

Interim report at 30.09.2023

These financial statements were approved by the Board of Directors on 14 November 2023 and it is available on the Internet at the address www.emakgroup.com

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Organizational chart of Emak Group at 30 September 2023



- 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%.
- 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.
- 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.
- 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.
- S.I.Agro Mexico is owned for 97% by Comet S.p.A. and 3% by P.T.C. S.r.l.
- 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%.
- 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%.
- 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%.
- The companies Emak Deutschland GmbH and Speed Industrie Sarl have ceased their operational activities.
- The company Jiangmen Autech Equipment Co. Ltd, incorporated 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 economic and financial figures for Emak Group

Income statement (€/000)

Year 2022		3 Q 2023	3 Q 2022	9 months 2023	9 months 2022
605,723	Revenues from sales	118,785	124,060	449,941	492,265
76,644	EBITDA before non ordinary income/expenses (*)	11,138	14,631	60,547	68,676
76,079	EBITDA (*)	10,833	14,494	59,675	68,457
46,755	EBIT	3,498	7,962	38,324	49,190
31,165	Net profit	751	5,401	22,809	37,147

Investment and free cash flow (€/000)

Year 2022		3 Q 2023	3 Q 2022	9 months 2023	9 months 2022
16,429	Investment in property, plant and equipment	3,725	3,518	11,939	9,794
5,303	Investment in intangible assets	1,341	1,409	3,913	3,704
60,489	Free cash flow from operations (*)	8,086	11,933	44,160	56,414

Statement of financial position (€/000)

31.12.2022		30.09.2023	30.09.2022
454,292	Net capital employed (*)	475,538	473,876
(177,305)	Net debt (*)	(186,498)	(181,627)
276,987	Total equity	289,040	292,249

Other statistics

Year 2022		3 Q 2023	3 Q 2022	9 months 2023	9 months 2022
12.6%	EBITDA / Net sales (%)	9.1%	11.7%	13.3%	13.9%
7.7%	EBIT/ Net sales (%)	2.9%	6.4%	8.5%	10.0%
5.1%	Net profit / Net sales (%)	0.6%	4.4%	5.1%	7.5%
10.3%	EBIT / Net capital employed (%)			8.1%	10.4%
0.64	Net debt / Equity			0.65	0.62
2,284	Number of employees at period end			2,392	2,257

Share information and prices

31.12.2022		30.09.2023	30.09.2022
1.17	Official price (€)	0.96	0.89
2.13	Maximum share price in period (€)	1.35	2.13
0.88	Minimum share price in period (€)	0.95	0.88
191	Stockmarket capitalization (€ / million)	157	146
163,934,835	Number of shares comprising share capital	163,934,835	163,934,835
163,451,400	Average number of outstanding shares	162,837,602	163,537,602

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

Directors' report

Information about Russia-Ukraine conflict

The war between Ukraine and Russia has had a significant 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 resulting 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.

Regarding the direct impacts, the Group operates in Ukraine mainly through a subsidiary, Epicenter Llc, while it distributes its products through independent customers in other areas impacted by the conflict: particularly Russia and Belarus.

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, which has 22 employees, generated a turnover of € 4.3 million in the first nine months of 2023 (€ 4.7 million in full year 2022).

The total assets of the Ukrainian subsidiary as of 30 September 2023 amount to € 4.1 million, mainly represented by inventories, trade receivables and cash on hand.

The local management continues to monitor market exposure, the integrity of the product inventory and the evolution of the situation to guarantee the continuity of the business under the safest condition.

Excluding the activities of the trading subsidiary, the Ukrainian market is marginal for the Group, with sales in the first nine months of 2023 amounting to of approximately € 0.5 million (€ 0.4 million in the full year 2022) and direct exposure of receivables on the Ukrainian market as of 30 September 2023, amounted to approximately € 14 thousand.

The Group's revenues achieved in the Russian and Belarusian markets represent 1.9% in the first nine months 2023 against 2% in the full year 2022. The exposure at the end of September amounts to about € 0.3 million, decreased compared to previous periods.

As for the supply chain, there are no impacts related to the current conditions.

The Group systematically monitors the regulatory and sanction framework related to the markets and parties affected by the conflict, complying with the most scrupulous checks of the counterparties to limit regulatory risks, the continuous assessment of the geopolitical framework aims to prevent potential negative impacts of a commercial and financial nature.

Scope of consolidation

Compared to 31 December 2022, the company Bestway LLC entered the scope of consolidation following its acquisition on February 1, 2023, by Valley LLP. On March 21, 2023 Bestway was merged by incorporation into Valley LLP.

Compared to 30 September 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 some minority shareholders.

Comments on economic figures

Revenues from sales

The turnover of third quarter 2023 amounts to € 118,785 thousand, compared to € 124,060 thousand of the same period last year, a decrease of 4.25%, however, the decrease is less than the figure for the first half of the year.

In the first nine months 2023 Emak Group achieved a consolidated turnover of € 449,941 thousand, compared to € 492,265 thousand of last year, a decrease of 8.6%. This decrease is due to an organic decline in sales for 13.9% and the negative effect of foreign exchange translation for 0.5%, partially offset by the positive effects of the change in the scope of consolidation for 5.8%.

The decline in revenues, after the strong growth trend recorded in the last two years, is linked to some macroeconomic dynamics such as the inflation and interest rates trends and their impact on customers' purchasing power, in addition to the progressive change of consumption preferences resulting from the removal of restrictions.

EBITDA

EBITDA of third quarter 2023 amounts to € 10,833 thousand, compared to € 14,494 thousand in the corresponding quarter of last year.

EBITDA for the first nine months of 2023 amounts to € 59,675 thousand (13.3% of revenues) compared to € 68,457 thousand (13.9% of revenues) in the corresponding period of previous year.

During nine months 2023, non-ordinary expenses were recorded for € 872 thousand (in the same period 2022 non-ordinary expenses for € 219 thousand were recorded).

Ebitda before non-ordinary expenses and revenues is equal to € 60,547 thousand (13.5% of revenues) compared to € 68,676 thousand of the same period last year (14% of revenues).

The application of the IFRS 16 principle has resulted in a positive effect on the Ebitda of the first nine months 2023 for € 6,703 thousand, against a positive effect of € 5,393 thousand in the nine months 2022.

Ebitda for the nine months benefited from the change in the area for € 2,992 thousand and from the implementation of the increase in sales prices, while it was affected by the decrease in sales volumes and the increase in commercial costs partly offset by the reduction in transport costs.

The increase in personnel costs, equal to € 2,426 thousand, compared to the same period of 2022, is due to the change in area (€3,361 thousand). In the same area, the reduction in personnel costs is attributable to a lower use of temporary staff due to the reduction in production volumes and the use of social safety nets by some Group companies.

The average number of resources employed by the Group, also considering temporary workers employed during the period and the different scope of consolidation, was 2,515 compared to 2,497 in the same period of last year.

Operating result

Operating result of third quarter 2023 is equal to € 3,498 thousand, compared to € 7,962 thousand in the corresponding quarter of last year.

Operating result for the first nine months of 2023 is € 38,324 thousand, with an incidence of 8.5% on revenues compared to € 49,190 thousand (10% of revenues) in the corresponding period of previous year.

Depreciation and amortization are € 21,351 thousand compared to € 19,267 thousand in the same period of previous year.

Non-annualized operating result as a percentage of net capital employed is 8.1% compared to 10.4% of the same period of the previous year.

Net result

Net Profit of third quarter 2023 is equal to € 751 thousand compared to € 5,401 thousand of the same period last year.

Net Profit for the first nine months of 2023 is € 22,809 thousand, compared to € 37,147 thousand in the same period of previous year.

The item "financial income", equal to € 2,851 thousand, includes € 1,792 thousand of income on valuation and fixing of derived for hedging interest rate.

The item "financial expenses" equal to € 11,708 thousand (of which € 8,687 thousand of interests to banks), increased compared to € 4,711 thousand of the same period 2022, mainly due to the increase in market interest rates.

Exchange currencies result in the first nine months 2023 is positive for € 932 thousand, compared to a positive value of € 2,901 thousand for the same period of the previous year.

Exchange rate management was positively affected by the revaluation of the Brazilian Real against the Euro and of the Euro against the Chinese Renminbi.

The item "Income from/(expenses on) equity investment", equal to a positive value of € 2 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% a decrease compared to 26.3% in the same period of the previous year mainly due to the different distribution of the taxable income between the countries in which the Group operates and as a result of some tax benefits that came into effect from the current financial year.

Comment to consolidated statement of financial position

31.12.2022	€/000	30.09.2023	30.09.2022
206,605	Net non-current assets (*)	222,168	206,553
247,687	Net working capital (*)	253,370	267,323
454,292	Total net capital employed (*)	475,538	473,876
273,003	Equity attributable to the Group	284,631	288,542
3,984	Equity attributable to non controlling interests	4,409	3,707
(177,305)	Net debt (*)	(186,498)	(181,627)

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

Net non-current assets

In the first nine months 2023 the Group invested € 15,852 thousand in tangible and intangible assets, as follows:

31.12.2022	€/000	30.09.2023	30.09.2022
4,939	Innovation technological of products	3,787	3,688
8,223	Production capacity and process innovation	6,283	4,090
3,559	Computer network system	3,081	2,375
3,155	Industrial buildings	1,401	1,853
1,856	Other investments	1,300	1,492
21,732	Total	15,852	13,498

Investments broken down by geographical area are as follows:

31.12.2022	€/000	30.09.2023	30.09.2022
14,742	Italy	10,067	8,371
2,595	Europe	1,080	1,520
2,816	Americas	3,546	2,245
1,579	Asia, Africa and Oceania	1,159	1,362
21,732	Total	15,852	13,498

Net working capital

Net working capital, compared to 31 December 2022, increased by € 5,683 thousand, rising from € 247,687 thousand to € 253,370 thousand.

The following table shows the change in net working capital at 30 September 2023 compared with the same period of the previous year:

€/000	9M 2023	9M 2022
Net working capital at 01 January	247,687	198,085
Increase/(decrease) in inventories	(21,289)	16,854
Increase/(decrease) in trade receivables	(3,843)	2,417
(Increase)/decrease in trade payables	20,284	46,905
Change in scope of consolidation	12,302	-
Other changes	(1,771)	3,062
Net working capital at 30 September	253,370	267,323

The positive trend of reduction in net working capital continued in the third quarter. As of 30 September, the value is significantly lower than the same period and decreasing, for the same area, also compared to the December 2022 figure. The normalization of the level of inventories, a consequence of the initiatives carried out starting from the second half of 2022 and the decline in trade receivables due to lower sales, made it possible to balance the negative effect deriving from the reduction in trade payables linked to the lower purchases made in the period.

Net financial position

Net negative financial position amounts to € 186,498 thousand at 30 September 2023, compared to € 177,305 thousand at 31 December 2022 and € 181,627 thousand at 30 September 2022.

The following table shows the movements in the net financial position in the first nine months 2023 compared with the same period last year:

€/000	9M 2023	9M 2022
Opening NFP	(177,305)	(144,269)
Net profit	22,809	37,147
Amortization, depreciation and impairment losses	21,351	19,267
Cash flow from operations, excluding changes in operating assets and liabilities	44,160	56,414
Changes in operating assets and liabilities	8,075	(61,320)
Cash flow from operations	52,235	(4,906)
Changes in investments and disinvestments	(16,584)	(13,149)
Changes rights of use IFRS 16	(10,333)	(2,231)
Dividends cash out	(10,628)	(12,373)
Other equity changes	(220)	-
Changes from exchange rates and translation reserve	(3,359)	(4,699)
Change in scope of consolidation	(20,304)	-
Closing NFP	(186,498)	(181,627)

Cash flow from operations is equal to € 44,160 thousand compared to € 56,414 thousand in the same period of the previous financial year. Cash flow from operations is positive for € 52,235 thousand compared to a negative value of € 4,906 thousand in the same period of the previous financial year. The acquisition of Bestway resulted in a higher debt of € 20,304 thousand related to the purchase price and approximately € 3,850 thousand linked to the accounting of the respective lease payments in accordance with the IFRS 16 accounting standard.

Details of the net financial position is analysed as follows:

(€/000)	30.09.2023	31.12.2022	30.09.2022
A. Cash	91,499	86,477	86,185
B. Cash equivalents	-	-	-
C. Other current financial assets	2,021	2,745	2,432
D. Liquidity funds (A+B+C)	93,520	89,222	88,617
E. Current financial debt	(15,468)	(22,956)	(35,493)
F. Current portion of non-current financial debt	(58,381)	(60,694)	(61,803)
G. Current financial indebtedness (E + F)	(73,849)	(83,650)	(97,296)
H. Net current financial indebtedness (G - D)	19,671	5,572	(8,679)
I. Non-current financial debt	(207,408)	(184,028)	(174,081)
J. Debt instruments	-	-	-
K. Non-current trade and other payables	-	-	-
L. Non-current financial indebtedness (I + J + K)	(207,408)	(184,028)	(174,081)
M. Total financial indebtedness (H + L) (ESMA)	(187,737)	(178,456)	(182,760)
N. Non current financial receivables	1,239	1,151	1,133
O. Net financial position (M-N)	(186,498)	(177,305)	(181,627)
Effect IFRS 16	42,852	38,039	37,426
Net financial position without effect IFRS 16	(143,646)	(139,266)	(144,201)

Net financial position at 30 September 2023 includes actualized financial liabilities related to the payment of future rental and lease payments, in application of IFRS 16 standard, equal to overall € 42,852 thousand, of which € 7,368 thousand are due within 12 months while at 31 December 2022 they amounted to a total of € 38,039 thousand, of which € 6,357 thousand are due within 12 months.

Current financial indebtedness mainly includes:

- account payables and self-liquidating accounts;
- loan repayments falling due by 30 September 2024;
- amounts due to other providers of finance falling due by 30 September 2024;
- debt for equity investments in the amount of € 1,134 thousand.

Financial liabilities for the purchase of the remaining minority shares are equal to € 7,661 thousand, of which € 6,527 thousand in the medium to long term, related to the following companies:

- Agres S.A. for € 2,784 thousand;
- Markusson AB for € 2,279 thousand;
- Poli S.r.l. for € 1,604 thousand;
- Valley LLP for € 994 thousand.

Equity

Total equity is equal to € 289,040 thousand against € 276,987 thousand at 31 December 2022.

Earnings per share at 30 September 2023 is equal to 0.136 Euro compared to 0.222 Euro in the same period of previous year.

At December 31, 2022, the Company held 1,097,233 treasury shares in portfolio for an equivalent value of € 2,835 thousand.

During first nine months 2023 there were no movements in the consistency of the number of treasury shares.

Highlights of the consolidated financial statement broken down by operating segment for the first nine months 2023

	OUTDOOR POWER EQUIPMENT		PUMPS AND HIGH PRESSURE WATER JETTING		COMPONENTS AND ACCESSORIES		Other not allocated / Netting		Consolidated	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022	30.09.2023	30.09.2022	30.09.2023	30.09.2022	30.09.2023	30.09.2022
€/000										
Sales to third parties	137,470	169,594	193,155	192,540	119,316	130,131			449,941	492,265
Intersegment sales	319	297	2,529	2,829	5,988	7,977	(8,836)	(11,103)		
Revenues from sales	137,789	169,891	195,684	195,369	125,304	138,108	(8,836)	(11,103)	449,941	492,265
Ebitda (*)	12,468	13,431	27,645	29,983	21,131	27,457	(1,569)	(2,414)	59,675	68,457
Ebitda/Total Revenues %	9.0%	7.9%	14.1%	15.3%	16.9%	19.9%			13.3%	13.9%
Ebitda before non ordinary expenses (*)	12,553	13,490	28,170	30,061	21,393	27,539	(1,569)	(2,414)	60,547	68,676
Ebitda before non ordinary expenses/Total Revenues %	9.1%	7.9%	14.4%	15.4%	17.1%	19.9%			13.5%	14.0%
Operating result	6,661	7,315	19,551	23,666	13,681	20,623	(1,569)	(2,414)	38,324	49,190
Operating result/Total Revenues %	4.8%	4.3%	10.0%	12.1%	10.9%	14.9%			8.5%	10.0%
Net financial expenses (1)									(7,923)	1,207
Profit before taxes									30,401	50,397
Income taxes									(7,592)	(13,250)
Net profit									22,809	37,147
Net profit/Total Revenues%									5.1%	7.5%
(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	30.09.2023	31.12.2022	30.09.2023	31.12.2022	30.09.2023	31.12.2022	30.09.2023	31.12.2022	30.09.2023	31.12.2022
Net debt (*)	7,455	21,295	129,405	108,992	49,638	47,018	0	0	186,498	177,305
Shareholders' Equity	188,301	184,363	103,119	98,689	75,786	72,228	(78,166)	(78,293)	289,040	276,987
Total Shareholders' Equity and Net debt	195,756	205,658	232,524	207,681	125,424	119,246	(78,166)	(78,293)	475,538	454,292
Net non-current assets (2) (*)	121,826	122,922	117,253	101,679	58,338	57,242	(75,249)	(75,238)	222,168	206,605
Net working capital (*)	73,930	82,736	115,271	106,002	67,086	62,004	(2,917)	(3,055)	253,370	247,687
Total net capital employed (*)	195,756	205,658	232,524	207,681	125,424	119,246	(78,166)	(78,293)	475,538	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	30.09.2023	31.12.2022	30.09.2023	31.12.2022	30.09.2023	31.12.2022	30.09.2023	31.12.2022	30.09.2023	31.12.2022
Number of employees at period end	733	747	958	873	692	655	9	9	2,392	2,284
OTHER INFORMATIONS	30.09.2023	30.09.2022	30.09.2023	30.09.2022	30.09.2023	30.09.2022	30.09.2023	30.06.2022	30.09.2023	30.09.2022
Amortization, depreciation and impairment losses	5,807	6,116	8,094	6,317	7,450	6,834			21,351	19,267
Investment in property, plant and equipment and in intangible assets	3,574	3,025	6,870	4,788	5,408	5,685			15,852	13,498

(*) 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 third quarter and in first nine months of 2023 by business sector and geographic area, compared with the same period last year.

Third quarter turnover:

€/000	OUTDOOR POWER EQUIPMENT			PUMPS AND HIGH PRESSURE WATER JETTING			COMPONENTS AND ACCESSORIES			CONSOLIDATED		
	3Q 2023	3Q 2022	Var. %	3Q 2023	3Q 2022	Var. %	3Q 2023	3Q 2022	Var. %	3Q 2023	3Q 2022	Var. %
Europe	25,920	27,864	(7.0)	22,284	24,570	(9.3)	18,048	16,070	12.3	66,252	68,504	(3.3)
Americas	1,387	1,947	(28.8)	24,853	21,139	17.6	12,808	17,524	(26.9)	39,048	40,610	(3.8)
Asia, Africa and Oceania	3,525	3,325	6.0	6,172	7,613	(18.9)	3,788	4,008	(5.5)	13,485	14,946	(9.8)
Total	30,832	33,136	(7.0)	53,309	53,322	(0.0)	34,644	37,602	(7.9)	118,785	124,060	(4.3)

Turnover of the first nine months:

€/000	OUTDOOR POWER EQUIPMENT			PUMPS AND HIGH PRESSURE WATER JETTING			COMPONENTS AND ACCESSORIES			CONSOLIDATED		
	9M 2023	9M 2022	Var. %	9M 2023	9M 2022	Var. %	9M 2023	9M 2022	Var. %	9M 2023	9M 2022	Var. %
Europe	116,672	147,180	(20.7)	82,886	98,997	(16.3)	67,991	67,581	0.6	267,549	313,758	(14.7)
Americas	4,751	7,285	(34.8)	88,807	68,895	28.9	37,164	47,837	(22.3)	130,722	124,017	5.4
Asia, Africa and Oceania	16,047	15,129	6.1	21,462	24,648	(12.9)	14,161	14,713	(3.8)	51,670	54,490	(5.2)
Total	137,470	169,594	(18.9)	193,155	192,540	0.3	119,316	130,131	(8.3)	449,941	492,265	(8.6)

Outdoor Power Equipment

Segment revenues decreased by 18.9% compared to the same period of the previous year. This contraction depends on the reduced spending capacity and the change in consumption priorities of the end user, together with a reduction in stocks in the distribution network, compounded by the delay in the start of the season.

The general decrease in turnover in Europe concerns the markets that had performed best in 2022: France, Germany and Italy.

A general decline is also noted in the Americas area, with a greater contraction in the Argentine market.

In the Asia, Africa and Oceania area, sales recover thanks to a good performance in the Turkish market, which offset the lower sales in the Far East and Africa.

EBITDA, equal to € 12,468 thousand, was down compared to the same period, due to the contraction in sales, partially offset by an improvement in the margin attributable to the increase in sales prices and the decrease in operating costs. Of note is the reduction in transport costs and, in particular, the significant decrease in rates related to sea freight.

Net negative financial position, equal to € 7,455 thousand, decreased compared to 31 December 2022, mainly due to the seasonal dynamics of net working capital.

Pompe e High Pressure Water Jetting

Sales in the segment grew by 0.3% compared to the same period of the previous year, mainly due to the change in area, which offset the organic decline in sales.

In Europe, sales generally contracted in all markets in the area, with significant decline especially in Italy and France. The contraction in sales through the online channel continues.

The increase in revenues in the Americas area is due to the change in the consolidation area, which contributed 25,5 million euros, while there was a contraction in sales in South America, with the exception of Brazil.

Despite the good performance on the Turkish market, the decrease in sales in Oceania, Thailand and China led to a decline in turnover in Asia, Africa and Oceania.

EBITDA, equal to € 27,645 thousand, down compared to € 29,983 thousand in the same period, benefited from the change in area for approximately € 2.6 million, while it was affected by the increase in fixed and labor costs.

Net negative financial position, equal to € 129,405 thousand, increased compared to 31 December 2022, mainly due to the change in area.

Components and Accessories

The segment's revenues decreased by 8.3% compared to the same period of the previous year.

The slight growth in turnover in Europe is due to the effect of the change in the area, which contributed approximately 3 million euros, offsetting the decrease recorded in the Italian and Polish markets.

The negative performance recorded by Brazilian subsidiaries in the agriculture sector due to the loss of some incentives, combined with the general decline in the South American market, led to a decline in sales in the Americas area.

The contraction in turnover in Asia, Africa and Oceania is due to the decrease in sales in the main Far East countries, although partly offset by the growth recorded in Turkey.

EBITDA, equal to € 21,131 thousand, down compared to the same period in 2022, was affected by the decrease in sales and an unfavorable mix effect, only partially offset by the reduction in raw material costs, the lower transport costs and the change in scope.

Net negative financial position, equal to € 49,638 thousand, increased from the end of 2022, due to both the increase in net working capital and the signing and renewal of new contracts for the use of third-party assets which increased IFRS 16 financial debt.

Business outlook

The sales trend in the first nine months of the year was in line with the trends of the Group's reference markets. Particular suffering was recorded in the agriculture sector, especially in the South American area which, until now, had always been characterized by brilliant performances.

However, the Group achieved excellent cash generation results. Thanks to the organic improvement in working capital, it was possible to reduce the debt compared to June values and bring it to the same levels as the same period last year, while including the impact of the Bestway acquisition concluded at the beginning of the year. Despite the macroeconomic forecasts, which estimate a continuation of the worsening of the external reference context for the Group, expectations for the fourth quarter are for a moderate growth in sales compared to the values of the same period of the previous year.

Subsequent events

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

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.

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".
- 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 Company's and Group's results. 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.

Consolidated financial statements

Consolidated Income Statement

Thousand of Euro

Year 2022	CONSOLIDATED INCOME STATEMENT	3 Q 2023	3 Q 2022	9 months 2023	9 months 2022
605,723	Revenues from sales	118,785	124,060	449,941	492,265
4,753	Other operating incomes	846	1,212	3,321	3,049
12,790	Change in inventories	(2,786)	(701)	(10,205)	9,627
(331,528)	Raw materials, consumables and goods	(58,622)	(62,057)	(228,176)	(269,344)
(99,519)	Personnel expenses	(24,600)	(22,156)	(78,194)	(75,768)
(116,140)	Other operating costs and provisions	(22,790)	(25,864)	(77,012)	(91,372)
(29,324)	Amortization, depreciation and impairment losses	(7,335)	(6,532)	(21,351)	(19,267)
46,755	Operating result	3,498	7,962	38,324	49,190
4,007	Financial income	932	1,172	2,851	3,017
(8,560)	Financial expenses	(3,443)	(2,177)	(11,708)	(4,711)
1,895	Exchange gains and losses	(299)	654	932	2,901
-	Income from/(expenses on) equity investment	16	-	2	-
44,097	Profit before taxes	704	7,611	30,401	50,397
(12,932)	Income taxes	47	(2,210)	(7,592)	(13,250)
31,165	Net profit (A)	751	5,401	22,809	37,147
(897)	(Profit)/loss attributable to non controlling interests	(209)	(339)	(742)	(862)
30,268	Net profit attributable to the Group	542	5,062	22,067	36,285
0.185	Basic earnings per share	0.003	0.031	0.136	0.222
0.185	Diluted earnings per share	0.003	0.031	0.136	0.222

Year 2022	CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME	9 months 2023	9 months 2022
31,165	Net profit (A)	22,809	37,147
8,102	Profits/(losses) deriving from the conversion of foreign company accounts	92	11,542
(232)	Actuarial profits/(losses) deriving from defined benefit plans	-	-
65	Income taxes on OCI	-	-
7,935	Total other components to be included in the comprehensive income statement (B)	92	11,542
39,100	Total comprehensive income for the period (A)+(B)	22,901	48,689
(935)	Comprehensive net profit attributable to non controlling interests (C)	(777)	(1,065)
38,165	Comprehensive net profit attributable to the Group (A)+(B)+(C)	22,124	47,624

Statement of consolidated financial position

Thousand of Euro

31.12.2022	ASSETS	30.09.2023	30.09.2022
	Non-current assets		
82,524	Property, plant and equipment	85,066	80,255
24,482	Intangible assets	29,399	24,324
36,461	Rights of use	41,062	35,958
71,216	Goodwill	72,914	75,360
8	Equity investments in other companies	8	8
-	Equity investments in associates	802	-
10,395	Deferred tax assets	10,918	10,267
1,151	Other financial assets	1,239	1,133
60	Other assets	98	62
226,297	Total non-current assets	241,506	227,367
	Current assets		
233,970	Inventories	225,495	234,170
119,661	Trade and other receivables	121,684	131,451
9,967	Current tax receivables	8,565	8,705
38	Other financial assets	37	38
2,707	Derivative financial instruments	1,984	2,394
86,477	Cash and cash equivalents	91,499	86,185
452,820	Total current assets	449,264	462,943
679,117	TOTAL ASSETS	690,770	690,310

31.12.2022	SHAREHOLDERS' EQUITY AND LIABILITIES	30.09.2023	30.09.2022
	Shareholders' Equity		
273,003	Shareholders' Equity of the Group	284,631	288,542
3,984	Non-controlling interests	4,409	3,707
276,987	Total Shareholders' Equity	289,040	292,249
	Non-current liabilities		
152,346	Loans and borrowings due to banks and other lenders	171,924	142,871
31,682	Liabilities for leasing	35,484	31,210
7,962	Deferred tax liabilities	7,667	8,019
6,291	Employee benefits	6,153	7,455
2,778	Provisions for risks and charges	2,906	2,605
1,510	Other liabilities	1,373	1,601
202,569	Total non-current liabilities	225,507	193,761
	Current liabilities		
109,344	Trade and other payables	95,305	98,691
4,984	Current tax liabilities	5,338	6,609
76,594	Loans and borrowings due to banks and other lenders	66,056	90,333
6,357	Liabilities for leasing	7,368	6,216
699	Derivative financial instruments	425	747
1,583	Provisions for risks and charges	1,731	1,704
199,561	Total current liabilities	176,223	204,300
679,117	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	690,770	690,310

Statement of changes in consolidated equity for the Emak Group at 31.12.2022 and at 30.09.2023

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	(308)	(220)
Net profit for the period						57				22,067	22,124	777	22,901
Balance at 30.06.2023	42,623	41,513	(2,835)	4,969	4,353	2,321	(952)	35,483	135,089	22,067	284,631	4,409	289,040

Comments on the financial statements

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

In relation to the above, it is confirmed that the accounting principles and policies adopted by the Group in preparing the quarterly consolidated financial statements are consistent with those adopted in the consolidated financial statements at 31 December 2022, with the peculiarities shown below.

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

It should be noted that:

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

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

31.12.2022	Amount of foreign for 1 Euro	Average 9 M 2023	30.09.2023	Average 9 M 2022	30.09.2022
0.89	GB Pounds (UK)	0.87	0.86	0.85	0.88
7.36	Renminbi (China)	7.62	7.74	7.02	6.94
1.07	Dollar (Usa)	1.08	1.06	1.06	0.97
4.68	Zloty (Poland)	4.58	4.63	4.67	4.85
18.10	Zar (South Africa)	19.89	19.98	16.95	17.54
39.04	Uah (Ukraine)	39.61	38.74	32.93	35.64
5.64	Real (Brazil)	5.42	5.31	5.46	5.26
11.16	Dirham (Morocco)	10.96	10.92	10.58	10.71
20.86	Mexican Pesos (Mexico)	19.28	18.50	21.55	19.64
913.82	Chilean Pesos (Chile)	890.08	959.80	912.74	939.73
11.12	Swedish krona (Sweden)	11.48	11.53	10.53	10.90

Significant, non-recurring transactions or atypical, unusual 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

The fair values of the assets, liabilities and contingent liabilities acquired were determined, in compliance with the provisions of IFRS 3 “Business Combinations”. 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.

Acquisition of 24% of Raw power S.r.l.

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, 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 September 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 September 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 of 31 December 2022 amounts to € 174 thousand and was recognized as a charge in the income statement as of 30 September 2023.

Bagnolo in Piano (RE), November 14, 2023

On behalf of the Board of Directors

The Chairman

Massimo Livatino

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

The manager in charge of preparing corporate accounting statements of EMAK S.p.A., Roberto Bertuzzi, based on his own knowledge,

certifies,

in accordance with the second paragraph of Art. 154-bis, of Italian Legislative Decree No. 58 of 24 February 1998, that the accounting information contained in the Quarterly Report at 30 September 2023, examined and approved today by the Board of Directors of the company, corresponds with the accounting documents, ledgers and records.

Faithfully
Bagnolo in Piano (RE), November 14, 2023

Roberto Bertuzzi
The Manager in charge of preparing the accounting
statements