PiovanGroup

CONSOLIDATED HALF-YEAR FINANCIAL REPORT

at June 30, 2023

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

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

Tax No.: 02307730289 VAT No.: 02700490275

Venice Economic & Administrative Registration No. 235320

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’ Meeting 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’ Meeting of April 27, 2023 and will remain in office until the Shareholders’ Meeting for the approval of the 2023 Annual Financial Statements.

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 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’ Meeting for the approval of the Annual Financial Statements.

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

Control, Risks and Sustainability Committee

In office since April 29, 2021 until the Shareholders’ Meeting for the approval of the 2023 Annual Financial Statements.

Name	In charge
Antonella Lillo	Chairman
Marco Maria Fumagalli	
Mario Cesari	

Nomination and Remuneration Committee

In office since April 29, 2021 until the Shareholders' Meeting for the approval of the 2023 Annual Financial Statements.

Name	In charge
Manuela Grattoni	Chairman
Marco Maria Fumagalli	
Antonella Lillo	

Related Parties Committee

In office since April 29, 2021 until the Shareholders' Meeting for the approval of the 2023 Annual Financial Statements.

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' Meeting for the approval of the 2023 Annual Financial Statements.

Independent Audit Firm

Deloitte & Touche S.p.A., in office until the Shareholders' Meeting for the approval of the 2026 Annual Financial Statements.

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 Half-Year Financial Report at June 30, 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	61,286	71,515
7INDUSTRIES HOLDING BV	7INDUSTRIES HOLDING BV	9,205	6,859	9,668	7,113

(*) Total No. ordinary shares: 53,600,000, including Piovan S.p.A. treasury shares equal to 2,567,539.
(**) 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

Piovan Group 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, designing and producing 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 is increasingly specialized in the design and production of automation systems for the storage, transport and treatment of polymers and plastic powders, 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 polymers and plastic powders, 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 Piovan Group.

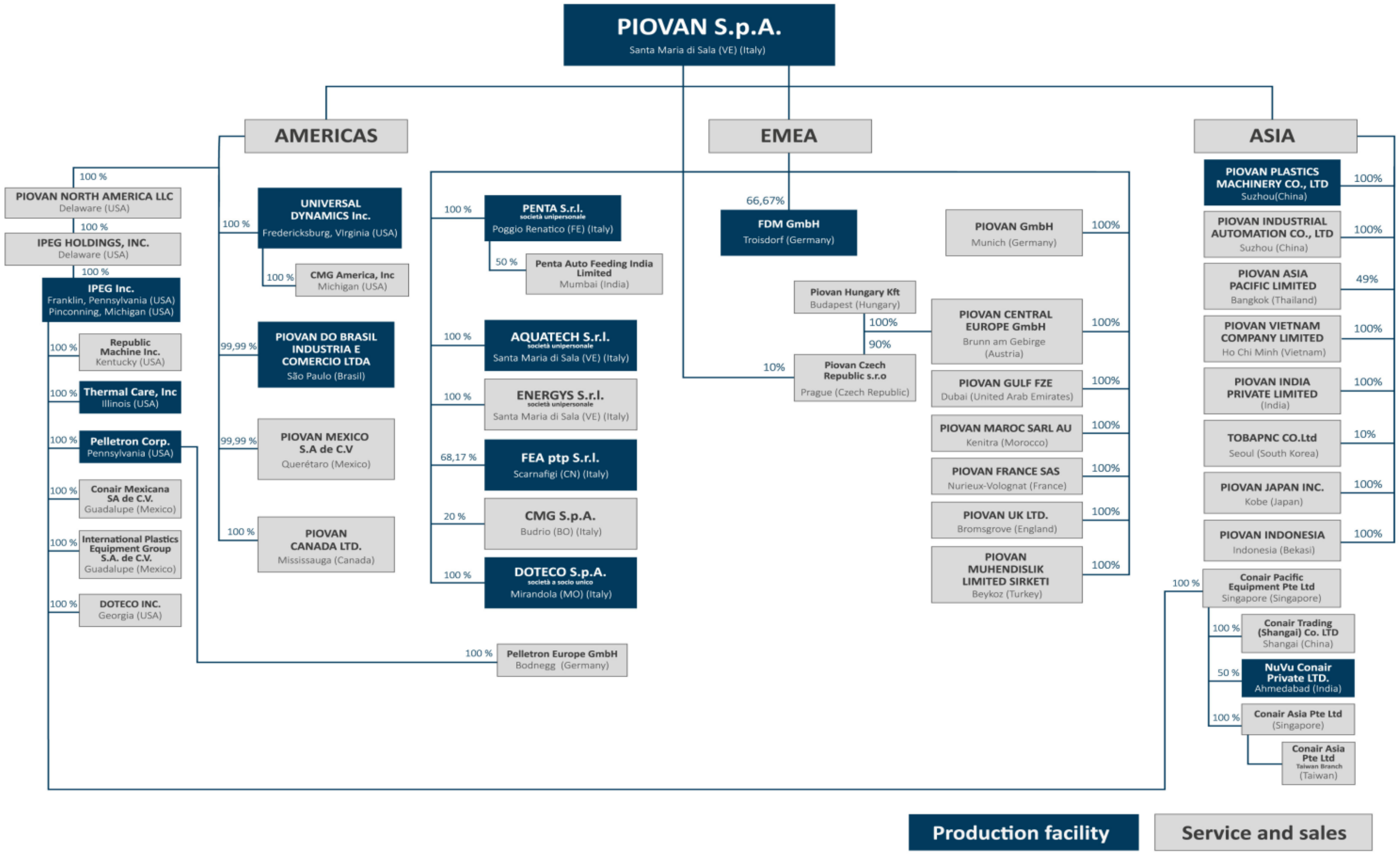
Finally, in January 2022, Piovan S.p.A. completed the acquisition of the entirety of the share capital in Sewickley Capital Inc., owner of 100% of IPEG Inc. – an industry leader in North America. Thanks to this acquisition, Piovan Group has further consolidated its global leadership in systems for the automation of polymer, recycled plastic and bio-resin transformation processes.

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 June 30, 2023, comprises 42 companies on 4 continents, including 13 production companies with 14 plants and 29 commercial companies, is entrusted directly to Piovan S.p.A.

The global spread of Piovan Group 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



GROUP OVERVIEW

General economic overview

Following the recovery from the COVID-19 pandemic, the global economy is experiencing a period of volatility and increased uncertainty. Inflation has reached multi-decade highs, mainly due to the increased cost of energy and raw materials, in addition to supply chain interruptions. Simultaneously, the continuation of the war in Ukraine and the slower-than-expected improvement of supply chains continue to weigh on the global economic outlook.

According to the latest International Monetary Fund ("IMF") estimates update, global growth is expected to decline from the 3.5% estimated for 2022 to 3.0% in 2023 and in 2024.

The advanced economies are still expected to see a significant slowdown in growth in 2023: from 2.7% in 2022 to an expected 1.5% in 2023. Specifically, US growth is expected to slow from 2.1% in 2022, to a forecast 1.8% in 2023, while then reducing further to 1% in 2024. Meanwhile, the Eurozone is expected to see growth slow, from 3.5% in 2022 to 0.9% in 2023, before rising to 1.5% in 2024.

In terms of the emerging and developing economies, relatively stable growth is forecast at approximately 4% both in 2023 and in 2024. In particular, with regards to Asia, 5.3% growth is forecast (5.2% for China) in 2023 and 5% (4.5% for China) in 2024.

The raising of interest rates by the central banks to combat inflation continues to weigh on economic activity. Global inflation is expected to decline from 8.7% in 2022 to 6.8% in 2023 and 5.2% in 2024.

The recent decision of the US government to raise the public debt ceiling, and earlier this year the actions taken by the authorities to contain the turbulence of the Swiss and US banks, has reduced the immediate default risks within the financial sector. This has mitigated any potential impacts on the global economic outlook. Existing risks however still continue to threaten global growth. Inflation could remain high and even rise if further extraordinary events occur, including those resulting from the escalation of the war in Ukraine, or extreme weather events, which could trigger tighter monetary policy. Financial sector turmoil could re-emerge as the markets adjust to further policy tightening by the central banks. The Chinese recovery may slow, also due to unresolved real estate sector difficulties, with impacts spilling over internationally. Public debt distress could extend to a wider Group of economies. On the other hand, inflation may ease faster than expected, reducing the need for restrictive monetary policy, and domestic demand may prove more resilient than expected.

For most economies, the priority remains that of achieving lasting disinflation, ensuring at the same time financial stability. Therefore, the central banks should pursue the achievement of price stability and strengthen financial supervision and risk monitoring.

In this environment, the Piovan Group 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.

In addition, its presence in highly diversified geographical areas and sectors allowed the Group to mitigate the overall risk and benefit from possible improvements in certain areas/sectors.

Significant events in the first half of 2023

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 Piovan Group 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 be continuing to operate in Korea by way of both the non-controlling interest in Toba Pnc and our direct presence in the country, development of which is ongoing.

Establishing 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.

Acquisition of some assets from ProTec Polymer Processing Gmbh

On March 14, 2023, the Piovan Group, 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 service/post-sale market and expanding market share with the OEM leader on the German market.

Dividends distribution

On April 27, 2023, the Shareholders' AGM approved the distribution of a dividend for Euro 10,206,492.20 (Euro 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 date of entitlement to payment of May 16, 2023.

Authorization to acquire treasury shares

On April 27, 2023, the Shareholders' AGM conferred to the Board of Directors of the Company the authorization to purchase and make use of treasury shares with prior revocation of the previous authorization of the Shareholders' AGM 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' AGM 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 Chairperson) and Managers with Strategic Responsibilities, and additional individuals to be selected by the Chairperson 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 underlined that the Plan's goals include one objective related to ESG topics.

Performance of the Group

Provided below are a number of metrics used in order to assess the Group's financial performance and standing. These metrics have been calculated as described in the 2022 Annual Report in the section "Alternative performance measures".

It should be noted that the statement of profit and loss for the first half of 2022 includes the results of the IPEG group from January 31, 2022, the date on which the acquisition was completed.
It should also be noted that, for the purposes of comparison, the statement of profit and loss figures for H1 2022 have been restated compared to the interim report at June 30, 2022, following the definitive purchase price allocation for the IPEG group. Income taxes and the Net profit were restated.

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

Economic performance of the Group

(amounts in €'000)	Economic performance indicators				Changes	
	First half-year 2023	% on total revenues and other income	First half-year 2022 (1)	% on total revenues and other income	2023 vs 2022	%
Revenue	285,437	*98.4%*	231,995	*97.5%*	53,442	*23.0%*
Other revenue and income	4,695	*1.6%*	6,058	*2.5%*	(1,363)	*(22.5%)*
TOTAL REVENUE AND OTHER INCOME	**290,132**	*100.0%*	**238,052**	*100.0%*	**52,080**	***21.9%***
Adjusted EBITDA	**37,677**	*13.0%*	**27,323**	*11.5%*	**10,354**	***37.9%***
EBITDA	**37,458**	*12.9%*	**26,710**	*11.2%*	**10,748**	***40.2%***
OPERATING PROFIT	**30,572**	*10.5%*	**18,582**	*7.8%*	**11,990**	***64.5%***
PROFIT BEFORE TAXES	**31,544**	*10.9%*	**21,481**	*9.0%*	10,063	*46.8%*
Income taxes	9,703	*3.3%*	6,494	*2.7%*	3,209	*49.4%*
NET PROFIT	**21,840**	*7.5%*	**14,987**	*6.3%*	6,853	*45.7%*
Attributable to:						
Owners of the parent	**22,610**	*7.8%*	**14,848**	*6.2%*		
Non-controlling interests	**(769)**	*(0.3%)*	**139**	*0.1%*		
Basic earnings per share	**0.44**		**0.30**			
Diluted earnings per share	**0.44**		**0.29**			

(1) For the purposes of comparison, the statement of profit and loss figures for H1 2022 have been restated compared to the Half-Year Financial Report at June 30, 2022, following the definitive purchase price allocation for the IPEG group. Income taxes and the Net profit were restated.

Revenue

Piovan Group revenue in H1 2023 totaled Euro 285,437 thousand, strong growth on Euro 231,995 thousand in the first half of 2022 (+23%). Recognizing the effect of the acquisition of the IPEG Group retroactively to January 1, 2022, revenue in H1 2022 would have been Euro 245,558 thousand (+16.2% in 2023).

Revenue calculated on a like-for-like basis (i.e. average exchange rate in H1 2022) would have decreased by Euro 1,134 thousand at Euro 284,303 thousand and risen 22.5% on the first six months of 2022.
The exchange effect on revenue was mainly due to the US dollar against the Euro and, to a lesser extent, to the Renminbi.

Revenue by market and geographical area

The breakdown of revenue by market is as follows:

€/000	First half-year 2023	%	First half-year 2022 (*)	%	Change	Change %
Technical Polymers	223,531	78.3%	175,533	75.7%	47,998	27.3%
Food & Industrial Applications	18,599	6.5%	23,230	10.0%	(4,631)	(19.9%)
Services	43,307	15.2%	33,232	14.3%	10,075	30.3%
Revenue	**285,437**	**100.0%**	**231,995**	**100.0%**	**53,442**	**23.0%**

(*)H1 2022 includes the IPEG group for just 5 months.

Revenue by market in H1 2023 indicates:

- Revenues from Technical Polymers Systems grew 27.3%, with all geographical areas performing strongly and stemming from (i) the increased use of recycled materials in rigid packaging, a sector in which the Group is a leader; (ii) the good automotive sector performance, whereby the transition to electric models requires a significant transformation of metal components into technical polymers; and (iii) investments in new pipelines, and more generally in high technical content components.

- Food & Industrial Applications Systems revenue decreased compared to the first half of 2022 due to the timing of development of a number of projects, mainly in the North American market, that are to be completed in the second half of 2023, and to the collection of orders for powder processing systems in the Technical Polymers market, which took some production capacity away from food powder processing systems in the Food & Industrial Applications market.

- Revenues from Services market reported revenue growth of 30.3% on the same period of the previous year, confirming Group development expectations for this market.

The breakdown of revenue by region is as follows:

€/000	First half-year 2023	%	First half-year 2022 (*)	%	Change	Change %
EMEA	94,127	33.0%	88,021	37.9%	6,106	6.9%
ASIA	32,637	11.4%	19,823	8.5%	12,814	64.6%
NORTH AMERICA	148,814	52.1%	116,871	50.4%	31,943	27.3%
SOUTH AMERICA	9,859	3.5%	7,280	3.1%	2,579	35.4%
Revenue	**285,437**	**100.0%**	**231,995**	**100.0%**	**53,442**	**23.0%**

(*)H1 2022 includes the IPEG group for just 5 months.

Revenue in North America mainly grew as a result of the increased market share, the strong performances of the subsidiary Pelletron US and of the food area and also partly driven by a positive EUR/USD currency rate effect.

Growth in Asia, up 64.6%, reflects the market recovery in the region, thanks also to the winning of a number of major orders at the end of 2022 and the beginning of 2023, which had slowed in early 2022 following the lockdowns in response to COVID outbreaks.

Performance in Europe, although strong, reflects the fact that major projects underway in the Food area had a final destination of North America and are developed in Europe. Finally, South America continued to perform well, with growth of 35.4%.

Other revenues and income

Other revenue and income decreased 22.5% on H1 2022. This aggregate included a number of operating grants in 2022. Recognizing the effect of the acquisition of the IPEG Group retroactively to January 1, 2022, Other revenue and income for the Piovan Group would have been Euro 6,763 thousand (-30.6%).

Total revenue and other income

Piovan Group Total revenue and other income in H1 2023 totaled Euro 290,132 thousand, strong growth on Euro 238,052 thousand in the first half of 2022 (+21.9%). Recognizing the effect of the acquisition of the IPEG Group retroactively to January 1, 2022, revenue and other income in H1 2022 would have amounted to Euro 252,321 thousand (+15.0%).

Contribution margin

The contribution margin is calculated as the sum of: (+) Total revenue and income (-) 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	First half-year 2023	First half-year 2022 (*)
Total revenues and other income	290,132	**238,053**
Costs of raw materials, components and goods and changes in inventories	130,479	105,670
Variable services expenses	34,234	31,767
Contribution margin	**125,419**	**100,616**
% on total revenues and other income	**43.2%**	**42.3%**

(*) H1 2022 includes the IPEG group for just 5 months.

The contribution margin in the first half of 2023 was Euro 125,419 thousand, compared to Euro 100,616 thousand in 2022. The margin on total revenue and other income was 43.2% (42.3% in H1 2022 and 41.8% for the full year 2022).

In 2023, the figure partly reflected the prudent recognition of certain additional costs related to a contract in the food market for one of the subsidiaries. The Group is currently in negotiations with the customer to obtain a number of change orders which, if obtained, would generate revenues in future months, thereby offsetting the costs incurred in the semester.

Research and Development Costs

In the first half of 2023, the Piovan Group incurred research and development expenses amounting to Euro 10,481 thousand, 3.6% of Total revenue and other income (Euro 9,035 thousand in H1 2022, 3.8% of Total revenue and income, including the contribution of the IPEG group for 5 months). In H1 2023, Euro 9,771 thousand 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 (Euro 8,442 thousand in the first half of 2022). 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 H1 2023 totaled Euro 37,458 thousand, an increase of 40.2% compared to Euro 26,710 thousand in H1 2022 (12.9% margin vs. 11.2% in 2022 on Total revenue and other income).

Recognizing the effect of the acquisition of the IPEG Group retroactively to January 1, 2022, EBITDA in H1 2022 would have been Euro 27,809 thousand (+34.7% in 2023).

The growth in EBITDA reflects certain non-recurring costs incurred in H1 2023 for activities related to integrating the 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 or non-core activities.

Adjusted EBITDA in H1 2023 totaled Euro 37,677 thousand, for a margin on total revenue and other income of 13% (+37.9% on H1 2022 Adj. EBITDA).

Recognizing the effect of the acquisition of the IPEG Group retroactively to January 1, 2022, Adjusted EBITDA in H1 2022 would have been Euro 28,442 thousand (+32.6% in 2023).

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

€/000	First half-year 2023	First half-year 2022
EBITDA	**37,458**	**26,710**
Non-recurring expenses related to IPEG group acquisition	198	511
Personnel expenses related to the acquisition of IPEG Inc		102
Non-recurring expenses related to Chinese plant	21	
Adj. EBITDA	**37,677**	**27,323**

EBIT

EBIT in H1 2023 totaled Euro 30,572 thousand, up from Euro 18,582 thousand in H1 2022.

The EBIT result reflects the effects of the purchase price allocation (PPA) of IPEG, which alone included the recognition of amortization of intangible assets of Euro 1,954 thousand in H1 2023 (Euro 3,141 thousand in H1 2022). The EBIT margin on total revenue and other income came to 10.5%, improving over the previous year (7.8%). Excluding the effects of the PPA as described above, EBIT would have been Euro 32,526 thousand, for a margin on total revenues and other income of 11.2% (Euro 21,723 thousand in H1 2022 for a margin of 9.1% on total revenue and other income).

As described above, the growth in EBIT reflects certain non-recurring costs incurred in H1 2023 for activities related to integrating the IPEG group and certain additional costs related to a contract of a subsidiary.

Profit for the period

The net profit in H1 2023 of Euro 21,840 thousand increased on Euro 14,987 thousand in H1 2022. The margin on total revenue and other income was 7.5% (6.3% in H1 2022).

The net profit in H1 2023 benefited from the gain on the sale of Toba PNC. The company, deconsolidated starting from the date once the control was lost, had negative equity of Euro 2,621 thousand (of which Euro 1,278 thousand related to non-controlling interests).

Excluding amortization of the PPA of IPEG group, in the amount of Euro 1,954 thousand (Euro 3,141 thousand in H1 2022), the related tax effect of Euro 437 thousand (Euro 639 thousand in H1 2022), and the gain on the sale of Toba PNC, net profit for the period would be Euro 22,021 thousand (Euro 17,488 thousand in H1 2022), for a margin on total revenue and other income of 7.6% (7.3% in H1 2022). In addition, the 2022 half-year net profit benefited for Euro 3,346 thousand from favorable USD/Euro exchange rate movements.

Basic and diluted earnings per share

Basic and diluted earnings per share came to Euro 0.44 in H1 2023 (Euro 0.30 and Euro 0.29 respectively in H1 2022)

Financial performance of the Group

The financial structure of the Piovan Group as at June 30, 2023 is summarized below, compared with December 31, 2022, and where considered significant, with June 30, 2022. As described in the Annual Financial Report at December 31, 2022, following the signing of the preliminary agreement for the sale of the equity investment in Toba PNC, this investment was considered 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 Warning Notice No. 5/21 of April 29, 2021, which implements the EMSA Guidelines 32-382-1138 of March 4, 2021.

€/000	30.06.2023	31.12.2022	30.06.2022
A. Cash	52,678	74,365	104,480
B. Cash equivalents	14,500	20,000	-
C. Other current financial assets	6,599	6,815	1,525
D. Liquidity (A+B+C)	**73,777**	**101,180**	**106,005**
E. Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	(23,747)	(10,504)	(31,044)
F. Current portion of non-current financial debt	(38,258)	(32,692)	(26,578)
G. Current financial indebtedness (E+F)	**(62,005)**	**(43,196)**	**(57,623)**
H. Net current financial indebtedness (G-D)	**11,772**	**57,984**	**48,382**
I. Non-current financial debt (excluding current portion and debt instruments)	(112,022)	(142,770)	(142,465)
J. Debt instruments	-	-	-
K. Non-current trade and other payables	(2,328)	(3,295)	(23,541)
L. Non-current financial indebtedness (I+J+K)	(114,350)	**(146,065)**	**(166,006)**
M. Total net financial position (H+L)	**(102,578)**	**(88,081)**	**(117,624)**

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 Group has also recognized liabilities for options granted to non-controlling interests in the amount of Euro 481 thousand (see Note [21]);

- commitments related to lease agreements that are not recognized as liabilities in accordance with IFRS 16 total approximately Euro 3,274 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 caption "Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)" includes the fair value measurement of the earn-out (previously included within "Non Current financial debt"), in the amount of USD 21,802 thousand (Euro 20,064 thousand at June 30, 2023 and Euro 20,441 thousand at December 31, 2022), equal to its maximum contractual value which is expected to be paid in 2024 to the selling shareholders of IPEG Inc., in accordance with contractual obligations.

The Group's net financial position at June 30, 2023 was a debt position of Euro 102,578 thousand (improving over the net debt of Euro 117,624 thousand at June 30, 2022), while increasing on Euro 88,081 thousand at December 31, 2022, absorbing net cash of Euro 14,497 thousand, in H! 2023, which substantially concerned, for approximately Euro 10,206 thousand, dividends approved and settled by the Parent Company in May 2023 and for approximately Euro 4,522 thousand investments in the period.

Excluding the effects of IFRS 16, the Group's net financial position at June 30, 2023 was Euro 84,699 thousand, compared to Euro 70,193 thousand at December 31, 2022, with cash absorbed in the amount of Euro 14,506 thousand.

Investments for the period totaled Euro 4,522 thousand (Euro 1,581 thousand in H1 2022).

Financial debt includes medium/long-term loans, mainly relating to the Parent Company and nearly entirely in euro, for Euro 135,215 thousand, of which Euro 38,258 thousand repayable within 12 months and the remaining Euro 96,957 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 Financial net debt-to-EBITDA and Financial net debt-to-equity ratios (as defined in the related agreement). These will be tested on a semi-annual basis from December 31, 2022. At June 30, 2023, Group performance was amply within the covenants.

Net 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 at June 30, 2023 amounted to Euro 213,297 thousand, decreasing on December 31, 2022 (Euro 215,602 thousand), as a combined effect of amortization and depreciation and investments in the period.

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.

(amounts in €'000)	At 30th June 2023	At 31st December 2022
Property, plant and equipment	44,188	43,047
Right of Use (IFRS 16 - Lease)	21,637	22,109
Intangible assets	124,539	128,297
Equity investments	11,839	10,832
Other non-current assets	605	574
Deferred tax assets	10,489	10,744
Net non-current assets	**213,297**	**215,602**

Investments

Total investments for the period under review came to Euro 4,522 thousand (Euro 1,581 thousand in H1 2022 and Euro 5,838 thousand in 2022). Non-recurring investments amounted to Euro 2,604 thousand (Euro 169 thousand in H1 2022 and Euro 2,430 thousand in 2022), or 0.9% of Total revenue and other income. They concerned mainly to (i) work in progress related to the subsidiary FEA, regarding which the first phase and the consequently relocation of workforce was completed in July 2023, (ii) initial investments regarding the construction of the new factory in China, (iii) charges incurred for the two photovoltaic plant and intangible assets acquired within the purchase of ProTec Polymer Processing GmbH.

Net trade capital and net working capital

Net working capital for the period ended June 30, 2023, was as follows:

(amounts in €'000)	At 30th June 2023	At 31st December 2022	At 30th June 2022
Trade receivables	88,959	89,771	76,137
Inventories	88,653	90,188	90,852
Contract assets for work in progress	8,954	6,374	6,711
Trade payables	(67,763)	(77,292)	(69,262)
Advance from customers	(36,019)	(50,248)	(45,856)
Contract liabilities for work in progress	(4,197)	(7,060)	(3,696)
Net trade capital	**78,587**	**51,734**	**54,886**
Tax receivables	7,586	5,469	7,472
Other current assets	12,594	13,156	15,779
Tax liabilities and social security contributions	(10,370)	(11,285)	(8,778)
Other current liabilities	(26,772)	(23,093)	(28,293)
Net working capital	**61,625**	**35,980**	**41,066**

Net working capital increased on June 30, 2022 and December 31, 2022. This increase is mainly due to the increase in assets for contract work-in-progress for the advancement of a number of orders, the payment timing of trade payables, and the postponement of the collection of certain advances from customers to the second half of 2023.

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

(amounts in €'000)	At 30th June 2023	At 31st December 2022
Employee benefits plans	5,304	5,445
Provision for risks and charges	5,351	4,956
Other non-current liabilities	2,328	3,295
Deferred tax liabilities	14,966	15,591
Medium/long term liabilities	**27,949**	**29,286**

At June 30, 2023, medium/long-term liabilities reduced 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 Adj. EBITDA last twelve months less recurring investments in the last twelve months as a percentage of Adj. EBITDA last twelve months. For the first half of 2023, it was 94.6% (93.9% for the first half of 2022).

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.

For a closer analysis on the risks to which the Group is exposed, reference should be made to the Annual Financial Report at December 31, 2022, as there have been no changes with regards to that indicated concerning the risks to which the Group is exposed and their management.

Subsequent events after June 30, 2023

No subsequent events to June 30, 2023 are reported.

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.

With regard to future acquisitions, and given the completion of the IPEG, Inc. acquisition on January 31, 2022, it is reasonable to assume that the implementation of the strategic integration of IPEG group will continue in the next months, in order to take full advantage of the company’s strategic potential, given also its importance within the Group.

Although the Group’s focus is on reducing debt as a result of the above-mentioned operation, Piovan remains 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.

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, legislation could promote the use of recycled plastic or biodegradable polymers at the expense of virgin, petroleum-based polymers.

For the Piovan Group, this European legislation represents an opportunity to sell technologies developed in recent years for the automation, processing and screening of recycled and biodegradable plastics, a sector in which the Group has a position of significant leadership and technological advantage on the strength of various recycling-related patents 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.

Since 2006, the Group has built hundreds of plastic recycling plant 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 CO_2 emissions and the consumption of scarce resources.

On the strength of a record performance in 2022 and with H1 2023 appearing to confirm the performance in 2022, the Group looks to organic growth for the future with great optimism despite the uncertainties related to the geopolitical environment. The Piovan Group operates across many geographical areas and in highly diversified sectors. This certainly mitigates the overall risk, which mainly stems from the significant raising of interest rates by central banks and the persistent geopolitical uncertainties.

The order backlog at June 30, 2023 has not undergone significant changes compared to the data of the previous year, thanks to an order intake which, although slightly down on the previous year, was again at a satisfactory level and in line with the Group plan.

In addition, supply chains are gradually normalizing.

Against these positive factors however, risks related to the ongoing Russia-Ukraine war persist, with its consequent impact on the economy, while the particularly high levels of inflation have forced central banks to considerably raise interest rates. Continuing this policy for too long may impact consumption and investment decisions.

Other information

Human resources

During the first half of 2023, the Group employed an average of 1,795 people, compared to 1,730 in the first half of 2022.

The distribution of operating personnel by category was as follows:

	First half-year 2023		First half-year 2022	
	period end	average	period end	average
Managers	42	41	38	36
Junior managers	116	115	107	109
White collars	1,040	1,038	1,020	1,000
Blue collars	595	602	591	585
Total	**1,793**	**1,795**	**1,756**	**1,730**

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 Other information section of the Explanatory Notes to the Consolidated Financial Statements.

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 Piovan Group in the first half of 2023.

Treasury shares or parent company shares in portfolio

Pursuant to Article 2428, paragraphs No. 2, No. 3 and No. 4 of the Civil Code we report that the company holds at June 30, 2023 2,567,539 treasury shares, for a total value of Euro 2,489 thousand, recorded in the financial statements as a reduction of net equity under the account Treasury shares in portfolio reserve. 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.

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 Piovan Group 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.

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.

CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTH ENDED JUNE 30, 2023

Consolidated financial statements at June 30, 2023

Consolidated statement of financial position

(amounts in €'000)

ASSETS	Notes	30.06.2023	*of which related parties "Other information"*	31.12.2022	*of which related parties "Other information"*
NON-CURRENT ASSETS					
Property, plant and equipment	**Note 1**	44,188		43,047	
Right of Use	**Note 2**	21,637	*205*	22,109	*243*
Intangible assets	**Note 3**	124,539		128,297	
Equity investments	**Note 4**	11,839		10,832	
Other non-current assets	**Note 5**	605		574	
Deferred tax assets	**Note 6**	10,489		10,744	
TOTAL NON-CURRENT ASSETS		**213,297**		**215,603**	
CURRENT ASSETS					
Inventories	**Note 7**	88,653		90,188	
Contract assets for work in progress	**Note 8**	8,954		6,374	
Trade receivables	**Note 9**	88,959	*81*	89,771	*105*
Current financial assets	**Note 10**	6,599		6,815	
Tax receivables	**Note 11**	7,586		5,469	
Other current assets	**Note 12**	12,594		13,156	*345*
Cash and cash equivalents	**Note 13**	67,178		94,365	
TOTAL CURRENT ASSETS		**280,523**		**306,138**	
Assets held for sale and disposal groups	**Note 14**			**1,269**	
TOTAL ASSETS		**493,820**		**523,010**	

LIABILITIES AND EQUITY	Notes	30.06.2023	*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**	2,368		3,952	
Other Reserves and retained earnings	**Note 15**	114,225		89,579	
Net profit (loss)	**Note 15**	22,610		34,588	
Equity attributable to the owners of the parent		**143,914**		**133,111**	
Equity attributable to non-controlling interests	**Note 16**	2,328		1,819	
TOTAL EQUITY		**146,242**		**134,930**	
NON-CURRENT LIABILITIES					
Long-term loans	**Note 18**	96,957		107,311	
Non-current financial liabilities	**Note 18**	15,065	*148*	35,459	*179*
Employee benefits plans	**Note 19**	5,304		5,445	
Provision for risks and charges	**Note 20**	5,351		4,956	
Non-current liabilities for options granted to non-controlling interest	**Note 21**	-		-	
Other non-current liabilities	**Note 22**	2,328	*261*	3,295	*543*
Deferred tax liabilities	**Note 6**	14,966		15,591	
TOTAL NON-CURRENT LIABILITIES		**139,971**		**172,057**	
CURRENT LIABILITIES					
Current portion of long-term loans	**Note 18**	38,258		32,692	
Current bank loans and borrowings	**Note 18**	274		7,001	
Current financial liabilities	**Note 18**	23,473	*63*	3,503	*63*
Trade payables	**Note 23**	67,763	*446*	77,292	*762*
Advance from customers	**Note 24**	36,019		50,248	
Contract liabilities for work in progress	**Note 8**	4,197		7,060	
Current liabilities for options granted to non-controlling interests	**Note 21**	481		481	
Tax liabilities and social security contributions	**Note 25**	10,370		11,285	
Other current liabilities	**Note 26**	26,772	*2,559*	23,092	*603*
TOTAL CURRENT LIABILITIES		**207,607**		**212,654**	
Liabilities associated with assets held for sale	**Note 14**			**3,369**	
TOTAL LIABILITIES		**347,578**		**388,080**	
TOTAL LIABILITIES AND EQUITY		**493,820**		**523,010**	

Consolidated statement of profit and loss

(amounts in €'000)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS	Notes	30.06.2023	of which related parties	30.06.2022 (1)	of which related parties
			"Other information"		"Other information"
Revenues	**Note 27**	285,437	*21*	231,995	*116*
Other revenues and income	**Note 28**	4,695		6,058	
TOTAL REVENUES AND OTHER INCOME		**290,132**		**238,053**	
Costs of raw materials, components and goods and changes in inventories	**Note 29**	130,479	*1,302*	105,670	*1,379*
Services	**Note 30**	53,905	*717*	48,589	*861*
Personnel expenses	**Note 31**	65,989	*552*	55,634	*777*
Other expenses	**Note 32**	2,301		1,451	
Amortisation and depreciation	**Note 33**	6,886	*37*	8,127	*36*
TOTAL COSTS		**259,560**		**219,471**	
OPERATING PROFIT		**30,572**		**18,582**	
Financial income	**Note 34**	883		386	
Financial Expenses	**Note 34**	(1,746)	*1*	(1,380)	*1*
Net exchange rate gain (losses)	**Note 35**	(639)		3,346	
Gains (losses) on liabilities for option granted to non controlling interests	**Note 36**	-		-	
Profit (losses) from equity investments carried at equity	**Note 37**	1,136		547	
Profit (losses) from disposals	**Note 38**	1,337		-	
PROFIT BEFORE TAXES		**31,544**		**21,481**	
Income taxes	**Note 39**	9,703		6,494	
NET PROFIT		**21,840**		**14,987**	
ATTRIBUTABLE TO:					
Owners of the parent		22,610		14,848	
Non-controlling interests		(769)		139	
Earnings per share					
Basic earnings per share (in Euros)	**Note 17**	**0.44**		**0.30**	
Diluted earnings per share (in Euros)	**Note 17**	**0.44**		**0.29**	

(1) For the purposes of comparison, the statement of profit and loss figures for H1 2022 have been restated compared to the Half-Year Financial Report at June 30, 2022, following the definitive purchase price allocation for the IPEG group. Income taxes and the Net profit were restated.

Consolidated statement of comprehensive income

(amounts in €'000)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	30.06.2023	30.06.2022 (1)
Net profit	**21,840**	**14,987**
Items that may be subsequently reclassified to profit or loss:		-
- Exchange rate differences	(1,456)	8,623
Other items valued using the equity method	(127)	518
Items that may not be subsequently reclassified to profit or loss:		-
- Actuarial gains (losses) on employee benefits net of the tax effect		-
- Actuarial gains on agents' termination benefits net of the tax effect		-
Total Comprehensive income	**20,257**	**24,128**
attributable to:		-
- Owners of the parent	21,154	23,989
- Non-controlling interests	(769)	139

(1) For the purposes of comparison, the statement of profit and loss figures for H1 2022 have been restated compared to the Half-Year Financial Report at June 30, 2022, following the definitive purchase price allocation for the IPEG group. Income taxes and the Net profit were restated.

Consolidated statement of cash flows

(amounts in €'000)

Consolidated Statement of Cash Flow	30.06.2023	of which related parties	30.06.2022 (1) – (2)	of which related parties
OPERATING ACTIVITES				
Net profit	***21,840***		***14,987***	
Adjustments for:	-		-	
Amortisation and depreciation	6,886		8,127	
Provision	1,976		1,283	
Net non-monetary financial (income)	1,746		360	
Change in employee benefits liabilities	(138)		(315)	
(Plus) or minus from disposal of fixed assets and investments	-		-	
Unrealized currency exchange rate (gains) losses	700		(3,342)	
Non-monetary changes related to liabilities for options granted to non-controlling interests	-		-	
Investment equity valuation	(1,136)		(547)	
Other non-monetary variations	(31)		(459)	
Taxes	9,703		6,495	
Cash flows from operating activities before changes in net working capital	**41,546**		**26,590**	
(Increase)/decrease in trade receivables	(348)	24	3,784	(81)
(Increase)/decrease in inventories	(460)		(13,328)	
(Increase)/decrease in conctract assets and liabilities for work in progress	(5,476)		(4,341)	
(Increase)/decrease in other current assets	(1,657)	-	(5,769)	-
Increase/(decrease) in trade payables	(8,575)	(316)	(1,053)	(237)
Increase/(decrease) in advance from customers	(13,818)		(3,170)	
Increase/(decrease) in other current liabilities	(1,542)	(282)	(844)	-
(Increase)/decrease in non-current assets	(33)		(211)	
Increase/(decrease) in non-current liabilities	127	-	1,855	-
Income taxes paid	(7,383)		(5,915)	
CASH FLOWS FROM OPERATING ACTIVITIES (A)	**2,381**		**(2,401)**	
INVESTING ACTIVITIES			-	
Investments in property, plant and equipment	(3,742)	38	(1,294)	-
Disinvestments in property, plant and equipment	196		13	
Investments in intangible assets	(780)		(217)	
Disinvestments in intangible assets	-		42	
Disinvestments/(investments) in financial assets	-		-	
Disinvestments/(investments) in investments	-		-	
Deferred price from the acquisition of controlling interest	-		-	
Business combinations net of the acquired cash	-		(99,965)	
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (B)	**(4,326)**		**(101,422)**	
FINANCING ACTIVITIES			-	
Issuance of bank loans	10,000		109,688	
Repayment of bank loans	(14,788)		(10,480)	
Change in current bank loans and borrowings	(6,727)		(2,471)	
Interests paid	(1,746)		(360)	
Increase/(decrease) in other financial liabilities	(1,635)	(31)	(1,325)	95
Dividends paid	(10,206)		(5,193)	
CASH FLOWS USED IN FINANCING ACTIVITIES (C)	**(25,102)**		**89,859**	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A ± B ± C)	**(27,047)**		**(13,964)**	
EFFECT OF EXCHANGE RATE CHANGES ON BALANCE OF CASH HELD IN FOREIGN CURRENCY	**(140)**		**(61)**	
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (E)	**94,365**		**118,505**	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(27,187)**		**(13,964)**	
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (G=D+E+F)	**67,178**		**104,480**	

(1) For the purposes of comparison, the statement of profit and loss figures for H1 2022 have been restated compared to the Half-Year Financial Report at June 30, 2022, following the definitive purchase price allocation for the IPEG group. Income taxes and the Net profit were restated.
(2) Restated as further explained in paragraph "Content, form and criteria for the preparation of the Condensed Half-Year Financial Statements at June 30, 2023".

Statement of changes in consolidated shareholder's equity

(amounts in €'000)

	Share Capital	Legal reserve	Treasury shares	Translation reserve	Other reserves and retained earnings	Profit for the year attributable to the owner of the parent (1)	Equity attributable to the owners of the parent (1)	Equity attributable to non-controlling interests (1)	TOTAL EQUITY (1)
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					222		222		222
Treasury shares			42		386		428		428
Translation reserve reclassification				(5)			(5)	5	
Total comprehensive income (1)				9,141		14,848	23,989	139	24,128
Balance at June 30th, 2022 (1)	**6,000**	**1,200**	**(2,208)**	**8,032**	**88,674**	**14,848**	**116,544**	**1,491**	**118,036**

(1) For the purposes of comparison, the statement of profit and loss figures for H1 2022 have been restated compared to the Half-Year Financial Report at June 30, 2022, following the definitive purchase price allocation for the IPEG group. Income taxes and the Net profit were restated.

	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)**	**3,953**	**89,580**	**34,588**	**133,111**	**1,818**	**134,930**
Allocation of prior year profit					34,588	(34,588)			
Distribution of dividends					(10,206)		(10,206)		(10,206)
Incentive plans			(360)		(4)		(364)		(364)
Purchase of treasury shares			79		268		346		346
Disposals							-	1,279	1,279
Total comprehensive income				(1,583)		22,610	21,027	(769)	20,258
Balance at June 30th, 2023	**6,000**	**1,200**	**(2,489)**	**2,370**	**114,225**	**22,610**	**143,914**	**2,328**	**146,242**

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 June 30, 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 "Piovan Group"), 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 June 30, 2023, comprised of 42 companies located on 4 continents, of which 13 production companies, with 14 production facilities and 29 commercial and service companies.

The Periodic Financial Statements at June 30, 2023, have been prepared as per Article 154-ter of Legislative Decree No. 58/98 and subsequent amendments, in addition to the Consob's Issuers' Regulation.

Content, form and criteria for the preparation of the Condensed Half-Year Financial Statements at June 30, 2023

The Condensed Consolidated Half-Year Financial Statements at June 30, 2023 were drawn up according to the measurement criteria set out by the IAS/IFRS endorsed by the European Union.

In particular, the Condensed Consolidated Half-Year Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting".

The Condensed Consolidated Half-Year Financial Statements at June 30, 2023 include the consolidated statement of financial position, the consolidated statement of profit and loss, the consolidated statement of comprehensive income, the statement of changes in consolidated equity, in addition to the consolidated statement of cash flow and these notes for the period between January 1, 2023 and June 30, 2023. Comparison is made with the statement of financial position at December 31, 2022 and with the statement of profit and loss and statement of comprehensive income, in addition to the statement of cash flow and the movements in equity, in the first half of 2022. It should be noted that, for the purposes of comparison, the statement of profit and loss figures for H1 2022 have been restated compared to Condensed Consolidated Half-Year Financial Statements at June 30, 2022, following the definitive purchase price allocation for the IPEG group. Income taxes, and consequently the Net profit and equity at June 30, 2022, were restated. Furthermore, regarding the consolidated statement of cash flow, as already described in the annual financial report as of December 31, 2022, to provide more detailed information, it was decided to break out "(Increases)/decreases in contract work in progress" (previously included among "(Increases)/decreases in other current assets") and to break down investments and divestments related to both property, plant and equipment and intangible assets. Therefore, since these changes have been applied starting from the Annual Financial Report as of December 31, 2022, the comparative figures, for the consolidated statement of cash flows at June 30, 2022, have been restated to take account of these changes.

The Condensed Consolidated Half-Year Financial Statements at June 30, 2023 have been prepared on the basis of the historical cost convention, with the exception of derivative financial instruments which have been recognized at fair value as required by IFRS 9 - "Financial Instruments", and on a going-concern basis. The Group considers - also in view of its strong competitive positioning, its high profitability and the solidity of its balance sheet and financial position - that it operates as a going concern as per paragraphs 25 and 26 of IAS 1.

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

The Condensed Consolidated Half-Year Financial Statements at June 30, 2023 have been prepared in thousands of Euro, which may result in rounding differences when individual line items are added together as the individual line items are calculated in Euro.

The preparation of the Condensed Consolidated Half-Year Financial Statements at June 30, 2023 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. Reference should be made to the Annual Consolidated Financial Report at December 31, 2022 with regards to the main areas requiring the use of estimates and assumptions.

Russia-Ukraine conflict

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 H1 2023, consolidated revenue generated by the Group in Russia, Belarus and Ukraine is 0.3% of the total.

Consolidation scope and basis for preparation

These Condensed Consolidated Half-Year Financial Statements at June 30, 2023 of the Piovan Group include those of the Parent Company and its Italian and overseas subsidiaries.

Compared to December 31, 2022, the consolidation scope changed as follows:

- 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 operation did not have any effect on the consolidated financial statements.

No new company acquisitions were realized during the first half of 2023.

Paragraph “Other information”, at the end of Explanatory Notes outlines the companies included in the consolidation scope at June 30, 2023.

The consolidation criteria adopted to prepare the Condensed Consolidated Half-Year Financial Statements at June 30, 2023 are the same as those adopted and reported in the Annual Financial Report at December 31, 2022 in the paragraph “Consolidation principles and basis”.

Summary of the main accounting standards and policies

In preparing the Condensed Consolidated Half-Year Financial Statements at June 30, 2023, the same accounting standards and policies used to prepare the Consolidated Financial Statements at December 31, 2022 were adopted and to which reference should be made to the paragraph “Accounting policies”. In addition, with regards to the accounting standards applicable from January 1, 2023, and indicated in the Annual financial report at December 31, 2022, no significant impacts were reported.

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

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

- On May 18, 2017, the IASB published **IFRS 17 - Insurance Contracts** which replaces **IFRS 4 - Insurance Contracts**. This standard is effective as of January 1, 2023. The new standard ensures that an entity provides pertinent information which accurately presents the rights and obligations under insurance contracts. 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, such as leases and decommissioning obligations. The amendments were applied 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 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 changes are intended to improve disclosure on accounting policies to provide more useful information to investors and other primary users of financial statements and to help companies distinguish between changes in accounting estimates and changes in accounting policies. The amendments were applied from January 1, 2023. The

adoption of this principle and the related amendment did not have any effects on the Group consolidated financial statements.

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

- 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"**. The purpose of the documents is to clarify how to classify payables and other short or long-term liabilities. These amendments shall enter into force on January 1, 2024 and early application is permitted.
- On 22 September 2022, the IASB published an amendment entitled "**Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback".** The document requires the seller-lessee to measure the lease liability arising from a sale & leaseback transaction so as not to recognize income or losses relating to the retained right of use. The amendments will be applicable from January 1, 2024, although advance application is permitted.
- On May 23, 2023, the IASB published an amendment called "**Amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules".** It provides for the immediate application of the temporary exception, while the disclosure requirements will apply only to financial statements for years beginning on or after January 1, 2023.
- On May 25, 2023, the IASB published an amendment entitled "**Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements".** The document requires an entity to provide additional information on reverse factoring arrangements. The amendments will be applicable from January 1, 2024, although advance application is permitted.

The Directors do not expect such new standards to have a significant impact on the Group's consolidated financial statements.

Translation of accounts in foreign currencies

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 periods ended June 30, 2023, December 31, 2022 and June 30, 2022 (comparative data) are summarized below:

Currency		Average rate		Closing rate	
		30.06.2023	30.06.2022	30.06.2023	31.12.2022
BRL	Brazilian Real	5.483	5.558	5.279	5.639
CAD	Canadian Dollar	1.457	1.391	1.442	1.444
CZK	Czech Koruna	23.680	24.636	23.742	24.116
CNY	Yuan Renminbi	7.490	7.083	7.898	7.358
GBP	Pound Sterling	0.877	0.842	0.858	0.887
HUF	Forint	380.711	374.712	371.930	400.870
MXN	Mexican Peso	19.655	22.175	18.561	20.856
SGD	Singapore Dollar	1.444	1.49	1.47	1.430
USD	US Dollar	1.081	1.094	1.087	1.067
THB	Baht	36.968	36.858	38.482	36.835
INR	Indian Rupee	88.878	83.325	89.207	88.171
TRY	Turkish Lira	21.544	16.233	28.319	19.965
AED	UAE Dirham	3.970	4.018	3.991	3.917
JPY	Yen	145.753	134.299	157.160	140.660
VND	Dong	25,434.333	25,068.000	25,618.000	25,183.000
MAD	Dirham Marocco	11.024	10.603	10.756	11.158
KRW	Won sud	1,401.535	1,347.825	1,435.880	1,344.090
IDR	Rupia tailandese	16,274.920	n.a.	16,384.540	n.a.

Use of estimates

When preparing these Condensed Consolidated Half-Year Financial Statements, 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 specific circumstances. The application of these estimates and assumptions impact upon the amounts reported in the financial statements, in addition to the disclosure.

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:

- Liabilities for put options granted to non-controlling interests: the conditions under which these liabilities exist and their valuation, depending on the contractual provisions, may be based on future forecasts relating to economic and financial parameters and are therefore inherently uncertain;
- 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. 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 (CGU's) was determined as the value in use using the "discounted cash flows" method. The Piovan Group conducted impairment testing at December 31, 2022, on goodwill, reviewing the forward-looking data for the CGUs. For the half-year financial report at June 30, 2023, the Directors, also having regard to the implications related to the Russia-Ukraine conflict, did not find elements that would require an updated impairment test.

Segment information

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 geographical areas are provided in note [27].

Information on risks and financial instruments

The accounting policies applied in the preparation of the Half-Year Financial Report at June 30, 2023 for financial instruments are described in the "Accounting policies" section of the Annual Financial Report at December 31, 2022.

Group 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.

There were no changes compared to that indicated in the Annual Financial Report at December 31, 2022 regarding the risks to which the Group is exposed and their management. Specifically, 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 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, 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, and Belarus) 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.

In terms of currency risk, the exposure of assets, liabilities, revenues and pre-tax profits in foreign currencies is outlined below.

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

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**

30.06.2023										
(€/000)	EUR	USD	CNY	BRL	MXN	THB	GBP	CAD	Other cu.	**Total**
Total assets	188,857	245,780	15,989	10,369	13,410	4,365	4,870	3,504	6,677	**493,820**
Total liabilities	186,324	129,936	6,772	5,410	8,904	2,466	4,122	981	2,663	**347,578**

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 period:

	30.06.2023				30.06.2022			
Net revenues	**FX in LC**	**Current Forex in €**	**Forex +10%**	**Forex -10%**	**FX in LC**	**Current Forex in €**	**Forex +10%**	**Forex -10%**
EUR - Euro	106,115	106,114	106,115	106,115	96,705	96,705	96,705	96,705
USD - US Dollar	163,243	150,942	137,270	167,774	119,787	109,497	99,541	121,661
CNY - Renminbi	74,114	9,895	8,996	10,995	73,256	10,343	9,403	11,492
BRL – Real	26,483	4,830	4,391	5,366	26,490	4,766	4,333	5,296
GBP - Pound sterling	3,286	3,748	3,408	4,165	4,907	5,826	5,296	6,473
THB – Bath	49,667	1,344	1,221	1,493	21,725	589	536	655
TRY - Turkish lira	8,795	408	371	454	5,832	359	327	399
INR - Indian rupee	59,625	671	610	745	78,682	944	858	1,049
JPY - Japanese yen	2,623	18	16	20	2,770	21	19	23
CAD - Canadian dollar	-	-	-	-	5	3	3	4
MXN - Mexican peso	70,326	3,584	3,253	3,976	5,249	237	215	263
AED - UAE dirham	316	80	72	88	194	48	44	54
VND - Vietnamese Dong	10,165,735	400	363	444	2,458,751	98	89	109
HUF - Hungarian forint	12,134	32	29	35	10,968	29	27	33
CSK - Czech Koruna	4,916	208	189	231	4,054	165	150	183
KRW - South Corean Won	-	-	-	-	3,159,955	2,344	2,131	2,605
MAD - Dirham	88	8	7	9	210	20	18	22
TWD - New	104,205	3,154	2,868	3,505	-	-	-	-
TOTAL	-	**285,436**	**269,178**	**305,415**		**231,995**	**219,694**	**247,025**

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 period.

	30.06.2023			30.06.2022		
Result before taxes	Current Forex in €	Forex +10%	Forex -10%	Current Forex in €	Forex +10%	Forex -10%
EUR - Euro	13,788	13,788	13,788	11,565	11,565	11,565
SGD	14,045	12,768	15,606			
USD - US Dollar	904	822	1,005	7,057	6,415	7,841
CNY - Renminbi	748	680	831	1,133	1,030	1,259
BRL - Real	424	386	471	203	185	226
GBP - Pound sterling	278	253	309	971	883	1,079
THB - Bath	69	62	76	(51)	(46)	(57)
TRY - Turkish lira	272	247	302	149	135	165
INR - Indian rupee	(72)	(66)	(81)	189	172	210
JPY - Japanese yen	471	428	524	(54)	(49)	(60)
CAD - Canadian dollar	324	294	360	295	268	328
MXN - Mexican peso	107	97	119	596	541	662
AED - UAE dirham	33	30	37	17	16	19
VND - Dong	(22)	(20)	(25)	(17)	(15)	(18)
HUF - Hungarian forint				38	34	42
KRW - South Corean Won	48	44	54	(653)	(593)	(725)
MAD - Dirham	161	147	179	(12)	(11)	(14)
CSK - Czech Koruna	(33)	(30)	(37)	56	51	62
TOTAL	**31,544**	**29,929**	**33,517**	**21,481**	**20,581**	**22,584**

With regard to the market risk related to interest rates, 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%
30.06.2023	324	471	580	252	142

Interest expense on variable rate loans (€'000)	Interest expenses	+0.25%	+0.5%	-0.25%	-0.50%
30.06.2022	14	26	41	-	-

Explanatory Notes to the consolidated statement of financial position

[1] Property, plant and equipment

They amount to Euro 44,188 thousand at June 30, 2023 (Euro 43,047 thousand at December 31, 2022). They are composed as shown in the following tables, which also present the changes in H1 2023.

Category		Balance at 31.12.2022	Additions	Disposals	Translation reserve differences	Reclass.	Depr.	Balance at 30.06.2023
Land and buildings	Historical cost	37,714	421	(200)	(367)	76	-	37,644
	Depr. fund	(9,182)	-	(0)	184	-	(663)	(9,662)
	Total	28,532	421	(200)	(184)	76	(663)	27,983
Plant and machinery	Historical cost	21,967	392	(44)	(203)	82	-	22,194
	Depr. fund	(13,482)	-	40	126	-	(623)	(13,940)
	Total	8,485	392	(4)	(77)	82	(624)	8,255
Industrial and commercial equipment	Historical cost	6,231	525	(2)	2	-	-	6,756
	Depr. fund	(5,503)	-	2	(2)	-	(186)	(5,689)
	Total	728	525	-	0	-	(186)	1,067
Other assets	Historical cost	27,551	171	(258)	(186)	(6)	-	27,272
	Depr. fund	(23,486)	-	266	171	-	(731)	(23,779)
	Total	4,065	171	8	(14)	(6)	(731)	3,493
Assets under construction and payments on account	Historical cost	1,237	2,232	-	(3)	(76)	-	3,390
	Depr. fund	-	-	-	-	-	-	-
	Total	1,237	2,232	-	(3)	(76)	-	3,390
Total		43,047	3,742	(196)	(277)	76	(2,204)	44,188

Capital expenditures in H1 2023 totaled Euro 3,742 thousand, of which non-recurring totaling Euro 2.154 thousand and relating principally for Euro 916 thousand to the subsidiary FEA S.r.l. as part of the production area expansion, regarding which the first phase and the consequently relocation of workforce was completed in July 2023, for Euro 211 thousand to the subsidiary Piovan Industrial Automation, related to the initial construction work on the new building in China, and for Euro 969 thousand to Piovan S.p.A. related mainly to the purchase and installation of photovoltaic panels.

The table below provides a geographical area breakdown of property, plant and equipment:

Property, plant and equipment	30.06.2023	31.12.2022
EMEA	29,425	27,910
- of which Italy	*28,533*	*27,063*
NORTH AMERICA	12,337	12,327
- of which the United States of America	*12,215*	*12,311*
ASIA	1,307	1,609
SOUTH AMERICA	1,119	1,250
Reclass Assets held for sale and disposal groups	-	(50)
Total	**44,188**	**43,047**

At June 30, 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 June 30, 2023, amounts to Euro 21,637 thousand increased on Euro 22,109 thousand at December 31, 2022.

The most significant increase 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	Translation reserve differences	Depr.	Balance at 30.06.2023
Land and buildings	Historical cost	32,661	1,860	(1,063)	(240)	-	33,218
	Depr. fund	(11,730)	-	415	87	(1,738)	(12,966)
	Total	20,931	1,860	(648)	(153)	(1,738)	20,252
Plant and machinery	Historical cost	1,870	-	-	-	-	1,870
	Depr. fund	(1,836)	-	-	-	(11)	(1,847)
	Total	34	-	-	-	(11)	23
Industrial and commercial equipment	Historical cost	-	-	-	-	-	-
	Depr. fund	-	-	-	-	-	-
	Total	-	-	-	-	-	-
Other assets	Historical cost	3,131	557	(83)	11	-	3,617
	Depr. fund	(1,988)	-	64	(7)	(324)	(2,255)
	Total	1,144	557	(19)	4	(324)	1,362
Total		22,109	2,417	(667)	(150)	(2,072)	21,637

The Right-of-use broken down by geographical area is presented below:

Right of use	30.06.2023	31.12.2022
EMEA	12,543	13,122
- of which Italy	*9,138*	*9,560*
NORTH AMERICA	8,453	8,446
- of which United States of America	*8,063*	*8,126*
ASIA	499	615
SOUTH AMERICA	142	159
Reclass. Assets held for sale and disposal groups	-	(233)
Totale	**21,637**	**22,109**

[3] Intangible assets

They amount to Euro 124,539 thousand at June 30, 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	Additions	Translation reserve differences	Reclass.	Amortization	Balance at 30.06.2023
Goodwill	63,709	-	(832)	-	-	**62,877**
Industrial patent and intellectual property rights	830	61	(9)	7	(116)	**773**
Concessions, licences, trademarks and similar rights	6,979	66	(107)	(4)	(287)	**6,647**
Other intangible assets	56,552	450	(979)	4	(2,207)	**53,820**
Assets under construction and payments on account	227	203	(1)	(7)	-	**422**
Total	**128,297**	**780**	**(1,928)**	**-**	**(2,610)**	**124,539**

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 table below provides a geographical area breakdown of intangible assets:

Intangible Assets	30.06.2023	31.12.2022
EMEA	21,728	22,217
- of which Italy	*21,708*	*22,197*
NORTH AMERICA	102,515	105,783
- of which the United States of America	*102,515*	*105,783*
ASIA	33	41
SOUTH AMERICA	264	258
Reclassify Assets held for sale and disposal groups	-	(2)
Total	**124,539**	**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 10,962 thousand, customer relationships for a residual Euro 40,178 thousand, trademarks for a residual Euro 6,304 thousand, and goodwill in the amount of Euro 41,306 thousand.

Goodwill at June 30, 2023 amounted to Euro 62,877 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") 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. For the purpose of impairment testing;
- of Doteco S.p.A. in 2020
- of the IPEG group in 2022, divided into three CGU: “Conair”, “Pelletron”, “Thermal Care”.

Goodwill	31.12.2022	Change in currency translation reserve	30.06.2023
UnaDyn	3,510	(65)	3,445
Food	2,146	-	2,146
Energys	276	-	276
Doteco	15,695	-	15,695
Conair	29,294	(532)	28,761
Pelletron	5,212	(96)	5,116
Thermalcare	7,568	(139)	7,429
Other	8	-	8
Totale	**63,709**	**(832)**	**62,877**

The amount of tax deductible goodwill totals Euro 1,817 thousand and is attributable to the IPEG group.

No facts or events have been identified that would require updated impairment testing compared to the testing conducted for the accounts at December 31, 2022, which reported very high levels of coverage.

[4] Equity investments

They amount to Euro 11,839 thousand at June 30, 2023, compared to Euro 10,832 thousand at December 31, 2022. The increase is due to the result in the period 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	Incr./ Decr.	Change in transl. reserve	30.06.2023
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	1,043	(127)	10,935
Total investments in affiliated companies and JV			**10,337**	**1,136**	**(119)**	**11,354**
Affinity			489	-	(9)	480
Toba PNC		10%	-			
Other			6	-	-	6
Total other investments			**495**	**-**	**(9)**	**486**
Total			**10,832**	**1,136**	**(128)**	**11,839**

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.

As better described in Annual Report as of December 31, 2022, it should be reminded that, because of the purchase price allocation process related to IPEG group acquisition, the investment in JV Nuvu Conair Private Ltd., held by IPEG, was recognized at its fair value, and the difference between the price paid and the net assets acquired, equal to USD 5,432 thousand (Euro 4,999 thousand) was allocated to Goodwill.

[5] Other non-current assets

At June 30, 2023, these amounted to Euro 605 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 10,489 thousand at June 30, 2023, compared to Euro 10,744 thousand at December 31, 2022.

Deferred tax liabilities amounted to Euro 14,966 thousand at June 30, 2023, compared to Euro 15,591 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.

The deferred tax liabilities mainly related to the deferred taxes on the gains on the purchase price allocation of the IPEG group, in the amount of Euro 14,183 thousand at June 30, 2023.

The movement in deferred tax assets and deferred tax liabilities are reported below:

	31.12.2022	Change in translation reserve	Increase/(Decrease) in income statement	30.06.2023
Deferred tax asset	10,744	(4)	(251)	10,489
Deferred tax liability	(15,591)	304	321	(14,966)
Totale	**(4,847)**	**300**	**70**	**(4,476)**

[7] Inventories

At June 30, 2023, they amounted to Euro 88,653 thousand, compared to Euro 90,188 thousand at December 31, 2022; the breakdown is shown below:

Inventories	30.06.2023	31.12.2022
Raw materials	45,721	46,176
Semi-finished products	24,316	25,343
Finished goods	31,178	30,624
Progress payments	2,024	1,433
Allowance for inventory write-down	(14,586)	(13,388)
Inventories	**88,653**	**90,188**

The caption “Inventories” is essentially in line with the figures at December 31, 2022, and are consistent with provisioning needs and business trends.

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

At June 30, 2023, the caption Contract Assets for work-in-progress amounted to Euro 8,954 thousand, compared with Euro 6,374 thousand at December 31, 2022.

Contract Liabilities for work-in-progress amounted to Euro 4,197 thousand at June 30, 2023, compared with Euro 7,060 thousand at December 31, 2022.

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	30.06.2023	31.12.2022
Measurement of contracts in progress (costs incurred added to profits recognized)	27,967	23,330
Progress payments received	(19,013)	(16,956)
Amounts due from customers	**8,954**	**6,374**
Contract liabilities for work in progress	**30.06.2023**	**31.12.2022**
Measurement of contracts in progress (costs incurred added to profits recognized)	19,498	14,856
Progress payments received	(23,695)	(21,916)
Amounts due to customers	**(4,197)**	**(7,060)**

[9] Trade receivables

They amounted to Euro 88,959 thousand at June 30, 2023, compared to Euro 89,771 thousand at December 31, 2022. This item, which represents the exposure to third parties, is broken down as follows:

Trade receivables	30.06.2023	31.12.2022
Gross trade receivables	94,943	95,407
Provision for bad debt	(5,983)	(5,636)
Trade receivables	**88,959**	**89,771**

The value of receivables slightly decreased on December 31, 2022, in line with the Group’s collection policies.

Write-downs are made on the basis of a careful analysis of past due accounts of customers in financial difficulties and clients with whom legal action has been initiated, in addition to estimated expected losses on receivables by management. The estimate considers past experience for similar receivables, current and historic amounts overdue, losses incurred, receipts, 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 June 30, 2023, compared to the previous year, by maturity bracket and the relevant portion of the doubtful debts provision.

Receivables and bad debt	*30.06.2023*		*31.12.2022*	
	Receivables	*Bad Debt*	*Receivables*	*Bad Debt*
Receivables due to expire	53,242	(831)	45,110	(1,286)
Receivables overdue whitin 30 days	23,376	(370)	33,083	(329)
Receivables overdue between 1 and 12 months	15,527	(1,983)	14,410	(1,218)
Receivables overdue over 12 months	2,799	(2,799)	2,804	(2,804)
Total	**94,943**	**(5,983)**	**95,407**	**(5,636)**

Receivables by geographical area are as follows:

	30.06.2023	31.12.2022
EMEA	35,819	34,167
of which Italy	*16,716*	*18,687*
North America	34,677	38,499
ASIA	14,363	10,903
SOUTH AMERICA	4,100	6,202
Receivables	**88,959**	**89,771**

The doubtful debt provision reports the following movements in the period:

Provision for bad debt	
31.12.2022	**5,636**
Release	(353)
Accruals	698
Utilisations	(25)
Exchange rate differences	27
30.06.2023	**5,983**

[10] Current financial assets

They amounted to Euro 6,599 thousand at June 30, 2023, compared to Euro 6,815 thousand at December 31, 2022. This item includes bonds purchased in order to invest available cash liquidity. These instruments have been measured at fair value (level 1) at June 30, 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.

[11] Tax receivables

They amounted to Euro 7,586 thousand at June 30, 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 subsidiary Penta S.r.l.

Tax receivables	30.06.2023	31.12.2022
VAT receivables	3,093	1,687
Other current tax assets	4,493	3,782
Tax receivables	**7,586**	**5,469**

[12] Other current assets

They amounted to Euro 12,594 thousand at June 30, 2023, compared to Euro 13,156 thousand at December 31, 2022. A breakdown follows:

Other current assets	30.06.2023	31.12.2022
Advances to suppliers	9,727	9,067
Receivables from parent	-	332
Prepayments and accrued expenses	1,923	2,151
Other receivables	944	1,606
Other current assets	**12,594**	**13,156**

[13] Cash and cash equivalents

They amount overall to Euro 67,178 thousand at June 30, 2023, compared to Euro 94,365 thousand at December 31, 2022.

Cash and cash equivalents	30.06.2023	31.12.2022
Current accounts and post office deposits	52,651	74,344
Cash equivalent	14,500	20,000
Cash	27	21
Cash and cash equivalents	**67,178**	**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 time deposits that can be divested rapidly.

For further information on the movements to cash and cash equivalents, reference should be made to the Statement of Cash Flows.

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

At December 31, 2022, this included the assets and liabilities of Toba PNC. For the preparation of the Annual Financial Report at December 31, 2022, it was considered that the conditions were met for the application of IFRS 5 following the signing of the preliminary agreement for the sale of the 41% interest held by Piovan S.p.A. Therefore, Toba Pnc, was considered, at December 31, 2022, a Current asset held for sale. As a result, the assets and liabilities of Toba Pnc. were reclassified among “Assets held for sale and disposal groups” and “Liabilities directly associated with assets held for sale and disposal groups”. The sales agreement was finalized with the transfer of the shares on January 31, 2023, the date on which Piovan S.p.A. no longer held a controlling interest in the company. Provided below is a breakdown of the assets and liabilities related to Toba PNC, which have been deconsolidated:

€/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	30.06.2023	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	2,368	3,952
Other Reserves and retained earnings	114,225	89,579
Net profit (loss)	22,610	34,588
Equity attributable to the owners of the parent	**143,914**	**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 June 30, 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 June 30, 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, n. 93,255 shares were assigned to the beneficiaries of the plan, of which n. 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 298,761, based on achieving the plan's targets, with vesting dates set across a period from 2023 to 2024. The total value is Euro 1.067 thousand, whereas the amounts vested at June 30, 2023 totaled Euro 728 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 n. 114,337. The total value of the first cycle is Euro 1,081 thousand, whereas the amounts vested at June 30, 2023 totaled Euro 180 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.

[16] Equity attributable to non-controlling interests

Equity attributable to non-controlling interests at June 30, 2023 amounted to Euro 2,328 thousand, compared to Euro 1,819 thousand at December 31, 2022. The account includes the share of the non-controlling interests in the subsidiaries. FDM GmbH and 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 769 thousand.

[17] Basic and diluted earnings per share

At June 30, 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:

Earnings per share	30.06.2023	30.06.2022 (*)
Net Profit Attributable to Owners of the Parent (in thousands of Euros)	22,610	15,057
Weighted average number of ordinary shares (in thousands of units)	51,024	50,953
Basic earnings per share (in Euros)	**0.44**	**0.30**

(*) For the purposes of comparison, the figure for H1 2022 has been restated compared to the interim report at June 30, 2022, following the definitive purchase price allocation for the IPEG group.

The diluted earnings per share is as follows:

Dilutive earnings per share	30.06.2023	30.06.2022 (*)
Net Profit Attributable to Owners of the Parent (in thousands of Euros)	22,610	15,057
Weighted average number of ordinary shares (in thousands of units)	51,428	51,244
Dilutive earnings per share (in Euros)	**0.44**	**0.29**

(*) For the purposes of comparison, the figure for H1 2022 has been restated compared to the interim report at June 30, 2022, following the definitive purchase price allocation for the IPEG group.

[18] Current and non-current financial liabilities

The account is broken down as follows:

Current financial liabilities	30.06.2023	31.12.2022
Short-term bank borrowings	274	7,001
Current portion of long-term loans	38,258	32,692
Other current financial liabilities	23,473	3,503
Current financial liabilities	**62,005**	**43,196**

Non-current financial liabilities	30.06.2023	31.12.2022
Medium to long-term bank loans	96,957	107,311
Other non-current financial liabilites	15,065	35,459
Non-current financial liabilities	**112,022**	**142,770**

The caption “Other current financial liabilities” increased and “Other non-current financial liabilities” decreased due to the reclassification of the from non current to current of the fair value of the earn-out which is expected to be paid within June 2024 to the former shareholders of IPEG Inc., in accordance with contractual obligations.

Below is provided a breakdown by contract of “Medium to long-term bank loans” and the “Current portion of medium to long-term loans” at June 30, 2023, and December 31, 2022, as well as the main features of the bank loans by maturity:

Currency	Original amount (EUR)	Maturity	Interest rate	Terms	30.06.2023			31.12.2022		
					Residual debt	Curren t	Non-current	Residual debt	Current	Non-current
EUR	7,000	03/05/2024	Fixed	0.54%	1,764	1,764	-	2,643	1,759	883
EUR	5,000	05/02/2025	Variable	Euribor 6m+0.65%	2,000	1,000	1,000	2,500	1,000	1,500
EUR	7,000	07/04/2024	Variable	Euribor 6m+0.85%	1,750	1,750	-	2,625	1,750	875
EUR	2,000	24/06/2023	Fixed	0.35%	-	-	-	335	335	-
EUR	20,000	14/10/2025	Fixed	0.67%	10,000	4,000	6,000	12,000	4,000	8,000
EUR	4,125	23/12/2028	Variable	Euribor 6m+0.6%	3,241	589	2,652	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%	5,009	3,337	1,672	6,675	3,333	3,342
EUR	100,000	21/01/2028	Fixed	1.34%	95,000	20,000	75,000	100,000	15,000	85,000
EUR	10,000	20/06/2025	Variable	Euribor 6m+0.80%	6,756	3,317	3,439	8,370	3,258	5,112
EUR	10,000	15/05/2027	Variable	Euribor 6m+0.75%	10,000	2,500	7,500	-	-	-
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					**135,520**	**38,258**	**97,262**	**140,350**	**32,692**	**107,658**
EUR	595	30/06/2031	Fixed	0.18%	595	74	521	595	37	558
Other					**595**	**74**	**521**	**595**	**37**	**558**
Total					**136,115**	**38,332**	**97,783**	**140,945**	**32,729**	**108,216**

Loans are recognized at amortized cost and include arrangement expenses of Euro 305 thousand recognized as a reduction to the residual debt (Euro 347 thousand at December 31, 2022).

Financial liabilities changed during the period 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)	(6,727)	(4,787)	(1,634)	**(13,149)**	-	-	**-**
Change in translation reserve	-	-	(41)	**(41)**	-	(499)	**(499)**
Increase/(decrease) for lease	-	-	525	**525**	-	1,225	**1,225**
Reclassifications from non current to current	-	10,353	21,120	**31,474**	(10,353)	(21,120)	**(31,474)**
30.06.2023	**274**	**38,258**	**23,473**	**62,005**	**96,958**	**15,065**	**112,022**

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

30.06.2023	Total	Total flows	Within 1 year	From 2 to 5 years	Over 5 years
Medium to long-term bank loans	96,957	99,716		99,416	301
Other loans and borrowings	15,065	15,340		15,340	
Non-current financial liabilities	**112,022**	**115,057**		**114,756**	**301**
Short-term bank borrowings	38,258	40,230	40,230		
Current portion of long-term loans	274	274	274		
Other loans and borrowings	23,473	23,803	23,803		
Current financial liabilities	**62,005**	**64,307**	**64,307**		

[19] Employee defined benefits

They amount overall to Euro 5,304 thousand at June 30, 2023, compared to Euro 5,445 thousand at December 31, 2022.

The item mainly includes the liabilities for the Post-employment benefit provision recorded in the companies of the Group qualifying as defined benefit plans according to IAS 19 and thus subject to actuarial calculation.

Compared to the actuarial assumptions outlined in the Explanatory Notes to the Consolidated Financial Report at December 31, 2022, no developments occurred which would require an update to the actuarial calculation and to the underlying assumptions.

Defined Benefit Plan	
31.12.2022	**5,445**
Accrual	891
Release	(1,035)
Translation changes	3
30.06.2023	**5,304**

[20] Provisions for risks and charges

Provisions for risks and charges	31.12.2022	Accruals	Releases	Chanege in translation reserve	30.06.2023
Provision for legal and tax risks	686	40	-	(9)	717
Provision for product warranties	2,615	360	-	(38)	2,937
Provision for agents' termination benefits	176	9	-	7	192
Pension provision	50	-	(1)	-	49
Other provisions for risks	1,429	1,005	(943)	(35)	1,456
Provisions for risks and charges	**4,956**	**1,414**	**(944)**	**(75)**	**5,351**

The provision for risks and charges at June 30, 2023 reported a net increase of approximately Euro 395 thousand.

The Provision for legal and tax risks at June 30, 2023 mainly includes:

- a provision of Euro 167 thousand of the subsidiary Piovan France Sas set aside in relation to a dispute with the owner of the building in which the company operated until 2020.
- a provision set aside by the US subsidiary for a total amount at June 30, 2023 of USD 517 thousand (Euro 475 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 that may need to be incurred 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).

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

The liability totaled Euro 481 thousand at June 30, 2023, unchanged on December 31, 2022.

The items in question refer to liabilities for put options granted to the non-controlling interests of FEA. In particular, the liability recognized concerns a 32% holding of non-controlling interests. The contract stipulates that the non-controlling interests 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 period between 30.04.2022 and 30.04.2024 - on the 12% of share capital held by FEA's historic shareholders. The value of the share is determined when exercising the option based on certain financial parameters defined in the agreements between the parties.

The book value of the liabilities for put options described above represent the best estimate, at each reference date, of their present value.

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 June 30, 2023, these amounted to Euro 2,328 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.

	30.06.2023	31.12.2022
Payables to employees	1,593	2,630
Tax payables	735	664
Other current liabilities	**2,328**	**3,295**

[23] Trade payables

They amounted to Euro 67,763 thousand at June 30, 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] Advances from customers

At June 30, 2023, Advances from customers amounted to Euro 36,019 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 10,370 thousand at June 30, 2023, compared to Euro 11,285 thousand at December 31, 2022. The account is broken down as follows:

	30.06.2023	31.12.2022
Social security contributions	3,757	3,935
VAT liabilities	1,852	3,104
Tax withholdings for employees	1,830	1,638
Income tax liabilities (IRES and IRAP)	2,648	2,525
Other	284	84
Tax liabilities and social security contributions	**10,371**	**11,285**

The account decreased mainly as a result of the reduction in VAT payable.

[26] Other current liabilities

They amounted to Euro 26,772 thousand at June 30, 2023, compared to Euro 23,092 thousand at December 31, 2022. The account is broken down as follows:

	30.06.2023	31.12.2022
Payables to employees	16,834	12,383
Payables to parent company	2,029	0
Accrued income and deferred expense	3,538	3,922
Other payables	4,371	6,788
Other current liabilities	**26,772**	**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.

Explanatory Notes to the Consolidated Statement of Profit and Loss

Regarding comparison between H1 2023 and H1 2022 results, it should be reminded that, since IPEG group acquisition was completed at the end of January 2022, H1 2022 includes its contribution, only for 5 months.

[27] Revenue

Revenue amounted to Euro 285,437 thousand in H1 2023 compared to Euro 231,995 thousand in H1 2022, an increase of 23%. Revenues are shown net of discounts and rebates. It should be noted that H1 2022 includes the IPEG group for just 5 months.

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	First half-year 2023	%	First half-year 2022 (*)	%	Change	Change %
Technical Polymers	223,531	78.3%	175,533	75.7%	47,998	27.3%
Food & Industrial Applications	18,599	6.5%	23,230	10.0%	(4,631)	(19.9%)
Services	43,307	15.2%	33,232	14.3%	10,075	30.3%
Revenue	**285,437**	**100.0%**	**231,995**	**100.0%**	**53,442**	**23.0%**

(*)H1 2022 includes the IPEG group for just 5 months.

Part of the revenues 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 section “Accounting policies” of the Annual Financial Report at December 31, 2022. The above revenue category totaled Euro 14,172 thousand for the first six months of 2023 (Euro 15 million in H1 2022). This revenue mainly relates to the subsidiaries Penta S.r.l., FEA S.r.l. and Pelletron Corp., part of the IPEG Group.

The breakdown of revenue by region is as follows:

€/000	First half-year 2023	%	First half-year 2022 (*)	%	Change	Change %
EMEA	94,127	33.0%	88,021	37.9%	6,106	6.9%
ASIA	32,637	11.4%	19,823	8.5%	12,814	64.6%
NORTH AMERICA	148,814	52.1%	116,871	50.4%	31,943	27.3%
SOUTH AMERICA	9,859	3.5%	7,280	3.1%	2,579	35.4%
Revenue	**285,437**	**100.0%**	**231,995**	**100.0%**	**53,442**	**23.0%**

(*)H1 2022 includes the IPEG group for just 5 months.

Revenue in EMEA include revenue in Italy which amounted to Euro 26,906 thousand in the first six months of 2023 and Euro 27,559 thousand in the first six months of the previous year.

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

[28] Other Revenue

Other revenue amounted to Euro 4,695 thousand, decreasing Euro 1,363 thousand compared to the first six months of 2022 and which breaks down as follows:

€/000	First half-year 2023	First half-year 2022
Accessory transport services for sales	3,280	4,188
Machinery leases	28	66
Grants	417	335
Contingency	472	424
Gains for disposal of tangible and intangible assets	33	53
Insurance compensation	3	6
Agency commissions	18	4
Increase in fixed assets for internal works	-	151
Other	444	831
Other revenues and income	**4,695**	**6,058**

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

Machinery rent refers to income from the rental of assets produced internally generally for demonstration purposes or for the time until delivery of the system ordered by the customer.

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

Other Revenue mainly includes recharges and penalties applied to customers.

[29] Purchases of raw materials, components, goods and change in inventories

This item amounted to Euro 130,479 thousand in the first six months of 2023, compared to Euro 105,670 thousand in the first six months of the previous year. This item is broken down as follows:

	First half-year 2023	First half-year 2022
Costs of raw materials, components and goods	121,530	103,692
Costs of consumables	6,280	3,851
Change in raw materials and goods	1,336	1,561
Change in finished goods and semi-finished products	1,333	(3,434)
Costs of raw materials, components and goods and changes in inventories	**130,479**	**105,670**

The item increased on the first half of the previous year by approximately 23.5%. This accounted for 44.4% of Total revenue and income in the first half of 2022 and 45% in the first half of 2023. It should be noted that H1 2022 includes the IPEG group for just 5 months.

[30] Services

Services amounted to Euro 53,905 thousand in the first half of 2023, compared with Euro 48,589 thousand in 2022.

€/000	First half-year 2023	First half-year 2022
Outsourcing	21,581	19,796
Transport	4,089	5,667
Business trips and travel	3,476	2,559
Agency commissions	8,563	6,304
Fees to directors, statutory auditors and independent auditors	1,085	1,231
Consultancies	3,036	2,975
Maintenance and repairs	2,331	1,926
Marketing and advertising	2,046	1,610
Utilities	1,408	1,326
Insurance	609	590
Telephone and connections	494	433
Other costs for services	3,550	2,898
Rental expenses	875	642
Leases	88	197
Hires	674	436
Services	**53,905**	**48,589**
of which non-recurring	219	512
Costs for services excluding non-recurring services	**53,686**	**48,077**

The item increased on the first half of the previous year by approximately 10.9%. It should be noted that H1 2022 includes the IPEG group for just 5 months. This accounted for 20.2% of Total revenue and income in the first half of 2022 and 18.5% in the first half of 2023.

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

- outsourcing costs amounting to Euro 21,581 thousand in the first half of 2023 (40.0% of total Service costs) determined by the production methods of the Group, which concentrates internally processing and high value added and core activities. In H1 2022, this item amounted to Euro 19,796 thousand (40.7% of total Service Costs). Outsourcing as a percentage of revenue slightly improved on H1 2022 due also to the different product mix.
- transport costs on purchases and sales, which totaled Euro 4,089 thousand in H1 2023, equal to 7.6% of service costs, compared to 11.7% from H1 2022. The change was due to different mix of sales conditions;
- 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;
- commission costs, which totaled Euro 8,563 thousand in H1 2023, equal to 15.9% of service costs, compared to 13.0% from H1 2022. The increase is due to the increase in sales volumes and a different sales mix.

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

[31] Personnel expenses

Personnel expenses amounted to Euro 65,989 thousand, compared with Euro 55,634 thousand in the first half of 2022. A breakdown of personnel expenses is provided below:

€/000	First half-year 2023	First half-year 2022
Wages and salaries	51,523	43,610
Social security contributions	9,614	8,561
Costs for defined benefit plans	891	947
Other expenses	3,961	2,516
Personnel expenses	**65,989**	**55,634**

The account increased by about 18.6% compared to the first half of the previous year. It should be noted that H1 2022 includes the IPEG group for just 5 months. This accounted for 23.4% of Total revenue and income in the first half of 2022 and 22.7% in the first half of 2023, recording a small improvement.

The breakdown of the workforce compared to H1 2022 is presented below:

	First half-year 2023		First half-year 2022	
	period end	average	period end	average
Managers	42	41	38	36
Junior managers	116	115	107	109
White collars	1,040	1,038	1,020	1,000
Blue collars	595	602	591	585
Total	**1,793**	**1,795**	**1,756**	**1,730**

[32] Other operating costs

This item amounted to Euro 2,301 thousand, compared with Euro 1,451 thousand in the previous year. This item is broken down as follows:

€/000	First half-year 2023	First half-year 2022
Other taxes and duties	527	539
Bad debt provision	386	(574)
Entertainment costs	185	135
Provision for legal and tax risks	191	304
Provision for product warranty	360	240
Provision for additional client expenses	9	13
Other	643	795
Other expenses	**2,301**	**1,451**

Other taxes and duties mainly includes indirect taxes on property and local taxes related to operations in the various countries and in particular with regard to the newly acquired group in the United States, to the parent company in Italy, and to the other shareholdings in Brazil and in the United States.

[33] Amortization, depreciation and write-downs

This item amounted to Euro 6,886 thousand compared with Euro 8,127 thousand in previous year. This item is broken down as follows:

€/000	First half-year 2023	First half-year 2022
Amortisation	2,610	3,861
Depreciation	2,204	1,825
Right of use depreciation	2,072	1,958
Impairment loss on intangible assets	-	482
Depreciation & amortisation	**6,886**	**8,127**

[34] Financial income and expenses

The account presented net expenses of Euro 862 thousand in H1 2023, compared to net expenses of Euro 994 thousand in H1 2022. This item is broken down as follows:

€/000	First half-year 2023	First half-year 2022
Interest income	482	97
Income on financial assets	136	75
Other financial income	265	215
Financial income	**883**	**386**
Bank interest expenses	1,143	690
Other interest expenses	246	213
Other financial expenses	357	478
Financial expense	**1,746**	**1,381**
Net financial income (charges)	**(863)**	**(994)**

Financial income is mainly attributable to the Parent Company and includes interest income on deposits and on bonds, which increased compared to H1 2022 as a result of more effective management of liquidity.

Interest expense increased mainly in response to new financing obtained in January 2022 for the acquisition of the IPEG group.

[35] Net exchange rate gains/(losses)

The item reports a net loss of Euro 639 thousand in H1 2023, compared to a net gain of Euro 3,346 thousand in H1 2022. This item is broken down as follows:

	First half-year 2023	First half-year 2022
Exchange rate gains	4,070	5,219
Exchange rate losses	(4,709)	(1,873)
Net exchange rate gain (losses)	**(639)**	**3,346**

Unrealized foreign exchange gains included under *Foreign exchange gains* amounted to Euro 2,914 thousand in first six months 2023 (71.6% of foreign exchange gains for the period) and Euro 4,450 thousand in the first six months of 2022 (85% of foreign exchange gains for the period).

Unrealized foreign exchange losses included under *Foreign exchange losses* amounted to Euro 3,614 thousand in the first six months of 2023 (76.8% of foreign exchange losses for the period) and Euro 897 thousand in the first six months of 2022 (75.4% of foreign exchange losses for the period).

The change on H1 2022 is mainly attributable to the IPEG group and to Piovan do Brasil, as well as to the trends in the US dollar and Brazilian real against the Euro.

[36] Gains/(losses) on liabilities for option granted to non-controlling interests

There is no valuation income or expense during the reporting period. For further details, reference should be made to Note [21].

[37] Profits/(Losses) from equity investments carried at equity

The item amounted to net profit of Euro 1,136 thousand in H1 2023 (Euro 547 thousand in H1 2022), and related to investments measured using the equity method. Reference should be made to note [4] for further information.

[38] Gains/(losses) on assets and liabilities sold

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 9,703 thousand in the first six months of 2023 compared to Euro 6,494 thousand in the first six months of the previous year. Income taxes have been determined taking into account the best estimate of the average annual tax rate expected for the whole year.

	First half-year 2023	First half-year 2022 (*)
Current tax liabilities	9,557	7,701
Deferred/advance taxes	(70)	(1,207)
Previous years taxes	217	
Income taxes	**9,703**	**6,494**

(*) For the purposes of comparison, the statement of profit and loss figures for H1 2022 have been restated compared to the Half-Year Financial Report at June 30, 2023, following the definitive purchase price allocation for the IPEG group.

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.

In H1 2023 and H1 2022, the following non recurring items have been identified

Non recurring items (€/000)	**H1 2023**	**H1 2022**
Non recurring expenses relate to acquisition and integration of IPEF group	(198)	(511)
Personnel expenses	-	(102)
Non recurring expenses related to new plant in China	(21)	
Impairment loss on Toba’s goodwill	-	(482)
Gain from sale of Toba	1,337	
Total income/(expenses)	1,118	(1,095)

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 Piovan Group companies, providing for the free allocation of Piovan S.p.A. shares already held by the Company. The first cycle of this first plan 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, 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 Piovan Group’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 of this second plan came to a close in 2022, and the amounts were paid at the beginning of 2023.

The third plan, called the “2020-2022 Phantom Stock Option Plan”, is for the Executive Directors and Senior Executives at Piovan Group’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 of this third plan came to a close in 2022, and the amounts were paid at the beginning of 2023.

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 objective related to ESG topics.

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 Annual Financial Report at December 31, 2022, to which reference should be made for further information.

30.06.2023	IFRS 9 categories	Book value	Level 1	Level 2	Level 3
Current accounts and post office deposits	Receivables and loans	52,651		52,651	
Cash equivalent	Receivables and loans	14,500		14,500	
Cash	Receivables and loans	27		27	
Cash and cash equivalents		**67,178**		**67,178**	
Trade receivables	Receivables and loans	88,959			88,959
Financial assets		6,599	6,599		
Total financial assets		**162,736**	**6,599**	**67,178**	**88,959**
Bank borrowings	Liabilities at amortised cost	96,957		96,957	
Payables to other lenders	Liabilities at amortised cost	15,065		15,065	
Non-current financial liabilities		**112,022**		**112,022**	
Short-term bank loans	Liabilities at amortised cost	274		274	
Short-term bank loans	Liabilities at amortised cost	38,258		38,258	
Payables to other lenders	Liabilities at amortised cost	23,473		23,473	
Current financial liabilities		**62,005**		**62,005**	
Trade payables	**Liabilities at amortised cost**	**67,763**			**67,763**
Advances from customers	**Liabilities at amortised cost**	**36,019**			**36,019**
Liabilities for commitments and put options	**Liabilities at fair value**	**481**			**481**
Total financial liabilities		**278,290**		**174,027**	**104,263**

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**

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. As indicated in the Annual Financial Report at December 31, 2022, 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 geographical areas are provided in note [27].

Related party transactions

During 2022 and 2023, 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 30.06.2023	Nature of transactions	Property Plant & Equipement and Right of use	Current trade receivables	Other current assets	Trade payable	Current financial liabilities	Non-current financial liabilities	Other current liabilities	Other non-current liabilities	Revenues	Expenses
Pentafin S.p.A.*	Piovan S.p.A. parent company		1					2,029			
CMG S.p.A.	Associated company		6		446					8	1,302
Penta Auto Feeding India Ltd.	Subsidiary		74							13	
Nicola Piovan	Chairman of the BoD of Piovan S.p.A. and Sole shareholder of Pentafin S.p.A.	188				50	143	54			643
Filippo Zuppichin	Chief executive officer and shareholder of Piovan S.p.A.	17				13	4	442	261		574
Members of BoD (except President and the CEO)	Directors							34			91
TOTAL		205	81		446	63	148	2,559	261	21	2,609

Transactions at 31.12.2022	Nature of transactions	Property Plant & Equipement and Right of use	Crediti Current trade receivables	Other current assets	Trade payable	Current financial liabilities	Non-current financial liabilities	Other current liabilities	Other non-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	508	543		1,245
Members of BoD (except President and the CEO)	Directors							38			181
TOTAL		243	105	345	762	63	179	603	543	72	5,781

Transactions at 30.06.2022	Nature of transactions	Property Plant & Equipement and Right of use	Current trade receivables	Other current assets	Trade payable	Current financial liabilities	Non-current financial liabilities	Other current liabilities	Other non-current liabilities	Revenues	Expenses
Pentafin S.p.A.	Piovan S.p.A. parent company							5,374			
CMG S.p.A.	Associated company		23		718					21	1,379
Penta Auto Feeding India Ltd.	Subsidiary		242							95	-
Nicola Piovan	Chairman of the BoD of Piovan S.p.A. and Sole shareholder of Pentafin S.p.A.	235		20		50	193	55		-	786
Filippo Zuppichin	Chief executive officer and shareholder of Piovan S.p.A.	29				12	17	403	358	-	799
Members of BoD (except President and the CEO)	Directors							50		-	90
TOTAL		264	265	20	718	62	210	5,882	358	116	3,054

Commitments and risks

At June 30, 2023, the Group provided guarantees to third parties as indicated below:

- Euro 7,492 thousand for guarantees in favor of third parties against advances received for contract work-in-progress;
- Euro 303 thousand for guarantees in favor of third parties of the Parent Company Piovan S.p.A..

At June 30, 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 8,806 thousand.

In addition, commitments related to lease agreements that are not recognized as liabilities in accordance with IFRS 16 total approximately Euro 3,274 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 economic and financial situation.

We are not aware of any contingent assets of significance to the Group's financial performance or standing.

Remuneration paid to Directors and Statutory Auditors

The remuneration of the Directors, Statutory Auditors and other Senior Executives for the first half of 2023 compared with the first half of 2022 is presented below:

€/000	First half-year 2023	First half-year 2022
Directors	1,009	927
Key managers	524	403
Statutory auditors	28	28

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 30/06/2023	% 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%	Doteco S.p.A.	Full
Piovan North America Llc	Delaware (USA)	USA	USD	0	100.00%	Piovan S.p.A.	Full
IPEG Holdings Inc.	Delaware (USA)	USA	USD	21,038,000	100.00%	Piovan Nord America Llc	Full
IPEG Inc.	Franklin, Pennsylvania (USA) Pinconning, Michigan (USA)	USA	USD	4,502,000	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	55,654,985	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
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

Subsequent events after June 30, 2023

In the period following 30 June 2023, no significant facts or events relevant to the interpretation and/or evaluation of the results for the first half year were recorded.

Santa Maria di Sala (Venice), September 12, 2023

For the Board of Directors

Executive Chairman

Nicola Piovan

DECLARATION OF THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS AT JUNE 30, 2023

Declaration 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, September 12, 2023

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 drawing up of the Consolidated Half-Year Financial Report for the first half of 2023.

No significant aspect emerged concerning the above.

It is also declared that the Consolidated Half-Year Financial Report at June 30, 2023:

a) is drawn up in compliance with the applicable international accounting standards recognized by the European Union, in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and the Council of July 19, 2002;
b) corresponds to the underlying accounting documents and records;
c) provide a true and fair view of the financial position, financial performance and cash flow of the Issuer and of the other companies in the consolidation scope.

The Interim 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.

It also presents a reliable analysis of the significant transactions with related parties.

The Chief Executive Officer	The Executive Officer for Financial Reporting
Filippo Zuppichin	Giovanni Rigodanza

AUDITORS' REPORT ON THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS AT JUNE 30, 2023

Deloitte.

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REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Piovan S.p.A.

Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of Piovan S.p.A. and subsidiaries (the "Piovan Group"), which comprise the consolidated statement of financial position as of June 30, 2023, consolidated statement of profit and loss, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the six month period then ended, a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation of the half-yearly condensed consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the half-yearly condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of Piovan Group as at June 30, 2023 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Barbara Moscardi
Partner

Treviso, Italy
September 12, 2023

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

Consolidated Half-Year Financial Report at
June 30, 2023 of Piovan S.p.A.

PIOVAN S.p.A.

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