

Press release

Board of Directors of Emak S.p.A.

Approved consolidated results for the first half 2022: revenues up by 10.6%

The CEO Luigi Bartoli commented: *“We are very satisfied with the results we achieved in the first half of the year: despite the particularly complex and volatile macroeconomic scenario, we were able to achieve still positive results, especially when compared to an exceptional year such as 2021.”*

Revenues from sales: € 368.2 million compared to € 333 million in the first half 2021.

EBITDA adjusted (*): € 54 million compared to € 53.7 million in the first half 2021.

EBIT: € 41.2 million compared to € 42.2 million in the first half 2021.

Consolidated net income: € 31.7 million compared to € 31.6 million in the first half 2021.

Net negative financial position (*): € 192.8 million (€ 154.4 million million excluding IFRS16) compared to € 125.2 million at 30 June 2021 and € 144.3 million at 31 December 2021.

Bagnolo in Piano (RE), 5 agosto 2022- The Board of Directors of **Emak S.p.A.** approved the consolidated results of the Group for the first half 2021.

CONSOLIDATED RESULTS OF FIRST 2022

Emak Group achieved in the first half **consolidated revenues of 368.2 million**, compared with € 333 million in the same period of last year, an increase of 10.6%. The improvement is due to the organic growth for 7.7%, the effect of translation changes for 2.2% and the change in the scope of consolidation for 0.7%. After an extremely positive first quarter, the growth trend continued in the second as well. In fact, sales went from € 170.1 million in 2021 to € 178 million in 2022, an increase of 4.6% obtained despite the difficult external context and the gardening season penalized by particularly unfavorable weather conditions all over Europe, due to the persistence of absence of precipitation which heavily impacted sales of both equipment and spare parts and accessories.

EBITDA adjusted (*) reached € 54 million (14.7% of sales) compared to € 53.7 million of the same period 2021 (16.1% of sales). The figure for the half-year benefited from higher revenues, mainly driven by the increase in sales prices, and from the change in the scope of consolidation, while it was affected by the increase in raw material costs and the increase in costs for services, in particular energy and transport.

EBIT amounted to € 41.2 million, compared to € 42.2 million of the same period of last year. This result reflects the higher depreciation carried out compared to the first 6 months of 2021.

Net income for the first half 2022 is € 31.7 million, compared to € 31.6 million of the same period 2021. The result benefited from currency management and above all from the improvement in financial management, mainly linked to revenues from the valuation of interest rate hedging derivatives.

Free cash flow from operations (*) amounted to € 44.5 million, compared to € 43.3 million in the first semester 2021.

Investments in tangible and intangible assets realized in the first semester 2022 amount to a total of € 8.6 million compared to € 7.7 million in the first half 2021.

Consolidated net equity at 30 June 2022 is € 284 million compared to € 255.9 million at 31 December 2021.

Net negative financial position (*) stood at € 192.8 million compared to € 125. 2 million at 30 June 2021 and € 144.3 million at 31 December 2021. 2022 figure included € 38.4 million deriving from the application of the IFRS 16 accounting principle (€ 28.3 million in June 2021 and € 38.9 million in December 2021) and € 11 million of financial debts for the purchase of the remaining minority shareholdings e for the settlement of acquisition transactions with deferred price (€ 6,1 million in June 2021 and € 12.3 million in December 2021). The increase in the net financial position compared to 31 December 2021 is also affected by the increase in net working capital, mainly related to the decision taken by the Group to increase inventories starting from the second half of 2021, to support the growth in demand with an adequate level of service to the distribution network.

Outlook

In the first months of the year, the macroeconomic scenario showed progressive signs of a slowdown in all the main countries due to the uncertainties caused by the Russian-Ukrainian conflict, by the increases in the prices of raw materials (energy and non-energy) and by the acceleration of inflation, by the criticalities of the supply chains as well as by the persistence of the tensions linked to the pandemic and from the evolution of the monetary policies of the Central Banks. All this has led to a general worsening of the prospects for the near future of the international context.

In this scenario, the Group has managed to limit the negative effects due to inflation through the activation of specific commercial policies and has maintained a high level of service to its customers through preventive procurement policies. The Group in fact achieved record sales in the first half, with a particularly positive trend in the first quarter and further growth, albeit at lower rates, in the second.

All of this considered and except for a further deterioration in macroeconomic conditions and the persistence of anomalous weather conditions, the management believes it is realistic to expect to reach, at the end of the year, a level of sales higher than the values achieved in the past, despite the slowdown expected in the second half of the year. The group will give priority to the correct management of costs and invested capital, in order to maximize the creation of value to maintain its solidity which forms the basis for long-term sustainability. At the same time, it will continue to monitor market opportunities that are functional to the pursuit of its growth strategy.

(*) 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 of the Group performance.

- EBITDA Adjusted - EBITDA before non-ordinary expenses and revenues: is obtained by deducting at EBITDA the impact of charges and income for litigation and grants relating to non-core management, expenses related to M&A transaction, and costs for staff reorganization and restructuring.
- EBITDA: calculated by adding the items "Operating Result" plus "Amortization, depreciation and impairment losses".
- FREE CASH FLOW FROM OPERATIONS: calculated by adding the items "Net profit" plus "Amortization, depreciation and impairment losses".
- NET FINANCIAL POSITION: it is obtained by adding the active financial balances and subtracting the passive financial balances, as well as identified according to the criteria of the Esma (according to Consob communication no. 5/21 of 29 April 2021).

The highlights from the consolidated accounts of the Group at 30 June 2022 are attached to the present press release.

Pursuant to the law, the half year report at 30 June 2022 and this press release are available to the public at the Company's registered office, on the company website www.emakgroup.it, in the "Investor Relations" section and on the storage mechanism eMarket Storage (www.emarketstorage.com).

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

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

Highlights of the consolidated financial statement broken down by operating segment for the first half 2022

	OUTDOOR POWER EQUIPMENT		PUMPS AND HIGH PRESSURE WATER JETTING		COMPONENTS AND ACCESSORIES		Other not allocated / Netting		Consolidated	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021	30.06.2022	30.06.2021	30.06.2022	30.06.2021	30.06.2022	30.06.2021
€/000										
Sales to third parties	136,458	118,166	139,218	128,650	92,529	86,148			368,205	332,964
Intersegment sales	221	184	1,836	1,714	6,042	5,643	(8,099)	(7,541)		
Revenues from sales	136,679	118,350	141,054	130,364	98,571	91,791	(8,099)	(7,541)	368,205	332,964
Ebitda	13,098	13,235	23,014	23,063	19,480	19,705	(1,629)	(2,164)	53,963	53,839
<i>Ebitda/Total Revenues %</i>	9.6%	11.2%	16.3%	17.7%	19.8%	21.5%			14.7%	16.2%
Ebitda before non ordinary expenses	13,098	13,308	23,014	22,581	19,562	19,977	(1,629)	(2,164)	54,045	53,702
<i>Ebitda before non ordinary expenses/Total Revenues %</i>	9.6%	11.2%	16.3%	17.3%	19.8%	21.8%			14.7%	16.1%
Operating result	8,970	9,202	18,852	19,349	15,035	15,793	(1,629)	(2,164)	41,228	42,180
<i>Operating result/Total Revenues %</i>	6.6%	7.8%	13.4%	14.8%	15.3%	17.2%			11.2%	12.7%
Net financial expenses (1)									1,558	(786)
Profit before taxes									42,786	41,394
Income taxes									(11,040)	(9,786)
Net profit									31,746	31,608
<i>Net profit/Total Revenues%</i>									8.6%	9.5%
(1) Net financial expenses includes the amount of Financial income and expenses, Exchange gains and losses and the amount of the Income from equity investment										
STATEMENT OF FINANCIAL POSITION	30.06.2022	31.12.2021	30.06.2022	31.12.2021	30.06.2022	31.12.2021	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Net debt	24,449	6,778	114,306	96,092	54,018	41,399	0	0	192,773	144,269
Shareholders' Equity	194,387	186,501	96,813	83,830	70,883	63,454	(78,075)	(77,852)	284,008	255,933
Total Shareholders' Equity and Net debt	218,836	193,279	211,119	179,922	124,901	104,853	(78,075)	(77,852)	476,781	400,202
Net non-current assets (2)	126,640	128,424	98,479	95,854	55,471	53,233	(75,357)	(75,394)	205,233	202,117
Net working capital	92,196	64,855	112,640	84,068	69,430	51,620	(2,718)	(2,458)	271,548	198,085
Total net capital employed	218,836	193,279	211,119	179,922	124,901	104,853	(78,075)	(77,852)	476,781	400,202
(2) The net non-current assets of the Outdoor Power Equipment area includes the amount of Equity investments for 76,074 thousand Euro										
OTHER STATISTICS	30.06.2022	31.12.2021	30.06.2022	31.12.2021	30.06.2022	31.12.2021	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Number of employees at period end	734	758	858	837	656	622	9	8	2,257	2,225
OTHER INFORMATIONS	30.06.2022	30.06.2021	30.06.2022	30.06.2021	30.06.2022	30.06.2021	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Amortization, depreciation and impairment losses	4,128	4,033	4,162	3,714	4,445	3,912			12,735	11,659
Investment in property, plant and equipment and in intangible assets	1,895	2,058	2,611	1,722	4,065	3,956			8,571	7,736

Emak Group– Consolidated income statement and comprehensive income statement

Thousand of Euro

Year 2021	CONSOLIDATED INCOME STATEMENT	Notes	1H 2022	of which to related parties	1H 2021	of which to related parties
588,299	Revenues from sales	9	368,205	704	332,964	956
5,110	Other operating incomes	9	1,837	2	2,151	
48,764	Change in inventories		10,328		4,469	
(354,737)	Raw materials, consumables and goods	10	(207,287)	(1,464)	(180,198)	(1,546)
(98,231)	Personnel expenses	11	(53,612)		(50,319)	
(111,909)	Other operating costs and provisions	12	(65,508)	(215)	(55,228)	(366)
(24,392)	Amortization, depreciation and impairment losses	13	(12,735)	(860)	(11,659)	(849)
52,904	Operating result		41,228		42,180	
1,003	Financial income	14	1,845	1	366	-
(8,611)	Financial expenses	14	(2,534)	176	(2,881)	(174)
589	Exchange gains and losses	14	2,247		1,729	
45,885	Profit before taxes		42,786		41,394	
(12,774)	Income taxes	15	(11,040)		(9,786)	
33,111	Net profit (A)		31,746		31,608	
(603)	(Profit)/loss attributable to non controlling interests		(523)		(477)	
32,508	Net profit attributable to the Group		31,223		31,131	
0.199	Basic earnings per share	16	0.191		0.190	
0.199	Diluted earnings per share	16	0.191		0.190	

Year 2021	CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME	Notes	1H 2022	1H 2021
33,111	Net profit (A)		31,746	31,608
8,102	Profits/(losses) deriving from the conversion of foreign company accounts		8,702	4,995
(232)	Actuarial profits/(losses) deriving from defined benefit plans (*)		-	-
65	Income taxes on OCI (*)		-	-
7,935	Total other components to be included in the comprehensive income statement (B)		8,702	4,995
41,046	Total comprehensive income for the period (A)+(B)		40,448	36,603
(641)	Comprehensive net profit attributable to non controlling interests		(701)	(575)
40,405	Comprehensive net profit attributable to the Group		39,747	36,028

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

Emak Group –Statement of consolidated financial position

Thousand of Euro

31.12.2021	ASSETS	Notes	30.06.2022	of which to related parties	30.06.2021	of which to related parties
	Non-current assets					
78,558	Property, plant and equipment	17	79,873		77,175	
24,853	Intangible assets	18	24,291		22,623	
37,665	Rights of use	19	36,797	14,504	27,132	9,595
70,634	Goodwill	20	74,094	12,920	69,146	12,641
8	Equity investments in other companies	21	8		8	
10,012	Deferred tax assets	30	9,612		9,587	
984	Other financial assets	22	1,061	111	1,056	185
59	Other assets	24	61		57	
222,773	Total non-current assets		225,797	27,535	206,784	22,421
	Current assets					
217,316	Inventories	25	232,936		170,738	
127,984	Trade and other receivables	24	177,415	1,216	156,646	2,406
10,076	Current tax receivables	30	8,295		6,031	
72	Other financial assets	22	123	74	139	37
286	Derivative financial instruments	23	1,592		833	
79,645	Cash and cash equivalents		60,954		84,218	
435,379	Total current assets		481,315	1,290	418,605	2,443
658,152	TOTAL ASSETS		707,112	28,825	625,389	24,864
31.12.2021	SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	30.06.2022	of which to related parties	30.06.2021	of which to related parties
	Shareholders' Equity					
253,183	Shareholders' Equity of the Group	26	280,665		248,806	
2,750	Non-controlling interests		3,343		2,688	
255,933	Total Shareholders' Equity		284,008		251,494	
	Non-current liabilities					
115,994	Loans and borrowings due to banks and others lenders	28	127,222		120,533	
33,111	Liabilities for leasing	29	32,193	13,427	23,558	8,895
7,386	Deferred tax liabilities	30	7,808		6,500	
7,500	Employee benefits	31	7,521		7,564	
2,590	Provisions for risks and charges	32	2,616		2,540	
2,197	Other non-current liabilities	33	1,557		2,315	
168,778	Total non-current liabilities		178,917	13,427	163,010	8,895
	Current liabilities					
149,222	Trade and other payables	27	138,043	8,704	133,844	6,988
6,182	Current tax liabilities	30	7,400		8,136	
69,707	Loans and borrowings due to banks and others lenders	28	90,419		62,082	
5,863	Liabilities for leasing	29	6,163	1,625	4,737	1,171
581	Derivative financial instruments	23	506		561	
1,886	Provisions for risks and charges	32	1,656		1,525	
233,441	Total current liabilities		244,187	10,329	210,885	8,159
658,152	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		707,112	23,756	625,389	17,054

Emak Group – Consolidated cash flow statement

31.12.2021 (€/000)	Notes	30.06.2022	30.06.2021
Cash flow from operations			
33,111	Net profit for the period	31,746	31,608
24,392	Amortization, depreciation and impairment losses	12,735	11,659
(565)	Financial expenses from discounting of debts and other income/expenses from non-monetary transactions	80	(575)
4,569	Financial (income)/ Expenses from adjustment of estimated liabilities for outstanding commitment associates' shares	(299)	960
(159)	Capital (gains)/losses on disposal of property, plant and equipment	(37)	(101)
(17,516)	Decreases/(increases) in trade and other receivables	(43,975)	(43,248)
(49,016)	Decreases/(increases) in inventories	(10,403)	(4,701)
34,335	(Decreases)/increases in trade and other payables	(12,531)	23,189
(229)	Change in employee benefits	22	(44)
863	(Decreases)/increases in provisions for risks and charges	(230)	444
(224)	Change in derivative financial instruments	(1,395)	(790)
29,561	Cash flow from operations	(24,287)	18,401
Cash flow from investing activities			
(17,046)	Change in property, plant and equipment and intangible assets	(8,387)	(7,885)
(16)	(Increases) and decreases in securities and financial assets	(97)	(145)
159	Proceeds from disposal of property, plant and equipment and other changes	37	101
(2,735)	Change in scope of consolidation	-	-
(19,638)	Cash flow from investing activities	(8,447)	(7,929)
Cash flow from financing activities			
(167)	Other changes in equity	-	-
(19,562)	Change in short and long-term loans and borrowings	23,506	(16,285)
(5,746)	Liabilities for leasing refund	(2,910)	(2,634)
(7,413)	Dividends paid	(12,373)	(7,409)
(32,888)	Cash flow from financing activities	8,223	(26,328)
(22,965)	Total cash flow from operations, investing and financing activities	(24,511)	(15,856)
2,514	Effect of changes from exchange rates and translation reserve	(922)	355
(20,451)	INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(25,433)	(15,501)
97,280	OPENING CASH AND CASH EQUIVALENTS	76,829	97,280
76,829	CLOSING CASH AND CASH EQUIVALENTS	51,396	81,779

ADDITIONAL INFORMATION ON THE CASH FLOW STATEMENT

31.12.2021 (€/000)	30.06.2022	30.06.2021
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
97,280	Opening cash and cash equivalents, detailed as follows:	97,280
99,287	Cash and cash equivalents	99,287
(2,007)	Overdrafts	(2,007)
76,829	Closing cash and cash equivalents, detailed as follows:	81,779
79,645	Cash and cash equivalents	84,218
(2,816)	Overdrafts	(2,439)
Other information:		
1,240	Change in related party receivables and service transactions	(150)
1,586	Change in related party payables and service transactions	4,192
38	Change in related party financial assets	-
(1,955)	Related party liabilities for leasing refund	(976)

Emak Group – Consolidated net financial position

(€/000)	30.06.2022	31.12.2021	30.06.2021
A. Cash	60,954	79,645	84,218
B. Cash equivalents	-	-	-
C. Other current financial assets	1,715	358	972
D. Liquidity funds (A+B+C)	62,669	80,003	85,190
E. Current financial debt	(35,175)	(19,938)	(14,279)
F. Current portion of non-current financial debt	(61,913)	(56,213)	(53,101)
G. Current financial indebtedness (E + F)	(97,088)	(76,151)	(67,380)
H. Net current financial indebtedness (G - D)	(34,419)	3,852	17,810
I. Non-current financial debt	(159,415)	(149,105)	(144,091)
J. Debt instruments	-	-	-
K. Non-current trade and other payables	-	-	-
L. Non-current financial indebtedness (I + J + K)	(159,415)	(149,105)	(144,091)
M. Total financial indebtedness (H + L) (ESMA)	(193,834)	(145,253)	(126,281)
N. Non current financial receivables	1,061	984	1,056
O. Net financial position (M-N)	(192,773)	(144,269)	(125,225)
Effect IFRS 16	38,356	38,974	28,295
Net financial position without effect IFRS 16	(154,417)	(105,295)	(96,930)