

HALF-YEAR FINANCIAL REPORT AT 30 JUNE 2019





HALF-YEAR FINANCIAL REPORT AT 30 JUNE 2019

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# INTERIM REPORT ON OPERATIONS

**GIMATT S.p.A.**

REGISTERED OFFICE: OZZANO DELL'EMILIA (BOLOGNA)

SHARE CAPITAL FULLY PAID-IN: € 440,000.00

REGISTERED WITH THE BOLOGNA COMPANIES REGISTER NO. 03249061205

THE COMPANY IS SUBJECT TO THE MANAGEMENT AND COORDINATION ACTIVITIES OF IMA S.p.A..

## **DIRECTORS AND OFFICERS**

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### **BOARD OF DIRECTORS**

(Appointed until the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2019)

#### **CHAIRMAN**

Sergio Marzo

#### **CHIEF OPERATING OFFICER**

Fiorenzo Draghetti

#### **DIRECTOR**

Stefano Cavallari

#### **INDEPENDENT DIRECTORS**

Luca Maurizio Duranti; Francesco Mezzadri Majani; Paola Alessandra Paris; Alessandra Stabilini.

### **BOARD OF STATUTORY AUDITORS**

(Appointed until the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2020)

#### **ACTING AUDITORS**

Alvise Deganello – Chairman; Amedeo Cazzola; Roberta De Simone

#### **ALTERNATE AUDITORS**

Luisa Elisabetta Cevasco; Gigliola Di Chiara

### **INTERNAL CONTROL AND RISK COMMITTEE**

Luca Maurizio Duranti – Chairman; Francesco Mezzadri Majani; Alessandra Stabilini

### **NOMINATIONS AND REMUNERATION COMMITTEE**

Paola Alessandra Paris – Chairman; Luca Maurizio Duranti; Alessandra Stabilini

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

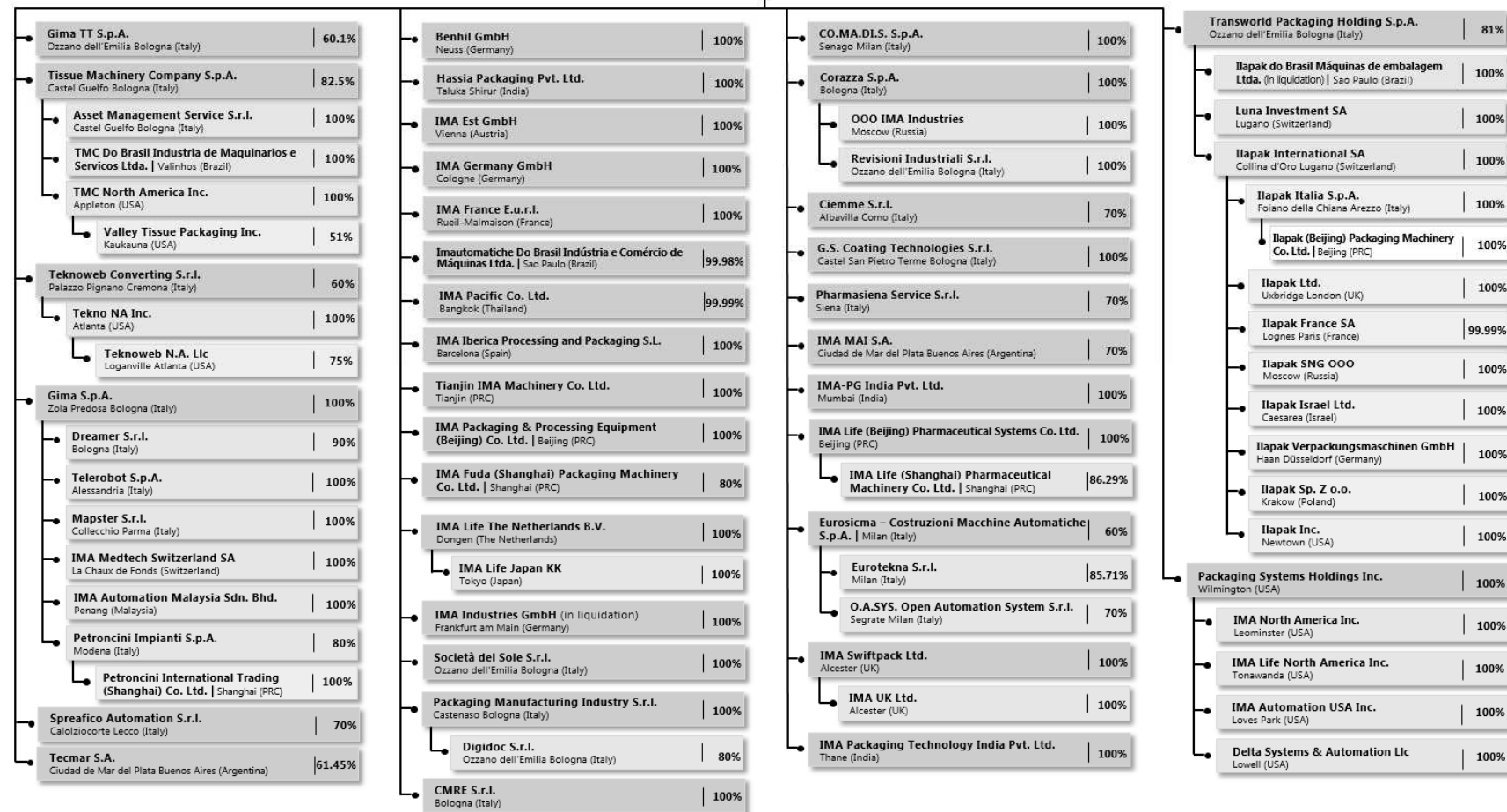
Lorenzo Giorgi

### **INDEPENDENT AUDITORS**

(Appointed until the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2025)

EY S.p.A.

# IMA GROUP STRUCTURE



## PERFORMANCE OF THE COMPANY

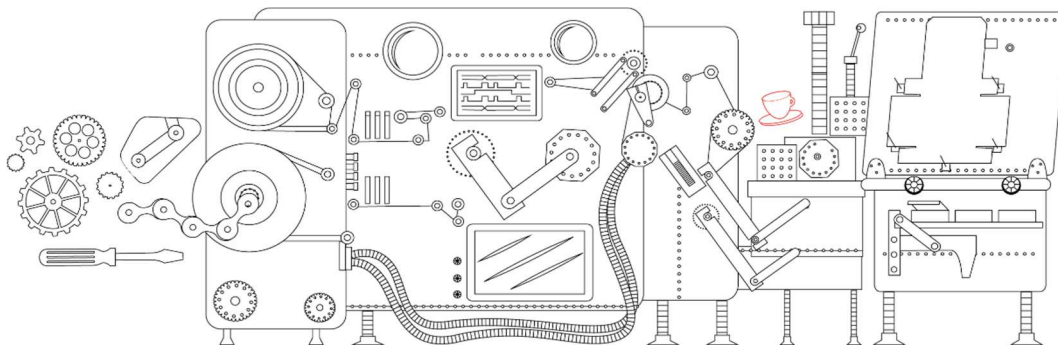
### ECONOMIC CONDITIONS

Based on its last update in June 2019, the International Monetary Fund (IMF) has further reduced its estimates for global GDP growth in the current year and the next, putting it at 3.2% in 2019 and 3.5% in 2020, a small reduction of 0.1%.

Advanced economies maintain their growth at 1.9% in 2019 and 1.7% in 2020, with a 0.1% improvement in the estimate for this year. Particularly positive is the revision for the United States, which in 2019 could see GDP rise by 2.6%. Growth in the Euro area, on the other hand, should be 1.3% in 2019 and 1.6% in 2020. The estimates of the increase in GDP for this year have been revised down slightly to 0.7% for Germany, while they remain unchanged at 0.1% for Italy (where there is still a great deal of uncertainty about the prospects for the public accounts) and 1.3% for France. Among the other developed economies, Great Britain saw an upward revision to 1.3%, whereas Japan saw a slight contraction of 0.1% to 0.9%. Overall, developing countries will grow, but less than expected: +4.1% this year and +4.7% next year. For China, the revision is down by 0.1% to 6.2% for both years. The cut for India is heavier: -0.3% to 7.0% in 2019 and to 7.2% in 2020. A considerable downward revision of the forecasts for Latin America: here GDP will only grow by 0.6% in 2019 and 2.3% in 2020 (not 2.4%).

For the IMF, these forecasts are still characterized by growing uncertainty for the following reasons: (i) continuation of the commercial tensions generated by the so-called "tariff war" between the United States and China, in which moments of aggression are alternated with periods of détente (such as the truce signed by the two countries on June 29), (ii) the risk of failure to reach an agreement on Brexit, postponed at least until October 31, 2019, (iii) the growing geopolitical tensions that pushed up energy prices, (iv) the risk that "deflationary pressures overburden the cost of servicing debt" and that they "reduce the scope for monetary policy" and (v) other risks mainly related to climate change and various wars.

In this macroeconomic context, our Company shows a positive trend, in terms of both revenue and profitability, even if they are down on June 30, 2018.





## INCOME STATEMENT

The following is a summarized version of the income statement for the period under review, with comparative figures for the corresponding period in 2018:

Euro thousands	1st Half 2019		1st Half 2018		Charge %
	Amount	%	Amount	%	
Revenue from contracts with customers	39.480		95.639		(58,7)
Cost of sales	(23.332)	59,1	(53.771)	56,2	
<b>Industrial gross profit</b>	<b>16.148</b>	<b>40,9</b>	<b>41.868</b>	<b>43,8</b>	<b>(61,4)</b>
Research and development costs	(1.770)		(1.017)		
Commercial and sales costs	(1.507)		(1.300)		
General and administrative costs	(3.982)		(3.759)		
<b>Operating profit (EBIT)</b>	<b>8.889</b>	<b>22,5</b>	<b>35.792</b>	<b>37,4</b>	<b>(75,2)</b>
Net financial income (expense)	(73)		(105)		
<b>Profit before taxes</b>	<b>8.816</b>	<b>22,3</b>	<b>35.687</b>	<b>37,3</b>	<b>(75,3)</b>
Income taxes	(2.464)		(10.014)		
<b>Profit for the period</b>	<b>6.352</b>	<b>16,1</b>	<b>25.673</b>	<b>26,8</b>	<b>(75,3)</b>
<b>Gross operating profit (EBITDA) before non-recurring items</b>	<b>10.321</b>	<b>26,1</b>	<b>36.194</b>	<b>37,8</b>	<b>(71,5)</b>
<b>Gross operating profit (EBITDA)</b>	<b>9.825</b>	<b>24,9</b>	<b>36.194</b>	<b>37,8</b>	<b>(72,9)</b>
<b>Backlog</b>	<b>47.051</b>		<b>96.855</b>		<b>(51,4)</b>

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

## REVENUE FROM CONTRACTS WITH CUSTOMERS AND ORDERS

The Company's revenue in the first half of 2019 amounted to € 39,480 thousand, compared with € 95,639 thousand in the same period of 2018. This result is motivated by the fact that in the last few months the market of reference guarantees lower visibility linked to a slowdown in penetration of new generation products on the part of our customers.

The backlog at June 30, 2019 amounts to € 47,051 thousand, compared with € 96,855 thousand at the end of the first half of the previous year.

Orders acquired during the first six months of 2019 amount to € 33,061 thousand versus € 82,073 thousand in the corresponding period of the previous year.

## GROSS PROFIT

Gross profit in the first six months of 2019 amounted to € 16,148 thousand (€ 41,868 thousand in the first six months of 2018), with an incidence on revenue of 40.9%, versus 43.8% of the first half of 2018. The lower margins in the half-year compared with the same period in 2018 is mainly due to the different mix of products sold.

**RESEARCH AND DEVELOPMENT COSTS**

Research and development costs incurred in the first half of 2019 amounted to € 1,770 thousand, versus € 1,017 thousand in the same period of 2018. These consist of research costs and costs incurred on the technological upgrading and normal revamping of the Company's products. They do not include costs incurred for development work commissioned by specific customers, as such costs are recognised in cost of sales.

During the first half of 2019, € 1,195 thousand of development costs were capitalised, still in progress at June 30, 2019 (compared with € 739 thousand at June 30, 2018).

**SELLING COSTS**

in the first half of 2019 this item came to € 1,507 thousand, compared with € 1,300 thousand in the corresponding period of 2018. The incidence of selling costs on revenue is 3.8% (1.4% at June 30, 2018).

**GENERAL AND ADMINISTRATIVE COSTS**

General and administrative costs in the first six months of 2019 amounted to € 3,982 thousand, up compared with the costs incurred in the same period of 2018, equal to € 3,759 thousand, with an incidence on revenue of 10.1% (3.9% at June 30, 2018). The change is primarily attributable to an increase in personnel costs and costs for non-recurring services related to the merger plan of our company into the parent company I.M.A. Industria Macchine Automatiche S.p.A. (€ 496 thousand).

**OPERATING PROFIT (EBIT)**

Operating profit for the first six months of 2019 amounted to € 8,889 thousand, equal to 22.5% of revenue, compared with the result obtained in the corresponding period of 2018, equal to € 35,792 thousand, 37.4% of revenue.

**PROFIT BEFORE TAXES**

Profit before taxes in the first half of 2019 was € 8,816 thousand, versus € 35,687 thousand in the corresponding period of 2018.

**PROFIT FOR THE YEAR**

The profit for the first six months of 2019 amounts to € 6,352 thousand and is equal to 16.1% of revenue, compared with € 25,673 thousand in the corresponding period of 2018 (26.8% of revenue), after having deducted taxes for € 2,464 thousand (€ 10,014 thousand in the first six months of 2018).

## STATEMENT OF FINANCIAL POSITION

The Company's statement of financial position at June 30, 2019 and December 31, 2018 is summarized below:

Euro thousands	06.30.2019		12.31.2018		Charge %
	Amount	%	Amount	%	
Trade receivables	27.881	118,5	60.970	157,2	(54,3)
Inventories	21.560	91,6	18.928	48,8	13,9
Trade payables	(29.877)	(126,9)	(42.278)	(109,0)	(29,3)
Other, net (*)	(8.856)	(37,6)	(7.131)	(18,4)	24,2
<b>Working capital</b>	<b>10.708</b>	<b>45,5</b>	<b>30.489</b>	<b>78,6</b>	<b>(64,9)</b>
Property, plant and equipment	5.938	25,2	1.871	4,8	217,4
Intangible assets	5.566	23,6	4.657	12,0	19,5
Financial assets	2.228	9,5	2.228	5,7	0,0
Receivables from others and deferred tax assets	1.372	5,8	1.336	3,4	2,7
<b>Non-current assets</b>	<b>15.104</b>	<b>64,2</b>	<b>10.092</b>	<b>26,0</b>	<b>49,7</b>
Provision for severance indemnities and other provisions	(2.276)	(9,7)	(1.785)	(4,6)	27,5
<b>Net capital employed</b>	<b>23.536</b>	<b>100,0</b>	<b>38.796</b>	<b>100,0</b>	<b>(39,3)</b>
<b>Net financial position (A)</b>	<b>2.515</b>	<b>10,7</b>	<b>17.687</b>	<b>45,6</b>	<b>(85,8)</b>
<b>Shareholders' equity (B)</b>	<b>26.051</b>	<b>110,7</b>	<b>56.483</b>	<b>145,6</b>	<b>(53,9)</b>
<b>Total sources of financing (B) - (A)</b>	<b>23.536</b>	<b>100,0</b>	<b>38.796</b>	<b>100,0</b>	<b>(39,3)</b>

The "Other, net" line item mainly consists of tax receivable and payable, net of income taxes) and provisions for risks and charges.

The decline in working capital is mainly due to the reduction in trade receivables.

Non-current assets at June 30, 2019 increased compared with December 31, 2018 due to FTA of IFRS 16 with reference to "Property, plant and equipment".

Net capital employed at June 30, 2019 amounted to € 23,536 thousand, down on the December 31, 2018 figure (€ 38,796 thousand). The decrease is strictly linked to the decline in working capital, which at the end of the first half of 2019 amounted to € 10,708 thousand compared with € 30,489 thousand at the end of 2018.

The net financial position is positive at June 30, 2019 and is equal to € 2,515 thousand, against the figure at December 31, 2018 of € 17,687 thousand. The composition of the net financial position at June 30, 2019 and December 31, 2018 is as follows:

## INTERIM REPORT ON OPERATIONS

<b>Euro thousands</b>	<b>06.30.2019</b>	<b>31.12.2018</b>
A. Cash	4	6
B. Cash equivalents	6.766	17.681
C. Trading securities	0	0
<b>D. Liquidity (A) + (B) + (C)</b>	<b>6.770</b>	<b>17.687</b>
<b>E. Current financial receivables</b>	<b>0</b>	<b>0</b>
F. Current payables to banks	0	0
G. Current portion of non-current debt	0	0
H. Other current financial payables	(777)	0
<b>I. Current financial debt (F) + (G) + (H)</b>	<b>(777)</b>	<b>0</b>
<b>J. Net financial position, net of current indebtedness (D) + (E) – (I)</b>	<b>5.993</b>	<b>17.687</b>
K. Non-current bank loans	0	0
L. Bonds issued	0	0
M. Other non-current financial payables	(3.478)	0
N. non-current financial activities	0	0
<b>O. Net non-current financial debts (K) + (L) + (M) + (N)</b>	<b>(3.478)</b>	<b>0</b>
<b>P. Net financial position (J) + (O)</b>	<b>2.515</b>	<b>17.687</b>

At January 1, 2019, the FTA of IFRS 16 generated liabilities deriving from amounts due to other lenders, (leasing liabilities) which at June 30, 2019 amounted to a total of € 4,255 thousand.

The trend in cash flow during the period was affected above all by the payment of dividends of € 36,775 thousand, which took place in May 2019.

Investment in property, plant and equipment (net of IFRS16) and intangible assets, as described in the following point, continues to have a minor impact on the change in cash.

### CAPITAL EXPENDITURE

During the first half of 2019, the Company made investments in property, plant and equipment for a total of € 594 thousand (€ 302 thousand in the previous year), mainly for buildings, plant and other assets.

In the same period, the Company made investments in intangible assets (industrial patent rights) for € 98 thousand, plus € 1,195 thousand in assets under development and advances, which mainly refer to development costs. These are for projects related to new technologies involving systems for closing and sealing packages, which are expected to be used in the coming years.

### ALTERNATIVE PERFORMANCE INDICATORS

In this report on operations, performance indicators are provided to help readers make a better assessment of the Company's performance 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. In line with these communications, the criteria used to construct such indicators are provided below.

The following income statement, reclassified by purpose, was prepared according to the following criteria:

- cost of sales: represents costs incurred directly by the Company to generate revenue. For example, it includes materials, labour, the technical offices' costs involved in customizing products, production overheads and agents' commission;
- research and development costs: these include the costs involved in developing new products or maintaining existing ones. They also include costs relating to technical personnel, materials used for experiments and the overheads of technical offices;
- selling costs: these include costs connected with commercial operations, such as staff, agents' commissions, promotional and advertising costs and associated overheads;
- general and administrative costs: these include all of the costs associated with general operations, such as administrative offices in the broadest sense, production planning and all depreciation and amortization not directly related to the functions mentioned previously;
- gross operating margin (EBITDA): this is the sum of operating profit, depreciation, amortization and writedowns. EBITDA is an indicator used as a financial target in internal and external presentations and is a useful unit of measurement for assessing the Company's performance.

The main items in the reclassified statement of income equivalent to the corresponding items in the statement of income shown in the "Financial statements" section are as follows: revenue from contracts with customers, operating profit, financial income and expense, profit before taxes, income taxes and profit for the period.

The capital and financial structure shows assets and liabilities classified in the same way as in the breakdown of net capital employed. The main items in the capital and financial structure equivalent to the corresponding items in the balance sheet shown in the "Financial statements" section are as follows: Inventories, property, plant and equipment and intangible assets, employee severance indemnities and shareholders' equity.

Lastly, for the purposes of preparing the net debt analysis, CONSOB Communication DEM/6064293 of July 28, 2006 was taken into account.

## **OTHER INFORMATION**

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### **TRANSACTIONS WITH PARENT COMPANIES AND AFFILIATES**

During the first six months of 2019, the Company entered into intercompany transactions of a manufacturing and trade nature with other IMA Group companies. These transactions were carried out in the ordinary course of business on an arm's-length basis and none of which was deemed atypical. Further information is provided in the notes to the Company's financial statements.

## RELATED PARTY TRANSACTIONS

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

On February 15, 2019, following the favourable opinion of the Internal Committee, the Board of Directors approved a review of its own procedure for related party transactions, which defines the rules, modalities and principles aimed at ensuring the transparency and the substantial and procedural fairness of transactions with related parties.

This procedure, which also takes account of the guidance provided in Consob Communication DEM/10078683 of September 24, 2010, is available on the Company's website.

Related party transactions are identified in accordance with the above Consob regulations.

In addition to the intercompany transactions described above, the Company enters into transactions with other related parties, mainly persons responsible for administration and management at IMA S.p.A., or entities controlled by such persons.

The transactions concerned are mostly trade transactions and are carried out in the ordinary course of business on an arm's-length basis.

Related party transactions of greater importance are submitted for advance approval by the Board of Directors, which in turn has to obtain consent from a special committee made up solely of independent directors; to arrive at its opinion, this committee may seek the advice of independent experts.

Further information on related party transactions is provided in the notes to the Company's financial statements.

### Plan for the absorption of GIMA TT S.p.A. by the parent company IMA S.p.A.

The merger constitutes a transaction with related parties that is not exempt from the application of the specific company procedure, as it is being concluded with the controlling shareholder. Moreover, from a size point of view, this operation is considered to be of "greater importance". Consequently, the merger project was approved by the Board of Directors of GIMA TT subject to the reasoned favourable opinion of the appropriate board committee about the Company's interest in completing the transaction, as well as the substantive and procedural appropriateness and correctness of the terms and conditions of the Merger Plan, unanimously issued on June 10, 2019. This committee was assisted by Francesco Denozza, as an independent legal advisor, and by Houlihan Lokey, as an independent financial advisor who issued a fairness opinion on the exchange ratio dated June 7, 2019.

Please refer to the next section entitled "Significant events and transactions" for more information.

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

Pursuant to art. 3 of Consob Resolution no. 18079/2012, on June 26, 2017, the Company's Board of Directors decided to adopt the opt-outs envisaged in art. 70, paragraph 8 and in art. 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.

## SIGNIFICANT EVENTS AND TRANSACTIONS OF THE PERIOD

### Plan for the absorption of GIMA TT S.p.A. by the parent company IMA S.p.A.

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

The merger is aimed at achieving the following main objectives: (i) create a company resulting from the merger with a higher free float, both as a percentage of capital and in absolute value, leading to a greater ease of trading in the shares making them more attractive to investors; (ii) reduce operating costs related to the maintenance of two listed companies and simplify the shareholding structure and the corporate governance structure, thereby creating synergies for the benefit of all the shareholders; and (iii) allow management to devote all of its time to the operational management of the "tobacco" division, minimizing elements of distraction attributable to the recent volatility that took place in the sector, which was not foreseeable at the time of GIMA TT's listing in 2017. It is felt that this kind of volatility, which is obviously reflected in considerable fluctuations in the shares of GIMA TT, can be better managed by merging GIMA TT S.p.A. with IMA S.p.A. The proposed transaction will allow GIMA TT S.p.A. shareholders to maintain an exposure, albeit indirectly through the investment in IMA S.p.A., to the dynamics of the tobacco market packaging sector, as well as specifically to the performance of GIMA TT S.p.A.

The merger plan, the balance sheets of IMA and GIMA TT as of December 31, 2018, the explanatory reports of the Boards of Directors of IMA and GIMA TT, the fairness opinion on the exchange ratio of the expert representing both companies, as well as the remaining documentation requested by the law have been made public pursuant to law and regulation.

The exchange ratio was set at 11.4 IMA S.p.A. ordinary shares with a par value of €0.52 for every 100 ordinary shares of GIMA TT S.p.A. There is no provision for balances to be paid in cash.

The exchange ratio implies a premium (i) of 8.5% on the closing price of the shares of GIMA TT S.p.A. on June 11, 2019 and (ii) of 6.8% on the weighted average price of the previous month at the same date, taking into account the closing price of IMA S.p.A. shares at June 11, 2019, namely €73.65.

On June 14, 2019, the President of the Enterprise Specialized Section of the Bologna Business Tribunal, following a joint request by IMA S.p.A. and GIMA TT S.p.A., appointed EY S.p.A., as the expert representing both companies, to draw up a fairness report on the exchange ratio. EY's report considered the methods adopted for determining the exchange ratios of the shares to be adequate.

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

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

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

Subject to release of the necessary authorizations, the shares of IMA S.p.A. assigned to service the exchange will be listed on the MTA, the screen-based equities market organized and managed by Borsa Italiana S.p.A., like the ordinary shares already in circulation.

The merger will take effect from a legal point of view from the last of the registrations at the Bologna Companies Register required by art. 2504-bis of the Italian Civil Code or from a subsequent date indicated in the merger deed.

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

On the basis of the information available as of today, after the merger, the following shareholders will own shares representing more than 3% of IMA S.p.A.'s share capital: SO.FI.M.A. S.p.A. 51.53% and market 48.47%.



In addition to the approval by the extraordinary shareholders' meetings of IMA S.p.A. and GIMA TT S.p.A., completion of the merger is subject to certain conditions.

As regards the rules governing the increase in voting rights, it should be noted that:

- the newly issued shares of IMA S.p.A., which will be assigned in exchange to the shareholders of GIMA TT S.p.A. in relation to shares for which the increase in voting rights has already matured, will automatically acquire an increase in voting rights in IMA on the effective date of the merger, and therefore without any need for a further period of continuous ownership;
- the newly issued shares of IMA S.p.A., which will be assigned in exchange to the shareholders of GIMA TT S.p.A. in relation to shares for which the increase in voting rights has not yet matured (but is maturing), on the effective date of the merger will be considered registered in the special list provided by article 6 of the articles of association of IMA S.p.A. starting from the date of registration in the special list provided for by article 6 of the articles of association of GIMA TT S.p.A. and, consequently, will acquire the increase in voting rights in IMA S.p.A. from the moment in which the additional conditions required by article 6 of the articles of association of IMA S.p.A. have been verified for the purpose of increasing voting rights.

Lastly, it should be noted that the item "Technical, legal, fiscal and administrative consultancy" includes the costs for non-recurring services linked to the process of merger by absorption by the parent company IMA S.p.A., for an amount of €496 thousand.

### **ATYPICAL OR UNUSUAL TRANSACTIONS**

None.

### **SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE PERIOD**

- The extraordinary shareholders' meetings for the approval of the Merger project were called for August 8, 2019. All the information required by the law has also been published. The Merger is expected to be finalized by the end of this year at the latest.
- On July 16, 2019, the asymmetric total demerger of Lopam Fin S.p.A. was completed; following the cancellation of the company from the companies register, the entity at the highest hierarchical level that has control over GIMA TT S.p.A. is SO.FI.MA Società Finanziaria Macchine Automatiche S.p.A..
- On July 5, 2019, the Company obtained the environmental management system certification "14001/UNI EN ISO 14001:2015".

### **OUTLOOK FOR OPERATIONS**

Given that the reference market guarantees lower visibility linked to the slowdown in penetration of new generation products by our customers, the company continues to develop new markets, taking advantage

of its propensity for innovation and design capacity, in order to look for other business opportunities that allow us to diversify the portfolio, while reducing the company's dependence on the tobacco market alone.

Based on the backlog at June 30, 2019, if current conditions are confirmed in the coming months, the Company believes it can confirm a revenue forecast of approximately € 110 million and a gross operating profit (EBITDA) of around € 40 million.

### **OTHER INFORMATION**

The Company is subject to management and coordination by IMA S.p.A. pursuant to and for the purposes of Arts. 2497 et seq. of the Italian Civil Code.

According to art. 2428, para 3, no. 3) and 4), of the Italian Civil Code we declare that the Company has neither directly nor indirectly acquired shares and quotas of its parent companies.

## HALF-YEAR FINANCIAL STATEMENTS AT 30 JUNE 2019

**GIMATT S.p.A.**

REGISTERED OFFICE: OZZANO DELL'EMILIA (BOLOGNA)

SHARE CAPITAL FULLY PAID-IN: € 440,000.00

REGISTERED WITH THE BOLOGNA COMPANIES REGISTER No. 03249061205

THE COMPANY IS SUBJECT TO THE MANAGEMENT AND COORDINATION ACTIVITIES OF IMA S.p.A.

## STATEMENT OF FINANCIAL POSITION

(€ THOUSANDS)

ASSETS	Note	30 June 2019	31 December 2018
<b>NON-CURRENT ASSETS</b>			
<i>Property, plant and equipment</i>	1	5.938	1.871
<i>Intangible assets</i>	2	5.566	4.657
<i>Financial assets</i>	3	2.228	2.228
<i>Receivables from others</i>		11	12
<i>Deferred tax assets</i>	4	1.361	1.324
<b>TOTAL NON-CURRENT ASSETS</b>		<b>15.104</b>	<b>10.092</b>
<b>CURRENT ASSETS</b>			
<i>Inventories</i>	5	21.560	18.928
<i>Trade and other receivables</i>	6	16.722	20.729
<i>Contract Assets</i>	6	13.350	43.670
<i>Cash and cash equivalents</i>	7	6.770	17.687
<b>TOTAL CURRENT ASSETS</b>		<b>58.402</b>	<b>101.014</b>
<b>TOTAL ASSETS</b>		<b>73.506</b>	<b>111.106</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
<i>Share capital</i>	8	440	440
<i>Reserves</i>	9	19.259	4.202
<i>Net profit for the year</i>		6.352	51.841
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>26.051</b>	<b>56.483</b>
<b>NON-CURRENT LIABILITIES</b>			
<i>Leasing Liabilities</i>	10	3.478	–
<i>Liabilities for employees' benefits</i>	11	140	126
<i>Other payables</i>	12	2.136	1.659
<i>Deferred tax liabilities</i>		–	–
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>5.754</b>	<b>1.785</b>
<b>CURRENT LIABILITIES</b>			
<i>Leasing Liabilities</i>	10	777	–
<i>Trade and other payables</i>	12	32.363	45.989
<i>Contract Liabilities</i>	12	2.441	2.933
<i>Income tax payables</i>	13	5.064	2.566
<i>Provisions for risks and charges</i>	14	1.056	1.350
<b>TOTAL CURRENT LIABILITIES</b>		<b>41.701</b>	<b>52.838</b>
<b>TOTAL LIABILITIES</b>		<b>47.455</b>	<b>54.623</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>73.506</b>	<b>111.106</b>

THE EFFECTS OF TRANSACTIONS WITH RELATED PARTIES ON THE ITEMS IN THE STATEMENT OF FINANCIAL POSITION ARE SHOWN IN NOTE 28.

## INCOME STATEMENT

(€ THOUSANDS)

	Note	1st Half 2019	1st Half 2018
<b>REVENUE FROM CONTRACTS WITH CUSTOMERS</b>	15	39.480	95.639
<b>OTHER REVENUE</b>	16	285	349
<b>OPERATING COSTS</b>			
<i>Change in work in progress, semi-finished and finished goods</i>		2.637	(1.171)
<i>Change in inventories of raw, ancillary and consumable materials</i>		(5)	555
<i>Cost of raw, ancillary and consumable materials and goods for resale</i>	17	(13.446)	(35.908)
<i>Services, rentals and leases</i>	18	(11.491)	(15.011)
<i>Personnel costs</i>	19	(9.138)	(8.804)
<i>Capitalized costs</i>		1.520	835
<i>Depreciation, amortization and write-downs</i>	20	(937)	(402)
<i>Provisions for risks and charges</i>		294	(112)
<i>Other operating costs</i>	21	(310)	(178)
<b>TOTAL OPERATING COSTS</b>		<b>(30.876)</b>	<b>(60.196)</b>
<i>- including impact of non-recurring items</i>	29	(496)	-
<b>OPERATING PROFIT</b>		<b>8.889</b>	<b>35.792</b>
<i>- including impact of non-recurring items</i>	29	(496)	-
<b>FINANCIAL INCOME AND EXPENSE</b>			
<i>Financial income</i>	22	2	3
<i>Financial expense</i>	23	(75)	(108)
<b>TOTAL FINANCIAL INCOME AND EXPENSE</b>		<b>(73)</b>	<b>(105)</b>
<b>PROFIT BEFORE TAXES</b>		<b>8.816</b>	<b>35.687</b>
<b>TAXES</b>	24	<b>(2.464)</b>	<b>(10.014)</b>
<b>NET PROFIT FOR THE PERIOD</b>		<b>6.352</b>	<b>25.673</b>
<b>AVERAGE NUMBER OF ORDINARY SHARES</b>		87.559.500	88.000.000
<b>BASIC/DILUTED EARNINGS PER SHARE (in euros)</b>	25	<b>0,07</b>	<b>0,29</b>

THE EFFECTS OF TRANSACTIONS WITH RELATED PARTIES ON THE INCOME STATEMENT ARE SHOWN IN NOTE 28.

## STATEMENT OF COMPREHENSIVE INCOME

(€ THOUSANDS)

	Note	1st Half 2019	1st Half 2018
<b>Net profit for the period</b>		6.352	25.673
Other components of comprehensive income which will not be subsequently reclassified to profit or loss for the period:			
<i>Actuarial gains (losses) arising on defined benefit plans</i>	11	(12)	3
<i>Tax effect</i>		3	(1)
<b>Total other components of comprehensive income which will not be reclassified to profit or loss for the period</b>		(9)	2
<b>Gains (losses) booked to equity</b>		(9)	2
<b>Total comprehensive income</b>		6.343	25.675



## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(€ THOUSANDS)

	Share Capital	Share premium reserve	Treasury Share	Reserve for actuarial valuation severance indemnities	Other reserve	Retaine earnings	Net profit for the period	Total shareholders' equity
<b>Balance at</b>								
01.01.2018	440	-	-	(7)	24	34	44.117	44.609
Increase in capital								
Allocation of net profit for 2017								
- Distribution of dividends						(36.960)		(36.960)
Transfer to reserves					7.157	36.960	(44.117)	-
Net profit for the period							25.673	25.673
Gain (loss) on discounting employee severance indemnities				2				2
<b>Balance at</b>								
06.30.2018	440	-	-	(6)	7.181	34	25.673	33.324
<b>Balance at</b>								
01.01.2019	440	-	(3.010)	(3)	7.181	34	51.841	56.483
Increase in capital								
Allocation of net profit for 2018:								
- Distribution of dividends						(36.775)		(36.775)
Transfer to reserves					15.066	36.775	(51.841)	-
Purchased Treasury Share								
Net profit for the period							6.352	6.352
Gain (loss) on discounting employee severance indemnities				(9)				(9)
<b>Balance at</b>								
06.30.2019	440	-	(3.010)	(12)	22.247	34	6.352	26.051

AS REGARDS THE COMPOSITION OF SHAREHOLDERS' EQUITY, PLEASE REFER TO NOTES 8 AND 9.

## STATEMENT OF CASH FLOWS

(€ THOUSANDS)

	Note	30 June 2019	30 June 2018
<b>OPERATING ACTIVITIES</b>			
Net profit for the period		6.352	25.673
Adjustments for:			
- Depreciation and amortization	20	937	402
- (Gain) or loss on disposal of fixed assets		17	30
- Change in provisions for risks and charges and liabilities for employee benefits and other non-current payables	10,11	189	785
- Other non-monetary changes		49	75
- Taxes	24	2.464	10.014
<b>Profit from operating activities before changes in working capital</b>		<b>10.008</b>	<b>36.980</b>
(Increase) or decrease in trade and other receivables, including contract assets	6	34.288	(22.991)
(Increase) or decrease in inventories	5	(2.632)	616
Increase or (decrease) in trade and other payables, including contract assets	12	(14.084)	1.816
Taxes paid		-	-
<b>CASH FLOW PROVIDED BY OPERATING ACTIVITIES (A)</b>		<b>27.580</b>	<b>16.421</b>
<b>INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment	1	(573)	(753)
Additions to intangible assets	2	(1.293)	(1.011)
(Increase) or decrease in financial receivables from the Parent Company		-	(2.228)
Sale of non-current assets		588	-
<b>CASH FLOW PROVIDED BY INVESTING ACTIVITIES (B)</b>		<b>(1.278)</b>	<b>(3.992)</b>
<b>FINANCING ACTIVITIES</b>			
Other changes in financial assets/liabilities		1	(1)
Increase (decrease) in other financial payables		(396)	-
Dividends paid		(36.775)	(36.960)
Interest paid	23	(51)	(73)
Interest received	22	2	-
Purchased Treasury Share	9	-	-
<b>CASH FLOW USED IN FINANCING ACTIVITIES (C)</b>		<b>(37.219)</b>	<b>(37.034)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (D=A+B+C)</b>		<b>(10.917)</b>	<b>(24.605)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (E)</b>	7	<b>17.687</b>	<b>45.788</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (F=D+E)</b>	7	<b>6.770</b>	<b>21.183</b>



# NOTES TO THE CONDENSED HALF-YEAR FINANCIAL STATEMENTS

**GIMATT S.p.A.**

REGISTERED OFFICE: OZZANO DELL'EMILIA (BOLOGNA)

SHARE CAPITAL FULLY PAID-IN: € 440,000.00

REGISTERED WITH THE BOLOGNA COMPANIES REGISTER NO. 03249061205

THE COMPANY IS SUBJECT TO THE MANAGEMENT AND COORDINATION ACTIVITIES OF IMA S.p.A.

## A) OVERVIEW

The Company, which was set up on November 28, 2012 and which has its registered office at Via Tolara di Sotto 121/A, Ozzano dell'Emilia (Bologna), is a leader in the design and assembly of automated packaging machines for tobacco products, especially new-generation, reduced-risk products and in the supply of after-sales services.

The Company has been listed on the STAR segment of the screen-traded market (MTA) run by Borsa Italiana S.p.A. since October 2, 2017.

At the date of the report on corporate governance and ownership structure, based on the shareholders' register and communications pursuant to art. 120 of the CFA – as amended by article 1 of Legislative Decree 25 dated February 15 2016 – and other information received, there is only one party that directly or indirectly holds at least 5% of the Company's share capital, as disclosed in the following table:

Declarant	Direct shareholder	Number of shares held	% of ordinary voting share capital
SO.FI.M.A. Società Finanziaria Macchine Automatiche S.p.A.	I.M.A. Industria Macchine Automatiche S.p.A.	52,888,365	60.100%

The Company is controlled and subject to management and coordination activities by IMA S.p.A., a company with registered office in Via Emilia 428/442, Ozzano dell'Emilia (BO), listed on the STAR segment of the MTA run by Borsa Italiana S.p.A.

The half-year financial statements at June 30, 2019 was approved by the Company's Board of Directors on August 7, 2019.

## B) BASIS OF PREPARATION

### GENERAL PRINCIPLES

The financial statements for the year ended June 30, 2019 have been prepared in accordance with applicable International Financial Reporting Standards, as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, and the related interpretations (SIC/IFRIC) issued to date by the Standing Interpretations Committee. IFRSs were adopted in 2013.

The Company's financial statements have been prepared on a going-concern basis, since there are no significant doubts or uncertainties about its ability to continue in business for the foreseeable future.

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

IMPLEMENTATION OF ACCOUNTING POLICIES

*Accounting principles, amendments and interpretations applied from January 1, 2019*

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

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

The Company applied the standard by adopting the simplified retrospective method, assessing, for leases previously classified as operating leases, the lease liability at the current value of the residual payments due, discounted using the lessee's marginal financing rate on the date of the initial application, and recognizing the asset consisting of the right of use for an amount equal to that of the liability. There are therefore no cumulative effects to adjust the opening balance of the equity and the figures for the comparative period have not been restated. In particular, the net assets recorded at the date of FTA amounted to € 4,637 thousand, the lease liabilities to € 4,637 thousand.

In these half-year financial statements the assets consisting of the right of use are included in property, plant and equipment in the statement of financial position and the lease liabilities in Liabilities for leased assets. The details of assets for rights of use and liabilities for leases are provided in Notes 1 and 10.

The repayment of capital and interest of the liabilities for leased assets is shown in the statement of cash flows in the cash flows of financing activities.

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

The marginal financing rates applied were determined on the basis of the geographical area in which the contracts were stipulated, based on the expiry date band to which the contracts belong.

NOTES TO THE CONDENSED HALF-YEAR FINANCIAL STATEMENTS

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

in thousands of euros	01.01.2019
Operating lease obligations at 31 December 2018	4.961
Minimum lease payments (notional amount) on finance lease liabilities at 31 December 2018	
Relief option for short term leases and for leases of low value assets	(8)
Other	(105)
<b>Gross lease liabilities at 1 January 2019</b>	<b>4.848</b>
Discounting	(211)
<b>Lease liabilities at 1 January 2019</b>	<b>4.637</b>
Present value of finance lease liabilities at 31 December 2018	-
<b>Additional lease liabilities and result of the initial application of IFRS 16 at 1 January 2019</b>	<b>4.637</b>

"Other" refers mainly to various considerations on the duration of the contracts made when analysing existing contracts at the date of the transaction.

The following table summarizes the impacts in the current half year:

in thousands of euros	Right of Use			Leasing liabilities
	Buildings	Other tangible fixed assets	Tangible assets	
As of 01.01.2019	4.443	194	4.637	4.637
New contract/increase of the period		21	21	21
Depreciation	(370)	(31)	(401)	
Lease costs				(418)
closing of leasing contracts		(8)	(8)	(8)
Interest expense on lease				23
As of 06.30.2019	4.073	176	4.249	4.255

Other assets are essentially represented by cars.

The effects at June 30, 2019 of FTA of the standard come to a total of € 4,249 thousand in property, plant and equipment and € 4,255 thousand in amounts due to other lenders.

In the income statement for the first half of 2019, the FTA of IFRS 16 led to the elimination of operating lease payments for € 418 thousand and the recognition of depreciation of the right of use and financial charges on the debt of € 401 thousand and € 23 thousand, respectively.

The other amendments and interpretations of accounting standards and methods in force from January 1, 2019 govern circumstances and situations that are not relevant to the Company's financial statements or, in any case, not significant:

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

*Standards issued but not yet effective*

The Company 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.

USE OF ESTIMATES

Preparing financial statements requires management to use accounting principles and methods which, in certain cases, depend on complex and discretionary valuations and estimates, often based on past experience and assumptions that from time to time are deemed to be reasonable and realistic, depending on the specific circumstances.

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 disclosures made in the notes.

The items that, more than others, require the application of greater discretion by the directors in the preparation of estimates and for which a change in the conditions underlying the assumptions used can have a significant impact on the consolidated financial statements of the Group are:

- goodwill and other intangible assets;
- deferred tax assets;
- inventories;
- revenue from contracts with customers;
- contractual assets and liabilities;
- liabilities for employees' benefits;
- liabilities calculated as the present value of the strike price of purchase options on minority interests;
- provisions for bad and doubtful accounts;

- 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 discounting rates;
- provisions for risks and charges.

It should also be noted that some valuation processes, in particular the more complex ones such as the determination of any impairment of non-current assets, are generally carried out completely only when the annual financial statements are prepared, when all the necessary information is available, except in cases where there are indicators of impairment that require an immediate assessment of any losses in value.

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

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

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

#### FINANCIAL STATEMENTS

The statement of financial position has been classified on the basis of the operating cycle, distinguishing between current and non-current items. With this distinction, assets and liabilities are considered current if they are expected to be realized or settled as part of the normal operating cycle, or within 12 months. Non-current assets held for sale and any related liabilities are shown in separate items.

Cost and revenue items for the year are presented in two separate statements: an income statement, which analyses costs according to their nature, and a statement of comprehensive income. Income or costs deriving from disposal groups (already sold or held for sale) are shown on a separate line in the income statement.

The statement of cash flows has been prepared using the indirect method for determining cash flows from operating activities. Under this method, the profit for the year is adjusted for the effects of non-monetary transactions, any deferral or accrual of past or future operational collections and payments, any accrued cash movements, revenue or costs deriving from cash flows attributable to investing or financing activities. The Company classifies interest and dividends paid and received as cash flows from financing activities.

The figures contained in the financial statements for the period ended June 30, 2019 are stated in thousands of euros, except where otherwise indicated.

## C) FINANCIAL RISK MANAGEMENT

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### RISK FACTORS

The Company 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 Company's exposure to interest-bearing financial instruments;
  - c) Price risk, due to a change in the price of equity instruments shown under financial assets and in commodity prices.

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

There have been no substantial changes in financial risk management nor in the policies adopted by the Company during the period.

### CAPITAL RISK MANAGEMENT

The Company manages capital with the goal of supporting its core business and optimising shareholder value. The Company did not have any financial payables at June 30, 2019, except for the amounts accounted for on FTA of IFRS 16.

### 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.

## D) NOTES TO THE FINANCIAL STATEMENTS

The changes shown below have been calculated on the figures as of December 31, 2018 for assets and liabilities and on the figures for the first half of 2018 for the income statement. The figures relating to increases in assets for internal work, previously included in other revenue, are now shown separately in the income statement under capitalized costs.

### 1. PROPERTY, PLANT AND EQUIPMENT

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

Euro Thousands	Land and Buildings	Plant and machinery	Industrial and comm. equipment	Other assets	Assets under construction and advances	Total
<b>Balance at 01.01.2019</b>	<b>563</b>	<b>580</b>	<b>204</b>	<b>465</b>	<b>59</b>	<b>1.871</b>
First application IFRS 16	4.443	–	–	194	–	4.637
Additions	100	70	71	92	261	594
Disposals and eliminations	(326)	(282)	(1)	(49)	–	(658)
Depreciation	(400)	(29)	(46)	(96)	–	(571)
Reclassifications and another change	29	25	–	11	–	65
<b>Balance at 06.30.2019</b>	<b>4.409</b>	<b>364</b>	<b>228</b>	<b>617</b>	<b>320</b>	<b>5.938</b>

In relation to the effect of FTA of IFRS 16, please refer to the comments in the section entitled "Implementation of accounting standards".

The increases during the period mainly refer to the costs incurred for the expansion and adaptation of the leased building of the Company's headquarters in Ozzano dell'Emilia (BO), assets for rights of use and the purchase of plant, machinery and electronic machines.

Additions to "Plant and machinery" in the first half of 2019 consisted of plant (€ 70 thousand) and machinery (€ 0 thousand). Additions to industrial and commercial equipment concern the purchase of equipment to be used in the production process for € 7 thousand and € 64 thousand of equipment built internally. With regard to "assets under development and advances", there was an increase of €261 thousand relating to commercial and industrial equipment still under construction at the date of this report; this figure is net of the € 64 thousand mentioned above.

The total decrease of € 658 thousand relates to the sale of works relating to the building, plant, equipment and other assets held on the premises rented in via Liguria 8 and via Rinascita 25 in Ozzano dell'Emilia sold to IMA S.p.A. on January 1, 2019.

Financial charges directly attributable to property, plant and equipment are charged to the income statement as the Company does not have any assets that need a significant period of time to prepare them for use.



## 2. INTANGIBLE ASSETS

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

Euro thousands	Development costs	Industrial patent rights	Software, licences and similar rights	Assets under development and advances	Total
<b>Balance at 01.01.2019</b>	<b>3.027</b>	<b>665</b>	<b>115</b>	<b>850</b>	<b>4.657</b>
Additions	–	98	–	1.195	1.293
Disposals and eliminations	–	(62)	–	–	(62)
Amortization	(236)	(115)	(15)	–	(366)
Reclassifications and another change	–	44	–	–	44
<b>Balance at 06.30.2019</b>	<b>2.791</b>	<b>630</b>	<b>100</b>	<b>2.045</b>	<b>5.566</b>

Development costs of € 2,791 thousand refer to the implementation of projects relating to new technologies aimed at improving the performance of the lines, in terms of packaging speed and which are expected to be used in the coming years for various customers.

"Industrial patents rights" include the costs incurred during the first half of 2019 and in prior years for the acquisition and registration of industrial patents. The increase is primarily due to the charges incurred for the extension and maintenance of patents in other countries, for a total of € 98 thousand.

Software, licences, trademarks and similar rights mainly include applications, operating and technical software.

At June 30, 2019, € 1,195 thousand of intangible assets in progress were capitalized in relation to development costs for the implementation of projects related to new technologies regarding new package closure and sealing systems.

There are no internal or external circumstances that are indicative of the potential impairment of property, plant and equipment or intangible assets.

## 3. FINANCIAL ASSETS

The item "Financial assets", amounting to € 2,228 thousand at June 30, 2019, includes the 20% minority stake in AMT Labs S.p.A., acquired in May 2018.

AMT Labs S.p.A. is a newly formed company 80% owned by Bio-on S.p.A., a listed company, and is dedicated to the development of innovative eco-sustainable and 100% biodegradable materials for the tobacco industry. It should be noted that the results of AMT Labs Spa at June 30, 2019 are not significant.

## 4. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets amounted to € 1,361 thousand at June 30, 2019 (€ 1,324 thousand at December 31, 2018) and mainly relate to temporary differences arising on the allowances to provisions.

In compliance with IAS 12, the Company does not offset deferred tax assets and liabilities.

No circumstances exist that would prevent the recoverability of the deferred tax assets.

## 5. INVENTORIES

"Inventories" are made up as follows:

Euro thousands	06.30.2019			12.31.2018		
	Gross value	Impairment Provision	Net value	Gross value	Impairment Provision	Net value
Raw, ancillary and consumable materials	5.952	(293)	5.659	5.914	(250)	5.664
Work in progress and semi-finished goods	17.860	(1.959)	15.901	14.832	(1.568)	13.264
<b>Total</b>	<b>23.812</b>	<b>(2.252)</b>	<b>21.560</b>	<b>20.746</b>	<b>(1.818)</b>	<b>18.928</b>

The increase in inventories compared with December 31, 2018 relates to the preparation of the lines that will be delivered to customers during subsequent quarters of the year.

## 6. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS

### TRADE AND OTHER RECEIVABLES

The breakdown of trade and other payables is as follows:

Euro thousands	06.30.2019	12.31.2018
Trade receivables	11.750	16.838
Receivables from Parent Company and companies controlled by IMA S.p.A.	2.781	1.596
Advances to suppliers	9	171
Tax receivables	1.919	1.974
Deferred costs	248	139
Other receivables	15	11
<b>Total</b>	<b>16.722</b>	<b>20.729</b>

### TRADE RECEIVABLES FROM THIRD PARTIES

At June 30, 2019, trade receivables include amounts due from customers of € 11,750 thousand, up compared with € 16,838 thousand at December 31, 2018, and consist of receivables from third party customers for completed productions, equal to € 11,742 thousand (€ 16,788 thousand as at December 31, 2018) and, for the residual amount, to receivables from associated companies of IMA S.p.A.

The high credit standing of our customers, largely multinationals, reduces credit risk and as such no recognition of an allowance of doubtful accounts is required. As of June 30, 2019, no provision was made for the writedown of receivables. There are no financial components or rights to make returns.

The total amount of receivables assigned without recourse to factoring companies, not yet due at June 30, 2019, comes to € 6,673 thousand.

RECEIVABLES FROM PARENT COMPANY AND COMPANIES CONTROLLED BY IMA S.p.A.

At June 30, 2019 they refer to receivables from the parent company IMA S.p.A. for € 2,774 thousand (€ 1,586 thousand at December 31, 2018) and receivables from subsidiaries of IMA S.p.A. for € 7 thousand (€ 10 thousand at December 31, 2018).

Receivables from the Parent Company IMA S.p.A. mainly relate to the sale of components for the realization of lines. For more details, please refer to note 28.

ADVANCES TO SUPPLIERS

Advances to suppliers refer to payments on account for goods intended for use in the production process and for services that at June 30, 2019 amount to € 9 thousand (€ 171 thousand at December 31, 2018).

TAX RECEIVABLES

Tax receivables amount to € 1,919 thousand at June 30, 2019 (compared with € 1,974 thousand at the end of 2018), of which € 1,810 thousand refer to the VAT credit at June 30, 2019.

DEFERRED COSTS

Deferred costs at June 30, 2019 amount to € 248 thousand and mainly include deferred costs for maintenance fees, annual patent fees, fairs and consultancy.

CONTRACT ASSETS

The contract assets relating to existing contracts are shown net of the related advances, as illustrated below: These contract assets consist of the amount due from customers for contracts in progress at the end of the of the period, net of advances already received.

Euro thousands	06.30.2019	12.31.2018
Contract assets related to contract works	17.374	58.636
Advance received	(4.024)	(14.966)
<b>Total</b>	<b>13.350</b>	<b>43.670</b>

Contract work is recorded over a period of time and measured according to the percentage of completion using the input method. They are therefore considered amounts that still have to fall due.

7. LIQUIDITY

This item is made up as follows:

Euro thousands	06.30.2019	12.31.2018
Bank current accounts	6.766	17.681
Cheques and cash	4	6
<b>Total</b>	<b>6.770</b>	<b>17.687</b>

At June 30, 2019 this item amounted to € 6,770 thousand, versus a balance at December 31, 2018 of € 17,687 thousand.

## 8. SHARE CAPITAL

Share capital (fully subscribed and paid up) at June 30, 2019, amounted to € 440 thousand and consisted of 88,000,000 ordinary shares with no par value.

On June 26, 2017, the shareholders in general meeting passed resolutions to increase share capital by € 330 thousand via a bonus issue (from € 110 thousand to € 440 thousand), to split the ordinary shares by a ratio of 100:1 and to eliminate the par value of the shares. The bonus increase in share capital was effected by transferring € 132 thousand from the share premium reserve and € 198 thousand from retained earnings.

## 9. RESERVES

### RESERVES

Reserves amounted to € 19,259 thousand as at June 30, 2019, against € 4,202 thousand as at December 31, 2018. This item includes retained earnings of € 34 thousand, the extraordinary reserve of € 22,157 thousand, an increase due to the allocation of the result of the previous year, the legal reserve of € 88 thousand, the reserve for merger surplus from the exchange originated following the reverse merger of GIMA Holding S.r.l. for € 2 thousand, the negative reserve for actuarial valuation of employee severance indemnities for € 12 thousand and, finally, the item includes € 3,010 thousand of treasury shares, the analysis of which is referred to the next paragraph.

### TREASURY SHARES

During 2018, the Company launched a programme for the purchase of treasury shares, carried out in compliance with the authorization approved by the Shareholders' Meeting of April 27, 2018.

These transactions were recognized directly in equity in accordance with IAS 32.

At June 30, 2019, 440,500 shares were held in portfolio (0.50% of share capital) for a total value of € 3,010 thousand. At December 31, 2018, the Company had the same number of treasury shares in its portfolio.

### DIVIDENDS

During May 2019, dividends were paid by the Company for a total of € 36,775 thousand, corresponding to a dividend of € 0.42 gross for each ordinary share (€ 36,960 thousand equal to € 0.42 gross paid in May 2018).

## 10. LEASING LIABILITIES

At January 1, 2019, the FTA of IFRS 16 generated liabilities deriving from amounts due to other lenders, which at June 30, 2019 amounted to a total of € 4,255 thousand; for further information, please refer to the comments in the section entitled "Implementation of accounting standards".

Amounts due to other lenders falling due beyond five years amounted to 385 thousand euros, attributable to property leases.

## 11. LIABILITIES FOR EMPLOYEES' BENEFITS

Liabilities for employees' benefits include post-employment benefits accounted for in accordance with IAS 19 using the projected unit credit method based on an actuarial valuation made by an independent actuary.

The changes in the provisions during the year were as follows:

Euro thousands	
<b>Balance at 01.01.2019</b>	<b>126</b>
Financial expense	2
Uses	
Net actuarial (gains) losses recognized during the year	12
Transfers	
<b>Balance at 06.30.2019</b>	<b>140</b>

The main economic and financial assumptions used by the actuary were as follows:

	06.30.2019	12.31.2018
Annual discount rate	0,76%	1,58%
Annual inflation rate	1,50%	1,50%
of increase of total compensation	2,50%	3,00%
Annual rate of increase of severance indemnity	2,63%	2,63%

For the discount rate, the iBoxx Eurozone Corporates AA 10+ index was used as a parameter.

Compared with December 31, 2018, there have been no changes in the main demographic assumptions used by the actuary.

## 12. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

### TRADE AND OTHER PAYABLES

The breakdown of trade and other payables is as follows:

Euro thousands	06.30.2019	12.31.2018
Trade payables	21.383	30.054
Payables from Parent Company and companies controlled by IMA S.p.A.	6.053	10.439
payables	372	617
Tax payables	478	748
Due to employees	3.232	2.966
Other payables	845	1.165
<b>Total</b>	<b>32.363</b>	<b>45.989</b>

### TRADE PAYABLES TO THIRD PARTIES

Trade payables at June 30, 2019 include payables to suppliers and agents for € 11,044 thousand (€ 13,344 thousand at December 31, 2018) and trade payables to companies associated with IMA S.p.A. for € 10,339 thousand (€ 16,710 thousand at December 31, 2018).

PAYABLES TO PARENT COMPANY AND COMPANIES CONTROLLED BY IMA S.p.A.

Payables to the Parent Company and companies controlled by IMA S.p.A., including trade payables and advances, derive from the provision of services and goods. At June 30, 2019 they include payables to the parent company IMA S.p.A. for € 5,793 thousand (€ 10,057 thousand at December 31, 2018) and payables to subsidiaries of IMA S.p.A. for € 260 thousand (€ 382 thousand at December 31, 2018). See Note 28 for further information.

INCOME TAX PAYABLES

Income tax payables are mainly represented by withholding taxes for professionals and employees.

EMPLOYEE PAYABLES

Employee payables at June 30, 2019 amounted to € 3,232 thousand versus € 2,966 thousand at December 31, 2018.

OTHER PAYABLES

Other payables subscribers under non-current liabilities amounted to € 2,136 thousand at June 30, 2019 (compared with € 1,659 thousand at December 31, 2018) and are represented by payables to directors and employees falling due beyond the year.

Other payables subscribers under Current liabilities at June 30, 2019 consist mainly of € 642 thousand relating to payables to directors (€ 944 thousand at December 31, 2018), € 83 thousand relating to credit card payables (€ 114 thousand at December 31, 2018) and € 34 thousand relating to payables to insurance companies (€ 47 thousand at December 31, 2018) and the remainder to various and minor items.

CONTRACT LIABILITIES

This item is made up as follows:

Euro thousands	06.30.2019	12.31.2018
Advances received from customers	1.161	2.867
Contract liabilities related to contracts works	1.280	66
<b>Total</b>	<b>2.441</b>	<b>2.933</b>

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

Euro thousands	06.30.2019	12.31.2018
Advances received	9.121	4.710
Contract assets related to contract works	(7.841)	(4.644)
<b>Total</b>	<b>1.280</b>	<b>66</b>

The contract liabilities consist of the amount received from customers for contract work in progress at the end of the period, net of the assets relating to existing contracts.

### 13. INCOME TAX PAYABLES

Income tax payables at June 30, 2019 amounted to € 5,064 thousand versus € 2,566 thousand at December 31, 2018.

They include the IRES tax payable for € 4,229 thousand and the IRAP tax payable for € 835 thousand.

### 14. PROVISIONS FOR RISKS AND CHARGES

The Company recognized a product warranty provision at June 30, 2019 of € 1,056 thousand.

The movement of this provision during the first half of 2019 is presented in the following table:

Euro thousands	Balance at 01.01.2019	Net increase	Net decreases	Balance at 06.30.2019
Current:				
Product guarantee provision	1.350		(294)	1.056
Other provisions	–			–
<b>Total</b>	<b>1.350</b>	<b>–</b>	<b>(294)</b>	<b>1.056</b>

### 15. REVENUE FROM CONTRACTS WITH CUSTOMERS

Following the adoption of IFRS 15, the Company 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, category of business and timing of recognition.

The Company's revenue can be analysed by geographical area as follows:

Euro thousands	from 01.01.2019 to 06.30.2019	from 01.01.2018 to 06.30.2018	Change
European Union (excl. Italy)	7.894	30.977	(23.083)
Other European countries	2.204	4.482	(2.278)
Asia and Middle East	23.627	54.542	(30.915)
Other countries	130	128	2
<b>Total export</b>	<b>33.855</b>	<b>90.129</b>	<b>(56.274)</b>
Italy	5.625	5.510	115
<b>Total</b>	<b>39.480</b>	<b>95.639</b>	<b>(56.159)</b>

Revenue is allocated according to the geographical area of the invoiced customer.

At June 30, 2019, over 85% of total revenue is made outside Italy. Approximately 46% of revenue is generated by machines and plants, while the other 54% is After-Sales (technical assistance, spare parts, change parts, etc.).

## NOTES TO THE CONDENSED HALF-YEAR FINANCIAL STATEMENTS

The breakdown of the Company's revenue by type of business is as follows:

Euro thousands	06.30.2019	06.30.2018	Change
Original Equipment	18.286	71.672	(53.386)
After-Sales	21.194	23.967	(2.773)
<b>Total</b>	<b>39.480</b>	<b>95.639</b>	<b>(56.159)</b>

Original equipment essentially includes machines and contract work, while the after-sales item consists of post-sales activities such as technical assistance, spare parts and change parts.

The breakdown of the Company's revenue by timing of recognition is as follows:

Euro thousands	06.30.2019	06.30.2018	Change
Revenue at a point in time	15.961	20.426	(4.465)
Revenue over time	23.519	75.213	(51.694)
<b>Total</b>	<b>39.480</b>	<b>95.639</b>	<b>(56.159)</b>

Contract work and part of technical assistance, in particular start-up services, represent obligations to be fulfilled over time. The machines, the formats, the spare parts and other materials and the after-sales technical assistance represent obligations to fulfil at a point in time.

### 16. OTHER REVENUE

The item "Other revenue", amounting to € 285 thousand in the first half of 2019 (€ 349 thousand in the first half of 2018), includes out-of-period income and other revenue.

Out-of-period income mainly refers to positive differences between effective costs and revenue and the estimates accrued in previous years.

Increases in assets for internal work, previously booked to Other revenue, have been shown separately under item capitalised costs of the income statement.

### 17. COST OF RAW, ANCILLARY AND CONSUMABLE MATERIALS AND GOODS FOR RESALE

This item is made up as follows:

Euro thousands	06.30.2019	06.30.2018	Change
Raw materials and semi-finished products	7.868	30.622	(22.754)
Consumable and ancillary materials	290	348	(58)
Goods for resale	5.093	4.698	395
Other purchases	195	240	(45)
<b>Total</b>	<b>13.446</b>	<b>35.908</b>	<b>(22.462)</b>



## 18. SERVICES, RENTALS AND LEASES

This item is made up as follows:

Euro thousands	06.30.2019	06.30.2018	Change
External machining and assembly	4.490	8.253	(3.763)
Maintenance and repairs	166	123	43
Energy, telephone, gas, water and postal charges	483	111	372
Commissions	341	179	162
Technical, legal, tax, administrative and commercial consulting services	3.760	3.050	710
Advertising and promotions	54	60	(6)
Travel, transport and insurance costs	491	451	40
Freight costs	234	322	(88)
Bank charges	34	62	(28)
Rent expense	–	533	(533)
Rights of use	15	25	(10)
Rental instalments	25	21	4
Annual patent fees	1.398	1.821	(423)
<b>Total</b>	<b>11.491</b>	<b>15.011</b>	<b>(3.520)</b>

Technical, legal, tax and administrative consulting services include costs for non-recurring services linked to the merger with the parent company I.M.A. Industria Macchine Automatiche S.p.A. amounting to € 496 thousand.

## 19. PERSONNEL COSTS

Personnel costs are made up as follows:

Euro thousands	06.30.2019	06.30.2018	Change
Wages and salaries	5.033	4.894	139
Employee benefits	42	70	(28)
Social security contributions	1.456	1.429	27
Board of Directors' emoluments	1.729	1.807	(78)
Pension-defined-contribution plans	350	317	33
Other personnel costs	528	287	241
<b>Total</b>	<b>9.138</b>	<b>8.804</b>	<b>334</b>

Personnel costs amount to € 9,138 thousand in the first half of 2019, versus € 8,804 thousand in the first half of 2018.

In the first half of 2019 the Company increased its workforce, employing an average of 170 people, compared with 151 people employed on average in the first half of 2018.

There was a headcount of 171 at June 30, 2019, up by 158 on the figure of the first half of 2018.

## NOTES TO THE CONDENSED HALF-YEAR FINANCIAL STATEMENTS

### 20. DEPRECIATION, AMORTIZATION AND WRITEDOWNS

Depreciation and amortization in the first half of 2019 of € 937 thousand consist of the depreciation of property, plant and equipment and the amortization of intangible assets, they are made up of:

Euro thousands	06.30.2019	06.30.2018	Change
Depreciation of property, plant and equipment	571	172	399
Amortization of intangible assets	366	230	136
<b>Total</b>	<b>937</b>	<b>402</b>	<b>535</b>

In the first half of 2019, FTA of IRFS 16 led to the recognition of depreciation on the rights of use for € 401 thousand.

### 21. OTHER OPERATING COSTS

Other operating costs are as follows:

Euro thousands	06.30.2019	06.30.2018	Change
Losses on disposal of fixed assets	17	30	(13)
Other taxes	23	16	7
Out-of-period expense	201	56	145
Other operating expenses	69	76	(7)
<b>Total</b>	<b>310</b>	<b>178</b>	<b>132</b>

### 22. FINANCIAL INCOME

This item is made up as follows:

Euro thousands	06.30.2019	06.30.2018	Change
Interest income from banks	2	1	1
Exchange rate gains	–	2	(2)
<b>Total</b>	<b>2</b>	<b>3</b>	<b>(1)</b>

### 23. FINANCIAL EXPENSE

This item is made up as follows:

Euro thousands	06.30.2019	06.30.2018	Change
Interest expense on bank payables	4	–	4
Other interest and financial expense	23	82	(59)
Net financial expense on defined-benefit plans	1	1	–
Charges on leasing contracts (IFRS16)	23	–	23
Bank guarantee expense	13	18	(5)
Exchange rate losses	11	7	4
<b>Total</b>	<b>75</b>	<b>108</b>	<b>(33)</b>

24. TAXES

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

25. EARNINGS PER SHARE

Basic earnings per share are calculated on the basis of profit for the year divided by the weighted average number of shares outstanding during the year, as indicated in the table below, and coincide with diluted earnings per share due to the absence of potentially dilutive equity instruments.

	01.01.2019- 06.30.2019	01.01.2018- 06.30.2018
Profit for the period (in Euro)	6.351.699	25.673.107
Average number of ordinary shares	87.559.500	88.000.000
<b>Earnings per share (in Euro)</b>	<b>0,07</b>	<b>0,29</b>

26. GUARANTEES GIVEN

At June 30, 2019, Gima TT S.p.A. granted guarantees of € 5,671 thousand, € 5,310 thousand for advances received from customers, € 78 thousand for the Swiss Tax Authorities and € 283 thousand for the Customs Agency for temporary imports of tobacco.

27. COMMITMENTS

At June 30, 2019, there are third-party goods at our factories consisting of tobacco sent to us temporarily by customers for € 283 thousand.

28. RELATED-PARTY TRANSACTIONS

In compliance with Consob regulations on related party transactions, in 2017, the Company adopted procedures, the purpose of which is to lay down the approach to be taken for the identification, review and approval of transactions to be carried out with related parties to ensure that they are transparent and fair from both a substantial and procedural point of view.

As mentioned in the report on operations, on February 15, 2019 the Board of Directors approved a project, with the positive opinion of the specific committee, to update the corporate governance rules, in particular the procedure for Related Party Transactions and the procedure for the Management and Disclosure of Insider Information.

## NOTES TO THE CONDENSED HALF-YEAR FINANCIAL STATEMENTS

Intra-group transactions are a consequence of the organizational structure in which the Company, the Parent Company IMA S.p.A. and affiliates operate. Such transactions are carried out in the ordinary course of business on an arm's-length basis.

In addition to intra-group transactions, the Group also conducts transactions with other related parties, mainly parties controlling IMA S.p.A., or parties responsible for the administration and management of IMA S.p.A. or entities controlled by such parties. Transactions with related parties are conducted at terms and conditions that are equivalent to normal market conditions.

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

Transactions with related parties are conducted at terms and conditions that are equivalent to normal market conditions.

The merger of GIMA TT S.p.A. with the parent company IMA S.p.A. constitutes a related party transaction that is not exempt from application of the specific company procedure, as it was concluded with the controlling shareholder. Moreover, from a size point of view, this operation is considered to be of "greater importance". Consequently, the merger plan was approved by the Board of Directors of GIMA TT subject to the reasoned favourable opinion of the Committee of Independent Directors about the Company's interest in completing the transaction, as well as the substantive and procedural appropriateness and correctness of the terms and conditions of the merger plan, unanimously issued on June 10, 2019. This committee was assisted by Francesco Denozza, as an independent legal advisor, and by Houlihan Lokey, as an independent financial advisor who issued a fairness opinion on the exchange ratio dated June 7, 2019.

Trade receivables due from and advances to the Parent Company IMA S.p.A. and its subsidiaries and affiliates, as included in "Trade and other receivables", amounted to € 2,789 thousand at June 30, 2019, up on the December 31, 2018 figure of € 1,660 thousand.

€ thousands	06.30.2019	12.31.2018	Change
<b>Trade receivables from Parent Company</b>			
IMA S.p.A.	2,774	1,586	1,838
<b>Total</b>	<b>2,774</b>	<b>1,586</b>	<b>1,188</b>
<b>Trade receivables from affiliates</b>			
GIMA S.p.A.	7	4	3
Digidoc S.r.l.	-	6	(6)
<b>Total</b>	<b>7</b>	<b>10</b>	<b>(3)</b>
<b>Trade receivables from companies affiliated to IMA S.p.A.</b>			
Sil.mac S.r.l.	5	43	(38)
Logimatic S.r.l.	3	21	(18)
<b>Total</b>	<b>8</b>	<b>64</b>	<b>(56)</b>
<b>Total</b>	<b>2,789</b>	<b>1,660</b>	<b>1,129</b>

## NOTES TO THE CONDENSED HALF-YEAR FINANCIAL STATEMENTS

These receivables and advances mainly relate to the sale of goods in the ordinary course of the Company's business, and to administrative, commercial and technical design services provided at market terms.

Trade payables due to and advances from the Parent Company IMA S.p.A. and its subsidiaries and affiliates, as included in "Trade and other payables", amounted to € 16,392 thousand at June 30, 2019, down on the December 31, 2018 figure of € 27,148 thousand.

€ thousands	06.30.2019	12.31.2018	Change
<b>Trade payables to Parent Company</b>			
IMA S.p.A.	5,793	10,057	(4,264)
<b>Total</b>	<b>5,793</b>	<b>10,057</b>	<b>(4,264)</b>
<b>Trade payables to affiliates</b>			
GIMA S.p.A.	–	137	(137)
IMA North America Inc	–	1	(1)
OOO Ima Industries	260	196	64
Imautomatiche Do Brasil LTDA	–	48	(48)
<b>Total</b>	<b>260</b>	<b>382</b>	<b>(122)</b>
<b>Trade payables to companies affiliated to IMA S.p.A.</b>			
B.C. S.r.l.	12	141	(129)
La.co. S.r.l.	420	634	(214)
Iema S.r.l.	3,912	6,608	(2,696)
Sil.mac S.r.l.	2,952	4,525	(1,573)
Masterpiece S.r.l.	61	74	(13)
Powetransmission.it S.r.l.	2	2	–
Logimatic S.r.l.	1,927	3,047	(1,120)
Bolognesi S.r.l.	438	715	(277)
STA.MA S.r.l.	13	–	13
MORC 2 S.r.l.	113	192	(79)
S.I.M.E. Srl	1	–	1
TALEA S.r.l.	20	6	14
RO.SI. S.r.l.	468	765	(297)
<b>Total</b>	<b>10,339</b>	<b>16,709</b>	<b>(6,370)</b>
<b>Total</b>	<b>16,392</b>	<b>27,148</b>	<b>(10,756)</b>

They arose from transactions conducted at market terms and consisting of the performance of services, the supply of goods and personnel secondment.

Revenue from the Parent Company IMA S.p.A. and its subsidiaries and affiliates in the first half of 2019 amounted to € 3,568 thousand. Details of this revenue, consisting essentially of sales of goods, technical assistance and design services, are shown in the following table:

NOTES TO THE CONDENSED HALF-YEAR FINANCIAL STATEMENTS

€ thousands	01.01.2019- 06.30.2019	01.01.2018- 06.30.2018	Change
<b>Revenue from Parent Company</b>			
IMA S.p.A.	3,556	328	3,228
<b>Total</b>	<b>3,556</b>	<b>328</b>	<b>3,228</b>
<b>Revenue from affiliates</b>			
GIMA S.p.A.	7	8	(1)
<b>Total</b>	<b>7</b>	<b>8</b>	<b>(1)</b>
<b>Revenue from companies affiliated to IMA S.p.A.</b>			
Sil.mac S.r.l.	2	17	(15)
Logimatic S.r.l.	3	5	(2)
<b>Total</b>	<b>5</b>	<b>22</b>	<b>(9)</b>
<b>Total</b>	<b>3,568</b>	<b>358</b>	<b>3,210</b>

Operating costs due to the Parent Company IMA S.p.A. and its subsidiaries and affiliates in the first half of 2019 amounted to € 11,819 thousand. These costs, which mainly originate from purchases of goods and services related to the Company's own business, are included under "Cost of raw, ancillary and consumable materials and goods for resale", "Services, rentals and leases" and "Personnel costs".

€ thousands	01.01.2019- 06.30.2019	01.01.2018- 06.30.2018	Change
<b>Operating costs - Parent Company</b>			
IMA S.p.A.	7,174	14,852	(7,678)
<b>Total</b>	<b>7,174</b>	<b>14,852</b>	<b>(7,678)</b>
<b>Operating costs - affiliates</b>			
GIMA S.p.A.	–	31	(31)
Corazza S.p.A.	–	1	(1)
OOO Ima Industries	520	520	–
Imautomatiche Do Brasil LTDA	8	28	(20)
<b>Total</b>	<b>528</b>	<b>261</b>	<b>(525)</b>

**Operating costs to associates of IMA S.p.A.**

B.C. S.r.l.	39	291	(252)
La.co. S.r.l.	257	644	(387)
Iema S.r.l.	1,378	4,245	(2,867)
Sil.mac S.r.l.	981	2,770	(1,789)
Masterpiece S.r.l.	26	33	(7)
Powetransmission.it S.r.l.	2	10	(8)
Logimatic S.r.l.	673	1,887	(1,214)
Bolognesi S.r.l.	367	708	(341)
MORC 2 S.r.l.	118	244	(126)
STA.MA S.r.l.	12	–	12
RO.SI. S.r.l.	258	–	258
Fare Impresa in Dozza S.r.l.	1	2	(1)
S.I.M.E. S.r.l.	1	–	1
TALEA S.r.l.	4	1	3
<b>Total</b>	<b>4,117</b>	<b>10,835</b>	<b>(6,718)</b>

## NOTES TO THE CONDENSED HALF-YEAR FINANCIAL STATEMENTS

<b>Total</b>	<b>11,819</b>	<b>26,267</b>	<b>(14,448)</b>
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In addition to the above intercompany transactions, the Company has entered into transactions of a manufacturing and trade nature with related parties.

Details of the main balances (payables) with related parties are as follows:

Payables - € thousands	06.30.2019	12.31.2018	Change
Costal Projects & Consulting S.r.l.	522	652	(130)
Deltos S.r.l.	133	214	(81)
EPSOL S.r.l.	378	241	137
Poggi & Associati	39	-	39
Datalogic S.r.l.	20	176	(156)
3-T Srl	123	-	123
COMATIC Srl	6	-	6
LPM Group Srl	125	-	125
TIMAGE Srl	269	-	269
TEC.COM. S.a.s.	125	280	(155)
<b>Total</b>	<b>1,740</b>	<b>1,563</b>	<b>177</b>

Details of the main transactions (costs) with related parties are as follows:

Costs - € thousands	01.01.2019- 06.30.2019	01.01.2018- 06.30.2018	Change
Costal Projects & Consulting S.r.l.	522	586	(64)
Datalogic S.r.l.	20	-	20
Deltos S.r.l.	160	26	134
EPSOL S.r.l.	199	10	189
Morosina S.p.A.	18	24	(6)
Poggi & Associati	161	79	82
LPM Group S.r.l.	69	-	69
COMATIC Srl	5	-	5
TIMAGE Srl	326	-	326
3-T Srl	67	-	67
Verniciatura Ozzanese S.r.l.	-	2	(2)
<b>Total</b>	<b>1,547</b>	<b>727</b>	<b>820</b>

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

This item refers to costs for services (in particular "technical, legal, tax and administrative consultancies") of a non-recurring nature, incurred in relation to the merger of GIMA TT S.p.A. with the parent company IMA S.p.A. for a total of € 496 thousand.

### 30. ATYPICAL OR UNUSUAL TRANSACTIONS

None.

### 31. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE PERIOD

The extraordinary shareholders' meetings for the approval of the merger plan were called for August 8, 2019. All the information required by the law has also been published.

The merger is expected to be finalized by the end of this year at the latest.





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

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

The undersigned, Sergio Marzo, Chairman of GIMA TT S.p.A., and Lorenzo Giorgi, the manager responsible for preparing the financial reports of GIMA TT S.p.A., certify, having regard for the requirements of art. 154-bis, paragraphs 3 and 4 of Legislative Decree 58 of February 24, 1998:

- the appropriateness with regard to the characteristics of the Company and the
- effective application of the administrative and accounting procedures in preparing the financial statements for the period January-June 2019.

It is also certified that:

- 1) the condensed half-year financial statements at June 30, 2019:
  - a) have been prepared in accordance with International Financial Reporting Standards adopted by the European Union under Regulation (EC) 1606/2002 of the European Parliament and Council dated July 19, 2002;
  - b) correspond to the entries in the accounting books and records;
  - c) provide a true and fair view of the issuer's results of operations and financial position.
- 2) the interim report on operations includes a reliable analysis of the business, as well as the results of operations and the financial position of the issuer, together with a description of the risks and uncertainties to which it is exposed.

Ozzano dell'Emilia (Bologna), August 7, 2019

Chairman  
Sergio Marzo

Manager responsible for preparing financial reports  
Lorenzo Giorgi

LIMITED AUDIT REPORT  
ON THE HALF-YEAR REPORT



EY S.p.A.  
Via Massimo D'Azeglio, 34  
40123 Bologna

Tel: +39 051 278311  
Fax: +39 051 236666  
ey.com

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

To the Shareholders of  
GIMA TT S.p.A.

### Introduction

We have reviewed the interim condensed financial statements, comprising the statement of financial position, the statements of income, the statement of comprehensive income, the statement of changes in equity and cash flows and the related explanatory notes of GIMA TT S.p.A. as of June 30, 2019. The Directors of GIMA TT S.p.A. are responsible for the preparation of the interim condensed 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 financial statements based on our review.

### Scope of Review

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

### Conclusion

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

Bologna, August 7, 2019

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

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

EY S.p.A.  
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Capitale Sociale Euro 2.525.000,00 i.v.  
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