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HALF YEAR REPORT AT 30 JUNE 2021

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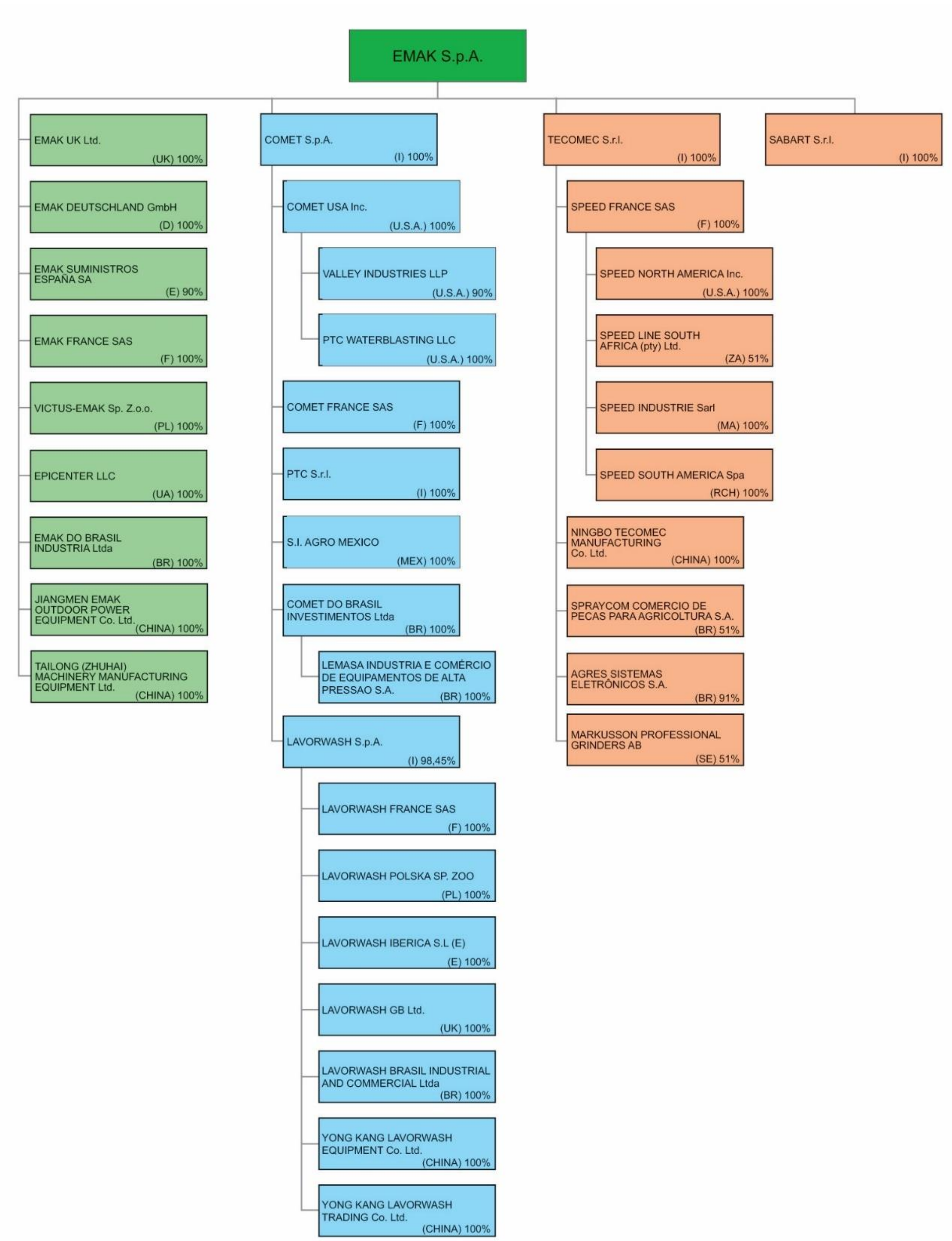
Capitale Sociale Euro 42.623.057,10 Interamente versato • Registro delle Imprese N. 00130010358 • R.E.A. 107563
Registro A.E.E. IT08020000000632 • Registro Pile/Accumulatori IT09060P00000161
Meccanografico RE 005145 • C/C Postale 11178423 • Partita IVA 00130010358 • Codice Fiscale 00130010358

Index

Organizational chart of Emak Group as at 30 June 2021 3
Main shareholders of Emak S.p.A. 4
Corporate Bodies of Emak S.p.A. 5
Emak Group Profile 6
Main strategic lines of action 8
Intermediate Directors Report at 30 June 2021 9
Policy of analysis and management of risks related to the Group's business 10
1. Main economic and financial figures for Emak Group 14
2. Information about Covid-19 emergency 15
3. Scope of consolidation 16
4. Economic and financial results of Emak Group 16
5. Dealings with related parties 22
6. Plan to purchase Emak S.p.A. shares 23
7. Disputes 23
8. Business outlook 23
9. Significant events occurring during the period and positions or transactions arising from atypical and unusual transactions, significant and non-recurring 24
10. Subsequent events 24
11. Other information 24
12. Reconciliation between shareholders' equity and net profit of the parent company Emak and consolidated equity and the results 25
Emak Group - Half year report at 30 June 2021 27
Consolidated Income Statement 28
Statement of consolidated financial position 29
Statement of changes in consolidated equity for the Emak Group at 31.12.2020 and at 30.06.2021 30
Statement of changes in consolidated equity for the Emak Group at 30.06.2020 30
Consolidated Cash Flow Statement 31
Explanatory notes to the abbreviated consolidated financial statements for the half-year of Emak Group 32
Declaration on the half year report in accordance whit Article 154-bis, paragraph 5 of Legislative Decree no. 58/1998 (Consolidated Law on Finance) 64
Auditor's review report on the half year condensed consolidated financial statement 65

Organizational chart of Emak Group as at 30 June 2021

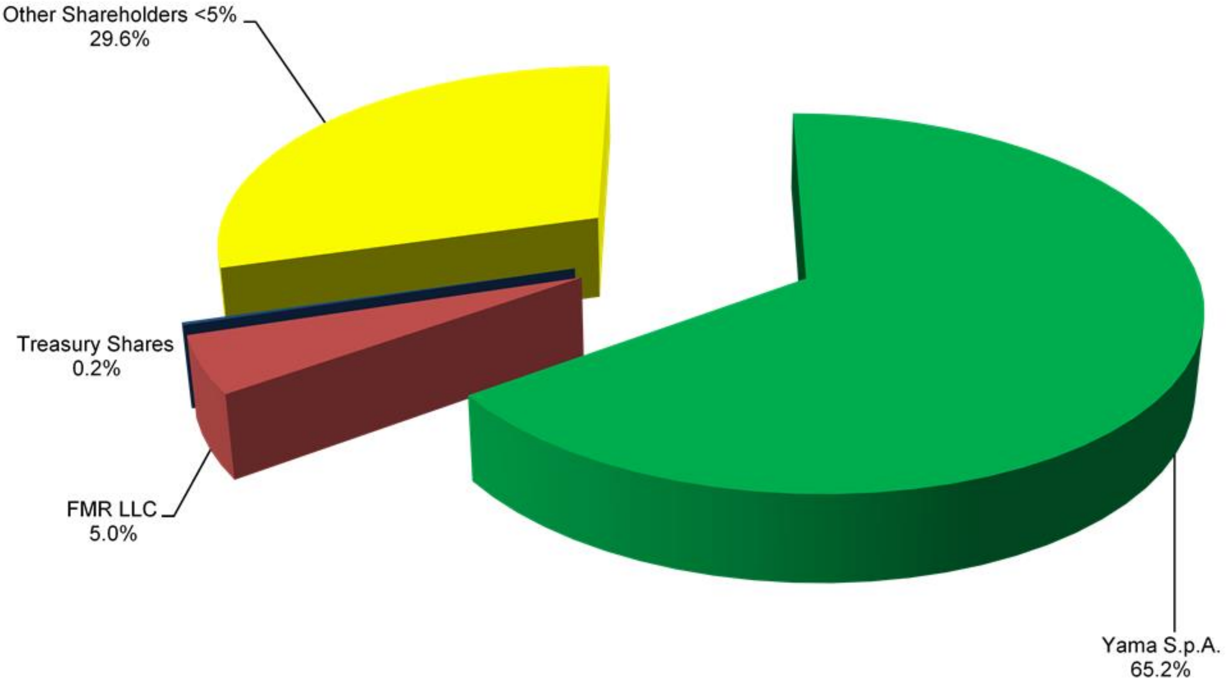


1. Valley Industries LLP is consolidated at 100% as a results of the "Put and Call Option Agreement" that governs the purchase of the remaining 10%.
2. Comet do Brasil Investimentos Ltda is owned for 99.63% by Comet S.p.A. and 0.37% by P.T.C. S.r.l.
3. Emak do Brasil is owned for 99.98% by Emak S.p.A. and 0.02% by Comet do Brasil.
4. Lavorwash Brasil Ind. Ltda is owned for 99.99% by Lavorwash S.p.A. and 0.01% by Comet do Brasil 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 results of the "Put and Call Option Agreement" that governs the purchase of the remaining 49%.
7. Agres Sistemas Eletrônicos S.A. as a results of the "Put and Call Option Agreement" that governs the purchase of the remaining 9%.

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 Segment of Equities with High Requirements (STAR).

Below is summarized the composition of the shareholders of Company as at June 30 2021.



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 Directors	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.

Emak

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Emak Group Profile

The Emak 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 High Pressure Water Jetting (PWJ): this segment is managed by Comet S.p.A. and its subsidiaries, including Lavorwash S.p.A. and its subsidiaries;
Components and Accessories (C&A): this segment is managed by Tecomec S.r.l., its subsidiaries and Sabart S.r.l..

The **Outdoor Power Equipment** segment includes activities for the development, manufacture and marketing of products for gardening and forestry activities and small machines for agriculture, such as brush cutters, lawnmowers, garden tractors, chainsaws, motor hoes and walking tractors. The Group distributes its own products with the main trademarks: Oleo-Mac, Efco, Bertolini, Nibbi and, limited to the French market, Staub. The Group's offer is directed to professionals and to private users. The Group mainly operates in the specialised dealer channel, characterized by a high level of pre- and post-sales service, distributing its products through its own sales branches and, where not present directly, through a network of 150 distributors in more than 115 countries throughout the world. In some countries the Group has commercial relations with the main large-scale distribution chains. Furthermore, over the last few years, a process has been undertaken aimed at developing the online channel, through a dedicated proprietary portal.

The Outdoor Power Equipment segment represents approximately 36% of the Group's overall sales and almost 90% is developed in Europe, where the main commercial branches are based.

In this sector, the Group focuses its efforts mainly on product innovation (in terms of improving product performance, comfort, reduction of emissions, new technologies, safety) and development of the distribution network (both geographically and in terms of sales channels).
Worldwide the Group's accessible market has an estimated value of approximately 8 billion Euros. In mature markets such as North America and Western Europe, demand is predominantly related to replacement: the main driver is the trend of the economy and of the "gardening" culture. In emerging markets such as the Far East, Eastern Europe and South America, demand is predominantly for the "first buy": the main driver in these areas is economic growth, the evolution of agricultural mechanisation and the relative policies of support. A further factor that influences demand is the price of commodities: the trend in the price of agricultural commodities, for example, influences investments in agricultural machinery.

The **Pumps and High Pressure Water Jetting** line brings together activities for the development,manufacture and marketing of three product lines: (i) agriculture, with a complete range of diaphragm pumps, centrifugal pumps, piston pumps and components for applications on spraying and weeding machines; (ii) industry, in which it offers a complete range of low, high and very high pressure piston pumps (up to 2,800 bar), hydrodynamic units and accessories for water blasting, and machines for urban cleaning; (iii) cleaning, with a complete offer of pressure washers, from home to professional use, floor washing-drying machines and vacuum cleaners. The Group distributes its own products with the Comet, HPP, Lemasa, PTC Waterjetting Equipment, PTC Urban Cleaning Equipment and Lavor brand names. The Group serves its customers, directly or through independent distributors, in over 130 countries around the world: producers of spraying and weeding machines, OEM's customers and contractors, specialised dealers and the large-scale retail trade, marketplaces for online sales. This segment represents approximately 39% of the Group's overall sales**.**

In this sector, the Group focuses its efforts mainly on product innovation, on the expansion of its offer, both in terms of product and sectors of use, as well as on maximizing the synergies deriving from the acquisitions completed over the years.

The accessible market for the Group's products has an estimated value of around 3 billion Euros.
The demand for agricultural products is strongly connected to the trend of the economic cycle, demographic growth and the consequent increase in the demand for agricultural production, to the development of agricultural mechanisation and relative policies of support.
The market of products for the industrial sector is continuously growing and demand is linked to the trend of several sectors/fields of application in which the systems are used, such as: hydro-demolition; water-washing and ship repairs; refineries; mines and quarries; the petroleum industry; underwater washing; the iron and steel industry; foundries; chemical processing plant; energy production; paper mills; transport; municipalities; automobile and engine manufacturing.
The demand for cleaning products is mainly linked to the economic cycle trend and the increase in hygienic standards.

The Components and Accessories segment includes activities for the development, manufacture and marketing of products for the gardening, forestry, agriculture and cleaning sectors. The most representative are line and heads for brush-cutters (which together form the cutting system), accessories for chainsaws (such as sharpeners for chains), pistols, valves and nozzles for high pressure cleaners and for agricultural applications, products and solutions for precision farming. In this segment the Group operates partly through its own brands Tecomec, Geoline, Agres, Mecline, Markusson and Sabart, and partly to OEM customers with its own brand. The Group sells its products to producers of gardening and forestry, agriculture and cleaning machinery (which together represent approximately 48% of turnover), through a network of specialized distributors (38% of turnover) and finally, in the large-scale distribution channel (14% of turnover). Overall, this segment represents approximately 25% of the Group's overall sales.
In this sector, the Group focuses its efforts mainly on product innovation, on strengthening partnerships with major manufacturers and on expanding its offer.
The accessible market for the Group's products has an estimated value of around 1.5 billion Euros.
The demand for components and accessories is mainly related to the performance of the reference sectors of the various applications for which the products offered are intended.

In general, the Group's activity is influenced by seasonality in demand. Sales of products intended for gardening, agriculture and cleaning are mainly concentrated in the first half of the year, a period in which the activities of landscaping, tillage and cleaning of outdoor spaces are carried out. Less seasonal is the demand for products for industry, due to the diversity of the target sectors and the many applications for which they are intended.

Main strategic lines of action

The main goal of the Emak Group is the creation of value for its stakeholders, through sustainable growth.

In order to achieve this objective, the Group focuses on:

1. Innovation, with continuous investments in research and development, focused on new technologies, safety, comfort and reduction of emission, in order to create new products that meetcustomer needs;
2. Distribution, to consolidate the Group's position in the market where it has a direct presence and to further expand distribution by entering new markets with high growth potential;
3. Efficiency, by implementing the lean manufacturing solutions in its plants, exploiting synergies with the supply chain;
4. Acquisitions,with the aim of entering new markets, improving its competitive position, completing the product range and accessing strategic technologies that take a long time for internal development.

Intermediate Directors Report at 30 June 2021

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

Group believes that an effective management of risks is a key factor for the maintenance of value over time. For the purpose of achieving its strategic objectives, the Group establishes guidelines for its risk management policy through its governance structure and Internal Control System.

As part of its industrial activity, Emak 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 Code of Borsa Italiana S.p.A., to business area managers and the Audit 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.

With the aim of preventing and managing more significant risks, the Group has a risk classification model, subdividing them on the basis of the company department from which that may derive or from which they can be managed, which provides for an assessment of the risks on the basis of an estimate of economic-financial impacts and the probability of occurrence.

The Board of Directors attributes the Committee the tasks of assisting it, giving advice and making proposals, in the performance of its takes regarding the internal control system and risk management and, in particular, in the definition of the guidelines for the internal control system and the periodic evaluation of its suitability, efficiency and effective functioning. The Committee supervises Internal Audit activities and examines, more generally, problems relating to the internal control system and risk management.

In addition to the above activities are those performed by the Internal Audit department, which evaluates the suitability of the internal control system and risk management, of which it is an integral part, with respect to the reference context in which the Group operates. In this sense, in the exercise of their role, Internal Audit checks the functioning and appropriateness of the risk management system, with particular attention to continuous improvement and management policies.

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.

The main strategic-operating risks to which the Emak Group is subject are:

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 technological 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.

International expansion strategy
The Group adopts international expansion strategy, and this exposes it to a number of risks related to economic conditions and local policies of individual countries and by fluctuations in exchange rates. These risks may impact on consumption trends in the different markets and may be relevant in emerging economies, characterized by greater socio- political volatility and instability than mature economies. Investments made in a number of countries, therefore, could be influenced by substantial changes in the local macro-economic context, which could generate changes in the economic conditions that were present at the time of making the investment. The Group's performances are therefore more heavily influenced by this type of risk than in the past. The Group, in the context of growth by external lines, implements and coordinates all the M&A activity profiles for the purpose of mitigating the risks. In addition, the management of the Group has set up constant monitoring in order be able to intercept possible socio-political or economic changes in such countries so as to minimize any consequent impact.

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 a sectors where product innovation represents an important driver for the maintenance and growth of its market share.
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 in line with market expectations.

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.

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, aluminum 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. The Group has also created a system for monitoring the economic-financial performance of suppliers in order to mitigate the risks inherent in possible supply disruptions and has set up a management relationship with suppliers that guarantees flexibility of supply and quality in line with the policies of the Group.

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.

Risks associated with the application of import tariffs
The Group's operations are subject to import and export duties for components and finished products. This impact is taken into account in the formulation of the sale price.
However, in some cases it may be difficult to pass these costs on to the market in a timely manner. In such cases, the Group could be temporarily forced to bear these additional costs.
The Group has a supply chain and a production structure that is diversified in the various countries which allows partial mitigation of the risk following sudden changes in tariffs.

Risks related to climate change
In the short to medium term, there are no significant risks relating to the production processes or markets in which the Group operates. The Group pays attention to the risk associated with climate change with regard to the potential impacts in the medium to long term. These risks are assessed in terms of potential impacts due to extreme events (climate change could impact the performance of some product families) but also as an external risk driver linked both to the choices of the regulator (reduction of emission thresholds) and to the consumer choices, which may have an effect on the business model. The Group is able to respond quickly to changes in demand by leveraging the flexibility of its production structure and to quickly direct its research and development on the basis of any new regulations. The Group also communicates these issues through the 2020 consolidated non-financial declaration, to which reference is made, which also indicates the methods for managing and mitigating ESG risks - Environmental, Social, Governance - (Environmental compliance risks, Physics risks related to climate change, Transition risks related to climate change, Risks related to health and safety in the workplace, Risks related to the crime of corruption).

Risks associated with the *Brexit*
The Group's turnover in the United Kingdom market represents less than 2% of consolidated revenues. It is therefore not considered that there can be significant and direct impacts on the Group's performance.
Instead, future policies associated with the *Brexit* may influence the performance of European economy, affecting market demand.

Tax risk management
The Emak 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, patent box, 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

Risks relating to information systems, cybercrime and personal data
For several years, the Emak Group has implemented most of the applications necessary to carry out its business on its IT systems, 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. An intrusion event on the IT infrastructure of a foreign subsidiary did not generate any critical issues as it was adequately managed. 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.

Risk arising from COVID-19

Please refer to specific chapter 2 of the Report for a more complete description of how the Group is responding to risk.

Financial risks

In the ordinary performance of its operating activities, the Emak 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 hedging 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 Emak Group are today insured, with policies of international programs such as Liability, Property all risks, D&O, Crime and EPL, against major risks considered as strategic, such as: product liability and product recall, general civil liability, 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 an 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)

Y 2020		2 Q 2021	2 Q 2020	I H 2021	I H 2020
469,778	Revenues from sales	170,083	129,529	332,964	247,496
56,289	EBITDA before non ordinary income/expenses (*)	27,327	19,193	53,702	33,220
55,634	EBITDA (*)	26,922	19,041	53,839	32,964
32,942	EBIT	21,011	13,438	42,180	21,813
19,612	Net profit	16,328	7,079	31,608	10,912

Investment and free cash flow (€/000)

Y 2020		2 Q 2021	2 Q 2020	I H 2021	I H 2020
14,018	Investment in property, plant and equipment	2,802	5,067	5,874	7,475
3,152	Investment in intangible assets	942	647	1,862	1,465
44,448	Free cash flow from operations (*)	22,239	14,071	43,267	23,452

Statement of financial position (€/000)

31.12.2020		30.06.2021	30.06.2020
348,852	Net capital employed (*)	376,719	366,520
(126,552)	Net debt (*)	(125,225)	(149,593)
222,300	Total equity	251,494	216,927

Other statistics

Y 2020		2 Q 2021	2 Q 2020	I H 2021	I H 2020
11.8%	EBITDA / Net sales (%)	15.8%	14.7%	16.2%	13.3%
7.0%	EBIT/ Net sales (%)	12.4%	10.4%	12.7%	8.8%
4.2%	Net profit / Net sales (%)	9.6%	5.5%	9.5%	4.4%
9.4%	EBIT / Net capital employed (%)			11.2%	6.0%
0.57	Net debt / Equity			0.50	0.69
2,136	Number of employees at period end			2,155	2,010

Share information and prices

31.12.2020		30.06.2021	30.06.2020
0.118	Earnings per share (€)	0.190	0.066
1.35	Equity per share (€) (*)	1.52	1.31
1.098	Official price (€)	1.730	0.675
1.13	Maximum share price in period (€)	1.93	0,94
0.56	Minimum share price in period (€)	1.08	0,56
180	Stockmarket capitalization (€ / million)	284	111
163,537,602	Average number of outstanding shares	163,537,602	163,537,602
163,934,835	Number of shares comprising share capital	163,934,835	163,934,835
0.272	Free cash flow from operations per share (€) (*)	0.265	0.143
0.045	Dividend per share (€)	-	-

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

2. Information about Covid-19 emergency

Macroeconomic scenario

The trend of the Italian and international economy continues to be conditioned by the COVID-19 epidemic and the resulting health measures. More than a year after the start of the COVID-19 pandemic, uncertainty continues to persist, albeit to a lesser extent than the previous year, surrounding the global economic prospects, mainly linked to the evolution of the pandemic and, in particular, the effectiveness of the vaccination policy, the political actions to limit persistent economic damage, the evolution of financial conditions and the prices of raw materials and finally the resilience of the economy.
The new year began with renewed hopes linked to the launch of the vaccination campaign in almost all areas of the world, although at different speeds. Among the advanced countries, the United States and the United Kingdom have proceeded more quickly, in some cases even reaching the zeroing of social limitations, despite the spread of variants of the virus having increased the number of infections. In addition to the slight increase in infections due to variants, Europe is facing some difficulties mainly related to the extension of the vaccination policy, which has not yet made it possible to achieve mass immunization, expected instead at the beginning of next fall. In any case, the projections of obtaining immunization have a positive impact on the climate of confidence, both of businesses and consumers, fueling a recovery in investments and consumption. However, the prospects still remain highly dependent on the evolution of the epidemiological scenario, the divergence in the speed of recovery between countries and the permanent impact that could have on consumption.

Emak Group

In this context of macroeconomic uncertainty, the efforts implemented by the Group to date have focused on the health and safety of employees and on ensuring business continuity.

Changes in habits induced by pandemic restrictions have led to increases in demand in the sectors in which the Group operates.

The year 2020, as well as the first six months of 2021, were characterized by the rediscovery of green spaces, small-scale agriculture and "do it yourself". Interest in gardening, horticulture and the maintenance of houses and green spaces has increased and with it the associated purchases have grown, with positive effects on the market for specific machines and equipment. The emergence of new lifestyles, induced by the pandemic, has partly positively contributed to the market demand.

The market demand was also supported by a wide and competitive product offer, as well as by a stock level at the network; high operational flexibility made it possible to meet with extraordinary demand which generated an increase in turnover of 34.5% in the first six month compared to the same period of the previous year, which was partially penalized by the first closures and slowdowns of productive activities.
In this context, characterized by strong tension in the production logistics chain, to face with the peak of demand, the Group's activities have focused on optimizing production capacity, despite a physiological increase in the workforce, and on a careful supply chain management.

The increase in the cost of raw materials, components and transport that occurred during the half year was softened by the gradual adjustment of the sales price lists.
In consideration of the fluidity of the situation, the management will constantly monitor the evolution of the context in order to manage the greater volatility of costs, with the aim of limiting the impact on margins.

In consideration of the current scenario, the Group's Management does not expect to make significant changes to its business model in response to the pandemic, which will continue along the lines of innovation, competitiveness and the expansion of the product range and the strengthening of the current distribution channels; as well as the growth objectives also for external lines and for the efficiency of the operating structure remain confirmed.

Given the uncertainty about the evolution of the pandemic, the situation is carefully monitored and further measures will eventually be taken if the context in which the Group operates should change again.

Based on the results obtained to date by the Group and on the financial, managerial and operational indicators, the Management believes that, even in the presence of an uncertain global economic and financial context, there are no uncertainties about the business as a going concern, nor critical issues regarding the ability of the Group to meet its obligations.

With respect to the foreseeable evolution on operations, please refer to the specific chapter of this report.

3. Scope of consolidation

Compared to 31 December 2020 there are no changes in the area; with reference to 30 June 2020 the company Agres Sistemas Eletrônicos SA is passed from an associate to a subsidiary, having increased the shareholding of Tecomec S.r.l. to 91% and the Swedish company Markusson Professional Grinders AB was consolidated in the first half of 2020 from January 31.

4. Economic and financial results of Emak Group

Comments on economic figures

Revenues from sales

In the first semester 2021, Emak Group achieved a consolidated turnover of € 332,964 thousand, compared to € 247,496 thousand of the same period last year, an increase of 34.5%. This increase is due to the organic growth for 35%, from change in the scope of consolidation for 2.3%, partially offset by the negative effect of translation changes for 2.8%.
The turnover for the second quarter amounts to € 170,083 thousand against € 129,529 thousand in the second quarter of 2020, an increase of 31.3%.

It should be noted that the same period of 2020 had been 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).

Growth was very consistent in all segments in which the Group operates (Outdoor Power Equipment, Pumps & High Pressure Jetting, Components & Accessories) and in all the main markets with the result of also increasing market shares in some countries.
The reasons are to be found in the improvement of the offer in terms of innovation and breadth of range and in the low level of stocks at the distribution network.
As already described in the paragraph concerning the Covid-19 emergency, the change in certain habits has further contributed to the demand for products related to gardening, horticulture, cleaning and outdoor activities in general. The favorable trend in the price of commodities in the sector has driven the demand for agricultural machinery and related components.
The Group was able to face the demand peak thanks to the high flexibility of the operating structure, the extraordinary commitment of the entire organization, including the supply chain.

EBITDA

In the first semester 2021, Ebitda amounts to € 53,839 thousand (16.2% of sales) compared to € 32,964 thousand (13.3% of sales) for the corresponding semester of the previous year.

During the semester 2021, non-ordinary revenues relating to government grants for € 608 thousand (€ 18 thousand in the semester 2020) and non-ordinary expenses for € 471 thousand (€ 274 thousand in the semester 2020) were recorded.

Ebitda before non-ordinary expenses and revenues is equal to € 53,702 thousand (16.1% of revenues), compared to € 33,220 thousand of the same period last year (13.4% of revenues).

The application of the IFRS 16 principle has resulted in a positive effect on the Ebitda of the first half 2021 for € 3,192 thousand, against to € 3,086 thousand of the first half 2020.

EBITDA for the semester benefited from the significant increase in sales volumes and the containment of the incidence of operating costs on the other hand, there is a trend of increase in the cost of raw materials and transport.

Personnel costs increased compared to the same period by € 8,964 thousand due to the greater recourse to the workforce to cope with the increase in production volumes. In the first half of 2020 social safety nets were used, activated during the lockdown period, for the Covid-19 emergency for an amount of € 1,330 thousand.

The average number of resources employed by the Group, also considering temporary workers employed in the period and the different scope of consolidation, was 2,467 compared to 2,170 in the first half of 2020.

Operating result

Operating result for the first semester 2021 is € 42,180 thousand with an incidence of 12.7% on revenues, compared to € 21,813 thousand (8.8% of sales) for the corresponding period of the previous year.

Depreciation and amortization are € 11,659 thousand, compared to € 11,151 thousand on 30 June 2020.

Non-annualized operating result as a percentage of net capital employed is 11.2% compared to 6% of the same period of the previous year.

Net result

Net profit for the first semester 2021 is equal to € 31,608 thousand, against € 10,912 thousand for the same period last year.

In the first semester 2021, the item "Financial expenses" includes € 960 thousand for debt adjustment estimate for purchase commitment of remaining shares of the subsidiary Valley LLP while in the first half of 2020 included an amount of € 410 thousand related to the greater amount paid to exercise the call option on the remaining 30% stake of the company Lemasa.

Currency management in the first semester 2021 is positive for € 1,729 thousand, compared to a negative balance of € 2,229 thousand for the same period of the last year. Exchange rate management was positively affected by the revaluation of the US dollar, and the Brazilian real against the euro.

The item "Income from/(expenses on) equity investment" included a capital loss deriving from the sale of 30% of the share capital of Cifarelli S.p.A. for an amount of € 1,389 thousand, occurred through the exercise of a put option on the minority investment held.

The effective tax rate is 23.6% against 30.5% in the same period of the previous year, which was affected by the prudential failure to record deferred tax assets on tax losses by some Group companies, and at the same time, in the half year 2021, it was positively affected by the accounting of deferred tax assets recorded against the benefits deriving from the tax realignment operations, pursuant to Legislative Decree. 104/2020, of the goodwill of certain Italian subsidiaries.

Comment to consolidated statement of financial position

31.12.2020	€/000	30.06.2021	30.06.2020
183,197	Net non-current assets (*)	186,808	176,859
165,655	Net working capital (*)	189,911	189,661
348,852	**Total net capital employed (*)**	**376,719**	**366,520**
220,137	Equity attributable to the Group	248,806	214,974
2,163	Equity attributable to non controlling interests	2,688	1,953
(126,552)	Net debt (*)	(125,225)	(149,593)
(*)	See section "Definitions of alternative performance indicators"		

Net non-current assets

During first semester 2021 Emak Group invested € 7,736 thousand in property, plant and equipment and intangible assets, as follows:

- € 2,330 thousand for product innovation;
- € 2,706 thousand for adjustment of production capacity and for process innovation;
- € 1,331 thousand for upgrading the computer network system;
- € 822 thousand for modernization of industrial buildings;
- € 547 thousand for other investments in operating activities.

Investments broken down by geographical area are as follows:
- € 3,878 thousand in Italy;
- € 1,225 thousand in Europe;
- € 1,855 thousand in the Americas;
- € 778 thousand in Asia, Africa and Oceania.

Net working capital

Net working capital at 30 June 2021 amounted to € 189,911 thousand, compared to € 165,655 thousand at 31 December 2020 and € 189,661 thousand at 30 June 2020.

The following table shows the change in net working capital in the first half 2021 compared with the previous year:

€/000	1H 2021	1H 2020
Net working capital at 01 January	**165,655**	**171,478**
Increase/(decrease) in inventories	7,135	(9,527)
Increase/(decrease) in trade receivables	44,305	28,157
(Increase)/decrease in trade payables	(14,311)	4,985
Change in scope of consolidation	-	592
Other changes	(12,873)	(6,024)
Net working capital at 30 June	**189,911**	**189,661**

The increase in net working capital, compared to 31 December, is related to the seasonality of sales in the half year, while it should be noted that, in absolute value, it is in line with the amount of the same period last year despite a significant increase in sales revenues, thus improving its incidence with respect to turnover.

The increase in trade receivables and trade payables is justified, respectively, by the trend in turnover and by the increase in purchases in the second quarter. The higher volumes also led to a limited increase in inventories.

Net financial position

Net negative financial position amounts to € 125,225 thousand at 30 June 2021, compared to € 149,593 thousand at 30 June 2020 and € 126,552 thousand at 31 December 2020.

The following table shows the movements in the net financial position of the first half:

€/000	1H 2021	1H 2020
Opening NFP	**(126,552)**	**(146,935)**
Ebitda	53,839	32,964
Financial income and expenses	(2,515)	(2,368)
Income from/(expenses on) equity investment	-	(124)
Exchange gains and losses	1,729	(2,229)
Income taxes	(9,786)	(4,791)
Cash flow from operations, excluding changes in operating assets and liabilities	**43,267**	**23,452**
Changes in operating assets and liabilities	(24,440)	(19,737)
Cash flow from operations	**18,827**	**3,715**
Changes in investments and disinvestments	**(7,785)**	**(5,630)**
Changes rights of use IFRS 16	**(1,917)**	**(1,210)**
Dividends cash out	**(7,409)**	**-**
Other equity changes	**-**	**-**
Changes from exchange rates and translation reserve	**(389)**	**4,012**
Change in scope of consolidation	**-**	**(3,545)**
Closing NFP	**(125,225)**	**(149,593)**

Cash flow from operations is equal to € 43,267 thousand compared to € 23,452 thousand in the same period of the previous financial year. In the first half 2020, the "Income from/(expenses on) equity investment" did not include the capital loss generated by the exercise of the Put option on the investment of 30% of Cifarelli S.p.A which was included in the item "changes in investments and divestments".

Cash flow from operations is positive for € 18,827 thousand compared to € 3,715 thousand in the same period of the previous financial year, allowing for a significant decrease in net financial debt compared to the same period of 2020.

During 2021, the Group again distributed dividends for an amount of € 7,409 thousand, while in the previous year, following the measures taken to manage liquidity risk, no coupons were paid to shareholders.

Details of the net financial position is analyzed as follows:

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

Net financial position at 30 June 2021 includes actualized financial liabilities related to the payment of future rental and rent payments, in application of IFRS 16 standard, equal to overall € 28,295 thousand, of which € 4,737 thousand falling due within 12 months while at 31 December 2020 they amounted to a total of € 28,874 thousand, of which € 4,816 thousand falling due within 12 months.

Current financial indebtedness mainly consist of:
- account payables and self-liquidating accounts;
- loan repayments falling due by 30 June 2022;
- amounts due to other providers of finance falling due by 30 June 2022;
- debt for equity investments in the amount of € 2,626 thousand.

Financial liabilities for the purchase of the remaining minority shares are equal to € 6,061 thousand, of which € 3,435 thousand in the medium to long term, related to the following companies:
- Markusson for € 2,044 thousand;
- Agres for € 1,391 thousand;
- Valley LLP for € 2,626 thousand.

Equity

Total equity is equal to € 251,494 thousand at 30 June 2021 against € 222,300 thousand at 31 December 2020.

Highlights of the consolidated financial statement of the semester broken down by operating segment

	OUTDOOR POWER EQUIPMENT		PUMPS AND HIGH PRESSURE WATER JETTING		COMPONENTS AND ACCESSORIES		Other not allocated / Netting		Consolidated	
€/000	**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**
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**
Ebitda/Total Revenues %	*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**
Ebitda before non ordinary expenses/Total Revenues %	*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**
Operating result/Total Revenues %	*7.8%*	*1.7%*	*14.8%*	*12.1%*	*17.2%*	*13.7%*			***12.7%***	***8.8%***
Net financial expenses (1)									**(786)**	**(6,110)**
Profit befor taxes									**41,394**	**15,703**
Income taxes									**(9,786)**	**(4,791)**
Net profit									**31,608**	**10,912**
Net profit/Total Revenues%									***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

STATEMENT OF FINANCIAL POSITION	**30.06.2021**	**31.12.2020**	**30.06.2021**	**31.12.2020**	**30.06.2021**	**31.12.2020**	**30.06.2021**	**31.12.2020**	**30.06.2021**	**31.12.2020**
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

OTHER STATISTICS	**30.06.2021**	**31.12.2020**	**30.06.2021**	**31.12.2020**	**30.06.2021**	**31.12.2020**	**30.06.2021**	**31.12.2020**	**30.06.2021**	**31.12.2020**
Number of employees at period end	729	738	805	777	613	613	8	8	**2,155**	**2,136**

OTHER INFORMATIONS	**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**
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**

Comments on interim results by operating segment

The table below shows the breakdown of "Sales to third parties" in the first six months of 2021 by business sector and geographic area, compared with the same period last year.

€/000	OUTDOOR POWER EQUIPMENT			PUMPS AND HIGH PRESSURE WATER JETTING			COMPONENTS AND ACCESSORIES			CONSOLIDATED		
	1H 2021	**1H 2020**	**Var. %**	**1H 2021**	**1H 2020**	**Var. %**	**1H 2021**	**1H 2020**	**Var. %**	**1H 2021**	**1H 2020**	**Var. %**
Europe	102,842	72,616	41.6	71,476	51,963	37.6	48,690	37,588	29.5	223,008	162,167	37.5
Americas	4,840	2,717	78.1	41,126	35,279	16.6	26,075	17,670	47.6	72,041	55,666	29.4
Asia, Africa and Oceania	10,484	9,709	8.0	16,048	12,081	32.8	11,383	7,873	44.6	37,915	29,663	27.8
Total	**118,166**	**85,042**	**39.0**	**128,650**	**99,323**	**29.5**	**86,148**	**63,131**	**36.5**	**332,964**	**247,496**	**34.5**

€/000	OUTDOOR POWER EQUIPMENT			PUMPS AND HIGH PRESSURE WATER JETTING			COMPONENTS AND ACCESSORIES			CONSOLIDATED		
	2Q 2021	**2Q 2020**	**Var. %**	**2Q 2021**	**2Q 2020**	**Var. %**	**2Q 2021**	**2Q 2020**	**Var. %**	**2Q 2021**	**2Q 2020**	**Var. %**
Europe	52,765	37,753	39.8	37,469	28,093	33.4	24,831	19,361	28.3	115,065	85,207	35.0
Americas	2,452	1,218	101.3	20,119	17,580	14.4	12,975	8,411	54.3	35,546	27,209	30.6
Asia, Africa and Oceania	5,831	5,204	12.0	7,890	6,718	17.4	5,751	5,191	10.8	19,472	17,113	13.8
Total	**61,048**	**44,175**	**38.2**	**65,478**	**52,391**	**25.0**	**43,557**	**32,963**	**32.1**	**170,083**	**129,529**	**31.3**

Outdoor Power Equipment

Sales on the European market recorded significant growth, with particular reference to Italy, France, Poland and Spain.
In the Americas area, sales saw general growth with a strong increase in the second quarter.
In the Asia, Africa and Oceania area, growth in the Far East and China more than compensated for the decline in sales in Turkey.

EBITDA, equal to € 13,235 thousand, grew compared to 30 June 2020, due to the increase in turnover and the consequent operating leverage effect. Fixed costs remain in line, while personnel costs increase due to higher production volumes.

Net negative financial position, equal to € 3,906 thousand, is lower than at 31 December 2020 thanks to the good performance of management self-financing and net working capital. The significant decrease compared to the figure of € 30,299 thousand at 30 June 2020 should be noted.

Pompe e High Pressure Water Jetting

Significant growth in Europe was driven by Italy, France, Great Britain, Poland, Russia and Spain. Sales through the online channel continued to rise sharply.
Sales in the Americas area recorded a positive trend, thanks to North America, Brazil and Chile,
Growth in Asia, Africa and Oceania was mainly driven by China and the Far East.

EBITDA for the half year of € 23,063 thousand, increased compared to 30 June 2020, thanks to the positive operating leverage effect that the strong growth in turnover entailed. The first half of 2021 benefited from the extraordinary income accounted for by the subsidiary Valley (USA) and recorded under non-recurring income, against the cancellation of the loan for an equivalent value of € 608 thousand, the request for which was initiated in 2020 as support for the pandemic from Covid-19.

Net negative financial position of € 90,192 thousand, consistent with the seasonality of the business, increased compared to 31 December 2020 due to the increase in net working capital during the half-year, as a result of the growth in turnover for the period. The decrease, compared to the figure as at 30 June 2020, equal to € 96,413 thousand, refers to the cash flow generated in the last 12 months.

Components and Accessories

In Europe there is a generalized growth in sales of all product lines.
Growth in the Americas area was achieved thanks to the good performance of the subsidiaries that produce and distribute directly on the market, as well as the effect of higher sales resulting from the change in perimeter (Agres).
In the Asia, Africa and Oceania area, sales recorded a positive trend thanks to the markets of China, Japan and Australia.

EBITDA of the half year 2021 equal to € 19,705 thousand, up compared to the half year 2020, benefited from the increase in turnover and from the change in the consolidation area, while it was affected by the increase in the prices of raw materials.
The increase in personnel costs is linked to the adaptation of the staff to cope with higher production volumes.

The increase in net negative financial position, equal to € 31,127 thousand, consistent with the seasonality of the business, compared to the end of the 2020 financial year, is attributable to the increase in net working capital during the half-year linked to the growth in turnover. The increase compared to the figure of € 23,123 thousand at 30 June 2020, also derives from the different scope of consolidation.

5. Dealings with related parties

Emak S.p.A. is controlled by Yama S.p.A., which holds 65.181% 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. The Emak Group has limited supply and industrial service dealings with such companies, as well as dealings of a financial nature deriving from the equity investment of a number of Italian companies in the Emak Group, including Emak S.p.A., in the tax consolidation headed by Yama S.p.A.
Professional services of legal and fiscal nature, provided by entities subject to significant influence by an director, are another type of related party transactions.

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 Emak 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 36.

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, with its resolution of 13 March 2020, in implementation to art. 4, Reg. Consob. 17221/2010, published on the company website at: https://www.emakgroup.it/it-it/investor-relations/corporate-governance/altre-informazioni/.

On May 12, 2021 Emak S.p.A. has approved an updated edition of the procedures relating to transactions with related parties is in the process of being advanced and soon to be approved, 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.

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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 on the basis of adequate protection procedures, that provide for the Parent Company to perform control and harmonization activities.

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

At December 31, 2020, the Company held 397,233 treasury shares in portfolio for an equivalent value of € 2,029 thousand.

On April 29, 2021, the Shareholders' Meeting authorized the program for the purchase and sale of treasury shares for a period of 18 months starting from that date; the purchase is authorized up to a maximum of n. 9,000,000 shares, corresponding to 5.490% of the current share capital, taking into account the treasury shares already in the portfolio, currently 397,233 in number. The operations will comply with the operating procedures provided for by the regulations in force.

During the first half of 2021 and up to the closing date of this document there were no movements in the purchase or sale of treasury shares, leaving the balances at the beginning of the year unchanged.

7. Disputes

There were no disputes in progress that might lead to liabilities in the financial statements other than those already described in note 34 of the abbreviated half-year financial statements, to which reference is made.

8. Business 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.

9. Significant events occurring during the period and positions or transactions arising from atypical and 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 5 and 7 of half year financial statements.

10. Subsequent events

There are no significant events to report.

11. Other information

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.

12. 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 first half 2021 and shareholders' equity at 30 June 2021 of the Group (Group share), with the corresponding values of the parent company Emak S.p.A.

€/000	Equity at 30.06.2021	Result for the year ending 30.06.2021	Equity at 30.06.2020	Result for the year ending 30.06.2020
Equity and result of Emak S.p.A.	**150,427**	**9,386**	**144,317**	**(1,326)**
Equity and result of consolidated subsidiaries	321,808	31,195	288,940	14,094
Effect of the elimination of the accounting value of shareholdings	(214,231)	-	(209,906)	-
Elimination of dividends	-	(9,302)	-	(1,015)
Elimination of intergroup profits	(6,510)	329	(6,300)	172
Evaluation of equity investment in associated	-	-	(124)	(1,013)
Total consolidated amount	**251,494**	**31,608**	**216,927**	**10,912**
Non controlling interest	**(2,688)**	**(477)**	**(1,953)**	**(95)**
Equity and result attributable to the Group	**248,806**	**31,131**	**214,974**	**10,817**

Bagnolo in Piano (RE), August 6, 2021

On behalf of the Board of Directors

The Chairman

Fausto Bellamico

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, 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 of capital gains / losses on the realization of consolidated investments in equity.

- 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 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. 5/21 of 28 April 2021).

Emak Group

Half year report at 30 June 2021

Consolidated financial statements

Consolidated 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
469,778	**Revenues from sales**	**9**	**332,964**	**956**	**247,496**	**465**
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)
32,942	**Operating result**		**42,180**		**21,813**	
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)	
22,814	**Profit before taxes**		**41,394**		**15,703**	
(3,202)	Income taxes	15	(9,786)		(4,791)	
19,612	**Net profit (A)**		**31,608**		**10,912**	
(312)	(Profit)/loss attributable to non controlling interests		(477)		(95)	
19,300	**Net profit attributable to the Group**		**31,131**		**10,817**	
0.118	**Basic earnings per share**	**16**	**0.190**		**0.066**	
0.118	**Diluted earnings per share**	**16**	**0.190**		**0.066**	

Year 2020	CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME	Notes	1H 2021	1H 2020
19,612	**Net profit (A)**		**31,608**	**10,912**
(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 (*)		-	-
(8,833)	**Total other components to be included in the comprehensive income statement (B)**		**4,995**	**(5,517)**
10,779	**Total comprehensive income for the period (A)+(B)**		**36,603**	**5,395**
(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

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 36.

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
	Non-current assets					
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	
204,803	**Total non-current assets**		**206,784**	**22,421**	**201,847**	**25,072**
	Current assets					
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	
382,222	**Total current assets**		**418,605**	**2,443**	**374,033**	**2,431**
587,025	**TOTAL ASSETS**		**625,389**	**24,864**	**575,880**	**27,503**

31.12.2020	SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	30.06.2021	of which to related parties	30.06.2020	of which to related parties
	Shareholders' Equity					
220,137	Shareholders' Equity of the Group	26	248,806		214,974	
2,163	Non-controlling interests		2,688		1,953	
222,300	**Total Shareholders' Equity**		**251,494**		**216,927**	
	Non-current liabilities					
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	
180,312	**Total non-current liabilities**		**163,010**	**8,895**	**186,092**	**10,066**
	Current liabilities					
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	
184,413	**Total current liabilities**		**210,885**	**8,159**	**172,861**	**4,821**
587,025	**TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES**		**625,389**	**17,054**	**575,880**	**14,887**

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 36.

Statement of changes in consolidated equity for the Emak Group at 31.12.2020 and at 30.06.2021

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 31.12.2019	**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			122					12,827	(12,949)	-	(4)	**(4)**
Other changes		(941)		3,215				(2,264)		**10**	(17)	**(7)**
Net profit for the period					(8,622)	(46)			19,300	**10,632**	147	**10,779**
Balance at 31.12.2020	**42,519**	**39,588**	**3,611**	**4,353**	**(7,889)**	**(1,320)**	**31,702**	**88,273**	**19,300**	**220,137**	**2,163**	**222,300**
Profit reclassification			138				183	11,620	(19,300)	(7,359)	(50)	(7,409)
Other changes										-	-	-
Net profit for the period					4,897				31,131	**36,028**	575	**36,603**
Balance at 30.06.2021	**42,519**	**39,588**	**3,749**	**4,353**	**(2,992)**	**(1,320)**	**31,885**	**99,893**	**31,131**	**248,806**	**2,688**	**251,494**

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

Statement of changes in consolidated equity for the Emak Group at 30.06.2020

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 31.12.2019	**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			122					12,827	(12,949)	-	-	**-**
Other changes										-	-	**-**
Net profit for the period					(5,338)				10,817	**5,479**	(84)	**5395**
Balance at 30.06.2020	**42,519**	**40,529**	**3,611**	**1,138**	**(4,605)**	**(1,274)**	**31,702**	**90,537**	**10,817**	**214,974**	**1,953**	**216,927**

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

Consolidated Cash Flow Statement

31.12.2020 (€/000)		Notes	30.06.2021	30.06.2020
	Cash flow from operations			
19,612	**Net profit for the period**		**31,608**	**10,912**
22,692	Amortization, depreciation and impairment losses	**13**	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	**14**	-	1,513
646	Financial (income)/ Expenses from adjustment of estimated liabilities for outstanding commitment associates' shares	**14**	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)
42,950	**Cash flow from operations**		**18,401**	**1,423**
	Cash flow from investing activities			
(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)
(14,769)	**Cash flow from investing activities**		**(7,929)**	**(3,970)**
	Cash flow from financing activities			
(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)	-
24,594	**Cash flow from financing activities**		**(26,328)**	**39,461**
52,775	**Total cash flow from operations, investing and financing activities**		**(15,856)**	**36,914**
2,516	**Effect of changes from exchange rates and translation reserve**		**355**	**2,568**
55,291	**INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS**		**(15,501)**	**39,482**
41,989	**OPENING CASH AND CASH EQUIVALENTS**		**97,280**	**41,989**
97,280	**CLOSING CASH AND CASH EQUIVALENTS**		**81,779**	**81,471**

ADDITIONAL INFORMATION ON THE CASH FLOW STATEMENT

31.12.2020 (€/000)		30.06.2021	30.06.2020
	RECONCILIATION OF CASH AND CASH EQUIVALENTS		
41,989	**Opening cash and cash equivalents, detailed as follows:**	**97,280**	**41,989**
47,695	Cash and cash equivalents	99,287	47,695
(5,706)	Overdrafts	(2,007)	(5,706)
97,280	**Closing cash and cash equivalents, detailed as follows:**	**81,779**	**81,471**
99,287	Cash and cash equivalents	84,218	85,864
(2,007)	Overdrafts	(2,439)	(4,393)
	Other information:		
(436)	Change in related party receivables and service transactions	(100)	(524)
1,577	Change in related party payables and service transactions	4,062	1,894
1,037	Change in related party financial assets	1	-
(1,952)	Related party liabilities for leasing refund	(976)	(976)

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 abbreviated consolidated financial statements for the half-year of Emak Group

Contents

1. General information
2. Summary of principal accounting policies
3. Capital management and Financial risk management
4. Key accounting estimates and assumptions and disclosure of contingent assets and liabilities
5. Significant non-recurring events and transactions
6. Segment information
7. Balances or transactions arising from atypical and unusual operations
8. Net financial position
9. Revenues from sales and other operating income
10. Raw materials, consumable and goods
11. Personnel expenses
12. Other operating costs and provisions
13. Amortization, depreciation and impairment losses
14. Financial income and expenses
15. Income taxes
16. Earnings per share
17. Property, plant and equipment
18. Intangible assets
19. Rights of use
20. Goodwill
21. Equity investments and investments in associates
22. Other financial assets
23. Derivative financial instruments
24. Trade and other receivables
25. Inventories
26. Equity
27. Trade and other payables
28. Loans and borrowings
29. Liabilities deriving from leases
30. Tax assets and liabilities
31. Employee benefits
32. Provisions for risks and charges
33. Other non-current liabilities
34. Contingent liabilities
35. Commitments
36. Related party transactions
37. Subsequent events

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 the 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 half year report at 30 June 2021 is subject to a limited audit by Deloitte & Touche S.p.A. This audit is significantly less extensive than that of a complete audit carried out according to established auditing standards.

1.1 Information about Covid-19 emergency

Macroeconomic scenario
The trend of the Italian and international economy continues to be conditioned by the COVID-19 epidemic and the resulting health measures. More than a year after the start of the COVID-19 pandemic, uncertainty continues to persist, albeit to a lesser extent than the previous year, surrounding the global economic prospects, mainly linked to the evolution of the pandemic and, in particular, the effectiveness of the vaccination policy, the political actions to limit persistent economic damage, the evolution of financial conditions and the prices of raw materials and finally the resilience of the economy.
The new year began with renewed hopes linked to the launch of the vaccination campaign in almost all areas of the world, although at different speeds. Among the advanced countries, the United States and the United Kingdom have proceeded more quickly, in some cases even reaching the zeroing of social limitations, despite the spread of variants of the virus having increased the number of infections. In addition to the slight increase in infections due to variants, Europe is facing some difficulties mainly related to the extension of the vaccination policy, which has not yet made it possible to achieve mass immunization, expected instead at the beginning of next fall. In any case, the projections of obtaining immunization have a positive impact on the climate of confidence, both of businesses and consumers, fueling a recovery in investments and consumption. However, the prospects still remain highly dependent on the evolution of the epidemiological scenario, the divergence in the speed of recovery between countries and the permanent impact that could have on consumption.

Emak Group
In this context of macroeconomic uncertainty, the efforts implemented by the Group to date have focused on the health and safety of employees and on ensuring business continuity.

Changes in habits induced by pandemic restrictions have led to increases in demand in the sectors in which the Group operates.

The year 2020, as well as the first six months of 2021, were characterized by the rediscovery of green spaces, small-scale agriculture and "do it yourself". Interest in gardening, horticulture and the maintenance of houses and green spaces has increased and with it the associated purchases have grown, with positive effects on the market for specific machines and equipment. The emergence of new lifestyles, induced by the pandemic, has partly positively contributed to the market demand.

The market demand was also supported by a wide and competitive product offer, as well as by a stock level in the network; high operational flexibility made it possible to meet with extraordinary demand which generated an increase in turnover of 34.5% in the first six month compared to the same period of the previous year, which was partially penalized by the first closures and slowdowns of productive activities.
In this context, characterized by strong tension in the production logistics chain, to face with the peak of demand, the Group's activities have focused on optimizing production capacity, despite a physiological increase in the workforce, and on a careful supply chain management.

The increase in the cost of raw materials, components and transport that occurred during the half year was softened by the gradual adjustment of the sales price lists.

In consideration of the fluidity of the situation, the management will constantly monitor the evolution of the context in order to manage the greater volatility of costs, with the aim of limiting the impact on margins.

In consideration of the current scenario, the Group's Management does not expect to make significant changes to its business model in response to the pandemic, which will continue along the lines of innovation, competitiveness and the expansion of the product range and the strengthening of the current distribution channels; as well as the growth objectives also for external lines and for the efficiency of the operating structure remain confirmed.

Given the uncertainty about the evolution of the pandemic, the situation is carefully monitored and further measures will eventually be taken if the context in which the Group operates should change again.

Based on the results obtained to date by the Group and on the financial, managerial and operational indicators, the Management believes that, even in the presence of an uncertain global economic and financial context, there are no uncertainties about the business as a going concern, nor critical issues regarding the ability of the Group to meet its obligations.

With respect to the foreseeable evolution on operations, please refer to the specific chapter of this report.

2. Summary of principal accounting policies

The principal accounting policies used for preparing the abbreviated consolidated financial statements for the half-year are in line, except as specified below, with those applied for the annual consolidated financial statements at 31 December 2020 and are briefly discussed below.

2.1 General methods of preparation

The abbreviated consolidated half-year report of the Emak Group at 30 June 2021 has been drawn-up in compliance with the IFRS's issued by the International Accounting Standards Board and adopted by the European Union and has been prepared in accordance with the IAS 34 accounting standard (Interim Financial Reporting), with art. 154-*ter* (financial reports) of the Consolidated Finance Act and with Consob regulations and resolutions in force. The same accounting principles used in preparing the consolidated financial statements at 31 December 2020 were applied. "IFRS" also includes all valid International Accounting Standards ("IAS") still in force, as well as all interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC, formerly "IFRIC"), previously known as the Standing Interpretations Committee ("SIC"). For this purpose, the financial statements of consolidated subsidiaries were reclassified and adjusted.

There are also the explanatory notes according to the disclosures required by IAS 34 with the supplementary information considered useful for a clearer understanding of the abbreviated interim financial statements. The interim financial statements at June 30, 2021 should be read in conjunction with the annual financial statements at 31 December 2020.
In accordance with IAS 1, the Directors confirm that, given the economic outlook, the capital and the Group's financial position, it operates as a going concern.

As partial exception to the provisions of IAS 34, these interim financial statements provide detailed as opposed to summary schedules in order to provide a better and clearer view of the economic-financial and financial dynamics during the period.
The financial statements used at June 30, 2021 are consistent with those in place for the annual financial statements at December 31, 2020.

In accordance with the requirements established by IFRS, the abbreviated half-year report is constituted by the following reports and documents:

1. Statement of consolidated financial position: based on the distinction between current and non-current assets and current and non-current liabilities;
2. Consolidated Income Statement and Consolidated Statement of other Comprehensive Income: classification of items of income and expense according to their nature;
3. Consolidated Cash flow Statement: based on a presentation of cash flows using the indirect method;

4. Consolidated Statement of Changes in Equity;
5. Notes to the interim consolidated financial statements.

The half year financial report presents annual data for comparative purposes in the previous year in order to provide adequate information, in consideration of the seasonality of the business of the company sometimes the values of the comparatives of the same period of the previous year are also shown. Indeed, the Group carries out an activity that is affected by the non perfect homogeneity of the flow of revenues and expenses during the year, showing a concentration of revenues mainly in the first half of each year.

The preparation of financial statements in conformity with IFRS requires the use of estimates by the directors. The areas involving a higher degree of judgment or complexity and areas where assumptions and estimates could have a significant impact on the consolidated financial statements are discussed in note 4.

It is also to be noted that some valuation procedures, in particular the more complex such as the determination of any impairment of non-current assets, are generally carried out completely only in the preparation of annual financial statements, when all necessary information are available, except in cases where there are indications that an immediate assessment of any impairment is required. Even the actuarial valuations for the calculation of provisions for employee benefits are normally processed on the occasion of the annual financial statement. Current and deferred tax is recognized based on tax rates in force at the date of the half year report.

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, ignoring any minority interests. 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. 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 re-measurement 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 90%, is consolidated at 100% as a result of the "*Put and Call Option Agreement*" which regulates the acquisition of the remaining 10% held by a company linked to the current General Director of the subsidiary;
- Markusson Professional Grinders AB, participated by Tecomec S.r.l., with a share of 51%, is consolidated at 100% on the basis of the "*Put and Call Option Agreement*" which regulates the purchase of the remaining 49%;
- Agres Sistemas Eletrônicos S.A., participated by Tecomec S.r.l., with a share of 91%, is consolidated at 100% on the basis of the "*Put and Call Option Agreement*" which regulates the purchase of the remaining 9%.

Compared to 31 December 2020 there are no changes in the area; with reference to 30 June 2020 the company Agres Sistemas Eletrônicos SA is passed from an associate to a subsidiary, having increased the shareholding of Tecomec S.r.l. to 91% and the Swedish company Markusson Professional Grinders AB was consolidated in the first half of 2020 from January 31.

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 June 30, 2021 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	€	98.45	Comet S.p.A.	98.45
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	La Courneuve (F)	37,000	€	98.45	Lavorwash S.p.A.	100.00
Lavorwash GB Ltd	St. Helens Merseyside (UK)	900,000	GBP	98.45	Lavorwash S.p.A.	100.00
Lavorwash Polska SP.ZOO	Bydgoszcz (PL)	163,500	PLN	98.45	Lavorwash S.p.A.	100.00
Lavorwash Iberica S.L.	Tarragona (E)	80,000	€	98.45	Lavorwash S.p.A.	100.00
Markusson Professional Grinders AB (1)	Rimbo (SE)	50,000	SEK	100.00	Tecomec S.r.l.	51.00
America						
Comet Usa Inc	Burnsville - Minnesota (USA)	231,090	USD	100.00	Comet S.p.A.	100.00
Comet do Brasil Investimentos 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.	99.98
					Comet do Brasil LTDA	0.02
Lemasa industria e comércio de equipamentos de alta pressao S.A.	Indaiatuba (BR)	29,546,771	BRL	100.00	Comet do Brasil LTDA	100.00
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 (2)	Paynesville - Minnesota (USA)	-	USD	100.00	Comet Usa Inc	90.00
Speed North America Inc.	Wooster - Ohio (USA)	10	USD	100.00	Speed France SAS	100.00
Lavorwash Brasil Ind. Ltda	Indaiatuba (BR)	8,305,769	BRL	98.45	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. (3)	Pinais (BR)	1,047,000	BRL	100.00	Tecomec S.r.l.	91.00
Rest of the world						
Jiangmen Emak Outdoor Power Equipment Co.Ltd	Jiangmen (RPC)	25,532,493	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
Speed Industrie Sarl	Mohammedia (MA)	1,445,000	MAD	100.00	Speed France SAS	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	98.45	Lavorwash S.p.A.	100.00
Yongkang Lavorwash Trading Co. Ltd	Yongkang City (RPC)	3,930,579	RMB	98.45	Lavorwash S.p.A.	100.00

(1) 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 49%.
(2) Valley Industries LLP is consolidated at 100% as a result of the "*Put and Call Option Agreement*" which regulates the acquisition of the remaining 10%.
(3) 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 9%.

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. Gains and losses realized on cash flow hedges whose hedged items are still unrealized are posted to the comprehensive income statement.

Consolidamento di bilanci di società estere
The financial statements of all Group companies 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").

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

31.12.2020	Amount of foreign for 1 Euro	Average 1H 2021	30.06.2021	Average 1H 2020	30.06.2020
0.90	GB Pounds (UK)	0.87	0.86	0.87	0.91
8.02	Renminbi (China)	7.80	7.67	7.75	7.92
1.23	Dollar (Usa)	1.21	1.19	1.10	1.12
4.56	Zloty (Poland)	4.54	4.52	4.41	4.46
18.02	Zar (South Africa)	17.52	17.01	18.31	19.44
34.77	Uah (Ukraine)	33.46	32.36	28.63	29.90
6.37	Real (Brazil)	6.49	5.91	5.41	6.11
10.92	Dirham (Morocco)	10.75	10.59	10.76	10.87
24.42	Mexican Pesos (Mexico)	24.33	23.58	23.84	25.95
872.52	Chilean Pesos (Chile)	868.02	866.75	895.57	918.72
10.03	Swedish krona (Sweden)	10.13	10.11	10.66	10.49

2.4 Description of accounting policies applied to individual items

Details of the accounting policies applied to individual items within the financial statements can be found in sections from 2.4 to 2.28 of the explanatory notes to the consolidated financial statements at 31 December 2020.

2.5 Changes in accounting standards and new accounting standards

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLICABLE SINCE JANUARY 1, 2021

The following IFRS accounting standards, amendments and interpretations were first adopted by the Group starting January 1, 2021:

- On 28 May 2020, the IASB published an amendment called "**Covid-19 related rent concessions (Amendment to IFRS 16)"**. The document provides for lessees the right to account for reductions in fees related to Covid-19 without having to assess, through the analysis of contracts, whether the definition of lease modification of IFRS 16 is respected. Therefore, lessees who apply this option will be able to account for the effects of the reductions in rent directly to the income statement on the date of effectiveness of the reduction. This change applies to financial statements beginning on 1 June 2020. The adoption of this amendment did not affect the consolidated financial statements of the Group.

- On 28 May 2020, the IASB published an amendment called "**Extension of the temporary exemption from applying IFRS 9 (Amendments to IFRS 4)**". The amendments allow the temporary exemption from the International Financial Reporting Standards 9 application to be extended until 1 January 2023 for insurance companies. The adoption of this amendment did not affect the consolidated financial statements of the Group.

- On 27 August 2020, the IASB published, in the light of the reform on interbank interest rates such as IBOR, the document "**Interest Rate Benchmark reform—phase 2**" which contains amendments to the following standards:
  - IFRS 9 Financial Instruments;
  - IAS 39 Financial Instruments Recognition and Measurement;
  - IFRS 7 Financial Instruments Disclosures;
  - IFRS 4 Insurance Contracts and
  - IFRS 16 Leases.

  All changes entered into force on 1 January 2021. The adoption of this amendment did not affect the consolidated financial statements of the Group.

ACCOUNTING STANDARD, AMENDMENTS AND IFRS/IFRIC INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION, BUT NOT YET MANDATORY APPLICABLE AND NOT EARLY ADOPTED FROM THE GROUP ON 30th JUNE 2021

- On 14 May 2020, the IASB published the following amendments:
  - **Amendments to IFRS 3 Business combinations**: the purpose of the amendments is to update the reference in IFRS 3 to the revised conceptual framework, without any change to the provisions of the Standard.
  - **Amendments to IAS 16 property, plant and Equipment**: the purpose of the amendments is not to allow the amount received from the sale of goods produced in the testing phase of the asset to be deducted from the cost of the tangible assets. These sales revenues and related costs will therefore be recognized in the profit and loss account.
  - **Amendments to IAS 37 provisions, Contingent Liabilities and Contingent assets**: the amendment clarifies that in the estimate of the possible onerousness of a contract, all costs directly attributable to the contract must be taken into account. Consequently, the assessment of the possible onerousness of a contract includes not only incremental costs (such as the cost of the direct material used in the processing), but also all costs that the enterprise cannot avoid because it has entered into the contract (such as, for example, the portion of the depreciation of the machinery used for the performance of the contract).
  - **Annual improvements 2018-2020**: the changes were made to the IFRS 1 first-time adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and illustrative Examples of IFRS 16 leases.

All changes will take effect on January 1, 2022. At the moment, the directors are considering the possible effects of the introduction of this amendment on the Group's consolidated financial statement.

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 18, 2017, IASB published **IFRS 17 – Insurance contracts**, which is intended to replace international Financial Reporting Standards (IFRS 4 – Insurance contracts). The aim of the new principle is to ensure that an entity provides relevant information that faithfully represents the rights and obligations arising from insurance contracts issued. The IASB has developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies, providing a single, principle-based framework to take into account all types of insurance contracts, including reinsurance contracts that an insurer holds. The new principle also provides for presentation and reporting requirements to improve comparability between entities in this sector. The new principle measures an insurance contract based on a General Model or a simplified version of this, called the Premium Allocation approach ("PAA").
  The main features of the General Model are:
  - estimates and assumptions of future cash flows are always current cash flows;
  - the measurement reflects the time value of the money;
  - estimates provide for extensive use of market observable information;
  - there is a current and explicit risk measurement;
  - the expected profit is deferred and aggregated in groups of insurance contracts at the time of initial recognition; and,
  - the expected profit is recognized during the contractual period taking into account adjustments resulting from changes in the assumptions relating to the cash flows for each group of contracts.

  The PAA approach is to measure the liability for the residual coverage of a group of insurance contracts, provided that, at the time of initial recognition, the entity expects that such liability is reasonably an approximation of the General Model. Contracts with a coverage period of one year or less are automatically eligible for the PAA approach. Simplifications resulting from the application of the PAA method do not apply to the valuation of liabilities for outstanding claims, which are measured with the General Model. However, it is not necessary to discount those cash flows if the balance to be paid or cashed is expected to take place within one year of the date on which the claim occurred.

  The entity shall apply the new principle to insurance contracts issued, including reinsurance contracts issued, to reinsurance contracts held and also to investment contracts with a discretionary participation feature (DPF). The Standard applies from 1 January 2023, but early application is permitted, only for entities applying IFRS 9 – Financial Instruments and IFRS 15 – Revenue from contracts with customers. The directors are considering the possible effects of the introduction of this amendment on the Group's consolidated financial statement.

- 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**". The document aims to clarify how to classify short- or long-term debts and other liabilities. The amendments shall enter into force on 1 January 2023; advance application is still permitted. At the moment, the directors are considering the possible effects of the introduction of this amendment on the Group's consolidated financial statement.

- On 12 February 2021, the IASB published two amendments entitled "**Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS practice Statement 2" and "Definition of Accounting estimates—Amendments to IAS 8**". The changes aim to improve disclosure of accounting policies in order to provide more useful information to investors and other primary users of financial statements and to help companies distinguish changes in accounting estimates from changes in accounting policies. The amendments will apply from 1 January 2023, but advance application is allowed.

Directors are considering the possible effects of the introduction of this amendment on the Group's consolidated financial statement.

- On 31 March 2021, the IASB published an amendment called "**Covid-19-related rent arrangements beyond 30 June 2021 (Amendments to International Financial Reporting Standards 16)**" extending by one year the period of application of the amendment to IFRS 16, issued in 2020, concerning the accounting of the facilities granted, due to the Covid-19, to tenants. The amendments should apply from 01 April 2021 once approved by the European Union, and early adoption is permitted. Directors are considering the possible effects of the introduction of this amendment on the Group's consolidated financial statement.

- On 7 May 2021, the IASB published an amendment called "**Amendments to IAS 12 income taxes: Deposited Tax related to assets and liabilities raising from a Single Transaction**". The document clarifies how deferred taxes on certain transactions that may generate equal amounts of assets and liabilities, such as leasing and decommissioning obligations, should be accounted for. The amendments will apply from 1 January 2023, but advance application is allowed. Directors are considering the possible effects of the introduction of this amendment on the Group's consolidated financial statement

- 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 and financial risk 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.

Details can be found in the explanatory notes to the consolidated financial statements at 31 December 2020.

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 interest;
- 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.

Emak Group constantly monitors the financial risks to which it is exposed, so as to minimize the potential negative effects on financial results.

The Group's exposure to financial risks has not undergone significant changes compared to 31 December 2020, although the macroeconomic situation presents greater instability profiles that are monitored.

4. Key accounting estimates and assumptions and disclosure of contingent assets and liabilities

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 potential assets and liabilities at the balance sheet date. Actual results could differ from these estimates. Estimates are used for recording provisions for doubtful accounts and inventory obsolescence, amortization and depreciation, write-downs to assets, employee benefits, taxes and other provisions. Estimates and assumptions are reviewed periodically and the effects of any change are immediately reflected in the income statement.

5. Significant non-recurring events and transactions

Acquisition of Poli S.r.l.

On 28 June 2021 the subsidiary Comet S.p.A. has signed a binding agreement for the purchase of control of Poli S.r.l., a company based in Colorno (PR), active in the production and marketing of sweepers.
The company achieved sales in 2020 of around € 4 million, a normalized EBITDA of around 24%, with positive cash flow of around € 2 million.
The transaction, whose completion is expected by the first half of October 2021 upon the occurrence of certain conditions precedent, provides for the acquisition of 80% of the company.
The price of the share acquired was provisionally determined at € 5.7 million, including the cash of € 2 million, and will be subject to adjustment based on the results of Poli S.r.l. at closing.
On the remaining 20% stake, which will be held by the founder of the company, put and call options have been agreed with expiry starting from the third and within the fifth year of closing.
With this operation, the Group acquires specific know-how that integrates perfectly into its range and expands its cleaning catalog, further strengthening its position as a key supplier in the sector.

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 High Pressure 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 HIGH PRESSURE WATER JETTING		COMPONENTS AND ACCESSORIES		Other not allocated / Netting		Consolidated	
€/000	**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**
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**
Ebitda/Total Revenues %	*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**
Ebitda before non ordinary expenses/Total Revenues %	*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**
Operating result/Total Revenues %	*7.8%*	*1.7%*	*14.8%*	*12.1%*	*17.2%*	*13.7%*			***12.7%***	***8.8%***
Net financial expenses (1)									**(786)**	**(6,110)**
Profit befor taxes									**41,394**	**15,703**
Income taxes									**(9,786)**	**(4,791)**
Net profit									**31,608**	**10,912**
Net profit/Total Revenues%									***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										
STATEMENT OF FINANCIAL POSITION	**30.06.2021**	**31.12.2020**	**30.06.2021**	**31.12.2020**	**30.06.2021**	**31.12.2020**	**30.06.2021**	**31.12.2020**	**30.06.2021**	**31.12.2020**
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										
OTHER STATISTICS	**30.06.2021**	**31.12.2020**	**30.06.2021**	**31.12.2020**	**30.06.2021**	**31.12.2020**	**30.06.2021**	**31.12.2020**	**30.06.2021**	**31.12.2020**
Number of employees at period end	729	738	805	777	613	613	8	8	**2,155**	**2,136**
OTHER INFORMATIONS	**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**
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**

For the comments of the economic part, reference should be made to chapter 4 of the Directors' Report.

7. 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 first half of 2021. 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.

8. Net financial positions

It is shown in the table below details of the net financial position, which includes 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)	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
D. Liquidity funds (A+B+C)	**85,190**	**100,022**	**86,328**
E. Current financial debt	(14,279)	(16,319)	(28,519)
F. Current portion of non-current financial debt	(53,101)	(51,549)	(46,298)
G. Current financial indebtedness (E + F)	**(67,380)**	**(67,868)**	**(74,817)**
H. Net current financial indebtedness (G - D)	**17,810**	**32,154**	**11,511**
I. Non-current financial debt	(144,091)	(159,514)	(163,542)
J. Debt instruments	-	-	-
K. Non-current trade and other payables	-	-	-
L. Non-current financial indebtedness (I + J + K)	**(144,091)**	**(159,514)**	**(163,542)**
M. Total financial indebtedness (H + L) (ESMA)	**(126,281)**	**(127,360)**	**(152,031)**
N. Non current financial receivables	1,056	808	2,438
O. Net financial position (M-N)	**(125,225)**	**(126,552)**	**(149,593)**
Effect IFRS 16	**28,295**	**28,874**	**28,865**
Net financial position without effect IFRS 16	**(96,930)**	**(97,678)**	**(120,728)**

Net financial position at June 30, 2021, includes € 6,061 thousand (€ 6,035 thousand at December 31, 2020), referring to payables for the purchase of the remaining minority shareholding and for the settlement of purchase transactions with deferred price subject to contractual restrictions. These debts refer to the purchase of investments in the following companies:

- Markusson for an amount of € 2,044 thousand;
- Agres for an amount of € 1,391 thousand;
- Valley LLP for an amount of € 2,626 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 € 3,435 thousand while the current portion of payables for the purchase of equity investments, recorded in the item “Current financial debt”, is equal to to € 2,626 thousand.

Net financial position at June 30, 2021, includes, in the items referring to “Financial debts”, financial liabilities for € 28,295 thousand (€ 28,874 thousand at December 31, 2020), of which € 4,737 thousand as a current portion (€ 4,816 thousand at Decemebr 31, 2020), deriving from the application of IFRS 16- Leases, adopted by the Group from January 1, 2019.

Financial receivables mainly include deposits to guarantee potential liabilities and other forms of temporary liquidity investment.

At 30 June 2021, the item “financial receivables” also includes receivables from related parties for an amount of € 222 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 favor of Emak S.p.A. as part of the so-called “Operazione Greenfield” through which Emak S.p.A. acquired in 2011 the companies Comet S.p.A., Tecomec S.r.l., Sabart S.r.l. and Raico S.r.l.

Net financial also includes liabilities for leasing to related parties for an amount of € 10,066 thousand, of which € 1,171 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.

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.

9. Revenues from sales and other operating income

Details of revenues from sales are as follows:

€/000	1 H 2021	1 H 2020
Net sales revenues (net of discounts and rebates)	330,161	245,857
Revenues from recharged transport costs	3,629	2,309
Returns	(826)	(670)
Total	**332,964**	**247,496**

The increase in "Revenues" refers to the strong generalized growth in all segments and markets in which the Group operates.

Other operating income is analyzed as follows:

€/000	1 H 2021	1 H 2020
Capital gains on property, plant and equipment	133	24
Grants related to income and assets	873	127
Advertising reimbursement	95	68
Insurance refunds	9	19
Recovery of other costs	279	234
Revenues for rents	272	291
Other operating income	490	333
Total	**2,151**	**1,096**

The increase in the item “Grants related to income and assets” refers for approximately € 608 thousand to conversion into non-repayable subsidies of loans obtained from Valley provided for by the Paycheck Protection Program (PPP) provision and guaranteed at federal level by the United States Small Business Administration (SBA), as part of the business support programs for address the pandemic crisis

10.Cost of raw materials, consumable and goods

The cost of raw materials, semi-finished products and goods is analyzed as follows:

€/000	1 H 2021	1 H 2020
Raw materials, semi-finished products and goods	178,788	124,670
Other purchases	1,412	1,854
R&D costs capitalized	(2)	(17)
Total	**180,198**	**126,507**

The increase in "Costs of raw materials, consumable and goods" is a consequence of the increase in volume of business.

11.Personnel expenses

Details of these costs are as follows:

€/000	1 H 2021	1 H 2020
Wage and salaries	33,524	28,686
Social security charges	9,579	8,206
Employee termination indemnities	1,386	1,275
Other costs	1,077	1,031
Directors' emoluments	1,115	643
Temporary staff	4,064	1,822
R&D costs capitalized	(426)	(308)
Total	**50,319**	**41,355**

Personnel costs increased compared to the same period due to the increase in the average number of employees in the first half of 2021, due to the higher cost for temporary staff linked to the increase in production volumes, due to the provisions for the period relating to bonuses awarded to employees on the basis of the Group's performance and for the use of social safety nets activated for the Covid-19 emergency in March and April 2020.

During the first half of 2021, personnel costs for € 426 thousand were capitalized under intangible fixed assets (€ 308 thousand at 30 June 2020), referring to the costs for the development of new products in the context of a multi-year project subject to facilities by the Ministry of Economic Development.

12. Other operating costs and provisions

Details of these costs are as follows:

€/000	1 H 2021	1 H 2020
Subcontract work	9,981	7,183
Maintenance	3,063	2,591
Trasportation and duties	18,303	11,739
Advertising and promotion	2,086	1,516
Commissions	5,303	4,170
Travel	569	821
Consulting fees	2,923	2,506
Other services	8,546	7,617
R&D costs capitalized	-	(144)
Services	**50,774**	**37,999**
Rents, rentals and the enjoyment of third party assets	**1,641**	**1,630**
Increases in provisions (note 32)	**473**	**131**
Other operating costs	**2,340**	**2,227**
Total	**55,228**	**41,987**

The increase in transport costs is attributable both to the increase in sales and purchase volumes, and to the increase in transport rates.

The increase in subcontract works is due to the increase in sales volumes, as well as to the maximization of flexibility and production efficiency.

13. Amortization, depreciation and impairment losses

Details of these amounts are as follows:

€/000	1 H 2021	1 H 2020
Amortization of intangible assets (note 18)	2,533	1,977
Depreciaton of property, plant and equipment (note 17)	6,302	6,423
Amortization of rights of use (note 19)	2,824	2,751
Total	**11,659**	**11,151**

The amortization and depreciation at June 30, 2021 amounted to € 11,659 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.

14. Financial income and expenses

"**Financial income**" is analyzed as follows:

€/000	1 H 2021	1 H 2020
Interest on bank and postal current accounts	28	42
Income from adjustment to fair value and fixing of derived instruments for hedging interest rate risk	273	9
Other financial income	65	110
Financial income	**366**	**161**

"Financial expenses" are analyzed as follows:

€/000	1 H 2021	1 H 2020
Interest on medium long-term bank loans and borrowings	860	673
Interest on short-term bank loans and borrowings	97	183
Financial charges for final price adjustment for the purchase of remaining shares of subsidiaries	-	410
Costs from adjustment to fair value and fixing of derived instruments for hedging interest rate risk	220	299
Financial charges of debt adjustment estimate for purchase commitment of remaining shares of subsidiaries	960	-
Financial expenses from discounting debts	33	179
Financial charges from leases	455	483
Financial charges from valuing employee terminations indemnities	10	40
Other financial costs	246	262
Financial expenses	**2,881**	**2,529**

The "Financial charges 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 Valley Industries LLP subject to *Put & Call option* for the purchase of the 10% remaining of the company.

The item "Financial charges for final price adjustment for the purchase of remaining shares of subsidiaries" recorded in the 2020 financial year, referred to the charges, equal to approximately 2,221 thousand Reais, deriving to the higher price paid for the exercise of the Call option on the residual investment of 30% of the share capital of Lemasa compared to the amount accounted for as payable at 31 March 2020. This change is the result of negotiation between the parties on the basis of the clauses and calculations provided for in the original agreements, which provided for an adjustment of the final price based on the company's economic and financial performance.

The item "Financial expenses from discounting debts" refers to the implicit interest deriving from the discounting of debts, of which € 11 thousand referring to the purchase of equity investments to be settled in the future.

The item "Financial charges from leases" refers to interest on financial liabilities recorded in accordance with accounting standard IFRS 16 – *Leases.*

Details of "**exchange gains and losses"** are as follows:

€/000	**1 H 2021**	**1 H 2020**
Profit / (Loss) on exchange differences on trade transactions	43	(735)
Profit / (Loss) on exchange differences on trade transactions adjustments	512	(1,027)
Profit / (Loss) on exchange differences on financial transactions	414	(936)
Profit / (Loss) on exchange differences on valuation of hedging derivatives	760	469
Exchange gains and losses	**1,729**	**(2,229)**

The exchange rate management 2021 is positive for € 1,729 thousand against a negative value equal to € 2,229 thousand of the previous year.

Foreign exchange management was positively affected by the revaluation of the US dollar, the Brazilian real and the Chinese renminbi against the euro.

15. Income taxes

The estimated tax burden for the first half of 2021 of current, deferred tax assets and liabilities amounted to € 9,786 thousand (€ 4,791 thousand in the corresponding period of the previous year) equal to an effective tax rate of 23.6%, down compared to tax rate of 30.5% for the same period of the previous year, which was impacted in a negative way the prudential failure of some Group companies to record deferred tax assets on tax losses.
The posting of deferred tax assets for € 933 thousand, deriving from the realignment of the tax value to the book value of certain goodwill values shown in the financial statements of some Italian companies of the Group, positively affected the tax rate for the first half of 2021, in origin not recognized for tax purposes. The realignment was carried out pursuant to Legislative Decree 104/2020 and art. 1, paragraph 83, law 178/2020. The total realigned value is equal to € 3,441 thousand and the positive effect on the tax rate is equal to 2%, net of the cost for the substitute taxes incurred equal to € 103 thousand.

16. 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. The Parent company has only ordinary shares outstanding.

	1H 2021	**1H 2020**
Net profit attributable to ordinary shareholders in the parent company (€/000)	31,131	10,817
Weighted average number of ordinary shares outstanding	163,537,602	163,537,602
Basic earnings per share (€)	**0.190**	**0.066**

Diluted earnings per share are the same as basic earnings per share.

17. Property, plant and equipment

Changes in property, plant and equipment are shown below:

€/000	31.12.2020	Increase/ (Amortizations)	Decrease	Reclassification	Exchange difference	Other movements	30.06.2021
Land and buildings	57,268	93	(183)	115	780	-	58,073
Accumulated depreciation	(21,791)	(805)	-	-	(209)	-	(22,805)
Land and buildings	**35,477**	**(712)**	**(183)**	**115**	**571**	**-**	**35,268**
Plant and machinery	109,651	1,157	(520)	3,556	1,150	-	114,994
Accumulated depreciation	(85,765)	(2,812)	892	-	(836)	-	(88,521)
Plant and machinery	**23,886**	**(1,655)**	**372**	**3,556**	**314**	**-**	**26,473**
Other assets	130,838	1,900	(599)	168	676	-	132,983
Accumulated depreciation	(119,207)	(2,685)	569	97	(531)	-	(121,757)
Other assets	**11,631**	**(785)**	**(30)**	**265**	**145**	**-**	**11,226**
Advances and fixed assets in progress	**5,415**	**2,724**	**(4)**	**(3,935)**	**28**	**(20)**	**4,208**
Cost	**303,172**	**5,874**	**(1,306)**	**(96)**	**2,634**	**(20)**	**310,258**
Accumulated depreciation (note 13)	**(226,763)**	**(6,302)**	**1,461**	**97**	**(1,576)**	**-**	**(233,083)**
Net book value	**76,409**	**(428)**	**155**	**1**	**1,058**	**(20)**	**77,175**

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.

In particular, the increase in the item "Advances and fixed assets in progress" mainly refers to the cyclical investments made by the Group for the renewal of production plants related to the production of nylon thread.

18. Intangible assets

Intangible assets report the following changes:

€/000	31.12.2020	Increases	Amortizations	Decreases	Exchange difference	Other movements	30.06.2021
Development costs	**4,360**	712	(652)	-	58	20	**4,498**
Patents and software	**2,455**	652	(666)	(3)	7	-	**2,445**
Concessions, licences and trademarks	**4,320**	32	(302)	-	33	-	**4,083**
Other intangible assets	**11,650**	317	(913)	-	109	-	**11,163**
Advances and fixed assets in progress	**284**	149	-	-	1	-	**434**
Net book value (note 13)	**23,069**	**1,862**	**(2,533)**	**(3)**	**208**	**20**	**22,623**

The increase mainly refers to the capitalization of costs for the development of new products also as part of a multi-year project of subsidies relating to the parent company, from the Ministry of Economic Development.

19.Rights of use

The item "Rights of use" was introduced in application of the new accounting standard IFRS 16 – Leases adopted by the Group with the "retrospective modified" approach from 1 January 2019.
In compliance with this principle, with regard to leasing contracts, the Group recognized, during the first application, a right of use equal to the net book value that it would have had in the case in which the Standard had been applied from the start date of the contract using a discount rate defined at the transition date.

The movement of the item "Rights of use" is set out below:

€/000	31.12.2020	Increases	Amortizations	Decreases	Exchange difference	30.06.2021
Rights of use buildings	**26,565**	**1,550**	**(2,472)**	**(16)**	**109**	**25,736**
Rights of use other assets	**1,360**	**388**	**(352)**	**(5)**	**5**	**1,396**
Net book value (note 13)	**27,925**	**1,938**	**(2,824)**	**(21)**	**114**	**27,132**

The increases for the year are mainly related to the signing of new lease contracts, which expired during the year, for identical underlying assets.

20.Goodwill

The goodwill of € 69,146 thousand reported at June 30, 2021 is detailed below:

€/000

Cash Generating Unit (CGU)	*Country*	Description	31.12.2020	Change in scope of consolidation	Exchange differences	30.06.2021
Victus	Poland	Goodwill from the acquisition of the business unit Victus IT	5,338	-	47	5,385
Tailong	China	Goodwill from the acquisition of Tailong Machinery Ltd.	2,609	-	118	2,727
Tecomec	Italy	Goodwill from the acquisition of Tecomec Group	2,807	-	-	2,807
Speed France	France	Goodwill from the acquisition of Speed France	2,854	-	-	2,854
Comet	Italy	Goodwill from the acquisition of Comet Group and merger of HPP	4,253	-	-	4,253
PTC	Italy	Goodwill from the acquisition of PTC	1,236	-	-	1,236
Valley	USA	Goodwill from the acquisition of Valley LLP and A1	11,875	-	387	12,262
Tecomec	Italy	Goodwill from the acquisition of Geoline Electronic S.r.l.	901	-	-	901
S.I.Agro Mexico	Mexico	Goodwill from the acquisition of S.I.Agro Mexico	634	-	-	634
Lemasa	Brazil	Goodwill from the acquisition of Lemasa LTDA	8,896	-	619	9,515
Lavorwash	Italy	Goodwill from the acquisition of Lavorwash Group	17,490	-	-	17,490
Spraycom	Brazil	Goodwill from the acquisition of Spraycom	200	-	-	200
Markusson	Sweden	Goodwill from the acquisition of Markusson	1,757	-	(14)	1,743
Agres	Brazil	Goodwill from the acquisition of Agres	6,615	-	524	7,139
		Total	**67,464**	**-**	**1,682**	**69,146**

- Goodwill allocated to the CGU Victus, equal to € 5,385 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.

- The amount of € 2,727 thousand refers to the greater value emerging from the acquisition, from the Yama Group, of 100% of the company regulated by Chinese law, Tailong (Zhuhai) Machinery Manufacturing Equipment Ltd., made in 2008.

- 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 in Comet S.p.A., finalized in 2010.

- 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 € 12,262 thousand, include an amount of € 10,939 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 and an amount equal to € 1,323 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.

- The goodwill recorded for € 901 thousand refers to the acquisition of the 51% of the company Geoline Electronic Srl, 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 € 9,515 thousand refers to the goodwill recorded in relation to the acquisition of the 100% of Lemasa 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 Net Equity at the date of acquisition. The contractual agreements provided that the deferred acquisition price and the value of the Put & Call depend on the economic and financial results of the same CGU. The value of the goodwill was originally recorded using the best estimate of the current value of the deferred price for the exercise and the options, determined on the basis of the originally planned business plan.

During 2016 financial year, as a result of the *impairment test*, this goodwill was partially reduced for € 4,811 thousand. During 2020, the value of the deferred price and the Put & Call was definitively determined.

- The amount of € 17,490 thousand includes the value of the goodwill acquired from the consolidation of the Lavorwash Group for € 253 thousand and, for € 17,237 thousand, the portion of the price allocated at goodwill, referred to the acquisition of the 97.78% of the same Group, of which 14.67% regulated by a *Put &Call* Option Agreement exercised in 2020 and valued on the basis of the results of the period 2018-2019. The goodwill was calculated as the difference between the fair value of the net assets and the acquisition price that, for the portion regulated by Put & Call option, was valued according to the future economic and financial results, with the forecast of a cap value; the value of the goodwill was, therefore, accounted for using the best estimate of the current value of the price for the exercise of the options, determined on the basis of the related business plan.

- The goodwill 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 € 1,743 thousand refers to the goodwill recognized as part of the acquisition of 51% of the Markusson company which took place in 2020, of which 49% regulated by a *Put & Call option,* to be exercised in 2023. 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, is valued according to future economic and financial results; the value of the goodwill, therefore, was 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 amount of € 7,139 thousand includes the value of the goodwill acquired from the consolidation of the Agres company which took place in 2020, of which 9% regulated by a *Put & Call option* agreement to be exercised for 70% from 31 December 2023 and for 30% from December 31, 2027. 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, is valued according to future economic and financial results, the value of the goodwill, therefore, was 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.

As no particular indications emerged during the half-year that could lead to the presumption of a lasting reduction in the value of the goodwill recorded, the impairment tests were not carried out at 30 June 2021.

21.Equity investments and Investments in associates

The item "**Equity investments**" 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 "Equity investments in associates" is equal to 0, following the divestments that took place during the year 2020.

22. Other financial assets

Other financial assets amount to € 1,056 thousand, which is non-current portion, and € 139 thousand as current portion and refer mainly to:

- an amount of € 473 thousand relating to guarantee deposits; entered under the non-current assets
- an amount of € 333 thousand relating to sureties, recorded under non-current assets
- an overall amount of € 222 thousand, of which the fixed asset part is € 185 thousand and the current asset part € 37 thousand, 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.

23. Derivative financial instruments

The financial statements values relate to changes in the fair value of financial instruments for:
- hedging purchases and sales 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 June 30, 2021 is shown as follows:

€/000	**30.06.2021**	**31.12.2020**
Positive *fair value* assesment exchange rate hedge	498	267
Positive *fair value* assesment exchange rate options	335	239
Positive *fair value* assesment IRS and interest rate options	-	-
Total derivative financial instrument assets	**833**	**506**
Negative *fair value* assesment exchange rate hedge	115	186
Negative *fair value* assesment exchange rate options	15	129
Negative fair value assesment IRS and interest rate options	431	705
Total derivative financial instrument liabilities	**561**	**1,020**

At June 30, 2021 appear outstanding forward contracts of purchase/sale in foreign currencies for:

	Company		Nominal value (€/000)	Forward exchange (average)	Due to (*)
Forward contracts for foreign currencies purchases					
Cnh/Euro	Emak S.p.A.	Cnh	36,000	7.93	10/12/2021
Eur/Pln	Victus-Emak S.p. Z.o.o.	Euro	1,700	4.51	02/08/2021
Usd/Pln	Victus-Emak S.p. Z.o.o.	Usd	100	3.80	15/09/2021
Usd/Euro	Sabart S.r.l.	Usd	700	1.21	03/09/2021
Cnh/Euro	Tecomec S.r.l.	Cnh	12,000	8.41	15/12/2021
Cnh/Euro	Lavorwash S.p.A.	Cnh	36,000	8.16	17/12/2021
Gbp/Euro	Lavorwash S.p.A.	Gbp	210	0.89	12/11/2021
Euro/Mxn	S.I. Agro Mexico	Euro	2,250	25.26	31/03/2022
Usd/Mxn	S.I. Agro Mexico	Usd	20	20.00	06/08/2021
Euro/Usd	Valley	Euro	700	1.21	30/11/2021
Forward contracts for foreign currencies sales					
Usd/Euro	Comet S.p.A	Usd	750	1.20	24/12/2021
Euro/Mxn	S.I. Agro Mexico	Euro	100	26.28	30/07/2021
Derivative contract with combination of standard options					
Usd/Euro	Emak Spa	Usd	450	1.19	15/12/2021
Forward contracts for foreign currencies purchases with collar options					
Cnh/Euro	Emak Spa	Cnh	51,000	8.13	16/12/2021
Synthetic forward currency option contract					
Usd/Euro	Comet S.p.A	Usd	625	1.21	24/11/2021

(*) The due date is indicative of the last contract.

Finally, on June 30, 2021 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 residual notional value of € 65,225 thousand; the expiration of the instruments is so detailed:

Bank	Company	Notional Euro (€/000)	Date of the operation	Due to
Credit Agricole Cariparma	Emak S.p.A.	1,875	26/10/2017	11/05/2022
Credit Agricole Cariparma	Emak S.p.A.	2,000	24/05/2018	30/06/2023
MPS	Emak S.p.A.	4,000	14/06/2018	30/06/2023
UniCredit	Emak S.p.A.	4,000	14/06/2018	30/06/2023
Banco BPM	Emak S.p.A.	3,500	21/06/2018	31/03/2023
Banca Nazionale del Lavoro	Emak S.p.A.	3,750	06/07/2018	06/07/2023
UniCredit	Emak S.p.A.	3,900	31/07/2019	30/06/2024
Banca Nazionale del Lavoro	Emak S.p.A.	2,188	02/08/2019	31/12/2024
Banco BPM	Emak S.p.A.	4,550	02/08/2019	30/06/2024
MPS	Emak S.p.A.	6,000	16/06/2020	30/06/2025
Bper	Comet S.p.A.	5,050	20/09/2017	29/12/2023
Intesa Sanpaolo	Comet S.p.A.	2,525	20/09/2017	29/12/2023
UniCredit	Comet S.p.A.	4,000	14/06/2018	30/06/2023
Banca Nazionale del Lavoro	Comet S.p.A.	3,750	06/07/2018	06/07/2023
Bper	Comet S.p.A.	2,525	15/11/2018	29/12/2023
Intesa Sanpaolo	Comet S.p.A.	1,263	15/11/2018	29/12/2023
Banca Nazionale del Lavoro	Comet S.p.A.	6,563	02/08/2019	31/12/2024
Credit Agricole Cariparma	Tecomec S.r.l.	2,000	24/05/2018	30/06/2023
Intesa Sanpaolo	Tecomec S.r.l.	1,786	23/10/2018	31/07/2022
Totale		**65,225**		

The average of the hedging interest rates resulting from the instruments is equal to 0.03% at June 30, 2021.

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.

24.Trade and other receivables

Details of these amounts are as follows:

€/000	30.06.2021	31.12.2020
Trade receivables	154,245	110,010
Provision for doubtful accounts	(6,322)	(5,974)
Net trade receivables	**147,923**	**104,036**
Trade receivables from related parties (note 36)	928	485
Prepaid expenses and accrued income	2,727	1,764
Other receivables	5,068	4,797
Total current portion	**156,646**	**111,082**
Other non current receivables	57	57
Total non current portion	**57**	**57**

The change in trade receivables is attributable to the significant increase in sales volumes and the well-known seasonal effects. The creditworthiness of customers is confirmed at good levels of reliability.

The item "**Other receivables**", for the current portion, includes:

- an amount of € 1,478 thousand, (€ 1,821 at 31 December 2020), for receivables of the Parent company and certain Group companies towards the controlling company Yama S.p.A., emerging from the relationships that govern the tax consolidation in which they participate;

- an amount of € 2,156 thousand as advances to suppliers for the supply of goods (€ 1,566 thousand at 31 December 2020).

All non-current receivables mature within five years. There are no trade receivables maturing beyond one year.

25.Inventories

Inventories are detailed as follows:

€/000	30.06.2021	31.12.2020
Raw, ancillary and consumable materials	55,993	51,953
Work in progress and semi-finished products	32,297	26,195
Finished products and goods	82,448	85,454
Total	**170,738**	**163,602**

Inventories at June 30, 2021 are stated net of provisions amounting to € 10,977 thousand (€ 10,731 thousand at December 31 2020) 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.

26. Equity

Share capital
Share capital is fully paid up at 30 June 2021 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. The share capital, shown net of the amount of the nominal value of the treasury shares in the portfolio, is equal to € 42,519 thousand.

All shares have been fully paid.

Treasury shares
Total value of treasury shares held at 30 June 2021 amounts to € 2,029 thousand and has not undergone any changes compared to the previous year.
This sum was attributed for the nominal value (€ 104 thousand) as an adjustment to the share capital and for the corresponding premium (€ 1,925 thousand) to adjust the share premium reserve. The consistency of the treasury stock portfolio during the year remained unchanged.

As for the sale and purchase of shares made during the period, please refer to the appropriate section of the Directors' Report.

Dividends
On 29 April 2021 the Shareholders' Meeting of Emak S.p.A. resolved to allocate the profit for the year 2020 for € 138 thousand to the legal reserve for € 183 thousand to the extraordinary reserve and for the remainder to a dividend to shareholders.

Share premium reserve
At 30 June 2021, the share premium reserve amounts to € 39,588 thousand, and consists of premiums on newly issued shares, net of share premium treasury shares held at June 30, 2021 amounted to € 1,925 thousand.
Part of this reserve at 31 December 2020 (€ 941 thousand) was classified in the revaluation reserve as a result of the realignment of the tax and statutory values pursuant to Legislative Decree 104/2020.
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 June 30, 2021 of € 3,749 thousand (€ 3,611 thousand at December 31, 2020).

Revaluation reserve
At 30 June 2021 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 pursuant to Legislative Decree. 104/2020 for € 3,215 thousand.

Reserve for translation differences
At 30 June 2021 the reserve for translation differences for a negative amount of € 2,992 thousand is entirely attributable to the differences generated from the translation of balances into the Group's reporting currency. The reserve recorded a positive adjustment of € 4,897 thousand mainly due to the performance of the REAL, US dollar and Renminbi currencies.

Reserve IAS 19
At 30 June 2021 the IAS 19 reserve is equal a negative amount of € 1,320 thousand, for the actuarial valuation differences of post-employment benefits to employees.

Other reserves
At 30 June 2021 the Other reserves include:
- the extraordinary reserve, amounts to € 28,073 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.

27. Trade and other payables

Details of trade and other payables are set out below:

€/000	30.06.2021	31.12.2020
Trade payables	104,999	90,317
Payables due to related parties (note 36)	1,094	976
Payables due to staff and social security institutions	15,763	12,104
Advances from customers	1,820	1,417
Accrued expenses and deferred income	927	828
Other payables	9,241	4,912
Total current portion	**133,844**	**110,554**

The item "**Trade payables**" includes € 1,241 thousand related to the short term payable, falling due in 2022, for the acquisition by the subsidiary Speed France of a technology and systems for the production of polyester monofilaments and cables for agricultural applications (note 33).

The increase of the item "**Payables due to staff and social security institution**" is linked to the time effect of the thirteenth salary and holidays accrued but not taken.

The item "**Other payables**" includes € 5,894 thousand, compared to € 1,950 thousand at 31 December 2020, 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.

28.Loans and borrowings

Details of **short-term loans and borrowings** are as follows:

€/000	30.06.2021	31.12.2020
Bank loans	56,647	57,213
Overdrafts	2,439	2,007
Liabilities for purchase of equity investments	2,626	2,325
Financial accrued expenses	71	73
Other loans	299	414
Total current portion	**62,082**	**62,032**

The carrying amount of short-term loans approximates their current value.

The item "**Liabilities for purchase of equity investments**" relates to the residual debt for the purchase of the remaining 10% of the company Valley Industries LLP regulated by a "Put and Call Option Agreement".

The item "**Other loans**" includes an amount of € 176 thousand as current portion of a loan made by Simest S.p.A. to the parent company Emak S.p.A in accordance with Law 133/08, through which, the Italian companies, are accompanied in their internationalization process by loans at preferential interest rates.

Long-term loans and borrowings are detailed as follows:

€/000	30.06.2021	31.12.2020
Bank loans	117,067	131,686
Liabilities for purchase of equity investments	3,435	3,710
Other loans	31	60
Total non current portion	**120,533**	**135,456**

The item " **Liabilities for purchase of equity investments** " includes:

- € 2,044 thousand, relates to the discounted debt for the purchase price portion of 49% of Markusson shares and governed by the "*Put and Call option*" contract to be exercised in 2023;
- € 1.391 thousand relates to the discounted debt for the purchase price portion of 9% of Agres Sistemas Eletrônicos shares and governed by the "*Put and Call option*" contract to be exercised for the 70% from the 31 December 2023 and for the 30% from the 31 December 2027.

The item "**Other loans**" refers to the non-current portion of the granting at the parent company Emak S.p.A. of a subsidized loan on the part of Simest S.p.A. in accordance with Law 133/08, through which, the Italian companies, are assisted in their internationalization process through loans at preferential interest rates.

As at 30 June 2021, bank loans due after 5 years amount to € 1,242 thousand.

Some medium-long term loans are subject to financial covenants, on the basis of the NFP/EBITDA and NFP/Equity ratios consolidated at year-end; no constraint of compliance with financial covenant applies to 30 June 2021.
On the basis of the business plans prepared by the Management as well as the forecast results, compliance with the covenants is expected at December 31, 2021, date of verification of the restrictions.

29.Liabilities derivig from *leases*

The item "**Liabilities derivig from *leases*"** which totals € 28,295 thousand, of which € 23,558 thousand as non-current portion and € 4,737 thousand as current portion, refers to financial liabilities recorded in application of the IFRS 16 accounting standard – *Leases* adopted by the Group from 1 January 2019. These liabilities are equal to the present value of the future residual payments provided by the contracts.

At 30 June 2021 the payables deriving from leases due beyond 5 years amount to € 9,542 thousand.

30.Tax assets and liabilities

Deferred tax assets are detailed below:

€/000	30.06.2021	31.12.2020
Deferred tax on impairment losses of assets	238	262
Deferred tax on reversal of unrealized intercompany gains	2,420	2,556
Deferred tax on provision for inventory write-downs	2,137	2,115
Deferred tax on losses in past financial periods	89	84
Deferred tax on provisions for bad debts	624	620
Deferred tax on right of use IFRS 16	226	211
Deferred tax on tax realignment	1,819	816
Other deferred tax assets	2,034	2,399
Total	**9,587**	**9,063**

The item "Deferred tax assets on tax realignments" includes deferred tax assets for a value of € 886 thousand recognized against the recognition of future tax benefits deriving from revaluation operations - pursuant to Legislative Decree. 104/2020 - of tangible and intangible assets carried out by some subsidiaries of the Group during 2020.
At 30 June 2021, deferred tax assets were allocated to the same item, for a value of € 933 thousand, against the realignment of the tax value to the book value of some goodwill recorded in the financial statements of some Group companies, at pursuant to art. 110 D.L. 104/2020, converted into law no. 126/2020.
This most recent realignment, carried out as an option for a total amount of € 3,441 thousand, involves the payment of substitute taxes for a total of € 103 thousand, to be paid without interest in three constant annual installments, starting from 30 June 2021.
This realignment entailed, in accordance with the law, the affixing of a restriction on net equity reserves for a total of € 3,338 thousand, as shown in the following table:

€

Company	Realigned value	Sobstitutive tax	Realignment reserve	Reserve used
TECOMEC s.r.l.	1,069,656	32,090	1,037,566	Extraordinary reserve
COMET s.p.a.	1,973,344	59,200	1,914,144	Extraordinary reserve
PTC s.r.l.	398,219	11,947	386,272	Retained earnings reserve
TOTAL	**3,441,219**	**103,237**	**3,337,982**	

Please note that any distribution of the realignment reserve pursuant to art. 110, Legislative Decree 104/2020 is subject to the conditions and formalities provided for by art. 2445 of the Italian Civil Code and involves the taxation of the same both for the company and for the recipient shareholder.

The usability of the residual tax losses recorded is of unlimited duration.

The breakdown of **Deferred tax liabilities** is shown as follows:

€/000	30.06.2021	31.12.2020
Deferred tax on property ex IAS 17	101	104
Deferred tax on depreciations	4,336	4,311
Other deferred tax liabilities	2,063	2,050
Total	**6,500**	**6,465**

The “Other deferred tax liabilities” refer mainly to revenues already accounted for, but which will acquire fiscal relevance, in the coming years.

The **Current tax receivables** amount at June 30 2021 to € 6,031 thousand, against € 7,516 thousand at December 31 2020, and refer to VAT credits, surplus payments on account of direct tax and other tax credits.

The **Current tax liabilities** amount to € 8,136 thousand at June 30 2021, compared with € 4,764 thousand at 31 December 2020, 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: payables and receivables for current IRES taxes of these companies are recorded under the item “Other current payables” and “Other current receivables”.

31. Employee benefits

The item “Employee benefits” equal to € 7,564 thousand, refer principally to the discounted liability for employment termination indemnity payable at the end of an employee’s working life, amounting to € 7,098 thousand.
The valuation of the indemnity leaving fund (TFR), carried out according to the nominal debt method, determined as per art. 2120 of the Civil Code, existing at the closing date, would be equal to € 6,331 thousand.

The main economic financial assumptions used to calculate the fund are unchanged compared to those used at the close of December 31, 2020.

32. Provisions for risks and charges

Movements in these provisions are detailed below:

€/000	31.12.2020	Increase	Decrease	Exchange differences	30.06.2021
Provisions for agents' termination indemnity	2,325	110	(12)	-	2,423
Other provisions	57	59	-	1	117
Total non current portion	**2,382**	**169**	**(12)**	**1**	**2,540**
Provisions for products warranties	1,107	105	(3)	7	1,216
Other provisions	120	199	(17)	7	309
Total current portion	**1,227**	**304**	**(20)**	**14**	**1,525**

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 € 110 thousand, was recorded under the provisions in the item "Other operating expenses" in the income statement.

“Other non-current provisions”, equal to € 117 thousand, refer for:

- € 58 thousand in legal costs accrued in respect of the conduct of tax disputes on the part of some companies of the Lavorwash Group, Lemasa and of Bertolini S.p.A (Incorporated into Emak S.p.A. in year 2008) for which the Group, following the opinion expressed by its defenders, does not expect to mobilize additional funds to contingent liabilities;
- € 59 thousand equal to an equivalent value of approximately 1,403 thousand pesos, to a fund allocated by the company S.I. Agro Mexico due to a customs dispute concerning the VAT treatment on goods entering the Mexican territory.

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.

“Other provisions”, for the current part, refers to the best possible estimate of probable liabilities, details of which are given below:

- allocation of € 92 thousand by the company Speed France relating to a dispute of a commercial nature;
- allocation of € 92 thousand, equal to an equivalent value of approximately 110 thousand of dollars, of the company Speed North America relating to a dispute with a former employee;
- for € 125 thousand refers to the best possible estimate of probable liabilities and to some different objections and disputes and for which the Group does not intend to allocate additional provisions for liabilities.

33. Other non-current liabilities

The item **“Other non-current liabilities”** includes:

- € 1,514 thousand relating to the long-term debt for Speed France's acquisition of of the technology for the production of polyester mono filaments and cables for agricultural applications, payment is expected in 3 installments falling due in 2022, 2023 and 2025; the current portion, equal to € 1,241 thousand is recorded in the item “trade payables” (note 27)
- € 445 thousand, against € 453 thousand at 31 December 2020, 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 € 25 thousand;
- € 265 thousand relating to the portions of future accruals of the grants for plant related to the costs for the development of new products as part of a multi-year project subject to subsidies by the Ministry of Economic Development. The portion of contributions that can be rediscovered within the year is included in current liabilities among other payables and amounts to € 159 thousand.

34. Contingent liabilities

Since February 2021 there has been a dispute related to a hypothesis of violation of industrial property rights concerning a subsidiary company.
The Group, supported by the opinion of its legal advisors, has carried out a preliminary analysis of these findings and believes that there are no objective elements to support the dispute initiated by the counterparty.

At 30 June 2021, The Group has not further significant outstanding disputes in addition to those already discussed in these notes.

35. Commitments

Fixed asset purchases.
The Group has commitments for the purchase of fixed assets not accounted for in the financial statements as of June 30, 2021 for an amount equal to € 676 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 10% of the share capital 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 Professional Grinders AB, owned by Tecomec S.r.l. with a share of 51%, there is a "*Put & Call Option*" agreement which regulates the purchase of the remaining 49% to be exercised on March 31, 2023;

- in the contract to acquire the associated company Agres Sistemas Eletronicos S.A., owned by Tecomec S.r.l. with a share of 91%, there is a "Put and Call" agreement for the purchase of an additional 9% share to be exercised for 70% from 31 December 2023 and 30% from 31 December 2027.

36.Related party transactions

The transactions entered into with related parties by the Emak Group in the first half of 2021 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 Emak Group components, materials of production, as well as the leasing of industrial surfaces.
In particular, rights of use of a significant entity, liabilities deriving from leases, amortization and depreciation and financial charges derive from the passive real estate lease relationships with the subsidiary Yama Immobiliare Srl, 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 Emak 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. and Lavorwash S.p.A. 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.

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.	849	852	-	852	-	-
Garmec S.r.l.	106	76	-	76	-	-
Selettra S.r.l.	1	-	-	-	-	-
Yama S.p.A.	-	-	1,478	1,478	37	185
Total (notes 22 and 24)	**956**	**928**	**1,478**	**2,406**	**37**	**185**

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
Euro Reflex D.o.o.	1,441	40	715	-	715
Garmec S.r.l.	20	-	18	-	18
Selettra S.r.l.	85	2	83	-	83
Yama S.p.A.	-	-	-	5,894	5,894
Other related parties	-	324	278	-	278
Total (note 27)	**1,546**	**366**	**1,094**	**5,894**	**6,988**

The amount of balances with related parties, relating to tax consolidation relationships, are shown in notes 24 and 27.

A significant asset item resulting from an extraordinary transaction with related parties is goodwill, equal to € 12,641 thousand (€ 12,523 thousand at 31 December 2020), which arose from the so-called Greenfield operation, occurred in 2011, through which the Emak Group acquired from the parent company Yama S.p.A. Tecomec Group, Comet Group, Sabart S.r.l. and Raico S.r.l. (the latter is no longer present within the Emak Group to date) and, before then, since the acquisition of the company Tailong, which took place in 2008.

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As regards relations with the parent company's corporate bodies, the accrued payments at 30 June 20201 are as follows:

- Board of Directors for € 734 thousand (included in Personnel costs);
- Statutory Auditors for € 36 thousand (included in Cost of services).

37. Subsequent events

For a description of subsequent events, please refer to Note 10 of the Directors report.

Declaration on the half year report in accordance whit Article 154-bis, paragraph 5 of Legislative Decree no. 58/1998 (Consolidated Law on Finance)

1. We, the undersigned, Fausto Bellamico, as President and Chief Executive Officer, and Aimone Burani, the latter also in his position as Financial Reporting Officer 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, with reference to the nature of the company, and
- the effective application,

of administrative and accounting procedures for the preparation of the half year financial statements for the financial period 1 January 2021 - 30 June 2021.

No significant elements have emerged with reference to point 1 above.

2. It is hereby declared, moreover, that:

2.1 The abbreviated half-year accounts:

a) have been drawn up in compliance with applicable international accounting principles recognized by the European Community in accordance with (EC) regulation no. 1606/2002 issued by the European Parliament and Council on 19 July 2002;

b) correspond to the accounting records and entries;

c) are appropriate for giving a true and fair view of the assets, liabilities, economic and financial situation of the issuer and of the companies included in the consolidation.

2.2 The intermediate directors' report contains references to significant events that have occurred in the first six months of the financial period and their effect on the abbreviated half-year accounts, together with a description of the main risks and uncertainties for the remaining six months of the financial period.
The intermediate directors' report contains, as well, information regarding significant operations with related parties.

Data: 6 August 2021

President and Chief Executive Officer
Fausto Bellamico

The executive in charge of preparing the accounting statements

Aimone Burani

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REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Emak S.p.A.

Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of Emak S.p.A. and subsidiaries (the "Emak Group"), which comprise the statement of financial position as of June 30, 2021 and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six month period then ended, and a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation of the half-yearly condensed consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the half-yearly condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of Emak Group as at June 30, 2021 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Domenico Farioli
Partner

Parma, Italy
August 6, 2021

This report has been translated into the English language solely for the convenience of international readers.