ANNUAL FINANCIAL REPORT

at December 31, 2021

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

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

Tax No.: 02307730289 VAT No.: 02700490275

Venice Economic & Administrative Registration No. 235320

CHAIRMAN'S LETTER

Dear Shareholders,

This last year, 2021, was again marked by the ongoing COVID-19 pandemic; however, thanks to a general loosening of restrictions around the world and the strong foundations of our group, the year closed having made major progress in all aspects of our organization.

Revenue grew 27.5%, enabling EBITDA to increase 27.6%, and our workforce went from 1,148 employees to 1,196.

The year also marked a fundamental milestone in the growth of the Group following the acquisition of the American group IPEG. With this operation, the Piovan Group is now an undisputed leader in the U.S. market and has further consolidated our global leadership, bringing revenue to more than Euro 450 million with a workforce of some 1,800 people.

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 before 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.

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 turned a keen eye 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 recognition of this which we enjoyed in 2021, however, has brought this aspect of the work we do to the attention of a much wider audience and has made us all 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.

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.

CALL NOTICE

The company informs shareholders that where the Competent Authorities issue additional orders regarding the COVID-19 emergency, the date of the Shareholders' AGM and its hosting method indicated in this call notice may change. In this case, the company will inform Shareholders and the public in a timely manner.

Those with the right to attend and vote are called to the Shareholders' AGM at the registered office of Piovan S.p.A. ("Piovan" or the "Company") in Santa Maria di Sala (VE) on April 28, 2022 at 10.30 AM in single call, to discuss and vote upon the following

Agenda

1. 2021 Separate and Consolidated Financial Statements.

    1.1 Approval of the Financial Statements of Piovan S.p.A. for the year ended December 31, 2021 and presentation of the Consolidated Financial Statements at December 31, 2021; Board of Directors Report on Operations; Board of Statutory Auditors' Report; Independent Auditors' Reports; resolutions thereon. Presentation of the Consolidated Non-Financial Report prepared as per Legislative Decree No. 254/2016. Resolutions thereon.

    1.2. Allocation of the result for the year ended December 31, 2021. Resolutions thereon.

2. Remuneration Policy and Report pursuant to Article 123-*ter*, paragraphs 3-*bis* and 6 of Legislative Decree No. 58/98:

    2.1 Binding motion on Section I regarding the remuneration policy, drawn up as per Article 123-*ter*, paragraph 3 of Legislative Decree No. 58/1998;

    2.2 Non-binding motion on second section on remuneration paid, drawn up as per Article 123-*ter*, paragraph 4 of Legislative Decree No. 58/1998.

3. Authorization to acquire and dispose of treasury shares; resolutions thereon.

It should be noted that Decree Law No. 228 of December 30, 2021 (so-called "Milleproroghe 2022"), converted by Law No. 15 of February 25, 2022, provided in Article 3, paragraph 1, for a new extension of Article 106 of Decree Law No. 18 of March 17, 2020, converted, with amendments, by Law No. 27 of April 24, 2020, allowing joint-stock companies to continue to apply the measures provided by paragraphs 2 to 6 of said Article 106 for Shareholders' Meetings held by July 31, 2022.

The Company , availing itself of this option, has decided to establish, even in the absence of a specific provision in the By-Laws, that attendance at the Shareholders' Meeting shall take place exclusively by means of the conferral by the shareholders, at no cost to themselves (except for any shipping costs), of a written proxy with voting instructions on all or some of the proposals on the Agenda to a person designated pursuant to Article 135-undecies of Legislative Decree No. 58 of February 24, 1998 (the "Designated Agent" and the "CFA" respectively).

The Designated Agent must also be granted - by shareholders proxy - sub-delegations pursuant to Article 135-novies of the CFA, as an exception to Article 135-*undecies*, paragraph 4 of the same decree.

The Meeting will, therefore, take place without the physical participation of the shareholders. Members of the Board of Directors and the Board of Statutory Auditors attending the Meeting, in addition to the Designated Agent and any other person who may be authorized to participate in the Meeting, may participate by electronic means (provided that such means allows them to be identified, participate and exercise their voting right) without physically taking part in it, should they not be physically present at the Company's head office. The main information regarding the Meeting is provided below.

On behalf of the Board of Directors

Executive Chairman

Nicola Piovan

Santa Maria di Sala (VE), March 24, 2022

DIRECTORS' REPORT

Dear Shareholders,

We present for your review and approval the separate financial statements at December 31, 2021, of the parent company, Piovan S.p.A., which reports "Total revenues and other income" of Euro 112.8 million and a net profit of Euro 14.2 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 2021.

The consolidated financial statements present "Total revenues and income" of Euro 287.0 million and a net profit of Euro 27.7 million, of which Euro 28.3 million refers to the owners of the parent company.

Introduction

Both financial statements were 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.

This document is an English language translation of the official Italian version and is not provided in the European Single Electronic Format (ESEF) and hence it is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. The legally required ESEF-format is filed in Italian language on the Borsa Italiana storage system as well as on Company Piovan's website.

CORPORATE BOARDS

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 until April 29, 2021, date of the Shareholders' AGM for the approval of the 2020 Annual Accounts.

Name	In charge
Nicola Piovan	Executive Chairman
Filippo Zuppichin	Chief Executive Officer
Marco Stevanato	Director
Marco Maria Fumagalli (*) (**)	Independent Director
Lucia Giancaspro (*)	Independent Director
Mario Cesari (*)	Independent Director
Chiara Mio (*)	Independent Director

(*) Independent Director pursuant to Article 147-ter, paragraph 4 of the CFA and Article 3 of the Self-Governance Code.
(**) Director appointed lead independent director as per Article 2.C.4 of the Self-Governance Code.

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

Name	In charge
Nicola Piovan	Executive Chairman
Filippo Zuppichin	Chief Executive Officer
Marco Stevanato	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, paragraph 4 of the CFA and Article 3 of the Self-Governance Code.
(**) Director appointed Lead Independent Director as per recommendation No. 13 of the Corporate Governance Code.

Board of Statutory Auditors

In office until April 29, 2021, date of the Shareholders' AGM for the approval of the 2020 Annual Accounts.

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

Name	In charge
Stefania Targa	Alternate Auditor

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

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

Control, Risks and Sustainability Committee

In office until April 29, 2021

Name	In charge
Chiara Mio	Chairman
Marco Maria Fumagalli	
Mario Cesari	

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

Name	In charge
Antonella Lillo	Chairman
Marco Maria Fumagalli	
Mario Cesari	

Nomination and Remuneration Committee

In office until April 29, 2021

Name	In charge
Lucia Giancaspro	Chairman
Marco Maria Fumagalli	
Chiara Mio	

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

Name	In charge
Manuela Grattoni	Chairman
Marco Maria Fumagalli	
Antonella Lillo	

Related Parties Committee

In office until April 29, 2021

Name	In charge
Marco Maria Fumagalli	Chairman
Lucia Giancaspro	
Mario Cesari	

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

Name	In charge
Marco Maria Fumagalli	Chairman
Mario Cesari	
Manuela Grattoni	

Supervisory Board

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

Name	In charge
Patrizia Santonocito	Chairman
Giovanni Boldrin	
Chiara Zilio	

Significant holdings

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% as of the latest update 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	57.915	62.466	60.952	64.841
7INDUSTRIES HOLDING BV	7INDUSTRIES HOLDING BV	9.282	13.412	9.769	13.922
Allianz SE	ALLIANZ IARD SA	7.755	5.703	8.161	5.92

Declarant	Direct shareholder	% of ordinary share capital (*)	% of voting share capital (**)	% of ordinary share capital (***)	% of voting share capital (****)

(*) Total No. ordinary shares: 53,600,000, including Piovan S.p.A. treasury shares equal to 2,670,700

(**) 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: 50,929,300, 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 the Piovan S.p.A. treasury shares.

Corporate Financial Reporting Manager

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

Independent Audit Firm

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

PRESENTATION AND GROUP STRUCTURE

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.

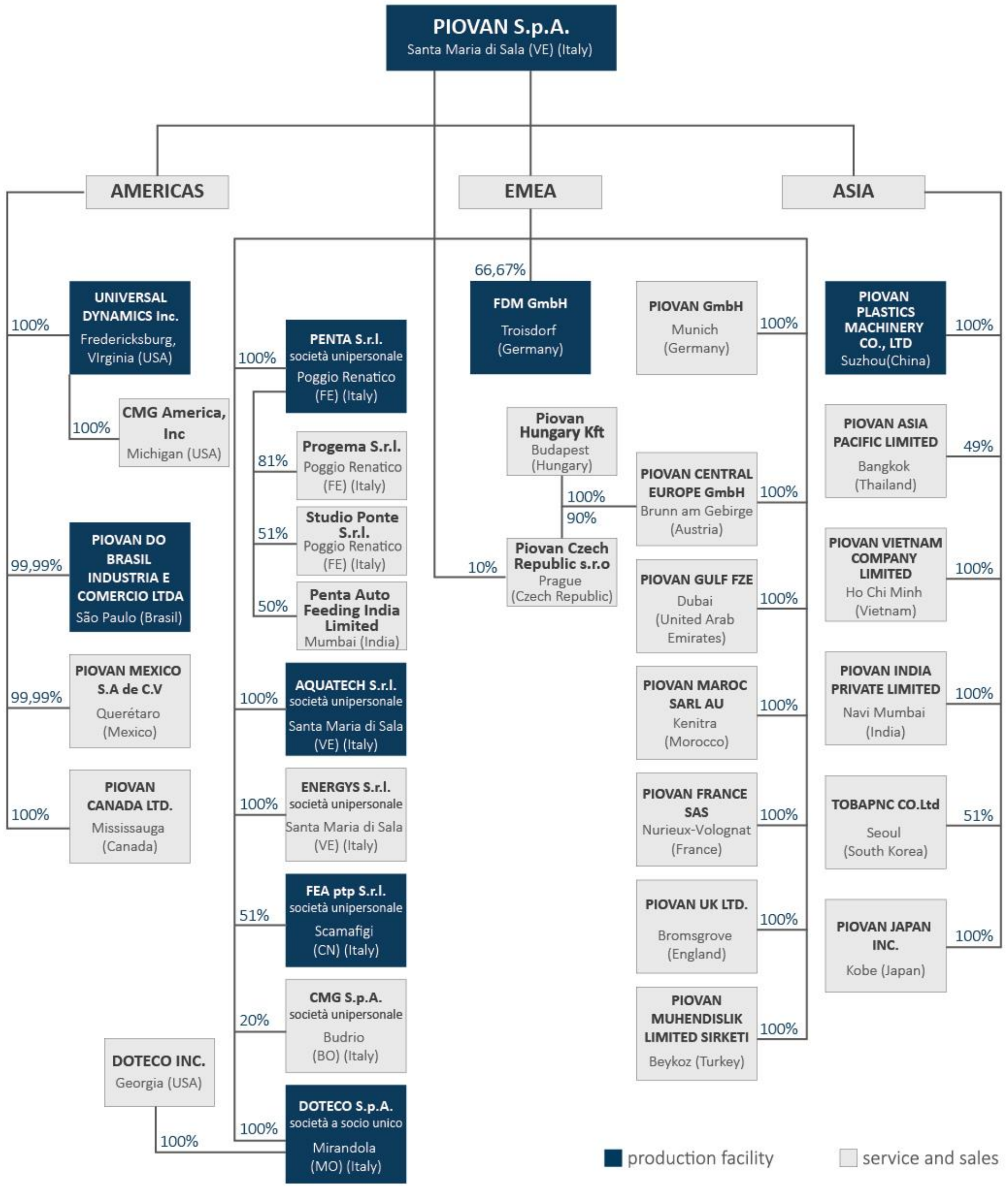
Finally, in December 13, 2021 Piovan S.p.A. announced the signing of a preliminary agreement for the acquisition of the entirety of the share capital in Sewickley Capital Inc., which is a wholly owned subsidiary of IPEG Inc. – an industry leader in North America – thereby further strengthening our global leadership in this industry. The acquisition was completed on January 31, 2022, when we acquired control of IPEG, and the company will be consolidated within the Piovan Group as of that date.

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, 2021, comprises 31 service and commercial companies, including 9 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 & Technological 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.

Group structure at December 31, 2021



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GROUP PERFORMANCE

General economic overview

Within a landscape that remains influenced by the COVID-19 pandemic, the International Monetary Fund (IMF) forecasts global economic growth for 2021 of 5.9%, while the gap between the advanced economies and many emerging markets is widening (as described in the World Economic Outlook of October 2021). Looking to 2022, IMF estimates of economic growth released in January 2022 has settled at 4.4%, down 0.5% from the IMF's estimates from October 2021 and showing further prudence surrounding the growth of the world's two largest economies, i.e. the United States and China. Although improving, risks remain with regard to a potential slowing in vaccinations and the spread of more infectious variants of COVID-19, which could lead to increased restrictions and to consequent impacts on the economy. Although minimal, the slowdown in expected growth is due both to the pandemic and to delays in the supply chain that are fueling greater inflation in many countries.

In particular, we have seen a significant increase in the prices of certain raw materials and industrial components, as well as in transport costs, which are creating challenges for businesses in certain segments. The outlook in this regard is uncertain, and much will depend on the timing of the return to normality in markets around the world. Further uncertainty concerns the rising geopolitical tensions and, specifically, the conflict between Russia and Ukraine, which is impacting the global economy. In addition to the evident, and worrying, humanitarian risks, the conflict is causing price increases for many products, gas and energy in particular, in many countries, and this could keep inflation rates high for longer than initially forecast.

In this environment of continued uncertainty, 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 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

Implications of the COVID-19 pandemic

The COVID-19 pandemic, which spread around the globe in 2020, has continued into 2021. 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 2021, all Piovan Group companies remained fully operative, having adopted measures and protocols to protect employees as per applicable local regulations.

The impacts of this situation on Group operations have to date mainly taken the form of a slowdown in installation operations. The restrictions introduced by various governments on the mobility of individuals delayed in fact in certain cases the execution of the concluding phases of a number of projects requiring installation on-site at customer premises.

Given the strong performance in 2021 and the order backlog at December 31, 2021, the Group is 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.

Acquisitions

No acquisitions involving the Group were completed in 2021, except as stated below with respect to IPEG, Inc.

Doteco S.p.A.

It should be noted that, in October 2020, the Parent Company Piovan S.p.A. acquired 100% of the share capital of Doteco S.p.A., a company based in Modena and among the world leaders in dosing technology for plastic films (for food and non-food packaging) and synthetic fibers.

The transaction, carried out through the purchase of shares by Piovan S.p.A. with an outlay of Euro 20.5 million, provided for an adjustment of the price according to the net financial position (NFP) of the company at September 30, 2020, as well as a maximum earnout mechanism of Euro 7 million, calculated on the basis of the 2020-2021 EBITDA performance.

In H1 2021, the amount payable by Piovan S.p.A. as an adjustment to the value of NFP at September 30, 2020, was therefore measured at Euro 715 thousand, an amount which was paid to the sellers in May 2021.

Furthermore, in August 2021, in observance of the obligations related to the acquisition of the Doteco group, Piovan S.p.A. paid an earn-out to the sellers in the amount of Euro 5,982 thousand, based on 2020 Doteco group EBITDA.

In accordance with the provisions of that agreement, the sellers will have the right to an integration of this earn-out should the 2021 EBITDA performance improve on 2020. The total earn-out payable to the sellers may not, in any event, exceed a total of Euro 7 million.

IPEG Inc.

On December 13, 2021, Piovan S.p.A. announced the signing of a binding, preliminary agreement for the acquisition of the entirety of the share capital in Sewickley Capital, Inc., which is a wholly owned subsidiary of IPEG, Inc. (”IPEG” or the “IPEG Group”).

The acquisition was completed on January 31, 2022, when we acquired control of IPEG, and the company will be consolidated within the Piovan Group as of that date.

The price of the transaction was set at an initial payment of about USD 125 million on a cash-free/debt-free basis; and the payment of an earn-out of up to USD 22 million to be paid in 2024 if certain targets in EBITDA growth for the group acquired are achieved over the period 2021-2023.

IPEG, Inc. is a Delaware company involved 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 — and these brands will be maintained. IPEG has 4 facilities in the United States and one in India through the joint venture Nu-Vu Conair.

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

The transaction was financed by a combination of new debt of Euro 100 million and available cash.

[1] EBITDA calculated in accordance with US GAAP prior to application of IFRS 16 and with the contribution of the joint venture Nu-Vu Conair

Important recognition of our efforts in the Circular Economy

In the first half of 2021, the Group continued pursuing our strategy of growth through products and solutions dedicated to recycling and the circular economy. In this regard, 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 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.

The analysis considered aspects related to: human rights, occupational health and safety, carbon emissions, business ethics, human capital, environmental and social impact of products and services.

The Piovan Group received an ESG risk rating of 21.9, which places us in the Medium Risk category, improving by 11.8 points from our previous assessment (33.7) with the best scores coming in the following categories:

- Own carbon dioxide emissions
- Environmental and social impact of products and services
- Occupational health and safety

At the time the rating was issued, Piovan placed in the 29th percentile of the Sustainalytics global rankings, with a further improvement in the Industrial Machinery subcategory, where Piovan placed in the 5th percentile. Finally, in January 2022, Piovan received the 2022 Industry Top Rated badge, which is also issued by Sustainalytics.

New facility in China

In July 2021, a ceremony was held for the signing of the accord with the Chinese government that will lead to the construction in China of a new production site for the Piovan Group over the next two years. The decision to invest in the construction of a new production site confirms the strategy the Group has been pursuing for years to invest in the development of a structured, international network to better serve customers around the world both pre and post-sale.

Purchase of land adjacent to the head office

On November 30, 2021, the parent company, Piovan S.p.A., signed an agreement for the purchase of approximately 25,000 sq. mtrs. of land adjacent to the head office for the purpose of potential future expansion. The total outlay was Euro 900 thousand.

Dividends

On April 29, 2021, the Company's Shareholders approved the distribution of dividends totaling Euro 6,620,809.00 from earnings retained in previous years. The dividend was paid out on May 12, 2021, with coupon date of May 10, 2021, and record date of May 11, 2021.

Governance

On April 29, 2021, the Shareholders approved the renewal of the corporate boards on the conclusion of office, as presented herein in the section regarding the Board of Directors and Board of Statutory Auditors. The new Board of Directors and Board of Statutory Auditors will remain in office until approval of the 2023 Annual Accounts.

GROUP OPERATING PERFORMANCE

(amounts in €'000)	Economic performance indicators				Changes	
	2021	% on total revenues and other income	2020	% on total revenues and other income	2021 vs 2020	%
Revenue	280,036	*97.6%*	221,117	*98.2%*	58,919	*26.6%*
Other revenue and income	6,993	*2.4%*	4,063	*1.8%*	2,931	*72.1%*
TOTAL REVENUE AND OTHER INCOME	**287,029**	*100.0%*	**225,180**	*100.0%*	**61,849**	***27.5%***
EBITDA	**41,151**	*14.3%*	**32,242**	*14.3%*	**8,909**	***27.6%***
OPERATING PROFIT	**33,626**	*11.7%*	**26,033**	*11.6%*	**7,592**	***29.2%***
PROFIT BEFORE TAXES	**34,750**	*12.1%*	**23,991**	*10.7%*	10,759	*44.8%*
Income taxes	7,074	*2.5%*	6,576	*2.9%*	498	*7.6%*
NET PROFIT	**27,676**	*9.6%*	**17,415**	*7.7%*	10,261	*58.9%*
Attributable to:						
Owners of the parent	**28,347**	*9.9%*	**17,643**	*7.8%*		
Non-controlling interests	**(671)**	*(0.2%)*	**(228)**	*(0.1%)*		
Basic earnings per share	**0.56**		**0.35**			
Diluted earnings per share	**0.55**		**0.35**			

Piovan Group revenue and other income in 2021 totaled Euro 287,029 thousand, posting rapid growth from Euro 225,180 thousand in 2020 (+27.5%).

Excluding revenues in the first nine months of 2021 recognized by the Doteco group and Studio Ponte S.r.l., which are consolidated into the financials of the Piovan Group from October 1, 2020, total revenues and other income total Euro 271,244 thousand, an increase of 20.5%.

In terms of the core business alone, Piovan Group revenue amounted to Euro 280,036 thousand, increasing from Euro 221,117 thousand in 2020 (+26.6%).

Revenue calculated on a like-for-like exchange rates basis (i.e. at 2020 average exchange rate) would have increased by an additional Euro 2,025 thousand, with revenue equal to Euro 282,061 thousand, up 27.6% on 2020. Revenue was in fact mainly impacted by a negative effect from US Dollar and Brazilian real movements.

Other revenue and income, which was up 72.1% on 2020, include 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 launched in 2020 in response to the pandemic, which was converted into a grant following approval by the issuing body.

Excluding these non-recurring revenues, total revenues and other income amounted to Euro 285,461 thousand, up 26.8% on 2020. On a like-for-like consolidation basis and excluding the non-recurring revenues related to the grant described above, total revenues and other income amounted to Euro 269,676 thousand, up 19.8% on 2020.

Revenue for the fourth quarter of 2021 (Euro 76,153 thousand) increased (+17.3%) compared to both the third quarter of 2021 (Euro 64,949 thousand) and the fourth quarter of 2020 (Euro 72,911 thousand, +4.4%).

Excluding the revenue of the Doteco Group and of Studio Ponte S.r.l. for the purposes of comparison, revenue for the fourth quarter of 2021 (Euro 63.6 million) increased (+6.9%) compared to the third quarter of 2021 (Euro 59.5 million).

EBITDA totaled Euro 41,151 thousand, an increase of 27.6% compared to Euro 32,242 thousand in 2020. The margin on total revenue remained stable at around 14.3%, having benefitted from the increase in sales volumes and from the grant mentioned above, effects that were partially offset by increases in the cost of raw materials.

It should also be noted that EBITDA for the fourth quarter was essentially affected both by extraordinary costs related to services received during the year related to the IPEG, Inc. acquisition in the amount of Euro 892 thousand and by the extraordinary bonus paid to Group employees in Italy to assist with increased energy costs in the amount of about Euro 500 thousand. Excluding non-recurring revenue and the effects above, EBITDA would be Euro 40,975 thousand for a margin on total revenues and other income of 14.4%. On a like-for-like consolidation basis and excluding non-recurring items, EBITDA comes to Euro 38,086 thousand, an increase of 18.1%.

EBIT totaled Euro 33,626 thousand, up from Euro 26,033 thousand in the previous year (+29.2%), including the impairment of goodwill related to the Toba CGU in the amount of Euro 500 thousand.

The EBIT margin on total revenues and other income came to 11.7%, compared to 11.6% for the previous year. On a like-for-like consolidation basis and excluding non-recurring items, EBIT comes to Euro 31,520 thousand, an increase of 21.1%.

The net profit was Euro 27,676 thousand, increasing on Euro 17,415 thousand for the previous year. The margin on total revenue and other income was 9.6%.

In addition to the above, the following factors contributed to performance for the year: i) an improvement in exchange gains/losses to a net gain of Euro 57 thousand (vs. a net loss of Euro 2,242 thousand in 2020); ii) a gain following the reduction in the fair value of the liability granted to the minority interests of 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 non-recurring items, net profit would be Euro 24,793 thousand for a margin on total revenues and other income of 8.7%.

Diluted earnings per share came to Euro 0.56 at December 31, 2021, compared to Euro 0.35 for the previous year.

Revenues by market and region

The breakdown of revenue by market is as follows:

	2021	%	2020	%	Change	Change %
Plastic	217,140	77.5%	171,823	77.7%	45,317	26.4%
Food & non plastic	28,355	10.1%	20,780	9.4%	7,575	36.5%
Services	34,541	12.3%	28,514	12.9%	6,027	21.1%
Revenue	**280,036**	**100.0%**	**221,117**	**100.0%**	**58,919**	**26.6%**

Revenue by market indicates:

- Plastic Systems revenue increased compared to the previous year, driven by marked growth in (traditional and recycled) packaging and in consumer goods. The automotive segment continues to lag in that, due to the crisis in procuring parts, it has yet to benefit from the expansion related to the replacement of metal parts with plastic tied to the general trend towards electric mobility;
- Revenues from Food & Non-plastic Systems performed well in both absolute terms and as a percentage of total revenues, increasing 36.5% on 2020 thanks to the acquisition of strategic orders for major multinationals, including from outside of Europe;
- the Services market posted revenue growth (+21.1%) on 2020, in line with Group forecasts.

The breakdown of revenue by region is as follows:

	2021	%	2020	%	Change	Change %
EMEA	182,181	65.1%	140,745	61.1%	41,436	29.4%
ASIA	32,973	11.8%	28,070	12.9%	4,903	17.5%
NORTH AMERICA	49,866	17.8%	42,198	21.2%	7,668	18.2%
SOUTH AMERICA	15,016	5.4%	10,104	4.9%	4,913	48.6%
Revenue	**280,036**	**100.0%**	**221,117**	**100.0%**	**58,919**	**26.6%**

Revenues in the EMEA area posted strong growth of 29.4% over 2020, benefiting from the strong performance of the Plastics segment and excellent growth in the Food & Non-plastic market.

The exposure of the group to the areas involved into the war Russia-Ukraine is relatively low compared to its total activities. On the basis of 2021 data and also including the contribution of the recent acquisition of IPEG, Inc., it is estimated that the turnover generated by the group in Russia and Ukraine was equal to 0.8% of the consolidated turnover.

Asia and North America grew by 17.5% and 18.2%, respectively, in 2021 on 2020, with revenues increasing in both the Plastics and Services markets. North America posted growth in all sectors, with the exception of Automotive, on the strength of Food & Non-plastics.

In Asia, growth was spotty, with the regions of South-East Asia continuing to feel the effects of the COVID-19 pandemic and China showing a slower-than-expected recovery due, in part, to the continuing restrictions on travel. Within this context of greater uncertainty than in other regions, the Group is further strengthening our local sales and technical assistance structures and increasing market share compared to the leading competitors.

South America also posted a strong performance (+48.6% in revenues compared to 2020) thanks, above all, to revenues in Food & Non-plastics and in Services.

Equity and Financial profile of the Group

The financial structure of the Piovan Group as at December 31, 2021, is summarized below.

Group net financial position

It should be noted that, beginning with publication of the Consolidated Half-Year Financial Report at June 30, 2021, the Company has adopted the new layout for Net Financial Position (NFP) called for in the Consob Call for Attention No. 5/21 of April 29, 2021, which implements the EMSA Guidelines 32-382-1138 of March 4, 2021.

Compared to the layout previously used, the account "trade payables and other non-current liabilities" is now also included.

€/000	31.12.2021	31.12.2020
A. Cash	118,505	87,452
B. Cash equivalents	-	-
C. Other current financial assets	1,589	5,146
D. Liquidity (A+B+C)	**120,093**	**92,598**
E. Current financial debt (including debt instruments. but excluding current portion of non-current financial debt)	(31,448)	(23,046)
F. Current portion of non-current financial debt	(20,584)	(17,833)
G. Current financial indebtedness (E+F)	**(52,031)**	**(40,879)**
H. Net current financial indebtedness (G-D)	**68,062**	**51,719**
I. Non-current financial debt (excluding current portion and debt instruments)	(41,920)	(47,379)
J. Debt instruments	-	-
K. Non-current trade and other payables	(2,416)	(363)
L. Non-current financial indebtedness (I+J+K)	**(44,336)**	**(47,742)**
M. Total net financial position (H+L)	**23,726**	**3,977**

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 has also recognized liabilities for options granted to minority shareholders in the amount of Euro 741 thousand (see Note [19]).
- the Company has also recognized 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". For more information, see Note [24];

- commitments related to lease agreements that are not recognized as liabilities in accordance with IFRS 16 total approximately Euro 1,597 thousand.

The Group's net financial position at December 31, 2021, was a cash position of Euro 23,726 thousand, as compared to net cash of Euro 3,977 thousand for the previous year, with net cash generated of Euro 19,749 thousand.

Excluding the effects of IFRS 16, the Group's net cash position at the end of December 2021 was Euro 34,940 thousand, compared to net cash of Euro 14,425 thousand at the end of 2020, with cash generated in the amount of Euro 20,515 thousand.

This result is even stronger when one considers that:

- in May 2021, the parent company distributed dividends of Euro 6,721 thousand (Euro 5,602 thousand in the fourth quarter of 2020) and paid Doteco price adjustments of Euro 715 thousand;

- in August 2021, the Parent Company paid Euro 5,982 thousand as the 2020 earn-out related to the acquisition of the Doteco Group. It should be noted that the 2020 financial statements show a total liability of Euro 7 million, given that recognition of the entire amount payable to the counterparty was deemed probable, and that the difference – of Euro 1,018 thousand – is to be paid approximately by August 2022, when the contract conditions are met.

As previously described, the US subsidiary Unadyn received a loan in May 2020 from the Paycheck Protection Program (PPP) in the amount of USD 1,855,042 which, having been fully converted into a grant in June 2021, no longer requires repayment.

In addition, in December 2021, the Parent Company received a research and development grant from the Italian Ministry for Economic Development in the amount of Euro 447 thousand and two R&D loans, each in the amount of Euro 112 thousand, from the Region of Veneto and from the Sustainable Growth Fund.

Total investments for the period under review came to Euro 3,183 thousand (Euro 2,160 thousand in 2020).

The financial position includes medium/long-term loans, mainly relating to the Parent Company, for Euro 53.658 million, of which Euro 20.584 million repayable within 12 months and the remaining Euro 33.074 million within 5 years. The loans outstanding at the reporting date are not backed by guarantees and are almost entirely expressed in Euro.

In June 2021, the Korean company TOBA PNC received KRW 500 million (Euro 371 thousand approx.) in financing from the Korean government agency to support the small and medium enterprises (SMEs) impacted by the COVID-19 pandemic. The interest rate is 2.03% and the loan duration is 5 years, including an interest-only period for the first two years.

In 2021, Piovan received new unsecured loans in the amount of approx. Euro 15 million at an average interest rate of 0.17%

Medium/long-term loans were repaid for Euro 16,486 thousand during 2021.

As previously illustrated, a 6-year loan was received in January 2022 for the acquisition of IPEG, Inc., in the amount of Euro 100 million.

Net non-current assets

Net non-current assets represented by property, plant and equipment, intangible assets and equity investments, amounting to Euro 79,284 thousand, decreased Euro 725 thousand, due both to amortization and depreciation in the period, investments, and the impairment of goodwill related to the Toba CGU in the amount of Euro 500 thousand.

Net non-current assets (amounts in €'000)	At 31st December 2021	At 31st December 2020
Property, plant and equipment	52,854	52,324
Intangible assets	26,192	27,529
Equity investments	237	155
Net non-current assets	**79,284**	**80,009**

At December 31, 2021, the net carrying value of rights-of-use recorded against the application of the accounting standard IFRS 16 – Leases amounted to Euro 10,403 thousand (Euro 10,328 thousand for the previous year). The change compared to December 31, 2020, is mainly attributable to the net effect of amortization and depreciation recognized in 2021 and the lengthening of the term of the property lease agreement signed by Piovan Plastic Machinery.

Investments

Total investments for the year under review came to Euro 3,183 thousand (Euro 2,160 thousand in 2020), within which non-recurring investments in the amount of Euro 900 thousand mainly concerned investments in November 2021 to purchase land adjacent to the head office for potential future expansion.

Net trade capital and net working capital

Net working capital for the year ended December 31, 2021, was as follows:

Net working capital (amounts in €'000)	At 31st December 2021	At 31st December 2020
Trade receivables	55,390	41,931
Inventories	44,540	36,920
Contract assets for work in progress	4,519	6,477

Net working capital (amounts in €’000)	**At 31st December 2021**	**At 31st December 2020**
Trade payables	(50,022)	(39,912)
Advance from customers	(31,042)	(19,421)
Contract liabilities for work in progress	(8,174)	(5,101)
Net trade capital	**15,211**	**20,893**
Tax receivables	4,517	3,263
Other current assets	5,290	3,497
Tax liabilities and social security contributions	(8,531)	(9,360)
Other current liabilities	(17,309)	(18,243)
Net working capital	**(821)**	**50**

Net Working Capital decreased by Euro 871 thousand on December 31, 2020.

Net Trade Capital decreased by about Euro 5,681 thousand while the current ratio (i.e. the ratio of trade receivables and inventories to trade payables and customer advances) remained stable, showing the effects of the trend in assets and liabilities for contract work in progress.

Net Working Capital was partially affected by the decrease in other current liabilities following payment of a portion of the earn-out and price adjustments related to the Doteco acquisition for a total of Euro 6,697 thousand.

Medium/long term liabilities

(amounts in €’000)	**As at 31th December 2021**	**As at 31th December 2020**
Liabilities for employee benefits plans	6,512	6,376
Provision for risks and charges	2,681	3,813
Other non-current liabilities	2,416	363
Deferred tax liabilities	505	2,713
Medium/long-term liabilities	**12,114**	**13,265**

During the year, medium/long-term liabilities decreased by Euro 1,151 thousand compared to the previous year. The main changes concern 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., and the reduction of Euro 1,132 thousand in provisions for risks and charges for uses. These effects were offset by an increase in other non-current liabilities related to the recognition of liabilities resulting from long-term incentive plans.

Research and development

In 2021, the Piovan Group incurred research and development expenses amounting to 3.4% of total revenues and other income (Euro 9,644 thousand compared to Euro 8,837 thousand in 2020). In 2021, Euro 8.624 million 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.

In this regard, in December 2021, the Parent Company received a research and development grant from the Italian Ministry for Economic Development in the amount of Euro 447 thousand and two R&D loans, each in the amount of Euro 112 thousand, from the Region of Veneto and from the Sustainable Growth Fund.

On March 10, 2020, the Company submitted an application with the Ministry for Economic Development based on the Agreements for Innovation (Ministerial Decree 24.05.2017) for a research and development project entitled "PIOVAN - Smart Factory", which concerns next-generation machinery for the processing of plastics in both granular and powdered form, including from the recycling process, which can be easily integrated into an interconnected system that can share data with customer systems. Further details are provided in Note [26] - Other revenues and income.

For some years, the Piovan Group has been active in promoting industrial change towards a circular economy, working on various levels, continually innovating its services, paying maximum attention to technologies used to manufacture recycled plastics and biopolymers.

Human Resources and Industrial Relations

Workforce

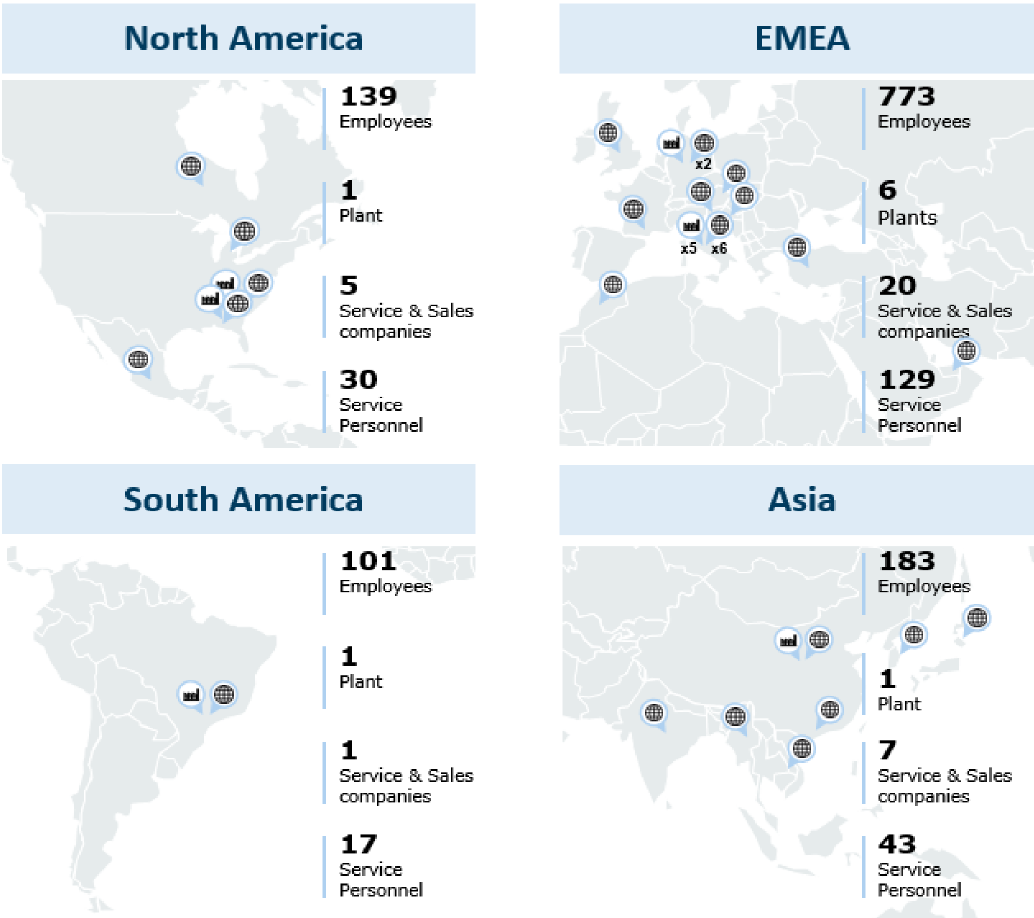
During 2021, the Group employed an average of 1,174 people - compared to 1,153 in 2020 - as activities grew in the various countries where the Group is present, and in the Parent Company. The distribution of operating personnel by category was as follows:

	31.12.2021		31.12.2020	
	period end	average	period end	average
Managers	27	29	30	30
Junior managers	71	72	72	71
White collars	696	676	667	664

	31.12.2021		31.12.2020	
	period end	average	period end	average
Blue collars	402	397	379	388
Total	**1,196**	**1,174**	**1,148**	**1,153**

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, 2021, by geographical area and by function is presented below:



The Parent Company figures follow:

	31.12.2021		31.12.2020	
	period end	average	period end	average
Managers	9	10	10	10
Junior managers	12	13	14	14
White collars	191	185	180	181
Blue collars	192	195	190	192
Total	**404**	**403**	**394**	**397**

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 41.

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, enacted Article 2391-*bis* of the Civil Code.

On December 11, 2020, Consob announced its approval of the regulatory amendments necessary to bring secondary legislation into line with the second European Shareholder Rights Directive 2. The amendments also affected, among other matters, the Related Party Transactions Regulation; the Company undertook the necessary activities to adjust its own Related Party Transactions Policy (hereinafter “RPT Policy”), adopted by the Company on November 12, 2018, in order to ensure its compliance by the end of the transition period set for June 30, 2021.

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 amended by CONSOB with Resolution No. 21624 of December 10, 2020.

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 real estate (property leases) and commercial transactions and are carried out as part of the ordinary operations and at normal market conditions, as well as participation in the tax consolidation with the parent company Pentafin S.p.A..

Transactions with related parties are commented upon in the consolidated financial statements at Note 41, to which reference should be made for further information.

Disclosure by operating segment

IFRS 8 - Operating segments defines an operating segment as a component (i) involving business activities generating revenues and costs, (ii) whose operating results are reviewed periodically at the highest decision-making level and (iii) for which separate financial data is available.

The information analyzed by the Board of Directors, which constitutes the highest decision-making level for strategic decisions, the allocation of resources and the analysis of results, identified a single operating segment

In fact, the Group structure identifies a strategic and singular vision of the business and this representation is consistent with the manner in which management takes its decisions, allocates resources and defines the communication strategy. Dividing the business into separate divisions is therefore currently viewed as detrimental to its economic interests.

Therefore, the information required by IFRS 8 corresponds to that presented in the consolidated income statement. The breakdown of consolidated revenues by region and by product line is therefore reported by market (Plastic/Food & Non-Plastic/Services and Spare parts).

Alternative performance indicators

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 indicators or intermediary earnings indicators are presented in order to permit a better assessment of operating performance and financial position. These indicators, 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.

Gross Operating Profit (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.

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. 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.

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.

Main production and commercial sites

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

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

The Piovan Group’s production and administrative headquarters are located at 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.

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.

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

Studio Ponte S.r.l., based in Poggio Renatico (Ferrara), 51% held by Penta S.r.l., provides engineering and design services mainly to the Group companies operating in the Food market.

Parent Company key financial highlights and performance of Piovan S.p.A.

The separate financial statements of the parent company, which we submit for your approval, reports for the year 2021 "Total revenues and other income" of Euro 112,751 thousand and a net profit of Euro 14,204 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.

Parent company operating performance

(amounts in €'000)	Economic performance indicators				Changes	
	2021	% on total revenues and other income	2020	% on total revenues and other income	2021 vs 2020	%
Revenue	110,729	*98.2%*	96,540	*98.0%*	14,189	*14.7%*
Other revenue and income	2,023	*1.8%*	1,922	*2.0%*	100	*5.2%*
TOTAL REVENUE AND OTHER INCOME	**112,751**	*100.0%*	**98,462**	*100.0%*	**14,289**	***14.5%***
EBITDA	**19,608**	*17.4%*	**16,422**	*16.7%*	**3,186**	***19.4%***
OPERATING PROFIT	**17,007**	*15.1%*	**13,790**	*14.0%*	**3,217**	***23.3%***
PROFIT BEFORE TAXES	**18,075**	*16.0%*	**13,729**	*13.9%*	4,346	*31.7%*
Income taxes	3,870	*3.4%*	3,281	*3.3%*	590	*18.0%*
NET PROFIT	**14,204**	*12.6%*	**10,448**	*10.6%*	3,756	*36.0%*
Attributable to:						
Earnings per share	**0.28**		**0.21**			
Basic and diluted earnings per share (in Euros)	**0.28**		**0.21**			

Piovan S.p.A. revenues and other income in 2021 amounted to Euro 112,751 thousand, up on Euro 98,462 thousand in 2020 (+14.5%).

Revenue alone amounted to Euro 110,729 thousand, up 14.7% on the previous year.

EBITDA amounts to Euro 19,608 thousand, up on Euro 16,422 thousand in the previous year (+19.4%), with an increase of Euro 3,186 thousand, having benefitted from the increase in sales volumes. This was partially offset by increases in the cost of raw materials and greater personnel expenses, which, in 2020, had fallen in response to cost-containment measures to combat the effects of the pandemic, including the use of paid holidays and the partial use of temporary lay-off schemes.

EBIT came to Euro 17,007 thousand, up from Euro 13,790 thousand in 2020 (+23.3%), an increase of Euro 3,217 thousand.

The EBIT margin came to 15.1% of revenues, up from 14.0% for the previous year.

Earnings per share were Euro 0.28 in 2021 (compared to Euro 0.21 in the previous year).

Revenues by market and region

	2021	2020
Plastic	95,850	83,637
7Food & non plastic	224	213
Services	14,654	12,690
Revenue	**110,729**	**96,540**

	2021	2020
EMEA	92,659	79,393
ASIA	6,140	6,625
NORTH AMERICA	8,108	7,645
SOUTH AMERICA	3,821	2,877
Revenue	**110,729**	**96,540**

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, as well as by the end to the COVID-19 travel restrictions that had impacted performance in 2020;
- 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 (+15.5%) on 2020, 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 83.7% of total revenue.

Parent Company Financial Position

The Company has adopted the new layout for Net Financial Position (NFP) called for in the Consob Call for Attention No. 5/21 of April 29, 2021, which implements the EMSA Guidelines 32-382-1138 of March 4, 2021.

Compared to the layout previously used, the account “trade payables and other non-current liabilities” is now also included.

€/000	31.12.2021	31.12.2020
A. Cash	91,294	46,132
B. Current accounts and post office deposits	-	-
C. Current financial assets	1,874	9,984
D. Cash (A+B+C)	**93,168**	**56,116**
E. Current bank loans (including debt instruments, but excluding the current portion of non-current financial debt)	(64,516)	(44,546)
F. Current portion of non-current debt	(20,287)	(16,325)
G. Current financial position (E+F)	**(84,803)**	**(60,871)**
H. Net current financial position (G-D)	**8,365**	**(4,755)**
I. Long term loans	(31,939)	(37,233)
J. Bond issued	-	-
K. Other non-current financial liabilities	(1,144)	(1,099)
L. Non-current financial position (I+J+K)	**(33,082)**	**(38,331)**
M. Net financial position (H+L)	**(24,717)**	**(43,086)**

The company’s net financial position at the end of 2021 reported net debt of Euro 24,717 thousand, improving on Euro 43,086 thousand at the end of 2020, with net cash generation of Euro 18,369 thousand.

The net financial position of the Parent Company includes financial receivables and payables to subsidiaries, as outlined in the Explanatory Notes.

This result is to be interpreted in light of the fact that:

- in May 2021, the Company distributed dividends of Euro 6,620 thousand (Euro 5,602 thousand in the fourth quarter of 2020) and paid Doteco price adjustments of Euro 715 thousand;
- in August 2021, the Company paid Euro 5,982 thousand as the 2020 earn-out related to the acquisition of the Doteco Group. It should be noted that the 2020 financial statements show a total liability of Euro 7 million, given that recognition of the entire amount payable to the counterparty was deemed probable, and that the difference – of Euro 1,018 thousand – is to be paid approximately by August 2022, when the contract conditions are met.

Conversely, in December 2021, the Parent Company received a research and development grant from the Italian Ministry for Economic Development in the amount of Euro 447 thousand and two R&D loans, each in the amount of Euro 112 thousand, from the Region of Veneto and from the Sustainable Growth Fund.

Total investments for the period under review came to Euro 2,035 thousand (Euro 1,220 thousand in 2020).

The financial position includes medium/long-term loans for Euro 52,449 million, of which Euro 20,286 million repayable within 12 months and the remaining Euro 32,162 million within 5 years. The loans are not supported by guarantees.

In 2021, Piovan received new unsecured loans in the amount of roughly Euro 15 million at an average interest rate of 0.17%.

Medium/long-term loans were repaid for Euro 16,335 thousand during 2021.

As previously illustrated, a 6-year loan was received in January 2022 for the acquisition of IPEG, Inc., in the amount of Euro 100 million.

Principal risks and uncertainties to which the Group is exposed

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

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

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

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

Risks associated with economic conditions

The global 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. This significantly increases the real risk of international sanctions assessed as a deterrent for certain countries involved, which could have a significant impact on trade and on their national economies. The situation continues to evolve and the Company constantly monitors the situation to assess any impact on our business.

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

In 2021, the Piovan Group was able to meet this challenging environment of general uncertainty, thanks also to the fact that the Company and its subsidiaries are present in a number of geographical areas and in very diversified sectors, thus allowing for a mitigation of the overall risk.

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. In 2021, demand for the Group's products did not experience significant slowing as a result of the COVID-19 pandemic.

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 uncollectible after deducting the receivables backed by bank guarantees. All guarantees are critically assessed with regard to collectability.

The Group did not see significant changes in the management of credit and related risks due to the COVID-19 pandemic.

Liquidity risk

The Group's overall debt, mainly relating to Piovan S.p.A., is partially fixed-rate to take advantage of the opportunities currently offered by the interest rate market for medium/long-term loans. 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 interest rate fluctuations is essentially linked to the 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 positive net financial position net of the effect deriving from IFRS 16, 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, in response to the health emergency related to the spread of the COVID-19 pandemic, and as described previously, in 2020 the Group obtained moratoriums on outstanding loans, which enabled us to reduce short-term repayment commitments. Therefore, we do not believe that this risk has increased due to the pandemic, although the effects of a potential resurgence cannot be predicted.

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, part of the Group's loans are at a fixed rate. This makes it possible to take advantage of the current extremely low level of interest rates. The Group has not put in place hedging instruments as, given the Group's high liquidity, it is believed that the risk of fluctuations in interest rates 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 2021 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 positions of the production plants and their reduced complexity.

Transition risks are related to the process of transitioning from the current situation to the future prospects of limiting 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 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 Non-Financial Report.

Risks associated with information access and the IT system

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

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

OTHER INFORMATION

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.

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 2021.

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 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 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.piovangroup.com

Consolidated non-financial report

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 2021 consolidated non-financial information report, drawn up as per the "GRI Standards", is available on the Company website: https://ir.piovangroup.com/en/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, 2021, 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 and therefore fulfill the requirements as per paragraph 1 of said 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

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

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

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

Off-balance sheet agreements

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

Group and consolidated tax procedure

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

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

Reconciliation between parent net equity and net result and group shareholders' net equity and net result at December 31, 2021

A breakdown of the composition and movement of shareholders' equity of the parent company and the Group consolidated financial statements at December 31, 2021 is presented in the following table:

€/000 as at 31.12.2021	Equity	Net Profit
Equity and net profit attributable to the owners of the parent	**62,233**	**14,204**
Elimination of the book value of consolidated shareholdings (Differences between book value and relevant shareholders' equities)	40,182	12,732
IAS 32 Put Option	(741)	1,124
Elimination of the effects of transactions between consolidated companies	(3,222)	286
Shareholders' equity and fiscal year result in the consolidated financial statements	98,451	28,346
Shareholders' equity and fiscal year result attributable to minority interests	(1,447)	(671)
Shareholders' equity and fiscal year result attributable to the Group	**97,004**	**27,676**

€/000 as at 31.12.2020	Equity	Net Profit
Equity and net profit attributable to the owners of the parent	**54,309**	**10,448**
Elimination of the book value of consolidated shareholdings (Differences between book value and relevant shareholders' equities)	26,259	5,804
IAS 32 Put Option	(1,865)	555
Elimination of the effects of transactions between consolidated companies	(4,072)	608
Shareholders' equity and fiscal year result in the consolidated financial statements	74,632	17,415
Shareholders' equity and fiscal year result attributable to minority interests	2,219	(228)
Shareholders' equity and fiscal year result attributable to the Group	**72,414**	**17,643**

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 2022 will be dedicated to the integration of this industrial group in order to take full advantage of the company's strategic potential, given, too, 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 increase in 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 must necessarily be mainly 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 other growth by external means.

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 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.

As such, in recent years the Group has developed patents related to recycling and has a technological advantage over its competitors. The Company currently estimates that more than 20% of the automations sold in the packaging, fiber and recycling segments are being used in order to make use of recycled material.

Since 2006, the Group has built more than 300 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 CO2 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. 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, 2021, 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 2022.

In spite of these positive factors, risks remain with regard to a potential slowing in vaccinations and the spread of more infectious variants of COVID-19, which could lead to increased restrictions. The repercussions of the Russia-Ukraine war, and consequent impact on the economy, and the supply chain issues that have caused slowdowns in procurements is fueling further inflation in many of these countries and could remain high for longer than originally forecast.

In particular, we have seen a significant increase in the prices of certain raw materials and industrial components, as well as in transport and energy costs, which are creating challenges for businesses in certain segments. The outlook in this regard is uncertain, and much will depend on the timing of the return to normality in markets around the world.

Subsequent events after December 31, 2021

As reported in relation to Significant events in the year, 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. (”Sewickley Capital”), owner of 100% of IPEG, Inc., into a company newly incorporated, in Delaware, and wholly owned by Piovan. The transaction took place at the conditions and price reported to the market on December 13, 2021.

The group companies falling under IPEG, Inc. will be consolidated within the Piovan Group starting from the date of completion of the acquisition, which represents the date on which the Group obtained control.

In order to complete the transaction, a 6-year loan was received in January 2022 for the acquisition of IPEG, Inc., in the amount of Euro 100 million.

The great geopolitical tensions surrounding Russia and Ukraine may lead to significant international humanitarian and social crises with major impacts on the people in these countries. This significantly increases the real risk of international sanctions assessed as a deterrent for certain countries involved, which could have a significant impact on trade and on their national economies.

The Group’s exposure to the areas involved is limited in relation to total operations. Based on 2021 figures, and including the recent acquisition of IPEG, Inc., we estimate that consolidated revenue generated by the Group in Russia and Ukraine is just 0.8% of the total.

The situation continues to evolve, so it is not currently possible to make reliable estimates of any impact this may have on our business.

Allocation of the result for the year

Piovan S.p.A. closed 2021 with net profit of Euro 14,204,371, which the Board of Directors proposes to allocate

- to Shareholders for the distribution of a dividend totaling Euro 5,092,930, equal to Euro 0.10 for each share with profit rights, excluding therefore treasury shares held by the Company in compliance with Article 2357-*ter*, paragraph 2, of the Civil Code;
- to extraordinary reserve for the remaining Euro 9,111,441.

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, 2021, and we invite you to approve them.

Executive Chairman

Nicola Piovan

CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2021

Consolidated statement of financial position

(thousands of Euro)

ASSETS	Notes	31.12.2021	31.12.2020[2]
NON-CURRENT ASSETS			
Property, plant and equipment	**Note 1**	52,854	52,324
- of which related parties	***Note 39***	*174*	*935*
Intangible assets	**Note 2**	26,192	27,529
Equity investments	**Note 3**	237	155
Other non-current assets	**Note 4**	505	576
Deferred tax assets	**Note 5**	6,197	4,788
TOTAL NON-CURRENT ASSETS		**85,985**	**85,372**
CURRENT ASSETS			
Inventories	**Note 6**	44,540	36,920
Contract assets for work in progress	**Note 7**	4,519	6,477
Trade receivables	**Note 8**	55,390	41,931
- of which related parties	***Note 39***	*184*	*12*
Current financial assets	**Note 9**	1,589	5,146
Tax receivables	**Note10**	4,517	3,263
Other current assets	**Note 11**	5,290	3,497
- of which related parties	***Note 39***	*23*	*31*
Cash and cash equivalents	**Note 12**	118,505	87,452
TOTAL CURRENT ASSETS		**234,350**	**184,686**
TOTAL ASSETS		**320,335**	**270,058**

[2] with reference to comparative amount. we point out that. for the purpose of preparing the Financial Statements accoording the Delegated Regulation (EU) 2019/815 (ESEF format). it was necessary to make some roundings that are not relevant compared to the amount published and reported in the Annual Financial Report at 31 December 2020.

LIABILITIES AND EQUITY	Notes	31.12.2021	31.12.2020[2]
EQUITY			
Share capital	**Note 13**	6,000	6,000
Legal reserve	**Note 13**	1,200	1,200
Reserve for own shares in portfolio	**Note 13**	(2,250)	(2,250)
Translation reserve	**Note 13**	(1,104)	(3,756)
Other Reserves and retained earnings	**Note 13**	64,811	53,576
Net profit (loss)	**Note 13**	28,347	17,643
Equity attributable to the owners of the parent		**97,004**	**72,413**
Equity attributable to non-controlling interests	**Note 15**	1,447	2,219
TOTAL EQUITY		**98,451**	**74,632**
NON-CURRENT LIABILITIES			
Long-term loans	**Note 16**	32,479	38,262
Non-current financial liabilities	**Note 16**	9,440	9,117
- of which related parties	***Note 39***	*121*	*742*
Employee benefits plans	**Note 17**	6,512	6,376
Provision for risks and charges	**Note 18**	2,681	3,813
Non current liabilities for options granted to non-controlling interest	**Note 19**	-	1,865
Other non-current liabilities	**Note 20**	2,416	363
- of which related parties	***Note 39***	*496*	-
Deferred tax liabilities	**Note 5**	505	2,713
TOTAL NON-CURRENT LIABILITIES		**54,033**	**62,509**
CURRENT LIABILITIES			
Current portion of long-term loans	**Note 16**	20,584	17,833
Current bank loans and borrowings	**Note 16**	29,001	21,305
Current financial liabilities	**Note 16**	2,447	1,741
- of which related parties	***Note 39***	*56*	*205*
Trade payables	**Note 21**	50,022	39,912
- of which related parties	***Note 39***	*955*	*543*
Advance from costumers	**Note 22**	31,042	19,421
Contract liabilities for work in progress	**Note 7**	8,174	5,101
Current liabilities for options granted to non-controlling interests	**Note 19**	741	(0)
Tax liabilities and social security contributions	**Note 23**	8,531	9,360
Other current liabilities	**Note 24**	17,309	18,244
- of which related parties	***Note 39***	*2,727*	*428*
TOTAL CURRENT LIABILITIES		**167,851**	**132,917**
TOTAL LIABILITIES		**221,884**	**195,426**
TOTAL LIABILITIES AND EQUITY		**320,335**	**270,058**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(thousands of Euro)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS	Notes	31.12.2021	31.12.2020 [2] (*)
Revenue	**Note 25**	280,036	221,117
- of which related parties	***Note 39***	*343*	*21*
Other revenue and income	**Note 26**	6,993	4,063
TOTAL REVENUE AND OTHER INCOME		**287,029**	**225,180**
Costs of raw materials, components and goods and changes in inventories	**Note 27**	115,536	86,372
- of which related parties	***Note 39***	*2,518*	*1,719*
Services	**Note 28**	59,474	45,688
- of which related parties	***Note 39***	*1,433*	*1,367*
Personnel expenses	**Note 29**	68,446	56,985
- of which related parties	***Note 39***	*1,101*	*609*
Other expenses	**Note 30**	2,421	3,893
Amortisation and depreciation	**Note 31**	7,526	6,209
- of which related parties	***Note 39***	*71*	*238*
TOTAL COSTS		**253,403**	**199,147**
OPERATING PROFIT		**33,626**	**26,033**
Financial income	**Note 32**	471	504
Financial Expenses	**Note 32**	(667)	(767)
- of which related parties	***Note 39***	*1*	*(31)*
Net exchange rate gain (losses)	**Note 33**	57	(2,242)
Gains (losses) on liabilities for option granted to non controlling interests	**Note 34**	1,124	555
Profit (losses) from equity investments carried at equity	**Note 35**	139	(92)
PROFIT BEFORE TAXES		**34,750**	**23,991**
Income taxes	**Note 36**	7,074	6,576
NET PROFIT		**27,676**	**17,415**
ATTRIBUTABLE TO:			
Owners of the parent		28,347	17,643
Non-controlling interests		(671)	(228)
Earnings per share			
Basic earnings per share (in Euros)	**Note 14**	**0.56**	**0.35**
Diluted earnings per share (in Euros)	**Note 14**	**0.55**	**0.35**

(*) Data restated following the aggregation of the items "Use of third party assets" and "Provisions for risks and charges" within respectively the items "Services" and "Other expenses".

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(thousands of Euro)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	31.12.2021	31.12.2020[2]
Net profit	**27,676**	**17,415**
Items that may be subsequently reclassified to profit or loss:	-	-
- Exchange rate differences	2,652	(2,573)
Items that may not be subsequently reclassified to profit or loss:	-	-
- Actuarial gains (losses) on employee benefits net of the tax effect	(77)	35
- Actuarial gains on agents' termination benefits net of the tax effect	(24)	(6)
Total Comprehensive income	**30,227**	**14,871**
attributable to:	-	-
- Owners of the parent	30,898	15,097
- Non-controlling interests	(671)	(226)

CONSOLIDATED STATEMENT OF CASH FLOWS

(thousands of Euro)

Consolidated Statement of Cash Flow	31.12.2021	31.12.2020[2]
OPERATING ACTIVITES		
Net profit	***27,676***	***17,415***
Adjustments for:		
Amortisation and depreciation	7,526	6,209
Inventory write-down and bad debt provision	1,052	2,983
- Net non-monetary financial charges	-	-
- Net non-monetary financial (income)	(69)	149
Change in provisions for risks and charges and employee benefits liabilities	(1,104)	2,882
Net capital (gains) losses on sale of fixed assets and equity investments	(21)	(24)
Non-monetary changes related to liabilities for options granted to non-controlling interests	(1,124)	(556)
Investment equity valuation	(82)	114
Other non-monetary variations	(1,544)	(107)
Taxes	7,074	6,576
Cash flows from operating activities before changes in net working capital	**39,384**	**35,641**
(Increase)/decrease in trade receivables	(12,957)	9,848
- of which related parties	*(172)*	*(188)*
Increase in inventories	(7,194)	(6,304)
(Increase)/decrease in other current assets	(1,042)	(503)
- of which related parties	*8*	*(400)*
Increase/(decrease) in trade payables	10,546	(1,600)
- of which related parties	*412*	*(155)*
Increase/(decrease) in advance from customers	10,971	3,358
Increase/(decrease) in other current liabilities	5,994	2,881
- of which related parties	*2,299*	*(460)*
(Increase)/decrease in non-current assets	(814)	177
Increase/(decrease) in non-current liabilities	2,524	(400)
- of which related parties	496	-
Income taxes paid	(7,957)	(8,107)
CASH FLOWS FROM OPERATING ACTIVITIES (A)	**39,455**	**34,991**
INVESTING ACTIVITIES		
Investments in property, plant and equipment	(2,614)	(1,742)
Investments in intangible assets	(568)	(418)
Disinvestments/(investments) in financial assets	3,626	1,024
Deferred price from the acquisition of controlling interests	(6,697)	0
Business combinations net of the acquired cash	-	(14,914)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (B)	**(6,253)**	**(16,050)**
FINANCING ACTIVITIES		
Issuance of bank loans	15,000	29,012
Repayment of bank loans	(16,486)	(5,851)
Change in current bank loans and borrowings	7,696	(3,721)
Increase/(decrease) in other financial liabilities	(1,696)	(1,721)
- of which related parties	*(769)*	*28*
Purchase of minority interests in subsidiaries	-	(2,836)
Dividends paid	(6,721)	(5,602)
CASH FLOWS USED IN FINANCING ACTIVITIES (C)	**(2,207)**	**9,281**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A ± B ± C)	**30,995**	**28,222**
EFFECT OF EXCHANGE RATE CHANGES ON BALANCE OF CASH HELD IN FOREIGN CURRENCY	**58**	**107**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (E)	**87,452**	**59,123**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (G=D+E+F)	**118,505**	**87,452**
INTERESTS PAID	**345**	**346**

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' 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, 2020	**6,000**	**1,200**	**(2,250)**	**(1,211)**	**38,938**	**18,700**	**61,367**	**3,774**	**65,141**
Distribution of dividends	-	-	-	-	(5,602)	-	(5,602)	-	(5,602)
Allocation of prior year profit	-	-	-	-	18,700	(18,700)	-	-	-
Incentive plans	-	-	-	-	138	-	138	-	138
Change in consolidation area	-	-	-	-	-	-	-	74	74
Change in non-controlling interests	-	-	-	28	1,374	-	1,402	(1,402)	-
Total comprehensive income	-	-	-	(2,573)	28	17,643	15,098	(227)	14,871
Balance at December 31th, 2020[2]	**6,000**	**1,200**	**(2,250)**	**(3,756)**	**53,576**	**17,643**	**72,413**	**2,219**	**74,632**

	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**	**72,413**	**2,219**	**74,632**
Distribution of dividends	-	-	-	-	(6,621)	-	(6,621)	(100)	(6,721)
Allocation of prior year profit	-	-	-	-	17,643	(17,643)	-	-	-
Incentive Plan	-	-	-	-	314	-	314	-	314
Change in non-controlling interests	-	-	-	-	-	-	-	-	-
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**

EXPLANATORY 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 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, 2021, comprised of 31 companies located on 4 continents, of which 9 production companies and 22 commercial and service companies.

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

Content and form of the consolidated financial statements

The Group prepared the consolidated financial statements at December 31, 2021, using the international accounting standards adopted by the European Union as per European Regulation No. 1606/2002 of July 19, 2002, enacted in Italy by Legislative Decree No. 38/2005.

The IFRS consolidated financial statements at December 31, 2021, include the results of the parent company and of the subsidiaries.

Declaration and basis of preparation

The consolidated financial statements of the Piovan Group at December 31, 2021, 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 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 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 significant doubts in this regard as per paragraphs 25 and 26 of IAS 1.

This assessment also took into account the Covid-19 pandemic health emergency that emerged in the initial months of 2020 and the impact that this situation had on the Group's performance in 2020 and 2021, due in part to the restrictions introduced in the countries impacted. In this regard, it is expected that, taking account of the Group's strong balance sheet, the credit lines available to the parent company, in addition to that outlined in the "Covid-19 impacts" paragraph, financial, operating or other indicators do not highlight any significant uncertainties with regards to the Group's capacity to meet its obligations in the foreseeable future and in particular in the next 12 months.

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).

COVID-19 impacts

The COVID-19 pandemic, which spread around the globe in 2020, has continued into 2021. 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 2021, all Piovan Group companies remained fully operative, having adopted measures and protocols to protect employees as per applicable local regulations.

The impacts of this situation on Group operations have to date mainly taken the form of a slowdown in installation operations. The restrictions introduced by various governments on the mobility of individuals delayed in fact in certain cases the execution of the concluding phases of a number of projects requiring installation on-site at customer premises.

The Covid-19 effects (temporary shutdown of operations, potential drop in demand and/or profitability) may indicate that one or more impairment indicators exist. For the Annual Report, management therefore made assessments in this regard. In particular, management did not identify indicators of impairment, taking account of the fact that (i) the company's stock market capitalization at December 31, 2021, remains comfortably above shareholders' equity at the same date, (ii) the order portfolio at the same date appears to have improved on the Group's usual volumes, (iii) the net financial position was not impacted by the altered general economic environment (iv) the performances in 2021, compared to the previous year, were a very strong improvement, both in terms of revenues and margins.

Impairment testing has been conducted for the CGUs to which goodwill has been allocated (see Note 2).

In spite of these positive factors, risks remain with regard to a potential slowing in vaccinations and the spread of more infectious variants of COVID-19, which could lead to increased restrictions. The repercussions of the Russia-Ukraine war, and consequent impact on the economy, and the supply chain issues that have caused slowdowns in procurements is fueling further inflation in many of these countries and could remain high for longer than originally forecast.

In particular, we have seen a significant increase in the prices of certain raw materials and industrial components, as well as in transport and energy costs, which are creating challenges for businesses in certain segments. The outlook in this regard is uncertain, and much will depend on the timing of the return to normality in markets around the world.

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.

Consolidated Statement of Profit and Loss

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. For the annual report, we have chosen to include lease and rental costs within "Service costs" and provisions for risks and charges among "Other operating costs", based on their nature and given the insignificance of their balances. The comparative figures at December 31, 2020, have therefore been restated to take account of this change.

Consolidated Statement of Comprehensive Income

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

Consolidated Statement of Cash Flow

The Statement of Cash Flow 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.

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 scope

The consolidated financial statements of the Piovan Group include those of the Parent Company and its Italian and overseas subsidiaries.

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.

Note [41] Other information in the Explanatory Notes outlines the companies included in the consolidation scope at December 31, 2021.

Basis of Consolidation

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

• 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;
- in the preparation of the consolidated financial statements 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;
- the translation into Euro of the financial statements of companies consolidated in foreign currencies is made adopting the average exchange rate of the period for the income statement items, and the exchange rate in force at the reporting date for the balance sheet items. The difference between the translation rate of the income statement items and the translation rate of the balance sheet items, in addition to the translation differences deriving from the change in the exchange rates between the beginning and the end of the year are recorded under equity.

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.

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.

The company decided not to proceed with the line-by-line consolidation of some investments in subsidiaries as they are not considered significant either individually or collectively and 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.

The subsidiaries excluded from consolidation are:

Company	% of ownership as at 31.12.2021	% of ownership as at 31.12.2020
CMG America Inc.	100%	100%

(**) CMG America Inc. is held by the company Universal Dynamics Inc.

Business combinations

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.

Main accounting policies applied

The consolidated financial statements for 2021 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, 2021 the accounting standards adopted are those as utilized in the preparation of the consolidated financial statements at December 31, 2020, with the exception of that reported below.

IFRS accounting standards, amendments and interpretations applicable to the Company and applied from January 1, 2021

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group from January 1, 2021:

- On March 31, 2021, the IASB published an amendment entitled “COVID-19-Related Rent Concessions beyond June 30, 2021 (Amendments to IFRS 16)” which extends by one year the application period of the amendment issued in 2020. The 2021 amendment, which is only available to entities that have already adopted the 2020 amendment, applies from April 1, 2021, and early adoption is permitted. The adoption of these amendments do not have any effects on either the consolidated or the separate financial statements.

- On August 27, 2020, the IASB published, in light of the reform on interbank interest rates such as IBOR, the document “Interest Rate Benchmark Reform-Phase 2” which contains amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 Leases. All the amendments entered into force as of January 1, 2021. The adoption of these amendments do not have any effects on either the consolidated or 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, 2021

- 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 statement of profit or loss.
- 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 (such as the cost of direct material used in processing), 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.

All the amendments will enter into force from January 1, 2022. The directors do not expect this to have significant effects on either the consolidated or the separate financial statements.

- On May 18, 2017, the IASB published IFRS 17 - Insurance Contracts which replaces IFRS 4 - Insurance Contracts.

The directors do not expect this to have significant effects on either the consolidated or the separate 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 1 January 2023 and early application is permitted. The Directors do not expect this amendment to have a significant impact.

- On February 12, 2021, the IASB published two amendments entitled “Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2” and “Definition of Accounting Estimates—Amendments to IAS 8”. The amendments 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 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 this amendment to have a significant impact.
- 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 Directors do not expect an impact from the adoption of this amendment.

ACCOUNTING POLICIES

Revenue and costs

Revenues and costs are accounted for on an accrual basis.

Revenues as per IFRS 15 must be recognized when the contractual obligations are fulfilled on the basis of the transaction price that the Company expects to receive as a result of the fulfilment of the obligation. The contractual obligations may be completed "over time", if the conditions of IFRS 15 are met, or "at a point in time".

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. Specifically:
    - contracts in which performance obligations are met "at a point in time": this category includes sales of systems, plants and equipment, mainly in the 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.

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

  Contract work in progress is stated net of advances concerning the contract in course of execution. Given that the analysis is carried out contract by contract, the recording in the 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.

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

Interest

Income and expenses 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.

Dividends

They are recorded when the right of the shareholders to receive the payment arises, which normally occurs at the shareholders' meeting for the distribution of dividends. The distribution of dividends is therefore recorded as a liability in the financial statements in the period in which the distribution is approved by the Shareholders' Meeting.

Income taxes

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

Deferred tax liabilities are recognized on taxable differences arising from investments in subsidiaries and associates, unless the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences 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, 2021, and December 31, 2020 (comparative data), are summarized below:

Currency		Average rate		Closing rate	
		31.12.2020	31.12.2021	31.12.2020	31.12.2021
BRL	Brazilian Real	5.8943	6.3779	6.3735	6.3101
CAD	Canadian Dollar	1.5300	1.4826	1.5633	1.4393
CZK	Czech Koruna	26.4551	25.6405	26.2420	24.8580
CNY	Yuan Renminbi	7.8747	7.6282	8.0225	7.1947
GBP	Pound Sterling	0.8897	0.8596	0.8990	0.8403
HUF	Forint	351.2494	358.5161	363.8900	369.1900
MXN	Mexican Peso	24.5194	23.9852	24.4160	23.1438
USD	US Dollar	1.1422	1.1827	1.2271	1.1326
THB	Baht	35.7080	37.8370	36.7270	37.6530
INR	Indian Rupee	84.6392	87.4392	89.6605	84.2292
TRY	Turkish Lira	8.0547	10.5124	9.1131	15.2335
AED	UAE Dirham	4.1947	4.3436	4.5065	4.1595
JPY	Yen	121.8458	129.8767	126.4900	130.3800
VND	Dong	26,534.0000	27,130.0000	28,331.0000	25,819.0000
MAD	Dirham Marocco	10.8240	10.6260	10.9190	10.4830
KRW	Won sud	1,345.5800	1,354.0600	1,336.0000	1,346.3800

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).

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.

Maintenance and repair expenses, which do not increase the value and/or extend the residual useful life of the asset are expensed in the year in which they are incurred; where they increase the value and/or extend the residual life of the assets, they are capitalized.

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.

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 purposes of presentation in the balance sheet, assets consisting of the right of use shall be included under the same item as the corresponding underlying assets if they were owned. Liabilities relating to leasing are classified under "Current financial liabilities" and "Non-current financial liabilities".

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.

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. As specified above in the paragraph “Main accounting policies applied", for 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.

Impairment of non-financial assets

Assets subject to depreciation are subjected to an impairment test if there are events or circumstances indicating that the carrying amount cannot be recovered (trigger event). In both cases, any impairment is recorded at the amount of the book value that exceeds the recoverable value. This latter is the higher between the fair value of the asset less costs to sell and its value in use. When it is not possible to determine the value in use of an asset individually, the recoverable amount of the cash generating unit (CGU) to which the asset belongs must be determined. Assets are grouped at the smallest level for which there are independent cash flows and the Group then calculates the present value of estimated future cash flows for the CGU by applying a discount rate that reflects current market assessments of the time value of money and risks of the asset.

Subsequently, when a loss on an asset reduces, other than goodwill, the book value of the asset or of the cash-generating unit of cash flows is increased, up to the new estimate of the recoverable value but may not exceed the value of the asset had the impairment not being recorded.

The reversal of a loss in value is immediately recorded in the income statement.

Investments

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

Financial assets

Initially all the financial assets are recorded at fair value. In the case of assets other than those valued at fair value with changes recorded in the Income Statement, the fair value is increased by accessory costs. On subscription, the Group assesses whether a contract contains embedded derivatives. The embedded derivatives are separated from the host contract if this is not valued at fair value when the analysis shows that the economic characteristics and the risks of the embedded derivative are not strictly correlated to the host contract.

The Company determines the classification of its financial assets after the initial recording and, where appropriate and permitted, reviews this classification at the end of each reporting period.

All purchases and sales of financial assets are recorded at the transaction date, or on the date on which the Company undertakes to purchase the asset.

IFRS 9 provides for the classification of financial assets, on the basis of the cash flow characteristics of the instrument and the business model used by the entity:

- Amortized cost: the financial asset is held in order to collect the contractual cash flows, which are represented exclusively by the payment of interest and the return of the principal;

- Fair value through OCI (FVTOCI): The asset is held in order to collect the contractual cash flows, both those deriving from the possible sale of the assets, which are represented exclusively by the payment of interest and the return of the principal;
- Fair value through PL (FVTPL): financial assets other than the above.

IFRS 9 replaces the rules on which IAS 39 was based:

- the elimination of the category of instruments held to maturity, the so-called Held To Maturity (HTM);
- elimination of the category Available For Sale (AFS) instruments;
- elimination of the separate recognition (i.e. bifurcated) of derivatives embedded in financial assets;
- changes in the fair value of financial liabilities measured at Fair Value Through Profit or Loss (FVTPL) attributable to changes in the issuer's credit risk are recognized in Other Comprehensive Income (OCI) instead of in the income statement;
- the elimination of the possibility (limited exemption) of measuring unlisted equity investments at cost instead of at fair value, in the rare circumstance that the amount of fair value is within a significant range and the probability that the various assumptions cannot be reliably verified.

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. In other words, it is no longer necessary that an event occurs to put in doubt the recoverability of the receivable before the recognition of a doubtful debt.

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.

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.

Assets and liabilities for contract work in progress

As previously described in the Revenues and costs section, these items arise with reference to the execution of contracts in which the recognition of revenues takes place over time. For these contracts, the Group records sales revenues in proportion to the progress of the performance obligation, which is measured using the cost-to-cost method. Given that the analysis is carried out contract by contract, the 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.

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).

Cash and cash equivalents

These include those amounts which are available on demand at short notice (original duration up to three months), certain in nature and with no payment expenses.

Employee 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.

Financial liabilities

Financial liabilities are recognized at initial fair value and measured at amortized cost. IFRS 9 allows, like IAS 39, to opt for the measurement of financial liabilities on the basis of the FVTPL criterion (in order to manage the effects of an accounting mismatch or in the case of an embedded derivative that is not separated from the financial liability). It should be noted that the latter method is mandatory for derivatives with a negative balance.

Financial liabilities are classified under current liabilities unless the Company has an unconditional right to defer their payment for at least twelve months after the reporting date, and are removed from the financial statements when they are extinguished when the Company has transferred all risks and charges relating to the instrument.

Liabilities for options granted to minority shareholders

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.

Stock Grants

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.

Use 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 have been revised in light of the extraordinary circumstances resulting from the COVID-19 pandemic, which emerged in early 2020.

Russian-Ukrainian War

The Group has considered the war as event occurring after the financial statement closing date that do not entail the need for adjustments, which in any case cannot be determined as of today. Consequently, the evaluation performed was carried out without considering the effects that the aforementioned international crisis may have.

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.

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 organization units functionally responsible for the operational management of each type of risk report to the Board of Directors.

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

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

Credit risk

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

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

Each company of the Group directly manages the collection of receivables on sales made in the respective markets and their possible recovery, also through the activation of legal actions.

Coordination between companies operating in the same market (e.g. Italian companies) is based on the electronic exchange of information relating to common customers and through coordination on the possible blocking of deliveries or the initiation of legal action.

The doubtful debt provision is recorded on the nominal value of the portion considered 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; 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 Note [8] for the aging of trade receivables.

Liquidity risk

The Group's overall debt, mainly relating to Piovan S.p.A., is partially fixed-rate to take advantage of the opportunities currently offered by the interest rate market for medium/long-term loans. 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 interest rate fluctuations is essentially linked to the 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 positive 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.

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:

31.12.2021										
(€/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**

31.12.2020										
(€/000)	EUR	USD	CNY	BRL	MXN	THB	GBP	CAD	Altre valute	**Total**
Total assets	191,800	27,125	12,031	8,165	5,378	7,078	7,274	4,126	6,771	**269,748**
Total liabilities	143,821	14,115	5,899	5,539	3,533	6,841	7,041	1,355	6,989	**195,134**

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

Net revenues	**Current Forex in €**	**Forex +10%**	**Forex -10%**	**Current Forex in €**	**Forex +10%**	**Forex -10%**
EUR - Euro	192,538	192,538	192,538	142,801	142,801	142,801
USD - US Dollar	42,828	38,891	47,533	42,393	38,327	46,844
CNY - Renminbi	14,671	13,339	16,303	11,475	10,417	12,732
BRL – Real	9,525	8,659	10,583	6,521	5,928	7,246
GBP - Pound sterling	9,449	8,590	10,499	6,770	6,155	7,522
THB – Bath	3,036	2,770	3,385	3,772	3,429	4,191
TRY - Turkish lira	1,004	913	1,116	809	736	899
INR - Indian rupee	825	750	917	485	441	539
JPY - Japanese yen	60	54	67	88	80	98

Net revenues	Current Forex in €	Forex +10%	Forex -10%	Current Forex in €	Forex +10%	Forex -10%
CAD - Canadian dollar	-	-	-	-	-	-
MXN - Mexican peso	580	528	646	113	147	180
AED - United Arab Emirates dirham	124	113	138	24	22	27
VND - Vietnamese Dong	119	108	132	83	75	92
HUF - Hungarian forint	102	93	114	60	55	67
CSK - Czech Koruna	229	209	255	214	194	237
KRW - South Corean Won	4,930	4,482	5,478	5,497	4,998	6,108
MAD - Dirham	15	14	17	13	12	14
TOTAL	**280,036**	**272,051**	**289,720**	**221,117**	**213,816**	**229,597**

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.

	2021			2020		
Result before taxes	Current Forex in €	Forex +10%	Forex -10%	Current Forex in €	Forex +10%	Forex -10%
EUR - Euro	26,263	26,263	26,263	17,812	17,812	17,812
USD - US Dollar	3,857	3,506	4,286	1,991	1,810	2,212
CNY - Renminbi	971	883	1,079	1,855	1,687	2,061
BRL - Real	792	720	880	79	72	88
GBP - Pound sterling	561	510	624	390	354	433
THB - Bath	550	500	612	448	407	498
TRY - Turkish lira	48	44	54	168	153	186
INR - Indian rupee	233	212	259	116	105	129
JPY - Japanese yen	99	90	110	(46)	(42)	(51)
CAD - Canadian dollar	800	727	889	681	619	757
MXN - Mexican peso	1,162	1,057	1,291	1,180	1,073	1,311
AED - United Arab Emirates dirham	95	86	106	133	121	148
VND - Dong	(17)	(15)	(18)	(16)	(14)	(18)
HUF - Hungarian forint	70	63	78	26	24	29
KRW - South Corean Won	(1,050)	(955)	(1,167)	(1,145)	(1,040)	(1,272)
MAD - Dirham	86	78	95	51	47	57
CSK - Czech Koruna	229	208	254	267	243	297

Result before taxes	2021			2020		
	Current Forex in €	Forex +10%	Forex - 10%	Current Forex in €	Forex +10%	Forex - 10%
TOTAL	**34,750**	**33,977**	**35,695**	**23,991**	**23,430**	**24,678**

However, as the Company 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, part of the Group's loans are at a fixed rate. This makes it possible to take advantage of the current extremely low level of interest rates. The Group has not put in place hedging instruments as, given the Group's high liquidity, it is believed that the risk of fluctuations in interest 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 0.25% and 0.50% in interest rates.

Interest expense on variable rate loans (€'000)	Interest expenses	+0,25%	+0,50%	-0,25%	-0,50%
31.12.2020	67	107	150	22	-
31.12.2021	28	74	120	-	-

Risks associated with economic conditions

The global macro-economic situation can affect the Company's economic, equity and financial situation. However, the presence of the Company and its subsidiaries in different geographic areas still makes it possible to mitigate the overall risk and to benefit from any improvement situations in some areas compared to others.

With reference to the risks associated with the general conditions of the economy, it should be noted that, starting from the end of February 2020, following the emergence of the health emergency connected to the COVID-19 epidemic, the overall economic context had a significant deterioration as a result of restrictions 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. This significantly increases the real risk of international sanctions assessed as a deterrent for certain countries involved, which could have a significant impact on trade and on their national economies. The situation continues to evolve, so it is not currently possible to make reliable estimates of any impact this may have on our business.

The Group has limited exposure to the regions involved in the war (i.e. Ukraine, Russia, and Belarus); therefore, if the impact of the conflict remains contained to those regions, this will 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.

EXPLANATORY NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

[1] Property, plant and equipment

They amount to Euro 52,854 thousand at December 31, 2021 (Euro 52,324 thousand at December 31, 2020). They are composed as shown in the following tables, which also present the changes in 2021.

CHANGES DURING THE PERIOD	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Balance at 31st December 2020	**38,193**	**9,306**	**231**	**4,339**	**255**	**52,324**
of which:						
- Historical cost	**45,074**	**19,580**	**5,808**	**17,056**	**255**	**87,774**
- Depreciation fund	**(6,881)**	**(10,274)**	**(5,578)**	**(12,717)**		**(35,450)**
Changes in 2021						
- Reclassifications (Historical cost)	(419)	30	6	(37)		(420)
- Reclassifications (Depreciation fund)	405	(30)	616	(569)	-	421
- Additions	973	328	245	939	129	2,614
- IFRS16 effect	2,176			549		2,726
- Reclassifications (Historical cost)	660	268	4	155		1,087
- Reclassifications (Depreciation fund)	(129)	(179)	(2)	(111)		(421)
- Disposals (Historical cost)	(53)	(221)	(42)	(671)		(987)
- Disposals (Depreciation fund)	3	188	41	645		878
- Reclassifications (Historical cost)	(130)		(13)	195	(125)	(73)
- Reclassifications (Depreciation fund)	242	(3)		(150)		89
- Depreciation	(671)	(920)	(320)	(978)		(2,889)
- Depreciation IFRS16	(1,848)	(90)		(556)		(2,495)
Balance at 31 December 2021	**39,401**	**8,677**	**766**	**3,750**	**260**	**52,854**
of which:						
- Historical cost	**48,281**	**19,985**	**6,008**	**18,186**	**260**	**92,720**
- Depreciation fund	**(8,879)**	**(11,308)**	**(5,242)**	**(14,436)**	**-**	**(39,866)**

Increased rights-of-use of Euro 2,726 thousand were recognized in the year due to the accounting as per IFRS 16 of the new long-term lease contracts signed in 2021. The increase is principally due to the extension of the lease agreement for the production plant of the Chinese subsidiary Piovan Plastic Machinery and the expansion of the property of Doteco S.p.A.

In addition, on November 30, 2021, the parent company, Piovan S.p.A., signed an agreement for the purchase of approximately 25,000 sq. mtrs. of land adjacent to the head office for the purpose of potential future expansion. The total outlay was Euro 900 thousand.

Other investments made in 2021, 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, 2021, property, plant and equipment are not burdened by mortgages or liens.

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

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

The table below provides a regional breakdown of tangible assets:

Property. plant and equipment	31.12.2021	31.12.2020
EMEA	41,592	42,406
- of which Italy	*36,965*	*37,318*
NORTH AMERICA	8,058	7,791
- of which the United States of America	*7,684*	*7,506*
ASIA	1,909	1,126
SOUTH AMERICA	1,295	1,002
Total	**52,854**	**52,324**

At December 31, 2021, 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.

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	Industrial and commercial equipment	Other assets	Total
Balance at 31. December 2020	**14,710**	**146**	**-**	**875**	**15,731**
of which:	**-**	**-**	**-**	**-**	**-**
- Historical cost	**22,201**	**1,870**	**-**	**2,405**	**26,476**
- Depreciation fund	**(7,491)**	**(1,724)**	**-**	**(1,531)**	**(10,745)**
- Total movements IFRS16	**2,140**	**-**	**-**	**683**	**2,823**
- New IFRS16 contracts	550	-	-	549	1,099
- Lease term change (Historical cost)	1,574	-	-	-	1,574
- Lease term change (Depreciation fund)	53	-	-	-	53
- Exchange rate differences (Historical cost)	97	-	-	22	118
- Exchange rate differences (Depreciation fund)	(83)	-	-	(14)	(97)
- Reclassifications (Depreciation fund)	-	-	-	132	132
- Disposals (Historical cost)	(53)	-	-	(118)	(171)
- Disposals (Depreciation fund)	3	-	-	111	114
- Depreciation	(1,848)	(90)	-	(556)	(2,495)
Balance at 31 December 2021	**15,002**	**56**	**-**	**1,001**	**16,059**

CHANGES DURING THE PERIOD	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Total
of which:	**-**	**-**	**-**	**-**	**-**
- Historical cost	**24,368**	**1,870**	**-**	**2,858**	**29,096**
- Depreciation fund	**(9,366)**	**(1,814)**	**-**	**(1,857)**	**(13,037)**

[2] Intangible assets

They amounted to Euro 26,193 thousand at December 31, 2021 compared to Euro 27,529 thousand at December 31, 2020. 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 2020	**22,158**	**497**	**50**	**4,774**	**49**	**27,529**
Changes in 2021	-	-	-	-	-	-
- Additions	-	277	108	133	50	569
- Reclassifications		18			(18)	
- Consolidation area change	-	-	-	-	-	-
- Disposals	-	-	-	-	-	-
- Dismissioni (Fondo ammortamento)	-	-	-	-	-	-
- Exchange rate differences (Historical cost)	255	12	3	104	-	374
- Exchange rate differences (depreciation fund)	-	(12)	(3)	(122)	-	(137)
- Write - down	(500)	-				(500)
- Depreciation	-	(335)	(80)	(1,228)	-	(1,642)
Balance at 31 December 2021	**21,913**	**457**	**79**	**3,661**	**81**	**26,192**

The regional breakdown of intangible assets is as follows:

Intangible Assets	31.12.2021	31.12.2020
EMEA	22,202	24,145
- of which Italy	*22,187*	*24,131*
NORTH AMERICA	3,277	2,296
- of which the United States of America	*3,277*	*3,050*
ASIA	570	995
SOUTH AMERICA	143	93
Total	**26,192**	**27,529**

Goodwill at December 31, 2021 amounted to Euro 21,913 thousand compared to Euro 22,158 thousand at December 31, 2020. The goodwill mainly refers to:

- the acquisition of the US subsidiary Universal Dynamics Inc. ("Unadyn") in 2008;
- the acquisition of a controlling interest in Penta S.r.l. at the end of 2014;
- the acquisition of the subsidiary Progema S.r.l. in 2016;
- the acquisition of Energys S.r.l. in 2016;
- the acquisition of FEA Process in 2019;
- the acquisition of Toba PNC in 2019.
- the acquisition of the Doteco Group in 2020.

Goodwill	31.12.2020	Increase	Decrease	Reclassifications	Chang in translation reserve	31.12.2021
UnaDyn	3,051	-	-		255	3,306
Food	2,146	-	-		-	2,146
Energys	276	-	-		-	276
Toba Pnc	982	-	(500)		-	482
Doteco	15,695	-	-		-	15,695
Other	8	-	-		-	8
Total	**22,158**	**-**	**(500)**		**255**	**21,913**

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

The Group has no goodwill which is tax deductible.

The change in the goodwill of UnaDyn derives from the change in the USD/Euro exchange rates at the end of each period and therefore these changes are a non-cash movements.

In addition, the goodwill related to Toba was adjusted by Euro 500 thousand based on impairment testing conducted at December 31, 2021.

Details of impairment test

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

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

- Cash flows gathered from business plans prepared for each CGUs with reference to the period 2022-2025, using an explicit projection period of 4 years. The business plans of the Unadyn, Food and Doteco CGUs have been updated based on 2022 figures within the scope of the Group's budgeting process (budget approved by the Board of Directors on), whereas for the periods 2023-2025 figures prepared in the previous year and approved by the Board of Directors on March 19, 2021, have been used as they are considered still valid, given that they concerned performance realized by the CGUs in 2021. It should also be noted that these figures have been updated to take account of the effects of the COVID-19 pandemic on the business and on operations. For the Toba PNC CGU, given the losses reported in the current and prior years, the business plan has been updated to reflect these losses. The updated plan was approved by the Board of Directors on March 23, 2022. The assumptions underlying the forecast cash flows for each CGU take into account past experience on the one hand, and the specific objectives of each CGU on the other, which are consistent with current operating performance and the strategic actions implemented by the Group. In particular, management used the gross margin based on historical performance and the best estimate of future operating costs and cash flows as a driver for the preparation of the forecast, as well as its own expectations of developments in the market in which the CGU operates.
- At the end of the explicit forecast period, a "normalized" cash flow was calculated, based on the last explicit forecast year, for the calculation of the terminal value.
- The discount rate used is the weighted average cost of capital (so-called post-tax WACC) for each CGU, and has been determined taking into account the capital structure of the individual CGU. The method applied is the Capital Asset Pricing Model, according to which the rate is determined on a mathematical model deriving from the sum of the return on a risk-free asset, to which the risk premium is added. The market risk premium is the product of the average market risk and the industry-specific beta. In particular, the cost of capital was determined on the basis of market returns on medium/long-term (10 years) government bonds of the countries/markets to which the CGU refers observed during the reference year (1.33% for the Food CGU, 0.65% for the Unadyn CGU, 1.68% for the Doteco CGU and 1.51% for the Toba PNC CGU), adjusted by the market risk premium of each reference country reflecting the investment risk (equal to 5.5%) plus an additional risk premium. The beta coefficient applied is 0.97.
- the growth rate (g) for the determination of cash flows beyond the explicit period (from 2025 onwards).

The table below provides details of the discount rate used in the impairment tests carried out for goodwill of greater value:

31.12.2021				
CGU	Goodwill	g-rate	pre-tax discount rate	Post-tax WACC
Doteco	15,695	1.68%	10.64%	8.20%

31.12.2021				
CGU	Goodwill	g-rate	pre-tax discount rate	Post-tax WACC
Universal Dynamics	3,306	0.65%	9.69%	7.26%
Food	2,146	1.33%	10.36%	7.89%
Toba	482	1.51%	13.34%	10.09%

The impairment test carried out showed that the values in use, based on discounted cash flows, exceed the carrying amount for all the CGUs Doteco, Unadyn and Food.

For the Doteco CGU, the assumptions described result in a recoverable value at December 31, 2021, referring to 100% of the CGU, of Euro 36.7 million, 79.8% of which is the terminal value. The carrying amount of the CGU's net invested capital is Euro 23.0 million and therefore the recoverable amount exceeds the carrying amount of the net invested capital by Euro 13.7 million.

For the Unadyn CGU, the assumptions described result in a recoverable amount at December 31, 2021, referred to 100% of the CGU, of Euro 25.7 million, 75.9% of which is terminal value. The carrying amount of the CGU's net invested capital is Euro 10.7 million and therefore the recoverable amount exceeds the carrying amount of the net invested capital by Euro 15.0 million.

For the Food CGU (which includes the companies Penta S.r.l, Progema S.rl. and FEA S.r.l.), the assumptions described result in a recoverable amount at December 31, 2021, referred to 100% of the CGU, of Euro 51.0 million, 86.8% of which is terminal value. The carrying amount of the CGU's net invested capital is negative for Euro 3.3 million and therefore the recoverable amount exceeds the carrying amount of the net invested capital by Euro 54.3 million.

In order to support their assessments, the Directors carried out a sensitivity analysis to determine the results that could emerge when the relevant assumptions changed. It should be noted that, in view of the significance of the surpluses described above, any reasonably possible change in the relevant assumptions used to determine the recoverable amount (changes in the g rate of -2%, or changes in the discount rate of +2%), would not lead to different results with respect to the recoverability of goodwill.

In fact, the recoverable amount, determined with a change in the g rate of -2% and an increase in the discount rate of +2%, still supports the carrying amount of net invested capital of the CGU at December 31, 2021.

In order to support their assessments, the Directors also carried out a stress test, changing the parameters considered most significant. Specifically:

- with regards to the Toba CGU, the recoverable value was higher than the carrying amount of the CGU up to: (i) an average reduction in revenue over the explicit forecast period and in the terminal value of approx. 3.56%, prudently leaving the costs considered fixed unchanged and with the other parameters remaining the same; (ii) up to an increase of 9.60% in the WACC, with the other parameters remaining unchanged;

(iii) a decrease of the average cash flows over the express forecasting period of approximately 58%, with the other parameters remaining unchanged.

- with regards to the Food CGU, the recoverable value was higher than the carrying amount of the CGU up to: (i) an average reduction in revenue over the explicit forecast period and in the terminal value of approx. 9.9%, prudently leaving the costs considered fixed unchanged and with the other parameters remaining the same; and (ii) up to an increase of 100% in the WACC, with the other parameters remaining unchanged;
- with regards to the Doteco CGU, the recoverable value was higher than the carrying amount of the CGU up to: (i) an average reduction in revenue over the explicit forecast period and in the terminal value of approx. 5.14%, prudently leaving the costs considered fixed unchanged and with the other parameters remaining the same; (ii) up to an increase of 3.74% in the WACC, with the other parameters remaining unchanged; (iii) a decrease of the average cash flows over the express forecasting period of approximately 37.3%, with the other parameters remaining unchanged.

For the Toba CGU, the assumptions described result in a recoverable amount at December 31, 2021, referred to 100% of the CGU, of Euro 0.5 million. The carrying amount of the CGU's net invested capital is Euro 1.5 million, which is approx. Euro 0.5 million greater than the recoverable amount. Therefore, impairment testing indicated an impairment loss of Euro 500 thousand compared to the carrying amount of goodwill, which was recognized as an expense in 2021. A sensitivity analysis of this impairment test was conducted that indicated that a possible negative change in the most significant parameters used, such as the WACC, the growth rate (g), and a reduction in revenue, would lead to further impairment of the equity investment. More specifically, should one of the above parameters suffer a decrease of 100 basis points, this could result in an additional impairment loss on goodwill ranging from Euro 54 thousand to Euro 143 thousand, depending on the parameter involved.

From the analysis conducted, there was therefore no indication of the need for further impairment of the goodwill recognized at December 31, 2021, beyond that of the Toba PNC CGU.

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

[3] Equity investments

At December 31, 2021, equity investments amounted to Euro 237 thousand and increased as a result of the measurement at equity of the company CMG S.p.A.

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

Company	Registered office	%	31.12.2020	Change in consolidation area	Increase / Decrease	31.12.2021
CMG S.p.A.	Budrio (BO)	20%	146	-	82	228
Studio Ponte S.r.l.	Poggio Renatico (FE)	50%	-	-	-	-
Piovan Maroc Sarl AU	Kenitra (Marocco)	100%	-	-	-	-
Other			9	-	-	9
Total			**155**	**-**	**82**	**237**

The investments in associated companies and joint ventures indicated in the table above have been measured using the equity method and a similar valuation method has been used with reference to investments in subsidiaries for which, as indicated in the section “Basis of Consolidation", the Directors decided not to proceed with full consolidation as they were not considered significant either individually or collectively. This approach did not have any significant effects on the correct representation of the Group's equity, economic and financial position.

With reference to the investee Penta Auto Feeding India Ltd. it should be noted that the value of the investment had been reduced to zero at December 31, 2020, and a risk provision of Euro 59 thousand at December 31, 2020, had been set up as the shareholders' equity, at the date of the valuation, was negative for this amount. At December 31, 2021, this provision was released given that the company generated a profit and restored equity to a positive figure.

On April 29, 2019, the subsidiary Universal Dynamics Inc. acquired 100% of CMG America Inc. for consideration of USD 1. Following the investment valuation performed as at December 31, 2021, the value remains unchanged.

[4] Other non-current assets

At December 31, 2021, these amounted to Euro 505 thousand compared to Euro 576 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.

[5] Deferred tax assets and liabilities

Deferred tax assets amounted to Euro 6,197 thousand at December 31, 2021 compared to Euro 4,788 thousand at December 31, 2020. The Group has set aside deferred tax assets and liabilities on temporary differences between book values and tax values.

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

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

Deferred tax assets do not include assets arising from the valuation of tax losses. Unvalued tax losses are of an insignificant amount.

Deferred tax liabilities amounted to Euro 505 thousand at December 31, 2021 compared to Euro 2,713 thousand at December 31, 2020. The main changes concern 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, recognized following the new measurement and offset on the separate financial statements of the subsidiary, and the differences arising from first-time adoption by Piovan S.p.A.

	31.12.2020	Reclassifications	Change in Translation reserve	Other moviments	Effect on income statement	31.12.2021
Deferred tax assets	4,788	-	(7)	127	1,289	6,197
Deferred tax liabilities	(2,713)	-	(5)	25	2,188	(505)
Total	**2,075**	**-**	**(12)**	**152**	**3,477**	**5,692**

Increase	Taxable income 2021	Deferred tax assets 2021	Taxable income 2020	Deferred tax assets 2020
Consolidation adjustments of intercompany inventories	4,511	1,277	4,072	1,165
Stock write-down fund	4,140	1,172	4,304	1,031
Foreign currency conversion losses	998	240	1,182	289
Provisions for doubtful debts	2,882	732	1,533	380
Subcontractors installation fund	204	57	23	6
Provisions for risks	677	177	1,394	389
Product warranty provision	598	162	557	149
Additional client expenses	182	24	177	24
Assets/liabilities for contract work in progress - Trade receivables	-	-	901	278
Other	7,644	2,355	3,404	1,079
Total	**21,835**	**6,196**	**17,548**	**4,788**

Decrease	Taxable income 2021	Deferred tax assets 2021	Taxable income 2020	Deferred tax assets 2020
Leasing IAS 17	238	66	3,722	1,038
Assets/liabilities for contract work in progress - Trade receivables	-	-	333	100
Intangibles (Know how and order backlog)	-	-	4,263	1,189
Other differences	753	439	421	386
Total	**991**	**505**	**8,739**	**2,713**

[6] Inventories

At December 31, 2021, they amounted to Euro 44,540 thousand compared to Euro 36,920 thousand at December 31, 2020; the breakdown is shown below:

Inventories	31.12.2021	31.12.2020
Raw materials	10,005	6,833
Semi-finished products	17,018	18,594
Finished goods	21,893	14,986
Progress payments	1,220	735
Allowance for inventory write-down	(5,596)	(4,229)
Inventories	**44,540**	**36,920**

At December 31, 2021, inventories increased by Euro 8,987 thousand, gross of the obsolescence provision. The increase, mainly regarding the Raw materials and Finished products categories, mainly relates to normal operational developments.

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.

[7] Assets and liabilities for contract work-in-progress

At December 31, 2021 the item Assets for contract work-in-progress amounted to Euro 4,519 thousand, compared with Euro 6,477 thousand at December 31, 2020.

Liabilities for contract work-in-progress amounted to Euro 8,174 thousand at December 31, 2021, compared with Euro 5,101 thousand at December 31, 2020. In particular, this principally refers to work-in-progress on contracts of the subsidiaries Penta S.r.l. and FEA.

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

Contract assets for work in progress	31.12.2021	31.12.2020
Measurement of contracts in progress (costs incurred added to profits recognized)	9,500	10,729
Progress payments received	(4,981)	(4,252)
Amounts due from customers	**4,519**	**6,477**

Contract liabilities for work in progress	31.12.2021	31.12.2020
Measurement of contracts in progress (costs incurred added to profits recognized)	11,484	6,501
Progress payments received	(19,658)	(11,602)
Amounts due to customers	**(8,174)**	**(5,101)**

The value of contract assets for work-in-progress decreased from December 31, 2021, due to the completion of a number of contracts in 2021.

The increase in liabilities for contract work in progress compared to December 31, 2020, is mainly attributable to various orders of the subsidiaries Penta S.r.l. and FEA, for which advances were received from customers and which are still in their preliminary phases.

	31.12.2020	Decrease	Increase	31.12.2021
Contract assets for work in progress	6,477	(4,386)	2,428	4,519
Contract liabilities for work in progress	(5,101)	1,677	(4,751)	(8,175)

Revenues from contract work in progress amounted to Euro 28,773 thousand at December 31, 2021, and related mainly to Penta S.r.l. and FEA.

[8] Trade receivables

They amount to Euro 55,390 thousand at December 31, 2021 compared to Euro 41,931 thousand at December 31, 2020. This item, which represents the exposure to third parties, is broken down as follows:

	31.12.2021	31.12.2020
Gross trade receivables	60,870	46,905
Provision for bad debt	(5,480)	(4,974)
Trade receivables	**55,390**	**41,931**

Receivables at December 31, 2021, gross of the provision, increased (+29.8%) compared to the end of 2020. This performance is due mainly the increase in revenues as well as to a slight increase in average collection times in December 31, 2021, compared to the previous year.

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.

It should also be noted that the Group did not encounter any difficulties in collecting receivables during the year, and there are no credit positions at risk related to the Covid emergency.

The following table shows the value of credit at December 31, 2021, compared to the previous year, by maturity bracket and the relevant portion of the doubtful debts provision.

Receivables and bad debt	**31.12.2021**		**31.12.2020**	
	Receivables	***Provision***	***Receivables***	***Provision***
Receivables due to expire	42,681	(526)	27,251	(336)
Receivables overdue whitin 30 days	7,147	(77)	7,128	(88)
Receivables overdue between 1 and 12 months	7,165	(999)	8,831	(1,140)
Receivables overdue over 12 months	3,877	(3,877)	3,695	(3,411)
Totale	**60,870**	**(5,480)**	**46,905**	**(4,974)**

Provision for bad debt		
31.12.2020	**4,974**	**4,793**
Release	(261)	(249)
Accruals	938	1,317
Utilisations	(259)	(496)
Change in consolidation area	0	3
Exchange rate differences	88	(387)
Riclassifications	0	(7)
31.12.2021	**5,480**	**4,974**

[9] Current financial assets

They amount to Euro 1,589 thousand at December 31, 2021 compared to Euro 5,146 thousand at December 31, 2020. This item includes bonds purchased in order to invest available financial resources. These instruments were measured at fair value (level 1) at December 31, 2021 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 reduction compared to the previous year derives from the redemption of a number of securities following their natural maturity. In addition, the total effect of the fair value measurement in 2021 is a net gain of Euro 64 thousand.

[10] Tax receivables

They amounted to Euro 4,517 thousand at December 31, 2021 compared to Euro 3,263 thousand at December 31, 2020. VAT receivables mainly refer to the parent company Piovan S.p.A. and the subsidiaries Penta S.r.l. and Aquatech S.r.l..

Tax receivables	31.12.2021	31.12.2020
VAT receivables	4,005	2,601
Other current tax assets	512	662
Tax receivables	**4,517**	**3,263**

[11] Other current assets

They amounted to Euro 5,290 thousand at December 31, 2021 compared to Euro 3,497 thousand at December 31, 2020. A breakdown follows:

Other current assets	31.12.2021	31.12.2020
Advances to suppliers	3,572	2,179
Receivables from parent	0	40
Prepayments and accrued expenses	972	870
Other receivables	747	409
Other current assets	**5,290**	**3,497**

[12] Cash and cash equivalents

They amount to Euro 118,505 thousand at December 31, 2021 compared to Euro 87,452 thousand at December 31, 2020.

Cash and cash equivalents	31.12.2021	31.12.2020
Current accounts and post office deposits	118,474	87,431
Cash equivalent	0	0
Cash	31	21
Cash and cash equivalents	**118,505**	**87,452**

As described in the Directors' Report, the company's net financial position at the end of 2021 reported a net cash position of Euro 23,726 thousand (including Euro 118,505 thousand in cash and cash equivalents, Euro 1,589 thousand in current financial assets, Euro 52,031 in current debt, and Euro 44,336 thousand in non-current debt), improving on Euro 3,977 thousand at the end of 2020, with net cash generation of Euro 19,749 thousand.

This result is to be interpreted in light of the fact that:

- payment was made for the Doteco price adjustment and earn-out on the results of the subsidiary in 2020 for a total of Euro 6,697 thousand, as reported among divestments/(investments) in holdings on the cash flow statement;
- total investments were made for Euro 3,183 thousand;
- in May 2021, the Company distributed dividends of Euro 6,721 thousand (Euro 5,602 thousand in the fourth quarter of 2020).

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.

[13] Equity attributable to the owners of the Parent

Equity is made up as follows:

Equity attributable to the owners of the parent	31.12.2021	31.12.2020
Share capital	6,000	6,000
Legal reserve	1,200	1,200
Reserve for own shares in portfolio	(2,250)	(2,250)
Translation reserve	(1,104)	(3,756)
Other Reserves and retained earnings	64,811	53,576
Net profit (loss)	28,347	17,643
Equity attributable to the owners of the parent	**97,004**	**72,413**

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.

Therefore the Company and the Group as at December 31, 2021 hold 2,670,700 treasury shares, equal to 4.98% of the share capital of Piovan S.p.A., directly through Piovan S.p.A. with a value of Euro 2,250 thousand at December 31, 2021 It should be noted that under the 2020 - 2022 Performance Shares Plan, taking into account the achievement of the Plan's objectives, certain Company executives are entitled to receive shares in Piovan S.p.A. amounting to 254,367, the value of which is Euro 420 thousand, including 161,113 rights granted in 2021, following achievement of group performance targets, for an amount of Euro 314 thousand. These shares will vest permanently at the end of the vesting period if the executive still has an employment relationship with the Company.

The Translation reserve includes exchange rate differences arising from the translation of the opening 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 undistributed profits 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 2021 following the allocation of the previous year's result and the distribution of dividends amounting to Euro 6,621 thousand, paid to the shareholders of the Parent Company in May 2021.

[14] Basic and diluted earnings per share

At December 31, 2021, the shares in circulation numbered 53,600,000 and the treasury shares held by Piovan S.p.A. amounted to 2,670,700.

The average number of shares relevant for the calculation of earnings per share is 50,929,300 shares corresponding to existing shares (53,600,000) less the number of treasury shares in portfolio (2,670,700).

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	31.12.2021	31.12.2020
Net Profit Attributable to Owners of the Parent (in thousands of Euros)	28,347	17,643
Weighted average number of ordinary shares (in thousands of units)	50,929	50,929
Basic earnings per share (in Euros)	**0.56**	**0.35**

The diluted earnings per share is as follows:

Earnings per share	31.12.2021	31.12.2020
Net Profit Attributable to Owners of the Parent (in thousands of Euros)	28,347	17,643
Weighted average number of ordinary shares (in thousands of units)	51,533	50,866
Dilutive earnings per share (in Euros)	**0.55**	**0.35**

[15] Equity attributable to non-controlling interests

The non-controlling interest equity at December 31, 2021 amounted to Euro 1,447 thousand compared to Euro 2,219 thousand at December 31, 2020. The account mainly includes the minority interests in the subsidiaries Progema S.r.l., FDM GmbH, FEA, Toba, and Studio Ponte S.r.l. The loss in 2021 mainly concerned the minority interest share of the subsidiary Toba and FEA, which reported losses in the period.

During 2021, 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					
31.12.2020	Net profit	Dividends paid	Changes in %	Changes in consolidation scope	31.12.2021
2,219	(671)	(100)	-	-	1,447

[16] Current and non-current financial liabilities

The account is broken down as follows:

Current financial liabilities	31.12.2021	31.12.2020
Short-term bank borrowings	29,001	21,305
Current portion of long-term loans	20,584	17,833
Loans for leases	39	329
Other loans and borrowings	2,407	1,412
Current financial liabilities	**52,031**	**40,879**

Non-current financial liabilities	31.12.2021	31.12.2020
Medium to long-term bank loans	32,480	38,262
Bonds	0	0
Loans for leases	163	1,099
Other loans and borrowings	9,277	8,019
Non-current financial liabilities	**41,920**	**47,379**

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, 2020, and December 31, 2021:

Loan	Currency	Original amount (EUR)	Maturity	Interest rate	Terms	31.12.2021			31.12.2020		
						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	-	3,200	1,600	1,600
2	EUR	6,000	05/04/2022	Fixed	0.48%	756	756	-	1,887	1,131	756
3	EUR	7,500	06/12/2022	Fixed	0.50%	1,515	1,515	-	3,022	1,507	1,515
4	EUR	7,000	03/05/2024	Fixed	0.54%	4,393	1,750	2,643	5,699	1,306	4,393
5	EUR	3,000	13/12/2021	Variable	Euribor 6m+0.62%	-	-	-	2,000	2,000	-
6	EUR	5,000	05/02/2025	Variable	Euribor 6m+0.65%	3,500	1,000	2,500	4,500	1,000	3,500
7	EUR	7,000	07/04/2024	Variable	Euribor 6m+0.85%	4,375	1,750	2,625	6,125	1,750	4,375
8	EUR	2,000	24/06/2023	Fixed	0.35%	1,003	668	335	1,668	665	1,003
9	EUR	20,000	14/10/2025	Fixed	0.67%	16,000	4,000	12,000	20,000	4,000	16,000
10	EUR	5,500	23/12/2024	Variable	Euribor 6m+0.55%	-	-	-	5,500	1,375	4,125
11	EUR	4,125	23/12/2028	Variable	Euribor 6m+0.55%	4,125	589	3,536			

Loan	Currency	Original amount (EUR)	Maturity	Interest rate	Terms	31.12.2021			31.12.2020		
						Residual debt	Current	Non-current	Residual debt	Current	Non-current
12	EUR	5,000	05/05/2023	Fixed	0.01%	5,000	3,333	1,667			
13	EUR	10,000	22/11/2024	Fixed	0.25%	10,000	3,325	6,675			
14	EUR	112	30/06/2031	Fixed	0.18%	112	-	112			
15	EUR	112	30/06/2031	Fixed	0.18%	112	-	112			
16	KRW	838	31/08/2026	Fixed	3.85%	838	297	541	844	149	695
17	KRW	-	24/09/2021	Fixed	2.085%	-	-	-	150	150	-
18	KRW	371	29/06/2026	Fixed	2.030%	371	-	371	-	-	-
19	USD					-	-	-	1,512	1,176	336
20	USD					-	-	-	32	32	-
21	EUR					-	-	-	1	1	-
Total						**53,699**	**20,584**	**33,116**	**56,140**	**17,842**	**38,298**

At December 31, 2021 and December 31, 2020, the main details of bank loans by maturity are detailed below:

Current financial liabilities	31.12.2020	Net cash flow	Increases for new loans	Change for forgiveness	Increase for new rent/lease	31.12.2021
Short-term bank borrowings	21,305	7,696	-	-	-	29,001
Current portion of long-term loans	17,833	(2,699)	6,658	(1,208)	-	20,584
Other current financial liabilities	1,741	(644)	371	-	979	2,447
Current financial liabilities	**40,879**	**4,352**	**7,029**	**(1,208)**	**979**	**52,031**

Non-current financial liabilities	31.12.2020	Net cash flow	Increases for new loans	Change for forgiveness	Increase for new rent/lease	31.12.2021
Medium to long-term bank loans	38,262	(13,788)	8,342	(336)	-	32,480
Other non-current financial liabilities	9,118	(1,647)	223	-	1,746	9,441
Non-current financial liabilities	**47,380**	**(15,435)**	**8,565**	**(336)**	**1,746**	**41,921**

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

31.12.2021	Total	Total flows	Within 1 year	From 1 to 5 years	Over 5 years
Medium/long-term bank loans	32,479	32,671		31,492	1,179
Lease financing after the next financial year	163	163		163	

Other financial debt	9,277	9,277		9,277	
Non-current financial liabilities	**41,919**	**42,111**	-	**40,932**	**1,179**
Current portion of medium/long-term loans	20,584	20,760	20,760		
Current bank borrowings	29,001	29,002	29,002		
Lease financing within the financial year	39	39	39		
Other	2,407	2,407	2,407		
Current financial liabilities	**52,032**	**52,209**	**52,209**	**-**	**-**

[17] Employee benefits plan

The item mainly includes (Euro 6,454 thousand at December 31, 2021 and Euro 6,333 thousand at December 31, 2020) 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.

Liabilities for employee benefits	31.12.2021	31.12.2020
Opening balance	**6,333**	**4,778**
Change in consolidation scope	-	1,368
Other changes	(10)	(3)
Employee benefits paid	(574)	(341)
Currency translation difference	(4)	(6)
Provision	1,737	1,729
Transfer to pension funds and INPS treasury	(1,124)	(1,200)
Actuarial earnings (losses)	77	(35)
Interest cost	19	44
Closing balance	**6,454**	**6,333**

The remaining part of the balance (Euro 58 thousand at December 31, 2021 and Euro 43 thousand at December 31, 2020) 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, and an analysis of the sensitivity of the liability to changes in the discount rate and the inflation rate.

Liabilities for employee benefits	31.12.2021	31.12.2020
Annual discount rate	0.98%	0.34%
Annual inflation rate	1.75%	0.80%
Annual rate of increase in employee severance indemnity	2.81%	2.10%
Mortality rate	Tavole ISTAT 2016	Tavole ISTAT 2016
Retirement age	at the achievement of the AGO pension fund requirements	
Advances rate	3.50%	3,50%
Turnover rate	1% (based on historical company data)	

Liabilities for employee benefits	31.12.2021	31.12.2020
Discount rate +50bp	(320)	(179)
Discount rate -50bp	350	169
Inflation rate +50bp	247	242
Inflation rate -50bp	(232)	(264)

[18] Provisions for risks and charges

The provision for risks and charges at December 31, 2021 amounted to Euro 2,681 thousand compared to Euro 3,813 thousand at December 31, 2020. The composition and the movements of the item are shown in the following table:

	31.12.2020	Accruals	Releases/ Reclassifications	Exchange rate differences	Actuarial gain or loss	Reclassifications	31.12.2021
Provision for legal and tax risks	2,648	305	(1,389)	31	-	(85)	1,595
Provision for product warranties	804	63	-	17	-	-	884
Provision for agents' termination benefits	219	53	(80)	-	(3)	-	189
Pension provision	42	15	-	-	-	-	57
Provision for investments' losses	75	-	(59)	-	-	-	16
Other provisions for risks	25	-	-	-	-	-	25
Provisions for risks and charges	**3,813**	**436**	**(1,528)**	**48**	**(3)**	**(85)**	**2,681**

The value of the provision for risks and charges at December 31, 2021, was down by Euro 1,132 thousand due to releases or uses during the year, as well as to the foreign exchange effect, with particular regard to a provision carried by Universal Dynamics Inc.

The provision for legal and tax risks at December 31, 2021 mainly includes:

- a provision of Euro 119 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 311 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. The value of this provision at December 31, 2021, on the one hand, decreased due to the appreciation of the local Brazilian currency against the Euro for Euro 9 thousand and the release of Euro 93 thousand;

- a provision set aside in 2018 for a total amount at December 31, 2021 of USD 300 thousand (Euro 254 thousand) against a potential liability linked to indirect taxation in various states;

- finally, a provision of Euro 120 thousand was released by the subsidiary Penta S.r.l., accrued in previous years, against an estimate of future charges related to a legal dispute, whose risk lessened in the year.

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 risks on investments includes the charges and income relating to the valuation of investee companies at equity and not consolidated.

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

The items in question refer to liabilities for put options granted to the minority shareholders of FEA and Toba. Specifically:

- with reference to FEA, the liability recognized concerns a 49% 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 value remained unchanged compared to December 31, 2020.

- with reference to Toba, the liability concerns a 49% holding of minority shareholders. The contract states that the ToBaPNC shareholders may exercise a put option on their shares up to 49% of the share capital in the period between 01.01.2023 and 31.12.2024, in one or more tranches and Piovan S.p.A. may exercise a call option with the same characteristics. 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 was eliminated after December 31, 2020, as a result of its measurement at December 31, 2021. This measurement took account of the figures reported in the business plan prepared for the purpose of impairment testing as described in note [2] Intangible assets.

At the investees' acquisition date, in 2019, the liability for the put option was recognized with a similar entry in the Group's shareholders' equity, as they related to minority interests that would have been taken over only after the acquisition of control of the investee (thus qualifying them as transactions between shareholders). For further details on the accounting policies, reference should be made to the Basis of preparation paragraph of the Annual Financial Report at December 31, 2021.

	31.12.2020	Reclassifications	Increases	Decreases	Charges (Income) from valuation	31.12.2021
Put Option Penta (10%)	-	-	-	-	-	-
Put Option FEA (49%)	741	-	-	-	-	741
Put Option Toba (49%)	1,125	-	-	-	(1,125)	-
Total Put Options	**1,865**	**-**	**-**	**-**	**(1,125)**	**741**
including	-	-	-	-	-	-
non-current	*1,865*	*(741)*	-	-	*(1,124)*	-
current	*(0)*	*741*	-	-	-	*741*

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 minority shareholders.

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

[20] Other non-current liabilities

At December 31, 2021, these amounted to Euro 2.416 thousand compared to Euro 363 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 FEA Process S.r.l.

	31.12.2021	31.12.2020
Payables to employees	2,220	173
Payables to parent company	197	190
Other current liabilities	**2,416**	**363**

[21] Trade payables

They amounted to Euro 50,022 thousand at December 31, 2021 compared to Euro 39,912 thousand at December 31, 2020. The movement in this item on December 31, 2020 derives from the normal fluctuation in relation to the business activities of the various companies.

[22] Advance from customers

At December 31, 2021, Advances from customers amounted to Euro 31,042 thousand compared to Euro 19,421 thousand at December 31, 2020. This item refers to advances received by customers and relating to contracts where performance obligations are met at a point in time. The increase was due to the strong orders in 2021.

[23] Tax liabilities and social security contributions

They amount to Euro 8,531 thousand at December 31, 2021 compared to Euro 9,360 thousand at December 31, 2020. The account is broken down as follows:

	31.12.2021	31.12.2020
Social security contributions	3,708	3,407
VAT liabilities	1,558	2,922
Tax withholdings for employees	1,773	1,809
Income tax liabilities (IRES and IRAP)	920	1,009
Other	572	212
Tax liabilities and social security contributions	**8,531**	**9,360**

[24] Other current liabilities

They amounted to Euro 17,309 thousand at December 31, 2021 compared to Euro 18,243 thousand at December 31, 2020. The account is broken down as follows:

	31.12.2021	31.12.2020
Payables to employees	5,527	4,143
Payables to parent company	2,407	346
Accrued income and deferred expense	3,059	2,355
Other payables	6,317	11,400
Other current liabilities	**17,309**	**18,244**

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

Payables to parent companies mainly refer to the parent company Piovan S.p.A. and concern estimated current taxes based on performance for the period in accordance with the tax consolidation contract in place with the parent company, Pentafin S.p.A..

Other payables, which decreased compared to the previous year, refers mainly to the deferred part of the purchase price of the investment in Doteco S.p.A., regarding the earn-out. These amounts are to be paid in accordance with the agreement. An initial tranche of Euro 5,982 thousand was paid in August 2021 based on the results for 2020, so this is included within this item, whereas the remaining Euro 1,018 thousand is to be paid in August 2022 and has been recognized among non-current liabilities (Note 20).

NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS

[25] Revenue

Revenues amounted to Euro 280,036 thousand at December 31, 2021, compared to Euro 221,117 thousand in 2020, an increase of 27%. Revenues are shown net of discounts and rebates.

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

The breakdown of revenue by market is as follows:

	2021	2020
Plastic	217,140	171,823
Food & non plastic	28,355	20,780
Services	34,541	28,514
Revenue	**280,036**	**221,117**

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 policies". These revenues amounted to Euro 28.3 Million in 2021, compared to Euro 19.9 million in 2020. Such revenues mainly relate to the subsidiaries Penta S.r.l. and FEA PTP.

The breakdown of revenue by region is as follows:

	2021	2020
EMEA	182,181	140,745
ASIA	32,973	28,070
NORTH AMERICA	49,866	42,198
SOUTH AMERICA	15,016	10,104

Revenue	**280,036**	**221,117**

Revenues in EMEA include revenues in Italy which amounted to Euro 53,931 thousand in 2021 and Euro 40,623 thousand in the previous year.

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

[26] Other revenue and income

Other revenue amounts to Euro 6,993 thousand, increasing Euro 2,922 thousand compared to 2020. It is broken down as follows:

	2021	2020
Accessory transport services for sales	2,598	2,501
Machinery rent, recharges to suppliers, insurance compensation	133	148
Grants related to income	685	590
Reversal of expenses accrued in previous periods and not incurred	318	338
Gains for disposal of tangible and intangible assets	21	24
Agency commissions	118	4
Sale of scrap materials	0	84
Increase in fixed assets for internal works	117	88
PPP Loan	1,568	
Other	1,436	295
Other revenue and income	**6,993**	**4,072**
of which non-recurring	*1,568*	-

Other revenue refers to a grant in the amount of Euro 1,568 thousand 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.

In addition, in December 2021, the Parent Company received a research and development grant from the Italian Ministry for Economic Development in the amount of Euro 447 thousand and two R&D loans, each in the amount of Euro 112 thousand, from the Region of Veneto and from the Sustainable Growth Fund.

On March 10, 2020, the Company submitted an application with the Ministry for Economic Development based on the Agreements for Innovation (Ministerial Decree 24.05.2017) for a research and development project entitled "PIOVAN - Smart Factory", which concerns next-generation machinery for the processing of plastics in both granular and powdered form, including from the recycling process, which can be easily integrated into an interconnected system that can share data with customer systems.

The project concerns the development of a series of advanced, highly efficient auxiliary machines for the storage, transport and processing of polymers in both granular and powder form that feature a greater level of control and can be easily integrated into an entire automated line.

The ultimate goal of Piovan S.p.a. is to create an advanced, self-adapting system that will enable customers to run their factories with fewer defects, a better use of energy and other resources, and greater process safety, so as not to lose competitive advantage in the transition to Industry 4.0.

Project F/130047/00/X38 was approved by the Ministry for Economic Development on August 6, 2020, by way of Decree No. 3014, for a total cost of €8,236,169.08 and with the following facilities:

-	Ministry spending grant	Euro	1,647,233.82
-	Ministry subsidized financing	Euro	411,808.45
-	Subsidized financing by the Veneto Region	Euro	411,808.45

The project was begun on April 1, 2019. On September 30, 2020, partial suspension of the program was requested in response to COVID. Project completion is scheduled for August 31, 2022.

On January 20, 2021, the first progress report was submitted for costs incurred for the period April 1, 2019, to August 6, 2020, for a reported cost of Euro 2,353,643.36, approved for Euro 2,234,241.70.

In relation to these costs, the company received the following disbursements:

- On December 22, 2021, spending grant in the amount of Euro 446,848.34
- On December 22, 2021, subsidized financing in the amount of:
    - Euro 111,712.09 from the Ministry for Economic Development
    - Euro 111,712.09 from the Region of Veneto.

On May 8, 2021, the second progress report was submitted for costs incurred for the period August 7, 2020, to February 6, 2021, for a reported cost of Euro 1,232,436.82, approved for Euro 1,224,698.51. The disbursements are to be received in 2022.

On December 13, 2021, the third progress report was submitted for costs incurred for the period February 7, 2021, to August 6, 2021, for a reported cost of Euro 1,321,354.56, and we await a reply. 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.

In 2020, capital gains on the sale of property, plant and equipment and intangible assets includes Euro 714 thousand on the sale of a property owned by the Parent Company.

Other revenue mainly includes recharges and penalties applied to customers.

[27] Costs of raw materials, components, goods and change in inventories

This item amounted to Euro 115,536 thousand in 2021 compared to Euro 86,372 thousand in the previous year. It is broken down as follows:

	2021	2020
Costs of raw materials. components and goods	117,391	88,629
Costs of consumables	4,425	3,285
Change in raw materials and goods	(2,700)	311
Change in finished goods and semi-finished products	(3,581)	(5,852)
Costs of raw materials. components and goods and changes in inventories	**115,536**	**86,372**

The significant increase in purchases of raw materials, components and goods mainly follows the increase in sales and the sales mix effect compared to the previous year. There was also a residual effect from the increase in raw material prices in Q4 2021.

[28] Services

Service costs amounted to Euro 59,474 thousand in the 2021, compared with Euro 45,688 thousand in 2020, increasing Euro 30.2%.

It is broken down as follows:

	2021	2020 (*)
Outsourcing	27,097	19,441
Transport	8,237	6,333
Business trips and travel	3,436	2,537
Agency commissions	3,571	2,826
Fees to directors. statutory auditors and independent auditors	2,070	1,953
Consultancies	4,073	3,320
Maintenance and repairs	2,168	2,001
Marketing and advertising	718	523
Utilities	1,631	1,319
Insurance	875	915

	2021	2020 (*)
Telephone and connections	560	503
Other costs for services	3,442	2,794
Rental expenses	446	201
Leases	294	379
Hires	856	643
Services	**59,474**	**45,688**

(*) Data restated following the merging of the items "Costs for use of third party assets" and "Service costs".

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

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

- outsourcing costs amounting to Euro 27,097 thousand in 2021 (45.6% of total service costs) determined by the production methods of the Group, which concentrates internally processing and high value added and core activities. In 2020, this item amounted to Euro 19,441 thousand (42.6% of total Service Costs). Outsourcing as a percentage of revenue was substantially stable on the previous year;
- transport costs on purchases and sales, which totaled Euro 8,237 thousand in 2021, increasing by 30% from the previous year;
- travel and accommodation relating to both commercial activities and customer relations, and travel to customers' production sites to carry out installation and start-up and customer assistance. In 2020 the account declined considerably due to the lesser movement of personnel due to the restrictions imposed as a result of the COVID pandemic, while in 2021 the cost rose again, while remaining below historic averages. See the information provided in the "COVID-19 impacts" paragraph of the Explanatory Notes.

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

[29] Personnel expense

Personnel expense amounted to Euro 68,446 thousand compared with Euro 56,985 thousand in 2020. A breakdown of personnel expenses and the workforce by category is provided below:

	2021	2020
Wages and salaries	52,017	43,092
Social security contributions	13,523	11,376
Costs for defined benefit plans	1,810	1,691

	2021	2020
Other expenses	1,097	826
Personnel expenses	**68,446**	**56,985**

Personnel expenses increased Euro 11,461 thousand from 2020 due mainly to the end of measures to optimize and contain costs incurred in 2020 in response to the COVID-19 pandemic, as well as to the change in consolidated companies following the acquisition of the Doteco group in October 2021.

Greater costs related to long-term incentive plans were also allocated in 2021.

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

	2021		2020	
	period end	average	period end	average
Managers	27	29	30	30
Junior managers	71	72	72	71
White collars	696	676	667	664
Blue collars	402	397	379	388
Total	**1,196**	**1,174**	**1,148**	**1,153**

[30] Other operating costs

This item amounted to Euro 2,421 thousand, compared with Euro 3,893 thousand in the previous year. It is broken down as follows:

	2021	2020(*)
Other taxes and duties	962	1,087
Bad debt provision	614	1,090
Entertainment costs	250	169
Provision for legal and tax risks	(189)	834
Provision for product warranty	63	116
Provision for additional client expenses	53	57
Other	669	540
Other expenses	**2,421**	**3,893**

(*) Data restated following the merging of the items "Provisions for risks and charges" within "Other operating costs".

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.

[31] Amortization and depreciation

This item amounted to Euro 7,525 thousand compared with Euro 6,209 thousand in previous period. It is broken down as follows:

	2021	2020
Amortisation	2,142	1,109
Impairment of intangible assets	500	
Depreciation	4,883	5,099
Depreciation & amortisation	**7,525**	**6,209**

The increase in the account of Euro 1,316 thousand includes:

- Euro 771 thousand for amortization arising from the allocation of the price relating to the acquisition of the Doteco group.
- amortization and depreciation for the Doteco group, following the change in consolidated companies as a result of the acquisition of the group in the second half of 2020, for the remainder.

[32] Financial income and expenses

The account presented net expenses of Euro 196 thousand in 2021, compared to net expenses of Euro 263 thousand in 2020. It is broken down as follows:

	2021	2020
Interest income	252	424
Income on financial assets	70	-
Other financial income	149	80
Financial income	**471**	**504**
Bank interest expenses	181	216
Other interest expenses	269	180
Other financial expenses	217	371
Financial expense	**667**	**767**
Net financial income (charges)	**(196)**	**(263)**

Financial expenses include the effect of the fair value measurement of securities at December 31, 2021, equal to a net gain of Euro 64 thousand.

[33] Net exchange rate gains/(losses)

This item amounted to Euro 57 thousand in 2021, compared with losses of Euro 2,243 thousand in 2020. It is broken down as follows:

	2021	2020
Exchange rate gains	4,009	2,430
Exchange rate losses	(3,952)	(4,672)
Net exchange rate gain (losses)	**57**	**(2,242)**

Unrealized foreign exchange gains included under Foreign exchange gains amounted to Euro 2,607 thousand in 2021 (65% of foreign exchange gains for the year) and Euro 1,003 thousand in 2020 (41.3% of foreign exchange gains for the year).

Unrealized foreign exchange losses included under Foreign exchange losses amounted to Euro 1,316 thousand in 2021 (33.3% of foreign exchange losses for the year) and Euro 2,739 thousand in 2020 (58.6% of foreign exchange losses for the year), respectively.

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

The item reports net income of Euro 1.124 thousand in 2021 compared to net income of Euro 555 thousand in 2020.

The amount recognized is the result of the adjustment of the liability for put options payable to the minority shareholders of TOBA PNC. For further details, reference should be made to Note [19].

It should be noted that 2020 included both the income on the adjustment of the liability for the put options of the minority shareholders of Toba PNC (Euro 276 thousand) and FEA (Euro 395 thousand) as well as the measurement charge recognized in reference to the option for the residual 10% of Penta S.r.l. (Euro 115 thousand).

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

The item amounted to net profit of Euro 139 thousand at December 31, 2021, and related to investments measured using the equity method. Reference should be made to note [3] for further information.

[36] Income Taxes

This item amounted to Euro 7,074 thousand in 2021 compared with Euro 6,576 thousand in 2020. 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 [5] in relation to changes in deferred tax assets and liabilities and the nature of these.

	2021	2020
Current tax liabilities	10,551	7.323
Deferred/advance taxes	(3,477)	(747)

Income taxes	**7,074**	**6.576**

Income taxes can be reconciled as follows to the pre-tax profit or loss shown in the income statement:

	2021	2020
Result before taxes	34,750	23,991
Income taxes calculated using the theoretical IRES rate (24%)	(8,340)	(5,758)
Irap	(1,104)	(609)
Effect of different taxation on companies operating abroad	346	(36)
Other effetc non recurring	2,082	
Other movements	(57)	(174)
Income taxes	**(7,074)**	**(6,576)**

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.

[37] OTHER INFORMATION

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 [25].

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 2021:

Non recurring items	2021
PPP Loan Forgiveness	1,568
IPEG Inc. acquisition costs	(892)
Personnel expenses	(500)
Toba goodwill impairment	(500)
Toba put-option release	1,124
Deferred tax liabilities release	2,082
Total	**2,882**

[38] Classes of financial instruments and fair value hierarchy

With reference to the breakdown of financial assets and liabilities required by IFRS 7, there were no transfers between the fair value levels indicated in IFRS 13 and those reported in the Consolidated Financial Statements at December 31, 2020.

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**

31.12.2021	IFRS 9 categories	Book value	Level 1	Level 2	Level 3
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**

31.12.2020	IFRS 9 categories	Book value	Level 1	Level 2	Level 3
Current accounts and post office deposits	Receivables and loans	87,431		87,431	
Cash	Receivables and loans	21		21	
Cash and cash equivalents		**87,452**		**87,452**	
Trade receivables	Receivables and loans	41,931			41,931
Financial assets		5,146	5,146		
Total financial assets		**134,529**	**5,146**	**87,452**	**41,931**
Bank borrowings	Liabilities at amortised cost	38,262		38,262	
Payables to other lenders	Liabilities at amortised cost	9,117		9,117	
Non-current financial liabilities		**47,380**		**47,380**	
Short-term bank loans	Liabilities at amortised cost	21,305		21,305	
Short-term bank loans	Liabilities at amortised cost	17,833		17,833	
Payables to other lenders	Liabilities at amortised cost	1,741		1,741	
Current financial liabilities		**40,879**		**40,879**	
Trade payables	**Liabilities at amortised cost**	**39,912**			**39,912**
Advances from customers	**Liabilities at amortised cost**	**19,421**			**19,421**
Liabilities for commitments and put options	**Liabilities at fair value**	**1,865**			**1,865**
Total financial liabilities		**149,457**		**88,259**	**61,198**

[39] Related party transactions

During 2021 and 2020, 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 31.12.2021	Nature of transactions	Notes	Property Plant & Equipment	Current trade receivables	Other current assets	Trade payables	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	[11] [24]								2,572		
CMG S.p.A.	Associated company	[8] [21][25] [27]				955					155	2,518
Penta Auto Feeding India Ltd.	Subsidiary	[8] [21][25] [27]		184							188	
Nicola Piovan	Chairman of the BoD of Piovan S.p.A. and Sole shareholder of Pentafin S.p.A.	[27]	139		23		44	98		57		1,298
Filippo Zuppichin	Chief executive officer and shareholder of Piovan S.p.A.	[27]	35				12	24	496			1,144
Members of BoD (except President an the CEO)	Directors	[27]								98		164
TOTAL			**174**	**184**	**23**	**955**	**56**	**121**	**496**	**2,727**	**343**	**5,124**

Transactions at 31.12.2020	Nature of transactions	Notes	Property Plant & Equipment	Current trade receivables	Other current assets	Trade payables	current financial liabilities	Non-current financial liabilities	Other current liabilities	Revenues	Expenses
Pentafin S.p.A.*	Piovan S.p.A. parent company	[19]							306		
CMG S.p.A.	Società collegata	[21][25] [27]				543				1	1,719
Penta Auto Feeding India Ltd.	Subsidiary	[8] [25]		12						12	
Nicola Piovan	Chairman of the BoD of Piovan S.p.A. and Sole shareholder of Pentafin S.p.A.	[11] [19] [25] [27]	195		31				57	8	1,259
Filippo Zuppichin	Chief executive officer and shareholder of Piovan S.p.A.	[27]									644
Members of BoD (except President an the CEO)	Directors	[19] [27]							65		130
Carsil S.r.l.	Company owned by Nicola Piovan's relatives	[1] [16] [27]	741				160	600			181
TOTAL			**935**	**12**	**31**	**543**	**160**	**600**	**428**	**21**	**3,933**

Commitments and risks

At December 31, 2021, the Group provided guarantees to third parties as indicated below:

- Euro 3,884 thousand for guarantees in favor of third parties against advances received for contract work-in-progress;

- Euro 1,696 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, 2021, 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 9.2 million.

Contingent liabilities

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.

Disbursements from the Public Administration

The Group has not received subsidies, contributions, assignments and/or economic benefits of any kind from public administrations and/or entities controlled by them, even indirectly, during 2018. This disclosure obligation is described in Article 1, paragraphs 125 and subsequent of Law 124/2017 on the transparency of public disbursements.

Remuneration of Directors, Statutory Auditors and Independent Audit Firm

Remuneration paid to Directors, Statutory Auditors and Key Managers for the year ended December 31, 2021 compared to the previous year are shown below:

	2021	2020
Directors	1,845	1,876
Key managers	924	894
Sindaci	60	39

Disclosure pursuant to Article 149 of the Consob Issuer's Regulation

The following table, prepared pursuant to Article 149 of the Consob Issuers´ Regulations, reports:

- the fees for 2021 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 2021 (€/000)
External audit of accounts	Auditor of the parent company	Parent company	94
External audit of accounts	Auditor of the parent company	Subsidiaries	98
External audit of accounts	Auditor of the parent company	Parent company	109
External audit of accounts	Auditor of the parent company	Subsidiaries	82
External audit of accounts	Network of the parent company's auditors	Subsidiaries	106
Review review of the half-yearly financial statements	Auditor of the parent company	Parent company	30
Review review of the half-yearly financial statements	Auditor of the parent company	Subsidiaries	18
Review review of the half-yearly financial statements	Network of the parent company's auditors	Subsidiaries	19
Non-audit services	Network of the parent company's auditors	Parent company	7
TOTAL			**372**

Subsequent events after December 31, 2021

As reported in relation to Significant events in the year, 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. (”Sewickley Capital”), owner of 100% of IPEG, Inc., into a company newly incorporated, in Delaware, and wholly owned by Piovan. The transaction took place at the conditions and price reported to the market on December 13, 2021.

The group companies falling under IPEG, Inc. will be consolidated within the Piovan Group starting from the date of completion of the acquisition, which represents the date on which the Group obtained control.

In order to complete the transaction, a 6-year loan was received in January 2022 for the acquisition of IPEG, Inc., in the amount of Euro 100 million.

The great geopolitical tensions surrounding Russia and Ukraine may lead to significant international humanitarian and social crises with major impacts on the people in these countries. This significantly increases the real risk of international sanctions assessed as a deterrent for certain countries involve, which could have a significant impact on trade and on their national economies.

The Group’s exposure to the areas involved is limited in relation to total operations. Based on 2021 figures, and including the recent acquisition of IPEG, Inc., consolidated revenue generated by the Group in Russia and Ukraine is just 0.8% of the total.

The situation continues to evolve, so it is not currently possible to make reliable estimates of any impact this may have on our business.

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

The table below lists the companies in which the Parent Company has a direct or indirect interest, together with the disclosures required by law for the preparation of consolidated financial statements.

Company name	Registered office	Country	Currency	Share capital at 31/12/2021	% 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	1	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	100,000	81.00%	Penta S.r.l.	Full
Piovan Hungary Kft	Budapest	Ungheria	HUF	3,000,000	100.00%	Piovan Central Europe GmbH	Full
Piovan Maroc Sarl. AU	Kenitra	Marocco	MAD	1,000,000	100.00%	Piovan S.p.A.	Full
FEA Process&Technological Plants S.r.l.	Scarnafigi (CN)	Italia	EUR	20,400	51.00%	Piovan S.p.A.	Full
Studio Ponte S.r.l.	Poggio Renatico (FE)	Italia	EUR	10,000	51.00%	Penta S.r.l.	Equity method
Penta Auto Feeding India Ltd	Navi Mumbai (India)	India	INR	10,000,000	50.00%	Penta S.r.l.	Equity method
CMG America Inc.	Clio	Michigan	USD	70,000	100.00%	Piovan S.p.A.	Equity method

Company name	Registered office	Country	Currency	Share capital at 31/12/2021	% shareholding	Shares held Shareholder-Partner	Consolidation 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
Equity investments in affiliated companies:							
CMG S.p.A.	Budrio (BO)	Italia	EUR	1,250,000	20%	Piovan S.p.A.	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 23, 2022.

On behalf of the Board of Directors

Executive Chairman

Nicola Piovan

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 23, 2022

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 consolidated annual financial statements for 2021.

No significant aspect emerged concerning the above.

In addition, we declare that the consolidated financial statements at December 31, 2021:

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 "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit and loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Piovan S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment test on goodwill	
Description of the key audit matter	The consolidated financial statements include, within Intangible assets, goodwill totaling Euro 21,913 thousand, out of which Euro 3,306 thousand pertaining to the Cash Generating Unit ("CGU") "Unadyn", represented by the American subsidiary Universal Dynamics Inc., Euro 2,146 thousand pertaining to the CGU "Food", represented by the subsidiaries Penta S.r.l., Progema S.r.l. and FEA Process & Technological Plants S.r.l., Euro 482 thousand pertaining to the CGU "Toba", represented by the Corean subsidiary Toba pnc Co. Ltd., and Euro 15,695 thousand pertaining to the CGU "Doteco", represented by the subsidiaries Doteco S.p.A. and Doteco Inc.. In accordance with IAS 36 – Impairment of assets, goodwill is not amortized but subject to impairment test at least once a year, by comparing the recoverable amount of the afore-mentioned CGUs – corresponding to their value in use determined using the Discounted Cash Flow (DCF) method – and the carrying amount of these CGUs, which includes goodwill allocated to them and the relevant tangible and other intangible assets. Company's Management valuation process is based on assumptions concerning, among others, the CGUs' expected cashflows, deriving from business plans prepared for the period 2022-2025 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' cashflows 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 2, present disclosures provided by the Directors with regards to the impairment test, including the result of the sensitivity analysis performed, which describes the effects to the outcome of the test deriving from changes in the key parameters.

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; • analysis of reasonableness of main assumptions adopted in forecasting cash flows projections of the CGUs; • analysis of actual 2021 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 impairment test; • evaluation of the reasonabless 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; • verification of the sensitivity analysis prepared by Management both in terms of mathematical accuracy and relevance of the analysis with respect to the key assumptions. 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 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, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

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, 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 have been prepared in XHTML format and have been marked up, in all material respects, 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 the ownership structure of Piovan Group as at 31 december 2021, 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 2021 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 2021 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 other auditor.

DELOITTE & TOUCHE S.p.A.

Signed by
Barbara Moscardi
Partner

Treviso, Italy
March 30, 2022

This independent auditor's report has been translated into the English language solely for the convenience of international readers.

PiovanGroup

ANNUAL SEPARATE FINANCIAL STATEMENTS

at December 31, 2021

SEPARATE FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

(in Euro)

ASSETS	Notes	31/12/2021	31/12/2020
NON-CURRENT ASSETS			
Property, plant and equipment	**Note 1**	29,747,079	30,050,783
- of which related parties	***Note 32***	*174,424*	*935,000*
Intangible assets	**Note 2**	324,523	360,471
Equity investments	**Note 3**	61,747,820	62,898,922
- of which related parties	***Note 32***	*61,745,144*	*62,898,922*
Other non-current assets	**Note 4**	16,391	16,391
Deferred tax assets	**Note 5**	1,035,851	1,026,146
TOTAL NON-CURRENT ASSETS		**92,871,665**	**94,352,713**
CURRENT ASSETS			
Inventories	**Note 6**	16,131,965	10,783,813
Trade receivables	**Note 7**	23,064,660	33,197,885
- of which related parties	***Note 32***	*5,962,227*	*18,933,508*
Current financial assets	**Note 8**	1,873,703	9,984,447
- of which related parties	***Note 32***	*595,045*	*4,838,421*
Tax receivables	**Note 9**	1,088,361	964,945
Other current assets	**Note 10**	1,572,353	658,360
- of which related parties	***Note 32***	*23,260*	*31,025*
Cash and cash equivalents	**Note 11**	91,294,106	46,131,579
TOTAL CURRENT ASSETS		**135,025,149**	**101,721,029**
TOTAL ASSETS		**227,896,814**	**196,073,742**

LIABILITIES AND EQUITY	Notes	31/12/2021	31/12/2020
EQUITY			
Share capital	**Note 12**	6,000,000	6,000,000
Legal reserve	**Note 12**	1,200,000	1,200,000
Reserve for own shares in portfolio	**Note 12**	(2,249,744)	(2,249,744)
Other Reserves and retained earnings	**Note 12**	43,077,916	38,911,082
Net profit (loss)	**Note 12**	14,204,371	10,448,148
TOTAL EQUITY		**62,232,544**	**54,309,485**
NON-CURRENT LIABILITIES			
Long-term loans	**Note 14**	31,938,541	37,232,532
Non-current financial liabilities	**Note 14**	1,143,696	1,098,525
- of which related parties	***Note 32***	*121,173*	*600,344*
Employee benefits plans	**Note 15**	2,041,218	2,203,812
Provision for risks and charges	**Note 16**	1,354,332	2,031,986
Other non-current liabilities	**Note 19**	1,380,072	172,992
- of which related parties	***Note 32***	*496,229*	*62,203*
Deferred tax liabilities	**Note 5**	194,700	1,087,533
TOTAL NON-CURRENT LIABILITIES		**38,052,559**	**43,827,380**
CURRENT LIABILITIES			
Current portion of long-term loans	**Note 14**	20,286,758	16,325,489
Current bank loans and borrowings	**Note 14**	29,000,000	21,300,000
Current financial liabilities	**Note 14**	35,516,302	23,245,608
- of which related parties	***Note 32***	*35,188,523*	*23,076,747*
Trade payables	**Note 17**	25,931,201	21,149,402
- of which related parties	***Note 32***	*1,954,613*	*2,300,435*
Advance from costumers	**Note 18**	5,176,602	1,478,221
Tax liabilities and social security contributions	**Note 19**	3,698,771	3,194,241
Other current liabilities	**Note 20**	8,002,078	11,243,917
- of which related parties	***Note 32***	*2,507,813*	*419,528*
TOTAL CURRENT LIABILITIES		**127,611,711**	**97,936,876**
TOTAL LIABILITIES		**165,664,270**	**141,764,256**
TOTAL LIABILITIES AND EQUITY		**227,896,814**	**196,073,742**

STATEMENT OF PROFIT OR LOSS

(in Euro)

STATEMENT OF PROFIT AND LOSS	Notes	31/12/2021	31/12/2020
Revenue	Note 21	110,728,605	96,539,915
- of which related parties	***Note 32***	*38,788,946*	*36,050,566*
Other revenue and income	Note 22	2,022,683	1,922,188
- of which related parties	***Note 32***	*681,196*	*659,468*
TOTAL REVENUE AND OTHER INCOME		**112,751,288**	**98,462,103**
Costs of raw materials, components and goods and changes in inventories	Note 23	44,365,490	39,188,638
- of which related parties	***Note 32***	*2,065,958*	*3,870,683*
Services	Note 24	20,653,243	18,244,419
- of which related parties	***Note 32***	*4,595,443*	*4,551,313*
Personnel expenses	Note 25	27,910,003	22,782,836
- of which related parties	***Note 32***	*1,100,852*	*609,000*
Other expenses	Note 26	214,591	1,824,616
- of which related parties	***Note 32***	*-*	*2,793*
Amortisation and depreciation	Note 27	2,601,023	2,631,209
- of which related parties	***Note 32***	*70,794*	*196,000*
TOTAL COSTS		**95,744,350**	**84,671,717**
OPERATING PROFIT		**17,006,938**	**13,790,386**
Financial income	Note 28	2,333,024	1,191,049
- of which related parties	***Note 32***	*16,647*	*865,065*
Financial Expenses	Note 28	(326,038)	(446,367)
- of which related parties	***Note 32***	*(1,991)*	*(11,617)*
Net exchange rate gain (losses)	Note 29	434,197	(946,337)
Financial asset adjustments	Note 30	(1,373,437)	140,000
PROFIT BEFORE TAXES		**18,074,682**	**13,728,732**
Income taxes	Note 31	3,870,311	3,280,584
NET PROFIT		**14,204,371**	**10,448,148**

(*) Data restated following the merging of the items "Costs for use of third party assets" and "Provisions for risks and charges" within the items “Service costs" and "Other operating costs", respectively.

Earnings per share			
Basic earnings per share (in Euros)	**Note 13**	**0.28**	**0.21**
Diluted earnings per share (in Euros)	**Note 13**	**0.28**	**0.21**

STATEMENT OF COMPREHENSIVE INCOME

(in Euro)

STATEMENT OF COMPREHENSIVE INCOME	31/12/2021	31/12/2020
Net profit	**14,204,371**	**10,448,148**
Items that may be subsequently reclassified to profit or loss:		
- Fair value difference hedging instruments net of the tax effects		
- 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	23,650	34,672
- Actuarial gains on agents' termination benefits net of the tax effect	2,021	(865)
Total Comprehensive income	**14,230,042**	**10,481,955**

STATEMENT OF CASH FLOW

(in Euro)

Consolidated Statement of Cash Flow	31/12/2021	31/12/2020
Net profit	14,204,371	**10,448,148**
Adjustments for:	-	-
- Amortisations and depreciations	2,601,023	2,630,289
-Investment write down	-	(140,000)
-Equity Investment write down	1,323,392	-
Amortisation and depreciation	**3,924,416**	2,490,289
Inventory write-down and bad debt provision	(585,070)	1,050,000
- Net non-monetary financial charges	-	
- Net non-monetary financial (income)	(69,682)	153,881
Change in provisions for risks and charges and employee benefits liabilities	(229,508)	(38,462)
Net capital (gains) losses on sale of fixed assets and equity investments	(2,949)	17,349
(Gains) or losses on unrealized forex ecxchange	(451,754)	946,337
Dividend received	(2,096,553)	(823,880)
Other non-monetary variations	-	123,524
Taxes	3,870,311	3,280,584
Cash flows from operating activities before changes in net working capital	**18,563,582**	**17,647,770**
(Increase)/decrease in trade receivables	10,584,979	1,710,362
- of which related parties	*12,971,281*	*1,367,987*
Increase in inventories	(5,348,152)	(1,410,237)
(Increase)/decrease in other current assets	(1,039,700)	(18,321)
- of which related parties	*7,765*	*364,520*
Increase/(decrease) in trade payables	4,781,799	(3,877,726)
- of which related parties	*(345,822)*	*598,104*
Increase/(decrease) in advance from customers	3,698,381	(524,958)
Increase/(decrease) in other current liabilities	1,881,028	558,567
- of which related parties	*2,088,285*	*6,753,834*
(Increase)/decrease in non-current assets	-	(55,540)
Increase/(decrease) in non-current liabilities	1,520,905	172,657
	434,027	
Dividend received	2,096,553	823,880
Income taxes paid	(2,694,218)	(4,593,889)
CASH FLOWS FROM OPERATING ACTIVITIES (A)	**34,045,157**	**10,432,565**
INVESTING ACTIVITIES	-	
Investments in property, plant and equipment	(1,755,581)	(1,239,879)
	760,576	
Investments in intangible assets	(268,525)	(245,181)
Disinvestments/(investments) in financial assets	8,010,426	2,169,052
- of which related parties	*4,424,376*	*(1,149,505)*
Disinvestments in equity investments	(6,696,968)	(24,231,110)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (B)	**(710,648)**	**(23,547,117)**
FINANCING ACTIVITIES	-	
Issuance of bank loans	15,000,000	27,500,000
Repayment of bank loans	(16,332,722)	(5,778,796)
Change in current bank loans and borrowings	7,700,000	(3,724,534)
Repayment of bonds	-	-
Repayment of bonds	-	-
- of which related parties	-	
Increase/(decrease) in other financial liabilities	12,081,549	7,260,640
- of which related parties	*11,632,605*	*7,185,462*
Contribution	-	-
Dividends paid	(6,620,809)	(5,602,000)
CASH FLOWS USED IN FINANCING ACTIVITIES ©	**11,828,018**	**19,655,309**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A ± B ± C)	**45,162,527**	**6,540,757**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (E)	**46,131,579**	**39,590,822**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (G=D+E+F)	**91,294,105**	**46,131,579**
INTERESTS PAID	**(280,581)**	**(214,476)**

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 01.01.2020	**6,000,000**	**1,200,000**	**(2,249,744)**	**29,957,799**	**14,397,951**	**49,306,006**
Distribution of dividends	-	-	-	(5,602,223)	-	(5,602,223)
Allocation of previous period operating profit	-	-	-	14,397,951	(14,397,951)	-
Cancellation of treasury shares	-	-	-	-	-	-
Other movements	-	-	-	123,747	-	123,747
Total comprehensive net income	-	-	-	33,807	10,448,148	10,481,955
Balance at 31.12.2020	**6,000,000**	**1,200,000**	**(2,249,744)**	**38,911,081**	**10,448,148**	**54,309,485**
Distribution of dividends	-	-	-	(6,620,809)	-	(6,620,809)
Allocation of previous period operating profit	-	-	-	10,448,148	(10,448,148)	-
Cancellation of treasury shares	-	-	-	-	-	-
Incentive plans	-	-	-	313,825	-	313,825
Other movements	-	-	-	-	-	-
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**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

General information

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.

Content and form of the Separate Financial Statements

Piovan S.p.A. (or the "Company"), a joint-stock company incorporated in Italy, has its registered office in Santa Maria di Sala (VE), via delle Industrie 16 and is enrolled with the Venice Companies' Registration Office.

Piovan S.p.A. production and administrative headquarters are located at Santa Maria di Sala (VE), where Group 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. The Company has opted, commencing from the financial statements for the year ended December 31, 2018, to prepare the financial statements using international accounting standards adopted by the European Union as per European Regulation No. 1606/2002 of July 19, 2002, enacted in Italy by Legislative Decree No. 38/2005.

The Separate Financial Statements at December 31, 2021 were approved by the Board of Directors of Piovan S.p.A. on March 23, 2022.

The separate financial statements were prepared in accordance with the updated accounting records.

Declaration and basis of preparation

The separate financial statements of the Company at December 31, 2021 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 Group 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 significant doubts in this regard as per paragraphs 25 and 26 of IAS 1.

This assessment also took into account the Covid-19 pandemic health emergency that emerged in the initial months of 2020 and the impact that this situation had on the Group's performance in 2020, due in part to the restrictions introduced in the countries impacted. In this regard, it is expected that, taking account of the Group's strong balance sheet, the credit lines available to the parent company, in addition to that outlined in the "Covid-19 impacts" paragraph, financial, operating or other indicators do not highlight any significant uncertainties with regards to the Group's capacity to meet its obligations in the foreseeable future and in particular in the next 12 months.

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).

COVID-19 impacts

The COVID-19 pandemic, which spread around the globe in 2020, has continued into 2021. 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 2021, all Piovan Group companies remained fully operative, having adopted measures and protocols to protect employees as per applicable local regulations.

The impacts of this situation on Group operations have to date mainly taken the form of a slowdown in installation operations. The restrictions introduced by various governments on the mobility of individuals delayed in fact in certain cases the execution of the concluding phases of a number of projects requiring installation on-site at customer premises.

The Covid-19 effects (temporary shutdown of operations, potential drop in demand and/or profitability) may indicate that one or more impairment indicators exist. For the Annual Report, management therefore made assessments in this regard. In particular, management did not identify indicators of impairment, taking account of the fact that (i) the company's stock market capitalization at December 31, 2021, remains comfortably above shareholders' equity at the same date, (ii) the order portfolio at the same date appears to have improved on the Group's usual volumes, (iii) the net financial position was not impacted by the altered general economic environment (iv) the performances in 2021, compared to the previous year, were a very strong improvement, both in terms of revenues and margins.

Given all of the above, the Group is 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.

FINANCIAL STATEMENTS

Balance sheet

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.

Statement of Profit and Loss

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. Compared to the previous year's annual report, we have chosen to include lease and rental costs within "Service costs" and provisions for risks and charges among "Other operating costs", based on their nature and given the insignificance of their balances. The comparative figures at December 31, 2020, have therefore been restated to take account of this change.

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.

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 (purchase and sale of own shares);
- 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.

Business combinations

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 valued 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.

Main accounting policies applied

The separate financial statements for 2021 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.
They are presented in Euro, the Company's functional currency as this is the main currency in which it operates, rounded to the nearest unit.
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, 2021 the accounting standards adopted are those as utilized in the preparation of the separate financial statements at December 31, 2020, with the exception of that reported below.

IFRS accounting standards, amendments and interpretations applicable to the Company and applied from January 1, 2021

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group from January 1, 2021:

- On March 31, 2021, the IASB published an amendment entitled "COVID-19-Related Rent Concessions beyond June 30, 2021 (Amendments to IFRS 16)" which extends by one year the application period of the amendment issued in 2020. The 2021 amendment, which is only available to entities that have already adopted the 2020 amendment, applies from April 1, 2021, and early adoption is permitted. The adoption of these amendments do not have any effects on either the consolidated or the separate financial statements.
- On August 27, 2020, the IASB published, in light of the reform on interbank interest rates such as IBOR, the document "Interest Rate Benchmark Reform-Phase 2" which contains amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 Leases. All the amendments entered into force as of January 1, 2021. The adoption of these amendments do not have any effects on either the consolidated or 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, 2021

- 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 statement of profit or loss.
- 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 (such as the cost of direct material used in processing), 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.
  All the amendments will enter into force from January 1, 2022. The directors do not expect this to have significant effects on either the consolidated or the separate financial statements.

- On May 18, 2017, the IASB published IFRS 17 - Insurance Contracts which replaces IFRS 4 - Insurance Contracts.

The directors do not expect this to have significant effects on the either the consolidated or the separate 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 1 January 2023 and early application is permitted. The Directors do not expect this amendment to have a significant impact.

- On February 12, 2021, the IASB published two amendments entitled “Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2” and “Definition of Accounting Estimates—Amendments to IAS 8”. The amendments 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 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 this amendment to have a significant impact.
- 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 Directors do not expect an impact from the adoption of this amendment.

ACCOUNTING POLICIES

Revenue and costs

Revenues and costs are accounted for on an accrual basis.
Revenues as per IFRS 15 must be recognized when the contractual obligations are fulfilled on the basis of the transaction price that the Company expects to receive as a result of the fulfilment of the obligation. The contractual obligations may be completed "over time", if the conditions of IFRS 15 are met, or "at a point in time".

The Company operates internationally in the following markets: Plastic 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.

Based on the analysis undertaken by the Company and in order to provide the qualitative disclosures required by IFRS 15, it should be noted that the Company'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”) from an analysis of the contracts usually entered into with customers indicate that performance obligations are met at a point in time. 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 Company 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.

- 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.
- revenues for technical assistance services: service Revenue is recognized on completion and/or maturation.

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

Interest

Income and expenses 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.

Dividends

They are recorded when the right of the shareholders to receive the payment arises, which normally occurs at the shareholders' meeting for the distribution of dividends. The distribution of dividends is therefore recorded as a liability in the financial statements in the period in which the distribution is approved by the Shareholders’ Meeting.

Income taxes

Taxes are determined by applying the regulations in force or substantially in force 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 on the basis of the tax rates in force or substantially in force for future years. Deferred tax assets are recognized only if there is a likelihood of their recoverability, i.e. when it is considered probable that there will be future taxable income to use them. Deferred taxes are always recognized except for certain situations that are not in line with IAS 12 "Taxes" as in the case of the recognition of goodwill or if the temporary difference arises from the initial recognition (in addition to a business combination) of other assets and liabilities in a transaction that affects neither taxable profit nor profit for the year. Deferred tax assets and liabilities are offset when there is a legal right to offset current tax receivables and payables and when they relate to income taxes applied by the same tax authority and the Group intends to settle the receivables and payables on a net basis. The Company does not offset deferred tax assets against

deferred tax liabilities. Deferred taxes on the tax-suspended reserves of the consolidating company are recorded in the year in which the liability relating to the payment of the dividend is recorded.
Deferred tax liabilities are recognized on taxable differences arising from investments in subsidiaries and associates, unless the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences 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.

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.
Maintenance and repair expenses, which do not increase the value and/or extend the residual useful life of the asset are expensed in the year in which they are incurred; where they increase the value and/or extend the residual life of the assets, they are capitalized.
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.
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 purposes of presentation in the balance sheet, assets consisting of the right of use shall be included under the same item as the corresponding underlying assets if they were owned. Liabilities relating to leasing are classified under "Current financial liabilities" and "Non-current financial liabilities".
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.

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.

Impairment of non-financial assets

Assets subject to depreciation are subjected to an impairment test if there are events or circumstances indicating that the carrying amount cannot be recovered (trigger event). Assets not subject to amortization, such as goodwill, are subject to impairment testing at least annually, or more frequently in the presence of trigger events. In both cases, any impairment is recorded at the amount of the book value that exceeds the recoverable value. This latter is the higher between the fair value of the asset less costs to sell and its value in use. When it is not possible to determine the value in use of an asset individually, the recoverable amount of the cash generating unit (CGU) to which the asset belongs must be determined. Assets are grouped at the smallest level for which there are independent cash flows and the Group then calculates the present value of estimated future cash flows for the CGU by applying a discount rate that reflects current market assessments of the time value of money and risks of the asset.
Subsequently, when a loss on an asset reduces, other than goodwill, the book value of the asset or of the cash-generating unit of cash flows is increased, up to the new estimate of the recoverable value but may not exceed the value of the asset had the impairment not being recorded.
The reversal of a loss in value is immediately recorded in the income statement.

Equity investments

Equity investments in subsidiaries and associated companies are recognized under Non-current assets on the basis of the purchase cost criterion, which is adjusted for impairment in accordance with IAS 36.
The book value of equity investments, in the presence of impairment losses, is adjusted through write-downs, the effect of which is recognized in the income statement. If the write-down exceeds the value of the equity investment, this excess is recorded in the provisions for risks and charges. If these losses are recovered or reduced, the carrying amount is reinstated to adjust it to the new recoverable amount, which may not exceed the original cost. The restated value is recorded in the Income Statement.
Equity investments in other companies" are measured at purchase or subscription cost, written down if necessary for impairment losses whose effect is recognized in the income statement.

Financial assets

Initially all the financial assets are recorded at fair value. In the case of assets other than those valued at fair value with changes recorded in the Income Statement, the fair value is increased by accessory costs. On subscription, the Group assesses whether a contract contains embedded derivatives. The embedded derivatives are separated from the host contract if this is not valued at fair value when the analysis shows that the economic characteristics and the risks of the embedded derivative are not strictly correlated to the host contract.
The Company determines the classification of its financial assets after the initial recording and, where appropriate and permitted, reviews this classification at the end of each reporting period.

All purchases and sales of financial assets are recorded at the transaction date, or on the date on which the Company undertakes to purchase the asset.

IFRS 9 provides for the classification of financial assets, on the basis of the cash flow characteristics of the instrument and the business model used by the entity:

- Amortized cost: the financial asset is held in order to collect the contractual cash flows, which are represented exclusively by the payment of interest and the return of the principal;
- Fair value through OCI (FVTOCI): The asset is held in order to collect the contractual cash flows, both those deriving from the possible sale of the assets, which are represented exclusively by the payment of interest and the return of the principal;
- Fair value through PL (FVTPL): financial assets other than the above.

IFRS 9 replaces the rules on which IAS 39 was based:

- the elimination of the category of instruments held to maturity, the so-called Held To Maturity (HTM);
- elimination of the category Available For Sale (AFS) instruments;
- elimination of the separate recognition (i.e. bifurcated) of derivatives embedded in financial assets;
- changes in the fair value of financial liabilities measured at Fair Value Through Profit or Loss (FVTPL) attributable to changes in the issuer's credit risk are recognized in Other Comprehensive Income (OCI) instead of in the income statement;
- the elimination of the possibility (limited exemption) of measuring unlisted equity investments at cost instead of at fair value, in the rare circumstance that the amount of fair value is within a significant range and the probability that the various assumptions cannot be reliably verified.

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. In other words, it is no longer necessary that an event occurs to put in doubt the recoverability of the receivable before the recognition of a doubtful debt.

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.

Furthermore, the Company, with a view to optimizing the group treasury of the Italian companies Penta S.r.l., Aquatech S.r.l., Progema S.r.l., FEA Process & Technological Plants S.r.l. and Doteco S.p.A. (pool account), set up a centralized treasury management agreement known as "zero-balance cash pooling", centralized at the bank B.N.L.

The company is called upon to act as a "pooler", i.e. the collector of the daily positive and negative balances of the bank accounts of the various participating companies, which will be accounted for by the companies as a debit/credit to the pooler company.

Quarterly, the pooler company sends to the companies participating in the agreement a scaled-down schedule of daily movements by value date showing the interest receivable/payable due to the individual companies.

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.

Assets and liabilities for contract work-in-progress

These items arise with reference to the execution of contracts in which the recognition of revenues takes place over time. For these contracts, the Group records sales revenues in proportion to the progress of the performance obligation, which is measured using the cost-to-cost method. On the basis of the analyses carried out by the Company with reference to the recognition of performance obligations, at December 31, 2021 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.

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).

Cash and cash equivalents

These include those amounts which are available on demand at short notice (original duration up to three months), certain in nature and with no payment expenses.

Employee 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: when there is an obligation (legal or constructive) resulting from a past event, it is probable that resources will be used to settle the obligation and 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.

Financial liabilities

Financial liabilities are recognized at initial fair value and measured at amortized cost. IFRS 9 allows, like IAS 39, to opt for the measurement of financial liabilities on the basis of the FVTPL criterion (in order to manage the effects of an accounting mismatch or in the case of an embedded derivative that is not separated from the financial liability). It should be noted that the latter method is mandatory for derivatives with a negative balance.

Financial liabilities are classified under current liabilities unless the Company has an unconditional right to defer their payment for at least twelve months after the reporting date, and are removed from the financial statements when they are extinguished when the Company has transferred all risks and charges relating to the instrument.

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.
It should also be noted that the forecasts on the basis of which the financial statements have been revised in light of the extraordinary circumstances resulting from the COVID-19 pandemic, which emerged in early 2020.

Russian-Ukrainian War

The Company has considered the war as event occurring after the financial statement closing date that do not entail the need for adjustments, which in any case cannot be determined as of today. Consequently, the evaluation performed was carried out without considering the effects that the aforementioned international crisis may have.

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, 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. The continuation and even deterioration of the current economic and financial crisis could result in a further worsening in the financial conditions of the debtors of the Company compared to the deterioration already taken into consideration in the calculation of the provisions recorded in the consolidated financial statements.

Inventory obsolescence provision

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

Fair value estimate

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

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

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

INFORMATION ON RISKS AND FINANCIAL INSTRUMENTS

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

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

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

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

These risks may be summarized as follows:

a) credit risk;

b) liquidity risk;

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

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

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

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

Credit risk

The Company operates in several national markets with a large number of medium and large customers and is therefore exposed to credit risk linked to the ability of 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.

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 quality or in collection times as a result of the COVID-19 pandemic; 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 Note [8] for the aging of trade receivables.

Liquidity risk

The Company's overall debt is partially fixed-rate to take advantage of the opportunities currently offered by the interest rate market for medium/long-term loans. 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 is essentially linked to the 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 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, in response to the health emergency related to the spread of the COVID-19 pandemic, and as described previously, in 2020 the Group obtained moratoriums on outstanding loans, which enabled us to reduce short-term repayment commitments, and we also obtained new financing in 2021.

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 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, the Chinese renminbi, the British pound, the Brazilian real and the Canadian dollar against the euro. Transactions between the 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 Company carries out transactions (typically sales) in currencies other than its functional currency. The Company 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 Company holds equity investments in subsidiaries whose financial statements are in foreign currency.

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)	31.12.2021				31.12.2020			
	FX Current currency	Current Forex in €	Forex +10%	Forex -10%	FX Current currency	Current Forex in €	Forex +10%	Forex -10%
EUR-Euro	100,104	100,104	100,104	100,104	86,580	86,580	86,580	86,580
USD-US Dollar	8,977	7,597	6,900	8,433	8,416	7,393	6,699	8,187
GBP-British Sterling	2,597	3,027	2,747	3,357	2,287	2,567	2,337	2,856
TOTAL		**110,729**	**109,751**	**111,895**		**96,540**	**95,616**	**97,624**

Since the Company incurs costs mainly in its functional currency (Euro), the sensitivity to pre-tax profit would only be affected by the effect on revenues of any changes in exchange rates for the portion of sales in currencies other than the Euro, as explained above.

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, part of the Company's loans are at a fixed rate. This makes it possible to take advantage of the current extremely low level of interest rates. The Company has not put in place hedging instruments as, given the Company s high liquidity, it is believed that the risk of fluctuations in interest 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 0.25% and 0.50% in interest rates.

Interest expense on variable rate loans (€'000)	Interest expenses	0.25%	0.50%	-0.25%	-0.50%
31 december 2020	67	107	150	22	-
31 december 2021	28	74	120	-	-

Risks associated with economic conditions

With regards to the risks related to the general economic conditions, 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. 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. For further details, reference should be made to the "Covid-19 Impacts" paragraph.

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. This significantly increases the real risk of international sanctions assessed as a deterrent for certain countries involved, which could have a significant impact on trade and on their national economies. The situation is constantly evolving and the Company is monitoring the situation closely to assess any impact it may have on the business.

The Group has limited exposure to the regions involved in the war (i.e. Ukraine, Russia, and Belarus); therefore, if the impact of the conflict remains contained to those regions, this will not have a significant impact on Group performance.

In 2021, the Piovan Group was able to meet this challenging environment of general uncertainty, thanks also to the fact that the Company and its subsidiaries are present in a number of geographical areas and in very diversified sectors, thus allowing for a mitigation of the overall risk.

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

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

NOTES TO THE STATEMENT OF FINANCIAL POSITION

[1] Property, plant & equipment

They amount to Euro 29,747 thousand at December 31, 2021 (Euro 30,051 thousand at December 31, 2020). 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 31 December 2020	**21,500**	**5,866**	**676**	**1,756**	**252**	**30,051**
of which:						
- Historical cost	**28,888**	**11,272**	**3,536**	**8,409**	**252**	**52,358**
- Depreciation fund	**(7,388)**	**(5,406)**	**(2,860)**	**(6,653)**	**-**	**(22,307)**
Changes in 2021						
- Additions	943	214	150	415	51	1,773
-New IFRS16 contracts (or new assessments)	7	-	-	227	-	234
- Disposals (Historical cost)		(121)	(39)	(283)		(442)
- Disposals (Depreciation fun)		121	39	275		435
-Reclassifications (Historical Cost)	125	19		(19)	(125)	-
- Depreciation	(864)	(587)	(236)	(616)		(2,303)
Total Changes	**211**	**(355)**	**(86)**	**(0)**	**(74)**	**(304)**
Balance at 31 December 2021	**21,712**	**5,511**	**590**	**1,756**	**178**	**29,747**
of which:						
- Historical cost	**29,963**	**11,384**	**3,647**	**8,749**	**178**	**53,922**
- Depreciation fund	**(8,252)**	**(5,873)**	**(3,057)**	**(6,993)**	**-**	**(24,175)**

Capital expenditures in 2021 mainly included Euro 900 thousand for the purchase of land adjacent to the head office in November 2021 for potential future expansion, while the remainder concerned investments to maintain production capacity.

At December 31, 2021, 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.

Finally, the Company applied the new IFRS 16 – Leases at the transition date (January 1, 2019). At December 31, 2021, the Company has recorded right-of-use assets with a net value of Euro 6,284 thousand.

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	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Balance at 31 December 2020	**6,168**	**146**	**-**	**442**	**-**	**6,756**
of which:						**-**
- Historical cost	**11,728**	**1,870**	**-**	**1,167**		**14,765**
- Depreciation fund	**(5,559)**	**(1,724)**	**-**	**(726)**		**(8,009)**
-New contracts IFRS16	7			227		234
- Disposals (Historical cost)						-
- Disposal (Net book value)						
- Depreciation IFRS16	(434)	(90)		(183)		(707)
Balance at 31 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)**

[2] Intangible assets

They amount to Euro 324 thousand at December 31, 2021 compared to Euro 361 thousand at December 31, 2020. The breakdown of the movements are as follows:

CHANGES DURING THE PERIOD €/000	Industrial patents and intellectual property rights	Concessions, licences, trademarks and similar rights	Assets under development and payments on account	Total
Balance at 31 December 2020	**326**	**4**	**30**	**360**
of which:				
- Historical cost	**6,295**	**11**	**30**	**6,337**
- Depreciation fund	**(5,969)**	**(7)**	**-**	**(5,976)**
Changes in 2021				
- Additions	215		47	262
- Depreciation	(297)	(1)		(298)
- Decrease	18		(18)	-
Total changes	**(64)**	**(1)**	**29**	**(36)**
Balance at 31 December 2021	**262**	**3**	**59**	**324**
of which:				
- Historical cost	**6,528**	**11**	**59**	**6,599**

CHANGES DURING THE PERIOD €/000	Industrial patents and intellectual property rights	Concessions, licences, trademarks and similar rights	Assets under development and payments on account	Total
- Depreciation fund	**(6,266)**	**(8)**	**-**	**(6,275)**

[3] Equity investments

They amount to Euro 61,748 thousand at December 31, 2021 compared to Euro 62,899 thousand at December 31, 2020. Details of the movements in these equity investments are as follows:

CHANGES IN THE PERIOD €'000	Equity investments in subsidiaries	Equity investments in associates	Equity investments in other enterprises	Total
Balance at 31 December 2020	**62,630**	**266**	**3**	**62,899**
- Increases	3	-	-	3
- Decreases	-	-	(1)	(1)
- Write-downs	(1,153)	-	-	(1,153)
Total changes	(1,150)	-	(1)	(1,151)
Balance at 31 December 2021	**61,480**	**266**	**2**	**61,748**

Write-downs recognized in 2021 concerned the equity investments in FEA PTP S.r.l. and Toba PNC. 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.

For these purposes, cash flows gathered from business plans prepared for each CGUs with reference to the period 2022-2025, using an explicit projection period of 4 years. The business plans of the subsidiary FEA PTP S.r.l. have been updated based on 2022 figures within the scope of the Group's budgeting process (budget approved by the Board of Directors), whereas for the periods 2023-2025 figures prepared in the previous year and approved by the Board of Directors on March 19, 2021, have been used as they are considered still valid. It should also be noted that these figures have been updated to take account of the effects of the COVID-19 pandemic on the business and on operations. For the Toba PNC CGU, given the losses reported in the current and prior years, the business plan has been updated to reflect these losses. The updated plan was approved by the Board of Directors on March 23, 2022.

At the end of the explicit forecast period, a "normalized" cash flow was calculated, based on the last explicit forecast year, for the calculation of the terminal value.
To calculate the discount rate (i.e. the post-tax WACC), the cost of capital was determined based on market returns for medium/long-maturity government bonds (10 years) of countries/markets during the year where the subsidiary operates (1.33% for FEA and 1.51% for the CGU Toba PNC), adjusted by the market risk premium for each country, which reflects the investment risk (of 5.5%) plus an additional risk premium. The beta coefficient applied is 0.97. An appropriate growth rate (g) was used for the determination of cash flows beyond the explicit period (from 2025 onwards).

The table below provides details of the discount rate used in the impairment tests carried out for goodwill of greater value:

Subsiadiary	g rate	pre-tax discount rate	Post-tax WACC
FEA	1.33%	9.11%	9.11%
Toba	1.51%	9.44%	10.09%

The test conducted based on the assumptions described above pointed to a need to write down the carrying amount of the equity investment, which was shown not to be supported by the recoverable value based on the test.

The table below shows the composition of equity investments:

	31.12.2021			31.12.2020		
€'000	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 Limited	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 Limited	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 East 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	380	(380)	-	380	-	380
TOBAPNC Co. Ltd	773	(773)	-	773	-	773
Doteco SpA	28,395	-	28,395	28,392	-	28,392
Total	**62,871**	**(1,392)**	**61,479**	**62,868**	**(238)**	**62,629**
				0	0	0
Associates:	-	-	-	**0**	**0**	**0**
C.M.G. S.p.A.	266	-	266	266	-	266
Total	**266**	**-**	**266**	**266**	**-**	**266**
Other companies				**0**	**0**	**0**
CESAP S.p.A.	-	-	-	1	-	1
Consorzio SALUS PUERI	3	-	3	3	-	3
CONAI	0	-	0	0	-	0
Total	**3**	**-**	**3**	**3**	**-**	**3**
Total equity investments	**63,140**	**(1,392)**	**61,748**	**63,137**	**(238)**	**62,899**

The table below reports the disclosures at December 31, 2021 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	4,106	541	100.00%	1,319	2,787
Energys S.r.l.	Venice (IT)	EUR	10	405	56	100.00%	292	113
Piovan Do Brasil LTDA	Osasco (BRA)	Real	1,893	-	466	100.00%	3,203	(3,203)
Piovan Plastics Machinery Co.Ltd	Suzhou (CN)	Yuan	707	1,077	115	100.00%	500	577
Piovan Mexico S.A.	Queretaro(MX)	Peso Mess,	31	120	32	100.00%	-	120
Universal Dynamics Inc.	Fredericksburg (U.S.A.)	Dollars	3,090	14,197	1,798	100.00%	2,873	11,324
Piovan Canada Ltd	Mississauga - Ontario (CAN)	Canadian Dollars	0	2,163	396	100.00%	1,340	823
Piovan Central Europe GmbH	Brunn am Gebirge (A)	EUR	35	2,154	617	100.00%	35	2,119
Piovan GmbH	Garching (D)	EUR	102	3,741	619	100.00%	2,128	1,613
Piovan France sas	Chemin du Pognat (F)	EUR	1,227	1,863	327	100.00%	1,154	709
Piovan UK Limited	Bromsgrove (GB)	Pounds Sterling	30	699	322	100.00%	36	663

€/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)
Piovan Vietnam Company Ltd	Mai Chi Tho (Vietnam)	Vnd	44	23	(17)	100.00%	54	(31)
Piovan Gulf Fze	Dubai (UAE)	Aed	240	487	95	100.00%	244	243
Piovan Japan Inc.	Kobe (J)	JPJ	46	(141)	99	100.00%	-	(141)
Piovan India Private Limited	Mumbai	INR	4	1,013	168	100.00%	20	993
Penta S.r.l.	Ferrara (IT)	EUR	100	17,120	2,280	100.00%	18,524	(1,403)
FDM GmbH	Konigswinter (DE)	EUR	75	8,150	959	66.67%	1,214	4,460
Piovan Asia Pacific LTD	Bangkok (TH)	THB	213	631	400	100.00%	55	577
Piovan South East Asia Ltd	Bangkok (TH)	THB	-	-	-	100.00%	-	-
Piovan Muhendslik LTD	Beikoz (TR)	TRY	1	(275)	(82)	100.00%	-	(275)
Piovan Czech Republic s.r.o.	Prague (CZ)	CZK	8	43	7	100.00%	1	42
Piovan Maroc Sarl. AU	Kenitra (Marocco)	MAD	95	229	72	100.00%	92	137
FEA Process&Technological Plants S.r.l.	Scarnafigi (CN)	Euro	20	(1,130)	(1,540)	51.00%	-	(576)
TOBAPNC Co. Ltd	Seoul (Corea del Sud)	KRW	371	(2,275)	(548)	51.00%	-	(1,160)
Doteco SpA	Modena (IT)	Euro	1,000	11,812	2,721	100.00%	28,395	(16,583)
Total			-	-	-	0	**61,479**	-
			-	-	-	0	0	-
Associates:			-	-	-	0	0	0
C.M.G. S.p.A.*	Bologna (IT)	EUR	1,250	4,103	(214)	20.00%	266	554
Total			-	-	-	-	**266**	0
Other companies**			-	-	-	-	-	-
CESAP S.p.A.			-	-	-	-	-	-
Consorzio SALUS PUERI			-	-	-	-	3	-
CONAI			-	-	-	-	0	-
Total			-	-	-	-	**3**	-
The figures for CMG S.p.A. reported in the table below refer to the latest available financial statements year ended 31 December 2020								
*** Financial statements data not available.*								

In addition to the above in relation to the subsidiaries FEA PTP and TOBA Pnc, 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 purchases 49% of Toba and 12% of Fea. In addition, with reference to the 33.33% in FDM Gmbh and 49% in Toba and Fea, the respective minority shareholders hold a put option on their share.

[4] Other non-current assets

At December 31, 2021, these amounted to Euro 16 thousand and in line with the previous yea; they mainly refer to various security deposits paid on utilities and lease contracts for the Company's headquarters.

[5] Deferred tax assets and liabilities

Deferred tax assets amount to Euro 1,036 thousand at December 31, 2021 compared to Euro 1,026 thousand at December 31, 2020. 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-deductibilty 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 for each year is as follows:

Deferred tax assets (€'000)	Taxable income 2021	Deferred tax assets 2021	Taxable income 2020	Deferred tax assets 2020
Provisions for doubtful debts	515	124	212	51
Provision for product warranties	295	82	295	82
Inventory obsolescence provision	1,020	285	870	243
Provision for pending litigation risks	270	75	860	240
Directors' unpaid emoluments	115	28	107	25
Supplementary customer indemnity	46	3	41	3
Accrued Bonuses	372	89	-	-
Foreign currency conversion losses	997	239	994	239
Adoption of IAS 38	70	20	183	51
Adoption of IFRS 15	-	-	-	-
Adoption of IAS 19	18	4	18	4
Other	326	87	366	88
Total	**4,043**	**1,036**	**3,946**	**1,026**

Deferred tax liabilities amounted to Euro 195 thousand at December 31, 2021 compared to Euro 1,087 thousand at December 31, 2020.

Deferred tax liabilities	Taxable income 2021	Deferred tax liabilities 2021	Taxable income 2020	

(€'000)				Deferred tax liabilities 2020
Adoption of IAS 17	59	17	3,543	988
Adoption of IAS 37	7	2	5	1
Capital gain in intallments	252	60	378	91
Other	485	116	29	7
Total	**803**	**195**	**3,955**	**1,087**

Movements in deferred tax assets and liabilities are shown below:

CHANGES IN THE PERIOD	Advance taxes	Deferred tax liabilities	Total
€'000			
Balance at 1 January 2020	**549**	**(1,216)**	**(667)**
Movements in 2020			
- Effect on the profit and loss account	477	129	606
- Effect on Other items of the Comprehensive Income Statement			
Balance at 31 December 2020	**1026**	**(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**

The main changes concern the release of deferred taxes for Euro 893 thousand related to the realignment of fiscal values to the carrying amounts of the differences arising from first-time adoption by Piovan S.p.A. In 2021, the Company paid 1/3 of the substitute tax due, which was expensed in the amount of approx. Euro 101 thousand.

[6] Inventories

At December 31, 2021, they amounted to Euro 16,132 thousand compared to Euro 10,784 thousand at December 31, 2020; the breakdown is shown below:

€/000	31.12.2021	31.12.2020	Change 2021
Raw materials, ancillary materials and	312	330	(18)
Semi-finished goods and work in progress	11,829	7,912	3,917
Provision for obsolescence of semi-finished	(329)	(329)	-
Total semi-finished goods and work in progress	**11,812**	**7,913**	**3,899**
Finished goods and goods for resale	4,878	3,412	1,466
Provision for obsolescence of finished goods and goods for resale	(691)	(541)	(150)
Total finished goods and goods for resale	**4,186**	**2,871**	**1,315**
Advances	134	0	134

€/000	31.12.2021	31.12.2020	Change 2021
Inventories	**16,132**	**10,784**	**5,348**

During 2021 inventories increased, gross of the obsolescence provisions, by Euro 5,348 thousand. The increase, which was mainly related to work in progress, semi-finished and finished products, concerned, in part, certain orders completed in early 2022, 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.

[7] Trade receivables

They amounted to Euro 23,065 thousand at December 31, 2021 compared to Euro 33,198 thousand at December 31, 2020. This item, which represents the exposure to third parties, is broken down as follows:

€'000	31.12.2021	31.12.2020	Change 2021
Customer receivables	18,890	15,847	3,043
Receivables from subsidiaries	5,930	18,991	(13,061)
Receivables from associated companies	-	-	-
Receivables from parent companies	0	0	0
Total trade receivables	24,821	34,839	(10,018)
Provisions for doubtful debts	(1,756)	(1,641)	(115)
Total	**23,065**	**33,198**	**(10,133)**

Receivables at December 31, 2021, before provisions, decreased compared to the end of fiscal 2020 by Euro 10,018 thousand (-29%). The decrease is mainly attributable to amounts receivable from subsidiaries as a result of increased efficiency in average collection days.

Receivables by regional breakdown are shown below:

	31.12.2021	31.12.2020
EMEA	15,058	19,510
of which Italy	11,719	8,722
NORTH AMERICA	285	3,716
ASIA	3,635	5,754
AFRICA	31	-
SOUTH AMERICA	4,056	4,218
Total	**23,065**	**33,198**

Details of trade receivables from group companies are provided in the disclosure on transactions with related parties note [35].

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

	31.12.2020	Provisions	Utilisations	Reversals	31.12.2021
Provisions for doubtful debts	1,641	123	-	(8)	1,756
Total	**1,641**	**123**	**-**	**(8)**	**1,756**

The following is a breakdown of gross receivables by past due date:

	31.12.2021	31.12.2020
Reeivables due to expire	14,354	14,785
Receivables overdue within 30 days	4,022	3,143
Receivables overdue between 1 and 12 months	3,177	9,863
Reveivables overdue over 12 months	1,512	5,407
Total	**23,065**	**33,198**

[8] Current financial assets

Current tax assets amount to Euro 1,874 thousand at December 31, 2021 (Euro 9,984 thousand at December 31, 2020). This item includes loans granted to investee companies at normal market conditions.
These loans are classified under current assets as it is contractually agreed that the Company may request their repayment at any time.

€'000	31.12.2021	31.12.2020	Changes
Securities	1,589	5,146	(3,557)
Cash pooling Aquatech S.r.l.	-	1,039	(1,039)
Universal Dynamics Inc.	-	3,129	(3,129)
Piovan Muhendslik LTD	-	260	(260)
Piovan Japan Inc.	285	285	-
Tobapnc Co Ltd		125	(125)
Total current financial assets	**1,874**	**9,984**	**(8,110)**

"Securities" amounted to Euro 1,589 thousand at December 31, 2021 compared to Euro 5,146 thousand at December 31, 2020. 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, 2021, 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 reduction compared to the previous year derives from the redemption of three securities following their natural maturity. In addition, the total effect of the fair value measurement in 2021 is a net gain of Euro 64 thousand.

Beginning in 2019, the Company established a cash pooling with the subsidiary Aquatech S.r.l., which reported a balance of Euro 1,039 thousand at December 31, 2020, whereas there was a payable balance of Euro 176 thousand at December 31, 2021, recognized among current financial liabilities.

The financing disbursed in US dollars to Universal Dynamics Inc. in previous years granted in relation to the production expansion and technological improvement project undertaken by the Group from 2017 was paid in full by the subsidiary during the year.

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.

[9] Tax receivables

They amounted to Euro 1,088 thousand at December 31, 2021 compared to Euro 965 thousand at December 31, 2020. The amount recorded is due to 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.

[10] Other current assets

They amounted to Euro 1,572 thousand at December 31, 2021 compared to Euro 658 thousand at December 31, 2019. A breakdown follows:

€'000	31.12.2021	31.12.2020	Changes
Employee payables	56	70	(14)
Deferred costs	219	275	(56)
Advances to suppliers	49	44	6
Receivables from parent companies	-	-	-
Other receivables	1,247	270	978
Total Other current assets	**1,572**	**658**	**914**

The most significant amounts concern advances to suppliers for services in the amount of Euro 1,306 thousand, euro 854 thousand of which related to costs incurred in 2021 related to the acquisition of IPEG Inc. completed in 2022. These costs have been suspended and will be included in the carrying amount of the equity investment upon closing.

[11] Cash and cash equivalents

They amount to Euro 91,294 thousand at December 31, 2021 compared to Euro 46,132 thousand at December 31, 2020.

€'000	31.12.2021	31.12.2020
Current accounts and post office deposits	91,293	46,131
Cash equivalent	0	-
Cash	1	1
Cash and cash equivalents	**91,294**	**46,132**

As described in the Directors' Report, the company's net financial position at the end of 2021 reported a net debt position of Euro 24,717 thousand (including Euro 91,294 thousand in cash and cash equivalents, Euro 1,874 thousand in current financial assets, Euro 84,803 in current debt, and Euro 33,082 thousand in non-current debt), worsening from Euro 43,086 thousand at the end of 2020, with net cash generation of Euro 18,369 thousand.

The net financial position of the Parent Company includes financial receivables and payables to subsidiaries, as described in greater detail under notes [8] and [14], changes in which are included among "Divestment/(Investment) of Financial Assets" and "Increases/(decreases) in other financial liabilities" on the cash flow statement.

This result is to be interpreted in light of the fact that:

- payment was made for the Doteco price adjustment and earn-out on the results of the subsidiary in 2020 for a total of Euro 6,697 thousand, as reported among divestments/(investments) in holdings on the cash flow statement;
- total investments were made for Euro 2,035 thousand;
- in May 2021, the Company distributed dividends of Euro 6,620 thousand (Euro 5,602 thousand in the fourth quarter of 2020).
- cash was generated on financing activities (excluding dividends paid) in the amount of Euro 18,449 thousand, mainly attributable to the cash pooling accounts with the subsidiary Penta and the receipt of new financing, net of repayments, of approx. Euro 6,367 thousand.

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

At December 31, 2021 there were no restrictions on the availability of the Group's current accounts.

[12] Shareholders' Equity

Shareholders' Equity is made up as follows:

	31.12.2021	31.12.2020
Share capital	6,000	6,000
Legal reserve	1,200	1,200
Reserve for treasury shares	(2,250)	(2,250)
Other Reserves and retained earnings	43,078	38,911
Fiscal year result	14,204	10,448
Net Equity	**62,233**	**54,309**

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.
There are no changes compared to December 31, 2020 and therefore the Company as at December 31, 2021 holds 2,670,700 treasury shares, equal to 4.98% of the share capital of Piovan S.p.A., with a value of Euro 2,250 thousand at December 31, 2021. It should be noted that under the 2020 - 2022 Performance Shares Plan, taking into account the achievement of the Plan's objectives, certain Company executives are entitled to receive shares in Piovan S.p.A. amounting to 254,367, the value of which is Euro 420 thousand, including 161,113 rights granted in 2021, following achievement of group performance targets, for an amount of Euro 314 thousand. These shares will vest permanently at the end of the vesting period if the executive still has an employment relationship with the Company.

Other reserves and undistributed profits mainly includes the other profit and capital reserves of the Company, in addition to the profit for previous years and the effects of adjustments resulting from the adoption of international accounting standards. This item changed during 2021 following the allocation of the previous year's result and the distribution of dividends amounting to Euro 6,620 thousand fully paid to the shareholders of the Company in May 2021.

Availability and use of equity reserves:

Nature/Description	Amount 31.12.2021	Possibility of utilisation	Available amount	Amount distributable
Capital	**6,000,000**	-	-	-
Legal reserve	**1,200,000**	B	**1,200,000**	-
Reserve for treasury shares	**(2,249,744)**	-	-	-
Other reserves	-	-	-	-
Extraordinary reserve	33,559,594	A, B, C	33,559,594	31,309,850
Sundry other reserves	5,000,752	A, B, C	5,000,752	-
IAS/IFRS First-Time Adoption reserve	4,517,572	B	4,517,572	-
Total Other reserves	**43,077,917**	-	-	-
Total	**48,028,173**	-	-	-
Profit for 2021	14,204,371	-	-	-
Total owners' equity year ended 31.12.2021	**62,232,545**	-	-	-

Key
A: Share capital increases

B: Coverage of losses
C: Distribution to shareholders

As discussed previously, 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.

[13] Basic earnings per share and diluted earnings per share

On June 29, 2018, the Shareholders' Meeting approved an increase in the number of the Company's shares in the ratio of 100 (one hundred) new shares with no par value every 1 old stock. Following this resolution, which had no effect on the share capital, there were 60,000,000 shares in circulation and after the cancellation of 6,400,000 treasury shares, they amounted to 53,600,000.
The average number of shares relevant for the calculation of earnings per share is 50,929,300 shares corresponding to existing shares (53,600,000) less the number of treasury shares in portfolio (2,670,700).

In particular, earnings per share was calculated, for all the periods presented, by dividing the net profit attributable to the Company by the weighted average number of ordinary shares in circulation, the latter determined considering the increase in the number of shares as established by the above resolution and the reduction relating to treasury shares in portfolio. 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:

	31.12.2021	31.12.2020
Profit for the period (EUR ‘000)	14,204	10,448
Weighted average of number of outstanding ordinary shares (in thousands of units)	50,929	50,929
Basic earnings per share (in Euros)	0.28	0.21

The diluted earnings per share is as follows:

	31.12.2021	31.12.2020

Profit for the period (EUR '000)	14,204	10,448
Weighted average of number of outstanding ordinary shares (in thousands of units)	51,533	50,866
Diluted earnings per share (in Euros)	0.28	0.21

[14] Current and non-current financial liabilities

The account is broken down as follows:

€'000	31.12.2021	31.12.2020
Short-term bank loans	29,000	21,300
Current portion of medium/long-term loans	20,286	16,325
Current financial liabilities to subsidiaries	35,132	22,916
Loans for leasing falling due within 12 months	384	329
Current financial liabilities	**84,803**	**60,870**

€'000	31.12.2021	31.12.2020
Medium/Long-term loans	31,939	37,233
Loans for leasing falling due over 12 months	920	1,099
Others financial liabilities	223	-
Non-current financial liabilities	**33,083**	**38,331**

Short-term bank payables refers to the use of bank lines for operating purposes.
Current financial liabilities to subsidiaries amounted to Euro 35,132 thousand. The increase is mainly due to the cash pooling with the subsidiary Penta. This amount also includes an interest-bearing loan with the subsidiary FDM for Euro 5,000 thousand.
During 2021, the Company signed two new loan agreements with banks for a total of Euro 15,000 thousand.

In addition, in December 2021, the Parent Company received two loans, each in the amount of Euro 112 thousand, from the Region of Veneto and from the Sustainable Growth Fund for research and development.

At December 31, 2021 and December 31, 2020, the main details of bank loans by maturity are detailed below:

Loan	Currency	Original amount (EUR)	Maturity	Interest rate	Terms	31.12.2021			31.12.2020		
						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	-	3,200	1,600	1,600
2	EUR	6,000	05/04/2022	Fixed	0.48%	756	756	-	1,887	1,131	756
3	EUR	7,500	06/12/2022	Fixed	0.50%	1,515	1,515	-	3,022	1,507	1,515

4	EUR	7,000	03/05/2024	Fixed	0.54%	4,393	1,750	2,643	5,699	1,306	4,393
5	EUR	3,000	13/12/2021	Variable	Euribor 6m+0,62%	-	-	-	2,000	2,000	-
6	EUR	5,000	05/02/2025	Variable	Euribor 6m+0,65%	3,500	1,000	2,500	4,500	1,000	3,500
7	EUR	7,000	07/04/2024	Variable	Euribor 6m+0,85%	4,375	1,750	2,625	6,125	1,750	4,375
8	EUR	2,000	24/06/2023	Fixed	0.35%	1,003	668	335	1,668	665	1,003
9	EUR	20,000	14/10/2025	Fixed	0.67%	16,000	4,000	12,000	20,000	4,000	16,000
10	EUR	5,500	23/12/2024	Variable	Euribor 6m+0,55%	-	-	-	5,500	1,375	4,125
11	EUR	4,125	23/12/2028	Variable	Euribor 6m+0,6%	4,125	589	3,536			
12	EUR	5,000	05/05/2023	Fixed	0.01%	5,000	3,333	1,667			
13	EUR	10,000	22/11/2024	Fixed	0.25%	10,000	3,325	6,675			
14	EUR	112	30/06/2031	Fixed	0.18%	112	-	112			
15	EUR	112	30/06/2031	Fixed	0.18%	112	-	112			
Total						**52,490**	**20,286**	**32,204**	**53,602**	**16,334**	**37,267**

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 6,125 thousand and the fair value is positive and equal to Euro 26 thousand.

Also in 2021 two amortizing loans were received to support working capital totaling Euro 15 million. These loans have durations of 36 and 48 months and an average interest rate of less than 0.5%. One of the two loans is backed by a guarantee issued by the Small and Medium Enterprise Guarantee Fund managed by Banca del Mezzogiorno – MedioCredito Centrale S.p.A.

The following tables detail the changes in current and non-current financial liabilities, representing both monetary and non-monetary movements:

€/000	31.12.2020	Net cash flow for repayments	New loan cash flow	New Lease	31.12.2021
Short-term bank loans	21,300	7,700			29,000
Current portion of medium/long-term loans	16,325	(2,696)	6,658		20,287
Other financial payables (to subsidiaries)	23,245	11,603	600	68	35,516
Current financial liabilities	**60,870**	**16,607**	**7,258**	**68**	**84,803**

€/000	31.12.2020	Net cash flow for repayments	New loan cash flow	New Lease	31.12.2021
Medium/Long-term loans	37,233	(13,636)	8,342		31,939

Loans for leasing falling due over 12 months	1,099	(345)	223	166	1,144
Non-current financial liabilities	**38,332**	**(13,981)**	**8,565**	**166**	**33,082**

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

31.12.2021	Total	Total flows	Within 1 year	From 1 to 5 years	Over 5 years
Medium/long-term bank loans	31,939	32,130	-	30,951	1,179
Lease financing after the next financial year	163	163	-	163	-
Other financial debt	981	981		981	
Non-current financial liabilities	**33,082**	**32,274**	**-**	**32,095**	**1,179**
Current portion of medium/long-term loans	20,287	20,463	20,463	-	-
Current bank borrowings	29,000	29,001	29,001	-	-
Lease financing within the financial year	39	39	39	-	-
Other	35,477	35,477	35,477	-	-
Current financial liabilities	**84,803**	**84,980**	**84,980**	**-**	**-**

[15] 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	31.12.2021	31.12.2020
Opening balance	**2,203**	**2,280**
Employee benefits paid	(143)	(118)
Provision	1,115	1,030
Transfer to pension funds and INPS treasury	(1,114)	(1,006)
Actuarial earnings (losses)	(27)	0
Interest cost	7	17
Closing balance	**2,041**	**2,203**

The valuation of Post-employment benefits is based on the following actuarial assumptions:

Employee benefits liabilities	31.12.2021	31.12.2020
Annual discount rate	0.98%	0.34%

Employee benefits liabilities	31.12.2021	31.12.2020
Annual inflation rate	1.75%	0.80%
Annual rate of increase in employee severance indemnity	2.81%	2.10%
Mortality rate	Tavole ISTAT 2016	Tavole ISTAT 2016
Retirement age	at the achievement of the AGO pension fund requirements	
Advances rate	3.50%	3.50%
Turnover rate	1% (based on historical company data)	

The annual discount rate used to calculate the present value of the obligation was derived from the Iboxx Corporate AA index with a duration similar to the pension forecasts underlying the plan. Changes in the discount rate correspond to changes in the above index.
Sensitivity analyses were also carried out to take account of the effect of any changes in the main assumptions used in the valuations. The assumptions used in the sensitivity analysis are summarized below together with the corresponding changes in the present value of the obligation:

Employee benefits liabilities (€'000)	31.12.2021	31.12.2020
Discount rate +50bp	(101)	(68)
Discount rate -50bp	(222)	66
Inflation rate +50bp	(257)	105
Inflation rate -50bp	(61)	(113)

[16] Provisions for risks and charges

The provision for risks and charges at December 31, 2021 amounted to Euro 1,355 thousand compared to Euro 2,032 thousand at December 31, 2020. The composition and the movements of the item are shown in the following table:

€/000	31.12.2020	Provisions	Riclassification	Actuarial effect	Utilisations	31.12.2021
Provision for legal and tax risks	860	10		-	(600)	270
Provision for product warranties	295	-		-	-	295
Provision for additional client expenses	31	5		(3)	-	34
Provision for risks on investments	846	170		-	(260)	756
Provisions for risks and charges	**2,032**	**185**		**(3)**	**(860)**	**1,355**

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.

[17] Trade payables

They amounted to Euro 25,931 thousand at December 31, 2021 compared to Euro 21,149 thousand at December 31, 2020. 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.

[18] Customer advances

At December 31, 2021, Advances from customers amounted to Euro 5,177 thousand compared to Euro 1,478 thousand at December 31, 2020. 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.

[19] Social security and tax payables

They amount to Euro 3,699 thousand at December 31, 2021 compared to Euro 3,194 thousand at December 31, 2020. The account is broken down as follows:

€'000	31.12.2021	31.12.2020	Changes
Social security contributions	2,338	2,090	249
Tax withholdings for employees	1,209	1,005	203
Income tax liabilities (IRES and IRAP)	84		84
Other	68	99	(31)
Tax liabilities and social security contributions	**3,699**	**3,194**	**505**

The change compared to the previous year is largely due to changes in payables to social security institutions.

[20] Other current liabilities

They amount to Euro 8,002 thousand at December 31, 2021 compared to Euro 11,244 thousand at December 31, 2020. The account is broken down as follows:

€'000	31.12.2021	31.12.2020	Changes
Payables to employees	1,831	1,110	720
Payables to parent companies	2,190	196	1,993
Accrued expense and deferred income	295	83	213
Other payables	3,686	9,854	(6,168)
Other current liabilities	**8,002**	**11,244**	**(3,242)**

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, which decreased compared to the previous year, refers mainly to the deferred part of the purchase price of the investment in Doteco S.p.A., including the estimated earn-out. This was partially paid in 2021 in the amount of Euro 6,697 thousand, bringing the estimated remaining balance at December 31, 2021, to Euro 1,018 thousand. These amounts will be settled as contractually required.

NOTES TO THE INCOME STATEMENT

[21] Revenues

Revenues amounted to Euro 110,729 thousand in 2021, compared to Euro 96,540 thousand in 2020 (+14.7%). 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	2021	2020	Change
Revenues from Plastics Systems	95,850	83,637	12,213
Revenues from Food Systems	224	213	11
Revenues from Service & Spare parts	14,654	12,690	1,965
Revenues	**110,729**	**96,540**	14,189

The breakdown of revenue by region is as follows:

€'000	2021	2020	Change
EMEA	92,659	79,393	13,266
ASIA	6,140	6,625	(485)
NORTH AMERICA	8,108	7,645	463
SOUTH AMERICA	3,821	2,877	944
Revenues	**110,729**	**96,540**	14,189

Revenue by market indicates:

- Plastic Systems revenue increased by Euro 12,213 thousand, or 14.6%, compared to 2020. As described in relation to the consolidated financial statements, 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 (+15.5%) on 2020, in line with Group forecasts.

In terms of geographical areas, the EMEA remains the Company's primary market, accounting for 83.7% of total revenue.

Revenues in EMEA include revenues in Italy which amounted to Euro 30,697 thousand in 2021 and Euro 24,311 thousand in the previous year.

[22] Other Revenues

Other revenues amounted to Euro 2,023 thousand in 2021 compared with Euro 1,922 thousand in the previous year.

It is broken down as follows:

€'000	2021	2020	Change
Ancillary sales transport services	295	259	36
Increases in fixed assets for internal works	86	88	(2)
Machinery leases	-	18	(18)
Current expenses grants	653	519	134
Contingent assets	177	178	(1)
Capital gains for disposal of tangible and intangible assets	6	24	(17)
Recharges to suppliers	-	64	(64)
Insurance compensation	16	43	(27)
Sale of scrap materials	89	75	14
Compensation	31	233	(202)
Other	669	421	248
Other revenues and proceeds	**2,023**	**1,922**	101

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 grants for research and development of the Company.

Prior year income mainly consists of differences on cost estimates relating to previous years.

Other includes Euro 211 thousand in rental income from the subsidiary Aquatech for the lease of the production site and offices. In addition, in December 2021, the Parent Company received a research and development grant from the Italian Ministry for Economic Development in the amount of Euro 447 thousand.

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

This item amounted to Euro 44,365 thousand in 2021 compared with Euro 39,189 thousand in the previous year. It is broken down as follows:

€'000	2021	2020	Change
Purchase of raw materials, components and goods	47,664	39,247	8,417
Purchase of consumables	1,916	1,450	466

Change in inventories of raw materials and goods	18	(17)	35
Change in inventories of finished goods and semi-finished products	(5,233)	(1,492)	(3,741)
Purchase of raw materials, consumables and goods and changes in inventories	**44,365**	**39,189**	5,177

This increase is related to revenues recorded in 2021.

[24] Service costs

Service costs, which include rent, lease and similar costs, amounted to Euro 20,653 thousand in 2021, compared with Euro 18,244 thousand in 2020, up 13%. The increase is primarily related to greater revenues compared to the previous year.
It is broken down as follows:

€'000	2021	2020	Changes
Outsourced processing	8,236	6,564	1,672
Transport costs	1,406	1,302	104
Business trips and travel	700	559	141
Commissions	2,980	2,889	91
Fees to directors, statutory auditors and independent auditors	1,650	1,600	50
Consultancies	1,559	1,648	(89)
Maintenance and repairs	1,272	1,287	(16)
Marketing and advertising costs	225	163	62
Utilities	766	584	182
Insurance	255	248	6
Telephone and internet connections	145	141	4
Other costs for services	1,228	1,081	147
Costs for use of third-party assets	232	178	54
Services costs	**20,653**	**18,244**	2,409

The largest cost items, in particular from an industrial process point of view, are:

- outsourcing costs amounting to Euro 8,236 thousand in 2021 (40% of total service costs) determined by the production methods of the Group, which concentrates internally processing and high value added and core activities. In 2020, this item amounted to Euro 6,564 thousand and 36% 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.
- rent, lease and similar costs include rental agreements and non-lease components to which IFRS 16 does not apply.

[25] Personnel expense

Personnel expense amounted to Euro 27,910 thousand compared with Euro 22,783 thousand in 2020. A breakdown of personnel expenses and the workforce by category is provided below:

€'000	2021	2020	Changes
Wages and salaries	20,884	16,690	4,194
Social security contributions	5,909	5,098	811
Costs for defined benefit plans	1,101	991	110
Other personnel expenses	16	4	12
Personnel expenses	**27,910**	**22,783**	5,127

	2021		2020	
	year end	average	year end	average
Managers	9	10	10	10
Middle managers	12	13	14	14
White collar workers	191	185	180	181
Blue collar workers	192	195	190	192
Total	**404**	**403**	**394**	**397**

Personnel expenses in 2020 were impacted by optimization and cost cutting measures. These measures were no longer necessary in 2021. They also include the accrued portion of long-term incentive plans for certain executives of the Company.

[26] Other operating costs

The item amounts to Euro 215 thousand compared to Euro 1,825 thousand in the previous year. It is broken down as follows:

€'000	2021	2020	Changes
Other taxes and duties	345	407	(62)
Bad debt provision recognition	123	99	24
Entertainment costs	15	13	2
Provisions/release for risks	(590)	904	(1,494)
Provision for supplementary indemnity fund	5		5
Other	317	402	(85)
Other operating costs	**215**	**1,824**	**(1,610)**

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.

[27] Amortisation and depreciation

This item amounted to Euro 2,601 thousand compared with Euro 2,631 thousand in 2020. This item is broken down as follows:

€/000	2021	2020
Depreciation of property, plant and equipment	298	373

Depreciation of intangible fixed assets	2,303	2,258
Amortisation/depreciation and write-downs	**2,601**	**2,631**

[28] Financial income and expenses

This item amounted to Euro 2,007 thousand in 2021 compared with Euro 745 thousand in 2020. The item includes Euro 2,097 thousand dividends received from subsidiaries in 2021 compared to Euro 824 thousand in 2020.

€'000	2021	2020	Change
Interest income	218	326	(108)
Dividends	2,097	824	1,273
Other financial income	19	41	(23)
Financial income	**2,333**	**1,191**	**1,142**
Bank interest expenses	223	176	47
Other interest expenses	36	39	(3)
Other financial expenses	67	232	(165)
Financial charges	**326**	**447**	**(120)**
Net financial income (expense)	**2,007**	**745**	**1,262**

[29] Exchange gains/(losses)

The item amounted to net profit of Euro 434 thousand in 2021, compared with a net loss of Euro 946 thousand in 2020. It is broken down as follows:

€'000	2021	2020	Change
Foreign currency conversion gains	1,183	84	1,099
Foreign currency conversion losses	(749)	(1,030)	281
Foreign currency conversion gains and losses	**434**	**(946)**	**1,380**

Foreign exchange gains are mainly unrealized, for Euro 1,026 thousand.
Foreign exchange losses are almost entirely related to realized losses.

[30] Adjustment to financial assets

The item reports a net expense of Euro 1,373 thousand, compared to a net gain of Euro 140 thousand in 2020. It includes the write-downs related to the value of the equity investments in Toba and Fea, as well as the write-down of current financial assets with subsidiaries.

€'000	2021	2020	Change
Investments write-off	1,153	-	1,153

Investments provision for risjìk and charges	-	(140)	140
Bad financial debt accrual included in financial asset	220	-	220
Financial asset adjustments	**1,373**	**(140)**	**1,513**

[31] Income Taxes

This item amounted to Euro 3,870 thousand compared with Euro 3,280 thousand in 2020. It is broken down as follows:

€'000	2021	2020
Current tax	4,795	3,891
Previuos years tax	(22)	(61)
Deferred tax	(903)	(549)
Income taxes	**3,870**	**3,281**

Income taxes can be reconciled as follows to the pre-tax profit or loss shown in the income statement:

	2021	2020
Earnings before taxes	**18,075**	**13,729**
Income taxes calculated using the theoretical IRES rate (24%)	**(4,338)**	**(3,295)**
Higher taxes	**(747)**	**(756)**
provision for funds	(200)	(266)
non-deductible vehicles costs	(51)	(47)
unrealized foreign exchange losses	(1)	(182)
Equity investments write off	(330)	-
non-deductible leasing cost (IAS17)	(25)	(74)
capital gain	(30)	(30)
others	(110)	(157)
Lower taxes	**1,165**	**561**
use of funds	157	46
contingent assets	24	33
unrealized foreign exchange profit	109	1
super-depreciation	31	35
iper-depreciation	66	66
Dividends	489	188
IRAP tax deduction	34	11
tax crediti R&D	42	118
ACE deduction	197	43
IFRS15 effect	-	-
- capital gain from assets sale	0	-
Others	16	21
Irap	**(750)**	**(401)**
Realignement tax	**(102)**	
Tax on dividends	**(25)**	**-**
Other movements	**925**	**610**
Income taxes	**(3,871)**	**(3,281)**

Reference should be made to Note [5] in relation to changes in deferred tax assets and liabilities and the nature of these.

Segment reporting

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 [24].

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.
Non-recurring charges mainly referred to costs relating to the Company's listing on the stock exchange, costs relating to the transfer and/or increase in long term production capacity and ancillary charges on acquisitions made during the year.
There were no non-recurring charges during 2020. However, the following non-recurring charges were recognized in 2021:

Non recurring items	2021
IPEG Inc. acquisition costs	(50)
Personnel expenses	(395)
Write off investments Toba and Fea	(1.323)
Deferred tax liabilities release	972
Total	**(796)**

Classes of financial instruments and fair value hierarchy

With reference to the breakdown of financial assets and liabilities required by IFRS 7, there were no transfers between the fair value levels indicated in IFRS 13 and those reported in the Consolidated Financial Statements at December 31, 2020, to which reference should be made for further information.

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**
Total financial assets	**Receivables and loans**	**116,232**	**1,564**	**91,294**	**23,374**
Bank borrowings	Liabilities at amortised cost	31,939		31,939	
Payables to other lenders	Liabilities at amortised cost	1,144		1,144	
Non-current financial liabilities		**33,082**		**33,082**	
Short-term bank loans	Liabilities at amortised cost	29,000		29,000	
Short-term bank loans	Liabilities at amortised cost	20,287		20,287	
Payables to other lenders	Liabilities at amortised cost	35,516		35,516	
Current financial liabilities		**84,803**		**84,803**	

31.12.2021	IFRS 9 categories	Book value	Level 1	Level 2	Level 3
Trade payables	**Liabilities at amortised cost**	**25,931**			**25,931**
Advances from customers	**Liabilities at amortised cost**	**5,177**			**5,177**
Total financial liabilities		**148,993**		**117,885**	**31,108**

31.12.2020	IFRS 9 categories	Book value	Level 1	Level 2	Level 3
Current accounts and post office deposits	Receivables and loans	46,132		46,132	
Cash	Receivables and loans	1		1	
Cash and cash equivalents		**46,132**		**46,132**	
Trade receivables	**Receivables and loans**	**33,198**			**33,198**
Current financial assets	**Receivables and loans**	**9,984**	**5,146**		**4,838**
Total financial assets	**Receivables and loans**	**88,314**	**5,146**	**46,132**	**38,036**
Bank borrowings	Liabilities at amortised cost	37,233		37,233	
Payables to other lenders	Liabilities at amortised cost	1,099		1,099	
Non-current financial liabilities		**38,331**		**38,331**	
Short-term bank loans	Liabilities at amortised cost	21,300		21,300	
Short-term bank loans	Liabilities at amortised cost	16,325		16,325	
Payables to other lenders	Liabilities at amortised cost	23,246		23,246	
Current financial liabilities		**60,871**		**60,871**	
Trade payables	**Liabilities at amortised cost**	**21,149**			**21,149**
Advances from customers	**Liabilities at amortised cost**	**1,478**			**1,478**
Total financial liabilities		**121,830**		**99,202**	**22,628**

[32] Related party transactions

During 2021 and 2020 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 31.12.2021	Nature of transactions	Notes	Property Plant & Equipement	Current trade receivables	Other current assets	Current financial assets	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]		-				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				3,740	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			0	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	5,000			367	137
PIOVAN INDIA PVT LTD	Subsidiary	[7] [17] [21] [23]		253				96			0	478	212
PIOVAN MUHENDISLIK	Subsidiary	[7] [8] [17] [21] [23]		707		260		250			0	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	20,100			1	437
PIOVAN GULF FZE	Subsidiary	[7] [17] [20] [21] [23]		31				206			0	59	22

Transactions at 31.12.2021	Nature of transactions	Notes	Property Plant & Equipement	Current trade receivables	Other current assets	Current financial assets	Trade payables	Current financial liabilities	Non-current financial liabilities	Other non - current liabilities	Other current liabilities	Revenues	Expenses
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			0	-	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 Subsidiary			**-**	**5,962**	**-**	**595**		**1,777**	**35,132**	**-**	**163**	**39,470**	**5,251**
Associated company													
C.M.G. SPA	Associated company	[10] [17] [23]						178					903
Parent company													
PENTAFIN S.P.A.*	Associated company	[10]									2,190		
Other													
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**	**39,470**	**8,738**

Transactions at 31.12.2020	Nature of transactions	Notes	Property Plant & Equipement	Current trade receivables	Other current assets	Current financial assets	Trade payables	current financial liabilities	Other non - current liabilities	Other current liabilities	Revenues	Expenses
Subsidiary												
PIOVAN CANADA LTD	Subsidiary	[7] [21]		314							2.897	

Transactions at 31.12.2020	Nature of transactions	Notes	Property Plant & Equipement	Current trade receivables	Other current assets	Current financial assets	Trade payables	current financial liabilities	Other non - current liabilities	Other current liabilities	Revenues	Expenses
PIOVAN GMBH	Subsidiary	[7] [17] [21] [23]		280			9				8.858	54
PIOVAN CENTRAL EUROPE	Subsidiary	[7] [17] [21] [23]		1.780			17				6.691	202
PIOVAN UK LIMITED	Subsidiary	[7] [17] [21] [23]		2.335			16				3.420	16
PIOVAN DO BRASIL LTD	Subsidiary	[7] [17] [21] [23]		1.991			55				1.295	497
PIOVAN PLASTICS MACHINERY	Subsidiary	[7] [17] [21] [23]		188			7				1.393	38
PIOVAN MEXICO S.A.	Subsidiary	[7] [17] [21] [23]		2.042			6				3.106	34
PIOVAN FRANCE	Subsidiary	[7] [17] [21] [23]		1.112			224				3.181	579
PIOVAN CZECH REPUBLIC	Subsidiary	[23]		-			-				-	2
UNIVERSAL DYNAMICS	Subsidiary	[7] [8] [17] [21] [23]		3.311		3.129	12				1.526	18
TOBA Pnc	Subsidiary	[7] [8] [21]		79		125					17	-
PIOVAN ASIA PACIFIC	Subsidiary	[7] [17] [21] [23]		3.884			36				2.864	179
FDM GMBH	Subsidiary	[7] [14] [17] [21] [23]		13			81	4.400			317	949
PIOVAN INDIA PVT LTD	Subsidiary	[7] [17] [21] [23]		284			27				275	171
PIOVAN MUHENDISLIK	Subsidiary	[7] [8] [17] [21] [23]		1.180		260	479				418	406
AQUATECH S.R.L.	Subsidiary	[7] [8] [17] [20] [21] [23]		37		1.039	528			32	443	1.587
PENTA SRL	Subsidiary	[7] [14] [17] [21] [23]		22			362	18.516			21	902
PIOVAN GULF FZE	Subsidiary	[7] [17] [21] [23]		11			76				4	404
ENERGYS SRL	Subsidiary	[7] [21]		4			-				7	-

Transactions at 31.12.2020	Nature of transactions	Notes	Property Plant & Equipment	Current trade receivables	Other current assets	Current financial assets	Trade payables	current financial liabilities	Other non - current liabilities	Other current liabilities	Revenues	Expenses
PROGEMA SRL	Subsidiary	[7] [17] [23]		4			57				-	47
PIOVAN VIETNAM LTD	Subsidiary	[17] [23]		-			10				0	40
PIOVAN JAPAN INC.	Subsidiary	[7] [8] [17] [21] [23]		63		285	42				9	39
PIOVAN MAROC	Subsidiary	[17] [20] [23]		-			96			69	-	146
DOTECO SPA	Subsidiary											
DOTECO INC.	Subsidiary											
STUDIO PONTE SRL	Subsidiary											
Total Subsidiary				**18.934**	**-**	**4.838**	**2.137**	**22.916**	**-**	**101**	**36.743**	**6.311**
Associated company												
C.M.G. SPA	Associated company	[17] [23]					164					694
Parent company												
PENTAFIN S.P.A.*	Parent company	[20]								196		
Other												
Nicola Piovan	Chairman of the BoD of Piovan S.p.A. and Sole shareholder of Pentafin S.p.A.	[1] [10] [20] [21] [23]	195	-	31					57	8	1.259
Filippo Zuppichin	Chief executive officer and shareholder of Piovan S.p.A.	[23]										644
Members of BoD (except President an the CEO)	Directors	[23] [25]	740							65		130
CARSIL S.R.L.	Company owned by Nicola Piovan's relatives	[1] [14] [23]						160	600			181
TOTAL			**935**	**18.934**	**31**	**4.838**	**2.300**	**23.077**	**600**	**420**	**36.751**	**9.218**

Commitments and risks

At December 31, 2021, the Company had guarantees in place for Euro 1,696 thousand provided to third parties in relation to commercial activities for sales orders (Euro 487 thousand at December 31, 2020).

At December 31, 2021, the Company provided sureties in favor of credit institutions in the interest of subsidiaries and subject to the control of the parent company for a total of Euro 9.2 million (Euro 15.9 million at December 31, 2020) and future lease payables of Euro 232 thousand (Euro 262 thousand at December 31, 2020).

Contingent liabilities

We are not aware of the existence of further disputes or proceedings that are likely to have significant repercussions on the Company’s economic and financial situation.

Disbursements from the Public Administration

As outlined previously, in December 2021, the Parent Company received a research and development grant from the Italian Ministry for Economic Development in the amount of Euro 447 thousand and two R&D loans, each in the amount of Euro 112 thousand, from the Region of Veneto and from the Sustainable Growth Fund.

Remuneration of Directors, Statutory Auditors and Independent Audit Firm

Remuneration paid to Directors, Statutory Auditors and Independent Audit Firm for the year ended December 31, 2021 compared to the previous year are shown below:

	2021	2020
Directors	1,391	1,350
Key managers	924	894
Statutory auditors	52	41

Disclosure pursuant to Article 149 of the Consob Issuer’s Regulation

The following table, drawn up pursuant to Art. 149-duodecies of the Consob Issuers’ Regulation, highlights the fees charged in the year 2020 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 2021
External audit of accounts	Auditor of the parent company	Parent company	109
Auditing and review	Auditor of the parent company	Parent company	30
Non-audit services	Network of the parent company's auditors	Parent company	7
TOTAL			**147**

Subsequent events after December 31, 2021

As reported in relation to **Significant events in the year**, 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. (”Sewickley Capital”), owner of 100% of IPEG, Inc., into a company newly incorporated, in

Delaware, and wholly owned by Piovan. The transaction took place at the conditions and price reported to the market on December 13, 2021.

The group companies falling under IPEG, Inc. will be consolidated within the Piovan Group starting from the date of completion of the acquisition, which represents the date on which the Group obtained control.

In order to complete the transaction, a 6-year loan was received in January 2022 for the acquisition of IPEG, Inc., in the amount of Euro 100 million.

The great geopolitical tensions surrounding Russia and Ukraine may lead to significant international humanitarian and social crises with major impacts on the people in these countries. This significantly increases the real risk of international sanctions assessed as a deterrent for certain countries involved, which could have a significant impact on trade and on their national economies.

The Group's exposure to the areas involved is limited in relation to total operations. Based on 2021 figures, and including the recent acquisition of IPEG, Inc., consolidated revenue generated by the Group in Russia and Ukraine is just 0.8% of the total.

The situation continues to evolve, so it is not currently possible to make reliable estimates of any impact this may have on our business.

Santa Maria di Sala (Venezia), March 23, 2022.

On behalf of the Board of Directors

Executive Chairman
Nicola Piovan

DECLARATION OF THE SEPARATE 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 23, 2022

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 2021.

No significant aspect emerged concerning the above.

In addition, we declare that the separate financial statements at December 31, 2021:

a) is drawn up in compliance with the applicable international accounting standards recognized by the European Union, in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and the Council of July 19, 2002;

b) correspond to the underlying accounting documents and records;

c) provides a true and fair view of the financial position, financial performance and cash flow of the issuer.

The Directors' Report includes a reliable analysis on the performance and operating result,

as well as the issuer's situation, together with a description of the main risks and uncertainties to which it is exposed.

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

INDEPENDENT AUDITORS' REPORT ON THE SEPARATE FINANCIAL STATEMENTS

Deloitte.

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Italia

Tel: +39 0422 587.5
Fax: +39 0422 587812
www.deloitte.it

INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Piovan S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Piovan S.p.A. (the "Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of profit and loss, the statement of comprehensive income, the statement of changes in equity and the 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 financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, 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 Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

There are no key audit matters to communicate in this report.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of 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 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements, including the disclosures, and whether the 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, related safeguards.

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 financial statements, 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 financial statements with the provisions of the Delegated Regulation.

In our opinion, the financial statements 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 2021, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements of Piovan S.p.A. as at 31 December 2021 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 financial statements of Piovan S.p.A. as at 31 December 2021 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
March 30, 2022

This independent auditor's report has been translated into the English language solely for the convenience of international readers.

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 153

OF LEGISLATIVE DECREE 58/1998

AND ARTICLE 2429 OF THE CIVIL CODE

TO THE SHAREHOLDERS' MEETING OF PIOVAN S.P.A. OF APRIL 28, 2022

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 28, 2022 to approve the Annual Financial Statements and the Consolidated Financial Statements at December 31, 2021.

As noted, 2021 was also impacted by the COVID-19 pandemic which emerged in March 2020. The activities of the corporate boards were however not interrupted and continued according to the manner required during the various phases of the pandemic. Where not possible or advisable, in-person activities have been replaced by meetings and "remote" exchanges of information, also regarding the activities of the Board of Statutory Auditors.

* * *

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 in 2021 were outlined in the Directors' Report to the consolidated financial statements, to which reference should be made. They are as follows: "Implications of the COVID-19 pandemic", "Acquisitions - Doteco S.p.a., Ipeg Inc.", "Important recognition of our efforts in the Circular Economy", "New facility in China", "Purchase of land adjacent to the head office", "Dividends" and "Governance".

With regards to the acquisition of Ipeg Inc., reference should be made to that reported below regarding the subsequent events.

With regard to the COVID-19 pandemic, the notes to the financial statements adequately report on the "Coronavirus" emergency, describing its effects, albeit of limited extent, on the company's business and emphasizing the adoption of appropriate measures and protocols to protect employees in compliance with current regulations. In this report, the Board of Directors points out that risk mitigation is also and particularly due to the company's presence in different geographical areas and in diversified sectors.

With regards to the subsequent events, outlined in the specific paragraph of the consolidated Directors' Report (to which reference should be made), we highlight:

- the completion in January 2022 of the acquisition of Ipeg Inc., a Delaware-based company with branches in the United States, in India, in Mexico, in Germany, in China, in Taiwan and in Singapore. The company is engaged in industrial automation for the transport and treatment of polymers and the production of industrial refrigerators through four main brands;

- the highlighting of information, on a qualitative and quantitative basis, of the effects of the Russian-Ukrainian crisis on business activities. In this regard, the Company highlights the Group's limited exposure to the areas involved with respect to overall activities, as well as the impossibility of estimating the impact on the business in the current constantly changing environment.

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 corporate 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, 2022, 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 Deloitte & Touche S.p.A. on the same date also issued their additional report for the Internal Control and Audit Committee, pursuant to Article 11 of EU Regulation 537/2014.

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 2021. No petitions were submitted to the Board of Statutory Auditors during the year 2021.

5. Conferment of appointments to the independent audit firm and associated 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 2021, as indicated in the annual financial report:

Type of service	Person who provided the service	Recipient	Fees 2021 (€/000)
External audit of accounts	Auditor of the parent company	Parent company	109
External audit of accounts	Auditor of the parent company	Subsidiaries	82
External audit of accounts	Network of the parent company's auditors	Subsidiaries	106
Review review of the half-yearly financial statements	Auditor of the parent company	Parent company	30
Review review of the half-yearly financial statements	Auditor of the parent company	Subsidiaries	18
Review review of the half-yearly financial statements	Network of the parent company's auditors	Subsidiaries	19
Non-audit services	Network of the parent company's auditors	Parent company	7

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 2021 as per the proposal approved by the Nomination and Remuneration Committee in the meeting of March 18, 2022, as well as the Remuneration Report's text approved by the Board of Directors in the meeting of March 23, 2022 and verified that this contains the information required by Article 123-ter of the CFA and Article 84-quater of Consob Regulation 11971/1999;
- 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 23, 2022, 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.;
- reviewed and positively assessed, together with the Control Risks and Sustainability Committee, the Annual Activity Plan of the Executive Officer for 2022 and the 2022 Audit Plan, each prepared by the respective Managers of the departments and approved by the Board of Directors on March 23, 2022.

7. Attendance of the meetings of the corporate bodies

The Board of Directors met on twelve occasions in 2021. Until the date of this report, in 2022, two Board of Directors meetings were held (including that of March 23).

The Board of Statutory Auditors attended all 7 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, six Control, Risks and Sustainability Committee meetings in 2021 and two meetings in 2022, three meetings of the Nomination and Remuneration Committee in 2021 and two in 2022, one Related Parties Committee meeting in 2021 and one meeting in 2022 and held nine of its own meetings in 2021, in addition to two in 2022 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, which is still in the process of being consolidated, remains substantially adequate, albeit with margins for improvement in order to better adapt it to the greater complexity of the business and governance.

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 23, 2022, 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 31.12.2021;

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 2021 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 31.12.2021, 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 any significant shortcomings detected in the internal control system on the financial reporting process, in which no significant shortcomings were found;

b) Take note what was reported by the independent audit firmin its report regarding the indentification of so-called *"key aspects of of the audit".*

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 19, 2021, the Company, having acknowledged the recommendations of the Italian Corporate Governance Committee 2021, resolved to comply with the principles in the new Corporate Governance Code for Listed Companies published on January 31, 2020.

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;
- 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 11, 2021, it carried out, with a positive outcome, the verification of compliance with the independence criteria with reference to each of its members, and on February 1, 2022, it also determined the quantitative and qualitative criteria for assessing the significance of the relevant circumstances pursuant to the Corporate Governance Code for the purposes of assessing the independence of its members (in line with what the Board of Directors had already decided for the assessment of its own independent directors). 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 2021.

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 2021, 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 2021;
- 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 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 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 23, 2022 and the independent audit firm's issuing of

the Statutory Declaration on March 30, 2022, concerning the compliance of information provided in this document as per Articles 3 and 4 of Legislative Decree No. 254/2016.

- monitored compliance with the new regulations regarding the preparation of statutory and consolidated financial statements in XHTML format – with regard to consolidated financial statements- with marking of significant aspects in accordance with the ESEF delegated regulation.

In consideration of the above, the Board of Statutory Auditors requests you to approve the separate financial statements at December 31, 2021, 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 0.10 per share), taking account of the Group's financial statements.

Santa Maria di Sala (VE), March 30, 2022

The Board of Statutory Auditors

Ms. Carmen Pezzuto – Chairperson

Mr. Luca Bassan – Statutory Auditor

Ms. Patrizia Santonocito – Statutory Auditor

Version 1.0

2021 Annual Report
at December 31, 2021 of Piovan S.p.A.

PIOVAN S.p.A.
Via delle Industrie 16 – 30036
S. Maria di Sala VE - Italy