



FIRST HALF 2024 RESULTS PRESENTATION

2 October 2024

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Agenda

- ❑ Company at a Glance
- ❑ 1H 2024 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. The centralization of logistics and production in the enlarged site of Zola Predosa will allow further cost optimization while keeping product quality under control.

Main Consolidated Financials

€/000	2020	2021	2023	1H 24
Net Sales	40.538	48.513	49.746	22.017
EBITDA	7.153	7.557	8.101	3.231
EBITDA Margin *	16,4%	15,4%	16,4%	14,6%
Net Income	1.591	1.962	3.006	1.313
Net Equity	19.796	21.400	22.932	22.960
Net Financial Debt**	7.838	7.848	5.335	7.007

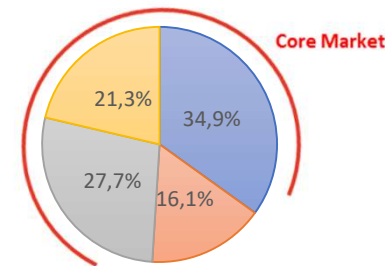
2023 KPI

- Over 1,0 million pumps produced
- More than 800 active clients
- Employees at year-end 275

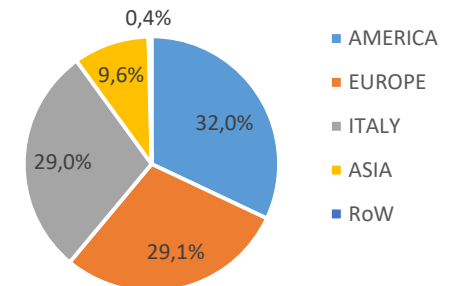
* EBITDA margin is calculated on Sales Revenue+WIP

** 1H24 NFP include €5.5m bank deposits with restricted savings (€3m in FY23)

1H 2024 Revenues by Business Line



1H 2024 Revenues by geographic area



Strategy

Marzocchi Pompe aims to continue:

- **to upgrade production and logistics** to expand its capacity and improve efficiency → centralization in Zola Predosa site is underway
- **to further invest in R&D** in order to widen product range, consolidating its leadership in the industry → i.e. launch of Elika modular
- **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 & 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
Deputy Chairman

Gabriele BONFIGLIOLI
CEO

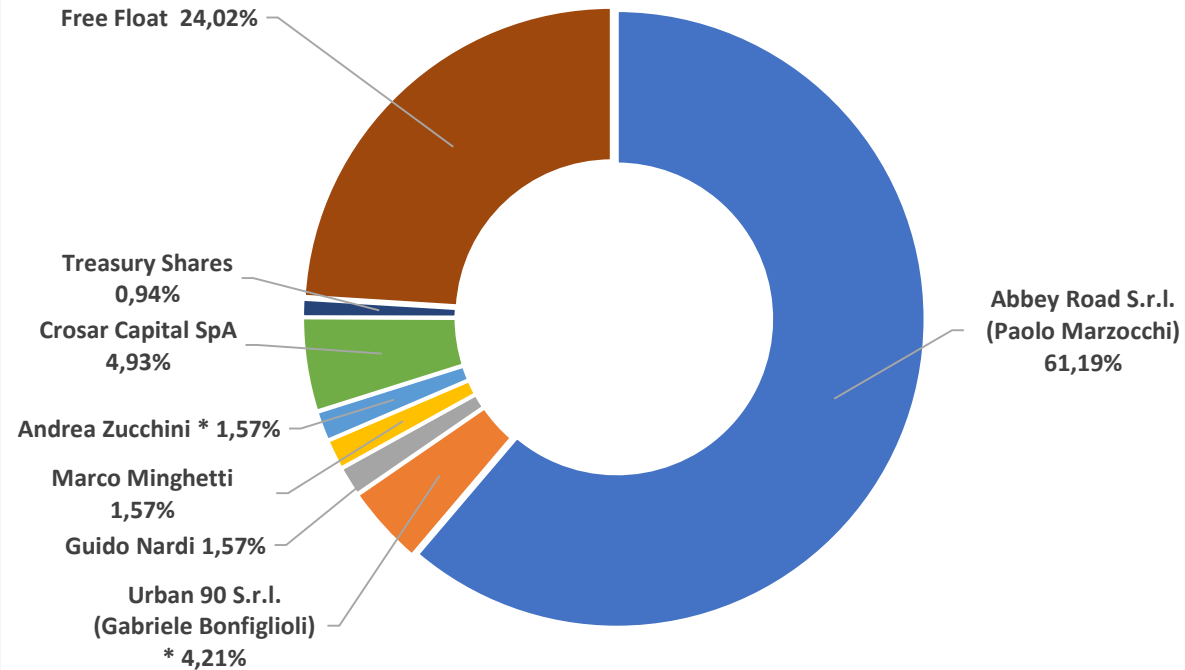
Franco ROSSI
Board Member

Valentina CAMORANI SCARPA
Board Member

Matteo TAMBURINI
Board Member

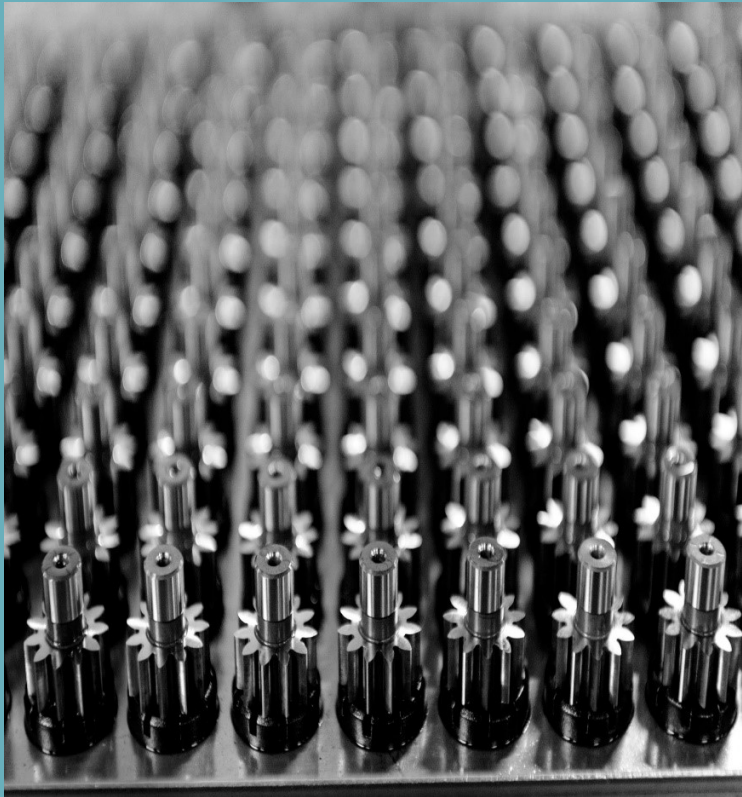
Giuseppe ZOTTOLI
Independent Board Member

SHAREHOLDERS



Note:

1. Data as at 27 September 2024
2. In July 2023 Marzocchi Pompe Key Managers - Mr Bonfiglioli and Mr Zucchini - renewed the Stability Pact until June 2026 and 2025 respectively



1H 2024 Results

1H 2024 Results: sales & margin held well in challenging markets

➤ NET SALES AT € 22.0 M, -17% ON 1H 2023, FULLY EXPECTED AND IN LINE WITH INDUSTRY TREND

- THE CORE BUSINESS SALES WERE € 18.5 M IN 1H 2024, A TEMPORARILY DECLINE OF -13% Y-O-Y, AS SHOWN BY THE +1.2% INCREASE ON 2H 2023
- THE AUTOMOTIVE SALES AT € 3.5 M, -34%, SUFFERED THE GLOBAL INDUSTRY SLOWDOWN ESPECIALLY IN THE NORTH AMERICA MARKET

➤ RESILIENT EBITDA MARGIN AT 14.6% (vs 18.4% in 1H 2023), BACK TO FY 2022 LEVEL

- MARZOCCHI WAS ABLE TO DEFEND ITS PROFITABILITY IN SUCH TOUGH TIMES THANKS TO ITS RELENTLESS EFFORTS TO IMPROVE EFFICIENCY
- THE DISTINCTIVE "MAKE" APPROACH, PRODUCT CUSTOMIZATION AND INNOVATION, TOGETHER WITH VERY EFFECTIVE COMMERCIAL ACTIONS ENABLED MARZOCCHI TO MAINTAIN ITS GRIP ON CLIENTS AND ULTIMATELY ITS MARKET LEADERSHIP

➤ NET FINANCIAL DEBT AT € 7.0 M, +31% VS. 5.3 M AT END-2023, HOWEVER DOWN 15% Y-O-Y (1H 2023)

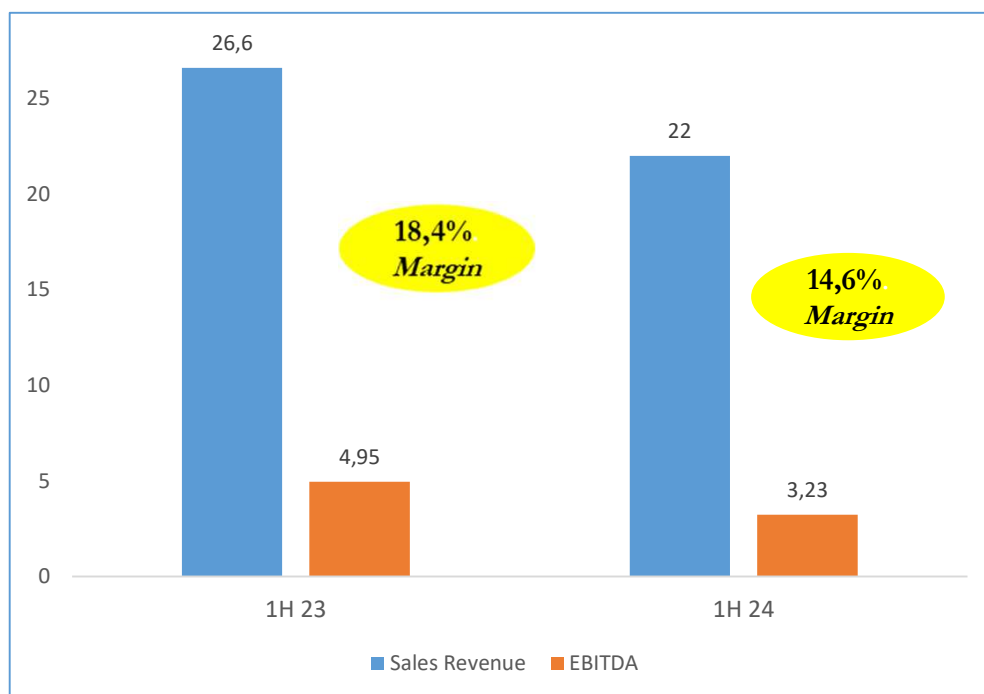
- DEBT INCREASE WAS DUE TO INVESTMENTS FOR THE EXPANSION OF THE ZOLA PREDOSA SITE, THE GROWTH IN WORKING CAPITAL, AS THE REDUCTION IN ORDERS FOR LONG-TERM PURCHASE COMPONENTS WILL TAKE PLACE IN THE SECOND HALF OF THE YEAR, AND THE DIVIDEND PAYMENT (€ 1.3 M, +30% FOR A DIVIDEND YIELD ABOVE 5%)
- MARZOCCHI BOASTS A TIGHT CONTROL ON CASH MANAGEMENT ALLOWING TO CONTINUE TO INVEST WHILE KEEPING NET DEBT UNDER CONTROL

➤ MARZOCCHI POMPE KEY STRENGTHS TO SEIZE GROWTH IN THE MID-LONG RUN

- RELENTLESS PRODUCT INNOVATION (I.E. THE "ELIKA MODULAR" THAT PUSH CUSTOMIZATION) AND STRONG COMMERCIAL EDGE (INTL TRADE FAIRS)
- OPERATING FLEXIBILITY AND CONSTANT SEARCH FOR PROCESS OPTIMIZATION, I.E. THE ENLARGED PRODUCTION AND LOGISTIC SITE IN ZOLA PREDOSA

Revenues at € 22.0 m, EBITDA margin at 14.6%

Sales Revenue and EBITDA (€m)



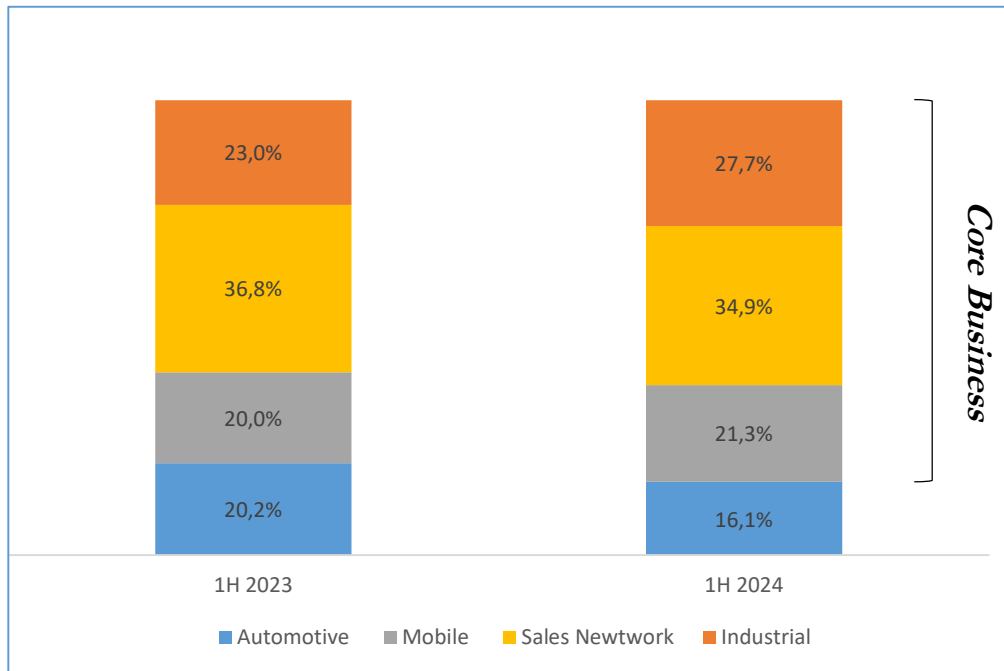
* EBITDA Margin based on Sales Revenue + WIP

Source: consolidated financial statements

- Revenues at € 22.0 million, -17% vs. 1H 2023, were inevitably affected by the global industry slowdown, after the buoyant 2023
- **Core Business** sales were € 18.5 million (-13%), a temporary slowdown as witnessed by the +1.2% increase on the 2H 2023
- **Automotive** sales fell 34% to € 3.5 million. This decrease is mainly 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
- **EBITDA** stood at € 3.2 million (-35% on 1H 2023)
- **EBITDA margin** of 14.6% **back to 2022 level**, after the exceptional 2023, demonstrates Marzocchi capability to protect margins in very challenging times thanks to relentless search for efficiency. In the medium term process optimization will be boosted by the newly enlarged productive and logistics area in Zola Predosa that will become the unique site of the Group

Core Business at 84% of revenues, America at 32%

Revenue Breakdown

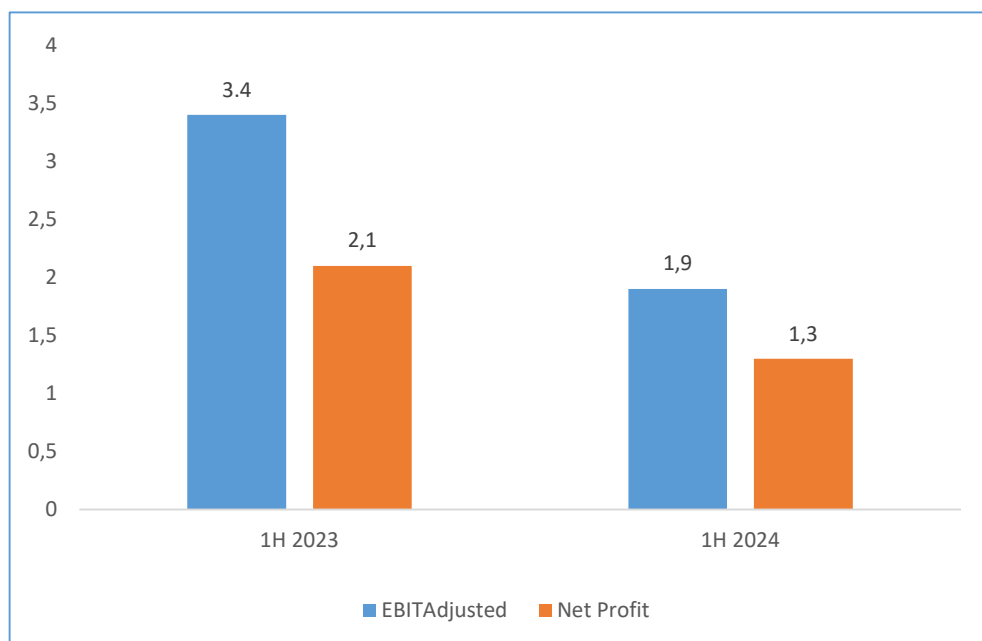


- Revenues by **Core market segments** (Sales Network, Industrial and Mobile) increased to **84% of Total Sales**, reaching € 18.5 million (-13% vs. 1H 2023), however posting a +1.2% increase on 2H 2023 which bodes well for future months
- Weight of **Automotive sales** decreased to 16% (from 20% in 1H 2023) also reflecting the life cycle of some end-applications, as in recent years Marzocchi has acquired new contracts that will develop over a longer time horizon
- **North America** remains Marzocchi main market accounting for 32% of total sales (vs. 36% in 1H 2023)

Source: consolidated financial statements

Resilient Profitability at both Operating and Net level

EBIT Adjusted and Net Result (€m)



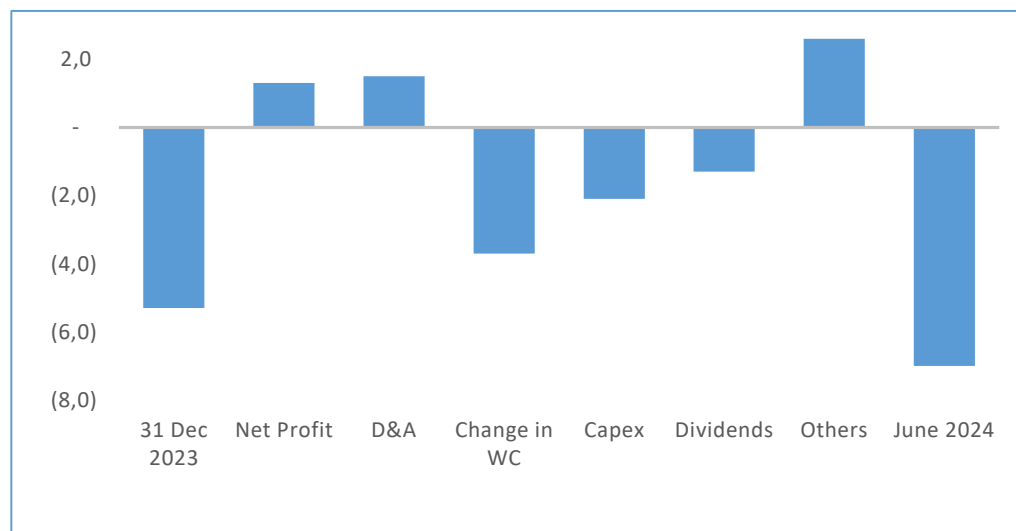
* EBIT Adjusted is Net of depreciation from revaluation resulting from the merger from LBO

Source: consolidated financial statements

- EBIT was € 1.8 million, down 42% from € 3.1 million at 30 June 2023, as a result of lower sales and margin pressure despite ongoing cost savings (i.e. new photovoltaic system)
- **Adjusted EBIT**, calculated net of revaluation depreciation and amortisation resulting from the merger from LBO, amounted to € 1.9 million in the half-year, from € 3.4 million in the first half of 2023
- **Net Profit** equalled € 1.3 million in the first semester, with a 37.6% drop vs. 2.1 million at 30 June 2023. **Marzocchi was capable to retain profitability in one the toughest industry scenario of all times**

Marzocchi strong points: Cash management and Financial solidity

Net Financial Position Evolution (€m)



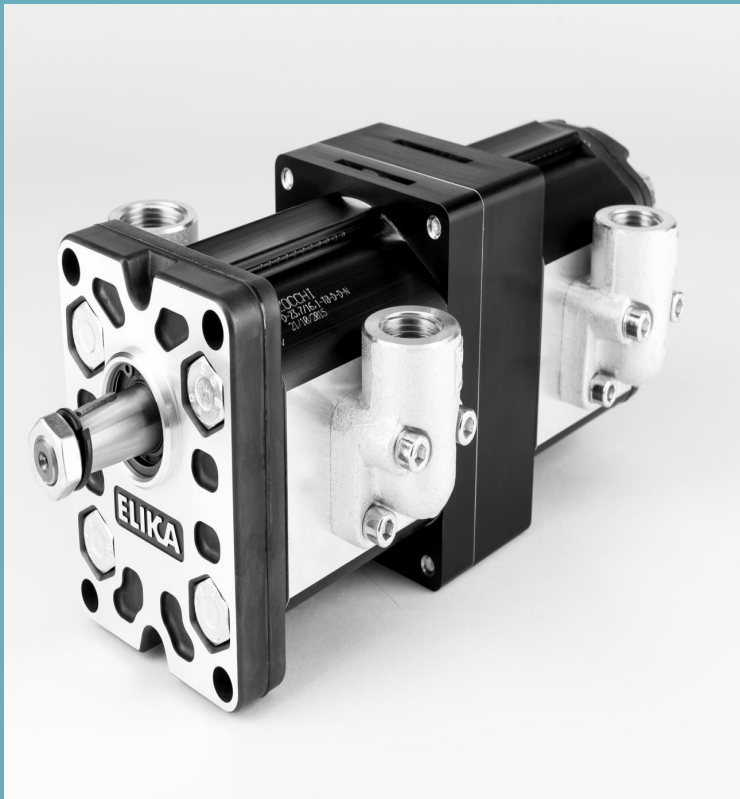
Change in Shareholders' Equity (€/000)

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

Source: consolidated financial statements

- **Net Financial Debt*** increased 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.
- **Shareholders' Equity** in the first 6 months of 2024 was unchanged vs. end-2023, to € 22.9 million, after the **dividend payment of € 1.3 million (+30%)** in May, for a **dividend yield of 5.1%**

*NFP includes three- and six-month time deposits, equalled to € 5.5 million in 1H 2024 vs. € 3.0 million in FY 2023

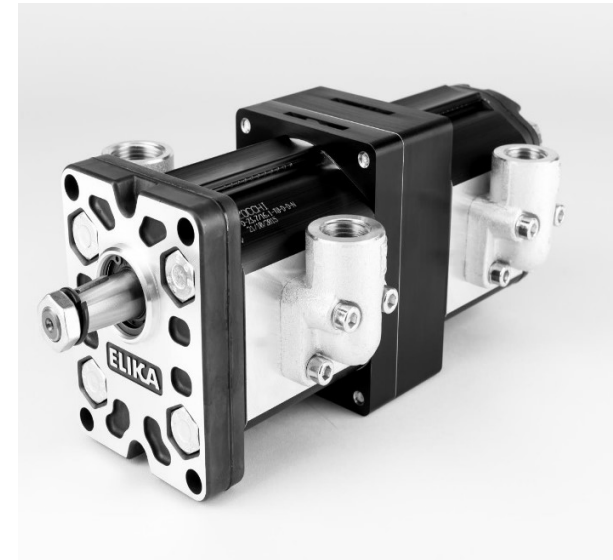


Achievements

New ELIKA “Modular” upgrades Marzocchi top-performing pump

- IN 2019 THE NEW ELIKA DEPARTMENT WAS COMPLETED THROUGH AN INVESTMENT OF MORE THAN 1 MILLION €S IN THE PRODUCTION SITE OF CASALECCHIO (BO)
- COVERED BY TWO PATENTS, ELIKA IS MARZOCCHI POMPE FLAGSHIP PRODUCT CHARACTERIZED BY LOW NOISE & HIGH EFFICIENCY
- THE PLANNED RANGE EXTENSION WAS BOOSTED BY:
 1. THE NEW “ELIKA 1P” AND “ELIKA K1P” PUMPS, WHICH FURTHER IMPROVE PERFORMANCES IN 2H 2021
 2. THE NEW “FTP – FLUID TRANSMISSION PUMP”, WHICH OPENS UP NEW MARKETS AND THAT WAS PRESENTED IN MARCH 2021 AT THE “VTM” IN TURIN AND IN JUNE AT THE “IVT EXPO” IN KOLN
 3. IN AUGUST 2023 THE DEVELOPMENT OF THE ELIKA MODULAR PUMPS HAS BEEN COMPLETED, AND THEY CAN NOW BE SUPPLIED IN SEPARATE ELEMENTS, SO THAT THE CUSTOMER CAN INDEPENDENTLY COMPOSE A MULTIPLE ELIKA PUMP ACCORDING TO HIS SPECIFIC NEEDS

"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 €s, 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 this product, with higher margins than traditional ones, which we believe will be one of our main drivers of growth in the coming years. Also, in the second half of the year we will continue to invest about half a million €s, aimed at launching new products and increasing the efficiency and productivity of our production sites." declared Gabriele Bonfiglioli, CEO of Marzocchi Pompe.



New Warehouse in Zola Predosa to improve and widen logistic flows

ENLARGEMENT & RATIONALIZATION OF PRODUCTION CAPACITY AND LOGISTICS IN ZOLA PREDOSA PLANT

- IN OCTOBER 2022 MARZOCCHI POMPE PURCHASED AN INDUSTRIAL PROPERTY OF APPROX. 4,800 SQUARE METRES, OF WHICH APPROX. 1,800 COVERED, NEXT TO THE ZOLA PREDOSA PLANT FOR A TOTAL AMOUNT OF € 1.15 MILLION. THE NEW BUILDING ALLOWS MARZOCCHI TO INCREASE PRODUCTION CAPACITY AND IMPROVE OPERATIONAL EFFICIENCY
- IN JULY 2023 MARZOCCHI FINALIZED THE PURCHASE OF A SECOND PROPERTY OF ABOUT 3,100 SQUARE METRES, ADJACENT TO THE ZOLA PREDOSA PLANT, WHICH WILL ALLOW THE GROUP TO MOVE SOME SHIPPING WAREHOUSE ACTIVITIES CURRENTLY LOCATED IN THE CASALECCHIO DI RENO FACILITY IN ORDER TO OPTIMIZE LOGISTICS AND GAIN OPERATIONAL EFFICIENCY
- IN FEBRUARY 2024 MARZOCCHI PURCHASED A NEW 2,500 SQUARE METRES REAL ESTATE, OF WHICH 1,000 COVERED, ADJACENT TO THE ONE CURRENTLY IN USE IN ZOLA PREDOSA. THE NEW BUILDING REPRESENTS A FURTHER IMPORTANT STEP IN THE PLAN TO UNIFY THE TWO PRODUCTION PLANTS IN ZOLA PREDOSA WITH STRONG EFFICIENCY GAINS



"These are very important steps for Marzocchi Pompe, because they will allow us to optimize logistics and production as well as enlarging capacity and improving operational efficiency." declared Gabriele Bonfiglioli, CEO of Marzocchi Pompe.

New Plant with Photovoltaic Panels to combine ESG with cost savings

INSTALLATION OF PHOTOVOLTAIC PANELS ON THE ZOLA PREDOSA PLANT TO ENHANCE MARZOCCHI'S "GREEN" VOCATION AT THE SAME TIME REDUCING CONSISTENTLY ENERGY COSTS

- IN OCTOBER 2023 MARZOCCHI POMPE COMPLETED THE INSTALLATION OF PHOTOVOLTAIC SYSTEM OF 954 KWP IN THE NEW ZOLA PREDOSA PLANT
- THIS INVESTMENT FURTHER ENHANCES MARZOCCHI COMMITMENT TOWARDS SUSTAINABILITY
- IN FACT THE NEW PHOTOVOLTAIC SYSTEM WILL BE ABLE TO GUARANTEE CLEAN ENERGY EQUAL TO MORE THAN A THIRD OF MARZOCCHI'S TOTAL ANNUAL NEEDS, WITH CONSIDERABLE SAVINGS ON ENERGY COSTS
- IN TERMS OF LOWERING THE IMPACT ON THE ENVIRONMENT, MARZOCCHI WILL REDUCE THE EMISSION OF 506 KILOGRAMS/YEAR OF CO2 INTO THE ATMOSPHERE
- MARZOCCHI "GREEN" APPROACH IMPLIES THAT FURTHER EXPANSION OF PRODUCTION CAPACITY WILL ENTAIL INSTALLATION OF NEW PHOTOVOLTAIC PANELS



"The installation of a photovoltaic system will allow, already in the short term, important energy savings and significant emission reduction, in line with the Group's ESG objectives " declared Gabriele Bonfiglioli, CEO of Marzocchi Pompe.

Marzocchi participates to global industry events scouting new markets...



Leitmotiv: by land, sea and sky and brand new experiences



- ✓ **AERO EXPO FRIEDRICHSHAFEN** – 17.04.2024
Aerospace Exhibition - Hall B3, Booth 110



- ✓ **SMM BOAT SHOW HAMBURG** – 03.09.2024
Marine Exhibition – Hall B3.0G, Booth 237



- ✓ **EIMA Bologna** – 06.11.2024
Agricultural Exhibition – Hall 18, Booth C9



- ✓ **BAUMA CHINA SHANGHAI** – 26.11.2024
Mobile Exhibition – ICE UNACEA, Made-in-Italy HALL



... after presenting to world leading trade fairs in 2023 (taking place every 2 years)



- ✓ **IFPE ConExpo Las Vegas** – 13.03.2023
World Mobile Exhibition – South Hall, Booth 81745

- ✓ **Bauma ConExpo India** – 31.01.2023
Mobile Exhibition - Hall 10, Booth L102



- ✓ **Hannover Messe** – 17.04.2023
World Fluid Power Exhibition – Booth H5.F18



- ✓ **Dritev Baden Baden** – 05.07.2023
Automotive Symposium - Main Hall

- ✓ **Perumin Arequipa** – 25.09.2023
Mining Exhibition – Hall 5



- ✓ **PTC - Power Transmission & Control 2023** – 24.10.2023
World Industrial Exhibition – Hall E3, Booth C2-1

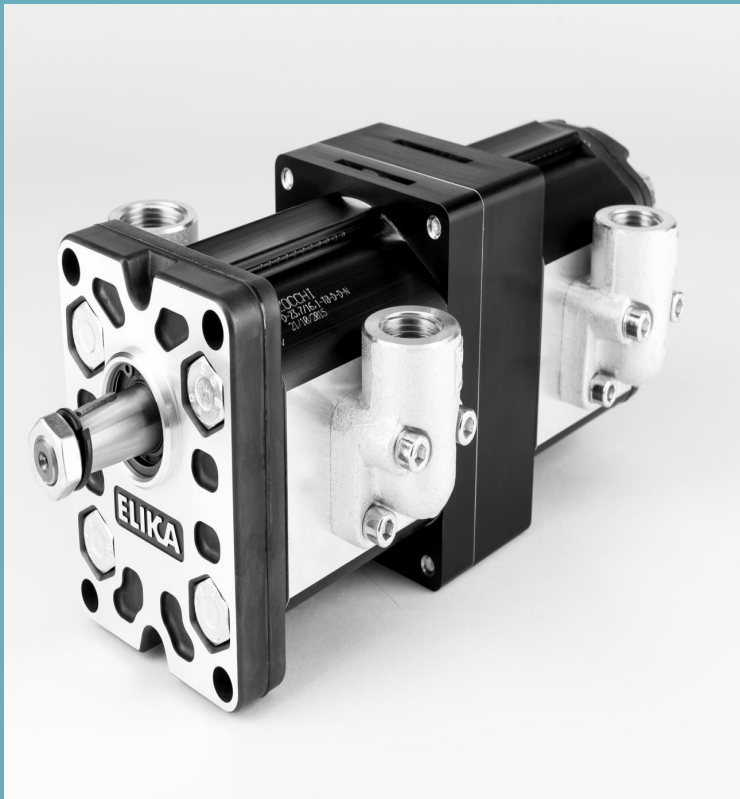
- ✓ **Agritechnica Hannover** – 12.11.2023
World Agriculture Exhibition – Hall 17, Booth E43



- ✓ **CTI Berlin** – 05.12.2023
Automotive Symposium - Booth E7

1H 2024 Highlights & Outlook

- THE SATISFACTORY RESULTS ACHIEVED IN THE FIRST HALF OF 2024 REFLECT THE RESILIENCE AND SOLIDITY OF MARZOCCHI POMPE IN AN EXTREMELY CHALLENGING MARKET ENVIRONMENT
- VOLUMES AND MARGINS HAVE SHOWN EXCELLENT HOLD, DEMONSTRATING ONCE AGAIN THE COMPANY CAPABILITY TO ADAPT AND PROMPTLY REACT EVEN IN THE MOST DIFFICULT CONDITIONS
- THE STRATEGIC ACTIONS UNDERTAKEN, ESPECIALLY THE INVESTMENTS TO STREAMLINE PRODUCTION AND LOGISTICS PROCESSES POSITIONED MARZOCCHI IN THE BEST EVER SHAPE TO FACE THE CHALLENGES AHEAD, READY TO SEIZE ALL GROWTH OPPORTUNITIES ARISING FROM THE FORESEEABLE MARKET RECOVERY IN THE MEDIUM TERM
- THE RELENTLESS COMMERCIAL EFFORTS, ALSO TARGETING NEW MARKETS (I.E. AERO, NAVAL), COMBINED WITH FURTHER NEW PRODUCT LAUNCHES, WILL DEFINITELY ENABLE MARZOCCHI TO RESUME GROWTH IN FUTURE YEARS
- IN LIGHT OF THE ORDER BOOK COVERAGE AS OF END-SEPTEMBER, MARZOCCHI WILL LIKELY MEET EXPECTATIONS FOR 2024, DESPITE A SECOND HALF CHARACTERIZED BY A FURTHER GENERAL SLOWDOWN IN THE WORLD ECONOMY
- THE GROUP PROVEN EQUITY AND FINANCIAL SOLIDITY GUARANTEES A LARGE DEGREE OF FINANCIAL AUTONOMY, WHICH ALLOWS IT TO CONTINUE ITS BUSINESS DEVELOPMENT STRATEGIES
- LAST BUT NOT LEAST, THE WIDE DIVERSIFICATION OF THE MARKET SEGMENTS IN WHICH MARZOCCHI OPERATES, SOME OF WHICH ARE STILL GROWING, SUPPORTS 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



Sustainability

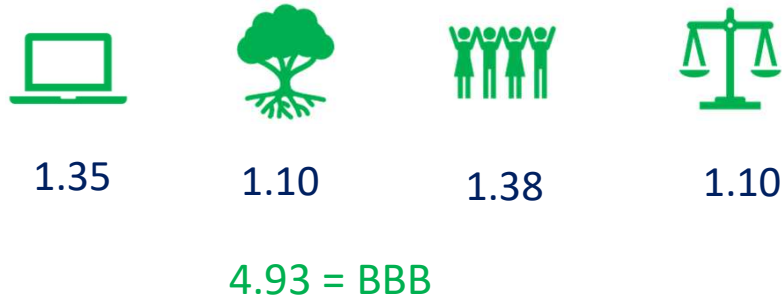
ESG Achievements confirm strong commitment towards Sustainability

- **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 AcomeA**
SOCIETÀ DI GESTIONE DEL RISPARMIO



In January '24 →

Adoption of 231 Model & appointment of Supervisory Body

Environmental Policies

Ethic Code

New «Green» Projects in 2023

- **Treedom Forest** — In February Marzocchi launched the creation of the “*Marzocchi Pompe Forest*”, giving away the first 300 trees to its employees
 - This project will not only bring a contribution to carbon dioxide reabsorption but, being composed of fruit trees donated to the local community (in Africa, South America and Asia), it will also have a positive impact for the latter in social terms
 - The size of Marzocchi Forest will be expanded in the years to come
- **Photovoltaic panels for the recently bought Zola Predosa Plant** - This new facility aims at increasing Marzocchi production capacity at the same time improving its operational efficiency
 - The renovation work includes the installation of photovoltaic panels to supply “green energy” to Marzocchi production processes
 - The investment has an estimated payback of 3.5 years



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





Market & Competitive Positioning

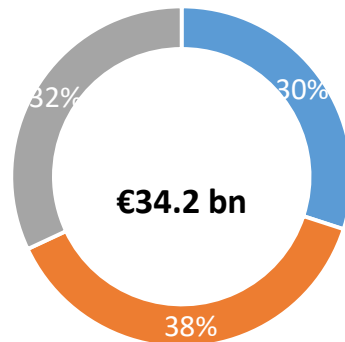
Fluid Power market and growth forecasts

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 € 25.7 billion in 2000, to € 41.5 billion in 2020 and to 47.3 billion in 2021 of which € 34.2 billion (72%) stemming from the hydraulic sector, and € 13.1 billion (28%) from the pneumatic sector (Source: ISC² – 2021 – International Fluid Power Statistics – date of publication: 30 August 2022).

In Italy, the Fluid Power market in 2021 was estimated to be around € 2.5 billion, of which € 1.6 billion (64%) stemming from the hydraulic sector, and € 0,9 billion (36%) from the pneumatic sector. (Source: Assofluid – Il Fluid Power in Italia, Rapporto di settore 2021).

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



■ Europe (CETOP Area) ■ Asia (China, Japan, Taiwan) ■ USA

Source: CETOP³– ISC Statistics 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.

Hydraulic end - use markets' forecasts

Weighted growth forecasts for key fluid power end use markets						
(Annual percentage changes unless specified)						
	2020	2021	2022	2023	2024	2025
Hydraulic end-use markets						
North America	-7.8	14.7	5.3	2.8	2.6	2.2
South America	-9.7	28.7	4.9	4.6	4.1	3.3
Europe	-13.8	13.5	6.1	2.3	1.2	1.1
Asia	-3.2	11.4	6.3	3.4	2.7	2.2
Middle East and Africa	-12.8	12.8	5.1	2.9	2.5	3.4
World	-5.8	14.8	5.4	2.9	2.4	2.0

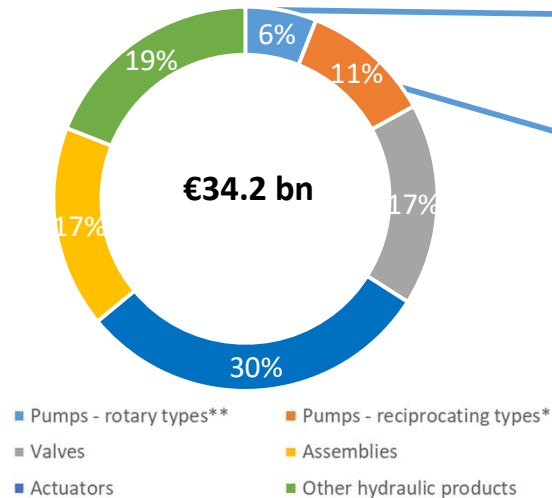
Notes: World and regional aggregates consist of the 21 countries included within the analysis

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

Focus on hydraulic pumps' market

Within the Hydraulic *home*¹ market, the pumps' segment is estimated by ISC to be around 5.7 billion (17%) in 2021 (Vs € 4.9 billion in 2020), of which € 3.7 billion (11%) coming from the reciprocating pumps' segment (axial and radial piston pumps) and € 2 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 € 0.905 billion (44.5%) activity, followed by Asia, with € 0.737 billion (36.2%), and Europe with € 0.393 billion (19.3%).

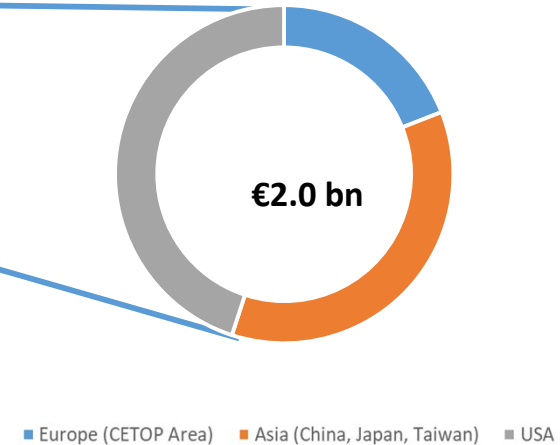
Hydraulic market - breakdown per product



* Reciprocating types: axial and radial piston; ** Rotary types: gear, vane, orbital, screw and other types

Source: CETOP³ – ISC Statistics 2021 – International Fluid Power Statistics

Rotary pumps' global market



Source: CETOP³ – ISC Statistics 2021 – International Fluid Power Statistics

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.

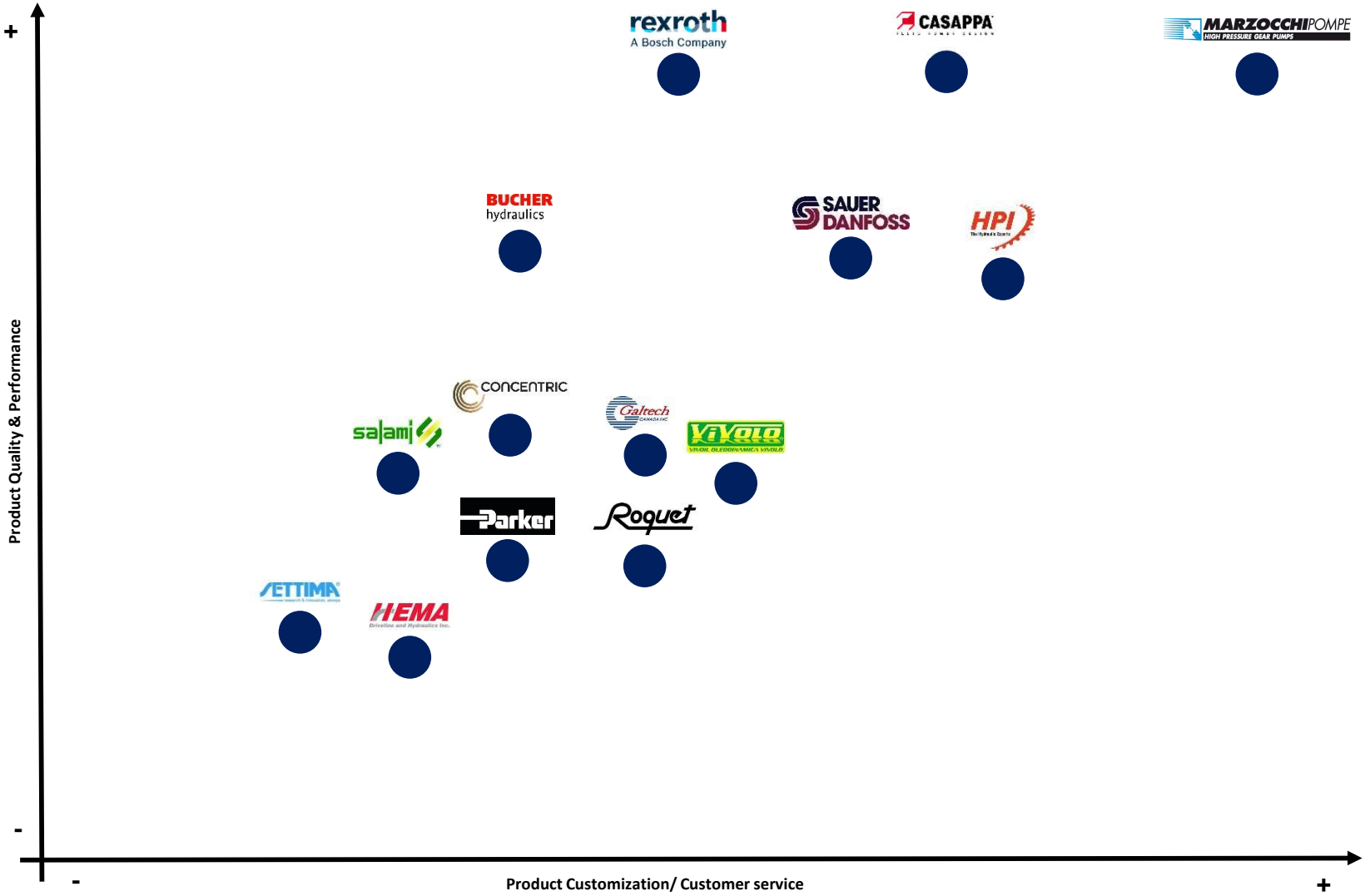
Competitive positioning

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	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	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	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

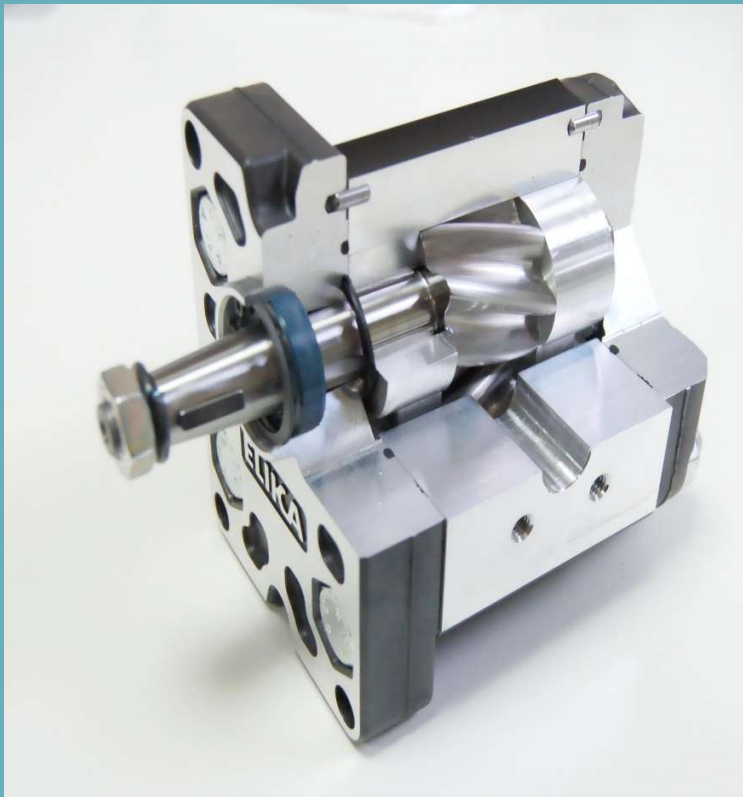
Source: Marzocchi Pompe SpA management estimates

Legend: ● High ◐ Medium - high ◑ Medium ◒ Low

Leadership in external gear pumps market



Source: Marzocchi Pompe SpA management estimates



Appendix

- **Business Overview**

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

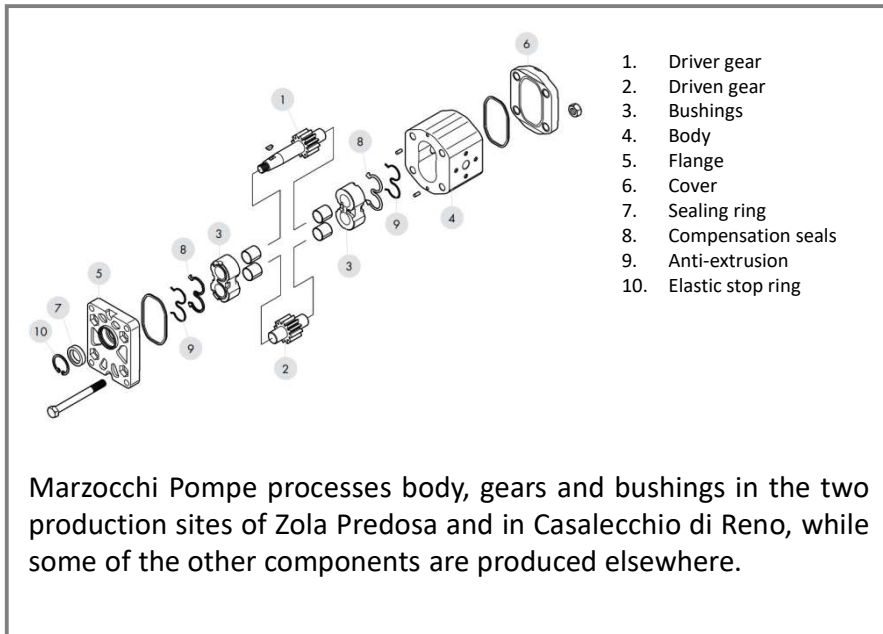
Elika is a helical toothed gear pump with a hydraulic system for balancing axial forces. It is a low noise and high efficiency product developed and patented by MP



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

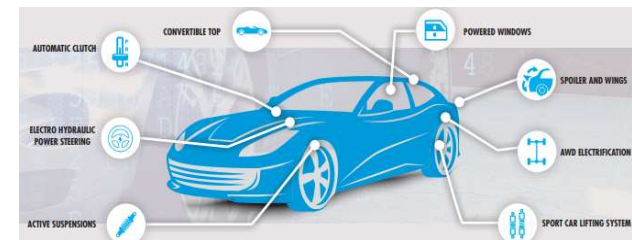


Mobile



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 83.9% of total 1H 2024 revenues, including sales to distributors/*sales network*, which alone contribute to 34.9% of MP's total sales^(*)

FLUID POWER

Core



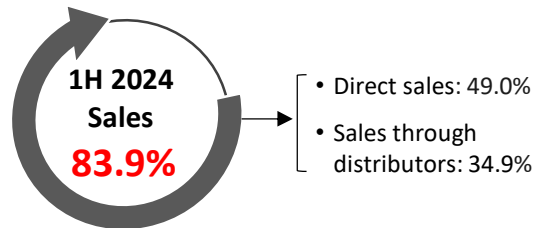
Industrial

Possible applications:

- Textile Machinery
- Machine tools
- Plastic Injection Machines
- Machines utilized in energy sector, especially renewable (wind, solar)

Clientele:

- Original equipment manufacturer



Mobile Machines

Possible applications:

- Earthmoving machinery
- Agricultural machinery
- Forklifts
- Gardening machinery

Clientele:

- Original equipment manufacturer



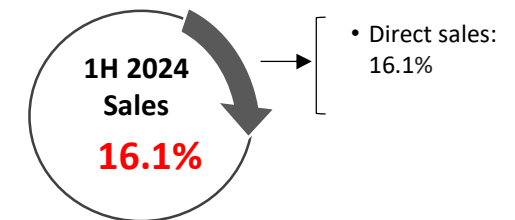
Automotive

Possible applications:

- Powertrain
- Power steering
- Asset regulators
- Suspensions

Clientele:

- Tier 1 supplier



^(*) 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 9.7% of sales and the top 10 representing 19.6%. 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 80.2% and 19.8% of total sales, respectively) according to the financial year's consolidated data of Dec. 31st 2023

Overview weight % top clients¹

	Industrial & Mobile ²		Automotive	
	Revenues 2023	%	Revenues 2023	%
Top 3	4.41 mln	11.1%	10.21 mln	100,0%
Top 10	9.49 mln	24.0%	10.21 mln	100,0%
Total	39.55 mln	100.0%	10.21 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 expired on December 31st 2022 but **this contract has been renewed until 2034** and 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

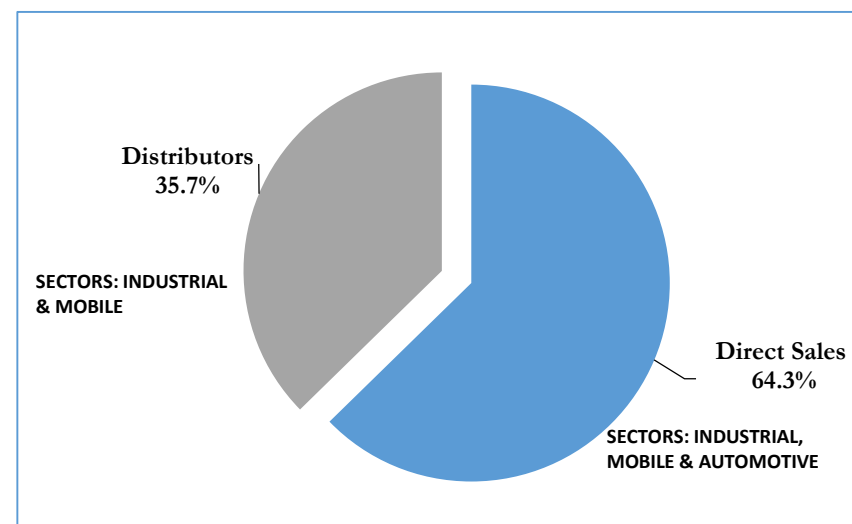
Global distribution network

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 **5 Area Managers** operating:
 - 1 Area Manager for the **DACH and South American** Markets
 - 1 Area Manager for the **African, Oceanian and Middle East** Market
 - 1 Area Manager for the **Far East and Nordic** Markets
 - 1 Area Manager for the **Balkan and Mittel Europe** Markets
 - 1 Area Manager responsible for **the Italian market**, coordinating a network of 8 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

2023 sales breakdown per selling channels*



*Consolidated data FY2022

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 10.3 billion in 2021 in Europe (Source: CETOP) and € 1.6 billion in 2021 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 pump and motor 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

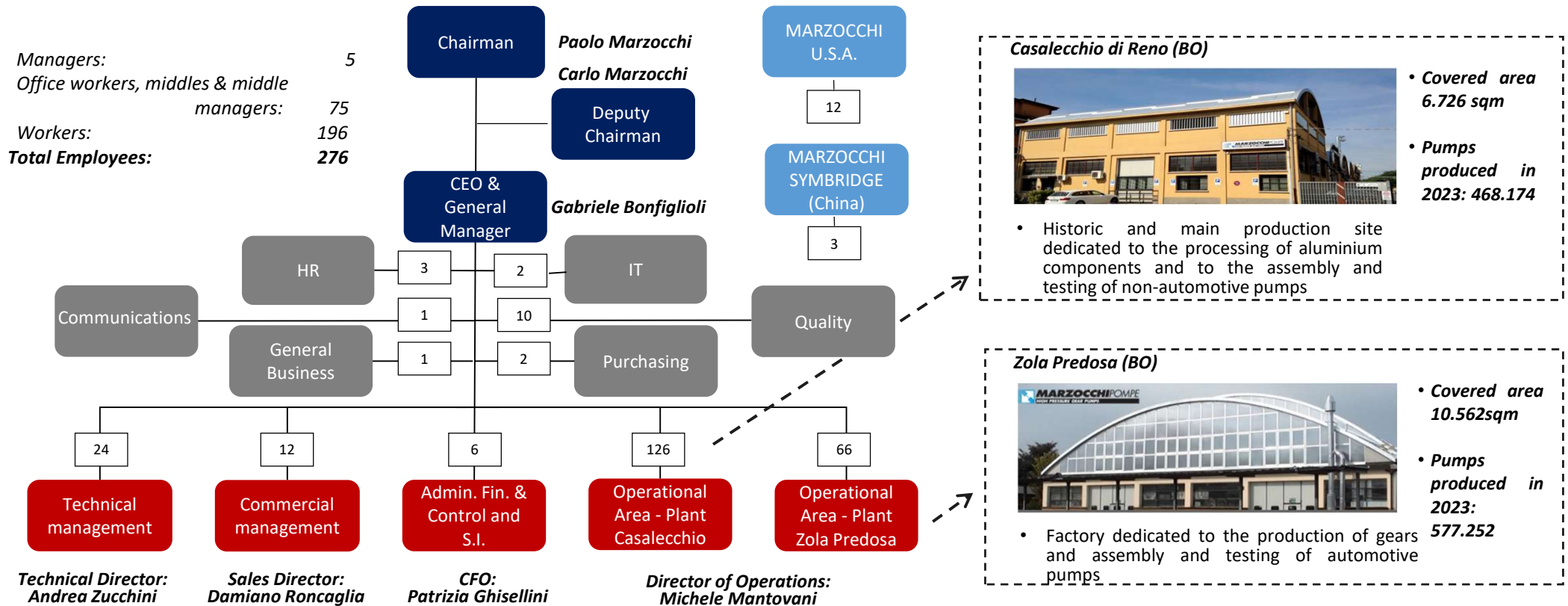
- EBITDA margin at 16.4% in 2023, significantly improved vs. 2022 (15.4%) and close to the 16.9% of the pre-Covid period 2016-2018
- High free cash flow (8.0M€ in 2023) allowing for further decrease in Net Debt with a comfortable NFP Adjusted/EBITDA of 0.66x

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 30th of June 2024 the workforce consists of **276 resources** (of which 260 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.



Diapositiva 37

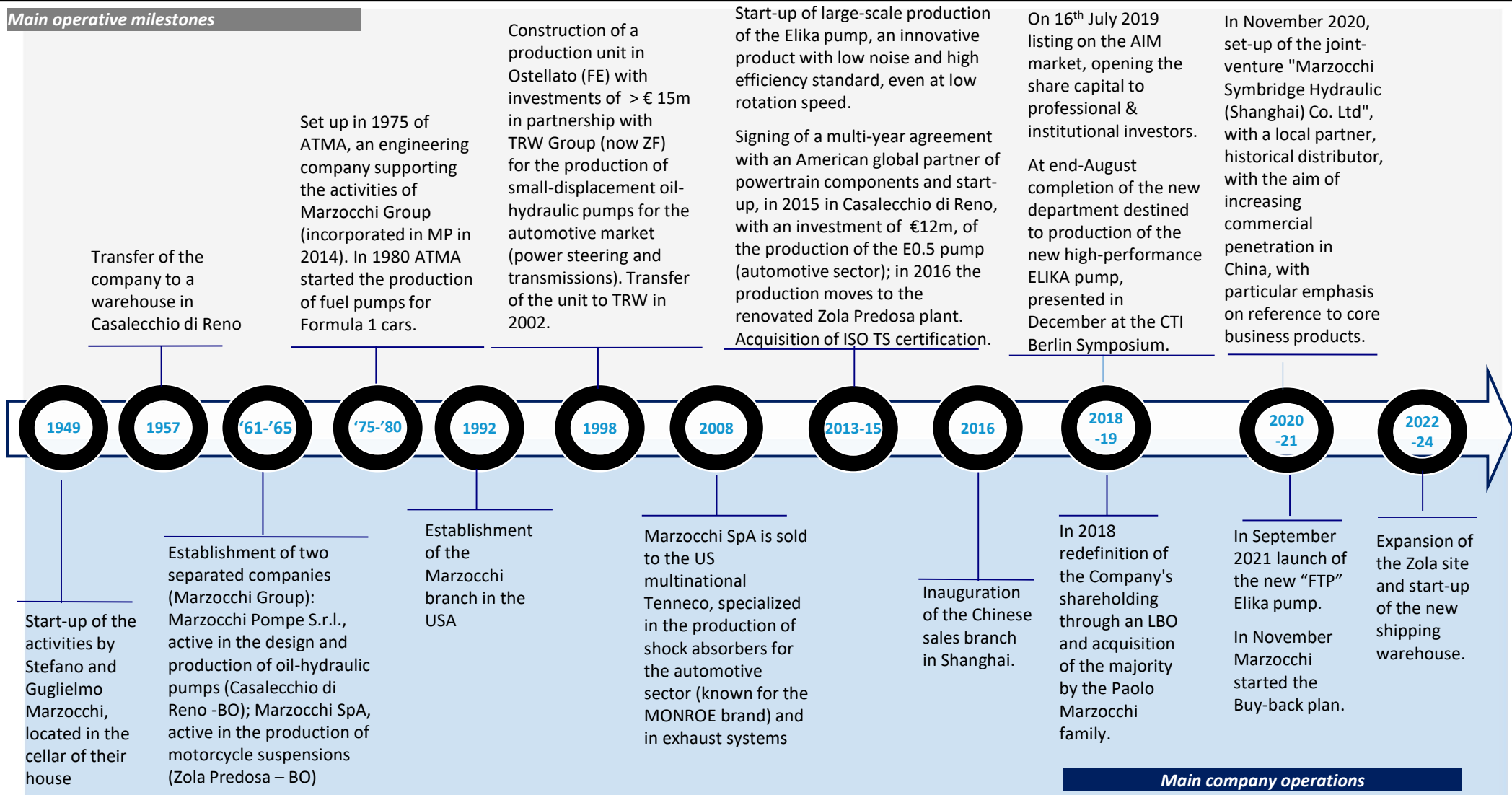
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è ancora attuale come dato al 30.06.2024? in Relazione finanziaria semestrale sembra ci sia evidenza solo del personale Italia e USA

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History

Main operative milestones



Consolidated Profit & Loss

<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%

(National accounting standards + IAS 17)

Consolidated Balance Sheet

<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

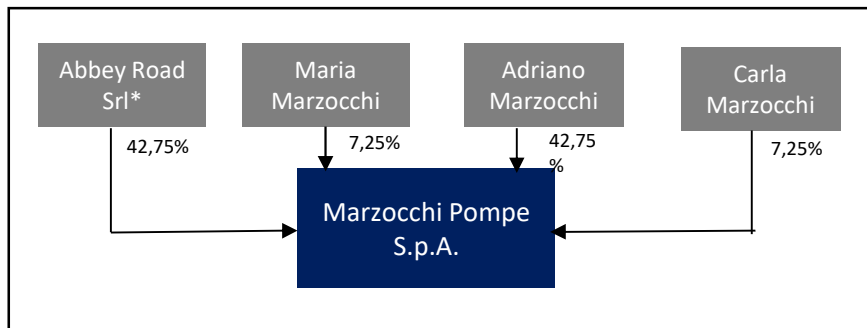
Consolidated Cash Flow Statement

<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)

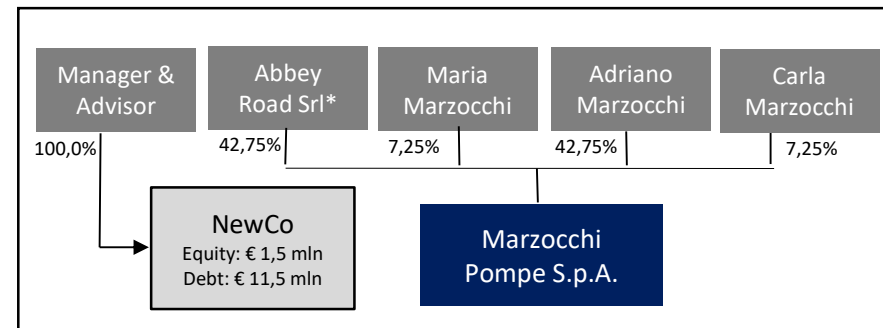
Focus on family and management Buy-out

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.

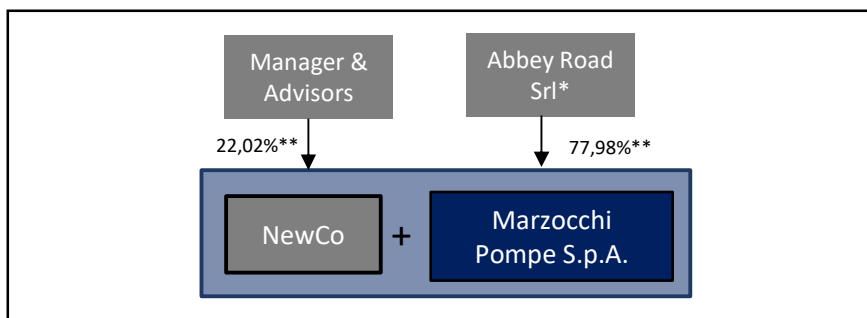
1 Shareholding Marzocchi Pompe pre-LBO



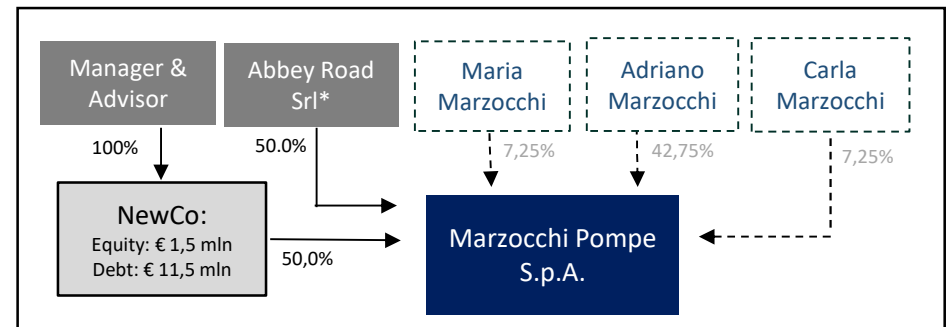
2 Management and advisor create a NewCo for the acquisition of Adriano and Carla Marzocchi's shares (42,75%+7,25%) with € 13 mil (Equity + Debt)



4 NewCo reverse merge into Marzocchi Pompe



3 NewCo acquires 50% of MP from Adriano and Carla Marzocchi for € 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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