PiovanGroup

ANNUAL FINANCIAL REPORT

at December 31, 2023

INDEX

COMPANY INFORMATION OF THE PARENT COMPANY PIOVAN S.P.A.

Registered Office: Via delle Industrie 16 – 30036 S. Maria di Sala (Venice) Italy

Telephone: +39 041 5799111

Certified e-mail: piovanspa@legalmail.it

E-mail: info@piovan.com

Website: www.piovan.com

Share capital: Euro 6,000,000 fully paid-in

Tax No.: 02307730289 VAT No.: 02700490275

Venice Economic & Administrative Registration No. 235320

EXECUTIVE CHAIRMAN’S LETTER

Dear Shareholders,

I am pleased to present our annual report for financial year 2023, a year in which we achieved unprecedented levels of performance and made strategic progress that has enabled the Piovan Group to consolidate our position of leadership around the world. As we focus on the year ahead, it is my great pleasure to share with you the extraordinary results we have achieved, the transformations in our brand strategy and the approval of ambitious sustainability goals.

Record performance

I am delighted to announce that 2023 marked another record year for the PiovanGroup. Despite challenging market conditions and a macroeconomic landscape affected by a backdrop of ongoing conflicts, our financial performance for the year exceeded our expectations. Revenue reached an all-time high of 570 million euros, and our profitability reflects solid growth with an EBITDA margin up by nearly 2 percentage points. These results testify to the hard work and dedication of our talented Group, the resilience of our business model and our constant commitment to providing value to our shareholders.

Evolution of the brand strategy

On the strength of our rapid expansion in recent years and in recognition of the dynamic nature of the market in which we operate, in 2023 we initiated a process of streamlining the architecture of our brands, aimed to consolidate our Group identity in the global market and strengthen cohesion among the various companies within our Group. Ninety years on from our founding and sixty years after the company's entry into the polymers market, the PiovanGroup's **brand architecture** is now stronger than even before and speaks directly to stakeholders from all around the world with a clear and recognisable image, promoting the Group's effective integration.

Approval of sustainability goals

In response to the increasing importance of sustainable business practices and the growing demand for corporate social responsibility, I am pleased to announce the Group's adoption of a set of sustainability goals. These ambitious goals and initiatives will guide our efforts to minimize our environmental impact, promoting corporate social responsibility and making a positive contribution to the community in which we operate. By integrating sustainability into our core business practices, we aim to create long-term value for both our company and society at large.

We remain faithful to our three longstanding essential pillars — our CUSTOMERS, our PEOPLE, and INNOVATION — and we are confident that these strategic initiatives will help consolidate the PiovanGroup's leadership in our industry and continue to create lasting value for all our stakeholders.

I extend my sincerest gratitude to our employees, our loyal customers, and esteemed shareholders for their unwavering support. Together, we will continue to take on new challenges, welcome new opportunities and build a brighter and more sustainable future for all.

Best regards,

Nicola Piovan

Executive Chairman

Piovan S.p.A.

GOVERNANCE OF PIOVAN S.P.A.

Piovan S.p.A. (”the Company” or “the Parent Company”) is the parent company of the group of the same name and headquartered in Via delle Industrie 16, Santa Maria di Sala (Venice), Italy. The Company’s Board of Directors and Board of Statutory Auditors are as follows.

Board of Directors

In office since April 29, 2021 until the Shareholders’ AGM for the approval of the 2023 Annual Accounts, with the exception of the Director Maurizio Bazzo, who, as appointed on March 21, 2023 by the Board of Directors by means of co-option to replace the Director Marco Stevanato, was confirmed by the Shareholders’ AGM of April 27, 2023 and will remain in office until the Shareholders’ Meeting for the approval of the 2023 Annual Accounts.

Name	In charge
Nicola Piovan	Executive Chairman
Filippo Zuppichin	Chief Executive Officer
Marco Maria Fumagalli (*) (**)	Independent Director
Manuela Grattoni (*)	Independent Director
Mario Cesari (*)	Independent Director
Antonella Lillo (*)	Independent Director
Maurizio Bazzo (*)	Independent Director

(*) Independent Director pursuant to Article 147-ter, paragraph 4 of the CFA and recommendation No. 7 of the Corporate Governance Code.

(**) Director appointed Lead Independent Director as per recommendation No. 13 of the Corporate Governance Code.

Board of Statutory Auditors

In office since April 29, 2021 until the Shareholders’ AGM for the approval of the 2023 Annual Accounts.

Name	In charge
Carmen Pezzuto	Chairman
Luca Bassan	Statutory Auditor
Patrizia Santonocito	Statutory Auditor
Kristian Sartor	Alternate Auditor
Stefania Targa	Alternate Auditor

Control, Risks and Sustainability Committee

In office from April 29, 2021, until the Shareholders’ AGM called to approve the 2023 Annual Accounts.

Name	In charge
Antonella Lillo	Chairman
Marco Maria Fumagalli	
Mario Cesari	

Nomination and Remuneration Committee

In office from April 29, 2021, until the Shareholders' AGM called to approve the 2023 Annual Accounts.

Name	In charge
Manuela Grattoni	Chairman
Marco Maria Fumagalli	
Antonella Lillo	

Related Parties Committee

In office from April 29, 2021, until the Shareholders' AGM called to approve the 2023 Annual Accounts.

Name	In charge
Marco Maria Fumagalli	Chairman
Manuela Grattoni	
Mario Cesari	

Supervisory Board (Organismo di Vigilanza)

In office from August 2, 2021, to August 1, 2024

Name	In charge
Patrizia Santonocito	Chairman
Giovanni Boldrin	
Chiara Zilio	

Corporate Financial Reporting Officer

Giovanni Rigodanza, in office until the Shareholders' AGM for the approval of the 2023 Annual Accounts.

Independent Audit Firm

Deloitte & Touche S.p.A., in office until the Shareholders' AGM for the approval of the 2026 Annual Accounts.

Significant shareholders

Based on the shareholders' register, through communications received in accordance with Article 120 of Legislative Decree No. 58/98 and other information available to the company, the shareholders of Piovan S.p.A. with holdings of greater than 5% at the approval date of the annual financial report at December 31, 2023 were:

Declarant	Direct shareholder	% of ordinary share capital (*)	% of voting share capital (**)	% of ordinary share capital (***)	% of voting share capital (****)
Nicola Piovan	**Pentafin S.p.A.**	**58.350**	**68.962**	**61.174**	**71.419**
7INDUSTRIES HOLDING BV	**7INDUSTRIES HOLDING BV**	**9.205**	**6.859**	**9.650**	**7.104**

(*) Total No. ordinary shares: 53,600,000, including Piovan S.p.A. treasury shares equal to 2,474,475.

(**) Share capital expressed as number of votes as per Article 120, paragraph 1 of Legislative Decree No. 58 of February 24, 1998 ("CFA") including Piovan S.p.A. treasury shares.

(***) Total No. ordinary shares: 51,032,461, excluding the Piovan S.p.A. treasury shares.

(****) Share capital expressed as number of votes as per Article 120, paragraph 1 of Legislative Decree No. 58 of February 24, 1998 ("CFA"), excluding Piovan S.p.A. treasury shares.

PIOVAN GROUP

PiovanGroup operates in Italy and internationally in the production of systems for the automation of production processes for the storage, transport and treatment of polymers, recycled plastics and bio-resins (“Technical Polymers"), automation systems for the storage and transport of food fluids and food and non-food powders ("Food Systems & Industrial Applications”), and technical assistance and marketing of spare parts and services ("Services"). The Group is a global leader in the Technical Polymers market in the design and production of plants and control systems for the automation of all phases of the polymers, recycled plastics and bio-resins production cycle. In particular, over recent years the Group has been particularly engaged in developing and producing systems to automate production processes for the circular economy for recycling and reusing plastic and for the production of plastics which are naturally compostable.

History

The Group began operating in the early 1930’s, when Costante Piovan founded a small workshop in Padua specializing in precision mechanics and molds for the manufacture of metal sheets.

In 1964, Luigi Piovan began a process of market diversification, and the Group moved into auxiliary machinery for the plastics industry. It introduced the first granulator to the Italian market, and this was followed by the Convair dryer and the Convector feeder for injection molding machines. The Group increasingly specialized in the design and production of automation systems for the storage, transport and treatment of plastics, and in 1969 moved its main production plant to Santa Maria di Sala (Venice).

Between 1970 and 1980, the Group expanded gradually in both geographical distribution - establishing its first foreign subsidiary Piovan Germania in 1974 - and its range of products and technologies. This came to include a complete range of machines used in the automation process for the storage, transport and processing of plastics, laying the foundations for future worldwide leadership. During the same period, the Company also launched its first line of refrigerators, and introduced the market’s first centralized system for granule feeding, dosing and dehumidification.

This was also a time of significant production growth within the Group, which, from a generalist foundation, soon began to develop specific expertise in the application of plastics to the packaging, automotive, consumer and construction markets. This laid the groundwork for future specializations in customer industrial processes, and the consequent ability to offer innovative solutions. Anticipating future market trends, the Company also developed its first plant supervision and control software, which guarantees constant monitoring of machine operativity.

During the 1990’s, the Group continued to grow globally and to improve its technological and qualitative expertise, gaining ISO 9001 certification and expanding its commercial and production capacities in overseas markets by opening new subsidiaries.

In the early 90s Nicola Piovan, Luigi Piovan's son, joined the company. He has been Chief Executive Officer since 2002 and Sole Director from 2011 to 2018. The Group continued its international expansion and established production plants outside Italy, specifically in Brazil and China. Additional foreign subsidiaries were soon opened in Mexico, Great Britain, Austria, Hungary, the Czech Republic, India, Turkey, Thailand, and Vietnam.

This expansion aimed to guarantee customers a global presence, providing constant, high-quality service “close to the customer”, to ensure that the complex machinery being sold worked flawlessly. It also ensured commercial presence in every relevant geographical area, allowing the Group to anticipate new market trends. As a result, continuous technological evolution, proximity to customers, high-quality service and sales, along with a focus on employees and their professional and personal growth, now form part of the Group’s DNA.

In recent years the Group has developed the first solutions for the processing of recycled plastics, enabling the construction of hundreds of plants in the coming years and the development of the Group’s technological leadership.

2007 saw the launch of the first version of the Group’s proprietary software “Winfactory”. Since then a new version has been released annually, leading to the current version “Winfactory 4.0”, which still represents one of the Group’s advantages over its main competitors.

Continuous investment in hi-tech solutions and energy saving processes have also contributed to attracting worldwide leaders in packaging, construction, basic commodities, and the food and automotive industries.

Piovan S.p.A. became publicly listed on the Milan stock exchange, within the Star segment, on October 19, 2018.

In October 2020, Doteco S.p.A., an Italian leader globally in technology for the dosing of plastic film and synthetic fibers, along with its U.S. subsidiary Doteco, Inc., joined the PiovanGroup.

In January 2022, Piovan S.p.A. completed the acquisition of the entirety of the share capital in Sewickley Capital Inc., owner of 100% of IPEG Inc. – an industry leader in North America – thereby further strengthening our global leadership in this industry.

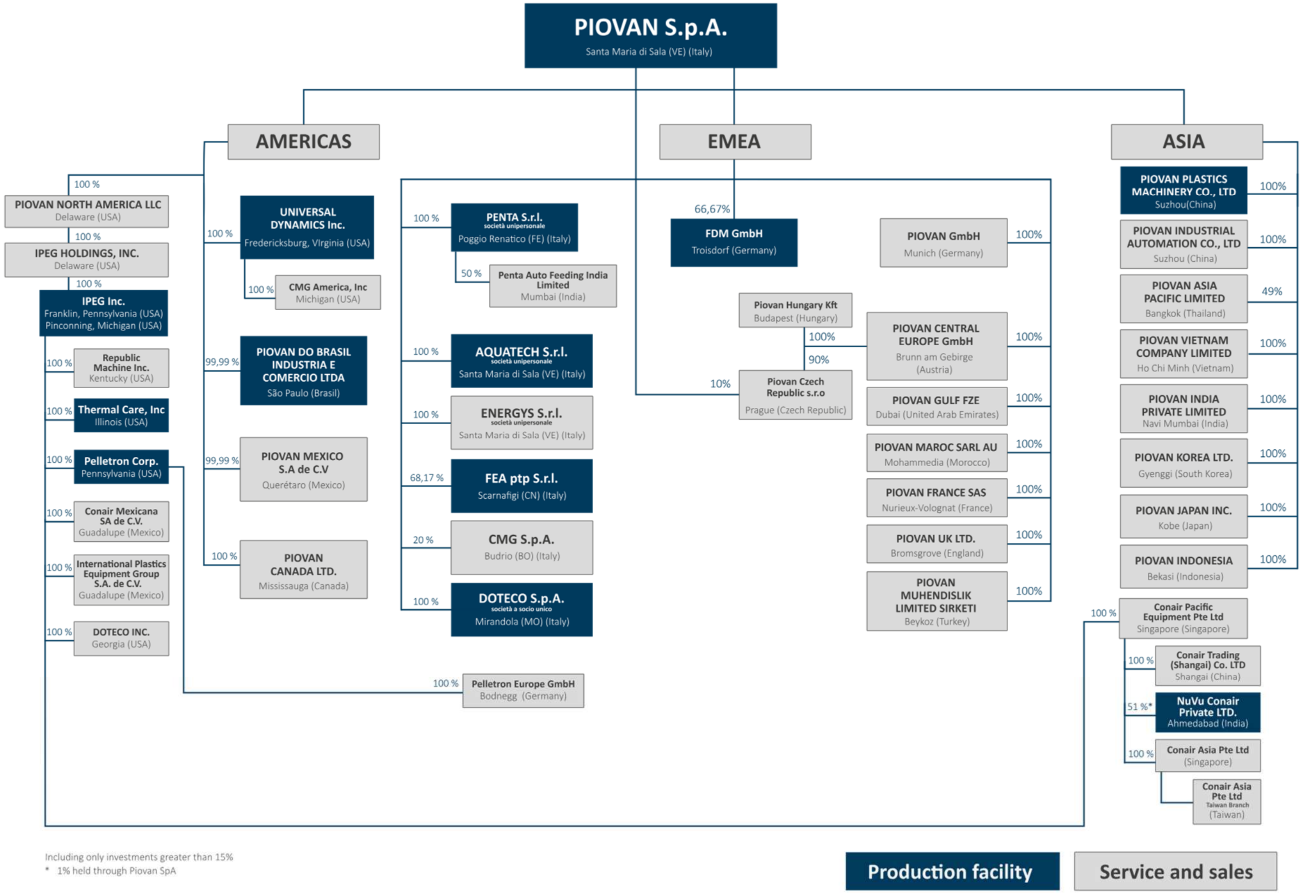
In February 2024, Piovan S.p.A. acquired 1% of the share capital of Nu-Vu - an Indian company of which Piovan already indirectly holds 50% through the subsidiary Conair Pacific Equipment PTE Ltd - from the selling shareholders of Nu-Vu. As a result of this transaction, the PiovanGroup will collectively hold a 51% stake in Nu-Vu, acquiring a controlling interest in the company and consolidating it within the group beginning in February 2024.

Today the Group comprises a network of direct or indirect subsidiaries of Piovan S.p.A., with sites in Europe, the United States and Asia, both thanks to organic growth dynamics and to acquisitions. The strategic, managerial and operational direction of the Group, which as of December 31, 2023, comprises 43 companies, including 13 production companies with 14 plants and 30 commercial companies, is entrusted directly to Piovan S.p.A.

The global reach of the PiovanGroup companies creates a major competitive advantage, providing customers across its various markets with a uniform level of service quality, in addition to an extremely broad and constantly developing range of products. This range is a core feature of the Group's commercial offering, both for the processes of automated storage, transport and treatment of polymers, recycled plastics and bio-resins to every final sector, and for the transport and treatment of food powders and creams, which has recently become an area of development within the Group's range, thanks to the subsidiaries Penta S.r.l. and FEA Process & Technologica Plants S.r.l.

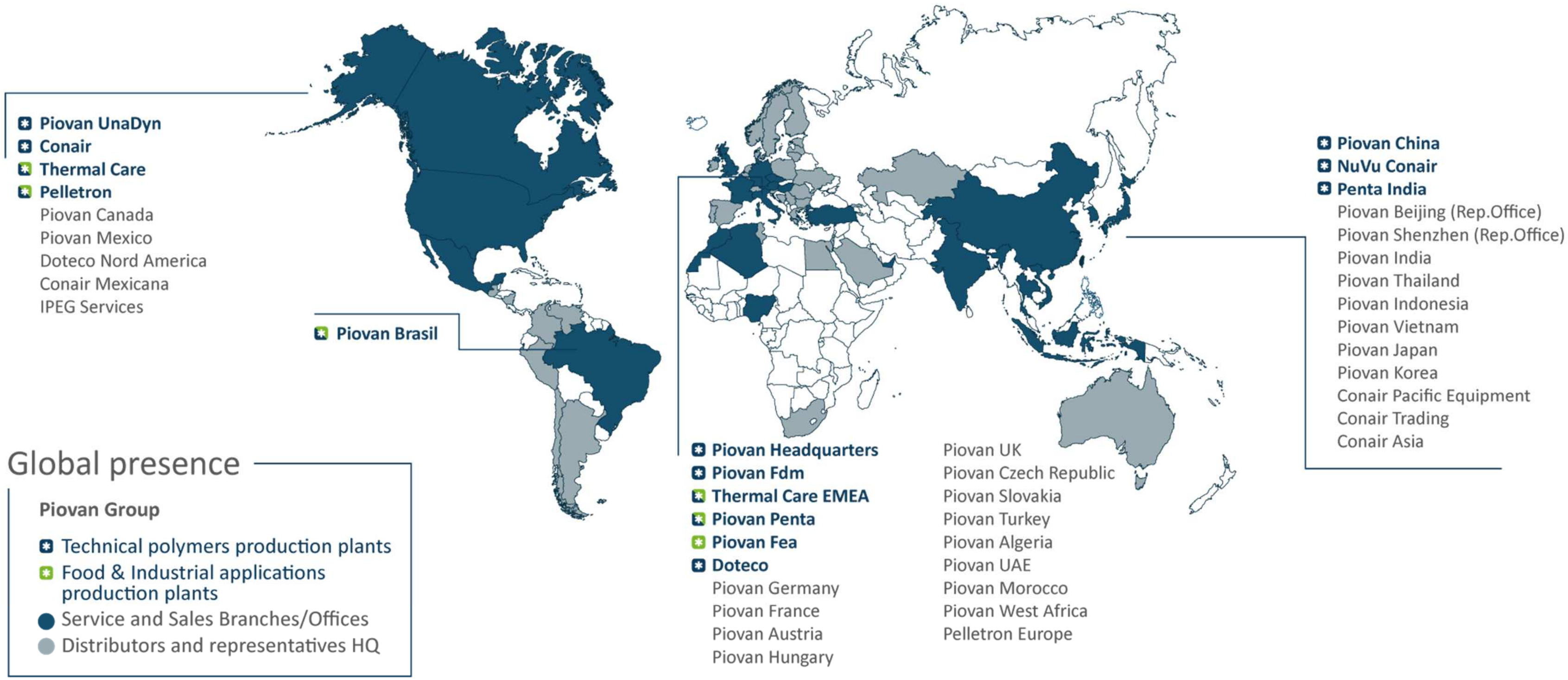
On October 22, 2019, Italy's President, Sergio Mattarella, honored Nicola Piovan with the title of *Cavaliere del Lavoro* (Italian knighthood for accomplishments in industry). This important recognition testifies to the commitment the Piovan family has dedicated to growing the business for more than 50 years.

Piovan Group structure



Including only investments greater than 15%
* 1% held through Piovan SpA

Main production and commercial sites



The company's activities are carried out in the locations listed below:

Piovan S.p.A. – S. Maria di Sala (VE), Italy

The PiovanGroup's production and administrative headquarters are located in S. Maria di Sala (VE), where Parent Company management and administration, finance, operating control, marketing and ICT system control are overseen. The Company is specialized in the production of systems for the automation of production processes for the storage, transport and treatment of polymers, recycled plastics and bio-resins, and in particular in the production of auxiliary machinery that responds to the sector's specific and varying requirements.

Aquatech S.r.l. - S. Maria di Sala (VE), Italy

The Aquatech plant is located in S. Maria di Sala (VE) and produces industrial refrigeration and temperature control systems for all Group companies and also for customers outside the plastic sector.

Penta S.r.l. – Poggio Renatico, Ferrara, Italy

The Penta plant is located in the province of Ferrara, where systems for the transport of powders, mainly in the food sector, are designed and constructed. The work complements that of Piovan S.p.A., and the Group expects significant growth, thanks in part to the Group's foreign commercial network.

FDM GmbH – Troisdorf, Germany

The company operates in a specific segment of the Group's business, producing and marketing special dispensers mainly for the extrusion sector.

Piovan Plastics Machinery Ltd – Suzhou, China

The plant is located in SuZhou, China, and the industrial enterprise was established in 2004 to develop and produce machinery mainly for the Chinese market.

Universal Dynamics Inc. – Fredericksburg, Virginia, United States

The company was acquired in October 2008. It produces systems for the transport of plastic powders and markets the Group's products in the United States.

Piovan do Brasil LtdA – Osasco, Brazil

The plant is located in Osasco, Brazil, and is responsible for the production and marketing of Piovan products in South America. It is the first manufacturer of auxiliary machines for these countries.

Energys S.r.l. - S. Maria di Sala (VE), Italy

Energys S.r.l. operates in the field of energy certification and also provides related services to the companies of the PiovanGroup and others. The company was founded in 2012 and was acquired by Piovan S.p.A. in 2016.

Piovan GmbH – Garching, Germany

The company distributes Piovan products on the German market, which is Europe’s most important market and a shop window for the rest of the world.

Piovan Mexico S.A. – Queretaro, Mexico

The company was established in 2004 and is responsible for marketing Piovan products in Mexico.

Piovan Central Europe GmbH - Brunn am Gebirge, Austria

The company was founded in 2005 and is based near Vienna. It aims to sell our products to the Austrian market and constitutes our main channel for sales to Eastern European markets.

Piovan UK Ltd – Bromsgrove, England

The company was founded in 2005 and sells our products in the UK.

Piovan France Sas – Nurieux Volognat, France

The French market leader in auxiliary machinery sales, the company was acquired in October 2008. In early 2016, Piovan S.p.A. acquired 100% of the company’s shares.

Piovan Canada Ltd - Mississauga, Ontario, Canada

The company was established in 1994. It is responsible for the marketing of the Group's products on the Canadian market, especially those of Piovan S.p.A. and Universal Dynamics Inc.

Piovan Asia Pacific Ltd – Bangkok, Thailand

The company is responsible for the marketing of Piovan products in Asian markets.

Piovan India Private Limited – Mumbai

The company's main responsibility is assisting customers and promoting sales in India.

Piovan Muhendislk Ltd. - Beikoz, Turkey

The company is responsible for marketing Piovan systems in the Turkish market.

Piovan Japan Inc.- Kobe - Japan

The company is responsible for marketing Piovan systems in the Japanese market.

Piovan Maroc - Kenitra, Morocco

The company is responsible for marketing Piovan systems in the African market.

Piovan Gulf FZE – Dubai, United Arab Emirates

The company is responsible for marketing Piovan systems in the Middle East markets.

Piovan Vietnam Company Ltd - Mai Chi Tho, Vietnam

The company is responsible for marketing Piovan systems in the South-East Asia market.

FEA Process & Technological Plants S.r.l. - Cuneo, Italy

The company operates in Cuneo, and specializes in the automation of transport and storage systems for viscous liquids for the food industry.

Doteco S.p.A. – Modena, Italy

The company, based in Modena, was founded in 1994 and is currently among the world leaders in dosing technology for plastic films (for food and non-food packaging) and synthetic fibers. The company was acquired by Piovan S.p.A. in October 2020.

Doteco Inc. – Dalton, Georgia, U.S.A.

A wholly-owned subsidiary of Ipeg Holdings Inc. and based in Georgia (USA), the company markets Doteco products in the American market.

As also described below, on January 1, 2023, the equity interest in Doteco Inc. was transferred to IPEG Holdings Inc. by Doteco S.p.A.

Piovan North America Llc – Delaware, U.S.A.

This company, a wholly-owned subsidiary of Piovan S.p.A. based in Delaware (USA), is a holding company of IPEG Holdings Inc., the holding company of the IPEG group.

IPEG Holdings Inc. – Delaware, U.S.A.

This company, a wholly-owned subsidiary of Piovan North America LLC based in Delaware (USA), is a holding company of IPEG Inc., the parent company of the IPEG group.

IPEG Inc. - Franklin, Pennsylvania, U.S.A. and Pinconning, Michigan, U.S.A.

This company, a wholly-owned subsidiary of IPEG Holdings Inc., has two production facilities, one in Franklin, Pennsylvania (USA), and another in Pinconning, Michigan (USA). The company is engaged in industrial automation for the transport and treatment of polymers and the production of industrial refrigerators for the Conair brand.

Republic Machine Inc. – Louisville, Kentucky, U.S.A.

This company, a member of the IPEG group and a wholly-owned subsidiary of IPEG Inc., is based in Kentucky (USA) and produces single-shaft shredders and grinders under the Republic Machine brand that are used in a wide range of shredding and recycling applications involving plastics, wood, carpet, rubber, and medical waste.

Thermal Care Inc. – Niles, Illinois, U.S.A.

This company, a member of the IPEG group and a wholly-owned subsidiary of IPEG Inc., has facilities in Illinois (USA) where it produces cooling solutions and machinery (temperature controllers, portable and central chillers, cooling towers, and pumps/tanks) under the Thermal Care brand.

Pelletron Corp. – Lancaster, Pennsylvania, U.S.A.

This company, a member of the IPEG group and a wholly-owned subsidiary of IPEG Inc., has facilities in Pennsylvania (USA) where it produces dust-removal systems for applications in plastics production, food and beverage, recycling, and the minerals industry.

Conair Mexicana S.A. de C.V. - Guadalupe, Mexico

The company is responsible for the marketing of the systems for the Conair brand on the Mexican market.

International Plastics Equipement Group S.A. de C.V. – Guadalupe, Mexico

The company is responsible for the marketing of the systems for the IPEG group on the Mexican market.

Pelletron EUROPE GmbH – Bodnegg, Germany

The company is responsible for marketing of the systems for the Pelletron brand on the European market.

Conair Pacific Equipements Pte Ltd – Singapore

The company is responsible for the marketing of the systems and after sales services for the Conair brand on the Asian market.

Conair Trading (SHANGHAI) Co. - Ltd – Shanghai – China

The company is responsible for the marketing of the systems for the Conair brand on the Asian market.

Conair Asia Pte Ltd – Singapore

The company is responsible for the marketing of the systems for the Conair brand on the Asian market.

Conair Asia Pte Ltd - Taiwan

The company is responsible for the marketing of the systems for the Conair brand on the Asian market.

Piovan Industrial Automation (Suzhou) Co., Ltd. – Suzhou, China

This company was established in 2022 for the purpose of building the new China facility.

Piovan Korea LTD. – Gyenggi, South Korea

The company was incorporated in 2023 to serve the South Korean market with the distribution of PiovanGroup systems and provision of after-sale services.

NuVu Conair Private LTD - Ahmedabad, India

The company is a joint venture, held until December 31, 2023, 50% by IPEG Inc. with production facilities in India and is engaged in industrial automation for the transport and treatment of polymers and the production of industrial refrigerators. Subsequent to December 31, 2023, the PiovanGroup acquired an addition 1% stake for a controlling interest in NuVu.

DIRECTORS' REPORT

Dear Shareholders,

We present for your review and approval the separate financial statements at December 31, 2023, of the parent company, Piovan S.p.A., which reports “Total revenues and other income” of Euro 139.2 million and a net profit of Euro 14.8 million, after total net current and deferred taxes of Euro 6.2 million.

The Board of Directors of the parent company, Piovan S.p.A., in accordance with the accounting rules, prepared also the PiovanGroup consolidated financial statements for 2023.

The consolidated financial statements present “Total revenues and other income” of Euro 570.5 million and a net profit of Euro 48.9 million, of which Euro 49.4 million refers to the owners of the parent company.

Introduction

The Consolidated Financial Statements of the PiovanGroup and the Separate Financial Statements of Piovan S.p.A. were both prepared in accordance with international accounting standards issued by the International Accounting Standards Board (IASB), endorsed by the European Union (IFRS) as required by Regulation No. 1606/2002 issued by the European Parliament and European Council and adopted with Legislative Decree No. 38/2005.

The Parent Company Piovan S.p.A. availed of the option contained in Legislative Decree 32/2007 which permits companies that must prepare consolidated financial statements to present a single Directors’ Report for the separate and consolidated financial statements and therefore greater attention was focused in this Report, where appropriate, on the most significant matters concerning the companies included in the consolidation scope.

This Directors’ Report does not contain the disclosure required by Legislative Decree 254/2016, enacting directive 2014/95/EC concerning the communication of non-financial disclosure which are included in a separate document to which reference should be made.

General economic overview

The global economy continues to be shrouded by the uncertainty, exacerbated by the outbreak of wars in several regions and the rapidly rising interest rates that are weighing on both consumer spending and investment. According to the International Monetary Fund ("IMF”), the recovery "remains slow and uncertain”, with global growth expected to slow.

In terms of inflation, we are beginning to see the first signs of a slowdown from the peaks of 2022, although with a lesser impact than expected on employment and on economic stimulus. The ongoing landscape of high interest rates, which sought to combat inflation, and the waning of fiscal incentives are expected to hold back growth in 2024.

In the second half of 2023, economic growth was stronger than expected in the United States, in various major emerging markets, and in certain developing economies, where public and private spending contributed to the recovery, alongside the gradual resolution of issues surrounding supply-chain availability and provisioning times. However, these improvements were not felt everywhere, with growth being particularly limited within the euro area due to weakness in consumer confidence, to the ongoing effects of high energy prices, and to the fluctuation of interest rates.

Global growth is expected to reach 3.1% in 2024 and 3.2% in 2025, which are slightly higher (0.2 percentage points for 2024) than expected in the World Economic Outlook (WEO) of October 2023. The outlook for 2024-2025, however, remains below the historical average (2000-2019) of 3.8%, reflecting tight monetary policies and the reduction of fiscal incentives.

For the advanced economies, growth is expected to dip slightly, going from 1.6% in 2023 to 1.5% in 2024 before rising to 1.8% in 2025.

As for the United States, growth is expected to go from the 2.5% in 2023 to 2.1% in 2024 and 1.7% in 2025, showing delayed effects of the tightening of monetary and fiscal policies and a weakening of the labor market, which are expected to lead to a slowing of aggregate demand.

Eurozone growth is expected to go from the 0.5% of 2023 to growth of 0.9% for 2024 and of 1.7% for 2025. A strengthening of consumer spending is expected to support the recovery, aided by the gradual waning of the effects of the high energy prices and the declining inflation.

Stable growth is expected for the emerging markets in the coming years, at a rate of 4.1% in 2024 and 4.2% in 2025. Growth in the emerging markets of Asia is expected to go from the 5.4% of 2023 to 5.2% in 2024 before returning to 4.8% in 2025. For China in particular, growth is expected to be 4.6% for 2024 and 4.1% for 2025, while India is expected to see growth of 6.5% in both 2024 and 2025. In South America, growth is expected to go from the 2.5% of 2023 to 1.9% in 2024 and returning to 2.5% in 2025.

Inflation is beginning to show signs of slowing, with recent monthly measurements approaching pre-pandemic averages. It is expected that Q4 2023 inflation will be 0.3 percentage points below the estimates of the World Economic Outlook (WEO) of October 2023. Global inflation is forecast to go from an average of 6.8% in 2023 to 5.8% in 2024 then to 4.4% in 2025, with 2025 estimates having been lowered. In the advanced economies, inflation is expected to fall more quickly (-2% in 2024) that in emerging markets (-0.3% in 2024). The factors driving the declining inflation vary from country to country, but, generally speaking, they are the result of persistently tight monetary policies, the weakening of the labor market, and the falling energy prices.

In this environment, the PiovanGroup continues to operate through an organizational structure based on subsidiaries with production sites on different continents and a global network providing technical and commercial assistance across all the areas in which the Group operates. This structure - further strengthened by the acquisition of the IPEG group - has enabled us to find alternatives within the supply chain where possible.

The group’s goal is to have a presence in all relevant markets and, in particular, to open or reinforce facilities in markets that are expected to see growth. It is for this reason that the group has, even in this challenging macroeconomic landscape, managed to increase market share in order to mitigate the overall risk and benefit from possible improvements in certain areas/sectors.

Significant events of the year

Doteco Inc.

On January 1, 2023, Doteco S.p.A. sold its equity interest in Doteco Inc. to IPEG Inc. This transaction, which had no impact on the consolidated financial statements, falls within the scope of a broader process of reorganization and streamlining that the PiovanGroup initiated following the acquisition of the American group IPEG.

Sale of Toba Pnc

On January 31, 2023, the sale was completed to non-controlling interests of a 41% stake held by Piovan S.p.A. in Toba Pnc. As a result, Piovan S.p.A. now holds a 10% interest in Toba Pnc. The Group will continue to operate in Korea by way of both the non-controlling interest in Toba Pnc and our direct presence in the country - as illustrated below.

Incorporation of Piovan Indonesia

On January 6, 2023, the Group established a new commercial branch in Indonesia – Piovan Technology (PT) Indonesia – to be able to serve local clients in that country more directly.

Resignation of a director

On January 26, 2023, the director Marco Stevanato resigned for personal reasons. Mr. Stevanato was a non-independent, non-executive director and held no additional positions on the Company’s committees. There are no indemnities or other benefits payable as a result of his conclusion of office. On March 21, 2023, Mr. Maurizio Bazzo was co-opted to the Board and was confirmed by the Shareholders’ AGM of April 27, 2023, establishing that he shall remain in office until the conclusion of mandate of the other currently serving directors, and therefore until the Shareholders' AGM called to approve the financial statements at December 31, 2023.

Purchase of ProTec Polymer Processing GmbH assets

On March 14, 2023, the PiovanGroup, by way of the subsidiary FDM GmbH, purchased from ProTec Polymer Processing GmbH a number of assets attributable to the Materials Handling, Dosing and Recycling markets with the goal of developing the post-sale services market and expanding market share with the OEM leader on the German market.

Dividends distribution

On April 27, 2023, the Shareholders' Meeting approved the distribution of a dividend for € 10,206,492.20 (€ 0.20 per share with profit rights, excluding the treasury shares of the Company). The dividend was paid out from May 17, 2023, with coupon date of May 15, 2023 and record date of May 16, 2023.

Authorization to acquire treasury shares

On April 27, 2023, the Shareholders' Meeting conferred to the Board of Directors of the Company the authorization to purchase and dispose of treasury shares, subject to the revocation of the previous authorization of the Shareholders' Meeting of April 28, 2022, as detailed in the Directors' report published on the Company's website at www.piovan.com in the *Investors/Investor Relations/Shareholders' Meeting* section.

New Long Term Incentive Plan

On April 27, 2023, the Shareholders' Meeting approved the new stock grant plan for ordinary company shares, called the "2023-2025 Long Term Incentive Plan" (the "Plan"). The Plan is organized into three cycles (the first for the 2023-2025 vesting period, the second for the 2024-2026 vesting period, and the third for the 2025-2027 vesting period) and, for each cycle, calls for the assignment of ordinary Piovan S.p.A. shares, under the terms and conditions specified in the disclosure published on the Company's website (www.piovan.com) to Executive Directors (excluding the Executive Chairman), Managers with Strategic Responsibilities, and additional individuals to be selected by the Chairman of the Board of Directors from among the employees and/or contractors of the Company or subsidiary companies due to the strategic importance of the roles. It is highlighted that one of the Plan objectives is based on ESG topics.

FEA Process & Technological Plants S.r.l. - Completion of office building

In July 2023, the first phase of the expansion of the headquarters of the subsidiary FEA Process & Technological Plants S.r.l. was completed, which included the expansion and modernization of the office building, resulting in the relocation of the workforce. The second phase involving the expansion and modernization of production facilities is scheduled to be completed in the coming months, with all work expected to conclude by the beginning of 2024.

Incorporation of Piovan Korea

On December 18, 2023, the Group established a new commercial branch in Korea, Piovan Korea, to be able to serve local clients in that country more directly.

Piovan S.p.A. - Tax Audit

As part of ordinary control planned activities to which large taxpayers are normally subject to, Piovan S.p.A. was the subject of a tax audit carried out by the *Guarda di Finanza* ("GdF") in relation to the years 2017 to 2022.

The tax audit commenced on May 2, 2023 and ended on December 12, 2023, with the issuance of a tax audit report (so called *Processo Verbale di Constatazione* - "PVC") relating to FYs 2017 – 2021 and, subsequently, on January 30, 2024, with the issuance of a PVC related to FY 2022.

The findings included in the PVC refer almost exclusively to tax items relating to the economic relationships existing between the group' subsidiaries, both Italian and foreign.

Following the issuance of the PVC, the *Agenzia delle Entrate* ("Tax Authority") notified the Company with an invitation to appear pursuant to art. 5 of Legislative Decree 218/97 with reference to FY 2017, which was followed by separate requests from the Company to access to the pre-hearing compromise procedure ("*Procedura di accertamento con adesione*") for the subsequent years from 2018 to 2022, which were accepted by the Tax Authority for the years 2018, 2019 and 2021 with separate invitations to appear. This was aimed at instituting an interaction with the Tax Authority following the tax audit report issued by the GdF.

In the context of the above interaction, the Company intended to objectively demonstrate, among other things, how the economic results of the foreign distribution companies – all operating in countries with ordinary taxation – substantially amounted to the average of the market values identified through suitable market analyses (benchmarks) for all the years under audit.

The Company, in consideration of the state of progress of the interaction with the Tax Authority, which is still at an early stage, also having heard the opinion of independent primary consultants, deems it premature to quantify the liabilities potentially arising from such disputes and, in light of the valid legal and economic reasons supporting its adopted tax approach, which allow it to classify as unlikely the risk of losing in a possible tax dispute against one or more notices of assessment that should incorporate the findings of the PVC, has not made any accrual in the financial statements.

Moreover, the Company believes that these reasons may constitute concrete arguments in the interaction with the Tax Authority if a compromise solution were to be reached, even in a post-appealing phase, as in any case the amount of the related disbursement cannot currently be determined.

Evolution of the Sustainability Strategy

The pursuit of sustainable success has been at the heart of the PiovanGroup's strategy for many years. As such, Piovan constantly strives to combine the objective of satisfying Customers with that of creating value for Shareholders. It pays special attention to the needs of the community and respect for the environment, and valuing the professional skills of the staff who, through their dedication and constant motivation, are fundamental to the Group's growth and to achieving the Company's objectives.

This continuous improvement push was furthered in 2023 through new key aspects such as:

- The adoption of the new Group sustainability policies, approved by the Board of Directors of the Company in September 2023 and subsequently by the various Group subsidiaries. These include the Environmental Policy, the Health and Safety Policy, the Diversity, Equity and Inclusion Policy (DE&I), the Human Rights Protection Policy, the Working Time Policy, and the Taxation Management Policy. The full text of these policies can be found on the Group's website(https://www.piovan.com/it/investitori/corporate-governance/ESG Policies section);
- the approval by the Board of Directors of Piovan S.p.A. of a series of sustainability goals: ambitious objectives to guide the organization toward a more sustainable and responsible future through measurable targets with established time frames, and which include a concrete commitment by the Group to reduce its environmental impact, promote diversity and inclusion, support the growth and development of its resources, and improve the overall sustainability of its supply chain.
- Increased focus and transparency on ESG topics, obtained through updating the existing ESG ratings and simultaneously obtain new indicators issued by independent third party companies (CDP), with an ongoing investment in terms of time and resources dedicated by the Group to benefit all stakeholders concerned.
- The approval of the above-stated 2023-2025 Long Term Incentive Plan, which includes ESG metrics among the Group objectives, in order to increasingly align the company’s interests with those of its stakeholders.

Further details on the above issues, and particularly with regards to the sustainability goals, are outlined in greater detail in the 2023 Sustainability Report, published on the company website in the Investor Relations section.

Commitment to a Circular Economy

In July 2023, Piovan organized the "Recycled Plastic for high-quality packaging" event for its customers, the first theoretical and practical course, in the classroom and in the Innovation Center laboratory, whose goal was to provide Group customers with the technological skills needed to obtain quality packaging from post-consumer polymers. There were 35 participants in the first free training day organized by the Piovan Academy and aimed at client companies in the northern and central Italy area. Specifically Technical Managers, Operations Managers, Research and Development Managers, Quality Managers, Maintenance and Plant Managers and technical-operational figures in general. The course - which is entirely new in the industry's business landscape - detailed topics regarding the use of recycled polymers and offered customers the tools they need to recognize issues and adopt solutions in the treatment of post-consumer recycled granule. The issues of post-consumer recycled polymer treatment and processing and the best proprietary technological solutions that PiovanGroup has developed to achieve high-quality packaging were presented in the classroom. In the Innovation Center laboratory at the Piovan S.p.A. plant, hands-on demonstrations were initiated with specific tools that can be used in the production line - e.g. screening of recycled material for contaminants or odors - and supervisory systems.

Group performance overview

The paragraph below "Alternative performance measures", to which reference should be made, presents the various performance measures for the Group and used in this document.

It should be noted that the statement of profit and loss for 2022 includes the results of the IPEG group from January 31, 2022, the date on which the acquisition was completed.

Compared with previous financial reports, in order to better reflect the current configuration of products sold and services provided by the PiovanGroup, also as a result of the acquisition of the IPEG group, the target markets have been renamed - now called Technical Polymers (formerly "Plastic"), Food & Industrial Applications (formerly "Food & non-plastic") and Services.

Economic performance of the Group

A number of financial indicators for the PiovanGroup are reported below:

(amounts in €'000)	Economic performance indicators				Changes	
	2023	% on total revenues and other income	2022 (*)	% on total revenues and other income	2023 vs 2022	%
Revenue	559,099	*98.0%*	519,801	*97.8%*	39,298	*7.6%*
Other revenue and income	11,422	*2.0%*	11,594	*2.2%*	(172)	*(1.5%)*
TOTAL REVENUE AND OTHER INCOME	**570,521**	*100.0%*	**531,395**	*100.0%*	**39,126**	***7.4%***
Adjusted EBITDA	**78,850**	*13.8%*	**62,702**	*11.8%*	**16,148**	***25.8%***
EBITDA	**78,415**	*13.7%*	**61,622**	*11.6%*	**16,793**	***27.3%***
OPERATING PROFIT	**64,655**	*11.3%*	**44,692**	*8.4%*	**19,963**	***44.7%***
PROFIT BEFORE TAXES	**64,899**	*11.4%*	**46,350**	*8.7%*	18,549	*40.0%*
Income taxes	15,989	*2.8%*	11,509	*2.2%*	4,480	*38.9%*
NET PROFIT	**48,910**	*8.6%*	**34,841**	*6.6%*	14,069	*40.4%*
Attributable to:						
Owners of the parent	**49,400**	*8.7%*	**34,588**	*6.5%*		
Non-controlling interests	**(490)**	*(0.1%)*	**253**	*0.0%*		
Basic earnings per share	**0.97**		**0.68**			
Diluted earnings per share	**0.96**		**0.67**			

(*) 2022 includes only 11 months of the IPEG group.

Revenues

PiovanGroup revenue in 2023 amounted to Euro 559,099 thousand, with a strong growth on Euro 519,801 thousand in 2022, increasing by 7.6%.

Recognizing the effect of the acquisition of the IPEG group retroactively to January 1, 2022, revenue in 2022 would have been equal to Euro 533,364 thousand, increasing by 4.8% in 2023.

Revenue calculated at a constant fx rate (i.e. converting at the average exchange rate of 2022) would have increased by Euro 11,266 thousand at Euro 570,364 thousand, showing a growth of 9.7% on 2022. The exchange effect on revenue was mainly due to the trends of the US dollar against the Euro and, to a lesser extent, to the trends in the Renminbi.

Revenue by Business Segment and Geographic Area

The breakdown of revenue by Business Segment is as follows:

€/000	2023	%	2022 (*)	%	Change	Change %
Technical Polymers	430,098	*76.9%*	397,122	*76.4%*	32,976	*8.3%*
Food & Industrial Applications	42,451	*7.6%*	46,628	*9.0%*	(4,177)	*(9.0%)*
Services	86,550	*15.5%*	76,051	*14.6%*	10,499	*13.8%*
Revenue	**559,099**	***100.0%***	**519,801**	***100.0%***	**39,298**	***7.6%***

(*) 2022 includes only 11 months of the IPEG group.

For what concerns the dynamic of Revenue by Business Segment in 2023, it should be noted that:

- *Technical Polymers Systems* revenue increased by 8.3%. With good performances across all geographic areas, the increase is attributable to (i) growing investment in new technical materials which enable increasingly high tech applications; (ii) an increase of investments in the *automotive* sector, whereby the transition to electric models requires a significant transformation of metal components into technical polymers; and (iii) the continued growth of medical applications;

- *Food Area & Industrial Applications Systems* revenue contracted on 2022 by 9.0%, although recovering on the first half of this year (in which it reduced 19.9%). The decrease in the segment is mainly due to the order intake in the powder automation area for the creation of new technical materials, which has diverted resources from the development of food powder solutions, and is partly due to the development timeframes for some projects that are taking longer than expected;

- the *Services* division reported revenue growth of 13.8% on the previous year, confirming Group development expectations for this market.

The breakdown of revenue by Geographic Area is as follows:

€/000	2023	%	2022 (*)	%	Change	Change %
EMEA	185,179	*33.1%*	185,463	*35.7%*	(284)	*(0.2%)*
ASIA	53,888	*9.6%*	44,095	*8.5%*	9,793	*22.2%*
NORTH AMERICA	299,975	*53.7%*	272,670	*52.5%*	27,305	*10.0%*
SOUTH AMERICA	20,057	*3.6%*	17,573	*3.4%*	2,484	*14.1%*
Revenue	**559,099**	***100.0%***	**519,801**	***100.0%***	**39,298**	***7.6%***

(*) 2022 includes only 11 months of the IPEG group.

North America revenue increased mainly as a result of the expanded market share and the strong refrigeration and heat-transfer product performance, with Thermal Care (one of IPEG group's US subsidiaries) contributing most.

Growth in Asia, up by 22.2%, is mainly due to the increased market share – despite the Asian market still being slowed by the challenges in China – in addition to the Group's strong development in the Indian market.

Performance in Europe is affected by the fact that major projects underway in the Food & Industrial Application area have North America as their final destination and are developed in

Europe. The business therefore generally continues to see positive signals, with a significant increase in market share.

Finally, South America continues to perform well, with growth of 14.1%, thanks to a satisfying backlog at the beginning of the year.

Other revenues and income

Other revenue and income is substantially in line with 2022 at Euro 11,422 million (Euro 11,594 million in the previous year). Recognizing the effect of the acquisition of the IPEG group retroactively to January 1, 2022, Other revenue and income for the PiovanGroup would have been equal to Euro 12,299 thousand (-7.1%). Other revenues and income includes an insurance reimbursement of Euro 1,018 thousand received by a subsidiary for damages incurred during the previous year in relation to an order.

Total revenues and other income

PiovanGroup Total revenue and other income in 2023 therefore totaled Euro 570,521 thousand, with a considerable growth on Euro 531,395 thousand in 2022 (+7.4%). Recognizing the effect of the acquisition of the IPEG group retroactively to January 1, 2022, revenue and other income in 2022 would have amounted to Euro 545,663 thousand, increasing by 4.6% in 2023.

Contribution margin

The contribution margin is calculated as the sum of: total revenues and income less raw material purchases, components, goods and inventory changes and less variable production costs (external processing, transport costs, intermediation and commissions, as illustrated in Note [30] Service Costs).

€/000	2023	2022 (*)
Total revenues and other income	570,521	**531,395**
Costs of raw materials, components and goods and changes in inventories	248,653	239,706
Variable services expenses	67,939	69,736
Contribution margin	**253,929**	**221,952**
% on total revenues and other income	**44.5%**	**41.8%**

(*) 2022 includes only 11 months of the IPEG group.

The contribution margin in 2023 was Euro 253,929 thousand, compared to Euro 221,952 thousand in 2022. The margin on total revenue and other income was 44.5% (41.8% in 2022).

In 2023, the figure partly reflected the recognition of certain additional costs related to a contract in the Food Area for one of the subsidiaries.

Research and Development Costs

In 2023, the PiovanGroup incurred research and development expenses amounting to Euro 20,657 thousand - 3.6% of total revenue and other income (Euro 18,544 thousand in 2022, 3.5% of total revenue and other income). In 2023, Euro 19,152 million concerned personnel operating in R&D and engineering, entirely expensed to the statement of profit and loss, for the execution of complex and innovative projects. The scale of this commitment to investment in research and development is a clear demonstration of the Group's unwavering desire to position itself as a supplier of solutions, and not merely of machinery or systems. This desire has always set the Group apart and, over the years, has led to its position of market dominance. The Group is defined, in fact, by a range of products that are constantly being updated, thanks to research and development activity carried out in collaboration with its customers, an aspect which is of fundamental importance in the initial phase of the development of customer-specific solutions. The Group's competitive position is linked to constant improvement and investments in technology and processes.

EBITDA

EBITDA in 2023 totaled Euro 78,415 thousand, increasing by 27.3% on Euro 61,622 thousand in 2022 (13.7% margin on "Total Revenue and other income" vs. 11.6% in 2022).

Recognizing the effect of the acquisition of the IPEG group retroactively to January 1, 2022, EBITDA in 2022 would have been equal to Euro 62,721 thousand, increasing by 25.0% in 2023.

The growth in EBITDA reflects certain non-recurring costs incurred for activities related to integration of IPEG group and certain additional costs related to a contract in the *Food market* for a subsidiary, as described above.

Adjusted EBITDA

This figure is calculated by excluding certain non-recurring items, as described in greater detail in the paragraph "Alternative performance measures".

Adjusted EBITDA in 2023 totaled Euro 78,850 thousand (excluding certain non-recurring costs or extraordinary items from EBITDA), for a margin on total revenues and other income of 13.8% and up 25.8% on the 2022 compared to 2022 Adjusted EBITDA.

Recognizing the effect of the acquisition of the IPEG group retroactively to January 1, 2022, Adjusted EBITDA in 2022 would have been Euro 63,801 thousand, increasing by 23.6% in 2023.

A reconciliation of EBITDA and adjusted EBITDA is shown in the table below:

€/000	2023	2022
EBITDA	**78,415**	**61,622**
Non-recurring expenses related to IPEG group acquisition	381	1,081
Non-recurring expenses related to Chinese plant	54	-
Adj. EBITDA	**78,850**	**62,703**

EBIT

EBIT in 2023 totaled Euro 64,655 thousand, up on Euro 44,692 thousand in 2022. It should be noted that EBIT reflects the effects of the purchase price allocation (PPA) of IPEG, which alone included the recognition of the amortization of intangible assets of Euro 3,922 thousand in 2023 (Euro 7,179 thousand in 2022). The EBIT margin on total revenues and other income is equal to 11.3%, compared to 8.4% for the previous year. Excluding the effects of the PPA as described above, EBIT would have been equal to Euro 68,577 thousand (Euro 51,871 thousand in the previous year, +32.21%), for a margin on total revenue and other income of 12.0%.

Net Profit

The net profit was equal to Euro 48,910 thousand, increasing on Euro 34,841 thousand on the previous year. The margin on total revenue and other income was equal to 8.6% (6.6% in 2022).

The net profit in 2023 benefited from the gain on the sale of Toba PNC. The company, deconsolidated as of the date the transfer of control was finalized, had negative equity of Euro 2,621 thousand (of which Euro 1,278 thousand related to minority interests).

Excluding amortization of the IPEG PPA of Euro 3,922 thousand (Euro 7,179 thousand in 2022), the related tax effect of Euro 2,273 thousand (Euro 1,464 thousand in 2022), and the gain on the sale of Toba PNC, the Net Profit would have amounted to Euro 49,221 thousand (Euro 40,556 thousand in 2022), with a margin on total revenue and other income of 8.6% (7.6% in 2022).

The Net Profit in 2022 benefitted from the following two effects: (i) Euro 1,740 thousand in currency effects during the period due to the performance of the dollar against the euro, the Group's functional currency, related to a loan in euro issued by the Parent Company to Piovan North America; (ii) Euro 2,839 thousand related to the benefit recognized in relation to the Patent Box agreement.

Basic and diluted earnings per share

Earnings per share amounted to Euro 0.97 as of December 31, 2023, compared to Euro 0.68 as of December 31, 2022. Diluted earnings per share was Euro 0.96 (Euro 0.67 in 2022).

Financial performance of the Group

The financial structure of the PiovanGroup as at December 31, 2023, is summarized below. Following the signing of the preliminary agreement for the sale of the equity investment in Toba PNC, this was considered in the financial statements at December 31, 2022 as an asset held for sale. As a result, the assets and liabilities of Toba Pnc. were reclassified among “Assets held for sale and discontinued operations” and “Liabilities directly associated with assets held for sale and discontinued operations”. The sale was finalized in January 2023, resulting in the deconsolidation of Toba PNC. The figures shown below take account of this classification for 2022.

Group Net financial position

We present below the Net Financial Position (NFP) as required by the Consob Call for Attention No. 5/21 of April 29, 2021, which implements the EMSA Guidelines 32-382-1138 of March 4, 2021.

€/000	31.12.2023	31.12.2022
A. Cash	79,285	74,365
B. Cash equivalents	13,500	20,000
C. Other current financial assets	6,556	6,815
D. Liquidity (A+B+C)	**99,341**	**101,180**
E. Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	(23,906)	(10,504)
F. Current portion of non-current financial debt	(36,567)	(32,692)
G. Current financial indebtedness (E+F)	**(60,473)**	**(43,196)**
H. Net current financial indebtedness (G-D)	**38,868**	**57,984**
I. Non-current financial debt (excluding current portion and debt instruments)	(94,121)	(142,770)
J. Debt instruments	-	-
K. Non-current trade and other payables	(2,500)	(3,295)
L. Non-current financial indebtedness (I+J+K)	(96,621)	**(146,065)**
M. Total net financial position (H+L)	**(57,753)**	**(88,081)**

The following is information related to indirect debt and/or debt subject to conditions that are not reflected above but which is required by the ESMA document:

- regarding provisions, see Note [19] – Employee benefit plans and Note [20] – Provisions for risks and charges, which include sums of this type;

- regarding bank guarantees, see the section “Commitments and Risks” in the Notes;

- the Company at December 31, 2022 had recognized liabilities for options granted to non-controlling interests in the amount of Euro 481 thousand (see Note [21]) and subsequently released in 2023.

- commitments related to lease agreements that are not recognized as liabilities in accordance with IFRS 16 total approximately Euro 4,104 thousand.

- the item, at December 31, 2022, did not include the net financial position of Toba PNC, i.e. net debt of Euro 1,737 thousand, as this had been reclassified among “Assets held for sale and discontinued operations” and “liabilities directly associated with non-current assets held for sale and discontinued operations”. The sale of the subsidiary was finalized on January 31, 2023.

The item “Current financial debt (including debt instruments, although excluding the current portion of the non-current financial debt)” includes the fair value estimate of the earn-out (previously included under Non-current financial payables), of USD 21,802 thousand (Euro 19,730 thousand at December 31, 2023 and Euro 20,441 thousand at December 31, 2022), equal to its maximum contractual value, which is expected to be paid by June 30, 2024 to the selling shareholders of IPEG Inc., in accordance with contractual obligations.

The Group net financial position at December 31, 2023, was negative and equal to Euro 57,753 thousand, improving on the negative net financial position of Euro 88,081 thousand at December 31, 2022, generating net cash in the amount of Euro 30,328 thousand.

Excluding the effects of the application of the IFRS 16, the Group net financial position at December 31, 2023 would have amounted to Euro 40,455 thousand, compared to net debt of Euro 70,193 thousand at the end of 2022, with cash generated in the amount of Euro 29,738 thousand.

Operating activities offset the absorption of cash from the approval and payment of dividends by the Parent Company Piovan S.p.A. in May 2023 for approximately Euro 10,206 thousand, and the investments made in 2023 for approximately Euro 9,721 thousand, in addition to the instalments paid on medium/long-term loans.

The net financial position includes medium/long-term loans, mainly relating to the Parent Company and entirely in euro, for Euro 116,191 thousand, of which Euro 36,567 thousand repayable within 12 months and the remaining Euro 79,624 thousand long-term.

As reported previously, in January 2022, in order to complete the IPEG acquisition, a 6-year Euro 100 million fixed-rate loan bearing annual interest of 1.335% was obtained.

This loan calls for the Group to meet a series of financial and non-financial covenants in line with market practice, particularly in relation to the debt-to-EBITDA and debt-to-equity ratios (as defined in the related agreement). These parameters are tested on a half-yearly basis (December 31 and June 30 of each year). At December 31, 2023, Group performance was amply within the covenants.
It should also be noted that on March 4, 2024, the Parent Company structured a new loan transaction for a total amount of USD 15,000,000. This loan, which to date has not been drawn down, will be used for the Group's general cash needs, including but not limited to working capital management, the payment of the earn-out consideration related to the acquisition of the IPEG group, any permitted acquisitions, and investment in fixed assets. The loan will be repaid pursuant to an amortization schedule involving 10 half-year installments with an equal

principal amount, and its maturity date will be 63 months from the date of signing the loan agreement. The loan is at a variable rate and is subject to meeting the same financial parameters of the loan obtained in 2022 for the acquisition of the IPEG group.

Non-current assets

Net non-current assets represented by property, plant and equipment, right-of-use assets, intangible assets, equity investments, deferred tax assets and other non-current assets amounted to Euro 211,899 thousand; the change on the previous year is due to the combined effect of amortization, depreciation and write-downs and capital expenditure.

The figure at December 31, 2022, does not include the contribution of Toba Pnc of Euro 284 thousand, which has been reclassified among assets held for sale and discontinued operations.

Net non-current assets (amounts in €'000)	At 31st December 2023	At 31st December 2022
Property, plant and equipment	50,887	47,972
Right of Use (IFRS 16 - Lease)	16,715	17,184
Intangible assets	120,315	128,297
Equity investments	11,426	10,832
Other non-current assets	570	574
Deferred tax assets	11,913	10,744
Net non-current assets	**211,826**	**215,603**

Investments

Total investments for the year under review came to Euro 9,721 thousand (Euro 5,838 thousand in 2022). Non-recurring investments amounted to Euro 5,419 thousand (Euro 2,430 thousand in 2022) or 0.9% of Total revenue and other income. They mainly refer to (i) the project to expand the production structure of the subsidiary FEA, for which the first phase was completed in July 2023 and the consequent relocation of the workforce and for which all work is expected to be completed at the beginning of 2024; (ii) part of the investments related to the construction of the new factory in China (iii) a number of intangible assets acquired from ProTec Polymer Processing GmbH; and (iv) the expenses incurred for two new photovoltaic plants by the Parent Company. With reference to this latter, which entered into operations in 2024, the quantity of energy consumed internally related to that generated by the photovoltaic system being installed is expected to be 73%.

Net trade capital and net working capital

Net working capital for the year ended December 31, 2023, was as follows:

Net working capital (amounts in €'000)	At 31st December 2023	At 31st December 2022
Trade receivables	79,979	89,771
Inventories	85,341	90,188
Contract assets for work in progress	8,828	6,374
Trade payables	(71,668)	(77,292)
Advance from customers	(37,445)	(50,248)
Contract liabilities for work in progress	(4,748)	(7,060)
Net trade capital	**60,287**	**51,734**
Tax receivables	6,267	5,469
Other current assets	13,163	13,156
Tax liabilities and social security contributions	(11,388)	(11,285)
Other current liabilities	(27,122)	(23,093)
Net working capital	**41,207**	**35,980**

Net working capital increased on December 31, 2022. This increase is mainly due to the increase in assets/liabilities for contract work-in-progress for the advancement of a number of orders, the payment timing of trade payables, and the decrease in advances from clients as a result of slowing orders.

The figure at December 31, 2022, does not include the contribution of Toba, a negative Euro 651 thousand, which was reclassified among "Assets held for sale and discontinued operations" and "Liabilities directly associated with assets held for sale and discontinued operations".

Medium/long term liabilities

At December 31, 2023, medium/long-term liabilities decreased on the previous year.

Net non-current liabilities (amounts in €'000)	At 31st December 2023	At 31st December 2022
Employee benefits plans	5,635	5,445
Provision for risks and charges	5,486	4,956
Other non-current liabilities	2,500	3,295
Deferred tax liabilities	12,822	15,591
Net non-current liabilities	**26,443**	**29,287**

The most significant changes were mainly due to the reduction of deferred tax liabilities and the reclassification from non-current to current of payables for employee incentive plans.

Cash conversion

The cash conversion index is calculated as adjusted EBITDA (Euro 78,850 thousand in 2023) less recurring investments (Euro 4,302 thousand in 2023) as a percentage of adjusted EBITDA, and came to 94.5% in 2023 (94.6% in the previous year).

Piovan S.p.A. performance overview

The separate financial statements of the Parent Company, which we submit for your approval, reports for the year 2023 "Total revenues and other income" of Euro 139,202 thousand and a net profit of Euro 14,774 thousand.

As previously illustrated, the company presents a single Directors' Report for the separate financial statements and for the consolidated financial statements and therefore the main events relating to the parent company were implicitly outlined in the report on the Group performance.

Economic performance of Piovan S.p.A.

(amounts in €'000)	Economic performance indicators				Changes	
	2023	% on total revenues and other income	2022	% on total revenues and other income	2023 vs 2022	%
Revenue	133,490	*95.9%*	132,343	*98.0%*	1,147	*0.9%*
Other revenue and income	5,712	*4.1%*	2,639	*2.0%*	3,073	*116.4%*
TOTAL REVENUE AND OTHER INCOME	**139,202**	*100.0%*	**134,982**	*100.0%*	**4,220**	***3.1%***
EBITDA	**26,026**	*18.7%*	**22,390**	*16.6%*	**3,636**	***16.2%***
OPERATING PROFIT	**23,557**	*16.9%*	**19,999**	*14.8%*	**3,558**	***17.8%***
PROFIT BEFORE TAXES	**21,013**	*15.1%*	**28,266**	*20.9%*	(7,253)	*(25.7%)*
Income taxes	6,239	*4.5%*	3,921	*2.9%*	2,318	*59.1%*
NET PROFIT	**14,774**	*10.6%*	**24,345**	*18.0%*	(9,571)	*(39.3%)*
Basic earnings per share	**0.29**		**0.48**			
Diluted earnings per share	**0.29**		**0.47**			

Revenues

Revenue of the Parent Company Piovan S.p.A. in 2023 amounted to Euro 133,490 thousand, up on Euro 132,343 thousand in 2022 (+0.9%).

Revenues by market and region are described below.

Revenues by Business Segment and Geographic Area

€/000	2023	%	2022	%	Changes	%
Technical Polymers	115,037	86.2%	115,225	87.1%	(188)	*(0.2%)*
Food & Industrial Applications	171	*0.1%*	162	0.1%	9	*5.6%*
Services	18,282	*13.7%*	16,956	12.8%	1,326	*7.8%*
Revenues	**133,490**	***100.0%***	**132,343**	***100.0%***	**1,147**	***0.9%***

Revenue by market indicates:

- Technical Polymers systems revenue were substantially in line with the previous year. This performance may be attributed to an improvement in the Automotive and Packaging segments with the use of recycled material and with technologies to develop new materials, all of which was offset by the downward trend in the Consumer & Technical segment.

- the Food & Industrial Application Systems market is marginal for Piovan S.p.A. as it is the market for the subsidiaries Penta S.r.l. and FEA ptp S.r.l.

The Services market posted revenue growth (+7.8%) on 2022, in line with Group forecasts.

€'000	2023	%	2022	%	Chenages	%
EMEA	105,271	*78.9%*	105,967	80.1%	(696)	*(0.7%)*
ASIA	6,213	*4.7%*	6,504	4.9%	(291)	*(4.5%)*
NORTH AMERICA	16,892	*12.7%*	14,959	11.3%	1,933	*12.9%*
SOUTH AMERICA	5,114	*3.8%*	4,913	*3.7%*	201	*4.1%*
Revenues	**133,490**	***100.0%***	**132,343**	***100.0%***	**1,147**	***0.9%***

In terms of geographical areas, the EMEA remains the Company's primary market, accounting for 78.9% of total revenue.

Other revenues and income

Other revenues and income amounts to Euro 5,712 thousand, up on Euro 2,639 thousand in the previous year. The item mainly includes revenues for rentals and transport on sales, as well as revenues from services to group companies.

Contribution margin

The contribution margin amounts to Euro 70,529 thousand, up on Euro 64,304 thousand in the previous year (+9.7%), with an increase of Euro 6,225 thousand.

€/000	2023	2022
Total revenues and other income	139,202	134,982
Costs of raw materials, components and goods and changes in inventories	54,990	55,028
Variable services expenses	13,683	15,650
Contribution margin	**70,529**	**64,304**
% on total revenues and other income	**50.7%**	**47.6%**

EBITDA

EBITDA amounts to Euro 26,026 thousand, up on Euro 22,390 thousand in the previous year (+16.2%), with an increase of Euro 3,636 thousand, having benefitted from the increase in sales volumes. This was partially offset by increases in the cost of raw materials and personnel expenses related to the increase in the workforce and improved results. The margin on total revenues and other income in 2023 was 18.7%, compared to 16.6% in 2022.

EBIT

EBIT came to Euro 23,557 thousand, up from Euro 19,999 thousand in 2022 (+17.8%), an increase of Euro 3,558 thousand.

The EBIT Margin amounted to 16.9% of revenues, up on the previous year (14.8%).

Profit for the year

The profit for the year of Euro 14,774 thousand increased on Euro 24,345 thousand for 2022. This change was mainly due to: (i) a decrease in dividends distributed by subsidiaries in 2023 compared to 2022; (ii) a non-recurring effect related to the recognition in 2022 of a patent-box gain for the period 2018-2022 in the amount of Euro 2,839 thousand.

Earnings per share

Basic and diluted earnings per share came to Euro 0.29, compared to Euro 0.48 and Euro 0.47, respectively, for 2022.

Financial performance of Piovan S.p.A.

Net financial position of Piovan S.p.A.

We present below the Net Financial Position (NFP) as required by the Consob Call for Attention No. 5/21 of April 29, 2021, which implements the EMSA Guidelines 32-382-1138 of March 4, 2021.

€/000	31.12.2023	31.12.2022
A. Cash	32,124	37,278
B. Cash equivalents	13,500	20,000
C. Other current financial assets	11,480	7,529
D. Liquidity (A+B+C)	**57,104**	**64,807**
E. Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	(47,912)	(44,755)
F. Current portion of non-current financial debt	(36,567)	(32,692)
G. Current financial indebtedness (E+F)	**(84,478)**	**(77,446)**
H. Net current financial indebtedness (G-D)	**(27,375)**	**(12,640)**
I. Non-current financial debt (excluding current portion and debt instruments)	(80,800)	(108,603)
J. Debt instruments	-	-
K. Non-current trade and other payables	(1,754)	(2,219)
L. Non-current financial indebtedness (I+J+K)	**(82,554)**	(110,822)
M. Total net financial position (H+L)	**(109,929)**	**(123,462)**

The following is information related to indirect debt and/or debt subject to conditions that are not reflected above but which is required by the ESMA document:

- regarding provisions, see Note [18] – Employee benefit plans and Note [19] – Provisions for risks and charges, which include sums of this type;

- regarding bank guarantees, see the section “Commitments and Risks” in the Notes;

- commitments related to lease agreements that are not recognized as liabilities in accordance with IFRS 16 total approximately Euro 389 thousand.

The net financial position at December 31, 2023 was net debt of Euro 109,929 thousand, compared to net debt of Euro 123,462 thousand at the end of 2022, with cash generation in the amount of Euro 13,553 thousand.

The net financial position of the Company also includes financial receivables and payables to subsidiaries.

Operating activities offset the absorption of cash from the approval and payment of Parent Company dividends in May 2023 for approximately Euro 10,206 thousand, and the capital expenditure in 2023 of approximately Euro 2,857 thousand, in addition to the instalments paid on medium/long-term loans.

In addition, in 2023, the Parent Company received a research and development grant from the Italian Ministry for Economic Development in the amount of Euro 292 thousand and two R&D loans, each in the amount of Euro 146 thousand, from the Region of Veneto and from the Sustainable Growth Fund.

Total investments for the year under review came to Euro 2,857 thousand (Euro 1,602 thousand in 2022).

Financial debt includes medium/long-term loans, mainly relating to the Parent Company and nearly entirely in euro, for Euro 116,191 thousand, of which Euro 36,567 thousand repayable within 12 months and the remaining Euro 79,624 thousand long-term.

As reported previously, in January 2022, in order to complete the IPEG acquisition, a 6-year Euro 100 million fixed-rate loan bearing annual interest of 1.335% was obtained. For further information, reference should be made to the paragraph “Group financial position”.

It should also be noted that on March 4, 2024, the Parent Company structured a new loan transaction for a total amount of USD 15,000,000. This loan, which to date has not been drawn down, will be used for the Group's general cash needs, including but not limited to working capital management, the payment of the earn-out consideration related to the acquisition of the IPEG group, any permitted acquisitions, and investment in fixed assets. The loan will be repaid pursuant to an amortization schedule involving 10 half-year installments with an equal principal amount, and its maturity date will be 63 months from the date of signing the loan agreement. The loan is at a variable rate and is subject to meeting the same financial parameters of the loan obtained in 2022 for the acquisition of the IPEG group.

Principal risks and uncertainties to which the Group is exposed

The Group's activities are exposed to a series of financial and operating risks that could affect its equity and financial position, the result for the period and cash flows through the related impact on financial instruments in place.

Overall responsibility for the creation and supervision of the Group's financial and operating risk management system lies with the Board of Directors. The various organization units functionally responsible for the operational management of each type of risk report to the Board of Directors.

Under guidelines issued by the Board of Director and for each specific risk, these units define the tools and techniques to cover the risks and/or transfer them to third parties (insurance) and evaluate risks neither covered nor insured.

The level of the Group's exposure to the various categories of risk listed is commented upon below, along with the steps taken to mitigate these risks.

Risks associated with economic conditions

The global macroeconomic landscape can have an impact on the Company's financial performance and standing. However, the Company's and its subsidiaries presence in different geographical areas makes it possible to mitigate the overall risk and to benefit from possible improvements in some areas compared to others.

In the same way, the great geopolitical tensions surrounding the conflict between Russia and Ukraine, as well as the conflict in the Middle East which began in October 2023, may lead to significant international humanitarian and social crises with major impacts on the people in these countries, as well as on the global economy and on the Group. International sanctions, used as a deterrent for certain countries involved in the conflicts, have had a significant impact on global trade and have led to a sharp increase in production costs, particularly in terms of energy, which has fueled an inflationary spiral that central banks are seeking to control by further tightening monetary policy and increasing interest rates. The situation is constantly evolving and the Company is monitoring the markets closely to assess any impact it may have on the business.

However, it should be noted that the Group has limited exposure to the regions involved in the war (i.e. Ukraine, Russia, Belarus, Palestine and Israel) both in terms of sales and purchases; therefore, assuming that the impact of the conflict remains contained to those regions, this should not have a significant impact on Group performance.

These developments, which are extraordinary in nature and extent, have had and continue to have, direct and indirect repercussions on economic activity giving rise to an environment of general uncertainty and whose evolution and effects are unforeseeable. This macroeconomic landscape may also have inevitable repercussions on the other risks described below.

Risks related to market performance

The markets in which the Group operates may be impacted, to varying degrees, by cycles of growth and contraction that cannot always be predicted. The manner in which our primary clients react to these changes in demand and pass them down throughout the value chain can have a significant impact on procurement policies, on inventory management and, consequently, on working capital needs and on our ability to adequately absorb overhead costs.

Credit risk

The Group operates on various national markets with a large number of medium and large-sized customers, mainly end customers in the various countries. Consequently, the Group is exposed to credit risk linked to the ability of its customers to settle the amounts due.

The Group applies a policy based on the credit ratings and credit limits for its customer base and the periodic issue of standard reports, in order to achieve a high degree of control over debt collection.

Each company of the Group directly manages the collection of receivables on sales made in the respective markets and their possible recovery, also through the activation of legal actions. Coordination between companies operating in the same market (e.g. Italian companies) is based on the electronic exchange of information relating to common customers and through coordination on the possible blocking of deliveries or the initiation of legal action.

The doubtful debt provision is recorded on the nominal value of the portion considered noncollectable after deducting the receivables backed by bank guarantees. All guarantees are critically assessed with regard to collectability.

The Directors have not observed a deterioration in credit quality or in collection times as a result of the continuation of the Russian-Ukraine conflict and the conflicit in the Middle East; therefore, it has not been necessary to make significant changes to how receivables are being managed. In addition, neither the payment terms applied nor the policies for managing credit risk have been changed, but we have prudently increased the level of monitoring of customer positions. See the Note “Trade receivables” for the aging of trade receivables.

Liquidity risk

The Group's overall debt, mainly relating to Piovan S.p.A., is principally fixed-rate and, despite increasing in 2022 to finance the IPEG acquisition, remains at normal levels. Based on the high level of liquidity available, the Group has a limited risk with regard to short-term maturities and therefore the risk associated with the rise in interest rates, which was particularly sharp during the year, is linked to the limited portion of medium/long-term loans.

The Group deals mainly with well-known and reliable customers; it is the Group's policy to subject the positions of customers who request payment extensions to the credit line and to constantly monitor them. In addition, the Group's activities are characterized by customer advances against orders placed, which significantly reduces the financial requirements related to working capital.

The Group has a balanced net financial position and has been able to generate positive cash flows that are considered sufficient to finance both its growing operations and investments. Expectations for future years are consistent with this historical trend and therefore the liquidity risk is considered limited overall. Furthermore, given the Group’s performance, this risk is not believed to have been heightened by the ongoing conflicts between Russia and Ukraine or in the Middle East.

For the information required by IFRS 7 on the cash flows relating to the Group's financial liabilities by maturity, please refer to note [16]

Market risk linked to the exchange rate

As the Group’s business is undertaken in various countries around the world, it is exposed to the risk of foreign exchange fluctuation. The exchange rate risk arises mainly from transactions involving the US dollar, the Chinese renminbi, the British pound, the Brazilian real and the Canadian dollar against the euro. Transactions between the Parent Company and the subsidiaries are generally carried out in the local currency of the subsidiary, therefore the individual companies are not significantly exposed to exchange rate risk, which is nevertheless transferred to the consolidated financial statements, with an impact on margins and net income.

The Parent Company carries out transactions (typically sales) in currencies other than its functional currency. The Group does not currently carry out hedging policies either with reference to the economic effects of purchase and sale transactions in foreign currency or with reference to exchange rate differentials that arise between the time of invoicing in a currency other than that of account in each country and the time of collection or, to a lesser extent, of payment.

In addition, the Parent Company holds equity investments in subsidiaries whose financial statements are in foreign currency. Changes in equity due to exchange rate fluctuations are recorded in the “Translation reserve”. The risk resulting from the translation of equity is not currently hedged by the Group.

Market risk related to interest rate

The interest rate risk is the risk that the value of a financial instrument and/or the level of cash flows generated by it might change due to fluctuation in market rates of interest.

Exposure to the interest rate risk arises from the need to finance operating activities, in terms of manufacturing activities and financing the acquisition of businesses, as well as the employment of available liquidity. Changes in market interest rates may have a negative or positive impact on the Group’s result for the period, indirectly affecting costs and returns on financing and investment operations.

As described above, the majority of the Group's loans are at a fixed rate. The Group has not put in place any significant hedging as, given the Group's high liquidity, it is believed that the risk of fluctuations in interest rates, also due to the limited funding, can still be adequately managed.

Product and component price risk

The Group's exposure to price risk is not very significant, thanks to the specific nature of the range of products offered and the Group's competitive position in the marketplace. In this regard, however, in periods of high inflation we can see significant increases in the prices of certain raw materials and industrial components, as well as in transport costs. Historically, the Group has been able to pass these cost increases onto the prices of our products, although with a certain lag compared to the increase in the prices of raw materials and components. This mismatch in time can have an impact on the Group’s short-term profitability.

Supply chain risks

An inadequate management of the Group’s strategic suppliers in terms of quality controls, delivery times, and production flexibility entails a risk of potential inefficiencies in operations and an inability to meet the needs of our customers. In 2022 specifically, the status of certain supply chains was rather volatile, thereby increasing this risk. In response, the Group is seeking to take advantage of our global presence in order to find alternative supply channels in our most critical areas. The Group subjects suppliers to an initial assessment and updates these assessments regularly. The assessments measure their technological and production capabilities, the overall quality of their products and processes, their possession of ISO quality certification, their organization and financial standing, and their observance of principles of ethics.

The challenges brought about by the Russia-Ukraine war may, over the short term, accentuate difficulties in procurement and lead to certain fluctuations in revenue.

Risks associated with climate change

Protecting the environment is an issue of great importance around the world. Issues regarding climate change, scarce resources and supply shortages require companies to use materials reasonably and efficiently. The PiovanGroup is attentive to these issues and monitors how climate change will impact the Company in terms of risks, opportunities and financial impacts.

Physical risks concern the interruption of company operations due to climate change, the manifestations of which may be acute (i.e. severe, one-off interruptions due to extreme weather events) or chronic (gradual changes that have an ongoing, lasting impact). Our awareness of the existence of these physical risks, with reference to the context in which each company operates, enables us to identify specific risks and related opportunities, and this can have an impact on organization, on operations, on distribution and the supply chain, and on employees and customers. More specifically, these events can lead to increased economic costs and financial losses due, for example, to the increased severity and frequency of extreme weather events related to climate change or to the use of water and energy. In this regard, it should be noted that this risk is not considered significant, taking into account the locations of the production plants and in particular their reduced complexity, as well as the low level of complexity of production processes.

With reference to the transition risk, relating to the charges to limit the rise in global temperatures, these can lead to legal and policy risks (i.e. risks related to new legislation or policies aimed at driving change), technology risks (i.e. risks related to the necessary technological innovation and the need for investment in research and development in order to find technological solutions compatible with the change), market risks (i.e. risks related to a trend towards "green" consumption and consequent reduction in demand for products that are incompatible with the change), and reputation risks (i.e. risks connected with the relationship of trust between consumer and business, which becomes a key differentiator in the buying decision).

These risks may lead to a reduction in the potential market, such as the risk of not adequately exploiting technological innovation that may lead to the replacement of existing products and the risk associated with the transition to a low-carbon economy. The PiovanGroup believes that in this context plastics play a decisive role by having a low environmental impact in its production phase, if virgin, and a low impact on scarce resources as it is derived from processing waste, if from recycled material.

Plastic polymers can potentially be recycled to create new products, thus minimizing environmental pollution. It takes the concrete, concerted commitment of the primary actors in waste management and the circular economy.

The PiovanGroup mitigates these risks by contributing to the transition proactively, through a sustainable approach based on three pillars:

- critical analysis and assessment of sustainability practices within the Group aimed at constant improvement and with a focus on the emerging needs of processors;
- constant focus on product and process innovation with a view to developing technologies and other solutions for the processing of recycled plastics.
- A commitment to developing increased awareness of sustainability throughout the value chain.

For further details on Group strategy, see the Sustainability Report.

Risks associated with information access and the IT system

Failures in information systems, lost or damaged data, cyber attacks, information technology that fails to meet business needs, or upgrades to technology that do not meet the needs of the user can compromise the operations of the Group and lead to errors in operations, procedural inefficiencies or delays, and other business interruptions, which can have an impact on the Company’s ability to compete in the marketplace.

The Group believes that we have taken all steps necessary to contain and manage these risks, and we have adopted applicable laws and regulations and constantly monitor the administration of our applications and IT infrastructure.

Innovation and sustainability

The pursuit of sustainable success has been at the heart of the PiovanGroup’s strategy for many years. As such, Piovan constantly strives to combine the objective of satisfying Customers with that of creating value for Shareholders. It pays special attention to the needs of the community and respect for the environment, and valuing the professional skills of the staff who, through their dedication and constant motivation, are fundamental to the Group’s growth and to achieving the Company’s objectives.

2023 in summary

Environment	Social	Governance
√ Completion of the new photovoltaic system on the roof of the logistics hub of Piovan S.p.A. (+ 44% of self-produced electricity)	√ Approval of the Group's policies on Health and Safety, Protection of Human Rights, Protection of Diversity, Equity and Inclusion, Working Hours	√ 71% of the members of the Board of Directors are independent
√ Strong growth both as an impact on turnover and as an absolute value of revenues related to the circular economy, 30.8% compared to 25.3% in 2022	√ Global Employee Survey that involved all Group employees with an 80% participation rate and job satisfaction for 77% of respondents	√ 29% of the members of the Board of Directors are female
√ Approval of Group’s environmental policy	√ +8% training hours compared to 2022	√ Approval of the anti-money laundering policy
√ 85% of Piovan products can be recycled if properly disposed of		√ Approval of the Policy for the management of the Group's taxation
√ 4 new patents related to the circular economy		

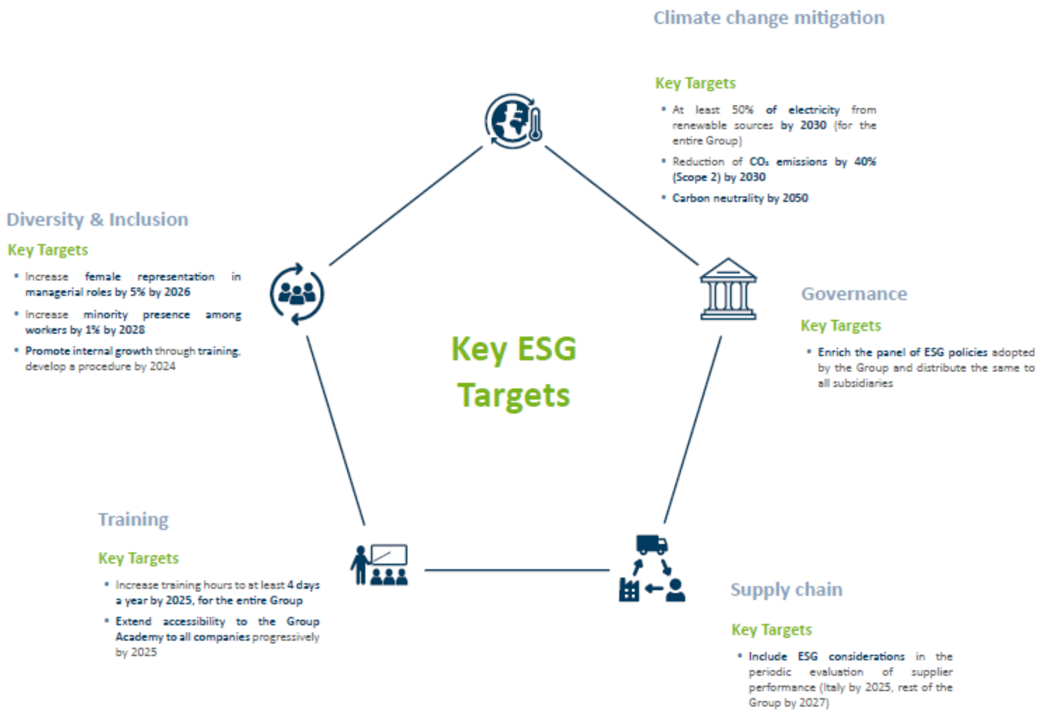
Sustainability goals of the PiovanGroup

The foundations of this long-term pathway were laid in 2018, when - in order to clearly define the values that have always been widespread within the Group and the responsibilities related to them - Piovan chose to adopt an Ethics Code (the “Ethics Code”). Observance of this Code by the addressees, each within the scope of his or her functions and responsibilities, is crucial for the Group’s efficiency, reliability and reputation. A great many other initiatives have followed that first step and have led, in early 2024, to an important new chapter in this regard, namely: approval by the Piovan S.p.A. Board of Directors of a series of sustainability goals. This concerns a comprehensive and ambitious framework designed to guide the organization toward a more sustainable and responsible future through measurable goals with established timeframes.

The principal Sustainability goals adopted, in line with the Sustainable Development Goals (SDGs), underscoring the commitment of the Group - among other matters - is to reduce its environmental impact, promote diversity and inclusion, support the internal growth and development of its resources, and improve the overall sustainability of its supply chain.

The SDGs of the United Nations define a global framework for tackling crucial challenges by 2030, such as poverty, inequality, climate change, and environmental protection. An effective action plan must be founded on the SDGs, while identifying key areas in which the organization can have a significant impact and setting specific, measurable targets in order to make a contribution towards reaching these goals.

Listed below are the main areas of development. A complete list of all the sustainability goals set by the Group is provided in the Non-Financial Report published on the Company's website.



Climate change mitigation

Given the urgency of the need to deal with climate change and its long-term implications, the PiovanGroup has set ambitious objectives to significantly reduce our carbon emissions and our overall consumption of resources. The Group's long-term objective is to be carbon neutral by 2050, thereby aligning with international standards and best practices. In order to achieve this objective, we have defined short and medium-term actions, such as installing photovoltaic panels on our main production facilities (an investment that Piovan S.p.A. and Aquatech S.p.A. completed in 2023), implementing energy-saving technologies in all our operations, and optimising consumption by way of renewable sources in order to minimise our environmental impact.

In addition to our efforts to reduce carbon emissions, the Group is also taking a global approach to the consumption of resources. Of course, given the Group's exposure to the sector, this commitment extends to promoting the principles of the circular economy, promoting a sustainable approach to product lifecycles and encouraging responsible consumption among all our clients.

Our commitment to Diversity and Inclusion

The PiovanGroup recognises that diversity is more than just a moral imperative: it is a catalyst for innovation and success. As such, we have set specific objectives for improving diversity and inclusion at all levels of the organisation. The Group is committed to creating an inclusive workplace in which people of diverse origins can prosper, contribute their unique points of view, and feel they are an integral part of the company.

To achieve these objectives, the Group is committed to adopting hiring strategies aimed at providing ongoing diversity training and promoting an inclusive culture that values differences and celebrates them. Progress in this regard will be assessed on a regular basis by way of key performance indicators (KPIs) to ensure constant, responsible improvement. Just to cite a few, the PiovanGroup has set an objective to increase minority representation throughout the Group by 2028 and to increase the number of women in managerial roles by 5 percentage points by 2026.

Growth and Development policies

Another cornerstone of our objectives is our commitment to promoting opportunities for personal growth and development for all PiovanGroup employees. At Piovan, we recognise that wellness and career growth for our employees are keys to the long-term success of our sustainability initiatives.

To support this effort, we will be implementing policies to promote skills development by increasing training up to the 2025 target of an average of 4 days of training. By prioritising the holistic growth of our workforce, the Group aims to create a motivated, engaged team that is dedicated to promoting sustainable practices within the organization.

Monitoring the ESG Performance of Suppliers

Finally, the PiovanGroup will be placing increasing importance on the environmental, social and governance (ESG) performance of all our suppliers, in the awareness that our supply chain has a profound impact on sustainability. Our sustainability goals call for the development and implementation of a solid programme of supplier engagement, including regular assessments and defined parameters for improvement. Holding our suppliers to high ESG standards, we aim to create a more resilient, more responsible supply chain aligned with the Group’s values and the sustainability goals we have set.

In short, the sustainability goals of the PiovanGroup are a testament to our commitment to having a positive impact on the world. By setting ambitious targets for the reduction of carbon emissions, for diversity and inclusion, for personal growth, for the sustainability of our supply chain, the Group seeks both to help protect the environment and to work towards a more just, more sustainable future.

People

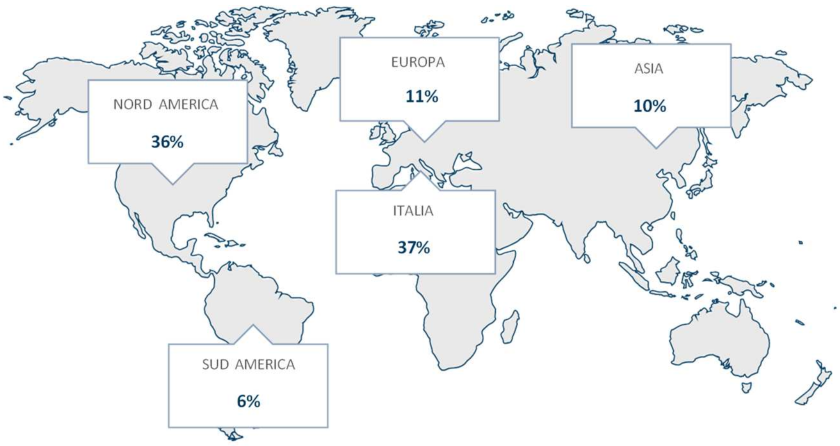
During 2023, the Group employed an average of 1,797 people, compared to 1,755 in 2022. The distribution of operating personnel by category was as follows:

	2023		2022	
	period end	average	period end	average
Managers	43	42	41	37
Junior managers	114	115	108	109
White collars	1,053	1,042	1,042	1,015
Blue collars	595	599	613	594
Total	**1,805**	**1,797**	**1,804**	**1,755**

The average increase compared to the previous year was the result of 42 people hired by the Group in part in response to expectations of future growth.

The complex, constantly evolving contexts in which the Group operates require personnel with initiative and drive, motivated by a desire to learn and improve continuously. As such, Piovan also works ceaselessly in the district proximity system to adapt its organizational and management models to the "knowledge economy", where professional careers, which are increasingly discontinuous and transversal, feed the more "generalist" skills that go hand in hand with the high level of professionalism required to operate in an international context, deal with innovative technologies and succeed in a competitive market.

The Group workforce at December 31, 2023, by geographical area and by function is presented below:



The Parent Company figures follow:

	2023		2022	
	year end	average	year end	average
Managers	12	12	11	9
Middle managers	19	18	15	14
White collar workers	207	207	210	204
Blue collar workers	193	198	204	198
Total	**431**	**435**	**440**	**425**

Corporate Governance

The Corporate Governance and Ownership Structure Report was prepared in accordance with Article 123-*bis* CFA as a separate document approved by the Board of Directors on March 19, 2024, and is available on the Investor Relations section of company's website at www.piovan.com. The report is prepared in accordance with the recommendations of the Corporate Governance Code and in line with the format recommended by Borsa Italia S.p.A. for reports on corporate governance and ownership structure (9th edition, January 2022). The report provides a thorough description of the system of corporate governance adopted by Piovan S.p.A. It describes the Company's profile and its inspiring principles and provides information on the ownership structure and compliance with the Corporate Governance Code, including the main governance practices applied and the features of the internal control and risk management system. It also includes a description of the composition and functioning of the administration and control bodies and of their internal committees, along with related roles, responsibilities, and powers. The criteria for determining the fees paid to directors are detailed in the "Report on the Remuneration Policy and remuneration paid", drawn up in accordance with Article 123-ter of the Consolidated Finance Act and Article 84-quater of the Consob Issuers' Regulation and published in the section Investor Relations of the Company's website.

Events after the reporting period

New facility in China

During January 2024, the Chinese subsidiary Piovan Plastic Machinery began the relocation of its manufacturing operations to a temporary site, located at No. 63 Xiangyang Road, Suzhou National High-tech Industrial Development Zone. The transfer is still in progress and is expected to be completed between March and April 2024. This temporary solution was necessary as a result of the conclusion of the lease of the premises occupied until now, and pending the completion of the construction of the new plant, located in No. 369 Tayuan Road, Suzhou National High-tech Industrial Development Zone. Once the construction of the new plant is completed, currently scheduled for the second half of 2024, Piovan Plastic Machinery will move its operations to the permanent site. No material impact on the subsidiary's operations is expected as a result of this transfer, except for the potential delay of some shipments and therefore billing from one quarter to the next.

Consolidation of Group brands and refrigeration activities

On January 31, 2024, the PiovanGroup announced the start of a process to simplify its brand architecture, the purpose of which is to develop the Group and strengthen the sense of belonging of the constituent brands, while respecting their history and identity, and to present itself with a single strong identity on the international market. Specifically, the brands "Fdm", "Fea", "Penta", and "UnaDyn" as of the announcement date became "Piovan Fdm", "Piovan Fea", "Piovan Penta", and "Piovan UnaDyn". The "Conair", "Doteco", "Pelletron" and "Thermal Care" brands will add "PiovanGroup" as an integral part of their logos. In addition, Energys will operate as Piovan, Progema will merge into Piovan Penta, and Republic Machine into Conair.

Finally, as of the date of the announcement, Aquatech will begin operating under the Thermal Care brand as part of a broader strategic initiative in industrial and process refrigeration resulting from the integration of the activities and products of the two companies. The Group expects this consolidation to lead to the creation of a global player in the segment, with a highly-spread production capacity ranging from North America to Latin America and from Europe to Asia, alongside a comprehensive service structure which ensures a closeness to the customer in all countries in which it has a presence and operates. The integration of these business units will allow for R&D efficiencies and an expanded portfolio of products, solutions and services capable of serving a wide range of market sectors.

Acquisition of a 1% stake in Nu-Vu Conair Private Ltd

On February 6, 2024, Piovan S.p.A. and Nu-Vu Conair Private Ltd. announced the signing of an agreement stipulating the purchase by Piovan S.p.A. of 1% of the share capital of Nu-Vu, an Indian company of which Piovan already indirectly holds 50% through the subsidiary Conair Pacific Equipment PTE Ltd, from the selling shareholders of Nu-Vu. The acquisition was completed on February 14, 2024, following the satisfaction of all conditions set out under the agreement, and the PiovanGroup currently holds a total stake of 51% in Nu-Vu.

Nu-Vu Conair Pvt. Ltd. was a joint venture between Nu-Vu Engineers, Ahmedabad, India and The Conair Group (part of the PiovanGroup), Pennsylvania, USA. The joint venture began in 2007, and Nu-Vu Conair Pvt. Ltd. is currently one of the leading manufacturers of polymer processing automation systems in India. The company employs about 250 people and operates a manufacturing plant with a total area of about 150,000 sq. ft. (currently being expanded by an additional 80,000 sq. ft.) for the production of centralized vacuum conveying systems, drying systems, gravimetric dosing systems, chillers and mold temperature control units, crystallizers, conveyor belts, granulators and other polymer processing machinery. Based on the results for 2023, Nu-Vu reported revenue of approximately Euro 20.0 million, with adjusted EBITDA of approximately Euro 3.6 million.

Based on the pro-forma aggregate results[1] for 2023, the combined Group generated revenue of over € 590.5 million, with EBITDA of approximately € 82.0 million. The Transaction was funded through available cash.

Piovan S.p.A. - Tax Audit

In March 2024, due to the approaching expiry of the assessment deadlines, Piovan S.p.A. has received the tax assessment notice for 2017, which substantially reflects the findings already included in the PVC received at the end of 2023 and described in the Directors' report and in the notes of the financial statements. The receipt of such notice does not change the assessment of the Parent Company included in this document, and, furthermore, does not jeopardise the interaction started with the Tax Authority at the beginning of the 2024 regarding a potential compromise settlement.

[1] Aggregate data not subject to audit or limited review

Outlook

The Group confirms its focus on continuing on the strategic path undertaken and on boosting its contribution to the circular economy by developing products and solutions for the recycled value chain, increasing acquisitions, and working to achieve greater market share in the Food & Industrial Applications segment.

In terms of acquisition-led growth, in February 2024 the Group acquired 1% of NuVu Conair, thereby coming to hold 51% of the Indian company and acquiring control.

The PiovanGroup continues to remain interested in companies with products/technologies that can expand the value chain served by the Group, and we will continue to assess potential opportunities for acquisitions and external growth, both in the recycling and Food areas.

Furthermore, the integration of the IPEG group continues, whose benefits are beginning to emerge in terms of the generation of commercial and cost synergies.

With regard to developments in European legislation concerning the production and use of plastic, there is a possibility of changes in the marketplace. In particular, the new legislation would incentivize, where possible, the reuse of plastic items and the use of recycled plastics, which by 2025 should constitute 25% of packaging, and the use of compostable polymers.

This European legislation represents an opportunity for the PiovanGroup. The Group, in fact, has over recent years developed technologies focused on the automation, processing and screening of recycled and compostable plastics, developing a strong leadership position also thanks to various patents related to the topic of recycling and thus achieving an advantageous position from a technological point of view. The Company currently estimates that approximately 32.4% of the automations sold in the packaging, fiber and recycling segments are being used in order to make use of recycled material. Incentivizing the reuse of plastic items, although representing a minimal potential market share, can also give rise to significant investment in order to develop items whose technical complexity enables their reuse.

Since 2006, the Group has contributed to building hundreds of plastic recycling plants and thousands of systems that make it possible to create new products out of recycled plastic.

Piovan is already engaged at various levels in the process of change and is committed to providing solutions to the market for a circular economy, particularly in researching and developing advanced innovative technologies - allowing customers to use recycled polymers and obtaining a quality product with low environmental impact, cutting CO2 emissions and the consumption of scarce resources.

In terms of organic growth, 2023 was again a record year both in terms of revenue and profitability growth. The 2023 performance is of particular significance as compared to a 2022 which in fact itself saw excellent results.

In terms of order intake, the final months of 2023 and the initial months of 2024 show a persistence of the phase of market uncertainty already observed in the first part of 2023. This is mainly due to the continuation of a macroeconomic and geopolitical environment which continues to reflect a general contraction in investment, as impacted by the ongoing Russia-Ukraine war, the recent rekindling of tensions in the Middle East and the continued levels of high inflation that do not yet allow for an interest rate correction by the central banks.

The order backlog at December 31, 2023 contracted on the previous year, although remaining relatively stable against September 30, 2023 and however above the Group's historic averages.

A PiovanGroup strength has always been the fact that it can rely on a number of geographic areas and highly diversified sectors, with the Group in 2024 in fact intending to boost investment in the highest growth potential areas.

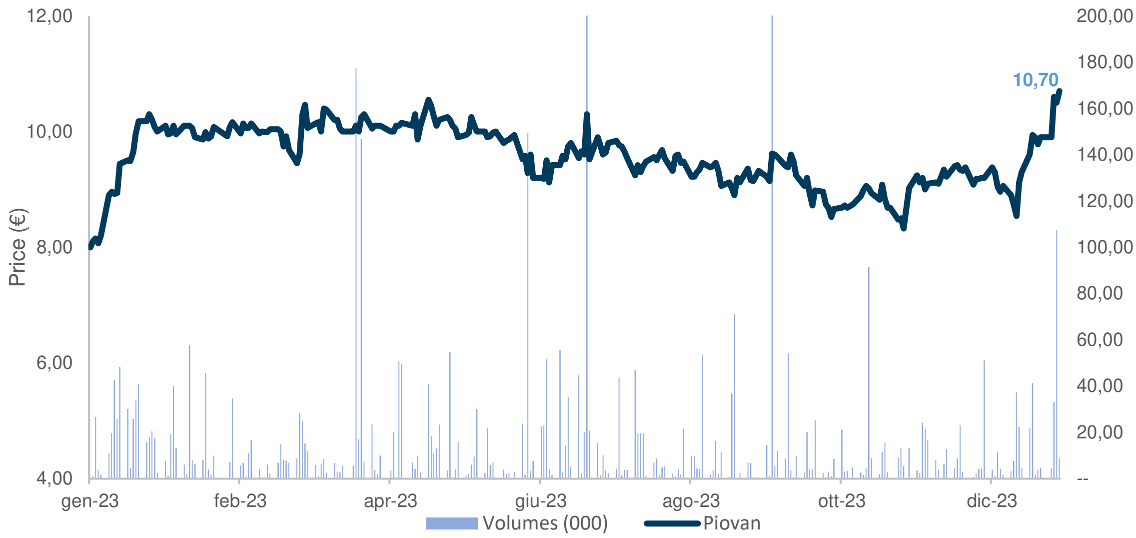
Other information

Share performance

Share performance in 2023 increased by 24.5%, going from Euro 8.08 at December 30, 2022, to Euro 10.70 per share at December 29, 2023. In 2023, Piovan's share performed generally very well, reaching a high of Euro 10.70 per share. The average price of the share for the year was Euro 9.57 per share, (8.97 per share in 2022), with the high of Euro 10.70 being reached on December 29, 2023. The share closed the year at Euro 10.70 per share for a total market capitalization of about Euro 574 million. Share trading reached a total volume of 5.82 million (4.12 million in 2022), with an average daily trading for the period of about 23.4 thousand shares. As at December 31, 2023, Piovan share capital, in the amount of Euro 6,000,000, was composed as follows: 58.35% held by Pentafin S.r.l.; 9.21% held by 7 Industries Holding; 27.66% held by the broader market; and 4.79% held in treasury shares.

MAIN DATA		31.12.2023	31.12.2022
Share capital	Eur	6,000,000	6,000,000
Ordinary share	number	53,600,000	53,600,000
- of which treasury share	*number*	*2,567,539*	*2,670,700*
Market capitalization	Eur / millions	574	433

PERFORMANCE		31.12.2023	31.12.2022
Closing price	Eur	10,70	8,08
Maximum Price	Eur	10,70	11,60
Minimum Price	Eur	8,00	7,56
Mid Price	Eur	9,57	8,97



Transactions with parent companies, subsidiaries and associated companies

There were numerous inter-company transactions carried out in the ordinary course of business and at normal market conditions.

Inter-company transactions are inherent in the organization structure of the Group. These relationships concern both commercial activities (subsidiaries of Piovan S.p.A. and established in various countries which distribute the products of the Group as agents or as distributors), and production activities (subsidiaries of Piovan S.p.A. which, producing certain types of systems, supplement the Piovan S.p.A. product range or offering the same range to clients selling or acquiring machines to or from Piovan S.p.A.), as well as participation in the national tax consolidation by the Italian companies Piovan S.p.A., Aquatech S.r.l. and Penta S.r.l. with the parent company Pentafin S.p.A.

There are also financial transactions between the companies belonging to the Group, which are also carried out in the normal course of business and at normal market conditions, while there are no transactions that can be considered atypical.

For further information, reference should be made to the comments in the Explanatory Notes to the Consolidated Financial Statements at Note 39.

Related party transactions

The "Regulation containing the provisions concerning related party transactions", adopted by Consob with motion No. 17221 of March 12, 2010, amended with motion No. 17389 of June 23, 2010 and Consob motion 21624 of December 10, 2022, enacted Article 2391-*bis* of the Civil Code.

On June 23, 2021, the Board of Directors passed a resolution to approve the revised RPT Policy in order to adapt it to the latest RPT Rules, as most recently amended.

The identification of transactions with related parties is undertaken in accordance with the afore-mentioned Consob regulation.

The company, in addition to the inter-company transactions commented upon above, also undertakes transactions with other related parties principally relating to persons that exercise administration and management functions in Piovan S.p.A., or entities controlled by such parties. These mainly concern commercial transactions and are carried out as part of the ordinary operations and at normal market conditions, as well as participation in the tax consolidation with the parent company Pentafin S.p.A.

Transactions with related parties are commented upon in the Other information section of the Explanatory Notes, to which reference should be made for further information.

Atypical and/or unusual transactions

There were no significant atypical and/or unusual transactions concerning the Parent Company Piovan S.p.A. or the PiovanGroup in 2023.

The environment and personnel

The Group carries out work with no potential negative impact on the region and the environment. It always, however, seeks to operate in accordance with best practices, working towards risk prevention and the reduction and minimization of its environmental impact. The PiovanGroup also places great importance on the safety of its workers, and is committed to spreading the culture of safety within the Group and the various local organizations.

Treasury shares or parent company shares in portfolio

In accordance with Article 2428, paragraphs 2, 3 and 4 of the Civil Code, it is communicated that the Company holds at December 31, 2023, 2,567,539 treasury shares for a book value of Euro 2,488,712 million. No other company in the Group holds treasury shares or shares of the parent company.

With regard to shares issued, there are no limitations on voting rights, and no securities exist to which special control rights or special powers attach.

Compliance with the Issuers' Regulation

In accordance with Articles 70 and 71 of the Issuers' Regulation, the company opted to apply the exemption under paragraph 6 of Article 70 and paragraph 1 of Article 71 regarding the publication of a disclosure document drawn up as per Annex 3B of the Issuers' Regulation amid mergers, spin-offs or share capital increases through conferment in kind and significant acquisitions or disposals.

Legislative Decree No. 231/2001

The Board of Director's meeting of August 2, 2018 adopted the Organization, Management and Control Model in accordance with the provisions of Legislative Decree No. 231/2001 in relation to administrative responsibility of legal persons. This model was updated in November 2021 to include the special section related to tax crimes and, more recently, to transpose the provisions of Legislative Decree No. 24/2023 on whistleblowing.

Piovan's organization, management and control model essentially outlines the company's corporate governance structure, the means to establish the Supervisory Board and its functioning, while outlining the penalty system. This Model will be subject to adaptation to the application findings and the regulatory framework.

As of the date of this report, the primary Italian subsidiaries have adopted their own organization, management and control models in accordance with Legislative Decree No. 231/01. Work is under way to establish procedures for the recently acquired companies to also adopt such a model.

The overseas Group subsidiaries have been included in the Group's system of compliance by adopting specific policies for these companies, particularly with regards to the matters of money laundering and corruption, so as to make the overall internal regulation as consistent as possible with the Group's international structure.

The Organization, management and control model of Piovan, together with the Ethics Code, are available on the company's website: www.piovan.com

Consolidated Non-Financial Statement

The company, in accordance with Article 5, paragraph 3, letter b of Legislative Decree 254/2016 has drawn up the consolidated non-financial information as a separate report. The 2023 consolidated non-financial information report, drawn up as per the GRI Standards, is available on the Company website:https://www.piovan.com/investors/investor-relations/#financial-statements.

Corporate Governance and Ownership Structure Report in accordance with Article 123-*bis* of the CFA

The Company, opting for the permission under Article 123 bis, paragraph 3 of the CFA, issued the Corporate governance and ownership structure report separately from the Directors' Report. The document in question is therefore made available through publication on the Company's website: www.piovangroup.com.

Subsidiaries incorporated and governed under the laws of State not belonging to the European Union.

At December 31, 2023, the subsidiaries incorporated and governed by the laws of states not belonging to the European Union, in accordance with Article 15, paragraph 1, of Consob Regulation No. 20249 of December 28, 2017, were Piovan Do Brasil LTDA, Piovan Mexico Sa, Piovan Plastics Machinery Co. Ltd, Universal Dynamics Inc., Piovan Asia Pacific Ltd, Toba PNC, and Piovan Canada Ltd, Piovan North America Inc. and all the subsidiaries of the IPEG group. See the paragraph "List of investments included in the consolidated financial statements and other investments" for a detail of consolidated companies and countries of origin. The subsidiaries incorporated and governed by the laws of states not belonging to the European Union fulfill the requirements as per paragraph 1 of this article.

Sovereign debt exposure

In accordance with Consob Communication No. DEM/11070007 of August 5, 2011 (which restates ESMA document No. 2011/266 of July 28, 2011) concerning the information to be presented in financial reports concerning exposures held by companies listed on sovereign debt markets, it is communicated that the Group does not hold Sovereign debt securities.

Management and coordination

The Piovan S.p.A. is not subject to management and co-ordination pursuant to Article 2497 and subsequent of the Civil Code.

Piovan S.p.A. exercises management and co-ordination, as per Articles 2497 and subsequent of the Civil Code, over the Group companies and the direct and indirect subsidiaries, imparting Group strategies, particularly in terms of industrial objectives, commercial and marketing policies and operating and financial results.

In particular, management and co-ordination over subsidiaries is carried out by the company, among other means, through approval of their industrial, financial and strategic plans, the approval of their annual budgets, the drafting of Group directives, procedures and guidelines and of general operating, human resources and finance policies, in addition to the appointment of their corporate boards.

Off-balance sheet agreements

With regards to the information required by Article 2427, paragraph 1 No. 9 of the Civil Code, it is stated that the Group does not have Off-balance sheet agreements, with the exception of that indicated in the Explanatory Notes.

Group and consolidated tax procedure

The companies Piovan S.p.A., Penta S.r.l. and Aquatech S.r.l. as consolidated companies adhered to the Group taxation procedures in accordance with the option exercised by Pentafin S.p.A. as consolidating company for the three-year period 2021-2023, as per Articles 117 and 129 of the Presidential Decree 917/1986.

In preparing the financial statements of these companies, the effects of the transfer of the tax positions due to the consolidated tax accounts were taken into account; in particular, the subsequent accounts receivable from/payable to the consolidating company were recognized.

Alternative performance measures

It should be noted that some financial information in this report illustrates intermediate profitability indicators, including the gross operating margin (EBITDA). This indicator, however, is not identified as an accounting measure within IFRS and therefore the criterion for its determination may not be uniform with other groups or companies.

In this Directors' Report, various alternative performance measures or intermediary earnings measures are presented in order to permit a better assessment of operating performance and financial position. These measures, however, are not identified as an accounting measure within IFRS and therefore the criterion for their determination may not be uniform with other groups or companies.

Descriptions of the components of each of these indicators are presented below, as required by CONSOB Communication No. 0092543 of December 3, 2015, which transposes the ESMA/2015/1415 guidelines for alternative performance indicators.

EBITDA

EBITDA is composed by the following items: (i) + income taxes, (ii) - profit/(loss) from investments measured at equity, (iii) - income/(charges) from valuation of liabilities for options granted to minority shareholders, (iv) - exchange gains/(losses), (v) + financial expenses, (vi) - financial income, (vii) + amortization, depreciations and write-downs and (viii). The EBITDA Margin is calculated as a percentage on the total revenues and other income.

Adjusted EBITDA

This indicator, compared to reported EBITDA calculated by the Group, is adjusted for non-core/non-recurring costs, which may include:

(a) costs for the restructuring and integration of consolidated companies and the offsetting of any provisions for restructuring and integration costs;

(b) disposal of non-current assets:

- disposals of assets related to discontinued operations;
- transaction costs, fees and expenses incurred by Group companies for negotiations of acquisitions in progress or completed in the period, including taxes, notary costs, and contract registration costs.

A reconciliation of reported and adjusted EBITDA is provided above.

EBIT

EBIT corresponds to the operating result indicated in the accounting statements. The EBIT Margin is calculated as a percentage of total revenues and other income.

Contribution Margin

The contribution margin is calculated as the sum of: (i) total revenues and income less, (ii), raw material purchases, components, goods and inventory changes, (iii) external processing, (iv) transport costs, and (v) commissions; as detailed in Note [28] Service Costs. The Contribution Margin in percentage terms is calculated on total revenues and other income.

Net Financial Position

This is determined as per Consob Communication No. 5/21 of April 29, 2021, which implements the EMSA Guidelines 32-382-1138 of March 4, 2021.

Cash conversion

The cash conversion index is calculated as EBITDA less recurring investments as a percentage of EBITDA.

Research and Development Costs

Research and development costs mainly include costs sustained by the Group related to personnel dedicated to the R&D and engineering activities, which have been capitalized in the year, where applicable, and costs for the production of prototype and new product systems incurred by the parent company.

Recurring Capex and Non-recurring Capex

Recurring Capex includes the Group's total recurring investments in property, plant and equipment and in intangible assets. They are calculated as the sum of the following items: (i) Capex in property, plant and equipment, which principally includes the costs relating to the purchase of production machinery, extraordinary plant maintenance and motor vehicles; and (ii) Capex in intangible assets, which mainly includes software licenses.

Excluded in the calculation of Recurring Capex are extraordinary investments mainly relating to the increase and shifting of long-term production capacity; these investments are defined as Non-Recurring Capex.

Net Trade Working Capital

Net trade working capital is calculated as the sum of the positive values relating to current trade receivables, inventories and contract work-in-progress and the negative values relating to liabilities for contract work-in-progress, trade payables and customer advances.

Net Working Capital

Net working capital is calculated as the sum of the net trade working capital and of the positive values relating to tax receivables and other current assets and the negative values relating to tax and social contribution payables and other current liabilities.

Reconciliation between parent net equity and net result and group shareholders' net equity and net result at December 31, 2023

A breakdown of the composition and movement of shareholders' equity of the parent company and the Group consolidated financial statements at December 31, 2023 is presented in the following table:

	31.12.2023		31.12.2022	
€/000	**Equity**	**Net Profit**	**Equity**	**Net Profit**
Equity and net profit attributable to the owners of the parent	**87,560**	**14,774**	**82,577**	**24,346**
Elimination of the book value of consolidated shareholdings (Differences between book value and relevant shareholders' equities)	88,605	33,859	57,080	11,229
IAS 32 Put Option	(481)	(481)	(481)	260
Elimination of the effects of transactions between consolidated companies	(4,347)	750	(4,247)	(994)
Shareholders' equity and fiscal year result in the consolidated financial statements	171,337	48,903	134,929	34,841
Shareholders' equity and fiscal year result attributable to minority interests	(2,600)	(498)	(1,818)	253
Shareholders' equity and fiscal year result attributable to the Group	**168,737**	**49,400**	**133,111**	**34,588**

Allocation of the result for the year

Piovan S.p.A. closed 2023 with a net profit of Euro 14,773,781.96, which the Board of Directors proposes to allocate:

- to Shareholders for the distribution of a dividend totaling Euro 13,803,891.75, equal to Euro 0.27 for each share with profit rights, excluding therefore treasury shares held by the Company in compliance with Article 2357-*ter*, paragraph 2, of the Civil Code;
- to extraordinary reserve for the remaining Euro 969,890.21.

Dear Shareholders,

we trust that you will be in agreement with the criteria for the preparation of the financial statements for the year ended December 31, 2023, and we invite you to approve them.

Executive Chairman

Nicola Piovan

CONSOLIDATED FINANCIAL STATEMENTS OF PIOVAN GROUP

Consolidated Financial Statements

Consolidated statement of financial position

(in Euro thousands)

ASSETS	Notes	31.12.2023	*of which related parties*	31.12.2022	*of which related parties*
			"Other information"		"Other information"
NON-CURRENT ASSETS					
Property, plant and equipment	**Note 1**	50,887		47,972	
Right of Use	**Note 2**	16,715	*168*	17,184	*243*
Intangible assets	**Note 3**	120,315		128,297	
Equity investments	**Note 4**	11,426		10,832	
Other non-current assets	**Note 5**	570		574	
Deferred tax assets	**Note 6**	11,913		10,744	
TOTAL NON-CURRENT ASSETS		**211,826**		**215,603**	
CURRENT ASSETS					
Inventories	**Note 7**	85,341		90,188	
Contract assets for work in progress	**Note 8**	8,828		6,374	
Trade receivables	**Note 9**	79,979	*199*	89,771	*105*
Current financial assets	**Note 10**	6,556		6,815	
Tax receivables	**Note 11**	6,267		5,469	
Other current assets	**Note 12**	13,163	*11*	13,156	*345*
Cash and cash equivalents	**Note 13**	92,785		94,365	
TOTAL CURRENT ASSETS		**292,919**		**306,138**	
Assets held for sale and disposal groups	**Note 14**	-		**1,269**	
TOTAL ASSETS		**504,745**		**523,010**	

LIABILITIES AND EQUITY	Notes	31.12.2023	*of which related parties*	31.12.2022	*of which related parties*
			"Other information"		"Other information"
EQUITY					
Share capital	**Note 15**	6,000		6,000	
Legal reserve	**Note 15**	1,200		1,200	
Reserve for own shares in portfolio	**Note 15**	(2,489)		(2,208)	
Translation reserve	**Note 15**	14		3,952	
Other Reserves and retained earnings	**Note 15**	114,612		89,579	
Net profit (loss)	**Note 15**	49,400		34,588	
Equity attributable to the owners of the parent		**168,737**		**133,111**	
Equity attributable to non-controlling interests	**Note 16**	2,600		1,819	
TOTAL EQUITY		**171,337**		**134,930**	
NON-CURRENT LIABILITIES					
Long-term loans	**Note 18**	79,624		107,311	
Non-current financial liabilities	**Note 18**	14,497	*118*	35,459	*179*
Employee benefits plans	**Note 19**	5,635		5,445	
Provision for risks and charges	**Note 20**	5,486		4,956	
Non-current liabilities for options granted to non-controlling interest	**Note 21**	-		-	
Other non-current liabilities	**Note 22**	2,500	*364*	3,295	*543*
Deferred tax liabilities	**Note 6**	12,822		15,591	
TOTAL NON-CURRENT LIABILITIES		**120,564**		**172,057**	
CURRENT LIABILITIES					
Current portion of long-term loans	**Note 18**	36,567		32,692	
Current bank loans and borrowings	**Note 18**	666		7,001	
Current financial liabilities	**Note 18**	23,240	*61*	3,503	*63*
Trade payables	**Note 23**	71,668	*608*	77,292	*762*
Advance from customers	**Note 24**	37,445		50,248	
Contract liabilities for work in progress	**Note 8**	4,748		7,060	
Current liabilities for options granted to non-controlling interests	**Note 21**	-		481	
Tax liabilities and social security contributions	**Note 25**	11,388		11,285	
Other current liabilities	**Note 26**	27,122	*1,127*	23,092	*603*
TOTAL CURRENT LIABILITIES		**212,844**		**212,654**	
Liabilities associated with assets held for sale	**Note 14**	**-**		**3,369**	
TOTAL LIABILITIES		**333,408**		**388,080**	
TOTAL LIABILITIES AND EQUITY		**504,745**		**523,010**	

Consolidated statement of profit and loss

(in Euro thousands)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS	Notes	31.12.2023	of which related parties	31.12.2022	of which related parties
			"Other information"		"Other information"
Revenues	**Note 27**	559,099	*1,120*	519,801	*72*
Other revenues and income	**Note 28**	11,422		11,594	
TOTAL REVENUES AND OTHER INCOME		**570,521**		**531,395**	
Costs of raw materials, components and goods and changes in inventories	**Note 29**	248,653	*2,993*	239,706	*2,925*
Services	**Note 30**	108,067	*1,454*	106,113	*1,598*
Personnel expenses	**Note 31**	130,568	*1,593*	119,660	*1,199*
Other expenses	**Note 32**	4,818		4,295	
Amortisation and depreciation	**Note 33**	13,760	*75*	16,929	*57*
TOTAL COSTS		**505,866**		**486,703**	
OPERATING PROFIT		**64,655**		**44,692**	
Financial income	**Note 34**	1,797		743	
Financial Expenses	**Note 34**	(3,328)	*(8)*	(2,727)	*(2)*
Net exchange rate gain (losses)	**Note 35**	(1,214)		2,410	
Gains (losses) on liabilities for option granted to non-controlling interests	**Note 36**	481		260	
Profit (losses) from equity investments carried at equity	**Note 37**	1,171		972	
Profit (losses) from disposals of assets held for sale	**Note 38**	1,337		-	
PROFIT BEFORE TAXES		**64,899**		**46,350**	
Income taxes	**Note 39**	15,989		11,509	
NET PROFIT		**48,910**		**34,841**	
ATTRIBUTABLE TO:					
Owners of the parent		49,400		34,588	
Non-controlling interests		(490)		253	
Earnings per share					
Basic earnings per share (in Euros)	**Note 17**	**0.97**		**0.68**	
Diluted earnings per share (in Euros)	**Note 17**	**0.96**		**0.67**	

Consolidated statement of comprehensive income

(in Euro thousands)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	31.12.2023	31.12.2022
Net profit	**48,910**	**34,841**
Items that may be subsequently reclassified to profit or loss:		-
- Exchange rate differences	(3,516)	5,501
Other items valued using the equity method	(422)	(445)
Items that may not be subsequently reclassified to profit or loss:		-
- Actuarial gains (losses) on employee benefits net of the tax effect	(189)	819
- Actuarial gains on agents' termination benefits net of the tax effect	(3)	18
Total Comprehensive income	**44,780**	**40,734**
attributable to:		-
- Owners of the parent	45,278	40,481
- Non-controlling interests	(498)	253

Consolidated statement of cash flows

(in Euro thousands)

Consolidated Statement of Cash Flow	31.12.2023	of which related parties	31.12.2022	of which related parties
OPERATING ACTIVITES				
Net profit	***48,910***		***34,841***	
Adjustments for:				
Amortisation and depreciation	13,760		*16,930*	
Provision	2,840		*3,018*	
Net non-monetary financial (income)	3,164		*1,983*	
Change in employee benefits liabilities	164		*(126)*	
(Plus) or minus from disposal of fixed assets and investments	427		-	
Unrealized currency exchange rate (gains) losses	1,562		*(2,117)*	
Non-monetary changes related to liabilities for options granted to non-controlling interests	(481)		*(260)*	
Investment equity valuation	(1,171)		*(972)*	
Other non-monetary variations	1,851		*2,841*	
Taxes	15,989		*11,509*	
Cash flows from operating activities before changes in net working capital	**87,015**		**67,647**	
(Increase)/decrease in trade receivables	7,200	*(94)*	(13,090)	*79*
(Increase)/decrease in inventories	1,011		(15,440)	
(Increase)/decrease in conctract assets and liabilities for work in progress	(4,795)		(439)	
(Increase)/decrease in other current assets	(2,005)	*334*	(2,713)	*(322)*
Increase/(decrease) in trade payables	(4,176)	*(154)*	8,437	*(193)*
Increase/(decrease) in advance from customers	(11,873)		2,754	
Increase/(decrease) in other current liabilities	875	*345*	(113)	*(2,124)*
(Increase)/decrease in non-current assets	-		(107)	
Increase/(decrease) in non-current liabilities	-		(114)	*46*
Income taxes paid	(17,772)		(14,202)	
CASH FLOWS FROM OPERATING ACTIVITIES (A)	**55,480**		**32,620**	
INVESTING ACTIVITIES				
Investments in property, plant and equipment	(8,414)		(5,112)	
Disinvestments in property, plant and equipment	350		168	
Investments in intangible assets	(1,307)		(728)	
Disinvestments in intangible assets	99		27	
Disinvestments/(investments) in financial assets	-		(5,226)	
Disinvestments/(investments) in investments	-		-	
Deferred price from the acquisition of controlling interest	-		(1,018)	
Business combinations net of the acquired cash	-		(100,470)	
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (B)	**(9,272)**		**(112,359)**	
FINANCING ACTIVITIES			-	
Issuance of bank loans	10,000		109,694	
Repayment of bank loans	(33,926)		(21,915)	
Change in current bank loans and borrowings	(6,335)		(22,000)	
Interests paid	(3,213)		(1,985)	
Increase/(decrease) in other financial liabilities	(3,887)	*(63)*	(2,795)	*65*
Dividends paid	(10,206)		(5,193)	
CASH FLOWS USED IN FINANCING ACTIVITIES (C)	**(47,567)**		**55,806**	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A ± B ± C)	**(1,359)**		**(23,933)**	
EFFECT OF EXCHANGE RATE CHANGES ON BALANCE OF CASH HELD IN FOREIGN CURRENCY	**(221)**		**(40)**	
Cash and cash equivalent related to assets and liabilities held for sale (-)	**-**		**167**	
CASSA E DISPONIBILITA' LIQUIDE ALL'INIZIO DELL'ESERCIZIO (E)	**94,365**		**118,505**	
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (G=D+E+F)	**92,785**		**94,365**	

Consolidated statement of changes in Shareholders' Equity

(in Euro thousands)

	Share Capital	Legal reserve	Treasury shares	Translation reserve	Other reserves and retained earnings	Profit for the year attributable to the owner of the parent	Equity attributable to the owners of the parent	Equity attributable to non-controlling interests	TOTAL EQUITY
Balance at Jan, 1st, 2022	**6,000**	**1,200**	**(2,250)**	**(1,104)**	**64,811**	**28,347**	**97,004**	**1,447**	**98,451**
Allocation of prior year profit					28,347	(28,347)			
Distribution of dividends					(5,093)		(5,093)	(100)	(5,193)
Incentive plans					426		426		426
Treasury shares			42		386		428		428
Non-controlling interest change					(135)		(135)	219	84
Total comprehensive income				5,056	837	34,588	40,481	253	40,734
Balance at December 31st, 2022	**6,000**	**1,200**	**(2,208)**	**3,952**	**89,579**	**34,588**	**133,111**	**1,819**	**134,930**

	Share Capital	Legal reserve	Treasury shares	Translation reserve	Other reserves and retained earnings	Profit for the year attributable to the owner of the parent	Equity attributable to the owners of the parent	Equity attributable to non-controlling interests	TOTAL EQUITY
Balance at Jan, 1st, 2023	**6,000**	**1,200**	**(2,208)**	**3,952**	**89,579**	**34,588**	**133,111**	**1,819**	**134,930**
Allocation of prior year profit					34,588	(34,588)			
Distribution of dividends					(10,206)		(10,206)		**(10,206)**
Incentive plans			(360)		567		208		**208**
Purchase of treasury shares			79		268		346		**346**
Disposals							-	1,279	**1,279**
Total comprehensive income				(3,938)	(184)	49,400	45,278	(498)	**44,780**
Balance at December 31st, 2023	**6,000**	**1,200**	**(2,489)**	**14**	**114,612**	**49,400**	**168,737**	**2,600**	**171,337**

Notes to the Consolidated Financial Statements

Piovan S.p.A. ("the Company" or "the Parent Company"), the parent company of the group of the same name with registered office in Santa Maria di Sala (VE), via dell'Industria 16, is a joint-stock company enrolled in the Venice Companies' Registration Office.

The shares of Piovan S.p.A. have been listed on the STAR segment of the MTA organized and managed by Borsa Italiana since October 19, 2018.

At December 31, 2023, of the Company's total share capital, in the amount of Euro 6,000,000, 58.35% was held by Pentafin S.p.A., while the remainder was distributed among private shareholders and in treasury shares.

The Company is the operative holding company of a group of companies engaged, in Italy and internationally (the "Group" or the "PiovanGroup"), in production processes for the storage, transport and treatment of polymers, recycled plastics and bio-resins ("Technical Polymers"), automation systems for the storage and transport of food fluids and food and non-food powders ("Food Systems & Industrial Applications") and technical assistance and marketing of spare parts and services ("Services"). The Group is a global leader in the Technical Polymers market in the design and production of plants and control systems for the automation of all phases of the polymers, recycled plastics and bio-resins production cycle. In particular, over recent years the Group has been particularly engaged in developing and producing systems to automate production processes for the circular economy for recycling and reusing plastic and for the production of plastics which are naturally compostable.

The technical solutions proposed by the Group, which permit the automation and streamlining of all the production and transformation process phases, include, for both the Technical Polymers and & Industrial Applications markets: (i) the design of machinery and engineering solutions; (ii) the production of plants and systems; and (iii) the installation at the customer's production facilities. In addition, the Group provides its customers with specific technical support from the preliminary design phase to the installation and start-up of the plant and machinery, ensuring ongoing support in order to guarantee optimal operation of the products installed.

The Group at December 31, 2023 comprised of 43 companies located on 4 continents, of which 13 production companies, with 14 production facilities and 30 commercial and service companies.

The shares of Piovan S.p.A. have been listed on the STAR segment of the MTA organized and managed by Borsa Italiana since October 19, 2018.

Declaration and basis of preparation of the consolidated financial statements

The consolidated financial statements of the PiovanGroup at December 31, 2023, have been drawn up in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission in accordance with the procedure laid down by Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament and Council dated July 19, 2002.

IFRS includes all IFRS's, all of the interpretations of the International Financial Reporting Interpretations Committee (IFRIC IC) previously called the Standing Interpretations Committee (SIC) approved by the European Union at the reporting date of the financial statements and contained in the relative EU Regulations published at that date.

The IFRS consolidated financial statements at December 31, 2023, include the results of the parent company and of the subsidiaries.

The figures for 2022 include the performance of the IPEG group for just 11 months, given that the acquisition was completed at the end of January 2022.

They consist of the consolidated statement of financial position, the consolidated statement of profit and loss, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity, the consolidated statement of cash flow and these explanatory notes. The financial statements have been prepared on the basis of the historical cost convention, with the exception of requirements of IFRS 9 - "Financial Instruments", and on a going-concern basis.

The Group, in accordance with paragraphs 25 and 26 of IAS 1, considers - also in view of its strong competitive positioning, its high profitability and the solidity of its balance sheet and financial position - that there are no financial, operational, or other indicators that could point to uncertainties surrounding the Group's ability to meet its obligations for the next 12 months or for the foreseeable future.

The "functional" and "presentation" currency of the PiovanGroup, as defined by IAS 21, is the Euro.

These financial statements are presented in thousands of Euro. There may be rounding differences when individual line items are added together as the individual line items are calculated in euro (rather than in thousands of euro).

The consolidated financial statements are prepared in accordance with Delegated Regulation (EU) 2019/815 of the European Commission. In this regard, it should be noted that certain information provided in the explanatory notes, when extracted in XHTML format in an XBRL instance, may not be presented in exactly the same manner as the corresponding information shown in the consolidated financial statements in XHTML format due to certain technical limitations.

The Board of Directors of Piovan S.p.A. approved these consolidated financial statements on March 19, 2024.

Global conflicts

In early 2022, the outbreak of the war between Russia and Ukraine marked the start of a period of major global instability, both politically and economically. This climate, which continues to evolve, makes assessments of the impact of future scenarios on the Group’s business and performance particularly complex.

The conflict is continuing to fuel major international humanitarian and social crises and is having major repercussions on the populations of these nations. Due to the international sanctions being used as a deterrent for some of the countries involved, we are also seeing a significant impact on trade and on their economies, which is exacerbating supply-chain issues.

The situation is constantly developing and the Company - also with the support of external consultants - is monitoring the situation and the international rules closely to assess any impact of the conflict on its operations. In fact, following the enactment of the eleventh sanctions package at the end of June 2023, the Group will no longer be able to operate in Russia.

The group however has only limited exposure in the areas impacted by the war (i.e. Ukraine, Russia, Belarus) in either sales or purchases. Based on figures for 2023, consolidated revenue generated by the Group in Russia, Belarus and Ukraine is 0.2% of the total.

2023 also saw the reignition of strong tensions in the Middle East, where the Group operates albeit with very limited exposure. The situation is also evolving and is constantly being monitored in order to assess any direct and indirect impacts.

The order backlog at December 31, 2023 shows a contraction if compared with the previous year, but remains relatively stable against September 30, 2023 and however above the Group’s historic averages.

However, the indirect consequences of the ongoing Russia-Ukraine conflict and their effects on the global economy may indicate that one or more impairment indicators exist. For the Annual Report, management therefore made assessments in this regard. Based on the outcome of those assessments, with regards to the Group overall, management did not identify indicators of impairment, taking account of the fact that: (i) the company’s capitalization at December 31, 2023, remains comfortably above consolidated shareholders’ equity at the same date; (ii) the order portfolio remains at good levels, in line with the Group’s usual volumes; (iii) the net financial position, which has improved significantly from the previous year, was not impacted by the altered macroeconomic landscape, taking account of the fact that existing financing is at fixed interest rates; and (iv) operating performance in 2023 was very strong, both in terms of revenues and margins.

Furthermore, impairment testing has been conducted for the cash generating units (CGUs) to which goodwill has been allocated (see Note 2), in accordance with applicable financial reporting standards.

Form and content of the consolidated financial statements

Financial statements

Consolidated statement of and financial position

The statement of financial position adopted the separation of assets and liabilities between current and non-current, as indicated in paragraph 60 and thereafter of IAS 1.

The assets and liabilities are classified as current when they satisfy the following criteria:

- Assets/liabilities for which it is expected the sale or the utilization in the normal operating cycle, or
- Assets/liabilities principally held-for-trading, or
- Assets/liabilities that are expected to be realized/settled within twelve months of the reporting date.

Where none of these conditions apply, the assets/liabilities are classified as non-current.

Consolidated statement of profit and loss

The company has chosen to present the statement of profit and loss adopting the classification by "nature of expense" as this is the most representative of the operations during the year and of its business structure. This structure is in line with the internal management reporting procedures and international best practice for the sector.

Consolidated statement of comprehensive income

With the adoption of IAS 1 Revised the company decided to present the statement of comprehensive income in a separate statement. The "statement of comprehensive income", prepared in accordance with international accounting standards, shows the revenue and cost items which are not recorded in the statement of profit and loss but recorded directly to equity.

Consolidated statement of cash flows

The statement of cash flow is presented using the indirect method. The cash and cash equivalents included in the statement of cash flow include the statement of financial position captions at the reporting date. Interest income and expense, dividends received and income taxes are included in the cash flow generated from operating activities with the exception of interest matured on securities available-for-sale, included in financial cash flows generated from financial management. The cash flow deriving from operating activities, investment activities, the change in the non-current financial position and short-term payables as well as current financial assets are shown separately. Where not specified, the exchange gains and losses are classified under operating activities as these refer to the translation into Euro of trade receivables and payables.

Statement of changes in consolidated shareholders' equity

The statement of changes in shareholders' equity illustrates the changes to the shareholders' equity accounts with regard to:

- allocation of the Company's profit for the year;
- amounts relating to transactions with shareholders (payment of dividends, purchase and sale of own shares, contributions received);
- each profit and loss account, net of any tax effects which, as required by IFRS is either directly recorded in equity (gains or losses on the purchase or sale of treasury shares) or is recorded in an equity reserve (share-based payments in relation to stock-option plans);
- movements in the cash flow hedge reserve, net of any tax effect;
- the effect deriving from changes in accounting standards.

Consolidation principles and basis

The consolidated financial statements include the financial statements at December 31, 2023, using the line-by-line consolidation approach, of Piovan S.p.A. and all the Italian and foreign companies in which the Parent Company directly or indirectly holds a controlling interest.

The company decided not to proceed with the line-by-line consolidation of CMG America Inc., held 100% indirectly through Universal Dynamic Inc., as considered immaterial both individually and collectively and as their recognition would not have any significant effect for the purposes of the correct representation of the statement of financial position, statement of profit and loss and financial position of the Group.

Subsidiaries are those entities in which the Group exercises control, as defined by IFRS 10 - "Consolidated financial statements". Control exists when the Group has the power, directly or indirectly, to determine the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are consolidated from the date in which control occurs until the moment in which such control terminates and with reference to associated companies, from the date in which the significant influence is acquired until the date such influence ceases to exists.

All the subsidiaries consolidated on a line-by-line basis end their financial year on December 31, with the exception of Piovan India Private Limited whose financial year closed on March 31. However, for the purposes of the preparation of the consolidated financial statements, the Indian subsidiary prepares a set of financial information in line with the financial year of the consolidating company.

Associated companies are measured under the equity method.

Other information in the Explanatory Notes outlines the companies included in the consolidation scope at December 31, 2023. Compared to December 31, 2022, we report the following transactions and related effects on the consolidated financial statements:

- On January 1, 2023, Doteco S.p.A. sold its equity interest in Doteco Inc. to IPEG Inc. This operation did not have any effect on the consolidated financial statements
- Completion of the sale of the 41% stake in Toba PNC on January 31, 2023, and consequent deconsolidation of the company.
- On January 6, 2023, the Group established a new commercial branch in Indonesia – Piovan Technology (PT) Indonesia – to be able to serve local clients in that country more directly.
- Merger of Progema S.r.l. and Studio Ponte S.r.l. into Penta S.r.l. This had no effect on the consolidated financial statements.
- On January 18, 2023, the Group established a new commercial branch in Korea, Piovan Korea, to be able to serve local clients in that country more directly.

The financial statements used for the consolidation have been reclassified and standardized in line with the Group's accounting policies and with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) currently in effect.

The financial statements used were presented in their functional currency, i.e. their local or other currency in which most of the transactions are conducted and in which the assets and liabilities are measured. Financial statements presented in a currency other than the Euro have been converted into Euro at the exchange rate in effect at the end of the year for the statement of financial position and statement of cash flow items and at the average exchange rate for the year for the statement of profit and loss items, as these rates provide a reasonable approximation of the spot rates. Differences resulting from the conversion of opening equity at year-end exchange rates and those resulting from the conversion of statement of financial position accounts at spot rates and of statement of profit and loss items at average rates for the period are recognized in the translation reserve. The exchange rates applied to convert into Euro the financial statements presented in a foreign currency are as follows:

In the event of the sale of a consolidated equity investment, the cumulative value of the translation differences recognized in the translation reserve is recognized through profit or loss.

In the preparation of the consolidated financial statements, the following principles were applied:

Subsidiary companies:

- the assets and liabilities, the revenues and costs, of the consolidated companies are consolidated using the line-by-line method, eliminating the book value of the investments held by the parent company against the related shareholders' equity. Any differences are recognized in accordance with IFRS 10 "Consolidated Financial

Statements” and IFRS 3 “Business Combination”; minority interests are recorded at the fair value of the assets and liabilities acquired without recording any goodwill;

- Group companies are deconsolidated when control no longer exists;
- receivables and payables, revenues and costs and significant transactions with companies included in the consolidation are eliminated, including dividends distributed within the Group. Unrealized profits are also eliminated, as are profits and losses deriving from operations between Group companies.
- minority interest shareholders’ equity is recorded in a specific account under equity; the minority interest share of the result is recorded in a separate account in the statement of profit and loss.

Investments in associated companies and joint ventures are measured under the equity method, according to which the carrying amount of an equity investment is adjusted to take account of the following factors:

- the standardization of accounting standards, where necessary;
- recognition of the group’s share of the profit or loss after the date of acquisition;
- changes due to differences in the equity of the shareholding that were not recognized through profit or loss in accordance with applicable financial reporting standards;
- dividends distributed by the investee;
- any differences arising at the time of the acquisition (measured in accordance with the principles described in the paragraph “Business combinations”) and handled in application of applicable financial reporting standards;
- the profits and losses deriving from the application of the equity method are recorded in the statement of profit and loss;
- any adjustments from impairment tests.

The dividends, write-backs, write-downs and impairments on investments in companies included in the consolidation scope, in addition to the gains, losses and inter-company disposals of investments in companies and the related tax effects included in the consolidation scope are eliminated.

Gains and losses from transactions between consolidated companies not arising through transactions directly or indirectly with third parties are eliminated. Inter-company losses not realized are considered where the transaction indicates a reduction in value of the activity transferred.

Business Combination

Business combinations are recognized according to the acquisition method, as defined by IFRS 3 Business combinations. According to this method, the amount transferred in a business combination is recognized at fair value, calculated as the sum of the fair value of the assets transferred and the liabilities assumed by the Group at the acquisition date and of the equity instruments issued in exchange for control of the company acquired. Transaction costs are recognized to profit or loss when they are incurred.

At the acquisition date, the assets and the liabilities acquired are recorded at fair value at the acquisition date; the following items form an exception, which are instead valued according to the applicable standard:

- Deferred tax assets and liabilities;
- Assets and liabilities for employee benefits;
- Liabilities or equity instruments relating to share-based payments of the company acquired or share-based payments relating to the Group issued to replace contracts of the entity acquired;
- Assets held-for-sale and discontinued assets and liabilities.

Goodwill is calculated as the excess of the amounts transferred in the business combination, of the value of minority interests' net equity and the fair value of any holding previously held in the acquired company compared to the fair value of the net assets acquired and liabilities assumed at the acquisition date. If the value of the net assets acquired and the liabilities assumed at the acquisition date exceeds the sum of amounts transferred, of any minority interest and the fair value of any holding previously held in the acquired company, this excess is immediately recorded to the statement of profit and loss as income deriving from the transaction concluded.

The share of equity attributable to non-controlling interests, at the acquisition date, is in proportion to the acquiree's recognized net assets, excluding any goodwill attributed (so-called partial goodwill method). Alternatively, the entire amount of goodwill generated by the acquisition is recorded considering also the share of minority interests (full goodwill method). The choice in the determination method of the goodwill (partial goodwill method or full goodwill method) is made separately for each business combination. Where not otherwise specified the partial goodwill method is utilized.

Where control is acquired in several stages, the acquisition cost is determined through the sum of the fair value of the investment previously held in the investee and the total amount for the additional holding. The difference between the fair value of the investment previously held and the relative carrying amount is recorded in the statement of profit and loss.

In accordance with IFRS 10 paragraph 23 (transactions with shareholders) with regard to equity investments acquired subsequent to the acquisition of control (non-controlling interest acquisitions), any difference between the acquisition cost and the corresponding portion of equity acquired is recognized to Group equity; similarly, the effects from the sale of the non-controlling share without loss of control are recognized to equity.

On the other hand, the sale of a stake resulting in the loss of control determines the recognition to the statement of profit and loss: (i) of any gain/loss calculated as the difference between the payment received and the corresponding share of the consolidated net equity sold; (ii) of the effect of the alignment to the relative fair value of any residual investment maintained; (iii) of any values recorded under other comprehensive income relating to the former subsidiary for which it is expected the reversal to the statement of profit and loss.

The value of any investment maintained, aligned to the relative fair value at the date of loss of control, represents the new initial recognition value of the investment and therefore constitutes the value for subsequent measurement in accordance with the applicable criteria.

Assets held-for-sale and discontinued operations

At December 31, 2022, we assessed whether the conditions were met for the application of IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations for the subsidiary Toba Pnc following the signing of the preliminary agreement for the sale of the 41% interest held by Piovan S.p.A. The sale was finalized on January 31, 2023. As a result, Piovan S.p.A. now holds a 10% interest in Toba Pnc, which is no longer a controlling interest in accordance with IFRS 3, and the company will be deconsolidated as of the date on which the agreement was finalized.

For the Annual Financial Report at December 31, 2022, Toba Pnc. was considered a current asset held for sale, as not representing a major business line or a major geographical area. As a result, the assets and liabilities of Toba Pnc. were reclassified among assets held for sale and discontinued operations and liabilities directly associated with assets held for sale and discontinued operations. On the statement of profit and loss, the costs and revenues have been shown line by nature. See note [14] "Assets held for sale and discontinued operations".

Changes in the main accounting standards applied and effects of the new standards

The consolidated financial statements for 2023 were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) endorsed by the European Commission and in force at the reporting date.

The preparation of the consolidated financial statements in accordance with IAS/IFRS requires management to make estimates and assumptions which have an impact on the amounts reported in the financial statements and the relative notes; actual results may differ from the estimates made. Please refer to the paragraph "Use of estimates" for a description of the areas most subject to the use of estimates.

In the preparation of these consolidated financial statements at December 31, 2023 the accounting standards adopted are those as utilized in the preparation of the consolidated financial statements at December 31, 2022, with the exception of that reported below.

IFRS accounting standards, amendments and interpretations applicable to the Company and applied from January 1, 2023

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group from January 1, 2023:

- On May 18, 2017, the IASB published IFRS 17 - Insurance Contracts which replaces IFRS 4 - Insurance Contracts. The new standard ensures that an entity provides pertinent information which accurately presents the rights and obligations under insurance contracts. The standard is applicable from January 1, 2023. The adoption of this principle and the related amendment did not have any effects on the Group consolidated financial statements.
- On May 7, 2021, the IASB published an amendment called "Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction". The document clarifies how deferred taxes should be accounted for on certain transactions that can generate assets and liabilities of equal amounts at the date of initial recognition. The amendments were applied from January 1, 2023. The adoption of this amendment does not have effects on the consolidated financial statements of the Group.
- On February 12, 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 amendments regarding IAS 1 require an entity to disclose relevant information on the accounting standards applied by the Group. The amendments were applied from January 1, 2023. The adoptions of these amendments do not have any effects on the Group consolidated financial statements.
- On May 23, 2023, the IASB published an amendment called "Amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules". This introduces a temporary exception to the recognition and disclosure requirements for deferred tax assets and liabilities related to the Pillar Two Model Rules (effective in Italy from December 31, 2023, but applicable as of January 1, 2024) and sets out specific disclosure requirements for entities affected by the related International Tax Reform. It provides for the immediate application of the temporary exception, while the disclosure requirements apply only to financial statements for years beginning on or after January 1, 2023, but not to interim financial statements with a closing date before December 31, 2023. The adoptions of these amendments do not have any effects on the Group consolidated financial statements.

IFRS accounting standards, amendments and interpretations approved by the EU, not yet mandatory and not adopted in advance by the Group at January 1, 2023

- On January 23, 2020, the IASB published an amendment entitled “Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current” and on October 31, 2022 published an amendment entitled “Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants.". These amendments shall enter into force on January 1, 2024 and early application is permitted. The Directors do not expect this amendment to have a significant impact on the Group consolidated financial statements.
- On September 22, 2022, the IASB published an amendment entitled "Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback”. These amendments shall enter into force on January 1, 2024 and early application is permitted. The Directors do not expect this amendment to have a significant impact on the Group consolidated financial statements.

IFRS standards, amendments and interpretations not yet endorsed by the European Union

At the reporting date, the relevant bodies of the European Union had not yet concluded the process necessary for the implementation of the amendments and standards described below.

- 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 amendments will be applicable from January 1, 2024, although advance application is permitted. The Directors do not expect this amendment to have a significant impact on the Group consolidated financial statements.
- On August 15, 2023, the IASB published an amendment entitled "Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability”. The amendments will be applicable from January 1, 2025, although advance application is permitted. The Directors do not expect this amendment to have a significant impact on the Group consolidated financial statements.

Accounting principles and policies

Property, plant & equipment

Property, plant & equipment are recognized at historical cost, including directly allocated accessory costs and those necessary for bringing the asset to the condition for which it was acquired.

Leasehold improvements and maintenance expenses which produce a significant and tangible increase in the production capacity or safety of assets, or which lengthen their useful lives, are capitalized and recognized as an increase to the relative asset and are depreciated together with the original asset. Ordinary maintenance costs are charged directly to the statement of profit and loss. Leasehold improvements are classified under “Property, plant and equipment” in line with the nature of the cost incurred.

Property, plant & equipment are presented net of accumulated depreciation and any losses in value, calculated as described below. Depreciation is calculated on a straight- line basis over the estimated useful life of the asset. This period is reviewed annually and any changes are made on a prospective basis.

The depreciation rates used are as follows:

Industrial buildings:	from 3% to 5%
Plant & machinery:	from 5% to 15.5%
Industrial and commercial equipment:	from 12% to 20%

Land has an indefinite useful life and is therefore not subject to depreciation.

For leasehold improvements the depreciation period corresponds to the lower of the residual useful life of the asset and the duration of the lease contract.

At the time of sale, or when there are no expected future economic benefits from the use of an asset, it is eliminated from the financial statements and any loss or profit (calculated as the difference between sale’s price and book value) is charged to the statement of profit and loss in the year of its elimination.

Right-of-use assets

Assets held through leasing contracts, as provided for by IFRS 16, through which the Company holds the right to use the asset, are recognized as assets by the Company, under “right-of-use", at their cost, which includes the present value of the minimum lease payments due, any payment or contribution received even before the commencement date, direct initial costs, estimate of the costs that will have to be incurred for the restoration, dismantling, removal of the underlying asset in accordance with the contractual conditions.

The corresponding liability to the lessor, equal to the present value of payments due for the lease and not paid at the date of initial recognition, is recognized under financial payables. If the lease transfers ownership of the underlying asset to the Company (in those cases where the Company is the lessee) at the end of the lease term or if the cost of the asset consisting of the right of use reflects the fact that the Company will exercise the purchase option, the Company will amortize the asset consisting of the right of use from the effective date until the end of the useful life of the underlying asset. If this is not the case, or if no transfer is envisaged, the asset consisting of the right of use is amortized, from the date of commencement of the lease, over the shorter of the useful life of the asset consisting of the right of use and the duration of the lease.

For the purpose of presenting the statement of financial position, right-of-use assets have been broken out separately, whereas liabilities relating to leasing are classified under “Current financial liabilities” and “Non-current financial liabilities”.

The Group applies the exception for the recognition of short-term leases for machinery and equipment (i.e. leasing with a duration of 12 months or less from the commencement date and not containing a purchase option). The Group has also applied the exception for leases concerning assets of a modest value with regards to the leasing contracts on office equipment whose value is considered low. The short-term lease instalments and those for low value assets are recognized as costs on a straight-line basis over the lease duration and included under “Service costs”.

Goodwill

Goodwill under intangible assets is related to business combinations and is determined, as more fully described in the paragraph "Business combinations", as the excess of the sum of the consideration transferred in the business combination, the value of shareholders' equity attributable to minority interests and the fair value of any previously held interest in the acquired company over the fair value of the net assets acquired and liabilities assumed at the acquisition date. The share of equity attributable to non-controlling interests, at the acquisition date, is in proportion to the acquiree’s recognized net assets.

Goodwill is not amortized; an impairment test is undertaken annually to verify any loss in value, or more frequently if specific events or changed circumstances indicate the possibility of an impairment, in accordance with IAS 36 “Impairment of assets”.

For the purpose of the impairment test the, goodwill is allocated to each of the Group's cash generating units (or groups of cash generating units) that are expected to benefit from the synergies of business combinations. For the goodwill arising from acquisitions prior to the transition date to IFRS (January 1, 2015), the Company availed of the exemption allowed by IFRS 1 and determined the deemed cost of goodwill.

Other intangible assets

These are identifiable non-monetary assets, without physical substance, subject to the control of the company, capable of bringing future economic benefits to the company. They are initially recognized at cost when they can be reliably measured in the same way as property, plant and equipment.

These assets are subsequently recorded net of accumulated depreciation and any impairment losses. The useful life is reviewed periodically and any changes, where necessary, are made in accordance with future estimates. Any internally generated intangible assets are capitalized, within the limits and under the conditions set forth in IAS 38.

The estimated average useful life is between 3 and 10 years.

The gains and losses deriving from the disposal of intangible assets are determined as the difference between the disposal amount and the carrying amount of the asset and are recorded in the statement of profit and loss at the moment of the disposal.

Investments

Investments in associated companies and joint ventures are measured using the equity method while other investments are measured as per IAS 9.

Other non-current assets

The account mainly includes security deposits. These assets are measured at their estimated realizable value.

Impairment of non-financial assets

Should there be an indication of an impairment loss in property, plant and equipment or in intangible assets, the estimated recoverable value of the asset needs to be measured in order to determine the amount of the loss. For goodwill or assets with indefinite useful life, impairment testing is conducted at least once each year.

The recoverable value of an asset is the higher between the fair value less costs to sell and its value in use.

In the absence of a binding sales agreement, the fair value is estimated on the basis of the values on an active market, from recent transactions or on the basis of the best information available to reflect the amount which the entity could obtain from the sale of the asset. Value in use is calculated as the present value of the expected future cash flows generated by using the asset, net of taxes and of its disposal value at the end of its useful life, if this can be reasonably determined. The discounting is made applying a post-tax discount rate which reflects the current market assessment of the time value of money and the risks specific to the asset.

The valuation is made by individual asset or for the smallest identifiable group of assets which generate independent cash flows deriving from continual utilization ("cash generating unit"). An impairment loss is recognized when the recoverable amount is less than the carrying amount. When the reasons for the write-down no longer exist, the assets, except goodwill, are revalued and the adjustment is recorded to the statement of profit and loss as a revaluation (restatement of value). The revaluation is the lower between the recoverable value and the recognition value before the write-down previously made, reduced by the share of amortization which would have been recorded if the write-down had not been made.

Inventories

Inventories are stated at the lower of purchase and/or production cost, determined by the weighted average cost method, and the net realizable value. Purchase cost includes ancillary charges; production cost includes directly attributable costs and a portion of indirect costs, reasonably attributable to the products.

With regard to work in progress, the valuation was carried out at the weighted average cost for the year, including ancillary charges attributable to the production process, taking into account the progress of the work carried out.

Obsolete and/or slow-moving inventories are written down in relation to their expected future utilization through the recording of an obsolescence provision.

Write-downs are restored in future years should the reason for the write-down no longer exist.

Contract Assets and liabilities for contract work-in-progress

Contract assets and contract liabilities for work in progress are recognized and measured in accordance with IFRS 15 – Revenue from Contracts with Customers. These items arise with reference to the execution of contracts in which the recognition of revenues takes place over time. For these contracts, the Group records sales revenues in proportion to the progress of the performance obligation, which is measured using the cost-to-cost method. Given that the analysis is carried out contract by contract, the recognition in the statement of financial position is as follows: when the costs incurred, increased by the related margins, exceed the advances received from customers, the difference is recognized as an amount due from customers under the line items "Contract assets for work in progress", when the advances received from customers exceed the costs incurred, increased by the related margins, the difference is recognized as an amount due to customers under line item Contract liabilities for work in progress.

Trade receivables

Receivables are initially recorded at fair value, which corresponds to their nominal value, and subsequently measured at amortized cost and reduced in the event of impairment. In addition, they are adjusted to their estimated realizable value by recording a specific adjustment provision in accordance with IFRS 9.

Receivables in foreign currencies are recorded at the transaction exchange rate and, subsequently, translated at the year-end rate. The gain or loss resulting from translation is recognized in the statement of profit and loss under Exchange gains/(losses).

Financial instruments

Financial assets and Debt instruments

Depending on the characteristics of the instrument and the business model adopted for its management, the financial assets, which represent debt instruments, are classified in the following three categories:

- (i) financial assets measured at amortized cost;
- (ii) financial assets measured at fair value with recognition of the effects to other comprehensive income (also, OCI);
- (iii) financial assets measured at fair value with changes recognized in the statement of profit and loss.

Initial recognition is as fair value. For trade receivables without a significant financial component, the amount of initial recognition is the price of the transaction.

After initial recognition, financial assets that generate contractual cash flows that represent exclusively capital and interest payments are measured at amortized cost, if held for the purpose of collecting the contractual cash flows (business model hold to collect). Using the amortized cost method, the initial carrying amount is subsequently adjusted to take account of capital repayments, any write-downs and the amortization of the difference between the repayment value and the initial carrying amount. Amortization is carried out on the basis of the effective internal interest rate which represents the rate that makes the present value of expected cash flows and the expected initial carrying amount at the time of initial recognition. Receivables and other financial assets measured at amortized cost are shown net of the related doubtful debt provision.

Financial assets represented by debt instruments whose business model provides both the possibility of collecting contractual cash flows and the possibility of realizing capital gains on disposal (so-called business model hold to collect and sell), are measured at fair value with the effects recognized to OCI (hereafter FVTOCI). In this case, changes in the fair value of the instrument are recognized in equity, among other components of comprehensive income. The cumulative amount of changes in fair value, recognized in the equity reserve that includes the other components of comprehensive income, is reversed to the statement of profit and loss when the instrument is derecognized. Interest income calculated using the effective interest rate, exchange rate differences and write-downs are recorded in the statement of profit and loss.

A financial asset representative of a debt instrument which is not valued at amortized cost or at FVTOCI, is valued at fair value with recognition of the effects to the statement of profit and loss (hereafter FVTPL).

Financial assets sold are derecognized when the contractual rights to obtain the cash flows associated with the financial instrument expire or are transferred to third parties.

Write-downs of financial assets

In relation to the loss in value of the financial assets, IFRS 9 requires the application of a model based on expected credit losses, instead of based on the losses on receivables already incurred required by IAS 39. The differing model based on expected losses on receivables requires the Company and the Group to consider these losses and their changes and at each reporting date to reflect changes in the credit risk since the initial recognition of the financial asset.

This rule applies to:

- Investments in debt instruments valued subsequently at amortized cost or FVTOCI;
- Financial lease receivables;
- Trade receivables and contract work-in-progress;
- commitments to issue loans and guarantee contracts to which the reduction in value provisions of IFRS 9 apply.

In particular, IFRS 9 requires that the Group measures the provision to cover the losses of a financial asset at an amount equal to the expected losses over the lifetime of the receivable (lifetime expected credit losses, ECL), where the credit risk of this financial asset is significantly increased after initial recognition, or where the financial instrument is an acquired or arising deteriorated financial asset. Therefore, where the credit risk of a financial instrument has not increased significantly after initial recognition (except for an acquired or arising deteriorated financial asset), the Group should measure the coverage of losses provision for the financial instrument for an amount equal to the expected credit losses from a default event in the 12 subsequent months (12-months expected credit losses). IFRS 9 in addition, in such circumstances, requires the adoption of a simplified method to measure the provision for the coverage of losses for the trade receivables, the contract assets and the finance lease receivables, estimating the lifetime expected credit losses.

Financial liabilities

Financial payables and bonds are recognized at initial cost, corresponding to the fair value of the amount received, less the accessory charges for acquiring the instrument. After initial recognition, financing is measured at amortized cost, which calls for amortizing the amount using the effective interest rate, which is the rate that renders equal, on the initial recognition, the value of expected cash flows and the initial recognition amount. Charges related to financing are recognized as a reduction to the liability value of the financing granted, and the amortized cost is calculated by taking account of these charges and any discounts or premiums applicable at the time of settlement. The effects of measurement at amortized cost are recognised through profit or loss as “Financial income/(expense)”.

A financial liability is derecognized from the financial statements when the underlying liability is settled or cancelled. If an existing financial liability is replaced by another by the same lender but under substantially different conditions, or if the conditions of an existing financial liability are substantially changed, such a swap or change is treated as an elimination of the original liability and the opening of a new liability, with any differences in accounting values recorded in the statement of profit and loss.

Derivative financial instruments and hedging activity

Derivative financial instruments are recognized at fair value at the time at which the contract is signed and at subsequent reporting dates. The method for recognizing gains or losses from fair value measurement vary based on whether or not the conditions are met for hedge accounting as per IFRS 9. The purposes of hedging are assessed based on the objectives of risk management. Should the conditions for hedge accounting in accordance with IFRS 9 not be met, the related financial derivative instruments are recognized as financial instruments measured at fair value through profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits on demand and other uses of treasury with original maturity of no more than three months or otherwise readily liquid without significant costs or losses.

Equity

The share capital is entirely comprised of ordinary shares which are classified under shareholders’ equity. Incremental costs directly attributable to the issuance of ordinary shares are recorded as a decrease in equity, net of the tax effect. The Translation reserve includes exchange rate differences arising from the translation of the opening equity of foreign companies included in the consolidation scope at the exchange rates prevailing at the end of the period and from the translation of their net income at the average exchange rates for the period.

In the event of purchasing treasury shares, the consideration paid, including directly attributable costs and net of tax effects, is recognized as a reduction to equity. The treasury shares purchased are recognized as a reduction of shareholders' equity. The consideration received on the subsequent disposal of treasury shares is recognized as an increase to equity. Any positive or negative difference resulting from the transaction is transferred to/from retained earnings.

Earnings per share

The ordinary basic earnings per share is calculated by dividing the result of the Parent Company by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares.

The ordinary diluted earnings per share is calculated by dividing the result of the Parent Company by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares, and adjusted to take into account the number of potential shares that could be issued.

Employee benefit plans

This item includes the provision for employee severance indemnities ("TFR") and the other provisions for employee benefits envisaged by IAS 19 "employee benefits". As a defined benefit plan, TFR is recognized on the basis of valuations made at the end of each financial year by independent actuaries. The liability recorded in the statement of financial position represents the present value of the obligation payable at the end of the employment relationship, which employees have accrued at the reporting date calculated taking into account the results obtained by applying the projected unit credit method. As a result of Law No. 296/06, which amended the system of employee severance indemnities payable to employees, the severance indemnities accruing from January 1, 2007 now form a defined-contribution plan (defined contribution plan, using the terminology provided by IAS 19), both in the case of allocation to the treasury fund at the INPS (National Social Security Institute) and in the case of a supplementary pension option. The provision accrued up to December 31, 2006 remains a "defined benefit plan" with the consequent need to make actuarial calculations which, however, must exclude the component relating to future salary increases. It should be noted that there are no assets serving the plan. Actuarial gains and losses are recognized in full in the period in which they arise and, in accordance with IAS 19 as amended, from 2015 these gains and losses are recognized directly in the comprehensive statement of profit and loss.

Provisions for risks and charges

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", provisions are recognized: (i) when there is an obligation (legal or constructive) resulting from a past event, (ii) it is probable that resources will be used to settle the obligation and (iii) a reliable estimate can be made of the amount resulting from the settlement of the obligation. Changes in estimates between one year and the next are charged to the statement of profit and loss.

If the financial effect linked to time is significant and the dates of payment of the obligation can be reliably estimated, the provision is shown at present value. The subsequent change linked to the passage of time is recorded in the statement of profit and loss under financial components.

For possible but not probable risks, no provision is made but an adequate description is provided in the Notes.

Trade payables and other current liabilities

Trade payables and other current liabilities, whose due dates fall within normal commercial terms, are initially recorded at fair value, identified by their nominal value, and are not discounted. If the maturity date is not within normal commercial terms, the financial component is separated using an appropriate market rate.

Liabilities for options granted to non-controlling interest

In cases where less than 100 per cent of the shares of a subsidiary in a business combination are acquired, a put option may be granted to the seller allowing the seller to sell its remaining interest in the subsidiary to the acquirer at a specified price. As already described, the acquisition of control of a business is recognized in accordance with IFRS 3 Business Combinations. With regard to the put option granted, regardless of whether the exercise price of the put option is a fixed or variable price, in accordance with IAS 32 (paragraph 23) a liability is recognized at a value equal to the present value of the amount that could be required to be paid to the counterparty. On initial recognition, the value of the liability arising from put options is recorded as a reduction in Group equity. Subsequent changes in the fair value of the liability are recognized in the statement of profit and loss. The Group also continues to recognize the minority interests in the result for the year and in shareholders' equity until the put option is exercised.

Potential assets and liabilities

Potential liabilities are possible obligations deriving from past events, whose existence will be confirmed only on the occurrence or otherwise of one or more uncertain future events not fully under the control of the entity. These liabilities are not recognized on the statement of financial position as it is likely that their settlement will not require the use of resources that would produce an economic benefit or the amount can not be determined to a significant degree of reliability. Potential assets are probable assets deriving from past events, whose existence will be confirmed only on the occurrence or otherwise of one or more uncertain future events not fully under the control of the entity. They are disclosed when future economic benefits are probable. When future economic benefits are virtually certain, the potential asset is recognized on the statement of financial position.

Incentive Plans

The Group has granted incentive plans based on equity-settled instruments and cash-settled incentives, on the basis of which the Group receives services from its employees, collaborators or directors with delegated powers (excluding the executive chairman). These incentive plans are recognized and measured in accordance with IFRS 2.

Assets held-for-sale and discontinued operations

Non-current assets (and disposal groups) are classified as held for sale when their carrying value is expected to be recovered by means of a sales transaction rather than through use in company operations. Assets held for sale are recognized as such when there is the intention by an appropriate level of management to dispose of such assets by way of sale when such sale is likely to happen within 12 months. The classification of assets and liabilities, and of revenue and expenses is done in accordance with IFRS 5, distinguishing between assets available for sale and discontinued operations.

Revenue from contracts with customers

Revenue from contracts with customers is recognized based on a model that includes five steps: (i) identification of the contract with the customer; (ii) identification of the performance obligation established by the contract; (iii) determination of the transaction’s consideration; (iv) assignment of the transaction’s consideration to the performance obligation; and (v) recognition of the revenue either at a point in time or over time, based on when the specific performance obligation is to be met.

The Group operates internationally in the following markets: Technical Polymers, Food & Industrial Application Systems and Services and Spare parts as defined in the section "General Information". In the Technical Polymers market, the Group is among the world leaders in the design and production of plants and control systems for the automation of all phases of polymers, recycled plastics and bio-resins production cycle.

In order to provide the qualitative disclosures required by IFRS 15, it should be noted that the Group's revenues can also be broken down into:

- revenues from the sale of automation systems for the storage, transport and treatment of polymers, recycled plastics and bio-resins ("Technical Polymers System") and automation systems for the storage and transport of food fluids and food and non-food powders ("Food & Industrial Application"): an analysis of the contracts usually entered into with customers show that there are two macro-categories of contracts in which to divide the revenues from the sale of plant and ancillary equipment according to how the performance obligations are met. Specifically:

- contracts in which performance obligations are met "at a point in time": this category includes sales of systems, plants and equipment, mainly in the Technical Polymers Systems market. This category includes contracts that generally provide for a single performance obligation represented by the supply of the plant/equipment and others in which there are three performance obligations represented by (i) the design of machinery and engineering solutions and the production of plant and systems; (ii) installation and (iii) start-up and parameterization. In these types of contractual relationships, the Group recognizes revenues when the customer obtains control of the asset, normally identified, according to the contractual conditions, on shipment or delivery of the plant/product to the customer, while for the other two performance obligations the revenue is recorded when the service is provided. It is specified that, on average, systems/equipment belonging to this category require an execution time of between three and six months and that the general terms and conditions of sale provide for advance payments recorded under the item Advances from customers.

- contracts in which the performance obligations are met "over time": typically these are the sale of certain plants in the Technical Polymers Systems market and those in the Food & Industrial Application Systems market with a high degree of customization required by customers and in which the contractual conditions provide that control of the asset is transferred to the customer either on testing or on installation. It is considered that the contractual performance obligation is unique and that it is fulfilled over time since the product system has no alternative use for the company, being very specific and customized, and since the Group is entitled to receive a fee for what has been completed on the date in the event of cancellation of the order. Therefore the Group records the sales revenues of these plants in proportion to the progress on the performance obligation. In order to determine progress, an input method is used, i.e. the cost-to-cost method, which provides for the proportion of contract costs incurred for work carried out up to the reporting date to the total estimated contract costs. Estimates are based on contract forecasting and reporting data and, where necessary, estimates of contract revenues and costs are revised. Any economic effects are recognized in the period in which the updates are made. Generally, the execution time required for these installations is not more than one year and payments on account are foreseen.

  Contract work in progress is stated net of advances concerning the contract in course of execution. Given that the analysis is carried out contract by contract, the recording in the statement of financial position is as follows: when the costs incurred, increased by the related margins recorded, exceed the advances received from customers, the difference is recognized as an amount due from customers under assets in the item Assets for contract work in progress, when the advances received from customers exceed the costs incurred, increased by the related margins recorded, the difference is recognized as an amount due to customers under liabilities in the item Liabilities for contract work in progress.

- revenues from spare parts sales: revenues from the sale of spare parts are recognized on the transfer of the goods. This normally takes place when the goods are shipped or delivered.
- revenue for technical assistance services: service Revenue is recognized on completion and/or maturation.

Revenues are recognized net of discounts. In the event of contracts with customers than include more than one performance obligation, the discount is allocated in proportion to the fair value of each performance obligation.

Costs

Costs are accounted for on an accrual basis and in accordance with the matching concept of revenues and expenses. Costs are classified according to their nature.

In accordance with IAS 38 "Intangible Assets", advertising and research costs fully expensed to the statement of profit and loss.

Interest

Interest income and expense are recorded on an accrual basis with regard to interest accrued on the net value of financial assets and liabilities using the effective interest rate.

On the statement of cash flow, interest expense paid during the year is recognized among financing activities.

Other indirect taxes and duties

Indirect taxes and duties are recognized in the period concerned as “Other operating expenses”.

Dividends

Dividends received from shareholdings that are not fully consolidated or consolidated at equity are recognized as income when the right for the Group to receive the dividend arises, i.e. when distribution of the dividend is approved by the shareholders, and when it is probably that the economic benefits of the dividend will go to the Group.

On the statement of cash flow, dividends received by the Group during the year is recognized among operating activities.

Government grants and grants from other public entities

Government grants are recognized when it is almost certain that the conditions required to obtain them will be satisfied and that they will be received.

The public grants relating to property, plant and equipment are recorded as deferred revenue in the account “Other non-current liabilities”. The deferred revenue is recorded in the statement of profit and loss as income on a straight-line basis in accordance with the useful life of the asset to which the grant was received.

Operating grants are recorded in the statement of profit and loss in the account Other revenue and income.

Income taxes

Taxes are determined by applying the regulations in force at the reporting date or substantially in force in the countries in which the Group carries out its activities; current tax liabilities are recorded in the statement of financial position net of any payments on account.

A provision is recorded on those tax aspects for which the determination of taxes is subject to uncertainty, but for which the future payment to the tax authorities is considered probable. The provisions represent the best estimate of the amount that is expected to be paid. The assessment is made by the administrative department, which has previous experience in the tax field and in some cases with the support of external tax consultants.

Deferred tax assets and liabilities reflect the temporary differences between the value attributed to an asset or liability in accordance with IAS/IFRS and the value attributed to them for tax purposes, valued on the basis of the tax rates in force or substantially in force for future years. Deferred tax assets are recognized only if there is a likelihood of their recoverability, i.e. when it is considered probable that there will be future taxable income to use them. Deferred taxes are always recognized except for certain situations that are not in line with IAS 12 "Taxes" as in the case of the recognition of goodwill or if the temporary difference arises from the initial recognition (in addition to a business combination) of other assets and liabilities in a transaction that affects neither taxable profit nor profit for the year. Deferred tax assets and liabilities are offset when there is a legal right to offset current tax receivables and payables and when they relate to income taxes applied by the same tax authority and the Group intends to settle the receivables and payables on a net basis. The Company does not offset deferred tax assets against deferred tax liabilities. Deferred taxes on the tax-suspended reserves of the consolidating company are recorded in the year in which the liability relating to the payment of the dividend is recorded.

Deferred tax liabilities are recognized on taxable differences arising from investments in subsidiaries and associates, unless the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences are recognized only to the extent that it is probable that there will be sufficient taxable profits against which the benefits of the temporary difference can be used and are expected to reverse in the foreseeable future. In addition in relation to the companies in the tax consolidation, the accounting of the deferred tax assets is made on the basis of the expectations of future taxable income for the Group and on the possibility of transferring certain tax benefits onto the companies involved in the national tax consolidation of Pentafin S.r.l. The evaluation of the expected assessable income in order to record the deferred tax asset depends upon factors which may change over time and result in significant effects on the recovery of the deferred tax asset.

Translation of balances in foreign currencies

The receivables and payables originally expressed in foreign currencies are converted into Euro at the exchange rate of the relative transactions. The differences arising on the collection of receivables and settlement of payables in foreign currencies are recorded in the statement of profit and loss.

Revenues and income, costs and charges related to currency transactions are recorded at the exchange rate at the transaction date.

At the end of the period the assets and liabilities measured in foreign currencies, with the exception of non-current non-monetary assets (which maintain the carrying value of the transaction date) are recorded at the exchange rates at the reporting date and the relative gains or losses on exchange are recorded in the statement of profit and loss.

The main exchange rates (currency for 1 euro) used to translate the financial statements in currencies other than the euro for the years ended December 31, 2023, and December 31, 2022 (comparative data), are summarized below:

Currency		Average rate		Closing rate	
		31.12.2023	31.12.2022	31.12.2023	31.12.2022
BRL	Brazilian Real	5.40	5.44	5.36	5.64
CAD	Canadian Dollar	1.46	1.37	1.46	1.44
CZK	Czech Koruna	24.00	24.57	24.72	24.12
CNY	Yuan Renminbi	7.66	7.08	7.85	7.36
GBP	Pound Sterling	0.87	0.85	0.87	0.89
HUF	Forint	381.85	391.29	382.80	400.87
MXN	Mexican Peso	19.18	21.19	18.72	20.86
SGD	Singapore Dollar	1.45	1.45	1.46	1.43
USD	US Dollar	1.08	1.05	1.11	1.07
THB	Baht	37.63	36.86	37.97	36.84
INR	Indian Rupee	89.30	82.69	91.90	88.17
TRY	Turkish Lira	25.76	17.41	32.65	19.96
AED	UAE Dirham	3.97	3.87	4.06	3.92
JPY	Yen	151.99	138.03	156.33	140.66
VND	Dong	25,771.00	24,630.00	26,808.00	25,183.00
MAD	Dirham Marocco	10.96	10.68	10.93	11.16
KRW	Won sud	1,412.88	1,358.07	1,433.66	1,344.09
TWD	Taiwan Dollar	33.70	n.a.	33.87	n.a.
IDR	Indonesian Rupee	16,479.62	n.a.	17,079.71	n.a.

Any goodwill or recognition of adjustments to the fair value of net assets on the acquisition of foreign subsidiaries with a functional currency other than that of the parent company must be expressed in the functional currency of the foreign subsidiary and translated at the year-end exchange rate (in accordance with the general rules for translating financial statements with functional currencies other than those of the parent company).

Utilization of estimates

When preparing this consolidated financial statement, the Directors had to apply accounting policies and methods which, in some circumstances, are based on difficult, subjective evaluations, or on past experience or on assumptions that are, periodically, considered reasonable and realistic depending on the relevant circumstances. The application of these estimates and assumptions impact upon the amounts reported in the financial statements, such as the financial situation and statement of financial position, the statement of profit or loss and the statement of cash flow, and on the disclosures in the notes to the accounts. The final outcome of the valuations for which the above estimates and assumptions were used may differ from those reported in the financial statements because of the uncertainty that characterizes the assumptions and the conditions on which the estimates are based.

The items that, given their nature, have provided for greater recourse by the Directors to the use of estimates and for which a change in the conditions underlying the assumptions used may have an impact on the consolidated financial statements are as follows:

- Impairment test on goodwill: this test is used to assess the recoverability of goodwill allocated to cash generating units. The allocation of goodwill to cash generating units and the determination of its value in use requires the use of estimates that depend on factors that may change over time.

It should also be noted that the forecasts on the basis of which the financial statements have been prepared take account of the macroeconomic landscape and ongoing conflicts.

Impairment test for goodwill

The Group tests goodwill for impairment at least once a year. For the purposes of this test, the recoverable value generated by the cash generating units (CGUs) was determined as value in use using the discounted cash flow method. When applying this method, the Group uses various assumptions, including an estimate of future increases in sales, operating costs, the growth rate of terminal values, capex, changes in working capital and the weighted average cost of capital (discount rate).

Changes in the main estimates and assumptions in the preparation of the forecast data relating to the CGU’s used for the test, as well as the other variables, could change the value in use and the result of the realizable value of the assets recorded.

Bad debt provision

The bad debt provision reflects management's estimate on losses on the client portfolio for both direct customers and the sales network. The estimate of the doubtful debt provision is based on the expected losses by the Group, determined based on past experience for similar receivables, current and historic amounts overdue, losses incurred and collections, careful monitoring of the credit quality and projections on economic and market conditions and on the estimate of the losses based on the expected losses model. An economic and financial crisis could lead to a further deterioration of the financial conditions of the Group's debtors compared to that already taken into account in the quantification of the provisions recorded in the consolidated financial statements.

Inventory obsolescence provision

The inventory obsolescence provision reflects management estimates on the expected losses in value by the Group, determined based on past experience, the historic trend and market expectations. A deterioration in the general economic and financial conditions could result in a further worsening of the market conditions compared to that already taken into consideration in the calculation of the provisions recorded in the consolidated financial statements.

Fair value estimate

IFRS 13 is the only source of reference for fair value measurement and for the relevant information when such a measurement is required or permitted by other accounting standards. The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS 13 establishes a fair value hierarchy that classifies the valuation technique inputs used to measure fair value in three levels. The levels provided for, in hierarchical order, are as follow:

- Level 1 inputs: are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs: are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 inputs: are unobservable inputs for the asset or liability.

For information on the valuation techniques applied, please refer to the specific notes to assets and liabilities.

Segment disclosure

IFRS 8 requires that disclosures regarding operating segments be prepared in such a way as to provide the information necessary to assess the nature and effects on the financial statements of business activities and operating environments. This is done based on internal reporting and operating activities that generate revenues and costs, whose results are reviewed periodically by the chief operating decision maker in order to make decisions about resources to be allocated and to assess performance; operating segments were not identified other than the Group as a whole.

The disclosures also required for entities that have a single segment to report on products sold and services provided and geographic areas are provided in note [27].

Information on risks and financial instruments

In preparing the financial statements, IFRS 7 requires additional disclosures that enable the reader to assess the relevance of financial instruments within the overall financial performance and standing of the Company, as well as the nature and amount of risks deriving from financial instruments to which the Company is exposed during the year and at the reporting date and the manner in which they are managed.

The additional information required by IFRS 7 supplements the information required by IAS 32 “Financial instruments: disclosure and presentation” and IFRS 9 “Financial instruments”.

The accounting policies applied when preparing the consolidated financial statements in relation to financial instruments are described in the section “Measurement criteria”.

Group operations are exposed to a series of financial risks which may impact the balance sheet/financial position, the result and the cash flows, through the relative impact on financial instrument transactions.

These risks may be summarized as follows:

a) credit risk;

b) liquidity risk;

c) market risk (foreign exchange risk, interest rate risk and other price risks).

Overall responsibility for the creation and supervision of the Group’s financial and operating risk management system lies with the Board of Directors. The various organization units functionally responsible for the operational management of each type of risk report to the Board of Directors.

Under guidelines issued by the Board of Director and for each specific risk, these units define the tools and techniques to cover the risks and/or transfer them to third parties (insurance) and evaluate risks neither covered nor insured.

The level of the Group’s exposure to the various categories of financial risk identified is commented upon below.

Credit risk

The Group operates on various national markets with a large number of medium and large-sized customers, mainly end customers in the various countries. Consequently, the Group is exposed to credit risk linked to the ability of its customers to settle the amounts due.

The Group applies a policy based on the credit ratings and credit limits for its customer base and the periodic issue of standard reports, in order to achieve a high degree of control over debt collection.

Each company of the Group directly manages the collection of receivables on sales made in the respective markets and their possible recovery, also through the activation of legal actions. Coordination between companies operating in the same market (e.g. Italian companies) is based on the electronic exchange of information relating to common customers and through coordination on the possible blocking of deliveries or the initiation of legal action.

The doubtful debt provision is recorded on the nominal value of the portion considered noncollectable after deducting the receivables backed by bank guarantees. All guarantees are critically assessed with regard to collectability.

The Directors have not observed a deterioration in credit quality or in collection times as a result of the continuation of the Russia-Ukraine conflict; therefore, it has not been necessary to make significant changes to how receivables are being managed. In addition, neither the payment terms applied nor the policies for managing credit risk have been changed, but we have prudently increased the level of monitoring of customer positions. See the Note "Trade receivables" for the aging of trade receivables.

Liquidity risk

The Group's overall debt, mainly relating to Piovan S.p.A., is principally fixed-rate and, despite increasing in 2022 to finance the IPEG acquisition, remains at normal levels. The Group has a limited risk with regard to short-term maturities and therefore the risk associated with the rise in interest rates, which was particularly sharp during the year, is linked to the limited portion of medium/long-term loans.

The Group deals mainly with well-known and reliable customers; it is the Group's policy to subject the positions of customers who request payment extensions to the credit line and to constantly monitor them. In addition, the Group's activities are characterized by customer advances against orders placed, which significantly reduces the financial requirements related to working capital.

The Group has a balanced net financial position and has been able to generate positive cash flows that are considered sufficient to finance both its growing operations and investments. Expectations for future years are consistent with this historical trend and therefore the liquidity risk is considered limited overall. Furthermore, given the Group's performance, this risk is not believed to have been heightened by the current macroeconomic landscape and the ongoing conflicts.

For the information required by IFRS 7 on the cash flows relating to the Group's financial liabilities by maturity, please refer to note [16]

Market risk linked to the exchange rate

As the Group's business is undertaken in various countries around the world, it is exposed to the risk of foreign exchange fluctuation. The exchange rate risk arises mainly from transactions involving the US dollar, the Chinese renminbi, the British pound, the Brazilian real and the Canadian dollar against the euro. Transactions between the Parent Company and the subsidiaries are generally carried out in the local currency of the subsidiary, therefore the individual companies are not significantly exposed to exchange rate risk, which is nevertheless transferred to the consolidated financial statements, with an impact on margins and net income.

The Parent Company carries out transactions (typically sales) in currencies other than its functional currency. The Group does not currently carry out hedging policies either with reference to the economic effects of purchase and sale transactions in foreign currency or with reference to exchange rate differentials that arise between the time of invoicing in a currency other than that of account in each country and the time of collection or, to a lesser extent, of payment.

In addition, the Parent Company holds equity investments in subsidiaries whose financial statements are in foreign currency. As the Group prepares its consolidated financial statements in Euro, fluctuations in the exchange rates used to convert the financial statements of subsidiaries could affect the Group's economic and financial situation, as this risk is not currently covered by the Group. These changes are recorded in an equity reserve called the "Translation reserve".

The following table summarizes the exposure relating to foreign currency assets and liabilities while showing the most important currencies for each year:

31.12.2023										
(€/000)	EUR	USD	CNY	BRL	MXN	THB	GBP	CAD	Other cu.	**Total**
Total assets	187,317	252,291	16,979	11,354	14,656	5,605	4,727	4,390	7,426	**504,745**
Total liabilities	171,086	127,253	7,408	6,042	8,825	3,642	3,832	2,169	3,153	**333,408**

31.12.2022										
(€/000)	EUR	USD	CNY	BRL	MXN	THB	GBP	CAD	Other cu.	**Total**
Total assets	211,612	248,634	19,563	10,515	10,550	5,944	5,234	3,779	7,178	**523,009**
Total liabilities	207,452	140,369	11,225	6,281	6,456	4,210	4,822	848	6,417	**388,080**

The table below provides a sensitivity analysis of revenues to the risk arising from the translation into euros of revenues generated in currencies other than the euro, for changes of around + /- 10% compared with the average exchange rate for the year.

Net revenues	31.12.2023 FX in LC	31.12.2023 Current Forex in €	31.12.2023 Forex +10%	31.12.2023 Forex - 10%	31.12.2022 FX in LC	31.12.2022 Current Forex in €	31.12.2022 Forex +10%	31.12.2022 Forex - 10%
EUR - Euro	209,121	209,121	209,121	209,121	208,690	208,690	208,690	208,690
USD - US Dollar	322,922	298,538	271,493	331,825	270,586	257,035	233,606	285,518
CNY - Renminbi	140,220	18,305	16,641	20,339	143,870	20,324	18,476	22,582
BRL – Real	56,946	10,544	9,585	11,715	50,527	9,288	8,444	10,320
GBP - Pound sterling	6,611	7,600	6,909	8,445	8,057	9,449	8,590	10,498
THB – Bath	96,063	2,553	2,321	2,836	152,165	4,129	3,753	4,587
TRY - Turkish lira	24,056	934	849	1,038	13,731	789	717	876
INR - Indian rupee	112,451	1,259	1,145	1,399	146,777	1,775	1,614	1,972
JPY - Japanese yen	11,420	75	68	83	9,564	69	63	77
CAD - Canadian dollar	51	35	32	39	25	18	16	20
MXN - Mexican peso	100,352	4,159	4,756	5,813	86,835	4,099	3,726	4,554
AED - United Arab Emirates dirham	602	152	138	168	488	126	115	140
VND - Vietnamese Dong	23,383,977	907	825	1,008	9,162,701	372	338	413
HUF - Hungarian forint	35,353	93	84	103	23,528	60	55	67
CSK - Czech Koruna	9,996	417	379	463	8,000	326	296	362
KRW - South Corean Won	-	-	-	-	4,369,900	3,218	2,925	3,575
MAD - Dirham	511	47	42	52	376	35	32	39
TWD - New	146,956	4,361	3,964	4,845	-	-	-	-
TOTAL		**559,099**	**528,352**	**599,292**		**519,801**	**491,456**	**554,293**

The table below provides a sensitivity analysis of the pre-tax profit to the risk arising from the translation of financial statements denominated in currencies other than the euro, for changes of around + /- 10% compared with the average exchange rate for the year.

Result before taxes	31.12.2023 Current Forex in €	31.12.2023 Forex +10%	31.12.2023 Forex -10%	31.12.2022 Current Forex in €	31.12.2022 Forex +10%	31.12.2022 Forex -10%
EUR - Euro	31,138	31,031	31,270	23,750	23,750	23,750
SGD	26,368	23,971	29,298	13,489	12,263	14,988
USD - US Dollar	1,351	1,228	1,501	2,214	2,013	2,460
CNY - Renminbi	1,368	1,244	1,520	1,184	1,077	1,316
BRL - Real	640	582	711	1,120	1,018	1,244
GBP - Pound sterling	337	307	375	1,367	1,243	1,519
THB - Bath	329	299	366	366	333	407
TRY - Turkish lira	422	383	469	425	387	473
INR - Indian rupee	(92)	(84)	(102)	(19)	(17)	(21)
JPY - Japanese yen	667	606	741	852	774	946
CAD - Canadian dollar	2,069	1,881	2,299	2,000	1,818	2,222
MXN - Mexican peso	37	34	42	26	23	28
AED - United Arab Emirates dirham	(5)	(5)	(6)	(17)	(15)	(19)
VND - Dong	64	58	71	118	107	131
HUF - Hungarian forint	(8)	(7)	(8)	(810)	(736)	(899)
KRW - South Corean Won	108	98	120	36	33	40
MAD - Dirham	357	324	396	248	225	275
CSK - Czech Koruna	(251)	(228)	(279)	N/A	N/A	N/A
TOTAL	**64,899**	**61,722**	**68,782**	**46,350**	**44,296**	**48,860**

Market risk related to interest rate

The interest rate risk is the risk that the value of a financial instrument and/or the level of cash flows generated by it might change due to fluctuation in market rates of interest.

Exposure to the interest rate risk arises from the need to finance operating activities, in terms of manufacturing activities and financing the acquisition of businesses, as well as the employment of available liquidity. Changes in market interest rates may have a negative or positive impact on the Group's result for the period, indirectly affecting costs and returns on financing and investment operations.

As described above, the majority of the Group's loans are at a fixed rate. The Group has not put in place any significant hedging as, given the Group's high liquidity, it is believed that the risk of fluctuations in interest rates, also due to the limited funding, can still be adequately managed.

The following table shows an analysis of the sensitivity of interest expense to the risk arising from fluctuations in interest rates on floating rate loans, assuming an increase / decrease of 1% and 2% in interest rates.

Interest expense on variable rate loans (€'000)	Interest expenses	+1.00%	+2.00%	-1.00%	-2.00%
31.12.2023	836	964	1,154	586	396

Interest expense on variable rate loans (€'000)	Interest expenses	+1.00%	+2.00%	-1.00%	-2.00%
31.12.2022	158	178	290	-	-

The global macroeconomic landscape can have an impact on the Company's financial performance and standing. However, the Company's and its subsidiaries presence in different geographical areas makes it possible to mitigate the overall risk and to benefit from possible improvements in some areas compared to others.

In addition, as already described in detail, at the end of February 2020, following the outbreak of the COVID-19 health emergency, the general economic environment significantly deteriorated as a result of the restrictions introduced by the governments of the countries involved.

In the same way, the great geopolitical tensions surrounding the conflict between Russia and Ukraine, as well as the conflict in the Middle East which began in October 2023, may lead to significant international humanitarian and social crises with major impacts on the people in these countries, as well as on the global economy and on the Group. International sanctions, used as a deterrent for certain countries involved in the conflicts, have had a significant impact on global trade and have led to a sharp increase in production costs, particularly in terms of energy, which has fueled an inflationary spiral that central banks are seeking to control by further tightening monetary policy and increasing interest rates. The situation is constantly evolving and the Company is monitoring the markets closely to assess any impact it may have on the business.

However, it should be noted that the Group has limited exposure to the regions involved in the war (i.e. Ukraine, Russia, Belarus, Palestine and Israel) both in terms of sales and purchases;

therefore, assuming that the impact of the conflict remains contained to those regions, this should not have a significant impact on Group performance.

These developments, which are extraordinary in nature and extent, have had and continue to have, direct and indirect repercussions on economic activity giving rise to an environment of general uncertainty and whose evolution and effects are unforeseeable. This macroeconomic landscape may also have inevitable repercussions on the other risks described below.

For a detailed description of the additional risks to which the Group is exposed — and in particular (i) Risks related to market performance, (ii) Product and component price risk, (iii) Supply chain risks, and (iv) Risks associated with climate change — see the section "Principal risks and uncertainties to which the Group is exposed" of the Directors' Report.

Notes to the consolidated statement of financial position

[1] Property, plant and equipment

They amount to Euro 50,887 thousand at December 31, 2023 (Euro 47,972 thousand at December 31, 2022). They are composed as shown in the following tables, which also present the changes in 2023.

Category		Balance at 31/12/2022	Additions	Disposals	Transl. reserve diff.	Reclass.	Depr.	Balance at 31/12/2023
Land and buildings	Historical cost	48,412	323	(757)	(645)	834	-	48,167
	Depr. fund	(15,025)	-	139	295	(4)	(1,323)	(15,918)
	Total	**33,387**	**323**	**(618)**	**(350)**	**830**	**(1,323)**	**32,249**
Plant and machinery	Historical cost	23,835	810	(68)	(335)	1,541	-	25,783
	Depr. fund	(15,318)	-	44	211	20	(1,186)	(16,228)
	Total	**8,516**	**810**	**(24)**	**(124)**	**1,561**	**(1,186)**	**9,555**
Industrial and commercial equip.	Historical cost	6,163	368	(39)	1	89	-	6,583
	Depr. fund	(5,503)	-	31	(1)	(20)	(346)	(5,839)
	Total	**660**	**368**	**(7)**	**0**	**68**	**(346)**	**743**
Other assets	Historical cost	28,393	953	(565)	(346)	497	-	28,932
	Depr. fund	(24,222)	-	564	377	5	(1,418)	(24,695)
	Total	**4,171**	**953**	**(1)**	**30**	**501**	**(1,418)**	**4,237**
Assets under constr. and advance payments	Historical cost	1,237	5,959	(127)	(5)	(2,962)	-	4,102
	Depr. fund	-	-	-	-	-	-	-
	Total	**1,237**	**5,959**	**(127)**	**(5)**	**(2,962)**	**-**	**4,102**
Total		**47,972**	**8,414**	**(777)**	**(449)**	**(0)**	**(4,273)**	**50,887**

Capital expenditures in 2023 totaled Euro 8,414 thousand, of which non-recurring totaling Euro 4,969 thousand and relating for Euro 1,885 thousand to investments by the subsidiary FEA S.r.l. as part of the production area expansion, for Euro 2,023 thousand to the subsidiary Piovan Industrial Automation related to the construction work on the new building in China, and for Euro 1,002 thousand to Piovan S.p.A. related mainly to refurbishment of the roof in order to install photovoltaic panels.

Other investments in 2023, concerning the purchase of molds and industrial and commercial equipment, are mainly attributable to the parent company, Piovan S.p.A. and to the US Group IPEG.

At December 31, 2023, property, plant and equipment are not burdened by mortgages or liens.

They are adequately covered against the risk of loss and/or damage through insurance policies with leading insurance companies.

Finally, no borrowing costs directly attributable to the acquisition, production or construction of tangible assets have been capitalized.

The table below provides a regional breakdown of tangible assets:

Property, plant and equipment	31.12.2023	31.12.2022
EMEA	34,354	32,835
- of which Italy	*33,354*	31,989
NORTH AMERICA	11,644	12,327
- of which the United States of America	*11,560*	12,311
ASIA	3,589	1,609
SOUTH AMERICA	1,299	1,250
Reclassify TOBA	-	(50)
Total	**50,887**	**47,972**

[2] Right of use

Right-of-use assets at December 31, 2023, of Euro 16,715 thousand decreased on Euro 17,183 thousand for the previous year.

The most significant concerns the component "Buildings", which includes the signing of a new lease agreement for an additional warehouse by Pelletron US in Pennsylvania.

Below is a table with the changes in the year for each class of Right-of-Use:

Category		Balance at 31/12/2022	Additions	Disposals	Transl. reserve differences	Depr.	Balance at 31/12/2023
Land and buildings	Historical cost	21,791	2,376	(615)	(396)	-	23,156
	Depr. fund	(5,704)	-	274	138	(3,142)	(8,434)
	Total	**16,088**	**2,376**	**(341)**	**(258)**	**(3,142)**	**14,722**
Plant and machinery	Historical cost	0	-	-	-	-	0
	Depr. fund	0	-	-	-	-	0
	Total	**0**	**-**	**-**	**-**	**-**	**0**
Industrial and commercial equipment	Historical cost	-	-	-	-	-	-
	Depr. fund	-	-	-	-	-	-
	Total	**-**	**-**	**-**	**-**	**-**	**-**
Other assets	Historical cost	2,364	1,661	(307)	-	-	3,717
	Depr. fund	(1,267)	-	294	(2)	(748)	(1,724)
	Total	**1,097**	**1,661**	**(14)**	**(2)**	**(748)**	**1,993**
Total		**17,184**	**4,036**	**(355)**	**(260)**	**(3,890)**	**16,715**

The geographic breakdown of right-of-use assets is shown below:

Right of use	31.12.2023	31.12.2022
EMEA	8,891	8,196
- of which Italy	*4,767*	4,634
NORTH AMERICA	7,745	8,446
- of which the United States of America	*7,387*	8,126
ASIA	79	615
SOUTH AMERICA	-	160
TOBA Reclass	-	(233)
Total	**16,715**	**17,184**

[3] Intangible assets

They amounted to Euro 120,315 thousand at December 31, 2023 compared to Euro 128,297 thousand at December 31, 2022. The breakdown of the movements are as follows:

Category	Balance at 31/12/2022	Add.	Disposals	Trans. reserve differences	Decr.	Reclass.	Depr.	Balance at 31/12/2023
Goodwill	**63,709**	-	-	(1,570)	(276)	-	-	**61,863**
Industrial patent and intellectual property rights	**830**	241	-	(15)	-	-	(429)	**627**
Concessions, licences, trademarks and similar rights	**6,979**	92	2	(207)	-	108	(583)	**6,391**
Other intangible assets	**56,552**	459	-	(1,800)	-	-	(4,310)	**50,901**
Assets under construction and payments on account	**227**	515	(101)	-	-	(108)	-	**533**
Total	**128,297**	**1,307**	**(99)**	**(3,592)**	**(276)**	**-**	**(5,322)**	**120,315**

The changes from the previous year are mainly attributable to the acquisition of intangible assets from ProTec Polymer Processing GmbH to amortization for the period, and to currency differences.

The regional breakdown of intangible assets is as follows:

Intangible Assets	31.12.2023	31.12.2022
EMEA	21,115	22,217
- of which Italy	*21,115*	*22,197*
NORTH AMERICA	98,929	105,783
- of which the United States of America	*98,929*	*105,783*
ASIA	25	41
SOUTH AMERICA	247	258
Reclass TOBA	-	(2)
Total	**120,315**	**128,297**

Intangible assets include those recognized following the acquisition of the IPEG group, particularly in the form of know-how for a residual Euro 10,151 thousand, customer relationships for a residual Euro 38,438 thousand, trademarks for a residual Euro 5,971 thousand, and Goodwill in the amount of Euro 41,306 thousand.

Goodwill at December 31, 2023 amounted to Euro 61,863 thousand, compared to Euro 63,709 thousand at December 31, 2022. The change from the previous year is due to the trend in the EUR/USD exchange rate at period end. The goodwill mainly refers to the acquisition of:

- the US subsidiary Universal Dynamics Inc. (“Unadyn CGU") in 2008;
- the acquisition of Penta S.r.l. at the end of 2014, in Progema S.r.l. in 2006 and in FEA in 2019, “Food CGU”;
- Doteco S.p.A. in 2020, “Doteco CGU”;
- the IPEG group in 2022, divided into three CGU: “Conair”, “Pelletron”, “Thermal Care”;

Cash Generating Unit	31.12.2022	Decrease	Change in translation reserve	31.12.2023
UnaDyn	3,510		(122)	3,388
Food	2,146		-	2,146
Energys	276	(276)	-	-
Doteco	15,695		-	15,695
Conair	29,294		(1,004)	28,289
Pelletron	5,212		(181)	5,031
Thermalcare	7,568		(263)	7,305
Other	8		-	8
Totale	**63,709**	**(276)**	**(1,570)**	**61,863**

The amount of tax deductible goodwill totals Euro 1,456 thousand and is attributable to the IPEG group.

The changes in goodwill are attributable to:

- the full write-down of goodwill related to Energys, for a total of Euro 276 thousand. Given the subsidiary's performance and the outlook for 2024, the directors felt it was appropriate to recognize the impairment of goodwill.

- the change in the goodwill related to the Unadyn CGU and the CGUs deriving from the IPEG group due to the change resulting from the year-end exchange rate.

Details of impairment test

Goodwill is allocated to the Group's cash generating units, represented by the CGUs to which it refers.

The Group verifies annually impairments on goodwill, testing the CGU's to which goodwill is allocated.

The Directors did not undertake impairment test on assets subject to amortization as they did not detect events or circumstances which can cause an impairment loss. The methods and results of the impairment test carried out are illustrated below.

The recoverable value of the CGUs to which the individual goodwill has been allocated has been verified through the calculation of the value in use, considered as the present value of the expected cash flows utilizing a rate which reflects the specific risks of the individual CGU's at the valuation date (so-called Discounted Cash Flow method). Specifically:

- Cash flows from the 2024-2028 business plan were used for these CGUs. The business plans have been updated to take account of the Group's planning processes and were approved by the Board of Directors on March 19, 2024. The assumptions underlying the forecast cash flows for each CGU take into account past experience, and the specific objectives of each CGU, which are consistent with current operating performance and the strategic actions implemented by the Group and the current macroeconomic outlook. In particular, management used the gross margin and EBITDA margin, based on historical performance and the best estimate of future operating costs and cash flows as a driver for the preparation of the forecast, as well as its own expectations of developments in the market in which the CGU operates.

- At the end of the explicit forecast period, a "normalized" cash flow was calculated, based on the last explicit forecast year, for the calculation of the terminal value.
- The discount rate was determined based on market analyses of the cost of money and specific risk of the operating segment (weighted average cost of capital, or WACC). For the WACC the cost of capital was determined on the basis of market returns on medium/long-term government bonds of the countries/markets to which the CGU refers observed during the last six months, adjusted by the market risk premium of each reference country reflecting the investment risk plus an additional risk premium.
- the growth rate (g) for the determination of cash flows beyond the explicit period (from 2028 onwards), which has been determined specifically for each CGU analyzed.

The values in use, based on discounted cash flows, supports the maintenance of the goodwill amounts recognized to the financial statements. The following table details the rates used and the estimated coverage:

31.12.2023					
CGU	**Goodwill (€/000)**	**g rate**	**Pre-tax discount rate**	**post-tax WACC**	**Cover (€/000)**
UnaDyn	3,388	2.20%	13.73%	10.87%	34,725
Food	2,146	1.99%	13.10%	10.23%	53,045
Doteco	15,695	1.95%	12.84%	9.95%	21,703
Conair	28,289	2.21%	13.83%	10.94%	81,204
Pelletron	5,031	2.58%	13.86%	11.04%	16,844
Thermal Care	7,305	2.15%	13.39%	10.60%	57,281

Although the Directors consider the assumptions used to be reasonable and to represent the most probable scenarios on the basis of the available information, the result of the test may differ where a number of the above assumptions change significantly.

As a result, stress testing was conducted with particular regard to:

• the reduction in estimated EBITDA for the explicit period of the plans and for terminal value, assuming that the potential worsening of the macroeconomic landscape could have an impact on this period;

• the WACC.

in order to determine the maximum variation that each parameter must have (all other parameters remaining stable), beyond which there would be an impairment loss. As concerns the growth rate (g), reasonable changes in this rate have been identified that could result in an impairment loss.

31.12.2023		
CGU	**EBITDA decrease**	**WACC equal to**
UnaDyn	61.60%	30.61%
Food	79.50%	(*)
Doteco	45.20%	17.41%
Conair	41.50%	19.12%
Pelletron	46.80%	19.75%
Thermal Care	63.80%	30.00%

(*) No plausible variations in these parameters were identified.

The impairment test is based on estimated future forecasts of economic and financial parameters, therefore the above estimates and assumptions may differ from the historical figures reported in the financial statements due to the inherent uncertainty that characterizes the assumptions and conditions on which these estimates are based.

With reference to the investee companies, the Parent Company holds options to purchase minority interests, and specifically the option to purchase the residual minority interests in FDM Gmbh and Fea Ptp.

[4] Equity investments

At December 31, 2023, equity investments amounted to Euro 11,426 thousand, increasing on December 31, 2022 due to the consolidation of the Indian company Nuvu Conair Private Ltd, a joint venture in which IPEG Inc. holds a 50% interest.

Details of the movements in these equity investments are as follows:

Company	Registered office	%	31.12.2022	Increase / Decrease	Other movements	Change in translation reserve	31.12.2023
CMG S.p.A.	Budrio (BO)	20%	216	128	-	-	344
Penta Auto Feeding India Ltd	Mumbai (India)	50%	102	(35)	-	8	75
Nuvu Conair Private Ltd	Ahmedabad (India)	50%	10,019	1,078	(145)	(422)	10,529
Total invest. in affiliated companies and JV			**10,337**	**1,171**	**(145)**	**(414)**	**10,948**
Affinity			489	-	-	(17)	472
Toba PNC	Seoul (Corea del Sud)	10%	-		-	-	-
Other			6	-	-	-	6
Total other investments			**495**	**-**	**-**	**(17)**	**478**
Total			**10,832**	**1,171**	**(145)**	**(431)**	**11,426**

Equity investments in associates and joint ventures as indicated in the table above have been measured at equity. Other equity investments have been measured at fair value through profit or loss. Following the sale of the 41% stake in Toba PNC, the Group continued to hold a minority interest of 10%. The value of the investment was fully written down.

Investments in associated companies

With regard to the shareholding in CMG S.p.A., income of Euro 128 thousand has been recognized following the equity valuation based on the performance at December 31, 2022.

Investments in joint ventures

The investment in the joint venture Penta Auto Feeding India Ltd. decreased by Euro 35 thousand following the results reported to March 31, 2023.

With reference to the holding in the Indian company Nuvu Conair Private Ltd., held by IPEG Inc., the investment in the provisional purchase price allocation phase was recognized at fair value and the difference between fair value and the value of the net assets, of USD 5,432 thousand (approximately Euro 4,916 thousand), of NuVu was allocation to Goodwill.

The value of this investment was then increased by Euro 1,078 thousand as a result of recognition of the IPEG Inc. share of earnings for the period. The value also decreased by Euro 145 thousand for dividends paid in 2023 and by Euro 422 thousand due to the movement in the euro against the Indian rupee. As a result, the investment was valued at USD 11,635 thousand at December 31, 2023 (approximately Euro 10,529 thousand).

To support the recoverability of the carrying amount of the investment and related goodwill, an independent expert conducted an assessment supporting the process followed to determine the price within the scope of the acquisition of the 1% stake in NuVu by Piovan S.p.A. in early February 2024.

The financial figures for NuVu are shown below, along with a reconciliation of the associates financials with the carrying amounts of the interests in the company. The company's financial year ends on March 31 of each year, but a financial report aligned with the Group's financial year is also prepared for the purposes of consolidation.

Nuvu - Balance sheet - €/000	31.12.2023	31.12.2022
Cash and cash equivalents	3,661	3,071
Trade receivables	1,730	1,107
Inventories	3,792	3,903
Other current assets	2,000	2,094
Property, plant & equipment	4,472	3,924
TOTAL CURRENT ASSETS	**15,655**	**14,099**
Trade payables	1,116	1,302
Other current liabilities	3,313	3,052
TOTAL EQUITY	**11,226**	**9,745**
TOTAL LIABILITIES AND EQUITY	**15,655**	**14,099**

Nuvu - Profit/Loss - €/000	31.12.2023	31.12.2022
Revenues	**19,971**	**19,074**
Cost of raw materials	13,051	13,213
Gross operating revenue	**6,919**	**5,862**
Commissions	40	83
ESG&A	3,246	2,799
OPERATING PROFIT	**3,633**	**2,980**
Depreciation	99	105
Financial incomes / Expenses	(346)	164
Tax	1,724	695
PROFIT	**2,156**	**2,015**

Reconciliation	(€/000)
Net equity amountat December 31, 2023	11,226
Net equity portion – 50%	5,613
PPA Goodwill	4,916
Investment amount at December 31, 2023	**10,529**

Finally, following the entry of IPEG Inc into the consolidation scope, the investee Affinity was included at a value of USD 521 thousand (approximately Euro 472 thousand).

[5] Other non-current assets

At December 31, 2023, these amounted to Euro 570 thousand compared to Euro 574 thousand at December 31, 2022; they mainly refer to various security deposits paid by Group companies on utilities and lease contracts for buildings where Group companies have their headquarters.

[6] Deferred tax assets and liabilities

Deferred tax assets amounted to Euro 11,913 thousand at December 31, 2023 compared to Euro 10,744 thousand at December 31, 2022. The Group has set aside deferred tax assets and liabilities on temporary differences between book values and tax values.

In particular, deferred tax assets and liabilities derive from the accrual of taxes on future costs or benefits with respect to the year in question, mainly as a result of increased taxes generated from the non-deductibility of losses on receivables, write-downs of equity investments, directors' fees not yet paid, and other amortization and depreciation deductible in subsequent years and provisions for risks.

Taxation has been calculated on the basis of the rates in force when the temporary differences will reverse in the various countries where the Group operates.

Deferred tax assets include assets arising from the valuation of tax losses, as illustrated below. Unvalued tax losses are of an insignificant amount.

Deferred tax liabilities amounted to Euro 12,822 thousand at December 31, 2023 compared to Euro 15,591 thousand at December 31, 2022. The main changes concern the recognition of deferred taxes related to the gains on the purchase price allocation of the IPEG group, in the amount of Euro 12,178 thousand at December 31, 2023.

The changes in the account were as follows:

€/000	31.12.2022	Translation reserve change	Income statement effect	31.12.2023
Deferred tax assets	10,744	(91)	1,260	11,913
Deferred tax liabilities	(15,591)	470	2,299	(12,822)
Total	**(4,847)**	**380**	**3,558**	**(909)**

The changes compared to the tax values generating deferred tax assets and liabilities were as follows:

Deferred tax assets €/000	Taxable income 2023	Deferred tax assets 2023
Consolidation adjustments to intragroup inventories	4,848	1,352
Unrealized exchange differences	1,075	258
Inventory obsolescence provision	10,242	2,721
Bad debt provisions	4,247	1,091
Third party installation fund	114	32
Risk provision	647	179
Provision for product warranties	3,012	762
Supplementary customer indemnity	190	24
Director's unpaid emoluments	36	9
Adoption of IFRS 15	(1,567)	(116)
Adoption of IFRS 16	(33)	(11)
Adoption of IAS 19	257	62
Accrued liability	8,312	2,187
Costs and bonuses to personnel	1,771	488
Costs not capitalized but not tax deductible	7,733	1,896
Tax deductible goodwill	1,456	340
Differences on depreciation	(3,781)	(974)
Others	6,562	1,614
Total	**45,153**	**11,913**

Deferred tax liabilities	Taxable income 2023	Deferred tax liabilities 2023
Intangibles from PPA	52,154	12,178
Adoption of IAS 17	(9)	(2)
Adoption of IFRS 15	156	41
Other differences	2,237	604
Total	**54,538**	**12,821**

[7] Inventories

At December 31, 2023, they amounted to Euro 85,341 thousand compared to Euro 90,188 thousand at December 31, 2022; the breakdown is shown below:

Inventories	31.12.2023	31.12.2022
Raw materials	43,358	46,176
Semi-finished products	23,979	25,343
Finished goods	29,984	30,624
Progress payments	3,235	1,433
Allowance for inventory write-down	(15,215)	(13,388)
Inventories	**85,341**	**90,188**

At December 30, 2022, inventories decreased by Euro 3,020 thousand, gross of the obsolescence provision. This decrease is mainly attributable to better management of inventories.

A provision for obsolete or slow-moving inventories is recorded to reflect the difference between the cost and estimated realizable value of obsolete raw materials, semi-finished and finished products. The provision in the statement of profit and loss is classified under Purchases of raw materials, components, goods and change in inventories.

[8] Contract assets and contract liabilities for work-in-progress

At December 31, 2023 the item Assets for contract work-in-progress amounted to Euro 8,828 thousand, compared with Euro 6,374 thousand at December 31, 2022.

Liabilities for contract work-in-progress amounted to Euro 4,748 thousand at December 31, 2023, compared with Euro 7,060 thousand at December 31, 2022.

The item refers to work-in-progress on contracts of the subsidiaries Penta S.r.l., FEA and Pelletron Corp.

The following table shows the amount due from customers net of the relative advance payments (included under Assets for contract work-in-progress), and the amount due to customers, net of the relative advance payments (included under Liabilities for contract work-in-progress):

Contract assets for work in progress	31.12.2023	31.12.2022
Measurement of contracts in progress (costs incurred added to profits recognized)	20,539	23,330
Progress payments received	(11,710)	(16,956)
Amounts due from customers	**8,828**	**6,374**
Contract liabilities for work in progress	**31.12.2023**	**31.12.2022**
Measurement of contracts in progress (costs incurred added to profits recognized)	24,318	14,856
Progress payments received	(29,066)	(21,916)
Amounts due to customers	**(4,748)**	**(7,060)**

The increase of Assets for contract work in progress and the decrease in Liabilities for contract work in progress compared to December 31, 2022, is due to the progress made on a number of significant contracts related mainly to the subsidiaries Penta S.r.l. and FEA.

Revenues recognized overtime amounted to Euro 32,122 thousand at December 31, 2023, and related mainly to Penta S.r.l., FEA and Pelletron. Revenues recognized in 2023 related to orders that, at December 31, 2022, were liabilities for contract work-in-progress amounted to Euro 8,306 thousand.

[9] Trade receivables

They amount to Euro 79,979 thousand at December 31, 2023 compared to Euro 89,711 thousand at December 31, 2022. This item, which represents the exposure to third parties, is broken down as follows:

Trade receivables	**31.12.2023**	**31.12.2022**
Gross trade receivables	85,655	95,407
Provision for bad debt	(5,675)	(5,636)
Trade receivables	**79,980**	**89,771**

Receivables at December 31, 2023, gross of the provision, amounted to Euro 85,655 thousand and decreased by Euro 9,752 thousand (-10.2%) compared to the end of 2022. This reduction is essentially attributable to an improved average collection period.

Write-downs are made on the basis of a careful analysis of past due accounts, customers in financial difficulties and clients with whom legal action has been initiated, in addition to estimated expected losses on receivables. The doubtful debt provision in fact reflects management's estimate based on the expected losses by the Company, based on past experience for similar receivables, current and historic amounts overdue, losses incurred, receipts, careful monitoring of the credit quality and projections on economic and market conditions, with the information known at the reporting date.

The annual provision is included under Other operating costs.

The following table shows the value of receivables at December 31, 2023, compared to the previous year, by maturity bracket and the relevant portion of the doubtful debts provision.

Receivables and bad debt	***31.12.2023***		***31.12.2022***	
	Receivables	***Bad Debt***	***Receivables***	***Bad Debt***
Receivables due to expire	56,599	(377)	45,110	(1,286)
Receivables overdue whitin 30 days	9,777	(498)	33,083	(329)
Receivables overdue between 1 and 12 months	15,763	(1,334)	14,410	(1,218)
Receivables overdue over 12 months	3,515	(3,466)	2,804	(2,804)
Total	**85,654**	**(5,675)**	**95,407**	**(5,636)**

Receivables by geographical area are as follows:

	31.12.2023	31.12.2022
EMEA	31,489	34,167
of which Italy	*15,421*	*18,687*
North America	35,307	38,499
ASIA	8,942	10,903
SOUTH AMERICA	4,241	6,202
Receivables	**79,979**	**89,771**

Compared to the previous year, the doubtful debt provision changed mainly in response to the acquisition of the IPEG group. The movements in the doubtful debt provision are shown below.

Provision for bad debt	2023	2022
Opening balance	**5,636**	**5,480**
Release	(410)	(639)
Accruals	1,351	823
Utilisations	(494)	(261)
Change in consolidation area	-	762
Exchange rate differences	(108)	74
Riclassifications	(300)	48
Assets held for sale and disposal groups	-	(651)
Closing balance	**5,675**	**5,636**

[10] Current financial assets

They amount to Euro 6,556 thousand at December 31, 2023 compared to Euro 6,815 thousand at December 31, 2022. This item includes bonds purchased in order to invest available financial resources. These instruments were measured at fair value (level 1) at December 31, 2023 as required by IFRS 9 and were classified as current financial assets in line with the purpose of using part of the available liquidity in low-risk and readily available instruments. In addition, the total effect of the fair value measurement in 2023 is a net gain of Euro 31 thousand, compared to the subscription date.

[11] Tax receivables

They amounted to Euro 6,267 thousand at December 31, 2023 compared to Euro 5,469 thousand at December 31, 2022. VAT receivables mainly refer to the parent company Piovan S.p.A. and the subsidiaries Penta S.r.l. and Progema S.r.l.

Tax receivables	31.12.2023	31.12.2022
VAT receivables	2,983	1,687
Other current tax assets	3,284	3,782
Tax receivables	**6,267**	**5,469**

[12] Other current assets

They amounted to Euro 13,163 thousand at December 31, 2023 compared to Euro 13,156 thousand at December 31, 2022. A breakdown follows:

Other current assets	31.12.2023	31.12.2022
Advances to suppliers	9,009	9,067
Receivables from parent	-	332
Prepayments and accrued expenses	2,596	2,151
Other receivables	1,558	1,606
Other current assets	**13,163**	**13,156**

The increase on the previous year is mainly due to the IPEG group.

[13] Cash and cash equivalents

They amount to Euro 92,785 thousand at December 31, 2023 compared to Euro 94,365 thousand at December 31, 2022.

Cash and cash equivalents	31.12.2023	31.12.2022
Current accounts and post office deposits	79,246	74,344
Cash equivalent	13,500	20,000
Cash	39	21
Cash and cash equivalents	**92,785**	**94,365**

Current accounts and postal deposits are classified as current assets, as highly liquid and convertible into cash with an exchange rate risk that is considered not significant.

The "Cash equivalents" account includes a time deposit that can be divested rapidly.

The Group net financial position at the end of 2023 reported a net debt position of Euro 57,753 thousand (including Euro 92,785 thousand in cash and cash equivalents, Euro 6,556 thousand in current financial assets, Euro 60,473 thousand in current debt, and Euro 96,621 thousand in non-current debt), worsening from a cash position of Euro 88,081 thousand at December 31, 2022. Operating activities offset the absorption of cash from the approval and payment of Parent Company dividends in May 2023 for approximately Euro 10,206 thousand, and the capital expenditure in 2023 of approximately Euro 9,721 thousand, in addition to the instalments paid on medium/long-term loans.

For an analysis of the variations in cash and cash equivalents, reference should be made to the statement of cash flow.

At December 31, 2023 there were no restrictions on the availability of the Group's current accounts.

[14] Assets/Liabilities held for sale and disposal groups

At December 31, 2022 the conditions for the application of IFRS 5 for the subsidiary Toba Pnc. were met The transfer of the shares, equal to 41% of the share capital, on January 31, 2023, the date on which Piovan S.p.A. no longer held a controlling interest in the company. For the Annual Financial Report at December 31, 2022, Toba Pnc. was considered a current asset held for sale. As a result, the assets and liabilities of Toba Pnc. have been reclassified among assets held for sale and discontinued operations and liabilities directly associated with assets held for sale and discontinued operations. On the statement of profit and loss, the costs and revenues have been shown line by nature. These reclassifications are detailed below:

€/000	31.01.2023
Assets held for sale and disposal groups	
Property, plant and equipment	49
Right of Use	233
Intangible assets	2
Other non-current assets	61
Inventories	173
Trade receivables	573
Other current assets	11
Cash and cash equivalents	167
Total Assets held for sale and disposal groups	**1,269**
Liabilities associated with assets held for sale	
Employee benefits plans	57
Long-term loans	542
Non-current financial liabilities	436
Trade payables	471
Advance from costumers	537
Current portion of long-term loans	298
Current financial liabilities	629
Tax liabilities and social security contributions	95
Other current liabilities	304
Total Liabilities associated with assets held for sale	**3,369**
Fair value of assets	**(2,100)**

[15] Equity attributable to the owners of the Parent

Equity is made up as follows:

Equity attributable to the owners of the parent	31.12.2023	31.12.2022
Share capital	6,000	6,000
Legal reserve	1,200	1,200
Reserve for own shares in portfolio	(2,489)	(2,208)
Translation reserve	14	3,952
Other Reserves and retained earnings	114,612	89,579
Net profit (loss)	49,400	34,588
Equity attributable to the owners of the parent	**168,737**	**133,111**

The Company's share capital approved, subscribed and paid-in amounted to Euro 6,000,000, divided into 53,600,000 ordinary shares with no par value.

The Company and the Group as at December 31, 2023 hold 2,567,539 treasury shares, equal to 4.79% of the share capital of Piovan S.p.A., directly through Piovan S.p.A. with a value of Euro 2,489 thousand at December 31, 2023. The change from the previous year is related to the assignment of treasury shares in January 2023 in relation to the first cycle of the 2020-2022 Performance Shares Plan. For this cycle, 93,255 shares were assigned to the beneficiaries of the plan, of which 40,094 were simultaneously withheld by the Company in order to meet the beneficiaries' fiscal obligations, in the form of a substitute tax, related to this assignment.

Also with reference to the 2020–2022 Performance Shares Plan, for the second and third cycles, certain executives of the Parent Company were granted the right to receive shares in Piovan

S.p.A. numbering 326,291, based on achieving the plan's targets, with vesting dates set across a period from 2023 to 2024. The total is Euro 1,165 thousand, whereas the amounts vested at December 31, 2023, totaled Euro 954 thousand. These shares will vest permanently at the end of the vesting period if the executive still has an employment relationship with the Company. In addition, on April 24, 2023, the Shareholders' AGM approved the new stock grant plan for ordinary company shares, called the "2023-2025 Long Term Incentive Plan" (the "Plan"). The Plan is divided into three cycles (the first relating to the 2023- 2025 vesting period, the second relating to the 2024-2026 vesting period, and the third relating to the 2025-2027 vesting period) and provides for the allotment of ordinary shares of Piovan S.p.A. for each cycle. With reference to the first cycle, the rights were granted to managers of Piovan S.p.A., but also of its subsidiaries, and the number of rights at maturity was estimated at approximately 151,854. The total value of the first cycle is Euro 1,433 thousand, whereas the amounts vested at December 31, 2023 totaled Euro 478 thousand. These shares will vest permanently at the end of the vesting period if the executive still has an employment relationship with the Company.

The Translation reserve includes exchange rate differences arising from the translation of the opening equity of foreign companies included in the consolidation scope at the exchange rates prevailing at the end of the period and from the translation of their net income at the average exchange rates for the period.

The item Other reserves and retained earnings mainly includes the other profit and capital reserves of the Parent Company, in addition to the consolidated profit for previous years and the effects of adjustments resulting from the adoption of international accounting standards.

This item changed during 2023 following the allocation of the previous year's result and the distribution of dividends amounting to Euro 10,206 thousand (Euro 0.20 per share), paid to the shareholders of the Parent Company in May 2023.

[16] Equity attributable to non-controlling interests

The non-controlling interest equity at December 31, 2023 amounted to Euro 2,600 thousand compared to Euro 1,818 thousand at December 31, 2022. The account mainly includes the minority interests in the subsidiaries. FDM GmbH, FEA.

The changes compared to December 31, 2022 were as follows:

- the change in scope of consolidation with the sale of Toba PNC, an increase of Euro 1,279 thousand;
- the non-controlling interest share of the losses of the subsidiaries FDM GmbH and FEA, in the amount of Euro 498 thousand.

[17] Basic and diluted earnings per share

At December 31, 2023, the shares in circulation numbered 53,600,000 and the treasury shares held by Piovan S.p.A. amounted to 2,567,539.

Earnings per share was calculated by dividing the net profit attributable to the shareholders of the Parent Company by the weighted average number of ordinary shares in circulation during the reporting period. As mentioned in relation to the Group's equity, ordinary shares were repurchased in Q1 2023. In addition, it should be noted that in the context of the 2020 - 2022 Performance Shares Plan and the 2023 - 2025 Long Term Incentive Plan, there are ordinary shares that could be assigned at the end of the vesting period, drawing on treasury shares in the portfolio and which could have a diluting effect.

The calculation of the basic earnings per share is as follows:

Basic earnings per share	31.12.2023	31.12.2022
Net Profit Attributable to Owners of the Parent (in thousands of Euros)	49,400	34,588
Weighted average number of ordinary shares (in thousands of units)	50,888	50,953
Basic earnings per share (in Euros)	**0.97**	**0.68**

The diluted earnings per share is as follows:

Diluted earnings per share	31.12.2023	31.12.2022
Net Profit Attributable to Owners of the Parent (in thousands of Euros)	49,400	34,588
Weighted average number of ordinary shares (in thousands of units)	51,356	51,330
Diluted earnings per share (in Euros)	**0.96**	**0.67**

[18] Current and non-current financial liabilities

The account is broken down as follows:

Current financial liabilities	31.12.2023	31.12.2022
Short-term bank borrowings	666	7,001
Current portion of long-term loans	36,567	32,692
Other loans and borrowings	23,240	3,503
Current financial liabilities	**60,473**	**43,196**

Non-current financial liabilities	31.12.2023	31.12.2022
Medium to long-term bank loans	79,624	107,311
Other loans and borrowings	14,497	35,459
Non-current financial liabilities	**94,121**	**142,770**

"Other current financial liabilities" increased significantly, with a simultaneous decrease in "Other non-current financial liabilities" following the reclassification of the earn-out payable, which is expected to be paid to the selling shareholders of IPEG Inc. by June 30, 2024, as per the contractual agreements.

A breakdown by contract is provided below of "Medium to long-term bank loans" and the "Current portion of medium to long-term loans" at December 31, 2022, and December 31, 2023, as well as the main features of the bank loans by maturity:

Currency	Original amount (EUR)	Maturity	Interest rate	Terms	31.12.2023			31.12.2022		
					Residual debt	Current	Non-current	Residual debt	Current	Non-current
EUR	7,000	03/05/2024	Fixed	0.54%	883	883	-	2,643	1,759	883
EUR	5,000	05/02/2025	Variable	Euribor 6m+0,65%	1,500	1,000	500	2,500	1,000	1,500
EUR	7,000	07/04/2024	Variable	Euribor 6m+0,85%	875	875	-	2,625	1,750	875
EUR	2,000	24/06/2023	Fixed	0.35%	-	-	-	335	335	-
EUR	20,000	14/10/2025	Fisso	0.67%	8,000	4,000	4,000	12,000	4,000	8,000
EUR	4,125	23/12/2028	Variable	Euribor 6m+0,6%	2,946	589	2,357	3,536	589	2,946
EUR	5,000	05/05/2023	Fixed	0.01%	-	-	-	1,667	1,667	-
EUR	10,000	22/11/2024	Fixed	0.25%	3,342	3,342	-	6,675	3,333	3,342
EUR	100,000	21/01/2028	Fixed	1.34%	85,000	20,000	65,000	100,000	15,000	85,000
EUR	10,000	20/06/2025	Variable	1.05%	5,127	3,377	1,749	8,370	3,258	5,112
EUR	10,000	15/05/2027	Variable	4.41%	8,750	2,500	6,250	-	-	-
KRW	839	31/08/2026	Fixed	3.85%	-	-	-	839	298	542
KRW	372	29/06/2026	Fixed	2.03%	-	-	-	372	62	310
Reclassification of liabilities associated with assets held for sale - Toba Pnc					-	-	-	(1,211)	(360)	(852)
Bank loans					**116,423**	**36,567**	**79,856**	**140,350**	**32,692**	**107,658**
EUR	741	30/06/2031	Fixed	0.18%	704	93	611	595	37	558
Other					**704**	**93**	**611**	**595**	**37**	**558**
Total					**117,127**	**36,660**	**80,467**	**140,945**	**32,729**	**108,216**

Loans are recognised at amortised cost and include arrangement expenses of Euro 232 thousand recognised as a reduction to the residual debt.

Financial liabilities changed during the year as follows:

€/000	Current fincial liabilities				Non current fincial liabilities		
	Short-term bank borrowings	Current portion of long-term loans	Other loans and borrowings	Total current financial liabilities	Medium to long-term bank loans	Other loans and borrowings	Total non-current financial liabilities
31.12.2022	7,001	32,692	3,503	**43,196**	107,311	35,459	**142,770**
Change in consolidation area	-	-	-	**-**	-	-	**-**
Disbursements/(Refunds)	(6,335)	(31,427)	(4,013)	**(41,775)**	7,500	127	**7,627**
Change in translation reserve	-	-	(68)	**(68)**	-	(952)	**(952)**
Increase/(decrease) for lease	-	-	920	**920**	-	2,761	**2,761**
Reclassifications from non-current to current	-	35,301	22,898	**58,199**	(35,187)	(22,898)	**(58,085)**
31.12.2023	**666**	**36,567**	**23,240**	**60,473**	**79,624**	**14,497**	**94,121**

As required by IFRS 7, the following table show cash flows relating to the Group's financial liabilities by maturity.

31.12.2023	Total	Total flows	Within 1 year	From 2 to 5 years	Over 5 years
Finanziamenti bancari a medio/lungo termine	79,624	81,918		81,918	
Ordinary bonds beyond the financial year					
Finanziamenti per leasing					
Altri debiti finanziari	14,497	14,497		14,497	
Totale Passività non correnti	**94,121**	**96,415**		**96,415**	
Debiti bancari a breve termine	36,567	38,453	38,453		
Quota corrente finanziamenti a medio lungo termine	666	666	666		
Finanziamenti per leasing					
Altri debiti finanziari	23,240	23,240	23,240		
Passività finanziarie correnti	**60,473**	**62,359**	**62,359**		

The Company has entered into an IRS contract to hedge interest rate fluctuations on one of its variable rate loans. The residual notional value of the instrument is Euro 875 thousand and the fair value is positive and equal to Euro 19 thousand.

[19] Employee benefits plans

Employee liabilities at December 31, 2023 amounted to Euro 5,635 thousand compared to Euro 5,445 thousand at December 31, 2022.

The item includes (Euro 5,527 thousand at December 31, 2023 and Euro 5,363 thousand at December 31, 2022) the liabilities for the Post-employment benefits provision recorded in the companies of the Group qualifying as defined benefit plans according to IAS 19 and thus subject to actuarial calculation.

The movements in the post-employment benefits provision are shown below.

Defined Benefit Plan	31.12.2023	31.12.2022
Opening balance	**5,363**	**6,454**
Accrual	1,976	1,846
Employee benefits paid	(565)	(653)
Transfer to pension funds and INPS treasury	(1,605)	(1,204)
Translation changes	-	3
Interest cost	165	55
Actuarial reserve change	193	(1,071)
Other movements	-	(10)
TOBA reclass	-	(57)
Closing balance	**5,527**	**5,363**

The remaining part of the balance (Euro 108 thousand at December 31, 2023 and Euro 83 thousand at December 31, 2022) concerns employee benefits paid by foreign branches individually and in aggregate not significant.

Below are the actuarial assumptions underlying the determination of liabilities for employee benefit plans, comparing those used in the previous year.

Defined Benefit Plan	31.12.2023	31.12.2022
Annual discount rate	3.17%	3.77%
Annual inflation rate	2.00%	2.30%
Annual rate of increase in employee severance indemnity	3.00%	3.23%
Mortality rate	ISTAT 2016 Tables	ISTAT 2016 Tables
Retirement age	100% at the achievement of the AGO pension fund requirements	
Advances rate	2.80%	2.80%
Turnover rate	1% (based on historical company data)	

As required by the related IFRS, the following is a sensitivity analysis showing how the liability would change as the discount rate and inflation change.

Defined Benefit Plan	31.12.2023	31.12.2022
Discount rate +50bp	(262)	(192)
Discount rate -50bp	284	208
Inflation rate +50bp	204	180
Inflation rate -50bp	(192)	(140)

[20] Provisions for risks and charges

The provision for risks and charges at December 31, 2023 amounted to Euro 5,486 thousand compared to Euro 4,956 thousand at December 31, 2022. The composition and the movements of the item are shown in the following table:

Provisions for risks and charges	31.12.2022	Accruals	Releases/Uti lizations	Chanege in translation reserve	Reclass.	31.12.2023
Provision for legal and tax risks	686	40	(210)	(19)	209	706
Provision for product warranties	2,615	550	(60)	(90)	-	3,015
Provision for agents' termination benefits	176	29	-	7	-	212
Pension provision	50	7	-	-	-	57
Other provisions for risks	1,429	1,459	(1,347)	(45)	-	1,497
Provisions for risks and charges	**4,956**	**2,085**	**(1,616)**	**(148)**	**209**	**5,486**

The provision for risks and charges at December 31, 2023 totaled Euro 530 thousand.

The provision for legal and tax risks at December 31, 2023 mainly includes a provision set aside by the US subsidiary for a total amount at December 31, 2023 of USD 420 thousand (Euro 380 thousand) against a potential liability linked to indirect taxation in various states.

The Provision for product warranty was set up to cover estimated warranty service charges to be incurred in the future, calculated on the basis of historical costs and expected costs relating to the machines and plants sold and still within the initial warranty period. The significant increase is attributable to the IPEG group, which grants customers a longer-than-average warranty period for certain specific products.

The provision for agents' termination benefits represents the estimated liability resulting from the application of current legislation and contractual clauses regarding the termination of agency relationships.

The item other risk provisions includes:

- an estimate of the charges necessary for the relocation of Piovan Plastic Machinery to the new plant;
- a provision for the remainder that represents the best estimate of the costs needed to fulfil existing commercial contracts (net of related economic benefits).

The main uses in the period of the Other risks provisions concerned the costs incurred by a number of Group companies to fulfill commercial contracts in place.

As better illustrated in the Directors' report, regarding the tax audit, which took place in 2023 and related to FYS 2017-2022, the Parent Company assessed that a provision connected to a potential liability arising from the findings of such tax audit is not necessary, considering the impossibility at present to determine the amount of the disbursement and, also having heard the opinion of independent primary consultants, that the risk of losing was determined unlikely.

[21] Non-current and current liabilities for options granted to non-controlling interest

At December 31, 2023, the liability was set to zero, recognizing a financial gain of Euro 481 thousand.

The items in question referred to liabilities for put options granted to the non-controlling interests of FEA. The contract stipulates that the non-controlling interests, that detain the 32% may exercise a put option on all, and not part, of their share capital in the period between 30.04.2022 and 30.04.2024. Piovan S.p.A., on the other hand, may exercise a call option - also in a single transaction and in the same period - on the 12% of share capital held by FEA's historic shareholders. The amount was reduced in response to a negative performance in the investee in recent years.

It should be noted that the conditions on the basis of which these liabilities exist, as well as their valuation made in accordance with contractual provisions, are based on estimated future forecasts of economic and financial parameters, therefore the above estimates and assumptions may differ from the historical figures reported in the financial statements due to the inherent uncertainty that characterizes the assumptions and conditions on which these estimates are based.

Therefore, the book value of the liabilities for put options described above represent the best estimate, at each reference date, of their present value, changes in valuation are reflected in the statement of profit and loss under income/(expense) from the valuation of liabilities for options granted to minority shareholders.

With regard to the subsidiary FDM, the minority shareholder of the latter holds a put option on its share (33.33%). This option has not been measured as it is subordinate to actions that the Parent Company must implement and therefore under the control of the latter.

[22] Other non-current liabilities

At December 31, 2023, these amounted to Euro 2,500 thousand compared to Euro 3,295 thousand at December 31, 2022, and are represented by payables to employees for incentive plans and by non-current tax payables of the subsidiaries Piovan Do Brasil and Piovan Plastic Machinery.

	31.12.2023	31.12.2022
Payables to employees	1,759	2,630
Tax payables	741	664
Other current liabilities	**2,500**	**3,295**

[23] Trade payables

They amounted to Euro 71,668 thousand at December 31, 2023 compared to Euro 77,292 thousand at December 31, 2022. The movement in this item on December 31, 2022 mainly derives from the reduction in the timing of payments.

[24] Advance from customers

At December 31, 2023, Advances from customers amounted to Euro 37,445 thousand compared to Euro 50,248 thousand at December 31, 2022. This item refers to advances received by customers and relating to contracts where performance obligations are met at a point in time.

[25] Tax liabilities and social security contributions

They amount to Euro 11,388 thousand at December 31, 2023 compared to Euro 11,285 thousand at December 31, 2022. The account is broken down as follows:

	31.12.2023	31.12.2022
Social security contributions	4,372	3,935
VAT liabilities	2,954	3,104
Tax withholdings for employees	1,910	1,638
Income tax liabilities (IRES and IRAP)	2,152	2,525
Other	-	84
Tax liabilities and social security contributions	**11,388**	**11,285**

[26] Other current liabilities

They amounted to Euro 27,122 thousand at December 31, 2023 compared to Euro 23,092 thousand at December 31, 2022. The account is broken down as follows:

	31.12.2023	31.12.2022
Payables to employees	15,488	12,383
Payables to parent company	410	0
Accrued income and deferred expense	4,386	3,922
Other payables	6,838	6,787
Other current liabilities	**27,122**	**23,092**

Employee payables refer to wages and salaries and accruals for vacation and leave accrued.

Payables to parent companies mainly refer to the parent company Piovan S.p.A. and concern estimated current taxes based on performance for the period in accordance with the tax consolidation contract in place with the parent company, Pentafin S.p.A.. The balance at December 31, 2022 was a credit. Accruals and deferred income include accrued expenses for the period and deferred income related to future periods.

Notes to the Consolidated Statement of Profit and Loss

For the purpose of comparison with the previous year, it should be noted that 2022 includes only 11 months of the IPEG group, which was consolidated as of February 1, 2022, the date on which a controlling interest was acquired.

[27] Revenues

Revenues amounted to Euro 559,099 thousand in 2023, compared to Euro 519,801 thousand in 2022, an increase of 7.6%. Revenues are shown net of discounts and rebates.

In order to provide adequate disclosure a breakdown of revenues by market and region is provided below. This breakdown is the analysis regularly monitored by Group Management.

The breakdown of revenue by market is as follows:

€/000	2023	%	2022 (*)	%	Change	Change %
Technical Polymers	430,098	*76.9%*	397,122	*76.4%*	32,976	*8.3%*
Food & Industrial Applications	42,451	*7.6%*	46,628	*9.0%*	(4,177)	*(9.0%)*
Services	86,550	*15.5%*	76,051	*14.6%*	10,499	*13.8%*
Revenue	**559,099**	***100.0%***	**519,801**	***100.0%***	**39,298**	***7.6%***

(*) 2022 includes only 11 months of the IPEG group.

Part of the revenue of the Technical Polymers Systems and the Food and Industrial Applications Systems markets derive from contracts with customers where the performance obligations, as well as the recognition of the related revenues, are met over time, as described in the "Accounting policies" section. These revenues amounted to Euro 32,122 thousand in 2023, compared to Euro 25,800 thousand in 2022. Such revenues mainly relate to the subsidiaries Penta S.r.l., Fea Ptp and Pelletron Inc.

The breakdown of revenue by region is as follows:

€/000	2023	%	2022 (*)	%	Change	Change %
EMEA	185,179	*33.1%*	185,463	*35.7%*	(284)	*(0.2%)*
ASIA	53,888	*9.6%*	44,095	*8.5%*	9,793	*22.2%*
NORTH AMERICA	299,975	*53.7%*	272,670	*52.5%*	27,305	*10.0%*
SOUTH AMERICA	20,057	*3.6%*	17,573	*3.4%*	2,484	*14.1%*
Revenue	**559,099**	***100.0%***	**519,801**	***100.0%***	**39,298**	***7.6%***

(*) 2022 includes only 11 months of the IPEG group.

Revenues in EMEA include revenues in Italy which amounted to Euro 51,184 thousand in 2023 and Euro 59,076 thousand in the previous year.

For further information, reference should be made to the "Group operating performance" section.

[28] Other revenue and income

Other revenue amounts to Euro 11,422 thousand, a slight decrease from the Euro 11,594 thousand of 2022. This item is broken down as follows:

€/000	2023	2022
Accessory transport services for sales	6,559	8,045
Grants	1,066	994
Contingency	670	568
Gains for disposal of tangible and intangible assets	54	162
Insurance compensation	1,018	15
Agency commissions	38	16
Increase in fixed assets for internal works	91	225
Other	1,926	1,568
Other revenues and income	**11,422**	**11,594**

Accessory transport services for sales mainly refers to revenues from transport ancillary services related to sales transactions with customers.

Grants related to income are mainly represented by grants for research and development of Piovan S.p.A.

Insurance premiums include an insurance claim of Euro 1,018 thousand received by a subsidiary against damages incurred on an order under construction.

Other Revenue mainly includes recharges and penalties applied to customers.

[29] Costs of raw materials, components and goods and changes in inventories

This item amounted to Euro 248,653 thousand in 2023 compared to Euro 239,706 thousand in the previous year. This item is broken down as follows:

	2023	2022
Costs of raw materials, components and goods	233,629	243,517
Costs of consumables	9,243	9,969
Change in raw materials and goods	1,910	(8,377)
Change in finished goods and semi-finished products	3,872	(5,403)
Costs of raw materials, components and goods and changes in inventories	**248,653**	**239,706**

This increase is mainly due to an increase in sales and the sales mix compared to the previous year.

[30] Services

Service costs amounted to Euro 108,067 thousand in 2023, compared with Euro 106,113 thousand in 2022, increasing Euro 1.8%.

This item is broken down as follows:

€/000	2023	2022
Outsourcing	36,227	37,435
Transport	15,499	17,502
Business trips and travel	6,959	6,117
Agency commissions	16,213	14,799
Fees to directors, statutory auditors and independent auditors	2,853	2,353
Consultancies	5,377	6,301
Maintenance and repairs	4,766	4,036
Marketing and advertising	3,897	3,476
Utilities	2,546	2,699
Insurance	2,530	1,223
Telephone and connections	979	899
Other costs for services	6,119	6,359
Rental expenses	2,265	1,520
Leases	232	227
Hires	1,605	1,166
Services	**108,067**	**106,113**
of which non-recurring	435	979

In 2023, non-recurring service costs of Euro 435 thousand were incurred in relation to the acquisition of the IPEG group and to the ongoing reorganization process (Euro 979 thousand in 2022).

The most significant service costs concern the parent company Piovan S.p.A. and the subsidiaries Universal Dynamics, Penta S.r.l. and the IPEG group.

The main cost accounts also from an industrial process viewpoint refer to:

- outsourcing costs amounting to Euro 36,227 thousand in 2023 (33.5% of total service costs) determined by the production methods of the Group, which concentrates internally processing and high value added and core activities. In 2022, this item amounted to Euro 37,435 thousand (35.3% of total Service Costs). Outsourcing as a percentage of revenue and in absolute terms improved on the previous year due to the different product mix.
- transport costs on purchases and sales, which totaled Euro 15,499 thousand in 2023, equal to 14.4% of service costs, compared to 16.5% from the previous year. The increase in value is due to the increase in sales volumes;
- business trips and travel relating to both commercial activities and customer relations, and travel to customers' production sites to carry out installation and start-up and customer assistance.

Rent, lease and similar costs include costs related to rental agreements that do not meet the characteristics for the application of IFRS 16.

For information on the Group's research and development spending, see the paragraph “Group operating performance” of the Directors' Report.

[31] Personnel expenses

Personnel expense amounted to Euro 130,568 thousand compared with Euro 119,660 thousand in 2022. A breakdown of personnel expenses and the workforce by category is provided below:

€/000	2023	2022
Wages and salaries	101,849	98,127
Social security contributions	24,836	17,668
Costs for defined benefit plans	2,058	1,912
Other expenses	1,826	1,954
Personnel expenses	**130,568**	**119,660**
of which non-recurring	-	**102**

Personnel expense increased Euro 10,908 thousand on 2022. The increase is due mainly to the increase in workforce compared to the previous year, to increases in national collective bargaining agreements in Italy, and to the share of bonuses and incentive plans for the year. Personal expense as a percentage of total revenues and other income was 22.9% in 2023, compared to 22.5% in 2022.

The Group's workforce is broken down by category below.

	2023		2022	
	period end	average	period end	average
Managers	43	42	41	37
Junior managers	114	115	108	109
White collars	1,053	1,042	1,042	1,015
Blue collars	595	599	613	594
Total	**1,805**	**1,797**	**1,804**	**1,756**

[32] Other expenses

This item amounted to Euro 4,818 thousand, compared with Euro 4,295 thousand in the previous year. This item is broken down as follows:

€/000	2023	2022
Other taxes and duties	1,212	2,608
Losses from the sale of tangible fixed assets	423	-
Bad debt provision	953	30
Entertainment costs	356	315
Provision for legal and tax risks	256	(131)
Provision for product warranty	507	859
Provision for additional client expenses	29	17
Other	1,082	597
Other expenses	**4,818**	**4,295**

Other taxes and duties mainly includes indirect taxes on property and local taxes in the various countries and in particular in Brazil and the United States.

[33] Amortisation and depreciation

This item amounted to Euro 13,760 thousand compared with Euro 16,929 thousand in the previous year. This item is broken down as follows:

€/000	2023	2022
Amortisation	5,322	8,578
Depreciation	4,272	3,688
Right of use depreciation	3,890	4,181
Impairment loss on intangible assets	276	482
Depreciation & amortisation	**13,760**	**16,929**

This item decreased from the previous year given that 2022 included amortization recognised following the acquisition of the IPEG group on intangible assets the useful lives of which expired in 2023.

Write-downs of intangible assets include the impairment of Energys goodwill, which was written down in 2023, whereas 2022 included the impairment of Toba goodwill.

[34] Financial income and expenses

The account presented net expenses of Euro 1,531 thousand in 2023, compared to net expenses of Euro 1,983 thousand in 2022. This item is broken down as follows:

€/000	2023	2022
Interest income	1,129	284
Income on financial assets	504	152
Other financial income	164	307
Financial income	**1,797**	**743**
Bank interest expenses	2,343	1,735
Other interest expenses	361	511
Other financial expenses	624	480
Financial expense	**3,328**	**2,727**
Net financial income (charges)	**(1,531)**	**(1,983)**

Financial income is mainly attributable to the Parent Company and includes interest income on deposits.

Financial expenses include the effect of the fair value measurement of securities at December 31, 2023, equal to a net loss of Euro 31 thousand.

[35] Net exchange rate gain/(losses)

This item amounted to net losses of Euro 1,214 thousand in 2023 compared with net gains of Euro 2,410 thousand in 2022. This item is broken down as follows:

	2023	2022
Exchange rate gains	7,249	10,108
Exchange rate losses	(8,463)	(7,698)
Net exchange rate gain (losses)	**(1,214)**	**2,410**

Unrealized foreign exchange gains included under Foreign exchange gains amounted to Euro 4,912 thousand in 2023 (67.8% of foreign exchange gains for the year) and Euro 8,016 thousand in 2022 (79.3% of foreign exchange gains for the year).

Unrealized foreign exchange losses included under Foreign exchange losses amounted to Euro 6,474 thousand in 2023 (76.5% of foreign exchange losses for the year) and Euro 5,897 thousand in 2022 (76.6% of foreign exchange losses for the year), respectively.

The sharp increase on the previous year is mainly attributable to the IPEG group and the trends in the US dollar against the Euro. More specifically, in 2022 the total included a currency gain of Euro 1,740 thousand related to a loan in euros that Piovan S.p.A. disbursed to Piovan North America, which, due to trends in exchange rates, generated a loss of Euro 892 thousand for the subsidiary in 2023.

[36] Gains/(losses) on liabilities for option granted to non-controlling interests

The item reports net income of Euro 481 thousand in 2023 compared to net income of Euro 260 thousand in 2022.

The amount recognized is the result of the adjustment of the liability for put options payable to the minority shareholders of FEA Ptp. For further details, reference should be made to Note [21].

[37] Profit/(Losses) from equity investments carried at equity

The item amounted to net profit of Euro 1,171 thousand in 2023 (Euro 972 thousand in the previous year), and related to investments measured using the equity method. Reference should be made to note [4] for further information.

[38] Profit (losses) from disposals of assets held for sale

This includes the income attributable to the Group from the sale of the investment in Toba PNC and consequent loss of a controlling interest.

[39] Income Taxes

This item amounted to Euro 15,990 thousand in 2023 compared with Euro 11,509 thousand in 2022. Income taxes have been determined taking into account the best estimate of the average annual tax rate expected for the whole year. Reference should be made to Note [6] in relation to changes in deferred tax assets and liabilities and the nature of these.

	2023	2022
Current tax liabilities	19,846	16,056
Deferred/advance taxes	(3,517)	(2,481)
Previous years taxes	(340)	(2,067)
Income taxes	**15,989**	**11,509**

In 2022, prior-period taxes mainly include the tax savings related to the Patent Box agreement for the period 2018-2021.

Income taxes can be reconciled as follows to the pre-tax profit or loss shown in the statement of profit and loss:

€/000	2023	2022
Result before taxes	64,899	46,350
Income taxes calculated using the theoretical IRES rate (24%)	(15,576)	(11,124)
Irap	(1,737)	(1,539)
Effect of different taxation on companies operating abroad	1,259	(2,117)
Non recurring effects (patent box 2018-2022)	-	2,839
Other movements	65	432
Income taxes	**(15,989)**	**(11,509)**

The tax rate used for the reconciliation for the year is 24%, which corresponds to the IRES rate applicable in Italy, the jurisdiction in which the taxable income is mainly earned.

Other information

Non-recurring items

Consob Communication no. DEM/6064293 of July 28, 2006 requires information on significant events and transactions whose occurrence is non-recurring or on transactions or events that do not occur frequently in the normal course of business.

Non-recurring income relates to non-exceptional income items.

The following non-recurring income and expenses were identified in 2023 and 2022:

Non-recurring items (€/000)	2023	2022
Non-recurring costs related to acquisitions and reorganizations	(381)	(979)
Personnel expenses	-	(102)
Non-recurring costs related to the construction of the new factory in China	(54)	-
Goodwill impairments	(276)	(482)
Put-option release	481	260
Income from the sale of Toba	1,337	-
Patent-box relief 2018-2022	-	2,839
Total	**1,107**	**1,536**

Long term incentive plans

On May 12, 2020, the Shareholders' Meeting of the Parent Company approved three medium/long-term incentive plans, which aim to retain and incentivize those beneficiaries who are key players in achieving the Group's objectives. This will align the remuneration of these beneficiaries with increases in value and return on shareholder investment.

The first plan, called the "2020-2022 Performance Shares Plan", stipulates that the beneficiaries are identified from among the Executive Directors, excluding the Executive Chairperson, and the Senior Executives at the PiovanGroup companies, providing for the free allocation of Piovan S.p.A. shares already held by the Company. Furthermore:

- the first cycle came to a close in 2022, and in January 2023, 93,255 shares, representing all of the shares planned, were assigned to plan participants.
- the second cycle came to a close in 2023, and in January 2024, 161,113 shares, representing all of the shares planned, were assigned to plan participants.

The second, called the "2020-2022 Long-Term Monetary Incentive Plan", establishes that the beneficiaries are identified from among the Executives and employees or collaborators at the PiovanGroup's companies, providing for monetary incentives. The plans commenced from their approval by the Shareholders' AGM and conclude on December 31, 2022, comprising three rolling cycles (vesting periods), each of three years, with the last period concluding in 2024. The vesting periods concern periods on the conclusion of which the shares of the company, or a monetary incentive, shall be granted or issued to beneficiaries, on verification of the achievement for each cycle of the performance objectives linked to the Group's sales volumes and consolidated EBITDA by the Board of Directors and within the limits and according to the means indicated in the respective regulations and disclosure documents. The first cycle came to a close in 2022, and the amounts due were paid in 2023. In 2023, the second cycle came to a close, and the amounts due will be paid in 2024.

The third plan, called the “2020-2022 Phantom Stock Option Plan”, is for the Executive Directors and Senior Executives at PiovanGroup’s companies. This is a long-term plan divided into three cycles (also known as “Vesting Periods”), each lasting three years. The Vesting Periods are the periods at the end of which it is possible to request payment of the incentive. The duration of the Phantom Stock Option Plan, therefore, is from the date of the plan’s approval by the Ordinary Shareholders' Meeting until the date the incentive is paid. This will be in 2025, while the last Vesting Period will end on December 31, 2024. The first cycle came to a close in 2022, and the amounts due were paid in 2023. In 2023, the second cycle came to a close, and the amounts due will be paid in 2024.

Finally, on April 24, 2023, the Shareholders’ AGM approved the new stock grant plan for ordinary company shares, called the “2023-2025 Long Term Incentive Plan”. This new plan is divided into three cycles (the first covering the 2023- 2025 vesting period, the second covering the 2024-2026 vesting period, and the third covering the 2025-2027 vesting period). Beneficiaries of the plan are individually identified by the Board of Directors, upon the proposal of the Chairperson of the Board of Directors, and having heard the opinion of the Nomination and Remuneration Committee, as the Executive Directors (excluding the Executive Chairperson) and the Senior Executives (as formally identified), with additional beneficiaries identified by the Chairperson of the Board of Directors from among the employees and/or collaborators of the Company or Subsidiaries due to the strategic importance of the roles, as follows:

- by December 31, 2023 for the First Cycle;
- by December 31, 2024 for the Second Cycle;
- by December 31, 2025 for the Third Cycle;

The allocation of the Initial Rights will take place free of charge, with the relevant Beneficiaries not required to pay any consideration to the Company for such allocation.

Initial rights will be allocated based on performance rights (90%), linked to the achievement of certain Group targets, and retention rights (10%), linked to continued employment. Performance Rights may accrue in a range from 0 to approximately 120% of the Initial Rights. The Performance Goals for each Cycle are set by the Board of Directors, after consultation with the Nomination and Remuneration Committee, in accordance with the provisions of the Plan, and communicated to each Beneficiary, for the First Cycle, indicatively by June 30, 2023, and for each subsequent Plan Cycle indicatively by March 31 of the first year of that Plan Cycle. Performance targets are based on both "market conditions" and "non-market conditions”. Furthermore, it is underlined that the Plan's goals include objectives related to ESG topics.

See Note [15] for further details on the plans.

Classes of financial instruments and fair value hierarchy

With reference to the breakdown of financial assets and liabilities required by IFRS 7, there were no transfers between the fair value levels indicated in IFRS 13 and those reported in the Consolidated Financial Statements at December 31, 2022.

31.12.2023	IFRS 9 categories	Book value	Level 1	Level 2	Level 3
Current accounts and post office deposits	Receivables and loans	79,246		79,246	
Cash equivalent	Receivables and loans	13,500		13,500	
Cash	Receivables and loans	39		39	
Cash and cash equivalents		**92,785**		**92,785**	
Trade receivables	Receivables and loans	79,979			79,979
Financial assets		6,556	6,556		
Total financial assets		**179,320**	**6,556**	**92,785**	**79,979**
Bank borrowings	Liabilities at amortised cost	79,624		79,624	
Payables to other lenders	Liabilities at amortised cost	14,497		14,497	
Non-current financial liabilities		**94,121**		**94,121**	
Short-term bank loans	Liabilities at amortised cost	666		666	
Short-term bank loans	Liabilities at amortised cost	36,567		36,567	
Payables to other lenders	Liabilities at amortised cost	23,240		23,240	
Current financial liabilities		**60,473**		**60,473**	
Trade payables	**Liabilities at amortised cost**	**71,668**			**71,668**
Advances from customers	**Liabilities at amortised cost**	**37,445**			**37,445**
Liabilities for commitments and put options	**Liabilities at fair value**				
Total financial liabilities		**263,707**		**154,594**	**109,113**

31.12.2022	IFRS 9 categories	Book value	Level 1	Level 2	Level 3
Current accounts and post office deposits	Receivables and loans	74,344		74,344	
Cash equivalent	Receivables and loans	20,000		20,000	
Cash	Receivables and loans	21		21	
Cash and cash equivalents		94,532		94,532	
Trade receivables	Receivables and loans	90,344			90,344
Financial assets	Receivables and loans	6,815	6,815		
Total financial assets		**191,691**	**6,815**	**94,532**	**90,344**
Reclassification to financial assets held for sale and discontinued operations		(740)		(167)	(573)
Total financial assets		**190,951**	**6,815**	**94,365**	**89,771**
Bank borrowings	Liabilities at amortised cost	107,852		107,852	
Payables to other lenders	Liabilities at amortised cost	35,895		35,895	
Non-current financial liabilities		**143,747**		**143,747**	
Short-term bank loans	Liabilities at amortised cost	7,001		7,001	
Short-term bank loans	Liabilities at amortised cost	32,990		32,990	
Payables to other lenders	Liabilities at amortised cost	4,132		4,132	
Current financial liabilities		**44,123**		**44,123**	
Trade payables	**Liabilities at amortised cost**	**77,763**			**77,763**
Advances from customers	**Liabilities at amortised cost**	**50,785**			**50,785**
Liabilities for commitments and put options	**Liabilities at fair value**	**481**			**481**
Total financial liabilities		**316,899**		**187,870**	**129,029**
Reclassification to financial liabilities held for sale and discontinued operations		(2,913)		(1,904)	(1,009)
Total financial liabilities		**313,987**		**185,966**	**128,020**

Related party transactions

During 2023 and 2022, the Group had commercial relations with some related parties of the Group.

In accordance with the provisions of IAS 24, the following entities are considered Related Parties: (a) companies that directly or indirectly through one or more intermediate companies, control, or are controlled or are under common control with the reporting entity; (b) associated companies; (c) natural persons who directly or indirectly have voting power in the reporting entity that gives them a dominant influence over the company and their immediate family members; (d) key management personnel, i.e. those who have the power and responsibility for planning, directing and controlling the activities of the reporting entity, including directors and officers of the company and the immediate family members of such persons; (e) companies in which any natural person described under (c) or (d) has, directly or indirectly, significant voting power, or over which such person has such power. Case (e) includes undertakings owned by the directors or major shareholders of the reporting entity and undertakings which have a manager with strategic responsibilities in common with the reporting entity.

All transactions are regulated at market conditions for goods and services of equal quality.

Transactions at 31.12.2023	Nature of transactions	Property Plant & Equipement and IFRS16	Current trade receivables	Other current assets	Trade payable	Current financial liabilities	Non current financial liabilities	Other non current liabilities	Other current liabilities	Revenues	Expenses
Pentafin S.p.A.	Piovan S.p.A. parent company		1						410		
CMG S.p.A.	Associated company				600					8	2,993
Penta Auto Feeding India Ltd.	Subsidiary		72		8					36	
NuVu Conair Private Ltd	Associated company		126							1,076	
Nicola Piovan	Chairman of the BoD of Piovan S.p.A. and Sole shareholder of Pentafin S.p.A.	157		11		50	118		57		1,306
Filippo Zuppichin	Chief executive officer and shareholder of Piovan S.p.A.	11				11		364	605		1,650
Members of BoD (except President an the CEO)	Directors								55		175
TOTALE		**168**	**199**	**11**	**608**	**61**	**118**	**364**	**1,127**	**1,120**	**6,123**

Transactions at 31.12.2022	Nature of transactions	Property Plant & Equipement and IFRS16	Current trade receivables	Other current assets	Trade payable	Current financial liabilities	Non current financial liabilities	Other non current liabilities	Other current liabilities	Revenues	Expenses
Pentafin S.p.A.	Piovan S.p.A. parent company		1	332							
CMG S.p.A.	Associated company				762					32	2,925
Penta Auto Feeding India Ltd.	Subsidiary		104							40	
Nicola Piovan	Chairman of the BoD of Piovan S.p.A. and Sole shareholder of Pentafin S.p.A.	220		13		50	168		57		1,430
Filippo Zuppichin	Chief executive officer and shareholder of Piovan S.p.A.	23				13	11	543	508		1,245
Members of BoD (except President an the CEO)	Directors								38		181
TOTALE		**243**	**105**	**345**	**762**	**63**	**179**	**543**	**603**	**72**	**5,782**

Commitments and risks

At December 31, 2023, the Group provided guarantees to third parties as indicated below:

- Euro 5,547 thousand for guarantees in favor of third parties against advances received for contract work-in-progress;
- Euro 16,419 thousand for guarantees in favor of third parties of the Parent Company Piovan S.p.A.;

At December 31, 2023, the parent company Piovan S.p.A. provided sureties in favor of credit institutions in the interest of subsidiaries and subject to the control of the parent company for a total of Euro 8.5 million.

In addition, commitments related to lease agreements that are not recognized as liabilities in accordance with IFRS 16 total approximately Euro 4,101 thousand.

Contingent liabilities and contingent assets

We are not aware of the existence of further disputes or proceedings that are likely to have significant repercussions on the Group's financial performance or standing other than as described in the Directors' Report and in the notes to the consolidated financial statements.

We are not aware of any contingent assets of significance to the Group's financial performance or standing.

Disbursements from the Public Administration – Transparency obligations under Italian Law No. 124 of 2017

Provided below is a list of subsidies, grants, paid positions, and other economic benefits of any kind received from public bodies or from other entities defined under Article 1(125) of Law 124 of 2017 by companies of the Group in 2022:

Piovan S.p.A.:

In 2023, Piovan S.p.A. made use of the energy and gas tax credit allowed under Aid Decree 50/2022 of May 17 as amended and related to the fourth quarter 2022 and to the first and second quarter of 2022, in the amount of Euro 144,719.52.

With reference to the tax credit for research, development and innovation, as per Law 160/2019 as amended, the Company has used in 2023 an amount equal to Euro 149,238.26 (of which Euro 53,169.26 for the second tranche 2021 and Euro 96,069.00 for the first tranche 2022).

With regard to the tax credit for capital goods spending, as per Law 178/2020 as amended, the Company used Euro 69,060 of this credit in 2023.

Based on that indicated in the National Aid Register, the Company disposed of a guarantee received in 2022 within the scope of COVID-19 state aid (SME guarantee fund for state aid SA 569666 – 2020(N) – Direct guarantee) in the amount of Euro 306,029.45.

- In 2022, the Company received a grant of Euro 21,160 for training programs from Fondimpresa.

- On March 10, 2020, the Company submitted an application with the Ministry for Economic Development based on the Agreements for Innovation (Ministerial Decree 24.05.2017) for a research and development project entitled "PIOVAN - Smart Factory": which concerns next-generation machinery for the processing of plastics in both granular and powdered form, including from the recycling process, which can be easily integrated into an interconnected system that can share data with customer systems.

The project concerns the development of a series of advanced, highly efficient auxiliary machines for the storage, transport and processing of polymers in both granular and powder form that feature a greater level of control and can be easily integrated into an entire automated line. The ultimate goal of Piovan S.p.a. is to create an advanced, self-adapting system that will enable customers to run their factories with fewer defects, a better use of energy and other resources, and greater process safety, so as not to lose competitive advantage in the transition to Industry 4.0.

Project F/130047/00/X38 was approved by the Ministry for Economic Development on August 6, 2020, by way of Decree No. 3014, for a total cost of Euro 8,236,169.08 and with the following facilities:

- Ministry spending grant Euro 1,647,233.82
- Ministry subsidized financing Euro 411,808.45
- Subsidized financing by the Veneto Region Euro 411,808.45

The project was begun on April 1, 2019. On September 30, 2020, partial suspension of the program was requested in response to COVID. The project came to a close on August 31, 2022.

On January 20, 2021, the first progress report was submitted for costs incurred for the period April 1, 2019, to August 6, 2020, for a reported cost of Euro 2,353,643.36, approved for Euro 2,234,241.70. In relation to these costs, the company received the following disbursements:

- - On December 22, 2021, spending grant in the amount of Euro 446,848.34
- - On December 22, 2021, subsidized financing of Euro 111,712.09 from the Ministry for Economic Development and Euro 111,712.09 from the Region of Veneto.

On May 8, 2021, the second progress report was submitted for costs incurred for the period August 7, 2020, to February 6, 2021, for a reported cost of Euro 1,232,436.82, approved for Euro 1,224,698.51. In relation to these costs, the company received the following disbursements:

- - On March 3, 2022, spending grant in the amount of Euro 244,939.70
- - On March 3, 2022, subsidized financing of Euro 61,234.92 from the Ministry for Economic Development and Euro 61,234.92 from the Region of Veneto.

On December 13, 2021, the third progress report was submitted for costs incurred for the period February 7, 2021, to August 6, 2021, for a reported cost of Euro 1,321,354.56, approved for Euro 1,319,442.03. In relation to these costs, the company received the following disbursements:

- - On July 14, 2022, spending grant in the amount of Euro 263,888.41
- - On July 14, 2022, subsidized financing of Euro 65,972.10 from the Ministry for Economic Development and Euro 65,972.10 from the Region of Veneto.

On June 12, 2022, the fourth progress report was submitted for costs incurred for the period August 7, 2021, to February 6, 2022, for a reported cost of Euro 1,172,306.16, approved for Euro 1,171,057.19. In relation to these costs, the company received the following disbursements:

- On December 5, 2022, spending grant in the amount of Euro 234,211.44
- - On December 5, 2022, subsidized financing of Euro 58,552.86 from the Ministry for Economic Development and Euro 58,552.86 from the Region of Veneto.

On November 23, 2022, the balance of costs incurred for the period February 7, 2022, to August 31, 2022, for a reported cost of Euro 1,775,554.85, approved for Euro 1,714,606.12. In relation to these costs, the company received the following disbursements:

- On December 21, 2023, spending grant in the amount of Euro 292,622.55
- On December 21, 2023, subsidized financing of Euro 73,155.64 from the Ministry for Economic Development and Euro 73,155.64 from the Region of Veneto.

Finally, on May 23, 2023, the final report was issued, which includes a summary of the entire project with a specification of the approved spending; therefore, the definitive approved spending totaled Euro 7,664,045.55.

Remuneration paid to Directors and Statutory Auditors

Remuneration paid to Directors, Statutory Auditors and Senior Managers for the year ended December 31, 2023 compared to the previous year are shown below:

€/000	2023	2022
Directors	2,868	2,606
Managers with strategic responsibilities	1,952	1,521
Statutory auditors	75	75

Disclosure pursuant to Article 149-duodecies of the Consob Issuers' Regulation – fees for independent auditors

The following table, prepared pursuant to Article 149 of the Consob Issuers´ Regulation, reports:

- the fees for 2023 for audit services
- for those other than audit services, rendered by the same audit firm in office
- and from companies in its network.

Type of service	Person who provided the service	Recipient	Fees 2023
External audit of accounts	Auditor of the parent company	Parent company	136
External audit of accounts	Auditor of the parent company	Subsidiaries	108
External audit of accounts	Network of the parent company's auditors	Subsidiaries	248
Review of the half-yearly financial statements	Auditor of the parent company	Parent company	35
Review of the half-yearly financial statements	Auditor of the parent company	Subsidiaries	23
Review of the half-yearly financial statements	Network of the parent company's auditors	Subsidiaries	38
External audit of accounts and review	Other auditors	Subsidiaries	235
Non-audit services	Network of the parent company's auditors	Subsidiaries	15
Non-audit services	Network of the parent company's auditors	Parent company	67
Total			**905**

Subsequent events after December 31, 2023

As presented in the Directors’ Report, the significant events after December 31, 2023, were as follows:

New facility in China

During January 2024, the Chinese subsidiary Piovan Plastic Machinery began the relocation of its manufacturing operations to a temporary site, located at No. 63 Xiangyang Road, Suzhou National High-tech Industrial Development Zone. The transfer is still in progress and is expected to be completed between March and April 2024. This temporary solution, was necessary as a result of the expiration of the lease of the premises occupied until now, and pending the completion of the construction of the new plant, located in No. 369 Tayuan Road, Suzhou National High-tech Industrial Development Zone. Once the construction of the new plant is completed, currently scheduled for the second half of 2024, Piovan Plastic Machinery will move its operations to the permanent site. No material impact on the subsidiary's operations is expected as a result of this transfer, except for the potential delay of some shipments and therefore billing from one quarter to the next.

Consolidation of Group brands and refrigeration activities

On January 31, 2024, the PiovanGroup announced the start of a process to simplify its brand architecture, the purpose of which is to develop the Group and strengthen the sense of belonging of the constituent brands, while respecting their history and identity, and to present itself with a single strong identity on the international market. Specifically, the brands "Fdm”, "Fea”, "Penta”, and "UnaDyn" as of the announcement date became "Piovan Fdm”, "Piovan Fea”, "Piovan Penta”, and "Piovan UnaDyn”. The "Conair”, "Doteco”, "Pelletron" and "Thermal Care" brands will add "PiovanGroup" as an integral part of their logos. In addition, Energys will operate as Piovan, Progema will merge into Piovan Penta, and Republic Machine into Conair.

Finally, as of the date of the announcement, Aquatech will begin operating under the Thermal Care brand as part of a broader strategic initiative in industrial and process refrigeration resulting from the integration of the activities and products of the two companies. The Group expects this consolidation to lead to the creation of a global player in the segment, with a highly-spread production capacity ranging from North America to Latin America and from Europe to Asia, alongside a comprehensive service structure which ensures a closeness to the customer in all countries in which it has a presence and operates. The integration of these business units will allow for R&D efficiencies and an expanded portfolio of products, solutions and services capable of serving a wide range of market sectors.

Acquisition of a 1% stake in Nu-Vu Conair Private Ltd

On February 6, 2024, Piovan S.p.A. and Nu-Vu Conair Private Ltd. announced the signing of an agreement stipulating the purchase by Piovan S.p.A. of 1% of the share capital of Nu-Vu, an Indian company of which Piovan already indirectly holds 50% through the subsidiary Conair Pacific Equipment PTE Ltd, from the selling shareholders of Nu-Vu. The acquisition was completed on February 14, 2024, following the satisfaction of all conditions set out under the agreement, and the PiovanGroup currently holds a total stake of 51% in Nu-Vu.

Nu-Vu Conair Pvt. Ltd. was a joint venture between Nu-Vu Engineers, Ahmedabad, India and The Conair Group (part of the PiovanGroup), Pennsylvania, USA. The joint venture began in 2007, and Nu-Vu Conair Pvt. Ltd. is currently one of the leading manufacturers of polymer processing automation systems in India. The company employs about 250 people and operates a manufacturing plant with a total area of about 150,000 sq. ft. (currently being expanded by an additional 80,000 sq. ft.) for the production of centralized vacuum conveying systems, drying systems, gravimetric dosing systems, chillers and mold temperature control units, crystallizers, conveyor belts, granulators and other polymer processing machinery. Based on the results for 2023, Nu-Vu reported revenue of approximately Euro 20.0 million, with adjusted EBITDA of approximately Euro 3.6 million.

Based on the pro-forma aggregate results[2] for 2023, the combined Group generated revenue of over € 590.5 million, with EBITDA of approximately € 82.0 million. The Transaction was funded through available cash.

Piovan S.p.A. - Tax Audit

In March 2024, due to the approaching expiry of the assessment deadlines, Piovan S.p.A. has received the tax assessment notice for 2017, which substantially reflects the findings already included in the PVC received at the end of 2023 and described in the Directors' report and in the notes of the financial statements. The receipt of such notice does not change the assessment of the Parent Company included in this document, and, furthermore, does not jeopardise the interaction started with the Tax Authority at the beginning of the 2024 regarding a potential compromise settlement.

Except for the events specified above, there were no other significant events after the reporting date.

[2] Aggregate data not subject to audit or limited review

Allocation of the result for the year

Piovan S.p.A. closed 2023 with a net profit of Euro 14,773,781.96, which the Board of Directors proposes to allocate

- to Shareholders for the distribution of a dividend totaling Euro 13,803,891.75, equal to Euro 0.27 for each share with profit rights, excluding therefore treasury shares held by the Company in compliance with Article 2357-*ter*, paragraph 2, of the Civil Code;
- to extraordinary reserve for the remaining Euro 969,890.21.

List of investments included in the consolidated financial statements and other investments

The table below lists the companies in which the Parent Company has a direct or indirect interest, together with the disclosures required by law for the preparation of consolidated financial statements.

Company name	Registered office	Country	Currency	Share capital at 31/12/2023	% shareholding	Shares held Shareholder-Partner	Consolidation method
Parent:							
Piovan S.p.A.	Santa Maria di Sala	Italy	EUR	6,000,000			
Equity investments in subsidiary companies:							
Piovan India Private Ltd	Mumbai	India	INR	350,000	100.00%	Piovan S.p.A.	Full
Piovan Plastics Machinery Ltd	Suzhou (CN)	Cina	CNY	5,088,441	100.00%	Piovan S.p.A.	Full
Piovan Do Brasil Ltda	Osasco (BRA)	Brasile	BRL	11,947,356	100.00%	Piovan S.p.A.	Full
Piovan Mexico S. A.	Queretaro (MX)	Messico	MXN	706,540	100.00%	Piovan S.p.A.	Full
Piovan Central Europe GmbH	Brunn am Gebirge (A)	Austria	EUR	35,000	100.00%	Piovan S.p.A.	Full
Piovan UK Ltd	Bromsgrove (GB)	Regno Unito	GBP	25,000	100.00%	Piovan S.p.A.	Full
Piovan Czech Republic s.r.o.	Praga (CZ)	Repubblica Ceca	CZK	200,000	100.00%	Piovan Central Europe GmbH (90%) Piovan S.p.A. (10%)	Full
Piovan France Sas	Chemin du Pognat (F)	Francia	EUR	1,226,800	100.00%	Piovan S.p.A.	Full
Universal Dynamics Inc.	Fredericksburg, Virginia (U.S. A.)	USA	USD	3,500,000	100.00%	Piovan S.p.A.	Full
Piovan GmbH	Garching (D)	Germania	EUR	102,258	100.00%	Piovan S.p.A.	Full
Piovan Canada Ltd	Mississauga - Ontario (CAN)	Canada	CAD	10	100.00%	Piovan S.p.A.	Full
Piovan Asia Pacific Ltd	Bangkok (TH)	Tailandia	THB	8,010,000	100.00%	Piovan S.p.A.	Full
FDM GmbH	Troisdorf (DE)	Germania	EUR	75,000	66.67%	Piovan S.p.A.	Full
Piovan Muhendslik Ltd	Beikoz (TR)	Turchia	TRY	10,000	100.00%	Piovan S.p.A.	Full
Penta S.r.l.	Ferrara (IT)	Italia	EUR	100,000	100.00%	Piovan S.p.A.	Full
Energys S.r.l.	Venezia (IT)	Italia	EUR	10,000	100.00%	Piovan S.p.A.	Full
Piovan Japan Inc.	Kobe (J)	Giappone	JPY	6,000,000	100.00%	Piovan S.p.A.	Full
Piovan Gulf FZE	Dubai (UAE)	Emirati Arabi	AED	1,000,000	100.00%	Piovan S.p.A.	Full
Aquatech S.r.l.	Venezia (IT)	Italia	EUR	40,000	100.00%	Piovan S.p.A.	Full
Piovan Vietnam Company Ltd	Mai Chi Tho (Vietnam)	Vietnam	VND	1,136,500,000	100.00%	Piovan S.p.A.	Full
Piovan Hungary Kft	Budapest	Ungheria	HUF	3,000,000	100.00%	Piovan Central Europe GmbH	Full
Piovan Maroc Sarl. AU	Kenitra	Marocco	MAD	1,000,000	100.00%	Piovan S.p.A.	Full
FEA Process&Technological Plants S.r.l.	Scarnafigi (CN)	Italia	EUR	20,400	68.17%	Piovan S.p.A.	Full
CMG America Inc.	Clio	Michigan	USD	70,000	100.00%	Piovan S.p.A.	Equity method
Doteco S.p.A.	Modena (IT)	Italia	EUR	1,000,000	100.00%	Piovan S.p.A.	Full
Doteco INC	Dalton, Georgia (U.S.A.)	USA	USD	75,000	100.00%	IPEG Holdings Inc.	Full
Piovan North America Llc	Delaware (USA)	USA	USD	55,655,144	100.00%	Piovan S.p.A.	Full
IPEG Holdings Inc.	Delaware (USA)	USA	USD	14,389,211	100.00%	Piovan North America Llc	Full
IPEG Inc.	Franklin, Pennsylvania (USA) Pinconning, Michigan (USA)	USA	USD	4,501,645	100.00%	IPEG Holdings Inc.	Full
Republic Machine Inc.	Kentucky (USA)	USA	USD	100	100.00%	IPEG Inc.	Full
Thermal Care Inc.	Illinois (USA)	USA	USD	1,000	100.00%	IPEG Inc.	Full
Pelletron Corp.	Pennsylvania (USA)	USA	USD	1,000	100.00%	IPEG Inc.	Full
Conair Mexicana S.A. de C.V.	Guadalupe (Mexico)	Messico	MXN	52,739,210	100.00%	IPEG Inc.	Full
International Plastics Equipement Group S.A. de C.V.	Guadalupe (Mexico)	Messico	MXN	50,000	100.00%	IPEG Inc.	Full
Pelletron Europe GmbH	Bodnegg (Germany)	Germania	EUR	25,000	100.00%	IPEG Inc.	Full
Conair Pacific Equipement Pte Ltd	(Singapore)	Singapore	SND	10,000	100.00%	IPEG Inc.	Full
Conair Trading (Shangai) Co Ltd	Shangai (China)	Cina	CNY	0	100.00%	IPEG Inc.	Full
Conair Asia Pte Ltd	(Singapore)	Singapore	SND	10,000	100.00%	IPEG Inc.	Full
Conair Asia Pte Ltd	Taiwan	Taiwan	TWD	17,900,000	100.00%	0	Full
Piovan Industrial Automation (Suzhou) Co., Ltd.	Suzhou (Cina)	Cina	CNY	40,000,000	100.00%	Piovan S.p.A.	Full
PT Piovan Technology Indonesia	Giacarta (Indonesia)	Indonesia	ID	1,000,100,000	99.00% 1.00%	Piovan S.p.A. Aquatech S.r.l.	Full
Piovan Korea	Seoul (Korea)	Corea	KRW	300,000,000	100.00%	Piovan S.p.A.	Full
Equity investments in affiliated companies:							
CMG S.p.A.	Budrio (BO)	Italia	EUR	1,250,000	20.00%	Piovan S.p.A.	Equity method
NuVu Conair Private LTD	Ahmedabad (India)	India	INR	19,915,000	50.00%	IPEG Inc.	Equity method
Penta Auto Feeding India Ltd	Navi Mumbai (India)	India	INR	10,000,000	50.00%	Penta S.r.l.	Equity method

(*) The investment in Piovan Asia Pacific Ltd is wholly owned, through direct control for 49% and indirectly through a trust for the remaining share, in order to bring the company structure in line with local regulations in relation to the activity carried out by the Company.

Santa Maria di Sala (Venezia), March 19, 2024.

For the Board of Directors

Executive Chairman

Nicola Piovan

DECLARATION OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Declaration of the consolidated annual financial statements as per article 154-bis of Leg. Decree No. 58 of 24.02.1998 and Article 81-ter of Consob regulation no. 11971 of May 14, 1999 and subsequent amendments and supplements

Santa Maria di Sala, March 19, 2024

The undersigned Filippo Zuppichin, Chief Executive Officer, and Giovanni Rigodanza, Executive Officer for Financial Reporting of Piovan S.p.A. declare, also in consideration of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:

- the accuracy of the information on company operations and
- the effective application

of the administrative and accounting procedures for the drafting of the consolidated annual financial statements for 2023.

No significant aspect emerged concerning the above.

In addition, we declare that the consolidated annual financial statements at December 31, 2023:

a) were prepared in accordance with international accounting standards, endorsed by the European Union pursuant to EU regulation No. 1606/2002 of the European Parliament and Council, of July 19, 2002;

b) correspond to the underlying accounting documents and records;

c) provide a true and fair view of the financial position, balance sheet and operating results of the issuer and of the companies included in the consolidation;

The Directors' Report includes a reliable analysis on the performance and operating result,

as well as the situation of the issuer and of the companies included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

The Chief Executive Officer

Filippo Zuppichin

The Executive Officer for Financial Reporting

Giovanni Rigodanza

AUDITORS' REPORT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Deloitte & Touche S.p.A.
Via Fratelli Bandiera, 3
31100 Treviso
Italia

Tel: +39 0422 5875
Fax: +39 0422 587812
www.deloitte.it

INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Piovan S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Piovan S.p.A. and its subsidiaries ("Piovan Group" or "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit and loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia).
Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Piovan S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment test on goodwill	
Description of the key audit matter	The consolidated financial statements include, within Intangible assets, goodwill totaling Euro 61,863 thousand, mainly allocated to the three Cash Generating Units ("CGU") of IPEG Group (for a total of Euro 40,625 thousand), and Euro 15,695 thousand pertaining to the CGU "Doteco". In accordance with International Accounting Standard "IAS 36 – *Impairment of assets*", goodwill is not amortized but tested for impairment at least once a year, by comparing the recoverable amount of each of the afore-mentioned CGUs – intended as value in use determined using the Discounted Cash Flows (DCF) method – and their carrying amount, which includes goodwill allocated to them as well as other tangible and intangible assets. Company's Management valuation process is based on assumptions concerning, among others, the CGUs' expected cash flows, deriving from business plans prepared for the period 2024-2028 and approved in March 2024 by the Board of Directors of the Company, the definition of an appropriate discount rate (WACC) and of a long-term growth rate (g-rate) for the calculation of the terminal value beyond the forecasting period. Such assumptions depend upon future expectations and market conditions which can vary upon time, with consequent effects, potentially significant, with respect to judgements made by the Directors. Considering the amount of goodwill included in the financial statements, the level of judgement involved in the estimate of the CGUs' cash flows and of the key parameters of the impairment model, we considered the impairment test as a key audit matter for the consolidated financial statements. Notes to the consolidated financial statements, and in particular Note 3, present disclosures provided by the Directors with regards to the impairment test, including the result of the test and of the sensitivity analysis performed, which describes the effects potentially deriving from changes in the key parameters used for the test.
Audit procedures performed	We have first examined the methodology used by Management in determining the value in use of the CGUs', analyzing the methods and assumptions used for the development of the impairment test. As part of our audit we have, among others, carried out the following procedures, also with the support of experts, part of our network: • identification and understanding of relevant controls implemented by the Company on the impairment test process; • examination of consistency of forecasted figures used in the test with business plans approved by Company's Directors; • analysis of reasonableness of main assumptions adopted in developing projections of the CGUs cash flows;

- analysis of actual results compared to budgeted figures for 2023 and of the nature of variances, in order to evaluate the reliability of the process used for the preparation of business plans used in the test;
- evaluation of the reasonableness of the discount rate (WACC) and of the long-term growth rate (g-rate), also through comparison with market data;
- verification of the clerical accuracy of the model used to determine the value in use of the CGUs;
- verification of the accuracy in the determination of the carrying amount of the CGUs net assets;
- verification of the sensitivity analysis prepared by Management both in terms of clerical accuracy and relevance of the analysis with respect to the key assumptions of the test.

We have also examined the appropriateness and compliance of the disclosure provided by the Group on the impairment test with the provisions of IAS 36.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Deloitte.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Piovan S.p.A. has appointed us on 14 September 2018 as auditors of the Company for the years from 31 December 2018 to 31 December 2026.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Piovan S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the consolidated financial statements as at 31 December 2023, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at 31 December 2023 have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information contained in the explanatory notes to the consolidated financial statements, when extracted from XHTML format in an XBRL instance, may not be reproduced in the same way as the corresponding information displayed in the consolidated financial statements in XHTML format.

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 [and art. 123-bis, paragraph 4, of Legislative Decree 58/98]

The Directors of Piovan S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of Piovan Group as at 31 December 2023, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of Piovan Group as at 31 December 2023 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Piovan Group as at 31 December 2023 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254

The Directors of Piovan S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Barbara Moscardi
Partner

Treviso, Italy
28 March 2024

The accompanying consolidated financial statements of Piovan S.p.A. constitute a non-official version which has not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815. 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.

ANNUAL SEPARATE FINANCIAL STATEMENTS

at December 31, 2023

SEPARATE FINANCIAL STATEMENTS

Separate Financial Statements

Statement of Financial Position

(in Euro)

ASSETS	Notes	31.12.2023	*of which related parties*	31.12.2022	*of which related parties*
			"Other Information"		*"Other Information"*
NON-CURRENT ASSETS					
Property, plant and equipment	**Note 1**	27,662,042		27,986,144	
Right of Use	**Note 2**	960,312	*167,919*	940,215	*242,711*
Intangible assets	**Note 3**	792,800		522,029	
Equity investments	**Note 4**	146,261,558	*146,259,219*	144,928,446	*144,925,769*
Non current financial assets	**Note 5**	22,500,000	*22,500,000*	29,500,000	*29,500,000*
Other non-current assets	**Note 6**	15,744		9,744	
Deferred tax assets	**Note 7**	1,075,286		1,253,613	
TOTAL NON-CURRENT ASSETS		**199,267,742**		**205,140,192**	
CURRENT ASSETS					
Inventories	**Note 8**	17,671,576		21,215,994	
Trade receivables	**Note 9**	23,664,593	*7,267,222*	25,082,679	*7,764,361*
Current financial assets	**Note10**	11,479,513	*5,469,303*	7,529,010	*972,428*
Tax receivables	**Note 11**	1,312,836		1,003,909	-
Other current assets	**Note 12**	1,549,734	*23,950*	2,415,202	*12,576*
Cash and cash equivalents	**Note 13**	45,623,993		57,277,761	
Assets held for sale and disposal groups	**Note 14**	-		-	
TOTAL CURRENT ASSETS		**101,302,245**		**114,524,555**	
TOTAL ASSETS		**300,569,987**		**319,664,747**	

LIABILITIES AND EQUITY	Notes	31.12.2023	*of which related parties*	31.12.2022	*of which related parties*
			"Other Information"		*"Other Information"*
EQUITY					
Share capital	**Note 15**	6,000,000		6,000,000	
Legal reserve	**Note 15**	1,200,000		1,200,000	
Reserve for own shares in portfolio	**Note 15**	(2,488,712)		(2,207,625)	
Other Reserves and retained earnings	**Note 15**	68,074,503		53,238,864	
Net profit (loss)	**Note 15**	14,773,782		24,345,719	
TOTAL EQUITY		**87,559,573**		**82,576,957**	
NON-CURRENT LIABILITIES					
Long-term loans	**Note 17**	79,624,052		107,310,825	
Non-current financial liabilities	**Note 17**	1,175,761	*118,000*	1,291,954	*179,051*
Employee benefits plans	**Note 18**	1,705,728		1,689,598	
Provision for risks and charges	**Note 19**	3,978,985		972,687	
Other non-current liabilities	**Note 20**	1,754,310	*364,000*	2,219,450	*543,000*
Deferred tax liabilities	**Note 7**	144,576		167,729	
TOTAL NON-CURRENT LIABILITIES		**88,383,411**		**113,652,242**	
CURRENT LIABILITIES					
Current portion of long-term loans	**Note 17**	36,566,616		32,691,920	
Current bank loans and borrowings	**Note 17**	-		7,000,000	
Current financial liabilities	**Note 17**	47,911,738	*47,438,183*	37,754,567	*37,421,128*
Trade payables	**Note 21**	25,262,585	*3,056,857*	28,783,501	*2,736,950*
Advance from costumers	**Note 22**	2,138,873		5,085,389	
Tax liabilities and social security contributions	**Note 23**	4,244,738		4,709,221	
Other current liabilities	**Note 24**	8,502,454	*1,505,847*	7,410,949	*786,103*
TOTAL CURRENT LIABILITIES		**124,627,003**		**123,435,548**	
TOTAL LIABILITIES		**213,010,414**		**237,087,790**	
		-		-	
TOTAL LIABILITIES AND EQUITY		**300,569,987**		**319,664,747**	

Statement of profit and loss

(in Euro)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS	Notes	31.12.2023	*of which related parties*	31.12.2022	*of which related parties*
		"Other Information"			*"Other Information "*
Revenue	**Note 25**	133,489,603	51,223,176	132,342,764	46,467,170
Other revenue and income	**Note 26**	5,712,101	3,491,207	2,639,136	895,048
TOTAL REVENUE AND OTHER INCOME		**139,201,704**		134,981,900	
Costs of raw materials, components and goods and changes in inventories	**Note 27**	54,989,510	2,680,186	55,028,466	4,387,374
Services	**Note 28**	25,365,157	6,340,744	26,896,271	6,166,683
Personnel expenses	**Note 29**	31,395,627	1,638,500	30,039,651	1,199,227
Other expenses	**Note 30**	1,425,660	12,718	627,109	970
Amortisation and depreciation	**Note 31**	2,468,936	74,753	2,391,144	57,333
TOTAL COSTS		**115,644,891**		**114,982,641**	
OPERATING PROFIT		**23,556,814**		**19,999,259**	
Financial income	**Note 32**	5,239,193	577,969	10,490,197	561,527
Financial Expenses	**Note 32**	(4,016,306)	(1,415,113)	(2,124,887)	(160,473)
Net exchange rate gain (losses)	**Note 33**	(22,668)		(98,138)	
Gains (losses) on liabilities for option granted to non-controlling interests	**Note 34**	(3,743,997)		-	
PROFIT BEFORE TAXES		**21,013,037**		**28,266,431**	
Income taxes	**Note 35**	6,239,255		3,920,712	
NET PROFIT		**14,773,782**		**24,345,719**	
Earnings per share					
Basic earnings per share (in Euros)	**Note 16**	**0.29**		**0.48**	
Diluted earnings per share (in Euros)	**Note 16**	**0.29**		**0.47**	

Statement of Comprehensive Income

(in Euro)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	31.12.2023	31.12.2022
Net profit	**14,773,782**	**24,345,719**
Items that may be subsequently reclassified to profit or loss:		
- Exchange rate differences		
Items that may not be subsequently reclassified to profit or loss:		
- Actuarial gains (losses) on employee benefits net of the tax effect	(31,189)	227,886
- Actuarial gains on agents' termination benefits net of the tax effect	315	10,069
Total Comprehensive income	**14,742,908**	**24,583,674**

Cash Flow Statement

(in Euro)

Cash Flow	31.12.2023	of which related parties	31.12.2022	of which related parties
OPERATING ACTIVITES				
Net profit	***14,773,782***		***24,345,719***	
Adjustments for:				
-Amortisation and depreciation	*2,468,936*		*2,391,144*	
-Investment write down	-		-	
Amortisation and depreciation	*2,468,936*		*2,391,144*	
Inventory write-down and bad debt provision	*4,160,008*		193,355	
- Net non-monetary financial (income)	*2,599,957*		2,124,887	
Change in provisions for risks and charges and employee benefits liabilities	*(14,744)*		(113,665)	
- (Plus) or minus from disposal of fixed assets	-		-	
- (Plus) or minus from disposal of fixed assets and investments	*404,458*		(104,814)	
- Unrealized currency exchange rate (gains) losses	-		-	
Dividends	*(3,503,921)*		(9,712,658)	
Other non-monetary variations	*1,765,279*		2,263,971	
Taxes	*6,239,255*		3,920,712	
Cash flows from operating activities before changes in net working capital	**28,893,008**		**25,308,651**	
(Increase)/decrease in trade receivables	*1,677,886*	*497,138*	(2,018,019)	*(1,802,134)*
(Increase)/decrease in inventories	*3,144,418*		(5,389,030)	
(Increase)/decrease in other current assets	*556,540*	*(11,374)*	140,033	*10,684*
Increase/(decrease) in trade payables	*(3,520,917)*	*319,907*	2,852,300	*782,337*
Increase/(decrease) in advance from customers	*(2,946,516)*		(91,213)	
Increase/(decrease) in other current liabilities	*(1,922,111)*	*719,744*	2,851,756	*(1,721,710)*
(Increase)/decrease in non-current assets	*23,549*		(288,319)	
Increase/(decrease) in non-current liabilities	*54,731*	*(179,000)*	(896,198)	*46,771*
Dividends received	*3,503,921*		8,814,230	
Income taxes paid	*(5,545,344)*		(5,387,608)	
CASH FLOWS FROM OPERATING ACTIVITIES (A)	**23,942,318**		**25,896,585**	
INVESTING ACTIVITIES				
(Investments) in property, plant and equipment	*(2,310,632)*		(1,382,796)	
Disinvestments in property, plant and equipment	*368,336*		300,814	
(Investments) in intangible assets	*(545,477)*		(356,492)	
	100,769		-	
Disinvestments/(investments) in financial assets	*2,504,497*	*2,503,124*	(35,155,307)	*(29,877,383)*
Disinvestments/(investments) in investments	*(1,682,876)*	*(1,333,450)*	(83,022,625)	*(83,180,625)*
Deferred price from the acquisition of controlling interest	-		(1,018,032)	
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (B)	**(1,565,383)**		**(120,634,438)**	
FINANCING ACTIVITIES	-		-	
Issuance of bank loans	*10,000,000*		109,694,000	
Repayment of bank loans	*(33,926,774)*		(21,916,554)	
Change in current bank loans and borrowings	*(7,000,000)*		(22,000,000)	
Repayment of bonds	*(2,485,260)*		(2,124,887)	
Increase/(decrease) in other financial liabilities	*9,587,823*	*9,956,004*	2,161,880	*2,290,484*
Dividends paid	*(10,206,492)*		(5,092,930)	
CASH FLOWS USED IN FINANCING ACTIVITIES (C)	**(34,030,703)**		**60,721,509**	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A ± B ± C)	**(11,653,768)**		**(34,016,345)**	
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (E)	**57,277,761**		**91,294,106**	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(11,653,768)**		**(34,016,345)**	
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (G=D+E+F)	**45,623,993**		**57,277,761**	

Statement of changes in Shareholders' Equity

(in Euro)

	Share capital	Legal reserve	Reserve for treasury shares	Other reserves and retained earnings	Profit for the year	Total Equity
Balance at 01.01.2022	**6,000,000**	**1,200,000**	**(2,249,744)**	**43,077,916**	**14,204,371**	**62,232,543**
Allocation of previous period operating profit	-	-	-	14,204,371	(14,204,371)	-
Distribution of dividends	-	-	-	(5,092,930)	-	(5,092,930)
Cancellation of treasury shares	-	-	42,119	385,881	-	428,000
Incentive plans	-	-	-	425,670	-	425,670
Other movements	-	-	-	-	-	-
Total comprehensive net income	-	-	-	237,955	24,345,719	24,583,674
Balance at 31.12.2022	**6,000,000**	**1,200,000**	**(2,207,625)**	**53,238,863**	**24,345,719**	**82,576,957**
Allocation of previous period operating profit	-	-	-	24,345,719	(24,345,719)	(0)
Distribution of dividends	-	-	-	(10,206,492)	-	(10,206,492)
Cancellation of treasury shares	-	-	(359,643)	(346,272)	-	(705,915)
Incentive plans	-	-	78,556	1,073,560	-	1,152,116
Other movements	-	-	-	-	-	-
Total comprehensive net income	-	-	-	(30,874)	14,773,782	14,742,908
Balance at 31.12.2023	**6,000,000**	**1,200,000**	**(2,488,712)**	**68,074,503**	**14,773,782**	**87,559,573**

Notes to the Separate Financial Statements

Piovan S.p.A. ("the Company" or "the Parent Company"), the parent company of the group of the same name with registered office in Santa Maria di Sala (VE), via dell'Industria 16, is a joint-stock company enrolled in the Venice Companies' Registration Office.

The shares of Piovan S.p.A. have been listed on the STAR segment of the MTA organized and managed by Borsa Italiana since October 19, 2018.

At December 31, 2023, of the Company's total share capital, in the amount of Euro 6,000,000, 58.35% was held by Pentafin S.p.A., while the remainder was distributed among private shareholders and in treasury shares.

The Company is the operative holding company of a group of companies engaged, in Italy and internationally (the "Group" or the "PiovanGroup"), in production processes for the storage, transport and treatment of polymers, recycled plastics and bio-resins ("Technical Polymers"), automation systems for the storage and transport of food fluids and food and non-food powders ("Food Systems & Industrial Applications") and technical assistance and marketing of spare parts and services ("Services"). The Group is a global leader in the Technical Polymers market in the design and production of plants and control systems for the automation of all phases of the polymers, recycled plastics and bio-resins production cycle. In particular, over recent years the Group has been particularly engaged in developing and producing systems to automate production processes for the circular economy for recycling and reusing plastic and for the production of plastics which are naturally compostable.

The technical solutions proposed by the Group, which permit the automation and streamlining of all the production and transformation process phases, include, for both the Technical Polymers and & Industrial Applications markets: (i) the design of machinery and engineering solutions; (ii) the production of plants and systems; and (iii) the installation at the customer's production facilities. In addition, the Group provides its customers with specific technical support from the preliminary design phase to the installation and start-up of the plant and machinery, ensuring ongoing support in order to guarantee optimal operation of the products installed.

The Group at December 31, 2023 comprised of 43 companies located on 4 continents, of which 13 production companies, with 14 production facilities and 30 commercial and service companies.

The shares of Piovan S.p.A. have been listed on the STAR segment of the MTA organized and managed by Borsa Italiana since October 19, 2018.

Declaration and basis of preparation of the separate financial statements

The separate financial statements of the Company at December 31, 2023 have been drawn up in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission in accordance with the procedure laid down by Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament and Council dated July 19, 2002.

IFRS includes all IFRS's, all of the interpretations of the International Financial Reporting Interpretations Committee (IFRIC IC) previously called the Standing Interpretations Committee (SIC) approved by the European Union at the reporting date of the financial statements and contained in the relative EU Regulations published at that date.

They consist of the statement of financial position, the statement of profit and loss, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flow and these explanatory notes. The financial statements have been prepared on the basis of the historical cost convention, with the exception of the requirements of IFRS 9 - "Financial Instruments", and on a going-concern basis.

The Company, in accordance with paragraphs 25 and 26 of IAS 1, considers - also in view of its strong competitive positioning, its high profitability and the solidity of its balance sheet and financial position - that there are no financial, operational, or other indicators that could point to uncertainties surrounding the Company's ability to meet its obligations for the next 12 months or for the foreseeable future.

The separate financial statements were prepared in accordance with the updated accounting records.

The "functional" and "presentation" currency of the Company, as defined by IAS 21, is the Euro.

The Separate Financial Statements at December 31, 2023 were approved by the Board of Directors of Piovan S.p.A. on March 19, 2024.

These financial statements are presented in units of Euro, whereas the explanatory notes and related tables are presented in thousands of Euro. There may be rounding differences when individual line items are added together as the individual line items are calculated in euro (rather than in thousands of euro).

Global conflicts

In early 2022, the outbreak of the war between Russia and Ukraine marked the start of a period of major global instability, both politically and economically. This climate, which continues to evolve, makes assessments of the impact of future scenarios on the Company's and Group's business and performance particularly complex.

The conflict is continuing to fuel major international humanitarian and social crises and is having major repercussions on the populations of these nations. Due to the international sanctions being used as a deterrent for some of the countries involved, we are also seeing a significant impact on trade and on their economies, which is exacerbating supply-chain issues.

The situation is constantly developing and the Company - also with the support of external consultants - is monitoring the situation and the international rules closely to assess any impact of the conflict on its operations. In fact, following the enactment of the eleventh sanctions package at the end of June 2023, the Group will no longer be able to operate in Russia.

The Company and Group however has only limited exposure in the areas impacted by the war (i.e. Ukraine, Russia, Belarus) in either sales or purchases. Based on figures for 2023, consolidated revenue generated by the Company in Russia, Belarus and Ukraine is 0.8% of the total.

2023 also saw the reignition of strong tensions in the Middle East, where the Group operates albeit with very limited exposure. The situation is also evolving and is constantly being monitored in order to assess any direct and indirect impacts.

The order backlog at December 31, 2023 contracted on the previous year, although remaining relatively stable against September 30, 2023 and however above the Group's historic averages.

However, the indirect consequences of the ongoing Russia-Ukraine conflict and their effects on the global economy may indicate that one or more impairment indicators exist. For the Annual Report, management therefore made assessments in this regard. Based on the outcome of those assessments, with regards to the Company's overall, management did not identify indicators of impairment, taking account of the fact that: (i) the company's capitalization at December 31, 2023, remains comfortably above shareholders' equity at the same date; (ii) the order portfolio remains at good levels, in line with the Company's usual volumes; (iii) the net financial position, which has improved significantly from the previous year, was not impacted by the altered macroeconomic landscape, taking account of the fact that existing financing is at fixed interest rates; and (iv) operating performance in 2023 was very strong, both in terms of revenues and margins.

Form and contents of the separate financial statements

Financial statements

Statement of Financial Position

The statement of financial position adopted the separation of assets and liabilities between current and non-current, as indicated in paragraph 60 and thereafter of IAS 1.

The assets and liabilities are classified as current when they satisfy the following criteria:

- Assets/liabilities for which it is expected the sale or the utilization in the normal operating cycle, or
- Assets/liabilities principally held-for-trading, or
- Assets/liabilities that are expected to be realized/settled within twelve months of the reporting date.

Where none of these conditions apply, the assets/liabilities are classified as non-current.

Statement of Profit and Loss

The company has chosen to present the statement of profit and loss adopting the classification by "nature of expense" as this is the most representative of the operations during the year and of its business structure. This structure is in line with the internal management reporting procedures and international best practice for the sector.

Statement of Comprehensive Income

With the adoption of IAS 1 Revised the company decided to present the statement of comprehensive income in a separate statement. The "statement of comprehensive income", prepared in accordance with international accounting standards, shows the revenue and cost items which are not recorded in the statement of profit and loss but recorded directly to equity.

Statement of cash flow

The statement of cash flow is presented using the indirect method. The cash and cash equivalents included in the statement of cash flow include the statement of financial position captions at the reporting date. Interest income and expense, dividends received and income taxes are included in the cash flow generated from operating activities with the exception of interest paid, included in financial cash flows generated from financial management. The cash flow deriving from operating activities, investment activities, the change in the non-current financial position and short-term payables as well as current financial assets are shown separately. Where not specified, the exchange gains and losses are classified under operating activities as these refer to the translation into Euro of trade receivables and payables.

Statement of Changes in Shareholders’ Equity

The statement of changes in shareholders’ equity illustrates the changes to the shareholders’ equity accounts with regard to:

- allocation of the Company’s profit for the year;
- amounts relating to transactions with shareholders (payment of dividends, purchase and sale of own shares, contributions received);
- each profit and loss account, net of any tax effects which, as required by IFRS is either directly recorded in equity (gains or losses on the purchase or sale of treasury shares) or is recorded in an equity reserve (share-based payments in relation to stock-option plans);
- movements in the cash flow hedge reserve, net of any tax effect;
- the effect deriving from changes in accounting standards.

Changes in the main accounting standards applied and effects of the new standards

The separate financial statements for 2023 were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) endorsed by the European Commission and in force at the reporting date.

The preparation of the separate financial statements in accordance with IAS/IFRS requires management to make estimates and assumptions which have an impact on the amounts reported in the financial statements and the relative notes; actual results may differ from the estimates made. Please refer to the paragraph "Use of estimates" for a description of the areas most subject to the use of estimates.

In the preparation of these separate financial statements at December 31, 2023 the accounting standards adopted are those as utilized in the preparation of the separate financial statements at December 31, 2022, with the exception of that outlined in the “Change in the main accounting standards applied and the effects of the new standards” in the notes to the consolidated financial statements.

Accounting principles and policies

Property, plant & equipment

Property, plant & equipment are recognized at historical cost, including directly allocated accessory costs and those necessary for bringing the asset to the condition for which it was acquired.

Leasehold improvements and maintenance expenses which produce a significant and tangible increase in the production capacity or safety of assets, or which lengthen their useful lives, are capitalized and recognized as an increase to the relative asset and are depreciated together with the original asset. Ordinary maintenance costs are charged directly to the statement of profit and loss.

Property, plant & equipment are presented net of accumulated depreciation and any losses in value, calculated as described below. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. This period is reviewed annually and any changes are made on a prospective basis.

The depreciation rates used are as follows:

Industrial buildings:	from 3% to 5%
Plant & machinery:	from 5% to 15.5%
Industrial and commercial equipment:	from 12% to 20%

Land has an indefinite useful life and is therefore not subject to depreciation.

Leasehold improvements are classified under "Property, plant and equipment" in line with the nature of the cost incurred. The depreciation period corresponds to the lower of the residual useful life of the asset and the duration of the lease contract.

At the time of sale, or when there are no expected future economic benefits from the use of an asset, it is eliminated from the financial statements and any loss or profit (calculated as the difference between sale's price and book value) is charged to the statement of profit and loss in the year of its elimination.

Right-of-use assets

Assets held through leasing contracts, as provided for by IFRS 16, through which the Company holds the right to use the asset, are recognized as assets by the Company, under "right-of-use", at their cost, which includes the present value of the minimum lease payments due, any payment or contribution received even before the commencement date, direct initial costs, estimate of the costs that will have to be incurred for the restoration, dismantling, removal of the underlying asset in accordance with the contractual conditions.

The corresponding liability to the lessor, equal to the present value of payments due for the lease and not paid at the date of initial recognition, is recognized under financial payables. If the lease transfers ownership of the underlying asset to the Company (in those cases where the Company is the lessee) at the end of the lease term or if the cost of the asset consisting of the right of use reflects the fact that the Company will exercise the purchase option, the Company will amortize the asset consisting of the right of use from the effective date until the end of the useful life of the underlying asset. If this is not the case, or if no transfer is envisaged, the asset consisting of the right of use is amortized, from the date of commencement of the lease, over the shorter of the useful life of the asset consisting of the right of use and the duration of the lease.

For the purpose of presenting the statement of financial position, right-of-use assets have been broken out separately, whereas liabilities relating to leasing are classified under “Current financial liabilities” and “Non-current financial liabilities”.

The Company applies the exception for the recognition of short-term leases for machinery and equipment (i.e. leasing with a duration of 12 months or less from the commencement date and not containing a purchase option). The Company has also applied the exception for leases concerning assets of a modest value with regards to the leasing contracts on office equipment whose value is considered low. The short-term lease instalments and those for low value assets are recognized as costs on a straight-line basis over the lease duration and included under “Service costs”.

Goodwill

Goodwill under intangible assets is related to business combinations and is determined, as more fully described in the paragraph "Business combinations", as the excess of the sum of the consideration transferred in the business combination, the value of shareholders' equity attributable to minority interests and the fair value of any previously held interest in the acquired company over the fair value of the net assets acquired and liabilities assumed at the acquisition date.

Goodwill is not amortized; an impairment test is undertaken annually to verify any loss in value, or more frequently if specific events or changed circumstances indicate the possibility of an impairment, in accordance with IAS 36 “Impairment of assets”.

For the purpose of the impairment test the goodwill is allocated to each of the Group's cash generating units (or groups of cash generating units) that are expected to benefit from the synergies of business combinations.

Other intangible assets

These are identifiable non-monetary assets, without physical substance, subject to the control of the company, capable of bringing future economic benefits to the company. They are initially recognized at cost when they can be reliably measured in the same way as property, plant and equipment.

These assets are subsequently recorded net of accumulated depreciation and any impairment losses. The useful life is reviewed periodically and any changes, where necessary, are made in accordance with future estimates. Any internally generated intangible assets are capitalized, within the limits and under the conditions set forth in IAS 38.

The estimated average useful life is between 3 and 10 years.

The gains and losses deriving from the disposal of intangible assets are determined as the difference between the disposal amount and the carrying amount of the asset and are recorded in the statement of profit and loss at the moment of the disposal.

Investments

Investments in subsidiaries, associates, and joint ventures are measured at cost and are the subject of periodic impairment testing to determine whether there have been any permanent losses in value. Impairment testing is done whenever there is an indication that the equity investment may have suffered a loss in value. The method used is the same as described in the paragraph "Impairment of non-financial assets". Whenever an impairment loss is confirmed, it is recognized in the period in which it is detected. When the reasons for the impairment loss cease to exist, the carrying amount of the investment is increased up to its original cost. This, too, is recognized on the statement of profit and loss.

Other non-current assets

The account mainly includes security deposits. These assets are measured at their estimated realizable value.

Deferred tax assets

The accounting of the deferred tax assets is made on the basis of the expectations of future taxable income for the Company and on the possibility of transferring certain tax benefits onto the companies involved in the national tax consolidation of Pentafin S.r.l. The evaluation of the expected assessable income in order to record the deferred tax asset depends upon factors which may change over time and result in significant effects on the recovery of the deferred tax asset.

Impairment of non-financial assets

Should there be an indication of an impairment loss in property, plant and equipment or in intangible assets, the estimated recoverable value of the asset needs to be measured in order to determine the amount of the loss. For goodwill or assets with indefinite useful life, impairment testing is conducted at least once each year.

The recoverable value of an asset is the higher between the fair value less costs to sell and its value in use.

In the absence of a binding sales agreement, the fair value is estimated on the basis of the values on an active market, from recent transactions or on the basis of the best information available to reflect the amount which the entity could obtain from the sale of the asset. Value in use is calculated as the present value of the expected future cash flows generated by using the asset, net of taxes and of its disposal value at the end of its useful life, if this can be reasonably determined. The discounting is made applying a post-tax discount rate which reflects the current market assessment of the time value of money and the risks specific to the asset.

The valuation is made by individual asset or for the smallest identifiable group of assets which generate independent cash flows deriving from continual utilization ("cash generating unit"). An impairment loss is recognized when the recoverable amount is less than the carrying amount. When the reasons for the write-down no longer exist, the assets, except goodwill, are revalued and the adjustment is recorded to the statement of profit and loss as a revaluation (restatement of value). The revaluation is the lower between the recoverable value and the recognition value before the write-down previously made, reduced by the share of amortization which would have been recorded if the write-down had not been made.

Inventories

Inventories are stated at the lower of purchase and/or production cost, determined by the weighted average cost method, and the net realizable value. Purchase cost includes ancillary charges; production cost includes directly attributable costs and a portion of indirect costs, reasonably attributable to the products.

With regard to work in progress, the valuation was carried out at the weighted average cost for the year, including ancillary charges attributable to the production process, taking into account the progress of the work carried out.

Obsolete and/or slow-moving inventories are written down in relation to their expected future utilization through the recording of an obsolescence provision.

Write-downs are restored in future years should the reason for the write-down no longer exist.

Contract assets and liabilities for work-in-progress

Contract assets and contract liabilities for work in progress are recognized and measured in accordance with IFRS 15 – Revenue from Contracts with Customers. These items arise with reference to the execution of contracts in which the recognition of revenues takes place over time. For these contracts, the Group records sales revenues in proportion to the progress of the performance obligation, which is measured using the cost-to-cost method. Given that the analysis is carried out contract by contract, the recognition in the statement of financial position is as follows: when the costs incurred, increased by the related margins, exceed the advances received from customers, the difference is recognized as an amount due from customers under the line items "Contract assets for work in progress", when the advances received from customers exceed the costs incurred, increased by the related margins, the difference is recognized as an amount due to customers under line item Contract liabilities for work in progress. On the basis of the analyses carried out by the Company with reference to the recognition of performance obligations, at December 31, 2023 the Company should not recognize any Contract Assets or contract liabilities for work-in-progress as there are no contracts in progress whose revenues should be recognized over time.

Trade receivables

Receivables are initially recorded at fair value, which corresponds to their nominal value, and subsequently measured at amortized cost and reduced in the event of impairment. In addition, they are adjusted to their estimated realizable value by recording a specific adjustment provision in accordance with IFRS 9.

Receivables in foreign currencies are recorded at the transaction exchange rate and, subsequently, translated at the year-end rate. The gain or loss resulting from translation is recognized in the statement of profit and loss under Exchange gains/(losses).

Financial instruments

Financial assets and Debt instruments

Depending on the characteristics of the instrument and the business model adopted for its management, the financial assets, which represent debt instruments, are classified in the following three categories:

(i) financial assets measured at amortized cost;
(ii) financial assets measured at fair value with recognition of the effects to other comprehensive income (also, OCI);
(iii) financial assets measured at fair value with changes recognized in the statement of profit and loss.

Initial recognition is as fair value. For trade receivables without a significant financial component, the amount of initial recognition is the price of the transaction.

After initial recognition, financial assets that generate contractual cash flows that represent exclusively capital and interest payments are measured at amortized cost, if held for the purpose of collecting the contractual cash flows (business model hold to collect). Using the amortized cost method, the initial carrying amount is subsequently adjusted to take account of capital repayments, any write-downs and the amortization of the difference between the repayment value and the initial carrying amount. Amortization is carried out on the basis of the effective internal interest rate which represents the rate that makes the present value of expected cash flows and the expected initial carrying amount at the time of initial recognition. Receivables and other financial assets measured at amortized cost are shown net of the related doubtful debt provision.

Financial assets represented by debt instruments whose business model provides both the possibility of collecting contractual cash flows and the possibility of realizing capital gains on disposal (so-called business model hold to collect and sell), are measured at fair value with the effects recognized to OCI (hereafter FVTOCI). In this case, changes in the fair value of the instrument are recognized in equity, among other components of comprehensive income. The cumulative amount of changes in fair value, recognized in the equity reserve that includes the other components of comprehensive income, is reversed to the statement of profit and loss when the instrument is derecognized. Interest income calculated using the effective interest rate, exchange rate differences and write-downs are recorded in the statement of profit and loss.

A financial asset representative of a debt instrument which is not valued at amortized cost or at FVTOCI, is valued at fair value with recognition of the effects to the statement of profit and loss (hereafter FVTPL).

Financial assets sold are derecognized when the contractual rights to obtain the cash flows associated with the financial instrument expire or are transferred to third parties.

Write-downs of financial assets

In relation to the loss in value of the financial assets, IFRS 9 requires the application of a model based on expected credit losses, instead of based on the losses on receivables already incurred required by IAS 39. The differing model based on expected losses on receivables requires the Company to consider these losses and their changes and at each reporting date to reflect changes in the credit risk since the initial recognition of the financial asset.

This rule applies to:

- Investments in debt instruments valued subsequently at amortized cost or FVTOCI;
- Financial lease receivables;
- Trade receivables and contract work-in-progress;
- commitments to issue loans and guarantee contracts to which the reduction in value provisions of IFRS 9 apply.

In particular, IFRS 9 requires that the Company measures the provision to cover the losses of a financial asset at an amount equal to the expected losses over the lifetime of the receivable (lifetime expected credit losses, ECL), where the credit risk of this financial asset is significantly increased after initial recognition, or where the financial instrument is an acquired or arising deteriorated financial asset. Therefore, where the credit risk of a financial instrument has not increased significantly after initial recognition (except for an acquired or arising deteriorated financial asset), the Company should measure the coverage of losses provision for the financial instrument for an amount equal to the expected credit losses from a default event in the 12 subsequent months (12-months expected credit losses). IFRS 9 in addition, in such circumstances, requires the adoption of a simplified method to measure the provision for the coverage of losses for the trade receivables, the contract assets and the finance lease receivables, estimating the lifetime expected credit losses.

Financial liabilities

Financial payables and bonds are recognized at initial cost, corresponding to the fair value of the amount received, less the accessory charges for acquiring the instrument. After initial recognition, financing is measured at amortized cost, which calls for amortizing the amount using the effective interest rate, which is the rate that renders equal, on the initial recognition, the value of expected cash flows and the initial recognition amount. Charges related to financing are recognized as a reduction to the liability value of the financing granted, and the amortized cost is calculated by taking account of these charges and any discounts or premiums applicable at the time of settlement. The effects of measurement at amortized cost are recognised through profit or loss as “Financial income/(expense)”.

A financial liability is derecognized from the financial statements when the underlying liability is settled or cancelled. If an existing financial liability is replaced by another by the same lender but under substantially different conditions, or if the conditions of an existing financial liability are substantially changed, such a swap or change is treated as an elimination of the original liability and the opening of a new liability, with any differences in accounting values recorded in the statement of profit and loss.

Derivative financial instruments and hedging activity

Derivative financial instruments are recognized at fair value at the time at which the contract is signed and at subsequent reporting dates. The method for recognizing gains or losses from fair value measurement vary based on whether or not the conditions are met for hedge accounting as per IFRS 9. The purposes of hedging are assessed based on the objectives of risk management. Should the conditions for hedge accounting in accordance with IFRS 9 not be met, the related financial derivative instruments are recognized as financial instruments measured at fair value through profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits on demand and other uses of treasury with original maturity of no more than three months or otherwise readily liquid without significant costs or losses.

Shareholders’ Equity

The share capital is entirely comprised of ordinary shares which are classified under shareholders’ equity. Incremental costs directly attributable to the issuance of ordinary shares are recorded as a decrease in equity, net of the tax effect.

In the event of purchasing treasury shares, the consideration paid, including directly attributable costs and net of tax effects, is recognized as a reduction to equity. The treasury shares purchased are recognized as a reduction of shareholders’ equity. The consideration received on the subsequent disposal of treasury shares is recognized as an increase to equity. Any positive or negative difference resulting from the transaction is transferred to/from retained earnings.

Earnings per share

The ordinary basic earnings per share is calculated by dividing the result of the Parent Company by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares.

The ordinary diluted earnings per share is calculated by dividing the result of the Parent Company by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares, and adjusted to take into account the number of potential shares that could be issued.

Post-employment benefits

This item includes the provision for employee severance indemnities ("TFR") and the other provisions for employee benefits envisaged by IAS 19 "employee benefits". As a defined benefit plan, TFR is recognized on the basis of valuations made at the end of each financial year by independent actuaries. The liability recorded in the statement of financial position represents the present value of the obligation payable at the end of the employment relationship, which employees have accrued at the reporting date calculated taking into account the results obtained by applying the projected unit credit method. As a result of Law No. 296/06, which amended the system of employee severance indemnities payable to employees, the severance indemnities accruing from January 1, 2007 now form a defined-contribution plan (defined contribution plan, using the terminology provided by IAS 19), both in the case of allocation to the treasury fund at the INPS (National Social Security Institute) and in the case of a supplementary pension option. The provision accrued up to December 31, 2006 remains a "defined benefit plan" with the consequent need to make actuarial calculations which, however, must exclude the component relating to future salary increases. It should be noted that there are no assets serving the plan. Actuarial gains and losses are recognized in full in the period in which they arise and, in accordance with IAS 19 as amended, from 2015 these gains and losses are recognized directly in the comprehensive statement of profit and loss.

Provisions for risks and charges

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", provisions are recognized: (i) when there is an obligation (legal or constructive) resulting from a past event, (ii) it is probable that resources will be used to settle the obligation and (iii) a reliable estimate can be made of the amount resulting from the settlement of the obligation. Changes in estimates between one year and the next are charged to the statement of profit and loss.

If the financial effect linked to time is significant and the dates of payment of the obligation can be reliably estimated, the provision is shown at present value. The subsequent change linked to the passage of time is recorded in the statement of profit and loss under financial components.

For possible but not probable risks, no provision is made but an adequate description is provided in the Notes.

Trade payables and other current liabilities

Trade payables and other current liabilities, whose due dates fall within normal commercial terms, are initially recorded at fair value, identified by their nominal value, and are not discounted. If the maturity date is not within normal commercial terms, the financial component is separated using an appropriate market rate.

Potential assets and liabilities

Potential liabilities are possible obligations deriving from past events, whose existence will be confirmed only on the occurrence or otherwise of one or more uncertain future events not fully under the control of the entity. These liabilities are not recognized on the statement of financial position as it is likely that their settlement will not require the use of resources that would produce an economic benefit or the amount can not be determined to a significant degree of reliability. Potential assets are probable assets deriving from past events, whose existence will be confirmed only on the occurrence or otherwise of one or more uncertain future events not fully under the control of the entity. They are disclosed when future economic benefits are probable. When future economic benefits are virtually certain, the potential asset is recognized on the statement of financial position.

Incentive Plans

The Group has granted incentive plans based on equity-settled instruments and cash-settled incentives, on the basis of which the Group receives services from its employees, collaborators or directors with delegated powers (excluding the executive chairman). These incentive plans are recognized and measured in accordance with IFRS 2.

Assets held-for-sale and discontinued operations

Non-current assets (and disposal groups) are classified as held for sale when their carrying value is expected to be recovered by means of a sales transaction rather than through use in company operations. Assets held for sale are recognized as such when there is the intention by an appropriate level of management to dispose of such assets by way of sale when such sale is likely to happen within 12 months. The classification of assets and liabilities, and of revenue and expenses is done in accordance with IFRS 5, distinguishing between assets available for sale and discontinued operations.

Revenue from contracts with customers

Revenue from contracts with customers is recognized based on a model that includes five steps: (i) identification of the contract with the customer; (ii) identification of the performance obligation established by the contract; (iii) determination of the transaction's consideration; (iv) assignment of the transaction's consideration to the performance obligation; and (v) recognition of the revenue either at a point in time or over time, based on when the specific performance obligation is to be met.

The Company and the Group operates internationally in the following markets: Technical Polymers Systems, Food & Industrial Application Systems and Services and Spare parts as defined in the section "General Information". In Technical Polymers Systems market, the Group is among the world leaders in the design and production of plants and control systems for the automation of all phases of polymers, recycled plastics and bio-resins production cycle.

In order to provide the qualitative disclosures required by IFRS 15, it should be noted that the Company and the Group's revenues can also be broken down into:

- revenues from the sale of automation systems for the storage, transport and processing of plastics ("Technical Polymers Systems") and automation systems for the storage and transport of food liquids, food and non food powders ("Food & Industrial Application"): an analysis of the contracts usually entered into with customers show that there are two macro-categories of contracts in which to divide the revenues from the sale of plant and ancillary equipment according to how the performance obligations are met. Specifically:
    - contracts in which performance obligations are met "at a point in time": this category includes sales of systems, plants and equipment, mainly in the Technical Polymers Systems market. This category includes contracts that generally provide for a single performance obligation represented by the supply of the plant/equipment and others in which there are three performance obligations represented by (i) the design of machinery and engineering solutions and the production of plant and systems; (ii) installation and (iii) start-up and parameterization. In these types of contractual relationships, the Group recognizes revenues when the customer obtains control of the asset, normally identified, according to the contractual conditions, on shipment or delivery of the plant/product to the customer, while for the other two performance obligations the revenue is recorded when

the service is provided. It is specified that, on average, systems/equipment belonging to this category require an execution time of between three and six months and that the general terms and conditions of sale provide for advance payments recorded under the item Advances from customers.

- o contracts in which the performance obligations are met "over time": typically these are the sale of certain plants in the Plastics Systems market and those in the Food Systems market with a high degree of customization required by customers and in which the contractual conditions provide that control of the asset is transferred to the customer either on testing or on installation. It is considered that the contractual performance obligation is unique and that it is fulfilled over time since the product system has no alternative use for the company, being very specific and customized, and since the Group is entitled to receive a fee for what has been completed on the date in the event of cancellation of the order. Therefore the Group records the sales revenues of these plants in proportion to the progress on the performance obligation. In order to determine progress, an input method is used, i.e. the cost-to-cost method, which provides for the proportion of contract costs incurred for work carried out up to the reporting date to the total estimated contract costs. Estimates are based on contract forecasting and reporting data and, where necessary, estimates of contract revenues and costs are revised. Any economic effects are recognized in the period in which the updates are made. Generally, the execution time required for these installations is not more than one year and payments on account are foreseen.

  Contract work in progress is stated net of advances concerning the contract in course of execution. Given that the analysis is carried out contract by contract, the recording in the statement of financial position is as follows: when the costs incurred, increased by the related margins recorded, exceed the advances received from customers, the difference is recognized as an amount due from customers under assets in the item Assets for contract work in progress, when the advances received from customers exceed the costs incurred, increased by the related margins recorded, the difference is recognized as an amount due to customers under liabilities in the item Liabilities for contract work in progress. On the basis of the analyses carried out by the Company with reference to the recognition of performance obligations, at December 31, 2022 the Company should not recognize any Assets and liabilities for contract work- in-progress as there are no contracts in progress whose revenues should be recognized over time.

- revenues from spare parts sales: revenues from the sale of spare parts are recognized on the transfer of the goods. This normally takes place when the goods are shipped or delivered.
- revenue for technical assistance services: service Revenue is recognized on completion and/or maturation.

Revenues are recognized net of discounts. In the event of contracts with customers that include more than one performance obligation, the discount is allocated in proportion to the fair value of each performance obligation.

Costs

Costs are accounted for on an accrual basis and in accordance with the matching concept of revenues and expenses. Costs are classified according to their nature.

In accordance with IAS 38 "Intangible Assets", advertising and research costs fully expensed to the statement of profit and loss.

Interest

Interest income and expense are recorded on an accrual basis with regard to interest accrued on the net value of financial assets and liabilities using the effective interest rate.

On the statement of cash flow, interest expense paid during the year is recognized among financing activities.

Other indirect taxes and duties

Indirect taxes and duties are recognized in the period concerned as “Other operating expenses”.

Dividends

Dividends received from shareholdings are recognized as income when the right for the Company to receive the dividend arises, i.e. when distribution of the dividend is approved by the shareholders, and when it is probably that the economic benefits of the dividend will go to the Company.

On the statement of cash flow, dividends received by the Group during the year is recognized among operating activities.

Government grants and grants from other public entities

Government grants are recognized when it is almost certain that the conditions required to obtain them will be satisfied and that they will be received.

The public grants relating to property, plant and equipment are recorded as deferred revenue in the account “Other non-current liabilities”. The deferred revenue is recorded in the statement of profit and loss as income on a straight-line basis in accordance with the useful life of the asset to which the grant was received.

Operating grants are recorded in the statement of profit and loss in the account Other revenue and income.

Income taxes

Taxes are determined by applying the regulations in force at the reporting date or substantially in force in the countries in which the Company carries out its activities; current tax liabilities are recorded in the statement of financial position net of any payments on account.

A provision is recorded on those tax aspects for which the determination of taxes is subject to uncertainty, but for which the future payment to the tax authorities is considered probable. The provisions represent the best estimate of the amount that is expected to be paid. The assessment is made by the administrative department, which has previous experience in the tax field and in some cases with the support of external tax consultants.

Deferred tax assets and liabilities reflect the temporary differences between the value attributed to an asset or liability in accordance with IAS/IFRS and the value attributed to them for tax purposes, valued on the basis of the tax rates in force or substantially in force for future years. Deferred tax assets are recognized only if there is a likelihood of their recoverability, i.e. when it is considered probable that there will be future taxable income to use them. Deferred taxes are always recognized except for certain situations that are not in line with IAS 12 "Taxes" as in the case of the recognition of goodwill or if the temporary difference arises from the initial recognition (in addition to a business combination) of other assets and liabilities in a transaction that affects neither taxable profit nor profit for the year. Deferred tax assets and liabilities are offset when there is a legal right to offset current tax receivables and payables and when they relate to income taxes applied by the same tax authority and the Company intends to settle the receivables and payables on a net basis. The Company does not offset deferred tax assets against deferred tax liabilities. Deferred taxes on the tax-suspended reserves of the consolidating company are recorded in the year in which the liability relating to the payment of the dividend is recorded.

Deferred tax liabilities are recognized on taxable differences arising from investments in subsidiaries and associates, unless the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are recognized only to the extent that it is probable that there will be sufficient taxable profits against which the benefits of the temporary difference can be used and are expected to reverse in the foreseeable future.

Translation of balances in foreign currencies

The receivables and payables originally expressed in foreign currencies are converted into Euro at the exchange rate of the relative transactions. The differences arising on the collection of receivables and settlement of payables in foreign currencies are recorded in the statement of profit and loss.

Revenues and income, costs and charges related to currency transactions are recorded at the exchange rate at the transaction date.

At the end of the period the assets and liabilities measured in foreign currencies, with the exception of non-current non-monetary assets (which maintain the carrying value of the transaction date) are recorded at the exchange rates at the reporting date and the relative gains or losses on exchange are recorded in the statement of profit and loss.

The main exchange rates (currency for 1 euro) used to translate the financial statements in currencies other than the euro for the years ended December 31, 2023, and December 31, 2022 (comparative data), are summarized below:

Currency		Average rate		Closing rate	
		31.12.2023	31.12.2022	31.12.2023	31.12.2022
BRL	Brazilian Real	5.40	5.44	5.36	5.64
CAD	Canadian Dollar	1.46	1.37	1.46	1.44
CZK	Czech Koruna	24.00	24.57	24.72	24.12
CNY	Yuan Renminbi	7.66	7.08	7.85	7.36
GBP	Pound Sterling	0.87	0.85	0.87	0.89
HUF	Forint	381.85	391.29	382.80	400.87
MXN	Mexican Peso	19.18	21.19	18.72	20.86
SGD	Singapore Dollar	1.45	1.45	1.46	1.43
USD	US Dollar	1.08	1.05	1.11	1.07
THB	Baht	37.63	36.86	37.97	36.84
INR	Indian Rupee	89.30	82.69	91.90	88.17
TRY	Turkish Lira	25.76	17.41	32.65	19.96
AED	UAE Dirham	3.97	3.87	4.06	3.92
JPY	Yen	151.99	138.03	156.33	140.66
VND	Dong	25,771.00	24,630.00	26,808.00	25,183.00
MAD	Dirham Marocco	10.96	10.68	10.93	11.16
KRW	Won sud	1,412.88	1,358.07	1,433.66	1,344.09
TWD	Taiwan Dollar	33.70	n.a.	33.87	n.a.
IDR	Indonesian Rupee	16,479.62	n.a.	17,079.71	n.a.

Utilization of estimates

When preparing this separate financial statement, the Directors had to apply accounting policies and methods which, in some circumstances, are based on difficult, subjective evaluations, or on past experience or on assumptions that are, periodically, considered reasonable and realistic depending on the relevant circumstances. The application of these estimates and assumptions impact upon the amounts reported in the financial statements, such as the financial situation and statement of financial position, the statement of profit or loss and the statement of cash flow, and on the disclosures in the notes to the accounts. The final outcome of the valuations for which the above estimates and assumptions were used may differ from those reported in the financial statements because of the uncertainty that characterizes the assumptions and the conditions on which the estimates are based.

The items that, given their nature, have provided for greater recourse by the Directors to the use of estimates and for which a change in the conditions underlying the assumptions used may have an impact on the separate financial statements are as follows:

- Impairment testing of equity investments: this is done to determine the recoverability of the investment in the event of indications of a loss in value. The determination of the recoverable value of the investment requires the use of estimates that depend on factors that may change over time.

It should also be noted that the forecasts on the basis of which the financial statements have been prepared take account of the macroeconomic landscape and ongoing conflicts.

Impairment tests for investments

The Company conducts impairment tests to verify potential losses in value of investments when there are indicators that such a loss may have occurred. For the purposes of this test, the recoverable value generated by the cash generating units (CGUs) was determined as value in use using the discounted cash flow method. When applying this method, the Company uses various assumptions, including an estimate of future increases in sales, operating costs, the growth rate of terminal values, capex, changes in working capital and the weighted average cost of capital (discount rate).

Changes in the main estimates and assumptions in the preparation of the forecast data relating to the CGU's used for the test, as well as the other variables, could change the value in use and the result of the realizable value of the assets recorded.

Bad debt provision

The Bad debt provision reflects management's estimate on losses on the client portfolio for both direct customers and the sales network. The estimate of the doubtful debt provision is based on the expected losses by the Company, determined based on past experience for similar receivables, current and historic amounts overdue, losses incurred and collections, careful monitoring of the credit quality and projections on economic and market conditions and on the estimate of the losses based on the expected losses model. An economic and financial crisis could lead to a further deterioration of the financial conditions of the Company's debtors compared to that already taken into account in the quantification of the provisions recorded in the consolidated financial statements.

Inventory obsolescence provision

The inventory obsolescence provision reflects management estimates on the expected losses in value by the Company, determined based on past experience, the historic trend and market expectations. A deterioration in the general economic and financial conditions could result in a further worsening of the market conditions compared to that already taken into consideration in the calculation of the provisions recorded in the consolidated financial statements.

Fair value estimate

IFRS 13 is the only source of reference for fair value measurement and for the relevant information when such a measurement is required or permitted by other accounting standards. The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS 13 establishes a fair value hierarchy that classifies the valuation technique inputs used to measure fair value in three levels. The levels provided for, in hierarchical order, are as follow:

- Level 1 inputs: are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs: are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 inputs: are unobservable inputs for the asset or liability.

For information on the valuation techniques applied, please refer to the specific notes to assets and liabilities.

Information on risks and financial instruments

In preparing the financial statements, IFRS 7 requires additional disclosures that enable the reader to assess the relevance of financial instruments within the overall financial performance and standing of the Company, as well as the nature and amount of risks deriving from financial instruments to which the Company is exposed during the year and at the reporting date and the manner in which they are managed.

The additional information required by IFRS 7 supplements the information required by IAS 32 “Financial instruments: disclosure and presentation” and IFRS 9 “Financial instruments”.

The accounting policies applied when preparing the consolidated financial statements in relation to financial instruments are described in the section “Measurement criteria”.

Company operations are exposed to a series of financial and operating risks which may impact the balance sheet/financial position, the result and the cash flows, through the relative impact on financial instrument transactions.

These risks may be summarized as follows:

a) credit risk;

b) liquidity risk;

c) market risk (foreign exchange risk, interest rate risk and other price risks).

Overall responsibility for the creation and supervision of the Company’s financial risk management system lies with the Board of Directors. The various organization units functionally responsible for the operational management of each type of risk report to the Board of Directors.

Under guidelines issued by the Board of Director and for each specific risk, these units define the tools and techniques to cover the risks and/or transfer them to third parties (insurance) and evaluate risks neither covered nor insured.

The level of the Company’s exposure to the various categories of financial risk identified is commented upon below.

Credit risk

The Company operates on various national markets with a large number of medium and large-sized customers, mainly end customers in the various countries. Consequently, the Company is exposed to credit risk linked to the ability of its customers to settle the amounts due.

The Company applies a policy based on the credit ratings and credit limits for its customer base and the periodic issue of standard reports, in order to achieve a high degree of control over debt collection.

The Company directly manages the collection of receivables on sales made in the respective markets and their possible recovery, also through the activation of legal actions. Coordination between companies operating in the same market (e.g. Italian companies) is based on the electronic exchange of information relating to common customers and through coordination on the possible blocking of deliveries or the initiation of legal action.

The doubtful debt provision is recorded on the nominal value of the portion considered noncollectable after deducting the receivables backed by bank guarantees. All guarantees are critically assessed with regard to collectability.

The Directors have not observed a deterioration in credit quality or in collection times as a result of the COVID-19 pandemic and the continuation of the Russia-Ukraine conflict; therefore, it has not been necessary to make significant changes to how receivables are being managed. In addition, neither the payment terms applied nor the policies for managing credit risk have been changed, but we have prudently increased the level of monitoring of customer positions. See the Note “Trade receivables” for the aging of trade receivables.

Liquidity risk

The company’s debt mainly bears a fixed rate of interest. Given the high level of liquidity available, the Company has a limited risk with regard to short-term maturities and therefore the risk associated with interest rate fluctuations, which incurred significant rises during the year, is essentially linked to the limited portion of medium/long-term loans expressed at variable rates.

The Company deals mainly with well-known and reliable customers; it is the Company s policy to subject the positions of customers who request payment extensions to the credit line and to constantly monitor them. In addition, the Company s activities are characterized by customer advances against orders placed, which significantly reduces the financial requirements related to working capital.

The Company has a balanced net financial position and has been able to generate positive cash flows that are considered sufficient to finance both its growing operations and investments. Expectations for future years are consistent with this historical trend and therefore the liquidity risk is considered limited overall. Furthermore, given the Company’s performance, this risk is not believed to have been heightened by the current macroeconomic landscape and the ongoing conflicts.

For the information required by IFRS 7 on the cash flows relating to the Company's financial liabilities by maturity, please refer to note [17]

Market risk linked to the exchange rate

As the Company's business is undertaken in various countries around the world, it is exposed to the risk of foreign exchange fluctuation. The exchange rate risk arises mainly from transactions involving the US dollar and the British pound.

The table below provides a sensitivity analysis of revenues to the risk arising from the translation into euros of revenues generated in currencies other than the euro, for changes of around + /- 10% compared with the average exchange rate for the year.

Revenues (€'000)	31.12.2023				31.12.2022			
	FX Current currency	Current Forex in €	Forex +10%	Forex -10%	FX Current currency	Current Forex in €	Forex +10%	Forex -10%
EUR-Euro	116,207	116,207	116,207	116,207	116,492	116,492	116,492	116,492
USD-US Dollar	16,935	15,591	14,238	17,402	13,406	12,783	11,574	14,146
GBP-British Sterling	1,476	1,691	1,542	1,885	2,595	3,067	2,766	3,381
TOTAL		**133,490**	**131,987**	**135,494**		**132,343**	**130,832**	**134,019**

Market risk related to interest rate

The interest rate risk is the risk that the value of a financial instrument and/or the level of cash flows generated by it might change due to fluctuation in market rates of interest.

Exposure to the interest rate risk arises from the need to finance operating activities, in terms of manufacturing activities and financing the acquisition of businesses, as well as the employment of available liquidity. The change in market interest rates may impact negatively or positively on the result of the Company, indirectly impacting upon the costs and returns of the financing and investing operations.

As described above, largest part of the Company's loans are at a fixed rate. The Company has not put in place any significant hedging as, given the Group's high liquidity, it is believed that the risk of fluctuations in interest rates, on the limited amount of debt at variable rates, can still be adequately managed.

The following table shows an analysis of the sensitivity of interest expense to the risk arising from fluctuations in interest rates on floating rate loans, assuming an increase / decrease of 1% and 2% in interest rates.

Interessi passivi su finanziamenti a tasso variabile	Interessi passivi	1%	2%	-1%	-2%
31 dicembre 2023	2,243	2,763	3,345	1,601	1,019

Risks associated with economic conditions

The global macroeconomic landscape can have an impact on the Company's financial performance and standing. However, the Company's and its subsidiaries presence in different geographical areas makes it possible to mitigate the overall risk and to benefit from possible improvements in some areas compared to others.

In addition, as already described in detail, at the end of February 2020, following the outbreak of the COVID-19 health emergency, the general economic environment significantly deteriorated as a result of the restrictions introduced by the governments of the countries involved.

In the same way, the great geopolitical tensions surrounding the conflict between Russia and Ukraine, as well as the conflict in the Middle East which began in October 2023, may lead to significant international humanitarian and social crises with major impacts on the people in these countries, as well as on the global economy and on the Group. International sanctions, used as a deterrent for certain countries involved in the conflicts, have had a significant impact on global trade and have led to a sharp increase in production costs, particularly in terms of energy, which has fueled an inflationary spiral that central banks are seeking to control by further tightening monetary policy and increasing interest rates. The situation is constantly evolving and the Company is monitoring the markets closely to assess any impact it may have on the business.

However, it should be noted that the Group has limited exposure to the regions involved in the war (i.e. Ukraine, Russia, Belarus, Palestine and Israel) both in terms of sales and purchases; therefore, assuming that the impact of the conflict remains contained to those regions, this should not have a significant impact on Group performance.

These developments, which are extraordinary in nature and extent, have had and continue to have, direct and indirect repercussions on economic activity giving rise to an environment of general uncertainty and whose evolution and effects are unforeseeable. This macroeconomic landscape may also have inevitable repercussions on the other risks described below.

For a detailed description of the additional risks to which the Company is exposed — and in particular (i) Risks related to market performance, (ii) Product and component price risk, (iii) Supply chain risks, and (iv) Risks associated with climate change — see the section “Principal risks and uncertainties to which the Group is exposed” of the Directors’ Report.

Notes to the Separate Statement of financial position of the separate financial statements

[1] Property, plant and equipment

They amount to Euro 27,662 thousand at December 31, 2023 (Euro 27,987 thousand at December 31, 2022). They are composed as shown in the following tables, which show their composition and changes compared to the previous year.

Category		Balance at 31/12/2022	Additions	Disposals	Reclassifications	Depreciation	Balance at 31/12/2023
Land and buildings	Historical cost	28,911	214	(756)	460	-	28,828
	Depr. fund	(8,459)	-	139	-	(708)	(9,028)
	Total	20,452	214	(617)	460	(708)	19,800
Plant and machinery	Historical cost	11,398	412	(45)	1,059	-	12,824
	Depr. fund	(6,319)	-	35	-	(600)	(6,884)
	Total	5,079	412	(10)	1,059	(600)	5,940
Industrial and commercial equip.	Historical cost	3,785	164	(18)	-	-	3,930
	Depr. fund	(3,291)	-	6	-	(231)	(3,516)
	Total	494	164	(13)	-	(231)	415
Other assets	Historical cost	7,685	216	(271)	-	-	7,630
	Depr. fund	(6,610)	-	266	-	(326)	(6,670)
	Total	1,075	216	(5)	-	(326)	960
Assets under construction and advance payments	Historical cost	888	1,305	(127)	(1,519)	-	547
	Depr. fund	-	-	-	-	-	-
	Total	888	1,305	(127)	(1,519)	-	547
Total		**27,987**	**2,311**	**(773)**	**-**	**(1,864)**	**27,662**

The capital expenditure in 2023 amounted to Euro 2,311 thousand, of which non-recurring for Euro 1,002 thousand, related to the refurbishing of the roof in order to install photovoltaic panels.

Other investments made in 2023 concerned the purchase of molds and industrial and commercial equipment.

At December 31, 2023, property, plant and equipment are not burdened by mortgages or liens.

They are adequately covered against the risk of loss and/or damage through insurance policies with leading insurance companies.

Finally, no borrowing costs directly attributable to the acquisition, production or construction of tangible assets have been capitalized.

[2] Right of use

Right-of-use assets at December 31, 2023, of Euro 960 thousand compared to Euro 939 thousand in the previous year.

Below is a table with the changes in the year for each class of Right-of-Use:

Category		Adjusted Balance at 31/12/2022	Additions	Disposals	Depreciation	Balance at 31/12/2023
Land and buildings	Historical cost	1,075	-	-	-	1,075
	Depr. fund	(660)	-	-	(166)	(826)
	Total	415	-	-	(166)	249
Plant and machinery	Historical cost	-	-	-	-	-
	Depr. fund	-	-	-	-	-
	Total	-	-	-	-	-
Industrial and commercial equipment	Historical cost	-	-	-	-	-
	Depr. fund	-	-	-	-	-
	Total	-	-	-	-	-
Other assets	Historical cost	1,024	453	(108)	-	1,370
	Depr. fund	(500)	-	106	(265)	(659)
	Total	524	453	(1)	(265)	711
Total		**939**	**453**	**(1)**	**(431)**	**960**

[3] Intangible assets

They amount to Euro 793 thousand at December 31, 2023 compared to Euro 521 thousand at December 31, 2022. The breakdown of the movements are as follows:

Category	Balance at 31/12/2022	Additions	Disposals	Reclassifications	Depreciation	Balance at 31/12/2023
Industrial patent and intellectual property rights	**329**	90	-	108	(174)	**353**
Concessions, licences, trademarks and similar rights	**2**	-	-	-	-	**2**
Assets under construction and payments on account	**191**	456	(101)	(108)	-	**438**
Total	**521**	**546**	**(101)**	**-**	**(174)**	**793**

[4] Equity investments

They amount to Euro 146,262 thousand at December 31, 2023 compared to Euro 144,929 thousand at December 31, 2022. Details of the movements in these equity investments are as follows:

Equity investments (€/000)	Value as of 31.12.2022	Increases	Decreases	Reclassifications	Value as of 31.12.2023
Equity Investments in Subsidiaries	144,661	1,802	(739)	270	145,994
Equity Investments in Associated companies	266	-	-	-	266
Equity Investments in other companies	2	-	-	-	2
Total	**144,929**	**1,802**	**(739)**	**270**	**146,262**

The increases on the previous year concern for Euro 833 thousand the investments in the newly incorporated companies Piovan Technology Indonesia and Piovan Korea, established to operate in the Indonesian and Korean markets, and for Euro 850 thousand the share capital increase undertaken in the Chinese company Piovan Industrial Automation, incorporated in 2022 for the construction of a new plant in China. The investment is shown net of Euro 2,396 thousand in amounts that are still to be paid in.

The decreases concern the write-down of the subsidiary FEA Ptp., for which a loss coverage provision was set up in order to cover the negative equity of the investee.

The table below shows the composition of equity investments:

	31.12.2023			31.12.2022		
€/000	Historical cost	Provision for impairment	Net book value	Historical cost	Provision for impairment	Net book value
Subsidiaries						
Aquatech S.r.l.	1,319	0	1,319	1,319	0	1,319
Energys S.r.l.	292	0	292	292	0	292
Piovan Do Brasil LTDA	3,203	0	3,203	3,203	0	3,203
Piovan Plastics Machinery Co.Ltd	500	0	500	500	0	500
Piovan Mexico SA de CV	54	(40)	14	40	(40)	-
Universal Dynamics Inc.	2,896	0	2,896	2,873	0	2,873
Piovan Canada Ltd	1,340	0	1,340	1,340	0	1,340
Piovan Central Europe GmbH	48	0	48	35	0	35
Piovan GmbH	2,146	0	2,146	2,128	0	2,128
Piovan France Sas	1,161	0	1,161	1,154	0	1,154
Piovan UK Ltd	36	-	36	36	-	36
Piovan Vietnam Company Ltd	54	(54)	-	54	-	54
Piovan Gulf Fze	244	-	244	244	-	244
Piovan Japan Inc.	49	(49)	-	49	(49)	-
Piovan India Private Ltd	20	-	20	20	-	20
Penta S.r.l.	18,557	-	18,557	18,524	-	18,524
FDM GmbH	1,214	-	1,214	1,214	-	1,214
Piovan Asia Pacific LTD	141	(86)	55	141	(86)	55
Piovan Muhendislik	63	(63)	-	63	(63)	-
Piovan Cz	1	-	1	1	-	1
Piovan Maroc Sarl.Au	92	-	92	92	-	92
FEA p.t.p. SRL	1,065	(1,065)	-	1,065	(650)	415
Doteco SpA	28,395	0	28,395	28,395	0	28,395
Piovan North America	77,253	0	77,253	77,242	0	77,242
Piovan Industrial Automation	6,374	0	6,374	5,524	0	5,524
Piovan Technology Indonesia	618	-	618	-	-	-
Piovan Korea	215	-	215	-	-	-
Total	**147,350**	**(1,357)**	**145,993**	**145,548**	**(888)**	**144,659**
Associates:						
C.M.G. S.p.A.	266	0	266	266	0	266
Total	**266**	**0**	**266**	**266**	**0**	**266**
Other companies						
Toba PnC	152	(152)	-	152	(152)	-
CESAP S.p.A.	0	0	0	0	0	0
Consorizio SALUS PUERI	3	-	3	3	0	3
CONAI	0	0	0	0	0	0
Total	**154**	**(152)**	**3**	**154**	**(152)**	**3**
Total equity investments	**147,770**	**(1,508)**	**146,262**	**145,968**	**(1,040)**	**144,928**

The table below reports the disclosures at December 31, 2023 regarding the equity investments required by Article 2427 of the Civil Code:

With regards to the subsidiary FEA Ptp., as indicated, the value of the investment was written down and a risks provision set aside to cover the negative equity of the company.
With reference to the other investees, management has assessed that the negative differentials between carrying values and equity values do not represent an impairment loss and are amply supported by the medium-to-long-term forecasts prepared.

€/000	Registered office	Currency	Share capital (in foreign currency)	Owners' equity (in Euro)	Result for the period (in Euro)	Shareholding held	Net book value	Pro-rata difference between owners' equity and book value (Euro)
Subsidiaries								
Acquatech S.r.l.	Venice (IT)	EUR	40	5,405	840	100.00%	1,319	4,086
Energys S.r.l.	Venice (IT)	EUR	10	454	34	100.00%	292	161
Piovan Do Brasil LTDA	Osasco (BRA)	Real	12,947	5,312	853	100.00%	3,203	2,109
Piovan Plastics Machinery Co.Ltd	Suzhou (CN)	Yuan	5,088	3,801	1,062	100.00%	500	3,301
Piovan Mexico S.A.	Queretaro(MX)	Peso Mess.	707	5,831	1,239	100.00%	14	5,817
Universal Dynamics Inc.	Fredericksburg (U.S.A.)	Dollars	3,500	21,997	2,813	100.00%	2,896	19,100
Piovan Canada Ltd	Mississauga - Ontario (CAN)	Canadian Dollars	0	2,222	462	100.00%	1,340	882
Piovan Central Europe GmbH	Brunn am Gebirge (A)	EUR	35	2,709	975	100.00%	48	2,661
Piovan GmbH	Garching (D)	EUR	102	4,421	999	100.00%	2,146	2,275
Piovan France Sas	Chemin du Pognat (F)	EUR	1,227	1,813	331	100.00%	1,161	652
Piovan UK Ltd	Bromsgrove (GB)	Pounds Sterling	25	895	475	100.00%	36	859
Piovan Vietnam Company Ltd	Mai Chi Tho (Vietnam)	Vnd	1,136,500	1	(5)	100.00%	-	1
Piovan Gulf Fze	Dubai (UAE)	Aed	1,000	560	37	100.00%	244	316
Piovan Japan Inc.	Kobe (J)	JPY	6,000	(225)	(93)	100.00%	-	(225)
Piovan India Private Ltd	Mumbai	INR	350	1,520	304	100.00%	20	1,500
Penta S.r.l.	Ferrara (IT)	EUR	100	17,760	74	100.00%	18,557	(797)
FDM GmbH	Konigswinter (DE)	EUR	75	10,841	1,556	66.67%	1,214	6,014
Piovan Asia Pacific LTD	Bangkok (TH)	THB	8,010	1,963	284	100.00%	55	1,908
Piovan South Est Asia Ltd	Bangkok (TH)	THB	-	-	-	100.00%	-	-
Piovan Muhendslik LTD	Beikoz (TR)	TRY	10	121	172	100.00%	-	121
Piovan Czech Republic s.r.o.	Praga (CZ)	Czk	200	1,167	281	100.00%	1	1,166
Piovan Maroc Sarl. AU	Kenitra (Marocco)	MAD	1,000	322	76	100.00%	92	230
FEA Process&Technological Plants S.r.l.	Scarnafigi (CN)	EUR	20	(3,191)	(3,170)	68.17%	-	(2,175)
TOBAPNC Co. Ltd	Seoul (Corea del Sud)	KRW	-	-	-	51.00%	-	-
Doteco SpA	Modena (IT)	EUR	1,000	20,020	4,197	100.00%	28,395	(8,375)
Piovan Noth America	Delaware (USA)	USD	55,655	102,792	19,322	100.00%	77,253	25,539
Piovan Industrial Automation	Suzhou (CN)	Yuan	46,151	5,770	(65)	100.00%	6,374	(604)
PT Piovan Technology Indonesia	Seoul (Corea del Sud)	IDR	1,000,100	344	(251)	99.00%	618	(278)
Piovan Korea	Giacarta (indonesia)	KRW	300,000	202	(8)	100.00%	215	(13)
Total				**214,827**	**32,796**		**145,993**	**66,233**
Associates:								
C.M.G. S.p.A.*	Bologna (IT)	Euro	1,250	5,094	939	20.00%	266	753
Total				**5,094**	**939**		**266**	**753**
Other companies**								
TOBAPNC Co. Ltd						10.00%		
Consorzio SALUS PUERI							3	
CONAI								
Total							**146,262**	
**The figures for CMG S.p.A. reported in the table below refer to the latest available financial statements year ended 31 December 2022*								
*** Financial statements data not available.*								

In addition, the Company holds options to purchase minority interests, and specifically the option to purchase 33.33% of FDM Gmbh and the option to purchase 12% of Fea. In addition, with reference to FDM Gmbh, Toba and Fea, the respective minority shareholders hold a put option on their share.

[5] Non-current financial assets

This includes a loan in Euro disbursed to the subsidiary IPEG Inc. in conjunction with the acquisition of the group. The initial value of the loan, issued at arm's length conditions, was Euro 40,000 thousand. The contract establishes a due date of December 31, 2027, and no payment plan has been defined. IPEG Inc. may decide to repay it in advance either in whole or in part. The remaining balance of the loan at December 31, 2023, was Euro 22,500 thousand. Given the contractual due date and the purposes of the loan, the remaining balance has been included among non-current financial assets.

[6] Other non-current assets

These totaled Euro 16 thousand at December 31, 2023, and are essentially in line with the previous year. The account mainly refers to various security deposits paid on utilities and lease contracts for the Company's headquarters.

[7] Deferred tax assets and liabilities

Deferred tax assets amount to Euro 1,075 thousand at December 31, 2023, compared to Euro 1,254 thousand at December 31, 2022, whereas deferred tax liabilities amount to Euro 145 thousand, compared to Euro 168 thousand at December 31, 2022.

The Company has set aside deferred tax assets and liabilities on temporary differences between book values and tax values.
Deferred tax assets do not include assets arising from the valuation of tax losses as the Company has no tax losses carried forward.

In particular, deferred tax assets and liabilities derive from the accrual of taxes on future costs or benefits with respect to the year in question, mainly as a result of increased taxes generated from the non-deductibility of losses on receivables, write-downs of equity investments, directors' fees not yet paid, and other amortization and depreciation deductible in subsequent years and provisions for risks.
Taxation has been calculated on the basis of the rates in force when the temporary differences will reverse. The breakdown of deferred tax assets and liabilities for each year is as follows:

Deferred tax assets (€'000)	Taxable income 2023	Deferred tax assets 2023	Taxable income 2022	Deferred tax assets 2022
Provisions for doubtful debts	381	91	381	91
Provision for product warranties	313	87	295	82
Inventory obsolescence provision	1,651	454	1,726	481
Provision for pending litigation risks	400	111	160	45
Directors' unpaid emoluments	36	9	940	226
Supplementary customer indemnity	55	3	55	3
Foreign currency conversion losses	1,075	258	1,072	257
Adoption of IAS 19	234	56	255	61
Other	12	5	23	7
Total	**4,157**	**1,075**	**4,905**	**1,254**

Deferred tax liabilities (€'000)	Taxable income 2023	Deferred tax liabilities 2023	Taxable income 2022	Deferred tax liabilities 2022
Adoption of IAS 17	36	10	37	10
Capital gain in intallments	-	-	126	30
Other	560	135	529	127
Total	**596**	**145**	**692**	**168**

Movements in deferred tax assets and liabilities are shown below:

€/000	31.12.2022	Income statement effect	31.12.2023
Deferred tax assets	1,254	(179)	1.075
Deferred tax liabilities	(168)	23	(145)
Totale	**1,086**	**(156)**	**(909)**

[8] Inventories

At December 31, 2023, they amounted to Euro 17,672 thousand compared to Euro 21,216 thousand at December 31, 2022; the breakdown is shown below:

€/000	31.12.2023	31.12.2022
Raw materials, ancillary and consumption materials	310	464
Semi-finished goods and work in progress	14,407	15,071
Provision for obsolescence of semi-finished	(329)	(329)
Total semi-finished goods and work in progress	**14,388**	**15,205**
Finished goods and goods for resale	4,504	6,728
Provision for obsolescence of finished goods and goods for resale	(1,396)	(996)
Total finished goods and goods for resale	**3,108**	**5,731**
Advances	176	280
Inventories	**17,672**	**21,216**

During 2023 inventories decreased by Euro 3,144 thousand, gross of the obsolescense provisions. The decrease, mainly related to Semi-finished goods and work in progress and Finished Products, is linked to a better management of stocks and deliveries.
A provision for obsolete or slow-moving inventories is recorded to reflect the difference between the cost and estimated realizable value of obsolete raw materials, semi-finished and finished products.

[9] Trade receivables

They amounted to Euro 23,665 thousand at December 31, 2023 compared to Euro 25,083 thousand at December 31, 2022. This item, which represents the exposure to third parties, is broken down as follows:

€'000	31.12.2023	31.12.2022
Customer receivables	17,817	18,998
Receivables from subsidiaries	7,267	7,764
Receivables from associated companies	0	0
Receivables from parent companies	1	1
Total trade receivables	**25,084**	**26,762**
Provisions for doubtful debts	(1,420)	(1,680)
Total	**23,665**	**25,083**

Receivables at December 31, 2023, gross of the provision, decreased by Euro 1,678 thousand compared to the end of 2022. The decrease is mainly attributable to increased efficiency in average collection days.

Receivables by regional breakdown are shown below:

	31.12.2023	31.12.2022
EMEA	16,834	18,326
of which Italy	11,686	15,085
NORTH AMERICA	2,064	992
ASIA	2,541	2,263
AFRICA	20	31
SOUTH AMERICA	2,205	3,471
Total	**23,665**	**25,083**

Details of trade receivables from group companies are provided in the disclosure on transactions with related parties under "Other information".

Write-downs are made on the basis of a careful analysis of past due accounts, customers in financial difficulties and clients with whom legal action has been initiated, in addition to estimated expected losses on receivables.

The doubtful debt provision reflects management's estimate based on the expected losses by the Company, based on past experience for similar receivables, current and historic amounts overdue, losses incurred, receipts, careful monitoring of the credit quality and projections on economic and market conditions, with the information known at the reporting date.

Movements on the provision for impairment of receivables during the year are shown below:

	31.12.2022	Provisions	Utilisations	31.12.2023
Provisions for doubtful debts	1,680	60	(320)	**1,420**

The following is a breakdown of gross receivables by past due date:

Crediti e Fondo	31.12.2023		31.12.2022	
	Crediti	Fondo	Crediti	Fondo
Receivables due to expire	15,003	(160)	14,234	(188)
Receivables overdue whitin 30 days	5,109	(51)	5,190	(50)
Receivables overdue between 1 and 12 months	3,900	(146)	5,122	(78)
Receivables overdue over 12 months	1,072	(1,063)	2,217	(1,362)
Total	**25,084**	**(1,420)**	**26,762**	**(1,678)**

[10] Current financial assets

Current tax assets amount to Euro 11,480 thousand at December 31, 2023 (Euro 7,529 thousand at December 31, 2022). This item includes loans granted to investee companies at normal market conditions and bond securities.

€'000	31.12.2023	31.12.2022
Securities	6,555	6,557
Cash pooling FEA S.r.l.	4,924	687
Piovan Muhendslik LTD	260	260
Piovan Japan Inc.	285	285
Tobapnc Co Ltd	50	50
Bad debt provision for current assets	(595)	(310)
Total current financial assets	**11,480**	**7,529**

The loans to subsidiaries are classified under current assets as it is contractually agreed that the Company may request their repayment at any time.

“Securities” amounted to Euro 6,556 thousand at December 31, 2023 compared to Euro 6,557 thousand at December 31, 2022, and include government bonds acquired in 2022 in order to utilize the available liquidity. These instruments were measured at fair value (level 1) at December 31, 2023, as required by IFRS 9 and was classified as a current financial asset in line with the purpose of using part of the available liquidity in low-risk and readily available instruments.

The total effect of the fair value measurement in 2023 is a net gain of Euro 31 thousand, compared to the subscription date.

It should be noted that the Company has established cash pooling agreements with the subsidiaries Aquatech S.r.l., FEA Ptp, Doteco S.p.A. and Penta S.r.l. At December 31, 2023, only the cash pooling account with FEA Ptp had a credit balance, whereas the others all had debit balances and were recognized among other current financial liabilities.

The change in the cash pooling receivable is presented under Divestment/(Investment) of Financial Assets on the statement of cash flow. The cash pooling debt movements were indicated in the “Increases/(decreases) in other financial liabilities” line of the statement of cash flows.

The write-down provision for current financial assets includes the write-down of loans issued to the investee Toba Pnc and to the Turkish and Vietnamese subsidiaries.

[11] Tax receivables

They amounted to Euro 1,313 thousand at December 31, 2023 compared to Euro 1,004 thousand at December 31, 2022. The amount recognized in 2023 mainly concerns the research and development credit for Euro 443 thousand and the VAT receivables for Euro 732 thousand.

[12] Other current assets

They amounted to Euro 1,550 thousand at December 31, 2023 compared to Euro 2,415 thousand at December 31, 2022. A breakdown follows:

€/000	31.12.2023	31.12.2022
Employee payables	43	46
Deferred costs	17	287
Advances to suppliers	98	78
derivative financial instruments	19	76
Other receivables	1,373	1,928
Total Other current assets	**1,550**	**2,415**

The most significant amounts are attributable to prepaid expenses related to future periods.

[13] Cash and cash equivalents

They amount to Euro 45,624 thousand at December 31, 2023 compared to Euro 57,278 thousand at December 31, 2022.

€'000	31.12.2023	31.12.2022
Current accounts and post office deposits	32,123	37,277
Cash equivalent	13,500	20,000
Cash	1	1
Cash and cash equivalents	45,624	**57,278**

Current accounts and postal deposits are classified as current assets, as highly liquid and convertible into cash with an exchange rate risk that is considered not significant.

The “Cash equivalents” account includes a time deposit that can be divested rapidly.

As described in Directors’ Report, the net financial position at December 31, 2023 was net debt of Euro 109,029 thousand, compared to net debt of Euro 123,462 thousand at the end of 2022, with cash generation in the amount of Euro 13,553 thousand.

Operating activities offset the absorption of cash from the approval and payment of Parent Company dividends in May 2023 for approximately Euro 10,206 thousand, and the capital expenditure in 2023 of approximately Euro 2,857 thousand, in addition to the instalments paid on medium/long-term loans.

For an analysis of the variations in cash and cash equivalents, reference should be made to the statement of cash flow.

At December 31, 2023 there were no restrictions on the availability of the Company's current accounts.

[14] Assets held-for-sale and disposal groups

As explained in greater detail in the paragraph "Assets held for sale and discontinued operations", at December 31, 2022, we assessed whether the conditions were met for the application of IFRS 5 for the subsidiary Toba Pnc following the signing of the preliminary agreement for the sale of the 41% interest held by Piovan S.p.A.

For the Annual Financial Report at December 31, 2022, the investment in Toba Pnc., corresponding to 41% of the share capital, was considered a current asset held for sale and reclassified among "Assets held for sale and discontinued operations". The gross amount of the write-downs recognized in previous years, related to the portion subject to sale, was Euro 622 thousand and was totally written down to a zero balance.

[15] Shareholders' Equity

Shareholders' Equity is made up as follows:

	31.12.2023	31.12.2022
Share capital	6,000	6,000
Legal reserve	1,200	1,200
Reserve for treasury shares	(2,489)	(2,208)
Other Reserves and retained earnings	68,075	53,239
Fiscal year result	14,774	24,346
Net Equity	**87,560**	**82,577**

The Company's share capital approved, subscribed and paid-in amounted to Euro 6,000,000, divided into 53,600,000 ordinary shares with no par value.

The Company therefore as at December 31, 2023 holds 2,567,539 treasury shares, equal to 4.79% of the share capital of Piovan S.p.A., with a value of Euro 2,489 thousand at December 31, 2023. The change from the previous year is related to the assignment of treasury shares in January 2023 in relation to the first cycle of the 2020-2022 Performance Shares Plan. For this cycle, 93,255 shares were assigned to the beneficiaries of the plan, of which 40,094 were simultaneously withheld by the Company in order to meet the beneficiaries' fiscal obligations, in the form of a substitute tax, related to this assignment.

Also with reference to the 2020–2022 Performance Shares Plan, for the second and third cycles, certain executives of the Parent Company were granted the right to receive shares in Piovan S.p.A. numbering 326,291, based on achieving the plan's targets, with vesting dates set across a period from 2023 to 2024. The total is Euro 1,165 thousand, whereas the amounts vested at

December 31, 2023, totaled Euro 954 thousand. These shares will vest permanently at the end of the vesting period if the executive still has an employment relationship with the Company.

On April 24, 2023, the Shareholders' Meeting approved the new stock grant plan for ordinary company shares, called the "2023-2025 Long Term Incentive Plan" (the "Plan"). The Plan is divided into three cycles (the first relating to the 2023- 2025 vesting period, the second relating to the 2024-2026 vesting period, and the third relating to the 2025-2027 vesting period) and provides for the allotment of ordinary shares of Piovan S.p.A. for each cycle. With reference to the first cycle, the rights were granted to managers of Piovan S.p.A., but also of its subsidiaries, and the number of rights at maturity was estimated at approximately 151,854. The total value of the first cycle is Euro 1,433 thousand, whereas the amounts vested at December 31, 2023 totaled Euro 478 thousand. These shares will vest permanently at the end of the vesting period if the executive still has an employment relationship with the Company.

Other reserves and undistributed profits mainly includes the other profit and capital reserves of the Company, in addition to the profit for previous years and the effects of adjustments resulting from the adoption of international accounting standards. This item changed during 2023 following the allocation of the previous year's result and the distribution of dividends amounting to Euro 10,206 thousand fully paid to the shareholders of the Company in May 2023.

Availability and use of equity reserves, as dictated by the civil code:

Nature/Description	Amount 31.12.2023	Possibility of utilisation	Available amount	Amount distributable
Capital	**6,000,000**			
Legal reserve	**1,200,000**	**B**	**1,200,000**	
Reserve for treasury shares	**(2,488,712)**			
Other reserves	**-**			
Extraordinary reserve	56,372,689	**A, B, C**	56,372,689	53,883,977
Sundry other reserves	6,977,162	**A, B, C**	6,977,162	5,654,349
IAS/IFRS First-Time Adoption reserve	4,724,652	**B**	4,724,652	
Total Other reserves	**68,074,504**			
Total	**72,785,791**			
Profit for 2022	14,773,782			
Total owners' equity year ended 31.12.2022	**87,559,573**			

A: for share capital increases

B: to cover losses

C: for distribution to shareholders

The Company chose to take advantage of the option allowed by Article 110 of Law Decree 104/2020 and realign the fiscal values with the greater carrying amounts for the residual differences at December 31, 2020, related to certain industrial properties redeemed prior to the adoption of the International Accounting Standards. For first-time application (FTA, i.e. financial year 2018), in accordance with IAS 17, these properties were recognized at a value greater than their previous redemption value.
This residual value at December 31, 2020, was Euro 3,383,631 and resulted in recognition of a substitute tax of Euro 101,509. As a result, a fiscal restriction was set on the IAS/IFRS FTA reserve for a net amount of Euro 3,282,122 in accordance with said standard.

[16] Basic and diluted earnings per share

At December 31, 2023, the shares in circulation numbered 53,600,000 and the treasury shares held by Piovan S.p.A. amounted to 2,567,539.

Earnings per share was calculated by dividing the net profit attributable to the shareholders of the Parent Company by the weighted average number of ordinary shares in circulation during the reporting period. As mentioned in relation to shareholders' equity, ordinary shares were repurchased in Q1 2023. In addition, it should be noted that in the context of the 2020 - 2022 Performance Shares Plan and the 2023 - 2025 Long Term Incentive Plan, there are ordinary shares that could be assigned at the end of the vesting period, drawing on treasury shares in the portfolio and which could have a diluting effect.

The calculation of the basic earnings per share is as follows:

	31.12.2023	31.12.2022
Profit for the period (EUR '000)	14,774	24,346
Weighted average of number of outstanding ordinary shares (in thousands of units)	50,888	50,953
Basic earnings per share (in Euros)	**0.29**	**0.48**

	31.12.2023	31.12.2022
Profit for the period (EUR '000)	14,774	24,346
Weighted average of number of outstanding ordinary shares (in thousands of units)	51,356	51,330
Diluted earnings per share (in Euros)	**0.29**	**0.47**

[17] Current and non-current financial liabilities

The account is broken down as follows:

€'000	31.12.2023	31.12.2022
Short-term bank loans	-	7,000
Current portion of medium/long-term loans	36,567	32,692
Current financial liabilities to subsidiaries	47,388	37,321
Loans for leasing falling due within 12 months	524	434
Current financial liabilities	**84,478**	**77,446**

€'000	31.12.2023	31.12.2022
Medium/Long-term loans	79,624	107,311
Loans for leasing falling due over 12 months	565	734
Others financial liabilities	611	558
Non-current financial liabilities	**80,800**	**108,603**

Short-term bank payables refer to the use of bank lines for operating purposes.

Current financial liabilities to subsidiaries total Euro 47,388 thousand and include the cash pooling accounts with the subsidiaries Penta S.r.l., Aquatech S.r.l., Doteco S.p.A. and Energys S.r.l., as well as an interest-bearing loan to the subsidiary FDM in the amount of Euro 5,000 thousand and to Piovan UK for 871 thousand.

A breakdown by contract is provided below of "Medium to long-term bank loans" and the "Current portion of medium to long-term loans" at December 31, 2022, and December 31, 2023, as well as the main features of the bank loans by maturity:

Currency	Original amount (EUR)	Maturity	Interest rate	Terms	31.12.2023 Residual debt	31.12.2023 Current	31.12.2023 Non-current	31.12.2022 Residual debt	31.12.2022 Current	31.12.2022 Non-current
EUR	7,000	03/05/2024	Fixed	0.54%	883	883	-	2,643	1,759	883
EUR	5,000	05/02/2025	Variable	Euribor 6m+0,65%	1,500	1,000	500	2,500	1,000	1,500
EUR	7,000	07/04/2024	Variable	Euribor 6m+0,85%	875	875	-	2,625	1,750	875
EUR	2,000	24/06/2023	Fixed	0.35%	-	-	-	335	335	-
EUR	20,000	14/10/2025	Fisso	0.67%	8,000	4,000	4,000	12,000	4,000	8,000
EUR	4,125	23/12/2028	Variable	Euribor 6m+0,6%	2,946	589	2,357	3,536	589	2,946
EUR	5,000	05/05/2023	Fixed	0.01%	-	-	-	1,667	1,667	-
EUR	10,000	22/11/2024	Fixed	0.25%	3,342	3,342	-	6,675	3,333	3,342
EUR	100,000	21/01/2028	Fixed	1.34%	85,000	20,000	65,000	100,000	15,000	85,000
EUR	10,000	20/06/2025	Variable	1.05%	5,127	3,377	1,749	8,370	3,258	5,112
EUR	10,000	15/05/2027	Variable	4.41%	8,750	2,500	6,250	-	-	-
Bank loans					**116,423**	**36,567**	**79,856**	**140,350**	**32,692**	**107,658**
EUR	741	30/06/2031	Fixed	0.18%	704	93	611	595	37	558
Other					**704**	**93**	**611**	**595**	**37**	**558**
Total					**117,127**	**36,660**	**80,467**	**140,945**	**32,729**	**108,216**

Loans are recognized at amortized cost and include arrangement expenses of Euro 232 thousand recognized as a reduction to the residual debt.

Financial liabilities changed during the year as follows:

€/000	Short-term bank borrowings	Current portion of long-term loans	Other loans and borrowings	Total current financial liabilities	Medium to LT bank loans	Other loans and borrowings	Total non current financial liabilities
31.12.2022	**7,000**	**32,693**	**37,755**	**77,447**	**107,311**	**1,292**	**108,604**
Disbursements/(Refunds)	(7,000)	(31,428)	(482)	**(38,910)**	7,500	3	**7,503**
Changes cash pooling	-	-	10,067	**10,067**	-	-	**0**
Increase/(decrease) for lease	-	-	113	**113**	-	340	**340**
Reclassifications from non current to current	-	35,302	459	**35,761**	(35,187)	(459)	**(35,646)**
31.12.2023	**-**	**36,567**	**47,912**	**84,479**	**79,624**	**1,176**	**80,801**

As required by IFRS 7, the following table show cash flows relating to the Group's financial liabilities by maturity.

31.12.2023	Total	Total flows	Within 1 year	From 1 to 5 yeards	over 5 years
Medium/Long-term loans	79,624	81,918		81,918	
Others financial liabilities	14,497	14,497		14,497	
Non-current financial liabilities	**94,121**	**96,415**		**96,415**	
Current portion of medium/long-term loans	36,567	38,453	38,453		
Short-term bank loans	666	666	666		
Others financial liabilities	23,240	23,240	23,240		
Current financial liabilities	**60,473**	**62,359**	**62,359**		

The Company has entered into an IRS contract to hedge interest rate fluctuations on one of its variable rate loans. The residual notional value of the instrument is Euro 875 thousand and the fair value is positive and equal to Euro 19 thousand.

[18] Employee benefits plans

This item includes post-employment benefit provisions. These liabilities qualify as defined benefit plans in accordance with IAS 19 and have therefore been subject to actuarial calculation. Changes in liabilities compared with the same period of the previous year are shown below.

Employee benefits liabilities	31.12.2023	31.12.2022
Opening balance	**1,690**	**2,041**
Employee benefits paid	(87)	(179)
Provision	1,284	1,203
Transfer to pension funds and INPS treasury	(1,284)	(1,096)
Actuarial earnings (losses)	41	(300)
Interest cost	62	20
Closing balance	**1,706**	**1,690**

The valuation of Post-employment benefits is based on the following actuarial assumptions:

Employee benefits liabilities	31.12.2023	31.12.2022
Annual discount rate	3.17%	3.77%
Annual inflation rate	2.00%	2.30%
Annual rate of increase in employee severance indemnity	3.00%	3.23%
Mortality rate	Tavole ISTAT 2016	Tavole ISTAT 2016
Retirement age	at the achievement of the AGO pension fund requirements	
Advances rate	2.80%	2.80%
Turnover rate	1% (based on historical company data)	

As required by the related IFRS, the following is a sensitivity analysis showing how the liability would change as the discount rate and inflation change.

Employee benefits liabilities (€'000)	31.12.2023	31.12.2022
Discount rate +50bp	(71)	(73)
Discount rate -50bp	76	78
Inflation rate +50bp	47	49
Inflation rate -50bp	(45)	(47)

[19] Provision for risks and charges

The provision for risks and charges at December 31, 2023 amounted to Euro 3,979 thousand compared to Euro 973 thousand at December 31, 2022. The composition and the movements of the item are shown in the following table:

€/000	31.12.2022	Provisions/release	Reclassification	31.12.2023
Provision for legal and tax risks	160	50	-	210
Provision for product warranties	295	18	-	313
Provision for additional client expenses	32	9	-	40
Provision for risks on investments	486	2,400	530	3,416
Provisions for risks and charges	**973**	**2,476**	**530**	**3,979**

The Product warranty provision was set up to cover estimated warranty service charges to be incurred in the future, calculated on the basis of historical costs and expected costs relating to the machines and plants sold and still within the initial warranty period.

The provision for agents' termination indemnity represents the estimated liability resulting from the application of current legislation and contractual clauses regarding the termination of agency relationships.

The provision for equity investment risks includes the provision for the negative shareholders' equity of the subsidiaries Piovan Muhendislik Ltd Sirketi, Piovan Japan Inc., Piovan Asia Pacific LTD and Fea Process Ptp.

As better illustrated in the Directors' report, regarding the tax audit, which took place in 2023 and related to FYS 2017-2022, the Parent Company assessed that a provision connected to a potential liability arising from the findings of such tax audit is not necessary, considering the impossibility at present to determine the amount of the disbursement and, also having heard the opinion of independent primary consultants, that the risk of losing was determined unlikely.

[20] Other non-current liabilities

At December 31, 2023, these amounted to Euro 1,754 thousand compared to Euro 2,219 thousand at December 31, 2022, and are represented mainly by payables to employees for incentive plans.

[21] Trade payables

They amounted to Euro 25,263 thousand at December 31, 2023 compared to Euro 28,784 thousand at December 31, 2022. Trade payables originate from the different payment terms negotiated with suppliers, which vary according to the various countries in which the Company operates. The company does not have significant past overdue amounts.

[22] Advance from customers

At December 31, 2023, Advances from customers amounted to Euro 2,139 thousand compared to Euro 5,085 thousand at December 31, 2022. This item refers to advances received by the Company from customers and improved as a result of the strong performance of sales for the year.

[23] Tax liabilities and social security contributions

They amount to Euro 4,245 thousand at December 31, 2023 compared to Euro 4,709 thousand at December 31, 2022. The account is broken down as follows:

€'000	31.12.2023	31.12.2022
Social security contributions	2,901	2,631
Tax withholdings for employees	1,098	1,960
Income tax liabilities (IRES and IRAP)	245	84
Other	-	34
Tax liabilities and social security contributions	**4,245**	**4,709**

The change compared to the previous year is largely due to changes in payables to social security institutions.

[24] Other current liabilities

They amount to Euro 8,502 thousand at December 31, 2023 compared to Euro 7,411 thousand at December 31, 2022. The account is broken down as follows:

€'000	31.12.2023	31.12.2022
Payables to employees	3,620	3,394
Payables to parent companies	757	189
Accrued expense and deferred income	1,037	994
Other payables	3,087	2,834
Other current liabilities	**8,502**	**7,411**

Employee payables refer to wages and salaries and accruals for vacation and leave accrued. The item Payables to parent companies includes the payable to Pentafin S.p.A. for current taxes under the tax consolidation contract.

Notes to the Separate Statement of Profit and Loss

[25] Revenues

Revenues amounted to Euro 133,490 thousand in 2023, compared to Euro 132,343 thousand in 2022 (+0.9%). Revenues are shown net of discounts and rebates.
In order to provide adequate disclosure a breakdown of revenues by market and region is provided below. This breakdown is the analysis regularly monitored by Company Management.
The breakdown of revenue by market is as follows:

€/000	2023	%	2022	%	Change	%
Technical Polymers	115,037	*86.2%*	115,225	*87.1%*	(188)	*(0.2%)*
Food & Industrial Applications	171	*0.1%*	162	*0.1%*	9	*5.6%*
Services	18,282	*13.7%*	16,956	*12.8%*	1,326	*7.8%*
Total	**133,490**	***100.0%***	**132,343**	***100.0%***	**1,147**	***0.9%***

The breakdown of revenue by region is as follows:

€/000	2023	%	2022	%	Change	%
EMEA	105,271	*78.9%*	105,967	*80.1%*	(696)	*(0.7%)*
ASIA	6,213	*4.7%*	6,504	*4.9%*	(292)	*(4.5%)*
NORTH AMERICA	16,892	*12.7%*	14,959	*11.3%*	1,933	*12.9%*
SOUTH AMERICA	5,114	*3.8%*	4,913	*3.7%*	201	*4.1%*
Total	**133,490**	***100.0%***	**132,343**	***100.0%***	**1,147**	***0.9%***

Revenue by market indicates:

- Technical Polymers systems revenue were substantially in line with the previous year. This performance may be attributed to an improvement in the Automotive and Packaging segments with the use of recycled material and with technologies to develop new materials, all of which was offset by the downward trend in the Consumer & Technical segment.

- the Food & Industrial Application Systems market is marginal for Piovan S.p.A. as it is the market for the subsidiaries Penta S.r.l. and FEA ptp S.r.l.

- Services revenue posted growth (+7.8%) on 2022, in line with expectations as defined in the Group's business plan.

In terms of geographical areas, the EMEA remains the Company's primary market, accounting for 78.9% of total revenue.

Revenues in EMEA include revenues in Italy which amounted to Euro 31,884 thousand in 2023 and Euro 40,413 thousand in the previous year.

[26] Other Revenues and income

Other revenues amounted to Euro 5,712 thousand in 2023 compared with Euro 2,639 thousand in the previous year.

This item is broken down as follows:

€'000	2023	2022
Ancillary sales transport services	3,067	655
Current expenses grants	951	900
Ancillary sales transport services	314	299
Increases in fixed assets for internal works	91	27
Capital gains for disposal of tangible and intangible assets	18	105
Insurance compensation	9	14
Other	1,262	639
Other revenues and proceeds	**5,712**	**2,639**

Transport ancillary services on sales mainly refers to revenues from transport ancillary services related to sales transactions with customers.

Operating grants mainly concern the research and development grant from the Italian Ministry for Economic Development in the amount of Euro 292 thousand.

Prior year income mainly consists of differences on cost estimates relating to previous years.

[27] Costs of raw materials, components, goods and changes in inventories

This item amounted to Euro 54,990 thousand in 2023 compared with Euro 55,028 thousand in the previous year. This item is broken down as follows:

€'000	2023	2022
Purchase of raw materials, components and goods	49,598	57,733
Purchase of consumables	1,951	2,234
Change in inventories of raw materials and goods	153	(152)
Change in inventories of finished goods and semi-finished products	3,287	(4,786)
Purchase of raw materials, consumables and goods and changes in inventories	**54,990**	**55,028**

These costs were substantially in line with the previous year and in line with revenues.

[28] Services

Service costs amounted to Euro 25,365 thousand in 2023, compared with Euro 26,896 thousand in 2022.

This item is broken down as follows:

€'000	2023	2022
Outsourced processing	7,875	9,822
Transport costs	1,549	2,115
Business trips and travel	1,112	980
Commissions	4,258	3,713
Fees to directors, statutory auditors and independent auditors	1,750	1,877
Consultancies	2,669	2,651
Maintenance and repairs	1,944	1,449
Marketing and advertising costs	595	939
Utilities	768	952
Insurance	483	417
Telephone and internet connections	154	148
Other costs for services	1,820	1,516
Costs for use of third-party assets	389	317
Services costs	**25,365**	**26,896**
of which non-recurring	381	

The largest cost items, in particular from an industrial process point of view, are:

- outsourcing costs amounting to Euro 7,875 thousand in 2023 (31% of total service costs) determined by the production methods of the Group, which concentrates internally processing and high value added and core activities. In 2022, this item amounted to Euro 9,822 thousand and 36.5% of total service costs;
- increase in transport costs on purchases and sales which is linked to business performance and a different mix of countries to which the Company sells.
- Agent commission costs
- Consultancy costs, in line with the previous year.
- Rent, lease and similar costs include rental agreements and non-lease components to which IFRS 16 does not apply.

[29] Personnel expenses

Personnel expense amounted to Euro 31,396 thousand compared with Euro 30,040 thousand in 2022. A breakdown of personnel expenses and the workforce by category is provided below:

€'000	2023	2022
Wages and salaries	23,452	22,666
Social security contributions	6,641	6,145
Costs for defined benefit plans	1,300	1,223
Other personnel expenses	2	5
Personnel expenses	**31,396**	**30,040**
of which non-recurring	-	102

They also include the accrued portion of long-term incentive plans for certain executives of the Company.
The increase is mainly due to the increase in the average number of executives, the increases in national collective bargaining agreements in Italy, and to the share of bonuses and incentive plans for the year. Personal expense as a percentage of total revenues and other income was 22.9% in 2023, compared to 22.6% in 2022.

	2023		2022	
	year end	average	year end	average
Managers	12	12	11	9
Middle managers	19	18	15	14
White collar workers	207	207	210	204
Blue collar workers	193	198	204	198
Total	**431**	**435**	**440**	**425**

[30] Other expenses

The item amounts to Euro 1,426 thousand compared to Euro 627 thousand in the previous year. This item is broken down as follows:

€'000	2023	2022
Other taxes and duties	429	383
Bad debt provision recognition	60	-
Entertainment costs	56	74
Provisions/release for risks	50	(110)
Provision for supplementary indemnity fund	9	9
Losses on the sale of assets	423	14
Other	399	257
Other operating costs	**1,426**	**627**

Other taxes and duties mainly includes indirect taxes on property and local taxes.

[31] Amortisation, depreciation and write-downs

This item amounted to Euro 2,469 thousand, compared with Euro 2,391 thousand in 2022. This item is broken down as follows:

€'000	2023	2022
Amortization	174	159
PP&E Depreciation	1,864	1,879
Right of use depreciation	431	353
Amortisation/depreciation and write-downs	**2,469**	**2,391**

[32] Financial income and expenses

This item amounted to Euro 1,223 thousand in 2023 compared with Euro 8,365 thousand in 2022. The item includes Euro 3,770 thousand dividends received from subsidiaries in 2023 compared to Euro 9,713 thousand in 2022. Financial expense increased from 2022 due to the increase in the cash pooling payable to subsidiaries, in addition to the higher related interest rates.

€'000	2023	2022
Interest income	1,413	776
Dividends	3,770	9,713
Other financial income	56	2
Financial income	**5,239**	**10,490**
Bank interest expenses	2,308	1,679
Other interest expenses	37	35
Other financial expenses	1,671	411
Financial charges	**4,016**	**2,125**
Net financial income (expense)	**1,223**	**8,365**

[33] Net exchange rate gain (losses)

The item amounts to a net loss of Euro 23 thousand in 2023, compared to a net loss of Euro 98 thousand in 2022. This item is broken down as follows:

€'000	2023	2022
Foreign currency conversion gains	343	293
Foreign currency conversion losses	(366)	(391)
Foreign currency conversion gains and losses	**(23)**	**(98)**

Unrealized exchange gains amount to Euro 81 thousand, whereas unrealized exchange losses are Euro 7 thousand.

[34] Adjustment to financial assets

It includes the write-downs related to the value of the equity investments in Fea, as well as the establishment of the write-down provision of current financial assets with subsidiaries.

€'000	2023	2022
Investments write-off	739	-
Investments provision for risjìk and charges	2,400	-
Bad financial debt accrual included in financial asset	606	-
Financial asset adjustments	**3,744**	**-**

[35] Income Taxes

This item amounted to Euro 6,239 thousand, compared with Euro 3,921 thousand in 2022. This item is broken down as follows:

€'000	2023	2022
Current tax	6,424	6,305
Previous year tax	(311)	(2,111)
Deferred tax	126	(274)
Income taxes	**6,239**	**3,921**

In 2022, the Company recognized a tax benefit for the patent box for the period 2018-2022 in the amount of Euro 2,839 thousand.

Income taxes can be reconciled as follows to the pre-tax profit or loss shown in the statement of profit and loss:

	2023				2022			
	Taxable	Tax (IRES)	Taxable	Tax (IRAP)	Taxable	Tax (IRES)	Taxable	Tax (IRAP)
		24%		*5.57%*		*24%*		*5.57%*
In thousands of Euro	**21,013**	**(5,043)**	**21,013**	**(1,170)**	**28,266**	**(6,784)**	**28,266**	**(1,574)**
Higher taxation	**4,839**	**(1,161)**	**9,541**	**(531)**	**2,722**	**(653)**	**6,594**	**(367)**
- Non-deductible vehicles costs	251	(60)	-	-	194	(47)	-	-
- Provisions	-	-	-	-	904	(217)	705	(39)
- Equity investments write off	3,138	(753)	3,138	(175)	-	-	-	-
- Loan devaluation	545	(131)	545	(30)	-	-	-	-
- Variation related to personnel costs	-	-	4,252	(237)	-	-	3,574	(199)
- Capital gain on disposal share	13	(3)	-	-	386	(93)	-	-
- Non-deductible VAT	185	(44)	-	-	195	(47)	-	-
- Others	707	(170)	1,606	(89)	1,043	(250)	2,315	(113)
Lower taxes	**(5,358)**	**1,286**	**(3,504)**	**195**	**(12,493)**	**2,998**	**(12,017)**	**669**
- Contingency	-	-	-	-	(20)	5	-	-
- Super-depreciation	(84)	20	-	-	(106)	25	-	-
- Hyper-depreciation	(229)	55	-	-	(274)	66	-	-
- Dividends	(3,354)	805	(3,504)	196	(9,262)	1,613	(9,713)	541
- IRAP Tax deduction	(507)	122	-	-	(282)	68	-	-
- ACE and super-ACE deduction	(430)	103	-	-	-	-	-	-
- Patent Box	-	-	-	-	(2,304)	553	(2,304)	128
- Others	(754)	181	-	-	(245)	59	-	-
Totals	**20,494**	**(4,919)**	**27,050**	**(1,506)**	**18,495**	**(5,049)**	**22,843**	**(1,256)**

Reference should be made to Note [7] in relation to changes in deferred tax assets and liabilities and the nature of these.

Other information

Non-recurring items

Consob Communication no. DEM/6064293 of July 28, 2006 requires information on significant events and transactions whose occurrence is non-recurring or on transactions or events that do not occur frequently in the normal course of business.

Non-recurring income relates to non-exceptional income items.

The following non-recurring income and expenses were identified in 2023 and 2022:

Non-recurring items	2023	2022
Acquisition costs	(381)	-
Personnel expenses	-	(102)
Patent-box relief 2018-2022	-	2,839
Devaluation of equity investments	(3,744)	-
Total	**(4,125)**	**2,737**

Long term incentive Plans

On May 12, 2020, the Shareholders' Meeting of the Parent Company approved three medium/long-term incentive plans, which aim to retain and incentivize those beneficiaries who are key players in achieving the Group's objectives. This will align the remuneration of these beneficiaries with increases in value and return on shareholder investment.

The first plan, called the “2020-2022 Performance Shares Plan", stipulates that the beneficiaries are identified from among the Executive Directors, excluding the Executive Chairperson, and the Senior Executives at the PiovanGroup companies, providing for the free allocation of Piovan S.p.A. shares already held by the Company. Furthermore:

- the first cycle came to a close in 2022, and in January 2023, 93,255 shares, representing all of the shares planned, were assigned to plan participants.
- the second cycle came to a close in 2023, and in January 2024, 161,113 shares, representing all of the shares planned, were assigned to plan participants.

The second, called the “2020-2022 Long-Term Monetary Incentive Plan", establishes that the beneficiaries are identified from among the Executives and employees or collaborators at the PiovanGroup’s companies, providing for monetary incentives. The plans commenced from their approval by the Shareholders’ AGM and conclude on December 31, 2022, comprising three rolling cycles (vesting periods), each of three years, with the last period concluding in 2024. The vesting periods concern periods on the conclusion of which the shares of the company, or a monetary incentive, shall be granted or issued to beneficiaries, on verification of the achievement for each cycle of the performance objectives linked to the Group’s sales volumes and consolidated EBITDA by the Board of Directors and within the limits and according to the means indicated in the respective regulations and disclosure documents. The first cycle came to a close in 2022, and the amounts due were paid in 2023. In 2023, the second cycle came to a close, and the amounts due will be paid in 2024.

The third plan, called the “2020-2022 Phantom Stock Option Plan”, is for the Executive Directors and Senior Executives at PiovanGroup’s companies. This is a long-term plan divided into three cycles (also known as “Vesting Periods”), each lasting three years. The Vesting Periods are the periods at the end of which it is possible to request payment of the incentive. The duration of the Phantom Stock Option Plan, therefore, is from the date of the plan’s approval by the Ordinary Shareholders' Meeting until the date the incentive is paid. This will be in 2025, while the last Vesting Period will end on December 31, 2024. The first cycle came to a close in 2022, and the amounts due were paid in 2023. In 2023, the second cycle came to a close, and the amounts due will be paid in 2024.

Finally, on April 24, 2023, the Shareholders’ AGM approved the new stock grant plan for ordinary company shares, called the “2023-2025 Long Term Incentive Plan”. This new plan is divided into three cycles (the first covering the 2023- 2025 vesting period, the second covering the 2024-2026 vesting period, and the third covering the 2025-2027 vesting period). Beneficiaries of the plan are individually identified by the Board of Directors, upon the proposal of the Chairperson of the Board of Directors, and having heard the opinion of the Nomination and Remuneration Committee, as the Executive Directors (excluding the Executive Chairperson) and the Senior Executives (as formally identified), with additional beneficiaries identified by the Chairperson of the Board of Directors from among the employees and/or collaborators of the Company or Subsidiaries due to the strategic importance of the roles, as follows:

- by December 31, 2023 for the First Cycle;
- by December 31, 2024 for the Second Cycle;
- by December 31, 2025 for the Third Cycle;

The allocation of the Initial Rights will take place free of charge, with the relevant Beneficiaries not required to pay any consideration to the Company for such allocation.

Initial rights will be allocated based on performance rights (90%), linked to the achievement of certain Group targets, and retention rights (10%), linked to continued employment. Performance Rights may accrue in a range from 0 to approximately 120% of the Initial Rights. The Performance Goals for each Cycle are set by the Board of Directors, after consultation with the Nomination and Remuneration Committee, in accordance with the provisions of the Plan, and communicated to each Beneficiary, for the First Cycle, indicatively by June 30, 2023, and for each subsequent Plan Cycle indicatively by March 31 of the first year of that Plan Cycle. Performance targets are based on both "market conditions" and "non-market conditions”. Furthermore, it is underlined that the Plan's goals include objectives related to ESG topics.

See Note [15] for further details on the plans.

Classes of financial instruments and fair value hierarchy

With reference to the breakdown of financial assets and liabilities required by IFRS 7, there were no transfers between the fair value levels indicated in IFRS 13 and those reported in the Consolidated Financial Statements at December 31, 2022.

31.12.2023	IFRS 9 categories	Book value	Level 1	Level 2	Level 3
Current accounts and post office deposits	Receivables and loans	45,623	-	45,623	-
Cash	Receivables and loans	1	-	1	-
Cash and cash equivalents		**45,624**	**-**	**45,624**	**-**
Trade receivables	**Receivables and loans**	**23,665**	**-**	**-**	**23,665**
Current financial assets	**Receivables and loans**	**11,480**	**6,531**	**-**	**4,949**
Non Current financial assets	**Receivables and loans**	**22,500**	**-**	**22,500**	**-**
Total financial assets	**Receivables and loans**	**103,268**	**6,531**	**68,124**	**28,613**
Bank borrowings	Liabilities at amortised cost	79,624	-	79,624	-
Payables to other lenders	Liabilities at amortised cost	1,176	-	1,176	-
Non-current financial liabilities		**80,800**	**-**	**80,800**	**-**
Short-term bank loans	Liabilities at amortised cost	-	-	-	-
Short-term bank loans	Liabilities at amortised cost	36,567	-	36,567	-
Payables to other lenders	Liabilities at amortised cost	47,912	-	47,912	-
Current financial liabilities		**84,478**	**-**	**84,478**	**-**
Trade payables	**Liabilities at amortised cost**	**25,263**	**-**	**-**	**25,263**
Advances from customers	**Liabilities at amortised cost**	**2,139**	**-**	**-**	**2,139**
Total financial liabilities		**192,680**	**-**	**165,278**	**27,401**

31.12.2022	IFRS 9 categories	Book value	Level 1	Level 2	Level 3
Current accounts and post office deposits	Receivables and loans	57,277	-	57,277	-
Cash	Receivables and loans	1	-	1	-
Cash and cash equivalents		**57,278**	**-**	**57,278**	**-**
Trade receivables	**Receivables and loans**	**25,083**	**-**	**-**	**25,083**
Current financial assets	**Receivables and loans**	**7,529**	**6,532**	**-**	**997**
Non Current financial assets	**Receivables and loans**	**29,500**	**-**	**29,500**	**-**
Total financial assets	**Receivables and loans**	**119,389**	**6,532**	**86,778**	**26,079**
Bank borrowings	Liabilities at amortised cost	107,311	-	107,311	-
Payables to other lenders	Liabilities at amortised cost	1,292	-	1,292	-
Non-current financial liabilities		**108,603**	**-**	**108,603**	**-**
Short-term bank loans	Liabilities at amortised cost	7,000	-	7,000	-
Short-term bank loans	Liabilities at amortised cost	32,692	-	32,692	-
Payables to other lenders	Liabilities at amortised cost	37,755	-	37,755	-
Current financial liabilities		**77,446**	**-**	**77,446**	**-**
Trade payables	**Liabilities at amortised cost**	**28,784**	**-**	**-**	**28,784**
Advances from customers	**Liabilities at amortised cost**	**5,085**	**-**	**-**	**5,085**
Total financial liabilities		**219,918**	**-**	**186,049**	**33,869**

Related party transactions

During 2023 and 2022 the Company had commercial relations with subsidiaries and some related parties of the Group.
In accordance with the provisions of IAS 24, the following entities are considered Related Parties: (a) companies that directly or indirectly through one or more intermediate companies, control, or are controlled or are under common control with the reporting entity; (b) associated companies; (c) natural persons who directly or indirectly have voting power in the reporting entity that gives them a dominant influence over the company and their immediate family members; (d) key management personnel, i.e. those who have the power and responsibility for planning, directing and controlling the activities of the reporting entity, including directors and officers of the company and the immediate family members of such persons; (e) companies in which any natural person described under (c) or (d) has, directly or indirectly, significant voting power, or over which such person has such power. Case (e) includes undertakings owned by the directors or major shareholders of the reporting entity and undertakings which have a manager with strategic responsibilities in common with the reporting entity.
All transactions are regulated at market conditions for goods and services of equal quality.

Transactions as of 31.12.2023	Nature of transactions	Property, Plant & Equipment and IFRS16	Trade Receivables	Other current assets	Non current financial asset	Current financial asset	Trade payables	Current financial liabilities	Non-current financial liabilities	Other non-current liabilities	Other current liabilities	Revenues	Expenses
Subsidiaries													
Piovan Canada Ltd	Subsidiary		550	-		-		11	-		-	2.094	81
Piovan Germania GmbH	Subsidiary		590	-		-		25	-		-	13,388	66
Piovan Central Europe GmbH	Subsidiary		137	-		-		16	-		-	11,646	208
Piovan Uk Ltd	Subsidiary		69	-		-		83	863		-	1,761	440
FEA S.r.l.	Subsidiary		154	-		4,924		-	-		-	190	-
Piovan Do Brasil	Subsidiary		1,705	-		-		47	-		-	1,733	1,186
Piovan Plastics Machinery Ltd	Subsidiary		747	-		-		202	-		-	1,287	102
Piovan Mexico S.A.	Subsidiary		516	-		-		44	-		-	9,592	239
Piovan Hungary Kft	Subsidiary		1			-		-	-			2	-
Piovan France Sas	Subsidiary		61	-		-		245	-		-	3,922	540
Piovan Czech Republic s.r.o.	Subsidiary		10	-		-		35	-		-	11	35
Universal Dynamics Inc	Subsidiary		363	-		-		1	-		-	4,379	188
Piovan Asia Pacific Ltd	Subsidiary		373	-		-		46	-		-	1,930	269
FDM GmbH	Subsidiary		127	-		-		499	5.000		-	420	1,386
Piovan India Private Ltd	Subsidiary		150	-		-		149	-		-	363	130
Piovan Mühendislik Ltd	Subsidiary		218	-		260		269	-		-	487	456
Aquatech S.r.l.	Subsidiary		131	-		-		49	1,676		32	635	420
Penta S.r.l.	Subsidiary		196	13		-		369	22,229		-	359	1,222
Piovan Gulf FZE	Subsidiary		18	-		-		233	-		-	31	574
Energys S.r.l.	Subsidiary		2	-		-		64	381		-	25	86
Piovan Vietnam Company Ltd	Subsidiary		23	-		-		20	-		-	14	-
Piovan Japan Inc.	Subsidiary		77	-		285		19	-		-	11	-
Piovan Maroc S.a.r.l.	Subsidiary		2	-		-		190	-		-	2	230
Doteco S.p.A.	Subsidiary		123	-		-		348	17,239		-	164	572
Doteco Inc	Subsidiary		-	-		-		-	-		-	-	-
Piovan North America Llc	Subsidiary		911	-	22,500	-		-	-		-	830	-
Piovan Industrial Automation Co. Ltd.	Subsidiary		-			-		-	-			-	0
PT Piovan Technology Indonesia	Subsidiary		11			-		-	-			10	-
Ipeg inc	Subsidiary											2	-
Total			**7,267**	**13**	**22,500**	**5,469**		**2,965**	**47,388**		**32**	**55,287**	**8,431**
Associated company													
C.M.G. SPA	Associated company							**92**				**5**	**507**
Parent company													
PENTAFIN S.P.A.*	Parent company		**1**								**757**		
Other related parties													
Nicola Piovan	Chairman of the BoD of Piovan S.p.A. and Sole shareholder of Pentafin S.p.A	157	-	11					50	118	57		1,295
Filippo Zuppichin	Chief executive officer and shareholder of Piovan S.p.A	11	-				364				605		1,639
Board of directors' members (except for the Executive President and the CEO)	Directors		-								55		175
TOTAL		**168**	**7,267**	**24**	**22,500**	**5,469**	**364**	**3,057**	**47,449**	**118**	**1,506**	**55,292**	**12,046**

Transactions at 31.12.2022	Nature of transactions	Property Plant & Equipement and IFRS16	Trade recievables	Other current assets	Non current financial asset	Current financial asset	Trade payables	Current financial liabilities	Non current financial liabilities	Other non current liabilities	Other current liabilities	Revenues	Expenses
Subsidiary													
PIOVAN CANADA LTD	Subsidiary		64	-		-	0	-	-		-	1,839	255
PIOVAN GMBH	Subsidiary		700	-		-	12	-	-		-	8,953	76
PIOVAN CENTRAL EUROPE	Subsidiary		291	-		-	15	-	-		-	8,636	370
PIOVAN UK LIMITED	Subsidiary		64	-		-	24	-	-		-	3,442	153
FEA S.R.L.	Subsidiary		5	-		687	-	-	-		-	5	-
PIOVAN DO BRASIL LTD	Subsidiary		2,530	-		-	613	-	-		-	1,425	1,187
PIOVAN PLASTICS MACHINERY	Subsidiary		118	-		-	93	-	-		-	1,494	440
PIOVAN MEXICO S.A.	Subsidiary		1,999	-		-	98	-	-		-	6,168	135
PIOVAN FRANCE	Subsidiary		280	-		-	355	-	-		-	3,887	389
PIOVAN CZECH REPUBLIC	Subsidiary		-	-		-	-	-	-		-	-	-
UNIVERSAL DYNAMICS	Subsidiary		51	-		-	1	-	-		-	5,137	63
TOBA Pnc	Subsidiary		29	-		-	12	-	-		-	8	-
PIOVAN ASIA PACIFIC	Subsidiary		376	-		-	11	-	-		-	2,813	293
FDM GMBH	Subsidiary		25	-		-	3	5,000	-		-	1,398	773
PIOVAN INDIA PVT LTD	Subsidiary		127	-		-	118	-	-		-	413	164
PIOVAN MUHENDISLIK	Subsidiary		362	-		-	69	-	-		-	436	431
AQUATECH S.R.L.	Subsidiary		63	-		-	179	641	-		32	513	1,116
PENTA SRL	Subsidiary		73	-		-	79	19,334	-		-	272	831
PIOVAN GULF FZE	Subsidiary		31	-		-	407	-	-		-	30	606
ENERGYS SRL	Subsidiary		1	-		-	20	347	-		-	11	23
PROGEMA SRL	Subsidiary		5	-		-	-	-	-		-	-	249
PIOVAN VIETNAM LTD	Subsidiary		9	-		-	21	-	-		-	6	1
PIOVAN JAPAN INC.	Subsidiary		66	-		285	19	-	-		-	14	0
PIOVAN MAROC	Subsidiary		-	-		-	151	-	-		-	-	64
Doteco SpA	Subsidiary		359	-		-	118	11,998	-		-	453	505
Doteco Inc.	Subsidiary		-	-		-	-	-	-		-	-	-
Studio Ponte Srl	Subsidiary		-	-		-	2	-	-		-	-	27
Piovan North America	Subsidiary		136	-	29,500	-	-	-			-	552	58
Total			**7,764**	**-**	**29,500**	**972**	**2,418**	**37,321**	**-**		**32**	**47,904**	**8,207**
Associated company													
C.M.G. SPA	Associated company						319					19	919
Parent company													
PENTAFIN S.P.A.*	Parent company		1								189		
Other related parties													
Nicola Piovan	Chairman of the BoD of Piovan S.p.A. and Sole shareholder of Pentafin S.p.A	220		13				50	168		57	-	1,430
Filippo Zuppichin	Chief executive officer and shareholder of Piovan S.p.A	23						13	11	543	508		1,234
Members of BoD (except President an the CEO)	Directors							38			-		181
TOTAL		**243**	**7,764**	**13**	**29,500**	**972**	**2,737**	**37,421**	**179**	**543**	**786**	**47,923**	**11,973**

Commitments and risks

At December 31, 2023, the Company provided guarantees to third parties as indicated below:

- Euro 377 thousand for guarantees in favor of third parties against advances received for contract work-in-progress;
- Euro 16,419 thousand for guarantees in favor of third parties of the Parent Company Piovan S.p.A.;

At December 31, 2023, the Company provided sureties in favor of credit institutions in the interest of subsidiaries and subject to the control of the parent company for a total of Euro 8.5 million (Euro 8.9 million at December 31, 2022).

Payables for future charges not recognized amount to Euro 389 thousand (Euro 316 thousand at December 31, 2022).

Contingent liabilities and contingent assets

We are not aware of the existence of further disputes or proceedings that are likely to have significant repercussions on the Group's financial performance or standing other than as described in the Directors' Report and in the notes to the consolidated financial statements.

We are not aware of any contingent assets of significance to the Group's financial performance or standing.

Disbursements from the Public Administration – Transparency obligations under Italian Law No. 124 of 2017

Provided below is a list of subsidies, grants, paid positions, and other economic benefits of any kind received from public bodies or from other entities defined under Article 1(125) of Law 124 of 2017 by companies of the Group in 2022:

Piovan S.p.A.:

In 2023, Piovan S.p.A. made use of the energy and gas tax credit allowed under Aid Decree 50/2022 of May 17 as amended and related to the fourth quarter 2022 and to the first and second quarter of 2022, in the amount of Euro 144,719.52.

With reference to the tax credit for research, development and innovation, as per Law 160/2019 as amended, the Company has used in 2023 an amount equal to Euro 149,238.26 (of which Euro 53,169.26 for the second tranche 2021 and Euro 96,069.00 for the first tranche 2022).

With regard to the tax credit for capital goods spending, as per Law 178/2020 as amended, the Company used Euro 69,060 of this credit in 2023.

Based on that indicated in the National Aid Register, the Company disposed of a guarantee received in 2022 within the scope of COVID-19 state aid (SME guarantee fund for state aid SA 569666 – 2020(N) – Direct guarantee) in the amount of Euro 306,029.45.

- In 2022, the Company received a grant of Euro 21,160 for training programs from Fondimpresa.

- On March 10, 2020, the Company submitted an application with the Ministry for Economic Development based on the Agreements for Innovation (Ministerial Decree 24.05.2017) for a research and development project entitled "PIOVAN - Smart Factory": which concerns next-generation machinery for the processing of plastics in both granular and powdered form, including from the recycling process, which can be easily integrated into an interconnected system that can share data with customer systems.

The project concerns the development of a series of advanced, highly efficient auxiliary machines for the storage, transport and processing of polymers in both granular and powder form that feature a greater level of control and can be easily integrated into an entire automated line. The ultimate goal of Piovan S.p.a. is to create an advanced, self-adapting system that will enable customers to run their factories with fewer defects, a better use of energy and other resources, and greater process safety, so as not to lose competitive advantage in the transition to Industry 4.0.

Project F/130047/00/X38 was approved by the Ministry for Economic Development on August 6, 2020, by way of Decree No. 3014, for a total cost of Euro 8,236,169.08 and with the following facilities:

- Ministry spending grant Euro 1,647,233.82
- Ministry subsidized financing Euro 411,808.45
- Subsidized financing by the Veneto Region Euro 411,808.45

The project was begun on April 1, 2019. On September 30, 2020, partial suspension of the program was requested in response to COVID. The project came to a close on August 31, 2022.

On January 20, 2021, the first progress report was submitted for costs incurred for the period April 1, 2019, to August 6, 2020, for a reported cost of Euro 2,353,643.36, approved for Euro 2,234,241.70. In relation to these costs, the company received the following disbursements:

- - On December 22, 2021, spending grant in the amount of Euro 446,848.34
- - On December 22, 2021, subsidized financing of Euro 111,712.09 from the Ministry for Economic Development and Euro 111,712.09 from the Region of Veneto.

On May 8, 2021, the second progress report was submitted for costs incurred for the period August 7, 2020, to February 6, 2021, for a reported cost of Euro 1,232,436.82, approved for Euro 1,224,698.51. In relation to these costs, the company received the following disbursements:

- - On March 3, 2022, spending grant in the amount of Euro 244,939.70
- - On March 3, 2022, subsidized financing of Euro 61,234.92 from the Ministry for Economic Development and Euro 61,234.92 from the Region of Veneto.

On December 13, 2021, the third progress report was submitted for costs incurred for the period February 7, 2021, to August 6, 2021, for a reported cost of Euro 1,321,354.56, approved for Euro 1,319,442.03. In relation to these costs, the company received the following disbursements:

- - On July 14, 2022, spending grant in the amount of Euro 263,888.41
- - On July 14, 2022, subsidized financing of Euro 65,972.10 from the Ministry for Economic Development and Euro 65,972.10 from the Region of Veneto.

On June 12, 2022, the fourth progress report was submitted for costs incurred for the period August 7, 2021, to February 6, 2022, for a reported cost of Euro 1,172,306.16, approved for Euro 1,171,057.19. In relation to these costs, the company received the following disbursements:

- On December 5, 2022, spending grant in the amount of Euro 234,211.44
- - On December 5, 2022, subsidized financing of Euro 58,552.86 from the Ministry for Economic Development and Euro 58,552.86 from the Region of Veneto.

On November 23, 2022, the balance of costs incurred for the period February 7, 2022, to August 31, 2022, for a reported cost of Euro 1,775,554.85, approved for Euro 1,714,606.12. In relation to these costs, the company received the following disbursements:

- On December 21, 2023, spending grant in the amount of Euro 292,622.55
- On December 21, 2023, subsidized financing of Euro 73,155.64 from the Ministry for Economic Development and Euro 73,155.64 from the Region of Veneto.

Finally, on May 23, 2023, the final report was issued, which includes a summary of the entire project with a specification of the approved spending; therefore, the definitive approved spending totaled Euro 7,664,045.55.

Remuneration paid to Directors and Statutory Auditors

Remuneration paid to Directors, Statutory Auditors and Senior Managers for the year ended December 31, 2022 compared to the previous year are shown below:

€/000	2023	2022
Directors	2,868	2,606
Managers with strategic responsibilities	1,952	1,521
Statutory auditors	75	75

Disclosure pursuant to Article 149-duodecies of the Consob Issuers’ Regulation – fees for independent auditors

The following table, drawn up pursuant to Article 149-duodecies of the Consob Issuers’ Regulation, highlights the fees charged in the year 2023 for auditing and non-auditing services rendered by this appointed independent audit firm and by the companies in its network.

Type of service	Supplier	Customer	Compensations 2023
External audit of accounts	Auditor of the parent company	Parent company	137
External audit of accounts and review	Auditor of the parent company	Parent company	35
Non-audit services	Network of the parent company's auditors	Parent company	67
Totale			**239**

Subsequent events after December 31, 2023

As presented in the Directors’ Report, the significant events after December 31, 2023, were as follows:

New facility in China

During January 2024, the Chinese subsidiary Piovan Plastic Machinery began the relocation of its manufacturing operations to a temporary site, located at No. 63 Xiangyang Road, Suzhou National High-tech Industrial Development Zone. The transfer is still in progress and is expected to be completed between March and April 2024. This temporary solution was necessary as a result of the conclusion of the lease of the premises occupied until now, and pending the completion of the construction of the new plant, located in No. 369 Tayuan Road, Suzhou National High-tech Industrial Development Zone. Once the construction of the new plant is completed, currently scheduled for the second half of 2024, Piovan Plastic Machinery will move its operations to the permanent site. No material impact on the subsidiary's operations is expected as a result of this transfer, except for the potential delay of some shipments and therefore billing from one quarter to the next.

Consolidation of Group brands and refrigeration activities

On January 31, 2024, the PiovanGroup announced the start of a process to simplify its brand architecture, the purpose of which is to develop the Group and strengthen the sense of belonging of the constituent brands, while respecting their history and identity, and to present itself with a single strong identity on the international market. Specifically, the brands "Fdm”, "Fea”, "Penta”, and "UnaDyn" as of the announcement date became "Piovan Fdm”, "Piovan Fea”, "Piovan Penta”, and "Piovan UnaDyn”. The "Conair”, "Doteco”, "Pelletron" and "Thermal Care" brands will add "PiovanGroup" as an integral part of their logos. In addition, Energys will operate as Piovan, Progema will merge into Piovan Penta, and Republic Machine into Conair.

Finally, as of the date of the announcement, Aquatech will begin operating under the Thermal Care brand as part of a broader strategic initiative in industrial and process refrigeration resulting from the integration of the activities and products of the two companies. The Group expects this consolidation to lead to the creation of a global player in the segment, with a highly-spread production capacity ranging from North America to Latin America and from Europe to Asia, alongside a comprehensive service structure which ensures a closeness to the customer in all countries in which it has a presence and operates. The integration of these business units will allow for R&D efficiencies and an expanded portfolio of products, solutions and services capable of serving a wide range of market sectors.

Acquisition of a 1% stake in Nu-Vu Conair Private Ltd

On February 6, 2024, Piovan S.p.A. and Nu-Vu Conair Private Ltd. announced the signing of an agreement stipulating the purchase by Piovan S.p.A. of 1% of the share capital of Nu-Vu, an Indian company of which Piovan already indirectly holds 50% through the subsidiary Conair Pacific Equipment PTE Ltd, from the selling shareholders of Nu-Vu. The acquisition was completed on February 14, 2024, following the satisfaction of all conditions set out under the agreement, and the PiovanGroup currently holds a total stake of 51% in Nu-Vu.

Nu-Vu Conair Pvt. Ltd. was a joint venture between Nu-Vu Engineers, Ahmedabad, India and The Conair Group (part of the PiovanGroup), Pennsylvania, USA. The joint venture began in 2007, and Nu-Vu Conair Pvt. Ltd. is currently one of the leading manufacturers of polymer processing automation systems in India. The company employs about 250 people and operates a manufacturing plant with a total area of about 150,000 sq. ft. (currently being expanded by an additional 80,000 sq. ft.) for the production of centralized vacuum conveying systems, drying systems, gravimetric dosing systems, chillers and mold temperature control units, crystallizers, conveyor belts, granulators and other polymer processing machinery. Based on the results for 2023, Nu-Vu reported revenue of approximately Euro 20.0 million, with adjusted EBITDA of approximately Euro 3.6 million.

Based on the pro-forma aggregate results[3] for 2023, the combined Group generated revenue of over € 590.5 million, with EBITDA of approximately € 82.0 million. The Transaction was funded through available cash.

Piovan S.p.A. - Tax Audit

In March 2024, due to the approaching expiry of the assessment deadlines, Piovan S.p.A. has received the tax assessment notice for 2017, which substantially reflects the findings already included in the PVC received at the end of 2023 and described in the Directors' report and in the notes of the financial statements. The receipt of such notice does not change the assessment of the Parent Company included in this document, and, furthermore, does not jeopardise the interaction started with the Tax Authority at the beginning of the 2024 regarding a potential compromise settlement.

Except for the events specified above, there were no other significant events after the reporting date.

[3] Aggregate data not subject to audit or limited review

Allocation of the result for the year

Piovan S.p.A. closed 2023 with a net profit of Euro 14,773,781.96, which the Board of Directors proposes to allocate

- to Shareholders for the distribution of a dividend totaling Euro 13,803,891.75, equal to Euro 0.27 for each share with profit rights, excluding therefore treasury shares held by the Company in compliance with Article 2357-*ter*, paragraph 2, of the Civil Code;
- to extraordinary reserve for the remaining Euro 969,890.21.

Santa Maria di Sala (Venezia), March 19, 2024.

For the Board of Directors

Executive Chairman
Nicola Piovan

DECLARATION OF THE SEPARATE ANNUAL FINANCIAL STATEMENTS

Declaration of the Separate Annual Financial Report as per Article 154-bis of Legs. Decree No. 58 of 24.02.1998 and Article 81-ter of Consob Regulation No. 11971 of May 14, 1999 and subsequent amendments and supplements

Santa Maria di Sala, March 19, 2024

The undersigned Filippo Zuppichin, Chief Executive Officer, and Giovanni Rigodanza, Executive Officer for Financial Reporting of Piovan S.p.A. declare, also in consideration of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:

- the accuracy of the information on company operations and
- the effective application

of the administrative and accounting procedures for the compilation of the separate annual financial statements for 2023.

No significant aspect emerged concerning the above.

In addition, we declare that the separate financial statements at December 31, 2023:

a) were prepared in accordance with international accounting standards, endorsed by the European Union pursuant to EU regulation No. 1606/2002 of the European Parliament and Council, of July 19, 2002;

b) correspond to the underlying accounting documents and records;

c) provide a true and fair view of the financial position, statement of financial position and operating results of the issuer.

The Directors' Report includes a reliable analysis on the performance and operating result,

as well as the issuer's situation, together with a description of the main risks and uncertainties to which it is exposed.

The Chief Executive Officer	The Executive Officer for Financial Reporting
Filippo Zuppichin	Giovanni Rigodanza

INDEPENDENT AUDITORS' REPORT ON THE SEPARATE FINANCIAL STATEMENTS

Deloitte & Touche S.p.A.
Via Fratelli Bandiera, 3
31100 Treviso
Italia

Tel: +39 0422 5875
Fax: +39 0422 587812
www.deloitte.it

INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Piovan S.p.A.

REPORT ON THE AUDIT OF THE SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the separate financial statements of Piovan S.p.A. (the "Company"), which comprise the statement of financial position as at 31 December 2023, and the statement of profit and loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

There are no key audit matters to communicate in this report.

Responsibilities of the Directors and the Board of Statutory Auditors for the Separate Financial Statements

The Directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Piovan S.p.A. has appointed us on 14 September 2018 as auditors of the Company for the years from 31 December 2018 to 31 December 2026.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the separate financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Piovan S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the separate financial statements as at 31 December 2023, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the separate financial statements with the provisions of the Delegated Regulation.

In our opinion, the separate financial statements as at 31 December 2023 have been prepared in XHTML format in accordance with the provisions of the Delegated Regulation.

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Piovan S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of Piovan S.p.A. as at 31 December 2023, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the separate financial statements of Piovan S.p.A. as at 31 December 2023 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and information contained in the report on corporate governance and ownership structure are consistent with the separate financial statements of Piovan S.p.A. as at 31 December 2023 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Barbara Moscardi
Partner

Treviso, Italy
28 March 2024

The accompanying financial statements of Piovan S.p.A. constitute a non-official version which has not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815. 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.

BOARD OF STATUTORY AUDITORS' REPORT ON THE SEPARATE FINANCIAL STATEMENTS

PIOVAN S.P.A.

Via delle Industrie, 16 – Santa Maria di Sala (VE)

Tax Code and Venice Companies' Registration Office No. 02307730289

BOARD OF STATUTORY AUDITORS' REPORT

IN ACCORDANCE WITH ARTICLE 153OF LEGISLATIVE DECREE 58/1998AND ARTICLE 2429 OF THE CIVIL CODE

TO THE SHAREHOLDERS' MEETING OF PIOVAN S.P.A. OF APRIL 29, 2024

Dear Shareholders,

The Board of Statutory Auditors currently in office was appointed by the Shareholders' Meeting of Piovan S.p.A. (hereafter the "Company") on April 29, 2021 and its mandate will conclude with the Shareholders' Meeting to approve the financial statements at December 31, 2023.

Pursuant to Article 153, paragraph 1 of Legislative Decree No. 58 of February 24, 1998 (hereinafter, the "CFA"), the Board of Statutory Auditors reports on the supervisory and control activities provided for by applicable legislation, with particular regard to the provisions of the Civil Code, Articles 148 and subsequent of the CFA, Legislative Decree No. 39 of January 27, 2010, as amended by Legislative Decree No. 135 of July 17, 2016 and Legislative Decree No. 254 of 2016. Instructions contained in the CONSOB communications concerning corporate controls, the activity of the Board of Statutory Auditors and the principles of conduct recommended by the National Council of Accountants and Accounting Experts are also taken into consideration.

This Report is being provided to the shareholders of Piovan S.p.A. in view of the Shareholders' Meeting called in a single call for April 29, 2024 to approve the Annual Financial Statements and the Consolidated Financial Statements at December 31, 2023.

* * *

Activities carried out by the Board of Statutory Auditors up to the date of this report are presented below, also with reference to the requirements of Consob Communication No. DEM/1025564 of April 6, 2001 and subsequent amendments.

1. Significant operating, financial and equity transactions.

The main transactions and events occurred in 2023 have been duly described in the paragraph "Significant events of the year" within the Directors' Report (a single Directors' Report for the separate and consolidated financial statements) to which reference should be made. They are as follows: "Doteco Inc.", "Sale of Toba PNC", "Incorporation of Piovan Indonesia", "Resignation of a director", "Purchase of ProTec Polymer Processing GmbH assets", "Dividends distribution", "Authorization to acquire treasury shares", "New Long Term Incentive Plan", "FEA Process & Technological Plants S.r.l. - Completion of office building", "Incorporation of Piovan Korea", "Piovan S.p.A. - Tax Audit ", "Evolution of the Sustainability Strategy", "Commitment to a Circular Economy".

The aforementioned paragraph contains the main information regarding the events described which affected the economic and financial performance of the Group in 2023, the effects of which on the captions of the Financial Statements are explained in the explanatory notes from time to time.

With regards to the Events after the reporting period, described in the specific paragraph of the consolidated Directors' Report, to which reference should be made, we highlight:

- During January 2024, the Chinese subsidiary Piovan Plastic Machinery began the relocation of its manufacturing operations to a temporary site, Once the construction of the new plant is completed, currently scheduled for the second half of 2024, Piovan Plastic Machinery will move its operations to the permanent site. No material impact on the subsidiary's operations is expected as a result of this transfer, except for the potential delay of some shipments and therefore billing from one quarter to the next.

- On January 31, 2024, the Piovan Group announced the start of a process to simplify its brand architecture, the purpose of which is to develop the Group and strengthen the sense of belonging of the constituent brands, while respecting their history and identity, and to present itself with a single strong identity on the international market.

  On February 6, 2024, Piovan S.p.A. and Nu-Vu Conair Private Ltd. announced the signing of an agreement stipulating the purchase by Piovan S.p.A. of 1% of the share capital of Nu-Vu, an Indian company of which Piovan already indirectly holds 50% through the subsidiary Conair Pacific Equipment PTE Ltd, from the selling shareholders of Nu-Vu. The acquisition was completed on February 14, 2024, following the satisfaction of all conditions set out under the agreement, and the Piovan Group currently holds a total stake of 51% in Nu-Vu. The Transaction was funded through available cash.

- In March 2024, Piovan S.p.A. has received the tax assessment notice for 2017, coming from the PVC illustrated in the paragraph “Significant Event of the year” within Director’s report, to which should make reference for the related valuation included.

The Board of Statutory Auditors received information from Directors on an ongoing basis on the activities and significant operating, financial and equity transactions carried out by the Company and its subsidiaries. The Directors have reported these transactions in their Directors’ Report, to which reference should be made, also as regards the nature of the transactions and their economic effects.

The Board of Statutory Auditors acquired adequate information on these transactions, which has made it reasonable to consider that these transactions were compliant with the law, the By-Laws and the principles of correct administration and were not imprudent, risky or inconsistent with the resolutions passed by the shareholders’ meeting or, in any case, such as to compromise the integrity of the Company’s assets.

The Board of Directors, in the Director’s report included adequate information regarding Group’s outlook, confirming the intention in continuing on the strategic path undertaken, also with respect to ESG matters.

2. Atypical and/or unusual transactions, carried out with third parties, inter-company transactions and transactions with related parties.

The Board of Statutory Auditors has not encountered or received instructions from the Board of Directors, the Independent Audit Firm or the Internal Audit Manager concerning the existence of atypical and/or unusual transactions undertaken with third parties, related parties or inter-company transactions, as defined by the CONSOB Communication DEM/6064293 of July 28, 2006.

In the notes to both the consolidated and separate financial statements, Directors have given an account of transactions carried out during the year with Group companies or related parties, to which reference is made, also as regards the nature of the transactions and their economic effects. In particular, the financial report indicates that the underlying transactions are governed at market conditions if compared with the sale of goods and the provision of services of equal quality.

The Board of Statutory Auditors has verified the approval of the procedure for transactions with related parties adopted by the Company, and monitors the periodic information from the Board of Directors when such transactions are carried out.

3. Observations and proposals on the findings and requests for disclosure contained in the independent audit firm's report.

On March 28, 2024, the independent audit firm Deloitte & Touche. S.p.A. issued its reports on the Company's separate and consolidated financial statements, pursuant to Article 14 of Legislative Decree 39/2010 and Article 10 of EU Regulation 537/2014. The reports contain no remarks or requests for information and express an opinion on the consistency of the directors' report and the corporate governance and ownership structure report with the related financial statements.

On the compliance of the consolidated financial statements with the provisions of EU Delegated Regulation 2019/815 of the European Commission on regulatory technical standards relating to the specification of the single electronic communication format (ESEF - European Single Electronic Format), the independent audit firm expressed a favorable opinion, and in particular that the consolidated financial statements have been prepared in XHTML format and have been marked in all significant aspects in accordance with ESEF Delegated Regulation. Also, regarding the financial statements prepared in HTML format, in compliance with ESEF Delegated Regulation, the audit firm expressed favorable opinion. The independent audit firm explain that some information included in the explanatory notes, when extracted in XHTML format in an XBRL instance, due to certain technical limitations, may not be reproduced in an identical manner with respect to the corresponding information viewable in the Consolidated Financial Statements in XHTML format.

On March 28, 2024, the independent audit firm also issued their additional report for the Internal Control and Audit Committee, pursuant to Article 11 of EU Regulation 537/2014. About this report the Board of the Statutory Auditors has no observation to report.

4. Statements pursuant to Article 2408 of the Civil Code and submission of petitions. Initiatives taken by the Board of Statutory Auditors and related outcomes.

No statement or report was received from shareholders during the financial year 2023. No petitions were submitted to the Board of Statutory Auditors during the year 2023.

5. Conferment of appointments to the independent audit firm and related costs.

The Board of Statutory Auditors was informed by the Independent Audit Firm Deloitte & Touche S.p.A. on the accounting of the fees paid to them and to the companies belonging to the network for services pertaining to FY 2023, as indicated in the annual financial report:

Type of service	Person who provided the service	Recipient	Fees 2023 €
External audit of accounts	Auditor of the parent company	Parent company	136,370
External audit of accounts	Auditor of the parent company	Subsidiaries	107,753
External audit of accounts	Network of the parent company's auditors	Subsidiaries	248,332
Review of the half-yearly financial statements	Auditor of the parent company	Parent company	34,830
Review of the half-yearly financial statements	Auditor of the parent company	Subsidiaries	22,725
Review of the half-yearly financial statements	Network of the parent company's auditors	Subsidiaries	37,777
External audit of accounts and review	Other auditors	Subsidiaries	234,966
Non-audit services	Network of the parent company's auditors	Subsidiaries	14,797
Non-audit services	Network of the parent company's auditors	Parent company	67,300
Total			904,851

Pursuant to the provisions of Article 6, paragraph 2; letter a) of EU Regulation 537/2014, Deloitte & Touche S.p.A. has provided the Board of Statutory Auditors with a statement that, up to this date, it is has taken account of the activities performed, has maintained its position of independence and objectivity in respect of the Company and of the Group.

The Board of Statutory Auditors has received timely notice of the non-audit services provided to the Company by Deloitte & Touche. S.p.A. and by entities belonging to its network, and has issued the relevant authorization.

6. Main opinions issued by the Board of Statutory Auditors in accordance with applicable legislation.

The undersigned members of the Board of Statutory Auditors declare that, since the date of their appointment until today, they have issued a positive opinion when required by current legislation.

Up to this report's date, the Board of Statutory Auditors has:

- reviewed and positively assessed the Remuneration Policy for the year 2023 as per the proposal approved by the Nomination and Remuneration Committee in the meeting of March 15, 2024, as well as the Remuneration Report's text approved by the Board of Directors in the meeting of March 19, 2024 and verified that this contains the information required by Article 123-ter of the CFA and Article 84-quater of Consob Regulation 11971/1999; The Remuneration Report's is made by two sections, the first one includes remuneration policy for 2024, that will be subject to the approval of the shareholders' meeting and the second one includes explanation on how the remuneration policy for 2023 was implemented, including the final amounts of remuneration recognized.
- reviewed and positively assessed the text of the Corporate Governance and Ownership Structure Report approved by the Board of Directors in the meeting of March 19, 2024, and verified that this contains the information required by Article 123-bis of the CFA and complies with the provisions of the schedule provided by Borsa Italiana S.p.A.- The Board of Statutory Auditors has monitored on the actual implementation of the corporate governance rules in agreement with the Corporate Governance Code promoted by Borsa Italiana in the version currently in force, in the terms illustrated in the Corporate Governance and Ownership Structures Report for 2023;
- reviewed and positively assessed, together with the Control Risks and Sustainability Committee, the Annual Activity Plan of the Executive Officer for 2023 and the 2024 Audit Plan, each prepared by the respective Managers of the departments and approved by the Board of Directors on March 19, 2024.

  reviewed and positively assessed, together with the Control Risks and Sustainability Committee, the candidacy of Maurizio Bazzo as Independent Director, as co-opted director after Marco Stevanato's resignation.

7. Attendance of the meetings of the corporate bodies

The Board of Directors met on 5 (five) times in 2023. Until the date of this report, in 2023, 3 (three) Board of Directors meetings were held, including the one on March 19, 2024 (during which the Annual Financial Report 2023 was approved).

The Board of Statutory Auditors attended all Board of Directors' meetings, during which it was informed of activities performed and significant transactions made by the Company and its subsidiaries. In addition, the Board of Statutory Auditors attended, until the date of this report, 5 (five) Control, Risks and Sustainability Committee meetings in 2023 and 3 (three) meetings in 2024, 4 (four) meetings of the Nomination and Remuneration Committee in 2023 and 2 (two) in 2024, 1 (one) Related Parties Committee meeting in 2023 and 1 (one) meeting in 2024 and held 9 (nine) of its own meetings in 2023, in addition to two in 2024 by the date of this report, during which exchanges of information with the independent audit firm also took place to ensure that no transactions occurred that were imprudent, risky, with a potential conflict of interest, in breach of the law or the By-Laws or shareholders' meeting resolutions or such as to compromise the integrity of the Company's assets.

8. Observations on compliance with the principles of correct administration

Following its supervisory activities, the Board of Statutory Auditors has no observations to make concerning compliance with the principles of correct administration and has confirmed that the directors are aware of the risk involved and the effects of transactions made.

9. Observations on the appropriateness of the organizational structure.

The Board of Statutory Auditors has gathered information on the company's organizational structure and changes made to it, including by holding meetings with the relevant company managers. In light of what has been confirmed, the Board of Statutory Auditors, having assessed the improvement actions undertaken by the internal functions, considers that the organizational structure, procedures, competences and responsibilities are substantially suitable for the size of the company and the type of activity performed.

With regard to the structure of the Internal Audit function, given that the 2023 Audit Plan has been carried out and fully completed according to planning, the Company has kept its internal structure unchanged, currently made up of the Manager and a full-time junior resource, while also maintaining the help of external consultants where deemed necessary.

10. Suitability of the Internal Control and Risks Management System.

The Board of Statutory Auditors has monitored the suitability of Piovan S.p.A.'s Internal Control and Risks Management System through:

a. the gathering of information, including during meetings of the Control, Risks & Sustainability Committee, as well as through meetings with the Internal Audit Manager and with the managers of other functions, the activities performed, mapping of risks related to activities in progress, audit plans and the internal control system's implementation projects, with the acquisition of associated documentation;

b. regular participation in the work of the Control, Risks & Sustainability Committee set up in accordance with the Corporate Governance Code for listed companies;

c. the review of the Report of the Control, Risks and Sustainability Committee, approved by the Board of Directors on March 19, 2024;

d. the review of the structure of operational controls;

e. the review of the Internal Audit Manager's annual report together with the Internal Audit Manager's positive assessment of the suitability of the company's internal control and risk management system with respect to the company's characteristics and risk profile assumed.

During their periodic meetings and exchanges of information, the Internal Audit Manager and the Supervisory Board did not report any particular critical issues within their respective areas of responsibility.

The Board of Statutory Auditors, agreed with the opinion expressed by the Board of Directors and with the assessment of the Control, Risks and Sustainability Committee, noting that the internal control and risk management system, remains substantially adequate, in respect to the characteristics of the Company and the risk profile assumed, acknowledging the significant improvements made by the Company also during the year just ended.

The Board of Statutory Auditors also:

- confirmed that the Company has an Organization, Management and Control Model that is compliant with the principles contained in Legislative Decree 231/01 and the guidelines drawn up by Trade Associations;
- reviewed the report provided by the Supervisory Board during the meeting of the Board of Directors held on March 19, 2024, from which it appears that no reprehensible facts or violations of the Model have emerged;
- It should be noted that, with the approval of the Board of Directors on March 6, 2024, the Company has adapted the "whistleblowing" procedure to the provisions of Legislative Decree 24/2023.

11. Suitability of the administrative and accounting system and its reliability.

The Board of Statutory Auditors, for all aspects falling within its competence, supervised the administrative and accounting system's suitability and its reliability in correctly representing accounting data and activities performed under the coordination of the Executive Officer for Financial Reporting, for the purposes of the requirements referred to in Law 262/05 "Provisions for the protection of savings and the regulation of financial markets" and subsequent amendments and additions through:

a) the acquisition of information from the Executive Officer for Financial Reporting, including during participation in the work of the Control, Risks & Sustainability Committee;

b) the acquisition of information on procedures adopted for the preparation of the Group's Annual Financial Report as at 31.12.2023;

c) the meetings with the Independent Audit Firm and the results of the work it performed.

The Board of Statutory Auditors also acknowledged that the Impairment test procedure applied by the Company in the preparation of the financial statements closed on 31 December 2023 is the one approved by the Board of Directors on 26 January 2023. The Board monitored the outcome of the Impairment tests carried out by management which did not identify indicators of impairment or problems of recoverability of the values on any of the assets subjected to the test (for details of which please refer to the explanatory notes to the financial statements). Impairment test have been prepared using the business plan of each CGU (related to period 2024-2028) approved by the Board of Directors on March 19, 2024.

While performing the above activities, the Board of Statutory Auditors did not find any critical situations or facts suggesting that Piovan S.p.A.'s administrative and accounting system for the year 2023 was inadequate and/or unreliable.

Also with reference to the collection, management and reliability of non-financial information, the Board expresses an assessment of the adequacy of the process, consistent with the Group's strategic objectives in the social and environmental field.

12. Suitability of instructions imparted to subsidiaries.

The Board of Statutory Auditors considers the instructions imparted by the Company to its subsidiaries pursuant to Article 114, paragraph 2 of the CFA suitable to fulfil the communication requirements envisaged by law.

13. Any relevant aspects relating to meetings with the Auditors.

The Board of Directors met the independent audit firm to:

a) exchange information on the audits performed by the latter, pursuant to Legislative Decree 39/2010 and Article 150, paragraph 3 of the CFA, on the company's accounting records and on the correct recording of accounting data in the accounting records. No critical issues or anomalies emerged from these meetings;

b) for the review and assessment of the compilation process, including the evaluation of the correct application of accounting principles and their homogeneity, and the Piovan Group's Annual Financial Report as at 31.12.2023, together with the results of the audit activities and evaluation of these documents.

In addition to what is reported in paragraph 3, the Board of Statutory Auditors also:

a) received the independent audit firm's additional report, pursuant to Article 11, paragraph 2 of EU Regulation No. 537/2014, also highlighting the fundamental issues that emerged during the audit and no significant deficiencies have been detected in the internal control system on the financial reporting process;

b) Take note what was reported by the independent audit firm in its audit report on the Consolidated Financial Statements regarding the indentification of so-called "Key Audit Matters".

c) Take note that the audit report on the Separate Financial Statements issued by the independent audit firm does not include any "Key Audit Matters".

d) discussed with the independent audit firm, pursuant to the provisions of Article 6, paragraph 2(b) of EU Regulation No. 537/2014, the risks associated with the firm's independence and the measures adopted by it to limit these risks.

14. Compliance the Corporate Governance Code (formerly the Self-Governance Code) approved by the Committee for the Corporate Governance of listed companies.

The Board of Statutory Auditors has verified that the Company has complied with the Corporate Governance Code, in the version currently in force; in particular, by the minutes of the Board of Directors meeting held on March 19, 2024, Company's Management has acknowledged the Recommendations 2023, included in the letter of the Italian Corporate Governance Committee of January 25, 2024 as a specific point of the Agenda.

Pursuant to Article 149, paragraph 1(c-bis) of the CFA, it therefore monitored the practical implementation methods of the corporate governance rules envisaged by the Code, with particular regard to:

- the correct application of criteria and assessment procedures adopted by the Board of Directors to assess the independence of its members, also in consideration of the qualitative and quantitative criteria for assessing the significance of the relevant circumstances (as identified by the board of directors on March 21, 2023 and January 25, 2024);

- the procedures with which the Internal Committees to the Board of Directors are composed, in particular with reference to directors' independence requirements.
- the Company's corporate governance structure.
- on March 3, 2023, it carried out, with a positive outcome, the annual verification for 2023, of compliance with the independence criteria with reference to each of its members, taking in the respects of quantitative and qualitative criteria for assessing the significance of the relevant circumstances pursuant to the Corporate Governance Code. On the same date, the Board of Statutory Auditors carried out the self-assessment process to verify the eligibility of its members, as required by the Corporate Governance Code. In carrying out these assessments, the Board of Statutory Auditors applied all the criteria envisaged by the Code. The outcome of these checks is presented in the Corporate Governance and Ownership Structure Annual Report drawn up for the year 2023.
- the Board of Statutory Auditors does not report any changes regarding the aforementioned assessments, following the update of March 4, 2024.

15. Consolidated non-financial statement

The Board of Statutory Auditors monitored the compliance with the provisions established by Legislative Decree 254/2016 and Consob Regulation no. 20267/2018, examining the consolidated non-financial statement of Piovan S.p.A. and its subsidiaries contained in a specific separate document.

The Board of Statutory Auditors ascertain the compliance with the provisions that regulate the preparation of the Consolidated non-financial statement pursuant to the aforementioned decree and therefore its preparation is in compliance with these regulations.

The Board of Statutory Auditors discussed with the audit firm Deloitte & Touche (which issued for the first time the limited assurance report on Consolidated non-financial statements previously reviewed by BDO) regarding the procedures performed on such report, obtaining the confirmation that no issues have been identified.

The Board of Statutory Auditors has verified the issuance by Deloitte & Touche S.p.A. on March 28, 2024 of the limited assurance report, in accordance with art. 3 and 4 of D.lgs. 254/2016 and with GRI Standards 2021, on Consolidated non-financial statement. The conclusion of Deloitte & Touche S.p.A. on the Consolidated non-financial statement are not extended to the information included in paragraph, required by article 8 of European regulation 2020/852, "New Taxonomy".

Conclusions on the supervisory activities carried out and proposal to the Shareholders' Meeting

Having regard to the above and having:

- verified compliance with law and the By-Laws, compliance with the principles of correct administration and in particular on the adequacy of the organization, administration and accounting structure adopted by the Company and on its correct functioning;
- monitored compliance with disclosure obligations on Inside Information;
- monitored compliance with legal provisions concerning the formation and preparation of the company's Annual Financial Statements and the Group's Consolidated Financial Statements and the Directors' Report for the financial year 2023, including by means of direct audits and information gathered by the independent audit firm, and ascertaining compliance with legal provisions of the Directors' Report for the year 2023;

- monitored that, in compliance with Regulation (EC) No. 1606/2002 and Legislative Decree No. 38/2005, Piovan S.p.A.'s financial statements at December 31, 2023, and the Group consolidated financial statement were drawn up in accordance with IAS/IFRS international accounting standards approved by the European Commission and supplemented by the related interpretations issued by the International Accounting Standard Board (IASB);
- monitored compliance with the procedure for the preparation and presentation of the Annual Financial Statements and Consolidated Financial Statements to the Shareholders' Meeting;
- monitored the compliance with rules related to the preparation of the separate financial statements and consolidated financial statement in XHTML format, and consolidated financial statements marked, in in all significant aspects in accordance with ESEF Delegated Regulation.
- monitored compliance with the provisions established by Legislative Decree 254/2016 and Consob Regulation No. 20267/2018, regarding the Consolidated Non-financial statement of Piovan S.p.A. and its subsidiaries, included in a separate document.

In consideration of the above, the Board of Statutory Auditors requests you to approve the separate financial statements at December 31, 2023, as presented by the Board of Directors, together with the Directors' Report and the allocation proposal for the year's result, having also expressed a favorable opinion on the dividend distribution proposal (Euro 0.27 per share), taking account of the Group's financial statements.

Santa Maria di Sala (VE), March 28, 2024

The Board of Statutory Auditors

Ms. Carmen Pezzuto – Chairman

Mr. Luca Bassan – Statutory Auditor

Ms. Patrizia Santonocito – Statutory Auditor

Version 1.0

Annual Financial Report at December 31, 2023 of Piovan S.p.A.

PIOVAN S.p.A.

Via delle Industrie 16 – 30036
S. Maria di Sala VE - Italy