Emak®

our **power**, your **passion**

Annual report 2024

Emak®

Annual report at 31 December 2024

This Annual financial statement was approved by the Board of Directors on 13 March 2025.
This report is available on the Internet at the address www.emakgroup.com

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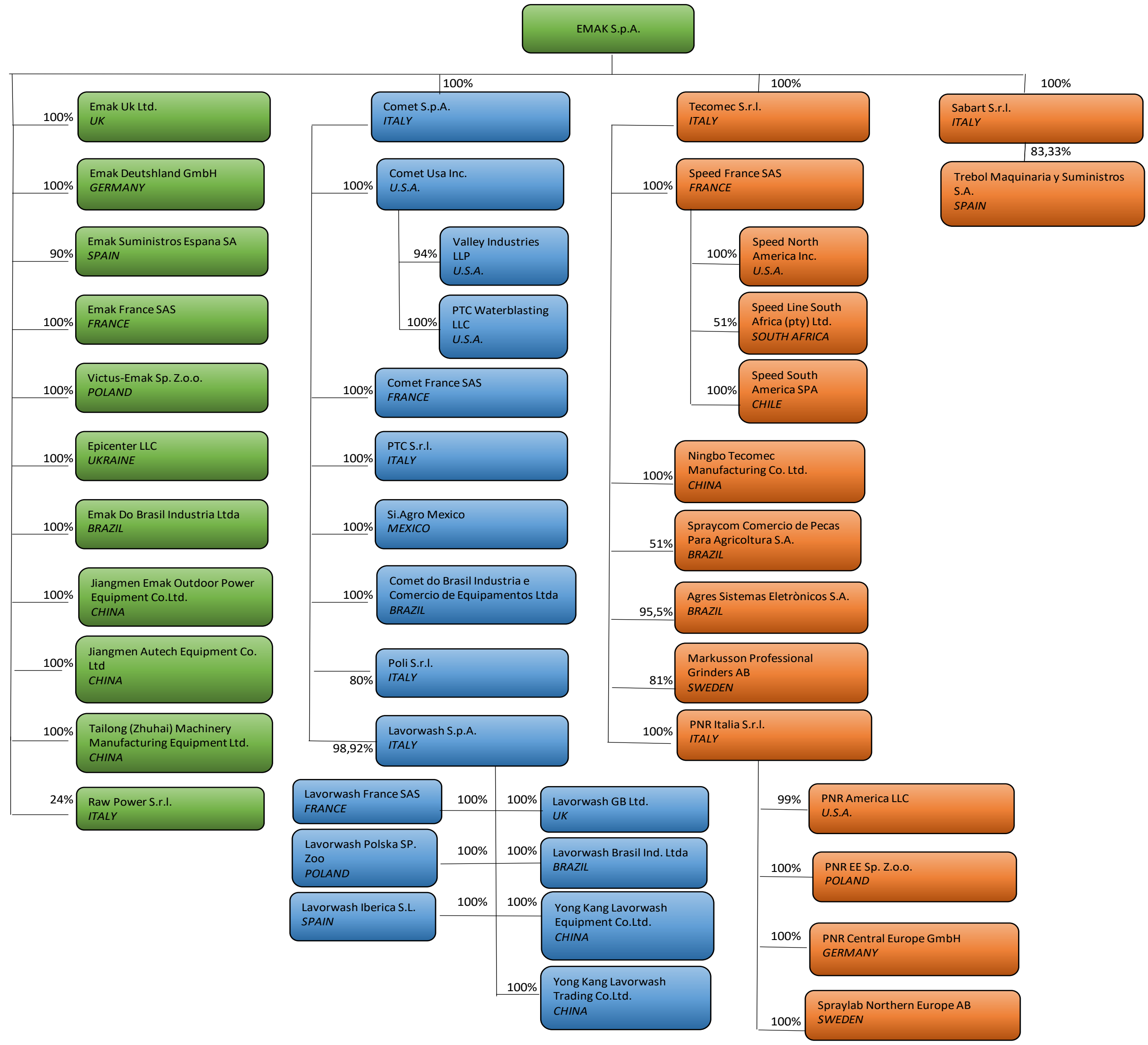
Organizational chart of Emak Group as at 31 December 2024



1. Valley Industries LLP is consolidated at 100% as a result of the "Put and Call Option Agreement" that governs the purchase of the remaining 6%.
2. Comet do Brasil Industria e Comercio de Equipamentos Ltda is owned for 99.63% by Comet S.p.A. and 0.37% by P.T.C. S.r.l.
3. Emak do Brasil is owned for 99.99% by Emak S.p.A. and 0.01% by Comet do Brasil Industria e Comercio de Equipamentos Ltda.
4. Lavorwash Brasil Ind. Ltda is owned for 99.99% by Lavorwash S.p.A. and 0.01% by Comet do Brasil Industria e Comercio de Equipamentos Ltda.
5. S.I.Agro Mexico is owned for 97% by Comet S.p.A. and 3% by P.T.C. S.r.l.
6. Markusson Professional Grinders AB is consolidated at 100% as a result of the "Put and Call Option Agreement" that governs the purchase of the remaining 19%.
7. Agres Sistemas Eletrônicos S.A. is consolidated at 100% as a result of the "Put and Call Option Agreement" that governs the purchase of the remaining 4.5%.
8. Poli S.r.l. is consolidated at 100% as a result of the "Put and Call Option Agreement" that governs the purchase of the remaining 20%.
9. Emak Deutschland Gmbh has started the liquidation process.
10. Ptc Waterblasting LLC has ceased its operational activity.
11. PNR Central Europe Gmbh, formerly Spraylab Western Europe GmbH, changed its company name effective January 16, 2025.

Corporate Bodies of Emak S.p.A.

The Ordinary General Meeting of the Shareholders of the Parent Company, Emak S.p.A. on 29 April 2022 appointed the Board of Directors and the Board of Statutory Auditors for the financial years 2022-2024.

Board of Directors	
Non-executive Chairman	Massimo Livatino
Deputy Chairman and Chief Executive Officer	Luigi Bartoli
Executive Director	Cristian Becchi
Independent Director	Silvia Grappi
	Elena Iotti
	Alessandra Lanza
Directors	Francesca Baldi
	Ariello Bartoli
	Paola Becchi
	Giuliano Ferrari
	Marzia Salsapariglia
	Vilmo Spaggiari
	Paolo Zambelli
Risk Control and Sustainability Committee; Remuneration Committee, Related Party Transactions Committee, Nomination Committee	
Chairman	Elena Iotti
Components	Alessandra Lanza
	Silvia Grappi
Manager in charge of preparing the accounting statements	Roberto Bertuzzi
Supervisory Body as per Legislative Decree 231/01	
Chairman	Sara Mandelli
Acting member	Marianna Grazioli
Board of Statutory Auditors	
Chairman	Stefano Montanari
Acting auditors	Roberta Labanti
	Livio Pasquetti
Alternate auditor	Rossana Rinaldi
	Giovanni Liberatore
Independent Auditor	Deloitte & Touche S.p.A.

Main shareholders of Emak S.p.A.

The share capital of Emak S.p.A. is represented by 163,934,835 shares with a par value of 0.26 euros per share.
The Company has been listed on the Milan Stock Exchange since June 25, 1998. Since September 2001 the stock has been included in the Euronext Segment of Equities with High Requirements (STAR).

At the closing date of December 31, 2024 on the basis of notifications received pursuant to Article 120 of Legislative Decree 58/1998, only Yama S.p.A., with 65.2%, is the owner of a stake of more than 5% of the share capital.

Emak Group Profile

The Group operates on the global market with a direct presence in 15 countries and a distribution network covering 5 continents.

The Group offers a wide range of products with recognised trademarks and refers to a target clientele highly diversified into three business segments:

- Outdoor Power Equipment (OPE): Emak S.p.A. and its commercial and productive subsidiaries operates in this segment;
- Pumps and Water Jetting (PWJ): this segment is managed by Comet S.p.A. and its subsidiaries, including Lavorwash S.p.A.;
- Components and Accessories (C&A): this segment is managed by Tecomec S.r.l., Sabart S.r.l. and their subsidiaries.

Please refer to the paragraph of the consolidated sustainability reporting for a more in-depth analysis of the Group's profile and strategic lines.

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Policy of analysis and management of risks related to the Group's business

The Group and its subsidiaries have an internal control system that is considered by the Board of Directors of Emak to be appropriate for the size and nature of the activity carried out, suitable for effectively overseeing the main risk areas typical of the activity, aimed at contribute to the sustainable success of the Group.

In fact, as part of the formalization of strategic plans, the Board of Directors of Emak takes into consideration the nature and level of risk compatible with the strategic objectives of the Issuer and, in this regard, has adopted a system of internal control consisting of the set of rules, resources, processes and procedures that aim to ensure:

- the containment of risk within the limits compatible with sustainable management of the business activity;
- the safeguarding of the value of the assets;
- the effectiveness and efficiency of business processes;
- the reliability and security of company information and IT procedures;
- the compliance of company operations with the law, policies, regulations and internal procedures.

Consequently, within the Group the following have been defined:

- the behaviors to keep;
- the assignment and separation of duties;
- the organizational dependencies;
- the responsibilities and levels of autonomy;
- the operating instructions;
- the controls to be applied within the activities.

As part of its industrial activity, the Group is exposed to a series of risks, the identification, assessment and management of which are assigned to Managing Directors, also in the role of Executives Directors appointed pursuant to the self-regulatory Corporate Governance Code of Borsa Italiana S.p.A., to business area managers and the Risk Control and Sustainability Committee.

The Directors responsible for the internal control system oversee the risk management process by implementing the guidelines defined by the Board of Directors in relation to risk management and by verifying their adequacy.

In order to prevent and manage the most significant risks of a strategic nature, of Compliance and of fairness of financial information, the Group has tools for mapping and managing the various types of risks, also through an assessment of the economic and financial impacts and the probability of occurrence.
As part of this process, different types of risk are classified on the basis of the assessment of their impact on the achievement of the strategic objectives, that is to say, on the basis of the consequences that the occurrence of the risk may have in terms of compromised operating or financial performance, or of compliance with laws and/or regulations.

On the website www.emakgroup.com is published The Corporate Governance report prepared in accordance with the provisions of Art. 123-bis, Legislative Decree 58/98 which analytically describes the corporate governance structure of the group and the practices applied in terms of the Internal Control System and risk management.

In relation to the main risks, highlighted below, the Group constantly pays attention to and monitors the situations and developments in macroeconomic, market and demand trends in order to be able to implement any necessary and timely strategic assessments.

The following are the risks considered significant and related to the Group's activities; for specific risks related to sustainability issues, please refer to the dedicated reporting section:

Competition and market trends
The Group operates on a global scale, in a sector characterized by a high level of competition and in which sales are concentrated mainly in mature markets with moderate or low rates of growth in demand.

Performances are closely correlated to factors such as the level of prices, product quality, trademarks and technology, which define the competitive positioning of operators on the market. The competitive position of the Group, which compares with global players that often have greater financial resources as well as greater diversification in terms of geography, makes particularly significant the exposure to risks typically associated with market competitiveness.
The Group mitigates the country risk by adopting a business diversification policy by product and geographic area, such as to allow risk balancing.
The Group also constantly monitors the positioning of its competitors in order to intercept any impacts on its commercial offer.
In order to reduce the risk of saturation of the segments / markets in which it operates, the Group is progressively expanding its product range, also paying attention to "price sensitive" segments.

Risks associated with consumer purchasing behavior
Over the last few years, trends have emerged such as for example e-commerce and technologies which could have, in the medium to long term, a significant impact on the market in which the Group operates. The ability to grasp the emerging expectations and needs of consumers is therefore an essential element for maintaining the Group's competitive position.
The Group seeks to capture emerging market trends to renew its range of products and adapt its value proposition based on consumer purchasing behaviour.

Geopolitical risk and international expansion strategy
The Group operates in an increasingly complex international context, in which local tensions and conflicts cause effects at global level, increasingly influencing the economic performance of companies. In addition, the Group's strategies, aimed at increasing business also in emerging countries, more subject to sudden socio-economic and regulatory changes (e.g., tariffs), could influence results in a more significant way compared to the past.

The most recent macroeconomic evolutions affecting the current geopolitical context has had and will have significant repercussions on the variables that determine the performances of businesses, notably the prices of raw materials, transportation costs, energy costs, exchange rates, consumption trends, inflation rate trends and, consequently, interest rates, making the indicators and fundamentals of the economy increasingly volatile and unpredictable; some markets (Russia and Belarus) are subject to economic sanctions that limit their access to the global market.
Emak constantly monitors the evolution of the of the socio-political situation of the various countries in which it operates, seeking to diversify end markets and supply markets, adopting operating flexibility solutions (adequate inventories, adjustment of sales prices, etc.) aimed at promptly dealing with very rapid and unexpected changes in contexts.

The Group, in the context of external growth, implements and coordinates M&A activities in all respects in order to mitigate the risks.

Demand variability following weather conditions
Weather conditions may impact on the sales of certain product families. Generally, weather conditions characterized by drought can cause contractions in the sale of gardening products such as lawnmowers and garden tractors, while winters with mild climate adversely affect sales of chainsaws. The Group is able to respond quickly to changes in demand by leveraging on flexible production.

Technological products evolution
The Group operates in sectors where product innovation represents an important driver for the maintenance and growth of its market share.
The Group actively monitors regulatory requirements introduced in outlet countries in order to anticipate technological innovations and place compliant products on the market.
The Group responds to this risk with continuous investment in research and development and in the use of appropriate skills in order to continue to offer innovative and competitive products and adapt supply to the current and future needs of the market.
Customers performances
The Group's results are influenced by the actions of a number of large customers, with which there are no agreements involving minimum purchase quantities. As a result, the demand of such customers for fixed volumes of products cannot be guaranteed and it is impossible to rule out that a loss of important customers or the reduction of orders made by them could have negative effects on the Group's economic and financial results.
Over the last few years, the Group has increasingly implemented a policy of diversifying customers.

Raw material and components price trend
The Group's economic results are influenced by the trend in the price of raw materials and components. The main raw materials used are copper, steel, aluminium, and plastic materials. Their prices can fluctuate significantly during the year since they are linked to official commodity prices on the reference markets.
The Group does not use raw material price hedging instruments but mitigates risk through supply contracts.

Risks associated with the supply chain and the availability of raw materials
A delay/blocking of deliveries or problems relating to quality with respect to a supplier can adversely affect the production of finished products. Although the Group does not use raw materials which are difficult to obtain and has always managed to ensure a supply of adequate quantity and quality, it is not possible to exclude that the occurrence of possible further supply tensions could lead to procurement difficulties. The Group adopts a strategy of supply diversification specifically with the aim of minimizing the risks linked to a potential unavailability of raw materials in the times required by production.
In addition, the Group has created a system for monitoring the economic-financial performance of suppliers in order to mitigate the risks inherent in any supply interruptions and has set up a management of relations with suppliers that guarantee supply flexibility and quality in line with the Group's policies.

Environment, Health and Safety management
The Group is exposed to risks associated with health and safety at work and the environment, which could involve the occurrence work-related accidents and illness, environmental pollution phenomena or the failed compliance of specific legal regulations. The risks associated with such phenomena may lead to penal or administrative sanctions or pecuniary disbursements against the Group. The Group manages these types of risks through a system of procedures aimed the systematic control of risk factors as well as to their reduction within acceptable limits. All this is organized by implementing different management systems required by the standards of different countries and international standards of reference.

Risks associated with dependence on key figures
The Group's results also depend on the ability of its management, which has a decisive role for the Group's development and which boasts significant experience in the sector. Should the relationship in force with a number of these professional figures be interrupted without a timely and suitable replacement, the Group's competitive capacity and its relative growth prospects could be affected.
The Group has an operating and management structure able to ensure business continuity, also through the adoption of retention plans for key professional figures, as well as initiatives aimed at developing skills and retaining talent.

Liability to customers and third parties
The Group is exposed to potential liability risks towards customers or third parties in relation to product liability due to possible design and/or manufacturing defects in the Group's products, also attributable to third parties such as suppliers and assemblers. Moreover, in the event that products are defective or do not meet technical and legal specifications, the Group, also by order of control authorities, could be obliged to withdraw such products from the market. In order to manage and reduce these risks, the Group has entered into a master group insurance coverage that minimizes risks only to insurance deductibles.

Risks associated with the recoverability of assets, in particular goodwill
As part of the development strategy, the Group has implemented acquisitions of companies that have enabled it to increase its presence on the market and seize growth opportunities. With reference to these investments, specified in the financial statements as goodwill, there is no guarantee that the Group will be able to reach the benefits initially expected from these operations. The Group continuously monitors the performance against the expected plans, putting in place the necessary corrective actions if there are unfavourable trends which, when assessing the congruity of the values recorded in the financial statements, lead to significant changes in the expected cash flows used for the impairment tests.

Tax risk management
The Group operates in many countries and the tax management of each company is subject to complex national and international tax regulations that may change over time.
Compliance with the tax regulations of parent companies and subsidiaries is harmonized with the Group's tax policy through coordination and validation activities, which is expressed in homogeneously approaching, while taking into account local particularities, issues such as tax consolidation, facilitations for research and development., transfer pricing, the various forms of public incentives for businesses, as well as the choices relating to the management of any tax disputes.

In addition, the Group, with particular reference to its Italian subsidiaries, has also defined a tax risk control system coordinated with the provisions of Law 262/05 and Legislative Decree 231/01, to monitor activities with potential tax impacts on the main business processes and on the Group's results.

Information Technology

For several years, the Group has automated through its IT systems most of the operational processes to support its business, continuing a progressive and constant digitalization process, subsequent the exponential technological evolution in place. IT systems malfunction and crashes can have a direct impact on most business processes.

In the current economic and social context the risks of cyber security are increasing, especially because of cyber attacks.

If successful, such attacks could adversely impact the Group's business operations, financial condition or reputation. Also due to the recent investment of the Group in new and updated information systems, the Group has started the necessary activities to keep the systems protected and to guarantee their recovery following emergencies, as well as an adequate data storage capacity; furthermore, activities were started on the enhancement of skills in the field of IT security, as well as awareness and training on information security. In parallel with the provisions of the European Regulation (GDPR), the Group constantly monitors the protection of rights in relation to the personal data processed.

The recent and rapid evolution of AI (Artificial Intelligence) technologies raises the issue of their impact on company business models and operational processes, with a general effect on competitiveness and efficiency. The group closely monitors the technology's evolution and continually evaluates its applications within its business model, in order to develop an appropriate investment plan, both in terms of resources and human capital, to seize opportunities and minimize adverse effects.

Financial risks

In the ordinary performance of its operating activities, the Group is exposed to various risks of a financial nature. For detailed analysis, reference should be made to the appropriate section of the Notes to Annual Financial Statements in which the disclosures as per IFRS no. 7 are set out.

Risk management process

With the aim of reducing the financial impact of any harmful event, Emak has arranged to transfer residual risks to the insurance market, when insurable.

In this sense, Emak, as part of its risk management, has taken steps to customize insurance coverage in order to significantly reduce exposure, particularly with regard to possible damages arising from the manufacturing and marketing of products. All companies of the Group are today insured, with policies of international programs such as Liability, Property all risks, D&O, Crime, EPL and “legal protection”, against major risks considered as strategic, such as: product liability and product recall, general civil liability, legal fees, certain catastrophic events and related business interruption. Other insurance coverage has been taken out at the local level in order to respond to regulatory requirements or specific regulations.

The analysis and insurance transfer of the risks to which the Group is exposed is carried out in collaboration with a high standing insurance broker who, through an international network, is also able to assess the adequacy of the management of the Group's insurance programs on a global scale.

1. Main economic and financial figures for Emak Group

Income statement (€/000)

	YEAR 2024	YEAR 2023
Revenues from sales	601,914	566,317
EBITDA before non ordinary income/expenses (*)	62,160	67,878
EBITDA (*)	60,881	66,304
EBIT	24,411	37,224
Net profit	6,500	19,922

Investment and free cash flow (€/000)

	YEAR 2024	YEAR 2023
Investment in property, plant and equipment	18,950	17,204
Investment in intangible assets	5,771	5,732
Free cash flow from operations (*)	42,970	49,002

Statement of financial position (€/000)

	31.12.2024	31.12.2023
Net capital employed (*)	490,273	475,162
Net debt (*)	(209,959)	(191,495)
Total equity	280,314	283,667

Other statistics

	YEAR 2024	YEAR 2023
EBITDA / Net sales (%)	10.1%	11.7%
EBIT / Net sales (%)	4.1%	6.6%
Net profit / Net sales (%)	1.1%	3.5%
EBIT / Net capital employed (%)	5.0%	7.8%
Net debt / Equity	0.75	0.68
Number of employees at period end	2,527	2,362

Share information and prices

	31.12.2024	31.12.2023
Earnings per share (€)	0.035	0.117
Equity per share (€) (*)	1.69	1.72
Official price (€)	0.89	1.10
Maximum share price in period (€)	1.23	1.32
Minimum share price in period (€)	0.86	0.89
Stockmarket capitalization (€ / million)	145	180
Average number of outstanding shares	162,837,602	162,837,602
Number of shares comprising share capital	163,934,835	163,934,835
Free cash flow from operations per share (€) (*)	0.264	0.301
Dividend per share (€)	0.025	0.045

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

2. Information about the current geopolitical context

The war between Ukraine and Russia has had a significant impact on the social economic system of both countries involved, as well as other nations and the global economic system as a whole.
The Group continues to monitor the evolution of the conflict and to implement the necessary actions to mitigate the risks and direct and indirect impacts.

Regarding the direct impacts, the Group operates in Ukraine mainly through a subsidiary, Epicenter Llc, while it distributes its products, in compliance with the relevant international regulations, through independent customers in other areas impacted by the conflict: particularly Russia and Belarus.

Epicenter Llc, located in Kiev (Ukraine), 100% controlled by Emak S.p.A., since the beginning of the war, has implemented all the necessary measures to preserve the safety of its employees in the first instance and, therefore, integrity of company assets, mainly represented by product inventories. The subsidiary, which has 21 employees, generated a turnover of € 3.8 million in 2024 financial year (€ 5 million in 2023), entirely produced in the domestic market.

The total assets of the Ukrainian subsidiary as of 31 December 2024 amount to approximately € 4 million, mainly represented by inventories, and to a lesser extent by trade receivables and cash on hand.
The local management continues to monitor market exposure, the integrity of the product inventory and the evolution of the situation to guarantee the continuity of the business under the safest condition.

Excluding the activities of the trading subsidiary, the Ukrainian market is marginal for the Group, with sales in 2024 amounting to approximately € 0.7 million (in line with € 0.7 million recorded in 2023) and direct exposure of receivables on the Ukrainian market as of 31 December 2024, of just € 0.2 thousand.

The Group's revenues achieved in the Russian and Belarusian markets represent 0.8% in 2024 compared to 2% in 2023. The exposure at the end of December 2024 amounts to approximately € 3.4 thousand.

As for the supply chain, there are no impacts related to the current conditions.

The Group systematically monitors the regulatory and sanction framework related to the markets and parties affected by the conflict, complying with the most scrupulous checks of the counterparties to limit regulatory risks, the continuous assessment of the geopolitical framework aims to prevent potential negative impacts of a commercial and financial nature.

With reference to the most recent Israeli-Palestinian conflict, the Group monitors its evolution, although at the moment there are no direct impacts on its business, as the involved areas are not significant markets for either sales or direct sources of supply.

The geopolitical tensions in the Red Sea have led, since the last months of 2023 and throughout 2024, to a redefinition of global maritime trade routes, which have led to an increase in transport costs and delivery times of goods.

These situations contribute to the persistence of uncertainties in the geopolitical, economic, and financial context, requiring the Group to take necessary actions to mitigate the risks and direct and indirect impacts deriving from them.

3. Scope of consolidation

Compared to 31 December 2023, the PNR Group entered the scope of consolidation, as of January 1, 2024, following the acquisition by Tecomec S.r.l. of the 79.995% of the share capital of the PNR Italia S.r.l. on January 15, 2024. Subsequently, on June 10, 2024, Tecomec S.r.l. proceeded to acquire the remaining 20.005% of the share capital of PNR Italia S.r.l.
For further information regarding the acquisition of the PNR Group, please refer to the notes of this report.

In 2023, the income statement of the company Bestway LLC (acquired by Valley LLP on February 1, 2023, and subsequently merged by incorporation by the buyer) had been consolidated for eleven months.

We also note the change in the percentage investment in Lavorwash S.p.A., which went from 98.91% to 98.92% following the purchase of shares from some minority shareholders.

4. Economic and financial results of Emak Group

Comments on economic figures

Revenues from sales

Emak Group achieved a consolidated turnover of € 601,914 thousand, compared to € 566,317 thousand of last year, an increase of 6.3%. This change is due to the positive effect of the change in the scope of consolidation for 3.3%, to an organic increase in sales for 3.5% and to the negative effect of translation changes for 0.5%.

It should be noted that the organic business performance has been negatively affected by the drop in sales on the markets impacted by the Russia-Ukraine conflict by approximately 6.5 million Euros compared to the same period last year.

EBITDA

Ebitda for the period amounts to € 60,881 thousand (an incidence of 10.1% on sales) compared to € 66,304 thousand in 2023 (an incidence of 11.7% on sales).
During the year, non-ordinary revenues were recorded for € 350 thousand (€ 117 thousand in 2023) and non-ordinary expenses for € 1,629 thousand (€ 1,691 thousand in 2023).
Ebitda before non-ordinary expenses and revenues is equal to € 62,160 thousand, an incidence of 10.3% on revenues, compared to € 67,878 thousand of last year, an incidence of 12% on revenues.

The application of the IFRS 16 principle has resulted in a positive effect on the Ebitda for the year for € 10,507 thousand, against to a positive effect of € 9,351 thousand in 2023.

Ebitda benefited from the change in the scope of consolidation for € 3,739 thousand, while it was affected by the increase in personnel costs and transports costs following geopolitical tensions in the Red Sea.

Personnel costs increased compared to the previous year for € 15,513 thousand due to the change in the scope of consolidation (by € 6,402 thousand), the greater use of temporary workers to cope with the increase in production volumes and the dynamics of labor costs also affected by the increases provided from the collective labor agreements.

The average number of resources employed by the Group, also considering temporary workers employed in the period and the different scope of consolidation, was 2,736 compared to 2,511 of last year, the effect of the change in the area has led an increase of the average number of resources for 117 units.

Operating result

Operating result for the year 2024 amounts to € 24,411 thousand with an incidence of 4.1% on revenues, compared to € 37,224 thousand of 2023 (6.6% of sales).

Amortization and depreciation amounted to € 36,470 thousand compared to € 29,080 thousand of the previous year. The 2024 value included € 4,414 thousand as a loss due to the reduction in the value of the goodwill of Lavorwash Group.

Gross of the aforementioned impairment, operating result would have been € 28,825 thousand (4.8% of revenues).

The ratio operating result on net capital employed is 5% compared to 7.8% of the previous year, gross of the impairment of the “Lavorwash” goodwill, the ratio would amount to 5.9%.

Net result

Net profit for the year 2024 is € 6,500 thousand against € 19,922 thousand for the last year.
Gross of the impairment of the Lavorwash goodwill, net result amounts to € 10,914 thousand.

The item "financial income", equal to € 4,843 thousand (compared to € 5,621 thousand of the previous year) includes € 1,409 thousand of income on valuation and fixing of derived for hedging interest rate and € 1,292

thousand of income for debt adjustment estimate for purchase of remaining minority shares subject to Put & Call Option.
The item “financial expenses” equal to € 18,119 thousand (of which € 13,835 thousand of interests to banks), increased compared to € 17,830 thousand of 2023, mainly due to the trend in the cost of money and for the higher gross indebtedness.

The 2024 currency management is negative for € 654 thousand (positive for € 418 thousand in the previous year). Exchange rate management was negatively affected by the devaluation of the Brazilian real against the Euro and the US dollar.

The item “Income from/(expenses on) equity investment”, equal to a positive value of € 4 thousand, relates to the valuation according to the equity method of the investment in the associated company Raw Power S.r.l.

The tax rate for the year is 38%, compared to 21.7% of the previous year.
The effective tax charge for the year was significantly influenced by the accounting for the reduction in the value of the 'Lavorwash Group' goodwill, which is not fiscally relevant, amounting to € 4,414 thousand (with a negative effect on the tax rate of 11.7%) and the non-recognition of deferred tax assets on tax losses of some Group companies with a negative impact on the tax rate of 4%.

Comment to consolidated statement of financial position

€/000	31.12.2024	31.12.2023
Net non-current assets (*)	229,990	223,575
Net working capital (*)	260,283	251,587
Total net capital employed (*)	**490,273**	**475,162**
Equity attributable to the Group	275,947	279,352
Equity attributable to non controlling interests	4,367	4,315
Net debt (*)	(209,959)	(191,495)

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

Net non-current assets

Net non-current assets at December 31, 2024 amount to € 229,990 thousand compared to € 223,575 thousand at December 31, 2023.

During 2024 Emak Group invested € 24,721 thousand in property, plant and equipment and intangible assets, as follows:

€/000	31.12.2024	31.12.2023
Technological innovation of products	6,514	5,426
Production capacity and process innovation	10,476	8,990
Computer network system	3,732	4,682
Industrial buildings	2,889	2,229
Other investments	1,110	1,609
Total	**24,721**	**22,936**

Investments broken down by geographical area are as follows:

€/000	31.12.2024	31.12.2023
Italy	14,405	14,850
Europe	1,770	1,636
Americas	5,863	4,633
Asia, Africa and Oceania	2,683	1,817
Total	**24,721**	**22,936**

Net working capital

Net working capital moves from € 251,587 thousand at December 31, 2023 to € 260,283 thousand at December 31, 2024, an increase of € 8,696 thousand. The change in net working capital is due to the change in the scope of consolidation for € 5,922 thousand.

The following table reports the change in net working capital in 2024 compared with the previous year:

€/000	Y 2024	Y 2023
Opening Net working capital	**251,587**	**247,687**
Increase/(decrease) in inventories	12,402	(12,128)
Increase/(decrease) in trade receivables	7,045	(3,642)
(Increase)/decrease in trade payables	(16,030)	6,071
Change in scope of consolidation	5,922	12,302
Other changes	(643)	1,297
Closing Net working capital	**260,283**	**251,587**

The level of net working capital as of December 31, 2024 is influenced by the increase in fourth-quarter sales, which generated a higher level of trade receivables, while the increase in inventories, compared to the same period, is due to the higher supplies needed to achieve production volumes related to the demand for goods, as well as the launch of new products expected in the coming months. The change in the scope of consolidation results in an increase of approximately € 5,922 thousand.

Net financial position

Net negative financial position amounts to € 209,959 thousand at 31 December 2024, compared to € 191,495 thousand at 31 December 2023.

The following table shows the movements in the net financial position of 2024 compared with 2023:

€/000	2024	2023
Opening NFP	**(191,495)**	**(177,305)**
Net profit	6,500	19,922
Amortization, depreciation and impairment losses	36,470	29,080
Cash flow from operations, excluding changes in operating assets and liabilities	**42,970**	**49,002**
Changes in operating assets and liabilities	(10,102)	7,947
Cash flow from operations	**32,868**	**56,949**
Changes in investments and disinvestments	**(23,893)**	**(23,473)**
Changes rights of use IFRS 16	**(6,692)**	**(13,451)**
Dividends cash out	**(7,571)**	**(10,788)**
Other equity changes	**73**	**(262)**
Changes from exchange rates and translation reserve	**2,362**	**(2,861)**
Change in scope of consolidation	**(15,611)**	**(20,304)**
Closing NFP	**(209,959)**	**(191,495)**

Cash flow from operations is equal to € 42,970 thousand compared to € 49,002 thousand of the previous financial year. Cash flow from operations is positive for € 32,868 thousand compared to € 56,949 thousand in the previous year.
The increase in net financial position recorded in 2024, compared to the dynamics of 2023, is mainly due to the effect of the change in the scope of consolidation linked to the acquisition of the PNR Group for € 15,611 thousand (of which € 13,400 thousand were for the agreed consideration for the total shares acquired) and the trend in working capital.

Details of the net financial position is analysed as follows:

(€/000)	31.12.2024	31.12.2023
A. Cash	69,174	75,661
B. Cash equivalents	-	-
C. Other current financial assets	408	1,087
D. Liquidity funds (A+B+C)	**69,582**	**76,748**
E. Current financial debt	(17,484)	(24,304)
F. Current portion of non-current financial debt	(66,426)	(70,226)
G. Current financial indebtedness (E + F)	**(83,910)**	**(94,530)**
H. Net current financial indebtedness (G - D)	**(14,328)**	**(17,782)**
I. Non-current financial debt	(196,813)	(174,980)
J. Debt instruments	-	-
K. Non-current trade and other payables	-	-
L. Non-current financial indebtedness (I + J + K)	**(196,813)**	**(174,980)**
M. Total financial indebtedness (H + L) (ESMA)	**(211,141)**	**(192,762)**
N. Non-current financial receivables	1,182	1,267
O. Net financial position (M-N)	**(209,959)**	**(191,495)**
Effect IFRS 16	**44,184**	**43,936**
Net financial position without effect IFRS 16	**(165,775)**	**(147,559)**

Net financial position at 31 December 2024 includes actualized financial liabilities related to the payment of future rental and rent payments, in application of IFRS 16 standard, equal to overall € 44,184 thousand, of which € 8,632 thousand falling due within 12 months. At 31 December 2023 they amounted to a total of € 43,936 thousand, of which € 7,503 thousand falling due within 12 months.

Current financial indebtedness mainly consist of:
- account payables and self-liquidating accounts;
- loan repayments falling due by 31 December 2025;
- amounts due to other providers of finance falling due by 31 December 2025;
- debt for equity investments in the amount of € 2,725 thousand.

Financial liabilities for the purchase of the remaining minority shares subject to Put & Call Options are equal to € 4,710 thousand and they refer to the following companies:
- Markusson for an amount of € 1,877 thousand;
- Poli S.r.l. for an amount of € 1,610 thousand;
- Valley LLP for an amount of € 949 thousand;
- Agres for an amount of € 274 thousand.

Non-current portion of the payables for the purchase of equity investments, recorded in the item “Non current financial debt”, above is equal to € 1,985 thousand, while the current portion of payables for the purchase of equity investments, recorded in the item “Current financial debt”, is equal to € 2,725 thousand.

Equity

Equity at December 31, 2024 is € 280,314 thousand against € 283,667 thousand at December 31, 2023.

Summary of annual consolidated figures broken down by operating segment

	OUTDOOR POWER EQUIPMENT		PUMPS AND WATER JETTING		COMPONENTS AND ACCESSORIES		Other not allocated / Netting		Consolidated	
€/000	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**
Sales to third parties	180,180	166,994	244,646	244,252	177,088	155,071			**601,914**	**566,317**
Intersegment sales	421	393	1,873	3,045	9,957	8,129	(12,251)	(11,567)		
Revenues from sales	180,601	167,387	246,519	247,297	187,045	163,200	(12,251)	(11,567)	**601,914**	**566,317**
Ebitda (*)	10,702	11,694	23,305	31,290	29,510	25,517	(2,636)	(2,197)	**60,881**	**66,304**
Ebitda/Total Revenues %	*5.9%*	*7.0%*	*9.5%*	*12.7%*	*15.8%*	*15.6%*			***10.1%***	***11.7%***
Ebitda before non ordinary expenses (*)	11,755	11,984	23,261	31,928	29,780	26,163	(2,636)	(2,197)	**62,160**	**67,878**
Ebitda before non ordinary expenses/Total Revenues %	*6.5%*	*7.2%*	*9.4%*	*12.9%*	*15.9%*	*16.0%*			***10.3%***	***12.0%***
Operating result	2,933	3,834	6,814	20,263	17,300	15,324	(2,636)	(2,197)	**24,411**	**37,224**
Operating result/Total Revenues %	*1.6%*	*2.3%*	*2.8%*	*8.2%*	*9.2%*	*9.4%*			***4.1%***	***6.6%***
Net financial expenses (1)									**(13,926)**	**(11,789)**
Profit befor taxes									**10,485**	**25,435**
Income taxes									**(3,985)**	**(5,513)**
Net profit									**6,500**	**19,922**
Net profit/Total Revenues%									***1.1%***	***3.5%***
(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	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**
Net debt (*)	17,558	11,174	135,438	134,618	56,963	45,703	0	0	**209,959**	**191,495**
Shareholders' Equity	185,667	185,337	90,158	99,670	82,934	76,978	(78,445)	(78,318)	**280,314**	**283,667**
Total Shareholders' Equity and Net debt	203,225	196,511	225,596	234,288	139,897	122,681	(78,445)	(78,318)	**490,273**	**475,162**
Net non-current assets (2) (*)	123,570	122,370	109,658	116,156	71,936	60,261	(75,174)	(75,212)	**229,990**	**223,575**
Net working capital (*)	79,655	74,141	115,938	118,132	67,961	62,420	(3,271)	(3,106)	**260,283**	**251,587**
Total net capital employed (*)	203,225	196,511	225,596	234,288	139,897	122,681	(78,445)	(78,318)	**490,273**	**475,162**
(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	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**
Number of employees at period end	727	725	980	959	811	669	9	9	**2,527**	**2,362**
OTHER INFORMATIONS	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**
Amortization, depreciation and impairment losses	7,769	7,860	16,491	11,027	12,210	10,193			**36,470**	**29,080**
Investment in property, plant and equipment and in intangible assets	7,532	6,202	8,193	9,814	8,996	6,920			**24,721**	**22,936**

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

Comments on results by operating segment

The table below shows the breakdown of “sales to third parties” in 2024 by business segment and geographic area, compared with the same period last year.

	OUTDOOR POWER EQUIPMENT			PUMPS AND WATER JETTING			COMPONENTS AND ACCESSORIES			CONSOLIDATED		
€/000	31.12.2024	31.12.2023	Var. %	31.12.2024	31.12.2023	Var. %	31.12.2024	31.12.2023	Var. %	31.12.2024	31.12.2023	Var. %
Europe	153,905	141,768	8.6	104,779	104,789	(0.0)	99,673	86,202	15.6	358,357	332,759	7.7
Americas	6,852	6,124	11.9	113,800	111,177	2.4	54,679	49,175	11.2	175,331	166,476	5.3
Asia, Africa and Oceania	19,423	19,102	1.7	26,067	28,286	(7.8)	22,736	19,694	15.4	68,226	67,082	1.7
Total	**180,180**	**166,994**	**7.9**	**244,646**	**244,252**	**0.2**	**177,088**	**155,071**	**14.2**	**601,914**	**566,317**	**6.3**

Outdoor Power Equipment

Segment revenues increased by 7.9% compared to the previous year, thanks to positive sales performance occurred progressively from the month of April, in which all areas contributed to the good performance.
In Europe, sales growth has been driven by the main markets of Western Europe, thanks to the positive effects generated by sales network initiatives and a normalized level of inventory at the distribution network while in Eastern Europe, a negative trend was observed in the areas affected by the Russia-Ukraine conflict, with a decrease in sales of approximately € 2,700 thousand.
The generalized growth recorded in the fourth quarter contributed to the improvement of the performance in the Americas area.
In the Asia, Africa, and Oceania area, the increase was attributable to the Turkish and Indian markets, which recorded good sales performance.

EBITDA, amounting to € 10,702 thousand, compared to € 11,694 thousand in 2023, benefited from the increase in sales, while the increase in logistics costs due to higher maritime freight rates and greater use of rail and air transports to promptly meet market demand led to a deterioration in margins, along with wage dynamics.

During 2024, non-recurring expenses of € 1,053 thousand were recorded (€ 290 thousand of non-recurring items in the previous year).

Net negative financial position, amounting to € 17,558 thousand, declined compared to December 31, 2023, due to an increase in net working capital linked to the growth in production and sales volumes.

Pumps & Water Jetting

Segment revenues increased by 0.2% compared to 2023 financial year.
Sales in Europe remained stable, with the second half of the year showing a good recovery compared to the first part of the year. The strong performance in the Polish and Spanish markets compensated for the sharp reduction in exports to Russia and the considerable slowdown in sales in France and Germany.
Regarding online sales, the fourth quarter confirms the good recovery already observed starting from the second quarter, widely recovering the negative decline of the first quarter.
The increase in revenue in the Americas area is due to the effect of the consolidation area. Growth in the US, Chile, and Mexico markets was indeed offset by the decline in Brazil and Canada.
Revenues in Asia, Africa, and Oceania decreased due to the contraction of sales in Asian and Middle Eastern markets.

EBITDA 2024, amounting to € 23,305 thousand, compared to € 31,290 thousand in 2023, was penalized by an unfavorable product mix, increased transport costs and personnel costs, as well as the increase in fixed costs related to expectations of sales volumes higher than those actually achieved.

Net negative financial position, amounting to € 135,438 thousand, has slightly increased compared to December 31, 2023, due to the significant decline in free cash flow from operations, only partially offset by the reduction in net working capital.

Components & Accessories

Segment sales increased by 14.2% compared to 2023 financial year. The inclusion of the PNR Group in the consolidation area contributed approximately 15 million euros.
Sales in Europe, net of the PNR Group's contribution, showed a slight increase despite the significant decline in the agriculture division, which was penalized by both a negative sector trend and the sharp decline in the Russian market, in contrast to the trend in the Spanish and Italian markets.
In the Americas area, excluding changes in scope, the turnover increased thanks to the good performance of the North American market, which more than offset the decline of the Brazilian subsidiaries operating in the agricultural sector.
In the Asia, Africa, and Oceania area, net of the change in scope, growth was driven by an increase in sales in the Chinese and Turkish markets.

EBITDA, amounting to € 29,510 thousand compared to € 25,517 thousand in 2023, benefited from the change in the consolidation area by approximately 3.6 million euros and an improved product mix, while it was penalized by the increase in transport and personnel costs.

Net negative financial position, amounting to € 56,963 thousand, increased compared to the end of 2023, due to the impact of the PNR acquisition and the increase in net working capital.

5. Results of Group companies

5.1 Emak S.p.A. – Parent Company

The Parent Company achieved net revenues of € 130,577 thousand against € 117,805 thousand in 2023, an increase of 10.8%.
Sales increased compared to the previous year thanks to a progressive improvement in market conditions, the expansion of the customer offering, and the first positive results from activities supporting the sales network.

EBITDA for the year amounts to € 3,407 thousand, compared to € 3,724 thousand in the previous year, the data is positively affected by higher sales volumes. The increased costs for distribution logistic and commercial activities supporting the sales network led to an increase in service costs, while personnel costs grew due to the inflationary dynamics of sector contract renewals and greater use of temporary workers to cope with higher volumes and production peaks.

The operating result for the year is negative for € 2,110 thousand against a negative result of € 1,701 thousand in 2023.

The company ended the year with a net profit of € 6,412 thousand compared to € 10,446 thousand in 2023.
The result benefits from dividends received from subsidiaries amounting to € 8,834 thousand (compared to € 12,200 thousand in 2023).

Net negative financial position increased from € 11,008 thousand at 31 December 2023 to € 16,243 thousand at 31 December 2024. The change mainly due to the lower cash flow generated from operating activities caused by an increase in net working capital resulting from the growth in sales and production volumes.

5.2 Subsidiaries

At 31 December 2024 the Emak Group was organized in a structure with Emak S.p.A. at the top, possessing direct and indirect controlling interests in the equity of 44 companies.

The economic figures of the subsidiary companies, drawn up in compliance with IAS/IFRS international accounting standards, are shown below:

Company	Head office	31/12/2024 Sales	Net profit	31/12/2023 Sales	Net profit	
Parent company						
Emak S.p.A.	Bagnolo in Piano (Italy)	130,577	6,412	117,805	10,446	
Fully consolidated companies						
Emak France Sas	Rixheim (France)	33,720	1,221	32,850	1,081	
Jiangmen Emak Outdoor Power Equipment Co. Ltd	Jiangmen City (China)	27,330	606	21,410	(194)	
Victus Emak Sp. Z o.o.	Poznan (Poland)	24,352	849	18,829	303	
Emak Deutschland GmbH	Fellbach-Oeffingen (Germany)	-	-	-	(2)	4
Emak Suministros Espana SA	Madrid (Spain)	7,137	27	6,422	57	
Emak U.K. LTD	Burntwood (UK)	3,737	(191)	2,908	(287)	
Tailong (Zhuhai) Machinery Equipment Ltd.	Zhuhai (China)	2,525	(878)	2,091	(589)	
Epicenter LLC	Kiev (Ukraine)	3,797	429	5,020	916	
Emak Do Brasil Industria LTDA	Ribeirao Preto (Brazil)	1,291	(516)	1,403	139	
Tecomec Srl	Reggio Emilia (Italy)	65,002	6,466	63,569	6,974	
Speed France Sas	Arnas (France)	25,699	1,445	21,507	773	
Speed North America Inc.	Wooster, Ohio (USA)	23,437	513	19,114	229	
Speed Line South Africa (Pty) Ltd.	Pietermaritzburg (South Africa)	2,566	475	1,745	208	
Ningbo Tecomec Manufacturing Co. Ltd.	Ningbo City (China)	16,906	1,054	11,462	184	
Speed Industrie Sarl	Mohammedia (Morocco)	-	-	-	(68)	1
Speed South America S.p.A.	Providencia (RCH)	6,258	1,199	4,939	721	
Comet Spa	Reggio Emilia (Italy)	70,212	5,795	73,599	5,448	
Comet France Sas	Wolfisheim (France)	9,739	684	9,067	685	
Comet USA	Burnsville, Minnesota (USA)	-	2,407	-	1,419	*
Valley Industries LLP	Paynesville, Minnesota (USA)	75,679	(1,487)	70,747	1,948	2
Ptc Waterblasting	Burnsville - Minnesota (USA)	-	(66)	2	(68)	
PTC Srl	Rubiera, Reggio Emilia (Italy)	12,941	708	13,825	1,055	
S.I. Agro Mexico	Guadalajara (Mexico)	8,557	668	7,919	325	
Comet do Brasil Ind. E Com. de Equipamentos Ltda	Indaiatuba (Brazil)	16,024	1,240	17,916	2,432	
Sabart Srl	Reggio Emilia (Italy)	29,140	1,520	29,236	2,016	
Lavorwash S.p.a	Pegognaga, Mantova (Italy)	60,492	199	58,630	4,586	
Lavorwash France S.a.s.	Wolfisheim (France)	1,818	(136)	2,091	24	
Lavorwash GB Ltd	St. Helens Merseyside (UK)	1,633	122	1,826	141	
Lavorwash Iberica S.l.	Tarragona (Spain)	1,336	106	1,212	102	
Lavorwash Polska SP ZOO	Bydgoszcz (Poland)	6,508	264	5,098	466	
Lavorwash Brasil Ind. E Com. Ltda	Indaiatuba (Brazil)	4,304	(748)	4,391	78	
Yong Kang Lavorwash Equipment Co. Ltd	Yongkang City (China)	18,058	729	15,798	719	
Yongkang Lavor Trading Co. Ltd.	Yongkang City (China)	3,214	124	1,621	85	
Spraycom S.A.	Catanduva, San Paolo (Brazil)	5,546	768	6,601	1,390	
Markusson Professional Grinders AB	Rimbo (Sweden)	4,011	950	3,887	917	
Agres Sistemas Eletrônicos S.A.	Uberaba (Brazil)	8,355	(2,172)	12,576	(1,089)	
Poli S.r.l.	Colorno, PR (Italy)	5,290	678	6,207	734	
Trebol Maquinaria y Suministros S.A.	A Coruña (Spain)	5,116	374	4,165	275	
Jiangmen Autech Equipment Co. Ltd	Jiangmen City (China)	-	239	-	196	3
Pnr Italia S.r.l.	Voghera, PV (Italy)	13,372	1,056	-	-	
Pnr EE Sp. Z.o.o.	Poznan (Poland)	344	12	-	-	
Spraylab Western Europe GmbH	Freilassing (Germany)	2,320	137	-	-	
Spraylab Northern Europe AB	Stoccolma (Sweden)	1,813	53	-	-	
PNR America LLC	Poughkeepsie, New York (USA)	1,143	239	-	-	

1 In December 2023, the company completed the liquidation process and proceeded with the dissolution of the company.

2 The economic values include the results of Bestway LLC, acquired on February 1, 2023, and merged by incorporation into Valley LLP on March 21, 2023.

3 On May 1, 2023, the subsidiary Jiangmen Autech Equipment became operational; therefore, the 2023 data includes 8 months of financial statements.

4 *It is noted that Emak Deutschland GmbH is no longer operational and has initiated the liquidation process.*

** It should be noted that the net result of Comet USA includes income tax calculated on the result of its subsidiary, Valley Industries LLP. The latter company is, in fact, subject to a tax regime that provides for taxation of profits to be directly imposed on the shareholders.*

It should also be noted that the net profit of the individual companies includes any dividends received during each year, as well as any write-downs of intercompany investments.

6. Research and development

Please refer to the specific section of the consolidated sustainability report for a detailed analysis of the research and development activities carried out at the Group level.

7. Human resources

Please refer to the specific section of the consolidated sustainability report for a detailed analysis of the human resources employed at the Group level.

8. Dealings with related parties

Emak S.p.A. is controlled by Yama S.p.A., which holds 65.2% of its share capital and which, as a non financial holding company, is at the head of a larger group of companies mainly operating in the production of machinery and equipment for agriculture and gardening and of components for motors, and in real estate.
With these companies there are limited supply and industrial services dealings, as well as industrial surfaces rental services of and financial services deriving from the equity investment of a few Italian companies in the Group, including Emak S.p.A., in the tax consolidation headed by Yama S.p.A.
There have been collaboration relationships for consultancy services of a technological nature linked to the development of new electrical products with the company Raw power S.r.l.

A further area of relationships with "other related parties" is derived from the performance of professional services for legal and fiscal nature, provided by entities subject to significant influence by a non-executive director.

All of the above dealings, of a normal and recurring nature, falling within the ordinary exercise of industrial activity, constitute the preponderant part of activities carried out in the period by the Group with related parties. The transactions in question are all regulated under current market conditions, in compliance with framework resolutions approved periodically by the Board of Directors. Reference can be made to the notes to the accounts at paragraph 40.

During the year, no extraordinary operations with related parties have been carried out. If transactions of this nature had taken place, enforcement procedures approved by the Board of Directors would have been applied, most recently with its resolution of 12 May 2021.

* * * * * * *

The determination of the remuneration of Directors and Auditors and Managers with strategic responsibility in the Parent Company occurs as part of the governance framework illustrated to the Shareholders and to the public through the report as per art. 123-ter of Leg. Dec. 58/98, available on the site www.emakgroup.it.
Given the conditions, Emak S.p.A. makes use of the procedural simplifications provided for in paragraphs 1 and 3, lett. b), in art. 13 of CONSOB Resolution no. 17221 of March 12, 2010 and related amendments and additions. The remuneration of Directors and Auditors and Managers with strategic responsibilities in the subsidiaries are also established based on adequate protection procedures, that provide for the Parent Company to perform control and harmonization activities.

9. Plan to purchase Emak S.p.A. shares

At December 31, 2023, the Company held 1,097,233 treasury shares in portfolio for an equivalent value of € 2,835 thousand.

During 2024 financial year and in the months of January and February 2025, there were no changes in the consistency of the treasury share portfolio.

10. Corporate governance and other information required by Issuers Regulations

Emak S.p.A. adopted the Code of Corporate Governance, approved by the Committee established at the Italian Stock Exchange as reformulated in January 2020, in force from the 2020 financial year, and available on the website www.borsaitaliana.it. Details of Emak's compliance with the Code's provisions are set out in the "Report on corporate governance and ownership structures", provided for by arts. 123-bis of Legislative Decree 58/98, illustrated according to the "comply or explain" scheme.

As already mentioned, the "Remuneration Report" prepared pursuant to art. 123-ter of Legislative Decree 58/98, shows the remuneration policy adopted by the company to its directors and executives with strategic responsibilities. The document also describes in detail by type and quantified entities the fees paid to them, even by subsidiaries, as well as stocks and movements of Emak titles in their possession during the year.
Both reports are available to the public at the company's registered office and on the website: www.emakgroup.it, in the section "Investor Relations > Corporate Governance".

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D.Lgs 231/2001

It has to be underlined the adoption by the most important companies of the Group, of the Organization and Management Model, art. 6, Legislative Decree 231/01, calibrated on individual specific reality and periodically expanded in a modular form, in line with the extension of the liability of companies for ever new crimes.
The Model makes use, in the different companies of the Group, of Supervisory Committees, furnished with autonomous powers of action and control regarding its effective and efficient application.

* * * * * * *

Ethical Code

Emak Group has implemented and updated an Ethical Code, in which the company's chosen ethical principles are set out and which the Directors, Auditors, Employees, Consultants and Partners of the Parent Company, as well as of its subsidiary companies, are required to follow. The most recent update of the Code of Ethics, enriched and reorganized, compared to its previous version, was approved by the Board of Directors of EMAK on February 26, 2021.
The model, as per art. 6, Leg. Dec. 231/01, and the Ethical Code are both available for consultation at the internet address web www.emakgroup.com, in the section Organization and certifications.

* * * * * * *

Significant operations: derogation from disclosure obligations

The Company has resolved to make use, with effect from 31 January 2013, of the right to derogate from the obligation to publish the informative documents prescribed in the event of significant merger, demerger, share capital increase through the transfer of goods in kind, acquisition and disposal operations, pursuant to art. 70, paragraph 8, and art. 71, paragraph 1-bis of Consob Issuers Regulations, approved with resolution no. 11971 of 4/5/1999 and subsequent modifications and integrations.

11. Disputes

There were no disputes in progress that might lead to liabilities in the financial statements other than those already described in note 36 of the consolidated financial statements.

12. Other information

Subsidiaries art 15. Market Regulations

With regard to the requirements of article 15 of the Market Rules - Consob Resolution No. 20249 dated December 28, 2017 and subsequent amendments and addition, Emak S.p.A. reports to have currently the control of some large companies, incorporated and regulated under the law of a state outside the European Union:

- Jiangmen Emak Outdoor Power Equipment Co. Ltd. (Republic of China);
- Comet Usa Inc. (United States of America);
- Valley Industries LLP (United States of America);
- Comet do Brasil Industria e Comercio de Equipamentos Ltda (Brazil);
- Yong Kang Lavor Wash Equipment (Republic of China);
- Agres Sistemas Eletrônicos S.A. (Brazil);
- Speed North America Inc. (United States of America).

For all companies Emak S.p.A. has complied with current legislation, including the filing at the registered office, for the benefit of the public, of the financial statements of subsidiaries prepared for the purposes of preparing the consolidated financial statements.

European Single Electronic Format (ESEF)

The delegated regulation of the EU Commission 2018/815 had established, in implementation of the delegation contained in directive 2004/109 / EC (so-called "transparency directive"), that listed European companies (including Italians) must publish annual financial reports through the "ESEF" format, also providing that listed companies mark the information presented therein using the XBRL markup language.
Therefore, this Annual Financial Report is published in the European Single Electronic Format (ESEF), that is, through the computer language XHTML.

Following Legislative Decree No. 125/24 implementing Directive 2022/2464/EU, which mandates the adoption of the ESEF format for sustainability reporting, please note that regarding the tagging of the Consolidated Sustainability Report, digital tagging of the ESRS disclosure taxonomy will not be mandatory for companies until the European Union formally adopts the XBRL taxonomy as part of the ESEF RTS.

13. Foreseeable business outlook

2024 was a complex year, penalized by a combination of factors. Although the revenues followed the planned trajectories, increases in operating and personnel costs, partly linked to contractual automatisms, currency fluctuations, and, more generally, macroeconomic uncertainties, negatively impacted the Group's profitability performance. Despite the uncertain external context, the Group's strategy of increasing focus on market needs and the efficiency initiatives already implemented allow us to be confident in the ability to progressively recover profitability starting from 2025, also considering the return on investments made in recent years. In the first months of the year, based on orders and already recorded trends, a further increase in revenue is expected, accompanied by positive effects on profitability.
Management remains focused on sustainable growth and value creation for shareholders, leveraging new market opportunities and optimizing available resources.

14. Significant events occurring during the period and positions or transactions arising from atypicaland unusual transactions, significant and non-recurring

The significant events that occurred during the period and positions or transactions arising from atypical and unusual transactions, significant and non-recurring are set out in notes 7 and 8 of consolidated financial statements.

15. Subsequent events

Acquisition of PNR Nordic

On January 2, 2025, the subsidiary Spraylab Northern Europe AB (Sweden) acquired 100% of the company Pnr Nordic AB (Sweden), the main customer operating exclusively as a distributor of Pnr catalog products in the local market. The transaction, carried out with the aim of streamlining the distribution chain in the local market, was concluded for a consideration of approximately 36 thousand euros, corresponding to the acquired net assets.
The acquired company has assets of approximately € 270 thousand, revenues of approximately € 1,400 thousand in 2024, and a profit of approximately € 60 thousand. On January 3, a reverse merger with the acquiring company Spraylab Northern Europe AB was approved, with retroactive effect from January 1, 2025, which is expected to be completed by the end of April 2025.

16. Reconciliation between shareholders' equity and net profit of the Parent Company Emak and consolidated equity and the results

In accordance with the CONSOB Communication dated July 28 2006, the following table provides a reconciliation between net income for 2024 and shareholders' equity at December 31, 2024 of the Group (Group share), with the corresponding values of the Parent Company Emak S.p.A.

€/000	Equity at 31.12.2024	Result for the year ending 31.12.2024	Equity at 31.12.2023	Result for the year ending 31.12.2023
Equity and result of Emak S.p.A.	**151,435**	**6,412**	**152,347**	**10,446**
Equity and result of consolidated subsidiaries	368,817	27,162	353,621	34,329
Effect of the elimination of the accounting value of shareholdings	(229,445)	(3,906)	(212,728)	(325)
Elimination of dividends	-	(22,475)	-	(24,374)
Elimination of intergroup profits	(10,499)	(697)	(9,575)	(156)
Evaluation of equity investment in associated	6	4	2	2
Total consolidated amount	**280,314**	**6,500**	**283,667**	**19,922**
Non controlling interest	**(4,367)**	**(745)**	**(4,315)**	**(847)**
Equity and result attributable to the Group	**275,947**	**5,755**	**279,352**	**19,075**

17. Proposal for the allocation of profit and dividend for the financial year

Dear Shareholders,
we submit for your approval the financial statements at 31 December 2024, which show a profit of € 6,412,139.00. We also propose the distribution of a dividend of € 0.025 for each outstanding share.

We therefore invite you to take this resolution:

<< The Shareholders' Meeting of Emak S.p.A.,

with regard to point 1.1 to the agenda
resolves

a) to approve the Directors' Report and the financial statements at December 31, 2024, closed with a net profit of € 6,412,139.00;

with regard to point 1.2 to the agenda
resolves

a) to allocate the net profit of € 6,412,139.00 as follows:
   - € 320,606.96 to the legal reserve;
   - to the Shareholders, as dividend, the amount of € 0.025 gross of withholding taxes, for each share in circulation, with the exclusion of treasury shares held by the company;
   - to the extraordinary reserve for the entire residual amount;

b) to authorize the Chairman, if the number of treasury shares changes before the coupon detachment date, to adjust the amount of the item "retained earnings" to take into account any treasury shares in the meantime sold;

c) to pay the total dividend of Euro 0.025 per share (coupon no. 27) on 4 June 2025, with detachment date 2 June, and record date 3 June.>>

Definitions of alternative performance indicators

The chart below shows, in accordance with recommendation ESMA/201/1415 published on October 5, 2015, the criteria used for the construction of key performance indicators that management considers necessary to the monitoring the Group performance.

- 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 transactions, 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".

- EQUITY PER SHARE: is obtained dividing the item "Group equity" by number of outstanding shares at period end.

- FREE CASH FLOW FROM OPERATIONS per SHARE: is obtained dividing the "Free cash flow from operations" by the average number of outstanding shares in the period.

- NET WORKING CAPITAL: include items "Trade receivables", "Inventories", current non financial "other receivables" net of "Trade payables" and current non financial "other payables".

- NET FIXED ASSETS or NET NON-CURRENT ASSETS: include non-financial "Non current assets" net of non-financial "Non-current liabilities".

- NET CAPITAL EMPLOYED: is obtained by adding the "Net working capital" and "Net non-current assets".

- 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.

It should be noted that alternative performance indicators are not identified as an accounting measure under the International Accounting Standards and, therefore, should not be considered a substitute measure for the evaluation of the performance of the Company and the Group. The criterion for determining these indicators applied by the Company and the Group may not be homogeneous with that adopted by other companies in the sector and, therefore, such data may not be comparable.

our power, your passion

Section of the Management Report
ex Legislative Decree 125/2024 art. 3 paragraph 1

Consolidated Sustainability Statement

GENERAL DISCLOSURES

1.1 Basis for preparation

BP-1 – General basis for preparation of sustainability statements

This section constitutes the Consolidated Sustainability Statement of the Emak Group, prepared in accordance with Legislative Decree No. 125 of September 6, 2024, as implementation of Directive (EU) 2022/2464 of the European Parliament and Council of December 14, 2022 (Corporate Sustainability Reporting Directive, hereinafter "CSRD").
The section has been prepared to ensure the comprehensibility of information regarding the Group's activities, as well as other qualitative characteristics of the company as outlined in ESRS 1, Appendix B, of Delegated Regulation (EU) 2023/2772.
The statement covers relevant sustainability issues for the financial year 2024, from January 1 to December 31, and shares the same scope of consolidation as the Emak Group's consolidated annual financial report ("Group"); therefore, the area is represented by all companies fully consolidated in the annual financial report.
The information provided by the Group includes relevant impacts, risks, and opportunities ("IRO") connected to the company through its direct and indirect business relationships in the upstream and/or downstream value chain concerning policies, actions, and targets; metrics on relevant IROs in the value chain are not expressed, except for the information reported regarding Scope 3 emissions.
The Group has not used any of the options to omit information under letters d) and e) of paragraph 5 of the General Disclosures of Delegated Regulation (EU) 2023/2772.

BP-2 – Disclosures in relation to specific circumstances

Regarding the time horizons adopted, the company has not deviated from what is provided by the European regulations governing this document:
a) short-term horizon: the period adopted by the company as the reference period for its financial statements (1 year);
b) medium-term horizon: up to five years from the end of the short-term reference period defined in letter a); and
c) long-term horizon: beyond five years.
It should be noted that Scope 3 emissions (E1-6) and the calculation of incoming materials (E5-4) are based on estimates and assumptions that are subject to a profile of uncertainty, due to the difficulty in accessing primary data by the Group. The Group is committed to seeking more accurate data in the future. Please refer to the respective paragraphs for more details on the calculation methods used.

The consolidated sustainability statement includes the information required by Article 8 of Regulation (EU) 2020/852 of June 18, 2020 (known as the "Taxonomy Regulation") and the related Delegated Regulations (EU) 2021/2178, 2021/2139, 2023/2485, and 2023/2486. For the preparation of this section, the recommendations communicated by the European Securities and Markets Authority (ESMA) in October 2023 regarding disclosure under Article 8 of the Taxonomy Regulation and climate change issues were taken into account. Emak presents, within the relevant chapter ("Environmental", paragraph "Disclosure pursuant to Article 8 of Regulation (EU) 2020/852"), a description of the analyses carried out in 2024 to communicate to its stakeholders, through the models provided by the regulator, the data relating to eligible and aligned economic activities to the Taxonomy for the 6 environmental objectives *(climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, waste reduction and recycling of materials, pollution prevention and control, and protection of ecosystems).*

1.2 Governance

GOV-1 – The role of the administrative, management and supervisory bodies

Emak has a traditional governance structure, characterized by the presence of the following bodies: the Shareholders' Meeting, the Board of Directors, and the Board of Statutory Auditors, governed by the respective applicable legal provisions.

The Board of Directors represents the central body of the Emak Group's Corporate Governance system. In its guiding role, the Board defines the Group's strategies, integrating social and environmental issues, and monitors their implementation, with the aim of promoting long-term value creation.

The current Board of Directors was appointed by the Shareholders' Meeting during the approval of the financial statements as of December 31, 2021. On that occasion, the shareholders set the number of directors at 13 (thirteen) and the term of office at 3 (three) years (2022-2024).

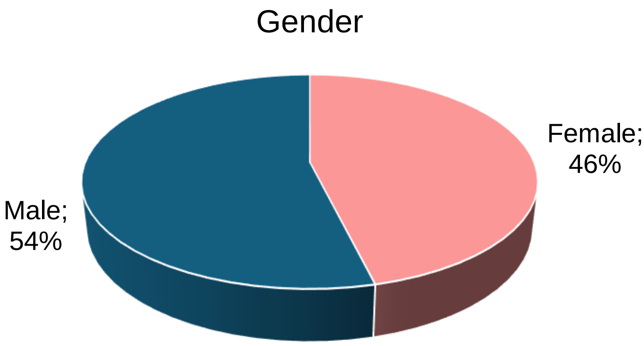
Qualification	Members	Year of birth	Gender	Date of first appointment	In office since	In office until	Executive	Non Executive	Independent	No. other offices	Seniority of position since the first appointment	Committee member
Chairman	Livatino Massimo	1964	M	23/04/2013	29/04/2022	App. Financial Statements 2024		X		5	12	
Chief Executive Officer	Bartoli Luigi	1966	M	30/04/2004	29/04/2022	App. Financial Statements 2024	X			1	21	
Director with powers	Becchi Cristian	1973	M	29/04/2022	29/04/2022	App. Financial Statements 2024	X			-	3	
Director	Iotti Elena	1979	F	22/04/2016	29/04/2022	App. Financial Statements 2024		X	X	6	9	CCRS/CORE/ CNOM/COPC
Director	Lanza Alessandra	1971	F	23/04/2013	29/04/2022	App. Financial Statements 2024		X	X	1	12	CCRS/CORE/ CNOM/COPC
Director	Grappi Silvia	1976	F	29/04/2022	29/04/2022	App. Financial Statements 2024		X	X	-	3	CCRS/CORE/ CNOM/COPC
Director	Baldi Francesca	1969	F	23/04/2013	29/04/2022	App. Financial Statements 2024		X		1	12	
Director	Bartoli Ariello	1937	M	24/04/1998	29/04/2022	App. Financial Statements 2024		X		1	27	
Director	Becchi Paola	1967	F	30/04/2004	29/04/2022	App. Financial Statements 2024		X		1	21	
Director	Ferrari Giuliano	1950	M	30/04/2004	29/04/2022	App. Financial Statements 2024		X		-	21	
Director	Salsapariglia Marzia	1961	F	22/04/2016	29/04/2022	App. Financial Statements 2024		X		-	9	
Director	Spaggiari Vilmo	1940	M	30/04/2004	29/04/2022	App. Financial Statements 2024		X		1	21	
Director	Zambelli Paolo	1973	M	29/04/2022	29/04/2022	App. Financial Statements 2024		X		1	3	

Among the appointed directors, there are 2 executive directors who are employees of the company, 3 non-executive and independent directors (equal to 23% of the total directors, 27% of the non-executive directors), and 8 non-executive and non-independent directors; of the 13 members, 6 are female (46%).

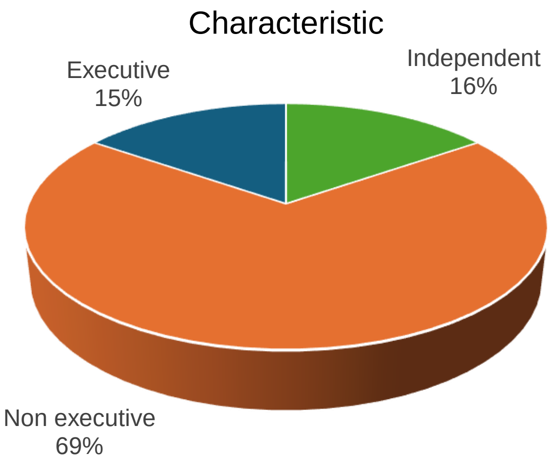
The Board of Directors of Emak is composed of directors with skills and professionalism appropriate to the tasks assigned to them.
The knowledge of the sectors, products, and geographical areas in which the Group operates is guaranteed by the professional and personal history of the individuals as well as their tenure, which has ensured constant training and updating on key issues. During board meetings, the executive directors provide extensive information on the matters on the agenda. Additionally, the Chairman may invite executives of the parent company or managing directors of the subsidiaries, as well as the Manager in charge of preparing the accounting statements, to attend the meetings of the Board to provide appropriate insights on the topics on the agenda. Furthermore, if deemed useful to provide appropriate insights on the topics discussed, managers or representatives of the companies most involved in the matter are invited to participate in the meetings.

Within the Board of Directors, four committees operate with preparatory functions, established to acquire, within their respective areas as provided and defined by the Corporate Governance Code and their respective operating regulations, their propositional and consultative contributions. These are the Remuneration Committee (CoRe), Risk Control and Sustainability Committee (CCRS), the Related Party Transactions Committee (COPC), and the Nominations Committee (Cnom).

In its guiding role, the Board of Directors, assisted by the preparatory activities of the Risk Control and Sustainability Committee, ultimately has the responsibility to manage, including adopting necessary procedures if required, the relevant risks, impacts, and opportunities concerning sustainability issues. To this end, the delegated bodies periodically report to the full board any significant aspects that may arise from discussions with the top operational levels not only of the parent company but also of the Italian companies leading the individual business units.



The Board of Directors has established the Risk Control and Sustainability Committee, with the task of supporting, through adequate preparatory activities, the Board's evaluations and decisions regarding the internal control system and risk management, as well as the approval of financial reports and sustainability reporting. Its members collectively possess adequate expertise in the sector in which the Group operates, which is essential for assessing related risks; due to the professionalism of its members, the Committee boasts specific experience in accounting, finance, and risk management, which the Board of Directors considered highly adequate at the time of appointment.



Its opinion is not binding; however, even if it were contrary to the prevailing orientation within the board, it would be given the utmost consideration, as it would compel the Board to specifically and expressly analyze and delve into the opposing reasons expressed by the Committee, providing detailed justification for the decision made nonetheless.
Among the tasks of the Committee included in its regulations are the following activities:
a) evaluate the adequacy of periodic, financial, and sustainability information to correctly represent the business model, strategies of the Company and the Group, the impact of its activities, and the performance achieved;
b) examine the content of sustainability reporting;
c) express opinions on specific aspects related to the identification, measurement, management, and monitoring of major business risks;
d) evaluate, for the benefit of the Board, the recommendations contained in the letter formulated by the Chairman of the Corporate Governance Committee, in order to verify their alignment with the practices adopted by the Company, identify any gaps in application or explanations provided, and possibly define any initiatives for governance evolution;
e) report every half year to the Board on the adequacy of the internal control and risk management system.

Within the Group, sustainability issues are managed and governed within the most appropriate functions based on relevance to the activity, mastery, and competence of the subject matter, which oversee and control them. When similar issues may involve multiple functions or companies within the Group, the designated entities work to share knowledge and resources both in structured occasions, such as functional committees, and through informal discussions. Based on the importance of the issues addressed in terms of impacts, risks, and opportunities, operational decisions are made by the competent hierarchical levels. The initiatives undertaken are periodically reported to the top management, which in turn reports to the Board of Directors in the normal board discussions.

The Board of Directors annually reviews and approves the strategic, industrial, and financial plans[1] of the Company and the Group, as well as their respective annual budgets, with the support of the Risk Control and Sustainability Committee. During the financial year, the Board has monitored the implementation of the

[1] As mentioned in other parts of the document, the Group considers sustainability topics an integral part of its operations, even though it has not yet formalized a multi-year sustainability plan.

industrial plan on a quarterly basis, evaluating the overall management performance and comparing the results achieved with those planned, as derived from the annual budget approved by the Board itself before the end of the previous year; these activities were carried out, in particular, during meetings dedicated to the approval of interim management reports, the half financial report, and the annual financial report.

The Board conducts a self-assessment process every three years, in anticipation of its renewal, which focuses on the size, composition, and actual functioning of the Board itself and its Committees, also considering the role it has played in defining strategies and monitoring management performance and the adequacy of the internal control and risk management system.

The last self-assessment, carried out by the outgoing Board of Directors, was completed on February 28, 2022, following an inquiry conducted by the Nominations Committee. It was developed without the use of external consultants, based on a questionnaire submitted to each director.

In the first section of the questionnaire, submitted to all members of the Board, questions were included regarding:

- the characteristics of the directors, the Board, and the Committees;
- the adequacy of the induction activities to the board on relevant topics;
- the scheduling of board meetings;
- the preliminary information for the conduct of board meetings;
- the conduct of board meetings.

The questions formulated in the second section, reserved for executive and independent directors only, focused on the functioning of each board committee and the coordination among the actors of the Internal Control and Risk Management System.

As a result of the self-assessment process described above, the Board positively evaluated the size, composition, and functioning that characterize its structure and activities; similar conclusions were reached regarding its Committees. The overall favorable evaluation expressed by the Board of its structure and functioning is accompanied by an equally positive assessment of the frequency, significance, and productivity of board discussions, as well as the degree of mutual and constructive oversight that the different components of the Board exercise over each other.

With specific reference to sustainability issues, the skills of individual directors ensure their adequate oversight: the members of the Board of Directors, on one hand, boast a deep knowledge of the sectors and markets in which the Group operates and the dynamics that characterize them (e.g., technological evolution, consumer preferences, competitive dynamics); on the other hand, the professional experience of some members of the administrative body, particularly the non-executive directors, ensures a continuous contribution of cross-functional skills to the specific activities of the Group. Specific training activities were carried out during 2024 involving the members of the Risk Control and Sustainability Committee, the executive directors, and the Chairman in the double materiality analysis, which allowed for the enhancement of specific skills and competencies on relevant impacts, risks, and opportunities of the Group. Additionally, if necessary, the Risk Control and Sustainability Committee and the directly involved operational structures can make use of specific external consultations on certain matters both to address concrete activities and to organize training sessions on specific topics. As evidence, during the 2024 financial year, the parent company Emak S.p.A. was assisted by an expert consultant in the process of adapting sustainability reporting to the new European regulations.
It should also be noted that in carrying out its duties, the Risk Control and Sustainability Committee has the authority to access the necessary company information and functions, as well as to use external consultants, under the terms established by the Board of Directors. The Committee has an ordinary annual budget of 20,000 euros, which can be increased if necessary, subject to Board approval.

GOV-2 – Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies

During 2024, the governing bodies oversaw the preparation and approved the periodic reporting on sustainability issues and participated in the double materiality analysis process. The Board of Directors is primarily involved in general objectives and is directly engaged in the most relevant and strategic issues concerning the Group's business, while more specific initiatives are carried out by the competent structures (e.g., energy-saving initiatives, research and development of new products). During the period under review,

the delegated bodies (with the support of the directly involved structures) informed the Board and, depending on the topics addressed, the various committees about policies, actions, metrics, and objectives concerning sustainability issues during the various meetings as part of the agenda. Specific points included the process for gender equality certification followed by the Parent Company and the double materiality analysis process preparatory to the drafting of the sustainability reporting for the 2024 financial year.
The list of relevant impacts, risks, and opportunities addressed by the governing, management, and control bodies, and their respective committees, during the reference period is reported in the General Disclosures, paragraph *SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model*.

GOV-3 - Integration of sustainability-related performance in incentive schemes

Within its Board of Directors, Emak assigns variable components of remuneration only to executive directors. For them, in line with the recommendations of the Corporate Governance Committee, current best practices, and based on a benchmark analysis, the remuneration of executive directors is established as follows:

- a fixed component, recognized in composite form as managerial remuneration and office allowance;
- a short-term variable component (annual);
- a medium-long term variable component (three-year);
- The criteria identified for a consistent and reasonable pursuit of the goal of proper incentivization of executive directors are aligned with those indicated by the Corporate Governance Code, as:
  - a significant part of their remuneration is linked to the achievement of specific performance objectives;
  - the balance between the fixed and variable components is adequate and consistent with the strategic objectives and risk management policy of the Company, taking into account the characteristics of the business activity and the sector in which it operates;
  - maximum limits are set for the payment of variable components;
  - the performance objectives, to which the payment of variable components is linked, are predetermined, measurable, significantly linked to a medium-long term horizon, consistent with the Company's strategic objectives, aimed at promoting its sustainable success, and include, with reference to the CEO, non-financial parameters;
  - an adequate deferral period is provided – from the time of accrual – for the payment of a significant part of the variable component, in line with the characteristics of the business activity and the associated risk profiles;
  - the fixed component is sufficient to remunerate the director's performance if the variable component is not paid due to the non-achievement of the performance objectives set by the Board of Directors.

The incentive remuneration structure for the CEO is designed to promote and reward the achievement of strategic objectives that are essential for the company's growth and consolidation. Each evaluation parameter is closely aligned with corporate priorities, ranging from technological innovation to environmental sustainability, strengthening leadership, and responsible resource management. The integrated and results-oriented approach not only fosters continuous improvement in operational performance but also contributes to long-term value creation, in line with contemporary challenges and the evolution of the global market. The adopted strategy ensures that the CEO, through the realization of concrete and measurable projects, advances the company's commitment to excellence and social responsibility. This approach ensures a positive impact both within the organization, promoting development and innovation, and in the community, contributing to the creation of shared value.
The short-term variable remuneration of the CEO for 2024 included, in addition to economic-financial objectives (weight 60%), specific sustainability targets (weight 40%), as detailed below.
A first area of evaluation concerned business expansion through the launch of new products, with particular attention to electric battery solutions. The expected result, which accounted for 20% of the short-term variable remuneration, required the completion of the development process of at least 80% of new products within the scheduled times and 100% of battery-powered products. Meeting these parameters not only addressed the need for technological innovation but also aligned with the company's commitment to greater environmental sustainability, contributing to emission reduction and the transition to more ecological solutions.
A second key objective, which accounted for 5% of the annual variable remuneration, concerned the definition of a succession plan for strategic positions in the Outdoor Power Equipment segment by the end of the 2024 financial year, aimed at ensuring the continuity and solidity of the company's leadership.

Finally, with a weight of 3% each and a total of 15%, the following specific sustainability objectives were included:

- Energy recovery initiative, with particular reference to meeting the boiler replacement timelines at the Parent Company Emak S.p.A.;
- Definition of a Group Car Policy aimed at promoting sustainability. The CEO was tasked with drafting and implementing the procedure by the end of the year, ensuring that all corporate mobility policies were aligned with environmental sustainability objectives, with a view to reducing the ecological footprint of the car fleet in Italy;
- Management of CO2 emissions from the company fleet, along with the total compensation of emissions from the car fleet in Italy. The success of this initiative was measured through the actual reduction of emissions and/or complete compensation, with the goal of achieving carbon neutrality by the end of the year for the Italian car fleet;
- Obtaining AEO (Authorized Economic Operator) certification for Emak S.p.A. by the end of 2024, certifying the company's reliability and operational efficiency as a distinctive value element in international operations;
- Initiatives in favor of gender equality within the organization, with particular reference to preparatory activities for the UNI PdR 125:2022 certification of Emak S.p.A., which is expected to be achieved in 2025. The action plan included the creation of a Steering Committee, the definition of an HR procedure, the communication of the Strategic Plan, and employee training, all fundamental actions to ensure that the company meets inclusivity and diversity criteria, addressing modern social and cultural challenges.

The remuneration policy currently followed by Emak was introduced following the renewal of the corporate bodies, resolved by the Shareholders' Meeting on April 29, 2022, valid for the entire mandate that will end with the approval of the financial statements for the 2024 financial year.
In compliance with the compensation limits set by the Shareholders' Meeting, the Remuneration Committee subsequently developed a set of proposals for the distribution of fixed compensation among the directors and the allocation of variable compensation. The Board of Directors evaluated the Committee's proposals and resolved, on May 13, 2022, regarding the distribution of fixed compensation due to the directors for the entire board mandate. On the same date, having acquired the results of the inquiry conducted by the Remuneration Committee, the Board of Directors resolved the methods for determining the incentive compensation due to executive directors and some first-level managers and executives, although not holding strategic responsibilities, engaged in various corporate functions. Certain aspects of the short-term variable remuneration were subsequently updated, with the favorable opinion of the Remuneration Committee and the Board of Statutory Auditors, during the board meetings on December 20, 2023, and February 29, 2024.

GOV-4 - Statement on due diligence

Due diligence represents the process through which an organization identifies, prevents, mitigates, and communicates its approach to addressing negative impacts, both actual and potential, on the environment and people resulting from its activities. The implementation of this process occurs through the adoption of specific policies, operational tools, and monitoring mechanisms, culminating in the formalization of a due diligence procedure that summarizes and documents the entire approach adopted.

While acknowledging that Emak has currently implemented this process indirectly and does not have a structured and detailed due diligence framework formalized through a dedicated procedure, a set of tools inspired by the fundamental principles that constitute the due diligence process has nevertheless been adopted.

As an example, Emak has formalized an Integrated Policy for Quality, Environment, and Safety, which, among other objectives, includes the identification, evaluation, and management of risks and opportunities related to ESG factors. Additionally, further support tools have been implemented, such as the governance model, internal procedures, risk management framework, along with monitoring and reporting activities.

The table below provides a mapping that illustrates the ways and sections in which the elements and main phases of the due diligence process can be found in the information presented in this Sustainability Statement, thus offering an overview of the company documentation inspired by the implementation of due diligence.

CORE ELEMENTS OF DUE DILIGENCE	PARAGRAPHS IN THE SUSTAINABILITY STATEMENT
Embedding due diligence in governance, strategy and business model	*Reference to:* • *ESRS 2 GOV-1* • *ESRS 2 GOV-2* • *ESRS 2 GOV-3* • *ESRS 2 SBM-3*
Engaging with affected stakeholders in all key steps of the due diligence	*Reference to:* • *ESRS 2 GOV-2* • *ESRS 2 SBM-2* • *ESRS 2 IRO-1*
Identifying and assessing adverse impacts	*Reference to:* • *ESRS 2 IRO-1* • *ESRS 2 SBM-3*
Taking actions to address those adverse impacts	*ESRS 2 MDR-A - Paragraphs relating to remedial actions and action plans for each topic (E1, S1, S4, G1 and Entity-specific)*
Tracking the effectiveness of these efforts and communicating	*ESRS 2 MDR-T - Paragraphs relating targets for each topic (E1, S1, S4, G1 and Entity-specific)*

GOV-5 - Risk management and internal controls over sustainability reporting

The Emak Group has an internal control and risk management system that the Board of Directors of Emak considers adequate for the size and nature of the business, suitable for effectively overseeing the main risk areas typical of the activity and contributing to the sustainable success of the Group. Within this system, to equip itself with an organizational structure even more suitable for the effective management of the sustainability reporting process, the Board of Directors of Emak S.p.A. has adopted a specific procedure to ensure that the Sustainability Statement included in the Annual Report complies with applicable regulations and reference standards. The correct implementation of the procedure and the tools adopted by the Group also helps to improve the reliability and transparency of quantitative and qualitative data and information available to governance actors for making informed and sustainable decisions, useful for the continuous improvement of the organization.
The internal control system tools identified and implemented by the Parent Company, which is ultimately responsible for preparing the consolidated reporting, are as follows:

1) Procedure for drafting the Sustainability Statement;
2) Standard Group package;
3) Instruction manual for package compilation;
4) Software for data management and consolidation;
5) Definition of the checklist for compliance verification;
6) Declarations of compliance;
7) Internal Audit plan.

Of primary importance in the internal control system is the procedure for drafting the Sustainability Statement. The Company had already established a procedure to regulate the preparation of the non-financial statement according to the regulations in force until the 2023 reporting period. The document was updated during 2024 and approved by the Board of Directors of Emak in its meeting on 30/01/2025, following a specific review by the Risk Control and Sustainability Committee, to comply with the new regulations and ESRS. The procedure outlines the roles, responsibilities, and timelines for preparing the information. Furthermore, consistency and completeness analysis of the data are carried out by the Investor Relations (IR) office, responsible for drafting the report. The procedure also requires the managers of the individual companies to provide the Parent Company with a certification regarding the correctness and compliance with reporting standards of the information provided. At the end of the process, the head of the IR office, as the person responsible for preparing the report, is required to sign a specific declaration of correct compliance with the reporting

procedures approved by the Parent Company's Board of Directors, in favor of the Manager in Charge and the delegated administrative bodies.
Another control tool is the Compliance Checklist, which has been developed to enable the Manager in Charge and the delegated administrative bodies to assess the disclosure's compliance with current regulations. The checklist, drafted in consideration of current legislation, is structured around twelve main areas of analysis to assess the effective application of various regulatory requirements and to map the key evidence supporting the evaluations carried out.
Structured to focus primarily on verifying the compliance of the reporting with the obligations set by current regulations and standards, the Checklist identifies the main areas subject to verification. The document is completed by the Manager in Charge and the Delegated Administrative Body with the collaboration of the Head of Internal Audit before the approval of the Sustainability Statement by the Board of Directors. The results are shared annually first with the Risk Control and Sustainability Committee and then presented to the Board of Directors.
The internal control system described so far represents a starting point for proper oversight of the information provided and will be progressively articulated and strengthened over time based on best practices to make it increasingly consistent and integrated with economic and financial reporting.
To date, the Group has identified two risk areas related to sustainability reporting and the corresponding prevention and mitigation strategies:

- Prompt understanding of changes related to regulatory evolution.
  Prevention and mitigation strategy: providing training to key figures in corporate governance and the reporting process, participating in working groups and discussions on these topics, collaborating with external consultants to integrate internal skills and perspectives, applying the compliance checklist to support Internal Audit and the Manager in Charge, whose results are brought to the attention of the Risk Control and Sustainability Committee and the Board at the end of the reporting process to evaluate how to further strengthen the reporting in the following year.
- Complexity and size of the Group.
  Prevention and mitigation strategy: formalizing organizational structures for sustainability reporting through the specific procedure, using enabling software to support data collection, collecting cascading declarations from representatives of the subsidiaries to ensure the accuracy of the data provided to the person responsible for drafting the report

The following are the phases of the process aimed at ensuring that the data and the document provided are correct and compliant with reporting principles:

1. **Project initiation**: in this phase, a proposal for the work setup for drafting the consolidated sustainability statement is defined;
2. **Perimeter analysis**: annually, the IR office verifies, based on the organization's evolution, the need to update the reporting perimeter concerning the involved companies and the information to be requested from the individual entities;
3. **Materiality analysis according to the double materiality approach**: targeted stakeholder engagement initiatives are prepared for the double materiality analysis. Annually, the Risk Control and Sustainability Committee and the Board of Directors confirm the validity of the materiality analysis. The double materiality analysis is conducted in compliance with ESRS requirements;
4. **Preparation of the information set**: based on the results of the previously described activities, the IR Office completes the identification of the list of ESRS data points to be reported in the report. Based on these considerations, the IR Office annually prepares a common information set for all companies (known as the ESRS reporting package), which is sent to the individual contacts with instructions on the forms to be completed. The development of this reporting package is associated with the preparation of specific data sheets for collecting the information necessary to calculate the KPIs of 'eligibility' and 'alignment' according to EU Regulation 2020/852 (EU Taxonomy reporting package) and the update of the scope 3 emissions inventory indirectly related to the Group's activities (GHG Inventory reporting package) following a specific 'screening analysis' aimed at identifying the relevant scope 3 emission categories for the Group;
5. **Compilation of the reporting packages**: the various packages are sent to the responsible contacts for data collection, and each company is required to complete all the requested fields within the specified timeframes, according to the instructions provided in the specific compilation manual. Any information related to aspects managed centrally is compiled/provided at the Group level by the competent function;
6. **Submission of the completed reporting package**: by a specific date, the Group companies complete their information set and send it to the IR Office;
7. **Consistency analysis and fine-tuning**: the IR Office performs consistency and completeness analysis on the data provided, requesting adjustments and/or explanations if necessary. In this regard, evidence may be requested regarding the information reported in the package. The main control functions are:

- Numerical consistency between data for the current reporting year and those available for the previous year;
- Completeness of the data provided compared to the data requested;
- Central re-performance of some information;
- Verification and updating of conversion factors (consumption-emissions) from official sources;
- Analysis of sample documentation to certify the data provided;
- Verification of the correctness and consistency of any financial data reported in the section with what is reported in the annual financial report.

8. **Processing and consolidation of collected data**: the IR Office then proceeds with the consolidation of quantitative data, the reworking of qualitative information, and the drafting of the sustainability statement (including disclosure pursuant to EU Regulation 2020/852) to be included in the Annual report;
9. **Review by Risk Control and Sustainability Committee**: the draft consolidated sustainability statement is presented to the Risk Control and Sustainability Committee at the meeting;
10. **Approval by the Board of Directors of Emak S.p.A.:** the final approval of the document is carried out by the Board of Directors of Emak S.p.A., which is called to approve the Group's annual financial report as a whole and all its components (including the sustainability statement).

1.3 History

The history of the Emak Group begins in the early 70s, with the foundation in 1972 of Oleo-Mac by local entrepreneurs, a company specialized in the production of chainsaws, and in 1978 of EFCO, specialized in the production of brush cutters. In 1992, the two companies joined forces by merging and creating Emak. The first moves for growth started immediately, both in production, with the creation of the brush cutter plant in Pozzilli (province of Isernia), and in international expansion with the creation of the Spanish subsidiary Emak Suministros. A milestone in the Group's history is 1998, the year of its stock market listing. Thanks to the resources collected, the Group began its first true international expansion, with the creation of commercial subsidiaries in major European countries through the acquisition of its distributors. In the early 2000s, there was an expansion of production capacity with the creation of the Chinese company Emak JM (2004), dedicated to the production of machines for price-sensitive markets, and the completion of the outdoor power equipment catalog with the acquisition of Bertolini, a historic producer of small agricultural machines.
2011 marks the year of transformation. Emak enters the Pumps and Water Jetting segment and the Components and Accessories segment, almost doubling its size and entering adjacent segments with the possibility of achieving operational and technological synergies and differentiating its activity. From 2012 onwards, the Group's evolution focuses mainly on the expansion and consolidation of the PWJ and C&A segments, through a series of acquisitions that further expanded its product offering and geographic presence.
In 2012, in addition to the creation of the Emak do Brasil commercial subsidiary, the group completed the acquisition of Valley Industries, a US company active in the PWJ sector. The years 2013 and 2014 are years of consolidation of the PWJ and C&A businesses with the entry into the Group of the companies Master Fluid (PWJ - urban cleaning), SI Agro Mexico (PWJ - commercial subsidiary), Geoline Electronic (C&A - precision farming, later merged into Tecomec S.r.l.) and Speed South America (C&A - production and packaging of brush cutter line).
In 2015, the Group expanded its industrial product offering with the acquisition of the Brazilian company Lemasa, a local leader in the high-pressure pump and industrial washing plant (PWJ) sector, and in 2016 with the acquisition of Acquatecnica S.r.l., which was immediately incorporated into PTC S.r.l. The external growth path continued in 2017 with the acquisition of the Lavorwash Group, which completed and strengthened the Group's positioning in the PWJ washing sector. In early 2018, the Group sold its stake in Raico, a company specialized in the distribution of components and accessories for agricultural tractors, industrial machinery, and earth-moving equipment. In the same year, the Group acquired a stake in Spraycom, a Brazilian company active in the distribution of components and accessories for agriculture such as nozzles, valves, pumps, electronic components, thus enhancing the commercial activities of the Components and Accessories segment in Brazil.
In early January 2019, the Group strengthened its presence in the agricultural sector of the C&A segment with the acquisition of the Brazilian company Agres, active in the development and supply of electronic solutions and systems (precision farming) for agricultural machinery, particularly for spraying and weeding.
In 2020, the expansion path in the Components and Accessories segment continued with the acquisition of 51% of the share capital of the Swedish company Markusson Professional Grinders AB ("Markusson"), active in the development and commercialization of professional sharpeners for chainsaw chains.
In 2021, the Group expanded its catalog of cleaning machines (PWJ) by finalizing the acquisition of 80% of Poli S.r.l., an Italian company active in the production and commercialization of motor sweepers. To expand

its direct presence in the Components & Accessories segment in one of the main European markets and to broaden its spare parts catalog, in 2022 the Group acquired the Spanish company Trebol Maquinaria y Suministros S.A., which is active in the commercialization of spare parts and accessories in the gardening and forestry sector.
In 2023, the Group expanded its agricultural activities in the PWJ segment through the acquisition of the Bestway business, a key player in the US market for the production and commercialization of sprayers, equipment for agricultural applications with its brand's spray tanks, and for the sale of pumps and accessories from other market-leading brands.
In 2024, the growth and development path continued with the acquisition of the PNR Group, which will allow the Group to expand the product range offered to its customers and access new sectors that are synergistic with the current business areas of the Components and Accessories segment.

1.4 The profile of the Group

SBM–1 – Strategy, business model and value chain

Emak is a Group active in the markets of gardening and forestry, agriculture, cleaning, and industry. The Group operates through three divisions (Outdoor Power Equipment, Pumps & Water Jetting, Components & Accessories) specializing in offering specific solutions for the best satisfaction of customers and users, united by knowledge of the sectors and reference markets, sharing know-how, and exploiting organizational efficiencies along the entire value chain. In general, the Group's activity is influenced by the seasonality of demand. Sales of products intended for gardening, agriculture, and cleaning are concentrated in the first half of the year, a period in which green care, soil processing, and outdoor space cleaning activities are carried out. Less seasonal is the demand for industrial products, due to the diversity of destination sectors and the multiple applications they are intended for. The three segments allow the group to diversify risk and seize greater opportunities with a view to sustainable long-term growth. The common point of the three businesses is the pooling of knowledge of markets, distribution channels, and technologies that characterize the sectors in which the Group operates: green care, agriculture, cleaning.

Outdoor Power Equipment ((30% of the Group's total sales)
The **Outdoor Power Equipment segment** includes the development, manufacturing, and marketing of products for gardening, forestry, and small agricultural machinery, such as brush cutters, lawnmowers, tractors, chainsaws, and tillers. The Group is one of the main players in the European market, where it operates with commercial subsidiaries in the main markets, supported by a vast network of independent importers in the remaining ones. Globally, the Group relies on a network of 150 distributors in over 115 countries. Given the technical content of the products, sales are mainly carried out through the network of specialized distributors, characterized by high pre- and post-sales service, while the large distribution channel is approached only in some countries. Online sales take place through a dedicated proprietary portal, agreements with sector marketplaces, and platforms developed by its network of distributors. The Group distributes its products under the main brands Oleo-Mac, Efco, Bertolini, Nibbi, and, limited to the French market, Staub. The Group's offer is mainly aimed at private users and, to a lesser extent, professionals. In this sector, the Group focuses its resources on product innovation (electrification and development of clean engines, safety, comfort) and process innovation, strengthening its market position, and penetrating new high-potential markets. The sector's demand is generally linked to economic trends and the level of disposable income of users. Sales performance is also influenced by weather conditions: during the year, the business is heavily skewed towards the first half, so a spring season with more or less favorable weather can lead to different demand trends for green care products.

Pumps & Water Jetting (41% of the Group's total sales)
The Pumps and Water Jetting segment encompasses the development, manufacturing, and marketing of three product lines: (i) agriculture (about 40% of the segment's revenue), with a complete range of centrifugal pumps, diaphragm pumps, piston pumps, sprayers, and products for spraying and weeding activities; (ii) industry (about 19% of the segment's revenue), with a full range of low, high, and ultra-high pressure piston pumps (up to 2,800 bar), hydrodynamic units (known as plants) and accessories for water blasting, urban cleaning machines; (iii) washing or cleaning (about 41% of the segment's revenue), with a complete offer of pressure washers, from domestic to professional use, floor scrubber-dryers, sweepers, and vacuum cleaners. The Group markets its products under the brands Comet, HPP, Lemasa, PTC Waterjetting Equipment, PTC Urban Cleaning Equipment, Lavor, Poli, Valley, and Bestway. Product distribution takes place through its commercial

subsidiaries and independent distributors in over 130 countries worldwide. The type of clientele and sales channel varies depending on the products: the agriculture line is sold to manufacturers of spraying and weeding machines, directly to end users (mainly farmers), or through a network of specialized dealers and importers; the industry range is sold to manufacturers of pressure washers and hydrodynamic units, to contractors/users of the complete system, or through specialized dealers; the cleaning line is sold through specialized dealers, organized large distribution, online, and to contractors. In this sector, the Group focuses its activities on product innovation, expanding its offer both in terms of products and sectors of use, as well as maximizing synergies from acquisitions completed over the years. The demand for agricultural and industrial products is generally linked to the performance of the various sectors/application fields; the demand for cleaning products is mainly correlated to the economic cycle, people's disposable income, and the increase in hygiene standards.

Components & Accessories (29% of the Group's total sales)
The Components and Accessories segment includes the development, manufacturing, and marketing of products for the outdoor power equipment sector (accounting for about 54% of the segment's revenue), agriculture (about 17% of the segment's revenue), and cleaning (about 29% of the segment's revenue). Among the wide range of products offered, the most representative are trimmer lines and heads (which together form the cutting system); chain sharpeners for chainsaws; guns, valves, and nozzles for pressure washers, industrial cleaning, and car wash; products and solutions for precision farming. In this segment, the Group operates partly through its brands Tecomec, Speed, Geoline, Agres, Mecline, Markusson, Sabart, Trebol, and PNR, and partly by providing products under third-party brands. The Group serves the main manufacturers of green care, agriculture, and cleaning machines through a network of specialized distributors and has established relationships with the largest organized large distribution chains. In this sector, the Group focuses its resources on product innovation, strengthening partnerships with key manufacturers, and expanding its offer. The demand for products in this segment follows the dynamics of the other businesses in which the Group operates. In the outdoor power equipment world, weather and the disposable income of end users can influence machine sales and their use, contributing to the sale of both original equipment and spare parts. In the agriculture and industrial cleaning sectors, the trend of raw materials, government policies, and the general economic context can influence the investment levels of market operators.

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The Group bases its operations on values that have remained alive over time since its foundation, which include:

- **Fairness**, meaning respect for rules, transparency, safeguarding the rights of people and the environment;
- **Competence**, meaning training, continuous learning, and valuing professionalism;
- **Team spirit**, meaning working in teams to achieve common goals, respecting roles, trusting others;
- **Innovative spirit**, meaning new and challenging goals, innovative solutions, new ideas, and an attitude towards change.

The Group's objective is to create long-term value for all its stakeholders, with the awareness that this can only be achieved by combining:

- **Economic sustainability**, meaning the commitment to invest in the Group's growth, ensuring its continuity over time through a strategic plan based on fundamental critical success factors;
- **Social sustainability**, meaning the willingness to take on the legitimate expectations of stakeholders and redistribute the value created in respect of the common interest;
- **Environmental sustainability**, through the identification, regulation, control, and progressive reduction of environmental impacts directly and indirectly resulting from the company's activities.

As of today, the Group has not formalized a sustainability plan that includes sustainability objectives related to its current products and/or services, as well as significant markets and customer groups. Nevertheless, the Group is undertaking a series of current and prospective actions to address and intervene on various sustainability issues, which are better described below. Should these actions result in significant financial effects, with reference to both capex and opex, information will be provided.

The Board of Directors of Emak annually approves the budgets and multi-year business plans of the Group and its individual business units. Within these plans, any initiatives that have a positive impact on sustainability practices are also described and, where possible, quantified in terms of investments in the financial plan. The Group, through tools such as Enterprise Risk Management (ERM) and scenario analyses, has evaluated and understood the potential effects on company assets of a series of climatic events (e.g., water stress, thermal

stress, temperature variability, river flooding). From these tools, the Group has developed its double materiality analysis, which has highlighted challenges and opportunities (see relevant paragraph *IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities*).
The Group's strategy is based on four pillars:

- Innovation, understood as both product and process innovation. In a dynamic and competitive scenario like the one in which it operates, the Group pays great attention to the development of its product range, both in terms of expansion and evolution. Research and development activities also aim to achieve product performance that, while maintaining the desired quality standards, is not disconnected from the environmental impacts of the product: this goal is pursued through the development of new technologies (range electrification), the reduction of emissions from internal combustion engines, and the use of recycled materials. Another line of development is the expansion of applications and sectors for the use of its products (e.g., industrial pumps in agriculture). Regarding processes, the directions of innovation concern methodological research and digitalization aimed at improving the efficiency of internal processes.
- Distribution, understood on the one hand as strengthening its position within the distribution network, and on the other as increasing business in high-potential markets to achieve a proper balance of distribution in different geographical areas.
- Efficiency, understood as the continuous improvement of its processes and the management of its activities, aimed at generating resources to be allocated to the Group's development initiatives in the medium to long term.
- Acquisitions, understood as growth through external lines, to strengthen the most profitable businesses, increase the weight of sectors characterized by greater resilience and stability in the medium to long term, rebalance the weight of reference markets geographically, and finally to acquire new skills and complete product ranges.

Productive structure

The Group focuses its investments on the high value-added phases of the realization of its products. With an eye on cost-effectiveness and value creation, the Group is focused on Research & Development, engineering, industrialization, and assembly activities. The supply chain is highly integrated and involved in product development, according to the principles of the extended factory. Over the years, the production plants have been the subject of specific rationalization projects with the revision of production layouts using a 'lean manufacturing' approach and the involvement of all employees involved in the product creation process, from development to production.

Outdoor Power Equipment

The Group operates through four production plants: two in Italy and two in China. The Parent Company's plant is dedicated to the production of portable products, such as brush cutters and chainsaws, both semi-professional and professional. The production model is assembly: the products are entirely developed and designed internally, and the components are manufactured based on the provided technical specifications. The Pozzilli plant is dedicated to the production of wheeled products, such as lawnmowers and tractors. The production model for this range of products involves purchasing the engine from leading global manufacturers and assembling the machine internally. Specifically for the lawnmower range, the chassis is produced internally through a vertical process that includes sheet metal stamping, welding, and painting. The Jiangmen production facility in China replicates the parent company's model, producing products for both price-sensitive markets such as the Far East, Southeast Asia, and South America, as well as mature markets to complete the offering. The second Chinese plant, located in Zhuhai, specializes in the production of cylinders for the two-stroke engines of the Group's portable products.

Pumps & Water Jetting

Production in this segment is carried out in four Italian plants, one Chinese plant, two Brazilian plants, and four American plants. The facilities are specialized in the production of specific product families. In Italy, pumps for the agricultural sector, pumps for industrial applications up to 1,200 bar, cleaning segment machines such as semi-professional and professional pressure washers, and urban cleaning machines are produced. The Chinese plant is primarily dedicated to the production of cleaning segment machines such as pressure washers and vacuum cleaners aimed at serving more competitive markets. The Brazilian plants are dedicated, one to the production of high and ultra-high pressure pumps (up to 2,800 bar) and related accessories for various sectors such as oil & gas, sugar cane processing, shipbuilding, automotive; the other to the assembly of cleaning segment machines (such as pressure washers) for the South American market. The American plants carry out production activities for sprayers and a wide range of equipment, machinery, systems, and devices for agricultural applications.

Components & Accessories

For the production of this segment's products, the Group dedicates a total of nine plants, located in different countries, focused on specific products and with different production processes. Part of the plants (France, USA, Chile, South Africa) is dedicated to the production of nylon line for brush cutters, due to the need to have the production process close to the target markets. The production of monofilaments follows an entirely vertical process, from the purchase of raw materials to the processing and packaging of the finished product. The Chinese plant is mainly dedicated to the production of brush cutter heads, sharpeners, and pressure washer guns. These products involve high internal production intensity, related to plastic molding, mechanical processing, and assembly processes. The line of products intended for agriculture (precision farming) is produced in Italy and Brazil and includes the design of both mechanical and electronic parts and software development; the value-added activities of the products are carried out internally. The significant products of the forestry line are designed, developed, and produced by the Group, which assembles the components, partly manufactured externally, in plants located in Italy and Sweden, leveraging specific expertise. In an Italian plant, components for industrial washing with applications in various industrial sectors, such as food, chemical, pharmaceutical, metallurgical, and paper, are also designed and produced. Overall, production volumes are adjusted to demand and market needs, thanks to the flexibility and functionality of the processes implemented in the various plants.

Number of employees by geographical areas

The breakdown of employees by business division and geographical area is provided below:

	OPE		PWJ		C&A		Not allocated		Group	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Europe	544	537	496	502	409	285	9	9	1,458	1,333
Americas	11	16	380	365	265	262			656	643
Asia, Africa, Oceania	172	172	104	92	137	122			413	386
Total	**727**	**725**	**980**	**959**	**811**	**669**	**9**	**9**	**2,527**	**2,362**

Geographically, the majority of the Group's population is concentrated in Europe, where 1,458 people work (1,333 in 2023), equal to 57.7% of the total (56.4% in 2023). In the Americas, 656 people are employed (643 in 2023), equal to 26% of the total (27.2% in 2023). Finally, in the Rest of the World, 413 people are employed (386 in 2023), equal to 16.3% of the total (16.3% in 2023).

Below is the breakdown of employees by country as of December 31, 2024, compared to the previous year:

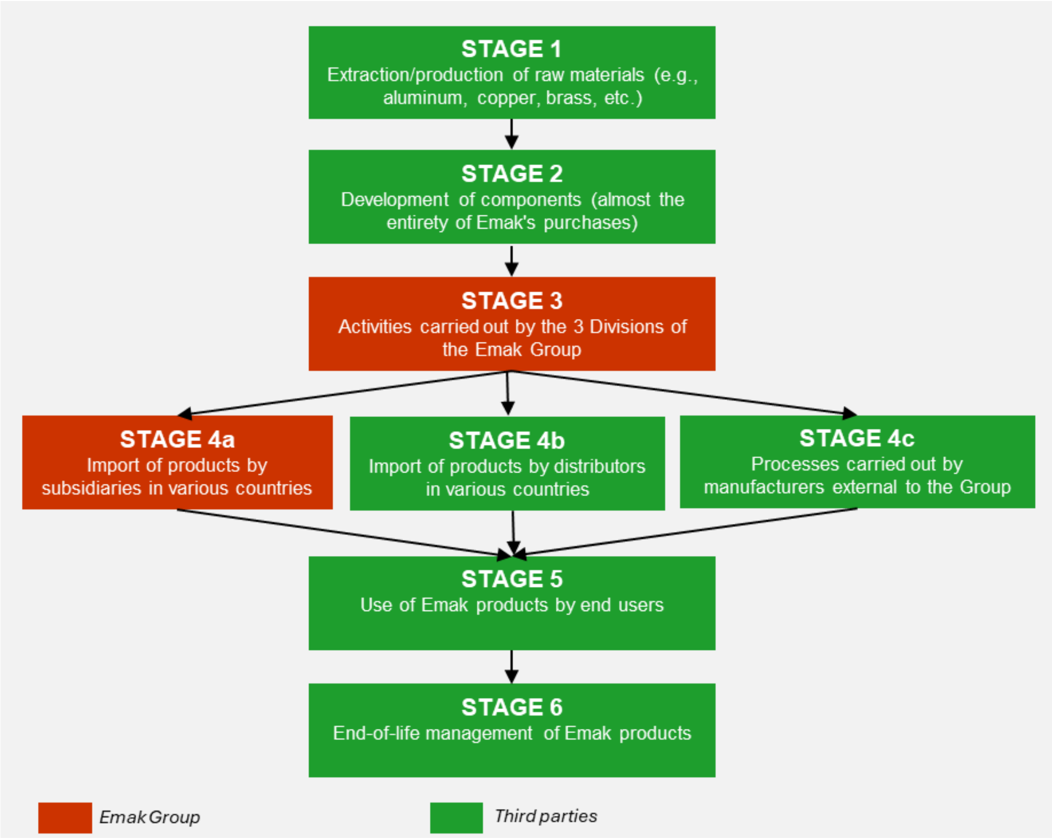
Employees at	31/12/2023	Change in scope of consolidation	Other mov.	31/12/2024
Italy	1,059	98	9	1,166
France	162	-	3	165
United Kingdom	11	-	-	11
Spain	35	-	4	39
Germany		8	-	8
Poland	38	1	1	40
Sweden	5	1	-	6
China	365	-	20	385
United States	275	1	19	295
Ukraine	23	-	-	23
South Africa	21	-	7	28
Brazil	327	-	(20)	307
Mexico	20	-	1	21
Chile	21	-	12	33
Total	**2,362**	**109**	**56**	**2,527**

Value chain

The main upstream phases of the Emak Group's value chain are represented by the extraction and production of raw materials and the development of components by suppliers. Most of the Group's suppliers are established suppliers of direct materials for production, consumables and indirect materials, packaging, and finished products. Smaller commercial companies purchase the marketed products mainly from other Group companies, while they rely on local suppliers for services and performances. Geographically, the supply chain is over 60% within the European Union and the remaining part in non-EU countries, mainly in China, Brazil, and the United States, directly serving the Group's production plants. Depending on the specificity of individual businesses, the mix, and the quantities of products purchased, the geographical distribution of the supply chain can vary. The main purchasing commodities are those typical for the metalworking sector: plastics, aluminum castings, stamped and turned metal parts, finished products, induction and brush electric motors, carpentry, electrical and electronic components, and spare parts. The main raw materials purchased are aluminum, brass, copper, and steel. These are purchased in ingots from the producer or managed through contracts that provide for the purchase of a certain quantity fixed at the cost of the raw material at a given time.

The main downstream phases of the Emak Group's value chain are represented by the import of finished products into different geographical regions by third-party distributors where there is no direct presence of its subsidiaries; further processing conducted by OEM manufacturers outside the Group; the use of products by end users; and the management of the end-of-life of products.

Below is a schematic representation of the Group's value chain:



The data used to support the representation of the business model and the upstream and downstream value chain of the Emak Group derive from the combined use of internal documentation and interviews with company representatives from various business units, which took place during the relevance analysis.
The resulting analysis initially allowed for the placement of impacts, risks, and opportunities along the value chain, evaluating them with greater accuracy and enabling, in a forward-looking perspective, the implementation of processes and/or actions that contribute to the Group's value creation.

SBM-2 – Interests and views of stakeholders

Emak has implemented a process for mapping and identifying the categories of stakeholders of priority interest to the Group. The analysis was carried out with reference to the criteria defined by the Accountability 1000 (AA1000) Standard. The level of relevance for each stakeholder category was defined based on two variables: the influence exerted by the stakeholder on the Group and the dependency of the stakeholder on the Group's activities and decisions. This allowed for the definition of a map depicting the main reference stakeholders:

For each stakeholder category, the Group has identified specific areas of interest and the main communication channels in order to establish a constructive relationship between the parties that can meet mutual needs in the medium to long term.

The interests and opinions of the main stakeholders were analyzed during the relevance assessment process, and the results of this activity were shared with the Risk Control and Sustainability Committee and the Board of Directors of the Parent Company. For more details on how the company takes into account the outcome of stakeholder engagement, please refer to the paragraph of this document *IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities*.

The following table summarizes the results of this process.

Stakeholders	Thematic area	Main instruments of dialogue
Employees	- Growth, development and training - Health and safety in the workplace - Diversity, equal opportunities and non-discrimination - Human rights and working conditions - Quality of work - Ethics, integrity and compliance - Identity and values - Industrial relations - Company welfare	- Training on values and organisational behaviour - Open day and internal events - Company portal - Survey of internal climate - Periodic newsletters and other communication - Communications to top management - Collective bargaining - Skills assessment process - Support to employees' recreational facility
Consultants	- Corporate Governance - Transparency - Economic-financial performance - Ethics, integrity and compliance	- Institutional website - Information provided further to request - Reports and Statements - Press releases
Distributors **OEM**	- Anticipation and understanding of customer expectations and needs - Customer trust and satisfaction - Product quality and safety	- Institutional website - Assessment of customer satisfaction - Management of claims - Pre and post-sale customer service - Commercial communications - Participation in trade fairs and events
End users	- Consumer trust and satisfaction - Product quality and safety	- Institutional website - Assessment of consumer satisfaction - Management of claims - Post-sale consumer service - Commercial communications - Participation in trade fairs and events
Public administrations and other institutions **Environmental control bodies**	- Corporate Governance - Transparency - Economic-financial performance - Legality - Relations with institutions	- Institutional website - Information provided further to request - Reports and Statements - Shareholders' meetings - Press releases
Direct materials suppliers and finished product suppliers	- Transparency - Ethical responsibility - Human rights and working conditions - Continuity in relations - Qualification and assessment - Negotiating conditions - Development of partnerships	- Institutional website - Participation in initiatives and events - Negotiation reports -
University and Research Centres	- Transparency - Research, development and innovation	- Communications with top management - Financial relations - Scientific publications - Tenders and competitions - Training apprenticeships / internships/ thesis preparation support
Banks	- Corporate Governance - Transparency - Economic-financial performance - Ethics, integrity and compliance	- Institutional website - Information provided further to request - Reports and Statements - Press releases
Shareholders	- Corporate Governance - Transparency - Economic-financial performance - Ethics, integrity and compliance	- Institutional website - Financial reports - Road shows (meetings with the community) - Shareholders' meetings - Press releases

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

The Emak Group has identified its relevant impacts, risks, and opportunities related to sustainability issues through the assessment of double impact and financial materiality. The results of the analysis are summarized in the table [2] below.

[2] The impacts listed in the table have exclusively originated from the relevance analysis.

				VALUE CHAIN STAGES IN WHICH IROs ARE PLACED						TIME HORIZONS		
TOPIC	MATERIAL SUB-TOPIC OR SUB-SUB-TOPIC	MATERIAL NEGATIVE IMPACTS	MATERIAL POSITIVE IMPACTS	STAGE 1	STAGE 2	STAGE 3 and 4 a - EMAK GROUP	STAGE 4 b	STAGE 5	STAGE 6	IMPACTS (< 5 years)	IMPACTS (> 5 years)	GEOGRAPHICAL AREA LINKED TO THE IROs
E1 - Climate change	Emission reduction	Generating direct and indirect CO2 emissions, slowing down the achievement of the objectives of the Paris Agreement and the European Green Deal		X	X	Level of energy efficiency of buildings (e.g. LEDs, automatic switch-off lights, high-efficiency boilers) Presence/absence of initiatives to convert the company fleet and mobility with reduced environmental impact Volume of company travel Presence/consistency of smart-working policies Presence/consistency of CO2 offsetting operations	X	x	X	The significance of the impact is expected to remain unchanged	The significance of the impact is expected to remain unchanged	Areas subject, according to scenario analysis, to water and thermal stress, increased air temperature, river flooding, lower air quality (also according to DEGURBA index)
	Responsible energy use	Maintaining dependence on non-renewable energy sources, thus contributing to climate change.	Raising awareness among company personnel and stakeholders towards responsible energy use			Awareness campaigns aimed at employees on energy saving				The significance of the impact is expected to remain unchanged	The significance of the impact is expected to remain unchanged	Qatar, United States, Algeria (major importers of LNG in Italy, representing a large part of the country's gross energy availability)
E2 - Pollution	Pollution of air, water, and soil	Generation of other emissions (pollutants other than CO2 in air, water, or soil), slowing down the achievement of the objectives of the Paris Agreement and the European Green Deal				Responsible procurement activities Failure to replace toxic substances with alternative materials, REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) registers, ROHS (Restriction of Hazardous Substances Directive), and SCIP ("Substances of Concern In articles as such or in complex objects (Products)")				The significance of the impact is expected to remain unchanged	The significance of the impact is expected to remain unchanged	Wherever there are customers of the Group (mainly in America, Europe, and the Far East)
E3 - Water and marine resources	Sustainable management of water resources	Water withdrawal and usage in production processes conducted within the company				Production phase				The significance of the impact is expected to decrease	The significance of the impact is expected to decrease	Areas most subject to water stress according to scenario analysis

				VALUE CHAIN STAGES IN WHICH IROs ARE PLACED						TIME HORIZONS		
TOPIC	MATERIAL SUB-TOPIC OR SUB-SUB-TOPIC	MATERIAL NEGATIVE IMPACTS	MATERIAL POSITIVE IMPACTS	STAGE 1	STAGE 2	STAGE 3 and 4 a - EMAK GROUP	STAGE 4 b	STAGE 5	STAGE 6	IMPACTS (< 5 years)	IMPACTS (> 5 years)	GEOGRAPHICAL AREA LINKED TO THE IROs
E5 - Circular economy	Sustainable management of materials	Use of materials and resources with consequent reduction in their availability				Procurement Activities (responsible)				The significance of the impact is expected to decrease	The significance of the impact is expected to decrease	Wherever the Group's production structure is located (e.g. Italy, China, USA, France)
	Reduction of waste and circular economy	Production of waste, hazardous and non-hazardous				Failure to monitor waste produced Raising awareness among staff on the issue Environmental labeling for correct disposal of packaging Creation of a product disposal guide for retailers			x	The significance of the impact is expected to decrease	The significance of the impact is expected to decrease	Wherever the Group's production structure is located (e.g. Italy, China, USA, France)
S1 - Own workforce	Creation and maintenance of employment		Creating a workplace that ensures the retention and attraction of new talent			Personnel management				The significance of the impact is expected to remain unchanged	The significance of the impact is expected to remain unchanged	Wherever the Group's production and administrative structure is located
	Occupational health and safety	Injuries or other incidents in the workplace due to poor management systems and training initiatives of the Group				Health and safety training				The significance of the impact is expected to decrease	The significance of the impact is expected to decrease	Wherever the Group's production and administrative structure is located

				VALUE CHAIN STAGES IN WHICH IROs ARE PLACED						TIME HORIZONS		
TOPIC	MATERIAL SUB-TOPIC OR SUB-SUB-TOPIC	MATERIAL NEGATIVE IMPACTS	MATERIAL POSITIVE IMPACTS	STAGE 1	STAGE 2	STAGE 3 and 4 a - EMAK GROUP	STAGE 4 b	STAGE 5	STAGE 6	IMPACTS (< 5 years)	IMPACTS (> 5 years)	GEOGRAPHICAL AREA LINKED TO THE IROs
	Improvement of employee wellbeing		Possibility of positively influencing the level of psycho-physical well-being of employees, with a consequent impact on the actual opportunity for each employee to fully realize their potential, through the offer of a positive, healthy working environment characterized by a set of programs aimed at improving the work-life balance of employees, promotion of dedicated interventions and practices			Personnel management				The significance of the impact is expected to remain unchanged	The significance of the impact is expected to remain unchanged	Wherever the Group's production and administrative structure is located
			Possibility of promoting a healthier and more collaborative working climate, reducing tensions and internal conflicts, mitigating reputational damage, sanctions, and disputes							The significance of the impact is expected to remain unchanged	The significance of the impact is expected to remain unchanged	
	Training and education for workers		Opportunity for each employee to fully realize their potential thanks to the presence of stimulating career paths			Personnel management				The significance of the impact is expected to remain unchanged	The significance of the impact is expected to remain unchanged	Wherever the Group's production and administrative structure is located
	Promotion of diversity and equal opportunities		Possibility of promoting the creation of a healthier, more inclusive, attractive, and high-performing work environment, in order to protect the level of psychological well-being of employees, their sense of belonging and active involvement, respect for personalities and professionalism			Personnel management				The significance of the impact is expected to remain unchanged	The significance of the impact is expected to remain unchanged	Wherever the Group's production and administrative structure is located

				VALUE CHAIN STAGES IN WHICH IROs ARE PLACED						TIME HORIZONS		
TOPIC	MATERIAL SUB-TOPIC OR SUB-SUB-TOPIC	MATERIAL NEGATIVE IMPACTS	MATERIAL POSITIVE IMPACTS	STAGE 1	STAGE 2	STAGE 3 and 4 a - EMAK GROUP	STAGE 4 b	STAGE 5	STAGE 6	IMPACTS (< 5 years)	IMPACTS (> 5 years)	GEOGRAPHICAL AREA LINKED TO THE IROs
	Respect for human rights in business activities	Failure to respect the personal freedom of individuals and human rights in the broad sense, including prevention and combating child, forced or compulsory labour				Business Conduct Personnel Management				The significance of the impact is expected to decrease	The significance of the impact is expected to decrease	Wherever the Group's production and administrative structure is located
S2 - Workers in the supply chain	Other work-related rights	Failure to guarantee the personal freedom of individuals and human rights in a broad sense, including prevention and combating child, forced or compulsory labour		X	X		X			The significance of the impact is expected to decrease	The significance of the impact is expected to decrease	Wherever the Group's production and administrative structure and the rest of the value chain (mainly EU) are located
S4 - Consumers and end- users	Information-related impacts for consumers and/or end-users		Effective contribution to the greater availability, in the markets in which the Group operates, of products and services characterised by high environmental and social performance (e.g. replacement of hazardous chemical products with alternatives with lower risk for health and the environment)			Economic and financial management Team Design & Development		X		The significance of the impact is expected to remain unchanged	The significance of the impact is expected to remain unchanged	Wherever the Group's production and administrative structure and the rest of the value chain (mainly EU) are located
Other material topic	Product quality and sustainability		Availability of products that meet consumer needs			Customer Engagement Product and Sales Management Design & Development Team		x		The significance of the impact is expected to remain unchanged	The significance of the impact is expected to remain unchanged	Wherever there are customers and therefore consumers of the Group and wherever the Group's production structure is located
			Compliance with industry regulations (emissions, materials, etc.)							The significance of the impact is expected to remain unchanged	The significance of the impact is expected to remain unchanged	

				VALUE CHAIN STAGES IN WHICH IROs ARE PLACED						TIME HORIZONS		
TOPIC	MATERIAL SUB-TOPIC OR SUB-SUB-TOPIC	MATERIAL NEGATIVE IMPACTS	MATERIAL POSITIVE IMPACTS	STAGE 1	STAGE 2	STAGE 3 and 4 a - EMAK GROUP	STAGE 4 b	STAGE 5	STAGE 6	IMPACTS (< 5 years)	IMPACTS (> 5 years)	GEOGRAPHICAL AREA LINKED TO THE IROs
G1 - Business conduct	Corporate culture		Promote the affirmation of solid ethical principles, including tax regulatory practices, pursued by the Group along the entire value chain, in all contexts (e.g. geographical, social, etc.) in which it operates		x	All activities and initiatives carried out by Emak Supervisory bodies	x			The significance of the impact is expected to remain unchanged	The significance of the impact is expected to remain unchanged	Wherever the Group's production and administrative structure and the rest of the value chain (mainly EU) are located
			Protection of legality and prevention of illicit behavior (the reinvestment of profits from illicit activities, episodes of extortion, etc.)							The significance of the impact is expected to remain unchanged	The significance of the impact is expected to remain unchanged	
	Active and passive corruption		Staff awareness for the prevention of corruption incidents			All the activities and initiatives carried out by Emak				The significance of the impact is expected to remain unchanged	The significance of the impact is expected to remain unchanged	Wherever the Group's production and administrative structure and the rest of the value chain (mainly EU) are located

LIST OF MATERIAL MATTERS AND RELATED MATERIAL IROs					TIME HORIZONS			TIME HORIZONS		
TOPIC	MATERIAL SUB-TOPIC OR SUB-SUB-TOPIC	MATERIAL RISKS	MATERIAL OPPORTUNITIES	RISKS (NATURE OF THE FINANCIAL EFFECT)	RISKS (< 5 years)	RISKS (> 5 years)	OPPORTUNITIES (NATURE OF FINANCIAL EFFECT)	OPPORTUNITIES (< 5 years)	OPPORTUNITIES (> 5 years)	GEOGRAPHICAL AREA LINKED TO THE IROs
E1 - Climate change	Climate change adaptation	TRANSITION RISKS (and impacts on the business model): The impact of new regulatory developments related to climate change on the range of products and services offered		Current	The significance of the impact is expected to increase	The significance of the impact is expected to increase				Wherever the Group's production structure is located (e.g. Italy, China, USA, France)
		Sudden obsolescence triggered by the arrival of new		Current	The significance of the impact is	The significance of the impact is				

LIST OF MATERIAL MATTERS AND RELATED MATERIAL IROs					TIME HORIZONS			TIME HORIZONS		
TOPIC	MATERIAL SUB-TOPIC OR SUB-SUB-TOPIC	MATERIAL RISKS	MATERIAL OPPORTUNITIES	RISKS (NATURE OF THE FINANCIAL EFFECT)	RISKS (< 5 years)	RISKS (> 5 years)	OPPORTUNITIES (NATURE OF FINANCIAL EFFECT)	OPPORTUNITIES (< 5 years)	OPPORTUNITIES (> 5 years)	GEOGRAPHICAL AREA LINKED TO THE IROs
		technologies on the market (technological acceleration)			expected to increase	expected to increase				
		Chronic: Climate change and rising average temperature and sea level		Anticipated	The significance of the impact is expected to remain unchanged	The significance of the impact is expected to increase				
	Emission reduction	Costs of transition to low-emission technologies	Use of new technologies	Current	The significance of the impact is expected to increase	The significance of the impact is expected to increase	Current	The significance of the impact is expected to increase	The significance of the impact is expected to remain unchanged	Areas subject, according to scenario analysis, to water and thermal stress, increased air temperature, river flooding, lower air quality (also according to DEGURBA index)
		Impact of new regulatory developments related to climate change on the range of products and services offered		Current	The significance of the impact is expected to increase	The significance of the impact is expected to increase				
	Responsible energy use	Energy crisis (an entity's energy mix can affect the cost and reliability of energy supply and ultimately affect the entity's cost structure and regulatory risk) and consequent increase in the final price of the finished product due to increased production costs resulting from changes in input prices (e.g. energy)		Current	The significance of the impact is expected to decrease	The significance of the impact is expected to decrease				Qatar, United States, Algeria (major importers of LNG in Italy, representing a large part of the country's gross energy availability)
		Failure to comply with regulations (e.g. Greenbuildings)		Current	The significance of the impact is expected to remain unchanged	The significance of the impact is expected to increase				

LIST OF MATERIAL MATTERS AND RELATED MATERIAL IROs					TIME HORIZONS			TIME HORIZONS		
TOPIC	MATERIAL SUB-TOPIC OR SUB-SUB-TOPIC	MATERIAL RISKS	MATERIAL OPPORTUNITIES	RISKS (NATURE OF THE FINANCIAL EFFECT)	RISKS (< 5 years)	RISKS (> 5 years)	OPPORTUNITIES (NATURE OF FINANCIAL EFFECT)	OPPORTUNITIES (< 5 years)	OPPORTUNITIES (> 5 years)	GEOGRAPHICAL AREA LINKED TO THE IROs
E5 - Circular economy	Sustainable management of materials	Failure to comply with regulatory requirements (e.g. ESPR)	Use of secondary raw materials or semi-finished products composed of them	Current	The significance of the impact is expected to increase	The significance of the impact is expected to increase	Anticipated	The significance of the impact is expected to remain unchanged	The significance of the impact is expected to increase	Wherever the Group's production structure is located (e.g. Italy, China, USA, France)
		Increase in the final price of the finished product due to increased production costs resulting from changes in input prices (e.g. energy, water) and output requirements (e.g. waste treatment)		Current	The significance of the impact is expected to decrease	The significance of the impact is expected to decrease				
	Reduction of waste and circular economy	Failure to comply with regulatory compliance (e.g. Packaging and Packaging Waste Regulation - PPWR, Extended Producer Responsibility - EPR)		Current	The significance of the impact is expected to increase	The significance of the impact is expected to increase				Wherever the Group's production structure is located (e.g. Italy, China, USA, France)
S1 - Own workforce	Creation and maintenance of employment	Increased difficulty in finding staff, at all levels of the organizational chart (e.g. involuntary migration due to lack of opportunities for economic advancement and/or other factors)		Current	The significance of the impact is expected to remain unchanged	The significance of the impact is expected to increase				Wherever the Group's production and administrative structure is located
		Loss of know-how		Current	The significance of the impact is expected to remain unchanged	The significance of the impact is expected to increase				
	Occupational health and safety	Health and safety risks arising from, among others, exposure to heavy machinery, moving equipment and electrical hazards		Current	The significance of the impact is expected to remain unchanged	The significance of the impact is expected to increase				Wherever the Group's production and administrative structure is located

LIST OF MATERIAL MATTERS AND RELATED MATERIAL IROs					TIME HORIZONS			TIME HORIZONS		
TOPIC	MATERIAL SUB-TOPIC OR SUB-SUB-TOPIC	MATERIAL RISKS	MATERIAL OPPORTUNITIES	RISKS (NATURE OF THE FINANCIAL EFFECT)	RISKS (< 5 years)	RISKS (> 5 years)	OPPORTUNITIES (NATURE OF FINANCIAL EFFECT)	OPPORTUNITIES (< 5 years)	OPPORTUNITIES (> 5 years)	GEOGRAPHICAL AREA LINKED TO THE IROs
	Training and education for workers	Reduced productivity due to lower operational agility, lack of development and implementation of know-how and lower flexibility of a workforce unable to adapt quickly to new technologies and processes	Development of employee potential and consequent increase in productivity	Current	The significance of the impact is expected to increase	The significance of the impact is expected to increase	Current	The significance of the impact is expected to remain unchanged	The significance of the impact is expected to increase	Wherever the Group's production and administrative structure is located
			Increased corporate attraction and retention				Current	The significance of the impact is expected to increase	The significance of the impact is expected to increase	
S4 - Consumers and end-users	Information-related impacts for consumers and/or end-users	Risk of sanctions and legal liability (e.g. due to poor communication management or failure to comply with regulatory requirements; e.g. Green Claims Directive)	Placement of products on the market in line with consumer preferences	Current	The significance of the impact is expected to remain unchanged	The significance of the impact is expected to decrease	Current	The significance of the impact is expected to remain unchanged	The significance of the impact is expected to remain unchanged	Wherever the Group's production and administrative structure and the rest of the value chain (mainly EU) are located
Other material topic	Product quality and sustainability	End customer preferences		Current	The significance of the impact is expected to remain unchanged	The significance of the impact is expected to increase				Wherever there are customers and therefore consumers of the Group and wherever the Group's production structure is located
		Failure to comply with regulatory requirements (e.g. ESPR)		Current	The significance of the impact is expected to remain unchanged	The significance of the impact is expected to decrease				
G1 - Business conduct	Corporate culture		Increasingly integrating sustainability into corporate strategy				Anticipated	The significance of the impact is expected to increase	The significance of the impact is expected to increase	Wherever the Group's production and administrative structure and the rest of the value chain (mainly EU) are located

LIST OF MATERIAL MATTERS AND RELATED MATERIAL IROs					TIME HORIZONS			TIME HORIZONS		
TOPIC	MATERIAL SUB-TOPIC OR SUB-SUB-TOPIC	MATERIAL RISKS	MATERIAL OPPORTUNITIES	RISKS (NATURE OF THE FINANCIAL EFFECT)	RISKS (< 5 years)	RISKS (> 5 years)	OPPORTUNITIES (NATURE OF FINANCIAL EFFECT)	OPPORTUNITIES (< 5 years)	OPPORTUNITIES (> 5 years)	GEOGRAPHICAL AREA LINKED TO THE IROs
	Sustainability in the management of relationships with suppliers	Supply disruption / supplier power		Current	The significance of the impact is expected to remain unchanged	The significance of the impact is expected to increase				Wherever the Group's production and administrative structure and the rest of the value chain (mainly EU) are located
		Evolution in the concentration and sources of geopolitical power (geostrategic shifts)		Current	The significance of the impact is expected to remain unchanged	The significance of the impact is expected to increase				
		Failure to comply with regulatory requirements (e.g. CSDDD, Critical Raw Materials Act)		Current	The significance of the impact is expected to remain unchanged	The significance of the impact is expected to decrease				

The topic Biodiversity does not emerge as significant from the double materiality analysis. Furthermore, out of 20 production companies, only 4[3] have sites located in industrial areas near regions of high biodiversity value. These companies comply with the applicable regulations in their respective countries, leading to the conclusion that their activities do not cause significant impacts on the mentioned protected areas, and no specific consultations with the affected communities were deemed necessary.
As for biodiversity and ecosystems, including the protection of natural habitats, the preservation of key natural resources, and the prevention of habitat reduction, no specific analyses have yet been conducted on physical or transition risks, or on potential dependencies.
The Group considers sustainability issues as an integral part of its operations, given the impacts generated by its business activities and commercial relationships, even though it has not yet formalized a multi-year sustainability plan.
The description of the individual relevant IROs and how they affect people and the environment is provided in the individual thematic chapters. Information related to the Scenario Analysis conducted considering climate risks and the consequences in terms of resilience is reported in the chapter 'E1—Climate Change'.
Compared to the relevance analysis carried out for the previous Reporting, some issues are excluded from the list, including:

- Creation and distribution of economic value and Compliance with tax regulations, as they relate to the economic sphere which is not covered by the ESRS, unlike the GRI standard;
- Protection of freedom of association and collective bargaining as it did not exceed the relevance threshold;

Furthermore, the topics *Product Safety* and *Technology development and innovation*, which were addressed separately in the 2023 report, are now included within the topic of Product Quality and Sustainability in this document.

1.5 Impact, risk and opportunity management

IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities

The Emak Group identifies the sustainability issues to focus on in its reporting based on the principle of double materiality, identifying and evaluating both the impacts that business activities can generate on the environment and people ('impact materiality'), and the implications related to the more or less effective management of ESG aspects on the resilience and business continuity of the Group ('financial materiality'). A sustainability issue is material if it is a priority according to the perspective of impact materiality, financial materiality, or both.
A sustainability issue is relevant from an **impact perspective** when it concerns the significant impacts of the enterprise, whether negative or positive, actual or potential, on people or the environment in the short, medium, or long term. The impacts include those related to the enterprise's own operations and the upstream and downstream value chain, including through its products and services and its business relationships. Business relationships include those located in the enterprise's value chain, upstream and downstream, and are not limited to direct contractual relationships.
A sustainability issue is relevant from a **financial perspective** if it triggers or can reasonably be expected to trigger significant financial effects on the enterprise. This occurs when a sustainability issue generates risks or opportunities that have, or can reasonably be expected to have, a significant influence on the enterprise's development, its financial position, economic result, cash flows, access to financing, or cost of capital in the short, medium, or long term. Risks and opportunities can arise from past or future events. The financial relevance of a sustainability issue is not limited to aspects under the enterprise's control but includes information on significant risks and opportunities attributable to business relationships that are not within the scope of consolidation used in the preparation of the financial statements.

[3] Valley Industries LLP, PTC Srl, Poli Srl, Markusson Professional Grinders AB.

For conducting the double materiality analysis, Emak adopted a methodological approach divided into 4 main phases (see representation below) and aligned with the guidelines of the Implementation Guidance 'EFRAG IG 1 – Materiality Assessment' published by EFRAG in May 2024.

DMA 2024 – THE PHASES OF THE PROCESS

Step 1
Understanding of the context

- Analysis of the **Organization's activities, business model, commercial relationships, and value chain**
- Definition of the **stakeholder engagement strategy**

Step 2
IRO Identification

- Identification of **potentially relevant ESRS issues for Emak** based on the list of aspects reported in Appendix A of ESRS 1
- **Detailed mapping of impacts, risks, and opportunities (IRO)** related to potentially material ESG issues for Emak

Step 3
IRO Assessment

- **Impact materiality assessment**
- **Financial materiality assessment**
- Processing of results and identification of **material ESG issues** for FY 2024

Step 4
Reporting

- **Description of the methodological approach adopted** for conducting the DMA
- **Identification of the data points** to be reported in the 2024 Sustainability Statement

The relevance assessment was carried out starting from a preliminary analysis of the context in which the Group operates, which included an assessment of internal documents, policies, management systems, and the risk control system (ERM), as well as a cycle of interviews with the management to supplement the document analysis.
Subsequently, a benchmark analysis was conducted to identify potentially relevant sustainability issues for the Group. The benchmark analysis took into account the list of sustainability issues contemplated in the thematic ESRS, broken down into topic, sub-topic, and sub-sub-topics (RA 16 ESRS 1 of Delegated Regulation (EU) 2023/2772).
For the analysis related to impact materiality, 14 competitors and comparables of Emak were identified and evaluated regarding the topics that emerged as material in the 2023 Consolidated Non-Financial Statement. For the analysis related to financial materiality, the benchmark analyzes Emak's strategic internal documents (ERM, Strategic Plan, Scenario Analysis, etc.), ESG reporting frameworks referenced in the financial sector (TCFD, TNFD, SASB), observatories and research on ESG topics (Global Risk Report 2024, Business & Human Rights Research Centre, Copernicus (EU) Climate Change Service - World Meteorological Organization, etc.), and sustainability ratings (Ecovadis, CDP, etc.). In general, the ERM assesses the risk profile at a strategic level and includes sustainability issues. Risks related to sustainability issues not explicitly included in the model are managed by individual company functions.
The 28 sustainability issues thus identified have been linked to impacts, risks, and opportunities (IRO) both directly attributable to the Group's activities and to those of its value chain, and subsequently have been evaluated by Emak and its stakeholders.
Regarding the **impact** assessment, an internal focus group was organized involving the Chairman, CFO, Risk Control and Sustainability Committee, Risk Manager, and Investor Relations function. They were given a questionnaire with a numerical rating scale, in which they were asked to evaluate the magnitude, understood as a concept that encompasses the factors of entity, scope, and irremediable nature of the impact, and the probability of occurrence of negative and positive impacts. Additionally, the time horizon was considered, evaluating how the impact changes over a given period. Specifically, the change was assessed in the short-medium term (from today to 5 years) and in the long term (beyond 5 years). The impact assessment varies based on the characteristics of the impacts.

Below is an exemplary table and the explanation of each term:

Evaluation criteria			
Positive actual impact	**Positive potential impact**	**Negative actual impact**	**Negative potential impact**
Scale *Scope*	*Scale* *Scope*	*Scale* *Scope* *Remediability*	*Scale* *Scope*
	Likelihood		*Likelihood*

- by scale, we mean how serious the negative impact [4] is or how beneficial the positive impact is for people or the environment;
- by scope, we mean how widespread the impact is (for example, in the case of a negative environmental impact, scope can be understood as the geographical extent of the environmental damage);
- by remediability, we mean to what extent, if possible, the negative damage can be remedied
- by likelihood, we mean the likelihood of such an impact occurring.

The same impacts were subsequently evaluated by **stakeholders** in order to make more qualitative considerations on the results that emerged from the internal analysis. The stakeholder mapping was carried out starting from the categories present in the AccountAbility 1000 standard and subsequently related to the stakeholders identified by Emak during last year's reporting process. These categories were then evaluated according to the criteria of influence[5]and dependence[6]in order to determine the level of relevance. Following the assessment, the following strategic categories were involved in the analysis: employees, suppliers of direct materials for production and finished products, distributors, subsidiaries, manufacturers, banks, consultants, shareholders and investors, local authorities, and trade associations.
The stakeholder evaluation was conducted through a questionnaire, with a numerical rating scale consistent with what was prepared internally.
Regarding **risks and opportunities**, the evaluation involved the CFO and the Risk Manager of the Emak Group, starting from internal files related to ERM and climate scenario analyses, and through the completion of a dedicated tool. Subsequently, the magnitude of the possible financial effects and the probability of the risk/opportunity occurring were combined, using the same numerical rating scale mentioned above.
In detail, the magnitude was used to assess how significantly the risk or opportunity influences the development of the Organization, its financial position, economic result, cash flows, access to financing, or cost of capital in the short, medium, or long term. Regarding risks, inherent risk was considered for relevance assessment. Additionally, the time horizon was taken into account, evaluating how the risk/opportunity changes over a given period. Specifically, the change was assessed in the short-medium term (from today to 5 years) and in the long term (beyond 5 years).
Each category of IRO was assigned a specific **material threshold**, set close to the value obtained by calculating the average of the "overall scores" achieved by the IROs belonging to the category in question. Any IRO with an "overall score" equal to or above the defined threshold is considered relevant, and any sustainability issue with at least one impact, risk, or opportunity deemed relevant is also considered relevant.
Following the evaluation, out of the 28 potentially relevant issues identified from the benchmark analysis, **19 were found to be material**, for which the Group communicates information in accordance with the corresponding disclosure obligations of the relevant ESRS thematic standard.
Refer to paragraph *SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model* to view the two tables which describe, for each relevant issue, the corresponding impacts (positive and negative), risks, and opportunities that have exceeded the relevance threshold and thus made the aforementioned topic relevant.
The final phase of the double materiality analysis determined which qualitative and quantitative information related to relevant issues should be reported within this consolidated sustainability statement. To this end, the Group followed the procedures outlined in ESRS 1 (including Appendix E), the Implementation Guidance "EFRAG IG 1 – Materiality Assessment," and the additional paper "Links between AR16 and disclosure requirements."
These minimum disclosure obligations refer to policies (MDR-P), actions (MDR-A), metrics (MDR-M), and targets (MDR-T), and are disclosed within the sections related to the corresponding thematic ESRS. For quicker access, refer to the ESRS Content Index.

[4] As indicated in the general guidelines, in the case of a potential negative impact on human rights, the severity of the impact took precedence over its probability.
[5] From the AA1000 standard, the definition of influence: "Groups or individuals who can impact the strategic or operational decision-making process of the organization or a stakeholder".
[6] From the AA1000 standard, the definition of dependence: "Groups or individuals who depend directly or indirectly on the activities, products, or services of the organization and the associated performance, or on whom the organization depends to operate."

IRO-2 – Disclosure requirements in ESRS covered by the undertaking's sustainability statement

ESRS Content Index and EU Datapoint Table

Below is the **ESRS Content Index**, a list of disclosure requirements that the Emak Group has fulfilled in drafting the Sustainability Statement, based on the results of the relevance assessment.

Disclosure Requirements	Page number
ESRS 2 – GENERAL DISCLOSURES	
BP-1 – General basis for preparation of sustainability statements	29
BP-2 – Disclosures in relation to specific circumstances	29
GOV-1 – The role of the administrative, management and supervisory bodies	30
GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	32
GOV-3 – Integration of sustainability-related performance in incentive schemes	33
GOV-4 – Statement on due diligence	34
GOV-5 – Risk management and internal controls over sustainability reporting	35
SBM-1 – Strategy, business model and value chain	38
SBM-2 – Interests and views of stakeholders	43
SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	44
IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities	54
IRO-2 – Disclosure requirements in ESRS covered by the undertaking's sustainability statement	57
MDR-P – Policies adopted to manage material sustainability matters	Please refer to the MDR-P disclosed in the Topical Standards listed below.
MDR-A – Actions and resources in relation to material sustainability matters	Please refer to the MDR-A disclosed in the Topical Standards listed below.
MDR-M – Metrics in relation to material sustainability matters	Please refer to the MDR-M disclosed in the Topical Standards listed below.
MDR-T – Tracking effectiveness of policies and actions through targets	Please refer to the MDR-T disclosed in the Topical Standards listed below.
ESRS E1 – CLIMATE CHANGE	
ESRS 2 GOV-3 — Integration of sustainability-related performance in incentive schemes	73
E1-1 – Transition plan for climate change mitigation	73
ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	74
ESRS 2 IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities	74
E1-2 – Policies related to climate change mitigation and adaptation	75
E1-3 – Actions and resources in relation to climate change policies	76
E1-4 – Targets related to climate change mitigation and adaptation	77
E1-5 – Energy consumption and mix	78
E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions	79
E1-7 – GHG removals and GHG mitigation projects financed through carbon credits	82
E1-8 – Internal carbon pricing	82
E1-9 – Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	For the 2024 fiscal year, which corresponds to the first year of drafting the sustainability statement in accordance with the ESRS, the Emak Group has decided to make use of the phase-in option regarding the disclosure of anticipated financial effects.
ESRS E2 – POLLUTION	
ESRS 2 IRO-1 Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	83
E2-1 – Policies related to pollution	83
E2-2 – Actions and resources related to pollution	83
E2-3 – Targets related to pollution	84
E2-4 – Pollution of air, water and soil	84
ESRS E3 – WATER AND MARINE RESOURCES	
ESRS 2 IRO-1 Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	84
E3-1 Policies related to water and marine resources	85
E3-2 Actions and resources related to water and marine resources	85
E3-3 Targets related to water and marine resources	86
E3-4 Water consumption	86

Below is the **EU Datapoint Table**, a table of all information elements derived from other EU legislative acts listed in Appendix B of the ESRS 2 disclosure obligation ("General Disclosures") of Delegated Regulation (EU) 2023/2772.

EU Datapoint Table

The following table summarizes all the disclosure requirements derived from other EU legislative acts listed in **Appendix B** of the disclosure requirement **ESRS 2** ("General Disclosures") of the Delegated Regulation (EU) 2023/2772.

ESRS	Disclosure Requirement	Description of Disclosure Requirement	SFDR reference[7]	Pillar 3 reference[8]	Benchmark Regulation reference[9]	EU Climate Law reference[10]	Status of the disclosure requirement	Paragraph
ESRS 2	GOV-1, 21 (d)	Board's gender diversity	Annex 1, Table 1, Indicator number 13		Commission Delegated Regulation (EU) 2020/1816[11], Annex II		Reported	General Disclosures, Governance
ESRS 2	GOV-1, 21 (e)	Percentage of board members who are independent			Delegated Regulation (EU) 2020/1816, Annex II		Reported	General Disclosures, Governance
ESRS 2	GOV-4, 30	Statement on due diligence	Annex I, Table 3, Indicator number 10				Reported	General Disclosures, Governance
ESRS 2	SBM-1, 40 (d.i)	Involvement in activities related to fossil fuel activities	Annex I, Table 1, Indicator number 4	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453[12], Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		Reported	General Disclosures, Strategy
ESRS 2	SBM-1, 40 (d.ii)	Involvement in activities related to chemical production	Annex I, Table 2, Indicator number 9		Delegated Regulation (EU) 2020/1816, Annex II		Reported	General Disclosures, Strategy

[7] Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosures Regulation) (OJ L 317, 9.12.2019, p. 1).
[8] Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation "CRR") (OJ L 176, 27.6.2013, p. 1).
[9] Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).
[10] Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).
[11] Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published (OJ L 406, 3.12.2020, p. 1).
[12] Commission Implementing Regulation (EU) 2022/2453 of 30 November 2022amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/637 as regards the disclosure of environmental, social and governance risks (OJ L 324,19.12.2022, p.1.).

ESRS	Disclosure Requirement	Description of Disclosure Requirement	SFDR reference[7]	Pillar 3 reference[8]	Benchmark Regulation reference[9]	EU Climate Law reference[10]	Status of the disclosure requirement	Paragraph
ESRS 2	SBM-1, 40 (d.iii)	Involvement in activities related to controversial weapons	Annex I, Table 1, Indicator number 14		Delegated Regulation (EU) 2020/1818[13], Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Reported	General Disclosures, Strategy
ESRS 2	SBM-1, 40 (d.iv)	Involvement in activities related to cultivation and production of tobacco			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Reported	General Disclosures, Strategy
ESRS E1	E1-1, 14	Transition plan to reach climate neutrality by 2050				Regulation (EU) 2021/1119, Article 2(1)	Reported	Environmental information, E1-1 – Transition plan for climate change mitigation
ESRS E1	E1-1, 16 (g)	Undertakings excluded from Paris-aligned Benchmarks		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		Reported	Environmental information, E1-1 – Transition plan for climate change mitigation
ESRS E1	E1-4, 34	GHG emission reduction targets	Annex I, Table 2, Indicator number 4	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		Reported	Environmental information, E1-4 – Targets related to climate change mitigation and adaptation
ESRS E1	E1-5, 38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	Annex I, Table 1, Indicator number 5 and Annex I, Table 2, Indicator number 5				Reported	Environmental information, E1-5 – Energy consumption and mix
ESRS E1	E1-5, 37	Energy consumption and mix	Annex I, Table 1, Indicator number 5					Environmental information, E1-5 – Energy consumption and mix
ESRS E1	E1-5, 41-43	Energy intensity associated with activities in high climate impact sectors	Annex I, Table 1, Indicator number 6				Reported	Environmental information, E1-5 – Energy consumption and mix

[13] Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (OJ L 406, 3.12.2020, p. 17).

ESRS	Disclosure Requirement	Description of Disclosure Requirement	SFDR reference[7]	Pillar 3 reference[8]	Benchmark Regulation reference[9]	EU Climate Law reference[10]	Status of the disclosure requirement	Paragraph
ESRS E1	E1-6, 44	Gross Scope 1, 2, 3 and Total GHG emissions	Annex I, Table 1, indicators number 1 and 2	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		Reported	Environmental information, E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions
ESRS E1	E1-6, 53-55	Gross GHG emissions intensity	Annex I, Table 1, Indicator number 3	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		Reported	Environmental information, E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions
ESRS E1	E1-7, 56	GHG removals and carbon credits				Regulation (EU) 2021/1119, Article 2(1)	Reported	Environmental information, E1-7 – GHG removals and GHG mitigation projects financed through carbon credits
ESRS E1	E1-9, 66	Exposure of the benchmark portfolio to climate-related physical risks			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		The Group made use of the phase-in	NA
ESRS E1	E1-9, 66 (a), 66 (c)	a) Disaggregation of monetary amounts by acute and chronic physical risk c) Location of significant assets at material physical risk		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			The Group made use of the phase-in	NA
ESRS E1	E1-9, 67 (c)	Breakdown of the carrying value of its real estate assets by energy-efficiency classes		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2:Banking book -Climate change transition risk: Loans collateralised by			The Group made use of the phase-in	NA

ESRS	Disclosure Requirement	Description of Disclosure Requirement	SFDR reference[7]	Pillar 3 reference[8]	Benchmark Regulation reference[9]	EU Climate Law reference[10]	Status of the disclosure requirement	Paragraph
				immovable property - Energy efficiency of the collateral				
ESRS E1	E1-9, 69	Degree of exposure of the portfolio to climate- related opportunities			Delegated Regulation (EU) 2020/1818, Annex II		The Group made use of the phase-in	NA
ESRS E2	E2-4, 28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	Annex I, Table 1, Indicator number 8; Annex I, Table 2, Indicator number 2; Annex 1, Table 2, Indicator number 1; Annex I, Table 2, Indicator number 3				Reported (except for datapoint E2-4, 28 (c) as the topic related to microplastics is not relevant)	Environmental information, E2-4 – Pollution of air, water and soil
ESRS E3	E3-1, 9	Water and marine resources	Annex I, Table 2, Indicator number 7				Reported	Environmental information, E3-1 – Policies related to water and marine resources
ESRS E3	E3-1, 13	Dedicated policy	Annex I, Table 2, Indicator number 8				Reported	Environmental information, E3-1 – Policies related to water and marine resources
ESRS E3	E3-1, 14	Sustainable oceans and seas	Annex I, Table 2, Indicator number 12				Reported	Environmental information, E3-1 – Policies related to water and marine resources
ESRS E3	E3-4, 28 (c)	Total water recycled and reused	Annex I, Table 2, Indicator number 6.2				Reported	Environmental information, E3-4 – Water consumption
ESRS E3	E3-4, 29	Total water consumption in m^3 per net revenue on own operations	Annex I, Table 2, Indicator number 6.1				Reported	Environmental information, E3-4 – Water consumption
ESRS 2	SBM-3 – E4, 16 (a.i)		Annex I, Table 1, Indicator number 7				Reported	General Disclosures, Impact, risk and opportunity management
ESRS 2	SBM-3 – E4, 16 (b)		Annex I, Table 2, Indicator number 10				Reported	General Disclosures, Impact, risk and opportunity management
ESRS 2	SBM-3 – E4, 16 (c)		Annex I, Table 2, Indicator number 14				Reported	General Disclosures, Impact, risk and opportunity management
ESRS E4	E4-2, 24 (b)	Sustainable land / agriculture practices or policies	Annex I, Table 2, Indicator number 11				Not relevant	NA
ESRS E4	E4-2, 24 (c)	Sustainable oceans / seas practices or policies	Annex I, Table 2, Indicator number 12				Not relevant	NA

ESRS	Disclosure Requirement	Description of Disclosure Requirement	SFDR reference[7]	Pillar 3 reference[8]	Benchmark Regulation reference[9]	EU Climate Law reference[10]	Status of the disclosure requirement	Paragraph
ESRS E4	E4-2, 24 (d)	Policies to address deforestation	Annex I, Table 2, Indicator number 15				Not relevant	NA
ESRS E5	E5-5, 37 (d)	Non-recycled waste	Annex I, Table 2, Indicator number 13				Reported	Environmental information, E5-5 – Resource outflows
ESRS E5	E5-5, 39	Hazardous waste and radioactive waste	Annex I, Table 1, Indicator number 9				Reported	Environmental information, E5-5 – Resource outflows
ESRS 2	SBM3 – S1, 14 (f)	Risk of incidents of forced labour	Annex I, Table 3, Indicator number 13				Reported	General Disclosures, Strategy
ESRS 2	SBM3 – S1, 14 (g)	Risk of incidents of child labour	Annex I, Table 3, Indicator number 12				Reported	General Disclosures, Strategy
ESRS S1	S1-1, 20	Human rights policy commitments	Annex I, Table 3, Indicator number 9 and Annex I, Table 1, Indicator number 11				Reported	Social information, S1-1 – Policies related to own workforce
ESRS S1	S1-1, 21	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8			Delegated Regulation (EU) 2020/1816, Annex II		Reported	Social information, S1-1 – Policies related to own workforce
ESRS S1	S1-1, 22	Processes and measures for preventing trafficking in human beings	Annex I, Table 3, Indicator number 11				Reported	Social information, S1-1 – Policies related to own workforce
ESRS S1	S1-1, 23	Workplace accident prevention policy or management system	Annex I, Table 3, Indicator number 1				Reported	Social information, S1-1 – Policies related to own workforce
ESRS S1	S1-3, 32 (c)	Grievance/complaints handling mechanisms	Annex I, Table 3, Indicator number 5				Reported	Social information, S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns
ESRS S1	S1-14, 88 (b), (c)	Number of fatalities and number and rate of work-related accidents	Annex I, Table 3, Indicator number 2		Delegated Regulation (EU) 2020/1816, Annex II		Reported	Social information, S1-14 – Health and safety metrics
ESRS S1	S1-14, 88 (e)	Number of days lost to injuries, accidents, fatalities or illness	Annex I, Table 3, Indicator number 3				Reported	Social information, S1-14 – Health and safety metrics
ESRS S1	S1-16, 97 (a)	Unadjusted gender pay gap	Annex I, Table 1, Indicator number 12		Delegated Regulation (EU) 2020/1816, Annex II		Not relevant	NA
ESRS S1	S1-16, 97 (b)	Excessive CEO pay ratio	Annex I, Table 3, Indicator number 8				Reported	Social information, S1-16 – Compensation metrics (pay gap and total compensation)

ESRS	Disclosure Requirement	Description of Disclosure Requirement	SFDR reference[7]	Pillar 3 reference[8]	Benchmark Regulation reference[9]	EU Climate Law reference[10]	Status of the disclosure requirement	Paragraph
ESRS S1	S1-17, 103 (a)	Incidents of discrimination	Annex I, Table 3, Indicator number 7				Reported	Social information, S1-17 – Incidents, complaints and severe human rights impacts
ESRS S1	S1-17, 104 (a)	Non-respect of UNGPs on Business and Human Rights and OECD	Annex I, Table 1, Indicator number 10 and Annex I, Table 3, Indicator number 14		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		Reported	Social information, S1-17 – Incidents, complaints and severe human rights impacts
ESRS 2	SBM-3 – S2, 11 (b)	Significant risk of child labour or forced labour in the value chain	Annex I, Table 3, indicators number 12 and 13				Reported	General Disclosures, Strategy
ESRS S2	S2-1, 17	Human rights policy commitments	Annex I, Table 3, Indicator number 9 and Annex I, Table 1, Indicator number 11				Reported	Social information, S2-1 – Policies related to value chain workers
ESRS S2	S2-1, 18	Policies related to value chain workers	Annex I, Table 3, indicators number 11 and 4				Reported	Social information, S2-1 – Policies related to value chain workers
ESRS S2	S2-1, 19	1Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	Annex I, Table 1, Indicator number 10		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Reported	Social information, S2-1 – Policies related to value chain workers
ESRS S2	S2-1, 19	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8			Delegated Regulation (EU) 2020/1816, Annex II		Reported	Social information, S2-1 – Policies related to value chain workers
ESRS S2	S2-4, 36	Human rights issues and incidents connected to its upstream and downstream value chain	Annex I, Table 3, Indicator number 14				Reported	Social information, S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action
ESRS S3	S3-1, 16	Human rights policy commitments	Annex I, Table 3, Indicator number 9 and Annex I, Table 1, Indicator number 11				Not relevant	NA
ESRS S3	S3-1, 17	Non-respect of UNGPs on Business and Human Rights,	Annex I, Table 1, Indicator number 10		Delegated Regulation (EU) 2020/1816, Annex II		Not relevant	NA

ESRS	Disclosure Requirement	Description of Disclosure Requirement	SFDR reference[7]	Pillar 3 reference[8]	Benchmark Regulation reference[9]	EU Climate Law reference[10]	Status of the disclosure requirement	Paragraph
		ILO principles or and OECD guidelines			Delegated Regulation (EU) 2020/1818, Art 12 (1)			
ESRS S3	S3-4, 36	Human rights issues and incidents	Annex I, Table 3, Indicator number 14				Not relevant	NA
ESRS S4	S4-1, 16	Policies related to consumers and end-users	Annex I, Table 3, Indicator number 9 and Annex I, Table 1, Indicator number 11				Reported	Social information, S4-1 – Policies related to consumers and end-users
ESRS S4	S4-1, 17	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	Annex I, Table 1, Indicator number 10		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Reported	Social information, S4-1 – Policies related to consumers and end-users
ESRS S4	S4-4, 35	Human rights issues and incidents	Annex I, Table 3, Indicator number 14				Reported	Social information, S4-4 – Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end- users, and effectiveness of those actions.
ESRS G1	G1-1, 10 (b)	United Nations Convention against Corruption	Annex I, Table 3, Indicator number 15				Reported	Governance information, G1-1 – Corporate culture and business conduct policies
ESRS G1	G1-1, 10 (d)	Protection of whistle-blowers	Annex I, Table 3, Indicator number 6				Reported	Governance information, G1-1 – Corporate culture and business conduct policies
ESRS G1	G1-4, 24 (a)	Fines for violation of anti-corruption and anti-bribery laws	Annex I, Table 3, Indicator number 17		Delegated Regulation (EU) 2020/1816, Annex II)		Reported	Governance information, G1-4 – Confirmed incidents of corruption or bribery
ESRS G1	G1-4, 24 (b)	Standards of anti- corruption and anti- bribery	Annex I, Table 3, Indicator number 16				Reported	Governance information, G1-4 – Confirmed incidents of corruption or bribery

ENVIRONMENTAL INFORMATION

Disclosure pursuant to Article 8 of Regulation (EU) 2020/852

The European Union has developed, in recent years, an ambitious strategy for sustainable development and the transition to a low-carbon economy, in line with the contents of the 2015 Paris Agreement on climate and the United Nations' 2030 Agenda with its 17 sustainable development goals. To achieve these goals, the Union promotes investments in sustainable assets and activities using not only public but also private resources.
The Regulation (EU) 2020/852 Taxonomy defines the criteria for determining whether an economic activity can be considered environmentally sustainable based on the identification of six environmental objectives: a) climate change mitigation (CCM); b) climate change adaptation (CCA); c) sustainable use and protection of water and marine resources (WTR); d) transition to a circular economy (CE); e) pollution prevention and control (PPC); f) protection and restoration of biodiversity and ecosystems (BIO).
As provided by Regulation (EU) 2020/852, Article 8, the following indicators are reported:
a) the portion of revenue derived from products or services associated with economic activities considered environmentally sustainable pursuant to Articles 3 and 9;
b)the portion of capital expenditures and the portion of operating expenses related to assets or processes associated with economic activities considered environmentally sustainable pursuant to Articles 3 and 9.
The reported indicators have been calculated based on the guidelines contained in Annex 1 to Regulation (EU) 2021/2178 and are based on currently available data and the current interpretation of the regulations and may therefore be subject to future changes.

Eligibility to the taxonomy

Turnover
Based on the current interpretation of the regulations, the Group has identified that its range of products and services falls within the definition of the following activities:

- CCM 3.6 Manufacture of other low-carbon technologies. In continuity with what was reported in 2023, the Emak Group has considered the revenues generated from the sales of battery-powered and electric finished products manufactured by the Group as eligible for the taxonomy. Specifically, the sales of battery-powered and electric OPE products, cleaning machines (PWJ) that do not have diesel-powered boilers for steam production are included in the counts. Therefore, all products powered even partially by fossil fuels and all products falling within the Components and Accessories segment have been excluded.
- CE 4.1 Provision of IT/OT (information technology/operational technology) solutions based on data. Revenues generated from the product range related to precision agriculture fall within this activity.
- CE 5.1 Repair, refurbishment, and remanufacturing. Revenues generated from the sales of chainsaw sharpeners fall within this activity. To avoid double counting, electric and battery-powered sharpeners have been excluded from CE 5.1 and included in CCM 3.6.
- CE 5.2 Sale of spare parts. Revenues generated from the sales of spare parts, excluding consumables, fall within this activity.
- CE 5.5 Product-as-a-service and other service models oriented towards circular use and results. Revenues generated from the rental of products fall within this activity.

Capex
Based on the analysis described above, Emak has considered the increases in tangible and intangible fixed assets and IFRS16 right-of-use assets related to the following activities as eligible for the taxonomy:

- CCM 3.6. Manufacture of other low-carbon technologies
- CCM 7.2. Renovation of existing buildings
- CCM 7.3. Installation, maintenance, and repair of energy efficiency equipment
- CCM 7.4. Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and in parking spaces attached to buildings)
- CCM 7.6. Installation, maintenance, and repair of renewable energy technologies
- CCM 9.3. Professional services related to the energy performance of buildings
- CE 4.1 Provision of IT/OT (information technology/operational technology) solutions based on data

- Therefore, data related to battery and electric products, the provision of IT/OT solutions, and energy efficiency improvements to buildings such as replacing neon lights with LED lights, replacing windows, installing solar panels, installing meters to monitor energy consumption, and installing electric heat pumps were considered.

Opex
In accordance with regulatory requirements, Emak has defined operating expenses as non-capitalized direct costs related to research and development, building renovation measures, short-term leasing, maintenance and repair, as well as any other direct expenses related to the daily maintenance of buildings, plants, and machinery, carried out by the company or third parties to whom these tasks are outsourced, necessary to ensure the continuous and effective operation of these assets. The data considered are related to the following activities:

- CCM 3.6. Manufacture of other low-carbon technologies
- CCM 7.2. Renovation of existing buildings
- CCM 7.3. Installation, maintenance, and repair of energy efficiency equipment
- CCM 7.4. Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and in parking spaces attached to buildings)
- CCM 7.6. Installation, maintenance, and repair of renewable energy technologies
- CE 4.1. Provision of IT/OT (information technology/operational technology) solutions based on data
- CE 5.1. Repair, refurbishment, and remanufacturing

The Emak Group has therefore considered the research and development costs charged to the income statement directly related to battery and electric products, the costs related to the repair, refurbishment, and remanufacturing of products, and the maintenance costs of buildings and other assets for 2024 concerning the energy efficiency improvements of buildings carried out during the year.

<u>Alignment with the EU Taxonomy</u>

Emak has analyzed the technical criteria and the related DNSH requirements provided by the Climate Delegated Act, the Complementary Delegated Act, and the Environmental Delegated Act for all identified eligible activities and concluded that none of them can currently be considered aligned as the Group does not meet all the required criteria. During 2024, the Group completed the scenario analysis related to physical risks – chronic and acute – indicated in Appendix A of Delegated Regulation (EU) 2021/2139. This analysis was evaluated by the Risk and Sustainability Control Committee and the Board of Directors in February 2025.
The Group will continue deepen its understanding of the requirements for alignment with the taxonomy in the future.

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities

Economic activities	Code(s)	Absolute turnover	Proportion of turnover	Substantial contribution criteria: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	DNSH criteria ("Does Not Significantly Harm"): Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy-aligned or eligible turnover year N-1	Category (enabling activity)	Category (transitional activity)
		€/000	%	Y/N/ NEL	Y/N/ NEL	Y/N/ NEL	Y/N/ NEL	Y/N/ NEL	Y/N/ NEL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Of which Enabling																			
Of which Transitional																			
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of other low carbon technologies	CCM 3.6	78,625	13%	**EL**	N/EL	N/EL	N/EL	N/EL	N/EL								13%		
Provision of IT/OT data-driven solutions	CE 4.1	799	0.1%	N/EL	N/EL	N/EL	**EL**	N/EL	N/EL								0.1%		
Repair, refurbishment and remanufacturing	CE 5.1	92	0.02%	N/EL	N/EL	N/EL	**EL**	N/EL	N/EL								0.02%		
Sale of spare parts	CE 5.2	35,973	6%	N/EL	N/EL	N/EL	**EL**	N/EL	N/EL								7%		
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	132	0.02%	N/EL	N/EL	N/EL	**EL**	N/EL	N/EL								0.02%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)(A.2)		**115,621**	**19%**	**68%**	0%	0%	**32%**	0%	0%								20%		
Total (A.1 + A.2)		**115,621**	**19%**	**68%**	0%	0%	**32%**	0%	0%								20%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities (B)		**486,293**	**81%**																
Total (A+B)		**601,914**	**100%**																

	Proportion of turnover/Total turnover: Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	-	13%
CCA	-	-
WTR	-	-
CE	-	6%
PPC	-	-
BIO	-	-

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities

Economic activities	Code(s)	Absolute CapEx	Proportion of CapEx	Substantial contribution criteria: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	DNSH criteria ("Does Not Significantly Harm"): Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy-aligned or eligible CapEx, year N-1	Category (enabling activity)	Category (transitional activity)
		€/000	%	Y/N/ NEL	Y/N/ NEL	Y/N/ NEL	Y/N/ NEL	Y/N/ NEL	Y/N/ NEL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Of which Enabling																			
Of which Transitional																			
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of other low carbon technologies	CCM 3.6	2,935	7%	**EL**	N/EL	N/EL	N/EL	N/EL	N/EL								6.1%		
Renovation of existing buildings	CCM 7.2	738	2%	**EL**	N/EL	N/EL	N/EL	N/EL	N/EL								1.2%		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	882	2%	**EL**	N/EL	N/EL	N/EL	N/EL	N/EL								1.3%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	3	0.01%	**EL**	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	2	0.01%	**EL**	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	103	0.24%	**EL**	N/EL	N/EL	N/EL	N/EL	N/EL								0.03%		
Professional services related to energy performance of buildings	CCM 9.3	25	0.06%	**EL**	N/EL	N/EL	N/EL	N/EL	N/EL								0.01%		
Provision of IT/OT data-driven solutions	CE 4.1	449	1%	N/EL	N/EL	N/EL	**EL**	N/EL	N/EL								3.6%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**5,136**	**12%**	**91%**	0%	0%	**9%**	0%	0%								12.4%		
Total (A.1 + A.2)		**5,136**	**12%**	**91%**	0%	0%	**9%**	0%	0%								12.4%		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES		
CAPEX of Taxonomy-non-eligible activities (B)	**38,124**	**88%**
Total (A+B)	**43,260**	**100%**

	Proportion of CapEx/Total CapEx: Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	-	11%
CCA	-	-
WTR	-	-
CE	-	1%
PPC	-	-
BIO	-	-

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities

Economic activities	Code(s)	Absolute OpEx	Proportion of OpEx	Substantial contribution criteria: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	DNSH criteria ("Does Not Significantly Harm"): Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy-aligned and eligible OpEx, year N-1	Category (enabling activity)	Category (transitional activity)
		€/000	%	Y/N/ NEL	Y/N/ NEL	Y/N/ NEL	Y/N/ NEL	Y/N/ NEL	Y/N/ NEL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Of which Enabling																			
Of which Transitional																			
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of other low carbon technologies	CCM 3.6	1,233	10%	**EL**	N/EL	N/EL	N/EL	N/EL	N/EL								13.6%		
Renovation of existing buildings	CCM 7.2	92	0.8%	**EL**	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	6	0.05%	**EL**	N/EL	N/EL	N/EL	N/EL	N/EL								0.05%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	1	0.01%	**EL**	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	3	0.03%	**EL**	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Provision of IT/OT data-driven solutions	CE 4.1	377	3%	N/EL	N/EL	N/EL	**EL**	N/EL	N/EL								1.4%		
Repair, refurbishment and remanufacturing	CE 5.1	54	0.4%	N/EL	N/EL	N/EL	**EL**	N/EL	N/EL								0.3%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**1,766**	**15%**	**76%**	0%	0%	**24%**	0%	0%								15.4%		
Total (A.1 + A.2)		**1,766**	**15%**	**76%**	0%	0%	**24%**	0%	0%								15.4%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OPEX of Taxonomy-non-eligible activities (B)		**10,198**	**85%**																
Total (A+B)		**11,964**	**100%**																

	Proportion of OpEx/Total OpEx: Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	-	11%
CCA	-	-
WTR	-	-
CE	-	4%
PPC	-	-
BIO	-	-

Activities related to nuclear energy and fossil gas [14]

Nuclear energy related activities		
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades	NO
Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

[14] Delegated Regulation (EU) 2022_1214

ESRS E1 – Climate change

ESRS 2 GOV-3 — Integration of sustainability-related performance in incentive schemes

The Board of Directors has set sustainability goals, including those related to climate change[15], within the incentive remuneration for the Group CEO only. The characteristics of the Incentive Plan, the objectives, and the percentage of remuneration connected to them are detailed in section *ESRS 2 GOV-3 – Integration of sustainability related performance in incentive schemes,* in General Disclosures.
Specifically, these objectives contribute to achieving 40% of the possible annual incentive compensation for the Group CEO, according to the following breakdown:

- 20% related to the development of new battery-powered products;
- 5% related to the development of a succession plan for key Group positions;
- 15% (and individually 3% each) for energy recovery initiatives, reduction of emissions related to the vehicle fleet of Italian companies, obtaining AEO certification, and preparatory activities for obtaining gender equality certification by the Parent Company.

E1-1 – Transition plan for climate change mitigation

The Group currently does not have a structured transition plan for climate change mitigation as outlined by Regulation (EU) 2023/2772, which aims to ensure that its strategy and business model are compatible with the transition to a sustainable economy and the objectives of limiting global warming to 1.5°C in line with the Paris Agreement and achieving climate neutrality by 2050, in accordance with Article 2, paragraph 1, of Regulation (EU) 2021/1119 (European Climate Law) and Article 2 of Delegated Regulation (EU) 2020/1818 (Regulation on Climate Benchmarks).
Currently, the Group is focused on progressively refining and expanding the mapping of its emissions inventory. Specifically, for years the Group has been reporting progress related to its Scope 1 and 2 GHG emissions. Starting from this fiscal year, disclosure of gross Scope 3 GHG emissions is being provided. Based on the GHG Protocol and implemented with the aid of the dedicated *Scope 3 Calculation Guidance*, the calculation considers, where possible, precise data from the Group's companies and resorts to estimates for missing data. The selection of significant Scope 3 categories is carried out following a materiality analysis.
Aware of the margins for improvement in reporting, the Group's management believes that in order to make improvement commitments, it is first crucial to have a consolidated database on which to conduct the necessary analyses to undertake initiatives aimed at improving its environmental performance.
To date, the three companies with ISO 14001 environmental certification are the only ones with formalized and certified improvement plans and initiatives in accordance with the measures provided by the regulation itself.

[15] There are no consolidated Group objectives related to the reduction of GHG emissions communicated pursuant to the disclosure requirement E1-4 of Regulation (EU) 2023/2772, against which to assess the sustainability performance of the CEO as contemplated by the incentive systems; the aforementioned performance is currently evaluated solely based on the mere achievement of the objectives.

ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

The Emak Group has identified its relevant impacts, risks, and opportunities related to sustainability issues through the assessment of double materiality. The results of the analysis are detailed in the table provided in the paragraph *SBM-3– Material impacts, risks and opportunities and their interaction with strategy and business model*.
For a more detailed overview, please refer to section *ESRS 2 SBM-3– Material impacts, risks and opportunities and their interaction with strategy and business model*, in General Disclosures.

Additionally, Emak has conducted an in-depth analysis regarding climate change, with particular attention to risks related to both the transition and the physical aspects relevant to the Group.

Regarding transition risk, in conjunction with the budgeting process, the Group Risk Manager interviewed 21 risk owners distributed among some of the subsidiaries to assess the exposure of the Business Units (BUs) to 20 strategic risks. The risk owners examined the risks within their purview, identifying corrective measures already in place to mitigate risk exposure, and proposing, where necessary, additional initiatives to be included in the budget plan. The analysis led to the creation of a Risk Matrix for each BU, highlighting the position of the 20 strategic risks and delving into the most significant risks.
The study revealed that transition risks are managed as follows within business operations:

- Product regulatory evolution: monitored and followed by technical structures, also through trade associations, with continuous monitoring of the regulatory framework evolution, which guides research and development activities (see specific paragraph);
- Evolution of consumer preferences: monitored by the commercial and marketing structure, through constant dialogue with the distribution network and the trade associations to which the Group belongs;
- Aspects related to the energy supply chain: controlled by the purchasing function, through framework agreements, participation in consortia, and active market monitoring.

Regarding physical risk, based on the results of scenario analysis, the Group's management believes that this risk is not critical. The scenarios examined[16] and the risks considered indicate that potential issues could arise within a 30-year timeframe, making mitigation planning currently ineffective. The Group, through dedicated functions, will continue to monitor the evolution of these scenarios, keeping its risk assessments updated and the possibility of implementing corrective actions if necessary.

ESRS 2 IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities

Through the final phase of the double materiality analysis, the Group determined which qualitative and quantitative information related to relevant issues should be reported in this Consolidated Sustainability Statement. To this end, the methods outlined in ESRS 1 (including Appendix E), the Implementation Guidance "EFRAG IG 1 – Materiality Assessment," and the additional paper "Links between AR16 and disclosure requirements" were followed.

[16] Focus on the 12 events deemed as priorities based on definitions and applicability to the Group: Changes in air temperature; Thermal stress; Temperature variability; Heatwave; Cold wave/frost; Cyclone, Hurricane, Typhoon; Storm; Snowstorm; Tornado; Water stress; River flooding; Subsidence.

The following table describes, for each relevant issue, the related impacts (positive and negative), risks, and opportunities that have exceeded the materiality threshold.

LIST OF MATERIAL MATTERS AND MATERIAL IROs					
TOPIC	**MATERIAL SUB-TOPIC OR SUB-SUB-TOPIC**	**MATERIAL NEGATIVE IMPACTS**	**MATERIAL POSITIVE IMPACTS**	**MATERIAL RISKS**	**MATERIAL OPPORTUNITIES**
E1 - Climate change	Climate change adaptation			TRANSITION RISKS (and impacts on the business model): The impact of new regulatory developments related to climate change on the range of products and services offered Sudden obsolescence triggered by the arrival of new technologies on the market (technological acceleration) Chronic: Climate change and rising average temperature and sea level	
	Emission reduction	Generating direct and indirect CO2 emissions, slowing down the achievement of the objectives of the Paris Agreement and the European Green Deal		Costs of transition to low-emission technologies Impact of new regulatory developments related to climate change on the range of products and services offered	Use of new technologies
	Responsible energy use	Maintaining dependence on non-renewable energy sources, thus contributing to climate change.	Raising awareness among company personnel and stakeholders towards responsible energy use	Energy crisis (an entity's energy mix can affect the cost and reliability of energy supply and ultimately affect the entity's cost structure and regulatory risk) and consequent increase in the final price of the finished product due to increased production costs resulting from changes in input prices (e.g. energy) Failure to comply with regulations (e.g. Greenbuildings)	

For a more detailed overview, please refer to section *ESRS 2 IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities*, in General Disclosures.
In the development of its business plans, the Group formalizes specific sections dedicated to climate change risks, where the planned initiatives are illustrated and, where data is available, the investments, costs, and expected revenues for the planned interventions are quantified. To date, based on the analyses carried out and the nature of the Group's activities, particular attention is paid to mitigating transition risks, considered to have the greatest potential impact.
These risks also present interesting opportunities for the Group both from a business development perspective (e.g., development of electric/battery-powered products, growth in the agriculture sector) and in terms of energy efficiency (e.g., reduction of energy consumption).
For further information, please refer to the previous *paragraph ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model*.

E1-2 – Policies related to climate change mitigation and adaptation

To date, the Group does not have formalized policies for managing the impacts, risks, and relevant opportunities related to climate change mitigation, adaptation, energy efficiency, and the spread of renewable energies.
Nevertheless, through its organizational system, the Group ensures full compliance with relevant laws and regulations and has been actively engaging in staff awareness activities and energy efficiency measures for several years to reduce its environmental footprint. According to the Organizational, Management, and Control Model, in application of Legislative Decree 231/2001, the types of offenses for which the Group may be held

liable include environmental crimes as per Article 25-undecies of the aforementioned decree, as introduced by Legislative Decree No. 121 of July 7, 2011[17], and amended by Article 1, Law No. 68 of May 22, 2015[18].
Emak S.p.A., Agres Sistemas Eletrônicos S.A., and PNR Italia have an Environmental Management System certified according to the UNI EN ISO 14001 standard. Additionally, to identify, monitor, and reduce the environmental impacts of its activities, the Parent Company Emak S.p.A. adopts an environmental policy as part of the broader Integrated Corporate Policy.
In the selection of suppliers, the Group exclusively uses criteria related to the objective competitiveness of the services and products offered and their quality, also understood as the supplier's performance in environmental and social areas and compliance with the principles expressed in the Code of Ethics, which is duly shared.

E1-3 – Actions and resources in relation to climate change policies

Although the Emak Group has not set specific climate change targets, it is committed to contributing to sustainable development by pursuing continuous improvement goals related to environmental compatibility. To this end, it strives to spread and consolidate a culture of environmental protection and natural resource conservation. The Group's efforts to reduce environmental impact span all its business processes, starting with the design of its products, seeking increasingly eco-friendly materials and technical solutions that reduce pollutant emissions and consumption while ensuring customer satisfaction in terms of performance[19].

The main actions taken by the Group in the reference year, divided by decarbonization levers, are listed below:

a) Energy efficiency
   - installation of intelligent systems in production departments to manage lighting based on work shifts and, in some areas, sensors for automatic switching on and off of lights based on presence;
   - adoption of temperature control systems for different areas of the plants, dynamically adjusting the power of individual thermal generators to external climatic conditions and the thermo-hygrometric comfort conditions for different internal areas;
   - use of high-energy-consuming machinery outside peak hours;
   - recovery of energy generated during product testing;
   - installation of high-efficiency heating systems, such as heat pumps and latest-generation condensing boilers;
   - overhaul of the general electrical system and transformer stations, which has led to a reduction in electrical losses within the plant;
   - gradual replacement of neon lamps with LED lamps, including relamping interventions in some plants;
   - installation of high-energy-efficiency machinery and equipment in production departments;
   - measures aimed at reducing the thermal needs of the plants and improving the internal microclimate, such as replacing windows and installing blinds;
     installation of energy consumption monitoring systems for each production line or machine, with the aim of identifying possible inefficiencies and planning potential efficiency measures

b) Product modification / electrification
   - testing machines containing fully or partially recycled plastic materials (material research), a multi-year project focused on the Green Deal and thus reducing CO2 in relation to developed products;
   - identification and development of technologies to be applied to combustion engines to comply with future directives on emission limits (low-emission engines).

c) Use of energy from renewable sources
   - purchase and self-production of renewable energy, in line with previous years.

With reference to previous years, the aforementioned mitigation actions have led to the filing of several patents concerning R&D activities focused on product innovation, as well as the modernization and energy efficiency of the facilities in a broad sense.

[17] Implementation of Directive 2008/99/EC on the protection of the environment through criminal law, as well as Directive 2009/123/EC amending Directive 2005/35/EC on ship-source pollution and on the introduction of penalties for infringements.
[18] Provisions on environmental crimes (Law No. 68 of 2015) introduced new crimes to protect the environment in the Penal Code, thus modifying the previous regulatory framework that relied almost exclusively on contraventions and administrative sanctions, as provided by the Environmental Code (Legislative Decree No. 152 of 2006).
[19] Since there is no associated policy, the implementation of the objectives does not contribute to the purpose of the aforementioned.

The Group will evaluate how to further articulate this path based on the results of the next financial year [20] and following the mapping of GHG emissions mentioned in relation to the *Transition plan for climate change mitigation* section.

The resources allocated by the Group to actions related to climate change mitigation and adaptation are reported in the paragraph *Disclosure pursuant to Article 8 of Regulation (EU) 2020/852*.

E1-4 – Targets related to climate change mitigation and adaptation

As of today, the Emak Group has not established consolidated targets for the reduction of gross GHG emissions, although there are intermediate and granular targets derived from ISO standards related to specific plants, such as in the case of the Parent Company.
However, during this reporting period, the Emak Group has refined its GHG emissions mapping activity by extending its scope to emissions generated along the value chain (scope 3). This activity aims to define the baseline on which potential GHG emission reduction targets can be identified and formulated, the actions to be taken to achieve them, and the respective decarbonization levers.

[20] At present, the Emak Group has not established timeframes within which it intends to complete each main action.

E1-5 – Energy consumption and mix

The energy consumption and energy mix of the Group are detailed below:

DR E1-5 -Energy consumption and energy mix		2024 MWh
Coal fuels and coal products		
Fuels from crude oil and petroleum products		**8,123.35**
	Diesel for production	370.08
	Diesel for company cars for business use	3,842.52
	Diesel for company cars for mixed use	1,232.30
	Hybrid/Diesel for company cars for mixed use	6.60
	Gasoline for production	503.44
	Gasoline for company cars for business use	1,402.65
	Gasoline for company cars for mixed use	370.88
	Hybrid/Gasoline for company cars for business use	43.45
	Hybrid/Gasoline for company cars for mixed use	309.16
	LPG for production	42.26
Natural gas fuels		**19,879.24**
	Natural gas for heating	17,437.37
	Natural gas for production	2,297.70
	Natural gas for company cars for business use	144.17
Electricity purchased or acquired from fossil sources		**25,741.31**
	of which for company cars for mixed use	2.89
Heat purchased or acquired from fossil sources		
Cooling from fossil sources		
Nuclear sources		
Fuels from other fossil sources		-
Self-produced energy from non-renewable sources and consumed		-
Total energy consumption from fossil sources		**53,743.90**
Share of fossil sources in total energy consumption (%)		**98.72%**
Total energy consumption from nuclear sources		
Share of nuclear sources in total energy consumption (%)		**0.00%**
Fuels from renewable sources		**15.80**
	Biofuel (e.g. HVO) for company cars for business use	1.37
	Biofuel (e.g. HVO) for company cars for business use	14.43
Electricity purchased or acquired from renewable sources (Guarantee of Origin contracts)		**35.72**
Heat purchased or acquired from renewable sources		
Steam purchased or acquired from renewable sources		
Cooling purchased or acquired from renewable sources		
Renewable energy self-produced and consumed (without using fuels)		**645.32**
	of which from a photovoltaic system	645.32
Total energy consumption from renewable sources		**696.84**
Share of renewable sources in total energy consumption (%)		**1.28%**
Total energy consumption		**54,440.74**

The companies of the Emak Group fall into high climate impact sectors[21]. Therefore, the following information is provided:

Energy intensity (sectors with high climate impact)	2024
Total energy consumption of activities in sectors with high climate impact (MWh)	54,440.74
Net revenues from activities in high-impact climate sectors (€)	€ 601,914,195
Energy intensity (MWh/€)	**0.0000904**

[21] High climate impact sectors are those listed in Annex I, sections A to H and L, of Regulation (EC) No 1893/2006 of the European Parliament and of the Council (as defined in Commission Delegated Regulation (EU) 2022/1288). This regulation defines the statistical classification of economic activities NACE Revision 2.

E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions

The greenhouse gas (GHG) emissions[22] currently monitored and reported by Emak can be divided into three scopes:

- **Scope 1 GHG emissions[23]**: direct greenhouse gas emissions from sources that are owned or controlled by the company;
- **Scope 2 GHG emissions,** calculated using both the **location-based[24]** and **market-based[25]** methods: indirect emissions from the generation of electricity, steam, heating, or cooling that is purchased or acquired and consumed by the company;
- **Scope 3 GHG emissions**: indirect greenhouse gas (GHG) emissions (excluding Scope 2 emissions) generated within the value chain of the reporting company, including both upstream and downstream emissions. These are divided into 15 categories.

In order to report information regarding gross Scope 3 GHG emissions, the Group has taken into account the principles and requirements outlined in the standard Technical Guidance for calculating Scope 3 emissions, version 1.0, of the Greenhouse Gas Protocol (GHG Protocol).
The significant Scope 3 categories were identified through a materiality analysis process, based on the guidelines and criteria established by the GHG Protocol[26]. Following this analysis, the following Scope 3 categories were identified as significant:

- Category 1 - Purchased goods and services
- Category 3 - Fuel- and energy-related activities (not included in Scope 1 or Scope 2
- Category 4 - Upstream transportation and distribution
- Category 11 - Use of sold products

The materiality analysis was based on a set of purely qualitative criteria proposed in the aforementioned Technical Guidance, according to which the following categories were deemed non-significant, or not applicable:

- Category 2 - Capital goods (excluded)
- Category 5 - Waste generated in operations (excluded)
- Category 6 - Business travel (excluded)

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[22] The broad term "emissions" refers to the direct or indirect discharge, from point sources or diffuse sources, of substances, vibrations, heat, or noise into the air, water, or soil, as outlined in Directive 2010/75/EU on industrial emissions (Industrial Emissions Directive).

[23] For the calculation of gross Scope 1 emissions, the following conversion factors were used:
• DEFRA, UK Government GHG Conversion Factors for Company Reporting (2024);
• ISPRA, Reports 398/2024, Italian Greenhouse Gas Inventory 1990-2022, National Inventory Report (2024).
According to the latest version of the "GHG Protocol Scope 2 Guidance," self-produced electricity from renewable sources has an emission impact of zero, with reference to Scope 1 of GHG emissions.

[24] The term "location-based" refers to a method of accounting for emissions resulting from electricity consumption by applying national average emission factors for the various countries where electricity is purchased.
For the calculation of gross Scope 2 GHG emissions using the location-based approach, the emission factors used to convert different energy quantities into tCO2eq are derived from the following sources:
• Association of Issuing Bodies (AIB), European Residual Mixes 2023, V.1.0 (2024);
• DEFRA, UK Government GHG Conversion Factors for Company Reporting (2024);
• ISPRA, Reports 404/2024, Efficiency and Decarbonization Indicators in Italy and the Largest European Countries (2024);
• Ministério da Ciência, Tecnologia e Inovação (MCTI), National Greenhouse Gas Emissions Inventory (2024);
• Terna, International Comparisons, 2019 Data from ENERDATA Sources (2022);
• U.S. Environmental Protection Agency (EPA), eGRID 2022 Data (2024).

[25] "Market-based" refers to a method of accounting for emissions that determines those arising from the purchase of electricity by considering specific factors communicated by the company's suppliers. When electricity from certified renewable sources is purchased, a zero-emission factor is attributed.
For the calculation of gross Scope 2 GHG emissions using the market-based approach, the emission factors used to convert different energy quantities into tCO2eq are derived from the following sources:
• Association of Issuing Bodies (AIB), European Residual Mixes 2023, V.1.0 (2024);
• Terna, International Comparisons, 2019 Data from ENERDATA Sources (2022);
• Ministério da Ciência, Tecnologia e Inovação (MCTI), National Greenhouse Gas Emissions Inventory (2024);
• Green-e®, Residual Mix Emissions Rates 2021 Data (2023).

[26] Specifically, the criteria used by the Group, as indicated by the GHG Protocol, to perform the materiality analysis are magnitude, risk, influence, and data availability.

- Category 7 - Employee commuting (excluded)
- Category 8 - Upstream leased assets (not applicable)
- Category 9 - Downstream transportation (excluded)
- Category 10 - Processing of sold products (not applicable)
- Category 12 - End-of-life treatment of sold products (excluded)
- Category 13 - Downstream leased assets (not applicable)
- Category 14 - Franchising (not applicable)
- Category 15 - Investments (not applicable)

This period represents the Group Emak's first exercise in reporting gross Scope 3 GHG emissions; therefore, it is not excluded that future reports may include additional categories. The current reporting focuses on the categories deemed as significant.

Below is the approach for managing data and emissions for the individual Scope 3 categories that were included in the reporting process.

Category 1 - Purchased goods and services

For the calculation of this category, where possible, preference was given to data related to the reporting requirement E5-4 ("Resource inflows"). In this case, emission factors were derived from the Ecoinvent database v. 3.10.

When mass data were not available from the management system, they were reconstructed through estimates based on the average composition of the families of products sold.
In cases where such data were unavailable, the second option was to quantify the emissions associated with purchased materials using the spend-based method, converting foreign currency into euros where appropriate.

The emission factors used for calculations with the spend-based approach are derived from the database of the U.S. Environmental Protection Agency (EPA), which provides emission factors in kg CO2eq/USD for the year 2022. Consequently, it was necessary to process these emission factors to convert them into euros and update them to reflect the year 2024.

In cases where a company's incoming material flow data was unavailable, the impact calculation for this category was reallocated based on the purchase value of a company with a similar type of production, where possible, or alternatively, on the turnover of all other Group companies for which data was available.

The emissions calculated for the entire Group, based on available data using mass-based or spend-based methods and the reallocation approach, amount to 239,875 t CO2eq. The emissions specifically reported by the companies that provided data total 138,510 t CO2eq, representing 58% of the total.

The number of companies for which this category is relevant amounts to 33 out of a total of 40. The reason not all companies are included in the calculations is that all intra-group purchases were excluded. Specifically, 7 companies fall into this category, as they predominantly handle only intra-group purchases.

Category 3 - Fuel- and energy-related activities

This category pertains to upstream activities related to energy and fuels, specifically the extraction of fuels used for Scope 1 GHG emissions, as well as the transmission and losses of electricity under Scope 2.

The data used for the calculations are, in fact, the same as those used for calculating Scope 1 and Scope 2 GHG emission, but their processing is based on emission factors that include upstream emissions, taking into account the different emission contributions associated with the specific energy sources used.

In this specific case, reallocation of emissions was not deemed necessary, as data were available for all the companies within the Group.

The total for this category amounts to 2,221 t CO2eq, representing 100% of the Group's emissions.

To perform calculations in this category conversion factors were applied, where appropriate, to convert fuel volumes (liters or m³) into kilograms. Regarding electricity, the contributions related to energy transmission and electricity losses along the grid required the modeling of a specific impact. The source of the emission factors used is Ecoinvent v. 3.10.

Category 4 - Upstream transportation and distribution

For this category, only primary data from two companies in the Group, Emak S.p.A and Tecomec S.r.l., are available. Therefore, the calculation of emissions for the remaining companies was carried out by reallocating the emissions derived from the two companies' data based on their turnover.

The reallocation logic is the same as that described for Category 1.

The emissions calculated for the entire Group, based on the available data and using the reallocation method, amount to 7,286 t CO2eq. The emissions specifically reported by the companies that provided data total 3,396 t CO2eq, representing 47% of the total.

The modes of transportation identified for the movement of goods are trucks, ships, airplanes, trains, and ferries.

The emission factors for transportation were derived from the Ecoinvent v. 3.10 database.

Category 11 - Use of sold products

For this category, the finished products from the *Outdoor Power Equipment* segment and the cleaning line from the *Pumps & Water Jetting* segment were taken into consideration.

Primary data on product consumption was taken into account for companies within the *Outdoor Power Equipment* segment. For the *Pumps & Water Jetting* segment, primary data of cleaning products from Comet S.p.A. and Lavorwash S.p.A. were considered, serving as the basis to proportionally adjust product emissions of the entire sector proportionally to revenue.

Products from the *Components & Accessories* segment and the Agriculture and Industry lines of the pumps segment were excluded. Specifically, accessories and spare parts were excluded, as they do not inherently involve energy consumption, and all pumps were also excluded due to their indirect energy consumption. According to the GHG Protocol standard, these are optionally reportable. The Group opted to exclude them also considering that modeling a scenario in this context would be extremely complex, as it depends on the pump's final application, which introduces a high degree of uncertainty.

The reallocation logic is the same as that described for Category 1.

The emissions calculated for the entire Group, based on the available data and the proportionality method, amount to 962,414 t CO2eq. Meanwhile, the specific emissions from the companies that provided their data total 780,142 t CO2eq, which represents 81% of the overall emissions.

Since the majority of the market is European, it was assumed that all shipments occur within the EU. The average European electricity emission factor from Ecoinvent v. 3.10 was used, without calculating emissions in detail based on the destination country of the sold products.
Any potential diesel input associated with certain types of products was modeled using DEFRA's emission factor, which represents diesel combustion.

In general, assumptions were made to model the usage phase scenario. Specifically, for most products, during their homologation phase, emissions are evaluated in terms of g CO2eq/kWh consumed. Where available, this data was used for emissions calculation.
Regarding the product's useful life, the duration in hours, as specified during homologation, was considered. Consequently, for various products, the total emissions over their entire useful life were quantified, either by directly assessing emissions or calculating total energy consumption and applying the mentioned emission factors.

The total GHG emissions are outlined below, broken down into Scope 1 and Scope 2 emissions, as well as the priority categories within Scope 3.

Total emissions		Unit	2024
Direct emissions - Scope 1		t CO2 eq	6,133.51
Scope 1 emissions covered by regulated emissions trading systems		%	0.0%
Indirect emissions - Scope 2			
	Scope 2 -location-based	t CO2 eq	7,938.22
	Scope 2 -market-based	t CO2 eq	9,770.94
Indirect emissions - Scope 3		t CO2 eq	1,211,795.40
	1. Purchased goods and services	t CO2 eq	239,874.90
	3. Fuel and energy related activities (not included in scope 1 or 2)	t CO2 eq	2,221.04
	4. Upstream transportation and distribution	t CO2 eq	7,285.88
	11. Use of the sold products	t CO2 eq	962,413.58
Total emissions - location based		**t CO2 eq**	**1,225,867.13**
Total emissions - market based		**t CO2 eq**	**1,227,699.85**

Here is the information related to GHG intensity in relation to net revenues:

Intensity of emissions compared to revenues - location-based	2024
Total emissions -locationb-ased (t CO2 eq)	1,225,867.13
Net revenue (€)	601,914,195.00
Emission intensity (t CO2 eq/)	0.0020

Intensity of emissions compared to revenues - market-based	2024
Total market-based emissions (t CO2 eq)	1,227,699.85
Net revenue (€)	601,914,195.00
Emission intensity (t CO2 eq/)	0.0020

E1-7 – GHG removals and GHG mitigation projects financed through carbon credits

In March 2024, the Board of Directors approved the *Plan to eliminate Scope 1 emissions produced by the car fleet of the Italian companies in the Group*, achieved also through the purchase of Sustainability Credits[27] from the National Park and the UNESCO MAB Biosphere Reserve of the Tuscan-Emilian Apennines by the companies Emak S.p.A., Comet S.p.A., Tecomec S.r.l., and Sabart S.r.l., which will be used to sustainably and responsibly manage the forests and support the communities of the Park, and will offset 342 tCO2eq produced by the Italian car fleet in 2023.
The goal of the Plan will be achieved through the definition of a new company car policy aimed at reducing environmental impact - favoring the inclusion of electric and hybrid cars or, in any case, less polluting models compared to those currently in use - and the offsetting of emissions through the purchase of certified carbon credits in an amount equal to the emissions produced by the Italian car fleet.

E1-8 – Internal carbon pricing

The Group does not apply internal carbon pricing systems.

[27] The Credits come from forests managed sustainably and responsibly, certified according to FSC and PEFC standards.

ESRS E2 – Pollution

ESRS 2 IRO-1 – Description of the processes to identify and assess material pollution-related impacts, risks and opportunities

The double materiality analysis allowed the Group to establish the relevant issues to be included in this consolidated sustainability statement. For the correct execution of the process, the methods outlined in ESRS 1 (including Appendix E), the Implementation Guidance 'EFRAG IG 1 – Materiality Assessment', and the additional paper 'Links between AR16 and disclosure requirements' were followed.

The table below describes, for each relevant issue, the related impacts (positive and negative), risks, and opportunities that have exceeded the materiality threshold.

LIST OF MATERIAL MATTERS AND MATERIAL IROs					
TOPIC	MATERIAL SUB-TOPIC OR SUB-SUB-TOPIC	MATERIAL NEGATIVE IMPACTS	MATERIAL POSITIVE IMPACTS	MATERIAL RISKS	MATERIAL OPPORTUNITIES
E2 - Pollution	Pollution of air, water and soil	Generation of other emissions (pollutants other than CO2 in air, water or soil), slowing down the achievement of the objectives of the Paris Agreement and the European Green Deal			

Please refer to the table in the section *SBM-3– Material impacts, risks and opportunities and their interaction with strategy and business model* for further information on the results of the double materiality analysis.

E2-1 – Policies related to pollution

As of today, the Group does not have formalized policies for managing the impacts, risks, and relevant opportunities related to pollution. Nevertheless, through its organizational system, the Group ensures full compliance with the applicable laws and regulations.
According to the Organization, Management, and Control Model, in application of Legislative Decree 231/2001, the types of offenses for which the Group may be held accountable include environmental crimes as per Article 25-undecies of the aforementioned decree, introduced by Legislative Decree No. 121 of July 7, 2011[28], and amended by Article 1, Law No. 68 of May 22, 2015 [29]. Among these offenses, environmental pollution (Article 452-bis of the Penal Code) is explicitly included.
Emak S.p.A., Agres Sistemas Eletrônicos S.A., and PNR Italia have an Environmental Management System certified according to the UNI EN ISO 14001 standard. Additionally, to identify, monitor, and reduce the environmental impacts of their activities, the parent company Emak S.p.A. adopts an environmental policy within the broader Integrated Corporate Policy. In the selection of suppliers, the Group exclusively uses criteria related to the objective competitiveness of the services and products offered and their quality, which also includes the supplier's performance in environmental and social areas and compliance with the principles expressed in the Code of Ethics, which is duly shared.

E2-2 – Actions and resources related to pollution

As of today, the Group has not formalized specific objectives related to pollution, therefore there is no dedicated allocation of resources. Nevertheless, the Group carries out monitoring actions aimed at preventing pollution, rather than reducing it, in line with applicable national regulations. Regarding the quantification of other atmospheric emissions different from CO2 emissions, there are different cases among the Group's companies. In fact, while some companies are not subject to environmental authorization because they do not produce

[28] Implementation of Directive 2008/99/EC on the protection of the environment through criminal law, as well as Directive 2009/123/EC amending Directive 2005/35/EC on ship-source pollution and on the introduction of penalties for infringements.
[29] Provisions on environmental crimes (Law No. 68 of 2015) introduced new crimes to protect the environment in the Penal Code, thus modifying the previous regulatory framework that relied almost exclusively on misdemeanors and administrative sanctions, as provided by the Environmental Code (Legislative Decree No. 152 of 2006).

significant atmospheric emissions, others are subject to periodic checks and have an obligation to obtain environmental authorization for atmospheric emissions.
Regarding the second case, Emak S.p.A., Lavorwash S.p.A., Comet S.p.A., Tecomec S.r.l., and P.T.C. S.r.l. monitor their atmospheric emissions (PM) in accordance with Title I of Legislative Decree 152/06 and subsequent amendments. Specifically, emissions are sampled by collecting gaseous fluids conveyed through an emission chimney, according to the sampling method UNI EN 13284-1:2003. The sampling results are reported in specific test reports where the values of the sampled dust (in mg/nm^3) are compared with the limits set by the relevant regulations. These values do not exceed the emission limit values imposed by the AUA[30].
For the company Tailong, atmospheric emission control is carried out annually by the competent authorities.
The Group is also committed to preventing soil and subsoil pollution related to potential spills of chemicals used in the production cycle.
Among the planned actions, with reference to the site where the headquarters of Tailong (Zhuhai) Machinery Manufacturing Equipment Ltd. was located before its relocation, the Group has committed to undertaking the necessary activities for the restoration of the soil in the affected industrial area, for which a provision of € 659 thousand has been set aside.

E2-3 – Targets related to pollution

The Emak Group has not currently defined consolidated objectives related to the significant impacts identified with reference to pollution prevention, although there are intermediate and granular objectives derived from ISO standards, related to specific plants, as in the case of the parent company. However, in compliance with the regulations of the countries of operation, the Group ensures complete environmental compliance, including provisions on pollutants.

E2-4 – Pollution of air, water and soil

The types of pollutants that Delegated Regulation (EU) 2023/2772 focuses on are those listed in Annex II of Regulation (EC) No. 166/2006, namely the European Pollutant Release and Transfer Register (E-PRTR), emitted into the air, water, and soil, with the exception of GHG emissions, which have been reported in the section on *Gross GHG emissions of scope 1, 2, and total GHG emissions*.
The other emissions produced by the Group do not exceed the threshold values set out in Annex II of Regulation (EC) No. 166/2006.

ESRS E3 – Water and marine resources

ESRS 2 IRO-1 – Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities

From the double materiality analysis, a relevant issue has been identified that the Group is required to include in this Consolidated Sustainability Statement. As previously reported, the methods outlined in ESRS 1 (including Appendix E), the Implementation Guidance 'EFRAG IG 1 – Materiality Assessment,' and the additional paper 'Links between AR16 and disclosure requirements' have been followed.
The following table describes the relevant issue and the related impact that was found to be significant during the double materiality analysis.

LIST OF MATERIAL MATTERS AND MATERIAL IROs					
TOPIC	MATERIAL SUB-TOPIC OR SUB-SUB-TOPIC	MATERIAL NEGATIVE IMPACTS	MATERIAL POSITIVE IMPACTS	MATERIAL RISKS	MATERIAL OPPORTUNITIES
E3 - Water and marine resources	Sustainable management of water resources	Water withdrawal and usege in production processes conducted within the company			

The results of the double materiality analysis are detailed in the table in the section *SBM-3– Material impacts, risks and opportunities and their interaction with strategy and business model.*

[30] Environmental Authorization "Autorizzazione Unica Ambientale"

E3-1 – Policies related to water and marine resources

As of today, the Group does not have formalized policies for managing the impacts, risks, and relevant opportunities related to water and marine resources[31]. Nevertheless, through its organizational system, the Group ensures full compliance with the applicable laws and regulations.
According to the Organization, Management, and Control Model, in application of Legislative Decree 231/2001, the types of offenses for which the Group may be held accountable include environmental crimes as per Article 25-undecies of the aforementioned decree, introduced by Legislative Decree No. 121 of July 7, 2011[32], and amended by Article 1, Law No. 68 of May 22, 2015[33]. Among these offenses, the following are explicitly included: discharges into the subsoil and groundwater (Article 104 of Legislative Decree 152/06), discharges into sewer networks (Article 107 of Legislative Decree 152/06). The commitment to responsible water resource management is also demonstrated through the Code of Ethics, in paragraph *4.12. Environmental Responsibility*, which identifies water discharges as one of the activities considered to be at highest risk.
The Group has identified the companies located in water-stressed areas based on the 'Baseline Water Stress' indicator provided by the Aqueduct Water Risk Atlas tool from the World Resources Institute (WRI) [34]. The companies that are in water-stressed areas for 2024 are:

- Emak S.p.A. limited to the Pozzilli plant;
- Speed South America;
- Markusson;
- Yong Kang Lavorwash Equipment.
- Emak Suministros Espana SA
- Victus-Emak Sp. Z.o.o
- Lavorwash Iberica S.L.
- Pnr EE Sp. Z.o.o
- Spraylab Northern Europe AB
- S.I. Agro Mexico
- Yongkang Lavorwash Trading Co. Ltd

Emak S.p.A., Agres Sistemas Eletrônicos S.A., and PNR Italia have an Environmental Management System certified according to the UNI EN ISO 14001 standard. Additionally, to identify, monitor, and reduce the environmental impacts of their activities, the Parent Company Emak S.p.A. adopts an environmental policy within the broader Integrated Corporate Policy.

E3-2 – Actions and resources related to water and marine resources

The Group pays particular attention to the consumption of water resources and implements actions[35] aimed at reducing consumption in the medium to long term[36], also through constant monitoring, and promoting its reuse in companies that use water the most in their production processes, including those located in water-stressed areas, which are equipped with appropriate filtration systems for this purpose. Additionally, although it is a practice only encouraged and not regulated by local authorities, Speed Line South Africa Ltd. uses collected rainwater in production.
Efficiency measures also extend to the range of washing products: through certain technical solutions, it is possible to achieve a reduction in washing time and the volume of water used or greater effectiveness to avoid the use of chemical agents or other polluting elements such as additives. Finally, all companies periodically

31 Due to the characteristics that define its core business, the Group has not adopted practices related to the sustainability of oceans and seas.
32 Implementation of Directive 2008/99/EC on the protection of the environment through criminal law, as well as Directive 2009/123/EC amending Directive 2005/35/EC on ship-source pollution and on the introduction of penalties for infringements.
33 Provisions on environmental crimes (Law No. 68 of 2015) introduced new crimes to protect the environment in the Penal Code, thus modifying the previous regulatory framework that relied almost exclusively on misdemeanors and administrative sanctions, as provided by the Environmental Code (Legislative Decree No. 152 of 2006).
34 The WRI tool is available online at the webpage: https://www.wri.org/our-work/project/aqueduct. For the analysis, the results from the "baseline water stress" column were considered.
35 Since there is no associated policy, the implementation of the objectives does not contribute to achieving the purpose of the aforementioned.
36 At the moment, Emak has not established timeframes within which the company intends to complete each main action.

conduct water analyses through external entities to ensure that the quality complies with the regulatory requirements of the various countries.
Resources to manage significant impacts are allocated annually once the actions to be implemented are defined.

E3-3 – Targets related to water and marine resources

The Emak Group has not currently defined consolidated objectives related to the significant impacts identified concerning water and marine resources, although there are intermediate and granular objectives derived from ISO standards, related to specific plants, as in the case of the parent company. However, in compliance with the regulations of the countries of operation, the Group ensures complete environmental compliance, including provisions on water resources.

E3-4 – Water consumption

Within the Group, water can be used for sanitary or production purposes. In the latter case, it is mainly used in test benches or test rooms to test products and in the production process of trimmer line. The primary source of withdrawal is the public network, but several companies within the Group also use wells located near their plants, within the limits allowed by public authorities, for both production purposes and the irrigation of green spaces. The water is usually discharged into the sewer system.

Considering the use of water resources as outlined above, and lacking monitoring tools at discharge points, the Group considers it reasonable to assume that most of the incoming water is discharged again, with almost no consumption, except for potential quantities retained in waste (e.g., washing solutions, sludge).

Regarding its water withdrawals, the following tables are provided.

Water withdrawals	Unit	2024
Surface water (rivers, lakes, glaciers, reservoirs)	m3	64
Groundwater (wells)	m3	17,395
Seawater	m3	
Produced water (from extractive/mining activities)	m3	
Third-party water resources (aqueduct)	m3	111,566
Total water withdrawals	**m3**	**129,024**

Water stress	Unit	2024
Low water risk zone (<10%)	m3	54,916
Medium to low water risk zone (10-20%)	m3	2,119
Medium to high water risk zone (2-3) (20-40%)	m3	8,985
High water risk zone(40-80%)	m3	17,965
Extremely high water risk zone (>80%)	m3	45,040
Total water withdrawals	**m3**	**129,024**

Below is the information related to water intensity based on water withdrawals:

Water intensity	Unit	2024
Total water withdrawals	m3	129,024
Net revenues	Euro millions	602
Water intensity	m3 /Euro	214.36

ESRS E5 – Resource use and circular economy

ESRS 2 IRO-1 – Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

Through the final phase of the double materiality analysis, the Group determined which qualitative and quantitative information related to relevant issues should be included in this consolidated sustainability statement. To this end, the methods outlined in ESRS 1 (including Appendix E), the Implementation Guidance 'EFRAG IG 1 – Materiality Assessment,' and the additional paper 'Links between AR16 and disclosure requirements' were followed.

The following table describes, for each relevant issue, the related impacts (positive and negative), risks, and opportunities that have exceeded the materiality threshold.

LIST OF MATERIAL MATTERS AND MATERIAL IROs					
TOPIC	**MATERIAL SUB-TOPIC OR SUB-SUB-TOPIC**	**MATERIAL NEGATIVE IMPACTS**	**MATERIAL POSITIVE IMPACTS**	**MATERIAL RISKS**	**MATERIAL OPPORTUNITIES**
E5 - Circular economy	Sustainable management of materials	Use of materials and resources with consequent reduction in their availability		Failure to comply with regulatory requirements (e.g. ESPR)	Use of secondary raw materials or semi-finished products composed of them
				Increase in the final price of the finished product due to increased production costs resulting from changes in input prices (e.g. energy, water) and output requirements (e.g. waste treatment)	
	Reduction of waste and circular economy	Production of waste, hazardous and non-hazardous		Failure to comply with regulatory compliance (e.g. Packaging and Packaging Waste Regulation - PPWR, Extended Producer Responsibility - EPR)	

For a more in-depth overview, please refer to section *ESRS 2 IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities*, in *General Disclosures*.

E5-1 – Policies related to resource use and circular economy

The Group currently does not have formalized policies for managing the impacts, risks, and opportunities related to resource use and the circular economy. Nevertheless, through its organizational system, the Group ensures full compliance with relevant laws and regulations. According to the Organization, Management, and Control Model, in application of Legislative Decree 231/2001, the types of offenses for which the Group may be held accountable include environmental crimes under Article 25-undecies of the aforementioned decree, as introduced by Legislative Decree No. 121 of July 7, 2011[37], and amended by Article 1, Law No. 68 of May 22, 2015[38].. These crimes explicitly include: prohibition of mixing hazardous waste (Article 187 of Legislative Decree 152/06), unauthorized waste management activities (Article 256 of Legislative Decree 152/06), illegal waste trafficking (Article 259 of Legislative Decree 152/06), and organized activities for illegal waste trafficking (Article 260 of Legislative Decree 152/06).
The commitment to responsible waste management is also demonstrated through the Code of Ethics, in paragraph 4.12. Environmental Responsibility, which identifies it as one of the activities considered to be at highest risk. The companies Emak S.p.A., Agres Eletrônicos S.A., and PNR Italia have an Environmental Management System certified according to the UNI EN ISO 14001 standard. Additionally, to identify, monitor,

[37] Implementation of Directive 2008/99/EC on the protection of the environment through criminal law, as well as Directive 2009/123/EC amending Directive 2005/35/EC on ship-source pollution and the introduction of penalties for violations.
[38] Provisions on environmental crimes (Law No. 68 of 2015) introduced new crimes to safeguard the environment in the Penal Code, thus modifying the previous regulatory framework that relied almost exclusively on contraventions and administrative sanctions, as provided by the Environmental Code (Legislative Decree No. 152 of 2006).

and reduce the environmental impacts of their activities, the parent company Emak S.p.A. adopts an environmental policy as part of the broader integrated corporate policy, which emphasizes the search for eco-compatible materials and recyclable components in product industrial design from the design phase.
In the selection of suppliers, the Group exclusively uses criteria related to the objective competitiveness of the services and products offered and their quality, which also includes the supplier's performance in environmental and social areas and compliance with the principles expressed in the Code of Ethics, which is consistently shared. In general, the Group is committed, where circumstances warrant, to avoiding potential incorrect disposal of hazardous waste that could have significant environmental impacts, despite the limited use of hazardous raw materials in its production processes.

E5-2 – Actions and resources related to resource use and circular economy

Companies adopt various measures [39] to reduce the amount of waste generated and, as much as possible, recover the waste materials produced from the processing of raw materials. With reference to the waste hierarchy[40], the actions taken by the Group mainly concern: prevention, recovery, and disposal.
In some cases, reusable containers are used for the transport and storage of raw materials and components to reduce the generation of cardboard waste. Where possible, waste from processing is recovered. Metal and plastic shavings, for example, are reused by the companies that generate them, sold to other companies, or returned to suppliers for processing. Some production facilities have wastewater treatment systems to separate sludge and emulsions from the rest of the water, which can then be reused in the production process. An example comes from the Parent Company Emak S.p.A., which, to reduce the amount of hazardous emulsions generated by the painting process of its wheeled products, uses a purification plant at its Pozzilli facility, allowing water to be recovered and reused in the painting process, with only the sludge from the production process being disposed of. Another example of initiatives aimed at more efficient waste management is the recent installation of a cardboard compactor, which reduces the volume of waste disposed of by Comet.
To avoid incorrect waste disposal, various companies have waste management procedures in place that define the flow of activities to be carried out and the responsible parties. Employees are trained and made aware of these procedures. Additionally, companies regularly prepare waste records and proceed to sample and verify them through specific analyses. Documentation control is periodically carried out by the designated offices. The categorization of waste and the definition of internal disposal processes are sometimes defined with the support of specialized consultants.
Industrial waste is deposited in dedicated areas, in containers suitable for the volume and type of waste, and subsequently entrusted to companies that have all the authorizations required by current regulations for recovery or disposal operations. In the case of Chinese companies, waste is collected and managed by third parties designated by the local government.
The Group is also committed to increasing the use of recycled materials, both in its products and packaging. Already in the research and development phase, efforts are made to reduce the use of virgin raw materials by replacing them with recycled plastics. Regarding packaging, particular attention is paid to developing eco-friendly packaging, replacing plastic with cardboard, largely recycled and FSC (Forest Stewardship Council) certified, recycled plastic, and chipboard parts. Consistent with the Group's environmental commitment, some Italian companies have adopted projects to reduce plastic consumption, using paper cups and wooden coffee stirrers in company break areas, and water dispensers where employees can fill bottles distributed free of charge to discourage the use of plastic bottles.
Finally, the Group strives to increase end-user awareness and education on product disposal at the end of its life and the differentiated disposal of packaging. For example, the parent company Emak S.p.A. provides useful information for the correct disposal of packaging in recycling bins both on the packaging via QR code and on the website. The website also includes a guide for the proper disposal of products.

The resources allocated to manage significant impacts have not yet been defined based on the results of the double materiality analysis, but considering the basic assumptions of the business plan.

[39] Since there is no associated policy, the implementation of the objectives does not contribute to achieving the aforementioned purpose. Currently, Emak has not established timeframes within which the company intends to complete each main action.
[40] Priority order in waste prevention and management, defined by Article 4, paragraph 1, of Directive 2008/98/EC on waste: i. prevention; ii. preparation for reuse; iii. recycling; iv. other recovery (e.g., energy recovery); and v. disposal.

E5-3 – Targets related to resource use and circular economy

The Group has not yet defined improvement objectives related to resource use and the circular economy, although there are intermediate and granular objectives derived from ISO standards, referring to specific plants, such as the case of the Parent Company. However, in compliance with the regulations of the operating countries, the Group ensures complete environmental compliance, including provisions on resource use and the circular economy.

E5-4 – Resource inflows

The Group's production companies purchase a wide variety of codes, including raw materials, components, semi-finished products, and finished products. Purchases mainly focus on technical commodities such as plastics, metal products, and electronics, as well as finished products. Some Group companies indirectly purchase critical raw materials in the form of semi-finished or processed products: aluminium, magnesium, lithium, graphite, nickel, and copper.
In addition to the materials used for production and finished products, packaging is also purchased, mainly paper and cardboard packaging and wooden pallets. The Group's companies strive to make resource use as efficient as possible. Where possible, waste from processing is recovered. Metal and plastic shavings, for example, are reused by the companies that generate them, sold to other companies, or returned to suppliers for processing. In some cases, the containers used for the transport and storage of goods are reused.

	2024					
Kg	**Technical materials**	**Biological materials**	of which organic materials that come from a sustainable supply chain	**Total**	**Weight of secondary intermediate products reused or recycled (kg)**	**Weight of secondary materials reused or recycled (kg)**
Raw materials / natural resources						
Metals (purchased as raw materials)	2,574,155.16			**2,574,155.16**		
Plastic (purchased as raw material)	8,918,084.27			**8,918,084.27**	344,977.36	5,500.00
Other	97,395.59			**97,395.59**		
Materials necessary for the production process not part of the finished product						
Oils, lubricants, glues and detergents	776,125.81			**776,125.81**		
Other	71,521.10			**71,521.10**		
Semi-finished products or components						
Plastic components	9,205,183.36			**9,205,183.36**		
Metal components	24,819,893.17			**24,819,893.17**		
Rubber components	844,196.06			**844,196.06**		
Other	1,515,821.94			**1,515,821.94**		
Packaging materials						
Paper and cardboard packaging	3,941,026.18	9,675.00		**3,950,701.18**	105,159.00	
Plastic packaging	377,364.96			**377,364.96**	726.00	
Wood Pallet	2,397,258.10	31,118.00		**2,428,376.10**	229,346.00	
Other	60.51			**60.51**		
Total	55,538,086.21	40,793.00	-	55,578,879.21	680,208.36	5,500.00
% of biological materials				0.1%		
% of secondary components and materials				1%		

Data related to incoming resource flows were collected and reported for the first time with reference to the 2024 financial year.
The data takes into account, where possible, the precise data from the companies' management systems. In other cases, due to the complexity and variety of codes handled and the lack of management data, estimates were used, which, in some instances, were based on assumptions subject to a profile of uncertainty, as a result of difficulties in accessing primary data.

Specifically, for calculating the weight of components purchased for machine production, the total number of machines produced was considered, and based on an estimate by the technical office of the percentage of each material contained within the high-rotation model for each product family, the total weight of purchased components was estimated, assuming a constant inventory. In other cases, the weight of materials and components purchased was estimated based on the value of purchases, considering the average price for each type of material. For the companies where precise data was not available, a reallocation was carried out based on the purchase value of the most similar company.

E5-5 – Resource outflows

The Group's production activity mainly consists of component assembly. Consequently, waste production is primarily limited to paper and cardboard packaging, and wooden pallets. In some sites, however, a vertical production process is carried out, starting from raw materials to the finished product. These are productions that, for economic reasons and to ensure product quality, are preferably carried out internally; the productions are as follows:

- The nylon thread for brush cutters and stall separators produced by the Group's Speed companies: starting from polymers through the extrusion process to the finished product. This processing accounts for over 70% of the plastic waste generated by the Group's production companies;
- The chassis for wheeled grass-cutting machines produced at the Pozzilli plant with a vertical process that includes sheet metal stamping, welding, and painting, which accounts for about 70% of the metal waste generated by the Group's production companies.

An element to be noted comes from the surface treatment of nickel-plating aluminium cylinders carried out at the Chinese company Tailong: the plant is equipped with a production water purification system managed by a specialized company authorized by the local government.

In 2024, hazardous waste from the Group accounted for 6.5% of the total waste and mainly consisted of aqueous washing solutions, sludge, and electronic waste. The data on waste was obtained through direct measurements, particularly for the Group's manufacturing companies, or, where this was not possible, especially for commercial companies, it was estimated based on the number of employees.

kg		2024		
Waste (EWC code)	Waste (description)	Recovery	Disposal	**Waste generated**
Hazardous waste				
WS09	Metal	6	260	266
WS10	Paper and cardboard			-
WS11	Plastic			-
WS12	Wood			-
WS07	Hazardous electronic waste	715		715
WS13	Aqueous washing liquids		73,074	73,074
WS08	Other hazardous waste	54,324	71,124	125,448
Total hazardous waste		**55,045**	**144,458**	**199,503**
		Recovery	Disposal	**Waste generated**
Non-hazardous waste				
WS00	Metal	862,492	7,710	870,202
WS01	Paper and cardboard	818,381	64,455	882,836
WS03	Plastic	152,615	341,083	493,697
WS02	Wood	386,839	36,800	423,639
WS04	Non-hazardous electronic	14,043	278	14,321
WS05	Aqueous washing liquids		35,220	35,220
WS06	Other non-hazardous waste	123,661	43,297	166,958
Total non-hazardous waste		**2,358,031**	**528,843**	**2,886,873**
Total waste		**2,413,076**	**673,301**	**3,086,376**

kg	**Hazardous waste**	**Non-hazardous waste**
Preparing for reuse	90	344,743
Recycling	8,046	1,766,745
Other recovery operations	46,909	246,543
Total waste sent for recovery	**55,045**	**2,358,031**
Incineration	2,887	41,599
Landfill	1,168	60,538
Other disposal operations	140,403	426,706
Total waste sent for disposal	**144,458**	**528,843**

SOCIAL INFORMATION

ESRS S1 - Own workforce

ESRS 2 SBM-2 – Interests and views of stakeholders

Emak has implemented a process for mapping and identifying priority stakeholder categories for the Group. From this analysis, carried out with reference to the criteria defined by the AccountAbility 1000 (AA1000) Standard, its own workforce represents a fundamental category of stakeholders.
The level of relevance for each stakeholder category was defined based on two variables: the influence exerted by the stakeholder on the Group and the stakeholder's dependence on the Group's activities and decisions. The thematic scope and main dialogue tools attributable to the aforementioned stakeholder category, identified to establish a constructive relationship between the parties capable of meeting mutual needs in the medium to long term, are shown in the table below.

Stakeholders	Thematic area	Main instruments of dialogue
Employees	- Growth, development and training - Health and safety in the workplace - Diversity, equal opportunities and non-discrimination - Human rights and working conditions - Quality of work - Ethics, integrity and compliance - Identity and values - Industrial relations - Company welfare	- Training on values and organisational behaviour - Open day and internal events - Company portal - Survey of internal climate - Periodic newsletters and other communication - Communications to top management - Collective bargaining - Skills assessment process - Support to employees' recreational facility

For more details on how the company takes into account the outcome of stakeholder engagement, refer to the paragraph *on Impact, Risk, and Opportunity Management*, in *General Disclosures*.

ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

The Emak Group has identified its relevant impacts, risks, and opportunities related to sustainability issues through the assessment of double materiality.

LIST OF MATERIAL MATTERS AND MATERIAL IROs[41]					
TOPIC	**MATERIAL SUB-TOPIC OR SUB-SUB-TOPIC**	**MATERIAL NEGATIVE IMPACTS**	**MATERIAL POSITIVE IMPACTS**	**MATERIAL RISKS**	**MATERIAL OPPORTUNITIES**
S1 - Own workforce	Creation and maintenance of employment		Creating a workplace that ensures the retention and attraction of new talent	Increased difficulty in finding staff, at all levels of the organizational chart (e.g. involuntary migration due to lack of opportunities for economic advancement and/or other factors)	
				Loss of know-how	
	Occupational health and safety	Injuries or other incidents in the workplace due to poor management systems and training initiatives of the Group		Health and safety risks arising from, among others, exposure to heavy machinery, moving equipment and electrical hazards	

[41] Relevant IROs do not concern specific groups of people.

	Improvement of employee wellbeing		Possibility of positively influencing the level of psycho-physical well-being of employees, with a consequent impact on the actual opportunity for each employee to fully realize their potential, through the offer of a positive, healthy working environment characterized by a set of programs aimed at improving the work-life balance of employees, promotion of dedicated interventions and practices		
			Possibility of promoting a healthier and more collaborative working climate, reducing tensions and internal conflicts, mitigating reputational damage, sanctions and disputes		
	Training and education for workers		Opportunity for each employee to fully realize their potential thanks to the presence of stimulating career paths	Reduced productivity due to lower operational agility, lack of development and implementation of know-how and lower flexibility of a workforce unable to adapt quickly to new technologies and processes	Development of employee potential and consequent increase in productivity
					Increased corporate attraction and retention
	Promotion of diversity and equal opportunities		Possibility of promoting the creation of a healthier, more inclusive, attractive and high-performing work environment, in order to protect the level of psychological well-being of employees, their sense of belonging and active involvement, respect for personalities and professionalism		
	Respect for human rights in business activities	Failure to respect the personal freedom of individuals and human rights in the broad sense, including prevention and combating child, forced or compulsory labour			

The results of the analysis, as well as any relevant risks and opportunities for the Group arising from impacts and dependencies, are detailed in the table in the section *SBM-3– Material impacts, risks and opportunities and their interaction with strategy and business model*.
All employees involved in Emak's activities are included in the scope of disclosure under ESRS 2.
The Group mainly employs permanent employees.
Regarding the type of non-employee workers that make up its workforce, they are mainly agency workers.

The negative impacts identified are typical of companies and Groups that carry out production activities and have locations worldwide: one actual, '*Injuries or other incidents in the workplace due to poor management systems and training initiatives of the Group*,' related to occupational health and safety; one potential, *'Failure to respect personal freedom of individuals and human rights in a broad sense, including prevention and combating child labor, forced or compulsory labor,*' related to respect for human rights in business activities.

Additionally, five positive impacts have been identified, all actual and related to personnel management activities, extendable to employees at all levels, and, where possible, also to non-employee workers that make up the Group's workforce.

No operations at high risk of forced or compulsory labor, or child labor have been identified.
For further information, please refer to section *ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model*, in General *Disclosures*.

S1-1 – Policies related to own workforce

The people and collaborators involved in the Group's activities constitute a strategic and valuable resource. For this reason, the Group is committed to ensuring the respect of their rights, promoting their well-being, and fostering their professional growth.
The Emak Group supports and respects human rights and promotes compliance with applicable labor regulations. The Group considers impartiality in treatment a fundamental value in all internal and external relationships and regards the individual, their values, and their rights as values to be protected. The behavior Given the Group's organizational structure and strong presence both in Italy and abroad, in order to manage all personnel oversight and management activities harmoniously and uniformly, the Group has established a dedicated Committee composed of members from the Human Resources function of each Italian company. This Committee coordinates and oversees personnel-related activities of the respective foreign subsidiaries. Additionally, a global HR platform has been implemented, a software solution that will standardize and improve the Human Resources management process at the Group level, particularly with reference to performance evaluation, recruitment and selection of personnel, and succession planning.
All Group companies are subject to the provisions of the Code of Ethics based on the Universal Declaration of Human Rights, the ILO (International Labour Organization) Conventions, and the UN Convention on the Rights of the Child[42]. Through the dissemination of the Code of Ethics, the companies establish a framework aimed at ensuring respect for human rights, even in areas with higher potential risk related to these issues and that includes guidelines regarding the prohibition of any form of discrimination, explicitly addressing the issue of forced or compulsory labor and child labor[43]. Measures to remedy any negative impacts on human rights would be established based on the specifics of the case that may arise.
It is specified that Speed Line South Africa adheres to the ETI Base Code, an internationally recognized code based on the conventions of the International Labour Organization (ILO) regarding working conditions and workers' rights, available for consultation on the company notice board.
The Group is committed to respecting the individual dignity and physical and moral integrity of every person, protecting diversity, ensuring equal opportunities, and promoting personal, professional, and cultural growth without implementing or supporting any form of discrimination. This commitment, pervasive in the daily operations within the Group, is explicitly stated in the procedure 'Ethical Management of Human Resources' in force at the Parent Company Emak S.p.A.
Furthermore, the implementation of an integrated Management System inspired by the SA8000 standard ('Social Accountability') demonstrates the concrete commitment of the parent company Emak S.p.A. to adopt socially responsible behaviors. In light of this, 100% of the activities at Emak S.p.A are subject to audits regarding respect for human rights or assessment of the impact on human rights.

The Parent Company has also embarked on the path for voluntary certification for gender equality, with the goal of obtaining UniPDR certification by the first half of 2025. This certification is recognized for companies that have implemented corporate policies aimed at reducing gender disparities, from salary imbalances to career opportunities, to the protection of parenthood, and any other gender inequality found in work contexts. The purpose of this path is to promote, at the corporate level, the adoption of policies and procedures for gender equality and female empowerment, thereby increasing the opportunities for women to access the labor market and leadership positions, harmonizing life and work times.
The Group companies also facilitate the inclusion of people with disabilities within their business activities according to the respective national laws, such as Law 68/99 and subsequent amendments in Italy and the guidelines of the U.S. Equal Employment Opportunity Commission (EEOC) in the United States. In some cases, the policies are broader than the regulations. For example, Emak S.p.A., Tecomec, and Comet have developed increasingly close collaboration over the years with a social cooperative that employs disabled people, which is realized through outsourcing assembly/packaging activities.

As for the measures to prevent workplace injuries, the Group’s companies are committed to complying with national regulations on health and safety at work (for instance, in Italy, D.lgs. 81/08; in Brazil, PCMSO - Programa de Controle Médico de Saúde Ocupacional and PGR - Programa de Gerenciamento de Riscos Ocupacionais). This is achieved through the adoption of specific management systems that encompass all employees, both internal and external collaborators, operating within the Group's workplaces. In more structured companies, the implemented system adheres to the stricter requirements set forth by specific certifications (e.g., ISO 45001:2018 certification). Notably, PNR Italia and Agres have obtained the ISO 45001:2018 certification for “Occupational Health and Safety Management Systems.” Management models

[42] The Group currently does not have structured mechanisms in place to verify compliance with the OECD guidelines.

[43] The Code of Ethics does not explicitly refer to the fight against human trafficking.

are updated in response to significant changes in business processes, new legislation, and at a minimum frequency required by current standards. In some of the Group's companies, the management avails itself of the support of an external consultancy firm for the implementation of the health and safety management system.

S1-2 – Processes for engaging with own workers and workers' representatives about impacts

Worker involvement is highly valued within the Group. The processes are formalized in national contracts and/or company agreements, where applicable. Otherwise, they constitute an established practice in the various Group companies. Typically, relations with workers or their representatives are managed by the HR function. Periodically, the company leadership meets with worker representatives to share the company's performance and address specific topics of interest. Additionally, informal but regular meetings are organized with worker safety representatives where health and safety issues are addressed in search of solutions. At different intervals and in various ways, the different companies conduct internal climate surveys to assess employee satisfaction and identify potential areas for intervention to improve the well-being of the Group's people. Among the topics addressed in the analysis are corporate organization, belonging to the company, the relationship with one's supervisor, professional development opportunities, health and safety, and environmental aspects. Additionally, the Group companies annually conduct employee performance evaluations through interviews or questionnaires to identify any gap, the result of which, together with the analysis of specific training needs and specific update requests, contributes to the definition of precise training plans to be implemented in the following year.
Tecomec has equipped itself with an app dedicated to internal communication and the administration of surveys on specific topics.
Some companies are conducting an employer branding campaign to increase the attractiveness of the company externally and reduce turnover.
The Group is also committed to establishing dialogue relationships with its employees to reconcile the needs of the people with the growth requirements of the Group. This commitment translates into the stipulation of various categories of contracts: from national and/or sector bargaining, to collective and/or company agreements, to individual contracts.

S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns

The Group adopts a consolidated approach to manage and mitigate any negative impacts on its workers, based on internal regulations, specific policies, and operational tools that ensure compliance with corporate and regulatory standards, such as the Group's Code of Ethics.
As an example, Emak S.p.A. has implemented (as required by MOG 231) a reporting channel called the Whistleblowing platform, through which all company employees can submit their reports. Confidentiality is guaranteed to the authors of the reports to avoid any form of retaliation or penalization. The reports are evaluated by the entities responsible for verifying compliance with the Code of Ethics (Supervisory Body where present or company managers) so that the Group can take appropriate disciplinary measures, which must be proportionate to the severity of the violations found. The Group makes the reporting channel (so-called Whistleblowing) available through its website so that it is accessible to all employees, in both Italian and English.
Regarding health and safety protection, the Group companies encourage their employees to report hazards and dangerous situations related to their work. Employees are required to communicate any incidents or potentially dangerous situations, which will be evaluated by the competent authorities, and possibly external experts, to define the improvement and implementation actions to be taken. In the Italian companies and the more structured foreign companies, there are formalized and structured procedures that outline how reports should be made and their process of evaluation, analysis, and closure. Every worker has the right/duty to report hazards and dangerous situations: the reports are evaluated to proceed with the suspension of any activity and/or the immediate removal of the risk. Employees can make their reports either anonymously or in person, by contacting a dedicated phone number or by submitting specific forms in dedicated boxes or to Supervisors, RSU, and RSL.

S1-4 – Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

The Group adopts an approach that combines various initiatives to effectively manage significant impacts on the workforce, leverage available opportunities, and reduce potential risks, fostering an inclusive and respectful work environment, which focus on the following areas: employee training and well-being, promotion of equal

opportunities, and health and safety protection. The Group is engaged in various activities aimed at complying with regulations with the goal of not causing significant negative impacts on its workforce[44].
Regarding significant negative impacts related to its own workforce, the Group has undertaken the following actions to prevent or mitigate them:

- For the actual negative impact 'Injuries or other incidents in the workplace due to poor management systems and training initiatives of the Group,' in addition to complying with the national regulations in place, the Group has intervened by adopting specific management systems that cover all employees, internal and external collaborators operating within the Group's workplaces - which in some companies are inspired by the most stringent requirements for specific certifications (see section S1-14 – Health and safety metrics);
- For the potential negative impact 'Failure to respect personal freedom of individuals and human rights in a broad sense, including prevention and combating child labor, forced or compulsory labor,' the Group has established a Committee composed of members from the Human Resources function of each Italian company to coordinate and oversee personnel-related activities of the respective foreign subsidiaries, a global HR platform, and various other communication channels, as well as a Group Code of Ethics aligned with authoritative international guidelines and requirements (see S1-1 – Policies related to own workforce).

Measures to remedy any significant impacts would be established based on the specifics of the case that may arise.
The processes by which the Group determines what action is necessary and appropriate in response to a particular negative impact, whether actual or potential, are defined based on the corporate strategies to be pursued.
For the risks identified as significant and related to the issues of Job Creation and Maintenance, Training and Education for Workers, and Health and Safety Protection in the Workplace, the Group has the following ongoing actions:

- In the first two cases, actions related to the introduction of corporate welfare tools aimed at ensuring a good work-life balance for employees, training and skill enhancement opportunities, measures to protect diversity, and to guarantee equal opportunities (see respective sections in Social Information);
- In the latter case, the strict measures previously mentioned regarding health and safety apply (see section S1-14 – Health and Safety Metrics).

The resources allocated to manage significant impacts have not yet been defined based on the results of the double materiality analysis, but considering the basic assumptions of the business plan.
Regarding the promotion of diversity and equal opportunities, the Group is committed to respecting the individual dignity and physical and moral integrity of every person, protecting diversity, ensuring equal opportunities, and promoting the personal, professional, and cultural growth of individuals, without implementing or supporting any form of discrimination.
In 2024, the parent company Emak S.p.A obtained the IDEM Gender Equality 2024 certification, a recognition awarded to companies that have implemented corporate policies and work-life balance tools that ensure gender equality in daily business operations.
In general, the Group implements recruitment and selection processes that include female candidates in all cases where profiles are consistent with ongoing searches. For example, in the search for temporary workers, Tecomec requests recruiting agencies to provide at least mixed applications, and for greater fairness, the selection process is sometimes carried out through practical tests to verify the specific and technical competence of the candidates in the field.
To facilitate work-life balance and allow individuals to meet family care needs, several companies have activated permanent individual smart working agreements for employees with compatible roles. In case of specific work and/or personal needs, some companies provide the possibility of fully remote work and, particularly for parents with young children, recognize part-time work if requested. Additionally, a system of flexible working hours for entry and exit is active with the same logic. Another example of the Group's attention to its employees concerns Agres. The Brazilian company offers employees who are parents of children with special needs a bonus equivalent to an additional salary, organizes an event to collect essential goods, and makes work rules more flexible according to specific needs: all measures that go beyond what is already provided by local regulations. Agres is also enrolled in the "Programa Empresa Cidadã". The Program, established by Law No. 11.770/2008, aims to extend the duration of maternity leave by sixty days and paternity leave by fifteen days, in addition to the five already established (Law No. 13.257/2016). The track record shows that the return to work after leave is 100%.

[44] The Group currently does not aim to produce additional positive impacts and therefore does not monitor or evaluate their effectiveness.

The Group's companies also facilitate the inclusion of people with disabilities within their business activities according to the respective national laws, such as Law 68/99 and subsequent amendments in Italy and the guidelines of the U.S. Equal Employment Opportunity Commission (EEOC) in the United States. In some cases, the policies are broader than the regulations. For example, Emak S.p.A., Tecomec, and Comet have developed increasingly close collaboration over the years with a social cooperative that employs disabled people, which materializes in outsourcing assembly/packaging activities.
Consistent with the Group's commitment to valuing diversity and promoting equal opportunities, in 2024 Tecomec continued its project in partnership with the Oscar Romero Social Solidarity Consortium, located in Reggio Emilia, that allows employees to volunteer at the "Nessuno Escluso" socio-occupational center during working hours, engaging in creative activities alongside the cooperative's users with advanced disabilities.

Regarding health and safety, to ensure full compliance with regulations, internal legislative compliance audits are conducted based on defined checklists and with reference to various company procedures. Business activities are generally aimed at preventing accidents, injuries, and occupational diseases; therefore, the design, operation, and maintenance of equipment and facilities, including workplace cleaning operations, are directed towards this goal. In some cases, Italian safety standards have been applied even in countries with less stringent regulations.
All Group companies are committed to identifying and eliminating hazards and minimizing risks in the pursuit of continuous improvement. For each type of job, constant evaluations and analyses are carried out, resulting in the drafting of an adjustment and improvement plan, in which new risks or new potential danger situations (near misses) identified by the RSPP are constantly included, along with the measures implemented by the company to reduce the risk and the residual risk. Reports and the consequent updating of improvement initiatives are analyzed during periodic meetings between the Prevention and Protection Service Manager (RSPP), worker safety representatives (RLS), and company management or within specific safety committees. The priority level of interventions is determined based on the probability and severity of possible injuries.
The involved figures are responsible for sharing the proposed improvement/adjustment actions, bringing up any critical issues or new hazards/risks reported by workers, and disseminating the progress of the discussed improvement actions to involve workers in safety and prevention measures. Italian companies prepare the risk assessment document, which is updated periodically, and at least every three years, by the employer in collaboration with the members of the Prevention and Protection Service (RSPP, ASPP), the competent doctor, and the worker safety representatives (RLS). Companies that do not have a dedicated internal function collaborate with external professionals in the preparation and implementation of procedures and activities necessary to comply with local regulations. The Group's production companies, therefore more structured and subject to risks and dangers related to health and safety at work, are equipped with dedicated committees, which include, in the larger compositions, representatives of workers delegated for safety; the employer's delegate; the production manager; the personnel director. During the meetings, workers' reports and requests, improvement proposals, and the progress of scheduled activities regarding safety are analyzed.
The Group supports the continuous improvement of worker health and safety by providing the necessary human, instrumental, and economic resources to achieve its objectives. To facilitate work activities, particularly in production departments, improvement actions on ergonomics and risk reduction are continuously implemented, exceeding legal requirements. Several companies are introducing machines in production departments that automate some activities and reduce manual labor. Workstation improvement initiatives are aimed at all types of workers, including employees, temporary workers, and interns. Particular attention is paid to training and raising awareness among personnel on health and safety issues, with specific reference to the tasks performed, such as courses on load handling, machinery use (e.g., forklift), emergency and fire plans, and training of RSLs and first aid personnel.
To raise employee awareness and increase corporate consciousness about the importance of safety within the organization, the Brazilian company Agres organizes an annual week dedicated to the prevention of work-related injuries. During this week, training sessions and workshops are held, including demonstrations on proper load lifting techniques and more interactive moments like quizzes among employees.
Regarding health and safety issues, particularly training, health surveillance, and the provision of PPE, temporary workers are treated the same as employees. In the case of subcontracted companies operating within the Group's companies, it is constantly verified that workers comply with training, health surveillance, and insurance requirements, also with the support of specific management software that automates the collection and control of the related documentation.
The Group is strongly committed to avoiding and mitigating negative impacts on health and safety at work directly related to its activities and products through product and component safety tests, product certification, and the selection of suppliers based on environmental and ethical requirements, which include worker health and safety issues. Additionally, the machine tools owned by the Group's companies that are at the suppliers comply with the safety requirements set by regulations and are certified. In case of maintenance or any issues,

the company intervenes, either directly or through competent external personnel, to restore safety or perform specific maintenance on the machine.
Finally, among the corporate welfare tools, some companies provide employees with supplementary health coverage and access to preventive services, as well as medical and sports agreements.

S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The Emak Group has not yet defined consolidated and quantitative objectives related to the significant impacts identified with reference to the management of its workforce, although there are intermediate and granular ones derived from ISO standards and related to specific plants, as in the case of the Parent Company.
However, recognizing that investing in human capital is a strategic lever, as detailed in the previous paragraph, the Group has already structured a series of initiatives to improve and monitor, also through certified management systems and dedicated communication channels, the health and safety of the work environment, the development of key skills, and the promotion of a corporate culture based on inclusion and well-being.

S1-6 – Characteristics of the undertaking's employees

As of December 31, 2024, the total workforce of the Group amounts to 2,527 people, an increase of 7% compared to the previous year (2,362 employees in 2023). The inclusion of the PNR Group contributed to an increase of 109 people. On a like-for-like basis, employees increased by 2.4%. Male employees represent 66.8% (65.8% in 2023) of the workforce, while female employees represent 33.2% (34.2% in 2023).

Employees	2024				
HC	Woman	Man	Other	Not communicated	Total
Total employees at the end of the period / by gender	839	1,688			**2,527**

	2024				
Total number of employees by gender / geographical area	**Woman**	**Man**	**Other**	**Not communicated**	**Total**
Italy	364	802			**1,166**
United Kingdom	4	7			**11**
Spain	13	26			**39**
France	60	105			**165**
Poland	9	31			**40**
Ukraine	6	17			**23**
Germany	4	4			**8**
Sweden	2	4			**6**
United States	89	206			**295**
Brazil	74	233			**307**
Mexico	2	19			**21**
Chile	14	19			**33**
China	198	187			**385**
South Africa		28			**28**
Total	**839**	**1,688**	**-**	**-**	**2,527**

To confirm the Group's commitment to creating strong and lasting professional relationships over time, the predominant type of contract remains permanent, with 94% of contracts being permanent.

HC	2024				
Total number of employees by gender/contract type	**Woman**	**Man**	**Other**	**Not communicated**	**Total**
Temporary employees	60	89			**149**
Permanent employees	778	1,599			**2,377**
At variable hours (hired)					**-**
of which on-call contract	1				**1**
of which casual employees					**-**
Total	**839**	**1,688**	**-**	**-**	**2,527**

HC	2024				
Total number of employees by type of employment/by gender	**Woman**	**Man**	**Other**	**Not communicated**	**Total**
Full-time	745	1,629			**2,374**
Part--time	94	59			**153**
Total	**839**	**1,688**	**-**	**-**	**2,527**

During the reference period, 417 employees left the company, and the overall turnover rate[45] is 18%.

HC	2024				
Terminations	Woman	Man	Other	Not communicated	**Total**
Up to 29 years old	51	90			**141**
30 to 50 years old	68	131			**199**
Over 50 years	27	50			**77**
Total	**146**	**271**	**-**	**-**	**417**

HC	2024				
Reason for termination	Woman	Man	Other	Not communicated	**Total**
Voluntary exits	85	149			**234**
Retirement	11	16			**27**
Dismissal	38	82			**120**
Death		3			**3**
Other (e.g., end of temporary contracts)	12	21			**33**
Total	**146**	**271**	**-**	**-**	**417**

The number of people as of December 31, 2024, reported in the management report, was determined using the same calculation methodology as the consolidated sustainability statement.

S1-7 – Characteristics of non-employee workers in the undertaking's own workforce

In 2024, the average number of non-employees in the workforce was 198 people, an increase of 23.7% compared to the previous year.

	2024				
Average number in the period / by gender	**Woman**	**Man**	**Other**	**Not communicated**	**Total**
Agency workers	60	121			**181**
Interns	5	4			**9**
Coordinated and continuous collaboration (Co.co.co)		0			**0**
VAT number	1	5			**6**
Total	**65**	**131**	**-**	**-**	**196**

The average number of external workers is calculated by relating the total hours worked to the total workable hours in a year.

45 The turnover rate is calculated as the ratio between the number of terminations and the total number of employees as of 31st December 2023.

S1-9 – Diversity metrics

Regarding the breakdown of workers by age group, the majority of employees are concentrated in the 30 to 50 age group (54% with 1,372 people); 34% of the staff are over 50 years old (848 people), while 12% fall into the under 30 age group (307 employees).

Employees by age group / by gender	Woman	Man	Other	Not communicated	Total
Up to 29 years old	81	226			**307**
30 to 50 years old	496	876			**1,372**
Over 50 years	262	586			**848**
Total	**839**	**1,688**	**-**	**-**	**2,527**

%			2024		
Employees by age group / by gender %	**Woman**	**Man**	**Other**	**Not communicated**	**Total**
Up to 29 years old	3.2%	8.9%	-	-	**12.1%**
30 to 50 years old	19.6%	34.7%	-	-	**54.3%**
Over 50 years	10.4%	23.2%	-	-	**33.6%**
Total	**33.2%**	**66.8%**	**-**	**-**	**100.0%**

HC			2024		
Employees by category / by gender	**Woman**	**Man**	**Other**	**Not communicated**	**Total**
Executives	18	108			**126**
Employees	429	758			**1,187**
Workers	392	822			**1,214**
Total	**839**	**1,688**	**-**	**-**	**2,527**

%			2024		
Employees by category / by gender %	**Woman**	**Man**	**Other**	**Not communicated**	**Total**
Executives	0.7%	4.3%	-	-	**5.0%**
Employees	17.0%	30.0%	-	-	**47.0%**
Workers	15.5%	32.5%	-	-	**48.0%**
Total	**33.2%**	**66.8%**	**-**	**-**	**100.0%**

S1-11 – Social protection

In 2024, 98% of employees are covered by social protection tools. The most common programs against income loss due to major life events are listed below:
a) illness;
b) unemployment from the moment the employee starts working for the company;
c) work-related injury and acquired disability;
d parental leave; and
e) retirement.

A total of 41 employees are not covered by social protection: 3 in England due to seniority limits; 4 in Brazil as local regulations do not provide coverage for partners/managers; and 34 in the United States by choice of the employees, given the option provided by the company.

S1-12 – Persons with disabilities

The Group's companies also facilitate the inclusion of people with disabilities within their business activities according to the respective national laws, such as Law 68/99 and subsequent amendments in Italy and the guidelines of the U.S. Equal Employment Opportunity Commission (EEOC) in the United States. In some cases, the policies are broader than the regulations. For example, Emak S.p.A., Tecomec, and Comet have developed increasingly close collaboration over the years with a social cooperative that employs disabled people, which materializes in outsourcing assembly/packaging activities.

In 2024, the percentage of people with disabilities among the Group's employees is 5%.

HC	2024 Woman	Man	Other	Not communicated	Total
Employees with disabilities / protected categories	28	86			**114**

	2024 Woman	Man	Other	Not communicated	Total
% Employees with disabilities / protected categories	3.3%	5.1%			**4.5%**

S1-13 – Training and skills development metrics

The Emak Group invests in the growth of its people through training and orientation towards specific results, using dedicated and refresher courses to enhance the specific skills of each resource within the organization. The definition of training and skill development projects is based on the corporate strategies to be pursued. The various companies within the Group conduct annual performance evaluations of employees through interviews or questionnaires to identify any gaps, the result of which contributes, together with the analysis of specific training needs and specific requests, contribute to the definition of precise training plans to be implemented in the following year.

The percentage of employees (broken down by gender) who participated in periodic performance and career development reviews is 29% (28% of women and 30% of men).

%	2024 Woman	Man	Other	Not communicated	Total
Employees evaluated / by gender	28%	30%			**29%**

%	2024 Woman	Man	Other	Not communicated	Total
Reviews conducted versus those agreed upon by management/by gender	155.0%	140.2%			144.5%

The training and skill enhancement activities in 2024 amounted to 25,253 hours, an increase compared to 22,220 hours in 2023. The per capita average was 10 hours, consistent with the previous year.

45% of the training hours were related to health and safety topics (33.9% in 2023), 7% to anti-corruption topics (2.5% in 2023), and the remaining 48% to other topics (63.6% in 2023).

h **Average hours of training/employee**	2024 Woman	Man	Other	Not communicated	Total
Executives	20	7			9
Employees	12	14			13
Workers	7	7			7
Total	**9.9**	**10.1**			**10.0**

The main types of training and development provided include:

- **Language training**, aimed at enhancing language skills and obtaining certifications;
- **Health and safety training**, related to learning legal and/or company regulations on safety;
- **Training on Model 231**, anti-corruption topics, and compliance with local legislation;
- **Technical and specialized** courses, covering IT topics (e.g., Excel, Word, and Marketing) and enhancing skills to perform assigned roles proficiently and safely (e.g., forklift driving or specific product development training);
- **Managerial development** courses and Executive Masters, for the continuous improvement of managerial skills and tools for employees in positions of responsibility or specific areas (such as logistics, sales, administration, and sustainability);
- **Specific training with internal instructors**, thanks to a mapping of internal skills that has facilitated the exchange of hard skills (e.g., Excel and product training) and soft skills (effective communication – youth group);
- **Coaching paths**, both individual and group, for personal and professional development.

S1-14 – Health and safety metrics

Health and safety at work are a priority for the Emak Group. Through continuous risk analysis and training activities, the Group is committed to creating a safe and healthy work environment for its people, adopting appropriate measures and procedures to prevent accidents and health damage.

Below are the detailed data:

Accidents at work - Employees	Unit	2024
Total accidents recorded	N°	**49**
Commuting accidents	N°	1
Mortals	N°	-
Total hours worked	h	4,504,468
Days absent due to injuries	N°	1,083
Accident indices		
Accident Frequency Index (No. of accidents/hours worked x 1,000,000)		11.10
Injury Severity Index (days of accident absence/hours worked x 1,000)		0.24

Accidents at work - Non-employee workers	Unit	2024
Total accidents recorded	N°	**6**
Commuting accidents	N°	1
Mortals	N°	-
Total hours worked	h	359,352
Days absent due to injuries	N°	87
Accident indices		
Accident Frequency Index (No. of accidents/hours worked x 1,000,000)		19.48
Injury Severity Index (days of accident absence/hours worked x 1,000)		0.24

Occupational Diseases - Employees	Unit	2024
Professional diseases	N°	**3**
Mortals	N°	-
Days of absence due to occupational disease	N°	270

S1-15 – Work-life balance metrics

The Group has already implemented corporate welfare tools aimed at ensuring a good balance between private and professional life for employees, such as individual smart working agreements and flexible entry and exit times, as well as part-time recognition for parents of young children to meet family care needs.

Family leave (HC)	2024				
	Woman	Man	Other	Not communicated	Total
Percentage of employees who took family leave out of eligible employees	9%	7%			7%
Percentage of employees eligible for family leave out of total employees	100%	98%			99%

S1-16 – Compensation metrics (pay gap and total compensation)

For the calculation of the annual pay ratio, the fixed base salary and any allowances, bonuses, commissions, and variable MBOs paid during the year to employees as of 12/31/2024, excluding those hired in 2024, were considered. Long-term incentives were also included according to the accrual principle, even if not yet vested. Ratio between the total annual compensation of the highest-paid person and the median total annual compensation of all employees[46] (excluding the aforementioned person) is equal to 12.

S1-17 – Incidents, complaints and severe human rights impacts

During the reporting period, as well as the two preceding years, no incidents of discrimination[47], including harassment, were reported or identified, nor were any serious human rights incidents identified.

ESRS S2 WORKERS IN THE VALUE CHAIN

ESRS 2 SBM-2 – Interests and views of stakeholders

As mentioned in other sections, the following table outlines the thematic areas and the main dialogue instruments attributable to the stakeholder category of workers in the value chain. These have been identified to establish a constructive relationship between the parties, capable of addressing mutual needs in the medium to long term.

Stakeholders	Thematic area	Main instruments of dialogue
Distributors OEM	- Anticipation and understanding of customer expectations and needs - Customer trust and satisfaction - Product quality and safety	- Institutional website - Assessment of customer satisfaction - Management of claims - Pre and post-sale customer service - Commercial communications - Participation in trade fairs and events
Direct materials suppliers and finished product suppliers	- Transparency - Ethical responsibility - Human rights and working conditions - Continuity in relations - Qualification and assessment - Negotiating conditions - Development of partnerships	- Institutional website - Participation in initiatives and events - Negotiation reports

[46] For the calculation of the median annual total compensation of employees, those hired during 2024 and the new employees of the Group resulting from the acquisition of the PNR Group were excluded.

[47] Work-related discrimination incidents can be related to gender, race or ethnic origin, nationality, religion or personal beliefs, disability, age, sexual orientation, or other relevant forms of discrimination.

The Group has identified the supply chain as the sole area where it could have an impact on the interests, opinions, and rights of workers within its value chain. Specifically, the potential impact relates to labor rights of supply chain workers and can be linked to the lack of assurance of individuals' personal freedom and human rights in a broad sense, including the prevention and combating of child labor, forced labor, or compulsory labor.
For more details on how the company takes into account the results of stakeholder engagement, please refer to the section *Management of Impacts, Risks, and Opportunities*, in *General Disclosures*.

ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

The Group's double materiality analysis process has made it possible to identify significant indirect impacts related to workers throughout the entire value chain.

LIST OF MATERIAL MATTERS AND MATERIAL IROs					
TOPIC	MATERIAL SUB-TOPIC OR SUB-SUB-TOPIC	MATERIAL NEGATIVE IMPACTS	MATERIAL POSITIVE IMPACTS	MATERIAL RISKS	MATERIAL OPPORTUNITIES
S2 - Workers in the value chain	Other work-related rights	Failure to guarantee the personal freedom of individuals and human rights in a broad sense, including prevention and combating child, forced or compulsory labour			

The results of the analysis are presented in greater detail in the table included in the section *SBM-3– Material impacts, risks and opportunities and their interaction with strategy and business model*.

Workers most exposed to significant negative impacts resulting from the Group's activities are those operating in countries where human rights regulations are less stringent. Specifically, the Group has identified that the most significant impacts related to human rights violations, such as child labor and forced or compulsory labor, arise from suppliers operating in non-European countries. This is because suppliers located in Europe and, more broadly, in Western countries, are subject to stricter regulations. To prevent unethical practices toward workers in its supply chain, the Group conducts periodic audits that also address social issues concerning its suppliers, as detailed in paragraph *G1-2 – Management of relationships with suppliers*. Therefore, the potential negative impacts are primarily linked to specific commercial relationships in geographical areas most exposed to these risks.

All workers within the value chain involved in Emak's activities are included within the scope of disclosure pursuant to ESRS 2.

For a more detailed overview, please refer to section *ESRS 2 SBM-3 – Relevant impacts, risks, and opportunities and their interaction with strategy and the business model*, in *General Disclosures*.

S2-1 – Policies related to value chain workers

The management of impacts, risks, and opportunities related to workers throughout the value chain is a fundamental issue for the Group, which addresses these matters through its Code of Ethics, as there is no dedicated ad hoc policy. This document defines the values and principles of conduct that guide the Group's operations and establishes the commitments to be upheld in relationships with all stakeholders in the value chain. The Code of Ethics is applied across all companies within the Group, both Italian and foreign, and is shared with all new suppliers, who are required to adhere to the principles and values it contains. In alignment with the Universal Declaration of Human Rights, ILO Conventions, and the UN Convention on the Rights of the Child, the Group explicitly prohibits the use of child labor, forced or compulsory labor, as well as discriminatory or coercive practices of any kind. It ensures continuously the safety and well-being of its workers.

The Group has formalized in its Code of Ethics a commitment to evaluate its suppliers not only in terms of product quality but also regarding social issues, through periodic audits that assess workplace safety and labor ethics. These audits primarily focus on suppliers operating in countries with less stringent local regulations, identified as higher-risk concerning human rights and working conditions. To this end, the parent company Emak S.p.A. requires its main suppliers to sign an ethical commitment[48], binding them to strictly comply with international social standards. Special attention is given to avoiding the use of child labor or forced labor, ensuring safe and healthy working conditions, and respecting freedom of association and the right to collective bargaining. Furthermore, any form of discrimination, verbal abuse, or corporal punishment is strictly prohibited. Suppliers are also required to provide fair wages and ensure working hours comply with local regulations.

To ensure compliance with these commitments, the Group periodically conducts inspections carried out by its personnel as part of the technical-commercial routine. These inspections aim to verify that all suppliers meet the minimum requirements established by the relevant regulations. Should negative impacts on human rights occur, remedial measures would be assessed based on the specific characteristics of the incident. In 2024, no cases of non-compliance with international human rights principles—such as those established by the United Nations, the International Labour Organization (ILO), and the OECD Guidelines for Multinational Enterprises—were reported.

S2-2 – Processes for engaging with value chain workers about impacts

While recognizing the value of active worker engagement throughout the entire value chain, the Group is still in the process of evaluating and developing a structured and consolidated approach. Currently, the adopted strategy includes targeted initiatives and specific actions; however, a uniform and systematic mechanism to ensure stable and continuous large-scale engagement has not yet been implemented. An example from 2024 was the involvement of a sample of workers from the value chain for updating the double materiality analysis through a questionnaire.

For more details on how the company considers the outcomes of stakeholder engagement, please refer to the section *Management of Impacts, Risks, and Opportunities*, in *General Disclosures*.

S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns

Currently, there is no unified process across the Group for reporting concerns. However, Emak S.p.A. has implemented a reporting channel called the Whistleblowing platform. Through this platform, all workers in the value chain can submit their reports in cases of non-compliance with the principles outlined in the Code of Ethics. It also facilitates protected and consistent interaction and dialogue with the Whistleblowing Manager. Confidentiality is guaranteed to the authors of the reports to prevent any form of retaliation or penalty.

Reports are evaluated by the entities responsible for ensuring compliance with the Code of Ethics (the Supervisory Body, where present, or company officials). This is to enable the Group to take appropriate disciplinary actions, which must be proportional to the severity of the identified violations.

The Group provides access to the reporting channel (known as Whistleblowing) through its website, ensuring it is accessible to all workers in both Italian and English.

S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action

The Emak Group adopts a structured approach to monitor and manage significant impacts on the workforce throughout its value chain, with particular focus on risk mitigation[49].

The initial selection of suppliers and the assignment of contracts are conducted through transparent, non-discriminatory procedures based on objective criteria. These criteria take into account competitiveness, the quality of services and products offered, as well as environmental and social performance. The company

[48] The Group does not have a Supplier Code of Conduct.

[49] Despite having a structured approach for monitoring and managing significant impacts, there is no equally structured approach for evaluating the effectiveness of the actions taken.

considers Ethical, Environmental, and Quality certifications as an added value in supply chain choices and the application of strategic sourcing. The evaluation of environmental and ethical aspects is, therefore, a fundamental element both in the initial selection of suppliers and in the subsequent periodic reviews of their performance.

Supplier evaluation is carried out using checklists to verify compliance with quality standards and ethical principles, aligned with the SA8000 model. Additionally, Emak conducts on-site visits to suppliers' premises to perform direct audits, managed by the designated teams (Quality and Procurement). These audits yield qualitative outputs, including reports of non-compliance to the Certified Systems Manager and the Procurement Management, as well as the development of a shared action plan to address any identified non-compliance issues. Every supplier listed in the registry is also assessed based on the presence of environmental and ethical certifications, as well as any improvements in these areas. For certain commodities, such as transportation, supply contracts include specific clauses related to environmental and ethical topics. Periodically, audits are also conducted on aspects such as workplace injuries, turnover, and safety through targeted questionnaires and checklists.

In 2024, the audits did not reveal any violations by suppliers regarding social issues and respect for human rights. Even in countries with less stringent local regulations, Emak's partners have proven to be well-established companies with extensive experience, accustomed to addressing sustainability-related issues. No significant incidents or human rights violations were reported throughout the value chain.

With regard to managing negative impacts, Emak identifies necessary corrective actions based on the results of periodic audits, inspired by the SA8000 certification. These audits, which evaluate aspects related to safety, ethics, and workers' rights, allow the identification of issues within the value chain and the implementation of targeted interventions. However, at present, the company’s approach does not include a centralized mechanism to address individual negative impacts on workers. Instead, it focuses on continuous monitoring of working conditions through audits and established practices.

The resources allocated to manage significant impacts have not yet been defined based on the results of the double materiality analysis but rather in consideration of the basic assumptions of the business plan.

S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Currently, the Group has not defined quantitative objectives related to the identified significant impacts. The sole qualitative objective established is to maintain a supplier registry adhering to high social and ethical standards to prevent potential negative impacts on workers within the value chain. To achieve this goal, the Group evaluates suppliers on social aspects, as outlined in the previous paragraph, and shares the results of these assessments directly with the suppliers.

ESRS S4 – CONSUMERS AND END-USERS

ESRS 2 SBM-2 –Interests and views of stakeholders

As mentioned in previous sections, the following table outlines the thematic areas and main dialogue instruments associated with the stakeholder category of end-users. These tools are identified to establish a constructive relationship between the parties, aimed at meeting mutual needs in the medium to long term.

Stakeholders	Thematic area	Main instruments of dialogue
End users	- Consumer trust and satisfaction - Product quality and safety	- Institutional website - Assessment of consumer satisfaction - Management of claims - Post-sale consumer service - Commercial communications - Participation in trade fairs and events

Although direct interaction primarily occurs through distributors and retailers, the Group acknowledges that the satisfaction and needs of end-users are essential for the long-term success of its products and the evolution of its solutions. For this reason, the company is committed to gathering feedback through its commercial partners and monitoring market trends. This approach aims to continually improve the quality and reliability of its products, ensuring they meet the expectations of those who use them.

For more details on how the company takes into account the outcomes of stakeholder engagement, please refer to the section *Management of Impacts, Risks, and Opportunities* in *General Disclosures*.

ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business mode

The Emak Group has identified its significant impacts, risks, and opportunities related to sustainability issues through the assessment of double materiality.

LIST OF MATERIAL MATTERS AND MATERIAL IROs					
TOPIC	MATERIAL SUB-TOPIC OR SUB-SUB-TOPIC	MATERIAL NEGATIVE IMPACTS	MATERIAL POSITIVE IMPACTS	MATERIAL RISKS	MATERIAL OPPORTUNITIES
S4 - Consumers and end- users	Information-related impacts for consumers and/or end-users		Effective contribution to the greater availability, in the markets in which the Group operates, of products and services characterised by high environmental and social performance (e.g. replacement of hazardous chemical products with alternatives with lower risk for health and the environment)	Risk of sanctions and legal liability (e.g. due to poor communication management or failure to comply with regulatory requirements; e.g. Green Claims Directive)	Placement of products on the market in line with consumer preferences

The results of the analysis are detailed more extensively in the table found in the *SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model.*

The Group's customer base varies depending on the product lines. For instance, the agriculture line within the Pumps and Water Jetting business segment is sold to manufacturers of spraying and weeding machines (B2B), directly to end-users (B2C), or through a network of specialized dealers and importers (B2B).
Due to the nature of the products sold, all consumers and/or end-users require accessible product information to prevent potential misuse that could be harmful. Therefore, an essential activity before launching a product to market is the preparation of manuals and technical documentation. The only potential negative impacts on the health of this stakeholder group arise from improper and irresponsible use of the products. Given these impacts, which are generalized and/or systemic in the contexts where the Group operates or supplies its products, no specific consumer or end-user categories, demographic classes, or users of particular products

or services have been identified as being at greater risk compared to others. Additionally, no significant negative impacts have been detected in this area.
As for significant positive impacts, related activities include the development of products and services with enhanced environmental and social performance, such as the replacement of hazardous chemicals with alternatives that pose less risk to health and the environment.
With regard to the connection between strategy and the business model, the Board of Directors of Emak annually approves the budgets and three-year plans for the Group and its individual business units. This process allows the Board to review the activity plans of the Group's main companies aimed at improving their environmental impact, social performance, and governance, as an integral part of the three-year plans. To implement its corporate sustainability strategy, the Group has developed a series of documents, including the Enterprise Risk Management (ERM) framework.
All consumers and end-users involved in Emak's activities are included within the scope of the disclosure in accordance with ESRS 2.
For a more detailed overview, please refer to section *ESRS 2 SBM-3 – Relevant impacts, risks, and opportunities and their interaction with the strategy and business model*, in General Disclosures.

S4-1 – Policies related to consumers and end-users

Consumers and end users represent a fundamental asset to the company's value; for this reason, Emak's primary goal is to maximize their satisfaction and strengthen their loyalty by offering high standards of product and service quality and safety. It strives to establish every relationship based on principles of fairness, professionalism, and transparency, while fully respecting current regulations on anti-money laundering, personal data protection, and anti-usury, avoiding any form of evasive practices. Moreover, the Group is committed to ensuring that advertising and all other communications directed at customers are truthful, correct, and fair, refraining from using misleading or deceptive content.
Although Emak currently lacks such policies, the commitment is towards developing consumer relationship policies based on an approach that places product quality and the genuine ability to meet customer expectations at the core of commercial negotiations.
Through adherence to the guiding principles outlined in its Code of Ethics, the Group formalizes its commitments to all stakeholders, including its consumers and end users, particularly regarding human rights in a broad sense. All the companies within the Group are required to respect the principles expressed in the Universal Declaration of Human Rights, the ILO (International Labour Organization) Conventions, and the UN Convention on the Rights of the Child[50].
The methods of engagement are those described through the main dialogue tools associated with the relevant stakeholder category, as outlined in the above section *ESRS 2 SBM-2 – Stakeholder Interests and Opinions.*
The consumer (or user) is granted, among others, the fundamental rights to health protection, safety, and quality of products and services, as outlined in the Consumer Code[51]. In this respect, the Group's companies certified under ISO 9001 operate in compliance with regulatory requirements and have adopted a procedure that establishes criteria and checks regarding the design, production, and quality control of products, both incoming and outgoing.

S4-2 – Processes for engaging with consumers and end-users about impacts

To capture the interests of its customers and end users, the Group participates in major industry fairs at both national and local levels and maintains a constant and continuous relationship with its sales network, serving as the primary point of contact with the public.
The perspective of consumers and/or end users, although collected indirectly, plays a crucial role in shaping the evolution of products, processes, and internal policies. The Group utilizes this information to continually refine its offerings, reduce risks, and seize opportunities for improvement, benefiting the entire value chain.
Observations and comments regarding user experience, conveyed by the distribution network or directly by users, are collected and analyzed periodically during regular business interactions or dedicated events with the commercial network. The Group is also particularly active and attentive to the ever-evolving regulatory context as well as major market trends. For this reason, it is part of several industry associations, such as EGMF, the European Garden Machinery Federation, whose purposes include supporting the development of

[50] Regarding the extent to which violations of the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises affecting consumers and/or end users have been identified downstream in the value chain, the data has not been reported as the Group has relied on the phase-in provision under Article 3, paragraph 4, of Legislative Decree 125/2024.
[51] Legislative Decree 6 September 2005, no. 206, Article 2, paragraph 2, letters a) and b).

future scenarios regarding product-related directives and market monitoring, and EUROMOT, the European Association of Engine Manufacturers, which focuses on supporting the evolution of future scenarios for the relevant sector (e.g., emissions scenarios, etc.).
The Board of Directors holds the operational responsibility to ensure that engagement takes place and that its outcomes guide the Group's approach. The commercial, technical, and quality assurance functions report to the Board, aligning their activities with its directives.
The Group's commercial offering is not specifically targeted at particularly vulnerable users. To ensure that its products are used correctly, finished products are accompanied, where required by law, by user and maintenance manuals. These manuals include, among other information, guidelines for the proper use of the machinery.

S4-3 – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

Consumers and/or end users can raise their concerns or communicate their needs through various official channels, such as whistleblowing, direct communication with the Group's companies, or contact with retailers, who serve as the frontline interface with customers. Information about support channels is accessible through the websites of the various Group companies and the retailer network.

To minimize its negative impacts and reduce potential risks, various procedures are implemented to monitor and ensure quality and safety at different stages of the design, production, and commercialization of products in the market.
In the event of issues reported by end users, they can approach retailers worldwide to voice their concerns, submit a report directly to the Group's companies through contact forms provided by the companies, or, where required by law, utilize the whistleblowing channel offered by the Group. If the report involves a product, the Group's internal departments (marketing, after-sales service, technical, and quality assurance) will assess the nature of the issue. Should the Group's responsibility be established, corrective actions are implemented, ranging from market communications to technical modifications and even recalls in cases of defects posing significant risks. The Group considers an issue resolved when no further reports of the same nature are received.
The Group assesses that consumers and end users are aware of the existence of communication channels to express concerns or needs based on the contacts it receives.

S4-4 – Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end- users, and effectiveness of those actions

To address significant impacts on consumers and end users, manage relevant risks, and seize relevant opportunities related to them, as well as to communicate the effectiveness of such actions, the Group certifies its products in compliance with the regulations of the countries where they are sold. Regarding product safety, the primary regulation is the Machinery Directive, which includes sub-directives that govern all technical aspects for each type of product. Additionally, there are specific directives that regulate electromagnetic compatibility, vibrations, emissions, and noise.
Additionally, ISO 9001-certified companies operate in compliance with regulatory requirements and have implemented a procedure that establishes criteria and checks for the design, production, and quality control of products, both incoming and outgoing.
The processes through which the Group identifies the necessary actions in response to a negative impact are those outlined by the aforementioned regulatory framework, to which the Group is subject due to its core business. Actions planned to pursue relevant opportunities and the approach to addressing potential significant negative impacts on consumers and/or end users, including actions related to design, marketing, or product sales practices, are determined case by case by the commercial, technical, and quality assurance functions. The effectiveness of the actions undertaken is assessed, depending on the specific circumstances, based on the Group's economic and financial results, feedback from the commercial network, or feedback from regulatory bodies.
The Group's actions, including procedures, training, and quality assurance, are designed to support operations in avoiding or not contributing to material negative impacts on consumers or end users.
In 2024, as well as in the two preceding fiscal years, no serious issues or incidents related to human rights concerning consumers and/or end users were reported. Similarly, there were no cases of non-compliance with

the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises involving consumers and/or end users.
The resources allocated to managing significant impacts have not yet been defined on the basis of the outcomes of the double materiality analysis, but considering the fundamental assumptions of the business plan.

S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Currently, the Group has not established quantitative objectives related to the significant impacts identified concerning consumers and/or end users. Individual companies are granted managerial autonomy to set internal goals as needed.

Entity-specific information

In addition to the disclosure obligations under the three categories of ESRS, the Emak Group reports the entity-specific information on *Product Quality and Sustainability*, having concluded that an impact, risk, or opportunity related to this relevant issue cannot be covered with sufficient granularity by an ESRS.

Product Quality and Sustainability

ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

The Emak Group has identified its relevant impacts, risks, and opportunities related to sustainability issues through the double materiality assessment. The following table describes, for each issue addressed in this paragraph, the corresponding impacts (positive and negative), risks, and opportunities that have exceeded the relevance threshold.

LIST OF MATERIAL MATTERS AND MATERIAL IROs					
TOPIC	MATERIAL SUB-TOPIC OR SUB-SUB-TOPIC	MATERIAL NEGATIVE IMPACTS	MATERIAL POSITIVE IMPACTS	MATERIAL RISKS	MATERIAL OPPORTUNITIES
Other material topic	Product quality and sustainability		Availability of products that meet consumer needs	End customer preferences	
			Compliance with industry regulations (emissions, materials, etc.)	Failure to comply with regulatory requirements (e.g. ESPR)	

For a more detailed overview, refer to section *ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model*, in General Disclosures.

MDR-P – Policies adopted to manage material sustainability matters

The Emak Group considers product quality and sustainability a priority, even if it has not formalized a Group-wide policy, due to the specific characteristics of the individual operational segments. To manage the impacts and risks associated with this issue, established practices are in place within the various companies, with specificities related to the nature of their activities, whether distributive or productive. The Group's Code of Ethics represents the formalization of the Group's commitments on sustainability issues, and its principles are also applicable here.
Most of the production companies are also equipped with an ISO 9001:2015 certified Quality Management System.
Finally, the parent company Emak S.p.A. has adopted a Quality Policy and an Environmental Policy, sections of the broader Integrated Policy.

MDR-A – Actions and resources in relation to material sustainability matters

The activities carried out by the Emak Group in relation to the relevant issue "Product Quality and Sustainability" can be divided into two categories: (i) research and development activities; (ii) product quality and safety.

Below are the main activities carried out by the Group's companies during 2024. In 2024, the Group dedicated a total of € 24,793 thousand to research and development activities, of which € 16,990 thousand were for product innovations and adjustments to production capacity and process innovation, and € 7,803 thousand were for research costs directly charged to the income statement.

Research and development

Research and development is one of the fundamental pillars on which the Group's continuous growth and success strategy is based. The Group, in fact, considers that investing in research as a tool for obtaining a competitive advantage in national and international markets to be of strategic importance. Whenever possible, the Group covers its products with **international patents**.

R&D is geared towards improving the product in several respects: safety, comfort, ease of use, performance and environmental impact. Particular attention is also paid to the development of new technologies, which guarantee the product, without affecting its performance, greater efficiency, lower consumption and an overall lower environmental impact.

In addition, the Group for some years has set up **partnerships with the academic world** with the objective of an exchange of know-how with a view to continuous improvement of its products and their performances.

Outdoor Power Equipment

Research and development activities in the Outdoor Power Equipment segment are substantiated in several directions. The development of new products is an activity that encompasses all the projects the Group has decided to develop (on average 10 projects each year): from concept definition, design, industrialization, validation, certification, to production. In December, the project for the introduction of the Material & Compliance module within the PLM (Product Lifecycle Management) was completed with the GoLive, in order to manage the entire lifecycle of materials and Rohs and Reach certifications. In 2024, activities began for the creation of a 30,000 sqm area for field tests to fully validate the products.

The year 2024 saw the introduction of a new range of tractors with various engines and different versions of cutting width, collection, and side discharge; a new brush cutter with a 4T 35cc engine; a new 100 cm shredder in wheel and tracked versions; a new range of transporters under the GKZ brand; a new professional 50cc brush cutter; a new entry-level cultivator; the first 56V machines and batteries; a new power unit for shaker; a new electric chainsaw; a portable station.

Sorting projects are preliminary study activities for product development, sometimes with drawings, other times with prototypes, aimed at evaluating the opportunity and feasibility of finalizing projects that emerged from dialogue with customers.

In 2024, a significant part of the activities focused on developing 56V and 40V battery machines to be launched starting in 2025; two robot mower platforms; a rear-handle chainsaw; a new cutter for the construction sector; a new 55cc chainsaw; and a new hedge trimmer with a two-stroke engine.

Research and innovation activities concern more transversal themes and are aimed at developing a technology or methodology. The most significant projects the Group is working on are as follows:

- Low-emission engine: development and validation of stratified charge two-stroke engines compliant with future Euro6 regulations. Testing of e-fuel, a synthetic fuel produced by chemically combining hydrogen and carbon dioxide, has begun as an alternative fuel (allowing a reduction in CO_2 by about 85-90%).
- Methodological activities: generally with external collaborations from research centers or universities, focusing on developing calculation/experimental calculation methodologies to be systematically used in the product development process. The goal is to create predictive models that, once refined, can be applied in the development of new products. For example, mathematical models to simulate drop tests have been consolidated and introduced into the development process. In 2024, specific activities were carried out to create product manuals using AI tools. A specific activity was carried out with UNIMORE to implement the LCA (Life Cycle Assessment) methodology.
- Materials research: In 2024, testing began on the first machines containing fully or partially recycled plastic materials. The first full-electric brush cutters with low environmental impact plastics were produced. This is a multi-year project primarily focused on the Green Deal and thus on reducing CO_2 in relation to the developed products.
- The design of an electric motor (30Nm of maximum torque) without magnets for wheel applications has begun, to avoid using rare earth elements and reduce production costs.
- The first concept of a full-electric cultivator has been developed.
- A control room has been created for data analysis and monitoring of connected machines in the field.

Pumps & Water Jetting

Below are the main activities carried out by the Pumps & Water Jetting area during 2024. Product development is a complex process that involves all company functions and is distinguished by several main phases: from the need/request for a new product to the definition of a specification, then moving to the implementation phase, with the definition of a concept, design, industrialization, validation, and certification, up to the production of the finished product. The integration between PLM and ERP systems continued throughout 2024, consolidating previous activities and implementing new flows with the increasingly growing goal of centralizing data and know-how. The world of pumps for agriculture, mainly used to pump pesticides or fertilizers, is very traditional and characterized by few but continuous innovations.
The past year saw the continuation of the development of a complete range in terms of flow rate and pressure for specific uses, the use of materials that increase chemical resistance to handle different liquids, and the search for different construction solutions, with the same pump performance and characteristics for pressure and water volumes moved, while reducing costs and weights.
Particular attention was also given to electrification, evaluating the introduction of battery-powered electric motors on some motor pumps for specific applications and markets.
The group is working in the field of electronics and IOT to provide possible solutions for analyzing pump operation, allowing users greater control over functional parameters and more precise maintenance, preventing potential failures or problems before they occur.
Regarding products for the industry, research and development activities vary based on the product category. For smaller pumps, particularly those equipping hobbyist pressure washers, the focus is on application specialization, using materials that ensure the best quality/price ratio, and design, with the aim of automating the production process as much as possible to increase product competitiveness. To achieve these goals, the Group collaborates with some suppliers, combining technical and construction aspects.
The development of high and ultra-high pressure pumps follows different directions, also considering their application in plant engineering. Therefore, the design focuses on the chemical resistance to the treated liquids, extending the pump's lifespan, and using alternative materials, in compliance with new regulations, that ensure equal performance.
Regarding washing products, in the consumer segment, design is of great importance, aimed not only at meeting the aesthetic tastes of private users but also at improving the production process of the machines. Increasingly significant is the development of electronics usage: the goal is to control the machine's consumption by adjusting the motor speed and offering more functionalities for both the user and service centers, ensuring better reliability. Currently, the evaluation of the range for a possible introduction of battery power in some product segments is also underway.
Regarding the professional segment, the Group is working on a 360° efficiency improvement of the machine. Through specific technical solutions, it is possible to reduce washing time and the volume of water used or increase effectiveness to avoid the use of chemical agents or other polluting elements like additives. Additionally, the Group has worked on improving combustion efficiency and reducing costs in machines that use diesel burners for hot water production. Another development line concerns electronics: systems capable of blocking the machine in case of micro-leak detection are already in use, preventing water leaks and safeguarding the machine's components.
In the floorcare sector, the development of new models of both ride-on and walk-behind machines has continued, with particular attention to increasing washing efficiency and cost containment. In this area, the development of electronics has also played and continues to play an increasingly significant role.
Systems have been developed that provide information on the machine's life (operating hours, any anomalies recorded from both electrical and hydraulic perspectives), useful for maintenance and managing rental fleets and construction sites.
The Group has also begun the study and evaluation for the introduction of partially recycled plastic materials in some washing products. With the involvement of the supply chain, both for molding and raw materials, some machine samples have been produced and are currently being characterized in the field.

Components & Accessories

The group's research and development activities are planned with a three-year horizon (2024-26). The guidelines for this activity are to offer customers products that elevate performance levels beyond the current market standards or, upon request, solve specific customer issues. As Tecomec Group is a supplier of accessories and components, it is crucial to understand the customer's specific needs. Finally, in some product sectors, the aim is to expand the range offered to cover still missing market segments.
The Organization aims for increasing integration of various locations concerning research and development, optimizing the skills of each resource team. In particular, integration has begun through technical documentation management systems (PDM) of the Agres and PNR sites with the Italian headquarters and the Ningbo Tecomec manufacturing site. This will enable integrated design among teams of technicians with complementary skills to accelerate multidisciplinary projects.
The innovation department, created specifically to develop product ranges in which the company was not previously present, has worked on a significant new project that will expand the high-pressure product line and other customer-oriented projects aimed at meeting specific OEM requests.
In the field of product calculation and virtual simulation, and their performance, the group has continued to invest by acquiring new software licenses, which are expected to provide a deeper understanding of the physical phenomena governing their operation. Examples of this research include the fluid dynamics of both fixed and rotating nozzles, and the mechanics of plastic materials in severe applications such as brush cutter cutting accessories.

Gardening and Forestry product line

In 2024, the line saw the redesign of chainsaw chain sharpeners. This product has always characterized the Tecomec brand and has been revisited to make it specific for some chain models available on the market. Additionally, projects have been initiated to optimize sharpening performance based on the grinding wheel used and the type of chain.
In the line dedicated to brush cutter accessories, Tecomec has been continuously revising products for years, leading to the creation of some innovative models each year with certain key features. Specifically, this year, a cutting accessory, commonly called a head, with significantly reduced cutting height has been designed.

Agriculture Product Line: spraying and weeding

In the Agriculture product line, the development of various products has continued, especially with a focus on precision farming.
Electromagnetic flow meters for a wide range of flow rates are being developed both for sale as individual components and for integration into fluid control units (solenoid valves) that Tecomec has historically produced.
PWM-controlled valves for dosing pesticides have also been developed. Each valve controls a single nozzle, allowing extremely precise control of soil treatment.
The onboard computer for spraying and atomization machines, called the rate controller, has been completely redesigned to improve mechanics and robustness, offer a more modern graphical interface, and provide a wider range of machine controls.
Motorized ball valves: A multi-year project has begun to develop a range of motorized ball valves, from on-off versions to proportional versions with different communication and control systems.
All these components, as mentioned, contribute to equipping machines for high-precision treatments and control to optimize the amount of product dispensed in relation to the position on the ground. Completing this objective is the development of new satellite navigators for agricultural machines, which were introduced in 2024 and represent an important feature of Tecomec's agriculture range.

Product Line: high-pressure washing accessories

In the high-pressure line, investments have been made in the ultra-high pressure range, and the project for a 1000 bar pressure washer gun and a 1000 bar unloader valve with zero output pressure in bypass configuration has been completed. For ultra-high pressures, research on materials and fluid dynamics calculations have led to the commercialization of a new rotating nozzle.
A steam pressure washer gun has also been developed, which falls into a niche of products where Tecomec was only partially present.
A low-pressure pressure washer gun has been designed for the industrial cleaning sector, with spray adjustment based on the operator's needs and other specific features required by industries such as food and chemical, including chemically inert materials, washability, and impact resistance.

Product quality and safety

The Group strongly believes that quality is an essential factor for guiding activities in the pursuit of its corporate mission. All the companies in the Group therefore actively seek to ensure maximum quality. From this point of view, the following table shows the certifications obtained by Group companies, testifying to the joint efforts made to guarantee the best possible product quality:

Segment	Company	Certifications
Outdoor Power Equipment	Emak S.p.A.	ISO 9001:2015 ISO 14001:2015
Pumps & Water Jetting	Comet S.p.A.	ISO 9001 2015
	Lavorwash S.p.A.	ISO 9001:2015
	P.T.C. S.r.l	ISO 9001:2015
	Yong Kang Lavorwash Equipment Co. Ltd.	ISO 9001:2015
	Lavorwash Brasil Industrial and Commercial Ltda	ISO 9001:2015
Components & Accessories	Tecomec S.r.l.	ISO 9001:2015
	Ningbo Tecomec Manufacturing Co. Ltd.	ISO 9001:2015
	Agres Sistemas Eletrônicos SA	ISO 9001:2015 ISO 14001:2015 ISO 45001:2018[52]
	PNR Italia	ISO 9001:2015 ISO 45001:2018 ISO 14001:2015

Outdoor Power Equipment

The Group certifies its products in compliance with the legal requirements of the countries in which they are sold. With regards to product safety, the main piece of legislation is the Machines Directive, which contains sub-directives that regulate all the technical aspects for every type of product. There are also other specific directives that regulate electro-magnetic compatibility, vibrations, emissions and noise. More than 90% of the activities necessary for the certification of products occurs internally in laboratories equipped with special instrumentation. There are, however, a number of specific tests, such as electromagnetic compatibility and kick back tests for chainsaws, which need to be carried out by a third-party body. A further necessary activity for launching a product on the market, carried out internally, relates to user manuals and the drawing up of the technical file.

In the production phase, the quality and safety of the machines are guaranteed by constant monitoring along the entire product cycle, from the development phase to production, besides a sample check involving a functional and safety check aimed at assessing the machine’s conformation.

The Group is also particularly active in and attentive towards the constantly evolving reference legislation context. Emak is a member of EUROMOT, the European Association of Internal Combustion Engine Manufacturers, which supports the evolution of future scenarios with regards to the reference sector (e.g., emission scenarios, etc.) and of EGMF, the European Garden Machinery Industry Federation, whose objects include supporting the evolution of future scenarios regarding all directives concerning products and market monitoring. In addition, Emak follows the evolution of sector regulations (Emissions Directive, Machine Servicing Directive, Noise directive, WEEE Directive - The Waste Electrical and Electronic Equipment Directive - ISO, REACH, ROHS standards, etc.) in order to be constantly updated and in line with the requirements imposed by current laws in the countries where the Group operates. Finally, in 2024, Emak joined the international technical committee of ISO and actively participates in ISO meetings related to changes and evolutions regarding product safety in the reference market. Since February 2024, Emak has become a member of the e-Fuel alliance.

No cases of non-compliance with current regulations occurred in 2024.

[52] *Agres Sistemas Eletrônicos SA obtained the ISO 45001:2018 certification on January 18, 2024.*

Pumps & Water Jetting

In the Pumps & Water Jetting segment, there are various procedures in place to monitor and guarantee quality and safety in the different phases for the design, production and marketing of the product in the market. Specifically, in Comet S.p.A., the reference company for the activities of the segment, there is a procedure that describes the criteria adopted by the product certification department for preparing the Technical File of designed, manufactured and marketed Finished Products. Among other things, this document sets out analyses of the risks associated with the use of the developed products, which follows the criteria indicated in the directives/standards which the product has to comply with. The analysis of risks, as well as the use and maintenance booklet, is revised every time a modification makes this necessary (modification of the product and/or the issue of new relevant regulations). The File also shows the results of conformity tests carried out in company or external laboratories.

A further procedure in place relates to the definition and description of the activities, responsibilities and flow of information linked to the product design cycle so as to ensure that the quality requirements of the product are complied with and implemented.

In addition, there is a Technical procedure aimed at defining the production process control requirements for subcontracted suppliers of finished products.

The production processes are subject to a specific Technical Procedure with the aim of defining the operating procedures for structuring the production process and of ensuring that these are implemented in controlled conditions. The organisation provides for specific procedures that accompany the production process of a number of machines subject to a PED Directive (Directive relating to equipment under pressure).

Every product non-conformity found during the design and production phase is registered and any corrective actions are planned.

ISO 9001 certified companies operate according to the requirements of the standard and have adopted a procedure that establishes criteria and controls with regards to the design, production and quality control of both incoming and outgoing products. In some cases, certification is issued by third parties such as TÜV (Technischer Überwachungsverein), TÜV SUD, Intertek and SGS.

Products are also subject to the safety requirements established by the directives or regulations applicable in the various countries, such as the EU/EC directives for the European market, the INMETRO certification, necessary for household appliances and products for professional use in the Brazilian market, EAC for Russia, Belarus, Armenia, Kazakhstan and Kyrgyzstan markets.

No cases of non-compliance with current regulations occurred in 2024.

Components & Accessories

With regards to evaluation activities regarding the health and safety of the products developed, there is an internal procedure that establishes the activities and responsibilities regarding the design and engineering phases of new products. Specifically, during the design phase the laws and standards to which the product is subject are reviewed (e.g. the REACH regulation - Registration, Evaluation, Authorisation and Restriction of Chemicals, and the RoHS directive - Restriction of Hazardous Substances Directive) on the basis of the final market of the product. Higher levels of safety are requested for a number of products, such as power tools. In these cases, the well-established procedure imposed by management is the issue of a certification by third party bodies: for the European market, the certification is issued by the TÜV company (Technischer Überwachungsverein), while for the United States market by UL (Underwriters Laboratories). In the event that it is considered necessary internally or is explicitly requested by the customer, an FMEA (Failure Mode and Effect Analysis) risk analysis is applied. Finally, for those products that are not regulated by specific legislation (e.g. accessories), reference is made to the standard to which the finished product is subject. For example, for the trimmer heads, the Chinese company Ningbo Tecomec carries out its tests on the basis of the UNI EN ISO 11806 standard, indicating the safety requirements and testing for portable, hand-held, powered brush-cutters and lawnmowers. Tecomec has also obtained the Russian EAC certification for most of its catalog products.
During the year, the requirements of the General Product Safety Regulation (GPSR) 2023/988 were received and implemented.
In 2024, there were no cases of non-compliance with the current regulations.

MDR-T – Tracking effectiveness of policies and actions through targets

The objectives set by the Quality Policy, as a section of the Parent Company's Integrated Policy, are connected to the satisfaction of the end customer, anticipating and exceeding their expectations, and creating value for the common benefit of stakeholders. In light of these objectives, Critical Success Factors (CSFs) have been defined, representing the main elements of the company's strategy.
Management, in line with the objectives of this Policy, intends to manage the path from the Business Plan to operations: starting from the Critical Success Factors and passing through the definition of corporate and managerial objectives—quantified through Key Performance Indicators (KPIs) and their expected performance levels—down to defining the activities of individual resources.
Furthermore, the Management is committed to identifying, during the periodic review of the Quality Management System, specific quality objectives and related numerical indicators aimed at improving performance. The Management is aware of the importance of the contribution that all employees can make to permanently pursue the company's objectives and provides the Management and all staff with the necessary inputs so that everyone constantly strives to keep the focus of their activities on the defined priorities.
The Quality Assurance Manager has the delegation and full responsibility to manage the Quality Management System and ensure its compliance throughout the organization, and to annually verify with the Management the adequacy of the Policy.
The Group has not established consolidated objectives, due to the specific characteristics of the individual operational segments

GOVERNANCE INFORMATION

ESRS G1 - Business conduct

ESRS 2 GOV-1 – The role of the administrative, supervisory and management bodies

The Board of Directors represents the central body of the Corporate Governance system of the Emak Group. In its guiding role, it defines the Group's strategies, integrating social and environmental issues, and monitors their implementation, with the aim of promoting long-term value creation. The Board is also responsible for approving specific procedures, policies, and guidelines aimed at ensuring compliance with regulations and promoting ethical behavior by the Group (e.g., Code of Ethics, procedures for transactions with related parties, MOG 231).
Regarding its composition and the skills present within it, please refer to section *ESRS 2 GOV-1 – Role of the administrative, supervisory and management bodies*, found in General Disclosures.

ESRS 2 IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities

Through the final phase of the double materiality analysis, the Group determined which qualitative and quantitative information related to relevant issues should be reported within this consolidated sustainability statement. To this end, the methods outlined in ESRS 1 (including Appendix E), the Implementation Guidance "EFRAG IG 1 – Materiality Assessment," and the additional paper "Links between AR16 and disclosure requirements" were followed.

The following table describes, for each relevant issue, the related impacts (positive and negative), risks, and opportunities that have exceeded the relevance threshold and thus made it significant.

LIST OF MATERIAL MATTERS AND MATERIAL IROs					
TOPIC	**MATERIAL SUB-TOPIC OR SUB-SUB-TOPIC**	**MATERIAL NEGATIVE IMPACTS**	**MATERIAL POSITIVE IMPACTS**	**MATERIAL RISKS**	**MATERIAL OPPORTUNITIES**
G1 - Business conduct	Corporate culture		Promote the affirmation of solid ethical principles, including tax regulatory practices, pursued by the Group along the entire value chain, in all contexts (e.g. geographical, social, etc.) in which it operates		Increasingly integrating sustainability into corporate strategy
			Protection of legality and prevention of illicit behavior (the reinvestment of profits from illicit activities, episodes of extortion, etc.)		
	Active and passive corruption		Staff awareness for the prevention of corruption incidents		
	Sustainability in the management of relationships with suppliers			Supply disruption / supplier power	
				Evolution in the concentration and sources of geopolitical power (geostrategic shifts)	
				Failure to comply with regulatory requirements (e.g. CSDDD, Critical Raw Materials Act)	

For a more in-depth overview, please refer to section *ESRS 2 IRO-1 – Description of the processes for identifying and assessing relevant impacts, risks, and opportunities*, found in General Disclosures.

G1-1 – Corporate culture and business conduct policies

In carrying out its activities and conducting business, the Emak Group adopts behavior characterized by high ethical standards, based on absolute fairness, full respect for the rights of others, compliance with current laws, and adherence to the principles of belonging to the Group. The Group's companies have activated preventive insurance coverage and implement at least the measures required by applicable regulations to cover any potential negative impacts related to material issues.

The Italian companies of the Group have adopted and implemented the Organization, Management, and Control Model provided for by Legislative Decree 231/2001, aimed at aligning internal regulations on the liability of legal entities with certain international conventions to which Italy has long adhered, such as the Brussels Convention of July 26, 1995, the Brussels Convention of May 26, 1997, and the OECD Convention of December 17, 1997. Additionally, the general part of the Model includes Law No. 116 of August 3, 2009, with which the Parliament ratified the 2003 United Nations Convention against Corruption. On the other hand, in companies that have not adopted the Organization, Management, and Control Model, full compliance with local regulations and, if more restrictive, the rules of conduct of the Code of Ethics is ensured.

In line with the adoption of the Organization, Management, and Control Model, the Group has established a Code of Ethics, shared with all the companies of the Group, periodically updated, and communicated to all employees and various parties collaborating with the companies. The Code defines the corporate principles and values that the Group's companies adhere to in their activities, forming the company's identity and constantly guiding strategic choices and policies within the businesses they operate in. The Group's companies take appropriate measures to promptly identify and eliminate risk situations, preventing illegal or otherwise unethical behavior contrary to the principles expressed in the Code of Ethics by any party acting for the Group. Regarding this last point, the Group has identified executives and members of the Administration, Management, and Control bodies as functions considered at risk of active and passive corruption due to the tasks performed and related responsibilities.

Any recipient who detects or suspects a violation of the Code of Ethics is required to report it to the Function Manager, the Supervisory Body of the respective parent company, or use the dedicated information channels for reporting any violations of the Code of Ethics. Additionally, communication and dialogue channels are active through which stakeholders can send reports or complaints to the Group's companies, which are then examined by the competent internal functions. The guiding corporate principles and values are as follows: fairness, competence, team spirit, innovative spirit, impartiality and honesty, anti-corruption, respect for people, transparency in relationships, and confidentiality, combining economic, social, and environmental sustainability.

The Emak Code of Ethics also defines the areas of application and the Group's commitments in internal and external relations. It represents the moral commitment towards various stakeholders, including employees, shareholders, customers, suppliers, institutions, the financial community, and the Public Administration. The recipients of the document are all those who operate in the name and on behalf of Emak (employees, directors, administrators, consultants, collaborators, etc.), who are required to know its content, contribute to its implementation, and disseminate the principles formalized in it, also demanding compliance from all those with whom they have business relations. A correct and effective application of the Code of Ethics is possible only through the commitment and cooperation of the entire Group structure, which is entrusted with the task of making each individual behavior consistent with the expressed principles.

The Code of Ethics is widely disseminated to all recipients, including through its inclusion in the 'Sustainability' section of the Group's website www.emakgroup.it, in both Italian and English. The Code and any future updates are defined and approved by the Board of Directors of the parent company Emak S.p.A. based on the context in which the Group operates and its evolution. Companies that adopt the 231 model commit to training new hires on the topics covered in the Code of Ethics and the Model: new hires are provided with a concise informational set during onboarding that ensures knowledge considered of primary importance.

In compliance with national legislation implementing Directive (EU) 2019/1937, the Emak Group has established reporting channels that ensure, through the use of encryption tools, the confidentiality of the identity of the reporting person, the person involved, and any person mentioned in the report, as well as the content of the report and related documentation; it organized the management of the reporting channels through the implementation of a procedure that regulates their management and the appointment of an autonomous body dedicated to this task, with personnel specifically trained to manage the reporting channel as quickly and objectively as possible; measures for data protection and cybersecurity have been applied, including a series of organizational and technical measures to protect the confidentiality of the reporter and the integrity and confidentiality of the personal data subject to reporting. The Group provides all employees with mandatory and updated training on whistleblowing, outlining the relevant procedures to follow and potential consequences.

It should be noted that Emak S.p.A. adopts a **Management System** inspired by the SA 8000:2014 standard (Social Accountability) with the aim of ensuring the ethicality of its production processes and, indirectly, its supply chain. Compliance with the requirements is verified through internal audits, and the expected performance expectations are measured using indicators in line with the aforementioned standard.

G1-2 – Management of relationships with suppliers

The Group, through the coordination of the Corporate Purchasing Department, implements synergy and supply chain optimization plans aimed at increasing and further consolidating the scope of common suppliers. Supplies are included within a global Group supply framework and governed by common rules and commercial conditions where possible, regulated by framework agreements that take into account the specific needs arising from the peculiarities of the business sectors in which the Group operates. The Group relies on a heterogeneous supply chain in terms of supplier size: both small companies (SMEs) and multinational groups are present.
The main suppliers are classified at the Corporate level according to indicators that assess their strategic importance, performance, supply characteristics, substitutability, degree of interdependence, and financial risk into:

- **Partner**: suppliers that meet high requirements based on cross-functional scoring;
- **Strategic**: important suppliers for whom the Group does not represent a strategic customer. The Group strives to ensure that suppliers in this category become partners or part suppliers;
- **Part Supplier:** suppliers without stable relationships from a relational point of view; thus, they do not represent a high risk for the Group.

In the case of purchasing marketing activities, it is the Group's policy to maintain double sourcing of supplies as part of risk management. Supply chain risk is mapped according to parameters that include assessments of financial aspects, difficulty in replacing the supplier, integration with technical management, service level, and vendor rating. In the case of critical suppliers or strategic purchases, the percentage of shared suppliers is high. This represents an advantage for the Group's companies, as it allows them to respond more promptly to material shortages and increased transportation costs. In the purchasing process, several Group companies use KANBAN logic, which allows for a leaner management of the supply chain and a reduction in inventory.

The initial selection of suppliers and the assignment of business regulated by contracts are carried out through clear and non-discriminatory procedures, using only criteria related to the objective competitiveness of the services and products offered and their quality, also understood as the supplier's performance in environmental and social areas and compliance with the principles expressed in the Group's Code of Ethics. The presence of Ethical-Environmental-Quality certification is a plus in the choice of supplier and in the application of strategic sourcing. The evaluation of environmental and ethical aspects contributes to the assessment of the supplier both in its initial inclusion in the Emak supplier register and in the periodic performance evaluation.
Supplier evaluation is carried out both through checklists, to verify compliance with quality standards and ethical principles according to the SA8000 model, and through visits to the supplier's premises by the designated team (Quality - Purchasing). This type of audit has a more qualitative output in terms of reporting any non-conformities to the Certified Systems Manager and the Purchasing Department and defining a shared action plan for further investigation and correction of any non-compliant situations. The evaluation and classification of suppliers already present in the Supplier Register are included in a specific section that verifies the presence of environmental and ethical certification and evaluates the supplier on particular changes or improvements in these areas. Some supply contracts for certain purchasing commodities (e.g., transportation) include a specific section on environmental and ethical issues. Periodically, audits are conducted on accident trends, turnover, or aspects related to safety and ethics through the completion of questionnaires and/or checklists.
New suppliers are promptly sent Emak's integrated policies and the ethical and environmental commitment information that they are required to comply with. They are also invited to visit the Emak website for more details on these topics.
The management of relationships with Far East suppliers is entrusted to local teams (Purchasing and Quality) present in various plants, under the supervision of designated Italian personnel: thus, both on-site oversight by qualified personnel and multi-level control by the Parent Company are ensured. If personnel from individual companies are not present on-site, intra-group collaboration and synergy agreements are active to control suppliers using available personnel through information sharing or direct visits.
Regarding <u>European and, in general, Western suppliers</u>, the Group believes that the probability of having suppliers at risk concerning environmental, social, and human rights issues is minimal, as they are subject to the stringent regulations in these countries.
For <u>non-European suppliers</u>, a procedure for supplier inclusion and evaluation is in place, along with the sharing of a checklist related to compliance with ethical principles in personnel management to be used during

Purchasing-Quality audits. The audits are conducted by designated and qualified personnel and transmitted for verification and control to the Parent Company's designated structure.
New suppliers are visited and evaluated according to the checklist based on the SA8000 model and Quality Audit forms. The Italian companies have developed a common Quality Questionnaire that, among various topics, verifies environmental aspects such as the presence of AUA, wastewater discharges, atmospheric emissions, waste management; aspects related to health and safety and employee training, as well as the presence of any environmental, social, and ethical certifications.
The periodic assessment by designated personnel, through checklists and audits, ensures that the supplier panel is always updated with approved and usable suppliers. The verification of clauses related to human rights is part of this procedure. The Group considers it essential to centrally monitor the non-European supply chain and promote training projects for Purchasing-Quality personnel so that environmental, safety, and ethical issues are constantly taken into account, thereby limiting risk. To this end, auditors are sensitized and formally trained to pay attention to these aspects and report any non-conformities, even potential ones.
Based on the quality audits received, the Group does not have high-risk suppliers concerning environmental, social, and human rights issues: most partners are well-structured companies that have been operating in the market for a long time and are accustomed to discussing sustainability. Most of the practices described have been extended to all divisions of the Group, also thanks to their inclusion in the Group's Code of Ethics, although general evaluations on environmental and social criteria were already widely present within the Group. Within the Code, or in other Group policies, there are no explicit provisions regarding procedures to be implemented to avoid payment delays to all suppliers.
Payment terms are agreed upon with the counterpart during the negotiation phase and entered into the supplier's database, remaining valid for the duration of the contract. Any changes to the terms are communicated and approved in advance of the payment for the supply. Compliance with the agreed conditions is verified for each transaction by the administrative office. Periodically, due dates are transmitted to the treasury service, which proceeds with their settlement. All payment terms for supplies and services are in line with the commercial practice that has always been applied and existing and have been mutually defined with the supplier, whether it is an SME or a multinational company, in full respect of the principles of good faith and fairness.

G1-3 – Prevention and detection of corruption and bribery

The Emak Group pays great attention to the prevention of risks related to corruption. In general, all individuals who operate in the name and on behalf of the Emak Group are required to behave ethically and in compliance with applicable laws, with the utmost fairness, transparency, and integrity, as provided by the principles of conduct outlined in the Group's Code of Ethics.
With particular regard to relationships and behaviors with external parties, illegal, collusive, or potentially collusive practices and behaviors, illicit payments, incitement to corruption, corruption, favoritism, solicitations, direct or through third parties of advantages for oneself or others, contrary to laws, regulations, and the provisions of the Code of Ethics, are prohibited. This prohibition includes the direct or indirect offering of goods and services aimed at influencing decisions or transactions.
In this context, the Group is committed to **combating all forms of corruption**, both active and passive, by implementing all necessary measures provided by the Organizational Model pursuant to Legislative Decree 231/2001 and following the prescriptions contained in the Group's Code of Ethics.
This Model is aimed at preventing crimes belonging to various categories, including corporate crimes and crimes of extortion, undue inducement to give or promise benefits, and corruption. Furthermore, a system of procedures, both manual and computerized, has been implemented, which constitutes the guide to follow in the relevant business processes and includes specific control points to ensure the correctness, effectiveness, and efficiency of business activities. In the event of a confirmed case of corruption, the Board of Directors would be informed by the delegates at the next useful meeting or, if necessary, in a specially convened session.
For a more in-depth overview of the procedures in place to prevent, detect, and manage assertions or cases of active and passive corruption, their management methods, and the process of communicating results, please refer to section *G1-1 – Policies on corporate culture and business conduct*. Please refer to the same section for how the company communicates its policies on the subject to those for whom they are relevant, as well as for information on training.

The following table shows the anti-corruption training received by the Group's employees, detailing the training received by Executives, considered at risk due to the tasks performed and related responsibilities. No specific anti-corruption training is provided for the administration, management, and control bodies of the Parent Company.

Training on active and passive corruption				
	2024			
	Executives	Administrative, management and control bodies	Other functions at risk (excluding managers and administrative, management and control bodies)	Other own workers (excluding at risk functions)
Extension of training				
Total recipients by Group	126	13		2,401
Total training recipients	15			263
% training recipients	11.9%	0.0%		11.0%
Delivery method and duration				
Classroom training (hours)	45			1,229
Remote training (hours)	12			
Voluntary training (hours)				
Total training	**57**	**-**	**-**	**1,229**

The main topics covered during the training were Legislative Decree 231/2001 training for Italian companies, the Code of Ethics, and anti-corruption policies.

G1-4 – Cases of active or passive corruption

In 2024, as well as in the two preceding years, there were no convictions for violations of laws against active and passive corruption, nor were any cases related to the same issue identified.

Bagnolo in Piano (RE), lì 13 March 2025

On behalf of the Board of Directors

The Chairman

Massimo Livatino

Certification of consolidated sustainability statement pursuant to art. 154-bis, paragraph 5-ter of the Decree. 58/1998 (Consolidated Law on Finance)

1. We, the undersigned, Cristian Becchi, as Chief Executive Officer for finance and control, and Roberto Bertuzzi, as the manager in charge of preparing the accounting statements of the company Emak S.p.A. affirm, taking account of the provisions of art. 154-bis, paragraphs 5-ter, of legislative decree 24 February 1998, n. 58, that the sustainability reporting included in the annual report has been prepared:
   a) in accordance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and of the Council of June 26, 2013, and Legislative Decree No. 125 of September 6, 2024;
   b) with the specifications adopted pursuant to Article 8, paragraph 4, of Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020.

Bagnolo in Piano (RE), lì 13 March 2025

The Chief Executive Officer for finance and control:
Cristian Becchi

The Manager in charge of preparing the accounting statements:
Roberto Bertuzzi

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INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED SUSTAINABILITY STATEMENT PURSUANT TO ARTICLE 14-BIS OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

**To the Shareholders of
Emak S.p.A.**

Conclusion

Pursuant to articles 8 and 18, paragraph 1 of Legislative Decree no. 125 of September 6, 2024 (hereinafter also the "Decree"), we have carried out a limited assurance engagement on the consolidated sustainability statement of Emak S.p.A. and its subsidiaries (hereinafter also the "Group") for the year ended on December 31, 2024, prepared pursuant to art. 4 of the Decree, included in the specific section of the management report.

Based on the work performed, nothing has come to our attention that causes us to believe that:

- the consolidated sustainability statement of the Group for the year ended on December 31, 2024 is not prepared, in all material respects, in accordance with the reporting principles adopted by the European Commission pursuant to the Directive (EU) 2013/34/EU (European Sustainability Reporting Standards, hereinafter also "ESRS");

- the information included in the paragraph "*Environmental information - Disclosure pursuant to article 8 of Regulation (EU) 2020/852*" of the consolidated sustainability statement is not prepared, in all material respects, in accordance with art. 8 of Regulation (EU) No. 852 of June 18, 2020 (hereinafter also the "Taxonomy Regulation").

Basis for conclusion

We conducted the limited assurance engagement in accordance with the assurance standard of the sustainability report - "Principio di Attestazione della Rendicontazione di Sostenibilità - SSAE (Italia)". The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the level of assurance that would have been obtained had we performed a reasonable assurance engagement. Our responsibilities pursuant to that standard are further described in the paragraph *Auditor's responsibilities for the limited assurance of the consolidated sustainability statement* of this report.

We are independent in accordance with the independence and other ethical requirements applicable under Italian law to the limited assurance engagement of the consolidated sustainability statement.

Our firm applies International Standard on Quality Management (ISQM Italia) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Other matter

The comparative information for the year ended on December 31, 2023 presented in the consolidated sustainability statement in the paragraph "*Environmental information* - Disclosure pursuant to article 8 of Regulation (EU) 2020/852" has not been verified.

Responsibility of the Directors and the Board of Statutory Auditors of Emak S.p.A. for the consolidated sustainability statement

The Directors are responsible for developing and implementing the procedures performed to identify the information reported in the consolidated sustainability statement in accordance with the ESRS (hereinafter the "double materiality assessment process") and for disclosing this process in "*General information – Impact, risk and opportunity management*" of the consolidated sustainability statement.

The Directors are also responsible for the preparation of the consolidated sustainability statement, which includes the information identified as part of the double materiality assessment process, in accordance with the requirements of art. 4 of the Decree, including:

- compliance with ESRS;

- compliance of the information included in the paragraph "*Environmental information - Disclosure pursuant to article 8 of Regulation (EU) 2020/852*" with art. 8 of the Taxonomy Regulation.

Such responsibility involves designing, implementing and maintaining, within the terms established by the law, such internal control that the Directors determine necessary to enable the preparation of the consolidated sustainability statement in accordance with the requirements of the art. 4 of the Decree that is free from material misstatements, whether due to fraud or error. Furthermore, the abovementioned responsibility involves the selection and application of appropriate methods in elaborating information and making assumptions and estimates about specific sustainability information that are reasonable in the circumstances.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Inherent limitations in the preparation of the consolidated sustainability statement

The information provided by the Group regarding Scope 3 emissions is subject to greater inherent limitations compared to those related to Scope 1 and 2 emissions. This is due to the lower availability and relative accuracy of the data used to define the information on Scope 3 emissions, both quantitative and qualitative, in relation to the value chain.

Auditor's responsibilities for the limited assurance of the consolidated sustainability statement

Our objectives are to plan and perform procedures to obtain limited assurance about whether the consolidated sustainability statement is free from material misstatements, whether due to fraud or error, and to issue an assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, could influence the decisions of users taken on the basis of consolidated sustainability statement.

As part of the limited assurance engagement in accordance with the Principio di Attestazione della Rendicontazione di Sostenibilità - SSAE (Italia), we exercise professional judgment and maintain professional skepticism throughout the engagement.

Our responsibilities include:

- considering risks to identify and assess the disclosure where a material misstatement is likely to arise, either due to fraud or error;

- designing and performing procedures to verify disclosures in the sustainability statement where material misstatements are likely to arise. The risk of not detecting a material misstatement due to fraud is higher than the risk of not identifying a material misstatement due to error, as fraud may involve collusion, falsifications, intentional omissions, misrepresentations, or the override of internal control;

- the direction, supervision and performance of the limited assurance engagement of the consolidated sustainability statement. We remain solely responsible for the conclusion on the consolidated sustainability statement.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence as the basis for expressing our conclusion.

The procedures performed on the consolidated sustainability statement are based on our professional judgement and included inquiries, primarily with the personnel of the Group responsible for the preparation of information included in the consolidated sustainability statement, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically, we performed the following main procedures partly in a preliminary phase before year end and then in a final phase up to the the date of issuance of this report:

- understanding the business model, the Group's strategies and the context in which the Group operates with reference to sustainability matters;

- understanding the processes underlying the generation, collection, and management of qualitative and quantitative information included in the consolidated sustainability statement, including an analysis of the reporting perimeter;

- understanding the process carried out by the Group for the identification and evaluation of material impacts, risks and opportunities, based on the principle of double materiality, with reference to sustainability matters;

- identification of the information where a risk of material misstatement is likely to arise, taking into considerations, among others, risk factors related to the generation and collection of the information, to the existence of estimates and to the complexity of the calculation methods, as well as quantitative factors related to the nature of such information;

- design and performance of procedures, based on the professional judgment of the auditor of the consolidated sustainability report, to respond to identified risks of material misstatement, also with the support of Deloitte specialists, with particular reference to specific environmental information;

- understanding of the process set up by the Group to identify eligible economic activities and determine their aligned nature according to the requirements of the Taxonomy Regulation, and verifying the related information included in the consolidated sustainability statement;

- comparison of the information reported in the consolidated sustainability statement with the information included in the consolidated financial statements pursuant to the applicable financial reporting framework, or with the accounting data used for the preparation of the financial statements, or with the management data accounting in nature;

- verification of the structure and presentation of the information included in the consolidated sustainability statement in accordance with ESRS, included the information related to the materiality assessment process;

- obtaining the representation letter.

DELOITTE & TOUCHE S.p.A.,

Signed by
Giovanni Borasio
Partner

Bologna, Italy
March 27, 2025

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Emak Group
Consolidated Financial Statements at 31 December 2024

Consolidated financial statements

Consolidated Income Statement

Thousand of Euro

CONSOLIDATED INCOME STATEMENT	Notes	Year 2024	of which to related parties	Year 2023	of which to related parties
Revenues from sales	10	**601,914**	**970**	**566,317**	**969**
Other operating incomes	10	5,089		5,493	
Change in inventories		14,134		755	
Raw materials, consumables and goods	11	(323,486)	(2,450)	(298,310)	(1,754)
Personnel expenses	12	(120,549)		(105,036)	
Other operating costs and provisions	13	(116,221)	(769)	(102,915)	(643)
Amortization, depreciation and impairment losses	14	(36,470)	(1,874)	(29,080)	(1,859)
Operating result		**24,411**		**37,224**	
Financial income	15	4,843		5,621	
Financial expenses	15	(18,119)	(355)	(17,830)	(384)
Exchange gains and losses	15	(654)		418	
Income from/(expenses on) equity investment	22	4		2	
Profit befor taxes		**10,485**		**25,435**	
Income taxes	16	(3,985)		(5,513)	
Net profit (A)		**6,500**		**19,922**	
(Profit)/loss attributable to non controlling interests		(745)		(847)	
Net profit attributable to the Group		**5,755**		**19,075**	
Basic earnings per share	17	**0.035**		**0.117**	
Diluted earnings per share	17	**0.035**		**0.117**	

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME	Notes	Year 2024	Year 2023
Net profit (A)		**6,500**	**19,922**
Profits/(losses) deriving from the conversion of foreign company accounts		(3,591)	(2,192)
Actuarial profits/(losses) deriving from defined benefit plans (*)	33	50	(43)
Income taxes on OCI (*)		(14)	11
Total other components to be included in the comprehensive income statement (B)		**(3,555)**	**(2,224)**
Total comprehensive income for the perdiod (A)+(B)		**2,945**	**17,698**
Comprehensive net profit attributable to non controlling interests (C)		**(386)**	**(844)**
Comprehensive net profit attributable to the Group (A)+(B)+(C)		**2,559**	**16,854**

(*) Items will not be classified in the income statement

In accordance with the CONSOB resolution no. 15519 of July 27 2006, the effects of transactions with related parties on the consolidated income statement are shown in the scheme and are further described and discussed in note 40.

Statement of consolidated financial position

Thousand of Euro

ASSETS	Notes	31.12.2024	of which to related parties	31.12.2023	of which to related parties
Non-current assets					
Property, plant and equipment	18	93,248		86,021	
Intangible assets	19	32,474		29,228	
Rights of use	20	41,670	11,194	41,907	13,014
Goodwill	21	67,176	9,914	72,554	9,914
Equity investments in other companies	22	8		8	
Equity investments in associates	22	806		802	
Deferred tax assets	32	13,517		11,531	
Other financial assets	27	1,182	37	1,267	74
Other assets	24	97		96	
Total non-current assets		**250,178**		**243,414**	
Current assets					
Inventories	25	251,684		234,656	
Trade and other receivables	24	133,620	1,963	121,936	2,132
Current tax receivables	32	10,450		11,249	
Other financial assets	27	38	37	59	37
Derivative financial instruments	23	370		1,028	
Cash and cash equivalents	26	69,174		75,661	
Total current assets		**465,336**		**444,589**	
TOTAL ASSETS		**715,514**		**688,003**	

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31.12.2024	of which to related parties	31.12.2023	of which to related parties
Shareholders' Equity					
Shareholders' Equity of the Group	28	275,947		279,352	
Non-controlling interests		4,367		4,315	
Total Shareholders' Equity		**280,314**		**283,667**	
Non-current liabilities					
Loans and borrowings due to banks and other lenders	30	161,261		138,547	
Liabilities for leasing	31	35,552	10,040	36,433	11,867
Deferred tax liabilities	32	9,006		7,968	
Employee benefits	33	6,535		6,066	
Provisions for risks and charges	34	2,735		2,885	
Other liabilities	35	730		1,653	
Total non-current liabilities		**215,819**		**193,552**	
Current liabilities					
Trade and other payables	29	128,142	1,676	109,772	1,606
Current tax liabilities	32	4,876		4,691	
Loans and borrowings due to banks and other lenders	30	74,300		86,424	
Liabilities for leasing	31	8,632	1,874	7,503	1,819
Derivative financial instruments	23	978		603	
Provisions for risks and charges	34	2,453		1,791	
Total current liabilities		**219,381**		**210,784**	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**715,514**		**688,003**	

In accordance with the CONSOB resolution no. 15519 of July 27 2006, the effects of related party transactions on the financial position are shown in the scheme and are further described and discussed in note 40.

Statement of changes in consolidated equity for the Emak Group at 31.12.2023 and at 31.12.2024

Thousand of Euro	SHARE CAPITAL	SHARE PREMIUM	Treasury Shares	OTHER RESERVES					RETAINED EARNINGS		TOTAL GROUP	EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	TOTAL
				Legal reserve	Revaluation reserve	Cumulative translation adjustment	Reserve IAS 19	Other reserves	Retained earnings	Net profit of the period			
Balance at 31.12.2022	**42,623**	**41,513**	**(2,835)**	**4,247**	**4,353**	**2,264**	**(952)**	**32,339**	**119,183**	**30,268**	**273,003**	**3,984**	**276,987**
Profit reclassification				722				3,144	15,818	(30,268)	**(10,584)**	(204)	**(10,788)**
Other changes									79		**79**	(309)	**(230)**
Net profit for the period						(2,189)	(32)			19,075	**16,854**	844	**17,698**
Balance at 31.12.2023	**42,623**	**41,513**	**(2,835)**	**4,969**	**4,353**	**75**	**(984)**	**35,483**	**135,080**	**19,075**	**279,352**	**4,315**	**283,667**
Profit reclassification				522				2,598	8,627	(19,075)	**(7,328)**	(243)	**(7,571)**
Other changes									1,364		**1,364**	(91)	**1,273**
Net profit for the period						(3,232)	36			5,755	**2,559**	386	**2,945**
Balance at 31.12.2024	**42,623**	**41,513**	**(2,835)**	**5,491**	**4,353**	**(3,157)**	**(948)**	**38,081**	**145,071**	**5,755**	**275,947**	**4,367**	**280,314**

Consolidated Cash Flow Statement

(€/000)	Notes	31.12.2024	31.12.2023
Cash flow from operations			
Net profit for the period		**6,500**	**19,922**
Amortization, depreciation and impairment losses	**14**	36,470	29,080
Financial expenses from discounting of debts and other income/expenses from non-monetary transactions	**15**	49	80
Income from/(expenses on) equity investment	**15**	(4)	(2)
Financial (income)/ Expenses from adjustment of estimated liabilities for outstanding commitment associates' shares	**15**	(1,292)	(1,427)
Capital (gains)/losses on disposal of property, plant and equipment		(236)	(183)
Decreases/(increases) in trade and other receivables		(10,277)	314
Decreases/(increases) in inventories		(14,363)	11,978
(Decreases)/increases in trade and other payables		14,338	(4,270)
Change in employee benefits		(39)	(225)
(Decreases)/increases in provisions for risks and charges		450	292
Change in derivative financial instruments		1,046	1,561
Cash flow from operations		**32,642**	**57,120**
Cash flow from investing activities			
Change in property, plant and equipment and intangible assets		(24,125)	(22,851)
(Increases) and decreases in securities and financial assets		82	(923)
Proceeds from disposal of property, plant and equipment and other changes		236	183
Change in scope of consolidation	**7**	(11,889)	(20,304)
Cash flow from investing activities		**(35,696)**	**(43,895)**
Cash flow from financing activities			
Other changes in equity		73	(262)
Change in short and long-term loans and borrowings		8,850	(1,796)
Liabilities for leasing refund		(8,624)	(7,756)
Dividends paid		(7,571)	(10,788)
Cash flow from financing activities		**(7,272)**	**(20,602)**
Total cash flow from operations, investing and financing activities		**(10,326)**	**(7,377)**
Effect of changes from exchange rates and translation reserve		**2,470**	**(3,063)**
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(7,856)**	**(10,440)**
OPENING CASH AND CASH EQUIVALENTS		**72,909**	**83,349**
CLOSING CASH AND CASH EQUIVALENTS		**65,053**	**72,909**

ADDITIONAL INFORMATION ON THE CASH FLOW STATEMENT

(€/000)		31.12.2024	31.12.2023
RECONCILIATION OF CASH AND CASH EQUIVALENTS			
Opening cash and cash equivalents, detailed as follows:	**26**	**72,909**	**83,349**
Cash and cash equivalents		75,661	86,477
Overdrafts		(2,752)	(3,128)
Closing cash and cash equivalents, detailed as follows:	**26**	**65,053**	**72,909**
Cash and cash equivalents		69,174	75,661
Overdrafts		(4,121)	(2,752)
Other information:			
Income taxes paid		(6,747)	(9,228)
Financial interest income		1,666	1,104
Financial expenses paid		(13,990)	(11,700)
Change in related party receivables and service transactions		169	(1,053)
Change in related party payables and service transactions		70	373
Change in current tax receivables		1,042	(1,282)
Change in current tax liabilities		(293)	(293)
Change in related party financial assets		37	37
Related party liabilities for leasing refund		(2,180)	(2,163)

In accordance with the CONSOB resolution no. 15519 of July 27 2006, the effects of transactions with related parties on the consolidated cash flow statement are shown in the section Other information.

Explanatory notes to the consolidated financial statements of Emak Group

Index

1. General Information

Emak S.p.A. (hereinafter "Emak" or the "Parent Company") is a public company, with registered offices in Via Fermi, 4 in Bagnolo in Piano (RE). It is listed on the Italian stock market (MTA) on the EURONEXT STAR segment.

Emak S.p.A. is controlled by Yama S.p.A., a non-financial holding company, which holds the majority of its capital and appoints, in accordance with law and statute, the majority of the members of its governing bodies. Emak S.p.A., nonetheless, is not subject to management or coordination on the part of Yama S.p.A., and its Board of Directors makes its own strategic and operating choices in complete autonomy.

Values shown in these notes are in thousands of Euros, unless otherwise stated.

The Board of Directors of Emak S.p.A. on March 13, 2025 approved the Financial Report to December 31, 2024, also prepared according to the format required by the European Commission Regulation 2018/815 / EU (European Single Electronic Format) and ordered his immediate notification under Art. 154-ter, paragraph 1-ter TUF, to the Board of Auditors and to the Auditing firm in order for them to carry out their relative duties. In connection with this communication, the company has issued an appropriate press release with the key figures of the financial statements and the proposal for the allocation of the profit for the year submitted for approval by the Shareholders' Meeting convened for 29 April 2025.

The financial statements and consolidated financial statements are subject to statutory audit by Deloitte &Touche S.p.A.

1.1 Information about the current geopolitical context

Please refer to chapter 2 of the interim Directors' report.

2. Summary of principal accounting policies

The main accounting policies used in the preparation of these consolidated financial statements are explained below and, unless otherwise indicated, have been uniformly adopted for all periods presented.

2.1 General methods of preparation

The consolidated financial statements of Emak S.p.A. and its subsidiaries (hereinafter "Emak Group" or "the Group") have been prepared in accordance with the IFRS standards issued by the International Accounting Standards Board and adopted by the European Union at the date of preparing this report. The term IFRS also refers to all valid International Accounting Standards (IAS) still in force, as well as all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).

The consolidated financial statements have been prepared under the historical cost method, except for those financial assets and liabilities (including derivative instruments) measured at fair value.

On the basis of information available and of the current and foreseeable income and financial situation, the Directors have drawn up the financial statements according to the going concern assumption.
On the basis of factors known to us, that is, the current situation and future forecasts of key economic, statement of financial position and financial figures for the Group, and of an analysis of the Group's risks, there are no significant uncertainties that may compromise the Group's status as a going concern in the foreseeable future.

In accordance with the provisions of IAS 1, the consolidated statement of financial position is constituted by the following reports and documents:

- Statement of consolidated financial position: based on the distinction between current and non-current assets and current and non-current liabilities;

- Consolidated Income Statement and Consolidated Statement of other Comprehensive Income: classification of items of income and expense according to their nature and with representation of the operating result that does not include the effects of exchange differences and income from/(expenses on) equity investment, as per the accounting policy historically adopted by the Group;
- Consolidated Cash flow Statement: based on a presentation of cash flows using the indirect method;
- Consolidated Statement of Changes in Equity;
- Notes to the consolidated financial statements.

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates by the Directors.
The areas involving a higher degree of judgment or complexity and areas in which assumptions and estimates could have a significant impact on the consolidated financial statements are discussed in Note 5.

With reference to Consob Resolution no. 15519 of 27 July 2006 regarding the presentation of financial statements, it should be noted that the income statement and the statement of financial position show dealings with related parties.

2.2 Methods of consolidation

Subsidiaries
The consolidated financial statements of the Emak Group include the financial statements of Emak S.p.A. and the Italian and foreign companies over which Emak exercises direct or indirect control by governing their financial and operating policies and receiving the related benefits, according to the criteria established by IFRS 10.

The acquisition of subsidiaries is accounted for using the purchase method (“Acquisition method”), except for those acquired in 2011 from the parent company Yama S.p.A. The cost of acquisition initially corresponds to the fair value of the assets acquired, the financial instruments issued and the liabilities at the date of acquisition. The excess of the cost of acquisition over the group's share of the fair value of the net identifiable assets acquired is recognized as goodwill.

If the cost of acquisition is lower, the difference is directly expensed to income (Note 2.7). The financial statements of subsidiaries are included in the consolidated accounts starting from the date of taking control to when such control ceases to exist. Minority interests and the amount of profit or loss for the period attributable to minorities are shown separately in the consolidated statement of financial position and income statement.

Subsidiaries are consolidated line-by-line from the date that the Group obtains control.
In business combinations carried out in several phases, with the presence of previous parent-subsidiary relationship, full consolidation takes place from the date of acquisition of control and on the same date the remeasurement at fair value of the previously held investment takes place.

It should be noted that:
- the subsidiary Valley LLP, owned by Comet Usa Inc with a share of 94%, is consolidated at 100% as a result of the "Put and Call Option Agreement" which regulates the acquisition of the remaining 6% held by a company linked to the current CEO of the subsidiary;
- Markusson Professional Grinders AB, participated by Tecomec S.r.l., with a share of 81%, is consolidated at 100% on the basis of the "Put and Call Option Agreement" which regulates the purchase of the remaining 19%.
- Agres Sistemas Eletrônicos S.A., participated by Tecomec S.r.l., with a share of 95.5%, is consolidated at 100% on the basis of the "Put and Call Option Agreement" which regulates the purchase of the remaining 4.5%;
- Poli S.r.l., participated by Comet S.p.A., with a share of 80%, is consolidated at 100% on the basis of the "Put and Call Option Agreement" which regulates the purchase of the remaining 20%.

Intercompany transactions
Transactions, balances and unrealized profits relating to operations between Group companies are eliminated. Unrealized losses are similarly eliminated, unless the operation involves a loss in value of the asset transferred.

The financial statements of the enterprises included in the scope of consolidation have been suitably adjusted, where necessary, to align them with the accounting principles adopted by the Group.

Associated companies

Associated companies are companies in which the Group exercises significant influence, as defined by IAS 28 - Investments in Associates and joint venture, but not control over financial and operating policies.

Investments in associated companies are accounted for with the equity method starting from the date the significant influence begins, up to when such influence ceases to exist.

Scope of consolidation

The scope of consolidation at December 31, 2024 include the following companies consolidated using the full consolidation method:

Name	Head office	Share capitale	Currency	% consolidated	Held by	% of equity investment
Parent Company						
Emak S.p.A.	Bagnolo in Piano - RE (I)	42,623,057	€			
Italy						
Comet S.p.A.	Reggio Emilia (I)	2,600,000	€	100.00	Emak S.p.A.	100.00
PTC S.r.l.	Rubiera - RE (I)	55,556	€	100.00	Comet S.p.A.	100.00
Sabart S.r.l.	Reggio Emilia (I)	1,900,000	€	100.00	Emak S.p.A.	100.00
Tecomec S.r.l.	Reggio Emilia (I)	1,580,000	€	100.00	Emak S.p.A.	100.00
Lavorwash S.p.A.	Pegognaga - MN (I)	3,186,161	€	98.92	Comet S.p.A.	98.92
Poli S.r.l. (1)	Colorno - PR (I)	60,000	€	100.00	Comet S.p.A.	80.00
Pnr Italia S.r.l.	Voghera - PV (I)	1,000,000	€	100.00	Tecomec S.r.l.	100.00
Europe						
Emak Suministros Espana SA	Getafe - Madrid (E)	270,459	€	90.00	Emak S.p.A.	90.00
Comet France SAS	Wolfisheim (F)	320,000	€	100.00	Comet S.p.A.	100.00
Emak Deutschland Gmbh	Fellbach - Oeffingen (D)	553,218	€	100.00	Emak S.p.A.	100.00
Emak France SAS	Rixheim (F)	2,000,000	€	100.00	Emak S.p.A.	100.00
Emak U.K. Ltd	Burntwood (UK)	342,090	GBP	100.00	Emak S.p.A.	100.00
Epicenter LLC	Kiev (UA)	19,026,200	UAH	100.00	Emak S.p.A.	100.00
Speed France SAS	Arnas (F)	300,000	€	100.00	Tecomec S.r.l.	100.00
Victus-Emak Sp. Z o.o.	Poznan (PL)	10,168,000	PLN	100.00	Emak S.p.A.	100.00
Lavorwash France S.A.S	Wolfisheim (F)	37,000	€	98.92	Lavorwash S.p.A.	100.00
Lavorwash GB Ltd	St. Helens Merseyside (UK)	900,000	GBP	98.92	Lavorwash S.p.A.	100.00
Lavorwash Polska SP.ZOO	Bydgoszcz (PL)	163,500	PLN	98.92	Lavorwash S.p.A.	100.00
Lavorwash Iberica S.L.	Tarragona (E)	80,000	€	98.92	Lavorwash S.p.A.	100.00
Markusson Professional Grinders AB (2)	Rimbo (SE)	50,000	SEK	100.00	Tecomec S.r.l.	81.00
Trebol Maquinaria y Suministros S.A.	A Coruña (E)	75,000	€	83.33	Sabart S.r.l.	83.33
Pnr EE Sp. Z.o.o.	Poznan (PL)	5,000	PLN	100.00	Pnr Italia S.r.l.	100.00
PNR Central Europe GmbH	Freilassing (D)	25,000	€	100.00	Pnr Italia S.r.l.	100.00
Spraylab Northern Europe AB	Stoccolma (SE)	9,579	€	100.00	Pnr Italia S.r.l.	100.00
America						
Comet Usa Inc	Burnsville - Minnesota (USA)	231,090	USD	100.00	Comet S.p.A.	100.00
Comet do Brasil Industria e Comercio de Equipamentos Ltda	Indaiatuba (BR)	51,777,052	BRL	100.00	Comet S.p.A.	99.63
					PTC S.r.l.	0.37
Emak do Brasil Industria LTDA	Ribeirao Preto (BR)	23,557,909	BRL	100.00	Emak S.p.A.	99.99
					Comet do Brasil LTDA	0.01
PTC Waterblasting LLC	Burnsville - Minnesota (USA)	285,000	USD	100.00	Comet Usa Inc	100.00
S.I. Agro Mexico	Guadalajara (MEX)	1,000,000	MXN	100.00	Comet S.p.A.	97.00
					PTC S.r.l.	3.00
Speed South America S.p.A.	Providencia - Santiago (RCH)	444,850,860	CLP	100.00	Speed France SAS	100.00
Valley Industries LLP (3)	Paynesville - Minnesota (USA)	-	USD	100.00	Comet Usa Inc	94.00
Speed North America Inc.	Wooster - Ohio (USA)	10	USD	100.00	Speed France SAS	100.00
Lavorwash Brasil Ind. Ltda	Indaiatuba (BR)	34,285,838	BRL	98.92	Lavorwash S.p.A.	99.99
					Comet do Brasil LTDA	0.01
Spraycom comercio de pecas para agricoltura S.A.	Catanduva (BR)	533,410	BRL	51.00	Tecomec S.r.l.	51.00
Agres Sistemas Eletrônicos S.A. (4)	Pinais (BR)	2,224,787	BRL	100.00	Tecomec S.r.l.	95.50
PNR America LLC	Poughkeepsie - New York (USA)	1,000	USD	99.00	Pnr Italia S.r.l.	99.00
Rest of the world						
Jiangmen Emak Outdoor Power Equipment Co.Ltd	Jiangmen (RPC)	20,425,994	RMB	100.00	Emak S.p.A.	100.00
Ningbo Tecomec Manufacturing Co. Ltd	Ningbo City (RPC)	8,029,494	RMB	100.00	Tecomec S.r.l.	100.00
Tai Long (Zhuhai) Machinery Manufacturing Ltd	Zhuhai (RPC)	16,353,001	RMB	100.00	Emak S.p.A.	100.00
Speed Line South Africa Ltd	Pietermaritzburg (ZA)	100	ZAR	51.00	Speed France SAS	51.00
Yongkang Lavorwash Equipment Co. Ltd	Yongkang City (RPC)	63,016,019	RMB	98.92	Lavorwash S.p.A.	100.00
Yongkang Lavorwash Trading Co. Ltd	Yongkang City (RPC)	3,930,579	RMB	98.92	Lavorwash S.p.A.	100.00
Jiangmen Autech Equipment Co. Ltd	Jiangmen (RPC)	5,106,499	RMB	100.00	Emak S.p.A.	100.00

(1) Poli S.r.l. is consolidated at 100% as a result of the "Put and Call Option Agreement" which regulates the acquisition of the remaining 20%.
(2) Markusson Professional Grinders AB is consolidated at 100% as a result of the "Put and Call Option Agreement" which regulates the acquisition of the remaining 19%.
(3) Valley Industries LLP is consolidated at 100% as a result of the "Put and Call Option Agreement" which regulates the acquisition of the remaining 6%.
(4) Agres Sistemas Eletrônicos S.A. is consolidated at 100% as a result of the "Put and Call Option Agreement" which regulates the acquisition of the remaining 4.5%.

Compared to 31 December 2023, the PNR Group entered the scope of consolidation, as of January 1, 2024, following the acquisition by Tecomec S.r.l. of the 79.995% of the share capital of the PNR Italia S.r.l. on January 15, 2024. Subsequently, on June 10, 2024, Tecomec S.r.l. proceeded to acquire the remaining 20.005% of the share capital of PNR Italia S.r.l.
For further information regarding the acquisition of the PNR Group, please refer to the notes of this report.

In 2023, the income statement of the company Bestway LLC (acquired by Valley LLP on February 1, 2023, and subsequently merged by incorporation by the buyer) had been consolidated for eleven months.

We also note the change in the percentage investment in Lavorwash S.p.A., which went from 98.91% to 98.92% following the purchase of shares from some minority shareholders.

The associated company Raw Power S.r.l., with headquarters in Reggio Emilia (Italy) and share capital of € 75,292, is 24% held by Emak S.p.A. and consolidated starting from the first quarter of 2023 with the equity method.

2.3 Translation differences

Functional currency and presentation currency
Transactions included in the financial statements of each group company are recorded using the currency of the primary economic environment in which the company operates (functional currency). The consolidated financial statements are presented in Euro, the functional and presentation currency of the Parent Company.

Transactions and balances
Transactions in foreign currencies are translated at the exchange rates at the dates of the transactions. Gains and losses arising from foreign exchange receipts and payments in foreign currency and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in income.

Consolidation of foreign companies financial statements
The financial statements of all Group companies are prepared in accordance with IAS / IFRS in accordance with the accounting principles of Emak S.p.A.

The financial statements with functional currency different from the presentation currency of the consolidated financial statements are translated as follows:
(i) assets and liabilities are translated at the closing rate on the statement of financial position date;
(ii) income and expenses are translated at the average rate for the period;
(iii) all translation differences are recognized as a separate reserve under equity ("cumulative translation adjustment");
(iv) the other residual transactions are recorded at the specific exchange rate of the transaction.

The main exchange rates used for the translation in Euro of the financial statements expressed in foreign currencies are the following:

Amount of foreign for 1 Euro	Average 2024	31.12.2024	Average 2023	31.12.2023
GB Pounds (UK)	0.85	0.83	0.87	0.87
Renminbi (China)	7.79	7.58	7.66	7.85
Dollar (Usa)	1.08	1.04	1.08	1.11
Zloty (Poland)	4.31	4.28	4.54	4.34
Zar (South Africa)	19.83	19.62	19.96	20.35
Uah (Ukraine)	43.49	43.69	39.54	42.00
Real (Brazil)	5.83	6.43	5.40	5.36
Mexican Pesos (Mexico)	19.83	21.55	19.18	18.72
Chilean Pesos (Chile)	1,020.66	1,033.76	908.20	977.07
Swedish krona (Sweden)	11.43	11.46	11.48	11.10

2.4 Property, plant and equipment

Land and buildings largely comprise production facilities, warehouses and offices; they are stated at historical cost, plus any legal revaluations carried out in years prior to the first-time adoption of IAS/IFRS and kept in the financial statements during the transition period having the Group identified the residual value of the respective assets recorded in the balance sheet at that date as the fair value of the assets and opted to use this value as a substitute for cost at the transition date (so-called "Deemed Cost"), less the accumulated depreciation of the buildings. Other assets are recorded at historical cost, less accumulated depreciation and impairment. Historical cost includes all the directly attributable costs of purchasing the assets.

Subsequent expenditure is added to the carrying amount of the asset or is accounted for as a separate asset only when it is probable that this expenditure will generate future economic benefits and these costs can be measured reliably. Expenditure on other repairs and maintenance is expensed to income in the period incurred.

Land is not depreciated. Other assets are depreciated on a straight-line basis over their estimated useful lives generally as follows:

- buildings, 33 years;
- light construction, 10 years;
- plant and machinery, 6-10 years;
- molds for the production, 4-6 years;
- other, 4-8 years.

The residual value and useful life of assets is reviewed and amended, if necessary, at the end of each financial year.

If the carrying amount of any asset is higher than the estimated recoverable amount, it is immediately reduced to realizable value.

Government grants obtained for investments in buildings and machinery are recognized in the income statement over the period required to match these grants with the related amortization plans and are treated as deferred income.

2.5 Intangible assets

(a) Development costs
These are intangible assets with a finite life. The development costs of new products are capitalized only if the following conditions are met:

- the costs can be measured reliably;
- the product's technical feasibility and expected price and volumes indicate that the costs incurred for development will generate future economic benefits.

An intangible asset, generated in the development phase of an internal project, is recorded as an asset if the Company is able to demonstrate:
- the technical possibility of completing the intangible asset, so that it becomes available for use or sale;
- the intention to complete the asset and its ability to use it or sell it;
- the means by which the asset will generate future economic benefits;
- the availability of resources to complete the asset;
- the availability of adequate technical, financial and other types of resources to complete the development and to use or sell the asset;
- the ability to reliably evaluate the cost attributable to the asset during its development;
- the ability to use the intangible asset generated.

The amortisation of development costs, classified under the “Development costs” heading, accrues from the end of the development phase and when the relevant asset begins to generate economic benefits.
In the period in which capitalisable internal development costs are incurred, they may be suspended in the income statement as a reduction of the cost items affected and classified under intangible fixed assets.

Capitalised development costs are amortised on the basis of an estimate of the period in which it is expected that the assets in question will generate cash flows and, in any case, for periods of not more than 5 years starting from the start of production of the products pertaining to the development activities.
All other development costs which do not meet the requirements for being capitalised are recorded in the income statement when incurred.

Government grants obtained for investments in development costs are recognized in the income statement over the period necessary to correlate them with the related amortization plans and are treated as deferred income.

(b) Concessions, licenses and trademarks
Trademarks and licenses are valued at historical cost, except the trademarks acquired throught the transaction of *Business Combination* which are initially recorded at their *fair value*. Trademarks and licenses have a finite useful life and are stated after deducting accumulated amortization. Amortization is calculated on a straight-line basis so as to spread the asset's cost over its estimated useful life.

(c) Other intangible assets
Other intangible assets are recorded as prescribed by IAS 38 – *Intangible assets*, when it is identifiable, it is probable that it will generate future economic benefits and its cost can be measured reliably. Intangible assets are recognized at purchase cost, with the exception of the Customers Lists recognized following the acquisitions and inizially entered at their fair value. Other intangible assets are amortized on a systematic basis over their estimated useful lives, and in any case for a duration ranging from 5 to 15 years.

The agreements relating to the specific part of cloud technology, Software-as-a-Service (Saas), are accounted for in accordance with the interpretations published by the IFRIC, according to which the costs incurred for the customization of the application software to a supplier in an agreement Software-as-a-Service (SaaS) are capitalized only when the requisites envisaged by IAS 38 exist and in particular such personalization activities are carried out directly on the information systems under the control of the Group / Company. Alternatively, these costs are recorded directly in the income statement, similarly to software configuration costs.

2.6 Rights of use

The right to use the leased asset (so-called "*right of use*") is classified in the balance sheet among non-current assets.
The right of use asset is initially recognized at cost, determined as the sum of the following components:
- initial value of the liability deriving from lease (paragraph 2.19);
- any payments made before the start date of the contract, net of any incentives received;
- initial direct costs incurred by the lessee;
- the estimate of the costs that the lessee expects to incur for the dismantling, removal and demolition of the underlying asset.

Following the initial recognition, the right of use is adjusted to take into account the accumulated depreciation rates, any impairment losses and related effects and any restatements of the liability.
Depreciation rates are recognized on a straight-line basis and are accounted in the income statement under the item " Amortization, depreciation and impairment losses".

The Group used the exemption granted to IFRS 16 for *short-term leases* and for *low-value asset,* recognizing the payments relating to these types of leases in the income statement as operating costs over the duration of the leasing contract.

In relation to the renewal options, the Group proceeded to make an estimate of the duration of the related leasing contracts taking into account the reasonable certainty of exercising the option.

2.7 Goodwill

The goodwill deriving from the purchase of subsidiaries, classified under non-current assets, is initially recorded at cost value the excess of the consideration paid and the amount recorded for minority interests,

recognized as of the acquisition date, compared to the net assets identifiable acquired and liabilities assumed by the Group. If the consideration is less than the fair value of net assets of the subsidiary acquired, the difference is recognized in the income statement.
Goodwill is considered by the Emak Group an asset with an indefinite useful life. Consequently, this asset is not amortized but is subject to regular checks to detect any impairment.
Goodwill is allocated to the business units that generate separately identifiable cash flows and monitored in order to allow the verification of impairment.
Goodwill relating to associates is included in the value of the investment.

2.8 Impairment of assets

Assets with an indefinite life are not amortized or depreciated but are reviewed at least annually for any impairment and whenever there are indications of possible losses in value. Assets subject to amortization or depreciation are reviewed for impairment every time that events or changes in circumstances indicate that their carrying value might not be recoverable.
The impairment loss recognized is the amount by which the carrying amount of an asset exceeds its recoverable amount, corresponding to the higher of the asset's net selling price and its value in use. For the purposes of measuring impairment, assets are classified together into the smallest identifiable groups that generate cash inflows (cash-generating units) as required by IAS 36.
The aforementioned impairment test necessarily requires making subjective valuations based on information available within the Group, on reference market prospects and on historical trends. In addition, if there appears to be a potential reduction in value, the Group makes a calculation of the value using what it considers to be suitable valuation techniques.
The same value checks and the same valuation techniques are applied to intangible and property, plant and equipment with a defined useful life when there are indicators that predict difficulties in recovering the relative net book value through use.
The correct identification of indicators of the existence of a potential reduction in value, as well as estimates for establishing values, mainly depend on factors and conditions that may vary over time, also to a significant degree, thereby influencing the valuations and estimates made by the Directors.

2.9 Investment property

Property held for long-term capital appreciation and buildings held to earn rentals are measured at cost, less depreciation and any impairment losses.

2.10 Financial assets

All financial assets falling within the application of IFRS 9 are recognised at amortised cost or at *fair value* based on the identified business model for the management of financial assets and the characteristics of the contractual cash flows of the financial asset.
Specifically, the Group has identified the following <u>financial assets</u>:

- financial assets held as part of a business model in which the objective is to collect contractual cash flows, represented uniquely by collections of principal and interest on the capital amount to be returned. Said assets are valued at amortised cost;
- financial assets held as part of a business model in which the objective is achieved both through the collection of contractual financial cash flows and through the sale of the asset: said assets are valued at fair value with variations recorded in profit (loss) (FVTPL);
- other financial assets are valued at fair value, with variations recorded in profit (loss) for the financial period (FVTPL).

With reference to financial assets valued at amortised cost, when the contractual cash flows of the financial asset are renegotiated or otherwise modified and the renegotiation or modification does not produce derecognition, the gross accounting value of the financial asset is recalculated and the profit or loss deriving from the modification is recorded in the profit (loss) for the financial period.

Any cost or commission incurred adjust the accounting value of the modified financial asset and are amortised along the remaining term of the asset.

Financial assets are derecognised when the contractual rights on the cash flows expire or substantially all the risks and benefits connected with the holding of the asset are transferred (so-called *Derecognition*), or in the event that the item is considered as definitively unrecoverable after all the necessary recovery procedures have been completed.

Financial assets and liabilities are offset in the balance sheet when there is the legal right to offsetting in the period and when there is the intention to adjust the ratio on a net basis (or to realise the asset and simultaneously settle the liability).

With regards to the loss of value of financial assets, the Group applies a model based on expected losses on receivables at every balance sheet reference date in order to reflect the variations in credit risk occurring since the initial recognition of the financial asset

2.11 Non-current assets and liabilities held for sale

In these items are to be classified as assets held for sale and disposal when:

a) the asset is available for immediate sale;
b) the sale is highly probable within one year;
c) management is committed to a plan to sell;
d) a reasonable sales price is available;
e) the plan for disposal is unlikely to change;
f) a buyer is being actively sought.

This condition is met only if the sale is considered highly probable and the asset (or group of assets) is available for an immediate sale in its current state. The first condition is met when the Management is committed to the selling, that should happen within twelve months from the classification date of this item.
These assets are measured at the lower of their carrying amount and *fair value* less costs to sell. Assets reclassified to this category cease to be amortized.

2.12 Shareholdings in associated companies

Shareholdings of the Group in associated companies are valued with the equity method. With the equity method, the shareholding in an associated company is initially recognised at cost. The book value of the shareholding is increased or decreased to recognise the proportional share of the profits and losses of the associated company realised after the date of acquisition, taking into consideration any effect deriving from the elimination of non-realised intergroup margins. The income statement reflects the share of the result for the financial period of the associated company pertaining to the Group.
The aggregate share of the result for the financial period of associated companies pertaining to the Group is recognised in the income statement and represents the result net of taxes and the share of results attributable to other shareholders of the associated company.
The financial statements of associated companies are drawn up at the same closing date as the financial statements of the Group. Where necessary, the financial statements are adjusted to be in line with the Group’s accounting principles.

2.13 Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. The cost of finished products and work in progress includes raw material costs, direct labor costs, general manufacturing costs and other direct and indirect costs incurred in bringing the inventories to their present location and condition. Net realizable value is determined using prevailing selling prices less estimated costs of completion and sale.

Obsolete or slow-moving stocks are devalued on the basis of the presumed possibility of their use or of their future realizable value, by creating an appropriate provision that has the effect of reducing the inventories value.

2.14 Trade receivables

Financial instruments are definable. Initial recognition is at fair value; for trade receivables without a significant financial component the initial recognised value is the transaction price. The assessment of the collectability of receivables is made on the basis of the so-called *Expected Credit Losses* model provided for by IFRS 9.

Trade receivables are recognized initially at fair value and subsequently measured at depreciated cost, using the effective interest method. They are recorded net of a bad debt provision, deducted directly from accounts receivable to bring the evaluation at their estimated realizable value. Expected losses on trade receivables are estimated using a provision matrix with aging bands of receivables, making reference to past experience regarding losses on credits, an analysis of debtors' financial positions, corrected to take account of specific factors regarding the debtor, and an assessment of the current and expected evolution of such factors at the balance sheet reference date.
A provision for the impairment of trade receivables is recognized when there is objective evidence that the Group will be unable to collect all the amounts according to the original terms and conditions. The amount of the provision is charged to the income statement.

Factoring operations
The Group can make use of the instrument of the transfer of a part of its trade receivables through factoring operations and in particular can makes use of non-recourse sales of trade receivables. Following these possible disposals, which provide for the almost total and unconditional transfer of the risks and rewards relating to the assigned receivables to the assignee, the receivables themselves are derecognised from the financial statements.

2.15 Trade payables

Trade and other payables, due under normal commercial terms, are not discounted but are recognized at cost (identified by their face value), representing the expenditure required for their settlement.

2.16 Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits with banks and short-term financial investment with original maturities of three months or less highly liquid, net of overdrafts. Bank overdrafts are classified in the statement of financial position under short-term loans and borrowings under current liabilities.

In the consolidated cash flow cash and cash equivalents have been shown net of bank overdrafts at the closing date.

2.17 Share capital

Ordinary shares are classified under equity.

If a company of the Group purchases shares in the Parent company, the consideration paid, including any attributable transaction costs less the related tax, is deducted as treasury shares from the total equity pertaining to the Group until such time as these shares are cancelled or sold. Any proceeds from their sale, less directly attributable transaction costs and the related tax, are recognized in equity pertaining to the Group.

In accordance with the requirements of International accounting standard IAS 32, costs sustained for the increase in share capital (that is, registration costs or other charges due to regulation authorities, amounts paid to legal advisors, auditors or other professionals, printing costs, registration costs and stamp duty), are accounted for as a reduction in equity, net of any connected tax benefit, to the extent to which they are marginal costs directly attributable to the share capital operation and would have been avoided otherwise.

2.18 Loans and borrowings

Loans and borrowings are recognized initially at *fair value*, less the related transaction costs. They are subsequently measured at amortized cost; the difference between the amount received, less transaction costs, and the amount repayable is recognized in the income statement over the term of the loan, using the effective interest method.

In the event of non-substantial modifications in the terms of a financial instrument, the difference between the current value of cash flows as modified (determined using the effective interest rate of the instrument in force at the modification date) and the book value of the instrument is recorded in the income statement.

Loans and borrowings are classified as current liabilities if the Group does not have an unconditional right to defer the extinguishment of the liability to at least 12 months after the statement of financial position date.
Financial liabilities are removed from the balance sheet when the specific contractual obligation is discharged. Modification of the existing contractual terms is also treated as a discharge in the event the new conditions significantly change the original terms.
The financial liabilities initially measured at fair value also include the payables for the purchase of the residual minority shareholdings subject to the Put & Call Option.

2.19 Liabilities deriving from leases

The liabilities for leasing is initially recognized at an amount equal to the present value of the payments due not paid at the effective date, discounted using the implicit interest rate of the leasing for each contract or, if it cannot be easily determined, using the marginal financing rate. The latter is defined taking into account the periodicity of payments, the duration of the payments provided for in the leasing contract, the country and the Business Unit to which the lessee belongs.
Future payments considered in the calculation of the liability are as follows:

- Fixed payments, net of any incentives to be received;
- Variable payments;
- Estimate of the payment as guarantee of the residual value;
- Payment of the exercise price of the purchase option, if the lessee is reasonably certain to exercise it;
- Payment of contractual penalties for termination of the lease, if the lessee is reasonably certain that he is exercising this option.

Following initial recognition, the liabilities for leasing is subsequently increased by the interest that accrues, decreased by the payments due for the leasing and possibly revalued in case of modification of future payments in relation to:

- Change in the index or rate;
- Change in the amount that the Group expects to have to pay as a guarantee on the residual value;
- Modification of the estimate of the exercise or not of a purchase, extension or termination option.

The liabilities for leasing is considered by the Group to be of a financial nature and therefore is included in the calculation of the net financial position.

2.20 Taxes

Current taxes are the taxes accrued in accordance with the rules in force at the date of the financial statement in the various countries in which the Group operates; also include adjustments to prior years' taxes.
Deferred tax assets and liabilities are recorded to reflect all temporary differences at the reporting date between the carrying amount of an asset / liabilities for tax purposes and allocated according to the accounting principles applied.
Deferred tax assets and liabilities are calculated using tax rates established by current regulations.
Deferred tax assets are recognized on all temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.
The carrying amount of deferred tax assets is reviewed at each statement of financial position date and possibly reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow

the benefit of all or part of the deferred tax asset to be utilized. These assets are restored in the case in which are the conditions that have determined the excerpt.
As a general rule, apart from specific exceptions, deferred tax liabilities must always be recognized.
The Group analyses the *uncertain tax treatments* (individually or as a whole, depending on the characteristics) always assuming that the authority examines the tax position in question, having full knowledge of all the relevant information. In the event that it is considered unlikely that the tax authority will accept the tax treatment followed, the Group reflects the effect of uncertainty in measuring its current and deferred income taxes as required by IFRIC 23.

Income taxes (current and deferred) relating to items recognized directly in Equity are also recognized directly in Equity.
Current tax assets and liabilities are offset only if the company has a legally enforceable right to set off the recognized amounts and if it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities may be offset only if they are expected to become liquid, collectable and deductible at the same time, in relation to the same taxation authority.

2.21 Employee benefits

The employee termination indemnity comes within the sphere of defined benefit plans, subject to actuarial evaluations (deaths, the probability of terminations, etc.) and expresses the current value of the benefit, payable at the termination of employment, which employees have accrued up to the statement of financial position date.
The costs relating to the increase in the current value of the liability, arising as the time of payment approaches,are included among financial charges. All other costs included in the provision are posted to the income statement as a staff cost. Actuarial gains and losses are accounted for in the statement of changes in comprehensive income in the year in which they occur.

2.22 Provisions for risks and charges

Provisions for risks and charges are recognized when the Group has legal or constructive obligation arising from past events, is likely to be asked to pay the balance of the obligation and a reliable estimate can be made of the related amount.
Any liabilities defined as potential do not give rise to provisions for risks and charges.

2.23 Revenues

Revenues are recognized in the income statement on an accruals and temporal basis and are recognized to the extent that it is probable that the economic benefits associated with the sale of goods or the provision of services will flow to the Company and their amount can be reliably measured.
Revenues are accounted net of returns, discounts, rebates and taxes directly associated with the sale of goods or the provision of the service.

Sales are recognized at the fair value of the consideration received for the sale of products and services, when there are the following conditions:

a) are substantially transferred the risks and rewards of ownership of the property;
b) the amount of revenue can be measured reliably;
c) it is probable that the economic benefits associated with the transaction will flow to the entity;
d) the costs incurred or to be incurred can be measured reliably and respect the principle of correlation with revenues.

Accounting for revenues involves following the passages provided for by IFRS 15:

- Identification of the contract with the customer;
- identification of the *performance obligations* provided for in the contract;
- determination of the price;
- allocation of the price to the *performance obligations* contained in the contract;
- recognition of the revenues when the enterprise satisfies each *performance obligation*.

Revenues are recognised upon the transfer of control of the goods to the customer, which coincides with the moment when the goods are delivered to the customer (*at a point in time*), in compliance with the specific contractual terms agreed with the customer.

The Group considers that the breakdown of revenues by operating segment is appropriate to meet required disclosure requirements since it is information regularly reviewed by *management* in order to assess the company's financial performance.

2.24 Government grants

Government grants are recognized at *fair value* when there is reasonable assurance that the grants will be received and all the conditions attaching to them have been satisfied.
Government grants related to costs (e.g. operating grants) are recognized as revenue on a systematic basis over a number of years so as to match the costs that the grant is intended to offset.
Government grants related to assets (e.g. facility grants) are recorded in non-current liabilities and gradually released to the income statement on a systematic basis over the useful life of the asset concerned.

2.25 Financial income and expense, exchange gains and losses

Financial income and expenses are recognized on an accrual basis using the effective interest rate and include exchange gains and losses and gains and losses on derivatives charged to the income statement.

2.26 Payment of dividends

Dividends on the Parent company's ordinary shares are reported as liabilities in the financial statements in the year in which the shareholders' meeting approve their distribution.

2.27 27 Earnings per share

Basic earnings per share are calculated by dividing the Group's net profit by the weighted average number of shares outstanding during the period, excluding treasury shares.
Emak S.p.A. does not have any potential ordinary shares.

2.28 Cash flow statement

The cash flow statement has been prepared using the indirect method.
Cash and cash equivalents included in the cash flow statement comprise the cash-related balances at the reporting date. Interest income and expense, dividends received and income taxes are included in cash flow generated by operations.

2.29 Changes in accounting standards and new accounting standards

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLICABLE SINCE JANUARY 1,2024

The following IFRS accounting standards, amendments and interpretations were first adopted by the Group starting January 1, 2024:

- On January 23, 2020, the IASB published an amendment called "**Amendments to IAS 1 Presentation of Financial statements: Classification of liabilities as current or non-current**" and on 31 October 2022 published an amendment called ***"Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants"***. These changes aim to clarify how to classify short-term or long-term debts and other liabilities. Furthermore, the amendments also enhance the information that an entity must provide when its right to defer the settlement of a liability for at least twelve months is subject to compliance with certain parameters (i.e., covenants). The adoption of this amendment did not lead any significant effects on the Group's consolidated financial statements.

- On September 2022 the IASB published an amendment called "***Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback".*** The document requires the seller-lessee to value the lease liability arising from a sale & leaseback transaction so as not to recognize an income or loss that refers to the retained right of use. The adoption of this amendment did not lead any effects on the Group's consolidated financial statements.

- On May 25, 2023, the IASB published an amendment entitled **'Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements'**. The document requires an entity to provide additional disclosures about reverse factoring arrangements that enable users of financial statements to evaluate how supplier finance arrangements may affect the entity's liabilities and cash flows and to understand the effect of those arrangements on the entity's exposure to liquidity risk. The adoption of this amendment did not lead any effects on the Group's consolidated financial statements.

ACCOUNTING STANDARD, AMENDMENTS AND INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION, BUT NOT YET MANDATORY APPLICABLE AND NOT EARLY ADOPTED FROM THE GROUP ON DECEMBER 31ST, 2024

The following accounting standards, amendments, and interpretations of IFRS have completed the homologation process necessary for the adoption of the amendments and the principles described below but are not yet mandatorily applicable and have not been adopted early by the Group as of December 31, 2024:

- On August 15, 2023 the IASB published an amendment entitled ***"Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability".*** The document requires an entity to apply a consistent methodology to determine whether one currency can be converted into another and, when this is not possible, how to determine the exchange rate to use and the disclosure to provide in the notes to the financial statements. The amendments will apply from 1 January 2025, but earlier application is permitted. The Directors do not expect a significant impact on the Group's consolidated financial statements from the adoption of this amendment.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS INTERNATIONAL FINANCIAL REPORTING STANDARDS NOT YET APPROVED BY THE EUROPEAN UNION

At the reference date of this document, the competent bodies of the European Union have not yet completed the approval process necessary for the adoption of the amendments and principles described below.

- On May 30, 2024, the IASB published the document "***Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7***". The document clarifies certain problematic aspects that emerged from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary upon the achievement of ESG objectives (i.e., green bonds). Specifically, the amendments aim to:
    - clarify the classification of financial assets with variable returns linked to environmental, social, and corporate governance (ESG) objectives and the criteria to be used for the SPPI test assessment;
    - determine that the settlement date for liabilities settled through electronic payment systems is the date on which the liability is extinguished. However, an entity is permitted to adopt an accounting policy to derecognize a financial liability before delivering cash on the settlement date under certain specific conditions.

With these amendments, the IASB has also introduced additional disclosure requirements, particularly concerning investments in equity instruments designated at FVOCI.

The amendments will apply to financial statements for periods beginning starting from January 1, 2026. The Directors do not expect a significant effect on the Group's consolidated financial statements from the adoption of this new amendment.

- On July 18, 2024, the IASB published a document titled "**Annual Improvements Volume 11**." The document includes clarifications, simplifications, corrections, and changes aimed at improving the consistency of various IFRS Accounting Standards. The amended standards are:
    - IFRS 1 First-time Adoption of International Financial Reporting Standards;
    - IFRS 7 Financial Instruments: Disclosures and the related implementation guidelines for IFRS 7;
    - IFRS 9 Financial Instruments;
    - IFRS 10 Consolidated Financial Statements; and
    - IAS 7 Statement of Cash Flows.

The amendments will be applicable from January 1, 2026, but early application is permitted. The Directors do not expect a significant impact on the Group's consolidated financial statements from the adoption of these amendments.

- On December 18, 2024, the IASB published an amendment titled "**Contracts Referencing Nature-dependent Electricity – Amendment to IFRS 9 and IFRS 7**". The document aims to support entities in reporting the financial effects of contracts for purchasing electricity generated from renewable sources (often structured as Power Purchase Agreements). Based on these contracts, the amount of electricity generated and purchased can vary due to uncontrollable factors such as weather conditions. The IASB has made targeted amendments to IFRS 9 and IFRS 7. The amendments include:
    - A clarification regarding the application of "own use" requirements to this type of contract;
    - Criteria to allow the accounting of these contracts as hedging instruments; and
    - New disclosure requirements to enable financial statement users to understand the impact of these contracts on an entity's financial performance and cash flows.

The amendment will be applicable from January 1, 2026, but early application is permitted. The Directors do not expect a significant impact on the Group's consolidated financial statements from the adoption of this amendment.

- On April 9, 2024, the IASB published a new standard, ***IFRS 18 Presentation and Disclosure in Financial Statements***, which will replace **IAS 1 Presentation of Financial Statements**. The new standard aims to improve the presentation of the financial statements, with particular reference to the income statement format. Specifically, the new standard requires:
    - classifying revenues and expenses into three new categories (operating section, investing section, and financing section), in addition to the existing categories of taxes and discontinued operations in the income statement;
    - presenting two new subtotals, operating profit and earnings before interest and taxes (EBIT).

  The new standard also:
    - requires more information on performance indicators defined by management;
    - introduces new criteria for the aggregation and disaggregation of information; and,
    - introduces some changes to the cash flow statement format, including the requirement to use operating profit as the starting point for presenting the cash flow statement prepared using the indirect method, and the elimination of certain existing classification options (such as interest paid, interest received, dividends paid, and dividends received).

The new standard will come into effect on January 1, 2027, but earlier application is permitted. The Directors are currently assessing the potential impacts of introducing this new standard on the Group's consolidated financial statements.

- On January 30, 2014, IASB published **IFRS 14 – Regulatory Defense Accounts**, which allows only those who adopt IFRS for the first time to continue to record the amounts relating to activities subject to regulated tariffs ("Rate Regulation Activities") according to the previous accounting principles adopted. Since the Group is not a first-time adopter, this principle is not applicable.

3. Capital management

The Group's objectives for managing capital are:

a) to safeguard the ability to continue operating as a going concern;
b) to provide an adequate return for shareholders.

The Group manages capital structure in proportion to the risk. In order to maintain or adjust its capital structure, the Group may vary the amount of dividends paid to shareholders, buy treasury shares and it may issue new shares, or sell assets to reduce the level of debt.
During recent years the Group, except for the year 2020 in which no dividends were distributed due to the Covid 19 pandemic, has adopted "*dividend pay out*" policies for an amount equal to approximately 40% of net profit (excluding any devaluations for impairment test) attributable to the Group reported in the consolidated financial statements.
The Group monitors its capital on the basis of the ratio between net financial position and equity, and between net financial position and Ebitda.
The Group's strategy is to maintain the relationship Net financial position (NFP) / Equity ratio to a value not greater than 1 and a value in the long term, not exceeding 3.5 for the ratio Net financial position (NFP) / EBITDA, in order to ensure access to finance at a limited cost while maintaining a high credit rating. This debt target could be revised in case of changes in the macroeconomic situation or derogated in case of "Mergers & Acquisitions" operations.
Considering the seasonality of the business, this ratio is subject to change during the year.

The **NFP / Equity** and **NFP / EBITDA before non ordinary income/expanses** ratios at 31 December 2024 and 31 December 2023 are as follows:

€/000	31.12.2024	31.12.2024 NO IFRS16 (2)	31.12.2023	31.12.2023 NO IFRS16 (2)
Net financial position (Nfp) (note 9)	209,959	165,775	191,495	147,559
Total Equity	280,314	282,381	283,667	285,380
Ebitda before non ordinary income/expenses (1)	62,160	51,654	67,878	58,528
Nfp/Equity	**0.75**	**0.59**	**0.68**	**0.52**
Nfp/Ebitda before non ordinary income/expenses	**3.38**	**3.21**	**2.82**	**2.52**

(1) For more details please see the section "definitions of alternative performance indicators" in the Directors' Report.
(2) The data "NO IFRS16" are net of the application of the IFRS 16 standard and the related impact on the economic-financial figures.

4. Financial risk management

4.1 Financial risk factors

The Group is exposed to a variety of financial risks associated with its business activities:

- market risks, with particular reference to exchange and interest rates and market price, since the Group operates at an international level in different currencies and uses financial instruments that generate interests;
- credit risk, regarding both normal commercial relations and to financing activities;
- liquidity risk, with particular reference to the availability of financial resources and to access to the credit market.

The Group's policies for managing and controlling financial risks focus on the unpredictability of financial markets and seek to minimize the potentially negative effects on the financial results. The Group uses derivative financial instruments to hedge certain risks.
Hedging of the Group's financial risks is managed by a head office function working in close collaboration with the individual operating units.
Qualitative and quantitative information is given below regarding the nature of such risks for the Emak Group. The quantitative figures shown below have no value for forecasting purposes, specifically, the sensitivity analysis on market risks are unable to reflect the complexity and associated reactions of the market as a result of each change hypothesized.

(a) Market risk

(i) Interest rate risk
The Group's interest rate risk relates to its long-term loans and borrowings. Variable rate loans expose the Group to the cash flow risk associated with interest rates. Fixed rate loans expose the Group to the *fair value* risk associated with interest rates.
The Group's policy is based on constantly monitoring its level and structure of debt and on the trend in interest rates and macroeconomic variables that might directly influence them, with the goal of optimizing the cost of money. At December 31 2024, financings are, for the most part, at variable rates and, consequently, the Group has set up hedging operations aimed at limiting the effects. Although these transactions are made for hedging purposes, if specific documentation certifying the hedging relationship is not formalized, the accounting standards will not allow *hedge accounting* treatment. Therefore, fluctuations in their values may affect the Company's financial results.

Sensitivity analysis
The effects of variations in interest rates are analysed for their potential impact in terms of cash flows, since almost all the Group's financial assets and liabilities accrue variable interest.

A hypothetical, instantaneous and unfavourable negative variation of 50 base points in annual interest rates in force at December 31, 2024 applicable to financial liabilities at a variable interest rate would result in a greater cost, on an annual basis, of around € 793 thousand (€ 946 thousand at December 31 2023). The above calculation takes into consideration the total amounts of financial liabilities net of the total amount of fixed-rates IRS operations carried out for hedging purposes and liabilities for the purchase of minority shares of equity investments and of fixed rate financing.

(ii) Exchange rate risk
The Group carries out its business internationally and it is exposed to risks deriving from fluctuations in exchange rates, which may affect the economic result and value of equity.
The net balances at December 31, 2024 for which the Group is exposed to exchange rate risk as a result of the use of a currency different from Group companies' local reporting currency are as follows:

Credit position in US Dollars	29,646 thousand
Credit position in Mexican Pesos	14,599 thousand
Credit position in Zloty	4,322 thousand
Credit position in GB Pound	426 thousand
Credit position in Brazilian Real	260 thousand
Debt position in Renminbi	206,451 thousand
Debt position in Euro	14,532 thousand
Debt position in Yen	5,363 thousand
Debt position in Swiss Francs	59 thousand

Specifically:

- in cases in which the companies in the Group incur transactions expressed in different currencies from those of their respective revenues, the fluctuation of exchange rates may affect the operating result of such companies.
  In the 2024 financial period, the overall amount of revenues directly exposed to exchange risk represented 7.3% of the Group's aggregate turnover (7.6% in the 2023 financial period), while the amount of costs exposed to exchange risk is equal to 20.2% of aggregate Group turnover (16.1% in the 2023 financial

period).

The main currency exchanges to which the Group is exposed are the following:

- EUR/USD, relating to transactions in dollars made in the North American market and in other markets in which the Dollar is the reference currency for commercial exchanges, and to production/purchases in the Euro zone;
- EUR/GBP, essentially in relation to transactions in the UK market;
- EUR/RMB and USD/RMB, in relation to Chinese production activities and to relative import/export flows;
- EUR/YEN, relating to purchases in the Japanese market;
- EUR/PLN, relating to transactions in the Polish market;
- EUR/UAH and USD/UAH, in respect of transactions on the Ukrainian market;
- USD/REAL, RMB/REAL and EUR/REAL, in respect of transactions on the Brazilian market;
- EUR/USD, relating to transactions in the South African market;
- EUR/MXR relating of transactions in the Mexican market;
- USD/SEK and EUR/SEK, relating to transactions on the Swedish market.

There are no significant commercial flows with regards to other currencies.

The Group’s policy is to cover, partially, net currency flows, typically through the use of forward contracts and options, evaluating the amounts and expiry dates according to market conditions and net future exposure, with the objective of minimizing the impact of possible variations in future exchange rates.

- With regards to commercial activities, the companies in the Group are able to hold commercial credits and debits expressed in currencies which are different from the currency in which they keep their accounts and the variation in exchange rates may result in the realization or ascertainment of exchange risks.

- A number of subsidiary companies in the Group are located in countries which are not members of the European Monetary Union, in particular, the United States, the United Kingdom, Poland, Sweden, China, Ukraine, South Africa, Mexico, Brazil and Chile. Since the reference currency for the Group is the Euro, the income statements for these companies are converted into Euro at the average exchange rate for the period and, with the same revenues and margins in local currency, variations in exchange rates may affect the equivalent value of revenues, costs and results in Euro.

- Assets and liabilities of subsidiary companies in the Group, whose accounting currency is different from the Euro, may have different equivalent values in Euro depending on the trend in exchange rates. As provided for by the accounting principles adopted, the effects of such variations are recorded in the comprehensive income statement and directly in equity, under the heading “reserve for conversion differences” (see Note 28).
  At the statement of financial position date there was no hedging in force with regards to these exposures for conversion exchange risk.

Sensitivity analysis
The potential loss of fair value of the net balance of financial assets/liabilities subject to the risk of variation in exchange rates held by the Group at December 31, 2024, as a result of a hypothetical unfavorable and immediate variation of 10% in all relevant single exchange rates of functional currencies with foreign ones, would amount to around € 1,799 thousand (€ 1,115 thousand at December 31 2023).

Other risks on derivative financial instruments

As described in Note 23, the Group holds a number of derivative financial instruments whose value is linked to the trend in exchange rates (forward currency purchase operations and options) and the trend in interest rates.

Although these operations have been entered into for hedging purposes, if specific documentation certifying the hedging relationship is not formalized, accounting principles do not permit their treatment using *hedge accounting*. As a result, changes in underlying values may affect the economic results of the Group.

Sensitivity analysis

The potential loss of fair value of derivative financial instruments in exchange rates at December 31, 2024 as a result of a hypothetical unfavourable and immediate variation of 10% in underlying values would amount to around € 155 thousand (€ 271 thousand at December 31, 2023).

(iii) Price risk
The group is exposed to fluctuations in the price of raw materials. This exposure is mostly towards suppliers of parts since their price is generally tied by contract to the trend in market prices for raw materials. The raw materials of greatest use refer to aluminium, steel, brass, metal alloys, plastic, copper as well as semi-finished products such as engines.
The increase in transport and distribution costs has an impact on the operating costs of the Group, with potential reduction in profitability, possible emergence of impairment indicators and a reduction in the net realizable value of the assets.
The risk is partially mitigated through the stipulation of purchase agreements with the main suppliers with prices locked with short-term time horizons to which is added constant monitoring of the cost of raw materials and logistics.
The Group uses policies to adjust the price of goods sold in case of significant changes in costs.

(b) Credit risk
The Group has adopted policies to ensure that products are sold to customers of proven creditworthiness and that certain types of receivable are subject to risk hedging through leading insurance companies.
The maximum theoretical exposure to credit risk for the Group at 31 December 2024 is the accounting value of financial assets shown in the financial statements.

The credit granted to clients involves specific assessments of solvency and generally the Group obtains guarantees, both financial and otherwise, against credits granted for the supply of products addressed to some countries.

Credit positions are subject to constant analysis and possible individual devaluation in the case of singularly significant positions that are in a condition of partial or total insolvency.

The total devaluation is estimated on the basis of recoverable flows, from relative collection data, from the costs and expenses of future recovery, as well as possible guarantees in force. For those credits that are not subject to individual devaluation, bad debt provisions are allocated on an overall basis, taking account of historical experience and statistical data.

At December 31, 2024 Trade receivables, equal to € 129,244 thousand (€ 118,247 thousand at 31 December 2023), include € 9,497 thousand (€ 10,064 thousand at 31 December 2023) outstanding by more than 3 months. This value has been rescheduled according to repayment plans agreed with the clients.

The value of amounts receivable covered by insurance or by other guarantees at December 31, 2024 is € 34,673 thousand (€ 30,301 thousand at December 31, 2023).

At December 31, 2024 the first 10 customers account for 12.3% of total trade receivables (14.3% at December 31, 2023), while the top customer represents 4.7% of the total (3.1% at December 31, 2023).

(c) Liquidity risk
Liquidity risk can occur as a result of the inability to obtain financial resources necessary for the Group's operations at acceptable conditions.
The main factors determining the Group's liquidity situation are, on the one hand, the resources generated or absorbed in its operating and activities and by investment, and on the other hand, by the expiry or renewal of debt or by the liquidity of financial commitments and market conditions.
Prudent liquidity risk management implies maintaining sufficient financial availability of cash and marketable securities, funding through an adequate amount of bank credit.
Consequently, the Group's treasury sets up the following activities:
- the monitoring of expected financial requirements in order to then take suitable action;
- the obtaining of suitable lines of credit;
- the optimization of liquidity, where feasible, through the centralized management of the Group's cash flows;
- maintenance of an adequate level of available liquidity;

- the maintenance of a balanced composition of net financial borrowing with respect to investments made;
- the pursuit of a correct balance between short-term and medium-long-term debt;
- limited credit exposure to a single financial institute;
- the monitoring of compliance with the parameters provided for by *covenants* associated with loans.

Counterparties to derivative contracts and operations performed on liquid funds are restricted to primary financial institutions.

The characteristics and nature of the expiry of debts and of the Group's financial activities are set out in Notes 26 and 30 relating respectively to Cash and Cash Equivalents and Loans and borrowings.

The Management considers that currently unused funds and credit lines amounting to € 144 million compared to € 154 million of the previous year, mainly short-term and guaranteed by Trade Receivables, more than cash flow which will be generated from operating and financial activities, will allow the Group to meet its requirements deriving from investment activities, management of working capital and the repayment of debts at their natural maturity dates.

4.2 Accounting for derivative financial instruments and hedging activities

Derivative financial instruments are used exclusively for hedging purposes with the intent of reducing the risks of foreign currency and interest rate fluctuation. In line with its risk management policy, in fact, the Group does not carry out derivative operations for speculative purposes.
When such operations are not accounted for as hedging operations they are recorded as trading operations.
As established by IFRS 9, derivative financial instruments may qualify for special hedge accounting only when the condition established by principle are met.
Derivatives are initially recognized at cost and adjusted to fair value at subsequent statement of financial position dates.

On the basis of the above, and of contracts entered into, the accounting methods adopted are as follows:

1. *Fair value hedge:* the fair value variations of the hedging instrument are posted to the Income Statement together with variations in the fair value of the hedged transactions.
2. *Cash flow hedge:* the variations in fair value of the financial instruments to be effective for hedging future cash flows are posted to the Comprehensive Income Statement, while the ineffective portion is posted immediately to the Income Statement. If contractual commitments or planned hedging operations lead to the creation of an asset or liability, when this occurs the profits or losses on the derivative which have been posted directly to the Comprehensive Income Statement adjust the opening cost of acquisition or holding value of the asset or liability. For financial cash flow hedgings that do not lead to the creation of an asset or liability, the amounts which have been posted directly to the Comprehensive Income Statement are transferred to the Income Statement in the same period in which the contractual commitment or planned hedging operation are posted to the Income Statement.
3. *Derived financial instruments not defined as hedging instruments*: the variations in fair value are posted to the Income Statement.

The accounting method adopted for a hedge is applied until it expires, is sold, terminates, is exercised or is no longer defined as a hedge. Accumulated profits or losses from the hedging instrument recorded directly in the Statement of Comprehensive Income are maintained until the related operation effectively occurs. If the operation to which the hedge relates is no longer expected to occur, the accumulated profits or losses recorded directly in the Statement of Comprehensive Income are transferred to the Income Statement for the relevant period.

4.3 Measurement of fair value

The fair value of financial instruments with a quoted market price in an active market (such as publicly traded derivatives and securities held for trading and for sale) is based on the market price at the statement of financial position date. The market price used for the Group's financial assets is the bid price; the market price for financial liabilities is the offer price.

The fair value of financial instruments not quoted in an active market (for example, derivatives quoted over the counter) is determined using valuation techniques. The Group uses various methods and makes assumptions that are based on existing market conditions at the statement of financial position date. Medium-long-term payables are valued using quoted market or trading prices for the specific or similar instruments. Other methods, such as estimating the present value of future cash flows, are used to determine the fair value of the other financial instruments. The fair value of forward currency contracts is determined using the forward exchange rates expected at the statement of financial position date.

It is assumed that the face value less estimated doubtful receivables approximates the fair value of trade receivables and payables. For the purposes of these notes, the fair value of financial liabilities is estimated by discounting contractual future cash flows at the current market rate available to the group for similar financial instruments.

5. Key accounting estimates and assumptions

The preparation of the consolidated financial statements and the related notes under IFRS has required management to make estimates and assumptions affecting the value of reported assets and liabilities and the disclosures relating to contingent assets and liabilities at the statement of financial position date. Actual results could differ from these estimates. Estimates are used for recording provisions for doubtful accounts receivable and inventory obsolescence, amortization and depreciation, write-downs to assets, employee benefits, taxes, other provisions, liabilities for the purchase of the minority shareholding, liabilities for leasing and rights of use. Estimates and assumptions are reviewed periodically and the effects of any change are immediately reflected in the income statement. Finally, the application of the IFRS 16 standard requires to make estimates and assumptions including the determination of the probability of exercising the option to extend or terminate the contract.

The assessment that goodwill is recorded in the financial statements for a value not higher than their recoverable value (so-called *impairment test*) provides, first of all, to test the endurance of the value of the goodwill divided into the Cash Generating Unit (CGU). The calculation of the recoverable amount is carried out in accordance with the criteria established by IAS 36 and is determined in terms of value in use by discounting the expected cash flows from the use of the asset or of a CGU, as well as from the expected value of the asset at its disposal at the end of its useful life. This process involves the use of estimates and assumptions to determine both the amount of future cash flows and the corresponding discount rates. The future cash flows are based on the most recent economic-financial plans drawn up by the Management of each CGU, and approved by the Board of Directors. With reference to the business in which the company operates, the factors that have the greatest relevance in the estimates of future cash flows are attributable to the intrinsic difficulty of formulating future forecasts, to the feasibility of market strategies in highly competitive contexts, as well as to the risks of macroeconomic and geo-political nature related to the geographic areas in which the Emak Group operates. The discount rates reflect the cost of money for the period forecast and the specific risks of the activities and countries in which the Group operates and are based on observable data in the financial markets.

The most recent macroeconomic evolutions affecting the current geopolitical context have implied the need to make assumptions regarding the future outlook which is characterized by volatility and unpredictability. As a result, it cannot be excluded that the actual results obtained will be different from the forecasts, and therefore adjustments, which obviously cannot today be estimated or foreseeable, to the book value of the relative items may be necessary.

6. Segment information

IFRS 8 provides for information to be given for certain items in the financial statements on the basis of the operational segments of the company.

An operating segment is a component of a company:

a) that carries on business activities generating costs and revenues;

b) whose operating results are reviewed on a periodic basis at the highest executive levels for the purpose of taking decisions about resources to be allocated to the segment and for the evaluation of results;
c) for which separate reporting information is available.

IFRS 8 is based on the so-called "*Management approach*", which defines sectors exclusively on the basis of the internal organizational and reporting structure used to assess performance and allocate resources.

According to these definitions, the operating segments of Emak Group are represented by three Divisions/ Business Units with which develops, manufactures and distributes its range of products:

- Outdoor Power Equipment (products for gardening, forestry and small agricultural equipment, such as brushcutters, lawnmowers, garden tractors, chainsaws, tillers and walking tractors);
- Pumps and Water Jetting (membrane pumps for the agricultural sector - spraying and weeding - piston pumps for the industrial sector, professional and semi-professional high-pressure washers, hydrodynamic units and urban cleaning machines);
- Components and Accessories (line and heads for brushcutters, cables for agricultural applications, chainsaw accessories, guns, nozzles and valves for high pressure washers and agricultural applications, precision farming such as sensors and computers, technical seats and spare parts for tractors).

The Directors separately observe the results by business segment in order to make decisions about resource allocation and performance verification.

The performance of the segment is evaluated on the basis of the measured result that is consistent with the result of the consolidated financial statements.

Below are the main economic and financial data broken down by operating segment:

	OUTDOOR POWER EQUIPMENT		PUMPS AND WATER JETTING		COMPONENTS AND ACCESSORIES		Other not allocated / Netting		Consolidated	
€/000	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**
Sales to third parties	180,180	166,994	244,646	244,252	177,088	155,071			**601,914**	**566,317**
Intersegment sales	421	393	1,873	3,045	9,957	8,129	(12,251)	(11,567)		
Revenues from sales	180,601	167,387	246,519	247,297	187,045	163,200	(12,251)	(11,567)	**601,914**	**566,317**
Ebitda (*)	10,702	11,694	23,305	31,290	29,510	25,517	(2,636)	(2,197)	**60,881**	**66,304**
Ebitda/Total Revenues %	*5.9%*	*7.0%*	*9.5%*	*12.7%*	*15.8%*	*15.6%*			***10.1%***	***11.7%***
Ebitda before non ordinary expenses (*)	11,755	11,984	23,261	31,928	29,780	26,163	(2,636)	(2,197)	**62,160**	**67,878**
Ebitda before non ordinary expenses/Total Revenues %	*6.5%*	*7.2%*	*9.4%*	*12.9%*	*15.9%*	*16.0%*			***10.3%***	***12.0%***
Operating result	2,933	3,834	6,814	20,263	17,300	15,324	(2,636)	(2,197)	**24,411**	**37,224**
Operating result/Total Revenues %	*1.6%*	*2.3%*	*2.8%*	*8.2%*	*9.2%*	*9.4%*			***4.1%***	***6.6%***
Net financial expenses (1)									**(13,926)**	**(11,789)**
Profit befor taxes									**10,485**	**25,435**
Income taxes									**(3,985)**	**(5,513)**
Net profit									**6,500**	**19,922**
Net profit/Total Revenues%									***1.1%***	***3.5%***
(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	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**
Net debt (*)	17,558	11,174	135,438	134,618	56,963	45,703	0	0	**209,959**	**191,495**
Shareholders' Equity	185,667	185,337	90,158	99,670	82,934	76,978	(78,445)	(78,318)	**280,314**	**283,667**
Total Shareholders' Equity and Net debt	203,225	196,511	225,596	234,288	139,897	122,681	(78,445)	(78,318)	**490,273**	**475,162**
Net non-current assets (2) (*)	123,570	122,370	109,658	116,156	71,936	60,261	(75,174)	(75,212)	**229,990**	**223,575**
Net working capital (*)	79,655	74,141	115,938	118,132	67,961	62,420	(3,271)	(3,106)	**260,283**	**251,587**
Total net capital employed (*)	203,225	196,511	225,596	234,288	139,897	122,681	(78,445)	(78,318)	**490,273**	**475,162**
(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	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**
Number of employees at period end	727	725	980	959	811	669	9	9	**2,527**	**2,362**
OTHER INFORMATIONS	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**
Amortization, depreciation and impairment losses	7,769	7,860	16,491	11,027	12,210	10,193			**36,470**	**29,080**
Investment in property, plant and equipment and in intangible assets	7,532	6,202	8,193	9,814	8,996	6,920			**24,721**	**22,936**

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

For the comments of the economic and financial data, reference should be made to chapter 4 of the Directors' Report.

7. Significant non-recurring events and transactions

Acquisition of PNR Group

On 15 January 2024 the subsidiary Tecomec S.r.l. concluded the acquisition of the PNR group, headquartered in Voghera (Italy), made up of five companies (4 in Europe and 1 in the USA) and a total of 120 employees. The companies operates in the design, production and marketing of components for industrial cleaning with applications in related sectors such as high-pressure washing and agriculture and in diversified sectors, such as metal, paper, chemical, pharmaceutical and food.

The pro forma results of the acquired Group show a pro forma consolidated turnover of over 15 million euros, a normalized EBITDA margin estimated in the order of 22% and they are in line with what was recorded by the PNR sub-group for the 2024 financial year.

The deal has guaranteed the 79.995% of the shares from the majority shareholder for a price equal to 11.9 million euros and a call option lasting in 12 months in favour of Tecomec S.r.l. for the remaining shares owned by the minority shareholder.
Simultaneously with the signing of the purchase contract, the parent company Pnr Italia S.r.l. paid 1.6 million euros as consideration for the acquisition of the shares of the other four companies involved in the deal, pursuant to the overall agreements signed.

The fair value of the assets and liabilities of the pro forma consolidated PNR Group subject to acquisition, determined on the basis of the financial statements of December 31, 2023 and the price paid are detailed below:

€/000	Book values	Fair Value adjustments	Fair value of acquired assets and liabilities
Non-current assets			
Property, plant and equipment	4,033	-	4,033
Intangible fixed assets	141	5,313	5,454
Rights of use	2,122	-	2,122
Goodwill	-	-	-
Deferred tax assets	424	-	424
Other non current financial assets	39	-	39
Current assets			
Inventories	4,626	-	4,626
Trade and other receivables	3,803	-	3,803
Current tax receivables	243	-	243
Cash and cash equivalents	1,511	-	1,511
Non-current liabilities			
Loans and borrowings due to banks and other lenders	(506)	-	(506)
Liabilities for leasing	(1,822)		(1,822)
Employee benefits	(507)	-	(507)
Provisions for risks and charges	(81)	-	(81)
Deferred tax liabilities	-	(1,482)	(1,482)
Current liabilities			
Trade and other payables	(2,272)	-	(2,272)
Current tax liabilities	(478)	-	(478)
Loans and borrowings due to banks and other lenders	(1,133)	-	(1,133)
Liabilities for leasing	(300)	-	(300)
Total net assets	**9,843**	**3,831**	**13,674**
% interest held			**79.995%**
Equity of the Group acquired			**10,938**
Goodwill			**962**
Value of the share acquired			**11,900**
Purchase price paid			**11,900**
Cash and cash equivalents			1,511
Net cash outflow			**10,389**

The difference between the acquisition price paid and the fair value of the assets, liabilities and contingent liabilities at the acquisition date was recognized as goodwill.

The fair value adjustments, equal to € 5,313 thousand net of the related tax effects, refer to the valuation of the customer list of the acquired entities carried out during the Purchase Price Allocation as required by IFRS 3. The process of determining the fair value of the acquired assets and liabilities did not lead to the identification of further adjustments to be made to the respective book values, furthermore, the evaluation did not reveal any not recognised contingent liabilities.

The determination of the fair value of the acquired assets and liabilities has been performed under valuation methodologies recognized as best practice; in particular, the Multiperiod Excess Earnings Method has been considered. The useful life of the acquired customer list has been estimated based on their turnover rate at 11 years.

The fair values of the assets, liabilities and contingent liabilities were determined, in compliance with the provisions of IFRS 3 "Business Combinations".

On June 10, 2024, Tecomec S.r.l. has exercised the call option to purchase the remaining 20.005% for an amount of 1.5 million Euros, simultaneously paying 0.3 million Euros. The payment of the balance, amounting to 1.2 million Euros, it was carried out in October 2024.

The effects of the acquisition of the remaining 20.005% of the PNR Group, being subsequent to the transfer of control of the same, have been directly recognized in equity as a transaction between shareholders.

Share capital increase of Agres Sistemas Eletrônicos S.A.

On August 30, 2024, Tecomec S.r.l. and the minority shareholders subscribed a capital increase in Agres Sistemas Eletrônicos S.A., through the conversion of intercompany loans and cash contributions, for a total amount of 11,778 thousand Reais. The transaction has no impact on the Group's consolidated financial statements.

8. Balances or transactions arising from atypical and unusual operations

No events/operations as per Consob Communication DEM/6064293 of 28 July 2006 have been recorded during the financial period 2024. As indicated in this Communication “atypical and/or unusual operations are considered as operations that, due to their significance/materiality, the nature of the counterparties, the object of the transaction, the means for determining the transfer price and the time of the event (near the close of the period), may give rise to doubts with regards to: the correctness/completeness of the information in the financial statements, conflicts of interest, the protection of company assets, the safeguarding of minority interests”.

9. Net financial positions

The table below shows the details of net financial position, which includes (to the item M) the net financial debt determined according to ESMA criteria (based on the format required by Consob communication no. 5/21 of 29 April 2021):

(€/000)	31.12.2024	31.12.2023
A. Cash	69,174	75,661
B. Cash equivalents	-	-
C. Other current financial assets	408	1,087
D. Liquidity funds (A+B+C)	**69,582**	**76,748**
E. Current financial debt	(17,484)	(24,304)
F. Current portion of non-current financial debt	(66,426)	(70,226)
G. Current financial indebtedness (E + F)	**(83,910)**	**(94,530)**
H. Net current financial indebtedness (G - D)	**(14,328)**	**(17,782)**
I. Non-current financial debt	(196,813)	(174,980)
J. Debt instruments	-	-
K. Non-current trade and other payables	-	-
L. Non-current financial indebtedness (I + J + K)	**(196,813)**	**(174,980)**
M. Total financial indebtedness (H + L) (ESMA)	**(211,141)**	**(192,762)**
N. Non-current financial receivables	1,182	1,267
O. Net financial position (M-N)	**(209,959)**	**(191,495)**
Effect IFRS 16	**44,184**	**43,936**
Net financial position without effect IFRS 16	**(165,775)**	**(147,559)**

The increase in net financial position at 31 December 2024 compared to 31 December 2023 is mainly due to the effect of the change in the scope consolidation for the acquisition of PNR Group.

Net financial position at December 31, 2024, includes € 4,710 thousand (€ 6,034 thousand at December 31, 2023), referring to payables for the purchase of the remaining minority shareholding subject to Put & Call Options (Note 30). These debts refer to the purchase of investments in the following companies:

- Markusson for an amount of € 1,877 thousand;
- Agres for an amount of € 274 thousand;
- Valley LLP for an amount of € 949 thousand;
- Poli S.r.l. for an amount of € 1,610 thousand.

Non-current portion of the payables for the purchase of equity investments, recorded in the item “Non-current financial debt” in the table above, is equal to € 1,985 thousand while the current portion of payables for the purchase of equity investments, recorded in the item “Current financial debt”, is equal to € 2,725 thousand.

Net financial position at December 31, 2024, includes, in the items referring to “Financial debts”, financial liabilities for € 44,184 thousand (€ 43,936 thousand at December 31, 2023) deriving from the application of IFRS 16- Leases. Current portion of this financial liability is equal to € 8,632 thousand (€ 7,503 thousand at December 31, 2023) and non current portion is equal to € 35,552 thousand (€ 36,433 thousand at December 31, 2023). Liabilities for leasing to related parties are included in this amount for an amount of € 11,914 thousand, of which € 1,874 thousand as a short term attributable to the application of the IFRS 16 to the rental contracts that some Group companies enter into with the associated company Yama Immobiliare S.r.l.

At 31 December 2024, the item financial receivables also includes receivables from related parties for an amount of € 74 thousand of which € 37 thousand are a short-term, attributable to receivables from the parent company Yama S.p.A. for the guarantees included in the contract in favour of Emak S.p.A. as part of the so-called “Operazione Greenfield” carried out in 2011.

For the purposes of the debt declaration pursuant to Consob Communication no. 5/21 of April 29, 2021, there is no indirect debt or debt subject to conditions that has not been directly recognized in the consolidated financial statements, nor are there any significant differences with reference to the obligations arising and registered but whose final amount is not still been determined with certainty.

10. Revenues from sales and other operating income

The Group's revenues amount to € 601,914 thousand, compared to € 566,317 thousand of last year, and they are recorded net of returns for € 2,518 thousand, against € 1,680 thousand of last year.

Details of revenues from sales are as follows:

€/000	FY 2024	FY 2023
Net sales revenues (net of discounts and rebates)	599,076	562,303
Revenues from recharged transport costs	5,356	5,694
Returns	(2,518)	(1,680)
Total	**601,914**	**566,317**

The increase in "Revenues" compared to the previous year is mainly due to the expansion of the consolidation area and the organic increase in sales.
The effect on revenues for year of the inclusion of the "Bestway AG" business in the scope of consolidation was approximately € 3.5 million, while the effect of the inclusion of PNR Group was about € 15 million.

Other operating income is analysed as follows:

€/000	FY 2024	FY 2023
Grants related to income and assets	1,425	1,519
Revenues for rents	618	620
Capital gains on property, plant and equipment	332	231
Advertising reimbursement	211	169
Recovery of canteen costs	148	143
Recovery of warrants costs	103	74
Insurance refunds	253	309
Recovery of administrative costs	115	96
Other operating income	1,884	2,332
Total	**5,089**	**5,493**

The item "Grants related to income and assets" mainly includes tax credits and other accruals for non-repayable grant for R&D and investment projects.

11. Cost of raw materials, consumable and goods

The cost of raw materials, semi-finished products and goods is analysed as follows:

€/000	FY 2024	FY 2023
Raw materials, semi-finished products and goods	319,377	294,492
Other purchases	4,306	3,963
Development costs capitalized	(197)	(145)
Total	**323,486**	**298,310**

The increase in "Cost of raw materials, consumable and goods" is mainly due to the change in the scope of consolidation and the organic increase in revenues, as well as the increase in inventories in the last quarter of the year in order to meet the demand of the first months of 2025.

12. Personnel expenses

Details of these costs are as follows:

€/000	FY 2024	FY 2023
Wage and salaries	83,922	74,405
Social security charges	23,620	20,598
Employee termination indemnities	3,449	2,962
Other costs	3,244	2,852
Development costs capitalized	(1,594)	(984)
Directors' emoluments	1,069	1,027
Temporary staff	6,839	4,176
Total	**120,549**	**105,036**

Personnel expenses increased compared to the previous year due to the change in the scope of consolidation (by € 6,402 thousand), the greater use of temporary workers to cope with the increase in production volumes and the dynamics of labor costs also affected by the increases provided from the collective labor agreements.

During the 2024 financial year, personnel costs for € 1,594 thousand were capitalized under intangible fixed assets (€ 984 thousand at 31 December 2023), mainly referring to the costs for the development of new products. The increase in the amount of development costs capitalized depends on an important project started in 2023 in the OPE segment, having expenses with eligible requirements for capitalization.

The costs for the year include reorganization costs for € 449 thousand; mainly referring to retirement incentives paid by some Group companies. In the previous year these charges, amounted to € 662 thousand.

The detail of personnel by country is shown in chapter 7 of the Directors' Report.

13. Other operating costs and provisions

Details of these costs are as follows:

€/000	FY 2024	FY 2023
Subcontract work	12,164	12,418
Maintenance	9,044	8,377
Trasportation and duties	31,251	23,316
Advertising and promotion	6,549	6,396
Commissions	10,128	9,419
Travel	4,522	4,279
Postals and telecommunications	1,012	926
Consulting fees	7,222	6,845
Driving force	3,712	3,495
Various utilities	2,122	2,142
Services and bank fees	919	939
Costs of after sales warranty	2,094	2,188
Insurances	2,384	2,116
Other services	11,504	10,171
Development costs capitalized	(278)	(282)
Services	**104,349**	**92,745**
Rents, rentals and the enjoyment of third party assets	**4,864**	**4,026**
Increases in provisions	**1,219**	**760**
Credit losses	27	68
Increases in provision for doubtful accounts (note 24)	1,362	1,101
Capital losses on property, plant and equipment	96	50
Other taxes (not on income)	1,963	1,867
Grants	100	116
Other costs	2,241	2,182
Other operating costs	**5,789**	**5,384**
Total	**116,221**	**102,915**

The increase in transportation costs is mainly attributable to the geopolitical tensions in the Red Sea which have led to the redefinition of commercial routes, resulting in higher costs and longer delivery times as well as the increase in volumes handled in purchasing and sales.

14. Amortization, depreciation and impairment losses

Details of these amounts are as follows:

€/000	FY 2024	FY 2023
Amortization of intangible assets (note 19)	7,685	6,631
Depreciaton of property, plant and equipment (note 18)	15,205	14,255
Amortization of rights of use (note 20)	9,166	8,194
Impairment losses of goodwill (note 21)	4,414	-
Total	**36,470**	**29,080**

The amortization and depreciation at December 31, 2024 amounted to € 36,470 thousand.
The increase in amortization is due to the change in the scope of consolidation for € 1,667 thousand.
The item Amortization of rights of use includes the amortization of rights of use recognized among non-current assets in application of IFRS 16 - *Leases*. Amortization is calculated based on the duration of the contracts, taking into account the reasonableness of the probable renewals where they are contractually provided for.

The impairment losses recognized during the year, equal to € 4,414 thousand, refers to the partial impairment of goodwill of the Lavorwash Group, determined as a result of the related impairment test (for more details, see note 21).

15. Financial income and expenses, exchange gains and losses and Income from/(expenses on) equity investment

"**Financial income**" is analysed as follows:

€/000	FY 2024	FY 2023
Income from adjustment to fair value and fixing of derived instruments for hedging interest rate risk	1,409	2,312
Interest of trade receivables	258	302
Cash management interest	1,454	1,157
Financial income of debt adjustment estimate for purchase commitment of remaining shares of subsidiaries	1,292	1,729
Other financial income	430	121
Financial income	**4,843**	**5,621**

The "Financial income of debt adjustment estimate for purchase commitment of remaining shares of subsidiaries" refer to the adjustment of the debt for the purchase commitment of the remaining shares of the companies:

- Agres Sistemas Eletrônicos S.A, subject to Put & Call option for the purchase of the remaining 4.5% of the company, with a positive adjustment in the year of € 876 thousand (a positive adjustment of € 1,726 thousand and a negative adjustment of € 98 thousand were recorded at 31 December 2023);
- Valley Industries LLP, subject to Put & Call option for the purchase of the remaining 6% of the company, with an adjustment in the year of € 173 thousand (€ 3 thousand in the previous year);
- Markusson, subject to Put & Call option for the adjustment of the remaining share of 19% of the company, with a positive adjustment in the year of € 243 thousand (a negative adjustment of € 30 thousand was recorded at 31 December 2023).

The adjustment of these payables, included among financial liabilities, is a consequence of the updating of the Multi-Year Plans originally planned by the target companies. The Price of the Put & Call options, in fact, is correlated to the future economic and financial indicators of the companies acquired.

With reference to the income from fair value adjustments and fixing of derivative instruments, please refer to paragraph 23 of these Explanatory Notes.

"**Financial expenses**" are analyzed as follows:

€/000	FY 2024	FY 2023
Interest on medium long-term bank loans and borrowings	12,582	11,243
Financial charges of debt adjustment estimate for purchase commitment of remaining shares of subsidiaries	-	302
Financial charges from leases	1,817	1,616
Costs from adjustment to fair value and fixing of derived instruments for hedging interest rate risk	1,619	2,722
Interest on short-term bank loans and borrowings	1,253	1,151
Financial charges from valuing employee terminations indemnities (note 33)	149	180
Financial expenses from P&C discounting debts	23	40
Other financial costs	676	576
Financial expenses	**18,119**	**17,830**

The increase in the "interest on medium long-term bank loan and borrowings" is related to the trend in interest rates and to the bank indebtedness.

The item "Financial charges from leases" refers to interest on financial liabilities recorded in accordance with accounting standard IFRS 16 – *Leases*.

Reference should be made to Note 23 for more details on interest rate hedging derivatives risk.

Details of "**exchange gains and losses"** are as follows:

€/000	FY 2024	FY 2023
Profit / (Loss) on exchange differences on trade transactions	(195)	(55)
Profit / (Loss) on exchange differences on trade transactions adjustments	(744)	635
Profit / (Loss) on exchange differences on financial transactions	8	27
Profit / (Loss) on exchange differences on valuation of hedging derivatives	277	(189)
Exchange gains and losses	**(654)**	**418**

The exchange rate management 2024 is negative for € 654 thousand against a positive value of € 418 thousand of the previous year. Foreign exchange management was negatively affected by the devaluation of the Brazilian real against the Euro and US dollar.

The item "**Income from/(expenses on) equity investment**", equal to a positive value of € 4 thousand (compared to a positive value of € 2 thousand in the previous year), relates to the valuation according to the equity method of the investment in the associated company Raw Power S.r.l.

16. Income taxes

The tax charge in 2024 for current and deferred tax assets and liabilities amounts to € 3,985 thousand (€ 5,513 thousand in the previous year).

This amount is made up as follows:

€/000	FY 2024	FY 2023
Current income taxes	6,362	7,014
Taxes from prior years	(16)	(420)
Deferred tax assets (note 32)	(1,850)	(1,148)
Deferred tax liabilities (note 32)	(511)	67
Total	**3,985**	**5,513**

Current income taxes include the cost of IRAP (regional company tax) to € 558 thousand, compared to € 742 thousand in 2023.

The reconciliation between the tax burden recorded in the financial statements and the theoretical tax charges, determined on the basis of the theoretical tax rates in force in Italy, is as follows:

€/000	FY 2024	% Rate	FY 2023	% Rate
Profit before taxes	**10,485**		**25,435**	
Theoretical tax charges	**2,925**	**27.9**	**7,096**	**27.9**
Effect of IRAP differences calculated on different tax base	270	2.6	269	1.1
Non-taxable income	(515)	(4.9)	(812)	(3.2)
Non-deductible costs	1,729	16.5	606	2.4
Differences in rates with other countries	(642)	(6.1)	(260)	(1.0)
Taxes on financial charges concerning the discounting and adjustment of payables for equity investments	(350)	(3.3)	(388)	(1.5)
Previous period taxes	(16)	(0.2)	(420)	(1.7)
Other differences	584	5.5	(578)	(2.3)
Effective tax charge	**3,985**	**38.0**	**5,513**	**21.7**

The effective tax rate is 38% against 21.7% at 31 December 2023.
The effective tax charge for the year was significantly influenced by the accounting for the reduction in the value of the 'Lavorwash Group' goodwill, which is not fiscally relevant, amounting to € 4,414 thousand (with a negative effect on the tax rate of 11.7%) and the non-recognition of deferred tax assets on tax losses of some Brazilian companies (included under 'Other differences' in the previous table) with a negative impact on the tax rate of 4%.

The item “Non-taxable income” includes the theoretical tax effect of financial income that is not fiscally relevant and related to the adjustment of debts for the purchase of the remaining shares of subsidiaries, with a positive effect on the tax rate for the year of 3.4%.

17. Earnings per share

“Basic" earnings per share are calculated by dividing the net profit for the period attributable to the Parent Company's shareholders by the weighted average number of ordinary shares outstanding during the period, excluding the average number of ordinary shares purchased or held by the Parent Company as treasury shares (Note 39). The Parent Company has only ordinary shares outstanding.

	FY 2024	FY 2023
Net profit attributable to ordinary shareholders in the parent company (€/000)	5,755	19,075
Weighted average number of ordinary shares outstanding	162,837,602	162,837,602
Basic earnings per share (€)	**0.035**	**0.117**

Diluted earnings per share are the same as basic earnings per share.

18. Property, plant and equipment

Changes in property, plant and equipment are shown below:

€/000	31.12.2023	Change in scope of consolidation Increase	Increase/ (Amortizations)	Decreases	Exchange differences	Reclassification	31.12.2024
Lands and buildings	59,446	2,690	679		624		63,439
Accumulated depreciation	(26,442)	(1,483)	(1,585)		(234)		(29,744)
Lands and buildings	**33,004**	**1,207**	**(906)**	**-**	**390**	**-**	**33,695**
Plant and machinery	137,339	5,850	8,306	(1,351)	779	2,107	153,030
Accumulated depreciation	(104,451)	(3,564)	(8,040)	941	(726)	11	(115,829)
Plant and machinery	**32,888**	**2,286**	**266**	**(410)**	**53**	**2,118**	**37,201**
Other assets	144,030	2,808	5,824	(2,561)	(97)	1,409	151,413
Accumulated depreciation	(128,821)	(2,287)	(5,580)	2,573	(223)	(11)	(134,349)
Other assets	**15,209**	**521**	**244**	**12**	**(320)**	**1,398**	**17,064**
Advances and fixed assets in progress	**4,920**	**19**	**4,141**	**(295)**	**-**	**(3,497)**	**5,288**
Cost	**345,735**	**11,367**	**18,950**	**(4,207)**	**1,306**	**19**	**373,170**
Accumulated depreciation (note 14)	**(259,714)**	**(7,334)**	**(15,205)**	**3,514**	**(1,183)**	**-**	**(279,922)**
Net book value	**86,021**	**4,033**	**3,745**	**(693)**	**123**	**19**	**93,248**

€/000	31.12.2022	Change in scope of consolidation Increase	Increase/ (Amortizations)	Decreases	Exchange differences	Reclassification	31.12.2023
Lands and buildings	59,508		564		(1,157)	531	59,446
Accumulated depreciation	(25,330)		(1,504)		392	-	(26,442)
Lands and buildings	**34,178**	**-**	**(940)**	**-**	**(765)**	**531**	**33,004**
Plant and machinery	127,125	2,972	7,786	(1,446)	(1,323)	2,225	137,339
Accumulated depreciation	(98,809)	(1,105)	(7,414)	1,446	1,087	344	(104,451)
Plant and machinery	**28,316**	**1,867**	**372**	**-**	**(236)**	**2,569**	**32,888**
Other assets	139,535		4,879	(1,592)	(808)	2,016	144,030
Accumulated depreciation	(125,581)		(5,337)	1,376	715	6	(128,821)
Other assets	**13,954**	**-**	**(458)**	**(216)**	**(93)**	**2,022**	**15,209**
Advances and fixed assets in progress	**6,076**	**-**	**3,975**	**-**	**25**	**(5,156)**	**4,920**
Cost	**332,244**	**2,972**	**17,204**	**(3,038)**	**(3,263)**	**(384)**	**345,735**
Accumulated depreciation (note 14)	**(249,720)**	**(1,105)**	**(14,255)**	**2,822**	**2,194**	**350**	**(259,714)**
Net book value	**82,524**	**1,867**	**2,949**	**(216)**	**(1,069)**	**(34)**	**86,021**

Tangible fixed assets of PNR Group at the date of entry into the consolidation area, they amounted to € 4,033 thousand and mainly refer to plants and machinery used in the production process for € 2,286 thousand and to land and buildings for € 1,207 thousand.

Increases refer mainly to investments:
1. in equipment for the development of new products and new technologies;
2. in renewal projects of the IT system;
3. in the upgrading and modernization of production lines;
4. in the upgrading of production systems and infrastructures;
5. in the cyclical renewal of production and industrial equipment.

There are no assets subject to restrictions following secured guarantees.

Over the years, the Group has benefited from a number of capital grants provided in accordance with Law 488/92 to the subsidiary Comag S.r.l. (from 1 January 2015 merged into the company Emak S.p.A.). The grants received are recognized as income in the income statement progressively in relation to the remaining possibility of utilization of the assets to which they refer and are shown in the statement of financial position as deferred income.

19. Intangible assets

Intangible assets report the following changes:

€/000	31.12.2023	Change in scope of consolidation Increase	Increases	Decreases	Amortizations	Exchange differences	Reclassification	31.12.2024
Development costs	4,008	-	2,057	87	(1,673)	(316)	5	4,168
Patents and software	3,697	66	1,744	-	(2,267)	(20)	306	3,526
Concessions, licences and trademarks	8,182	-	138	-	(1,043)	229	-	7,506
Other intangible assets	10,503	5,388	926	-	(2,702)	(253)	2,766	16,628
Advanced payments and fixed assets in progress	2,838	-	906	-	-	(2)	(3,096)	646
Net book value	29,228	5,454	5,771	87	(7,685)	(362)	(19)	32,474

€/000	31.12.2022	Change in scope of consolidation Increase	Increases	Decreases	Amortizations	Exchange differences	Reclassification	31.12.2023
Development costs	4,104	-	1,436	(1)	(1,698)	69	98	4,008
Patents and software	3,013	-	2,139	(26)	(1,794)	1	364	3,697
Concessions, licences and trademarks	3,624	5,568	24	-	(987)	(47)	-	8,182
Other intangible assets	12,226	-	314	-	(2,152)	74	41	10,503
Advanced payments and fixed assets in progress	1,515	-	1,819	(36)	-	9	(469)	2,838
Net book value	24,482	5,568	5,732	(63)	(6,631)	106	34	29,228

Research costs directly recorded in the income statement amount to € 7,803 thousand, net of the capitalization that took place during the year and mainly refer to costs incurred for the development of new products.

Intangible fixed assets of PNR Group at the date of entry into the consolidation area, they amounted to € 5,454 thousand and mainly relate to the value attributed to the customer list at the acquisition date, whose useful life has been estimated by the Administrators to be 11 years.

Other intangible fixed assets mainly include the value of the customer list determined following the Purchase Price Allocation process of the consideration recognized for the acquisitions of:

- Lavorwash Group, which took place in 2017, for a net value at 31 December 2024 of € 3,412 thousand, and an originally estimated useful life of 14 years;
- Agres Sistemas Eletrônicos SA, which took place in 2020, for a net value at 31 December 2024 of € 893 thousand, and an originally estimated useful life of 10 years;
- Markusson, which took place in 2020, for a net value at 31 December 2024 of € 878 thousand, and an originally estimated useful life of 10 years;
- Poli S.r.l. which took place in 2021, for a net value at 31 December 2024 of € 2,133 thousand, and an originally estimated useful life of 14 years;
- PNR S.r.l. which took place in 2024, for a net value at 31 December 2024 of € 4,951 thousand, and an originally estimated useful life of 11 years.

During 2024, the implementation activity of the new management system was completed for Comet S.p.A. and Lavorwash S.p.A., with the go-live taking place at the beginning of 2024. This resulted in the total investments of € 1,403 thousand in 2024 (compared to € 1,400 thousand in 2023).

All intangible fixed assets have a defined residual life and are amortized at constant rates on the basis of their remaining useful life, except for the trademark of the subsidiary Lemasa S.A. merged into Comet do Brasil Industria e Comercio de Equipamentos Ltda, allocated in occasion of the acquisition of the same company and recorded for a value of 2,664 thousand Reais, equal to € 415 thousand as at 31 December 2024.
The recoverability of this asset with an indefinite useful life is subject to an impairment test carried out with the procedure illustrated in Note 21.

20. Rights of use

The movement of the item "Rights of use" is set out below:

€/000	31.12.2023	Change in scope of consolidation	Increases	Amortization	Decreases	Exchange difference	31.12.2024
Rights of use buildings	39,931	1,823	4,402	(7,631)	(212)	172	38,485
Rights of use other assets	1,976	299	2,528	(1,535)	(27)	(56)	3,185
Net book value (note 14)	41,907	2,122	6,930	(9,166)	(239)	116	41,670

€/000	31.12.2022	Increases	Amortization	Decreases	Exchange difference	31.12.2023
Rights of use buildings	35,002	11,908	(7,024)	(120)	165	39,931
Rights of use other assets	1,459	1,705	(1,170)	(38)	20	1,976
Net book value (note 14)	36,461	13,613	(8,194)	(158)	185	41,907

The increases for the year are mainly related to the signing of new lease contracts for buildings owned by third parties, which expired during the year, for identical underlying assets, while the rights of use of PNR Group amounted to € 2,122 thousand.

21. Goodwill

The goodwill of € 67,176 thousand reported at December 31, 2024 is detailed below:

Cash Generating Unit (CGU)	*Country*	Description	31.12.2023	Change in scope of consolidation	Impairment losses (Note 14)	Exchange differences	31.12.2024
Victus	Poland	Goodwill recorded in Victus IT	5,608	-	-	85	5,693
Tecomec	Italy	Goodwill recorded in Tecomec Group	2,807	-	-	-	2,807
Speed France	France	Goodwill recorded in Speed France	2,854	-	-	-	2,854
Comet	Italy	Goodwill recorded in Comet Group	4,253	-	-	-	4,253
PTC	Italy	Goodwill recorded in PTC	1,236	-	-	-	1,236
Valley	USA	Goodwill recorded in Valley LLP, A1 and Bestway	13,746	-	-	875	14,621
Tecomec	Italy	Goodwill Geoline Electronic S.r.l. recorded in Tecomec S.r.l.	901	-	-	-	901
S.I.Agro Mexico	Mexico	Goodwill recorded in S.I.Agro Mexico	634	-	-	-	634
Comet do Brasil	Brazil	Goodwill Lemasa LTDA recorded in Comet do Brasil	10,367	-	-	(1,534)	8,833
Lavorwash	Italy	Goodwill recorded in Lavorwash Group	17,490	-	(4,414)	-	13,076
Spraycom	Brazil	Goodwill recorded in Spraycom	200	-	-	-	200
Markusson	Sweden	Goodwill recorded in Markusson	1,589	-	-	(51)	1,538
Agres	Brazil	Goodwill recorded in Agres	7,863	-	-	(1,301)	6,562
Poli	Italy	Goodwill recorded in Poli	1,815	-	-	-	1,815
Trebol	Spain	Goodwill recorded in Trebol	1,191	-	-	-	1,191
PNR	Italy	Goodwill recorded in PNR Group	-	962	-	-	962
		Total	**72,554**	**962**	**(4,414)**	**(1,926)**	**67,176**

The difference compared to December 31, 2023, is attributable to the change in consolidation exchange rates, negative for € 1,926 thousand, to the acquisitions of the PNR Group for € 962 thousand and to the impairment losses of the goodwill of Lavorwash Group for € 4,414 thousand.

The item at the end of the financial year is composed of:

- Goodwill allocated to the CGU Victus, equal to € 5,693 thousand, relates to the difference between the acquisition price for 100% of the company regulated by Polish law, Victus-Emak Sp. Z.o.o., and its equity at the date of acquisition, and relates to the acquisition of the company branch of Victus International Trading SA. Both acquisitions were finalized in 2005.

- Goodwill relating to the acquisition of the Tecomec Group, the Comet Group and of the Speed France Group on the part of Tecomec S.r.l respectively for € 2,807 thousand, € 4,253 thousand and € 2,854 thousand arise from the Greenfield Operation (for details on the operation, reference should be made to the prospectus published on November 18, 2011); in compliance with the requirements of the reference accounting standards, the acquisition operations carried out between parties subject to common control are not regulated by IFRS 3, but are accounted for taking account of the requirements of IAS 8, that is, the concept of a reliable and faithful representation of the operation, and of the provisions of OPI 1 (Assirevi, Association of Italian Auditors, Preliminary Guidelines regarding IFRS), relating to the "accounting treatment of business combinations of entities under common control in the separate and consolidated financial statements". As more fully specified in the aforementioned accounting standards, the choice of the accounting standard for the operations in question must make reference to the above-described elements, which imply the application of the criterion of the continuity of the values of the net assets transferred. The principle of the continuity of values gives rise to the recognition in the financial statements of the acquiring company of values equal to those that would have been shown if the net assets subject to aggregation had always been aggregated. The net assets must therefore be recognized at the book values shown in the accounts of the acquired companies before the operation or, if available, at the values shown in the consolidated accounts of the common controlling company. Specifically, the company has chosen to account for the difference arising from the greater price paid for the acquisition of the stakes of the Tecomec Group and of the Comet Group only at the values already recognized in the consolidated accounts of the controlling company Yama at the time of the respective acquisitions.
  Since the acquisition values of the shareholdings in the Greenfield Operation are greater than the equity values of the acquired companies at 31 December 2011, the excess of € 33,618 thousand has been eliminated by adjusting down equity in the consolidated financial statements.
  The goodwill allocated to the CGU Comet, equal to € 4,253 thousand, includes the amount of € 1,974 thousand relates to the positive difference emerged following the acquisition and subsequent merger by incorporation of the company HPP S.r.l. in Comet S.p.A., finalized in 2010. The latter, with reference to the impairment test conducted starting from the 2022 financial statements, was tested using the cash flows derived from the subsidiary PTC, which from that year, acquired the HPP business through business unit lease.

- The goodwill allocated to the CGU PTC, equal to €1,236 thousand, refer to:

  - € 360 thousand relates to the goodwill of a business unit contributed in 2011 by minority shareholders in PTC S.r.l., a Comet Group company;

  - € 523 thousand relates to the goodwill arose upon the acquisition of the company, Master Fluid S.r.l., acquired in June 2014 by P.T.C. S.r.l. and subsequently merged by incorporation into it. The goodwill derives from the difference between the price of acquisition and its equity on 30 June 2014;

  - € 353 thousand relates to the positive difference emerged following the acquisition and subsequent merger by incorporation of the company Acquatecnica S.r.l. in P.T.C. S.r.l., finalized in 2016.

- The goodwill allocated to the CGU Valley, equal to € 14,621 thousand, includes:

  - an amount of € 12,514 thousand for the acquisition of Valley Industries LLP by Comet USA Inc in February 2012, resulting from the difference arising between the acquisition price and its net assets;

  - an amount equal to € 1,513 thousand arising from the acquisition of the company branch A1 Mist Sprayers Resoruces Inc., realized in the first months of 2017 by the same Valley;

- and an amount of € 594 thousand arising from the acquisition of the business of the company Bestway AG realized in the first months of 2023 (€ 567 thousand at the acquisition date), subsequently merged into Valley.

- The goodwill recorded for € 901 thousand refers to the acquisition of the 51% of the company Geoline Electronic S.r.l., by Tecomec S.r.l. in January 2014. Following the total demerger operation, which took place at the end of 2019, the company was dissolved with the transfer of the business relating to the "Control units, electric valves and flow meters" business unit to the parent company Tecomec which continues in this activity.

- The goodwill recorded for € 634 thousand refers to the difference arisen in 2014 between the acquisition price paid by Comet Spa for the 55% of the company S.I.Agro Mexico (with which was increased the shareholding from 30% to 85%) and the pro-share equity acquired. During the first half of 2019 the Group took its stake to 100% with the purchase of an additional 15%.

- The amount of € 8,833 thousand refers to the goodwill recorded in relation to the acquisition of the 100% of Lemasa – in 2022 merged into Comet do Brasil - during 2015 financial year, of which 30% regulated by a *Put & Call* option exercised in 2020. The goodwill was recognized as the difference between the estimate of the current price of acquisition of 100% of the company and the fair value of its assets and liabilities acquired at the date of acquisition. During 2016 financial year, as a result of the *impairment test*, this goodwill was partially reduced for € 4,811 thousand.

- The amount of € 13,076 thousand refer to the acquisition of the 97.78% of the Lavorwash Group, which took place in 2017. During the year, the impairment test revealed a partial impairment loss of goodwill for this CGU amounting to € 4,414 thousand, which was recorded as a reduction of the same. The goodwill was initially recognized for € 17,490 thousand.

- The goodwill of Spraycom recorded for € 200 thousand in 2018, refers to the difference between the value of the capital increase subscribed by Tecomec S.r.l. for 51% of the company Spraycom and the pro-share equity acquired.

- The amount of € 1,538 thousand refers to the goodwill recognized as part of the acquisition of the Markusson company which took place in 2020, partly regulated by a *Put & Call option* exercised for 30% in the first half of 2023 and the residual for 19%. The goodwill, referring to 100%, was determined as the difference between the fair value of the net assets and the acquisition price which, for the part subject to the Put & Call option, was determined using the best estimate of the current value of the exercise price of the options, on the basis of the related business plan.

- The amount of € 6,562 thousand includes the value of the goodwill referring to the company Agres which took place in 2020. The goodwill was determined as the difference between the fair value of the net assets and the acquisition price which, for the part subject to the Put & Call option exercised for 4.5% in the first half of 2023 and residual for 4.5%, is valued according to the expected future economic and financial results, the value of the goodwill, therefore, was originally recorded using the best estimate of the current value of the exercise price of the options, determined on the basis of the related business plan.

- The goodwill of Poli recorded for € 1,815 thousand in 2021 emerges from the consolidation of the company Poli as the difference between the fair value of the net assets and the acquisition price which, for the part subject to the Put & Call option, referring to the 20% of the company, is valued according to future economic and financial results. The goodwill, therefore, was originally recorded taking into account the best estimate of the current value of the exercise price of the options, determined on the basis of the related business plan.

- The goodwill referring to the company Trebol Maquinaria y Suministros S.A was recognized at 31 December 2022 for € 1,191 thousand as the difference between the fair value of the net assets at 30 September 2022 and the acquisition price referring to 83.33% of the society;

- The goodwill referring to the PNR Group for € 962 thousand which emerges from the difference between the 80% acquisition price and the fair value of the net assets of the Group following the acquisition carried out in January 2024. The acquisition of the 20% remaining share made in June 2024 did not result in the recognition of additional goodwill having been concluded after the acquisition of control.

Impairment test

The Group checks the recoverability of goodwill at least once a year, or more frequently if there are indicators of loss in the value. This check is carried out by calculating the recoverable value of the relevant Cash Generating Unit (CGU), using the “Discounted cash flow” method.

The business plans, methodologies and results of the "impairment test" as illustrated above have been approved by the Board of Directors on February 27, 2025, with the agreement of Risk Control and Sustainability Committee. The multi-year financial business plans have also been subject to approval by the respective Boards of Directors of the sub-holdings to which each CGU belongs.

The more relevant factors in the estimate of future cash flows are attributable to the intrinsic difficulty in the formulation of future forecasts, to the feasibility of market strategies in highly competitive contexts, and to macroeconomic and geo-political risks connected to geographical areas in which the Emak Group operates.
Management has taken account in its business strategies of climate-related transitions risks and opportunities that could most significantly influence future cash flows, dividing them into the following main aspects:

- Regulatory evolution of products;
- Evolution of consumer preferences;
- Energy supply-chains.

The discount rate used to discount the expected cash flows has been established by single CGU. This rate (WACC) reflects the current market assessments of the time value of money over the period considered and the specific risks of Emak Group companies and of the reference sectors.

In order to carry out the impairment test on the recoverability of goodwill values, the *Discounted cash flow* has been calculated on the basis of the following assumptions:

- the cash flows used has been extracted from the three-year or five-year business plan of the companies, approved by the Board of Directors, that represent management’s best estimate in relation to the future operating performances of single entities in the period;
- these cash flows refer to reference units in their current state and exclude any operation of an extraordinary nature and/or operations not yet defined at the closing of the year;
- The future expected cash flows have been forecast in the currencies in which they will be generated;
- The future expected cash flows refer to a period of 3/5 years and include a normalized terminal value used to express a synthetic estimate of future results beyond the timeframe explicitly considered;
- The WACC used to discount future cash flows are calculated on the basis of the following assumptions:
    - the cost of debt reflects a cost of debt at market values, determined as the sum of the Eurirs rate with a maturity of 10 years with an average yield of the 6 months prior December 31, 2024 to which is added a spread determined on the basis of the actual cost of debt relating to the Group's current loans;
    - The cost of equity capital reflects the average 10-year *(*risk free*)* Government Bond yield of 6 months previous to 31 December 2024 increased by a premium for market risk and weighted by an industry-specific levered beta; the cost also considers an execution risk of 1% in order to take account of possible deviations between the final results and forecast data, as well as a size risk premium to reflect the risk deriving from the dimensions of the Group with respect to other market operators.

The WACC used broken down by geographical area are as follows:

	31.12.2024	31.12.2023
Italy	9.0%	10.0%
France	8.6%	9.1%
Spain	8.6%	9.4%
Poland	10.6%	11.1%
Sweden	7.9%	8.9%
Mexico	11.3%	12.8%
Usa	9.4%	9.6%
Brazil	11.7%	14.5%

The terminal value was determined on the basis of a long-term growth rate (g) equal to the long-term inflation of the country in which each CGU operates (source *International Monetary Fund*); this rate is reported below, broken down by country:

	31.12.2024	31.12.2023
Italy	2.0%	2.0%
France	1.8%	2.0%
Spain	2.0%	1.8%
Poland	2.5%	2.5%
Sweden	2.0%	2.3%
Mexico	3.0%	3.0%
Usa	2.1%	2.1%
Brazil	3.0%	3.0%

For the determination of the operating cash flow based on the last year of explicit forecast, was reflected, in order to project "in perpetuity" a stable situation, a balance between investments and amortization (in the logic of considering a level of investments necessary for the maintenance of the business) and change in working capital equal to zero.

The impairment tests did not identify any impairment losses with the exception of the goodwill referring to the Lavorwash Group. The assessment of recoverability of Lavorwash Group goodwill has indicated a partial value loss such as to require a write-off equal to € 4,414 thousand.
The impairment test was performed using a WACC of 9.02% and a long-term growth rate "g" of 2% from which it emerges that the future discounted cash flows do not make possible to recuperate the total value of recorded Goodwill. The company's business plan, revised compared to previous years, despite confirming positive results, is affected by a strategic transition period for the Lavorwash Group aimed at further developing the growth of products intended for the professional market compared to hobby products.
Said goodwill has, therefore, been partially written down, recording a loss of value under the "Impairment losses of goodwill" heading of the Income Statement (see note 14).

In addition to the above, it should be noted that, also on the basis of the indications contained in the joint document issued by the Bank of Italy, Consob and Isvap (supervisory body for private insurance) no. 4 of 3 March 2010, the Group has drawn up sensitivity analyses on the results of the test for the CGUs not subject to impairment with respect to variations in the underlying assumptions effecting the estimation of the use value of the various CGUs, considering alternative scenarios: (i) a positive variation of the WACC of 5%, (ii) a negative variation of 50 bps of the long-term growth rate (g), (iii) a negative variation of 5% in cash flows for each year of the plan. These analyzes did not show any impairment losses.

The Group's Management verify the recoverability of net invested capital of Emak S.p.A. CGU, even though no goodwill or other intangible assets with indefinite life are allocated to it, considering the indicators of loss of value detected during the financial year, traceable to the negative operating result for the period. This assessment has also been carried out through the determination of the recoverable value of the reference Cash Generating Unit (CGU) through the "Discounted cash flow" method. The methodology used for determining the discounted cash flow is the same as previously described. As a result, the figures of the five-year plan of the Emak S.p.A. CGU, which is the smallest unit for generating cash flow according to the monitoring policies used by management for internal management purposes, have been considered.

The WACC rate used for discounting cash flows is 9%; the final value has been determined on the basis of a long-term growth rate (g) of 2%, equal to long-term inflation for the country (International Monetary Fund data). The test has not revealed value losses.
Sensitivity analyses conducted on the test results do not indicate potential value losses considering alternatively i) a positive 5% variation of the WACC, ii) a negative variation of 50 bps of the long-term growth rate (g) or iii) a negative 5% variation of cash flows for each year of the plan.

Finally, the Directors, noting that the Shareholders' Equity of the Emak Group is higher than market capitalization of the stock at 31 December 2024 (equivalent to 145 million Euro), have deemed it appropriate to carry out a so-called "second level" impairment test on the basis of the three-year economic-financial plan of the Group approved by the Board of Directors on 30 January 2025. The impairment test was performed applying the same methodology previously illustrated, applying WACC rate of 9% and a long-term growth rate (g) of 2%. The test has not revealed value losses. Sensitivity analysis on the results of the impairment test with respect to i) a positive variation of 5% of WACC or ii) negative by a half percent of the growth rate "g" and iii) of 5% of the cash flows for each year of the plan, has not indicated value losses.

22. Equity investments in other companies and Investments in associates

The item "**Equity investments in other companies**" amounts to € 8 thousand and the same are not subject to impairment losses, risks and benefits associated with the possession of the investment are negligible.

The item " **Income from/(expenses on) equity investment**", amounting to € 806 thousand, refers to the value of the share pertaining to the Group in associates obtained with the application of the equity method.
In particular, the item refers to the company Raw Power S.r.l., which entered the scope of consolidation starting from 22 February 2023 as previously commented (Note 7).
The value of the equity investments in associated companies was adjusted as at 31 December 2024 for a positive value of € 4 thousand, recorded under the Income Statement item " Income from/(expenses on) equity investment ".

23. Derivative financial instruments

The financial statements values relate to changes in the fair value of financial instruments for:
- hedging purchases in foreign currency;
- hedging the risk of changes in interest rates.

All derivative financial instruments belonging to this heading are valued at fair value at the second hierarchical level: the estimate of their fair value has been carried out using variables other than prices quoted in active markets and which are observable (on the market) either directly (prices) or indirectly (derived from prices).

In the case in point, the fair value recorded is equal to the "market to market" estimation provided by the reference banks, which represents the current market value of each contract calculated at the closing date of the Financial Statements.

Accounting for the underexposed instruments is at fair value. According to the IFRS principles these effects were accounted in the income statement of the current year.

The current value of these contracts at December 31, 2024 is shown as follows:

€/000	31.12.2024	31.12.2023
Positive *fair value* assesment exchange rate hedge and options	152	13
Positive *fair value* assessment IRS and interest rate options	218	1,015
Total derivative financial instrument assets	**370**	**1,028**
Negative *fair value* assesment exchange rate hedge and options	6	220
Negative *fair value* assessment IRS and interest rate options	972	383
Total derivative financial instrument liabilities	**978**	**603**

At December 31, 2024 appear outstanding forward contracts of purchase in foreign currencies for:

	Company		Nominal value (€/000)	Forward exchange (average)	Due to (*)
Forward contracts for foreign currencies purchases					
Eur/Pln	Victus-Emak S.p. Z.o.o.	Euro	600	4.38	10/03/2025
Usd/Pln	Victus-Emak S.p. Z.o.o.	Usd	400	4.05	10/02/2025
Cnh/Pln	Victus-Emak S.p. Z.o.o.	Cnh	14,004	1.78	10/03/2025
Eur/Gbp	Emak Uk	Gbp	200,000	0.84	28/02/2025
Brl/Euro	Tecomec S.r.l.	Brl	11,416	6.70	22/10/2025
Usd/Eur	Sabart Srl	Usd	1,000	1.04	03/03/2025
Euro/Mxn	S.I. Agro Mexico	Euro	1,250	20.49	30/05/2025

(*) The due date is indicative of the last contract.

Finally, on December 31, 2024 IRS contracts and options on interest rates are also in force, with the aim of covering the risk of variability of interest rates on loans.

The Parent Company Emak S.p.A. and the subsidiaries Tecomec S.r.l. and Comet S.p.A. have signed IRS contracts and options on interest rates for a total notional value of € 84,920 thousand. The expiration of the instruments is so detailed:

Bank	Company	Notional Euro (€/000)	Date of the operation	Due to
MPS	Emak S.p.A.	750	16/06/2020	30/06/2025
UniCredit	Emak S.p.A.	1,000	06/08/2021	31/03/2025
Bper Banca	Emak S.p.A.	3,125	05/08/2022	30/06/2027
UniCredit	Emak S.p.A.	5,000	04/08/2023	31/07/2030
UniCredit	Emak S.p.A.	5,000	22/09/2023	31/07/2030
Banca Nazionale del Lavoro	Emak S.p.A.	6,667	30/07/2024	31/12/2029
Banca Nazionale del Lavoro	Emak S.p.A.	5,100	20/12/2024	31/03/2029
UniCredit	Emak S.p.A.	10,000	17/04/2024	31/07/2030
MPS	Comet S.p.A.	2,000	08/10/2021	28/06/2026
Banca Nazionale del Lavoro	Comet S.p.A.	5,000	18/02/2022	31/12/2026
Banca Nazionale del Lavoro	Comet S.p.A.	3,889	06/06/2023	07/04/2028
Deutsche Bank	Comet S.p.A.	10,000	30/07/2024	31/12/2029
Bper Banca	Comet S.p.A.	15,000	01/08/2024	29/06/2029
UniCredit	Comet S.p.A.	5,000	05/12/2024	30/11/2029
MPS	Tecomec S.r.l.	1,000	13/10/2021	28/06/2026
Banca Nazionale del Lavoro	Tecomec S.r.l.	2,500	18/02/2022	31/12/2026
Banca Nazionale del Lavoro	Tecomec S.r.l.	3,889	06/06/2023	07/04/2028
Total		**84,920**		

The average of the hedging interest rates resulting from the instruments is equal to 2.23% at December 31, 2024.

For all contracts, despite having the purpose and characteristics of hedging transactions, the relative changes in fair value are recognized in the income statement in the period of competence in accordance with the hedge accounting rules established by IFRS 9.

The value of all these contracts (relating to interest and exchange rates) at December 31, 2024 is an overall negative fair value of € 608 thousand (positive fair value equal to € 425 thousand at 31 December 2023).

24. Trade and other receivables

Details of these amounts are as follows:

€/000	31.12.2024	31.12.2023
Trade receivables	129,244	118,247
Provision for doubtful accounts	(5,211)	(4,695)
Net trade receivables	**124,033**	**113,552**
Trade receivables from related parties (note 40)	381	332
Prepaid expenses and accrued income	4,004	3,157
Other receivables	5,202	4,895
Total current portion	**133,620**	**121,936**
Other non current receivables	97	96
Total non current portion	**97**	**96**

The increase in trade receivables is attributable to the change in the scope of consolidation and the growth in turnover compared to the previous year.
The creditworthiness of customers is confirmed at good levels of reliability.

The item "Other receivables", for the current portion, includes:
- an amount of € 2,303 thousand as advances to suppliers for the supply of goods;
- an amount of € 1,582 thousand, (€ 1,800 thousand at 31 December 2023), for receivables of certain Group companies towards the controlling company Yama S.p.A., emerging from the relationships that govern the tax consolidation in which they participate

All non-current receivables mature within five years. There are no trade receivables maturing beyond one year.

The movement in the provision for bad debts is as follows:

€/000	31.12.2024	31.12.2023
Opening balance	**4,695**	**5,837**
Change in scope of consolidation increase	851	127
Provisions (note 13)	1,362	1,101
Decreases	(1,253)	(2,367)
Exchange differences	(444)	(3)
Closing balance	**5,211**	**4,695**

As regards specifically the credit risk, please refer to what is highlighted in Note 4.1.b).

25. Inventories

Inventories are detailed as follows:

€/000	31.12.2024	31.12.2023
Raw, ancillary and consumable materials	81,640	64,319
Work in progress and semi-finished products	27,736	36,692
Finished products and goods	142,308	133,645
Total	**251,684**	**234,656**

Inventories at December 31, 2024 are stated net of provisions amounting to € 15,076 thousand (€ 13,632 thousand at December 31, 2023) intended to align the obsolete and slow moving items to their estimated realizable value.

The inventories provision is an estimate of the loss in value expected by the Group, calculated on the basis of past experience, historic trends and market expectations.

Detail of change in the provision for inventories is as follows:

€/000	FY 2024	FY 2023
Opening balance	**13,632**	**12,200**
Change in scope of consolidation	621	275
Provisions	2,474	2,061
Exchange differences	(90)	(6)
Usage	(1,561)	(898)
Closing balance	**15,076**	**13,632**

26. Cash and cash equivalents

Cash and cash equivalents are detailed as follows:

€/000	31.12.2024	31.12.2023
Bank and post office deposits	69,092	75,548
Cash	82	113
Total	**69,174**	**75,661**

For the purposes of the cash flow statement, closing cash and cash equivalents comprise:

€/000	31.12.2024	31.12.2023
Cash and cash equivalents	69,174	75,661
Overdrafts (note 30)	(4,121)	(2,752)
Total	**65,053**	**72,909**

27. Other financial assets

Other financial assets amount to € 1,182 thousand, which is non-current portion, and € 38 thousand as current portion and refer mainly to:

- an amount of € 564 thousand relating to guarantee deposits; entered under the non-current assets;
- an amount of € 565 thousand relating to sureties, recorded under non-current assets;
- an overall amount of € 74 thousand, of which € 37 thousand as a non-current portion and € 37 thousand as a current portion, corresponding to the receivable due from the parent company, Yama

S.p.A. by way of a capital replenishment made to the Group for expenses incurred by a number of companies and relating to the period on which Yama S.p.A. exercised control over them.

28. Equity

Share capital

Share capital is fully paid up at 31 December 2024 and amounts to € 42,623 thousand, remaining unchanged during the year under examination, and it is represented by 163,934,835 ordinary shares of par value € 0.26 each.

All shares have been fully paid.

Treasury shares

Total value of treasury shares held at 31 December 2024 amounts to € 2,835 and has not undergone any changes compared to the previous year.

Dividends

On 29 April 2024 the Shareholders' Meeting of Emak S.p.A. resolved to allocate the profit for the year 2023 for € 522 thousand to the legal reserve for € 2,598 thousand to the extraordinary reserve and for a total of € 7,328 thousand as a dividend to shareholders (0.045 Euros per share) also through use of the retained earnings reserve.
With the approval of these financial statements, we propose the distribution of a total dividend of Euro 0.025 per share, equal to a total of Euro 4,071 thousand.

Share premium reserve

At 31 December 2024, the share premium reserve amounts to € 41,513 thousand, and consists of premiums on subsequently issued shares.
The reserve is shown net of progress charges related to the capital increase amounted to € 1,598 thousand and adjusted for the related tax effect of € 501 thousand.

Legal reserve

The legal reserve at December 31, 2024 of € 5,491 thousand (€ 4,969 thousand at December 31, 2023).

Revaluation reserve

At 31 December 2024 the revaluation reserve includes the reserves deriving from the revaluation as per Law 72/83 for € 371 thousand, as per Law 413/91 for € 767 thousand and as per Law 104/2020 for € 3,215 thousand.

Reserve for translation differences

At 31 December 2024 the reserve for translation differences for an amount of € 3,157 thousand is entirely attributable to the differences generated from the translation of balances into the Group's reporting currency.
The reserve recorded a negative adjustment of € 3,232 thousand mainly due to the performance of the Brazilian real counterbalanced by the positive effect of the US Dollar.

Reserve IAS 19

At 31 December 2024 the IAS 19 reserve is equal a negative amount of € 948 thousand, for the actuarial valuation differences of post-employment benefits to employees. The same changed at 31 December 2024 for € 36 thousand.

Other reserves

At 31 December 2024 the Other reserves include:

- the extraordinary reserve, amounts to € 34,269 thousand, inclusive of all allocations of earnings in prior years;
- the reserves qualifying for tax relief refer to tax provisions for grants and donations for € 129 thousand;
- the reserves for merger surpluses for € 3,561 thousand;
- the reserves from capital grants deriving from the merger of Bertolini S.p.A. for € 122 thousand.

Details of the restrictions and distributability of reserves are contained in the specific table in the notes to the financial statements of the Parent Company Emak S.p.A.

29. Trade and other receivables

Details of these amounts are as follows:

€/000	31.12.2024	31.12.2023
Trade payables	102,892	86,254
Payables due to related parties (note 40)	1,138	551
Payables due to staff and social security institutions	16,152	14,075
Advances from customers	1,875	2,455
Accrued expenses and deferred income	3,439	3,268
Other payables	2,646	3,169
Total current portion	**128,142**	**109,772**

The item "**Trade payables**" includes € 1,261 thousand related to the residual portion of the short term payable for the acquisition, which took place in 2020, by the subsidiary Speed France of a technology and systems for the production of polyester monofilaments and cables for agricultural applications.
The increase in this item is attributable to the higher purchases made in the latter part of the financial year.
The item "Other payables" includes € 538 thousand, compared to € 1,055 thousand at 31 December 2023, for current IRES tax liabilities recorded by some companies of the Group towards the parent company Yama S.p.A. and arising from the relationships that govern the consolidated tax return, to which the same participating.

30. Loans and borrowings

Details of **short-term loans and borrowings** are as follows:

€/000	31.12.2024	31.12.2023
Bank loans	66,787	80,214
Overdrafts (note 26)	4,121	2,752
Liabilities for purchase of equity investments	2,725	2,837
Financial accrued expenses	647	606
Other loans	20	15
Total current portion	**74,300**	**86,424**

The item "**Liabilities for purchase of equity investments**" includes:

- an amount of € 166 thousand relates to the estimated dividends due to the minority shareholders of the company Markusson;
- € 1,610 thousand, relates to the discounted debt for the purchase price portion of 20% of Poli S.r.l. shares and governed by the "*Put and Call option*" contract to be exercised between 2024 and 2026;
- an amount of € 949 thousand refers to the debt towards the transferor shareholder of the company Valley Industries LLP for the purchase of the remaining 6% subject to the "Put & Call Option without expiry date.

These payables are estimated using the plans of the target companies and progressively updated on the basis of the economic and financial parameters that regulate the price of the shares subject to the Put&Call option. The debt recognized today represents the best possible estimate.

Long-term loans and borrowings are detailed as follows:

€/000	31.12.2024	31.12.2023
Bank loans	159,276	135,350
Liabilities for purchase of equity investments	1,985	3,197
Total non current portion	**161,261**	**138,547**

The item " **Liabilities for purchase of equity investments** " includes:

- € 1,711 thousand, relates to the discounted debt for the purchase price portion of 19% of Markusson shares and governed by the "*Put and Call option*" contract to be exercised in 2026;
- € 274 thousand, relates to the discounted debt for the purchase price portion of 4.5% of Agres Sistemas Eletrônicos shares and governed by the "*Put and Call option*" contract to be exercised from 1 January 2026.

I The changes in **medium and long term loans** are reported below:

€/000	31.12.2023	Change in scope of consolidation	Increases	Decreases	Exchange differences	Other movements	31.12.2024
Bank loans	135,350	506	87,550	(61,529)	111	(2,712)	159,276
Liabilities for purchase of equity investments	3,197	-	23	(1,235)	-	-	1,985
Total	**138,547**	**506**	**87,573**	**(62,764)**	**111**	**(2,712)**	**161,261**

Some loans at medium-long term are subjected to financial Covenants verified, mainly, on the basis of the consolidated ratios *Nfp/Ebitda* and *Nfp/Equity.* At December 31, 2024 the Group respects all the reference parameters foreseen by the contract.

The **medium and long term loans** are reimbursed under the following repayment plans:

€/000	Due within 2 years	Due within 3 years	Due within 4 years	Due within 5 years	Total due within 5 years	Due beyond 5 years
Bank loans	55,623	40,288	34,139	22,845	**152,895**	**6,381**
Liabilities for purchase of equity investments	1,985	-	-	-	**1,985**	**-**
Total	**57,608**	**40,288**	**34,139**	**22,845**	**154,880**	**6,381**

The interest rates applied on short and medium-long term loans are as follows:

- on bank loans in Euro, Euribor plus a fixed spread is applied;
- on bank loans in British pounds, the SONIA plus a fixed spread is applied;
- bank loans in U.S. dollars, SOFR plus a fixed spread is applied;
- on bank loans in Brazilian Reais, applies the CDI or the SELIC plus a fixed spread;
- on bank loans in Polish Zloty, WIBOR plus a fixed spread is applied.

31. Liabilities deriving from *leases*

The item “**Liabilities deriving from *leases*”** which totals € 44,184 thousand, of which € 35,552 thousand as non-current portion and € 8,632 thousand as current portion, refers to financial liabilities recorded in application of the IFRS 16 accounting standard - *Leases*. These liabilities are equal to the present value of the future residual payments provided by the contracts.
At 31 December 2023 these liabilities amounted to € 43,936 thousand, of which € 36,433 thousand as non-current portion and € 7,503 thousand as current portion.

The **Liabilities deriving from *leases*** a medium and long term**,** are reimbursed under the following repayment plans:

€/000	Due within 2 years	Due within 3 years	Due within 4 years	Due within 5 years	Total 2 - 5 years	Due beyond 5 years
Liabilities for leasing	8,374	7,318	6,759	4,867	**27,318**	**8,234**
Total	**8,374**	**7,318**	**6,759**	**4,867**	**27,318**	**8,234**

32. Tax assets and liabilities

Deferred tax assets are detailed below:

€/000	31.12.2023	Ch. in scope of consolidation	Increases	Decreases	Other movements	Exchange differences	31.12.2024
Deferred tax on impairment losses of assets	392	-	419	(43)	(17)	18	769
Deferred tax on reversal of unrealized intercompany gains	3,592	74	268	-	-	-	3,934
Deferred tax on provision for inventory write-downs	2,490	149	492	(334)	-	4	2,801
Deferred tax on losses in past financial periods	563	-	1,139	(103)	-	(156)	1,443
Deferred tax on provisions for bad debts	570	189	10	(173)	-	2	598
Deferred tax on right of use IFRS 16	457	-	125	(1)	-	(6)	575
Deferred tax asset on unrealized exchange differences	469	-	144	(34)	-	(70)	509
Deferred tax on tax realignment and revalutations	1,200	-	354	(316)	-	5	1,243
Other deferred tax assets	1,798	12	258	(355)	(68)	-	1,645
Total (note 16)	**11,531**	**424**	**3,209**	**(1,359)**	**(85)**	**(203)**	**13,517**

The portion of taxes which are expected to reverse within the following 12 months is estimated to be in line with the decrease registered in 2024.

“Other deferred tax assets" mainly includes the tax credit on the benefits, accrued in the previous year and not yet used, deriving from the facilitation and the tax effect related to the provisions subject to deferred taxation.

Deferred tax liabilities are detailed below:

€/000	31.12.2023	Ch. in scope of consolidation	Increases	Decreases	Other movements	Exchange differences	31.12.2024
Deferred tax on property ex IAS 17	87	-	-	(5)	-	-	82
Deferred tax on depreciations	5,199	1,482	205	(388)	-	111	6,609
Other deferred tax liabilities	2,682	-	87	(410)	(44)	-	2,315
Total (note 16)	**7,968**	**1,482**	**292**	**(803)**	**(44)**	**111**	**9,006**

The other deferred tax liabilities refer mainly to revenues already accounted for, but which will acquire fiscal relevance, in the coming years.

The portion of taxes which are expected to reverse within the following 12 months is estimated to be in line with the decrease registered in 2024.

At December 31, 2024, no deferred tax liabilities for taxes on retained earnings of subsidiaries have been recognized as the Group does not believe, at the time, that these profits will be distributed in the foreseeable future.

Current tax receivables amount at December 31, 2024 to € 10,450 thousand, against € 11,249 thousand at December 31, 2023, and refer to VAT credits, surplus payments on account of direct tax and other tax credits.

Current tax liabilities amount to € 4,876 thousand at December 31, 2024, compared with € 4,691 thousand a year earlier, and they refer to payables for direct tax for the period, VAT and withholding taxes.

The main Italian companies of the Group participate with the parent company Yama S.p.A. in the tax consolidation pursuant to articles 117 and following of the Presidential Decree n. 917/1986: the positions for current IRES taxes of these companies are recorded under the item Other payables (Note 29) and Other receivables (Note 24).

33. Employee benefits

At December 31, 2024 such benefits refer principally to the discounted liability for employment termination indemnity payable at the end of an employee's working life, amounting to € 6,009 thousand against € 5,537 thousand at December 31, 2023. The valuation of the indemnity leaving fund (TFR), carried out according to the nominal debt method, in force at the closing date, would be € 6,126 thousand against € 5,761 at December 31, 2023.

Movements in this liability recorded in the financial statement are as follows:

€/000	FY 2024	FY 2023
Opening balance	**6,066**	**6,291**
Current service cost and other provisions	449	192
Actuarial (gains)/losses	50	43
Interest cost on obligation (note 15)	149	180
Disbursements	(686)	(640)
Closing balance	**6,535**	**6,066**

The principal economic and financial assumptions used, for the calculations of TFR, in accordance with IAS 19, are as follows:

	FY 2024	FY 2023
Annual inflation rate	2.00%	2.00%
Discount rate	2.93%	3.08%
Dismissal rate	3.00%	3.00%

Demographic assumptions refer to the most recent statistics published by ISTAT.
In the 2025 financial year, payments are expected to be in line with 2024.

34. Provisions for risks and charges

Movements in these provisions are detailed below:

€/000	31.12.2023	Change in scope of consolidation	Increases	Decreases	Exchange differences	Other movements	31.12.2024
Provisions for agents' termination indemnity	2,589	41	205	(110)	-	(92)	2,633
Other provisions	296	**40**	36	(269)	(1)	-	102
Total non current portion	**2,885**	**81**	**241**	**(379)**	**(1)**	**(92)**	**2,735**
Provisions for products warranties	1,450	-	204	(115)	(11)	-	1,528
Other provisions	341	-	774	(279)	(3)	92	925
Total current portion	**1,791**	**-**	**978**	**(394)**	**(14)**	**92**	**2,453**

The provision for agents' termination indemnity is calculated on the basis of agency relationships in force at the close of the financial year, it refers to the probable indemnity which will have to be paid to the agents at the time of the resolution of the respective report. The year allocation of € 205 thousand, was recorded under the provisions in the item "Other operating expenses" in the income statement.
The increase from the change in the scope of consolidation, equal to € 81 thousand, refer to the provision for risks accrued by the PNR Group up to December 31, 2023, of which € 41 thousand refer to the provision for agent's termination indemnity and € 40 thousand as provisions for ongoing disputes and used during 2024.

The other non-current provisions, amounting to € 102 thousand, mainly refer to a dispute related to industrial property rights litigation. During the exercise, these provisions were used for € 229 thousand against the already incurred expenses and increased by € 36 thousand in order to take account of the evolution of the disputes.

The product warranty provision refers to future costs for repairs on warranty which will be incurred for products sold covered by the legal and/or contractual warranty period; the allocation is based on estimates extrapolated from the historic trend.

The item “Other provisions”, for the current portion, refers to the best possible estimate of probable liabilities relating to:

- provision for future costs to be incurred for the restoration activities of the industrial area of the former headquarters of the company Tailong (Zhuhai) Machinery Manufacturing Equipment Ltd, allocated during the 2024 for an amount of € 659 thousand;
- provisions for future legal claims costs for € 70 thousand (€ 125 thousand at 31 December 2023) in the face of some tax disputes against two Group companies;
- provisions any future charges related to disputes with some employees for € 54 thousand;
- allocations of € 142 thousand for some disputes and litigation of a different nature.

The Group, also on the basis of the information currently available and on the basis of the opinion of its consultants, does not believe it will allocate further provisions for contingent liabilities.

35. Other non-current liabilities

The item **“Other non-current liabilities”** equal to € 730 thousand includes:

- € 359 thousand, against € 382 thousand at 31 December 2023, refers to the deferred income, of future competence, relating to capital grants received pursuant to Law 488/92 by Comag S.r.l., now merged into Emak S.p.A. The part of the grant receivable within a year is recorded in current liabilities under other liabilities and amounts to € 23 thousand;
- other deferrals related to the correct accrual accounting of received grants and the portion related to the tax receivable for investment amounting to approximately €357 thousand.

36. Contingent liabilities

The Group does not have any significant additional disputes with respect to those that could give rise to contingent liabilities.

37. Commitments

Fixed asset purchases
The Group has commitments for the purchase of fixed assets not accounted for in the financial statements as of December 31, 2024 for an amount equal to € 1,102 thousand.
These commitments mainly refer to the purchase of equipment.

Purchases of additional shares of equity
Please note that with respect to shares held directly or indirectly by the Parent Company Emak S.p.A. the following contractual agreements are in force:

- Put and Call option for the remaining 6% of the equity investment is contained in the contract for the acquisition of the subsidiary Valley Industries LLP, in favor of the *trust Savage Investments*, to be exercised without deadline;
- in the contract to acquire the subsidiary Markusson, owned by Tecomec S.r.l. with a share of 81%, there is a "*Put & Call Option*" agreement which regulates the purchase for the remaining 19% to be exercised from 1 May 2026;
- in the contract to acquire the associated company Agres Sistemas Eletronicos S.A., owned by Tecomec S.r.l. with a share of 95.5%, there is a "Put and Call" agreement which regulates the purchase for the remaining 4.5% to be exercised from 1 January 2026;

- in the contract to acquire the subsidiary Poli S.r.l., controlled by Comet S.p.A. with a share of 80%, a "Put and Call" agreement is included for the purchase of the remaining 20% to be exercised between 2024 and 2026.

38. Guarantees

The Group has € 1,176 thousand in guarantees granted to third parties at December 31, 2024, relating to guarantee policies for customs rights and bank guarantees.

39. Ordinary shares, treasury shares and dividends

Share capital is fully paid up at December 31, 2024 and amounts to € 42,623 thousand and it consists of 163,934,835 ordinary shares of par value € 0.26 each.

	31.12.2024	31.12.2023
Number of ordinary shares	163,934,835	163,934,835
Treasury shares	(1,097,233)	(1,097,233)
Total outstanding shares	**162,837,602**	**162,837,602**

At December 31, 2023, the Company held 1,097,233 treasury shares in portfolio for an equivalent value of € 2,835 thousand. During 2024 no treasury shares were purchased or sold. Therefore, at December 31, 2024 the Company held 1,097,233 treasury shares in portfolio for a value of € 2,835 thousand.

During the months of January and February 2025, there were no changes in the consistency of the treasury share portfolio.

During 2024 financial year, the dividends approved in the shareholders' meeting of 29 April 2024 relating to the 2023 financial year were paid for a total of € 7,328 thousand.

40. Related party transactions

The transactions entered into with related parties by the Group in the full year 2024 mainly relate to three different types of usual nature relations, within the ordinary course of business, adjusted to normal market conditions.

It is in first place for the exchange of goods and provision of services of industrial and real estate activities, responding to a stringent production logic and purpose, carried out with the parent company YAMA S.p.A. and with certain companies controlled by it. On one side, among the companies under the direct control of Yama, some have provided during the period to the Group components, materials of production, as well as the leasing of industrial surfaces. In particular, significant amounts of rights of use, equal to € 11,194 thousand, liabilities deriving from leases, equal to € 11,914 thousand, amortization and depreciation, equal to € 1,874 thousand, and financial charges, equal to € 355 thousand, derive from the passive real estate lease relationships with the subsidiary Yama Immobiliare S.r.l., in compliance with the IFRS accounting standard. 16, properly identified in the financial statements.
On the other hand, certain companies of Yama Group bought from the Group products for the completion of their respective range of commercial offer.

Secondly, relations of a tax nature and usual character arise from the participation of the Parent Company Emak S.p.A. and of the subsidiaries Comet S.p.A., Tecomec S.r.l., Sabart S.r.l., P.T.C. S.r.l., Lavorwash S.p.A. and Poli S.r.l. to the tax consolidation regime under Articles. 117 et seq., Tax Code, intercurrent with Yama S.p.A., as consolidating company. The criteria and procedures for the settlement of such transactions are established and formalized in agreements of consolidation, based on the principle of equal treatment between participants. The amount of balances with related parties, relating to tax consolidation relationships, are shown in notes 24 and 29.

For some years there have been collaboration relationships for consultancy services of a technological nature linked to the development of new electrical products with the company Raw power S.r.l.. Following the purchase of the 24% connection share which took place in the first half of 2023, the transactions with this company they qualify as related party transactions.

A further area of relationships with "other related parties" is derived from the performance of professional services for legal and fiscal nature, provided by entities subject to significant influence by a non-executive director.

The nature and extent of the usual and commercial operations described above is shown in the following two tables.

Sale of goods and services, trade and other receivables and financial asset:

€/000	Net sales	Trade receivables	Other receivables for tax consolidation	Total trade and other receivables	Current financial assets	Non current financial assets
Euro Reflex D.o.o.	922	379	-	379	-	-
Garmec S.r.l.	47	1	-	1	-	-
Selettra S.r.l.	1	1	-	1	-	-
Yama Immobiliare S.r.l.	-	-	-	-	-	-
Yama S.p.A.	-	-	1,582	1,582	37	37
Total (notes 24 and 27)	**970**	**381**	**1,582**	**1,963**	**37**	**37**

Purchase of goods and services, trade and other payables:

€/000	Purchases of raw materials and consumables	Other operating costs	Trade payables	Other payables for tax consolidation	Total trade and other payables	Financial charges	Current liabilities for leasing	Non current liabilities for leasing
Euro Reflex D.o.o.	2,031	37	467	-	467	-	-	-
Garmec S.r.l.	302	-	310	-	310	-	-	-
Selettra S.r.l.	111	2	36	-	36	-	-	-
Yama Immobiliare S.r.l.	-	-	3	-	3	355	1,874	10,040
Yama S.p.A.	-	-	-	538	538	-	-	-
Raw Power S.r.l.	6	172	51	-	51	-	-	-
Other related parties	-	558	271	-	271	-	-	-
Total (note 29)	**2,450**	**769**	**1,138**	**538**	**1,676**	**355**	**1,874**	**10,040**

With regard to values that arose in previous years from transactions with related parties, it should be noted that the assets still exhibit goodwill equal to € 9,914 thousand (unchanged compared to 31 December 2023). These values derive from the so-called Greenfield operation through which the Group, on 23 December 2011, acquired from the parent company Yama S.p.A. the total control of the Tecomec Group, of the Comet Group, of Sabart S.r.l.

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The remunerations of the Directors and Auditors of the Parent Company for the financial year 2024, the different components of the total remuneration, the remuneration policy adopted, the procedures followed for their calculation and the shareholdings in the Group owned by the above officers, are set out in the “Remuneration report”, drawn up pursuant to art. 123-ter, Leg. Dec. 58/98, that is submitted for approval by the shareholders' meeting and available on the company website www.emakgroup.it, in the section “Investor Relations > Corporate Governance >Remuneration reports”.

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During the year there are no other significant intercompany transactions with related parties outside the Group, other than those described in these notes.

41. Grants received: obligations of transparency regarding public grants Law no.124/2017

In compliance with the transparency obligations regarding public grants provided for by article 1, paragraphs 125-129 of Law no. 124/2017, subsequently integrated by the “security” Decree Law (no. 113/2018) and by the “Simplification” Decree Law (no. 135/2018), information relating to public grants received by the Group during the 2024 financial year is given below.
It should be noted that a cash-based reporting criterion has been adopted, reporting the grants collected during the period in question.

Disbursements received as consideration for supplies and services provided have not been taken into consideration.
Grants received are shown in the following table:

€/000

Lender	Description	Emak S.p.A.	Tecomec S.r.l.	Sabart S.r.l.	Comet S.p.A.	Lavorwash S.p.A.	P.T.C. S.r.l.	Poli S.r.l.	Total
Ministry of Economic Development	Non-repayable grant			12					**12**
Ministry of Enterprises and Made in Italy	Non-repayable grant	474							**474**
Ministry of the Environment and Energy Security - DGCEE	Non-repayable grant	7							**7**
MEF	Tax credit under Law 160/2019	193	105			3			**301**
MEF	Tax credit under Law 178/2020	242	361			83			**686**
Fondimpresa	Contribution for training plans	23		5	12	2	6		**48**
Fondirigenti	Contribution for training plans		3						**3**
MEF	Reductions in contributions for recruitment	253		8	4	20	12	6	**303**
Institution for Small and Medium Enterprises Guarantees Consortium	Non-repayable grant		2						**2**
MEF	Tax credit Art Bonus L.106/2014	3	3						**6**
Total		**1,195**	**474**	**25**	**16**	**108**	**18**	**6**	**1,842**

42. Subsequent events

For the description of subsequent events please refer to the note 15 of the Directors’ report.

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INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Emak S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Emak S.p.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Emak S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Goodwill Impairment test	
Description of the key audit matter	The Group includes in its consolidated financial statements as at December 31, 2024 goodwill for a total amount of Euro 67,176 thousand, distributed for Euro 36,327 thousand in Europe, Euro 16,228 thousand in Latin America and Euro 14,621 thousand in North America. Goodwill is not amortized but is tested for impairment at least annually, as required by accounting standard IAS 36 - Impairment of Assets. Impairment tests are carried out by comparing the recoverable values of the cash generating units (CGUs) identified by the Group, determined according to the value in use method, and the relative carrying amounts, which take into account both goodwill and other assets allocated to the relative CGUs. As a result of the impairment tests, approved by the Board of Directors on February 27, 2025, the Group has recognized an impairment loss of the goodwill allocated to the CGU relating to the sub-group composed by Lavorwash S.p.A. and its subsidiaries of Euro 4,414 thousand. No impairment losses were recognized with reference to the other CGUs. Management's assessment process to ascertain possible impairment losses is based on assumptions concerning, among other things, the forecast of the expected cash flows of the CGUs, as well as the determination of an appropriate discount rate (WACC) and long-term growth rate (g-rate). The assumptions reflected in the long-term plans of the CGUs are influenced by future expectations and market conditions, which determine elements of physiological uncertainty in the estimate. Considering the importance of the amount of goodwill recognized in the consolidated financial statements, the subjective nature of the estimates relating to the determination of the cash flows of the CGUs and the key variables of the impairment model, as well as the unpredictable factors that can influence the performance of the markets in which the Group operates, we considered the impairment test of goodwill and other assets allocated to the related CGUs as a key audit matter of the Group's consolidated financial statements as at December 31, 2024. The explanatory notes to the consolidated financial statements in paragraphs "2.7 Goodwill", "2.8 Impairment of assets" and "5. Key accounting estimates and assumptions" describe the assessment process adopted by Management. Note 21 reports the information on the impairment tests performed and on the relative sensitivity analysis, which illustrate the effects resulting from changes in key variables used to carry out the tests.

Audit procedures performed	Firstly, we examined the methods used by the Management to determine the value in use of the CGUs analyzing the criteria and assumptions used by Management for the preparation of the impairment tests. In the context of our work, we performed the following audit procedures, also through the involvement of experts belonging to our network: • identification and understanding of the controls put in place by Management for the determination of the value in use of the CGUs analyzing the methods and assumptions used by Management for the execution of the impairment tests; • reasonableness analysis of the main assumptions adopted by the Group for the determination of cash flow forecasts, also by analyzing data and obtaining information from Management; • analysis of the actual values for 2024 compared to the original plans in order to assess the nature of the variances and the reliability of the budgeting process; • evaluation of the reasonableness of the discount rates (WACC) and long-term growth rates (g-rate) applied in the tests, by identifying and observing external sources usually used in the professional practice; • verification of the mathematical accuracy of the model used to determine the value in use of the CGUs; • verification of the correct determination of the carrying amount of the CGUs; • verification of the sensitivity analysis prepared by Management; • examination of the adequacy of the disclosure provided on impairment tests and of its compliance with the provisions of IAS 36.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Emak S.p.A. has appointed us on April 22, 2016 as auditors of the Company for the years from December 31, 2016 to December 31, 2024.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Emak S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the consolidated financial statements as at December 31, 2024, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at December 31, 2024 have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Opinions and statement pursuant to art. 14 paragraph 2, sub-paragraphs e), e-bis) and e-ter) of Legislative Decree 39/10 and pursuant to art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Emak S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of Group as at December 31, 2024, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to:

- express an opinion on the consistency of the report on operations and of some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the consolidated financial statements;

- express an opinion on compliance with the law of the report on operations, excluding the section related to the consolidated corporate sustainability reporting, and of some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98;

- make a statement about any material misstatement in the report on operations and in some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98.

In our opinion, the report on operations and the specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Group as at December 31, 2024.

In addition, in our opinion, the report on operations, excluding the section related to the consolidated corporate sustainability reporting, and the specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2, sub-paragraph e-ter), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Our opinion on the compliance with the law does not extend to the section related to the consolidated corporate sustainability reporting. The conclusions on the compliance of that section with the law governing criteria of preparation and with the disclosure requirements outlined in art. 8 of the EU Regulation 2020/852 are expressed by us in the assurance report pursuant to art. 14-bis of Legislative Decree 39/10.

DELOITTE & TOUCHE S.p.A.

Signed by
Giovanni Borasio
Partner

Bologna, Italy
March 27, 2025

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Emak S.p.A.
Separate financial statements at 31 December 2024

Financial statements

Emak S.p.A. Income Statement

€	Notes	Year 2024	of which to related parties	Year 2023	of which to related parties
Revenues from sales	**8**	**130,577,359**	**27,871,699**	**117,804,558**	**21,200,873**
Other operating incomes	8	3,700,618	2,577,051	3,496,799	2,402,840
Change in inventories		11,126,720		(7,662,305)	
Raw materials, consumable and goods	9	(89,928,630)	(30,788,673)	(64,410,762)	(23,509,199)
Personnel expenses	10	(24,229,298)		(22,264,800)	
Other operating costs and provisions	11	(27,839,930)	(1,006,039)	(23,239,496)	(970,076)
Amortization, depreciation and impairment losses	12	(5,516,846)		(5,424,660)	
Operating result		**(2,110,007)**		**(1,700,666)**	
Financial income	13	12,006,717	10,322,637	16,133,952	14,296,530
Financial expenses	13	(4,518,975)		(5,358,477)	
Exchange gains and losses	13	45,158		104,525	
Profit befor taxes		**5,422,893**		**9,179,334**	
Income taxes	14	989,246		1,267,127	
Net profit		**6,412,139**		**10,446,461**	

Statement of other comprehensive income

€	Notes	Year 2024	Year 2023
Net profit (A)		**6,412,139**	**10,446,461**
Actuarial profits/(losses) deriving from defined benefit plans (*)	**31**	**5,000**	**(65,000)**
Income taxes on OCI (*)		**(1,000)**	**18,000**
Total other components to be included in the comprehensive income statement (B)		**4,000**	**(47,000)**
Total comprehensive income for the perdiod (A)+(B)		**6,416,139**	**10,399,461**

(*) Items will not be classified in the income statement

In accordance with the CONSOB resolution no. 15519 of July 27 2006, the effects of transactions with related parties on the income statement are shown in the scheme and are further described and discussed in note 38.

Statement of financial position

ASSETS

€	Notes	31.12.2024	of which to related parties	31.12.2023	of which to related parties
Non-current assets					
Property, plant and equipment	16	25,786,073		25,082,483	
Intangible assets	17	3,956,145		3,969,548	
Rights of use	18	210,231		154,791	
Equity investments	20	90,508,582		90,508,582	
Deferred tax assets	30	1,822,004		1,793,403	
Other financial assets	22	17,544,867	17,537,106	18,474,212	18,474,212
Other assets	23	2,549		2,549	
Total non-current assets		**139,830,451**		**139,985,568**	
Current assets					
Inventories	24	53,409,666		42,282,945	
Trade and other receivables	23	41,825,978	7,541,209	37,578,927	8,140,657
Current tax receivables	30	1,639,433		1,596,825	
Other financial assets	22	9,037,106	9,037,106	9,737,106	9,737,106
Derivative financial instruments	21	43,134		361,641	
Cash and cash equivalents	25	35,112,052		35,896,370	
Total current assets		**141,067,369**		**127,453,814**	
TOTAL ASSETS		**280,897,820**		**267,439,382**	

SHAREHOLDERS' EQUITY AND LIABILITIES

€	Notes	31.12.2024	of which to related parties	31.12.2023	of which to related parties
Capital and reserves					
Issued capital		42,623,057		42,623,057	
Share premium		41,513,153		41,513,153	
Treasury shares		(2,835,019)		(2,835,019)	
Other reserves		47,422,664		44,298,640	
Retained earnings		22,711,558		26,747,134	
Total Shareholders' Equity	**26**	**151,435,413**		**152,346,965**	
Non-current liabilities					
Loans and borrowings due to banks and other lenders	28	58,645,642	37,106	53,581,904	74,212
Liabilities for leasing	29	131,265		94,097	
Deferred tax liabilities	30	121,770		268,594	
Employee benefits	31	1,875,922		1,982,130	
Provisions for risks and charges	32	484,978		436,104	
Other non-current liabilities	33	715,796		738,870	
Total non-current liailities		**61,975,373**		**57,101,699**	
Current liabilities					
Trade and other payables	27	46,983,646	14,125,891	34,914,456	10,802,531
Current tax liabilities	30	850,137		829,966	
Loans and borrowings due to banks and other lenders	28	18,518,211	37,106	21,444,633	43,708
Liabilities for leasing	29	83,846		64,200	
Derivative financial instruments	21	601,194		292,463	
Provisions for risks and charges	32	450,000		445,000	
Total current liabilities		**67,487,034**		**57,990,718**	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**280,897,820**		**267,439,382**	

In accordance with the CONSOB resolution no. 15519 of July 27 2006, the effects of transactions with related parties on the statement of financial position are shown in the scheme and are further described and discussed in note 38.

Emak S.p.A. - Statement of changes in equity at December 31, 2023 and December 31, 2024

€/000	SHARE CAPITAL	SHARE PREMIUM	Treasury shares	OTHER RESERVES				RETAINED EARNINGS		TOTAL
				Legal reserve	Revaluation reserve	Reserve IAS 19	Other reserves	Retained earnings	Net profit for the period	
Balance at 31.12.2022	**42,623**	**41,513**	**(2,835)**	**4,247**	**4,353**	**(459)**	**32,339**	**16,301**	**14,450**	**152,532**
Change in treasury shares										**-**
Payments of dividends				722			3,144		(14,450)	**(10,584)**
Net profit for 2023						(47)			10,446	**10,399**
Balance at 31.12.2023	**42,623**	**41,513**	**(2,835)**	**4,969**	**4,353**	**(506)**	**35,483**	**16,301**	**10,446**	**152,347**
Change in treasury shares										**-**
Payments of dividends				522			2,598	(2)	(10,446)	**(7,328)**
Net profit for 2024						4			6,412	**6,416**
Balance at 31.12.2024	**42,623**	**41,513**	**(2,835)**	**5,491**	**4,353**	**(502)**	**38,081**	**16,299**	**6,412**	**151,435**

Cash Flow Statement Emak S.p.A.

€/000	Notes	2024	2023
Cash flow from operations			
Net profit for the period		**6,412**	**10,446**
Amortization, depreciation and impairment losses	12	5,517	5,425
Capital (gains)/losses on disposal of property, plant and equipment		1	(7)
Dividends income		(8,834)	(12,200)
Decreases/(increases) in trade and other receivables		(4,318)	2,844
Decreases/(increases) in inventories		(11,127)	7,662
(Decreases)/increases in trade and other payables		11,919	2,179
Change in employee benefits		(102)	(67)
(Decreases)/increases in provisions for risks and charges	32	54	75
Change in derivate financial instruments		627	623
Cash flow from operations		**149**	**16,980**
Cash flow from investing activities			
Dividends income		8,834	12,200
Change in property, plant and equipment and intangible assets		(6,262)	(5,140)
(Increases) and decreases in financial assets		1,629	5,947
Proceeds from disposal of property, plant and equipment		(1)	7
Cash flow from investing activities		**4,200**	**13,014**
Cash flow from financing activities			
Dividends paid	26	(7,328)	(10,584)
Change in short and long-term loans and borrowings		2,136	(26,833)
Liabilities for leasing refund		57	(13)
Other changes in equity		-	-
Cash flow from financing activities		**(5,135)**	**(37,430)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(786)**	**(7,436)**
OPENING CASH AND CASH EQUIVALENTS		**35,891**	**43,327**
CLOSING CASH AND CASH EQUIVALENTS		**35,107**	**35,891**

ADDITIONAL INFORMATION ON THE CASH FLOW STATEMENT

€/000	Notes	2024	2023
RECONCILIATION OF CASH AND CASH EQUIVALENTS:			
Opening cash and cash equivalents, detailed as follows:	25	**35,891**	**43,327**
Cash and cash equivalents		35,896	43,334
Overdrafts		(5)	(7)
Closing cash and cash equivalents, detailed as follows:	25	**35,107**	**35,891**
Cash and cash equivalents		35,112	35,896
Overdrafts		(5)	(5)
Other information:			
Income taxes paid		-	-
Financial expenses paid		(3,787)	(3,890)
Interest IFRS 16		(8)	(6)
Interest on financings to subsidiary companies		1,489	2,097
Interest on financings from subsidiary companies		-	-
Interest receivable on bank account		984	657
Interest receivable on trade receivables		140	179
Effects of exchange rate changes		146	(189)
Change in related party financial assets		1,637	6,747
Change in related party financial loans and borrowings		(43)	(37)
Change in related party receivables and service transactions		599	3,928
Change in related party payables and service transactions		3,323	3,360
Change in current tax receivables		(71)	12
Change in current tax liabilities		(128)	(92)

In accordance with the CONSOB resolution no. 15519 of July 27 2006, the effects of transactions with related parties on the cash flow statement are shown in the section Other information.

Emak S.p.A. Explanatory notes to the financial statement

Notes to the financial statement Emak S.p.A. - Contents

1. General information

Emak S.p.A. (hereinafter "Emak" or the "Parent Company") is a public company, with registered offices in Via Fermi, 4 in Bagnolo in Piano (RE). It is listed on the Italian stock market (MTA) on the EURONEXT STAR segment.

Emak S.p.A. is controlled by Yama S.p.A., non-financial holding company, which holds the majority of its capital and appoints, pursuant to the law and the company's bylaws, the majority of the members of its governing bodies. Emak S.p.A., nonetheless, is not subject to management or coordination on the part of Yama, and its Board of Directors makes its own strategic and operating choices in complete autonomy.

The Board of Directors of Emak S.p.A. on March 13, 2025 approved the Financial Statements for the year to December 31, 2024, also prepared according to the format required by the European Commission Regulation 2018/815 / EU (European Single Electronic Format) and ordered immediate notification under Art. 154-ter, paragraph 1-ter TUF, to the Board of Auditors and to the Auditing firm in order for them to carry out their relative duties. In connection with this communication, the company issued an appropriate press release with the key figures of the financial statements and the proposal for the allocation of profit submitted for approval by Shareholders' Meeting convened for April 29, 2025.

Emak S.p.A., as the Parent Company, has also prepared the consolidated financial statements of the Emak Group at 31 December 2024, also approved by the Board of Directors of Emak S.p.A. in the meeting of 13 March 2025; both sets of financial statements are subject to statutory audit by Deloitte & Touche S.p.A.

Values shown in the notes are in thousands of Euros, unless otherwise stated.

2. Summary of principal accounting policies

The main accounting policies used in the preparation of these financial statements are explained below and, unless otherwise indicated, have been uniformly adopted for all periods presented.

2.1 General methods of preparation

The financial statements have been prepared in accordance with the IFRS standards issued by the International Accounting Standards Board and adopted by the European Union at the date of preparing this report. The term IFRS also refers to all valid International Accounting Standards (IAS) still in force, as well as all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).

The financial statements have been prepared under the historical cost method, except for those financial assets and liabilities (including derivative instruments) measured at fair value.

On the basis of information available and of the current and foreseeable income and financial situation, the directors have drawn up the financial statements according to the going concern assumption.
On the basis of factors known to us, that is, the current situation and future forecasts of key economic, statement of financial position and financial figures for Emak and for the Emak Group, and of an analysis of the risks, there are no significant uncertainties that may compromise the status as a going concern in the foreseeable future.

In accordance with the provisions of IAS 1, the statement of financial position is constituted by the following reports and documents:

- Statement of financial position: based on the distinction between current and non-current assets and current and non-current liabilities;
- Income Statement and Comprehensive Income Statement: classification of items of income and expense according to their nature and with representation of the operating result that does not include the effects of exchange differences as per the accounting policy historically adopted by the Company;
- Cash flow Statement: based on a presentation of cash flows using the indirect method;
- Statement of Changes in Equity;

- Notes to the separate financial statements.

The preparation of financial statements under IFRS requires management to make use of accounting estimates. The matters involving a high degree of judgement or complexity and the areas in which the assumptions and estimates could have a significant impact on the financial statements are discussed in note 4.

With reference to Consob Resolution n. 15519 of July 27 2006 on the financial statements, it should be noted that the income statement and statement of financial position show dealings with related parties.

2.2 Presentation currency

(a) The financial statements are presented in Euros, which is the functional currency of the company.

(b) Transactions and balances
A foreign currency transaction is translated using the rate of exchange at the date of the transaction. Exchange gains and losses arising upon receipt and payment of the foreign currency amounts and upon translation at closing rates of monetary items denominated in a foreign currency are reported in the income statement.

2.3 Property, plant and equipment

Land and buildings largely comprise production facilities, warehouses and offices; they are stated at historical cost, plus any legal revaluations carried out in years prior to the first-time adoption of IAS/IFRS and kept in the financial statements during the transition period having the Company identified the residual value of the respective assets recorded in the balance sheet at that date as the fair value of the assets and opted to use this value as a substitute for cost at the transition date (so-called "Deemed Cost"), less the accumulated depreciation of the buildings. Other assets are recorded at historical cost, less accumulated depreciation and impairment. Historical cost includes all the directly attributable costs of purchasing the assets.

Subsequent expenditure is added to the carrying amount of the asset or is accounted for as a separate asset only when it is probable that this expenditure will generate future economic benefits and these costs can be measured reliably. Expenditure on other repairs and maintenance are charged to the income statement in the period incurred.

Land is not depreciated. Other assets are depreciated on a straight-line basis over their estimated useful lives as follows:

- buildings, 33 years;
- light construction, 10 years;
- plant and machinery, 7-10 years;
- molds for producing, 4 years;
- other, 4-8 years.

The residual value and the useful life of assets are reviewed and modified, if necessary, at the end of each year.

If the carrying amount of any asset is higher than the estimated recoverable amount, it is immediately reduced to realizable value.

Government grants for investments in buildings and plant are recognized in the income statement over the period necessary to match them with relative amortization plans and are treated as deferred income.

2.4 Intangible assets

(a) Development costs
These are intangible assets with a finite life.

The development costs of new products are capitalized only if the following conditions are met:
- the costs can be measured reliably;
- the product's technical feasibility, volumes and expected price indicate that the costs incurred for development will generate future economic benefits.

An intangible asset, generated in the development phase of an internal project, is recorded as an asset if the Company is able to demonstrate:
- the technical possibility of completing the intangible asset, so that it becomes available for use or sale;
- the intention to complete the asset and its ability to use it or sell it;
- the means by which the asset will generate future economic benefits;
- the availability of resources to complete the asset;
- the availability of adequate technical, financial and other types of resources to complete the development and to use or sell the asset;
- the ability to reliably evaluate the cost attributable to the asset during its development;
- the ability to use the intangible asset generated.

The amortisation of development costs, classified under the “Development costs” heading, accrues from the end of the development phase and when the relevant asset begins to generate economic benefits.
In the period in which capitalisable internal development costs are incurred, they may be suspended in the income statement as a reduction of the cost items affected and classified under intangible fixed assets.
Capitalised development costs are amortised on the basis of an estimate of the period in which it is expected that the assets in question will generate cash flows and, in any case, for periods of not more than 5 years starting from the start of production of the products pertaining to the development activities.
All other development costs which do not meet the requirements for being capitalised are recorded in the income statement when incurred.

Government grants obtained for investments in development costs are recognized in the income statement over the period necessary to correlate them with the related amortization plans and are treated as deferred income.

(b) Concessions, licenses and trademarks
Trademarks and licenses have a definite useful life and they are valued at historical cost and shown net of accumulated depreciation. Amortization is calculated on a straight-line basis so as to spread the asset's cost over its estimated useful life and in any case for a period not exceeding 10 years.

(c) Other intangible assets
Other intangible assets are recognized in accordance with IAS 38 - Intangible assets, when the asset is identifiable, it is probable that it will generate future economic benefits and its costs can be measured reliably. Intangible assets are recorded at cost and amortized systematically over the period of estimated useful life.

The agreements relating to the specific part of cloud technology, Software-as-a-Service (Saas), are accounted for in accordance with the interpretations published by the IFRIC, according to which the costs incurred for the customization of the application software to a supplier in an agreement Software-as-a-Service (SaaS) are capitalized only when the requisites envisaged by IAS 38 exist and in particular such personalization activities are carried out directly on the information systems under the control of the Group / Company. Alternatively, these costs are recorded directly in the income statement, similarly to software configuration costs.

2.5 Goodwill

Goodwill deriving from the acquisition of subsidiaries, classified among non-current assets, is initially recognized at cost, represented by the difference between the consideration paid and the amount recorded for minority interests at the acquisition date, compared to the identifiable net assets acquired and liabilities taken on. If the consideration is less than the fair value of the net assets of the acquired subsidiary, the difference is recognized in the income statement.
Goodwill is considered as an asset with an indefinite useful life. As a result, this asset is not amortized, but is subject periodically to checks to identify any impairment.

Goodwill is allocated to the operating units that generate separately identifiable financial flows and which are monitored in order to allow for verification of any impairment.
Goodwill relating to associates is included in the value of the investment and is not amortized, but subject to impairment tests if indicators of loss in the value arise.

2.6 Rights of use

The right to use the leased asset (so-called "right of use") is classified in the balance sheet among non-current assets.
The right of use asset is initially recognized at cost, determined as the sum of the following components:

- initial value of the liability deriving from lease (paragraph 2.18);
- any payments made before the start date of the contract, net of any incentives received;
- initial direct costs incurred by the lessee;
- the estimate of the costs that the lessee expects to incur for the dismantling, removal and demolition of the underlying asset.

Following the initial recognition, the right of use is adjusted to take into account the accumulated depreciation rates, any impairment losses and related effects and any restatements of the liability.
Depreciation rates are recognized on a straight-line basis and are accounted in the income statement under the item " Amortization, depreciation and impairment losses".

The Company used the exemption granted to IFRS 16 for short-term leases and for low-value asset, recognizing the payments relating to these types of leases in the income statement as operating costs over the duration of the leasing contract.

In relation to the renewal options, the Company proceeded to make an estimate of the duration of the related leasing contracts taking into account the reasonable certainty of exercising the option.

2.7 Impairment of assets

Assets subject to depreciation or amortization are reviewed for impairment every time that events or changes in circumstances indicate that their carrying value might not be recoverable. The impairment loss recognized is the amount by which the carrying amount of an asset exceeds its recoverable amount, corresponding to the higher of the asset's net selling price and its value in use. For the purposes of measuring impairment, assets are classified together into the smallest identifiable groups that generate cash inflows (cash-generating units) as required by IAS 36.
The aforementioned impairment test necessarily requires the making subjective valuations based on information available within the Group, on reference market prospects and historical trends.
In addition, if there appears to be a potential reduction in value, the Company makes a calculation of the value using what it considers to be suitable valuation techniques.
The correct identification of indicators of the existence of a potential reduction in value, as well as estimates for establishing values mainly depend on factors and conditions that may vary over time, also to a significant degree, thereby influencing the valuations and estimates made by the Directors.

2.8 Investment property

Property held for long-term capital appreciation and buildings held to earn rentals are measured at cost, less depreciation and any impairment losses.

2.9 Financial assets

All financial assets falling within the application of IFRS 9 are recognised at amortised cost or at fair value based on the identified the business model for the management of financial assets and the characteristics of the contractual cash flows of the financial asset.
Specifically, Emak S.p.A. has identified the following financial assets:

* financial assets held as part of a business model in which the objective is to collect contractual cash flows,represented uniquely by collections of principal and interest on the capital amount to be returned. Said assets are valued at amortised cost;
* financial assets held as part of a business model in which the objective is achieved both through the collection of contractual financial cash flows and through the sale of the asset: said assets are valued at fair value with variations recorded in profit (loss) (FVTPL);
* other financial assets are valued at fair value, with variations recorded in profit (loss) for the financial period (FVTPL).

With reference to financial assets valued at amortised cost, when the contractual cash flows of the financial asset are renegotiated or otherwise modified and the renegotiation or modification does not produce derecognition, the gross accounting value of the financial asset is recalculated and the profit or loss deriving from the modification is recorded in the profit (loss) for the financial period.

Any cost or commission incurred adjust the accounting value of the modified financial asset and are amortised along the remaining term of the asset.

Financial assets are derecognised when the contractual rights on the cash flows expire or substantially all the risks and benefits connected with the holding of the asset are transferred (so-called Derecognition), or in the event that the item is considered as definitively unrecoverable after all the necessary recovery procedures have been completed.

Financial assets and liabilities are offset in the balance sheet when there is the legal right to offsetting in the period and when there is the intention to adjust the ratio on a net basis (or to realise the asset and simultaneously settle the liability).

With regards to the loss of value of financial assets, Emak S.p.A. applies a model based on expected losses on receivables at every balance sheet reference date in order to reflect the variations in credit risk occurring since the initial recognition of the financial asset.

2.10 Non-current assets and liabilities held for sale

In these items are to be classified as assets held for sale and disposal when:

* the asset is available for immediate sale;
* the sale is highly probable within one year;
* management is committed to a plan to sell;
* a reasonable sales price is available;
* the plan for disposal is unlikely to change;
* a buyer is being actively sought.

This condition is met only if the sale is considered highly probable and the asset (or group of assets) is available for an immediate sale in its current state. The first condition is met when the Management is committed to the selling, that should happen within twelve months from the classification date of this item.
These assets are measured at the lower of their carrying amount and fair value less costs to sell. Assets reclassified to this category cease to be depreciated.

2.11 Shareholdings in subsidiaries

Controlling interests are valued at cost, after initial recording at fair value, adjusted for any permanent losses emerging in subsequent financial periods.

2.12 Shareholdings in associated companies

The investments in associated companies are valued based on the adjusted cost less any permanent impairment losses.

2.13 Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. The cost of finished products and work in progress includes raw material costs, direct labor costs, general manufacturing costs and other direct and indirect costs incurred in bringing the inventories to their present location and condition. Net realizable value is determined using prevailing selling prices less estimated costs of completion and sale.
Obsolete or slow-moving stocks are devalued on the basis of the presumed possibility of their use or of their future realizable value, by creating an appropriate provision that has the effect of reducing the inventories value.

2.14 Trade receivables

Financial instruments are definable. Initial recognition is at fair value; for trade receivables without a significant financial component the initial recognised value is the transaction price. The assessment of the collectability of receivables is made on the basis of the so-called Expected Credit Losses model provided for by IFRS 9.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost, using the effective interest method. They are recorded net of a bad debt provision, deducted directly from accounts receivable to bring the evaluation at their estimated realizable value. Expected losses on trade receivables are estimated using a provision matrix with aging bands of receivables, making reference to past experience regarding losses on credits, an analysis of debtors' financial positions, corrected to take account of specific factors regarding the debtor, and an assessment of the current and expected evolution of such factors at the balance sheet reference date.

2.15 Trade payables

Trade and other payables, due under normal commercial terms, are not discounted but are recognized at cost (identified by their face value), representing the expenditure required for their settlement.

2.16 Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits with banks and short-term financial investments that are highly liquid and originally mature in three months or under, less bank overdrafts. Bank overdrafts are classified in the financial position under short-term loans and borrowings under current liabilities.

In the cash flow cash statement and cash equivalents have been shown net of bank overdrafts at the closing date.

2.17 Share capital

Ordinary shares are classified under equity.

Any proceeds from their sale, less directly attributable transaction costs and the related tax, are recognized in equity pertaining to the Society.

In accordance with the requirements of International accounting standard IAS 32, costs sustained for the increase in share capital (that is, registration costs or other charges due to regulation authorities, amounts paid to legal advisors, auditors or other professionals, printing costs, registration costs and stamp duty), are accounted for as a reduction in equity, net of any connected tax benefit, to the extent to which they are marginal costs directly attributable to the share capital operation and would have been avoided otherwise.

2.18 Liabilities deriving from leases

The liabilities for leasing is initially recognized at an amount equal to the present value of the payments due not paid at the effective date, discounted using the implicit interest rate of the leasing for each contract or, if it cannot be easily determined, using the marginal financing rate. The latter is defined taking into account the periodicity of payments, the duration of the payments provided for in the leasing contract, the country and the Business unit to which the lessee belongs.
Future payments considered in the calculation of the liability are as follows:

- Fixed payments, net of any incentives to be received;
- Variable payments;
- Estimate of the payment as guarantee of the residual value;
- Payment of the exercise price of the purchase option, if the lessee is reasonably certain to exercise it;
- Payment of contractual penalties for termination of the lease, if the lessee is reasonably certain that he is exercising this option.

Following initial recognition, the liabilities for leasing is subsequently increased by the interest that accrues, decreased by the payments due for the leasing and possibly revalued in case of modification of future payments in relation to:

- change in the index or rate;
- change in the amount that the Company expects to have to pay as a guarantee on the residual value;
- modification of the estimate of the exercise or not of a purchase, extension or termination option.

The liabilities for leasing is considered by the Company to be of a financial nature and therefore is included in the calculation of the net financial position.

2.19 Loans and borrowings

Loans and borrowings are recognized initially at fair value, less the related transaction costs. They are subsequently measured at amortized cost; the difference between the amount received, less transaction costs, and the amount repayable is recognized in the income statement over the term of the loan, using the effective interest method.

In the event of non-substantial modifications in the terms of a financial instrument, the difference between the current value of cash flows as modified (determined using the effective interest rate of the instrument in force at the modification date) and the book value of the instrument is recorded in the income statement.

Loans and borrowings are classified as current liabilities if the Company does not have an unconditional right to defer the extinguishment of the liability to at least 12 months after the statement of financial position date.

Financial liabilities are removed from the balance sheet when the specific contractual obligation is discharged. Modification of the existing contractual terms is also treated as a discharge in the event the new conditions significantly change the original terms.

2.20 Taxes

Current taxes are accrued in accordance with the rules in force at the date of the financial statement and include adjustments to prior years' taxes, recognized during the financial year.
Deferred tax assets and liabilities are recorded to reflect all temporary differences at the reporting date between the carrying amount of an asset / liabilities for tax purposes and allocated according to the accounting principles applied.
Deferred tax assets and liabilities are calculated using tax rates established by current regulations.

Deferred tax assets are recognized on all temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.
The carrying amount of deferred tax assets are reviewed at each statement of financial position date and possibly reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of all or part of that deferred tax asset to be utilized. Any such reductions are reversed if the reasons for them no longer apply.
As a general rule, apart from specific exceptions, deferred tax liabilities must always be recognized.
Income taxes (current and deferred) relating to items recognized directly in equity are also recognized directly in equity.
Current tax assets and liabilities are offset only if the company has a legally enforceable right to set off the recognized amounts and if it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities may be offset only if they are expected to become liquid, collectable and deductible at the same time, in relation to the same taxation authority.

The Company analyses the uncertain tax treatments (individually or as a whole, depending on the characteristics) always assuming that the tax authority examines the tax position in question, having full knowledge of all the relevant information. In the event that it is considered unlikely that the tax authority will accept the tax treatment followed, the Company reflects the effect of uncertainty in measuring its current and deferred income taxes as required by IFRIC 23.
Emak has renewed the option for consolidated IRES taxation for the three - year period 2022 - 2024 with its parent Yama (art. 117 et seq., TUIR). The tax assets and liabilities entries by virtue of the consolidation converge with the corresponding balances recorded by the consolidating company Yama. The credit and debit items are settled in accordance with the agreements founded on an equal treatment basis with respect to all the companies participating in the same regime, which include, with a clear predominance, the main Italian subsidiaries of Emak.

2.21 Employee benefits

Employee termination indemnities fall into the category of defined benefit plans for valuation on an actuarial basis (death rates, expected changes in remuneration etc.) and reflect the present value of the benefit, payable at the end of employment, which employees have matured at the statement of financial position date.
The costs relating to the increase in the obligation's present value, arising as the time of payment approaches, are recorded as financial expenses. All other costs relating to the provision are reported as payroll costs in the income statement. All actuarial gains and losses are recognized in the in the statement of changes in comprehensive income in the period in which they occur.

2.22 Provisions for risks and charges

Provisions for risks and charges are recognized when the Company has a legal or constructive obligation as a result of past events, it is probable that a payment will be required to settle the obligation and a reliable estimate can be made of the related amount.
Any liabilities defined as potential do not give rise to provisions for risks and charges.

2.23 Revenues

Revenues are recognized in the Income Statement on an accruals and temporal basis and are recognized to the extent that it is probable that the economic benefits y associated with the sale of goods or the provision of services will flow to the Company and their amount can be reliably measured.
Revenues are accounted net of returns, discounts, rebates and taxes directly associated with the sale of goods or the provision of the service.

Sales are recognized at the fair value of the compensation received for the sale of products and services, when there are the following conditions:

- are substantially transferred the risks and rewards of ownership of the property;

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity;
- the costs incurred or to be incurred can be measured reliably and respect the principle of correlation with revenues.

Accounting for revenues involves following the passages provided for by IFRS 15:

- identification of the contract with the customer;
- identification of the performance obligations provided for in the contract;
- determination of the price;
- allocation of the price to the performance obligations contained in the contract;
- recognition of the revenues when the enterprise satisfies each performance obligation.

Revenues are recognised upon the transfer of control of the goods to the customer, which coincides with the moment when the goods are delivered to the customer (at a *point in time*), in compliance with the specific contractual terms agreed with the customer.

2.24 Government grants

Government grants are recognized at fair value when there is reasonable assurance that the grants will be received and all the conditions attaching to them have been satisfied.
Government grants related to costs (e.g. operating grants) are recognized as revenue on a systematic basis over a number of years so as to match the costs that the grant is intended to offset.
Government grants related to assets (e.g. facility grants) are recorded in non-current liabilities and gradually released to the income statement on a systematic basis over the useful life of the asset concerned.

2.25 Financial income and expenses, exchange gains and losses

Financial income and expenses are recognized on an accrual basis using the effective interest rate and include dividends received from subsidiaries, exchange gains and losses and gains and losses on derivatives charged to the income statement.

2.26 Payment of dividends

Dividends on ordinary shares are reported as liabilities in the financial statements in the year in which the Shareholders' meeting approve their distribution.

2.27 Earnings per share

Basic earnings per share are calculated by dividing the Company's net profit by the weighted average number of shares outstanding during the period, excluding treasury shares.
The Company does not have any potential ordinary shares.

2.28 Cash flow statement

The cash flow statement has been prepared using the indirect method.
Cash and cash equivalents included in the cash flow statement comprise the cash-related balances at the reporting date. Interest income and expense, dividends received and income taxes are included in cash flow generated by operations.

2.29 Changes in accounting standards and new accounting standards

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLICABLE SINCE JANUARY 1, 2024

The following IFRS accounting standards, amendments and interpretations were first adopted by the Company starting January 1, 2024:

- On January 23, 2020, the IASB published an amendment called "**Amendments to IAS 1 Presentation of Financial statements: Classification of liabilities as current or non-current**" and on 31 October 2022 published an amendment called ***"Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants"***. These changes aim to clarify how to classify short-term or long-term debts and other liabilities. Furthermore, the amendments also enhance the information that an entity must provide when its right to defer the settlement of a liability for at least twelve months is subject to compliance with certain parameters (i.e., covenants). The adoption of this amendment did not lead any significant effects on the financial statements of the Company.

- On September 2022 the IASB published an amendment called "***Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback".*** The document requires the seller-lessee to value the lease liability arising from a sale & leaseback transaction so as not to recognize an income or loss that refers to the retained right of use. The adoption of this amendment did not lead any effects on the financial statements of the Company.

- On May 25, 2023, the IASB published an amendment entitled **'Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements'**. The document requires an entity to provide additional disclosures about reverse factoring arrangements that enable users of financial statements to evaluate how supplier finance arrangements may affect the entity's liabilities and cash flows and to understand the effect of those arrangements on the entity's exposure to liquidity risk. The adoption of this amendment did not lead any effects on the financial statements of the Company.

ACCOUNTING STANDARD, AMENDMENTS AND INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION, BUT NOT YET MANDATORY APPLICABLE AND NOT EARLY ADOPTED FROM THE COMPANY ON DECEMBER 31ST , 2024

The following accounting standards, amendments, and interpretations of IFRS have completed the homologation process necessary for the adoption of the amendments and the principles described below but are not yet mandatorily applicable and have not been adopted early by the Company as of December 31, 2024:

- On August 15, 2023 the IASB published an amendment entitled ***"Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability".*** The document requires an entity to apply a consistent methodology to determine whether one currency can be converted into another and, when this is not possible, how to determine the exchange rate to use and the disclosure to provide in the notes to the financial statements. The amendments will apply from 1 January 2025, but earlier application is permitted. The Directors do not expect a significant impact on the financial statements of the Company from the adoption of this amendment.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS INTERNATIONAL FINANCIAL REPORTING STANDARDS NOT YET APPROVED BY THE EUROPEAN UNION

At the reference date of this document, the competent bodies of the European Union have not yet completed the approval process necessary for the adoption of the amendments and principles described below.

- On May 30, 2024, the IASB published the document "***Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7***". The document clarifies certain problematic aspects that emerged from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary upon the achievement of ESG objectives (i.e., green bonds). Specifically, the amendments aim to:

- clarify the classification of financial assets with variable returns linked to environmental, social, and corporate governance (ESG) objectives and the criteria to be used for the SPPI test assessment;
- determine that the settlement date for liabilities settled through electronic payment systems is the date on which the liability is extinguished. However, an entity is permitted to adopt an accounting policy to derecognize a financial liability before delivering cash on the settlement date under certain specific conditions.

With these amendments, the IASB has also introduced additional disclosure requirements, particularly concerning investments in equity instruments designated at FVOCI.
The amendments will apply to financial statements for periods beginning starting from January 1, 2026. The Directors do not expect a significant impact on the financial statements of the Company from the adoption of this new amendment.

- On July 18, 2024, the IASB published a document titled "**Annual Improvements Volume 11**." The document includes clarifications, simplifications, corrections, and changes aimed at improving the consistency of various IFRS Accounting Standards. The amended standards are:

  - IFRS 1 First-time Adoption of International Financial Reporting Standards;
  - IFRS 7 Financial Instruments: Disclosures and the related implementation guidelines for IFRS 7;
  - IFRS 9 Financial Instruments;
  - IFRS 10 Consolidated Financial Statements; and
  - IAS 7 Statement of Cash Flows.

The amendments will be applicable from January 1, 2026, but early application is permitted. The Directors do not expect a significant effect on the Group's consolidated financial statements from the adoption of these amendments.

- On December 18, 2024, the IASB published an amendment titled "**Contracts Referencing Nature-dependent Electricity – Amendment to IFRS 9 and IFRS 7**". The document aims to support entities in reporting the financial effects of contracts for purchasing electricity generated from renewable sources (often structured as Power Purchase Agreements). Based on these contracts, the amount of electricity generated and purchased can vary due to uncontrollable factors such as weather conditions. The IASB has made targeted amendments to IFRS 9 and IFRS 7. The amendments include:

  - A clarification regarding the application of "own use" requirements to this type of contract;
  - Criteria to allow the accounting of these contracts as hedging instruments; and
  - New disclosure requirements to enable financial statement users to understand the impact of these contracts on an entity's financial performance and cash flows.

The amendment will be applicable from January 1, 2026, but early application is permitted. The Directors do not expect a significant impact on the Group's consolidated financial statements from the adoption of this amendment.

- On April 9, 2024, the IASB published a new standard, ***IFRS 18 Presentation and Disclosure in Financial Statements***, which will replace **IAS 1 Presentation of Financial Statements**. The new standard aims to improve the presentation of the financial statements, with particular reference to the income statement format. Specifically, the new standard requires:

- classifying revenues and expenses into three new categories (operating section, investing section, and financing section), in addition to the existing categories of taxes and discontinued operations in the income statement;
- presenting two new subtotals, operating profit and earnings before interest and taxes (EBIT).

The new standard also:

- requires more information on performance indicators defined by management;
- introduces new criteria for the aggregation and disaggregation of information; and,
- introduces some changes to the cash flow statement format, including the requirement to use operating profit as the starting point for presenting the cash flow statement prepared using the indirect method, and the elimination of certain existing classification options (such as interest paid, interest received, dividends paid, and dividends received).

The new standard will come into effect on January 1, 2027, but earlier application is permitted. The Directors are currently assessing the potential impacts of introducing this new standard on the financial statements of the Company.

- On January 30, 2014, IASB published **IFRS 14 – Regulatory Defense Accounts**, which allows only those who adopt IFRS for the first time to continue to record the amounts relating to activities subject to regulated tariffs ("Rate Regulation Activities") according to the previous accounting principles adopted. Since the Company is not a first-time adopter, this principle is not applicable.

3. Financial risk management

3.1 Risk factors of a financial nature

The Company is exposed to a variety of financial risks associated with its business activities:

- market risks, with particular reference to exchange and interest rates and market price, since the Company operates at an international level in different currencies and uses financial instruments that generate interests;
- credit risk, regarding both normal commercial relations and to financing activities;
- liquidity risk, with particular reference to the availability of financial resources and to access to the credit market.

The Company's policies for managing and controlling financial risks focus on the unpredictability of financial markets and seek to minimize the potentially negative effects on the financial results. The Company uses derivative financial instruments to hedge certain risks.
Hedging of the Company's financial risks is managed by a head office function working in close collaboration with the individual operating units of the Group.
Qualitative and quantitative information is given below regarding the nature of such risks for the Company.
The quantitative figures shown below have no value for forecasting purposes, specifically, the sensitivity analysis on market risks are unable to reflect the complexity and associated reactions of the market as a result of each change hypothesized.

(a) Market risks

(i) Interest rate risk
The Company's interest rate risk relates to its long-term loans and borrowings. Variable rate loans expose the Company to the cash flow risk associated with interest rates. Fixed rate loans expose the Company to the fair value risk associated with interest rates.
The Company's policy is based on constantly monitoring its level and structure of debt and on the trend in interest rates and macroeconomic variables that might directly influence them, with the goal of optimizing the cost of money. At December 31, 2024, the Company's bank loans and borrowings are, for the most part, all at variable interest and consequently, the company has set up hedging operations aimed at limiting the effects.

Although these transactions are made for hedging purposes, if specific documentation certifying the hedging relationship is not formalized, the accounting standards will not allow hedge accounting treatment. Therefore, fluctuations in their values may affect the Company's financial results.

Sensitivity analysis
The possible effects of variations in interest rates are analysed for their potential impact in terms of cash flows, since almost all the Company's financial assets and liabilities accrue variable interest.

A hypothetical, instantaneous and unfavorable negative variation of 50 base points in annual interest rates in force at December 31, 2024 applicable to financial liabilities at a variable interest rate would result in a greater net cost, on an annual basis, of around € 189 thousand (€ 287 thousand at December 31, 2023). The above calculation takes into consideration the total amounts of financial liabilities net of the total amount of fixed-rate IRS operations carried out for hedging purposes.

(ii) Exchange rate risk
The Company carries out its business internationally and it is exposed to risks deriving from fluctuations in exchange rates, which may affect the economic result and value of equity.
Specifically in cases in which the Company incurs transaction costs expressed in different currencies from those of their respective revenues, the fluctuation of exchange rates may affect the operating result.

In 2024 the overall amount of revenues directly exposed to exchange risk represented 10.9% of the turnover (12.8% in 2023), while the amount of costs exposed to exchange risk is equal to 43.7% of turnover (28.5% in 2023).

The main currency exchanges ratio to which the Company is exposed are the following:
- EUR/USD, relating to sales and purchases in dollars made mainly in the markets that use the dollar as preferential currency;
- EUR/RMB, relating to purchases in the Chinese market.

There are no significant commercial flows with regards to other currencies.

The Company's policy is to cover, partially, net currency flows, typically through the use of forward contracts and options, evaluating the amounts and expiry dates according to market conditions and net future exposure, with the objective of minimizing the impact of possible variations in future exchange rates.

Sensitivity analysis
The potential loss of fair value of the net balance of financial assets/liabilities subject to the risk of variation in exchange rates held by the Company at December 31, 2024, as a result of a hypothetical unfavorable and immediate variation of 10% in all relevant single exchange rates of functional currencies with foreign ones, would amount to around € 1,126 thousand (€ 388 thousand at December 31, 2023).

Other risks on derivative financial instruments

The Company as of December 31, 2024 holds some derivative financial instruments whose value is linked to the trend in interest rates.
Although these operations have been entered into for hedging purposes, if specific documentation certifying the hedging relationship is not formalized, accounting principles do not permit their treatment using hedge accounting. As a result, changes in underlying values may affect the economic results of the Company.

Sensitivity analysis
The potential loss of fair value of the exchange rate hedging derivative financial instruments is not identifiable as of December 31, 2024, as there are none in existence. As of December 31, 2023, however, it was approximately € 636 thousand as a result of an instant hypothetical and unfavourable 10% change in the underlying values.

(iii) Price risk
The Company is exposed to fluctuations in the price of raw materials. This exposure is mostly towards suppliers of parts since their price is generally tied by contract to the trend in market prices for raw materials.
The Company usually enters into medium-term contracts with certain suppliers for the purpose of managing and limiting the risk of fluctuations in the price of its main raw materials such as aluminium, sheet metal, plastic and copper, as well as semi-finished products such as motors.
The increase in transport and distribution costs has an impact on the operating costs of the Company, with potential reduction in profitability, possible emergence of impairment indicators and a reduction in the net realizable value of the assets.
The risk is partially mitigated through the stipulation of purchase agreements with the main suppliers with prices locked with short-term time horizons to which is added constant monitoring of the cost of raw materials and logistics trend.
The Company uses policies to adjust the price of goods sold in case of significant changes in costs.

(b) Credit risk

The Company has adopted policies to ensure that products are sold to customers of proven creditworthiness and generally obtains guarantees, both financial and otherwise, against credits granted for the supply of products addressed to some countries. Certain categories of credits to foreign customers are also covered by insurance with SACE.

The maximum theoretical exposure to credit risk for the Company at 31 December 2024 is the accounting value of financial assets shown in the financial statements.

Credit positions are subject to constant analysis and possible individual devaluation in the case of singularly significant positions that are in a objective condition of partial or total insolvency.

The total devaluation is estimated on the basis of recoverable flows, from relative collection data, from the costs and expenses of future recovery, as well as possible guarantees in force. For those credits that are not subject to individual devaluation, bad debt provisions are allocated on an overall basis, taking account of historical experience and statistical data.

At December 31, 2024, the allocation to doubtful accounts provision refers to the constant analysis of past due loans on a collective basis, in addition to the analysis of individual positions.

At December 31, 2024 “Trade receivables from third parties” equal to € 33,361 thousand (€ 28,534 thousand at December 31, 2023), include € 1,692 thousand (€ 2,399 thousand at December 31, 2023) outstanding by more than 3 months. This value has been partially rescheduled according to repayment plans agreed with the clients.

The value of trade receivables by maturity band is shown below:

€/000		**31.12.2024**
Trade receivables due	0-90 days	15,926,551
	> 90 days	11,066,526
Trade Receivables due		**26,993,077**
Trade receivables overdue	0-90 days	4,676,034
	> 90 days	1,691,580
Trade Receivables Overdue		**6,367,614**
Total Trade Receivables		**33,360,691**

The maximum exposure to credit risk deriving from trade receivables at the end of the financial period, broken down by geographical area (using the SACE reclassification) is as follows:

€/000	2024	2023
Trade receivables due from customers with SACE 1 rating	24,476	23,186
Trade receivables due from customers with SACE 2 e 3 rating	8,669	4,846
Trade receivables due from customers with non-insurable SACE	216	502
Total (Note 23)	**33,361**	**28,534**

For all countries insurable, regardless of the rating, the insurance covers 90% of the amounts receivable while, SACE provides no coverage for non-Insurable or suspended countries.

The value of amounts receivable covered by SACE insurance or by other guarantees at December 31, 2024 is € 11,060 thousand.

At December 31, 2024 the 10 most important customers (not including companies belonging to the Emak Group) account for 39.6% of total trade receivables, while the top customer represents 18.1% of the total.

(c) Liquidity risk

Liquidity risk can occur as a result of the inability to obtain financial resources necessary for the Company's operations at acceptable conditions.
The main factors determining the Company's liquidity situation are, on the one hand, the resources generated or absorbed in its operating and investment activities, and on the other hand, by the expiry or renewal of debt or by the liquidity of financial commitments and market conditions.
Prudent liquidity risk management implies maintaining sufficient financial availability of cash and marketable securities, and the availability of funding through adequate credit lines.
Consequently, the treasury, in accordance with the general directives of the Group, carries out the following activities:

- the monitoring of expected financial requirements in order to then take suitable action;
- the obtaining of suitable lines of credit;
- the optimization of liquidity, where feasible, through the centralized management of the Group's cash flows;
- the maintenance of an adequate level of available liquidity;
- the maintenance of a balanced composition of net financial borrowing with respect to investments made;
- the pursuit of a correct balance between short-term and medium-long-term debt;
- limited credit exposure to a single financial institute;
- the monitoring of compliance with the parameters provided for by covenants associated with loans.

Counterparties to derivative contracts and operations performed on liquid funds are restricted to primary financial institutions.

The characteristics and nature of the expiry of debts and of the Company's financial activities are set out in Notes 25 and 28 relating respectively to "Cash and Cash Equivalents" and "Loans and borrowings".
The management considers that currently unused funds and credit lines, amounting to € 50,084 thousand (€ 53,039 thousand at 31 December 2023), mainly short-term and guaranteed by Trade Receivables, more than cash flow which will be generated from operating and financial activities, will allow the Company to meet its requirements deriving from investment activities, the management of working capital and the repayment of debts at their natural maturity dates.

3.2 Accounting for derivative financial instruments and hedging activities

Derivative financial instruments are used exclusively for hedging purposes with the intent of reducing the risks of foreign currency and interest rate fluctuation. In line with its risk management policy, in fact, the Company does not carry out derivative operations for speculative purposes.

When such operations are not accounted for as hedging operations they are recorded as trading operations. As established by IFRS 9, derivative financial instruments may qualify for special hedge accounting only when the condition established by principle are met.
Derivatives are initially recognized at cost and adjusted to fair value at subsequent statement of financial position dates.

On the basis of the above and of contracts in force as of December 31, 2024, the derivative financial instruments entered into by the Company are classified as Derived financial instruments not defined as hedging instruments,' and the corresponding fair value changes are recognized in the income statement as of the closing date.

3.3 Measurement of current value

The current value of financial instruments with a quoted market price in an active market (such as publicly traded derivatives and securities held for trading and for sale) is based on the market price at the statement of financial position date. The market price used for the company's financial assets is the bid price; the market price for financial liabilities is the offer price.

The current value of financial instruments not quoted in an active market (for example, derivatives quoted over the counter) is determined using valuation techniques. The company uses various methods and makes assumptions that are based on existing market conditions at the statement of financial position date. Medium-long term payables are valued using quoted market or trading prices for the specific or similar instruments. Other methods, such as estimating the present value of future cash flows, are used to determine the fair value of the other financial instruments. The current value of forward currency exchange contracts is determined using the forward exchange rates expected at the statement of financial position date.

It is assumed that the face value less estimated doubtful receivables approximates the fair value of trade receivables and payables. For the purposes of these notes, the fair value of financial liabilities is estimated by discounting contractual future cash flows at the current market rate available to the company for similar financial instruments.

4. Key accounting estimates and assumptions

The preparation of the financial statements and the related notes under IFRS has required management to make estimates and assumptions affecting the value of reported assets and liabilities and the disclosures relating to contingent assets and liabilities at the statement of financial position date. Actual results could differ from these estimates. Estimates are used for recording provisions for doubtful accounts receivable and inventory obsolescence, amortization and depreciation, write-downs to assets and other provisions. Estimates and assumptions are reviewed periodically and the effects of any change are immediately reflected in the income statement.

It should be notice that the assessment which net capital employed of the Company, as well as equity investments in subsidiaries, is recorded in the financial statements for a value not higher than their recoverable value (so-called impairment test) provides, first of all, to test the endurance of the value of the net capital employed and equity investments. The calculation of the recoverable amount is carried out in accordance with the criteria established by IAS 36 and is determined in terms of value in use by discounting the expected cash flows from the use of a Cash generating Unit (CGU), as well as from the expected value of the asset at its disposal at the end of its useful life. This process involves the use of estimates and assumptions to determine both the amount of future cash flows and the corresponding discount rates. The future cash flows are based on the most recent economic-financial plans drawn up by the Management of each CGU, and approved by the Board of Directors, in relation to the functioning of the production assets and the market context. With reference to the business in which the company operates, the factors that have the greatest relevance in the estimates of future cash flows are attributable to the intrinsic difficulty of formulating future forecasts, to the feasibility of market strategies in highly competitive contexts, as well as to the risks of macroeconomic and geo-political nature related to the geographic areas in which the company operates. The discount rates reflect the cost of money for the period forecast and the specific risks of the activities and countries in which the company operates and are based on observable data in the financial markets.

The most recent macroeconomic evolutions affecting the current geopolitical context have implied the need to make assumptions regarding the future outlook which is characterized by volatility and unpredictability. As a result, it cannot be excluded that the actual results obtained will be different from the forecasts, and therefore adjustments, which obviously cannot today be estimated or foreseeable, to the book value of the relative items may be necessary. The financial statements headings most affected by the use of estimates are shareholdings in subsidiaries and associates included among non-current assets, as well as tangible and intangible assets, where the estimates are used to establish any devaluations and recoveries of value.

5. Significant non-recurring events and transactions

During 2024 no significant non-recurring events and transactions were recorded.

6. Balances or transactions arising from atypical and unusual operations

No events/operations as per Consob Communication DEM/6064293 of 28 July 2006 have been recorded during the financial period 2024. As indicated in this Communication "atypical and/or unusual operations are considered as operations that, due to their significance/materiality, the nature of the counterparties, the object of the transaction, the means for determining the transfer price and the time of the event (near the close of the period), may give rise to doubts with regards to: the correctness/completeness of the information in the financial statements, conflicts of interest, the protection of company assets, the safeguarding of minority interests".

7. Net financial position

The table below shows the details of net financial position, which includes (to the item M) the net financial debt determined according to ESMA criteria (based on the format required by Consob communication no. 5/21 of 29 April 2021):

(€/000)	**31/12/2024**	**31/12/2023**
A. Cash	35,112	35,896
B. Cash equivalents	-	-
C. Other current financial assets	9,080	10,099
D. Liquidity funds (A+B+C)	**44,192**	**45,995**
E. Current financial debt	(904)	(621)
F. Current portion of non-current financial debt	(18,299)	(21,180)
G. Current financial indebtedness (E + F)	**(19,203)**	**(21,801)**
H. Net current financial indebtedness (G - D)	**24,989**	**24,194**
I. Non-current financial debt	(58,609)	(53,508)
J. Debt instruments	-	-
K. Non-current trade and other payables	(168)	(168)
L. Non-current financial indebtedness (I + J + K)	**(58,777)**	**(53,676)**
M. Total financial indebtedness (H + L) (ESMA)	**(33,788)**	**(29,482)**
N. Non current financial receivables	**17,545**	**18,474**
O. Net financial position (M-N)	**(16,243)**	**(11,008)**
Effect IFRS 16	**215**	**158**
Net financial position without effect IFRS 16	**(16,028)**	**(10,850)**

Net negative financial position increased from € 11,008 thousand at 31 December 2023 to € 16,243 thousand at 31 December 2024. The change is mainly due to the dynamics linked to the increase in net working capital.

At December 31, 2024 the net financial position includes:

- under non-current financial receivables medium and long-term loans granted by Emak S.p.A. to subsidiary companies for an amount of € 17,500 thousand, of which € 14,800 thousand due to the subsidiary Comet S.p.A., € 2,700 thousand due to the subsidiary Sabart S.r.l., it also includes a financial receivable for equity reinstatement to the parent company Yama S.p.A. for a value of € 37 thousand;
- under other current financial assets, short-term loans granted by Emak S.p.A. to subsidiary company Comet S.p.A. for an amount of € 9,000 thousand and a financial receivable for equity reinstatement for a value of € 37 thousand to the parent company Yama S.p.A;
- under non-current financial payables, the financial payable for equity reinstatement due to the subsidiary Tecomec S.r.l., for an amount of € 37 thousand;
- under current financial payables, the financial payable for the equity reinstatement due to the subsidiary Tecomec S.r.l., for € 37 thousand.

At December 31, 2023 the net financial position included:

- under non-current financial receivables medium and long-term loans granted by Emak S.p.A. to subsidiary companies for an amount of € 18,400 thousand, of which € 14,800 thousand due to the subsidiary Comet S.p.A., € 3,600 thousand due to the subsidiary Sabart S.r.l. and finally a financial receivable for equity reinstatement to the parent company Yama S.p.A. for a value of € 74 thousand;
- under other current financial assets, short-term loans granted by Emak S.p.A. to subsidiary company Comet S.p.A. for an amount of € 9,700 thousand and a financial receivable for equity reinstatement for a value of € 37 thousand to the parent company Yama S.p.A;
- under non-current financial payables, the financial payable for equity reinstatement due to the subsidiary Tecomec S.r.l., for an amount of € 74 thousand;
- under current financial payables, the financial payable due to the subsidiary Sabart S.r.l., regulated by an intercompany current account agreement, for an overall amount of € 7 thousand and the financial payable for the equity reinstatement due to the subsidiary Tecomec S.r.l., for € 37 thousand.

8. Revenues from sales and other operating income

Sales revenues amount to € 130,577 thousand, compared with € 117,805 thousand in the prior year. They are stated net of €344 thousand in returns, compared with € 680 thousand in the prior year. Sales recorded a general growth trend, with particular reference to the Italian and Western Europe markets.

The detail of the item is as follows:

€/000	**FY 2024**	**FY 2023**
Net sales revenues (net of discounts and rebates)	128,234	116,457
Revenues from recharged transport costs	2,687	2,028
Returns	(344)	(680)
Total	**130,577**	**117,805**

Other operating income is analysed as follows:

€/000	FY 2024	FY 2023
Grants related to income	807	912
Capital gains on property, plant and equipment	1	7
Insurance refunds	231	27
Other operating income	2,662	2,551
Total	**3,701**	**3,497**

The heading **"Grants related to income"** refers mainly to:
- Research and Development tax credit provided for by art. 1, paragraph 35, of Law 23 December 2014, no. 190, for € 87 thousand (€ 158 thousand at 31 December 2023);
- the tax credit for investments in capital goods and 4.0 Industry, provided for in accordance with law no. 160 of 2019, for a total value of € 233 thousand (€ 211 thousand at 31 December 2023) and ZES Unica tax credit, provided for in accordance with law no. 162 (Southern Decree-Law) of November 13, 2023, for a value of € 6 thousand (no value at 31 December 2023);
- the grant as per Law 488/92 for € 23 thousand (equal amount at 31 December 2023);
- the accrual for the non-repayable grant, equal to € 73 thousand (€ 250 thousand at 31 December 2023), allowed in relation to the Call of the Ministry of Economic Development "Sustainable Industry - ICT & Digital Agenda" (financing of interventions for the promotion of Major Projects R&D), note 17;
- the accrual for the non-repayable grant, equal to € 355 thousand (no value at 31 December 2023), allowed in relation to the Call of the Ministry of Enterprises and Made in Italy, related to the "Horizon Europe" Program, note 17;
-other grants provided to cover the costs incurred by the Company for the training of its personnel amounting to € 23 thousand (no value at 31 December 2023) and to support the purchase and installation of electric vehicle charging infrastructure for € 7 thousand (no value at 31 December 2023).

The decrease compared to the previous year in the item "**Grants related to income**" is related to the elimination of the Natural Gas tax credits, pursuant to Law No. 142 of 2022, and the Electricity tax credits, pursuant to Law No. 175 of 2022 (€ 261 thousand at 31 December 2023), as well as, to a lesser extent, the Art Bonus tax credit Law No. 106/2014 (€ 9 thousand at 31 December 2023).

The item "**Other operating income**" mainly refers to recharge to subsidiaries for services provided by the Group's IT Corporate function, held by Emak SpA starting from 2019.

9. Raw materials, consumable and goods

The heading is analysed as follows:

€/000	FY 2024	FY 2023
Raw materials	53,359	34,423
Finished products	34,761	28,264
Consumable materials	393	322
Other purchases	1,416	1,402
Total	**89,929**	**64,411**

The increase in sales has led to higher volumes of purchases for raw materials, finished products and consumables. Starting from the second half of the year, the Company has implemented actions to advance procurement in order to satisfy future demand and ensure its customers adequate service levels.

10. Personnel expenses

Details of these costs are as follows:

€/000	FY 2024	FY 2023
Wage and salaries	17,049	15,709
Social security charges	5,375	4,936
Employee termination indemnities	1,152	1,087
Other costs	343	221
Development costs capitalized	(1,177)	(467)
Directors' emoluments	497	497
Temporary staff	990	282
Total	**24,229**	**22,265**

The growth in production volumes has led to increased use of temporary workers at the Bagnolo in Piano (RE) and Pozzilli (IS) plants. This item also recorded an increase compared to the previous year due to wage dynamics influenced by increases provided from the collective labor agreements amounting to € 935 thousand. During the previous year, the Company also resorted to social safety nets, resulting in lower personnel costs of € 424 thousand.

During the 2024 financial year, personnel costs for € 1,177 thousand were capitalized under intangible assets, referring to costs for the development of new products in the context of a new multi-year project subject to facilities by the Ministry of Enterprises and Made in Italy (€ 467 thousand at 31 December 2023).

The breakdown of employees by grade is the following:

	Average number of employees in year		Number of employees at this date	
	2024	**2023**	**2024**	**2023**
Executives	11	12	11	12
Office staff	211	201	219	204
Factory workers	210	217	207	212
Total	**432**	**430**	**437**	**428**

11. Other operating costs and provisions

Details of these costs are as follows:

€/000	FY 2024	FY 2023
Subcontract work	2,000	1,881
Transportation	9,797	6,137
Advertising and promotion	1,336	916
Maintenance	4,134	4,052
Commissions	1,510	1,492
Consulting fees	2,276	2,377
Costs for warranties and after sales service	563	588
Insurance	322	363
Travel	308	306
Postals and telecommunications	315	278
Other services	2,844	2,728
Development costs capitalized	(269)	(163)
Services	**25,136**	**20,955**
Rents, rentals and the enjoyment of third party assets	**1,187**	**1,133**
Increases in provisions	**129**	**97**
Increases in provision for doubtful accounts (note 23)	198	178
Other taxes (not on income)	339	337
Other operating costs	851	539
Other costs	**1,388**	**1,054**
Total other operating costs	**27,840**	**23,239**

The increase in transportation costs is mainly attributable to the geopolitical tensions in the Red Sea which have led to the redefinition of commercial routes, resulting in higher costs and longer delivery times as well as the increase in volumes handled in purchasing and sales and greater reliance on imports by air.
To support sales growth, higher expenses were incurred for promotion and advertising.
Other operating costs increased mainly due to homologation expenses incurred during the year for the start-up of new electrified products.

12. Amortization, depreciation and impairment losses

Details of these item are as follows:

€/000	FY 2024	FY 2023
Depreciation of property, plant and equipment (note 16)	3,222	3,191
Amortization of intangible assets (note 17)	2,204	2,150
Amortization of rights of use (note 18)	91	84
Total	**5,517**	**5,425**

13. Financial income and expenses, exchange gains and losses

"**Financial income**" is analysed as follows:

€/000	FY 2024	FY 2023
Dividends from subsidiaries (note 38)	8,834	12,200
Interest on trade receivables	140	179
Interest on loans to subsidiaries and other financial income (note 38)	1,489	2,097
Cash management interest	984	657
Income from adjustment to fair value and fixing of derivates instruments for hedging interest rate risk	560	1,001
Financial income	**12,007**	**16,134**

The heading **"Dividends from subsidiaries"** refers to the dividends received from the subsidiaries Tecomec S.r.l., Sabart S.r.l., Comet S.p.A, Victus-Emak Sp. Z.o.o. and Emak France SAS (see note 38).
The heading "**Cash management interest**" refers to the interest accrued on bank current accounts and other possible short-term financial instruments.

"Financial expenses" are analysed as follows:

€/000	FY 2024	FY 2023
Interest on medium long-term bank loans and borrowings	3,643	3,899
Financial charges from valuing employee termination ind. (note 31)	58	70
Financial charges from leases	8	6
Costs from adjustment to fair value and closure of derivates instruments for hedging interest rate risk	665	1,286
Other financial costs	145	97
Financial expenses	**4,519**	**5,358**

Reference should be made to Note 21 for more details on interest rate hedging derivatives risk.

The item "Financial charges from leases" refers to interest on financial liabilities recorded in accordance with accounting standard IFRS 16 – Leases.

The details of the **"Exchange gains and losses"** heading are as follows:

€/000	FY 2024	FY 2023
Profit / (Loss) on exchange differences on trade transactions	(129)	143
Profit / (Loss) on exchange differences on trade transactions adjustments	26	143
Profit / (Loss) on exchange differences on financial transactions	148	(189)
Profit / (Loss) on exchange differences on valuation of hedging derivatives	-	8
Exchange gains and losses	**45**	**105**

14. Income taxes

This amount is made up as follows:

€/000	FY 2024	FY 2023
Current taxes	(691)	(789)
Taxes from prior years	(122)	(347)
Deferred tax assets (note 30)	(29)	(52)
Deferred tax liabilities (note 30)	(147)	(79)
Total	**(989)**	**(1,267)**

"Current income taxes", for the year 2024, amount to a positive net value of € 691 thousand and refers to the right to receive in retrocession from the tax consolidation, to which the company participates ex. 117 TUIR, of "ACE" of tax losses and other deductible items, against Emak's contribution of the same, usable by the Group to reduce its consolidated taxable income.

The value of the item "Taxes from prior years" consists of an overall net positive value of €122 thousand relates to the benefit provided by the Patent Box regime for the tax year 2023, incorporated into the consolidated tax statement.

The theoretical tax charge, calculated using the ordinary rate, is reconciled to the effective tax charge as follows:

€/000	FY 2024	% rate	FY 2023	% rate
Profit before taxes	**5,423**		**9,179**	
Theoretical tax charges	**1,513**	**27.9**	**2,561**	**27.9**
Effect of IRAP differences calculated on different tax base	(212)	(3.9)	(370)	(4.0)
Dividends	(2,014)	(37.1)	(2,782)	(30.3)
Non-deductible costs	78	1.4	55	0.6
Previous period taxes	(122)	(2.2)	(347)	(3.8)
ACE facilitation	-	-	(108)	(1.2)
Other differences	(232)	(4.3)	(276)	(3.0)
Effective tax charge	**(989)**	**(18.2)**	**(1,267)**	**(13.8)**

The item "Other differences" mainly includes the share of the benefit deriving from the increase in the fiscally recognized cost of new capital goods, acquired in the 2015-2019 period: these are the so-called "Super depreciation" (pursuant to art. 1 co. 91 - 94 and 97, Law 208/2015 and subsequent extension provisions) and "hyper depreciation" (art. 1, paragraphs 8-13, Law 232/2016 and subsequent provisions of extension) and the tax effect of other non-taxable income already described at the item "**Grants related to income"** and classified under the item **"Other operating income"**.

15. Earnings per share

"Basic" earnings per share are calculated by dividing the net profit of the Group for the period attributable to the Parent Company's shareholders by the weighted average number of ordinary shares outstanding during the period, excluding the average number of ordinary shares held (Note 17 of the Consolidated Financial Statements).

16. Property, plant and equipment

Changes in property, plant and equipment are shown below:

€/000	31.12.2023	Increase (Amortizations)	Decreases	Other movements	31.12.2024
Lands and buildings	33,778	73	-	-	33,851
Accumulated depreciation	(15,770)	(821)	-	-	(16,591)
Lands and buildings	**18,008**	**(748)**	**-**	**-**	**17,260**
Plant and machinery	22,639	1,303	(40)	97	23,999
Accumulated depreciation	(19,490)	(868)	40	-	(20,318)
Plant and machinery	**3,149**	**435**	**-**	**97**	**3,681**
Other assets	68,634	1,859	(773)	696	70,416
Accumulated depreciation	(65,662)	(1,533)	771	-	(66,424)
Other assets	**2,972**	**326**	**(2)**	**696**	**3,992**
Advances and fixed assets in progress	**953**	**693**	**-**	**(793)**	**853**
Cost	**126,004**	**3,928**	**(813)**	**-**	**129,119**
Accumulated depreciation (note 12)	**(100,922)**	**(3,222)**	**811**	**-**	**(103,333)**
Net book value	**25,082**	**706**	**(2)**	**-**	**25,786**

€/000	31.12.2022	Increase (Amortizations)	Decreases	Other movements	31.12.2023
Lands and buildings	33,499	275	-	4	33,778
Accumulated depreciation	(14,951)	(819)	-	-	(15,770)
Lands and buildings	**18,548**	**(544)**	**-**	**4**	**18,008**
Plant and machinery	21,945	607	-	87	22,639
Accumulated depreciation	(18,561)	(929)	-	-	(19,490)
Plant and machinery	**3,384**	**(322)**	**-**	**87**	**3,149**
Other assets	67,537	1,192	(265)	170	68,634
Accumulated depreciation	(64,484)	(1,443)	265	-	(65,662)
Other assets	**3,053**	**(251)**	**-**	**170**	**2,972**
Advances and fixed assets in progress	**354**	**874**	**-**	**(275)**	**953**
Cost	**123,335**	**2,948**	**(265)**	**(14)**	**126,004**
Accumulated depreciation (note 12)	**(97,996)**	**(3,191)**	**265**	**-**	**(100,922)**
Net book value	**25,339**	**(243)**	**-**	**(14)**	**25,082**

The increases are related to:

- land and buildings category, for a total of € 73 thousand, mainly referring to improvements made to the buildings at the Bagnolo in Piano (RE) headquarters;
- the plant and machinery category following the realization of new production lines and new test benches for a total of € 777 thousand and for € 526 thousand mainly referred to the installation of a new thermal power plant at the Bagnolo in Piano (RE) headquarters, as well as some improvements to a painting plant at the Pozzilli (IS) site.

- the **“Other fixed assets”** category mainly includes:
  - acquisitions of equipment and molds for the development of new products, for € 1,491 thousand;
  - acquisitions of electronic machines and office equipment for € 343 thousand;
  - acquisitions of testing and control instruments for € 19 thousand;
  - purchases of internal means of transport for € 6 thousand.

The item "**Advances and fixed assets in progress**" refers to advances for the construction of equipment and molds for production and specific plants.

The decreases relate to the “**Plant and Machinery**” and "**Other assets**" categories, for the scrapping of specific plants, molds and equipments for which the relative useful life had essentially already expired.

The Company does not hold goods that a subject to restrictions on entitlement and ownership.

Over the years the company, Comag S.r.l., merged into Emak S.p.A.in 2015 financial year, has benefitted from a number of capital grants paid in accordance with Law 488/92. The contributions paid are posted to the income statement according to the residual possibility of use of the fixed assets to which they refer and are recorded in the statement of financial position under deferred income.

The Company has verified the recoverability of its fixed assets through an impairment test conducted on its net capital employed, as better explained in note 19.

17. Intangible assets

Intangible assets report the following changes:

€/000	31.12.2023	Increases (Amortizations)	Decreases	Other movements	31.12.2024
Development costs	7,057	1,446	-	-	8,503
Accumulated amortization	(5,224)	(856)	-	-	(6,080)
Development costs	**1,833**	**590**	**-**	**-**	**2,423**
Patents and intellectual property rights	12,295	602	(2)	82	12,977
Accumulated amortization	(10,694)	(1,016)	2	-	(11,708)
Patents	**1,601**	**(414)**	**-**	**82**	**1,269**
Concessions, licences and trademarks	240	3	-	-	243
Accumulated amortization	(166)	(13)	-	-	(179)
Concessions, licences and trademarks	**74**	**(10)**	**-**	**-**	**64**
Other intangible assets	3,745	-	-	-	3,745
Accumulated amortization	(3,367)	(319)	-	-	(3,686)
Other intangible assets	**378**	**(319)**	**-**	**-**	**59**
Advanced payments	**84**	**141**	**-**	**(84)**	**141**
Cost	**23,421**	**2,192**	**(2)**	**(2)**	**25,609**
Accumulated depreciation (note 12)	**(19,451)**	**(2,204)**	**2**	**-**	**(21,653)**
Net book value	**3,970**	**(12)**	**-**	**(2)**	**3,956**

€/000	31.12.2022	Increases (Amortizations)	Decreases	Other movements	31.12.2023
Development costs	6,427	630	-	-	7,057
Accumulated amortization	(4,347)	(877)	-	-	(5,224)
Development costs	**2,080**	**(247)**	**-**	**-**	**1,833**
Patents and intellectual property rights	10,802	1,382	-	111	12,295
Accumulated amortization	(9,943)	(751)	-	-	(10,694)
Patents	**859**	**631**	**-**	**111**	**1,601**
Concessions, licences and trademarks	233	7	-	-	240
Accumulated amortization	(153)	(13)	-	-	(166)
Concessions, licences and trademarks	**80**	**(6)**	**-**	**-**	**74**
Other intangible assets	3,712	33	-	-	3,745
Accumulated amortization	(2,858)	(509)	-	-	(3,367)
Other intangible assets	**854**	**(476)**	**-**	**-**	**378**
Advanced payments	**111**	**84**	**-**	**(111)**	**84**
Cost	**21,285**	**2,136**	**-**	**-**	**23,421**
Accumulated depreciation (note 12)	**(17,301)**	**(2,150)**	**-**	**-**	**(19,451)**
Net book value	**3,984**	**(14)**	**-**	**-**	**3,970**

The increase in “Development costs” mainly refers to investments in a new development activity started from 2023 financial year, as part of a multi-year project called "New generation of Handheld Outdoor Power Equipment designed in an environmentally friendly manner, Program No. F/310162/00/X56 - CUP:

B49J23000650005"", which will end in 2025, subject to facilitation by the Ministry of Enterprise and Made in Italy. Personnel costs incurred internally and capitalized under this item amounts to € 1,177 thousand.
The increase in this item also refers to consultancy related to electrification technologies for a total value of € 269 thousand (€ 163 thousand at 31 December 2023).

The aforementioned ministerial facilitation, pursuant to Article 2, paragraph 6 of the Ministerial Decree of December 31, 2021, and the Innovation Agreement of March 20, 2023, pertaining to one of the intervention areas attributable to the second Pillar 'Global Challenges and Industrial Competitiveness' of the 'Horizon Europe' Programme, relates to a maximum contribution to spending for the total amount of €1,953 thousand, in an amount equal to 50% of eligible research costs and 25% of eligible development costs.

During the month of December 2024, the Company collected the first tranche of the non-repayable grant, equal to a total value of € 474 thousand; the grants disbursed are credited to the income statement on an accrual basis in relation to the allocation of reported costs for the relevant financial year and are shown in the balance sheet under deferred income (note 33).

From 2018 to 2021, the Company also benefited of a facilities provided for by art. 7 of the Ministerial Decree July 24, 2015, referring to an investment in a new development activity called "New generation of Handheld Outdoor Power Equipment for advanced production systems of spare parts F/150026/00/X40", under the Fund for Sustainable Growth and the Revolving Fund for Supporting Businesses and Investments in Research, which recorded a contribution to the expenditure amounting to € 1,402 thousand (equal to 20% of the eligible costs) and a subsidized loan at a rate of 0.8%, approved by Cassa Depositi e Prestiti S.p.A., for the amount of € 4,206 thousand (equal to 60% of the eligible costs of the project) and lasting 11 years.

The Company fully received the final tranche of the non-repayable grant by the end of the previous year; the the grants disbursed are credited to the income statement on an accrual basis in relation to the progressive amortization of the capitalized costs to which they refer and are shown in the balance sheet under deferred income (note 33).

The increase in the item "Patents and intellectual property rights" mainly refers to the activities of the Group's management system, for € 243 thousand, as well as other development activities on departmental software aimed at optimizing the company's information system processes related to various business functions.
All the intangible assets have a finite residual life and are amortized on a straight-line basis over the following periods:

- Development costs 5 years
- Intellectual property rights 3 years
- Concessions, licences, trademarks and similar rights 10/15 years
- Other intangible assets 3/5 years

Research and development costs directly posted to the income statement amount to € 4,482 thousand, net of capitalizations that took place during the year.

18.Rights of use

The movement of the item "Rights of use" is set out below:

€/000	31.12.2023	Increases	Amortization	Decreases	31.12.2024
Rights of use other assets	155	146	(91)	-	210
Net book value (note 12)	**155**	**146**	**(91)**	**-**	**210**

The increases for the year relate to the signing of new lease contracts, which expired during the year, for identical underlying assets.

19. Recoverability of the Company's net invested capital

During the year, the Company’s Management verify the recoverability of net invested capital of Emak S.p.A. CGU, even though no goodwill or other intangible assets with indefinite life are allocated to it, considering the indicators of loss of value detected during the financial year 2024, traceable to the negative operating result. This assessment has also been carried out through the determination of the recoverable value of the reference Cash Generating Unit (CGU) through the “Discounted cash flow” method. The more relevant factors in the estimate of future cash flows are attributable to the intrinsic difficulty in the formulation of future forecasts, to the feasibility of market strategies in highly competitive contexts, and to macroeconomic and geo-political risks connected to geographical areas in which the Company operates.

The plan data of the Emak S.p.A. CGU, which is the smallest unit for generating cash flow according to the monitoring policies used by management for internal management purposes, have been considered.

The business plans, methodologies and results of the "impairment test" have been approved by the Board of Directors on February 27, 2025, with the agreement of Risk Control and Sustainability Committee.
The discount rate used to discount the expected cash flows (*WACC*) reflects the current market assessments of the time value of money over the period considered and the specific risks of the Company.

The discount rate used corresponds to an estimate net of taxes determined on the basis of the following main assumptions:
• risk-free rate equal to the average return on ten-year reference government bonds;
• debt based on the financial structure of comparables.

In order to carry out the impairment test on the net capital employed values referring to the Emak S.p.A. CGU, the Discounted cash flow has been calculated in the basis of the following assumptions:

- the cash flows used has been extracted from the five-year business plan of the Company, approved by the Board of Directors, that represent management’s best estimate in relation to the future operating performances of the Company in the period;
- this flows refer to the Company in its current state and exclude any operation of an extraordinary nature and/or operations not yet defined at the closing of the year;
- The WACC used to discount future cash flows are calculated on the basis of the following assumptions:
    - the cost of debt reflects a cost of debt at market values, determined as the sum of the Eurirs rate with a maturity of 10 years with an average yield of the 6 months prior December 31, 2024 to which is added a spread determined on the basis of the actual cost of debt relating to the Group's current loans;
    - The cost of equity capital reflects the average 10-year *(*risk free*)* Government Bond yield of 6 months previous to 31 December 2024 increased by a premium for market risk and weighted by an industry-specific levered beta; the cost also considers an execution risk of 1% in order to take account of possible deviations between the final results and forecast data, as well as a size risk premium to reflect the risk deriving from the dimensions of the Group with respect to other market operators.

The WACC rate used for discounting cash flows of Emak S.p.A. CGU is 9%; the final value has been determined on the basis of a long-term growth rate (g) of 2%, representative of the long-term expectations for the relevant industrial sector, considering the presumed inflationary impacts. The test has not revealed value losses.

In addition, also on the basis of the indications contained in the joint document issued by the Bank of Italy, Consob and Isvap (supervisory body for private insurance) no. 4 of 3 March 2010, the Company has drawn up sensitivity analyses on the results of the test with respect to variations in the underlying assumptions effecting the estimation of the use value of the CGU, considering alternative scenarios: (i) a positive variation of the WACC of 5%, (ii) a negative variation of 50 bps of the long-term growth rate (g), (iii) a negative variation of 5% in cash flows for each year of the plan. Sensitivity analyses conducted on the test results don't indicate potential value losses.

20. Equity investments

Details of equity investments are as follows:

€/000	31.12.2023	Increases	Decreases	31.12.2024
Equity investments				
- in subsidiaries	89,706	-	-	89,706
- in associates	800	-	-	800
- in other companies	2	-	-	2
TOTAL	**90,508**	**-**	**-**	**90,508**

Equity investments in subsidiaries amount to € 89,706 thousand.

The values of investments in subsidiaries and associates are set out in detail in Annexes 1 and 2.

The Company carried out an impairment test of the equity investments that show indicators of impairment, in order to identify any losses and / or reversal of impairment losses to be recognized in the Income Statement, following the procedure set forth in IAS 36, and then comparing the book value of the individual equity investments with the value in use given by the current value of the estimated cash flows that are expected to derive from the continuous use of the asset subject to impairment test.
There is a connection between the subsidiaries and the cash generating units ("CGU") identified for implementing the aforementioned impairment tests.
The impairment test was therefore implemented for equity investments in Emak Do Brasil Ltda, Sabart S.r.l., Victus Sp Z.o.o., Emak UK Ltd and Tai Long (Zhuhai) Ltd.
It should also be noted that the subsidiary Emak Deutschland Gmbh is no longer operational, therefore the Company has not carried out any impairment tests.
The business plans, methodologies and results of the "impairment test" have been approved by the Board of Directors on February 27, 2025, taking account of the opinion of the Risk Control and Sustainability Committee.

For the tests was used the discounted cash flow method (Discounted Cash Flow Unlevered) deriving from the multi-year financial business plans drawn up by the individual subsidiaries and approved by the respective Boards of Directors, relating to the specific CGUs. These forecasts for the explicit period are in line with forecasts on the performance of the operating segment to which each Company belongs and represent the best management estimate on the future operating performance of the individual subsidiaries during the period considered, and excluding any transactions of non-ordinary nature and / or transactions not yet defined at the end of the financial year. The future cash flows derive from plans drafted taking into account the criticalities and macroeconomic risks characteristic of the context in which the subsidiaries operate.

The discount rates in the impairment tests were calculated using as baseline the risk-free rates and the market premiums relating to the different countries to which belong the equity investments under assessment.

The terminal value was calculated with the "perpetuity growth" formula, assuming a growth rate "g-rate" equal to the long-term inflation of the various countries to which the evaluated investments belong, and considering an operating cash flow based on the last year of explicit forecast, adjusted to "perpetuity" project a stable situation, specifically by using the following main assumptions:
- balance between investments and amortization (in the logic of considering a level of investments necessary for the maintenance of the business);
- change in working capital equal to zero.

The terminal value was determined on the basis of a long-term growth rate (g) equal to the country's long-term inflation (source International Monetary Fund).

The long-term growth rates are shown below:

		31.12.2024
Sabart S.r.l.	Italy	2.0%
Victus Sp Z.o.o.	Poland	2.5%
Emak UK Ltd	UK	2.0%
Tai Long (Zhuhai) Ltd	China	2.0%
Victus Sp Z.o.o.	Brazil	3.0%

The value obtained by summing the discounted cash flows of the explicit period and the terminal value ("Enterprise Value") is deducted the net financial debt at the reference date of the valuation, in this case on 31 December 2024, in order to obtain the economic value of the investments subject to assessment ("Equity Value").

- The WACC used to discount future cash flows are calculated on the basis of the following assumptions:
    - the cost of debt reflects a cost of debt at market values, determined as the sum of the Eurirs rate with a maturity of 10 years with an average yield of the 6 months prior December 31, 2024 to which is added a spread determined on the basis of the actual cost of debt relating to the Group's current loans;
    - The cost of equity capital reflects the average 10-year *(*risk free*)* Government Bond yield of 6 months previous to 31 December 2024 increased by a premium for market risk and weighted by an industry-specific levered beta; the cost also considers an execution risk of 1% in order to take account of possible deviations between the final results and forecast data, as well as a size risk premium to reflect the risk deriving from the dimensions of the Group with respect to other market operators.

The WACC used are shown below:

		31.12.2024
Sabart S.r.l.	Italy	9.0%
Victus Sp Z.o.o.	Poland	10.6%
Emak UK Ltd	UK	9.4%
Tai Long (Zhuhai) Ltd	China	7.9%
Emak Do Brasil Ltda	Brazil	11.7%

The impairment tests carried out on these subsidiaries did not show any impairment losses.

In addition, also on the basis of the indications contained in the joint document issued by the Bank of Italy, Consob and Isvap (supervisory body for private insurance) no. 4 of 3 March 2010, the Company has drawn up sensitivity analyses on the results of the test with respect to variations in the underlying assumptions effecting the estimation of the use value of the investment, considering alternative scenarios: (i) a positive variation of the WACC of 5%, (ii) a negative variation of 50 bps of the long-term growth rate (g), (iii) a negative variation of 5% in cash flows for each year of the plan. These analyzes did not show any impairment losses, with the exception of potential impairment losses on the investment in Tai Long (Zhuhai) Ltd, whose value as of December 31, 2024, amounts to € 2,550 thousand.

The item "**Equity investments in associates**" equal to € 800 thousand and refers to the 24% of the Raw Power S.r.l. company, acquired in the year 2023.

Investments in **other companies** relate to:

- one share for membership of the ECOPED Consortium as required by Decree 151/2005, with a value of € 1 thousand;
- one share for membership of the POLIECO Consortium as required by Decree 152/2006, with a value of € 1 thousand.

21. Derivative financial instruments

The financial statements values relate to changes in the fair value of financial instruments of hedging the risk of changes in debit interest rates.

All derivative financial instruments belonging to this heading are valued at fair value at the second hierarchical level: the estimate of their fair value has been carried out using variables other than Prices quoted in active markets and which are observable (on the market) either directly (prices) or indirectly (derived from prices).

In the case in point, the fair value recorded is equal to the “market to market” estimation provided by the reference bank, which represents the current market value of each contract calculated at the closing date of the Financial Statements.

Emak S.p.A. has taken out a number of IRS contracts and options on interest rates, with the aim of covering the risk of variability of interest rates on loans, for a notional total of € 36,642 thousand.

Bank	Company	Notional Euro (€/000)	Date of the operation	Due to
MPS	Emak S.p.A.	750	16/06/2020	30/06/2025
UniCredit	Emak S.p.A.	1,000	06/08/2021	31/03/2025
Bper Banca	Emak S.p.A.	3,125	05/08/2022	30/06/2027
UniCredit	Emak S.p.A.	5,000	04/08/2023	31/07/2030
UniCredit	Emak S.p.A.	5,000	22/09/2023	31/07/2030
Banca Nazionale del Lavoro	Emak S.p.A.	6,667	30/07/2024	31/12/2029
Banca Nazionale del Lavoro	Emak S.p.A.	5,100	20/12/2024	31/03/2029
UniCredit	Emak S.p.A.	10,000	17/04/2024	31/07/2030
Total		**36,642**		

The recorded value of these contracts at December 31, 2024 shows a positive fair value of € 43 thousand and a negative fair value of € 601 thousand.

The average interest rate resulting from the instruments is equal to 2.43%.

For all contracts, despite having the purpose and characteristics of hedging transactions, the relative changes in fair value are recognized in the income statement in the period of competence in accordance with the hedge accounting rules established by IFRS 9.

22. Other financial assets

The **“Other non-current financial assets”** amounted to € 17,545 thousand, against € 18,474 thousand in the previous year and refer to loans quoted in Euros granted to subsidiaries, of which €14,800 thousand due to the subsidiary Comet S.p.A., € 2,700 thousand due to the subsidiary Sabart S.r.l., as well as receivables from the parent company Yama S.p.A. for contractual indemnity for an amount of € 37 thousand and, finally, other guarantee deposits to third parties amounting to € 8 thousand.

“Other current financial assets” amounting to € 9,037 thousand refer to the financial receivable of the subsidiary Comet S.p.A for € 9,000 thousand, regulated by an intercompany current account agreement and to the receivable in favor of the parent company Yama SpA for € 37 thousand already mentioned in the previous paragraph.

The interest rates applied to loans granted by Emak to the subsidiaries have been established in accordance with the framework resolutions that define the nature and terms of conduct. In general, the yield varies depending on:

- the type and duration of the loan granted;
- the performance of the financial markets in which Emak and its subsidiaries operate and the official reference rates, Euribor;
- the currency of the loan granted.

23. Trade and other receivables

A breakdown of the heading is shown below:

€/000	31.12.2024	31.12.2023
Trade receivables	33,361	28,534
Provision for doubtful accounts	(1,245)	(1,093)
Net trade receivables	**32,116**	**27,441**
Receivables from related parties (note 38)	7,541	8,141
Prepaid expenses and accrued income	1,114	962
Other receivables	1,055	1,035
Total current portion	**41,826**	**37,579**
Other non current receivables	3	3
Total non current portion	**3**	**3**

The item "**Other current receivables**" includes the credit deriving from the relationship that governs the tax consolidation with the parent company Yama S.p.A. and relating to the contribution to the Group of the benefits accrued for the year which at 31 December 2024 amounted to € 746 thousand (€ 789 thousand at 31 December 2023).

Trade receivables have an average maturity of 101 days and there are no trade receivables due after one year.

Net trade receivables are higher compared to the previous year as the turnover in the last quarter has increased compared to the same period of the previous year.

The item includes amounts in foreign currency, US dollars for 7,835 thousand.

All non-current receivables mature within five years.

"Trade receivables" are analysed by geographical area as follows**:**

€/000	Italy	Europe	Rest of the world	Total
Trade receivables	16,622	7,006	9,733	**33,361**
Related parties receivables	1,534	4,064	1,943	**7,541**

The movement in the provision for bad debts is as follows:

€/000	FY 2024	FY 2023
Opening balance	**1,093**	**2,675**
Provisions (note 11)	198	178
Usage	(46)	(1,760)
Closing balance	**1,245**	**1,093**

The value of the allowance for doubtful accounts refers to € 503 thousand for receivables expired for over 90 days (29.7% of the total gross value of trade receivables overdue for more than 3 months) and for € 742 thousand to receivables expired from 0 to 90 days (15.8% of the total gross value of trade receivables expired within 3 months).
The usage refers to positions already set aside and definitively written off during 2024.

24. Inventories

Inventories are detailed as follows:

€/000	31.12.2024	31.12.2023
Raw, ancillary and consumable materials	30,496	24,701
Work in progress and semi-finished products	6,139	5,807
Finished products and goods	16,775	11,775
Total	**53,410**	**42,283**

Inventories are exposed net of a provision of € 3,551 thousand at December 31, 2024 (€ 3,190 thousand at December 31, 2023) intended to align obsolete and slow-moving items to their estimated realizable value.

Details of changes in the provision for inventories are as follows:

€/000	FY 2024	FY 2023
Opening balance	**3,190**	**2,976**
Provisions	723	943
Usage	(362)	(729)
Closing balance	**3,551**	**3,190**

The inventory provision is an estimate of the loss in value expected, calculated on the basis of past experience, historic trends and market expectations.

None of the company's inventories at December 31, 2024 act as security against its liabilities.

25. Cash and cash equivalents

Cash and cash equivalents are detailed as follows:

€/000	31.12.2024	31.12.2023
Bank and post office deposits	35,102	35,887
Cash	10	9
Total	**35,112**	**35,896**

For the purposes of the cash flow statement, closing cash and cash equivalents comprise:

€/000	31.12.2024	31.12.2023
Cash and cash equivalents	35,112	35,896
Overdrafts (note 28)	(5)	(5)
Total	**35,107**	**35,891**

26. Equity

Share capital
Share capital is fully paid up at 31 December 2024 and amounts to € 42,623 thousand and it is represented by 163,934,835 ordinary shares of par value € 0.26 each.
All shares have been fully paid.

Treasury shares
Total value of treasury shares held at 31 December 2024 amounts to € 2,835 and has not undergone any changes compared to the previous year.

Dividends
On 29 April 2024 the Shareholders' Meeting of Emak S.p.A. resolved to allocate the profit for the year 2023 for € 522 thousand to the legal reserve for € 2,598 thousand to the extraordinary reserve and for a total of € 7,328 thousand as a dividend to shareholders (0.045 Euros per share).
With the approval of these financial statements, we propose the distribution of a total dividend of Euro 0.025 per share, equal to a total of Euro 4,071 thousand.

Share premium reserve
At 31 December 2024, the share premium reserve amounts to € 41,513 thousand, and consists of premiums on subsequently issued shares.
The reserve is shown net of progress charges related to the capital increase amounted to € 1,598 thousand and adjusted for the related tax effect of € 501 thousand.

Legal reserve
The legal reserve at December 31, 2024 of € 5,491 thousand (€ 4,969 thousand at December 31 2023).

Revaluation reserve
At 31 December 2024 the revaluation reserve includes the reserves deriving from the revaluation as per Law 72/83 for € 371 thousand, as per Law 413/91 for € 767 thousand and as per ex Law 104/2020 for € 3,215 thousand; the latter value relates to the realignment applied to the higher real estate values recognized in first time adoption. The component pursuant to ex law 104/2020 is subject, like the others included in this item, to the constraints set out in art. 2445, paragraphs 2 and 3, of the Italian Civil Code, and was fed, in the 2020 financial year, in part through the full use of the first time adoption reserve, and, for the remaining part, with partial use of the share premium reserve.

Other reserves
The extraordinary reserve, included among other reserves, amounts to € 34,269 thousand at December 31 2024, inclusive of all allocations of earnings in prior years.
At 31 December 2024 other reserves also include:

- reserves qualifying for tax relief, referring to tax provisions for grants and donations for € 129 thousand;

- reserves for merger surpluses for € 3,561 thousand;
- reserves from capital grants deriving from the merger of Bertolini S.p.A. for € 122 thousand.

These reserves have remained unchanged compared to the previous year.

The following table analyses equity according to its origin, its possible uses and distribution:

				Summary of uses in past three years	
Nature/Description (€/000)	**Amount**	**Possible use**	**Available portion**	**Coverage of losses**	**Distribution of profits**
Share capital	**42,623**				
Capital reserve					
Share premium reserve (§)	41,513	A-B-C	41,513	-	-
Revaluation reserve under Law 72/83 (#)	371	A-B-C	371	-	-
Revaluation reserve under Law 413/91 (#)	767	A-B-C	767	-	-
Revaluation reserve under Law 104/20 (#)	3,215	A-B-C	3,215	-	-
Merger surplus reserve (£)	3,561	A-B-C	3,561	-	-
Other untaxed reserve (#)	122	A-B-C	122	-	-
Treasury shares	(2,835)		(2,835)		
Reserves formed from earnings					
Legal reserve	5,491	B	-	-	-
Extraordinary reserve	34,269	A-B-C	34,269	-	-
Untaxed reserve (#)	129	A-B-C	129	-	-
Profits brought forward in FTA	(238)		(238)	-	-
Valutation reserve	(502)		(502)	-	-
Retained earnings	16,537	A-B-C	16,537	-	3,270
Total	**102,400**		**96,909**	-	**3,270**
Undistributable portion (*)			**(5,136)**	-	-
Distributable balance			**91,773**	-	-
Net profit for the period (**)	**6,412**		**6,091**	-	-
Total equity	**151,435**				

A: for share capital increases
B: for covering losses
C: for distribution to shareholders

(#) Subject to tax payable by the company in the event of distribution;
(£) Subject to taxation of the company, in the event of distribution, for the value of € 394 thousand;
(*) The share of long-term costs not yet amortized (€ 2,423 thousand), in addition to the share of necessary future allocation to the legal reserve (€ 2,713 thousand, net of the allocation of 2024 profit referred to in the next point). This bond bears specifically on the share premium reserve (§);
(**) Subject to obliged allocation to the legal reserve for € 321 thousand.

27. Trade and other payables

Details of these amounts are as follows:

€/000	31.12.2024	31.12.2023
Trade payables	28,496	20,166
Payables due to related parties (note 38)	14,126	10,803
Payables due to staff and social security institutions	3,805	3,317
Other payables	557	628
Total	**46,984**	**34,914**

The increase in the heading "**Trade payables**" is attributable to the higher purchases made in the latter part of the financial year.

The heading **"Other payables"** mainly includes amounts payable to Directors for € 42 thousand, the current part of the contribution as per Law 488/92 of the company Comag S.r.l., merged by incorporation into Emak S.p.A. and the short-term portion of non-repayable contributions relating to the facility by the Ministry of Economic Development and Made in Italy as well as the current portion of the investment tax credit ex. Law 160/2019 and pursuant to Law 178/2020 (note 33).

Trade payables do not accrue interest and are normally settled at around 70 days.

The heading includes amounts in foreign currencies as follows:
- US dollars for 2,661 thousand;
- Japanese yen for 1,140 thousand;
- Chinese renminbi yuan for 137,050 thousand.

"Trade payables" and **"Payables due to related parties"** are analysed by geographical area below:

€/000	Italy	Europe	Rest of the world	Total
Trade payables	17,162	2,646	8,688	**28,496**
Related parties payables	576	866	12,684	**14,126**

28. Loans and borrowings

Loans and borrowings at December 31, 2024 do not include any secured payables.

Details of **current loans and borrowings** are as follows:

€/000	31.12.2024	31.12.2023
Overdrafts (note 25)	5	5
Bank loans	18,299	21,180
Financial accrued expenses	177	216
Financial debts from related parties (note 38)	37	44
Total current portion	**18,518**	**21,445**

The heading "**Financial debts from related parties**" refers to the retrocession commitment of a contractual indemnity due to the subsidiary, Tecomec S.r.l., for the current portion of € 37 thousand.

Short-term loans and borrowings are repayable as follows:

€/000	Due within 6 months	Due within 6 and 12 months	Total
Bank loans	9,535	8,764	**18,299**
Financial debts from related parties (note 38)	37	-	**37**
Total	**9,572**	**8,764**	**18,336**

Interest rates applied to loans granted to Emak by subsidiaries have been established in accordance with the framework resolutions that define the nature and terms of conduct. Generally the yield changes depending on:

- the type and duration of the loan granted;
- the performance of the financial markets in which Emak and its subsidiaries operate and of the official reference rates (Euribor);
- the currency of the loan granted.

The details of **long-term loans and borrowings** is as follows:

€/000	31.12.2023	Increases	Decreases	Other movements	31.12.2024
Bank loans	53,508	25,000	(19,899)	-	58,609
Financial debts from related parties (note 38)	74	-	(37)	-	37
Total non current portion	**53,582**	**25,000**	**(19,936)**	**-**	**58,646**

The item "**Bank loans**" includes the remaining balance of € 2,785 thousand relating to the subsidized rate loan approved by Cassa Depositi e Prestiti S.p.A. as part of the subsidy by the Ministry of Economic Development, already mentioned in note 17, for which the last disbursement tranche was recorded during the year.

The heading "**Financial debts from related parties**" of € 37 thousand refers to retrocession commitment of a contractual indemnity due to the subsidiary, Tecomec S.r.l., for the long-term portion.

Long and medium-term loans and borrowings are repayable according to the following repayment plan:

€/000	Due within 2 years	Due within 3 years	Due within 4 years	Due within 5 years	Total due within 5 years	Due beyond 5 years
Bank loans	19,617	13,918	10,758	9,271	**53,564**	**5,045**
Financial debts from related parties	37	-	-	-	**37**	**-**
Total	**19,654**	**13,918**	**10,758**	**9,271**	**53,601**	**5,045**

The interest rates refer to 3-6 months Euribor plus an average spread of 1.33 percentage points.

A number of medium-long-term loans are subject to finance Covenants assessed on the basis of consolidated Net financial position/Ebitda and Net financial position/Equity ratios. At December 31, 2024 the Company complied with all the benchmarks set by contract.

29. Liabilities deriving from leases

The item "**Liabilities deriving from leases**" which totals € 215 thousand, of which € 131 thousand as noncurrent portion and € 84 thousand as current portion, refers to financial liabilities recorded in application of the IFRS accounting standard 16 - Leases, adopted by the Company from 1 January 2019. These liabilities are equal to the present value of the future residual payments provided by the contracts.

Liabilities deriving from medium and long-term leases are repayable according to the following repayment plan:

€/000	Due within 2 years	Due within 3 years	Due within 4 years	Due within 5 years	Total 2 - 5 years	Due beyond 5 years
Liabilities for leasing	70	46	15	-	**131**	-
Total	**70**	**46**	**15**	**-**	**131**	**-**

30. Tax assets and liabilities

Deferred tax assets are detailed below:

€/000	31.12.2023	Increases	Decreases	31.12.2024
Deferred tax on provision for inventory write-downs	766	87	-	853
Deferred tax on provisions for bad debts	182	-	-	182
Other deferred tax assets	845	41	(99)	787
Total (note 14)	**1,793**	**128**	**(99)**	**1,822**

The portion of taxes which are expected to reverse within the following 12 months is estimated to be in line with the decrease registered in 2024.

The heading **"Other deferred tax assets"** includes:
- a receivable of € 497 thousand, as tax benefits carried forward, corresponding to aid for economic growth (ACE, pursuant to Article 1, Law 201/2011), accrued in previous years (2012 - 2015) and recognized as due by the Italian Revenue Agency in 2017, following a favourable response to the application not to apply presented by the Company;
- deferred tax effect resulting from the misalignment between the civil and fiscal value of the value of the assets subject to amortization for € 121 thousand;
- deferred tax assets for € 126 thousand relating to the taxation of the product warranty provision, the use of which will become fiscally relevant in future years;
- deferred tax assets, for € 43 thousand, relating to negative income components subject to deferred taxation.

Deferred tax liabilities are detailed below:

€/000	31.12.2023	Increases	Decreases	Other movements	31.12.2024
Deferred tax on property IAS 17	87	-	(5)	-	82
Other deferred tax liabilities	181	7	(149)	1	40
Total (note 14)	**268**	**7**	**(154)**	**1**	**122**

The portion of the taxes which will reverse in the next 12 months amounted to about € 11 thousand.

The **"Other deferred tax liabilities"** heading mainly referred to the active exchange differences pertaining to the financial year 2023, but not realized in the period and therefore destined for future taxation; the decrease in this item is essentially attributable to the repeal of paragraph 3 of article 110 of the TUIR, which excluded the fiscal irrelevance of unrealized exchange rate differences, starting from the current financial year. This item also includes deferred tax effect deriving from the accounting of the entry relating to the valuation of the severance indemnity fund according to IAS 19 equal to € 13 thousand.

The **current tax receivables** amount at December 31, 2024 to € 1,639 thousand, against € 1,597 thousand at December 31, 2023, and refer to:

- credits at reimbursements relating to deductibility of IRES (Italian corporate income tax) from IRAP (regional corporate tax) for a total amount of € 344 thousand, concerning the appeal filed in previous years as per art. 2 Law no. 201/2011 for a value of € 156 thousand and as per art.6, Decree Law 185/2008 for a further € 188 thousand;
- VAT credits for € 227 thousand;
- "Ecobonus" deduction credit due for energy saving measures for € 50 thousand;
- “Sisma Bonus” deduction credit due for seismic improvement interventions for € 54 thousand;
- Investment tax credit ex. Law 160/2019 and pursuant to Law 178/2020 for € 436 thousand;
- R&D tax credit L. 190/14 and L 160/2019 for € 263 thousand;
- other minor tax receivables, for a total of € 265 thousand.

Current tax liabilities amount to € 850 thousand at December 31, 2024 (€ 830 thousand at 31 December 2023) and mainly refer to withholding taxes to be paid on salaries of employees.

31. Employee benefits

The liability refers to the time-discounted debt for termination indemnity due at the end of an employee’s working life, amounting to € 1,876 thousand. The amount of termination indemnity calculated according to the nominal debt method in force at the closing date would be € 1,924 thousand.

Movements of the liability recorded in the balance sheet:

€/000	2024	2023
Opening balance	**1,982**	**2,003**
Actuarial (gains)/losses	(5)	65
Interest cost on obligation (note 13)	58	70
Disbursements	(159)	(156)
Closing balance	**1,876**	**1,982**

The principal economic and financial assumptions used are as follows:

	FY 2024	FY 2023
Annual inflation rate	2.00%	2.00%
Discount rate	2.93%	3.08%
Dismissal rate	3.00%	3.00%

Demographic assumptions refer to the most recent statistics published by ISTAT.

Payments in 2025 are expected to be in line with 2024.

32. Provisions for risk and charges

Movements in this balance are analysed below:

€/000	31.12.2023	Increases	Decreases	31.12.2024
Provisions for agents' termination indemnity	411	49	-	460
Other provisions	25	-	-	25
Total non current portion	**436**	**49**	**-**	**485**
Provisions for products warranties	370	80	-	450
Other provisions	75	-	(75)	-
Total current portion	**445**	**80**	**(75)**	**450**

The provision for agents' termination indemnity is calculated with reference to the agency contracts in existence at year end and refers to the indemnity that is likely to be paid to agents.

Other provisions in the long term refer to € 25 thousand, for legal claims costs provisioned in respect of the conduct of tax disputes pertaining to the company Bertolini S.p.A. (incorporated at the time) for which Emak, based on the opinion expressed by its defenders, does not expect to mobilize additional funds to incumbent liabilities.

The product warranty provision relates to future costs for warranty repairs that will be supposedly incurred for products sold covered by the legal and/or contractual warranty period, the provision is based on estimates extrapolated from historical trends.

The item **"Other provisions"** for the current portion, equal to € 75 thousand at the end of the previous year, referred to the best estimate of liabilities considered probable in correspondence with relief on claims for product civil liability. During the year it was fully utilized following the closure of a claim that occurred as part of a procedure for the withdrawal and recall of already marketed products.

33. Other non-current liabilities

Other non current liabilities" equal to € 716 thousand (€ 739 thousand at December 31, 2023) refers to the deferred income relating to capital grants received as per Law 488/92 by Comag S.r.l., merged into Emak S.p.A. in the year 2015, and spread over subsequent financial periods, equal to € 359 thousand, and the non-repayable grant, obtained as part of a multi-year research and development project provided by the Ministry of Enterprises and Made in Italy, amounting to € 94 thousand (note 17) and, finally, for € 263 thousand, to the portion relating to the investment tax credit pursuant to Law 160/2019, pursuant to Law 178/2020 and pursuant to Law 162/2023 ZES Unica, credited to the income statement gradually, according to the residual possibility of use of the assets to which it refers. The part of the grant receivable within one year is included in current liabilities under "Other payables" and amounts respectively for each grant to € 23 thousand, € 62 thousand and € 225 thousand.

34. Contingent liabilities

At the date of December 31, 2024 the Company does not have any disputes other than those referred to in these notes. In the Director's opinion, at the closing date, there were no reasonable grounds for the occurrence of additional future liabilities with respect to those already disclosed in these notes.

35. Commitments

Purchase of further equity interests
There are no contractual agreements referring to the purchase of further stakes held directly by the Company.

Purchase of fixed assets
The Company has commitments for the purchase of fixed assets not recorded in the financial statements at 31 December 2024 for the amount of € 566 thousand.

36. Guarantees

Guarantees granted to *third parties*
They amount to € 1,053 thousand and are made up as follows:

- € 553 thousand for a insurance guarantee in favour of EPA (United Environmental Protection Agency) in compliance with an American regulation in force from 2010 regarding the emissions of combustion engines;
- € 500 thousand for a surety policy in favour of the Campobasso customs office to guarantee customs duties.

Comfort letters, sureties and credit orders in favor of subsidiaries
These amount to € 132,724 thousand, and refer to the balance of credit line available or used as at December 31, 2024, broken down as follows:

€/000	Amount guaranteed
Emak U.K. Ltd.	1,330
Jiangmen Emak Outdoor Power Equipment Co. Ltd.	19
Epicenter Limited	1
Victus Emak SP. Z.O.O.	1,632
Tecomec S.r.l.	32,287
Agres Sistemas Eletronico SA	2,334
Comet S.p.A	80,670
Comet Do Brazil Ltda	1,120
Valley Industries LLP	10,781
PTC S.r.l.	2,550
Total	**132,724**

37. Ordinary shares, treasury shares and dividends

Share capital is fully paid up at December 31, 2024 and amounts to € 42,623 thousand and it consists of 163,934,835 ordinary shares of par value € 0.26 each.

	31.12.2024	31.12.2023
Number of ordinary shares	163,934,835	163,934,835
Treasury shares	(1,097,233)	(1,097,233)
Total outstanding shares	**162,837,602**	**162,837,602**

During 2024 financial year, the dividends approved in the shareholders' meeting of 29 April 2024 relating to the 2023 financial year were paid for a total of € 7,328 thousand.

At December 31, 2023 the Company held in portfolio 1,097,233 treasury shares for a value of € 2,835 thousand.

During 2024 no treasury shares were purchased or sold.

Therefore, as at 31 December 2024 Emak S.p.A. holds n. 1,097,233 treasury shares in portfolio for a value of € 2,835 thousand.

During the months of January and February 2025 no treasury shares were acquired or sold by Emak S.p.A., as a result, the holding and value of treasury shares is unchanged with respect to December 31, 2024.

38. Related Party transactions

Related parties transactions not usual, neither the recurring, not coming under the ordinary scope of activity

Emak adopted in accordance with the law an assurance procedure for the operations typically extraordinary, entered into with related parties, which defines and governs all the potential relationships of this nature, to be applied to all entities of the Group.

On May 12, 2021, the Board of Directors of Emak S.p.A. has approved an updated edition of the procedures relating to transactions with related parties, in order to comply with CONSOB resolution no. 21624 of 10/12/2020, taken in implementation of the provisions of the new paragraph 3 of art. 2391-bis of the Italian Civil Code.
The new procedures have been in force since 1 July 2021 and are also published on the company website, at the address https://www.emakgroup.it/it-it/investor-relations/corporate-governance/altri-documenti/.

During the year, Emak did not carry out any significant transactions of an unusual or recurring nature with related parties, or not falling within the ordinary business of the company.

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Related parties ordinary transactions in 2024 within the Group controlled by Emak S.p.A.

With regards to the group of companies under its control, the active and passive supply relationships maintained by Emak correspond to the industrial and commercial supply chain relating to its normal business activity.
It should be noted that all transactions relating to the exchange of goods and the provision of services that occurred in 2024 in the group fall within ordinary business of Emak and have been adjusted based on market conditions (i.e. conditions equivalent to those that would be applied in relations between independent parties). These conditions correspond with aims strictly industrial and commercial and of Group financial management optimization. The execution of these transactions is governed by specific and analytical procedures and programmatic documents ("framework resolutions"), periodically approved by the Board of Directors, with the assistance and consent of the independent directors, meeting in the “related parties transactions Committee”.

The operations carried out in 2024 with related parties belonging to the Emak Group and the values of such relations in force at the closing date of the financial year are shown below.

Receivables for loans and interest:

Companies belonging to Emak S.p.A. (€/000)	Financial income	Current financial assets	Non current financial assets
Comet S.p.A.	1,313	9,000	14,800
Sabart S.r.l.	176	-	2,700
Tecomec S.r.l.	-	-	-
Total (note 13 and note 22)	**1,489**	**9,000**	**17,500**

Payables for loans and interests:

Companies belonging to Emak S.p.A. (€/000)	Financial expenses	Current financial liabilities	Non current financial liabilities
Sabart S.r.l.	-	-	-
Tecomec S.r.l.	-	37	37
Total (note 28)	**-**	**37**	**37**

Other reports related to financial nature concerning the relationship of the guarantee referred to in paragraph 36 above.

Sale of goods and services and receivables**:**

Companies belonging to Emak S.p.A. (€/000)	Net sales	Other operating incomes	Dividends	Total	Trade and other receivables
Emak Suministros Espana SA	4,120	44	-	**4,164**	**1,106**
Emak UK Ltd.	1,202	-	-	**1,202**	**857**
Emak France SAS	10,418	16	500	**10,934**	**987**
Jiangmen Emak Outdoor Power Equipment Co. Ltd.	590	29	-	**619**	**26**
Victus Emak Sp. z.o.o.	8,572	49	329	**8,950**	**734**
Tailong (Zhuhai) Machinery Manufacturing Equipment Ltd.	17	-	-	**17**	**-**
Epicenter Llc.	1,433	-	-	**1,433**	**-**
Emak Do Brasil Industria Ltda	179	-	-	**179**	**1,918**
Comet S.p.A.	28	600	4,300	**4,928**	**322**
PTC S.r.l.	8	141	-	**149**	**89**
Sabart S.r.l.	324	266	885	**1,475**	**281**
Tecomec S.r.l.	45	951	2,820	**3,816**	**489**
Lavorwash S.p.A.	12	481	-	**493**	**353**
Total (C)	**26,948**	**2,577**	**8,834**	**38,359**	**7,162**

Purchase of goods and services and payables:

Companies belonging to Emak S.p.A. (€/000)	Purchases of raw and finished products	Other costs	Total costs	Trade and others payables
Emak Suministros Espana SA	1	25	**26**	2
Emak UK Ltd.	1	-	**1**	12
Emak France SAS	73	295	**368**	49
Jiangmen Emak Outdoor Power Equipment Co. Ltd.	25,106	19	**25,125**	12,128
Comet USA	-	10	**10**	-
Victus Emak Sp. z.o.o.	167	166	**333**	12
Tailong (Zhuhai) Machinery Manufacturing Equipment Ltd.	807	-	**807**	309
Epicenter Llc.	-	3	**3**	177
Emak Do Brasil Industria Ltda	-	7	**7**	-
Comet S.p.A.	512	-	**512**	147
Sabart S.r.l.	4	-	**4**	1
Tecomec S.r.l.	46	2	**48**	26
Ningbo Tecomec	1,190	-	**1,190**	232
Speed France SAS	630	4	**634**	156
Speed North America INC	-	63	**63**	15
Total (D)	**28,537**	**594**	**29,131**	**13,266**

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Usual dealings with related parties external to the Emak Group occurring during 2024 regarding ordinary commercial and financial operations

Emak S.p.A. is part of the larger group of companies that are owned by Yama S.p.A., its parent company.

Firstly, the dealings entered into in the 2024 financial year with companies directly controlled by Yama are exclusively of an ordinary commercial nature, all coming under Emak's typical activities and all at arm's length. Some companies supply Emak with components and materials, others buy products from Emak to complete their respective commercial product range.

Secondly, dealings of a financial nature and of a usual character derive from Emak S.p.A.'s participation in the tax consolidation as per arts. 117 and following of the TUIR (the Consolidated Law on Income Tax) with the controlling company, Yama S.p.A., the latter in its capacity as consolidator. The criteria and means for regulating such dealings are established and formalised in consolidation agreements, based on the parity of treatment of the participants (note 23). The operations illustrated in paragraph 22 of these Notes are also of a financial nature.

Other dealings with "other related parties" consist in professional services of a legal and tax nature, provided by bodies subject to significant influence on the part of non-executive director.

Details of the transactions entered into in 2024 with Yama and with other related parties not controlled by Emak are shown below, as well as indications of the entity of such dealings in force at the closing date of the financial year.

Sale of goods and services and receivables:

Releted parties (€/000)	Net sales	Other operating incomes	Trade and other receivables
Euro Reflex D.o.o.	922	-	379
Garmec S.r.l.	2	-	-
Total (E)	**924**	**-**	**379**
Total C+E (note 23)	**27,872**	**2,577**	**7,541**

Purchase of goods and services:

Releted parties (€/000)	Purchases of raw materials and finished products	Other costs	Total costs	Trade payables
Garmec S.r.l.	128	-	**128**	**161**
Euro Reflex D.o.o.	2,011	37	**2,048**	**458**
Selettra S.r.l.	107	2	**109**	**37**
Raw Power S.r.l.	6	172	**178**	**51**
Total (F)	**2,252**	**211**	**2,463**	**707**
Other related parties (G)	**-**	**201**	**201**	**153**
Totals D+F+G (note 27)	**30,789**	**1,006**	**31,594**	**14,126**

Relationships of financial nature and related income:

Releted parties (€/000)	Financial income	Current financial assets	Non current financial assets	Dividends
Yama S.p.A.	-	37	37	-
Total (note 22)	**-**	**37**	**37**	**-**

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Other transactions with related parties of a usual nature

Other significant dealings on the part of Emak with related parties are those concerning the remuneration of company officers, established in compliance with general meeting resolutions which have established, for the three-year period of office, maximum global remunerations and, with regards to the managing Directors, bonus schemes. The resolutions of the Board of Directors regarding the remuneration are taken with the opinion of the Committee and, if all the conditions are met, they make use of the procedural simplification provisions provided for by art. 13, paragraphs 1 and 3, lett. b), of CONSOB resolution no. 17221/2010.
More detailed information regarding the remuneration policy, the procedures used for its adoption and implementation, as well as a description of each of the headings making up remuneration, are disclosed in the report drawn up by the Company pursuant to art. 123-ter 58/98, which is submitted for approval to the Shareholders' Meeting and which is available on the website.

Costs incurred during the financial period for the remuneration of Emak S.p.A.'s directors and auditors are as follows:

(€/000)	FY 2024	FY 2023
Emoluments of directors and statutory auditors	531	497
Benefits in kind	22	22
Wage and salaries	398	351
Employee termination indemnities	28	25
Total	**979**	**895**

The total debt for remuneration of Directors and Auditors of the Parent Company at December 31, 2024 amounted to € 99 thousand.

In the ending year no other relationships of significant amount of current nature with related parties occurred

39. Grants received: obligations of transparency regarding public grants Law no.124/2017

In compliance with the transparency obligations regarding public grants provided for by article 1, paragraphs 125-129 of Law no. 124/2017, subsequently integrated by the “security” Decree Law (no. 113/2018) and by the “Simplification” Decree Law (no. 135/2018), information relating to public grants received by the Company during the 2024 financial year is given below.
It should be noted that a cash-based reporting criterion has been adopted, reporting the grants collected during the period in question.
Disbursements received as consideration for supplies and services provided have not been taken into consideration.

€/000

Lender	Description	Emak S.p.A.
Ministry of Enterprises and Made in Italy	Non-repayable grant	474
Ministry of the Environment and Energy Security - DGCEE	Non-repayable grant	7
Fondimpresa	Contribution for training plans	23
MEF	Reductions in contributions for recruitment	253
MEF	Tax credit under Law 160/2019	193
MEF	Tax credit under Law 178/2020	242
MEF	'Tax credit under Law 106/2014	3
Total		**1,195**

40. Subsequent events

There are no noteworthy events except as already described in note 15 of the Directors Report.

41. Proposal for the allocation of profit for the financial year and dividend

For the proposal of allocation of the net profit for the year and distribution of dividends, please refer to note 16 of the Directors Report.

Supplementary schedules

The following schedules, forming an integral part of the explanatory notes to the financial statements, are provided as appendices:

1. CHANGES IN EQUITY INVESTMENTS IN SUBSIDIARY COMPANIES AND ASSOCIATES

2. DETAILS OF EQUITY INVESTMENTS IN SUBSIDIARY COMPANIES AND ASSOCIATES

3. FINANCIAL HIGHLIGHTS OF THE ULTIMATE PARENT COMPANY

4. SCHEDULE OF FEES FOR AUDIT SERVICES AND OTHER SERVICES DIFFERENT THAN AUDUTING

Appendix 1

Changes in equity investments

	31.12.2023				Changes				31.12.2024			
	Number of shares	Values in the financial statements €/000	% total shareholding	direct shareholding	Subscriptions And acquisitions	Other movements	Sales	Revaluations (Depreciations)	Number of shares	Values in the financial statements €/000	% total shareholding	direct shareholding
Italy												
Comet S.p.A.	5,000,000	27,232	100	100					5,000,000	27,232	100	100
Sabart S.r.l.	1 share	21,011	100	100					1 share	21,011	100	100
Tecomec S.r.l.	1 share	27,830	100	100					1 share	27,830	100	100
Spain												
Emak Suministros Espana SA	405	572	90	90					405	572	90	90
Germany												
Emak Deutschland Gmbh	10,820	-	100	100					10,820	-	100	100
Great Britain												
Emak UK Ltd	342,090	691	100	100					342,090	691	100	100
France												
Emak France SAS	2,000,000	2,049	100	100					2,000,000	2,049	100	100
China												
Jiangmen Emak Outdoor Power Equipment Co. Ltd.	-	2,476	100	100					-	2,476	100	100
Tailong (Zhuhai) Machinery Manufacturing Equipment Ltd.	-	2,550	100	100					-	2,550	100	100
Poland												
Victus Emak Sp. z.o.o.	32,800	3,605	100	100					32,800	3,605	100	100
Ukraine												
Epicenter	1 share	1,690	100	100					1 share	1,690	100	100
Brazil												
Emak do Brasil Industria Ltda	8,516,200	-	99.9	99.9					8,516,200	-	99.9	99.9
Total investments in subsidiaries		**89,706**				**-**		**-**		**89,706**		
Italy												
Raw Power S.r.l.	1 share	800	24	24					1 share	800	24	24
Total investments in associates		**-**								**800**		
Italy												
Equity in other companies	2 shares	2	-	-					2 shares	2	-	-
Total other companies		**2**								**2**		
Total		**90,508**			**-**	**-**		**-**		**90,508**		

Appendix 2

Details of equity investments

€/000	Registered office	Value in the financial statements	% Share	Share Capital	Equity (*) Total	Equity (*) Attributable to Emak S.p.A.	Profit/(Loss) of the year (*)
Emak Suministros Espana SA	Madrid	572	90	270	4,047	3,642	27
Emak Deutschland Gmbh	Fellbach-Oeffingen	-	100	553	-	-	-
Emak UK Ltd	Burntwood	691	100	381	457	457	(191)
Emak France SAS	Rixheim	2,049	100	2,000	9,321	9,321	1,221
Jiangmen Emak Outdoor Power Equipment Co. Ltd.	Jiangmen	2,476	100	3,183	18,555	18,555	606
Tailong (Zhuhai) Machinery Manufacturing Equipment Ltd.	Zhuhai	2,550	100	2,038	2,446	2,446	(878)
Victus Emak Sp. z.o.o.	Poznan	3,605	100	2,230	9,708	9,708	849
Epicenter LLC.	Kiev	1,690	100	547	3,987	3,987	429
Emak do Brasil Industria Ltda	Ribeirao Preto	-	99.9	3,696	(504)	(504)	(516)
Tecomec S.r.l.	Reggio Emilia	27,830	100	1,580	37,975	37,975	6,466
Comet S.p.A.	Reggio Emilia	27,232	100	2,600	46,933	46,933	5,795
Sabart S.r.l.	Reggio Emilia	21,011	100	1,900	9,848	9,848	1,520
Total investments in subsidiaries		**89,706**					
Raw Power S.r.l.	Reggio Emilia	800	24	57	1,136	273	25
Total investments in associates		**800**					

(*) Amounts resulting from the reporting package of subsidiaries prepared in accordance with IAS / IFRS for the purpose of preparation of the consolidated financial statements.
(**) The data relating to share capital, shareholders' equity and profit refer to the financial statements closed on 31/12/2023.

Appendix 3

Highlights from the latest financial statements of the parent company Yama S.p.A.

(€/000) **FINANCIAL POSITION**	**31.12.2023**	**31.12.2022**
Assets		
A) Amounts receivable from shareholders for outstanding payments	-	-
B) Fixed assets	67,430	68,255
C) Current assets	15,819	14,678
D) Prepayment and accrued income	15	14
Total assets	**83,264**	**82,947**
Liabilities		
A) Equity:		
Share capital	14,619	14,619
Reserves	50,880	46,548
Net profit	4,998	7,846
B) Provisions for risks and charges	263	503
C) Employment benefits	12	9
D) Amounts payable	12,477	13,410
E) Accruals and deferred income	15	12
Total liabilities	**83,264**	**82,947**

INCOME STATEMENT	**31.12.2023**	**31.12.2022**
A) Revenues from sales	43	44
B) Production costs	(1,314)	(1,603)
C) Financial income and expenses	6,870	9,441
D) Adjustments to the value of financial assets	(818)	(190)
E) Extraordinary income and expenses	-	-
Profit before taxes	**4,781**	**7,692**
Income taxes	217	154
Net profit	**4,998**	**7,846**

Appendix 4

Schedule of fees relating to the 2024 financial period for audit services and other services, subdivided by type

Type of service	Entity providing the service	Beneficiary	Fees (€/000)
Audit	Deloitte & Touche S.p.A.	Emak S.p.A.	170
Audit	Deloitte & Touche S.p.A.	Italian controlled companies	205
Audit	Deloitte & Touche S.p.A. Network	Foreign controlled companies	58
Certification services	Deloitte & Touche S.p.A.	Emak S.p.A.	90
			523

The above information is provided in accordance with art. 160, paragraph 1-bis of Legislative Decree 24 February 1998, no. 58 and with article 149-duodecies of the CONSOB Regulations contained in Consob resolution no. 19971 of 14 May 1999 and subsequent modifications.

Certification of financial statements and consolidated financial statements pursuant to art. 154-bis, paragraph 5 of the Decree. 58/1998 (Consolidated Law on Finance)

1. We, the undersigned, Cristian Becchi, as Chief Executive Officer for finance and control, and Roberto Bertuzzi, as the manager in charge of preparing the accounting statements of the company Emak S.p.A. affirm, taking account of the provisions of art. 154-bis, paragraphs 3 and 4, of legislative decree 24 February 1998, n. 58:

- the suitability, in relation to the nature of the entity and
- effective application

of administrative and accounting procedures for the preparation of the company's individual financial statements and the consolidated financial statements for the financial period ending December 31,2024.

2. No factors of a significant nature have arisen.

3. It is certified, moreover, that:

3.1 the individual financial statements and consolidated financial statements for the financial period:

a) have been drawn up in conformity with the international accounting standards recognised by the European Community in accordance with EC regulation no. 1606/2002 of the European Parliament and European Council of 19 July 2002;

b) correspond to the accounting documents, ledgers and records;

c) appear to be suitable for providing a true and fair view of the statement of financial position, economic and financial situation of the issuer and of the entities included in the consolidation.

3.2 The Directors' Report contains a reliable analysis of operating trends and results, as well as of the current situation of the issuer and of the entities included in the consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Data: 13 March 2025

The Chief Executive Officer for finance and control:
Cristian Becchi

The Manager in charge of preparing the accounting statements:
Roberto Bertuzzi

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INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Emak S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Emak S.p.A. (the "Company"), which comprise the statement of financial position as at December 31, 2024, and the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2024 and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment test of net invested capital and investments in subsidiaries	
Description of the key audit matter	The Company recognizes it in its financial statements as at December 31, 2024 a net invested capital equal to Euro 167,678 thousand, determined as the sum of the Shareholders' equity (Euro 151,435 thousand) and the net financial position (negative for Euro 16,243 thousand). The Company verified the recoverability of the net invested capital related to the operating activities of Emak S.p.A. (Euro 76,269 thousand), against the impairment indicators identified, related to the achievement of a negative operating result, and the carrying amount of certain equity investments in subsidiaries from which impairment indicators were found (Euro 27,857 thousand), in accordance with the provisions of accounting standard IAS 36 - Impairment of Assets. Impairment tests are carried out by comparing the recoverable values, determined according to the value in use method, and the related carrying amounts. As a result of the impairment tests, approved by the Board of Directors on February 27, 2025, the Company has not recorded any impairment losses. Management's assessment process to ascertain possible impairment losses is based on assumptions concerning, among other things, the forecast of the expected cash flows of the CGU, as well as the determination of an appropriate discount rate (WACC) and long-term growth rate (g-rate). The assumptions reflected in the business plans are influenced by future expectations and market conditions, which determine elements of physiological uncertainty in the estimate. Considering the importance of the amount of the assets subject to verification, the subjective nature of the estimates relating to the determination of the cash flows of the CGUs and the key variables of the impairment model, as well as the unpredictable factors that can influence market trends in which Emak S.p.A. and its subsidiaries operate, we considered the impairment tests of the net invested capital related to the operating activities of Emak S.p.A. and of the equity investments in subsidiaries subject to impairment test a key audit matter of the Company's financial statements as at December 31, 2024. The explanatory notes to the financial statements in paragraphs "2.7 Impairment of assets", "2.11 Shareholdings in subsidiaries" and "4. Key accounting estimates and assumptions" describe the assessment process by adopted Management, while notes 19 and 20 report the information on the impairment tests performed and on the relative sensitivity analysis, which illustrate the effects deriving from changes in key variables used to carry out the tests.

Audit procedures performed	Firstly, we examined the methods used by Management to determine the value in use of the net invested capital related to the operating activities of Emak S.p.A. and of the subsidiaries subject to verification analyzing the criteria and assumptions used by Management for the preparation of the impairment tests. In the context of our work, we performed the following audit procedures, also through the involvement of experts belonging to our network: • identification and understanding of the controls put in place by Management for the recognition of possible impairment indicators and for the determination of the values in use analyzing the methods and assumptions used by Management for the execution of the impairment tests; • reasonableness analysis of the main assumptions adopted for the determination of cash flow forecasts, also by analyzing data and obtaining information from Management; • analysis of the actual values for 2024 compared to the original plans in order to assess the nature of the variances and the reliability of the budgeting process; • evaluation of the reasonableness of the discount rates (WACC) and long-term growth rates (g-rate) applied in the tests, by identifying and observing external sources usually used in the professional practice; • verification of the mathematical accuracy of the model used to determine the values in use; • verification of the sensitivity analysis prepared by Management; • examination of the adequacy of the disclosure provided on impairment tests and of its compliance with the requirements of IAS 36.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company’s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Emak S.p.A. has appointed us on April 22, 2016 as auditors of the Company for the years from December 31, 2016 to December 31, 2024.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Emak S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the financial statements as at December 31, 2024, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Delegated Regulation.

In our opinion, the financial statements as at December 31, 2024 have been prepared in XHTML format in accordance with the provisions of the Delegated Regulation.

Opinions and statement pursuant to art. 14, paragraph 2, sub-paragraphs e), e-bis) and e-ter), of Legislative Decree 39/10 and pursuant to art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Emak S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of the Company as at December 31, 2024, including their consistency with the related financial statements and their compliance with the law.

Deloitte.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to:

- express an opinion on the consistency of the report on operations [and of some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements;

- express an opinion on the compliance with the law of the report on operations, excluding the section related to the consolidated corporate sustainability reporting, and of some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98;

- make a statement about any material misstatement in the report on operations and in some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98.

In our opinion, the report on operations and the specific information contained in the report on corporate governance and ownership structure are consistent with the financial statements of Emak S.p.A. as at December 31, 2024.

In addition, in our opinion, the report on operations, excluding the section related to the consolidated corporate sustainability reporting, and the specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2, sub-paragraph e-ter), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Our opinion on the compliance with the law does not extend to the section related to the consolidated corporate sustainability reporting. The conclusions on the compliance of that section with the law governing criteria of preparation and with the disclosure requirements outlined in art. 8 of the EU Regulation 2020/852 are expressed by us in the assurance report pursuant to art. 14-bis of Legislative Decree 39/10.

DELOITTE & TOUCHE S.p.A.

Signed by
Giovanni Borasio
Partner

Bologna, Italy
March 27, 2025

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Emak®

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