

Press release

Board of Directors of Emak S.p.A.

Approved consolidated results for the first quarter 2024

Positive outlook for the first half despite the slight decline in revenue at March

The CEO Luigi Bartoli commented: *“First quarter sales figure remains at historically significant levels, although impacted by the complex market and international logistics situation. Market visibility remains limited, yet the positive signs from order intake and the improvement in deliveries that we are recording, give us confidence in the results for the second quarter. We expect a positive contribution from the acquisitions completed in the last 18 months.”*

- **Revenues from sales: € 170.1 million** compared to € 171.8 million in the first quarter 2023.
- **EBITDA adjusted: € 21.8 million** compared to € 25.3 million in the first quarter 2023.
- **EBIT: € 13.7 million** compared to € 18.2 million in the first quarter 2023.
- **Consolidated net income: € 7.9 million** compared to € 11.4 million in the first quarter 2023.
- **Net negative financial position including IFRS 16 effect: € 231.5 million** compared to € 227.2 million on 31 March 2023 and € 191.5 million on 31 December 2023.
- **Net negative financial position net of IFRS 16 effect: € 184.7 million** compared to € 185.7 million on 31 March 2023 and € 147.6 million on 31 December 2023.

Bagnolo in Piano (RE), 15 May 2024 – The Board of Directors of **Emak S.p.A.** has approved the consolidated results for the first quarter 2024.

Emak Group achieved **consolidated revenues of € 170.1 million**, compared to € 171.8 million of last year, a decrease of 1%. The change is due to an organic decline in sales for 5.5%, partially offset by the positive effects of the change in the scope of consolidation for 4.3% and of the translation changes for 0.2%.

EBITDA adjusted of the period reached € 21.8 million (12.8% of sales), compared to € 25.3 million (14.7% of sales) in the same period 2023. The change in the scope of consolidation contributed for € 1.1 million. Organically, the industrial margin was in line with the same period, while the decline in sales and the concurrent increase in personnel, transportation, and commercial costs resulted in a negative leverage effect.

EBIT was € 13.7 million (8.1% of sales), compared to € 18.2 million (10.6% of sales) for the same period of last year.

Consolidated net profit of the quarter was € 7.9 million compared to € 11.4 million in 2023. The result was affected by the higher financial charges due to the increase in market interest rates and the higher level of gross debt.

Cash flow from operations was € 15.6 million, compared to € 18.2 million generated in the first quarter 2023.

Investments in tangible and intangible assets made during the quarter amount to a total of € 5.3 million, substantially in line with the same period of the previous year.

Consolidated net equity as of 31 March 2024 amounted to € 294 million compared to € 283.7 million as of 31 December 2023.

Net negative financial position stood at € 231.5 compared to € 227.2 million as of 31 March 2023 and € 191.5 million as of 31 December 2023. 2024 figure includes € 46.8 million arising from the application of the accounting principle IFRS 16 (€ 41.5 million as of March 2023 and € 43.9 million as of December 2023) and € 5.9 million of financial debts for the purchase of the remaining minority shareholdings (€ 10 million as of March 2023 and € 6 million as of December 2023). The increase in the net financial position as of 31 December 2023, reflects the seasonality of the business and includes the financial impact of completing the acquisition of PNR in January for an amount of € 14.1 million.

Business outlook

In a context characterized by high uncertainty and still limited visibility, customer orders have increased since the beginning of the year, especially in certain business areas. Tensions in the Red Sea area have caused a slowdown in supply chains, leading to delivery delays that negatively affected first-quarter turnover. The Group's adjustment to the changed logistical conditions enabled it to recover from the delay at the beginning of the second quarter. Based on the results achieved as of the publication date and current market conditions, for the first half 2024 management is confident of achieving higher sales compared to the same period in 2023.

Attached are the key statements extracted from the Group's consolidated financial statements as of 31 March 2024.

Alternative performance indicators

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

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

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

Pursuant to the law, the interim report as of 31 March 2024 and this press release are available to the public at the Company's registered office, on the company website www.emakgroup.it, in the "Investor Relations" section and on the storage mechanism eMarket Storage (www.emarketstorage.com).

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

Highlights of the consolidated financial statement broken down by operating segment

	OUTDOOR POWER EQUIPMENT		PUMPS AND WATER JETTING		COMPONENTS AND ACCESSORIES		Other not allocated / Netting		Consolidated	
€/000	31.03.2024	31.03.2023	31.03.2024	31.03.2023	31.03.2024	31.03.2023	31.03.2024	31.03.2023	31.03.2024	31.03.2023
Sales to third parties	56,042	60,088	66,984	68,789	47,081	42,876			170,107	171,753
Intersegment sales	98	98	512	1,082	2,878	2,315	(3,488)	(3,495)		
Revenues from sales	56,140	60,186	67,496	69,871	49,959	45,191	(3,488)	(3,495)	170,107	171,753
Ebitda (*)	5,177	7,706	7,746	10,298	9,202	7,770	(638)	(770)	21,487	25,004
Ebitda/Total Revenues %	9.2%	12.8%	11.5%	14.7%	18.4%	17.2%			12.6%	14.6%
Ebitda before non ordinary expenses (*)	5,294	7,706	7,746	10,584	9,394	7,770	(638)	(770)	21,796	25,290
Ebitda before non ordinary expenses/Total Revenues %	9.4%	12.8%	11.5%	15.1%	18.8%	17.2%			12.8%	14.7%
Operating result	3,193	5,773	4,813	7,818	6,326	5,338	(638)	(770)	13,694	18,159
Operating result/Total Revenues %	5.7%	9.6%	7.1%	11.2%	12.7%	11.8%			8.1%	10.6%
Net financial expenses (1)									(3,045)	(2,909)
Profit before taxes									10,649	15,250
Income taxes									(2,798)	(3,865)
Net profit									7,851	11,385
Net profit/Total Revenues%									4.6%	6.6%
(1) Net financial expenses includes the amount of Financial income and expenses, Exchange gains and losses and the amount of the Income from equity investment										
STATEMENT OF FINANCIAL POSITION	31.03.2024	31.12.2023	31.03.2024	31.12.2023	31.03.2024	31.12.2023	31.03.2024	31.12.2023	31.03.2024	31.12.2023
Net debt (*)	24,324	11,174	141,526	134,618	65,698	45,703	0	0	231,548	191,495
Shareholders' Equity	187,372	185,337	102,419	99,670	82,645	76,978	(78,429)	(78,318)	294,007	283,667
Total Shareholders' Equity and Net debt	211,696	196,511	243,945	234,288	148,343	122,681	(78,429)	(78,318)	525,555	475,162
Net non-current assets (2) (*)	122,237	122,370	116,621	116,156	71,720	60,261	(75,188)	(75,212)	235,390	223,575
Net working capital (*)	89,459	74,141	127,324	118,132	76,623	62,420	(3,241)	(3,106)	290,165	251,587
Total net capital employed (*)	211,696	196,511	243,945	234,288	148,343	122,681	(78,429)	(78,318)	525,555	475,162
(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	31.03.2024	31.12.2023	31.03.2024	31.12.2023	31.03.2024	31.12.2023	31.03.2024	31.12.2023	31.03.2024	31.12.2023
Number of employees at period end	724	725	987	959	784	669	9	9	2,504	2,362
OTHER INFORMATION	31.03.2024	31.03.2023	31.03.2024	31.03.2023	31.03.2024	31.03.2023	31.03.2024	31.03.2023	31.03.2024	31.03.2023
Amortization, depreciation and impairment losses	1,984	1,933	2,933	2,480	2,876	2,432			7,793	6,845
Investment in property, plant and equipment and in intangible assets	1,432	1,645	2,173	1,905	1,719	1,722			5,324	5,272

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

Emak Group – Consolidated income statement and comprehensive income statement

Thousand of Euro

FY 2023	CONSOLIDATED INCOME STATEMENT	1 Q 2024	1 Q 2023
566,317	Revenues from sales	170,107	171,753
5,493	Other operating incomes	936	1,228
755	Change in inventories	(3,014)	4,468
(298,310)	Raw materials, consumable and goods	(88,603)	(98,012)
(105,036)	Personnel expenses	(30,419)	(26,974)
(102,915)	Other operating costs and provisions	(27,520)	(27,459)
(29,080)	Amortization, depreciation and impairment losses	(7,793)	(6,845)
37,224	Operating result	13,694	18,159
5,621	Financial income	1,125	414
(17,830)	Financial expenses	(4,308)	(3,166)
418	Exchange gains and losses	132	(170)
2	Income from/(expenses on) equity investment	6	13
25,435	Profit before taxes	10,649	15,250
(5,513)	Income taxes	(2,798)	(3,865)
19,922	Net profit (A)	7,851	11,385
(847)	(Profit)/loss attributable to non controlling interests	(263)	(256)
19,075	Net profit attributable to the Group	7,588	11,129
0.117	Basic earnings per share	0.047	0.068
0.117	Diluted earnings per share	0.047	0.068
FY 2023	CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME	1 Q 2024	1 Q 2023
19,922	Net profit (A)	7,851	11,385
(2,192)	Profits/(losses) deriving from the conversion of foreign company accounts	521	(616)
(43)	Actuarial profits/(losses) deriving from defined benefit plans (*)	-	-
11	Income taxes on OCI (*)	-	-
(2,224)	Total other components to be included in the comprehensive income statement (B)	521	(616)
17,698	Total comprehensive income for the period (A)+(B)	8,372	10,769
(844)	Comprehensive net profit attributable to non controlling interests (C)	(247)	(249)
16,854	Comprehensive net profit attributable to the Group (A)+(B)+(C)	8,125	10,520

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

Emak Group – Consolidated statement of financial position

Thousand of Euro

31.12.2023	ASSETS	31.03.2024	31.03.2023
	Non-current assets		
86,021	Property, plant and equipment	90,402	84,445
29,228	Intangible assets	28,924	29,876
41,907	Rights of use	44,587	39,767
72,554	Goodwill	76,729	72,234
8	Equity investments in other companies	8	8
802	Equity investments in associates	808	813
11,531	Deferred tax assets	11,954	10,116
1,267	Other financial assets	1,326	1,179
96	Other assets	144	59
243,414	Total non-current assets	254,882	238,497
	Current assets		
234,656	Inventories	237,169	238,414
121,936	Trade and other receivables	178,418	172,803
11,249	Current tax receivables	11,526	9,291
59	Other financial assets	104	74
1,028	Derivative financial instruments	1,035	2,409
75,661	Cash and cash equivalents	83,711	59,613
444,589	Total current assets	511,963	482,604
688,003	TOTAL ASSETS	766,845	721,101
31.12.2023	SHAREHOLDERS' EQUITY AND LIABILITIES	31.03.2024	31.03.2023
	Shareholders' Equity		
279,352	Shareholders' Equity of the Group	287,477	283,523
4,315	Non-controlling interests	6,530	4,233
283,667	Total Shareholders' Equity	294,007	287,756
	Non-current liabilities		
138,547	Loans and borrowings due to banks and other lenders	172,116	144,067
36,433	Liabilities for leasing	38,524	34,728
7,968	Deferred tax liabilities	7,905	7,755
6,066	Employee benefits	6,606	6,204
2,885	Provisions for risks and charges	2,972	2,826
1,653	Other liabilities	683	1,434
193,552	Total non-current liabilities	228,806	197,014
	Current liabilities		
109,772	Trade and other payables	128,434	116,121
4,691	Current tax liabilities	6,720	6,987
86,424	Loans and borrowings due to banks and other lenders	98,231	104,202
7,503	Liabilities for leasing	8,280	6,727
603	Derivative financial instruments	573	721
1,791	Provisions for risks and charges	1,794	1,573
210,784	Total current liabilities	244,032	236,331
688,003	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	766,845	721,101

Emak Group – Net financial position

(€/000)	31.03.2024	31.12.2023	31.03.2023
A. Cash	83,711	75,661	59,613
B. Cash equivalents	-	-	-
C. Other current financial assets	1,139	1,087	2,483
D. Liquidity funds (A+B+C)	84,850	76,748	62,096
E. Current financial debt	(33,234)	(24,304)	(53,351)
F. Current portion of non-current financial debt	(73,850)	(70,226)	(58,299)
G. Current financial indebtedness (E + F)	(107,084)	(94,530)	(111,650)
H. Net current financial indebtedness (G - D)	(22,234)	(17,782)	(49,554)
I. Non-current financial debt	(210,640)	(174,980)	(178,795)
J. Debt instruments	-	-	-
K. Non-current trade and other payables	-	-	-
L. Non-current financial indebtedness (I + J + K)	(210,640)	(174,980)	(178,795)
M. Total financial indebtedness (H + L) (ESMA)	(232,874)	(192,762)	(228,349)
N. Non current financial receivables	1,326	1,267	1,179
O. Net financial position (M-N)	(231,548)	(191,495)	(227,170)
Effect IFRS 16	46,804	43,936	41,455
Net financial position without effect IFRS 16	(184,744)	(147,559)	(185,715)