

PERIODIC FINANCIAL INFORMATION
AT 31 MARCH 2020

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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: € 22,470,504.68

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

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

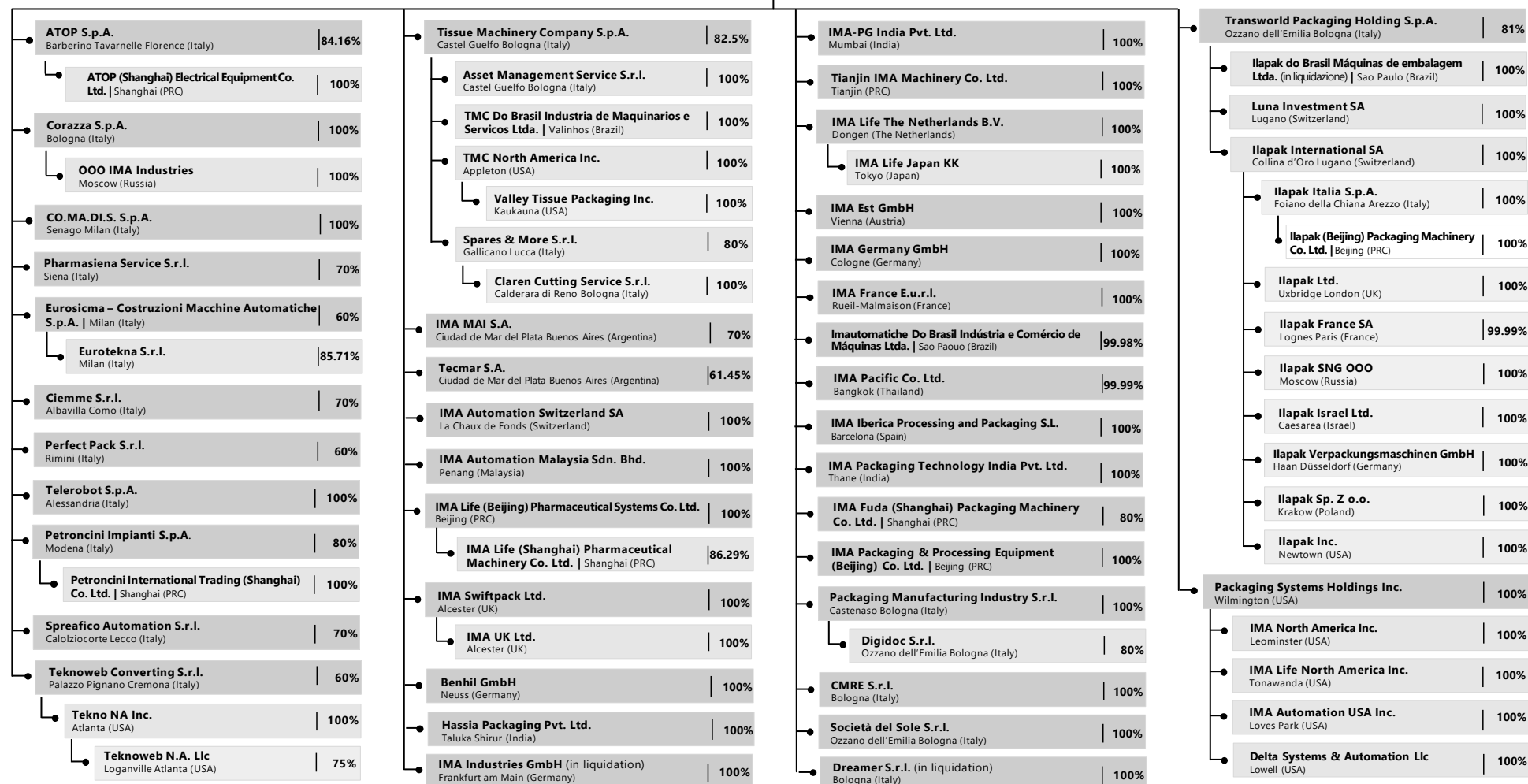
Paolo Frugoni

INDEPENDENT AUDITORS

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

EY S.p.A.

GROUP STRUCTURE AT 31 MARCH 2020



GROUP PERFORMANCE

GENERAL PERFORMANCE

The Covid-19 pandemic is causing high and growing costs worldwide. Protecting human lives and allowing health systems to cope with this situation required widespread isolation and closures to slow the spread of the virus. The health crisis is therefore having a considerable impact on economic activity. Following the pandemic, the global economy is expected to contract sharply: in the April 2020 update of the "World Economic Outlook", the IMF cut its growth estimate of world GDP in 2020, now expecting a decrease of 3%, much worse than the financial crisis of 2008. In a basic scenario, which assumes that the pandemic will be waning in the second half of 2020 and that efforts to contain it can be gradually eased, the global economy is expected to grow by 5.8% in 2021 with the normalisation of economic activity, bolstered by political support.

Extreme uncertainty remains over the forecast of global growth. The economic effects depend on factors that interact in ways that are difficult to foresee, including the path of the pandemic, the intensity and effectiveness of containment efforts, the extent of supply chain interruptions, the repercussions of a drastic tightening in global financial market conditions, changes in spending patterns, behavioural changes, effects on confidence and volatility in commodity prices.

Effective policies are essential to prevent even worse results. Since the economic fallout reflects particularly acute shocks in specific sectors, policy makers will need to implement targeted and substantial fiscal, monetary and financial market measures to support the families and businesses worst affected. These actions will be essential to allow gradual normalisation of the economy once the pandemic has subsided and containment measures are lifted. The fiscal response in the countries affected has been rapid and considerable in many advanced economies.

Many emerging markets and developing economies have also started to provide or announce significant fiscal support for badly affected sectors and workers. Fiscal measures will have to be increased if the resumption of business activity after restrictions have been lifted turns out to be too weak. A wide-ranging fiscal stimulus can curb a more pronounced drop in confidence, raise demand and prevent an even deeper drop.

In this context, it should be noted that the IMA Group remained active during the lock-down period adopted by the authorities in 2020, as the production of automatic machines and the related services are essential for the food and pharmaceutical supply chains.

Measures taken to protect employee health and to mitigate the financial impact of the emergency

During this period, the Group has taken all the necessary measures to protect the health of its employees and mitigate the impact of the emergency. In particular, a crisis committee for emergency management was set up, introducing worker protection protocols such as using personal protective equipment, social distancing and hygiene procedures, smart-working and other security measures, while social safety nets and other forms of public support have been activated for workers, such as CIGO (temporary lay-offs) from April.

The Board of Directors met today to modify the proposed dividend out of 2019 earnings of the parent company IMA S.p.A.

The Board took note of the significant change in the global economic scenario that occurred after the Board meeting of 12 March following the spread of the Covid-19 virus pandemic. By adopting a prudential approach, in order to support the Group's capital solidity and contain any future economic and financial impacts, the Board therefore decided to suspend the resolution to distribute dividends out of 2019 earnings already approved on 12 March. A dividend out of 2019's earnings may be re-proposed once the current emergency has been overcome.

So, at the next Shareholders' Meeting called for 10 June 2020, the Directors will propose allocating the profit for the year 2019 of the parent company IMA S.p.A. to reserves.

Following the same prudential approach with a view to "liquidity risk management", the Company also decided to increase its overall availability of credit lines through "Revolving Credit Facilities committed", which are being defined with the banking system for a total of around 300 million euros with a duration of between 12 and 18 months. This instrument, together with the availability of a medium-term line already negotiated for up to 150 million US dollars with a maturity of 12 years, will allow IMA to meet any financial needs in the event that the current emergency lasts for a long time.

For an estimate of the impacts that the health and economic emergency will have on the Group's economic, equity and financial situation and on the performance of the current year, please refer to the section entitled Outlook for Operations.

CONSOLIDATED INCOME STATEMENT

IMA Group revenue in first quarter 2020 amounted to 280.4 million euros, compared with 326.1 million euros in the same period of 2019.

EBITDA amounted to 23.0 million euros, a decrease with respect to the first quarter of 2019 when it was 38.7 million euros.

The operating profit amounted to 0.5 million euros, compared with 21.9 million euros in first quarter 2019.

The following is a summarized version of the income statement for the period under review, with comparative figures for the corresponding period in 2019:

in millions of euros	1st quarter 2020		1st quarter 2019	
	Amount	%	Amount	%
Revenue from contracts with customers	280.4		326.1	
Cost of sales	(183.7)	65.5	(212.7)	65.2
Industrial gross profit	96.7	34.5	113.4	34.8
R&D costs	(15.5)		(14.2)	
Commercial and sales costs	(33.0)		(33.9)	
General and administrative costs	(47.5)		(42.9)	
Operating profit before non-recurring items (EBITA)	0.7	0.2	22.4	6.9
Non-recurring items	(0.2)		(0.5)	
Operating profit (EBIT)	0.5	0.2	21.9	6.7
Net financial income (expense)	(3.6)		(3.7)	
Profit (loss) before taxes	(3.1)	(1.1)	18.2	5.6
Taxes	1.0		(5.5)	
Profit (loss) for the period	(2.1)	(0.7)	12.7	3.9
Profit (loss) attributable to non-controlling interests	1.1		(0.7)	
Profit (loss) attributable to equity holders of the parent	(1.0)	(0.4)	12.0	3.7
Gross operating profit (EBITDA) * before non-recurring items	23.2	8.3	39.2	12.0
Gross operating profit (EBITDA) *	23.0	8.2	38.7	11.9
Backlog	908.3		992.2	

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

REVENUE FROM CONTRACTS WITH CUSTOMERS AND ORDERS

Consolidated revenue in first quarter 2020, 280.4 million euros, decreased compared with the corresponding period of the previous year only due to the lock-down in March. In fact, in the first two months revenue was in line with the previous year.

The sector in which the Group operates is strongly affected by the seasonal nature of deliveries, such that the early quarters of the year are never truly indicative of the results that are likely to be achieved over the full year.

The trend in orders in the first quarter of 2020 shows a backlog that is slightly down (-8.5%), now amounting to 908.3 million euros versus 992.2 million euros in the previous period. Total orders acquired during the period amount to 279.7 million euros versus 376.7 million euros in 2019, down on the previous year, also because of the lock-down in March.

OPERATING PROFIT (EBIT)

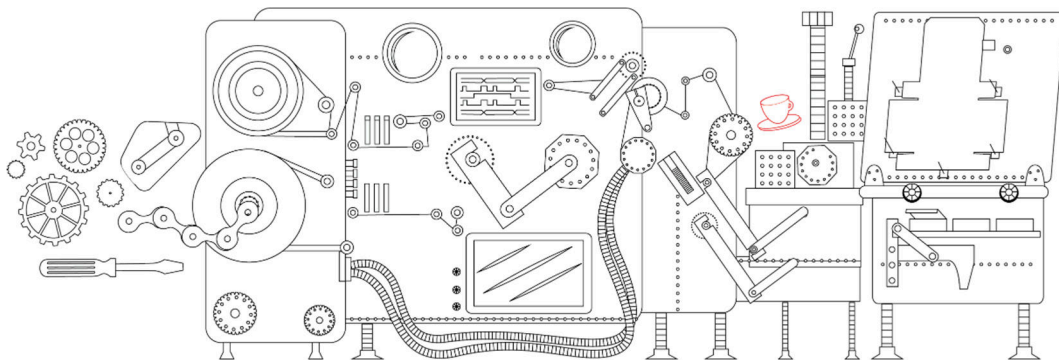
The industrial gross profit in first quarter 2020 (as a percentage of sales) came to 34.5%, which is slightly down on the previous year (34.8%), due to a different sales mix and lower volumes. The operating profit comes to 0.5 million euros, a decrease over the previous year (21.9 million euros) owing to the lower profit and to the slight increase in commercial, general and administrative costs mainly linked to the change in the perimeter and to personnel costs.

PROFIT (LOSS) BEFORE TAXES

Net financial expense amounts to 3.6 million euros (3.7 million euros at 31 March 2019), in line with the first quarter of last year. Accordingly, profit before taxes was negative and amounted to -3.1 million euros versus 18.2 million euros at the end of March 2019.

PROFIT (LOSS) FOR THE PERIOD

The loss for the period of -2.1 million euros compares with a profit of 12.7 million euros in the same period last year. The reasons for this difference were explained in the previous sections.



ANALYSIS OF PERFORMANCE BY SECTOR

The following schedule analyses operations by business sector:

in millions of euros	Tea, Food & Other	Pharma- ceutical	Tobacco packaging	Not allocated	Total
Revenue from contracts with customers					
1st quarter 2020	122.7	138.5	19.2	–	280.4
1st quarter 2019	128.7	177.7	19.7	–	326.1
Gross operating profit (EBITDA) before non-recurring items					
1st quarter 2020	3.2	14.1	5.9	–	23.2
1st quarter 2019	6.2	27.6	5.4	–	39.2
Gross operating profit (EBITDA)					
1st quarter 2020	3.0	14.1	5.9	–	23.0
1st quarter 2019	5.7	27.6	5.4	–	38.7
Operating profit (EBIT)					
1st quarter 2020	(12.3)	7.4	5.4	–	0.5
1st quarter 2019	(4.8)	21.8	4.9	–	21.9
Net invested capital (*)					
31 March 2020	941.9	300.2	36.0	(35.0)	1,243.1
31 March 2019	539.1	247.6	54.9	(2.5)	839.1
R&D costs					
1st quarter 2020	6.4	8.2	0.9	–	15.5
1st quarter 2019	5.6	7.8	0.8	–	14.2
Average personnel					
1st quarter 2020	2,928	3,102	166	–	6,196
1st quarter 2019	2,475	3,028	167	–	5,670
Backlog					
31 March 2020	316.5	548.9	42.9	–	908.3
31 March 2019	329.7	610.0	52.5	–	992.2

(*) Not allocated assets and liabilities mainly relate to investmentes, income tax receivables and payables and net deferred tax liabilities which cannot be directly attributable to the operating sector.

Starting from the first quarter of 2020, the BFB (end-of-line machines) Division previously allocated to the Tea, Food & Other sector, has been attributed to the Pharmaceutical sector. The comparative figures have been consistently restated.

Revenue in the Tea, Food & Other segment amounts to 122.7 million euros slightly down compared with the same period of the previous year (-6.0 million euros) due to the lock-down of March. The gross operating profit (EBITDA) decreased to 3.2 million Euros (6.2 million in the previous year) mainly linked to lower revenue. The backlog decreased slightly due to the lower order intake. The businesses acquired during 2019 contribute in terms of revenue for 13 million euros, EBITDA substantially at break even and with a backlog of 18.7 million euros

Revenue in the Pharmaceuticals sector was 39.2 million euros lower than in the same period last year due to the lock-down period which determined a lower production capacity in March. Gross operating profit of 14.1 million euros was consequently down compared with 27.6 million euros of the previous year due to lower volumes. The flow of orders was lower than the corresponding period of 2019, showing a lower backlog of 548.9 million euros (610.0 million euros at 31 March 2019), but in line with expectations for the

current year. Perfect Pack S.r.l., acquired in 2019, contributed 1.0 million euros in terms of revenue, 0.1 million euros of EBITDA and a backlog of 5.5 million euros.

The revenue of the Tobacco sector was substantially in line with the corresponding period of the previous year, coming in at 19.2 million euros (19.7 million euros in the first quarter of 2019). Gross operating profit of 5.9 million euros increased slightly compared with the previous year due to lower administrative and general expense. The flow of orders was lower than the corresponding period of 2019 (8.2 million euros compared with 18.7 million euros) showing a lower backlog of 42.9 million euros (52.5 million euros in the previous year).

In any event, the Group is increasing its efforts to rationalize expenses by reducing production costs and limiting overheads.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The following table summarizes the Group's balance sheet and financial position at 31 March 2020:

in millions of euros	31.03.2020	31.12.2019
Trade receivables	412.4	419.6
Inventories	387.3	344.2
Trade payables	(479.0)	(520.5)
Other, net	(98.4)	(100.3)
Net working capital	222.3	143.0
Property, plant and equipment	317.5	313.0
Intangible assets	870.4	874.8
Investments	37.3	32.9
Non-current assets	1,225.2	1,220.7
Provision for severance indemnities and other provisions	(204.4)	(221.7)
Net invested capital	1,243.1	1,142.0
FINANCED BY:		
Net debt	740.7	637.1
Non-controlling interests	10.3	11.4
Group equity attributable to equity holders of the parent	492.1	493.5
Total sources of financing	1,243.1	1,142.0

It is worth pointing out that "Other, net" mainly refers to amounts due to employees and provisions for risks and charges; provision for severance indemnities and other provisions mainly include defined benefits due to employees, payables in respect of acquisitions and deferred tax liabilities.

The net invested capital at the end of the first quarter of 2020 was 101.1 million euros higher than at the end of 2019. The difference is entirely due to the increase in net working capital. Analysing the changes in net working capital, we see that there has been a decrease in trade receivables linked to the valuation at stage of completion as reflected in lower revenue and a rise in inventories to meet finished product delivery deadlines, a consequence of the level of the backlog.

Net debt is analyzed below:

in millions of euros	31.03.2020	31.12.2019
A. Cash and cash equivalents	(169.0)	(110.7)
B. Other cash equivalents	(3.4)	(4.0)
C. Investments in securities	(13.0)	(11.7)
D. Liquidity (A)+(B)+(C)	(185.4)	(126.4)
E. Current financial receivables	(3.5)	(2.5)
F. Current payables to banks	248.9	81.8
G. Current portion of non-current payables	60.7	61.5
H. Other current financial payables	1.9	1.1
I. Current financial debt (F)+(G)+(H)	311.5	144.4
J. Net current financial debt (D)+(E)+(I)	122.6	15.5
K. Non-current portion of non-current bank payables	376.6	376.7
L. Bonds issued	139.8	145.0
M. Other non-current financial payables	144.1	142.4
N. Non-current financial assets	(42.4)	(42.5)
O. Net non-current financial debt (K)+(L)+(M)+(N)	618.1	621.6
P. Net financial debt (J)+(O)	740.7	637.1

Net debt at the end of the period amounts to 740.7 million euros (637.1 million euros at 31 December 2019). The increase with respect to the 31 December 2019 derives from the physiological growth in net working capital. It is expected that net debt will fall considerably in the latter part of the year.

CAPITAL EXPENDITURE

Capital expenditure on intangible assets amounted to 7.4 million euros (6.0 million euros in the first quarter of 2019) and related mainly to the capitalisation of development costs incurred on totally new products for market segments not previously occupied.

Group capital expenditure on property, plant and equipment amounted to 14.4 million euros (5.6 million euros in first quarter of 2019) and mainly relates to rights of use assets, the purchase of plant, machinery and electronic machines and the construction of industrial buildings.

Amortization and depreciation expense for the period was 22.5 million euros (16.8 million euros in the same period last year). The increase in amortization mainly refers to development costs and intangible assets recognized as part of acquisitions made during the second and third quarters of 2019.

ALTERNATIVE PERFORMANCE INDICATORS

These comments on the results for the period also include some performance indicators to give a better picture of the Group's operations and financial position. 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 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 of non-current assets. 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 "Consolidated 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 capital invested. 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 "Consolidated financial statements": inventories, property, plant and equipment (including right-of-use assets) and intangible assets, equity attributable to the shareholders of the parent company 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 therefore implemented the procedure on related parties, last updated on 15 February 2019.

The purpose of this procedure, which is published on the Company's website (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 mainly 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.

Transactions with related parties of greater significance are subject to the prior approval of the Board, which in turn must obtain a positive opinion on the proposed transaction by the specific committee, composed of only independent directors, though it can also be assisted by independent experts to express its opinion.

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 24.

OUTLOOK FOR OPERATIONS

The economic trend in the first quarter of 2020 reflects the amount of the backlog at the end of 2019, the order acquisition during the period and above all the lock-down in March. The trend of orders in the reference sectors was satisfactory also in April and despite the situation linked to the Covid-19 emergency, once again highlighting the resilience of the reference sectors. The size of the backlog and the number of projects being negotiated, also of significant amounts, are a positive sign, even if they do not provide total visibility over the whole year. We are reasonably confident about the rest of the year, despite the current health emergency which characterises not only Italy, but the whole world. So, in this period even greater attention will be paid to reducing costs and improving commercial incisiveness.

If the signs are confirmed during the year, we believe that the Group can achieve a result that is not significantly lower than the previous year, which we can quantify as a reduction in EBITDA of not more than 10%.

During the year, we will provide any updates on these forecasts for the current year, at latest at the time of the half-yearly report.

Lastly, based on this outlook, we believe that there are no effects in terms of impairment of assets shown in the financial statements, as the trend is in line with what was analysed the last time that impairment was specifically tested.

CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2020

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	31 March 2020	31 December 2019
NON-CURRENT ASSETS			
Property, plant and equipment	2	102.0	100.2
Right of use assets	2	215.5	212.8
Intangible assets	3	870.4	874.8
Investments accounted for using the equity method	4	33.9	26.1
Financial assets	5	46.3	49.8
Receivables from others		3.1	3.0
Deferred tax assets	7	55.7	58.3
TOTAL NON-CURRENT ASSETS		1,326.9	1,325.0
CURRENT ASSETS			
Inventories	8	387.3	344.2
Trade and other receivables	9	244.3	243.9
Contract assets	9	243.5	236.7
Income tax receivables		19.2	21.3
Financial assets	5	19.9	18.2
Derivative financial instruments	6	0.2	1.0
Cash and cash equivalents	10	169.0	110.7
TOTAL CURRENT ASSETS		1,083.4	976.0
TOTAL ASSETS		2,410.3	2,301.0
EQUITY AND LIABILITIES			
EQUITY			
Share capital		22.5	22.5
Reserves and retained earnings		470.6	301.8
Profit (loss) for the period		(1.0)	169.2
Equity attributable to equity holders of the parent	11	492.1	493.5
Non-controlling interests	12	10.3	11.4
TOTAL EQUITY		502.4	504.9
NON-CURRENT LIABILITIES			
Borrowings	13	516.6	521.9
Lease liabilities	13	143.9	142.2
Employee defined benefit liabilities		40.5	40.6
Provisions for risks and charges	14	6.3	6.3
Other payables	15	105.1	120.6
Derivative financial instruments	6	6.4	5.3
Deferred tax liabilities	7	106.6	108.8
TOTAL NON-CURRENT LIABILITIES		925.4	945.7
CURRENT LIABILITIES			
Borrowings	13	289.6	123.3
Lease liabilities	13	21.9	21.1
Trade and other payables	15	466.8	527.4
Contract liabilities	15	165.2	135.8
Income tax liabilities		8.1	12.9
Provisions for risks and charges	14	30.3	29.8
Derivative financial instruments	6	0.6	0.1
TOTAL CURRENT LIABILITIES		982.5	850.4
TOTAL LIABILITIES		1,907.9	1,796.1
TOTAL EQUITY AND LIABILITIES		2,410.3	2,301.0

CONSOLIDATED INCOME STATEMENT

(MILLIONS OF EUROS)

	Note	1st quarter 2020	1st quarter 2019
REVENUE FROM CONTRACTS WITH CUSTOMERS	1	280.4	326.1
OTHER REVENUE		1.4	1.4
OPERATING COSTS			
<i>Change in work in progress, semifinished and finished goods</i>		39.0	18.3
<i>Change in inventory of raw, ancillary and consumable materials</i>		3.0	3.3
<i>Cost of raw, ancillary and consumable materials and goods for resale</i>		(125.8)	(134.7)
<i>Services, rentals and leases</i>		(66.6)	(70.8)
<i>Personnel costs</i>	16	(110.2)	(105.6)
<i>Capitalized costs</i>		5.2	4.0
<i>Depreciation, amortization and write-downs</i>	17	(22.5)	(17.2)
<i>Provisions for risks and charges</i>		(0.4)	(0.6)
<i>Other operating costs</i>		(3.0)	(2.3)
TOTAL OPERATING COSTS		(281.3)	(305.6)
OPERATING PROFIT	1	0.5	21.9
<i>- of which: effect of non-recurring items</i>	25	(0.2)	(0.5)
FINANCIAL INCOME AND EXPENSE			
<i>Financial income</i>	18	10.7	7.4
<i>Financial expense</i>	19	(14.3)	(11.1)
TOTAL FINANCIAL INCOME AND EXPENSE		(3.6)	(3.7)
PROFIT (LOSS) BEFORE TAXES		(3.1)	18.2
TAXES	20	1.0	(5.5)
PROFIT (LOSS) FOR THE PERIOD		(2.1)	12.7
ATTRIBUTABLE TO:			
EQUITY HOLDERS OF THE PARENT		(1.0)	12.0
NON-CONTROLLING INTERESTS		(1.1)	0.7
		(2.1)	12.7
BASIC/DILUTED EARNINGS (LOSS) PER SHARE (in euros)	21	(0.02)	0.31

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(MILLIONS OF EUROS)

	1st quarter 2020	1st quarter 2019
Profit (loss) for the period	(2.1)	12.7
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
<i>Exchange rate gains (losses) on the translation of foreign currency financial statements</i>	(0.9)	2.3
<i>Gains (losses) on financial assets measured at FVOCI</i>	1.1	1.2
<i>Gains (losses) on cash flow hedges</i>	(0.9)	(1.1)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	(0.7)	2.4
Other comprehensive income not being reclassified to profit or loss in subsequent periods	–	–
Gains and losses recognized in equity	(0.7)	2.4
Total comprehensive income	(2.8)	15.1
Attributable to:		
Equity holders of the parent	(1.7)	14.5
Non-controlling interests	(1.1)	0.6
	(2.8)	15.1

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
Balance at 01.01.2019	20.4	122.8	(5.6)	(0.6)	(2.9)	158.9	104.0	397.0	23.9	420.9
Allocation of earnings for 2018	–	–	–	–	–	104.0	(104.0)	–	–	–
Change of non-controlling interests	–	–	–	–	–	(1.3)	–	(1.3)	1.3	–
Total comprehensive income	–	–	–	2.3	0.1	0.1	12.0	14.5	0.6	15.1
Balance at 31.03.2019	20.4	122.8	(5.6)	1.7	(2.8)	261.7	12.0	410.2	25.8	436.0
Balance at 01.01.2020	22.5	122.8	(5.6)	0.6	(4.3)	188.3	169.2	493.5	11.4	504.9
Monetary revaluation by hiperinflation	–	–	–	–	–	0.3	–	0.3	–	0.3
Allocation of earnings for 2019	–	–	–	–	–	169.2	(169.2)	–	–	–
Total comprehensive income	–	–	–	(0.9)	0.2	–	(1.0)	(1.7)	(1.1)	(2.8)
Balance at 31.03.2020	22.5	122.8	(5.6)	(0.3)	(4.1)	357.8	(1.0)	492.1	10.3	502.4

CONSOLIDATED STATEMENT OF CASH FLOWS

(MILLIONS OF EUROS)

	31 March 2020	31 March 2019
OPERATING ACTIVITIES		
Profit (loss) attributable to equity holders of the parent	(1.0)	12.0
Adjustments for:		
- Depreciation and amortization	22.5	16.8
- Changes in provisions for risks and charges and employee defined benefit liabilities	0.4	0.8
- Unrealized losses (gains) on exchange rate differences	0.8	(0.7)
- Other changes	1.3	-
- Taxes	(1.0)	5.5
- Non-controlling interests	(1.1)	0.7
Operating profit before changes in working capital	21.9	35.1
(Increase) decrease in trade and other receivables, including contract assets	(7.2)	(43.8)
(Increase) decrease in inventories	(43.1)	(22.7)
Increase (decrease) in trade and other payable, including contract liabilities	(43.4)	(35.6)
Taxes paid	(1.5)	(1.6)
CASH FLOW USED IN OPERATING ACTIVITIES (A)	(73.3)	(68.6)
INVESTING ACTIVITIES		
Investments in property, plant and equipment	(5.2)	(5.6)
Investments in intangible assets	(7.4)	(3.9)
Acquisition business divisions/companies	-	(2.0)
Purchase of investments	(4.4)	-
Sale of non-current assets	-	0.2
Other changes	(1.2)	0.8
CASH FLOW USED IN INVESTING ACTIVITIES (B)	(18.2)	(10.5)
FINANCING ACTIVITIES		
Granting of loans	2.8	1.0
Repayment of borrowings	(3.4)	(3.0)
Repayment of bonds	(5.2)	(5.2)
Increase (decrease) in other financial payables	161.7	35.3
Consideration for exercise of option on non-controlling interests	(3.1)	-
Net change in financial assets and other non current receivables	(0.6)	(0.5)
Payment of interest	(2.5)	(1.2)
Receipt of interest	0.1	0.1
CASH FLOW PROVIDED BY FINANCING ACTIVITIES (C)	149.8	26.5
NET CHANGE IN CASH AND CASH EQUIVALENTS (D=A+B+C)	58.3	(52.6)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (E)	110.7	140.9
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (F=D+E)	169.0	88.3

A BREAKDOWN OF "CASH AND CASH EQUIVALENTS" IS PROVIDED IN NOTE 10.

NOTES TO THE CONSOLIDATED 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

The periodic financial information at 31 March 2020 was approved by the Board of Directors on 12 May 2020 and has not been audited.

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.

Interim results for the market sector in which the IMA Group operates are generally not fully representative of those expected for the year as a whole, since there is a concentration of business during the second half of the year.

The Parent Company of the IMA Group is I.M.A. Industria Macchine Automatiche S.p.A. (referred to as "IMA", "IMA S.p.A." or the "Parent Company"), with registered offices at Via Emilia 428/442, Ozzano dell'Emilia (Bologna). IMA is listed on the electronic stock exchange of Borsa Italiana S.p.A. in the STAR segment.

At 31 March 2020 SO.FI.M.A. Società Finanziaria Macchine Automatiche S.p.A. holds 22,295,194 shares of IMA equal to 51.594% of share capital and 66.956% voting rights: In fact, 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.

B) GENERAL PREPARATION POLICIES

GENERAL PRINCIPLES

As an issuer trading on the STAR segment of the MTA market run by Borsa Italiana, IMA is subject to the aforementioned art. 2.2.3 of the Stock Exchange Regulations. As announced on 20 January 2017, the Parent Company will continue to publish quarterly reports within 45 days from the end of the first and third quarter of the year. This periodic financial information is prepared using the measurement criteria envisaged in the IAS/IFRS endorsed by the European Union.

The accounting policies used to prepare the periodic financial information at 31 March 2020 are consistent with those used to prepare the financial statements at 31 December 2019, to which the reader is referred for further information.

IMPLEMENTATION OF ACCOUNTING STANDARDS

Accounting standards, amendments and interpretations applied from 1 January 2020

The other amendments and interpretations of accounting standards and methods in force from 1 January 2020 govern circumstances and situations that are not present or relevant to the Group's consolidated financial statements:

- 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 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform.

Accounting standards issued but not yet in force

The Group does not foresee significant impacts on equity, results and financial situation deriving from the application of the other standards and interpretations that had already been issued, but were not yet in force at the date of preparation of this document:

- IFRS 17 - Insurance Contracts;
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of assets between an Investor and its Associate or Joint Venture;
- Amendments to IAS 1 - Presentation of financial statements: classification of liabilities as current or non-current.

USE OF ESTIMATES AND ASSUMPTIONS

Preparing interim reports requires the directors to make estimates and assumptions based on their best assessment at the time, which then have an effect on the figures shown in the financial statements and in the notes. These estimates and assumptions are reviewed periodically and the effects of any changes are recognized immediately in the period when circumstances change.

In carrying on its business, the IMA Group is exposed to various types of risk which could have an impact on its economic and financial situation. For a more detailed description of these risks and the estimates and assumptions used, please refer to the comments in the 2019 Annual Report. Another risk factor is the difficulty in predicting how the Covid-19 pandemic will evolve as its impact on the economy will depend, essentially, on how its intensity changes, how effective the containment measures are and the extent to which people accept having to adjust their behaviour.

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

The net liabilities of the Group in relation to the defined-benefit plans have been determined using the same economic, financial and demographic estimates illustrated in the 2019 Annual Report.

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 revenue 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 statement of cash flows has been prepared using the indirect method for determining cash flow from operating activities.

Unless stated otherwise, the figures in the periodic financial information at 31 March 2020 are expressed in millions of euros.

C) FINANCIAL RISK MANAGEMENT

RISK FACTORS

The Group is exposed to various types of financial risk connected with its business activities, the following in particular:

- 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.

This periodic financial information 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 2019.

There have been no 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following tables show the assets and liabilities measured at fair value at 31 March 2020 and at 31 December 2019 by fair value hierarchy level:

in millions of euros	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets	–	–	20.1	20.1
Derivative financial instruments	–	0.2	–	0.2
Total assets at 31.03.2020	–	0.2	20.1	20.3
Liabilities:				
Payables for acquisition	–	–	108.9	108.9
Derivative financial instruments	–	7.0	–	7.0
Total liabilities at 31.03.2020	–	7.0	108.9	115.9
in millions of euros	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets	–	–	22.9	22.9
Derivative financial instruments	–	1.0	–	1.0
Total assets at 31.12.2019	–	1.0	22.9	23.9
Liabilities:				
Payables for acquisition	–	–	113.2	113.2
Derivative financial instruments	–	5.4	–	5.4
Total liabilities at 31.12.2019	–	5.4	113.2	118.6

During the first quarter of 2020, 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.

The liabilities at 31 March 2020 mainly consist of payables for the options subscribed in connection with the purchase of minority interests in subsidiaries.



D) SCOPE OF CONSOLIDATION

The periodic financial information at 31 March 2020 includes the financial and operating information of I.M.A. Industria Macchine Automatiche S.p.A. (the Parent Company) and all the companies in which it directly or indirectly holds a controlling interest.

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

The following are the main events that took place in the first quarter of 2020:

- absorption by IMA S.p.A., with effect from 1 January 2020, of its direct or indirect subsidiaries GIMA S.p.A., G.S. Coating Technologies S.r.l., Mapster S.r.l. and Revisioni Industriali S.r.l.;
- absorption of O.A.SYS. S.r.l., a wholly-owned subsidiary, by Eurosicma S.p.A., which took effect from 1 January 2020;
- on 3 March 2020, the subsidiary TMC North America Inc. completed the acquisition of the residual 49% of the investment in Valley Tissue Packaging Inc. for an amount of 3.5 million US dollars, after exercising the option envisaged in the contract.

E) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The changes reported below were determined with respect to the amounts at 31 December 2019 for balance sheet items and the amounts for first quarter 2019 for income statement items.

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 segment: it produces plants for the processing of coffee, machines for the packaging of tea and herbal teas in filter bags and of coffee, for the food & beverage sector, for the personal care sector, for the dairy sector and for stock cubes, 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, for the production of electric motors, plus related services;
- Pharmaceutical segment: it makes 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, cartoning and bag-filling, systems for the production of tablets and capsules and for coating and fluid-bed granulation, for end-of-line equipment as well as related services;
- Tobacco segment: it designs, manufactures and markets machines and plants for tobacco packaging and related services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Starting from the first quarter of 2020, the BFB Division (end-of-line machines) previously allocated to the Tea, Food & Other sector, has been attributed to the Pharmaceutical sector. The comparative figures have been consistently restated.

The information on operating segments for first quarter 2020 and 2019 is as follows:

in millions of euros	1st quarter 2020			Total
	Tea, Food & Other	Pharmaceutical	Tobacco packaging	
Revenue from contracts with customers	122.7	138.5	19.2	280.4
Segment operating profit	(12.3)	7.4	5.4	0.5
Net financial income (expense) (*)				(3.6)
Profit (loss) before taxes				(3.1)
Taxes				1.0
Profit (loss) for the period				(2.1)

in millions of euros	1st quarter 2019			Total
	Tea, Food & Other	Pharmaceutical	Tobacco packaging	
Revenue from contracts with customers	128.7	177.7	19.7	326.1
Segment operating profit	(4.8)	21.8	4.9	21.9
Net financial income (expense) (*)				(3.7)
Profit (loss) before taxes				18.2
Taxes				(5.5)
Profit (loss) for the period				12.7

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

Consolidated revenue in first quarter 2020, 280.4 million euros, decreased compared with the corresponding period of the previous year only due to the lock-down in March. In fact, in the first two months revenue was in line with the previous year.

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

The revenue of the Tea, Food & Other sector, 122.7 million euros, was slightly lower than in the same period last year (-6.0 million euros) mainly because of the lock-down period in March, with a contribution of the businesses acquired in 2019 for 13.0 million euros. Therefore, the operating profit decreases to -12.3 million euros, principally due to lower revenue.

Revenue in the Pharmaceuticals sector was 39.2 million euros, lower than in the same period last year, owing to the lock-down period which determined a lower production capacity in March. The operating profit of 7.4 million euros was therefore down from 21.8 million euros, due to lower volumes. Perfect Pack S.r.l., acquired in 2019, contributes 1.0 million euros in termini of revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The revenue of the Tobacco sector was substantially in line with the corresponding period of the previous year, coming in at 19.2 million euros (19.7 million euros in the first quarter of 2019). Operating profit, at 5.4 million euros, shows a slight increase compared with the previous year, due to lower general and administrative costs.

Following the adoption of IFRS 15, 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.

REVENUE BY GEOGRAPHICAL AREA

in millions of euros	1st quarter 2020			
	Tea, Food & Other	Pharma- ceutical	Tobacco packaging	Total
European Union (excluding Italy)	28.0	56.3	10.4	94.7
Other European countries	14.0	8.2	1.0	23.2
North America	33.5	11.0	0.5	45.0
Asia & Middle East	21.8	30.4	5.0	57.2
Italy	12.9	15.3	2.3	30.5
Other countries	12.5	17.3	–	29.8
Total	122.7	138.5	19.2	280.4

in millions of euros	1st quarter 2019			
	Tea, Food & Other	Pharma- ceutical	Tobacco packaging	Total
European Union (excluding Italy)	35.8	56.9	7.0	99.7
Other European countries	10.3	6.6	1.5	18.4
North America	30.1	24.2	–	54.3
Asia & Middle East	25.6	49.2	9.6	84.4
Italy	11.6	18.7	1.6	31.9
Other countries	15.3	22.1	–	37.4
Total	128.7	177.7	19.7	326.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

REVENUE BY BUSINESS CATEGORY

1st quarter 2020				
in millions of euros	Tea, Food & Other	Pharma- ceutical	Tobacco packaging	Total
Original Equipment	79.5	91.7	14.3	185.5
After-Sales	43.2	46.8	4.9	94.9
Total	122.7	138.5	19.2	280.4

1st quarter 2019				
in millions of euros	Tea, Food & Other	Pharma- ceutical	Tobacco packaging	Total
Original Equipment	88.7	126.7	8.7	224.1
After-Sales	40.0	51.0	11.0	102.0
Total	128.7	177.7	19.7	326.1

REVENUE BY TIMING OF RECOGNITION

1st quarter 2020				
in millions of euros	Tea, Food & Other	Pharma- ceutical	Tobacco packaging	Total
Revenue at a point in time	59.4	48.0	4.3	111.7
Revenue over time	63.3	90.5	14.9	168.7
Total	122.7	138.5	19.2	280.4

1st quarter 2019				
in millions of euros	Tea, Food & Other	Pharma- ceutical	Tobacco packaging	Total
Revenue at a point in time	59.7	60.4	6.9	127.0
Revenue over time	69.0	117.3	12.8	199.1
Total	128.7	177.7	19.7	326.1

2. PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the period are analysed as follows:

in millions of euros	Land and Building	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Balances at 01.01.2020	46.4	24.1	5.6	13.7	10.4	100.2
Additions	0.1	0.9	0.3	0.5	3.4	5.2
Depreciation	(0.5)	(1.4)	(0.5)	(1.1)	–	(3.5)
Reclassifications and other changes	–	0.6	–	0.1	(0.6)	0.1
Balances at 31.03.2020	46.0	24.2	5.4	13.2	13.2	102.0

Additions for the period mainly relate to the purchase of plant, machinery and electronic machines and to a construction of an industrial building by ATOP S.p.A.

RIGHT OF USE ASSETS

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

in millions of euros	Land and Building	Plant and machinery	Industrial & comm. equipment	Other assets	Assets under construction	Total
Balances at 01.01.2020	191.6	1.1	0.1	5.7	14.3	212.8
Additions	5.3	–	–	0.1	3.8	9.2
Depreciation	(6.3)	–	–	(0.7)	–	(7.0)
Reclassifications and other differences	0.8	–	–	–	(0.3)	0.5
Balances at 31.03.2020	191.4	1.1	0.1	5.1	17.8	215.5

The other assets are essentially cars and assets under construction are mainly attributable to CMRE S.r.l.'s building complex under construction in Ozzano dell'Emilia (BO).

3. INTANGIBLE ASSETS

Movements in intangible assets during the period are analysed as follows:

in millions of euros	Development costs	Industrial patents rights	Software licences, trademarks and similar	Goodwill	Asset under development and advances	Total
Balances at 01.01.2020	164.2	6.7	194.3	478.4	31.2	874.8
Additions	3.5	0.4	0.3	–	3.2	7.4
Amortization	(7.2)	(0.5)	(4.3)	–	–	(12.0)
Reclassifications and other changes	0.8	–	0.5	0.1	(1.2)	0.2
Balances at 31.03.2020	161.3	6.6	190.8	478.5	33.2	870.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Development costs include the costs incurred for unpatented technology, the useful life of which has been estimated to be between 5 and 13 years and is attributable to the following acquisitions:

in millions of euros	Year of acquisition	31.03.2020	31.12.2019
ATOP S.p.A.	2019	41.8	42.9
Sprefaco Automation S.r.l.	2019	16.5	17.0
Perfect Pack S.r.l.	2019	4.7	4.8
Tecmar S.A.	2019	1.8	1.9
Ciemme S.r.l.	2018	4.0	4.1
Gruppo TMC	2018	21.0	21.6
Petroncini Impianti S.p.A.	2018	6.2	6.4
Eurosicma S.p.A.	2017	14.3	14.7
Benhil GmbH and Hassia Packaging Pvt. Ltd.	2015	6.6	6.9
Ilapak Group	2013	5.6	6.0
Dairy&Convenience Food business of Corazza Group	2011	1.5	1.9

In addition, this caption includes costs of 9.5 million euros incurred by the Parent Company on projects related to the Pharmaceutical sector, 8.6 million euros on project development for the Tea, Food & Other sector and 3.8 million euros on projects relating to the Tobacco sector.

Software, licences, trademarks and other rights mainly include applications, management, administrative and technical software and intangible assets related to customers ("customer list") and trademarks for 123.7 million euros and 54.3 million euros respectively, recognized following the acquisitions of ATOP, Perfect Pack, Sprefaco, Eurosicma, Ilapak, TMC, Petroncini and Ciemme.

Goodwill comprises the following:

in millions of euros	31.03.2020	31.12.2019
Tea, Food & Other:		
CGU ATOP	239.8	239.8
CGU Automation	16.4	16.4
CGU Coffee	12.5	12.5
CGU Food & Dairy	41.8	41.8
CGU Flex Pack	36.7	36.7
CGU Tea	16.9	16.9
CGU Tissue	37.6	37.6
	401.7	401.7
Pharmaceutical:		
CGU Active	12.5	12.5
CGU Life	27.5	27.4
CGU Safe	36.8	36.8
	76.8	76.7
Total	478.5	478.4

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 of value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

In addition, during prior years, the amounts of goodwill of the Nova Group (Safe CGU), Zanchetta and ICO OLEODINAMICI (Active CGU) were written down 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 and new technologies attributable to the parent company for 28.3 million euros and to Tissue Machinery Company S.p.A. for 1.3 million euros.

4. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

This caption is analyzed as follows:

in millions of euros	31.03.2020	31.12.2019
Associates:		
Alfa S.r.l.	4.1	–
Amherst Stainless Fabrication Llc	0.4	0.4
A.P.M. Assembly Packaging Machinery S.r.l.	0.4	0.4
B.C. S.r.l.	3.3	3.3
Bacciottini F.lli S.r.l.	0.9	0.9
Bolognesi S.r.l.	1.2	1.2
Doo Officina-Game East Vrsac	0.4	0.4
I.E.M.A. S.r.l.	1.8	1.8
IMA Dairy & Food Holding GmbH	4.6	4.6
Inkbit Llc	1.8	1.8
LA.CO S.r.l.	0.5	0.5
Logimatic S.r.l.	1.2	1.2
Meccanica Sarti S.r.l.	1.3	1.3
MORC 2 S.r.l.	1.8	1.8
O.M.S. Officina Meccanica di Sonico S.r.l.	1.1	1.1
SIL.MAC. S.r.l.	1.6	1.6
Sirio S.p.A. Associazione in partecipazione	2.6	2.6
Other associates	4.9	1.2
Total	33.9	26.1

5. FINANCIAL ASSETS

The item breaks down as follows:

in millions of euros	31.03.2020	31.12.2019
Non-current:		
· Financial assest measured at amortized cost	42.4	42.5
· Financial assest measured at FVOCI	3.5	6.9
· Financial assest measured at FVPL	0.4	0.4
	46.3	49.8
Current:		
· Financial assest measured at amortized cost	3.7	2.6
· Financial assest measured at FVOCI	16.2	15.6
	19.9	18.2
Total	66.2	68.0

Non-current financial assets measured at amortised cost essentially 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 measured at amortised cost essentially comprise loans granted by the Parent Company and Packaging Manufacturing Industry S.r.l. to certain associates totalling 2.6 million euros.

Current financial assets valued at FVOCI mainly include investment funds attributable to the Parent Company for 13.0 million euros.

6. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments comprise:

in millions of euros	Assets 31.03.2020	Liabilities 31.03.2020	Assets 31.12.2019	Liabilities 31.12.2019
Interest rate hedging instruments - cash flow hedges	–	6.4	–	5.3
Exchange rate hedging instruments - cash flow hedges	0.2	0.6	1.0	0.1
Total	0.2	7.0	1.0	5.4

INTEREST RATE DERIVATIVES

At 31 March 2020, the amount of 4.3 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 2024, on a nominal value of 42.4 million US dollars and 289.0 million euros and of a financial lease expiring by 2026 on a nominal value of 5.9 million euros.

In addition, the residual amount of 2.1 million euros in liabilities represents the fair value of interest rate hedging derivative contracts entered into by ATOP S.p.A., CMRE S.r.l. and Tissue Machinery Company S.p.A. on a total nominal amount of 44.3 million euros.

EXCHANGE RATE DERIVATIVES

At 31 March 2020, the amount of 0.2 million euros in assets and 0.6 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 18.8 million US dollars and 46.0 million Chinese yuan.

7. DEFERRED TAX ASSETS AND LIABILITIES

At 31 March 2020, the deferred tax asset of 55.7 million euros (58.3 million euros at 31 December 2019) mainly relates to a deferred tax asset recognised 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.

At 31 March 2020, deferred tax liabilities amount to 106.6 million euros (108.8 million euros at 31 December 2019) and relate mainly to temporary differences between the book values of certain tangible and intangible assets and their values recognised for tax purposes.

8. INVENTORIES

This item is made up as follows:

in millions of euros	31.03.2020			31.12.2019		
	Gross value	Impairment provision	Net value	Gross value	Impairment provision	Net value
Raw, ancillary and consumable materials	95.4	(14.5)	80.9	90.0	(13.5)	76.5
Work in progress and semifinished goods	334.6	(43.0)	291.6	294.7	(41.4)	253.3
Finished products and goods for resale	17.7	(2.9)	14.8	17.3	(2.9)	14.4
Total	447.7	(60.4)	387.3	402.0	(57.8)	344.2

The increase in inventories since 31 December 2019 reflects the preparation of machines for delivery to customers in subsequent quarters, as well as the substantial backlog at the end of March.

9. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS

TRADE AND OTHER RECEIVABLES

This item comprises:

in millions of euros	31.03.2020	31.12.2019
Trade receivables	168.9	182.9
Advances to suppliers	34.3	29.1
Tax receivables	16.9	15.9
Deferred costs	15.9	10.1
Other receivables	8.3	5.9
Total	244.3	243.9

TRADE RECEIVABLES

Trade receivables include amounts due from customers of 156.4 million euros (171.8 million euros at 31 December 2019) and receivables from associates of 12.5 million euros (11.1 million euros at 31 December 2019).

Customer receivables falling due beyond 12 months amounted to 0.2 million euros (1.4 million euros at 31 December 2019). Deferred payment terms granted to customers resident in countries presenting

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 19.4 million euros (19.4 million euros at 31 December 2019).

Assigned receivables without recourse not yet due at 31 March 2020 amount to 26.0 million euros, of which 19.2 million euros have been assigned to factoring companies and 6.8 million euros to other financial institutions. No assignment of receivables without recourse was made in the first quarter of 2020.

ADVANCES TO SUPPLIERS

At 31 March 2020, these relate to advances to suppliers for goods to be used in production and for services totalling, respectively, 21.5 million euros (17.7 million euros at 31 December 2019) and 12.8 million euros (11.4 million euros at 31 December 2019).

This balance includes 5.1 million euros of advances to associated companies (3.2 million euros at 31 December 2019).

TAX RECEIVABLES

Tax receivables mainly consist of VAT recoverable.

CONTRACT ASSETS

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

in millions of euros	31.03.2020	31.12.2019
Contract assets related to contract works	562.8	595.0
Advances received	(319.3)	(358.3)
Total	243.5	236.7

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

10. CASH AND CASH EQUIVALENTS

This item comprises:

in millions of euros	31.03.2020	31.12.2019
Bank current accounts	165.7	107.7
Deposits	3.1	2.8
Cheques and cash	0.2	0.2
Total	169.0	110.7

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 31 March 2020, 22.5 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 43,212,509 ordinary shares with a par value of 0.52 euros each.

By resolution of 21 April 2017, the Extraordinary Shareholders' Meeting of IMA S.p.A. 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 the right to two votes for each share that they hold.

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 66,596,241. It should also be noted that there are 451,110 shares registered in the list of increased voting rights, which are currently maturing.

TREASURY SHARES

In 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 2019 IMA S.p.A. held 107,000 treasury shares, equal to 0.248% of the share capital.

The Parent Company did not carry out any transactions on treasury shares during the first quarter of 2020.

DIVIDENDI

The Board of Directors met today to modify the proposed dividend out of 2019 earnings of the parent company IMA S.p.A.

The Board took note of the significant change in the global economic scenario that occurred after the Board meeting of 12 March following the spread of the Covid-19 virus pandemic. By adopting a prudential approach, in order to support the Group's capital solidity and contain any future economic and financial impacts, the Board therefore decided to suspend the resolution to distribute dividends on 2019 profit already approved on 12 March. A dividend out of 2019's earnings may be re-proposed once the current emergency has been overcome.

Therefore, at the next Shareholders' Meeting called for 10 June 2020, it will be proposed to allocate the profit for the year 2019 of the parent company IMA S.p.A. to reserves.

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FAIR VALUE RESERVE

The changes in the fair value reserve are analysed as follows:

in millions of euros	
Balance at 01.01.2019	(2.9)
<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>	
Measurement at fair value	(1.5)
Fair value - tax effect	0.4
Realization recognized in PL	0.4
Tax effect - realization recognized in PL	(0.1)
Balance at 31.03.2019	(2.8)
Balance at 01.01.2020	(4.3)
<i>Financial assets at FVOCI</i>	
Measurement at fair value	1.1
Fair value - tax effect	(0.3)
<i>Cash flow hedges/hedging instruments</i>	
Measurement at fair value	(1.2)
Fair value - tax effect	0.3
Realization recognized in PL	0.3
Balance at 31.03.2020	(4.1)

OTHER RESERVES AND RETAINED EARNINGS

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

12. NON-CONTROLLING INTERESTS

The direct and indirect investments held by the Parent Company IMA S.p.A. together with non-controlling interests are indicated below:

	Country	31 March 2020		31 December 2019	
		% held by the Group	% held by third parties	% held by the Group	% held by third parties
ATOP S.p.A.	Italy	90.98%	9.02%	90.98%	9.02%
ATOP (Shanghai) Electrical Equipment Co. Ltd.	PRC	90.98%	9.02%	90.98%	9.02%
Digidoc S.r.l.	Italy	80%	20%	80%	20%
Eurotekna S.r.l.	Italy	85.71%	14.29%	85.71%	14.29%
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%
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%

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 F of the explanatory notes.

Non-controlling interests at 31 March 2020 amounted to 10.3 million euros (11.4 million euros at 31 December 2019) and refer to ATOP S.p.A. for 9.2 million euros.

13. BORROWINGS AND LEASE LIABILITIES

BORROWINGS

The item includes financial liabilities valued at amortized cost and, in particular, amounts due to banks of 656.4 million euros (491.5 million euros at 31 December 2019), amounts due to other lenders of 2.1 million euros (1.3 million euros at 31 December 2019) and bonds of 147.7 million euros (152.4 million euros at 31 December 2019).

PAYABLES TO BANKS

The main changes in payables to banks relate to the Parent Company and refer to advances on export transactions.

PAYABLES TO OTHER LENDERS

The item includes current payables to factoring companies for 1.9 million euros (1.1 million euros at 31 December 2019) and payables to others for 0.2 million euros (0.2 million euros at 31 December 2019).

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 180.0 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%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 fourth tranche was repaid in February 2020 for a total of 7.1 million US dollars.

The bonds are not guaranteed, but certain covenants must be met.

Bonds are made up of:

in millions of euros	31.03.2020	31.12.2019
Non-current portion	139.8	145.0
Current portion	7.9	7.4
Total book value	147.7	152.4

LEASE LIABILITIES

The item breaks down as follows:

in millions of euros	31.03.2020	31.12.2019
Non-current:		
· Lease liabilities	143.9	142.2
	143.9	142.2
Current:		
· Lease liabilities	21.9	21.1
	21.9	21.1
Total	165.8	163.3

Lease liabilities essentially include property leases.



NET DEBT

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

in millions of euros	31.03.2020	31.12.2019
A. Cash and cash equivalents	(169.0)	(110.7)
B. Other cash equivalents	(3.4)	(4.0)
C. Investments in securities	(13.0)	(11.7)
D. Liquidity (A)+(B)+(C)	(185.4)	(126.4)
E. Current financial receivables	(3.5)	(2.5)
F. Current payables to banks	248.9	81.8
G. Current portion of non-current payables	60.7	61.5
H. Other current financial payables	1.9	1.1
I. Current financial debt (F)+(G)+(H)	311.5	144.4
J. Net current financial debt (D)+(E)+(I)	122.6	15.5
K. Non-current portion of non-current bank payables	376.6	376.7
L. Bonds issued	139.8	145.0
M. Other non-current financial payables	144.1	142.4
N. Non-current financial assets	(42.4)	(42.5)
O. Net non-current financial debt (K)+(L)+(M)+(N)	618.1	621.6
P. Net financial debt (J)+(O)	740.7	637.1

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

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 109.8 million euros (113.9 million euros at 31 December 2019), 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 740.7 million euros compared with 637.1 million euros at the end of 2019. The increase is mainly due to the physiological growth in net working capital.

It is expected that net debt will fall considerably in the latter part of the year.

14. PROVISIONS FOR RISKS AND CHARGES

These provisions are analysed as follows:

in millions of euros	Balance at 31.12.2019	Net increases	Net decreases	Exchange rate differences	Balance at 31.03.2020
Non-current:					
Agency termination indemnities	3.2	–	–	–	3.2
Other provisions	3.1	–	–	–	3.1
	6.3	–	–	–	6.3
Current:					
Product guarantee provision	27.8	0.5	(0.1)	0.1	28.3
Other provisions	2.0	–	–	–	2.0
	29.8	0.5	(0.1)	0.1	30.3
Total	36.1	0.5	(0.1)	0.1	36.6

The product guarantee provision was established on the basis of estimated expenses for work performed under guarantee after 31 March 2020.

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

15. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES**TRADE AND OTHER PAYABLES**

This item is made up as follow:

in millions of euros	31.03.2020	31.12.2019
Trade payables	348.0	413.8
Social security and defined-contribution plans payables	12.8	15.1
Tax payables	10.9	12.9
Due to employees	78.6	79.0
Payables in respect of acquisitions	109.8	113.9
Deposits	2.1	1.3
Other payables	9.7	12.0
Total	571.9	648.0

TRADE PAYABLES

This item includes trade payables of 245.0 million euros (297.8 million euros at 31 December 2019), payables to agents of 15.4 million euros (16.8 million euros at 31 December 2019) and trade payables to associates of 87.6 million euros (99.2 million euros at 31 December 2019).

TAX PAYABLES

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

DUE TO EMPLOYEES

These mainly relate to deferred payroll, bonuses and accrued holiday entitlement, which will mostly be taken during the year.

This item includes 3.2 million euros classified among the non-current liabilities (14.2 million euros at 31 December 2019).

PAYABLES IN RESPECT OF ACQUISITIONS

At 31 March 2020 these include payables for the purchase of investments relating to the acquisitions that took place in 2019 for 52.5 million euros, mainly relating to ATOP S.p.A., Perfect Pack S.r.l., Spares & More S.r.l., Spreafico Automation S.r.l. and Tecmar S.A., the acquisitions that took place in 2018 for 25.7 million euros, which mainly relate to Ciemme S.r.l. and TMC Group, and the acquisitions that took place in previous years for 30.8 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 101.6 million euros (102.4 million euros at 31 December 2019).

OTHER PAYABLES

Other payables include 0.3 million euros classified under non-current liabilities (3.9 million euros at 31 December 2019).

CONTRACT LIABILITIES

The item breaks down as follow:

in millions of euros	31.03.2020	31.12.2019
Advances received from customer	106.4	105.1
Contract liabilities related to contract works	58.8	30.7
Total	165.2	135.8

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

in millions of euros	31.03.2020	31.12.2019
Advances received	191.9	113.6
Contract assets related to contract works	(133.1)	(82.9)
Total	58.8	30.7

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.

16. PERSONNEL COSTS

This item comprises:

in millions of euros	1st quarter 2020	1st quarter 2019	Change
Wages and salaries	80.7	75.9	4.8
Social security contributions	19.3	18.2	1.1
Board of Directors' emoluments	1.0	2.3	(1.3)
Pensions - defined-benefit plans	0.3	0.4	(0.1)
Pensions - defined-contribution plans	3.9	3.9	–
Other personnel costs	5.0	4.9	0.1
Total	110.2	105.6	4.6

Personnel costs related to ATOP S.p.A., Perfect Pack S.r.l., Spreafico Automation S.r.l. e Tecmar S.A. which were not included in the consolidation area in 2019, amounted to 5.0 million euros.

In the first quarter of 2020, the IMA Group employed 6,196 people on average (5,670 persons in the corresponding period of the previous year).

At the end of period employees are 6,197 (6,159 at 31 December 2019).

17. DEPRECIATION, AMORTIZATION AND WRITE-DOWNS

This caption includes the depreciation of property, plant and equipment of 3.5 million euros (3.9 million euros in the same prior year period), depreciation for right of use assets of 7.0 million euros (4.9 million euros in the same period of last year), amortization of intangible assets 12.0 million euros (8.0 million euros in the same period of 2019). In addition, in the first quarter 2019 the item also included bad debt provision of 0.4 million euros.

The increase in amortization mainly refers to development costs and intangible assets recognized as part of acquisitions made during the second and third quarters of 2019.

18. FINANCIAL INCOME

This item comprises:

in millions of euros	1st quarter 2020	1st quarter 2019	Change
Interest income from banks	0.1	0.1	–
Income from derivative financial instruments	0.1	0.1	–
Change in fair value for contingent considerations	1.4	0.3	1.1
Other interest and financial income	0.4	0.4	–
Exchange rate gains	8.7	6.5	2.2
Total	10.7	7.4	3.3

19. FINANCIAL EXPENSE

This item comprises:

in millions of euros	1st quarter 2020	1st quarter 2019	Change
Interest expense on bank payables	1.7	1.1	0.6
Interest expense on bonds	1.2	1.2	–
Interest expense on lease liabilities	1.2	0.8	0.4
Net financial expense on defined-benefit plans	0.1	0.1	–
Change in fair value for contingent considerations	0.2	1.2	(1.0)
Bank guarantee expenses	0.1	0.2	(0.1)
Expense from derivative financial instruments	0.4	0.4	–
Other interest and financial expense	0.4	–	0.4
Exchange rate losses	9.0	6.1	2.9
Total	14.3	11.1	3.2

Exchange gains and losses in the period to 31 March 2020 included, respectively, an unrealized gain of 4.8 million euros and an unrealized loss of 5.6 million euros (3.7 million euros and 3.0 million euros respectively in first quarter of the previous year).

20. TAXES

Taxes include income 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. as consolidated companies and SO.FI.MA. S.p.A. as the consolidating company.

In addition, the companies Tissue Machinery Company S.p.A. as consolidating company and Asset Management Service S.r.l. as consolidated company form part of the domestic tax group.

21. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) 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 quarter 2020	1st quarter 2019
Profit (loss) for the period (millions of euros)	(1.0)	12.0
Average number of outstanding ordinary shares (millions of shares)	43.1	39.2
Earning (loss) per share (in euros)	(0.02)	0.31

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.

22. GUARANTEES GRANTED

At 31 March 2020, the Group has given sureties and other bank guarantees to customers totalling 40.2 million euros for the proper operation of machinery, bid bonds and advances not yet received, sureties to guarantee rental contracts for 7.7 million euros and sureties in favour of others for 2.8 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 280.6 million euros.

Ilapak International SA provided guarantees to third parties in the interest of Ilapak Verpackungsmaschinen GmbH and Ilapak SNG OOO of 2.1 million euros.

Lastly, note that sureties were issued against advances received from customers for a total of 107.4 million euros (107.3 million euros at 31 December 2019), of which 43.3 million euros reflect the use of credit lines guaranteed by commitments on the part of the Parent Company.

23. COMMITMENTS

At 31 March 2020 there are commitments for the purchase of property, plant and equipment and intangible assets of 23.5 million euros relating principally to the property complex being built by CMRE S.r.l.

Commitments for rents and lease payments excluded from the application of IFRS 16 amount to 12.5 million euros. This amount includes 8.4 million euros relating to the signing, during 2019, of a preliminary lease contract for a building under construction linked to the property located in Castel San Pietro Terme (BO).

Other commitments in favour of third parties, 18.7 million euros, mainly consist of the Parent Company's agreement to buy further units of the mutual funds.

24. 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.

The Parent Company of the IMA Group is I.M.A. Industria Macchine Automatiche S.p.A., which at 31 March 2020 is owned 51.594% by SO.FI.M.A. 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 relevant transactions", as defined in the Consob regulation, no individual Related Party transactions that could have had a significant influence over the 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 significant influence over the companies' balance sheet or results.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

in millions of euros	Receivables at 31.03.2020	Receivables at 31.12.2019	Payables at 31.03.2020	Payables at 31.12.2019
Associates and joint venture:				
Alfa S.r.l.	4.1	–	–	–
Amherst Stainless Llc	1.9	1.5	0.5	0.2
A.P.M. Assembly Pack. Mach. S.r.l.	0.7	0.8	1.2	1.7
B.C. S.r.l.	3.3	3.3	1.0	0.9
Bacciottini F.lli S.r.l.	1.0	0.9	8.0	9.3
Bolognesi S.r.l.	1.3	1.3	4.7	4.7
Doo Officina-Game East Vrsac	1.7	1.3	0.1	0.1
I.E.M.A. S.r.l.	3.8	3.4	17.0	18.1
IMA Dairy & Food Holding GmbH	44.8	44.8	–	–
Inkbit Llc	1.8	1.8	–	–
LA.CO S.r.l.	0.8	0.8	2.7	2.8
Logimatic S.r.l.	11.2	10.0	23.4	28.6
Meccanica Sarti S.r.l.	1.3	1.3	0.5	0.7
Me.Mo. S.r.l.	1.5	1.5	0.1	0.1
MORC 2 S.r.l.	2.7	2.3	3.4	4.3
O.M.S. Officina Meccanica di Sonico S.r.l.	1.1	1.1	0.8	1.2
RO.SI S.r.l.	0.3	0.3	1.9	1.8
SIL.MACS.r.l.	3.1	2.6	9.9	10.9
STA.MA. S.r.l.	0.1	0.1	2.1	2.2
Talea S.r.l.	11.4	11.8	8.5	8.8
Other associates	5.1	1.4	1.8	2.8
	103.0	92.3	87.6	99.2
Other related parties:				
3-T S.r.l.	–	–	1.2	1.2
Costal S.r.l.	–	–	1.0	1.2
EPSOL S.r.l.	1.9	1.8	5.1	5.5
Erca S.A.S.	0.8	1.0	–	–
GASTI Verpackungsmaschinen GmbH	0.3	0.5	–	–
Hassia Verpackungsmaschinen GmbH	1.0	1.0	–	–
Hotminds S.r.l.	0.1	0.1	0.9	1.2
LPM.GROUP S.r.l.	0.1	0.1	5.1	5.8
Timage S.r.l.	–	–	0.9	1.0
Other related parties	1.2	1.1	1.7	1.9
	5.4	5.6	15.9	17.8
Total	108.4	97.9	103.5	117.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

in millions of euros	Revenues 1st quarter 2020	Revenues 1st quarter 2019	Costs 1st quarter 2020	Costs 1st quarter 2019
Associates and joint venture:				
Amherst Stainless Llc	–	–	1.4	0.9
B.C. S.r.l.	–	–	1.5	1.7
Bacciottini F.lli S.r.l.	–	–	1.8	2.9
Bognesi S.r.l.	–	–	1.4	1.7
I.E.M.A. S.r.l.	0.8	0.4	3.9	4.0
LA.CO S.r.l.	–	–	1.0	1.0
Logimatic S.r.l.	2.1	1.8	2.6	2.7
Meccanica Sarti S.r.l.	–	–	0.1	0.2
MORC 2 S.r.l.	–	–	1.2	1.0
O.M.S. Officina Meccanica Sonico S.r.l.	–	–	0.7	0.6
Powertransmission.it S.r.l.	–	–	0.2	0.3
RO.SI S.r.l.	–	–	0.7	0.7
SIL.MAC. S.r.l.	0.6	0.2	1.9	2.3
S.I.Me. S.r.l.	–	–	0.4	0.3
STA.MA. S.r.l.	–	–	0.5	0.6
Talea S.r.l.	–	–	1.5	1.5
Other associates	0.4	0.4	0.7	0.7
	3.9	2.8	21.5	23.1
Other related parties:				
ATOP S.p.A.	–	0.9	–	–
Costal S.r.l.	–	–	0.5	0.7
EPSOL S.r.l.	0.3	0.4	1.1	1.5
LPM.GROUP S.r.l.	–	–	1.4	1.5
Timage S.r.l.	–	–	0.7	0.5
Other related parties	1.0	0.8	2.4	2.9
	1.3	2.1	6.1	7.1
Total	5.2	4.9	27.6	30.2

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 20.

25. SIGNIFICANT NON-RECURRING TRANSACTIONS AND EVENTS

During the first quarter of 2020, the amount of 0.2 million euros mainly refers to ancillary charges on acquisitions classified as Services.

26. ATYPICAL AND/OR UNUSUAL TRANSACTIONS

No significant positions or operations deriving from atypical and/or unusual transactions arose during the first quarter of 2020.

27. SIGNIFICANT EVENTS AFTER THE END OF THE FIRST QUARTER

After 31 March 2020, the crisis caused by the Covid-19 emergency continued, leading to the continuation of the restrictive measures adopted in many countries around the world.

As announced on 22 March 2020, IMA has always remained in activity as the production of automatic machines and related services are indispensable for the food and pharmaceutical supply chains.

Since the beginning of the epidemic, IMA has applied all the recommendations of the national and European health authorities in defence of customers, workers and potential visitors. The situation is being constantly monitored to make all the necessary decisions in real time, the priority being to defend the health of everyone involved in the IMA Group in any capacity.

On 2 May 2020, IMA announced an agreement with the Covid-19 Extraordinary Emergency Commissioner for the design and construction of 25 machines for the packaging of disposable surgical masks with delivery expected in the period June-August this year.

F) 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
Industrial and service companies:						
- I.M.A. Industria Macchine Automatiche S.p.A.	Ozzano dell'Emilia	Bologna - Italy	22,470,504.68	EUR	Parent company	
- ATOP S.p.A.	Barberino Tavarnelle	Florence - Italy	208,000	EUR	90.984% (1)	–
- Ciemme S.r.l.	Albavilla	Como - Italy	100,000	EUR	100% (2)	–
- Claren Cutting Service S.r.l.	Calderara di Reno	Bologna - Italy	100,000	EUR	–	100%
- 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% (3)	–
- Eurotekna S.r.l.	Milan	Milan - Italy	32,243	EUR	–	85.71%
- Ilapak Italia S.p.A.	Foiano della Chiana	Arezzo - Italy	4,074,000	EUR	–	81%
- Perfect Pack S.r.l.	Rimini	Rimini - Italy	20,800	EUR	100% (4)	–
- Petroncini Impianti S.p.A.	Modena	Modena - Italy	120,000	EUR	80%	–
- Pharmasiena Service S.r.l.	Siena	Siena - Italy	100,000	EUR	70%	–
- Spares & More S.r.l.	Galliciano	Lucca - Italy	10,848	EUR	–	100% (5)
- Spreafico Automation S.r.l.	Calolziocorte	Lecco - Italy	200,000	EUR	100% (6)	–
- Teknoweb Converting S.r.l.	Palazzo Pignano	Cremona - Italy	1,000,000	EUR	100% (7)	–
- Telerobot S.p.A.	Alessandria	Alessandria - Italy	50,000	EUR	100%	–
- Tissue Machinery Company S.p.A.	Castel Guelfo	Bologna - Italy	8,000,000	EUR	100% (8)	–
- ATOP (Shanghai) Electrical Equipment Co.Ltd.	Shanghai	PRC	200,000	EUR	–	90.984%
- Benhil GmbH	Neuss	Germany	5,500,000	EUR	100%	–
- Delta Systems & Automation Llc	Lowell	USA	1,000	USD	–	100%
- Hassia Packaging Pvt. Ltd.	Taluka Shirur	India	42,000,000	INR	100%	–
- Ilapak International SA	Collina d'Oro Lugano	Switzerland	4,000,000	CHF	–	81%
- Ilapak (Beijing) Packaging Machinery Co. Ltd.	Beijing	PRC	3,000,000	USD	–	81%
- IMA Automation Malaysia Sdn. Bhd.	Penang	Malaysia	3,000,000	MYR	100%	–
- IMA Medtech Switzerland SA	La Chaux de Fonds	Switzerland	13,250,000	CHF	100%	–
- IMA Automation USA Inc.	Loves Park	USA	10,610,000	USD	–	100%
- 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%
- IMA Life North America Inc.	Tonawanda	USA	100	USD	–	100%
- IMA Life The Netherlands B.V.	Dongen	The Netherlands	22,382,654 (*)	EUR	100%	–
- IMA MAI S.A.	Mar del Plata	Argentina	1,817,577	ARS	100% (9)	–
- IMA North America Inc.	Leominster	USA	8,052,500	USD	–	100%
- 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% (10)	–
- Valley Tissue Packaging Inc.	Kaukauna	USA	3,645	USD	–	100.0%

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Companies consolidated line-by-line (continued)	Registered office		Share capital	Currency	Direct investment	Indirect investment
Commercial companies:						
- Asset Management Service S.r.l.	Castel Guelfo	Bologna - Italy	500,000	EUR	–	100%
- Ilapak do Brasil Ltda. (in liquidation)	Sao Paulo	Brazil	8,219,229	BRL	–	81%
- Ilapak France SA	Lognes Paris	France	105,130	EUR	–	81%
- Ilapak Inc.	Newtown	USA	12,500	USD	–	81%
- Ilapak Israel Ltd.	Caesarea	Israel	5,310,505	ILS	–	81%
- Ilapak Ltd.	Uxbridge London	UK	795,536	GBP	–	81%
- Ilapak SNG OOO	Moscow	Russia	1,785,700	RUB	–	81%
- Ilapak Sp. Z o.o.	Krakow	Poland	3,740,400	PLN	–	81%
- Ilapak Verpackungsmaschinen GmbH	Haan Duesseldorf	Germany	102,500	EUR	–	81%
- 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%
- 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%
- Imautomatiche Do Brasil Ltda.	Sao Paulo	Brazil	6,651,600	BRL	99.98%	–
- OOO IMA Industries	Moscow	Russia	12,000,000	RUB	–	100%
- Petroncini International Trading (Shanghai) Co. Ltd.	Shanghai	PRC	300,000	RMB	–	80%
- Teknoweb N.A. Llc	Loganville Atlanta	USA	56,000	USD	–	75%
- TMC Do Brasil						
- Industria de Maquinarios e Servicos Ltda.	Valinhos	Brazil	678,405	BRL	–	100%
- TMC North America Inc.	Appleton	USA	100,000	USD	–	100%
Financial companies:						
- Luna Investment SA	Lugano	Switzerland	100,000	CHF	–	81%
- Packaging Systems Holdings Inc.	Wilmington	USA	1,000	USD	100%	–
- Tekno NA Inc.	Atlanta	USA	50,000	USD	–	100%
- Transworld Packaging Holding S.p.A.	Ozzano dell'Emilia	Bologna - Italy	64,833	EUR	81%	–
Other companies:						
- CMRE S.r.l.	Bologna	Bologna - Italy	50,000	EUR	100%	–
- Digidoc S.r.l.	Ozzano dell'Emilia	Bologna - Italy	10,000	EUR	–	80%
- Dreamer S.r.l. (in liquidation)	Bologna	Bologna - Italy	100,000	EUR	100%	–
- Packaging Manufacturing Industry S.r.l.	Castenaso	Bologna - Italy	110,000	EUR	100%	–
- Società del Sole S.r.l.	Ozzano dell'Emilia	Bologna - Italy	10,000	EUR	100%	–

Note:

- (1) The percentage interest held in ATOP S.p.A. includes an option to purchase 6.819% of the quota capital
- (2) The percentage interest held in Ciemme S.r.l. includes an option to purchase 30% of the quota capital
- (3) The percentage interest held in Eurosicma S.p.A. includes an option to purchase 40% of the quota capital
- (4) The percentage interest held in Perfect Pack S.r.l. includes an option to purchase 40% of the quota capital
- (5) The percentage interest held in Spare & More S.r.l. includes an option to purchase 20% of the quota capital
- (6) The percentage interest held in Spreafico Automation S.r.l. includes an option to purchase 30% of the quota capital
- (7) The percentage interest held in Teknoweb Converting S.r.l. includes an option to purchase 40% of the quota capital
- (8) The percentage interest held in Tissue Machinery Company S.p.A. includes an option to purchase 17.5% of the quota capital
- (9) The percentage interest held in IMA MAI S.A. includes an option to purchase 30% of the quota capital
- (10) The percentage interest held in Tecmar S.A. includes an option to purchase 38.55% of the quota capital

FOR FURTHER INFORMATION, PLEASE REFER TO THE GROUP STRUCTURE AT 31 MARCH 2020 SECTION

NOTES TO THE CONSOLIDATED 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)
- Alfa S.r.l.	Bologna	Bologna - Italy	1,000,000	EUR	40% (2)
- A.P.M. Assembly Pack. Mach. S.r.l.	Castel Bolognese	Ravenna - Italy	100,000	EUR	32% (2)
- 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)
- Bolognesi S.r.l.	Dozza	Bologna - Italy	10,920	EUR	30% (2)
- 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	Ranstadt	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)
- OLTRE S.r.l.	Ozzano dell'Emilia	Bologna - Italy	50,000	EUR	30% (2)
- OMEGA S.r.l.	Castel Guelfo	Bologna - Italy	10,000	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.					
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.

G) DECLARATION OF THE MANAGER RESPONSIBLE FOR PREPARING FINANCIAL REPORTS PURSUANT TO ART. 154 BIS, PARAGRAPH 2, OF LEGISLATIVE DECREE 58/1998.

The Manager responsible for preparing financial reports, Sergio Marzo, declares in accordance with article 154 bis paragraph 2 of the Consolidated Finance Act that the accounting information contained in this Periodic Financial Information at 31 March 2020 agrees with the books of account, the accounting entries and supporting documentation.