

Press release

Board of Directors of Emak S.p.A.

Approved consolidated results for the first quarter 2022: revenues up by 16.8%

Revenues from sales: € 190.2 million compared to € 162.9 million in the first quarter 2021.

EBITDA adjusted (*): € 27.3 million compared to € 26.4 million in the first quarter 2021.

EBIT: € 21.1 million compared to € 21.2 million in the first quarter 2021.

Consolidated net income: € 16.9 million compared to € 15.3 million in the first quarter 2021.

Net negative financial position (*): € 192.9 million (€ 153.8 million excluding IFRS16) compared to € 148.4 million at 31 March 2021 and € 144.3 million at 31 December 2021.

Bagnolo in Piano (RE), 13 May 2022- The Board of Directors of **Emak S.p.A.** (EXM, STAR), parent company of one of world major groups working in the sectors of outdoor power equipment, pumps and water jetting, and of the related components and accessories has approved the results for the first quarter 2022.

CONSOLIDATED RESULTS FOR THE FIRST QUARTER 2022

Emak Group achieved in the first quarter **consolidated revenues** of € 190.2 million, compared to € 162.9 million in the same period of last year, an increase of 16.8%. The improvement is due to the organic growth for 14.5%, the effect of translation changes for 1.6% and the change in the scope of consolidation for 0.7%.

EBITDA adjusted (*) reached € 27.3 million (14.4% of sales) compared to € 26.4 million of the same period 2021 (16.2% of sales). The figure of the quarter benefited from the increase in sales volumes and the change in the scope of consolidation. On the other hand, it was penalized by higher raw materials, energy and transports costs and by other operating costs functional to the development of the business, only partially offset by the increase in list prices. Personnel costs are increasing due to the greater use of workforce to cope with higher production volumes and the change in the scope of consolidation.

EBIT amounted to € 21.1 million, compared to € 21.2 million of the same period of last year.

Consolidated net income for the first quarter 2022 is € 16.9 million, compared to € 15.3 million of the same period 2021. The result benefited from the positive currency management, mainly due to the revaluation of the Brazilian Reais which had a positive effect on the valuation of some debt items, and from the unrealized gains from the valuation of interest rate risk hedging derivatives.

Free cash flow from operations (*) amounted to € 23.1 million, compared to € 21 million of the first quarter 2021.

Investments in tangible and intangible assets realized in the first quarter 2022 overall amounted to € 3.9 million compared to € 4 million in the first quarter 2021.

Consolidated net equity at 31 March 2022 amounted to € 279.6 million compared to € 255.9 million at 31 December 2021.

Net negative financial position (*) stood at € 192.9 compared to € 148.4 million at 31 March 2021 and € 144.3 million at 31 December 2021. 2022 figure included € 39.1 million deriving from the application of the IFRS 16 accounting principle (€ 28.9 million in March 2021 and € 38.9 million in December 2021) and € 11.4 million of financial debts for the purchase of the remaining minority shareholdings e for the settlement of acquisition transactions with deferred price (€ 5,7 million in March 2021 and € 12.3 million in December 2021). The increase in the net financial position compared to 31 December 2021 is also affected by the increase in net working capital, consistent with the seasonality of the business and the active management of inventories by the Group.

Outlook

The first quarter closed with significantly higher revenues than last year's record quarter.

The external scenario, however, remains characterized by uncertainties related to the evolution of the pandemic and the consequences of the effects of the Russian-Ukrainian conflict, as well as by the growth trend in the costs of raw materials, energy and transport and by tensions on the supply chain.

In this context, in order to safeguard its profitability, the Group has progressively adjusted the sales lists starting from last year. This activity also continues in 2022 to cope with the tightening of supply conditions. In continuity with the past months, the Group considers maintaining a high level of service to its customers as a critical success factor, even in objectively difficult conditions. To this end, together with its partners, it actively manages stocks with the aim of minimizing the risks of product shortage.

Despite the criticalities of the period, which determine a reduced visibility on demand for the coming months, the management is confident that, thanks to the already acquired order book, the turnover of the first half will record a positive growth trend compared to the first six months of 2021, thus remaining at record levels compared to the historical results.

In relation to the conflict between Russia and Ukraine, it is recalled that the Group has a subsidiary company based in Kiev, Epicenter LLC, and that the area affected by the conflict represented approximately 3% of the Group's consolidated turnover in the year 2021. The Group continues to monitor the developments in order to minimize the impact on its activities.

(*) 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 Adjusted - EBITDA before non-ordinary expenses and revenues: is obtained by deducting at EBITDA the impact of charges and income for litigation and grants, expenses related to M&A transaction, and costs for staff reorganization and restructuring.
- EBITDA: calculated by adding the items "Operating Result" plus "Amortization, depreciation and impairment losses".
- FREE CASH FLOW FROM OPERATIONS: calculated by adding the items "Net profit" plus "Amortization, depreciation and impairment losses".
- NET 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).

The highlights from the consolidated accounts of the Group at 31 March 2022 are attached to the present press release.

Pursuant to the law, the interim report at 31 March 2022 and this press release are available to the public at the Company's registered office, on the company website www.emakgroup.it, in the "Investor Relations" section and on the storage mechanism eMarket Storage (www.emarketstorage.com).

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

For additional information:

Mr. Andrea La Fata

Investor Relator

Phone (+39) 0522 956332

andrea.lafata@emak.it; www.emakgroup.com

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

Highlights of the consolidated financial statement broken down by operating segment for the first quarter 2022

	OUTDOOR POWER EQUIPMENT		PUMPS AND HIGH PRESSURE WATER JETTING		COMPONENTS AND ACCESSORIES		Other not allocated / Netting		Consolidated	
€/000	31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
Sales to third parties	74,857	57,118	70,073	63,172	45,317	42,591			190,247	162,881
Intersegment sales	93	77	901	669	3,351	2,916	(4,345)	(3,662)		
Revenues from sales	74,950	57,195	70,974	63,841	48,668	45,507	(4,345)	(3,662)	190,247	162,881
Ebitda	6,967	6,024	11,440	11,477	9,702	10,304	(770)	(888)	27,339	26,917
Ebitda/Total Revenues %	9.3%	10.5%	16.1%	18.0%	19.9%	22.6%			14.4%	16.5%
Ebitda before non ordinary expenses	6,967	6,024	11,440	10,869	9,702	10,370	(770)	(888)	27,339	26,375
Ebitda before non ordinary expenses/Total Revenues %	9.3%	10.5%	16.1%	17.0%	19.9%	22.8%			14.4%	16.2%
Operating result	4,892	4,015	9,390	9,639	7,555	8,403	(770)	(888)	21,067	21,169
Operating result/Total Revenues %	6.5%	7.0%	13.2%	15.1%	15.5%	18.5%			11.1%	13.0%
Net financial expenses (1)									1,909	(824)
Profit before taxes									22,976	20,345
Income taxes									(6,124)	(5,065)
Net profit									16,852	15,280
Net profit/Total Revenues %									8.9%	9.4%
(1) Net financial expenses includes the amount of Financial income and expenses, Exchange gains and losses and the amount of the Income from equity investment										
STATEMENT OF FINANCIAL POSITION	31.03.2022	31.12.2021	31.03.2022	31.12.2021	31.03.2022	31.12.2021	31.03.2022	31.12.2021	31.03.2022	31.12.2021
Net debt	39,040	6,778	105,114	96,092	48,845	41,399	(109)	0	192,890	144,269
Shareholders' Equity	191,104	186,501	94,540	83,830	71,926	63,454	(77,997)	(77,852)	279,573	255,933
Total Shareholders' Equity and Net debt	230,144	193,279	199,654	179,922	120,771	104,853	(78,106)	(77,852)	472,463	400,202
Net non-current assets (2)	127,924	128,424	97,335	95,854	55,213	53,233	(75,351)	(75,394)	205,121	202,117
Net working capital	102,220	64,855	102,319	84,068	65,558	51,620	(2,755)	(2,458)	267,342	198,085
Total net capital employed	230,144	193,279	199,654	179,922	120,771	104,853	(78,106)	(77,852)	472,463	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	31.03.2022	31.12.2021	31.03.2022	31.12.2021	31.03.2022	31.12.2021	31.03.2022	31.12.2021	31.03.2022	31.12.2021
Number of employees at period end	750	758	867	837	649	622	9	8	2,275	2,225
OTHER INFORMATIONS	31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
Amortization, depreciation and impairment losses	2,075	2,009	2,050	1,838	2,147	1,901			6,272	5,748
Investment in property, plant and equipment and in intangible assets	980	1,171	931	824	1,941	1,997			3,852	3,992

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

Emak Group – Consolidated income statement and comprehensive income statement

Thousand of Euro

FY 2021	CONSOLIDATED INCOME STATEMENT	1 Q 2022	1 Q 2021
588,299	Revenues from sales	190,247	162,881
5,110	Other operating incomes	713	1,381
48,764	Change in inventories	9,094	(1,272)
(354,737)	Raw materials, consumable and goods	(113,573)	(85,406)
(98,231)	Personnel expenses	(26,601)	(24,257)
(111,909)	Other operating costs and provisions	(32,541)	(26,410)
(24,392)	Amortization, depreciation and impairment losses	(6,272)	(5,748)
52,904	Operating result	21,067	21,169
1,003	Financial income	893	67
(8,611)	Financial expenses	(1,092)	(1,266)
589	Exchange gains and losses	2,108	375
45,885	Profit before taxes	22,976	20,345
(12,774)	Income taxes	(6,124)	(5,065)
33,111	Net profit (A)	16,852	15,280
(603)	(Profit)/loss attributable to non controlling interests	(241)	(138)
32,508	Net profit attributable to the Group	16,611	15,142
0.199	Basic earnings per share	0.102	0.093
0.199	Diluted earnings per share	0.102	0.093
FY 2021	CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME	1 Q 2022	1 Q 2021
33,111	Net profit (A)	16,852	15,280
8,102	Profits/(losses) deriving from the conversion of foreign company accounts	6,788	2,256
(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)	6,788	2,256
41,046	Total comprehensive income for the period (A)+(B)	23,640	17,536
(641)	Comprehensive net profit attributable to non controlling interests	(477)	(153)
40,405	Comprehensive net profit attributable to the Group	23,163	17,383

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

Emak Group – Consolidated statement of financial position

Thousand of Euro

31.12.2021	ASSETS	31.03.2022	31.03.2021
	Non-current assets		
78,558	Property, plant and equipment	79,201	77,183
24,853	Intangible assets	24,854	22,591
37,665	Rights of use	37,677	27,867
70,634	Goodwill	73,652	67,208
8	Equity investments in other companies	8	8
10,012	Deferred tax assets	9,662	8,970
984	Other financial assets	1,024	849
59	Other assets	60	58
222,773	Total non-current assets	226,138	204,734
	Current assets		
217,316	Inventories	230,545	163,359
127,984	Trade and other receivables	193,243	162,824
10,076	Current tax receivables	10,047	6,107
72	Other financial assets	332	619
286	Derivative financial instruments	1,263	1,047
79,645	Cash and cash equivalents	46,157	81,555
435,379	Total current assets	481,587	415,511
658,152	TOTAL ASSETS	707,725	620,245
31.12.2021	SHAREHOLDERS' EQUITY AND LIABILITIES	31.03.2022	31.03.2021
	Shareholders' Equity		
253,183	Shareholders' Equity of the Group	276,346	237,520
2,750	Non-controlling interests	3,227	2,316
255,933	Total Shareholders' Equity	279,573	239,836
	Non-current liabilities		
115,994	Loans and borrowings due to banks and other lenders	118,083	123,087
33,111	Liabilities for leasing	33,034	24,039
7,386	Deferred tax liabilities	7,774	6,537
7,500	Employee benefits	7,428	7,604
2,590	Provisions for risks and charges	2,655	2,422
2,197	Other non-current liabilities	2,135	3,517
168,778	Total non-current liabilities	171,109	167,206
	Current liabilities		
149,222	Trade and other payables	152,742	117,342
6,182	Current tax liabilities	12,130	9,279
69,707	Loans and borrowings due to banks and other lenders	83,992	79,539
5,863	Liabilities for leasing	6,078	4,896
581	Derivative financial instruments	479	906
1,886	Provisions for risks and charges	1,622	1,241
233,441	Total current liabilities	257,043	213,203
658,152	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	707,725	620,245

Emak Group – Consolidated net financial position

(€/000)	31.03.2022	31.12.2021	31.03.2021
A. Cash	46,157	79,645	81,555
B. Cash equivalents	-	-	-
C. Other current financial assets	1,595	358	1,666
D. Liquidity funds (A+B+C)	47,752	80,003	83,221
E. Current financial debt	(33,684)	(19,938)	(25,229)
F. Current portion of non-current financial debt	(56,865)	(56,213)	(60,112)
G. Current financial indebtedness (E + F)	(90,549)	(76,151)	(85,341)
H. Net current financial indebtedness (G - D)	(42,797)	3,852	(2,120)
I. Non-current financial debt	(151,117)	(149,105)	(147,126)
J. Debt instruments	-	-	-
K. Non-current trade and other payables	-	-	-
L. Non-current financial indebtedness (I + J + K)	(151,117)	(149,105)	(147,126)
M. Total financial indebtedness (H + L) (ESMA)	(193,914)	(145,253)	(149,246)
N. Non current financial receivables	1,024	984	849
O. Net financial position (M-N)	(192,890)	(144,269)	(148,397)
Effect IFRS 16	39,112	38,974	28,935
Net financial position without effect IFRS 16	(153,778)	(105,295)	(119,462)