



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

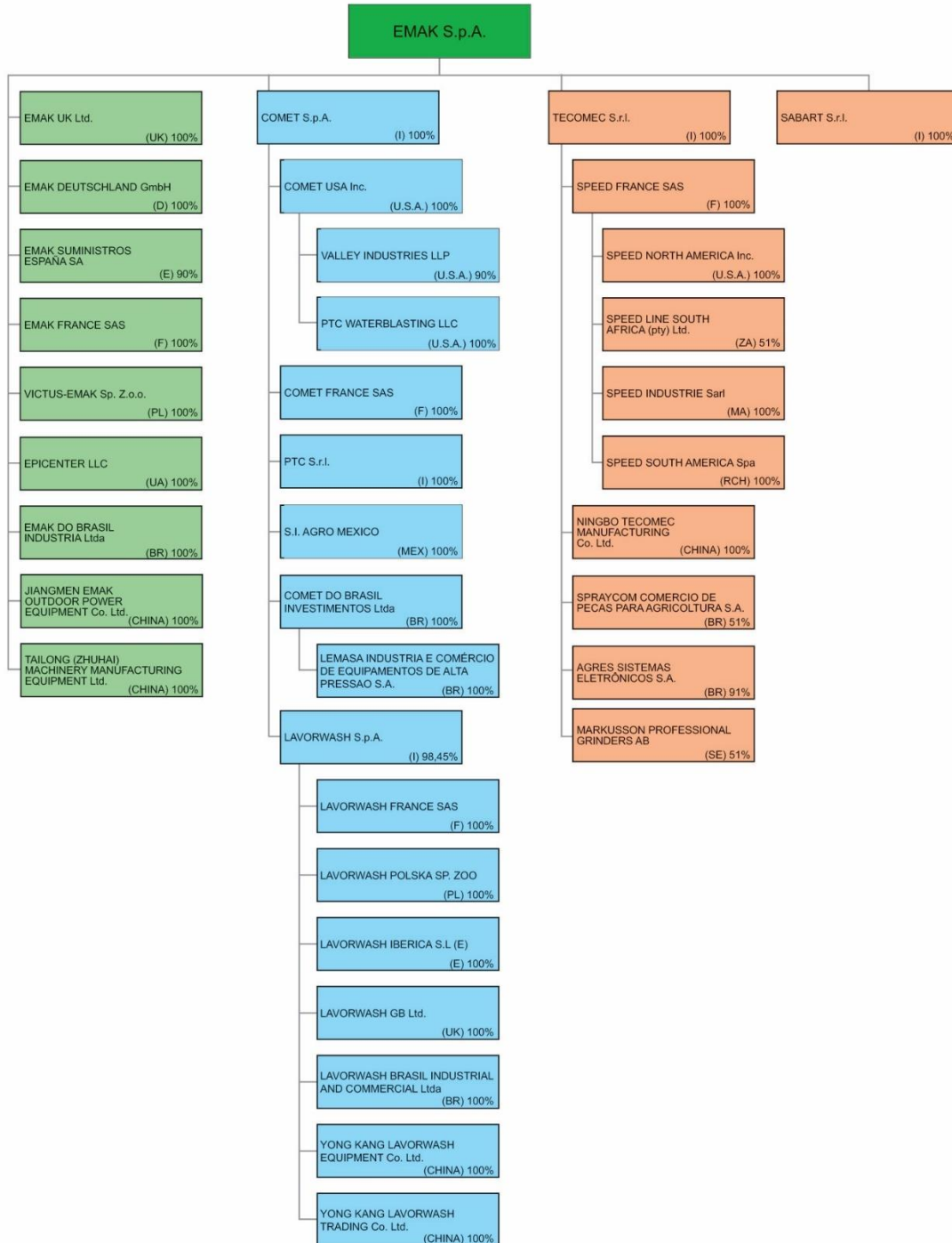


Interim report at 31.03.2021

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Organizational chart of Emak Group



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 Investimentos 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.
4. Lavorwash Brasil Ind. Ltda is owned for 99.99% by Lavorwash S.p.A. and 0.01% by Comet do Brasil 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%.

Corporate Bodies of Emak S.p.A.

The Ordinary General Meeting of the Shareholders of the Parent Company, Emak S.p.A. on 30 April 2019 appointed the Board of Directors and the Board of Statutory Auditors for the financial years 2019-2021.

Board of Directors

Chairman and Chief Executive Officer

Fausto Bellamico

Deputy Chairman and Executive Director

Aimone Burani

Executive Director

Luigi Bartoli

Lead Independent Director

Massimo Livatino

Independent Directors

Alessandra Lanza

Elena Iotti

Directors

Francesca Baldi

Ariello Bartoli

Paola Becchi

Giuliano Ferrari

Vilmo Spaggiari

Guerrino Zambelli

Marzia Salsapariglia

Audit Committee, Remuneration Committee, Related Party

Transactions Committee, Nomination Committee

Chairman

Massimo Livatino

Components

Alessandra Lanza

Elena Iotti

Financial Reporting Officer

Aimone Burani

Supervisory Body as per Legislative Decree 231/01

Chairman

Sara Mandelli

Acting member

Roberto Bertuzzi

Board of Statutory Auditors

Chairman

Stefano Montanari

Acting auditors

Gianluca Bartoli

Francesca Benassi

Alternate auditor

Maria Cristina Mescoli

Federico Cattini

Independent Auditor

Deloitte & Touche S.p.A.

Main economic and financial figures for Emak Group

Income statement (€/000)

Year 2020		1Q 2021	1Q 2020
469,778	Revenues from sales	162,881	117,967
56,289	EBITDA before non ordinary expenses (*)	26,375	14,027
55,634	EBITDA (*)	26,917	13,923
32,942	EBIT	21,169	8,375
19,612	Net profit	15,280	3,833

Investment and free cash flow (€/000)

Year 2020		1Q 2021	1Q 2020
14,018	Investment in property, plant and equipment	3,072	2,408
3,152	Investment in intangible assets	920	818
44,448	Free cash flow from operations (*)	21,028	9,381

Statement of financial position (€/000)

31.12.2020		31.03.2021	31.03.2020
348,852	Net capital employed (*)	388,233	392,329
(126,552)	Net debt (*)	(148,397)	(180,709)
222,300	Total equity	239,836	211,620

Other statistics

Year 2020		1Q 2021	1Q 2020
11.8%	EBITDA / Net sales (%)	16.5%	11.8%
7.0%	EBIT / Net sales (%)	13.0%	7.1%
4.2%	Net profit / Net sales (%)	9.4%	3.2%
9.4%	EBIT / Net capital employed (%)	5.5%	2.1%
0.57	Net debt / Equity	0.62	0.85
2,136	Number of employees at period end	2,171	2,023

Share information

Year 2020		1Q 2021	1Q 2020
0.118	Earnings per share (€)	0.093	0.024
1.098	Official price (€)	1.32	0.68
1.13	Maximum share price in period (€)	1.35	0.94
0.56	Minimum share price in period (€)	1.08	0.62
180	Stockmarket capitalization (€ / million)	216	111
163,934,835	Number of shares comprising share capital	163,934,835	163,934,835
163,537,602	Average number of outstanding shares	163,537,602	163,537,602

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

Directors' report

Information about Covid-19 emergency

Macroeconomic scenario

The trend of the Italian and international economy continues to be conditioned by the COVID-19 epidemic and the resulting health measures and the closure of multiple activities. After the unprecedented fall recorded in the first half of last year, real GDP recovered sharply in the summer quarter but then returned to decline in the final quarter of 2020.

The new year began with renewed hopes linked to the launch of the vaccination campaign in almost all areas of the world, although at different speeds. Among the advanced countries, the United States and the United Kingdom are proceeding more rapidly, while in Europe there are greater difficulties mainly related to the procurement of vaccine doses from pharmaceutical companies. Nonetheless, the current projections lead us to believe that mass immunization will be likely to be achieved widely in advanced countries already by the beginning of next autumn, expecting a gradual return to normality. This has a positive impact on the climate of confidence, both of businesses and consumers, fueling a recovery in investments and consumption. However, the prospects still remain highly dependent on the evolution of the epidemiological scenario, the divergence in the speed of recovery between countries and the permanent impact that could have on consumption.

Emak Group

In this context of macroeconomic uncertainty, the efforts implemented by the Group to date have focused on the health and safety of employees and on ensuring business continuity.

Changes in habits induced by pandemic restrictions have led to increases in demand in the sectors in which the Group operates.

The year 2020, as well as the first months of 2021, were characterized by the rediscovery of green spaces, small-scale agriculture and "do it yourself". Interest in gardening, horticulture and the maintenance of houses and green spaces has increased and with it the associated purchases have grown, with positive effects on the market for specific machines and equipment. The emergence of new lifestyles, induced by the pandemic, has partly positively contributed to the market demand.

The market demand was also supported by a wide and competitive product offer, as well as by a relatively low inventory level in the network in preparation for the opening of the spring season; high operational flexibility made it possible to meet with extraordinary demand which generated an increase in turnover of 38.1% in the first quarter compared to the same period of the previous year, which was partially penalized by the first closures and slowdowns of productive activities.

In this context, characterized by strong tension in the production logistics chain, to face with the peak of demand, the Group's activities have focused on optimizing production capacity and on a careful supply chain management.

In consideration of the current scenario, the Group's Management does not expect to make significant changes to its business model in response to the pandemic, which will continue along the lines of innovation, competitiveness and the expansion of the product range and the strengthening of the current distribution channels; as well as the growth objectives also for external lines and for the efficiency of the operating structure remain confirmed.

Given the uncertainty about the evolution of the pandemic, the situation is carefully monitored and further measures will eventually be taken if the context in which the Group operates should change again.

On this basis, the Management of the Group has assessed that, even in the presence of an uncertain global economic and financial context, there are no uncertainties about the business as a going concern, not detecting the existence of financial, managerial and operational indicators, that may signal critical issues regarding the ability of the Group to meet its obligations.

With respect to the foreseeable evolution on operations, please refer to the specific chapter of this report.

Scope of consolidation

Compared to 31 December 2020 there are no changes in the area; with reference to 31 March 2020 the company Agres Sistemas Eletrônicos SA is passed from an associate to a subsidiary, having increased the shareholding of Tecomec S.r.l. to 91%.

Comments on economic figures

Revenues from sales

Emak Group achieved a consolidated turnover of € 162,881 thousand in the first quarter of 2021, compared to € 117,967 thousand of the same period last year, a 38.1% increase. This increase 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 had been 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).

Growth was very consistent in all segments in which the Group operates (Outdoor Power Equipment, Pumps & High Pressure Jetting, Components & Accessories) and in all the main markets.

The reasons are to be found in the improvement of the offer in terms of innovation and breadth of range and in the low level of stocks at the distribution network in preparation for the spring season.

As already described in the paragraph concerning the Covid-19 emergency, the change in certain habits has further contributed to the demand for products related to gardening, horticulture, cleaning and outdoor activities in general. The favorable trend in the price of commodities in the sector has driven the demand for agricultural machinery and related components.

The Group was able to face the demand peak thanks to the high flexibility of the operating structure, the extraordinary commitment of the entire organization, including the supply chain, with the result of also increasing market shares in some countries.

EBITDA

EBITDA for the first quarter 2021 amounts to € 26,917 thousand (16.5% of sales), compared to € 13,923 thousand (11.8% of sales) for the corresponding quarter of the previous year.

During the quarter, non-ordinary revenues for € 608 thousand were recorded and non-ordinary expenses for € 66 thousand, while in the first quarter 2020 non-ordinary expenses for € 104 thousand were recorded.

Ebitda before non-ordinary expenses and revenues amounts to € 26,375 thousand (16.2% of revenues) compared to € 14,027 thousand in the first quarter 2020 (11.9% of revenues).

The application of the IFRS 16 principle has resulted in a positive effect on the EBITDA for € 1,598 thousand, against to € 1,575 thousand in the first quarter of 2020.

EBITDA for the quarter, both in absolute and percentage terms, 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 will manifest its effects over the next few quarters.

Personnel costs also increased compared to the same period by € 3,652 thousand, both due to the need for greater recourse to the workforce due to the higher production volumes in the first quarter of 2021, on the other hand, in the first quarter of 2020, social safety nets were used, activated during the lockdown period, for the Covid-19 emergency.

The average number of resources employed by the Group, also considering temporary workers employed in the period, was 2,424, compared to 2,158 in the first quarter of 2020.

Operating result

Operating result for the first quarter 2021 is € 21,169 thousand with an incidence of 13% of revenues, compared to € 8,375 thousand (7.1% of sales) for the corresponding quarter of the previous year.

Depreciation and amortization are € 5,748 thousand, compared to € 5,548 thousand in the same period last year.

Non-annualized operating result as a percentage of net capital employed is 5.5% compared to 2.1% in the same period last year.

Net profit

Net profit for the first quarter 2021 is € 15,280 thousand, against € 3,833 thousand in the same period last year.

Currency management in the first quarter 2021 is positive for € 375 thousand against a negative balance of € 1,689 thousand for the same period of the last year. The negative performance of the Brazilian Reais was more than offset by the positive performance of the remaining currencies.

The tax rate for the first quarter of 2021 stands at 24.9%, down from 30.9% in the same period last year, which was affected by the prudential failure to record deferred tax assets on tax losses by some Group companies.

Comment to consolidated statement of financial position

31.12.2020	Thousand of Euro	31.03.2021	31.03.2020
183,197	Net non-current assets (*)	183,804	185,614
165,655	Net working capital (*)	204,429	206,715
348,852	Total net capital employed (*)	388,233	392,329
220,137	Equity attributable to the Group	237,520	209,774
2,163	Equity attributable to non controlling interests	2,316	1,846
(126,552)	Net debt (*)	(148,397)	(180,709)

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

Net non current assets

During first quarter 2021 Emak Group invested € 3,992 thousand in property, plant and equipment and intangible assets, as follows:

- € 1,236 thousand for product innovation;
- € 1,594 thousand for adjustment of production capacity and for process innovation;
- € 600 thousand for upgrading the computer network system;
- € 246 thousand for modernization of industrial buildings;
- € 316 thousand for other investments in operating activities.

Investments broken down by geographical area are as follows:

- € 1,931 thousand in Italy;
- € 1,404 thousand in Europe;
- € 267 thousand in the Americas;
- € 390 thousand in Asia, Africa and Oceania.

Net working capital

Net working capital, compared to 31 December 2020, increases by € 38,774 thousand, from € 165,655 thousand to € 204,429 thousand.

The following table shows the change in net working capital at 31 March 2021 compared with the same period last year:

€/000	3M 2021	3M 2020
Opening Net working capital	165,655	171,478
Increase/(decrease) in inventories	(243)	744
Increase/(decrease) in trade receivables	51,561	31,471
(Increase)/decrease in trade payables	(4,132)	1,925
Change in scope of consolidation	-	591
Other changes	(8,412)	506
Closing Net working capital	204,429	206,715

The trend in net working capital as of March 31, 2021 is consistent with the seasonality of the business. The decrease in absolute value, compared to the same period of 2020, is even more significant when compared to the strong growth in turnover.

Net financial position

Net negative financial position amounts to € 148,397 thousand at 31 March 2021 compared to € 126,552 thousand at 31 December 2020.

Below are the movements in net debt for the first three months of 2021 compared with the same period last year:

€/000	3M 2021	3M 2020
Opening NFP	(126,552)	(146,935)
Ebitda	26,917	13,923
Financial income and expenses	(1,199)	(1,052)
Income from/(expenses on) equity investment	-	(85)
Exchange gains and losses	375	(1,689)
Income taxes	(5,065)	(1,716)
Cash flow from operations, excluding changes in operating assets and liabilities	21,028	9,381
Changes in operating assets and liabilities	(38,889)	(39,024)
Cash flow from operations	(17,861)	(29,643)
Changes in investments and disinvestments	(3,860)	(3,129)
Changes rights of use IFRS 16	(1,363)	(1,070)
Other equity changes	-	-
Changes from exchange rates and translation reserve	1,239	3,613
Change in scope of consolidation	-	(3,545)
Closing NFP	(148,397)	(180,709)

Cash flow from operations, excluding changes in operating assets and liabilities amounted to € 21,028 thousand, compared to € 9,381 thousand for the same period in 2020. Cash flow from operations, usually negative in the

quarter, consequently improves to € 17,861 thousand compared to € 29,643 thousand in the same period of the previous financial year.

Details of the net financial position is analyzed as follows:

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	-	-	-
D. Liquidity funds (A+B+C)	81,555	99,287	47,079
E. Current financial receivables	1,666	735	1,232
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)
I. Current financial indebtedness (F+G+H)	(85,341)	(67,868)	(79,863)
J. Current financial indebtedness, net (I+E+D)	(2,120)	32,154	(31,552)
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)
N. Non-current financial indebtedness (K+L+M)	(147,126)	(159,514)	(151,460)
O. Net financial indebtedness (ESMA) (J+N)	(149,246)	(127,360)	(183,012)
P. Non current financial receivables	849	808	2,303
Q. Net financial position (O+P)	(148,397)	(126,552)	(180,709)
Effect IFRS 16	28,935	28,874	29,899
Net financial position without effect IFRS 16	(119,462)	(97,678)	(150,810)

Net financial position at 31 March 2021 includes actualized financial liabilities related to the payment of future rental and rent payments, in application of IFRS 16 standard, equal to overall € 28,935 thousand, of which € 4,896 thousand falling due within 12 months while at 31 December 2020 they amounted to a total of € 28,874 thousand, of which € 4,816 thousand falling due within 12 months.

Current financial indebtedness mainly consist of:

- account payables and self-liquidating accounts;
- loan repayments falling due by 31 March 2022;
- amounts due to other providers of finance falling due by 31 March 2022;
- debt for equity investments in the amount of € 2,005 thousand.

Financial liabilities for the purchase of the remaining minority shares are equal to € 5,720 thousand, of which € 3,715 thousand in the medium to long term, related to the following companies:

- Markusson for € 2,328 thousand;
- Agres for € 1,387 thousand;
- Valley LLP for € 2,005 thousand.

Equity

Total equity is equal to € 239,836 thousand against € 222,300 thousand at 31 December 2020. Earnings per share at 31 March 2021 is equal to € 0.093 compared to € 0.024 in the same period of the previous year.

On 31 December 2020 the company held 397,233 treasury shares in portfolio number for the equivalent of € 2,029 thousand.

From 1 January 2021 to 31 March 2021 Emak S.p.A. did not buy or sell treasury shares, for which the inventory and value are unchanged from December 31, 2020.

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	
€/000											
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	
Ebitda/Total Revenues %	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	
Ebitda before non ordinary expenses/Total Revenues %	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	
Operating result/Total Revenues %	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	
Net profit/Total Revenues%									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											
STATEMENT OF FINANCIAL POSITION	31.03.2021	31.12.2020	31.03.2021	31.12.2020	31.03.2021	31.12.2020	31.03.2021	31.12.2020	31.03.2021	31.12.2020	
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											
OTHER STATISTICS	31.03.2021	31.12.2020	31.03.2021	31.12.2020	31.03.2021	31.12.2020	31.03.2021	31.12.2020	31.03.2021	31.12.2020	
Number of employees at period end	740	738	796	777	627	613	8	8	2,171	2,136	
OTHER INFORMATIONS	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	
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	

Comments on interim results by operating segment

The table below shows the breakdown of "sales to third parties" in the first three months in 2021 by business sector and geographic area, compared with the same period last year.

	OUTDOOR POWER EQUIPMENT			PUMPS AND HIGH PRESSURE WATER JETTING			COMPONENTS AND ACCESSORIES			CONSOLIDATED		
	1Q 2021	1Q 2020	Var. %	1Q 2021	1Q 2020	Var. %	1Q 2021	1Q 2020	Var. %	1Q 2021	1Q 2020	Var. %
Europe	50,077	34,863	43.6%	34,007	23,870	42.5%	23,859	18,227	30.9%	107,943	76,960	40.3%
Americas	2,388	1,499	59.3%	21,007	17,699	18.7%	13,100	9,259	41.5%	36,495	28,457	28.2%
Asia, Africa and Oceania	4,653	4,505	3.3%	8,158	5,363	52.1%	5,632	2,682	110.0%	18,443	12,550	47.0%
Total	57,118	40,867	39.8%	63,172	46,932	34.6%	42,591	30,168	41.2%	162,881	117,967	38.1%

Outdoor Power Equipment

Sales on the European market recorded a general increase, with particular reference to Italian, French, Polish and Spanish markets.

In the Americas area, sales grew in Latin American countries, while on the North American market they were substantially in line with the same period last year.

In the Asia, Africa and Oceania area, growth in the Far East and China more than offset the decline in sales in Turkey, resulting from the need for destocking of the distributor, in the face of a growing sell-out.

EBITDA, equal to € 6,024 thousand, grew compared to March 31, 2020, due to the increase in turnover and a better market mix. The increase in transport costs, raw materials and labor costs, resulting from the increase in production volumes should be highlighted. Operating costs remain in line.

Net negative financial position amounted to € 24,583 thousand, consistent with the seasonality of the business, is up compared to 31 December 2020 mainly due to the increase in net working capital due to the strong growth in revenues in the quarter. It should be noted the significant decrease compared to the figure of € 50,207 thousand as at March 31, 2020.

Pompe e High Pressure Water Jetting

Sales in Europe marked a strong increase, in particular in France, Poland, England and Spain. The growth trend in the online channel continues.

Sales in the Americas area recorded a positive trend, thanks to excellent performances in Brazil, Chile and North America. In Mexico there is a slight contraction in sales, linked to the slowdown in the economy.

Growth in Asia, Africa and Oceania was mainly driven by China and the Far East.

EBITDA, equal to € 11,477 thousand, increased compared to March 31, 2020, following the significant growth in revenues, despite a negative customer / product mix, the increase in transport costs and raw materials. The containment of overhead costs is highlighted. The first quarter of 2021 benefited from the extraordinary income recognized by the subsidiary Valley and recorded among non-recurring income, against the reversal of the loan, for an equivalent value of € 608 thousand, granted in 2020 as support for the Covid-19 pandemic.

Net negative financial position amounted to € 92,674 thousand, consistent with the seasonality of the business, is up compared to 31 December 2020 due to the increase in net working capital during the quarter, as a result of the growth in turnover for the period. It should be noted the significant decrease compared to the figure of € 103,952 thousand as at March 31, 2020.

Components and Accessories

The significant growth in Europe is mainly attributable to higher sales by the forestry and gardening divisions.

In the Americas area there is a growth in sales achieved by the good performance of forestry and agriculture divisions, as well as the effect of newly consolidated Agres.

In the Asia, Africa and Oceania area, turnover doubled thanks to the markets of China, Turkey, Japan and Australia.

EBITDA for the first quarter of 2021 equal to € 10,304 thousand, up compared to March 31, 2020, benefited from the increase in turnover, a more favorable product mix as well as the change in the consolidation area; the upward trend in the prices of raw materials, which will be fully expressed in the next quarters, had a limited impact in the period.

The increase in personnel costs is linked to the adaptation of the staff to face with higher production volumes.

The increase in the net negative financial position, which amounted to € 31,250 thousand, consistent with the seasonality of the business, compared to the end of 2020, is due to the increase in net working capital during the quarter linked to the growth in turnover and to the investments of the period.

It should be noted the increase, also due to the different consolidation area, compared to the figure of € 26,979 thousand as of March 31, 2020.

Business 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 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 related to the supply chain and transport, a growth in turnover on an annual basis is assumed between 15 and 20%.

Subsequent events

Realignment of the tax values of certain intangible assets to the corresponding book values

The Boards of Directors of the companies Tecomec s.r.l., Comet s.p.a. and PTC s.r.l. resolved to take advantage of the opportunity, offered by recent legislation, of realigning the tax value to the book value for certain goodwill values shown in their respective financial statements, which were originally not fiscally recognized.

The realignment, for a total amount of € 3,441,219, will be subject to an option pursuant to art. 110, D.L. 104/2020, converted into law no. 126/2020, as supplemented by art. 1, paragraph 83, l. 178/2020, and will result in the liquidation of substitute taxes for a total of € 103,237, to be paid without interest in three equal annual installments, starting from 30 June 2021.

The realignment will, in accordance with the law, result in the affixing of a restriction on net equity reserves for a total of € 3,337,982, as illustrated in the following table.

€				
Company	Realigned value	Substitutive tax	Realignment reserve	Reserve used
TECOMEC s.r.l.	1,069,656	32,090	1,037,566	Extraordinary reserve
COMET s.p.a.	1,973,344	59,200	1,914,144	Extraordinary reserve
PTC s.r.l.	398,219	11,947	386,272	Retained earnings reserve
TOTAL	3,441,219	103,237	3,337,982	

Please note that any distribution of the realignment reserve pursuant to art. 110, Legislative Decree 104/2020 is subject to the procedures provided for by art. 2445 of the Italian Civil Code and involves the taxation of the same both for the company and for the recipient shareholder.

There are no other significant events to report.

Other informations

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 14/5/1999 and subsequent modifications and integrations.

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, 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 WORKING CAPITAL: include items "Trade receivables", "Inventories", current non financial "other receivables" net of "Trade payables" and current non financial "other payables".
- 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. 6064293 of 28 July 2006).

Consolidated financial statements

Consolidated Income Statement

Thousand of Euro

FY 2020	CONSOLIDATED INCOME STATEMENT	1 Q 2021	1 Q 2020
469,778	Revenues from sales	162,881	117,967
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)
32,942	Operating result	21,169	8,375
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)
22,814	Profit before taxes	20,345	5,549
(3,202)	Income taxes	(5,065)	(1,716)
19,612	Net profit (A)	15,280	3,833
(312)	(Profit)/loss attributable to non controlling interests	(138)	39
19,300	Net profit attributable to the Group	15,142	3,872
0.118	Basic earnings per share	0.093	0.024
0.118	Diluted earnings per share	0.093	0.024
FY 2020	CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME	1 Q 2021	1 Q 2020
19,612	Net profit (A)	15,280	3,833
(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 (*)	-	-
(8,833)	Total other components to be included in the comprehensive income statement (B)	2,256	(3,745)
10,779	Total comprehensive income for the period (A)+(B)	17,536	88
(147)	Comprehensive net profit attributable to non controlling interests	(153)	191
10,632	Comprehensive net profit attributable to the Group	17,383	279

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

Statement of consolidated financial position

Thousand of Euro

31.12.2020	ASSETS	31.03.2021	31.03.2020
	Non-current assets		
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
204,803	Total non-current assets	204,734	206,918
	Current assets		
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
382,222	Total current assets	415,511	350,812
587,025	TOTAL ASSETS	620,245	557,730
31.12.2020	SHAREHOLDERS' EQUITY AND LIABILITIES	31.03.2021	31.03.2020
	Shareholders' Equity		
220,137	Shareholders' Equity of the Group	237,520	209,774
2,163	Non-controlling interests	2,316	1,846
222,300	Total Shareholders' Equity	239,836	211,620
	Non-current liabilities		
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
180,312	Total non-current liabilities	167,206	170,460
	Current liabilities		
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
184,413	Total current liabilities	213,203	175,650
587,025	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	620,245	557,730

Statement of changes in consolidated equity for the Emak Group at 31.12.2020 and at 31.03.2021

Thousand of Euro	SHARE CAPITAL	SHARE PREMIUM	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 31.12.2019	42,519	40,529	3,489	1,138	733	(1,274)	31,702	77,710	12,949	209,495	2,037	211,532
Profit reclassification			122					12,827	(12,949)	-	(4)	(4)
Other changes		(941)		3,215				(2,264)		10	(17)	(7)
Net profit for the period					(8,622)	(46)			19,300	10,632	147	10,779
Balance at 31.12.2020	42,519	39,588	3,611	4,353	(7,889)	(1,320)	31,702	88,273	19,300	220,137	2,163	222,300
Profit reclassification								19,300	(19,300)	-	-	-
Other changes										-	-	-
Net profit for the period					2,241				15,142	17,383	153	17,536
Balance at 31.03.2021	42,519	39,588	3,611	4,353	(5,648)	(1,320)	31,702	107,573	15,142	237,520	2,316	239,836

The share capital is shown net of the nominal value of treasury shares in the portfolio amounted to € 104 thousand
 The share premium reserve is stated net of the premium value of treasury shares amounting to € 1,925 thousand

Comments on the financial statements

The interim report has been prepared under disclosure continuity, comparability, international best practice and transparency to the market. Despite the lack of legal obligation, the Board of Directors of Emak S.p.A. has in fact decided, also because of his membership in the STAR segment of the MTA, to continue in drafting and systematic publication of quarterly reports, in compliance with art. 2.2.3, paragraph 3, letter. a) of the Regulation of Markets organized and managed by Borsa Italiana S.p.A. The reports are made available to the public in the usual forms of deposit at the registered office, the company website and the "eMarket Storage" storage mechanism.

In relation to the above, it is confirmed that the accounting principles and policies adopted by the Group in preparing the quarterly consolidated financial statements are consistent with those adopted in the consolidated financial statements at 31 December 2020, with the peculiarities shown below.

In this interim report IAS 19 is not applied as far as the quantification of changes in actuarial gains accrued in the period is concerned. In addition, in the context of disclosure of synthetic and essential character, are not observed all the detailed requirements of IAS 34, whenever it is assessed that its application does not bring meaningful information.

It should be noted that:

- when it has not been possible to obtain invoices from suppliers for the provision of consulting and other services, a reasonable estimate of these costs has been made on the basis of the stage of completion of the work;
- current and deferred taxes have been calculated using the tax rates applied in the current year in the individual countries of operation;
- the quarterly report is not subject to audit;
- all amounts are expressed in thousands of euros, unless otherwise specified.

Exchange rates used to translation of financial statements in foreign currencies:

31.12.2020	Amount of foreign for 1 Euro	Average 3 M 2021	31.03.2021	Average 3 M 2020	31.03.2020
0.90	GB Pounds (UK)	0.87	0.85	0.86	0.89
8.02	Renminbi (China)	7.81	7.68	7.70	7.78
1.23	Dollar (Usa)	1.20	1.17	1.10	1.10
4.56	Zloty (Poland)	4.55	4.65	4.32	4.55
18.02	Zar (South Africa)	18.03	17.35	16.95	19.61
34.77	Uah (Ukraine)	33.68	32.63	27.66	30.60
6.37	Real (Brazil)	6.60	6.74	4.92	5.70
10.92	Dirham (Morocco)	10.78	10.63	10.64	11.03
24.42	Mexican Pesos (Mexico)	24.53	24.05	22.09	26.18
872.52	Chilean Pesos (Chile)	872.41	854.90	886.05	936.17
10.03	Swedish krona (Sweden)	10.12	10.24	10.67	11.06

Significant, non-recurring transactions or atypical, unusual transactions

There are no noteworthy events.

Bagnolo in Piano (RE), May 12, 2021

On behalf of the Board of Directors

The Chairman

Fausto Bellamico

Declaration of the executive in charge of preparing the accounting statements pursuant to the rules of Article 154-bis, paragraph 2 of Legislative Decree no. 58/1998

The executive in charge of preparing corporate accounting statements of EMAK S.p.A., Aimone Burani, based on his own knowledge,

certifies,

in accordance with the second paragraph of Art. 154-bis, of Italian Legislative Decree No. 58 of 24 February 1998, that the accounting information contained in the Quarterly Report at 31 March 2020, examined and approved today by the Board of Directors of the company, corresponds with the accounting documents, ledgers and records.

Faithfully,
Bagnolo in Piano (RE), May 12, 2021

Aimone Burani
Executive in charge
of preparing the accounting statements