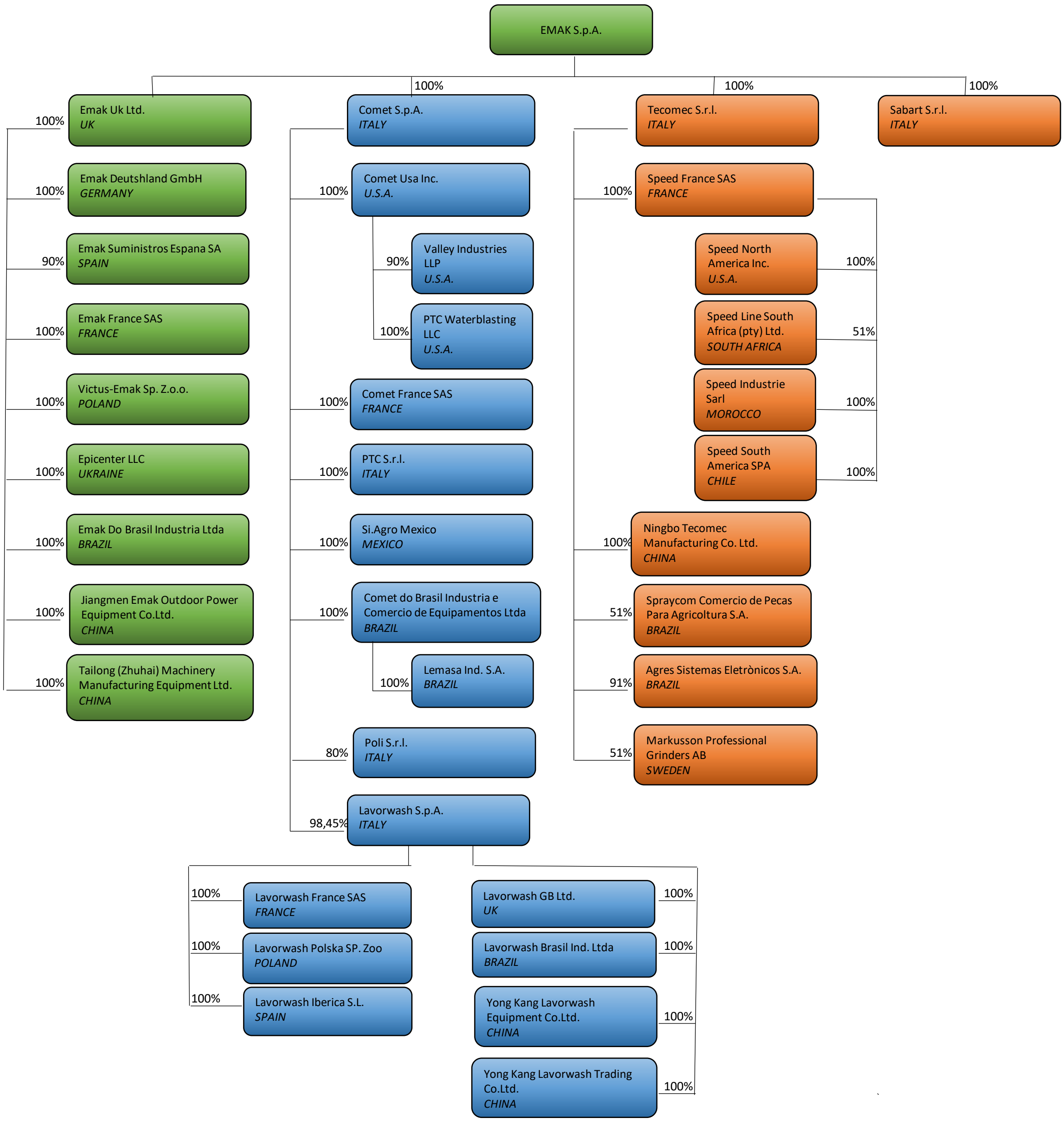
HALF YEAR REPORT AT 30 JUNE 2022

Index

Organizational chart of Emak Group as at 30 June 2022

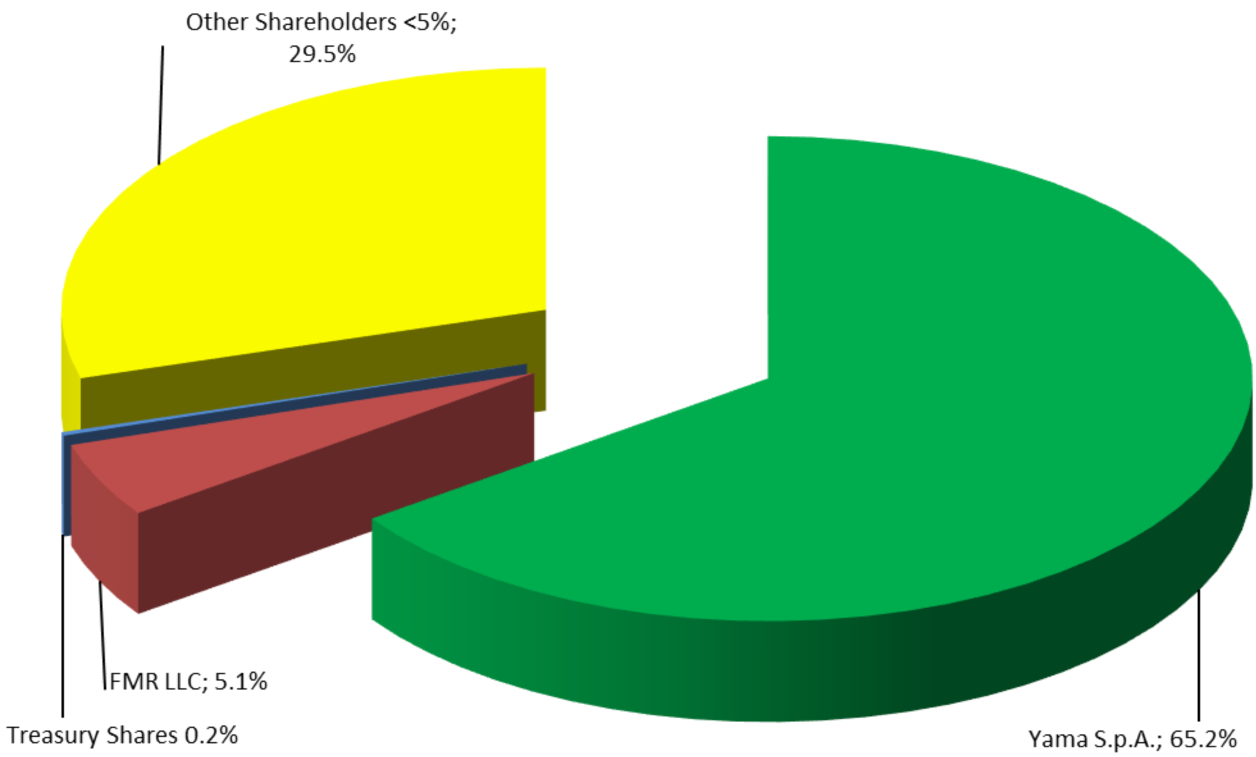


1. Valley Industries LLP is consolidated at 100% as a results of the "Put and Call Option Agreement" that governs the purchase of the remaining 10%.
2. Comet do Brasil Industria e Comercio de Equipamentos Ltda is owned for 99.63% by Comet S.p.A. and 0.37% by P.T.C. S.r.l.
3. Emak do Brasil is owned for 99.98% by Emak S.p.A. and 0.02% by Comet do Brasil Industria e Comercio de Equipamentos Ltda.
4. Lavorwash Brasil Ind. Ltda is owned for 99.99% by Lavorwash S.p.A. and 0.01% by Comet do Brasil Industria e Comercio de Equipamentos 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. is consolidated at 100% as a results of the "Put and Call Option Agreement" that governs the purchase of the remaining 9%.
8. Poli S.r.l. is consolidated at 100% as a result of the "Put and Call Option Agreement" that governs the purchase of the remaining 20%.
9. The companies Emak Deutschland Gmbh and Speed Industrie Sarl have ceased their operational activities.

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 2022.



Corporate Bodies of Emak S.p.A.

The Ordinary General Meeting of the Shareholders of the Parent Company, Emak S.p.A. on 29 April 2022 appointed the Board of Directors and the Board of Statutory Auditors for the financial years 2022-2024.

Board of Directors	
Non-executive Chairman	Massimo Livatino
Deputy Chairman and Chief Executive Officer	Luigi Bartoli
Executive Director	Cristian Becchi
Independent Director	Silvia Grappi
	Elena Iotti
	Alessandra Lanza
Directors	Francesca Baldi
	Ariello Bartoli
	Paola Becchi
	Giuliano Ferrari
	Marzia Salsapariglia
	Vilmo Spaggiari
	Paolo Zambelli
Secretary of the Board of Directors	Paolo Messarra
Risk Control and Sustainability Committee; Remuneration Committee, Related Party Transactions Committee, Nomination Committee	
Chairman	Elena Iotti
Components	Alessandra Lanza
	Silvia Grappi
Financial Reporting Officer	Roberto Bertuzzi
Supervisory Body as per Legislative Decree 231/01	
Chairman	Sara Mandelli
Acting member	Marianna Grazioli
Board of Statutory Auditors	
Chairman	Stefano Montanari
Acting auditors	Roberta Labanti
	Livio Pasquetti
Alternate auditor	Rossana Rinaldi
	Giovanni Liberatore
Independent Auditor	Deloitte & Touche S.p.A.

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 over 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 and agreements with market places in the sector.
This segment represents approximately 37% 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 safety, reduction of emissions, new technologies, comfort) and development of the distribution network (both geographically and in terms of sales channels).

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, Lavor and Poli 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 38% 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 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 outdoor power equipment, 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 distributing products for third party brands. The Group sells its products to producers of gardening and forestry, agriculture and cleaning machinery (which together represent approximately 47% of turnover), through a network of specialized distributors (40% of turnover) and finally, in the large-scale distribution channel (13% 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 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 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 meet customer 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 2022

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

The Group and its subsidiaries have an internal control system that is considered by the Board of Directors of Emak to be appropriate for the size and nature of the activity carried out, suitable for effectively overseeing the main risk areas typical of the activity, aimed at contribute to the sustainable success of the Group.

In fact, as part of the formalization of strategic plans, the Board of Directors of Emak takes into consideration the nature and level of risk compatible with the strategic objectives of the Issuer and, in this regard, has adopted a system of internal control consisting of the set of rules, resources, processes and procedures that aim to ensure:

- the containment of risk within the limits compatible with sustainable management of the business activity;
- the safeguarding of the value of the assets;
- the effectiveness and efficiency of business processes;
- the reliability and security of company information and IT procedures;
- the compliance of company operations with the law, policies, regulations and internal procedures.

Consequently, within the Group the following have been defined:
- the behaviors to keep;
- the assignment and separation of duties;
- the organizational dependencies;
- the responsibilities and levels of autonomy;
- the operating instructions;
- the controls to be applied within the activities.

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 Corporate Governance Code of Borsa Italiana S.p.A., to business area managers and the Risk Control and Sustainability 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.

In order to prevent and manage the most significant risks of a strategic nature, of Compliance and of fairness of financial information, the Group has tools for mapping and managing the various types of risks, also through an assessment of the economic and financial impacts and the probability of occurrence.

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.

On the website www.emakgroup.com is published The Corporate Governance report prepared in accordance with the provisions of Art. 123-bis, Legislative Decree 58/98 which analytically describes the corporate governance structure of the group and the practices applied in terms of the Internal Control System and risk management.

In relation to the main risks, highlighted below, the Group constantly pays attention to and monitors the situations and developments in macroeconomic, market and demand trends in order to be able to implement any necessary and timely strategic assessments.

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 technologies 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 sectors where product innovation represents an important driver for the maintenance and growth of its market share.
The Group monitors in advance any regulatory changes introduced in outlet countries in order to anticipate technological innovations and place compliant products on the market.
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, aluminium, 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.

Climate Change
The Group has taken an evolutionary path aimed at strengthening its sustainability path and compliance with the regulatory requirements of non-financial disclosure, introduced by Legislative Decree no. 254/2016.
The Group manages the risks associated with climate change and monitors the increase in regulatory constraints in relation to the reduction of greenhouse gas emissions and, more generally, the growing interest by civil society and the final consumer towards the development of products and industrial processes with a lower impact on the environment.
The attention to the issue of the risk inherent to the climate change has grown and various Group companies have adopted procedures and solutions aimed at monitoring and limiting energy consumption and the consequent reduction of climate-altering emissions. The Group is deepening the methodologies for assessing the risks associated with it.
The progressive affirmation of a low-carbon economy and the possible regulatory changes related to it could cause limitations on the emissions of some product categories of the Group, especially those powered by internal combustion engines. In order to always be in line with regulatory requirements, the Group focuses its research and development on the development of ever cleaner internal combustion engines, battery-powered products and specific components and accessories for the latter.
At the present moment, the Group does not see a high short-term risk profile in relation to climate change.

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, facilitations for research and development., 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.

Information Technology
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. In previous years, the only 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
From the beginning, the Group has followed the developments of the pandemic very closely, setting up a dedicated task force and promptly adopting the necessary measures to prevent, control and contain the virus at its headquarters, globally, with the aim of protecting the health of employees and collaborators (modification of production layouts, sanitation of premises, personal protective equipment, temperature measurement, thermal cameras, serological tests, rules of hygiene and social distancing, smart working).
The people in change of the health and safety monitor the implementation, application and effectiveness of the measures adopted in relation to the provisions issued from time to time by the competent authorities and the trends of the pandemic in the various countries where the Group has operational headquarters. Although constantly reducing in terms of risk, the Group believes that, in the recent scenario, the following aspects have emerged or have assumed greater importance: (i) the risks connected to people's health; (ii) the risk deriving from the temporary reduction in the availability of personnel (iii) the risks associated with the availability of raw materials and the volatility of prices (iv) the risks associated with violent fluctuations in demand and non-compliance with the contractual agreements entered into with clients.
The Group promptly developed numerous counter and mitigation actions that made it possible to minimize the impact on the business. All the safeguards continue to be activated, as well as constant monitoring of any element that may change the risk factors related to the evolution of the pandemic and its direct and indirect effects on company activities.

Risks associated with the supply chain
A delay / block in deliveries or quality problems by a supplier can have negative consequences for the production of finished products. This risk is mitigated through policies of diversification of supplies and logistic integration with the main suppliers that have been strengthened also in consideration of the emerging war problems in Eastern Europe.

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 management process
With the aim of reducing the financial impact of any harmful event, Emak Group has arranged to transfer residual risks to the insurance market, when insurable.
In this sense, Emak Group, 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, EPL and “legal protection”, against major risks considered as strategic, such as: product liability and product recall, general civil liability, legal fees, 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 a 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 2021		2 Q 2022	2 Q 2021	I H 2022	I H 2021
588,299	Revenues from sales	177,958	170,083	368,205	332,964
77,436	EBITDA before non ordinary income/expenses (*)	26,706	27,327	54,045	53,702
77,296	EBITDA (*)	26,624	26,922	53,963	53,839
52,904	EBIT	20,161	21,011	41,228	42,180
33,111	Net profit	14,894	16,328	31,746	31,608

Investment and free cash flow (€/000)

Y 2021		2 Q 2022	2 Q 2021	I H 2022	I H 2021
13,338	Investment in property, plant and equipment	3,260	2,802	6,276	5,874
4,223	Investment in intangible assets	1,459	942	2,295	1,862
57,503	Free cash flow from operations (*)	21,357	22,239	44,481	43,267

Statement of financial position (€/000)

31.12.2021		30.06.2022	30.06.2021
400,202	Net capital employed (*)	476,781	376,719
(144,269)	Net debt (*)	(192,773)	(125,225)
255,933	Total equity	284,008	251,494

Other statistics

Y 2021		2 Q 2022	2 Q 2021	I H 2022	I H 2021
13.1%	EBITDA / Net sales (%)	15.0%	15.8%	14.7%	16.2%
9.0%	EBIT/ Net sales (%)	11.3%	12.4%	11.2%	12.7%
5.6%	Net profit / Net sales (%)	8.4%	9.6%	8.6%	9.5%
13.2%	EBIT / Net capital employed (%)			8.6%	11.2%
0.56	Net debt / Equity			0.68	0.50
2,225	Number of employees at period end			2,257	2,155

Share information and prices

31.12.2021		30.06.2022	30.06.2021
0.199	Earnings per share (€)	0.191	0.190
1.55	Equity per share (€) (*)	1.72	1.52
2.120	Official price (€)	1.190	1.730
2.28	Maximum share price in period (€)	2.13	1.93
1.08	Minimum share price in period (€)	1.18	1.08
348	Stockmarket capitalization (€ / million)	195	284
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
0.352	Free cash flow from operations per share (€) (*)	0.272	0.265
0.075	Dividend per share (€)	-	-

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

2. Information about Russia-Ukraine conflict

The military conflict following the invasion of Ukrainian territory by the Russian federation on 24 February last, is generating negative repercussions at a global level on the performance of financial markets, the prices of some commodities, in particular energy goods, the circulation of goods and on the inflationary dynamics of prices in general.
The Group operates in Ukraine mainly through a subsidiary, Epicenter Llc, while it distributes its products through independent customers in other areas affected by the conflict: Russia and Belarus in particular.
Epicenter Llc, located in Kiev (Ukraine), 100% controlled by Emak S.p.A., has implemented all the necessary measures to preserve the safety of its employees in the first instance and, therefore, integrity of company assets since the start of the war. The subsidiary company, which employs 24 collaborators, generated a turnover of approximately € 2.8 million in the first half of 2022 (2.4 in the first half of 2021); the total assets of the company as at 30 June 2022 amounted to approximately € 3.8 million, mainly represented by inventories for € 1.6 million, trade receivables for € 1.5 million and cash for € 0.6 million.
During the first half of the year the commercial activity, although subjected to safety and logistical problems, generated an income higher than the same period of 2021. The local management continues to scrupulously monitor the evolution of the conditions to guarantee the continuity of the activity in conditions of maximum security, exposure to the market and the integrity of product stocks.
Net of the business of the commercial subsidiary, the Ukrainian market is marginal for the Group, with sales generated in the first half of 2022 for approximately € 0.3 million (€ 0.5 million in the same period of 2021).

The business in the Russian and Belarusian markets decreased significantly in the period, generating revenues for € 4.1 million compared to € 7 million in the first half of 2021. Exposure at the end of June amounted to approximately € 0.9 million, decreasing from at the end of March (€ 1.7 million). In serving these markets, the Group complies with the most scrupulous checks of counterparties to limit commercial and financial risks, including through insurance coverage and compliance with the restrictions currently in force.

As far as the supply chain is concerned, there are no impacts directly linked to the conditions in question.

The Group maintains high attention to the continuous evolution of geopolitical conditions, at the same time implementing continuous monitoring of operations and compliance with regulations, in order to prevent adverse impacts of a commercial and financial nature.

Given the impacts of the conflict on the world economy, the Group, also following the recommendations issued by the Italian and European regulators, considered it appropriate to investigate the presence of indicators of possible reductions in the recoverable values of goodwill and assets with a finite useful life, analyzing internal and external sources of information and evaluating the effects (direct and indirect) of the conflict. This analysis did not highlight the need to prepare new multi-year business plans, nor to activate the impairment test procedures on specific assets, while, with reference to the verification of the recoverability of the Net Capital Employed of the Group, please refer to paragraph 20 of the explanatory notes.

3. Scope of consolidation

Compared to 31 December 2021 there are no changes in the area; with reference to 30 June 2021 the company Poli S.r.l. joined the consolidation area.

4. Economic and financial results of Emak Group

Comments on economic figures

Revenues from sales

In the first semester 2022, Emak Group achieved a consolidated turnover of € 368,205 thousand, compared to € 332,964 thousand of the same period last year, an increase of 10.6%. This increase is due to the organic growth for 7.7%, from the effect of translation changes for 2.2% and from change in the scope of consolidation for 0.7%.

The turnover for the second quarter amounts to € 177,958 thousand against € 170,083 thousand in the second quarter of 2021, an increase of 4.6%.

The growth trend already recorded in recent years is confirmed in all segments in which the Group operates, mainly concentrated in the Europe and Americas areas.

EBITDA

In the first semester 2022, Ebitda amounts to € 53,963 thousand (14.7% of sales) compared to € 53,839 thousand (16.2% of sales) for the corresponding semester of the previous year.

During the semester 2022, non-ordinary expenses for € 82 thousand were recorded while non-ordinary expenses for € 471 thousand and non-ordinary revenues for € 608 thousand were recorded in the semester 2021.

Ebitda before non-ordinary expenses and revenues is equal to € 54,045 thousand (14.7% of revenues) compared to € 53,702 thousand of the same period last year (16.1% of revenues).

The application of the IFRS 16 principle has resulted in a positive effect on the Ebitda of the first half 2022 for € 3,573 thousand, against to € 3,192 thousand of the first half 2021.

EBITDA for the semester benefited from higher revenues mainly driven by the increase in sales prices, and the change in the consolidation area, while it was affected by the increase in the costs of raw materials, the increase in costs for services, particular energy and transport.

Personnel costs increased, in absolute value, compared to the same period for € 3,293 thousand, due to the increase in human resources used and the dynamics of labor costs, while the percentage incidence of the cost on turnover decreased, passing from 15.1% to 14.6%.

The average number of resources employed by the Group, also considering temporary workers employed in the period and the different scope of consolidation, was 2,497 compared to 2,431 in the first half of 2021.

Operating result

Operating result for the first semester 2022 is € 41,228 thousand with an incidence of 11.2% on revenues, compared to € 42,180 thousand (12.7% of sales) for the corresponding period of the previous year.

Depreciation and amortization are € 12,735 thousand, compared to € 11,659 thousand on 30 June 2021.

Non-annualized operating result as a percentage of net capital employed is 8.6% compared to 11.2% of the same period of the previous year.

Net result

Net profit for the first semester 2022 is equal to € 31,746 thousand, against € 31,608 thousand for the same period last year.

The item “Financial expenses” amounts to € 1,845 thousand, include € 1,314 thousand of income on valuation of derived for hedging interest rate and € 299 thousand for debt adjustment estimate for purchase commitment of remaining shares of the subsidiary Valley LLP (in the first half of 2021 there were financial charges for € 960 thousand).
The item "Financial expenses", despite the increase in the cost of money, is decreasing as the comparative balance included the cost of adjusting the estimate of the aforementioned Valley debt.

Currency management in the first semester 2022 is positive for € 2,247 thousand, compared to € 1,729 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 effective tax rate is 25.8% an increase compared to 23.6% in the same period of the previous year which benefited from the effect deriving from the realignment operation of the tax value with the statutory ones.

Comment to consolidated statement of financial position

31.12.2021	€/000	30.06.2022	30.06.2021
202,117	Net non-current assets (*)	205,233	186,808
198,085	Net working capital (*)	271,548	189,911
400,202	**Total net capital employed (*)**	**476,781**	**376,719**
253,183	Equity attributable to the Group	280,665	248,806
2,750	Equity attributable to non controlling interests	3,343	2,688
(144,269)	Net debt (*)	(192,773)	(125,225)
(*)	See section "Definitions of alternative performance indicators"		

Net non-current assets

During first semester 2022 Emak Group invested € 8,571 thousand in property, plant and equipment and intangible assets, as follows:

- € 2,255 thousand for innovation, improvement and technological adaptation of products;
- € 2,517 thousand for adjustment of production capacity and for process innovation;
- € 1,481 thousand for upgrading the computer network system;
- € 1,354 thousand for modernization of industrial buildings;
- € 964 thousand for other investments in operating activities.

Investments broken down by geographical area are as follows:

- € 5,540 thousand in Italy;
- € 785 thousand in Europe;
- € 1,436 thousand in the Americas;
- € 810 thousand in Asia, Africa and Oceania.

Net working capital

Net working capital at 30 June 2022 amounted to € 271,548 thousand, compared to € 198,085 thousand at 31 December 2021 and € 189,911 thousand at 30 June 2021.

The following table shows the change in net working capital in the first half 2022 compared with the previous year:

€/000	1H 2022	1H 2021
Net working capital at 01 January	**198,085**	**165,655**
Increase/(decrease) in inventories	15,620	7,135
Increase/(decrease) in trade receivables	48,627	44,305
(Increase)/decrease in trade payables	13,642	(14,311)
Change in scope of consolidation	-	-
Other changes	(4,426)	(12,873)
Net working capital at 30 June	**271,548**	**189,911**

The increase in net working capital compared to 31 December depends, in the first instance, on the seasonality of the business, concentrated in the first six months of the year, and on the increase in sales recorded in the period.
The most significant difference compared to the same period is attributable to the dynamics of inventories, related to the procurement policies implemented by the Group starting from the second half of 2021 to support the growth in demand with an adequate level of service to the distribution network.
In order to overcome possible problems along the supply chain, both logistical and shortage of components, the Group has implemented purchase lead-times extensions and set up safety stocks. The easing of these initiatives was implemented starting from the second quarter of the current year with the progressive normalization of the supply chain. The effects of these initiatives are already visible on the trend of trade payables, which are reduced compared to 31 December 2021, generating an absorption of working capital.
In the second part of the year there will be a physiological reduction in working capital, in consideration of a normalization of procurement conditions and the seasonality of the Group's activities.

Net financial position

Net negative financial position amounts to € 192,773 thousand at 30 June 2022, compared to € 125,225 thousand at 30 June 2021 and € 144,269 thousand at 31 December 2021.

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

€/000	1H 2022	1H 2021
Opening NFP	**(144,269)**	**(126,552)**
Net profit	31,746	31,608
Amortization, depreciation and impairment losses	12,735	11,659
Cash flow from operations, excluding changes in operating assets and liabilities	**44,481**	**43,267**
Changes in operating assets and liabilities	(67,142)	(24,440)
Cash flow from operations	**(22,661)**	**18,827**
Changes in investments and disinvestments	**(8,350)**	**(7,785)**
Changes rights of use IFRS 16	**(1,659)**	**(1,917)**
Dividends cash out	**(12,373)**	**(7,409)**
Other equity changes	**-**	**-**
Changes from exchange rates and translation reserve	**(3,461)**	**(389)**
Change in scope of consolidation	**-**	**-**
Closing NFP	**(192,773)**	**(125,225)**

Cash flow from operations is equal to € 44,481 thousand compared to € 43,267 thousand in the same period of the previous financial year.
Cash flow from operations is negative for € 22,661 thousand compared to a positive value of € 18,827 thousand in the same period of the previous financial year, following to a significant increase of net working capital. It should be notice the increase of dividends distributed compared to the same period of last year.

Details of the net financial position is analyzed as follows:

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

Net financial position at 30 June 2022 includes actualized financial liabilities related to the payment of future rental and rent payments, in application of IFRS 16 standard, equal to overall € 38,356 thousand, of which € 6,163 thousand falling due within 12 months while at 31 December 2021 they amounted to a total of € 38,974 thousand, of which € 5,863 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 2023;
- amounts due to other providers of finance falling due by 30 June 2023;
- debt for equity investments in the amount of € 3,315 thousand.

The short and long term financial liabilities for the purchase of the shares are equal to € 11,048 thousand, against € 12,259 thousand at 31 December 2021 and € 6,061 thousand at 30 June 2021.

Equity

Total equity is equal to € 284,008 thousand at 30 June 2022 against € 255,933 thousand at 31 December 2021.

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	**30.06.2022**	**30.06.2021**	**30.06.2022**	**30.06.2021**	**30.06.2022**	**30.06.2021**	**30.06.2022**	**30.06.2021**	**30.06.2022**	**30.06.2021**
Sales to third parties	136,458	118,166	139,218	128,650	92,529	86,148			**368,205**	**332,964**
Intersegment sales	221	184	1,836	1,714	6,042	5,643	(8,099)	(7,541)		
Revenues from sales	136,679	118,350	141,054	130,364	98,571	91,791	(8,099)	(7,541)	**368,205**	**332,964**
Ebitda	13,098	13,235	23,014	23,063	19,480	19,705	(1,629)	(2,164)	**53,963**	**53,839**
Ebitda/Total Revenues %	*9.6%*	*11.2%*	*16.3%*	*17.7%*	*19.8%*	*21.5%*			***14.7%***	***16.2%***
Ebitda before non ordinary expenses	13,098	13,308	23,014	22,581	19,562	19,977	(1,629)	(2,164)	**54,045**	**53,702**
Ebitda before non ordinary expenses/Total Revenues %	*9.6%*	*11.2%*	*16.3%*	*17.3%*	*19.8%*	*21.8%*			***14.7%***	***16.1%***
Operating result	8,970	9,202	18,852	19,349	15,035	15,793	(1,629)	(2,164)	**41,228**	**42,180**
Operating result/Total Revenues %	*6.6%*	*7.8%*	*13.4%*	*14.8%*	*15.3%*	*17.2%*			***11.2%***	***12.7%***
Net financial expenses (1)									**1,558**	**(786)**
Profit befor taxes									**42,786**	**41,394**
Income taxes									**(11,040)**	**(9,786)**
Net profit									**31,746**	**31,608**
Net profit/Total Revenues%									***8.6%***	***9.5%***
(1) Net financial expenses includes the amount of Financial income and expenses, Exchange gains and losses and the amount of the Income from equity investment										
STATEMENT OF FINANCIAL POSITION	**30.06.2022**	**31.12.2021**	**30.06.2022**	**31.12.2021**	**30.06.2022**	**31.12.2021**	**30.06.2022**	**31.12.2021**	**30.06.2022**	**31.12.2021**
Net debt	24,449	6,778	114,306	96,092	54,018	41,399	0	0	**192,773**	**144,269**
Shareholders' Equity	194,387	186,501	96,813	83,830	70,883	63,454	(78,075)	(77,852)	**284,008**	**255,933**
Total Shareholders' Equity and Net debt	218,836	193,279	211,119	179,922	124,901	104,853	(78,075)	(77,852)	**476,781**	**400,202**
Net non-current assets (2)	126,640	128,424	98,479	95,854	55,471	53,233	(75,357)	(75,394)	**205,233**	**202,117**
Net working capital	92,196	64,855	112,640	84,068	69,430	51,620	(2,718)	(2,458)	**271,548**	**198,085**
Total net capital employed	218,836	193,279	211,119	179,922	124,901	104,853	(78,075)	(77,852)	**476,781**	**400,202**
(2) The net non-current assets of the Outdoor Power Equipment area includes the amount of Equity investments for 76,074 thousand Euro										
OTHER STATISTICS	**30.06.2022**	**31.12.2021**	**30.06.2022**	**31.12.2021**	**30.06.2022**	**31.12.2021**	**30.06.2022**	**31.12.2021**	**30.06.2022**	**31.12.2021**
Number of employees at period end	734	758	858	837	656	622	9	8	**2,257**	**2,225**
OTHER INFORMATIONS	**30.06.2022**	**30.06.2021**	**30.06.2022**	**30.06.2021**	**30.06.2022**	**30.06.2021**	**30.06.2022**	**30.06.2021**	**30.06.2022**	**30.06.2021**
Amortization, depreciation and impairment losses	4,128	4,033	4,162	3,714	4,445	3,912			**12,735**	**11,659**
Investment in property, plant and equipment and in intangible assets	1,895	2,058	2,611	1,722	4,065	3,956			**8,571**	**7,736**

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

Comments on interim results by operating segment

The table below shows the breakdown of "Sales to third parties" in the first six months of 2022 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 2022	**1H 2021**	**Var. %**	**1H 2022**	**1H 2021**	**Var. %**	**1H 2022**	**1H 2021**	**Var. %**	**1H 2022**	**1H 2021**	**Var. %**
Europe	119,316	102,842	16.0	74,427	71,476	4.1	51,511	48,690	5.8	245,254	223,008	10.0
Americas	5,338	4,840	10.3	47,756	41,126	16.1	30,313	26,075	16.3	83,407	72,041	15.8
Asia, Africa and Oceania	11,804	10,484	12.6	17,035	16,048	6.2	10,705	11,383	(6.0)	39,544	37,915	4.3
Total	**136,458**	**118,166**	**15.5**	**139,218**	**128,650**	**8.2**	**92,529**	**86,148**	**7.4**	**368,205**	**332,964**	**10.6**

€/000	OUTDOOR POWER EQUIPMENT			PUMPS AND HIGH PRESSURE WATER JETTING			COMPONENTS AND ACCESSORIES			CONSOLIDATED		
	2Q 2022	**2Q 2021**	**Var. %**	**2Q 2022**	**2Q 2021**	**Var. %**	**2Q 2022**	**2Q 2021**	**Var. %**	**2Q 2022**	**2Q 2021**	**Var. %**
Europe	54,242	52,765	2.8	36,388	37,469	(2.9)	25,771	24,831	3.8	116,401	115,065	1.2
Americas	2,790	2,452	13.8	24,500	20,119	21.8	16,712	12,975	28.8	44,002	35,546	23.8
Asia, Africa and Oceania	4,569	5,831	(21.6)	8,257	7,890	4.7	4,729	5,751	(17.8)	17,555	19,472	(9.8)
Total	**61,601**	**61,048**	**0.9**	**69,145**	**65,478**	**5.6**	**47,212**	**43,557**	**8.4**	**177,958**	**170,083**	**4.6**

Outdoor Power Equipment

Segment revenues are up by 15.5% compared to the same period.
There was a generalized increase in turnover in Europe, with particular reference to the Italian and French markets, while sales on the Russian market were down.
In the Americas area, growth was recorded in the main markets of South America, with stable sales in the United States.
In the rest of the world, sales in the Middle East, North Africa and the Far East recorded growth in line with the performance of the segment.

EBITDA, equal to € 13,098 thousand, is substantially in line with 30 June 2021 (€ 13,235 thousand). The figure benefited from higher revenues from sales, but was negatively affected by the increase in logistics costs, procurement costs, energy costs, currency trends and costs related to commercial initiatives to support turnover. The adjustments to the price lists have led to a progressive compensation of the inflation of production costs. These initiatives will be fully effective during the second half of the year.

Net negative financial position of € 24,449 thousand, consistent with the seasonality of the business, is up compared to 31 December 2021, due to the strong increase in net working capital, due to the growth in revenues, production volumes and demand management adopted in recent months.

Pompe e High Pressure Water Jetting

Revenues of the segment are up by 8.2% compared to the same period of 2021.
The good performance of sales in the Netherlands, Spain, Germany and France, combined with the contribution of the change in the scope of consolidation, more than offset the shrinking markets in the areas involved in the Russia-Ukraine conflict compared to the same period last year. There was a slight contraction in sales through the online channel.
The Americas area is the one that records the greatest increase in revenues thanks to the good performance of the North American market and the Mexican and Brazilian subsidiaries, in addition to the positive exchange rate effect.
Turnover in Asia, Africa and Oceania recorded a more contained increase, while sales were good in Turkey, the United Arab Emirates and the Far East.

EBITDA for the half year 2022, equal to € 23,014 thousand, compared to € 23,063 thousand in the half year 2021, benefited from the increase in turnover and the area change, while it was affected by the increases in the price of raw materials, transport and energy costs, partially covered by the increases in list prices.

The net negative financial position, equal to € 114,306 thousand, is up compared to 31 December 2021, as a result of the increase in net working capital.
The main cause is the strong increase in inventories, due to the seasonality of the business, the lengthening of import lead times.

Components and Accessories

Sales of the segment are up 7.4% compared to the same period of 2021.
In Europe, the increase in turnover is attributable to higher sales of agricultural and cleaning products.
In the Americas area, the growth is due to the good performance of revenues in South America which offset the significant decline in the North American market.
The slowdown in demand on the Turkish, Chinese and Japanese markets contributed to the performance in Asia, Africa and Oceania.

EBITDA, equal to € 19,480 thousand, compared to € 19,705 thousand at 30 June 2021, benefited from the increase in revenues from sales, while negatively affected by the increase in the costs of raw materials, electricity and gas.

The net negative financial position, equal to € 54,018 thousand, an increase compared to the end of the 2021 financial year, is attributable to the increase in net working capital during the quarter linked to the growth in inventories, to meet the good demand for market and the need to increase the safety stock of raw materials and components and to a lesser extent trade receivables.

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 35.

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/altri-documenti/.

On May 12, 2021 the Board of Directors of Emak S.p.A. has approved a further updated edition of the procedures relating to transactions with related parties, 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.

* * * * * * *

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.com.
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, 2021, the Company held 397,233 treasury shares in portfolio for an equivalent value of € 2,029 thousand.

On April 29, 2022, 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 2022 and until the date of approval by the Board of Directors of this report, there were no changes in the consistency of the portfolio 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

In the first months of the year, the macroeconomic scenario showed progressive signs of a slowdown in all the main countries due to the uncertainties caused by the Russian-Ukrainian conflict, by the increases in the prices of raw materials (energy and non-energy) and by the acceleration of inflation, by the criticalities of the supply chains as well as by the persistence of the tensions linked to the pandemic and from the evolution of the monetary policies of the Central Banks. All this has led to a general worsening of the prospects for the near future of the international context.
In this scenario, the Group has managed to limit the negative effects due to inflation through the activation of specific commercial policies and has maintained a high level of service to its customers through preventive procurement policies. The Group in fact achieved record sales in the first half, with a particularly positive trend in the first quarter and further growth, albeit at lower rates, in the second.
All of this considered and except for a further deterioration in macroeconomic conditions and the persistence of anomalous weather conditions, the management believes it is realistic to expect to reach, at the end of the year, a level of sales higher than the values achieved in the past, despite the slowdown expected in the second half of the year. The group will give priority to the correct management of costs and invested capital, in order to maximize the creation of value to maintain its solidity which forms the basis for long-term sustainability. At the same time, it will continue to monitor market opportunities that are functional to the pursuit of its growth strategy.

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

On July 8, the business office accepted and registered the request for merger by incorporation between the vehicle company Comet do Brasil and its wholly-owned direct subsidiary Lemasa S.A. generating retroactive effects as of 1 July 2022. Please refer to paragraph 5 of the Explanatory Notes for more details.

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 2022 and shareholders' equity at 30 June 2022 of the Group (Group share), with the corresponding values of the parent company Emak S.p.A.

€/000	Equity at 30.06.2022	Result for the year ending 30.06.2022	Equity at 30.06.2021	Result for the year ending 30.06.2021
Equity and result of Emak S.p.A.	**155,076**	**16,420**	**150,427**	**9,386**
Equity and result of consolidated subsidiaries	365,268	32,152	321,808	31,195
Effect of the elimination of the accounting value of shareholdings	(227,872)	-	(214,231)	-
Elimination of dividends	-	(16,026)	-	(9,302)
Elimination of intergroup profits	(8,464)	(800)	(6,510)	329
Evaluation of equity investment in associated	-	-	-	-
Total consolidated amount	**284,008**	**31,746**	**251,494**	**31,608**
Non controlling interest	**(3,343)**	**(523)**	**(2,688)**	**(477)**
Equity and result attributable to the Group	**280,665**	**31,223**	**248,806**	**31,131**

Bagnolo in Piano (RE), August 5, 2022

On behalf of the Board of Directors

The Chairman

Massimo Livatino

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 relating to non-core management, expenses related to M&A transaction, and costs for staff reorganization and restructuring.

- EBITDA: calculated by adding the items "Operating Result" plus "Amortization, depreciation and impairment losses".

- FREE CASH FLOW FROM OPERATIONS: calculated by adding the items "Net profit" plus "Amortization, depreciation and impairment losses".

- EQUITY PER SHARE: is obtained dividing the item "Group equity" by number of outstanding shares at period end.

- NET WORKING CAPITAL: include items “Trade receivables”, “Inventories”, current non financial “other receivables” net of “Trade payables” and current non financial “other payables”.

- NET FIXED ASSETS or 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 29 April 2021).

It should be noted that alternative performance indicators are not identified as an accounting measure under the International Accounting Standards and, therefore, should not be considered a substitute measure for the evaluation of the performance of the Company and the Group. The criterion for determining these indicators applied by the Company and the Group may not be homogeneous with that adopted by other companies in the sector and, therefore, such data may not be comparable.

Emak Group

Half year report at 30 June 2022

Consolidated financial statements

Consolidated Income Statement

Thousand of Euro

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

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

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

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 35.

Statement of consolidated financial position

Thousand of Euro

31.12.2021	ASSETS	Notes	30.06.2022	of which to related parties	30.06.2021	of which to related parties
	Non-current assets					
78,558	Property, plant and equipment	17	79,873		77,175	
24,853	Intangible assets	18	24,291		22,623	
37,665	Rights of use	19	36,797	14,504	27,132	9,595
70,634	Goodwill	20	74,094	12,920	69,146	12,641
8	Equity investments in other companies	21	8		8	
10,012	Deferred tax assets	30	9,612		9,587	
984	Other financial assets	22	1,061	111	1,056	185
59	Other assets	24	61		57	
222,773	**Total non-current assets**		**225,797**	**27,535**	**206,784**	**22,421**
	Current assets					
217,316	Inventories	25	232,936		170,738	
127,984	Trade and other receivables	24	177,415	1,216	156,646	2,406
10,076	Current tax receivables	30	8,295		6,031	
72	Other financial assets	22	123	74	139	37
286	Derivative financial instruments	23	1,592		833	
79,645	Cash and cash equivalents		60,954		84,218	
435,379	**Total current assets**		**481,315**	**1,290**	**418,605**	**2,443**
658,152	**TOTAL ASSETS**		**707,112**	**28,825**	**625,389**	**24,864**

31.12.2021	SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	30.06.2022	of which to related parties	30.06.2021	of which to related parties
	Shareholders' Equity					
253,183	Shareholders' Equity of the Group	26	280,665		248,806	
2,750	Non-controlling interests		3,343		2,688	
255,933	**Total Shareholders' Equity**		**284,008**		**251,494**	
	Non-current liabilities					
115,994	Loans and borrowings due to banks and others lenders	28	127,222		120,533	
33,111	Liabilities for leasing	29	32,193	13,427	23,558	8,895
7,386	Deferred tax liabilities	30	7,808		6,500	
7,500	Employee benefits	31	7,521		7,564	
2,590	Provisions for risks and charges	32	2,616		2,540	
2,197	Other non-current liabilities	33	1,557		2,315	
168,778	**Total non-current liabilities**		**178,917**	**13,427**	**163,010**	**8,895**
	Current liabilities					
149,222	Trade and other payables	27	138,043	8,704	133,844	6,988
6,182	Current tax liabilities	30	7,400		8,136	
69,707	Loans and borrowings due to banks and others lenders	28	90,419		62,082	
5,863	Liabilities for leasing	29	6,163	1,625	4,737	1,171
581	Derivative financial instruments	23	506		561	
1,886	Provisions for risks and charges	32	1,656		1,525	
233,441	**Total current liabilities**		**244,187**	**10,329**	**210,885**	**8,159**
658,152	**TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES**		**707,112**	**23,756**	**625,389**	**17,054**

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 35.

our **power**, your **passion**

Statement of changes in consolidated equity for the Emak Group at 31.12.2021 and at 30.06.2022

Thousand of Euro	SHARE CAPITAL	SHARE PREMIUM	Treasury Shares	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 31.12.2020	**42,623**	**41,513**	**(2,029)**	**3,611**	**4,353**	**(7,889)**	**(1,320)**	**31,702**	**88,273**	**19,300**	**220,137**	**2,163**	**222,300**
Profit reclassification				139				183	11,619	(19,300)	(7,359)	(54)	(7,413)
Net profit for the period						8,064	(167)			32,508	**40,405**	641	**41,046**
Balance at 31.12.2021	**42,623**	**41,513**	**(2,029)**	**3,750**	**4,353**	**175**	**(1,487)**	**31,885**	**99,892**	**32,508**	**253,183**	**2,750**	**255,933**
Profit reclassification				497				454	19,292	(32,508)	**(12,265)**	(108)	(12,373)
Net profit for the period						8,524				31,223	**39,747**	701	**40,448**
Balance at 30.06.2022	**42,623**	**41,513**	**(2,029)**	**4,247**	**4,353**	**8,699**	**(1,487)**	**32,339**	**119,184**	**31,223**	**280,665**	**3,343**	**284,008**

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

Thousand of Euro	SHARE CAPITAL	SHARE PREMIUM	Treasury Shares	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 31.12.2020	**42,623**	**41,513**	**(2,029)**	**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)
Net profit for the period						4,897				31,131	**36,028**	575	**36,603**
Balance at 30.06.2021	**42,623**	**41,513**	**(2,029)**	**3,749**	**4,353**	**(2,992)**	**(1,320)**	**31,885**	**99,893**	**31,131**	**248,806**	**2,688**	**251,494**

Consolidated Cash Flow Statement

31.12.2021	(€/000)	Notes	30.06.2022	30.06.2021
	Cash flow from operations			
33,111	**Net profit for the period**		**31,746**	**31,608**
24,392	Amortization, depreciation and impairment losses	**13**	12,735	11,659
(565)	Financial expenses from discounting of debts and other income/expenses from non-monetary transactions		80	(575)
4,569	Financial (income)/ Expenses from adjustment of estimated liabilities for outstanding commitment associates' shares	**14**	(299)	960
(159)	Capital (gains)/losses on disposal of property, plant and equipment		(37)	(101)
(17,516)	Decreases/(increases) in trade and other receivables		(43,975)	(43,248)
(49,016)	Decreases/(increases) in inventories		(10,403)	(4,701)
34,335	(Decreases)/increases in trade and other payables		(12,531)	23,189
(229)	Change in employee benefits		22	(44)
863	(Decreases)/increases in provisions for risks and charges		(230)	444
(224)	Change in derivative financial instruments		(1,395)	(790)
29,561	**Cash flow from operations**		**(24,287)**	**18,401**
	Cash flow from investing activities			
(17,046)	Change in property, plant and equipment and intangible assets		(8,387)	(7,885)
(16)	(Increases) and decreases in securities and financial assets		(97)	(145)
159	Proceeds from disposal of property, plant and equipment and other changes		37	101
(2,735)	Change in scope of consolidation		-	-
(19,638)	**Cash flow from investing activities**		**(8,447)**	**(7,929)**
	Cash flow from financing activities			
(167)	Other changes in equity		-	-
(19,562)	Change in short and long-term loans and borrowings		23,506	(16,285)
(5,746)	Liabilities for leasing refund		(2,910)	(2,634)
(7,413)	Dividends paid		(12,373)	(7,409)
(32,888)	**Cash flow from financing activities**		**8,223**	**(26,328)**
(22,965)	**Total cash flow from operations, investing and financing activities**		**(24,511)**	**(15,856)**
2,514	**Effect of changes from exchange rates and translation reserve**		**(922)**	**355**
(20,451)	**INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS**		**(25,433)**	**(15,501)**
97,280	**OPENING CASH AND CASH EQUIVALENTS**		**76,829**	**97,280**
76,829	**CLOSING CASH AND CASH EQUIVALENTS**		**51,396**	**81,779**

ADDITIONAL INFORMATION ON THE CASH FLOW STATEMENT

31.12.2021	(€/000)	30.06.2022	30.06.2021
	RECONCILIATION OF CASH AND CASH EQUIVALENTS		
97,280	**Opening cash and cash equivalents, detailed as follows:**	**76,829**	**97,280**
99,287	Cash and cash equivalents	79,645	99,287
(2,007)	Overdrafts	(2,816)	(2,007)
76,829	**Closing cash and cash equivalents, detailed as follows:**	**51,396**	**81,779**
79,645	Cash and cash equivalents	60,954	84,218
(2,816)	Overdrafts	(9,558)	(2,439)
	Other information:		
1,240	Change in related party receivables and service transactions	(150)	(100)
1,586	Change in related party payables and service transactions	4,192	4,062
38	Change in related party financial assets	-	1
(1,955)	Related party liabilities for leasing refund	(819)	(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

Index

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 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 2022 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 Russia-Ukraine conflict

The military conflict following the invasion of Ukrainian territory by the Russian federation on 24 February last, is generating negative repercussions at a global level on the performance of financial markets, the prices of some commodities, in particular energy goods, the circulation of goods and on the inflationary dynamics of prices in general.
The Group operates in Ukraine mainly through a subsidiary, Epicenter Llc, while it distributes its products through independent customers in other areas affected by the conflict: Russia and Belarus in particular.
Epicenter Llc, located in Kiev (Ukraine), 100% controlled by Emak S.p.A., has implemented all the necessary measures to preserve the safety of its employees in the first instance and, therefore, integrity of company assets since the start of the war. The subsidiary company, which employs 24 collaborators, generated a turnover of approximately € 2.8 million in the first half of 2022 (2.4 in the first half of 2021); the total assets of the company as at 30 June 2022 amounted to approximately € 3.8 million, mainly represented by inventories for € 1.6 million, trade receivables for € 1.5 million and cash for € 0.6 million.
During the first half of the year the commercial activity, although subjected to safety and logistical problems, generated an income higher than the same period of 2021. The local management continues to scrupulously monitor the evolution of the conditions to guarantee the continuity of the activity in conditions of maximum security, exposure to the market and the integrity of product stocks.
Net of the business of the commercial subsidiary, the Ukrainian market is marginal for the Group, with sales generated in the first half of 2022 for approximately € 0.3 million (€ 0.5 million in the same period of 2021).

The business in the Russian and Belarusian markets decreased significantly in the period, generating revenues for € 4.1 million compared to € 7 million in the first half of 2021. Exposure at the end of June amounted to approximately € 0.9 million, decreasing from at the end of March (€ 1.7 million). In serving these markets, the Group complies with the most scrupulous checks of counterparties to limit commercial and financial risks, including through insurance coverage and compliance with the restrictions currently in force.

As far as the supply chain is concerned, there are no impacts directly linked to the conditions in question.

The Group maintains high attention to the continuous evolution of geopolitical conditions, at the same time implementing continuous monitoring of operations and compliance with regulations, in order to prevent adverse impacts of a commercial and financial nature.

Given the impacts of the conflict on the world economy, the Group, also following the recommendations issued by the Italian and European regulators, considered it appropriate to investigate the presence of indicators of possible reductions in the recoverable values of goodwill and assets with a finite useful life, analyzing internal and external sources of information and evaluating the effects (direct and indirect) of the conflict. This analysis did not highlight the need to prepare new multi-year business plans, nor to activate the impairment test procedures on specific assets, while, with reference to the verification of the recoverability of the Net Capital Employed of the Group, please refer to paragraph 20 of the explanatory notes.

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 2021 and are briefly discussed below.

2.1 General methods of preparation

The abbreviated consolidated half-year report of the Emak Group at 30 June 2022 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 2021 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, 2022 should be read in conjunction with the annual financial statements at 31 December 2021.
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, 2022 are consistent with those in place for the annual financial statements at December 31, 2021.

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 with 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 remeasurement 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%;
- Poli S.r.l., participated by Comet S.p.A., with a share of 80%, is consolidated at 100% on the basis of the "Put and Call Option Agreement" which regulates the purchase of the remaining 20%.

Compared to 31 December 2021 there are no changes in the area; with reference to 30 June 2021 the company Poli S.r.l. joined the consolidation area starting from October 1, 2021.

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, 2022 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
Poli S.r.l. (1)	Colorno - PR (I)	60,000	€	100.00	Comet S.p.A.	80.00
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 (2)	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 Industria e Comercio de Equipamentos 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 (3)	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)	19,291,875	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. (4)	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) Poli S.r.l. is consolidated at 100% as a result of the "Put and Call Option Agreement" which regulates the acquisition of the remaining 20%.
(2) 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%.
(3) 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%.
(4) 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.

Consolidation of foreign companies financial statements
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:

31.12.2021	Amount of foreign for 1 Euro	Average 1H 2022	30.06.2022	Average 1H 2021	30.06.2021
0.84	GB Pounds (UK)	0.84	0.86	0.87	0.86
7.19	Renminbi (China)	7.08	6.96	7.80	7.67
1.13	Dollar (Usa)	1.09	1.04	1.21	1.19
4.60	Zloty (Poland)	4.64	4.69	4.54	4.52
18.06	Zar (South Africa)	16.85	17.01	17.52	17.01
30.92	Uah (Ukraine)	31.73	30.40	33.46	32.36
6.31	Real (Brazil)	5.56	5.42	6.49	5.91
10.48	Dirham (Morocco)	10.60	10.54	10.75	10.59
23.14	Mexican Pesos (Mexico)	22.17	20.96	24.33	23.58
964.35	Chilean Pesos (Chile)	902.67	962.06	868.02	866.75
10.25	Swedish krona (Sweden)	10.48	10.73	10.13	10.11

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 2021.

2.5 Changes in accounting standards and new accounting standards

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLICABLE SINCE JANUARY 1, 2022

The following IFRS accounting standards, amendments and interpretations were first adopted by the Group starting January 1, 2022:

- 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.

  The adoption of these amendments did not have any effects on 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 JUNE 30ST, 2022

- 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 do not expect a significant effect on the Group's consolidated financial statements from the adoption of this amendment.

- 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.
  The directors do not expect a significant effect on the Group's consolidated financial statements from the adoption of these amendments.

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 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.
  The directors do not expect a significant effect on the Group's consolidated financial statements from the adoption of this amendment.

- 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.
  The directors do not expect a significant effect on the Group's consolidated financial statements from the adoption of this amendment.

- On December 9, 2021, the IASB published an amendment called ***"Amendments to International Financial Reporting Standards 17 insurance contracts: Initial Application of International Financial Reporting Standards 17 and International Financial Reporting Standards 9 – Comparative Information"***. The amendment is a transition option for comparative information on financial assets submitted at the initial date of application of IFRS 17. The amendment seeks to avoid temporary accounting misalignments between financial assets and liabilities of insurance contracts, and thus to improve the usefulness of comparative information for readers of financial statements. The amendments will apply from 1 January 2023, together with the application of the International Financial Reporting Standards 17 principle.
  The directors do not expect a significant effect on the Group's consolidated financial statements from the adoption of this amendment.

- 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 2021.

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 2021, 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

<u>Merger of Brazilian companies Comet do Brasil with Lemasa</u>

During the second quarter the company name of “Comet do Brasil Investimentos LTDA” was changed to “Comet do Brasil Industria e Comercio de Equipamentos LTDA” to proceed with the presentation of the merger application with the subsidiary Lemasa S.A.

On July 8, the business office accepted and registered the request for merger by incorporation between the vehicle companies Comet do brasil and its wholly-owned direct subsidiary Lemasa S.A. generating retroactive effects as of July 1, 2022. Consequently, starting from that date, all of Lemasa's assets, rights, liabilities and obligations are wholly owned by Comet do Brasil, as established by Brazilian commercial legislation.

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) or 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);
- Pompe e 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	**30.06.2022**	**30.06.2021**	**30.06.2022**	**30.06.2021**	**30.06.2022**	**30.06.2021**	**30.06.2022**	**30.06.2021**	**30.06.2022**	**30.06.2021**
Sales to third parties	136,458	118,166	139,218	128,650	92,529	86,148			**368,205**	**332,964**
Intersegment sales	221	184	1,836	1,714	6,042	5,643	(8,099)	(7,541)		
Revenues from sales	136,679	118,350	141,054	130,364	98,571	91,791	(8,099)	(7,541)	**368,205**	**332,964**
Ebitda	13,098	13,235	23,014	23,063	19,480	19,705	(1,629)	(2,164)	**53,963**	**53,839**
Ebitda/Total Revenues %	*9.6%*	*11.2%*	*16.3%*	*17.7%*	*19.8%*	*21.5%*			***14.7%***	***16.2%***
Ebitda before non ordinary expenses	13,098	13,308	23,014	22,581	19,562	19,977	(1,629)	(2,164)	**54,045**	**53,702**
Ebitda before non ordinary expenses/Total Revenues %	*9.6%*	*11.2%*	*16.3%*	*17.3%*	*19.8%*	*21.8%*			***14.7%***	***16.1%***
Operating result	8,970	9,202	18,852	19,349	15,035	15,793	(1,629)	(2,164)	**41,228**	**42,180**
Operating result/Total Revenues %	*6.6%*	*7.8%*	*13.4%*	*14.8%*	*15.3%*	*17.2%*			***11.2%***	***12.7%***
Net financial expenses (1)									**1,558**	**(786)**
Profit befor taxes									**42,786**	**41,394**
Income taxes									**(11,040)**	**(9,786)**
Net profit									**31,746**	**31,608**
Net profit/Total Revenues%									***8.6%***	***9.5%***
(1) Net financial expenses includes the amount of Financial income and expenses, Exchange gains and losses and the amount of the Income from equity investment										
STATEMENT OF FINANCIAL POSITION	**30.06.2022**	**31.12.2021**	**30.06.2022**	**31.12.2021**	**30.06.2022**	**31.12.2021**	**30.06.2022**	**31.12.2021**	**30.06.2022**	**31.12.2021**
Net debt	24,449	6,778	114,306	96,092	54,018	41,399	0	0	**192,773**	**144,269**
Shareholders' Equity	194,387	186,501	96,813	83,830	70,883	63,454	(78,075)	(77,852)	**284,008**	**255,933**
Total Shareholders' Equity and Net debt	218,836	193,279	211,119	179,922	124,901	104,853	(78,075)	(77,852)	**476,781**	**400,202**
Net non-current assets (2)	126,640	128,424	98,479	95,854	55,471	53,233	(75,357)	(75,394)	**205,233**	**202,117**
Net working capital	92,196	64,855	112,640	84,068	69,430	51,620	(2,718)	(2,458)	**271,548**	**198,085**
Total net capital employed	218,836	193,279	211,119	179,922	124,901	104,853	(78,075)	(77,852)	**476,781**	**400,202**
(2) The net non-current assets of the Outdoor Power Equipment area includes the amount of Equity investments for 76,074 thousand Euro										
OTHER STATISTICS	**30.06.2022**	**31.12.2021**	**30.06.2022**	**31.12.2021**	**30.06.2022**	**31.12.2021**	**30.06.2022**	**31.12.2021**	**30.06.2022**	**31.12.2021**
Number of employees at period end	734	758	858	837	656	622	9	8	**2,257**	**2,225**
OTHER INFORMATIONS	**30.06.2022**	**30.06.2021**	**30.06.2022**	**30.06.2021**	**30.06.2022**	**30.06.2021**	**30.06.2022**	**30.06.2021**	**30.06.2022**	**30.06.2021**
Amortization, depreciation and impairment losses	4,128	4,033	4,162	3,714	4,445	3,912			**12,735**	**11,659**
Investment in property, plant and equipment and in intangible assets	1,895	2,058	2,611	1,722	4,065	3,956			**8,571**	**7,736**

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

For the comments of the economic and financial data, 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 2022. 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 position

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

Net financial position at June 30, 2022, includes € 11,048 thousand (€ 12,259 thousand at December 31, 2021), 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 € 3,280 thousand;
- Agres for an amount of € 3,903 thousand;
- Valley LLP for an amount of € 2,268 thousand;
- Poli S.r.l. for an amount of € 1,597 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 € 7,733 thousand while the current portion of payables for the purchase of equity investments, recorded in the item "Current financial debt", is equal to € 3,315 thousand.

Net financial position at June 30, 2022, includes, in the items referring to "Financial debts", financial liabilities for € 38,356 thousand (€ 38,974 thousand at December 31, 2021), of which € 6,163 thousand as a current portion (€ 5,863 thousand at Decemebr 31, 2021), deriving from the application of IFRS 16- Leases.

Net financial also includes liabilities for leasing to related parties for an amount of € 15,052 thousand, of which € 1,625 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.

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

At 30 June 2022, the item "financial receivables" also includes receivables from related parties for an amount of € 185 thousand of which € 74 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" carried out in 2011.

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 2022	1 H 2021
Net sales revenues (net of discounts and rebates)	364,726	330,161
Revenues from recharged transport costs	4,131	3,629
Returns	(652)	(826)
Total	**368,205**	**332,964**

The increase in "Revenues" refers to the generalized growth in all segments and markets in which the Group operates. The entry into the consolidation area of the company Poli S.r.l. had an effect of approximately € 3 million on revenues for the half year.

Other operating income is analyzed as follows:

€/000	1 H 2022	1 H 2021
Grants related to income and assets	556	873
Revenues for rents	317	272
Recovery of other costs	285	279
Advertising reimbursement	102	95
Capital gains on property, plant and equipment	47	133
Insurance refunds	19	9
Other operating income	511	490
Total	**1,837**	**2,151**

The item "Grants related to income and assets" mainly refers to the deferral of the grant recognized by the Parent Company for the development of new products subject to subsidies by MI.SE.
At June 30,2021 the item included € 608 thousand deriving from the conversion into non-repayable subsidies of loans obtained from Valley envisaged 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 2022	1 H 2021
Raw materials, semi-finished products and goods	204,577	178,788
Other purchases	2,710	1,412
R&D costs capitalized	-	(2)
Total	**207,287**	**180,198**

The increase in "Costs of raw materials, consumable and goods" is a consequence of the increase in volume of business of procurement and storage policies, as well as the inflation of costs.

11. Personnel expenses

Details of these costs are as follows:

€/000	1 H 2022	1 H 2021
Wage and salaries	35,822	33,524
Social security charges	10,086	9,579
Employee termination indemnities	1,570	1,386
Other costs	1,223	1,077
Directors' emoluments	582	1,115
Temporary staff	4,585	4,064
R&D costs capitalized	(256)	(426)
Total	**53,612**	**50,319**

Personnel costs are slightly increasing compared to the same period mainly due to the increase in the average number of employees in the first half of 2022, also for the entry in the consolidation area of the company Poli S.r.l., and to the higher cost for temporary staff linked to the increase in production volumes.

During the first half of 2022, personnel costs for € 256 thousand were capitalized under intangible fixed assets (€ 426 thousand at 30 June 2021), referring to the costs for the development of new products.

12. Other operating costs and provisions

Details of these costs are as follows:

€/000	1 H 2022	1 H 2021
Subcontract work	9,894	9,981
Maintenance	3,562	3,063
Trasportation and duties	24,047	18,303
Advertising and promotion	2,624	2,086
Commissions	5,477	5,303
Travel	1,261	569
Consulting fees	3,016	2,923
Other services	11,113	8,546
R&D costs capitalized	(73)	-
Services	**60,921**	**50,774**
Rents, rentals and the enjoyment of third party assets	**1,926**	**1,641**
Increases in provisions (note 32)	**221**	**473**
Other operating costs	**2,440**	**2,340**
Total	**65,508**	**55,228**

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

The costs for other services mainly include the costs for driving force and other utilities equal to approximately € 2.9 million at 30 June 2022 after an increase of approximately € 0.9 million compared to the same period of 2021; they also include costs for insurance for € 0.9 million and for corporate events and trade fairs for € 0.8 million.

13. Amortization, depreciation and impairment losses

Details of these amounts are as follows:

€/000	1 H 2022	1 H 2021
Amortization of intangible assets (note 18)	2,821	2,533
Depreciaton of property, plant and equipment (note 17)	6,690	6,302
Amortization of rights of use (note 19)	3,224	2,824
Total	**12,735**	**11,659**

The amortization and depreciation at June 30, 2022 amounted to € 12,735 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 2022	1 H 2021
Interest on bank and postal current accounts	77	28
Income from adjustment to fair value and fixing of derived instruments for hedging interest rate risk	1,314	273
Financial income of debt adjustment estimate for purchase commitment of remaining shares of subsidiaries	299	-
Other financial income	155	65
Financial income	**1,845**	**366**

The "Financial income of debt adjustment estimate for purchase commitment of remaining shares of subsidiaries" refer to the adjustment estimate of the debt for the purchase of the remaining shares of Valley Industries LLP subject to Put & Call option for the purchase of the remaining 10% of the company. At June 30,2021 a negative adjustment of € 960 thousand had been recorded.

With reference to the income from fair value adjustments and fixing of derivative instruments, please refer to paragraph 23 of these Explanatory Notes.

"Financial expenses" are analyzed as follows:

€/000	1 H 2022	1 H 2021
Interest on medium long-term bank loans and borrowings	1,275	860
Financial charges from leases	494	455
Interest on short-term bank loans and borrowings	139	97
Costs from adjustment to fair value and fixing of derived instruments for hedging interest rate risk	141	220
Financial charges of debt adjustment estimate for purchase commitment of remaining shares of subsidiaries	-	960
Financial expenses from discounting debts	80	33
Financial charges from valuing employee terminations indemnities	2	10
Other financial costs	403	246
Financial expenses	**2,534**	**2,881**

The increase in charges on payables to banks is attributable to the increase in interest rates and the higher value of gross debt. The same trend had a positive effect on the valuation of the interest rate risk hedging derivatives, recorded under Financial income.

The “Financial expenses from discounting debts” refer to the implicit interest deriving from the discounting of debts, of which € 69 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 2022	1 H 2021
Profit / (Loss) on exchange differences on trade transactions	924	43
Profit / (Loss) on exchange differences on trade transactions adjustments	873	512
Profit / (Loss) on exchange differences on financial transactions	351	414
Profit / (Loss) on exchange differences on valuation of hedging derivatives	99	760
Exchange gains and losses	**2,247**	**1,729**

The exchange rate management 2022 is positive for € 2,247 thousand (€ 1,729 thousand of the previous year). Foreign exchange management was positively affected by the revaluation of the US dollar and the Brazilian real against the euro.

15. Income taxes

The estimated tax burden for the first half of 2022 of current, deferred tax assets and liabilities amounted to € 11,040 thousand (€ 9,786 thousand in the corresponding period of the previous year) equal to an effective tax rate of 25.8%, up compared to tax rate of 23.6% for the same period of the previous year.
The recorded 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, in origin not recognized for tax purposes, positively affected the tax rate for the first half of 2021.
In the second half of 2021, this benefit was partially reversed due to the regulatory change that took place after the date of preparation of the half-year report of the previous year.

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 2022	1H 2021
Net profit attributable to ordinary shareholders in the parent company (€/000)	31,223	31,131
Weighted average number of ordinary shares outstanding	163,537,602	163,537,602
Basic earnings per share (€)	**0.191**	**0.190**

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	31.12.2021	Increase/ (Amortizations)	Decrease	Reclassification	Exchange difference	30.06.2022
Land and buildings	59,356	185			645	60,186
Accumulated depreciation	(23,949)	(781)			(193)	(24,923)
Land and buildings	**35,407**	**(596)**	**-**	**-**	**452**	**35,263**
Plant and machinery	120,416	1,865	(987)	598	2,156	124,048
Accumulated depreciation	(92,374)	(3,188)	862	-	(1,640)	(96,340)
Plant and machinery	**28,042**	**(1,323)**	**(125)**	**598**	**516**	**27,708**
Other assets	134,611	2,833	(2,430)	984	813	136,811
Accumulated depreciation	(123,040)	(2,721)	2,378	-	(531)	(123,914)
Other assets	**11,571**	**112**	**(52)**	**984**	**282**	**12,897**
Advances and fixed assets in progress	**3,538**	**1,393**	**-**	**(1,029)**	**103**	**4,005**
Cost	**317,921**	**6,276**	**(3,417)**	**553**	**3,717**	**325,050**
Accumulated depreciation (note 13)	**(239,363)**	**(6,690)**	**3,240**	**-**	**(2,364)**	**(245,177)**
Net book value	**78,558**	**(414)**	**(177)**	**553**	**1,353**	**79,873**

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.

18. Intangible assets

Intangible assets report the following changes:

€/000	31.12.2021	Increases	Amortizations	Decreases	Exchange difference	Reclassification	30.06.2022
Development costs	**4,656**	376	(758)	-	173	98	**4,545**
Patents and software	**2,532**	789	(730)	-	22	42	**2,655**
Concessions, licences and trademarks	**3,760**	17	(301)	-	65	-	**3,541**
Other intangible assets	**13,022**	33	(1,032)	-	265	-	**12,288**
Advances and fixed assets in progress	**883**	1,080	-	(8)	-	(693)	**1,262**
Net book value (note 13)	**24,853**	**2,295**	**(2,821)**	**(8)**	**525**	**(553)**	**24,291**

The increase mainly refers to the investments for the development of new products and for the adoption of software related to greater efficiency and safety of processes.

19.Rights of use

The item "Rights of use" was introduced in application of the 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	31.12.2021	Increases	Amortizations	Decreases	Exchange difference	30.06.2022
Rights of use buildings	36,217	1,315	(2,819)	(104)	686	35,295
Rights of use other assets	1,448	448	(405)	-	11	1,502
Net book value (note 13)	37,665	1,763	(3,224)	(104)	697	36,797

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

20.Goodwill

The goodwill of € 74,094 thousand reported at June 30, 2022 is detailed below:

Cash Generating Unit (CGU)	*Country*	Description	31.12.2021	Exchange differences	30.06.2022
Victus	Poland	Goodwill from the acquisition of the business unit Victus IT	5,293	(104)	5,189
Tailong	China	Goodwill from the acquisition of Tailong Machinery Ltd.	2,909	97	3,006
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	12,866	1,163	14,029
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	8,975	1,288	10,263
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	1,720	(77)	1,643
Agres	Brazil	Goodwill from the acquisition of Agres	6,681	1,093	7,774
Poli	Italy	Goodwill from the acquisition of Poli	1,815	-	1,815
		Total	70,634	3,460	74,094

- Goodwill allocated to the CGU Victus, equal to € 5,189 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 € 3,006 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 € 14,029 thousand, include an amount of € 12,516 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 € 1,513 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 € 10,263 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. During 2016 financial year, as a result of the *impairment test*, this goodwill was partially reduced for € 4,811 thousand.

- 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.

- 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 € 1,643 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 € 7,774 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 50% from 1 January 2023 and for 50% from January 1, 2026. 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 goodwill recorded for € 1,815 thousand in 2021 emerges from the consolidation of the company Poli as the difference between the fair value of the net assets and the acquisition price referred to 100% of the company, based on the Put & Call agreement referring to the 20% to be valued on the basis of future economic and financial results. The price therefore includes the current value of the exercise price of the options, determined on the basis of the business plan of the Company Poli S.r.l.

For the purposes of preparing the Half-Year Financial Report, the Management verified the presence of particular indicators that could lead to the presumption of a lasting reduction in the value of the registered goodwill. As recalled in the ESMA publication of 13 May 2022 which focuses on the effects of the war in Ukraine and subsequently by Consob with its attention paper, face to the context of great uncertainty and the direct - and above all indirect - impacts of the conflict on the system economic and financial world, it was deemed appropriate to proceed with an in-depth assessment of the presence or not of indicators of possible reduction in recoverable values, considering the internal and external sources of information and whether there were new levels of risk associated with the activities to be controlled. The analysis of the so-called triggers took into account external and internal factors, as suggested by the guidelines produced by OIV (Organismo Italiano di Valutazione) in its Discussion Paper of June 2022, and in particular evaluated i) the deviations of the actual figures as at June 2022 and the forecast data for the end of the year compared to the budget data approved by the Board of Directors, ii) the level of headroom of the impairment tests carried out at 31 December 2021 and iii) the extent of the sensitivity analyzes conducted on the same with reference to changes in the key parameters (wacc, g-rate and cash flows); the analysis conducted did not highlight the need to review the multi-year business plans and activate the impairment test procedures in order to assess the recoverability of individual goodwill.

It is also reported that the uncertainty of the financial markets also influenced the performance of the Emak stock on the market, determining, in contrast to the trend in the last year and a half, a market capitalization of the stock as at 30 June 2022 (equal to 195 million euros) lower than the Group's shareholders' equity. Consequently, the Directors deemed it appropriate to carry out a so-called "second level" impairment test based on the Group's three-year economic-financial plan, approved by the Board of Directors of the Parent Company on 28 January 2022. The impairment test was developed using the "Discounted Cash Flow" method, applying a WACC of 8.09% and a long-term growth rate "g" of 1.2% (at 31 December 2021 the WACC for the Italian CGUs was 7.4%).
The test did not reveal any impairment.
The Group has prepared the sensitivity analysis on the results of the impairment test with respect to the changes in the key assumptions that affect the value in use. Even in the case of a positive change of 5% in the WACC or a negative change of half a percentage point in the growth rate g and 5% of cash flows, the test shows large hedging margins.

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.

22. Other financial assets

Other financial assets amount to € 1,061 thousand, which is non-current portion, and € 123 thousand as current portion and refer mainly to:

- an amount of € 503 thousand relating to guarantee deposits, entered under the non-current assets;
- an amount of € 430 thousand relating to sureties, recorded under non-current assets;
- an overall amount of € 185 thousand, of which € 111 thousand as a non-current portion and € 74 thousand as a current portion, 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, 2022 is shown as follows:

€/000	30.06.2022	31.12.2021
Positive *fair value* assessment exchange rate options	449	234
Positive *fair value* assessment IRS and interest rate options	1,143	52
Total derivative financial instrument assets	**1,592**	**286**
Negative *fair value* assessment exchange rate hedge	375	145
Negative *fair value* assessment exchange rate options	131	213
Negative fair value assessment IRS and interest rate options	-	223
Total derivative financial instrument liabilities	**506**	**581**

24.Trade and other receivables

Details of these amounts are as follows:

€/000	30.06.2022	31.12.2021
Trade receivables	175,542	126,369
Provision for doubtful accounts	(6,350)	(6,008)
Net trade receivables	**169,192**	**120,361**
Trade receivables from related parties (note 35)	694	732
Prepaid expenses and accrued income	2,735	2,270
Other receivables	4,794	4,621
Total current portion	**177,415**	**127,984**
Other non current receivables	61	59
Total non current portion	**61**	**59**

The change in trade receivables is attributable to the 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 € 2,932 thousand as advances to suppliers for the supply of goods (€ 2.732 thousand at 31 December 2021);
- an amount of € 522 thousand (€ 334 thousand at 31 December 2021), for receivables of Emak S.p.A. 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.

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	30.06.2022	31.12.2021
Raw, ancillary and consumable materials	78,997	70,283
Work in progress and semi-finished products	37,435	34,518
Finished products and goods	116,504	112,515
Total	**232,936**	**217,316**

Inventories at June 30, 2022 are stated net of provisions amounting to € 11,957 thousand (€ 11,158 thousand at December 31 2021) 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 2022 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.

All shares have been fully paid.

Treasury shares
Total value of treasury shares held at 30 June 2022 amounts to € 2,029 thousand and has not undergone any changes compared to the previous year.
The consistency of the treasury stock portfolio during the year remained unchanged, equal to a number 397,233.
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 2022 the Shareholders' Meeting of Emak S.p.A. resolved to allocate the profit for the year 2021 for € 497 thousand to the legal reserve for € 454 thousand to the extraordinary reserve and for a total of € 12,265 thousand as a dividend to shareholders and for the remainder to a extraordinary reserve.

Share premium reserve
At 30 June 2022, the share premium reserve amounts to € 41,513 thousand, and consists of premiums on subsequently issued shares.

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, 2022 of € 4,247 thousand (€ 3,750 thousand at December 31, 2021).

Revaluation reserve
At 30 June 2022 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 as per Law 104/2020 for € 3,215 thousand.

Reserve for translation differences
At 30 June 2022 the reserve for translation differences for an amount of € 8,699 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 € 8,524 thousand mainly due to the performance of the US dollar, Real and Renminbi currencies.

Reserve IAS 19
At 30 June 2022 the IAS 19 reserve is equal a negative amount of € 1,487 thousand, for the actuarial valuation differences of post-employment benefits to employees.

Other reserves
At 30 June 2022 the Other reserves include:

- the extraordinary reserve, amounts to € 28,527 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	30.06.2022	31.12.2021
Trade payables	107,729	121,114
Payables due to related parties (note 35)	694	951
Payables due to staff and social security institutions	16,112	16,750
Advances from customers	1,903	2,266
Accrued expenses and deferred income	1,340	1,496
Other payables	10,265	6,645
Total current portion	**138,043**	**149,222**

The item "**Trade payables**" includes € 1,004 thousand related to the short term payable for the acquisition by the subsidiary Speed France of a technology and systems for the production of polyester monofilaments and cables for agricultural applications; non current portion is accounting in item "other non- current liabilities" (note 33).

The item "**Other payables**" includes € 8,010 thousand, compared to € 3,561 thousand at 31 December 2021, 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	30.06.2022	31.12.2021
Bank loans	77,367	63,185
Overdrafts	9,558	2,816
Liabilities for purchase of equity investments	3,315	3,506
Financial accrued expenses	55	62
Other loans	124	138
Total current portion	**90,419**	**69,707**

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

The item “**Liabilities for purchase of equity investments**” includes:

- an amount of € 2,268 thousand 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”;
- an amount of € 1,047 thousand relates to the residual 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 50% from 1 January 2023.

Long-term loans and borrowings are detailed as follows:

€/000	30.06.2022	31.12.2021
Bank loans	119,489	107,237
Liabilities for purchase of equity investments	7,733	8,753
Other loans	-	4
Total non current portion	**127,222**	**115,994**

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

- € 3,280 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 until July 31, 2023;
- € 2,856 thousand, relates to the long-term debt for the discounted purchase price portion of Agres Sistemas Eletrônicos shares and governed by the "Put and Call option" contract to be exercised for the 50% from 1 January 2026;
- € 1,597 thousand, relates to the discounted debt for the purchase price portion of 20% of Poli S.r.l. shares and governed by the "*Put and Call option*" contract to be exercised between 2024 and 2026.

As at 30 June 2022, bank loans due after 5 years amount to a € 1,546 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 2022.
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, 2022, date of verification of the restrictions.

29.Liabilities derivig from *leases*

The item “**Liabilities deriving from *leases*”** which totals € 38,356 thousand, of which € 32,193 thousand as non-current portion and € 6,163 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 2022 the payables deriving from leases due beyond 5 years amount to € 11,977 thousand.

30. Tax assets and liabilities

Deferred tax assets are detailed below:

€/000	30.06.2022	31.12.2021
Deferred tax on impairment losses of assets	193	215
Deferred tax on reversal of unrealized intercompany gains	3,184	2,834
Deferred tax on provision for inventory write-downs	2,308	2,196
Deferred tax on provisions for bad debts	571	572
Deferred tax on right of use IFRS 16	254	231
Deferred tax on losses in past financial periods	16	12
Deferred tax on tax realignment and revalutations	1,165	1,197
Other deferred tax assets	1,921	2,755
Total	**9,612**	**10,012**

The item "Deferred tax assets on tax realignments" includes deferred tax assets recognized against the recognition of future tax benefits deriving from revaluation and realignment of the civil and fiscal values carried out by some companies of the Group during 2020 and 2021.

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

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

€/000	30.06.2022	31.12.2021
Deferred tax on property ex IAS 17	95	98
Deferred tax on depreciations	5,156	5,080
Other deferred tax liabilities	2,557	2,208
Total	**7,808**	**7,386**

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

Current tax receivables amount at June 30, 2022 to € 8,295 thousand, against € 10,076 thousand at December 31, 2021, and refer to VAT credits, surplus payments on account of direct tax and other tax credits.

Current tax liabilities amount to € 7,400 thousand at June 30, 2022, compared with € 6,182 thousand at December 31, 2021, 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 € 7,521 thousand, refer principally to the discounted liability for employment termination indemnity payable at the end of an employee’s working life, amounting to € 7,010 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 € 6,210 thousand.

The main economic financial assumptions used to calculate the fund are unchanged compared to those used at the close of December 31, 2021.

32.Provisions for risks and charges

Movements in these provisions are detailed below:

€/000	31.12.2021	Increase	Decrease	Exchange differences	Other movements	30.06.2022
Provisions for agents' termination indemnity	2,466	120	(64)	-	13	2,535
Other provisions	124	-	(33)	3	(13)	81
Total non current portion	**2,590**	**120**	**(97)**	**3**	**-**	**2,616**
Provisions for products warranties	1,315	39	(1)	3	-	1,356
Other provisions	571	62	(352)	19	-	300
Total current portion	**1,886**	**101**	**(353)**	**22**	**-**	**1,656**

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 € 120 thousand, was recorded under the provisions in the item "Other operating expenses" in the income statement.

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.

The item "Other provisions" equal to € 81 thousand for the current portion and to € 300 thousand for non-current portion, refers to the best possible estimate of probable liabilities, details of which are given below:

- allocation of € 170 thousand referring to tax disputes involving some companies of the Group;
- allocations of € 130 thousand as a non current portion and of € 81 thousand as a current portion for some disputes and litigation of a different nature.

During the first half of 2022, current provisions set aside at 31 December 2021 were used, for a total value of € 353 thousand, and referring to some disputes with some employees of the companies Speed North America and Emak France, ascertained and liquidated during the semester.

The Group, also on the basis of the information currently available and on the basis of the opinion of its consultants, does not deem it necessary to allocate additional provisions for incumbent liabilities.

33. Other non-current liabilities

The item **"Other non-current liabilities"** includes:

- € 929 thousand relating to the long-term debt for Speed France's acquisition 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 € 1,004 thousand is recorded in the item "trade payables" (note 27).
- € 417 thousand, against € 428 thousand at 31 December 2021, 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 € 24 thousand.
- € 173 thousand, against € 170 thousand at 31 December 2021, 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 € 93 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 2022, The Group has not further significant outstanding disputes in addition to those already discussed in these notes.

35. Related party transactions

The transactions entered into with related parties by the Emak Group in the first half of 2022 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, significant amounts of rights of use, liabilities deriving from leases, amortization and depreciation and financial charges derive from the passive real estate lease relationships with the subsidiary Yama Immobiliare S.r.l., in compliance with the IFRS 16 accounting standard, 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	Other operating income	Trade receivables	Other receivables for tax consolidation	Total trade and other receivables	Financial revenues	Current financial assets	Non current financial assets
Euro Reflex D.o.o.	601	-	601	-	601	1	-	-
Garmec S.r.l.	103	1	93	-	93	-	-	-
Selettra S.r.l.	-	-	-	-	-	-	-	-
Yama Immobiliare S.r.l.	-	1	-	-	-	-	-	-
Yama S.p.A.	-	-	-	522	522	-	74	111
Total (notes 22 and 24)	**704**	**2**	**694**	**522**	**1,216**	**1**	**74**	**111**

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	Financial charges	Current liabilities for leasing	Non current liabilities for leasing
Euro Reflex D.o.o.	1,390	23	496	-	496	-	-	-
Garmec S.r.l.	11	-	12	-	12	-	-	-
Selettra S.r.l.	63	5	65	-	65	-	-	-
Yama Immobiliare S.r.l.	-	-	2	-	2	176	1,625	13,427
Yama S.p.A.	-	-	-	8,010	8,010	-	-	-
Other related parties	-	187	118	-	118	-	-	-
Total (note 27)	**1,464**	**215**	**694**	**8,010**	**8,704**	**176**	**1,625**	**13,427**

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

With regard to values that arose in previous years from transactions with related parties, it should be noted that the assets still exhibit goodwill equal to € 12,920 thousand (€ 12,823 thousand at 31 December 2021). These values derive from the so-called Greenfield operation through which the Emak Group, on 23 December 2011, acquired from the parent company Yama S.p.A. the total control of the Tecomec Group, of the Comet Group, of Sabart S.r.l., Raico S.r.l. (the latter subsequently alienated, with an excerpt of the relevant values).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 2022 are as follows:

- Board of Directors for € 225 thousand (included in Personnel costs);
- Statutory Auditors for € 37 thousand (included in Cost of services).

36. 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, Cristian Becchi, as Chief Executive Officer for finance and control, and Roberto Bertuzzi, 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 2022 - 30 June 2022.

No significant elements have emerged.

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.

Date: 5 August 2022

Chief Executive Officer for finance and control

Cristian Becchi

The officer in charge of preparing the accounting statements

Roberto Bertuzzi

Deloitte.

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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, 2022 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 of June 30, 2022 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
Stefano Montanari
Partner

Bologna, Italy
August 5, 2022

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