



2021 Results Presentation

Euronext Growth Conference

24 May 2022

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Agenda

- ❑ Company at a Glance
- ❑ 2021 Results & Outlook
- ❑ Achievements
- ❑ Market & Competitive Positioning
- ❑ Appendix
 - Business Overview



Marzocchi Pompe at a Glance: leader in high-performance 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

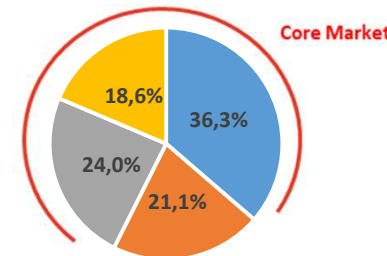
€/000	2018	2019	2020	2021
Net Sales	42.719	39.171	34.143	40.538
EBITDA	7.516	5.422	4.129	7.153
EBITDA Margin *	17,6%	14,4%	12,2%	16,4%
Net Income	2.926	203	229	1.591
Net Equity	10.984	18.676	18.444	19.796
Net Financial Debt	19.217	12.535	9.252	7.838

2021 KPI

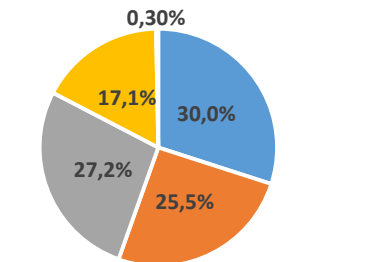
- Over 1,0 mln pumps produced
- More than 800 active clients
- Average employees number: 271

* Calculated on Revenue from production and sales (Sales Revenues + WTP), in 2019 net of the take or pay clause effect on automotive sales, not applicable in subsequent years; in 2018 Adjusted for non recurring items

FY 2021 Revenues by Business Line



FY 2021 Revenues by geographic area



■ Sales Network ■ Automotive ■ Industrial ■ Mobile ■ ASIA ■ RoW

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 (Core Business)** applications such as the forklift trucks (mob.) and plastic injection machines (ind.)
- **to develop innovative products for the Automotive market**, as witnessed by the important award from a leading world player

Shareholders & Top 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

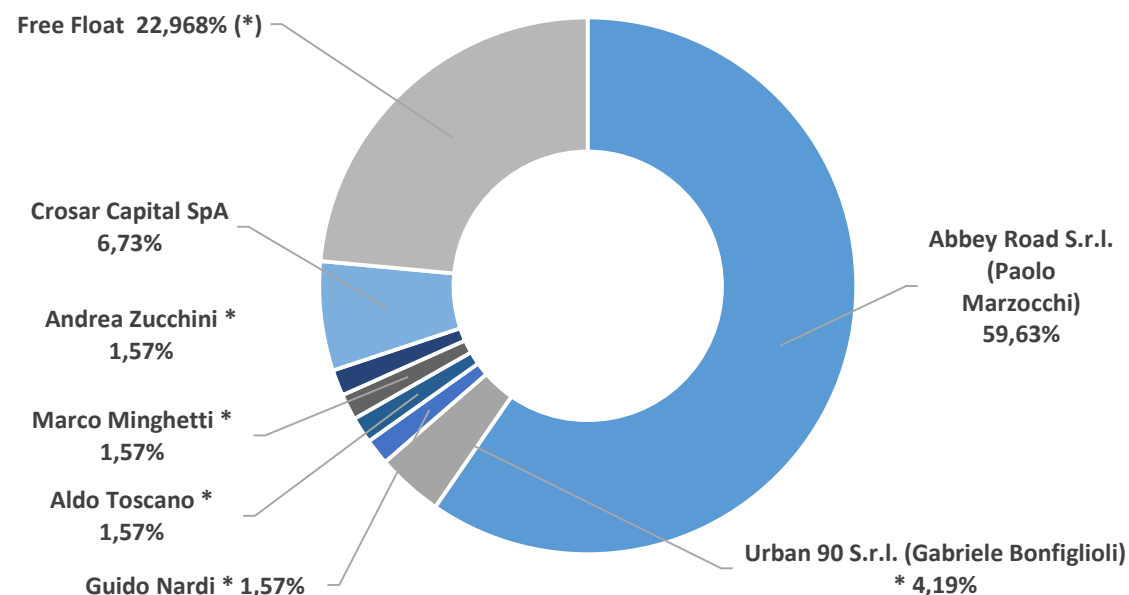
Guido NARDI
CFO, Executive Director

Valentina CAMORANI SCARPA
Board Member

Matteo TAMBURINI
Board Member

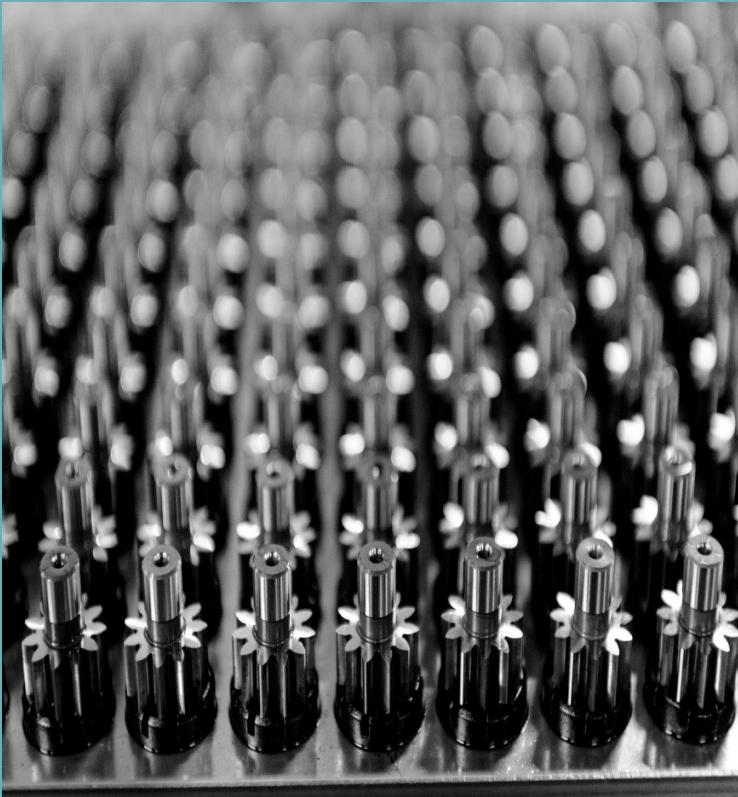
Giuseppe ZOTTOLI
Independent Board Member

SHAREHOLDERS



(*) Net of 0,222% Treasury Shares at 25 March 2022

Note: Marzocchi Pompe's Key Managers (Mr Bonfiglioli, Mr Nardi, Mr Toscano, Mr Minghetti and Mr Zucchini) just renewed the Stability Pact until June 2023



2021 Results

2021 Results confirmed strong sales & profitability growth (>pre-Covid)

➤ NET SALES UP 18.8% AT EURO 40.5 MLN MAINLY DRIVEN BY CORE BUSINESS +33.5%

THE CORE BUSINESS SALES JUMPED TO EURO 32.0 MLN (+33.5%) BENEFITING FROM THE RECOVERY TREND ALREADY VISIBLE IN PAST SEMESTERS, ON THE OTHER HAND THE AUTOMOTIVE SALES POSTED A 16% DECREASE TO EURO 8.6 MLN ESSENTIALLY DUE TO THE WORLDWIDE CHIP SHORTAGE.

➤ EBITDA MARGIN ROSE TO 16.4% (vs 12.2% in 2020), CLOSE TO ALL-TIME HIGH OF 2018 (17.6% Adj.), THANKS TO SALES GROWTH & CONSTANTLY IMPROVING OPERATING EFFICIENCY

MARZOCCHI WAS ABLE TO INCREASE SELLING PRICES TO OFFSET THE RISING RAW MATERIAL AND TRASPORT COSTS: CORE BUSINESS PRICES WERE INCREASED TWICE THROUGHOUT 2021 (THUS BENEFITING ALSO 2022), WHEREAS IN AUTOMOTIVE AUTOMATIC COST-TO-PRICE ADJUSTMENTS OPERATE.

➤ NET FINANCIAL DEBT FURTHER DECREASED TO EURO 7.8 MLN, DOWN 8% VS. H1 2021 AND 15.3% VS. 9.3 MLN AT END-2020, THANKS TO PROFIT GROWTH & PERSISTENTLY HEALTHY CASH GENERATION

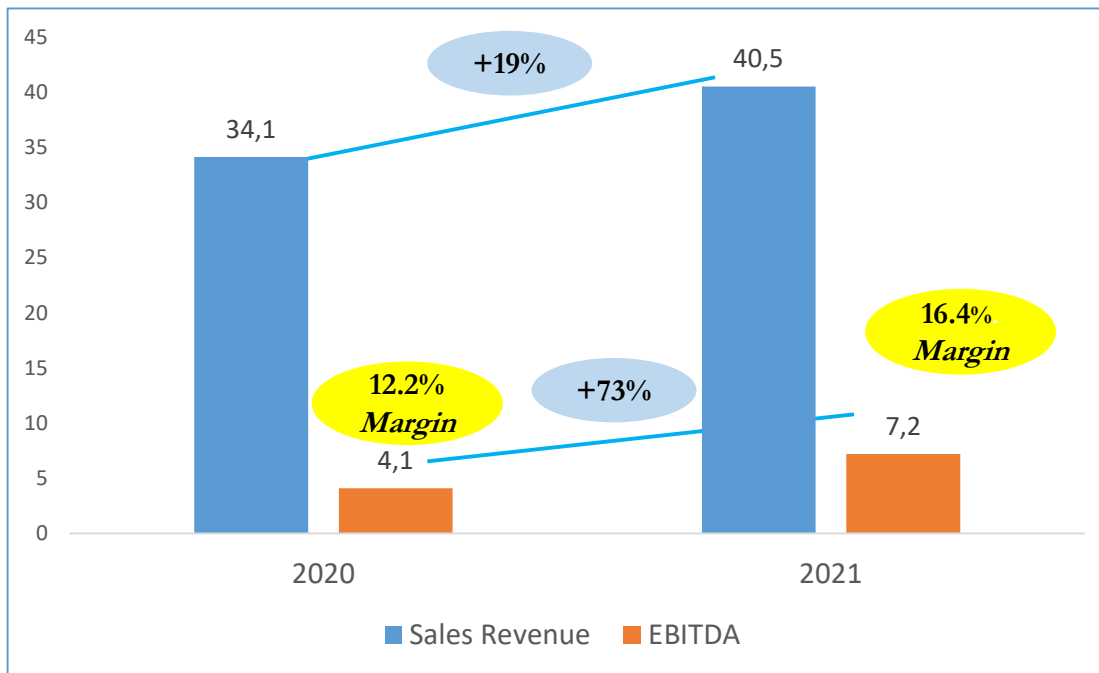
DESPITE WORKING CAPITAL REQUIREMENTS' PHYSIOLOGICAL GROWTH, MARZOCCHI POMPE BOASTS A VERY TIGHT CONTROL ON CASH MANAGEMENT.

➤ MARZOCCHI POMPE'S "IN-HOUSE" MANAGEMENT OF KEY PRODUCTION PROCESSES TOGETHER WITH ITS "MAKE" CHOICE REGARDING CORE COMPONENTS DO PREVENT ANY BUSINESS INTURRUPTION

KEY SUCCESS FACTORS FOR MARZOCCHI GROWTH: 1) RELENTLESS PRODUCT INNOVATION AS WITNESSED BY THE NEWLY LAUNCHED "FTP" LOW PRESSURE PUMP ("ELIKA" FAMILY) THAT OPENS NEW MARKETS), AND 2) OPERATING FLEXIBILITY ALLOWING CUSTOMIZED HIGH-PERFORMANCE PRODUCTS.

Revenues up 19% to € 40.5 mln, EBITDA margin at 16.4%

Sales Revenue and EBITDA (€m)



* EBITDA Margin based on Sales Revenue + WIP

Source: consolidated financial statements

- Revenues jumped to Euro 40.5 million in 2021, recording a healthy 19% growth thus **fully recovering to pre-Covid levels**

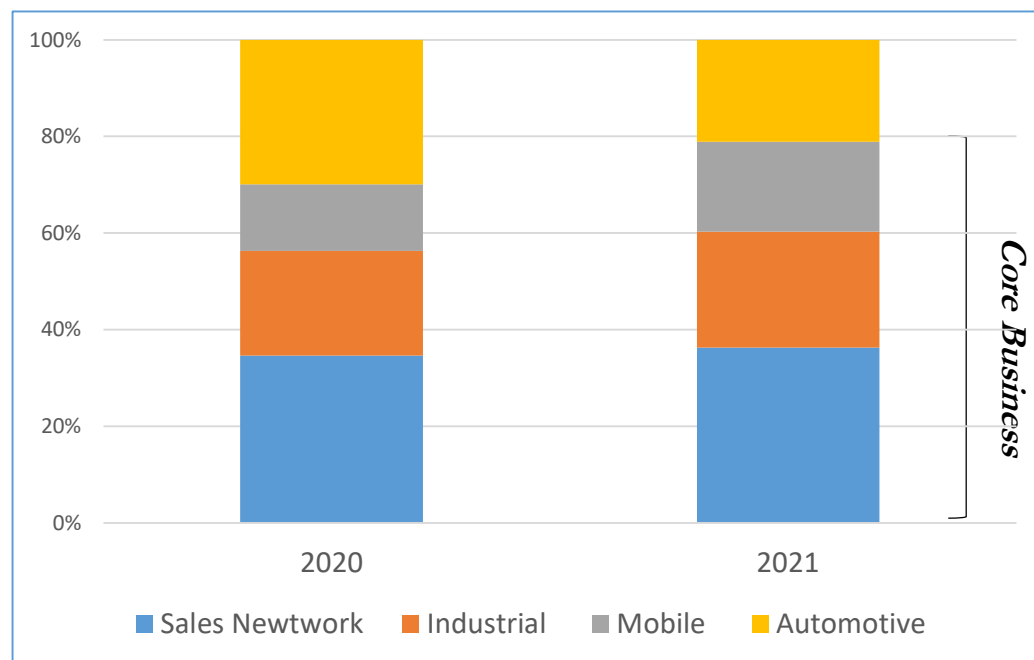
- Growth was driven by the **Core Business** which topped the **all-time high of Euro 32 million** (+33.5%), while Automotive sales were down 16% (Euro 8.6 million) due to chip shortages worldwide

- **EBITDA nearly doubled to Euro 7.1 million** (vs. Euro 4.1 million in 2020), with EBITDA margin at 16.4% (vs. 12.2% in 2020), not far from the all-time high pre-Covid levels (17.6% in 2018 Adjusted)

- Aside from the strong sales increase, the outstanding growth in profitability benefited on the one hand from Marzocchi's **relentless drive for operational efficiency**, which gained even more momentum during the pandemic, and on the other hand from the **growing importance of the "Elika" family**, which is a major driver for sales acceleration

Core business topped 79% of revenues driving the recovery

Revenue Breakdown per Business Line



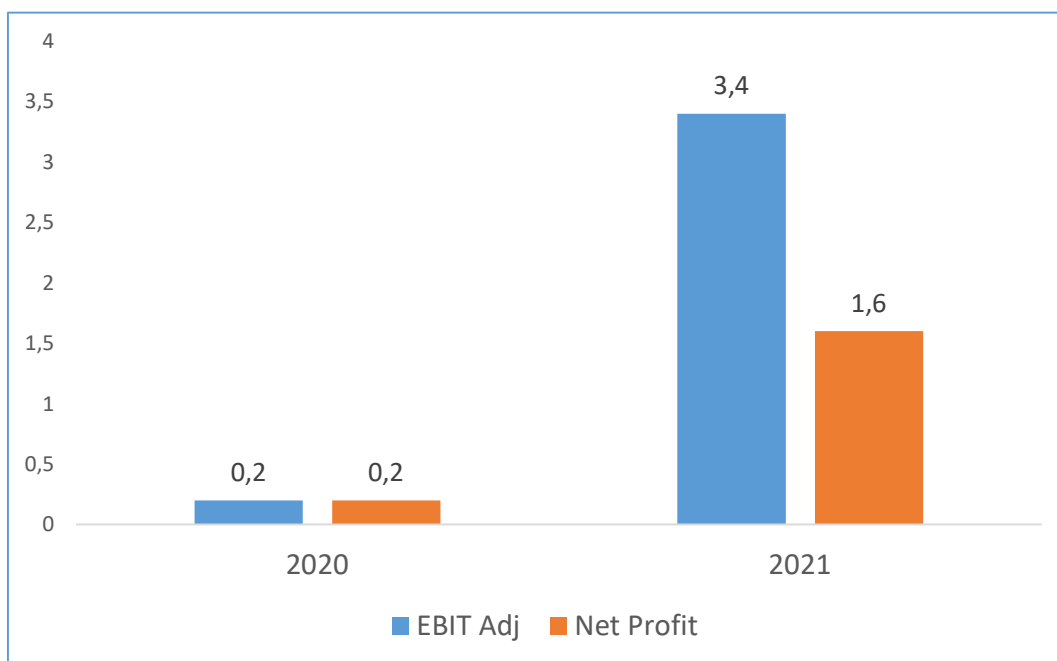
- Revenues by **Core market segments (Sales Network, Industrial and Mobile)**, accounting for nearly **three quarters of Total Revenues**, reached the all-time high of Euro 32 million vs. Euro 24 million in 2020 thanks to the economic recovery gaining pace on a global basis which strongly pushed industry demand

- Weight of **Automotive sales slid to 21%** of Total Revenues from 30% in 2020 due to chip shortages mainly affecting the Asian suppliers that is slowing production in the automotive sector at worldwide level, although **demand is expecting to pick-up in the upcoming months**

Source: consolidated financial statements

EBIT & Net Profit witness business model flexibility and solidity

EBIT Adjusted and Net Profit (€m)



- **EBIT turned positive reaching Euro 2.3 million** compared to a loss of Euro 1.1 million in 2020, even though impacted by depreciation and amortisation

- **Adjusted EBIT**, calculated net of revaluation depreciation and amortisation resulting from the merger from LBO, amounting to Euro 1.1 million in the year, **equalled Euro 3.4 million** compared to Euro 0.2 million in 2020

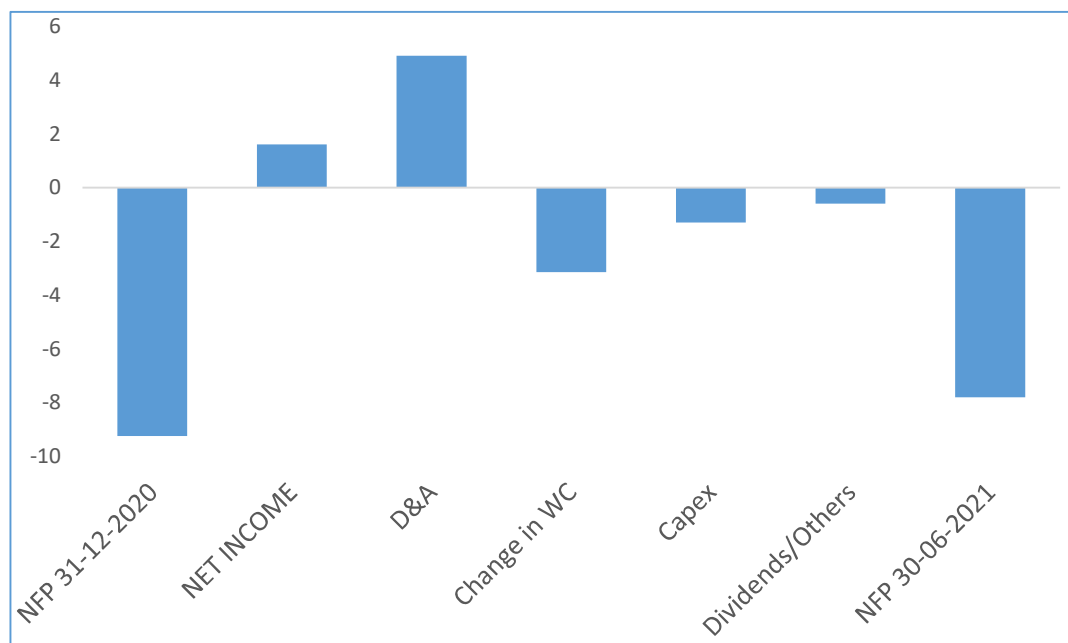
- In 2021 Marzocchi reported a **Net Profit of Euro 1.6 million**, compared to Euro 0.2 million in 2020

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

Source: consolidated financial statements

Net Financial Debt further down thanks to healthy cash generation

Net Financial Position Evolution (€m)



Source: consolidated financial statements

- **Net Financial Debt** further improved to **Euro 7.8 million at end-2021**, down 15% from Euro 9.3 million at 31 December 2020, **despite the physiological growth in working capital** linked to the strong sales growth, **mostly affecting Inventories** to offset rising raw material & transport costs, further demonstrating the Group's proven equity and financial solidity, as well as its **great capability to generate cash flow**
- In detail, the **optimal management of Working Capital** and the **regular management of orders and payments' terms** allowed for a considerable cash generation of Euro 1.4 million, reflected in the Net Financial Position improvement

2021 Dividend proposal of € 12 cents / share

- ON THE 30TH OF MARCH 2022 MARZOCCHI POMPE BOARD OF DIRECTORS PROPOSED THE DISTRIBUTION OF AN ORDINARY DIVIDEND OF EURO 12 CENTS PER SHARE (DOUBLED FROM EURO 6 CENTS PER SHARE IN 2020), FOR A TOTAL DIVIDEND AMOUNT OF EURO 784.650
- THE SHAREHOLDERS' MEETING ON THE 29TH OF APRIL 2021 APPROVED ITS DISTRIBUTION, THE DIVIDEND WAS PAID AS FROM THE 11TH OF MAY 2022, AFTER DETACHMENT OF THE COUPON ON THE 9TH OF MAY 2022
- THE DATE OF ENTITLEMENT TO PAYMENT (RECORD DATE) WAS SET ON THE 10TH OF MAY 2022



Achievements

2021 Highlights & Outlook

- 2021 SAW THE FULL ECONOMIC RECOVERY FROM THE COVID-19 PANDEMIC WORLDWIDE: MARZOCCHI RECORDED VERY STRONG ORDERS IN ITS CORE BUSINESS, WHILE AUTOMOTIVE GROWTH WAS PARTIALLY HALTED BY THE CHIP SHORTAGES DUE TO ASIAN SUPPLIERS, ALTHOUGH DEMAND IS EXPECTED TO TURN AROUND BY YEAR-END
- SUCH A BOUYANT MARKET SCENARIO ALLOWED MARZOCCHI TO RETURN TO PRE-COVID SALES LEVEL AND PROFIT MARGINS NOT FAR FROM THE ALL-TIME HIGH OF 2018, WITNESSING THE STRENGTH AND RESILIENCE OF ITS BUSINESS MODEL
- MARZOCCHI TOP PERFORMING PRODUCT RANGE HAD BEEN EMPOWERED BY THE LAUNCH OF THE NEW “FTP” ELIKA LINE IN SEPTEMBER 2021, WHICH OPENED NEW MARKETS AND WHOSE BENEFICIARY EFFECTS WILL FULLY DISPLAY FROM 2022
- THE ROBUST ORDER BACKLOG COUPLED WITH THE PRODUCTION FLEXIBILITY AND AN ENVIABLE FINANCIAL SOLIDITY WILL LIKELY ALLOW MARZOCCHI TO CONTINUE GROWING IN THE UPCOMING YEARS
- RELENTLESS EFFORTS TO DEVELOP NEW PRODUCTS AND PARTNERSHIPS WITH TOP CLIENTS FOR CUSTOMIZED HIGH-PERFORMING LINES ARE EMPOWERING MARZOCCHI’S REPUTATION AND LEADERSHIP POSITION ON THE INTERNATIONAL MARKETS, AS WITNESSED BY RECENT RENEWAL UNTIL 2034 OF THE DEAL WITH A WORLD LEADING AUTOMOTIVE PLAYER: THIS CONTRACT FORESEES 1.5 MILLION PUMPS IN THE 2023 – 2034 PERIOD.
- 2022 IS ALSO SEEING THE RETURN TO COMMERCIAL EVENTS IN PRESENCE: MARZOCCHI WILL SEIZE ALL THE OPPORTUNITIES THAT MAY ARISE FROM DIRECT MARKETING CONTACT WITH EXISTING AND PERSPECTIVE CUSTOMERS

ESG Achievements confirm strong commitment towards Sustainability

- **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](#)

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'S 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 ALSO OPENS UP NEW MARKETS AND THAT WAS PRESENTED IN SEPTEMBER AT THE “IVT EXPO”

"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 thanks to the proceeds of the listing, in the second half of the year we will continue with further investments, for 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 Köln – Industrial Vehicles Symposium
Stand 1100



GFPS Napoli – Global Fluid Power Symposium
Paper Conference + Panel + Exhibitor Table



bauma München – World Mobile Exhibition
Hall A4 Stand 414



EIMA Bologna – Agricultural Exhibition
Stand to be announced



bauma China – Mobile Exhibition
Stand to be announced

What's Next: ...and Constantly in touch with Market leaders

2022 Investor Relations Events

- | | |
|--------------------|---|
| 1 April | FY 2021 Results Presentation (<i>Videoconference</i>) |
| 11 April | Road Show in Paris |
| 24 May | Euronext Growth Conference (<i>Virtual</i>) |
| 29 November | Mid & Small Conference in Milan |



Market & Competitive Positioning

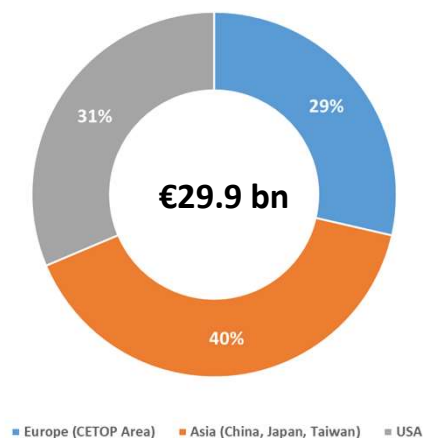
Fluid Power market and growth forecasts

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

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.

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

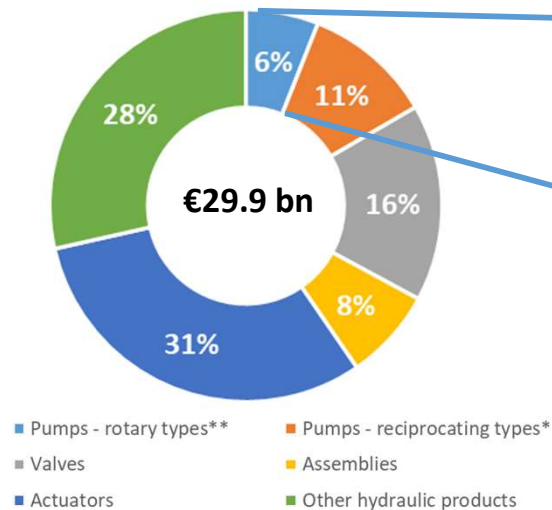
Notes: World and regional aggregates consist of the 21 countries included within the analysis

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

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%).

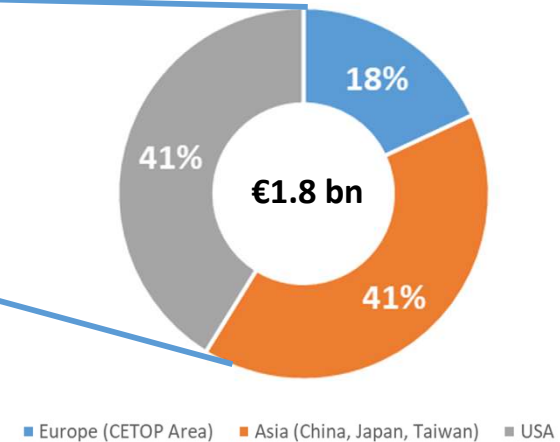
Hydraulic market - breakdown per product



* 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

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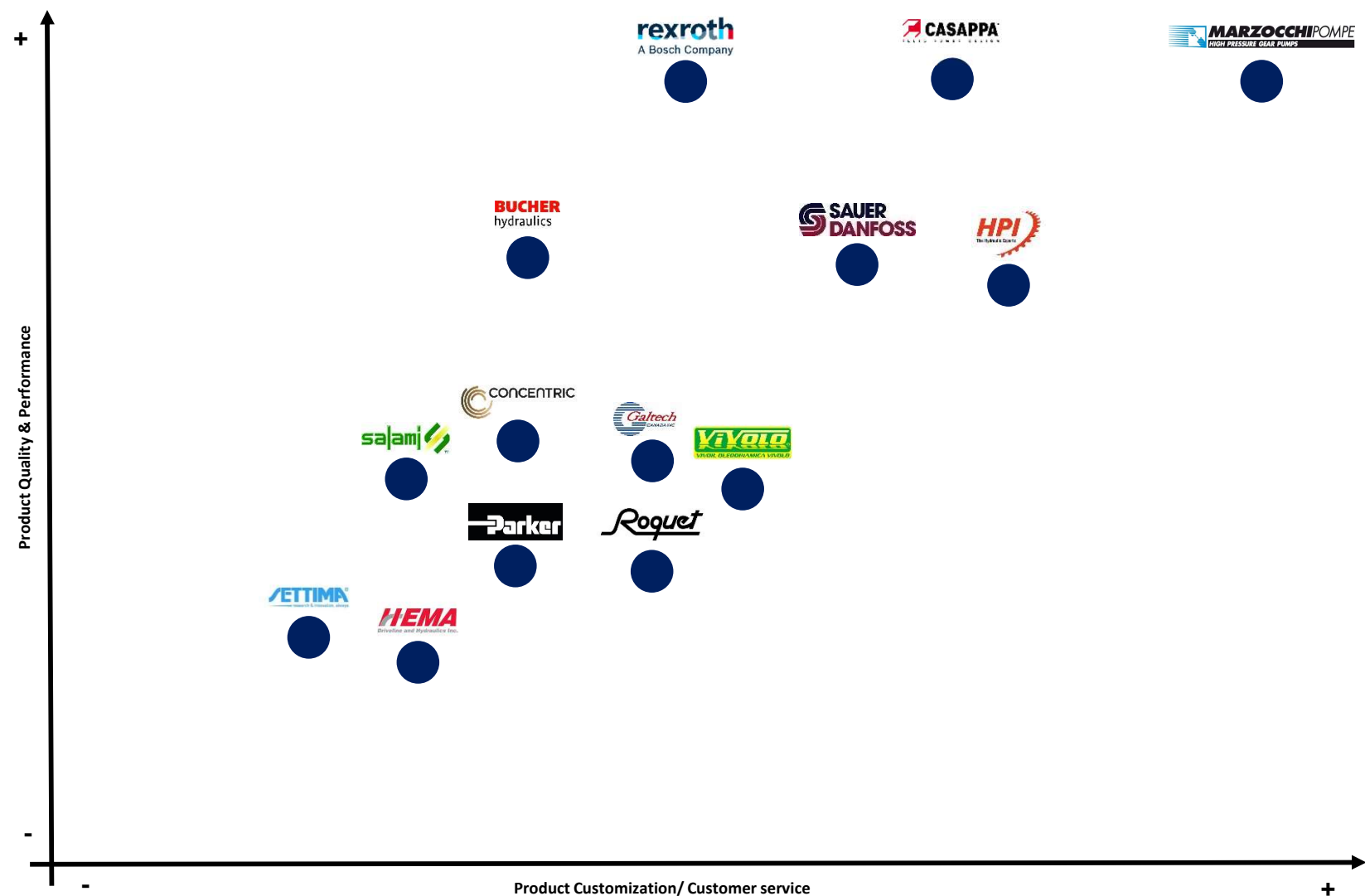
Competitive positioning

Feature 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

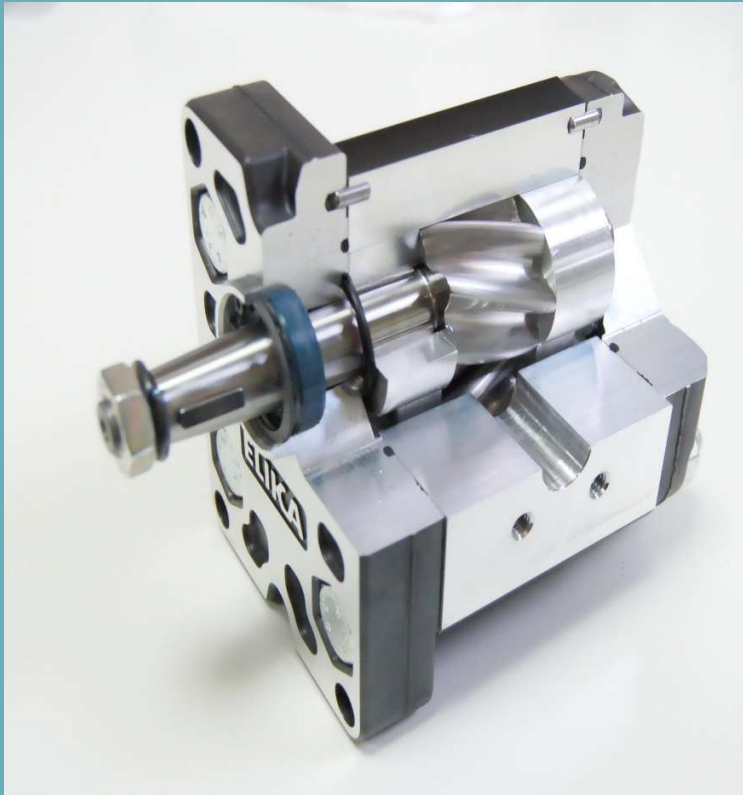
Source: Marzocchi Pompe SpA management estimates

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 Patented Technology products

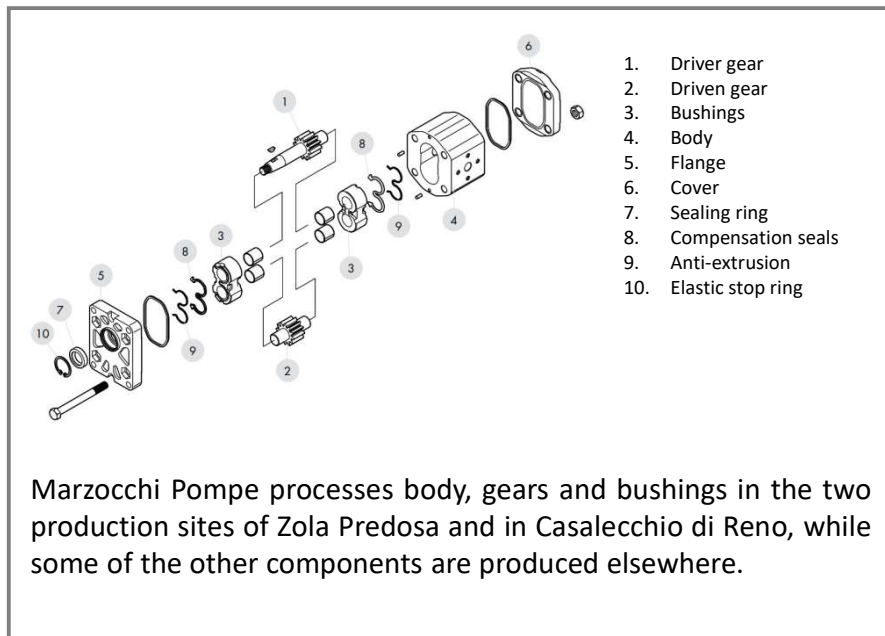
Elika is a helical toothed gear pump with a hydraulic system for balancing axial forces. It is a low noise and high efficiency product developed and patented by MP. ELIKA1P & K1P and FTP are the new subfamilies.



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

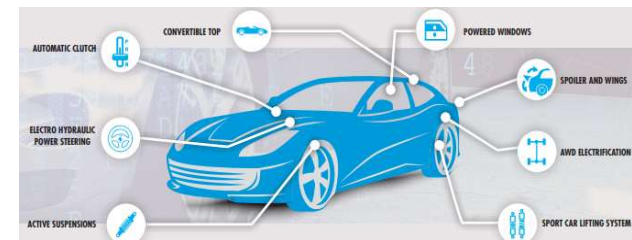


Mobile



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 (e.g., presses, machine tools, etc.) that require hydraulic power units with high performance levels. This sector was among the first ones 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

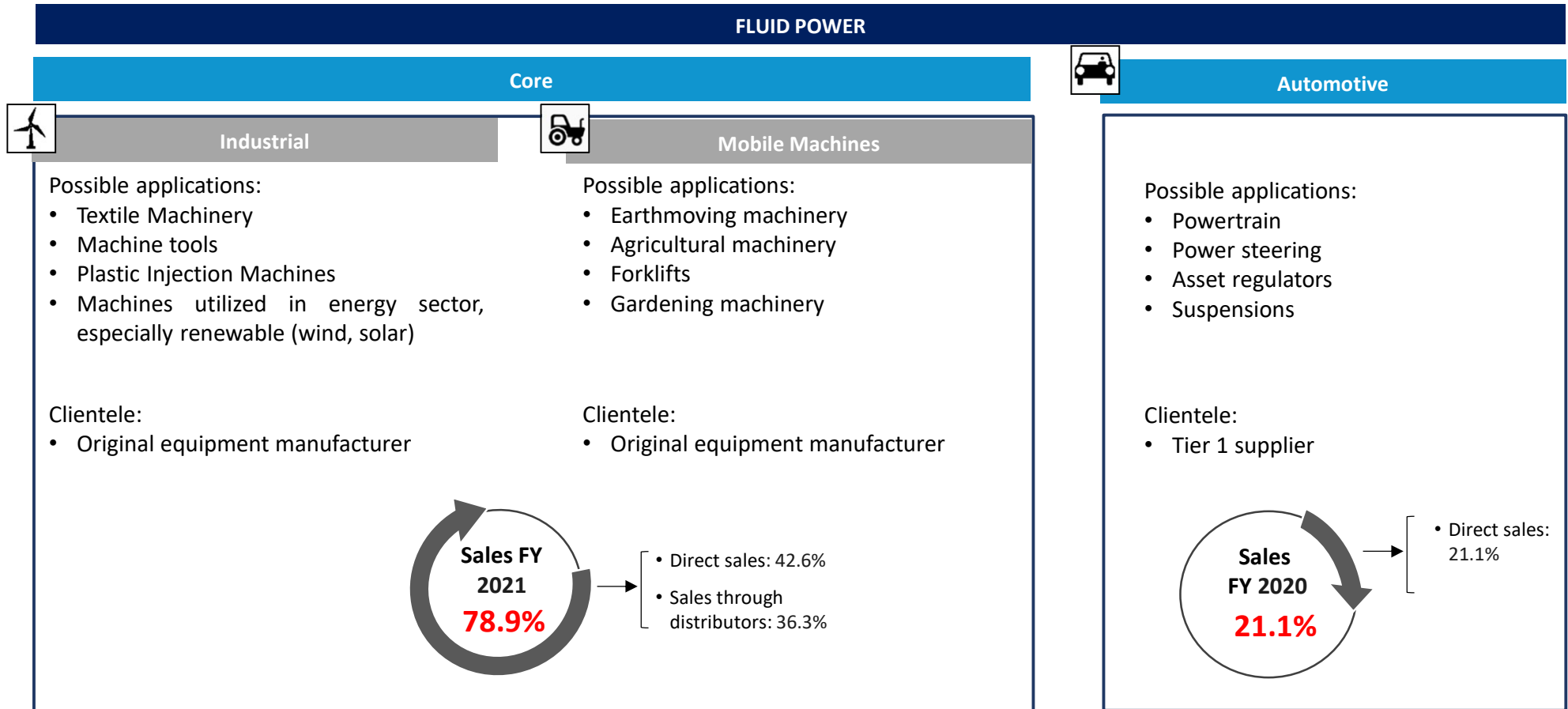
- Continuous product development to meet the increasing market requirements, in terms of silence and efficiency. In particular, the R&D activity has allowed Marzocchi Pompe to stand out for:
 - its wide range of products' cubic capacities (from 0.12 cc to 200 cc)
 - the high performances of its products, 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 78,9% of total 2021 revenues, including sales to distributors/*sales network*, which alone contribute to 36.3% 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 9.4% of sales and the top 10 representing 25.3%. 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 78.9% and 21.1% of total sales, respectively) according to the financial year's consolidated data of Dec. 31st 2021

Overview weight % top clients¹

	Industrial & Mobile ²		Automotive	
	Revenues 2021	%	Revenues 2021	%
Top 3	3.00 mln	9.4%	8,57 mln	100,0%
Top 10	8.08 mln	25.3%	8,57 mln	100,0%
Total	31.97 mln	100.0%	8,57 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 that will expire on December 31st 2022. The contract 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

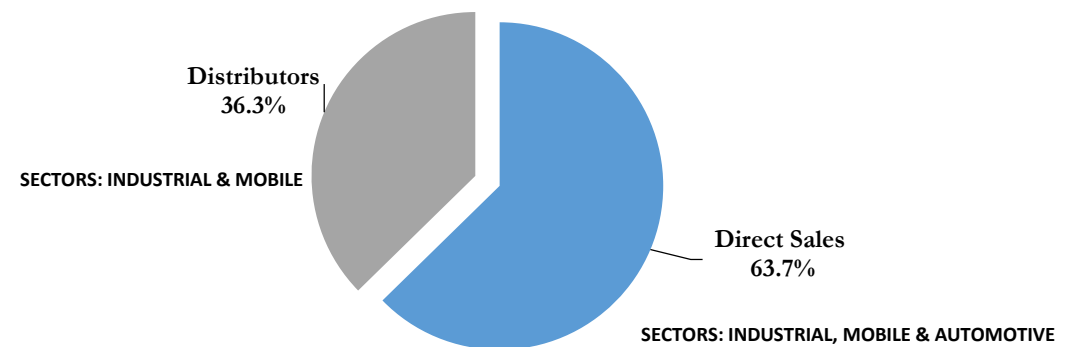
Global distribution network

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.

2021 sales breakdown per selling channels*



*Consolidated data FY2021

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

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

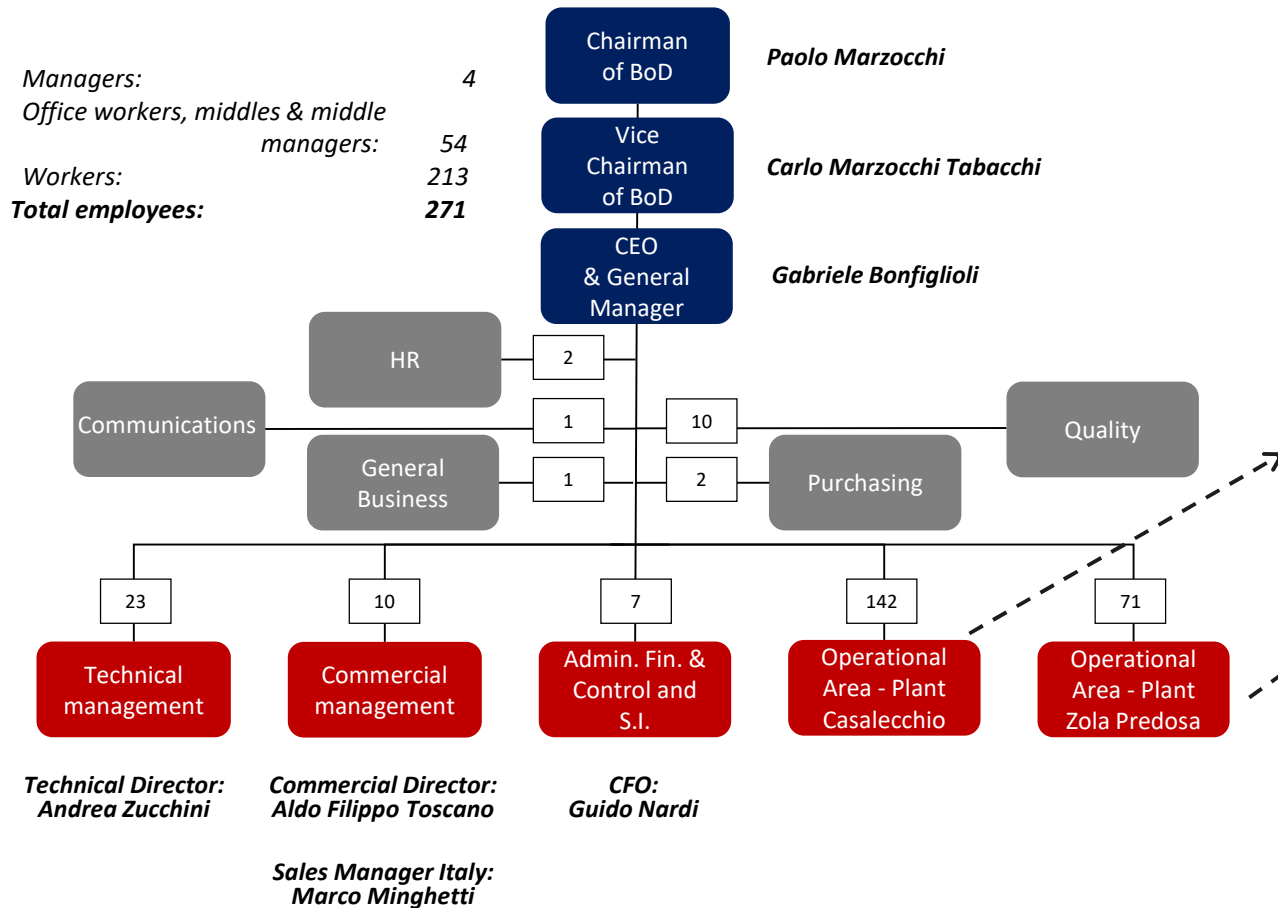
- EBITDA margin at 16.4% in 2021, strongly improved vs. 2020 (12.2%) and 2019 (14.4%), and close to the 16.9% for the period 2016-2018 (pre-Covid levels) – *2018 Adjusted*
- High net cash flow (1.4M€ in 2021) allowing for further decrease in Net Debt with a comfortable NFP/EBITDA of 1.1x

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 2022 the workforce consists of **271 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 2021: 500.461

- 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)

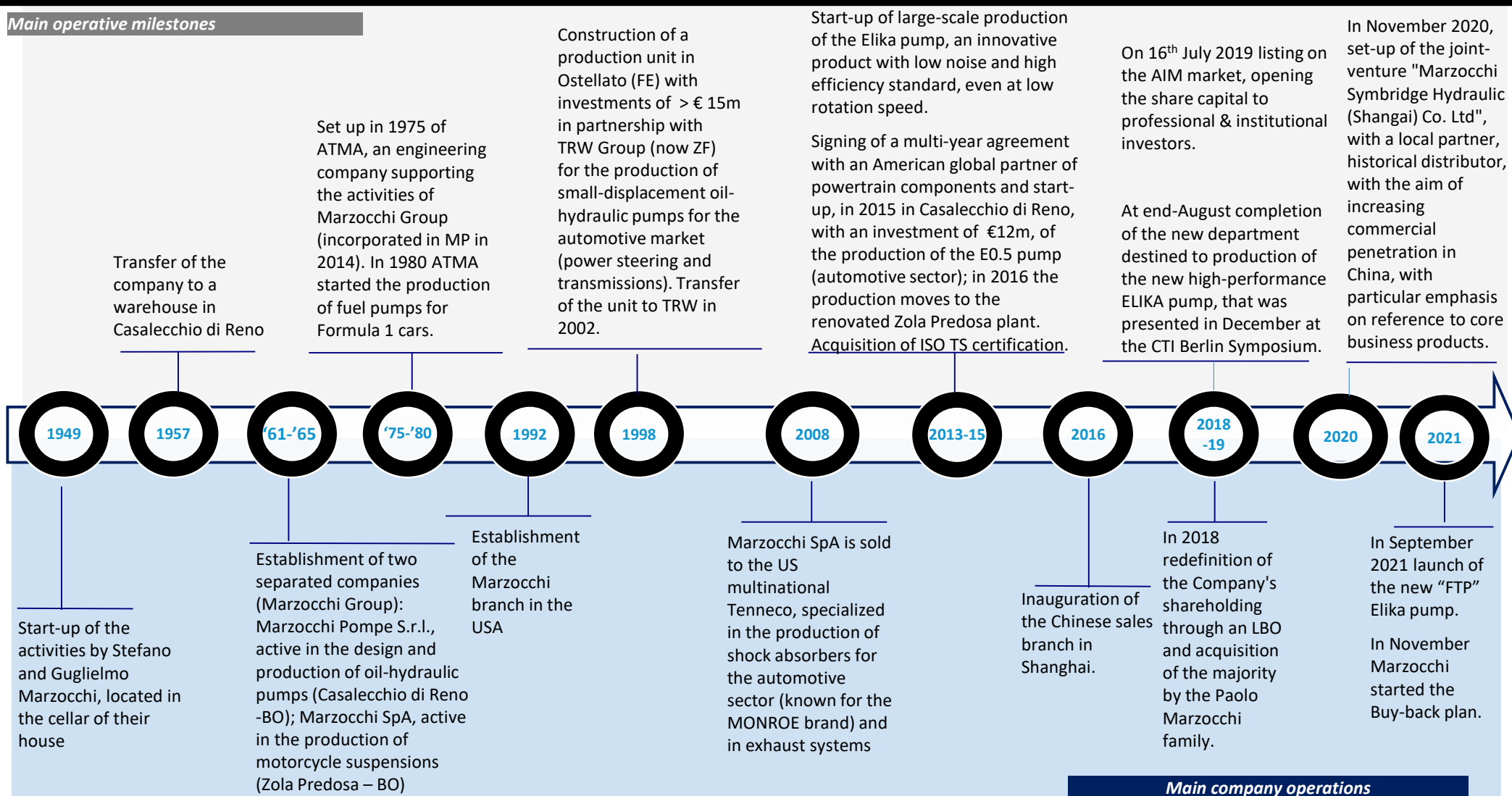


- Covered area 9.648 sqm
- Pumps produced in 2021: 512.565

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

History

Main operative milestones



Consolidated Profit & Loss

€/000	31-Dec-21		31-Dec-20	
Sales Revenue	40,538	100,00%	34,143	100,00%
WIP changes	3,044		-307	
Revenue from production and sales	43,582		33,836	
Other revenue	1,230		916	
PRODUCTION VALUE	44,812		34,752	
Raw materials consumption	-10,716	-24.60%	-7,931	-23.40%
Service costs	-12,005	-27.50%	-9,621	-28.40%
Costs for use of third-party goods	-316	-0.70%	-307	-0.90%
Various operating costs	-436	-1.00%	-378	-110%
VALUE ADDED	21,339	48.96%	16,516	48.81%
Staff costs	-14,185	-32.50%	-12,387	-36.60%
EBITDA	7,153	16.41%	4,129	12.20%
Depreciation, amortisations and write-downs	-4,869	-11.20%	-5,229	-15.50%
OPERATING PROFIT (EBIT)	2,285	5.24%	-1,100	-3.30%
Non-recurring income and charges	0	0.00%	0	0.00%
Financial income and charges	-231	-0.50%	-510	-1.50%
Financial value adjustments	-106	-0.20%	-24	-0.10%
EARNINGS BEFORE TAX	1,948	4.47%	-1,634	-4.80%
Income tax for the year	-358	-0.80%	1,863	5.51%
NET INCOME	1,591	3.65%	229	0.68%

(National accounting standards + IFRS 16 – Leases)

Consolidated Balance Sheet

€/000	31-Dec-21	31-Dec-20
A) NET FIXED ASSETS	19,081	22,426
Intangible fixed assets	1,306	1,502
Tangible fixed assets	16,391	19,712
Financial fixed assets	1,384	1,212
B) NET WORKING CAPITAL	10,105	6,901
Inventories	12,121	7,673
Advances from customers	-11	-17
Trade receivables	7,703	6,365
Other receivables	2,680	2,299
Trade payables	-7,503	-4,858
Other payables	-3,628	-2,494
Provisions for risks and charges	-1,570	-1,526
Other assets/liabilities	313	-542
C) GROSS INVESTED CAPITAL	29,186	29,327
D) EMPLOYEE SEVERANCE PAY	-1,552	-1,631
E) NET INVESTED CAPITAL	27,633	27,696
covered by		
F) EQUITY	-19,796	-18,444
G) NET FINANCIAL POSITION	-7,838	-9,252
Medium/long-term financial payables	-8,881	-11,705
Short-term financial payables	-4,637	-5,191
Cash and cash equivalents	5,681	7,644
H) TOTAL HEDGES	-27,633	-27,696

(National accounting standards + IFRS 16 - Leases)

Consolidated Cash Flow Statement

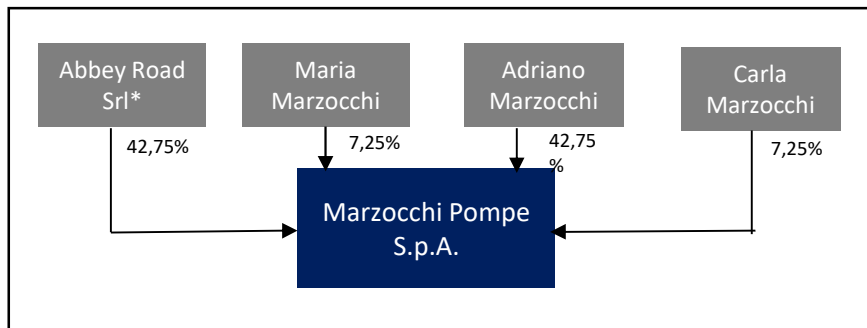
€/000	2021		2020
Operating profit [EBIT]	2,285		-1,100
Tax effect	-358		1,863
Change in funds	-35		-1,295
Provisions and write-downs	4,869		5,229
Income cash flow	6,761		4,697
Changes in working capital			
Inventories	-4,448		446
Trade receivables	-1,343		1,497
Other receivables	-381		-936
Trade payables	2,645		303
Other payables	279		-179
Changes in working capital	-3,248		1,131
Operating cash flow (Free cash flow)	3,513		5,829
Net tangible & intangible investments	-1,352		-1,574
Change other fixed assets	-172		24
Financial value adjustments	-106		-24
Cash flow from investing activity	-1,629		-1,574
Financial charges/income	-231		-510
Share capital increases (/decreases)	0		0
Other Equity changes	-239		-461
Cash flow from financial activities	-470		-971
Net cash flow	1,414		3,283
Start-of-period cash or (exposure)	-9,252		-12,535
End-of-period cash or (exposure)	-7,838		-9,252
Net cash increase (decrease)	1,414		3,283

(National accounting standards + IFRS 16 - Leases)

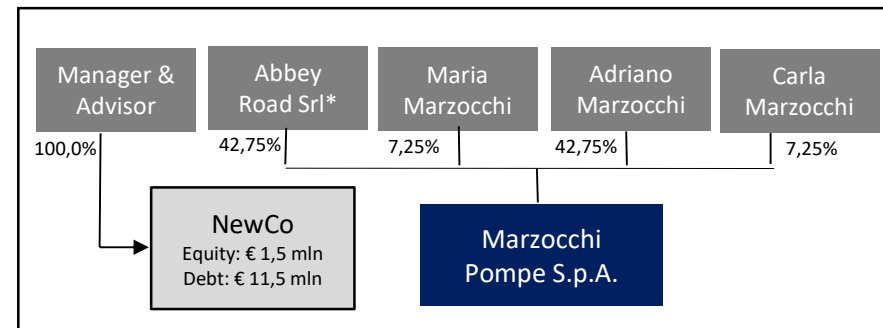
Focus on 2018 LBO

During 2018 the company underwent a restructuring procedure that modified the shareholding structure. As of today, the company's main shareholder is 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.

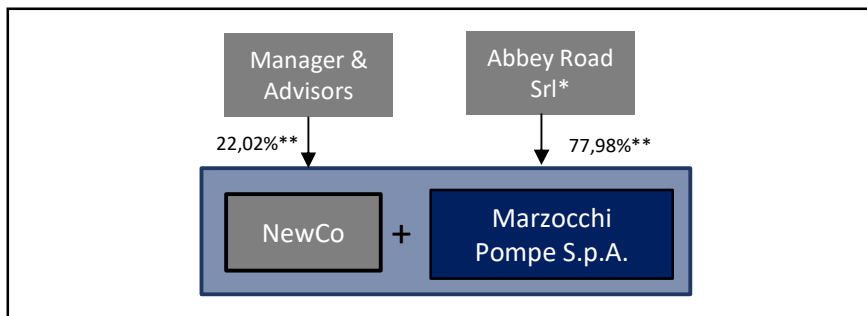
1 Shareholding Marzocchi Pompe pre-LBO



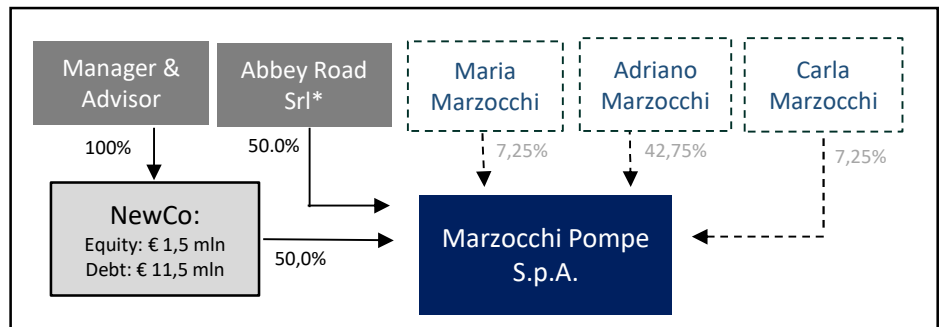
2 Management and advisor create a NewCo for the acquisition of Adriano and Carla Marzocchi's shares (42,75%+7,25%) with Euro 13 mil (Equity + Debt)



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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