HALF YEAR REPORT AT 30 JUNE 2023

Index

Organizational chart of Emak Group as of 30 June 2023

1. Valley Industries LLP is consolidated at 100% as a result of the "Put and Call Option Agreement" that governs the purchase of the remaining 6%.
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 99.99% by Emak S.p.A. and 0.01% 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 result of the "Put and Call Option Agreement" that governs the purchase of the remaining 19%.
7. Agres Sistemas Eletrônicos S.A. is consolidated at 100% as a result of the "Put and Call Option Agreement" that governs the purchase of the remaining 4.5%.
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.
10. The company Jiangmen Autech Equipment Co. Ltd, incorpored on September 30, 2022, has been operational since May 1, 2023.

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
Risk Control and Sustainability Committee; Remuneration Committee, Related Party Transactions Committee, Nomination Committee	
Chairman	Elena Iotti
Components	Alessandra Lanza
	Silvia Grappi
Manager in charge of preparing the accounting statements	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.

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).

At the closing date of June 30, 2023 on the basis of notifications received pursuant to Article 120 of Legislative Decree 58/1998, only Yama S.p.A., with 65.2%, is the owner of a stake of more than 5% of the share capital.

Emak Group Profile

The 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.;
- Components and Accessories (C&A): this segment is managed by Tecomec S.r.l., Sabart S.r.l. and their subsidiaries.

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 32% of the Group's overall sales and 87% 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, PTC Urban Cleaning

Equipment, Lavor, Poli, Master Manufacturing, Valley Industries and Bestway 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 42% 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, Speed France, Spraycom, Geoline, Agres, Mecline, Markusson, Sabart and Trebol and partly distributing products for third party brands. The Group sells its products to producers of gardening and forestry, agriculture and cleaning machinery, through a network of specialized distributors and finally in the large-scale distribution channel. Overall, this segment represents approximately 26% 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.

Intermediate Directors Report at 30 June 2023

Main strategic lines of action

The main goal of the 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.

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, the 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 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.

Geopolitical risk and international expansion strategy
The Group operates in an increasingly complex international context, in which local tensions and conflicts cause effects at global level, increasingly influencing the economic performance of companies. In addition, the Group’s strategies, aimed at increasing business also in emerging countries, more subject to sudden socio-economic and regulatory changes (e.g., tariffs), could influence results in a more significant way compared to the past.
The breakout of the conflict between Ukraine and Russia has had important repercussions on the variables that determine the performances of businesses, notably the prices of raw materials, energy costs, exchange rates, consumption trends, inflation rate trends and, consequently, interest rates, making the indicators and fundamentals of the economy increasingly volatile and unpredictable; some markets (Russia and Belarus) are subject to economic sanctions that limit their access to the global market.
Emak constantly monitors the evolution of the of the socio-political situation of the various countries in which it operates, seeking to diversify end markets and supply markets, adopting operating flexibility solutions (adequate inventories, adjustment of sales prices, etc.) aimed at promptly dealing with very rapid and unexpected changes in contexts.
The Group, in the context of external growth, implements and coordinates M&A activities in all respects in order to mitigate the risks.

Demand variability following 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 actively monitors regulatory requirements 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 and adapt supply to the current and future needs of the market.

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.

Risks associated with the supply chain and the availability of raw materials
A delay/blocking of deliveries or problems relating to quality with respect to a supplier can adversely affect the production of finished products. Although the Group does not use raw materials which are difficult to obtain and has always managed to ensure a supply of adequate quantity and quality – as demonstrated, in particular during 2021 and 2022 characterized by increases in the costs of raw materials and transport, besides by greater procurement difficulties – it is not possible to exclude that the occurrence of possible further supply tensions could lead to procurement difficulties. The Group adopts a strategy of supply diversification specifically with the aim of minimizing the risks linked to a potential unavailability of raw materials in the times required by production.
In addition, the Group has created a system for monitoring the economic-financial performance of suppliers in order to mitigate the risks inherent in any supply interruptions and has set up a management of relations with suppliers that guarantee supply flexibility and quality in line with the Group's policies.

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.

Risks associated with dependence on key figures
The Group's results also depend on the ability of its management, which has a decisive role for the Group's development and which boasts significant experience in the sector. Should the relationship in force with a number of these professional figures be interrupted without a timely and suitable replacement, the Group's competitive capacity and its relative growth prospects could be affected.
The Group has an operating and management structure able to ensure business continuity, also through the adoption of retention plans for key professional figures, as well as initiatives aimed at developing skills and retaining talent.

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.

Climate Change
Climate change carries with it two types of risk: (i) transition and (ii) physical.
Transaction risks derive from the transition towards a new low carbon and climate-resilient economy (policy, legal, technological, market and reputational risks). The main transition risks include, by way of example and not in exhaustive terms: transfer to alternative energy sources; electrification of buildings and industrial activities; technological change; change in consumer preferences towards more sustainable products; carbon pricing.
Physical risks derive from the physical effects of climate change (acute and chronic).
Management carries out assessments regarding the impacts on business activities of risks linked to climate change, both regarding the transitional and physical types. Within its Enterprise Risk Management model, the main risks associated with climate change have been mapped, figures responsible for their monitoring have been identified and initiatives to combat any negative impacts have been implemented.

Transition risks open up, at the same time, interesting opportunities from both the point of view of business development (e.g., development of electric/battery-run products, growth of the agriculture sector) and with regards to efficiency (e.g., reduction in energy consumption).
The regulatory evolution of group products is followed and monitored by the technical structures through membership and participation in meetings of trade associations which make it possible to learn about emerging innovations in terms of future product requirements. The Group’s research and development activity is directed on the basis of the regulatory evolution. The evolution of consumer preferences is monitored through the commercial and marketing structure also with constant contact with the distribution network. With regards to aspects linked to energy procurement, this area is monitored by the purchasing department.

With regards to physical risk, the management is carrying out scenario analyses aimed at developing evaluation methodologies better able to monitor this risk. To date, the scenarios examined and the risks considered show how any critical issues can manifest themselves in a medium-long term time frame, thus making any planning of mitigation measures ineffective to date. The Group will continue its monitoring of the scenarios and their evolution so as to always have updated bases for risk assessment and any implementation of mitigating actions.

Tax risk management
The 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 Group has automated through its IT systems most of the operational processes to support its business, 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 parallel with the provisions of the European Regulation (GDPR), the Group constantly monitors the protection of rights in relation to the personal data processed.

Financial risks
In the ordinary performance of its operating activities, the 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 has arranged to transfer residual risks to the insurance market, when insurable.
In this sense, Emak, 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 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 2022		2 Q 2023	2 Q 2022	I H 2023	I H 2022
605,723	Revenues from sales	159,403	177,958	331,156	368,205
76,644	EBITDA before non ordinary income/expenses (*)	24,119	26,706	49,409	54,045
76,079	EBITDA (*)	23,838	26,624	48,842	53,963
46,755	EBIT	16,667	20,161	34,826	41,228
31,165	Net profit	10,673	14,894	22,058	31,746

Investment and free cash flow (€/000)

Y 2022		2 Q 2023	2 Q 2022	I H 2023	I H 2022
16,429	Investment in property, plant and equipment	4,368	3,260	8,214	6,276
5,303	Investment in intangible assets	1,146	1,459	2,572	2,295
60,489	Free cash flow from operations (*)	17,844	21,357	36,074	44,481

Statement of financial position (€/000)

31.12.2022		30.06.2023	30.06.2022
454,292	Net capital employed (*)	500,028	476,781
(177,305)	Net debt (*)	(213,049)	(192,773)
276,987	Total equity	286,979	284,008

Other statistics

Y 2022		2 Q 2023	2 Q 2022	I H 2023	I H 2022
12.6%	EBITDA / Net sales (%)	15.0%	15.0%	14.7%	14.7%
7.7%	EBIT/ Net sales (%)	10.5%	11.3%	10.5%	11.2%
5.1%	Net profit / Net sales (%)	6.7%	8.4%	6.7%	8.6%
10.3%	EBIT / Net capital employed (%)			7.0%	8.6%
0.64	Net debt / Equity			0.74	0.68
2,284	Number of employees at period end			2,402	2,257

Share information and prices

31.12.2022		30.06.2023	30.06.2022
0.185	Earnings per share (€)	0.132	0.191
1.68	Equity per share (€) (*)	1.74	1.72
1.17	Official price (€)	1.04	1.19
2.13	Maximum share price in period (€)	1.32	2.13
0.88	Minimum share price in period (€)	1.00	1.18
191	Stockmarket capitalization (€ / million)	171	195
163,451,400	Average number of outstanding shares	162,837,602	163,537,602
163,934,835	Number of shares comprising share capital	163,934,835	163,934,835
0.370	Free cash flow from operations per share (€) (*)	0.222	0.272
0.065	Dividend per share (€)	-	-

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

2. Information about Russia-Ukraine conflict

The war between Ukraine and Russia has had a major impact on the economy and finances of both countries involved, as well as other nations and the global economic system as a whole.

The Group continues to monitor the evolution of the situation following the invasion of the ukrainian territory by the Russian Federation and to implement the necessary actions to mitigate the risks and direct and indirect impacts on the Group.

As far as direct impacts are concerned, 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., since the beginning of the war, has implemented all the necessary measures to preserve the safety of its employees in the first instance and, therefore, integrity of company assets, mainly represented by product inventories. The subsidiary company, which employs 22 employees, generated a turnover of € 3.1 million in the first half of 2023 (€ 4.7 million in 2022).

The total assets of the Ukrainian subsidiary as of 30 June 2023 amount to € 3.9 million, mainly represented by inventories, trade receivables and cash on hand.

The local management continues to monitor the exposure to the market, the integrity of the product stocks and the evolution of the situation in order to guarantee the continuity of the activity in conditions of maximum safety. Excluding the activities of the commercial subsidiary, the Ukrainian market is marginal for the Group, with sales generated in the first half of 2023 of approximately € 0.3 million (€ 0.4 million in 2022).
The exposure of receivables at the end of the semester amounted to approximately € 47 thousand, with a recoverability risk considered limited on the basis of the information currently available.

The Group's revenues achieved in the Russian and Belarusian markets amounted to 2.5% in the first half of 2023 against 2% in 2022. Exposure at the end of June amounted to approximately € 0.6 million, in reduction compared to previous periods.

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

The Group systematically monitors the regulatory and sanctioning framework referring to the markets and subjects affected by the conflict, complying with the most scrupulous checks of the counterparties to limit regulatory risks, the continuous verification of the geopolitical framework is aimed at preventing potential negative impacts of a commercial and financial nature.

3. Scope of consolidation

Compared to 31 December 2022, the company Bestway LLC entered the scope of consolidation following the acquisition on February 1, 2023, by Valley LLP. On March 21, 2023 Bestway was merged by incorporation into Valley LLP.
Compared to 30 June 2022, the Spanish company Trebol Maquinaria Y Suministros S.A., consolidated starting from 1 October 2022, entered the scope of consolidation.

We also note the change in the percentage investment in Lavorwash S.p.A., which went from 98.45% to 98.91% following the purchase of shares from minority shareholders.

4. Economic and financial results of Emak Group

Comments on economic figures

Revenues from sales

In the first semester 2023, Group achieved a consolidated turnover of € 331,156 thousand, compared to € 368,205 thousand of the same period last year, a decrease of 10.1%. This decrease is due to an organic

decline in sales for 15.7%, partially offset by the positive effects of the change in the scope of consolidation for 5.6%.
The turnover for the second quarter amounts to € 159,403 thousand against € 177,958 thousand in the second quarter of 2022, a decrease of 10.4 % (15.5% an equal consolidation basis).

After the growth trend recorded in the last two years, the Group is experiencing a temporary slowdown in demand.
The economic dynamics linked to inflation and the increase in interest rates and the progressive change in consumption patterns connected to the disappearance of the restrictions linked to the pandemic have in fact conditioned the sales trend.

EBITDA

In the first semester 2023, Ebitda amounts to € 48,842 thousand (14.7% of sales) compared to € 53,963 thousand (14.7% of sales) for the corresponding semester of the previous year.

During the first semester 2023, non-ordinary expenses were recorded for € 567 thousand (€ 82 thousand in the semester 2022) mainly attributable to costs associated with the acquisitions made in the period and provisions for probable future liabilities.

Ebitda before non-ordinary expenses and revenues is equal to € 49,409 thousand (14.9% of revenues) compared to € 54,045 thousand of the same period last year (14.7% of revenues).

The positive effect resulting from the application of the IFRS 16 principle on Ebitda for the first half 2023 is € 4,330 thousand, against to € 3,573 thousand of the first half 2022.

Ebitda for the half-year benefited from the change in the area for € 2,997 thousand and from the full implementation of the increase in sales prices, while it was affected by the decrease in sales and the increase in some commercial costs partly offset by a generalized decrease in tariffs and overall transport costs.

Personnel costs are in line with the same period of the previous year, with an increase in employees on the workforce, following the change in the area, and less use of temporary staff due to the reduction in production volumes.
The average number of resources employed by the Group, also considering temporary workers employed in the period and the different scope of consolidation, was 2,507 (2,497 in the first semester 2022).

Operating result

Operating result for the first semester 2023 is € 34,826 thousand with an incidence of 10.5% on revenues, compared to € 41,228 thousand (11.2% of sales) for the corresponding period of the previous year.

Depreciation and amortization are € 14,016 thousand, compared to € 12,735 thousand on 30 June 2022.

Non-annualized operating result as a percentage of net capital employed is 7% compared to 8.6% of the same period of the previous year.

Net result

Net profit for the first semester 2023 is equal to € 22,058 thousand, against € 31,746 thousand for the same period last year.

The item "financial income", equal to € 1,919 thousand, includes € 1,364 thousand of income on valuation and fixing of derived for hedging interest rate.
The item “financial expenses” equal to € 8,265 thousand, increased compared to € 2,534 thousand of the previous year, because of the increase in market interest rates and the higher level of gross indebtedness. It also should be noticing the negative impact deriving from the adjustment of the debts for Put & Call for an amount of € 526 thousand.

Currency management is positive for € 1,231 thousand, compared to € 2,247 thousand for the same period of the last year. Exchange rate management was positively affected by the revaluation of the Brazilian real against euro and the euro against Chinese renminbi.
The item "Income from/(expenses on) equity investment", equal to a negative value of € 14 thousand, relates to the valuation according to the equity method of the investment in the associated company Raw Power S.r.l.

The effective tax rate is 25.7% in line with the 25.8% in the same period of the previous year.

Comment to consolidated statement of financial position

31.12.2022	€/000	30.06.2023	30.06.2022
206,605	Net non-current assets (*)	222,044	205,233
247,687	Net working capital (*)	277,984	271,548
454,292	**Total net capital employed (*)**	**500,028**	**476,781**
273,003	Equity attributable to the Group	282,789	280,665
3,984	Equity attributable to non controlling interests	4,190	3,343
(177,305)	Net debt (*)	(213,049)	(192,773)
(*)	See section "Definitions of alternative performance indicators"		

Net non-current assets

During first semester 2023 the Group invested € 10,786 thousand in property, plant and equipment and intangible assets, as follows:

31.12.2022	€/000	30.06.2023	30.06.2022
4,939	Innovation technological of products	2,735	2,255
8,223	Production capacity and process innovation	4,212	2,517
3,559	Computer network system	2,115	1,481
3,155	Industrial buildings	870	1,354
1,856	Other investments	854	964
21,732	**Total**	**10,786**	**8,571**

Investments broken down by geographical area are as follows:

31.12.2022	€/000	30.06.2023	30.06.2022
14,742	Italy	6,848	5,540
2,595	Europe	988	785
2,816	Americas	2,216	1,436
1,579	Asia, Africa and Oceania	734	810
21,732	**Total**	**10,786**	**8,571**

Net working capital

Net working capital at 30 June 2023 amounted to € 277,984 thousand, compared to € 247,687 thousand at 31 December 2022 and € 271,548 thousand at 30 June 2022.

The following table shows the change in net working capital in the first half 2023 compared with the previous year:

€/000	1H 2023	1H 2022
Net working capital at 01 January	**247,687**	**198,085**
Increase/(decrease) in inventories	(18,933)	15,620
Increase/(decrease) in trade receivables	29,887	48,627
(Increase)/decrease in trade payables	11,740	13,642
Change in scope of consolidation	12,302	-
Other changes	(4,699)	(4,426)
Net working capital at 30 June	**277,984**	**271,548**

The trend of net working capital in the first half of 2023 followed the typical dynamics of the seasonal nature of the business, characterized by a strong concentration in the first part of the year. Despite the impact of the change in the scope of consolidation, the increase recorded in the first six months of 2023 is significantly lower than in the first half of 2022, mainly thanks to the reduction in inventories.

During the second quarter, the first benefits of the initiatives implemented in the second half of 2022 aimed at normalizing inventories levels were evident, once the critical issues related to the supply chain encountered in the 2021-2022 period had been overcome.

Net financial position

Net negative financial position amounts to € 213,049 thousand at 30 June 2023, compared to € 192,773 thousand at 30 June 2022 and € 177,305 thousand at 31 December 2022.

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

€/000	1H 2023	1H 2022
Opening NFP	**(177,305)**	**(144,269)**
Net profit	22,058	31,746
Amortization, depreciation and impairment losses	14,016	12,735
Cash flow from operations, excluding changes in operating assets and liabilities	**36,074**	**44,481**
Changes in operating assets and liabilities	(16,397)	(67,142)
Cash flow from operations	**19,677**	**(22,661)**
Changes in investments and disinvestments	**(11,673)**	**(8,350)**
Changes rights of use IFRS 16	**(8,895)**	**(1,659)**
Dividends cash out	**(10,628)**	**(12,373)**
Other equity changes	**(223)**	**-**
Changes from exchange rates and translation reserve	**(3,698)**	**(3,461)**
Change in scope of consolidation	**(20,304)**	**-**
Closing NFP	**(213,049)**	**(192,773)**

Cash flow from operations is equal to € 36,074 thousand compared to € 44,481 thousand in the same period of the previous financial year.
Cash flow from operations is positive for € 19,677 thousand compared to a negative value of € 22,661 thousand in the same period of the previous financial year. The acquisition of Bestway resulted in a higher debt of 20,304 thousand Euros relating to the purchase price and approximately 3,850 thousand Euros linked to the accounting of the respective lease payments in accordance with the IFRS 16 accounting standard.

Details of the net financial position is analyzed as follows:

(€/000)	30.06.2023	31.12.2022	30.06.2022
A. Cash	47,947	86,477	60,954
B. Cash equivalents	-	-	-
C. Other current financial assets	2,147	2,745	1,715
D. Liquidity funds (A+B+C)	**50,094**	**89,222**	**62,669**
E. Current financial debt	(17,116)	(22,956)	(35,175)
F. Current portion of non-current financial debt	(60,209)	(60,694)	(61,913)
G. Current financial indebtedness (E + F)	**(77,325)**	**(83,650)**	**(97,088)**
H. Net current financial indebtedness (G - D)	**(27,231)**	**5,572**	**(34,419)**
I. Non-current financial debt	(187,053)	(184,028)	(159,415)
J. Debt instruments	-	-	-
K. Non-current trade and other payables	-	-	-
L. Non-current financial indebtedness (I + J + K)	**(187,053)**	**(184,028)**	**(159,415)**
M. Total financial indebtedness (H + L) (ESMA)	**(214,284)**	**(178,456)**	**(193,834)**
N. Non current financial receivables	1,235	1,151	1,061
O. Net financial position (M-N)	**(213,049)**	**(177,305)**	**(192,773)**
Effect IFRS 16	**43,593**	**38,039**	**38,356**
Net financial position without effect IFRS 16	**(169,456)**	**(139,266)**	**(154,417)**

Net financial position at 30 June 2023 includes actualized financial liabilities related to the payment of future rental and rent payments, in application of IFRS 16 standard, equal to overall € 43,593 thousand, of which € 7,386 thousand falling due within 12 months while at 31 December 2022 they amounted to a total of € 38,039 thousand, of which € 6,357 thousand falling due within 12 months.

Current financial indebtedness mainly consists of:
- account payables and self-liquidating accounts;
- loan repayments falling due by 30 June 2024;
- amounts due to other providers of finance falling due by 30 June 2024;
- debt for equity investments in the amount of € 1,477 thousand.

The short and long term financial liabilities for the purchase of the shares are equal to € 7,993 thousand, against € 13,157 thousand at 31 December 2022 and € 11,048 thousand at 30 June 2022.

Equity

Total equity is equal to € 286,979 thousand at 30 June 2023 against € 276,987 thousand at 31 December 2022.

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	**30.06.2023**	**30.06.2022**	**30.06.2023**	**30.06.2022**	**30.06.2023**	**30.06.2022**	**30.06.2023**	**30.06.2022**	**30.06.2023**	**30.06.2022**
Sales to third parties	106,638	136,458	139,846	139,218	84,672	92,529			**331,156**	**368,205**
Intersegment sales	227	221	1,921	1,836	4,431	6,042	(6,579)	(8,099)		
Revenues from sales	106,865	136,679	141,767	141,054	89,103	98,571	(6,579)	(8,099)	**331,156**	**368,205**
Ebitda (*)	12,476	13,098	21,857	23,014	15,698	19,480	(1,189)	(1,629)	**48,842**	**53,963**
Ebitda/Total Revenues %	*11.7%*	*9.6%*	*15.4%*	*16.3%*	*17.6%*	*19.8%*			***14.7%***	***14.7%***
Ebitda before non ordinary expenses (*)	12,476	13,098	22,315	23,014	15,807	19,562	(1,189)	(1,629)	**49,409**	**54,045**
Ebitda before non ordinary expenses/Total Revenues %	*11.7%*	*9.6%*	*15.7%*	*16.3%*	*17.7%*	*19.8%*			***14.9%***	***14.7%***
Operating result	8,649	8,970	16,582	18,852	10,784	15,035	(1,189)	(1,629)	**34,826**	**41,228**
Operating result/Total Revenues %	*8.1%*	*6.6%*	*11.7%*	*13.4%*	*12.1%*	*15.3%*			***10.5%***	***11.2%***
Net financial expenses (1)									**(5,129)**	**1,558**
Profit befor taxes									**29,697**	**42,786**
Income taxes									**(7,639)**	**(11,040)**
Net profit									**22,058**	**31,746**
Net profit/Total Revenues%									***6.7%***	***8.6%***
(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	**30.06.2023**	**31.12.2022**	**30.06.2023**	**31.12.2022**	**30.06.2023**	**31.12.2022**	**30.06.2023**	**31.12.2022**	**30.06.2023**	**31.12.2022**
Net debt (*)	19,449	21,295	137,340	108,992	56,260	47,018	0	0	**213,049**	**177,305**
Shareholders' Equity	190,042	184,363	101,171	98,689	74,101	72,228	(78,335)	(78,293)	**286,979**	**276,987**
Total Shareholders' Equity and Net debt	209,491	205,658	238,511	207,681	130,361	119,246	(78,335)	(78,293)	**500,028**	**454,292**
Net non-current assets (2) (*)	122,529	122,922	116,484	101,679	58,243	57,242	(75,212)	(75,238)	**222,044**	**206,605**
Net working capital (*)	86,962	82,736	122,027	106,002	72,118	62,004	(3,123)	(3,055)	**277,984**	**247,687**
Total net capital employed (*)	209,491	205,658	238,511	207,681	130,361	119,246	(78,335)	(78,293)	**500,028**	**454,292**
(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	**30.06.2023**	**31.12.2022**	**30.06.2023**	**31.12.2022**	**30.06.2023**	**31.12.2022**	**30.06.2023**	**31.12.2022**	**30.06.2023**	**31.12.2022**
Number of employees at period end	736	747	975	873	682	655	9	9	**2,402**	**2,284**
OTHER INFORMATIONS	**30.06.2023**	**30.06.2022**	**30.06.2023**	**30.06.2022**	**30.06.2023**	**30.06.2022**	**30.06.2023**	**30.06.2022**	**30.06.2023**	**30.06.2022**
Amortization, depreciation and impairment losses	3,827	4,128	5,275	4,162	4,914	4,445			**14,016**	**12,735**
Investment in property, plant and equipment and in intangible assets	2,714	1,895	4,181	2,611	3,891	4,065			**10,786**	**8,571**

(*) 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 2023 and the second quarter 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		
€/000	**1H 2023**	**1H 2022**	**Var. %**	**1H 2023**	**1H 2022**	**Var. %**	**1H 2023**	**1H 2022**	**Var. %**	**1H 2023**	**1H 2022**	**Var. %**
Europe	90,752	119,316	(23.9)	60,602	74,427	(18.6)	49,943	51,511	(3.0)	201,297	245,254	(17.9)
Americas	3,364	5,338	(37.0)	63,954	47,756	33.9	24,356	30,313	(19.7)	91,674	83,407	9.9
Asia, Africa and Oceania	12,522	11,804	6.1	15,290	17,035	(10.2)	10,373	10,705	(3.1)	38,185	39,544	(3.4)
Total	**106,638**	**136,458**	**(21.9)**	**139,846**	**139,218**	**0.5**	**84,672**	**92,529**	**(8.5)**	**331,156**	**368,205**	**(10.1)**

	OUTDOOR POWER EQUIPMENT			PUMPS AND HIGH PRESSURE WATER JETTING			COMPONENTS AND ACCESSORIES			CONSOLIDATED		
€/000	**2Q 2023**	**2Q 2022**	**Var. %**	**2Q 2023**	**2Q 2022**	**Var. %**	**2Q 2023**	**2Q 2022**	**Var. %**	**2Q 2023**	**2Q 2022**	**Var. %**
Europe	39,776	54,242	(26.7)	29,459	36,388	(19.0)	24,800	25,771	(3.8)	94,035	116,401	(19.2)
Americas	1,275	2,790	(54.3)	33,071	24,500	35.0	12,496	16,712	(25.2)	46,842	44,002	6.5
Asia, Africa and Oceania	5,499	4,569	20.4	8,527	8,257	3.3	4,500	4,729	(4.8)	18,526	17,555	5.5
Total	**46,550**	**61,601**	**(24.4)**	**71,057**	**69,145**	**2.8**	**41,796**	**47,212**	**(11.5)**	**159,403**	**177,958**	**(10.4)**

Outdoor Power Equipment

Segment revenues down by 21.9% compared to the same period of the previous year, the delay, in line with the performance of the main markets in which the Group operates, is due to high inventory levels in the distribution network at the beginning of the year, to a late start of the season together with the changed consumption capacities and priorities of end users.
The decline in Europe, generalized and in line with market trends, is mostly concentrated in France, Italy, Germany and Poland, with sales in Eastern Europe going against the trend.
In the USA and Argentina, the greatest contractions were recorded in the Americas area.
In the Rest of the world, the recovery is due to the growth achieved on the Turkish market.

EBITDA, amounting to € 12,476 thousand, compared to € 13,098 thousand in the first half of 2022, was negatively affected by the sales trend, largely offset by the entry into full force of the increase in sales prices and by the drop of operating costs.

Net negative financial position of €19,449 thousand is down compared to 31 December 2022, due to the cash flow generated by operations.

Pompe e High Pressure Water Jetting

Segment revenues are up 0.5% compared to the same period of 2022 mainly due to the effect of the change in the area which offset the decline in organic sales.
Sales in Europe saw a generalized contraction in all markets of the area, with a significant drop in Italy and France. The contraction of online sales channel continues.
The Americas area recorded an increase in revenues thanks to the change in the consolidation area, which contributed € 18.5 million.
Sales in Asia, Africa and Oceania are down due to lower sales in North African markets; the good performance of sales in Turkey in the second quarter partly offset the decline in the Asian markets.

EBITDA for the first half of 2023, equal to € 21,857 thousand, compared to € 23,014 thousand in the first half of 2022, benefited from the change in area for € 2.8 million while it was affected by the increase in operating costs.

Net negative financial position, amounting to € 137,340 thousand, increased compared to 31 December 2022, mainly due to the change in area.

Components and Accessories

Segment sales are down by 8.5% compared to the same period of 2022.
In Europe, the decline in turnover is attributable to lower sales on the Italian market where there was an important decrease mainly in cleaning products, partly offset by the change in the scope of consolidation which contributed for approximately € 2 million.
The decline in the Americas area is related to the reduction in turnover on the North American market and the Brazilian subsidiaries.
In the Asia, Africa and Oceania area, the slight decrease is attributable to the slowdown of the Chinese subsidiary and to sales in Korea, partially offset by the growth recorded in Turkey.

EBITDA, amounting to € 15,698 thousand, compared to € 19,480 thousand as at 30 June 2022, was affected by the decrease in sales and an unfavorable product mix effect.

Net negative financial position, equal to € 56,260 thousand, up compared to the end of 2022, is attributable to the increase in net working capital, in particular to the higher amount of trade receivables.

5. Dealings with related parties

Emak S.p.A. is controlled by Yama S.p.A., which holds 65.2% 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.
With these companies there are limited supply and industrial services dealings, as well as industrial surfaces rental services of and financial services deriving from the equity investment of a few Italian companies in the Group, including Emak S.p.A., in the tax consolidation headed by Yama S.p.A.
For some years there have been collaboration relationships for consultancy services of a technological nature linked to the development of new electrical products with the company Raw power S.r.l. Following the purchase of the 24% connection share which took place in the first half of 2023, the transactions with this company they qualify as related party transactions.
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.

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 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 would have been applied, most recently with its resolution of 12 May 2021.

* * * * * * *

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.it.
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 based on 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, 2022, the Company held 1,097,233 treasury shares in portfolio for an equivalent value of € 2,835 thousand.

During the first half 2023 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

The sales results reported by the Group in the first half are in line with the market trend. In a very difficult market scenario, activities focused on operating efficiency, which made it possible to maintain margins at significant levels and to achieve the first improvement results in the management of working capital, the full achievement of which is expected in the coming months.
The economic framework is still characterized by strong uncertainty, despite the expectations for the second half of the year are for a recovery in sales, even if not enough to make up for the accumulated delay compared to last year. The priorities for the Group continue to be strengthening of its position on the market, cost efficiency, structural flexibility, and the improvement of cash generation through careful management of invested capital.

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

No significant events occurred after the end of the period of this report.

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 2023 and shareholders' equity at 30 June 2023 of the Group (Group share), with the corresponding values of the parent company Emak S.p.A.

€/000	Equity at 30.06.2023	Result for the year ending 30.06.2023	Equity at 30.06.2022	Result for the year ending 30.06.2022
Equity and result of Emak S.p.A.	**155,646**	**13,699**	**155,076**	**16,420**
Equity and result of consolidated subsidiaries	354,719	28,857	365,268	32,152
Effect of the elimination of the accounting value of shareholdings	(213,385)	(38)	(227,872)	-
Elimination of dividends	-	(19,878)	-	(16,026)
Elimination of intergroup profits	(9,987)	(568)	(8,464)	(800)
Evaluation of equity investment in associated	(14)	(14)	-	-
Total consolidated amount	**286,979**	**22,058**	**284,008**	**31,746**
Non controlling interest	**(4,190)**	**(533)**	**(3,343)**	**(523)**
Equity and result attributable to the Group	**282,789**	**21,525**	**280,665**	**31,223**

Bagnolo in Piano (RE), August 9, 2023

On behalf of the Board of Directors

The Chiarman

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: 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".
- 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: 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.

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 2023

Consolidated financial statements

Consolidated Income Statement

Thousand of Euro

Year 2022	CONSOLIDATED INCOME STATEMENT	Notes	1H 2023	of which to related parties	1H 2022	of which to related parties
605,723	**Revenues from sales**	**9**	**331,156**	**634**	**368,205**	**704**
4,753	Other operating incomes	9	2,475	-	1,837	2
12,790	Change in inventories		(7,419)		10,328	
(331,528)	Raw materials, consumables and goods	10	(169,554)	(1,254)	(207,287)	(1,464)
(99,519)	Personnel expenses	11	(53,594)		(53,612)	
(116,140)	Other operating costs and provisions	12	(54,222)	(279)	(65,508)	(215)
(29,324)	Amortization, depreciation and impairment losses	13	(14,016)	(926)	(12,735)	(860)
46,755	**Operating result**		**34,826**		**41,228**	
4,007	Financial income	14	1,919	-	1,845	1
(8,560)	Financial expenses	14	(8,265)	189	(2,534)	176
1,895	Exchange gains and losses	14	1,231		2,247	
-	Income from/(expenses on) equity investment	14	(14)		-	
44,097	**Profit before taxes**		**29,697**		**42,786**	
(12,932)	Income taxes	15	(7,639)		(11,040)	
31,165	**Net profit (A)**		**22,058**		**31,746**	
(897)	(Profit)/loss attributable to non controlling interests		(533)		(523)	
30,268	**Net profit attributable to the Group**		**21,525**		**31,223**	
0.185	**Basic earnings per share**	**16**	**0.132**		**0.191**	
0.185	**Diluted earnings per share**	**16**	**0.132**		**0.191**	

Year 2022	CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME	Notes	1H 2023	1H 2022
31,165	**Net profit (A)**		**22,058**	**31,746**
2,141	Profits/(losses) deriving from the conversion of foreign company accounts		(1,215)	8,702
741	Actuarial profits/(losses) deriving from defined benefit plans		-	-
(206)	Income taxes on OCI		-	-
2,676	**Total other components to be included in the comprehensive income statement (B)**		**(1,215)**	**8,702**
33,841	**Total comprehensive income for the period (A)+(B)**		**20,843**	**40,448**
(949)	Comprehensive net profit attributable to non controlling interests (C)		(561)	(701)
32,892	Comprehensive net profit attributable to the Group (A)+(B)+(C)		20,282	39,747

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

31.12.2022	ASSETS	Notes	30.06.2023	of which to related parties	30.06.2022	of which to related parties
	Non-current assets					
82,524	Property, plant and equipment	17	84,670		79,873	
24,482	Intangible assets	18	29,644		24,291	
36,461	Rights of use	19	41,749	13,872	36,797	14,504
71,216	Goodwill	20	72,835	9,914	74,094	12,920
8	Equity investments in other companies	21	8		8	
-	Equity investments in associates	21	786		-	
10,395	Deferred tax assets	30	10,547		9,612	
1,151	Other financial assets	22	1,235	74	1,061	111
60	Other assets	24	95		61	
226,297	**Total non-current assets**		**241,569**	**23,860**	**225,797**	**27,535**
	Current assets					
233,970	Inventories	25	227,851		232,936	
119,661	Trade and other receivables	24	155,352	988	177,415	1,216
9,967	Current tax receivables	30	8,104		8,295	
38	Other financial assets	22	74	74	123	74
2,707	Derivative financial instruments	23	2,073		1,592	
86,477	Cash and cash equivalents		47,947		60,954	
452,820	**Total current assets**		**441,401**	**1,062**	**481,315**	**1,290**
679,117	**TOTAL ASSETS**		**682,970**	**24,922**	**707,112**	**28,825**

31.12.2022	SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	30.06.2023	of which to related parties	30.06.2022	of which to related parties
	Shareholders' Equity					
273,003	Shareholders' Equity of the Group	26	282,789		280,665	
3,984	Non-controlling interests		4,190		3,343	
276,987	**Total Shareholders' Equity**		**286,979**		**284,008**	
	Non-current liabilities					
152,346	Loans and borrowings due to banks and others lenders	28	150,846		127,222	
31,682	Liabilities for leasing	29	36,207	12,724	32,193	13,427
7,962	Deferred tax liabilities	30	7,814		7,808	
6,291	Employee benefits	31	6,151		7,521	
2,778	Provisions for risks and charges	32	2,907		2,616	
1,510	Other liabilities	33	1,418		1,557	
202,569	**Total non-current liabilities**		**205,343**	**12,724**	**178,917**	**13,427**
	Current liabilities					
109,344	Trade and other payables	27	106,222	3,737	138,043	8,704
4,984	Current tax liabilities	30	5,372		7,400	
76,594	Loans and borrowings due to banks and others lenders	28	68,890		90,419	
6,357	Liabilities for leasing	29	7,386	1,781	6,163	1,625
699	Derivative financial instruments	23	1,049		506	
1,583	Provisions for risks and charges	32	1,729		1,656	
199,561	**Total current liabilities**		**190,648**	**5,518**	**244,187**	**10,329**
679,117	**TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES**		**682,970**	**18,242**	**707,112**	**23,756**

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.

Statement of changes in consolidated equity for the Emak Group at 31.12.2022 and at 30.06.2023

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 31.12.2021	**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	19,291	(32,508)	(12,266)	(159)	(12,425)
Change in treasury shares			(806)								(806)		(806)
Other changes											-	444	444
Net profit for the period						2,089	535			30,268	**32,892**	949	**33,841**
Balance at 31.12.2022	**42,623**	**41,513**	**(2,835)**	**4,247**	**4,353**	**2,264**	**(952)**	**32,339**	**119,183**	**30,268**	**273,003**	**3,984**	**276,987**
Profit reclassification				722				3,056	15,906	(30,268)	**(10,584)**	(44)	**(10,628)**
Other changes								88			**88**	(311)	**(223)**
Net profit for the period						(1,243)				21,525	**20,282**	561	**20,843**
Balance at 30.06.2023	**42,623**	**41,513**	**(2,835)**	**4,969**	**4,353**	**1,021**	**(952)**	**35,483**	**135,089**	**21,525**	**282,789**	**4,190**	**286,979**

Statement of changes in consolidated equity for the Emak Group 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 31.12.2021	**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**

Consolidated Cash Flow Statement

31.12.2022	(€/000)	Notes	30.06.2023	30.06.2022
	Cash flow from operations			
31,165	**Net profit for the period**		**22,058**	**31,746**
29,324	Amortization, depreciation and impairment losses	**13**	14,016	12,735
119	Financial expenses from discounting of debts and other income/expenses from non-monetary transactions	**14**	30	80
-	Income from/(expenses on) equity investment	**14**	14	-
1,864	Financial (income)/ Expenses from adjustment of estimated liabilities for outstanding commitment associates' shares	**14**	526	(299)
(69)	Capital (gains)/losses on disposal of property, plant and equipment		(126)	(37)
10,646	Decreases/(increases) in trade and other receivables		(28,398)	(43,975)
(12,586)	Decreases/(increases) in inventories		19,682	(10,403)
(43,128)	(Decreases)/increases in trade and other payables		(7,682)	(12,531)
(1,209)	Change in employee benefits		(140)	22
(142)	(Decreases)/increases in provisions for risks and charges		255	(230)
(2,317)	Change in derivative financial instruments		963	(1,395)
13,667	**Cash flow from operations**		**21,198**	**(24,287)**
	Cash flow from investing activities			
(21,350)	Change in property, plant and equipment and intangible assets		(10,786)	(8,387)
(90)	(Increases) and decreases in securities and financial assets		(900)	(97)
69	Proceeds from disposal of property, plant and equipment and other changes		126	37
(3,360)	Change in scope of consolidation	**5**	(20,304)	-
(24,731)	**Cash flow from investing activities**		**(31,864)**	**(8,447)**
	Cash flow from financing activities			
(269)	Other changes in equity		(223)	-
39,642	Change in short and long-term loans and borrowings		(11,186)	23,506
(6,427)	Liabilities for leasing refund		(3,806)	(2,910)
(12,425)	Dividends paid		(10,628)	(12,373)
20,521	**Cash flow from financing activities**		**(25,843)**	**8,223**
9,457	**Total cash flow from operations, investing and financing activities**		**(36,509)**	**(24,511)**
(2,937)	**Effect of changes from exchange rates and translation reserve**		**(3,215)**	**(922)**
6,520	**INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS**		**(39,724)**	**(25,433)**
76,829	**OPENING CASH AND CASH EQUIVALENTS**		**83,349**	**76,829**
83,349	**CLOSING CASH AND CASH EQUIVALENTS**		**43,625**	**51,396**

ADDITIONAL INFORMATION ON THE CASH FLOW STATEMENT

31.12.2022	(€/000)	30.06.2023	30.06.2022
	RECONCILIATION OF CASH AND CASH EQUIVALENTS		
76,829	**Opening cash and cash equivalents, detailed as follows:**	**83,349**	**76,829**
79,645	Cash and cash equivalents	86,477	79,645
(2,816)	Overdrafts	(3,128)	(2,816)
83,349	**Closing cash and cash equivalents, detailed as follows:**	**43,625**	**51,396**
86,477	Cash and cash equivalents	47,947	60,954
(3,128)	Overdrafts	(4,322)	(9,558)
	Other information:		
(13)	Change in related party receivables and service transactions	91	(150)
(3,279)	Change in related party payables and service transactions	2,504	4,192
37	Change in related party financial assets	-	-
(2,002)	Related party liabilities for leasing refund	(1,068)	(819)

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., non-financial holding company, which holds the majority of its capital and appoints, pursuant to the law and the company's bylaws, 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, and its Board of Directors makes its own strategic and operating choices in complete autonomy.

Values shown in the notes are in thousands of Euros, unless otherwise stated.

The half year report at 30 June 2023 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

Please refer to chapter 2 of the interim Directors' report.

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 2022 and are briefly discussed below.

2.1 General methods of preparation

The abbreviated consolidated half-year report of the Group at 30 June 2023 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 2022 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, 2023 should be read in conjunction with the annual financial statements at 31 December 2022.
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, 2023 are consistent with those in place for the annual financial statements at December 31, 2022.

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 and with representation of the

operating result that does not include the effects of exchange differences and income from/(expenses on) equity investment, as per the accounting policy historically adopted by the Group;
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 Group as well as 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 volumes 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 as well as the adjustment to the most recent estimates, based on the updated long-term plans, of the payables for the purchase of the residual minority shareholdings if based on prospective economic-financial parameters. 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 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 from 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 94%, is consolidated at 100% as a result of the "Put and Call Option Agreement" which regulates the acquisition of the remaining 6% held by a company linked to the current CEO of the subsidiary;
- Markusson Professional Grinders AB, participated by Tecomec S.r.l., with a share of 81%, is consolidated at 100% on the basis of the "Put and Call Option Agreement" which regulates the purchase of the remaining 19%.

- Agres Sistemas Eletrônicos S.A., participated by Tecomec S.r.l., with a share of 95.5%, is consolidated at 100% on the basis of the "Put and Call Option Agreement" which regulates the purchase of the remaining 4.5%;
- 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%.

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, 2023 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	€	98.91	Comet S.p.A.	98.91
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	€	98.91	Lavorwash S.p.A.	100.00
Lavorwash GB Ltd	St. Helens Merseyside (UK)	900,000	GBP	98.91	Lavorwash S.p.A.	100.00
Lavorwash Polska SP.ZOO	Bydgoszcz (PL)	163,500	PLN	98.91	Lavorwash S.p.A.	100.00
Lavorwash Iberica S.L.	Tarragona (E)	80,000	€	98.91	Lavorwash S.p.A.	100.00
Markusson Professional Grinders AB (2)	Rimbo (SE)	50,000	SEK	100.00	Tecomec S.r.l.	81.00
Trebol Maquinaria y Suministros S.A.	A Coruña (E)	75,000	€	83.33	Sabart S.r.l.	83.33
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.	99.99
					Comet do Brasil LTDA	0.01
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	94.00
Speed North America Inc.	Wooster - Ohio (USA)	10	USD	100.00	Speed France SAS	100.00
Lavorwash Brasil Ind. Ltda	Indaiatuba (BR)	19,291,876	BRL	98.91	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.	95.50
Rest of the world						
Jiangmen Emak Outdoor Power Equipment Co.Ltd	Jiangmen (RPC)	20,425,994	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	98.91	Lavorwash S.p.A.	100.00
Yongkang Lavorwash Trading Co. Ltd	Yongkang City (RPC)	3,930,579	RMB	98.91	Lavorwash S.p.A.	100.00
Jiangmen Autech Equipment Co. Ltd	Jiangmen (RPC)	5,106,499	RMB	100.00	Emak 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 19%.
(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 6%.

(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 4.5%.

Compared to 31 December 2022, the company Bestway LLC entered the scope of consolidation following the acquisition on February 1, 2023, by Valley LLP. On March 21, 2023 Bestway was merged by incorporation into Valley LLP.
Compared to 30 June 2022, the Spanish company Trebol Maquinaria Y Suministros S.A., consolidated starting from 1 October 2022, entered the scope of consolidation.

We also note the change in the percentage investment in Lavorwash S.p.A., which went from 98.45% to 98.91% following the purchase of shares from minority shareholders.

The **associated company** Raw Power S.r.l., with headquarters in Reggio Emilia (Italy) and share capital of € 75,292, is 24% held by Emak S.p.A. and consolidated starting from the first quarter of 2023 with the equity method.

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");
(iv) the other residual transactions are recorded at the specific exchange rate of the transaction.

The main exchange rates used for the translation in Euro of the financial statements expressed in foreign currencies are the following:

31.12.2022	Amount of foreign for 1 Euro	Average 1H 2023	30.06.2023	Average 1H 2022	30.06.2022
0.89	GB Pounds (UK)	0.88	0.86	0.84	0.86
7.36	Renminbi (China)	7.49	7.90	7.08	6.96
1.07	Dollar (Usa)	1.08	1.09	1.09	1.04
4.68	Zloty (Poland)	4.62	4.44	4.64	4.69
18.10	Zar (South Africa)	19.68	20.58	16.85	17.01
39.04	Uah (Ukraine)	39.52	39.70	31.73	30.40
5.64	Real (Brazil)	5.48	5.28	5.56	5.42
11.16	Dirham (Morocco)	11.02	10.76	10.60	10.54
20.86	Mexican Pesos (Mexico)	19.65	18.56	22.17	20.96
913.82	Chilean Pesos (Chile)	871.11	872.59	902.67	962.06
11.12	Swedish krona (Sweden)	11.33	11.81	10.48	10.73

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 2022.

2.5 Changes in accounting standards and new accounting standards

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLICABLE SINCE JANUARY 1, 2023

The following IFRS accounting standards, amendments and interpretations were first adopted by the Group starting January 1, 2023:

- On May 18, 2017, IASB published **IFRS 17 – Insurance contracts**, which is intended to replace international Financial Reporting Standards (IFRS 4 – Insurance contracts). the standard, endorsed on 8 September 2022, was applied starting from 1 January 2023. 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).
Furthermore, 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, also endorsed on 8 September 2021, was applied from 1 January 2023, together with the application of IFRS 17, 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 Group does not carry out insurance business, consequently the adoption of this standard and the related amendment has not had any effects on the consolidated financial statements of the Group.

- 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 have been applied since 1 January 2023.
  The adoption of this amendment has not had any effects on the Group's consolidated financial statements.

- 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 have been applied since 1 January 2023. The adoption of this amendment has not had any effects on the Group's consolidated financial statements.

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 2024; 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 September 2022 the IASB published an amendment called "***Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback".*** The document requires the seller-lessee to value the lease liability arising from a sale & leaseback transaction so as not to recognize an income or loss that refers to the retained right of use. The amendments shall enter into force on 1 January 2024; 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 May 23, 2023, the IASB published an amendment entitled **'Amendments to IAS 12 Income Taxes: International Tax Reform - Pillar Two Model Rules**'. The document introduces a temporary exception to the recognition and disclosure requirements for deferred tax assets and liabilities related to the Pillar Two Model Rules and provides specific disclosure requirements for entities affected by the related International Tax Reform.
  The document provides for the immediate application of the temporary exception, while the disclosure requirements will only be applicable to annual financial statements beginning on or after January 1, 2023, but not to interim financial statements with a closing date prior to December 31, 2023. The Directors do not expect a significant effect on the Group's consolidated financial statements from the adoption of this amendment.

- • On May 25, 2023, the IASB published an amendment entitled **'Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements'**. The document requires an entity to provide additional disclosures about reverse factoring arrangements that enable users of financial statements to evaluate how supplier finance arrangements may affect the entity's liabilities and cash flows and to understand the effect of those arrangements on the entity's exposure to liquidity risk. The amendments will apply from 1 January 2024, but earlier application is permitted. 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 2022.

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.

The 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 2022, 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, other provisions, liabilities for the purchase of the minority shareholding, liabilities for leasing and rights of use. 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

Acquisition of the Bestway Ag Holdings LLC business

On 1 February 2023, Valley Industries LLP completed the closing of the acquisition of the business of Bestway AG, with its headquarters in Hopkinsville (Kentucky), operating in the production and marketing of equipment for spraying and weeding used in agriculture.
The company is recognized as a reference operator in the USA market for the production and marketing of sprayers, equipment for applications in the agricultural sector with own-brand spray tanks and for the sale of pumps and accessories of other market brand leaders.

The operation forms part of the Group’s growth strategy for external lines through the expansion and completion of its product range, specifically of the “Pumps and High-Pressure Water Jetting” segment; thanks to this acquisition, the North American agricultural market can be served by the Group more extensively, enabling commercial synergies.
The “Bestway AG” business achieved in 2022 a turnover of approximately 32 million US Dollars and an EBITDA of 2.5 million US Dollars.
The operation was formally achieved through the acquisition of 100% of the share capital of the NewCo “Bestway Holding LLC”, specially incorporated with the prior contribution on the part of the sellers of the assets and liabilities of the “Bestway AG” business. Once the activities relating to the deal have been completed, on March 21, 2023, the NewCo was merged by incorporation into Valley Industries.

The final consideration for the acquisition was equal to 22.1 million US dollars (of which 3.5 million deposited in an escrow account) fully paid at the closing date.

The fair value of the assets and liabilities of acquisition determined on the basis of the last financial statements of February 1, 2023 on a provisional basis and the price paid are detailed below:

€/000	Book values	Fair Value adjustments	Fair value of acquired assets and liabilities
Non-current assets			
Property, plant and equipment	1,867	-	1,867
Intangible fixed assets	5,568	-	5,568
Current assets			
Inventories	12,814	-	12,814
Trade and other receivables	4,568	-	4,568
Current liabilities			
Trade and other payables	(5,080)	-	(5,080)
Total net assets acquired	**19,736**	**-**	**19,736**
% interest held			**100%**
Equity acquired			**19,736**
Goodwill			**567**
Acquisition price paid at closing			**20,304**

Compared to what is stated in the interim Directors' report of March 31, 2023, the final determination of the price is highlighted, which involved an adjustment in favor of the Group of approximately 360 thousand US dollars.

The fair values of the assets, liabilities and contingent liabilities acquired were determined, in compliance with the provisions of IFRS 3 "Business Combinations", on a provisional basis, as the related valuation processes are still in progress._It should also be noted that, at present, no adjustments have been identified for the adjustment to the fair value of the assets and liabilities reflected in the financial statements of the acquired company, which, by virtue of the previously commented transfer operation, were already recorded at the relative current values defined from the parties.

<u>Acquisition of 24% of Raw power S.r.l.</u>

On 22 February 2023, the Parent Company sanctioned the entry into the shareholding structure of the company Raw Power S.r.l., with registered office in Reggio Emilia, through the subscribing of an increase in share capital for a stake of 24%, for the amount of 800 thousand Euro.
The company deals with all aspects relating to power electronics design, aimed at automation and static conversion of energy and the design of electric motors and generators.
The rationale of the operation is to allow the enhancement of the know-how of electric motors technology in order to increase competitiveness in the market of battery products, in continuous and rapid evolution.

The fair value of the assets and liabilities, determined, provisionally, on the basis of the estimated financial statements at the acquisition date is shown below:

€/000	Book values	Fair Value adjustments	Fair value of acquired assets and liabilities
Non-current assets			
Property, plant and equipment	71	-	71
Intangible assets	31	-	31
Other financial assets	1	-	1
Current assets			
Trade and other receivables	613	-	613
Cash and cash equivalents	877	-	877
Non-current liabilities			
Employee benefits	(103)	-	(103)
Current liabilities			
Trade and other payables	(339)	-	(339)
Current tax liabilities	(33)	-	(33)
Total net assets acquired	**1,118**	**-**	**1,118**
% interest held			**24%**
Net equity acquired			**268**
Goodwill			**532**
Net cash outflow for subscription of paid-in capital			**800**

The fair values of the assets, liabilities and potential liabilities in the half-yearly financial report as at 30 June 2023 were determined, in accordance with the provisions of IFRS 3 "Business Combinations", on a provisional basis as the related valuation processes are still in progress. course.

Exercise of option on 4.5% of Agres Sistemas Eletrônicos SA

On 22 February 2023, the minority shareholders of Agres exercised the Put option, selling the 4.5% stake to Tecomec S.r.l., which took its own stake to 95.5%. The price paid for the acquisition of the 4.5% stake is around 11.2 million Reais, equal to around 2 million Euros. The difference between the price paid and the value of the payable for the purchase of 4.5% recognized in the consolidated financial statements as at 31 December 2022 amounts to € 98 thousand and was recognized as a charge in the income statement as at 30 June 2023.

Incorporation of PTC Waterblasting into Comet USA

During the first quarter of 2023, the company Comet Usa Inc. has started the preparatory procedures for the merger by incorporation of the company Ptc Waterblasting, already 100% controlled.
The company was incorporated in 2017 with the aim of developing the United States market in the pumps and very high-pressure systems sector. The results achieved over the years have been below expectations due to high entry barriers; as a result, with the lack of strategic interest and the reduced operations, the parent company Comet Usa will guarantee the continuity of the residual business of Ptc Waterblasting.

Jiangmen Autech Equipment Co. Ltd

As of May 1st, the Chinese subsidiary Jiangmen Autech Equipment Co. Ltd became operational following the completion of the spin-off procedure and transfer of the business branch of the Chinese subsidiary Jiangmen Emak Outdoor Power Equipment.

Exercise of option on 30% of Markusson Professional Grinders AB

During the month of May 2023, the subsidiary Tecomec S.r.l., following the resolution of the Board of Directors of 10 May, exercised the call option for the purchase of a further 30% of Markusson shares, as envisaged by the contract signed on 2020, thus rising to 81% as a controlling percentage of the Swedish company. The shareholders' agreements stipulated with the minority shareholder provide for the purchase of the additional 19% in 2026.
The value of the transaction, calculated according to the same parameters used for the original purchase of the 51%, is 26,451 thousand Sek, equal to approximately € 2.3 million. The difference between the price paid and the value of the payable for the purchase of 30% recorded in the consolidated financial statements as at 31 December 2022 amounts to € 174 thousand and was recognized as a charge in the income statement as at 30 June 2023.

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) for 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 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	**30.06.2023**	**30.06.2022**	**30.06.2023**	**30.06.2022**	**30.06.2023**	**30.06.2022**	**30.06.2023**	**30.06.2022**	**30.06.2023**	**30.06.2022**
Sales to third parties	106,638	136,458	139,846	139,218	84,672	92,529			**331,156**	**368,205**
Intersegment sales	227	221	1,921	1,836	4,431	6,042	(6,579)	(8,099)		
Revenues from sales	106,865	136,679	141,767	141,054	89,103	98,571	(6,579)	(8,099)	**331,156**	**368,205**
Ebitda (*)	12,476	13,098	21,857	23,014	15,698	19,480	(1,189)	(1,629)	**48,842**	**53,963**
Ebitda/Total Revenues %	*11.7%*	*9.6%*	*15.4%*	*16.3%*	*17.6%*	*19.8%*			***14.7%***	***14.7%***
Ebitda before non ordinary expenses (*)	12,476	13,098	22,315	23,014	15,807	19,562	(1,189)	(1,629)	**49,409**	**54,045**
Ebitda before non ordinary expenses/Total Revenues %	*11.7%*	*9.6%*	*15.7%*	*16.3%*	*17.7%*	*19.8%*			***14.9%***	***14.7%***
Operating result	8,649	8,970	16,582	18,852	10,784	15,035	(1,189)	(1,629)	**34,826**	**41,228**
Operating result/Total Revenues %	*8.1%*	*6.6%*	*11.7%*	*13.4%*	*12.1%*	*15.3%*			***10.5%***	***11.2%***
Net financial expenses (1)									**(5,129)**	**1,558**
Profit befor taxes									**29,697**	**42,786**
Income taxes									**(7,639)**	**(11,040)**
Net profit									**22,058**	**31,746**
Net profit/Total Revenues%									***6.7%***	***8.6%***
(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	**30.06.2023**	**31.12.2022**	**30.06.2023**	**31.12.2022**	**30.06.2023**	**31.12.2022**	**30.06.2023**	**31.12.2022**	**30.06.2023**	**31.12.2022**
Net debt (*)	19,449	21,295	137,340	108,992	56,260	47,018	0	0	**213,049**	**177,305**
Shareholders' Equity	190,042	184,363	101,171	98,689	74,101	72,228	(78,335)	(78,293)	**286,979**	**276,987**
Total Shareholders' Equity and Net debt	209,491	205,658	238,511	207,681	130,361	119,246	(78,335)	(78,293)	**500,028**	**454,292**
Net non-current assets (2) (*)	122,529	122,922	116,484	101,679	58,243	57,242	(75,212)	(75,238)	**222,044**	**206,605**
Net working capital (*)	86,962	82,736	122,027	106,002	72,118	62,004	(3,123)	(3,055)	**277,984**	**247,687**
Total net capital employed (*)	209,491	205,658	238,511	207,681	130,361	119,246	(78,335)	(78,293)	**500,028**	**454,292**
(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	**30.06.2023**	**31.12.2022**	**30.06.2023**	**31.12.2022**	**30.06.2023**	**31.12.2022**	**30.06.2023**	**31.12.2022**	**30.06.2023**	**31.12.2022**
Number of employees at period end	736	747	975	873	682	655	9	9	**2,402**	**2,284**
OTHER INFORMATIONS	**30.06.2023**	**30.06.2022**	**30.06.2023**	**30.06.2022**	**30.06.2023**	**30.06.2022**	**30.06.2023**	**30.06.2022**	**30.06.2023**	**30.06.2022**
Amortization, depreciation and impairment losses	3,827	4,128	5,275	4,162	4,914	4,445			**14,016**	**12,735**
Investment in property, plant and equipment and in intangible assets	2,714	1,895	4,181	2,611	3,891	4,065			**10,786**	**8,571**

(*) See section "Definitions of alternative performance indicators" in Directors' Report

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 2023. 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 positions

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)	30.06.2023	31.12.2022	30.06.2022
A. Cash	47,947	86,477	60,954
B. Cash equivalents	-	-	-
C. Other current financial assets	2,147	2,745	1,715
D. Liquidity funds (A+B+C)	**50,094**	**89,222**	**62,669**
E. Current financial debt	(17,116)	(22,956)	(35,175)
F. Current portion of non-current financial debt	(60,209)	(60,694)	(61,913)
G. Current financial indebtedness (E + F)	**(77,325)**	**(83,650)**	**(97,088)**
H. Net current financial indebtedness (G - D)	**(27,231)**	**5,572**	**(34,419)**
I. Non-current financial debt	(187,053)	(184,028)	(159,415)
J. Debt instruments	-	-	-
K. Non-current trade and other payables	-	-	-
L. Non-current financial indebtedness (I + J + K)	**(187,053)**	**(184,028)**	**(159,415)**
M. Total financial indebtedness (H + L) (ESMA)	**(214,284)**	**(178,456)**	**(193,834)**
N. Non current financial receivables	1,235	1,151	1,061
O. Net financial position (M-N)	**(213,049)**	**(177,305)**	**(192,773)**
Effect IFRS 16	**43,593**	**38,039**	**38,356**
Net financial position without effect IFRS 16	**(169,456)**	**(139,266)**	**(154,417)**

Net financial position at June 30, 2023, includes € 7,993 thousand (€ 13,157 thousand at December 31, 2022), referring to payables for the purchase of the remaining minority shareholding. These debts refer to the purchase of investments in the following companies:
- Markusson for an amount of € 2,277 thousand;
- Agres for an amount of € 2,777 thousand;
- Valley LLP for an amount of € 1,337 thousand;
- Poli S.r.l. for an amount of € 1,602 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 € 6,516 thousand while the current portion of payables for the purchase of equity investments, recorded in the item “Current financial debt”, is equal to € 1,477 thousand.

Net financial position at June 30, 2023, includes, in the items referring to “Financial debts”, financial liabilities for € 43,593 thousand (€ 38,039 thousand at December 31, 2022), of which € 7,386 thousand as a current portion (€ 6,357 thousand at December 31, 2022), deriving from the application of IFRS 16- Leases.

Net financial also includes liabilities for leasing to related parties for an amount of € 14,505 thousand, of which € 1,781 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. Other current financial assets mainly relate to the fair value of derivative financial instruments.

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 2023	1 H 2022
Net sales revenues (net of discounts and rebates)	328,904	364,726
Revenues from recharged transport costs	2,824	4,131
Returns	(572)	(652)
Total	**331,156**	**368,205**

The reduction in "Revenues" compared to the corresponding period of the previous year refers to an organic drop in sales due to the slowdown in demand levels, consequent to the economic dynamics linked to inflation and the increase in interest rates and the progressive change in of consumption connected to the disappearance of the restrictions linked to the pandemic.
The effect on revenues for the half year of the inclusion of the “Bestway AG” business in the scope of consolidation was approximately € 18.5 million, while the effect of the inclusion of the company Trebol Maquinaria y Suministros S.A. was about € 2 million.

Other operating income is analyzed as follows:

€/000	1 H 2023	1 H 2022
Grants related to income and assets	963	556
Revenues for rents	318	317
Recovery of other costs	388	285
Advertising reimbursement	70	102
Capital gains on property, plant and equipment	126	47
Insurance refunds	36	19
Other operating income	574	511
Total	**2,475**	**1,837**

The item “Grants related to income and assets” includes tax credits for € 309 thousand and € 79 thousand as an accrual for non-repayable grant allowed to the Parent Company Emak S.p.A. for the tender of the Ministry of Economic Development “Sustainable Industry - ICT & Digital Agenda” (financing of interventions for the promotion of major R&D projects).

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 2023	1 H 2022
Raw materials, semi-finished products and goods	167,330	204,577
Other purchases	2,292	2,710
Development costs capitalized	(68)	-
Total	**169,554**	**207,287**

The contraction in sales generated a reduction in the need for raw materials and finished products compared to the previous year.

11.Personnel expenses

Details of these costs are as follows:

€/000	1 H 2023	1 H 2022
Wage and salaries	37,874	35,822
Social security charges	10,458	10,086
Employee termination indemnities	1,509	1,570
Other costs	1,454	1,223
Directors' emoluments	536	582
Temporary staff	2,016	4,585
Development costs capitalized	(253)	(256)
Total	**53,594**	**53,612**

Personnel costs are in line compared to the same period of the previous year, considering on the one hand the increase in the average number of employees in the first half of 2023, also due to the entry of the business of the company "Bestway AG" and of the company Trebol into the consolidation area, and on the other hand due to the lower cost for temporary staff linked to the reduction in production volumes.

During the first half of 2023, personnel costs for € 253 thousand were capitalized under intangible fixed assets (€ 256 thousand at 30 June 2022), 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 2023	1 H 2022
Subcontract work	7,299	9,894
Maintenance	4,060	3,562
Trasportation and duties	12,787	24,047
Advertising and promotion	3,026	2,624
Commissions	5,345	5,477
Travel	2,083	1,261
Consulting fees	3,292	3,016
Other services	11,524	11,113
Development costs capitalized	(107)	(73)
Services	**49,309**	**60,921**
Rents, rentals and the enjoyment of third party assets	**2,254**	**1,926**
Increases in provisions	**398**	**221**
Other operating costs	**2,261**	**2,440**
Total	**54,222**	**65,508**

The decrease in transport costs is mainly attributable to a price effect following the reduction in transport and freight rates, as well as the decrease in sales and purchase volumes.

Travel expenses increased compared to 2022 due to the full recovery of travel after the years characterized by the COVID-19 pandemic.

13. Amortization, depreciation and impairment losses

Details of these amounts are as follows:

€/000	1 H 2023	1 H 2022
Amortization of intangible assets (note 18)	3,153	2,821
Depreciaton of property, plant and equipment (note 17)	7,030	6,690
Amortization of rights of use (note 19)	3,833	3,224
Total	**14,016**	**12,735**

The amortization and depreciation at June 30, 2023 amounted to € 14,016 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 2023	1 H 2022
Interest on bank and postal current accounts	361	77
Income from adjustment to fair value and fixing of derived instruments for hedging interest rate risk	1,364	1,314
Financial income of debt adjustment estimate for purchase commitment of remaining shares of subsidiaries	-	299
Other financial income	194	155
Financial income	**1,919**	**1,845**

The "Financial income of debt adjustment estimate for purchase commitment of remaining shares of subsidiaries", equal to € 299 thousand at 30 June 2022, referred to the adjustment estimate of the debt for the purchase of the remaining shares of Valley Industries LLP subject to Put & Call option.

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 2023	1 H 2022
Interest on medium long-term bank loans and borrowings	4,957	1,275
Financial charges from leases	661	494
Interest on short-term bank loans and borrowings	642	139
Costs from adjustment to fair value and fixing of derived instruments for hedging interest rate risk	1,232	141
Financial charges of debt adjustment estimate for purchase commitment of remaining shares of subsidiaries	526	-
Financial expenses from discounting debts	30	80
Financial charges from valuing employee terminations indemnities	15	2
Other financial costs	202	403
Financial expenses	**8,265**	**2,534**

The increase in the "interest on medium long-term bank loan and borrowings" is related to the increase in interest rates and to the bank indebtedness.

The "Financial charges of debt adjustment estimate for purchase commitment of remaining shares of subsidiaries", equal to € 526 thousand, refer for € 254 thousand 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 6% of the company. At June 30,2022 a positive adjustment of € 299 thousand had been recorded. For the remainder it refers to the difference between the price paid for the exercise of the Put & Calls equal to 4.5% of Agres and 30% of Markusson and the respective financial debt recorded in the financial statements as at 31 December 2022.

The "Financial expenses from discounting debts" refer to the implicit interest deriving from the discounting of debts.

The item "Financial charges from leases" refers to interest on financial liabilities recorded in accordance with accounting standard IFRS 16 – *Leases*.

Reference should be made to Note 23 for more details on interest rate hedging derivatives risk.

Details of "**exchange gains and losses"** are as follows:

€/000	**1 H 2023**	**1 H 2022**
Profit / (Loss) on exchange differences on trade transactions	10	924
Profit / (Loss) on exchange differences on trade transactions adjustments	2,029	873
Profit / (Loss) on exchange differences on financial transactions	211	351
Profit / (Loss) on exchange differences on valuation of hedging derivatives	(1,019)	99
Exchange gains and losses	**1,231**	**2,247**

The exchange rate management 2023 is positive for € 1,231 thousand (€ 2,247 thousand of the previous year). Foreign exchange management was positively affected by the revaluation of the Brazilian real against the Euro and the Euro against Chinese Renminbi.

The item "**Income from/(expenses on) equity investment**", equal to a negative value of € 14 thousand, relates to the valuation according to the equity method of the investment in the associated company Raw Power S.r.l.

15. Income taxes

The estimated tax burden for the first half of 2023 of current, deferred tax assets and liabilities amounted to € 7,639 thousand (€ 11,040 thousand in the corresponding period of the previous year) equal to an effective tax rate of 25.7%, in line compared to tax rate of 25.8% for the same period 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, updated to the most recent acquisition of treasury shares which took place in the second half of 2022. The Parent company has only ordinary shares outstanding.

	1H 2023	**1H 2022**
Net profit attributable to ordinary shareholders in the parent company (€/000)	21,525	31,223
Weighted average number of ordinary shares outstanding	162,837,602	163,537,602
Basic earnings per share (€)	**0.132**	**0.191**

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	31.12.2022	Change in scope of consolidation	Increase/ (Amortizations)	Decrease	Reclassification	Exchange difference	30.06.2023
Land and buildings	59,508		236		523	(1,256)	59,011
Accumulated depreciation	(25,330)		(760)		-	428	(25,662)
Land and buildings	**34,178**	**-**	**(524)**	**-**	**523**	**(828)**	**33,349**
Plant and machinery	127,125	2,972	3,006	(417)	1,510	(891)	133,305
Accumulated depreciation	(98,809)	(1,105)	(3,584)	417	-	836	(102,245)
Plant and machinery	**28,316**	**1,867**	**(578)**	**-**	**1,510**	**(55)**	**31,060**
Other assets	139,535		2,704	(508)	1,227	(838)	142,120
Accumulated depreciation	(125,581)		(2,686)	407	6	759	(127,095)
Other assets	**13,954**	**-**	**18**	**(101)**	**1,233**	**(79)**	**15,025**
Advances and fixed assets in progress	**6,076**	**-**	**2,268**	**96**	**(3,266)**	**62**	**5,236**
Cost	**332,244**	**2,972**	**8,214**	**(829)**	**(6)**	**(2,923)**	**339,672**
Accumulated depreciation (note 13)	**(249,720)**	**(1,105)**	**(7,030)**	**824**	**6**	**2,023**	**(255,002)**
Net book value	**82,524**	**1,867**	**1,184**	**(5)**	**-**	**(900)**	**84,670**

Tangible fixed assets of Bestway AG at the date of entry into the consolidation area, they amounted to € 1,867 thousand.

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	31.12.2022	Change in scope of consolidation	Increases	Amortizations	Decreases	Exchange difference	Reclassification	30.06.2023
Development costs	**4,104**	-	455	(839)	(6)	90	17	**3,821**
Patents and software	**3,013**	-	1,431	(755)	-	5	253	**3,947**
Concessions, licences and trademarks	**3,624**	5,568	6	(478)	-	45	-	**8,765**
Other intangible assets	**12,226**	-	159	(1,081)	-	35	36	**11,375**
Advances and fixed assets in progress	**1,515**	-	521	-	-	6	(306)	**1,736**
Net book value (note 13)	**24,482**	**5,568**	**2,572**	**(3,153)**	**(6)**	**181**	**-**	**29,644**

Intangible fixed assets of Bestway AG at the date of entry into the consolidation area, they amounted to € 5,568 thousand and relate to the value of the trademark.

The increase in the semester 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.

The movement of the item "Rights of use" is set out below:

€/000	31.12.2022	Increases	Amortizations	Decreases	Exchange difference	30.06.2023
Rights of use buildings	35,002	7,805	(3,307)	(103)	193	39,590
Rights of use other assets	1,459	1,249	(526)	(56)	33	2,159
Net book value (note 13)	36,461	9,054	(3,833)	(159)	226	41,749

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, in addition to the new contracts signed by the new company which entered the consolidation area after the date of acquisition for € 4,196 thousand.

20.Goodwill

The goodwill of € 72,835 thousand reported at June 30, 2023 is detailed below:

Cash Generating Unit (CGU)	*Country*	Description	31.12.2022	Change in scope of consolidation	Exchange differences	30.06.2023
Victus	Poland	Goodwill recorded in Victus IT	5,200	-	283	5,483
Tecomec	Italy	Goodwill recorded in Tecomec Group	2,807	-	-	2,807
Speed France	France	Goodwill recorded in Speed France	2,854	-	-	2,854
Comet	Italy	Goodwill recorded in Comet Group	4,253	-	-	4,253
PTC	Italy	Goodwill recorded in PTC	1,236	-	-	1,236
Valley	USA	Goodwill recorded in Valley LLP, A1 and Bestway	13,662	567	(251)	13,978
Tecomec	Italy	Goodwill Geoline Electronic S.r.l. recorded in Tecomec S.r.l.	901	-	-	901
S.I.Agro Mexico	Mexico	Goodwill recorded in S.I.Agro Mexico	634	-	-	634
Comet do Brasil	Brazil	Goodwill Lemasa LTDA recorded in Comet do Brasil	9,912	-	601	10,513
Lavorwash	Italy	Goodwill recorded in Lavorwash Group	17,490	-	-	17,490
Spraycom	Brazil	Goodwill recorded in Spraycom	200	-	-	200
Markusson	Sweden	Goodwill recorded in Markusson	1,585	-	(92)	1,493
Agres	Brazil	Goodwill recorded in Agres	7,477	-	510	7,986
Poli	Italy	Goodwill recorded in Poli	1,815	-	-	1,815
Trebol	Spain	Goodwill recorded in Trebol	1,191	-	-	1,191
		Total	71,216	567	1,051	72,835

- Goodwill allocated to the CGU Victus, equal to € 5,483 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.

- 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 S.r.l. in Comet S.p.A., finalized in 2010. The latter, with reference to the impairment test conducted for the 2022 financial statements, was tested through the flows deriving from the subsidiary PTC which, from that financial year, acquired the HPP business through business unit lease.

- 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 € 13,978 thousand, include an amount of € 11,964 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, an amount equal to € 1,446 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 and an amount of € 568 thousand arising from the acquisition of the business of the company Bestway AG realized in the first months of 2023 (€ 567 thousand at the acquisition date), subsequently merged into Valley.

- The goodwill recorded for € 901 thousand refers to the acquisition of the 51% of the company Geoline Electronic S.r.l., 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 € 10,513 thousand refers to the goodwill recorded in relation to the acquisition of the 100% of Lemasa – in 2022 merged into Comet do Brasil - 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.

- 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 € 1,493 thousand refers to the goodwill recognized as part of the acquisition of the Markusson company which took place in 2020, partly regulated by a *Put & Call option* exercised for 30% in the first half of 2023 and the residual for 19%. The goodwill, referring to 100%, 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 € 7,986 thousand includes the value of the goodwill referring to the company Agres which took place in 2020. 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 exercised for 4.5% in the first half of 2023 and residual for 4.5%, is valued according to the expected future economic and financial results, the value of the goodwill, therefore, was originally 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 which, for the part subject to the Put & Call option, referring to the 20% of the company, is valued according to future economic and financial results. The goodwill, therefore, was originally recorded taking into account 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 referring to the company Trebol Maquinaria y Suministros S.A was recognized at 31 December 2022 for € 1,191 thousand as the difference between the fair value of the net assets at 30 September 2022 and the acquisition price referring to 83.33% of the society.

For the purposes of preparing the Half-Year Financial Report, the Management verified the presence of any indicators that could lead to the presumption of an impairment in the value of the registered goodwill.

The analysis took into consideration external and internal factors and in particular evaluated the deviations of the actual data at June 2023 compared to the budget data and the level of headroom of the impairment tests carried out at 31 December 2022.
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 goodwill.

It is also reported that the persistence of uncertainty on the financial markets has confirmed the performance of the Emak share with a market capitalization level lower than the Group's equity as at 30 June 2023. The Directors, taking into account i) the size of the headroom of the so-called impairment test of "second level" carried out in preparing the financial statements as at 31 December 2022, ii) the insignificant differences between the actual consolidated results as at 30 June 2023 and the budget as well as iii) the forecast as at 31 December 2023, did not identify indicators such as to activate the impairment test procedures for the purpose of assessing the recoverability of the value of the consolidated net invested capital as at 30 June 2023.

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.

The item " **Income from/(expenses on) equity investment**", amounting to € 786 thousand, refers to the value of the share pertaining to the Group in associates obtained with the application of the equity method.
In particular, the item refers to the company Raw Power S.r.l., which entered the scope of consolidation starting from 22 February 2023 (for more details, see Note 5).
The value of the equity investments in associated companies was adjusted as at 30 June 2023 for a negative value of € 14 thousand, recorded under the Income Statement item " Income from/(expenses on) equity investment ".

22. Other financial assets

Other financial assets amount to € 1,235 thousand, which is non-current portion, and € 74 thousand as current portion and refer mainly to:

- an amount of € 564 thousand relating to guarantee deposits, entered under the non-current assets;
- an amount of € 581 thousand relating to sureties, recorded under non-current assets;
- an overall amount of € 148 thousand, of which € 74 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 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, 2023 is shown as follows:

€/000	**30.06.2023**	**31.12.2022**
Positive *fair value* assessment exchange rate hedge	-	142
Positive *fair value* assessment exchange rate options	-	29
Positive *fair value* assessment IRS and interest rate options	2,073	2,536
Total derivative financial instrument assets	**2,073**	**2,707**
Negative *fair value* assessment exchange rate hedge	886	557
Negative *fair value* assessment exchange rate options	163	142
Negative fair value assessment IRS and interest rate options	-	-
Total derivative financial instrument liabilities	**1,049**	**699**

24.Trade and other receivables

Details of these amounts are as follows:

€/000	30.06.2023	31.12.2022
Trade receivables	153,042	118,470
Provision for doubtful accounts	(6,192)	(5,837)
Net trade receivables	**146,850**	**112,633**
Trade receivables from related parties (note 35)	625	404
Prepaid expenses and accrued income	3,629	2,623
Other receivables	4,248	4,001
Total current portion	**155,352**	**119,661**
Other non current receivables	95	60
Total non current portion	**95**	**60**

The change in trade receivables is attributable to 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 € 2,571 thousand as advances to suppliers for the supply of goods (€ 2.238 thousand at 31 December 2022);
- an amount of € 363 thousand (€ 675 thousand at 31 December 2022), 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	30.06.2023	31.12.2022
Raw, ancillary and consumable materials	69,841	76,660
Work in progress and semi-finished products	41,603	36,427
Finished products and goods	116,407	120,883
Total	**227,851**	**233,970**

Inventories at June 30, 2023 are stated net of provisions amounting to € 13,492 thousand (€ 12,200 thousand at December 31 2022) 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 2023 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 2023 amounts to € 2,835 and has not undergone any changes compared to the previous year.
As at 31 December 2022, the Company held 1,097,233 treasury shares in its portfolio. From January 1, 2023 to June 30, 2023 no treasury shares were acquired or sold by Emak S.p.A., as a result, the holding and value of treasury shares is unchanged with respect to December 31, 2022.

For details, please refer to the appropriate section of the Directors' Report.

Dividends
On 28 April 2023 the Shareholders' Meeting of Emak S.p.A. resolved to allocate the profit for the year 2022 for € 722 thousand to the legal reserve, for a total of € 10,584 thousand as a dividend to shareholders and for the remainder to a extraordinary reserve.

Share premium reserve
At 30 June 2023, 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, 2023 of € 4,969 thousand (€ 4,247 thousand at December 31, 2022).

Revaluation reserve
At 30 June 2023 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 2023 the reserve for translation differences for an amount of € 1,021 thousand is entirely attributable to the differences generated from the translation of balances into the Group's reporting currency.
The reserve recorded a negative adjustment of € 1,243 thousand mainly due to the negative performance of the Chinese Renminbi currency only partially offset by the positive effect of the Brazilian currency.

Reserve IAS 19
At 30 June 2023 the IAS 19 reserve is equal a negative amount of € 952 thousand, for the actuarial valuation differences of post-employment benefits to employees.

Other reserves
At 30 June 2023 the Other reserves include:
- the extraordinary reserve, amounts to € 31,671 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	30.06.2023	31.12.2022
Trade payables	80,475	87,163
Payables due to related parties (note 35)	660	697
Payables due to staff and social security institutions	15,578	13,297
Advances from customers	1,568	2,731
Accrued expenses and deferred income	2,560	2,228
Other payables	5,381	3,228
Total current portion	**106,222**	**109,344**

The item “**Trade payables**” includes € 332 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 € 3,077 thousand, compared to € 536 thousand at 31 December 2022, 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	30.06.2023	31.12.2022
Bank loans	62,791	66,838
Overdrafts	4,322	3,128
Liabilities for purchase of equity investments	1,477	6,356
Financial accrued expenses	263	224
Other loans	37	48
Total current portion	**68,890**	**76,594**

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

The item “**Liabilities for purchase of equity investments**” includes:
- an amount of € 1,337 thousand refers to the debt towards the transferor shareholder of the company Valley Industries LLP for the purchase of the remaining 6% subject to the "Put & Call Option;
- an amount of € 140 thousand relates to the estimated dividends due to the minority shareholders of the company Markusson.

Long-term loans and borrowings are detailed as follows:

€/000	30.06.2023	31.12.2022
Bank loans	144,330	145,545
Liabilities for purchase of equity investments	6,516	6,801
Other loans	-	-
Total non current portion	**150,846**	**152,346**

The item " **Liabilities for purchase of equity investments** " includes:
- € 2,137 thousand, relates to the discounted debt (of which € 321 thousand for future dividends) for the purchase price portion of 19% of Markusson shares and governed by the "*Put and Call option*" contract to be exercised in 2026;

- € 2,777 thousand, relates to the discounted debt (of which € 162 thousand for future dividends) for the purchase price portion of 4.5% of Agres Sistemas Eletrônicos shares and governed by the "*Put and Call option*" contract to be exercised from 1 January 2026;
- € 1,602 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 2023, bank loans due after 5 years amount to a € 16,722 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 2023.
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, 2023, date of verification of the restrictions.

29.Liabilities derivig from *leases*

The item "**Liabilities deriving from *leases*"** which totals € 43,593 thousand, of which € 36,207 thousand as non-current portion and € 7,386 thousand as current portion, refers to financial liabilities recorded in application of the IFRS 16 accounting standard – *Leases*. These liabilities are equal to the present value of the future residual payments provided by the contracts.

At 30 June 2023 the payables deriving from leases due beyond 5 years amount to € 12,377 thousand.

30. Tax assets and liabilities

Deferred tax assets are detailed below:

€/000	30.06.2023	31.12.2022
Deferred tax on impairment losses of assets	143	169
Deferred tax on reversal of unrealized intercompany gains	3,752	3,537
Deferred tax on provision for inventory write-downs	2,560	2,368
Deferred tax on provisions for bad debts	532	503
Deferred tax on right of use IFRS 16	309	277
Deferred tax on losses in past financial periods	167	84
Deferred tax on tax realignment and revalutations	1,137	1,144
Deferred tax asset on on unrealized exchange differences	675	418
Other deferred tax assets	1,272	1,895
Total	**10,547**	**10,395**

The item "Deferred tax assets on tax realignments and revalutarions" 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 breakdown of **Deferred tax liabilities** is shown as follows:

€/000	30.06.2023	31.12.2022
Deferred tax on property ex IAS 17	90	93
Deferred tax on depreciations	5,307	5,527
Other deferred tax liabilities	2,417	2,342
Total	**7,814**	**7,962**

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

Current tax receivables amount at June 30, 2023 to € 8,104 thousand, against € 9,967 thousand at December 31, 2022, and refer to VAT credits, surplus payments on account of direct tax and other tax credits.

Current tax liabilities amount to € 5,372 thousand at June 30, 2023, compared with € 4,984 thousand at December 31, 2022, 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 € 6,151 thousand, refer principally to the discounted liability for employment termination indemnity payable at the end of an employee’s working life, amounting to € 5,671 thousand.

The main economic financial assumptions used to calculate the fund are unchanged compared to those used at the close of December 31, 2022.

32. Provisions for risks and charges

Movements in these provisions are detailed below:

€/000	31.12.2022	Increase	Decrease	Exchange differences	30.06.2023
Provisions for agents' termination indemnity	2,608	110	(54)		2,664
Other provisions	170	150	(77)		243
Total non current portion	**2,778**	**260**	**(131)**	**-**	**2,907**
Provisions for products warranties	1,337	70	(68)	16	1,355
Other provisions	246	159	(34)	3	374
Total current portion	**1,583**	**229**	**(102)**	**19**	**1,729**

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 € 110 thousand, was recorded under the provisions in the item "Other operating expenses" in the income statement.

Other non-current provisions include an amount of € 196 thousand, of which € 150 thousand set aside in the period, as the best estimate of probable future liabilities relating to a dispute related to a hypothesis of infringement of industrial property rights.

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”, for the current portion, refers to the best possible estimate of probable liabilities relating to:

- allocations of € 138 thousand, of which 88 thousand set aside in the half year, against some tax disputes against two Group companies and mainly referring to future defense costs;
- allocations of € 63 thousand for any future charges related to disputes with some employees;
- allocations of € 173 thousand for some disputes and litigation of a different nature.

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:

- € 888 thousand (€ 876 thousand at 31 December 2022) 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;
- € 393 thousand, against € 405 thousand at 31 December 2022, 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.
- € 81 thousand, against € 126 thousand at 31 December 2022, 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.

34. Contingent liabilities

At 30 June 2023, 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 Group in the first half of 2023 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 Group components, materials of production, as well as the leasing of industrial surfaces.
In particular, significant amounts of rights of use, equal to € 13,872 thousand, liabilities deriving from leases, equal to € 14,505 thousand, amortization and depreciation, equal to € 926 thousand, and financial charges, equal to € 189 thousand, derive from the passive real estate lease relationships with the subsidiary Yama Immobiliare S.r.l., in compliance with the IFRS accounting standard. 16, properly identified in the financial statements.
On the other hand, certain companies of Yama Group bought from the 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.
For some years there have been collaboration relationships for consultancy services of a technological nature linked to the development of new electrical products with the company Raw power S.r.l.. Following the purchase of the 24% connection share which took place in the first half of 2023, the transactions with this company they qualify as related party transactions.

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	Trade receivables	Other receivables for tax consolidation	Total trade and other receivables	Current financial assets	Non current financial assets
Euro Reflex D.o.o.	576	579	-	579	-	-
Garmec S.r.l.	58	46	-	46	-	-
Selettra S.r.l.	-	-	-	-	-	-
Yama Immobiliare S.r.l.	-	-	-	-	-	-
Yama S.p.A.	-	-	363	363	74	74
Total (notes 22 and 24)	**634**	**625**	**363**	**988**	**74**	**74**

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.	1,158	21	394	-	394	-	-	-
Garmec S.r.l.	28	-	22	-	22	-	-	-
Selettra S.r.l.	68	3	60	-	60	-	-	-
Yama Immobiliare S.r.l.	-	-	-	-	-	189	1,781	12,724
Yama S.p.A.	-	-	3	3,077	3,080	-	-	-
Raw Power S.r.l.	-	50	30	-	30	-	-	-
Other related parties	-	205	151	-	151	-	-	-
Total (note 27)	**1,254**	**279**	**660**	**3,077**	**3,737**	**189**	**1,781**	**12,724**

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 € 9,914 thousand (€ 9,914 thousand at 31 December 2022). These values derive from the so-called Greenfield operation through which the 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.

****

As regards relations with the parent company's corporate bodies, the accrued payments at 30 June 2023 are as follows:

- Board of Directors for € 248 thousand (included in Personnel costs);
- Statutory Auditors for € 40 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 the manager in charge of preparing the accounting statements 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 2023 - 30 June 2023.

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: 9 August 2023

The Chief Executive Officer for finance and control

Cristian Becchi

The Manager in charge of preparing the accounting statements:

Roberto Bertuzzi

Deloitte.

Deloitte & Touche S.p.A.
Piazza Malpighi, 4/2
40123 Bologna
Italia

Tel: +39 051 65811
Fax: +39 051 230874
www.deloitte.it

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, 2023 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, 2023 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
Giovanni Borasio
Partner

Bologna, Italy
August 9, 2023

This independent auditor’s report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.