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Oggetto : 2021 Financial Results

<i>Testo del comunicato</i>

Board Approval of Full Year 2021 Financial Results.

**THE BOARD OF DIRECTORS APPROVES 2021 CONSOLIDATED RESULTS ¹**

Net Sales: € 1,604.3 million, up by **23.9%** compared to € 1,294.4 million of 2020

EBITDA: € 379.8 million, up by **29.1%** compared to € 294.1 million of 2020
and with an **EBITDA margin of 23.7%** (22.7% in 2020)

Normalised Consolidated Net Profit: € 216.4 million, up by **47,5%**
compared to € 146.7 million of 2020

Free Cash Flow: € 133.8 million compared to € 203.8 million of 2020
(after € 106.7 million of **CAPEX**)

Net Financial Position: € 494.9 million compared to € 269.5 million as of 31 December 2020
(after € 321.4 million of **acquisitions**, € 29.5 million of **dividends paid** and € 22.4 million of **treasury shares purchases**)

PROPOSED DIVIDEND of € 0.28 (€ 0.26 in Financial Year 2020)

APPROVAL OF CONSOLIDATED NON-FINANCIAL STATEMENT**AUTHORIZATION TO SHARE BUY-BACK****APPROVAL OF THREE-YEAR INCENTIVE PLAN**

Sant'Ilario d'Enza (RE), 18 March 2022 – The Board of Directors of Interpump Group S.p.A. met today and chaired by Mr. Fulvio Montipò approved the draft of 2021 separated financial statements and **2021 consolidated results.**²

¹ Prepared according ESEF format

² It's recalled that in 2021 financial year for the first time the following companies were consolidated: for the entire period DZ Trasmissioni (acquired on 14th January 2021) and Suministros Franquesa (acquired in 2020 but not consolidated due to its lack of relevance), for IV quarter White Drive Products (acquired on 1st October 2021) and for the two months November-December Berma (acquired on 11st November 2021). Please take note of the different consolidation period of Servizi

2021 CONSOLIDATED RESULTS

Net sales

In 2021, **net sales** totaled 1,604.3 million euro, up by 23.9% compared to 1,294.4 million euro of 2020: by business sector, Hydraulics increased by 28.6% while Water-Jetting by 13.9%.

Organically³ Group increased by 20.1%, with Hydraulics and Water-Jetting up by 22.8% and 14.4% respectively.

Profitability

EBITDA amounted to 379.8 million euro, with a growth of 29.1% compared to 294.1 million euro of 2020; EBITDA margin was equal to 23.7% of sales with respect of 22.7% of previous period.

Into details of Group divisions, EBITDA of Hydraulic was 246.9 million euro, up by 34.6% compared to 183,5 million euro of 2020 and with an EBITDA margin which grew from 20.8% to 21.7% while Water-Jetting EBITDA was equal to 132.8 million, with an increase by 20.1% compared to 110.6 million of previous period and an EBITDA margin of 28% (26.7% in 2020).

EBIT was 295.0 million euro, up by 42.1% compared to 207.7 million euro in 2020 and an EBIT margin of 18.4% of sales (16.0% of sales)

Group net profit for 2021 was 198.6 million euro, up by 14.6% compared to 173.3 million of 2020. This amount reflects the adjustment of the value of put options on non-controlling interests held in subsidiaries⁴ and the conservative partial reversal, implemented following a legislative change approved on 23rd December 2021, of the effect of the deferred tax asset recognition related to the franking of Parent Company goodwill as well as the revaluation of trademarks⁵. Excluding these two effects, **normalized⁶ Group net profit** was equal to 216.4 million euro, with a growth of 47.5% compared to 146.7 million euro of previous period.

Basic earnings per share increased from € 1.596 of 2020 to 1.837 of 2021.

Industriali (acquired on 21st July 2020) which in the previous financial year was consolidated for II half while in 2021 was consolidated for the entire period.

³ Variation at constant perimeter and exchange rate

⁴ For a negative impact of € 18.3 million euro in the fiscal year

⁵ In details, the Parent Company goodwill franking was recorded in the Financial Statements of December 31, 2020, and the trademarks revaluation – solely for fiscal purpose – in the Interim Financial Report as of June 30, 2021: these entries and the related subsequent partial reversal had a positive net impact equal to € 0.5 million in 2021

⁶ Net profit normalization refers to the sterilization of the two accounting events above explained

At December 31, 2021, **capital employed** was equal 1,901.0 million compared to 1,482.2 million euro at December 31, 2020, mainly as a result of the important acquisitions made.

ROCE was 15.5% compared to 14.0% in 2020 while **ROE** was 15% versus 15.1% in 2020.

Balance sheet figures as of 31 December 2021

Net Cash from Operation was equal to € 317.8 million euro, up by 39.0% compared to € 228.6 million euro of 2020 while **Free Cash Flow** amounted in 133.8 million euro versus € 203.8 million of the previous period due to the higher CAPEX and net working capital increase driven by strong growth.

Net debt as of December 31,2021 was 494.9 million euro compared to 269.5 million euro at the end of 2020: the increase was mainly due to the acquisitions done in the period - White Drive and Berma -, which originated an increase of 321.4 million euro. Dividends totaling 29.5 million euro were also paid during the year and purchases of treasury shares amounted to 22.4 million euro.

Additionally, as of December 31,2021 the Group had commitments for the acquisition of stakes in subsidiaries totaling 77.8 million euro (62.7 million euro as of 31 December 2020).

At December 31, 2021 Interpump Group S.p.A. held 2,480,643 **treasury shares**, representing 2.278% of share capital, purchased at an average cost of € 32.3556 each.

Events occurring after the end of the year and business outlook

No atypical or unusual transactions have been carried out after December 31,2021 that would call for changes to these consolidated financial statements.

During 2021 a remarkable recovery of the global economy occurred driven by the easing of the strict pandemic countermeasures and the vaccine campaign acceleration, and it was sustained by national plans aimed to support infrastructural, energy transition and digitisation development projects too. The strong recovery went along with a material inflationary trend driven mostly by energy and raw material price increase and repeated disruptions of the supply chain. Towards the end of 2021, some central banks showed confidence in the economic recovery and began withdrawing some monetary stimulus measures, also with a view to containing rising inflation.

2021 results testify the Group capability to both proactively and seamlessly serving its customers and efficiently managing its industrial footprint. This is evidenced by the business results exceeding the pre pandemic level with a significant improvement in margins.

2022 outset appears to confirm this positive trend evolution, also in view of the remarkable demand increase after previous year strong performance, with earnings also supported by the ability to implement pricing policies which should consent to contain inflation-driven cost pressures.

Notwithstanding future positive expectations of economic growth and Interpump confidence to be able to express itself on the usual levels of excellence, for the short period some uncertainties remain present, also due to ongoing inflationary trends driven by supply chain disruptions, by growing raw material and energy prices and by pandemic evolution. Increasing geopolitical tensions and negative impacts from Ukraine military conflict, despite that Interpump Group direct exposure towards involved countries is limited, are notwithstanding additional instability sources and discontinuity elements for global economy activities.

APPROVAL OF 2021 FINANCIAL STATEMENTS

The Board of Directors therefore resolved to call the Annual Shareholder's Meeting convened, in a single call on April 29th, 2022, for the approval of 2021 Financial Statements

DIVIDEND PROPOSAL

Based on the results for 2021, the Board of Directors will recommend to the forthcoming Annual General Meeting that a dividend of €0.28 per share be distributed, (28 euro cents) compared to the one of € 0.26 euros (26 euro cents) of 2020. If approved, the dividend will be paid out on May 25th, 2022, with ex-dividend date (detachment of coupon n° 29) on May 23rd (record date May 24th).⁷

SUSTAINABILITY UPDATE

Today results of the ESG⁸ mapping, analyzing and benchmark activity, started some months ago by a new dedicated team coordinated by the Control, Risk & Sustainability Committees, were presented to the Board of Directors.

⁷ For tax purposes, the dividend shall be considered originating from reserves accumulated after the financial year which included 31 December 2007, and within the financial year which included 31 December 2016.

⁸ Environmental, Social and Governance

CONSOLIDATED NON-FINANCIAL STATEMENT

The Board of Directors approved the Consolidated Disclosure of Non-financial Information (DNF) complying with Legislative Decree 254/16, with specific regard to environmental, social and personnel aspect, respect for human rights and the fight against active and passive corruption.

The DNF will be made available within the same terms set forth for the 2021 Financial Statements.

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURES and REPORT ON REMUNERATION POLICY AND COMPENSATION PAID

Pursuant to article 123-*bis* of the Consolidated Finance Act (TUF), the Board approved the Report on Corporate Governance and Ownership Structures for Financial Year 2021.

In addition, pursuant to article 123-*ter* of TUF the Board approved the second section of the “Report on remuneration policy and compensation paid” of Interpump Group S.p.A. and resolved to submit it to the April 29th, 2022, forthcoming Annual Shareholders’ Meeting to express an advisory opinion according to article 123-*ter*, article 6 of TUF, notwithstanding that the first section of Remuneration Policy of the above-mentioned Report remains unchanged.

Both documents will be published and advertised in accordance with the law.

AUTHORIZATION TO BUY BACK TREASURY SHARES

The forthcoming Shareholding Meeting of April 29th, 2022, convened in ordinary and extraordinary session in accordance with the law, will be requested to authorize the buy-back dispose of treasury shares.

In particular, it will be proposed to the Shareholding Meeting to withdraw the current authorization and to authorize a new one until October 2023 with the following terms.

The buy-back authorization – to be implemented through purchase on regulated markets or public purchase or exchange offer in accordance with the terms and conditions set forth by the regulations governing the organization and management of these market – has an object a maximum treasury shares as consented by the law with a buyback price between € 0.52 (52 euro cents) and € 85.00 (eighty five euro). The authorization has a maximum term of 18 months by the Shareholders’ approval date. Purposes of the buy-back and dispose authorization requested are investment opportunities, securities price stabilization in low liquidity market phase, exchange driven by acquisitions and/or commercial agreement with strategic partners and the execution of actual or future incentive plans (for additional details please refers to the Directors’ Report prepared pursuant to article 125-*ter* of TUF will be made available within the terms provided in accordance with the law)

As of March 17th, 2022, Interpump Group S.p.A. held 2.700.943 treasury shares, representing 2,4807% of share capital.

APPROVAL OF THREE-YEAR INCENTIVE PLAN

The Board of Directors resolved to submit to the forthcoming April 29th, 2022 Annual Shareholder's Meeting, convened in ordinary and extraordinary session in accordance with the law, the approval of the "Interpump 2022/2024 Incentive Plan" in favor of executive directors, employees and/or collaborators of the Interpump Group (for additional details related to the Incentive Plan, please refers to the document prepared pursuant to article 84-*bis* of CONSOB "Issuers' Regulation" (11971/1999), will be made available within the terms provided in accordance with the law).

BY LAW CHANGES

The Board of Directors resolved to propose submit to the Annual Shareholder's Meeting the approval of certain amendments to the Company's Article of Association, specifically: (i) the Company's duration is extended until December 31st, 2101 (ii) the Articles of Association update in accordance with the provisions of the new Corporate Governance Code (entered in force as of January 1st, 2021) and (iii) the amendment of the matters reserved to the exclusive competence of the Board of Directors of the Company pursuant to art. 14, point 18, lett. b), of the Articles of Association regarding real estate transactions (for additional details please refers to the Directors' Report prepared in accordance with article 125-ter of TUF which will be made available within the terms provided in accordance with the law will be published and advertised in accordance with the law)

S. Ilario d'Enza (RE), 18 March 2022

On behalf of the Board of Directors
Fulvio Montipò,
Chairman

Pursuant to art. 65-bis (para. 2) of Consob resolution 11971/1999 as modified and supplemented, the Draft Financial Statements and the Consolidated Financial Statements as of December 31, 2021 approved today by the Board of Directors will be made available to the public by the terms and conditions provided for by applicable law in force at the Company's registered office and will also be made available within the same terms for consultation on the "Financial Statements and Reports" page of the "Investor relations" section of the Company's website www.interpumpgroup.it, as well as on the www.emarketstorage.com repository.

Carlo Banci, the manager responsible for drafting the company's accounting documents, declares - pursuant to art. 154-bis, para. 2, of the Consolidated Financial Services Act - that the accounting disclosures in this press release correspond to the contents of the underlying documents, the accounting books and the accounting entries.

This press release contains "forward looking statements" which are based on Interpump Group's current expectations and projections about future events and by their nature are subject to inherent risks and uncertainties. They related to events and depends on circumstances that may or may not occur or exist in the future, and as such, undue reliance should not be placed on them. Actual results may differ materially from those expressed in such statements as a result of variety of factors, including continued volatility and further deterioration of capital and financial markets, changes in general macro-economic conditions, economic growth and other changes in business conditions, changes in laws and regulations (both in Italy and abroad) and many other factors, most of which are outside of Group's control.

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Consolidated statement of financial position

(€/000)	<u>31/12/2021</u>	<u>31/12/2020</u>
ASSETS		
Current assets		
Cash and cash equivalents	349.015	343.170
Trade receivables	361.913	261.707
Inventories	515.958	376.596
Tax receivables	27.876	23.573
Other current assets	20.766	10.360
Total current assets	<u>1.275.528</u>	<u>1.015.406</u>
Non-current assets		
Property, plant and equipment	613.715	476.480
Goodwill	767.413	549.168
Other intangible assets	44.212	43.511
Other financial assets	2.250	2.269
Tax receivables	2.327	757
Deferred tax assets	63.658	59.610
Other non-current assets	2.183	2.089
Total non-current assets	<u>1.495.758</u>	<u>1.133.884</u>
Assets held for sale	1.460	-
Total assets	<u>2.772.746</u>	<u>2.149.290</u>

(€/000)	<u>31/12/2021</u>	<u>31/12/2020</u>
LIABILITIES		
Current liabilities		
Trade payables	285.212	154.098
Payables to banks	7.760	10.592
Interest-bearing financial payables (current portion)	232.213	181.603
Taxes payable	34.669	14.483
Other current liabilities	116.747	73.738
Provisions for risks and charges	4.694	4.739
Total current liabilities	<u>681.295</u>	<u>439.253</u>
Non-current liabilities		
Interest-bearing financial payables	603.966	420.475
Liabilities for employee benefits	23.937	23.809
Deferred tax liabilities	48.207	43.229
Tax liabilities	1.764	3.809
Other non-current liabilities	60.885	58.323
Provisions for risks and charges	13.028	10.415
Total non-current liabilities	<u>751.787</u>	<u>560.060</u>
Total liabilities	<u>1.433.082</u>	<u>999.313</u>
SHAREHOLDERS' EQUITY		
Share capital	55.327	55.462
Legal reserve	11.323	11.323
Share premium reserve	66.472	78.693
Remeasurement reserve for defined benefit plans	(8.170)	(8.217)
Translation reserve	6.013	(27.215)
Other reserves	1.197.234	1.029.529
Group shareholders' equity	<u>1.328.199</u>	<u>1.139.575</u>
Minority interests	11.465	10.402
Total shareholders' equity	<u>1.339.664</u>	<u>1.149.977</u>
Total shareholders' equity and liabilities	<u>2.772.746</u>	<u>2.149.290</u>

Consolidated income statement

(€/000)	<u>2021</u>	<u>2020</u>
Net sales	1.604.255	1,294,363
Cost of sales	(1.029.564)	(830,878)
Gross industrial margin	574.691	463,485
<i>% of net sales</i>	35,8%	35,8%
Other operating income	25.283	18,583
Distribution expenses	(127.471)	(113,353)
General and administrative expenses	(166.394)	(147,150)
Other operating costs	(11.061)	(13,906)
EBIT	295.048	207,659
<i>% of net sales</i>	18,4%	16,0%
Financial income	14.578	16,178
Financial charges	(34.408)	(21,372)
Equity method contribution	283	101
Profit for the period before taxes	275.501	202,566
Income taxes	(76.982)	(29,295)
Consolidated profit for the period	198.519	173,271
<i>% of net sales</i>	12,4%	13,4%
Attributable to:		
Shareholders of Parent	195.882	170,980
Minority shareholders of subsidiaries	2.637	2,291
Consolidated profit for the period	198.519	173,271
EBITDA	379.757	294,055
<i>% of net sales</i>	23,7%	22,7%
Shareholders' equity	1.339.664	1,149,977
Net debt	494.924	269,500
Payables for purchase of shareholdings	77.794	62,686
Capital employed	1.912.382	1,482,163
ROCE	15,4%	14,0%
ROE	14,8%	15,1%
Basic earnings per share	1,836	1,596

Consolidated statement of comprehensive income for the year

(€/000)	<u>2021</u>	<u>2020</u>
Consolidated profit (A)	198.519	173.271
<i>Gains (losses) on translating the financial statements of foreign companies</i>	33.950	(35.362)
<i>Gains (losses) from companies accounted for using the equity method</i>	96	(75)
<i>Applicable taxes</i>	-	-
Total other consolidated income (losses) which will subsequently be reclassified to consolidated profit or loss, net of the tax effect (B)	34.046	(35.437)
<i>Gains (losses) deriving from the remeasurement of defined benefit plans</i>	69	(1.146)
<i>Applicable taxes</i>	(18)	275
Total other consolidated income (losses) which will not subsequently be reclassified to consolidated profit or loss, net of the tax effect (C)	51	(871)
Consolidated comprehensive income for the year (A)+(B)+(C)	232.616	136.963
Attributable to:		
Shareholders of Parent	229.157	135.171
Minority shareholders of subsidiaries	3.459	1.792
Comprehensive consolidated profit for the year	232.616	136.963

Consolidated cash flow statement for the year

(€/000)	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Profit before taxes	275.501	202.566
Adjustments for non-cash items:		
Losses (gains) on the sale of fixed assets	(6.125)	(2.336)
Amortization and depreciation	82.126	77.009
Costs recognized in the income statement relative to stock options that do not involve	4.386	1.919
Losses (profits) from investments	(283)	(101)
Net change in risk provisions and allocations to employee benefit provisions	23	7.296
Expenditures for tangible assets to be leased	(8.839)	(5.465)
Proceeds from the disposal of leased tangible assets	11.116	5.236
Net financial charges (revenues)	19.830	5.194
	377.735	291.318
(Increase) decrease in trade receivables and other current assets	(68.440)	25.866
(Increase) decrease in inventories	(84.342)	30.070
Increase (decrease) in trade payables and other current liabilities	92.218	(3.626)
Interest paid	(4.136)	(5.307)
Realized exchange differences	1.147	(2.959)
Taxes paid	(56.953)	(54.487)
Net cash from operating activities	257.229	280.875
Cash flows from investing activities		
Payments for the purchase of investments net of cash received and net of treasury shares assigned	(306.815)	(39.779)
Capital expenditure on property, plant and equipment	(101.869)	(58.571)
Proceeds from the sale of tangible fixed assets	2.284	1.542
Increase in intangible assets	(7.141)	(4.366)
Financial income received	627	1.069
Other	1.765	1.142
Net cash (used in) investing activities	(411.149)	(98.963)
Cash flows from financing activities		
Disbursements (repayments) of loans	227.269	22.907
Dividends paid	(29.536)	(28.322)
Disbursements for purchase of treasury shares	(22.397)	(48.488)
Proceeds from the sale of treasury shares to stock option beneficiaries	714	14.480
(Disbursements) repayments of shareholder loans	-	1.891
Change in other financial assets	(18)	(11)
Payment of finance lease installments (principal)	(18.971)	(18.214)
Net cash generated by (used in) financing activities	157.061	(55.757)
Net increase (decrease) in cash and cash equivalents	3.141	126.155

(€/000)	<u>2021</u>	<u>2020</u>
Net increase (decrease) in cash and cash equivalents	3.141	126.155
Translation differences for cash held by non-EU companies	5.463	(5.333)
Opening cash and cash equivalents of companies consolidated on a line-by-line basis for the first time	73	48
Cash and cash equivalents at the beginning of the year	<u>332.578</u>	<u>211.708</u>
Cash and cash equivalents at the end of the year	<u>341.255</u>	<u>332.578</u>

Cash and cash equivalents consist of the following:

	31/12/2021	31/12/2020
	€/000	€/000
Cash and cash equivalents as per the consolidated statement of financial position	349.015	343.170
Bank payables (overdrafts and subject to collection advances)	<u>(7.760)</u>	<u>(10.592)</u>
Cash and cash equivalents as per the consolidated cash flow statement	<u>341.255</u>	<u>332.578</u>



Consolidated statement of changes in shareholders' equity

	<i>Share capital</i>	<i>Legal reserve</i>	<i>Share premium reserve</i>	<i>Remeasurement reserve for defined benefit plans</i>	<i>Translation reserve</i>	<i>Other reserves</i>	<i>Group shareholders' equity</i>	<i>Non-controlling interests</i>	<i>Total</i>
<i>At 1 January 2020</i>	55.460	11.323	96.733	(7.358)	7.735	885.446	1.049.339	5.735	1.055.074
Recognition in income statement of fair value of stock options granted and exercisable	-	-	1.919	-	-	-	1.919	-	1.919
Purchase of treasury shares	(837)	-	(47.650)	-	-	-	(48.487)	-	(48.487)
Transfer of treasury shares to stock option beneficiaries	585	-	13.895	-	-	-	14.480	-	14.480
Transfer of treasury shares as payment for equity investments	254	-	13.796	-	-	-	14.050	-	14.050
Minorities of companies consolidated for the first time	-	-	-	-	-	-	-	4.267	4.267
Dividends paid	-	-	-	-	-	(26.897)	(26.897)	(1.362)	(28.259)
Dividends resolved	-	-	-	-	-	-	-	(30)	(30)
Comprehensive income (loss) for 2020	-	-	-	(859)	(34.950)	170.980	135.171	1.792	136.963
<i>At 31 December 2020</i>	<i>55.462</i>	<i>11.323</i>	<i>78.693</i>	<i>(8.217)</i>	<i>(27.215)</i>	<i>1.029.529</i>	<i>1.139.575</i>	<i>10.402</i>	<i>1.149.977</i>
Recognition in income statement of fair value of stock options granted and exercisable	-	-	4.386	-	-	-	4.386	-	4.386
Purchase of treasury shares	(218)	-	(22.179)	-	-	-	(22.397)	-	(22.397)
Transfer of treasury shares to stock option beneficiaries	29	-	685	-	-	-	714	-	714
Transfer of treasury shares as payment for equity investments	54	-	4.887	-	-	-	4.941	-	4.941
Winding up of subsidiaries	-	-	-	-	-	-	-	(82)	(82)
Purchase of residual interests in subsidiaries	-	-	-	-	-	(425)	(425)	(240)	(665)
Dividends paid	-	-	-	-	-	(27.382)	(27.382)	(2.074)	(29.456)
Dividends resolved	-	-	-	-	-	(370)	(370)	-	(370)
Comprehensive income (loss) for 2021	-	-	-	47	33.228	195.882	229.157	3.459	232.616
<i>At 31 December 2021</i>	<i>55.327</i>	<i>11.323</i>	<i>66.472</i>	<i>(8.170)</i>	<i>6.013</i>	<i>1.197.234</i>	<i>1.328.199</i>	<i>11.465</i>	<i>1.339.664</i>

Fine Comunicato n.0159-20

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