

Press release

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

**Approved consolidated results for the first semester 2021: sales increase of 34.5%**

**Strong growth in second quarter sales compared to the same period of 2020: +31.3%**

### FY 2021 revenue guidance revised upwards

**Revenues from sales: € 333 million** compared to € 247.5 million in the first half 2020.

**EBITDA *adjusted* (\*): € 53.7 million** compared to € 33.2 million in the first half 2020.

**EBIT: € 42.2 million** compared to € 21.8 million in the first half 2020.

**Consolidated net income: € 31.6 million** compared to € 10.9 million in the first half 2020.

**Net negative financial position: € 125.2 million** compared to € 149.6 million at 30 June 2020 and € 126.5 million at 31 December 2020.

*Bagnolo in Piano (RE), 6 August 2021-* The Board of Directors of **Emak S.p.A.**, (MTA– STAR), parent company of one of world major groups working in the sectors of outdoor power equipment, pumps and water jetting, and of the related components and accessories has approved the results for the first semester 2021

### CONSOLIDATED RESULTS OF FIRST SEMESTER 2021

Emak Group achieved in the first half **consolidated revenues of € 333 million**, compared to € 247.5 million in the same period of last year, an increase of 34.5%. The improvement is due to the organic growth for 35%, from change in the scope of consolidation for 2.3%, while it is penalized by the effect of translation changes for 2.8%. It should be noted that the same period of 2020 was partially impacted by the advent of the Covid-19 pandemic; however, even in comparison with the first half of 2019 there is a growth of 33.8% (on a like-for-like basis). The sales turnover for the second quarter amounts to € 170.1 million, compared to € 129.5 million in the second quarter 2020, an increase of 31.3%.

L'**EBITDA *adjusted* (\*)** amounts to € 53.7 million (16.1% of sales) in spite of € 33.2 million of the same period 2020 (13.4% of sales). The result for the semester benefited from the significant increase in sales volumes and the containment of the incidence of operating and personnel costs.

**EBIT** amounts to € 42.2 million, compared to € 21.8 million of the same period of last year.

**Net income** for the first half 2021 is equal to € 31.6 million, compared to € 10.9 million of the same period 2020. The 2021 figure benefits from the positive currency management of € 1.7 million, against a negative balance of € 2.2 million in the same period.

**Free cash flow from operations (\*)** amounts to € 43.3 million, in spite of € 23.4 million in the first semester 2020.

**Investments in tangible and intangible assets** realized in the first semester 2021 amount to a total of € 7.7 million compared to € 8.9 million in the first half 2020.

**Consolidated net equity** at 30 June 2021 stands at € 251.1 million compared to € 222.3 million at 31 December 2020.

**Net negative financial position** is € 125.2 million compared to € 149.6 million at 30 June 2020 and € 126.5 million at 31 December 2020. The figure at 30 June 2021 includes € 28.3 million deriving from the application of IFRS 16, substantially in line with the value of the same period of the previous year.

### **Outlook**

The first half of 2021 saw the Group perform very well in all geographic areas, with double-digit growth for all business segments.

The strong increase over the first half of 2019 was also significant, with net sales up by 33.8% on a like-for-like basis.

The Group has gained market share in all segments thanks to an increasingly competitive offer of products and services, strong reactivity and high flexibility in a context of strong discontinuity.

The excellent sales performance in July, together with an order book higher than the norm for the period, should mitigate the effects of any volatility in demand which, although robust, could be impacted by the uncertainty about the definitive exit from the pandemic.

Considering the aforementioned positive outlook, management reviews its turnover growth expectations for the full year in a range of 17% to 21%, an increase compared to the previous guidance of 15% to 20%, with a consequent improvement in the profitability, cash flow and solidity of fundamentals.

### **Policy of dialogue with the generality of shareholders approved**

In compliance with the recommendations of the Corporate Governance Code approved by the Corporate Governance Committee in January 2020, the Board of Directors of Emak S.p.A. today approved its policy for managing dialogue with the generality of shareholders. The document, available on the company's website [www.emakgroup.it](http://www.emakgroup.it), Investor Relations> Corporate Governance> Altre informazioni section, formalizes the practices followed by Emak to ensure a continuous and transparent dialogue with current and potential shareholders, as well as with other parties relevant to the company.

### **(\*) Alternative performance indicators**

Below are presented the criteria used for the construction of key performance indicators that management considers necessary to the monitoring the Group performance.

- EBITDA: calculated by adding the items "Operating result" plus "Amortization, depreciation and impairment losses".
- EBITDA *adjusted* (EBITDA before non-ordinary income and expenses), is obtained by deducting at EBITDA the impact of charges and income for litigation and grants, expenses related to M&A transaction, and costs for staff reorganization and restructuring.
- Free cash flow from operations: calculated by adding the items "Net profit" plus "Amortization, depreciation and impairment losses", net of capital gains / losses on the realization of consolidated investments in equity.
- Net negative 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 28 April 2021).

The highlights from the consolidated accounts of the Group at 30 June 2021 are attached to the present press release.

Pursuant to the law, the half year report at 30 June 2021 and this press release are available to the public at the Company's registered office, on the company website [www.emakgroup.it](http://www.emakgroup.it), in the "Investor Relations" section and on the storage mechanism eMarket Storage ([www.emarketstorage.com](http://www.emarketstorage.com)).

Aimone Burani, the executive 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.

For additional information:

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

## Highlights of the consolidated financial statement broken down by operating segment for the first half 2021

	OUTDOOR POWER EQUIPMENT		PUMPS AND HIGH PRESSURE WATER JETTING		COMPONENTS AND ACCESSORIES		Other not allocated / Netting		Consolidated	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020	30.06.2021	30.06.2020	30.06.2021	30.06.2020	30.06.2021	30.06.2020
€'000										
Sales to third parties	118,166	85,042	128,650	99,323	86,148	63,131			332,964	247,496
Intersegment sales	184	409	1,714	1,252	5,643	4,465	(7,541)	(6,126)		
Revenues from sales	118,350	85,451	130,364	100,575	91,791	67,596	(7,541)	(6,126)	332,964	247,496
Ebitda	13,235	5,239	23,063	16,191	19,705	12,566	(2,164)	(1,032)	53,839	32,964
<i>Ebitda/Total Revenues %</i>	11.2%	6.1%	17.7%	16.1%	21.5%	18.6%			16.2%	13.3%
Ebitda before non ordinary expenses	13,308	5,323	22,581	16,265	19,977	12,664	(2,164)	(1,032)	53,702	33,220
<i>Ebitda before non ordinary expenses/Total Revenues %</i>	11.2%	6.2%	17.3%	16.2%	21.8%	18.7%			16.1%	13.4%
Operating result	9,202	1,449	19,349	12,146	15,793	9,250	(2,164)	(1,032)	42,180	21,813
<i>Operating result/Total Revenues %</i>	7.8%	1.7%	14.8%	12.1%	17.2%	13.7%			12.7%	8.8%
Net financial expenses (1)									(786)	(6,110)
Profit before taxes									41,394	15,703
Income taxes									(9,786)	(4,791)
Net profit									31,608	10,912
<i>Net profit/Total Revenues%</i>									9.5%	4.4%
(1) Net financial expenses includes the amount of Financial income and expenses, Exchange gains and losses and the amount of the Income from equity investment										
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>30.06.2021</b>	<b>31.12.2020</b>	<b>30.06.2021</b>	<b>31.12.2020</b>	<b>30.06.2021</b>	<b>31.12.2020</b>	<b>30.06.2021</b>	<b>31.12.2020</b>	<b>30.06.2021</b>	<b>31.12.2020</b>
Net debt	3,906	10,780	90,192	87,031	31,127	28,741	0	0	125,225	126,552
Shareholders' Equity	186,422	178,820	78,973	66,031	63,754	55,096	(77,655)	(77,647)	251,494	222,300
Total Shareholders' Equity and Net debt	190,328	189,600	169,165	153,062	94,881	83,837	(77,655)	(77,647)	376,719	348,852
Net non-current assets (2)	128,685	130,336	87,192	86,970	46,406	41,397	(75,475)	(75,506)	186,808	183,197
Net working capital	61,643	59,264	81,973	66,092	48,475	42,440	(2,180)	(2,141)	189,911	165,655
Total net capital employed	190,328	189,600	169,165	153,062	94,881	83,837	(77,655)	(77,647)	376,719	348,852
(2) The net non-current assets of the Outdoor Power Equipment area includes the amount of Equity investments for 76,074 thousand Euro										
<b>OTHER STATISTICS</b>	<b>30.06.2021</b>	<b>31.12.2020</b>	<b>30.06.2021</b>	<b>31.12.2020</b>	<b>30.06.2021</b>	<b>31.12.2020</b>	<b>30.06.2021</b>	<b>31.12.2020</b>	<b>30.06.2021</b>	<b>31.12.2020</b>
Number of employees at period end	729	738	805	777	613	613	8	8	2,155	2,136
<b>OTHER INFORMATIONS</b>	<b>30.06.2021</b>	<b>30.06.2020</b>	<b>30.06.2021</b>	<b>30.06.2020</b>	<b>30.06.2021</b>	<b>30.06.2020</b>	<b>30.06.2021</b>	<b>30.06.2020</b>	<b>30.06.2021</b>	<b>30.06.2020</b>
Amortization, depreciation and impairment losses	4,033	3,790	3,714	4,045	3,912	3,316			11,659	11,151
Investment in property, plant and equipment and in intangible assets	2,058	2,143	1,722	1,823	3,956	4,974			7,736	8,940

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

Thousand of Euro

Year 2020	CONSOLIDATED INCOME STATEMENT	Notes	1H 2021	of which to related parties	1H 2020	of which to related parties
<b>469,778</b>	<b>Revenues from sales</b>	<b>9</b>	<b>332,964</b>	<b>956</b>	<b>247,496</b>	<b>465</b>
4,152	Other operating incomes	9	2,151		1,096	
9,996	Change in inventories		4,469		(5,779)	
(258,006)	Raw materials, consumables and goods	10	(180,198)	(1,546)	(126,507)	(1,608)
(84,588)	Personnel expenses	11	(50,319)		(41,355)	
(85,698)	Other operating costs and provisions	12	(55,228)	(366)	(41,987)	(234)
(22,692)	Amortization, depreciation and impairment losses	13	(11,659)	(849)	(11,151)	(849)
<b>32,942</b>	<b>Operating result</b>		<b>42,180</b>		<b>21,813</b>	
727	Financial income	14	366	-	161	14
(5,164)	Financial expenses	14	(2,881)	(174)	(2,529)	(195)
(3,547)	Exchange gains and losses	14	1,729		(2,229)	
(2,144)	Income from/(expenses on) equity investment	14	-		(1,513)	
<b>22,814</b>	<b>Profit before taxes</b>		<b>41,394</b>		<b>15,703</b>	
(3,202)	Income taxes	15	(9,786)		(4,791)	
<b>19,612</b>	<b>Net profit (A)</b>		<b>31,608</b>		<b>10,912</b>	
(312)	(Profit)/loss attributable to non controlling interests		(477)		(95)	
<b>19,300</b>	<b>Net profit attributable to the Group</b>		<b>31,131</b>		<b>10,817</b>	
<b>0.118</b>	<b>Basic earnings per share</b>	<b>16</b>	<b>0.190</b>		<b>0.066</b>	
<b>0.118</b>	<b>Diluted earnings per share</b>	<b>16</b>	<b>0.190</b>		<b>0.066</b>	

Year 2020	CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME	Notes	1H 2021	1H 2020
<b>19,612</b>	<b>Net profit (A)</b>		<b>31,608</b>	<b>10,912</b>
(8,787)	Profits/(losses) deriving from the conversion of foreign company accounts		4,995	(5,517)
(64)	Actuarial profits/(losses) deriving from defined benefit plans (*)		-	-
18	Income taxes on OCI (*)		-	-
<b>(8,833)</b>	<b>Total other components to be included in the comprehensive income statement (B)</b>		<b>4,995</b>	<b>(5,517)</b>
<b>10,779</b>	<b>Total comprehensive income for the period (A)+(B)</b>		<b>36,603</b>	<b>5,395</b>
(147)	Comprehensive net profit attributable to non controlling interests		(575)	84
10,632	Comprehensive net profit attributable to the Group		36,028	5,479

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

## Emak Group –Statement of consolidated financial position

Thousand of Euro

31.12.2020	ASSETS	Notes	30.06.2021	of which to related parties	30.06.2020	of which to related parties
	<b>Non-current assets</b>					
76,409	Property, plant and equipment	17	77,175		76,641	
23,069	Intangible assets	18	22,623		21,342	
27,925	Rights of use	19	27,132	9,595	27,895	11,293
67,464	Goodwill	20	69,146	12,641	62,401	12,556
8	Equity investments in other companies	21	8		8	
-	Equity investments in associates	21	-		2,848	
9,063	Deferred tax assets	30	9,587		8,216	
808	Other financial assets	22	1,056	185	2,438	1,223
57	Other assets	24	57		58	
<b>204,803</b>	<b>Total non-current assets</b>		<b>206,784</b>	<b>22,421</b>	<b>201,847</b>	<b>25,072</b>
	<b>Current assets</b>					
163,602	Inventories	25	170,738		149,247	
111,082	Trade and other receivables	24	156,646	2,406	134,190	2,394
7,516	Current tax receivables	30	6,031		4,268	
229	Other financial assets	22	139	37	137	37
506	Derivative financial instruments	23	833		327	
99,287	Cash and cash equivalents		84,218		85,864	
<b>382,222</b>	<b>Total current assets</b>		<b>418,605</b>	<b>2,443</b>	<b>374,033</b>	<b>2,431</b>
<b>587,025</b>	<b>TOTAL ASSETS</b>		<b>625,389</b>	<b>24,864</b>	<b>575,880</b>	<b>27,503</b>

31.12.2020	SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	30.06.2021	of which to related parties	30.06.2020	of which to related parties
	<b>Shareholders' Equity</b>					
220,137	Shareholders' Equity of the Group	26	248,806		214,974	
2,163	Non-controlling interests		2,688		1,953	
<b>222,300</b>	<b>Total Shareholders' Equity</b>		<b>251,494</b>		<b>216,927</b>	
	<b>Non-current liabilities</b>					
135,456	Loans and borrowings due to banks and others lenders	28	120,533		139,571	
24,058	Liabilities for leasing	29	23,558	8,895	23,971	10,066
6,465	Deferred tax liabilities	30	6,500		8,318	
7,608	Employee benefits	31	7,564		7,918	
2,382	Provisions for risks and charges	32	2,540		2,337	
4,343	Other non-current liabilities	33	2,315		3,977	
<b>180,312</b>	<b>Total non-current liabilities</b>		<b>163,010</b>	<b>8,895</b>	<b>186,092</b>	<b>10,066</b>
	<b>Current liabilities</b>					
110,554	Trade and other payables	27	133,844	6,988	89,460	3,243
4,764	Current tax liabilities	30	8,136		6,961	
62,032	Loans and borrowings due to banks and others lenders	28	62,082		69,088	
4,816	Liabilities for leasing	29	4,737	1,171	4,894	1,578
1,020	Derivative financial instruments	23	561		835	
1,227	Provisions for risks and charges	32	1,525		1,623	
<b>184,413</b>	<b>Total current liabilities</b>		<b>210,885</b>	<b>8,159</b>	<b>172,861</b>	<b>4,821</b>
<b>587,025</b>	<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>625,389</b>	<b>17,054</b>	<b>575,880</b>	<b>14,887</b>

**Emak Group – Consolidated cash flow statement**

31.12.2020 (€/000)	Notes	30.06.2021	30.06.2020
<b>Cash flow from operations</b>			
<b>19,612</b>	<b>Net profit for the period</b>	<b>31,608</b>	<b>10,912</b>
22,692	Amortization, depreciation and impairment losses	11,659	11,151
222	Financial expenses from discounting of debts and other income/expenses from non-monetary transactions	(575)	179
2,144	Income from/(expenses on) equity investment	-	1,513
646	Financial (income)/ Expenses from adjustment of estimated liabilities for outstanding commitment associates' shares	960	410
(54)	Capital (gains)/losses on disposal of property, plant and equipment	(101)	(15)
(9,768)	Decreases/(increases) in trade and other receivables	(43,248)	(30,565)
(9,694)	Decreases/(increases) in inventories	(4,701)	5,812
18,053	(Decreases)/increases in trade and other payables	23,189	2,247
(501)	Change in employee benefits	(44)	(191)
(322)	(Decreases)/increases in provisions for risks and charges	444	52
(80)	Change in derivative financial instruments	(790)	(82)
<b>42,950</b>	<b>Cash flow from operations</b>	<b>18,401</b>	<b>1,423</b>
<b>Cash flow from investing activities</b>			
(14,143)	Change in property, plant and equipment and intangible assets	(7,885)	(5,884)
3,916	(Increases) and decreases in securities and financial assets	(145)	3,127
54	Proceeds from disposal of property, plant and equipment and other changes	101	15
(4,596)	Change in scope of consolidation	-	(1,228)
<b>(14,769)</b>	<b>Cash flow from investing activities</b>	<b>(7,929)</b>	<b>(3,970)</b>
<b>Cash flow from financing activities</b>			
(53)	Other changes in equity	-	-
29,951	Change in short and long-term loans and borrowings	(16,285)	41,920
(5,300)	Liabilities for leasing refund	(2,634)	(2,459)
(4)	Dividends paid	(7,409)	-
<b>24,594</b>	<b>Cash flow from financing activities</b>	<b>(26,328)</b>	<b>39,461</b>
<b>52,775</b>	<b>Total cash flow from operations, investing and financing activities</b>	<b>(15,856)</b>	<b>36,914</b>
<b>2,516</b>	<b>Effect of changes from exchange rates and translation reserve</b>	<b>355</b>	<b>2,568</b>
<b>55,291</b>	<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(15,501)</b>	<b>39,482</b>
41,989	<b>OPENING CASH AND CASH EQUIVALENTS</b>	<b>97,280</b>	<b>41,989</b>
97,280	<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>81,779</b>	<b>81,471</b>

**ADDITIONAL INFORMATION ON THE CASH FLOW STATEMENT**

31.12.2020 (€/000)	30.06.2021	30.06.2020
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>		
<b>41,989</b>	<b>Opening cash and cash equivalents, detailed as follows:</b>	<b>41,989</b>
47,695	Cash and cash equivalents	47,695
(5,706)	Overdrafts	(5,706)
<b>97,280</b>	<b>Closing cash and cash equivalents, detailed as follows:</b>	<b>81,471</b>
99,287	Cash and cash equivalents	85,864
(2,007)	Overdrafts	(4,393)
<b>Other information:</b>		
(436)	Change in related party receivables and service transactions	(524)
1,577	Change in related party payables and service transactions	1,894
1,037	Change in related party financial assets	-
(1,952)	Related party liabilities for leasing refund	(976)

**Emak Group – Consolidated net financial position**

(€/000)	30.06.2021	31.12.2020	30.06.2020
A. Cash	84,218	99,287	85,864
B. Cash equivalents	-	-	-
C. Other current financial assets	972	735	464
<b>D. Liquidity funds (A+B+C)</b>	<b>85,190</b>	<b>100,022</b>	<b>86,328</b>
E. Current financial debt	(14,279)	(16,319)	(28,519)
F. Current portion of non-current financial debt	(53,101)	(51,549)	(46,298)
<b>G. Current financial indebtedness (E + F)</b>	<b>(67,380)</b>	<b>(67,868)</b>	<b>(74,817)</b>
<b>H. Net current financial indebtedness (G - D)</b>	<b>17,810</b>	<b>32,154</b>	<b>11,511</b>
I. Non-current financial debt	(144,091)	(159,514)	(163,542)
J. Debt instruments	-	-	-
K. Non-current trade and other payables	-	-	-
<b>L. Non-current financial indebtedness (I + J + K)</b>	<b>(144,091)</b>	<b>(159,514)</b>	<b>(163,542)</b>
<b>M. Total financial indebtedness (H + L) (ESMA)</b>	<b>(126,281)</b>	<b>(127,360)</b>	<b>(152,031)</b>
N. Non current financial receivables	1,056	808	2,438
<b>O. Net financial position (M-N)</b>	<b>(125,225)</b>	<b>(126,552)</b>	<b>(149,593)</b>
<b>Effect IFRS 16</b>	<b>28,295</b>	<b>28,874</b>	<b>28,865</b>
<b>Net financial position without effect IFRS 16</b>	<b>(96,930)</b>	<b>(97,678)</b>	<b>(120,728)</b>