

Press release

## Board of Directors of Emak S.p.A.

### Approved consolidated results for the first quarter 2023

The CEO Luigi Bartoli commented: *“The results of the first quarter of the year are to be considered positive. The Group has shown a good ability to react, maintaining the planned margins despite the unfavorable context for sales that has been recorded since the second half of last year. For our part, we are focused on the future and on strategic initiatives which - I am sure - will allow us to further strengthen the position of our Group.”*

**Revenues from sales: € 171.8 million** compared to € 190.2 million in the first quarter 2022.

**EBITDA adjusted: € 25.3 million** compared to a € 27.3 million in the first quarter 2022.

**EBIT: € 18.2 million** compared to a € 21.1 million in the first quarter 2022.

**Consolidated net income: € 11.4 million** compared to a € 16.9 million in the first quarter 2022.

**Net negative financial position: € 227.2 million** (€ 185.7 million net of IFRS16 effect) compared to € 192.9 million at 31 March 2022 and € 177.3 million at 31 December 2022.

*Bagnolo in Piano (RE), 15 May 2023* – The Board of Directors of **Emak S.p.A.** has approved the consolidated results for the first quarter 2023.

Emak Group achieved **consolidated revenues of € 171.8 million**, compared to € 190.2 million of last year, a decrease of 9.7%. The change is due to an organic decline in sales for 15.8%, partially offset by the positive effects of the change in the scope of consolidation for 5.6% and of the translation changes for 0.5%. The economic dynamics linked to inflation and the increase in interest rates, the progressive change in consumption patterns connected to the disappearance of the restrictions linked to the pandemic, combined with the delayed start of the season negatively affected sales.

**EBITDA adjusted** of the period reached € 25.3 million (14.7% of sales), compared to € 27.3 million (14.4% of sales) in the same period of 2022. The result benefited from the change in the scope of consolidation for € 1.4 million, while it was affected by the decrease in sales. Compared to the same period, operating costs related to travel expenses and utilities increased, while there was a generalized decrease in transport tariffs.

**EBIT** was € 18.2 million (10.6% of sales), compared to € 21.1 million (11.1% of sales) for the same period of last year.

**Consolidated net profit** of the quarter was € 11.4 million compared to € 16.9 million in 2022. The result was affected by the higher financial charges due to the increase in market interest rates and the higher level of gross debt.

**Cash flow from operations** was € 18.2 million, compared to € 23.1 million generated in the first quarter 2022.

**Investments in tangible and intangible assets** made during the quarter amount to a total of € 5.3 million compared to € 3.9 million in the same period of the previous year.

**Consolidated net equity** at 31 March 2023 amounted to € 287.8 million compared to € 277 million at 31 December 2022.

**Net negative financial position** stood at € 227.2 million compared to € 192.9 million at 31 March 2022 and € 177.3 million at 31 December 2022. 2023 figure includes € 41.5 million deriving from the application of the IFRS 16 (€ 39.1 million in March 2022 and € 38 million in December 2022) and € 10 million of financial debts for the purchase of the remaining minority shareholdings (€ 11.4 million in March 2022 and € 13.2 million in December 2022). The increase in the net financial position compared to December 31, 2022 reflects the increase in net working capital, consistent with the seasonality of the business, and the effect relating to the Bestway acquisition carried out in February for an amount equal to € 20.1 million.

### **Business outlook**

The sales trend in the first quarter of 2023 was penalized by the unfavourable external scenario, which could also affect the performances in the coming months. The values achieved remain, however, at the highest levels in the Group's history. The initiatives implemented by management since the end of last year have made it possible to mitigate the impact of the decline in turnover on the results for the period. Management is fully convinced of the adequacy of the strategy adopted, aimed at creating sustainable value over time, and continues to pursue the planned initiatives, aimed at further improving operational management and generating resources to be allocated to the development of new products and the exploitation of external growth opportunities.

### **Other information**

The company's management will meet the financial community at the Nordics Digital Conference to be held on May 16, 2023. The supporting presentation will be available on the company's website and on the eMarket Storage mechanism before the event begins.

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The highlights from the consolidated accounts of the Group at 31 March 2022 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**: 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.
- **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**: It is obtained by adding the active financial balances and subtracting the passive financial balances, as well as identified according to the criteria of the Esma (according to Consob communication no.5/21 of 29 April 2021).

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 31 March 2023 and this press release are available to the public at the Company's registered office, on the company website [www.emakgroup.it](http://www.emakgroup.it), in the "Investor Relations" section and on the storage mechanism eMarket Storage ([www.emarketstorage.com](http://www.emarketstorage.com)).

*For additional information:*

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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 semiprofessional 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	
€/000	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022
Sales to third parties	60,088	74,857	68,789	70,073	42,876	45,317			171,753	190,247
Intersegment sales	98	93	1,082	901	2,315	3,351	(3,495)	(4,345)		
Revenues from sales	60,186	74,950	69,871	70,974	45,191	48,668	(3,495)	(4,345)	171,753	190,247
Ebitda (*)	7,706	6,967	10,298	11,440	7,770	9,702	(770)	(770)	25,004	27,339
Ebitda/Total Revenues %	12.8%	9.3%	14.7%	16.1%	17.2%	19.9%			14.6%	14.4%
Ebitda before non ordinary expenses (*)	7,706	6,967	10,584	11,440	7,770	9,702	(770)	(770)	25,290	27,339
Ebitda before non ordinary expenses/Total Revenues %	12.8%	9.3%	15.1%	16.1%	17.2%	19.9%			14.7%	14.4%
Operating result	5,773	4,892	7,818	9,390	5,338	7,555	(770)	(770)	18,159	21,067
Operating result/Total Revenues %	9.6%	6.5%	11.2%	13.2%	11.8%	15.5%			10.6%	11.1%
Net financial expenses (1)									(2,909)	1,909
Profit before taxes									15,250	22,976
Income taxes									(3,865)	(6,124)
Net profit									11,385	16,852
Net profit/Total Revenues %									6.6%	8.9%
(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										
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>31.03.2023</b>	<b>31.12.2022</b>	<b>31.03.2023</b>	<b>31.12.2022</b>	<b>31.03.2023</b>	<b>31.12.2022</b>	<b>31.03.2023</b>	<b>31.12.2022</b>	<b>31.03.2023</b>	<b>31.12.2022</b>
Net debt (*)	38,194	21,295	135,431	108,992	53,545	47,018	0	0	227,170	177,305
Shareholders' Equity	187,388	184,363	103,387	98,689	75,410	72,228	(78,429)	(78,293)	287,756	276,987
Total Shareholders' Equity and Net debt	225,582	205,658	238,818	207,681	128,955	119,246	(78,429)	(78,293)	514,926	454,292
Net non-current assets (2) (*)	122,965	122,922	113,518	101,679	57,799	57,242	(75,183)	(75,238)	219,099	206,605
Net working capital (*)	102,617	82,736	125,300	106,002	71,156	62,004	(3,246)	(3,055)	295,827	247,687
Total net capital employed (*)	225,582	205,658	238,818	207,681	128,955	119,246	(78,429)	(78,293)	514,926	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										
<b>OTHER STATISTICS</b>	<b>31.03.2023</b>	<b>31.12.2022</b>	<b>31.03.2023</b>	<b>31.12.2022</b>	<b>31.03.2023</b>	<b>31.12.2022</b>	<b>31.03.2023</b>	<b>31.12.2022</b>	<b>31.03.2023</b>	<b>31.12.2022</b>
Number of employees at period end	746	747	973	873	692	655	9	9	2,420	2,284
<b>OTHER INFORMATIONS</b>	<b>31.03.2023</b>	<b>31.03.2022</b>	<b>31.03.2023</b>	<b>31.03.2022</b>	<b>31.03.2023</b>	<b>31.03.2022</b>	<b>31.03.2023</b>	<b>31.03.2022</b>	<b>31.03.2023</b>	<b>31.03.2022</b>
Amortization, depreciation and impairment losses	1,933	2,075	2,480	2,050	2,432	2,147			6,845	6,272
Investment in property, plant and equipment and in intangible assets	1,645	980	1,905	931	1,722	1,941			5,272	3,852

## Emak Group – Consolidated income statement and comprehensive income statement

Thousand of Euro

FY 2022	CONSOLIDATED INCOME STATEMENT	1 Q 2023	1 Q 2022
<b>605,723</b>	<b>Revenues from sales</b>	<b>171,753</b>	<b>190,247</b>
4,753	Other operating incomes	1,228	713
12,790	Change in inventories	4,468	9,094
(331,528)	Raw materials, consumable and goods	(98,012)	(113,573)
(99,519)	Personnel expenses	(26,974)	(26,601)
(116,140)	Other operating costs and provisions	(27,459)	(32,541)
(29,324)	Amortization, depreciation and impairment losses	(6,845)	(6,272)
<b>46,755</b>	<b>Operating result</b>	<b>18,159</b>	<b>21,067</b>
4,007	Financial income	414	893
(8,560)	Financial expenses	(3,166)	(1,092)
1,895	Exchange gains and losses	(170)	2,108
-	Income from/(expenses on) equity investment	13	-
<b>44,097</b>	<b>Profit befor taxes</b>	<b>15,250</b>	<b>22,976</b>
(12,932)	Income taxes	(3,865)	(6,124)
<b>31,165</b>	<b>Net profit (A)</b>	<b>11,385</b>	<b>16,852</b>
<b>(897)</b>	<b>(Profit)/loss attributable to non controlling interests</b>	<b>(256)</b>	<b>(241)</b>
<b>30,268</b>	<b>Net profit attributable to the Group</b>	<b>11,129</b>	<b>16,611</b>
<b>0.185</b>	<b>Basic earnings per share</b>	<b>0.068</b>	<b>0.102</b>
<b>0.185</b>	<b>Diluted earnings per share</b>	<b>0.068</b>	<b>0.102</b>

  

FY 2022	CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME	1 Q 2023	1 Q 2022
<b>31,165</b>	<b>Net profit (A)</b>	<b>11,385</b>	<b>16,852</b>
2,141	Profits/(losses) deriving from the conversion of foreign company accounts	(616)	6,788
741	Actuarial profits/(losses) deriving from defined benefit plans	-	-
(206)	Income taxes on OCI	-	-
<b>2,676</b>	<b>Total other components to be included in the comprehensive income statement (B)</b>	<b>(616)</b>	<b>6,788</b>
<b>33,841</b>	<b>Total comprehensive income for the perdioid (A)+(B)</b>	<b>10,769</b>	<b>23,640</b>
<b>(949)</b>	<b>Comprehensive net profit attributable to non controlling interests (C)</b>	<b>(249)</b>	<b>(477)</b>
<b>32,892</b>	<b>Comprehensive net profit attributable to the Group (A)+(B)+(C)</b>	<b>10,520</b>	<b>23,163</b>

## Emak Group – Consolidated statement of financial position

Thousand of Euro

31.12.2022	ASSETS	31.03.2023	31.03.2022
	<b>Non-current assets</b>		
82,524	Property, plant and equipment	84,445	79,201
24,482	Intangible assets	29,876	24,854
36,461	Rights of use	39,767	37,677
71,216	Goodwill	72,234	73,652
8	Equity investments in other companies	8	8
-	Equity investments in associates	813	-
10,395	Deferred tax assets	10,116	9,662
1,151	Other financial assets	1,179	1,024
60	Other assets	59	60
<b>226,297</b>	<b>Total non-current assets</b>	<b>238,497</b>	<b>226,138</b>
	<b>Current assets</b>		
233,970	Inventories	238,414	230,545
119,661	Trade and other receivables	172,803	193,243
9,967	Current tax receivables	9,291	10,047
38	Other financial assets	74	332
2,707	Derivative financial instruments	2,409	1,263
86,477	Cash and cash equivalents	59,613	46,157
<b>452,820</b>	<b>Total current assets</b>	<b>482,604</b>	<b>481,587</b>
<b>679,117</b>	<b>TOTAL ASSETS</b>	<b>721,101</b>	<b>707,725</b>

31.12.2022	SHAREHOLDERS' EQUITY AND LIABILITIES	31.03.2023	31.03.2022
	<b>Shareholders' Equity</b>		
273,003	Shareholders' Equity of the Group	283,523	276,346
3,984	Non-controlling interests	4,233	3,227
<b>276,987</b>	<b>Total Shareholders' Equity</b>	<b>287,756</b>	<b>279,573</b>
	<b>Non-current liabilities</b>		
152,346	Loans and borrowings due to banks and other lenders	144,067	118,083
31,682	Liabilities for leasing	34,728	33,034
7,962	Deferred tax liabilities	7,755	7,774
6,291	Employee benefits	6,204	7,428
2,778	Provisions for risks and charges	2,826	2,655
1,510	Other liabilities	1,434	2,135
<b>202,569</b>	<b>Total non-current liabilities</b>	<b>197,014</b>	<b>171,109</b>
	<b>Current liabilities</b>		
109,344	Trade and other payables	116,121	152,742
4,984	Current tax liabilities	6,987	12,130
76,594	Loans and borrowings due to banks and other lenders	104,202	83,992
6,357	Liabilities for leasing	6,727	6,078
699	Derivative financial instruments	721	479
1,583	Provisions for risks and charges	1,573	1,622
<b>199,561</b>	<b>Total current liabilities</b>	<b>236,331</b>	<b>257,043</b>
<b>679,117</b>	<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>721,101</b>	<b>707,725</b>

**Gruppo Emak – Posizione finanziaria netta consolidata**

(€/000)	31.03.2023	31.12.2022	31.03.2022
A. Cash	59,613	86,477	46,157
B. Cash equivalents	-	-	-
C. Other current financial assets	2,483	2,745	1,595
<b>D. Liquidity funds (A+B+C)</b>	<b>62,096</b>	<b>89,222</b>	<b>47,752</b>
E. Current financial debt	(53,351)	(22,956)	(33,684)
F. Current portion of non-current financial debt	(58,299)	(60,694)	(56,865)
<b>G. Current financial indebtedness (E + F)</b>	<b>(111,650)</b>	<b>(83,650)</b>	<b>(90,549)</b>
<b>H. Net current financial indebtedness (G - D)</b>	<b>(49,554)</b>	<b>5,572</b>	<b>(42,797)</b>
I. Non-current financial debt	(178,795)	(184,028)	(151,117)
J. Debt instruments	-	-	-
K. Non-current trade and other payables	-	-	-
<b>L. Non-current financial indebtedness (I + J + K)</b>	<b>(178,795)</b>	<b>(184,028)</b>	<b>(151,117)</b>
<b>M. Total financial indebtedness (H + L) (ESMA)</b>	<b>(228,349)</b>	<b>(178,456)</b>	<b>(193,914)</b>
N. Non current financial receivables	1,179	1,151	1,024
<b>O. Net financial position (M-N)</b>	<b>(227,170)</b>	<b>(177,305)</b>	<b>(192,890)</b>
<b>Effect IFRS 16</b>	<b>41,455</b>	<b>38,039</b>	<b>39,112</b>
<b>Net financial position without effect IFRS 16</b>	<b>(185,715)</b>	<b>(139,266)</b>	<b>(153,778)</b>