

PRESS RELEASE

MARZOCCHI POMPE: APPROVED THE HALF-YEAR REPORT AS OF JUNE 30, 2024

**REVENUES AND OPERATING MARGINS HELD WELL IN A VERY CHALLENGING
MARKET SCENARIO AT A WORLDWIDE LEVEL**

**FURTHER INVESTMENTS IN THE PRODUCTION AND LOGISTICS AREA
TO CONTINUE WITH THE EFFICIENCY IMPROVEMENT PLAN**

- **NET REVENUES: € 26.6 million, -17.3% vs. € 26.6 million as of June 30, 2023**
- **CORE BUSINESS¹ SALES: € 18.5 million, -13.1% vs. 1H 2023**
- **AUTOMOTIVE SALES: € 3.5 million, -34.3% vs. 1H 2023**
- **EBITDA: € 3.23 million, -34.8% vs. € 4.95 million as of June 30, 2023**
- **EBITDA Margin²: 14.6% vs. 18.4% in H1 2023**
- **NET PROFIT: € 1.3 million, -37.6% vs. € 2.1 million as of June 30, 2023**
- **NET FINANCIAL DEBT: € 7.0 million, +31% vs. € 5.3 million at end-2023 and down 15% year-on-year (€ 8.3 million at end-June 2023)**
- **NET EQUITY: € 22.96 million, unchanged vs. € 22.9 million at 31/12/2023**

Bologna, 27 September 2024 – The Board of Directors of **Marzocchi Pompe S.p.A. (EGM: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 consolidated half-year financial report as at 30 June 2024, subject to limited audit by PricewaterhouseCoopers S.p.A..

Gabriele Bonfiglioli, CEO of Marzocchi Pompe, commented: *“We can be satisfied with the results achieved in the first half of 2024, as they reflect the resilience and solidity of Marzocchi Pompe in an extremely challenging market environment. Volumes and margins have shown excellent hold, demonstrating once again our capability to adapt and react even in the most difficult conditions. The strategic actions undertaken, especially the investments to streamline our production and logistics processes, will put us in an even better position than in the past to face the challenges ahead. We are convinced that the relentless efforts we are continuing to make at the commercial*

¹ I Ricavi del Core Business (pompe idrauliche ad ingranaggi esterni ad elevate prestazioni per diversi settori industriali) si ottengono detraendo dai Ricavi delle Vendite totali quelli del mercato Automotive

² EBITDA Margin calcolato sui Ricavi da produzione e vendita, definiti come somma algebrica dei ricavi di vendita e della variazione (positiva o negativa) dei prodotti in corso di lavorazione e prodotti finiti

level, combined with further new product launches, will enable us to resume growth in the medium term.”

MAIN ECONOMIC AND FINANCIAL RESULTS AS OF JUNE 30 2024

It should be noted that for both the first half of 2024 and the first half of 2023 there were no events and situations such as to highlight the presence of non-recurring costs and revenues.

The half-year results testify to the great resilience of Marzocchi Pompe, which, despite the difficult global economic situation, is maintaining its leadership position in the industry.

Summary of Half-Year Results

| € Millions | 30 June 2024 | 30 June 2023 | Change % |
|----------------------------|--------------|------------------|----------|
| Sales Revenue | 22.0 | 26.6 | -17.3% |
| Production Value | 22.5 | 27.5 | -18.2% |
| EBITDA | 3.23 | 4.95 | -34.8% |
| EBITDA Margin ¹ | 14.6% | 18.4% | |
| EBIT | 1.8 | 3.1 | -42.2% |
| EBIT Adjusted ² | 1.9 | 3.4 | -43.3% |
| Earnings before Tax | 1.4 | 2.7 | -48.1% |
| Net Profit | 1.3 | 2.1 | -37.6% |
| € Millions | 30 June 2024 | 31 December 2023 | |
| Net Invested Capital | 35.4 | 31.3 | +13.1% |
| Net Equity | 22.96 | 22.93 | - |
| Net Financial Position | (7.0) | (5.3) | +31.1% |

¹ Calculated on sales revenue (A1) including change in work in progress and finished goods (A2)

² Net of revaluation amortisation resulting from the merger from LBO executed in 2018 for the acquisition of the majority shareholding by Paolo Marzocchi through Abbey Road

The current worldwide market contraction could not fail to have an effect on Marzocchi Pompe revenues as well, which had posted record values in the last two years.

Net Revenues as at 30 June 2024 stood at **€ 22.0 million**, down 17.3% from € 26.6 million as at 30 June 2023: an expected decline in line with the industry trend.

Consolidated sales for the first half of 2024 were affected by a **general slowdown in the European and American industry**, particularly in the **Automotive** sector, which recorded a drop of 34.3%, from € 5.3 million in H1 2023 to € 3.5 million in H1 2024. It should be noted, however, that this decrease is partially related to the life cycle of some end-applications: in recent years Marzocchi has acquired **new contracts that will develop over a longer time horizon**.

On the other hand, the drop in **Core Business** revenues, down 13.0% compared to the first half of 2023, is considered only temporary, as shown by the comparison with the second half of 2023, up +1.2%.

Breakdown of revenues by Sales Channel

| Eur 000 | 30-Jun-24 | | 30-Jun-23 | | Change % |
|----------------------------|---------------|---------------|---------------|---------------|---------------|
| Sales Network | 7,694 | 34.9% | 9,790 | 36.8% | -21.4% |
| Automotive | 3,535 | 16.1% | 5,382 | 20.2% | -34.6% |
| Industrial | 6,105 | 27.7% | 6,116 | 23.0% | -0.2% |
| Mobile | 4,683 | 21.3% | 5,338 | 20.0% | -12.3% |
| Total Sales revenue | 22,017 | 100.0% | 26,626 | 100.0% | -17.3% |
| <i>Of which</i> | | | | | |
| Core Business | 18,482 | 83.9% | 21,245 | 79.8% | -13.0% |
| Automotive | 3,535 | 16.1% | 5,382 | 20.2% | -34.3% |

At the geographic area level, there was an increase in the weight of the European market (excluding Italy), at 29% of total revenues (from 23.5% in H1 2023), against a slight decrease in the domestic market (to 29%, from 30.9%). **America confirmed itself as Marzocchi largest market** with 32% of revenues, albeit down from 36% in H1 2023 mainly due to the slowdown in the automotive industry.

The **export share stood at 71%**, unchanged from the whole of 2023 (71.6%).

EBITDA was € 3.23 million, down 34.8% vs. € 4.95 million in H1 2023.

The **EBITDA margin**, at 14.64% vs. 18.39% in H1 2023, was broadly in line with that of 2022 (15.22%), demonstrating the effectiveness of the **actions aimed at recovering margins** implemented this past year, which are continuing with unchanged vigor.

EBIT amounted to **€ 1.8 million**, -42% vs. € 3.1 million as at 30 June 2023. **Adjusted EBIT**, calculated net of revaluation amortisation resulting from the merger transaction from LBO performed in 2018 amounting to € 0.13 million in the half-year, decreased to **€ 1.9 million**, -43% vs. € 3.4 million at H1 2023.

The first half of 2024 closed with a **Net Profit** of **€ 1.3 million**, -37.6% compared to € 2.1 million as at 30 June 2023.

Capital expenditure amounted to **€ 2.1 million**, or 10% of sales, up from € 1.3 million (or 5% of sales) in the first half of 2023. Investments were mainly aimed at **expanding production space at the Zola Predosa site**, as part of the property rationalisation plan underway, aimed at significantly improving production and logistics efficiency.

Shareholders' Equity stood at **€ 22.96 million** in the first half of 2024, unchanged vs. € 22.93 million at the end of 2023, net of the payment of the 2023 dividend in May of this year (€ 1.3 million +30% year-on-year, **with a dividend yield of over 5%**).

Evolution of Shareholders' Equity

| Eur 000 | 30-Jun-2024 | 31-Dec-2023 |
|-----------------------------------|---------------|---------------|
| Share Capital | 6,539 | 6,539 |
| Share Premium reserve | 6,463 | 6,463 |
| Revaluation reserve | 1,867 | 1,867 |
| Legal reserve | 1,308 | 1,159 |
| Other reserves | 5,689 | 4,051 |
| Flow hedging transactions reserve | 6 | 42 |
| Profit/(loss) for the periods | 1,313 | 3,006 |
| Negative reserve treasury stock | (225) | (195) |
| Total Shareholders' Equity | 22,960 | 22,932 |

Net Financial Debt (calculated also including three- and six-month time deposits) rose to € 7.0 million, up 31% compared to 31 December 2023 (€ 5.3 million) due to various factors: investments for the expansion of the Zola Predosa site, the growth in working capital, as the reduction in orders for long-term purchase components will take place in the second half of the year, and the dividend payment.

The results of the first semester confirm the **proven equity and financial solidity, as well as the validity of Marzocchi Pompe development strategy** in a very challenging competitive scenario. The Group continues to invest both to improve efficiency and to fully seize all the growth opportunities that will arise at the restart of the market.

SIGNIFICANT EVENTS IN THE FIRST HALF OF 2024

In **January**, Marzocchi Pompe adopted the 'Organisation, Management and Control Model' prepared in accordance with Legislative Decree No. 231/2001, the so-called '**Model 231**', together with a new version of the Code of Ethics, giving further impetus to the promotion of an **ethical and regulatory-compliant corporate culture** in the interest of all its stakeholders.

In the first half of 2024, **work continued on optimizing logistics and production in Zola Predosa**. After the expansion of the factory and the transfer of the shipping warehouse from the Casalecchio site, in **February a new 2,500 square meter facility was purchased, 1,000 of which are covered**, which will make it possible to unite the entire component warehouse in a single pole, further streamlining the operations of the production departments. The **existing photovoltaic system will also be extended**, which will have a positive impact both in terms of environmental impact and energy cost savings for the company.

In **April**, for the first time in its history, Marzocchi Pompe participated in the **Aero Expo**, at the Friedrichshafen airport exhibition center organized by **Messe Frankfurt** in Germany.

SIGNIFICANT EVENTS OCCURRING AFTER JUNE 2024

After 30 June 2024, no atypical or non-ordinary transactions took place that would require changes to these consolidated financial statements for the period.

In the second half of the year, Marzocchi Pompe plan to participate in the main trade fair events of the sector at a global level continued, exploring new business opportunities. In **September**, Marzocchi participated in the **SMM boat show**, at the Metropolis maritime exhibition center in **Hamburg**, dedicated to the marine and maritime industry.

In the **first half of the year and the following months**, the **share buy-back programme** continued. As of 27 September 2024, Marzocchi Pompe held a total of 57,250 treasury shares, representing 0.899% of the share capital.

FORESEEABLE DEVELOPMENTS IN OPERATIONS

Considering the short period of time since 30 June 2024 and also in light of the order book coverage as at the date of this press release, it is believed that the **Group will be able to meet expectations for 2024**, despite a second half of the year characterized by a further general slowdown in the world economy.

The **Group** proven **equity and financial solidity** guarantees, moreover, a large degree of financial autonomy, which allows it to continue with determination in its operational choices and in the implementation of its business development strategies; the wide diversification of the market segments in which the Group operates, some of which are still growing, put us in a position to **continue with the commercial penetration program aimed at strengthening its market leadership position**, as shown by the results achieved even in this not easy half-year period.

DOCUMENTATION STORAGE

A copy of the half-yearly financial report as at 30 June 2024, 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.

The Management of Marzocchi Pompe will present by videoconference the first half 2024 results to Italian and international investors on **02 October 2024 at 10:00 a.m. CET**.

Marzocchi Pompe presentation will be made public on the morning of the event on the Company website in the *Investor Relations - Corporate Presentations* section.

Pursuant to Article 17 of the Euronext Growth Milan Issuers' Regulations, the Company has updated the calendar of corporate events 2024 with an indication of the date on which the event will be held.

Marzocchi Pompe S.p.A.

Marzocchi Pompe is a leading company in the design, manufacturing and marketing of high performance gear pumps and motors, which find application in various fields: industrial, mobile and automotive. It closed 2023 with 49.7 million euro in sales revenue. Founded in 1949, it is controlled by the Marzocchi family, which holds the majority of shares and is represented in the company by Paolo Marzocchi, Chairman, and his son Carlo, Deputy Chairman. The shareholding structure also includes CEO Gabriele Bonfiglioli and three other managers. Production is carried out entirely in Italy at the two sites in 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 consolidated financial statements of Marzocchi Pompe S.p.A. for the half-year period ended 30 June 2023 compared with the corresponding comparative figures (amounts in Euro/000), and specifically

- profit and loss account;
- balance sheet;
- cash flow statement.

CONSOLIDATED INCOME STATEMENT

(National Accounting Standards + IAS 17)

| <i>Eur 000</i> | 30-Jun-24 | | 30-Jun-23 | |
|------------------------------------|---------------|---------------|---------------|---------------|
| Sales revenue | 22,017 | 100% | 26,626 | 100% |
| WIP changes | 58 | | 317 | |
| Other revenues | 412 | | 511 | |
| PRODUCTION VALUE | 22,487 | | 27,455 | |
| Raw material consumption | (4,998) | (22.6%) | (6,872) | (25.5%) |
| Service costs | (5,853) | (26.5%) | (7,225) | (26.8%) |
| Costs for use of third-party goods | (209) | (0.9%) | (185) | (0.7%) |
| Various operating costs | (243) | (1.1%) | (273) | (1.0%) |
| VALUE ADDED | 11,184 | 50.67% | 12,899 | 47.87% |
| Staff costs | (7,953) | (36.0%) | (7,944) | (29.5%) |
| EBITDA | 3,231 | 14.64% | 4,955 | 18.39% |
| Depreciation and amortization | (1,455) | (6.6%) | (1,881) | (7.0%) |
| Accounting for contingencies | 0 | 0.00% | 0 | 0.00% |
| OPERATING PROFIT (EBIT) | 1,776 | 8.05% | 3,074 | 11.41% |
| Financial income and changes | (337) | (1.5%) | (359) | (1.3%) |
| Financial value adjustments | (18) | (0.1%) | (27) | (0.1%) |
| EARNINGS BEFORE TAX | 1,422 | 6.44% | 2,688 | 9.98% |
| Income tax of the year | (108) | (0.5%) | (585) | (2.2%) |
| NET INCOME | 1,313 | 5.95% | 2,104 | 7.81% |

CONSOLIDATED BALANCE SHEET

(National Accounting Standards + IAS 17)

| <i>Eur 000</i> | 30-Jun-24 | 31-Jun-23 |
|--------------------------------------|-----------------|-----------------|
| A) NET FIXED ASSETS | 17,218 | 16,837 |
| Intangible fixed assets | 705 | 852 |
| Tangible fixed assets | 15,733 | 15,156 |
| Financial fixed assets | 780 | 828 |
| B) NET WORKING CAPITAL | 19,429 | 15,725 |
| Inventories | 12,431 | 12,794 |
| Assets intended for sale | 0 | 0 |
| Advances from customers | (42) | (65) |
| Trade receivables | 8,837 | 7,376 |
| Other receivables | 7,381 | 5,332 |
| Trade payables | (4,678) | (5,791) |
| Other payables | (3,764) | (3,169) |
| Provisions for risks and charges | (1,035) | (1,014) |
| Other assets/liabilities | 299 | 261 |
| C) GROSS INVESTED CAPITAL | 36,647 | 32,562 |
| D) EMPLOYEE SEVERANCE PAY | (1,204) | (1,287) |
| E) NET INVESTED CAPITAL | 35,443 | 31,275 |
| Covered by | | |
| F) NET EQUITY | (22,960) | (22,932) |
| G) NET FINANCIAL POSITION (*) | (12,483) | (8,343) |
| Medium/long-term financial payables | (12,711) | (14,321) |
| Short-term financial payables | (5,419) | (5,954) |
| Cash and cash equivalents | 5,647 | 11,932 |
| H) TOTAL HEDGES | (35,443) | (31,275) |

(*) It does not include 5,476 thousand bank deposits with restricted savings, a value that increased compared to the Euro 3,000 thousand existing as of December 31, 2023.

CONSOLIDATED CASH FLOW STATEMENT

(National Accounting Standards + IAS 17)

| <i>Eur 000</i> | 30-Jun-24 | 31-Dec-23 |
|---|----------------|----------------|
| Operating profit [EBIT] | 1,776 | 4,458 |
| Tax effect | (108) | (710) |
| Change in funds | (62) | (678) |
| Provisions and write-downs | 1,455 | 3,643 |
| Income cash-flow | 3,061 | 6,713 |
| Change in working capital | | |
| Inventories | 364 | 1,214 |
| Trade receivables | (1,509) | 866 |
| Other receivables | (2,049) | (3,240) |
| Payables to suppliers | (1,113) | (880) |
| Other Payables | 558 | 273 |
| Changes in working capital | (3,749) | (1,767) |
| Operating Cash Flow (Free cash flow) | (688) | 4,946 |
| Net tangible & intangible investments | (1,861) | (3,679) |
| Change other fixed assets | 59 | 719 |
| Financial value adjustments | (18) | 69 |
| Cash Flow from Investing Activity | (1,820) | (2,891) |
| Financial charges/income | (337) | (811) |
| Share capital increases/(decreases) | 0 | 0 |
| Other equity changes | (1,285) | (1,482) |
| Cash flow from financial activities | (1,621) | (2,293) |
| Net Cash Flow | (4,129) | (238) |
| Start-of-period cash or (exposure) | (8,335) | (8,105) |
| End-of-period cash or (exposure) | (12,464) | (8,343) |
| Net cash increase (decrease) | (4,129) | (238) |