



1H-2022 RESULTS PRESENTATION

5 - 6 October 2022

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Agenda

- ❑ Company at a Glance
- ❑ 1H 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

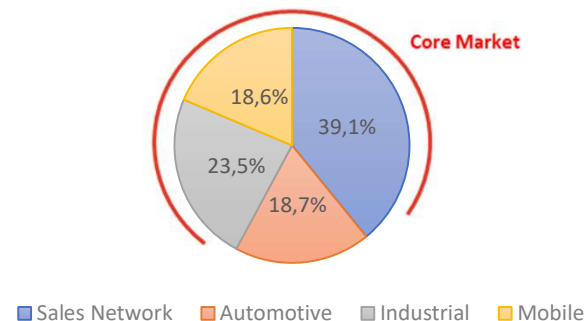
€/000	2019	2020	2021	1H 2022
Net Sales	39.171	34.143	40.538	25.502
EBITDA	5.422	4.129	7.153	3.849
EBITDA Margin *	14,4%	12,2%	16,4%	15,2%
Net Income	203	229	1.591	926
Net Equity	18.676	18.444	19.796	20.272
Net Financial Debt	12.535	9.252	7.838	10.080

2021 KPI

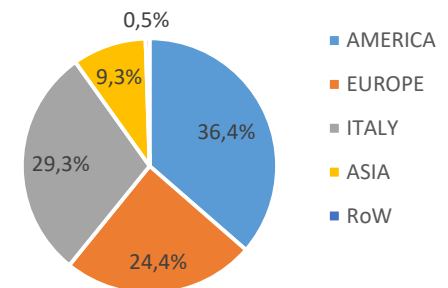
- Over 1,0 mln pumps produced
- More than 800 active clients
- Average employees number: 271

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

1H 2022 Revenues by Business Line



1H 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 such as the forklift trucks (mobile) 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

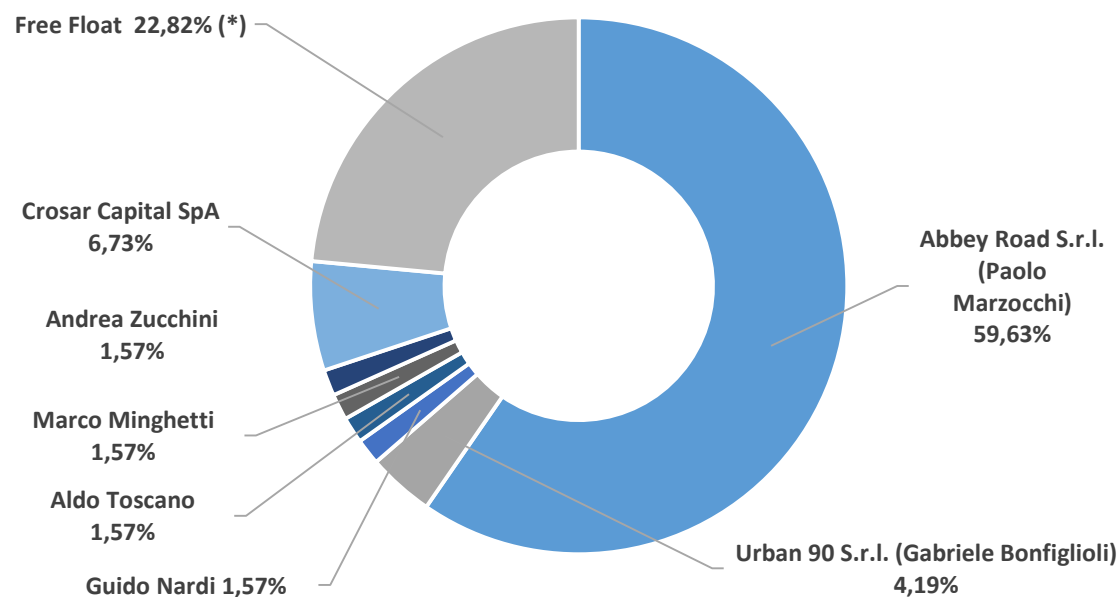
Guido NARDI
CFO, Executive Director

Valentina CAMORANI SCARPA
Board Member

Matteo TAMBURINI
Board Member

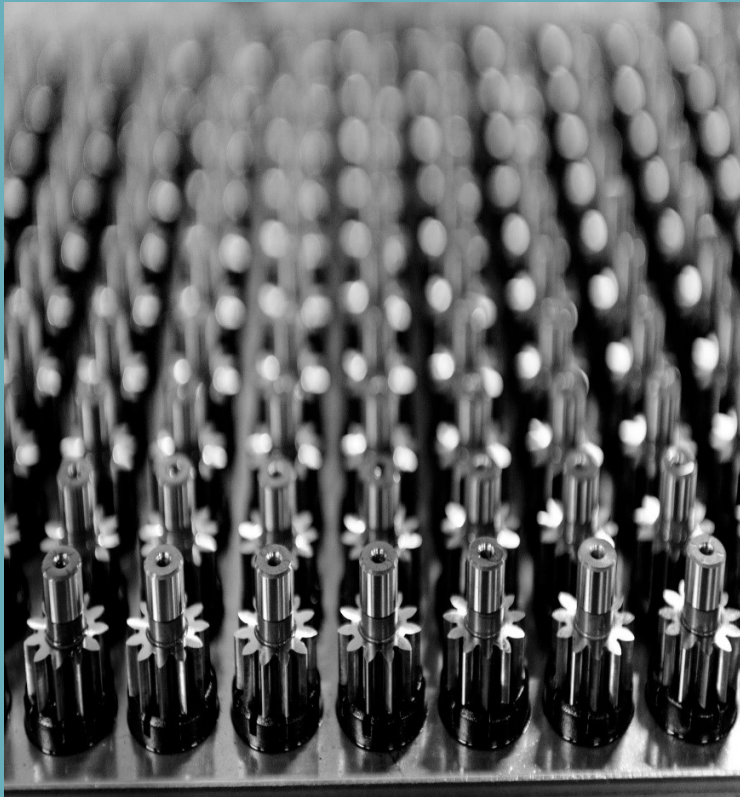
Giuseppe ZOTTOLI
Independent Board Member

SHAREHOLDERS



(*) Net of 0,370% Treasury Shares at 23 September 2022

Note: Marzocchi Pompe's Key Managers (Mr Bonfiglioli, Mr Nardi, Mr Minghetti and Mr Zucchini) just renewed the Stability Pact until June 2023 – Aldo Toscano left Marzocchi in July though remaining shareholder



1H 2022 Results

1H 2022 Results: all-time high half-year sales & strong margin

➤ NET SALES UP 28% AT EURO 25.5 MLN, ONCE AGAIN DRIVEN BY CORE BUSINESS GROWTH AT +33%

THE CORE BUSINESS SALES REACHED EURO 20.7 MLN IN THE FIRST HALF OF 2022, POSTING A 32.8% Y-O-Y INCREASE AND A HEALTHY +26.8% ON THE SECOND HALF OF 2021 WHICH FULLY RECOVERED PRE-PANDEMIC LEVELS AND ALSO BENEFITED FROM SELLING PRICE UPLIFT

THE AUTOMOTIVE SALES SATISFACTORILY GREW 10.6% Y-O-Y TO EURO 4.8 MLN, WITH A 14.9% INCREASE ON THE SECOND HALF OF 2021 DESPITE ONGOING CHIP SHORTAGE AND ALSO THANKS TO MARZOCCHI CAPABILITY TO APPLY COST-TO-PRICE ADJUSTMENTS

➤ STRONG EBITDA MARGIN AT 15.2% (vs 17.6% in H1 2021) FOLLOWING A 3.7% ENERGY COST IMPACT (vs. 2.2% in H1 2021) ACCOUNTS FOR KEEN BUSINESS MANAGEMENT

THE DISTINCTIVE "MAKE" APPROACH COUPLED WITH A TARGETED INCREASE IN INVENTORY, ENABLED MARZOCCHI POMPE TO KEEP DELIVERY TIMES UNCHANGED. IN ADDITION, ENERGY SAVING MEASURES HAVE BEEN DEFINED AND SPECIFIC NEGOTIATIONS WITH CUSTOMERS PROMPTLY STARTED

➤ NET FINANCIAL DEBT INCREASED TO EURO 10.1 MLN (VS. 7.8 MLN AT END-2021) DUE TO HIGHER WORKING CAPITAL REQUIREMENTS TIED TO STRONG SALES GROWTH & TACTICAL RISE IN INVENTORY

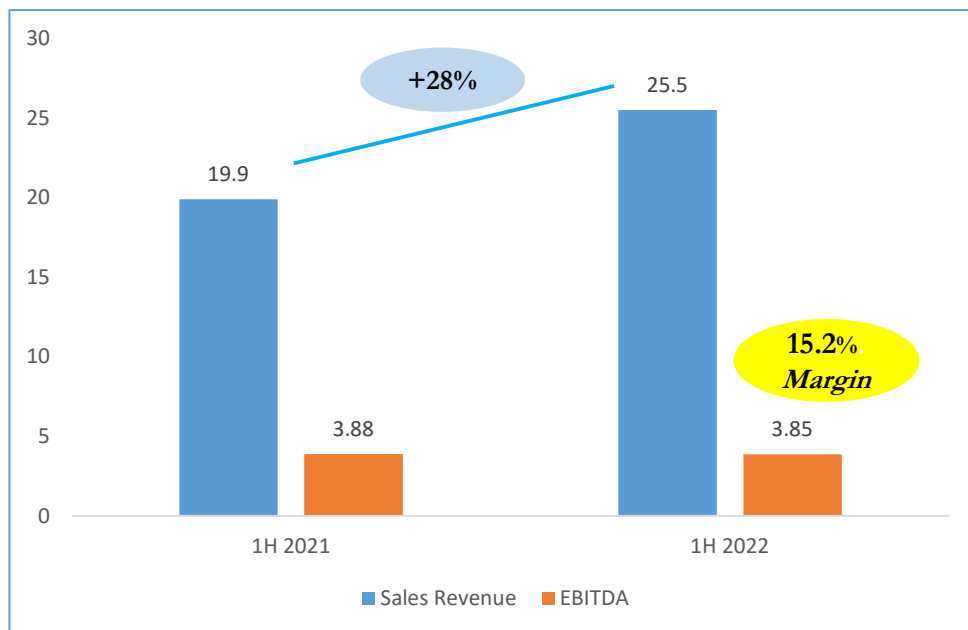
TIGHT CONTROL ON CASH MANAGEMENT ALLOWED FOR BOOSTING MARKET PENETRATION WHILE KEEPING NET DEBT UNDER CONTROL. ADJUSTED NET FINANCIAL POSITION, INCLUDING EURO 0.7 MLN PROCEEDS FROM REAL ESTATE ASSET SALE IN JULY, AMOUNTED TO EURO 9.4 MLN DEBT

➤ MARZOCCHI POMPE KEY STRENGTHS TO PUSH FURTHER GROWTH

- RELENTLESS PRODUCT INNOVATION AS WITNESSED BY THE NEW "FTP" LOW PRESSURE PUMP ("ELIKA" FAMILY) THAT OPENS NEW MARKETS
- OPERATING FLEXIBILITY ALLOWING CUSTOMIZED HIGH-PERFORMANCE PRODUCTS AT THE SAME TIME PREVENTING BUSINESS INTERRUPTION

Revenues up 28% to € 25.5 mln, EBITDA margin at a robust 15.2%

Sales Revenue and EBITDA (€m)



* EBITDA Margin based on Sales Revenue + WIP

Source: consolidated financial statements

- Revenues topped Euro 25.5 million in 1H-22, recording a healthy 28% increase and marking the all-time half-year record level for Marzocchi Pompe

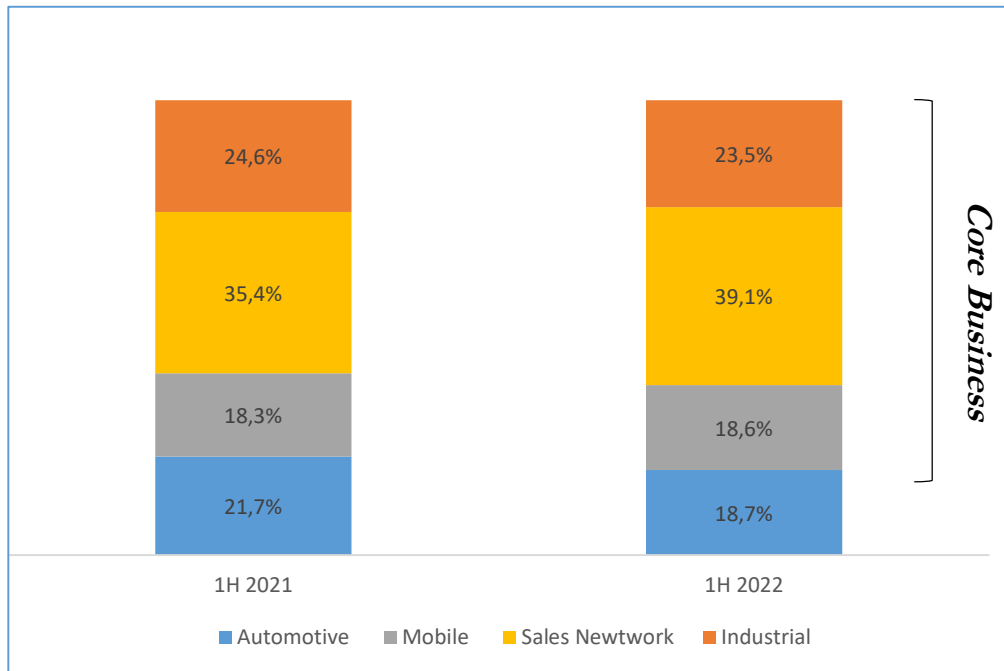
- Growth was once again mainly driven by the **Core Business sales (Euro 20.7 million, +32.8%)**, while Automotive sales posted a healthy 10.6% rise to Euro 4.8 million despite ongoing market difficulties

- **EBITDA was substantially stable at Euro 3.85 million** (vs. Euro 3.88 million in 1H 2021), confirming the maximum levels of the pre-pandemic era in spite of the significant rise of energy costs due to the global scenario

- EBITDA margin slid to 15.2% (from 17.6% in 1H 2021), following **weight of energy costs increased to 3.7% (from 2.2%)**. Marzocchi Pompe has promptly implemented a number of actions to reverse the trend, including the negotiations with customers, with the aim of rising sale prices (after the price list uplift in 2H 2021)

Core business topped 78% of revenues posting a nice 33% growth

Revenue Breakdown



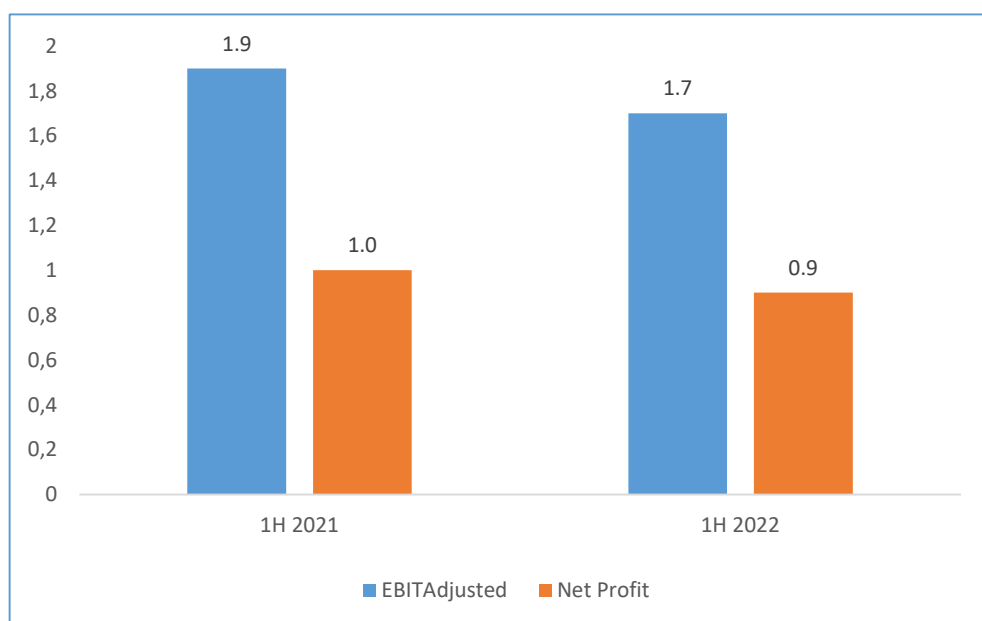
- Revenues by Core market segments (Sales Network, Industrial and Mobile) accounted for more than three quarters of Total Revenues, reaching Euro 20.7 million (vs. Euro 15.6 million in 1H 2021), thanks to generally recovering demand from pandemic levels and especially driven by **Marzocchi Pompe distinctive capability to serve clients with high performing products on a customized basis**

- **Weight of Automotive sales slid below 20%** (vs. 21.7% in 1H-21) as growth rate was 10.6% vs. 32.8% of Core Business. Notably the Automotive sales performed pretty well in a difficult market outlook on a global basis

Source: consolidated financial statements

EBIT & Net Result slid slightly due to rising raw materials & energy costs

EBIT Adjusted and Net Result (€m)



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

Source: consolidated financial statements

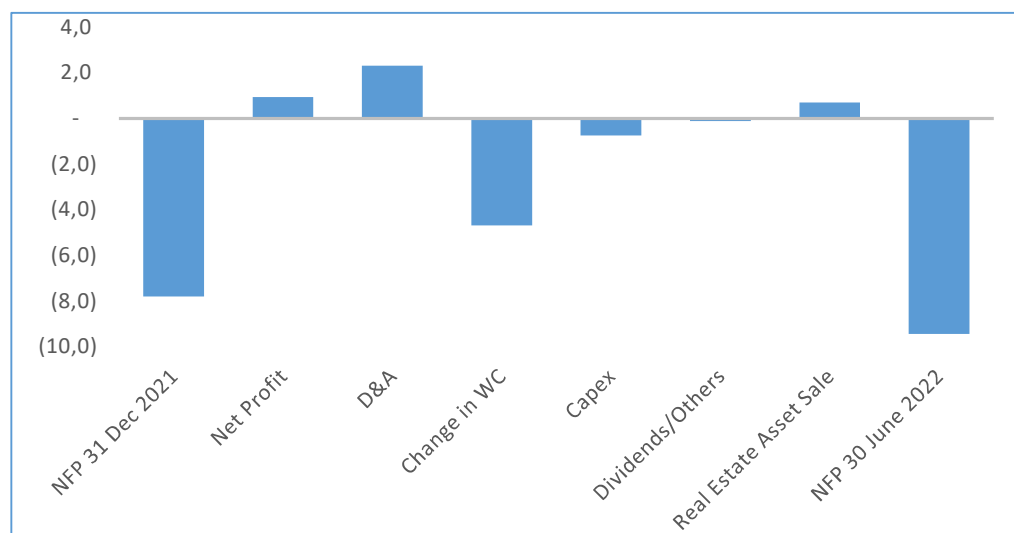
- EBIT stood at Euro 1.3 million, slightly down from Euro 1.4 million at 30 June 2021, following the higher raw material and energy costs impacting 2022 profitability

- **Adjusted EBIT**, calculated net of revaluation depreciation and amortisation resulting from the merger from LBO, amounting to Euro 0.4 million in the half-year, **equalled Euro 1.7 million compared to Euro 1.9 million in the first half of 2021**

- In the first half of 2022 **Net Profit** stood at **Euro 0.9 million**, with a single-digit decrease vs. 1.0 million at 30 June 2021. This excellent performance **witnesses Marzocchi Pompe capability to face the market difficulties** with prompt actions to control costs and push sales forward

Net Financial Debt up following higher working capital

Net Financial Position Evolution (€m)

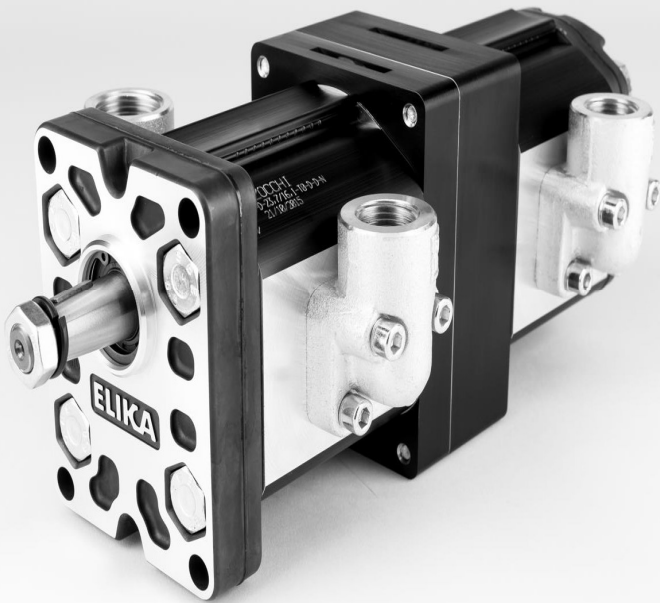


Change in Shareholders' Equity (€/000)

Eur 000	30-Jun-2022	31-Dec-2021
Share Capital	6,539	6,539
Share premium reserve	6,463	6,463
Revaluation reserve	1,867	1,867
Legal reserve	1,055	1,000
Other reserves	3,375	2,459
Cash flow hedge reserve	138	(99)
Profit/(loss) for the period	926	1,591
Negative reserve treasury stock	(91)	(24)
Total Shareholders' Equity	20,272	19,796

Source: consolidated financial statements

- **Net Financial Debt increased to Euro 10.2 million** at 30 June 2022, from Euro 7.8 million at 31 December 2021, due to the physiological **growth in working capital linked to the strong sales growth**, also stemming from **tactical inventory increase to avoid interruptions** in the production process
- Net Financial Position as of June 30, 2022, does not incorporate the proceeds from the divestment of a non-strategic real estate asset, which perfected on July 14, 2022, for a cash-in of Euro 668,000. As a result, the **Adjusted Net Financial Position amounts to Euro 9.4 million of debt**.
- The increase in Shareholders' Equity in the first 6 months of 2022 is due to Net Profit



Achievements

2022 Highlights & Outlook

- THE FIRST HALF OF 2022 WAS CHARACTERIZED BY GREAT ECONOMIC UNCERTAINTY, MAINLY DUE TO RISING RAW MATERIAL & ENERGY COSTS, AMPLIFIED BY THE WAR IN UKRAINE AND THE ONGOING HEALTH EMERGENCY, PARTICULARLY IN CHINA
- WITHIN THIS VERY CHALLENGING SCENARIO, MARZOCCHI POMPE ACHIEVED ITS BEST-EVER SALES REVENUE, 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 REINFORCING RELATIONSHIP WITH CUSTOMERS
- MARZOCCHI'S ROBUST ORDER BACKLOG TO DATE COUPLED AN ENVIABLE FINANCIAL SOLIDITY MAKE MANAGEMENT LOOK AT FULL FY 22 WITH CONFIDENCE. THE CURRENT STRONG FLUCTUATIONS IN ENERGY COSTS, ON THE ONE HAND, DO NOT AFFECT SIGNIFICANTLY OPERATING COSTS (ACCOUNTING FOR 3.7% OF SALES IN 1H 2022), ON THE OTHER THEY WILL BE ABSORBED BY THE NEW PRICE LISTS IMPLEMENTED IN THE SECOND HALF OF THE YEAR
- THE FORECASTS FOR THE 3-YEAR PERIOD 2022 –2024 (OUTLINED IN THE MARCH 30 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 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](#)

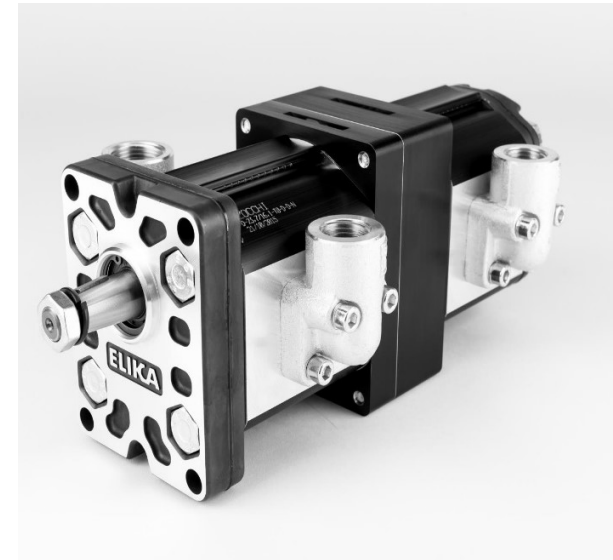
A brand new Security Operation Center

- 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 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

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

2022 Investor Relations Events

- | | |
|-------------|------------------------------|
| ✓ 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 |



Market & Competitive Positioning

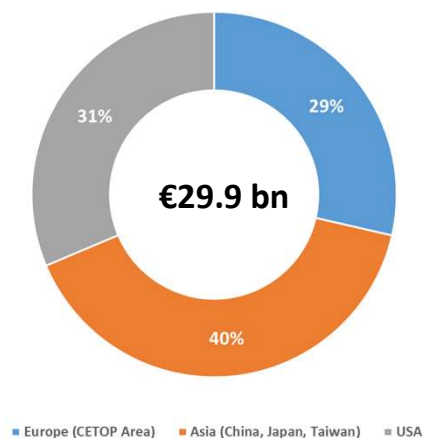
Fluid Power market and growth forecasts

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.

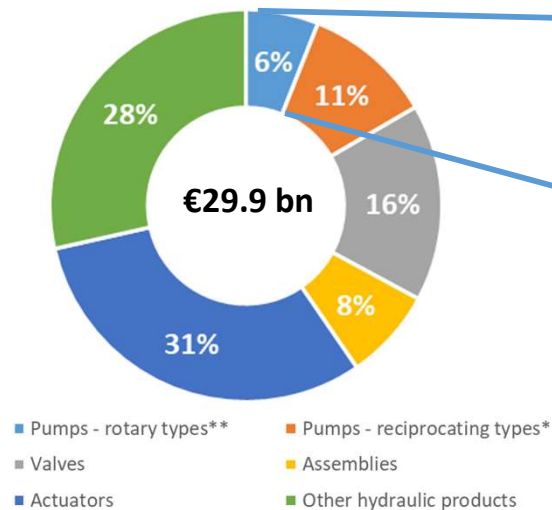
Note (2): ISC - International Statistics Committee project has the objective of providing comparable information on Fluid Power markets in Europe, USA and Asia.

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%).

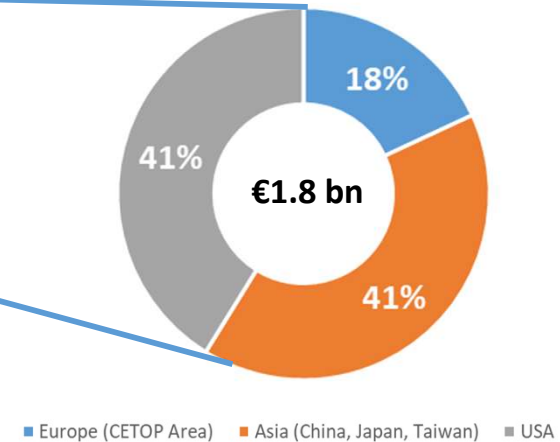
Hydraulic market - breakdown per product



* 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

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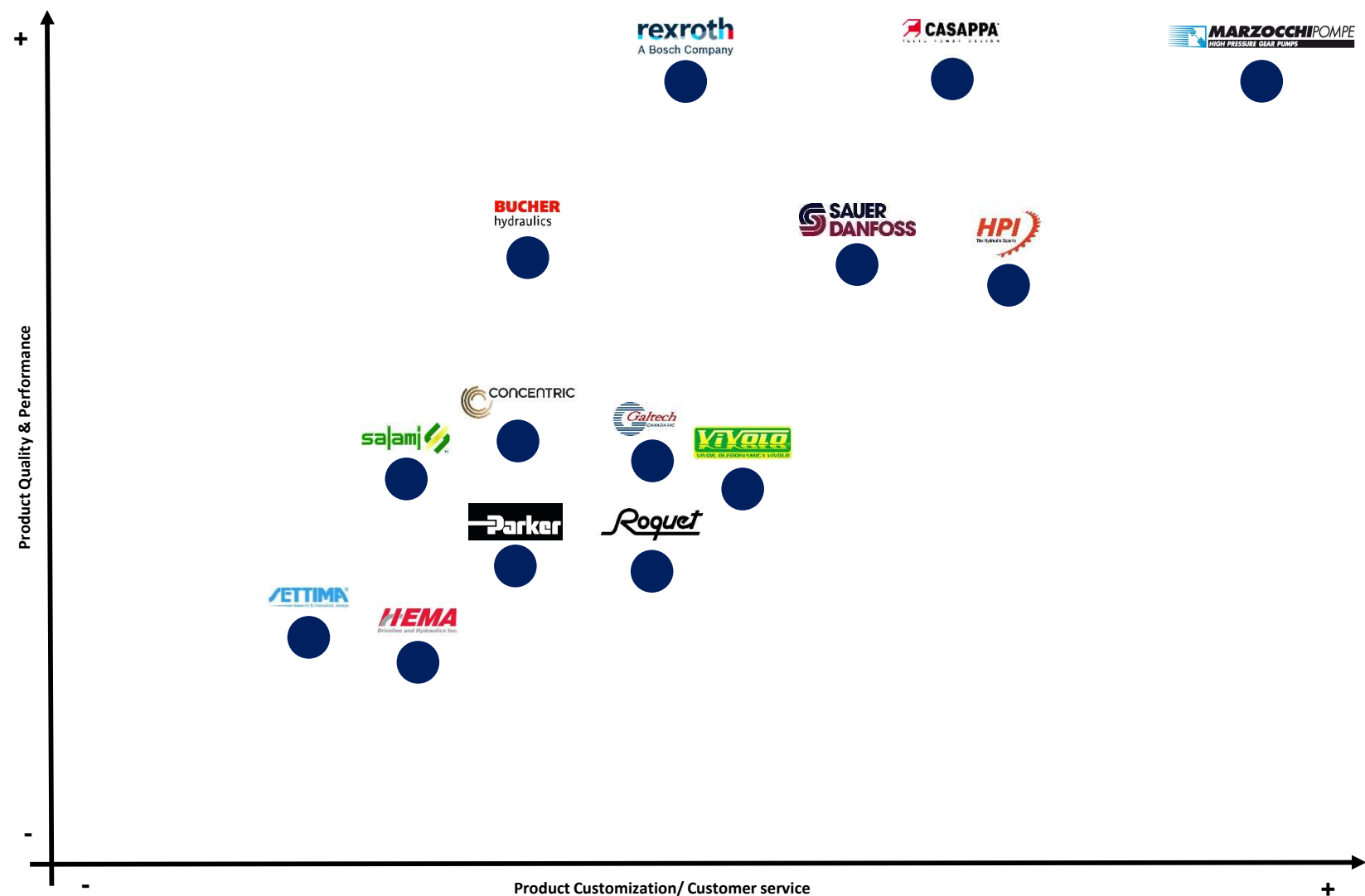
Competitive positioning

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

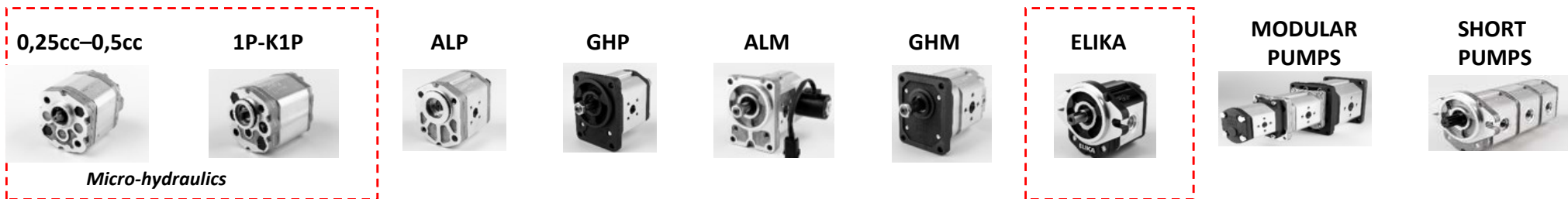


Appendix

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

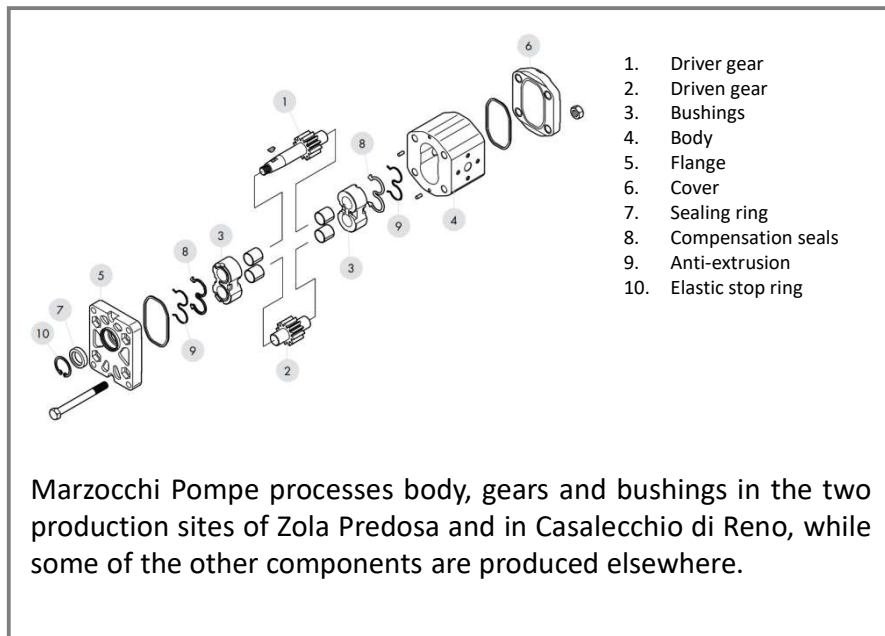
Elika is a helical toothed gear pump with a hydraulic system for balancing axial forces. It is a low noise and high efficiency product developed and patented by MP



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

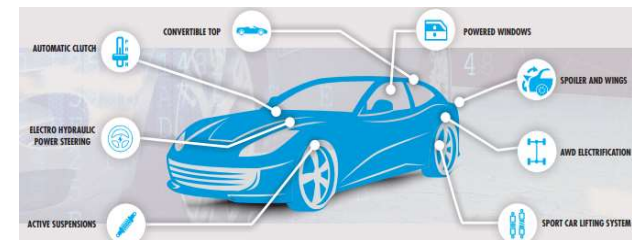


Mobile



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

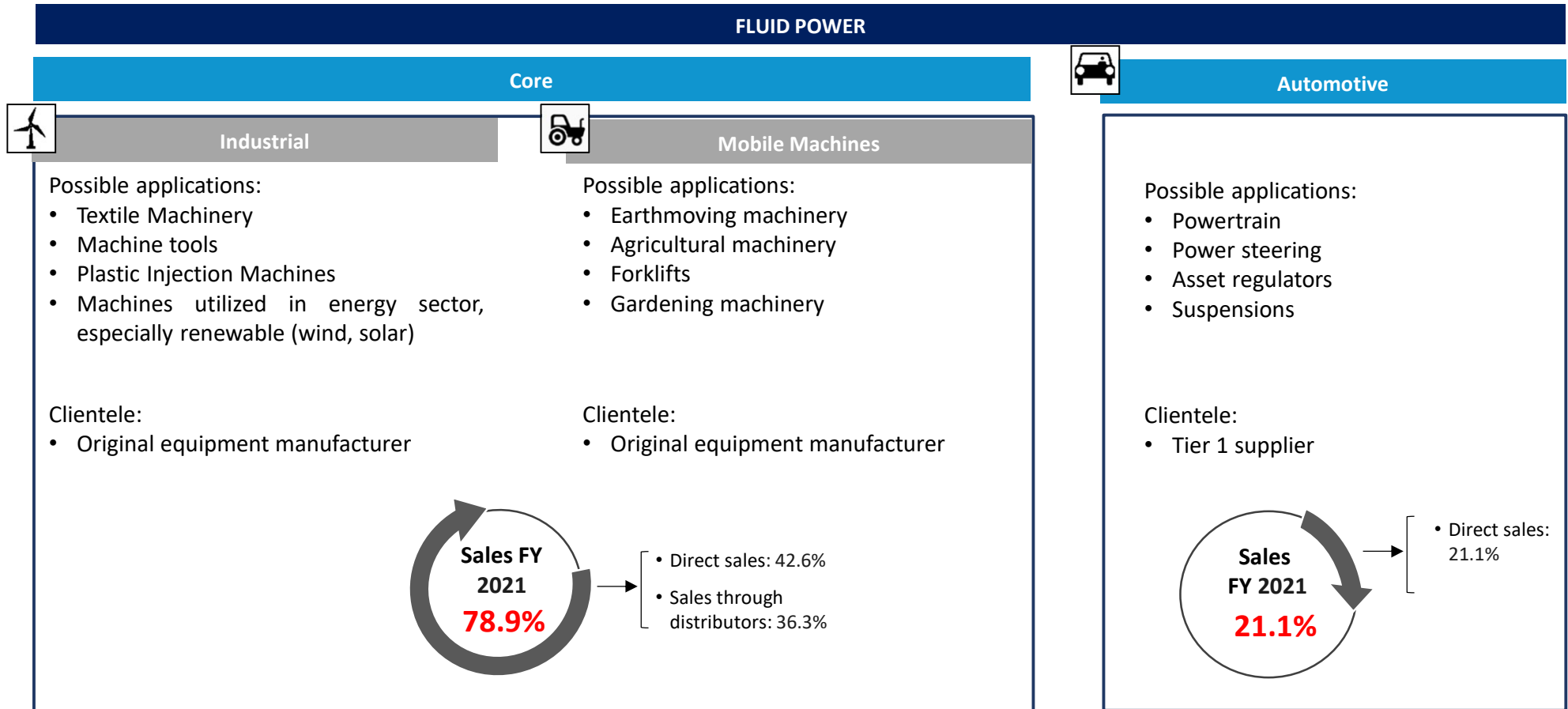
- Continuous product development to meet the increasing market requirements, in terms of silence and efficiency . In particular, the R&D activity has allowed Marzocchi Pompe to stand out for:
 - its wide range of products' cubic capacities (from 0.12 cc to 200 cc)
 - the high performances of its products, 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 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

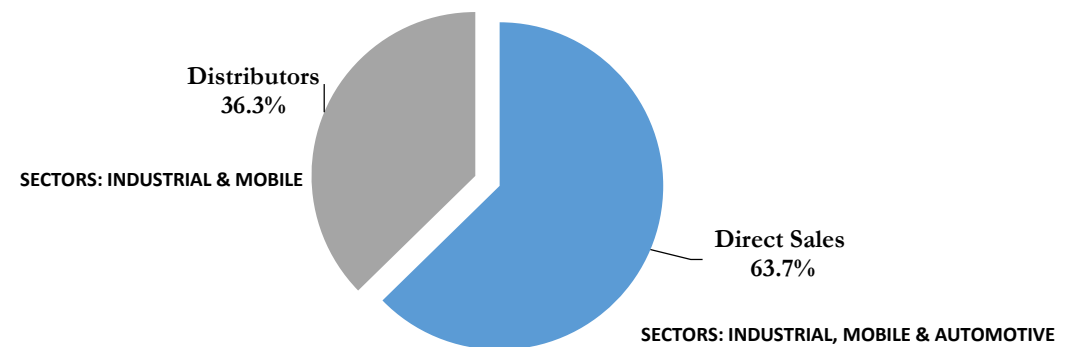
Global distribution network

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

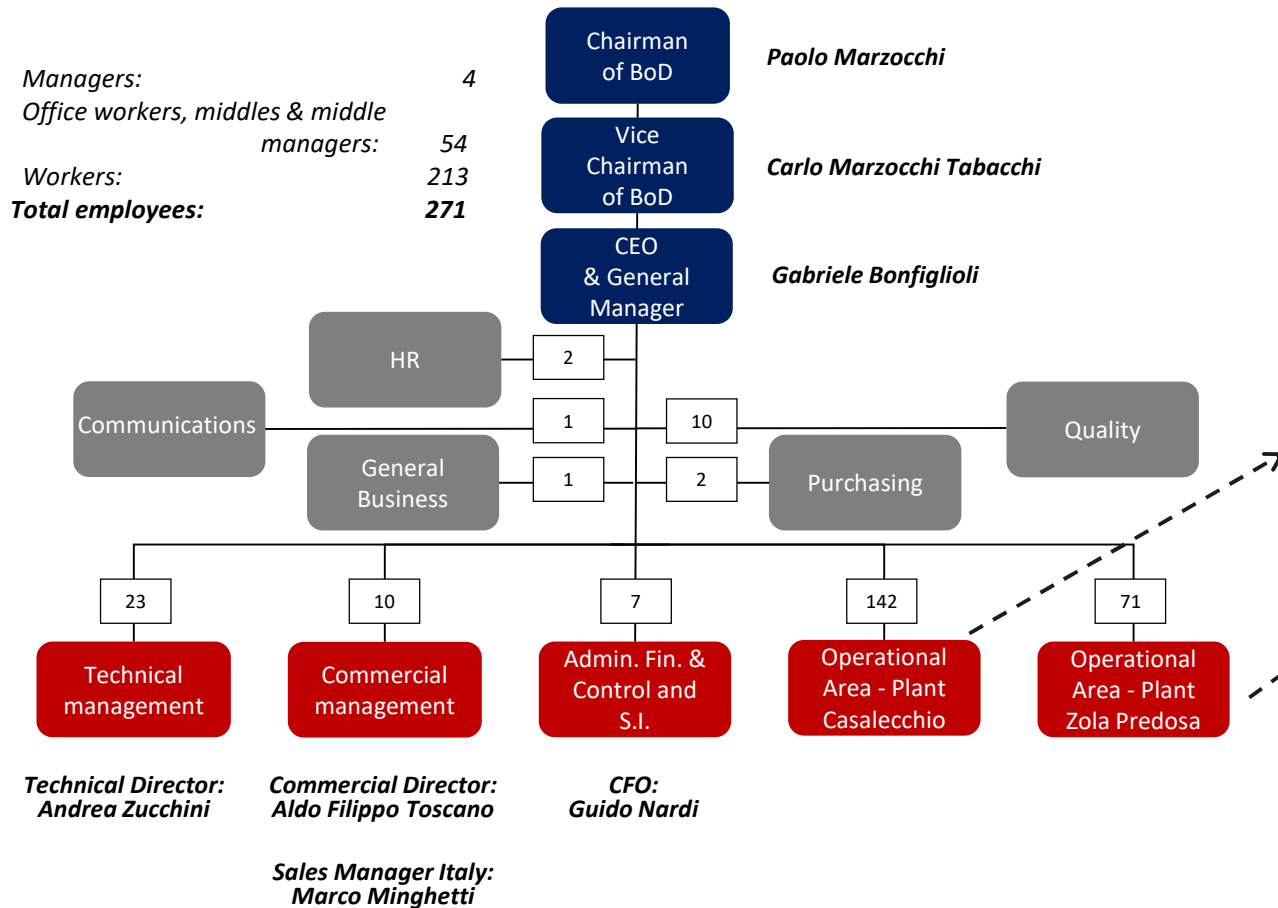
- EBITDA margin at 16.4% in 2021, strongly improved vs. 2020 (12.2%) and 2019 (14.4%), and close to the 16.9% for the period 2016-2018 (pre-Covid levels) – *2018 Adjusted*
- High net cash flow (1.4M€ in 2021) allowing for further decrease in Net Debt with a comfortable NFP/EBITDA of 1.1x

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)

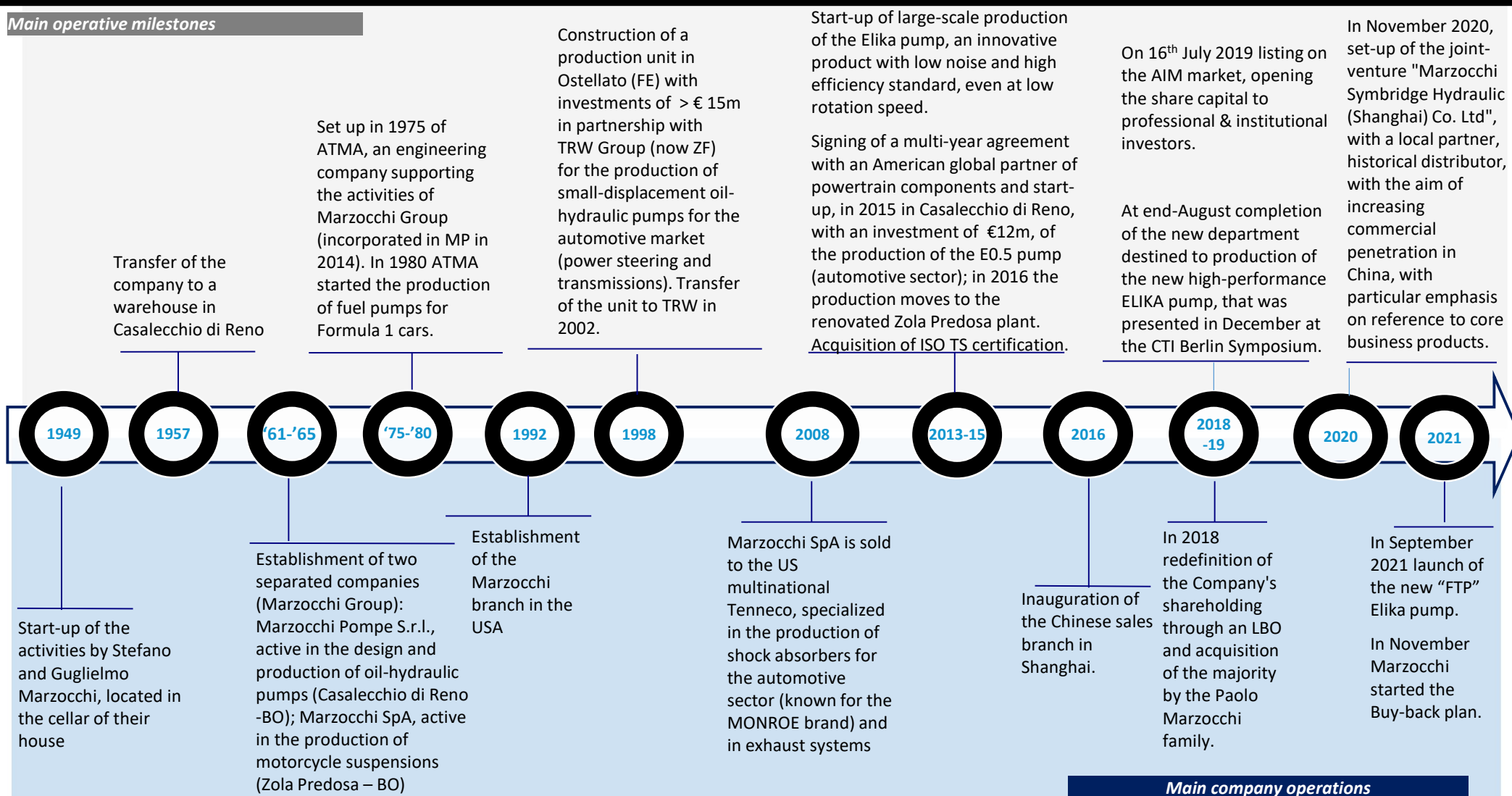


- Covered area 9.648 sqm
- Pumps produced in 2021: 512.565

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

History

Main operative milestones



Consolidated Profit & Loss

<i>Eur 000</i>	30-Jun-22		30-Jun-21	
Sales Revenue	25,502	100%	19,928	100%
WIP changes	(218)		2,053	
Other revenues	435		829	
PRODUCTION VALUE	25,719		22,810	
Raw material consumption	(6,548)	(25.9%)	(5,329)	(24.2%)
Service costs	(7,077)	(28.0%)	(6,094)	(27.7%)
Costs for use of third-party goods	(182)	(0.7%)	(151)	(0.7%)
Various operating costs	(224)	(0.9%)	(235)	(1.1%)
VALUE ADDED	11,690	46.23%	11,001	50.05%
Staff costs	(7,841)	(31.0%)	(7,125)	(32.4%)
EBITDA	3,849	15.22%	3,877	17.64%
Depreciation and amortization	(2,279)	(9.0%)	(2,464)	(11.2%)
Accounting for contingencies	(300)	(1.2%)		
OPERATING PROFIT (EBIT)	1,269	5.02%	1,413	6.43%
Financial income and charges	(23)	(0.1%)	(68)	(0.3%)
Financial value adjustments	10	0.04%	(106)	(0.5%)
EARNINGS BEFORE TAX	1,256	4.97%	1,238	5.63%
Income tax for the year	(330)	(1.3%)	(204)	(0.9%)
NET INCOME	926	3.66%	1,034	4.71%

(National accounting standards + IAS 17)

Consolidated Balance Sheet

<i>Eur 000</i>	30-Jun-22	31-Dec-21
A) NET FIXED ASSETS	17,125	19,081
Intangible fixed assets	1,183	1,306
Tangible fixed assets	14,398	16,391
Financial fixed assets	1,544	1,384
B) NET WORKING CAPITAL	14,798	10,105
Inventories	13,078	12,121
Assets intended for sale	668	-
Advances from customers	(33)	(11)
Trade receivables	10,700	7,703
Other receivables	1,982	2,680
Trade payables	(6,703)	(7,503)
Other payables	(3,858)	(3,628)
Provisions for risks and charges	(1,743)	(1,570)
Other assets/liabilities	708	313
C) GROSS INVESTED CAPITAL	31,923	29,186
D) EMPLOYEE SEVERANCE PAY	(1,571)	(1,552)
E) NET INVESTED CAPITAL	30,352	27,633
Covered by		
F) NET EQUITY	(20,272)	(19,796)
G) NET FINANCIAL POSITION	(10,080)	(7,838)
Medium/long-term financial payables	(11,538)	(8,881)
Short-term financial payables	(5,246)	(4,637)
Cash and cash equivalents	6,704	5,681
H) TOTAL HEDGES	(30,352)	(27,633)

(National accounting standards + IAS 17)

Consolidated Cash Flow Statement

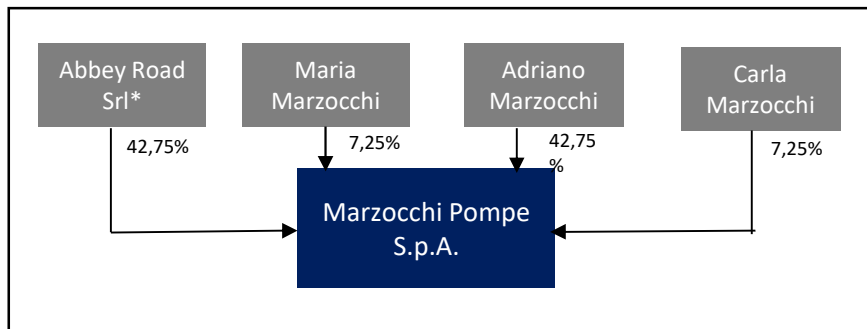
€/000	30-Jun-22	30-Jun-21
Operating profit [EBIT]	1,269	(963)
Tax effect	(330)	335
Change in funds	192	(85)
Provisions and write-downs	2,279	2,224
Income cash-flow	3,410	1,511
Change in working capital		
Inventories	(958)	(2,635)
Trade receivables	(2,976)	(1,197)
Other receivables	30	687
Payables to suppliers	(800)	1,197
Other payables	(164)	409
Changes in working capital	(4,867)	(1,538)
Operating Cash Flow (Free cash flow)	(1,456)	(27)
Net tangible & intangible investments	(163)	(319)
Change other fixed assets	(161)	(174)
Financial value adjustments	10	(120)
Cash flow from investing activity	(313)	(613)
Financial charges/income	(23)	(175)
Share capital increases/(decreases)	0	0
Other equity changes	(450)	1,615
Cash flow from financial activities	(473)	1,440
Net cash flow	(2,242)	800
Start-of-period cash or (exposure)	(7,838)	(9,252)
End-of-period cash or (exposure)	(10,080)	(8,452)
Net cash increase (decrease)	(2,242)	801

(National accounting standards + IAS 17)

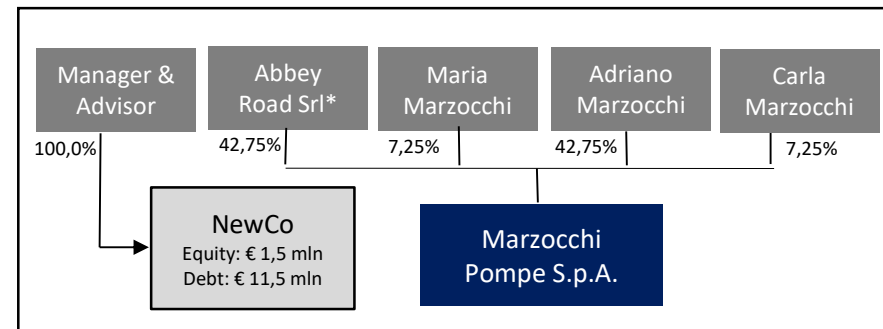
Focus on family and management Buy-out

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.

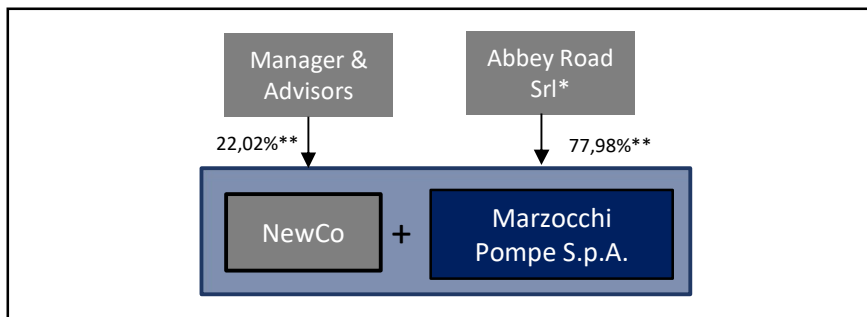
1 Shareholding Marzocchi Pompe pre-LBO



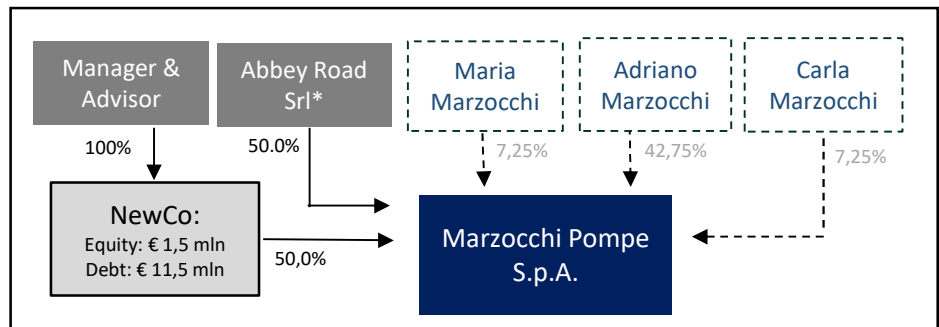
2 Management and advisor create a NewCo for the acquisition of Adriano and Carla Marzocchi's shares (42,75%+7,25%) with Euro 13 mil (Equity + Debt)



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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