

HALF-YEAR FINANCIAL REPORT  
AT 30 JUNE 2019







HALF-YEAR FINANCIAL REPORT  
AT 30 JUNE 2019

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# INTERIM REPORT ON OPERATIONS

**I.M.A. INDUSTRIA MACCHINE AUTOMATICHE S.P.A.**

HEAD OFFICE: OZZANO DELL'EMILIA (BOLOGNA) SHARE CAPITAL FULLY PAID-IN: €20,415,200

REGISTERED WITH THE BOLOGNA COMPANIES REGISTER AT NO. 00307140376

(THE CONSOLIDATED FINANCIAL STATEMENTS HAVE BEEN TRANSLATED FROM THE ORIGINAL ITALIAN INTO ENGLISH SOLELY FOR THE CONVENIENCE OF INTERNATIONAL READERS)

## DIRECTORS AND OFFICERS

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### BOARD OF DIRECTORS

(In office until the Shareholders' Meeting called to approve the financial statements at 31 December 2020)

#### HONORARY CHAIRMAN AND DIRECTOR

Marco Vacchi

#### CHAIRMAN AND MANAGING DIRECTOR

Alberto Vacchi

*Delegated powers:* all powers of ordinary and extraordinary administration, excluding the following powers:

- ) to transfer or receive for whatever purpose or reason, shares or quotas in companies, associations or entities, lines of business, businesses or combinations of businesses and real estate;
- ) to give secured or other guarantees, and give sureties or letters of patronage, except (in relation to the sureties and letters of patronage) for those given on behalf of direct or indirect subsidiaries of the Company or associates;
- ) to grant beneficial rights over the assets of the Company.

#### CHIEF OPERATING OFFICERS

Giovanni Pecchioli

*Delegated powers:* the powers associated with responsibility for the Pharmaceutical business.

#### DIRECTORS

Sonia Bonfiglioli, Stefano Cataudella, Cesare Conti, Paolo Frugoni, Andrea Malagoli, Luca Poggi, Rita Rolli, Alessandra Schiavina, Maria Carla Schiavina, Gianluca Vacchi, Valentina Volta.

## **BOARD OF STATUTORY AUDITORS**

(In office until the Shareholders' Meeting called to approve the financial statements at 31 December 2021)

### **STANDING AUDITORS**

Francesco Schiavone Panni - Chairman  
Roberta De Simone  
Riccardo Andriolo

### **ALTERNATE AUDITORS**

Chiara Molon  
Giovanna Bolognese  
Federico Ferracini

## **INTERNAL CONTROL, RISK AND RELATED-PARTY TRANSACTIONS COMMITTEE**

Rita Rolli - Independent Director - Chairman  
Cesare Conti - Independent Director - Deputy Chairman  
Sonia Bonfiglioli - Independent Director

## **NOMINATIONS AND REMUNERATION COMMITTEE**

Paolo Frugoni - Independent Director - Chairman  
Maria Carla Schiavina - Director - Deputy Chairman  
Rita Rolli - Independent Director

## **MANAGER RESPONSIBLE FOR PREPARING FINANCIAL REPORTS**

Sergio Marzo

## **LEAD INDEPENDENT DIRECTOR**

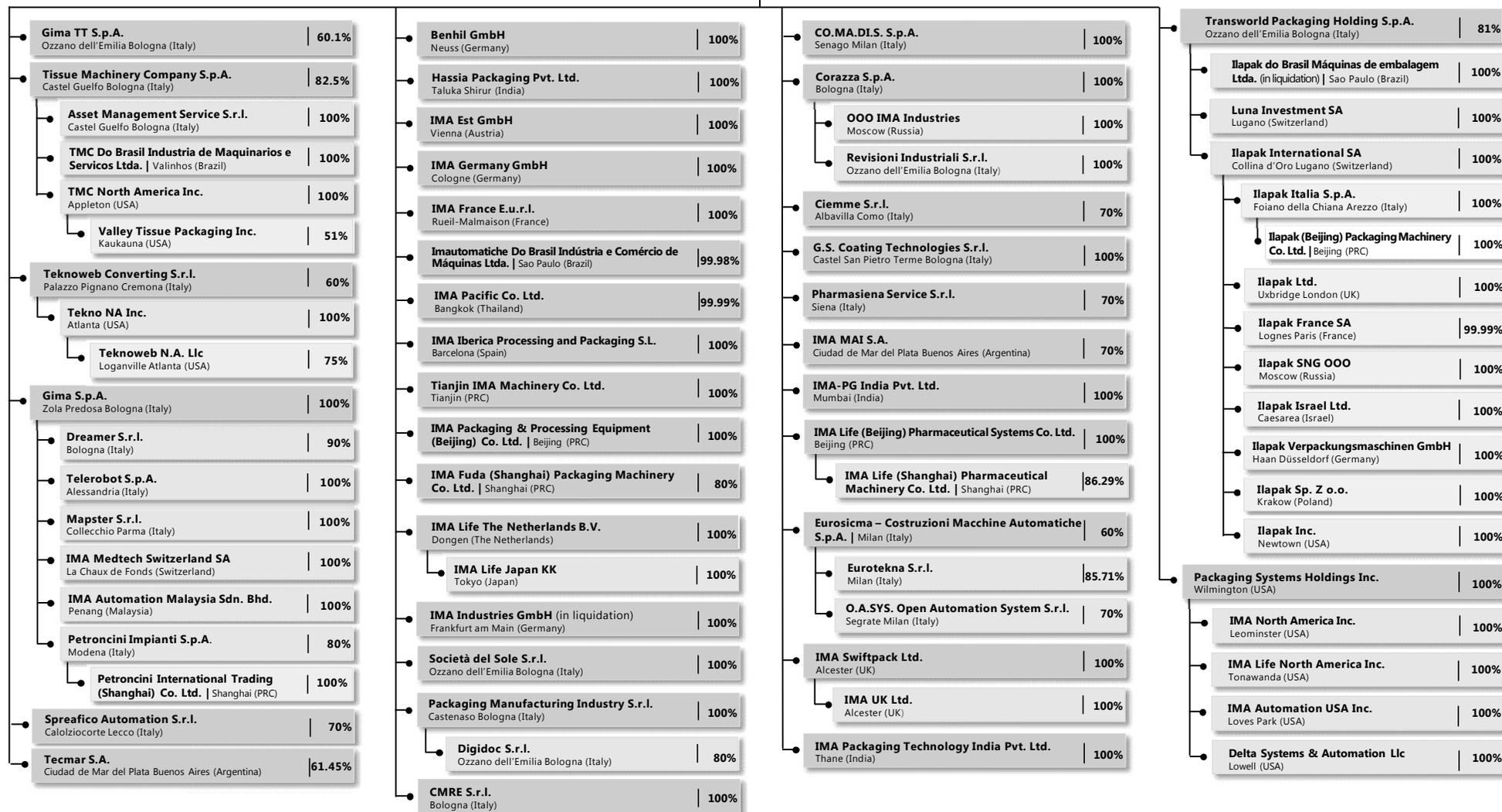
Paolo Frugoni

## **INDEPENDENT AUDITORS**

(In office until the Shareholders' Meeting called to approve the financial statements at 31 December 2021)

EY S.p.A.

GROUP STRUCTUR



## GROUP PERFORMANCE

### THE ECONOMIC SCENARIO

In the latest update of the World Economic Outlook, the International Monetary Fund (IMF) further reduced its estimates of global GDP growth for this year and next year, which now stand at 3.2% in 2019 and 3.5% in 2020, having reduced its estimates on world GDP by 0.1%.

Advanced economies maintain their growth at 1.9% in 2019 and 1.7% in 2020, with a 0.1% improvement on the estimate for this year. Particularly positive is the revision for the United States, which in 2019 could see GDP rise by 2.6%. Growth in the Euro area, on the other hand, should come to 1.3% in 2019 and 1.6% in 2020. The estimates of GDP growth for this year have been revised down slightly to 0.7% for Germany, while they remain unchanged at 0.1% for Italy (where the uncertainty of the prospects for the public accounts remains significant) and 1.3% for France. Among the other developed economies, Great Britain recorded an upward revision to 1.3%, while Japan recorded a slight contraction of 0.1% to 0.9%. Overall, developing countries will grow, but less than expected: +4.1% this year and +4.7% next year. For China, the revision is down by 0.1% to 6.2% for both years. The cut for India is more drastic: -0.3% to 7.0% in 2019 and to 7.2% in 2020. There has been a considerable downward revision of the forecasts for Latin America: here GDP will grow by only 0.6% in 2019 and 2.3% in 2020 (no longer by 2.4%).

For the IMF, these forecasts are still subject to growing uncertainty for the following reasons: (i) ongoing trade tensions generated by the so-called "tariff war" between the United States and China (ii) the risk of failure to reach a deal on "Brexit", postponed at least until 31 October 2019 (iii) and rising geopolitical tensions that have pushed up energy prices.

In this context, in the first half of the year, our Group managed to achieve a significant increase in revenue thanks to the higher backlog compared with the beginning of 2018, which makes us confident about the figures for the second half of the year. Despite this period of great uncertainty, our core markets, namely Pharmaceuticals and Food, have stood out, once again, as being some of the most solid and anti-cyclical.

### CONSOLIDATED INCOME STATEMENT

In the first half of 2019 consolidated revenue amounted to 694.1 million euros compared with 670.7 million euros in the first half of 2018. EBITDA amounted to 92.3 million euros, a decrease over the first half of 2018 when it came to 100.5 million euros.

Operating profit amounted to 55.8 million euros compares with 80.4 million euros in the same period of 2018, net of non-recurring items of 2.2 million euros, whereas the Group's profit reached 31.1 million euros, versus 43.9 million euros at 30 June 2018.

## INTERIM REPORT ON OPERATIONS

The following is a summarized version of the income statement for the period under review, with comparative figures for the 1st half in 2018, restated following the sale, during 2018, of 60% of the investment in IMA Dairy & Food Holding GmbH:

| in millions of euros   | 1° half 2019 |             | 1° half 2018<br>RESTATED |             |
|--|--------------|-------------|--------------------------|-------------|
|  | Amount       | %           | Amount                   | %           |
| <b>Revenue from contracts with customers</b>                         | <b>694.1</b> |             | <b>670.7</b>             |             |
| Cost of sales  | (451.7)      | 65.1        | (415.2)                  | 61.9        |
| <b>Industrial gross profit</b>                                       | <b>242.4</b> | <b>34.9</b> | <b>255.5</b>             | <b>38.1</b> |
| R&D costs  | (27.3)       |             | (26.9)                   |             |
| Commercial and sales costs   | (70.3)       |             | (67.3)                   |             |
| General and administrative costs                                     | (86.8)       |             | (79.0)                   |             |
| <b>Operating profit before non-recurring items (EBITA)</b>           | <b>58.0</b>  | <b>8.4</b>  | <b>82.3</b>              | <b>12.3</b> |
| Non-recurring items  | (2.2)        |             | (1.9)                    |             |
| <b>Operating profit (EBIT)</b>                                       | <b>55.8</b>  | <b>8.0</b>  | <b>80.4</b>              | <b>12.0</b> |
| Net financial income (expense)                                       | (12.4)       |             | 6.5                      |             |
| Profit (loss) from investments accounted for using the equity method | 3.1          |             | 2.8                      |             |
| <b>Profit before taxes</b>   | <b>46.5</b>  | <b>6.7</b>  | <b>89.7</b>              | <b>13.4</b> |
| Taxes  | (14.1)       |             | (26.4)                   |             |
| <b>Net profit from continuing operations</b>                         | <b>32.4</b>  | <b>4.7</b>  | <b>63.3</b>              | <b>9.4</b>  |
| Profit (loss) from discontinued operations/disposal groups           | –            |             | (10.2)                   |             |
| <b>Profit for the period</b>   | <b>32.4</b>  | <b>4.7</b>  | <b>53.1</b>              | <b>7.9</b>  |
| Profit attributable to non-controlling interests                     | (1.3)        |             | (9.2)                    |             |
| <b>Profit attributable to equity holders of the parent</b>           | <b>31.1</b>  | <b>4.5</b>  | <b>43.9</b>              | <b>6.5</b>  |
| <b>Gross operating profit (EBITDA) * before non-recurring items</b>  | <b>92.3</b>  | <b>13.3</b> | <b>100.5</b>             | <b>15.0</b> |
| <b>Gross operating profit (EBITDA) *</b>                             | <b>90.1</b>  | <b>13.0</b> | <b>98.6</b>              | <b>14.7</b> |
| <b>Backlog</b>   | <b>985.5</b> |             | <b>929.8</b>             |             |

(\*) *Gross operating profit (EBITDA) corresponds to the sum of operating profit (EBIT), depreciation, amortisation and write-downs.*

### REVENUE FROM CONTRACTS WITH CUSTOMERS AND ORDERS

In the first half of 2019, consolidated revenue amounted to 694.1 million euros compared with 670.7 million euros in the same period of 2018, up 3.5% with a contribution from the newly acquired Spreafico and Tecmar businesses of 5.6 million euros and the TMC and Ciemme businesses, not included in the consolidation area in the first half of 2018, equal to 37.5 million euros.

The following table gives a breakdown of revenue by business sector, with changes in revenue compared with the corresponding period of 2018:

| in millions of euros | 1° half 2019 | 1° half 2018 | Change      | %          |
|----------------------|--------------|--------------|-------------|------------|
| Tea, Food & Other    | 320.6        | 271.9        | 48.7        | 17.9       |
| Pharmaceutical       | 334.0        | 303.2        | 30.8        | 10.2       |
| Tobacco packaging    | 39.5         | 95.6         | (56.1)      | (58.7)     |
| <b>Total</b>         | <b>694.1</b> | <b>670.7</b> | <b>23.4</b> | <b>3.5</b> |

For the Tea, Food & Other business, revenue growth is due to the higher backlog at the end of 2018 compared with the equivalent figure the previous year. Revenue in the Pharmaceuticals business continues to grow with respect to the previous year, as does the Tobacco business, thanks to the backlog at the start of the period and the order flows in the first half of the year.

The following table provides a breakdown of revenue from contracts with customers by geographical area:

| in millions of euros             | 1° half 2019 | 1° half 2018 | Change      | %          |
|----------------------------------|--------------|--------------|-------------|------------|
| European Union (excluding Italy) | 193.0        | 213.1        | (20.1)      | (9.4)      |
| Other European countries         | 53.0         | 57.6         | (4.6)       | (8.0)      |
| North America                    | 132.3        | 98.1         | 34.2        | 34.9       |
| Asia & Middle East               | 157.3        | 166.3        | (9.0)       | (5.4)      |
| Other countries                  | 80.5         | 60.3         | 20.2        | 33.5       |
| <b>Total exports</b>             | <b>616.1</b> | <b>595.4</b> | <b>20.7</b> | <b>3.5</b> |
| Italy                            | 78.0         | 75.3         | 2.7         | 3.6        |
| <b>Total</b>                     | <b>694.1</b> | <b>670.7</b> | <b>23.4</b> | <b>3.5</b> |

Commenting on this distribution of revenue, one can observe growth in North America, in other countries and in Italy with a reduction in Europe, Asia and the Middle East. However, given the seasonal nature of our business in these core sectors, it needs emphasising that this analysis is not particularly meaningful.

The following table compares new orders received in the first half of 2019 with those in the first half of last year:

| in millions of euros | 1° half 2019 | 1° half 2018 | Change        | %            |
|----------------------|--------------|--------------|---------------|--------------|
| Tea, Food & Other    | 336.5        | 338.6        | (2.1)         | (0.6)        |
| Pharmaceutical       | 357.3        | 365.5        | (8.2)         | (2.2)        |
| Tobacco packaging    | 33.1         | 82.1         | (49.0)        | (59.7)       |
| <b>Total</b>         | <b>726.9</b> | <b>786.2</b> | <b>(59.3)</b> | <b>(7.5)</b> |

The acquisition of orders in the first half (-7.5%) shows a marked reduction compared with the same period of the previous year in the Tobacco sector, which saw by a strong reduction in investments by multinationals, while there is substantial stability in the Tea, Food & Other and Pharmaceutical sectors.

The following table shows a breakdown of the backlog at 30 June 2019:

| in millions of euros | 1° half 2019 | 1° half 2018 | Change      | %          |
|----------------------|--------------|--------------|-------------|------------|
| Tea, Food & Other    | 353.1        | 268.2        | 84.9        | 31.7       |
| Pharmaceutical       | 585.3        | 564.7        | 20.6        | 3.6        |
| Tobacco packaging    | 47.1         | 96.9         | (49.8)      | (51.4)     |
| <b>Total</b>         | <b>985.5</b> | <b>929.8</b> | <b>55.7</b> | <b>6.0</b> |

The backlog shows an overall growth of 6.0% with a contribution from the Spreafico, Tecmar, TMC and Ciemme businesses equal to 45.5 million euros and, despite the reduction in the Tobacco sector, together with the ongoing projects and negotiations, it allows us to confirm achievement of the expected volumes for the whole of 2019.

### **OPERATING PROFIT (EBIT)**

Industrial gross profit amounted to 242.4 million euros against 255.5 million euros at 30 June 2018, lower as a percentage of sales compared with last year (34.9% vs 38.1%), mainly because of the decline in the Tobacco segment and a different product mix. This difference in profitability compared with last year is expected to be largely recovered in the second half of the year.

Research and development costs amount to 27.3 million euros, with a slight rise compared with 26.9 million euros last year.

Commercial and sales costs have increased (70.3 million euros compared with 67.3 million euros) and include commissions for 8.2 million euros (9.1 million euros at 30 June 2018), increasing by approximately the same amount.

General and administrative costs have risen to 86.8 million euros compared with last year (79.0 million euros), mainly because of the contribution made by the Spreafico, Tecmar, TMC and Ciemme businesses (7 million euros).

Operating profit (EBIT) is down on last year (55.8 million euros versus 80.4 million euros) after charging 2.2 million euros of non-recurring costs. These costs are mainly related to the merger plan for the absorption of GIMA TT S.p.A. by IMA S.p.A. and ancillary charges relating to the acquisitions of Spreafico and Tecmar, which have been borne entirely in the first half.

### **PROFIT BEFORE TAXES**

The balance between net financial expense and income is negative for 12.4 million euros compared with a positive balance of 6.5 million euros at 30 June 2018. The change with respect to first half 2018 is mainly due to the re-measurement at fair value of the 49% stake already held in Petroncini Impianti S.p.A. (11.6 million euros), which also existed the previous year. The result is also due to higher financial charges linked to leasing costs treated in accordance with IFRS 16 (1.9 million euros) and the negative effect of exchange differences (2.0 million euros).

As a result of the above, the pre-tax profit comes to 46.5 million euros compared with 89.7 million euros in the previous period.

### PROFIT (LOSS) FROM DISCONTINUED OPERATIONS/DISPOSAL GROUPS

The negative balance relating to discontinued operations, 10.2 million euros in the first half of 2018, refers to the sale of 60% of IMA Dairy & Food Holding GmbH carried out in December 2018.

### PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The Group's share of the profit is therefore 31.1 million euros (43.9 million euros at 30 June 2018) after deducting tax for 14.1 million euros (26.4 million euros at 30 June 2018).

### ANALYSIS OF PERFORMANCE BY SECTOR

The following schedule summarizes the balance sheet and income statement for each operating segment:

| in millions of euros  | Tea, Food & Other | Pharmaceutical | Tobacco packaging | Not allocated | Total |
|---|-------------------|----------------|-------------------|---------------|-------|
| <b>Revenue from contracts with customers</b>                      |                   |                |                   |               |       |
| 1st half 2019   | 320.6             | 334.0          | 39.5              |               | 694.1 |
| 1st half 2018   | 271.9             | 303.2          | 95.6              | –             | 670.7 |
| <b>Gross operating profit (EBITDA) before non-recurring items</b> |                   |                |                   |               |       |
| 1st half 2019   | 25.1              | 56.9           | 10.3              | –             | 92.3  |
| 1st half 2018   | 13.5              | 50.8           | 36.2              | –             | 100.5 |
| <b>Gross operating profit (EBITDA)</b>                            |                   |                |                   |               |       |
| 1st half 2019   | 24.1              | 56.9           | 9.1               | –             | 90.1  |
| 1st half 2018   | 11.6              | 50.8           | 36.2              | –             | 98.6  |
| <b>Operating profit (EBIT)</b>                                    |                   |                |                   |               |       |
| 1st half 2019   | 1.5               | 46.1           | 8.2               | –             | 55.8  |
| 1st half 2018   | (0.2)             | 44.8           | 35.8              | –             | 80.4  |
| <b>Net invested capital (*)</b>                                   |                   |                |                   |               |       |
| 30 June 2019  | 536.9             | 234.2          | 27.2              | (13.7)        | 784.6 |
| 30 June 2018  | 467.2             | 109.2          | 25.9              | (14.9)        | 587.4 |
| <b>R&amp;D costs</b>  |                   |                |                   |               |       |
| 1st half 2019   | 10.8              | 14.8           | 1.7               | –             | 27.3  |
| 1st half 2018   | 11.9              | 14.0           | 1.0               | –             | 26.9  |
| <b>Average personnel</b>  |                   |                |                   |               |       |
| 1st half 2019   | 2,779             | 2,806          | 170               | –             | 5,755 |
| 1st half 2018   | 2,404             | 2,669          | 151               | –             | 5,224 |
| <b>Backlog</b>  |                   |                |                   |               |       |
| 30 June 2019  | 353.1             | 585.3          | 47.1              | –             | 985.5 |
| 30 June 2018  | 268.2             | 564.7          | 96.9              | –             | 929.8 |

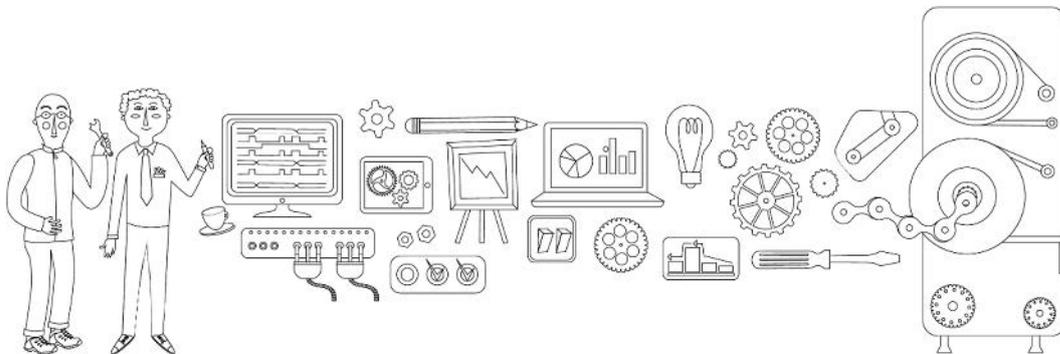
(\*) Not allocated assets and liabilities mainly relate to investments, income tax receivables and payables and net deferred tax liabilities not directly attributable to the operating sectors.

The revenue of the Tea, Food & Other segment shows growth of 48.7 million euros due to the higher backlog at the beginning of the year. Gross operating profit (EBITDA) before non-recurring charges shows an increase to 25.1 million euros because of a different sales mix and an improvement in performance with a 5.7 million euros contribution from the FTA of IFRS 16. Operating profit has improved by 1.7 million euros, net of non-recurring charges of 1.0 million euros. The backlog shows an increase of 84.9 million euros due to the continuous acquisition of new orders, ending up at 353.1 million euros. The newly acquired businesses contributed 45.5 million euros.

Revenue in the Pharmaceutical sector was higher than in the same period last year (+30.8 million euros). Gross operating profit (EBITDA) before non-recurring charges (56.9 million euros) is up on last year (+6.1 million euros) with a contribution from the FTA of IFRS 16 of 5.0 million euros. This substantial stability derives from a less favourable product mix that will be recovered during the second part of the year. Operating profit, at 46.1 million euros, shows a slight increase compared with the previous year. Following the continuous and consistent flow of orders, the backlog is substantially in line with the previous year, showing an increase of 20.6 million euros (+3.6%) with good prospects for the current year and good visibility for the following year.

Revenue in the Tobacco sector amounted to 39.5 million euros, a substantial decrease compared with the previous year (95.6 million euros) because of the lower backlog at the beginning of the year and fewer new orders acquired in the sector for new generation products. Gross operating profit (EBITDA) before non-recurring items rose showed a distinct reduction to 10.3 million euros, as did operating profit. The backlog came in at 47.1 million euros, which is down on last year (96.9 million euros).

Net invested capital, totalling 784.6 million euros (587.4 million euros at 30 June 2018), grew mainly as a result of accounting for the rights of use (ROU) assets according to IFRS 16, the increase in operating working capital linked to orders in progress and the contribution of the Spreafico, Tecmar, TMC and Ciemme businesses (133.4 million euros).



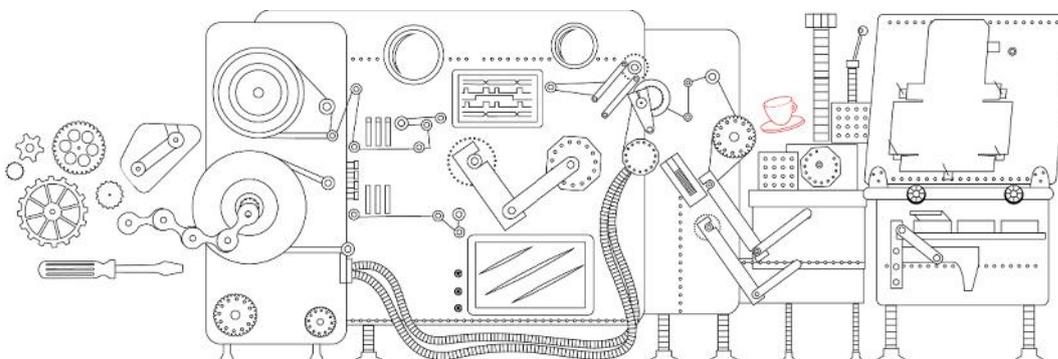
## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The following table summarizes the Group's balance sheet and financial position at 30 June 2019, compared with 31 December 2018:

| in millions of euros   | 30.06.2019   | 31.12.2018   |
|--|--------------|--------------|
| Trade receivables  | 374.4        | 384.0        |
| Inventories  | 355.7        | 319.7        |
| Trade payables   | (523.8)      | (514.7)      |
| Other, net   | (97.8)       | (90.0)       |
| <b>Net working capital</b>                                       | <b>108.5</b> | <b>99.0</b>  |
| Property, plant and equipment                                    | 288.0        | 111.9        |
| Intangible assets  | 469.4        | 454.0        |
| Investments  | 55.1         | 57.8         |
| <b>Non-current assets</b>  | <b>812.5</b> | <b>623.7</b> |
| Provision for severance indemnities and other provisions         | (136.4)      | (117.2)      |
| <b>Net invested capital</b>                                      | <b>784.6</b> | <b>605.5</b> |
| <b>FINANCED BY:</b>  |              |              |
| <b>Net debt</b>  | <b>423.5</b> | <b>184.6</b> |
| Non-controlling interests  | 11.7         | 23.9         |
| <b>Group equity attributable to equity holders of the parent</b> | <b>349.4</b> | <b>397.0</b> |
| <b>Total sources of financing</b>                                | <b>784.6</b> | <b>605.5</b> |

Other payables, net, mainly includes the amounts due to employees, income tax payable and provisions for risks and charges.

At the end of June 2019 the net invested capital was 784.6 million euros, up compared with 605.5 million euros at the end of 2018, mainly due to accounting for the rights of use (ROU) assets according to IFRS 16 (around 150 million euros), the rise in inventories caused by higher sales volumes and deliveries scheduled for the second half of the year, as well as to the increase in the investments in Spreafico e Tecmar, as explained above.



The breakdown of net debt, alternative performance indicator, is as follows:

| in millions of euros                                     | 30.06.2019     | 31.12.2018     | 30.06.2018     |
|--|----------------|----------------|----------------|
| A. Cash and cash equivalents                             | (171.3)        | (140.9)        | (128.2)        |
| B. Other cash equivalents                                | (4.2)          | (5.0)          | (4.5)          |
| C. Investments in securities                             | (11.3)         | (8.0)          | (8.9)          |
| <b>D. Liquidity (A)+(B)+(C)</b>                          | <b>(186.8)</b> | <b>(153.9)</b> | <b>(141.6)</b> |
| <b>E. Current financial receivables</b>                  | <b>(3.5)</b>   | <b>(9.1)</b>   | <b>(9.4)</b>   |
| F. Current payables to banks                             | 110.0          | 79.2           | 61.2           |
| G. Current portion of non-current payables               | 44.3           | 27.0           | 30.3           |
| H. Other current financial payables                      | 0.4            | 0.3            | 1.0            |
| <b>I. Current financial debt (F)+(G)+(H)</b>             | <b>154.7</b>   | <b>106.5</b>   | <b>92.5</b>    |
| <b>J. Net current financial debt (D)+(E)+(I)</b>         | <b>(35.6)</b>  | <b>(56.5)</b>  | <b>(58.5)</b>  |
| K. Non-current portion of non-current bank payables      | 215.6          | 176.6          | 190.7          |
| L. Bonds issued  | 145.1          | 100.3          | 100.3          |
| M. Other non-current financial payables                  | 141.0          | 6.4            | 0.3            |
| N. Non-current financial assets                          | (42.6)         | (42.2)         | (2.3)          |
| <b>O. Net non-current financial debt (K)+(L)+(M)+(N)</b> | <b>459.1</b>   | <b>241.1</b>   | <b>289.0</b>   |
| <b>P. Net financial debt (J)+(O)</b>                     | <b>423.5</b>   | <b>184.6</b>   | <b>230.5</b>   |

At 1 January 2019, the FTA of IFRS 16 resulted in an increase in payables of 141.1 million euros.

The Group also has payables in respect of acquisitions totalling 79.1 million euros (65.9 million euros at 31 December 2018), predominantly relating to the options agreed for the purchase of the minority interests in subsidiaries.

Net debt at the end of the period amounts to 423.5 million euros compared with 184.6 million euros at 31 December 2018. The increase derives from application of IFRS 16 (150.5 million euros), as explained above, the dividends paid by the Parent Company (78.3 million euros paid in May 2019) and the purchase of the shares in Spreafico and Tecmar for a total of 9.7 million euros.

If we then compare the net financial position of the first half of 2019 with that of the corresponding period of 2018 (230.5 million euros), net of extraordinary transactions, dividends distributed and FTA of IFRS 16, we see an improvement of approximately 79 million euros, helped by the priority given to managing working capital. In fact, net debt is expected to contract significantly towards the end of the year. This is a normal process due to the seasonal nature of the business, with 30 June falling into a period of the year when working capital always rises because of work on contracts that will be delivered later in the year.

## CAPITAL EXPENDITURE

Capital expenditure on intangible assets amounted to 10.3 million euros (9.4 million euros in the first half of 2018) and related mainly to the capitalization of development costs incurred on totally new products for market segments not previously occupied.

The acquisitions carried out during the period involved taking on 44.3 million euros of property, plant and equipment and intangible assets on a provisional basis, as detailed in Note 24.

Capital expenditure on property, plant and equipment amounted to 28.7 million euros (15.5 million euros in the same period of 2018) and mainly relates to costs incurred to extend and upgrade buildings, rights of use assets and the purchase of plant, machinery and electronic machines. In particular, in April 2019 IMA S.p.A. signed a contract concerning the lease of a building with a surface area of approximately 32,600 square metres, located in Castel San Pietro Terme (Bologna). As required by IFRS 16, this contract led to the recognition of rights of use for 13.5 million euros in the first half of 2019.

Depreciation, amortisation and write-downs for the period came to 34.3 million euros (18.2 million euros in the first half of 2018); in the first half of 2019 the FTA of IFRS 16 entailed the recognition of depreciation on rights of use for 10.0 million euros.

## ALTERNATIVE PERFORMANCE INDICATORS

This report on operations also includes some performance indicators to give a better picture of the Group's operations and financial position. The Company's method of calculating these figures may not be the same as that used by other companies, so the indicators may not be comparable. We provide below the criteria used in preparing these indicators.

The income statement classified by purpose is prepared according to the following criteria:

- ) cost of sales: represents costs incurred directly by the Group to generate revenue. For example, it includes materials, labour, the technical offices' costs involved in customizing products and production overheads;
- ) research and development costs: these include, by function, costs relating to the research and development of new products or to the maintenance of existing products. They also include costs relating to technical personnel, materials used for trials and technical departments' overheads;
- ) commercial and sales costs: these include costs connected with commercial operations, such as staff, commissions paid to agents, promotional and advertising costs and associated overheads;
- ) general and administrative costs: these include all of the costs associated with general operations such as administrative offices in the broadest sense, the management of sectors or divisions, production planning and all depreciation and amortization not directly related to the foregoing functions;

) gross operating profit (EBITDA): this corresponds to the sum of operating profit, depreciation and amortization for the period and write-downs. EBITDA is an indicator used as a financial target in internal and external presentations and is a useful measure for evaluating the Group's performance.

The following main items in the reclassified income statement are equivalent to the corresponding items in the consolidated income statement forming part of the "Schedules of the condensed consolidated interim financial statements": revenue from contracts with customers, operating profit, financial income and expense, profit before taxes, income taxes and profit for the period.

The statement of financial position is structured so that assets and liabilities are classified to show the net invested capital. The following main items in the statement of financial position are equivalent to the corresponding items in the consolidated statement of financial position included in the "Schedules of the condensed consolidated interim financial statements": inventories, property, plant and equipment and intangible assets, equity pertaining to the parent company's shareholders and minority interests.

Lastly, the analysis of net debt takes account of Consob Communication DEM/6064293 dated 28 July 2006, while including the financial receivables classified as non-current financial assets. The figure for non-current financial assets differs from that reported in the balance sheet as it does not include equity interests in other companies.

## OTHER INFORMATION

### RELATED-PARTY TRANSACTIONS

The "Regulation on related-party transactions", adopted by Consob Resolution 17221 of 12 March 2010 and subsequently amended by Consob Resolution 17389 of 23 June 2010 implemented art. 2391-bis of the Italian Civil Code.

By a resolution adopted on 1 December 2010, the Board implemented the procedure on related parties, last updated on 15 February 2019, which takes account of the additional instructions on how to apply the new rules provided in Consob Communication DEM/10078683 of 24 September 2010.

The purpose of this procedure, which is published on the Company's website ([www.ima.it](http://www.ima.it)), is to lay down the approach to be taken in identifying, reviewing and approving transactions to be carried out by IMA, or by its subsidiaries, with related parties to ensure that they are transparent and fair from both a substantial and procedural point of view. Related-party transactions are identified in accordance with the guidelines of the Consob regulation.

The IMA Group carries on business with related parties, mainly comprising persons who are responsible for administration and management within IMA S.p.A., or entities that are controlled by them. Such transactions include commercial and real estate activities (leased premises) carried out on an arm's-length basis in the ordinary course of business and participation in the consolidated tax mechanism.

Significant related-party transactions are submitted for advance approval by the Board, which in turn has to obtain consent from a special committee made up solely of independent directors; to express their opinion, this committee can make use of outside experts, who also have to be independent.

Note that during the period:

- ) there were no more significant transactions, as defined in the Consob regulation;
- ) there were no individual related-party transactions that have significantly impacted Group companies' balance sheets or results;
- ) there have been no changes or developments in related-party transactions as disclosed in the last annual report that have had a significant effect on the companies' balance sheets or results.

Transactions with related parties are described more fully in Note 27 to the Company's financial statements.

As regards the merger plan for the absorption of GIMA TT S.p.A. by IMA S.p.A., as announced on 11 June 2019 and commented on in the section "Consolidation area", the following matters should be noted:

- ) as regards IMA, the merger is exempt from the application of the specific company procedure that regulates transactions with related parties, as it is a transaction carried out with a subsidiary in which there are no significant interests of other related parties;
- ) as regards GIMA TT S.p.A., the merger constitutes a transaction with related parties that is not exempt from the application of the specific company procedure, as it is concluded with the controlling shareholder. Moreover, from a size point of view, this operation is considered to be of "greater significance". Consequently, the merger project was approved by the Board of Directors of GIMA TT S.p.A. subject to the reasoned favourable opinion of the committee consisting solely of unrelated independent directors of GIMA TT S.p.A. regarding the company's interest in completing the transaction, as well as the convenience and substantial and procedural correctness of the terms and conditions of the merger of GIMA TT S.p.A. and IMA, which was unanimously given on 10 June 2019.

#### **ARTS. 70 AND 71 OF CONSOB'S "ISSUERS' REGULATIONS"**

Pursuant to art. 3 of Consob Resolution no. 18079/2012, the Board of Directors of IMA S.p.A. decided to adopt, as of 3 December 2012, the opt-outs envisaged in arts. 70, paragraph 8, and 71, paragraph 1-bis of Consob's Issuers' Regulations. This means being able to choose not to prepare the prospectuses normally required in connection with significant transactions such as mergers, demergers, increases in capital by means of contributions in kind, acquisitions and disposals.

## OUTLOOK FOR THE CURRENT YEAR

The economic trend in the first half of 2019 reflects the increased backlog at the end of 2018 in the Pharmaceutical and Tea, Food & Other segments and the contraction in the Tobacco business.

The steady trend in orders in the Pharmaceutical and Tea, Food & Other segments, which continued in July as well, combined with the size of the backlog at the end of the first half and the market situation in terms of potential projects, some very large, lead us to be confident about the rest of the year, despite the performance of the Tobacco segment. In the second half of the year, attention will always be paid to reducing costs and improving commercial incisiveness.

If these signs are confirmed over the next few months and thanks to the contribution of the newly acquired Spreafico, Tecmar and ATOP businesses, a sales forecast of over 1.6 billion euros with a gross operating profit of more than 290 million euros could be feasible.

# CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

I.M.A. INDUSTRIA MACCHINE AUTOMATICHE S.P.A.  
AND SUBSIDIARIES

(THE CONSOLIDATED FINANCIAL STATEMENTS HAVE BEEN TRANSLATED FROM THE ORIGINAL ITALIAN INTO ENGLISH SOLELY FOR THE CONVENIENCE  
OF INTERNATIONAL READERS)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(MILLIONS OF EUROS)

| ASSETS   | Note | 30 June<br>2019 | 31 December<br>2018 |
|--|------|-----------------|---------------------|
| <b>NON-CURRENT ASSETS</b>                                  |      |                 |                     |
| Property, plant and equipment                              | 2    | 288.0           | 111.9               |
| Intangible assets  | 3    | 469.4           | 454.0               |
| Investments accounted for using the equity method          | 4    | 50.2            | 52.9                |
| Financial assets   | 5    | 47.9            | 47.5                |
| Receivables from others                                    |      | 4.5             | 4.1                 |
| Deferred tax assets  | 7    | 50.4            | 49.2                |
| <b>TOTAL NON-CURRENT ASSETS</b>                            |      | <b>910.4</b>    | <b>719.6</b>        |
| <b>CURRENT ASSETS</b>                                      |      |                 |                     |
| Inventories  | 8    | 355.7           | 319.7               |
| Trade and other receivables                                | 9    | 251.6           | 257.7               |
| Contract assets  | 9    | 197.0           | 189.5               |
| Income tax receivables                                     |      | 10.2            | 9.8                 |
| Financial assets   | 5    | 19.0            | 22.2                |
| Derivative financial instruments                           | 6    | 0.1             | 0.4                 |
| Cash and cash equivalents                                  | 10   | 171.3           | 140.9               |
| <b>TOTAL CURRENT ASSETS</b>                                |      | <b>1,004.9</b>  | <b>940.2</b>        |
| <b>TOTAL ASSETS</b>  |      | <b>1,915.3</b>  | <b>1,659.8</b>      |
| EQUITY AND LIABILITIES                                     | Note | 30 June<br>2019 | 31 December<br>2018 |
| <b>EQUITY</b>  |      |                 |                     |
| Share capital  |      | 20.4            | 20.4                |
| Reserves and retained earnings                             |      | 297.9           | 272.6               |
| Profit for the period                                      |      | 31.1            | 104.0               |
| <b>Equity attributable to equity holders of the parent</b> | 11   | <b>349.4</b>    | <b>397.0</b>        |
| <b>Non-controlling interests</b>                           | 12   | <b>11.7</b>     | <b>23.9</b>         |
| <b>TOTAL EQUITY</b>  |      | <b>361.1</b>    | <b>420.9</b>        |
| <b>NON-CURRENT LIABILITIES</b>                             |      |                 |                     |
| Borrowings   | 13   | 501.7           | 283.3               |
| Employee defined benefit liabilities                       | 14   | 36.6            | 34.7                |
| Provisions for risks and charges                           | 15   | 4.3             | 4.6                 |
| Other payables   | 16   | 90.6            | 74.7                |
| Derivative financial instruments                           | 6    | 6.3             | 3.8                 |
| Deferred tax liabilities                                   | 7    | 58.7            | 58.8                |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                       |      | <b>698.2</b>    | <b>459.9</b>        |
| <b>CURRENT LIABILITIES</b>                                 |      |                 |                     |
| Borrowings   | 13   | 154.7           | 106.5               |
| Trade and other payables                                   | 16   | 474.8           | 462.5               |
| Contract liabilities                                       | 16   | 177.5           | 173.9               |
| Income tax liabilities                                     |      | 20.8            | 7.4                 |
| Provisions for risks and charges                           | 15   | 27.7            | 27.4                |
| Derivative financial instruments                           | 6    | 0.5             | 1.3                 |
| <b>TOTAL CURRENT LIABILITIES</b>                           |      | <b>856.0</b>    | <b>779.0</b>        |
| <b>TOTAL LIABILITIES</b>                                   |      | <b>1,554.2</b>  | <b>1,238.9</b>      |
| <b>TOTAL EQUITY AND LIABILITIES</b>                        |      | <b>1,915.3</b>  | <b>1,659.8</b>      |

THE EFFECTS OF TRANSACTIONS WITH RELATED PARTIES ON THE ITEMS IN THE CONSOLIDATED BALANCE SHEET ARE SHOWN IN NOTE 27 - RELATED-PARTY TRANSACTIONS.

## CONSOLIDATED INCOME STATEMENT

(MILLIONS OF EUROS)

|   | Note      | 1° half 2019 | 1° half 2018<br>RESTATED |
|---|-----------|--------------|--------------------------|
| <b>REVENUE FROM CONTRACTS WITH CUSTOMERS</b>                                | 1         | 694.1        | 670.7                    |
| <b>OTHER REVENUE</b>  |           | 5.8          | 4.1                      |
| <b>OPERATING COSTS</b>  |           |              |                          |
| <i>Change in work in progress, semifinished and finished goods</i>          |           | 25.4         | 19.1                     |
| <i>Change in inventory of raw, ancillary and consumable materials</i>       |           | 3.7          | 8.1                      |
| <i>Cost of raw, ancillary and consumable materials and goods for resale</i> |           | (280.3)      | (263.6)                  |
| <i>Services, rentals and leases</i>   |           | (148.6)      | (151.0)                  |
| <i>Personnel costs</i>  | 17        | (213.8)      | (194.5)                  |
| <i>Capitalized costs</i>  |           | 10.1         | 10.5                     |
| <i>Depreciation, amortization and write-downs</i>                           | 18        | (35.3)       | (18.2)                   |
| <i>Provisions for risks and charges</i>                                     |           | -            | 0.2                      |
| <i>Other operating costs</i>  |           | (5.3)        | (5.0)                    |
| <b>TOTAL OPERATING COSTS</b>  |           | (644.1)      | (594.4)                  |
| <b>OPERATING PROFIT</b>   | 1         | 55.8         | 80.4                     |
| <i>- of which: effect of non-recurring items</i>                            | 28        | (2.2)        | (1.9)                    |
| <b>FINANCIAL INCOME AND EXPENSE</b>   |           |              |                          |
| <i>Financial income</i>   | 19        | 9.6          | 24.7                     |
| <i>Financial expense</i>  | 20        | (22.0)       | (18.2)                   |
| <b>TOTAL FINANCIAL INCOME AND EXPENSE</b>                                   |           | (12.4)       | 6.5                      |
| <b>PROFIT (LOSS) FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD</b> |           | 3.1          | 2.8                      |
| <b>PROFIT BEFORE TAXES</b>  |           | 46.5         | 89.7                     |
| <b>TAXES</b>  | 21        | (14.1)       | (26.4)                   |
| <b>NET PROFIT FROM CONTINUING OPERATIONS</b>                                |           | <b>32.4</b>  | <b>63.3</b>              |
| <b>PROFIT (LOSS) FROM DISCONTINUED OPERATIONS/DISPOSAL GROUPS</b>           | 22        | -            | (10.2)                   |
| <b>PROFIT FOR THE PERIOD</b>  |           | <b>32.4</b>  | <b>53.1</b>              |
| <b>ATTRIBUTABLE TO:</b>   |           |              |                          |
| <b>EQUITY HOLDERS OF THE PARENT</b>   |           | 31.1         | 43.9                     |
| <b>NON-CONTROLLING INTERESTS</b>  |           | 1.3          | 9.2                      |
|   |           | <b>32.4</b>  | <b>53.1</b>              |
| <b>BASIC/DILUTED EARNINGS PER SHARE (in euros)</b>                          | <b>23</b> | <b>0.79</b>  | <b>1.12</b>              |
| <i>- of which from continuing operations</i>                                |           | 0.79         | 1.38                     |
| <i>- of which from discontinued operations/disposal groups</i>              |           | -            | (0.26)                   |

THE EFFECTS OF TRANSACTIONS WITH RELATED PARTIES ON THE CONSOLIDATED INCOME STATEMENT ARE SHOWN IN NOTE 27 - RELATED-PARTY TRANSACTIONS.

FOR FURTHER INFORMATION ON THE RESTATEMENT OF THE FIRST HALF OF 2018, PLEASE REFER TO THE COMMENTS IN THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(MILLIONS OF EUROS)

|  | Note | 1° half<br>2019 | 1° half<br>2018 |
|--|------|-----------------|-----------------|
| <b>Net profit for the period</b>   |      | 32.4            | 53.1            |
| Other comprehensive income to be reclassified to profit or loss<br>in subsequent periods:                |      |                 |                 |
| <i>Exchange rate gains (losses) on the translation of<br/>foreign currency financial statements</i>      |      | 1.1             | (0.5)           |
| <i>Gains (losses) on financial assets measured at FVOCI</i>  |      | 1.2             | –               |
| <i>Gains (losses) on cash flow hedges</i>  | 11   | (1.1)           | (2.5)           |
| <i>Tax effect</i>  |      | –               | 0.6             |
| <b>Net other comprehensive income to be reclassified to profit or loss<br/>in subsequent periods</b>     |      | <b>1.2</b>      | <b>(2.4)</b>    |
| Other comprehensive income not being reclassified to profit or loss<br>in subsequent periods:            |      |                 |                 |
| <i>Actuarial gains (losses) on post employment benefit obligations</i>                                   | 11   | (1.6)           | 0.1             |
| <i>Tax effect</i>  |      | 0.3             | –               |
| <b>Net other comprehensive income not being reclassified to profit or loss<br/>in subsequent periods</b> |      | <b>(1.3)</b>    | <b>0.1</b>      |
| <b>Gains and losses recognized in equity</b>   |      | <b>(0.1)</b>    | <b>(2.3)</b>    |
| <b>Total comprehensive income</b>  |      | <b>32.3</b>     | <b>50.8</b>     |
| <b>Attributable to:</b>  |      |                 |                 |
| <b>Equity holders of the parent</b>  |      | 31.2            | 41.6            |
| <b>Non-controlling interests</b>   |      | 1.1             | 9.2             |
|  |      | <b>32.3</b>     | <b>50.8</b>     |

## STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(MILLIONS OF EUROS)

|  | Share capital | Share premium reserve | Treasury shares | Translation reserve | Fair value reserve | Other reserves and retained earnings | Profit attributable to equity holders of the parent | Equity attributable to equity holders of the parent | Non-controlling interests | Total equity |
|--|---------------|-----------------------|-----------------|---------------------|--------------------|--------------------------------------|---|---|---------------------------|--------------|
| <b>Balance at 01.01.2018</b>           | <b>20.4</b>   | <b>122.8</b>          | <b>(0.1)</b>    | <b>(0.7)</b>        | <b>(1.3)</b>       | <b>142.5</b>                         | <b>85.6</b>   | <b>369.2</b>  | <b>21.3</b>               | <b>390.5</b> |
| Distribution of dividends              | -             | -                     | -               | -                   | -                  | -                                    | (66.7)  | (66.7)  | (17.2)                    | (83.9)       |
| Allocation of earnings for 2017        | -             | -                     | -               | -                   | -                  | 18.9                                 | (18.9)  | -   | -                         | -            |
| Capital increases                      | -             | -                     | -               | -                   | -                  | -                                    | -   | -   | 0.4                       | 0.4          |
| Change of non-controlling interests    | -             | -                     | -               | -                   | -                  | (1.3)                                | -   | (1.3)   | 0.4                       | (0.9)        |
| Total comprehensive income             | -             | -                     | -               | (0.5)               | (1.9)              | 0.1                                  | 43.9  | 41.6  | 9.2                       | 50.8         |
| <b>Balance at 30.06.2018</b>           | <b>20.4</b>   | <b>122.8</b>          | <b>(0.1)</b>    | <b>(1.2)</b>        | <b>(3.2)</b>       | <b>160.2</b>                         | <b>43.9</b>   | <b>342.8</b>  | <b>14.1</b>               | <b>356.9</b> |
| <b>Balance at 01.01.2019</b>           | <b>20.4</b>   | <b>122.8</b>          | <b>(5.6)</b>    | <b>(0.6)</b>        | <b>(2.9)</b>       | <b>158.9</b>                         | <b>104.0</b>  | <b>397.0</b>  | <b>23.9</b>               | <b>420.9</b> |
| Monetary revaluation by hiperinflation | -             | -                     | -               | -                   | -                  | 0.8                                  | -   | 0.8   | -                         | 0.8          |
| Distribution of dividends              | -             | -                     | -               | -                   | -                  | (16.3)                               | (62.0)  | (78.3)  | (14.6)                    | (92.9)       |
| Allocation of earnings for 2018        | -             | -                     | -               | -                   | -                  | 42.0                                 | (42.0)  | -   | -                         | -            |
| Change of non-controlling interests    | -             | -                     | -               | -                   | (1.0)              | (0.3)                                | -   | (1.3)   | 1.3                       | -            |
| Total comprehensive income             | -             | -                     | -               | 1.1                 | 0.1                | (1.1)                                | 31.1  | 31.2  | 1.1                       | 32.3         |
| <b>Balance at 30.06.2019</b>           | <b>20.4</b>   | <b>122.8</b>          | <b>(5.6)</b>    | <b>0.5</b>          | <b>(3.8)</b>       | <b>184.0</b>                         | <b>31.1</b>   | <b>349.4</b>  | <b>11.7</b>               | <b>361.1</b> |

AS REGARDS THE ITEMS IN CONSOLIDATED EQUITY, SEE NOTES 11 AND 12.

## CONSOLIDATED STATEMENT OF CASH FLOWS

(MILLIONS OF EUROS)

|  | Note  | 30 June<br>2019 | 30 June<br>2018 |
|--|-------|-----------------|-----------------|
| <b>OPERATING ACTIVITIES</b>  |       |                 |                 |
| Net profit from continuing operations  |       | 31.1            | 54.1            |
| Profit (loss) from discontinued operations/disposal groups   |       | –               | (10.2)          |
| Profit attributable to equity holders of the parent  |       | 31.1            | 43.9            |
| Adjustments for:   |       |                 |                 |
| - Depreciation and amortization  | 18    | 34.3            | 22.7            |
| - Fair value remeasurement of the interest held in investments accounted for using the equity method | 19-20 | 1.0             | (11.6)          |
| - Changes in provisions for risks and charges and employee defined benefit liabilities               |       | (0.8)           | 0.2             |
| - Unrealized losses (gains) on exchange rate differences   | 20    | (0.4)           | (2.1)           |
| - Other changes  |       | (0.4)           | 1.0             |
| - Change in value of financial assets  |       | –               | 0.6             |
| - Taxes  |       | 14.1            | 24.7            |
| - Non-controlling interests  |       | 1.3             | 9.2             |
| - Result from investments accounted for using the equity method                                      |       | (3.1)           | (2.8)           |
| Operating profit before changes in working capital   |       | 77.1            | 85.8            |
| (Increase) decrease in trade and other receivables, including contract assets                        | 9     | 7.6             | (69.2)          |
| (Increase) decrease in inventories   | 8     | (29.8)          | (29.3)          |
| Increase (decrease) in trade and other payable, including contract liabilities                       | 16    | 1.0             | 17.3            |
| Taxes paid   |       | (3.7)           | (4.8)           |
| <b>CASH FLOW PROVIDED BY OPERATING ACTIVITIES (A)</b>  |       | <b>52.2</b>     | <b>(0.2)</b>    |
| <b>INVESTING ACTIVITIES</b>  |       |                 |                 |
| Investments in property, plant and equipment   | 2     | (12.3)          | (15.5)          |
| Investments in intangible assets   | 3     | (10.3)          | (9.4)           |
| Acquisition business divisions/companies   | 24    | (14.1)          | (7.4)           |
| Purchase of investments  |       | –               | (61.8)          |
| Sale of non-current assets   |       | 0.6             | 0.3             |
| Other changes  |       | 2.8             | 0.9             |
| <b>CASH FLOW USED IN INVESTING ACTIVITIES (B)</b>  |       | <b>(33.3)</b>   | <b>(92.9)</b>   |
| <b>FINANCING ACTIVITIES</b>  |       |                 |                 |
| Granting of loans  | 13    | 43.4            | 172.1           |
| Repayment of borrowings  | 13    | (4.0)           | (71.8)          |
| Issue of bonds   | 13    | 50.0            | –               |
| Repayment of bonds   | 13    | (5.2)           | (5.2)           |
| Increase (decrease) in other financial payables  |       | 25.7            | 20.0            |
| Changes in non-controlling interests   |       | –               | (1.3)           |
| Consideration for exercise of option on non-controlling interests                                    |       | –               | (1.7)           |
| Net change in financial assets and other non current receivables                                     |       | 1.8             | (7.9)           |
| Dividends paid to equity holders of the parent   | 11    | (78.3)          | (66.7)          |
| Dividends paid to non-controlling interests  | 12    | (14.6)          | (17.2)          |
| Payment of interest  |       | (7.5)           | (5.8)           |
| Receipt of interest  |       | 0.2             | 0.1             |
| <b>CASH FLOW PROVIDED BY FINANCING ACTIVITIES (C)</b>  |       | <b>11.5</b>     | <b>14.6</b>     |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS (D=A+B+C)</b>   |       | <b>30.4</b>     | <b>(78.5)</b>   |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (E)</b>                                  | 10    | <b>140.9</b>    | <b>206.7</b>    |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (F=D+E)</b>                                    | 10    | <b>171.3</b>    | <b>128.2</b>    |

AS REGARDS THE ITEM "CASH AND CASH EQUIVALENTS" SEE NOTE 10

# NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

I.M.A. INDUSTRIA MACCHINE AUTOMATICHE S.P.A.  
AND SUBSIDIARIES

(THE CONSOLIDATED FINANCIAL STATEMENTS HAVE BEEN TRANSLATED FROM THE ORIGINAL ITALIAN INTO ENGLISH SOLELY FOR THE CONVENIENCE  
OF INTERNATIONAL READERS)

## A) OVERVIEW

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The half-year financial report at 30 June 2019 was approved by the Board of Directors on 7 August 2019.

IMA Group is a world leader in the design and production of automatic machines for the processing and packaging of pharmaceuticals, cosmetics, tea, coffee, tobacco and other food products.

The sector in which the IMA Group operates is generally characterised by a first half with results that cannot be considered fully representative with those expected for the entire year, due to a concentration of activity in the second part of the year, which is also the case for our competitors.

The Parent Company of the IMA Group is I.M.A. Industria Macchine Automatiche S.p.A. (IMA, IMA S.p.A. or the "Parent Company"), with registered offices at Via Emilia 428/442, Ozzano dell'Emilia (Bologna), and is listed on the electronic stock exchange of Borsa Italiana S.p.A. in the "S.T.A.R." segment.

At 30 June 2019, IMA S.p.A. is 56.789% owned by SO.FI.M.A. Società Finanziaria Macchine Automatiche S.p.A., which is a subsidiary of Lopam Fin S.p.A.

Note that on 16 July 2019 the total asymmetric demerger of Lopam Fin S.p.A. was completed; following the company's cancellation from the companies' register, the entity at the highest hierarchical level that controls IMA S.p.A. is SO.FI.MA Società Finanziaria Macchine Automatiche S.p.A.

Furthermore, it is worth pointing out that IMA S.p.A. adopts the system of shares with increased voting rights pursuant to art. 127-quinquies of the CFA, as commented on in Note 11.

IMA S.p.A. has dealings mainly of a commercial nature with the Group's manufacturing companies, involving the purchase and sale of machines required for the assembly of complete product lines. It also provides these companies with services. IMA's dealings with the Group's marketing companies relate to the sale, distribution and related customer service activities in their respective territories of products manufactured by IMA's various divisions. IMA's manufacturing subsidiaries also have similar relationships with these marketing companies.

## B) GENERAL BASIS OF PREPARATION

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### General principles

This interim financial report at 30 June 2019, prepared pursuant to Article 154-ter of Legislative Decree 58/98 and subsequent amendments, as well as the Issuers' Regulations issued by Consob, has been prepared in accordance with the International Accounting Standards (IAS/IFRS) approved by the European Union and, in particular, the accounting standard applicable for interim financial information (IAS 34).

The condensed half-year consolidated financial statements have been prepared in summary form in accordance with IAS 34. This means that the financial statements do not include all of the information required by annual financial statements and must be read in conjunction with the financial statements prepared at 31 December 2018, which are available on the website [www.ima.it](http://www.ima.it).

*Financial statements*

The statement of financial position has been classified on the basis of the operating cycle, distinguishing between current and non-current components. Costs and revenues for the period are presented in two schedules: a consolidated income statement, which analyses costs according to their nature and a consolidated statement of comprehensive income. The income statement figures for the condensed half-year consolidated financial statements at 30 June 2019 are compared with those at 30 June 2018, as approved by the Board of Directors on 8 August 2018 and available on the website [www.ima.it](http://www.ima.it), to which reference should be made for more details. As discussed below, the 2018 income statement figures have been restated following the sale of 60% of IMA Dairy & Food Holding GmbH.

Changes in equity are indicated in the relative statement, which also includes those that took place in the first half of 2018.

The statement of cash flows has been prepared using the indirect method for determining cash flow from operating activities. The Group classifies interest and dividends as cash flows from financing activities. Unless stated otherwise, the figures in the half-year report at 30 June 2019 are expressed in millions of euros.

*Consolidation principles*

The condensed half-year consolidated financial statements have been prepared using the consolidation principles adopted for preparation of the annual consolidated financial statements at 31 December 2018, as they are compatible.

## C) ACCOUNTING POLICIES AND STANDARDS

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### IMPLEMENTATION OF ACCOUNTING STANDARDS

#### **ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED FROM 1 JANUARY 2019**

The accounting policies used to prepare the half-year report at 30 June 2019 are consistent with those used to prepare the financial statements at 31 December 2018, to which the reader is referred for further information, with the exception of first-time adoption of IFRS 16 - Leases, as commented on below.

The Group has applied IFRS 16 - Leases from 1 January 2019. This standard, published in January 2016, replaces IAS 17 - Leases, IFRIC 4 - Determining whether an arrangement contains a lease, SIC-15 - Operating Leases - Incentives and SIC-27 - Evaluating the substance of transactions in the legal form of a lease.

IFRS 16 defines the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize all leases on the balance sheet on the basis of a single model similar to the one used to account for finance leases under IAS 17.

The Group has applied the standard by adopting the simplified retrospective method, assessing, for leases previously classified as operating leases, the lease liability at the current value of the residual payments due, discounted using the lessee's marginal financing rate on the date of the initial application, and recognising the asset consisting of the right of use for an amount equal to that of the liability. There are therefore no cumulative effects to adjust the opening balance of the equity and the figures for the comparative period have not been restated. In particular, the net assets recorded at the date of FTA amounted to 141.1 million euros (property, plant and equipment of 141.7 million euros, net of deferred costs of 0.6 million euros) and lease liabilities of 141.1 million euros. Furthermore, the Group has used the right not to re-examine whether a contract is, or contains, a lease on the date of first application.

In this half-year financial report, right of use assets (ROU) are shown under Property, plant and equipment in the balance sheet and lease liabilities are shown under Payables to other lenders. Details of the rights of use assets and of the lease liabilities are provided in Notes 2 and 13.

In the statement of cash flows, repayment of the principal and interest on the financial liability is shown as part of the cash flows of the financing activity.

The lease contracts entered into by the Group are essentially attributable to real estate and car leases. The Group did not consider the non-leasing components. It included in the duration of the contract any extension periods covered by the renewal option, when assumed with reasonable certainty that it will be exercised, also based on past experience, and took advantage of the option to exclude short-term contracts (including leases with a duration that ends within 12 months from the date of initial application) from the scope of application of the standard and contracts in which the underlying asset is of low value. The marginal financing rates applied were determined on the basis of the geographical area in which the contracts were stipulated and according to the maturity band to which the contracts belong.

## NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

At 31 December 2018 the difference between the commitments relating to operating leases and rents and the liability deriving from the impact of IFRS 16 at 1 January 2019 is shown below:

| in millions of euros  | 01.01.2019   |
|---|--------------|
| Operating lease obligations at 31 December 2018   | 137.4        |
| Minimum lease payments (notional amount) on finance lease liabilities at 31 December 2018             | 8.3          |
| Relief option for short term leases and for leases of low value assets                                | (1.2)        |
| Other   | 26.6         |
| <b>Gross lease liabilities at 1 January 2019</b>  | <b>171.1</b> |
| Discounting   | (22.1)       |
| <b>Lease liabilities at 1 January 2019</b>  | <b>149.0</b> |
| Present value of finance lease liabilities at 31 December 2018  | (7.9)        |
| <b>Additional lease liabilities as result of the initial application of IFRS 16 at 1 January 2019</b> | <b>141.1</b> |

The amount shown in Other refers mainly to various considerations made about the duration of the contracts when analysing those that were outstanding at the transition date.

In the income statement for the first half of 2019, the FTA of IFRS 16 led to the elimination of operating lease payments for 11.1 million euros and the recognition of depreciation of the right of use and financial charges on the debt of 10.0 million euros and 1.9 million euros, respectively.

The other amendments and interpretations of accounting standards and methods in force from 1 January 2019 govern circumstances and situations that are not present or relevant to the Group's consolidated financial statements:

- ) Amendments to IAS 28 - Long-term Interests in Associates and Joint Ventures;
- ) Amendments to IFRS 9 - Prepayment Features with Negative Compensation;
- ) Amendments to IAS 19 - Plan Amendment, Curtailment or Settlement;
- ) IFRIC Interpretation 23 - Uncertainty over Income Tax Treatments;
- ) Annual cycle of improvements to IFRS 2015-2017 - includes some amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23.



### ACCOUNTING STANDARDS ISSUED BUT NOT YET IN FORCE

The following is a list of the other standards and interpretations that had already been issued at the time this document was being prepared, but were not yet in force:

- ) IFRS 17 - Insurance Contracts;
- ) Amendments to References to the Conceptual Framework in IFRS Standards;
- ) Amendments to IFRS 3 - Definition of a business;
- ) Amendments to IAS 1 and IAS 8 - Definition of material;
- ) Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint ventures.

The Group does not expect any significant impacts on its assets and liabilities, results and financial position from applying these standards.

### USE OF ESTIMATES AND ASSUMPTIONS

When preparing consolidated financial statements, management has to apply accounting standards and methods which, in some cases, depend on difficult and subjective valuations and estimates based on past experience, and on assumptions that from time to time have to be considered reasonable and realistic on a case-by-case basis. Application of these estimates and assumptions affects the amounts shown in the financial statements, namely the balance sheet, income statement and cash flow statement, as well as the explanatory notes. The financial statement items that require more subjectivity on the part of the directors in preparing estimates and for which a change in the conditions underlying the assumptions used can have a significant impact on the Group's consolidated financial statements are:

- ) goodwill and other intangible assets;
- ) deferred tax assets;
- ) inventories;
- ) revenue from contracts with customers;
- ) contract assets and liabilities;
- ) liabilities for employee benefits;
- ) liabilities calculated as the current value of the exercise price of purchase options on minority interests;
- ) bad debt provisions;
- ) identification of a lease contract, estimate of its duration in the presence of options for renewal or early termination, estimate of the components of a liability by lease and the related discount rate;
- ) provisions for risks and charges.

It should also be noted that certain valuation processes, particularly the more complex ones such as assessing whether there is impairment of non-current assets, are generally carried out in full only when preparing the annual financial statements, when all of the information needed is available, except in cases where there are clear signs of impairment that require an immediate assessment of any loss in value.

The interim result is stated net of taxes calculated using the best estimate of the weighted average tax rate expected for the full year.

These estimates and assumptions are reviewed periodically and the effects of any changes are recognized immediately in the period when circumstances change. During the half-year, there were no significant effects deriving from the revision of estimates made in previous financial statements.

### TRANSLATION OF FOREIGN CURRENCY BALANCES

The main exchange rates used to translate the financial statements of foreign companies into euros are presented below:

| Currency           | 1° half 2019        |                       | 31 December 2018    | 1° half 2018        |                       |
|--------------------|---------------------|-----------------------|---------------------|---------------------|-----------------------|
|                    | Final exchange rate | Average exchange rate | Final exchange rate | Final exchange rate | Average exchange rate |
| US dollar          | 1.138               | 1.130                 | 1.145               | 1.166               | 1.210                 |
| GB pound sterling  | 0.897               | 0.874                 | 0.895               | 0.886               | 0.880                 |
| Indian rupee       | 78.524              | 79.124                | 79.730              | 79.813              | 79.490                |
| Chinese yuan       | 7.819               | 7.668                 | 7.875               | 7.717               | 7.709                 |
| Swiss franc        | 1.110               | 1.130                 | 1.127               | 1.157               | 1.170                 |
| Argentine peso (*) | 48.568              | 48.568                | 43.159              | 32.705              | 26.038                |

(\*) Following the adoption of IAS 29, the average exchange rate for the first half of 2019 of the Argentine Peso is equal to the spot exchange rate at 30 June 2019.

## D) FINANCIAL RISK MANAGEMENT

### RISK FACTORS

The Group is exposed to financial risks connected with its business activities, particularly the following:

- ) Credit risk arising from commercial transactions or financing activities;
- ) Liquidity risk related to the availability of financial resources and access to the credit market;
- ) Market risk, specifically:
  - a) Exchange rate risk, relating to operations in areas using currencies other than the functional currency;
  - b) Interest rate risk, relating to the Group's exposure to interest-bearing financial instruments;
  - c) Price risk, associated with changes in the listed price of capital instruments held as financial assets and in commodity prices.

## NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

This half-year report does not include all of the disclosures on financial risk management that are required in annual financial statements. It should therefore be read together with the annual report at 31 December 2018.

There have not been any substantial changes in financial risk management nor in the policies adopted by the Group during the period.

### FAIR VALUE

IFRS 13 establishes the following fair value hierarchy to be used when measuring the financial instruments shown in the balance sheet:

- ) Level 1: quoted prices in active markets;
- ) Level 2: inputs other than the quoted prices of Level 1 that are observable on the market, either directly (prices) or indirectly (derived from prices);
- ) Level 3: inputs that are not based on observable market data.

The following table shows the assets and liabilities measured at fair value at 30 June 2019 and 31 December 2018 by fair value hierarchy level:

| in millions of euros                   | Level 1  | Level 2    | Level 3     | Total       |
|--|----------|------------|-------------|-------------|
| Assets:                                |          |            |             |             |
| Financial assets                       | –        | –          | 20.7        | 20.7        |
| Derivative financial instruments       | –        | 0.1        | –           | 0.1         |
| <b>Total assets at 30.06.2019</b>      | <b>–</b> | <b>0.1</b> | <b>20.7</b> | <b>20.8</b> |
| Liabilities:                           |          |            |             |             |
| Payables for acquisition               | –        | –          | 76.1        | 76.1        |
| Derivative financial instruments       | –        | 6.8        | –           | 6.8         |
| <b>Total liabilities at 30.06.2019</b> | <b>–</b> | <b>6.8</b> | <b>76.1</b> | <b>82.9</b> |
| in millions of euros                   | Level 1  | Level 2    | Level 3     | Total       |
| Assets:                                |          |            |             |             |
| Financial assets                       | –        | –          | 19.0        | 19.0        |
| Derivative financial instruments       | –        | 0.4        | –           | 0.4         |
| <b>Total assets at 31.12.2018</b>      | <b>–</b> | <b>0.4</b> | <b>19.0</b> | <b>19.4</b> |
| Liabilities:                           |          |            |             |             |
| Payables for acquisition               | –        | –          | 62.0        | 62.0        |
| Derivative financial instruments       | –        | 5.1        | –           | 5.1         |
| <b>Total liabilities at 31.12.2018</b> | <b>–</b> | <b>5.1</b> | <b>62.0</b> | <b>67.1</b> |

During the first half of 2019, there were no transfers between the three levels of the fair value hierarchy laid down in IFRS 13. There have not been any significant changes in the commercial or economic circumstances which affect the fair value of financial assets and liabilities.

## NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

The following table shows the changes in Level 3 during the first half of 2019:

| in millions of euros                       | Assets      | Liabilities |
|--|-------------|-------------|
| <b>Balance at 01.01.2018</b>               | 10.4        | 34.3        |
| Profit/(losses) recognized in PL           | (0.6)       | (0.4)       |
| Acquisition of TMC Group                   | –           | 22.4        |
| Acquisition of Ciemme S.r.l.               | –           | 11.9        |
| Increases / (decreases)                    | 4.4         | (1.7)       |
| <b>Balance al 30.06.2018</b>               | <b>14.2</b> | <b>66.5</b> |
| <b>Saldo al 01.01.2019</b>                 | 19.0        | 62.0        |
| Profit/(losses) recognized in PL           | –           | 2.2         |
| Profit/(losses) recognized in OCI          | 1.2         | –           |
| Acquisition of Spreafico Automation S.r.l. | –           | 9.3         |
| Acquisition of Tecmar S.A.                 | –           | 2.2         |
| Increases / (decreases)                    | 0.5         | 0.4         |
| <b>Balance at 30.06.2019</b>               | <b>20.7</b> | <b>76.1</b> |

The liabilities at 30 June 2019 mainly consist of payables for the options subscribed in connection with the purchase of minority interests in subsidiaries.

### E) SCOPE OF CONSOLIDATION

The consolidated financial statements at 30 June 2019 include the financial and operating information of I.M.A. Industria Macchine Automatiche S.p.A. (Parent Company) and of all the companies over which it exercises direct or indirect control.

A list of the companies included in the consolidation is provided in paragraph G of the Notes, with an indication of the consolidation method used.

The main events in the first half of 2019 regarding the companies included in the consolidation area are as follows:

- ) on 2 January 2019, Delta Systems & Automation Inc., 100% owned by Ilapak Inc., was sold to the subsidiary Packaging Systems Holdings Inc. for a total of 12.5 million US Dollars. On the same date, Delta Systems & Automation Inc. was absorbed by Delta Systems & Automation LLC, a newly formed company of Packaging Systems Holdings Inc.;
- ) on 4 February 2019, Transworld Packaging Holding S.p.A. acquired 100% of the Swiss company Luna Investment SA, based in Lugano with share capital of 100 thousand Swiss francs. The company has as its object to purchase, hold, manage and sell equity investments;
- ) on 11 February 2019, IMA Packaging India Pvt. Ltd. was set up, with head office in Thane (India) and share capital of 10 million INR, 100% owned by IMA S.p.A. It is a trading company deals with a commercial activity;

- ) on 11 April 2019, IMA completed the closing of the acquisition of 61.45% of Tecmar S.A., based in Mar del Plata (Argentina), an important player in the South American market in the design, production and marketing of automatic packaging machines in the coffee and food sectors;
- ) on 16 April 2019, IMA completed the closing for the purchase of 70% of Spreafico Automation S.r.l.; the company, based in Calolziocorte (LC), is an important player in the design, production and marketing of automatic machines for filling and preparing capsules for coffee and other soluble products;
- ) on 19 June 2019 IMA acquired a further 50% of CMRE S.r.l., a real estate company based in Bologna, from related parties, thus bringing its total stake in the company to 100%.

See Note 24 "Business combinations" for further information.

Merger plan for the absorption of GIMA TT S.p.A. by the parent company IMA S.p.A.

On 11 June 2019, the Boards of Directors of IMA and GIMA TT S.p.A. approved the merger plan for the absorption of the subsidiary GIMA TT S.p.A. by the parent company IMA S.p.A. The merger also received the favourable opinion of the committee consisting solely of unrelated independent directors of GIMA TT S.p.A. in accordance with the provisions of the related party procedure of GIMA TT S.p.A.

The merger aims to achieve the following main objectives: (i) to create a post-merger company with a higher free float, both in terms of percentage of capital and in absolute value, with shares that are easier to trade and more attractive to investors; (ii) to reduce operating costs for the maintenance of two listed companies and simplify the shareholding structure and the corporate governance structure, thereby generating synergies for the benefit of all shareholders; and (iii) to allow management to devote itself fully to operational management of the "Tobacco" division, minimizing elements of distraction attributable to the recent volatility that has occurred in the sector, which was not foreseeable at the time that GIMA TT S.p.A. was listed in 2017. Talking of which, it is generally felt that this volatility, which obviously gets reflected in significant swings in the shares of GIMA TT S.p.A., can be managed better if GIMA TT S.p.A. is merged with IMA. The proposed transaction will allow GIMA TT S.p.A. shareholders to maintain economic exposure, albeit indirectly through the investment in IMA, to the dynamics of the tobacco market packaging sector, as well as more specifically to the performance of GIMA TT S.p.A.

The exchange ratio has been set at 11.4 IMA ordinary shares with a par value of Euro 0.52 for every 100 ordinary shares of GIMA TT S.p.A. No cash adjustments are envisaged.

To identify the economic elements of the merger, the Boards of Directors of the companies participating in the merger, with the help of financial advisors of proven professionalism and experience, have applied valuation methods commonly used for mergers between companies with characteristics similar to those of IMA and GIMA TT S.p.A. The exchange ratio is based on assessments of the companies resulting from the application of various methods according to best national and international market practices. The merger plan was prepared on the basis of the financial statements at 31 December 2018 of the companies participating in the merger, approved by their respective ordinary shareholders' meetings on 30 April 2019 and used as merger balance sheets for the purposes of art. 2501-quater of the Italian Civil Code.

On 14 June 2019, the President of the Bologna Business Tribunal, in the section that specialises in company law, appointed EY S.p.A., chosen by both IMA S.p.A. and GIMA TT S.p.A., as the joint expert to draw up the report on the fairness of the exchange ratio. Their report said that the methods used to calculate the exchange ratio were suitable.

The merger plan, the balance sheets of IMA and GIMA TT at 31 December 2018, the explanatory reports of the Boards of Directors of IMA and GIMA TT, the fairness opinion on the exchange ratio of the common expert, as well as the other required documentation have been made public pursuant to law and regulation.

As a result of the merger, all of the ordinary shares of GIMA TT S.p.A. will be cancelled and exchanged for IMA ordinary shares, except for the ordinary shares of GIMA TT S.p.A. owned by IMA on the date of completion of the merger, which will be cancelled without exchange. The merger will therefore result in the cancellation of GIMA TT S.p.A. at the date of completion of the merger. Moreover, GIMA TT S.p.A. will cancel all treasury shares held on the date of completion of the merger without exchange. To service the exchange, IMA will increase its share capital by a maximum nominal amount of Euro 2,081,417.52, through the issue of a maximum of 4,002,726 new ordinary shares with a par value of Euro 0.52 each, in application of the exchange ratio.

The ordinary shares of IMA that will be issued and assigned in exchange to the shareholders of GIMA TT S.p.A. will have the same entitlement date as that of the IMA ordinary shares in circulation on the effective date of the merger and will give their holders the same rights as those of the holders of IMA ordinary shares in circulation at the time of assignment.

Subject to the necessary authorisations being granted, the IMA shares assigned to service the exchange will be listed on the MTA, organised and managed by Borsa Italiana S.p.A., as are the its ordinary shares already in circulation.

The merger will produce civil law effects as of the last registration with the Bologna Companies Register, prescribed by the art. 2504-bis civil code or from any subsequent date indicated in the merger deed.

For accounting and tax purposes, the transactions carried out by GIMA TT S.p.A. will be recorded in IMA's financial statements from 1 January of the year in which the legal effects of the merger take place.

On the basis of the information available as of today, following the merger, the shareholders with interests exceeding 3% of the share capital of IMA, assuming that there will be no changes to the current shareholding structure of the companies participating in the merger, will be as follows: SO.FI.M.A. S.p.A. 51.53% and market 48.47%. The merger transaction, which is subject to approval by the Extraordinary Shareholders' Meetings of IMA and GIMA TT S.p.A., on the occurrence of certain conditions, is expected to be completed by the end of this year at latest. The Extraordinary Shareholders' Meetings to approve the merger project will be held on 8 August 2019.

Merger plan for the absorption of GIMA S.p.A., G.S. Coating Technologies S.r.l., Mapster S.r.l. and Revisioni Industriali S.r.l. by the parent company IMA S.p.A.

On 12 June 2019, the plans for IMA S.p.A. to absorb its direct or indirect subsidiaries GIMA S.p.A., GS Coating Technologies S.r.l., Mapster S.r.l. and Revisioni Industriali S.r.l. were filed with the Bologna Companies Register. The mergers will take place in a simplified form, so without an exchange of shares, without the merging company increasing its capital and without any amendment to its articles of association. These mergers will facilitate simplification of the Group's corporate structure and optimisation in the management of financial flows. The mergers will be carried out based on the financial statements at 31 December 2018 of both the merging company and the merged companies.

## F) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The changes reported below were determined with respect to the amounts at 31 December 2018 for balance sheet items and the amounts for first half of 2018 for income statement items. The 2018 income statement figures have been restated following the sale in 2018 of 60% of IMA Dairy & Food Holding GmbH as mentioned in Note 22. In addition, the figures relating to increases in non-current assets for internal work, previously included under Other revenue, were shown separately under Capitalised costs in the consolidated income statement.

### 1. SEGMENT INFORMATION

Operating segments have been identified based on the internal reports used by senior management, in order to allocate resources by sector and evaluate the results. The following are the operating segments into which the Group's activities are divided:

#### Tea, Food & Other sector

It produces plants for the processing of coffee, machines for the packaging of tea and herbal teas in filter bags and the packaging of coffee, for the food & beverage sector, for the personal care sector, for end-of-line equipment, for the dairy sector and for stock cubes and for primary packaging in the food sector with the use of flexible material (horizontal and vertical flow packs) for assembling medical products, for the tissue segment, plus related services.

Operations in this sector are mainly carried out by these companies:

- ) IMA S.p.A. manufactures:

  - machines for the packaging of tea and herbs in filter bags and the packaging of coffee in pods, through the Tea & Herbs Division;
  - end-of-line machines through the BFB Division;
- ) Benhil GmbH and Hassia Packaging Pvt. Ltd. produce machines for forming, filling and sealing, for containers and sticks, for ultraclean closure and wrapping machines;
- ) Ciemme S.r.l. produces automatic end-of-line cartoning machines and systems;
- ) Corazza S.p.A. produces machines and plant for the dosing and packaging of cheese portions and stock cubes;
- ) Eurosicma S.p.A. and Eurotekna S.r.l. manufacture machines and systems for horizontal flowpack and fold packaging for the food and cosmetics industries;
- ) GIMA S.p.A. produces machines for the coffee, food & beverage and personal care sectors;
- ) Ilapak International SA, Ilapak Italia S.p.A., Ilapak (Beijing) Packaging Machinery Co. Ltd. and Delta Systems & Automation Llc. produce automated machines and lines for flexible food and non-food packaging, using horizontal and vertical packaging technologies;
- ) IMA MAI S.A. manufactures machines for the packaging of tea and herbal teas in filter bags;
- ) IMA Medtech Switzerland SA, IMA Automation USA Inc. and IMA Automation Malaysia Sdn. Bhd. manufacture machines for assembling medical products for self-medication, such as inhalers, insulin syringes and injection systems;
- ) Mapster S.r.l. manufactures automatic machines for the filling and packaging of single-serve coffee capsules;
- ) Petroncini Impianti S.p.A. designs, manufactures, installs and operates complete plants for the processing of coffee and related food products;
- ) Revisioni Industriali S.r.l. refurbishes second-hand machines for processed cheese and tea and herbs in filter bags;
- ) Spreafico Automation S.r.l. produces machines for filling and packaging coffee capsules;
- ) Tecmar S.A. produces packaging machines for the coffee and food sectors;
- ) Teknoweb Converting S.r.l. produces machines for the production of wet wipes (converting sector);
- ) Telerobot S.p.A. manufactures machinery for the assembly of plastic materials in the caps and closures sector;
- ) Tissue Machinery Company S.p.A. and Valley Tissue Packaging Inc. produce automatic machines for the packaging and management of tissue and personal care products.

Pharmaceutical sector

Machines for the packaging of pharmaceutical capsules and tablets in blisters and bottles, machines for filling bottles and vials with liquid and powdered products in sterile and non-sterile environments, machines for freeze-drying, tube-filling and cartoning, systems for the production of tablets and capsules and for coating and granulation, as well as related services.

Operations in this sector are mainly carried out by the following companies:

- )] IMA S.p.A. manufactures:
  - blister-pack machines, machines for the packaging of gelcaps, capsules and tablets and cartoning machines through IMA Safe division;
  - machines for the filling of flacons and vials with liquid products and powders under sterile and non-sterile conditions and freeze-drying systems through IMA Life division;
  - tablet pressing machines, capsule filling machines, coating and granulating machines, machines for the movement of powders and depowdering of tablets through the IMA Active division;
- )] CO.MA.DI.S. S.p.A. manufactures tube-filling machines for the pharmaceuticals, cosmetics, chemicals and food industries;
- )] G.S. Coating Technologies S.r.l. manufactures coating machines;
- )] IMA Life (Shanghai) Pharmaceutical Machinery Co. Ltd. produces filling systems under sterile conditions;
- )] IMA Life The Netherlands B.V., IMA Life North America Inc. and IMA Life (Beijing) Pharmaceutical Systems Co. Ltd. manufacture freeze-drying plants for the pharmaceutical industry;
- )] IMA-PG India Pvt Ltd. operates in the production of blister and cartoning machines, mainly for emerging nations;
- )] Swiftpack Ltd. and IMA North America Inc. manufacture machines for the bottling of capsules and tablets for the pharmaceutical industry;
- )] Pharmasiena Service S.r.l. produces filling systems for phials and syringes under sterile conditions.

Tobacco packaging sector

It designs, manufactures and markets machines and plants for tobacco packaging and related services. Activities of this sector are carried out by GIMA TT S.p.A.

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The information on operating segments for first half of 2019 and first half of 2018 is as follows:

| in millions of euros   | 1° half 2019      |                |                   |                   | Total  |
|--|-------------------|----------------|-------------------|-------------------|--------|
|  | Tea, Food & Other | Pharmaceutical | Tobacco packaging | Not allocated (*) |        |
| Revenue from contracts with customers                                | 320.6             | 334.0          | 39.5              | –                 | 694.1  |
| Segment operating profit   | 1.5               | 46.1           | 8.2               | –                 | 55.8   |
| Net financial income (expense) (**)                                  |                   |                |                   |                   | (12.4) |
| Profit (loss) from investments accounted for using the equity method | –                 | 3.1            | –                 | –                 | 3.1    |
| Profit before taxes  |                   |                |                   |                   | 46.5   |
| Taxes  |                   |                |                   |                   | (14.1) |
| Net profit from continuing operations                                |                   |                |                   |                   | 32.4   |
| Profit (loss) from discontinued operations/disposal groups           | –                 | –              | –                 | –                 | –      |
| Net profit for the period  |                   |                |                   |                   | 32.4   |

| in millions of euros   | 1° half 2018      |                |                   |                   | Total  |
|--|-------------------|----------------|-------------------|-------------------|--------|
|  | Tea, Food & Other | Pharmaceutical | Tobacco packaging | Not allocated (*) |        |
| Revenue from contracts with customers                                | 271.9             | 303.2          | 95.6              | –                 | 670.7  |
| Segment operating profit   | (0.2)             | 44.8           | 35.8              | –                 | 80.4   |
| Net financial income (expense) (**)                                  |                   |                |                   |                   | 6.5    |
| Profit (loss) from investments accounted for using the equity method | 0.6               | 2.4            | –                 | (0.2)             | 2.8    |
| Profit before taxes  |                   |                |                   |                   | 89.7   |
| Taxes  |                   |                |                   |                   | (26.4) |
| Net profit from continuing operations                                |                   |                |                   |                   | 63.3   |
| Profit (loss) from discontinued operations/disposal groups           | (10.2)            | –              | –                 | –                 | (10.2) |
| Net profit for the period  |                   |                |                   |                   | 53.1   |

(\*) Not allocated amount relate to investments not directly attributable to the operating sectors.

(\*\*) Financial income and expense have not been allocated to the individual operating segments as it is not possible to indicate specific amounts for each segment; this subdivision is not used in internal reports.

In the first half of 2019 consolidated revenue amounted to 694.1 million euros compared with 670.7 million euros in the same period of 2018, an increase of 3.5%.

The sector in which the Group operates is affected by the strong seasonality of deliveries, such that the first half of the year are never truly indicative of the results achievable for the full year.

The revenue of the Tea, Food & Other segment shows growth of 48.7 million euros due to the higher backlog at the beginning of the year. Due to the different sales mix and improvement in performance, the operating profit increased to 1.5 million euros, net of 1.0 million euros of non-recurring charges.

Revenue in the Pharmaceutical sector was higher than in the same period last year (+30.8 million euros). Operating profit, at 46.1 million euros, shows a slight increase compared with the previous year.

Revenue in the Tobacco sector amounted to 39.5 million euros, a substantial decrease compared with the previous year (95.6 million euros) because of the lower backlog at the beginning of the year and fewer new orders acquired in the sector for new generation products. The operating profit shows a marked reduction.

Total assets at 30 June 2019 and 31 December 2018 are as follows:

| in millions of euros             | Tea, Food & Other | Pharmaceutical | Tobacco packaging | Not-allocated (*) | Total   |
|----------------------------------|-------------------|----------------|-------------------|-------------------|---------|
| Total assets at 30 June 2019     | 950.2             | 599.9          | 66.0              | 299.2             | 1,915.3 |
| Total assets at 31 December 2018 | 818.7             | 474.2          | 92.1              | 274.8             | 1,659.8 |

(\*) Not allocated assets principally comprise financial assets, investments, income tax receivables and deferred tax assets not directly attributable to the operating segments

Following the adoption of IFRS 15 in 2018, the Group has broken down the revenue from contracts with customers into categories that illustrate how economic factors affect the nature, amount, timing and degree of uncertainty of revenue and financial flows.

Both the information provided in the presentations to investors and the information periodically reviewed by the highest operational decision-making level were considered and therefore the breakdown of revenue subsequently presented in three categories was considered appropriate: geographical area, business segment and timing of recognition.



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REVENUE BY GEOGRAPHICAL AREA

| in millions of euros             | 1° half 2019      |                |                   | Total        |
|----------------------------------|-------------------|----------------|-------------------|--------------|
|                                  | Tea, Food & Other | Pharmaceutical | Tobacco packaging |              |
| European Union (excluding Italy) | 83.9              | 101.2          | 7.9               | 193.0        |
| Other European countries         | 36.7              | 14.1           | 2.2               | 53.0         |
| North America                    | 78.4              | 53.9           | –                 | 132.3        |
| Asia & Middle East               | 49.4              | 84.3           | 23.6              | 157.3        |
| Italy                            | 35.7              | 36.7           | 5.6               | 78.0         |
| Other countries                  | 36.5              | 43.8           | 0.2               | 80.5         |
| <b>Total</b>                     | <b>320.6</b>      | <b>334.0</b>   | <b>39.5</b>       | <b>694.1</b> |

| in millions of euros             | 1° half 2018      |                |                   | Total        |
|----------------------------------|-------------------|----------------|-------------------|--------------|
|                                  | Tea, Food & Other | Pharmaceutical | Tobacco packaging |              |
| European Union (excluding Italy) | 90.0              | 92.1           | 31.0              | 213.1        |
| Other European countries         | 28.1              | 25.0           | 4.5               | 57.6         |
| North America                    | 57.6              | 40.5           | –                 | 98.1         |
| Asia & Middle East               | 43.4              | 68.4           | 54.5              | 166.3        |
| Italy                            | 28.1              | 41.7           | 5.5               | 75.3         |
| Other countries                  | 24.7              | 35.5           | 0.1               | 60.3         |
| <b>Total</b>                     | <b>271.9</b>      | <b>303.2</b>   | <b>95.6</b>       | <b>670.7</b> |

REVENUE BY BUSINESS CATEGORY

| in millions of euros | 1° half 2019      |                |                   | Total        |
|----------------------|-------------------|----------------|-------------------|--------------|
|                      | Tea, Food & Other | Pharmaceutical | Tobacco packaging |              |
| Original Equipment   | 230.7             | 234.9          | 18.3              | 483.9        |
| After-Sales          | 89.9              | 99.1           | 21.2              | 210.2        |
| <b>Total</b>         | <b>320.6</b>      | <b>334.0</b>   | <b>39.5</b>       | <b>694.1</b> |

| in millions of euros | 1° half 2018      |                |                   | Total        |
|----------------------|-------------------|----------------|-------------------|--------------|
|                      | Tea, Food & Other | Pharmaceutical | Tobacco packaging |              |
| Original Equipment   | 196.4             | 200.6          | 71.6              | 468.6        |
| After-Sales          | 75.5              | 102.6          | 24.0              | 202.1        |
| <b>Total</b>         | <b>271.9</b>      | <b>303.2</b>   | <b>95.6</b>       | <b>670.7</b> |

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

REVENUE BY TIMING OF RECOGNITION

| <b>1° half 2019</b>        |                      |                     |                      |              |
|----------------------------|----------------------|---------------------|----------------------|--------------|
| in millions of euros       | Tea, Food<br>& Other | Pharma-<br>ceutical | Tobacco<br>packaging | Total        |
| Revenue at a point in time | 158.1                | 123.4               | 16.0                 | 297.5        |
| Revenue over time          | 162.5                | 210.6               | 23.5                 | 396.6        |
| <b>Total</b>               | <b>320.6</b>         | <b>334.0</b>        | <b>39.5</b>          | <b>694.1</b> |

| <b>1° half 2018</b>        |                      |                     |                      |              |
|----------------------------|----------------------|---------------------|----------------------|--------------|
| in millions of euros       | Tea, Food<br>& Other | Pharma-<br>ceutical | Tobacco<br>packaging | Total        |
| Revenue at a point in time | 154.7                | 129.4               | 20.4                 | 304.5        |
| Revenue over time          | 117.2                | 173.8               | 75.2                 | 366.2        |
| <b>Total</b>               | <b>271.9</b>         | <b>303.2</b>        | <b>95.6</b>          | <b>670.7</b> |

**2. PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment report a net increase of 176.1 million euros. The changes during the period were as follows:

| in millions of euros             | Land<br>and<br>Building | Plant and<br>machinery | Industrial<br>and<br>commercial<br>equipment | Other<br>assets | Assets under<br>construction<br>and<br>advances | Total        |
|----------------------------------|-------------------------|------------------------|--|-----------------|---|--------------|
| <b>Balances at 01.01.2019</b>    | <b>66.5</b>             | <b>21.8</b>            | <b>5.0</b>                                   | <b>12.9</b>     | <b>5.7</b>                                      | <b>111.9</b> |
| First time application IFRS 16   | 137.3                   | –                      | –  | 4.4             | –   | 141.7        |
| Additions                        | 17.8                    | 2.5                    | 0.8  | 3.5             | 4.1   | 28.7         |
| Change in scope of consolidation | 13.0                    | 0.7                    | –  | 0.2             | 6.8   | 20.7         |
| Depreciation                     | (11.8)                  | (2.5)                  | (1.0)  | (2.9)           | –   | (18.2)       |
| Reclassifications                | 2.9                     | 0.9                    | 0.4  | –               | (1.2)   | 3.0          |
| Other changes                    | 0.3                     | 0.1                    | –  | (0.2)           | –   | 0.2          |
| <b>Balances at 30.06.2019</b>    | <b>226.0</b>            | <b>23.5</b>            | <b>5.2</b>                                   | <b>17.9</b>     | <b>15.4</b>                                     | <b>288.0</b> |

Property, plant and equipment at 30 June 2019 include rights of use assets of 174.5 million euros as detailed below.

Additions for the period mainly relate to costs incurred to extend and upgrade buildings, rights of use assets and the purchase of plant, machinery and electronic machines.

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In particular, in April 2019 IMA S.p.A. signed a contract concerning the lease of a building with a surface area of approximately 32,600 square metres, located in Castel San Pietro Terme (Bologna). As required by IFRS 16, this contract led to the recognition of rights of use for 13.5 million euros in the first half of 2019.

The change in the consolidation area reflects the acquisition of CMRE S.r.l., Spreafico Automation S.r.l. and Tecmar S.A., as mentioned in Note 24.

Reclassifications refer to the allocation to land and buildings of part of the goodwill provisionally recognized as part of the acquisition of Ciemme S.r.l.

"Other assets" comprise:

| in millions of euros          | 30.06.2019  | 31.12.2018  |
|-------------------------------|-------------|-------------|
| Electronic office equipment   | 8.4         | 7.2         |
| Office furniture and fittings | 2.9         | 2.9         |
| Vehicles                      | 5.7         | 2.0         |
| Other                         | 0.9         | 0.8         |
| <b>Total</b>                  | <b>17.9</b> | <b>12.9</b> |

Assets under construction and advances mainly include the building complex under construction in Ozzano dell'Emilia (BO), attributable to CMRE S.r.l., and equipment and machinery under construction.

The following table provides details of the rights of use assets and related changes during the period:

| in millions of euros                    | Land and Building | Other assets | Assets under construction | Right of use assets |
|---|-------------------|--------------|---------------------------|---------------------|
| <b>Balances at 01.01.2019</b>           | <b>137.3</b>      | <b>4.4</b>   | <b>–</b>                  | <b>141.7</b>        |
| Finance leases reclassifications IAS 17 | 11.8              | 0.6          | –                         | 12.4                |
| Additions                               | 15.2              | 1.2          | –                         | 16.4                |
| Decreases                               | (1.4)             | (0.1)        | –                         | (1.5)               |
| Change in scope of consolidation        | 8.6               | –            | 6.8                       | 15.4                |
| Depreciation                            | (9.2)             | (1.0)        | –                         | (10.2)              |
| Exchange rate difference                | 0.3               | –            | –                         | 0.3                 |
| <b>Balances at 30.06.2019</b>           | <b>162.6</b>      | <b>5.1</b>   | <b>6.8</b>                | <b>174.5</b>        |

The other assets are essentially cars and assets under construction are attributable to CMRE S.r.l., as mentioned previously.

As regards the accounting impact of FTA of IFRS 16, please refer to the comments in the section entitled "Implementation of accounting standards".

It should be noted that in the consolidated financial statements at 31 December 2018, property, plant and equipment included the contractual value of assets held under finance leases and presented in accordance with IAS 17, which was in force until 31 December 2018. From 1 January 2019, the balances outstanding at 31 December 2018 as shown in the above table were reclassified to assets for rights of use, in accordance with IFRS 16.

### 3. INTANGIBLE ASSETS

The movements in intangible assets during the period are analysed below:

| in millions of euros                | Development costs | Industrial patents rights | Software licences, trademarks and similar | Goodwill     | Asset under development and advances | Total        |
|-------------------------------------|-------------------|---------------------------|---|--------------|--------------------------------------|--------------|
| <b>Balances at 01.01.2019</b>       | <b>106.1</b>      | <b>5.5</b>                | <b>103.1</b>                              | <b>222.4</b> | <b>16.9</b>                          | <b>454.0</b> |
| Additions                           | 0.1               | 0.7                       | 0.6                                       | –            | 8.9                                  | 10.3         |
| Sales and eliminations              | –                 | (0.2)                     | –   | –            | –                                    | (0.2)        |
| Acquisitions in the period          | –                 | –                         | –   | 23.6         | –                                    | 23.6         |
| Amortization                        | (9.5)             | (0.9)                     | (5.7)                                     | –            | –                                    | (16.1)       |
| Reclassifications and other changes | 3.2               | –                         | –   | (2.2)        | (3.2)                                | (2.2)        |
| <b>Balances at 30.06.2019</b>       | <b>99.9</b>       | <b>5.1</b>                | <b>98.0</b>                               | <b>243.8</b> | <b>22.6</b>                          | <b>469.4</b> |

Development costs include the costs incurred for unpatented technology, the useful life of which has been estimated to be between 5 and 10 years and is attributable to the following acquisitions:

- ) Ciemme S.r.l., acquired in 2018, 4.3 million euros;
- ) TMC Group, acquired in 2018, 20.9 million euros;
- ) Petroncini Impianti S.p.A., acquired in 2018, 6.7 million euros;
- ) Eurosicma business, 15.7 million euros;
- ) Medtech business, 1.5 million euros;
- ) Benhil GmbH and Hassia Packaging Pvt. Ltd., 7.6 million euros;
- ) Ilapak Group, 6.7 million euros;
- ) Dairy & Convenience Food sector of the Corazza Group for 2.8 million euros.

In addition, this caption includes costs of 10.2 million euros incurred by the Parent Company on projects related to the Pharmaceutical sector, as well as 5.9 million euros on the development of projects for the Tea, Food & Other sector.

Software, licences, trademarks and other rights mainly include applications, management and technical software and intangible assets related to customers ("customer list") and trademarks for 58.0 million euros and 28.5 million euros respectively, recognized following the acquisitions of Eurosicma, Ilapak, Corazza, TMC, Petroncini and Ciemme.

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Goodwill comprises the following:

| in millions of euros                 | 30.06.2019   | 31.12.2018   |
|--------------------------------------|--------------|--------------|
| Tea, Food & Other sector:            |              |              |
| CGU Benhil GmbH                      | 21.2         | 21.2         |
| CGU B.F.B. S.p.A.                    | 1.8          | 1.8          |
| CGU Ciemme S.r.l.                    | 4.4          | 6.1          |
| CGU CMRE S.r.l.                      | 1.0          | –            |
| CGU Eurosicma                        | 12.8         | 12.8         |
| CGU GIMA S.p.A.                      | 1.7          | 1.7          |
| CGU Corazza Group                    | 18.9         | 18.9         |
| CGU Ilapak Group                     | 4.1          | 4.1          |
| CGU Teknoweb Group                   | 13.3         | 13.3         |
| CGU TMC Group                        | 36.4         | 36.6         |
| CGU Hassia Packaging Pvt. Ltd.       | 1.8          | 1.8          |
| CGU Luna Investment SA               | 2.1          | –            |
| CGU MAI S.A.                         | 7.4          | 7.4          |
| CGU Mapster S.r.l.                   | 2.8          | 2.8          |
| CGU Medtech                          | 9.9          | 9.9          |
| CGU Naturapack S.r.l.                | 8.7          | 8.7          |
| CGU Petroncini Impianti S.p.A.       | 7.9          | 8.2          |
| CGU Spreafico Automation S.r.l.      | 17.3         | –            |
| CGU TEAMAC                           | 0.7          | 0.7          |
| CGU Tecmar S.A.                      | 3.2          | –            |
| CGU Telerobot S.p.A.                 | 4.9          | 4.9          |
|                                      | <b>182.3</b> | <b>160.9</b> |
| Pharmaceutical sector:               |              |              |
| CGU CO.MA.DI.S. S.p.A.               | 3.8          | 3.8          |
| CGU DOSA S.r.l.                      | 0.8          | 0.8          |
| CGU G.S. S.r.l. Coating System       | 7.4          | 7.4          |
| CGU G.S. Coating Technologies S.r.l. | 0.6          | 0.6          |
| CGU Edwards Group                    | 23.1         | 23.1         |
| CGU Nova Group                       | 13.7         | 13.7         |
| CGU ICO OLEODINAMICI S.p.A.          | 1.6          | 1.6          |
| CGU MKCS Inc.                        | 0.6          | 0.6          |
| CGU Pharmasiena Service S.r.l.       | 2.1          | 2.1          |
| CGU Precision Gears Ltd.             | 4.0          | 4.0          |
| CGU Shanghai Tianyan                 | 0.9          | 0.9          |
| CGU Zanchetta S.r.l.                 | 2.9          | 2.9          |
|                                      | <b>61.5</b>  | <b>61.5</b>  |
| <b>Total</b>                         | <b>243.8</b> | <b>222.4</b> |

As regards the goodwill recognized after the acquisitions of CMRE S.r.l., Luna Investment SA, Spreafico Automation S.r.l. and Tecmar S.A., please refer to the comments in Note 24.

The change in goodwill relating to the Ciemme S.r.l. and TMC Group CGUs, shown in the reclassifications and other changes shown on the statement of changes in intangible assets, refers to the completion of the initial recognition of business combinations during the previous year within the assessment period.

The impairment tests performed on goodwill pursuant to IAS 36 did not identify the need for any write-downs, having regard for current forecasts and the absence of events suggesting possibly significant losses

## NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

of value. For completeness, the goodwill of the Nova Group, Zanchetta and ICO OLEODINAMICI CGUs was written down in prior years by 0.8 million euros, 2.5 million euros and 1.5 million euros respectively.

Assets under development and advances mainly refer to development projects in progress attributable to the parent company for 14.9 million euros, to GIMA TT S.p.A. for 2.0 million euros and to Tissue Machinery Company S.p.A. for 2.1 million euros. Assets under development have been tested for impairment, but no signs of impairment emerged.

There are no internal or external circumstances that suggest that the Group's tangible and intangible assets have suffered any losses in value.

### 4. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

This item breaks down as follows:

| in millions of euros                        | 30.06.2019  | 31.12.2018  |
|---|-------------|-------------|
| Associates:                                 |             |             |
| Amherst Stainless Fabrication Llc           | 0.4         | 0.4         |
| Atopbi S.p.A.                               | 16.3        | 16.3        |
| B.C. S.r.l.                                 | 3.4         | 3.0         |
| Bacciottini F.lli S.r.l.                    | 0.9         | 0.9         |
| Bolognesi S.r.l.                            | 1.3         | 1.1         |
| I.E.M.A. S.r.l.                             | 1.8         | 1.5         |
| IMA Dairy & Food Holding GmbH               | 12.0        | 12.0        |
| Inkbit LLC                                  | 2.1         | 2.1         |
| LA.CO S.r.l.                                | 0.6         | 0.5         |
| Logimatic S.r.l.                            | 1.2         | 0.9         |
| Meccanica Sarti S.r.l.                      | 1.3         | 1.2         |
| MORC 2 S.r.l.                               | 1.8         | 1.7         |
| O.M.S. Officina Meccanica di Sonico S.r.l.  | 1.1         | 1.0         |
| SIL.MAC. S.r.l.                             | 1.9         | 1.1         |
| Sirio S.p.A. Associazione in partecipazione | 2.6         | 3.3         |
| Other associates                            | 1.5         | 1.7         |
|   | <b>50.2</b> | <b>48.7</b> |
| Joint venture:                              |             |             |
| CMRE S.r.l.                                 | –           | 4.2         |
|   | <b>–</b>    | <b>4.2</b>  |
| <b>Total</b>                                | <b>50.2</b> | <b>52.9</b> |

Trade payables to associates reflects the Group's constant commitment in pursuing close collaboration with those suppliers that play a key role in production, also by considering the possibility of becoming shareholders in their companies.

Brief information about transactions with associates is given below:

- ) Amherst Stainless Fabrication Llc operates in the field of mechanical engineering and industrial assembly;
- ) Atopbi S.p.A.: at 30 June 2019 IMA S.p.A. held 25% of this company's share capital and on 2 July 2019 it acquired a further 56.1%, raising the total stake to approximately 81.1%; for further information, please refer to the comments in the section on significant events after the end of the first half of 2019;
- ) B.C. S.r.l. manufactures machine parts for the Group and third parties;
- ) Bacciottini F.lli S.r.l. processes sheet metal for pharmaceutical machinery;
- ) Bolognesi S.r.l. operates in the field of mechanical engineering and industrial assembly;
- ) I.E.M.A. S.r.l. designs and produces equipment for automated machinery;
- ) IMA Dairy & Food Holding GmbH, through its subsidiaries, looks after the design, construction and sale of automatic machines and integrated systems, to form, fill and seal food products, particularly in the dairy sector;
- ) Inkbit Llc is a start-up located in the USA that specialises in industrial systems, software design and materials science;
- ) LA.CO. S.r.l. manufactures mechanical constructions and repairs machine tools;
- ) Logimatic S.r.l. operates in the marketing, distribution and testing of automatic machines;
- ) Meccanica Sarti S.r.l. is active in the construction of mechanical components for machinery;
- ) MORC 2 S.r.l. operates in the manufacture of industrial handling and automation systems.
- ) O.M.S. Officina Meccanica di Sonico S.r.l. is active in the machining of mechanical parts and machine construction;
- ) SIL.MAC. S.r.l. operates in the field of mechanical engineering, specialising in the construction of machines for third parties.

In relation to CMRE S.r.l., refer to the comments in Note 24 Business combinations.

## 5. FINANCIAL ASSETS

The item breaks down as follows:

| in millions of euros                         | 30.06.2019  | 31.12.2018  |
|--|-------------|-------------|
| Non-current:                                 |             |             |
| · Financial asset measured at amortized cost | 42.6        | 42.2        |
| · Financial asset measured at FVOCI          | 4.9         | 4.9         |
| · Financial asset measured at FVPL           | 0.4         | 0.4         |
|  | <b>47.9</b> | <b>47.5</b> |
| Current:                                     |             |             |
| · Financial asset measured at amortized cost | 3.6         | 8.5         |
| · Financial asset measured at FVOCI          | 15.4        | 12.9        |
| · Financial asset measured at FVPL           | –           | 0.8         |
|  | <b>19.0</b> | <b>22.2</b> |
| <b>Total</b>                                 | <b>66.9</b> | <b>69.7</b> |

Non-current financial assets measured at amortised cost mainly refer to the loan granted by the Parent Company to the associate IMA Dairy & Food Holding GmbH for 40.0 million euros.

Current financial assets valued at FVOCI mainly include investment funds attributable to the Parent Company for 11.1 million euros.

## 6. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments comprise:

| in millions of euros                                 | Assets     | Liabilities | Assets     | Liabilities |
|--|------------|-------------|------------|-------------|
|  | 30.06.2019 | 30.06.2019  | 31.12.2018 | 31.12.2018  |
| Interest rate hedging instruments - cash flow hedges | –          | 6.3         | –          | 3.8         |
| Exchange rate hedging instruments - cash flow hedges | 0.1        | 0.5         | 0.4        | 1.3         |
| <b>Total</b>   | <b>0.1</b> | <b>6.8</b>  | <b>0.4</b> | <b>5.1</b>  |

### INTEREST RATE DERIVATIVES

At 30 June 2019, the amount of 4.8 million euros in liabilities represents the fair value of derivative contracts to hedge the interest rate risk arranged by the Parent Company with leading banks and connected to a bond loan, and part of the medium-term loans that expire by the end of 2023, on a nominal value of 28.6 million US dollars and 180.0 million euros.

Furthermore, the residual amount of 1.5 million euros in liabilities represents the fair value of interest rate hedging derivative contracts entered into by GIMA S.p.A. and CMRE S.r.l. on a nominal value of 6.4 million euros and 17.9 million euros, respectively.

EXCHANGE RATE DERIVATIVES

At 30 June 2019, the amount of 0.1 million euros in assets and 0.5 million euros in liabilities are the fair value of the forward currency purchase and sale contracts taken out by the Group to manage its exchange risk exposure based on a notional of 50.0 million US dollars and 39.0 million Chinese yuan.

**7. DEFERRED TAX ASSETS AND LIABILITIES**

At 30 June 2019, the deferred tax asset of 50.4 million euros (49.2 million euros at 31 December 2018) mainly relates to a deferred tax asset recognized in 2012 on the release of the step-up in the carrying amounts of the controlling interests recorded in IMA S.p.A.'s consolidated financial statements and temporary differences arising on provisions. There are no critical issues that preclude the recoverability of the deferred tax assets.

At 30 June 2019, deferred tax liabilities amount to 58.7 million euros (58.8 million euros at 31 December 2018) and relate mainly to temporary differences between the book values of certain tangible and intangible assets and their values recognized for tax purposes.

**8. INVENTORIES**

This item breaks down as follows:

| in millions of euros                    | 30.06.2019   |                      |              | 31.12.2018   |                      |              |
|---|--------------|----------------------|--------------|--------------|----------------------|--------------|
|   | Gross value  | Impairment provision | Net value    | Gross value  | Impairment provision | Net value    |
| Raw, ancillary and consumable materials | 82.6         | (11.9)               | 70.7         | 76.6         | (10.7)               | 65.9         |
| Work in progress and semifinished goods | 307.6        | (37.5)               | 270.1        | 274.6        | (34.7)               | 239.9        |
| Finished products and goods for resale  | 17.7         | (2.8)                | 14.9         | 16.8         | (2.9)                | 13.9         |
| <b>Total</b>                            | <b>407.9</b> | <b>(52.2)</b>        | <b>355.7</b> | <b>368.0</b> | <b>(48.3)</b>        | <b>319.7</b> |

At 30 June 2019 the inventories attributable to Spreafico Automation S.r.l. and Tecmar S.A. amounted to 5.3 million euros.

The increase in inventories since 31 December 2018 reflects the preparation of machines for delivery to customers in the second half, as well as the substantial backlog of orders already acquired at the end of June.

Movements in these provisions in the period were as follows:

| in millions of euros             |             |
|----------------------------------|-------------|
| <b>Saldo al 01.01.2018</b>       | <b>51.4</b> |
| Net provisions (uses)            | 4.8         |
| Change in scope of consolidation | 0.6         |
| Exchange rate difference         | 0.1         |
| <b>Saldo al 30.06.2018</b>       | <b>56.9</b> |
| <b>Saldo al 01.01.2019</b>       | <b>48.3</b> |
| Net provisions (uses)            | 3.6         |
| Change in scope of consolidation | 0.2         |
| Exchange rate difference         | 0.1         |
| <b>Saldo al 30.06.2019</b>       | <b>52.2</b> |

The net increase in inventories reported in the consolidated cash flow statement differs from the change in the corresponding item of the balance sheet as a result of inventories attributable to business combinations during the period, as commented in Note 24.

## 9. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS

### TRADE AND OTHER RECEIVABLES

This item comprises:

| in millions of euros  | 30.06.2019   | 31.12.2018   |
|-----------------------|--------------|--------------|
| Trade receivables     | 177.4        | 194.5        |
| Advances to suppliers | 29.8         | 23.4         |
| Tax receivables       | 20.2         | 20.0         |
| Deferred costs        | 11.4         | 9.6          |
| Other receivables     | 12.8         | 10.2         |
| <b>Total</b>          | <b>251.6</b> | <b>257.7</b> |

### TRADE RECEIVABLES

Trade receivables include amounts due from customers of 169.7 million euros (183.1 million euros at 31 December 2018) and receivables from associates of 7.7 million euros (11.4 million euros at 31 December 2018).

Customer receivables falling due beyond 12 months amounted to 2.2 million euros (1.2 million euros at 31 December 2018). Deferred payment terms granted to customers resident in countries presenting particular risks are guaranteed by suitable financial instruments to secure collection. There are no significant financial components or rights to make returns.

Trade receivables are carried net of accumulated provisions amounting to 19.7 million euros (18.4 million euros at 31 December 2018).

Assigned receivables not yet due at 30 June 2019 amount to 40.7 million euros, of which 34.9 million euros have been assigned to factoring companies and 5.8 million euros to other financial institutions. The first half of 2019 saw the assignment without recourse of receivables with an overall nominal value of 37.0 million euros.

ADVANCES TO SUPPLIERS

At 30 June 2019, these relate to advances for goods to be used in production and for services totalling, respectively, 20.1 million euros (15.9 million euros at 31 December 2018) and 9.7 million euros (7.5 million euros at 31 December 2018).

This balance includes 3.0 million euros of advances to associated companies (3.3 million euros at 31 December 2018).

TAX RECEIVABLES

Tax receivables mainly consist of VAT recoverable.

OTHER RECEIVABLES

The item includes the residual amount of 5.0 million euros due from TB Tauris Italia S.r.l. in connection with the sale of 60% of the investment in IMA Dairy & Food Holding GmbH.

**CONTRACT ASSETS**

Contract assets relating to contract works are shown net of the related advances, as illustrated below:

| in millions of euros                      | 30.06.2019   | 31.12.2018   |
|---|--------------|--------------|
| Contract assets related to contract works | 478.9        | 432.6        |
| Advances received                         | (281.9)      | (243.1)      |
| <b>Total</b>                              | <b>197.0</b> | <b>189.5</b> |

These contract assets consist of the amount due from customers for contracts in progress at the end of the period, net of advances already received.

Contract work is recorded over a period of time and assessed according to the percentage of completion method based on inputs and is therefore to be considered as amounts due to expire.

The net increase in trade and other receivables reported in the consolidated cash flow statement differs from the change in the corresponding item of the balance sheet as a result of trade receivables attributable to business combinations during the period, as commented in Note 24.

## 10. CASH AND CASH EQUIVALENTS

This item comprises:

| in millions of euros  | 30.06.2019   | 31.12.2018   |
|-----------------------|--------------|--------------|
| Bank current accounts | 170.0        | 140.6        |
| Deposits              | 1.1          | 0.1          |
| Cheques and cash      | 0.2          | 0.2          |
| <b>Total</b>          | <b>171.3</b> | <b>140.9</b> |

For a better understanding of the trend in net financial indebtedness, reference should be made to Note 13.

## 11. EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

### SHARE CAPITAL

The share capital at 30 June 2019, 20.4 million euros, is the share capital issued (fully subscribed and paid up) by the Parent Company, IMA S.p.A., and is made up of 39,260,000 ordinary shares with a par value of 0.52 euros each.

By resolution of 21 April 2017, the Extraordinary Shareholders' Meeting of IMA approved the amendment of certain provisions of the articles of association to provide for the increase in voting rights pursuant to art. 127 quinquies CFA (similar to the concept of loyalty shares).

After uninterrupted ownership of the shares for twenty-four months from the date of registration in the specific list, a number of shareholders have acquired this right.

The total amount of voting rights, which has been disclosed in the terms of art. 85 bis of the Issuers Regulation, as of today, is equal to 62,643,032.

### TREASURY SHARES

On 15 November 2018 the repurchase of treasury shares (share buy-back) was initiated in compliance with the authorisation given by the Shareholders' Meeting of IMA S.p.A. on 27 April 2018. Since the start of the programme, the Parent Company has carried out transactions in its own equity instruments in 2018 by acquiring 101,500 treasury shares for a total of 5.5 million euros. As a result of these purchases and considering the shares already held in portfolio, at 31 December 2018 IMA S.p.A. held 107,000 treasury shares, equal to 0.273% of the share capital.

The Parent Company did not carry out any transactions on treasury shares during the first half of 2019.

### DIVIDENDS

In May 2019, a total dividend of 78.3 million euros was paid, equal to 2.00 euros (gross) per ordinary share in circulation (66.7 million euros, equal to 1.70 euros gross in May 2018).

FAIR VALUE RESERVE

Changes in the fair value reserve break down as follows:

| in millions of euros                        |              |
|---|--------------|
| <b>Balance at 01.01.2018</b>                | <b>(1.3)</b> |
| <i>Cash flow hedges/hedging instruments</i> |              |
| Measurement at fair value                   | (2.3)        |
| Fair value - tax effect                     | 0.5          |
| Realization recognized in PL                | (0.1)        |
| <b>Balance at 30.06.2018</b>                | <b>(3.2)</b> |
| <b>Balance at 01.01.2019</b>                | <b>(2.9)</b> |
| <i>Financial assets at FVOCI</i>            |              |
| Measurement at fair value                   | 1.2          |
| Fair value - tax effect                     | (0.3)        |
| <i>Cash flow hedges/hedging instruments</i> |              |
| Change in scope of consolidation            | (1.0)        |
| Measurement at fair value                   | (1.2)        |
| Fair value - tax effect                     | 0.3          |
| Realization recognized in PL                | 0.1          |
| Tax effect - realization recognized in PL   |              |
| <b>Balance at 30.06.2019</b>                | <b>(3.8)</b> |

OTHER RESERVES AND RETAINED EARNINGS

The changes during the period principally reflect the allocation to reserves of the net profit for the prior period and the distribution of dividends.

In addition, this item includes the reserve on the remeasurement of defined benefit plans, the movements of which during the period were as follows:

| in millions of euros             |               |
|----------------------------------|---------------|
| <b>Balance at 01.01.2018</b>     | <b>(11.6)</b> |
| Change in scope of consolidation | (0.1)         |
| Actuarial value                  | 0.2           |
| <b>Balance at 30.06.2018</b>     | <b>(11.5)</b> |
| <b>Balance at 01.01.2019</b>     | <b>(6.0)</b>  |
| Change in scope of consolidation | (0.1)         |
| Actuarial value                  | (1.4)         |
| Tax effect                       | 0.4           |
| <b>Balance at 30.06.2019</b>     | <b>(7.1)</b>  |

## 12. NON-CONTROLLING INTERESTS

The direct and indirect investments held by the Parent Company IMA S.p.A. together with minority shareholders are indicated below:

|  | Country | 30 June 2019        |                         | 31 December 2018    |                         |
|--|---------|---------------------|-------------------------|---------------------|-------------------------|
|  |         | % held by the Group | % held by third parties | % held by the Group | % held by third parties |
| Digidoc S.r.l.                                     | Italy   | 80%                 | 20%                     | 80%                 | 20%                     |
| Dreamer S.r.l.                                     | Italy   | 90%                 | 10%                     | 90%                 | 10%                     |
| Eurotekna S.r.l.                                   | Italy   | 85.71%              | 14.29%                  | 85.71%              | 14.29%                  |
| GIMA TT S.p.A. (*)                                 | Italy   | 60.40%              | 39.60%                  | 60.39%              | 39.61%                  |
| IMA Fuda (Shanghai) Packaging Mach. Co. Ltd.       | PRC     | 80%                 | 20%                     | 80%                 | 20%                     |
| IMA Life (Shanghai) Ph. Mach. Co. Ltd.             | PRC     | 86.29%              | 13.71%                  | 86.29%              | 13.71%                  |
| O.ASYS S.r.l.                                      | Italy   | 70%                 | 30%                     | 70%                 | 30%                     |
| Petroncini Impianti S.p.A.                         | Italy   | 80%                 | 20%                     | 80%                 | 20%                     |
| Petroncini International Trad. (Shanghai) Co. Ltd. | PRC     | 80%                 | 20%                     | 80%                 | 20%                     |
| Pharmasiena Service S.r.l.                         | Italy   | 70%                 | 30%                     | 70%                 | 30%                     |
| Teknoweb N.A. Llc                                  | USA     | 75%                 | 25%                     | 75%                 | 25%                     |
| Transworld Packaging Holding S.p.A.                | Italy   | 81%                 | 19%                     | 81%                 | 19%                     |

(\*) Percentages calculated taking into account the treasury shares repurchased by the Company.

Transworld Packaging Holding S.p.A. controls twelve companies, either directly or indirectly. For further information, see the list of equity investments provided in section G of the explanatory notes.

Non-controlling interests at 30 June 2019 amounted to 11.7 million euros (23.9 million euros at 31 December 2018) and refer to GIMA TT S.p.A. for 10.3 million euros.

The dividends paid to the minority shareholders in 2019 amount to 14.6 million euros and refer to GIMA TT S.p.A. (14.8 million euros in 2018).

## 13. BORROWINGS

The item includes financial liabilities valued at amortized cost and, in particular, amounts due to banks of 344.4 million euros (273.6 million euros at 31 December 2018), amounts due to other lenders of 161.1 million euros (8.2 million euros at 31 December 2018) and bonds of 150.9 million euros (108.0 million euros at 31 December 2018).



PAYABLES TO BANKS

Payables to banks comprise:

| in millions of euros                                  | 30.06.2019   | 31.12.2018   |
|---|--------------|--------------|
| Non-current:  |              |              |
| · Applied research and technological innovation loans | 5.6          | 3.9          |
| · Other loans   | 210.0        | 172.7        |
|   | <b>215.6</b> | <b>176.6</b> |
| Current:  |              |              |
| · Current accounts                                    | 2.8          | 2.1          |
| · Advances on domestic transactions (Italy)           | 5.2          | 4.1          |
| · Advances on export transactions                     | 73.7         | 51.9         |
| · Advances on export transactions to be carried out   | 26.0         | 20.0         |
| · Applied research and technological innovation loans | 2.0          | 1.7          |
| · Other loans   | 19.1         | 17.2         |
|   | <b>128.8</b> | <b>97.0</b>  |
| <b>Total</b>  | <b>344.4</b> | <b>273.6</b> |

*Applied research and technological innovation loans*

During the period, instalments of 0.9 million euros were paid regularly by the Parent Company as they fell due and new loans of 2.9 million euros were received.

*Other loans*

The principal changes in Other loans relate to the Parent Company and comprise new loans of 40.0 million euros and repayments of 2.9 million euros.

Payables to banks break down by maturity as follows:

| in millions of euros  | 30.06.2019   | 31.12.2018   |
|-----------------------|--------------|--------------|
| Due within 1 year     | 128.8        | 97.0         |
| Due from 1 to 5 years | 174.0        | 175.9        |
| Due beyond 5 years    | 41.6         | 0.7          |
| <b>Total</b>          | <b>344.4</b> | <b>273.6</b> |

It is worth pointing out that a loan obtained by the Parent Company in 2014 from the European Investment Bank (EIB), at 30 June 2019 is secured by a SACE guarantee of 2.8 million euros.

Certain loans and financings are guaranteed by compliance with certain financial covenants calculated on the basis of the half-year and annual consolidated financial statements of the IMA Group. At 30 June 2019, all covenant requirements have been met.

PAYABLES TO OTHER LENDERS

At 30 June 2019 this item includes 160.7 million euros of liabilities for leased assets (including payables to leasing companies for finance leases previously valued according to IAS 17) and 0.4 million euros of payables to factoring companies.

Amounts due to other lenders beyond five years amounted to 66.3 million euros, essentially attributable to property leases.

BONDS

In June 2019, the Parent Company finalised the placement with European institutional investors (through a so-called “Euro private placement”) of a senior bond loan, non-guaranteed and non-convertible, for 50 million euros. The bond loan and a medium-long term cash loan of 180 million euros granted by leading credit institutions in July 2019 are designed to finance the acquisition of ATOP. The bonds are unrated, with a duration of 7 years and are admitted to trading on the Third Market of the Vienna Stock Exchange. The capital will be repaid at par at the scheduled due date, though early redemption is possible. The bonds bear interest from the issue date at a fixed rate of 1.923% per annum.

In May 2014, the Parent Company completed the placement with European institutional investors of a non-convertible bond amounting to 80 million euros, represented by two separate issues of equal amount with 5 and 7 years to maturity, redeemable in lump sums on the respective maturity dates. These bonds bear interest at a fixed rate of 3.875% and 4.375% respectively. On 19 January 2018 the Bondholders' Meeting resolved on the first issue, postponing the maturity date to 13 May 2024 and reducing the interest due after the original maturity date from 3.875% to 1.637%.

In February 2013 IMA S.p.A. completed the US Private Placement of a non-convertible bond totalling 50 million US dollars with repayment in equal instalments over 10 years, starting from the fourth year. This bond incurs interest at a fixed rate of 6.25%. The third tranche was repaid in February 2019 for a total of 7.1 million US dollars.

The bonds are not backed by guarantees and provide for compliance with certain covenants, which are met as of 30 June 2019.

Bonds are analysed as follows:

| in millions of euros                  | 30.06.2019   | 31.12.2018   |
|---------------------------------------|--------------|--------------|
| Non-current portion                   | 145.1        | 100.3        |
| Current portion                       | 5.8          | 7.7          |
| <b>Total book value</b>               | <b>150.9</b> | <b>108.0</b> |
| Measurement at amortized cost         | 4.2          | 3.2          |
| <b>Total nominal redemption value</b> | <b>155.1</b> | <b>111.2</b> |

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

NET DEBT

The breakdown of net debt, alternative performance indicator, is as follows:

| in millions of euros                                     | 30.06.2019     | 31.12.2018     |
|--|----------------|----------------|
| A. Cash and cash equivalents                             | (171.3)        | (140.9)        |
| B. Other cash equivalents                                | (4.2)          | (5.0)          |
| C. Investments in securities                             | (11.3)         | (8.0)          |
| <b>D. Liquidity (A)+(B)+(C)</b>                          | <b>(186.8)</b> | <b>(153.9)</b> |
| <b>E. Current financial receivables</b>                  | <b>(3.5)</b>   | <b>(9.1)</b>   |
| F. Current payables to banks                             | 110.0          | 79.2           |
| G. Current portion of non-current payables               | 44.3           | 27.0           |
| H. Other current financial payables                      | 0.4            | 0.3            |
| <b>I. Current financial debt (F) + (G) + (H)</b>         | <b>154.7</b>   | <b>106.5</b>   |
| <b>J. Net current financial debt (D)+(E)+(I)</b>         | <b>(35.6)</b>  | <b>(56.5)</b>  |
| K. Non-current portion of non-current bank payables      | 215.6          | 176.6          |
| L. Bonds issued  | 145.1          | 100.3          |
| M. Other non-current financial payables                  | 141.0          | 6.4            |
| N. Non-current financial assets                          | (42.6)         | (42.2)         |
| <b>O. Net non-current financial debt (K)+(L)+(M)+(N)</b> | <b>459.1</b>   | <b>241.1</b>   |
| <b>P. Net financial debt (J)+(O)</b>                     | <b>423.5</b>   | <b>184.6</b>   |

At 1 January 2019, the FTA of IFRS 16 resulted in an increase in payables of 141.1 million euros.

When preparing the table of net financial indebtedness, which is not identified as an accounting measurement by international accounting standards, we took into account the requirements of Consob Communication DEM/6064293 of 28 July 2006, even though we included financial receivables classified as non-current financial assets.

Total non-current financial assets differs from that reported in the balance sheet as it does not include equity interests in other companies. A breakdown of the items comprising net debt is given in Notes 5 and 10.

The Group also has payables in respect of acquisitions totalling 79.1 million euros (65.9 million euros at 31 December 2018), predominantly relating to the options agreed for the purchase of the minority interests in subsidiaries.

Net debt at the end of the period amounts to 423.5 million euros compared with 184.6 million euros at 31 December 2018. The increase derives from the FTA of IFRS 16 (150.5 million euros), the dividends paid by the Parent Company (78.3 million euros paid in May 2019) and the purchase of the shares in Spreafico Automation S.r.l. and Tecmar S.A. for a total of 9.7 million euros.

In fact, net debt is expected to contract significantly towards the end of the year. This is a normal process due to the seasonal nature of the business, with 30 June falling into a period of the year when working capital always rises because of work on contracts that will be delivered later in the year.

#### 14. EMPLOYEE DEFINED BENEFIT LIABILITIES

This item includes post-employment benefits valued actuarially by independent actuaries using the project unit credit method under IAS 19. It mainly comprises the pension funds belonging to the newly-acquired companies of the Dairy&Food business and severance indemnity provisions made by the Group's Italian companies.

The movements in these provisions in the period were as follows:

| in millions of euros                                      |             |
|---|-------------|
| <b>Balance at 01.01.2019</b>                              | <b>34.7</b> |
| Current service cost                                      | 0.8         |
| Financial charges   | 0.2         |
| Net actuarial losses (gains) recognized during the period | 1.5         |
| Change in scope of consolidation                          | 0.4         |
| Benefit paid out during the period                        | (1.0)       |
| <b>Balance at 30.06.2019</b>                              | <b>36.6</b> |

The change in the consolidation area includes the defined benefit plans of Spreafico Automation S.r.l.

The employee defined benefit liabilities are analysed below by geographical area:

| in millions of euros | 30.06.2019  | 31.12.2018  |
|----------------------|-------------|-------------|
| Italy                | 24.5        | 22.4        |
| Germany              | 6.8         | 6.5         |
| Switzerland          | 3.2         | 3.7         |
| France               | 0.3         | 0.3         |
| North America        | 0.9         | 1.0         |
| Other countries      | 0.9         | 0.8         |
| <b>Total</b>         | <b>36.6</b> | <b>34.7</b> |

The following economic-financial assumptions were adopted in relation to the Italian companies:

|  | 30.06.2019 | 31.12.2018 |
|--|------------|------------|
| Annual discount rate                           | 0.76%      | 1.58%      |
| Annual inflation rate                          | 1.50%      | 1.50%      |
| Annual rate of increase of total compensation  | 2.50%      | 3.00%      |
| Annual rate of increase of severance indemnity | 2.63%      | 2.63%      |

The discounting rate applicable to Italian companies was determined with reference to the iBoxx Eurozone Corporates AA 10+ index. Compared with 31 December 2018, there were no changes in the main demographic assumptions used by the actuary for Italian companies.

## 15. PROVISIONS FOR RISKS AND CHARGES

These provisions break down as follows:

| in millions of euros           | Balance at<br>31.12.2018 | Net<br>increases | Net<br>decreases | Change<br>in scope of<br>consolidation | Balance at<br>30.06.2019 |
|--------------------------------|--------------------------|------------------|------------------|--|--------------------------|
| Non-current:                   |                          |                  |                  |  |                          |
| Agency termination indemnities | 3.4                      | –                | (0.1)            | 0.1                                    | 3.4                      |
| Other provisions               | 1.2                      | –                | (0.4)            | 0.1                                    | 0.9                      |
|                                | <b>4.6</b>               | <b>–</b>         | <b>(0.5)</b>     | <b>0.2</b>                             | <b>4.3</b>               |
| Current:                       |                          |                  |                  |  |                          |
| Product guarantee provision    | 25.0                     | 1.5              | (1.2)            | 0.4                                    | 25.7                     |
| Other provisions               | 2.4                      | 0.1              | (0.5)            | –                                      | 2.0                      |
|                                | <b>27.4</b>              | <b>1.6</b>       | <b>(1.7)</b>     | <b>0.4</b>                             | <b>27.7</b>              |
| <b>Total</b>                   | <b>32.0</b>              | <b>1.6</b>       | <b>(2.2)</b>     | <b>0.6</b>                             | <b>32.0</b>              |

The product guarantee provision was established on the basis of estimated expenses for work to be performed under guarantee after 30 June 2019 (as provided for by current laws - so-called "assurance-type warranties").

Other provisions are made up of provisions for risks and charges made to cover tax liabilities or charges that might arise from contractual obligations.

## 16. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

### TRADE AND OTHER PAYABLES

This item breaks down as follows:

| in millions of euros                                    | 30.06.2019   | 31.12.2018   |
|---|--------------|--------------|
| Trade payables  | 376.1        | 364.2        |
| Social security and defined-contribution plans payables | 10.3         | 14.2         |
| Tax payables  | 9.0          | 12.1         |
| Due to employees  | 76.0         | 67.2         |
| Payables in respect of acquisitions                     | 79.1         | 65.9         |
| Deposits  | 1.5          | 2.0          |
| Other payables  | 13.4         | 11.6         |
| <b>Total</b>  | <b>565.4</b> | <b>537.2</b> |

### TRADE PAYABLES

This item includes trade payables of 282.4 million euros (264.7 million euros at 31 December 2018), payables to agents of 14.8 million euros (16.0 million euros at 31 December 2018) and trade payables to associates of 78.9 million euros (83.5 million euros at 31 December 2018).

TAX PAYABLES

Tax payables mainly consist of income tax withheld from employees' wages and salaries.

DUE TO EMPLOYEES

The item mainly reflects the payable relating to deferred monthly payments and accrued holidays. This item includes 9.9 million euros classified among the non-current liabilities (7.7 million euros at 31 December 2018).

PAYABLES IN RESPECT OF ACQUISITIONS

At 30 June 2019 these include payables for the purchase of investments relating to the acquisitions that took place in the first half of 2019 for 14.1 million euros, relating to Spreafico Automation S.r.l. and Tecmar S.A., to the acquisitions that took place in 2018 for 31.2 million euros, mainly relating to Ciemme S.r.l. and TMC Group and to the acquisitions that took place in previous years for 33.8 million euros, which mainly relate to Eurosicma S.p.A. and Teknoweb Converting S.r.l.

The total amount of payables for acquisitions classified under non-current liabilities comes to 76.0 million euros (62.6 million euros at 31 December 2018).

OTHER PAYABLES

Other payables include 4.7 million euros classified under non-current liabilities (4.4 million euros at 31 December 2018).

**CONTRACT LIABILITIES**

This caption is analysed as follows:

| in millions of euros                           | 30.06.2019   | 31.12.2018   |
|--|--------------|--------------|
| Advances received from customers               | 130.5        | 133.5        |
| Contract liabilities related to contract works | 47.0         | 40.4         |
| <b>Total</b>                                   | <b>177.5</b> | <b>173.9</b> |

The high level of advances from customers for uncompleted contracts is due mainly to the large volume of orders received at the reporting date.

Contract liabilities relating to existing contracts are shown net of the related assets, as illustrated below:

| in millions of euros                      | 30.06.2019  | 31.12.2018  |
|---|-------------|-------------|
| Advances received                         | 110.0       | 104.1       |
| Contract assets related to contract works | (63.0)      | (63.7)      |
| <b>Total</b>                              | <b>47.0</b> | <b>40.4</b> |

Contract liabilities consist of advances received for contract work in progress at the end of the period, net of the assets relating to existing contracts.

The net increase in trade and other receivables reported in the consolidated cash flow statement differs from the change in the corresponding item of the balance sheet as a result of trade receivables attributable to business combinations during the period, as commented in Note 24.

## 17. PERSONNEL COSTS

This item breaks down as follows:

| in millions of euros                  | 1st half<br>2019 | 1st half<br>2018 | Change      |
|---------------------------------------|------------------|------------------|-------------|
| Wages and salaries                    | 153.4            | 136.3            | 17.1        |
| Social security contributions         | 36.0             | 32.0             | 4.0         |
| Board of Directors' emoluments        | 5.2              | 6.8              | (1.6)       |
| Pensions - defined-benefit plans      | 0.8              | 0.7              | 0.1         |
| Pensions - defined-contribution plans | 7.5              | 6.8              | 0.7         |
| Other personnel costs                 | 10.9             | 11.9             | (1.0)       |
| <b>Total</b>                          | <b>213.8</b>     | <b>194.5</b>     | <b>19.3</b> |

Personnel costs related to Ciemme S.r.l. and the TMC Group, which were not included in the consolidation area in the first half of 2018, amounted to 10.2 million euros. In addition, the item includes 1.1 million euros attributable to the newly acquired Spreafico Automation S.r.l. and Tecmar S.A.

The increase in personnel costs also reflects the rise in the total number of employees during the period.

In the first half of 2019, the IMA Group employed an average of 5,755 persons, as follows:

|                    | 1st half<br>2019 | 1st half<br>2018 | Change     |
|--------------------|------------------|------------------|------------|
| Management         | 308              | 229              | 79         |
| Office workers     | 3,709            | 3,434            | 275        |
| Production workers | 1,738            | 1,561            | 177        |
| <b>Total</b>       | <b>5,755</b>     | <b>5,224</b>     | <b>531</b> |

At the end of period, the Group had 5,863 employees (5,623 at 31 December 2018), of whom 101 were attributable to Spreafico Automation S.r.l. and Tecmar S.A.

## 18. DEPRECIATION, AMORTIZATION AND WRITE-DOWNS

This caption includes the depreciation of property, plant and equipment of 18.2 million euros (6.9 million euros in the first half of 2018), amortization of intangible assets of 16.1 million euros (11.3 million euros in the first half of 2018) and the accrual to the bad debt provision of 1.0 million euros.

In the first half of 2019 the FTA of IFRS 16 led to the recognition of depreciation on rights of use assets of 10.0 million euros.

## 19. FINANCIAL INCOME

This item comprises:

| in millions of euros   | 1st half<br>2019 | 1st half<br>2018 | Change        |
|--|------------------|------------------|---------------|
| Fair value remeasurement of the interest held in Petroncini S.p.A. | –                | 11.6             | (11.6)        |
| Interest income from banks   | 0.2              | 0.2              | –             |
| Income from derivative financial instruments                       | 0.1              | 0.3              | (0.2)         |
| Other interest income and financial income                         | 1.0              | 0.8              | 0.2           |
| Exchange rate gains  | 8.3              | 11.8             | (3.5)         |
| <b>Total</b>   | <b>9.6</b>       | <b>24.7</b>      | <b>(15.1)</b> |

With regard to the gain on remeasurement of the interest in Petroncini S.p.A. at fair value recognized in the first half of 2018, please refer to the comments in the 2018 annual financial report.

## 20. FINANCIAL EXPENSE

This item comprises:

| in millions of euros                                      | 1st half<br>2019 | 1st half<br>2018 | Change     |
|---|------------------|------------------|------------|
| Fair value remeasurement of the interest held in CMRE S.r | 1.0              | –                | 1.0        |
| Interest expense on bank payables                         | 2.3              | 1.9              | 0.4        |
| Interest expense on bonds                                 | 2.5              | 2.7              | (0.2)      |
| Interest expense on leases                                | 1.9              | –                | 1.9        |
| Net financial expense on defined-benefit plans            | 0.3              | 0.2              | 0.1        |
| Loss on financial assets at FVPL                          | –                | 0.6              | (0.6)      |
| Bank guarantee expenses                                   | 0.3              | 0.3              | –          |
| Expense from derivative financial instruments             | 0.8              | 0.7              | 0.1        |
| Change in fair value for contingent consideration         | 2.3              | –                | 2.3        |
| Other interest and financial expense                      | 2.0              | 2.0              | –          |
| Net expense from hyperinflation                           | 0.3              | –                | 0.3        |
| Exchange rate losses                                      | 8.3              | 9.8              | (1.5)      |
| <b>Total</b>  | <b>22.0</b>      | <b>18.2</b>      | <b>3.8</b> |

At 30 June 2019, exchange rate gains and losses included, respectively, unrealized gains of 4.0 million euros (6.7 million euros in the first half of 2018) and unrealized losses of 3.6 million euros (4.4 million euros in the first half of 2018).

## 21. TAXES

Taxation includes taxes for the period, calculated using the best estimate of the weighted average tax rate for the full year.

The following companies form part of the domestic tax group: IMA S.p.A., CO.MA.DI.S. S.p.A., Corazza S.p.A., Packaging Manufacturing Industry S.r.l. and Revisioni Industriali S.r.l. as consolidated companies and SO.FI.MA. S.p.A. as the consolidating company.

## 22. PROFIT (LOSS) FROM DISCONTINUED OPERATIONS/DISPOSAL GROUPS

As mentioned in the 2018 annual report, on 20 December 2018, IMA S.p.A. completed the closing of the sale of 60% of its investment in IMA Dairy & Food Holding GmbH to TB Tauris Italia S.r.l.

The income statement items attributable to the business sold were as follows:

| in millions of euros  | 1st half 2018 |
|---|---------------|
| Revenue and other revenue   | 60.8          |
| Costs   | (72.0)        |
| Financial income and expense                                      | (0.7)         |
| Income taxes  | 1.7           |
| <b>Profit (loss) from discontinued operations/disposal groups</b> | <b>(10.2)</b> |

## 23. EARNINGS PER SHARE

Basic earnings per share are calculated as the ratio of Group net profit to the weighted average number of ordinary shares outstanding during the year, as follows:

|  | 1st half 2019 | 1st half 2018 |
|--|---------------|---------------|
| Net profit from continuing operations (millions of euros)                        | 31.1          | 54.1          |
| Average number of outstanding ordinary shares (millions of shares)               | 39.2          | 39.2          |
| <b>Earning per share from continuing operations (in euros)</b>                   | <b>0.79</b>   | <b>1.38</b>   |
| Profit (loss) from discontinued operations/disposal groups (millions of euros)   | –             | (10.2)        |
| Average number of outstanding ordinary shares (millions of shares)               | 39.2          | 39.2          |
| <b>Earning per share from discontinued operations/disposal groups (in euros)</b> | <b>–</b>      | <b>(0.26)</b> |
| Profit for the period (millions of euros)  | 31.1          | 43.9          |
| Average number of outstanding ordinary shares (millions of shares)               | 39.2          | 39.2          |
| <b>Earning per share (in euros)</b>  | <b>0.79</b>   | <b>1.12</b>   |

For the IMA Group, basic earnings per share and diluted earnings per share are the same, given the absence of instruments that might result in dilution.



## 24. BUSINESS COMBINATIONS

On 4 February 2019, Transworld Packaging Holding S.p.A. acquired 100% of the Swiss company Luna Investment SA, based in Lugano with share capital of 100 thousand Swiss francs, for a total of 2.0 million euros. The company has as its object to purchase, hold, manage and sell equity investments. The goodwill recognized provisionally amounts to approximately 2 million euros.

On 11 April 2019, IMA completed the closing of the acquisition of 61.45% of Tecmar S.A., based in Mar del Plata (Argentina), an important player in the South American market in the design, production and marketing of automatic packaging machines in the coffee and food sectors. IMA has also signed put & call options on the other 38.55%, to be exercised after the approval of the financial statements at 31 December 2023.

The main provisional values for assets and liabilities at the acquisition date were as follows:

| in millions of euros                 | Amounts<br>acquired | Fair<br>value |
|--------------------------------------|---------------------|---------------|
| Property, plant and equipment        | 0.4                 | 0.4           |
| Inventories                          | 0.9                 | 0.9           |
| Trade receivables and other assets   | 0.7                 | 0.7           |
| Cash and cash equivalents            | 1.1                 | 1.1           |
| Borrowings                           | (0.3)               | (0.3)         |
| Income tax liabilities               | (0.4)               | (0.4)         |
| Trade payables and other liabilities | (1.7)               | (1.7)         |
| <b>Total</b>                         | <b>0.7</b>          | <b>0.7</b>    |
| Cost of acquisition                  |                     | 3.9           |
| <b>Goodwill</b>                      |                     | <b>3.2</b>    |

The cost of the acquisition includes the amount of 1.7 million euros (1.4 million euros paid at the closing with the balance due in May 2019), and the fair value of payables relating to the options for the purchase of the other 38.55% of Tecmar S.A. for 2.2 million euros, discounted using the return on government securities with the same maturity.

At 30 June 2019, the newly acquired company, which has been consolidated for 3 months, generated revenue of 0.9 million euros, an operating result close to break-even and personnel costs of 0.4 million euros.

On 16 April 2019, IMA completed the closing for the purchase of 70% of Spreafico Automation S.r.l.; the company, based in Calolziocorte (LC), is an important player in the design, production and marketing of automatic machines for filling and preparing capsules for coffee and other soluble products. IMA has also been granted a purchase option, exercisable in April 2028, for the other 30% of the company.

## NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

The main provisional values for assets and liabilities at the acquisition date were as follows:

| in millions of euros                 | Amounts<br>acquired | Fair<br>value |
|--------------------------------------|---------------------|---------------|
| Property, plant and equipment        | 3.6                 | 3.6           |
| Inventories                          | 5.3                 | 5.3           |
| Trade receivables and other assets   | 4.9                 | 4.9           |
| Cash and cash equivalents            | 1.0                 | 1.0           |
| Borrowings                           | (2.0)               | (2.0)         |
| Employee defined benefit liabilities | (0.4)               | (0.4)         |
| Income tax liabilities               | (0.5)               | (0.5)         |
| Trade payables and other liabilities | (7.6)               | (7.6)         |
| <b>Total</b>                         | <b>4.3</b>          | <b>4.3</b>    |
| Cost of acquisition                  |                     | 21.6          |
| <b>Goodwill</b>                      |                     | <b>17.3</b>   |

The cost of the acquisition includes the 10.0 million euros paid at the closing, the balance of the provisional price of 2.4 million euros paid in July 2019 and the potential consideration of 9.2 million euros, of which 3.3 million by way of earn-out and 5.9 million for the fair value of the options for the purchase of the other 30% of Spreafico Automation S.r.l., discounted using the return on government securities with the same maturity.

At 30 June 2019, the newly acquired consolidated company for 3 months, generated revenue of 4.7 million euros, an operating loss of 0.9 million euros, including personnel costs of 0.7 million euros.

On 19 June 2019 IMA acquired a further 50% of CMRE S.r.l., a real estate company based in Bologna, from related parties for 5.0 million euros, thus bringing its total stake in the company to 100%. As required by IFRS 3, if a business combination is carried out in stages, the previously held interest is remeasured at fair value at the date control is acquired and the difference between it and the value of the previously held investment is recognized in the income statement; the charge relating to the acquisition of CMRE S.r.l., calculated in this way, was equal to Euro 1.0 million. The goodwill recognized provisionally amounts to approximately 1.0 million euros.

The amounts recognized at the acquisition date were determined provisionally as required by IFRS 3; any adjustments will be recorded within 12 months from the date of the acquisitions.

0.5 million euros of ancillary charges related to the acquisition were booked to the income statement under services, rentals and leases.

At 30 June 2019 the amount of the purchase price that has been paid, net of the cash acquired, amounts to 14.1 million euros.

## 25. GUARANTEES GRANTED

At 30 June 2019, the Group has given sureties and other bank guarantees to customers totalling 27.6 million euros for the proper operation of machinery, bid bonds and advances not yet received, sureties to guarantee rental contracts for 9.2 million euros and sureties in favour of others for 2.0 million euros.

The Parent Company has also given sureties and other guarantees (binding letters of patronage) to third parties on behalf of subsidiaries and associates, with respect to lines or credit or financing extended by banks and the payment of rental fees for 362.3 million euros.

Ilapak International SA and Packaging Manufacturing Industry S.r.l. have provided guarantees to third parties in the interest of Ilapak Verpackungsmaschinen GmbH for 2.1 million euros and Logimatic S.r.l. for 0.6 million euros.

Lastly, note that sureties were issued against advances received from customers for a total of 88.7 million euros (117.0 million euros at 31 December 2018), of which 30.5 million euros reflect the use of credit lines guaranteed by commitments on the part of the Parent Company.

## 26. COMMITMENTS

At 30 June 2019 there are commitments for the purchase of property, plant and equipment and intangible assets of 14.9 million euros relating principally to the property complex being built by CMRE S.r.l.

Other commitments in favour of third parties, 14.0 million euros, mainly consist of the Parent Company's agreement to buy further units of the mutual funds.

## 27. RELATED-PARTY TRANSACTIONS

In compliance with current Consob regulations on Related-Party Transactions, from 2010 IMA S.p.A. adopted the procedure to be followed by IMA and its subsidiaries when carrying out transactions with parties related to IMA; this procedure was updated on 15 February 2019.

At 30 June 2019, IMA S.p.A. is 56.789% owned by SO.FI.M.A. Società Finanziaria Macchine Automatiche S.p.A., which is a subsidiary of Lopam Fin S.p.A. Note that on 16 July 2019 the total asymmetric demerger of Lopam Fin S.p.A. was completed; following the company's cancellation from the companies' register, the entity at the highest hierarchical level that controls IMA S.p.A. is SO.FI.M.A. Società Finanziaria Macchine Automatiche S.p.A.

Intercompany transactions are carried out in the ordinary course of business on arm's-length terms. Relations with other related parties are mainly attributable to the persons who control the Parent Company, to persons who administer and direct the activities of IMA S.p.A. and to entities that are controlled by them.

The Board must give advance approval in its meetings for all transactions with related parties, including inter-company transactions, except for transactions carried out in the ordinary course of business on arm's-length terms.

Related party transactions mainly refer to commercial and property operations (leased premises used by the Parent Company or Group companies), as well as to membership of the tax group.

Note that during the period there were no "more significant transactions", as defined in the Consob regulation, no individual Related Party transactions that could have had a material influence over Group companies' balance sheet or results and no changes or developments in Related Party transactions explained in the last annual report that could have had a material influence over Group companies' balance sheet or results.

As regards the merger plan for the absorption of GIMA TT S.p.A. by IMA S.p.A., as announced on 11 June 2019 and commented on in the section "Consolidation area", the following matters should be noted:

- ) as regards IMA, the merger is exempt from the application of the specific company procedure that regulates transactions with related parties, as it is a transaction carried out with a subsidiary in which there are no significant interests of other related parties;
- ) as regards GIMA TT S.p.A., the merger constitutes a transaction with related parties that is not exempt from the application of the specific company procedure, as it is concluded with the controlling shareholder. Moreover, from a size point of view, this operation is considered to be of "greater significance". Consequently, the merger project was approved by the Board of Directors of GIMA TT S.p.A. subject to the reasoned favourable opinion of the committee consisting solely of unrelated independent directors of GIMA TT S.p.A. regarding the company's interest in completing the transaction, as well as the convenience and substantial and procedural correctness of the terms and conditions of the merger of GIMA TT S.p.A. and IMA, which was unanimously given on 10 June 2019.



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The following table details the main transactions carried out with related parties:

| in millions of euros                       | Receivables at<br>30.06.2019 | Receivables at<br>31.12.2018 | Payables at<br>30.06.2019 | Payables at<br>31.12.2018 |
|--|------------------------------|------------------------------|---------------------------|---------------------------|
| <b>Associates and joint venture:</b>       |                              |                              |                           |                           |
| Amherst Stainless LLC                      | 1.0                          | 1.1                          | 0.2                       | 0.6                       |
| Atopbi S.p.A.                              | 16.3                         | 16.3                         | –                         | –                         |
| B.C. S.r.l.                                | 3.4                          | 3.0                          | 1.3                       | 0.8                       |
| Bacciottini F.Ili S.r.l.                   | 1.2                          | 1.2                          | 7.7                       | 5.7                       |
| Bolognesi S.r.l.                           | 1.3                          | 1.1                          | 4.9                       | 5.1                       |
| CMRE S.r.l.                                | –                            | 8.5                          | –                         | –                         |
| Doo Officina-Game East Vrsac               | 1.5                          | 1.4                          | 0.1                       | 0.1                       |
| I.E.M.A. S.r.l.                            | 3.2                          | 2.9                          | 17.5                      | 20.0                      |
| IMA Dairy & Food Holding GmbH              | 52.3                         | 52.8                         | 0.5                       | 1.3                       |
| Inkbit LLC                                 | 2.1                          | 2.1                          | –                         | –                         |
| LACO S.r.l.                                | 1.0                          | 0.8                          | 3.0                       | 2.9                       |
| Logimatic S.r.l.                           | 9.9                          | 8.7                          | 20.2                      | 20.9                      |
| Meccanica Sarti S.r.l.                     | 1.3                          | 1.2                          | 0.6                       | 0.8                       |
| Me.Mo. S.r.l.                              | 1.7                          | 1.5                          | 0.1                       | 0.1                       |
| MORC 2 S.r.l.                              | 1.8                          | 1.7                          | 1.5                       | 0.9                       |
| O.M.S. Officina Meccanica di Sonico S.r.l. | 1.1                          | 1.0                          | 0.7                       | 1.2                       |
| RO.SI S.r.l.                               | 0.4                          | 0.3                          | 2.1                       | 2.3                       |
| SIL.MAC S.r.l.                             | 2.5                          | 2.2                          | 8.6                       | 10.4                      |
| STAMA. S.r.l.                              | 0.2                          | 0.1                          | 2.0                       | 1.6                       |
| Talea S.r.l.                               | 6.6                          | 7.1                          | 6.0                       | 6.7                       |
| Other associates                           | 1.0                          | 1.5                          | 1.9                       | 1.9                       |
|  | <b>109.8</b>                 | <b>116.5</b>                 | <b>78.9</b>               | <b>83.3</b>               |
| <b>Other related parties:</b>              |                              |                              |                           |                           |
| 3-T S.r.l.                                 | –                            | –                            | 1.3                       | –                         |
| Atop S.p.A.                                | 2.3                          | 4.0                          | –                         | –                         |
| Costal S.r.l.                              | –                            | –                            | 1.4                       | 1.6                       |
| EPSOL S.r.l.                               | 1.3                          | 1.3                          | 5.4                       | 5.1                       |
| Erca S.A.S.                                | 1.2                          | 1.3                          | –                         | 0.1                       |
| Hamba-Gasti GmbH                           | 0.4                          | 0.8                          | –                         | –                         |
| Hassia Verpackungsmaschinen GmbH           | 0.8                          | 1.3                          | –                         | 0.1                       |
| Hotminds S.r.l.                            | 0.1                          | 0.2                          | 1.2                       | 0.9                       |
| IMA Dairy & Food USA Inc.                  | 0.1                          | 0.3                          | –                         | –                         |
| LPM.GROUP S.r.l.                           | 0.1                          | 0.1                          | 6.3                       | 5.4                       |
| Timage S.r.l.                              | –                            | –                            | 1.2                       | 1.3                       |
| Other related parties                      | 1.0                          | 0.7                          | 2.4                       | 1.9                       |
|  | <b>7.3</b>                   | <b>10.0</b>                  | <b>19.2</b>               | <b>16.4</b>               |
| <b>Total</b>                               | <b>117.1</b>                 | <b>126.5</b>                 | <b>98.1</b>               | <b>99.7</b>               |

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

The following table details the main transactions carried out with related parties:

| in millions of euros                    | Revenues<br>1st half 2019 | Revenues<br>1st half 2018 | Costs<br>1st half 2019 | Costs<br>1st half 2018 |
|---|---------------------------|---------------------------|------------------------|------------------------|
| Associates and joint venture:           |                           |                           |                        |                        |
| Amherst Stainless LLC                   | 0.1                       | –                         | 2.0                    | 1.3                    |
| Atopbi S.p.A.                           | –                         | 0.6                       | –                      | –                      |
| B.C. S.r.l.                             | 0.4                       | 0.3                       | 3.1                    | 3.3                    |
| Bacciottini F.lli S.r.l.                | 0.2                       | 0.2                       | 6.4                    | 3.3                    |
| Bolognesi S.r.l.                        | 0.3                       | 0.2                       | 3.2                    | 3.4                    |
| Brio Pharma Technologies Ltd.           | –                         | –                         | 0.1                    | 0.4                    |
| Doo Officina-Game East Vrsac            | 0.1                       | –                         | 0.6                    | 0.3                    |
| I.E.M.A. S.r.l.                         | 1.3                       | 1.6                       | 8.7                    | 10.5                   |
| IMA Dairy & Food Holding GmbH           | 0.5                       | –                         | 0.6                    | –                      |
| LACO S.r.l.                             | 0.2                       | 0.2                       | 2.0                    | 2.2                    |
| Logimatic S.r.l.                        | 4.3                       | 3.0                       | 9.9                    | 13.2                   |
| Masterpiece S.r.l.                      | –                         | –                         | 0.5                    | 0.5                    |
| Meccanica Sarti S.r.l.                  | –                         | –                         | 0.5                    | 0.7                    |
| MORC 2 S.r.l.                           | 0.2                       | 0.2                       | 1.9                    | 1.1                    |
| O.M.S. Officina Meccanica Sonico S.r.l. | 0.1                       | –                         | 1.2                    | –                      |
| Powertransmission.it S.r.l.             | –                         | –                         | 0.6                    | 0.7                    |
| RO.SI S.r.l.                            | 0.1                       | –                         | 1.2                    | –                      |
| SIL.MAC. S.r.l.                         | 1.3                       | 1.3                       | 4.6                    | 5.4                    |
| S.I.Me. S.r.l.                          | –                         | –                         | 0.6                    | 0.7                    |
| STAMA S.r.l.                            | 0.1                       | 0.1                       | 1.3                    | 0.9                    |
| Talea S.r.l.                            | 0.1                       | 0.1                       | 2.7                    | 2.4                    |
| Other associates                        | 0.1                       | 0.2                       | 0.5                    | 0.4                    |
|   | <b>9.4</b>                | <b>8.0</b>                | <b>52.2</b>            | <b>50.7</b>            |
| Other related parties:                  |                           |                           |                        |                        |
| 3-T S.r.l.                              | –                         | –                         | 0.8                    | –                      |
| Atop S.p.A.                             | 1.9                       | 3.7                       | –                      | –                      |
| Costal S.r.l.                           | –                         | –                         | 1.4                    | 1.4                    |
| Deltos S.r.l.                           | –                         | –                         | 0.6                    | 0.2                    |
| EPSOL S.r.l.                            | 0.9                       | 0.9                       | 3.1                    | 2.6                    |
| LPM.GROUP S.r.l.                        | 0.1                       | –                         | 3.8                    | –                      |
| Timage S.r.l.                           | –                         | –                         | 1.3                    | –                      |
| Other related parties                   | 1.7                       | 0.1                       | 4.4                    | 4.1                    |
|   | <b>4.6</b>                | <b>4.7</b>                | <b>15.4</b>            | <b>8.3</b>             |
| <b>Total</b>                            | <b>14.0</b>               | <b>12.7</b>               | <b>67.6</b>            | <b>59.0</b>            |

In the first half of 2018 there was 1.6 million euros relating to rental costs attributable to other related parties; due to the adoption of IFRS 16, the costs for rentals from related parties in the first half of 2019 have been reversed. It should also be noted that the item Other related parties includes fees for 1.3 million euros relating to professional services from a related party, namely a Director of the Parent Company.

## NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

These balances and transactions relate primarily to the Group's Italian companies. There are also dealings with SO.FI.M.A. S.p.A., the Parent Company, as a result of setting up the domestic tax group, as mentioned in Note 21.

On 19 June 2019 IMA acquired a further 50% of CMRE S.r.l., a company based in Bologna, from related parties for 5.0 million euros, thus bringing its total stake in the company to 100%. The company is active in the real estate sector. The transaction was examined and approved by the specific committee as a transaction completed with a related party.

The increase in trade payables to associates reflects the Group's constant commitment in pursuing close collaboration with those suppliers that play a key role in production, also by considering the possibility of becoming shareholders in their companies. Transactions with associates are largely of a commercial nature. See Note 4 for further information.

The total cost incurred in the first half of 2019 for the remuneration due to executives with strategic responsibilities is approximately 5.2 million euros (5.5 million euros in the first half of 2018). This amount includes the remuneration of three members of the Board of Directors of the Parent Company.

The table below provides a summary of the balance sheet including transactions with related parties and their percentage impact:

| in millions of euros                | Total at<br>30.06.2019 | Of which<br>related<br>parties | %<br>impact | Total at<br>31.12.2018 | Of which<br>related<br>parties | %<br>impact |
|-------------------------------------|------------------------|--------------------------------|-------------|------------------------|--------------------------------|-------------|
| <b>Balance sheet:</b>               |                        |                                |             |                        |                                |             |
| <i>Non-current assets</i>           | 910.4                  | 97.1                           | 10.7%       | 719.6                  | 98.9                           | 13.7%       |
| Trade and other receivables         | 448.6                  | 17.4                           | 3.9%        | 447.2                  | 21.3                           | 4.8%        |
| Other current assets                | 556.3                  | 2.6                            | 0.5%        | 493.0                  | 6.3                            | 1.3%        |
| <i>Current assets</i>               | 1,004.9                | 20.0                           | 2.0%        | 940.2                  | 27.6                           | 2.9%        |
| <b>Total assets</b>                 | <b>1,915.3</b>         | <b>117.1</b>                   | <b>6.1%</b> | <b>1,659.8</b>         | <b>126.5</b>                   | <b>7.6%</b> |
| <i>Equity</i>                       | 361.1                  |                                |             | 420.9                  |                                |             |
| <i>Non-current liabilities</i>      | 698.2                  | –                              | –           | 459.9                  | –                              | –           |
| Trade and other payables            | 652.3                  | 98.1                           | 15.0%       | 636.4                  | 99.7                           | 15.7%       |
| Other current liabilities           | 203.7                  | –                              | –           | 142.6                  | –                              | –           |
| <i>Current liabilities</i>          | 856.0                  | 98.1                           | 11.5%       | 779.0                  | 99.7                           | 12.8%       |
| <b>Total liabilities and equity</b> | <b>1,915.3</b>         | <b>98.1</b>                    | <b>5.1%</b> | <b>1,659.8</b>         | <b>99.7</b>                    | <b>6.0%</b> |

## NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

| in millions of euros   | 1st half<br>2019 | related<br>parties | %      | 1st half<br>2018 | related<br>parties | %      |
|--|------------------|--------------------|--------|------------------|--------------------|--------|
| <b>Income statement:</b>   |                  |                    |        |                  |                    |        |
| Revenues and other income  | 699.9            | 10.0               | 1.4%   | 674.8            | 9.6                | 1.4%   |
| Cost of raw materials and goods                                    | (280.3)          | (42.3)             | 15.1%  | (263.6)          | (32.6)             | 12.4%  |
| Cost of services and leases  | (148.6)          | (24.0)             | 16.2%  | (151.0)          | (25.8)             | 17.1%  |
| Other operating costs  | (215.2)          | (0.9)              | 0.4%   | (179.8)          | (0.3)              | 0.2%   |
| <b>Operating profit</b>  | <b>55.8</b>      |                    |        | <b>80.4</b>      |                    |        |
| Net financial income (expense)                                     | (12.4)           | 0.5                | –      | 6.5              | –                  | –      |
| Profit (loss) from investment<br>accounted for using equity method | 3.1              | 3.1                | 100.0% | 2.8              | 2.8                | 100.0% |
| Taxes  | (14.1)           | –                  | –      | (26.4)           | –                  | –      |
| <b>Profit from continuing operations</b>                           | <b>32.4</b>      |                    |        | <b>63.3</b>      |                    |        |
| <b>Profit (loss) from discontinued operations</b>                  | <b>–</b>         |                    |        | <b>(10.2)</b>    |                    |        |
| <b>Profit for the period</b>                                       | <b>32.4</b>      |                    |        | <b>53.1</b>      |                    |        |

### 28. SIGNIFICANT NON-RECURRING TRANSACTIONS AND EVENTS

During the first half of 2019, non-recurring charges classified as Services, rentals and leases amounted to 2.2 million euros and relate principally to costs involved in the plan to merge GIMA TT S.p.A. and IMA S.p.A., as commented on in the section "Consolidation area"; they also included ancillary charges on acquisitions.

During the first half of 2018, non-recurring charges classified as Personnel costs and Services, rentals and leases amounted to 1.7 million and 0.2 million euros, respectively.

### 29. ATYPICAL AND / OR UNUSUAL TRANSACTIONS

No significant positions or operations deriving from atypical and/or unusual transactions arose during the first half.

### 30. SIGNIFICANT EVENTS AFTER THE CLOSE OF THE FIRST HALF

The main events after the end of the first half are as follows:

) on 2 July 2019, IMA completed the closing for the purchase of 56.1% of Atopbi S.p.A. and 16% of Stator S.p.A. As a result of this agreement, IMA, which has been a shareholder of Atopbi S.p.A. since 2017, now has a total interest in the company of around 81.1%. Following this transaction, IMA S.p.A. indirectly holds approximately 84% of ATOP S.p.A., a company based in Barberino Val D'Elsa (FI) and a market leader in automatic machines and lines for the production of stators and rotors used in electric motors for the automotive sector. In 2019, the company forecasts a turnover of 89 million euros, an EBITDA of 25 million euros, approximately 250 employees and net financial debt of 13.5 million euros. IMA's investment amounted to around 230 million euros, all of which was paid at the closing date. The transaction will generate financial income linked to the measurement at fair value of the interest already

held in Atopbi S.p.A. of approximately 50 million euros. Put & call options were also taken out on the shares reinvested by the founding shareholders for a total of 6% of the capital, to be exercised after the date of approval of the financial statements at 31 December 2021;

- J on 16 July 2019, the total asymmetric demerger of Lopam Fin S.p.A. was completed; following the company's cancellation from the companies' register, the entity at the highest hierarchical level that controls IMA S.p.A. is SO.FI.MA Società Finanziaria Macchine Automatiche S.p.A.;
- J on 26 July 2019 Tissue Machinery Company S.p.A. completed the acquisition of 80% of the share capital of Spares & More S.r.l., based in Gallicano (LU) and active in the sector of industrial overhaul and reconditioning of used machines, for 2.8 million euros. TMC has also signed a Put & Call option on the other 20%, which can be exercised from 1 January 2020. On 31 July 2019 Spares & More S.r.l. subscribed an increase of capital of 100 thousand euros, approved by Claren Cutting Service S.r.l., based in Calderara di Reno (BO) and active in the supply of compatible spare parts for tissue machines, resolved following the complete cancellation of Claren's share capital. The interest that Spares & More S.r.l. has in Claren Cutting Service S.r.l. is therefore 100%.

Lastly, it should be noted that, due to the amendment of the IMA's articles of association approved on 21 April 2017 in order to provide for the increase in voting rights pursuant to art. 127 quinquies CFA, a number of shareholders have acquired this right after uninterrupted ownership of the shares for twenty-four months from the date of registration in the specific list. The total amount of voting rights, which has been disclosed in the terms of art. 85 bis of the Issuers Regulation, is, as of today, equal to 62,643,032. As a result of the above:

- i. the shareholder SO.FI.MA S.p.A. has seen an increase in its percentage of voting rights, starting from 56.789%, firstly to 72.209% and then to 71.182%, thereby exceeding the significance threshold referred to in the Consob Issuers' Regulations;
- ii. the shareholder HYDRA S.p.A. has seen its percentage of voting rights increase to 3.065%, thereby exceeding the significance threshold referred to in the Consob Issuers' Regulation.

## G) EQUITY INVESTMENTS INCLUDED IN THE SCOPE OF CONSOLIDATION AND METHOD USED

| Companies consolidated line-by-line                   | Registered office    |                     | Share capital  | Currency | Direct investment | Indirect investment |
|---|----------------------|---------------------|----------------|----------|-------------------|---------------------|
| <b>Industrial and service companies:</b>              |                      |                     |                |          |                   |                     |
| - I.M.A. Industria Macchine Automatiche S.p.A.        | Ozzano dell'Emilia   | Bologna - Italy     | 20,415,200     | EUR      | Parent company    | -                   |
| - Ciemme S.r.l.                                       | Albavilla            | Como - Italy        | 100,000        | EUR      | 100% (1)          | -                   |
| - CO.MA.DI.S. S.p.A.                                  | Senago               | Milan - Italy       | 1,540,000      | EUR      | 100%              | -                   |
| - Corazza S.p.A.                                      | Bologna              | Bologna - Italy     | 15,675,000     | EUR      | 100%              | -                   |
| - Eurosicma - Costruzioni Macchine Automatiche S.p.A. | Milan                | Milan - Italy       | 700,000        | EUR      | 100% (2)          | -                   |
| - Eurotekna S.r.l.                                    | Milan                | Milan - Italy       | 32,243         | EUR      | -                 | 85.71% (3)          |
| - GIMA S.p.A.   | Zola Predosa         | Bologna - Italy     | 1,000,000      | EUR      | 100%              | -                   |
| - GIMA TT S.p.A.                                      | Ozzano dell'Emilia   | Bologna - Italy     | 440,000        | EUR      | 60.4%             | -                   |
| - G.S. Coating Technologies S.r.l.                    | Castel San Pietro T. | Bologna - Italy     | 100,000        | EUR      | 100%              | -                   |
| - Ilapak Italia S.p.A.                                | Foiano della Chiana  | Arezzo - Italy      | 4,074,000      | EUR      | -                 | 81% (4)             |
| - Mapster S.r.l.                                      | Collecchio           | Parma - Italy       | 10,000         | EUR      | -                 | 100% (5)            |
| - O.A.SYS. Open Automation System S.r.l.              | Segrate              | Milan - Italy       | 20,800         | EUR      | -                 | 70% (3)             |
| - Petroncini Impianti S.p.A.                          | Modena               | Modena - Italy      | 120,000        | EUR      | -                 | 80% (5)             |
| - Pharmasienna Service S.r.l.                         | Siena                | Siena - Italy       | 100,000        | EUR      | 70%               | -                   |
| - Revisioni Industriali S.r.l.                        | Ozzano dell'Emilia   | Bologna - Italy     | 100,000        | EUR      | -                 | 100% (6)            |
| - Spreafico Automation S.r.l.                         | Calolziocorte        | Lecco - Italy       | 200,000        | EUR      | 100% (7)          | -                   |
| - Teknoweb Converting S.r.l.                          | Palazzo Pignano      | Cremona - Italy     | 1,000,000      | EUR      | 100% (8)          | -                   |
| - Telerobot S.p.A.                                    | Alessandria          | Alessandria - Italy | 50,000         | EUR      | -                 | 100% (5)            |
| - Tissue Machinery Company S.p.A.                     | Castel Guelfo        | Bologna - Italy     | 8,000,000      | EUR      | 100% (9)          | -                   |
| - Benhil GmbH   | Neuss                | Germany             | 5,500,000      | EUR      | 100%              | -                   |
| - Delta Systems & Automation Llc                      | Lowell               | USA                 | 1,000          | USD      | -                 | 100% (10)           |
| - Hassia Packaging Pvt. Ltd.                          | Taluka Shirur Pune   | India               | 42,000,000     | INR      | 100%              | -                   |
| - Ilapak International SA                             | Collina d'Oro Lugano | Switzerland         | 4,000,000      | CHF      | -                 | 81% (11)            |
| - Ilapak (Beijing) Packaging Machinery Co. Ltd.       | Beijing              | PRC                 | 3,000,000      | USD      | -                 | 81% (12)            |
| - IMA Automation Malaysia Sdn. Bhd.                   | Penang               | Malaysia            | 3,000,000      | MYR      | -                 | 100% (5)            |
| - IMA Automation USA Inc.                             | Loves Park           | USA                 | 10,610,000     | USD      | -                 | 100% (10)           |
| - IMA Life (Beijing) Pharmaceutical Systems Co. Ltd.  | Beijing              | PRC                 | 400,000        | USD      | 100%              | -                   |
| - IMA Life (Shanghai) Pharmaceutical Mach. Co. Ltd.   | Shanghai             | PRC                 | 5,250,000      | RMB      | -                 | 86.29% (13)         |
| - IMA Life North America Inc.                         | Tonawanda            | USA                 | 100            | USD      | -                 | 100% (10)           |
| - IMA Life The Netherlands B.V.                       | Dongen               | The Netherlands     | 22,382,654 (*) | EUR      | 100%              | -                   |
| - IMA MAI S.A.  | Mar del Plata        | Argentina           | 1,396,573      | ARS      | 100% (14)         | -                   |
| - IMA Medtech Switzerland SA                          | La Chaux de Fonds    | Switzerland         | 13,250,000     | CHF      | -                 | 100% (5)            |
| - IMA North America Inc.                              | Leominster           | USA                 | 8,052,500      | USD      | -                 | 100% (10)           |
| - IMA-PG India Pvt. Ltd.                              | Mumbai               | India               | 17,852,100     | INR      | 100%              | -                   |
| - IMA Swiftpack Ltd.                                  | Alcester             | UK                  | 1,403,895      | GBP      | 100%              | -                   |
| - Tianjin IMA Machinery Co. Ltd.                      | Tianjin              | PRC                 | 200,000        | USD      | 100%              | -                   |
| - Tecmar S.A.   | Mar del Plata        | Argentina           | 692,500        | ARS      | 100% (15)         | -                   |
| - Valley Tissue Packaging Inc.                        | Kaukauna             | USA                 | 3,645          | USD      | -                 | 100% (16)           |

(\*) The nominal share capital of IMA Life The Netherlands B.V. amounts to Eur 45,400,000

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

| Companies consolidated line-by-line (continued)           | Registered office  |                 | Share capital | Currency | Direct investment | Indirect investment |
|---|--------------------|-----------------|---------------|----------|-------------------|---------------------|
| <b>Commercial companies:</b>                              |                    |                 |               |          |                   |                     |
| - Asset Management Service S.r.l.                         | Castel Guelfo      | Bologna - Italy | 500,000       | EUR      | -                 | 100% (17)           |
| - Ilapak do Brasil Ltda. (in liquidation)                 | Sao Paulo          | Brazil          | 8,219,229     | BRL      | -                 | 81% (11)            |
| - Ilapak France SA  | Lognes Paris       | France          | 105,130       | EUR      | -                 | 81% (4)             |
| - Ilapak Inc.   | Newtown            | USA             | 12,500        | USD      | -                 | 81% (4)             |
| - Ilapak Israel Ltd.                                      | Caesarea           | Israel          | 5,310,505     | ILS      | -                 | 81% (4)             |
| - Ilapak Ltd.   | Uxbridge London    | UK              | 795,536       | GBP      | -                 | 81% (4)             |
| - Ilapak SNG OOO  | Moscow             | Russia          | 1,785,700     | RUB      | -                 | 81% (4)             |
| - Ilapak Sp. Z o.o.                                       | Krakow             | Poland          | 3,740,400     | PLN      | -                 | 81% (4)             |
| - Ilapak Verpackungsmaschinen GmbH                        | Haan Duesseldorf   | Germany         | 102,500       | EUR      | -                 | 81% (4)             |
| - IMA Est GmbH  | Vienna             | Austria         | 280,000       | EUR      | 100%              | -                   |
| - IMA France E.u.r.l.                                     | Rueil Malmaison    | France          | 45,735        | EUR      | 100%              | -                   |
| - IMA Fuda (Shanghai) Packaging Machinery Co. Ltd.        | Shanghai           | PRC             | 6,000,000     | RMB      | 80%               | -                   |
| - IMA Germany GmbH  | Cologne            | Germany         | 90,000        | EUR      | 100%              | -                   |
| - IMA Iberica Processing and Packaging S.L.               | Barcelona          | Spain           | 590,000       | EUR      | 100%              | -                   |
| - IMA Industries GmbH (in liquidation)                    | Frankfurt am Main  | Germany         | 100,000       | EUR      | 100%              | -                   |
| - IMA Life Japan KK                                       | Tokyo              | Japan           | 40,000,000    | YEN      | -                 | 100% (18)           |
| - IMA Pacific Co. Ltd.                                    | Bangkok            | Thailand        | 132,720,000   | THB      | 99.99%            | -                   |
| - IMA Packaging & Processing Equipment (Beijing) Co. Ltd. | Beijing            | PRC             | 2,350,000     | USD      | 100%              | -                   |
| - IMA Packaging Technology India Pvt. Ltd.                | Thane              | India           | 10,000,000    | INR      | 100%              | -                   |
| - IMA UK Ltd.   | Alcester           | UK              | 1             | GBP      | -                 | 100% (19)           |
| - Imautomatich Do Brasil Ltda.                            | Sao Paulo          | Brazil          | 6,651,550     | BRL      | 99.98%            | -                   |
| - OOO IMA Industries                                      | Moscow             | Russia          | 12,000,000    | RUB      | -                 | 100% (6)            |
| - Petroncini International Trading (Shanghai) Co. Ltd.    | Shanghai           | PRC             | 300,000       | RMB      | -                 | 80% (20)            |
| - Teknoweb N.A. Llc                                       | Loganville Atlanta | USA             | 56,000        | USD      | -                 | 75% (21)            |
| - TMC Do Brasil Industria de Maquinarios e Servicos Ltda. | Valinhos           | Brazil          | 678,405       | BRL      | -                 | 100% (17)           |
| - TMC North America Inc.                                  | Appleton           | USA             | 100,000       | USD      | -                 | 100% (17)           |
| <b>Financial companies:</b>                               |                    |                 |               |          |                   |                     |
| - Luna Investment SA                                      | Lugano             | Switzerland     | 100,000       | CHF      | -                 | 81% (11)            |
| - Packaging Systems Holdings Inc.                         | Wilmington         | USA             | 1,000         | USD      | 100%              | -                   |
| - Tekno NA Inc.   | Atlanta            | USA             | 50,000        | USD      | -                 | 100% (22)           |
| - Transworld Packaging Holding S.p.A.                     | Ozzano dell'Emilia | Bologna - Italy | 64,833        | EUR      | 81%               | -                   |
| <b>Other companies:</b>                                   |                    |                 |               |          |                   |                     |
| - CMRE S.r.l.   | Bologna            | Bologna - Italy | 50,000        | EUR      | 100%              | -                   |
| - Digidoc S.r.l.  | Ozzano dell'Emilia | Bologna - Italy | 10,000        | EUR      | -                 | 80% (23)            |
| - Dreamer S.r.l.  | Bologna            | Bologna - Italy | 100,000       | EUR      | -                 | 90% (5)             |
| - Packaging Manufacturing Industry S.r.l.                 | Castenaso          | Bologna - Italy | 110,000       | EUR      | 100%              | -                   |
| - Societa' del Sole S.r.l.                                | Ozzano dell'Emilia | Bologna - Italy | 10,000        | EUR      | 100%              | -                   |

**Note:**

- (1) The percentage interest held in Ciemme S.r.l. includes an option to purchase 30% of the quota capital
- (2) The percentage interest held in Eurosicma - Costruzioni Macchine Automatiche S.p.A. includes an option to purchase 40% of the quota capital
- (3) Held by Eurosicma - Costruzioni Macchine Automatiche S.p.A.
- (4) Held by Ilapak International SA at 100% except Ilapak France SA held at 99.99%
- (5) Held by GIMA S.p.A.
- (6) Held by Corazza S.p.A.
- (7) The percentage interest held in Spreafico Automation S.r.l. includes an option to purchase 30% of the quota capital
- (8) The percentage interest held in Teknoweb Converting S.r.l. includes an option to purchase 40% of the quota capital
- (9) The percentage interest held in Tissue Machinery Company S.p.A. includes an option to purchase 17.5% of the quota capital
- (10) Held by Packaging Systems Holding Inc.
- (11) Held by Transworld Packaging Holding S.p.A. at 100%
- (12) Held by Ilapak Italia S.p.A. at 100%
- (13) Held by IMA Life (Beijing) Ph. Systems Co. Ltd.
- (14) The percentage interest held in IMA MAI S.A. includes an option to purchase 30% of the quota capital
- (15) The percentage interest held in Tecmar S.A. includes an option to purchase 38.55% of the quota capital
- (16) Held by TMC North America Inc. The percentage interest includes an option to purchase 49% of the quota capital
- (17) Held by Tissue Machinery Company S.p.A.
- (18) Held by IMA Life The Netherlands B.V.
- (19) Held by IMA Swiftpack Ltd.
- (20) Held by Petroncini Impianti S.p.A. at 100%
- (21) Held by Tekno NA Inc. at 75%
- (22) Held by Teknoweb Converting S.r.l. at 100%
- (23) Held by Packaging Manufacturing Industry S.r.l.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

| Investment accounted for using the equity method | Registered office     |                 | Share capital | Currency | Direct investment |
|--|-----------------------|-----------------|---------------|----------|-------------------|
| - Amherst Stainless Fabrication LLC              | Amherst NY            | USA             | 1,100,000     | USD      | 20% (1)           |
| - Atopbi S.p.A.                                  | Milan                 | Milan - Italy   | 249,400       | EUR      | 25%               |
| - B.C. S.r.l.                                    | Imola                 | Bologna - Italy | 36,400        | EUR      | 30%               |
| - Bacciottini F.lli S.r.l.                       | Oste Montemurlo       | Prato - Italy   | 60,000        | EUR      | 30% (2)           |
| - BLQ S.r.l.                                     | Castel Guelfo         | Bologna - Italy | 30,000        | EUR      | 30% (2)           |
| - Bognesi S.r.l.                                 | Dozza                 | Bologna - Italy | 10,920        | EUR      | 30% (2)           |
| - Brio Pharma Technologies Pvt. Ltd.             | Mumbai                | India           | 1,000,000     | INR      | 30%               |
| - CAIMA S.r.l.                                   | Monghidoro            | Bologna - Italy | 10,000        | EUR      | 20% (2)           |
| - Ciemme Engineering S.r.l.                      | Albavilla             | Como - Italy    | 100,000       | EUR      | 40% (3)           |
| - Doo Officina-Game East Vrsac                   | Vrsac                 | Serbia          | 130,474,863   | RSD      | 49% (2)           |
| - FID S.r.l. Impresa Sociale                     | Bologna               | Bologna - Italy | 20,000        | EUR      | 30%               |
| - I.E.M.A. S.r.l.                                | S.Giorgio di Piano    | Bologna - Italy | 100,000       | EUR      | 30% (2)           |
| - IMA Dairy & Food Holding GmbH                  | Stutensee             | Germany         | 25,000        | EUR      | 40%               |
| - Inkbit LLC                                     | Delaware              | USA             | 2,407         | USD      | 21.1%             |
| - LA.CO S.r.l.                                   | Ozzano dell'Emilia    | Bologna - Italy | 30,000        | EUR      | 30% (2)           |
| - Logimatic S.r.l.                               | Ozzano dell'Emilia    | Bologna - Italy | 120,000       | EUR      | 29.17% (2)        |
| - Masterpiece S.r.l.                             | Ozzano dell'Emilia    | Bologna - Italy | 10,000        | EUR      | 30% (2)           |
| - Meccanica Sarti S.r.l.                         | Bologna               | Bologna - Italy | 102,000       | EUR      | 30% (2)           |
| - Me.Mo. S.r.l.                                  | Gaggio Montano        | Bologna - Italy | 10,000        | EUR      | 20% (2)           |
| - MORC 2 S.r.l.                                  | Faenza                | Ravenna - Italy | 20,800        | EUR      | 20% (2)           |
| - O.M.S. Officina Meccanica Sonico S.r.l.        | Sonico                | Brescia - Italy | 31,200        | EUR      | 40% (2)           |
| - Powertransmission.it S.r.l.                    | Castenaso             | Bologna - Italy | 50,000        | EUR      | 20% (2)           |
| - RO.SI S.r.l.                                   | Bentivoglio           | Bologna - Italy | 10,000        | EUR      | 20.8% (2)         |
| - Scriba Nanotecnologie S.r.l.                   | Bologna               | Bologna - Italy | 25,556        | EUR      | 24.9%             |
| - SIL.MAC. S.r.l.                                | Gaggio Montano        | Bologna - Italy | 90,000        | EUR      | 30% (2)           |
| - S.I.Me. S.r.l.                                 | Granarolo dell'Emilia | Bologna - Italy | 125,000       | EUR      | 39.2% (2)         |
| - STA.MA. S.r.l.                                 | Ozzano dell'Emilia    | Bologna - Italy | 10,400        | EUR      | 30% (2)           |
| - Talea S.r.l.                                   | Castel Guelfo         | Bologna - Italy | 25,000        | EUR      | 20% (2)           |
| - Sirio S.p.A.<br>Associazione in partecipazione | Milan                 | Milan - Italy   |               |          |                   |

**Note:**

(1) Held by IMA Life North America Inc.

(2) Held by Packaging Manufacturing Industry S.r.l.

(3) Held by Ciemme S.r.l.



**CERTIFICATION OF THE CONDENSED CONSOLIDATED HALF-YEAR  
FINANCIAL STATEMENTS PURSUANT TO ART. 81-TER OF  
CONSOB REGULATION NO. 11971 OF 14 MAY 1999, AS AMENDED**

**I.M.A. INDUSTRIA MACCHINE AUTOMATICHE S.P.A.  
AND SUBSIDIARIES**

(THE CONSOLIDATED FINANCIAL STATEMENTS HAVE BEEN TRANSLATED FROM THE ORIGINAL ITALIAN INTO ENGLISH SOLELY FOR THE CONVENIENCE  
OF INTERNATIONAL READERS)

**Certification of the condensed consolidated half-year financial statements pursuant to Art. 81-ter  
of Consob Regulation no. 11971 of 14 May 1999, as amended**

1. The undersigned, Alberto Vacchi, Chairman and Managing Director, and Sergio Marzo, the manager responsible for preparing the financial reports of I.M.A. Industria Macchine Automatiche S.p.A., certify, having regard to Art. 154-bis, paragraphs 3 and 4, of Legislative Decree 58 of 24 February 1998:

- ) the appropriateness with regard to the characteristics of the Company and
- ) the effective application of the administrative and accounting procedures in preparing the condensed consolidated half-year financial statements for the first half of 2019

2. It is also certified that:

2.1 the condensed consolidated half-year financial statements at 30 June 2019:

- a) have been prepared in accordance with the International Financial Reporting Standards endorsed by the European Union pursuant to Regulation (EC) 1606/2002 of the European Parliament and Council of 19 July 2002;
- b) correspond to the entries in the accounting books and records;
- c) provide a true and fair view of the performance and financial position of the issuer and of the group of companies included in the scope of consolidation.

2.2 the interim report on operations contains references to important events that took place in the first six months of the year and to their impact on the condensed consolidated half-year financial statements, together with a description of the main risks and uncertainties in the remaining six months of the year.

The interim report on operations also contains a reliable analysis of the information on significant related-party transactions.

Ozzano dell'Emilia (BO), 7 August 2019

Managing Director  
Alberto Vacchi

Manager responsible for preparing financial reports  
Sergio Marzo

**REPORT OF THE INDEPENDENT AUDITORS ON  
THE LIMITED AUDIT OF THE HALF-YEAR REPORT**

**I.M.A. INDUSTRIA MACCHINE AUTOMATICHE S.P.A.  
AND SUBSIDIARIES**

(THE CONSOLIDATED FINANCIAL STATEMENTS HAVE BEEN TRANSLATED FROM THE ORIGINAL ITALIAN INTO ENGLISH SOLELY FOR THE CONVENIENCE  
OF INTERNATIONAL READERS)



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## Review report on the interim condensed consolidated financial statements (Translation from the original Italian text)

To the Shareholders of  
I.M.A. Industria Macchine Automatiche S.p.A.

### Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows and the related explanatory notes of I.M.A. Industria Macchine Automatiche S.p.A. and its subsidiaries (the "IMA Group") as of June 30, 2019. The Directors of I.M.A. Industria Macchine Automatiche S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of July 31, 1997. A review of interim 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 on the interim condensed consolidated financial statements.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of IMA Group as of June 30, 2019 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Bologna, August 7, 2019

EY S.p.A.  
Signed by: Alberto Rosa, Partner

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

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