

Press release

Board of Directors of Emak S.p.A.

Approved consolidated results at 30 September 2023

Significant cash generation in the third quarter

The CEO Luigi Bartoli commented: *“Despite challenging market conditions, in the first nine months we achieved excellent cash generation, which allowed us to contain the financial position at last year's levels while considering the investment for the acquisition of Bestway”.*

Revenues from sales: € 449.9 million compared to € 492.3 million in the first nine months 2022.

EBITDA adjusted: € 60.5 million compared to € 68.7 million in the first nine months 2022.

EBIT: € 38.3 million compared to € 49.2 million in the first nine months 2022.

Consolidated net income: € 22.8 million compared to € 37.1 million in the first nine months 2022.

Net negative financial position: € 186.5 million (€ 143.6 million excluding IFRS16) compared to € 181.6 million at 30 September 2022 and € 177.3 million at 31 December 2022.

Bagnolo in Piano (RE), 14 November 2023 – The Board of Directors of **Emak S.p.A.** approved the consolidated results of the Group at 30 September 2023.

Emak Group achieved **consolidated revenues of € 449.9 million**, compared to € 492.3 million of the same period of last year, a decrease of 8.6%. This decrease is due to an organic decline in sales for 13.9% and the negative effect of foreign exchange translation for 0.5%, partially offset by the positive effects of the change in the scope of consolidation for 5.8%. The decline in revenues, after the strong growth trend recorded in the last two years, is linked to some macroeconomic dynamics such as the inflation and interest rates trends and their impact on customers' purchasing power, in addition to the progressive change of consumption preferences resulting from the removal of restrictions.

EBITDA adjusted reached € 60.5 million (13.5% of sales), compared to € 68.7 million in the same period of 2022 (14% of sales). The result benefited from the change in the area for € 3 million and from the implementation of the increase in sales prices, while it was affected by the decrease in sales volumes and the increase in commercial costs partly offset by the reduction in transport costs.

EBIT amounted to € 38.3 million (8.5% of sales), compared to € 49.2 million (10% of sales) of the same period of last year.

Net profit for the first nine months is € 22.8 million, compared to € 37.1 million of the same period 2022. The result was mainly affected by higher financial expenses due to an increase in market interest rates.

Free cash flow from operations amounted to € 44.2 million, compared to € 56.4 million in the first nine months 2022.

Investments in tangible and intangible assets realized in the first nine months amount to a total of € 15.9 million compared to € 13.5 million in the same period of last year.

Consolidated net equity at 30 September 2023 is € 289 million compared to € 277 million at 31 December 2022.

Net negative financial position amounts to € 186.5 million compared to € 181.6 million at 30 September 2022 and € 177.3 million at 31 December 2022. 2023 figure includes € 42.9 million in application of IFRS 16 standard (€ 37.4 million at September 2022 and € 38 million at December 2022) and € 7.7 million of financial liabilities for the purchase of the remaining minority shares (€ 11.7 million at September 2022 and € 13.2 million at December 2022). In the third quarter, the positive trend of reduction in net working capital continued, which allowed for strong cash generation with a consequent positive effect on the net financial position. The acquisition of Bestway resulted in an increased debt of € 20.3 million relating to the purchase price and € 3.9 million linked to the accounting of the related rents according to the accounting standard IFRS 16.

Business outlook

The sales trend in the first nine months of the year was in line with the trends of the Group's reference markets. Particular suffering was recorded in the agriculture sector, especially in the South American area which, until now, had always been characterized by brilliant performances.

However, the Group achieved excellent cash generation results. Thanks to the organic improvement in working capital, it was possible to reduce the debt compared to June values and bring it to the same levels as the same period last year, while including the impact of the Bestway acquisition concluded at the beginning of the year. Despite the macroeconomic forecasts, which estimate a continuation of the worsening of the external reference context for the Group, expectations for the fourth quarter are for a moderate growth in sales compared to the values of the same period of the previous year.

Other information

The company's management will meet the financial community at the Madrid European Midcap Event to be held on November 16, 2023. The supporting presentation will be available on the company's website and on the eMarket Storage mechanism before the event begins.

The highlights from the consolidated accounts of the Group at 30 September 2023 are attached to the present press release.

Alternative performance indicators

The criteria used to construct the main performance indicators that management deems useful for monitoring the Group's performance are provided below.

- **EBITDA Adjusted** (before non-ordinary expenses and revenues): is obtained by deducting at EBITDA the impact of charges and income for litigation and grants relating to non-core management, expenses related to M&A transaction, and costs for staff reorganization and restructuring.
- **EBITDA**: defined as profit/(loss) for the period gross of depreciation of tangible and intangible fixed assets and rights of use, write-downs of fixed assets, goodwill and equity investments, Income from/(expenses on) equity investment, income and financial charges, foreign exchange gains and charges and income taxes.
- **FREE CASH FLOW FROM OPERATIONS**: calculated by adding the items "Net profit" plus "Amortization, depreciation and impairment losses".
- **NET WORKING CAPITAL**: include items "Trade receivables", "Inventories", current non financial "other receivables" net of "Trade payables" and current non financial "other payables".
- **NET FINANCIAL POSITION**: this indicator is calculated by adding to the scheme envisaged by the "Call for attention no. 5/21" of 29 April 2021 issued by Consob, which refers to ESMA guidelines 32-382-1138 of 4 March 2021, the non-current financial receivables.

Roberto Bertuzzi, manager responsible for the preparation of the corporate accounting documents, declares and certifies in accordance with article 154 bis, paragraph 2, of the Consolidated Finance Act, that the financial statements contained in the present press release correspond to the underlying accounting documents, records and accounting entries.

Pursuant to the law, the interim report at 30 September 2023 and this press release are available to the public at the Company's registered office, on the company website www.emakgroup.it, in the "Investor Relations" section and on the storage mechanism eMarket Storage (www.emarketstorage.com).

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Emak Group develops, produces and distributes a wide range of products in three business areas: (i) outdoor power equipment, which includes products for gardening, forestry and agriculture such as trimmers, lawn mowers, garden tractors, chain saws, tillers, rotary tiller; (ii) pumps and high pressure water jetting including products (a) for agriculture as centrifugal and diaphragm pumps for spraying and weeding; (b) for industry, including industrial pumps, high and high pressure systems and urban cleaning equipment; (c) for cleaning, as professional and semi-professional high pressure washers, floor scrubbers and vacuum cleaners; (iii) components and accessories for the abovementioned sectors, the most representative of which are line and heads for trimmers, accessories for chain saws (i.e. sharpeners), guns, nozzles and valves for high pressure washers and agricultural applications, precision farming (sensors and computers).

Highlights of the consolidated financial statement broken down by operating segment

	OUTDOOR POWER EQUIPMENT		PUMPS AND HIGH PRESSURE WATER JETTING		COMPONENTS AND ACCESSORIES		Other not allocated / Netting		Consolidated	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022	30.09.2023	30.09.2022	30.09.2023	30.09.2022	30.09.2023	30.09.2022
€/000										
Sales to third parties	137,470	169,594	193,155	192,540	119,316	130,131			449,941	492,265
Intersegment sales	319	297	2,529	2,829	5,988	7,977	(8,836)	(11,103)		
Revenues from sales	137,789	169,891	195,684	195,369	125,304	138,108	(8,836)	(11,103)	449,941	492,265
Ebitda (*)	12,468	13,431	27,645	29,983	21,131	27,457	(1,569)	(2,414)	59,675	68,457
Ebitda/Total Revenues %	9.0%	7.9%	14.1%	15.3%	16.9%	19.9%			13.3%	13.9%
Ebitda before non ordinary expenses (*)	12,553	13,490	28,170	30,061	21,393	27,539	(1,569)	(2,414)	60,547	68,676
Ebitda before non ordinary expenses/Total Revenues %	9.1%	7.9%	14.4%	15.4%	17.1%	19.9%			13.5%	14.0%
Operating result	6,661	7,315	19,551	23,666	13,681	20,623	(1,569)	(2,414)	38,324	49,190
Operating result/Total Revenues %	4.8%	4.3%	10.0%	12.1%	10.9%	14.9%			8.5%	10.0%
Net financial expenses (1)									(7,923)	1,207
Profit before taxes									30,401	50,397
Income taxes									(7,592)	(13,250)
Net profit									22,809	37,147
Net profit/Total Revenues %									5.1%	7.5%
(1) Net financial expenses includes the amount of Financial income and expenses, Exchange gains and losses and the amount of the Income from equity investment										
STATEMENT OF FINANCIAL POSITION	30.09.2023	31.12.2022	30.09.2023	31.12.2022	30.09.2023	31.12.2022	30.09.2023	31.12.2022	30.09.2023	31.12.2022
Net debt (*)	7,455	21,295	129,405	108,992	49,638	47,018	0	0	186,498	177,305
Shareholders' Equity	188,301	184,363	103,119	98,689	75,786	72,228	(78,166)	(78,293)	289,040	276,987
Total Shareholders' Equity and Net debt	195,756	205,658	232,524	207,681	125,424	119,246	(78,166)	(78,293)	475,538	454,292
Net non-current assets (2) (*)	121,826	122,922	117,253	101,679	58,338	57,242	(75,249)	(75,238)	222,168	206,605
Net working capital (*)	73,930	82,736	115,271	106,002	67,086	62,004	(2,917)	(3,055)	253,370	247,687
Total net capital employed (*)	195,756	205,658	232,524	207,681	125,424	119,246	(78,166)	(78,293)	475,538	454,292
(2) The net non-current assets of the Outdoor Power Equipment area includes the amount of Equity investments for 76,074 thousand Euro										
OTHER STATISTICS	30.09.2023	31.12.2022	30.09.2023	31.12.2022	30.09.2023	31.12.2022	30.09.2023	31.12.2022	30.09.2023	31.12.2022
Number of employees at period end	733	747	958	873	692	655	9	9	2,392	2,284
OTHER INFORMATIONS	30.09.2023	30.09.2022	30.09.2023	30.09.2022	30.09.2023	30.09.2022	30.09.2023	30.06.2022	30.09.2023	30.09.2022
Amortization, depreciation and impairment losses	5,807	6,116	8,094	6,317	7,450	6,834			21,351	19,267
Investment in property, plant and equipment and in intangible assets	3,574	3,025	6,870	4,788	5,408	5,685			15,852	13,498

(*) See section "Definitions of alternative performance indicators"

Emak Group – Consolidated income statement and comprehensive income statement

Thousand of Euro

Year 2022	CONSOLIDATED INCOME STATEMENT	3 Q 2023	3 Q 2022	9 months 2023	9 months 2022
605,723	Revenues from sales	118,785	124,060	449,941	492,265
4,753	Other operating incomes	846	1,212	3,321	3,049
12,790	Change in inventories	(2,786)	(701)	(10,205)	9,627
(331,528)	Raw materials, consumables and goods	(58,622)	(62,057)	(228,176)	(269,344)
(99,519)	Personnel expenses	(24,600)	(22,156)	(78,194)	(75,768)
(116,140)	Other operating costs and provisions	(22,790)	(25,864)	(77,012)	(91,372)
(29,324)	Amortization, depreciation and impairment losses	(7,335)	(6,532)	(21,351)	(19,267)
46,755	Operating result	3,498	7,962	38,324	49,190
4,007	Financial income	932	1,172	2,851	3,017
(8,560)	Financial expenses	(3,443)	(2,177)	(11,708)	(4,711)
1,895	Exchange gains and losses	(299)	654	932	2,901
-	Income from/(expenses on) equity investment	16	-	2	-
44,097	Profit before taxes	704	7,611	30,401	50,397
(12,932)	Income taxes	47	(2,210)	(7,592)	(13,250)
31,165	Net profit (A)	751	5,401	22,809	37,147
(897)	(Profit)/loss attributable to non controlling interests	(209)	(339)	(742)	(862)
30,268	Net profit attributable to the Group	542	5,062	22,067	36,285
0.185	Basic earnings per share	0.003	0.031	0.136	0.222
0.185	Diluted earnings per share	0.003	0.031	0.136	0.222

Year 2022	CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME	9 months 2023	9 months 2022
31,165	Net profit (A)	22,809	37,147
8,102	Profits/(losses) deriving from the conversion of foreign company accounts	92	11,542
(232)	Actuarial profits/(losses) deriving from defined benefit plans	-	-
65	Income taxes on OCI	-	-
7,935	Total other components to be included in the comprehensive income statement (B)	92	11,542
39,100	Total comprehensive income for the period (A)+(B)	22,901	48,689
(935)	Comprehensive net profit attributable to non controlling interests (C)	(777)	(1,065)
38,165	Comprehensive net profit attributable to the Group (A)+(B)+(C)	22,124	47,624

Emak Group – Consolidated statement of financial position

Thousand of Euro

31.12.2022	ASSETS	30.09.2023	30.09.2022
	Non-current assets		
82,524	Property, plant and equipment	85,066	80,255
24,482	Intangible assets	29,399	24,324
36,461	Rights of use	41,062	35,958
71,216	Goodwill	72,914	75,360
8	Equity investments in other companies	8	8
-	Equity investments in associates	802	-
10,395	Deferred tax assets	10,918	10,267
1,151	Other financial assets	1,239	1,133
60	Other assets	98	62
226,297	Total non-current assets	241,506	227,367
	Current assets		
233,970	Inventories	225,495	234,170
119,661	Trade and other receivables	121,684	131,451
9,967	Current tax receivables	8,565	8,705
38	Other financial assets	37	38
2,707	Derivative financial instruments	1,984	2,394
86,477	Cash and cash equivalents	91,499	86,185
452,820	Total current assets	449,264	462,943
679,117	TOTAL ASSETS	690,770	690,310
31.12.2022	SHAREHOLDERS' EQUITY AND LIABILITIES	30.09.2023	30.09.2022
	Shareholders' Equity		
273,003	Shareholders' Equity of the Group	284,631	288,542
3,984	Non-controlling interests	4,409	3,707
276,987	Total Shareholders' Equity	289,040	292,249
	Non-current liabilities		
152,346	Loans and borrowings due to banks and other lenders	171,924	142,871
31,682	Liabilities for leasing	35,484	31,210
7,962	Deferred tax liabilities	7,667	8,019
6,291	Employee benefits	6,153	7,455
2,778	Provisions for risks and charges	2,906	2,605
1,510	Other liabilities	1,373	1,601
202,569	Total non-current liabilities	225,507	193,761
	Current liabilities		
109,344	Trade and other payables	95,305	98,691
4,984	Current tax liabilities	5,338	6,609
76,594	Loans and borrowings due to banks and other lenders	66,056	90,333
6,357	Liabilities for leasing	7,368	6,216
699	Derivative financial instruments	425	747
1,583	Provisions for risks and charges	1,731	1,704
199,561	Total current liabilities	176,223	204,300
679,117	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	690,770	690,310

Emak Group – Consolidated net financial position

(€/000)	30.09.2023	31.12.2022	30.09.2022
A. Cash	91,499	86,477	86,185
B. Cash equivalents	-	-	-
C. Other current financial assets	2,021	2,745	2,432
D. Liquidity funds (A+B+C)	93,520	89,222	88,617
E. Current financial debt	(15,468)	(22,956)	(35,493)
F. Current portion of non-current financial debt	(58,381)	(60,694)	(61,803)
G. Current financial indebtedness (E + F)	(73,849)	(83,650)	(97,296)
H. Net current financial indebtedness (G - D)	19,671	5,572	(8,679)
I. Non-current financial debt	(207,408)	(184,028)	(174,081)
J. Debt instruments	-	-	-
K. Non-current trade and other payables	-	-	-
L. Non-current financial indebtedness (I + J + K)	(207,408)	(184,028)	(174,081)
M. Total financial indebtedness (H + L) (ESMA)	(187,737)	(178,456)	(182,760)
N. Non current financial receivables	1,239	1,151	1,133
O. Net financial position (M-N)	(186,498)	(177,305)	(181,627)
Effect IFRS 16	42,852	38,039	37,426
Net financial position without effect IFRS 16	(143,646)	(139,266)	(144,201)