	1.962
Net Equity	18.676	18.444	19.796	21.400
Net Financial Debt	12.535	9.252	7.838	7.848

2022 KPI

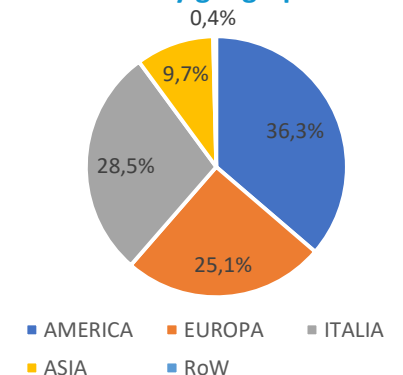
- Over 1,0 mln pumps produced
- More than 800 active clients
- Total employees to date 260

* Calculated on Sales Revenues + WIP, in 2019 net of the take or pay clause effect on automotive sales, not applicable in subsequent years

2022 Revenues by Business Line



2022 Revenues by geographic area



Strategy

Marzocchi Pompe aims to continue:

- **to upgrade the production plant** in order to expand its capacity and improve efficiency
- **to invest in R&D** in order to enlarge the product range, consolidating its position in the reference market
- **to increase penetration on Mobile and Industrial** applications in emerging/new markets (India, Africa & Middle East, Oceania, South America)
- **to develop innovative products for the Automotive market**, as witnessed by the important award from a leading world player

Shareholders & Management: full alignment of interest

TOP MANAGEMENT

Paolo MARZOCCHI

*Main Shareholder,
Executive Chairman*



Gabriele BONFIGLIOLI

CEO e General Manager



BOARD OF DIRECTORS

Paolo MARZOCCHI
Executive Chairman

Carlo MARZOCCHI TABACCHI
Vice Chairman

Gabriele BONFIGLIOLI
CEO

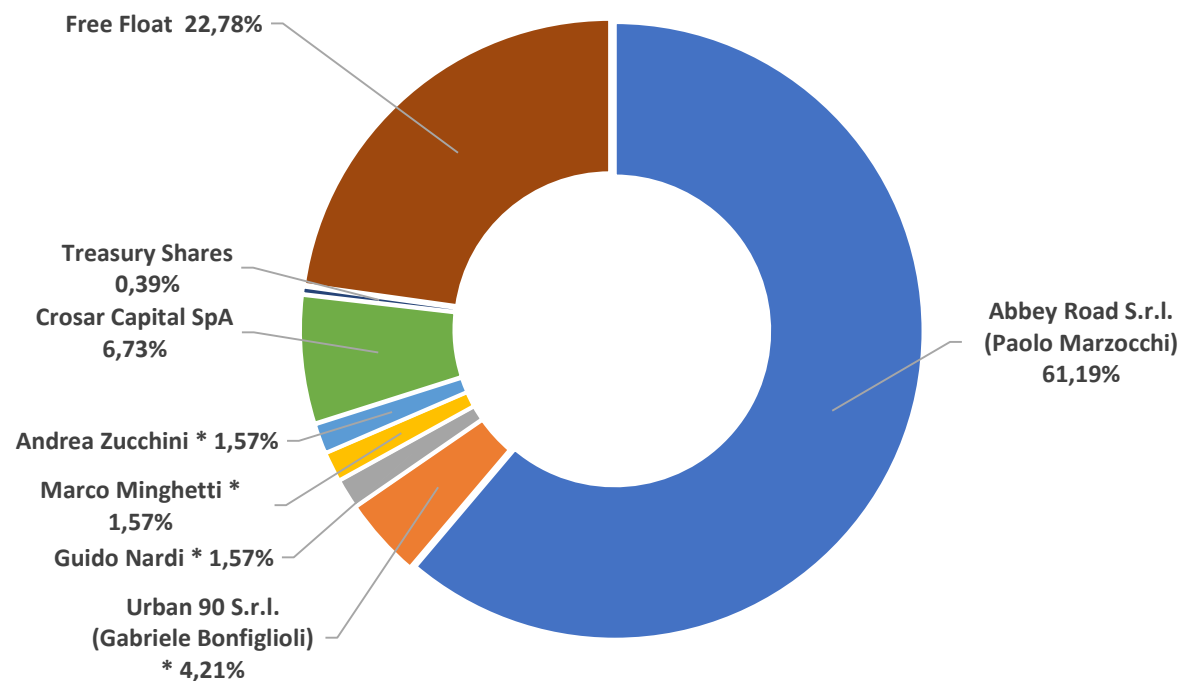
Guido NARDI
CFO, Executive Director

Valentina CAMORANI SCARPA
Board Member

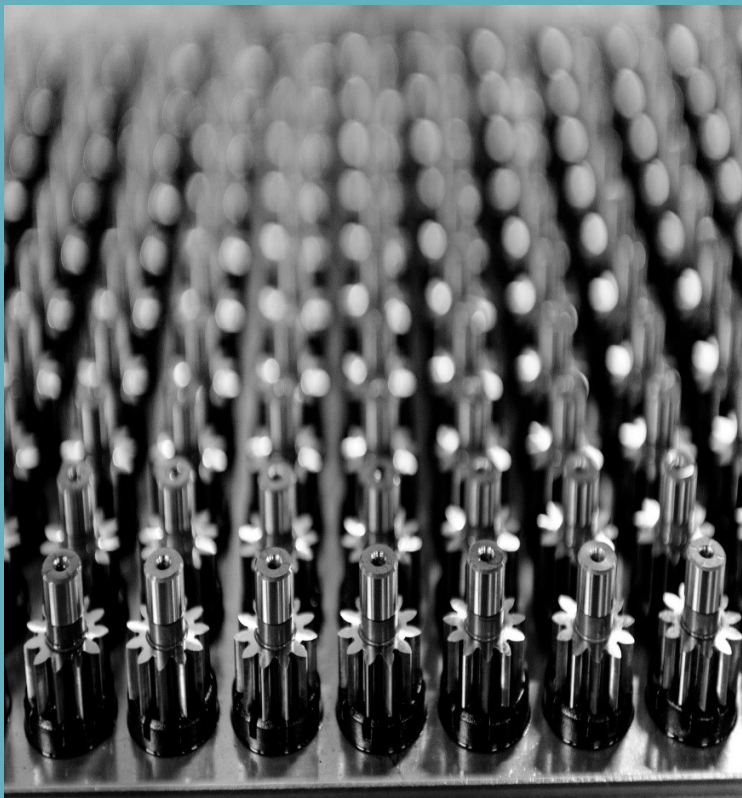
Matteo TAMBURINI
Board Member

Giuseppe ZOTTOLI
Independent Board Member

SHAREHOLDERS



Note: Marzocchi Pompe Key Managers - Mr Bonfiglioli, Mr Nardi, Mr Minghetti and Mr Zucchini - renewed the Stability Pact until June 2023



2022 Results

2022 Results: all-time high sales & strong margin in challenging times

➤ NET SALES UP 19.7% AT EURO 48.5 MLN, DRIVEN BY STRONG CORE BUSINESS* GROWTH AT +21.7%

THE CORE BUSINESS* SALES REACHED EURO 38.9 MLN IN 2022, POSTING A HEALTHY 21.7% Y-O-Y INCREASE THANKS TO MARZOCCHI CAPABILITY TO RETAIN AND EXPAND CUSTOMER BASE IN A VERY DIFFICULT COMPETITIVE SCENARIO. SALES GROWTH ALSO BENEFITED FROM SIGNIFICANT SELLING PRICE UPLIFT

THE AUTOMOTIVE SALES SATISFACTORILY GREW 12.1% Y-O-Y TO EURO 9.6 MLN, WITNESSING MARZOCCHI COMMERCIAL STRENGTH AND ITS CAPABILITY TO APPLY COST-TO-PRICE ADJUSTMENTS. NORTH AMERICA SALES ROSE BY 45%, REPRESENTING THE MAIN MARKET WITH 36.3% OF TOTAL REVENUES

➤ VERY STRONG EBITDA MARGIN AT 15.4%, JUST SLIGHTLY DOWN FROM PREVIOUS YEAR 16.4%, DUE TO THE INERTIA IN PASSING ON COST INCREASES (ENERGY & RAW MATERIAL COSTS) TO SALE PRICES

THE DISTINCTIVE "MAKE" APPROACH COUPLED WITH A TARGETED INCREASE IN INVENTORY, ENABLED MARZOCCHI POMPE TO KEEP DELIVERY TIMES UNCHANGED AND TO AVOID ANY DISRUPTION IN THE PRODUCTION CHAIN. IN ADDITION, ENERGY SAVING MEASURES HAVE BEEN DEFINED, WHICH ADDED TO THE COMPANY RELENTLESS EFFORTS TO IMPROVE OPERATIONAL EFFICIENCY DID LIMIT THE IMPACT ON MARGIN

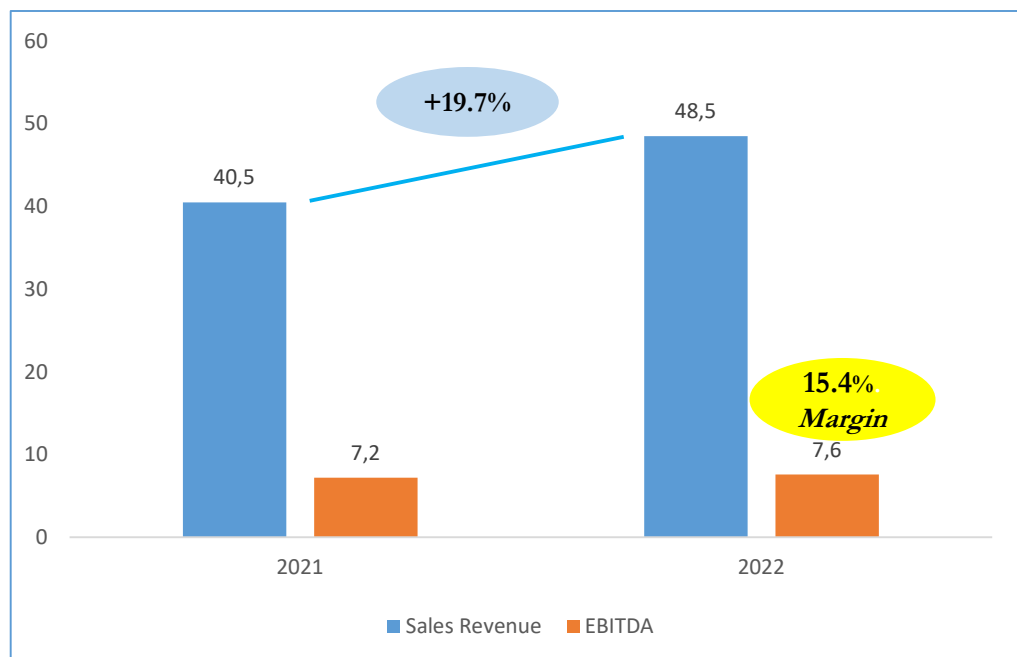
➤ NET FINANCIAL DEBT DECREASED TO EURO 7.8 MLN (DOWN 23% VS. 10.1 MLN IN JUNE 2022, STABLE VS 7.8 MLN IN 2021) BENEFITING FROM HIGH CASH FLOW GENERATION DESPITE RELEVANT WORKING CAPITAL AND CAPEX REQUIREMENTS LINKED TO STRONG BUSINESS GROWTH

TIGHT CONTROL ON CASH MANAGEMENT REPRESENTS ONE OF MARZOCCHI MAJOR STRENGTHS AS IT ALLOWED FOR BOOSTING MARKET PENETRATION WHILE KEEPING NET DEBT FULLY UNDER CONTROL, SIGNIFICANTLY LOWERING IT ON A SIX-MONTH BASIS AND KEEPING IT FLAT ON A YEAR-ON-YEAR BASIS

** Core Business Sale (high-performance external gear pumps for various industrial sectors) are obtained by deducting the Automotive Market Sales from Total Sales Revenue*

Revenues up 19.7% to € 48.5 mln, EBITDA margin at a robust 15.4%

Sales Revenue and EBITDA (€m)



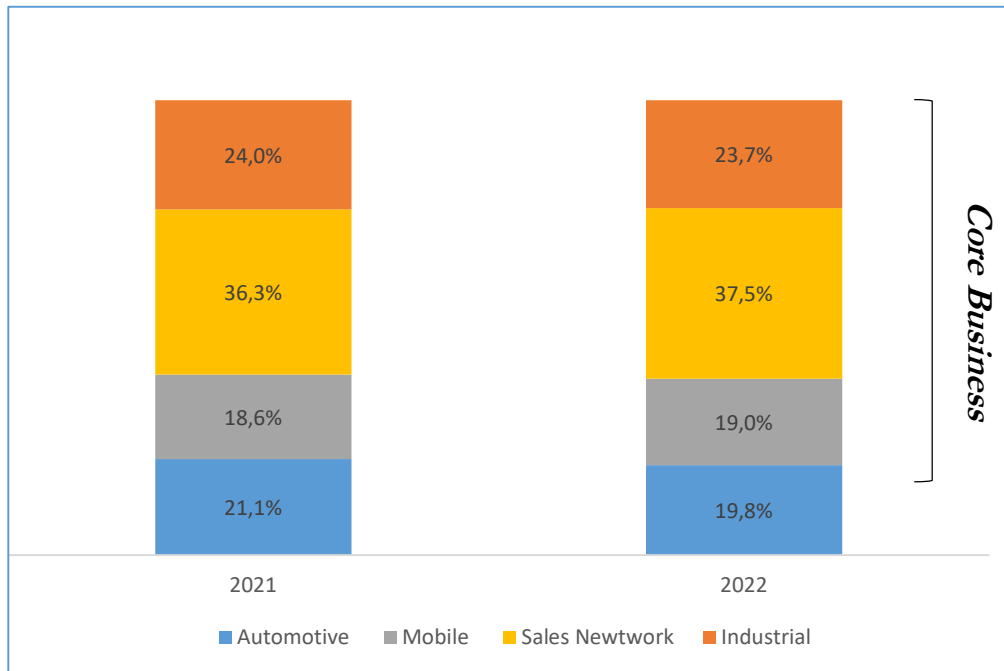
* EBITDA Margin based on Sales Revenue + WIP

Source: consolidated financial statements

- Revenues topped Euro 48.5 million in 2022, recording a strong **19.7% increase** and marking the full-year all-time high for Marzocchi Pompe
- Growth was mainly driven by the **Core Business sales (Euro 38.9 million, +21.7%)**, Automotive sales posted a healthy 12% rise to Euro 9.6 million despite persistently challenging market scenario
- **EBITDA reached Euro 7.6 million** (vs. Euro 7.15 million 2021), confirming Marzocchi resilience in the global scenario of significantly rising energy and raw material costs
- **EBITDA margin** only slid to **15.4%** (from 16.4% in 2021), as the higher weight of production costs (54.3% on Sales from 52.1% in 2021) was partially offset by the efficiency gains following Marzocchi Pompe great flexibility at both technical and production levels. In addition, its customized product excellence allowed for pricelist increase (although with some inevitable inertia vs. cost rise)

Core Business over 80% of revenues thanks to a strong 21.7% growth

Revenue Breakdown



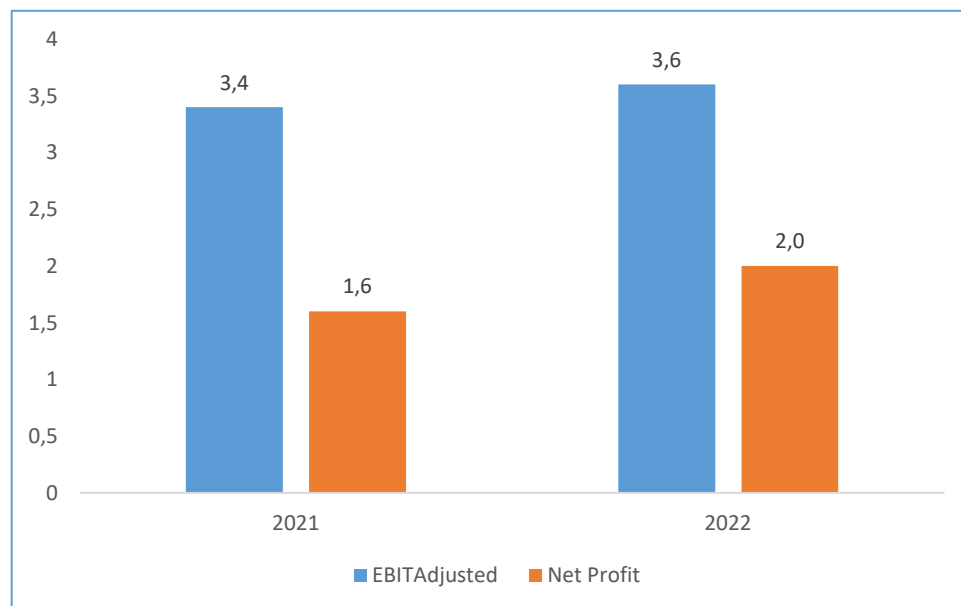
Source: consolidated financial statements

- Revenues by **Core market segments** (Sales Network, Industrial and Mobile) exceeded **80% of Total Revenues**, reaching Euro 38.9 million (vs. Euro 32 million in 2021), thanks to generally recovering demand from pandemic levels and driven in particular by **Marzocchi Pompe distinctive capability to serve clients with high performing products on a customized basis**

- Weight of **Automotive sales** slid little below **20%** (vs. 21.1% in 2021) as growth rate was 12% vs. 21.7% of Core Business. Thanks to Marzocchi high reputation with top global players, Automotive sales performed very well in a persistently difficult market outlook on a global basis

Very satisfactory EBIT & Net Profit growth (by 19% & 23% respectively)

EBIT Adjusted and Net Result (€m)



* EBIT Adjusted is Net of depreciation from revaluation resulting from the merger from LBO

Source: consolidated financial statements

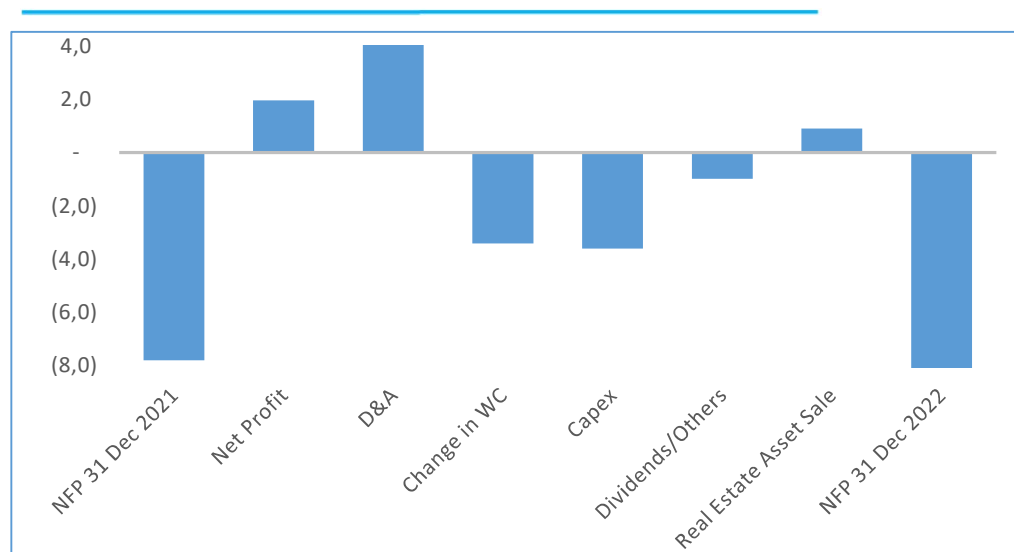
EBIT stood at Euro 2.7 million, **+18.8%** vs. Euro 2.3 million in 2021, confirming Marzocchi Pompe excellent operating performance

- **Adjusted EBIT**, calculated net of revaluation depreciation and amortisation resulting from the merger from LBO, amounting to Euro 0.9 million, **equalled Euro 3.6 million** with a 6.6% increase compared to Euro 3.4 million in 2021

- In 2022 **Net Profit stood at Euro 2.0 million**, with a **23% growth** vs. 1.6 million in 2021. This excellent performance witnesses **Marzocchi Pompe capability to seize all the business opportunities** also in challenging markets, putting in place **prompt actions to control costs and push sales forward**

Net Financial Debt down 23% vs. 1H 2022 thanks to high cash flow

Net Financial Position Evolution (€m)



Change in Adjusted Net Financial Position

Eur 000	31-Dec-22	31-Dec-21
Liquidity	6,927	5,681
Current financial debt	(4,712)	(4,637)
Net current financial debt	2,215	1,043
Non-current financial assets	257	
Payables to bank	(8,803)	(7,571)
Payables to leasing companies	(1,038)	(831)
Payables to others	(480)	(480)
Non-current financial debt	(10,063)	(8,881)
Adjusted Net Financial Position	(7,848)	(7,838)

Source: consolidated financial statements

- **Net Financial Debt decreased to Euro 7.8 million** at the end of 2022, from Euro 10.1 million in June 2022 and flat compared to Euro 7.8 million at 31 December 2021
- Marzocchi showed once again its strong capability to generate cash flow in very challenging times and despite the **important increase in working capital** (to Euro 13.5 million vs. Euro 10.1 million in 2021) linked to nearly 20% sales growth, and **the increase in capex to expand production capacity** (Euro 3.6 million, or 7.4% on sales, from Euro 1.4 million in 2021)
- The increase in **Shareholders' Equity** at the end of 2022 (to **Euro 21.4 million**, +8% YoY) is due to Net Profit growth

2022 Dividend proposal of € 15 cents / share

- ON 29TH MARCH 2023 MARZOCCHI POMPE BOARD OF DIRECTORS PROPOSED THE DISTRIBUTION OF AN ORDINARY DIVIDEND OF EURO 15 CENTS PER SHARE (VS. EURO 12 CENTS PER SHARE IN 2021), FOR A TOTAL DIVIDEND AMOUNT OF EURO 976.950.
- IF THE SHAREHOLDERS' MEETING DUE ON 28TH APRIL 2023 APPROVES ITS DISTRIBUTION, THE DIVIDEND WILL BE PAID AS FROM 10^H MAY 2023, AFTER DETACHMENT OF THE COUPON ON 8TH MAY 2023
- THE DATE OF ENTITLEMENT TO PAYMENT (RECORD DATE) IS SET AT 9TH MAY 2023

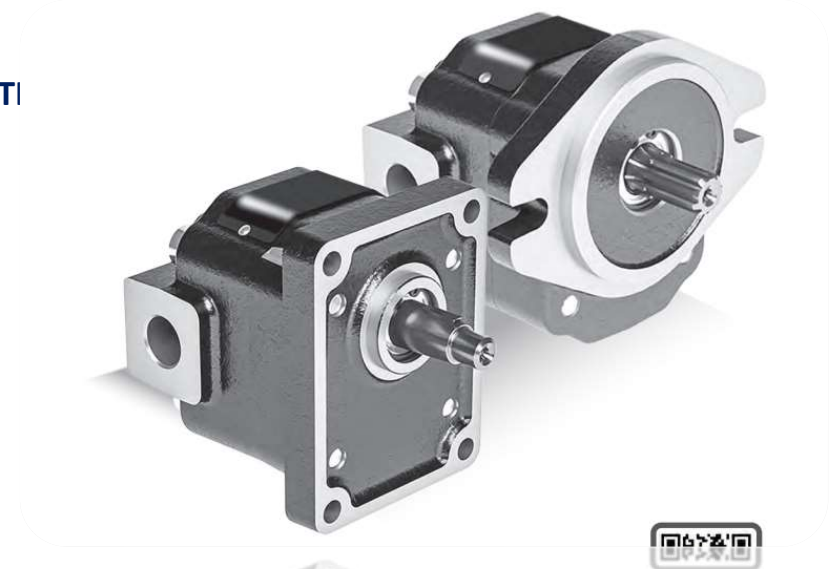


Achievements

What's New: Cast Iron Pumps & Motors

(1/2)

- IN **OCTOBER 2022** MARZOCCHI POMPE LAUNCHED “**FCIP**” AND “**FCIM**”, THE NEW RANGE OF GEAR PUMPS AND MOTORS ENTIRELY MADE OF CAST IRON
- THESE NEW PRODUCTS TARGET APPLICATIONS WITH **HIGHER PRESSURES** THAN THOSE ACHIEVABLE WITH THE GHP PUMPS AND GHM MOTORS ALREADY IN THE CATALOG, HAVING A CAST IRON COVER AND FLANGE BUT A **DISTINCTIVE ALUMINUM BODY**
- THANKS TO THE **COMPACT DESIGN** AND THE **CAPABILITY TO SUPPLY INTEGRATED VALVES**, THE NEW PUMPS AND MOTORS ARE **PARTICULARLY SUITABLE FOR THE MOBILE SECTOR**, SUCH AS FOR EXAMPLE:
 - **MACHINERY AND EQUIPMENT FOR AGRICULTURE,**
 - **CONSTRUCTION, MINING, LOGISTICS, CLEANING AND WASTE COLLECTI**
- TO COVER AS MUCH AS POSSIBLE THE MARKET NEEDS, THE NEW PUMPS AND MOTORS WILL HAVE THREE SUBFAMILIES:
 - **FCIP2, FCIP3, FCIP4 AND FCIM2, FCIM3, FCIM4**
- THE NEW LINE WAS LAUNCHED AT THE **BAUMA EXHIBITION** **IN MUNICH, OCT. 24-30, AND AT EIMA IN BOLOGNA, NOV. 9-13**



What's New: New Plant with Photovoltaic Panels

(2/2)

- IN OCTOBER 2022 MARZOCCHI POMPE HAS PURCHASED AN INDUSTRIAL PROPERTY OF APPROXIMATELY 4800 SQUARE METRES, OF WHICH APPROXIMATELY 1800 COVERED, NEXT TO THE ZOLA PREDOSA PLANT FOR A TOTAL AMOUNT OF € 1.15 MILLION
- THE NEW BUILDING ALLOWS MARZOCCHI TO INCREASE PRODUCTION CAPACITY AND IMPROVE OPERATIONAL EFFICIENCY
- THE PURCHASE IS PART OF THE GROUP'S REAL ESTATE RATIONALISATION AND FOLLOWS THE SALE IN JULY, FOR € 670,000, OF A SMALLER BUILDING (ABOUT 3,000 SQUARE METRES), ALSO LOCATED IN ZOLA PREDOSA BUT DISTANT FROM THE CURRENT PLANT AND INDUSTRIALLY NO LONGER USED
- RENOVATION WORK FOR THE NEW FACILITY INCLUDE THE INSTALLATION OF PHOTOVOLTAIC PANELS, A FURTHER MOVE WHICH ENHANCE THE MARZOCCHI'S COMMITMENT TOWARDS SUSTAINABILITY

"This is a very important step for Marzocchi Pompe, because it will allow us to start a process of space optimisation that will increase production capacity and improve operational efficiency. Furthermore, the installation of a photovoltaic system will allow, already in the short term, important energy savings and significant emission reduction, in line with the Group's ESG objectives " declared Gabriele Bonfiglioli, CEO of Marzocchi Pompe.



2022 Highlights & Outlook

- THE YEAR 2022 WAS CHARACTERIZED BY GREAT ECONOMIC UNCERTAINTY, MAINLY DUE TO RISING RAW MATERIAL & ENERGY COSTS, AMPLIFIED BY THE WAR IN UKRAINE, THE INTEREST RATE RISE AND THE ONGOING HEALTH EMERGENCY IN CHINA
- IN SUCH A CHALLENGING SCENARIO, MARZOCCHI POMPE ACHIEVED ITS BEST-EVER SALES REVENUE IN 2022, CONFIRMING THE BRAND EXCELLENT MARKET POSITIONING AS WELL AS THE EFFECTIVENESS OF THE GROUP BUSINESS MODEL FEATURING A DISTINCTIVE "MAKE" APPROACH AND HIGH PRODUCTION FLEXIBILITY, BOTH SUPPORTING ITS KEY STRENGTH: THE CAPABILITY TO SUPPLY TOP-PERFORMING CUSTOMIZED PRODUCTS FULLY DEVELOPED ON CLIENT NEEDS, WHICH ALSO ALLOWS TO FURTHER STRENGTHEN CUSTOMER RELATIONSHIP AND ULTIMATELY TO GAIN MARKET SHARE
- MARZOCCHI'S ROBUST ORDER BACKLOG TO DATE COUPLED AN ENVIABLE FINANCIAL SOLIDITY MAKE MANAGEMENT LOOK AT THE FUTURE WITH GREAT CONFIDENCE. THE CURRENT STRONG FLUCTUATIONS IN ENERGY AND RAW MATERIAL COSTS, ON THE ONE HAND, ARE BEING PARTIALLY OFFSET BY ONGOING EFFICIENCY GAINS (AT BOTH DESIGN AND PRODUCTION LEVEL), ON THE OTHER THEY WILL BE ABSORBED BY THE NEW PRICE LISTS IMPLEMENTED IN THE SECOND HALF OF THE YEAR AND ONWARDS
- THE FORECASTS FOR THE 3-YEAR PERIOD 2022 –2024 (OUTLINED IN THE MARCH 29 PRESS RELEASE) REMAIN UNCHANGED:
 - SIGNIFICANT ORGANIC GROWTH IN REVENUES, WITH A CAGR 2021-2024 IN THE 6-8% RANGE
 - RETENTION OF THE GOOD LEVELS OF PROFITABILITY ACHIEVED DURING THE YEAR
 - MAINTAINING AN OPTIMAL LEVEL OF LEVERAGE (NET DEBT/EBITDA 1-1.5X) AND A LEVERAGE RATIO BELOW 50% OF SHAREHOLDERS' EQUITY
 - CONFIRMATION OF THE DIVIDEND POLICY ALREADY ADOPTED IN RECENT YEARS

ESG Achievements: Strong commitment towards Sustainability (1/2)

- **Sustainability Report** — Marzocchi has started a process of analysis aimed at identifying methods and timing for this activity, in order to improve its footprint to enhance value creation

- **Marzocchi Certifications**



- **ESG Score by**



1.35



1.10



1.38



1.10

4.93 = BBB

[Environmental Policies](#)

[Ethic Code](#)

ESG Achievements: Strong commitment towards Sustainability (2/2)

New «Green» Projects in 2023

- **Treedom Forest** — In February Marzocchi launched the creation of the “*Marzocchi Pompe Forest*”, giving away the first 300 trees to its employees
 - This project will not only bring a contribution to carbon dioxide reabsorption but, being composed of fruit trees donated to the local community (in Africa, South America and Asia), it will also have a positive impact for the latter in social terms
 - The size of Marzocchi Forest will be expanded in the years to come
- **Photovoltaic panels for the recently bought Zola Predosa Plant** - This new facility aims at increasing Marzocchi production capacity at the same time improving its operational efficiency
 - The renovation work includes the installation of photovoltaic panels to supply “green energy” to Marzocchi production processes
 - The investment has an estimated payback of 3.5 years



A brand new Security Operation Center

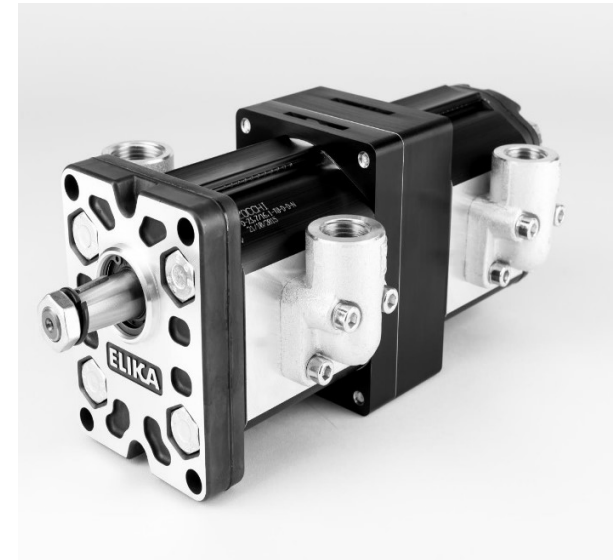
- In March 2022 Marzocchi Pompe, in partnership with Yarix, finalized a C SOC + Cynet project
- Marzocchi's *Cognitive Security Information Center* C SOC will operate the:
 - H24x7x365 monitoring of company networks
 - Physical and Biometric Security of last generation
- *Cynet* tasks are:
 - Monitoring & Control
 - Attack Prevention & Detection
 - Response Orchestration



Focus on ELIKA, Marzocchi Pompe top-performing pump

- IN 2019 THE NEW ELIKA DEPARTMENT WAS COMPLETED THROUGH AN INVESTMENT OF MORE THAN 1 MILLION EUROS IN THE PRODUCTION SITE OF CASALECCHIO (BO)
- COVERED BY TWO PATENTS, ELIKA IS MARZOCCHI POMPE FLAGSHIP PRODUCT CHARACTERIZED BY LOW NOISE & HIGH EFFICIENCY
- IN THE SECOND HALF OF 2021, THE PLANNED RANGE EXTENSION WAS BOOSTED BY:
 1. THE NEW “ELIKA 1P” AND “ELIKA K1P” PUMPS, WHICH FURTHER IMPROVE PERFORMANCES
 2. THE NEW “FTP – FLUID TRANSMISSION PUMP”, WHICH OPENS UP NEW MARKETS AND THAT PRESENTED IN MARCH AT THE “VTM” IN TURIN AND IN JUNE AT THE “IVT EXPO” IN KOLN
(BOTH EVENTS TOOK PLACE IN PRESENCE)

"We are very pleased to have completed this first and important piece of our business plan. In 2019 we have already invested over 1 million euros, in a recently renovated area of the historic headquarters of Casalecchio (BO), a new department focused on the production of the ELIKA pump in its various versions. We want to focus on the product, with higher margins than traditional ones, which we believe may be one of our main drivers of growth for the coming years. Also, in the second half of the year we will continue to invest about half a million euros, aimed at launching new products and increasing the efficiency and productivity of our production sites." declared Gabriele Bonfiglioli, CEO of Marzocchi Pompe.



2022 Live Exhibitions: Marzocchi Pompe is always in the forefront



- ✓ **VTM Torino** – Automotive Symposium
Fucine Hall – Booth 48
- ✓ **IVT Expo Cologne** – Industrial Vehicles Symposium
Stand 1100
- ✓ **GFPS Naples** – Global Fluid Power Symposium
Paper Conference + Panel + Exhibitor Table
- ✓ **Bauma Munich** – World Mobile Exhibition
Hall A4 Stand 414
- ✓ **EIMA Bologna** – Agricultural Exhibition
Hall 18 Stand B19
- ✓ **CTI Berlin** – Automotive Symposium
Main Hall Stand F4

2023 Live Exhibitions: Ready to exploit all commercial opportunities

- ✓ **Bauma ConExpo India** – 31.01.2023
Mobile Exhibition - Hall 10, Booth L102



- ✓ **IFPE ConExpo Las Vegas** – 13.03.2023
World Mobile Exhibition – South Hall, Booth 81745

- ✓ **Hannover Messe** – 17.04.2023
World Fluid Power Exhibition – Booth H5.F18



- ✓ **Dritev Baden Baden** – 05.07.2023
Automotive Symposium - Main Hall

- ✓ **Perumin Arequipa** – 25.09.2023
Mining Exhibition – Hall 5



- ✓ **Agritechnica Hannover** – 12.11.2023
World Agriculture Exhibition – Hall 17, Booth E43

- ✓ **CTI Berlin** – 05.12.2023
Automotive Symposium - Booth E7



Investor Relations in 2022: Constantly in touch with Market leaders

- | | |
|---------------|------------------------------|
| ✓ 1 April | FY 2021 Results Presentation |
| ✓ 11 April | Road Show in Paris |
| ✓ 24 May | Euronext Growth Conference |
| ✓ 5 October | H1 2022 Results Presentation |
| ✓ 6 October | Mid Cap Event in Paris |
| ✓ 18 November | Integrae Finance Gala |

What's Next: 2023 Investor Relations Forthcoming Events

4 – 5 April

Road Show in Paris

13 April

FY 2022 Results Presentation

Beginning of October

H1 2023 Results Presentation

9 – 10 October

Road Show in Paris

Second Half of November

Integrae Finance Gala



Market & Competitive Positioning

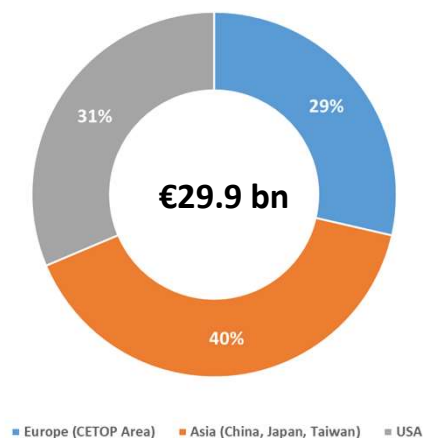
Fluid Power market and growth forecasts

The Fluid Power market is made up by the hydraulic segment and the pneumatic segment. In Asia, Europe and USA the Fluid Power *home*¹ market went from Euro 25.7 billion in 2000, to around Euro 41.5 billion in 2020 of which Euro 29.9 billion (72%) stemming from the hydraulic sector, and Euro 11.6 billion (28%) from the pneumatic sector (Source: ISC² – 2020 – International Fluid Power Statistics – date of publication: 10 December 2021).

In Italy, the Fluid Power market in 2020 was estimated to be around Euro 1.9 billion, of which Euro 1.2 billion (63%) stemming from the hydraulic sector, and Euro 0,7 billion (37%) from the pneumatic sector. (Source: Assofluid – Il Fluid Power in Italia, Rapporto di settore 2020).

Below is given a geographic breakdown of the *home* hydraulic market, estimated by ISC, and the weighted growth forecast for the hydraulic end-use markets, published by Oxford Economics.

Hydraulic market – geographic breakdown



Source: CETOP³– ISC Statistics 2020

Hydraulic end - use markets' forecasts

Weighted growth forecasts for key fluid power end use markets						
(Annual percentage changes unless specified)						
	2020	2021	2022	2023	2024	2025
Hydraulic end-use markets						
North America	-7.8	14.7	5.3	2.8	2.6	2.2
South America	-9.7	28.7	4.9	4.6	4.1	3.3
Europe	-13.8	13.5	6.1	2.3	1.2	1.1
Asia	-3.2	11.4	6.3	3.4	2.7	2.2
Middle East and Africa	-12.8	12.8	5.1	2.9	2.5	3.4
World	-5.8	14.8	5.4	2.9	2.4	2.0

Notes: World and regional aggregates consist of the 21 countries included within the analysis

Source: Oxford Economics – National Fluid Power Association, Forecast of End-Use Markets- Winter 2021

Note (1) The *Home Market* concept is used, as explained by CETOP on the report *European Fluid Power Directory 2017/2018*, for the market estimates in order to cover all of the fluid power market, and not exclusively that segment covered by companies which are part of the organization. For statistic's sake, the country where the product was built is irrelevant, while the country where the product was sold is considered.

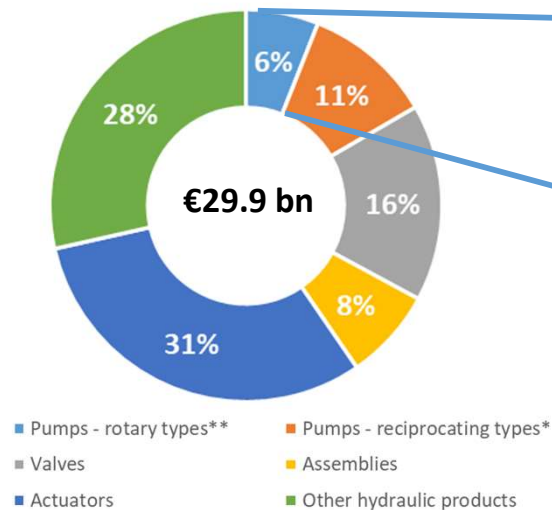
Note (2): ISC - International Statistics Committee project has the objective of providing comparable information on Fluid Power markets in Europe, USA and Asia.

Note (3) CETOP - *European Fluid Power Committee* – is an organization of associations present in 17 European countries and representing more than 1.000 companies operating Fluid Power, representing 80 to 90% of the country's industry, most of the times.

Focus on hydraulic pumps' market

Within the Hydraulic *home*¹ market, the pumps' segment is estimated by ISC to be around Euro 4.9 billion in 2020 (17%), of which Euro 3.2 billion (11%) coming from the reciprocating pumps' segment (axial and radial piston pumps) and Euro 1.8 billion (6%) from the rotary pumps' segment (gear, vane, orbital, screw and other types of pumps). Focusing on the rotary pumps sector, in which MP operates, USA stands out as the main marketplace with around Euro 0.738 billion (41.2%) activity, followed by Asia, with Euro 0.730 billion (40.8%), and Europe with Euro 0.324 billion (18%).

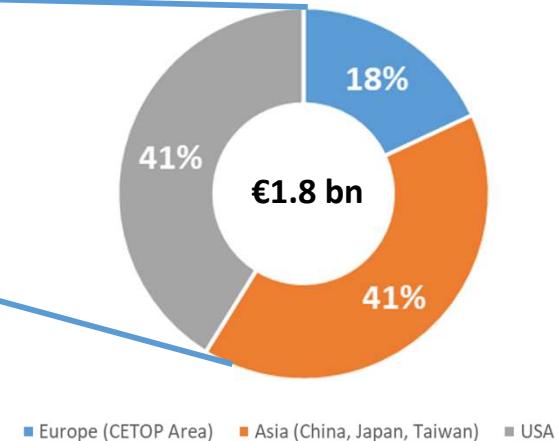
Hydraulic market - breakdown per product



* Reciprocating types: axial and radial piston; ** Rotary types: gear, vane, orbital, screw and other types

Source: CETOP³ – ISC Statistics 2020 – International Fluid Power Statistics

Rotary pumps' global market



Source: CETOP³ – ISC Statistics 2020 – International Fluid Power Statistics

Note (1) The *Home Market* concept is used, as explained by CETOP on the report *European Fluid Power Directory 2017/2018*, for the market estimates in order to cover all of the fluid power market, and not exclusively that segment covered by companies which are part of the organization. For statistic's sake, the country where the product was built is irrelevant, while the country where the product was sold is considered.

Note (2): ISC - International Statistics Committee project has the objective of providing comparable information on Fluid Power markets in Europe, USA and Asia.

Note (3) CETOP - European Fluid Power Committee – is an organization of associations present in 17 European countries and representing more than 1.000 companies operating Fluid Power, representing 80 to 90% of the country's industry, most of the times.

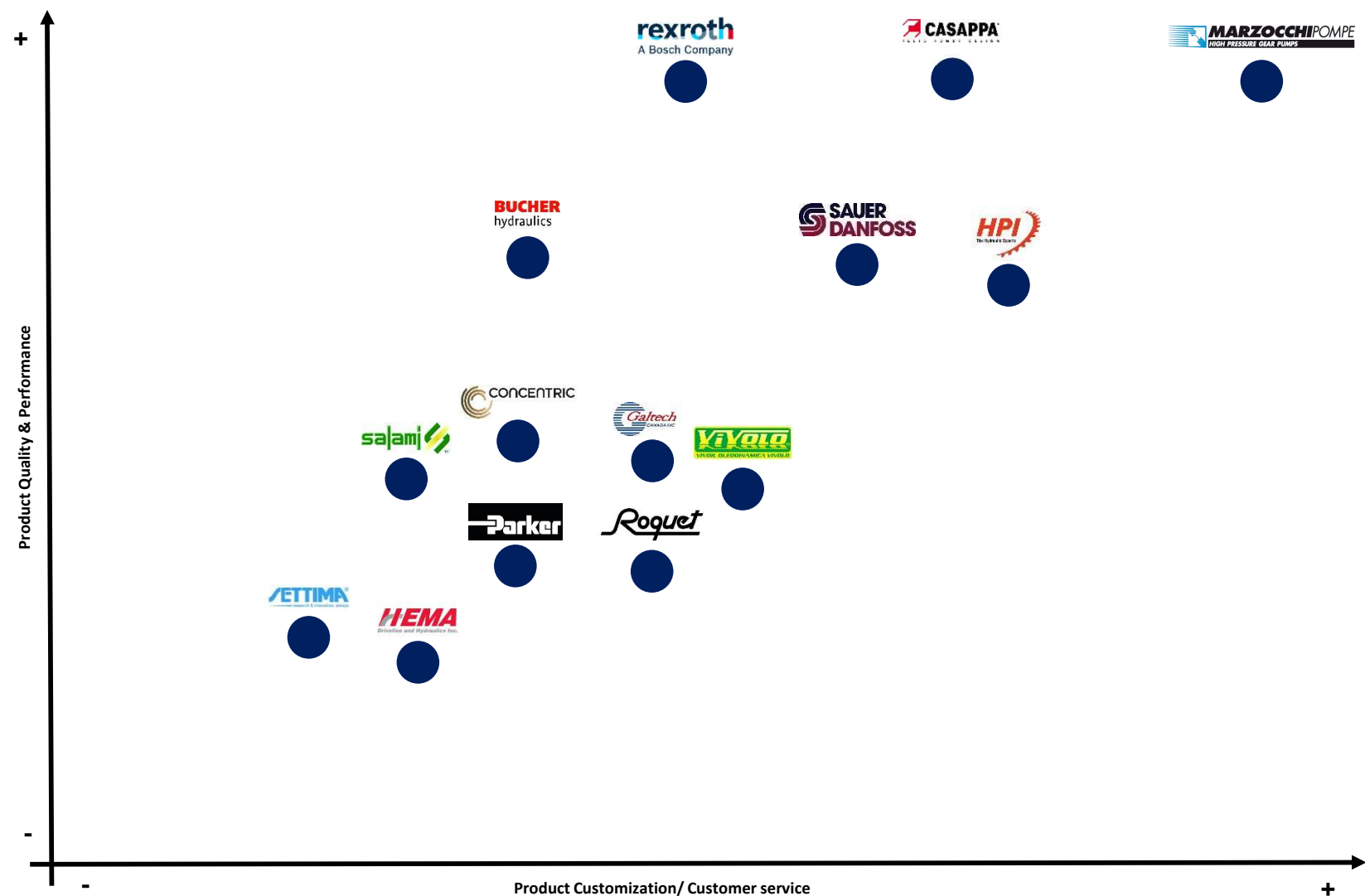
Competitive positioning

Characteristic Company	Quality & Performance	Customer service	Gear Pumps Range	Fluid Power Range	Customization	Competitiveness vs Price	Quality vs Price
Marzocchi Pompe	High	High	High	Medium - high	High	Medium	High
Bosch Rexroth	High	Medium - high	High	High	Medium - high	Medium	High
Bucher	Medium - high	Medium	Medium - high	Medium - high	Medium	Medium - high	Medium
Casappa	Medium - high	Medium	High	Medium - high	Medium - high	Medium - high	Medium - high
Concentric	Medium	Medium	Medium - high	Medium - high	Medium	Medium	Medium
Galtech/Interpump	Medium	Medium	Medium - high	Medium - high	Medium	Medium - high	Medium - high
Hema / DB	Medium - high	Medium - high	Medium	Medium - high	Medium	High	Medium - high
HPI / JTech	Medium - high	Medium - high	Medium - high	Medium - high	Medium	Medium	Medium
Parker	Medium	Medium	Medium - high	High	Medium - high	Medium - high	Medium
Roquet	Medium	Medium	Medium	Medium - high	Medium	Medium - high	Medium - high
Salami	Medium	Medium - high	Medium	Medium - high	Medium	Medium - high	Medium
Turolla/Sauer Danfoss	Medium - high	Medium - high	Medium - high	Medium - high	Medium	Medium - high	Medium - high
Settima	Medium - high	Medium - high	Medium - high	Medium - high	Medium - high	Medium - high	Medium
Vivoil	Medium	Medium	Medium - high	Medium - high	Medium	Medium	High

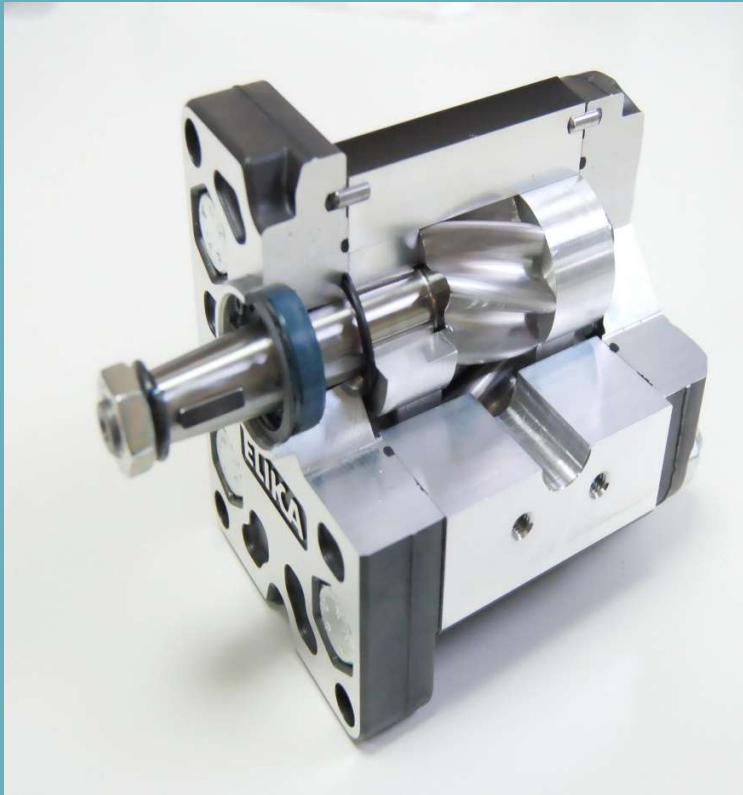
Source: Marzocchi Pompe SpA management estimates

Legend: High Medium - high Medium Low

Leadership in external gear pumps market



Source: Marzocchi Pompe SpA management estimates



Appendix

MP core business: manufacturing of external gear pumps and motors

- The pumps have the function of transferring the fluid from a tank to an actuator within an oil-hydraulic circuit. (for example a cylinder that drives the shovel of an excavator). This transfer from the suction circuit to the delivery circuit occurs through the rotation of the two toothed wheels (the so-called "gears") inserted in the pump body, which is realized through the coupling with an endothermic motor or an electric motor. The oil that is transferred is located between the teeth compartments of the gear wheels and the pump body. The pressure that is created in the flow circuit downstream of the pump is proportional to the load determined by use.
- MP produces external gear pumps with straight teeth with an involute profile and helical rotor pumps with a conjugate profile. Both are part of the group of pumps called "volumetric", to which vane pumps, internal gear pumps and screw pumps also belong. The piston pumps also belong to the same category, which differ from the previous ones for the alternative movement instead of the rotary one.
- The gear motor is the actuator that transforms the hydraulic energy supplied by the pump into mechanical energy, creating a rotary motion with a defined number of revolutions and supplying a certain torque to the shaft on which mechanical systems such as fans and pulleys are connected.

Range of external gear pumps and motors by MP



Automotive customization

Regarding the micro-hydraulics (displacements starting from 0.12 cc per revolution) the Company has created customizations specifically for the automotive sector based on the needs and requirements of its customers



Focus on Elika product

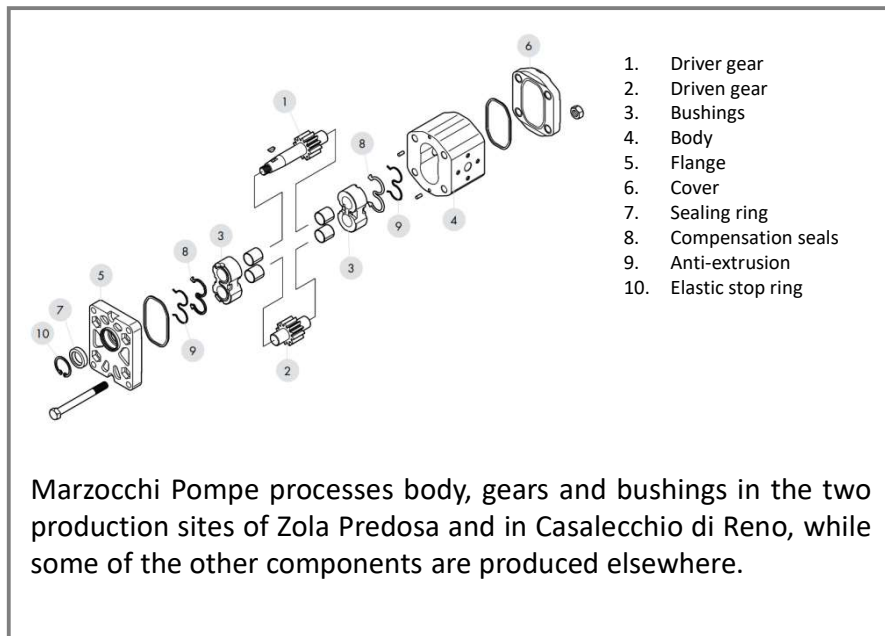
Elika is a helical toothed gear pump with a hydraulic system for balancing axial forces. It is a low noise and high efficiency product developed and patented by MP



Overview of pump composition and application examples

The pumps are composed of the following main parts: body, flange, cover and bushings in aluminium, and gears (driving and driven wheel) in steel. For some types of products, the flange and the cover can be made out of cast iron. Further components can also be integrated (for example valves), which vary depending on the type of product and customization requirements by the customer.

Basic pump components



Examples of application of MP products

Industrial

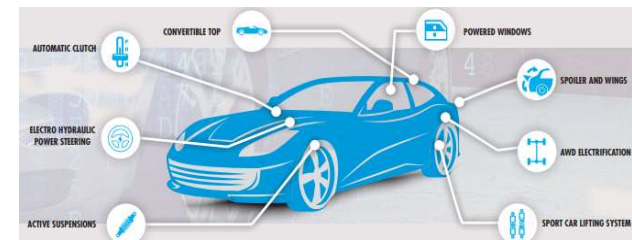


Mobile



In the mobile segment, the ELIKA product received the «Technical Reporting» award during the last Eima, one of the most important agricultural machinery fairs worldwide.

Automotive



Product applications



Medical equipment

Actuators for surgical tables, diagnostic equipment, latest-generation stretchers, dental chairs: in general, for small medical equipment, where reliability and silence are necessary.



Industrial

Fixed applications (eg presses, machine tools, etc.) that require hydraulic power units with high performance levels. This sector was among the first that the company positioned itself in.



Agricultural machinery

Even in agricultural machinery there is an important evolution in terms of hydraulic systems. Increasingly high performance and low noise levels are required.

MICRO-HYDRAULICS



Micro-hydraulics

MP is specialized in the production of very low displacement pumps, which require a high technological level to obtain high efficiency standards.



Machinery and equipment for *material handling*

Even for these type of machines, very often used inside production facilities, low noise levels are increasingly required in addition to high efficiency standard.



Marine

There are many pump applications in the nautical sector: movable bulkheads, thrusters, opening and closing valves, flap drives, boarding and disembarking ladders, piloting systems.



Gardening machines

In this type of application it is essential that oil-hydraulic pumps and motors guarantee the complete absence of contamination.



Construction machinery

Extreme flexibility in terms of interface versions (shafts, ports, flanges, etc.) and very high reliability are the features required by this market.



Means of transport

Brake systems for trams and city trains as well as for airport vehicles. In a world that makes mobility an irreplaceable necessity, products that guarantee the highest level of reliability and safety are in high demand.



Municipality

Municipality issues require a very wide range of products, all with maximum reliability.



Automotive

Even in electric cars, small displacements gear pumps are increasingly used in many applications such as: powertrain, power steering, attitude regulators (with PPM of defectiveness tending to zero).



New energy sources

In these applications, such as wind and solar, the compatibility with the environment is of fundamental importance.

Technological innovation and quality standards

The Group's business model is focused on the design, production and marketing of high-performance external gear pumps and motors. The Company manufactures almost all the main components within its own production sites and uses the historical brand “Marzocchi Pompe”, which is highly recognizable in the sector.

Automated and highly innovative production process

- Technologically advanced production process with a high degree of automation
 - Strategic phases of the production process entirely managed in house
 - Internal department dedicated to the design and production of equipment and machinery for the internal production needs
 - Application of the concepts of lean production, with the aim of maximizing efficiency while minimizing stocks
-

Continuous product and process innovation

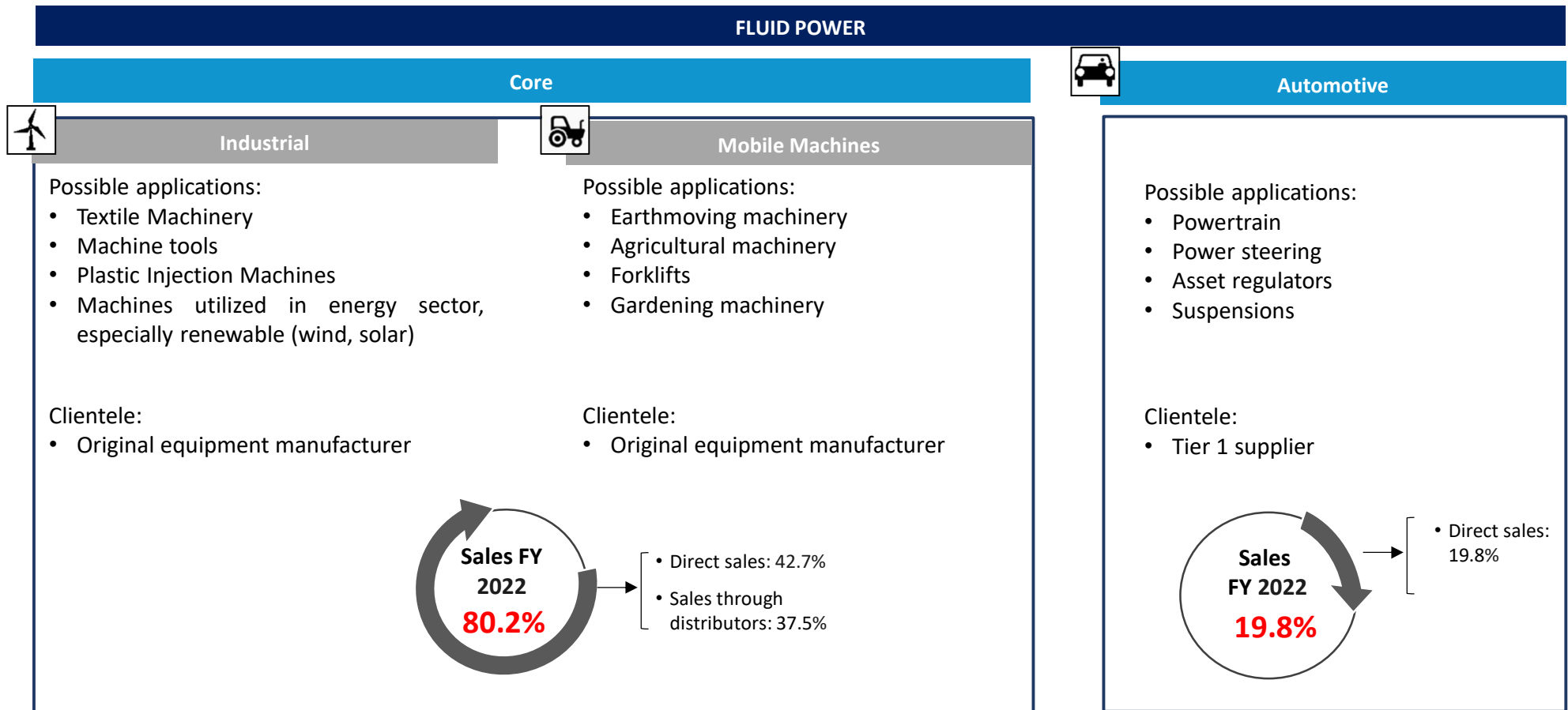
- Continuous product development to meet the increasing market requirements, in terms of silence and efficiency . In particular, the R&D activity has allowed Marzocchi Pompe to stand out for:
 - its wide range of products' cubic capacities (from 0.12 cc to 200 cc)
 - the high performances of its products, with particular reference to the micro hydraulics field (displacements starting from 0.12 cc)
 - the patented ELIKA product, low noise pump, high efficiency even at low speed and flow rate regularity due to low pulsations
-

Focus on quality and excellence

- *Made in Italy* product
- High quality standards
- IATF 16949 (formerly ISO TS) certifications (required for the supply of Automotive customers) and ISO 14001 for the plant in Zola Predosa (BO), and ISO 9001 for the plant in Casalecchio di Reno
- 100% qualified product ensured by a test carried out on specifically designed test benches

Target markets

Core market revenues include Industrial and Mobile machines applications and represent 80.2% of total 2022 revenues, including sales to distributors/*sales network*, which alone contribute to 37.5% of MP's total sales^(*)



^(*) The industrial and mobile machines sectors are served by MP both directly, through direct sales, and indirectly, through a distributors' channel/external sales network; the share of sales registered from the sales network can't be attributed to either sector, industrial or mobile machines

Main client composition

- The company benefits from a diversified client base for the Industrial and Mobile machine sectors, having their top 3 clients making up only 9.7% of sales and the top 10 representing 19.6%. The Automotive sector, on the other hand, has fewer clients making up for most of its sales. In total, the company has more than 800 active clients
- The following table reports the weight on consolidated revenues of the top 3 and 10 clients for both sectors (Industrial & Mobile and Automotive, accounting for 80.2% and 19.8% of total sales, respectively) according to the financial year's consolidated data of Dec. 31st 2022

Overview weight % top clients¹

	Industrial & Mobile ²		Automotive	
	Revenues 2022	%	Revenues 2022	%
Top 3	4.73 mln	9.7%	9.61 mln	100,0%
Top 10	9.50 mln	19.6%	9.61 mln	100,0%
Total	38.90 mln	100.0%	9.61 mln	100,0%

Note (1): Consolidated data.

Note (2): Revenues from distributors' included.

93% of automotive's revenues are made from sales to only one client, with whom MP subscribed, on October 2014, a multi-year contract expired on December 31st 2022 but **this contract has been renewed until 2034** and guarantees the supply of micro-pumps by MP, with the following clauses:

- Minimum order volume, with penalties for violation of amount
- Pre-established price, mainly based on volumes ordered
- Price-adjustment according to previously established mechanisms, based on current raw materials' prices

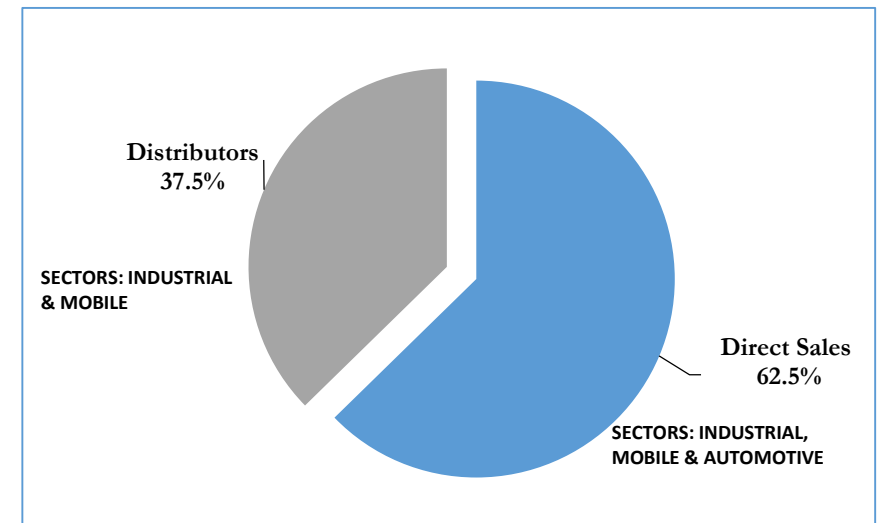
Global distribution network

Marzocchi Pompe relies on an international distribution network present in **over 50 countries**. Products are distributed through various channels, such as direct sales, distributors, sales¹, American branch operations and Chinese branch operations

Distribution network's highlights

- Direct sales and sales through distributors, covering the global market (excluding North America and Far East), are managed by a dedicated internal salesperson, namely the Area Manager. There are currently 4 Area Managers operating:
 - 1 Area Manager for the Industrial sector
 - 1 Area Manager for the Mobile machinery sector
 - 1 Area Manager for the Distributors' operations
 - 1 Area Manager responsible for the Italian market, coordinating a network of 7 salesmen
- Direct influence on U.S. and Far East markets through the branches Marzocchi USA and Marzocchi Symbridge
- Renowned and large international network of distributors and re-sellers, selected based on their medium-high positioning, outstanding product quality, and high visibility of sold brands

2022 sales breakdown per selling channels*



*Consolidated data FY2022

Nota (1): the term "distributors" describes those subjects that purchase MP's products and then re-sell them, establishing a prolonged business relationship with the company

Investment highlights

Large target market experiencing growth

- The Hydraulic market is large, estimated to be around Euro 8.6 billion in 2020 in Europe (Source: CETOP) and Euro 1.9 billion in 2020 in Italy (Source: Assofluid)
- Evidence of upward trend of Italian hydraulic market in the 2009-2018 period, with a 15.2% decrease in production from 2019 to 2020 due to the Covid-19 pandemic, which is now totally over

Wide range of product applications

- Countless possibilities in terms of MP pumps' and motors' applications, thanks to the company's versatility and product personalization options

Business model geared towards innovation

- Production process relies on high-tech machinery and extensive use of automation
- Internalization of strategic production process, guaranteeing constant monitoring and high-quality standards
- Continuous product innovation, as it can be seen with ELIKA, one of MP's pumps covered by two patents, which stands out for its outstanding technological level that allows it to produce low noise emissions and low pulsations, but has high efficiency

High profitability and cash flow generation

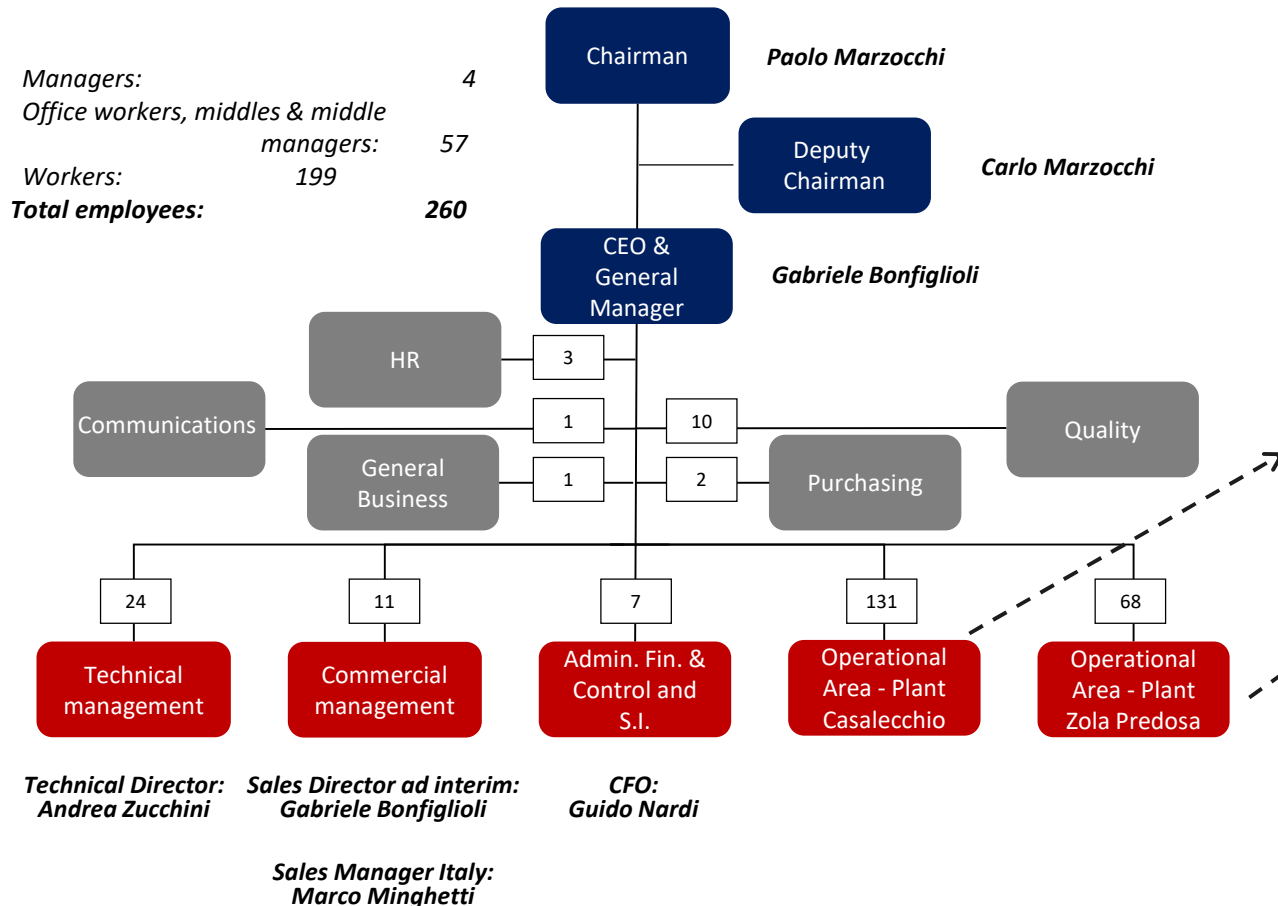
- EBITDA margin at 15.4% in 2022, little lower vs. 2021 (16.4%) and well above 2020 (12.2%)
- High free cash flow (3.6M€ in 2022, vs. 3.5M€ in 2021) allowing for further decrease in Net Debt with a comfortable NFP/EBITDA of 1.04x

Esteemed execution capabilities

- Renowned production ability for customized products
- High standards on quality, reliability and product performance
- Highly responsive customer service, and competent assistance in pre- and post-order phases

Organizational structure and production sites

- Marzocchi Pompe can count on a team of professionals with consolidated experience. As of the 1st of January 2023 the workforce consists of **260 resources** (of which 245 are permanent employees), with an heterogeneous background of professional skills that strengthens the efficiency of the work team. The resources operate in two production sites, directly owned by the company, located in Casalecchio di Reno (BO) and Zola Predosa (BO).
- To this date, MP can be defined as a true "pocket multinational", meeting the best standards of Made in Italy and excellence.



Casalecchio di Reno (BO)



- Covered area** 6.726 sqm
- Pumps produced in 2022:** 525.457

- Historic and main production site dedicated to the processing of aluminium components and to the assembly and testing of non-automotive pumps

Zola Predosa (BO)

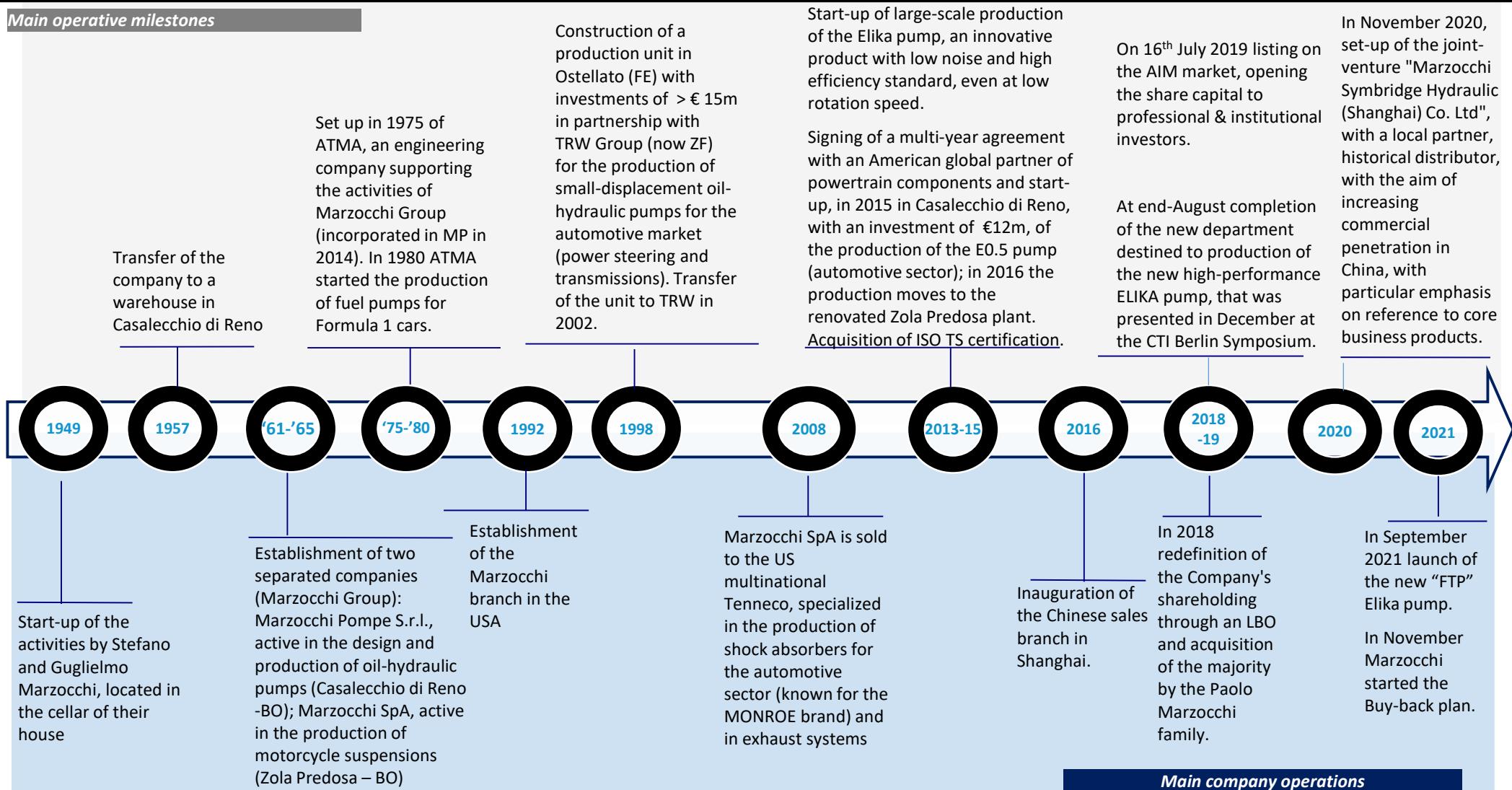


- Covered area** 9.648 sqm
- Pumps produced in 2022:** 487.033

- Factory dedicated to the production of gears and assembly and testing of automotive pumps

History

Main operative milestones



Consolidated Profit & Loss

<i>Eur 000</i>	31-Dec-22		31-Dec-21	
Sales Revenue	48,513	100%	40,538	100%
WIP changes	451		3,044	
Other revenue	1,211		1,230	
PRODUCTION VALU	50,176		44,812	
Raw materials consumption	(12,790)	(26.1%)	(10,716)	(24.6%)
Service costs	(13,785)	(28.2%)	(12,005)	(27.5%)
Costs for use of third-party goods	(382)	(0.8%)	(316)	(0.7%)
Various operating costs	(445)	(0.9%)	(436)	(1.0%)
VALUE ADDES	22,773	46.51%	21,339	48.96%
Staff costs	(15,216)	(31.1%)	(14,185)	(32.5%)
EBITDA	7,557	15.43%	7,153	16.41%
Depreciation, amortizations, and write-downs	(4,843)	(9.9%)	(4,869)	(11.2%)
OPERATING PROFIT (EBIT)	2,714	5.54%	2,285	5.24%
Financial income and charges	(184)	(0.4%)	(231)	(0.5%)
Financial value adjustments	50	0.10%	(106)	(0.2%)
EARNINGS BEFORE TAX	2,580	5.27%	1,948	4.47%
Income tax for the year	(618)	(1.3%)	(358)	(0.8%)
NET INCOME	1,962	4.01%	1,591	3.65%

(National accounting standards + IAS 17)

Consolidated Balance Sheet

<i>Eur 000</i>	31-Dec-22	31-Dec-21
A) NET FIXED ASSETS	17,512	19,081
Intangible fixed assets	1,065	1,306
Tangible fixed assets	14,907	16,391
Financial fixed assets	1,540	1,384
B) NET WORKING CAPITAL	13,518	10,105
Inventories	14,008	12,121
Advances from customers	(199)	(11)
Trade receivables	8,376	7,703
Other receivables	2,092	2,680
Trade payables	(6,671)	(7,503)
Other payables	(3,592)	(3,628)
Provisions for risks and charges	(1,454)	(1,570)
Other assets/liabilities	958	313
C) GROSS INVESTED CAPITAL	31,030	29,186
D) EMPLOYEE SEVERANCE PAY	(1,525)	(1,552)
E) NET INVESTED CAPITAL	29,505	27,633
Covered by		
F) EQUITY	(21,400)	(19,796)
G) NET FINANCIAL POSITION(*)	(8,105)	(7,838)
Medium/long-term financial payables	(10,320)	(8,881)
Short-term financial payables	(4,712)	(4,637)
Cash and cash equivalents	6,927	5,681
H) TOTAL HEDGES	(29,505)	(27,633)

(*) Including the fair value of interest rate hedging derivatives receivable of € 0.26M classified as financial fixed assets (pursuant to OIC 32 No. 28b)

(National accounting standards + IAS 17)

Consolidated Cash Flow Statement

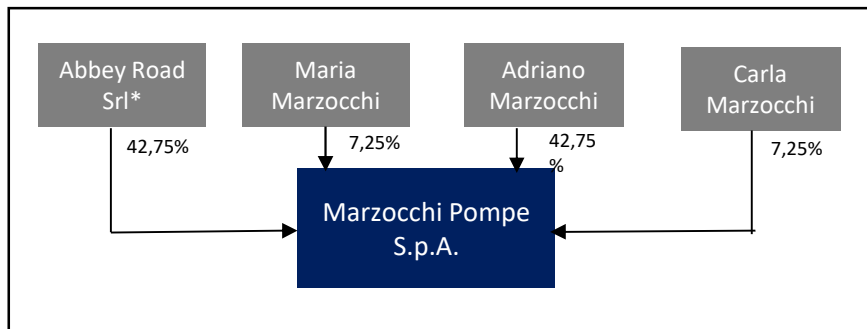
	2022	2021
	€ / 000	€ / 000
Operating profit [EBIT]	2,714	2,285
Tax effect	(618)	(358)
Change in funds	(143)	(35)
Provisions and write-downs	4,843	4,869
Income cash flow	6,796	6,761
Changes in working capital		
Inventories	(1,887)	(4,448)
Trade receivables	(486)	(1,343)
Other receivables	588	(381)
Trade payables	(831)	2,645
Other payables	(561)	279
Changes in working capital	(3,178)	(3,248)
Operating cash flow (Free cash flow)	3,618	3,513
Net tangible & intangible investments	(3,118)	(1,352)
Other fixed assets changes	101	(172)
Financial value adjustments	50	(106)
Cash flow from investing activity	(2,968)	(1,629)
Financial charges/income	(184)	(231)
Share capital increases (/decreases)	0	0
Other Equity changes	(734)	(239)
Cash flow from financial activities	(918)	(470)
Net cash flow	(267)	1,414
Start-of-period cash or (exposure)	(7,838)	(9,252)
End-of-period cash or (exposure) (*)	(8,105)	(7,838)
Net cash increase (decrease)	(267)	1,414

(National accounting standards + IAS 17)

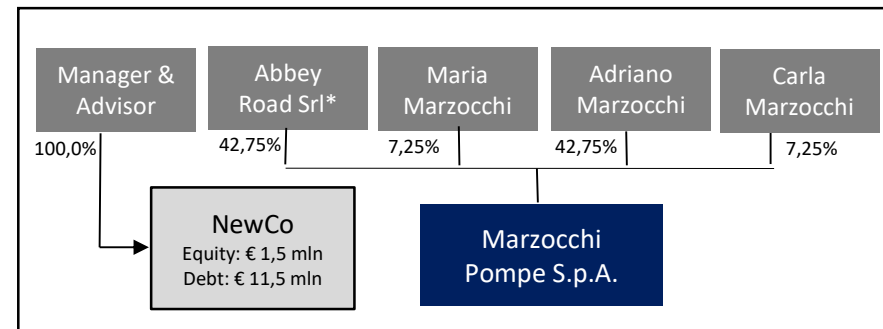
Focus on family and management Buy-out

During 2018 the company underwent a restructuring procedure that modified the shareholding structure. As of today, the company is owned by Paolo Marzocchi. The operation was completed through the creation of a financial debt with Banca di Bologna, which allowed the release of some shareholders and ease the access of a new group of shareholders formed by the company's managers and a third partner, Crosar Capital, advisor of the operation and of the subsequent IPO.

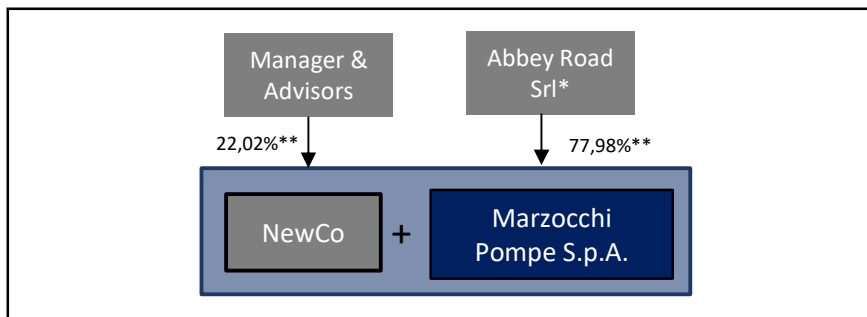
1 Shareholding Marzocchi Pompe pre-LBO



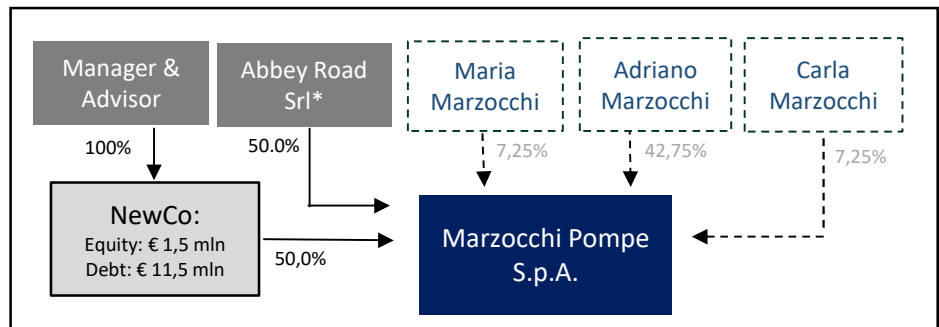
2 Management and advisor create a NewCo for the acquisition of Adriano and Carla Marzocchi's shares (42,75%+7,25%) with Euro 13 mil (Equity + Debt)



4 NewCo reverse merge into Marzocchi Pompe



3 NewCo acquires 50% of MP from Adriano and Carla Marzocchi for Euro 12,5 mil; Paolo Marzocchi acquires 7,5% of MP from Maria Marzocchi



*Abbey Road Srl is owned by Paolo Marzocchi (99,5%) and his nephew Marco Camorani Scarpa (0,5%)

** 89% of Marzocchi Pompe SpA shares is pledged to Banca of Bologna

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