



Periodic
Financial
Statements

at September 30, 2022

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

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

Telephone: +39 041 5799111

Certified e-mail: piovanspa@legalmail.it

E-mail: info@piovan.com

Website: www.piovan.com

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

Tax No.: 02307730289 VAT No.: 02700490275

Venice Economic & Administrative Registration No. 235320

Board of Directors of the parent company Piovan S.p.A.

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

Board of Directors

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

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 recommendation No. 7 of the Corporate Governance Code.

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

Board of Statutory Auditors

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

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

Control, Risks and Sustainability Committee

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

Name	In charge
Antonella Lillo	Chairman
Marco Maria Fumagalli	
Mario Cesari	

Nomination and Remuneration Committee

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

Name	In charge
Manuela Grattoni	Chairman
Marco Maria Fumagalli	
Antonella Lillo	

Related Parties Committee

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

Name	In charge
Marco Maria Fumagalli	Chairman
Manuela Grattoni	
Mario Cesari	

Organismo di Vigilanza (Supervisory Board)

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

Name	In charge
Patrizia Santonocito	Chairman
Giovanni Boldrin	
Chiara Zilio	

Significant shareholders

Based on the shareholders' register, through communications received in accordance with Article 120 of Legislative Decree No. 58/98 and other information available to the company, the shareholders of Piovan S.p.A. with holdings of greater than 5% 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	58.350	62.786	61.349	65.127
7INDUSTRIES HOLDING BV	7INDUSTRIES HOLDING BV	9.282	13.412	9.759	13.912

(*) Total No. ordinary shares: 53,600,000, including Piovan S.p.A. treasury shares equal to 2,620,700

(**) 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: 50,979,300, 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 Piovan S.p.A. treasury shares.

Executive Officer for Financial Reporting

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

Independent Audit Firm

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

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

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

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

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

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

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

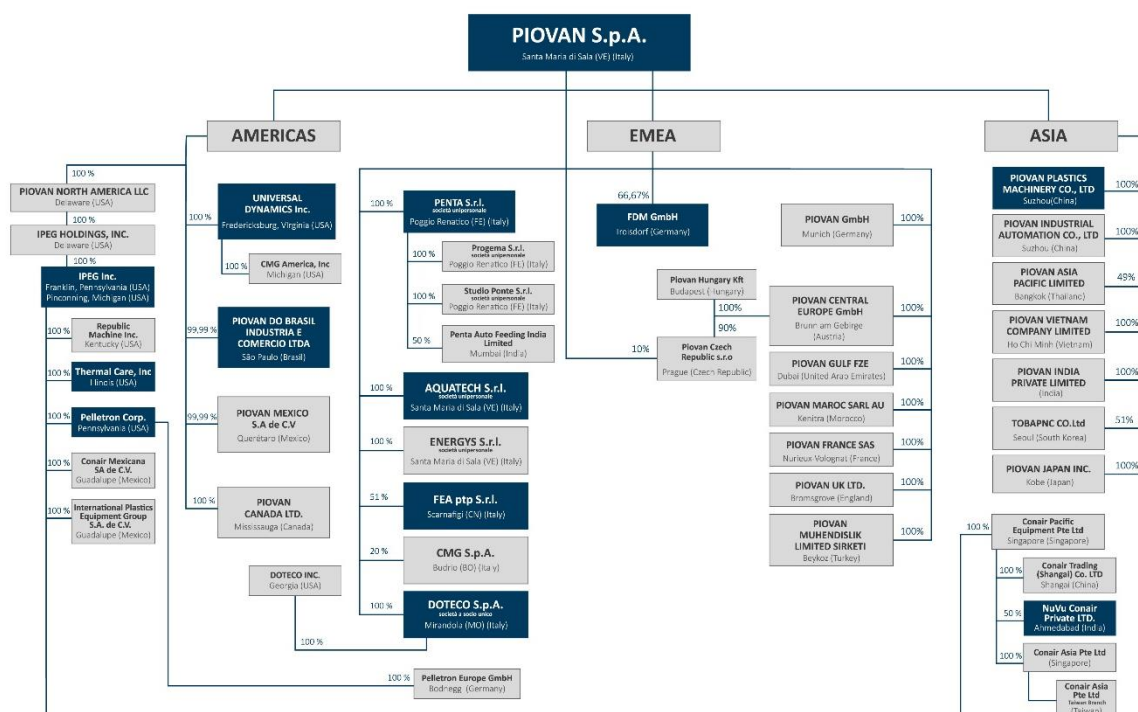
Finally, in January 2022, Piovan S.p.A. completed the acquisition of the entirety of the share capital in Sewickley Capital Inc., owner of 100% of IPEG Inc. – an industry leader in North America – thereby further strengthening our global leadership in this industry.

Today the Group comprises a network of direct or indirect subsidiaries of Piovan S.p.A., with sites in Europe, the United States and Asia, both thanks to organic growth dynamics and acquisitions. The strategic, managerial and operational direction of the Group, which as of September 30, 2022, comprises 44 service and commercial companies, including 14 production plants on 4 continents, is entrusted directly to Piovan S.p.A.

The global spread of Piovan Group companies creates a major competitive advantage, providing customers across its various markets with a uniform level of service quality, in addition to an extremely broad and constantly developing range of products. This range is a core feature of the Group's commercial offering, both for the processes of automated storage, transport and processing of plastics to every final sector, and for the transport and processing of food powders and creams, which has recently become an area of development within the Group's range, thanks to the subsidiaries Penta S.r.l. and FEA Process & Tecnologica 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 September 30, 2022



Stabilimento produttivo

Service & sales

Group Performance

General economic overview

Within a context that is heavily influenced by the war between Russia and Ukraine, the macroeconomic landscape remains uncertain due to inflation continuing for longer than initially expected and to the implementation of restrictive financial policies around the world, which – together with the scarcity of raw materials and components and various supply-chain issues – could have a significant impact on the outlook for global growth in the coming months.

In particular, the prices of certain raw materials and industrial components continue to rise, as do energy and transport costs. Initially expected to be temporary, this ongoing inflation effect is creating challenges in a number of industries.

With regard to the COVID-19 pandemic, uncertainty remains particularly in relation to new variants and to the various approaches being adopted around the world to combat outbreaks and increases in the number of positive cases.

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

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

Significant events in the period

Payment of the final tranche of the Doteco earn-out

In July 2022, in observance of the obligations related to the acquisition of the Doteco group, Piovan S.p.A. paid an earn-out to the sellers in the amount of Euro 1,018 thousand, calculated on the basis of 2021 Doteco group EBITDA. This amount had already been budgeted and accrued.

Acquisition of minority interests in Progema and Studio Ponte

In July 2022, the Piovan Group – through its subsidiary Penta S.r.l. (“Penta”) – purchased the remaining 19% minority interest in the subsidiary Progema S.r.l. (“Progema”) and the remaining 49% minority interest in Studio Ponte S.r.l. (“Studio Ponte”). With these acquisitions, Penta – and Piovan S.p.A. indirectly – now controls 100% of these two companies. The operation falls within the scope of the Group’s broader project aimed at streamlining the organization with the goal of increasing process efficiency following the extension of the consolidation scope. The merger of Progema and Studio Ponte into Penta is expected to be approved by the end of 2022. The merger will take effect from January 1, 2023. Following this merger, the current

management teams at the three companies will remain in their roles in order to contribute to the growth of the Group.

Signing of the Patent Box agreement

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

Piovan S.p.A. signed this agreement with regard to the direct use of the company's own software, patents, and know-how that are interconnected by way of a requirement of complementarity. This tax relief allows for a partial tax reduction on income resulting from the direct use of the Company's intangible assets, as defined by criteria agreed with the Tax Agency.

The income eligible for the tax reduction for 2018-2021 totaled Euro 15.7 million, with a tax savings of Euro 2,196 thousand and a cash-outlay benefit that will be recognized between the end of this year and 2023. The benefit related to the last year of the agreement, i.e. 2022, will be quantified at the end of this year.

For other significant events occurring in the first and second quarters of 2022, see the previous Periodic Financial Statements at March 31, 2022, and the Consolidated Half-year Financial Report at June 30, 2022.

Russia-Ukraine conflict

The conflict between Russia and Ukraine is continuing to feed major international humanitarian and social crises and is having major repercussions on the populations of these nations. Furthermore, also due to the international sanctions being used as a deterrent for some of the countries involved, trade and on their economies are significantly affected, exacerbating supply-chain issues.

The Group has only limited exposure in the areas impacted by the war (i.e. Ukraine, Russia, Belarus) in either sales or purchases. Based on figures for the first nine months of 2022, and including the recent acquisition of IPEG, Inc., consolidated revenue generated by the Group in Russia, Belarus and Ukraine is 0.2% of the total.

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

Subsequent events to the end of the period

On October 10, 2022, the shareholders of FEA PTP S.r.l. (FEA) approved a share capital increase, which was subscribed in a non-proportionate manner, which resulted in Piovan S.p.A. holding a 68.17% interest in FEA (compared to the previous 50.98%).

Outlook

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

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

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

- the strengthening of the global leadership of the Piovan Group in automation solutions for the handling of plastic polymers and food powders;
- the consolidation of the Group competitive positioning in North America, where the Piovan Group has become the industry's largest player;
- an expansion of its 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.

In this regard, it should be noted that, in the first nine months of 2022, the Group began taking steps to prepare for integration of the two organizations, including the creation of working groups aimed at identifying the key areas of collaboration and defining the new organization – including with the support of an external advisory.

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

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

For the Piovan Group, this European legislation represents an opportunity to sell technologies developed in recent years for the automation, processing and screening of recycled and biodegradable plastics.

In recent years the Group has in fact recorded patents related to recycling and has a technological advantage over its competitors. The Company currently estimates that – based on the figures at September 30, 2022 - more than 24%¹ of revenues in the segments that make significant use of recycled plastics (mainly packaging, fibers and recycling) may be considered to be related to the circular economy.

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.

The Group looks to the future with cautious optimism given the uncertainties surrounding the geopolitical and macroeconomic scenario as described above. The Piovan Group is present in many geographical areas and operates in a diverse range of industries, which will certainly mitigate the overall risk related to the current crisis. The market situation remains encouraging in most segments.

Order intake for the first nine months of 2022 was strong and the backlog at September 30, 2022 remains above historical averages.

Despite these encouraging factors, there continue to be risks related to the ongoing supply-chain issues, which have prevented the Group from achieving the full potential made possible by the great value of orders in our backlog.

The continuing high levels of inflation and the implementation of increasingly restrictive economic policies in terms of interest rates could also lead to a general economic slowdown in the coming months, although demand for new projects remains high at the moment.

Alternative performance measures

In this Directors' Report, various alternative performance measures or intermediary earnings measures are presented in order to permit a better assessment of operating performance and financial position. These measures, however, are not identified as an accounting measure within IFRS and therefore the criterion for their determination may not be uniform with other operators. Reference should be made to the "Annual Financial Report at December 31, 2021" which outlines the criteria used to construct these measures, with the exception of those illustrated below.

Taking into consideration the acquisition of the IPEG group in early 2022, it has been decided to supplement the alternative performance indicators monitored by the Group to include adjusted EBITDA, which, compared to reported EBITDA as calculated by the Group (and reported in the

¹ Not including the contribution of IPEG

Annual Financial Report at December 31, 2021), is adjusted for non-core/non-recurring costs, which may include:

- a) costs for the restructuring and integration of consolidated companies and the offsetting of any provisions for restructuring and integration costs;
- b) disposal of non-current assets;
 - disposals of assets related to discontinued operations;
 - transaction costs, fees and expenses incurred by Group companies for negotiations of acquisitions in progress or completed in the period, including taxes, notary costs, and contract registration costs.

Group operating performance

(amounts in €'000)	Economic performance indicators						Changes		Changes	
	Nine months ended September 30, 2022	% on total revenues and other income	Nine months ended September 30, 2022 (IPEG excluded)	% on total revenues and other income	Nine months ended September 30, 2021	% on total revenues and other income	2022 vs 2021	%	2022 (IPEG excluded) vs 2021	%
Revenue	373,079	97.7%	227,571	97.8%	206,100	97.7%	166,979	81.0%	21,471	10.4%
Other revenue and income	8,621	2.3%	5,122	2.2%	4,775	2.3%	3,846	80.5%	347	7.3%
TOTAL REVENUE AND OTHER INCOME	381,698	100.0%	232,693	100.0%	210,875	100.0%	170,823	81.0%	21,818	10.3%
Adjusted EBITDA	44,491	11.7%	32,247	13.9%	29,361	14.0%	15,130	51.5%	2,886	9.8%
EBITDA	43,786	11.5%	31,543	13.6%	30,911	14.7%	12,875	41.7%	632	2.0%
OPERATING PROFIT	31,315	8.2%	25,904	11.1%	25,650	12.2%	5,665	22.1%	254	1.0%
PROFIT BEFORE TAXES	35,723	9.4%			25,891	12.3%	9,832	38.0%		
Income taxes	6,744	1.8%			7,484	3.6%	(740)	(9.9%)		
NET PROFIT	28,980	7.6%			18,407	8.7%	10,573	57.4%		
Attributable to:										
Owners of the parent	28,716	7.5%			18,853	8.9%				
Non-controlling interests	264	0.1%			(446)	(0.2%)				
Basic earnings per share	0.56				0.37					
Diluted earnings per share	0.56				0.37					

Revenue and other income: In the first nine months of 2022, Piovan Group total revenue and other income amounted to Euro 381,698 thousand, up versus Euro 210,875 thousand in the first nine months of 2021 (+81.0%).

Recognizing the effect of acquisition of the IPEG group retroactively to January 1, 2022, the amount of revenues and other income for the Piovan Group would have been Euro 395,967 thousand for the first nine months of 2022.

Excluding revenues recognized by the IPEG group, consolidated from February 1, 2022, total revenues and other income in the first nine months of 2022 amounted to Euro 232,693 thousand, up 10.3% on the same period of 2021. It should be noted that Revenues and other income for the first nine months of 2021 include the positive impact of non-recurring revenue in the amount of Euro 1,550 thousand related to financing received by U.S. subsidiary Universal Dynamic Inc. (hereinafter also "Unadyn") received from the U.S. government in 2020 under the Paycheck Protection Program ("US PPP Loan"), which was converted into a grant following approval by the issuing body. Excluding this effect, Revenues and other income for the first nine months of 2021 would be Euro 209,325 thousand, for growth in 2022 on a like-for-like basis (in terms of consolidation scope) of 11.2%.

Revenue alone calculated at constant exchange rates (i.e. at the average exchange rate for the first nine months of 2021) would have decreased by Euro 23,131 thousand at Euro 349,947

thousand and risen 69.8% compared to the first nine months of 2021. Excluding the contribution of the IPEG group, Revenue at constant exchange rates would have been Euro 220,034 thousand, a decrease of Euro 7,537 thousand, although still an increase over the previous year of 6.8%. This difference was mainly due to the positive trend of US dollar against Euro, to a lesser extent, to trends in the renminbi and in the Brazilian real.

EBITDA: EBITDA of Euro 43,786 thousand increased from the Euro 30,911 thousand of the first nine months of 2021 (+41.7%). In 2021, this figure included the positive impact of conversion of the US PPP loan into a grant as described above. Net of this effect, EBITDA would have been Euro 29,361 thousand for an increase in 2022 of 49.1%. The margin on total revenue decreased from 14.7% in 2021 (14.0% excluding the effect of the US PPP loan) to 11.5% in 2022, mainly due to the consolidation of the IPEG group.

Excluding the impact of the IPEG group, EBITDA at September 30, 2022, comes to Euro 31,543 thousand, an increase of 7.4% from the same period of 2021 excluding the effect of the US PPP loan, with a margin on total revenue of 13.6%. The growth in EBITDA, which is slightly lower than the growth in revenues, reflects certain non-recurring costs incurred for the acquisition of the IPEG group.

Adjusted EBITDA: Excluding the effect of such non-recurring costs incurred during the period for the acquisition and the related integration activities in an amount of Euro 705 thousand, organic, adjusted EBITDA on a like-for-like basis comes to Euro 32,247 thousand, with a margin on total revenue of 13.9%, growing if compared to the EBITDA for the first nine months of 2021 adjusted for the gain related to the US PPP loan (+9.8%). Adjusted EBITDA including the IPEG group comes to Euro 44,491 thousand, with a margin on total revenue of 11.7%.

Recognizing the effect of acquisition of the IPEG group retroactively to January 1, 2022, adjusted EBITDA for the Piovan Group would have been Euro 45,589 thousand for the first nine months of 2022, with a margin on total revenue for the period of 11.5%.

EBIT: EBIT totaled Euro 31,315 thousand, up from Euro 25,650 thousand in the previous year. It should be noted that EBIT reflects the preliminary effects of the purchase price allocation (PPA) of IPEG, which alone included the recognition of amortization of intangible assets of Euro 5,163 thousand for the first nine months of 2022. We expect that, over the coming years, this amortization will total approximately USD 4.2 million (the equivalent of Euro 3.9 million). The EBIT margin on total revenues and other income came to 8.2%, compared to 12.2% for the same period of the previous year. Excluding the effects of the PPA as described above, EBIT would have been Euro 36,478 thousand, for a margin on revenues of 9.6%.

NET PROFIT: Net profit was Euro 28,980 thousand, increasing on Euro 18,407 thousand for the same period of the previous year as a result of the effects described above, while also benefiting from the following two main effects: (i) Euro 5,174 thousand due to the positive performance of the dollar against the euro, Group's functional currency, and mainly linked to a loan in euro issued by the Parent Company to Piovan North America; and (ii) Euro 2,196 thousand related to the benefit recognized in relation to the Patent Box agreement as described above. The margin on total revenue and other income was 7.6%. Excluding the effects of the PPA, net profit would have been Euro 32,749 thousand, for a margin on revenues of 8.6%.

Earnings per share was Euro 0.56 for the first nine months of 2022, compared to Euro 0.37 in the same period of the previous year.

Revenue by market and region

The breakdown of revenue by market is as follows:

	First nine months 2022	First nine months 2022 (IPEG excluded)	First nine months 2021	2022 vs 2021	%	2022 (IPEG excluded) vs 2021	%
Plastic	283,048	174,380	158,386	124,662	78.7%	15,994	10.1%
Food & non plastic	35,918	23,780	22,759	13,159	57.8%	1,021	4.5%
Services	54,112	29,411	24,955	29,157	116.8%	4,456	17.9%
Revenue	373,079	227,571	206,100	166,979	81.0%	21,471	10.4%

Revenue by market in the first nine months of 2022 indicates that – on a like-for-like basis, i.e. excluding the contribution of the IPEG group:

- Plastic Systems revenue increased 10.1%, driven by good performances in Europe and Asia, with the Packaging and Consumer & Technical sectors always very solid and the Automotive sector slightly recovering thanks to increased investment in new electric models.
- *Food & non-plastic* revenue posted growth on the same period of the previous year of 4.5%, thanks to the progress made on a number of major orders in North America;
- the Services market reported revenue growth of 17.9% on the same period of the previous year, an acceleration from the first part of the year.

In the third quarter of 2022, IPEG saw an acceleration in revenue growth. The related consolidation during the period from February to September 2022 increased revenue in the Plastics area by approximately Euro 108,669 thousand, for combined growth of 78.7%, and in the Food & Non-plastics area by approximately Euro 12,183 thousand, for combined growth of 57.8%, concentrated mainly in North America.

The Services market benefited from the IPEG contribution and accounted for 14.5% of the Group's total revenue.

The breakdown of revenue by region is as follows:

	First nine months 2022	First nine months 2022 (IPEG excluded)	First nine months 2021	2022 vs 2021	%	2022 (IPEG excluded) vs 2021	%
EMEA	131,003	127,777	135,117	(4,114)	(3.0%)	(7,340)	(5.4%)
ASIA	32,847	26,134	23,008	9,839	42.8%	3,126	13.6%
NORTH AMERICA	195,322	60,253	37,599	157,723	419.5%	22,654	60.3%
SOUTH AMERICA	13,906	13,407	10,376	3,530	34.0%	3,031	29.2%
Revenue	373,079	227,571	206,100	166,979	81.0%	21,471	10.4%

Without the contribution of IPEG, revenue in North America increased by 60.3% (and accounted for 26.5% of total revenue) due mainly to the strong performance of the Food area and further driven by the positive impact of the EUR/USD exchange rate.

Growth in Asia, up 13.6% on a like-for-like comparison in terms of consolidated companies, shows signs of recovery following the lockdowns in the first part of the year in response to COVID outbreaks.

Performance in Europe reflects the fact that projects in the Food area had a final destination of North America, despite being developed in Europe. Finally, South America continued to perform well.

Including IPEG, the North American market reached total revenue of Euro 195,322 thousand, equal to 52.4% of the total. IPEG's contribution in the EMEA markets and in Asia during the period of consolidation was Euro 3,226 thousand and Euro 6,714 thousand respectively.

Equity and Financial profile of the Group

The financial structure of the Piovan Group as at September 30, 2022, is summarized below.

Group Net Financial Position

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

€/000	30.09.2022	31.12.2021	30.09.2021
A. Cash	93,797	118,505	86,000
B. Cash equivalents	-	-	-
C. Other current financial assets	1,474	1,589	4,105
D. Liquidity (A+B+C)	95,270	120,093	90,105
E. Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	(16,350)	(31,448)	(31,333)
F. Current portion of non-current financial debt	(30,614)	(20,584)	(16,077)
G. Current financial indebtedness (E+F)	(46,964)	(52,031)	(47,410)
H. Net current financial indebtedness (G-D)	48,306	68,062	42,696
I. Non-current financial debt (excluding current portion and debt instruments)	(134,680)	(41,920)	(37,218)
J. Debt instruments	-	-	-
K. Non-current trade and other payables	(25,445)	(2,416)	(1,805)
L. Non-current financial indebtedness (I+J+K)	(160,126)	(44,336)	(39,023)
M. Total net financial position (H+L)	(111,820)	23,726	3,673

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

- regarding provisions, see Note [17] – Employee benefit plans and Note [18] – Provisions for risks and charges, which disclose the related amounts;
- regarding bank guarantees, see the section “Commitments and Risks” in the Notes of the Consolidated Half-Year Financial Report at June 30, 2022;
- the Company has also recognized liabilities for options granted to minority shareholders in the amount of Euro 741 thousand (see Note [19]).
- commitments related to lease agreements that are not recognized as liabilities in accordance with IFRS 16 total approximately Euro 2,993 thousand.

The Group's net financial position at September 30, 2022, was a debt position of Euro 111,820 thousand (improving over the net debt position of euro 117,624 thousand at June 30, 2022), as compared to net cash of Euro 23,726 thousand at December 31, 2021, and Euro 3,673 thousand at September 30, 2021. This indicator was mainly affected by completion of the acquisition of the IPEG group, for which a loan of Euro 100 million was obtained. Excluding also the effects of the application of IFRS 16, the consolidated net financial position at September 30, 2022 would be negative for Euro 92,910 thousand (vs. positive Euro 34,940 thousand at December 31, 2021, and positive Euro 14,088 thousand at September 30, 2021). Excluding the effect of the potential

maximum payment of the earn-out on the IPEG acquisition (amounted to approximately Euro 22.4 million), the Net Financial Position would be Euro 70.5 million.

Non-current trade and other payables include the fair value measurement of the earn-out in the amount of USD 21.8 million (Euro 22.4 million at September 30, 2022, equal to its maximum contractual value) which is expected to be paid in 2024 to the shareholders selling their shares in IPEG Inc. in accordance with contractual obligations.

Capital expenditures totaling Euro 2,505 thousand were made in the first nine months of 2022 (Euro 1,194 thousand in the first nine months of 2021), including non-recurring capex in the amount of Euro 419 thousand.

Financial debt includes medium/long-term loans, mainly relating to the Parent Company and nearly entirely in euro, for Euro 148,607 thousand, of which Euro 30,614 thousand repayable within 12 months and the remaining Euro 117,993 thousand long-term.

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

This loan calls for the Group to meet a series of financial and non-financial covenants in line with market practice, particularly in relation to the debt-to-EBITDA and equity-to-EBITDA ratios (as defined in the related agreement). Are to be tested on a semi-annual basis. The first measurement is set for December 31, 2022.

Net non-current assets

Net non-current assets represented by property, plant and equipment, intangible assets and equity investments, amounted to Euro 224,494 thousand, as a combined effect of amortization and depreciation recognized in the period, capex and the effects from the acquisition of the IPEG group on January 31, 2022 (particularly with regards to intangible assets).

Net non-current assets (amounts in €'000)	At 30 st September 2022	At 31 st December 2021	At 30 st September 2021
Property, plant and equipment	66,587	52,854	51,064
Intangible assets	146,020	26,192	26,895
Equity investments	11,887	237	203
Net non-current assets	224,494	79,284	78,162

At December 31, 2021, as a result of the first application of IFRS 16 – Lease, the Group had recognized leased assets with a net carrying value of Euro 16,059 thousand. At September 30, 2022, the net carrying value of right-of-use assets amounted to Euro 24,309 thousand. The increase from December 31, 2021, is due mainly to the net effect of the consolidation of the IPEG group, which had an impact on this aggregate of Euro 9,080 thousand.

Investments

Total investments for the period, not including the acquisition of the IPEG group, came to Euro 2,505 thousand. Non-recurring investments totaled Euro 419 thousand and concern mainly the purchase of land by FEA, a Piovan Group company, as part of the expansion of its production facility and the initial investments for the construction of the new factory in China.

Net trade capital and net working capital

Net working capital for the period ended September 30, 2022, was as follows:

Net working capital (amounts in €'000)	At 30 st September 2022	At 31 st December 2021	At 30 st September 2021
Trade receivables	82,886	55,390	54,917
Inventories	98,608	44,540	43,588
Contract assets for work in progress	4,260	4,519	4,490
Trade payables	(68,599)	(50,022)	(39,591)
Advance from customers	(53,823)	(31,042)	(27,979)
Contract liabilities for work in progress	(5,661)	(8,174)	(6,154)
Net trade capital	57,670	15,211	29,272
Tax receivables	7,021	4,517	4,758
Other current assets	17,004	5,290	6,141
Tax liabilities and social security contributions	(7,091)	(8,531)	(7,045)
Other current liabilities	(23,385)	(17,309)	(17,012)
Net working capital	51,219	(821)	16,113

Net working capital increased from December 31, 2021, by Euro 52,041 thousand, essentially due to the consolidation of the IPEG group. Excluding IPEG's group contribution, net working capital would have been Euro 21,417 thousand, slightly increasing on September 2021 due mainly to an increase in semi-finished goods and components inventories.

Medium/long term liabilities

(amounts in €'000)	At 30 st September 2022	As at 31 th December 2021	At 30 st September 2021
Liabilities for employee benefits plans	6,766	6,512	6,611
Provision for risks and charges	5,648	2,681	4,208
Other non-current liabilities	25,445	2,416	1,805
Deferred tax liabilities	20,760	505	2,580
Medium/long-term liabilities	58,619	12,114	15,203

At September 30, 2022, medium/long-term liabilities increased Euro 46,505 thousand if compared with December 31, 2022.

The most significant changes may be attributed to consolidation of the IPEG group and related financial effects at the acquisition date, such as the allocation of deferred taxes on the value of the intangibles arising from the provisional purchase price allocation for a total of Euro 18,133 thousand at September 30, 2022 (Euro 17,799 thousand at the acquisition date), the payable for the earn-out in the amount of Euro 22,365 thousand at September 30, 2022 (Euro 19,362 thousand at the acquisition date), and the inclusion of provisions for risks and charges in the amount of Euro 1,892 thousand.

Consolidated financial statements at September 30, 2022

Consolidated statement of financial position (thousands of Euro)

ASSETS	Notes	30.09.2022	31.12.2021
NON-CURRENT ASSETS			
Property, plant and equipment	Note 1	66,587	52,854
Intangible assets	Note 2	146,020	26,192
Equity investments	Note 3	11,887	237
Other non-current assets	Note 4	329	505
Deferred tax assets	Note 5	8,911	6,197
TOTAL NON-CURRENT ASSETS		233,734	85,985
CURRENT ASSETS			
Inventories	Note 6	98,608	44,540
Contract assets for work in progress	Note 7	4,260	4,519
Trade receivables	Note 8	82,886	55,390
Current financial assets	Note 9	1,474	1,589
Tax receivables	Note 10	7,021	4,517
Other current assets	Note 11	17,004	5,290
Cash and cash equivalents	Note 12	93,797	118,505
TOTAL CURRENT ASSETS		305,048	234,350
TOTAL ASSETS		538,783	320,335

LIABILITIES AND EQUITY	Notes	30.09.2022	31.12.2021
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	(2,208)	(2,250)
Translation reserve	Note 13	15,071	(1,104)
Other Reserves and retained earnings	Note 13	89,070	64,811
Net profit (loss)	Note 13	28,716	28,347
Equity attributable to the owners of the parent		137,849	97,004
Equity attributable to non-controlling interests	Note 15	1,370	1,447
TOTAL EQUITY		139,220	98,451
NON-CURRENT LIABILITIES			
Long-term loans	Note 16	117,993	32,479
Non-current financial liabilities	Note 16	16,688	9,440
Employee benefits plans	Note 17	6,766	6,512
Provision for risks and charges	Note 18	5,648	2,681
Non current liabilities for options granted to non-controlling interest	Note 19	-	-
Other non-current liabilities	Note 20	25,445	2,416
Deferred tax liabilities	Note 5	20,760	505
TOTAL NON-CURRENT LIABILITIES		193,300	54,033
CURRENT LIABILITIES			
Current portion of long-term loans	Note 16	30,614	20,584
Current bank loans and borrowings	Note 16	12,004	29,001
Current financial liabilities	Note 16	4,346	2,447
Trade payables	Note 21	68,599	50,022
Advance from costumers	Note 22	53,823	31,042
Contract liabilities for work in progress	Note 7	5,661	8,174
Current liabilities for options granted to non-controlling interests	Note 19	741	741
Tax liabilities and social security contributions	Note 23	7,091	8,531
Other current liabilities	Note 24	23,385	17,309
TOTAL CURRENT LIABILITIES		206,264	167,851
TOTAL LIABILITIES		399,563	221,884
TOTAL LIABILITIES AND EQUITY		538,783	320,335

Consolidated statement of profit and loss
(thousands of Euro)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS	Notes	30.09.2022	30.09.2021(*)
Revenue	Note 25	373,079	206,100
Other revenue and income	Note 26	8,621	4,775
TOTAL REVENUE AND OTHER INCOME		381,699	210,875
Costs of raw materials, components and goods and changes in inventories	Note 27	171,701	84,647
Services	Note 28	76,992	43,115
Personnel expenses	Note 29	86,503	49,571
Other expenses	Note 30	2,718	2,632
Amortisation and depreciation	Note 31	12,471	5,260
TOTAL COSTS		350,384	185,224
OPERATING PROFIT		31,315	25,650
Financial income	Note 32	518	322
Financial Expenses	Note 32	(2,563)	(542)
Net exchange rate gain (losses)	Note 33	5,452	350
Gains (losses) on liabilities for option granted to non controlling interests	Note 34	-	-
Profit (losses) from equity investments carried at equity	Note 35	1,001	111
PROFIT BEFORE TAXES		35,723	25,891
Income taxes	Note 36	6,744	7,484
NET PROFIT		28,980	18,407
ATTRIBUTABLE TO:			
Owners of the parent		28,716	18,853
Non-controlling interests		264	(446)
Earnings per share			
Basic earnings per share (in Euros)	Note 14	0.56	0.37
Diluted earnings per share (in Euros)	Note 14	0.56	0.37

(*) 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.

Consolidated statement of comprehensive income
(thousands of Euro)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	30.09.2022	30.09.2021
Net profit	28,980	18,407
Items that may be subsequently reclassified to profit or loss:	-	-
- Exchange rate differences	16,222	1,681
Items that may not be subsequently reclassified to profit or loss:	-	-
- Actuarial gains (losses) on employee benefits net of the tax effect	-	-
- Actuarial gains on agents' termination benefits net of the tax effect	-	-
Total Comprehensive income	45,202	20,088
attributable to:	-	-
- Owners of the parent	44,938	20,534
- Non-controlling interests	264	(446)

Consolidated statement of cash flows
(thousands of Euro)

Consolidated Statement of Cash Flow	30.09.2022	30.09.2021
OPERATING ACTIVITIES		
Net profit	28,980	18,407
Adjustments for:	-	-
Amortisation and depreciation	12,471	5,260
Inventory write-down and bad debt provision	1,089	1,820
- Net non-monetary financial charges	-	-
- Net non-monetary financial (income)	-	74
Change in provisions for risks and charges and employee benefits liabilities	858	592
Net capital (gains) losses on sale of fixed assets and equity investments	-	(20)
- Unrealized currency exchange rate (gains) losses	(4,793)	-
Investment equity valuation	(1,001)	(51)
Other non-monetary variations	83	(1,545)
Taxes	6,744	7,484
Cash flows from operating activities before changes in net working capital	44,430	32,021
	-	-
(Increase)/decrease in trade receivables	(1,062)	(13,100)
Increase in inventories	(18,548)	(7,189)
(Increase)/decrease in other current assets	(7,157)	(2,218)
Increase/(decrease) in trade payables	(1,747)	(560)
Increase/(decrease) in advance from customers	3,197	8,558
Increase/(decrease) in other current liabilities	(5,042)	852
(Increase)/decrease in non-current assets	176	87
Increase/(decrease) in non-current liabilities	370	1,738
Income taxes paid	(6,932)	(4,390)
CASH FLOWS FROM OPERATING ACTIVITIES (A)	7,686	15,799
INVESTING ACTIVITIES	-	-
Investments in property, plant and equipment	(1,777)	(742)
Investments in intangible assets	(379)	(455)
Disinvestments/(investments) in financial assets	-	967
Deferred price from the acquisition of controlling interest	(1,018)	(6,697)
Business combinations net of the acquired cash	(99,965)	-
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (B)	(103,138)	(6,927)
FINANCING ACTIVITIES	-	-
Issuance of bank loans	109,865	373
Repayment of bank loans	(14,067)	(10,204)
Change in current bank loans and borrowings	(16,997)	7,710
Repayment of bonds	-	-
Increase/(decrease) in other financial liabilities	(2,781)	(1,475)
Dividends paid	(5,193)	(6,721)
CASH FLOWS USED IN FINANCING ACTIVITIES (C)	70,827	(10,316)
	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A ± B ± C)	(24,625)	(1,444)
EFFECT OF EXCHANGE RATE CHANGES ON BALANCE OF CASH HELD IN FOREIGN CURRENCY	(83)	(8)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (E)	118,505	87,452
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (G=D+E+F)	93,797	86,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(24,625)	(1,444)
INTERESTS PAID	737	318

Statement of changes in consolidated equity
(thousands of Euro)

	Share Capital	Legal reserve	Treasury shares	Translation reserve	Other reserves and retained earnings	Profit for the year attributable to the owner of the parent	Equity attributable to the owners of the parent	Equity attributable to non-controlling interests	TOTAL EQUITY
Balance at Jan, 1st, 2021	6,000	1,200	(2,250)	(3,756)	53,576	17,643	72,414	2,219	74,632
Allocation of prior year profit	-	-	-	-	17,643	(17,643)	-	-	-
Distribution of dividends	-	-	-	-	(6,621)	-	(6,621)	(100)	(6,721)
Incentive plans	-	-	-	-	396	-	396	-	396
Change in consolidation area	-	-	-	-	-	-	-	-	-
Reclassification	-	-	-	(22)	-	-	(22)	22	-
Total comprehensive income	-	-	-	1,681	-	18,853	20,534	(445)	20,089
Balance at September 30th, 2021	6,000	1,200	(2,250)	(2,097)	64,994	18,853	86,701	1,696	88,396

	Share Capital	Legal reserve	Treasury shares	Translation reserve	Other reserves and retained earnings	Profit for the year attributable to the owner of the parent	Equity attributable to the owners of the parent	Equity attributable to non-controlling interests	TOTAL EQUITY
Balance at Jan, 1st, 2022	6,000	1,200	(2,250)	(1,104)	64,811	28,347	97,004	1,447	98,451
Allocation of prior year profit	-	-	-	-	28,347	(28,347)	-	-	-
Distribution of dividends	-	-	-	-	(5,093)	-	(5,093)	(100)	(5,193)
Incentive Plan	-	-	-	-	332	-	332	-	332
Gain from share disposal	-	42	-	-	386	-	428	-	428
Change in non-controlling interests	-	-	-	-	288	-	288	(288)	-
Reclassification of change in translation reserve	-	-	-	(47)	-	-	(47)	47	-
Total comprehensive income	-	-	-	16,222	-	28,716	44,938	264	45,202
Balance at September 30th, 2022	6,000	1,200	(2,208)	15,071	89,070	28,716	137,850	1,370	139,219

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 delle 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 plastic powders ("Food Systems & non plastic") and technical assistance and sale of spare parts and services ("Services"). Regarding plastic system market, the Group is among the world leaders in 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 powders. 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.

At September 30, 2022, the Group encompassed 44 production, service and commercial companies, including 14 production sites, on 4 continents.

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.

Piovan S.p.A, as a listed company, is subject to Article 2.2.3 of the Stock Exchange regulation. According to this regulation, the Company has prepared the Periodic Financial Statements at September 30, 2022, which were made available to the public.

The Periodic Financial Statements at September 30, 2022, have been prepared as per Article 154-ter of Legislative Decree No. 58/98 and subsequent amendments, in addition to the Consob's Issuers' Regulation.

Content, form and basis of preparation of the Periodic Financial Statements at September 30, 2022

These Periodic Financial Statements at September 30, 2022 have been prepared according to the IAS/IFRS accounting standards endorsed by the European Union. For the preparation of the Periodic Financial Statements at September 30, 2022, IAS 34 ("Interim Reporting") concerning interim financial reporting was not adopted, due to the fact that the Group applies this standard to the half-year financial report and not to the quarterly reporting.

The Periodic Financial Statements at September 30, 2022 include the results of the Parent Company and its subsidiaries. These explanatory notes have been prepared by the Board of Directors based on the accounting and consolidation records updated to September 30, 2022.

Comparison is made with the statement of financial position at December 31, 2021 and with the statement of profit and loss, statement of comprehensive income and statement of changes in equity, in addition to the statement of cash flow, at September 30, 2021.

The Periodic Financial Statements at September 30, 2022 include the consolidated statement of financial position, the consolidated statement of profit and loss, the consolidated statement of comprehensive income, the statement of changes in consolidated shareholders' equity, in addition to the consolidated statement of cash flow and these notes for the period between January 1, 2022 and September 30, 2022. The Periodic Financial Statements at September 30, 2022, have been prepared on the basis of the historical cost convention, with the exception of derivative financial instruments which have been recognized at fair value as required by IFRS 9 - "Financial Instruments", and on a going-concern basis. The Group evaluates – considering its strong competitive position, its high profitability and the solidity of its financial position - that it operates as a going concern as per paragraphs 25 and 26 of IAS 1.

The Periodic Financial Statements at September 30, 2022 have been prepared in thousands of Euro, which is the "functional" and "presentation" currency of Piovan Group in accordance with IAS 21 "Foreign currency transactions". There may be rounding differences when individual line items are added together as the individual line items are calculated in euro (rather than in thousands of euro).

The preparation of the Periodic Financial Statements at September 30, 2022, in accordance with IAS/IFRS requires management to make estimates and assumptions which have an impact on the amounts reported in the financial statements and the relative notes; actual results may differ from the estimates made. Reference should be made to the Annual Consolidated Financial Report at December 31, 2021 with regards to the main areas requiring the use of estimates and assumptions.

COVID-19 impacts

The COVID-19 pandemic, which spread around the world in 2020, has continued into 2021 and also 2022. As noted, this emergency - and above all the lockdown policies imposed by various governments - have had widespread repercussions in many sectors of the world economy. The medium-term outlook is gradually improving thanks to the beginning of the vaccination campaigns in 2021 in various nations, although the macroeconomic scenario 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 range of industries. This has therefore made it possible, as previously indicated, to mitigate the overall risk.

In the first nine months of 2022, 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 are mainly related to a slowdown in installation operations. In fact, the restrictions introduced by various governments on the mobility of individuals delayed, in certain cases, the execution of the concluding phases of a number of projects requiring installation on-site at customer premises.

Impacts of the Russia-Ukraine Conflict

The conflict between Russia and Ukraine is continuing to feed major international humanitarian and social crises and is having major repercussions on the populations of these nations. Furthermore, also due to the international sanctions being used as a deterrent for some of the countries involved, trade and on their economies are significantly affected, exacerbating supply-chain issues.

The Group has only limited exposure in the areas impacted by the war (i.e. Ukraine, Russia, Belarus) in either sales or purchases. Based on figures for the first nine months of 2022, and including the recent acquisition of IPEG, Inc., consolidated revenue generated by the Group in Russia, Belarus and Ukraine is 0.2% of the total.

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

Consolidation scope and basis

These Periodic Financial Statements at September 30, 2022, include the financial statements at September 30, 2022, of the Parent Company and of the 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 exist.

"Other information" in the Explanatory Notes outlines the companies included in the consolidation scope at September 30, 2022.

The consolidation criteria adopted to prepare the Periodic Financial Statements at September 30, 2022 are the same as those adopted and reported in the annual financial report at December 31, 2021.

The Company decided not to proceed with the line-by-line consolidation of the subsidiary CMG America Inc., held 100%, as considered immaterial and as its 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.

Acquisitions and corporate transactions

Acquisition of IPEG Inc.

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

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

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

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

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

The loan agreement calls for a grace period and the start of principal payments from April 2023 and establishes certain covenants that must be verified quarterly beginning on December 31, 2022.

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

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

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

The purchase price allocation is not yet definitive, as allowed by IFRS 3, in consideration of the fact that certain information is still being analyzed.

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

EUR/000	Fair Value at the acquisition date
Assets	
Property Plant & Equipement	13,325
Intangible assets	62,873
Investments	9,545
Deferred tax assets	886
Inventories	29,605
Contract assets for work in progress	2,329
Trade Receivables	20,604
Tax credit	130
Other current assets	4,929
Cash and cash equivalent	16,132
TOTAL ASSETS	160,356
Liabilities	-
Provision for risk	1,892
Other financial liabilities	9,215
Trade payables	18,318
Advances from customers	15,708
Tax liabilities and social security contributions	54
Other current liabilities	7,768
Deferred tax liabilities	17,799
TOTAL LIABILITIES	70,755
Fair value of net assets acquired	89,601
Goodwill acquired	45,660
Purchase price	135,261

The considerations made in the initial consolidation, as outlined in the "Periodic Financial Statements at March 31, 2022", had resulted in the provisional allocation to goodwill of the entire difference between the consideration paid, the assets acquired, and the liabilities assumed. These considerations were updated when preparing the Half-Year Financial Report at June 30, 2022 (and are unchanged at the moment) thanks, in part, to an analysis conducted by an independent expert. As allowed by IFRS 3. Definitive recognition of the fair value of the assets and liabilities of the companies acquired is to be completed within 12 months of the acquisition date.

The difference between the price paid and the assets acquired and the liabilities assumed was provisionally allocated for USD 70,967 thousand (Euro 63,026 thousand) to intangible assets of finite useful life (esp. the customer list, know-how and trademarks), to deferred taxes for USD 19,161 thousand (Euro 17,017 thousand), and to Goodwill for the remaining USD 51,413 thousand (Euro 45,660 thousand).

Because the measurement process is still under completion, there could be certain differences between the provisional allocation for the purpose of preparing the figures for the first nine months of 2022 and the effects that will come out of the definitive allocation.

Net cash flows from the acquisition are as follows:

	EUR (000)
Net cash at 01.02.2022	16,132
Purchase price already paid	116,097
Net cash flow	(99,965)

From the acquisition date to September 30, 2022, the IPEG group realized revenue of Euro 149,416 thousand and net profit of Euro 9,117 thousand, including the portion of amortization for the first nine months of 2022 related to the intangible assets to emerge out of the provisional purchase price allocation process.

Had the IPEG group been fully consolidated from January 1, 2022, consolidated revenue of the Piovan Group would have been Euro 395,967 thousand. In January 2022, the IPEG group incurred non-recurring costs for the acquisition of approximately Euro 3,643 thousand.

Main accounting standards applied

In preparing the Periodic Financial Statements at September 30, 2022, the same accounting standards and policies used to prepare the Consolidated Financial Statements at December 31, 2021 were adopted and to which reference should be made. In addition, with regards to the accounting standards applicable from January 1, 2022, and indicated in the Annual financial report at December 31, 2021, no significant impacts were reported.

Accounting policies

In preparing the Periodic Financial Statements at September 30, 2022, the same accounting policies as those adopted to prepare the Annual Financial Report at December 31, 2021 were adopted and to which reference should be made.

Translation of balances in foreign currencies

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

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

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

The main exchange rates (currency for 1 Euro) used to translate the financial statements in currencies other than the Euro for the periods ended September 30, 2022, December 31, 2021, and September 30, 2021 (comparative data), are summarized below:

Currency		Average rate		Closing rate		
		30.09.2021	30.09.2022	31.12.2021	30.09.2022	30.09.2021
BRL	Brazilian Real	6.3809	5.4677	6.3101	5.2584	6.2631
CAD	Canadian Dollar	1.4976	1.3653	1.4393	1.3401	1.4750
CZK	Czech Koruna	25.7366	24.6174	24.8580	24.5490	25.4950
CNY	Yuan Renminbi	7.7407	7.0210	7.1947	6.9368	7.4847
GBP	Pound Sterling	0.8641	0.8469	0.8403	0.8830	0.8605
HUF	Forint	356.5264	384.2950	369.1900	422.1800	360.1900
MXN	Mexican Peso	24.0806	21.5785	23.1438	19.6393	23.7439
USD	US Dollar	1.1967	1.0650	1.1326	0.9748	1.1579
THB	Baht	37.7049	36.7947	37.6530	36.8230	39.2350
INR	Indian Rupee	88.0773	82.3310	84.2292	79.4250	86.0766
TRY	Turkish Lira	9.6980	16.8449	15.2335	18.0841	10.2981
AED	UAE Dirham	4.3949	3.9113	4.1595	3.5800	4.2524
JPY	Yen	129.7955	135.9321	130.3800	141.0100	129.6700
VND	Dong	27,512.1111	24,588.9000	25,819.0000	23,246.0000	26,350.0000
MAD	Dirham Morocco	10.6837	10.5798	10.4830	10.7140	10.4760
KRW	Won sud	1,353.9878	1,348.7289	1,346.3800	1,400.6900	1,371.5800

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 period-end exchange rate (in accordance with the general rules for translating financial statements with functional currencies other than those of the parent company).

Utilization of estimates

When preparing the Periodic Financial Statements at September 30, 2022, the Directors had to apply accounting policies and methods which, in some circumstances, are based on difficult, subjective evaluations, or on past experience or on assumptions that are, periodically, considered reasonable and realistic depending on the specific circumstances. The application of these estimates and assumptions impact upon the amounts reported in the financial statements, in addition to the disclosure.

The 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 goodwill. Goodwill is subject to impairment testing with the frequency described below. Impairment testing 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.

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 (CGU's) was determined as the value in use using the "discounted cash flow" method. Piovan Group conducted impairment test on goodwill at December 31, 2021, reviewing the business plans for the CGUs. For the purpose of preparing the Periodic Financial Statements at September 30, 2022, the Directors, also having regard to the implications related to the Russian-Ukrainian conflict, did not find elements that would require an updated impairment test.

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 have been 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. 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, based on 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.

Information on risks and financial instruments

The accounting policies applied in the preparation of the Periodic Financial Statements at September 30, 2022, for financial instruments are described in the "Accounting policies" section of the Annual Financial Report at December 31, 2021.

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

There were no changes compared to that indicated in the Annual Financial Report at December 31, 2021 regarding the risks to which the Group is exposed and their management. In particular, 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. Similarly, the impact of the Russia - Ukraine conflict beginning in February 2022 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. The group has only limited exposure in the areas impacted by the war (i.e. Ukraine, Russia, Belarus) in either sales or purchases.

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.

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

Explanatory Notes to the Consolidated Statement of Financial Position

[1] Property, plant and equipment

They amount to Euro 66,587 thousand at September 30, 2022 (Euro 52,854 thousand at December 31, 2021). They are composed as shown in the following tables, which present the changes for the first nine months of 2022.

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 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)
Changes in 2022						
- Reclassifications (Historical cost)						
- Reclassifications (Depreciation fund)						
- Additions	257	326	232	785	498	2,098
- IFRS16 effect	10,777	-	-	527	-	11,304
- Reclassifications (Historical cost)	(148)	(12)	-	212	(306)	(254)
- Reclassifications (Depreciation fund)	150	4	-	103	-	256
- Disposals (Historical cost)	(122)	(84)	(62)	(554)	(37)	(860)
- Disposals (Depreciation fund)	71	84	60	497	-	713
- Exchange rate differences (Historical cost)	3,056	1,121	(0)	2,014	39	6,229
- Exchange rate differences (Depreciation fund)	(1,453)	(904)	(0)	(1,815)	-	(4,173)
- Exchange rate differences (Historical cost)	10,475	3,383	-	10,805	249	24,913
- Exchange rate differences (Depreciation fund)	(7,707)	(2,995)	-	(9,966)	-	(20,668)
- Depreciation	(735)	(796)	(260)	(980)	-	(2,771)
- Depreciation IFRS16	(2,614)	(16)	-	(424)	-	(3,054)
Balance at 30 September 2022	51,408	8,788	735	4,954	702	66,588
of which:						
- Historical cost	72,616	24,719	6,178	31,759	702	135,975
- Depreciation fund	(21,208)	(15,931)	(5,443)	(26,805)	-	(69,387)

Capital expenditures in the first nine months of the year totaled Euro 2,098 thousand, of which non-recurring totaling Euro 414 thousand and relating for Euro 385 thousand to the purchase of land and other transactions by the subsidiary FEA S.r.l. as part of the production area expansion.

Rights-of-use increased for Euro 1,009 thousand, due to the recognition, as per IFRS 16, of new vehicle contracts and the renegotiation of new rental charges.

The changes in the consolidation scope impacted property, plant and equipment for a net amount of Euro 13,324 thousand, concerning the impact from the inclusion of the IPEG group in the consolidation.

At September 30, 2022, property, plant and equipment are not burdened by mortgages or liens.

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

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

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

CHANGES DURING THE PERIOD	Goodwill	Industrial patent and intellectual property rights	Concessions, licences, trademarks and similar rights	Other intangible assets	Fixed assets under construction and advances	Total
Balance at 31 December 2021	21,913	457	79	3,661	81	26,192
Changes in 2022	-	-	-	-	-	-
- Additions	-	106	136	91	74	407
- Reclassifications	-	9	-	-	(9)	-
- Consolidation area change	45,659	416	6,642	56,441	-	109,157
- Disposals (Historical cost)	-	-	-	(40)	-	(40)
- Disposals (depreciation fund)	-	-	-	-	-	-
- Exchange rate differences (Historical cost)	7,550	70	1,118	8,796	3	17,536
- Exchange rate differences (depreciation fund)	-	(8)	(92)	(488)	-	(588)
- Write - down	(482)	-	-	-	-	(482)
- Depreciation	-	(163)	(382)	(5,618)	-	(6,163)
Balance at 30 September 2022	74,640	886	7,500	62,843	149	146,020

[2] Intangible assets

They amounted to Euro 146,020 thousand at September 30, 2022, compared to Euro 26,192 thousand at December 31, 2021. The breakdown of the movements are as follows:

CHANGES DURING THE PERIOD	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Total
Balance at 31, December 2021	15,002	56	-	1,001	16,059
of which:	-	-	-	-	-
- Historical cost	24,368	1,870	-	2,858	29,096
- Depreciation fund	(9,366)	(1,814)	-	(1,857)	(13,037)
	-	-	-	-	-

CHANGES DURING THE PERIOD	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Total
- Total movements IFRS16	10,777	-	-	527	11,304
- New IFRS16 contracts	326	-	-	683	1,009
	-	-	-	-	-
- Lease term change (Historical cost)	9,106	-	-	6	9,112
- Lease term change (Depreciation fund)	(28)	-	-	(4)	(32)
- Exchange rate differences (Historical cost)	1,517	-	-	(13)	1,504
- Exchange rate differences (Depreciation fund)	(121)	-	-	8	(112)
- Disposals (Historical cost)	(131)	-	-	(365)	(496)
- Disposals (Depreciation fund)	108	-	-	212	320
- Depreciation	(2,614)	(16)	-	(424)	(3,054)
	-	-	-	-	-
Balance at 30 September 2022	23,165	40	-	1,104	24,309
of which:	-	-	-	-	-
- Historical cost	35,186	1,870	-	3,169	40,225
- Depreciation fund	(12,020)	(1,830)	-	(2,065)	(15,916)

The changes in consolidation scope are due to the acquisition of the IPEG group and the provisional purchase price allocation, which concerned both goodwill and intangible assets of finite useful life.

Goodwill at September 30, 2022 amounted to Euro 74,640 thousand, compared to Euro 21,913 thousand at December 31, 2021.

Goodwill	31.12.2021	Change in consolidation area	Increase	Decrease	Change in translation reserve	30.09.2022
UnaDyn	3,306		-	-	535	3,841
Food	2,146		-	-	-	2,146
Energys	276		-	-	-	276
Toba Pnc	482		-	(482)	-	-
Doteco	15,695		-	-	-	15,695
IPEG		45,659	-		7,016	52,674
Other	8		-	-	-	8
Total	21,913	45,659	-	(482)	7,551	74,640

The goodwill mainly refers to the acquisition:

- of the US subsidiary Universal Dynamics Inc. ("Unadyn") in 2008;
- of a controlling interest in Penta S.r.l. at the end of 2014;
- of the subsidiary Progema S.r.l. in 2016;
- of Energys S.r.l. in 2016;
- of FEA Process in 2019;
- of Toba PNC in 2019;
- of the Dotecco group in 2020;
- of the IPEG group in the first quarter of 2022.

The increase compared to previous year relates to the provisional allocation of goodwill concerning the recent acquisition of the IPEG group. The difference between the price paid, the assets acquired, and the liabilities assumed was provisionally allocated for Euro 45,659 thousand to Goodwill. See the information provided in the paragraph *"Acquisitions and corporate transactions. Acquisition of IPEG Inc."*.

In the first half of the year, the goodwill resulting from the Toba acquisition was written down entirely and expensed in the amount of Euro 482 thousand. For further details, please refer to the "Impairment Test" section below.

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

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 (the latter, however, written down in 2021).

The Group has no goodwill which is tax deductible.

[3] Equity investments

At September 30, 2022, equity investments amounted to Euro 11,887 thousand, increasing on December 31, 2021 due to the consolidation of the Indian company Nuvu Conair Private Ltd, a joint venture in which IPEG Inc. holds a 50% interest.

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

Company	Registered office	%	31.12.2021	Change in consolidation area	Increase / Decrease	Change in translation reserve	30.09.2022
CMG S.p.A.	Budrio (BO)	20%	228	-	(12)		216
Penta Auto Feeding India Ltd	Mumbai (India)	50%	-	-	102		102
Nuvu Conair Private Ltd	Ahmedabad (India)	50%		9,082	911	1,040	11,033
Affinity				463		72	535
Total investments			228	9,082	1,001	1,040	11,351
Other			9	-	-	(9)	-

Company	Registered office	%	31.12.2021	Change in consolidation area	Increase / Decrease	Change in translation reserve	30.09.2022
Total other investments			9	463		63	535
Total			237	9,545	1,001	1,103	11,886

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 regard to the shareholdings in CMG S.p.A. and Penta Auto Feeding India Ltd., we should note that total gains of Euro 90 thousand have been recognized following the equity valuation based on the performance at December 31, 2021 and September 30, 2022 respectively.

Within the provisional purchase price allocation related to the acquisition of IPEG group, the Indian JV Nuvu Conair Private Ltd., has been recognized at a fair value of USD 10,227 thousand (approximately Euro 9,082 thousand). The value of this investment was then increased by USD 970 thousand (approximately Euro 911 thousand) because of recognition of results of the period related to IPEG Inc. and by Euro 1,040 thousand due to the trend in the euro against other currencies. As a result, the investment amounts at USD 10,775 thousand at September 30, 2022 (approximately Euro 11,033 thousand).

Also, the investment in Affinity was included, following the inclusion of IPEG Inc. into the consolidation scope, at a value of USD 521 thousand (approximately Euro 462 thousand). The investment amounts to approximately Euro 535 thousand at September 30, 2022, due to the trend in the exchange rate.

[\[4\] Other non-current assets](#)

At September 30, 2022, these amounted to Euro 329 thousand compared to Euro 505 thousand at December 31, 2021; they mainly refer to various security deposits paid by Group companies on utilities and lease contracts for buildings where Group companies have their headquarters.

[\[5\] Deferred tax assets and liabilities](#)

Deferred tax assets amounted to Euro 8,911 thousand at September 30, 2022, compared to Euro 6,197 thousand at December 31, 2021. The Group recognizes deferred tax assets and liabilities on temporary differences between book values and tax values.

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

Taxes have been calculated based on the tax rate expected to be applicable 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.

Deferred tax liabilities amounted to Euro 20,760 thousand at September 30, 2022, compared to Euro 505 thousand at December 31, 2021. The increase is related to the acquisition of the IPEG group, particularly the effects of deferred taxes connected with the provisional allocations to intangible assets of finite useful life. These temporary differences that will therefore be reversed with the trend in related amortization.

[6] Inventories

At September 30, 2022, they amounted to Euro 98,608 thousand, compared to Euro 44,540 thousand at December 31, 2021; the breakdown is shown below:

<i>Inventories</i>	30.09.2022	31.12.2021
Raw materials	47,557	10,005
Semi-finished products	31,246	17,018
Finished goods	30,661	21,893
Progress payments	1,814	1,220
Allowance for inventory write-down	(12,669)	(5,596)
Inventories	98,608	44,540

At September 30, 2022, inventories increased by Euro 61,141 thousand, gross of the obsolescence provision. The increase mainly concerns the inclusion of the IPEG group in the consolidation scope.

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

At September 30, 2022, the item Contract assets for work-in-progress amounted to Euro 4,260 thousand, compared with Euro 4,519 thousand at December 31, 2021.

Contract liabilities for work-in-progress amounted to Euro 5,661 thousand at September 30, 2022, compared with Euro 8,174 thousand at December 31, 2021. In particular, this refers to work-in-progress on contracts of Penta S.r.l..

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):

<i>Contract assets for work in progress</i>	30.09.2022	31.12.2021
Measurement of contracts in progress (costs incurred added to profits recognized)	17,702	9,500
Progress payments received	(13,443)	(4,981)
Amounts due from customers	4,260	4,519

<i>Contract liabilities for work in progress</i>	30.09.2022	31.12.2021
Measurement of contracts in progress (costs incurred added to profits recognized)	16,693	11,484
Progress payments received	(22,354)	(19,658)
Amounts due to customers	(5,661)	(8,174)

Revenue from contract work-in-progress amounted to Euro 24,577 thousand in the first nine months of 2022 and related to Penta S.r.l., FEA S.r.l. and the IPEG group.

[8] Trade receivables

They amounted to Euro 82,886 thousand at September 30, 2022, compared to Euro 55,390 thousand at December 31, 2021. This item, which represents the exposure to third parties, is broken down as follows:

	30.09.2022	31.12.2021
Gross trade receivables	88,651	60,870
Provision for bad debt	(5,766)	(5,480)
Trade receivables	82,885	55,390

Receivables in the first nine months of 2022, gross of the provision, increased on 2021 year-end (+46%). The increase mainly concerns the inclusion of the IPEG inc Group in the consolidation scope.

Write-downs are made on the basis of a careful analysis of past due receivables, customers in financial difficulties and clients under 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.

<i>Provision for bad debt</i>	
31.12.2021	5,480
Release	(817)
Accruals	146
Utilisations	(84)

Provision for bad debt	
Change in consolidation area	762
Exchange rate differences	273
Riclassifications	7
30.09.2022	5,766

The annual provision is included under Other operating costs.

It should be noted that during the first nine months of 2022, the Group has not experienced any particular difficulties in collecting receivables.

[9] Current financial assets

They amounted to Euro 1,474 thousand at September 30, 2022, compared to Euro 1,589 thousand at December 31, 2021. This item includes bonds purchased in order to invest available financial resources and not yet reimbursed. These instruments were measured at fair value (level 1) at September 30, 2022 as required by IFRS 9 and were classified as current financial assets in line with the purpose of using part of the available liquidity in low-risk and readily available instruments.

[10] Tax receivables

They amounted to Euro 7,021 thousand at September 30, 2022, compared to Euro 4,517 thousand at December 31, 2021.

Tax receivables	30.09.2022	31.12.2021 -REV	31.12.2021
VAT receivables	2,244	2,479	4,005
Other current tax assets	4,777	2,038	512
Tax receivables	7,021	4,517	4,517

(*) The comparative figures at December 31, 2021, have been re-stated in order to properly report the amounts related to VAT receivable.

[11] Other current assets

They amounted to Euro 17,004 thousand at September 30, 2022, compared to Euro 5,290 thousand at December 31, 2021. A breakdown follows:

Other current assets	30.09.2022	31.12.2021
Advances to suppliers	12,072	3,572
Prepayments and accrued expenses	2,803	972
Other receivables	2,128	747
Other current assets	17,004	5,290

The increase in the various items mainly concerns the inclusion of the IPEG group in the consolidation scope.

[12] Cash and cash equivalents

They amounted to Euro 93,797 thousand at September 30, 2022, compared to Euro 118,505 thousand at December 31, 2021.

Cash and cash equivalents	30.09.2022	31.12.2021
Current accounts and post office deposits	93,777	118,474
Cash equivalent	0	0
Cash	20	31
Cash and cash equivalents	93,797	118,505

The reduction in this item is primarily due to the use of part of the cash availability to complete the acquisition of the IPEG group. 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.

Current accounts and postal deposits are classified as current assets, highly liquid and convertible into cash.

At September 30, 2022, there were no restrictions on the availability of the Group's current cash accounts.

[13] Group shareholders' equity

Shareholders' Equity is made up as follows:

Equity attributable to the owners of the parent	30.09.2022	31.12.2021
Share capital	6,000	6,000
Legal reserve	1,200	1,200
Reserve for own shares in portfolio	(2,208)	(2,250)
Translation reserve	15,071	(1,104)
Other Reserves and retained earnings	89,070	64,811
Net profit (loss)	28,716	28,347
Equity attributable to the owners of the parent	137,849	97,004

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

Therefore, the Company and the Group as at September 30, 2022 hold 2,620,700 treasury shares, equal to 4.89% of the share capital of Piovan S.p.A., directly through Piovan S.p.A. with a value of Euro 2,208 thousand at September 30, 2022.

The Translation reserve includes exchange rate differences arising from the translation of the opening shareholders' equity of foreign companies included in the consolidation scope at the

exchange rates prevailing at the end of the period and from the translation of their net income at the average exchange rates for the period.

The item Other reserves and retained earnings mainly includes the other profit and capital reserves of the Parent Company, in addition to the consolidated profit for previous years and the effects of adjustments resulting from the adoption of international accounting standards. This item changed during 2022 following the allocation of the previous year's result and the distribution of dividends.

[14] Earnings per share

At September 30, 2022, the shares in circulation numbered 53,600,000 and the treasury shares held by Piovan S.p.A. amounted to 2,620,700.

The number of shares relevant for the calculation of earnings per share is 50,979,300 shares, corresponding to existing shares (53,600,000) less the number of treasury shares in portfolio (2,620,700).

Earnings per share was calculated by dividing the net profit attributable to the shareholders of the Parent Company by the weighted average number of ordinary shares in circulation during the reporting period, i.e. 50,953,025 shares. Finally, we note that under the 2020-2022 Performance Shares Plan, there are ordinary shares that could be granted at the end of the vesting period, drawing on treasury shares held in portfolio, which could have a dilutive effect.

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

Earnings per share	30.09.2022	30.09.2021
Net Profit Attributable to Owners of the Parent (in thousands of Euros)	28,716	19
Weighted average number of ordinary shares (in thousands of units)	50,953	51
Basic earnings per share (in Euros)	0.56	0.37

The diluted earnings per share is as follows:

Earnings per share	30.09.2022	30.09.2021
Net Profit Attributable to Owners of the Parent (in thousands of Euros)	28,716	19
Weighted average number of ordinary shares (in thousands of units)	51,244	51
Dilutive earnings per share (in Euros)	0.56	0.37

[15] Minority interest shareholders' equity

The minority interest shareholders' equity at September 30, 2022 amounted to Euro 1,370 thousand compared to Euro 1,447 thousand at December 31, 2021. The account includes the minority interests in the subsidiaries FDM GmbH, FEA and Toba. The profit in the first nine months of 2022 mainly concerned the minority interest share of the subsidiaries FEA and FDM GmbH, which reported profits in the period.

The dividends distributed concern that accruing to the minority shareholders of FDM GmbH.

Equity attributable to non-controlling interests					
31.12.2021	Net profit	Dividends paid	Changes in %	Changes in consolidation scope	30.09.2022
1,447	264	(99)	46	(288)	1,370

[16] Current and non-current financial liabilities

The account is broken down as follows:

Current financial liabilities	30.09.2022	31.12.2021
Short-term bank borrowings	12,004	29,001
Current portion of long-term loans	30,614	20,584
Other loans and borrowings	4,346	2,446
Current financial liabilities	46,964	52,031
Non-current financial liabilities	30.09.2022	31.12.2021
Medium to long-term bank loans	117,993	32,480
Other loans and borrowings	16,688	9,440
Non-current financial liabilities	134,680	41,920

The principal characteristics of loans are as follows:

Loan	Currency	Original amount (EUR)	Maturity	Interest rate	Terms	30.09.2022			31.12.2021		
						Residual debt	Current	Non-current	Residual debt	Current	Non-current
1	EUR	8,000	30/09/2022	Variable	Euribor 6m+0,55%	-	-	-	1,600	1,600	-
2	EUR	6,000	05/04/2022	Fixed	0.48%	-	-	-	756	756	-
3	EUR	7,500	06/12/2022	Fixed	0.50%	758	758	-	1,515	1,515	-
4	EUR	7,000	03/05/2024	Fixed	0.54%	3,081	1,757	1,324	4,393	1,750	2,643
5	EUR	5,000	05/02/2025	Variable	Euribor 6m+0,65%	2,500	1,000	1,500	3,500	1,000	2,500
6	EUR	7,000	07/04/2024	Variable	Euribor 6m+0,85%	3,500	1,750	1,750	4,375	1,750	2,625
7	EUR	2,000	24/06/2023	Fixed	0.35%	502	502	-	1,003	668	335
8	EUR	20,000	14/10/2025	Fixed	0.67%	14,000	4,000	10,000	16,000	4,000	12,000
9	EUR	4,125	23/12/2028	Variable	Euribor 6m+0,6%	3,830	589	3,241	4,125	589	3,536
10	EUR	5,000	05/05/2023	Fixed	0.01%	3,333	3,333	-	5,000	3,333	1,667
11	EUR	10,000	22/11/2024	Fixed	0.25%	7,507	3,331	4,176	10,000	3,325	6,675
12	EUR	478	30/06/2031	Fixed	0.18%	478	-	478	223	-	223
13	EUR	100,000	21/01/2028	Fixed	1.34%	100,000	10,000	90,000	-	-	-
14	EUR	10,000	20/06/2025	Variable	1.05%	9,179	3,307	5,872	-	-	-

Loan	Currency	Original amount (EUR)	Maturity	Interest rate	Terms	30.09.2022			31.12.2021		
						Residual debt	Current	Non-current	Residual debt	Current	Non-current
15	KRW	838	31/08/2026	Fixed	3.85%	805	286	520	838	297	541
16	KRW	371	29/06/2026	Fixed	2.030%	357	20	337	371	-	371
Total						149,831	30,634	119,197	53,699	20,584	33,116

At September 30, 2022, and December 31, 2021, the main details of bank loans by maturity are detailed below:

Current financial liabilities	31.12.2021	Reclassifications	Net cash flow	Change in consolidation area	Increases for new loans	Change in translation reserve	Increase for new rent/lease	30.09.2022
Short-term bank borrowings	29,001	-	(16,997)	-	-	-	-	12,004
Current portion of long-term loans	20,584	10,790	(14,067)	-	13,307	-	-	30,614
Other current financial liabilities	2,446	2,724	(2,781)	1,457	-	242	257	4,346
Current financial liabilities	52,031	13,514	(33,844)	1,457	13,307	242	257	46,964

Non-current financial liabilities	31.12.2021	Reclassifications	Net cash flow	Change in consolidation area	Increases for new loans	Change in translation reserve	Increase for new rent/lease	30.09.2022
Medium to long-term bank loans	32,480	(10,790)	(0)	-	96,304	-	-	117,993
Other non-current financial liabilities	9,440	(2,724)	-	7,757	254	1,208	752	16,688
Non-current financial liabilities	41,920	(13,514)	(0)	7,757	96,558	1,208	752	134,680

[17] Employee benefits plans

The item, amounting to Euro 6,703 thousand at September 30, 2022 and Euro 6,454 thousand at December 31, 2021, mainly includes the liabilities for the Post-employment benefit provision recorded in the companies of the Group qualifying as defined benefit plans according to IAS 19.

The remaining part of the balance (Euro 63 thousand at September 30, 2022 and Euro 58 thousand at December 31, 2021) concerns employee benefits paid by foreign branches individually and in aggregate not significant.

Compared to the actuarial assumptions outlined in the Explanatory Notes to the Consolidated Financial Report at December 31, 2021, no developments occurred which would require an update to the actuarial calculation and to the underlying assumptions.

[18] Provisions for risks and charges

The provision for risks and charges at September 30, 2022 amounted to Euro 5,648 thousand, compared to Euro 2,681 thousand at December 31, 2021. The composition and the movements of the item are shown in the following table:

	31.12.2021	Change in consolidation area	Accruals	Releases/ Reclassifications	Exchange rate differences	30.09.2022
Provision for legal and tax risks	1,510	373	1,055	(737)	175	2,376
Provision for product warranties	884	1,519	281	-	295	2,979
Provision for agents' termination benefits	189		17	(19)	1	188
Pension provision	57		7	-	-	64
Other provisions for risks	41		-	-	-	41
Provisions for risks and charges	2,681	1,892	1,360	(756)	471	5,648

The provision for risks and charges at September 30, 2022, increased on the one hand due to the change in the consolidation scope with the inclusion of the IPEG group's balances, amounting to Euro 1,892 thousand, and on the other due to accruals for the first nine months in the amount of Euro 1.360 thousand. In addition, the item decreased due to releases of approximately Euro 756 thousand and increased by approximately Euro 471 thousand due to the strengthening of the US Dollar and the Brazilian Real against the Euro.

The Provision for legal and tax risks at September 30, 2022, mainly includes:

- a provision of Euro 155 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 261 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 September 30, 2022, on the one hand, decreased due to the release of Euro 124 thousand, whereas it increased due to allocations of Euro 21 thousand and to the strengthening of the Brazilian currency against the Euro.
- a provision set aside in 2018 by Unadyn for a total amount of USD 300 thousand (Euro 308 thousand) against a potential liability linked to indirect taxation in various states.
- a provision of Euro 490 thousand set aside in the first nine months of 2022 in relation to potential risks related to the commercial activities of a number of group companies.

The Provision for product warranty was set up to cover estimated warranty service charges to be incurred in the future, calculated on the basis of historical costs and expected costs relating to the machines and plants sold and still within the initial warranty period.

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

[19] Non-current and current liabilities for options granted to minority shareholders

The items in question refer to liabilities for put options granted to the minority shareholders of FEA. In particular, 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.

With reference to the subsidiary Toba PNC, a put option exists on the 49% stake held by the 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 following the measurement at December 31, 2021. Considering the negative performance of the subsidiary during the period and the related forecasts, this valuation is confirmed.

With reference 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

They amounted to Euro 25,445 thousand at September 30, 2022, compared to Euro 2,416 thousand at December 31, 2021, with the increase in the period relating to the estimate of the earn-out to be paid to the selling shareholders of IPEG Inc., as outlined in the previous paragraphs.

	30.09.2022	31.12.2021
Payables to employees	2,329	2,220
Payables to parent company	751	197
Other payables	22,365	0
Other current liabilities	25,445	2,416

[21] Trade payables

They amounted to Euro 68,599 thousand at September 30, 2022, compared to Euro 50,022 thousand at December 31, 2021.

The movement in this item on December 31, 2021 derives from the normal fluctuation in relation to the business activities of the various companies, in addition to the inclusion of the IPEG group in the consolidation scope.

[22] Advances from customers

At September 30, 2022, Advances from customers amounted to Euro 53,823 thousand, compared to Euro 31,042 thousand at December 31, 2021. This item refers to advances received by customers and relating to contracts where performance obligations are met at a point in time.

[23] Tax payables and social security institutions

They amounted to Euro 7,091 thousand at September 30, 2022, compared to Euro 8,531 thousand at December 31, 2021. The account is broken down as follows:

	30.09.2022	31.12.2021
Social security contributions	2,990	3,708
VAT liabilities	1,710	1,558
Tax withholdings for employees	738	1,773
Income tax liabilities (IRES and IRAP)	1,568	920
Other	84	572
Tax liabilities and social security contributions	7,091	8,531

[24] Other current liabilities

They amounted to Euro 23,385 thousand at September 30, 2022, compared to Euro 17,309 thousand at December 31, 2021. The account is broken down as follows:

	30.09.2022	31.12.2021
Payables to employees	14,226	5,527
Payables to parent company	863	2,407
Accrued income and deferred expense	3,429	3,059
Other payables	4,867	6,317
Other current liabilities	23,385	17,309

Employee payables refer to wages and salaries and to the accruals for vacation.

Payables to parent companies mainly refer to the parent company Piovan S.p.A. and derive from the tax consolidation contract in place with the parent company Pentafin S.p.A..

Explanatory Notes to the Consolidated Statement of Profit and Loss

Consolidation of the IPEG group beginning in February 2022 has had a significant impact on many components of this statement, making the figures for the first nine months of 2022 difficult to compare with those of the same period of the previous year, as described below.

[25] Revenue

Revenue totaled Euro 373,079 thousand in the first nine months of 2022, compared to Euro 206,100 thousand in the first nine months of 2021, increasing 81.0%. At like-for-like consolidation scope, the increase was 10.4%.

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:

	First nine months 2022	First nine months 2022 (IPEG excluded)	First nine months 2021	2022 vs 2021	%	2022 (IPEG excluded) vs 2021	%
Plastic	283,048	174,380	158,386	124,662	78.7%	15,994	10.1%
Food & non plastic	35,918	23,780	22,759	13,159	57.8%	1,021	4.5%
Services	54,112	29,411	24,955	29,157	116.8%	4,456	17.9%
Revenue	373,079	227,571	206,100	166,979	81.0%	21,471	10.4%

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” of the Annual Financial Report at December 31, 2021. These revenues amounted to Euro 24.6 thousand in the first nine months of 2022, while in the first nine months of 2021 totaled Euro 24.0 thousand. These revenues mainly relate to the subsidiaries Penta S.r.l., FEA S.r.l. and Pelletron Corp., part of the IPEG group.

The breakdown of revenue by region is as follows:

	First nine months 2022	First nine months 2022 (IPEG excluded)	First nine months 2021	2022 vs 2021	%	2022 (IPEG excluded) vs 2021	%
EMEA	131,003	127,777	135,117	- 4,114	-3.0%	- 7,340	-5.4%
ASIA	32,847	26,134	23,008	9,839	42.8%	3,126	13.6%
NORTH AMERICA	195,322	60,253	37,599	157,723	419.5%	22,654	60.3%
SOUTH AMERICA	13,906	13,407	10,376	3,530	34.0%	3,031	29.2%
Revenue	373,079	227,571	206,100	166,979	81.0%	21,471	10.4%

Revenues in EMEA include revenues in Italy which amounted to Euro 40,756 thousand in the first nine months of 2022 and Euro 39,573 thousand in the first nine months of 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 8,621 thousand, increasing Euro 3,846 thousand compared to the first nine months of 2021 and which break down as follows:

	First nine months 2022	First nine months 2021
Accessory transport services for sales	5,934	1,799
Machinery rent	119	59
Grants related to income	685	116
Gains for disposal of tangible and intangible assets	527	295
Gains for disposal of tangible and intangible assets	150	20
Recharges to suppliers	0	33
Insurance compensation	10	17
Agency commissions	6	74
Increase in fixed assets for internal works	167	6
Other	1,024	2,356
Other revenue and income	8,621	4,775
<i>of which non-recurring</i>	-	1,550

Accessory transport services for sales mainly refers to revenues from transport ancillary services related to sales transactions with customers. The increase on 9M 2021 mainly concerns the consolidation of the IPEG group beginning in February 2022.

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

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

Other Revenue mainly includes recharges and penalties applied to customers. Non-recurring revenue recognized in 2021 refers to the US PPP loan received by Universal Dynamics.

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

This item amounted to Euro 171,701 thousand in the first nine months of 2022 compared to Euro 84,647 thousand in the first nine months of the previous year. This item is broken down as follows:

	First nine months 2022	First nine months 2021
Costs of raw materials, components and goods	155,555	87,450
Costs of consumables	20,999	3,081
Change in raw materials and goods	2,401	(3,254)
Change in finished goods and semi-finished products	(7,255)	(2,631)
Costs of raw materials, components and goods and changes in inventories	171,701	84,646

The increase in purchases of raw materials, components and goods is primarily due to the effect of including the costs of the IPEG group in the consolidation scope from February 2022. On a like-for-like basis, thus excluding the impact of the IPEG group, the value of this item at September 30, 2022 would increase 10% compared to the same period of 2021, as a result of pressures on raw material costs.

[28] Service costs

Service costs amounted to Euro 76,992 thousand in the first nine months of 2022, compared with Euro 43,113 thousand in 2021.

The increase in service costs is primarily driven by the effect of including the costs of the IPEG group in the consolidation scope from February 2022. On a like-for-like basis, thus excluding the impact of the IPEG group, the value of this item at September 30, 2022 would increase 19.0% compared to the same period of 2021.

This item is broken down as follows:

	First nine months 2022	First nine months 2021 (*)
Outsourcing	31,576	20,196
Transport	8,437	5,587
Business trips and travel	4,213	2,385
Agency commissions	10,395	2,650
Fees to directors, statutory auditors and independent auditors	1,820	1,575
Consultancies	4,441	2,526
Maintenance and repairs	3,095	1,555
Marketing and advertising	2,576	741
Utilities	2,048	1,077
Insurance	882	724
Telephone and connections	671	423
Other costs for services	4,685	2,493
Rental expenses	933	340
Leases	288	257
Hires	933	584
Services	76,992	43,113

	First nine months 2022	First nine months 2021 (*)
of which non-recurring	603	-
Costs for services excluding non-recurring services	76,389	43,113

(*) 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., the IPEG group 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 31,576 thousand in the first nine months of 2022 (41.0% of total service costs) determined by the production methods of the Group, which concentrates internally processing and high value added and core activities. In the first nine months of 2021, this item amounted to Euro 20,196 thousand (46.8% of total *Service Costs*);
- transport costs on purchases and sales, which increased by Euro 2,850 thousand compared to the previous period;
- business trips and travel relating to both commercial activities and customer relations, and travel to customers' production sites to carry out installation and start-up and customer assistance. In the first nine months of 2022, this item increased compared to the first nine month of 2021, due both to the inclusion of the costs of the IPEG group and to the increase in business travel compared to 2021, a year of greater travel restrictions due to the COVID pandemic.

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 expenses

Personnel expense amounted to Euro 86,503 thousand compared with Euro 49,571 thousand in the first nine months of 2021. A breakdown of personnel expenses and the workforce by category is provided below:

	First nine months 2022	First nine months 2021
Wages and salaries	68,209	37,685
Social security contributions	12,857	9,729
Costs for defined benefit plans	1,440	1,220
Other expenses	3,997	936
Personnel expenses	86,503	49,570
of which non-recurring	102	

The increase in personnel expense is primarily due to the effect of the inclusion of the IPEG group's costs in the consolidation scope from February 2022.

At like-for-like consolidation scope, personnel expense in the first nine months of 2022 was Euro 55,794 thousand, an increase from the previous year due to the increase in the workforce and the recognition of the period's portion of incentive plans for a number of employees.

	30.09.2022		30.09.2021	
	period end	average	period end	average
Managers	37	36	29	29.06
Junior managers	111	109	70	72.39
White collars	1031	1008	685	669.78
Blue collars	604	589	403	394.54
Total	1,783	1,742	1,187	1,166

The table at September 30, 2022, indicates the increased headcount on September 30, 2021. At like-for-like consolidation scope, the headcount still increased, as shown in the following table:

	30.09.2022		30.09.2021	
	period end	average	period end	average
Managers	30	29	29	29.06
Junior managers	78	75	70	72.39
White collars	733	716	685	669.78
Blue collars	419	408	403	394.54
Total	1,260	1,229	1,187	1,166

[30] Other operating costs

This item amounted to Euro 2,718 thousand, compared with Euro 2,632 thousand in the previous year. This item is broken down as follows:

	First nine months 2022	First nine months 2021 (*)
Other taxes and duties	1,612	743
Bad debt provision	(535)	739
Entertainment costs	212	205
Provision for legal and tax risks	558	(120)
Provision for product warranty	281	48
Provision for additional client expenses	18	23
Other	572	994
Other expenses	2,718	2,632

(*) 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 related to operations in the various countries and in particular with regard to the newly acquired group in the United States, to the parent company in Italy, and to the other shareholdings in Brazil and in the United States.

Provisions for risks and charges amounted to Euro 558 thousand on new allocations in the first nine months of 2022, mainly related to potential charges concerning the commercial operations of a number of Group companies.

[31] Amortization, depreciation and write-downs

This item amounted to Euro 12,471 thousand, compared with Euro 5,260 thousand in the first nine months of 2021. This item is broken down as follows:

	First nine months 2022	First nine months 2021
Amortisation	6,164	1,265
Depreciation	5,826	3,995
Write-down	482	-
Depreciation & amortisation	12,471	5,260

The increase in this item is primarily due to the effect of the inclusion of the IPEG group's amortization and depreciation in the consolidation scope from February 2022 in the amount of Euro 6,832 thousand, Euro 5,163 thousand of which related to intangible assets from the PPA, as well as to the write-down of TOBA goodwill in the amount of Euro 482 thousand. On a like-for-like basis, and therefore excluding the impact of the IPEG group, this item at September 30, 2022, would be essentially in line with the previous period.

[32] Financial income and expenses

The item reports net charges of Euro 2,045 thousand in the first nine months of 2022, compared to charges of Euro 220 thousand in the first nine months of 2021. This item is broken down as follows:

	First nine months 2022	First nine months 2021
Interest income	147	195
Income on financial assets	111	12
Other financial income	260	115
Financial income	518	322
Bank interest expenses	1,202	202
Other interest expenses	324	116
Other financial expenses	1,038	224
Financial expense	2,563	542
Net financial income (charges)	(2,045)	(220)

Current account interest expense increased significantly during the period due to the accrual of interest on the 6-year, fixed-rate loan (bearing interest at a rate of 1.335% annually) received in January 2022 in the amount of Euro 100 million in order to complete the IPEG acquisition.

[33] Exchange gains/(losses)

The item reported a positive balance of Euro 5,452 thousand in the first nine months of 2022, compared to Euro 350 thousand in the first nine months of 2021. This item is broken down as follows:

	First nine months 2022	First nine months 2021
Exchange rate gains	9,458	3,146
Exchange rate losses	(4,006)	(2,796)
Net exchange rate gain (losses)	5,452	350

Unrealized foreign exchange gains included under *Foreign exchange gains* amounted to Euro 7,957 thousand in first nine months of 2022 (84.1% of foreign exchange gains for the period) and Euro 2,294 thousand in the first nine months of 2021 (72.9% of foreign exchange gains for the period).

Unrealized losses included under *Foreign exchange losses* amounted to Euro 2,634 thousand in the first nine months of 2022 (65.8% of foreign exchange losses for the period) and Euro 838 thousand in the first nine months of 2021 (30.0% of foreign exchange losses for the period).

The increase over the previous period is due to the favorable performance of the dollar against the euro, the Group's functional currency, related to a loan in euro issued by the Parent Company to Piovan North America.

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

There is no valuation income or expense during the reporting period. For further details, reference should be made to Note [19].

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

In the first nine months of 2022, the gain from investments measured at equity amounted to Euro 1,001 thousand and refers mainly to the company NuVu Conair Private Ltd. Reference should be made to note [3] for further information.

[36] Income Taxes

This item amounted to Euro 6,744 thousand in the first nine months of 2022 compared to Euro 7,484 thousand in the first nine months of 2021. Income taxes have been determined taking into account the best estimate of the average annual tax rate expected for the whole year.

Other Information

Segment information

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

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

Certain non-recurring expenses were identified in 2022 related to the acquisition of the IPEG group and the integration activities.

Non-recurring items	2022
Costs of services related to acquisition of IPEG Inc.	603
Personnel costs related to acquisition of IPEG Inc.	102
Total	705

In 2021, the only non-recurring gain with an impact on operating performance concerned the Euro 1,550 thousand grant that the U.S. subsidiary (Universal Dynamics Inc.) received from the U.S. government under the Paycheck Protection Program launched in 2020 in response to the pandemic.

Incentive plans

On May 12, 2020, the Shareholders' Meeting of the Parent Company approved three medium/long-term incentive plans, which aim to retain and incentivize those beneficiaries who are key players in achieving the Group's objectives. This will align the remuneration of these beneficiaries with increases in value and return on shareholder investment.

The first plan, called the "2020-2022 Performance Shares Plan", stipulates that the beneficiaries are identified from among the Executive Directors, excluding the Executive Chairperson, and the Senior Executives at the Piovan Group companies, providing for the free allocation of Piovan S.p.A. shares already held by the Company. The second, called the "2020-2022 Long-Term Monetary Incentive Plan", establishes that the beneficiaries are identified from among the

Executives and employees or collaborators at the Piovan Group's companies, providing for monetary incentives. The plans commenced from their approval by the Shareholders' AGM and conclude on December 31, 2022, comprising three rolling cycles (vesting periods), each of three years, with the last period concluding in 2024. The vesting periods concern periods on the conclusion of which the shares of the company, or a monetary incentive, shall be granted or issued to beneficiaries, on verification of the achievement for each cycle of the performance objectives linked to the Group's sales volumes and consolidated EBITDA by the Board of Directors and within the limits and according to the means indicated in the respective regulations and disclosure documents.

The third plan, called the "2020-2022 Phantom Stock Option Plan", is for the Executive Directors and Senior Executives at Piovan Group's companies. This is a long-term plan divided into three cycles (also known as "Vesting Periods"), each lasting three years. The Vesting Periods are the periods at the end of which it is possible to request payment of the incentive. The duration of the Phantom Stock Option Plan, therefore, is from the date of the plan's approval by the Ordinary Shareholders' Meeting until the date the incentive is paid. This will be in 2025, while the last Vesting Period will end on December 31, 2024.

Classes of financial instruments and fair value hierarchy

With reference to the breakdown of financial assets and liabilities required by IFRS 7, there were no transfers between the fair value levels indicated in IFRS 13 and those reported in the Annual Financial Report at December 31, 2021 and the Consolidated Half-Year Financial Report at June 30, 2022, to which reference should be made for further information.

Related party transactions

During 2022 and 2021, the Group had commercial relations with certain related parties of Piovan S.p.A.

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.

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

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

Company name	Registered office	Country	Currency	Share capital at 30/06/2022	% shareholding	Shares held Shareholder-Partner	Consolidation method
Parent:							
Piovan S.p.A.	Santa Maria di Sala	Italy	EUR	6,000,000			
Equity investments in subsidiary companies:							
Piovan India Private Ltd	Mumbai	India	INR	350,000	100.00%	Piovan S.p.A.	Full
Piovan Plastics Machinery Ltd	Suzhou (CN)	Cina	CNY	5,088,441	100.00%	Piovan S.p.A.	Full
Piovan Do Brasil Ltda	Osasco (BRA)	Brasile	BRL	11,947,356	100.00%	Piovan S.p.A.	Full
Piovan Mexico S. A.	Queretaro (MX)	Messico	MXN	706,540	100.00%	Piovan S.p.A.	Full
Piovan Central Europe GmbH	Brunn am Gebirge (A)	Austria	EUR	35,000	100.00%	Piovan S.p.A.	Full
Piovan UK Ltd	Bromsgrove (GB)	Regno Unito	GBP	25,000	100.00%	Piovan S.p.A.	Full
Piovan Czech Republic s.r.o.	Praga (CZ)	Repubblica Ceca	CZK	200,000	100.00%	Piovan Central Europe GmbH (90%) Piovan S.p.A. (10%)	Full
Piovan France Sas	Chemin du Pognat (F)	Francia	EUR	1,226,800	100.00%	Piovan S.p.A.	Full
Universal Dynamics Inc.	Fredericksburg, Virginia (U.S. A.)	USA	USD	3,500,000	100.00%	Piovan S.p.A.	Full
Piovan GmbH	Garching (D)	Germania	EUR	102,258	100.00%	Piovan S.p.A.	Full
Piovan Canada Ltd	Mississauga - Ontario (CAN)	Canada	CAD	10	100.00%	Piovan S.p.A.	Full
Piovan Asia Pacific Ltd	Bangkok (TH)	Tailandia	THB	8,010,000	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	25,000	100.00%	Penta S.r.l.	Full
Piovan Hungary Kft	Budapest	Ungheria	HUF	3,000,000	100.00%	Piovan Central Europe GmbH	Full
Piovan Maroc Sarl. AU	Kenitra	Marocco	MAD	1,000,000	100.00%	Piovan S.p.A.	Full
FEA Process&Technological Plants S.r.l.	Scarnafigi (CN)	Italia	EUR	20,400	51.00%	Piovan S.p.A.	Full
Studio Ponte S.r.l.	Poggio Renatico (FE)	Italia	EUR	10,000	100.00%	Penta S.r.l.	Equity method

Company name	Registered office	Country	Currency	Share capital at 30/06/2022	% shareholding	Shares held Shareholder-Partner	Consolidation method
Penta Auto Feeding India Ltd	Navi Mumbai (India)	India	INR	10,000,000	50.00%	Penta S.r.l.	Equity method
CMG America Inc.	Clio	Michigan	USD	70,000	100.00%	Piovan S.p.A.	Equity method
TOBA PNC	Seoul	Corea del Sud	KRW	500,000,000	51.00%	Piovan S.p.A.	Equity method
Doteco S.p.A.	Modena (IT)	Italia	EUR	1,000,000	100.00%	Piovan S.p.A.	Full
Doteco INC	Dalton, Georgia (U.S.A.)	USA	USD	75,000	100.00%	Doteco S.p.A.	Full
Piovan Nord America Llc	Delaware (USA)	USA	USD	-	100.00%	Piovan S.p.A.	Full
IPEG Holdings Inc.	Delaware (USA)	USA	USD	21,038,000	100.00%	Piovan Nord America Llc	Full
IPEG Inc.	Franklin, Pennsylvania (USA) Pinconning, Michigan (USA)	USA	USD	4,502,000	100.00%	IPEG Holdings Inc.	Full
Republic Machine Inc.	Kentucky (USA)	USA	USD	100	100.00%	IPEG Inc.	Full
Thermal Care Inc.	Illinois (USA)	USA	USD	1,000	100.00%	IPEG Inc.	Full
Pelletron Corp.	Pennsylvania (USA)	USA	USD	1,000	100.00%	IPEG Inc.	Full
Conair Mexicana S.A. de C.V.	Guadalupe (Mexico)	Messico	MXN	52,739,210	100.00%	IPEG Inc.	Full
International Plastics Equipement Group S.A. de C.V.	Guadalupe (Mexico)	Messico	MXN	50,000	100.00%	IPEG Inc.	Full
Pelletron Europe GmbH	Bodnegg (Germany)	Germania	EUR	55,654,985	100.00%	IPEG Inc.	Full
Conair Pacific Equipement Pte Ltd	(Singapore)	Singapore	SND	10,000	100.00%	IPEG Inc.	Full
Conair Trading (Shangai) Co Ltd	Shangai (China)	Cina	CNY	-	100.00%	IPEG Inc.	Full
Conair Asia Pte Ltd	(Singapore)	Singapore	SND	10,000	100.00%	IPEG Inc.	Full
Conair Asia Pte Ltd	Taiwan	Taiwan	TWD	17,900,000	100.00%	IPEG Inc.	Full
Piovan Industrial Automation (Suzhou) Co., Ltd.	Suzhou (Cina)	Cina	CNY	40,000,000	100.00%	Piovan S.p.A.	Full
Equity investments in affiliated companies:							
CMG S.p.A.	Budrio (BO)	Italia	EUR	1,250,000	20%	Piovan S.p.A.	Equity method
NuVu Conair Private LTD	Ahmedabad (India)	India	INR	19,915,000	100.00%	IPEG Inc.	Equity method

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

Subsequent events to the end of the period

Reference should be made to the “Group performance” paragraph.

Santa Maria di Sala (Venice), November 9, 2022

On behalf of the Board of Directors

Executive Chairman

Nicola Piovan

Statement of the Executive Officer for Financial Reporting in accordance with paragraph 2 of Article 154-*bis* of Legislative Decree No. 58/1998 (Consolidated Finance Act)

The undersigned Giovanni Rigodanza, as Executive Officer for Financial Reporting, states that the Periodic Financial Statements at September 30, 2022 correspond to the underlying accounting documents, records and entries.

The Executive Officer for Financial Reporting

Giovanni Rigodanza



Periodic Financial Statements
at September 30, 2022 of Piovan S.p.A. PIOVAN
S.p.A.

Via delle Industrie 16 – 30036

S. Maria di Sala VE - Italy