PiovanGroup

CONSOLIDATED HALF-YEAR FINANCIAL REPORT

at June 30, 2020

CONTENTS

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

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

Tax No.: 02307730289 VAT No.: 02700490275

Venice Economic & Administrative Registration No. 235320

DIRECTORS' REPORT

BOARD OF DIRECTORS OF THE PARENT COMPANY PIOVAN S.P.A.

Board of Directors

In office until the Shareholders' AGM for the approval of the 2020 Annual Accounts, with the exception of the Director Mario Cesari, who, as appointed on May 14, 2020 by the Board of Directors by means of co-option to replace the Director Marco Milani, shall remain in office until the next Shareholders' Meeting.

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

Board of Statutory Auditors

In office until the Shareholders' AGM for the approval of the 2020 Annual Accounts.

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

Control, Risks and Sustainability Committee

Name	In charge
Chiara Mio	Chairman
Marco Maria Fumagalli	
Mario Cesari (*)	

Appointments and Remuneration Committee

Name	In charge
Lucia Giancaspro	Chairman
Marco Maria Fumagalli	
Chiara Mio	

Related Parties Committee

Name	In charge
Marco Maria Fumagalli	Chairman
Lucia Giancaspro	
Mario Cesari (*)	

Significant shareholdings

Based on the shareholders' register, through communications received in accordance with Article 120 of Legislative Decree No. 58/98 and other information available to the company, the shareholders of Piovan S.p.A. with holdings of greater than 5% at June 30, 2020 were:

Declarant	Direct shareholder	% of ordinary share capital (*)	% of voting share capital (**)	% of ordinary share capital (***)	% of voting share capital (****)
Nicola Piovan	Pentafin S.p.A	57.915	69.140	60.952	71.762
7INDUSTRIES HOLDING BV	7INDUSTRIES HOLDING BV	9.245	6.779	9.730	7.036
Allianz SE	ALLIANZ IARD SA	7.799	5.718	8.207	5.935
(*) Total number of ordinary shares: 53,600,000, including Piovan S.p.A.'s own shares amounting to 2,670,700					
(**) Share capital expressed as number of votes pursuant to art. 120, paragraph 1 of Legislative Decree no. 58 of 24 February 1998 (Consolidated Finance Act or "TUF"), including Piovan S.p.A.'s own shares.					
(***) Total number of ordinary shares: 50,929,300, excluding Piovan S.p.A.'s own shares					
(****) Share capital expressed as number of votes pursuant to art. 120, paragraph 1 of Legislative Decree no. 58 of 24 February 1998 (Consolidated Finance Act or "TUF"), excluding Piovan S.p.A.'s own shares.					

Executive officer for financial reporting

Elisabetta Floccari, in office until the Shareholders' AGM for the approval of the 2020 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 since 2011. The Group continued its international expansion and established production plants outside Italy, specifically in Brazil and China. Additional foreign subsidiaries were soon opened in Mexico, Great Britain, Austria, Hungary, the Czech Republic, India, Turkey, Thailand and Vietnam.

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

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

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

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

Starting from October 19, 2018, Piovan S.p.A shares were listed on the Milan stock exchange, within the Star segment.

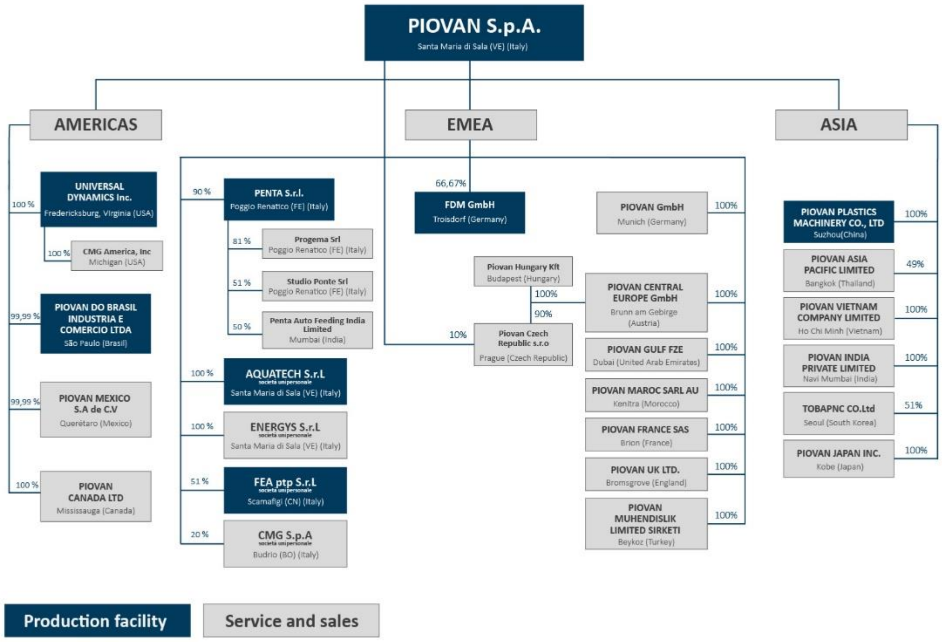
Today the Group comprises a network of direct or indirect subsidiaries of Piovan S.p.A., with sites in Europe, the United States and Asia. The strategic, managerial and operational direction of the Piovan Group is entrusted directly to Piovan S.p.A., which as of June 30, 2020 coordinates 30 service and commercial companies, including 8 production plants on 4 continents.

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, which has recently become an area of development within the Group's range, thanks to the acquisition of the subsidiary Penta S.r.l.

On Italian Republic Day on June 2, 2019, Nicola Piovan was named "Cavaliere del Lavoro" (Knight of the Order of Merit of Labor) by Italian President Sergio Mattarella, and on October 22, 2019 the official ceremony for the award of the insignia took place at the Quirinale.

The award is an important recognition and an expression of the excellence of Italian entrepreneurship.

GROUP STRUCTURE AT JUNE 30, 2020



GROUP PERFORMANCE

General economic overview

In the second quarter of 2020, the domestic and international picture continued to be dominated by the spread of the Coronavirus (Covid-19) and the resulting containment measures implemented by the authorities of the countries affected.

In the June 2020 update of the "*World Economic Outlook*", the International Monetary Fund (IMF) further reduced its estimates of global GDP growth for the current year. As a result of the pandemic, the global economy is expected to contract 4.9% in 2020, in view of the fact that Covid-19 had a greater impact than forecast for the first half of the year and that the recovery appears more gradual than that initially assumed. The global economy is expected to grow by 5.4% in 2021, although this estimate is subject to a higher degree of uncertainty than usual. The role of the economic policy measures that countries should continue to implement in support of citizens and businesses remains crucial, particularly where further lockdowns are needed.

In this environment of general uncertainty regarding the effects that the pandemic shall have in economic and social terms, the Piovan Group continued to operate through an organizational structure based on the presence of 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 limited the effects of the restrictions on mobility applied over recent months, minimizing and the risk related to local markets and facilitating the tapping into a broader range of opportunities.

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.

“We are reasonably satisfied with the results achieved by the Group in the first half of the year, which was impacted by the effects of the Covid-19 pandemic.

Against a contained contraction in revenues, margins held up excellently and above all, working capital confirmed to be positively managed, which contributed to improve the Group’s equity and financial structure.” – Nicola Piovan, Executive Chairman

SIGNIFICANT EVENTS IN THE FIRST HALF OF 2020

<u>Implications from COVID-19 pandemic</u>

As stated above, the first six months of 2020 have been featured by the global diffusion of the pandemic, also known as COVID-19. The pandemic, and mostly the lockdown policies imposed by governments, have had wide repercussions in many sectors of the worldwide economy; however, thanks to the fact that the Group is present in a variety of geographic areas and in much diversified sectors, it has been possible to mitigate the total risk and to contain the sales volume reduction.

The pandemic effects and the restrictive measures imposed by the different governments have affected the Group companies in different ways, in terms of timing and significance. The main impacts that COVID-19 have had in terms of Group processes, are outlined here below:

- Production plants: the production of the Chinese subsidiary Piovan Plastic Machinery suffered a stall of about 3 weeks. The full recovery of the production related efficiency occurred only around end of February 2020. The other Group productions plants have instead continued with production activities, while adopting safety measures for the employees' health. However, due to restrictions introduced on peoples' mobility, there has been a slowdown during March, April and May, for activities that involve business trips and in particular for the service and installation activities of certain projects, at the client's site. As of today all production plants are fully operating.

- Supply chain and logistics: the Group was not particularly affected by delays in procurement.

- Health & Safety: in order to mitigate the risk of spreading the infection, attention to manage all business processes has been maximized, on all Group subsidiaries. In particular, the precautions and measures included respectively in each national protocols have been implemented in all plants, so that the production activities could continue in safety, while in regards to the administrative and export area personnel, the option of working from home was preferred, also known as smart working.

- Use of support measures: during this particular time, when possible, the Group appealed to the supporting measures offered by the governments. In particular, from March on, the Group Italian subsidiaries have used, in limited measure, the lay-off scheme (ie. Cassa Integrazione). Other subsidiaries have adopted similar measures.

  From a financial viewpoint, the parent company obtained 3, 6 and 12-month moratoriums on loan repayment commitments. In addition, the US company received in May 2020 a government loan as per the "Paycheck Protection Program" (PPP) of USD 1,855,042, of which approximately USD 1,400,000 may be converted into a non-refundable grant on meeting certain conditions. The conditions refer to the fact that the loan shall be used to pay salaries and wages, interests on loans, rents and utilities; moreover, maintaining the working force and their salaries and wages for a specific period of time, represents a mandatory condition. It is reasonable that such conditions could be respected, even though, considering that the request for the reimbursement exemption is expected to be during the fourth quarter of the year and that it will be subjected to verification and approval by the issuing authority and the competent body (SBA – US Small Business Administration), the loan have been entirely recorded among financial liabilities as at 30th June 2020. For the amount of the loan that will not be converted into non-refundable grant, this loan shall be reimbursed with constant instalments in 18 months, inclusive of interests, starting from the sixth month from its issuing.

In regards to the pandemic effects from Covid-19 on the Group economic and financial outlook, a reference is done to further sections.

<u>Incentive plans</u>

On May 12, 2020, the Shareholders' Meeting of the Parent Company approved three new 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 overseas 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, will be from the date of the plan's approval by the Ordinary Shareholders' Meeting until the date the incentive is paid, which will be in 2025, while the last Vesting Period will end on December 31, 2024.

For further details see the plan regulations available on the Company's website.

Subsequent events to the end of the period

It should be noted that, within September 2020, the Company will proceed with the acquisition of the remaining 10% stake in the subsidiary Penta S.r.l, currently held by the Managing Director of the subsidiary itself, due to the exercise of the put option that he owns. This acquisition, which will bring Piovan S.p.A. to hold 100% of the capital of Penta S.r.l., constitutes a further step in the path of strengthening the Group in the Food & non-plastic area.

Outlook

The Group confirms what already depicted in the Annual Financial Report as of 31st December 2019, in regards to its development of strategies in place, which include among its goals (i) the increase of its contribution to the circular economy developing products and solutions dedicated to the recycling industry; (ii) the growth through acquisitions and; (iii) the increase in its market share in the Food & non-plastic area.

After the first half of 2020, that was impacted by the effects of COVID-19, particularly in terms of revenues, which reduced on the same period of 2019, the environment continues to present uncertainties, whose development and relative effects are difficult to forecast.

The order backlog at June 30, 2020 is substantially in line with the Group's usual volumes, although amid the restrictions on mobility and the degree of general uncertainty the execution of orders in portfolio may be slowed, particularly in the third quarter of 2020 -

while from the fourth quarter onwards the situation may truly normalize except for further relapses.

The Piovan Group is present in a variety of geographic areas and in highly diversified sectors, which allow for a comprehensive risk mitigation linked to the current crisis. Furthermore the Group is considering if and to what extent, to make use of the social safety nets established by the governments of the concerned countries.

Group operating performance

(amounts in €'000)	Half-year ended 30 June				Changes	
	2020	% on total revenues and other income	2019	% on total revenues and other income	2020 vs 2019	%
Revenue	100,643	*98.1%*	116,439	*98.0%*	(15,796)	*(13.6%)*
Other revenue and income	1,953	*1.9%*	2,325	*2.0%*	(372)	*(16.0%)*
TOTAL REVENUE AND OTHER INCOME	**102,596**	*100.0%*	**118,764**	*100.0%*	**(16,168)**	***(13.6%)***
EBITDA	**13,088**	*12.8%*	**14,853**	*12.5%*	**(1,765)**	***(11.9%)***
OPERATING PROFIT	**10,338**	*10.1%*	**12,287**	*10.3%*	**(1,949)**	***(15.9%)***
PROFIT BEFORE TAXES	**10,232**	*10.0%*	**11,944**	*10.1%*	(1,712)	*(14.3%)*
Income taxes	3,006	*2.9%*	3,358	*2.8%*	(352)	*(10.5%)*
NET PROFIT	**7,226**	*7.0%*	**8,586**	*7.2%*	(1,360)	*(15.8%)*
Attributable to:						
Owners of the parent	**7,427**	*7.2%*	**8,464**	*7.1%*		
Non-controlling interests	**(201)**	*-0.2%*	**122**	*0.1%*		
Earnings per share	**0.15**		**0.17**			
Basic and diluted earnings per share (in Euros)	**0.15**		**0.17**			

There are no non-recurring amounts in the first half of 2020. The comparative figures at June 30, 2019 were stated at their total amounts. We highlight however that they included non-recurring costs for a total of Euro 230 thousand.

In the first half of 2020, Piovan Group **total revenue and other income** amounted to Euro 102,596 thousand, down on Euro 118,764 thousand in the first six months of 2019 (-13.6%).

Group core revenue alone amounted to Euro 100,643 thousand, reducing on Euro 116,439 thousand in the first six months of 2020 (-13.6%).

Revenue calculated on a like-for-like basis (i.e. at the first half of 2019 average exchange rate) would have been Euro 853 thousand higher at Euro 101,496 thousand and a decrease of approx. 12.8% on the first half of 2019. Revenue was in fact mainly impacted by a negative effect from Brazilian Real movements.

EBITDA amounted to Euro 13,088 thousand, decreasing on Euro 14,853 thousand for the same period of the previous year (-11.9%).

EBITDA however improved as a percentage of total revenue, increasing from 12.5% in H1 2019 to 12.8% in H1 2020, partly due to the optimization and cost cutting measures taken in the first half of 2020. In particular, with reference to the personnel costs, utilization of previous accrued holidays has been incentivized and with reference to the Italian subsidiaries only, from March on, they appealed to the lay-off scheme; foreign subsidiaries have adopted similar measures.

The reduction in the absolute figure was thus mainly due to lower sales volumes.

Operating Profit amounts to Euro 10,338 thousand, down on Euro 12,287 thousand in the previous year (-15.9%).
The operating profit in percentage terms of total revenues and other income is 10.1%, compared to 10.3% in the comparative period.

The **net profit** amounts to Euro 7,226 thousand, decreasing on Euro 8,586 thousand for the same period of the previous year. The margin on total revenue and other income is 7.0%.

Earnings per share is Euro 0.15 for H1 2020, compared to Euro 0.17 in the same period of the previous year.

Revenue by market and region

	First half-year 2020	First half-year 2019 Restated*	First half-year 2019
Plastic	80,420	92,775	95,409
Food & non plastic	7,469	9,614	6,979
Services	12,754	14,050	14,050
Revenue	**100,643**	**116,439**	**116,439**

*the restated column incorporates the reclassification of a Plastic order to Food & non plastic, made for the 2019 half-year report.

Revenue by market indicates:

- Plastic Systems revenue in the first half of 2020 decreased compared to the same period of the previous year. This was substantially as a result of the restrictions imposed initially in China and thereafter in Europe to fight the COVID-19 outbreak, which delayed the delivery and installation of a number of orders.
- Food & non plastic system revenue in the first half of 2020 contracted, substantially due to the reasons outlined in terms of the Plastics area. The order backlog at June 30, 2020 however indicates a recovery for the sector in the second half of the year, where permitted by the restrictions required by COVID-19 which may be applied over the coming months.
- Services in H1 2020 reported revenue of Euro 12,754 thousand, decreasing Euro 1,296 thousand on the same period of the previous year (-9.2%). Again in this case, the contraction is due to the mobility restrictions imposed across various countries to fight the pandemic outbreak, which did not permit for the normal provision of post-sale services to customers.

The breakdown of revenue by region is as follows:

	First half-year 2020	First half-year 2019
EMEA	61,444	72,771
ASIA	12,967	14,796

	First half-year 2020	First half-year 2019
NORTH AMERICA	21,299	23,904
SOUTH AMERICA	4,933	4,968
Revenue	**100,643**	**116,439**

Asian revenues were impacted by COVID-19, which led to the closure for three weeks in the first quarter of the year (four weeks considering the holiday period for the Chinese New Year) of the facility in China.

EMEA revenues were impacted by the mobility restrictions imposed from the end of February, initially in Italy and thereafter in the rest of Europe, which slowed and imposed greater difficulties on the start-up of delivered systems and also the deliveries themselves.

Results substantially held up in South America thanks to the Group's entry into the Food & non Plastic market.

Equity and Financial profile of the Group

Net Financial Position

€/000	30.06.2020	31.12.2019	30.06.2019
A. Cash	18	15	25
B. Current accounts and post office deposits	57,422	59,108	28,066
C. Cash & cash equivalent (A+B)	**57,440**	**59,123**	**28,091**
D. Current financial assets	**6,149**	**6,319**	**6,176**
E. Current bank loans and borrowings	(23,013)	(25,026)	(14,092)
F. Current portion of non-current debt	(10,040)	(11,961)	(9,243)
G. Other current financial liabilities	(401)	(189)	(205)
H. Current financial position (E+F+G)	**(33,455)**	**(37,176)**	**(23,540)**
I. Net current financial position (H+C+D)	**30,134**	**28,267**	**10,727**
J. Long term loans	(24,873)	(20,939)	(19,505)
K. Bond issued	-	-	-
L. Other non-current financial liabilities	(242)	(404)	(503)
M. Non-current financial position (J+K+L)	**(25,115)**	**(21,343)**	**(20,008)**
N. Net financial position (I+M) before IFRS16	**5,020**	**6,924**	**(9,281)**
€/000	**30.06.2020**	**31.12.2019**	**30.06.2019**
IFRS16 - Lease - impact	**(7,654)**	**(7,864)**	**(5,446)**
Current portion	(1,642)	(1,537)	(1,060)
Non-current portion	(6,012)	(6,327)	(4,386)
N. Net financial position (N+IFRS 16 impact)	**(2,634)**	**(940)**	**(14,728)**

* The captions "Other current and non current financial liabilities" in the table above do not include the effect related to the application of IFRS 16, which is indicate below.

The Group's net financial position before the IFRS 16 impact at June 30, 2020 was a cash position of Euro 5,020 thousand, compared to Euro 6,924 thousand at the end of December 2019, with net cash absorbed of Euro 1,904 thousand.

In this regard, the slowdown and/or non-completion of the installation activities, due to the COVID-19 mobility restrictions, delayed in certain cases the achievement of the contractual milestones required for a number of payment receipts from projects in progress. At the same time, payments to suppliers involved in these projects were made according to that originally agreed under contract, with consequent temporary absorptions of cash.

Compared to the end of June 2019, net cash of Euro 14,301 thousand was generated, related to the significant non-recurring investment in the first half of 2019 and the distribution of dividends for Euro 7.7 million.

In the first half of 2020, investments totaled Euro 1,032 thousand.

The Group's net financial position (considering also the effects from application of IFRS 16) at the end of June 2020 is a debt position of Euro 2,634 thousand, compared to Euro 940 thousand at the end of December 2019. The increase is mainly due to a new lease contract signed during 2020 from the subsidiary Penta S.r.l. for a production plant close to the current one.

The financial position includes medium/long-term loans, mainly relating to the Parent Company, for Euro 32.4 million, of which Euro 9.4 million repayable within 12 months and the remaining Euro 23.0 million within 5 years. The loans are not supported by guarantees and are almost entirely undersigned in Euro.

In March and April 2020, the parent company benefitted from a moratorium on the medium/long-term loans, with a consequent extension of their duration up to a maximum of 12 months.

Net non-current assets

Net non-current assets represented by property, plant and equipment, intangible assets and equity investments, amounting to Euro 58,612 thousand, decreased Euro 1,597 thousand, due both to amortization and depreciation in the period and investments. The Group recognized to property, plant and equipment in 2019 approx. Euro 7.8 million of assets related to the right-of-use of Group assets on the basis of the relative lease contracts according to IFRS 16.

In addition, in 2018 and 2019, the Group has undertaken and completed a production expansion and technological upgrading project at its US facilities and in Italy (at the Parent's Headquarters), as described in greater detail in the Annual Financial Report at December 31, 2019.

Net non-current assets (amounts in €'000)	**At 30th June 2020**	**At 31st December 2019**
Property, plant and equipment	50,945	52,430
Intangible assets	7,397	7,510
Equity investments	270	270
Net non-current assets	**58,612**	**60,209**

At 31st December 2019, in applying the new IFRS 16-Leases, the Group recognized a right-of-use for an amount of Euro 7,788 thousand. At 30th June 2020, the right-of-use carrying amount is of Euro 7,553 thousand. The variation is mostly due to the effect of the amortization and depreciation recorded during the first semester 2020 and to the signing of new lease contracts, as specified above. During the first semester 2020, variations in relation to the lease terms of the existing contracts, have not occurred.

Net Trade Capital and Net Working Capital

Net working capital (amounts in €'000)	**At 30th June 2020**	**At 31st December 2019**
Trade receivables	43,787	52,816
Inventories	32,528	29,264
Contract assets for work in progress	6,448	3,712
Trade payables	(25,929)	(40,556)
Advance from customers	(16,990)	(16,063)
Contract liabilities for work in progress	(4,532)	(2,527)
Net trade capital	**35,311**	**26,646**
Tax receivables	3,579	3,735
Other current assets	4,087	3,705
Tax liabilities and social security contributions	(5,622)	(6,738)
Other current liabilities	(12,727)	(11,102)
Net working capital	**24,628**	**16,246**

Net Working Capital increased by Euro 8,382 thousand on December 31, 2019, substantially related to the increase in Net Trade Capital. This latter was impacted by a more than proportional decrease in trade payables compared to trade receivables, mainly due to COVID-19 circumstances, as reported in the comments upon the net financial position, to which reference should be made.

Medium/long term liabilities

(amounts in €'000)	**As at 30th June 2020**	**As at 31st December 2019**
Liabilities for employee benefits plans	4,867	4,814
Provision for risks and charges	2,720	2,954
Other non-current liabilities	272	268
Deferred tax liabilities	1,470	1,987
Medium/long-term liabilities	**9,330**	**10,023**

At June 30, 2020, medium/long-term liabilities decreased by Euro 693 thousand compared to December 31, 2019.

Provisions for risks and charges decreased by approx. Euro 0.2 million, mainly due to the currency effect from the conversion into Euro of a provision of the Brazilian subsidiary registered in Brazilian real and converted into the Group functional currency. The other changes mainly concerned lower deferred tax liabilities for a total of Euro 0.5 million.

Investments

Total investments in the first half of 2020 amounted to Euro 1,032 thousand, of which Euro 336 thousand non-recurring.

Research and development

In the first half of 2020, the Piovan Group incurred research and development expenses amounting to 4.2% of total revenue and other recurring income (Euro 4,285 thousand, compared to Euro 4,892 thousand in the first half of 2019). In the first half of 2019, Euro 3.7 million concerned personnel operating in R&D and engineering, entirely expensed to the statement of profit and loss, for the execution of complex and innovative projects. The scale of this commitment to investment in research and development is a clear demonstration of the Group's unwavering desire to position itself as a supplier of solutions, and not merely of machinery or systems. This desire has always set the Group apart and, over the years, has led to its position of market dominance. Moreover, for some years now, the Piovan Group is active in the process of the industrial change, supporting a circular economy and operating on different levels, continuously innovating its offer with maximum attention towards technologies for recycled plastic processing and biopolymers.

Alternative performance indicators

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

On December 3, 2015, Consob published Communication No. 92543/15, rendering applicable the Guidelines issued on October 5, 2015 by the European Security and Markets Authority (ESMA) regarding the presentation of such indicators in regulated information circulated. These Guidelines, updating the previous CESR Recommendation (CESR/05-178b), seek to promote the utility and transparency of alternative performance indicators included in regulated information or financial statements within the scope of application of Directive 2003/71/EC in order to improve their comparability, reliability and comprehensibility. The criteria utilized for these indicators, in line with the above communications, are provided below.

In particular, EBITDA is considered by management as a key parameter for monitoring and assessing the Group's operating performance as it is not influenced by the effects of the different methods of determining taxable income, the amount and characteristics of the capital employed, as well as depreciation and amortization policies. This indicator, however, is not identified as an accounting measure within IFRS and therefore the criterion for its determination may not be uniform with other groups or companies.

EBITDA

This parameter is the operating profit adjusted by the following items: (i) + income taxes, (ii) - profit/(loss) from investments measured at equity, (iii) - income/(charges) from valuation of liabilities for options granted to minority shareholders, (iv) - exchange gains/(losses), (v) + financial expenses, (vi) - financial income, (vii) + amortization, depreciations and write-downs and (viii) + provisions for risks and charges. The EBITDA Margin is calculated as a percentage on the total revenues and other income.

Adjusted EBITDA

Adjusted EBITDA differs from EBITDA only in terms of non-recurring items. The Adjusted EBITDA Margin is calculated as a percentage on total revenues and other income only in terms of recurring items.

EBIT and Adjusted EBIT

The EBIT corresponds to the operating result indicated in the accounting statements and the Adjusted EBIT differs from the EBIT only in terms of non-recurring items. The EBIT and the Adjusted EBIT in percentage terms are calculated on total revenues and other income.

Contribution Margin

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

Adjusted Contribution Margin

The Adjusted Contribution Margin differs from the Contribution Margin only in terms of non-recurring items. The Adjusted Contribution Margin in percentage terms is calculated on total revenues and other income only for recurring items.

Net Financial Position

This was calculated as per Consob Communication of July 28, 2006 and the ESMA/2013/319 Recommendations, to which reference should be made.

Research and development costs

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

Recurring Capex and Non-recurring Capex

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

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

Net Trade Working Capital

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

Net Working Capital

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

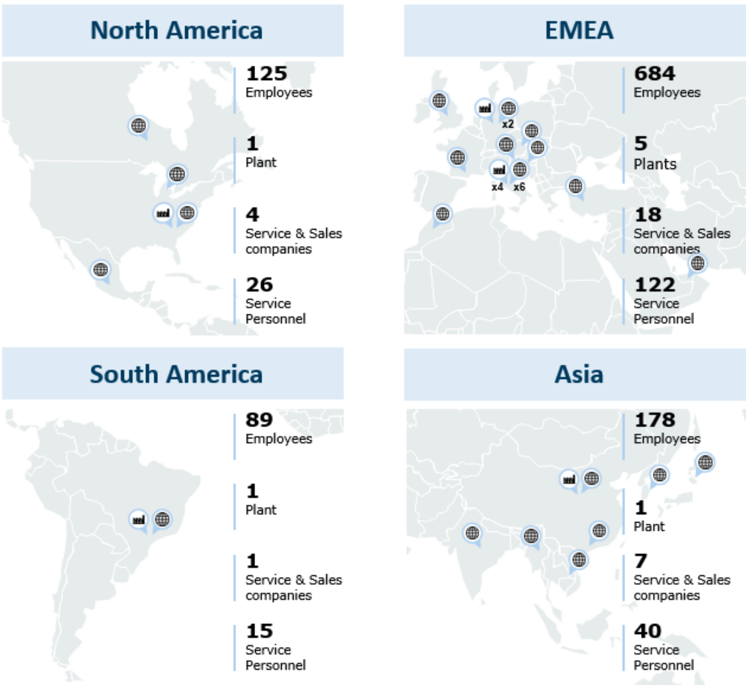
OTHER INFORMATION

Human Resources

During the first half of 2020, the Group employed an average of 1,088 people - compared to 1,057 in the first half of 2019 - as activities grew in the various countries where the Group is present, and in the Parent Company. The distribution of operating personnel by category was as follows:

	30.06.2020		31.12.2019		30.06.2019	
	period end	average	period end	average	period end	average
Managers	27	28	28	29	27	28
Junior managers	66	66	63	65	62	62
White collars	608	614	617	609	585	586
Blue collars	375	380	393	401	377	382
Total	**1,076**	**1,088**	**1,101**	**1,104**	**1,051**	**1,057**

The Group workforce at June 30, 2020 by geographic area and function is presented below:



Transactions with parent companies, subsidiaries and associated companies

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

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

There are also transactions of a financial nature between the companies belonging to the Group, which are also carried out in the normal course of business and at normal market conditions.

There are no transactions that can be considered atypical with parent, subsidiary and associated companies or with other related parties.

For further information, reference should be made to the "Other information on the Condensed Consolidated Half-Year Financial Statements" section of the Explanatory Notes.

Related party transactions

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

The Board motion of November 12, 2018 therefore approved the procedure on transactions with related parties as per Article 2391-*bis* of the Civil Code and the CONSOB regulation adopted with motion No. 17221 of March 12, 2010 and subsequent amendments and supplements.

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

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

Related party transactions are commented upon in the "Other information on Condensed Consolidated Half-Year Financial Statements" section, to which reference should be made for further information.

Disclosure by operating segment

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

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

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

Therefore, the information required by IFRS 8 corresponds to that presented in the consolidated statement of profit and loss. The breakdown of consolidated revenues by region and by product line is therefore reported by market (Plastic/Food & non plastic/Services).

Principal risks and uncertainties to which the Group is exposed

The Group is exposed to external risks and uncertainties related to the general economic environment or specifically to its operating sector and to the financial markets, in addition to risks deriving from strategic choices and related to operating processes.
Excluding unexpected and significant discontinuity factors, the main uncertainties that may impact the results in the second half of the year stem from the development of the general economic and geopolitical situation, movements in the prices of the main raw materials, directly or indirectly, for the sector.

For a closer analysis on the risks to which the Group is exposed, reference should be made to the Annual Financial Report at December 31, 2019, as there have been no changes with regards to what indicated concerning the risks to which the Group is exposed and how they are managed. In particular, with reference to the risks linked to the general economic conditions, it should be noted that, starting from the end of February 2020, following the arising of the health emergency linked to the pandemic from COVID-19, the general economic context have had a significant deterioration as a consequence to the restrictions imposed by the governments of concerned countries. These circumstances, extraordinary in nature and extent, have had and are still having direct and indirect repercussions, on the economic activities and have created a general context of uncertainty. For further information, reference should be made to the paragraph “Significant events in the first half 2020” and to what is included in the explicative notes, in the paragraph “COVID-19 impacts”.

The environment and personnel

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

Atypical and/or unusual transactions

There were no significant atypical and/or unusual transactions concerning the Parent Company Piovan S.p.A. or the Piovan Group in the first half of 2020.

Off-balance sheet agreements

The Group does not have Off-balance Sheet agreements, with the exception of that indicated in the Explanatory Notes.

CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS AT JUNE 30, 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(in Euro thousands)

ASSETS	Notes	30.06.2020	31.12.2019
NON-CURRENT ASSETS			
Property, plant and equipment	**Note 1**	50,945	52,430
Intangible assets	**Note 2**	7,397	7,510
Equity investments	**Note 3**	270	270
Other non-current assets	**Note 4**	552	427
Deferred tax assets	**Note 5**	4,125	4,489
TOTAL NON-CURRENT ASSETS		**63,289**	**65,126**
CURRENT ASSETS			
Inventories	**Note 6**	32,528	29,264
Contract assets for work in progress	**Note 7**	6,448	3,712
Trade receivables	**Note 8**	43,787	52,816
- of which related parties	**Note 41**	*141*	*200*
Current financial assets	**Note 9**	6,149	6,319
Tax receivables	**Note10**	3,579	3,735
Other current assets	**Note 11**	4,087	3,705
- of which related parties	**Note 41**	*32*	*431*
Cash and cash equivalents	**Note 12**	57,440	59,123
TOTAL CURRENT ASSETS		**154,019**	**158,675**
TOTAL ASSETS		**217,307**	**223,801**

LIABILITIES AND EQUITY	Notes	30.06.2020	31.12.2019
EQUITY			
Share capital	**Note 13**	6,000	6,000
Legal reserve	**Note 13**	1,200	1,200
Reserve for own shares in portfolio	**Note 13**	(2,250)	(2,250)
Translation reserve	**Note 13**	(2,664)	(1,211)
Other Reserves and retained earnings	**Note 13**	57,638	38,938
Net profit (loss)	**Note 13**	7,427	18,700
Equity attributable to the owners of the parent		**67,351**	**61,377**
Equity attributable to non-controlling interests	**Note 15**	3,575	3,774
TOTAL EQUITY		**70,926**	**65,151**
NON-CURRENT LIABILITIES			
Long-term loans	**Note 16**	24,873	20,939
Non-current financial liabilities	**Note 16**	6,254	6,516
Employee benefits plans	**Note 17**	4,867	4,814
Provision for risks and charges	**Note 18**	2,720	2,954
Non current liabilities for options granted to non-controlling interest	**Note 19**	2,306	2,535
Other non-current liabilities	**Note 20**	272	268
Deferred tax liabilities	**Note 5**	1,470	1,987
TOTAL NON-CURRENT LIABILITIES		**42,763**	**40,013**
CURRENT LIABILITIES			
Current portion of long-term loans	**Note 16**	10,041	11,962
Current bank loans and borrowings	**Note 16**	23,013	25,026
Current financial liabilities	**Note 16**	2,043	1,942
Trade payables	**Note 21**	25,929	40,556
- of which related parties	**Note 41**	*434*	*698*
Advance from costumers	**Note 22**	16,990	16,063
Contract liabilities for work in progress	**Note 7**	4,532	2,527
Current liabilities for options granted to non-controlling interest	**Note 19**	2,721	2,721
Tax liabilities and social security contributions	**Note 23**	5,622	6,738
Other current liabilities	**Note 24**	12,727	11,102
- of which related parties	**Note 41**	*3,040*	*888*
TOTAL CURRENT LIABILITIES		**103,619**	**118,636**
TOTAL LIABILITIES		**146,381**	**158,650**
TOTAL LIABILITIES AND EQUITY		**217,307**	**223,801**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(in Euro thousands)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS	Notes	30.06.2020	30.06.2019
Revenue	**Note 25**	100,643	116,439
- of which related parties	**Note 41**		*3*
Other revenue and income	**Note 26**	1,953	2,325
- of which related parties		*8*	
TOTAL REVENUE AND OTHER INCOME		**102,596**	**118,764**
Costs of raw materials, components and goods and changes in inventories	**Note 27**	39,313	45,721
- of which related parties	**Note 41**	*703*	*1,139*
Services	**Note 28**	21,101	25,722
- of which related parties	**Note 41**	*822*	*864*
Use of third party assets	**Note 29**	548	790
Personnel expenses	**Note 30**	27,599	29,597
- of which related parties	**Note 41**	*213*	*263*
Other expenses	**Note 31**	946	2,081
Provisions for risks and charges	**Note 32**	3	420
Amortisation and depreciation	**Note 33**	2,748	2,146
- of which related parties	**Note 41**	*88*	*140*
TOTAL COSTS		**92,258**	**106,477**
OPERATING PROFIT		**10,338**	**12,287**
Financial income	**Note 34**	302	91
Financial Expenses	**Note 34**	(473)	(273)
- of which related parties	**Note 41**	*2*	*5*
Net exchange rate gain (losses)	**Note 35**	(165)	10
Gains (losses) on liabilities for option granted to non-controlling interest	**Note 36**	230	(96)
Profit (losses) from equity investments carried at equity	**Note 37**	-	75
PROFIT BEFORE TAXES		**10,232**	**11,944**
Income taxes	**Note 38**	3,006	3,358
NET PROFIT		**7,226**	**8,586**
ATTRIBUTABLE TO:			
Owners of the parent		7,427	8,464
Non-controlling interests		(201)	122
Earnings per share			
Basic and diluted earnings per share (in Euros)	**Note 14**	**0.15**	**0.17**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in Euro thousands)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Note	30.06.2020	30.06.2019
Net profit		**7,226**	**8,586**
Items that may be subsequently reclassified to profit or loss:			
- Exchange rate differences		(1,451)	254
Items that may not be subsequently reclassified to profit or loss:			
- Actuarial gains (losses) on employee benefits net of the tax effect		3	5
- Actuarial gains on agents' termination benefits net of the tax effect		(3)	
Total Comprehensive income		**5,776**	**8,845**
attributable to:			
- Owners of the parent		5,977	8,723
- Non-controlling interests		(201)	122

CONSOLIDATED STATEMENT OF CASH FLOWS (Euro thousands)

Consolidated Statement of Cash Flow	30.06.2020	30.06.2019
OPERATING ACTIVITES		
Net profit	***7,226***	***8,586***
Adjustments for:		
Amortisation and depreciation	2,748	2,146
Inventory write-down and bad debt provision	228	1,123
- Net non-monetary financial (income)	170	106
Change in provisions for risks and charges and employee benefits liabilities	(13)	440
Net capital (gains) losses on sale of fixed assets and equity investments	(16)	(12)
Non-monetary changes related to liabilities for options granted to non-controlling shareholders	(230)	95
Investment equity valuation	-	75
Other non-monetary variations	(207)	(12)
Taxes	3,006	3,358
Cash flows from operating activities before changes in net working capital	**12,912**	**15,907**
(Increase)/decrease in trade receivables	7,358	(3,406)
- of which related parties	*(59)*	*(118)*
Increase in inventories	(4,708)	1,131
(Increase)/decrease in other current assets	(2,806)	(1,958)
- of which related parties	*(399)*	*(628)*
Increase/(decrease) in trade payables	(13,500)	(10,350)
- of which related parties	*264*	*(303)*
Increase/(decrease) in advance from customers	1,129	(579)
Increase/(decrease) in other current liabilities	705	(2,314)
- of which related parties	*(2,152)*	*(341)*
(Increase)/decrease in non-current assets	428	(83)
Increase/(decrease) in non-current liabilities	(498)	134
Income taxes paid	(1,144)	(2,313)
CASH FLOWS FROM OPERATING ACTIVITIES (A)	**(122)**	**(3,833)**
INVESTING ACTIVITIES		
Investments in property, plant and equipment	(918)	(4,906)
Investments in intangible assets	(113)	(549)
Disinvestments/(investments) in financial assets	-	(6,283)
Disinvestments in equity investments	-	(92)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (B)	**(1,032)**	**(11,829)**
FINANCING ACTIVITIES		
Issuance of bank loans	3,731	15,000
Repayment of bank loans	(1,680)	(3,006)
Change in current bank loans and borrowings	(2,013)	1,097
Repayment of bonds	-	-
Increase/(decrease) in other financial liabilities	(774)	(740)
Purchase of minority interests in subsidiaries	-	-
Contribution	-	-
Dividends paid	-	(7,723)
CASH FLOWS USED IN FINANCING ACTIVITIES	**(736)**	**4,628**
	-	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A ± B ± C)	**(1,890)**	**(11,034)**
EFFECT OF EXCHANGE RATE CHANGES ON BALANCE OF CASH HELD IN FOREIGN CURRENCY	**207**	**12**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (E)	**59,123**	**39,113**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (G=D+E+F)	**57,440**	**28,091**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,890)**	**(11,034)**
INTERESTS PAID	**360**	**226**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in Euro thousands)

	Share Capital	Legal reserve	Treasury shares	Translation reserve	Other reserves and retained earnings	Profit for the year att, To the owner of the parent	Equity attributable to the owners of the parent	Equity att, To non-controlling interests	TOTAL EQUITY
Balance at Jan, 1st, 2019	**6,000**	**1,200**	**(2,250)**	**(1,594)**	**25,748**	**23,881**	**52,985**	**3,791**	**56,775**
Distribution of dividends	-	-	-	-	(7,639)	-	(7,639)	(83)	(7,723)
Allocation of prior year profit	-	-	-	-	23,881	(23,881)	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	254	5	8,464	8,723	122	8,845
Balance at June 30th, 2019	**6,000**	**1,200**	**(2,250)**	**(1,340)**	**41,994**	**8,464**	**54,068**	**3,829**	**57,897**

	Share Capital	Legal reserve	Treasury shares	Translation reserve	Other reserves and retained earnings	Profit for the year att, To the owner of the parent	Equity attributable to the owners of the parent	Equity att, To non-controlling interests	TOTAL EQUITY
Balance at Jan, 1st, 2020	**6,000**	**1,200**	**(2,250)**	**(1,211)**	**38,938**	**18,700**	**61,377**	**3,774**	**65,151**
Distribution of dividends	-	-	-	-			-	-	-
Allocation of prior year profit	-	-	-	-	18,700	(18,700)	-	-	-
Change in non-controlling interests	-	-	-	(2)	-	-	(2)	2	-
Total comprehensive income	-	-	-	(1,451)	1	7,427	5,976	(201)	5,775
Balance at June 30th, 2020	**6,000**	**1,200**	**(2,250)**	**(2,664)**	**57,639**	**7,427**	**67,351**	**3,575**	**70,926**

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

General information

Piovan S.p.A. ("the Company" or "the Parent Company"), the parent company of the group of the same name with registered office in Santa Maria di Sala (VE), via dell'Industria 16, is a joint-stock company enrolled in the Venice Companies' Registration Office.
The Company is the holding company of a group of companies operating in Italy and internationally (the "Group" or "Piovan Group") in automation systems for the storage, transport and processing of plastics ("Plastic Systems"), automation systems for the storage and transport of food powders and non plastics ("Food Systems & non plastic") and technical assistance and marketing of spare parts and services ("Services"). The Group is among the world leaders in the Plastic Systems market in the design and production of plants and control systems for the automation of all phases of the plastics production cycle. The plants and systems developed, produced and marketed by the Group automate and improve the performance of all the various phases of the production and transformation process of plastics, food powders and non plastic powder. The technical solutions proposed by the Group include, for both the Plastic Systems and Food and non plastic markets: (i) the design of machinery and engineering solutions; (ii) the production of plants and systems; and (iii) the installation at the customer's production facilities. In addition, the Group provides its customers with specific technical support from the preliminary design phase to the installation and start-up of the plant and machinery, ensuring ongoing support in order to guarantee optimal operation of the products installed.
The Group at June 30, 2020 comprised of 30 companies located on 4 continents, of which 8 production companies and 22 commercial and service companies.

Piovan shares are listed to the Stock Market, STAR Segment from 19th October 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 Consolidated Half-Year Financial Report at June 30, 2020, which is made available to the public.

The Consolidated Half-Year Financial Report at June 30, 2020 was prepared as per Article 154-*ter* of Legislative Decree 58/98 and subsequent amendments, in addition to the Consob’s Issuers’ Regulation.

The Report includes the results of the parent company and of its subsidiaries.

Content, form and criteria for the preparation of the Condensed Consolidated Half-Year Financial Statements at June 30, 2020.

The Condensed Consolidated Half-Year Financial Statements at June 30, 2020 (hereafter the “Condensed Consolidated Half-Year Financial Statements”) of the Piovan Group have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission in accordance with the procedure laid down by Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament and Council dated July 19, 2002.

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

The financial statement tables are the same as those adopted for the Annual Financial Report at December 31, 2019. Regarding the consolidated statement of financial position the comparison is made with December 31, 2019 figures, regarding the consolidated statement of profit and loss, the consolidated statement of comprehensive income, the statement of cash flow and the statement of changes in equity the comparison is made with the first half of 2019.

The Condensed Consolidated Half-Year Financial Statements have been prepared on the basis of the historical cost criteria, 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. With reference to this assumption, the Group has assessed, considering the positive results and the solidity of the financial structure, that there are no significant doubts with regards to its status as a going concern within the meaning of paragraphs 25 and 26 of International Accounting Standard IAS 1. This assessment also considers the Covid-19 pandemic health emergency that emerged in the first months of 2020 and the impact that this situation had on the Group's performance in the first half of 2020, also due to the restrictions introduced in the countries involved. In this regard, it is expected that, considering the Group’s net assets level, the credit lines available to the parent company and what is outlined in the “Covid-19 impacts” paragraph, there are no financial, operating or other indicators that could lead any significant uncertainties with regards to the Group’s capacity to meet its obligations in the foreseeable future and in particular in the next 12 months.

The Explanatory Notes, in accordance with IAS 34, are reported in condensed format and do not include all the disclosures required for annual accounts, as they refer exclusively to those items which, for amount, composition or variation, are essential for the full understanding of the interim financial situation and results of the Group. Therefore, these Condensed Consolidated Half-Year Financial Statements should be read together with the Annual Financial Report at December 31, 2019.

These Condensed Consolidated Half-Year Financial Statements have been prepared in thousands of euro, which is the "functional" and "presentation" currency of the 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 the Condensed Consolidated Half-Year Financial Statements requires management to make estimates and assumptions which have an impact on the amounts reported in the financial statements and the relative explanatory notes; actual results may differ from the estimates made. In this regard, as outlined in detail below, in view of the extraordinary circumstances deriving from the COVID-19 pandemic, for the preparation of the Condensed Consolidated Half-Year Financial Statements, impairment tests were carried out on fixed assets which usually would be tested at year-end. Reference should be made to the Annual Financial Report at December 31, 2019 with regards to the main areas requiring the use of estimates and assumptions.

COVID-19 impacts

In the initial months of 2020, the COVID-19 global pandemic emergency evolved, putting significant pressure on national health systems and with the gradual introduction by governmental authorities of a series of measures to contain the risk of the virus's further spread. The impacts of this situation on Group operations mainly took the form of a slowdown to operations, which predominantly affected personnel subject to business trips in the months of March, April and May. It has however been possible to ensure normal production by adopting measures to protect employees at the Group's production facilities. The restrictions introduced on the mobility of individuals delayed the execution of the concluding phases of a number of projects requiring installation on-site at customer premises. The Group made recourse to the flexibility instruments made available to companies to deal with this extraordinary situation and reduce the impacts of costs which otherwise would have been fixed. In particular, in Italy the use of accrued holidays was incentivized and recourse was made to the Lay-off scheme from March. Similar measures were adopted also by other Group companies.

From a financial viewpoint, the parent company obtained 3, 6 and 12-month moratoriums on loan repayment commitments. In addition, the US company received in May 2020 a government loan as per the "Paycheck Protection Program" (PPP) of USD 1,855,042, of which approx. USD 1,400,000 may be converted into a non-refundable grant on meeting certain conditions.

The Covid-19 effects (temporary shutdown of operations, potential drop in demand and/or profitability) may result in the emergence of one or more impairment indicators. For the Half-Year Financial Report, management therefore made assessments in this regard. In particular, with regards to the Group overall, management did not identify indicators of impairment, taking account of the fact that (i) the company's stock market capitalization at June 30, 2020 remains largely higher than the consolidated shareholders' equity at the same date, (ii) the order portfolio at the same date appears in line with the Group's usual volumes, (iii) the net financial position was not impacted by the changes in general economic environment (iv) the performances in the first half of the year, although not matching the same period of the previous year, are still very positive, both in terms of revenues and margins. In addition, management undertook similar assessments also with regards to the CGU's to which goodwill is allocated. For these CGU's, management revised, on the basis of the information available, operating and financial forecasts and consequently updated the impairment tests to verify any losses in value. For further details, reference should be made to Note 2.

Consolidation scope and basis

The Condensed Consolidated Half-Year Financial Statements of the Piovan Group include the equity and operating situations of the Parent Company and its Italian and overseas subsidiaries.
Subsidiaries are those entities in which the Group exercises control, as defined by IFRS 10 - "Consolidated financial statements". Control exists when the Group has the power, directly or indirectly, to determine the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are consolidated from the date in which control

occurs until the moment in which such control terminates and with reference to associated companies, from the date in which the significant influence is acquired until the date such influence ceases to exists.
In the "Other information on the Condensed Consolidated Half-Year Financial Statements" section at the end of the Explanatory Notes the companies included in the consolidation scope at June 30, 2020 are outlined.

The consolidation criteria adopted to prepare these Condensed Consolidated Half-Yearly Financial Statements are the same as those adopted and reported in the Annual Financial Report at December 31, 2019.

The company decided not to proceed with the line-by-line consolidation of some investments in subsidiaries as they are not considered significant either individually or collectively and their recognition would not have any significant effect for the purposes of the correct representation of the balance sheet, statement of profit and loss and financial position of the Group.
The subsidiaries excluded from full consolidation are:

Company	% of ownership as at 31.12.2019	% of ownership as at 30.06.2020
Studio Ponte S.r.l. (*)	51%	51%
CMG America Inc.	100%	100%

(*) the percentage indicated represents the shares owned by Penta S.r.l.

Main accounting standards applied

In the preparation of these Condensed Consolidated Half-Yearly Financial Statements, the accounting standards and policies adopted are those as utilized in the preparation of the Consolidated Financial Statements as at December 31, 2019, with the exception of that reported below.

IFRS accounting standards, amendments and interpretations applicable to the Group and applied from January 1, 2020

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group from January 1, 2020:

- On October 31, 2018, the IASB published the document "Definition of Material (Amendments to IAS 1 and IAS 8)". The document modified the definition of "material" in IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The amendment aims to provide a more specific definition of "material" and introduce the concept of "obscured information" alongside the concepts of omitted or misstated information previously included in the two amended Standards. The amendment clarifies that information is obscured if it is described in a way that results

in an effect for the primary users of the financial statements similar to that which would have resulted if the information in question had been omitted or misstated.
The adoption of this amendment does not have effects on the consolidated financial statements of the Group.

- On March 29, 2018, the IASB published an amendment to the “References to the Conceptual Framework in IFRS Standards”. The amendment is effective from periods beginning on or after January 1, 2020, although early application is permitted. The Conceptual Framework defines the fundamental concepts for financial reporting and guides the Board in developing the IFRS standards. The document helps to ensure that the Standards are conceptually consistent and that similar transactions are treated in the same way, thus providing useful information to investors, lenders and other creditors. The Conceptual Framework supports companies in developing accounting policies when no IFRS standard is applicable to a particular transaction and, more generally, helps stakeholders to understand and interpret the Standards.

- The IASB, on September 26, 2019, published the amendment entitled "Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform”. The same amendment to IFRS 9 - Financial Instruments and IAS 39 - Financial Instruments: Recognition and Measurement in addition to IFRS 7 - Financial Instruments: Disclosures. In particular, the amendment changes some of the requirements for the application of hedge accounting, establishing temporary derogations in order to mitigate the impact from the uncertainty of the IBOR reform (still in progress) on future cash flows in the period prior to its completion. The amendment also requires companies to provide additional information in their financial statements on their coverage ratios which are directly impacted by the uncertainties generated by the reform and to which the above derogations apply.

The adoption of this amendment does not have effects on the consolidated financial statements of the Group.

- On October 22, 2018, the IASB published the document “Definition of a Business (Amendments to IFRS 3)”. The document provides certain clarifications on the definition of a business for the purposes of the proper application of IFRS 3. In particular, the amendment clarifies that while a business normally yields an output, the existence of an output is not strictly necessary to identify a business when there is an integrated set of activities and assets. However, in order to satisfy the definition of a business, an integrated set of activities/processes and assets shall include, at the very least, an input and a substantive process which, together, make a significant contribution towards the ability to create outputs. For this purpose, the IASB has replaced the term “capacity to create output” with “capacity to contribute to the creation of output” to clarify that a business may exist even without all the inputs and processes necessary to create an output.

The amendment also introduced an optional test ("concentration test"), which allows for the exclusion of the presence of a business if the price paid is substantially attributable to a single asset or group of assets. The amendments apply to all business combinations and acquisitions of activities after January 1, 2020, although advance application is permitted.
The adoption of this amendment does not have effects on the consolidated financial statements of the Group.

IFRS and IFRIC accounting standards, amendments and interpretations endorsed by the EU, not yet mandatory and not adopted in advance by the Group at June 30, 2020

No accounting standards, amendments and interpretations of IFRS and IFRIC endorsed by the European Union but not yet mandatory at June 30, 2020 were issued.

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

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

• On May 18, 2017, the IASB published IFRS 17 - Insurance Contracts which replaces IFRS 4 - Insurance Contracts. The Directors do not expect this standard to have an impact on the company's financial statements.

• On January 23, 2020, the IASB published an amendment entitled "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current". The purpose of the document is to clarify how to classify payables and other short or long-term liabilities. The amendments enter into force on January 1, 2022, although the IASB has issued an exposure draft to postpone their entry into force until January 1, 2023; however, early application is permitted. The directors do not expect this amendment to have a significant impact on the Group consolidated financial statements.

- On May 14, 2020, the IASB published the following amendments:
    - Amendments to IFRS 3 Business Combinations: the purpose of the amendments is to update the reference in IFRS 3 to the revised version of the Conceptual Framework, without changing the provisions of IFRS 3.
    - Amendments to IAS 16 Property, Plant and Equipment: the purpose of the amendments is not to allow the amount received from the sale of goods produced during the testing phase of the asset to be deducted from the cost of the asset. These sales revenues and related costs will therefore be recognized to the statement of profit and loss.
    - Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: the amendment clarifies that in estimating the possible onerousness of a contract, all costs directly attributable to the contract must be considered. Accordingly, the assessment of whether a contract is onerous includes not only incremental costs (such as the cost of direct material used in processing), but also all costs that the enterprise cannot avoid because it has entered into the contract (such as, for example, the share of personnel expenses and depreciation of machinery used to perform the contract).
    - Annual Improvements 2018-2020: the amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples of IFRS 16 Leases.

All the amendments will enter into force from January 1, 2022. The Directors do not expect these amendments to have a significant impact on the Group consolidated financial statements.

- On May 28, 2020, the IASB published an amendment called "Covid-19 Related Rent Concessions (Amendment to IFRS 16)". The document establishes for lessees the option to account for the reductions in rents connected with Covid-19 without having to assess, through the analysis of contracts, whether the definition of lease modification of IFRS 16 has been complied with. Therefore, lessees applying this option will be able to account for the effects of rent reductions directly in the statement of profit and loss on the effective date of the reduction. Although this amendment is applicable to financial statements beginning on June 1, 2020, except for the possibility of early application to financial statements beginning on January 1, 2020, it has not yet been endorsed by the European Union, and therefore has not been applied by the Group at June 30, 2020. The directors do not expect this amendment to have a significant impact on the Group consolidated financial statements.

- On May 28, 2020, the IASB published an amendment called "Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)". The amendments allow the temporary exemption from the application of IFRS 9 to be extended until January 1, 2023. The amendments will enter into force from January 1, 2021. The directors do not expect this amendment to have a significant impact on the Group consolidated financial statements.

Accounting policies

In preparing the Half-Year Financial Report, the same accounting policies as those adopted to prepare the Annual Financial Report at December 31, 2019 were adopted and to which reference should be made. In addition, the following is noted.

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. Exchange differences arising upon the collection and payment of balances in foreign currency are recognized in the statement of profit and loss.
Revenues and income, costs and charges related to currency transactions are recorded at the exchange rate at the transaction date.
At the end of the period the assets and liabilities measured in foreign currencies, with the exception of non-current non-monetary assets (which maintain the carrying value of the transaction date) are recorded at the exchange rates at the reporting date and the relative gains or losses on exchange are recorded in the statement of profit and loss.
The main exchange rates (currency for 1 Euro) used to translate the financial statements in currencies other than the Euro for the periods ended June 30, 2019, December 31, 2019 and June 30, 2020 (comparative data) are summarized below:

Currency		Average rate		Closing rate	
		30.06.2019	30.06.2020	31.12.2019	30.06.2020
BRL	Brazilian Real	4.3407	5.4169	4.5157	6.1118
CAD	Canadian Dollar	1.5067	1.5031	1.4598	1.5324
CZK	Czech Koruna	25.6838	26.3422	25.4080	26.7400
CNY	Yuan Renminbi	7.6670	7.7481	7.8205	7.9219
GBP	Pound Sterling	0.8736	0.8743	0.8508	0.9124
HUF	Forint	320.3916	345.3946	330.5300	356.5800
MXN	Mexican Peso	21.6539	23.8571	21.2202	25.9470
USD	US Dollar	1.1298	1.1015	1.1234	1.1198
THB	Baht	35.7047	34.8253	33.4150	34.6240
INR	Indian Rupee	79.1182	81.6766	80.1870	84.6235
TRY	Turkish Lira	6.3543	7.1521	6.6843	7.6761
AED	UAE Dirham	4.1491	4.0451	4.1257	4.1125
JPY	Yen	124.2933	119.2072	121.9400	120.6600
VND	Dong	26269	25665	26033	25983.0
MAD	Dirham Marocco		10.7592	10.7810	10.8740
KRW	Won sud		1,329.30	1,296.28	1,345.83

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 these Condensed Consolidated Half-Year Financial Statements, the Directors had to apply accounting policies and methods which, in some circumstances, are based on difficult, subjective evaluations, or on past experience or on assumptions that are, periodically, considered reasonable and realistic depending on the specific circumstances. The application of these estimates and assumptions impact upon the amounts reported in the financial statements, in addition to the disclosure.

The final outcome of the valuations for which the above estimates and assumptions were used may differ from those reported in the financial statements because of the uncertainty that characterizes the assumptions and the conditions on which the estimates are based.

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

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

that may change over time. As previously illustrated, in light of the extraordinary circumstances as a result of the COVID-19 pandemic, impairment tests were also carried out in preparing the Condensed Consolidated Half-Year Financial Statements.

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. The Piovan Group prepared the impairment tests at December 31, 2019 and, with reference to the Condensed Consolidated Half-Year Financial Statements at June 30, 2020, considered it necessary to update the impairment tests on goodwill, reviewing the forward-looking data for the CGU's in view of the extraordinary circumstances stemming from the COVID-19 pandemic.

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 statement of profit and loss. The Group also continues to recognize the minority interests in the result for the year and in shareholders' equity until the put option is exercised.

Stock Grants

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

Information on risks and financial instruments

The accounting policies applied in the preparation of the Half-Year Financial Report for financial instruments are described in the "Accounting policies" section of the Annual Financial Report at December 31, 2019.
Group operations are exposed to a series of financial 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, 2019 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. These developments, which are extraordinary in nature and extent, have had and continue to have direct and indirect repercussions on economic activity, giving rise to an environment of general uncertainty. For further details, reference should be made to the "Covid-19 Impacts" paragraph.

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

30.06.2020										
(amounts in €'000)	EUR	USD	CNY	BRL	MXN	THB	GBP	CAD	Others currencies	**Total**
Total assets	142,245	27,442	10,313	8,136	5,632	7,673	5,859	4,171	5,837	217,307
Totale liabilities	91,192	20,448	4,798	5,356	4,415	7,813	4,821	1,627	5,911	146,381

31.12.2019										
(amounts in €'000)	EUR	USD	CNY	BRL	MXN	THB	GBP	CAD	Others currencies	**Total**
Total assets	151,647	26,642	10,479	9,447	5,915	5,726	3,508	3,708	6,729	223,801
Totale liabilities	106,604	20,105	5,471	5,459	5,047	5,883	2,588	1,265	6,229	158,650

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

	30.06.2020			30.06.2019		
Ricavi netti	**FX Attuale in €**	**FX +10%**	**FX -10%**	**FX Attuale in €**	**FX +10%**	**FX -10%**
EUR - Euro	62,354	62,354	62,354	78,856	78,856	78,856
USD - Dollaro USA	20,942	19,459	23,783	23,906	21,739	26,570
CNY - Renminbi	5,794	5,266	6,436	7,159	6,508	7,955
BRL – Real	2,940	2,672	3,266	2,704	2,458	3,005
GBP - Sterlina Inglese	3,579	3,253	3,976	2,267	2,061	2,518
THB – Bath	993	902	1,103	624	567	693
TRY - Lira Turca	543	494	604	220	200	244
INR - Rupia Indiana	212	193	236	517	470	574
JPY - Yen Giapponese	43	39	47	19	17	21
CAD - Dollaro Canadese	-	-	-	-	-	-
MXN - Peso Messicano	45	41	50	16	14	18
AED - Dirham Emirati Arabi	11	10	12	5	4	5
VND - Dong Vietnamita	64	58	71	148	134	164
HUF - Fiorino Ungherese	24	22	27			

Ricavi netti	30.06.2020			30.06.2019		
	FX Attuale in €	FX +10%	FX -10%	FX Attuale in €	FX +10%	FX -10%
CZK - Corona Ceca	81	74	90			
KRW - Won Sudcoreano	3,018	2,743	3,353			
MAD - Dirham Marocchino	1	1	1			
TOTALE	**100,643**	**97,581**	**105,410**	**116,440**	**113,029**	**120,623**

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

Risultato prima delle imposte	30.06.2020			30.06.2019		
	FX Attuale in €	FX +10%	FX -10%	FX Attuale in €	FX +10%	FX -10%
EUR - Euro	8,516	8,516	8,516	11,351	11,351	11,351
SGD	-	-	-	-	-	-
USD - Dollaro USA	376	341	417	34	31	38
CNY - Renminbi	859	781	954	446	405	495
BRL - Real	(271)	(246)	(301)	(341)	(310)	(378)
GBP - Sterlina Inglese	232	211	257	42	38	47
THB - Bath	11	10	12	(364)	(331)	(405)
TRY - Lira Turca	30	27	33	(61)	(56)	(68)
INR - Rupia Indiana	9	8	10	220	200	245
JPY - Yen Giapponese	(58)	(53)	(64)	34	31	38
CAD - Dollaro Canadese	305	277	339	277	252	308
MXN - Peso Messicano	740	673	822	185	168	206
AED - Dirham Emirati Arabi	(55)	(50)	(61)	46	41	51
VND- Dong	(16)	(14)	(17)	38	34	42
HUF-fiorino ungherese, forint	12	11	14	(22)	(20)	(24)
KRW	(529)	(481)	(587)			
MAD	26	23	29			
CSK - Czech Koruna	46	42	51	59	52	64
TOTALE	**10,232**	**10,076**	**10,423**	**11,944**	**11,889**	**12,009**

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

The following table shows an analysis of the sensitivity of interest expense to the risk arising from fluctuations in interest rates on floating rate loans, assuming an increase / decrease of 0.25% and 0.50% in interest rates.

Interest expense on variable rate loans (€'000)	Interest expenses	+0.25%	+0.50%	-0.25%	-0.50%
30.06.2020	26	44	62	7	-
30.06.2019	15	24	33	4	-

Explanatory notes to the Consolidated Statement of Financial Position

[1] Property, plant & equipment

They amount to Euro 50,946 thousand at June 30, 2020 (Euro 52,430 thousand at December 31, 2019). They are composed as shown in the following tables, which also present the changes in the period.

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 2019	**37,537**	**9,713**	**696**	**4,231**	**252**	**52,430**
of which:						
- Historical cost	**42,070**	**18,688**	**4,631**	**17,265**	**252**	**82,906**
- Depreciation fund	**(4,534)**	**(8,975)**	**(3,935)**	**(13,034)**		**(30,478)**
Changes in 2020						
- Additions	188	215	235	266	3	**907**
- IFRS16 effect	265			349		**614**
- Reclassifications (Historical cost)		209				**209**
- Reclassifications (Depreciation fund)		(45)				**(45)**
- Disposals (Historical cost)	(19)		(35)	(470)		**(524)**
- Disposals (Depreciation fund)	18		18	243		**279**
- Exchange rate differences (Historical cost)	(252)	(15)	(7)	(493)		**(767)**
- Exchange rate differences (Depreciation fund)	6	11	5	360		**383**
- Depreciation	(471)	(518)	(142)	(560)		**(1,691)**
- Depreciation IFRS16	(645)			(203)		**(848)**
Balance at 30, June 2020	**36,626**	**9,571**	**770**	**3,723**	**255**	**50,946**
of which:						
- Historical cost	**42,252**	**19,098**	**4,824**	**16,917**	**255**	**83,346**
- Depreciation fund	**(5,626)**	**(9,527)**	**(4,054)**	**(13,194)**	**-**	**(32,400)**

As previously outlined, since 2018 the Group has undertaken a production expansion and technological upgrading project at its US and Italian plants. In particular, in Italy, an expansion project was undertaken at the Parent Company's headquarters to build two separate buildings covering a total area of approximately 15,000 m2 to be used as a logistics warehouse connected with the current production areas and a new production plant of the subsidiary Aquatech. The aim of the expansion project is to increase production efficiency and, above all, to increase production capacity to support production growth in line with the expected turnover growth in future years. The project in Italy was concluded in 2019. In the USA the completion of the new headquarters and the relocation took place during the second half of 2018.

Investments in the period mainly concern the Italian expansion project.
Increased rights-of-use of Euro 614 thousand were also recognized due to the accounting as per IFRS 16 of the new long-term lease contracts signed in the first half of 2020.

At June 30, 2020, 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.

We present below the changes in the period for each class of Right-of-Use:

CHANGES DURING THE PERIOD	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Total
Balance at 31 December 2018					
Balance at 01 January 2019	**7,155**			**633**	**7,788**
of which:					
- Historical cost	**8,082**			**954**	**9,036**
- Depreciation fund	**(927)**			**(321)**	**(1,248)**
Movements					
- New IFRS16 contracts	300			370	**670**
- Changes	(35)			(21)	**(56)**
- Depreciation	(645)			(204)	**(849)**
Balance at 30 June 2020	**6,775**			**778**	**7,553**
of which:					
- Historical cost	**8,347**			**1,303**	**9,650**
- Depreciation fund	**(1,572)**			**(525)**	**(2,097)**

The regional breakdown of tangible fixed assets is as follows:

Property, plants and equipements	30.06.2020
EMEA	40,114
- of which Italy	*35,583*
NORTH AMERICA	8,497
- of which United States of America	*8,189*
ASIA	1,282
SOUTH AMERICA	1,052
Totale	**50,946**

[2] Intangible assets

They amounted to Euro 7,407 thousand at June 30, 2020, compared to Euro 7,510 thousand at December 31, 2019. The breakdown of the movements are as follows:

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 31st December 2019	**6,745**	**620**	**46**	**78**	**20**	**7,510**
Changes in 2020						
- Additions		100	1	23	1	125
- Disposals (Historical cost)	10	(2)				8
- Disposals (Deprecation fund)		1				1
- Exchange rate differences (Historical cost)		(15)	(1)	(122)	(5)	(143)
- Exchange rate differences (depreciation fund)		15	1	92		107
- Depreciation		(176)	(12)	(21)		(209)
Balance at 30 June 2020	**6,755**	**542**	**35**	**50**	**16**	**7,397**

Goodwill at June 30, 2020 amounted to Euro 6,755 thousand, compared to Euro 6,745 thousand at December 31, 2019. The goodwill mainly refers to:

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

The accounting of the acquisitions of the companies TOBA and FEA was undertaken by provisionally allocating to goodwill the difference between the cost of the acquisition and the fair value of the assets acquired and liabilities assumed at the transaction date. As required by IFRS 3, the final allocation process will be completed within 12 months of the acquisition date.

Goodwill	31.12.2019	Increase	Decrease	Change in translation reserve	30.06.2020
UnaDyn	3,333			10	3,343
Penta and Progema	1,872				1,872
Energys	276				276
FEA	274				274
Toba Pnc	982				982
Other goodwill	8				8

Goodwill	31.12.2019	Increase	Decrease	Change in translation reserve	30.06.2020
Total	**6,745**	**0**	**0**	**10**	**6,755**

The Group has no goodwill which is tax deductible.
The change in the goodwill of UnaDyn derives from the change in the USD/Euro exchange rates at the end of each period and therefore these changes are a non-cash 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 Penta S.r.l., FDM Gmbh, Fea and Toba.
These call options, which can only have a value for the Parent Company, have not been valued in view of the fact that the contractual provisions triggering the right to exercise them are mainly in the Company's hands and that their occurrence is considered highly unlikely by management. On the basis of these assumptions the fair value of these options is close to zero.

Details of impairment test

The Group annually verifies on preparing the annual financial statements any impairments on goodwill, testing the CGU's to which goodwill is allocated. For the 2019 financial statements, these tests were carried out on the basis of the business plans prepared which did not consider possible effects from the COVID-19 on Group companies operations.

The Directors assessed that the Covid-19 pandemic may constitute a potential indicator of impairment of goodwill and therefore, as per IAS 36, updated the impairment tests at June 30, 2020.

Management therefore revised the 2020 year-end estimates, in addition to the estimates for the subsequent years of the plan, on the basis of all currently available information. However, in view of the general uncertainty with regards to the global economic environment, it was particularly difficult to undertake estimates for the medium-term. In fact, the assumptions underlying the business plans prepared may change significantly where the pandemic worsens. Therefore, in the event of changes in the main estimates and assumptions underlying the preparation of the business plans and the impairment test, the value in use and the conclusions could change regarding the recoverability of the value of the goodwill recognized.

The goodwill for which the impairment tests were updated concern that relating to the Unadyn, Penta and Progema, FEA and TOBA CGUs'.

The methodology used to execute the impairment tests of the various CGUs' remained unchanged compared to December 31, 2019.
The main financial parameters used to undertake the tests for each CGU were as follows:

Goodwill	Amount as at June 30, 2020	Recoverable amount	WACC (post-tax)	g-rate	cash flows periods
UnaDyn	3.343	Value in use	6,65%	1,9%	2020-2024
Penta e Progema	1.872	Value in use	9,15%	1,5%	2020-2024
FEA	274	Value in use	10,07%	1,5%	2020-2024
Toba Pnc	982	Value in use	8,80%	1,7%	2020-2024

These parameters were applied to the business plans prepared by Group management. For all the CGU's, the 2020 year-end forecasts were reviewed against that estimated in December 2019, taking account of the changed general economic situation due to the Covid-19 pandemic, on the basis of the available information and management's best estimates. A prudent reduction in sales volumes is also forecast for the subsequent years of the plan, with a consequent decrease in expected cash flows compared to that previously planned.

The values in use so calculated support the values of the goodwill amounts recognized to the financial statements.

Although the Directors consider the assumptions used to be reasonable and to represent the most probable scenarios on the basis of the available information, the result of the test may differ where a number of the above assumptions change significantly as the pandemic evolves. In order to support their assessments, the Directors carried out a sensitivity analysis, changing the parameters considered most significant in the test. Specifically:

- With regards to the Unadyn CGU, the recoverable value results higher than the carrying amount of the CGU up to an average reduction in revenues over the explicit forecast period and in the terminal value of approximately 24%, prudently leaving the costs considered fixed unchanged and with the other parameters remaining the same; in addition, with reference to the WACC and g-rate, no reasonable changes in these parameters have been identified which could lead to an impairment of the CGU. In fact, even with an increase in the WACC of 10% or a reduction in the g rate of 10%, other parameters remaining the same, there are no losses in value;
- With regards to the Penta-Progema CGU, the recoverable value results higher than the carrying amount of the CGU up to an average reduction in revenues over the explicit forecast period and in the terminal value of approximately 40%, prudently leaving the costs considered fixed unchanged and with the other parameters remaining the same; in addition, with reference to the WACC and g-rate, no reasonable changes in these parameters have been identified which could lead to an impairment of the CGU. In fact, even with an increase in the WACC of 10% or a reduction in the g rate of 10%, other parameters remaining the same, there are no losses in value.
- With regards to the Fea CGU, the recoverable value results higher than the carrying amount of the CGU up to an average reduction in revenues over the explicit forecast period and in the terminal value of approximately 12%, prudently leaving the costs considered fixed unchanged and with the other parameters remaining the same; in addition, with reference to the WACC and g-rate, no reasonable changes in these parameters have been identified which

could lead to an impairment of the CGU. In fact, even with an increase in the WACC of 10% or a reduction in the g rate of 10%, other parameters remaining the same, there are no losses in value.

- With regards to the Toba CGU, the recoverable value results higher than the carrying amount of the CGU up to: (i) an average reduction in revenues over the explicit forecast period and in the terminal value of approximately 5%, prudently leaving the costs considered fixed unchanged and with the other parameters remaining the same; (ii) up to an increase of 2.51% in the WACC, with the other parameters remaining unchanged; (iii) a decrease in the g-rate of over 3%, with the other parameters remaining unchanged.

Therefore, the analyses carried out did not indicate any elements such as to require write-downs to the goodwill recognized at June 30, 2020.

The regional breakdown of intangible assets is as follows:

Intangible Assets	30.06.2020
EMEA	2,963
- of which Italy	2,156
NORTH AMERICA	3,343
- of which the United States of America	3,343
ASIA	1,003
SOUTH AMERICA	88
Total	**7,397**

[3] Investments

At June 30, 2020, investments amounted to Euro 270 thousand and remained unchanged on December 31, 2019.
Details of the movements in these equity investments are as follows:

Company	Registered office	%	31.12.2019	Increase / Decrease	30.06.2020
CMG S.p.A.	Budrio (BO)	20%	190		190
Studio Ponte S.r.l.	Poggio Renatico (FE)	51%	76		76
Penta Auto Feeding India Ltd	Navi Mumbai (India)	50%			
Piovan Maroc Sarl.AU	Kenitra (Marocco)	100%			
Other			4		4
Total			**270**		**270**

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

With reference to the investee Penta Auto Feeding India Ltd., it should be noted that the value of the investment has been reduced to zero and a risk provision of Euro 12 thousand at June 30, 2020 has also been set up as the shareholders' equity, at the date of the valuation, was negative for this amount.

On April 29, 2019, the subsidiary Universal Dynamics Inc. acquired 100% of CMG America Inc. for consideration of USD 1. The value of the investment did not change compared to what already registered as at December 31, 2019.

Although the company is a subsidiary, it was not consolidated on a line-by-line basis as not considered material; moreover, the valuation of this entity using the equity method obtained the same effects, albeit globally.

[4] Other non-current assets

At June 30, 2020, these amounted to Euro 552 thousand, compared to Euro 427 thousand at December 31, 2019; 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 4,125 thousand at June 30, 2020, compared to Euro 4,489 thousand at December 31, 2019. The Group has set aside deferred tax assets and liabilities on temporary differences between book values and tax values.
In particular, deferred tax assets and liabilities derive from the accrual of taxes on future costs or benefits with respect to the year in question, mainly as a result of increased taxes generated from the non-deductibility of losses on receivables, write-downs of equity investments, directors' fees not yet paid, and other amortization and depreciation deductible in subsequent years and provisions for risks.
Taxation has been calculated on the basis of the rates in force when the temporary differences will reverse in the various countries where the Group operates.

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

Deferred tax liabilities amounted to Euro 1,470 thousand at June 30, 2020, compared to Euro 1,987 thousand at December 31, 2019.

Movements in deferred tax assets and liabilities are shown below:

	31.12.2019	Reclassifications	Change in translation reserve	Effect on income statement	30.06.2020
Deferred tax assets	4,489	(584)	(89)	308	4,125
Deferred tax liabilities	(1,987)	584	1	(68)	(1,470)
Total	**2,502**	**-**	**(88)**	**240**	**2,654**

[6] Inventories

At June 30, 2020, they amounted to Euro 32,528 thousand, compared to Euro 29,264 thousand at December 31, 2019; the breakdown is shown below:

Inventories	30.06.2020	31.12.2019
Raw materials	5,224	4,571
Semi-finished products	16,366	13,356
Finished goods	14,053	14,175
Progress payments	417	468
Allowance for inventory write-down	(3,532)	(3,308)
Inventories	**32,528**	**29,264**

In the first half of 2020, inventories increased by Euro 3,488 thousand, gross of the obsolescence provision. The increase, principally regarding the Raw materials and Semi-finished products categories, mainly relates to normal operational developments.
A provision for obsolete or slow-moving inventories is recorded to reflect the difference between the cost and estimated realizable value of obsolete raw materials, semi-finished and finished products. The provision in the statement of profit and loss is classified under Purchases of raw materials, components, goods and change in inventories.

[7] Contract assets and Contract liabilities for work-in-progress

At June 30, 2020, the item *Contract assets for work-in-progress* amounted to Euro 6,448 thousand, compared with Euro 3,712 thousand at December 31, 2019.

Contract liabilities for contract work-in-progress amounted to Euro 4,532 thousand at June 30, 2020, compared with Euro 2,527 thousand at December 31, 2019. In particular, this principally refers to work-in-progress on contracts of the subsidiary Penta S.r.l. and of Piovan UK.
The following table shows the amount due from customers net of the relative advance payments (included under *Contract assets for work-in-progress*), and the amount due to customers, net of the relative advance payments (included under *Contract liabilities for work-in-progress*):

Contract assets for work in progress	30.06.2020	31.12.2019
Measurement of contracts in progress (costs incurred added to profits recognized)	9,108	4,665
Progress payments received	(2,660)	(954)
Amounts due from customers	**6,448**	**3,712**

Contract liabilities for work in progress	30.06.2020	31.12.2019
Measurement of contracts in progress (costs incurred added to profits recognized)	5,515	2,688
Progress payments received	(10,047)	(5,215)
Amounts due to customers	**(4,532)**	**(2,527)**

The increase in *Contract assets for work-in-progress* compared to December 31, 2019 is due, on the one hand, to the higher number of contracts in progress and, on the other hand, to the fact that the progress of individual contracts is higher than the value of customer advances contractually agreed.
The increase in *Contract liabilities for work-in-progress* compared to December 31, 2019 is due both to a difference in the timing in the invoicing of customer advances and to the progress of the individual contracts.
Revenue from work-in-progress contract amounted to Euro 10,113 thousand in the first quarter of 2020 and related mainly to the subsidiary Penta S.r.l. and to Piovan UK.
The table below shows the changes in Assets and Liabilities for contract work-in-progress:

	31.12.2019	Decrease	Increase	30.06.2020
Contract assets for work in progress	3,712	(2,622)	5,358	6,448
Contract liabilities for work in progress	(2,527)	382	(2,387)	(4,532)

[8] Trade receivables

They amounted to Euro 43,787 thousand at June 30, 2020, compared to Euro 52,816 thousand at December 31, 2019. This item, which represents the exposure to third parties, is broken down as follows:

Trade receivables	30.06.2020	31.12.2019
Gross trade receivables	48,136	57,609
Provision for bad debt	(4,349)	(4,793)
Trade receivables	**43,787**	**52,816**

Receivables	30.06.2020	31.12.2019
EMEA	25,025	33,663
of which Italy	*10,159*	*15,771*
NORTH AMERICA	7,657	6,902

Receivables	30.06.2020	31.12.2019
ASIA	9,913	9,671
SOUTH AMERICA	1,191	2,580
Receivables	**43,787**	**52,816**

Receivables at June 30, 2020, gross of the provision, significantly decreased compared to the end of 2019 (-16%). This movement is related partly to the reduction of the average days of collection at 30th June 2020, compared to the prior year and partly due to the contraction in revenue.

Write-downs are made on the basis of a careful analysis of past due accounts, customers in financial difficulties and clients with whom legal action has been initiated, in addition to estimated expected losses on receivables.

The doubtful debt provision reflects management's estimate based on the expected losses by the Company, based on past experience for similar receivables, current and historic amounts overdue, losses incurred, receipts, careful monitoring of the credit quality and projections on economic and market conditions, with the information known at the reporting date.

The annual provision is included under Other operating costs.

The breakdown of receivables by past due and movements in the provision for doubtful debts is shown below:

Receivables and bad debt	*30.06.2020*		*31.12.2019*	
	Receivables	*Provision*	*Receivables*	*Provision*
Receivables due to expire	30,247	(420)	35,359	(219)
Receivables overdue within 30 days	6,716	-	8,645	-
Receivables overdue between 1 and 12 months	7,276	(417)	9,589	(922)
Receivables overdue over 12 months	3,897	(3,512)	4,017	(3,652)
Total	**48,136**	**(4,349)**	**57,610**	**(4,793)**

At June 30, 2020, amounts due within 12 months significantly decreased compared to December 31, 2019.

Receivables due beyond 12 months, also decreasing - although to a lesser extent - are covered by the doubtful debt provision for 90% of their value. Moreover, it should be noted that the Group did not present difficulties in relation to the collection of receivables within the first semester and that there are no receivables open positions at risk, due to the Covid emergency.

Provision for bad debt		
31.12.2019	**4,793**	**3,480**
Accruals	230	947
Utilisations	(359)	(136)
Release	(225)	
Change in consolidation area		382
Exchange rate differences	(89)	40

Provision for bad debt		
Riclassifications		80
30.06.2020	**4,349**	**4,793**

[9] Current financial assets

During the first quarter of 2019, the parent company Piovan S.p.A. invested approximately Euro 6,283 thousand of financial resources in 5 differing bond securities. These instruments were measured at fair value (level 1) as required by IFRS 9 and were classified as current financial assets in line with the purpose of using part of the available liquidity in low-risk and readily available instruments.
The total effect of the fair value measurement in 2020 is a net loss of Euro 170 thousand. As a result of movements during the period, the value of securities at June 30, 2020 was Euro 6,149 thousand.

[10] Tax receivables

They amounted to Euro 3,579 thousand at June 30, 2020, compared to Euro 3,735 thousand at December 31, 2019. VAT receivables mainly refer to the parent company Piovan S.p.A. and the subsidiaries Penta S.r.l. and Aquatech S.r.l..

Tax receivables	30.06.2020	31.12.2019
VAT receivables	3,186	3,259
Other current tax assets	393	475
Tax receivables	**3,579**	**3,735**

[11] Other current assets

They amounted to Euro 4,086 thousand at June 30, 2020, compared to Euro 3,705 thousand at December 31, 2019. A breakdown follows:

Other current assets	30.06.2020	31.12.2019
Advances to suppliers	1,888	1,798
Receivables from parent		279
Prepayments and accrued expenses	825	999
Other receivables	1,373	630
Other current assets	**4,087**	**3,705**

The item Receivables from parent companies, which included receivables from the parent company Pentafin S.p.A. relating to IRES (corporate income tax) refund applications submitted by the tax consolidating company on behalf of Piovan S.p.A. with reference to the non-deduction of IRAP from taxable income for the years 2007-2011 (Law Decree 201 of 2011) and 2005-2007 (Law Decree 85 of 2008) for a value of Euro 275 thousand, decreased due to the collection in the second quarter of 2020.

With reference to “Other receivables”, the increase compared to last year is mostly due to the advance paid to the minority shareholder of Penta S.r.l., for Euro 550 thousand, within the scope of contractual expectations, related to the exercise of the put option for the residual part of 10% of the company Penta S.r.l., as contractually required between July and August 2020.

[12] Cash and cash equivalents

They amount overall to Euro 57,440 thousand at June 30, 2020, compared to Euro 59,123 thousand at December 31, 2019.

Cash and cash equivalents	30.06.2020	31.12.2019
Current accounts and post office deposits	52,422	45,208
Cash equivalent	5,000	13,900
Cash	19	15
Cash and cash equivalents	**57,440**	**59,123**

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. Cash equivalents include an account of “time deposit”, which provides with the possibility of quick disinvestment.

Current accounts and postal deposits are classified as current assets, highly liquid and convertible into cash with an exchange rate risk that is considered not significant.
At June 30, 2020, there were no restrictions on the availability of the Group's current accounts.

[13] Group shareholders' equity

Shareholders' equity is made up as follows:

Equity attributable to the owners of the parent	30.06.2020	31.12.2019
Share capital	6,000	6,000
Legal reserve	1,200	1,200
Reserve for own shares in portfolio	(2,250)	(2,250)
Translation reserve	(2,664)	(1,211)
Other Reserves and retained earnings	57,638	38,938
Net profit (loss)	7,427	18,700
Equity attributable to the owners of the parent	**67,351**	**61,377**

The Company's share capital approved, subscribed and paid-in amounted to Euro 6,000,000, divided into 53,600,000 ordinary shares with no par value.
There are no changes compared to December 31, 2019 and therefore the Company and the Group as at June 30, 2020 hold 2,670,700 treasury shares, equal to 4.98% of the share capital of Piovan S.p.A., directly through Piovan S.p.A. with a value of Euro 2,250 thousand at March 31, 2020.

The Translation reserve includes exchange rate differences arising from the translation of the opening shareholders' equity of foreign companies included in the consolidation scope at the exchange rates prevailing at the end of the period and from the translation of their net income at the average exchange rates for the period.

The item Other reserves and undistributed profits mainly includes the other profit and capital reserves of the Parent Company, in addition to the consolidated profit for previous years and the effects of adjustments resulting from the adoption of international accounting standards. This item changed during 2020 following the allocation of the previous year's result.

[14] Earnings per share

At 30th June 2020 shares in circulation amounted to 53,600,000 and treasury shared held by Piovan S.p.A amounted to 2.670.700.
The average number of shares relevant for the calculation of earnings per share is 50,929,300 shares corresponding to existing shares (53,600,000) less the number of treasury shares in portfolio (2,670,700).
Therefore, earnings per share calculations for all periods presented have been adjusted retrospectively and presented according to the new number of shares, taking into account the average number of treasury shares.

Earnings per share was calculated, for all the periods presented, by dividing the net profit attributable to the shareholders of the Parent Company by the weighted average number of ordinary shares in circulation, the latter determined considering the increase in the number of shares as established by the above resolution and the reduction relating to treasury shares in portfolio. No ordinary shares were repurchased or issued during the years in question, nor are there any potential ordinary shares in circulation that could be converted with a dilutive effect.
Earnings per share are as follows:

Earnings per share	**30.06.2020**	**30.06.2019**
Net Profit Attributable to Owners of the Parent (in thousands of Euros)	7,427	8,464
Weighted average number of ordinary shares (in thousands of units)	50,929	50,929
Basic and dilutive earnings per share (in Euros)	**0.15**	**0.17**

[15] Equity attributable to non-controlling interests

The minority interest shareholders' equity at June 30, 2020 amounted to Euro 3,574 thousand, compared to Euro 3,775 thousand at December 31, 2019. The account mainly includes the minority interests in the subsidiaries Penta S.r.l., Progema S.r.l., FDM GmbH, FEA and Toba. The loss from the first semester is mostly related to the minority portion of the negative result reached by Toba.

Equity attributable to non-controlling interests						
31.12.2019	Net result	Other comprehensive income	Dividends paid	Changes in translation reserve	Changes in consolidation scope	30.06.2020
3,775	(201)				-	3,574

[16] Current and non-current financial liabilities

The account is broken down as follows:

Current financial liabilities	30.06.2020	31.12.2019
Short-term bank borrowings	23,013	25,026
Current portion of long-term loans	10,040	11,961
Loans for leases	66	404
Other loans and borrowings	1,977	1,537
Current financial liabilities	**35,097**	**38,928**

Non-current financial liabilities	30.06.2020	31.12.2019
Medium to long-term bank loans	24,873	20,939
Loans for leases	242	189
Other loans and borrowings	6,012	6,327
Non-current financial liabilities	**31,127**	**27,455**

At June 30, 2020 and December 31, 2019, the main details of bank loans by maturity are detailed below:

30.06.2020	Maturity	Interest rate	Terms	Residual debt	Current	Non-current
Mediocredito II	30/09/2020	Variable	Euribor 3m +0,75%	333	333	
Mediocredito III	30/09/2022	Variable	Euribor 6m+0,55%	4,000	1,600	2,400
Credem	05/04/2022	Fixed	0.48%	1,887	376	1,511
BNL II	06/12/2022	Fixed	0.50%	3,773	1,503	2,270
Credem II	03/05/2024	Fixed	0.54%	5,699	435	5,264
BNL III	13/12/2021	Variable	Euribor 6m+0,62%	3,000	2,000	1,000
Credit Agricole Friuladria	05/02/2025	Variable	Euribor 6m+0,65%	4,500	500	4,000
Credem III	24/06/2023	Variable	0.0035	2,000	665	1,335
BNL IV	25/09/2026	Fixed	0.54%	7,000	1,750	5,250
IBK I	25/09/2026	Fixed	3.85%	838	-	838
IBK III				74	74	-
IBK II	09/03/2020	Fixed	2.09%	149	149	-

30.06.2020	Maturity	Interest rate	Terms	Residual debt	Current	Non-current
Paycheck Prot. Pr.				1,657	655	1,002
Others				3	-	3
Total				**34,913**	**10,040**	**24,873**

31.12.2019	Maturity	Interest rate	Terms	Residual debt	Current	Non-Current
Mediocredito II	30/06/2020	Variable	Euribor 3m +0,75%	667	667	-
Mediocredito III	31/03/2022	Variable	Euribor 6m+0,55%	4,000	1,600	2,400
Credem	05/04/2021	Fixed	0,48%	2,264	1,507	756
BNL II	06/06/2022	Fixed	0,50%	3,773	1,504	2,270
Credem II	03/05/2023	Fixed	0,54%	6,133	1,741	4,393
BNL III	13/06/2021	Variable	Euribor 6m+0,62%	3,000	2,000	1,000
Credit Agricole Friuladria	05/08/2024	Variable	Euribor 6m+0,65%	5,000	1,000	4,000
BNL IV	07/10/2023	Variable	Euribor 6m+0,85%	7,000	1,750	5,250
IBK I	25/09/2026	Fixed	3,848%	870	-	870
IBK II	09/03/2020	Fixed	2,085%	154	154	-
Others				39	39	-
Total				**32,900**	**11,961**	**20,939**

Short-term bank payables refer to the use of bank lines for operating purposes.
It should be noted that at June 30, 2020 there were no secured loans.

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

Current financial liabilities	31.12.2019	Net cash flow	Riclassification from non current to current liabilities for rescheduling	Increase for new financing	Increase for new rent/lease	30.06.2020
Short-term bank borrowings	25,026	(2,013)				23,013
Current portion of long-term loans	11,961	(1,063)	(1,597)	739		10,040
Other current financial liabilities	1,942	(37)			139	2,044
Current financial liabilities	**38,929**	**(3,113)**	**(1,597)**	**739**	**139**	**35,097**

Non-current financial liabilities	31.12.2019	Net cash flow	Riclassification from current to non current liabilities for rescheduling	Increase for new financing	Increase for new rent/lease	30.06.2020
Medium to long-term bank loans	20,939	0	1,597	2,337		24,873
Other non-current financial liabilities	6,516	(737)			476	6,254
Non-current financial liabilities	**27,455**	**(737)**	**1,597**	**2,337**	**476**	**31,127**

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

30.06.2020	Total	Total flows	Within 1 year	From 1 to 5 years	Over 5 years
Medium/long-term bank loans	24,873	25,031		25,031	
Ordinary debentures after the next financial year					
Lease financing after the next financial year	242	242		242	
Other	6,012	6,012		6,012	
Non-current financial liabilities	**31,127**	**31,284**		**31,284**	**-**
Current portion of medium/long-term loans	10,041	10,175	10,175		
Current bank borrowings	23,013	23,014	23,014		
Lease financing within the financial year	66	66	66		
Other	1,977	1,977	1,977		
Current financial liabilities	**35,097**	**35,233**	**35,233**	**-**	**-**

[17] Employee benefits plans

The item mainly includes (Euro 4,834 thousand at June 30, 2020 and Euro 4,778 thousand at December 31, 2019) the liabilities for the Post-employment benefit provision recorded in the Italian companies of the Group. These liabilities qualify as defined benefit plans in accordance with IAS 19 and have therefore been subject to actuarial calculation.
The remaining part of the balance (Euro 34 thousand at June 30, 2020 and Euro 36 thousand at December 31, 2019) concerns employee benefits paid by foreign branches individually and in aggregate not significant.

Liabilities for employee benefits	30.06.2020	31.12.2019
Opening balance	**4,778**	**3,862**
Change in consolidation scope	0	735
Other changes	(23)	(36)
Employee benefits paid	(104)	(414)
Currency translation difference	(4)	
Provision	638	1,176
Transfer to pension funds and INPS treasury	(473)	(999)
Actuarial earnings (losses)	3	395
Interest cost	19	59
Closing balance	**4,834**	**4,778**

Compared to the actuarial assumptions outlined in the Explanatory Notes to the Consolidated Financial Report at December 31, 2019, 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 June 30, 2020 amounted to Euro 2,720 thousand, compared to Euro 2,954 thousand at December 31, 2019. The composition and the movements of the item are shown in the following table:

	31.12.2019	Accruals	Releases/ Reclassifications	Exchange rate differences	Actuarial gain or loss	30.06.2020
Provision for legal and tax risks	2,052	(27)	(80)	(153)	-	1,792
Provision for product warranties	705	29	(9)	(2)	-	723
Provision for agents' termination benefits	121	2	(2)	-	3	124
Pension provision	41	5	-	-	-	46
Provision for investments' losses	12	-	-	-	-	12
Other provisions for risks	23	-	-	-	-	23
Provisions for risks and charges	**2,954**	**9**	**(91)**	**(155)**	**3**	**2,720**

The Provision for legal and tax risks at June 30, 2020 mainly includes:

- a provision of Euro 467 thousand of the subsidiary Penta S.r.l., accrued in previous years, against a legal dispute in course and which the subsidiary has assessed the risk of losing the case as probable;
- a provision of Euro 52 thousand of the subsidiary Piovan France Sas set aside in 2017 associated with the reorganisation of the commercial network in the French market;
- a provision of Euro 469 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 June 30, 2020, on the one hand, decreased due to the appreciation of the local Brazilian currency against the Euro for Euro 163 thousand and, on the other hand, increased due to the accrual in the first half for Euro 8 thousand;
- a provision set aside in 2018 for a total amount at June 30, 2020 of USD 320 thousand (Euro 291 thousand) against a potential liability linked to indirect taxation in various states;
- a provision at June 30, 2020 of Euro 245 thousand set aside in 2018, which represents the best estimate of potential charges related to the commercial activities of Piovan S.p.A. and the company Penta S.r.l..

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

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

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

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

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

- with regards to Penta S.r.l., the residual liability concerns the 10% holding of a minority shareholder. This option is to be exercised between August 1, 2020 and September 30, 2020. In particular, as already anticipated in the Annual Financial Statement as of 31st December 2019, during January 2020, the minority shareholder of Penta S.r.l. and Piovan S.p.A. settled on an agreement, which determine the modification of the period to exercise the option, leaving all other conditions unchanged. After 30th June 2020, the minority shareholder informed that he will proceed in selling his shares as contractually required. The value of the liability, for the purposes of preparing the Condensed Consolidated Half-Year Financial Statements at June 30, 2020, was determined by applying the contractual formula to the economic and financial data available.
- with reference to FEA, the liability concerns a 49% holding of minority shareholders. This option should be exercised between 30.04.2022 and 30.04.2024 The value of the liability, for the purposes of preparing the Condensed Consolidated Half-Year Financial Statements at June 30, 2020, was determined by applying the contractual formula to the economic and financial data available.
- with reference to Toba, the liability concerns a 49% holding of minority shareholders. This option should be exercised between 31.12.2022 and 31.12.2024 The value of the liability, for the purposes of preparing the Condensed Consolidated Half-Year Financial Statements at June 30, 2020, was determined by applying the contractual formula to the economic and financial data available. The adjustment of this value led to a reduction in the liability and the consequent recognition of income of Euro 230 thousand in the statement of profit and loss.

In order to calculate the value of these liabilities, the parent company took into account the updates to the above-stated operating and financial forecasts, applying the contractually-defined formula and discounting the value.

For further details on the accounting policies, reference should be made to the Financial Statements at December 31, 2019.

It should be noted that the conditions on the basis of which these liabilities exist, as well as their valuation made in accordance with contractual provisions, are based on estimated future forecasts of economic and financial parameters, therefore the above estimates and assumptions may differ from the historical figures reported in the financial statements due to the inherent uncertainty that characterizes the assumptions and conditions on which these estimates are based.

Therefore, the book value of the liabilities for put options described above represent the best estimate, at each reference date, of their present value, changes in valuation are reflected in the statement of profit and loss under income/(expense) from the valuation of liabilities for options granted to minority shareholders.

	31.12.2019	Increases	Decreases	Charges (Income) from valuation	30.06.2020
Put Option Penta (10%)	2,721	-	-	-	2,721
Put Option FEA (49%)	1,135	-	-	-	1,135
Put Option Toba (49%)	1,400	-	-	(230)	1,170
Total Put Options	**5,256**	-	**-**	**(230)**	**5,026**
including	**-**	-	-	-	-
non-current	*2,535*	-	-	*(230)*	*2,305*
current	*2,721*	-	-	-	*2,721*

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

At June 30, 2020, these amounted to Euro 272 thousand compared to Euro 268 thousand at December 31, 2019, and are represented by tax payables of the subsidiaries Piovan Do Brasil and FEA Process S.r.l.

[21] Trade payables

They amounted to Euro 25,929 thousand at June 30, 2020, compared to Euro 40,556 thousand at December 31, 2019. Trade payables originate from the different payment terms negotiated with suppliers, which vary according to the various countries in which the Group operates. The movement in this item on December 31, 2019 derives from the normal fluctuation in different quarters in relation to the business activities of the various companies.

[22] Advances from customers

At June 30, 2020, *Advances from customers* amounted to Euro 16,990 thousand, compared to Euro 16,063 thousand at December 31, 2019. 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 amount to Euro 5,622 thousand at June 30, 2020, compared to Euro 6,738 thousand at December 31, 2019. The account is broken down as follows:

	30.06.2020	31.12.2019
Social security contributions	2,420	3,124
VAT liabilities	1,386	1,264
Tax withholdings for employees	1,041	1,471
Income tax liabilities (IRES and IRAP)	692	589
Other	83	290
Tax liabilities and social security contributions	**5,622**	**6,738**

[24] Other current liabilities

They amounted to Euro 12,727 thousand at June 30, 2020, compared to Euro 11,102 thousand at December 31, 2019. The account is broken down as follows:

	30.06.2020	31.12.2019
Payables to employees	5,452	5,932
Payables to parent company	2,932	822
Accrued income and deferred expense	2,680	2,369
Other payables	1,663	1,979
Other current liabilities	**12,727**	**11,102**

Employee payables refer to wages and salaries and accruals for vacation and leave accrued. Payables to parent companies mainly refer to the parent company Piovan S.p.A. and 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

[25] Revenue

Revenue amounted to Euro 100,643 thousand in the first half of 2020, compared to Euro 116,439 thousand in the first half of 2019 - a decrease of 13.6%. Revenues are shown net of discounts and rebates.
In ordier 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 half-year 2020	First half-year 2019 Restated*	First half-year 2019
Plastic	80,420	92,775	95,409
Food & non plastic	7,469	9,614	6,979
Service	12,754	14,050	14,050
Revenue	**100,643**	**116,439**	**116,439**

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 consolidated financial statements at December 31, 2019. This revenue category amounted to Euro 10 million in the first half of 2020, while in the first half of 2019 amounting to Euro 15 million. Such revenue mainly relates to the subsidiary Penta S.r.l. and to Piovan UK.

The breakdown of revenue by region is as follows:

	First half-year 2020	First half-year 2019
EMEA	61,444	72,771
ASIA	12,967	14,796
NORTH AMERICA	21,299	23,904
SOUTH AMERICA	4,933	4,968
Revenue	**100,643**	**116,439**

Revenue in EMEA include revenue in Italy which amounted to Euro 17,833 thousand in the first half of 2020 and Euro 23,432 thousand in the first half 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 1,953 thousand, decreasing Euro 372 thousand compared to the first half of 2019 and which break down as follows:

	First half-year 2020	First half-year 2019
Accessory transport services for sales	1,130	1,269
Machinery rent	13	30
Grants related to income	223	188
Gains for disposal of tangible and intangible assets	195	133
Gains for disposal of tangible and intangible assets	16	11
Recharges to suppliers	58	83
Insurance compensation	20	89
Agency commissions	0	101
Sale of scrap materials	36	27
Increase in fixed assets for internal works	88	73
Other	175	320
Other revenue and income	**1,953**	**2,325**

Transport ancillary services on sales mainly refers to revenues from transport ancillary services related to sales transactions with customers.

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

Operating grants are mainly represented by grants for research and development of Piovan S.p.A.

Other Revenue mainly includes recharges and penalties applied to customers.

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

This item amounted to Euro 39,313 thousand in the first half of 2020, compared to Euro 45,721 thousand in the first half of the previous year. This item is broken down as follows:

	First half-year 2020	First half-year 2019
Costs of raw materials, components and goods	42,343	42,771
Costs of consumables	1,891	1,726
Change in raw materials and goods	(678)	(999)
Change in finished goods and semi-finished products	(4,243)	2,223
Costs of raw materials, components and goods and changes in inventories	**39,313**	**45,721**

The decrease in purchases of raw materials, components and goods follows the decrease in sales and the sales mix effect.

[28] Service costs

Service costs amounted to Euro 21,101 thousand in the first half of 2020, compared with Euro 25,722 thousand in 2019, down Euro 17.8%.

This item is broken down as follows:

	First half-year 2020	First half-year 2019
Outsourcing	9,156	11,196
Transport	2,946	3,140
Business trips and travel	1,247	2,251
Agency commissions	1,317	2,032
Fees to directors, statutory auditors and independent auditors	973	995
Consultancies	1,426	1,568
Maintenance and repairs	874	852
Marketing and advertising	521	918
Utilities	655	685
Insurance	460	471
Telephone and connections	233	292
Other costs for services	1,294	1,323
Services	**21,101**	**25,722**

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

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

- outsourcing costs amounting to Euro 9,156 thousand in the first half of 2020 (43.4% of total *Service costs*) determined by the production methods of the Group, which concentrates internally processing and high value added and core activities. In the first half of 2019, this item amounted to Euro 11,196 thousand (43.5% of total *Service Costs*). Outsourcing costs as a percentage of revenue was substantially stable on the preceding semester;
- transport costs on purchases and sales, whose amount did not differ significantly from the same period of the previous year;
- travel and accommodation relating to both commercial activities and customer relations, and travel to customers' production sites to carry out installation and start-up and customer assistance. During the first semester 2020, this item decreases to a great extent due to the effect of less personnel movements, following the restrictions deriving from the COVID pandemic. A reference shall be made to what already described within the paragraph “COVID-19 effects” in the notes.

[29] Rental, leasing and similar costs

Rental, leasing and similar costs in H1 2020 amounted to Euro 548 thousand, compared with Euro 790 thousand in the first half of 2019.
This item is broken down as follows:

	First half-year 2020	First half-year 2019
Rental expenses	94	316
Leases	195	191
Hires	258	284
Use of third party assets	**548**	**790**

From January 1, 2019, for rental contracts covered by IFRS16, the Group recognized a financial liability, and the related lease payments were no longer recognized in the statement of profit and loss on a straight-line basis, but instead the depreciation of the related right-of-use for the duration of the respective contracts was recognized.
The amounts for "rental, leasing and similar costs" concern contracts which were excluded from the scope of this standard. The decrease compared to the prior period is linked to a variation within the perimeter of the contracts falling within the application of the IFRS16 accounting principle.

[30] Personnel expense

Personnel expense amounted to Euro 27,599 thousand, compared with Euro 29,597 thousand in the first half of 2019. A breakdown of personnel expenses and the workforce by category is provided below:

	First half-year 2020	First half-year 2019
Wages and salaries	20,754	22,350
Social security contributions	5,666	6,283
Costs for defined benefit plans	644	653
Other expenses	535	311
Personnel expenses	**27,599**	**29,597**

Personnel costs decreases due to the effect of optimization measures and of cost reduction undertaken during the first semester 2020. A reference shall be made to what already described within the paragraph "COVID-19 effects".

	First half-year 2020		First half-year 2019	
	period end	average	period end	average
Managers	27	28	27	28
Junior managers	66	66	62	62

	First half-year 2020		First half-year 2019	
	period end	average	period end	average
White collars	608	614	585	586
Blue collars	375	380	377	382
Total	**1,076**	**1,088**	**1,051**	**1,057**

The Group workforce slightly increased compared to June 30, 2019.

[31] Other operating costs

This item amounted to Euro 946 thousand compared with Euro 2,081 thousand in the previous year. This item is broken down as follows:

	First half-year 2020	First half-year 2019
Other taxes and duties	532	459
Bad debt provision	13	845
Entertainment costs	134	198
Other	267	579
Other expenses	**946**	**2,081**

Other taxes and duties mainly include indirect taxes on property and local taxes in the various countries and in particular in Brazil and China.

[32] Provisions for risks and charges

No significant amounts were provisioned in the first half of the year compared to the previous year, which included provisions principally in terms of legal and tax risks.

[33] Amortization, depreciation and write-downs

This item amounted to Euro 2,748 thousand, compared with Euro 2,146 thousand in the first half of 2019. This item is broken down as follows:

	First half-year 2020	First half-year 2019
Amortisation	209	208
Depreciation	1,691	1,342
Right of Use depreciation (IFRS16)	848	596
Depreciation & amortisation	**2,748**	**2,146**

The increase in the item substantially concerns the increased amortization, depreciation and right-of-use. In particular, in relation to tangible assets, it should be noted that during the first quarter 2019, the Group has completed the new logistics center at the Italian production plants, therefore the first semester 2019 was not burden by amortization and depreciation related to these investments. The increase of amortization and depreciation related to right-of-use is traceable to a higher number of contracts issued during 2020.

[34] Financial income and expenses

The account presented net expenses of Euro 171 thousand in the first half of 2020, compared to net expenses of Euro 182 thousand in the first half of 2019. This item is broken down as follows:

	First half-year 2020	First half-year 2019
Interest income	257	83
Other financial income	45	8
Financial income	**302**	**91**
Bank interest expenses	91	75
Other interest expenses	89	88
Other financial expenses	293	110
Financial expense	**473**	**273**
Net financial income (charges)	**(171)**	**(182)**

[35] Exchange gains/(losses)

The account presented net losses of Euro 165 thousand in the first half of 2020, compared to net gains of Euro 10 thousand in the first half of 2019. This item is broken down as follows:

	First half-year 2020	First half-year 2019
Exchange rate gains	1,760	999
Exchange rate losses	(1,925)	(989)
Net exchange rate gain (losses)	**(165)**	**10**

Unrealized foreign exchange gains included under Foreign *Exchange gains* amounted to Euro 471 thousand in first half of 2020 (27% of foreign exchange gains for the period) and Euro 547 thousand in the first half of 2019 (54.8% of foreign exchange gains for the period). Unrealized foreign *Exchange losses* included under Foreign exchange losses amounted to Euro 1,002 thousand in the first half of 2020 (52% of foreign exchange losses for the year) and Euro 611 thousand in the first half of 2019 (62% of foreign exchange losses for the year).

[36] Income/(expense) from valuation of liabilities for options granted to non-controlling interest

The item reports net income of Euro 230 thousand in the first half of 2020, compared to net expense of Euro 96 thousand in 2019. The income relates to the adjustment of the liabilities for put options of Toba PNC. For further details, reference should be made to Note [18].

[37] Gains/(Losses) from investments measured at equity

New amounts were not recognized at June 30, 2020 as the valuations made at December 31, 2019 were confirmed. Reference should be made to note [3] for further information.

[38] Income Taxes

This item amounted to Euro 3,006 thousand in the first half of 2020, compared with Euro 3,358 thousand in H1 2019. Income taxes have been determined taking into account the best estimate of the average annual tax rate expected for the whole year, as per IAS 34. Reference should be made to Note [5] in relation to changes in deferred tax assets and liabilities.

[39] 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.
Information about products sold and services provided and regional presence is provided in Note [25].

[49] 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 and charges relates to exceptional income items.
The non-recurring charges in the first half of 2019 principally included costs relating to the transfer and/or increase in long-term production capacity, with regards to the transfer of a facility from an external site to the Group's headquarters, in addition to the transfer of the finished products warehouse.

Non-recurring items	First half-year 2019
Services costs	(57)
Personnel costs	(173)
Total	**(230)**

In the first half of 2020, no non-recurring items were recognized.

[41] Other information on the Condensed Consolidated Half-Year Financial Statements

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 2019, to which reference should be made for further information.

30.06.2020	IFRS 9 categories	Book value	Level 1	Level 2	Level 3
Current accounts and post office deposits	Receivables and loans	18		18	
Cash	Receivables and loans	57,422		57,422	
Cash and cash equivalents		57,440		57,440	

30.06.2020	IFRS 9 categories	Book value	Level 1	Level 2	Level 3
Trade receivables	Receivables and loans	43,787			43,787
Financial assets		6,149	6,149		
Total financial assets		**107,376**	**6,149**	**57,440**	**43,787**
Bank borrowings	Liabilities at amortised cost	24,873		24,873	
Payables to other lenders	Liabilities at amortised cost	6,254		6,254	
Non-current financial liabilities		**31,127**		**31,127**	
Short-term bank loans	Liabilities at amortised cost	23,013		23,013	
Short-term bank loans	Liabilities at amortised cost	10,040		10,040	
Payables to other lenders	Liabilities at amortised cost	2,043		2,043	
Current financial liabilities		**35,097**		**35,097**	
Trade payables	**Liabilities at amortised cost**	**25,929**			**25,929**
Advances from customers	**Liabilities at amortised cost**	**16,990**			**16,990**
Liabilities for commitments and put options	**Liabilities at fair value**	**5,026**			**5,026**
Total financial liabilities		**114,169**		**66,223**	**47,946**

Related party transactions

During 2020 and 2019, the Group had commercial relations with some related parties of the Group.

In accordance with the provisions of IAS 24, the following entities are considered Related Parties: (a) companies that directly or indirectly through one or more intermediate companies, control, or are controlled or are under common control with the reporting entity; (b) associated companies; (c) natural persons who directly or indirectly have voting power in the reporting entity that gives them a dominant influence over the company and their immediate family members; (d) key management personnel, i.e. those who have the power and responsibility for planning, directing and controlling the activities of the reporting entity, including directors and officers of the company and the immediate family members of such persons; (e) companies in which any natural person described under (c) or (d) has, directly or indirectly, significant voting power, or over which such person has such power. Case (e) includes undertakings owned by the directors or major shareholders of the reporting entity and undertakings which have a manager with strategic responsibilities in common with the reporting entity.

On November 12, 2018, the Board of Directors approved the related parties’ transaction policy ("RPT Policy") in implementation of Article 2391-*bis* of the Italian Civil Code and the CONSOB Regulation with Motion No. 17221 of March 12, 2010, subject to the favorable opinion of Related Parties Transactions Committee. The RTP Policy contains the rules for the approval and execution of related party transactions made by the Company, directly or through subsidiaries, to ensure that such transactions are transparent and correct both in substance and from a procedural viewpoint. The RPT Policy is available on the Company's

website (piovangroup.com), in the policies and procedures section, to which reference should be made for further details.
During the period we report:

- no transactions were undertaken of significance as defined in the RPT Policy pursuant to the afore-mentioned CONSOB regulations,
- there were no individual related party transactions which "had a significant influence" on the equity situation or the Company's or Group's results.

All transactions are regulated at market conditions for goods and services of equal quality.

For the balances at December 31, 2019, reference should be made to the Annual Financial Report at December 31, 2019, while for the balances at June 30, 2020 there are no transactions and balances of significant amounts with the exception of the tax consolidation payable due to Pentafin S.p.A. described in note [24] and the IRES (corporate income tax) refund receivable on IRAP also due from Pentafin S.p.A. as described in note [11].

Transactions at 30.06.2020	Nature of transactions	Notes	Current trade receivables	Other current assets	Trade payables	Other current liabilities	Revenues	Expenses
Pentafin S.p.A.*	Piovan S.p.A. parent company	[11] [24]				2,954		
CMG S.p.A.	Associated company	[8] [21] [25] [27]			385			703
Studio Ponte S.r.l.	Associated company	[21] [24] [27]	1		49			133
Penta Auto Feeding India Ltd.	Subsidiary	[8] [21] [25] [27]	140					
Nicola Piovan	Chairman of the BoD of Piovan S.p.A. and Sole shareholder of Pentafin S.p.A.	[11] [27]		32		55	8	604
Filippo Zuppichin	Chief executive officer and shareholder of Piovan S.p.A.	[27]						223
BOD members (except for the President)	Directors	[27]				31		75
Carsil S.r.l.	Company owned by Nicola Piovan's relatives	[27]						90
TOTAL			**141**	**32**	**434**	**3,040**	**8**	**1,829**

Transactions at 31.12.2019	Nature of transactions	Notes	Current trade receivables	Other current assets	Trade payables	Other current liabilities
Pentafin S.p.A.*	Piovan S.p.A. parent company	[11] [24]		275		822
CMG S.p.A.	Associated company	[8] [21] [25] [27]	37		564	
Studio Ponte S.r.l.	Associated company	[21] [24] [27]			74	66
Penta Auto Feeding India Ltd.	Subsidiary	[8] [21] [25] [27]	163		52	
CMG America Inc.	Subsidiary	[11] [27]		121		
Nicola Piovan	Chairman of the BoD of Piovan S.p.A. and Sole shareholder of Pentafin S.p.A.	[11] [27]		35		
Filippo Zuppichin	Chief executive officer and shareholder of Piovan S.p.A.	[27,]				
BOD members (except for the President)	Directors	[27]				
Carsil S.r.l.	Company owned by Nicola Piovan's relatives	[27]				
TOTAL			**200**	**431**	**690**	**888**

Transactions at 30.06.2019	Nature of transactions	Revenues	Expenses
Pentafin S.p.A.*	Piovan S.p.A. parent company		
CMG S.p.A.	Associated company		558
Studio Ponte S.r.l.	Associated company		171
Penta Auto Feeding India Ltd.	Subsidiary	3	
Piovan South East Asia	Subsidiary		
Piovan Maroc Sarl AU	Subsidiary		37
CMG America Inc.	Subsidiary		581
Nicola Piovan	Chairman of the BoD of Piovan S.p.A. and Sole shareholder of Pentafin S.p.A.		646
Filippo Zuppichin	Chief executive officer and shareholder of Piovan S.p.A.		273
Carsil S.r.l.	Company owned by Nicola Piovan's relatives		145
TOTAL		**3**	**2,410**

Commitments and risks

At June 30, 2020, the Group provided guarantees to third parties as indicated below:

- Euro 5,610 thousand for guarantees in favor of third parties against advances received for contract work-in-progress, of which Euro 170 thousand for guarantees provided by the parent company Piovan S.p.A..

At June 30, 2020, the parent company Piovan S.p.A. provided sureties in favor of credit institutions in the interest of subsidiaries and subject to the control of the parent company for a total of Euro 9.0 million.

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

Remuneration of Directors and Statutory Auditors

The remuneration of the Directors, Statutory Auditors and Key Managers, as set out in the Remuneration Report available on the company's website, for the first half of 2020 compared to the previous year, is presented below:

	First half-year 2020	First half year 2019
Directors	677	675
Key managers	446	736
Statutory auditors	26	22

Subsequent events to the end of the period

It should be noted that, within September 2020, the Parent Company will proceed with the acquisition of the remaining 10% stake in the subsidiary Penta S.r.l, currently held by the Managing Director of the subsidiary itself, due to the exercise of the put option that he owns. This acquisition, which will bring Piovan S.p.A. to hold 100% of the capital of Penta S.r.l., constitutes a further step in the path of strengthening the Group in the Food & non-plastic area.

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 30/06/2020	% shareholding	Shares held Shareholder-Partner	Consolidation method
Parent:							
Piovan S.p.A.	Santa Maria di Sala	Italy	EUR	6,000,000			
Equity investments in subsidiary companies:							
Piovan India Private Ltd	Mumbai	India	INR	350,000	100.00%	Piovan S.p.A.	Full
Piovan Plastics Machinery Ltd	Suzhou (CN)	Cina	CNY	5,088,441	100.00%	Piovan S.p.A.	Full
Piovan Do Brasil Ltda	Osasco (BRA)	Brasile	BRL	11,947,356	99.99%	Piovan S.p.A.	Full
Piovan Mexico S. A.	Queretaro (MX)	Messico	MXN	706,540	99.99%	Piovan S.p.A.	Full
Piovan Central Europe GmbH	Brunn am Gebirge (A)	Austria	EUR	35,000	100.00%	Piovan S.p.A.	Full
Piovan UK Ltd	Bromsgrove (GB)	Regno Unito	GBP	25,000	100.00%	Piovan S.p.A.	Full
Piovan Czech Republic s.r.o.	Praga (CZ)	Repubblica Ceca	CZK	200,000	100.00%	Piovan Central Europe GmbH (90%) Piovan S.p.A. (10%)	Full
Piovan France Sas	Chemin du Pognat (F)	Francia	EUR	1,226,800	100.00%	Piovan S.p.A.	Full
Universal Dynamics Inc.	Fredericksburg, Virginia (U.S. A.)	USA	USD	3,500,000	100.00%	Piovan S.p.A.	Full
Piovan GmbH	Garching (D)	Germania	EUR	102,258	100.00%	Piovan S.p.A.	Full
Piovan Canada Ltd	Mississauga - Ontario (CAN)	Canada	CAD	10	100.00%	Piovan S.p.A.	Full
Piovan Asia Pacific Ltd	Bangkok (TH)	Tailandia	THB	8,010,000	100,00%(*)	Piovan S.p.A.	Full
FDM GmbH	Troisdorf (DE)	Germania	EUR	75,000	66.67%	Piovan S.p.A.	Full
Piovan Muhendslik Ltd	Beikoz (TR)	Turchia	TRY	10,000	100.00%	Piovan S.p.A.	Full
Penta S.r.l.	Ferrara (IT)	Italia	EUR	100,000	90.00%	Piovan S.p.A.	Full
Energys S.r.l.	Venezia (IT)	Italia	EUR	10,000	100.00%	Piovan S.p.A.	Full
Piovan Japan Inc.	Kobe (J)	Giappone	JPY	6,000,000	100.00%	Piovan S.p.A.	Full
Piovan Gulf FZE	Dubai (UAE)	Emirati Arabi	AED	1,000,000	100.00%	Piovan S.p.A.	Full
Aquatech S.r.l.	Venezia (IT)	Italia	EUR	40,000	100.00%	Piovan S.p.A.	Full
Piovan Vietnam Company Ltd	Mai Chi Tho (Vietnam)	Vietnam	VND	1,136,500,000	100.00%	Piovan S.p.A.	Full
Progema S.r.l.	San Felice sul Panaro (MO)	Italia	EUR	25,000	81.00%	Penta S.r.l.	Full
Piovan Hungary Kft	Budapest	Ungheria	HUF	3,000,000	100.00%	Piovan Central Europe GmbH	Full
Piovan Maroc Sarl. AU	Kenitra	Marocco	MAD	1,000,000	100.00%	Piovan S.p.A.	Full
FEA Process&Technological Plants S.r.l.	Scarnafigi (CN)	Italia	EUR	20,400	51.00%	Piovan S.p.A.	Full
Studio Ponte S.r.l.	Poggio Renatico (FE)	Italia	EUR	10,000	51.00%	Penta S.r.l.	Equity method
Penta Auto Feeding India Ltd	Navi Mumbai (India)	India	INR	10,000,000	50.00%	Penta S.r.l.	Equity method
Piovan South Est Asia Ltd (in liquidazione)	Bangkok (Tailandia)	Tailandia	THB	9,000,000	100.00%	Piovan S.p.A.	Equity method

Company name	Registered office	Country	Currency	Share capital at 30/06/2020	% shareholding	Shares held Shareholder-Partner	Consolidation method
CMG America Inc.	Clio	Michigan	USD	70,000	100.00%	Piovan S.p.A.	Equity method
TOBA PNC	Seoul	Corea del Sud	KRW	500,000,000	51.00%	Piovan S.p.A.	Equity method
Equity investments in affiliated companies:							
CMG S.p.A.	Budrio (BO)	Italia	EUR	1,250,000	20%	Piovan S.p.A.	Equity method

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

Santa Maria di Sala (Venice), September 10, 2020

On behalf of the Board of Directors

The Chairman
Nicola Piovan

DECLARATION OF THE CONSOLIDATED HALF-YEAR FINANCIAL REPORT AS PER ARTICLE 154-BIS OF LEGS. DECREE NO. 58 OF 24.02.1998 AND ARTICLE 81-TER OF CONSOB R REGULATION NO. 11971 OF MAY 14, 1999 AND SUBSEQUENT AMENDMENTS AND SUPPLEMENTS

Santa Maria di Sala, September 10, 2020

The undersigned Filippo Zuppichin, Chief Executive Officer, and Elisabetta Floccari, Executive Officer for Financial Reporting of Piovan S.p.A. declare, also in consideration of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:

- the adequacy considering the company`s characteristics and
- the effective application

of the administrative and accounting procedures for the drawing up of the Consolidated Half-Year Financial Report for the first half of 2020.
No significant aspect emerged concerning the above.

It is also declared that the Consolidated Half-Year Financial Report at June 30, 2020:

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

The Interim Directors' Report includes a reliable analysis of the significant events in the first six months of the year and their impact on the Consolidated Half-Year Report, with a description of the principal risks and uncertainties for the remaining six months. It also presents a reliable analysis of the significant transactions with related parties.

The Chief Executive Officer	The Executive Officer for Financial Reporting
Filippo Zuppichin	Elisabetta Floccari

4. AUDITORS' REPORT ON REVIEW OF THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS AT JUNE 30, 2020

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

To the Shareholders of
Piovan S.p.A.

Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of Piovan S.p.A. and subsidiaries (the "Piovan Group"), which comprise the consolidated statement of financial position as of June 30, 2020 and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity for the six month period then ended, and a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation of the half-yearly condensed consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the half-yearly condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed [consolidated] financial statements of Piovan Group as at June 30, 2020 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Barbara Moscardi
Partner

Treviso, Italy
September 10, 2020

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

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Versione 1.0

Consolidated Half-Year Financial Report
at June 30, 2020 of Piovan S.p.A.

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