

Press release

Board of Directors of Emak S.p.A.

Approved consolidated results for the first half 2023

The CEO Luigi Bartoli commented: *“Despite a global scenario characterized by turbulence linked to the geopolitical crisis and the acceleration of inflation, the results for the first half of the year confirm the solidity of the Group. Sales performance was in line with the market trend, we achieved important results in terms of margins and, starting from the second quarter, improvement in working capital management. The challenging environment will persist for the rest of the year, but the medium-long term fundamentals of our business remain unchanged: we remain confident and focused on creating sustainable value for all our stakeholders.”*

Revenues from sales: € 331.2 million compared to € 368.2 million in the first half 2022.

EBITDA adjusted: € 49.4 million compared to € 54 million in the first half 2022.

EBIT: € 34.8 million compared to € 41.2 million in the first half 2022.

Consolidated net income: € 22.1 million compared to € 31.7 million in the first half 2022.

Net negative financial position: € 213 million (€ 169.5 million net of IFRS16 effect) compared to € 192.8 million at 30 June 2022 and € 177.3 million at 31 December 2022.

Bagnolo in Piano (RE), 9 August 2023 – The Board of Directors of **Emak S.p.A.** approved the consolidated results of the Group for the first half 2023.

Emak Group achieved **consolidated revenues of € 331.2 million**, compared to € 368.2 million of last year, a decrease of 10.1%. This decrease is due to an organic decline in sales for 15.7%, partially offset by the positive effects of the change in the scope of consolidation for 5.6%. The economic dynamics linked to inflation and the increase in interest rates and the progressive change in consumption patterns connected to the disappearance of the restrictions linked to the pandemic have in fact conditioned the sales trend.

EBITDA adjusted of the period reached € 49.4 million (14.9% of sales), compared to € 54 million (14.7% of sales) in the same period 2022. The result benefited from the change in the scope of consolidation for € 3 million and the full implementation of the sales price increase, while it was affected by the decrease in sales volumes and the increase in some commercial costs partly offset by a generalized decrease in tariffs and overall transport costs.

EBIT was € 34.8 million (10.5% of sales), compared to € 41.2 million (11.2% of sales) of the same period of last year.

Consolidated net income of the first half was € 22.1 million compared to € 31.7 million in 2022. The result was affected by the higher financial expenses due to the increase in market interest rates, the higher level of gross debt and the negative impact deriving from the adjustment of payables for Put & Call.

Cash flow from operations was € 36.1 million, compared to € 44.5 million generated in the first half 2022.

Investments in tangible and intangible assets made during the first half amounted to overall € 10.8 million compared to € 8.6 million in the same period of last year.

Consolidated net equity at 30 June 2023 was € 287 million compared to € 277 million at 31 December 2022.

Net negative financial position stood at € 213 million compared to € 192.8 million at 30 June 2022 and € 177.3 million at 31 December 2022. 2023 figure includes € 43.6 million deriving from the application of the IFRS 16 (€ 38.4 million in June 2022 and € 38 million in December 2022) and € 8 million of financial debts for the purchase of the remaining minority shareholdings (€ 11 million in June 2022 and € 13.2 million in December 2022). The acquisition of Bestway resulted in a higher debt of € 20.3 million relating to the purchase price and € 3.9 million linked to the accounting of the related lease payments in accordance with the IFRS 16 accounting standard.

Business outlook

The sales results reported by the Group in the first half are in line with the market trend. In a very difficult market scenario, activities focused on operating efficiency, which made it possible to maintain margins at significant levels and to achieve the first improvement results in the management of working capital, the full achievement of which is expected in the coming months.

The economic framework is still characterized by strong uncertainty, despite the expectations for the second half of the year are for a recovery in sales, even if not enough to make up for the accumulated delay compared to last year. The priorities for the Group continue to be the strengthening of its position on the market, cost efficiency, flexibility of the structure and the improvement of cash generation through careful management of invested capital.

The highlights from the consolidated accounts of the Group at 30 June 2023 are attached to the present press release.

Alternative performance indicators

The criteria used to construct the main performance indicators that management deems useful for monitoring the Group's performance are provided below.

- EBITDA Adjusted (before non-ordinary expenses and revenues): is obtained by deducting at EBITDA the impact of charges and income for litigation and grants relating to non-core management, expenses related to M&A transaction, and costs for staff reorganization and restructuring.
- EBITDA: defined as profit/(loss) for the period gross of depreciation of tangible and intangible fixed assets and rights of use, write-downs of fixed assets, goodwill and equity investments, Income from/(expenses on) equity investment, income and financial charges, foreign exchange gains and charges and income taxes.
- FREE CASH FLOW FROM OPERATIONS: calculated by adding the items "Net profit" plus "Amortization, depreciation and impairment losses".
- NET WORKING CAPITAL: include items "Trade receivables", "Inventories", current non financial "other receivables" net of "Trade payables" and current non financial "other payables".
- NET FINANCIAL POSITION: this indicator is calculated by adding to the scheme envisaged by the "Call for attention no. 5/21" of 29 April 2021 issued by Consob, which refers to ESMA guidelines 32-382-1138 of 4 March 2021, the non-current financial receivables.

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

Pursuant to the law, the half year report at 30 June 2023 and this press release are available to the public at the Company's registered office, on the company website www.emakgroup.it, in the "Investor Relations" section and on the storage mechanism eMarket Storage (www.emarketstorage.com)

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

Highlights of the consolidated financial statement broken down by operating segment

	OUTDOOR POWER EQUIPMENT		PUMPS AND HIGH PRESSURE WATER JETTING		COMPONENTS AND ACCESSORIES		Other not allocated / Netting		Consolidated	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022	30.06.2023	30.06.2022	30.06.2023	30.06.2022	30.06.2023	30.06.2022
€/000										
Sales to third parties	106,638	136,458	139,846	139,218	84,672	92,529			331,156	368,205
Intersegment sales	227	221	1,921	1,836	4,431	6,042	(6,579)	(8,099)		
Revenues from sales	106,865	136,679	141,767	141,054	89,103	98,571	(6,579)	(8,099)	331,156	368,205
Ebitda (*)	12,476	13,098	21,857	23,014	15,698	19,480	(1,189)	(1,629)	48,842	53,963
Ebitda/Total Revenues %	11.7%	9.6%	15.4%	16.3%	17.6%	19.8%			14.7%	14.7%
Ebitda before non ordinary expenses (*)	12,476	13,098	22,315	23,014	15,907	19,562	(1,189)	(1,629)	49,409	54,045
Ebitda before non ordinary expenses/Total Revenues %	11.7%	9.6%	15.7%	16.3%	17.7%	19.8%			14.9%	14.7%
Operating result	8,649	8,970	16,582	18,852	10,784	15,035	(1,189)	(1,629)	34,826	41,228
Operating result/Total Revenues %	8.1%	6.6%	11.7%	13.4%	12.1%	15.3%			10.5%	11.2%
Net financial expenses (1)									(5,129)	1,558
Profit before taxes									29,697	42,786
Income taxes									(7,639)	(11,040)
Net profit									22,058	31,746
Net profit/Total Revenues%									6.7%	8.6%
(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										
	30.06.2023	31.12.2022	30.06.2023	31.12.2022	30.06.2023	31.12.2022	30.06.2023	31.12.2022	30.06.2023	31.12.2022
Net debt (*)	19,449	21,295	137,340	108,992	56,260	47,018	0	0	213,049	177,305
Shareholders' Equity	190,042	184,363	101,171	98,689	74,101	72,228	(78,335)	(78,293)	286,979	276,987
Total Shareholders' Equity and Net debt	209,491	205,658	238,511	207,681	130,361	119,246	(78,335)	(78,293)	500,028	454,292
Net non-current assets (2) (*)	122,529	122,922	116,484	101,679	58,243	57,242	(75,212)	(75,238)	222,044	206,605
Net working capital (*)	86,962	82,736	122,027	106,002	72,118	62,004	(3,123)	(3,055)	277,984	247,687
Total net capital employed (*)	209,491	205,658	238,511	207,681	130,361	119,246	(78,335)	(78,293)	500,028	454,292
(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										
	30.06.2023	31.12.2022	30.06.2023	31.12.2022	30.06.2023	31.12.2022	30.06.2023	31.12.2022	30.06.2023	31.12.2022
Number of employees at period end	736	747	975	873	682	655	9	9	2,402	2,284
OTHER INFORMATIONS										
	30.06.2023	30.06.2022	30.06.2023	30.06.2022	30.06.2023	30.06.2022	30.06.2023	30.06.2022	30.06.2023	30.06.2022
Amortization, depreciation and impairment losses	3,827	4,128	5,275	4,162	4,914	4,445			14,016	12,735
Investment in property, plant and equipment and in intangible assets	2,714	1,895	4,181	2,611	3,891	4,065			10,786	8,571

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

Emak Group – Consolidated income statement and comprehensive income statement

Thousand of Euro

Year 2022	CONSOLIDATED INCOME STATEMENT	Notes	1H 2023	of which to related parties	1H 2022	of which to related parties
605,723	Revenues from sales	9	331,156	634	368,205	704
4,753	Other operating incomes	9	2,475	-	1,837	2
12,790	Change in inventories		(7,419)		10,328	
(331,528)	Raw materials, consumables and goods	10	(169,554)	(1,254)	(207,287)	(1,464)
(99,519)	Personnel expenses	11	(53,594)		(53,612)	
(116,140)	Other operating costs and provisions	12	(54,222)	(279)	(65,508)	(215)
(29,324)	Amortization, depreciation and impairment losses	13	(14,016)	(926)	(12,735)	(860)
46,755	Operating result		34,826		41,228	
4,007	Financial income	14	1,919	-	1,845	1
(8,560)	Financial expenses	14	(8,265)	189	(2,534)	176
1,895	Exchange gains and losses	14	1,231		2,247	
-	Income from/(expenses on) equity investment	14	(14)		-	
44,097	Profit before taxes		29,697		42,786	
(12,932)	Income taxes	15	(7,639)		(11,040)	
31,165	Net profit (A)		22,058		31,746	
(897)	(Profit)/loss attributable to non controlling interests		(533)		(523)	
30,268	Net profit attributable to the Group		21,525		31,223	
0.185	Basic earnings per share	16	0.132		0.191	
0.185	Diluted earnings per share	16	0.132		0.191	

Year 2022	CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME	Notes	1H 2023	1H 2022
31,165	Net profit (A)		22,058	31,746
2,141	Profits/(losses) deriving from the conversion of foreign company accounts		(1,215)	8,702
741	Actuarial profits/(losses) deriving from defined benefit plans		-	-
(206)	Income taxes on OCI		-	-
2,676	Total other components to be included in the comprehensive income statement (B)		(1,215)	8,702
33,841	Total comprehensive income for the period (A)+(B)		20,843	40,448
(949)	Comprehensive net profit attributable to non controlling interests (C)		(561)	(701)
32,892	Comprehensive net profit attributable to the Group (A)+(B)+(C)		20,282	39,747

Emak Group – Consolidated statement of financial position

Thousand of Euro

31.12.2022	ASSETS	Notes	30.06.2023	of which to related parties	30.06.2022	of which to related parties
	Non-current assets					
82,524	Property, plant and equipment	17	84,670		79,873	
24,482	Intangible assets	18	29,644		24,291	
36,461	Rights of use	19	41,749	13,872	36,797	14,504
71,216	Goodwill	20	72,835	9,914	74,094	12,920
8	Equity investments in other companies	21	8		8	
-	Equity investments in associates	21	786		-	
10,395	Deferred tax assets	30	10,547		9,612	
1,151	Other financial assets	22	1,235	74	1,061	111
60	Other assets	24	95		61	
226,297	Total non-current assets		241,569	23,860	225,797	27,535
	Current assets					
233,970	Inventories	25	227,851		232,936	
119,661	Trade and other receivables	24	155,352	988	177,415	1,216
9,967	Current tax receivables	30	8,104		8,295	
38	Other financial assets	22	74	74	123	74
2,707	Derivative financial instruments	23	2,073		1,592	
86,477	Cash and cash equivalents		47,947		60,954	
452,820	Total current assets		441,401	1,062	481,315	1,290
679,117	TOTAL ASSETS		682,970	24,922	707,112	28,825

31.12.2022	SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	30.06.2023	of which to related parties	30.06.2022	of which to related parties
	Shareholders' Equity					
273,003	Shareholders' Equity of the Group	26	282,789		280,665	
3,984	Non-controlling interests		4,190		3,343	
276,987	Total Shareholders' Equity		286,979		284,008	
	Non-current liabilities					
152,346	Loans and borrowings due to banks and others lenders	28	150,846		127,222	
31,682	Liabilities for leasing	29	36,207	12,724	32,193	13,427
7,962	Deferred tax liabilities	30	7,814		7,808	
6,291	Employee benefits	31	6,151		7,521	
2,778	Provisions for risks and charges	32	2,907		2,616	
1,510	Other liabilities	33	1,418		1,557	
202,569	Total non-current liabilities		205,343	12,724	178,917	13,427
	Current liabilities					
109,344	Trade and other payables	27	106,222	3,737	138,043	8,704
4,984	Current tax liabilities	30	5,372		7,400	
76,594	Loans and borrowings due to banks and others lenders	28	68,890		90,419	
6,357	Liabilities for leasing	29	7,386	1,781	6,163	1,625
699	Derivative financial instruments	23	1,049		506	
1,583	Provisions for risks and charges	32	1,729		1,656	
199,561	Total current liabilities		190,648	5,518	244,187	10,329
679,117	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		682,970	18,242	707,112	23,756

Emak Group – Consolidated net financial position

(€/000)	30.06.2023	31.12.2022	30.06.2022
A. Cash	47,947	86,477	60,954
B. Cash equivalents	-	-	-
C. Other current financial assets	2,147	2,745	1,715
D. Liquidity funds (A+B+C)	50,094	89,222	62,669
E. Current financial debt	(17,116)	(22,956)	(35,175)
F. Current portion of non-current financial debt	(60,209)	(60,694)	(61,913)
G. Current financial indebtedness (E + F)	(77,325)	(83,650)	(97,088)
H. Net current financial indebtedness (G - D)	(27,231)	5,572	(34,419)
I. Non-current financial debt	(187,053)	(184,028)	(159,415)
J. Debt instruments	-	-	-
K. Non-current trade and other payables	-	-	-
L. Non-current financial indebtedness (I + J + K)	(187,053)	(184,028)	(159,415)
M. Total financial indebtedness (H + L) (ESMA)	(214,284)	(178,456)	(193,834)
N. Non current financial receivables	1,235	1,151	1,061
O. Net financial position (M-N)	(213,049)	(177,305)	(192,773)
Effect IFRS 16	43,593	38,039	38,356
Net financial position without effect IFRS 16	(169,456)	(139,266)	(154,417)

Emak Group – Consolidated cash flow statement

31.12.2022 (€000)	Notes	30.06.2023	30.06.2022
Cash flow from operations			
31,165	Net profit for the period	22,058	31,746
29,324	Amortization, depreciation and impairment losses	13 14,016	12,735
119	Financial expenses from discounting of debts and other income/expenses from non-monetary transactions	14 30	80
-	Income from/(expenses on) equity investment	14 14	-
1,864	Financial (income)/ Expenses from adjustment of estimated liabilities for outstanding commitment associates' shares	14 526	(299)
(69)	Capital (gains)/losses on disposal of property, plant and equipment	(126)	(37)
10,646	Decreases/(increases) in trade and other receivables	(28,398)	(43,975)
(12,586)	Decreases/(increases) in inventories	19,682	(10,403)
(43,128)	(Decreases)/increases in trade and other payables	(7,682)	(12,531)
(1,209)	Change in employee benefits	(140)	22
(142)	(Decreases)/increases in provisions for risks and charges	255	(230)
(2,317)	Change in derivative financial instruments	963	(1,395)
13,667	Cash flow from operations	21,198	(24,287)
Cash flow from investing activities			
(21,350)	Change in property, plant and equipment and intangible assets	(10,786)	(8,387)
(90)	(Increases) and decreases in securities and financial assets	(900)	(97)
69	Proceeds from disposal of property, plant and equipment and other changes	126	37
(3,360)	Change in scope of consolidation	5 (20,304)	-
(24,731)	Cash flow from investing activities	(31,864)	(8,447)
Cash flow from financing activities			
(269)	Other changes in equity	(223)	-
39,642	Change in short and long-term loans and borrowings	(11,186)	23,506
(6,427)	Liabilities for leasing refund	(3,806)	(2,910)
(12,425)	Dividends paid	(10,628)	(12,373)
20,521	Cash flow from financing activities	(25,843)	8,223
9,457	Total cash flow from operations, investing and financing activities	(36,509)	(24,511)
(2,937)	Effect of changes from exchange rates and translation reserve	(3,215)	(922)
6,520	INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(39,724)	(25,433)
76,829	OPENING CASH AND CASH EQUIVALENTS	83,349	76,829
83,349	CLOSING CASH AND CASH EQUIVALENTS	43,625	51,396
ADDITIONAL INFORMATION ON THE CASH FLOW STATEMENT			
31.12.2022 (€000)		30.06.2023	30.06.2022
RECONCILIATION OF CASH AND CASH EQUIVALENTS			
76,829	Opening cash and cash equivalents, detailed as follows:	83,349	76,829
79,645	Cash and cash equivalents	86,477	79,645
(2,816)	Overdrafts	(3,128)	(2,816)
83,349	Closing cash and cash equivalents, detailed as follows:	43,625	51,396
86,477	Cash and cash equivalents	47,947	60,954
(3,128)	Overdrafts	(4,322)	(9,558)
Other information:			
(13)	Change in related party receivables and service transactions	91	(150)
(3,279)	Change in related party payables and service transactions	2,504	4,192
37	Change in related party financial assets	-	-
(2,002)	Related party liabilities for leasing refund	(1,068)	(819)