PiovanGroup

PERIODIC FINANCIAL STATEMENTS

as at 30 September 2019

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Company data of the parent company Piovan S.p.A.

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Share capital: €6,000,000 fully paid-up

Tax code: 02307730289 VAT number: 02700490275

Venice Chamber of Commerce REA (Repository of Economic and Administrative information) no. 235320

PARENT COMPANY PIOVAN S.P.A. ADMINISTRATIVE AND CONTROL BODIES

Board of Directors

In charge until the date of the Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2020.

NAME	IN CHARGE
Nicola Piovan	Executive Chairman
Filippo Zuppichin	Chief Executive Officer
Marco Stevanato	Director
Marco Maria Fumagalli (*) (**)	Independent Director
Lucia Giancaspro (*)	Independent Director
Marco Milani (*)	Independent Director
Chiara Mio (*)	Independent Director
(*) Independent Director pursuant to Art. 147-ter, paragraph 4 of the Consolidated Finance Act and Art. 3 of the Corporate Governance Code.	
(**) Director appointed as Lead Independent Director pursuant to art. 2, paragraph 4 of the Corporate Governance Code.	

Board of Statutory Auditors

In charge until the date of the Shareholders' Meeting called to approve the financial statements as at 31 December 2020.

NAME	IN CHARGE
Carmen Pezzuto	Chairman
Luca Bassan	Statutory auditor
Patrizia Santonocito	Statutory auditor
Kristian Sartor	Alternate auditor
Stefania Targa	Alternate auditor

Control, Risk Management and Sustainability Committee

NAME	IN CHARGE
Chiara Mio	Chairman
Marco Maria Fumagalli	
Marco Milani	

Appointments and Remuneration Committee

NAME	IN CHARGE
Lucia Giancaspro	Chairman
Marco Maria Fumagalli	
Chiara Mio	

Related Parties Committee

NAME	IN CHARGE
Marco Maria Fumagalli	Chairman
Lucia Giancaspro	
Marco Milani	

Significant equity investments in share capital

Based on the updated Shareholders' Register, the communications received pursuant to art. 120 of Legislative Decree no. 58/98 and other information available to the Company, the Piovan S.p.A.'s shareholders owning a stake over than 5% as at 30 September 2019 are the following:

Declarant	Direct shareholder	% of ordinary share capital (*)	% of voting share capital (**)
Nicola Piovan	Pentafin S.p.A	56.014	67.746
Allianz SE	ALLIANZ IARD SA	7.743	5.677
7INDUSTRIES HOLDING BV	7INDUSTRIES HOLDING BV	8.955	6.567
(*) Total number of ordinary shares: 53,600,000, including Piovan S.p.A.'s own shares amounting to 2,670,700			
(**) Share capital expressed as number of votes pursuant to art. 120, paragraph 1 of Legislative Decree no. 58 of 24 February 1998 (Consolidated Finance Act or "TUF"), including Piovan S.p.A.'s own shares.			

Manager responsible for preparing the Company's financial reports

Marco Mammano

Audit firm

In charge until the date of the Shareholders' Meeting called to approve the financial statements as at 31 December 2026.

Deloitte & Touche S.p.A.

PRESENTATION AND STRUCTURE OF THE GROUP

The Group's first activities date back to the early 1930s when Costante Piovan founded a small workshop in Padua specialising in precision mechanics and the production of dies for sheet metal working.

In 1964 Luigi Piovan began to diversify its reference markets and the Group entered the sector of auxiliary systems for the processing of plastic materials, introducing the first granulator to the Italian market, followed by the Convair dryer and the Convector feeder for injection presses. The Group increasingly specialised in the design and production of automation systems for the storage, transport and treatment of plastic materials and in 1969 moved its main production plant to Santa Maria di Sala (Venice).

Between 1970 and 1980 the Group began to progressively expand both its geographical distribution, with the establishment of the first foreign subsidiaries, in particular Piovan Germany in 1974, and its range of technologies and products, to include a complete range of machines used in the automation process for the storage, transport and processing of plastics, laying the foundations of future world leadership. In the same years the Company launched its first line of chillers and introduced on the market the first centralised system for feeding, dosing and dehumidifying granules.

In the early 90s Luigi Piovan's son, Nicola Piovan, joined the company. He has been the Chief Executive Officer since 2002 and Sole Director since 2011. The Group continued its expansion abroad and began opening production plants outside of Italy, in particular in Brazil and China. Subsequently, additional foreign subsidiaries were also opened in Mexico, Great Britain, Austria, Hungary and the Czech Republic, India, Turkey, Thailand, Indonesia and Vietnam.

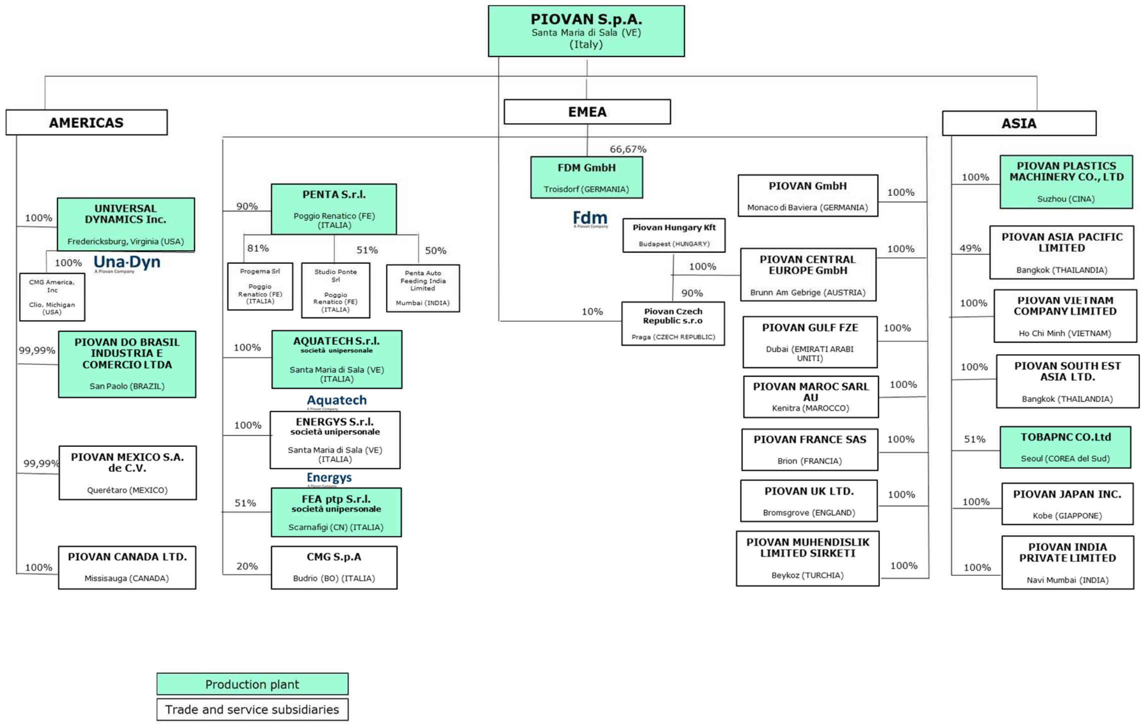
To date, the Group consists of a network that includes companies controlled directly or indirectly by Piovan S.p.A., with headquarters in Europe, America and Asia. The strategic, management and operational direction of the Piovan Group is directly entrusted to Piovan S.p.A. which, as at 30 September 2019, coordinates 29 service and commercial companies, including 9 production plants on 4 continents. In July 2019 the network was further expanded to 26 companies with the acquisition of FEA Process & Technological Plants S.r.l. in Italy and ToBaPNC Co. Ltd. in South Korea.

On June 2nd 2019, Piovan’s Executive President, Mr. ***Nicola Piovan***, was nominated “***Cavaliere del Lavoro***” by the Italian President, Sergio Mattarella, during the Italian National Republic Day celebration.

On October 22nd, at the Quirinale Palace (the historic building and one of the official residences of the President of the Italian Republic), President Sergio Mattarella, during the official ceremony presented the insignia to the “***Cavaliere dell’Ordine al Merito del Lavoro***” (Order of Merit for Labor).

The recognition of such an important award is the expression of the excellency of the Italian entrepreneurship.

GROUP STRUCTURE AS AT 30 SEPTEMBER 2019



GROUP PERFORMANCE

Macroeconomic scenario

The development of the world economy continues to benefit in part from favourable monetary policies. However, financial conditions are less favourable, especially for some emerging economies, and the growth of world trade is also slowing down due to some import duty policies, particularly in the bilateral trade between China and the United States.

Recent economic indicators and the latest results of cyclical surveys indicate, particularly in the euro area, that real GDP growth unexpectedly remained modest and recent indicators point to activity levels that are substantially below expectations also in the first nine months of 2019. Moreover, more persistent adverse factors point to a slight weakening in economic trends compared to previous forecasts based on an analysis published by the ECB in March 2019. The latest data show a significant slowdown in Germany, Europe's leading manufacturing country.

In the latest update of the "*World Economic Outlook*", the International Monetary Fund (IMF) further reduces its estimates of global GDP growth for the current and next year, which stands at 3.2% in 2019 and 3.4% in 2020.

Persistent concerns about global trade policies, no-deal Brexit and a marked reduction in China's growth rate seem to have had a more negative impact on business confidence in different countries. In general, however, business investments in the euro area are still considered as supported by a number of favourable underlying factors: the rate of utilisation of the production capacity remains above the long-term average and the lack of equipment is reported as an output limiting factor by a large share of businesses in the manufacturing sector; financing conditions should still be favourable, although gradually tighter over the time horizon of projection and businesses could increase investments to compensate for labour supply constraints.

In this context, the Piovan Group has an organisational structure characterised by the presence both of subsidiaries with production sites on different continents, and of a global network that provides technical and commercial assistance of equal quality in all areas of the world. This represents an advantage for minimising risks and seizing opportunities.

Significant events in the third quarter of 2019

In July 2019, Piovan S.p.A. finalised the acquisition of 51% of ToBaPNC Co. Ltd. (hereinafter also referred to as ToBaPNC), a leading company in South Korea specialising in the automation of industrial processes in the plastics sector and in particular in systems for the transport and storage of powders. This operation will enable the Group to expand its international profile and enter a strategic market such as South Korea in a significant way. This will also provide access to world leaders in electronics and automotive technology and will strengthen the Group's know-how in the powder treatment industry, which represents a significant growth area for the Group. ToBaPNC achieved a turnover of €4.6 million in 2018 and, in recent years, has managed projects in several countries, from South Korea to the United States, from Vietnam to China, thanks to strong relationships with some of the major South Korean industrial groups, of which it is a partner.

The operation was carried out through a purchase of shares by Piovan S.p.A. with a total disbursement of USD 872 thousand. In addition, ToBaPNC shareholders may exercise a put option on their shares up to 49% of the share capital in the period between 01.01.2023 and

31.12.2024, in one or more *tranches*, on the one hand, and Piovan S.p.A., on the other, may exercise a call option on the minority shareholders' shares of up to 49% of the share capital in the period between 01.01.2023 and 31.12.2024, in one or more tranches, according to certain economic and financial parameters defined in the agreements between the parties.

In July 2019, Piovan S.p.A. finalised the acquisition of 51% of the share capital of FEA Process & Technological Plants S.r.l. (hereinafter also referred to as FEA), a Cuneo-based company specialising in the automation of transport and storage systems for viscous liquids for the food industry. More specifically, the company, which had a turnover of €3 million in 2018, specialises in the installation and production of machinery for transporting creams of different density values.

The operation was carried out through a reserved capital increase of Piovan S.p.A., which subscribed the increase with a total disbursement of € 390 thousand. Furthermore, FEA's shareholders may, on the one hand, exercise a put option on all, and not a part of, their shares in the period between 30.04.2022 and 30.04.2024, while on the other hand, PIOVAN may exercise a call option on a single tranche of 12% of the shares held by FEA's historical shareholders, in the period between 30.04.2022 and 30.04.2024, according to certain economic and financial parameters defined in the agreements between the parties.

FEA is a historical industrial company operating in the field of confectionery and chocolate production and its know-how in the treatment and transport of complex liquid foodstuff completes the expertise of the Piovan Group in the field of transport and storage of food powders. The acquisition of FEA will allow to widen the range of turnkey plants in the food sector and increase the market shares of the Group.

In July 2019, the subsidiary Penta S.r.l. signed a sales contract with a historical shareholder for the purchase of a further 19.0% stake in the subsidiary **Progema S.r.l**.. The Group now has a shareholding in Progema S.r.l. equal to 81% of the entire share capital. The operation was carried out through a purchase of shares by Penta S.r.l. with a total disbursement of €185 thousand.

Finally, it should be pointed out that, in September 2019, the transfer of the headquarters of the subsidiary Aquatech S.r.l. to the new production plant is being finalised together with the sale of the building owned by Piovan S.p.A and used by Aquatech before the transfer. The sale of the building led to the recognition of a capital gain of 714 thousand euro.

For significant events occurring in the first and second quarter of 2019, reference is made to what has already been described in previous publications, ie in the "Periodic financial information as at 31 March 2019" and in the "Consolidated interim financial report as at 30 September 2019".

Alternative performance indicators

It should be noted that some financial information in this report contains intermediate profitability indicators, in order to allow a better evaluation of the economic performance of the company and its equity and financial position. It should be noted, however, that this indicator is not identified as an accounting measure by IFRS, therefore the criterion for determining it may not be homogeneous with that indicated by other groups or companies.

Please refer to the "Annual Financial Report at 31 December 2018" where the criteria used for the construction of these indicators are described.

Group economic performance

(amounts in €'000)	Nine months ended 30th September											
	2019			*% on total revenues and other income*		2018			*% on total revenues and other income*		2019 vs 2018	*%*
	Total	Recurring	Not Recurring *	% on total	*% on Recurring*	Total	Recurring	Not Recurring *	% on total	*% on Recurring*	Changes on recurring	
Revenue	164,015	164,015		*97.5%*	*97.9%*	179,535	179,535		*97.3%*	*98.3%*	(15,520)	*(8.6%)*
Other revenue and income	4,210	3,496	714	*2.5%*	*2.1%*	4,949	3,063	1,886	*2.7%*	*1.7%*	433	*14.1%*
TOTAL REVENUE AND OTHER INCOME	**168,225**	**167,511**	**714**	***100.0%***	***100.0%***	**184,485**	**182,599**	**1,886**	***100.0%***	***100.0%***	**(15,088)**	*(8.3%)*
EBITDA	**19,416**	**19,506**	**(90)**	***11.5%***	***11.6%***	**28,040**	**27,296**	**744**	***15.2%***	***14.9%***	**(7,790)**	***(28.5%)***
OPERATING PROFIT	**15,780**	**15,870**	**(90)**	***9.4%***	***9.5%***	**25,681**	**24,937**	**744**	***13.9%***	***13.7%***	**(9,067)**	***(36.4%)***
PROFIT BEFORE TAXES	**16,280**			***9.7%***		**28,079**			***15.2%***			
Income taxes	4,614			*2.7%*		7,584			*4.1%*			
NET PROFIT	**11,665**			***6.9%***		**20,495**			***11.1%***			
Attributable to:												
Owners of the parent	**11,742**			***7.0%***		**18,807**			***10.2%***			
Non-controlling interests	**(76)**			***0.0%***		**1,688**			***0.9%***			
Earnings per share	**0.23**					**0.37**						
Basic and diluted earnings per share (in Euros)	**0.23**					**0.37**						

* The effects of non-recurring values are considered only up to the Operating Profit.

In the first nine months of 2019, the **total revenues and other income** of Piovan Group amounted to € 168,225 thousand, down from 184,485 thousand compared to the first nine months of 2018 (-8.8%). Revenues in the first nine months of 2019 is positive compared to the same period of the previous year with reference to Services and Spare parts. Revenues in the area of Plastic and Food & non plastic, in the first nine months of 2029 did not benefitted from a particular positive trend, as was the case in the first nine months of 2018.

In the first nine months of 2019, the subsidiary Unadyn in the United States realised a capital gain of €1,886 thousand from the sale of the previous production site no longer used as a result of the transfer to the new headquarters in Virginia.
In the first nine months of 2019, the parent company realized a capital gain of €714 thousand from the sale of a property which had been previously used by the subsidiary Aquatech S.r.l..
Excluding this income, the total revenues and other income of Piovan Group amounted to €182,599 thousand in 2018 and €167,511 thousand in 2019; recording a decrease of -8.3% for the period.

Considering only **Revenues,** it registered €164,015 thousand, a decrease of -8.3% compared to the €179,535 thousand of the first nine months of 2018. To be noted that Revenues, calculated at constant exchange rates (i.e. at the average exchange rate for the first nine months of 2018), would have been €2,102 thousand lower resulting in Revenues at constant exchange rates for the first nine months of 2019 of €161,913 thousand and a decrease of 9.8% compared to the first nine months of 2018, mainly determined by the fluctuation of the USD.

Considering **recurring data only**, the **EBITDA** amounts to €19,506 thousand, down from the €27,296 thousand (-28.5%), with a decrease of €7.790 thousand. The EBITDA value referred to the recurring data percentage of the "Total revenues and other income" is 11.6%, down from the 14.9% of the first nine months of 2018.
The decrease in EBITDA value is due both to lower sales volumes in a weakening market in the first nine months of 2019 and, in a lesser way, to the relocation of the new headquarters of Aquatech S.r.l. into the new production site and a small increase in fixed costs determined by the strengthening of the structure with specialized resources needed for the future growth trend.
The increase in fixed costs is concentrated mainly in the first quarter of 2019, due to some activities that aimed at saving costs. The positive impact of these actions can be seen in the results of the second quarter of 2019.
The adoption of the new accounting principle IFRS 16 had a positive impact on the accounting of the lease contracts improving the EBITDA by €931 thousand.
The non-recurring costs in the first nine months of 2019 amount to € 804 thousand and refer mainly to the production capacity and other costs incurred by the group for the relocation of the new operating headquarters and, to a lesser extent, to costs for acquisitions creation of new entities.

The total **EBITDA**, including these non-recurring items, amount to €19,416 thousand, down from €28,040 thousand (-30.8%) compared to the same period of 2018. The greater reduction in total EBITDA compared to the recurring EBITDA is mainly due to the non-recurring income of 2018, and related to the gain of about €1.9 million from the sale of the US subsidiary plant that took place in June 2018, which is higher if compared with the non-recurring gain recorded in 2019 and related to the gain of about €0.7 million from the sale of the Italian building owned by the parent company.

Considering **recurring data only**, the **operating result** amounts to €15,870 thousand, down from €24,937 thousand in the first nine months of 2018 (-25.4%), with a decrease of €9,067 thousand. The recurring gross operating profit as a percentage of total revenue and other income was 9.5%, down from 13.7% in the same period of the previous year.
The effect of the application of IFRS 16 on the accounting of lease contracts and operating lease contracts leads higher depreciations in 2019 for €884 thousand at EBIT level; the net effect between lower costs for services and higher depreciations at EBIT level is positive for €47 thousand.

The total **operating profit** amounts to €15,780 thousand, down from €25,681 thousand in the first nine months of the previous period (-38.6%).

The **net profit** for the period amounts to **€11,665** thousand, down from €20,495 thousand in the first nine months of 2018 (-43.1%), as a result of the above.

The **net profit** for the period **attributable to the owners of the Parent Company** amounts to €11,742 thousand in the first nine months of 2019 compared with €18,807 thousand in the first nine months of the previous year with a decrease of 37.6%. The **net profit** for the period **attributable to non-controlling interests** amounts to €76 thousand compared with €1,688 thousand in the first nine months of the previous year. The reduction in net profit attributable to non-controlling interests is mainly due to the fact that the Parent Company, compared with the first nine months of 2018, holds a further 25% stake in Penta S.r.l., acquired in September 2018, as well as to the lower profit realised by Penta S.r.l. in 2019 in relation to the decrease in sales related to Food Systems.

Earnings per share are €0.23 for the first nine months of 2019 compared with €0.37 for the first nine months of the previous year and are calculated net of own shares held by the Company.

<u>Revenue by market</u>

	First nine months 2019	First nine months 2018
Plastic Systems	129,991	136,048
Food & non plastic Systems	12,539	24,312
Service & Spare parts	21,485	19,175
Revenue	**164,015**	**179,535**

With regards to the dynamics of the revenues by market segment it can be noted that:

- Revenues from Plastics Systems in the first nine months of 2019 is slightly down compared to the same period of the previous year, in spite the slowdown in the reference market, confirming the leadership position held by the Group. The small decrease is mainly due to the activities undertaken in the last quarter for the relocation of the operating headquarter.

- Revenues from the Food & non plastic Systems in the first nine months of 2019 totals €12,539 thousand, with a decrease of €11,773 thousand compared with the first nine months of 2018.

The decrease is ascribable to the fact that the subsidiary Penta S.r.l. has dedicated part of its production capacity to the production for the treatment of plastic powders systems, while planning the production of Food systems for the last quarter of 2018. Moreover, the market for the Food division systems, which also includes the production of systems for other industrial use besides plastic, confirms itself in a development phase benefitting from the same strategy already implemented in the market for the Plastic Area systems.

- The first nine months of 2019 for the Services and Spare parts segment recorded revenues of € 21,485 thousand, up by €2,310 thousand, or 12.0%, compared to the same period of the previous year.

Revenue by geographical area

	First nine months 2019	First nine months 2018
EMEA	100,799	117,985
ASIA	20,794	21,016
NORTH AMERICA	34,056	31,662
SOUTH AMERICA	8,366	8,872
Revenue	**164,015**	**179,535**

The table above highlights the growth in North America. The revenues in EMEA include the revenues achieved in Italy of €34,476 thousand in the first nine months of 2019 and of €40,789 thousand in the first nine months of the previous year. The decrease in revenues in the EMEA area is mainly attributable to the Italian market and mainly concerns the Food Systems market. The reduction in revenues in Asia is positively influenced by the improvement in performance registered in South East Asia that compensates the weakening results in the Chinese market. Revenues in South America remained stable thanks to the Food & non plastic systems, even in the presence of some negative effects linked to the macroeconomic conditions of the region, in particular related to the elections in Brazil.

Balance sheet and Financial indicators of the Group

Net financial position

€/000	30.09.2019	31.12.2018	30.09.2018
A. Cash	19	29	23
B. Current accounts and post office deposits	38,193	39,084	25,909
C. Cash & cash equivalent (A+B)	**38,212**	**39,113**	**25,932**
D. Current financial assets	**6,342**		**-**
E. Current bank loans and borrowings	(23,008)	(12,995)	(11,948)
F. Current portion of non-current debt	(9,408)	(5,994)	(6,020)
G. Other current financial liabilities	(220)	(280)	(687)
H. Current financial position (E+F+G)	**(32,636)**	**(19,269)**	**(18,655)**
I. Net current financial position (H+C+D)	**11,918**	**19,844**	**7,278**
J. Long term loans	(17,395)	(10,760)	(12,227)
K. Bond issued	-		-
L. Other non-current financial liabilities	(436)	(609)	(371)
M. Non-current financial position (J+K+L)	**(17,831)**	**(11,368)**	**(12,598)**
N. Net financial position (I+M) before IFRS16	**(5,913)**	**8,476**	**(5,320)**
€/000	**30.09.2019**	**31.12.2018***	**30.09.2018**
IFRS16 - Lease - impact	**(5,236)**	**(5,866)**	**n.a.**
Current portion	(1,042)	(1,116)	n.a.
Non-current portion	(4,194)	(4,750)	n.a.
N. Net financial position (N+IFRS 16 impact)	**(11,149)**	**2,610**	**n.a.**

*The impact of the IFRS16 as at Decemebr 31, 2018 has been illustrated only for comparative purposes, as it has been applied starting from 1st January 2019 as required by the "Modified Retrospective Method", chosen by the Company come first-time application method .

The Group's net financial position as at 30 September 2019 (analysed for a better comparative purposes without the effect of IFRS 16 and compared with the amount as at 31 December 2018 and 30 September 2018) was negative by €5,913 thousand, compared with a positive net financial position of €8,476 thousand as at 31 December 2018 and a negative net financial position of €5,320 thousand as at 30 September 2018.

First of all, it is important to describe, for a better management understanding, which consider fluctuations during the year, the change in net financial position, without the effect of IFRS 16, between 30 September 2018 and 30 September 2019. The change is equal to €0.6 million of higher indebtedness, which results from the combined effect of (i) cash generated from operations for approximately €22.7 million and (ii) a cash absorption for non-operating items for €23.3 million (non-recurring investments related to the project for development of production capacity and technological improvement at the Group headquarters for €12.3 million, net cash out related to the listing process for €3.4 million and distribution of dividends for €7.7 million).

The change in net financial position, without the effect of IFRS 16, between 31 December 2018 and 30 September 2019, amounting to €14.4 million of higher debt, results from (i) an absorption of liquidity of approximately €1.2 million due to current operations, resulting from normal business cycles during the year, which generally absorb cash in the first period of the year to then generate it in the second one; and (ii) from non-operating items for €15.5 million (non-recurring investments related to production capacity development and technology improvement at the headquarters for €7.9 million and distribution of dividends for €7.7 million).

In addition, the impact of the application of IFRS 16 leads to an increase of net financial position of an amount €5.2 million compared with the end of the 2018 financial year.

Net financial position includes medium/long-term loans, mostly relating to the Parent Company, for €26.8 million, of which €9.4 million with expiration date within 12 months and the remaining part of €17.4 million within 5 years. Loans are not secured and are in euro.

In order to optimise the financial structure of the Group and to take advantage of the extremely favourable interest rate opportunities offered by the financial market, three amortizing loans for a total amount of €15 million were obtained during the first nine months of the year. These three new loans have an expiration date of 5, 4 and 2 years and an average interest rate of approximately 0.5%. One of the new loans, which amounts to €7 million, is a fixed interest rate loan, with an interest rate of 0.54% with a 4-year amortizing maturity.

Net non-current assets

Net non-current assets represented by tangible assets, intangible assets and equity investments amounted to €54,184 thousand, with an increase of €13,376 thousand, of which €5.2 million due to the application of *IFRS* 16.

In the past two years the Group has undertaken a project to expand production capacity and technological improvement, relating to the plant in the United States, completed in 2018, and to the Italian plant under construction at the headquarters of the Parent Company (expected to be completed before the end of 2019). The non-recurring investment, made in 2019 to increase production capacity, is worth €8,3 million.

Net non-current assets (amounts in €'000)	**At 30th September 2019**	**At 31st December 2018**	**At 30th September 2018**
Property, plant and equipment	46,375	34,531	29,640
of which Right of Use (IFRS 16 - Lease)	*5,202*	-	-
Intangible assets	6,731	6,007	5,965
Equity investments	1,078	270	487
Net non-current assets	**54,184**	**40,808**	**36,092**

In applying the new accounting standard IFRS 16 (Lease) at the transition date of 1 January 2019, and having chosen to adopt the "*Modified Retrospective Method*", the Group has recorded a right of use on tangible assets of € 5,866 thousand equal to the value of the financial liability at the transition date, as better described in the annual financial report as at 31 December 2018. This "right of use" was amortized in the first nine months of 2019, on the basis of the duration of each individual reference contract, for a value of €884 thousand, new rent & lease contracts have been signed in the period for an amount of €220 thousand and it is therefore equal to €5,202 thousand as at 30 September 2019. Please refer to note [1] of the notes to the periodic financial statements for further details.

As indicated amongst the relevant events of the reference period, Piovan Group has acquired a 51% participation in Toba PNC. As of 30 September 2019 it has not been consolidated as the impact of the acquisition would have been irrelevant and the acquisition has determined the increase in the value of the participations.

Net Trade Capital and Net Working Capital

Net working capital (amounts in €'000)	**At 30th September 2019**	**At 31st December 2018**	**At 30th September 2018**
Trade receivables	51,714	50,656	57,783
Inventories	30,587	28,049	28,356
Contract assets for work in progress	5,532	3,654	6,419
Trade payables	(27,967)	(39,937)	(31,583)
Advance from customers	(20,486)	(12,577)	(17,872)
Contract liabilities for work in progress	(2,071)	(2,703)	(1,818)
Net trade capital	**37,310**	**27,142**	**41,285**
Tax receivables	4,270	3,455	5,549
Other current assets	4,429	4,192	3,751
Tax liabilities and social security contributions	(5,157)	(6,422)	(6,877)
Other current liabilities	(12,959)	(12,241)	(16,337)
Net working capital	**27,893**	**16,126**	**27,371**

Net Trade Capital and Net Working Capital both increased compared with 31 December 2018, due to the performance of activities during the various months of the year. The specific analysis of the main items shows, from one side a substantial stability of inventories, thanks to the business model that includes the use of a distributed network of suppliers, added to contract assets for work in progress, and on the other side a reduction in trade payables resulting from the normal fluctuation between the different months which is connected to the micro timing of orders acquisition from customers and the consequent execution of the payables cycle with the supply network.

Medium/long-term liabilities

amounts in €'000	**As at 30 September 2019**	**As at 31 December 2018**	**As at 30 September 2018**
Liabilities for employee benefits plans	4,506	4,080	3,887
Provision for risks and charges	3,356	3,283	2,925
Other non-current liabilities	356	113	121

amounts in €'000	As at 30 September 2019	As at 31 December 2018	As at 30 September 2018
Deferred tax liabilities	2,672	3,188	3,505
Medium/long-term liabilities	**10,890**	**10,664**	**10,438**

As at 30 September 2019 medium/long-term liabilities increased by €453 thousand compared with 31 December 2018. The change is mainly due to higher provisions for risks set aside to cover potential charges arising from the Group's commercial activities and higher liabilities for employee benefits plans, amounting to €0.6 million, and lower deferred taxes liabilities, amounting to €0.8 million.

Significant events after 30 September 2019

No significant events occurred after September 30, 2019.

Business outlook

Piovan Group confirms the strategic path it has communicated during the pre-IPO process. On the one hand this path is addressed towards the acquisition of companies in specific geographic areas to enhance the market penetration to continue the development of the widespread Services' strategy, to be close to the costumers, particularly to the large clients which are based in various continents. On the other hand, to maintain the technological leadership and services in the Plastic Area or in companies with products and technologies that can lengthen the value chain of the Group.

At the same time, there is a strong focus to continue to grow the market share and the international development of the Food Area, both through technological, commercial or services synergies and common clients with the Plastic Area, and through the improvement of the organizational process. The development strategy is clear and is pursued with persistency. Furthermore, the Group continues to use the technical skills of the subsidiary Penta S.r.l. also in the plastic and chemical powders as well as in the Food markets.

The Group is committed to develop solutions to the circular economy market, especially in the Research and in the development of advanced technological innovations to allow its customers to use recycled polymers to obtain a high quality product, with a low environment impact in order to reduce the CO2 emissions and the consumption of scarce resources of plane Earth.

Since 2006 Piovan Group has built more than 300 systems for the recycling of plastic materials and is further expanding the range of solutions needed to manage all stages of the most critical process of material regeneration.

In a volatile and slightly shrinking macroeconomic context, the Group is committed to pursuing its development strategy.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€'000)

ASSETS	Notes	30.09.2019	31.12.2018
NON-CURRENT ASSETS			
Property, plant and equipment	**Note 1**	46,375	34,531
Intangible assets	**Note 2**	6,731	6,007
Equity investments	**Note 3**	1,078	270
Other non-current assets	**Note 4**	301	325
Deferred tax assets	**Note 5**	4,167	4,663
TOTAL NON-CURRENT ASSETS		**58,652**	**45,796**
CURRENT ASSETS			
Inventories	**Note 6**	30,587	28,049
Contract assets for work in progress	**Note 7**	5,532	3,654
Trade receivables	**Note 8**	51,714	50,656
Current financial assets	**Note 9**	6,342	-
Tax receivables	**Note10**	4,270	3,455
Other current assets	**Note 11**	4,429	4,192
Cash and cash equivalents	**Note 12**	38,212	39,113
TOTAL CURRENT ASSETS		**141,087**	**129,119**
TOTAL ASSETS		**199,739**	**174,915**

LIABILITIES AND EQUITY	Notes	30.09.2019	31.12.2018
EQUITY			
Share capital	**Note 13**	6,000	6,000
Legal reserve	**Note 13**	1,200	1,200
Reserve for own shares in portfolio	**Note 13**	(2,250)	(2,250)
Translation reserve	**Note 13**	(1,006)	(1,594)
Other Reserves and retained earnings	**Note 13**	40,725	25,748
Net profit (loss)	**Note 13**	11,742	23,881
Equity attributable to the owners of the parent		**56,410**	**52,985**
Equity attributable to non-controlling interests	**Note 15**	3,594	3,791
TOTAL EQUITY		**60,004**	**56,775**
NON-CURRENT LIABILITIES			
Long-term loans	**Note 16**	17,395	10,760
Non-current financial liabilities	**Note 16**	4,631	609
Employee benefits plans	**Note 17**	4,506	3,887
Provision for risks and charges	**Note 18**	3,356	2,925
Non current liabilities for options granted to non-controlling investors	**Note 19**	1,221	3,185
Other non-current liabilities	**Note 20**	356	121
Deferred tax liabilities	**Note 5**	2,672	3,505
TOTAL NON-CURRENT LIABILITIES		**34,137**	**24,991**
CURRENT LIABILITIES			
Current portion of long-term loans	**Note 16**	9,408	5,994
Current bank loans and borrowings	**Note 16**	23,008	12,995
Current financial liabilities	**Note 16**	1,262	280
Trade payables	**Note 21**	27,967	39,937
Advance from costumers	**Note 22**	20,486	12,577
Contract liabilities for work in progress	**Note 7**	2,071	2,703
Current liabilities for options granted to non-controlling investors	**Note 19**	3,280	-
Tax liabilities and social security contributions	**Note 23**	5,157	6,422
Other current liabilities	**Note 24**	12,959	12,241
TOTAL CURRENT LIABILITIES		**105,598**	**93,148**
TOTAL LIABILITIES		**139,735**	**118,139**
TOTAL LIABILITIES AND EQUITY		**199,739**	**174,915**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT

(€'000)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS	Notes	30.09.2019	30.09.2018
Revenue	**Note 25**	164,015	179,535
Other revenue and income	**Note 26**	4,210	4,950
TOTAL REVENUE AND OTHER INCOME		**168,225**	**184,485**
Costs of raw materials, components and goods and changes in inventories	**Note 27**	63,556	73,389
Services	**Note 28**	37,710	37,336
Use of third party assets	**Note 29**	1,220	1,968
Personnel expenses	**Note 30**	43,698	41,837
Other expenses	**Note 31**	2,625	1,914
Provisions for risks and charges	**Note 32**	443	289
Amortisation and depreciation	**Note 33**	3,193	2,071
TOTAL COSTS		**152,444**	**158,804**
OPERATING PROFIT		**15,780**	**25,681**
Financial income	**Note 34**	434	293
Financial Expenses	**Note 34**	(396)	(455)
Net exchange rate gain (losses)	**Note 35**	481	54
Gains (losses) on liabilities for option granted to non controlling investors	**Note 36**	(96)	2,632
Profit (losses) from equity investments carried at equity	**Note 37**	75	(126)
PROFIT BEFORE TAXES		**16,280**	**28,079**
Income taxes	**Note 38**	4,614	7,584
NET PROFIT		**11,665**	**20,495**
ATTRIBUTABLE TO:			
Owners of the parent		11,742	18,807
Non-controlling interests		(76)	1,688
Earnings per share			
Basic and diluted earnings per share (in Euros)	**Note 14**	**0.23**	**0.37**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€'000)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	30.09.2019	30.09.2018
Net profit	**11,665**	**20,495**
Items that may be subsequently reclassified to profit or loss:	-	-
- Exchange rate differences	588	(72)
Items that may not be subsequently reclassified to profit or loss:	-	-
- Actuarial gains (losses) on employee benefits net of the tax effect	5	(27)
- Actuarial gains on agents' termination benefits net of the tax effect	-	-
Total Comprehensive income	**12,259**	**20,396**
attributable to:	-	-
- Owners of the parent	12,334	18,707
- Non-controlling interests	(76)	1,688

CONSOLIDATED STATEMENT OF CASH FLOW

(€'000)

Consolidated Statement of Cash Flow	30.09.2019	30.09.2018
OPERATING ACTIVITES		
Net profit	***11,665***	***20,495***
Adjustments for:	-	-
Amortisation and depreciation	3,193	2,071
Inventory write-down and bad debt provision	1,157	760
- Net non-monetary financial charges	-	-
- Net non-monetary financial (income)	(59)	-
Change in provisions for risks and charges and employee benefits liabilities	642	207
Net capital (gains) losses on sale of fixed assets and equity investments	(714)	(1,959)
Non-monetary changes related to liabilities for options granted to non-controlling shareholders	95	(2,632)
Investment equity valuation	(75)	-
Other non-monetary variations	25	-
Taxes	4,614	7,583
Cash flows from operating activities before changes in net working capital	**20,543**	**26,524**
(Increase)/decrease in trade receivables	(1,071)	2,891
Increase in inventories	(2,534)	(5,542)
(Increase)/decrease in other current assets	(2,599)	(10,116)
Increase/(decrease) in trade payables	(12,723)	(2,876)
Increase/(decrease) in advance from customers	7,539	3,739
Increase/(decrease) in other current liabilities	(2,803)	2,995
(Increase)/decrease in non-current assets	634	(27)
Increase/(decrease) in non-current liabilities	(360)	(39)
Income taxes paid	(4,095)	(13,185)
CASH FLOWS FROM OPERATING ACTIVITIES (A)	**2,530**	**4,365**
INVESTING ACTIVITIES		
Investments in property, plant and equipment	(6,854)	(1,328)
Investments in intangible assets	(591)	(350)
Disinvestments/(investments) in financial assets	(6,283)	-
Disinvestments in equity investments	(776)	-
Business combinations net of the acquired cash	28	-
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (B)	**(14,476)**	**(1,677)**
FINANCING ACTIVITIES		
Issuance of bank loans	15,000	-
Repayment of bank loans	(4,951)	(4,541)
Change in current bank loans and borrowings	10,013	2,728
Repayment of bonds	-	(2,500)
Increase/(decrease) in other financial liabilities	(1,082)	(327)
Purchase of minority interests in subsidiaries	(187)	(4,000)
Dividends paid	(7,723)	(6,000)
CASH FLOWS USED IN FINANCING ACTIVITIES (C)	**11,070**	**(14,640)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A ± B ± C)	**(876)**	**(11,953)**
EFFECT OF EXCHANGE RATE CHANGES ON BALANCE OF CASH HELD IN FOREIGN CURRENCY	**(25)**	**-**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (E)	**39,113**	**37,885**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (G=D+E+F)	**38,212**	**25,932**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(876)**	**(11,953)**
INTERESTS PAID	**396**	**455**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€'000)

	Share Capital	Legal reserve	Treasury shares	Transaltion reserve	Other reserves and retained earnings	Profit for the year att, To the owner of the parent	Equity attributiable to the owners of the parent	Equity att, To non-controlling interests	TOTAL EQUITY
Balance at Jan, 1, 2018	6,000	1,200	(7,641)	(1,607)	14,312	19,553	31,817	4,866	36,683
firt time adoption IFRS 9	-	-	-	-	(144)	-	(144)	-	(144)
Distribution of dividends	-	-	-	-	(6,000)	-	(6,000)	-	(6,000)
Allocation of prior year profit	-	-	-	-	19,553	(19,553)	-	-	-
Sale of treasury shares									
Change in non-controlling interests	-	-	-	-	2,774	-	2,774	(2,774)	-
Total comprehensive income	-	-	-	(72)	(27)	18,807	18,707	1,688	20,397
Balance at September 30, 2018	6,000	1,200	(7,641)	(1,679)	30,468	18,807	47,154	3,780	50,935

	Share Capital	Legal reserve	Treasury shares	Transaltion reserve	Other reserves and retained earnings	Profit for the year att, To the owner of the parent	Equity attributiable to the owners of the parent	Equity att, To non-controlling interests	TOTAL EQUITY
Balance at Jan, 1, 2019	6,000	1,200	(2,250)	(1,594)	25,748	23,881	52,985	3,791	56,775
Distribution of dividends					(7,639)		(7,639)	(83)	(7,723)
Allocation of prior year profit					23,881	(23,881)			
Put Option minorities					(1,221)		(1,221)		(1,221)
Change in non-controlling interests					(48)		(48)	(37)	(85)
Total comprehensive income				588	4	11,742	12,334	(76)	12,258
Balance at September 30, 2019	6,000	1,200	(2,250)	(1,006)	40,725	11,742	56,411	3,595	60,004

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General information

Piovan Group is one of the world's leaders in designing and producing plant and control systems for the automation of all stages of the production cycle of plastic materials.

The Group produce automation systems for the storage, transport and processing of plastic materials ("Plastic Systems"), automation systems for the storage and transport of food powders and non-plastic powder ("Food & non plastic Systems") and technical support and sale of spare parts and services ("Service & Spare Parts").

The plants and systems developed, produced and sold by the Group enable all various stages of the production and transformation process of plastic materials to be automated and made more efficient. The technical solutions offered by the Group include, for both the Plastic and Food Systems market: (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. Furthermore, the Group provides its customers with specific technical support from the preliminary design stage up to the installation and roll-out of the plant and machinery, ensuring ongoing support in order to guarantee optimal functioning of the products installed.
The Group has 9 production plants and 21 commercial and service branches covering all the main geographic markets.

The Board of Directors of Piovan S.p.A. approved the Periodic Financial statements as at 30 September 2019 on 12th November 2019.

On October 5th, 2018 Piovan S.p.A. received CONSOB approval for the listing of its shares on the STAR segment of the "Mercato Telematico Azionario". The trading of the shares on this market started on October 19th, 2018.

Piovan S.p.A. as a company listed on the STAR segment of the MTA market managed by "Borsa Italiana", is subject to the provisions of Article 2.2.3 of the Stock Exchange Regulations. Based on this regulation, the Company has prepared the Periodic Financial Statements as at 30 September 2019 which it makes available to the public.

Content, form and criteria for the preparation of the Periodic Financial Statements at 30 September 2019

The Periodic Financial Statements at 30 September 2019 of the Piovan Group were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission. The Periodic Financial Statements were prepared in accordance with IAS 34 – "Interim Financial Reporting", in consideration of the fact that the Group applies this principle to the half-year financial reports and not also to the quarterly information.

The Periodic Financial Statements as at 30 September 2019 includes the economic results of the Parent Company and the subsidiaries. The present explanatory notes have been prepared by the Board of Directors based on the accounting and consolidation entries updated to September 30, 2019.

For comparative purposes, the Periodic Financial Statements present as comparatives the consolidated statements of financial position of the consolidated financial statements at 31 December 2018, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of cash flow and the consolidated statement of changes in equity for the six months ended 30 September 2018. It should be noted that the Periodic Financial Statements at 30 September 2018 were prepared for inclusion in the Prospectus.

The Periodic Financial Statements were prepared using the historical cost principle except for derivative financial instruments which are measured at fair value as required by IFRS 9 – "Financial Instruments", and assuming the Parent and its subsidiaries will continue as going concerns. The Group deemed that a going concern assumption pursuant to IAS 1.25/26 could be adopted, given its strong market position, very satisfactory profits and solid financial structure.

Pursuant to IAS 34, these notes have been prepared in a condensed format and do not include all the disclosures required for annual financial statements. They solely provide information about those captions that, due to their size, content or changes therein during the nine months, are key to an understanding of the Group's interim financial position, performance and cash flows. Therefore, these Periodic Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018.

The Periodic Financial Statements were prepared in thousands of Euro (€'000), which is the Piovan Group's functional currency and presentation currency as per IAS 21 – "The effects of changes in foreign exchange rates". There may be rounding differences when items are added together as the individual items are calculated in euros.

Preparation of the Periodic Financial Statements requires management to make estimates and assumptions that affect the amounts presented therein and in the explanatory notes. Actual results may differ from these estimates. Reference should be made to the Annual Financial Report as at 31 December 2018 in relation to the main items that require the use of estimates and assumptions.

Consolidation scope and criteria

The Periodic Financial Statements include the financial statements as at 30 September 2019 of the parent company and those of its Italian and foreign subsidiaries.
Subsidiaries are those entities over which the Piovan Group has control, as defined in IFRS 10 - "Consolidated financial statements". An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date it gains control until the date when the reporting entity ceases to control the subsidiary and with reference to associated companies, from the date on which significant influence is acquired until the date on which it ceases to exist.
The companies included in the consolidation scope as at 30 September 2019 are listed in paragraph "Other information".

The consolidation criteria adopted in the preparation of the Periodic Financial Statements are the same as those adopted and reported in the Consolidated Annual Financial Report at 31 December 2018.

The Company has decided not to consolidate line-by-line some equity investments in subsidiaries as they are considered not significant either individually or as a whole and as this accounting has not led to significant effects for the purposes of the correct representation of the equity, economic and financial situation of the Group.
The subsidiaries excluded from line-by-line consolidation are:

Company	% held as at 31.12.2018	% held as at 30.06.2019
Studio Ponte S.r.l. (*)	51%	51%
CMG America Inc.(**)	-	100%
Toba Pnc	-	51%

(*) the share indicated represents the % held by the subsidiary Penta S.r.l..

(**) CMG America Inc. is owned by Universal Dynamics Inc.

Summary of the standards applied

In preparing the Periodic Financial Statements, the same accounting policies and preparation criteria of the Consolidated Financial Statements at 31 December 2018 have been applied, to which reference should be made, with the exception of the following.

<u>IFRS accounting standards, amendments and interpretations applicable to the Group and applied from 1 January 2019</u>

- The Accounting Principle IFRS 16 replaced *IAS 17 – Leases*, and the interpretations of *IFRIC 4 Determining whether an Arrangement contains a Lease*, *SIC-15 Operating Leases—Incentives* and *SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease*, and became effective on 1 January 2019.

  This new standard provides a new definition of "lease" and introduces a criterion based on the control (right of use) of an asset to distinguish leasing contracts from contracts for the supply of services, identifying as discriminating aspects:
  - the identification of the asset,
  - the right to replace it,
  - the right to obtain substantially all the economic benefits arising from the use of the asset, and
  - the right to direct the use of the asset which is the subject of the contract.

  The standard establishes a single model for the recognition and assessment of leasing contracts for the lessee, which provides for the recognition of the leased asset (including operating lease) against a financial liability, and also provides for the possibility of not recognising as a lease contracts relating to "low-value assets" and leases with a contract duration of 12 months or less. The standard does not provide for significant changes for lessors. Piovan is not a lessor.

The evaluation process undertaken by the Piovan Group involved, in the first phase, involved the census of the contracts falling within the definition of the principle and consisted in the analysis of the same in the light of the requirements of the principle itself.

Finally, the Group has chosen to adopt the "Modified Retrospective Method" approach, recognising the cumulative effect of the application of the standard in equity at 1 January 2019, in accordance with the provisions of paragraphs IFRS 16: C7-C13.

For further details, reference should be made to the detailed description in the consolidated annual financial report as at 31 December 2018.

In particular, the Group has accounted for leases previously classified as operating leases:

- a financial liability, equal to the present value of the remaining future payments at the transition date, discounted using an appropriate interest rate for each contract as required by the standard;
- a right of use equal to the value of the financial liability at the transition date, net of any effect deriving from the advance payment and deferred payment with respect to each due date.

The following table shows the impacts of the adoption of IFRS 16 at the transition date:

Assets (amounts in €/000)	Effects as at 01/01/2019
Land and buildings	5,297
Plant and machinery	
Industrial and commercial equipment	
Other tangible fixed assets	569
Total	**5,866**

Liabilities (amounts in €/000)	Effects as at 01/01/2019
Non-current financial liabilities	4,750
Current financial liabilities	1,116
Total	**5,866**

In adopting IFRS 16, the Group decided to adopt the exemption granted by paragraph IFRS 16:5(a) in relation to *"short-term leases"* for asset classes relating to land, buildings and motor vehicles.

Similarly, the Group adopted the exemption granted by IFRS 16:5(b) with regard to lease contracts for which the underlying asset is classified as a "*low-value asset*" (i.e. the assets underlying the lease contract do not exceed USD 5 thousand when new).

The contracts for which the exemption has been applied fall mainly within the following categories:

- computers, phones and tablets;

- printers;
- other electronic devices.

For these contracts, the introduction of IFRS 16 did not entail the recognition of the financial liability of the lease and the related right of use, but the lease payments were recorded in the profit and loss account on a straight line basis for the duration of the respective contracts.
The transition to IFRS 16 introduces some elements of professional judgement which involve the definition of certain accounting policies and the use of assumptions and estimates particularly in relation to the lease term and to the incremental borrowing rate. The main ones are summarised below:

- Lease term: the Group has analysed all the lease contracts, defining for each of them the lease term, given by the period "not cancellable", together with the effects of any extension or early termination clauses, the exercise of which was considered reasonably certain. Specifically, for real estate, this valuation took into account the specific facts and circumstances of each asset. With regard to the other categories of assets, mainly company cars and equipment, the Group generally considered it unlikely that any extension or early termination clauses would be exercised in view of the Group's usual practice.
- Definition of the incremental borrowing rate: since in most of the lease agreements entered into by the Group there is no implicit interest rate, the discount rate to be applied to future lease payments was determined as the risk-free rate in each country in which the agreements were entered into, with maturities commensurate with the duration of the specific lease agreement, increase of the specific credit spread of the subsidiary/Group.

In order to provide a better understanding of the impacts arising from the first application of the standard, the following table provides a reconciliation between future commitments relating to lease contracts as at 31 December 2018 and the expected impact of the adoption of IFRS 16 as at 1 January 2019.

Reconciliation of commitments (amounts in €/000)	
Commitments under IFRS 16	**5,866**
Commitments for fees excluded from the principle *scope* (low value, short-time and non-lease components)	883
Discounting effect	532
Future commitments as at 31.12.2018	**7,281**

The net effect before taxes in the profit and loss account for the first nine months of 2019 was €37 thousand, broken down as follows:

- lower costs for services of €931 thousand.
- higher depreciation of €884 thousand
- higher financial expenses of €82 thousand

- On 12 October 2017 the IASB published an amendment to IFRS 9 "Prepayment Features with Negative Compensation”. The adoption of this amendment did not have a significant impact on the Group's consolidated financial statements.

- On 7 June 2017, the IASB published its interpretation "Uncertainty over Income Tax Treatments (IFRIC Interpretation 23)". The new interpretation has been applied since 1 January 2019. The adoption of this amendment did not have a significant impact on the Group's consolidated financial statements.

- On 12 December 2017 the IASB published the document "Annual Improvements to IFRSs 2015-2017 Cycle", which incorporates the changes to certain standards as part of the annual process of improving them. The adoption of this amendment did not have a significant impact on the Group's consolidated financial statements.

- On 7 February 2018 the IASB published the document "Plant Amendment, Curtailment or Settlement (Amendments to IAS 19)". The adoption of this amendment did not have a significant impact on the Group's consolidated financial statements.

- On 12 October 2017 the IASB published the document "Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)". The adoption of this amendment did not have a significant impact on the Group's consolidated financial statements.

<u>IFRS accounting standards, amendments and interpretations not yet approved by the European Union</u>

At the date of reference of this Periodic Financial Report, the competent bodies of the European Union had not yet completed the endorsement process necessary for the adoption of the amendments and standards described below.

- IFRS 17 - Insurance Contracts
- the document 'Definition of a Business (Amendments to IFRS 3)'
- the document “Definition of Material (Amendments to IAS 1 and IAS 8)”.
- The amendment to IFRS 10 and IAS 28 Sales or Contribution of Assets between an Investor and its Associate or Joint Venture.

The directors do not expect a significant effect in the Group’s consolidated financial statements from the adoption of these amendments.

Valuation criteria

The same valuation criteria used to prepare the Yearly Financial Report as at 31 December 2018, to which reference should be made, have been applied in preparing the Periodic Financial Statements, with the exception of the following.

<u>Translation criteria of foreign currency items</u>

The main exchange rates (currency for €1) used to translate the foreign currency financial statements for the periods ended 30 September 2018 and 30 September 2019 (comparative data) are set out below:

Currency		Average rate		Closing rate		
		30.09.2019	30.09.2018	30.09.2019	31.12.2018	30.09.2018
BRL	Brazilian Real	4.36	4.30	4.53	4.44	4.65
CAD	Canadian Dollar	1.49	1.54	1.44	1.56	1.51
CZK	Czech Koruna	25.70	25.35	25.82	25.72	25.73
CNY	Yuan Renminbi	7.71	7.78	7.78	7.88	7.97
GBP	Pound Sterling	0.88	0.88	0.89	0.89	0.89
HUF	Forint	323.00	317.44	334.83	320.98	324.37
MXN	Mexican Peso	21.64	22.74	21.45	22.49	21.78
SGD	Singapore Dollar	1.53	1.60	1.51	1.56	1.58
USD	US Dollar	1.12	1.19	1.09	1.15	1.16
THB	Baht	35.18	38.40	33.32	37.05	37.45
INR	Indian Rupee	78.84	80.22	77.16	79.73	83.92
TRY	Turkish Lira	6.34	5.50	6.15	6.06	6.97
AED	UAE Dirham	4.13	4.39	4.00	4.21	4.25
JPY	Yen	122.62	130.96	117.59	125.85	131.23
VND	Dong	26115	24364	25266	26547	27014
MAD	Dirham Marocco	10.80		10.61		
KRW	Won sud	1,305.86		1,304.83		

Use of estimates

There are no changes in the main sources of uncertainty in the estimates compared to those reported in the Annual Financial Report as at 31 December 2018.

Impairment testing of goodwill

At least once a year, the Group tests goodwill for impairment. For the purposes of this test, the recoverable value generated by the cash generating units (CGUs) was determined as value in use using the discounted cash flow method. The Piovan Group prepared the impairment tests as at 31 December 2018 and did not identify any impairment indicators that would require further testing as at 30 September 2019.

Liabilities for options granted to minority shareholders

In cases where less than 100 per cent of the shares of a subsidiary are acquired in a business combination, a put option may be granted to the seller that allows the seller to sell its remaining interest in the subsidiary to the buyer at a specified price. The acquisition of control of a business is accounted for in accordance with IFRS 3 Business Combinations. For the put option granted, regardless of whether the exercise price of the put option is a fixed or variable price, in accordance with IAS 32 (paragraph 23) a liability is recognised at a value equal to the present value of the amount that could be required to be paid to the counterparty. At the time of initial recognition, the value of the liability deriving from put options is recorded as a reduction in Group equity. Subsequent changes in the fair value of the liability are recognised in the profit and loss account. The Group also continues to recognise the portions of operating result and net equity attributable to minority shareholders until the put option is exercised.

Stock Grant

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

Information on risks and financial instruments

The accounting principles applied in the preparation of the Periodic Financial Report in relation to financial instruments are described in the section "Valuation criteria" of the Annual Financial Report at 31 December 2018.
The Group’s operations expose it to a number of financial risks that can affect its financial position, net result, and cash flows due to the impact of its financial instruments.
There have been no changes with reference to what is indicated in the Annual Financial Report as at 31 December 2018 regarding the risks to which the Group is exposed and their management.

Notes to the Consolidated Statement of Financial Position

[1] Property, plant and equipment

At 30 September 2019, property, plant and equipment amounted to € 46,375 thousand, compared to €34,531 thousand at 31 December 2018. They are made up as shown in the following tables, which show their composition and changes during first nine months of 2019.

CHANGES DURING THE PERIOD	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Balance at 31 December 2018	**21,871**	**3,007**	**550**	**3,604**	**5,498**	**34,531**
of which:						
- Historical cost	**25,543**	**10,190**	**4,247**	**15,503**	**5,498**	**60,982**
- Depreciation fund	**(3,672)**	**(7,182)**	**(3,697)**	**(11,900)**		**(26,452)**
IFRS16 - Lease impact at 01.01.2019	**5,297**			**569**		**5,866**
Changes in 2019						
- Additions	8	227	121	484	8,123	**8,963**
- New IFRS16 contracts	20	-	-	200	-	**220**
- Change in consolidation scope (Historical cost)	463	115	37	35	-	**650**
- Change in consolidation scope (depreciation fund)	(4)	(7)	(5)	(2)	-	**(18)**
- Disposals (Historical cost)	(1,958)	(168)	(48)	(128)	-	**(2,302)**
- Disposals (Depreciation fun)	625	167	-	118	-	**910**
- Exchange rate differences (Historical cost)	327	63	-	5	-	**395**
- Depreciation	(486)	(442)	(165)	(861)	-	**(1,954)**
- Depreciation IFRS16	(669)	-	-	(215)	-	**(884)**
Balance at 30 September 2019	**25,494**	**2,962**	**490**	**3,809**	**13,621**	**46,375**
of which:						
- Historical cost	**29,700**	**10,427**	**4,357**	**16,668**	**13,621**	**74,774**
- Depreciation fund	**(4,206)**	**(7,464)**	**(3,867)**	**(12,860)**	**-**	**(28,398)**

As already described in the Annual Financial Report at 31 December 2018, starting from 2018, the Group has undertaken a project to expand production and improve technology at its Italian and US plants. In Italy, an enlargement project has been carried out at the Parent Company's headquarters with the aim of constructing two separate buildings with a total surface area of approximately 15,000 m2 to be used as a logistical warehouse connected

with the current production areas and as a new production plant for the subsidiary Aquatech S.r.l. The purpose of the enlargement is to increase production efficiency and, above all, to increase production capacity in support of production growth in line with the expected development of turnover in future years. The project in Italy should be completed by 2019.
The investments included in the item *Fixed assets under construction and advances* of €8,333 thousand are mainly related to the progress of the expansion project in Italy, which is proceeding in line with the schedule.

No property, plant and equipment are bound by mortgages or liens at 30 September 2019. Tangible fixed assets are adequately covered from risks deriving from loss and/or damage to assets by insurance policies taken out with leading agencies.
It should also be noted that the Group does not have any financial expenses directly attributable to the acquisition, production or construction of property, plant and equipment.

Finally, in applying the new accounting standard IFRS 16 (Lease) as of 1 January 2019, and having chosen to adopt the "*Modified Retrospective Method*", the Group has recorded a right of use equal to € 5,866 thousand, as described in the Annual Financial Report as of 31 December 2018, to which reference should be made. This "Right of use" was amortised in the first nine months of 2019, on the basis of the duration of each individual reference contract, for a value of €884 thousand and is therefore equal to €5,202 thousand at 30 September 2019. In the first nine months of 2019, new contracts were also signed for a total right of use of €220 thousand.
The following table shows the movements during the period for each class of Right of Use:

CHANGES DURING THE PERIOD	Land and buildings	Plants and machinery	Industrial and commercial equipment	Other assets	Fixed assets under construction and advances	Total
Balance at 31 December 2018						
Balance at 01 January 2019	**5,297**			**569**		**5,866**
including:						
- Historical cost	**5,297**			**569**		**5,866**
- Depreciation fund	**-**			**-**		**-**
Changes in 2019						
- New contracts IFRS16	20			200		**220**
- Depreciation	(669)			(215)		**(884)**
- Revaluations (change in rate)	-					**-**
Balance at 30 September 2019	**4,648**	**-**	**-**	**554**	**-**	**5,202**
including:						
- Historical cost	**5,235**	**-**	**-**	**769**	**-**	**6,004**
- Depreciation fund	**(587)**	**-**	**-**	**(215)**	**-**	**(802)**

[2] Intangible fixed assets

At 30 September 2019, they amounted to € 6,731 thousand compared to €6,007 thousand at the end of 2018. Changes in Intangible fixed assets are shown below:

CHANGES DURING THE PERIOD	Goodwill	Industrial patents and intellectual property rights	Concessions, licences, trademarks and similar rights	Other intangible assets	Assets under development and payments on account	Total
Balance at 31 December 2018	**5,427**	**353**	**39**	**110**	**77**	**6,007**
Changes in 2019	-	-	-	-	-	-
- Additions	-	480	86	-	36	602
- Consolidation area change	275	-	24	22	-	321
- Disposals	-	-	-	-	(13)	(13)
- Exchange rate differences (Historical cost)	168	1	(5)	12	(0)	176
- Exchange rate differences (depreciation fund)	-	(1)	5	(11)	-	(7)
- Depreciation	-	(297)	(45)	(13)	-	(354)
Balance at 30 September 2019	**5,870**	**536**	**104**	**120**	**100**	**6,731**

At 30 September 2019, goodwill amounts to €5,870 thousand, compared to €5,427 thousand at 31 December 2018. The goodwill entered mainly refers to:

- the acquisition of the US subsidiary Universal Dynamics Inc. (the so-called "Unadyn) in 2008;
- the acquisition of the controlling interest in Penta S.r.l. at the end of 2014;
- the acquisition of the subsidiary Progema S.r.l. in 2016;
- the acquisition of Energys S.r.l. in 2016;
- the acquisition of the 51% of FEA in 2019.

Goodwill	31.12.2018	Increase	Decrease	Change in translation reserve	30.09.2019
UnaDyn	3,271			168	3,439
Penta and Progema	1,872				1,872
Energys	276				276
FEA		275			275
Other goodwill	8				8
Total	**5,427**	**275**		**168**	**5,870**

The Group has no goodwill whose value is tax-deductible.

It should be noted that no transaction occurred between the Group and third parties during the first six months of 2019, and that the change in goodwill related to Universal Dynamics Inc. is due to the different USD/Euro exchange rates at each period, therefore such changes represent non-cash movements.

With reference to the investee companies, the Parent Company holds a number of options to purchase minority shares, in particular it holds the option to purchase a 10% of Penta S.r.l. and the option to purchase 33.33% of FDM Gmbh.
These options, which can only have a positive value for the Parent Company since they are in the hands of the latter, have not been valued in consideration of the fact that the contractual provisions that trigger the right to exercise are mainly in the Company's hands and that the occurrence of these is considered highly unlikely by management. On the basis of these assumptions, the fair value of these options would have a value near to zero.

Acquisition of FEA Process&Technological Plants S.r.l.
The Group acquired a 51% investment in FEA Process&Technological Plants S.r.l. in 2019.
The acquisition took place by contribution from Piovan of € 380 thousand.
The investee was consolidated as of 1 July 2019, the closest date to when control was acquired. The Group chose to recognise the goodwill arising on such acquisition on the basis of the percentage held in the net assets of the acquiree at fair value. Therefore, the goodwill recognised was the difference between the price paid (€380 thousand) and 51% of the assets acquired and liabilities assumed (€106 thousand).
FEA is a historical industrial company operating in the confectionery and chocolate production sector, its know-how in the treatment and transport of complex food liquids completes the skills already possessed in the Piovan group's food powder transport and storage sector. The acquisition of FEA will allow the group to expand the range of turnkey plants in the food sector and increase our market shares.
The investee's data at the date of consolidation are as follows (the amounts refer to the investee's total statement of financial position amounts):

FEA	Acquisition value
Tangible & intangible assets	678
Non-current assets	**678**
Trade receivables	804
Inventory	397
Other current assets	106
Cash & cash equivalent	408
Current Assets	**1,715**
Total Assets	**2,393**
Net equity	**208**
Non current liabilities	455
Total non current liabilities	**455**
Trade payable and advances	1,121
Other current liabilities	608
Total current liabilities	**1,729**

FEA	Acquisition value
Total liabilities	**2,185**

The effect of consolidation on revenue, thus net of intragroup transactions, at the acquisition date (30 September 2019) amounts to €455 thousand. The investee recorded a loss of €148 thousand.

[3] Equity investments

At 30 September 2019, equity investments amounted to €1.078 thousand, compared with €270 thousand at 31 December 2018.
Details of equity investments movements are as follows:

Società	Sede	Quota %	Valore di iscrizione al 31.12.2018	Incremento / (riduzione) di valore	Valore di iscrizione al 30.09.2019
CMG S.p.A.	Budrio (BO)	20%	266	(20)	246
Piovan South Est Asia	Bangkok (Tailandia)	100%	-		-
Studio Ponte S.r.l.	Poggio Renatico (FE)	51%	-	52	52
Penta Auto Feeding India Ltd	Navi Mumbai (India)	50%	-		-
Piovan Maroc Sarl.AU	Kenitra (Marocco)	100%	-	-	-
CMG America Inc.	Clio (Michigan)	100%	-	-	-
Toba Pnc	Seoul (Corea del Sud)	51%	-	773	773
Altri			4	3	7
Totale			**270**	**808**	**1,078**

The investments in associated companies and joint ventures indicated in the above table were valued using the equity method and a similar valuation method was used with reference to investments in subsidiaries for which, as indicated in the paragraph "Area and Consolidation criteria", the Directors decided not to proceed with full consolidation as they are not considered significant either individually or as a whole. This approach did not have a significant impact on the correct representation of the Group's equity, economic and financial position.

With reference to the associated company CMG S.p.A., it should be noted that this interest was acquired in 2015 through the transfer of a business unit that was the subject of an appraisal and consequent capital increase in the associated company. The initial book value is equal to the cost incurred for the acquisition, corresponding to the current value of the assets transferred on that date. Valuation using the equity method resulted in the recognition of a €20 thousand reduction in the value of the investment. The Company has the option to buy an additional 45% stake in CMG at a price equal to the *fair value* of the investment optioned at the date of exercise.

With reference to the investee company Penta Auto Feeding India Ltd., it should be noted that the value of the investment had been written off and a provision for risks had also been set up, which at 30 September 2019 amounted to €21 thousand as the investee company's net equity at the valuation date was negative for this amount.

With reference to the subsidiary Studio Ponte S.r.l., the value of the investment has been reinstated and amounts to €52 thousand as the shareholders' equity of the subsidiary, at the valuation date, is positive for this amount.

On 29 April 2019, the subsidiary Universal Dynamics Inc. acquired 100% of the company CMG America Inc. through the payment of USD 1. The value of the equity investment has been written off and a provision for risks has been set up, which at 30 September 2019 amounts to €8 thousand as the shareholders' equity of the investee company, at the valuation date, was negative for this amount.

The company, although a subsidiary, has not been consolidated on a line-by-line basis as it is irrelevant; however, the valuation of this entity using the equity method has made it possible to obtain, albeit briefly, the same effects.

In July 2019, Piovan S.p.A. finalised the acquisition of 51% of ToBaPNC Co. Ltd., a leading company in South Korea specialising in the automation of industrial processes in the plastics sector and in particular in systems for the transport and storage of powders. The operation was carried out through a purchase of shares by Piovan S.p.A. with a total disbursement of USD 872 thousand. The company, although a subsidiary, has not been consolidated on a line-by-line basis as it is irrelevant.

[4] Other non-current assets

At 30 September 2019, other non-current assets amounted to €301 thousand compared to €325 thousand at 31 December 2018. They are mainly comprised of guarantee deposits paid by Group companies for various reasons with regard to utilities and property leases for the Group companies’ offices.

[5] Advance taxes and deferred tax liabilities

At 30 September 2019, *deferred tax assets* amounted to € 4,167 thousand compared to €4,663 thousand at the end of 2018. The Group has recognised advance or deferred on temporary differences between the book value and the tax values.
Specifically, deferred tax assets and liabilities derive from the allocation of taxes on future costs or benefits with respect to the year in question, mainly due to the effect of increasing tax changes generated by the failure to deduct, in the various years, losses on receivables, write-downs of equity investments, directors' fees not yet paid, and other deductible amortisation and depreciation in subsequent years and provisions for risks.
Taxation is calculated on the basis of the rates in force at the time when the temporary differences will flow to the various countries in which the Group operates.

Deferred tax assets does not include assets arising from the valuation of tax losses.

At 30 September 2019, deferred tax liabilities amounted to €2,672 thousand, compared with €3,505 thousand at 31 December 2018.

No significant changes occurred during the period.

[6] Inventories

At 30 September 2019, this caption amounted to €30,587 thousand compared to €28,049 thousand at 31 December 2018. The caption is broken down as follows:

	30.09.2019	31.12.2018
Raw materials	5,930	4,366
Semi-finished products	10,978	13,562
Finished goods	15,567	12,239
Progress payments	1,311	611
Allowance for inventory write-down	(3,198)	(2,729)
Inventories	**30,587**	**28,049**

At 30 September 2019, the balance of inventories decreased by €3.007 thousand, gross of obsolescence reserve. The changes, which consists of an increase in the value of raw materials for finished products and a decrease in the value of semi-finished products, is mainly linked to the normal performance of the Group's production activities.
Obsolete or slow-moving inventories are covered by a provision for obsolescence reserve which reflects the difference between the cost and estimated realisable value of raw materials, semi-finished products and finished goods at risk of obsolescence. The accrual to was recognized in the caption *Costs of raw materials, components and goods and changes in inventories* in the statement of profit or loss.

[7] Contract assets and liabilities for work in progress

At 30 September 2019, the *Contract asset for work in progress* caption amounted to €5,532 thousand compared to €3.654 thousand at the end of 2018.
At 30 September 2019, the *Contract liability for work in progress* caption amounted to €2,071 thousand compared to €2,703 thousand at the end of 2018.
Specifically, this refers to work in progress on orders relating to the subsidiary Penta S.r.l..
The following table shows the amount due from customers, net of the related payments on account (included in *the Contract assets for work in progress* item), and the amount due to customers, net of the relevant stage of completion of the respective contracts (included in Contract *liabilities for work in progress*):

Contract assets for work in progress	30.09.2019	31.12.2018
Measurement of contracts in progress (costs incurred added to profits recognized)	14,474	13,762
Progress payments received	(8,942)	(10,108)
Amounts due from customers	**5,532**	**3,654**

Contract liabilities for work in progress	30.09.2019	31.12.2018
Measurement of contracts in progress (costs incurred added to profits recognized)	1,635	1,210

Contract liabilities for work in progress	30.09.2019	31.12.2018
Progress payments received	(3,705)	(3,913)
Amounts due to customers	**(2,071)**	**(2,703)**

The increase in *Contract assets for work in progress* compared to December 31, 2018 is due both to the higher number of contracts in progress and to the fact that the stage of completion of each contracts is greater than the value of advances from customers agreed in the contract and obtained.

The reduction in Contract *Liabilities for work in progress* compared to 31 December 2018 is due both to a different trend in the invoicing of advances to customers and to the stage of completion of each contracts, as well as to the timing of receipt of payment of advances by customers.

Revenues from contract work amounted to €17,922 thousand in the first nine months of 2019 and mainly relate to the subsidiary Penta S.r.l..

[8] Trade receivables

At 30 September 2019, they amounted to € 53,653 thousand compared to €50,656 thousand at the end of 2018. This item, which represents the exposure to third parties, can be broken down as follows:

	30.09.2019	31.12.2018
Gross trade receivables	55,959	54,136
Provision for bad debt	(4,245)	(3,480)
Trade receivables	**51,714**	**50,656**

The bad debt provision represents management estimates on credit losses on receivables. Management estimates the allowance on the basis of the expected losses, considering past experience for similar receivables, current and historical past due amounts, losses and collections, the careful monitoring of credit quality and projections about the economy and market conditions. The annual provision is included in the *Other operating costs* item.

Provision for bad debt	
31.12.2018	**3,480**
Accruals	765
Utilisations	(53)
Exchange rate differences	53
30.09.2019	**4,245**

[9] Current financial assets

During the first quarter of 2019, the parent company Piovan S.p.A. invested approximately €6,283 thousand in securities. These instruments were measured at *fair value* at 30 September 2019 as required by IFRS 9 and were classified as current financial assets in line with the aim of investing part of the available liquidity in low-risk instruments that can be readily disposed of.

The total effect of the valuation for the first nine months of 2019 was a net profit of €59 thousand.

The value of these current financial assets as at September 30, 2019 is equal to €6.342 thousand.

[10] Tax receivables

At 30 September 2019, they amounted to € 3,572 thousand compared to €3,455 thousand at the end of 2018.

	30.09.2019	31.12.2018
VAT receivables	3,763	2,776
Other current tax assets	507	679
Tax receivables	**4,270**	**3,455**

The value of VAT receivables is mainly attributable to Piovan S.p.A. and to the subsidiary Penta S.r.l.. *Other tax receivables* include receivables for direct taxes mainly relating to the subsidiary Penta S.r.l. for years 2016 and 2018, in addition to the receivable for the contribution to research and development of Piovan S.p.A..

[11] Other current assets

At 30 September 2019, they amounted to € 4,429 thousand compared to €4,192 thousand at the end of 2018. The item can be broken down as follows:

	30.09.2019	31.12.2018
Advances to suppliers	1,888	1,197
Receivables from parent	963	1,493
Prepayments and accrued expenses	589	769
Other receivables	989	733
Other current assets	**4,429**	**4,192**

The *Receivables from parent companies* item refers to receivables from the parent company Pentafin S.p.A. relating to IRES refund requests presented by the tax consolidating company on behalf of Piovan S.p.A. with reference to the failure to deduct IRAP from IRES taxable income for the years 2007-2011 (Decree-Law 201 of 2011) and 2005-2007 (Legislative Decree 85 of 2008) for an amount of €786 thousand.

[12] Cash and cash equivalents

At 30 September 2019, this amounted to €38,212 thousand compared to €39,113 thousand at 31 December 2018.

	30.09.2019	31.12.2018
Current accounts and post office deposits	34,293	39,084
Cash equivalent	3,900	-
Cash	19	29
Cash and cash equivalents	**38,212**	**39,113**

Reference should be made to the Consolidated Statement of Cash Flow for details of changes in the Group’s cash and cash equivalents. In summary, the cash flow generated by operations was mainly absorbed by the payment of dividends for €7.7 million and by the investments made in fixed assets, which were mainly non-recurring.
Bank accounts and post office deposits are classified as current assets, as they are highly liquid and readily convertible to known amounts of cash with an exchange rate risk which is not considered significant.
During the first quarter of 2019, the Parent Company entered into a *time deposit* agreement for a value of €3.9 million with the possibility of early disposal. This amount is included under "Cash equivalents".

At 30 September 2019, the Group’s current account credit balances were not restricted in any way.

[13] Equity attributable to the Owners of the parent

Equity is made up as follows:

Equity attributable to the owners of the parent	30.09.2019	31.12.2018
Share capital	6,000	6,000
Legal reserve	1,200	1,200
Reserve for own shares in portfolio	(2,250)	(2,250)
Translation reserve	(1,006)	(1,594)
Other Reserves and retained earnings	40,725	25,748
Net profit (loss)	11,742	23,881
Equity attributable to the owners of the parent	**56,410**	**52,985**

The ***share capital*** of the Parent Company, fully subscribed and paid up, consisted as at 30 September 2019 of 53,600,000 ordinary shares with no nominal value.

As at 30 September 2019, the Parent Company directly held 2,670,700 treasury shares, equal to 4.98% of the share capital, for a total value of €2,250 thousand as at 30 September 2019.
The purchase of treasury shares originally took place by a resolution of the shareholders' meeting of 25 October 2012 for €4,012 thousand and by resolution of the shareholders' meeting of 14 October 2013 for €4,140 thousand. During 2016, part of treasury shares of the Parent Company were sold to Filippo Zuppichin for a price higher than the carrying value. At the beginning of 2018 the number of treasury shares was 9,070,700, for a total value of

€7,641 thousand. During the second half of 2018, 6,400,000 treasury shares of the Parent Company were cancelled.
The Company's ordinary shareholders' meeting of 6 July 2018 resolved to authorise the purchase of treasury shares, in one or more *tranches*, for a period not exceeding eighteen months, starting from the date of the resolution's effectiveness, in compliance with current legislative and regulatory provisions. As at 30 September 2019, no further purchases had been made under this resolution.

The ***Currency translation reserve*** includes the currency translation reserve differences deriving from the translation of the opening shareholders' equity of foreign operations included in the consolidation scope and the translation of their profit or loss recorded at the average rates of the year at closing rates.

The ***Other reserves and retained earnings*** item mainly includes other income-related and equity-related reserves of the Parent Company, in addition to retained earnings from prior years and the effects of adjustments due to adopting IFRS. The movements in the item during 2019 were due to the allocation of the previous year's fiscal year result and to the distribution of dividends amounting to €7,639 thousand fully paid in May 2019 to the Parent's shareholders.

[14] Earnings per share

On 29 June 2018 the Shareholders' meeting approved an increase in the number of shares of the Company in the ratio of 100 (one hundred) new shares with no nominal value for each 1 old share. Following this resolution, which had no effect on the the share capital, there were 60,000,000 shares in circulation and after the cancellation of 6,400,000 treasury shares, they now amount to 53,600,000.
The average number of shares used to calculate earnings per share is 50,929,300, corresponding to the total number of existing shares (53,600,000) less the number of treasury shares held (2,670,700).

Earnings per share were calculated, for all periods presented, by dividing the net profit attributable to the owners of the Parent by the weighted average number of outstanding ordinary shares in circulation during the period. The Group did not repurchase or issue ordinary shares in the financial years in question, nor were there potential ordinary shares that could be converted with dilutive effects.

The earnings per share are as follows:

Earnings per share	30.09.2019	31.12.2018
Net Profit Attributable to Owners of the Parent (in thousands of Euros)	11,742	23,881
Weighted average number of ordinary shares (in thousands of units)	50,929	50,929
Basic and dilutive earnings per share (in Euros)	**0.23**	**0.47**

[15] Equity attributable to non-controlling interests

At 30 September 2019, minority interest shareholders' equity amounted to €3,594 thousand compared to €3,791 thousand at 31 December 2018. Includes minority interests in the subsidiaries Penta S.r.l., Progema S.r.l., FDM GmbH and FEA.

Equity attributable to non-controlling interests			
31.12.2018	Net profit	Changes in consolidation scope	30.09.2019
3,791	(76)	(37)	3,594

[16] Current and non-current financial liabilities

This item is broken down as follows:

Current financial liabilities	30.09.2019	31.12.2018
Short-term bank borrowings	23,008	12,995
Current portion of long-term loans	9,408	5,994
Loans for leases	220	280
Other loans and borrowings	1,042	-
Current financial liabilities	**33,678**	**19,269**

Non-current financial liabilities	30.09.2019	31.12.2018
Medium to long-term bank loans	17,395	10,760
Bonds	-	-
Loans for leases	436	609
Other loans and borrowings	4,194	-
Non-current financial liabilities	**22,026**	**11,369**

The application of the IFRS16 accounting standard, as described in the "summary of the accounting standards applied" section involved the accounting of a financial liability for a total of 5,236 thousand euro, which was classified as "current" for 1,042 thousand euro and for € 4,194 thousand as "non-current".

Short-term bank borrowings refer to the utilisation of lines of credit for operations.

There were no guarantees for loans at 30 September 2019.

The following tables show changes in current and non-current financial liabilities (including cash and non-cash movements):

Current financial liabilities	31.12.2018	IFRS16 impact at 01.01.2019	31.12.2018 restated	Net cash flow	Change in consolidation scope	Increase for new rent/lease	30.09.2019
Short-term bank borrowings	12,995	0	12,995	10,013	-	-	23,008
Current portion of long-term loans	5,994	0	5,994	3,414	-	-	9,408
Other current financial liabilities	280	1,116	1,396	(182)	7	41	1,262

Current financial liabilities	31.12.2018	IFRS16 impact at 01.01.2019	31.12.2018 restated	Net cash flow	Change in consolidation scope	Increase for new rent/lease	30.09.2019
Loans for leases	*280*	*0*	*280*	*(60)*	*-*	*-*	*220*
Other loans and borrowings	*-*	*1,116*	*1,116*	*(122)*	*7*	*41*	*1,042*
Current financial liabilities	**19,269**	**1,116**	**20,385**	**13,245**	**7**	**41**	**33,678**

Non-current financial liabilities	31.12.2018	IFRS16 impact at 01.01.2019	31.12.2018 restated	Net cash flow	Change in consolidation scope	Increase for new rent/lease	30.09.2019
Medium to long-term bank loans	10,760	0	10,760	6,635	-	-	17,395
Bonds	-	0	-	-	-	-	-
Other non-current financial liabilities	609	4,750	5,359	(851)	8	115	4,631
Loans for leases	*609*	*0*	*609*	*(173)*	*-*	*-*	*436*
Other loans and borrowings	*-*	*4,750*	*4,750*	*(679)*	*8*	*115*	*4,194*
Non-current financial liabilities	**11,369**	**4,750**	**16,119**	**5,784**	**8**	**115**	**22,026**

[17] Liabilities for defined benefit plans for employees

This caption mainly consists of the Group’s liability for post-employment benefits recognised by the Italian Group entities (€4,478 thousand at 30 September 2019 and €3,888 thousand at 31 December 2018). These liabilities qualify as defined benefit plans pursuant to IAS 19 and therefore underwent an actuarial calculation.
The remaining part of the balance (€28 thousand at 30 September 2019 and €25 thousand at 31 December 2018) consists of employee benefits recognised by foreign branches individually and in non-significant amounts.
With respect to the actuarial assumptions illustrated in the Notes to the Consolidated Financial Report as at 31 December 2018 no facts or events emerged that would require an update of the actuarial calculation and assumption used.

[18] Provisions for risks and charges

At 30 September 2019, provisions for risks and charges amounted to €3,356 thousand, compared to €2,924 thousand at 31 December 2018.

The *provision for legal and tax risks* at 30 September 2019 mainly comprises:

- a provision of €467 thousand of the subsidiary Penta S.r.l., recognised in previous years, for the estimated potential future charges linked to a legal dispute in progress and in relation to which the subsidiary has assessed the risk of losing the case as probable;
- a provision of €54 thousand of the subsidiary Piovan France Sas set aside since 2017 to cover the estimated potential future charges associated with the reorganisation of the sales network in the French market and used in 2019 for approximately €108 thousand. The amount set aside in the first nine months of 2019 amounts to €32 thousand;
- a provision for the subsidiary Piovan Do Brasil of €642 thousand set aside in previous years to cover a contingent liability that could arise from a more restrictive interpretation of the

relevant tax regulations for the calculation of taxes. The subsidiary engaged tax consultants with proven expertise to analyse the case and quantify the amounts accrued; The amount set aside in the first nine months of 2019 amounts to €34 thousand;

- a provision accrued from 2018 by the US company for an amount of $333 thousand at 30 September 2019 (equal to €293 thousand) against a potential liability linked to indirect taxes on commercial activity in the individual internal states. The amount accrued in the first nine months of 2019 amounts to €160 thousand and the amount which has been used is equal to €126 thousand;
- a provision accrued from 2018 for an amount of €763 thousand at 30 September 2019 which represents the best estimate of potential charges connected with the commercial activities of Piovan S.p.A., the company Penta S.r.l. and the company Unadyn. The amount accrued in the first nine months of 2019 amounts to €156 thousand, mainly by the subsidiary Penta S.r.l.;
- a provision of €10 thousand, set aside from 2018 and adjusted in 2019, for the subsidiary Unadyn and relating to a pending legal dispute in respect of which the subsidiary has assessed the risk of losing the case. This provision has been adjusted with respect to 31 December 2018 as a result of legal updates.

The *Provision for product warranties* was accrued to cover estimated charges for work carried out under warranty to be incurred after each reporting date, calculated on the basis of historical experience and expected costs related to machinery and plants sold that are still under the initial warranty.

The *Provision for agents' termination benefits* is the estimated liability deriving from the application of ruling legislation and contractual clauses on the termination of agency relationships. The fund was used by Piovan S.p.A. for approximately €51 thousand to cover the termination of the relationship with an Italian agent.

The *provision for risks on investments* includes includes charges and income relating to the valuation of the investments in non-consolidated subsidiaries at their equity value.

[19] Current and non-current liabilities for options granted to non-controlling investors

These items refer to put options liabilities and commitments issued to the Penta S.r.l. and FEA minority shareholders. Piovan acquired control of Penta S.r.l. at the end of December 2014 by acquiring 51% of its quota capital. Furthermore, under this acquisition agreement, Piovan S.p.A.:

- assumed the commitment to acquire (hereinafter the "Commitment") and the seller (hereinafter referred to as the "Seller") also assuming the commitment to sell, an additional 14% interest in the investee company. The purchase of this second tranche *(second closing)* took place in 2016.
- granted the Seller a put option on Penta S.r.l.'s quotas for up to 35% of its equity (hereinafter the "Put Option") which gave the Seller the unconditional right to sell to Piovan S.p.A. such portion at a price defined with a formula based on the average economic and financial indicators extracted from Penta S.r.l.'s financial statements prepared in accordance with Italian GAAP.

After analysing the acquisition agreement, the Directors established that control of Penta S.r.l. was acquired when the Group purchased the 51% of the investee company. At the date of transition to IFRS, the Commitment and the Put Option were recognised as liabilities, with balancing entries under group equity, as they refer to non-controlling interests that would only be assumed after the acquisition of control upon the purchase of the 51% investment in Penta S.r.l. (thus qualifying as a transaction with owners in their capacity as owners).

A new director was appointed to Penta S.r.l.'s board of directors in April 2015 and acquired a 10% minority interest in the company from the Seller. Piovan S.p.A. simultaneously granted its new quota-holder a put option (or "Put Option 2") related to such portion of Penta S.r.l.'s quota. The Put option 2 can be exercised from 1 January 2020 to 31 December 2022. The exercise price is defined by a formula based on economic and financial indicators extracted from Penta S.r.l. financial statements prepared in accordance with Italian accounting principles and available at the date on which the option is exercised (2020-2022). The Put Option therefore remained for a 25% stake.

With reference to this Put Option relating to 25%, it should be noted that on 7 September 2018 Piovan S.p.A. signed a sales contract with 3B Inc. S.r.l. (formerly 3B Immobiliare S.r.l.) for the purchase of 25.0% of Penta S.r.l.. The contract governed the terms and conditions of the sale and provided for the termination by mutual consent of the parties of the Put Option as well as the simultaneous transfer of the shares subject of the same.

At 30 September 2019 the liability relating to the Put Option 2 for the remaining 10% interest in Penta S.r.l. remains. In order to determine the value of this liability as at 30 September 2019, the Parent Company estimated the equity and financial data on the basis of the formula defined in the contract and mentioned above. The value has been discounted.

It should be remembered that the conditions on the basis of which these liabilities exist, as well as their valuation based on contractual provisions, are based on estimated future forecasts of economic and financial parameters; therefore, the aforesaid estimates and assumptions may differ from the historical values reported in the financial statements due to the intrinsic uncertainty that characterises the assumptions and the conditions on which these estimates are based.

In July 2019, Piovan S.p.A. finalized the acquisition of 51% of the share capital of FEA Process & Technological Plants S.r.l. Cuneo company specialized in the automation of viscous liquids transport and storage systems for the food industry.
The transaction was carried out through a capital increase reserved for Piovan SpA which subscribed the same increase with a total outlay of € 380 thousand. In addition, on the one hand, FEA members will be able to exercise a sale option (the "Put Option") of all, and not part, of their own shares in the period between 30.04.2022 and 30.04.2024, on the other PIOVAN will be able to exercise, always in a single solution, a purchase option (the "Call Option") concerning 12% of the shares held by the historical shareholders of FEA in the period between 30.04.2022 and 30.04 .2024, according to certain economic and financial parameters defined in the agreements between the parties.

Therefore, at the acquisition date of the investee company, a liability relating to the put option related to the 49% stake in FEA Process & Technological Plants Srl was recognized. In order to determine the value of this liability, the Parent Company estimated the forecast economic and financial data at basis of the contractually defined formula mentioned above and the value has been discounted. This value was recognized under "Non-current liabilities for options granted to minority shareholders" with a balancing entry in the Group's shareholders' equity, as it concerns minority shares that will be taken on only after the acquisition of the 51% acquisition control of the investee (thus qualifying them as a transaction between shareholders in their capacity as shareholders).

Therefore, the book value of the liabilities for put options represents the best estimate, at each reference date, of their present value; changes in fair value are reflected in the profit and loss account under the item *Gains (losses) on liabilities for option granted to non controlling investors.*

With reference to the subsidiary FDM, the minority shareholder of the latter holds a put option on its shareholding (33.33%). This option has not been valued because its exercise by the third party is subject to actions that the Parent Company must implement and therefore under the control of the latter and considered unlikely.

[20] Other non-current liabilities

At 30 September 2019, *Other non-current liabilities* amounted to €356 thousand compared to €121 thousand at 31 December 2018. They refer to tax liabilities of the subsidiary Piovan Do Brasil.

[21] Trade payables

At 30 September 2019, they amounted to € 27,967 thousand compared to €39,937 thousand at the end of 2018. The change in trade payables is linked to the different payment terms negotiated with suppliers, which vary according to the various countries in which the Group operates. The decrease is linked to the decrease in turnover and there are no significant overdue items.

[22] Advances from customers

At 30 September 2019, *Advance from customers* amounted to € 20,486 thousand compared to €12,577 thousand at 31 December 2018. This item refers to advances received from customers relating to contracts in which performance obligations are met at a point in time.

[23] Tax liabilities and social security contributions

At 30 September 2019, this caption amounted to €5,157 thousand compared to €6,422 thousand at 31 December 2018. This item is broken down as follows:

	30.09.2019	31.12.2018
Social security contributions	2,114	3,042

	30.09.2019	31.12.2018
VAT liabilities	984	1,400
Tax withholdings for employees	1,010	1,471
Income tax liabilities (IRES and IRAP)	801	327
Other	248	182
Tax liabilities and social security contributions	**5,157**	**6,422**

[24] Other current liabilities

At 30 September 2019, they amounted to € 12,959 thousand compared to €12,241 thousand at the end of 2018. This item is broken down as follows:

	30.09.2019	31.12.2018
Payables to employees	6,963	5,951
Payables to parent company	1,681	669
Accrued income and deferred expense	3,451	3,923
Other payables	863	1,699
Other current liabilities	**12,959**	**12,241**

Payables to employees refer to wages and salaries and accrued holidays and leave. Payables to parent companies are mainly represented by liabilities of Penta S.r.l., Piovan S.p.A. and Aquatech S.p.A. and related to the consolidated tax agreement in place with parent company Pentafin S.p.A.. In particular, such caption as of 30 September 2019 includes the liability relating to the balance for the fiscal year 2018 and the accrual for the first nine months of 2019 of income taxes.

Notes to the Consolidated Statement of Profit or Loss

[25] Revenue

This caption amounted to €164,015 thousand in the first nine months of 2019 compared to €179,535 thousand for the same period of 2018, with a decrease of 8.6%. Revenue is shown net of discounts and allowances.

In order to provide adequate disclosure on the nature and characteristics of revenues, details of revenues are provided below, broken down by market and geographical area. These details are those regularly monitored by Group Management.

Revenue is broken down by market as follows:

	First nine months 2019	First nine months 2018
Plastic Systems	129,991	136,048
Food & non plastic Systems	12,539	24,312
Service & Spare parts	21,485	19,175
Revenue	**164,015**	**179,535**

As described in the "Accounting policies" paragraph of the Consolidated Annual Financial Report at 31 December 2018, a portion of revenue on both markets for the Plastic Systems and the Food & non-plastic Systems derives from contracts with customers for which the satisfaction of performance obligations is recognized over time, as is the related revenue. This category of revenues amounted to €17.9 million in the first nine months of 2019, while in the first nine months of 2018 it amounted to €26,1 million. These revenues mainly relate to the subsidiary Penta S.r.l..

A breakdown of revenues by geographical area is as follows:

	First nine months 2019	First nine months 2018
EMEA	100,799	117,985
ASIA	20,794	21,016
NORTH AMERICA	34,056	31,662
SOUTH AMERICA	8,366	8,872
Revenue	**164,015**	**179,535**

EMEA revenues include the portion of revenues generated in Italy, which amounted to €34,476 thousand in the first nine months of 2019 and €40,789 thousand in the first nine months of the previous year.

[26] Other revenues and income

Other revenues amounted to €4,210 thousand, down by €740 thousand compared to the first nine months of the previous year.

The item may be broken down as follows:

	First nine months 2019	First nine months 2018
Ancillary transport services for sales	1,978	1,636
Machinery hire	91	112
Grants related to income	346	288
Gains for disposal of tangible and intangible assets	208	132
Gains for disposal of tangible and intangible assets	731	1,959
Recharges to suppliers	89	19
Insurance compensation	100	10
Agency commissions	108	78
Sale of scrap materials	62	70
Increase in fixed assets for internal works	73	0
Other	424	646
Other revenue and income	**4,210**	**4,950**

The *Ancillary transport services on sales* item mainly refers to revenue from ancillary transport services related to sales transactions with customers.
The *Machinery leasing* item, which decreased compared to previous years, refers to income from the hire of own-produced goods, generally for demonstration purposes or for the time elapsing until delivery of the system ordered by the customer.
Grants related to income were mainly grants for research and development activities of Piovan S.p.A.
The item *Prior years income* mainly consists of differences arising on estimated costs related to prior years.
The item *Gains for disposal of tangible and intangible assets* recorded in the first nine months of 2019 mainly relates to the net capital gain of €714 thousand, deriving from the sale of the building of the parent company Piovan SpA, used as a production plant, located in Via Galilei 3 in Santa Maria di Sala, for a sale price of € 2,047 thousand. This amount has already been paid in full by the buyer to the seller Piovan S.p.A .
Please for further information please refer to Note [1].
The *Other* item mainly includes recharges and penalties applied to customers.

[27] Cost of raw materials, components and goods and changes in inventories

This item totalled €63,556 thousand in the nine months of 2019 compared to €73,389 thousand in the first nine months of the previous period. The item may be broken down as follows:

	First nine months 2019	First nine months 2018
Costs of raw materials, components and goods	61,798	76,037
Costs of consumables	2,717	2,947
Change in raw materials and goods	(1,337)	(950)
Change in finished goods and semi-finished products	378	(4,645)
Costs of raw materials, components and goods and changes in inventories	**63,556**	**73,389**

The change is mainly due to the lower purchase of raw materials (-€14,239 thousand), which varies in relation to both the decrease in revenues and the trend in inventories.
Specifically, the decrease in purchases of raw materials, components and goods is due to both the decrease in sales and the lower weight of sales in the Food Area compared to total Group sales, which are characterised by a higher cost of purchase materials and installation and assembly costs.

[28] Costs for services

Costs for services amounted to €37,710 thousand in the first nine months of of 2019 compared to €37.336 thousand in the first nine months of 2018, in line with prior period.

The item may be broken down as follows:

	First nine months 2019	First nine months 2018
Outsourcing	15,675	15,382
Transport	4,757	5,074
Business trips and travel	3,383	3,201
Agency commissions	2,756	2,786
Fees to directors, statutory auditors and independent auditors	1,461	1,325
Consultancies	2,689	2,997
Maintenance and repairs	1,361	1,250
Marketing and advertising	1,349	1,398
Utilities	1,031	980
Insurance	819	784
Telephone and connections	429	434
Other costs for services	2,000	1,725
Services	**37,710**	**37,336**
of which non-recurring	(119)	(442)
Costs for services excluding non-recurring services	**37,591**	**36,894**

The trends in this caption are generally attributable to all Group companies, however, the most significant amounts refer to the Parent Company Piovan S.p.A., Universal Dynamics Inc. and Penta S.r.l..

The most significant cost items, including from an industrial process point of view, are as follows:

- outsourced processing costs of €15,675 thousand as at 30 September 2019 (41.6% of total *Costs for services excluding non-recurring* services) resulting from the production methods of the Group, which concentrates high value-added and core processing and activities within the Group. In the first nine months of 2018, this item amounted to €15,382 thousand and to 41.2% of total *Costs for services excluding non-recurring* services. The increase in the weight of outsourcing as a percentage of turnover is mainly due to the greater weight of external installations for some projects in France and China. The fluctuation in the weight of this cost, as well as in the item purchases of raw materials, consumption, goods and changes in inventories, in the various quarters is typical of the Group's business if analysed in the very short term.
- transport costs for purchases; the decrease is connected to business performance;
- business trips and travel costs, which refer to both sales scouting and customer relations activities and travelling to customer production sites for installation or start-up activities and customer assistance.
- the increase in commissions is due to the different geographical sales mix in the short term.

[29] Use of third party assets

Costs for use of third-party assets amounted to €1,220 thousand at 30 September 2019, compared to €1,968 thousand in the first nine months of 2018.
The item may be broken down as follows:

	First nine months 2019	First nine months 2018
Rental expenses	497	1,275
Leases	282	272
Hires	441	421
Use of third party assets	**1,220**	**1,968**

The decrease in this item is mainly due to the effect of the application of the new accounting standard IFRS 16 - Lease.
Starting from 01/01/2019, for hire contracts falling within the scope of IFRS 16, the Group records a financial liability, and the related leases will not be recorded in the statement of profit and loss on a straight-line basis, but instead the depreciation of the related right of use will be recorded for the duration of the respective contracts.

[30] Personnel expenses

This caption amounted to €43,698 thousand for first nine months of 2019 compared to €41,837 thousand for the same period of 2018. A breakdown of personnel costs and the workforce by employee category is as follows:

	First nine months 2019	First nine months 2018
Wages and salaries	32,857	31,452
Social security contributions	9,267	8,911
Costs for defined benefit plans	1,022	920
Other expenses	552	554
Personnel expenses	**43,698**	**41,837**

	First nine months 2019		First nine months 2018	
	period end	average	period end	average
Managers	27	28	28	28
Junior managers	63	62	54	55
White collars	596	594	587	572
Blue collars	394	402	381	381
Total	**1,080**	**1,086**	**1,050**	**1,036**

The increase in costs and personnel from 30 September 2018 to 30 September 2019 is essential for the development of the Group and to ensure proximity to customers.

[31] Other expenses

This item totalled €2,625 thousand compared to €1,914 thousand in the previous period. The item may be broken down as follows:

	First nine months 2019	First nine months 2018
Other taxes and duties	848	865
Bad debt provision	767	544
Entertainment costs	301	256
Other	709	249
Other expenses	**2,625**	**1,914**

The *Other taxes and duties* item mainly includes indirect taxes on property or other local taxes for operational management in the various countries, particularly in Brazil and China.

[32] Provisions for risks and charges

Provisions for the first nine months of 2019 amounted to €443 thousand compared to €289 thousand in the first nine months of the previous year.
In 2019 the provision was mainly related to legal and tax risks, as described in greater detail in note [18].

[33] Amortisation and depreciation

This item totalled €3,193 thousand compared to €2,071 thousand in the first nine months of 2018. The item may be broken down as follows:

	First nine months 2019	First nine months 2018
Amortisation	355	239
Depreciation	1,954	1,832
Right of Use depreciation (IFRS16)	884	-
Depreciation & amortisation	**3,193**	**2,071**

The increase in this item is mainly due to the application of IFRS 16, as described in note [1].

[34] Financial income and expenses

Net financial expense for first nine months of 2019 amounted to €39 thousand compared to €162 thousand for the same period of 2018. The item may be broken down as follows:

[35] Net exchange rate gains (losses)

The item amounts to a positive €481 thousand in the first nine months of 2019 compared to a positive €54 thousand in the first nine months of 2018.

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

The caption relates to the fair value measurement of the put options of non-controlling investors in Penta S.r.l., Reference should be made to note [18] for more details.

[37] Profit (losses) on equity investment carried at equity

The item amounts to a profit of €75 thousand at 30 September 2019 and relates to investments valued using the equity method. Reference should be made to note [3] for more details.

[38] Taxes

This caption amounted to €4,614 thousand for the first nine months of 2019 compared to €7,584 thousand for the same period of 2018. Taxes for the nine-month period of 2018 were determined considering the best estimate of the average annual effective tax rate expected for the full year in accordance with IAS 34. Reference should be made to note [5] in relation to changes in prepaid and deferred taxes.

Other information

Segment reporting

Under IFRS 8, an entity shall disclose information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. Based on internal reports and operating activities that generate revenues and costs, the results of which are periodically reviewed at the highest operating decision-making level in order to make decisions on the allocation of resources and the assessment of results, no operating segments other than the Group as a whole have been identified.
Information about products sold and services rendered and geographical areas is provided in note [25].

Classes of financial instruments and fair value hierarchy

With regard to the allocation of financial assets and liabilities required by IFRS 7, it should be noted that there were no transfers between the fair value levels indicated in IFRS 13 compared to those indicated in the Annual Financial Report at 31 December 2018, to which reference should be made for further information.

Transactions with related parties

The Group carried out commercial transactions with some related parties in 2018 and 2019. In compliance with the provisions of IAS 24, Related Parties are considered to be the following entities: (a) companies that directly or indirectly, through one or more intermediate companies, control or are controlled by or are under common control with the company that prepares the financial statements; (b) associated companies; (c) natural persons who directly or indirectly have a voting power in the company that prepares the financial statements that gives them a dominant influence over the company and their close family members; (d) executives with strategic responsibilities, i.e. those who have the power and responsibility for planning, management and control of the company that prepares the financial statements, including directors, officers and their close relatives; (e) companies in which any natural person described under (c) or (d) has, directly or indirectly, significant voting power, or over which such person is able to exercise significant influence. Case e) includes companies owned by the directors or major shareholders of the company drawing up the financial statements as well as companies having a manager with strategic responsibilities in common with the company drawing up the financial statements.
On 12 November 2018, the Board of Directors approved, subject to the favourable opinion of the Committee for Transactions with Related Parties, the procedure for transactions with related parties ("RPT Procedure") in implementation of article 2391-bis of the Italian Civil Code and the regulations adopted by CONSOB with resolution 17221 of 12 March 2010. The RPT procedure governs the approval and execution of transactions with related parties carried out by the company, either directly or through subsidiaries, in order to ensure the

transparency and substantive and procedural correctness of such transactions. The RPT procedure is available on the Company's website (piovangroup.com) in the procedures and regulations section, to which reference should be made for every detail.
It should be noted that in the reference period:

- no transactions of greater importance as defined in the RPT Procedure pursuant to the aforementioned CONSOB regulations were concluded,
- there were no individual transactions with related parties that had a significant impact on the balance sheet or results of the Company and/or the Group.

All transactions are regulated at market conditions for goods and services of equal quality. With reference to the balance sheet balances as at 31 December 2018, reference should be made to the Annual Financial Report as at 31 December 2018, while with reference to the figures as at 30 September 2019 there are no significant transactions or balances except for the tax consolidation payable to Pentafin S.p.A. described in note [24] and the IRAP refund receivable from Pentafin S.p.A. described in note [11].

List of equity investments included in the consolidated financial statements and other equity investments

The following table shows the investees directly and indirectly controlled by the parent as well as all the legally-required disclosures necessary to prepare consolidated financial statements:

Company name	Registered office	Country	Currency	Share capital at 30/09/2019	% 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	99.99%	Piovan S.p.A.	Full
Piovan Mexico S. A.	Queretaro (MX)	Messico	MXN	706,540	99.99%	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

Company name	Registered office	Country	Currency	Share capital at 30/09/2019	% shareholding	Shares held Shareholder-Partner	Consolidation method
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	90.00%	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
Progema S.r.l.	San Felice sul Panaro (MO)	Italia	EUR	25,000	81.00%	Penta S.r.l.	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	51.00%	Piovan S.p.A.	Full
Studio Ponte S.r.l.	Poggio Renatico (FE)	Italia	EUR	10,000	51.00%	Penta S.r.l.	Equity method
Penta Auto Feeding India Ltd	Navi Mumbai (India)	India	INR	10,750,000	50.00%	Penta S.r.l.	Equity method
Piovan South Est Asia Ltd (in liquidazione)	Bangkok (Tailandia)	Tailandia	THB	9,000,000	100.00%	Piovan S.p.A.	Equity method
CMG America Inc.	Clio	Michigan	USD	70,000	100.00%	Piovan S.p.A.	Equity method
TOBA PNC	Seoul	Corea del Sud	KRW	500,000,000	51.00%	Piovan S.p.A.	Equity method
Equity investments in affiliated companies:							
CMG S.p.A.	Budrio (BO)	Italia	EUR	1,250,000	20%	Piovan S.p.A.	Equity method

(*) The shareholding in the company Piovan Asia Pacific Ltd is fully owned, through direct control for 49% and indirect control through a trust for the remaining share, in order to bring the corporate structure in line with local regulations in relation to the activity carried out by the Company.

Events after the reporting date

Reference should be made to the section "Group performance".

Santa Maria di Sala (Venice), 12 November 2019

For the Board of Directors

The Chairman
Nicola Piovan

Declaration of the manager responsible for preparing the company's financial reports pursuant to the provisions of paragraph 2 of Article 154-bis of Legislative Decree no. 58/1998 (Consolidated Law on Finance)

The undersigned Marco Mammano, General Manager & Director of the Piovan Group, in his capacity as Manager in charge of preparing the company's financial reports, hereby declares that the Periodic Financial Information at 30 September 2019 corresponds to the documented results, books and accounting records.

The Manager responsible for drawing up the company's financial reports.
Marco Mammano

Version 1.0

Periodic Financial Statement as at 30 September 2019 of Piovan S.p.A.

PIOVAN S.p.A.
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S. Maria di Sala VE - Italy