MARZOCCHI POMPE
HIGH PRESSURE GEAR PUMPS

PRESS RELEASE

MARZOCCHI POMPE: THE BOARD OF DIRECTORS HAS APPROVED THE DRAFT FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

CONSOLIDATED DATA:

- **SALES REVENUE: €34.1 million (€39.2 million[1]: at 31 December 2019), -12.8%**
  H2 €18.5 million vs H1 €15.6 million, +19.1%
- **EBITDA: €4.1 million (€5.4 million[1] at 31 December 2019), -25.6%**
  H2 €2.9 million vs H1 €1.2 million, +127.6%
- **EBITDA Margin: 12.2% (14.4%[1] in 2019)**
  H2 16.1% vs H1 7.9%
- **NET PROFIT: €0.23 million (€0.20 million at 31 December 2019)**
  H2 €1.2 million vs H1 €-0.9 million
- **NET FINANCIAL DEBT: €9.3 million (€12.5 million at 31 December 2019, -26.2%)**
- **STRONG GROWTH IN AUTOMOTIVE BUSINESS IN H2: +56% compared to H1 2020 and +39.7% compared to H2 2019 (pre-Covid)**
- **NEW CHINA JOINT-VENTURE: "Marzocchi Symbridge Hydraulic (Shangai) Co. Ltd", with the aim of increasing commercial penetration especially of *core business* products**

FORECAST FOR THE PERIOD 2021 – 2023:

- **Significant development of turnover with a CAGR of 6-8% by 2023, resulting from organic growth, in line with the strategic guidelines stated in the IPO**
- **Return to excellent levels of profitability, with an EBITDA margin of around 17-18%**
- **Achievement of an optimal level of financial leverage (Total Debt/EBITDA 1-1.5x) and maintenance of a debt ratio below 50% of Shareholders' Equity**
- **Confirmation of the dividend policy already adopted in 2019.**

PROPOSAL TO THE SHAREHOLDERS' MEETING TO AUTHORISE THE BOARD TO PURCHASE AND SELL TREASURY SHARES

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[1] 2019 net of the extraordinary "take-or-pay" contribution of €0.8 million, invoiced for the clause relating to the failure to reach the minimum quantities foreseen in the contract with the main automotive customer; this contribution in 2020 would have been €0.6 million, but was not charged due to the national lockdowns, which constituted a force majeure event.

Bologna, 30 March 2020 - The Board of Directors of **Marzocchi Pompe S.p.A. (AIM:MARP), a leading company in the design, production and marketing of high performance gear pumps and motors**, met today under the chairmanship of Paolo Marzocchi and approved the draft financial statements and the draft consolidated financial statements as at 31 December 2020.

Gabriele Bonfiglioli, CEO of Marzocchi Pompe commented: *"Thinking about how difficult it was to operate in a year in which the whole industry was heavily affected by the negative effects of the pandemic, we are very proud of the commercial and financial results achieved in 2020.*

The second half of the year has given us some very important signals: first of all, we note that revenues, which are growing strongly, have brought the Company back to pre-Covid levels and then that the EBITDA margin for the period is close to our all-time highs.

We should also highlight the significant reduction in net debt, which fell to €9.3 million, down 26% compared to 2019, once again demonstrating the proven equity and financial strength of the Group, as well as its great ability to generate significant positive cash flows, even in a particularly difficult year like 2020.

All this shows how Marzocchi Pompe, in an extraordinarily negative global scenario, has been able to maintain its leadership position on the market, also taking an important step forward with the set-up of the JV "Marzocchi Symbridge Hydraulic (Shangai) Co. Ltd".

The very challenging scenario has also led us to accelerate our ongoing operational improvement programs, with tangible results in terms of efficiency gains. This allows us to consolidate our strong belief that we will emerge stronger from this historic phase.

Finally, I would like to thank all our employees, who have shown great dedication to the company throughout this difficult period, and who have multiplied their efforts both during the contraction in the first half of the year and during the recovery in the second. We can truly say that the team spirit is one of the peculiar and winning features of Marzocchi Pompe, which makes us look at the future with even more optimism".

MAIN CONSOLIDATED FINANCIAL RESULTS AS AT 31 DECEMBER 2020

The economic results of the 2020 financial year were hit by the effects of the Covid-19 pandemic, which in terms of production revenues generated a 10.3% decrease compared to the previous year, in response to which the Group implemented adequate measures to contain costs, which in Italy took the form of the use of social shock absorbers represented by the "CIG Covid", used for 33,644 hours largely concentrated in March and April 2020, while in the United States it took the form of recognition of incentives.

No recourse was made to any of the extraordinary supporting measures provided for by the legislator to help companies in distress such as:

- suspension of the depreciation of assets (Article 60 of Law 126/2020);
- the revaluation of corporate assets and equity investments (Article 110 of Law 126/2020).

No events or situations arose in 2020 such as to highlight the presence of non-recurring costs and revenues; however, due to the lockdowns that took place first in China, then in Europe and finally in the US, which in fact constituted a force majeure case, the contractual take-or-pay clause protecting the automotive turnover of the main customer could not be applied; the negative effects of this situation amounted to € 579,000, which the Group was unable to charge to the customer, as it did in the previous year; for this reason, it was necessary to normalise the results of the application of this clause in 2019 for a like-for-like comparison.

TABELLA DI SINTESI DEI PRINCIPALI DATI ECONOMICO-FINANZIARI CONSOLIDATI

€ Millons	31 December 2020	31 December 2019
Sales Revenue[1]	34.1	39.2
Production Value [1]	34.7	38.4
EBITDA [1]	4.1	5.4
EBITDA Margin	*12.2%*	*14.4%*
EBIT [1]	-1.1	0.06
Earnings before Tax	-1.6	0.03
Net profit	0.23	0.20

€ Millions	31 December 2020	31 December 2019
Net Invested Capital	27.7	31.2
Net Equity	18.4	18.7
Net Financial Position	(9.3)	(12.5)

[1] Net of the extraordinary "take-or-pay" contribution invoiced for the clause relating to the failure to reach the minimum quantities envisaged in the contract with the main automotive customer, amounting to €0.8 million in financial year 2019; net of non-recurring expenses and income: in financial year 2019, adjustment of the item other revenues by €106 thousand for charges to customers for contributions to product development.

Sales Revenue at 31 December 2020 amounted to €34.1 million, down 12.8% compared to the 2019 figure of €39.2 million (net of the extraordinary "take-or-pay" contribution of €0.8 million invoiced for the clause relating to the failure to reach the minimum quantities provided for in the contract with the main *automotive* customer). This contribution in 2020 would have been €0.6 million, but was not charged due to national lockdowns, which constituted a force majeure.

The results for the **second half of 2020** saw **strong revenue growth** (**+19.1%** compared to the first half), repositioning the company at pre-Covid levels. In detail, second half revenues reached €18.5 million vs €15.6 million in the first half of the year.

The breakdown of turnover by **business line** is shown in the table below:

Eur 000	31-Dec-20		31-Dec-19	
Sales Network	11,833	34.7%	13,287	33.9%
Automotive	10,200	29.9%	9,752	24.9%
Industrial	7,396	21.7%	9,633	24.6%
Mobile	4,719	13.8%	6,499	16.6%
Total Sales Revenue	**34,148**	**100.0%**	**39,171**	**100.0%**
Of which				
Core business	**23,948**	70.1%	**29,419**	75.1%
Automotive	**10,200**	29.9%	**9,752**	24.9%

In 2020, **the *Automotive* business grew by 4.6%** on the previous year thanks to a strong recovery in the second half of the year of +56% compared to the first half of 2020 and +39.7% compared to the second half of 2019 (pre-Covid). Revenues from the *Core business* also made a significant contribution, however, with second half 2020 at +6.4% compared to the first half.

The breakdown of **revenues by geographic area** is shown in the table below and highlights a geographical diversification that reflects the recovery of the American and, albeit less marked, Asian markets and the persistent difficulties in Europe.

The **export share** reached 77.5% in 2020, up from 75.1% in 2019.

Eur 000	31-Dec-20		31-Dec-19	
AMERICA	13,366	39.1%	14,207	36.3%
EUROPE	8,091	23.7%	9,938	25.4%
ITALY	7,667	22.5%	9,747	24.9%
ASIA	4,846	14.2%	5,136	13.1%
AFRICA	136	0.4%	90	0.2%
OCEANIA	43	0.1%	54	0.1%
Total Sales Revenue	**34,148**	**100.0%**	**39,172**	**100.0%**

EBITDA stood at €4.1 million compared to approximately €5.4 million at the end of 2019 (adjusted for the take or pay contribution of €0.8 million), corresponding to an EBITDA margin of 12.2% (vs. 14.4% at the end of fiscal year 2019).

In the second half of the year, EBITDA leapt to €2.9 million, from €1.2 million in the first half, recording a growth of +127.6%, **with an EBITDA margin of 16.1%** close to Marzocchi Pompe's all-time highs, and up sharply from 7.6% in the first half.

EBIT is negative for €1.1 million vs. a positive result of €0.06 million at the end of 2019, also showing a marked difference between the two half-years of the year with the first one in loss for €0.9 million and the second one for only €0.2 million. It should be noted that the Company did not make use of the option to suspend ordinary depreciation and amortisation for the year 2020.

Net Income for the year 2020 was €0.23 million, essentially in line with the previous year (€0.2 million at the end of 2019)**.**

Net Fixed Assets at 31 December 2020 amounted to €22.4 million, vs €26.1 million at the end of 2019, due to new investments in tangible and intangible assets of €1.5 million and the recognition of €5.2 million in depreciation and amortisation and impairment of financial assets (€0.02 million).

Investments amounted to close to €1.6 million, corresponding to 5% of turnover: **despite a particularly complex year such as 2020, the Group continued with its development plans**.

Net Working Capital at December 31, 2020 amounted to €6.9 million, essentially unchanged from €6.8 million at the end of 2019, testifying to the great ability to control commercial and procurement management. Marzocchi was not affected by component shortages, nor did it suffer any lengthening of customer payment terms.

Equity at the end of 2020 amounted to €18.4 million, down slightly from €18.7 million at the end of 2019, due to the payment of the 2019 dividend (€392,325).

The strong sales recovery in in the second half of the year also had positive effects on the **Net Financial Position**, which fell to €9.3 million, down 17% compared to the first half of the year (€11.2 million) and 26.2% compared to 2019 (€12.5 million), demonstrating the Group's proven equity and financial solidity, as well as its great ability to generate cash flow even in a particularly challenging year such as 2020.

The Group leader **Marzocchi Pompe S.p.A.** closes the year to 31 December 2020 with a loss of € 51,000, down from € 242,257 at 31 December 2019, which the Board of Directors proposes to cover through the use of the extraordinary reserve.

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MAIN SIGNIFICANT EVENTS DURING THE 2020 FINANCIAL YEAR

With reference to the **COVID-19 pandemic**, the Company **did not have any significant impact until 22 March**, as both plants were working at full capacity until then, although they applied a series of prudent health safety behaviours aimed at preventing and containing the spread of the contagion, in line with government and regional regulations. After the issuance of the Prime Ministerial Decree that foresaw a considerable reduction in the country's production activities, **Marzocchi Pompe stopped production for three weeks**, since the products manufactured did not fall, if not in a very marginal way, among those of the Manufacturers' supply chains that could continue their activities. Even the foreign offices suffered significant limitations during that period, as they could only operate remotely for a long time.

The restart of the production was therefore ahead of what happened at national level, at the explicit request of many Marzocchi Pompe customers belonging to the so-called essential categories. However, we immediately noticed a slowdown in the order intake, as a logical consequence of the high degree of uncertainty that characterized the many markets where the Company operates. In spite of the particularly difficult period, however, **the high know-how attributed to Marzocchi Pompe continued to produce numerous requests for quotations**, thus multiplying the opportunities of technical cooperation, which are essential to obtain new orders. In fact, many customers, in a period of great uncertainty, focused on technological innovation, even more than in the past, to reinvigorate a weak demand.

This was demonstrated by the **award obtained by one of the world's leading heavy automotive manufacturers for the supply of an Elika pump**, which will go into production in three years' time, as part of a process of electrification of their models.

In this exceptional and critical world economic situation, Marzocchi Pompe has promptly reacted, **adopting all the appropriate measures to contain indirect costs**, also by resorting to the social shock absorbers provided by the Legislator, obviously safeguarding the high technical, quality and production standards characterizing the company.

The last few months of the year saw a significant recovery in order intake, both for the core business and especially for *automotive* customers. The Company, thanks to its usual flexibility, was able to react promptly, seizing the opportunities that were arising. This enabled the company to close the second half of the year in sharp contrast to the first, both in terms of revenues (+19%) and *EBITDA margin* (16.1% vs. 7.9%), bringing it back close to its all-time highs, demonstrating how the company, despite the difficult conditions, has continued decisively to improve its operating efficiency.

In November 2020, the set-up of the Chinese company "Marzocchi Symbridge Hydraulic (Shangai) Co. Ltd" took place, in *joint-venture* with a local partner, historical Distributor, with the aim of increasing commercial penetration in China, with particular emphasis on reference to *core business* products. This is also an important sign of continuity of the strategy that Marzocchi Pompe had set for itself in the medium-long term, demonstrating that the commercial actions, as well as the development of new products, have continued unceasingly.

All this was possible thanks to the well-known **equity and financial solidity**, which was **further confirmed by the decrease in net financial debt** (-26% compared to the end of 2019), but also to the **high technical know-how attributed to the Company**, a characteristic that has continued to be **the cornerstone for business development**.

Finally, the importance of **team spirit**, a distinctive factor of the Company, which has become **even stronger and more decisive in the current difficult context**, should be emphasised**.**

Ultimately, in light of the aforementioned, it can be affirmed that **the Company's objectives of organic growth in all of its business lines remain true, even if the relative results will undergo an inevitable time extension.**

SIGNIFICANT EVENTS OCCURRING AFTER THE FINANCIAL YEAR-END

No atypical or unusual transactions requiring changes to these consolidated financial statements occurred after 31 December 2020.

FORESEEABLE EVOLUTION OF OPERATIONS

It is undeniable that **the current financial year will also be characterised by the effects of the continuing pandemic**, which is generating significant disruptions that were unimaginable even just a few months ago. At a global level, the beginning of 2021 was characterised in particular by difficulties in the supply of raw materials and semi-finished products and by significant slowdowns in the transport of goods, both by sea and by air. Fortunately, the well-established forecasting management of both components and finished products stocks allowed **Marzocchi Pompe** not to be affected by the above-mentioned problems and to **avoid the slightest interruption of its logistic and production chain.**

Another totally unexpected exogenous factor that marked the beginning of 2021 was the sudden *chip* shortage that slowed down production in the *automotive* sector globally, which seemed destined to continue at the high levels of the end of 2020. However, the car manufacturers have expressed their firm will to recover the lost volumes during the year: therefore, **Marzocchi Pompe has not substantially modified the production cadence planned for the current year**, in order to avoid sudden changes that would compromise the operating efficiency.

Despite the persistence of this climate of great uncertainty, the most varied economic sources continue to indicate that the recovery already shown at the end of last year is destined to continue and to consolidate. The strong emphasis being placed worldwide on the **vaccination campaign**, which is already well under way in some countries and is currently a political priority in Italy and on the Old Continent, **will undoubtedly give the economic system a further boost of confidence**, **resulting in rapid recovery in consumption** from which the manufacturing industry will also benefit. This development seems quite realistic if we consider what is already happening in Asia.

In addition to all this, there will be the effects on the real economy related to the **massive public investment programmes** (European and American), mostly aimed at technological renewal and environmental sustainability. These are two sectors where the applications in which Marzocchi Pompe products have been used more and more over the years are of great importance. This allows to justify a **concrete optimism**, which is already **based on an order intake of the *core business* that in the first months of 2021 was higher than in the same period of 2020** before the beginning of the pandemic effects..

After all, **the trade associations are almost unanimous in indicating that companies expect revenues to return to pre-Covid levels by 2022**. Marzocchi Pompe has historically *outperformed* its industry and therefore, also in light of the data for the second half of 2020 and the indications for the beginning of 2021, it is reasonable to think that we can anticipate this important goal.

Although obviously in a context that requires great caution in making choices, especially in implementing investments, **the proven equity and financial soundness of the Company guarantees the financial autonomy to be able to pursue with determination the operational choices and the implementation of business development strategies**.

The founding pillars on which **Marzocchi Pompe** is based, **product and process *know-how*, customer care and commercial penetration, team spirit and cohesion**, will play even more than in the past a **decisive role in order to seize the many opportunities** that are arising in a lively but hectic market, where the characteristics of competence and flexibility typical of the Company are increasingly winning factors.

EXPECTATIONS FOR THE THREE-YEAR PERIOD 2021 - 2023

As **the Group's strategies and growth potential have not been compromised by the Covid-19 pandemic, but only shifted by 12-18 months, the following is expected for the three-year period 2021 - 2023:**

- **Significant development of Turnover with a CAGR of 6-8% to 2023, resulting from organic growth, consistent with the strategic guidelines indicated in the IPO**
- **Return to excellent levels of profitability, with an EBITDA margin of around 17-18%**
- **Achievement of an optimal level of financial leverage (Total Debt/EBITDA 1-1.5x) and preservation of a debt ratio below 50% of Shareholders' Equity**
- **Confirmation of the dividend policy already adopted in 2019.**

Sales growth will be driven by the flagship product Elika and the consolidation of the excellent growth in the US and China markets already recorded in the last months of 2020 and early 2021, which also benefits from the excellent reputation of the Marzocchi brand at international level.

The growth path of Marzocchi Pompe does not envisage any extraordinary financial operations, except for the opportunistic evaluation of the opportunities that may arise, also considering the high dynamism of the components sector on the global market.

PROPOSAL TO THE SHAREHOLDERS' MEETING TO AUTHORISE THE BOARD TO BUY AND SELL TREASURY SHARES

The Board of Directors will propose to the Shareholders' Meeting the authorisation to carry out purchase and sale transactions, on one or more occasions, of treasury shares, in strict compliance with the provisions pursuant to applicable EU and national legislation, including Regulation (EU) 596/2014 (the "MAR Regulation") and Delegated Regulation (EU) 1052/2016 (the "Delegated Regulation") as well as, to the extent applicable, D. Legislative Decree 58/98 (the "TUF") and the Consob Regulation adopted by resolution no. 11971 of 14 May 1999 (the "Issuers' Regulation"), for the following purposes:

(i) to carry out, through legally authorised intermediaries, transactions aimed at supporting the liquidity of the Company's shares and/or for the purpose of stabilising the value of the same, with a view to favouring regular trading and prices and avoiding price movements that are not in line with market trends;

(ii) to set up a securities warehouse to sell, dispose of and/or use treasury shares, in accordance with the strategic guidelines that the Company intends to pursue or as part of extraordinary transactions including, by way of example and not limited thereto, exchanges, swaps, contributions or to service capital transactions or other corporate and/or financial transactions and/or other transactions of an extraordinary nature such as, by way of example and not limited thereto, acquisitions, mergers, spin-offs, convertible bond issues, bonds, warrants, etc;

(iii) to operate on the market with a view to medium- and long-term investment, including for the purpose of establishing long-term shareholdings or as part of transactions connected with current operations, or to reduce the average cost of the Company's capital or in any case to seize opportunities to maximise the value of the share that may arise from market trends;

(iiii) purchase treasury shares from the beneficiaries of any stock option and/or stock grant plans approved by the competent corporate bodies.

SHAREHOLDERS' MEETING AND DIVIDEND PROPOSAL

The Shareholders' Meeting has been scheduled for 30 April 2021 at 11.00 a.m. (and, if necessary, for 3 May 2021 at 11.00 a.m. on second call).

Today's Board of Directors also resolved that the **proposal to distribute an ordinary dividend of €0.06 per ordinary share**, for a total of €392,325, to be taken from the extraordinary reserve, should be assessed at the meeting.

The Company announces that the dividend will be paid, if the forthcoming Shareholders' Meeting approves its distribution, from 6 May 2021, subject to detachment of the coupon on 4 May 2021. The entitlement date for payment (record date) is set for 5 May 2021. Transactions may be carried out through authorised intermediaries.

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DOCUMENTATION FILING

A copy of the annual report as at 31 December 2020, including the auditors' report, will be made available to the public within the terms of the law at the company's registered office in Bologna, as well as through publication on the institutional website https://www.marzocchipompe.com/it/bilanci-e-relazioni-periodiche-marzocchi-pompe and on the authorised storage mechanism www.1info.it managed by Computershare S.p.A.

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Marzocchi Pompe S.p.A.

Marzocchi Pompe is a leading company in the design, production and marketing of high performance gear pumps and motors, which are used in various fields: industrial, mobile and automotive. It closed 2020 with approximately € 34.1 million in sales revenue. Founded in 1949, it is controlled by the Marzocchi family, which holds the majority of shares and is present in the company with Paolo Marzocchi, President, and his son Carlo, in the Technical Area. The CEO Gabriele Bonfiglioli and four other managers are also part of the shareholding structure. The production is entirely made in Italy in the two sites of Casalecchio di Reno (BO) and Zola Predosa (BO). Marzocchi Pompe is present in over 50 countries through an international distribution network.

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The following are the main financial statements of Marzocchi Pompe S.p.A. relating to the six-month period ended 31 December 2019 compared with the corresponding comparative amounts (amounts in €/000), and specifically:
- income statement;
- balance sheet;
- cash flow statement.

Memo. The figures for the 2020 financial year have been audited by PricewaterhouseCoopers S.p.A.

ANNEXES

CONSOLIDATED INCOME STATEMENT

(National accounting standards + IFRS 16 leasing)

Eur 000	31-Dec-20		31-Dec-19	
SALES REVENUEE	**34.143**	**100%**	**39.171**	**100%**
WIP changes	(307)		(1.433)	
Revenue from production and sales	**33.836**		**37.738**	
Other revenue	916		672	
PRODUCTION VALUE	**34.752**		**38.410**	
Raw materials consumption	(7.931)	(23,4%)	(8.350)	(22,1%)
Service costs	(9.621)	(28,4%)	(10.675)	(28,3%)
Costs for use of third-party goods	(307)	(0,9%)	(336)	(0,9%)
Various operating costs	(378)	(1,1%)	(334)	(0,9%)
VALUE ADDED	**16.516**	**48,81%**	**18.715**	**49,59%**
Staff costs	(12.387)	(36,6%)	(13.294)	(35,2%)
EBITDA	**4.129**	**12,20%**	**5.422**	**14,37%**
Depreciation, amortisations and write-downs	(5.229)	(15,5%)	(5.361)	(14,2%)
OPERATING PROFIT (EBIT)	**(1.100)**	**(3,3%)**	**60**	**0,16%**
Non-recurring income and charges	*0*	*0,00%*	*677*	*1,79%*
Financial income and charges	(510)	(1,5%)	(669)	(1,8%)
Financial value adjustments	(24)	(0,1%)	(104)	(0,3%)
EARNINGS BEFORE TAX	**(1.634)**	**(4,8%)**	**(36)**	**(0,1%)**
Income tax for the year	1.863	5,51%	239	0,63%
NET INCOME	**229**	**0,68%**	**203**	**0,54%**

[1] Net of the extraordinary "take-or-pay" contribution invoiced for the clause relating to the failure to reach the minimum quantities envisaged in the contract with the main automotive customer, amounting to €0.8 million in financial year 2019; net of non-recurring income and expenses: in financial year 2019, adjustment of the item other revenues by €106 thousand for charges to customers for contributions to product development.

MARZOCCHIPOMPE
HIGH PRESSURE GEAR PUMPS

CONSOLIDATED BALANCE SHEET

(National accounting standards + IFRS 16 leasing)

Eur 000	31-Dec-20	31-Dec-19
A) NET FIXED ASSETS	**22.426**	**26.105**
Intangible fixed assets	1.502	1.405
Tangible fixed assets	19.712	23.465
Financial fixed assets	1.212	1.236
B) NET WORKING CAPITAL	**6.901**	**6.787**
Inventories	7.673	8.119
Advances from customers	(17)	(23)
Trade receivables	6.365	7.868
Other receivables	2.299	1.363
Trade payables	(4.858)	(4.555)
Other payables	(2.494)	(2.929)
Provisions for risks and charges	(1.526)	(2.770)
Other assets/liabilities	(542)	(285)
C) GROSS INVESTED CAPITAL	**29.327**	**32.893**
D) EMPLOYEE SEVERANCE PAY	**(1.631)**	**(1.681)**
E) NET INVESTED CAPITAL	**27.696**	**31.212**
Covered by		
F) EQUITY	**(18.444)**	**(18.676)**
G) NET FINANCIAL POSITION	**(9.252)**	**(12.535)**
Medium/long-term financial payables	(11.705)	(11.898)
Short-term financial payables	(5.191)	(5.361)
Cash and cash equivalents	7.644	4.723
H) TOTAL HEDGES	**(27.696)**	**(31.212)**

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CONSOLIDATED CASH FLOW STATEMENT

(National accounting standards + IFRS 16 leasing)

	2020	2019
	€/000	€/000
Operating profit [EBIT]	**(1.100)**	**1.012**
Tax effect	1.863	239
Change in funds	(1.295)	153
Provisions and write-downs	5.229	5.361
Income cash flow	**4.697**	**6.765**
Changes in working capital		
Inventories	446	1.192
Trade receivables	1.497	(1.627)
Other receivables	(936)	(38)
Trade payables	303	(1.451)
Other payables	(179)	(915)
Changes in working capital	1.131	(2.840)
Operating cash flow *(Free cash flow)*	**5.829**	**3.926**
Net tangible & intangible investments	(1.574)	(3.789)
Change other fixed assets	24	105
Financial value adjustments	(24)	(104)
Cash flow from investing activity	(1.574)	(3.789)
Financial charges/income	(510)	(944)
Share capital increases (/decreases)	0	8.002
Other Equity changes	(461)	(513)
Cash flof from financial activities	(971)	6.545
Net cash flow	**3.283**	**6.682**
Start-of-period cash or (exposure)	(12.535)	(19.217)
End-of-period cash or (exposure)	(9.252)	(12.535)
Net cash increase (decrease)	**3.283**	**6.682**

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HIGH PRESSURE GEAR PUMPS

NET CONSOLIDATED FINANCIAL POSITION

(National accounting standards + IFRS 16 leasing)

Eur 000	31-Dec-20	31-Dec-19
Liquidity	7.644	4.723
Financial receivables from shareholders for payments still due	0	0
Currenti financial assets	0	0
Current financial receivables	0	0
Short-term bank debt	(2.237)	(2.179)
Short-term bank debt from LBOs	(1.182)	(1.172)
Short-term payables to leasing companies	(1.773)	(2.009)
Short-term payables to others	0	0
Current financial debt	(5.191)	(5.361)
Net current financial debt	**2.453**	**(637)**
Payables to banks	(6.621)	(4.659)
Due to banks from LBO	(3.466)	(4.648)
Payables to leasing companies	(1.618)	(2.591)
Payables to others	0	0
Non-current financial debt	**(11.705)**	**(11.898)**
NET FINANCIAL POSITION	**(9.252)**	**(12.535)**
% Change previous year	-26,19%	-34,77%