

Press release

## Board of Directors of Emak S.p.A.

### Approved consolidated results for the first quarter: all indicators showed a strong improvement compared to the first quarter of 2020, revenues up by 38.1%

**Revenues from sales: € 162.9 million** compared to € 118 million in the first quarter 2020.

**EBITDA adjusted (\*)**: € 26.4 million compared to € 14 million in the first quarter 2020.

**EBIT: € 21.2 million** compared to € 8.4 million in the first quarter 2020.

**Consolidated net income: € 15.3 million** compared to € 3.8 million in the first quarter 2020.

**Net negative financial position: € 148.4 million** compared to € 180.7 million at 31 March 2020 and € 126.5 million at 31 December 2020.

*Bagnolo in Piano (RE), 12 May 2021*- The Board of Directors of **Emak S.p.A.**, (MTA- 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 2021.

### CONSOLIDATED RESULTS FOR THE FIRST QUARTER 2021

Emak Group achieved in the first quarter **consolidated revenues** of € 162.9 million, compared to € 118 million in the same period of last year, an increase of 38.1%. The improvement is due to the organic growth for 40%, from change in the scope of consolidation for 2.1%, while it is penalized by the effect of translation changes for 4%. It should be noted that the same period of 2020 was partially impacted by the advent of the Covid-19 pandemic; however, even in comparison with the first quarter of 2019 there is a growth of 31% (on a like-for-like basis).

**EBITDA adjusted (\*)** reached € 26.4 million (16.2% of sales) compared to € 14 million of the same period 2020 (11.9% of sales). The result for the quarter benefited from the significant increase in sales volumes and the containment of the incidence of operating costs. During the period there was a trend of strong growth in the costs of raw materials and transport, which however had a still limited impact in the first quarter. The increase in personnel costs is linked to higher production volumes.

**EBIT** amounted to € 21.2 million, in spite of € 8.4 million of the same period of last year.

**Net income** for the first quarter 2021 was € 15.3 million, compared to € 3.8 million for the same period of 2020. Currency management in the first quarter of 2021 was positive for € 0.4 million, against a negative balance of € 1.7 million in the same period. The negative trend of the Brazilian Reals was more than offset by the positive one of the other currencies.

**Free cash flow from operations (\*)** amounted to € 21 million, compared to € 9.4 million for the first quarter 2020.

**Investments in tangible and intangible assets** realized in the first quarter 2021 amounted to a total of € 4 million compared to € 3.2 million in the first quarter of 2020.

**Consolidated net equity** at 31 March 2021 stood at € 239.8 million compared to € 222.3 million at 31 December 2020.

**Net negative financial position** was € 148.4 million compared to € 180.7 million at 31 March 2020 and € 126.5 million at 31 December 2020. The figure at 31 March 2021 included € 28.9 million deriving from the application of IFRS 16, substantially in line with the value of the same period of the previous year.

## **Outlook**

After a record first quarter, the demand trend continued with the same intensity in April, when the Group achieved a turnover up by around 70% compared to the same month of 2020, the most negatively impacted by Covid-19. However, the comparison with April 2019 is very significant, with an increase of about 40%. The important order book suggests strong growth also in the second quarter, with turnover on values similar to the record of the first quarter.

While demand in the first quarter was partly driven by the low level of inventories in the distribution network, the consistency of the order book in this period confirms the appreciation of customers for the continuous improvement of the offer both in terms of products and services, witnessed by the increase in market shares in all the channels in which the Group operates.

The sharp increase in the cost of raw materials, components and transport, which still had a limited impact in the first quarter, will manifest itself significantly during the year; the gradual adjustment of the sales price lists is believed to partly offset this trend. In consideration of the fluidity of the situation, the management will constantly monitor the evolution of the context in order to promptly respond to any critical issues that may arise in the supply chain.

The prospects for the rest of the year remain conditioned by the evolution of the pandemic and the progress of the vaccination campaign. At present, in consideration of the results of the first quarter and the good prospects for the second, despite the lack of visibility on the second half and risks relating to the supply chain and transport, a growth in turnover on an annual basis is assumed between 15% and 20%.

Below are presented the criteria used for the construction of key performance indicators that management considers necessary to the monitoring the Group performance.

- EBITDA: calculated by adding the items "Operating result" plus "Amortization, depreciation and impairment losses".
- EBITDA Adjusted (EBITDA before non ordinary income and expenses): is obtained by deducting at EBITDA the impact of charges and income for litigation, expenses related to M&A transaction, and costs for staff reorganization and restructuring.
- Free cash flow from operations: calculated by adding the items "Net profit" plus "Amortization, depreciation and impairment losses", net of capital gains / losses on the realization of consolidated investments in equity.
- Net negative financial position: 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. 6064293 of 28 July 2006)

The highlights from the consolidated accounts of the Group at 31 March 2021 are attached to the present press release.

Pursuant to the law, the interim report at 31 March 2021 and this press release are available to the public at the Company's registered office, on the company website [www.emakgroup.it](http://www.emakgroup.it), in the "Investor Relations" section and on the storage mechanism eMarket Storage ([www.emarketstorage.com](http://www.emarketstorage.com)).

Aimone Burani, the executive 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.

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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 for the first quarter 2021

	OUTDOOR POWER EQUIPMENT		PUMPS AND HIGH PRESSURE WATER JETTING		COMPONENTS AND ACCESSORIES		Other not allocated / Netting		Consolidated	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020
<b>€/000</b>										
Sales to third parties	57,118	40,867	63,172	46,932	42,591	30,168			162,881	117,967
Intersegment sales	77	291	669	540	2,916	2,521	(3,662)	(3,352)		
Revenues from sales	57,195	41,158	63,841	47,472	45,507	32,689	(3,662)	(3,352)	162,881	117,967
Ebitda	6,024	1,967	11,477	6,911	10,304	5,668	(888)	(623)	26,917	13,923
<i>Ebitda/Total Revenues %</i>	10.5%	4.8%	18.0%	14.6%	22.6%	17.3%			16.5%	11.8%
Ebitda before non ordinary expenses	6,024	2,011	10,869	6,911	10,370	5,728	(888)	(623)	26,375	14,027
<i>Ebitda before non ordinary expenses/Total Revenues %</i>	10.5%	4.9%	17.0%	14.6%	22.8%	17.5%			16.2%	11.9%
Operating result	4,015	60	9,639	4,868	8,403	4,070	(888)	(623)	21,169	8,375
<i>Operating result/Total Revenues %</i>	7.0%	0.1%	15.1%	10.3%	18.5%	12.5%			13.0%	7.1%
Net financial expenses (1)									(824)	(2,826)
Profit before taxes									20,345	5,549
Income taxes									(5,065)	(1,716)
Net profit									15,280	3,833
<i>Net profit/Total Revenues%</i>									9.4%	3.2%
(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										
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>31.03.2021</b>	<b>31.12.2020</b>	<b>31.03.2021</b>	<b>31.12.2020</b>	<b>31.03.2021</b>	<b>31.12.2020</b>	<b>31.03.2021</b>	<b>31.12.2020</b>	<b>31.03.2021</b>	<b>31.12.2020</b>
Net debt	24,583	10,780	92,674	87,031	31,250	28,741	(110)	0	148,397	126,552
Shareholders' Equity	182,803	178,820	73,290	66,031	61,414	55,096	(77,671)	(77,647)	239,836	222,300
Total Shareholders' Equity and Net debt	207,386	189,600	165,964	153,062	92,664	83,837	(77,781)	(77,647)	388,233	348,852
Net non-current assets (2)	129,893	130,336	86,449	86,970	42,979	41,397	(75,517)	(75,506)	183,804	183,197
Net working capital	77,493	59,264	79,515	66,092	49,685	42,440	(2,264)	(2,141)	204,429	165,655
Total net capital employed	207,386	189,600	165,964	153,062	92,664	83,837	(77,781)	(77,647)	388,233	348,852
(2) The net non-current assets of the Outdoor Power Equipment area includes the amount of Equity investments for 76,074 thousand Euro										
<b>OTHER STATISTICS</b>	<b>31.03.2021</b>	<b>31.12.2020</b>	<b>31.03.2021</b>	<b>31.12.2020</b>	<b>31.03.2021</b>	<b>31.12.2020</b>	<b>31.03.2021</b>	<b>31.12.2020</b>	<b>31.03.2021</b>	<b>31.12.2020</b>
Number of employees at period end	740	738	796	777	627	613	8	8	2,171	2,136
<b>OTHER INFORMATIONS</b>	<b>31.03.2021</b>	<b>31.03.2020</b>	<b>31.03.2021</b>	<b>31.03.2020</b>	<b>31.03.2021</b>	<b>31.03.2020</b>	<b>31.03.2021</b>	<b>31.03.2020</b>	<b>31.03.2021</b>	<b>31.03.2020</b>
Amortization, depreciation and impairment losses	2,009	1,907	1,838	2,043	1,901	1,598			5,748	5,548
Investment in property, plant and equipment and in intangible assets	1,171	1,043	824	1,010	1,997	1,173			3,992	3,226

**Emak Group – Consolidated income statement and comprehensive income statement**

Thousand of Euro

FY 2020	CONSOLIDATED INCOME STATEMENT	1 Q 2021	1 Q 2020
<b>469,778</b>	<b>Revenues from sales</b>	<b>162,881</b>	<b>117,967</b>
4,152	Other operating incomes	1,381	541
9,996	Change in inventories	(1,272)	3,589
(258,006)	Raw materials, consumable and goods	(85,406)	(66,800)
(84,588)	Personnel expenses	(24,257)	(20,605)
(85,698)	Other operating costs and provisions	(26,410)	(20,769)
(22,692)	Amortization, depreciation and impairment losses	(5,748)	(5,548)
<b>32,942</b>	<b>Operating result</b>	<b>21,169</b>	<b>8,375</b>
727	Financial income	67	80
(5,164)	Financial expenses	(1,266)	(1,132)
(3,547)	Exchange gains and losses	375	(1,689)
(2,144)	Income from/(expenses on) equity investment	-	(85)
<b>22,814</b>	<b>Profit before taxes</b>	<b>20,345</b>	<b>5,549</b>
(3,202)	Income taxes	(5,065)	(1,716)
<b>19,612</b>	<b>Net profit (A)</b>	<b>15,280</b>	<b>3,833</b>
<b>(312)</b>	(Profit)/loss attributable to non controlling interests	<b>(138)</b>	<b>39</b>
<b>19,300</b>	<b>Net profit attributable to the Group</b>	<b>15,142</b>	<b>3,872</b>
<b>0.118</b>	<b>Basic earnings per share</b>	<b>0.093</b>	<b>0.024</b>
<b>0.118</b>	<b>Diluted earnings per share</b>	<b>0.093</b>	<b>0.024</b>
<b>FY 2020</b>	<b>CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME</b>	<b>1 Q 2021</b>	<b>1 Q 2020</b>
<b>19,612</b>	<b>Net profit (A)</b>	<b>15,280</b>	<b>3,833</b>
(8,787)	Profits/(losses) deriving from the conversion of foreign company accounts	2,256	(3,745)
(64)	Actuarial profits/(losses) deriving from defined benefit plans (*)	-	-
18	Income taxes on OCI (*)	-	-
<b>(8,833)</b>	<b>Total other components to be included in the comprehensive income statement (B)</b>	<b>2,256</b>	<b>(3,745)</b>
<b>10,779</b>	<b>Total comprehensive income for the period (A)+(B)</b>	<b>17,536</b>	<b>88</b>
<b>(147)</b>	Comprehensive net profit attributable to non controlling interests	<b>(153)</b>	<b>191</b>
<b>10,632</b>	Comprehensive net profit attributable to the Group	<b>17,383</b>	<b>279</b>

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

**Emak Group – Consolidated statement of financial position**

Thousand of Euro

31.12.2020	ASSETS	31.03.2021	31.03.2020
	<b>Non-current assets</b>		
76,409	Property, plant and equipment	77,183	75,171
23,069	Intangible assets	22,591	20,178
27,925	Rights of use	27,867	29,081
67,464	Goodwill	67,208	64,333
8	Equity investments in other companies	8	8
-	Equity investments in associates	-	7,526
9,063	Deferred tax assets	8,970	8,256
808	Other financial assets	849	2,303
57	Other assets	58	62
<b>204,803</b>	<b>Total non-current assets</b>	<b>204,734</b>	<b>206,918</b>
	<b>Current assets</b>		
163,602	Inventories	163,359	159,518
111,082	Trade and other receivables	162,824	137,588
7,516	Current tax receivables	6,107	5,395
229	Other financial assets	619	375
506	Derivative financial instruments	1,047	857
99,287	Cash and cash equivalents	81,555	47,079
<b>382,222</b>	<b>Total current assets</b>	<b>415,511</b>	<b>350,812</b>
<b>587,025</b>	<b>TOTAL ASSETS</b>	<b>620,245</b>	<b>557,730</b>
31.12.2020	SHAREHOLDERS' EQUITY AND LIABILITIES	31.03.2021	31.03.2020
	<b>Shareholders' Equity</b>		
220,137	Shareholders' Equity of the Group	237,520	209,774
2,163	Non-controlling interests	2,316	1,846
<b>222,300</b>	<b>Total Shareholders' Equity</b>	<b>239,836</b>	<b>211,620</b>
	<b>Non-current liabilities</b>		
135,456	Loans and borrowings due to banks and other lenders	123,087	126,533
24,058	Liabilities for leasing	24,039	24,927
6,465	Deferred tax liabilities	6,537	8,261
7,608	Employee benefits	7,604	7,921
2,382	Provisions for risks and charges	2,422	2,340
4,343	Other non-current liabilities	3,517	478
<b>180,312</b>	<b>Total non-current liabilities</b>	<b>167,206</b>	<b>170,460</b>
	<b>Current liabilities</b>		
110,554	Trade and other payables	117,342	88,981
4,764	Current tax liabilities	9,279	5,148
62,032	Loans and borrowings due to banks and other lenders	79,539	74,051
4,816	Liabilities for leasing	4,896	4,972
1,020	Derivative financial instruments	906	840
1,227	Provisions for risks and charges	1,241	1,658
<b>184,413</b>	<b>Total current liabilities</b>	<b>213,203</b>	<b>175,650</b>
<b>587,025</b>	<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>620,245</b>	<b>557,730</b>

**Emak Group – Consolidated net financial position**

Thousand of Euro	31/03/2021	31/12/2020	31/03/2020
A. Cash and cash equivalents	81,555	99,287	47,079
B. Other cash at bank and on hand (held-to-maturity investments)	-	-	-
C. Financial instruments held for trading	-	-	-
<b>D. Liquidity funds (A+B+C)</b>	<b>81,555</b>	<b>99,287</b>	<b>47,079</b>
<b>E. Current financial receivables</b>	<b>1,666</b>	<b>735</b>	<b>1,232</b>
F. Current payables to banks	(17,145)	(7,714)	(23,488)
G. Current portion of non current indebtedness	(60,112)	(51,549)	(35,121)
H. Other current financial debts	(8,084)	(8,605)	(21,254)
<b>I. Current financial indebtedness (F+G+H)</b>	<b>(85,341)</b>	<b>(67,868)</b>	<b>(79,863)</b>
<b>J. Current financial indebtedness, net (I+E+D)</b>	<b>(2,120)</b>	<b>32,154</b>	<b>(31,552)</b>
K. Non-current payables to banks	(119,327)	(131,686)	(124,037)
L. Bonds issued	-	-	-
M. Other net non-current financial debts	(27,799)	(27,828)	(27,423)
<b>N. Non-current financial indebtedness (K+L+M)</b>	<b>(147,126)</b>	<b>(159,514)</b>	<b>(151,460)</b>
<b>O. Net financial indebtedness (ESMA) (J+N)</b>	<b>(149,246)</b>	<b>(127,360)</b>	<b>(183,012)</b>
P. Non current financial receivables	849	808	2,303
<b>Q. Net financial position (O+P)</b>	<b>(148,397)</b>	<b>(126,552)</b>	<b>(180,709)</b>
<b>Effect IFRS 16</b>	<b>28,935</b>	<b>28,874</b>	<b>29,899</b>
<b>Net financial position without effect IFRS 16</b>	<b>(119,462)</b>	<b>(97,678)</b>	<b>(150,810)</b>