

HALF-YEAR FINANCIAL REPORT
AT 30 JUNE 2020



HALF-YEAR FINANCIAL REPORT

AT 30 JUNE 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



(*) the percentage also includes the holdings of Transworld Packaging Holding S.p.A. (18.58%) and Luna Investment SA (29.74%)

GROUP PERFORMANCE

THE ECONOMIC SCENARIO

In the latest update of the World Economic Outlook, the International Monetary Fund (IMF) further reduced its estimates of global GDP growth for this year and next year, which should come in at -4.9% for 2020 and then rebound to +5.4% in 2021, levels that are respectively 1.9% and 0.4% lower than the estimates made in the April 2020 update. The Covid-19 pandemic has had a more negative impact than expected in the first half of 2020 and the recovery is expected to be more gradual.

The GDP of advanced economies is expected to shrink by 8% in 2020 and then grow by 4.8% in 2021; the United States is in line with these estimates, with -8% for 2020 and +4.5% for the following year.

The decline for the current year is more marked for the Euro area, with an estimate of -10.2%, but a faster recovery is expected in 2021, reaching +6%. This deterioration in the estimates for 2020 is common to all the major Eurozone countries: in particular, Italy and Spain stand out, with -12.8%, and France, with -12.5%, while Germany is limiting its loss of GDP to -7.8%.

As regards emerging countries, on the other hand, forecasts stand at -3% for this year and +5.9% for next year. China manages to buck the trend as it should have positive growth in both years, +1% and +8.2%, respectively.

It has to be said that these forecasts have a higher degree of uncertainty than usual due to the possible side effects of the pandemic. The projections for the weakness in private consumption reflect the combination of a strongly negative shock in aggregate demand due to social distancing and isolation, as well as an increase in savings as a precaution. It is also expected that capital expenditure will be limited in a situation of huge uncertainty.

The crisis triggered off by coronavirus is a catastrophic blow to the world labour market; furthermore, the effects of the epidemic on the economy risk erasing all of the progress made in the fight against poverty in recent years, significantly increasing social inequalities.

All countries, including those that have apparently passed their infection peaks, ought to make sure that their health systems have adequate resources. The international community has to significantly increase its support for national initiatives, also by providing financial assistance to countries with a limited health care capacity and channelling funds for vaccine production as trials progress, so that an adequate number of doses are readily available to all countries at affordable prices.

In this context, it should be noted that the IMA Group remained active during the lockdown period adopted by the authorities in 2020, as the production of automatic machines and related services were 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, the Crisis Committee for emergency management, set up *ad hoc* when the emergency arose, introduced protocols to protect workers, such as adopting personal protective equipment, social distancing and hygiene procedures, remote work and other security measures, always being very careful and making sure that protocols were updated where necessary.

CONSOLIDATED INCOME STATEMENT

In the first half of 2020 consolidated revenue amounted to 636.4 million euros compared with 694.1 million euros in the first half of 2019. EBITDA before non-recurring charges amounted to 78.2 million euros, a decrease compared with the first half of 2019 when it came to 92.3 million euros.

Operating profit amounted to 29.9 million euros compared with 55.8 million euros in the same period of 2019, net of non-recurring items of 1.7 million euros as detailed in Note 28, whereas the Group's profit reached 16.5 million euros, versus 31.1 million euros at 30 June 2019.

The following is a summarized version of the consolidated income statement for the half-year under review, with comparative figures for the 1st half in 2019:

in millions of euros	1° half 2020		1° half 2019	
	Amount	%	Amount	%
Revenue from contracts with customers	636.4		694.1	
Cost of sales	(412.8)	64.9	(451.7)	65.1
Industrial gross profit	223.6	35.1	242.4	34.9
R&D costs	(30.2)		(27.3)	
Commercial and sales costs	(65.4)		(70.3)	
General and administrative costs	(96.4)		(86.8)	
Operating profit before non-recurring items (EBITA)	31.6	5.0	58.0	8.4
Non-recurring items	(1.7)		(2.2)	
Operating profit (EBIT)	29.9	4.7	55.8	8.0
Net financial income (expense)	(12.3)		(12.4)	
Profit (loss) from investments accounted for using the equity method	3.7		3.1	
Profit before taxes	21.3	3.3	46.5	6.7
Taxes	(6.5)		(14.1)	
Profit for the period	14.8	2.3	32.4	4.7
Profit attributable to non-controlling interests	1.7		(1.3)	
Profit attributable to equity holders of the parent	16.5	2.6	31.1	4.5
Gross operating profit (EBITDA) * before non-recurring items	78.2	12.3	92.3	13.3
Gross operating profit (EBITDA) *	76.5	12.0	90.1	13.0
Backlog	914.7		985.5	

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

REVENUE FROM CONTRACTS WITH CUSTOMERS AND ORDERS

In the first half of 2020 consolidated revenue amounted to 636.4 million euros versus 694.1 million euros in the same period of 2019, down by 8.3% due to the slowdown in the first quarter generated by the Covid-19 situation, partially recovered during the second quarter of the year.

The following table gives a breakdown of revenue by business sector, with changes in revenue compared with the corresponding period of 2019:

in millions of euros	1° half 2020	1° half 2019	Change	%
Tea, Food & Other	291.6	292.4	(0.8)	(0.3)
Pharmaceutical	310.2	362.2	(52.0)	(14.4)
Tobacco packaging	34.6	39.5	(4.9)	(12.4)
Total	636.4	694.1	(57.7)	(8.3)

For the Tea, Food & Other business, revenue is substantially in line with the previous year. The Pharmaceutical business shows a contraction compared to the same period last year, as does the Tobacco sector, because of the lower value of the backlog at the beginning of the year and the inflow of orders during the first half, which shows a decrease in the first quarter that was only partially recovered by a good second quarter performance.

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

in millions of euros	1° half 2020	1° half 2019	Change	%
European Union (excluding Italy)	189.3	193.0	(3.7)	(1.9)
Other European countries	68.0	53.0	15.0	28.3
North America	107.0	132.3	(25.3)	(19.1)
Asia & Middle East	126.3	157.3	(31.0)	(19.7)
Other countries	62.3	80.5	(18.2)	(22.6)
Total exports	552.9	616.1	(63.2)	(10.3)
Italy	83.5	78.0	5.5	7.1
Total	636.4	694.1	(57.7)	(8.3)

Commenting on this distribution of revenue, a substantial balance can be seen in the European Union, in the other European countries and in Italy, with a contraction of about 20% in North America, Asia and the Middle East and the other countries. However, given the seasonal nature of our business in these core sectors, it needs emphasising that this analysis is not particularly meaningful.

The following table compares new orders received in the first half of 2020 with those in the first half of last year:

in millions of euros	1° half 2020	1° half 2019	Change	%
Tea, Food & Other	306.7	313.6	(6.9)	(2.2)
Pharmaceutical	312.3	380.2	(67.9)	(17.9)
Tobacco packaging	23.0	33.1	(10.1)	(30.5)
Total	642.0	726.9	(84.9)	(11.7)

The acquisition of orders in the first half (-11.7%) shows a marked reduction compared with the same period last year in the Tobacco sector, featuring a strong reduction in investments by multinationals, and in the Pharmaceutical sector but with a second quarter performance that is an improvement on the second quarter of last year.

The following table shows a breakdown of the backlog at 30 June 2020:

in millions of euros	1° half 2020	1° half 2019	Change	%
Tea, Food & Other	314.8	331.0	(16.2)	(4.9)
Pharmaceutical	557.5	607.4	(49.9)	(8.2)
Tobacco packaging	42.4	47.1	(4.7)	(10.0)
Total	914.7	985.5	(70.8)	(7.2)

The backlog shows an overall contraction of -7.2% with a contribution from the ATOP businesses, included in the Tea, Food & Other business, of 12.5 million euros and Perfect Pack for 5.8 million euros. Despite the current situation, in light of the projects and negotiations in progress, we believe that we can confirm the volumes forecast for the whole of 2020, also in consideration of the fact that not only has the Group not received any order cancellations, but customers continue to plan investments despite the health emergency that characterises not only Italy, but the whole world.

OPERATING PROFIT (EBIT)

Industrial gross profit amounted to 223.6 million euros against 242.4 million euros at 30 June 2019, higher as a percentage of sales compared with last year (35.1% vs 34.9%), mainly because of a different product mix.

Research and development costs charged to the income statement for the period amount to 30.2 million euros and increased compared to the previous year (27.3 million euros).

Commercial and sales costs have decreased (65.4 million euros compared with 70.3 million euros) and include commissions for 7.1 million euros (8.2 million euros at 30 June 2019), decreasing slightly because of a different sales mix.

General and administrative costs have increased to 96.4 million euros compared with last year (86.8 million euros) with contributions from the ATOP and Perfect Pack businesses totalling 8.8 million euros.

Operating profit (EBIT) is down on last year (29.9 million euros versus 55.8 million euros) after charging 1.7 million euros of non-recurring costs. These are mainly related to the extraordinary costs incurred as a result of the Covid-19 emergency (1.2 million euros) and the ancillary charges relating to the acquisitions completed during the first half of the year.

PROFIT BEFORE TAXES

Net financial charges amount to 12.3 million euros (12.4 million euros at 30 June 2019), in line with the first half of 2019. As a result of the above, the profit before taxes comes to 21.3 million euros compared with 46.5 million euros in the previous period.

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The Group's share of the profit is therefore 16.5 million euros (31.1 million euros at 30 June 2019) after deducting tax for 6.5 million euros (14.1 million euros at 30 June 2019).

ANALYSIS OF PERFORMANCE BY SECTOR

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

in millions of euros	Tea, Food & Other	Pharma- ceutical	Tobacco packaging	Not allocated	Total
Revenue from contracts with customers					
1st half 2020	291.6	310.2	34.6	–	636.4
1st half 2019	292.4	362.2	39.5	–	694.1
Gross operating profit (EBITDA) before non-recurring items					
1st half 2020	24.5	44.0	9.7	–	78.2
1st half 2019	25.4	56.6	10.3	–	92.3
Gross operating profit (EBITDA)					
1st half 2020	23.6	43.2	9.7	–	76.5
1st half 2019	24.4	56.6	9.1	–	90.1
Operating profit (EBIT)					
1st half 2020	(8.5)	29.8	8.6	–	29.9
1st half 2019	2.8	44.8	8.2	–	55.8
Net invested capital (*)					
30 June 2020	928.5	261.7	28.7	(40.0)	1,178.9
30 June 2019	528.3	242.8	27.2	(13.7)	784.6
R&D costs					
1st half 2020	11.8	16.5	1.9	–	30.2
1st half 2019	9.4	16.2	1.7	–	27.3
Average personnel					
1st half 2020	2,935	3,099	166	–	6,200
1st half 2019	2,535	3,050	170	–	5,755
Backlog					
30 June 2020	314.8	557.5	42.4	–	914.7
30 June 2019	331.0	607.4	47.1	–	985.5

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

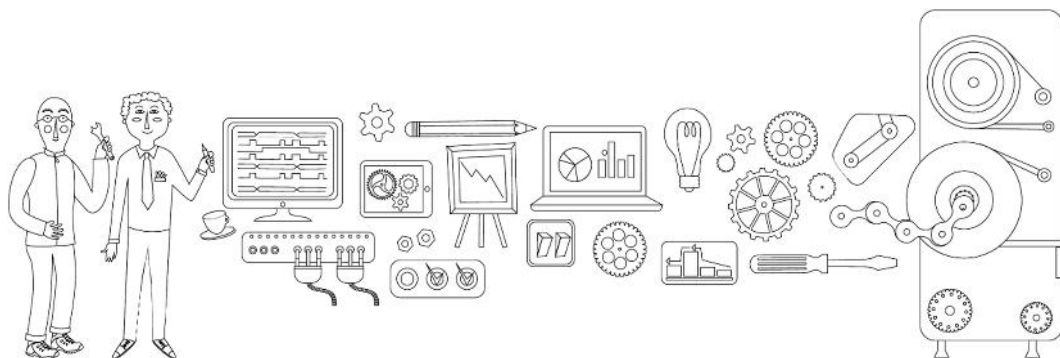
Starting from 2020, the BFB (end-of-line machines) Division previously allocated to the Tea, Food & Other sector, has been attributed to the Pharmaceutical sector. The comparative figures have been consistently restated.

Tea, Food & Other Sector revenue is substantially in line with 2019 with a contribution of 20.8 million euros from the ATOP business. Gross operating profit (EBITDA) before non-recurring charges has decreased slightly at 24.5 million euros because of a different sales mix. Operating profit decreased by 11.3 million euros because of higher amortisation and depreciation following the acquisition of ATOP and to the allocation of differences on consolidation. The backlog decreased by 16.2 million euros to 314.8 million euros, despite the continuous acquisition of new orders. The acquired businesses contributed 12.5 million euros.

Revenue in the Pharmaceutical sector was lower than in the same period last year (-52.0 million of euros). Gross operating profit (EBITDA) before non-recurring charges (44.0 million euros) is down on last year (-12.6 million euros) due to lower sales volumes. It is believed that this gap will be partially recovered in the second half of the year. Operating profit, at 29.8 million euros, shows a decrease compared with the previous year. The backlog is 50 million euros lower after the latest inflow of orders, but there are good prospects for the current year based on projects currently being defined.

Revenue in the Tobacco sector amounted to 34.6 million euros, a slight decrease compared with the previous year (39.5 million euros) because of the lower backlog at the beginning of the year and fewer new orders acquired in the sector for new generation products. Gross operating profit (EBITDA) before non-recurring items rose showed a very low reduction to 9.7 million euros (10.3 million euros last year) while operating profit increased by 0.4 million euros. The backlog stood at 42.4 million euros (47.1 million euros in the first half of 2019), slightly down on the previous year.

Net invested capital, totalling 1,178.9 million euros (784.6 million euros at 30 June 2019), has grown mainly following the acquisition of the ATOP and Perfect Pack businesses equal to 407.0 million euros and the increase in operating working capital linked to orders in progress.



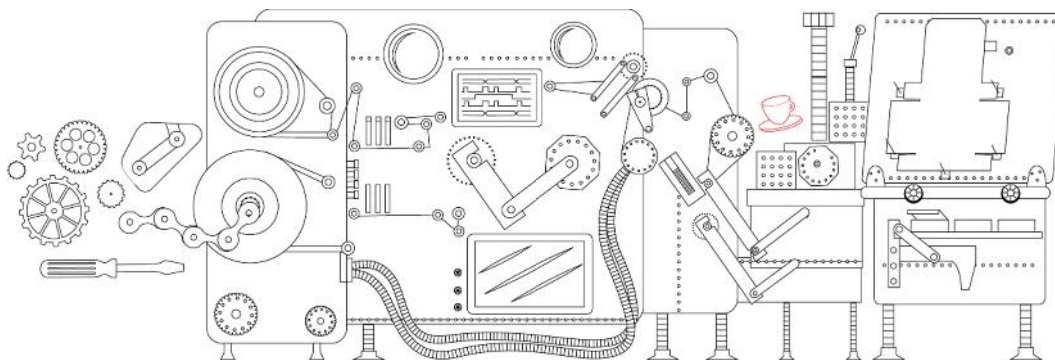
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The following table summarizes the Group's financial position at 30 June 2020, with comparative figures at 31 December 2019:

in millions of euros	30.06.2020	31.12.2019
Trade receivables	379.4	419.6
Inventories	403.2	344.2
Trade payables	(520.9)	(520.5)
Other, net	(114.1)	(100.3)
Net working capital	147.6	143.0
Property, plant and equipment	320.7	313.0
Intangible assets	868.5	874.8
Investments	36.2	32.9
Non-current assets	1,225.4	1,220.7
Provision for severance indemnities and other provisions	(196.8)	(221.7)
Net invested capital	1,176.2	1,142.0
Assets (Liabilities) held for sale	2.7	–
Total net invested capital	1,178.9	1,142.0
FINANCED BY:		
Net debt	665.3	637.1
Non-controlling interests	9.7	11.4
Group equity attributable to equity holders of the parent	503.9	493.5
Total sources of financing	1,178.9	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.

At the end of June 2020, net invested capital amounted to 1,178.9 million euros, an increase compared with 1,142.0 million euros at the end of 2019 as explained previously.



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

in millions of euros	30.06.2020	31.12.2019	30.06.2019
A. Cash and cash equivalents	(218.1)	(110.7)	(171.3)
B. Other cash equivalents	(3.0)	(4.0)	(4.2)
C. Investments in securities	(12.9)	(11.7)	(11.3)
D. Liquidity (A)+(B)+(C)	(234.0)	(126.4)	(186.8)
E. Current financial receivables	(2.6)	(2.5)	(3.5)
F. Current payables to banks	242.2	81.8	110.0
G. Current portion of non-current payables	96.9	61.5	44.3
H. Other current financial payables	0.5	1.1	0.4
I. Current financial debt (F)+(G)+(H)	339.6	144.4	154.7
J. Net current financial debt (D)+(E)+(I)	103.0	15.5	(35.6)
K. Non-current portion of non-current bank payables	362.6	376.7	215.6
L. Bonds issued	100.0	145.0	145.1
M. Other non-current financial payables	142.1	142.4	141.0
N. Non-current financial assets	(42.4)	(42.5)	(42.6)
O. Net non-current financial debt (K)+(L)+(M)+(N)	562.3	621.6	459.1
P. Net financial debt (J)+(O)	665.3	637.1	423.5

The Group also has payables for acquisitions totalling 102.8 million euros (113.9 million euros at 31 December 2019), predominantly relating to the options agreed for the purchase of the non-controlling interests in subsidiaries.

Net debt at the end of the period amounts to 665.3 million euros compared with 637.1 million euros at 31 December 2019. The increase is mainly due to the physiological growth in net working capital.

If we then compare the net financial position of the first half of 2020 with that of the corresponding period of 2019 (423.5 million euros), net of extraordinary transactions, we can see an improvement of 101.1 million euros, helped by the priority given to managing working capital. In fact, net debt is expected to contract significantly towards the end of the year. This is a normal process due to the seasonal nature of the business, with 30 June falling into a period of the year when working capital always rises because of work on contracts that will be delivered later in the year.

CAPITAL EXPENDITURE

Capital expenditure on intangible assets amounted to 13.3 million euros (10.3 million euros in the first half of 2019) and related mainly to the capitalization of development costs incurred on totally new products for market segments not previously occupied.

The acquisitions of Record S.p.A. carried out during the period involved taking on 10.8 million euros of property, plant and equipment and intangible assets on a provisional basis, as detailed in Note 24.

Capital expenditure on property, plant and equipment amounts to 26.6 million euros (28.7 million euros in the same period of 2019) and mainly relates to costs incurred for rights of use assets, for the purchase of plant, machinery and electronic machines and for the construction of industrial sheds.

Depreciation and amortisation for the period come to 45.1 million euros (34.3 million euros in the first half of 2019). The increase in amortisation mainly refers to development costs and intangible assets recognized as part of acquisitions made during the second half of 2019.

ALTERNATIVE PERFORMANCE INDICATORS

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

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

-)] cost of sales: represents costs incurred directly by the Group to generate revenue. For example, it includes materials, labour, the technical offices' costs involved in customizing products and production overheads;
-)] research and development costs: these include, by function, costs relating to the research and development of new products or to the maintenance of existing products. They also include costs relating to technical personnel, materials used for trials and technical departments' overheads;
-)] commercial and sales costs: these include costs connected with commercial operations, such as staff, commissions paid to agents, promotional and advertising costs and associated overheads;
-)] general and administrative costs: these include all 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 amortisation not directly related to the foregoing functions;
-)] gross operating profit (EBITDA): this corresponds to the sum of operating profit, depreciation and amortisation 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 "Schedules of the condensed half-year 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 "Schedules of the condensed half-year 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 non-controlling 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 statement of financial position 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 27 to the Company's financial statements.

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

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

AGREEMENT SIGNED BY SOFIMA SHAREHOLDERS WITH BC PARTNERS FOR AN INVESTMENT IN IMA S.P.A.

On 28 July 2020, the Board of Directors of IMA S.p.A. announced that it had been informed by the shareholders of the parent company SO.FI.MA Società Finanziaria Macchine Automatiche S.p.A. ("SOFIMA"), that they had reached an agreement relating to the sale of approximately 20% of their shares in SOFIMA to funds assisted by BC Partners LLP ("BC Partners"), an international leader in the sector.

SOFIMA holds approximately 51.6% of the capital and 67% of the voting rights of IMA. The transaction is subject to the usual conditions for transactions of this nature (including conditions of a regulatory nature). The operation is currently expected to be closed in November 2020.

Through this operation, the Company and its collaborators will be able to benefit extensively from having BC Partners as an important shareholder, to start a phase of development of IMA based entirely on innovation and, at the same time, to remain independent, guaranteeing continuity to management and to collaborators, and to accelerate the growth strategy as a global consolidator in the packaging machinery sector.

Following the closing of the operation, SOFIMA, together with the selling shareholders and BC Partners, will be required to promote a Mandatory Public Tender Offer ("MPTO") to buy all the residual shares of IMA (which currently represent approximately 48.4 % of the share capital).

The price of the MPTO will be 68.00 euros per share (including dividends), which represents a premium of 26.3% and 20.8% compared with the average share price of the last month and the last 6 months, respectively. In the event that a dividend distribution is approved before the closing, the price of the MPTO will be reduced accordingly.

The objective of the MPTO is to delist the Company; this can also be achieved by merging IMA with the vehicle that will launch the MPTO on behalf of the parties acting in concert. BC Partners will have significant representation on the Board of Directors and a series of governance rights. Following the MPTO, BC Partners could increase its stake in SOFIMA up to around 45%. SOFIMA's current shareholders will remain owners of approximately 55% of SOFIMA's shares.

The operation is based on an equity valuation of IMA S.p.A. of approximately 2.93 billion euros.

For further information, please refer to the documents published on the Company's website (www.ima.it).

OUTLOOK FOR THE CURRENT YEAR

The economic trend in the first half of 2020 reflects the value of the backlog at the end of 2019, order acquisition during the period and, above all, the lockdown that characterised the first quarter. The order trend in the reference sectors was satisfactory in the second quarter 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 we will continue to pay a great deal of attention to reducing costs and improving commercial incisiveness.

Based on the information currently available, we believe that the Group can achieve a result not significantly lower than that of the previous year, which we can quantify as a reduction in EBITDA of not more than 10%.

During the year, we will provide any further indications regarding the forecasts for the current year.

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.

CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

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

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

CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(MILLIONS OF EUROS)

		30 June 2020	31 December 2019
ASSETS	Note		
NON-CURRENT ASSETS			
Property, plant and equipment	2	105.8	100.2
Right of use assets	2	214.9	212.8
Intangible assets	3	868.5	874.8
Investments accounted for using the equity method	4	30.3	26.1
Financial assets	5	48.8	49.8
Receivables from others		3.2	3.0
Deferred tax assets	7	55.6	58.3
TOTAL NON-CURRENT ASSETS		1,327.1	1,325.0
CURRENT ASSETS			
Inventories	8	403.2	344.2
Trade and other receivables	9	217.9	243.9
Contract assets	9	232.0	236.7
Income tax receivables		10.7	21.3
Financial assets	5	18.5	18.2
Derivative financial instruments	6	0.3	1.0
Cash and cash equivalents	10	218.1	110.7
TOTAL CURRENT ASSETS		1,100.7	976.0
ASSETS HELD FOR SALE	22	3.9	–
TOTAL ASSETS		2,431.7	2,301.0
EQUITY AND LIABILITIES	Note	30 June 2020	31 December 2019
EQUITY			
Share capital		22.5	22.5
Reserves and retained earnings		464.9	301.8
Profit for the period		16.5	169.2
Equity attributable to equity holders of the parent	11	503.9	493.5
Non-controlling interests	12	9.7	11.4
TOTAL EQUITY		513.6	504.9
NON-CURRENT LIABILITIES			
Borrowings	13	462.8	521.9
Lease liabilities	13	141.9	142.2
Employee defined benefit liabilities	14	43.1	40.6
Provisions for risks and charges	15	6.6	6.3
Other payables	16	99.2	120.6
Derivative financial instruments	6	6.8	5.3
Deferred tax liabilities	7	103.7	108.8
TOTAL NON-CURRENT LIABILITIES		864.1	945.7
CURRENT LIABILITIES			
Borrowings	13	317.7	123.3
Lease liabilities	13	21.9	21.1
Trade and other payables	16	504.0	527.4
Contract liabilities	16	169.9	135.8
Income tax liabilities		7.6	12.9
Provisions for risks and charges	15	31.5	29.8
Derivative financial instruments	6	0.2	0.1
TOTAL CURRENT LIABILITIES		1,052.8	850.4
TOTAL LIABILITIES		1,916.9	1,796.1
LIABILITIES HELD FOR SALE	22	1.2	–
TOTAL EQUITY AND LIABILITIES		2,431.7	2,301.0

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

CONSOLIDATED INCOME STATEMENT

(MILLIONS OF EUROS)

	Note	1° half 2020	1° half 2019
REVENUE FROM CONTRACTS WITH CUSTOMERS	1	636.4	694.1
OTHER REVENUE		2.6	5.8
OPERATING COSTS			
<i>Change in work in progress, semifinished and finished goods</i>		50.7	25.4
<i>Change in inventory of raw, ancillary and consumable materials</i>		8.0	3.7
<i>Cost of raw, ancillary and consumable materials and goods for resale</i>		(280.9)	(280.3)
<i>Services, rentals and leases</i>		(129.3)	(148.6)
<i>Personnel costs</i>	17	(214.8)	(213.8)
<i>Capitalized costs</i>		11.5	10.1
<i>Depreciation, amortization and write-downs</i>	18	(47.1)	(35.3)
<i>Provisions for risks and charges</i>		(1.8)	–
<i>Other operating costs</i>		(5.4)	(5.3)
TOTAL OPERATING COSTS		(609.1)	(644.1)
OPERATING PROFIT	1	29.9	55.8
<i>- of which: effect of non-recurring items</i>	28	(1.7)	(2.2)
FINANCIAL INCOME AND EXPENSE			
<i>Financial income</i>	19	11.4	9.6
<i>Financial expense</i>	20	(23.7)	(22.0)
TOTAL FINANCIAL INCOME AND EXPENSE		(12.3)	(12.4)
PROFIT (LOSS) FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		3.7	3.1
PROFIT BEFORE TAXES		21.3	46.5
TAXES	21	(6.5)	(14.1)
PROFIT FOR THE PERIOD		14.8	32.4
ATTRIBUTABLE TO:			
EQUITY HOLDERS OF THE PARENT		16.5	31.1
NON-CONTROLLING INTERESTS		(1.7)	1.3
		14.8	32.4
BASIC/DILUTED EARNINGS PER SHARE (in euros)	23	0.38	0.79

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(MILLIONS OF EUROS)

	Note	1° half 2020	1° half 2019
Net profit for the period		14.8	32.4
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange rate gains (losses) on the translation of foreign currency financial statements		(2.9)	1.1
Gains (losses) on financial assets measured at FVOCI	11	(0.5)	1.2
Gains (losses) on cash flow hedges	11	(1.5)	(1.1)
Tax effect		0.3	–
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		(4.6)	1.2
Other comprehensive income not being reclassified to profit or loss in subsequent periods:			
Actuarial gains (losses) on post employment benefit obligations	11	(2.4)	(1.6)
Tax effect		0.2	0.3
Net other comprehensive income not being reclassified to profit or loss in subsequent periods		(2.2)	(1.3)
Gains and losses recognized in equity		(6.8)	(0.1)
Total comprehensive income		8.0	32.3
Attributable to:			
Equity holders of the parent		9.7	31.2
Non-controlling interests		(1.7)	1.1
		8.0	32.3

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
Monetary revaluation by hiperinflation	–	–	–	–	–	0.8	–	0.8	–	0.8
Distribution of dividends	–	–	–	–	–	(16.3)	(62.0)	(78.3)	(14.6)	(92.9)
Allocation of earnings for 2018	–	–	–	–	–	42.0	(42.0)	–	–	–
Change of non-controlling interests	–	–	–	–	(1.0)	(0.3)	–	(1.3)	1.3	–
Total comprehensive income	–	–	–	1.1	0.1	(1.1)	31.1	31.2	1.1	32.3
Balance at 30.06.2019	20.4	122.8	(5.6)	0.5	(3.8)	184.0	31.1	349.4	11.7	361.1
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	–	–	–	–	–	0.7	–	0.7	–	0.7
Allocation of earnings for 2019	–	–	–	–	–	169.2	(169.2)	–	–	–
Total comprehensive income	–	–	–	(2.9)	(1.7)	(2.2)	16.5	9.7	(1.7)	8.0
Balance at 30.06.2020	22.5	122.8	(5.6)	(2.3)	(6.0)	356.0	16.5	503.9	9.7	513.6

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

CONSOLIDATED STATEMENT OF CASH FLOWS

(MILLIONS OF EUROS)

	Note	30 June 2020	30 June 2019
OPERATING ACTIVITIES			
Profit attributable to equity holders of the parent		16.5	31.1
Adjustments for:			
- Depreciation and amortization	18	45.1	34.3
- Write-downs/impairment	18	1.5	–
- Fair value remeasurement of the interest held in investments accounted for using the equity method	20	–	1.0
- Changes in provisions for risks and charges and employee defined benefit liabilities		1.4	(0.8)
- Unrealized losses (gains) on exchange rate differences	20	0.5	(0.4)
- Other changes		0.2	(0.4)
- Taxes		6.5	14.1
- Non-controlling interests		(1.7)	1.3
- Result from investments accounted for using the equity method		(3.7)	(3.1)
Operating profit before changes in working capital		66.3	77.1
(Increase) decrease in trade and other receivables, including contract assets	9	27.0	7.6
(Increase) decrease in inventories	8	(58.7)	(29.8)
Increase (decrease) in trade and other payable, including contract liabilities	16	(1.0)	1.0
Taxes paid		(2.8)	(3.7)
CASH FLOW PROVIDED BY OPERATING ACTIVITIES (A)		30.8	52.2
INVESTING ACTIVITIES			
Investments in property, plant and equipment	2	(10.2)	(12.3)
Investments in intangible assets	3	(13.3)	(10.3)
Effect of acquisition of business divisions/companies	24	1.9	(14.1)
Purchase of investments		(4.1)	–
Sale of non-current assets		0.1	0.6
Other changes		(0.4)	2.8
CASH FLOW USED IN INVESTING ACTIVITIES (B)		(26.0)	(33.3)
FINANCING ACTIVITIES			
Granting of loans	13	8.6	43.4
Repayment of borrowings	13	(21.1)	(4.0)
Issue of bonds	13	–	50.0
Repayment of bonds	13	(5.2)	(5.2)
Increase (decrease) in other financial payables		145.6	25.7
Consideration for exercise of option on non-controlling interests		(14.9)	–
Net change in financial assets and other non current receivables		(1.1)	1.8
Dividends paid to equity holders of the parent		–	(78.3)
Dividends paid to non-controlling interests		–	(14.6)
Payment of interest		(9.4)	(7.5)
Receipt of interest		0.1	0.2
CASH FLOW PROVIDED BY FINANCING ACTIVITIES (C)		102.6	11.5
NET CHANGE IN CASH AND CASH EQUIVALENTS (D=A+B+C)		107.4	30.4
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (E)	10	110.7	140.9
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (F=D+E)	10	218.1	171.3

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

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

I.M.A. INDUSTRIA MACCHINE AUTOMATICHE S.P.A.
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A) OVERVIEW

The half-year financial report at 30 June 2020 was approved by the Board of Directors on 5 August 2020.

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

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

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

At 30 June 2020 SO.FI.M.A. Società Finanziaria Macchine Automatiche S.p.A. holds 22,295,194 shares of IMA, equal to 51.594% of the share capital and 66.956% of the voting rights: In fact, IMA S.p.A. uses the system of shares with increased voting rights pursuant to art. 127-quinquies of the CFA, as commented on in Note 11.

On 28 July 2020, the Board of Directors of IMA S.p.A. announced that it had been informed by the shareholders of the parent company SO.FI.M.A. Società Finanziaria Macchine Automatiche S.p.A. ("SOFIMA"), that they had reached an agreement relating to the sale of approximately 20% of their shares in SOFIMA to funds assisted by BC Partners LLP ("BC Partners"), an international leader in the sector. For further information, please refer to Note 30 "Significant events after the end of the first half".

IMA S.p.A. has dealings mainly of a commercial nature with the Group's manufacturing companies, involving the purchase and sale of machines required for the assembly of complete product lines. It also provides these companies with services.

IMA's dealings with the Group's marketing companies relate to the sale, distribution and related customer service activities in their respective territories of products manufactured by IMA's various divisions. IMA's manufacturing subsidiaries also have similar relationships with these marketing companies.

During preparation of the condensed half-year consolidated financial statements, impairment tests are carried out on the carrying amounts of goodwill if there are indicators of impairment. Since the Covid-19 pandemic constitutes an external factor of potential presumption of impairment (i.e. an impairment indicator), despite the Group reporting positive results at 30 June 2020 and its market capitalization is well above shareholders' equity, the validity of the data used and the scenarios developed was verified during the impairment test for the Financial Report at 31 December 2019. As explained in the section on the "Outlook for the rest of the year", the order trend in the reference sectors in the second quarter of the year was positive, despite the situation caused by the Covid-19 emergency, once again highlighting the resilience of the reference sectors in which the Group operates. For further information, please refer to the section on

"Impacts of the Covid-19 pandemic on the condensed half-year consolidated financial statements and on the use of estimates and assumptions" and to Note 3.

B) GENERAL BASIS OF PREPARATION

General principles

This interim financial report at 30 June 2020, prepared pursuant to Article 154-ter of Legislative Decree 58/98 and subsequent amendments, as well as the Issuers' Regulations issued by Consob, has been prepared in accordance with the International Accounting Standards (IAS/IFRS) approved by the European Union and, in particular, IAS 34 on Interim Financial Reporting.

The condensed half-year consolidated financial statements have been prepared in summary form in accordance with IAS 34. This means that the financial statements do not include all of the information required by annual financial statements and must be read in conjunction with the financial statements prepared at 31 December 2019, which are available on the website www.ima.it.

Financial statements

The statement of financial position has been classified on the basis of the operating cycle, distinguishing between current and non-current components.

Costs and 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 income statement figures for the condensed half-year consolidated financial statements at 30 June 2020 are compared with those at 30 June 2019, as approved by the Board of Directors on 7 August 2019 and available on the website www.ima.it, to which reference should be made for further details.

Changes in equity are indicated in the relative statement, which also includes those that took place in the first half of 2019.

The statement of cash flows has been prepared using the indirect method for determining cash flow from operating activities. The Group classifies interest and dividends as cash flows from financing activities.

Unless stated otherwise, the figures in the half-year report at 30 June 2020 are expressed in millions of euros.

Consolidation principles

The condensed half-year consolidated financial statements have been prepared using the consolidation principles adopted for preparation of the annual consolidated financial statements at 31 December 2019, as they are compatible.

C) ACCOUNTING POLICIES AND STANDARDS

IMPLEMENTATION OF ACCOUNTING STANDARDS

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED FROM 1 JANUARY 2020

The accounting policies used to prepare the interim financial report at 30 June 2020 are consistent with those used to prepare the annual report at 31 December 2019, to which the reader is referred for further information.

The other amendments and interpretations of accounting standards and methods in force from 1 January 2020 govern circumstances and situations that are not present, not relevant or that have not had material effects on 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;
- ⌋ Amendments to IFRS 16 – Leases: Covid-19 Related Rent Concessions.

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:

- ⌋ Amendments to IAS 1 - Presentation of financial statements: classification of liabilities as current or non-current;
- ⌋ Amendments to IFRS 3 - Reference to the Conceptual Framework;
- ⌋ Amendments to IAS 16 - Proceeds before intended use;
- ⌋ Amendments to IAS 37 - Onerous Contracts, costs of fulfilling a contract;
- ⌋ Annual cycle of improvements to IFRS 2018-2020;
- ⌋ IFRS 17 - Insurance Contracts;
- ⌋ Amendments to IFRS 10 and IAS 28: Sale or Contribution of assets between an Investor and its associate or joint ventures.

IMPACTS OF THE COVID-19 PANDEMIC ON THE CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS AND ON THE USE OF ESTIMATES AND ASSUMPTIONS

When preparing consolidated financial statements, management has to apply accounting standards and methods which, in some cases, depend on difficult and subjective valuations and estimates based on past

experience, and on assumptions that from time to time have to be considered reasonable and realistic on a case-by-case basis.

Application of these estimates and assumptions affects the amounts shown in the financial statements, namely the statement of financial position, income statement and statement of cash flows, as well as the explanatory notes.

Another risk factor is 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. All matters that are still hard to predict. Despite the current scenario, the condensed half-year consolidated financial statements of the IMA Group have been prepared on a going-concern basis, as there are no significant doubts or uncertainties about its ability to continue in business for the foreseeable future.

The financial statement items that require more subjectivity on the part of the directors in preparing estimates, even more so in the conditions explained above, and for which a change in the conditions underlying the assumptions used can have a significant impact on the Group's consolidated financial statements are:

-)] goodwill and other intangible assets: no impairment indicators have been identified, as reported in Note 3;
-)] deferred tax assets;
-)] inventories;
-)] revenue from contracts with customers;
-)] contract assets and liabilities;
-)] liabilities for employee benefits;
-)] liabilities calculated as the current value of the exercise price of purchase options on non-controlling interests;
-)] bad debt provisions;
-)] identification of a lease contract, estimate of its duration in the presence of options for renewal or early termination, estimate of the components of a lease liability and the related discount rate;
-)] provisions for risks and charges.

It should also be noted that certain valuation processes, particularly the more complex ones such as assessing whether there is impairment of non-current assets, are generally carried out in full only when preparing the annual financial statements, when all of the information needed is available, except in cases where there are clear signs of impairment that require an immediate assessment of any loss in value. Since the Covid-19 pandemic constitutes an external factor of potential presumption of impairment (i.e. an impairment indicator), the sustainability of the impairment tests described in Note 3 was assessed.

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

These estimates and assumptions are reviewed periodically and the effects of any changes are recognized immediately in the period when circumstances change.

During the half-year, there were no significant effects deriving from the revision of estimates made in previous financial statements.

TRANSLATION OF FOREIGN CURRENCY BALANCES

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

presented below.

	1° half 2020		31 December 2019	1° half 2019	
Currency	Final exchange rate	Average exchange rate	Final exchange rate	Final exchange rate	Average exchange rate
US dollar	1.120	1.102	1.123	1.138	1.130
GB pound sterling	0.912	0.875	0.851	0.897	0.874
Indian rupee	84.623	81.705	80.187	78.524	79.124
Chinese yuan	7.922	7.751	7.821	7.819	7.668
Swiss franc	1.065	1.064	1.085	1.110	1.130
Argentine peso	78.786	78.786	67.275	48.568	48.568

Following the adoption of IAS 29 - Accounting in Hyperinflationary Economies, the average exchange rate for the first half of 2020 of the Argentine Peso is equal to the spot exchange rate at 30 June 2020. The Group has applied this standard to the subsidiaries whose functional currency is the Argentine Peso.

D) FINANCIAL RISK MANAGEMENT

RISK FACTORS

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

-) Credit risk arising from commercial transactions or financing activities;
-) Liquidity risk related to the availability of financial resources and access to the credit market;
-) Market risk, specifically:

 - a) Exchange rate risk, relating to operations in areas using currencies other than the functional currency;
 - b) Interest rate risk, relating to the Group's exposure to interest-bearing financial instruments;
 - c) Price risk, associated with changes in the listed price of capital instruments held as financial assets and in commodity prices.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

This half-year report does not include all of the disclosures on financial risk management that are required in annual financial statements. It should therefore be read together with the annual report at 31 December 2019, as the Covid-19 pandemic has not changed these risks significantly.

There have been no substantial changes in financial risk management nor in the policies adopted by the Group during the period, with the exception of the "Revolving Credit Facilities" indicated in Note 13.

FAIR VALUE

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

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

The following table shows the assets and liabilities measured at fair value at 30 June 2020 and 31 December 2019 by fair value hierarchy level:

in millions of euros	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets	–	–	22.3	22.3
Derivative financial instruments	–	0.3	–	0.3
Total assets at 30.06.2020	–	0.3	22.3	22.6
Liabilities:				
Payables for acquisition	–	–	101.7	101.7
Derivative financial instruments	–	7.0	–	7.0
Total liabilities at 30.06.2020	–	7.0	101.7	108.7
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 half 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 following table shows the changes in Level 3 during the first half of 2020:

in millions of euros	Assets	Liabilities
Saldo al 01.01.2019	19.0	62.0
Profit/(losses) recognized in PL	–	2.2
Profit/(losses) recognized in OCI	1.2	–
Acquisition of Spreafico Automation S.r.l.	–	9.3
Acquisition of Tecmar S.A.	–	2.2
Increases / (decreases)	0.5	0.4
Balance at 30.06.2019	20.7	76.1
Saldo al 01.01.2020	22.9	113.2
Profit/(losses) recognized in PL	–	(0.4)
Profit/(losses) recognized in OCI	0.5	–
Increases / (decreases)	(1.1)	(11.1)
Balance at 30.06.2020	22.3	101.7

The liabilities at 30 June 2020 mainly consist of payables for the options subscribed in connection with the purchase of non-controlling interests in subsidiaries.

E) SCOPE OF CONSOLIDATION

The consolidated financial statements at 30 June 2020 include the financial and operating information of I.M.A. Industria Macchine Automatiche S.p.A. (Parent Company) and of all the companies over which it exercises direct or indirect control.

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

The main events in the first half of 2020 regarding the companies included in the scope of consolidation are as follows:

-)] absorption by IMA S.p.A., with effect from 1 January 2020, of the directly or indirectly wholly owned subsidiaries GIMA S.p.A., GS Coating Technologies S.r.l., Mapster S.r.l. and Revisioni Industriali S.r.l.;
-)] absorption by Eurosicma S.p.A., with effect from 1 January 2020, of the wholly owned subsidiary O.A.SYS. S.r.l.;
-)] on 3 March 2020, the subsidiary TMC North America Inc. completed the acquisition of the residual 49% of its investment in Valley Tissue Packaging Inc. for an amount of 3.5 million US dollars, after exercising the option envisaged in the contract;
-)] on 21 May 2020, Tissue Machinery Company S.p.A. finalized the purchase of the residual 20% of its investment in Spares & More S.r.l. for an amount of 0.7 million euros, following the exercise of the option envisaged in the contract;

-) on 10 June 2020, as part of the original Put & Call agreements, signed on the date of entry into the share capital, IMA completed the closing for the purchase of an interest representing 30% of Eurosicma S.p.A.; the consideration paid to the sellers for the transaction is 11.2 million euros. As a result of the purchase, IMA now holds 90% of Eurosicma S.p.A. As part of the agreements, IMA also signed Put & Call option contracts on the other 10%;
-) on 15 June 2020 the Group completed the purchase of 71.4% of Record S.p.A., a company based in Garbagnate Monastero (LC), leader in the design and production of low-medium speed machinery and plants in the flexible packaging sector, known as "flow pack", for the packaging of food and non-food products. In addition, option contracts were signed for the residual shares held by the minority shareholders. See Note 24 "Business Combinations" for further information.

F) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following changes have been calculated with respect to 31 December 2019 for balance sheet items and the first half of 2019 for income statement items.

1. SEGMENT INFORMATION

Operating segments have been identified based on the internal reports used by senior management, in order to allocate resources by sector and evaluate the results.

The following are the operating segments into which the Group's activities are divided:

Tea, Food & Other sector

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

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

-) IMA S.p.A. manufactures:
- machines for the packaging of tea and herbs in filter bags and the packaging of coffee in pods, through the Tea & Herbs Division;
 - overhaul of used machines for processed cheeses and tea and herbs in filter paper bags through the RI Division;
 - machines for food and personal care through the GIMA Division;
 - machines for the coffee sector through the Coffee Division;
 - machines for assembly through the Automation Division;
 - pouch-filling machines through the Flex Pack Division;

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

Pharmaceutical sector

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.

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

-  IMA S.p.A. manufactures:

 - blister-pack machines, machines for the packaging of gelcaps, capsules and tablets and cartoning machines through IMA Safe Division;
 - machines for the filling of flacons and vials with liquid products and powders under sterile and non-sterile conditions and freeze-drying systems through IMA Life Division;
 - tablet pressing machines, capsule filling machines, coating and granulating machines, machines for the movement of powders and depowdering of tablets through the IMA Active Division;
 - end-of-line machines through the BFB Division;
-  CO.MA.DI.S. S.p.A. manufactures tube-filling machines for the pharmaceuticals, cosmetics, chemicals and food industries;
-  IMA Life (Shanghai) Pharmaceutical Machinery Co. Ltd. produces filling systems under sterile conditions;
-  IMA Life The Netherlands B.V., IMA Life North America Inc. and IMA Life (Beijing) Pharmaceutical Systems Co. Ltd. manufacture freeze-drying plants for the pharmaceutical industry;
-  IMA-PG India Pvt Ltd. operates in the production of blister and cartoning machines, mainly for emerging nations;
-  Swiftpack Ltd. and IMA North America Inc. manufacture machines for the bottling of capsules and tablets for the pharmaceutical industry;
-  Perfect Pack S.r.l. produces automatic enveloping machines and complete lines for single-dose packs for various different markets: pharmaceutical, cosmetic, nutraceutical and chemical;
-  Pharmasiena Service S.r.l. produces filling systems for phials and syringes under sterile conditions.

Tobacco packaging sector

It designs, manufactures and markets machines and plants for tobacco packaging and related services. The activity in this sector is carried out by the Parent Company's IMA T&T Division.

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

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

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

1° half 2020					
in millions of euros	Tea, Food & Other	Pharma- ceutical	Tobacco packaging	Not allocated (*)	Total
Revenue from contracts with customers	291.6	310.2	34.6	–	636.4
Segment operating profit	(8.5)	29.8	8.6	–	29.9
Net financial income (expense) (**)					(12.3)
Profit (loss) from investments accounted for using the equity method	(0.1)	3.0	–	0.8	3.7
Profit before taxes					21.3
Taxes					(6.5)
Net profit for the period					14.8

1° half 2019					
in millions of euros	Tea, Food & Other	Pharma- ceutical	Tobacco packaging	Not allocated (*)	Total
Revenue from contracts with customers	292.4	362.2	39.5	–	694.1
Segment operating profit	2.8	44.8	8.2	–	55.8
Net financial income (expense) (**)					(12.4)
Profit (loss) from investments accounted for using the equity method	–	3.1	–	–	3.1
Profit before taxes					46.5
Taxes					(14.1)
Net profit for the period					32.4

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

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

In the first half of 2020, revenue totalled 636.4 million euros compared with 694.1 million euros in the corresponding period of 2019, down by 8.3% due to the slowdown in the first quarter generated by the Covid-19 situation, partially recovered during the second quarter of the year.

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

Tea, Food & Other Sector revenue is substantially in line with 2019 with a contribution of 20.8 million euros from the ATOP business. Operating profit has decreased by 11.3 million euros because of higher amortisation and depreciation following the acquisition of ATOP and the allocation of consolidation differences.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

Revenue in the Pharmaceutical sector was lower than in the same period last year (-52.0 million euros). The operating profit of 29.8 million euros is showing a decrease compared with the previous year due to lower sales volumes. It is believed that this gap will be partially recovered in the second half of the year.

Revenue in the Tobacco sector amounted to 34.6 million euros, a slight decrease compared with the previous year (39.5 million euros) because of the lower backlog at the beginning of the year and fewer new orders acquired in the sector for new generation products. Operating profit increased by 0.4 million euros.

Total assets at 30 June 2020 and 31 December 2019 are as follows:

in millions of euros	Tea, Food & Other	Pharma- ceutical	Tobacco packaging	Not- allocated (*)	Total
Total assets at 30 June 2020	1,364.1	657.0	59.7	350.9	2,431.7
Total assets at 31 December 2019	1,332.9	652.1	59.5	256.5	2,301.0

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

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.



NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

REVENUE BY GEOGRAPHICAL AREA

in millions of euros	1° half 2020			
	Tea, Food & Other	Pharmaceutical	Tobacco packaging	Total
European Union (excluding Italy)	63.8	109.6	15.9	189.3
Other European countries	36.9	27.4	3.7	68.0
North America	68.6	36.3	2.1	107.0
Asia & Middle East	50.1	67.0	9.2	126.3
Italy	39.7	40.1	3.7	83.5
Other countries	32.5	29.8	–	62.3
Total	291.6	310.2	34.6	636.4

in millions of euros	1° half 2019			
	Tea, Food & Other	Pharmaceutical	Tobacco packaging	Total
European Union (excluding Italy)	72.4	112.7	7.9	193.0
Other European countries	36.1	14.7	2.2	53.0
North America	74.8	57.5	–	132.3
Asia & Middle East	44.5	89.2	23.6	157.3
Italy	30.0	42.4	5.6	78.0
Other countries	34.6	45.7	0.2	80.5
Total	292.4	362.2	39.5	694.1

REVENUE BY BUSINESS CATEGORY

in millions of euros	1° half 2020			
	Tea, Food & Other	Pharmaceutical	Tobacco packaging	Total
Original Equipment	200.7	209.5	23.9	434.1
After-Sales	90.9	100.7	10.7	202.3
Total	291.6	310.2	34.6	636.4

in millions of euros	1° half 2019			
	Tea, Food & Other	Pharmaceutical	Tobacco packaging	Total
Original Equipment	209.8	255.8	18.3	483.9
After-Sales	82.6	106.4	21.2	210.2
Total	292.4	362.2	39.5	694.1

REVENUE BY TIMING OF RECOGNITION

1° half 2020				
in millions of euros	Tea, Food & Other	Pharma- ceutical	Tobacco packaging	Total
Revenue at a point in time	145.1	122.9	9.4	277.4
Revenue over time	146.5	187.3	25.2	359.0
Total	291.6	310.2	34.6	636.4

1° half 2019				
in millions of euros	Tea, Food & Other	Pharma- ceutical	Tobacco packaging	Total
Revenue at a point in time	147.6	133.9	16.0	297.5
Revenue over time	144.8	228.3	23.5	396.6
Total	292.4	362.2	39.5	694.1

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

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment show a net increase of 5.6 million euros. The changes during the period were 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	3.4	0.8	1.5	4.4	10.2
Depreciation	(0.8)	(2.8)	(1.1)	(2.2)	–	(6.9)
Change in scope of consolidation	3.5	–	–	0.1	–	3.6
Reclassifications and other changes	(0.9)	0.6	(0.1)	–	(0.9)	(1.3)
Balances at 30.06.2020	48.3	25.3	5.2	13.1	13.9	105.8

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

The change in the scope of consolidation relates to Record S.p.A.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

"Other assets" comprise:

in millions of euros	30.06.2020	31.12.2019
Electronic office equipment	8.1	8.4
Office furniture and fittings	3.2	3.0
Vehicles	1.6	1.6
Other	0.2	0.7
Total	13.1	13.7

Fixed assets under construction and advances mainly include an industrial shed owned by ATOP S.p.A. and equipment and machinery under construction.

Mortgages have been granted on the properties of Castel Guelfo (BO) and Barberino Tavarnelle (FI), owned by Tissue Machinery Company S.p.A. and ATOP S.p.A., against loans as commented in Note 13.

RIGHT OF USE ASSETS

The following table provides details of the rights 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	9.6	–	–	0.9	5.9	16.4
Depreciation	(12.7)	(0.1)	–	(1.3)	–	(14.1)
Reclassifications and other changes	(1.7)	–	–	(0.2)	1.7	(0.2)
Balances at 30.06.2020	186.8	1.0	0.1	5.1	21.9	214.9

The increase in land and buildings refers for 3.1 million euros to work on the building in Castel San Pietro Terme (BO) belonging to the Parent Company.

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

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

in millions of euros	Development costs	Industrial patents rights	Software licences, trademarks and similar	Goodwill	Asset under development and advances	Total
Balances at 01.01.2020	164.2	6.7	194.3	478.4	31.2	874.8
Additions	2.9	0.8	0.8	–	8.8	13.3
Acquisitions in the period	0.1	–	–	7.1	–	7.2
Amortization	(14.4)	(1.1)	(8.6)	–	–	(24.1)
Reclassifications and other changes	4.4	–	(0.1)	(1.9)	(5.1)	(2.7)
Balances at 30.06.2020	157.2	6.4	186.4	483.6	34.9	868.5

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR 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	30.06.2020	31.12.2019
ATOP S.p.A.	2019	40.6	42.9
Spreafico Automation S.r.l.	2019	16.1	17.0
Perfect Pack S.r.l.	2019	4.6	4.8
Tecmar S.A.	2019	1.8	1.9
Ciemme S.r.l.	2018	3.8	4.1
TMC Group	2018	20.3	21.6
Petroncini Impianti S.p.A.	2018	6.0	6.4
Eurosicma S.p.A.	2017	13.8	14.7
Benhil GmbH	2015	6.1	6.9
Ilapak Group	2013	5.2	6.0
Dairy&Convenience Food business of Corazza Group	2011	1.0	1.9

In addition, this caption includes costs of 9.0 million euros incurred by the Parent Company on projects related to the Pharmaceutical sector, 7.9 million euros on project development for the Tea, Food & Other sector and 6.7 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 120.6 million euros and 53.6 million euros respectively, recognized following the acquisitions of ATOP, Perfect Pack, Spreafico, Eurosicma, Ilapak, TMC, Petroncini and Ciemme.

Goodwill comprises the following:

in millions of euros	30.06.2020	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	40.0	41.8
CGU Flex Pack	43.8	36.7
CGU Tea	16.9	16.9
CGU Tissue	37.6	37.6
	407.0	401.7
Pharmaceutical:		
CGU Active	12.5	12.5
CGU Life	27.4	27.4
CGU Safe	36.7	36.8
	76.6	76.7
Total	483.6	478.4

This presentation considers the revision of the CGUs carried out starting from the Financial Report at 31 December 2019, with the identification of the "CGU groups" which represent the new minimum unit for monitoring goodwill.

For further information on the goodwill recognized following the acquisition of Record S.p.A., included in the Flex Pack CGU, please refer to the comments in Note 24 Business Combinations.

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. During preparation of the condensed half-year consolidated financial statements, impairment tests are carried out on the carrying amounts of goodwill if there are indicators of impairment. Since the Covid-19 pandemic constitutes an external factor of potential presumption of impairment (i.e. an impairment indicator), despite the Group reporting positive results at 30 June 2020 and its market capitalization is well above shareholders' equity, the validity of the data used and the scenarios developed was verified during the impairment test for the Financial Report at 31 December 2019. As already mentioned in the chapter on the "Outlook for the rest of the year", the trend of orders in the reference sectors in the second quarter of the year was positive despite the situation linked to the Covid-19 emergency, highlighting once again the resilience of the sectors in which the Group operates. The consistency of the backlog and the number of projects under negotiation, even of significant amounts, is a positive sign that not only has the Group not received order cancellations, but customers continue to plan investments despite the current situation of health emergency that characterizes not only Italy but the whole world. No impairment indicators emerged from this analysis.

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 28.1 million euros and to Tissue Machinery Company S.p.A. for 2.1 million euros. Assets under development have been tested for impairment, but no signs of impairment emerged.

4. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

This item breaks down as follows:

in millions of euros	30.06.2020	31.12.2019
Associates:		
Alfa S.r.l.	4.0	–
Amherst Stainless Fabrication Llc	0.4	0.4
A.P.M. Assembly Packaging Machinery S.r.l.	0.3	0.4
B.C. S.r.l.	3.6	3.3
Bacciottini F.Ili S.r.l.	1.4	0.9
Bolognesi S.r.l.	1.4	1.2
Doo Officina-Game East Vrsac	0.4	0.4
I.E.M.A. S.r.l.	2.0	1.8
IMA Dairy & Food Holding GmbH	4.6	4.6
Inkbit Llc	–	1.8
LA.CO S.r.l.	0.5	0.5
Logimatic S.r.l.	1.5	1.2
Meccanica Sarti S.r.l.	1.3	1.3
MORC 2 S.r.l.	2.1	1.8
O.M.S. Officina Meccanica di Sonico S.r.l.	1.2	1.1
SIL.MAC. S.r.l.	2.1	1.6
Sirio S.p.A. Associazione in partecipazione	2.0	2.6
Other associates	1.5	1.2
Total	30.3	26.1

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

During the first half of 2020, the subsidiary Packaging Manufacturing Industry S.r.l. acquired 40% of Alfa S.r.l., based in Bologna, which is active in the study and production of projects, machines, systems and software in the production process for the chemical industry.

At 30 June 2020, the Group assessed whether there was any evidence that investments in associated companies had suffered an impairment loss. From the analysis carried out, also in light of the health emergency, no significant differences emerged between their recoverable value and their carrying amount in the associates' financial statements. Brief information about transactions with associates is given below:

-)] Amherst Stainless Fabrication Llc operates in the field of mechanical engineering and industrial assembly;
-)] A.P.M. Assembly Packaging Machinery S.r.l. operates in the assembly, production and sale of mechanical parts, machinery and systems in general;
-)] B.C. S.r.l. manufactures machine parts for the Group and third parties;
-)] Bacciottini F.Ili S.r.l. processes sheet metal for pharmaceutical machinery;

-) Bognesi S.r.l. operates in the field of mechanical engineering and industrial assembly;
-) Doo Officina-Game East Vrsa operates in the field of mechanical engineering, specialising in the construction of machines for third parties;
-) I.E.M.A. S.r.l. designs and produces equipment for automated machinery;
-) IMA Dairy & Food Holding GmbH, through its subsidiaries, looks after the design, construction and sale of automatic machines and integrated systems, to form, fill and seal food products, particularly in the dairy sector;
-) LA.CO. S.r.l. manufactures mechanical constructions and repairs machine tools;
-) Logimatic S.r.l. operates in the marketing, distribution and testing of automatic machines;
-) Meccanica Sarti S.r.l. is active in the construction of mechanical components for machinery;
-) MORC 2 S.r.l. operates in the manufacture of industrial handling and automation systems.
-) OMS Officina Meccanica di Sonico S.r.l. is active in the machining of mechanical parts and machine construction;
-) SIL.MAC. S.r.l. operates in the field of mechanical engineering, specialising in the construction of machines for third parties.

5. FINANCIAL ASSETS

The item breaks down as follows:

in millions of euros	30.06.2020	31.12.2019
Non-current:		
· Financial assest measured at amortized cost	42.4	42.5
· Financial assest measured at FVOCI	6.0	6.9
· Financial assest measured at FVPL	0.4	0.4
	48.8	49.8
Current:		
· Financial assest measured at amortized cost	2.6	2.6
· Financial assest measured at FVOCI	15.9	15.6
	18.5	18.2
Total	67.3	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. There is no evidence that the Covid-19 pandemic has changed its recoverability.

Current financial assets measured at amortised cost essentially consist of loans granted by the Parent Company and Packaging Manufacturing Industry S.r.l. to certain associates.

Current financial assets valued at FVOCI mainly include investment funds attributable to the Parent Company for 12.9 million euros. As regards the fair value hierarchy of financial assets, please refer to the section entitled "Financial risk management".

6. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments comprise:

in millions of euros	Assets 30.06.2020	Liabilities 30.06.2020	Assets 31.12.2019	Liabilities 31.12.2019
Interest rate hedging instruments - cash flow hedges	–	6.8	–	5.3
Exchange rate hedging instruments - cash flow hedges	0.3	0.2	1.0	0.1
Total	0.3	7.0	1.0	5.4

INTEREST RATE DERIVATIVES

At 30 June 2020, the amount of 4.2 million euros in liabilities represents the fair value of derivative contracts to hedge 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 21.4 million US dollars and 330.0 million euros and a finance lease that expires in 2026 on a nominal value of 5.7 million euros.

Furthermore, the residual amount of 2.6 million euros in liabilities represents the fair value of the derivative contracts to hedge interest rate risk stipulated by ATOP S.p.A., CMRE S.r.l. and Tissue Machinery Company S.p.A. on a total nominal value of 40.8 million euros.

EXCHANGE RATE DERIVATIVES

At 30 June 2020, the amount of 0.3 million euros in assets and 0.2 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 20.5 million US dollars and 150.3 million Chinese yuan.

7. DEFERRED TAX ASSETS AND LIABILITIES

At 30 June 2020, the deferred tax asset of 55.6 million euros (58.3 million euros at 31 December 2019) mainly relates to a deferred tax asset recognized in 2012 on the step-up of the carrying amounts of the controlling interests recorded in IMA S.p.A.'s consolidated financial statements and temporary differences arising on provisions. On the basis of the projections of the Group's expected tax results, there are no critical issues that preclude the recoverability of the deferred tax assets.

At 30 June 2020, deferred tax liabilities amount to 103.7 million euros (108.8 million euros at 31 December 2019) and relate mainly to temporary differences between the carrying amounts of certain tangible and intangible assets and their values for tax purposes.

8. INVENTORIES

This item breaks down as follows:

in millions of euros	30.06.2020			31.12.2019		
	Gross value	Impairment provision	Net value	Gross value	Impairment provision	Net value
Raw, ancillary and consumable materials	100.7	(15.4)	85.3	90.0	(13.5)	76.5
Work in progress and semifinished goods	349.4	(45.2)	304.2	294.7	(41.4)	253.3
Finished products and goods for resale	16.6	(2.9)	13.7	17.3	(2.9)	14.4
Total	466.7	(63.5)	403.2	402.0	(57.8)	344.2

The increase in inventories since 31 December 2019 reflects the preparation of machines for delivery to customers in the second half, as well as the substantial backlog of orders already acquired at the end of June.

Movements in these provisions in the period were as follows:

in millions of euros	
Saldo al 01.01.2019	48.3
Net provisions (uses)	3.6
Change in scope of consolidation	0.2
Exchange rate difference	0.1
Saldo al 30.06.2019	52.2
Saldo al 01.01.2020	57.8
Net provisions (uses)	4.7
Change in scope of consolidation	1.1
Exchange rate difference	(0.1)
Saldo al 30.06.2020	63.5

Note that the net increase in inventories shown in the consolidated statement of cash flows differs from the change in the corresponding balance sheet item due to the reclassification to assets held for sale and business combinations, as commented on in Notes 22 and 24.

9. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS**TRADE AND OTHER RECEIVABLES**

This item comprises:

in millions of euros	30.06.2020	31.12.2019
Trade receivables	147.4	182.9
Advances to suppliers	33.4	29.1
Tax receivables	14.0	15.9
Deferred costs	15.5	10.1
Other receivables	7.6	5.9
Total	217.9	243.9

TRADE RECEIVABLES

Trade receivables include amounts due from customers of 132.8 million euros (171.8 million euros at 31 December 2019) and receivables from associates of 14.6 million euros (11.1 million euros at 31 December 2019).

Customer receivables falling due beyond 12 months amounted to 0.6 million euros (1.4 million euros at 31 December 2019). Deferred payment terms granted to customers resident in countries presenting particular risks are guaranteed by suitable financial instruments to secure collection. There are no significant financial components or rights to make returns.

Trade receivables are carried net of accumulated provisions amounting to 19.7 million euros (19.4 million euros at 31 December 2019).

Assigned receivables not yet due at 30 June 2020 amount to 61.2 million euros, of which 41.4 million euros have been assigned to factoring companies and 19.8 million euros to other financial institutions. The first half of 2020 saw the assignment without recourse of receivables with an overall nominal value of 47.8 million euros.

ADVANCES TO SUPPLIERS

At 30 June 2020, these relate to advances for goods to be used in production and for services totalling respectively, 25.0 million euros (17.7 million euros at 31 December 2019) and 8.4 million euros (11.4 million euros at 31 December 2019).

This balance includes 8.9 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 contract works are shown net of the related advances, as illustrated below:

in millions of euros	30.06.2020	31.12.2019
Contract assets related to contract works	537.6	595.0
Advances received	(305.6)	(358.3)
Total	232.0	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.

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

The net decrease in trade and other receivables and contract assets reported in the consolidated cash flow statement differs from the change in the corresponding balance sheet item due to the reclassification to assets held for sale and business combinations, as commented on in Notes 22 and 24.

10. CASH AND CASH EQUIVALENTS

This item comprises:

in millions of euros	30.06.2020	31.12.2019
Bank current accounts	213.7	107.7
Deposits	4.1	2.8
Cheques and cash	0.3	0.2
Total	218.1	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 30 June 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

At 31 December 2019 IMA S.p.A. held 107,000 treasury shares, equal to 0.248% of its share capital. The Parent Company did not carry out any transactions on treasury shares during the first half of 2020.

ALLOCATION OF THE PROFIT FOR 2019

By adopting a prudential approach, in order to support the Group's capital solidity and contain any future economic and financial impacts, the Board decided to suspend the resolution to distribute dividends out of 2019 earnings already approved on 12 March 2020. The dividend out of 2019 earnings may be re-proposed once the Covid-19 crisis is over.

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The Shareholders' Meeting of 10 June 2020 therefore resolved to allocate the profit for the year 2019, of 91.3 million euros, as follows: 0.2 million euros to the legal reserve, which reached one fifth of the share capital, and the balance of 91.1 million euros to the "Extraordinary Reserve".

FAIR VALUE RESERVE

Changes in the fair value reserve break down 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>	
Change in scope of consolidation	(1.0)
Measurement at fair value	(1.2)
Fair value - tax effect	0.3
Realization recognized in PL	0.1
Balance at 30.06.2019	(3.8)
Balance at 01.01.2020	(4.3)
<i>Financial assets at FVOCI</i>	
Measurement at fair value	(0.5)
<i>Cash flow hedges/hedging instruments</i>	
Measurement at fair value	(1.1)
Fair value - tax effect	0.3
Realization recognized in PL	(0.4)
Balance at 30.06.2020	(6.0)



OTHER RESERVES AND RETAINED EARNINGS

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

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

in millions of euros	
Balance at 01.01.2019	(6.0)
Change in scope of consolidation	(0.1)
Actuarial value	(1.4)
Tax effect	0.4
Balance at 30.06.2019	(7.1)
Balance at 01.01.2020	(9.5)
Actuarial value	(2.4)
Tax effect	0.2
Balance at 30.06.2020	(11.7)

12. NON-CONTROLLING INTERESTS

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

	Country	30 June 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%
Record S.p.A.	Italy	90.88%	9.12%	–	–
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 G of the explanatory notes and the section entitled "Group Structure".

Non-controlling interests at 30 June 2020 amounted to 9.7 million euros (11.4 million euros at 31 December 2019) and refer to ATOP S.p.A. for 9.0 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 634.2 million euros (491.5 million euros at 31 December 2019), amounts due to other lenders of 0.7 million euros (1.3 million euros at 31 December 2019) and bonds of 145.6 million euros (152.4 million euros at 31 December 2019).

PAYABLES TO BANKS

Payables to banks comprise:

in millions of euros	30.06.2020	31.12.2019
Non-current:		
· Applied research and technological innovation loans	3.5	4.6
· Other loans	359.1	372.1
	362.6	376.7
Current:		
· Current accounts	13.8	2.7
· Advances on domestic transactions (Italy)	13.1	8.7
· Advances on export transactions	195.1	58.4
· Advances on export transactions to be carried out	14.0	11.3
· Applied research and technological innovation loans	2.1	2.0
· Other loans	33.5	31.7
	271.6	114.8
Total	634.2	491.5

Applied research and technological innovation loans

During the period, the instalments falling due for 1.0 million euros were regularly reimbursed by the Parent Company.

Other loans

The principal changes in Other loans relate to the Parent Company and comprise repayments of 12.9 million euros.

Advances on export transactions

The increase in advances on export transactions is linked to the increase in cash and cash equivalents (Note 10), as a further prudential measure of "liquidity risk management".

Payables to banks break down by maturity as follows:

in millions of euros	30.06.2020	31.12.2019
Due within 1 year	271.6	114.8
Due from 1 to 5 years	360.1	334.6
Due beyond 5 years	2.5	42.1
Total	634.2	491.5

Mortgages have been granted on the properties of Castel Guelfo (BO) and Barberino Tavarnelle (FI) owned by Tissue Machinery Company S.p.A. and ATOP S.p.A. against loans for 1.5 million euros and 2.7 million euros, respectively. In addition, there is a pledge on the shares of ATOP S.p.A. against a loan of 12.5 million euros.

Certain loans and financings are guaranteed by compliance with certain financial covenants calculated on the basis of the half-year and annual consolidated financial statements of the IMA Group. At 30 June 2020, all covenant requirements have been met.

At 30 June 2020 the Group had around 689 million euros of unutilised borrowing facilities (around 550 million euros at 31 December 2019).

Following the same prudential approach with a view to "liquidity risk management", IMA 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 will make it possible to meet any financial needs should the current emergency situation last for a long time.

PAYABLES TO OTHER LENDERS

The item includes current payables to factoring companies for 0.5 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%.

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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 analysed as follows:

in millions of euros	30.06.2020	31.12.2019
Non-current portion	100.0	145.0
Current portion	45.6	7.4
Total book value	145.6	152.4

LEASE LIABILITIES

The item breaks down as follows:

in millions of euros	30.06.2020	31.12.2019
Non-current lease liabilities	141.9	142.2
Current lease liabilities	21.9	21.1
Total	163.8	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	30.06.2020	31.12.2019
A. Cash and cash equivalents	(218.1)	(110.7)
B. Other cash equivalents	(3.0)	(4.0)
C. Investments in securities	(12.9)	(11.7)
D. Liquidity (A)+(B)+(C)	(234.0)	(126.4)
E. Current financial receivables	(2.6)	(2.5)
F. Current payables to banks	242.2	81.8
G. Current portion of non-current payables	96.9	61.5
H. Other current financial payables	0.5	1.1
I. Current financial debt (F) + (G) + (H)	339.6	144.4
J. Net current financial debt (D)+(E)+(I)	103.0	15.5
K. Non-current portion of non-current bank payables	362.6	376.7
L. Bonds issued	100.0	145.0
M. Other non-current financial payables	142.1	142.4
N. Non-current financial assets	(42.4)	(42.5)
O. Net non-current financial debt (K)+(L)+(M)+(N)	562.3	621.6
P. Net financial debt (J)+(O)	665.3	637.1

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

Total non-current financial assets differs from that reported in the statement of financial position as it does not include equity interests in other companies.

A breakdown of the items comprising net financial indebtedness is given in Notes 5 and 10.

The Group also has payables for acquisitions totalling 102.8 million euros (113.9 million euros at 31 December 2019), predominantly relating to the options agreed for the purchase of the non-controlling interests in subsidiaries.

Net financial indebtedness at the end of the period amounts to 665.3 million euros compared with 637.1 million euros at 31 December 2019. The increase is mainly due to the physiological growth in net working capital.

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

14. EMPLOYEE DEFINED BENEFIT LIABILITIES

This item includes post-employment benefits valued actuarially by independent actuaries using the project unit credit method under IAS 19. It mainly comprises the severance indemnity provisions made by the Group's Italian companies.

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

in millions of euros	
Balance at 01.01.2020	40.6
Current service cost	0.6
Net actuarial losses (gains) recognized during the period	2.4
Change in scope of consolidation	0.5
Benefit paid out during the period	(1.0)
Balance at 30.06.2020	43.1

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

in millions of euros	30.06.2020	31.12.2019
Italy	25.1	25.1
Germany	6.3	6.5
Switzerland	9.6	6.9
France	0.3	0.3
North America	1.0	0.9
Other countries	0.8	0.9
Total	43.1	40.6

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

	30.06.2020	31.12.2019
Annual discount rate	0.70%	0.68%
Annual inflation rate	1.00%	1.00%
Annual rate of increase of total compensation	2.50%	2.50%
Annual rate of increase of severance indemnity	2.25%	2.25%

The discounting rate applicable to Italian companies was determined with reference to the iBoxx Eurozone Corporates AA 10+ index.

Compared with 31 December 2019, there have not been any changes in the main demographic assumptions used by the actuary for Italian companies.

15. PROVISIONS FOR RISKS AND CHARGES

These provisions break down as follows:

in millions of euros	Balance at 31.12.2019	Net increases	Net decreases	Change in scope of consolidation	Balance at 30.06.2020
Non-current:					
Agency termination indemnities	3.2	–	–	0.2	3.4
Other provisions	3.1	–	–	0.1	3.2
	6.3	–	–	0.3	6.6
Current:					
Product guarantee provision	27.8	1.3	(0.9)	–	28.2
Other provisions	2.0	1.6	(0.3)	–	3.3
	29.8	2.9	(1.2)	–	31.5
Total	36.1	2.9	(1.2)	0.3	38.1

The product guarantee provision was established on the basis of estimated expenses for work to be performed under guarantee after 30 June 2020 (as provided for by current laws - so-called "assurance-type warranties").

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

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

This item breaks down as follows:

in millions of euros	30.06.2020	31.12.2020
Trade payables	384.4	413.8
Social security and defined-contribution plans payables	10.7	15.1
Tax payables	9.9	12.9
Due to employees	83.7	79.0
Payables in respect of acquisitions	102.8	113.9
Deposits	1.9	1.3
Other payables	9.8	12.0
Total	603.2	648.0

TRADE PAYABLES

This item includes trade payables of 276.2 million euros (297.8 million euros at 31 December 2019), payables to agents of 16.6 million euros (16.8 million euros at 31 December 2019) and trade payables to associates of 91.6 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

The item mainly reflects the payable relating to deferred monthly payments, bonuses and accrued holidays. This item includes 3.5 million euros classified among the non-current liabilities (14.2 million euros at 31 December 2019).

PAYABLES IN RESPECT OF ACQUISITIONS

At 30 June 2020 these include payables for the purchase of investments relating to the acquisitions that took place in 2019 for 52.7 million euros, mainly relating to ATOP S.p.A., Perfect Pack S.r.l., Spreafico Automation S.r.l. and Tecmar S.A., the acquisitions that took place in 2018 for 26.0 million euros, which mainly relate to Ciemme S.r.l. and TMC Group, and the acquisitions that took place in previous years for 19.2 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 95.4 million euros (102.4 million euros at 31 December 2019).

As regards the fair value hierarchy of payables represented by potential payments connected with the purchase of non-controlling interests in subsidiaries, please refer to the section on Financial risk management.

OTHER PAYABLES

Other payables include 0.3 million euros classified under non-current liabilities (4.0 million euros at 31 December 2019).

CONTRACT LIABILITIES

This caption is analysed as follows:

in millions of euros	30.06.2020	31.12.2019
Advances received from customers	114.8	105.1
Contract liabilities related to contract works	55.1	30.7
Total	169.9	135.8

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

in millions of euros	30.06.2020	31.12.2019
Advances received	199.9	113.6
Contract assets related to contract works	(144.8)	(82.9)
Total	55.1	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.

Note that the net decrease in trade payables and other contractual payables and liabilities reported in the consolidated cash flow statement differs from the change in the corresponding balance sheet item due to the options exercised in the period, the reclassification to liabilities held for sale and business combinations, as commented on in Notes 22 and 24.

17. PERSONNEL COSTS

This item breaks down as follows:

in millions of euros	1st half 2020	1st half 2019	Change
Wages and salaries	157.4	153.4	4.0
Social security contributions	37.2	36.0	1.2
Board of Directors' emoluments	2.1	5.2	(3.1)
Pensions - defined-benefit plans	0.7	0.8	(0.1)
Pensions - defined-contribution plans	7.7	7.5	0.2
Other personnel costs	9.7	10.9	(1.2)
Total	214.8	213.8	1.0

Personnel costs attributable to ATOP S.p.A. and Perfect Pack S.r.l., not included in the scope of consolidation in the first half of 2019, amount to 8.0 million euros.

In the first half of 2020, the IMA Group employed an average of 6,200 persons, as follows:

	1st half 2020	1st half 2019	Change
Management	298	308	(10)
Office workers	3,941	3,709	232
Production workers	1,961	1,738	223
Total	6,200	5,755	445

At the end of period, the Group had 6,214 employees (6,159 at 31 December 2019).

18. DEPRECIATION, AMORTIZATION AND WRITE-DOWNS

This item breaks down as follows:

in millions of euros	First half 2020	First half 2019	Change
Depreciation of property, plant and equipment	6.9	8.0	(1.1)
Depreciation of right of use assets	14.1	10.2	3.9
Amortization of intangible assets	24.1	16.1	8.0
Write-downs/impairment	1.5	–	1.5
Bad debt provision	0.5	1.0	(0.5)
Total	47.1	35.3	11.8

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

The item write-downs/impairment is attributable to the sale to third parties of the entire equity investment in Hassia India Pvt. Ltd. as commented on in Note 22.

19. FINANCIAL INCOME

This item comprises:

in millions of euros	1st half 2020	1st half 2019	Change
Interest income from banks	0.2	0.2	–
Income from derivative financial instruments	0.1	0.1	–
Change in fair value for contingent considerations	0.6	0.1	0.5
Other interest income and financial income	1.0	0.9	0.1
Exchange rate gains	9.5	8.3	1.2
Total	11.4	9.6	1.8

20. FINANCIAL EXPENSE

This item comprises:

in millions of euros	1st half 2020	1st half 2019	Change
Fair value remeasurement of the interest held in CMRE S.r.l.	–	1.0	(1.0)
Interest expense on bank payables	3.6	2.3	1.3
Interest expense on bonds	2.5	2.5	–
Interest expense on leases liabilities	2.4	1.9	0.5
Net financial expense on defined-benefit plans	–	0.3	(0.3)
Bank guarantee expenses	0.3	0.3	–
Expense from derivative financial instruments	0.6	0.8	(0.2)
Change in fair value for contingent consideration	0.2	2.3	(2.1)
Other interest and financial expense	3.6	2.0	1.6
Net expense from hyperinflation	0.1	0.3	(0.2)
Exchange rate losses	10.4	8.3	2.1
Total	23.7	22.0	1.7

At 30 June 2020, exchange rate gains and losses included, respectively, unrealized gains of 4.1 million euros (4.0 million euros in the first half of 2019) and unrealized losses of 4.6 million euros (3.6 million euros in the first half of 2019).

21. 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.

22. ASSETS AND LIABILITIES HELD FOR SALE

In July 2020, IMA S.p.A. signed an agreement relating to the sale to third parties of the entire equity investment, equal to 100% of the share capital, in Hassia Packaging Pvt. Ltd., based in Pune (India). Hassia India, which produces low-cost machines for forming, filling and sealing and for single-dose packaging for food, detergents, chemicals and cosmetics, mainly for the Asian and African market, closed 2019 with around 5 million euros in revenue and a net profit of approximately 0.3 million euros. The sale price, equal

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to 3.1 million euros, paid in full at the closing on 31 July 2020, therefore the valuation of the recoverable value of the asset led to the recognition of an impairment of 1.5 million euros.

In summary, the main balances contained in Assets and liabilities held for sale at 30 June 2020 are the following:

in millions of euros	
Property, plant and equipment and intangible assets	1.8
Inventories	1.1
Trade and other receivables	0.7
Financial assets	0.3
Total assets held for sale	3.9
Trade payables and contract liabilities	0.7
Deferred tax liabilities	0.2
Other liabilities	0.3
Total liabilities held for sale	1.2

23. EARNINGS PER SHARE

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

	1st half 2020	1st half 2019
Profit for the period (millions of euros)	16.5	31.1
Average number of outstanding ordinary shares (millions of shares)	43.1	39.2
Earning per share (in euros)	0.38	0.79

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

24. BUSINESS COMBINATIONS

On 15 June 2020 the Group completed the purchase of 71.4% of Record S.p.A., a company based in Garbagnate Monastero (LC), leader in the design and production of low-medium speed machinery and plants in the flexible packaging sector, known as “flow pack”, for the packaging of food and non-food products. In addition, option contracts were signed for the residual shares held by the minority shareholders.

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

in millions of euros	Amounts acquired	Fair value
Property, plant and equipment and intangible assets	3.7	3.7
Inventories	1.4	1.4
Trade receivables and other assets	0.7	0.7
Cash and cash equivalents	2.8	2.8
Borrowings	(0.3)	(0.3)
Employee defined benefit liabilities	(0.5)	(0.5)
Provisions for risks and charges	(0.3)	(0.3)
Trade payables and other liabilities	(2.7)	(2.7)
Total	4.8	4.8
Cost of acquisition		11.9
Goodwill		7.1

The cost of the acquisition includes the potential consideration of 4.0 million euros as the fair value of the options for the purchase of the residual quotas held by minority shareholders, discounted using the return on government securities with the same maturity.

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

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

The effect of the acquisition in the period, cash acquired net of the consideration paid, came to 1.9 million euros.

25. GUARANTEES GRANTED

At 30 June 2020, the Group has given sureties and other bank guarantees to customers totalling 34.2 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 2.9 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 302.0 million euros.

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

Lastly, note that sureties were issued against advances received from customers for a total of 103.9 million euros (107.3 million euros at 31 December 2019), of which 42.9 million euros reflect the use of credit lines guaranteed by commitments on the part of the Parent Company.

26. COMMITMENTS

At 30 June 2020 there are commitments for the purchase of property, plant and equipment and intangible assets of 20.7 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 12.6 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, 18.2 million euros, mainly consist of the Parent Company's agreement to buy further units of the mutual funds.

27. RELATED-PARTY TRANSACTIONS

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

The Parent Company of the IMA Group is I.M.A. Industria Macchine Automatiche S.p.A., which at 30 June 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 half-year 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 Group companies' balance sheet or results and no changes or developments in related-party transactions explained in the last annual report that could have had a significant influence over Group companies' balance sheet or results.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

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

in millions of euros	Receivables at 30.06.2020	Receivables at 31.12.2019	Payables at 30.06.2020	Payables at 31.12.2019
Associates and joint venture:				
Alfa S.r.l.	4.0	–	–	–
Amherst Stainless Llc	1.3	1.5	0.3	0.2
A.P.M. Assembly Pack. Mach. S.r.l.	0.8	0.8	1.3	1.7
B.C. S.r.l.	3.6	3.3	1.1	0.9
Bacciottini F.lli S.r.l.	1.9	0.9	7.9	9.3
Bolognesi S.r.l.	1.4	1.3	4.7	4.7
Doo Officina-Game East Vrsac	1.6	1.3	0.1	0.1
I.E.M.A. S.r.l.	6.0	3.4	17.0	18.1
IMA Dairy & Food Holding GmbH	44.8	44.8	–	–
Inkbit Llc	–	1.8	–	–
LA.CO S.r.l.	0.8	0.8	2.9	2.8
Logimatic S.r.l.	17.0	10.0	28.0	28.6
Meccanica Sarti S.r.l.	1.3	1.3	0.4	0.7
Me.Mo. S.r.l.	1.4	1.5	0.1	0.1
MORC 2 S.r.l.	2.5	2.3	2.9	4.3
O.M.S. Officina Meccanica di Sonico S.r.l.	1.2	1.1	1.0	1.2
RO.SI S.r.l.	0.4	0.3	2.0	1.8
SIL.MACS.r.l.	3.4	2.6	10.4	10.9
STA.MA. S.r.l.	0.2	0.1	1.8	2.2
Talea S.r.l.	10.5	11.8	7.4	8.8
Other associates	1.4	1.4	2.3	2.8
	105.5	92.3	91.6	99.2
Other related parties:				
3-T S.r.l.	–	–	1.3	1.2
Costal S.r.l.	–	–	0.9	1.2
EPSOL S.r.l.	2.0	1.8	4.8	5.5
Erca S.A.S.	0.7	1.0	–	–
GASTI Verpackungsmaschinen GmbH	0.3	0.5	–	–
Hassia Verpackungsmaschinen GmbH	0.9	1.0	–	–
Hotminds S.r.l.	0.2	0.1	0.9	1.2
LPM.GROUP S.r.l.	0.1	0.1	5.2	5.8
Timage S.r.l.	–	–	0.8	1.0
Other related parties	1.0	1.1	2.3	1.9
	5.2	5.6	16.2	17.8
Total	110.7	97.9	107.8	117.0

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

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

in millions of euros	Revenues 1st half 2020	Revenues 1st half 2019	Costs 1st half 2020	Costs 1st half 2019
Associates and joint venture:				
Amherst Stainless Llc	–	0.1	2.6	2.0
B.C. S.r.l.	0.3	0.4	3.1	3.1
Bacciottini F.Ili S.r.l.	0.7	0.2	5.1	6.4
Bolognesi S.r.l.	0.3	0.3	2.8	3.2
Doo Officina-Game East Vrsac	0.1	0.1	0.4	0.6
I.E.M.A. S.r.l.	2.9	1.3	8.5	8.7
IMA Dairy & Food Holding GmbH	0.5	0.5	–	0.6
LACO S.r.l.	–	0.2	2.0	2.0
Logimatic S.r.l.	4.1	4.3	8.7	9.9
Masterpiece S.r.l.	–	–	0.5	0.5
Meccanica Sarti S.r.l.	–	–	0.2	0.5
MORC 2 S.r.l.	0.7	0.2	3.5	1.9
O.M.S. Officina Meccanica Sonico S.r.l.	0.1	0.1	1.5	1.2
Powertransmission.it S.r.l.	–	–	0.5	0.6
RO.SI S.r.l.	0.1	0.1	1.3	1.2
SIL.MAC. S.r.l.	1.4	1.3	4.5	4.6
S.I.Me. S.r.l.	–	–	0.8	0.6
STAMA S.r.l.	0.2	0.1	0.9	1.3
Talea S.r.l.	–	0.1	2.8	2.7
Other associates	0.3	0.1	1.5	0.6
	11.7	9.4	51.2	52.2
Other related parties:				
3-T S.r.l.	–	–	0.7	0.8
ATOP S.p.A.	–	1.9	–	–
Costal S.r.l.	–	–	0.9	1.4
Deltos S.r.l.	–	–	0.3	0.6
EPSOL S.r.l.	0.6	0.9	2.6	3.1
LPM.GROUP S.r.l.	0.1	0.1	3.1	3.8
Timage S.r.l.	–	–	1.3	1.3
Other related parties	1.8	1.7	3.8	4.4
	2.5	4.6	12.7	15.4
Total	14.2	14.0	63.9	67.6

It should also be noted that Other related parties include fees of 1.1 million euros for professional services provided by a related party, namely a Director of the Parent Company.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

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

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

Transactions with associates are largely of a commercial nature. See Note 4 for further information.

The total cost incurred in the first half of 2020 for the remuneration due to executives with strategic responsibilities is approximately 2.8 million euros (5.2 million euros in the first half of 2019). This amount includes the remuneration of two members of the Board of Directors of the Parent Company.

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

in millions of euros	Total at 30.06.2020	Of which related parties	% impact	Total at 31.12.2019	Of which related parties	% impact
Balance sheet:						
<u>Non-current assets</u>	1,327.1	79.7	6.0%	1,325.0	76.1	5.7%
Trade and other receivables	449.9	28.4	6.3%	480.6	19.2	4.0%
Other current assets	650.8	2.6	0.4%	495.4	2.6	0.5%
<u>Current assets</u>	1,100.7	31.0	2.8%	976.0	21.8	2.2%
<u>Assets held for sale</u>	3.9	–	–	–	–	–
Total assets	2,431.7	110.7	4.6%	2,301.0	97.9	4.3%
<u>Equity</u>	513.6			504.9		
<u>Non-current liabilities</u>	864.1	–	–	945.7	–	–
Trade and other payables	673.9	107.8	16.0%	663.3	117.0	17.6%
Other current liabilities	378.9	–	–	187.1	–	–
<u>Current liabilities</u>	1,052.8	107.8	10.2%	850.4	117.0	13.8%
<u>Liabilities held for sale</u>	1.2	–	–	–	–	–
Total liabilities and equity	2,431.7	107.8	4.4%	2,301.0	117.0	5.1%

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

in millions of euros	1st half 2020	Of which related parties	% impact	1st half 2019	Of which related parties	% impact
Income statement:						
Revenues and other income	639.0	10.4	1.6%	699.9	10.0	1.4%
Cost of raw materials and goods	(280.9)	(41.8)	14.9%	(280.3)	(42.3)	15.1%
Cost of services and leases	(129.3)	(21.4)	16.6%	(148.6)	(24.0)	16.2%
Other operating costs	(198.9)	(0.5)	0.3%	(215.2)	(0.9)	0.4%
Operating profit	29.9			55.8		
Net financial income (expense)	(12.3)	0.5	–	(12.4)	0.5	–
Profit (loss) from investment accounted for using equity method	3.7	3.7	100.0%	3.1	3.1	100.0%
Taxes	(6.5)	–	–	(14.1)	–	–
Profit for the period	14.8			32.4		

28. SIGNIFICANT NON-RECURRING TRANSACTIONS AND EVENTS

During the first half of 2020, the amount of 1.7 million euros refers for 1.2 million euros to charges resulting from the Covid-19 emergency and, in particular, to the application of social distancing measures and hygiene procedures, equipment for remote work and other security measures, as well as ancillary charges for acquisitions. Non-recurring charges have been classified under Costs for raw materials, ancillary materials, consumables and goods for 0.5 million euros and costs for services, rentals and leases for 1.2 million euros.

During the first half of 2019, non-recurring charges classified as Services, rentals and leases amounted to 2.2 million euros and related principally to costs involved in the plan to merge GIMA TT S.p.A. with IMA S.p.A. and ancillary charges for acquisitions.

29. ATYPICAL AND / OR UNUSUAL TRANSACTIONS

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

30. SIGNIFICANT EVENTS AFTER THE CLOSE OF THE FIRST HALF

On 28 July 2020, the Board of Directors of IMA S.p.A. announced that it had been informed by the shareholders of the parent company SO.FI.MA Società Finanziaria Macchine Automatiche S.p.A. ("SOFIMA"), that they had reached an agreement relating to the sale of approximately 20% of their shares in SOFIMA to funds assisted by BC Partners LLP ("BC Partners"), an international leader in the sector.

SOFIMA holds approximately 51.6% of the capital and 67% of the voting rights of IMA. The transaction is subject to the usual conditions for transactions of this nature (including conditions of a regulatory nature). The operation is currently expected to be closed in November 2020.

Through this operation, the Company and its collaborators will be able to benefit extensively from having BC Partners as an important shareholder, to start a phase of development of IMA based entirely on innovation and, at the same time, to remain independent, guaranteeing continuity to management and to collaborators, and to accelerate the growth strategy as a global consolidator in the packaging machinery sector.

Following the closing of the operation, SOFIMA, together with the selling shareholders and BC Partners, will be required to promote a Mandatory Public Tender Offer ("MPTO") to buy all the residual shares of IMA (which currently represent approximately 48.4 % of the share capital).

The price of the MPTO will be 68.00 euros per share (including dividends), which represents a premium of 26.3% and 20.8% compared with the average share price of the last month and the last 6 months, respectively. In the event that a dividend distribution is approved before the closing, the price of the MPTO will be reduced accordingly.

The objective of the MPTO is to delist the Company; this can also be achieved by merging IMA with the vehicle that will launch the MPTO on behalf of the parties acting in concert. BC Partners will have significant representation on the Board of Directors and a series of governance rights. Following the MPTO, BC Partners could increase its stake in SOFIMA up to around 45%. SOFIMA's current shareholders will remain owners of approximately 55% of SOFIMA's shares.

The operation is based on an equity valuation of IMA S.p.A. of approximately 2.93 billion euros.

For further information, please refer to the documents published on the Company's website (www.ima.it).

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

	Registered office		Share capital	Currency	Direct investment	Indirect investment
Companies consolidated line-by-line						
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%	–
- Record S.p.A.	Garbagnate Monaster	Lecco - Italy	335,400	EUR	–	90.88% (5)
- Spares & More S.r.l.	Galliciano	Lucca - Italy	10,848	EUR	–	100.0%
- 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 Automation 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	1,922,380	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 CONDENSED CONSOLIDATED HALF-YEAR 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 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 10% 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 Record S.p.A. includes an option to purchase 28.6% 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 30 JUNE 2020 SECTION

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

Investment accounted for using the equity method	Registered office		Share capital	Currency	Direct investment
- Alfa S.r.l.	Bologna	Bologna - Italy	1,000,000	EUR	40% (1)
- Amherst Stainless Fabrication LLC	Amherst NY	USA	1,100,000	USD	20% (2)
- A.P.M. Assembly Pack. Mach. S.r.l.	Castel Bolognese	Ravenna - Italy	100,000	EUR	32% (1)
- B.C. S.r.l.	Imola	Bologna - Italy	36,400	EUR	30%
- Bacciottini F.lli S.r.l.	Montemurlo	Prato - Italy	60,000	EUR	30% (1)
- BLQ S.r.l.	Ozzano dell'Emilia	Bologna - Italy	30,000	EUR	30% (1)
- Bognesi S.r.l.	Dozza	Bologna - Italy	10,920	EUR	30% (1)
- CAIMA S.r.l.	Monghidoro	Bologna - Italy	10,000	EUR	20% (1)
- 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% (1)
- 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% (1)
- IMA Dairy & Food Holding GmbH	Ranstadt	Germany	25,000	EUR	40%
- LA.CO S.r.l.	Ozzano dell'Emilia	Bologna - Italy	30,000	EUR	30% (1)
- Logimatic S.r.l.	Ozzano dell'Emilia	Bologna - Italy	120,000	EUR	29.17% (1)
- Masterpiece S.r.l.	Ozzano dell'Emilia	Bologna - Italy	10,000	EUR	30% (1)
- Meccanica Sarti S.r.l.	Bologna	Bologna - Italy	102,000	EUR	30% (1)
- Me.Mo. S.r.l.	Gaggio Montano	Bologna - Italy	10,000	EUR	20% (1)
- MORC 2 S.r.l.	Faenza	Ravenna - Italy	20,800	EUR	20% (1)
- OLTRE S.r.l.	Ozzano dell'Emilia	Bologna - Italy	50,000	EUR	30% (1)
- OMEGA S.r.l.	Castel Guelfo	Bologna - Italy	10,000	EUR	20% (1)
- O.M.S. Officina Meccanica Sonico S.r.l.	Sonico	Brescia - Italy	31,200	EUR	40% (1)
- Powertransmission.it S.r.l.	Castenaso	Bologna - Italy	50,000	EUR	20% (1)
- RO.SI S.r.l.	Bentivoglio	Bologna - Italy	10,000	EUR	20.8% (1)
- 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% (1)
- S.I.Me. S.r.l.	Granarolo dell'Emilia	Bologna - Italy	125,000	EUR	39.2% (1)
- STA.MA. S.r.l.	Ozzano dell'Emilia	Bologna - Italy	10,400	EUR	30% (1)
- Talea S.r.l.	Castel Guelfo	Bologna - Italy	25,000	EUR	20% (1)
- Sirio S.p.A.					
Associazione in partecipazione	Milan	Milan - Italy			

Note:

- (1) Held by Packaging Manufacturing Industry S.r.l.
(2) Held by IMA Life North America Inc.
(3) Held by Ciemme S.r.l.

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

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

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

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

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

-) the appropriateness with regard to the characteristics of the Company and
-) the effective application of the administrative and accounting procedures in preparing the condensed consolidated half-year financial statements for the first half of 2020

2. It is also certified that:

2.1 the condensed consolidated half-year financial statements at 30 June 2020:

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

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

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

Ozzano dell'Emilia (BO), 5 August 2020

Managing Director
Alberto Vacchi

Manager responsible for preparing financial reports
Sergio Marzo

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

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

(THE CONSOLIDATED FINANCIAL STATEMENTS HAVE BEEN TRANSLATED FROM THE ORIGINAL ITALIAN INTO ENGLISH SOLELY FOR THE CONVENIENCE
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Review report on the interim condensed consolidated financial statements

(Translation from the original Italian text)

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

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows and the related explanatory notes of I.M.A. Industria Macchine Automatiche S.p.A. and its subsidiaries (the "IMA Group") as of June 30, 2020. The Directors of I.M.A. Industria Macchine Automatiche S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of IMA Group as of June 30, 2020 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Bologna, August 5, 2020

EY S.p.A.
Signed by: Marco Mignani, Statutory Auditor

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

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