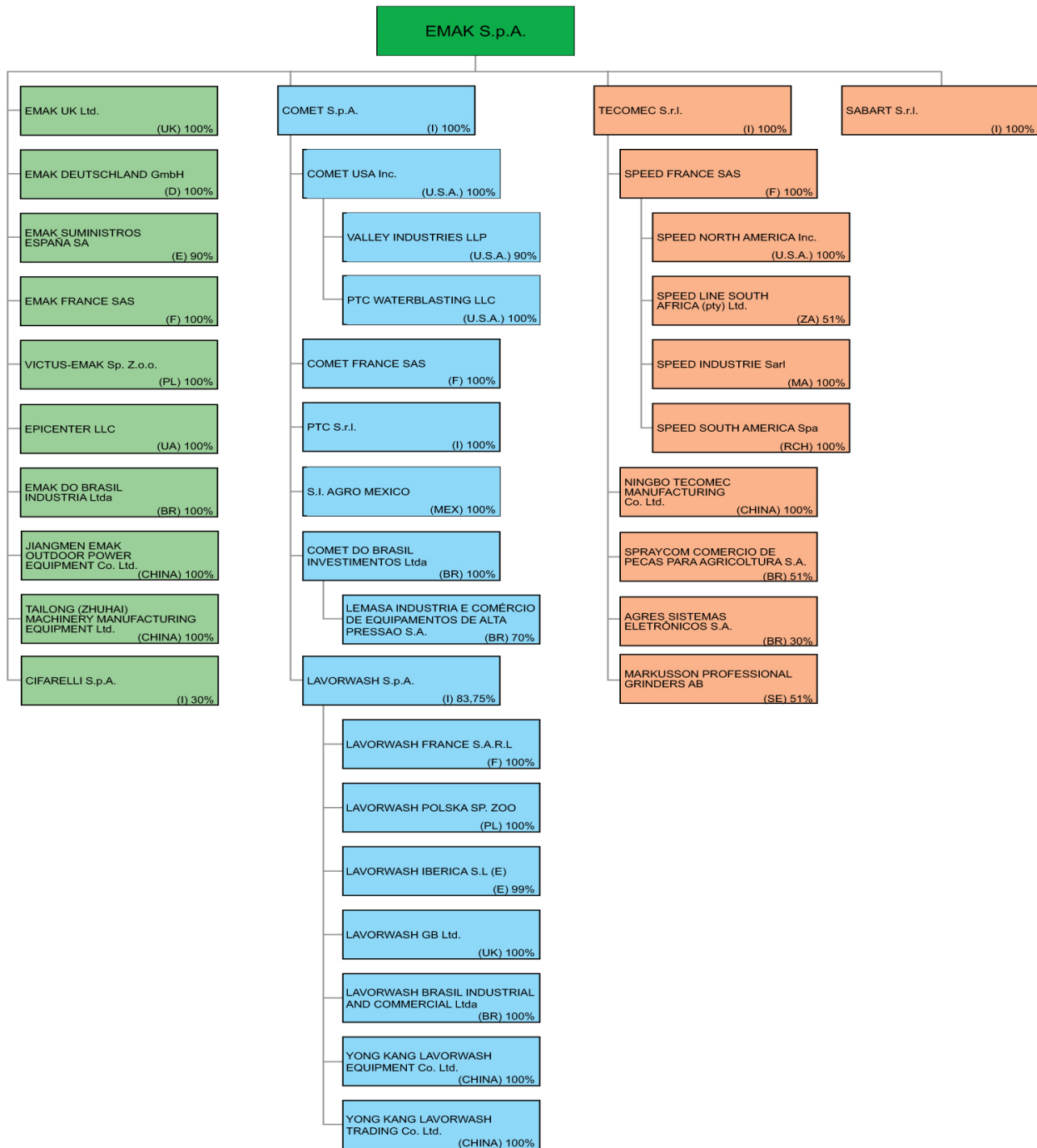


Interim report at 31.03.2020

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Organizational chart of Emak Group



1. Valley Industries LLP is consolidated at 100% as a results of the "Put and Call Option Agreement" that governs the purchase of the remaining 10%.
2. Lemasa is consolidated at 100% as a results of the "Put and Call Option Agreement" that governs the purchase of the remaining 30%.
3. Comet do Brasil Investimentos Ltda is owned for 99.63% by Comet S.p.A. and 0.37% by P.T.C. S.r.l.
4. Lavorwash S.p.A is consolidated at 98.42% as a results of the "Put and Call Option Agreement" that governs the purchase of the 14.67% remaining.
5. Emak do Brasil is owned for 99.98% by Emak S.p.A. and 0.02% by Comet do Brasil.
6. Lavorwash Brasil Ind. Ltda is owned for 99.99% by Lavorwash S.p.A. and 0.01% by Comet do Brasil LTDA.
7. S.I.Agro Mexico is owned for 97% by Comet S.p.A. and 3% by P.T.C. S.r.l.
8. Markusson Professional Grinders AB is consolidated at 100% as a results of the "Put and Call Option Agreement" that governs the purchase of the remaining 49%.

Corporate Bodies of Emak S.p.A.

The Ordinary General Meeting of the Shareholders of the Parent Company, Emak S.p.A. on 30 April 2019 appointed the Board of Directors and the Board of Statutory Auditors for the financial years 2019-2021.

Board of Directors

Chairman and Chief Executive Officer

Fausto Bellamico

Deputy Chairman and Executive Director

Aimone Burani

Executive Director

Luigi Bartoli

Lead Independent Director

Massimo Livatino

Independent Director

Alessandra Lanza

Elena Iotti

Directors

Francesca Baldi

Ariello Bartoli

Paola Becchi

Giuliano Ferrari

Vilmo Spaggiari

Guerrino Zambelli

Marzia Salsapariglia

Audit Committee, Remuneration Committee, Related Party

Transactions Committee, Nomination Committee

Chairman

Massimo Livatino

Components

Alessandra Lanza

Elena Iotti

Financial Reporting Officer

Aimone Burani

Supervisory Body as per Legislative Decree 231/01

Chairman

Sara Mandelli

Acting member

Roberto Bertuzzi

Board of Statutory Auditors

Chairman

Stefano Montanari

Acting auditors

Gianluca Bartoli

Francesca Benassi

Alternate auditor

Maria Cristina Mescoli

Federico Cattini

Independent Auditor

Deloitte & Touche S.p.A.

Main economic and financial figures for the Emak Group

Income statement (€/000)

Year 2019		1Q 2020	1Q 2019
433,953	Revenues from sales	117,967	122,357
46,878	EBITDA before non ordinary expenses (*)	14,027	14,427
46,090	EBITDA (*)	13,923	14,146
22,022	EBIT	8,375	9,026
13,126	Net profit	3,833	6,088

Investment and free cash flow (€/000)

Year 2019		1Q 2020	1Q 2019
14,039	Investment in property, plant and equipment	2,408	3,732
4,414	Investment in intangible assets	818	1,242
37,194	Free cash flow from operations (*)	9,381	11,208

Statement of financial position (€/000)

31.12.2019		31.03.2020	31.03.2019
358,467	Net capital employed (*)	392,329	378,470
(146,935)	Net debt	(180,709)	(164,366)
211,532	Total equity	211,620	214,104

Other statistics

Year 2019		1Q 2020	1Q 2019
10.6%	EBITDA / Net sales (%)	11.8%	11.6%
5.1%	EBIT / Net sales (%)	7.1%	7.4%
3.0%	Net profit / Net sales (%)	3.2%	5.0%
6.1%	EBIT / Net capital employed (%)	2.1%	2.4%
0.69	Net debt / Equity	0.85	0.77
1,988	Number of employees at period end	2,023	2,009

Share information

Year 2019		1Q 2020	1Q 2019
0.079	Earnings per share (€)	0.024	0.037
163,934,835	Number of shares comprising share capital	163,934,835	163,934,835
163,537,602	Average number of outstanding shares	163,537,602	163,537,602

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

Directors' report

Covid-19 emergency

The emergency still ongoing and the spread of the "crown virus" infection, which has affected almost all world markets, has forced governments to issue multiple and diversified measures aimed at limiting citizens' mobility and the operation of companies, with different measures in reference to the various economic sectors.

The effects of the pandemic on consumption are developing in the various areas of the economy with uneven effects: the risk of a lasting recession in many sectors is real, with the difficulty of making recovery assessments in the medium and long term, given the situation of uncertainty and strongly evolving, both in terms of health, regulations and variability of demand.

As a result of this situation, consequences on the Group's results are already manifesting, Management believes that to date there are no conditions for formalizing medium-long industrial plans in consideration of the continuous evolution of the scenario linked to the health emergency; consequently, the impairment test procedures were not activated when preparing this interim financial report for the purpose of assessing the recoverability of goodwill and intangible assets.

The Group companies are currently all operating: some have temporarily used the social safety nets instrument and, only in a few limited cases and for limited periods, have resorted to the blocking of production and logistics activities. In addition, the Group has activated itself with the aim of monitoring the evolution of the situation and promptly adopting the necessary measures to safeguard the health and safety of its employees, such as the use of smart working, the adoption of distance measures between people and the distribution of personal protective equipments.

All the Group's operating companies have set up ad hoc committees for emergency management, with the aim of implementing the requirements in terms of workplace safety regulations in the most effective way, as well as activities for the management of business risks emerging from the contingent situation, with the aim of limiting its impact on human resources, operating results and the financial balance of the Group.

In particular, the Group has focused on liquidity risk management, which consists in the ability to find the resources necessary for operations, applying the following strategies:

- Maintaining appropriate amounts of credit lines;
- Access to new loans;
- Request for suspension of the installments relating to the loans in place with the banking system, expiring in 2020;
- Increase in controls to monitor the solvency of the counterparties and compliance with the contractual terms of collection;
- Reduction of operating costs;
- Remodeling of the investment plan.

Management believes that the application of these strategies will allow the group to manage short-term cash needs.

Finally, it is not excluded that the impact of the pandemic in progress may lead to an imbalance between short and long-term debt, a decrease in revenues and economic results, compared to the previous year, and expose the Group to risk of non-compliance with the Covenants relating to loans.

It should also be noted that the Group does not hold significant financial assets measured at *fair value*.

With respect to the foreseeable business outlook, please refer to the specific chapter of this report.

Scope of consolidation

Compared to 31 December 2019, the company Markusson Professional Grinders AB joined the consolidation area, of which the subsidiary Tecomec S.r.l. acquired 51% on January 31, 2020.

The consolidated financial statements at 31 March 2019 included the company Geoline Electronic S.r.l., which was subject to a total spin-off on November 30, 2019.

Comments on economic figures

Revenues from sales

Emak Group achieved a consolidated turnover of € 117,967 thousand in the first quarter of 2020, compared to € 122,357 thousand of last year, a 3.6% decrease. This decrease is due to the negative exchange rate effect by 0.3% and an organic decrease of 3.6%, only partially offset by an increase of 0.3% deriving from the change in the consolidation area.

EBITDA

EBITDA for the first quarter 2020 amounts to € 13,923 thousand (11.8% of sales), compared to € 14,146 thousand (11.6% of sales) for the corresponding quarter of the previous year.

During the quarter, non-ordinary expenses for € 104 thousand were recorded compared to € 281 thousand in the first quarter 2019.

EBITDA before non-ordinary expenses amounts to € 14,027 thousand (11.9% of revenues) compared to € 14,427 thousand in the first quarter 2019 (11.8% of revenues).

The application of the IFRS 16 principle has resulted in a positive effect on the EBITDA for € 1,575 thousand, against to € 1,361 thousand in the first quarter of 2019.

The result for the quarter was negatively impacted by the drop in sales volumes (following the spread of the Covid-19 virus and the resulting operating restrictions) and benefited from a positive mix and a containment of operating costs.

The number of resources average employed by the Group was 2,158, compared to 2,133 in the first quarter of 2019. Personnel costs decreased compared to the same period, mainly following the use of the social safety net activated for the Covid-19 emergency.

EBIT

EBIT for the first quarter 2020 is € 8,375 thousand with an incidence of 7.1% of revenues, compared to € 9,026 thousand (7.4% of sales) for the corresponding quarter of the previous year.

Depreciation and amortization are € 5,548 thousand, compared to € 5,120 thousand in the same period of the previous year.

Non-annualized EBIT as a percentage of net capital employed is 2.1% compared to 2.4% of the same period of the previous year.

Net profit

Net profit for the first quarter 2020 is € 3,833 thousand, against € 6,088 thousand for the same quarter of the previous year.

Currency management in the first quarter 2020 is negative for € 1,689 thousand, compared to a positive balance of € 630 thousand for the same period of the last year. In the quarter, exchange rate management was mainly affected by the negative trend of South American currencies, which led to the recording of significant losses due to the adjustment of local debts in other currencies at the end of the period.

The tax rate amounted to 30.9% in the first quarter 2020, compared to 27.8% in the same period of last year. The increase in the tax impact derives mainly from the missed allocation, as a prudential measure, of deferred tax assets on tax losses recorded by some Group companies.

Comment to consolidated statement of financial position

31.12.2019	Thousand of Euro	31.03.2020	31.03.2019
186,989	Net non-current assets (*)	185,614	187,482
171,478	Net working capital (*)	206,715	190,988
358,467	Total net capital employed (*)	392,329	378,470
209,495	Equity attributable to the Group	209,774	211,911
2,037	Equity attributable to non controlling interests	1,846	2,193
(146,935)	Net debt	(180,709)	(164,366)

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

Net non-current assets

During first quarter 2020 Emak Group invested € 3,226 thousand in property, plant and equipment and intangible assets, as follows:

- € 975 thousand for product innovation;
- € 985 thousand for adjustment of production capacity and for process innovation;
- € 571 thousand for upgrading the computer network system;
- € 332 thousand for modernization of industrial buildings;
- € 363 thousand for other investments in operating activities.

Investments broken down by geographical area are as follows:

- € 1,987 thousand in Italy;
- € 285 thousand in Europe;
- € 473 thousand in the Americas;
- € 481 thousand in the Rest of the World.

Net working capital

Net working capital, compared to 31 December 2019, increases by € 35,237 thousand, from € 171,478 thousand to € 206,715 thousand.

The following table shows the change in net working capital at 31 March 2020 compared with the same period last year:

€/000	3M 2020	3M 2019
Opening Net working capital	171,478	168,321
Impact first application of IFRS 16 to 1 January 2019	-	(235)
Increase/(decrease) in inventories	744	8,590
Increase/(decrease) in trade receivables	31,471	33,857
(Increase)/decrease in trade payables	1,925	(16,846)
Change in scope of consolidation	591	-
Other changes	506	(2,699)
Closing Net working capital	206,715	190,988

The trend in net working capital compared to 31 December 2019 is related both to the seasonality of the Business and to the decrease in trade payables, resulting from lower purchases and the different dynamics of payments in the first quarter of 2020, compared to the same period of the previous year.

Net financial position

Net financial position amounts to € 180,709 thousand at March 31, 2020 against € 146,935 thousand at December 31, 2019.

Below are the movements in net debt for the first three months of 2020 compared with the same period last year:

€/000	3M 2020	3M 2019
Opening NFP	(146,935)	(117,427)
Effect first application IFRS 16	-	(27,959)
Ebitda	13,923	14,146
Financial income and expenses	(1,052)	(1,211)
Income from/(expenses on) equity investment	(85)	(18)
Exchange gains and losses	(1,689)	630
Income taxes	(1,716)	(2,339)
Cash flow from operations, excluding changes in operating assets and liabilities	9,381	11,208
Changes in operating assets and liabilities	(39,024)	(22,169)
Cash flow from operations	(29,643)	(10,961)
Changes in investments and disinvestments	(3,129)	(7,481)
Changes right of use IFRS 16	(1,070)	(226)
Other equity changes	-	(3)
Changes from exchange rates and translation reserve	3,613	(309)
Change in scope of consolidation	(3,545)	-
Closing NFP	(180,709)	(164,366)

Cash flow from operations net of taxes amounted to € 9,381 thousand, compared to € 11,208 thousand for the same period in 2019. Cash flow from operations was negative for € 29,643 thousand compared to a negative value of € 10,961 thousand in the same period of the previous financial year. During the first quarter of 2020, the Group's financial position was affected by the change in the consolidation area for € 3,545 thousand following the acquisition of the company Markusson, while in the first quarter 2019 the Group incurred a financial investment of € 2,760 thousand for the acquisition of 30% of the Brazilian company Agres.

The net financial position is made up as follows:

Net financial position (€/000)	31/03/2020	31/12/2019	31/03/2019
A. Cash and cash equivalents	47,079	47,695	47,592
B. Other cash at bank and on hand (held-to-maturity investments)	-	-	-
C. Financial instruments held for trading	-	-	-
D. Liquidity funds (A+B+C)	47,079	47,695	47,592
E. Current financial receivables	1,232	766	1,360
F. Current payables to banks	(23,488)	(13,963)	(32,346)
G. Current portion of non current indebtedness	(35,121)	(38,176)	(44,136)
H. Other current financial debts	(21,254)	(22,101)	(15,046)
I. Current financial indebtedness (F+G+H)	(79,863)	(74,240)	(91,528)
J. Current financial indebtedness, net (I+E+D)	(31,552)	(25,779)	(42,576)
K. Non-current payables to banks	(124,037)	(97,802)	(92,408)
L. Bonds issued	-	-	-
M. Other non-current financial debts	(27,423)	(25,777)	(31,884)
N. Non-current financial indebtedness (K+L+M)	(151,460)	(123,579)	(124,292)
O. Net indebtedness (ESMA) (J+N)	(183,012)	(149,358)	(166,868)
P. Non current financial receivables	2,303	2,423	2,502
Q. Net financial position (O+P)	(180,709)	(146,935)	(164,366)

Net financial position at 31 March 2020 includes actualized financial liabilities related to the payment of future rental and rent payments, in application of IFRS 16 standard, equal to € 29,899 thousand, of which € 4,972 thousand falling due within 12 months while at 31 December 2019 they amounted to a total of € 30,385 thousand, of which € 4,959 thousand falling due within 12 months.

Current financial indebtedness mainly consist of:

- account payables and self-liquidating accounts;
- loan repayments falling due by 31.03.2021;
- amounts due to other providers of finance falling due by 31.03.2021;
- debt for equity investments in the amount of € 15,076 thousand.

Non-current financial indebtedness includes an amount of debts for the purchase of equity investments in the amount of € 2,320 thousand.

Actualized financial liabilities (short term and medium-long term) for the purchase of the remaining minority shares and for the regulation of acquisition operations with deferred price subject to contractual constraints, in the amount of € 17,396 thousand related to the following companies:

- Lemasa for € 3,920 thousand;
- Lavorwash Group for € 9,644 thousand;
- Valley LLP for € 1,512 thousand;
- Markusson for € 2,320 thousand.

Equity

Total equity is equal to € 211,620 thousand against € 211,532 thousand at 31 December 2019. Earnings per share at 31 March 2020 is equal to € 0.024 compared to € 0.037 in the same period of the previous year.

On 31 December 2019 the company held 397,233 treasury shares in portfolio number for the equivalent of € 2,029 thousand.

From 1 January 2020 to 31 March 2020 Emak S.p.A. did not buy or sell treasury shares, for which the inventory and value are unchanged from December 31, 2019.

Highlights of the consolidated financial statement broken down by operating segment for the first quarter 2020

	OUTDOOR POWER EQUIPMENT		PUMPS AND HIGH PRESSURE WATER JETTING		COMPONENTS AND ACCESSORIES		Other not allocated / Netting		Consolidated	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
€/000										
Sales to third parties	40,867	44,247	46,932	49,138	30,168	28,972			117,967	122,357
Intersegment sales	291	535	540	731	2,521	2,384	(3,352)	(3,650)		
Revenues from sales	41,158	44,782	47,472	49,869	32,689	31,356	(3,352)	(3,650)	117,967	122,357
Ebitda	1,967	3,079	6,911	7,850	5,668	4,417	(623)	(1,200)	13,923	14,146
Ebitda/Total Revenues %	4.8%	6.9%	14.6%	15.7%	17.3%	14.1%			11.8%	11.6%
Ebitda before non ordinary expenses	2,011	3,129	6,911	7,850	5,728	4,648	(623)	(1,200)	14,027	14,427
Ebitda before non ordinary expenses/Total Revenues %	4.9%	7.0%	14.6%	15.7%	17.5%	14.8%			11.9%	11.8%
Operating result	60	1,321	4,868	5,871	4,070	3,034	(623)	(1,200)	8,375	9,026
Operating result/Total Revenues %	0.1%	2.9%	10.3%	11.8%	12.5%	9.7%			7.1%	7.4%
Net financial expenses (1)									(2,826)	(599)
Profit before taxes									5,549	8,427
Income taxes									(1,716)	(2,339)
Net profit									3,833	6,088
Net profit/Total Revenues%									3.2%	5.0%
(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										
	31.03.2020	31.12.2019	31.03.2020	31.12.2019	31.03.2020	31.12.2019	31.03.2020	31.12.2019	31.03.2020	31.12.2019
Net debt	50,207	29,304	103,952	98,863	26,979	19,071	(429)	(303)	180,709	146,935
Shareholders' Equity	175,200	176,334	61,643	62,460	52,408	50,295	(77,631)	(77,557)	211,620	211,532
Total Shareholders' Equity and Net debt	225,407	205,638	165,595	161,323	79,387	69,366	(78,060)	(77,860)	392,329	358,467
Net non-current assets (2)	136,226	137,483	91,817	94,433	33,048	30,577	(75,477)	(75,504)	185,614	186,989
Net working capital	89,181	68,155	73,778	66,890	46,339	38,789	(2,583)	(2,356)	206,715	171,478
Total net capital employed	225,407	205,638	165,595	161,323	79,387	69,366	(78,060)	(77,860)	392,329	358,467
(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										
	31.03.2020	31.12.2019	31.03.2020	31.12.2019	31.03.2020	31.12.2019	31.03.2020	31.12.2019	31.03.2020	31.12.2019
Number of employees at period end	737	743	727	731	551	506	8	8	2,023	1,988
OTHER INFORMATIONS										
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Amortization, depreciation and impairment losses	1,907	1,758	2,043	1,979	1,598	1,383			5,548	5,120
Investment in property, plant and equipment and in intangible assets	1,043	2,039	1,010	1,422	1,173	1,513			3,226	4,974

Comments on interim results by operating segment

The table below shows the breakdown of "sales to third parties" in the first three months in 2020 by business sector and geographic area, compared with the same period last year.

	OUTDOOR POWER EQUIPMENT			PUMPS AND HIGH PRESSURE WATER JETTING			COMPONENTS AND ACCESSORIES			CONSOLIDATED		
	1Q 2020	1Q 2019	Var. %	1Q 2020	1Q 2019	Var. %	1Q 2020	1Q 2019	Var. %	1Q 2020	1Q 2019	Var. %
Europe	34,863	38,300	-9.0%	23,870	27,646	-13.7%	18,227	18,517	-1.6%	76,960	84,463	-8.9%
Americas	1,499	1,981	-24.3%	17,699	15,325	15.5%	9,259	6,815	35.9%	28,457	24,121	18.0%
Asia, Africa and Oceania	4,505	3,966	13.6%	5,363	6,167	-13.0%	2,682	3,640	-26.3%	12,550	13,773	-8.9%
Total	40,867	44,247	-7.6%	46,932	49,138	-4.5%	30,168	28,972	4.1%	117,967	122,357	-3.6%

Outdoor Power Equipment

Sales on the European market recorded a general decline, with peaks in the countries affected first and more vigorously by the lock-downs following the spread of the COVID-19 virus.

In the Americas area, sales were affected by the drop recorded in Latin American countries, while on the North American market they were substantially in line with the same period of the previous year.

In the Asia, Africa and Oceania area, the good performance on the Turkish market, hit only at a later stage by the effects of the pandemic, more than compensated for the delay in sales in the Far East countries, which were first affected by the limitations linked to the sanitary emergency.

EBITDA for the period was impacted by the drop in sales and a negative product / country mix. These effects were only partially mitigated by the reduction in personnel costs, consequent to the reduction in production volumes, and in operating costs, following the initiatives promptly put in place to counter the negative effects due to COVID-19.

The result for the period includes non-recurring charges for an amount of € 44 thousand (€ 50 thousand in the same period of 2019).

Net financial position increased compared to 31 December 2019 due to the increase in net working capital during the quarter, in line with the seasonality of the business.

Pompe e High Pressure Water Jetting

Sales in Europe decreased significantly due to the strong contraction of the cleaning products market which was affected by the closure of almost all the points of sale of the large distribution stores starting from the end of February, with consequent cancellations and postponements of orders.

Sales in the Americas area registered a positive trend thanks to the excellent performances of the subsidiaries in the USA, Mexico and Brazil also thanks to the lower negative impact of the health emergency during the quarter compared to other areas.

The drop in sales in the Asia, Africa and Oceania area was mainly caused by the prolonged lock-downs and significant slowdowns in economic activity following the COVID-19 emergency. The closure of the Chinese factory from mid-January to the end of February (whose production capacity only gradually became fully operational towards the end of the quarter) severely affected sales in the Far East and the Middle East, areas which were heavily contracted by government restrictions.

The drop in EBITDA is attributable to lower sales volumes, an unfavorable product / customer mix, and in part to the strong pressure on prices, in particular by large retailers.

The increase in the net financial position compared to the end of 2019 is due to the increase in net working capital during the quarter, in line with the seasonality of the business.

Components and Accessories

In Europe, the growth recorded for gardening and cleaning products on the main continental markets did not compensate for the generalized delay recorded on the Italian market.

In the Americas area, there was a strong increase in sales on the North American market with a good performance of products for gardening, forestry and agriculture activities, against a reduction in consumer cleaning products. The positive trend of the South American subsidiaries on the reference markets also continues.

In the Asia, Africa and Oceania area, the drop is mainly attributable to the change in the distribution model towards some customers, and to a lesser extent to the lower sales in some Far East markets.

EBITDA in the first quarter of 2020 benefited from the increase in sales, a favorable product mix and a reduction in the prices of raw materials, against a slight increase in personnel costs due to higher production volumes and the need for flexibility in order to meet with the variability of demand. During the period, non-ordinary charges were accounted for € 60 thousand (€ 231 thousand in the same period of 2019).

The increase in the net financial position compared to the end of 2019 is due to the increase in net working capital during the quarter linked to the seasonality of sales and the financial investment for the purchase of Markusson.

Business outlook

After a positive start in the first two months of the year, the effects of the pandemic starting from the month of March impacted on demand in our sector, leading to a 3.6% decline in turnover for the Group in the first quarter.

After the end of the quarter, it should be noted the progressive adoption of increasingly restrictive measures, which led many countries around the world to enter into lockdown.

In response to this situation, the Group adopted a timely action plan starting from March with the establishment of Covid Committees in all companies to monitor the evolution of the health emergency with the great attention, ensure health and safety of its collaborators in line with the measures adopted by the government authorities of the various countries, and at the same time mitigating the economic-financial impact.

Starting from May, the Group companies are all operational. Order entry in the first days of May is on the upswing. The scenario, at present, remains conditioned by the changing conditions due to the continuous evolution of the health emergency.

The outlook for the year therefore remains uncertain and difficult to quantify: much will depend on the times and ways in which the different countries will recovery from the emergency and the activities will return to normal.

Subsequent events

There are no significant events other than those already described in other chapters relating to the ongoing activities for the management of the Covid 19 pandemic.

Other informations

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 14/5/1999 and subsequent modifications and integrations.

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:** is obtained by deducting at EBITDA the impact of charges and income for litigation, 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 WORKING CAPITAL:** include items "Trade receivables", "Inventories", current non-financial "other receivables" net of "Trade payables" and current non-financial "other payables".
- **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:** 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. 6064293 of 28 July 2006).

Consolidated financial statements

Consolidated Income Statement

Thousand of Euro			
FY 2019	CONSOLIDATED INCOME STATEMENT	1 Q 2020	1 Q 2019
433,953	Revenues from sales	117,967	122,357
4,668	Other operating incomes	541	977
854	Change in inventories	3,589	7,230
(230,213)	Raw materials, consumable and goods	(66,800)	(73,083)
(81,106)	Personnel expenses	(20,605)	(21,216)
(82,066)	Other operating costs and provisions	(20,769)	(22,119)
(24,068)	Amortization, depreciation and impairment losses	(5,548)	(5,120)
22,022	Operating result	8,375	9,026
1,370	Financial income	80	73
(5,366)	Financial expenses	(1,132)	(1,284)
766	Exchange gains and losses	(1,689)	630
89	Income from/(expenses on) equity investment	(85)	(18)
18,881	Profit before taxes	5,549	8,427
(5,755)	Income taxes	(1,716)	(2,339)
13,126	Net profit (A)	3,833	6,088
(177)	(Profit)/loss attributable to non controlling interests	39	(98)
12,949	Net profit attributable to the Group	3,872	5,990
0.079	Basic earnings per share	0.024	0.037
0.079	Diluted earnings per share	0.024	0.037
FY 2019	CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME	1 Q 2020	1 Q 2019
13,126	Net profit (A)	3,833	6,088
989	Profits/(losses) deriving from the conversion of foreign company accounts	(3,745)	2,520
(245)	Actuarial profits/(losses) deriving from defined benefit plans (*)	-	-
68	Income taxes on OCI (*)	-	-
812	Total other components to be included in the comprehensive income statement (B)	(3,745)	2,520
13,938	Total comprehensive income for the period (A)+(B)	88	8,608
(185)	Comprehensive net profit attributable to non controlling interests	191	(121)
13,753	Comprehensive net profit attributable to the Group	279	8,487

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

Statement of consolidated financial position

Thousand of Euro

31.12.2019	ASSETS	31.03.2020	31.03.2019
	Non-current assets		
76,591	Property, plant and equipment	75,171	76,902
20,498	Intangible assets	20,178	20,656
29,716	Right of use	29,081	26,760
63,844	Goodwill	64,333	66,282
8	Equity investments in other companies	8	230
7,399	Equity investments in associates	7,526	7,291
8,106	Deferred tax assets	8,256	8,887
2,423	Other financial assets	2,303	2,502
63	Other assets	62	66
208,648	Total non-current assets	206,918	209,576
	Current assets		
158,336	Inventories	159,518	165,268
104,304	Trade and other receivables	137,588	143,135
5,225	Current tax receivables	5,395	4,699
465	Other financial assets	375	564
301	Derivative financial instruments	857	796
47,695	Cash and cash equivalents	47,079	47,592
316,326	Total current assets	350,812	362,054
524,974	TOTAL ASSETS	557,730	571,630
31.12.2019	SHAREHOLDERS' EQUITY AND LIABILITIES	31.03.2020	31.03.2019
	Shareholders' Equity		
209,495	Shareholders' Equity of the Group	209,774	211,911
2,037	Non-controlling interest	1,846	2,193
211,532	Total Shareholders' Equity	211,620	214,104
	Non-current liabilities		
98,153	Loans and borrowings due to banks and other lenders	126,533	101,807
25,426	Liabilities for leasing	24,927	22,486
8,337	Deferred tax liabilities	8,261	8,343
8,110	Employee benefits	7,921	8,519
2,304	Provisions for risks and charges	2,340	2,218
486	Other non-current liabilities	478	511
142,816	Total non-current liabilities	170,460	143,884
	Current liabilities		
90,477	Trade and other payables	88,981	113,769
4,174	Current tax liabilities	5,148	6,601
68,373	Loans and borrowings due to banks and other lenders	74,051	85,862
4,959	Liabilities for leasing	4,972	4,675
908	Derivative financial instruments	840	990
1,735	Provisions for risks and charges	1,658	1,745
170,626	Total current liabilities	175,650	213,642
524,974	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	557,730	571,630

Statement of change in consolidated equity between 31st December 2019 and 31st March 2020

Thousand of Euro	SHARE CAPITAL	SHARE PREMIUM	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 31.12.2018	42,519	40,529	3,197	1,138	(225)	(1,097)	31,068	61,218	25,397	203,744	2,076	205,820
Effect first application IFRS 16								(317)	0	(317)	(4)	(321)
Opening at 01.01.2019	42,519	40,529	3,197	1,138	(225)	(1,097)	31,068	60,901	25,397	203,427	2,072	205,499
Profit reclassification			292					17,746	(25,397)	(7,359)	(181)	(7,540)
Other changes					(23)		634	(937)		(326)	(39)	(365)
Net profit for the period					981	(177)			12,949	13,753	185	13,938
Balance at 31.12.2019	42,519	40,529	3,489	1,138	733	(1,274)	31,702	77,710	12,949	209,495	2,037	211,532
Profit reclassification								12,949	(12,949)	0		0
Other changes										0		0
Net profit for the period					(3,593)				3,872	279	(191)	88
Balance at 31.03.2020	42,519	40,529	3,489	1,138	(2,860)	(1,274)	31,702	90,659	3,872	209,774	1,846	211,620

The share capital is shown net of the nominal value of treasury shares in the portfolio amounted to € 104 thousand
 The share premium reserve is stated net of the premium value of treasury shares amounting to € 1,925 thousand

Comments on the financial statements

The interim report has been prepared under disclosure continuity, comparability, international best practice and transparency to the market. Despite the lack of legal obligation, the Board of Directors of Emak S.p.A. has in fact decided, also because of his membership in the STAR segment of the MTA, to continue in drafting and systematic publication of quarterly reports, in compliance with art. 2.2.3, paragraph 3, letter. a) of the Regulation of Markets organized and managed by Borsa Italiana S.p.A. The reports are made available to the public in the usual forms of deposit at the registered office, the company website and the "eMarket Storage" storage mechanism.

In relation to the above, it is confirmed that the accounting principles and policies adopted by the Group in preparing the quarterly consolidated financial statements are consistent with those adopted in the consolidated financial statements at 31 December 2019, with the peculiarities shown below.

In this interim report IAS 19 is not applied as far as the quantification of changes in actuarial gains accrued in the period is concerned. In addition, in the context of disclosure of synthetic and essential character, are not observed all the detailed requirements of IAS 34, whenever it is assessed that its application does not bring meaningful information.

It should be noted that:

- when it has not been possible to obtain invoices from suppliers for the provision of consulting and other services, a reasonable estimate of these costs has been made on the basis of the stage of completion of the work;
- current and deferred taxes have been calculated using the tax rates applied in the current year in the individual countries of operation;
- the quarterly report is not subject to audit;
- all amounts are expressed in thousands of euros, unless otherwise specified.

Exchange rates used to translation of financial statements in foreign currencies:

31.12.2019	Amount of foreign for 1 Euro	Average 3 M 2020	31.03.2020	Average 3 M 2019	31.03.2019
0.85	GB Pounds (UK)	0.86	0.89	0.87	0.86
7.82	Renminbi (China)	7.70	7.78	7.66	7.54
1.12	Dollar (Usa)	1.10	1.10	1.14	1.12
4.26	Zloty (Poland)	4.32	4.55	4.30	4.30
15.78	Zar (South Africa)	16.95	19.61	15.92	16.26
26.72	Uah (Ukraine)	27.66	30.60	31.02	30.60
4.52	Real (Brazil)	4.92	5.70	4.28	4.39
10.78	Dirham (Morocco)	10.64	11.03	10.86	10.86
21.22	Mexican Pesos (Mexico)	22.09	26.18	21.81	21.69
844.86	Chilean Pesos (Chile)	886.05	936.17	757.94	766.02
10.45	Swedish krona (Sweden)	10.67	11.06	10.42	10.40

Significant, non-recurring transactions or atypical, unusual transactions

Acquisition of 51% of Swedish company Markusson Professional Grinders AB

On January 31, 2020, the controlled company Tecomec S.r.l. completed the purchase of 51% of the share capital of the Swedish company Markusson Professional Grinders AB, active in the development and marketing of professional sharpeners for chainsaw chains.

The transaction is part of the Group's external growth strategy through the expansion and completion of its product range, in the specific case of the Components and Accessories segment.

The consideration paid for the acquisition of 51% amounts to SEK 17.8 million (equal to approximately € 1.7 million). The agreements that regulate the operation also provide for a Put & Call Option on the remaining 49% to be

exercised in 2023 which led to a registration of approximately € 2.3 million. The company develops a turnover of approximately € 2 million and an EBITDA of approximately € 0.5 million.

The *fair value* of the assets and liabilities subject to partial acquisition determined on the basis of the last financial statements of January 31, 2020, the price paid and the financial disbursement are detailed below:

€/000	Book values	Fair Value adjustments	Fair value of acquired assets
Non-current assets			
Property, plant and equipment	7		7
Other non current financial assets	1		1
Current assets			
Inventories	438		438
Trade and other receivables	345		345
Current tax assets	55		55
Cash and cash equivalents	470		470
Current liabilities			
Trade and other payables	(158)		(158)
Current tax liabilities	(90)		(90)
Total net assets acquired	1,069	-	1,069
% interest held			100%
Equity of the Company acquired			1,069
Purchase price for 51% paid on January 31, 2020			1,698
Deferred price relating to the discounted debt for Put & Call on the 49% expiring in 2023			2,318
Total acquisition price of 100%			4,016
Goodwill			2,947
Cash and cash equivalents			470
Net cash outflow			1,228

The difference between the price paid and the corresponding portion of shareholders' equity was provisionally allocated as goodwill.

Acquisition of an additional 3% share of Agres Sistemas Electronicos SA

On March 16, 2020, the subsidiary Tecomec S.r.l., acquired an additional 3% share in the Brazilian company Agres, bringing its shareholding to 33%. The price for the acquisition of this share amounts to € 212 thousand.

Bagnolo in Piano (RE), May 13, 2020

On behalf of the Board of Directors

The Chairman

Fausto Bellamico

Declaration of the executive in charge of preparing the accounting statements pursuant to the rules of Article 154-bis, paragraph 2 of Legislative Decree no. 58/1998

The executive in charge of preparing corporate accounting statements of EMAK S.p.A. Aimone Burani, based on his own knowledge,

certifies,

in accordance with the second paragraph of Art. 154-bis, of Italian Legislative Decree No. 58 of 24 February 1998, that the accounting information contained in the Quarterly Report at 31 March 2020, examined and approved today by the Board of Directors of the company, corresponds with the accounting documents, ledgers and records.

Faithfully,
Bagnolo in Piano (RE), May 13, 2020

Aimone Burani
Executive in charge
of preparing the accounting statements