PiovanGroup

ANNUAL FINANCIAL REPORT

at December 31, 2022

INDEX

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

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

Tax No.: 02307730289 VAT No.: 02700490275

Venice Economic & Administrative Registration No. 235320

EXECUTIVE CHAIRMAN'S LETTER

Dear Shareholders,

2022 was affected by the continuation of COVID-19 pandemic and also by the war between Russia and Ukraine, which continues to this day and has had a major impact on the global economy, causing high inflation around the world. Nonetheless, for the Piovan Group, the year just ended closed with important progress in all aspects of group life.

Despite the complicated global scenario once again our Group consolidates another year of growth, with revenue exceeding Euro 500 million for the first time, a workforce of more than 1,800, and adjusted EBITDA up 53%.

The year also marked a fundamental milestone in the growth of the Group following the acquisition of the American group IPEG, at the end of January 2022. With this operation, the Piovan Group is now an undisputed leader in the U.S. market and has further consolidated its global leadership.

Considering this important acquisition, we are working on a process of integration, seeking to respect the local peculiarities of each subsidiary and to share the vision and values that have guided the Piovan Group for three generations.

As a part of this process, we are adapting production process so that it will be ready for the challenges to come. In particular, we purchased 25,000 sq.m of land in Santa Maria di Sala with the goal of expanding our headquarters. We have also defined a project for the new production facilities of the subsidiary FEA PTP, of which the construction work started in early 2023. We also acquired land in China on which our new head office for the Asian market will be built. The Group is also working to adapt our Service & Sales units around the world.

None of this would have been possible if the Piovan Group had not continued in the pursuit of our strategy based on three longstanding, core pillars: our CUSTOMERS, our PEOPLE, and INNOVATION. Never has the combination of these 3 factors produced such excellence in every field. But our strategy must also include a fourth element, that underlies all of those specified above, and that is our focus on SUSTAINABILITY.

The pursuit of sustainable success is something that no organization can avoid, but, here at Piovan, we have been doing it for a great many years, increasingly investing in research and development to offer customers reliable and high-performance products and solutions.

The Group, which has always operated in industries related to the consumption of plastic, is more exposed than others to environmental issues and has always paid attention to the reuse of plastics and to the circular economy, working alongside the industry’s leading players to offer our customers innovative solutions using recycled or biodegradable plastic.

The awards received in 2021, have brought before everyone's eyes the goodness of the work carried out by the Group to date and make us proud.

First and foremost, there was the nomination of our product InspectaBe as a finalist for the Sustainability Award, one of the most prestigious awards in the packaging industry.

This was followed by our ESG rating issued by Sustainalytics, which ranked Piovan as one of the top-rated enterprises in the Industrial Machinery segment. In 2022, the Piovan Group saw an improvement in our sustainability rating, ranking in the top 27% of all companies analyzed by Sustainalytics worldwide and in the top 5% among all companies in the Industrial Machinery segment, while earning the prestigious “Industry Top Rated” badge.

These milestones are more evidence of the Group’s constant commitment to ESG issues, but I would also like to underscore that these are only milestones along a journey to which we will continue to be committed as we continue improving on into the future.

Best regards,

Nicola Piovan

Executive Chairman
Piovan S.p.A.

GOVERNANCE OF PIOVAN S.P.A.

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

Board of Directors

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

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

(*) Independent Director pursuant to Article 147-ter of the CFA and recommendation No. 7 of the Corporate Governance Code.
(**) Director appointed Lead Independent Director as per recommendation No. 13 of the Corporate Governance Code.

Board of Statutory Auditors

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

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

Control, Risks and Sustainability Committee

In office from April 29, 2021, until the Shareholders’ Meeting called to approve the 2023 Annual Financial Statements.

Name	In charge
Antonella Lillo	Chairman
Marco Maria Fumagalli	
Mario Cesari	

Nomination and Remuneration Committee

In office from April 29, 2021, until the Shareholders' Meeting called to approve the 2023 Annual Financial Statements.

Name	In charge
Manuela Grattoni	Chairman
Marco Maria Fumagalli	
Antonella Lillo	

Related Parties Committee

In office from April 29, 2021, until the Shareholders' Meeting called to approve the 2023 Annual Financial Statements.

Name	In charge
Marco Maria Fumagalli	Chairman
Mario Cesari	
Manuela Grattoni	

Supervisory Board (Organismo di Vigilanza)

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

Name	In charge
Patrizia Santonocito	Chairman
Giovanni Boldrin	
Chiara Zilio	

Corporate Financial Reporting Officer

Giovanni Rigodanza, in office until the Shareholders' Meeting for the approval of the 2023 Annual Financial Statements.

Independent Audit Firm

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

Significant shareholders

Based on the shareholders' register, through communications received in accordance with Article 120 of Legislative Decree No. 58/98 and other information available to the Company, the shareholders of Piovan S.p.A. with holdings of greater than 5% at the approval date of the annual financial report at December 31, 2022 were:

Declarant	Direct shareholder	% of ordinary share capital (*)	% of voting share capital (**)	% of ordinary share capital (***)	% of voting share capital (****)
Nicola Piovan	Pentafin S.p.A.	58.350	62.671	61.286	64.954
7INDUSTRIES HOLDING BV	7INDUSTRIES HOLDING BV	9.282	13.570	9.749	14.065

(*) Total No. ordinary shares: 53,600,000, including Piovan S.p.A. treasury shares equal to 2,567,539. Treasury shares decreased from December 31, 2022, following the assignment of treasury shares in accordance with the provisions of the stock option plans.

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

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

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

PIOVAN GROUP

Piovan Group operates in Italy and internationally in the production of automation systems for the storage, transport and processing of plastics ("Plastic Systems"), automation systems for the storage and transport of food powders and non plastics powders ("Food Systems & non plastic") and technical assistance and marketing of spare parts and services ("Services"). The Group is among the world leaders in the Plastic Systems market in the design and production of plants and control systems for the automation of all phases of the plastics production cycle.

History

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

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

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

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

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

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

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

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

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

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

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

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

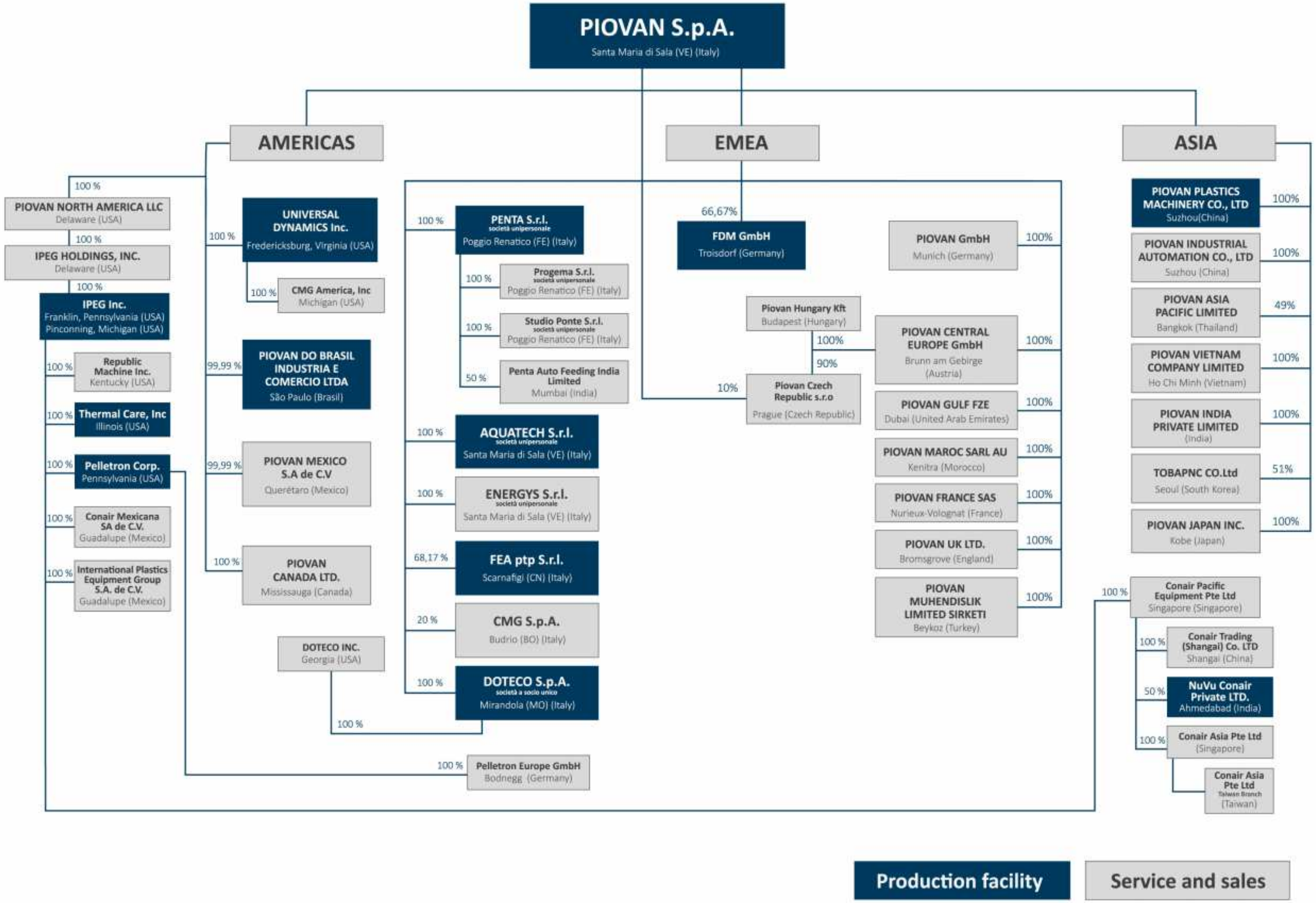
Finally, in January 2022, Piovan S.p.A. completed the acquisition of the entirety of the share capital in Sewickley Capital Inc., owner of 100% of IPEG Inc. – an industry leader in North America – thereby further strengthening our global leadership in this industry.

Today the Group comprises a network of direct or indirect subsidiaries of Piovan S.p.A., with sites in Europe, the United States and Asia, both thanks to organic growth dynamics and acquisitions. The strategic, managerial and operational direction of the Group, which as of December 31, 2022, comprises 44 service and commercial companies, including 14 production plants on 4 continents, is entrusted directly to Piovan S.p.A.

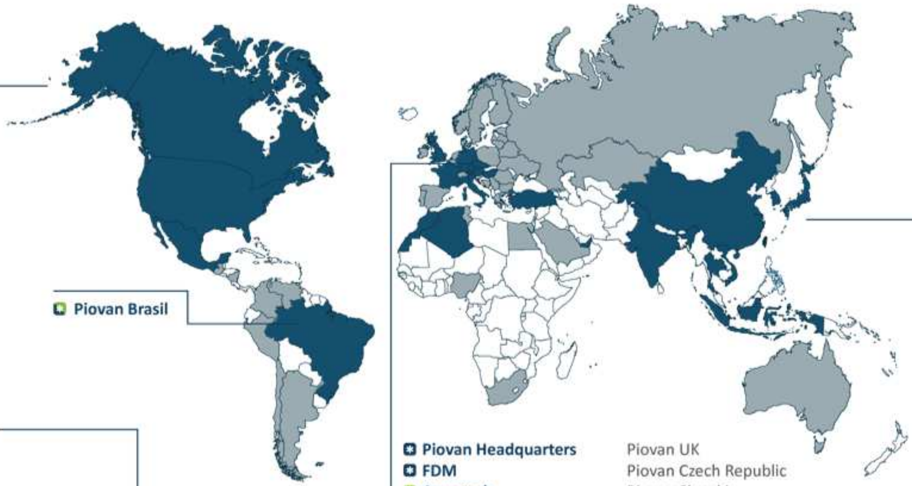
The global spread of Piovan Group companies creates a major competitive advantage, providing customers across its various markets with a uniform level of service quality, in addition to an extremely broad and constantly developing range of products. This range is a core feature of the Group's commercial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

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

Piovan Group structure



Main production and commercial sites



- Universal Dynamics
- Conair
- Republic Machine
- Thermal Care
- Pelletron

Piovan Canada
Piovan Mexico
Doteco Nord America
Conair Mexicana
IPEG Services

- Piovan Brasil

- Piovan Headquarters
- FDM
- Aquatech
- Penta - Progema
- Fea
- Doteco

Piovan Germany
Piovan France
Piovan Austria
Piovan Hungary
Piovan UK
Piovan Czech Republic
Piovan Slovakia
Piovan Turkey
Piovan Algeria
Piovan UAE
Piovan Morocco
Pelletron Europe
Energys

- Piovan China
- NuVu Conair

Piovan Beijing (Rep.Office)
Piovan Shenzhen (Rep.Office)
Piovan India
Piovan Thailand
Piovan Indonesia
Piovan Vietnam
Piovan Japan
Toba PNC
Conair Pacific Equipment
Conair Trading
Conair Asia

Global presence

Piovan Group

- Plastic production plants
- Food & Powders production plants
- Service and Sales Branches/Offices
- Distributors and representatives HQ

1,804
EMPLOYEES WORLWIDE AS OF DEC-2022[1]

14
FACTORIES IN 4 CONTINENTS

44
SERVICE & SALES COMPANIES

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

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

The Piovan Group's production and administrative headquarters are located at No. S. Maria di Sala (VE), where Parent Company management and administration, finance, operating control, marketing and ICT system control are overseen. The production site specializes in the production of auxiliary systems for the plastics processing industry, and in particular in the production of auxiliary machinery that responds to the sector's specific and varying requirements.

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

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

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

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

FDM GmbH – Troisdorf, Germany

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

Piovan Plastics Machinery Ltd – Suzhou, China

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

Universal Dynamics Inc. – Fredericksburg, Virginia, United States

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

Piovan do Brasil LtdA – Osasco, Brazil

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

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

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

Piovan GmbH – Garching, Germany

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

Piovan Mexico S.A. – Queretaro, Mexico

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

Piovan Central Europe GmbH - Brunn am Gebirge, Austria

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

Piovan UK Ltd – Bromsgrove, England

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

Piovan France Sas – Nurieux Volognat, France

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

Piovan Canada Ltd - Mississauga, Ontario, Canada

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

Piovan Asia Pacific Ltd – Bangkok, Thailand

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

Piovan India Private Limited – Mumbai

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

Piovan Muhendislk Ltd. - Beikoz, Turkey

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

Piovan Japan Inc.- Kobe - Japan

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

Piovan Maroc - Kenitra, Morocco

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

Piovan Gulf FZE – Dubai, United Arab Emirates

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

Piovan Vietnam Company Ltd - Mai Chi Tho, Vietnam

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

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

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

TOBA PNC – Seoul, South Korea

The company leads South Korea in industrial process automation in the plastic sector, specializing in systems for the transport and storage of plastic powders.

As also described below, on January 31, 2023, the Parent Company completed the sale of the share capital in Toba, reducing the company's stake to 10%.

Doteco S.p.A. – Modena, Italy

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

Doteco Inc. – Dalton, Georgia, U.S.A.

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

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

Studio Ponte S.r.l. – Poggio Renatico, Ferrara, Italy

The company Studio Ponte S.r.l., based in Poggio Renatico (Ferrara), 100% held by Penta S.r.l., provides engineering and design services mainly to the Group companies operating in the Food market.

As illustrated below, on January 1, 2023, Studio Ponte S.r.l. was merged by incorporation into Penta S.r.l..

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

Progema S.r.l., a wholly-owned subsidiary of Penta S.r.l. based in Poggio Renatico (FE), designs and produces electrical and electronic systems and creates control software. As illustrated below, on January 1, 2023, Studio Ponte S.r.l. was merged into Penta S.r.l.

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

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

IPEG Holdings Inc. – Delaware, U.S.A.

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

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

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

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

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

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

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

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

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

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

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

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

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

Pelletron EUROPE GmbH – Bodnegg, Germany

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

Conair Pacific Equipements Pte Ltd – Singapore

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

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

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

Conair Asia Pte Ltd – Singapore

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

Conair Asia Pte Ltd - Taiwan

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

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

This company was established during the year for the purpose of building the new China facility.

NuVu Conair Private LTD - Ahmedabad, India

The company is a joint venture held 50% by IPEG Inc. with production facilities in India and is engaged in industrial automation for the transport and treatment of polymers and the production of industrial refrigerators.

DIRECTORS' REPORT

Dear Shareholders,

We present for your review and approval the separate financial statements at December 31, 2022, of the parent company, Piovan S.p.A., which reports "Total revenues and other income" of Euro 135.0 million and a net profit of Euro 24.3 million, after total net current and deferred taxes of Euro 3.9 million.

The Board of Directors of the parent company, Piovan S.p.A., in accordance with the accounting rules, prepared also the Piovan Group consolidated financial statements for 2022.

The consolidated financial statements present "Total revenues and income" of Euro 531.4 million and a net profit of Euro 34.8 million, of which Euro 34.5 million refers to the owners of the parent company.

Introduction

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

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

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

General economic overview

The war between Russia and Ukraine that broke out in 2022 and continues to this day has had a significant impact on the global economy, in addition to the clear and worrying humanitarian risks.

In this regard, the Group's business continues to be conducted in a climate of rising prices of certain raw materials, industrial components, energy and transport costs. Initially expected to be temporary, this ongoing inflation is creating challenges in several industries, whether suppliers, customers or competitors of the Group.

However, in the last months, we are witnessing a stabilization of prices in some sectors, such as transport sector, metals commodities, while the effect of the inflation is still affecting salaries and wages' dynamics even if within acceptable terms.

About the COVID-19 pandemic, the situation now seems to have stabilized, with the virus having become endemic, which does not seem to cause significant constraints on business activities.

According to recent estimates by the International Monetary Fund (IMF), growth is expected to remain weaker than previous years, held back by measures put in place to deal with inflation and the Russia-Ukraine war. In recent months, however, we have seen a slight improvement in this outlook with the first sings of a slowing of inflation.

In the third quarter of 2022, economic growth proved to be resilient, and the labor market remained healthy, as did consumer spending and business investment, as households and businesses seek to adapt to the consequences of the energy crisis.

The IMF expects global growth to slow in 2023, going from 3.4% in 2022 to 2.9% in 2023 before returning to 3.1% in 2024. For advanced economies, the slowdown will be sharper, dropping from the 2.7% of 2022 to 1.2% for 2023 and 1.4% in 2024.

Growth in the U.S. is expected to slow to 1.4% in 2023 due to increases in interest rates by the Federal Reserve. Circumstances in the euro area are more challenging despite signs of resilience in the face of the energy crisis, thanks to a mild winter and fiscal support measures. With the tightening of monetary policy by the European Central Bank and the rising cost of imported energy, 2023 growth is expect to slip towards 0.7%.

Emerging markets and developing economies appear to have come out of the most critical phase, with growth expected to increase moderately to 4% in 2023 and 4.2% in 2024.

Restrictions related to the pandemic in China weighed on business in 2022. With the reopening of the economy, growth is expected to rebound to 5.2% in 2023 thanks to a recovery in business and in mobility.

The IMF estimates that, in 2023, India and China will account for half of global growth, as opposed to just a tenth for the United States and the euro area combined. Global inflation is expected to decline but remain above pre-pandemic levels in more than 80% of the world's nations until 2024.

Nonetheless, the outlook for improvement and recovery in global growth remains under threat by: uncertainty surrounding the resurgence of COVID-19 in China, which could slow, if not actually halt, the recovery; the continuation of the Russia-Ukraine war and consequent instability of the energy and food-and-beverage industries; the ongoing high levels of inflation, which could lead to a worsening of lending conditions and labor-market tensions with growing pressures on wages and salaries.

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

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

Significant events in the year

Acquisition of the IPEG Inc. Group

As reported in the Group Annual Financial Report at December 31, 2021, on January 31, 2022, and in line with the preliminary agreement signed on December 13, 2021, Piovan S.p.A. completed the acquisition of IPEG, Inc., which took place through the merger of Sewickley Capital, Inc., owner of 100% of IPEG, Inc., into a newly incorporated company, in Delaware, and wholly-owned by Piovan through Piovan North America LLC. The transaction took place at the conditions and price reported to the market on December 13, 2021.

The purchase price of the transaction was defined as an initial payment of approx. USD 125 million, on a cash free/debt free basis, in addition to the payment of an earn-out ("Earn-out"), if any, up to a maximum of approximately USD 21.8 million, to be paid in 2024 upon the achievement of certain EBITDA growth targets of the acquired group over the 2021-2023 period.

IPEG, Inc. is a Delaware company active in industrial automation for transportation and handling of polymers and in the production of industrial refrigeration systems, with branches in the United States, India, Mexico, Germany, China, Taiwan, and Singapore. The company operates under 4 main brands: Conair, Thermal Care, Pelletron, and Republic Machine. IPEG group has 4 facilities in the United States and one in India through the joint venture Nu-Vu Conair.

Based on the figures for the year ended December 31, 2021, the IPEG Group generated revenues of about USD 197.3 million and EBITDA adjusted [1] of USD 16.2 million.

In January 2022, in order to complete this acquisition, the Parent Company, Piovan S.p.A, signed a fixed-rate loan of Euro 100 million with a 6-year maturity and annual interest of 1.335%. The loan agreement provides for a grace period and beginning of repayment of principal from April 2023. Furthermore, establishes certain covenants that must be verified every six months beginning on December 31, 2022.

For more information on the effects of the purchase price allocation of the IPEG group, see the section “Acquisition of IPEG Inc.” in the explanatory notes.

Following the acquisition, as of December 31, 2022, Piovan Group is made up of 44 production, service and commercial companies, including 14 production sites in 4 different continents, and employs over 1,800 people around the world.

Russia-Ukraine conflict

[1] EBITDA was determined accordingly to US GAAP, before the application of IFRS 16, with the contribution of JV Nu-Vu Conair owned fro 50%.

In early 2022, the outbreak of the war between Russia and Ukraine marked the beginning of a period characterized by a significant global instability, both politically and economically. This situation, which continues to evolve, makes assessments of the impact of future scenarios on the Group's business and performance particularly complex.

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

The Group has a limited exposure in the areas impacted by the war (i.e. Ukraine, Russia, Belarus) in either sales or purchases. Based on figures for 2022, and including the recent acquisition of IPEG, Inc., consolidated revenue generated by the Group in Russia, Belarus and Ukraine is 0.3% of the total.

The situation is constantly developing and the Company - also with the support of external consultants - is monitoring the situation and the international rules closely to assess any impact of the conflict on its operations.

Implications of the COVID-19 pandemic

The COVID-19 pandemic, which spread around the globe in 2020, has continued into 2021 and also 2022. As noted, this emergency - and above all the lockdown policies imposed by various governments - have had widespread repercussions in many sectors of the world economy. The medium-term outlook is gradually improving thanks to the beginning of the vaccination campaigns in 2021 in various nations, although the macroeconomic landscape continues to feature a great deal of uncertainty due to new waves and variants of the virus, as cases are on the rise in many countries.

The Group has a presence in many geographical areas and in a diverse range of industries. This has therefore made it possible, as previously indicated, to mitigate the overall risk.

In 2022, all Piovan Group companies remained fully operative, with minimum interruptions, having adopted measures and protocols to protect employees as per applicable local regulations.

Dividends

On April 28, 2022, the Company's Shareholders' Meeting approved, in addition to the 2021 financial statements, the distribution of dividends of Euro 5,092,930, based on the 2021 net profit, totaling Euro 14,204,371. The dividend was paid out from May 11, 2022, with coupon date of May 9, 2022 and date of entitlement to payment of May 10, 2022.

Authorization to acquire treasury shares

On April 28, 2022, the shareholders also authorized the Company's Board of Directors to purchase and make use of treasury shares as detailed in the Directors' report published on the Company's website at www.piovan.com in the Corporate Governance/Shareholders' meeting section.

New company in China

In 2022, the Group established a new company in China – Piovan Industrial Automation Co., Ltd. – for the purpose of creating the Piovan Group's new facilities in the country. With a total expected outlay of USD 10 million over the next two years, the new plant will be in Suzhou, in the Jiangsu province of China, where the other plant of the Group is located. It will have a total surface area of 10,000 square meters and will be dedicated to the design and production of complete automation systems for plastics, food powders, and refrigeration solutions.

The new Suzhou site will serve as the headquarters for all of the Group's Asian branches, including Piovan Thailand in Bangkok, Piovan Vietnam in Ho Chi Minh City and Piovan Japan in Kobe. Construction on the new building began in the fourth quarter of 2022.

Payment of the final tranche of the Doteco earn-out

In July 2022, in observance of the obligations related to the acquisition of the Doteco group (in 2020), Piovan S.p.A. paid an earn-out to the sellers in the amount of Euro 1,018 thousand, based on 2021 Doteco group EBITDA. This amount had already been allocated.

Acquisition of minority interests in Progema and Studio Ponte

Also in July 2022, the Piovan Group – by way of the subsidiary Penta S.r.l. ("Penta") – purchased the remaining 19% minority interest in the subsidiary Progema S.r.l. ("Progema") and the remaining 49% minority interest in Studio Ponte S.r.l. ("Studio Ponte"). With these acquisitions, Penta – and Piovan S.p.A. indirectly – now controls 100% of these two companies. The operation falls within the scope of the Group's broader project aimed at streamlining the organization with the goal of increasing process efficiency following the extension of the consolidation scope. In the final quarter of 2022 the merger by incorporation was approved of Progema and Studio Ponte into Penta. The accounting and fiscal effect of the merger will run from January 1, 2023. Following this merger, the current management teams at the three companies will remain in their roles in order to contribute to the growth of the Group.

Signing of the Patent Box agreement

On July 14, 2022, the Company signed an agreement with the Tax Agency's Veneto Regional Unit setting out calculation methods and criteria regarding the economic contribution to operating income from the intangible assets for the purposes of the Patent Box. The agreement concerns fiscal year 2018 and the four subsequent years.

Piovan S.p.A. obtained this facility with regard to the direct use of the company's own software, patents, and know-how that are interconnected by way of a requirement of complementarity.

This facility allows for a partial tax break on income resulting from the direct use of the Company's intangible assets, as defined by criteria to come out of discussions with the Tax Agency.

The income eligible for the tax break for 2018-2021 totaled Euro 15.7 million, for tax savings of Euro 2,196 thousand and a cash-outlay benefit that will be recognized between the end of 2022 and 2023. The benefit related to the last year of the agreement, i.e. 2022, was estimated at Euro 643 thousand. These effects have been accounted for in the 2022 results.

Share capital increase in FEA Ptp S.r.l..

On October 10, 2022, the shareholders of FEA PTP S.r.l. (FEA) approved a share capital increase, which was subscribed in a manner not proportionate to the respective shares held, which resulted in Piovan S.p.A. holding a 68.17% interest in FEA (compared to the previous 50.98%).

Sale of Toba Pnc

On December 22, 2022, a preliminary agreement was signed for the sale to minority interests of a 41% stake held by Piovan S.p.A. in Toba Pnc. As described in the paragraph "Subsequent Events", this transaction was completed with the actual transfer of the shares on January 31, 2023. For the effects on the consolidated financial statements make reference to the paragraph "Assets/Liabilities held for sale and disposal groups".

Events related to the Sustainable Economy and the Circular Economy

During the period, the Piovan Group – by way of the subsidiary Pelletron, Inc. – was awarded a major order from NatureWorks, the world's leading producer of biopolymers, for the automation of a new, fully integrated plant in the Nahkhon Sawan Biocomplex in Thailand, which has a production capacity of 75,000 m of material per year. This is to be the second plant in the world built by NatureWorks, intended for the production of polylactic acid (PLA) to be sold under the Ingeo™ biopolymer brand, after the one built in Blair, Nebraska, in 2002 and subsequently expanded in 2013. PLA is a biopolymer that can be beneficial to the environment, given that it is made from renewable resources. It is made from the polymerization of lactic acid, which is produced by way of the fermentation of plant-based sugars.

Performance of the Group

The following paragraph "Alternative performance measures", to which make reference should be made, presents the definition of the Alternative performance measures used and presented by the Group.

It should be considered that the Profit or Loss of 2022 includes IPEG group's results starting from January 31, 2022, date of the acquisition. Following, if relevant, Alternative performance measures on a like for like basis are described.

Economic performance of the Group

A number of financial indicators for the Piovan Group are reported below:

(amounts in €'000)	Economic performance indicators						Changes		Changes	
	2022	% on total revenues and other income	2022 (IPEG excluded)	% on total revenues and other income	2021	% on total revenues and other income	2022 vs 2021	%	2022 (IPEG excluded) vs 2021	%
Revenue	519,801	*97.8%*	316,847	*97.8%*	280,036	*97.6%*	239,765	*85.6%*	36,811	*13.1%*
Other revenue and income	11,594	*2.2%*	7,099	*2.2%*	6,993	*2.4%*	4,601	*65.8%*	106	*1.5%*
TOTAL REVENUE AND OTHER INCOME	**531,395**	*100.0%*	**323,946**	*100.0%*	**287,029**	*100.0%*	**244,366**	***85.1%***	36,917	*12.9%*
Adjusted EBITDA	**62,702**	*11.8%*	**46,059**	*14.2%*	**40,975**	*14.3%*	**21,728**	***53.0%***	5,084	*12.4%*
EBITDA	**61,622**	*11.6%*	**44,978**	*13.9%*	**41,151**	*14.3%*	**20,471**	***49.7%***	3,827	*9.3%*
OPERATING PROFIT	**44,692**	*8.4%*	**37,553**	*11.6%*	**33,626**	*11.7%*	**11,066**	***32.9%***	3,927	*11.7%*
PROFIT BEFORE TAXES	**46,350**	*8.7%*			**34,750**	*12.1%*	11,600	*33.4%*		
Income taxes	11,509	*2.2%*			7,074	*2.5%*	4,435	*62.7%*		
NET PROFIT	**34,841**	*6.6%*			**27,676**	*9.6%*	7,165	*25.9%*		
Attributable to:										
Owners of the parent	**34,588**	*6.5%*			**28,347**	*9.9%*				
Non-controlling interests	**253**	*0.1%*			**(671)**	*(0.2%)*				
Basic earnings per share	**0.68**				**0.56**					
Diluted earnings per share	**0.67**				**0.55**					

Revenues

Piovan Group revenue in 2022 totaled Euro 519,801 thousand, with a strong growth on Euro 280,036 thousand in 2021, equal to +85.6% (recognizing the effect of the acquisition of the IPEG Group retroactively to January 1, 2022, Piovan Group revenue would have been Euro 533,364 thousand, +90.5% on the previous year).

Excluding revenue recognised by the IPEG Group, consolidated from February 1, 2022, revenue in 2022 amounted to Euro 316,847 thousand, up 13.1% on the previous year.

Revenue calculated on a like-for-like basis (i.e. average exchange rate in 2021) would have decreased by Euro 30,994 thousand at Euro 488,806 thousand and risen 74.6% on 2021. Excluding the contribution of the IPEG group, revenue at constant exchange rates would have been Euro 307,269 thousand, a decrease of Euro 9,578 thousand, although still an increase over the previous year of 9.7%. The FX effects on revenues was mainly due to the positive trends of the US dollar against the Euro and, to a lesser extent, to trends in the Renminbi and in the Brazilian real.

Revenue by market and region

The breakdown of revenue by market is as follows:

	2022	%	2022 (IPEG excluded)	%	2021	%	2022 vs 2021	%	2022 (IPEG excluded) vs 2021	%
Plastic	397,122	76.4%	245,808	77.6%	217,140	77.5%	179,982	82.9%	28,668	13.2%
Food & non plastic	46,628	9.0%	30,931	9.8%	28,355	10.1%	18,273	64.4%	2,576	9.1%
Services	76,051	14.6%	40,109	12.7%	34,541	12.3%	41,510	120.2%	5,568	16.1%
Revenue	**519,801**	**100.0%**	**316,847**	**100.0%**	**280,036**	**100.0%**	**239,765**	**85.6%**	**36,811**	**13.1%**

For what concerns the dynamic of **revenue by market** in 2022, it is noted that – on a like-for-like basis, i.e. excluding the contribution of the IPEG group:

- *Plastic Systems* revenue increased 13.2%, driven by good performances in Europe and Asia. In particular, the increase is attributable to i) the Packaging sector which benefits from an increasingly marked conversion towards recycled plastic, a sector in which the Group is a world leader; ii) Consumer & Technical sectors always very active particularly in fibers and iii) to the Automotive sector slightly recovering thanks to increased investment in new electric models;
- *Food & non-plastic* revenue posted a positive growth – in line with Group expectations – 9.1% on the previous year, thanks to the progress made on a number of major orders in North America;
- The *Services* market reported revenue growth of 16.1% on the previous year, an acceleration from the first part of the year.

In the third and fourth quarter of 2022, IPEG saw an acceleration in revenue growth. The related consolidation during the period from February to December 2022 increased revenue in the Plastics area by approximately € 151.3 million, for combined growth of 82.9%, and in the Food & Non-plastic area by approximately €15,7 million, for combined growth of 64.4%, concentrated mainly in North America.

The Services market benefited from the IPEG contribution of € 35.9 million and accounted for 14.6% of the Group's total revenue.

The breakdown of revenue by region is as follows:

	2022	%	2022 (IPEG excluded)	%	2021	%	2022 vs 2021	%	2022 (IPEG excluded) vs 2021	%
EMEA	185,463	35.7%	180,180	56.9%	182,181	65.1%	3,282	1.8%	(2,001)	(1.1%)
ASIA	44,095	8.5%	37,522	11.8%	32,973	11.8%	11,122	33.7%	4,549	13.8%
NORTH AMERICA	272,670	52.5%	81,878	25.8%	49,866	17.8%	222,804	446.8%	32,012	64.2%
SOUTH AMERICA	17,573	3.4%	17,267	5.4%	15,016	5.4%	2,557	17.0%	2,251	15.0%
Revenue	**519,801**	**100.0%**	**316,847**	**100.0%**	**280,036**	**100.0%**	**239,765**	**85.6%**	**36,811**	**13.1%**

Without the contribution of IPEG, revenue in North America increased by 64.2% (and accounted for 25.8% of total revenue) due mainly to the strong performance of the Food area and further driven by the positive impact of the EUR/USD exchange rate.

Growth in Asia, up 13.8% on a like-for-like comparison in terms of consolidated companies, shows signs of recovery following the lockdowns in the first part of the year in response to COVID outbreaks.

Performance in Europe reflects the fact that projects in the Food area had a final destination of North America, despite being developed in Europe. Finally, South America continued to perform well, with growth of 15% at like-for-like consolidation scope.

Including IPEG, the North American market reached total revenue of Euro 272,670 thousand, equal to 52.5% of the total. IPEG's contribution in the EMEA markets and in Asia during the period of consolidation was Euro 5,283 thousand and Euro 6,573 thousand respectively.

Other revenues and income

Other revenues and income increased 65.8% on 2021. It should be noted that Other revenues and income in 2021 include the positive impact of non-recurring revenue in the amount of Euro 1,568 thousand related to financing received by U.S. subsidiary Universal Dynamic Inc. (hereinafter also "Unadyn") received from the U.S. government under the Paycheck Protection Program ("US PPP Loan"), which was converted into a grant following approval by the issuing body. Excluding this effect, other revenue and income in 2021 would have been Euro 5,425 thousand.

Recognizing the effect of the acquisition of the IPEG Group retroactively to January 1, 2022, Other revenue and income for the Piovan Group would have been Euro 12,299 thousand (+75.9%).

Excluding revenue recognised by the IPEG Group, consolidated from February 1, 2022, Other revenue and income in 2022 amounted to Euro 7,099 thousand, up 1.5% on the previous year (30.9% excluding the effect of the US PPP Loan).

Contribution margin

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

€/000	2022	2022 (IPEG excluded)	2021
Total revenues and other income	531,395	323,946	287,029
Costs of raw materials, components and goods and changes in inventories	239,706	131,388	115,536
Variable cost of services	69,736	43,294	38,906
Contribution margin	**221,953**	**149,264**	**132,587**
Percentage of total revenues and other income	**41.8%**	**46.1%**	**46.2%**

In 2022, the contribution margin came to Euro 221,952 thousand, compared to Euro 132.587 thousand of 2021. The contribution margin on total revenues and other income is equal to 41.8% (vs. 46.2% in 2021).

Excluding the contribution of the IPEG Group, consolidated from February 1, 2022, this account in 2022 amounted to Euro 149,264 thousand, down 4.3% on the previous year.

In 2021, the contribution margin included the positive impact of conversion of the US PPP loan into a grant in the amount of Euro 1,568 thousand, as described previously, whereas 2022 included certain non-recurring charges related to the acquisition and integration of the IPEG group, as described in greater detail below.

Research and Development Costs

In 2022, the Piovan Group incurred research and development expenses amounting to Euro 18,544 thousand - 3.5% of total revenue and other income (Euro 9,644 thousand in 2021, 3.4% of total revenue and income). In 2022, Euro 17,250 thousand concerned personnel operating in R&D and engineering, entirely expensed to the income statement, for the execution of complex and innovative projects. The scale of this commitment to investment in research and development is a clear demonstration of the Group's unwavering desire to position itself as a supplier of solutions, and not merely of machinery or systems. This desire has always set the Group apart and, over the years, has led to its position of market dominance. The Group is defined, in fact, by a range of products that are constantly being updated, thanks to research and development activity carried out in collaboration with its customers, an aspect which is of fundamental importance in the initial phase of the development of customer-specific solutions. The Group's competitive position is linked to constant improvement and investments in technology and processes.

EBITDA

EBITDA totaled Euro 61,622 thousand, an increase of 49.7% compared to Euro 41,151 thousand in 2021 (11.6% margin vs. 14.3% in 2021).

In 2021, the EBITDA included the positive impact of conversion of the US PPP loan into a grant as described above.

Excluding the contribution of the IPEG Group, consolidated from February 1, 2022, EBITDA in 2022 amounted to Euro 44,978 thousand, up 9.3% on the previous year. EBITDA margin on a like-for-like basis was 13.9%, compared to 14.3% in 2021.The growth in EBITDA, which is slightly lower than the growth in revenues, reflects certain non-recurring costs incurred for the acquisition of the IPEG group and integration activities of Euro 1,081 thousand.

Adjusted EBITDA

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

In 2022, adjusted EBITDA came to Euro 62,702 thousand (excluding certain non-recurring components), for a margin on total revenues and other income of 11.8%, up 53% compared to 2021 adj. EBITDA.

Recognizing the effect of the acquisition of the IPEG Group retroactively to January 1, 2022, Piovan Group Adj. EBITDA would have been Euro 63,801 thousand (+55.7% on the previous year).

Adjusted EBITDA excluding the contribution of the IPEG group, in order to compare like for like, comes to Euro 46,059 thousand, for a margin on total revenue of 14.2%, up from the adj. EBITDA of 2021.

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

€/000	2022	2022 (IPEG excluded)	2021
EBITDA	**61,622**	**44,978**	**41,151**
Non-recurring expenses related to the acquisition of the IPEG group	1,081	1,081	892
Non-recurring cost od personel			500
Non-recurring items	-	-	(1,568)
Adj. EBITDA	**62,702**	**46,059**	**40,975**

EBIT

EBIT totaled Euro 44,692 thousand, up from Euro 33,626 thousand in 2021. It should be noted that EBIT reflects the effects of the purchase price allocation (PPA) of IPEG, which alone included the recognition of amortization of intangible assets of Euro 7,179 thousand in 2022. We expect that, over the coming years, this amortization will total approximately USD 4.2 million (the equivalent of Euro 4 million). The EBIT margin on total revenues and other income came to 8.4%, compared to 11.7% for the previous year. Excluding the effects of the PPA as described above, EBIT would have been Euro 51,871 thousand, for a margin on revenues of 9.8%.

Excluding the contribution of the IPEG Group, consolidated from February 1, 2022, EBIT in 2022 amounted to Euro 37,553 thousand, up 11.7% on the previous year.

Profit for the year

The net profit was Euro 34,841 thousand, increasing on Euro 27,676 thousand for the previous year. The margin on total revenue and other income was 6.6% (9.6% in 2021).

Net profit in 2022 was impacted by the above-mentioned non-recurring charges but also benefitted from the following two effects: (i) Euro 1,740 thousand in currency effects during the period due to the performance of the dollar against the euro, the Group's functional currency, related to a loan in euro issued by the Parent Company to Piovan North America; and (ii) Euro 2,839 thousand related to the benefit recognised in relation to the Patent Box agreement as described above. On the other hand, in 2021 the net profit was impacted by the non-recurring charges illustrated above and benefitted from the following factors: i) an improvement in exchange gains/losses to a net gain of Euro 57 thousand; ii) a gain following the reduction in the fair value of the liability granted to the minority interests of the subsidiary TOBA in the amount of Euro 1,124 thousand; iii) the release of deferred taxes for Euro 2,082 thousand related to the realignment of fiscal values to book values of the know-how derived from the Doteco S.p.A. acquisition and the differences arising from first-time adoption by Piovan S.p.A..

Excluding the amortization of the PPA, amounting to Euro 7,179 thousand, and the related tax effect amounting to Euro 1,464 thousand, net profit would have been Euro 40,556 thousand, for a margin on revenues of 7.6%.

Earnings per share

Earnings per share was Euro 0.68 in 2022 compared to Euro 0.56 in the previous year.

Financial performance of the Group

The financial structure of the Piovan Group as at December 31, 2022, is summarized below. As described in the explanatory notes, following the signing of the preliminary agreement for the sale of the equity investment in Toba PNC, this investment, for the purposes of the annual report at December 31, 2022, has been considered a current asset held for sale. As a result, the assets and liabilities of Toba PNC have been reclassified among assets held for sale and disposal groups and liabilities directly associated with assets held for sale and disposal groups. On the income statement, the costs and revenues have been shown by their nature. The figures shown below take account of this classification for 2022.

Group Net financial position

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

€/000	31.12.2022	31.12.2021
A. Cash	74,365	118,505
B. Cash equivalents	20,000	-
C. Other current financial assets	6,815	1,589
D. Liquidity (A+B+C)	**101,180**	**120,093**
E. Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	(10,504)	(31,448)
F. Current portion of non-current financial debt	(32,692)	(20,584)
G. Current financial indebtedness (E+F)	**(43,196)**	**(52,031)**
H. Net current financial indebtedness (G-D)	**57,984**	**68,062**
I. Non-current financial debt (excluding current portion and debt instruments)	(142,770)	(41,920)
J. Debt instruments	-	-
K. Non-current trade and other payables	(3,295)	(2,416)
L. Non-current financial indebtedness (I+J+K)	(146,065)	**(44,336)**
M. Total net financial position (H+L)	**(88,081)**	**23,726**

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

- regarding provisions, see Note [17] – Employee benefit plans and Note [18] – Provisions for risks and charges, which include amounts of this type;

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

- the Company has also recognised liabilities for options granted to minority shareholders in the amount of Euro 481 thousand (see Note [19]).

- the Group, at December 31, 2021, has also recognised the deferred portion of the purchase price for the acquisition of Doteco S.p.A., in the amount of Euro 1,018 thousand, among “Other current liabilities” which was paid in July 2022.

- commitments related to lease agreements that are not recognised as liabilities in accordance with IFRS 16 total approximately Euro 3,618 thousand.

- the caption, as of December 31, 2022 does not include the net financial position of Toba PNC, i.e. net debt of Euro 1,493 thousand, as this has been reclassified among assets held for sale and disposal groups and liabilities directly associated with assets held for sale and disposal groups. The sale of the subsidiary was finalized on January 31, 2023.

The Group's net financial position at December 31, 2022, was a debt position of Euro 88,081 thousand (improving over the net debt position of Euro 111,820 thousand at September 30, 2022), as compared to net cash of Euro 23,726 thousand for the previous year, absorbing net cash in the amount of Euro 111,807 thousand.

Excluding the effects of IFRS 16, the Group's net financial position at December 31, 2022 was Euro 70,193 thousand, compared to net cash of Euro 34,940 thousand at the end of 2021, with cash absorbed in the amount of Euro 105,113 thousand.

The primary events affecting this indicator are as follows:

- in January 2022, the Parent Company completed the acquisition of the IPEG Group, for which a loan of Euro 100 million was obtained. The caption "Non-current financial debt (excluding the current portion and the debt instruments)" includes the fair value measurement of the earn-out in the amount of USD 21.8 million (Euro 20,441 thousand at December 31, 2022, equal to its maximum contractual value) which is expected to be paid in 2024 to the former shareholders of IPEG Inc., in accordance with contractual obligations;

- in May 2022, the Parent Company distributed dividends of Euro 5,093 thousand (Euro 6,721 thousand in 2021);

- in July 2022, the Parent Company paid Euro 1,018 thousand as the 2021 earn-out related to the acquisition of the Doteco Group;

- total investments for the period are Euro 5,838 thousand.

In addition, in 2022, the Parent Company received a research and development grant from the Italian Ministry for Economic Development in the amount of Euro 743 thousand and two subsidized loans, each in the amount of Euro 185 thousand, one from Italian Ministry for Economic Development and one from Region of Veneto.

Total investments for the period under review came to Euro 5,838 thousand (Euro 3,183 thousand in 2021).

Financial debt includes medium/long-term loans, mainly relating to the Parent Company and nearly entirely in euro, for Euro 140,003 thousand, of which Euro 32,692 thousand repayable within 12 months and the remaining Euro 107,311 thousand repayable in the medium/long-term.

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

As per the loan agreement, the Group has to comply with a series of financial and non-financial covenants in line with market practice, particularly in relation to the debt-to-EBITDA and equity-to-EBITDA ratios (as defined in the related agreement). These have to be tested every six months starting from December 31, 2022. At that date, Group performance was amply within the agreed covenants.

Non-current assets

Non-current assets represented by property, plant and equipment, right-of-use assets, intangible assets and equity investments, deferred tax assets and other non current-assets, amounted to Euro 215,602 thousand, increased of Euro 129,617 thousand, as a combined effect of amortization and depreciation and write-downs in the period, capex and the effects from the acquisition of the IPEG Group on January 31, 2022 (particularly with regards to intangible assets).

The figure at December 31, 2022, does not include the contribution of Toba Pnc of Euro 284 thousand, which has been reclassified among the caption "Assets held for sale and disposal groups".

(€/000)	December 31, 2022	December 31, 2021
Property, plant and equipment	43,047	36,795
Right of Use	22,109	16,059
Intangible assets	128,297	26.192
Equity investments	10,832	237
Other non-current assets	574	505
Deferred tax assets	10,744	6,197
Non current assets	**215,602**	**85,985**

At December 31, 2022, the net carrying amount of rights-of-use accounted for in agreement with IFRS 16 – Leases amounted to Euro 22.109 thousand (Euro 16,059 thousand for the previous year). The increase from December 31, 2021, is due mainly to the net effect of the consolidation of the IPEG Group, which had an impact on this aggregate of Euro 129,582 thousand.

Investments

Total investments for the period under review, excluding the acquisition of the IPEG group, came to Euro 5,838 thousand (Euro 3,183 thousand in 2021). Non-recurring investments amounted to Euro 2,430 thousand (Euro 900 thousand in 2021), or 0.5% of Revenues. They concerned the purchase of land and costruction in progress related to the subsidiary FEA within the scope of a project to expand the company's production facilities, initial investments regarding the construction of the new factory in China, and a number of investments by Piovan S.p.A. related to refurbishing the roof in order to install a new photovoltaic system on plants located in Santa

Maria di Sala. The quantity of energy consumed internally related to that generated by the photovoltaic system being installed is expected to be 73%.

Net trade capital and net working capital

Net working capital for the year ended December 31, 2022, was as follows:

Net working capital (amounts in €'000)	31st December 2022	31st December 2021
Trade receivables	89,771	55,390
Inventories	90,188	44,540
Contract assets for work in progress	6,374	4,519
Trade payables	(77,292)	(50,022)
Advance from customers	(50,248)	(31,042)
Contract liabilities for work in progress	(7,060)	(8,174)
Net trade capital	**51,734**	**15,211**
Tax receivables	5,469	4,517
Other current assets	13,156	5,290
Tax liabilities and social security contributions	(11,285)	(8,531)
Other current liabilities	(23,093)	(17,309)
Net working capital	**35,980**	**(821)**

Net working capital increased from December 31, 2021, by Euro 36,802 thousand, essentially due to the consolidation of the IPEG Group. Excluding this change, net working capital would have been Euro 9,989 thousand, increasing on December 2021 due mainly to an increase in semi-finished goods and components inventories related to order in progress at the end of the year.

The figure at December 31, 2022, does not include the contribution of Toba PNC, negative for Euro 651 thousand, as it this has been reclassified among assets held for sale and disposal groups and liabilities directly associated with assets held for sale and disposal groups. The sale of the subsidiary was finalized on January 31, 2023.

Medium/long term liabilities

(amounts in €'000)	31st December 2022	31th December 2021
Liabilities for employee benefits plans	5,445	6,512
Provision for risks and charges	4,956	2,681
Other non-current liabilities	3,295	2,416
Deferred tax liabilities	15,591	505
Medium/long-term liabilities	**29,286**	**12,114**

At December 31, 2022, medium/long-term liabilities increased Euro 17,172 thousand on the previous year.

The most significant changes may be attributed to consolidation of the IPEG Group and related financial effects at the acquisition date, such as the allocation of deferred taxes on the value of the intangibles arising from the purchase price allocation for a total of Euro 14,921 thousand at

December 31, 2022 (Euro 15,503 thousand at the acquisition date) and the inclusion of provisions for risks and charges in the amount of Euro 2,152 thousand as of December 31, 2022.

Cash conversion

The cash conversion index is calculated as adjusted EBITDA decreased by recurring investments as a percentage of adjusted EBITDA, and it came to 94.6% in 2022 (94,4% in 2021).

Performance of the Parent Company Piovan S.p.A.

The separate financial statements of the Parent Company, which we submit for your approval, reports for the year 2022 "Total revenues and other income" of Euro 134,982 thousand and a net profit of Euro 23,345 thousand.

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

Economic performance of Piovan S.p.A.

(€/000)	Economic performance indicators				Changes	
	2022	% on total revenue and other income	2021	% on total revenue and other income	2022 vs 2021	%
Revenue	132,343	98.0%	110,729	98.2%	21,614	*19.5%*
Other revenue and income	2,639	2.0%	2,023	1.8%	616	*30.5%*
TOTAL REVENUE AND OTHER INCOME	**134,982**	100.0%	**112,751**	100.0%	22,231	*19.7%*
EBITDA	**22,390**	16.6%	**19,608**	17.4%	2,782	*14.2%*
EBIT (operating profit)	**19,999**	14.8%	**17,007**	15.1%	2,992	*17.6%*
PROFIT BEFORE TAXES	**28,266**	20.9%	**18,075**	16.0%	10,191	*56.4%*
Income taxes	3,921	2.9%	3,870	3.4%	51	*1.3%*
NET PROFIT	**24,345**	18.0%	**14,204**	12.6%	10,141	*71.4%*
Basic earnings per share	**0.48**		**0.28**			
Diluted earnings per share	**0.47**		**0.28**			

Revenues

Revenue of the Parent Company Piovan S.p.A. in 2022 amounted to Euro 132,343 thousand, up on Euro 110,729 thousand in 2021 (+19.5%).

Revenues by market and region are described below.

Revenues by market and region

(€/000)	2022	%	2021	%
Plastic	115,225	87.1%	95,851	86.6%
Food & non plastic	162	0.1%	224	0.2%
Services	16,956	12.8%	14,654	13.2%
Revenues	**132,343**	**100%**	**110,729**	**100%**

Revenue by market indicates:

- Plastic Systems revenue increased compared to the previous year. This increase was driven by marked growth in (traditional and recycled) packaging and in consumer goods.

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

- the Services market posted revenue growth (+15.7%) on 2021, in line with expectations as defined in the Group's business plan.

(€/000)	2022	%	2021	%
EMEA	105,967	80.1%	92,660	83.7%
ASIA	6,504	4.9%	6,140	5.5%
NORTH AMERICA	14,959	11.3%	8,108	7.3%
SOUTH AMERICA	4,913	3.7%	3,821	3.5%
Revenues	**132,343**	**100.0%**	**110,729**	**100.0%**

In terms of geographical areas, the EMEA remains the Company's primary market, accounting for 80.1% of total revenue.

Other revenues and income

Other revenues and income amounts to Euro 2,639 thousand, up on Euro 2,023 thousand in the previous year (+30.5%). The item mainly includes revenues for rentals and transport on sales, as well as the contribution related to the Ministry for Economic Development project in the amount of Euro 744 thousand.

Contribution margin

The contribution margin amounts to Euro 64,304 thousand, up on Euro 50,549 thousand in the previous year (+27.2%), with an increase of Euro 13,775 thousand.

€/000	2022	2021
Total revenues and other income	134,982	112,751
Costs of raw materials, components and goods and changes in inventories	55,028	49,580
Variable cost of services	15,650	12,622
Contribution margin	**64,304**	**50,549**
Percentage of total revenues and other income	**47.6%**	**44.8%**

EBITDA

EBITDA amounts to Euro 22,390 thousand, up on Euro 19,608 thousand in the previous year (+14.2%), with an increase of Euro 2,782 thousand, having benefitted from the increase in sales volumes. This was partially offset by increases in the cost of raw materials and personnel expenses related to the increase in the workforce and improved results. EBITDA margin is 16.6% in 2022, compared to 17.4% in 2021.

EBIT

EBIT came to Euro 19,999 thousand, up from Euro 17,007 thousand in 2021 (+17.6%), an increase of Euro 2,992 thousand.

The EBIT Margin amounted to 14.8% of revenues, slightly down from 15.1% for the previous year.

Profit for the year

The profit for the year of Euro 24,345 thousand increased on Euro 14,204 thousand for 2021. This growth was mainly due to strong revenues, but it also includes a non-recurring effect related to the recognition of a patent-box gain for the period 2018-2022 in the amount of Euro 2,839 thousand.

Earnings per share

Earnings per share were Euro 0.48 in 2022 (Euro 0.28 in the previous year).

Financial performance of Piovan S.p.A.

Net financial position of Piovan S.p.A.

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

€/000	31.12.2022	31.12.2021
A. Cash	37,278	91,294
B. Cash equivalents	20,000	-
C. Other current financial assets	7,529	1,874
D. Liquidity (A+B+C)	**64,807**	**93,168**
E. Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	(44,755)	(64,516)
F. Current portion of non-current financial debt	(32,692)	(20,287)
G. Current financial indebtedness (E+F)	**(77,446)**	**(84,803)**
H. Net current financial indebtedness (G-D)	**(12,640)**	**8,365**
I. Non-current financial debt (excluding current portion and debt instruments)	(108,603)	(33,082)
J. Debt instruments	-	-
K. Non-current trade and other payables	(2,219)	(1,380)
L. Non-current financial indebtedness (I+J+K)	(110,822)	(34,462)
M. Total net financial position (H+L)	**(123,462)**	**(26,098)**

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

- regarding provisions, see Note [17] – Employee benefit plans and Note [18] – Provisions for risks and charges, which include sums of this type;

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

- the Company, at December 31, 2021, has also recognised the deferred portion of the purchase price for the acquisition of Doteco S.p.A., in the amount of Euro 1,018 thousand, among “Other current liabilities” which was paid in July 2022.

- commitments related to lease agreements that are not recognised as liabilities in accordance with IFRS 16 total approximately Euro 316 thousand.

The net financial position at December 31, 2022 was negative for Euro 122,170 thousand, compared to a negative amount Euro 26,097 thousand at the end of 2021, with cash absorbed in the amount of Euro 96,073 thousand.

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

The primary events affecting this indicator are as follows:

- in January 2022, the Parent Company completed the acquisition of the IPEG Group, for which a loan of Euro 100 million was obtained.

- in May 2022, the Parent Company distributed dividends of Euro 5,093 thousand (Euro 6,721 thousand in 2021).

- in July 2022, the Parent Company paid Euro 1,018 thousand as the 2021 earn-out related to the acquisition of the Doteco Group.

In addition, in December 2022, the Parent Company received a research and development grant from the Italian Ministry for Economic Development in the amount of Euro 744 thousand and two R&D loans, each in the amount of Euro 186 thousand, from the Region of Veneto and from the Sustainable Growth Fund.

Total investments for the period under review came to Euro 1,602 thousand (Euro 2,035 thousand in 2021).

Financial debt includes medium/long-term loans, mainly relating to the Parent Company and nearly entirely in euro, for Euro 140,003 thousand, of which Euro 32,692 thousand repayable within 12 months and the remaining Euro 107,331 thousand long-term.

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

Principal risks and uncertainties to which the Group is exposed

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

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

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

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

Risks associated with economic conditions

The global macro-economic picture may affect the Company's economic, equity and financial situation. However, the Company's and its subsidiaries presence in different geographical areas makes it possible to mitigate the overall risk and to benefit from possible improvements in some areas compared to others.

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

In the same way, the great geopolitical tensions deriving from the conflict between Russia and Ukraine lead to significant international humanitarian and social crises with major impacts on the people in these countries, as well as on the global economy and on the Group. The international sanctions, utilized as a deterrent for certain countries involved, had a significant impact on trades and a significant increase in prices of production factors, particularly in the energy sector, fueling the increase of the inflation. The central banks are trying to face this situation increasing interest rates. The situation is constantly evolving, and the Company is monitoring the situation closely to assess any impact it may have on the business.

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

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

Risks related to market performance

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

Credit risk

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

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

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

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

The Directors have not observed a deterioration in credit risk or in days of collection as a result of the COVID-19 pandemic and the continuation of the Russia-Ukraine conflict; therefore, it has not been necessary to make significant changes to how receivables are being managed. In addition, neither the payment terms applied nor the policies for managing credit risk have been changed, but we have prudently increased the level of monitoring of customer positions. See the Note “Trade receivables” for the aging of trade receivables.

Liquidity risk

The Group's overall debt, mainly relating to Piovan S.p.A., is principally fixed-rate and, even if increased in 2022 in order to finance IPEG’s acquisition, it remains on physiological level. Given the high level of liquidity available, the Group has a limited risk with regard to short-term maturities and therefore the risk associated with increase in interest rates, which have strongly increased during this period, is essentially linked to the limited portion of medium/long-term loans expressed at variable rates.

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

The Group has a balanced net financial position and has been able to generate positive cash flows that are considered sufficient to finance both its growing operations and investments. Expectations for future years are consistent with this historical trend and therefore the liquidity risk is considered limited overall. Furthermore, given the Group's performance, this risk is not believed to have been heightened either by the COVID-19 pandemic or the Russia-Ukraine war.

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

Market risk linked to the exchange rate

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

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

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

Market risk related to interest rate

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

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

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

Product and component price risk

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

Supply chain risks

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

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

Risks associated with climate change

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

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

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

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

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

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

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

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

Risks associated with information access and the IT system

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

The Group believes that all steps necessary to contain and manage these risks have been taken, and applicable laws and regulations have been adopted. Furthermore, the IT infrastructure and the applicative use are constantly monitored.

Innovation and sustainability

Financial year 2022 represent a fundamental milestone in the growth of the Group following the acquisition of the American group IPEG. With this acquisition, the Piovan Group is now an undisputed leader in the U.S. market and has further consolidated its global leadership, bringing revenue to more than Euro 500 million with a workforce of some 1,800 people. The Group's expansion will enable further growth in terms of the circular economy and digitalization investments (Industry 4.0). The Piovan Group has also gained a greater awareness of ESG topics and created clearer and more incisive action plans.

The operations of the Piovan Group are founded on three pillars:

Clients

Our approach to business has always been rooted in our relationship with our customers. We strive every day to build partnerships based on the creation and sharing of value, while promoting trust and providing solutions of excellence to achieve success.

Only by working in harmony with the customer can we reach our goals of environmental sustainability. In this way, it is possible to do things that would not have otherwise been possible for the Piovan Group alone, such as effective and efficient plastics recycling, through a cycle consisting of collection, preparation and reuse.

People

Businesses are made up of people, and our people are the true driving force behind the Piovan Group. Our shared values are the ultimate objective of all that we do.

People are fundamental to our philosophy of sustainability. First and foremost, our employees are able to count on an organization that values and motivates them and that provides a workplace that is ideally suited to developing their talents. The performance and success of a company come out of the well-being of the society in which it operates. Each and every day, the Piovan Group works to share knowledge and experience with the community in order to be a driver of sustainable development.

Innovation

Creating value for the customer through innovation has always been our strategic objective, right from the start. It is thanks to research, technological development, and the constant, determined exploration of new ways forward, as well as a keen awareness of our role, that we have been able to grow and to become a recognized leader.

It is possible to develop a path to environmental sustainability and make the transition to a circular economy only through real, concerted commitment to innovation in both products and processes. We believe in research and development and in sharing innovation with our customers, because only through this synergy can we take concrete action for the planet and its people. This is the only way to change our models of production and consumption. And it is the only way that sustainability can become a fundamental, integral part of our daily lives.

Piovan Group starts to define some goals, with the intention of actively contributing the achievement of some Sustainable Development Goals (SDGs) defined by the United Nations 2030 Agenda.

The definition of such goals – mapped with material topic of the Group – is the first step of this new path. In 2023 – in conjunction of IPEG group's integration – for each goal will be identified the application perimeter, relevant indicators, and a long-term target to contribute, once again, to a sustainable success, to keep improving.

Main aspects of SDGs goals of Piovan Group

Governance:

- Strengthen and harmonize Governance on ESG issue.
- Implementation of effective communication outside the Group regarding ESG issue.
- Spread within the Group values of integrity and professional ethics.

Climate change mitigation:

- Increase the use of green energy.
- Monitor Group's consumption to reduce emissions.
- Measure and reduce Group's indirect emissions to mitigate the climate change improve the disclosure on Group's Carbon Footprint.

Diversity & Inclusion:

- Support and encourage an inclusive work environment, offering equal opportunities.

Training:

- Support the development of employees' skills.

Quality and supply chain management

- Control the chemical that characterized the business activities.
- Strengthen suppliers' engagement and create a relationship that includes ESG issues.
- Strengthen the governance of the value chain.

Main aspects of the Piovan Group's ESG strategy

The main aspects of the Piovan Group's ESG strategy are summarized below.

Environment

Protecting the environment is an issue of great importance around the world. Issues regarding climate change, scarce resources and supply shortages require companies to use materials reasonably and efficiently. Plastic has a positive influence in this context thanks to the low environmental impact of plastic production.

Low climate footprint

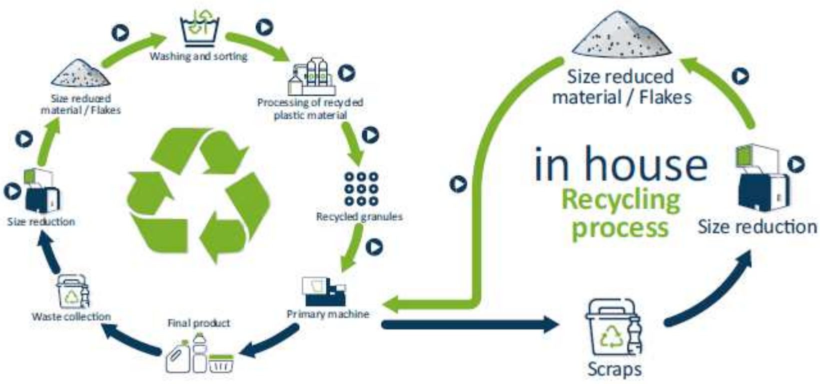
Plastics production is a process with a low environmental impact thanks both to the relatively low temperatures needed to melt it and to its light weight.

Lower use of scarce resources

Plastic has a low impact on scarce resources as it can be made from processing waste material, be it virgin or recycled (unlike other types of packaging, such as paper, which may contribute to deforestation). Its use also helps to conserve the planet's other scarce resources. It is estimated that the use of plastic packaging reduces food spoilage from 50% to 3%.

With (EU) Directive 2019/904, Europe is introducing a range of new regulations, including one that requires all PET bottles to contain at least 25% recycled plastic from 2025, and one that requires all beverage bottles to contain 30% recycled plastic from 2030.

The Piovan Group strives to be accelerators of sustainability, making a real, amplified contribution to the transition of the plastics value chain towards models within the circular economy. The ambition is to contribute to the European objective by raising awareness among its partners and helping them to reach 50% and 60% respectively, of the automations specifically for the use of recycled PET plastic in the packaging sector.



In continuing its objective the Group is increasingly committed to researching and developing advanced innovative technologies - allowing customers to use recycled polymers and obtaining a quality product with low environmental impact, cutting CO2 emissions and the consumption of scarce resources.

Since 2006, in fact the Group has built more than 300 plastic recycling plant and thousands of systems that make it possible to create new products out of recycled plastic. In 2022, the Company estimates that more than 25,3% of revenues within segments in which the use of recycled plastic is significant (mostly packaging, fibres, recycling and compound). This value is expected to strongly increase both as margin on sales (in 2021 it was 21,1%) and as absolute value, strengthening a positive trend, already noted in previous years.

The Company currently estimates that more than 25% of the automations sold in the packaging, fiber and recycling segments are being used in order to make use of recycled material. This figure excludes the contribution of IPEG.

Expenses and Investments in R&D

In 2022, the Group, including IPEG group, incurred costs and made investments in research and development for about Euro 18,544 thousand, equal to 3.5% of total revenues and other income (compared to Euro 9,644 thousand in 2021). Of the total, Euro 17,250 thousand concerned personnel operating in engineering for the execution of complex and innovative projects.

Excluding IPEG group, expenses and investments in R&D amounted to Euro 11,650 thousand, out of which Euro 10,602 thousand related to personnel.

Patents

In 2022, Piovan Group continued to invest in patent activity: 3 new patents were filed, bringing the number to 121 patent families, 14 of which are in the area of circular economy or linked to recycling.

R&D specialists

In 2022, the Group employed 297 staff members in the Engineering & Innovation department (+41% on 2021). Comparing like for like, i.e. without the IPEG group, staff members in the Engineering & Innovation department numbered 216.

In addition, as illustrated, the Piovan Group orients its business towards actions and behaviors that are as ecologically sustainable as possible. The approach adopted by Piovan SpA to certify its environmental management system as per international standard ISO 14001:2015 is to be considered within this context. In 2022, the two photovoltaic system installed on Aquatech's factory roof and on Piovan's logistic hub roof produced 322,470 kWh, fully self-consumed, against 2,266,629 kWh bought from the grid. Given the trend in the purchase price of electricity raw materials and the-increasing in consumption, Piovan has decided to upgrade the photovoltaic system by expanding the systems already present on the roofs of the Piovan and

Aquatech plants, making it possible to produce around 73% of its electricity needs in the locations where it will be installed.

The goal for the future is to further improve the energy efficiency of the production sites of the Italian companies of the Group.

In the interests of accelerating the sustainability of Group customers, we have created Energys S.r.l., a certified ESCo aiming to offer specific advice on what they can do to save energy, whether it be related to producing plastic or other materials. Energys S.r.l. offers services and technology to allow its customers to carry out detailed analyses of their energy consumption, identifying any potential energy or financial savings within the company.

Energys, as a certified ESCo, is authorized to manage the process for obtaining white certificates, which is done by presenting projects and operations necessary for their award. During 2022, Energys S.r.l. obtained 1,605 EECs, allowing its customers to save 11,392.08 GJ.

On March 10, 2020, the Company submitted an application with the Ministry for Economic Development ("MISE") based on the Agreements for Innovation (Ministerial Decree 24.05.2017) for a research and development project entitled "PIOVAN - Smart Factory", which concerns next-generation machinery for the processing of plastics in both granular and powdered form, including from the recycling process, which can be easily integrated into an interconnected system that can share data with customer systems. The project concerns the development of a series of advanced, highly efficient auxiliary machines for the storage, transport and processing of polymers in both granular and powder form that feature a greater level of control and can be easily integrated into an entire automated line. The ultimate goal of Piovan S.p.a. is to create an advanced, self-adapting system that will enable customers to run their factories with fewer defects, a better use of energy and other resources, and greater process safety, so as not to lose competitive advantage in the transition to Industry 4.0.

The project started in 2019 and was partially suspended due to COVID. The project was completed in August 2022. The total costs incurred from the start of the project to August 2022 subject to subsidies came to Euro 7,725 thousand. At the end of 2022, because of this project, the Group has received Euro 1,190 thousand as grant (out of which Euro 446 thousand in 2021), Euro 298 thousand as a subsidized loan MISE and Euro 298 thousand as easy-term loan from Regione Veneto.

Social

Piovan Group considers human resources an indispensable and essential element for the achievement of the objectives. Management and development of human resources is carried out with a view to fostering the skills, potential and commitment of every employee, using objective and documented evaluation criteria.

Diversity & inclusion

To increase inclusion, we promote the responsible participation and engagement of our staff, including by way of social dialogue, and we ensure free association with trade unions and the right to collective bargaining.

We want to maintain a constructive dialogue with the trade unions and with all other organizations that represent Piovan employees around the world.

In 2022, Piovan Group counts 1,804 employees, with an increase of 51% in respect of 2021. The acquisition of IPEG group contributed decisively to the increase in employees. Without the contribution of IPEG group the employees would have increased by 6% (69 employees).

	2020			2021			2022		
	MAN	WOMAN	TOTAL	MAN	WOMAN	TOTAL	MAN	WOMAN	TOTAL
MANAGERS	28	2	30	26	1	27	38	3	41
JUNIOR MANAGERS	63	9	72	63	8	71	94	14	108
WHITE COLLARS	503	164	667	523	173	696	788	254	1,042
BLUE COLLARS	371	8	379	387	15	402	682	31	613
TOTAL	**965**	**183**	**1,148**	**999**	**197**	**1,196**	**1,502**	**302**	**1,804**

Training

People are essential and so is their development. Investing in training does not only mean supporting our new arrivals, but also following them throughout their career training over time. The development and sharing of skills are key to the Company's success. This is why we focus not only on technical skills (in both production and in the service area) but also on soft skills like team working and change management. In 2022, the Group provided 48,202 hours of training. Excluding IPEG group the hours of training were 32,139 (+70% compared to 2021), equal to an average of 26.7 hours per person. Excluding IPEG group, the average hours per person amounted to 25.4, decisively increased in respect of 2021 (15.8 hours per person, +10 hours).

Occupational health and safety

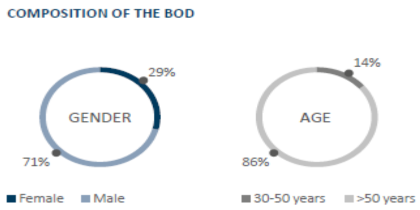
The health and safety of our people come before all else. Creating a safe, comfortable workplace for us means not only ensuring that we comply with applicable laws and regulations, but also constantly working to keep thorough risk analyses up to date and promoting a culture of health and safety. In confirmation of this commitment to occupational health and safety, Piovan S.p.A. obtained ISO 45001:2018 certification on November 26, 2019, for its offices, production site, and warehouse located in Santa Maria di Sala, Venice. It should also be noted that in 2022, Piovan S.p.A. passed the four-years check for the maintenance of ISO 45001 certification.

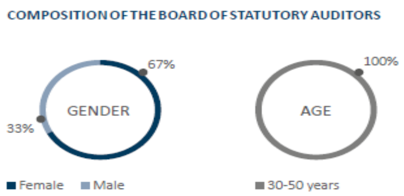
Governance

Piovan considers a proper governance structure and an effective Internal Control and Risk Management System to be key to its management and organization. These two elements take the form of tools, processes and entities deemed necessary and useful to oversee, manage and supervise Company operations, with a view to carrying out efficient and ethical business activities. The Company's corporate governance structure abides by the principles of Borsa Italiana S.p.A.'s Corporate Governance Code for listed companies (the "Corporate Governance Code").

Corporate Boards

The corporate boards that make up the Piovan S.p.A. governance system include: - Board of Directors
- Board of Statutory Auditors
- Internal Committees (Control, Risks and Sustainability Committee, Nomination and Remuneration Committee and Related Parties Committee).
- Shareholders' Meeting
- Supervisory Board





In addition, in 2021 the "Shareholder Communication Policy" document was published, which seeks to promote an open and ongoing dialogue with shareholders and the financial community.

Ethics Code

In order to clearly define core values and responsibilities, the Piovan Group has decided to adopt an Ethics Code which has been approved by the Parent Company Board of Directors and adopted by the subsidiaries. The Code is addressed to Directors, Statutory Auditors, management and internal employees, as well as all those who permanently or temporarily establish, for any reason, relationships and collaborations with Group companies in the pursuit of its corporate objectives.

Anti-corruption measures

The Board of Directors of Piovan S.p.A., by motion of August 2, 2018, adopted the Organization, Management and Control Model, as per Legislative Decree No. 231 of June 8, 2001, which was subsequently updated in response to changes in legislation and other business needs.

On September 16, 2019, the Italian subsidiaries Penta S.r.l., Aquatech S.r.l., Studio Ponte S.r.l., Progema S.r.l. and Energys S.r.l. decided, in line with Group policy, to adopt their own Organization, Management and Control Models, as per Decree 231, and Supervisory Boards. Moreover, in 2019, the Piovan Group's foreign subsidiaries adopted guidelines on Corporate Criminal Liability & Compliance, to create a standard set of organizational and behavioral principles for the Group, inspired by lawfulness, fairness, and transparency.

Important recognition in the Sustainable Economy and the Circular Economy

In 2022, the Piovan Group – by way of the subsidiary Pelletron, Inc. – was awarded a major order from NatureWorks, the world's leading producer of biopolymers, for the automation of a new, fully integrated plant in the Nahkhon Sawan Biocomplex in Thailand, which has a production capacity of 75,000 m of material per year. This is to be the second plant in the world built by NatureWorks, intended for the production of polylactic acid (PLA) to be sold under the Ingeo™ biopolymer brand, after the one built in Blair, Nebraska, in 2002 and subsequently expanded in 2013. PLA is a biopolymer that can be beneficial to the environment, given that it is made from renewable resources. It is made from the polymerization of lactic acid, which is produced by way of the fermentation of plant-based sugars.

We recall that in the first half of 2021 the product InspectaBe was selected as a finalist in the Machinery category of the prestigious Sustainability Awards 2021, whose purpose is to promote sustainable packaging. The international Sustainability Awards are organized by the industry journal Packaging Europe with the goal of promoting a culture of innovation and sustainability in packaging in response to emergencies such as pollution and climate change.

In addition, in November 2021, the Piovan Group obtained an ESG Risk Rating from Sustainalytics, a Morningstar company and leader in independent ESG research, ratings and data to support investors in the development and implementation of responsible investment strategies. The rating is based on a comprehensive analysis framework, which goes into greater depth than the core framework previously used by Sustainalytics to assess the Piovan Group.

In this regard, in 2022, the Piovan Group saw an improvement in our sustainability rating, ranking in the top 27% of all companies analyzed by Sustainalytics worldwide and in the top 5% among all companies in the Industrial Machinery segment, while earning the prestigious "Industry Top Rated" badge. In short, Piovan demonstrated the better performance in Environmental, Social and Governance aspects than 73 out of 100 and 95 out of 100, respectively, in the two rankings. The overall risk rating for the Group came to 20.5 points (vs. 21.9 in 2021). In addition to improving the ESG rating, Piovan was awarded the "Industry Top Rated" badge for the second year in a row and was confirmed among the top 50 companies in the Industrial segment.

This improvement for the Piovan Group was seen across nearly all indicators assessed: Corporate Governance, Business Ethics, Product Governance, Human Rights, Supply Chain, Carbon – Own Operations, Occupational Health and Safety. This strong performance was the result of a series of specific efforts made by the Group in line with our strategic objectives for growth and differentiation centered around professional ethics, human rights, health and safety, and human capital.

People

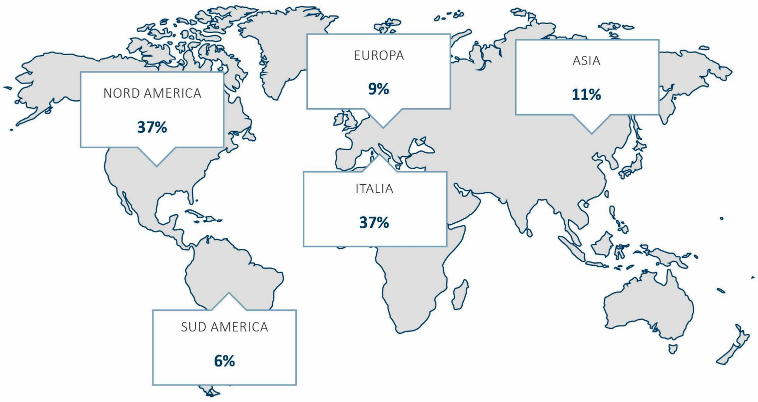
During 2022, the Group employed an average of 1,756 people - compared to 1,174 in 2021 - as activities grew in the various countries where the Group is present, and in the Parent Company. The distribution of operating personnel by category was as follows:

	31.12.2022		31.12.2022 excluding IPEG		31.12.2021	
	period end	average	period end	average	period end	average
Managers	41	37	34	30	27	29
Junior managers	108	109	77	76	71	72
White collars	1,042	1,015	737	720	696	676
Blue collars	613	595	417	411	402	397
Total	**1,804**	**1,756**	**1,265**	**1,237**	**1,196**	**1,174**

The average increase compared to the previous year was the result of 519 people related to the consolidation of the IPEG group and 63 people employed with the existing Group structure.

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

The Group workforce at December 31, 2022, by geographical area and by function is presented below:



The Parent Company figures follow:

	31.12.2022		31.12.2021	
	period end	average	period end	average
Managers	11	9	9	10
Junior managers	15	14	12	13
White collars	210	204	191	185
Blue collars	204	198	192	195
Total	**440**	**426**	**404**	**403**

Corporate Governance

The Corporate Governance and Ownership Structure Report was prepared in accordance with Article 123-bis CFA as a separate document approved by the Board of Directors on March 21, 2023, and is available on the Investor Relations section of company's website at www.piovan.com. The report is prepared in accordance with the recommendations of the Corporate Governance Code and in line with the format recommended by Borsa Italia S.p.A. for reports on corporate governance and ownership structure (9th edition, January 2022). The report provides a thorough description of the system of corporate governance adopted by Piovan S.p.A. It describes the Company's profile and its inspiring principles and provides information on the ownership structure and compliance with the Corporate Governance Code, including the main governance practices applied and the features of the internal control and risk management system. It also includes a description of the composition and functioning of the administration and control bodies and of their internal committees, along with related roles, responsibilities, and powers. The criteria for determining the fees paid to directors are detailed in the "Report on the Remuneration Policy and remuneration paid", drawn up in accordance with Article 123-ter of the Consolidated Finance Act and Article 84-quater of the Consob Issuers' Regulation and published in the section Investor Relations of the Company's website.

Events after the reporting period

Doteco Inc.

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

Sale of Toba Pnc

On January 31, 2023, the preliminary agreement was signed for the sale to minority interests of a 41% stake held by Piovan S.p.A. in Toba Pnc. As a result, Piovan S.p.A. now holds a 10% interest in Toba Pnc. The Group will be continuing to operate in Korea by way of both the minority interest in Toba Pnc and our direct presence in the country, development of which is ongoing.

Establishing of Piovan Indonesia

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

Resignation of a director

On January 26, 2023, the director Marco Stevanato resigned for personal reasons. Mr. Stevanato was a non-independent, non-executive director and held no additional positions on the Company’s committees. There are no indemnities or other benefits payable as a result of his conclusion of office. On March 21, 2023, Mr. Maurizio Bazzo was co-opted to the board and will remain in office until the next meeting of shareholders.

Acquisition of some assets from ProTec Polymer Processing Gmbh

On March 2023, Piovan Group, through the subsidiary FDM Gmbh, acquired from ProTec Polymer Processing Gmbh some assets related to Material Handling, Dosing e Recycling markets, with the aim of growing in the Service and After Sales markets.

Except for the ongoing Russia-Ukraine war and the events specified above, there were no other significant events after the reporting date.

Outlook

The Group confirms its desire to continue along the strategic path undertaken, the Group is focused on increasing its contribution to the circular economy by developing products and solutions for the recycling value chain, increasing acquisitions, and working to achieve greater market share in the Food & Non-Plastic segment.

With regard to future acquisitions, and given the completion of the IPEG, Inc. acquisition on January 31, 2022, it is reasonable to assume that 2023 will be dedicated to the strategic integration, defined in 2022, of this industrial group in order to take full advantage of the company's strategic potential, given also its importance within the Group.

In this sense, integration of the two organizations will enable:

- The strengthening of the global leadership of the Piovan Group in automation solutions for the handling of plastic polymers and food powders
- The consolidation of our competitive positioning in North America, where the Piovan Group will become the industry's largest player
- An expansion of our presence in Mexico and Asia
- Growth of the Indian market
- Development of the best talent and human capital by way of the sharing of best practices between the two organizations

Although the Group's focus in 2022 is on reducing debt as a result of the operation, Piovan remains interested in companies with products/technologies that can expand the value chain served by the Group, and we will continue to assess potential opportunities for acquisitions and external growth.

With regard to developments in European legislation concerning the production and use of plastic, there is a possibility of changes in the marketplace. In particular, legislation could promote the use of recycled plastic or biodegradable polymers at the expense of virgin, petroleum-based polymers.

For the Piovan Group, this European legislation represents an opportunity to sell technologies developed in recent years for the automation, processing and screening of recycled and biodegradable plastics, sectors in which the Group has developed a strong leadership also thanks to several patents related to recycling and where it has a technological advantage over its competitors. The Company currently estimates that more than 25% of the automations sold in the packaging, fiber and recycling segments are being used in order to make use of recycled material. This figure excludes the contribution of IPEG.

Since 2006, the Group has built more than 350 plastic recycling plant and thousands of systems that make it possible to create new products out of recycled plastic.

Piovan is already engaged at various levels in the process of change and is committed to providing solutions to the market for a circular economy, particularly in researching and developing advanced innovative technologies - allowing customers to use recycled polymers and obtaining a quality product with low environmental impact, cutting CO_2 emissions and the consumption of scarce resources.

On the strength of record performance in 2021, the Company looks to organic growth for the future with great optimism despite the uncertainties related to the geopolitical environment. The Piovan Group has a presence in many geographical areas and in a diverse range of industries, which will certainly mitigate the overall risk tied to the current crisis. The most resilient markets (e.g. medical, flexible packaging) remain encouraging, and it is reasonable to expect a recovery in the most cyclical industries (e.g. automotive, construction).

The order backlog at December 31, 2022, exceeded historical levels for the Group as a result of a good level of new orders received during the year and in the first few months of 2023.

In spite of these positive factors, risks remain with regard to the continuing repercussions of the Russia-Ukraine war, with consequent impact on the economy, and the supply chain issues that have caused slowdowns in procurement, fueling further inflation in many of these countries and which could remain high for longer than originally forecast.

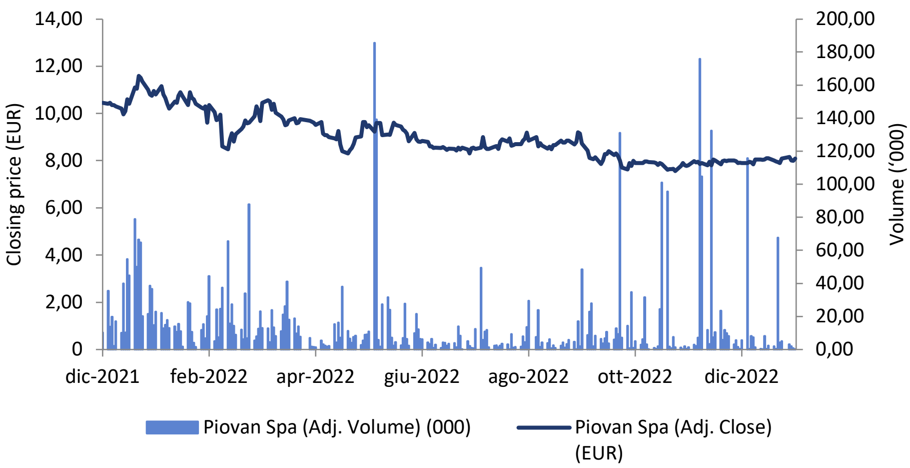
Other information

Share performance

Share performance in 2022 decreased by 29.3%, going from Euro 10.45 at December 30, 2021, to Euro 8.08 per share at December 30, 2022. In 2022, Piovan's share performed very well in January, when it reached a high of Euro 11.6 per share on the strength of the acquisition of the IPEG group, before fluctuating markedly throughout the rest of 2022, in line with the trends of the financial markets following the outbreak of the Russia-Ukraine war. The average price of the share for the year was Euro 8.97 per share, with the high of Euro 11.60 being reached on January 19, 2022. The share closed the year on December 30, 2022, at Euro 8.08 per share for a total market capitalization of about Euro 433 million. Share trading reached a total volume of 4.12 million on average daily trading for the period of about 16,000 shares. As at December 31, 2022, Piovan share capital, in the amount of Euro 6,000,000, was composed as follows: 58.35% held by Pentafin S.r.l.; 9.282% held by 7 Industries Holding; 27.48% held by the broader market; and 4.89% held in treasury shares.

MAIN DATA		31 december 2022	31 december 2021
Share capital	eur	6,000,000	6,000,000
Ordinary share	*number*	53,600,000	53,600,000
- of which treasury share	*number*	*2,670,700*	*2,670,700*
Market capitalization	eur/milion	433	560

PERFORMANCE		31 dicembre 2022	31 dicembre 2021
Closing price	eur	8.08	10.45
Maximum Price	eur	11.60	10.87
Minimum Price	eur	7.56	4.87
Mid price	eur	8.97	7.64



Transactions with parent companies, subsidiaries and associated companies

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

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

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

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

Related party transactions

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

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

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

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

Transactions with related parties are commented upon in the consolidated financial statements at Note 39, to which reference should be made for further information.

Atypical and/or unusual transactions

There were no significant atypical and/or unusual transactions concerning the Parent Company Piovan S.p.A. or the Piovan Group in 2022.

The environment and personnel

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

Treasury shares or parent company shares in portfolio

Pursuant to Article 2428, paragraphs No. 2, No. 3 and No. 4 of the Civil Code we report that the company holds at December 31, 2021 2,670,700 treasury shares, for a total value of Euro 2,249,744, recorded in the financial statements as a reduction of net equity under the account Treasury shares in portfolio reserve, after, which on August 2, 2018, the Shareholders' Meeting approved the cancellation of 6,400,000 treasury shares held in portfolio by the company, maintaining the share capital unchanged. No other company in the Group holds treasury shares or shares of the parent company.

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

Compliance with the Issuers' Regulation

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

Legislative Decree No. 231/2001

The Board of Director's meeting of August 2, 2018 adopted the Organization, Management and Control Model in accordance with the provisions of Legislative Decree No. 231/2001 of June 8, 2001 in relation to administrative responsibility of legal persons.

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

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

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

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

Consolidated Non-Financial Statement

The company, in accordance with Article 5, paragraph 3, letter b of Legislative Decree 254/2016 has drawn up the consolidated non-financial information as a separate report. The 2022 consolidated non-financial information report, drawn up as per the GRI Standards, is available on the Company website www.piovan.com/investors/investor-relations/#financial-statements.

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

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

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

At December 31, 2022, the subsidiaries incorporated and governed by the laws of states not belonging to the European Union, in accordance with Article 15, paragraph 1, of Consob Regulation No. 20249 of December 28, 2017, were Piovan Do Brasil LTDA, Piovan Mexico Sa, Piovan Plastics Machinery Co. Ltd, Universal Dynamics Inc., Piovan Asia Pacific Ltd, Toba PNC, and Piovan Canada Ltd, Piovan North America Inc. and all the subsidiaries of the IPEG group. See the paragraph "List of investments included in the consolidated financial statements and other investments" for a detail of consolidated companies and countries of origin. The subsidiaries incorporated and governed by the laws of states not belonging to the European Union fulfill the requirements as per paragraph 1 of this article.

Sovereign debt exposure

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

Management and co-ordination activity

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

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

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

Off-balance sheet agreements

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

Group and consolidated tax procedure

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

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

Alternative performance measures

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

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

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

Compared to the previous year, taking into consideration the acquisition of the IPEG group in early 2022, it has been decided to supplement the alternative performance indicators monitored by the Group to include adjusted EBITDA. The indicators *Contribution Margin* and *Cash Conversion* have also been added.

EBITDA

EBITDA is composed by the following items: (i) + income taxes, (ii) - profit/(loss) from investments measured at equity, (iii) - income/(charges) from valuation of liabilities for options granted to minority shareholders,

(iv) - exchange gains/(losses), (v) + financial expenses, (vi) - financial income, (vii) + amortization, depreciations and write-downs and (viii). The EBITDA Margin is calculated as a percentage on the total revenues and other income.

Adjusted EBITDA

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

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

(b) disposal of non-current assets:

- disposals of assets related to discontinued operations;

- transaction costs, fees and expenses incurred by Group companies for negotiations of acquisitions in progress or completed in the period, including taxes, notary costs, and contract registration costs.

A reconciliation of reported and adjusted EBITDA is provided above.

EBIT

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

Contribution Margin

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

Net Financial Position

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

Cash conversion

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

Research and Development Costs

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

Recurring Capex and Non-recurring Capex

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

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

Net Trade Working Capital

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

Net Working Capital

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

Reconciliation between parent net equity and net result and group net equity and net result at December 31, 2022

A breakdown of the composition and movement of shareholders' equity of the parent company and the Group consolidated financial statements at December 31, 2022 is presented in the following table:

	31.12.2022		31.12.2021	
€/000	**Equity**	**Net Profit**	**Equity**	**Net Profit**
Equity and net profit attributable to the owners of the parent	**82,577**	**24,346**	**62,233**	**14,204**
Elimination of the book value of consolidated shareholdings (Differences between book value and relevant shareholders' equities)	57,080	11,229	40,182	12,732
IAS 32 Put Option	(481)	260	(741)	1,124
Elimination of the effects of transactions between consolidated companies	(4,247)	(994)	(3,222)	286
Shareholders' equity and fiscal year result in the consolidated financial statements	134,929	34,841	98,451	28,346
Shareholders' equity and fiscal year result attributable to minority interests	(1,818)	253	(1,447)	(671)
Shareholders' equity and fiscal year result attributable to the Group	**133,111**	**34,588**	**97,004**	**27,676**

Allocation of the result for the year

Piovan S.p.A. realized in 2022 a net profit equal to Euro 24,345,719, The Board of Directors proposes to allocate the net profit as follow:

- to distribute a dividend amounting to € 0.20 for each share with profit rights (excluding therefore treasury shares held by the Company, in agreement with art. 2357-ter, comma 2, Civil Code) totaling € 10,206,492.20;
- to allocate the remainder, equal to € 14,139,226.80, to the extraordinary reserve.

Dear Shareholders,

we trust that you will be in agreement with the criteria for the preparation of the financial statements for the year ended December 31, 2022, and we invite you to approve them.

The Executive Chairman

Nicola Piovan

CONSOLIDATED FINANCIAL STATEMENTS OF THE PIOVAN GROUP

Consolidated Financial Statements

Consolidated statement of financial position

(thousands of Euro)

ASSETS	Notes	31.12.2022	*of which related parties*	31.12.2021	*of which related parties*
			Other information	(*)	*Other information*
NON-CURRENT ASSETS					
Property, plant and equipment	**Note 1**	43,047		36,795	
Right of Use	**Note 2**	22,109	*243*	16,059	*174*
Intangible assets	**Note 3**	128,297		26,192	
Equity investments	**Note 4**	10,832		237	
Other non-current assets	**Note 5**	574		505	
Deferred tax assets	**Note 6**	10,744		6,197	
TOTAL NON-CURRENT ASSETS		**215,603**		**85,985**	
CURRENT ASSETS					
Inventories	**Note 7**	90,188		44,540	
Contract assets for work in progress	**Note 8**	6,374		4,519	
Trade receivables	**Note 9**	89,771	*105*	55,390	*184*
Current financial assets	**Note 10**	6,815		1,589	
Tax receivables	**Note11**	5,469		4,517	
Other current assets	**Note 12**	13,156	*345*	5,290	*23*
Cash and cash equivalents	**Note 13**	94,365		118,505	
TOTAL CURRENT ASSETS		**306,138**		**234,350**	
Assets held for sale and disposal groups	**Note 14**	**1,269**		**-**	
TOTAL ASSETS		**523,010**		**320,335**	

(*) Figures restated because of the item "Rights of use assets" previously included in the item "Tangible assets"

LIABILITIES AND EQUITY	Notes	31.12.2022	of which related parties	31.12.2021	*of which related parties*
			Other information		*Other information*
EQUITY					
Share capital	**Note 15**	6,000		6,000	
Legal reserve	**Note 15**	1,200		1,200	
Reserve for own shares in portfolio	**Note 15**	(2,208)		(2,250)	
Translation reserve	**Note 15**	3,952		(1,104)	
Other Reserves and retained earnings	**Note 15**	89,579		64,811	
Net profit (loss)	**Note 15**	34,588		28,347	
Equity attributable to the owners of the parent		**133,111**		**97,004**	
Equity attributable to non-controlling interests	**Note 16**	1,819		1,447	
TOTAL EQUITY		**134,930**		**98,451**	
NON-CURRENT LIABILITIES					
Long-term loans	**Note 18**	107,311		32,479	
Non-current financial liabilities	**Note 18**	35,459	*179*	9,440	*121*
Employee benefits plans	**Note 19**	5,445		6,512	
Provision for risks and charges	**Note 20**	4,956		2,681	
Non-current liabilities for options granted to non-controlling interest	**Note 21**	-		-	
Other non-current liabilities	**Note 22**	3,295	*543*	2,416	*496*
Deferred tax liabilities	**Note 6**	15,591		505	
TOTAL NON-CURRENT LIABILITIES		**172,057**		**54,033**	
CURRENT LIABILITIES					
Current portion of long-term loans	**Note 18**	32,692		20,584	
Current bank loans and borrowings	**Note 18**	7,001		29,001	
Current financial liabilities	**Note 18**	3,503	*63*	2,447	*56*
Trade payables	**Note 23**	77,292	*762*	50,022	*955*
Advance from costumers	**Note 24**	50,248		31,042	
Contract liabilities for work in progress	**Note 8**	7,060		8,174	
Current liabilities for options granted to non-controlling interests	**Note 21**	481		741	
Tax liabilities and social security contributions	**Note 25**	11,285		8,531	
Other current liabilities	**Note 26**	23,092	*603*	17,309	*2,727*
TOTAL CURRENT LIABILITIES		**212,654**		**167,851**	
Liabilities associated with assets held for sale	**Note 14**	**3,369**			
TOTAL LIABILITIES		**388,080**		**221,884**	
TOTAL LIABILITIES AND EQUITY		**523,010**		**320,335**	

Consolidated statement of profit and loss

(thousands of Euro)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS	Notes	31.12.2022	*of which related parties*	31.12.2021	*of which related parties*
			Other information		*Other information*
Revenue	**Note 27**	519,801	*72*	280,036	*343*
Other revenue and income	**Note 28**	11,594		6,993	
TOTAL REVENUE AND OTHER INCOME		**531,395**		**287,029**	
Costs of raw materials, components and goods and changes in inventories	**Note 29**	239,706	*2,925*	115,536	*2,518*
Services	**Note 30**	106,113	*1,598*	59,474	*1,433*
Personnel expenses	**Note 31**	119,660	*1,199*	68,446	*1,101*
Other expenses	**Note 32**	4,295		2,421	
Amortisation and depreciation	**Note 33**	16,929	*57*	7,526	*71*
TOTAL COSTS		**486,703**		**253,403**	
OPERATING PROFIT		**44,692**		**33,626**	
Financial income	**Note 34**	743		471	
Financial Expenses	**Note 34**	(2,727)	*(2)*	(667)	*(1)*
Net exchange rate gains (losses)	**Note 35**	2,410		57	
Gains (losses) on liabilities for option granted to non controlling interests	**Note 36**	260		1,124	
Profit (losses) from equity investments carried at equity	**Note 37**	972		139	
PROFIT BEFORE TAXES		**46,350**		**34,750**	
Income taxes	**Note 38**	11,509		7,074	
NET PROFIT		**34,841**		**27,676**	
ATTRIBUTABLE TO:					
Owners of the parent		34,588		28,347	
Non-controlling interests		253		(671)	
Earnings per share					
Basic earnings per share (in Euros)	**Note 17**	**0.68**		**0.56**	
Diluted earnings per share (in Euros)	**Note 17**	**0.67**		**0.55**	

Consolidated statement of comprehensive income

(thousands of Euro)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	31.12.2022	31.12.2021
Net profit	**34,841**	**27,676**
Items that may be subsequently reclassified to profit or loss:	-	-
- Exchange rate differences	5,501	2,652
Other items valued using the equity method	(445)	
Items that may not be subsequently reclassified to profit or loss:	-	-
- Actuarial gains (losses) on employee benefits net of the tax effect	819	(77)
- Actuarial gains on agents' termination benefits net of the tax effect	18	(24)
Total Comprehensive income	**40,734**	**30,227**
attributable to:	-	-
- Owners of the parent	40,481	30,898
- Non-controlling interests	253	(671)

Consolidated statement of cash flow

(thousands of Euro)

Consolidated Statement of Cash Flow	31.12.2022	of which related parties	31.12.2021	of which related parties
OPERATING ACTIVITES			(*)	
Net profit	***34,841***		***27,676***	
Adjustments for:				
Amortisation and depreciation	16,930		7,526	
Provision	3,018		1,052	
Net non-monetary financial (income)	1,983		(69)	
Change employee benefits liabilities	(126)		(1,104)	
- (Plus) or minus from disposal of fixed assets and investments	-		(21)	
- Unrealized currency exchange rate (gains) losses	(2,117)			
Non-monetary changes related to liabilities for options granted to non-controlling interests	(260)		(1,124)	
Investment equity valuation	(972)		(82)	
Other non-monetary variations	2,841		(1,544)	
Taxes	11,509		7,074	
Cash flows from operating activities before changes in net working capital	**67,647**		**39,384**	
(Increase)/decrease in trade receivables	(13,090)	*79*	(12,957)	*(172)*
(Increase)/decrease in inventories	(15,440)		(7,194)	
(Increase)/decrease in conctract assets and liabilities for work in progress	(439)		5,031	
(Increase)/decrease in other current assets	(2,713)	*(322)*	(3,000)	*8*
Increase/(decrease) in trade payables	8,437	*(193)*	10,546	*412*
Increase/(decrease) in advance from customers	2,754		10,971	
Increase/(decrease) in other current liabilities	(113)	*(2,124)*	2,921	*2,299*
(Increase)/decrease in non-current assets	(107)		(814)	
Increase/(decrease) in non-current liabilities	(114)	*46*	2,524	*496*
Income taxes paid	(14,202)		(7,957)	
CASH FLOWS FROM OPERATING ACTIVITIES (A)	**32,620**		**39,455**	
INVESTING ACTIVITIES				
(Investments) in property, plant and equipment	(5,112)		(2,724)	
Disinvestments in property, plant and equipment	168		110	
(Investments) in intangible assets	(728)		(568)	
Disinvestments in intangible assets	27		-	
Disinvestments/(investments) in financial assets	(5,226)		3,626	
Deferred price from the acquisition of controlling interest	(1,018)		(6,697)	
Business combinations net of the acquired cash	(100,470)			
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (B)	**(112,359)**		**(6,253)**	
FINANCING ACTIVITIES				
Issuance of bank loans	109,694		15,000	
Repayment of bank loans	(21,915)		(16,141)	
Change in current bank loans and borrowings	(22,000)		7,696	
Repayment of bonds	(1,985)		(345)	
Increase/(decrease) in other financial liabilities	(2,795)	65	(1,696)	(769)
Dividends paid	(5,193)		(6,721)	
CASH FLOWS USED IN FINANCING ACTIVITIES (C)	**55,806**		**(2,207)**	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A ± B ± C)	**(23,933)**		**30,995**	
EFFECT OF EXCHANGE RATE CHANGES ON BALANCE OF CASH HELD IN FOREIGN CURRENCY	**(40)**		**58**	
Cash and cash equivalent related to assets and liabilities held for sale (-)	**167**		**-**	
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (E)	**118,505**		**87,452**	
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (G=D+E+F)	**94,365**		**118,505**	

(*) Restated as further explained in paragraph “Form and content of the consolidated financial statements”, “Financial statements – Consolidated statement of cash flow”

Statement of changes in consolidated shareholder's equity

(thousands of Euro)

	Share Capital	Legal reserve	Treasury shares	Translation reserve	Other reserves and retained earnings	Profit for the year attributable to the owner of the parent	Equity attributable to the owners of the parent	Equity attributable to non-controlling interests	TOTAL EQUITY
Balance at Jan, 1st, 2021	**6,000**	**1,200**	**(2,250)**	**(3,756)**	**53,576**	**17,643**	**72,414**	**2,219**	**74,632**
Allocation of prior year profit	-	-	-	-	17,643	(17,643)	-	-	-
Distribution of dividends	-	-	-	-	(6,621)	-	(6,621)	(100)	(6,721)
Incentive plans	-	-	-	-	314	-	314	-	314
Reclassification	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	2,652	(101)	28,347	30,898	(671)	30,227
Balance at December 31th, 2021	**6,000**	**1,200**	**(2,250)**	**(1,104)**	**64,811**	**28,347**	**97,004**	**1,447**	**98,451**

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

Notes to the Consolidated Financial Statements

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

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

At December 31, 2022, of the Company's total share capital, in the amount of Euro 6,000,000, 58.35% was held by Pentafin S.p.A., while the remainder was distributed among private shareholders and in treasury shares.

The Company is the holding company of a group of companies operating in Italy and internationally (the "Group" or "Piovan Group") in automation systems for the storage, transport and processing of plastics ("Plastic Systems"), automation systems for the storage and transport of food powders and non plastics ("Food Systems & non plastic") and technical assistance and marketing of spare parts and services ("Services"). The Group is among the world leaders in the Plastic Systems market in the design and production of plants and control systems for the automation of all phases of the plastics production cycle.

The plants and systems developed, produced and marketed by the Group automate and improve the performance of all the various phases of the production and transformation process of plastics, food powders and non plastic powder. The technical solutions proposed by the Group include, for both the Plastic Systems and Food and non plastic markets: (i) the design of machinery and engineering solutions; (ii) the production of plants and systems; and (iii) the installation at the customer's production facilities. In addition, the Group provides its customers with specific technical support from the preliminary design phase to the installation and start-up of the plant and machinery, ensuring ongoing support in order to guarantee optimal operation of the products installed.

The Group at December 31, 2022, comprised of 44 companies located on 4 continents, of which 14 production companies and 30 commercial and service companies.

The Consolidated Financial Statement is prepared according to the provisions of Delegated Regulation (EU) 2019/815 of the European Commission. In this regard, it should be noted that some information included in the explanatory notes, when extracted in XHTML format in an XBRL instance, due to certain technical limitations, may not be reproduced in an identical manner with respect to the corresponding information viewable in the Consolidated Financial Statements in XHTML format.

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

Declaration and basis of preparation of the consolidated financial statements

The consolidated financial statements of the Piovan Group at December 31, 2022, have been drawn up in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission in accordance with the procedure laid down by Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament and Council dated July 19, 2002.

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

The IFRS consolidated financial statements at December 31, 2022, include the results of the parent company and of the subsidiaries.

It should be noted, when comparing the figures provided for the previous year, one must take into account the fact that the IPEG group was acquired in 2022. It is also important to note that the figures for 2022 include the performance of the IPEG group for just 11 months, given that the acquisition was completed at the end of January 2022.

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

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

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

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

The Board of Directors of Piovan S.p.A. approved these consolidated financial statements on March 21, 2023.

Implications of the COVID-19 pandemic

The COVID-19 pandemic, which spread around the globe in 2020, has continued into 2021 and also 2022. As noted, this emergency - and above all the lockdown policies imposed by various governments - have had widespread repercussions in many sectors of the world economy. The medium-term outlook is gradually improving thanks to the beginning of the vaccination campaigns in 2021 in various nations, although the macroeconomic landscape continues to feature a great deal of uncertainty due to new waves and variants of the virus, as cases are on the rise in many countries.

The Group has a presence in many geographical areas and in a diverse range of industries. This has therefore made it possible, as previously indicated, to mitigate the overall risk.

In 2022, all Piovan Group companies remained fully operative, with minimum interruptions, having adopted measures and protocols to protect employees as per applicable local regulations.

The backlog at December 31, 2023 continues to reflect the strong order intake in the initial months of 2023. The Group is therefore optimistic about the future, a view supported, in part, by completion of the current vaccine roll-out, the safety protocols put in place at all facilities, and assuming there is no worsening in the spread of the COVID-19 virus, which could have consequences that cannot currently be foreseen.

Russia-Ukraine conflict

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

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

The group has only limited exposure in the areas impacted by the war (i.e. Ukraine, Russia, Belarus) in either sales or purchases. Based on figures for 2022, and including the recent acquisition of IPEG, Inc., consolidated revenue generated by the Group in Russia, Belarus and Ukraine is 0.3% of the total.

The situation is constantly developing and the Company - also with the support of external consultants - is monitoring the situation and the international rules closely to assess any impact of the conflict on its operations.

However, the indirect effects of the Russia-Ukraine conflict may indicate that one or more impairment indicators exist. For the Annual Report, management therefore made assessments in this regard. In particular, with regards to the Group overall, management did not identify indicators of impairment, taking account of the fact that (i) despite negative stock markets, the company's capitalization at December 31, 2022 remains comfortably above consolidated shareholders' equity at the same date, (ii) the order portfolio remains at good levels, in line with the Group's usual volumes, (iii) the net financial position was not impacted by the altered general economic environment and the new funding is at fixed interest rates, (iv) operating performance in 2022 was very strong, both in terms of revenues and margins.

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

The situation is constantly developing and the Company - also with the support of external consultants - is monitoring the situation and the international rules closely to assess any impact of the conflict on its operations.

Form and content of the consolidated financial statements

Financial statements

Consolidated statement of financial position

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

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

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

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

Compared to the annual financial statements at December 31, 2021, and the interim financial statements presented in 2022, we have decided to break out “Right-of-use assets” from property, plant and equipment for the purpose of providing more detailed information. The comparative figures at December 31, 2021, have therefore been restated to take account of this change.

Consolidated income statement

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

Consolidated statement of comprehensive income

With the adoption of IAS 1 Revised the company decided to present the comprehensive income statement in a separate statement. The “comprehensive income statement”, prepared in accordance with international accounting standards, shows the revenue and cost items which are not recorded in the income statement but recorded directly to equity. Compared to the Annual Financial Report at December 31, 2021, and the interim financial reports presented in 2022. Following the acquisition of IPEG and of the associated company NuVu, we have decided to add the item “Other comprehensive income/(expense) which may be subsequently reclassified to income/(loss) for the year”.

Consolidated statement of cash flows

The Cash Flow Statement is presented using the indirect method. The cash and cash equivalents included in the cash flow statement include the balance sheet captions at the reporting date. Interest income and expense, dividends received and income taxes are included in the cash flow generated from operating activities with the exception of interest matured on securities available-for-sale, included in financial cash flows generated from financial management. The cash flow deriving from operating activities, investment activities, the change in the non-current financial position and short-term payables as well as current financial assets are shown separately. Where not specified, the exchange gains and losses are classified under operating activities as these refer to the translation into Euro of trade receivables and payables. Compared to the annual financial statements at December 31, 2021, and the interim financial statements presented in

2022, we have decided to break out “(Increases)/decreases in contract work in progress” (previously included among “(Increases)/decreases in other current assets”) for the purpose of providing more detailed information. We have also decided to break down investments and divestments related to both property, plant and equipment and intangible assets that were previously included under property, plant and equipment. The comparative figures at December 31, 2021, have therefore been restated to take account of this change.

Statement of changes in Consolidated Shareholders’ Equity

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

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

Consolidation principles and basis

The consolidated financial statements include the financial statements at December 31, 2022, using the full consolidation approach, of Piovan S.p.A. and all the Italian and foreign companies in which the Parent Company directly or indirectly holds a controlling interest.

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

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

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

Associated companies are measured under the equity method.

Other information in the Explanatory Notes outlines the companies included in the consolidation scope at December 31, 2022.

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

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

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

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

Subsidiary companies:

- the assets and liabilities, the revenues and costs, of the consolidated companies are consolidated using the line-by-line method, eliminating the book value of the investments held by the parent company against the related shareholders' equity. Any differences are recognized in accordance with IFRS 10 "Consolidated Financial Statements" and IFRS 3 "Business Combination"; minority interests are recorded at the fair value of the assets and liabilities acquired without recording any goodwill;
- Group companies are deconsolidated when control no longer exists;
- receivables and payables, revenues and costs and significant transactions with companies included in the consolidation are eliminated, including dividends distributed within the Group. Unrealized profits are also eliminated, as are profits and losses deriving from operations between Group companies.
- minority interest shareholders' equity is recorded in a specific account under equity; the minority interest share of the result is recorded in a separate account in the income statement.

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

- the standardization of accounting standards, where necessary;
- recognition of the group's share of the profit or loss after the date of acquisition;
- changes due to differences in the equity of the shareholding that were not recognized through profit or loss in accordance with applicable financial reporting standards;
- dividends distributed by the shareholding;
- any differences arising at the time of the acquisition (measured in accordance with the principles described in the paragraph "Business combinations") and handled in application of applicable financial reporting standards;

- the profits and losses deriving from the application of the equity method are recorded in the income statement;
- any adjustments from impairment tests.

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

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

Business Combination

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

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

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

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

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

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

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

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

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

Information on acquisitions of the year – IPEG Inc. group

On January 31, 2022, and in accordance with the preliminary agreement signed on December 13, 2021, Piovan S.p.A. completed the acquisition of IPEG Inc., which took place through the merger of Sewickley Capital, Inc., owner of 100% of IPEG Inc., into a newly incorporated company in Delaware, Piovan North America LLC, wholly-owned by Piovan.

IPEG, Inc. is a Delaware company active in industrial automation for transportation and the handling of polymers and in the production of industrial refrigeration systems, with branches in the United States, India, Mexico, Germany, China, Taiwan, and Singapore. The company operates under 4 main brands: Conair, Thermal Care, Pelletron, and Republic Machine. IPEG has 4 facilities in the United States and one in India through the joint venture Nu-Vu Conair.

The amount to be paid for the acquisition was set at USD 152,304 thousand, Euro 130,723 thousand of which was paid on the closing date. The remaining USD 21,802 thousand was recognized among other non-current financial liabilities for the estimated earn-out to be paid in 2024 upon reaching certain group EBITDA growth targets over the period 2021-2023. Given that the achievement of these targets is currently considered probable, management considered this amount to be a part of the acquisition payment and has therefore recognized the payable to the sellers.

Upon completing the acquisition, and to protect the interests of the Group, a portion of the acquisition price paid to the selling shareholders, in the amount of approximately USD 15,000 thousand, was deposited in escrow accounts in order to meet the obligations resulting from the price adjustment mechanisms (for USD 10,000 thousand) and contingent liabilities identified during the due diligence process (for about USD 5,000 thousand).

In January 2022, in order to complete this acquisition, a 6-year Euro 100 million fixed-rate loan with an annual interest of 1.335% was obtained.

The loan agreement calls for a grace period and the start of principal payments from April 2023 and also establishes certain covenants which were complied with at December 31, 2022.

Finally, it should be noted that the acquisition was set using a EUR/USD exchange rate of 1.1295.

The Piovan Group gained control on January 31, 2022; therefore, the related financials of the IPËG Group have been included on the consolidated financial statements as of that date.

Given that the assets and liabilities acquired represent a business, the transaction is considered to be a business combination as defined by IFRS 3.

The assets acquired and the liabilities assumed by Piovan at the acquisition date as a result of this transaction are as follows:

EUR/000	Fair Value at the acquisition date
Assets	
Property Plant & Equipement	13,325
Intangible assets	64,495
Investments	9,545
Deferred tax assets	2,965
Inventories	29,605
Contract assets for work in progress	2,329
Trade Receivables	20,604
Tax credit	300
Other current assets	5,555
Cash and cash equivalent	15,506
TOTAL ASSETS	**164,228**
Liabilities	
Provision for risk	1,653
Other financial liabilities	9,215
Trade payables	18,318
Advances from customers	15,708
Tax liabilities and social security contributions	54
Other current liabilities	7,768
Deferred tax liabilities	15,503
TOTAL LIABILITIES	**68,219**
Fair value of net assets acquired	**96,009**
Goodwill acquired	**39,252**
Purchase price	**135,261**

The considerations made in the initial consolidation, as outlined in the "Periodic Financial Statements at March 31, 2022", had resulted in the provisional allocation to goodwill of the entire difference between the consideration paid, the assets acquired, and the liabilities assumed.

These considerations were first updated in the Half-Year Financial Report at June 30, 2022, and made definitive, following minor adjustments, for this Annual Financial Report at December 31, 2022. The purchase price allocation was supported by specific analyses conducted by an independent expert.

The difference between the price paid and the assets acquired and the liabilities assumed was allocated for USD 72,089 thousand (Euro 64,022 thousand) to intangible assets of finite useful life (customer list, know-how, trademarks and backlog), to deferred tax liabilities for USD 17,456 thousand (Euro 15,502 thousand), and to Goodwill for the remaining USD 44,902 thousand (Euro 39,877 thousand).

Net cash flows from the acquisition are as follows:

	EUR (000)
Net cash at 01.02.2022	15,506
Purchase price already paid	116,097
Net cash flow	**(100,591)**

From the acquisition date to December 31, 2022, the IPEG Group realized revenue and other income of Euro 207,449 thousand and net profit of Euro 6,686 thousand, including the portion of amortization for 2022 related to the intangible assets identified through the purchase price allocation process for Euro 7,179 thousand.

If IPEG group had been fully consolidated from January 1, 2022, consolidated Total revenue and other income of the Piovan Group would have been Euro 545,662 thousand. In January 2022, the IPEG Group incurred non-recurring costs for the acquisition of approximately Euro 3,643 thousand.

Assets held for sale and disposal groups

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

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

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

The consolidated financial statements for 2022 were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) endorsed by the European Commission and in force at the reporting date.

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

In the preparation of these consolidated financial statements at December 31, 2022 the accounting standards adopted are those as utilized in the preparation of the consolidated financial statements at December 31, 2021, with the exception of that reported below.

IFRS accounting standards, amendments and interpretations applicable to the Company and applied from January 1, 2022

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group from January 1, 2022:

On May 14, 2020, the IASB published the following amendments:

- Amendments to IFRS 3 Business Combinations: the purpose of the amendments is to update the reference in IFRS 3 to the revised version of the Conceptual Framework, without changing the provisions of the standard.
- Amendments to IAS 16 Property, Plant and Equipment: the purpose of the amendments is not to allow the amount received from the sale of goods produced during the testing phase of the asset to be deducted from the cost of the asset. These sales revenues and related costs will therefore be recognized to the income statement.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: the amendment clarifies that in estimating the possible onerousness of a contract, all costs directly attributable to the contract must be considered. Accordingly, the assessment of whether a contract is onerous includes not only incremental costs, but also all costs that the enterprise cannot avoid because it has entered into the contract (such as, for example, the share of depreciation of machinery used to perform the contract).
- Annual Improvements 2018-2020: the amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples of IFRS 16 Leases.

The adoption of these documents does not have any effects on the Group consolidated financial statements.

IFRS and IFRIC accounting standards, amendments and interpretations approved by the EU, not yet mandatory and not adopted in advance by the Group at December 31, 2022

- On May 18, 2017, the IASB published IFRS 17 - Insurance Contracts which replaces IFRS 4 - Insurance Contracts. The new standard ensures that an entity provides pertinent information which accurately presents the rights and obligations under insurance contracts. The standard is effective from January 1, 2023, although advance application is permitted, only for entities applying IFRS 9 – Financial Instruments and IFRS 15 - Revenue from Contracts with Customers.
- On December 9, 2021, the IASB published an amendment called "Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information”. The amendment is a transition option related to comparative information on financial assets presented at the date of initial application of IFRS 17. The amendments will apply from January 1, 2023, together with the application of IFRS 17.
- On February 12, 2021, the IASB published two amendments entitled “Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2” and “Definition of Accounting Estimates—Amendments to IAS 8”. The changes are intended to improve disclosure on accounting policies to provide more useful information to investors and other primary users of financial statements and to help companies distinguish between changes in accounting estimates and changes in accounting policies. The amendments will be applicable from January 1, 2023, although advance application is permitted.
- On May 7, 2021, the IASB published an amendment called “Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction The document clarifies how deferred taxes should be accounted for on certain transactions that can generate assets and

liabilities of equal amounts, such as leases and decommissioning obligations. The amendments will be applicable from January 1, 2023, although advance application is permitted.

The Directors do not expect these amendments to have a significant impact on the Group consolidated financial statements.

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

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

- On January 23, 2020, the IASB published an amendment entitled "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current". The purpose of the document is to clarify how to classify payables and other short or long-term liabilities. These amendments shall enter into force on January 1, 2023 and early application is permitted.
- On September 22, 2022, the IASB published an amendment entitled "***Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback".*** The document requires the seller-lessee to measure the lease liability arising from a sale & leaseback transaction so as not to recognize income or losses relating to the retained right of use. The amendments will be applicable from January 1, 2024, although advance application is permitted.

The Directors do not expect these standards and amendments to have a significant impact on the Group consolidated financial statements.

Accounting principles and policies

Property, plant & equipment

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

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

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

The depreciation rates used are as follows:

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

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

Leasehold improvement depreciation period corresponds to the lower of the residual useful life of the asset and the duration of the lease contract.

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

Right-of-use assets

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

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

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

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

Goodwill

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

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

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

Other intangible assets

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

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

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

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

Investments

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

Other non-current assets

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

Deferred tax assets

The accounting of the deferred tax assets is made on the basis of the expectations of future taxable income for the Group and on the possibility of transferring certain tax benefits onto the companies involved in the national tax consolidation of Pentafin S.r.l. The evaluation of the expected assessable income in order to record the deferred tax asset depends upon factors which may change over time and result in significant effects on the recovery of the deferred tax asset.

Impairment of non-financial assets

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

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

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

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

Inventories

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

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

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

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

Contract assets and liabilities for contract work-in-progress

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

Trade receivables

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

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

Financial instruments

Financial assets and Debt instruments

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

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

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

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

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

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

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

Write-downs of financial assets

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

This rule applies to:

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

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

Financial liabilities

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

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

Derivative financial instruments and hedging activity

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

Cash and cash equivalents

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

Equity

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

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

Earnings per share

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

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

Post-employment benefits

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

Provisions for risks and charges

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

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

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

Trade payables and other current liabilities

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

Liabilities for options granted to non controlling interest

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

Potential assets and liabilities

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

Incentive Plans

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

Assets held for sale and discontinued operations

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

Revenue from contracts with customers

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

The Group operates internationally in the following markets: Plastic & Non-Plastic Systems, Food Systems and Services and Spare parts as defined in the section "General Information". In the Plastics Systems market, the Group is among the world leaders in the design and production of plants and control systems for the automation of all phases of the plastics production cycle.

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

- revenues from the sale of automation systems for the storage, transport and processing of plastics ("Plastic Systems") and automation systems for the storage and transport of food powders ("Food & no plastic Systems"): an analysis of the contracts usually entered into with customers show that there are two macro-categories of contracts in which to divide the revenues from the sale of plant and ancillary equipment according to how the performance obligations are met. In particular:
    - contracts in which performance obligations are met "at a point in time": this category includes sales of systems, plants and equipment, mainly in the Plastics Systems market. This category includes contracts that generally provide for a single performance obligation represented by the supply of the plant/equipment and others in which there are three performance obligations represented by (i) the design of machinery and engineering solutions and the production of plant and systems; (ii) installation and (iii) start-up and parameterization. In these types of contractual relationships, the Group recognizes revenues when the customer obtains control of the asset, normally identified, according to the contractual conditions, on shipment or delivery of the plant/product to the customer, while for the other two performance obligations the revenue is recorded when the service is provided. It is specified that, on average, systems/equipment belonging to this category require an execution time of between three and six months and that the general terms and conditions of sale provide for advance payments recorded under the item Advances from customers.
    - contracts in which the performance obligations are met "over time": typically these are the sale of certain plants in the Plastics Systems market and those in the Food Systems market with a high degree of customization required by customers and in which the contractual conditions provide that control of the asset is transferred to the customer either on testing or on installation. It is considered that the contractual performance obligation is unique and

that it is fulfilled over time since the product system has no alternative use for the company, being very specific and customized, and since the Group is entitled to receive a fee for what has been completed on the date in the event of cancellation of the order. Therefore the Group records the sales revenues of these plants in proportion to the progress on the performance obligation. In order to determine progress, an input method is used, i.e. the cost-to-cost method, which provides for the proportion of contract costs incurred for work carried out up to the reporting date to the total estimated contract costs. Estimates are based on contract forecasting and reporting data and, where necessary, estimates of contract revenues and costs are revised. Any economic effects are recognized in the period in which the updates are made. Generally, the execution time required for these installations is not more than one year and payments on account are foreseen.

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

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

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

Costs

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

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

Interest

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

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

Other indirect taxes and duties

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

Dividends

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

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

Government grants and grants from other public entities

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

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

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

Income taxes

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

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

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

Deferred tax liabilities are recognized on taxable differences arising from investments in subsidiaries and associates, unless the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are recognized only to the extent that it is probable that there will be sufficient taxable profits against which the benefits of the temporary difference can be used and are expected to reverse in the foreseeable future.

Translation of balances in foreign currencies

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

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

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

The main exchange rates (currency for 1 euro) used to translate the financial statements in currencies other than the euro for the years ended December 31, 2022, and December 31, 2021 (comparative data), are summarized below:

Currency		Average rate		Closing rate	
		31.12.2021	31.12.2022	31.12.2021	31.12.2022
BRL	Brazilian Real	6.3779	5.4399	6.3101	5.6386
CAD	Canadian Dollar	1.4826	1.3695	1.4393	1.4440
CZK	Czech Koruna	25.6405	24.5659	24.8580	24.1160
CNY	Yuan Renminbi	7.6282	7.0788	7.1947	7.3582
GBP	Pound Sterling	0.8596	0.8528	0.8403	0.8869
HUF	Forint	358.5161	391.2865	369.1900	400.8700
MXN	Mexican Peso	23.9852	21.1869	23.1438	20.8560
SGD	Singapore Dollar	1.5891	1.4512	1.5279	1.4300
USD	US Dollar	1.1827	1.0530	1.1326	1.0666
THB	Baht	37.8370	36.8560	37.6530	36.8350
INR	Indian Rupee	87.4392	82.6864	84.2292	88.1710
TRY	Turkish Lira	10.5124	17.4088	15.2335	19.9649
AED	UAE Dirham	4.3436	3.8673	4.1595	3.9171
JPY	Yen	129.8767	138.0274	130.3800	140.6600
VND	Dong	27,130.0000	24,630.0000	25,819.0000	25,183.0000
MAD	Dirham Marocco	10.6260	10.6780	10.4830	11.1580
KRW	Won sud	1,354.0600	1,358.0700	1,346.3800	1,344.0900

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

Utilization of estimates

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

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

- Liabilities for put options granted to minority shareholders: the conditions under which these liabilities exist and their valuation, depending on the contractual provisions, may be based on estimated future forecasts of economic and financial parameters which are characterized by the inherent uncertainty in the assumptions and conditions on which these estimates are based;
- Impairment test on goodwill: this test is used to assess the recoverability of goodwill allocated to cash generating units. The allocation of goodwill to cash generating units and the determination of its value in use requires the use of estimates that depend on factors that may change over time.

It should also be noted that the forecasts on the basis of which the financial statements take account of thextraordinary circumstances resulting from the Russia-Ukraine war that broke out in early 2022 and from continuing effects of the COVID-19 pandemic.

Impairment test for goodwill

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

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

Doubtful debt provision

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

Inventory obsolescence provision

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

Fair value estimate

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

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

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

Segment disclosure

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

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

Information on risks and financial instruments

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

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

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

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

These risks may be summarized as follows:

a) credit risk;

b) liquidity risk;

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

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

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

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

Credit risk

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

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

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

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

The Directors have not observed a deterioration in credit quality or in collection times as a result of the COVID-19 pandemic and the continuation of the Russia-Ukraine conflict; therefore, it has not been necessary to make significant changes to how receivables are being managed. In addition, neither the payment terms applied nor the policies for managing credit risk have been changed, but we have prudently increased the level of monitoring of customer positions. See the Note “Trade receivables” for the aging of trade receivables.

Liquidity risk

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

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

The Group has a balanced net financial position and has been able to generate positive cash flows that are considered sufficient to finance both its growing operations and investments. Expectations for future years are consistent with this historical trend and therefore the liquidity risk is considered limited overall. Furthermore, given the Group’s performance, this risk is not believed to have been heightened either by the COVID-19 pandemic or the Russia-Ukraine war.

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

Market risk linked to the exchange rate

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

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

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

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

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

31.12.2021										
(€/000)	EUR	USD	CNY	BRL	MXN	THB	GBP	CAD	Altre valute	**Total**
Total assets	238,243	28,042	18,016	8,625	7,142	4,786	5,681	3,486	6,314	**320,335**
Total liabilities	175,820	10,269	10,271	5,484	4,374	4,154	4,982	374	6,159	**221,885**

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

	31.12.2022				31.12.2021			
Net revenues	FX in LC	Current Forex in €	Forex +10%	Forex -10%	FX in LC	Current Forex in €	Forex +10%	Forex -10%
EUR - Euro	208,748	208,690	208,690	208,690	192,538	192,538	192,538	192,538
USD - US Dollar	270,586	257,035	233,606	285,518	50,596	42,828	38,891	47,533
CNY - Renminbi	143,870	20,324	18,476	22,582	111,928	14,671	13,339	16,303
BRL – Real	50,527	9,288	8,444	10,320	60,748	9,525	8,659	10,583
GBP - Pound sterling	8,057	9,449	8,590	10,498	8,122	9,449	8,590	10,499
THB – Bath	152,165	4,129	3,753	4,587	115,272	3,036	2,770	3,385
TRY - Turkish lira	13,731	789	717	876	10,555	1,004	913	1,116
INR - Indian rupee	146,777	1,775	1,614	1,972	72,164	825	750	917
JPY - Japanese yen	9,564	69	63	77	7,783	60	54	67
CAD - Canadian dollar	25	18	16	20	-	-	-	-
MXN - Mexican peso	86,835	4,099	3,726	4,554	13,942	580	528	646
AED - United Arab Emirates dirham	488	126	115	140	538	124	113	138
VND - Vietnamese Dong	9,162,701	372	338	413	3,232,600	119	108	132
HUF - Hungarian forint	23,528	60	55	67	36,748	102	93	114
CSK - Czech Koruna	8,000	326	296	362	5,882	229	209	255
KRW - South Corean Won	4,369,900	3,218	2,925	3,575	6,675,664	4,930	4,482	5,478
MAD - Dirham	376	35	32	39	164	15	14	17
TOTAL	**-**	**519,801**	**491,456**	**554,293**	**0**	**280,036**	**272,051**	**289,720**

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

Result before taxes	31.12.2022			31.12.2021		
	Current Forex in €	Forex +10%	Forex -10%	Current Forex in €	Forex +10%	Forex -10%
EUR - Euro	23,750	23,750	23,750	26,262	26,262	26,262
SGD						
USD - US Dollar	13,489	12,263	14,988	3,857	3,506	4,286
CNY - Renminbi	2,214	2,013	2,460	971	883	1,079
BRL - Real	1,184	1,077	1,316	792	720	880
GBP - Pound sterling	1,120	1,018	1,244	561	510	624
THB - Bath	1,367	1,243	1,519	550	500	612
TRY - Turkish lira	366	333	407	48	44	54
INR - Indian rupee	425	387	473	233	212	259
JPY - Japanese yen	(19)	(17)	(21)	99	90	110
CAD - Canadian dollar	852	774	946	800	727	889
MXN - Mexican peso	2,000	1,818	2,222	1,162	1,057	1,291
AED - United Arab Emirates dirham	26	23	28	95	86	106
VND - Dong	(17)	(15)	(19)	(17)	(15)	(18)
HUF - Hungarian forint	118	107	131	70	63	78
KRW - South Corean Won	(810)	(736)	(899)	(1,050)	(955)	(1,167)
MAD - Dirham	36	33	40	86	78	95
CSK - Czech Koruna	248	225	275	229	208	254
TOTAL	**46,350**	**44,296**	**48,860**	**34,750**	**33,977**	**35,695**

However, as the Group prepares its consolidated financial statements in Euro, fluctuations in the exchange rates used to convert the financial statements of subsidiaries, originally expressed in foreign currency, could affect the Group's economic and financial situation.

Market risk related to interest rate

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

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

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

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

Interest expense on variable rate loans (€'000)	Interest expenses	+0.25%	+0.50%	-0.25%	-0.50%
31.12.2021	28	74	120	-	-
Interest expense on variable rate loans (€'000)	**Interest expenses**	**+1.00%**	**+2.00%**	**-1.00%**	**-2.00%**
31.12.2022	158	178	290	-	-

Risks associated with economic conditions

The global macro-economic picture may affect the Company's economic, equity and financial situation. However, the Company's and its subsidiaries presence in different geographical areas makes it possible to mitigate the overall risk and to benefit from possible improvements in some areas compared to others.

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

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

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

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

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

Notes to the consolidated statement of financial position

[1] Property, plant and equipment

They amount to Euro 43,046 thousand at December 31, 2022 (Euro 36,795 thousand at December 31, 2021). They are composed as shown in the following tables, which also present the changes in 2022.

CHANGES DURING THE PERIOD €/000	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Balance at 31st December 2021(*)	**24,399**	**8,621**	**766**	**2,748**	**260**	**36,795**
of which:	-	-	-	-	-	-
- Historical cost	**24,523**	**18,115**	**6,008**	**15,327**	**260**	**64,233**
- Depreciation fund	**(124)**	**(9,494)**	**(5,242)**	**(12,579)**	-	**(27,439)**
	-	-	-	-	-	-
- Additions	1,706	503	306	1,389	1,206	**5,110**
- Reclassifications (Historical cost)	17	(3)	-	327	(368)	**(27)**
- Reclassifications (Depreciation fund)	-	(4)	-	4	-	**(0)**
-Disposals (Historical cost)	(122)	(150)	(82)	(773)	(124)	**(1,251)**
- Disposals (Depreciation fund)	71	136	79	764	-	**1,050**
-Exchange rate differences (Historical cost)	1,115	436	(1)	664	14	**2,228**
- Exchange rate differences (Depreciation fund)	(458)	(337)	1	(571)	-	**(1,364)**
- Change in consolidation scope (Historical cost)	10,475	3,383	-	10,805	249	**24,913**
- Change in consolidation scope (Depreciation fund)	(7,707)	(2,995)	-	(9,966)	-	**(20,668)**
- Depreciation	(966)	(1,066)	(340)	(1,316)	-	**(3,688)**
Reclassification for Assets held for sale (Historical cost)	-	(317)	-	(188)	-	**(505)**
Reclassification for Assets held for sale (Depreciation fund)	-	277	-	179	-	**456**
	-	-	-	-	-	-
Balance at 31st December 2022	**28,532**	**8,485**	**728**	**4,065**	**1,237**	**43,046**
of which:	-	-	-	-	-	-
- Historical cost	**37,714**	**21,967**	**6,231**	**27,551**	**1,237**	**94,700**
- Depreciation fund	**(9,182)**	**(13,482)**	**(5,503)**	**(23,486)**	-	**(51,653)**

(*) Figures adjusted in response to separating out "Right-of-use assets" from "Property, plant and equipment".

Capital expenditures in 2022 totaled Euro 5,110 thousand, of which non-recurring totaling Euro 2,430 thousand and relating for Euro 497 thousand to the purchase of land and other transactions by the subsidiary FEA S.r.l. as part of the production area expansion, for Euro 1,177 thousand to the subsidiary Piovan Industrial Automation related to the purchase of land and initial construction work on the new building in China, and for Euro 756 thousand to Piovan S.p.A. related mainly to refurbishment of the roof in order to install photovoltaic panels.

Other investments made in 2022, aimed at the purchase of molds and industrial and commercial equipment, are mainly attributable to the parent company, Piovan S.p.A.

At December 31, 2022, property, plant and equipment are not burdened by mortgages or liens.

Property, plant and equipment are adequately covered against the risk of loss and/or damage through insurance policies with leading insurance companies.

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

The table below provides a regional breakdown of tangible assets:

Property, plant and equipment	31.12.2022	31.12.2021
EMEA	27,910	27,618
- of which Italy	*27,063*	26,751
NORTH AMERICA	12,327	7,635
- of which the United States of America	*12,311*	7,575
ASIA	1,609	408
SOUTH AMERICA	1,250	1,134
Reclassify TOBA	(50)	0
Total	**43,046**	**36,795**

[2] Right-of-use

Right-of-use assets at December 31, 2022, of Euro 22,109 thousand increased on Euro 16,059 thousand for the previous year.

The largest increase, for Euro 9,080 thousand, concerned the impact from the inclusion of the IPEG Group in the consolidation.

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

CHANGES DURING THE PERIOD	Land and buildings	Plant and machinery	Other assets	Total
Balance at 31, December 2021	**15,002**	**56**	**1,001**	**16,059**
of which:	-	-	-	-
- Historical cost	**24,368**	**1,870**	**2,858**	**29,096**
- Depreciation fund	**(9,366)**	**(1,814)**	**(1,857)**	**(13,037)**
- Total movements IFRS16	**5,929**	**(22)**	**142**	**6,050**
- New IFRS16 contracts	436	-	845	**1,280**
-Revaluation (Historical cost)	(84)	-	(29)	**(113)**
-Revaluation (Depreciation fund)	66	-	109	**175**
- Change in consolidation scope (Historical cost)	9,106	-	6	**9,112**
- Change in consolidation scope (Depreciation fund)	(28)	-	(4)	**(32)**
- Exchange rate differences (Historical cost)	489	-	(11)	**478**
- Exchange rate differences (Depreciation fund)	49	-	6	**55**
- Disposals (Historical cost)	(498)	-	(433)	**(930)**
- Disposals (Depreciation fund)	158	-	282	**439**
-Depreciation ex IAS17	-	-	-	-
- Depreciation	(3,567)	(22)	(594)	**(4,182)**
-Reclassifications	-	-	-	-
Reclassification for Assets held for sale (Historical cost)	(545)	-	(105)	(650)
Reclassification for Assets held for sale (Depreciation fund)	347	-	71	418
Balance at 31 December 2022	20,931	34	1,144	**22,109**
of which:	-	-	-	-
- Historical cost	33,271	1,870	3,131	**38,273**
- Depreciation fund	(12,340)	(1,836)	(1,988)	**(16,164)**

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

Right of use	31.12.2022	31.12.2021
EMEA	13,122	13,973
- di cui Italia	9,560	10,215
NORTH AMERICA	8,446	423
- di cui Stati Uniti	8,126	109
ASIA	615	1,501
SOUTH AMERICA	159	162
Reclassify TOBA	(233)	0
Totale	**22,109**	**16,059**

[3] Intangible assets

They amounted to Euro 128,297 thousand at December 31, 2022 compared to Euro 26,192 thousand at December 31, 2021. The breakdown of the movements are as follows:

CHANGES DURING THE PERIOD	Goodwill	Industrial patent andintellectual property rights	Concessions, licences, trademarks and similar rights	Other intangible assets	Fixed assets under construction and advances	Total
Balance at 31 December 2021	**21,913**	**457**	**79**	**3,661**	**81**	**26,192**
Changes in 2022	-	-	-	-	-	-
- Additions	-	274	192	81	180	728
- Reclassifications	-	(81)	133	(14)	(37)	1
- Consolidation area change	39,877	416	6,718	57,361	-	104,371
- Disposals (Historical cost)	-	(14)	-	(40)	-	(54)
- Disposals (depreciation fund)	-	14	-	-	-	14
- Exchange rate differences (Historical cost)	2,401	24	397	3,279	3	6,105
- Write - down	(482)	-	-	-	-	(482)
- Depreciation	-	(260)	(541)	(7,777)	-	(8,578)
Balance at 31 December 2022	**63,709**	**830**	**6,979**	**56,552**	**227**	**128,298**

The regional breakdown of intangible assets is as follows:

Intangible Assets	31.12.2022	31.12.2021
EMEA	22,217	22,202
- of which Italy	*22,197*	*22,187*
NORTH AMERICA	105,783	3,277
- of which the United States of America	*105,783*	*3,277*
ASIA	41	570
SOUTH AMERICA	258	143
Reclassify TOBA	(2)	
Total	**128,297**	**26,192**

The change in consolidation is due to the inclusion of the IPEG group and the purchase price allocation.
In particular, as further described in the section "Information on acquisitions in the year - IPEG Inc. group", the difference between the price paid and the assets acquired and the liabilities assumed was allocated, at the acquisition date, for USD 72,089 thousand (Euro 64,022 thousand) to intangible assets of finite useful life (customer list, know-how, trademarks and backlog), to deferred taxes for USD 17,456 thousand (Euro 15,502 thousand), and to Goodwill for the remaining USD 44,902 thousand (Euro 39,877 thousand).

Taking into consideration the allocation process for the purposes of the impairment test, the IPEG group can be divided in three different cash generating units (CGUs), namely Conair, Pelletron and Thermal Care, each of which represents the smallest unit that generates independent cash flows.

Goodwill at December 31, 2022 amounted to Euro 63,709 thousand compared to Euro 21,913 thousand at December 31, 2021. The goodwill mainly refers to the acquisitions:

- of the US subsidiary Universal Dynamics Inc. ("Unadyn") in 2008;

- the acquisition of Penta S.r.l. at the end of 2014, in Progema S.r.l. in 2006 and in FEA in 2019. For the purpose of the impairment test, these three subsidiaries comprise a single CGU;

- of Doteco S.p.A. in 2020

- of the IPEG group in 2022, divided into three CGU: "Conair", "Pelletron", "Thermal Care";

- of Toba PNC in 2019.

Goodwill	31.12.2021	Change in consolidation area	Increase	Decrease	Change in translation reserve	31.12.2022
UnaDyn	3,306	-	-	-	205	3,510
Food	2,146	-	-	-	-	2,146
Energys	276	-	-	-	-	276
Toba Pnc	482	-	-	(482)	-	-
Doteco	15,695	-	-	-	-	15,695
Conair	-	27,771	-	-	1,523	29,294
Pelletron	-	4,937	-	-	275	5,212
Thermalcare	-	7,169	-	-	399	7,568
Other	8	-	-	-	-	8
Total	**21,913**	**39,877**	**-**	**(482)**	**2,401**	**63,709**

(*) Includes goodwill on the acquisitions of Penta S.r.l., Fea Process, and Progema S.r.l., which are grouped into a single CGU following their integration.

The amount of tax deductible goodwill totals Euro 1,851 thousand and is attributable to the IPEG group.

The changes in Goodwill are attributable to:

- recognition of the goodwill resulting from the acquisition of the IPEG group and the change resulting from the year-end exchange rate;

- the write-off of the goodwill related to CGU Toba, which amounted to Euro 482 thousand at December 31, 2021. Given the continuing negative results realized by the subsidiary, in the preparation of Half-Year Financial Report at June 30, 2022, the directors consider appropriate to update the projections for the CGU in order to reflect this negative performance. The updated plan was approved by the Board of Directors on September 8, 2022. The impairment test resulted in a negative recoverable value, so it was necessary to write off the carrying amount of goodwill for its entire carrying amount equal to Euro 482 thousand.

- the change in the goodwill related to the CGU Unadyn due to the change resulting from the year-end exchange rate.

Details of impairment test

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

The Group verifys annually the recoverability of goodwill, testing the CGU's to which goodwill is allocated. With reference to the CGU Energys, considering the positive results achieved by the subsidiary, as well as the expected results for the subsidiary and its reference market, the Directors considered that there were not any indicators of impairment; therefore, taking into account the non significant amount of goodwill, they did not carry out the same type of test adopted for the goodwill relating to the other CGUs..

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

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

- Cash flows have been estrapolated from business plans prepared for each CGUs with reference to the period 2023-2026. The business plans have been updated to take in to consideration the Group's planning processes and have been approved by the Board of Directors on March 21, 2023. The assumptions underlying the projected cash flows for each CGU take into account past experience, and the specific objectives of each CGU, which are consistent with current operating performance and the strategic actions implemented by the Group and the current macroeconomic outlook. Management used the gross margin and EBITDA margin, based on historical performance and the best estimate of future operating costs and cash flows, as a driver for the preparation of the projections, as well as its own expectations of developments in the market in which the CGU operates.

- At the end of the explicit projections period, a "normalized" cash flow was calculated, based on the last explicit forecast year, for the calculation of the terminal value.
- The discount rate was determined based on market analyses of the cost of money and specific risk of the operating segment (weighted average cost of capital, or WACC). For the WACC the cost of capital was determined on the basis of market returns on medium/long-term government bonds of the countries/markets to which the CGU refers observed during the last six months, adjusted by the market risk premium of each reference country reflecting the investment risk plus an additional risk premium.
- the growth rate (g-rate) for the determination of cash flows beyond the explicit period (from 2026 onwards), has been determined specifically for each CGU analyzed.

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

31.12.2022					
CGU	Goodwill	g rate	pre-tax discount rate	WACC post-tax	Cover (€/000)
UnaDyn	3,510	2.04%	12.38%	9.77%	26,731
Food	2,146	2.00%	12.83%	9.87%	32,736
Doteco	15,695	2.00%	13.16%	10.26%	18,961
Conair	29,294	2.01%	12.07%	9.52%	50,103
Pelletron	5,212	2.01%	12.05%	9.52%	5,850
Thermalcare	7,568	2.01%	12.00%	9.52%	5,017

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

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

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

• the WACC and g-rate

in order to determine the maximum variation that each parameter must have (all other parameters remaining stable), beyond which there would be an impairment loss.

31.12.2022			
CGU	EBITDA decrease	WACC equal to	g-rate equal to
UnaDyn	-40%	21.28%	-16.7%
Food	-79%	n.d.	n.d.
Doteco	-41%	17.22%	-9.3%
Conair	-29%	13.93%	-4.4%
Pelletron	-28%	13.47%	-3.6%
Thermalcare	-10%	11.02%	-0.01%

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

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

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

[4] Equity investments

At December 31, 2022, equity investments amounted to Euro 10,832 thousand, increasing on December 31, 2021 due to the consolidation of the Indian company Nuvu Conair Private Ltd, a joint venture in which IPEG Inc. holds a 50% interest.

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

Company	Registered office	%	31.12.2021	Change in consolidation area	Increase / Decrease	Change in translation reserve	31.12.2022
CMG S.p.A.	Budrio (BO)	20%	228	-	(12)		216
Penta Auto Feeding India Ltd	Mumbai (India)	50%	-	-	102		102
Nuvu Conair Private Ltd	Ahmedabad (India)	50%		9,082	882	55	10,019
Total investments in affiliated companies and JV			**228**	**9,082**	**972**	**55**	**10,337**
Affinity				463		26	489
Other			9	-	-	(3)	6
Total other investments			**9**	**463**		**63**	**495**
Total			**237**	**9,545**	**972**	**118**	**10,832**

Equity investments in associates and joint ventures as indicated in the table above have been measured at equity. Other equity investments have been measured at fair value through profit or loss.

Investments in associated companies

With regard to the shareholding in CMG S.p.A., a charge of Euro 12 thousand has been recognized following the equity valuation based on the performance at December 31, 2021.

Investments in joint ventures

The investment in the joint venture Penta Auto Feeding India Ltd. increased by Euro 102 thousand following the assessment of performance at March 31, 2022.

With reference to the new holding in the Indian company Nuvu Conair Private Ltd., held by IPEG Inc., the investment, in the provisional purchase price allocation phase, was recognized at a fair value of USD 10,227 thousand (approximately Euro 9,082 thousand). The difference between fair value and the value of net assets of NuVu, USD 5,432 thousand (Euro 5,093 thousand approx.), has been allocated to goodwill.

The value of this investment was then increased by USD 928 thousand (approximately Euro 882 thousand) as a result of recognition of the IPEG Inc. share of earnings for the period and by Euro 55 thousand due to the movement in the euro against other currencies. As a result, the investment was valued at USD 10,686 thousand at December 31, 2022 (approximately Euro 10,019 thousand).

The investment was the subject to impairment test as described in the paragraph "Details of impairment test". The business plan used covers the period 2023-2027. For the test the WACC used is 13.89%, while the growth rate (g-rage) is 4%, which represents expected inflation in India over the medium to long term. From the impairment test no permanent losses have been identified and the carrying amount of the investment is amply confirmed.

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

Nuvu - Balance sheet - €/000	31.12.2022
Cash and cash equivalents	3,071
Trade receivables	1,107
Inventories	3,903
Other current assets	2,094
Property, plant and equipment	3,924
TOTAL ASSETS	**14,099**
Trade payables	1,302
Other current liabilities	3,052
TOTAL EQUITY	**9,745**
TOTAL LIABILITIES AND EQUITY	**14,099**

Nuvu - Profit/Loss - €/000	31.12.2022
Net Sales	**19,074**
Cost of Sales	13,213
Gross Profit	5,862
Commissions	83
ESG&A	2,799
EBITDA	**2,980**
Depreciation	105
Other financial income/(expenses)	164
Tax	695
NET PROFIT	**2,015**

Reconciliation (€/000)	quote 50%
Net equity at 31 january 2022	4,257
Goodwiil allocated at PPA	4,825
Investment at 31 January 2022	**9,082**
Net profit of 11 months 2022	882
Changing in translation	55
Net Equity at the end of the period *50%	**10,019**
Investment at 31 december 2022	**10,019**

Finally, following the entry of IPEG Inc. into the consolidation scope, the shareholding in Affinity was included at a value of USD 521 thousand (approximately Euro 463 thousand), approximately Euro 489 thousand at December 31, 2022, taking account of the movement in the exchange rate.

[5] Other non-current assets

At December 31, 2022, these amounted to Euro 574 thousand compared to Euro 505 thousand at December 31, 2021; they mainly refer to various security deposits paid by Group companies on utilities and lease contracts for buildings where Group companies have their headquarters.

[6] Deferred tax assets and liabilities

Deferred tax assets amounted to Euro 10,744 thousand at December 31, 2022 compared to Euro 6,197 thousand at December 31, 2021. The Group has recognized deferred tax assets and liabilities on temporary differences between book values and tax values.

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

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

Deferred tax assets include assets arising from the valuation of tax losses, as indicated below. Tax losses not recognized are of an insignificant amount.

Deferred tax liabilities amounted to Euro 15,591 thousand at December 31, 2022 compared to Euro 505 thousand at December 31, 2021. The main changes concern the recognition of deferred taxes related to the gains on the purchase price allocation of the IPEG group, in the amount of Euro 14,921 thousand at December 31, 2022.

	31.12.2021	Change in Consolidation area	Change in Translation reserve	Reclassification	Effect on income statement	31.12.2022
Deferred tax assets	6,197	2,965	420	-	1,162	10,744
Deferred tax liabilities	(505)	(15,503)	1,714	-	(1,297)	(15,591)
Total	**5,692**	**(12,537)**	**2,134**	**-**	**(136)**	**(4,847)**

The differences in respect to taxable amounts that generated deferred taxes are:

Increase	Taxable income 2022	Deferred tax assets 2022	Taxable income 2021	Deferred tax assets 2021
Consolidation adjustments of intercompany inventories	5,890	1,643	4,511	1,277
Unrealized foreign exchange gains/losses	(1,509)	(456)	-	-
Stock write-down fund	4,576	1,300	4,140	1,172
Foreign currency conversion losses	1,073	258	998	240
Provisions for doubtful debts	3,785	963	2,882	732
Subcontractors installation fund	204	57	204	57
Provisions for risks	441	114	677	177
Product warranty provision	2,999	775	598	162
Additional client expenses	190	24	182	24
Fees unpaid to Directors	940	226	-	-
IFRS15 Application	2,499	652	-	-
IFRS16 Application	274	71	-	-
IAS19 Application	690	159	-	-
Accrued Liability	784	295	-	-
Personel cost and bonus	3,011	769	-	-
Leasing IAS 17	-	-	-	-
Costs not capitalized but not tax deductible	3,747	948	-	-
Goodwill deductible for tax	1,851	481	-	-
Tax losses	233	56	-	-
Depreciation difference	(237)	(81)	-	-
Assets/liabilities for contract work in progress - Trade receivables	-	-	-	-
Other	7,168	2,491	7,644	2,355
Total	**38,609**	**10,744**	**21,835**	**6,196**

Decrease	Taxable income 2022	Deferred tax assets 2022	Taxable income 2021	Deferred tax assets 2021
Intangibles da PPA	57,455	14,921	-	-
IAS 17 Application	37	10	-	-
IAS 37 Application	8	2	-	-
IFRS15 Application	483	128	-	-
Leasing IAS 17	-	-	238	66
Capital Gain	126	30	-	-
Depreciation difference	44	8	-	-
Other differences	1,698	491	753	439
Total	**59,850**	**15,591**	**991**	**505**

[7] Inventories

At December 31, 2022, they amounted to Euro 90,188 thousand compared to Euro 44,540 thousand at December 31, 2021; the breakdown is shown below:

Inventories	31.12.2022	31.12.2021
Raw materials	46,176	10,005
Semi-finished products	25,343	17,018
Finished goods	30,624	21,893
Progress payments	1,433	1,220
Allowance for inventory write-down	(13,388)	(5,596)
Inventories	**90,188**	**44,540**

At December 31, 2022, inventories increased by Euro 53,440 thousand, gross of the obsolescence provision. Of the total increase, Euro 36,703 thousand is attributable to the inventories of the IPEG group, which were not a part of the figure at December 31, 2021. On a like-for-like basis, the increase would have been Euro 10,832 thousand, mainly due to normal business trends.

A provision for obsolete or slow-moving inventories is recorded to reflect the difference between the cost and estimated realizable value of obsolete raw materials, semi-finished and finished products. The provision in the income statement is classified under Purchases of raw materials, components, goods and change in inventories. At December 31, 2022, about Euro 6,078 thousand concerned the contribution of the IPEG group, while the remaining Euro 1,714 thousand concerned the rest of the Group.

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

At December 31, 2022 the item Contract assets for work in progress amounted to Euro 6,374 thousand, compared with Euro 4,519 thousand at December 31, 2021.

Contract liabilities for contract work in progress amounted to Euro 7,060 thousand at December 31, 2022, compared with Euro 8,174 thousand at December 31, 2021. In particular, this principally refers to work-in-progress of the subsidiaries Penta S.r.l., FEA and Pelletron Corp.

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

Contract assets for work in progress	**31.12.2022**	**31.12.2021**
Measurement of contracts in progress (costs incurred added to profits recognized)	23,330	9,500
Progress payments received	(16,956)	(4,981)
Amounts due from customers	**6,374**	**4,519**
Contract liabilities for work in progress	**31.12.2022**	**31.12.2021**
Measurement of contracts in progress (costs incurred added to profits recognized)	14,856	11,484
Progress payments received	(21,916)	(19,658)
Amounts due to customers	**(7,060)**	**(8,174)**

The increase of Contract assets for work in progress and the decrease in Contract liabilities for work in progress compared to December 31, 2021, is due to the progress made on a number of significant contracts related mainly to the subsidiaries Penta S.r.l. and FEA.

	31.12.2021	**Change in consolidation scope**	**Change in transalation reserve**	**Reclassification**	**Decrease**	**Increase**	**31.12.2022**
Contract assets for work in progress	4,519	2,329	150	(1,570)	4,357	(3,411)	6,374
Contract liabilities for work in progress	(8,174)	(38)	42	(671)	(1,342)	3,124	(7,059)

Revenues from contract for work-in-progress amounted to Euro 25,844 thousand at December 31, 2022, and related mainly to Penta S.r.l., FEA and Pelletron.

[9] Trade receivables

They amount to Euro 89,771 thousand at December 31, 2022 compared to Euro 55,390 thousand at December 31, 2021. This item, which represents the exposure to third parties, is broken down as follows:

	31.12.2022	**31.12.2021**
Gross trade receivables	95,407	60,870
Provision for bad debt	(5,636)	(5,480)
Trade receivables	**89,771**	**55,390**

Receivables at December 31, 2022, gross of the provision, increased by Euro 34,537 thousand (+57%) compared to the end of 2021. The increase is essentially due to the contribution of IPEG Group, for Euro 34,934 thousand. At constant consolidation, receivables are essentially in line with the previous year, showing an improvement in the average collection period as revenues increase.

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

The annual provision is included under Other operating costs.

The following table shows the value of receivables at December 31, 2022, compared to the previous year, by maturity bracket and the relevant portion of the doubtful debts provision.

Receivables and bad debt	***31.12.2022***		***31.12.2021***	
	Receivables	***Provision***	***Receivables***	***Provision***
Receivables due to expire	45,110	(1,286)	42,681	(526)
Receivables overdue whitin 30 days	33,083	(329)	7,147	(77)
Receivables overdue between 1 and 12 months	14,410	(1,218)	7,165	(999)
Receivables overdue over 12 months	2,804	(2,804)	3,877	(3,877)
Totale	**95,407**	(5,636)	**60,870**	**(5,480)**

Receivables by region are as follows:

Receivables	**31.12.2022**	**31.12.2021**
EMEA	34,167	37,210
of which Italy	18,687	18,414
NORTH AMERICA	38,499	6,041
ASIA	10,903	8,016
SOUTH AMERICA	6,202	4,123
Receivables	**89,771**	**55,390**

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

Provision for bad debt		
31.12.2021	**5,480**	**4,974**
Release	(639)	(261)
Accruals	823	938
Utilisations	(261)	(259)
Change in consolidation area	762	-
Exchange rate differences	74	88
Riclassifications	48	-
Assets held for sale and disposal groups	(651)	
31.12.2022	**5,637**	**5,480**

[10] Current financial assets

They amount to Euro 6,815 thousand at December 31, 2022 compared to Euro 1,589 thousand at December 31, 2021. This item includes bonds purchased in order to invest available liquidity. These instruments were measured at fair value (level 1) at December 31, 2022 as required by IFRS 9 and were classified as current financial assets in line with the purpose of using part of the available liquidity in low-risk and readily available instruments.

The increase on the previous year is due to the purchase of new securities in 2022. In addition, the total effect of the fair value measurement in 2022 is a net gain of Euro 51 thousand.

[11] Tax receivables

They amounted to Euro 5,469 thousand at December 31, 2022 compared to Euro 4,517 thousand at December 31, 2021. VAT receivables mainly refer to the parent company Piovan S.p.A. and the subsidiaries Penta S.r.l. and Progema S.r.l.

Tax receivables	31.12.2022	31.12.2021
VAT receivables	556	2,479
Other current tax assets	4,913	2,038
Tax receivables	**5,469**	**4,517**

[12] Other current assets

They amounted to Euro 13,156 thousand at December 31, 2022 compared to Euro 5,290 thousand at December 31, 2021. A breakdown follows:

Other current assets	31.12.2022	31.12.2021
Advances to suppliers	9,067	3,572
Receivables from parent	332	0
Prepayments and accrued expenses	2,151	972
Other receivables	1,606	747
Other current assets	**13,156**	**5,290**

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

[13] Cash and cash equivalents

They amount to Euro 94,365 thousand at December 31, 2022 compared to Euro 118,505 thousand at December 31, 2021.

Cash and cash equivalents	31.12.2022	31.12.2021
Current accounts and post office deposits	74,344	118,474
Cash equivalent	20,000	0
Cash	21	31
Cash and cash equivalents	**94,365**	**118,505**

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

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

As described in the Directors' Report, the Group's net financial position at the end of 2022 reported a net debt position of Euro 88,081 thousand (including Euro 94,365 thousand in cash and cash equivalents, Euro 6,851 thousand in current financial assets, Euro 43,196 thousand in current debt, and Euro 146,065 thousand in non-current debt), worsening from Euro 23,736 thousand at December 31, 2021.
This result is to be interpreted in light of the fact that:

- in July 2022, the Parent Company paid Euro 1,018 thousand as the 2021 earn-out related to the acquisition of the Doteco Group.
- investments in the year totaled Euro 5,835 thousand.
- in May 2022, the Parent Company distributed dividends of Euro 5,093 thousand (Euro 6,721 thousand in 2021).

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

At December 31, 2021 there were no restrictions on the availability of the Group's current accounts.

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

As explained in greater detail in the paragraph "Assets held for sale and disposal groups", at December 31, 2022, we assessed whether the conditions were met for the application of IFRS 5 for the subsidiary Toba Pnc following the signing of the preliminary agreement for the sale of the 41% interest held by Piovan S.p.A. This agreement was then finalized with the transfer of the shares on January 31, 2023, the date on which Piovan S.p.A. no longer held a controlling interest in the company.

For the Annual Financial Report at December 31, 2022, Toba Pnc. was considered a current asset held for sale. As a result, the assets and liabilities of Toba Pnc. have been reclassified among assets held for sale and disposal groups and liabilities directly associated with assets held for sale and disposal groups. On the income statement, the costs and revenues have been shown line by nature. These reclassifications are detailed below:

EUR/000	31.12.2022
Assets held for sale and disposal groups	
Property, plant and equipment	49
Right of Use	233
Intangible assets	2
Other non-current assets	61
Inventories	173
Contract assets for work in progress	-
Trade receivables	573
Other current assets	11
Cash and cash equivalents	167
Total Assets held for sale and disposal groups	**1,269**
Liabilities associated with assets held for sale	-
Employee benefits plans	57
Long-term loans	542
Non-current financial liabilities	436
Trade payables	471
Advance from costumers	537
Current portion of long-term loans	298
Current financial liabilities	629
Tax liabilities and social security contributions	95
Other current liabilities	304
Total Liabilities associated with assets held for sale	**3,369**
Fair value of assets	**(2,100)**

[15] Group shareholders' equity

Shareholders' Equity is made up as follows:

Equity attributable to the owners of the parent	31.12.2022	31.12.2021
Share capital	6,000	6,000
Legal reserve	1,200	1,200
Reserve for own shares in portfolio	(2,208)	(2,250)
Translation reserve	3,952	(1,104)
Other Reserves and retained earnings	89,579	64,811
Net profit (loss)	34,588	28,347
Equity attributable to the owners of the parent	**133,111**	**97,004**

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

The Company and the Group as at December 31, 2022 hold 2,620,700 treasury shares, equal to 4.89% of the share capital of Piovan S.p.A., directly through Piovan S.p.A. with a value of Euro 2,208 thousand at December 31, 2022. The change from the previous year is related to the acquisition of the IPEG group, for which a portion of the price was paid by assigned a number of Piovan S.p.A. shares.

It should be noted that under the 2020–2022 Performance Shares Plan, certain executives of the Parent Company are entitled to receive shares in Piovan S.p.A. numbering 392,016, based on achieving the plan's targets, with vesting dates set across a period from 2020 to 2024. The total is Euro 1,413 thousand, whereas the amounts vested at December 31, 2022, totaled Euro 896 thousand. These shares will vest permanently at the end of the vesting period if the executive still has an employment relationship with the Company. At January 2023, 93,254 shares had been allocated in relation to the plan's first cycle.

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

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

This item changed during 2022 following the allocation of the previous year's result and the distribution of dividends amounting to Euro 5,093 thousand (Euro 0.1 per share), paid to the shareholders of the Parent Company in May 2022.

[16] Equity attributable to non-controlling interests

The non-controlling interests equity at December 31, 2022 amounted to Euro 1,818 thousand compared to Euro 1,447 thousand at December 31, 2021. The account mainly includes the minority interests in the subsidiaries. FDM GmbH, FEA, Toba. Profits recognized in 2022 were mainly attributable to FDM GmbH.

During 2022, dividends were distributed in the amount of Euro 100 thousand to non-controlling interests of the company FDM GmbH.

Equity attributable to non-controlling interests					
31.12.2021	Net profit	Dividends paid	Changes in %	Changes in consolidation scope	31.12.2022
1,447	253	(100)	(38)	256	1,818

[17] Basic and diluted earnings per share

At December 31, 2022, the shares in circulation numbered 53,600,000 and the treasury shares held by Piovan S.p.A. amounted to 2,620,700.

Earnings per share was calculated by dividing the net profit attributable to the shareholders of the Parent Company by the weighted average number of ordinary shares in circulation during the reporting period. No ordinary shares were repurchased or issued during the years in question. However, it should be noted that in the context of the 2020 - 2022 Performance Shares Plan, there are ordinary shares that could be assigned at the end of the vesting period, drawing on treasury shares in the portfolio and which could have a diluting effect.

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

Earnings per share	31.12.2022	31.12.2021
Net Profit Attributable to Owners of the Parent (in thousands of Euros)	34,588	28,347
Weighted average number of ordinary shares (in thousands of units)	50,953	50,929
Basic earnings per share (in Euros)	**0.68**	**0.56**

The diluted earnings per share is as follows:

Earnings per share	31.12.2022	31.12.2021
Net Profit Attributable to Owners of the Parent (in thousands of Euros)	34,588	28,347
Weighted average number of ordinary shares (in thousands of units)	51,330	51,553
Dilutive earnings per share (in Euros)	**0.67**	**0.55**

[18] Current and non-current financial liabilities

The account is broken down as follows:

Current financial liabilities	31.12.2022	31.12.2021
Short-term bank borrowings	7,001	29,001
Current portion of long-term loans	32,692	20,584
Other loans and borrowings	3,503	2,446
Current financial liabilities	**43,196**	**52,031**
Non-current financial liabilities	**31.12.2022**	**31.12.2021**
Medium to long-term bank loans	107,311	32,480
Other loans and borrowings	35,459	9,440
Non-current financial liabilities	**142,770**	**41,920**

A breakdown by contract is provided below of "Medium to long-term bank loans" and the "Current portion of medium to long-term loans" at December 31, 2021, and December 31, 2022, as well as the main features of the bank loans by maturity:

Loan	Currency	Original amount (EUR)	Maturity	Interest rate	Terms	31.12.2022			31.12.2021		
						Residual debt	Current	Non-current	Residual debt	Current	Non-current
1	EUR	8,000	30/09/2022	Variable	Euribor 6m+0.55%	-	-	-	1,600	1,600	-
2	EUR	6,000	05/04/2022	Fixed	0.48%	-	-	-	756	756	-
3	EUR	7,500	06/12/2022	Fixed	0.50%	-	-	-	1,515	1,515	-
4	EUR	7,000	03/05/2024	Fixed	0.54%	2,643	1,759	883	4,393	1,750	2,643
5	EUR	5,000	05/02/2025	Variable	Euribor 6m+0.65%	2,500	1,000	1,500	3,500	1,000	2,500
6	EUR	7,000	07/04/2024	Variable	Euribor 6m+0.85%	2,625	1,750	875	4,375	1,750	2,625
7	EUR	2,000	24/06/2023	Fixed	0.35%	335	335	-	1,003	668	335
8	EUR	20,000	14/10/2025	Fixed	0.67%	12,000	4,000	8,000	16,000	4,000	12,000
9	EUR	4,125	23/12/2028	Variable	Euribor 6m+0.6%	3,536	589	2,946	4,125	589	3,536
10	EUR	5,000	05/05/2023	Fixed	0.01%	1,667	1,667	-	5,000	3,333	1,667
11	EUR	10,000	22/11/2024	Fixed	0.25%	6,675	3,333	3,342	10,000	3,325	6,675
12	EUR	478	30/06/2031	Fixed	0.18%	595	37	558	223	-	223
13	EUR	100,000	21/01/2028	Fixed	1.34%	100,000	15,000	85,000			
14	EUR	10,000	20/06/2025	Variable	1.05%	8,370	3,258	5,112			
19	KRW	839	31/08/2026	Fixed	3.85%	839	298	542	838	297	541
20	KRW	372	29/06/2026	Fixed	2.03%	372	62	310	371	-	371
Liabilities associated with assets held for sale– Toba Pnc.						(1.211)	(360)	(851)			
Total						**140,945**	**32,729**	**108,216**	**53,699**	**20,584**	**33,115**

Financial liabilities are recognized at amortised cost and include arrangement expenses of Euro 347 thousand recognized as a reduction to the residual debt.

Financial liabilities changed during the year as follows:

€/000	Current financial liabilities				Non-current financial liabilities		
	Short-term bank borrowings	Current portion of long-term loans	Other loans and borrowings	Total current financial liabilities	Medium to long-term bank loans	Other loans and borrowings	Total non current financial liabilities
31.12.2021	**29,001**	**20,584**	**2,446**	**52,031**	**32,480**	**9,440**	**41,920**
Change in consolidation area			1,457	**1,457**	-	27,119	**27,119**
Disbursements/(Refunds)	(22,000)	(21,915)	(3,143)	**(47,058)**	109,694	348	**110,043**
Change in translation reserve	-		66	**66**		1,504	**1,504**
Increase/(decrease) for lease			182	**182**		607	**607**
Reclassifications from non current to current		34,321	3,124	**37,445**	(34,321)	(3,124)	**(37,445)**
Reclassification to liabilities relating to current assets held for sale and disposal groups		(298)	(629)	**(927)**	(542)	(436)	**(978)**
31.12.2022	**7,001**	**32,692**	**3,503**	**43,196**	**107,311**	**35,459**	**142,770**

Changes in consolidation scope include the figures for the IPEG group, which include the non-current earn-out liability of Euro 20,441 thousand, with lease liabilities accounting for the remainder.

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

31.12.2022 €/000	Total	Totale flows	Within 1 year	from 2 to 5 anni	Over 5 years
Medium to long-term bank loans	107,311	110,751		105,131	5,620
Other financial liabilities	35,459	35,971		35,971	
Non-current financial liabilities	**142,770**	**146,722**	**0**	**141,102**	**5,620**
Short-term bank borrowings	32,692	34,525	34,525		
Current portion of long-term loans	7,001	7,011	7,011		
Other financial liabilities	3,503	3,547	3,547	0	0
Current financial liabilities	**43,196**	**45,083**	**45,083**	**0**	**0**

The Company has entered into an IRS contract to hedge interest rate fluctuations on one of its variable rate loans. The residual notional value of the instrument is Euro 2,625 thousand and the fair value is positive and equal to Euro 76 thousand.

[19] Employee benefit plans

Employee benefit plan at December 31, 2022 amounted to Euro 5,445 thousand compared to Euro 6,512 thousand at December 31, 2021.

The item includes (Euro 5,363 thousand at December 31, 2022 and Euro 6,454 thousand at December 31, 2021) the liabilities for the Post-employment benefits provision recorded in the companies of the Group qualifying as defined benefit plans according to IAS 19 and thus subject to actuarial calculation. The movements in the post-employment benefits provision are shown below.

Liabilities for employee benefits	31.12.2022	31.12.2021
Opening balance	**6,454**	**6,333**
Other changes	(10)	(10)
Employee benefits paid	(653)	(574)
Currency translation difference	3	(4)
Provision	1,846	1,737
Transfer to pension funds and INPS treasury	(1,204)	(1,124)
Actuarial earnings (losses)	(1,071)	77
Interest cost	55	18.78614
Toba reclassify	(57)	
Closing balance	**5,363**	**6,454**

The change from the previous year is mainly the effect of discounting due to rising interest rates and inflation compared to the previous year.

The remaining part of the balance (Euro 83 thousand at December 31, 2022 and Euro 58 thousand at December 31, 2021) concerns employee benefits paid by foreign branches individually and in aggregate not significant.

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

Liabilities for employee benefits	31.12.2022	31.12.2021
Annual discount rate	3.77%	0.98%
Annual inflation rate	2.30%	1.75%
Annual rate of increase in employee severance indemnity	3.23%	2.81%
Mortality rate	Tavole ISTAT 2016	Tavole ISTAT 2016
Retirement age	at the achievement of the AGO pension fund requirements	
Advances rate	2.80%	3.50%
Turnover rate	1% (based on historical company data)	

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

Liabilities for employee benefits	31.12.2022	31.12.2021
Discount rate +50bp	(192)	(320)
Discount rate -50bp	208	350
Inflation rate +50bp	180	247
Inflation rate -50bp	(140)	(232)

[20] Provisions for risks and charges

The provision for risks and charges at December 31, 2022 amounted to Euro 4,956 thousand compared to Euro 2,681 thousand at December 31, 2021. The composition and the movements of the item are shown in the following table:

	31.12.2021	Change in consolidation area	Accruals	Releases/ Reclassifications	Exchange rate differences	Riclassification	31.12.2022
Provision for legal and tax risks	1,510	373	660	(791)	94	228	2,074
Provision for product warranties	884	1,280	899	(50)	81	(486)	2,608
Provision for agents' termination benefits	189		17		(3)	(20)	183
Pension provision	57					(7)	50
Other provisions for risks	41						41
Provisions for risks and charges	**2,681**	**1,653**	**1,576**	**(841)**	**175**	**(285)**	**4,956**

The provision for risks and charges at December 31, 2022, totaled Euro 2,275 thousand. Of the total increase, Euro 1,892 thousand is due to the consolidation of the IPEG group, while Euro 710 thousand is the net effect of releases or uses during the year in addition to currency effects, particularly in relation to the American subsidiaries.

The provision for legal and tax risks at December 31, 2022 mainly includes:

- a provision of Euro 99 thousand of the subsidiary Piovan France Sas set aside in 2017 associated with the reorganization of the commercial network in the French market;
- a provision of Euro 167 thousand of the subsidiary Piovan France Sas set aside in relation to a dispute with the owner of the building in which the company operated until 2020.
- a provision of Euro 125 thousand of the subsidiary Piovan Do Brasil was accrued in previous years against a potential liability that could arise as a result of a more restrictive interpretation of the tax regulations for the calculation of taxes. The subsidiary appointed highly qualified tax consultants to analyze the case and quantification of the accrual.
- a provision set aside by the US subsidiary for a total amount at December 31, 2022 of USD 517 thousand (Euro 484 thousand) against a potential liability linked to indirect taxation in various states.

- a provision for the remainder that represents the best estimate of the costs needed to fulfil existing commercial contracts (net of related economic benefits).

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

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

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

The liability totaled Euro 481 thousand at December 31, 2022, decreasing from Euro 741 thousand at December 31, 2021.

The items in question refer to liabilities for put options granted to non controlling interest of FEA. In particular, the liability recognized concerns a 32% holding of minority shareholders. The contract stipulates that the minority shareholders may exercise a put option on all, and not part, of their share capital in the period between 30.04.2022 and 30.04.2024. Piovan S.p.A., on the other hand, may exercise a call option - also in a single transaction and in the period between 30.04.2022 and 30.04.2024 - on the 12% of share capital held by FEA's historic shareholders. The value of the share is determined when exercising the option based on certain financial parameters defined in the agreements between the parties. The liability, which is measured based on the expected trends in these parameters, decrease in part in response to the change in the minority interest in 2022 following the acquisition by Piovan of an additional interest and in part following an update to future estimates of the parameters used for the calculation.

For the subsidiary Toba, minority interests have a put option and Piovan has a call option on the 49% stake held by minority interests. The value of this option was set to zero at December 31, 2021. It was not necessary to adjust the value at December 31, 2022, given that: (i) the subsidiary continues to post losses; and (ii) in January 2023, the Group sold a 41% interest in Toba to the minority shareholder.

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

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

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

[22] Other non-current liabilities

At December 31, 2022, these amounted to Euro 3,295 thousand compared to Euro 2,416 thousand at December 31, 2021, and are represented by payables to employees for incentive plans and by non-current tax payables of the subsidiaries Piovan Do Brasil and Piovan Plastic Machinery.

	31.12.2022	31.12.2021
Payables to employees	2,630	2,220
Payables to parent company	664	197
Other current liabilities	**3,295**	**2,416**

[23] Trade payables

They amounted to Euro 77,292 thousand at December 31, 2022 compared to Euro 50,022 thousand at December 31, 2021. The movement in this item on December 31, 2021 mainly derives from the acquisition of the IPEG Group.

[24] Advances from customers

At December 31, 2022, Advances from customers amounted to Euro 50,248 thousand compared to Euro 31,042 thousand at December 31, 2021. This item refers to advances received by customers and relating to contracts where performance obligations are met at a point in time. The increase is mainly due to the acquisition of the IPEG Group.

[25] Tax liabilities and social security contributions

They amount to Euro 11,285 thousand at December 31, 2022 compared to Euro 8,531 thousand at December 31, 2021. The account is broken down as follows:

	31.12.2022	31.12.2021
Social security contributions	3,935	3,708
VAT liabilities	3,104	1,558
Tax withholdings for employees	1,638	1,773
Income tax liabilities (IRES and IRAP)	2,525	920
Other	84	572
Tax liabilities and social security contributions	**11,285**	**8,531**

The account increased mainly in response to the increase in VAT and income taxes payable. The increase is the result of the positive trend in Group performance.

[26] Other current liabilities

They amounted to Euro 23,093 thousand at December 31, 2022 compared to Euro 17,309 thousand at December 31, 2021. The account is broken down as follows:

	31.12.2022	31.12.2021
Payables to employees	12,383	5,527
Payables to parent company	0	2,407
Accrued income and deferred expense	3,922	3,059
Other payables	6,788	6,317
Other current liabilities	**23,093**	**17,309**

Employee payables refer to wages and salaries and accruals for vacation and leave accrued. The increase is mainly due to the IPEG Group.

Payables to parent companies mainly referred to the parent company Piovan S.p.A. and concern estimated current taxes based on performance for the period in accordance with the tax consolidation contract in place with the parent company, Pentafin S.p.A.. The balance at December 31, 2022 is a receivables.

Accruals and deferred income include accrued expenses for the period and deferred income related to future periods.

Notes to the Consolidated Statement of Profit and Loss

[27] Revenue

Revenues amounted to Euro 519,801 thousand in 2022, compared to Euro 280,036 thousand in 2021, an increase of 85.6%. Revenues are shown net of discounts and rebates.

Of the total increase, Euro 36,811 thousand is due to organic growth, i.e. excluding the IPEG group, which contributed revenues of Euro 202,954 thousand over an 11-month period.

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

The breakdown of revenue by market is as follows:

	2022	%	2022 (IPEG excluded)	%	2021	%
Plastic	397,122	76.4%	245,808	77.6%	217,140	77.5%
Food & non plastic	46,628	9.0%	30,931	9.8%	28,355	10.1%
Services	76,051	14.6%	40,109	12.7%	34,541	12.3%
Revenue	**519,801**	**100.0%**	**316,847**	**100.0%**	**280,036**	**100.0%**

Part of the revenues of the Plastic Systems and the Food and non plastics Systems markets derive from contracts with customers where the performance obligations, as well as the recognition of the related revenues, are met over time, as described in the section “accounting principles and policies". These revenues amounted to Euro 25.8 million in 2022, compared to Euro 28.3 million in 2021. Such revenues mainly relate to the subsidiaries Penta S.r.l., Fea Ptp and Pelletron Inc.

The breakdown of revenue by region is as follows:

	2022	%	2022 (IPEG excluded)	%	2021	%
EMEA	185,463	35.7%	180,180	56.9%	182,181	65.1%
ASIA	44,095	8.5%	37,522	11.8%	32,973	11.8%
NORTH AMERICA	272,670	52.5%	81,878	25.8%	49,866	17.8%
SOUTH AMERICA	17,573	3.4%	17,267	5.4%	15,016	5.4%
Revenue	**519,801**	**100%**	**316,847**	**100%**	**280,036**	**100%**

Revenues in EMEA include revenues in Italy which amounted to Euro 59,076 thousand in 2021 and Euro 53,931 thousand in the previous year.

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

[28] Other revenue and income

Other revenue amounts to Euro 11,594 thousand, increasing Euro 4,601 thousand compared to 2021. This item is broken down as follows:

	2022	2021
Accessory transport services for sales	8,045	2,598
Machinery rent	80	75
Grants related to income	994	685
Gains for disposal of tangible and intangible assets	568	318
Gains for disposal of tangible and intangible assets	162	21
Recharges to suppliers	0	33
Insurance compensation	15	24
Agency commissions	16	118
Increase in fixed assets for internal works	225	117
Other	1,488	3,003
Other revenue and income	**11,594**	**6,993**
of which non-recurring	-	1,568

The increase is due to the contribution of the IPEG group. On a like-for-like basis, the total is essentially in line with the previous year. In 2021 a grant in the amount of Euro 1,568 thousand was received by the subsidiary Unadyn from the U.S. government as part of the stimulus package for businesses in response to the COVID emergency. This was disbursed in 2020 as a loan and was then converted following specific approval by the competent authority, having met the established requirements.

Net of this effect and the contribution of IPEG, other revenue and income increased Euro 1,674 thousand.

As explained in more detail in the Directors' Report, grants from the Italian Ministry for Economic Development for research and development were recognized for Euro 744 thousand in 2022 and Euro 447 thousand in 2021.

Transport ancillary services on sales mainly refers to revenues from transport ancillary services related to sales transactions with customers.

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

Operating grants are mainly represented by grants for research and development of Piovan S.p.A.

Other revenue mainly includes recharges and penalties applied to customers.

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

This item amounted to Euro 239,706 thousand in 2022 compared to Euro 115,536 thousand in the previous year. This item is broken down as follows:

	2022	2021
Costs of raw materials, components and goods	214,954	117,391
Costs of consumables	38,532	4,425
Change in raw materials and goods	(8,377)	(2,700)
Change in finished goods and semi-finished products	(5,403)	(3,580)
Costs of raw materials, components and goods and changes in inventories	**239,706**	**115,536**

The increase includes Euro 108,318 thousand related to the consolidation of the IPEG group. On a like-for-like basis, the increase would be Euro 15,852 thousand. This increase is mainly due in part to an increase in sales and to the sales mix compared to the previous year, as well as to an increase in the price of raw materials, components and goods compared to 2021.

[30] Services

Service expenses amounted to Euro 106,113 thousand in 2022, compared with Euro 59,474 thousand in 2021, increasing Euro 51.9%.

This item is broken down as follows:

	2022	2021
Outsourcing	43,894	27,097
Transport	11,581	8,237
Business trips and travel	6,117	3,436
Agency commissions	14,262	3,571
Fees to directors, statutory auditors and independent auditors	2,353	2,070
Consultancies	6,301	4,073
Maintenance and repairs	4,036	2,168
Marketing and advertising	3,476	718
Utilities	2,699	1,631
Insurance	1,223	875
Telephone and connections	899	560
Other costs for services	6,359	3,442
Rental expenses	1,520	446
Leases	227	294
Hires	1,166	856
Services	**106,113**	**59,474**
of which non-recurring	979	-

The increase includes Euro 36,842 thousand related to the consolidation of the IPEG group. At constant consolidation, the increase would be Euro 9,795 thousand. In 2022, non-recurring service costs of Euro 979 thousand were incurred in relation to the acquisition of the IPEG group and to the ongoing reorganization.

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

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

- outsourcing costs amounting to Euro 43,894 thousand in 2022 (41.4% of total service costs) determined by the production methods of the Group, which concentrates internally processing and high value added and core activities. In 2021, this item amounted to Euro 27,097 thousand (45.6% of total Service Costs). Outsourcing as a percentage of revenue improved on the previous year due to the different product mix.
- transport costs on purchases and sales, which totaled Euro 11,581 thousand in 2022, equal to 10.9% of service costs, compared to 13.8% from the previous year. The increase in value is due to the increase in sales volumes;
- business trips and travel relating to both commercial activities and customer relations, and travel to customers' production sites to carry out installation and start-up and customer assistance.

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

With reference to Group's research and development costs, see the paragraph "Group economic performance" of the Directors' Report.

[31] Personnel expenses

Personnel expense amounted to Euro 119,660 thousand compared with Euro 68,446 thousand in 2021. A breakdown of personnel expenses and the workforce by category is provided below:

	2022	2021
Wages and salaries	98,127	52,017
Social security contributions	17,668	13,523
Costs for defined benefit plans	1,912	1,810
Other expenses	1,954	1,097
Personnel expenses	**119,660**	**68,446**
of which non-recurring	102	500

Personnel expense increased Euro 51,214 thousand on 2021. The increase includes Euro 42,926 thousand related to the consolidation of the IPEG group. On a like-for-like basis, the increase would be Euro 8,288 thousand, due mainly to the increase in workforce compared to the previous year and to the share of bonuses and incentive plans for the year. Personal expense as a percentage of total other revenues and income was 22.5% in 2022, compared to 23.8% in 2021.

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

	31.12.2022		31.12.2022 excl. IPEG		31.12.2021	
	period end	average	period end	average	period end	average
Managers	41	37	34	30	27	29
Junior managers	108	109	77	76	71	72
White collars	1,042	1,015	737	720	696	676
Blue collars	613	595	417	411	402	397
Total	**1,804**	**1,756**	**1,265**	**1,237**	**1,196**	**1,174**

On a like for like basis, employees numbered 1,265 at December 31, 2022, for an average for the year of 1,237.

[32] Other expenses

This item amounted to Euro 4,295 thousand, compared with Euro 2,421 thousand in the previous year. This item is broken down as follows:

	2022	2021
Other taxes and duties	2,608	962
Bad debt provision	30	614
Entertainment costs	315	250
Provision for legal and tax risks	(131)	(189)
Provision for product warranty	859	63
Provision for additional client expenses	17	53
Other	597	669
Other expenses	**4,295**	**2,421**

Other taxes and duties mainly includes indirect taxes on property and local taxes in the various countries and in particular in Brazil and the United States.

[33] Amortization and depreciation

This item amounted to Euro 16,930 thousand compared with Euro 7,526 thousand in previous year. This item is broken down as follows:

	2022	2021
Amortisation	8,578	2,142
Depreciation	7,870	4,883
Write-down	482	500
Depreciation & amortisation	**16,930**	**7,526**

The increase in the account of Euro 9,404 thousand mainly includes:

- Euro 7,179 thousand related to amortization recognized upon completion of the purchase price allocation for the acquisition of the IPEG group
- Euro 2,340 thousand related to depreciation and amortization of the IPEG group

Write-downs of intangible assets include the impairment of Toba goodwill, which was written down in 2021 and then set to zero in 2022.

[34] Financial income and expenses

The account presented net expenses of Euro 1,983 thousand in 2022, compared to net expenses of Euro 196 thousand in 2021. This item is broken down as follows:

	2022	2021
Interest income	284	252
Income on financial assets	152	70
Other financial income	307	149
Financial income	**743**	**471**
Bank interest expenses	1,735	181
Other interest expenses	511	269
Other financial expenses	480	217
Financial expense	**2,727**	**667**
Net financial income (charges)	**(1,983)**	**(196)**

Financial income is mainly attributable to the Parent Company and includes interest income on deposits.

Financial expenses include the effect of the fair value measurement of securities at December 31, 2022, equal to a net loss of Euro 32 thousand.

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

[35] Net exchange rate gains/(losses)

This item amounted to Euro 2,409 thousand in 2022 compared with Euro 57 thousand in 2021. This item is broken down as follows:

	2022	2021
Exchange rate gains	10,108	4,009
Exchange rate losses	(7,699)	(3,952)
Net exchange rate gain (losses)	**2,409**	**57**

Unrealized foreign exchange gains included under Foreign exchange gains amounted to Euro 8,016 thousand in 2022 (79.3% of foreign exchange gains for the year) and Euro 2,607 thousand in 2021 (65% of foreign exchange gains for the year).

Unrealized foreign exchange losses included under Foreign exchange losses amounted to Euro 5,897 thousand in 2022 (76.6% of foreign exchange losses for the year) and Euro 1,316 thousand in 2021 (33.3% of foreign exchange losses for the year), respectively.

The increase on the previous year is mainly attributable to the IPEG group and to Piovan do Brasil, as well as to the trends in the US dollar and Brazilian real against the Euro. More specifically, the total includes a currency gain of Euro 1,740 thousand related to a loan in Euro that Piovan S.p.A. provided to Piovan North America.

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

The item reports net income of Euro 260 thousand in 2022 compared to net income of Euro 1,124 thousand in 2021.

The amount recognized is the result of the adjustment of the liability for put options payable to the minority shareholders of FEA Ptp. For further details, reference should be made to Note [21].

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

The item amounted to net profit of Euro 972 thousand in 2022 (Euro 139 thousand in the previous year), and related to investments measured using the equity method. Reference should be made to note [4] for further information.

[38] Income Taxes

This item amounted to Euro 11,509 thousand in 2022 compared with Euro 7,074 thousand in 2021. Income taxes have been determined taking into account the best estimate of the average annual tax rate expected for the whole year. Reference should be made to Note [6] in relation to changes in deferred tax assets and liabilities and the nature of these.

	2022	2021
Current tax liabilities	16,056	10,551
Deferred/advance taxes	(2,481)	(3,477)
Taxes from previous years	(2,067)	
Income taxes	**11,509**	**7,074**

Prior-period taxes mainly include the tax savings related to the Patent Box agreement for the period 2018-2021.

Income taxes can be reconciled as follows to the pre-tax profit or loss shown in the income statement:

	2022	2021
Result before taxes	46,350	34,750
Income taxes calculated using the theoretical IRES rate (24%)	(11,124)	(8,340)
Irap	(1,539)	(1,104)
Effect of different taxation on companies operating abroad	(2,117)	345
Non recurring effects	2,839	2,082
Other movements	432	(57)
Income taxes	**(11,509)**	**(7.074)**

The tax rate used for the reconciliation for the year is 24%, which corresponds to the IRES rate applicable in Italy, the jurisdiction in which the taxable income is mainly earned.

Other information

Non-recurring items

Consob Communication no. DEM/6064293 of July 28, 2006 requires information on significant events and transactions whose occurrence is non-recurring or on transactions or events that do not occur frequently in the normal course of business.

Non-recurring income relates to non-exceptional income items.

The following non-recurring income and expenses were identified in 2022 and 2021:

Non recurring items	2022	2021
Forgiveness PPP Loan	-	1,568
IPEG Inc. acquisition costs	(979)	(892)
Personnel expenses	(102)	(500)
Toba goodwill impairment	(482)	(500)
Toba put-option release	260	1,124
Deferred tax liabilities release	-	2,082
Patent-box relief 2018-2022	2,839	-
Total	**1,536**	**2,882**

Incentive Plans

On May 12, 2020, the Shareholders' Meeting of the Parent Company approved three medium/long-term incentive plans, which aim to retain and incentivize those beneficiaries who are key players in achieving the Group's objectives. This will align the remuneration of these beneficiaries with increases in value and return on shareholder investment.

The first plan, called the “2020-2022 Performance Shares Plan", stipulates that the beneficiaries are identified from among the Executive Directors, excluding the Executive Chairperson, and the Senior Executives at the Piovan Group companies, providing for the free allocation of Piovan S.p.A. shares already held by the Company. The first cycle of this first plan came to a close in 2022, and in January 2023 93,254 shares, representing all of the shares planned, were assigned to plan participants.

The second, called the “2020-2022 Long-Term Monetary Incentive Plan", establishes that the beneficiaries are identified from among the Executives and employees or collaborators at the Piovan Group’s companies, providing for monetary incentives. The plans commenced from their approval by the Shareholders’ AGM and conclude on December 31, 2022, comprising three rolling cycles (vesting periods), each of three years, with the last period concluding in 2024. The vesting periods concern periods on the conclusion of which the shares of the company, or a monetary incentive, shall be granted or issued to beneficiaries, on verification of the achievement for each cycle of the performance objectives linked to the Group’s sales volumes and consolidated EBITDA by the Board of Directors and within the limits and according to the means indicated in the respective regulations and disclosure documents. The first cycle of this second plan came to a close in 2022, and the amounts due will be paid in 2023.

The third plan, called the “2020-2022 Phantom Stock Option Plan”, is for the Executive Directors and Senior Executives at Piovan Group’s companies. This is a long-term plan divided into three cycles (also known as “Vesting Periods”), each lasting three years. The Vesting Periods are the periods at the end of which it is possible to request payment of the incentive. The duration of the Phantom Stock Option Plan, therefore, is from the date of the plan's approval by the Ordinary Shareholders' Meeting until the date the incentive is paid. This will be in 2025, while the last Vesting Period will end on December 31, 2024. The first cycle of this third plan came to a close in 2022, and the amounts due will be paid in 2023.

Classes of financial instruments and fair value hierarchy

With reference to the breakdown of financial assets and liabilities required by IFRS 7, there were no transfers between the fair value levels indicated in IFRS 13 compared to those reported in the Consolidated Financial Statements at December 31, 2021.

31.12.2022	IFRS 9 categories	Book value	Level 1	Level 2	Level 3
Current accounts and post office deposits	Receivables and loans	94,511		94,511	
Cash	Receivables and loans	21		21	
Cash and cash equivalents		94,532		94,532	
Trade receivables	Receivables and loans	90,344			90,344
Financial assets		6,815	6,815		
Total financial assets		**191,691**	**6,815**	**94,532**	**90,344**
Reclassification to financial assets held for sale and disposal groups		(740)		(167)	(573)
Total financial assets		**190,951**	**6,815**	**94,365**	**89,771**
Bank borrowings	Liabilities at amortised cost	107,852		107,852	
Payables to other lenders	Liabilities at amortised cost	35,895		35,895	
Non-current financial liabilities		**143,747**		**143,747**	
Short-term bank loans	Liabilities at amortised cost	7,001		7,001	
Short-term bank loans	Liabilities at amortised cost	32,990		32,990	
Payables to other lenders	Liabilities at amortised cost	4,132		4,132	
Current financial liabilities		**44,123**		**44,123**	
Trade payables	**Liabilities at amortised cost**	**77,763**			**77,763**
Advances from customers	**Liabilities at amortised cost**	**50,785**			**50,785**
Liabilities for commitments and put options	**Liabilities at fair value**	**481**			**481**
Total financial liabilities		**316,899**			
Reclassification to financial liabilities held for sale and disposal groups		(2,913)		(1,904)	(1,009)
Total financial liabilities		**316,899**		**187,870**	**129,029**

31.12.2021	IFRS 9 categories	Book value	Level 1	Level 2	Level 3
Current accounts and post office deposits	Receivables and loans	118,474		118,474	
Cash	Receivables and loans	31		31	
Cash and cash equivalents		118,505		118,505	
Trade receivables	Receivables and loans	55,390			55,390
Financial assets		1,589	1,589		
Total financial assets		**175,484**	**1,589**	**118,505**	**55,390**
Bank borrowings	Liabilities at amortised cost	32,479		32,479	
Payables to other lenders	Liabilities at amortised cost	9,440		9,440	
Non-current financial liabilities		**41,919**		**41,919**	
Short-term bank loans	Liabilities at amortised cost	29,001		29,001	
Short-term bank loans	Liabilities at amortised cost	20,584		20,584	
Payables to other lenders	Liabilities at amortised cost	2,447		2,447	
Current financial liabilities		**52,032**		**52,032**	
Trade payables	**Liabilities at amortised cost**	**50,022**			**50,022**
Advances from customers	**Liabilities at amortised cost**	**31,042**			**31,042**
Liabilities for commitments and put options	**Liabilities at fair value**	**1,865**			**1,865**
Total financial liabilities		**176,879**		**93,951**	**82,928**

Related party transactions

During 2022 and 2021, the Group had commercial relations with some related parties of the Group.

In accordance with the provisions of IAS 24, the following entities are considered Related Parties: (a) companies that directly or indirectly through one or more intermediate companies, control, or are controlled or are under common control with the reporting entity; (b) associated companies; (c) natural persons who directly or indirectly have voting power in the reporting entity that gives them a dominant influence over the company and their immediate family members; (d) key management personnel, i.e. those who have the power and responsibility for planning, directing and controlling the activities of the reporting entity, including directors and officers of the company and the immediate family members of such persons; (e) companies in which any natural person described under (c) or (d) has, directly or indirectly, significant voting power, or over which such person has such power. Case (e) includes undertakings owned by the directors or major shareholders of the reporting entity and undertakings which have a manager with strategic responsibilities in common with the reporting entity.

All transactions are regulated at market conditions for goods and services of equal quality.

Transactions at 31.12.2022	Nature of transactions	Property Plant & Equipement and IFRS16	Current trade receivables	Other current assets	Trade payable	Current financial liabilities	Non current financial liabilities	Other non current liabilities	Other current liabilities	Revenues	Expenses
Pentafin S.p.A.	Piovan S.p.A. parent company		1	332							
CMG S.p.A.	Associated company				762					32	2,925
Penta Auto Feeding India Ltd.	Subsidiary		104							40	
Nicola Piovan	Chairman of the BoD of Piovan S.p.A. and Sole shareholder of Pentafin S.p.A.	220		13		50	168		57		1,430
Filippo Zuppichin	Chief executive officer and shareholder of Piovan S.p.A.	23				13	11		508		1,245
Members of BoD (except President an the CEO)	Directors								38		181
TOTAL		**243**	**105**	**345**	**762**	**63**	**179**		**603**	**72**	**5,782**

Transactions at 31.12.2021	Nature of transactions	Property Plant & Equipement and IFRS16	Current trade receivables	Other current assets	Trade payable	Current financial liabilities	Non current financial liabilities	Other non current liabilities	Other current liabilities	Revenues	Expenses
Pentafin S.p.A.	Piovan S.p.A. parent company								2,572		
CMG S.p.A.	Associated company				955					155	2,518
Penta Auto Feeding India Ltd.	Subsidiary		184							188	
Nicola Piovan	Chairman of the BoD of Piovan S.p.A. and Sole shareholder of Pentafin S.p.A.										
Filippo Zuppichin	Chief executive officer and shareholder of Piovan S.p.A.	139		23		44	98		57		1,298
Members of BoD (except President an the CEO)	Directors	35				12	24	496			1,144
Pentafin S.p.A.	Piovan S.p.A. parent company								98		164
TOTAL		**174**	**184**	**23**	**955**	**56**	**121**	**496**	**2,727**	**343**	**5,124**

Commitments and risks

At December 31, 2022, the Group provided guarantees to third parties as indicated below:

- Euro 3,787 thousand for guarantees in favor of third parties against advances received for contract work-in-progress;
- Euro 230 thousand for guarantees in favor of third parties of the Parent Company Piovan S.p.A. for commercial activities and other charges.

At December 31, 2022, the parent company Piovan S.p.A. provided sureties in favor of credit institutions in the interest of subsidiaries and subject to the control of the parent company for a total of Euro 8.9 million.

Furthermore, the commitments related to lease contract which are not recognized as liabilities in the financial statements, since they do not fall within the scope of IFRS 16 amount to Euro 3,618 thousand.

Contingent liabilities and contingent assets

We are not aware of the existence of further disputes or proceedings that are likely to have significant repercussions on the Group's economic and financial situation.

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

Disbursements from the Public Administration – Transparency obligations under Italian Law No. 124 of 2017

Provided below is a list of subsidies, grants, paid positions, and other economic benefits of any kind received from public bodies or from other entities defined under Article 1(125) of Law 124 of 2017 by companies of the Group in 2022:

Piovan S.p.A.:

In the second and third quarters, Piovan S.p.A. made use of the energy and gas tax credit allowed under Aid Decree 50/2022 of May 17 as amended in the amount of Euro 37,496.72.

With regard to the tax credit for research, development and innovation, as per Law 160/2019 as amended, the Company received a credit in the amount of Euro 159,510.59, of which Euro 53,170.20 was used in 2022.

With regard to the tax credit for capital goods spending, as per Law 178/2020 as amended, the Company used Euro 128,799 of this credit in 2022.

According to what is indicated National Aid Register, the Company received a guarantee within the scope of state COVID-19 aid (SME guarantee fund for state aid SA 569666 – 2020(N) – Direct guarantee) in the amount of Euro 306,029.45.

In 2022, the Company received a grant of Euro 18,997.50 for training programs from Fondimpresa.

On March 10, 2020, the Company presented to the Ministry of Economic Development ("MISE") an application under the Innovation Agreements, DM 24.05.2017, for a research and development project entitled "*PIOVAN-Smart Factory: New generation of auxiliary machines for processing plastics both in granules and powders, also coming from the recycling process, which can be easily integrated into an interconnected system that can exchange information with external customer systems".*

The project concerns the development of a series of advanced auxiliary machines for the storage, transport and treatment of polymers in both granular and powder form, with improved energy efficiency and an increased level of control, which are able to easily integrate in a complete and automated line. The goal of Piovan S.p.A. consists in creating an advanced and self-adaptive system to allow customers to run their factories with fewer defects, better use of resources, including energy and a higher level of process safety, so as not to lose the competitive advantage deriving from the development of factory 4.0.

The project F/130047/00/X38 was approved by the Ministry of Economic Development, with the Decree n. 3014 dated August 6, 2020, for a total amount of Euro 8,236,169.08, with the following facilitation:

- A grant provided by MISE for Euro 1,647,233.82
- A subsidized loan provided by MISE for Euro 411,808.45
- A subsidized loan provided by Regione Veneto for Euro 411,808.45

The project started on April 1, 2019. On September 30, 2020, the partial suspension of the project was obtained due to Covid. The project was concluded on August 31, 2022.

On January 20, 2021, the first statement of work related to expenses incurred during the period April 1, 2019-August 6, 2020, was presented. For a reported expense of Euro 2,353,643.36, Euro 2,234,241.70 was approved. Because of this cost, Piovan S.p.A. received on December 22, 2021:

- a grant provided by MISE for Euro 446,848.34
- two subsidized loans, one provided by MISE for Euro 111,712,09 by MISE and one provided by Regione Veneto for Euro 111,712.09.

On May 08, 2021, the second statement of work related to expenses incurred during the period August 7, 2020-February 6, 2021, was presented. For a reported expense of Euro 1,232,436.82, Euro 1,224,698.51 was approved. Because of this cost, Piovan S.p.A. received on March 3, 2022:

- a grant provided by MISE for Euro 244,939.70
- two subsidized loans, one provided by MISE for Euro 61.234.92 by MISE and one provided by Regione Veneto for Euro 61,234.92.

On December 13, 2021, the third statement of work related to expenses incurred during the period February 7, 2021-August 6, 2021, was presented. For a reported expense of Euro 1,321,354.56, Euro 1,319,442.03 was approved. Because of this cost, Piovan S.p.A. received on July 14, 2022:

- a grant provided by MISE for Euro 263,888.41
- two subsidized loans, one provided by MISE for Euro 65,972.10 by MISE and one provided by Regione Veneto for Euro 65,972.10.

On June 16, 2022 the fourth statement of work related to expenses incurred during the period August 7, 2021-February 6, 2022, was presented. For a reported expense of Euro 1,172,306,16 Euro 1,171,057.19 was approved. Because of this cost, Piovan S.p.A. received on December 5, 2022:

- a grant provided by MISE for Euro 234,211.44
- two subsidized loans, one provided by MISE for Euro 58,552.86 by MISE and one provided by Regione Veneto for Euro 58,552.86.

On November 23, 2022, the final statement of work related to expenses incurred during the period February 7, 2022-August 31, 2022. The reported expenses presented amounted to 1,775,554.85 for which the Company is waiting the approvement.

Remuneration paid to Directors and Statutory Auditors

Remuneration paid to Directors, Statutory Auditors and Managers with strategic responsibilities for the year ended December 31, 2022, compared to the previous year are shown below:

	2022	2021
Directors	2,348	1.845
Managers with strategic responsibilities	979	924
Statutory auditors	75	60

Disclosure pursuant to Article 149-duodecies of the Consob Issuers' Regulation – fees for independent auditors

The following table, prepared pursuant to Article 149 of the Consob Issuers´ Regulation, reports:

- the fees for 2022 for audit services
- for those other than audit services, rendered by the same audit firm in office
- and from companies in its network.

Type of service	Person who provided the service	Recipient	Fees 2022
External audit of accounts	Auditor of the parent company	Parent company	170
External audit of accounts	Auditor of the parent company	Subsidiaries	101
External audit of accounts	Network of the parent company's auditors	Subsidiaries	233
Review review of the half-yearly financial statements	Auditor of the parent company	Parent company	33
Review review of the half-yearly financial statements	Auditor of the parent company	Subsidiaries	42
Review review of the half-yearly financial statements	Network of the parent company's auditors	Subsidiaries	15
External audit of accounts and review	Other auditors	Subsidiaries	255
Non-audit services	Network of the parent company's auditors	Parent company	10
Total			**859**

Subsequent events after December 31, 2022

As presented in the Directors' Report, the significant events after December 31, 2022, were as follows:

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

On January 31, 2023, the preliminary agreement was signed for the sale to minority interests of a 41% stake held by Piovan S.p.A. in Toba Pnc. As a result, Piovan S.p.A. now holds a 10% interest in Toba Pnc. The Group will be continuing to operate in Korea by way of both the minority interest in Toba Pnc and our direct presence in the country, development of which is ongoing.

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

-On January 26, 2023, the director Marco Stevanato resigned for personal reasons. Mr Stevanato was a non-independent, non-executive director and held no additional positions on the Company's committees. There are no indemnities or other benefits payable as a result of his conclusion of office. On March 21, 2023, Maurizio Bazzo was co-opted to the board and will remain in office until the next meeting of shareholders.

- on March 14, 2023, Piovan Group, through the subsidiary FDM GmbH, acquired from ProTec Polymer Processing GmbH some assets related to Material Handling, Dosing and Recycling markets, with the aim of growing in the Service and After Sales markets.
Except for the ongoing Russia-Ukraine war and the events specified above, there were no other significant events after the reporting date.

Allocation of the result for the year

Piovan S.p.A. realized in 2022 a net profit equal to Euro 24,345,719, The Board of Directors proposes to allocate the net profit as follow:

- to distribute a dividend amounting to € 0.20 for each share with profit rights (excluding therefore treasury shares held by the Company, in agreement with art. 2357-ter, comma 2, Civil Code) totaling € 10,206,492.20;
- to allocate the remainder, equal to € 14,139,226.80, to the extraordinary reserve.

Subsidiaries and other investments included in the consolidated financial statements

Company name	Registered office	Country	Currency	Share capital at 31/12/2022	% shareholding	Shares held Shareholder-Partner	Consolidation method
Parent:							
Piovan S.p.A.	Santa Maria di Sala	Italy	EUR	6,000,000			
Equity investments in subsidiary companies:							
Piovan India Private Ltd	Mumbai	India	INR	350,000	100.00%	Piovan S.p.A.	Full
Piovan Plastics Machinery Ltd	Suzhou (CN)	Cina	CNY	5,088,441	100.00%	Piovan S.p.A.	Full
Piovan Do Brasil Ltda	Osasco (BRA)	Brasile	BRL	11,947,356	100.00%	Piovan S.p.A.	Full
Piovan Mexico S. A.	Queretaro (MX)	Messico	MXN	706,540	100.00%	Piovan S.p.A.	Full
Piovan Central Europe GmbH	Brunn am Gebirge (A)	Austria	EUR	35,000	100.00%	Piovan S.p.A.	Full
Piovan UK Ltd	Bromsgrove (GB)	Regno Unito	GBP	25,000	100.00%	Piovan S.p.A.	Full
Piovan Czech Republic s.r.o.	Praga (CZ)	Repubblica Ceca	CZK	200,000	100.00%	Piovan Central Europe GmbH (90%) Piovan S.p.A. (10%)	Full
Piovan France Sas	Chemin du Pognat (F)	Francia	EUR	1,226,800	100.00%	Piovan S.p.A.	Full
Universal Dynamics Inc.	Fredericksburg, Virginia (U.S. A.)	USA	USD	3,500,000	100.00%	Piovan S.p.A.	Full
Piovan GmbH	Garching (D)	Germania	EUR	102,258	100.00%	Piovan S.p.A.	Full
Piovan Canada Ltd	Mississauga - Ontario (CAN)	Canada	CAD	10	100.00%	Piovan S.p.A.	Full
Piovan Asia Pacific Ltd	Bangkok (TH)	Tailandia	THB	8,010,000	100.00%	Piovan S.p.A.	Full
FDM GmbH	Troisdorf (DE)	Germania	EUR	75,000	66.67%	Piovan S.p.A.	Full
Piovan Muhendslik Ltd	Beikoz (TR)	Turchia	TRY	10,000	100.00%	Piovan S.p.A.	Full
Penta S.r.l.	Ferrara (IT)	Italia	EUR	100,000	100.00%	Piovan S.p.A.	Full
Energys S.r.l.	Venezia (IT)	Italia	EUR	10,000	100.00%	Piovan S.p.A.	Full
Piovan Japan Inc.	Kobe (J)	Giappone	JPY	6,000,000	100.00%	Piovan S.p.A.	Full
Piovan Gulf FZE	Dubai (UAE)	Emirati Arabi	AED	1,000,000	100.00%	Piovan S.p.A.	Full
Aquatech S.r.l.	Venezia (IT)	Italia	EUR	40,000	100.00%	Piovan S.p.A.	Full
Piovan Vietnam Company Ltd	Mai Chi Tho (Vietnam)	Vietnam	VND	1,136,500,000	100.00%	Piovan S.p.A.	Full
Progema S.r.l.	San Felice sul Panaro (MO)	Italia	EUR	25,000	100.00%	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	68.17%	Piovan S.p.A.	Full
Studio Ponte S.r.l.	Poggio Renatico (FE)	Italia	EUR	10,000	100.00%	Penta S.r.l.	Equity method
Penta Auto Feeding India Ltd	Navi Mumbai (India)	India	INR	10,000,000	50.00%	Penta S.r.l.	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
Doteco S.p.A.	Modena (IT)	Italia	EUR	1,000,000	100.00%	Piovan S.p.A.	Full
Doteco INC	Dalton, Georgia (U.S.A.)	USA	USD	75,000	100.00%	Doteco S.p.A.	Full
Piovan Nord America Llc	Delaware (USA)	USA	USD	-	100.00%	Piovan S.p.A.	Full
IPEG Holdings Inc.	Delaware (USA)	USA	USD	21,038,000	100.00%	Piovan Nord America Llc	Full
IPEG Inc.	Franklin, Pennsylvania (USA) Pinconning, Michigan (USA)	USA	USD	4,502,000	100.00%	IPEG Holdings Inc.	Full
Republic Machine Inc.	Kentucky (USA)	USA	USD	100	100.00%	IPEG Inc.	Full
Thermal Care Inc.	Illinois (USA)	USA	USD	1,000	100.00%	IPEG Inc.	Full
Pelletron Corp.	Pennsylvania (USA)	USA	USD	1,000	100.00%	IPEG Inc.	Full
Conair Mexicana S.A. de C.V.	Guadalupe (Mexico)	Messico	MXN	52,739,210	100.00%	IPEG Inc.	Full
International Plastics Equipement Group S.A. de C.V.	Guadalupe (Mexico)	Messico	MXN	50,000	100.00%	IPEG Inc.	Full
Pelletron Europe GmbH	Bodnegg (Germany)	Germania	EUR	-	100.00%	IPEG Inc.	Full
Conair Pacific Equipement Pte Ltd	(Singapore)	Singapore	SND	10,000	100.00%	IPEG Inc.	Full
Conair Trading (Shangai) Co Ltd	Shangai (China)	Cina	CNY	-	100.00%	IPEG Inc.	Full
Conair Asia Pte Ltd	(Singapore)	Singapore	SND	10,000	100.00%	IPEG Inc.	Full
Conair Asia Pte Ltd	Taiwan	Taiwan	TWD	17,900,000	100.00%	0	Full
Piovan Industrial Automation (Suzhou) Co., Ltd.	Suzhou (Cina)	Cina	CNY	40,000,000	100.00%	Piovan S.p.A.	Full
Equity investments in affiliated companies:							
CMG S.p.A.	Budrio (BO)	Italia	EUR	1,250,000	20%	Piovan S.p.A.	Equity method
NuVu Conair Private LTD	Ahmedabad (India)	India	INR	19,915,000	50.00%	IPEG Inc.	Equity method

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

Santa Maria di Sala (Venezia), March 21, 2023.

On behalf of the Board of Directors

Executive Chairman

Nicola Piovan

DECLARATION OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Declaration of the consolidated annual financial statements as per article 154-bis of Leg. Decree No. 58 of 24.02.1998 and Article 81-ter of Consob regulation no. 11971 of May 14, 1999 and subsequent amendments and supplements

Santa Maria di Sala, March 21, 2023

The undersigned Filippo Zuppichin, Chief Executive Officer, and Giovanni Rigodanza, Executive Officer for Financial Reporting of Piovan S.p.A. declare, also in consideration of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:

- the accuracy of the information on company operations and
- the effective application

of the administrative and accounting procedures for the drafting of the consolidated annual financial statements for 2022.

No significant aspect emerged concerning the above.

In addition, we declare that the consolidated annual financial statements at December 31, 2022:

a) were prepared in accordance with international accounting standards, endorsed by the European Union pursuant to EU regulation No. 1606/2002 of the European Parliament and Council, of July 19, 2002;

b) correspond to the underlying accounting documents and records;

c) provide a true and fair view of the financial position, balance sheet and operating results of the issuer and of the companies included in the consolidation;

The Directors' Report includes a reliable analysis on the performance and operating result,

as well as the situation of the issuer and of the companies included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

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

AUDITORS' REPORT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Piovan S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Piovan S.p.A. and its subsidiaries (the "Piovan Group" or "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit and loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Piovan S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon; therefore, we do not provide a separate opinion on these matters.

Accounting treatment of the IPEG Inc. Group acquisition	
Description of the key audit matter	On 31 January 2022 Piovan S.p.A. completed the acquisition of IPEG, Inc., and its subsidiaries ("IPEG Group") which was consequently included in the consolidation perimeter starting from beginning of February. The acquisition was recognized in the consolidated financial statements according to the purchase method, involving the purchase price allocation process ("PPA"), that required Management, also with the support of an independent expert, to identify and evaluate the fair values of the assets acquired and liabilities undertaken and to determine the goodwill value. The allocation, which was finally determined at 31 December 2022, implied the recognition, at the acquisition date, of intangible assets with a defined useful life, the relative tax effects and goodwill for the residual amount. Such assets are included in the consolidated financial statements as of 31 December 2022 for Euro 60,500 thousand, Euro 14,920 thousand and Euro 42,704 thousand respectively. In light of the relevance of this transaction in the context of Piovan Group consolidated financial statements and of the complexity of the assessments required by International Financial Reporting Standard "IFRS 3 *Business combinations*" which naturally imply a high degree of judgment, we considered the accounting for the acquisition of IPEG Group a key audit matter for the audit of Piovan Group consolidated financial statements. Paragraph "*Business Combination*" of the notes to consolidated financial statements describes the method for the recognition of business combinations and the paragraph "*Acquisitions and corporate transactions - Acquisition of IPEG Inc.*" describes the valuation process adopted by Management and the disclosure related to the IPEG Group acquisition.
Audit procedures performed	In the context of our audit we have, among others, carried out the following procedures, also using the support of our network' experts: • analysis of the agreements related to the acquisition of IPEG Group in order to understand its terms and main conditions; • audit procedures on the financial data of companies included in the business combination, with reference to the date of acquisition of control, which represent the input and the starting point of the PPA process; • analysis of the PPA report prepared by the independent expert appointed by Management, also evaluating its objectivity and professional capabilities; • examination of criteria and assumptions used by Management, with the support of the expert, to identify assets acquired and liabilities undertaken, to estimate relevant fair values as well as to determine the value of goodwill.

	Furthermore, we examined the appropriateness of the disclosure provided by Piovan Group regarding the business combination and its compliance with IFRS 3 requirements.
Impairment test on goodwill	
Description of the key audit matter	The consolidated financial statements include, within Intangible assets, goodwill totaling Euro 63,709 thousand, increased compared to previous year mainly due to the recognition of the goodwill deriving from the acquisition of IPEG Group, equal to Euro 42,074 thousand, which was allocated to the three identified CGUs, named “Conair”, “Thermal Care” and “Pelletron”, respectively for Euro 29,294 thousand, Euro 7,568 thousand and Euro 5,212 thousand. In accordance with International Accounting Standard “IAS 36 – *Impairment of assets*”, goodwill is not amortized but tested for impairment at least once a year, by comparing the recoverable amount of each of the afore-mentioned CGUs – intended as value in use determined using the Discounted Cash Flows (DCF) method – and their carrying amount, which includes goodwill allocated to them as well as other tangible and intangible assets. Company’s Management valuation process is based on assumptions concerning, among others, the CGUs’ expected cash flows, deriving from business plans prepared for the period 2023-2026 and approved by the Board of Directors of the Company, the definition of an appropriate discount rate (WACC) and of a long-term growth rate (g-rate) for the calculation of the terminal value beyond the forecasting period. Such assumptions depend upon future expectations and market conditions which can vary upon time, with consequent effects, potentially significant, with respect to judgements made by the Directors. Considering the amount of goodwill included in the financial statements, the level of judgement involved in the estimate of the CGUs’ cash flows and of the key parameters of the impairment model, we considered the impairment test as a key audit matter for the consolidated financial statements. Notes to the consolidated financial statements, and in particular Note 3, present disclosures provided by the Directors with regards to the impairment test, including the result of the test and of the sensitivity analysis performed, which describes the effects potentially deriving from changes in the key parameters used for the test.
Audit procedures performed	We have first examined the methodology used by Management in determining the value in use of the CGUs’, analyzing the methods and assumptions used for the development of the impairment test.

As part of our audit we have, among others, carried out the following procedures, also with the support of experts, part of our network:

- identification and understanding of relevant controls implemented by the Company on the impairment test process;
- examination of consistency of forecasted figures used in the test with business plans approved by Company's Directors;
- analysis of reasonableness of main assumptions adopted in developing projections of the CGUs cash flows;
- analysis of actual 2022 results compared to budgeted figures and of the nature of variances, in order to evaluate the reliability of the process used for the preparation of business plans used in the test;
- evaluation of the reasonableness of the discount rate (WACC) and of the long-term growth rate (g-rate), also through comparison with market data;
- verification of the clerical accuracy of the model used to determine the value in use of the CGUs;
- verification of the accuracy in the determination of the carrying amount of the CGUs net assets;
- verification of the sensitivity analysis prepared by Management both in terms of clerica accuracy and relevance of the analysis with respect to the key assumptions of the test.

We have also examined the appropriateness and compliance of the disclosure provided by the Group on the impairment test with the provisions of IAS 36.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Among matters communicated with those charged with governance, we determine those that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Piovan S.p.A. has appointed us on 14 September 2018 as auditors of the Company for the years from 31 December 2018 to 31 December 2026.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Piovan S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the consolidated financial statements as at 31 December 2022, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at 31 December 2022 have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information contained in the explanatory notes to the consolidated financial statements, when extracted from XHTML format in an XBRL instance, may not be reproduced in the same way as the corresponding information displayed in the consolidated financial statements in XHTML format.

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Piovan S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of Piovan Group as at 31 December 2022, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of Piovan Group as at 31 December 2022 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Piovan Group as at 31 December 2022 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254

The Directors of Piovan S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by another auditor.

DELOITTE & TOUCHE S.p.A.

Signed by
Barbara Moscardi
Partner

Treviso, Italy
30 March 2023

As disclosed by the Directors, the accompanying consolidated financial statements of Piovan S.p.A. constitute a non-official version which has not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

ANNUAL SEPARATE FINANCIAL STATEMENTS

at December 31, 2022

SEPARATE FINANCIAL STATEMENTS

Separate Financial Statements

Statement of Financial Position

(in Euro)

ASSETS	Notes	31.12.2022	*of which related parties*	31.12.2021	*of which related parties*
			Other information	(*)	*Other information*
NON-CURRENT ASSETS					
Property, plant and equipment	**Note 1**	23,060,185		23,462,409	
Right of Use	**Note 2**	5,866,174	*242,711*	6,284,670	*174,424*
Intangible assets	**Note 3**	522,029		324,523	
Equity investments	**Note 4**	144,928,446	*144,925,769*	61,747,820	*61,745,144*
Non current financial assets	**Note 5**	29,500,000	*29,500,000*		
Other non-current assets	**Note 6**	9,744		16,391	
Deferred tax assets	**Note 7**	1,253,613		1,035,851	
TOTAL NON-CURRENT ASSETS		**205,140,192**		**92,871,665**	
CURRENT ASSETS					
Inventories	**Note 8**	21,215,994		16,131,965	
Trade receivables	**Note 9**	25,082,679	*7,764,361*	23,064,660	*5,962,227*
Current financial assets	**Note10**	7,529,010	*972,428*	1,873,703	*595,045*
Tax receivables	**Note 11**	1,003,909		1,088,361	
Other current assets	**Note 12**	2,415,202	*12,576*	1,572,353	*23,260*
Cash and cash equivalents	**Note 13**	57,277,761		91,294,106	
TOTAL CURRENT ASSETS		**114,524,555**		**135,025,149**	
Assets held for sale and disposal groups	**Note 14**	-			
TOTAL ASSETS		**319,664,747**		**227,896,814**	

(*) Figures adjusted in response to separating out "Right-of-use assets" from "Property, plant and equipment".

LIABILITIES AND EQUITY	Notes	31.12.2022	*of which related parties*	31.12.2021	*of which related parties*
			Other information	(*)	*Other information*
EQUITY					
Share capital	**Note 15**	6,000,000		6,000,000	
Legal reserve	**Note 15**	1,200,000		1,200,000	
Reserve for own shares in portfolio	**Note 15**	(2,207,625)		(2,249,744)	
Other Reserves and retained earnings	**Note 15**	53,238,864		43,077,916	
Net profit (loss)	**Note 15**	24,345,719		14,204,371	
TOTAL EQUITY		82,576,957		**62,232,544**	
NON-CURRENT LIABILITIES					
Long-term loans	**Note 17**	107,310,825		31,938,541	
Non-current financial liabilities	**Note 17**	1,291,954	*179,051*	1,143,696	*121,173*
Employee benefits plans	**Note 18**	1,689,598		2,041,218	
Provision for risks and charges	**Note 19**	972,687		1,354,332	
Other non-current liabilities	**Note 20**	2,219,450	*543,000*	1,380,072	*496,229*
Deferred tax liabilities	**Note 7**	167,729		194,700	
TOTAL NON-CURRENT LIABILITIES		**113,652,242**		**38,052,559**	
CURRENT LIABILITIES					
Current portion of long-term loans	**Note 17**	32,691,920		20,286,758	
Current bank loans and borrowings	**Note 17**	7,000,000		29,000,000	
Current financial liabilities	**Note 17**	37,754,567	*37,421,128*	35,516,302	*35,188,523*
Trade payables	**Note 21**	28,783,501	*2,736,950*	25,931,201	*1,954,613*
Advance from costumers	**Note 22**	5,085,389		5,176,602	
Tax liabilities and social security contributions	**Note 23**	4,709,221		3,698,771	
Other current liabilities	**Note 24**	7,410,949	*786,103*	8,002,078	*2,507,813*
TOTAL CURRENT LIABILITIES		**123,435,548**		**127,611,711**	
TOTAL LIABILITIES		**237,087,790**		**165,664,270**	
TOTAL LIABILITIES AND EQUITY		**319,664,747**		**227,896,814**	

Income Statement

(in Euro)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS	Notes	31.12.2022	*of which related parties*	31.12.2021	*of which related parties*
			Other information		*Other information*
Revenue	**Note 25**	132,342,764	46,467,170	110,728,605	38,788,946
Other revenue and income	**Note 26**	2,639,136	895,048	2,022,683	681,196
TOTAL REVENUE AND OTHER INCOME		**134,981,900**		**112,751,288**	
Costs of raw materials, components and goods and changes in inventories	**Note 27**	55,028,466	4,387,374	44,365,490	2,065,958
Services	**Note 28**	26,896,271	6,166,683	20,653,243	4,595,443
Personnel expenses	**Note 29**	30,039,651	1,199,227	27,910,003	1,100,852
Other expenses	**Note 30**	627,109	970	214,591	
Amortisation and depreciation	**Note 31**	2,391,144	57,333	2,601,023	70,794
TOTAL COSTS		**114,982,641**		**95,744,350**	
OPERATING PROFIT		**19,999,259**		**17,006,938**	
Financial income	**Note 32**	10,490,197	561,527	2,333,024	16,647
Financial Expenses	**Note 32**	(2,124,887)	(160,473)	(326,038)	(1,991)
Net exchange rate gain (losses)	**Note 33**	(98,138)		434,197	
Adjustments to financial assets	**Note 34**	-		(1,373,437)	
PROFIT BEFORE TAXES		**28,266,431**		**18,074,682**	
Income taxes	**Note 35**	3,920,712		3,870,311	
NET PROFIT		**24,345,719**		**14,204,371**	
Earnings per share					
Basic earnings per share (in Euros)	**Note 16**	**0.48**		**0.28**	
Diluted earnings per share (in Euros)	**Note 16**	**0.47**		**0.28**	

Statement of Comprehensive Income

(in Euro)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	31.12.2022	31.12.2021
Net profit	**24,345,719**	**14,204,371**
Items that may be subsequently reclassified to profit or loss:	-	-
- Exchange rate differences	-	-
Items that may not be subsequently reclassified to profit or loss:	-	-
- Actuarial gains (losses) on employee benefits net of the tax effect	227,886	23,650
- Actuarial gains on agents' termination benefits net of the tax effect	10,069	2,021
Total Comprehensive income	**24,583,674**	**14,230,042**

Cash Flow Statement

(in euro)

Cash Flow	31.12.2022	of which related parties	31.12.2021	of which related parties
OPERATING ACTIVITES			(*)	
Net profit	***24,345,719***		***14,204,371***	
Adjustments for:				
-Amortisation and depreciation	*2,391,144*		*2,601,023*	
-Investment write down	-		*1,323,392*	
Amortisation and depreciation	*2,391,144*		*3,924,416*	
Inventory write-down and bad debt provision	*193,355*		(585,070)	
- Net non-monetary financial (income)	*2,124,887*		(69,682)	
Change in provisions for risks and charges and employee benefits liabilities	*(113,665)*		(229,508)	
- (Plus) or minus from disposal of fixed assets	-		(2,949)	
- (Plus) or minus from disposal of fixed assets and investments	*(104,814)*		-	
- Unrealized currency exchange rate (gains) losses	-		(451,754)	
Dividends	*(9,712,658)*		(2,096,553)	
Other non-monetary variations	*2,263,971*		-	
Taxes	*3,920,712*		3,870,311	
Cash flows from operating activities before changes in net working capital	**25,308,651**		**18,563,582**	
(Increase)/decrease in trade receivables	*(2,018,019)*	*1,802,134*	10,584,979	*12,971,281*
(Increase)/decrease in inventories	*(5,389,030)*		(5,348,152)	
(Increase)/decrease in other current assets	*140,033*	*(10,684)*	(1,039,700)	*7,765*
Increase/(decrease) in trade payables	*2,852,300*	*(782,337)*	4,781,799	*(345,822)*
Increase/(decrease) in advance from customers	*(91,213)*		3,698,381	
Increase/(decrease) in other current liabilities	*2,851,756*	*1,721,710*	1,881,028	*2,088,285*
(Increase)/decrease in non-current assets	*(288,319)*		-	
Increase/(decrease) in non-current liabilities	*(896,198)*	*(46,771)*	1,520,905	*434,027*
Dividends received	*8,814,230*		2,096,553	
Income taxes paid	*(5,387,608)*		(2,694,218)	
CASH FLOWS FROM OPERATING ACTIVITIES (A)	**25,896,585**		**34,045,157**	
INVESTING ACTIVITIES				
(Investments) in property, plant and equipment	*(1,382,796)*	*68,287*	(1,755,581)	*760,576*
Disinvestments in property, plant and equipment	*300,814*			
(Investments) in intangible assets	*(356,492)*		(268,525)	
Disinvestments/(investments) in financial assets	*(35,155,307)*	*29,877,383*	8,010,426	*4,243,376*
Disinvestments/(investments) in investments	*(83,022,625)*	*83,180,625*	(6,696,968)	
Deferred price from the acquisition of controlling interest	*(1,018,032)*			
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (B)	**(120,634,438)**		**(710,648)**	
FINANCING ACTIVITIES	-		-	
Issuance of bank loans	*109,694,000*		15,000,000	
Repayment of bank loans	*(21,916,554)*		(16,332,722)	
Change in current bank loans and borrowings	*(22,000,000)*		7,700,000	
Repayment of bonds	*(2,124,887)*			
Increase/(decrease) in other financial liabilities	*2,161,880*	*(2,290,484)*	12,081,549	*11,632,605*
Dividends paid	*(5,092,930)*		(6,620,809)	
CASH FLOWS USED IN FINANCING ACTIVITIES (C)	**60,721,509**		**11,828,018**	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A ± B ± C)	**(34,016,345)**		**45,162,527**	
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (E)	**91,294,106**		**46,131,579**	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(34,016,345)**		**45,162,527**	
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (G=D+E+F)	**57,277,761**		**91,294,105**	

(*) Figures restated as described in the paragraph “Form and content of the separate financial statements”, in “Financial Statements - Statement of cash flows”.

Statement of changes in shareholders' equity

(in Euro)

	Share capital	Legal reserve	Reserve for treasury shares	Other reserves and retained earnings	Profit for the year	Total Equity
Balance at 01.01.2021	**6,000,000**	**1,200,000**	**(2,249,744)**	**38,911,081**	**10,448,148**	**54,309,485**
Allocation of previous period operating profit				10,448,148	(10,448,148)	
Distribution of dividends	-	-	-	(6,620,809)	-	(6,620,809)
Cancellation of treasury shares	-	-	-	-	-	-
Other movements	-	-	-	313,825	-	313,825
Total comprehensive net income	-	-	-	25,671	14,204,371	14,230,042
Balance at 31.12.2021	**6,000,000**	**1,200,000**	**(2,249,744)**	**43,077,916**	**14,204,371**	**62,232,543**
Allocation of previous period operating profit	-	-	-	14,204,371	(14,204,371)	-
Distribution of dividends	-	-	-	(5,092,930)	-	(5,092,930)
Cancellation of treasury shares	-	-	42,119	385,881	-	428,000
Incentive plans	-	-	-	425,670	-	425,670
Other movements	-	-	-	-	-	-
Total comprehensive net income	-	-	-	237,955	24,345,719	24,583,674
Balance at 31.12.2022	**6,000,000**	**1,200,000**	**(2,207,625)**	**53,238,864**	**24,345,719**	**82,576,957**

Explanatory Notes to the Separate Financial Statements

Piovan S.p.A. is the parent company of the Piovan Group, among the world leaders in the Plastics Systems market in the design and production of plants and control systems for the automation of all phases of the plastics production cycle. In particular the Group produces automation systems for the storage, transport and processing of plastics ("Plastics Systems"), automation systems for the storage and transport of food powders and non plastic powders ("Food Systems & non plastic") and technical assistance and marketing of spare parts and services ("Services and Spare Parts").

The plants and systems developed, produced and marketed by the Group automate and improve the performance of all the various phases of the production and transformation process of plastics, food powders and non plastic powder. The technical solutions proposed by the Group include, for both the Plastics System and Food and non plastic System markets: (i) the design of machinery and engineering solutions; (ii) the production of plants and systems; and (iii) the installation at the customer's production facilities. In addition, the Group provides its customers with specific technical support from the preliminary design phase to the installation and start-up of the plant and machinery, ensuring ongoing support in order to guarantee optimal operation of the products installed.

Piovan S.p.A. received approval on October 5, 2018 from CONSOB for admission to listing of its shares on the Italian Stock Market, STAR segment. Trading of the shares on this market commenced on October 19, 2018.

As becoming a listed company, Piovan S.p.A. is obliged to prepare its separate financial statements in accordance with IAS/IFRS. The first separate financial statements prepared by the Company in accordance with IAS/IFRS were those at December 31, 2018.

Declaration and basis of preparation of the separate financial statements

The separate financial statements of the Company at December 31, 2022 have been drawn up in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission in accordance with the procedure laid down by Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament and Council dated July 19, 2002.

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

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

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

The separate financial statements were prepared in accordance with the updated accounting records.

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

The Separate Financial Statements at December 31, 2022 were approved by the Board of Directors of Piovan S.p.A. on March 21, 2023.

These financial statements are presented in units of Euro, whereas the explanatory notes and related tables are presented in thousands of Euro. There may be rounding differences when individual line items are added together as the individual line items are calculated in euro (rather than in thousands of euro).

Implications of the COVID-19 pandemic

The COVID-19 pandemic, which spread around the globe in 2020, has continued into 2021 and also 2022. As noted, this emergency - and above all the lockdown policies imposed by various governments - have had widespread repercussions in many sectors of the world economy. The medium-term outlook is gradually improving thanks to the beginning of the vaccination campaigns in 2021 in various nations, although the macroeconomic landscape continues to feature a great deal of uncertainty due to new waves and variants of the virus, as cases are on the rise in many countries.

The Group has a presence in many geographical areas and in a diverse range of industries. This has therefore made it possible, as previously indicated, to mitigate the overall risk.

In 2022, the Company and all Piovan Group companies remained fully operative, with minor interruption, having adopted measures and protocols to protect employees as per applicable local regulations.

The backlog at December 31, 2023 continues to reflect the strong order intake in the initial months of 2023. The Group is therefore optimistic about the future, a view supported, in part, by completion of the current vaccine roll-out, the safety protocols put in place at all facilities, and assuming there is no worsening in the spread of the COVID-19 virus, which could have consequences that cannot currently be foreseen.

Russia-Ukraine conflict

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

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

The group has only limited exposure in the areas impacted by the war (i.e. Ukraine, Russia, Belarus) in either sales or purchases. Based on figures for 2022, and including the recent acquisition of IPEG, Inc., consolidated revenue generated by the Group in Russia, Belarus and Ukraine is 0.3% of the total.

The situation is constantly developing and the Company - also with the support of external consultants - is monitoring the situation and the international rules closely to assess any impact of the conflict on its operations.

However, the indirect effects of the Russia-Ukraine conflict may indicate that one or more impairment indicators exist. For the Annual Report, management therefore made assessments in this regard. In particular, with regards to the Group overall, management did not identify indicators of impairment, taking account of the fact that (i) despite negative stock markets performance, the company's capitalization at December 31, 2022 remains comfortably above consolidated shareholders' equity at the same date, (ii) the order portfolio remains at good levels, in line with the Group's usual volumes, (iii) the net financial position was not impacted by the altered general economic environment and the new funding is at fixed interest rates, (iv) operating performance in 2022 was very strong, both in terms of revenues and margins.

The situation is constantly developing and the Company - also with the support of external consultants - is monitoring the situation and the international rules closely to assess any impact of the conflict on its operations.

Form and contents of the separate financial statements

Financial statements

Statement of Financial Position

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

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

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

Where none of these conditions apply, the assets/liabilities are classified as non-current.
Compared to the Annual Financial Report at December 31, 2021, and the interim financial reports presented in 2022. We have decided to break out "Right-of-use assets" from property, plant and equipment for the purpose of providing more detailed information. The comparative figures at December 31, 2021, have therefore been restated to take account of this change.

Income Statement

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

Statement of Comprehensive Income

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

Statement of Cash Flow

The Cash Flow Statement is presented using the indirect method. The cash and cash equivalents included in the cash flow statement include the balance sheet captions at the reporting date. Interest income and expense, dividends received and income taxes are included in the cash flow generated from operating activities with the exception of interest matured on securities available-for-sale, included in financial cash flows generated from financial management. The cash flow deriving from operating activities, investment activities, the change in the non-current financial position and short-term payables as well as current financial assets are shown separately. Where not specified, the exchange gains and losses are classified under operating activities as these refer to the translation into Euro of trade receivables and payables. Compared to the Annual Financial Report at December 31, 2021, and the interim financial reports presented in 2022. For the purpose of providing more detailed information we have decided to break out the following accounts: (i) "Adjustments for share-based payments"; (ii) "(Increases)/decreases in contract work in progress" (previously included among "(Increases)/decreases in other current assets"). We have also decided to break down investments and divestments related to both property, plant and equipment and intangible assets that were previously included under property, plant and equipment. The comparative figures at December 31, 2021, have therefore been restated to take account of this change.

Statement of Changes in Shareholders' Equity

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

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

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

The separate financial statements for 2022 were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) endorsed by the European Commission and in force at the reporting date.

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

In the preparation of these separate financial statements at December 31, 2022 the accounting standards adopted are those as utilized in the preparation of the separate financial statements at December 31, 2021, with the exception of that reported below.

IFRS accounting standards, amendments and interpretations applicable to the Company and applied from January 1, 2022

The following IFRS standards, amendments and interpretations were applied for the first time by the Company from January 1, 2022:

On May 14, 2020, the IASB published the following amendments:

- Amendments to IFRS 3 Business Combinations: the purpose of the amendments is to update the reference in IFRS 3 to the revised version of the Conceptual Framework, without changing the provisions of the standard.
- Amendments to IAS 16 Property, Plant and Equipment: the purpose of the amendments is not to allow the amount received from the sale of goods produced during the testing phase of the asset to be deducted from the cost of the asset. These sales revenues and related costs will therefore be recognized to the income statement.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: the amendment clarifies that in estimating the possible onerousness of a contract, all costs directly attributable to the contract must be considered. Accordingly, the assessment of whether a contract is onerous

includes not only incremental costs, but also all costs that the enterprise cannot avoid because it has entered into the contract (such as, for example, the share of depreciation of machinery used to perform the contract).

- Annual Improvements 2018-2020: the amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples of IFRS 16 Leases.

The adoption of these documents do not have any effects on the separate financial statements.

IFRS and IFRIC standards, amendments and interpretations approved by the European Union, not yet mandatory and not adopted in advance by the Company at December 31, 2022

- On May 18, 2017, the IASB published IFRS 17 - Insurance Contracts which replaces IFRS 4 - Insurance Contracts. The new standard ensures that an entity provides pertinent information which accurately presents the rights and obligations under insurance contracts. The standard is effective from January 1, 2023, although advance application is permitted, only for entities applying IFRS 9 – Financial Instruments and IFRS 15 - Revenue from Contracts with Customers.
- On December 9, 2021, the IASB published an amendment called "Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information”. The amendment is a transition option related to comparative information on financial assets presented at the date of initial application of IFRS 17. The amendments will apply from January 1, 2023, together with the application of IFRS 17.
- On February 12, 2021, the IASB published two amendments entitled “Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2” and “Definition of Accounting Estimates—Amendments to IAS 8”. The changes are intended to improve disclosure on accounting policies to provide more useful information to investors and other primary users of financial statements and to help companies distinguish between changes in accounting estimates and changes in accounting policies. The amendments will be applicable from January 1, 2023, although advance application is permitted.
- On May 7, 2021, the IASB published an amendment called “Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction The document clarifies how deferred taxes should be accounted for on certain transactions that can generate assets and liabilities of equal amounts, such as leases and decommissioning obligations. The amendments will be applicable from January 1, 2023, although advance application is permitted.

The Directors do not expect these amendments to have a significant impact on the company’s financial statements.

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

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

- On January 23, 2020, the IASB published an amendment entitled “Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current”. The purpose of the document is to clarify how to classify payables and other short or long-term liabilities. These amendments shall enter into force on January 1, 2023 and early application is permitted.

- On September 22, 2022, the IASB published an amendment entitled "***Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback”.*** The document requires the seller-lessee to measure the lease liability arising from a sale & leaseback transaction so as not to recognize income or losses relating to the retained right of use. The amendments will be applicable from January 1, 2024, although advance application is permitted.

The Directors do not expect these standards and amendments to have a significant impact on the separate financial statements.

Accounting principles and policies

Property, plant & equipment

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

Leasehold improvements and maintenance expenses which produce a significant and tangible increase in the production capacity or safety of assets, or which lengthen their useful lives, are capitalized and recognized as an increase to the relative asset and are depreciated together with the original asset. Ordinary maintenance costs are charged directly to the Income Statement.

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

The depreciation rates used are as follows:

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

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

Leasehold improvements are classified under “Property, plant and equipment” in line with the nature of the cost incurred. The depreciation period corresponds to the lower of the residual useful life of the asset and the duration of the lease contract.

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

Right-of-use assets

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

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

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

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

Goodwill

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

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

For the purpose of the impairment test the, goodwill is allocated to each of the Group's cash generating units (or groups of cash generating units) that are expected to benefit from the synergies of business combinations.

Other intangible assets

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

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

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

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

Investments

Investments in subsidiaries, associates, and joint ventures are measured at cost and are the subject of periodic impairment testing to determine whether there have been any permanent losses in value. Impairment testing is done whenever there is an indication that the equity investment may have suffered a loss in value. The method used is the same as described in the paragraph "Impairment of non-financial assets". Whenever an impairment loss is confirmed, it is recognized in the period in which it is detected. When the reasons for the impairment loss cease to exist, the carrying amount of the investment is increased up to its original cost. This, too, is recognized on the income statement.

Other non-current assets

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

Deferred tax assets

The accounting of the deferred tax assets is made on the basis of the expectations of future taxable income for the Company and on the possibility of transferring certain tax benefits onto the companies involved in the national tax consolidation of Pentafin S.r.l. The evaluation of the expected assessable income in order to record the deferred tax asset depends upon factors which may change over time and result in significant effects on the recovery of the deferred tax asset.

Impairment of non-financial assets

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

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

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

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

Inventories

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

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

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

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

Contract assets and liabilities for work-in-progress

Contract assets and liabilities for work-in-progress are recognized and measured in accordance with IFRS 15 – Revenue from Contracts with Customers. These items arise with reference to the execution of contracts in which the recognition of revenues takes place over time. For these contracts, the Company records sales revenues in proportion to the progress of the performance obligation, which is measured using the cost-to-cost method. Given that the analysis is carried out contract by contract, the recording in the balance sheet is as follows: when the costs incurred, increased by the related margins recorded, exceed the advances received from customers, the difference is recognized as an amount due from customers under assets in the item Contract assets for work in progress, when the advances received from customers exceed the costs incurred, increased by the related margins recorded, the difference is recognized as an amount due to customers under liabilities in the item Contract liabilities for work in progress. On the basis of the analyses carried out by the Company with reference to the recognition of performance obligations, at December 31, 2022 the Company should not recognize any Contract assets or liabilities for work- in-progress as there are no contracts in progress whose revenues should be recognized over time.

Trade receivables

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

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

Financial instruments

Financial assets and Debt instruments

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

(i) financial assets measured at amortized cost;

(ii) financial assets measured at fair value with recognition of the effects to other comprehensive income (also, OCI);

(iii) financial assets measured at fair value with changes recognized in the income statement.

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

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

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

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

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

Write-downs of financial assets

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

This rule applies to:

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

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

Financial liabilities

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

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

Derivative financial instruments and hedging activity

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

Cash and cash equivalents

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

Shareholders’ Equity

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

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

Earnings per share

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

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

Post-employment benefits

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

Provisions for risks and charges

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

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

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

Trade payables and other current liabilities

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

Potential assets and liabilities

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

Incentive Plans

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

Assets held for sale and discontinued operations

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

Revenue from contracts with customers

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

The Company and the Group operates internationally in the following markets: Plastic & Non-Plastic Systems, Food Systems and Services and Spare parts as defined in the section "General Information". In the Plastics Systems market, the Group is among the world leaders in the design and production of plants and control systems for the automation of all phases of the plastics production cycle.

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

- revenues from the sale of automation systems for the storage, transport and processing of plastics ("Plastic Systems") and automation systems for the storage and transport of food powders ("Food & Non-plastic Systems"): an analysis of the contracts usually entered into with customers show that there are two macro-categories of contracts in which to divide the revenues from the sale of plant and ancillary equipment according to how the performance obligations are met. In particular:
    - contracts in which performance obligations are met "at a point in time": this category includes sales of systems, plants and equipment, mainly in the Plastics Systems market. This category includes contracts that generally provide for a single performance obligation represented by the supply of the plant/equipment and others in which there are three performance obligations represented by (i) the design of machinery and engineering solutions and the production of plant and systems; (ii) installation and (iii) start-up and parameterization. In these types of contractual relationships, the Group recognizes revenues when the customer obtains control of the asset, normally identified, according to the contractual conditions, on shipment or delivery of the plant/product to the customer, while for the other two performance obligations the revenue is recorded when the service is provided. It is specified that, on average, systems/equipment belonging to this category require an execution time of between three and six months and that the general terms and conditions of sale provide for advance payments recorded under the item Advances from customers.
    - contracts in which the performance obligations are met "over time": typically these are the sale of certain plants in the Plastics Systems market and those in the Food Systems market with a high degree of customization required by customers and in which the contractual conditions provide that control of the asset is transferred to the customer either on testing or on installation. It is considered that the contractual performance obligation is unique and that it is fulfilled over time since the product system has no alternative use for the company, being very specific and customized, and since the Group is entitled to receive a fee for what has been completed on the date in the event of cancellation of the order. Therefore the Group records the sales revenues of these plants in proportion to the progress on the

performance obligation. In order to determine progress, an input method is used, i.e. the cost-to-cost method, which provides for the proportion of contract costs incurred for work carried out up to the reporting date to the total estimated contract costs. Estimates are based on contract forecasting and reporting data and, where necessary, estimates of contract revenues and costs are revised. Any economic effects are recognized in the period in which the updates are made. Generally, the execution time required for these installations is not more than one year and payments on account are foreseen.

Contract work in progress is stated net of advances concerning the contract in course of execution. Given that the analysis is carried out contract by contract, the recording in the balance sheet is as follows: when the costs incurred, increased by the related margins recorded, exceed the advances received from customers, the difference is recognized as an amount due from customers under assets in the item Assets for contract work in progress, when the advances received from customers exceed the costs incurred, increased by the related margins recorded, the difference is recognized as an amount due to customers under liabilities in the item Liabilities for contract work in progress. On the basis of the analyses carried out by the Company with reference to the recognition of performance obligations, at December 31, 2022 the Company should not recognize any Assets and liabilities for contract work- in-progress as there are no contracts in progress whose revenues should be recognized over time.

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

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

Costs

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

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

Interest

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

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

Other indirect taxes and duties

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

Dividends

Dividends received from subsidiaries are recognized as income when the right for the Company to receive the dividend arises, i.e. when distribution of the dividend is approved by the shareholders, and when it is probably that the economic benefits of the dividend will go to the Company.

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

Government grants and grants from other public entities

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

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

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

Income taxes

Taxes are determined by applying the regulations in force or substantially in force at the Financial Statement preparation date in the country in which the Company carries out its activities; current tax liabilities are recorded in the balance sheet net of any payments on account.

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

Deferred tax assets and liabilities reflect the temporary differences between the value attributed to an asset or liability in accordance with IAS/IFRS and the value attributed to them for tax purposes, valued on the basis of the tax rates in force or substantially in force for future years. Deferred tax assets are recognized only if there is a likelihood of their recoverability, i.e. when it is considered probable that there will be future taxable income to use them. Deferred taxes are always recognized except for certain situations that are not in line with IAS 12 "Taxes"

as in the case of the recognition of goodwill or if the temporary difference arises from the initial recognition (in addition to a business combination) of other assets and liabilities in a transaction that affects neither taxable profit nor profit for the year. Deferred tax assets and liabilities are offset when there is a legal right to offset current tax receivables and payables and when they relate to income taxes applied by the same tax authority and the Company intends to settle the receivables and payables on a net basis. The Company does not offset deferred tax assets against deferred tax liabilities. Deferred taxes on the tax-suspended reserves of the consolidating company are recorded in the year in which the liability relating to the payment of the dividend is recorded.

Deferred tax liabilities are recognized on taxable differences arising from investments in subsidiaries and associates, unless the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are recognized only to the extent that it is probable that there will be sufficient taxable profits against which the benefits of the temporary difference can be used and are expected to reverse in the foreseeable future.

Translation of balances in foreign currencies

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

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

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

The main exchange rates (currency for 1 euro) used to translate the financial statements in currencies other than the euro for the years ended December 31, 2022, and December 31, 2021 (comparative data), are summarized below:

Currency		Average rate		Closing rate	
		31.12.2021	31.12.2022	31.12.2021	31.12.2022
BRL	Brazilian Real	6.3779	5.4399	6.3101	5.6386
CAD	Canadian Dollar	1.4826	1.3695	1.4393	1.4440
CZK	Czech Koruna	25.6405	24.5659	24.8580	24.1160
CNY	Yuan Renminbi	7.6282	7.0788	7.1947	7.3582
GBP	Pound Sterling	0.8596	0.8528	0.8403	0.8869
HUF	Forint	358.5161	391.2865	369.1900	400.8700
MXN	Mexican Peso	23.9852	21.1869	23.1438	20.8560
SGD	Singapore Dollar	1.5891	1.4512	1.5279	1.4300
USD	US Dollar	1.1827	1.0530	1.1326	1.0666
THB	Baht	37.8370	36.8560	37.6530	36.8350
INR	Indian Rupee	87.4392	82.6864	84.2292	88.1710
TRY	Turkish Lira	10.5124	17.4088	15.2335	19.9649
AED	UAE Dirham	4.3436	3.8673	4.1595	3.9171
JPY	Yen	129.8767	138.0274	130.3800	140.6600
VND	Dong	27,130.0000	24,630.0000	25,819.0000	25,183.0000
MAD	Dirham Marocco	10.6260	10.6780	10.4830	11.1580
KRW	Won sud	1,354.0600	1,358.0700	1,346.3800	1,344.0900

Utilization of estimates

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

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

- Impairment testing of equity investments: this is done to determine the recoverability of the investment in the event of indications of a loss in value. The determination of the recoverable value of the investment requires the use of estimates that depend on factors that may change over time.

It should also be noted that the forecasts on the basis of which the financial statements take account of the extraordinary circumstances resulting from the Russia-Ukraine war that broke out in early 2022 and from continuing effects of the COVID-19 pandemic.

Impairment tests for investments

The Company conducts impairment tests to verify potential losses in value of investments when there are indicators that such a loss may have occurred. For the purposes of this test, the recoverable value generated by the cash generating units (CGUs) was determined as value in use using the discounted cash flow method. When applying this method, the Company uses various assumptions, including an estimate of future increases in sales, operating costs, the growth rate of terminal values, capex, changes in working capital and the weighted average cost of capital (discount rate).

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

Doubtful debt provision

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

Inventory obsolescence provision

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

Fair value estimate

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

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

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

Information on risks and financial instruments

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

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

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

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

These risks may be summarized as follows:

a) credit risk;

b) liquidity risk;

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

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

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

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

Credit risk

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

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

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

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

The Directors have not observed a deterioration in credit quality or in collection times as a result of the COVID-19 pandemic and the continuation of the Russia-Ukraine conflict; therefore, it has not been necessary to make significant changes to how receivables are being managed. In addition, neither the payment terms applied nor the policies for managing credit risk have been changed, but we have prudently increased the level of monitoring of customer positions. See the Note “Trade receivables” for the aging of trade receivables.

Liquidity risk

The company’s debt mainly bears a fixed rate of interest. Given the high level of liquidity available, the Company has a limited risk with regard to short-term maturities and therefore the risk associated with interest rate fluctuations, which incurred significant rises during the year, is essentially linked to the limited portion of medium/long-term loans expressed at variable rates.

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

The Company has a balanced net financial position and has been able to generate positive cash flows that are considered sufficient to finance both its growing operations and investments. Expectations for future years are consistent with this historical trend and therefore the liquidity risk is considered limited overall. Furthermore, given the Company’s performance, this risk is not believed to have been heightened either by the COVID-19 pandemic or the Russia-Ukraine war.

For the information required by IFRS 7 on the cash flows relating to the Company's financial liabilities by maturity, please refer to note [17]

Market risk linked to the exchange rate

As the Company’s business is undertaken in various countries around the world, it is exposed to the risk of foreign exchange fluctuation. The exchange rate risk arises mainly from transactions involving the US dollar and the British pound.

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

Revenues (€'000)	31.12.2022				31.12.2021			
	FX Current currency	Current Forex in €	Forex +10%	Forex -10%	FX Current currency	Current Forex in €	Forex +10%	Forex -10%
EUR-Euro	116,492	116,492	116,492	116,492	100,104	100,104	100,104	100,104
USD-US Dollar	13,406	12,783	11,574	14,146	8,977	7,597	6,900	8,433
GBP-British Sterling	2,595	3,067	2,766	3,381	2,597	3,027	2,747	3,357
TOTAL		**132,343**	**130,832**	**134,019**		**110,729**	**109,751**	**111,895**

Market risk related to interest rate

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

Exposure to the interest rate risk arises from the need to finance operating activities, in terms of manufacturing activities and financing the acquisition of businesses, as well as the employment of available liquidity. The change in market interest rates may impact negatively or positively on the result of the Company, indirectly impacting upon the costs and returns of the financing and investing operations.

As described above, largest part of the Company's loans are at a fixed rate. The Company has not put in place any significant hedging as, given the Group's high liquidity, it is believed that the risk of fluctuations in interest rates, on the limited amount of debt at variable rates, can still be adequately managed.

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

Interest expense on variable rate loans (€'000)	Interest expenses	0.25%	0.50%	-0.25%	-0.50%
31 december 2021	28	74	120	-	-
Interest expense on variable rate loans (€'000)	**Interest expenses**	**1.00%**	**2.00%**	**-1.00%**	**-2.00%**
31 december 2022	158	178	290		

Risks associated with economic conditions

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

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

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

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

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

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

Notes to the Separate Statement of financial position

[1] Property, plant and equipment

They amount to Euro 23,062 thousand at December 31, 2022 (Euro 23,464 thousand at December 31, 2021). They are composed as shown in the following tables, which show their composition and changes compared to the previous year.

CHANGES DURING THE PERIOD (€/000)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Balance at 31st December 2021	**18,229**	**9,515**	**3,647**	**7,355**	**178**	**38,923**
of which:	**(2,259)**	**(4,059)**	**(3,057)**	**(6,085)**	**-**	**(15,460)**
- Historical cost	**15,970**	**5,456**	**590**	**1,270**	**178**	**23,464**
- Depreciation fund	**-**	**-**	**-**	**-**	**-**	**-**
	(410)	(411)	(96)	(195)	710	(402)
- Additions	22	108	157	248	710	1,246
	-	-	-	-	-	-
-Disposals (Historical cost)	-	(95)	(20)	(415)	-	(530)
- Disposals (Depreciation fund)	-	90	17	364	-	471
- Reclassifications (Historical cost)	-	-	-	-	-	-
- Reclassifications (Depreciation fund)	-	-	-	-	-	-
- Depreciation	(433)	(515)	(250)	(391)	-	(1,589)
	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**
Balance at 31st December 2022	**15,560**	**5,045**	**494**	**1,075**	**888**	**23,062**
of which:	**-**	**-**	**-**	**-**	**-**	**-**
- Historical cost	**18,251**	**9,528**	**3,785**	**7,187**	**888**	**39,639**
- Depreciation fund	**(2,692)**	**(4,483)**	**(3,291)**	**(6,112)**	**-**	**(16,578)**

Capital expenditure in 2022 totaled Euro 1,246 thousand and was mainly related to refurbishing the roof in order to install photovoltaic panels.

Other investments made in 2022 concerned the purchase of molds and industrial and commercial equipment.

At December 31, 2022, property, plant and equipment are not burdened by mortgages or liens.

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

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

[2] Right-of-use

Right-of-use assets at December 31, 2022, of Euro 5,865 thousand decreased on Euro 6,284 thousand for the previous year.

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

CHANGES DURING THE PERIOD (€/000)	Land and buildings	Plant and machinery	Other assets	Total
Balance at 31st December 2021	**5,742**	**56**	**486**	**6,284**
of which:				
- Historical cost	**11,735**	**1,870**	**1,395**	**14,999**
- Depreciation fund	**(5,993)**	**(1,814)**	**(908)**	**(8,716)**
-New IFRS16 contracts			362	362
-Disposals (Historical cost)			(235)	(235)
- Disposals (Depreciation fund)			97	97
- Depreciation	(435)	(22)	(187)	(643)
Balance at 31st December 2022	**5,307**	**34**	**524**	**5,865**
of which:				
- Historical cost	11,735	1,870	1,522	15,126
- Depreciation fund	(6,427)	(1,836)	(998)	(9,261)

[3] Intangible assets

They amount to Euro 521 thousand at December 31, 2022 compared to Euro 324 thousand at December 31, 2021. The breakdown of the movements are as follows:

CHANGES DURING THE PERIOD €/000	Industrial patent andintellectual property rights	Concessions, licences, trademarks and similar rights	Fixed assets under construction and advances	Total
Balance at 31st December 2021	**262**	**3**	**59**	**324**
of which:				
- Historical cost	**6,528**	**11**	**59**	**6,599**
- Depreciation fund	**(6,266)**	**(8)**	**-**	**(6,275)**
Changes 2022				
- Additions	186		170	356
- Depreciation	(159)	(0)		(159)
- Reclassifications	39		(39)	-
Total changes	**67**	**(0)**	**131**	**198**
Balance at 31st December 2022	**329**	**2**	**191**	**521**
of which:				
- Historical cost	**6,753**	**11**	**191**	**6,955**
- Depreciation fund	**(6,425)**	**(9)**	**-**	**(6,434)**

[4] Equity investments

They amount to Euro 144,929 thousand at December 31, 2022 compared to Euro 61,748 thousand at December 31, 2021. Details of the movements in these equity investments are as follows:

CHANGES IN THE PERIOD	Equity investments in subsidiaries	Equity investments in associates	Equity investments in other enterprises	Total
Balance at 31 December 2021	**61,480**	**266**	**2**	**61,748**
Movements in 2022	-	-	-	-
Original cost:	-	-	-	-
- Increases	83,451	-	-	83,451
- Decreases	(270)	-	-	(270)
- reclassification	-	-	-	-
Total changes	83,181	-	-	83,181
Balance at 31 December 2022	144,661	266	2	144,929

Increases from the previous year are attributable for Euro 5,524 thousand to the investment in the newly established Piovan Industrial Automation. The company was established with the goal of building a new facility in China. The investment is shown net of Euro 3,246 thousand in amounts that are still to be paid in.

The remainder of the increase mainly concerns the acquisition of the IPEG group. The company Piovan North America Inc. was established for the purpose of the acquisition. The value of the investment is Euro 77,242 thousand. Within the scope of the operation, Piovan S.p.A. also disbursed a loan in Euro to the IPEG group at arm's length conditions, the remaining balance of which was Euro 29,500 thousand at December 31, 2022.

Finally, the amount of the investment in the subsidiary FEA p.t.p. S.r.l. increased following the payment made in 2022 which led to the purchase of a further share of 17.17%.

The table below shows the composition of equity investments:

€/000	31.12.2022			31.12.2021		
	Historical cost	Provision for impairment	Net book value	Historical cost	Provision for impairment	Net book value
Subsidiaries						
Acquatech S.r.l.	1,319		1,319	1,319	-	1,319
Energys S.r.l.	292		292	292	-	292
Piovan Do Brasil LTDA	3,203		3,203	3,203	-	3,203
Piovan Plastics Machinery Co.Ltd	500		500	500	-	500
Piovan Mexico SA de CV	40	(40)	-	40	(40)	-
Universal Dynamics Inc.	2,873		2,873	2,873	-	2,873
Piovan Canada Ltd	1,340		1,340	1,340	-	1,340
Piovan Central Europe GmbH	35		35	35	-	35
Piovan GmbH	2,128		2,128	2,128	-	2,128
Piovan France Sas	1,154		1,154	1,154	-	1,154
Piovan UK Ltd	36	-	36	36	-	36
Piovan Vietnam Company Ltd	54	-	54	54	-	54
Piovan Gulf Fze	244	-	244	244	-	244
Piovan Japan Inc.	49	(49)	-	49	(49)	-
Piovan India Private Ltd	20	-	20	20	-	20
Penta S.r.l.	18,524	-	18,524	18,524	-	18,524
FDM GmbH	1,214	-	1,214	1,214	-	1,214
Piovan Asia Pacific LTD	141	(86)	55	141	(86)	55
Piovan South Est Asia Ltd	-	-	-	-	-	-
Piovan Muhendislik	63	(63)	-	63	(63)	-
Piovan Cz	1	-	1	1	-	1
Piovan Maroc Sarl.Au	92	-	92	92	-	92
FEA p.t.p. SRL	1,065	(650)	415	380	(380)	-
Doteco SpA	28,395		28,395	28,395	-	28,395
Piovan North America	-		-			
Piovan Industrial Automation	-		-			
Total	**145,548**	**(888)**	**144,659**	**62,097**	**(618)**	**61,479**
Associates:						
C.M.G. S.p.A.	266		266	266	-	266
Total	**266**		**266**	**266**	**-**	**266**
Other companies						
CESAP S.p.A.				-	-	-
Consorizio SALUS PUERI	3		3	3	-	3
CONAI				0	-	0
Total	**3**		**3**	**3**	**-**	**3**
Total equity investments	**145,817**	**(888)**	**144,928**	**62,366**	**(618)**	**61,748**

The table below reports the disclosures at December 31, 2022 regarding the equity investments required by Article 2427 of the Civil Code:

€/000	Registered office	Currency	Share capital (in foreign currency)	Owners' equity (in Euro)	Result for the period (in Euro)	Shareholding held	Net book value	Pro-rata difference between owners' equity and book value (Euro)
Subsidiaries								
Acquatech S.r.l.	Venice (IT)	EUR	40	4,575	390	100.00%	1,319	3,256
Energys S.r.l.	Venice (IT)	EUR	10	420	19	100.00%	292	127
Piovan Do Brasil LTDA	Osasco (BRA)	Real	12,947	4,235	745	100.00%	3,203	1,032
Piovan Plastics Machinery Co.Ltd	Suzhou (CN)	Yuan	5,088	2,949	1,713	100.00%	500	2,449
Piovan Mexico S.A.	Queretaro(MX)	Peso Mess.	707	4,095	1,007	100.00%	-	4,095
Universal Dynamics Inc.	Fredericksburg (U.S.A.)	Dollars	3,500	21,344	3,512	100.00%	2,873	18,470
Piovan Canada Ltd	Mississauga - Ontario (CAN)	Canadian Dollars	0	2,931	642	100.00%	1,340	1,591
Piovan Central Europe GmbH	Brunn am Gebirge (A)	EUR	35	2,133	381	100.00%	35	2,098
Piovan GmbH	Garching (D)	EUR	102	3,922	753	100.00%	2,128	1,794
Piovan France Sas	Chemin du Pognat (F)	EUR	1,227	1,482	(59)	100.00%	1,154	328
Piovan UK Ltd	Bromsgrove (GB)	Pounds Sterling	25	411	912	100.00%	36	375
Piovan Vietnam Company Ltd	Mai Chi Tho (Vietnam)	Vnd	1,136,500	7	(17)	100.00%	54	(47)
Piovan Gulf Fze	Dubai (UAE)	Aed	1,000	542	26	100.00%	244	298
Piovan Japan Inc.	Kobe (J)	JPY	6,000	(150)	(19)	100.00%	-	(150)
Piovan India Private Ltd	Mumbai	INR	350	1,260	310	100.00%	20	1,240
Penta S.r.l.	Ferrara (IT)	EUR	100	17,289	587	100.00%	18,524	(1,235)
FDM GmbH	Konigswinter (DE)	EUR	75	9,284	1,074	66.67%	1,214	4,976
Piovan Asia Pacific LTD	Bangkok (TH)	THB	8,010	1,734	1,088	100.00%	55	1,680
Piovan South Est Asia Ltd	Bangkok (TH)	THB	-	-	-	100.00%	-	-
Piovan Muhendslik LTD	Beikoz (TR)	TRY	10	(31)	205	100.00%	-	(31)
Piovan Czech Republic s.r.o.	Praga (CZ)	Czk	200	1,304	199	100.00%	1	1,303
Piovan Maroc Sarl. AU	Kenitra (Marocco)	MAD	1,000	240	26	100.00%	92	148
FEA Process&Technological Plants S.r.l.	Scarnafigi (CN)	EUR	20	3	130	68.17%	415	(413)
TOBAPNC Co. Ltd	Seoul (Corea del Sud)	KRW	500,000	(2,610)	(328)	51.00%	-	(1,331)
Doteco SpA	Modena (IT)	EUR	1,000	15,834	3,801	100.00%	28,395	(12,561)
Piovan Noth America	Delaware (USA)	USD	55,655	86,724	7,075	100.00%	77,242	9,482
Piovan Industrial Automation	Suzhou (CN)	Yuan	40,000	5,388	(50)	100.00%	5,524	(135)
Total							**144,659**	
Associates:								
C.M.G. S.p.A.*	Bologna (IT)	Euro	1,250	4,456	372	20.00%	266	625
Total							**266**	
Other companies**								
CESAP S.p.A.								
Consorizio SALUS PUERI							3	
CONAI								
Total							**144,928**	

**The figures for CMG S.p.A. reported in the table below refer to the latest available financial statements year ended 31 December 2021*

*** Financial statements data not available.*

The recoverability of the value of these equity investments was verified within the scope of impairment testing conducted on the goodwill recognized on the consolidated financial statements, and no recognition of impairment losses was deemed to be necessary.

The WACC used for the subsidiary FEA Ptp. was 10.83% and the growth rate (g) was 2%. A minimal change in any of the parameters would result in a need to write down the equity investment, the residual value of which is Euro 414 thousand.

With regard to the equity investment in Piovan North America Inc., the WACC and growth rate used for impairment testing were 9.52% and 2.01%, respectively, and resulted in coverage of about Euro 60 million. A change in EBITDA across the duration of the plan of more than 24.95%, a WACC of greater than 12.85%, or a growth rate of less than -3.27% would nullify coverage of the recoverable value with respect to the carrying amount of the investment.

It should be noted that the impairment tests are based on estimated future forecasts of economic and financial parameters, therefore the aforementioned and assumptions may differ from the historical values reported in the financial statements due to the intrinsic uncertainty that characterizes the assumptions and conditions on which these estimates are based.

In addition to that described above, management has assessed that the negative differentials between carrying values and equity values do not represent an impairment loss and are amply supported by the medium- to long-term forecasts prepared.

With reference to the investee companies, the Company holds options to purchase minority interests, and specifically the option to purchase 33.33% of FDM Gmbh and the option to purchase 12% of Fea. In addition, with reference to FDM Gmbh, Toba and Fea, the respective minority shareholders hold a put option on their share.

[5] Non-current financial assets

This includes a loan in Euro disbursed to the subsidiary IPEG Inc. in conjunction with the acquisition of the group. The initial value of the loan, issued at arm's length conditions, was Euro 40,000 thousand. The contract establishes a due date of December 31, 2027, and no payment plan has been defined. IPEG Inc. may decide to repay it in advance either in whole or in part. The remaining balance of the loan at December 31, 2022, was Euro 29,500 thousand. Given the contractual due date and the purposes of the loan, the remaining balance has been included among non-current financial assets.

[6] Other non-current assets

These totaled Euro 10 thousand at December 31, 2022, and are essentially in line with the previous year. The account mainly refers to various security deposits paid on utilities and lease contracts for the Company's headquarters.

[7] Deferred tax assets and liabilities

Deferred tax assets amount to Euro 1,254 thousand at December 31, 2022, compared to Euro 1,036 thousand at December 31, 2021, whereas deferred tax liabilities amount to Euro 168 thousand, compared to Euro 195 thousand at December 31, 2021.

The Company has set aside deferred tax assets and liabilities on temporary differences between book values and tax values.
Deferred tax assets do not include assets arising from the valuation of tax losses as the Company has no tax losses carried forward.

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

Taxation has been calculated on the basis of the rates in force when the temporary differences will reverse. The breakdown of deferred tax assets and liabilities for each year is as follows:

Deferred tax assets (€'000)	Taxable income 2022	Deferred tax assets 2022	Taxable income 2021	Deferred tax assets 2021
Provisions for doubtful debts	381	91	515	124
Provision for product warranties	295	82	295	82
Inventory obsolescence provision	1,726	481	1,020	285
Provision for pending litigation risks	160	45	270	75
Directors' unpaid emoluments	940	226	115	28
Supplementary customer indemnity	55	3	46	3
Accrued Bonuses	-	-	372	89
Foreign currency conversion losses	1,072	257	997	239
Adoption of IAS 38	-	-	70	20
Adoption of IFRS 15	-	-	-	-
Adoption of IAS 19	255	61	18	4
Other	23	6	326	87
Total	**4,905**	**1,254**	**4,043**	**1,035**

Deferred tax liabilities (€'000)	Taxable income 2022	Deferred tax liabilities 2022	Taxable income 2021	Deferred tax liabilities 2021
Adoption of IAS 17	37	10	59	17
Adoption of IAS 37	-	-	7	2
Adoption of IAS 19	-	-	-	-
Capital gain in intallments	126	30	252	60
Other	529	127	485	116
Total	**692**	**168**	**803**	**195**

Movements in deferred tax assets and liabilities are shown below:

CHANGES IN THE PERIOD €'000	Advance taxes	Deferred tax liabilities	Total
Balance at 31 December 2020	**1,026**	**-1,087**	**(61)**
Movements in 2021			-
- Effect on the profit and loss account	10	893	903
- Effect on Other items of the Comprehensive Income Statement			-
Balance at 31 December 2021	**1,036**	**- 194**	**842**
Movements in 2022			
- Effect on the profit and loss account	247	27	274
- Effect on Other items of the Comprehensive Income Statement	-29	0	(29)
Balance at 31 December 2022	**1,254**	**- 168**	**1,087**

[8] Inventories

At December 31, 2022, they amounted to Euro 21,216 thousand compared to Euro 16,132 thousand at December 31, 2021; the breakdown is shown below:

€/000	31.12.2022	31.12.2021
Raw materials, ancillary materials and	464	312
Semi-finished goods and work in progress	15,071	11,829
Provision for obsolescence of semi-finished	(329)	(329)
Total semi-finished goods and work in progress	**15,205**	**11,812**
Finished goods and goods for resale	6,728	4,878
Provision for obsolescence of finished goods and goods for resale	(996)	(691)
Total finished goods and goods for resale	**5,731**	**4,186**
Advances	280	134
Inventories	**21,216**	**16,132**

During 2022 inventories increased, gross of the obsolescence provisions, by Euro 5,243 thousand. The increase, which was mainly related to work in progress, semi-finished and finished products, concerned, in

part, certain orders completed in early 2023, as well as greater procurements in response to increases in sales volumes and in the backlog.
A provision for obsolete or slow-moving inventories is recorded to reflect the difference between the cost and estimated realizable value of obsolete raw materials, semi-finished and finished products.

[9] Trade receivables

They amounted to Euro 25,083 thousand at December 31, 2022 compared to Euro 23,065 thousand at December 31, 2021. This item, which represents the exposure to third parties, is broken down as follows:

€'000	31.12.2022	31.12.2021
Customer receivables	18,998	18,890
Receivables from subsidiaries	7,764	5,930
Receivables from associated companies	0	-
Receivables from parent companies	1	0
Total trade receivables	**26,762**	**24,821**
Provisions for doubtful debts	(1,680)	(1,756)
Total	**25,083**	**23,065**

Receivables at December 31, 2022, gross of the provision, increased compared to the end of 2021. The increase is mainly attributable to receivables from parent companies and related to the positive sales performance. Receivables from third-party customers were basically in line with the previous year, despite the positive sales trend, thanks to improved efficiency in average collection days.

Receivables by regional breakdown are shown below:

	31.12.2022	31.12.2021
EMEA	18,326	15,058
of which Italy	15,085	11,719
NORTH AMERICA	992	285
ASIA	2,263	3,635
AFRICA	31	31
SOUTH AMERICA	3,471	4,056
Total	**25,083**	**23,065**

Details of trade receivables from group companies are provided in the disclosure on transactions with related parties under "Other information".

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

€/000	31.12.2021	Provisions	Utilisations	31.12.2022
Provisions for doubtful debts	1,756		(76)	1,680
Total	**1,756**		**(76)**	**1,680**

The following is a breakdown of gross receivables by past due date:

€/000	31.12.2022	31.12.2021
Receivables due to expire	14,493	14,354
Receivables overdue whitin 30 days	5,177	4,022
Receivables overdue between 1 and 12 months	4,277	3,177
Receivables overdue over 12 months	1,135	1,512
Total	**25,082**	**23,065**

[10] Current financial assets

Current tax assets amount to Euro 7,529 thousand at December 31, 2022 (Euro 1,874 thousand at December 31, 2021). This item includes loans granted to investee companies at normal market conditions and bond securities.

€'000	31.12.2022	31.12.2021
Securities	6,557	1,589
Cash pooling FEA S.r.l.	687	-
Piovan Muhendslik LTD	260	260
Piovan Japan Inc.	285	285
Tobapnc Co Ltd	50	50
Bad debt provision for current assets	- 310	- 310
Total current financial assets	**7,529**	**1,874**

The loans to subsidiaries are classified under current assets as it is contractually agreed that the Company may request their repayment at any time.

"Securities" amounted to Euro 6,557 thousand at December 31, 2022 compared to Euro 1,589 thousand at December 31, 2021. This item includes a bond purchased in order to invest available financial resources. This instrument was measured at fair value (level 1) at December 31, 2022, as required by IFRS 9 and was classified as a current financial asset in line with the purpose of using part of the available liquidity in low-risk and readily available instruments.

The increase on the previous year is due to the purchase of new securities in 2022. In addition, the total effect of the fair value measurement in 2022 is a net gain of Euro 51 thousand.

It should be noted that the Company has established cash pooling agreements with the subsidiaries Aquatech S.r.l., FEA Ptp, Doteco S.p.A. and Penta S.r.l. At December 31, 2022, only the cash pooling account with FEA Ptp had a credit balance, whereas the others all had debit balances and were recognized among other current financial liabilities.

The change in these items is presented under Divestment/(Investment) of Financial Assets on the cash flow statement.

The write-down provision for current financial assets includes the write-down of financing issued to the subsidiary Toba PNC and to the Turkish subsidiary.

[11] Tax receivables

They amounted to Euro 1,004 thousand at December 31, 2022 compared to Euro 1,088 thousand at December 31, 2021. The carrying amount is attributable to the IRAP credit balance in 2022 and to a substitute tax paid for the establishment of the Chinese subsidiary Piovan Industrial Automation. In 2021, the balance included the VAT credit for Euro 755 thousand, the IRES tax credit for research and development costs for Euro 140 thousand, and the tax credit for capital expenditure for Euro 193 thousand.

[12] Other current assets

They amounted to Euro 2,415 thousand at December 31, 2022 compared to Euro 1,572 thousand at December 31, 2021. A breakdown follows:

€/000	31.12.2022	31.12.2021
Employee payables	46	56
Deferred costs	287	219
Advances to suppliers	78	49
derivative financial instruments	76	-
Receivables from parent companies	-	-
Other receivables	1,928	1,247
Total	**2,415**	**1,572**

The most significant amounts are attributable to prepaid expenses related to future periods and dividends approved by a subsidiary that had not been received at December 31, 2022.

[13] Cash and cash equivalents

They amount to Euro 57,278 thousand at December 31, 2022 compared to Euro 91,294 thousand at December 31, 2021.

€'000	31.12.2022	31.12.2021
Current accounts and post office deposits	37,277	91,293
Cash equivalent	20,000	0
Cash	1	1
Cash and cash equivalents	**57,278**	**91,294**

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

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

As described in the Directors' Report, the net financial position at December 31, 2022 was Euro 92,410 thousand, compared to net cash of Euro 26,097 thousand at the end of 2021, with cash absorbed in the amount of Euro 66,313 thousand.

This result is to be interpreted in light of the fact that:

- in January 2022, the Parent Company completed the acquisition of the IPEG Group, for which a loan of Euro 100 million was obtained.
- in May 2022, the Parent Company distributed dividends of Euro 5,093 thousand (Euro 6,721 thousand in 2021).
- in July 2022, the Parent Company paid Euro 1,018 thousand as the 2021 earn-out related to the acquisition of the Doteco Group.

For an analysis of the variations in cash and cash equivalents, reference should be made to the cash flow statement.
At December 31, 2022 there were no restrictions on the availability of the Company's current accounts.

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

As explained in greater detail in the paragraph “Assets held for sale and disposal groups”, at December 31, 2022, we assessed whether the conditions were met for the application of IFRS 5 for the subsidiary Toba Pnc following the signing of the preliminary agreement for the sale of the 41% interest held by Piovan S.p.A.

For the Annual Financial Report at December 31, 2022, the investment in Toba Pnc. was considered a current asset held for sale and reclassified among “Assets held for sale and disposal groups”. The gross amount of the write-downs recognized in previous years is Euro 773 thousand; therefore, at the balance sheet date, it was totally written down to a zero balance at December 31, 2022.

[15] Shareholders’ Equity

Shareholders' Equity is made up as follows:

	31.12.2022	31.12.2021
Share capital	6,000	6,000
Legal reserve	1,200	1,200
Reserve for treasury shares	(2,208)	(2,250)
Other Reserves and retained earnings	53,239	43,078
Fiscal year result	24,346	14,204
Net Equity	**82,577**	**62,233**

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

The Company as at December 31, 2022 hold 2,620,700 treasury shares, equal to 4.89% of the share capital of Piovan S.p.A., directly through Piovan S.p.A. with a value of Euro 2,208 thousand at December 31, 2022. The change from the previous year is related to the acquisition of the IPEG group, for which a portion of the price was paid by assigned a number of Piovan S.p.A. shares.

It should be noted that under the 2020–2022 Performance Shares Plan, certain executives of the Company are entitled to receive shares in Piovan S.p.A. numbering 392,016, based on achieving the plan’s targets, with vesting dates set across a period from 2020 to 2024. The total is Euro 1,413 thousand, whereas the amounts vested at December 31, 2022, totaled Euro 896 thousand. These shares will vest permanently at the end of the vesting period if the executive still has an employment relationship with the Company. At January 2023, 93,254 shares had been allocated in relation to the plan’s first cycle.

Other reserves and undistributed profits mainly include the other profit and capital reserves of the Company, in addition to the profit for previous years and the effects of adjustments resulting from the adoption of international accounting standards. This item changed during 2022 following the allocation of the previous year's result and the distribution of dividends amounting to Euro 5,093 thousand fully paid to the shareholders of the Company in May 2022.

Availability and use of equity reserves:

Nature/Description	Amount 31.12.2022	Possibility of utilisation	Available amount	Amount distributable
Capital	**6,000,000**	-	-	-
Legal reserve	**1,200,000**	**B**	**1,200,000**	-
Reserve for treasury shares	**(2,207,625)**	-	-	-
Other reserves	-	-	-	-
Extraordinary reserve	42,233,463	A, B, C	42,233,463	40,025,838
Sundry other reserves	6,249,875	A, B, C	6,249,875	-
IAS/IFRS First-Time Adoption reserve	4,755,526	B	4,755,526	-
Total Other reserves	**53,238,864**	-	-	-
Total	**58,231,239**	-	-	-
Profit for 2022	24,345,719	-	-	-
Total owners' equity year ended 31.12.2022	**82,576,958**	-	-	-

Legenda

A: for share capital increases

B: Coverage of losses

C: Distribution to shareholders

The Company chose to take advantage of the option allowed by Article 110 of Law Decree 104/2020 and realign the fiscal values with the greater carrying amounts for the residual differences at December 31, 2020, related to certain industrial properties redeemed prior to the adoption of the International Accounting Standards. For first-time application (FTA, i.e. financial year 2018), in accordance with IAS 17, these properties were recognized at a value greater than their previous redemption value.
This residual value at December 31, 2020, was Euro 3,383,631 and resulted in recognition of a substitute tax of Euro 101,509. As a result, a fiscal restriction was set on the IAS/IFRS FTA reserve for a net amount of Euro 3,282,122 in accordance with said standard.

[16] Basic and diluted earnings per share

At December 31, 2022, the shares in circulation numbered 53,600,000 and the treasury shares held by Piovan S.p.A. amounted to 2,620,700.

Earnings per share was calculated by dividing the net profit attributable to the shareholders of the Parent Company by the weighted average number of ordinary shares in circulation during the reporting period. No ordinary shares were repurchased or issued during the years in question. However, it should be noted that in the context of the 2020 - 2022 Performance Shares Plan, there are ordinary shares that could be assigned at the end of the vesting period, drawing on treasury shares in the portfolio and which could have a diluting effect.

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

	31.12.2022	31.12.2021
Profit for the period (EUR '000)	24,346	14,204
Weighted average of number of outstanding ordinary shares (in thousands of units)	50,953	50,929
Basic earnings per share (in Euros)	0.48	0.28
	31.12.2022	**31.12.2021**
Profit for the period (EUR '000)	24,346	14,204
Weighted average of number of outstanding ordinary shares (in thousands of units)	51,330	51,533
Diluted earnings per share (in Euros)	0.47	0.28

[17] Current and non-current financial liabilities

The account is broken down as follows:

€'000	31.12.2022	31.12.2021
Short-term bank loans	7,000	29,000
Current portion of medium/long-term loans	32,692	20,286
Current financial liabilities to subsidiaries	37,321	35,132
Loans for leasing falling due within 12 months	434	384
Current financial liabilities	**77,446**	**84,803**
€'000	**31.12.2022**	**31.12.2021**
Medium/Long-term loans	107,311	31,939
Loans for leasing falling due over 12 months	734	920
Others financial liabilities	558	223
Non-current financial liabilities	**108,603**	**33,083**

Short-term bank payables refers to the use of bank lines for operating purposes.

Current financial liabilities to subsidiaries total Euro 37,321 thousand and include the cash pooling accounts with the subsidiaries Penta S.r.l., Aquatech S.r.l., Doteco S.p.A. and Energys S.r.l., as well as an interest-bearing loan to the subsidiary FDM in the amount of Euro 5,000 thousand.

A breakdown by contract is provided below of "Medium to long-term bank loans" and the "Current portion of medium to long-term loans" at December 31, 2021, and December 31, 2022, as well as the main features of the bank loans by maturity:

Loan	Currency	Original amount (EUR)	Maturity	Interest rate	Terms	31.12.2022			31.12.2021		
						Residual debt	Current	Non-current	Residual debt	Current	Non-current
1	EUR	8,000	30/09/2022	Variable	Euribor 6m+0,55%	-	-	-	1,600	1,600	-
2	EUR	6,000	05/04/2022	Fixed	0.48%	-	-	-	756	756	-
3	EUR	7,500	06/12/2022	Fixed	0.50%	-	-	-	1,515	1,515	-
4	EUR	7,000	03/05/2024	Fixed	0.54%	2,643	1,759	883	4,393	1,750	2,643
5	EUR	3,000	13/12/2021	Variable	Euribor 6m+0,62%	-	-	-	-	-	-
5	EUR	5,000	05/02/2025	Variable	Euribor 6m+0,65%	2,500	1,000	1,500	3,500	1,000	2,500
6	EUR	7,000	07/04/2024	Fixed	Euribor 6m+0,85%	2,625	1,750	875	4,375	1,750	2,625
7	EUR	2,000	24/06/2023	Fixed	0.35%	335	335	-	1,003	668	335
8	EUR	20,000	14/10/2025	Fixed	0.67%	12,000	4,000	8,000	16,000	4,000	12,000
9	EUR	5,500	23/12/2024	Variable	Euribor 6m+0,55%	-	-	-	-	-	-
9	EUR	4,125	23/12/2028	Fixed	Euribor 6m+0,6%	3,536	589	2,946	4,125	589	3,536
10	EUR	5,000	05/05/2023	Fixed	0.01%	1,667	1,667	-	5,000	3,333	1,667
11	EUR	10,000	22/11/2024	Fixed	0.25%	6,675	3,333	3,342	10,000	3,325	6,675
12	EUR	478	30/06/2031	Fixed	0.18%	595	37	558	223	-	223
13	EUR	100,000	21/01/2028	Fixed	1.34%	100,000	15,000	85,000	-	-	-
14	EUR	10,000	20/06/2025	Variable	1.05%	8,370	3,258	5,112	-	-	-
Total						**140,945**	**32,729**	**108,216**	**52,490**	**20,286**	**32,204**

Loans are recognized at amortized cost and include arrangement expenses of Euro 347 thousand recognized as a reduction to the residual debt.

Financial liabilities changed during the year as follows:

€/000	Current fincial liabilities				Non current fincial liabilities		
	Short-term bank borrowings	Current portion of long-term loans	Other loans and borrowings	Total current financial liabilities	Medium to long-term bank loans	Other loans and borrowings	Total non current financial liabilities
31.12.2021	**29,000**	**20,287**	**35,516**	**84,803**	**31,939**	**1,144**	**33,082**
Disbursements/(Refunds)	(22,000)	(21,915)	(339)	**(44,254)**	109,694	371	**110,065**
Changes cash pooling	-	-	2,188	**2,188**	-	-	**0**
Increase/(decrease) for lease	-	-	(59)	**(59)**	-	225	**225**
Reclassifications from non current to current	-	34,321	448	**34,769**	(34,321)	(448)	**-34,769**
31.12.2022	**7,000**	**32,693**	**37,754**	**77,447**	**107,311**	**1,292**	**108,603**

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

31.12.2022	Total	Total flows	Within 1 year	From 1 to 5 yeards	over 5 years
Medium/Long-term loans	107,311	110,751		105,131	5,620
Other financial liabilities	1,292	1,298	0	1,298	0
Non-current financial liabilities	**108,603**	**112,049**	**0**	**106,430**	**5,620**
Current portion of medium/long-term loans	32,692	34,525	34,525		
Short-term bank loans	7,000	7,010	7,010		
Others financial liabilities	37,755	37,942	37,942	0	0
Current financial liabilities	**77,446**	**79,477**	**79,477**	**0**	**0**

The Company has entered into an IRS contract to hedge interest rate fluctuations on one of its variable rate loans. The residual notional value of the instrument is Euro 2,625 thousand and the fair value is positive and equal to Euro 76 thousand.

[18] Post-employment benefit provision

This item includes post-employment benefit provisions. These liabilities qualify as defined benefit plans in accordance with IAS 19 and have therefore been subject to actuarial calculation.
Changes in liabilities compared with the same period of the previous year are shown below.

Employee benefits liabilities	31.12.2022	31.12.2021
Opening balance	**2,041**	**2,203**
Employee benefits paid	(179)	(143)
Provision	1,203	1,115
Transfer to pension funds and INPS treasury	(1,096)	(1,114)
Actuarial earnings (losses)	(300)	(27)
Interest cost	20	7
Closing balance	**1,690**	**2,041**

The valuation of Post-employment benefits is based on the following actuarial assumptions:

Employee benefits liabilities	31.12.2022	31.12.2021
Annual discount rate	3.77%	0.98%
Annual inflation rate	2.30%	1.75%
Annual rate of increase in employee severance indemnity	3.23%	2.81%
Mortality rate	Tavole ISTAT 2016	Tavole ISTAT 2016
Retirement age	the achievement of the AGO pension fund requirements	
Advances rate	2.80%	3.50%
Turnover rate	1% (based on historical company data)	

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

Employee benefits liabilities (€'000)	31.12.2022	31.12.2021
Discount rate +50bp	(73)	(101)
Discount rate -50bp	78	(222)
Inflation rate +50bp	49	(257)
Inflation rate -50bp	(47)	(61)

[19] Provisions for risks and charges

The provision for risks and charges at December 31, 2022 amounted to Euro 973 thousand compared to Euro 1,355 thousand at December 31, 2021. The composition and the movements of the item are shown in the following table:

€/000	31.12.2021	Provisions/release	Actuarial effect	Utilisations	Riclassification	31.12.2022
Provision for legal and tax risks	270	(110)	-	-	-	160
Provision for product warranties	295	-	-	-	-	295
Provision for additional client expenses	34	8	(10)	-	-	32
Provision for risks on investments	756	-	-	-	(270)	486
Provisions for risks and charges	**1,355**	**(102)**	**(10)**	**-**	**(270)**	**973**

The Provision for legal risks decreased following the settlement with a customer of the Group for which the cost was incurred by the subsidiary.

The Product warranty provision was set up to cover estimated warranty service charges to be incurred in the future, calculated on the basis of historical costs and expected costs relating to the machines and plants sold and still within the initial warranty period.

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

The provision for equity investment risks includes the provision for the negative shareholders' equity of the subsidiaries Piovan Muhendislik Ltd Sirketi, Piovan Japan Inc. and Piovan Asia Pacific LTD.

[20] Other non-current liabilities

At December 31, 2022, these amounted to Euro 2,219 thousand compared to Euro 1,380 thousand at December 31, 2021, and are represented mainly by payables to employees for incentive plans.

[21] Trade payables

They amounted to Euro 28,784 thousand at December 31, 2022 compared to Euro 25,931 thousand at December 31, 2021. Trade payables originate from the different payment terms negotiated with suppliers, which vary according to the various countries in which the Company operates. The company does not have significant past overdue amounts.

[22] Advances from customers

At December 31, 2022, Advances from customers amounted to Euro 5,085 thousand compared to Euro 5,177 thousand at December 31, 2021. This item refers to advances received by the Company from customers and improved as a result of the strong performance of sales for the year.

[23] Tax liabilities and social security contributions

They amount to Euro 4,709 thousand at December 31, 2022 compared to Euro 3,699 thousand at December 31, 2021. The account is broken down as follows:

€'000	31.12.2022	31.12.2021
Social security contributions	2,631	2,338
Tax withholdings for employees	1,960	1,209
Income tax liabilities (IRES and IRAP)	84	84
Other	34	68
Tax liabilities and social security contributions	**4,709**	**3,699**

The change compared to the previous year is largely due to changes in payables to social security institutions.

[24] Other current liabilities

They amount to Euro 7,411 thousand at December 31, 2022 compared to Euro 8,002 thousand at December 31, 2021. The account is broken down as follows:

€'000	31.12.2022	31.12.2021
Payables to employees	3,394	1,831
Payables to parent companies	189	2,190
Accrued expense and deferred income	994	295
Other payables	2,834	3,686
Other current liabilities	**7,411**	**8,002**

Employee payables refer to wages and salaries and accruals for vacation and leave accrued. The item Payables to parent companies includes the payable to Pentafin S.p.A. for current taxes under the tax consolidation contract. Other payables decreased from the previous year following the payment of the final part of the earn-out related to the purchase of the equity investment in Doteco S.p.A.

Notes to the Separate Statement of profit and loss

[25] Revenue

Revenues amounted to Euro 132,343 thousand in 2022, compared to Euro 110,729 thousand in 2021 (+19.52%). Revenues are shown net of discounts and rebates.

In order to provide adequate disclosure a breakdown of revenues by market and region is provided below. This breakdown is the analysis regularly monitored by Company Management.
The breakdown of revenue by market is as follows:

€/000	2022	2021
Plastic	115.225	95.850
Food & non plastic	162	224
Services	16.956	14.654
Revenues	**132.343**	**110.729**

The breakdown of revenue by region is as follows:

€/000	2022	2021
EMEA	105.967	92.659
ASIA	6.504	6.140
NORTH AMERICA	14.959	8.108
SOUTH AMERICA	4.913	3.821
Revenues	**132.343**	**110.729**

Revenue by market indicates:

- Plastic Systems revenue increased compared to the previous year. This increase was driven by marked growth in (traditional and recycled) packaging and in consumer goods.
- the Food & Non-plastic Systems market is marginal for Piovan S.p.A. as it is the market for the subsidiaries Penta S.r.l. and FEA ptp S.r.l.
- the Services market posted revenue growth (+15.7%) on 2021, in line with expectations as defined in the Group's business plan.

In terms of geographical areas, the EMEA remains the Company's primary market, accounting for 80.1% of total revenue.

Revenues in EMEA include revenues in Italy which amounted to Euro 40,408 thousand in 2022 and Euro 30,697 thousand in the previous year.

[26] Other Revenue and income

Other revenues amounted to Euro 2,639 thousand in 2022 compared with Euro 2,023 thousand in the previous year.

This item is broken down as follows:

€'000	2022	2021
Ancillary sales transport services	299	295
Increases in fixed assets for internal works	27	86
Current expenses grants	900	653
Contingent assets	104	177
Capital gains for disposal of tangible and intangible assets	105	6
Insurance compensation	14	16
Sale of scrap materials	-	89
Compensation	212	31
Other	978	669
Other revenues and income	**2,639**	**2,023**

Transport ancillary services on sales mainly refers to revenues from transport ancillary services related to sales transactions with customers.

Operating grants are mainly represented by non-repayable grants received from "Ministero dello Sviluppo Economico" for an amount of Euro 744 thousand for research and development activities.

Prior year income mainly consists of differences on cost estimates relating to previous years.

Other includes Euro 396 thousand in rental income from the subsidiary Aquatech for the lease of the production site and offices.

[27] Costs of raw materials, components and goods and change in inventories

This item amounted to Euro 55,028 thousand in 2022 compared with Euro 44,365 thousand in the previous year. This item is broken down as follows:

€'000	2022	2021
Purchase of raw materials, components and goods	57,733	47,664
Purchase of consumables	2,234	1,916
Change in inventories of raw materials and goods	(152)	18
Change in inventories of finished goods and semi-finished products	(4,786)	(5,233)
Purchase of raw materials, consumables and goods and changes in inventories	**55,028**	**44,365**

This increase is mainly due to an increase in sales and the sales mix compared to the previous year, as well as to an increase in the price of raw materials, components and goods compared to 2021.

[28] Services

Service expenses amounted to Euro 26,896 thousand in 2022, compared with Euro 20,653 thousand in 2021, increasing Euro 30.2%. The increase is primarily related to greater revenues compared to the previous year.

This item is broken down as follows:

€'000	2022	2021
Outsourced processing	9,822	8,236
Transport costs	2,115	1,406
Business trips and travel	980	700
Commissions	3,713	2,980
Fees to directors, statutory auditors and independent auditors	1,877	1,650
Consultancies	2,651	1,559
Maintenance and repairs	1,449	1,272
Marketing and advertising costs	939	225
Utilities	952	766
Insurance	417	255
Telephone and internet connections	148	145
Other costs for services	1,516	1,228
Costs for use of third-party assets	317	232
Services costs	**26,896**	**20,653**

The largest cost items, in particular from an industrial process point of view, are:

- outsourcing costs amounting to Euro 9,822 thousand in 2022 (36.5% of total service costs) determined by the production methods of the Group, which concentrates internally processing and high value added and core activities. In 2022, this item amounted to Euro 8,236 thousand and 39.9% of total service costs;
- increase in transport costs on purchases and sales which is linked to business performance and a different mix of countries to which the Company sells.
- Agent commission costs
- Consulting costs increased from the previous year due to costs that the Company is incurring in order to integrate the IPEG group.
- Rent, lease and similar costs include rental agreements and non-lease components to which IFRS 16 does not apply.

[29] Personnel expenses

Personnel expenses amounted to Euro 30,040 thousand compared with Euro 27,910 thousand in 2021. A breakdown of personnel expenses and the workforce by category is provided below:

€'000	2022	2021
Wages and salaries	22,666	20,884
Social security contributions	6,145	5,909
Costs for defined benefit plans	1,223	1,101
Other personnel expenses	5	16
Personnel expenses	**30,040**	**27,910**
Of which non recurring	102	395

The increase is due mainly to the increase in number of employees compared to the previous year. They also include the accrued portion of long-term incentive plans for certain executives of the Company.

	2022		2021	
	year end	average	year end	average
Managers	11	9	9	10
Junior managers	15	14	12	13
White collar workers	210	204	191	185
Blue collar workers	204	198	192	195
Total	**440**	**426**	**404**	**403**

[30] Other expenses

The item amounts to Euro 627 thousand compared to Euro 215 thousand in the previous year. This item is broken down as follows:

€'000	2022	2021
Other taxes and duties	383	345
Bad debt provision recognition	-	123
Entertainment costs	74	15
Provisions/release for risks	(110)	- 590
Provision for supplementary indemnity fund	8	5
Other	271	317
Other operating costs	**627**	**215**

Other taxes and duties mainly includes indirect taxes on property and local taxes.

The release from provisions for risks includes the release following the settlement with a customer of the Group for which the cost was incurred by the subsidiary.

[31] Amortization and depreciation

This item amounted to Euro 2,391 thousand compared with Euro 2,601 thousand in 2021. This item is broken down as follows:

€'000	2022	2021
Depreciation of intangible fixed assets	159	298
Depreciation of property, plant and equipment	2,232	2,303
Amortisation and depreciation	**2,391**	**2,601**

[32] Financial income and expenses

This item amounted to Euro 8,365 thousand in 2022 compared with Euro 2,007 thousand in 2021. The item includes Euro 9,713 thousand dividends received from subsidiaries in 2022 compared to Euro 2,097 thousand in 2021. Financial expenses increased from 2021 due to the loan obtained in order to acquire the IPEG group.

€'000	2022	2021
Interest income	776	218
Dividends	9,713	2,097
Other financial income	2	19
Financial income	**10,490**	**2,333**
Bank interest expenses	1,679	223
Other interest expenses	35	36
Other financial expenses	411	67
Financial charges	**2,125**	**326**
Net financial income (expense)	**8,365**	**2,007**

[33] Exchange gains/(losses)

The item amounted to a net loss of Euro 98 thousand in 2022, compared with a net gain of Euro 434 thousand in 2021. This item is broken down as follows:

€'000	2022	2021
Foreign currency conversion gains	293	1,183
Foreign currency conversion losses	(391)	(749)
Foreign currency conversion gains and losses	**(98)**	**434**

Unrealized exchange gains amount to Euro 3 thousand, whereas unrealized exchange losses are Euro 81 thousand.

[34] Adjustment to financial assets

The item in the previous year included the write-downs related to the value of the investments in Toba and Fea, as well as the write-down of current financial assets toward subsidiaries.

€'000	2022	2021
Investments write-off	0	1,153
Investments provision for risjìk and charges	0	0
Bad financial debt accrual included in financial asset	0	220
Financial asset adjustments	0	**1,373**

[35] Income Taxes

This item amounted to Euro 3,921 thousand compared with Euro 3,870 thousand in 2021. This item is broken down as follows:

€'000	2022	2021
Current tax	6,305	4,795
Previous year tax	(2,111)	(22)
Deferred tax	(274)	(903)
Income taxes	**3,921**	**3,870**

In 2022, the Company recognized a tax benefit for the patent box for the period 2018-2022 in the amount of Euro 2,839 thousand, as better explained in the paragraph “Significant events occurred during the year” in the Director’s Report.

Income taxes can be reconciled as follows to the pre-tax profit or loss shown in the income statement:

	2022			2021		
	Taxable	Tax (IRES)	Tax (IRAP)	Taxable	Tax (IRES)	Tax (IRAP)
Theoretical rate		24.00%	5.57%		24.00%	3.90%
In thousands of Euro	28,266	(6,784)	(1,574)	18,075	(4,338)	(705)
Higher taxation	**1,101**	**(264)**	**(61)**	**2,132**	**(512)**	**(83)**
non-deductible vehicles costs	194	(47)	(11)	211	(51)	(8)
Equity investments write off	-	-	-	1,373	(330)	(54)
non-deductible leasing cost (IAS17)	0	0	0	3	(1)	0
Capital gain on disposal share	386	(93)	(21)	-	-	-
VAT non-deductible	195	(47)	(11)	138	(33)	(5)
others	326	(78)	-	-	-	-
Lower taxes	**(11,918)**	**2,251**	**664**	**(7,156)**	**1,684**	**399**
contigency	(20)	5	1	(98)	24	4
super-depreciation	(106)	25	6	(129)	31	5
iper-depreciation	(274)	66	15	(274)	66	11
Dividends	(9,262)	1,613	516	(2,039)	489	80
IRAP tax deduction	(282)	68	16	(388)	93	15
tax crediti R&D	-	-	-	(140)	34	5
ACE deduction	574	(138)	(32)	(574)	138	22
others	(245)	59	14	(3,514)	843	137
- Patent Box	(2,304)	553	128	-	-	-
	17,449	**(4,797)**	**(972)**	**13,051**	**(3,132)**	**(509)**

Reference should be made to Note [7] in relation to changes in deferred tax assets and liabilities and the nature of these.

Other information

Non-recurring items

Consob Communication no. DEM/6064293 of July 28, 2006 requires information on significant events and transactions whose occurrence is non-recurring or on transactions or events that do not occur frequently in the normal course of business.

Non-recurring income relates to non-exceptional income items.

The following non-recurring income and expenses were identified in 2022 and 2021:

Non recurring items	2022	2021
IPEG Inc. acquisition costs	-	(50)
Personnel expenses	(102)	(395)
Deferred tax liabilities release		972
Relief of patent-box 2018-2022	2,839	
Write off investments Toba and Fea		(1,323)
Total	2,737	527

Incentive Plans

On May 12, 2020, the Shareholders' Meeting of the Parent Company approved three medium/long-term incentive plans, which aim to retain and incentivize those beneficiaries who are key players in achieving the Group's objectives. This will align the remuneration of these beneficiaries with increases in value and return on shareholder investment.

The first plan, called the “2020-2022 Performance Shares Plan", stipulates that the beneficiaries are identified from among the Executive Directors, excluding the Executive Chairperson, and the Senior Executives at the Piovan Group companies, providing for the free allocation of Piovan S.p.A. shares already held by the Company. The first cycle of this first plan came to a close in 2022, and in January 2023, 93,254 shares, representing all of the shares planned, were assigned to plan participants.

The second, called the “2020-2022 Long-Term Monetary Incentive Plan", establishes that the beneficiaries are identified from among the Executives and employees or collaborators at the Piovan Group’s companies, providing for monetary incentives. The plans commenced from their approval by the Shareholders’ AGM and conclude on December 31, 2022, comprising three rolling cycles (vesting periods), each of three years, with the last period concluding in 2024. The vesting periods concern periods on the conclusion of which the shares of the company, or a monetary incentive, shall be granted or issued to beneficiaries, on verification of the achievement for each cycle of the performance objectives linked to the Group’s sales volumes and consolidated EBITDA by the Board of Directors and within the limits and according to the means indicated in the respective regulations and disclosure documents. The first cycle of this second plan came to a close in 2022, and the amounts due will be disbursed in 2023.

The third plan, called the “2020-2022 Phantom Stock Option Plan”, is for the Executive Directors and Senior Executives at Piovan Group’s companies. This is a long-term plan divided into three cycles (also known as “Vesting Periods”), each lasting three years. The Vesting Periods are the periods at the end of which it is possible to request payment of the incentive. The duration of the Phantom Stock Option Plan, therefore, is from the date of the plan’s approval by the Ordinary Shareholders' Meeting until the date the incentive is paid. This will be in 2025, while the last Vesting Period will end on December 31, 2024. The first cycle of this third plan came to a close in 2022, and the amounts due will be disbursed in 2023.

Classes of financial instruments and fair value hierarchy

With reference to the breakdown of financial assets and liabilities required by IFRS 7, there were no transfers between the fair value levels indicated in IFRS 13 compared to what was reported in the Consolidated Financial Statements at December 31, 2021.

31.12.2022	IFRS 9 categories	Book value	Level 1	Level 2	Level 3
Current accounts and post office deposits	Receivables and loans	57,277	-	57,277	-
Cash	Receivables and loans	1	-	1	-
Cash and cash equivalents		**57,278**	**-**	**57,278**	**-**
Trade receivables	**Receivables and loans**	**25,083**	**-**	**-**	**25,083**
Current financial assets	**Receivables and loans**	**7,529**	**6,532**	**-**	**997**
Non Current financial assets	**Receivables and loans**	**29,500**	**-**	**29,500**	**-**
Total financial assets	**Receivables and loans**	**119,389**	**6,532**	**86,778**	**26,079**
Bank borrowings	Liabilities at amortised cost	107,311	-	107,311	-
Payables to other lenders	Liabilities at amortised cost	1,292	-	1,292	-
Non-current financial liabilities		**108,603**	**-**	**108,603**	**-**
Short-term bank loans	Liabilities at amortised cost	7,000	-	7,000	-
Short-term bank loans	Liabilities at amortised cost	32,692	-	32,692	-
Payables to other lenders	Liabilities at amortised cost	37,755	-	37,755	-
Current financial liabilities		**77,446**	**-**	**77,446**	**-**
Trade payables	**Liabilities at amortised cost**	**28,784**	**-**	**-**	**28,784**
Advances from customers	**Liabilities at amortised cost**	**5,085**	**-**	**-**	**5,085**
Total financial liabilities		**219,918**	**-**	**186,049**	**33,869**

31.12.2021	IFRS 9 categories	Book value	Level 1	Level 2	Level 3
Current accounts and post office deposits	Receivables and loans	91,293		91,293	
Cash	Receivables and loans	1		1	
Cash and cash equivalents		**91,294**		**91,294**	
Trade receivables	**Receivables and loans**	**23,065**			**23,065**
Current financial assets	**Receivables and loans**	**1,874**	**1,564**		**309**
Non Current financial assets	**Receivables and loans**	**116,232**	**1,564**	**91,294**	**23,374**
Total financial assets	**Receivables and loans**	31,939		31,939	
Bank borrowings	Liabilities at amortised cost	1,144		1,144	
Payables to other lenders	Liabilities at amortised cost	**33,082**		**33,082**	
Non-current financial liabilities		29,000		29,000	
Short-term bank loans	Liabilities at amortised cost	20,287		20,287	
Short-term bank loans	Liabilities at amortised cost	35,516		35,516	
Payables to other lenders	Liabilities at amortised cost	**84,803**		**84,803**	
Current financial liabilities		**25,931**			**25,931**
Trade payables	**Liabilities at amortised cost**	**5,177**			**5,177**
Advances from customers	**Liabilities at amortised cost**	**148,993**		**117,885**	**31,108**

Related party transactions

During 2022 and 2021 the Company had commercial relations with subsidiaries and some related parties of the Group.

In accordance with the provisions of IAS 24, the following entities are considered Related Parties: (a) companies that directly or indirectly through one or more intermediate companies, control, or are controlled or are under common control with the reporting entity; (b) associated companies; (c) natural persons who directly or indirectly have voting power in the reporting entity that gives them a dominant influence over the company and their immediate family members; (d) key management personnel, i.e. those who have the power and responsibility for planning, directing and controlling the activities of the reporting entity, including directors and officers of the company and the immediate family members of such persons; (e) companies in which any natural person described under (c) or (d) has, directly or indirectly, significant voting power, or over which such person has such power. Case (e) includes undertakings owned by the directors or major shareholders of the reporting entity and undertakings which have a manager with strategic responsibilities in common with the reporting entity.

All transactions are regulated at market conditions for goods and services of equal quality.

Transactions at 31.12.2022	Nature of transactions	Note	Property Plant & Equipement and IFRS16	Trade recievables	Other current assets	Non current financial asset	Current financial asset	Trade payables	Current financial liabilities	Non current financial liabilities	Other non current liabilities	Other current liabilities	Revenues	Expenses
Subsidiary														
PIOVAN CANADA LTD	Subsidiary	[7] [17] [21] [23]		64	-		-	0	-	-		-	1,839	255
PIOVAN GMBH	Subsidiary	[7] [17] [21] [23]		700	-		-	12	-	-		-	8,953	76
PIOVAN CENTRAL EUROPE	Subsidiary	[7] [17] [21] [23]		291	-		-	15	-	-		-	8,636	370
PIOVAN UK LIMITED	Subsidiary	[7] [17] [21] [23]		64	-		-	24	-	-		-	3,442	153
FEA S.R.L.	Subsidiary	[7] [17] [21] [23]		5	-		687	-	-	-		-	5	-
PIOVAN DO BRASIL LTD	Subsidiary	[7] [17] [21] [23]		2,530	-		-	613	-	-		-	1,425	1,187
PIOVAN PLASTICS MACHINERY	Subsidiary	[7] [17] [21] [23]		118	-		-	93	-	-		-	1,494	440
PIOVAN MEXICO S.A.	Subsidiary	[7] [17] [21] [23]		1,999	-		-	98	-	-		-	6,168	135
PIOVAN FRANCE	Subsidiary	[7] [17] [21] [23]		280	-		-	355	-	-		-	3,887	389
PIOVAN CZECH REPUBLIC	Subsidiary	[17] [23]		-	-		-	-	-	-		-	-	-
UNIVERSAL DYNAMICS	Subsidiary	[7] [8] [17] [21] [23]		51	-		-	1	-	-		-	5,137	63
TOBA Pnc	Subsidiary	[7] [8] [17] [21] [23]		29	-		0	12	-	-		-	8	-
PIOVAN ASIA PACIFIC	Subsidiary	[7] [17] [21] [23]		376	-		-	11	-	-		-	2,813	293
FDM GMBH	Subsidiary	[7] [17] [21] [23]		25	-		-	3	5,000	-		-	1,398	773
PIOVAN INDIA PVT LTD	Subsidiary	[7] [17] [21] [23]		127	-		-	118	-	-		-	413	164
PIOVAN MUHENDISLIK	Subsidiary	[7] [8] [17] [21] [23]		362	-		-	69	-	-		-	436	431
AQUATECH S.R.L.	Subsidiary	[7] [17] [21] [23]		63	-		-	179	641	-		32	513	1,116
PENTA SRL	Subsidiary	[7] [14] [17] [21] [23]		73	-		-	79	19,334	-		-	272	831
PIOVAN GULF FZE	Subsidiary	[7] [17] [20] [21] [23]		31	-		-	407	-	-		-	30	606
ENERGYS SRL	Subsidiary	[7] [17] [21] [23]		1	-		-	20	347	-		-	11	23
PROGEMA SRL	Subsidiary	[17] [23]		5	-		-	-	-	-		-	-	249
PIOVAN VIETNAM LTD	Subsidiary	[17] [23]		9	-		-	21	-	-		-	6	1
PIOVAN JAPAN INC.	Subsidiary	[7] [8] [17] [21] [23]		66	-		285	19	-	-		-	14	0
PIOVAN MAROC	Subsidiary	[7] [8] [17] [21] [23]		-	-		-	151	-	-		-	-	64
Doteco SpA	Subsidiary			359	-		-	118	11,998	-		-	453	505
Doteco Inc.	Subsidiary			-	-		-	-	-	-		-	-	-
Studio Ponte Srl	Subsidiary			-	-		-	2	-	-		-	-	27
Piovan North America	Subsidiary			136	-	29,500	-	-	-			-	552	58
Total				**7,764**	**-**	**29,500**	**972**	**2,418**	**37,321**	**-**		**32**	**47,904**	**8,207**
Associated company														
C.M.G. SPA	Associated company	[10] [17] [23]						319					19	919
Parent company														
PENTAFIN S.P.A.*	Parent company	[10]		1								189		
Other related parties														
Nicola Piovan	Chairman of the BoD of Piovan S.p.A. and Sole shareholder of Pentafin S.p.A	[24]	220		13				50	168		57	-	1,430
Filippo Zuppichin	Chief executive officer and shareholder of Piovan S.p.A	[24]	23						13	11	543	508		1,234
Members of BoD (except President an the CEO)	Directors								38			-		181
TOTAL			**243**	**7,764**	**13**	**29,500**	**972**	**2,737**	**37,421**	**179**	**543**	**786**	**47,923**	**11,973**

Transactions at 31.12.2021	Nature of transactions	Note	Property Plant & Equipement and IFRS16	Trade recievables	Other current assets	Current financial asset	Other non current liabilities	Trade payables	Current financial liabilities	Non current financial liabilities	Other current liabilities	Revenues	Expenses
Subsidiary													
PIOVAN CANADA LTD	Subsidiary	[7] [17] [21] [23]		-				8			62	2.689	14
PIOVAN GMBH	Subsidiary	[7] [17] [21] [23]		46				9			0	7.834	72
PIOVAN CENTRAL EUROPE	Subsidiary	[7] [17] [21] [23]		248				29				8.686	382
PIOVAN UK LIMITED	Subsidiary	[7] [17] [21] [23]		72				29				3.252	68
FEA S.R.L.	Subsidiary	[7] [17] [21] [23]		1					468		-	1	
PIOVAN DO BRASIL LTD	Subsidiary	[7] [17] [21] [23]		2.266				205				1.108	818
PIOVAN PLASTICS MACHINERY	Subsidiary	[7] [17] [21] [23]		130				67				1.657	55
PIOVAN MEXICO S.A.	Subsidiary	[7] [17] [21] [23]		786				18				3.74	105
PIOVAN FRANCE	Subsidiary	[7] [17] [21] [23]		198				268				4.426	305
PIOVAN CZECH REPUBLIC	Subsidiary	[17] [23]										1.334	41
UNIVERSAL DYNAMICS	Subsidiary	[7] [8] [17] [21] [23]		232				7			-	9	12
TOBA Pnc	Subsidiary	[7] [8] [17] [21] [23]		20		50		12				2.102	247
PIOVAN ASIA PACIFIC	Subsidiary	[7] [17] [21] [23]		469				18				794	403
FDM GMBH	Subsidiary	[7] [17] [21] [23]						85	5			367	138
PIOVAN INDIA PVT LTD	Subsidiary	[7] [17] [21] [23]		253				96			-	478	212
PIOVAN MUHENDISLIK	Subsidiary	[7] [8] [17] [21] [23]		707		260		250			-	489	1.322
AQUATECH S.R.L.	Subsidiary	[7] [17] [21] [23]		9				315	177		32	103	287
PENTA SRL	Subsidiary	[7] [14] [17] [21] [23]		91				14	20.1			1	437
PIOVAN GULF FZE	Subsidiary	[7] [17] [20] [21] [23]		31				206			-	59	22
ENERGYS SRL	Subsidiary	[7] [17] [21] [23]		0								1	80
PROGEMA SRL	Subsidiary	[17] [23]		4				11	793			3	8
PIOVAN VIETNAM LTD	Subsidiary	[17] [23]		3				19				5	19
PIOVAN JAPAN INC.	Subsidiary	[7] [8] [17] [21] [23]		52		285		19			-	-	157
PIOVAN MAROC	Subsidiary	[7] [8] [17] [21] [23]						92			69	331	49
Doteco SpA	Subsidiary			340					8.595			-	
Doteco Inc.	Subsidiary			-								-	
Studio Ponte Srl	Subsidiary			1								-	
Total			**-**	**5.962**	**-**	**595**		**1.777**	**35.132**	**-**	**163**	**39.47**	**5.251**
Associated company													
C.M.G. SPA	Associated company	[10] [17] [23]						178					903
Parent company													
PENTAFIN S.P.A.*	Parent company	[10]									2.19		
Other related parties													
Nicola Piovan	Chairman of the BoD of Piovan S.p.A. and Sole shareholder of Pentafin S.p.A	[24]	139		23				44	98	57		1.287
Filippo Zuppichin	Chief executive officer and shareholder of Piovan S.p.A	[24]	35				496		12	24			1.133
Members of BoD (except President an the CEO)	Directors										98		164
TOTAL			**174**	**5.962**	**23**	**595**	**496**	**1.955**	**35.189**	**121**	**2.508**	**39.47**	**8.738**

Commitments and risks

At December 31, 2022, the Company had guarantees in place for Euro 230 thousand provided to third parties in relation to commercial activities for sales orders (Euro 1,696 thousand at December 31, 2021).
At December 31, 2022, the parent company Piovan S.p.A. provided sureties in favor of credit institutions in the interest of subsidiaries and subject to the control of the parent company for a total of Euro 8.9 million (Euro 9.2 million at December 31, 2021) and future lease payables of Euro 316 thousand (Euro 232 thousand at December 31, 2021).

Contingent liabilities and contingent assets

We are not aware of the existence of further disputes or proceedings that are likely to have significant repercussions on the Group's economic and financial situation.

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

Disbursements from the Public Administration – Transparency obligations under Italian Law No. 124 of 2017

Provided below is a list of subsidies, grants, paid positions, and other economic benefits of any kind received from public bodies or from other entities defined under Article 1(125) of Law 124 of 2017 by companies of the Group in 2022:

Piovan S.p.A.:

In the second and third quarters, Piovan S.p.A. made use of the energy and gas tax credit allowed under Aid Decree 50/2022 of May 17 as amended in the amount of Euro 37,496.72.

With regard to the tax credit for research, development and innovation, as per Law 160/2019 as amended, the Company received a credit in the amount of Euro 159,510.59, of which Euro 53,170.20 was used in 2022.

With regard to the tax credit for capital goods spending, as per Law 178/2020 as amended, the Company used Euro 128,799 of this credit in 2022.

According to what is indicated National Aid Register, the Company received a guarantee within the scope of state COVID-19 aid (SME guarantee fund for state aid SA 569666 – 2020(N) – Direct guarantee) in the amount of Euro 306,029.45.

In 2022, the Company received a grant of Euro 18,997.50 for training programs from Fondimpresa.

On March 10, 2020, the Company presented to the Ministry of Economic Development ("MISE") an application under the Innovation Agreements, DM 24.05.2017, for a research and development project entitled "*PIOVAN-Smart Factory: New generation of auxiliary machines for processing plastics both in granules and powders, also coming from the recycling process, which can be easily integrated into an interconnected system that can exchange information with external customer systems*".

The project concerns the development of a series of advanced auxiliary machines for the storage, transport and treatment of polymers in both granular and powder form, with improved energy efficiency and an increased level of control, which are able to easily integrate in a complete and automated line. The goal of Piovan S.p.A. consists in creating an advanced and self-adaptive system to allow customers to run their factories with fewer defects, better use of resources, including energy and a higher level of process safety, so as not to lose the competitive advantage deriving from the development of factory 4.0.

The project F/130047/00/X38 was approved by the Ministry of Economic Development, with the Decree n. 3014 dated August 6, 2020, for a total amount of Euro 8,236,169.08, with the following facilitation:

- A grant provided by MISE for Euro 1,647,233.82
- A subsidized loan provided by MISE for Euro 411,808.45
- A subsidized loan provided by Regione Veneto for Euro 411,808.45

The project started on April 1, 2019. On September 30, 2020, the partial suspension of the project was obtained due to Covid. The project was concluded on August 31, 2022.

On January 20, 2021, the first statement of work related to expenses incurred during the period April 1, 2019-August 6, 2020, was presented. For a reported expense of Euro 2,353,643.36, Euro 2,234,241.70 was approved. Because of this cost, Piovan S.p.A. received on December 22, 2021:

- a grant provided by MISE for Euro 446,848.34
- two subsidized loans, one provided by MISE for Euro 111,712,09 by MISE and one provided by Regione Veneto for Euro 111,712.09.

On May 08, 2021, the second statement of work related to expenses incurred during the period August 7, 2020-February 6, 2021, was presented. For a reported expense of Euro 1,232,436.82, Euro 1,224,698.51 was approved. Because of this cost, Piovan S.p.A. received on March 3, 2022:

- a grant provided by MISE for Euro 244,939.70
- two subsidized loans, one provided by MISE for Euro 61.234.92 by MISE and one provided by Regione Veneto for Euro 61,234.92.

On December 13, 2021, the third statement of work related to expenses incurred during the period February 7, 2021-August 6, 2021, was presented. For a reported expense of Euro 1,321,354.56, Euro 1,319,442.03 was approved. Because of this cost, Piovan S.p.A. received on July 14, 2022:

- a grant provided by MISE for Euro 263,888.41

- two subsidized loans, one provided by MISE for Euro 65,972.10 by MISE and one provided by Regione Veneto for Euro 65,972.10.

On June 16, 2022 the fourth statement of work related to expenses incurred during the period August 7, 2021-February 6, 2022, was presented. For a reported expense of Euro 1,172,306,16 Euro 1,171,057.19 was approved. Because of this cost, Piovan S.p.A. received on December 5, 2022:

- a grant provided by MISE for Euro 234,211.44
- two subsidized loans, one provided by MISE for Euro 58,552.86 by MISE and one provided by Regione Veneto for Euro 58,552.86.

On November 23, 2022, the final statement of work related to expenses incurred during the period February 7, 2022-August 31, 2022. The reported expenses presented amounted to 1,775,554.85 for which the Company is waiting the approvement.

Remuneration paid to Directors and Statutory Auditors

Remuneration paid to Directors, Statutory Auditors and Key Managers for the year ended December 31, 2022 compared to the previous year are shown below:

	2022	2021
Directors	2,338	1,391
Managers with strategic responsibilities	979	924
Statutory auditors	75	52

Disclosure pursuant to Article 149-duodecies of the Consob Issuers' Regulation – fees for independent auditors

The following table, drawn up pursuant to Article 149-*duodecies* of the Consob Issuers' Regulation, highlights the fees charged in the year 2022 for auditing and non-auditing services rendered by this appointed independent audit firm and by the companies in its network.

Type of service	Person who provided the service	Recipient	Fees 2022
External audit of accounts	Auditor of the parent company	Parent company	170
External audit of accounts and review	Auditor of the parent company	Parent company	33
Non-audit services	Network of the parent company's auditors	Parent company	10
Total			**213**

Subsequent events after December 31, 2022

As presented in the Directors' Report, the significant events after December 31, 2022, were as follows:

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

- On January 31, 2023, the preliminary agreement was signed for the sale to minority interests of a 41% stake held by Piovan S.p.A. in Toba Pnc. As a result, Piovan S.p.A. now holds a 10% interest in Toba Pnc. The Group will be continuing to operate in Korea by way of both the minority interest in Toba Pnc and our direct presence in the country, development of which is ongoing.

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

- On January 26, 2023, the director Marco Stevanato resigned for personal reasons. Mr Stevanato was a non-independent, non-executive director and held no additional positions on the Company's committees. There are no indemnities or other benefits payable as a result of his conclusion of office. On March 21, 2023, Maurizio Bazzo was co-opted to the board and will remain in office until the next meeting of shareholders.

On March 14, 2023, the Group, through its subsidiary FDM Gmbh, acquired from ProTec Polymer Processing Gmbh some assets attributable to the Material Handling, Dosing and Recycling markets, with the aim of growing in the Service/after-sales market.

Except for the ongoing Russia-Ukraine war and the events specified above, there were no other significant events after the reporting date.

Allocation of the result for the year

Piovan S.p.A. realized in 2022 a net profit equal to Euro 24,345,719, The Board of Directors proposes to allocate the net profit as follow:

- to distribute a dividend amounting to € 0.20 for each share with profit rights (excluding therefore treasury shares held by the Company, in agreement with art. 2357-ter, comma 2, Civil Code) totaling € 10,206,492.20;
- to allocate the remainder, equal to € 14,139,226.80, to the extraordinary reserve.

Dear Shareholders,

we trust that you will be in agreement with the criteria for the preparation of the financial statements for the year ended December 31, 2022, and we invite you to approve them.

The Executive Chairman

Nicola Piovan

Santa Maria di Sala (Venezia), March 21, 2023.

On behalf of the Board of Directors

Executive Chairman
Nicola Piovan

DECLARATION OF THE SEPARATE ANNUAL FINANCIAL STATEMENTS

Declaration of the Separate Annual Financial Report as per Article 154-bis of Legs. Decree No. 58 of 24.02.1998 and Article 81-ter of Consob Regulation No. 11971 of May 14, 1999 and subsequent amendments and supplements

Santa Maria di Sala, March 21, 2023

The undersigned Filippo Zuppichin, Chief Executive Officer, and Giovanni Rigodanza, Executive Officer for Financial Reporting of Piovan S.p.A. declare, also in consideration of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:

- the accuracy of the information on company operations and
- the effective application

of the administrative and accounting procedures for the compilation of the separate annual financial statements for 2022.

No significant aspect emerged concerning the above.

In addition, we declare that the separate financial statements at December 31, 2022:

a) were prepared in accordance with international accounting standards, endorsed by the European Union pursuant to EU regulation No. 1606/2002 of the European Parliament and Council, of July 19, 2002;

b) correspond to the underlying accounting documents and records;

c) provide a true and fair view of the financial position, statement of financial position and operating results of the issuer.

The Directors' Report includes a reliable analysis on the performance and operating result,

as well as the issuer's situation, together with a description of the main risks and uncertainties to which it is exposed.

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

INDEPENDENT AUDITORS' REPORT ON THE SEPARATE FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Piovan S.p.A.

REPORT ON THE AUDIT OF THE SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the separate financial statements of Piovan S.p.A. (the "Company"), which comprise the statement of financial position as at 31 December 2022, and the statement of profit and loss, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole and in forming our opinion thereon; therefore, we do not provide a separate opinion on these matters.

Recoverability of the equity investment in the subsidiary Piovan North America Inc.	
Descrizione dell'aspetto chiave della revisione	The separate financial statements of Piovan S.p.A. as of 31 December 2022 include equity investments in subsidiaries totaling Euro 145,198 thousand, out of which Euro 77,242 thousand pertaining to Piovan North America Inc., recently incorporated US entity which on 31 January 2022 acquired 100% of IPEG Inc., head of IPEG Group. The Company tested for impairment the investment in Piovan North America Inc., comparing the carrying amount with the its recoverable value , determined based on the estimate of the value in use of IPEG Group using the Discounted Cash Flows (DCF) method. As a result of the test, no impairment loss was identified. Company's Management valuation process is complex and is based on assumptions concerning, among others, IPEG Group expected cash flows, the definition of an appropriate discount rate (WACC) and of a long term growth rate (g-rate) for the calculation of the terminal value beyond the forecasting period. Such assumptions depend upon future expectations and market conditions which can vary upon time, with consequent effects, potentially significant, with respect to judgements made by the Directors. In light of the carrying value of the equity investment, the degree of judgement involved in the estimate of the cash flows and of the key parameters of the impairment model, we considered the impairment test on the equity investment in Piovan North America Inc. as a key audit matter for the Company's separate financial statements. Note 4 to the separate financial statements presents disclosures on the equity investments value and on the impairment test performed, including a sensitivity analysis which describes the effects potentially deriving from changes in the key parameters used for the test.
Audit procedures performed	We have first examined the methodology used by Management in determining the recoverable value of the equity investment, analyzing the methods and assumptions used for the development of the impairment test. As part of our audit we have, among others, carried out the following procedures, also with the support of experts, part of our network: • analysis of reasonableness of main assumptions adopted in forecasting cash flows projections; • retrospective analysis of 2022 actual results with respect to budgeted figures considered in the context of the acquisition and of the nature of variances, in order to evaluate the reliability of the forecasting process; • evaluation of the reasonableness of the discount rate (WACC) and of the long-term growth rate (g-rate), also through comparison with market data;

- verification of the clerical accuracy of the model used to determine the recoverable value of the equity investment;
- verification of the sensitivity analysis prepared by Management both in terms of clerical accuracy and relevance of the analysis with respect to the key assumptions of the test.

We have also examined the appropriateness and compliance of the disclosure provided by the Company on the impairment test with the provisions of IAS 36.

Responsibilities of the Directors and the Board of Statutory Auditors for the Separate Financial Statements

The Directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Among matters communicated with those charged with governance, we determine those that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Piovan S.p.A. has appointed us on 14 September 2018 as auditors of the Company for the years from 31 December 2018 to 31 December 2026.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the separate financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Piovan S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the separate financial statements as at 31 December 2022, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the separate financial statements with the provisions of the Delegated Regulation.

In our opinion, the separate financial statements as at 31 December 2022 have been prepared in XHTML format in accordance with the provisions of the Delegated Regulation.

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Piovan S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of Piovan S.p.A. as at 31 December 2022, including their consistency with the related separate financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the separate financial statements of Piovan S.p.A. as at 31 December 2022 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and information contained in the report on corporate governance and ownership structure are consistent with the separate financial statements of Piovan S.p.A. as at 31 December 2022 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Barbara Moscardi
Partner

Treviso, Italy
30 March 2023

As disclosed by the Directors, the accompanying separate financial statements of Piovan S.p.A. constitute a non-official version which has not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

BOARD OF STATUTORY AUDITORS' REPORT ON THE SEPARATE FINANCIAL STATEMENTS

PIOVAN S.P.A.

Via delle Industrie, 16 – Santa Maria di Sala (VE)

Tax Code and Venice Companies' Registration Office No. 02307730289

BOARD OF STATUTORY AUDITORS' REPORT

IN ACCORDANCE WITH ARTICLE 153OF LEGISLATIVE DECREE 58/1998AND ARTICLE 2429 OF THE CIVIL CODE

TO THE SHAREHOLDERS' MEETING OF PIOVAN S.P.A. OF APRIL 27, 2023

Dear Shareholders,

The Board of Statutory Auditors currently in office was appointed by the Shareholders' Meeting of Piovan S.p.A. (hereafter the "Company") on April 29, 2021 and its mandate will conclude with the Shareholders' Meeting to approve the financial statements at December 31, 2023.

Pursuant to Article 153, paragraph 1 of Legislative Decree No. 58 of February 24, 1998 (hereinafter, the "CFA"), the Board of Statutory Auditors reports on the supervisory and control activities provided for by applicable legislation, with particular regard to the provisions of the Civil Code, Articles 148 and subsequent of the CFA, Legislative Decree No. 39 of January 27, 2010, as amended by Legislative Decree No. 135 of July 17, 2016 and Legislative Decree No. 254 of 2016. Instructions contained in the CONSOB communications concerning corporate controls, the activity of the Board of Statutory Auditors and the principles of conduct recommended by the National Council of Accountants and Accounting Experts are also taken into consideration.

This Report is being provided to the shareholders of Piovan S.p.A. in view of the Shareholders' Meeting called in a single call for April 27, 2023 to approve the Annual Financial Statements and the Consolidated Financial Statements at December 31, 2022.

* * *

Activities carried out by the Board of Statutory Auditors up to the date of this report are presented below, also with reference to the requirements of Consob Communication No. DEM/1025564 of April 6, 2001 and subsequent amendments.

1. Significant operating, financial and equity transactions.

The main transactions and events occurred in 2022 have been duly described in the paragraph "Significant events of the yeas" within the Directors' Report (a single Directors' Report for the separate and consolidated financial statements) to which reference should be made. They are as follows: "Acquisition of the IPEG Inc. Group", "Russia-Ukraine conflict.", "Implications of the COVID-19 pandemic", "Dividends", "Authorization to acquire treasury shares", "New company in China", "Payment of the final tranche of the Doteco earn-out", "Acquisition of minority interests in Progema and Studio Ponte", "Signing of the Patent Box agreement", "Share capital increase in FEA Ptp S.r.l.", "Sale of Toba Pnc",and "Events related to the Sustainable Economy and the Circular Economy".

The aforementioned paragraph contains the main information regarding the events described which affected the economic and financial performance of the Group in 2022, the effects of which on the captions of the Financial Statements are explained in the explanatory notes from time to time.

With regards to the Events after the reporting period, described in the specific paragraph of the consolidated Directors' Report, to which reference should be made, we highlight:

- On January 1, 2023, Doteco S.p.A. sold its equity interest in Doteco Inc. to Piovan North America Inc. This transaction, which will have no impact on the consolidated financial statements, falls within the scope of a broader process of reorganization and streamlining that the Piovan Group initiated following the acquisition of the American group IPEG.
- On January 31, 2023, the preliminary agreement was signed for the sale to minority interests of a 41% stake held by Piovan S.p.A. in Toba Pnc. As a result, Piovan S.p.A. now holds a 10% interest in Toba Pnc. The Group will be continuing to operate in Korea by way of both the minority interest in Toba Pnc and our direct presence in the country, development of which is ongoing.
- On January 6, 2023, the Group established a new commercial branch in Indonesia – Piovan Technology (PT) Indonesia – to be able to serve local clients in that country more directly.
- On January 26, 2023, the director Marco Stevanato (non-executive and non-independent director, who did not hold positions on board committees) resigned for personal reasons. On March 21, 2023, Mr. Maurizio Bazzo was co-opted to the board, with the favorable opinion of the Board of Statutory Auditors and will remain in office until the next meeting of shareholders.
- On March 2023, Piovan Group, through the subsidiary FDM Gmbh, acquired from ProTec Polymer Processing Gmbh some assets related to Material Handling, Dosing e Recycling markets, with the aim of growing in the Service and After Sales markets.

The Board of Statutory Auditors received information from Directors on an ongoing basis on the activities and significant operating, financial and equity transactions carried out by the Company and its subsidiaries. The Directors have reported these transactions in their Directors' Report, to which reference should be made, also as regards the nature of the transactions and their economic effects.

The Board of Statutory Auditors acquired adequate information on these transactions, which has made it reasonable to consider that these transactions were compliant with the law, the By-Laws and the principles of correct administration and were not imprudent, risky or inconsistent with the resolutions passed by the shareholders' meeting or, in any case, such as to compromise the integrity of the Company's assets.

Transactions involving Directors' interests or with other related parties were subject to the transparency procedures envisaged by applicable legislation.

2. Atypical and/or unusual transactions, carried out with third parties, inter-company transactions and transactions with related parties.

The Board of Statutory Auditors has not encountered or received instructions from the Board of Directors, the Independent Audit Firm or the Internal Audit Manager concerning the existence of atypical and/or unusual transactions undertaken with third parties, related parties or inter-company transactions, as defined by the CONSOB Communication DEM/6064293 of July 28, 2006.

In the notes to both the consolidated and separate financial statements, Directors have given an account of transactions carried out during the year with Group companies or related parties, to which reference is made, also as regards the nature of the transactions and their economic effects. In particular, the financial report indicates that the underlying transactions are governed at market conditions if compared with the sale of goods and the provision of services of equal quality.

The Board of Statutory Auditors has verified the approval of the procedure for transactions with related parties adopted by the Company, and monitors the periodic information from the Board of Directors when such transactions are carried out.

3. Observations and proposals on the findings and requests for disclosure contained in the independent audit firm's report.

On March 30, 2023, the independent audit firm Deloitte & Touche. S.p.A. issued its reports on the Company's separate and consolidated financial statements, pursuant to Article 14 of Legislative Decree 39/2010 and Article 10 of EU Regulation 537/2014. The reports contain no remarks or requests for information and express an opinion on the consistency of the directors' report and the corporate governance and ownership structure report with the related financial statements.

On the compliance of the consolidated financial statements with the provisions of EU Delegated Regulation 2019/815 of the European Commission on regulatory technical standards relating to the specification of the single electronic communication format (ESEF - European Single Electronic Format), the independent audit firm expressed a favorable opinion, and in particular that the consolidated financial statements have been prepared in XHTML format and have been marked in all significant aspects in accordance with ESEF Delegated Regulation. Also, regarding the financial statements prepared in HTML format, in compliance with ESEF Delegated Regulation, the audit firm expressed favorable opinion. The independent audit firm explain that some information included in the explanatory notes, when extracted in XHTML format in an XBRL instance, due to certain technical limitations, may not be reproduced in an identical manner with respect to the corresponding information viewable in the Consolidated Financial Statements in XHTML format.

On March 30, 2023, the independent audit firm also issued their additional report for the Internal Control and Audit Committee, pursuant to Article 11 of EU Regulation 537/2014. About this report the Board of the Statutory Auditors has no observation to report.

4. Statements pursuant to Article 2408 of the Civil Code and submission of petitions. Initiatives taken by the Board of Statutory Auditors and related outcomes.

No statement or report was received from shareholders during the financial year 2022. No petitions were submitted to the Board of Statutory Auditors during the year 2022.

5. Conferment of appointments to the independent audit firm and related costs.

The Board of Statutory Auditors was informed by the Independent Audit Firm Deloitte & Touche S.p.A. on the accounting of the fees paid to them and to the companies belonging to the network for services pertaining to FY 2022, as indicated in the annual financial report:

Type of service	Person who provided the service	Recipient	Fees 2022 €/000
External audit of accounts	Auditor of the parent company	Parent company	170
External audit of accounts	Auditor of the parent company	Subsidiaries	101
External audit of accounts	Network of the parent company's auditors	Subsidiaries	233
Review review of the half-yearly financial statements	Auditor of the parent company	Parent company	33
Review review of the half-yearly financial statements	Auditor of the parent company	Subsidiaries	42
Review review of the half-yearly financial statements	Network of the parent company's auditors	Subsidiaries	15
Non-audit services	Network of the parent company's auditors	Parent company	10

Pursuant to the provisions of Article 6, paragraph 2; letter a) of EU Regulation 537/2014, Deloitte & Touche S.p.A. has provided the Board of Statutory Auditors with a statement that, up to this date, it is has taken account of the activities performed, has maintained its position of independence and objectivity in respect of the Company and of the Group.

The Board of Statutory Auditors has received timely notice of the non-audit services provided to the Company by Deloitte & Touche. S.p.A. and by entities belonging to its network, and has issued the relevant authorization.

6. Main opinions issued by the Board of Statutory Auditors in accordance with applicable legislation.

The undersigned members of the Board of Statutory Auditors declare that, since the date of their appointment until today, they have issued a positive opinion when required by current legislation.

Up to this report's date, the Board of Statutory Auditors has:

- reviewed and positively assessed the Remuneration Policy for the year 2022 as per the proposal approved by the Nomination and Remuneration Committee in the meeting of March 17, 2023, as well as the Remuneration Report's text approved by the Board of Directors in the meeting of March 21, 2023 and verified that this contains the information required by Article 123-ter of the CFA and Article 84-quater of Consob Regulation 11971/1999; The Remuneration Report's is made by two sections, the first one includes remuneration policy for 2023, that will be subject to the approval of the shareholders' meeting and the second one includes explanation on how the remuneration policy for 2022 was implemented, including the final amounts of remuneration recognized.
- reviewed and positively assessed the text of the Corporate Governance and Ownership Structure Report approved by the Board of Directors in the meeting of March 21, 2023, and verified that this contains the information required by Article 123-bis of the CFA and complies with the provisions of the schedule provided by Borsa Italiana S.p.A.- The Board of Statutory Auditors has monitored on the actual implementation of the corporate governance rules in agreement with the Corporate Governance Code promoted by Borsa Italiana in the version currently in force, in the terms illustrated in the Corporate Governance and Ownership Structures Report for 2022;
- reviewed and positively assessed, together with the Control Risks and Sustainability Committee, the Annual Activity Plan of the Executive Officer for 2022 and the 2023 Audit Plan, each prepared by the respective Managers of the departments and approved by the Board of Directors on March 21, 2023.

  reviewed and positively assessed, together with the Control Risks and Sustainability Committee, the candidacy of Maurizio Bazzo as Independent Director, as co-opted director after Marco Stevanato's resignation.

7. Attendance of the meetings of the corporate bodies

The Board of Directors met on 5 (five) times in 2022. Until the date of this report, in 2023, 2 (two) Board of Directors meetings were held, including the one on March 21, 2023.

The Board of Statutory Auditors attended all Board of Directors' meetings, during which it was informed of activities performed and significant transactions made by the Company and its subsidiaries. In addition, the Board of Statutory Auditors attended, until the date of this report, 5 (five) Control, Risks and Sustainability Committee meetings in 20212 and 2 (two) meetings in 2022, 3 (three) meetings of the Nomination and Remuneration Committee in 2022 and two in 2021, one Related Parties Committee meeting in 2022 and one meeting in 2023 and held eight of its own meetings in 2022, in addition to two in 2023 by the date of this report, during which exchanges of information with the independent audit firm also took place to ensure that no transactions occurred that were imprudent, risky, with a potential conflict of interest, in breach of the law or the By-Laws or shareholders' meeting resolutions or such as to compromise the integrity of the Company's assets.

8. Observations on compliance with the principles of correct administration

Following its supervisory activities, the Board of Statutory Auditors has no observations to make concerning compliance with the principles of correct administration and has confirmed that the directors are aware of the risk involved and the effects of transactions made.

9. Observations on the suitability of the organizational structure.

The Board of Statutory Auditors has gathered information on the company's organizational structure and changes made to it, including by holding meetings with the relevant company managers. In light of what has been confirmed, the Board of Statutory Auditors, having assessed the improvement actions undertaken by the internal functions, considers that the organizational structure, procedures, competences and responsibilities are substantially suitable for the size of the company and the type of activity performed.

10. Suitability of the Internal Control and Risks Management System.

The Board of Statutory Auditors has monitored the suitability of Piovan S.p.A.'s Internal Control and Risks Management System through:

a. the gathering of information, including during meetings of the Control, Risks & Sustainability Committee, as well as through meetings with the Internal Audit Manager and with the managers of other functions, the activities performed, mapping of risks related to activities in progress, audit plans and the internal control system's implementation projects, with the acquisition of associated documentation;

b. regular participation in the work of the Control, Risks & Sustainability Committee set up in accordance with the Corporate Governance Code for listed companies;

c. the review of the Report of the Control, Risks and Sustainability Committee;

d. the review of the structure of operational controls;

e. the review of the Internal Audit Manager's annual report together with the Internal Audit Manager's positive assessment of the suitability of the company's internal control and risk management system with respect to the company's characteristics and risk profile assumed.

During their periodic meetings and exchanges of information, the Internal Audit Manager and the Supervisory Board did not report any particular critical issues within their respective areas of responsibility.

The Board of Statutory Auditors, having acknowledged the opinion expressed by the Board of Directors and the assessment of the Control, Risks and Sustainability Committee, notes that the internal control and risk management system, remains substantially adequate, in respect to the characteristics of the Company and the risk profile assumed, acknowledging the plan of future activities and also acknowledging the significant improvements made by the Company during the year just ended.

The Board of Statutory Auditors also:

- confirmed that the Company has an Organization, Management and Control Model that is compliant with the principles contained in Legislative Decree 231/01 and the guidelines drawn up by Trade Associations;

- reviewed the report provided by the Supervisory Board during the meeting of the Board of Directors held on March 21, 2023, from which it appears that no reprehensible facts or violations of the Model have emerged.

11. Suitability of the administrative and accounting system and its reliability.

The Board of Statutory Auditors, for all aspects falling within its competence, supervised the administrative and accounting system's suitability and its reliability in correctly representing accounting data and activities performed under the coordination of the Executive Officer for Financial Reporting, for the purposes of the requirements referred to in Law 262/05 "Provisions for the protection of savings and the regulation of financial markets" and subsequent amendments and additions through:

a) the acquisition of information from the Executive Officer for Financial Reporting, including during participation in the work of the Control, Risks & Sustainability Committee;

b) the acquisition of information on procedures adopted for the preparation of the Group's Annual Financial Report as at 31.12.2022;

c) the meetings with the Independent Audit Firm and the results of the work it performed.

While performing the above activities, the Board of Statutory Auditors did not find any critical situations or facts suggesting that Piovan S.p.A.'s administrative and accounting system for the year 2022 was inadequate and/or unreliable.

Also with reference to the collection, management and reliability of non-financial information, the Board expresses an assessment of the adequacy of the process, consistent with the Group's strategic objectives in the social and environmental field.

12. Suitability of instructions imparted to subsidiaries.

The Board of Statutory Auditors considers the instructions imparted by the Company to its subsidiaries pursuant to Article 114, paragraph 2 of the CFA suitable to fulfil the communication requirements envisaged by law.

13. Any relevant aspects relating to meetings with the Auditors.

The Board of Directors met the independent audit firm to:

a) exchange information on the audits performed by the latter, pursuant to Legislative Decree 39/2010 and Article 150, paragraph 3 of the CFA, on the company's accounting records and on the correct recording of accounting data in the accounting records. No critical issues or anomalies emerged from these meetings;

b) for the review and assessment of the compilation process, including the evaluation of the correct application of accounting principles and their homogeneity, and the Piovan Group's Annual Financial Report as at 31.12.2022, together with the results of the audit activities and evaluation of these documents.

In addition to what is reported in paragraph 3, the Board of Statutory Auditors also:

a) received the independent audit firm's additional report, pursuant to Article 11, paragraph 2 of EU Regulation No. 537/2014, also highlighting the fundamental issues that emerged during the audit and no significant deficiencies have been detected in the internal control system on the financial reporting process;

b) Take note what was reported by the independent audit firm in its report regarding the indentification of so-called “Key Audit Matters”.

c) discussed with the independent audit firm, pursuant to the provisions of Article 6, paragraph 2(b) of EU Regulation No. 537/2014, the risks associated with the firm’s independence and the measures adopted by it to limit these risks.

14. Compliance the Corporate Governance Code (formerly the Self-Governance Code) approved by the Committee for the Corporate Governance of listed companies.

The Board of Statutory Auditors has verified that the Company has complied with the Corporate Governance Code, in the version currently in force; in particular, by the minutes of the Board of Directors meeting held on March 21, 2023, Company’s Management has acknowledged the Recommendations 2023, included in the letter of the Italian Corporate Governance Committee of January 25, 2023 as a specific point of the Agenda.

Pursuant to Article 149, paragraph 1(c-bis) of the CFA, it therefore monitored the practical implementation methods of the corporate governance rules envisaged by the Code, with particular regard to:

- the correct application of criteria and assessment procedures adopted by the Board of Directors to assess the independence of its members, also in consideration of the qualitative and quantitative criteria for assessing the significance of the relevant circumstances (as identified by the board of directors on 27 January 2022);
- the procedures with which the Internal Committees to the Board of Directors are composed, in particular with reference to directors’ independence requirements.
- the Company’s corporate governance structure.

* * *

In addition to the above, the Board of Statutory Auditors:

- on May 9, 2022, it carried out, with a positive outcome, the verification of compliance with the independence criteria with reference to each of its members, taking in the respects of quantitative and qualitative criteria for assessing the significance of the relevant circumstances pursuant to the Corporate Governance Code. On the same date, the Board of Statutory Auditors carried out the self-assessment process to verify the eligibility of its members, as required by the Corporate Governance Code. In carrying out these assessments, the Board of Statutory Auditors applied all the criteria envisaged by the Code. The outcome of these checks is presented in the Corporate Governance and Ownership Structure Annual Report drawn up for the year 2022.

Conclusions on the supervisory activities carried out and proposal to the Shareholders’ Meeting

Having regard to the above and having:

- verified compliance with law and the By-Laws, compliance with the principles of correct administration and in particular on the adequacy of the organization, administration and accounting structure adopted by the Company and on its correct functioning;
- monitored compliance with disclosure obligations on Inside Information;
- monitored compliance with legal provisions concerning the formation and preparation of the company’s Annual Financial Statements and the Group's Consolidated Financial Statements and the Directors’ Report for the financial year 2022, including by means of direct audits and information

gathered by the independent audit firm, and ascertaining compliance with legal provisions of the Directors' Report for the year 2022;

- monitored that, in compliance with Regulation (EC) No. 1606/2002 and Legislative Decree No. 38/2005, Piovan S.p.A.'s financial statements at December 31, 2021, and the Group consolidated financial statement were drawn up in accordance with IAS/IFRS international accounting standards approved by the European Commission and supplemented by the related interpretations issued by the International Accounting Standard Board (IASB);
- monitored compliance with the procedure for the preparation and presentation of the Annual Financial Statements and Consolidated Financial Statements to the Shareholders' Meeting;
- monitored the compliance with rules related to the preparation of the separate financial statements and consolidated financial statement in XHTML format, and consolidated financial statements marked, in in all significant aspects in accordance with ESEF Delegated Regulation.
- monitored compliance with the provisions established by Legislative Decree 254/2016 and Consob Regulation No. 20267/2018, by examining, inter alia, the Non-Financial Consolidated Statement of Piovan S.p.A. and its subsidiaries, contained in a separate document and also ascertaining compliance with the provisions governing its drafting, pursuant to the above-mentioned decree and, therefore, its preparation in accordance with these regulations. The Board of Statutory Auditors has confirmed the approval of the above-mentioned Statement by the Board of Directors on March 21, 2023 and the independent audit firm's issuing of the Statutory Declaration on March 30, 2023, concerning the compliance of information provided in this document as per Articles 3 and 4 of Legislative Decree No. 254/2016 and as per GRI Standards 2021. The conclusion of audit firm BDO, on Piovan Group's DNF do not extend to the information included in the paragraph "The new taxonomy" of the same document, required by article 8 of European Regulation 2020/852.

In consideration of the above, the Board of Statutory Auditors requests you to approve the separate financial statements at December 31, 2022, as presented by the Board of Directors, together with the Directors' Report and the allocation proposal for the year's result, having also expressed a favorable opinion on the dividend distribution proposal (Euro 0.20 per share), taking account of the Group's financial statements.

Santa Maria di Sala (VE), March 30, 2023

The Board of Statutory Auditors

Ms. Carmen Pezzuto – Chairman

Mr. Luca Bassan – Statutory Auditor

Ms. Patrizia Santonocito – Statutory Auditor

Version 1.0

2022 Annual Report at December 31, 2022 of Piovan S.p.A.

PIOVAN S.p.A.

Via delle Industrie 16 – 30036
S. Maria di Sala VE - Italy