

PERIODIC FINANCIAL INFORMATION  
AT 30 SEPTEMBER 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)

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## DIRECTORS AND OFFICERS

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### BOARD OF DIRECTORS

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

#### HONORARY CHAIRMAN AND DIRECTOR

Marco Vacchi

#### CHAIRMAN AND MANAGING DIRECTOR

Alberto Vacchi

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

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

#### CHIEF OPERATING OFFICERS

Giovanni Pecchioli

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

#### DIRECTORS

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

*On 11 September 2020 the Board of Directors of IMA S.p.A., having acknowledged the resignation of the majority of IMA's directors, subject to the closing of the purchase and sale of SO.FI.M.A. S.p.A. shares announced to the market on 28 July 2020, called a Shareholders' Meeting to resolve on the appointment of a new Board of Directors.*

*On 27 October 2020, the Shareholders' Meeting of IMA S.p.A. appointed the new Board of Directors, subject to the closing, setting the number of board members at eleven, with a three-year term of office. For further information, please refer to the comments in the section on Significant events after the end of the third quarter.*

**BOARD OF STATUTORY AUDITORS**

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

**STANDING AUDITORS**

Francesco Schiavone Panni - Chairman

Roberta De Simone

Riccardo Andriolo

**ALTERNATE AUDITORS**

Chiara Molon

Giovanna Bolognese

Federico Ferracini

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

Rita Rolli - Independent Director - Chairman

Cesare Conti - Independent Director - Deputy Chairman

Sonia Bonfiglioli - Independent Director

**NOMINATIONS AND REMUNERATION COMMITTEE**

Paolo Frugoni - Independent Director - Chairman

Maria Carla Schiavina - Director - Deputy Chairman

Rita Rolli - Independent Director

**MANAGER RESPONSIBLE FOR PREPARING FINANCIAL REPORTS**

Sergio Marzo

**LEAD INDEPENDENT DIRECTOR**

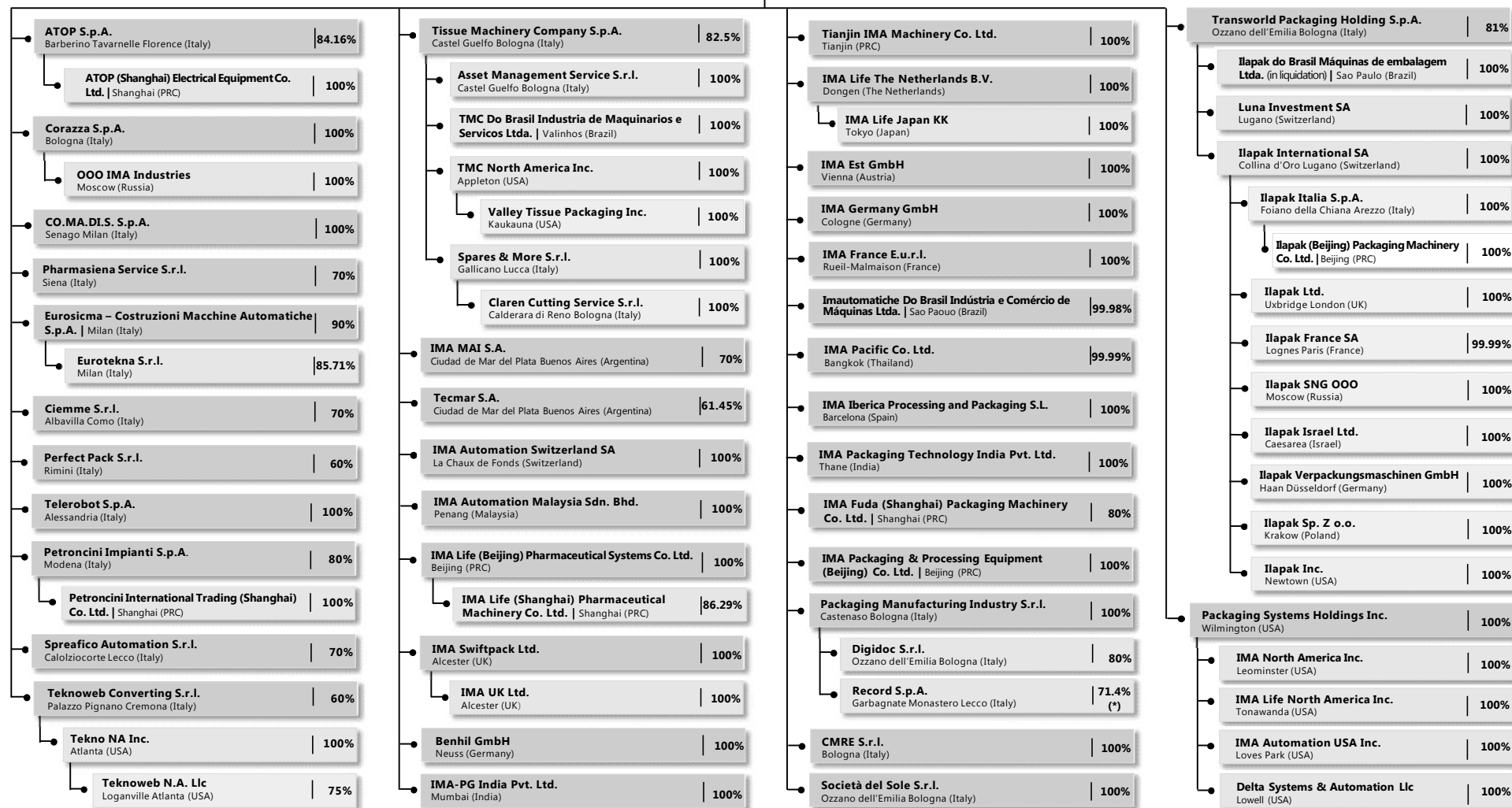
Paolo Frugoni

**INDEPENDENT AUDITORS**

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

EY S.p.A.

GROUP STRUCTURE AT 30 SEPTEMBER 2020



(\*) 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

The global economy is currently recovering from the lows that it plunged to during the lockdown in the first half of the year. However, with the Covid-19 pandemic continuing to spread, many countries have slowed down the reopening and some are reintroducing partial lockdowns. While the recovery in China has been faster than expected, the prolonged return of the global economy to pre-pandemic levels remains prone to setbacks.

According to the World Economic Outlook published in October by the International Monetary Fund, global growth is expected to be -4.4%, a slight improvement on the previous update when the forecast was -5.2%.

The revision reflects better-than-expected second-quarter GDP results, especially in advanced economies, where economic activity began to show signs of improvement sooner than expected, after lockdowns were reduced in May and June, followed by indicators of a stronger recovery in the third quarter. On the other hand, the IMF lowered its estimates for 2021 slightly, assuming global growth of 5.2%, rather than 5.4% in the previous update, reflecting the more moderate decline expected in 2020 and expectations of ongoing limitations on socialising. The baseline projection assumes that distancing will continue until 2021, but will then diminish over time as vaccination coverage expands and therapies improve.

As for advanced economies, growth is put at -5.8% in 2020 and +3.9% the following year; in particular, for the United States the figures are -4.3% and +3.1%, while the forecasts for the Eurozone are more negative at -8.3% in 2020 and +5.2% in 2021.

Negative forecasts for 2020 are a common trait for the main European countries, especially Spain, France and Italy: in the case of Italy, the IMF has forecast a drop in GDP of -10.6%, better than the previous update, and an expected rebound in 2021 of +5.2%.

The results would have been worse had it not been for the massive, rapid and unprecedented fiscal, monetary and regulatory responses that bolstered disposable income for households, protected cash flow for businesses and facilitated access to credit. However, with the re-emergence of Covid-19 contagion in countries that had managed to reduce the level of new infections, reopenings have been suspended and targeted restrictions and lockdowns are being restored. For economies all over the world, it is going to be a difficult process to return to pre-pandemic levels of activity.

## INTERIM REPORT ON OPERATIONS

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To avoid further setbacks it is essential that political support is not withdrawn too soon. In addition to fighting a deep recession in the short term, policy makers are facing complex challenges to put economies on a path of higher productivity growth, while ensuring that profits are shared evenly and debt remains sustainable. Many countries already face difficult trade-offs between implementing measures to support short-term growth and avoiding a further increase in debt, also considering the impact that the crisis may have on future growth.

According to the IMF, fiscal and spending measures should give priority to ensuring participation in growth that benefits everyone and protects those who are vulnerable; it is also important, whenever possible, that governments continue to support firms that are solvent, but still vulnerable, through debt moratoriums.

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 took 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. These measures have been further strengthened in recent weeks following the deterioration of the general situation and the consequent actions taken by the Government in Italy.

## CONSOLIDATED INCOME STATEMENT

Consolidated revenue of the IMA Group for the first nine months of 2020 amounted to 1,015.8 million euros, compared with 1,008.3 million euros in the same period of 2019.

EBITDA before non-recurring items amounted to 146.6 million euros, an increase over 2019 when it came to 133.2 million euros.

Operating profit amounted to 75.2 million euros compared with 71.9 million euros in the same period of 2019, net of non-recurring items of 2.0 million euros as detailed in Note 27, whereas the profit for the period reached 40.4 million euros, versus 90.7 million euros at 30 September 2019.

## INTERIM REPORT ON OPERATIONS

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

in millions of euros	01.01.2020-30.09.2020		01.01.2019-30.09.2019	
	Amount	%	Amount	%
<b>Revenue from contracts with customers</b>	<b>1,015.8</b>		<b>1,008.3</b>	
Cost of sales	(651.6)	64.1	(655.9)	65.1
<b>Industrial gross profit</b>	<b>364.2</b>	<b>35.9</b>	<b>352.4</b>	<b>34.9</b>
R&D costs	(45.3)		(40.5)	
Commercial and sales costs	(99.0)		(102.5)	
General and administrative costs	(142.7)		(130.5)	
<b>Operating profit before non-recurring items (EBITA)</b>	<b>77.2</b>	<b>7.6</b>	<b>78.9</b>	<b>7.8</b>
Non-recurring items	(2.0)		(7.0)	
<b>Operating profit (EBIT)</b>	<b>75.2</b>	<b>7.4</b>	<b>71.9</b>	<b>7.1</b>
Net financial income (expense)	(19.2)		43.6	
Profit (loss) from investments accounted for using the equity method	3.8		3.1	
<b>Profit before taxes</b>	<b>59.8</b>	<b>5.9</b>	<b>118.6</b>	<b>11.8</b>
Taxes	(19.4)		(27.9)	
<b>Profit for the period</b>	<b>40.4</b>	<b>4.0</b>	<b>90.7</b>	<b>9.0</b>
Profit attributable to non-controlling interests	1.6		(2.7)	
<b>Profit attributable to equity holders of the parent</b>	<b>42.0</b>	<b>4.1</b>	<b>88.0</b>	<b>8.7</b>
<b>Gross operating profit (EBITDA) * before non-recurring items</b>	<b>146.6</b>	<b>14.4</b>	<b>133.2</b>	<b>13.2</b>
<b>Gross operating profit (EBITDA) *</b>	<b>144.6</b>	<b>14.2</b>	<b>126.2</b>	<b>12.5</b>
<b>Backlog</b>	<b>919.4</b>		<b>1,077.3</b>	

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

### REVENUE FROM CONTRACTS WITH CUSTOMERS AND ORDERS

Consolidated revenue for the first nine months of 2020 reached 1,015.8 million euros, an increase of 0.7% with respect to the same period last year despite the slowdown in the first quarter generated by the Covid-19 situation, partially recovered during the second and third quarters of the year. In particular, Group production in the third quarter was not lower than the average for previous quarters as in August there were no reductions during the period usually dedicated to holidays. This result is attributable to the backlog at the end of the 2019 financial year and to orders acquired during the current year.

It should again be noted that a key feature of the industry in which IMA Group operates is that interim results do not fully reflect the results that are expected for the entire year, because of time distributions that can vary significantly, as happened during the third quarter of this year.

## INTERIM REPORT ON OPERATIONS

The following table gives a breakdown of revenue by business segment, with changes compared with the first nine months of 2019:

in millions of euros	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019	Change	%
Tea, Food & Other	480.3	441.1	39.2	8.9
Pharmaceutical	474.3	512.9	(38.6)	(7.5)
Tobacco packaging	61.2	54.3	6.9	12.7
<b>Total</b>	<b>1,015.8</b>	<b>1,008.3</b>	<b>7.5</b>	<b>0.7</b>

For the Tea, Food & Other business, revenue is up compared with the previous year. The Pharmaceutical business shows a contraction compared with the same period last year, while the Tobacco sector is up because of the value of the backlog at the beginning of the year and the inflow of orders during the period, as well as a non-proportional distribution between the businesses, especially in the last quarter.

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

in millions of euros	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019	Change	%
European Union (excluding Italy)	301.1	287.1	14.0	4.9
Other European countries	99.6	71.0	28.6	40.3
North America	176.7	199.7	(23.0)	(11.5)
Asia & Middle East	182.5	213.2	(30.7)	(14.4)
Other countries	101.1	118.7	(17.6)	(14.8)
<b>Total exports</b>	<b>861.0</b>	<b>889.7</b>	<b>(28.7)</b>	<b>(3.2)</b>
Italy	154.8	118.6	36.2	30.5
<b>Total</b>	<b>1,015.8</b>	<b>1,008.3</b>	<b>7.5</b>	<b>0.7</b>

Commenting on this distribution of revenue, growth can be seen in the European Union, in the other European countries, with a contraction in North America, Asia and the Middle East and the other countries. Italy shows considerable growth linked to the delivery of lines for surgical masks to the Civil Defence in the third quarter. However, given the seasonal nature of our business in these core sectors, it needs emphasising that this analysis is not particularly meaningful.

The table below shows the values of new orders acquired in the first nine months of 2020, with comparative figures for the same period of the previous year:

in millions of euros	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019	Change	%
Tea, Food & Other	495.4	505.2	(9.8)	(1.9)
Pharmaceutical	481.1	542.6	(61.5)	(11.3)
Tobacco packaging	46.3	52.8	(6.5)	(12.3)
<b>Total</b>	<b>1,022.8</b>	<b>1,100.6</b>	<b>(77.8)</b>	<b>(7.1)</b>

## INTERIM REPORT ON OPERATIONS

The acquisition of orders shows a marked reduction in the Tobacco sector compared with the same period last year, reflecting a considerable drop in capital investment by multinationals; the same applies to the Pharmaceutical sector, but there is a slight improvement in the third quarter performance compared with the third quarter of last year.

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

in millions of euros	30.09.2020	30.09.2019	Change	%
Tea, Food & Other	318.2	402.7	(84.5)	(21.0)
Pharmaceutical	562.2	622.6	(60.4)	(9.7)
Tobacco packaging	39.0	52.0	(13.0)	(25.0)
<b>Total</b>	<b>919.4</b>	<b>1,077.3</b>	<b>(157.9)</b>	<b>(14.7)</b>

The backlog shows an overall contraction of 14.7% with a contribution from the Record S.p.A. business of 5.2 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)

The industrial gross profit at the end of September came to 35.9% of revenue versus 34.9% in the same period of 2019, because of the different product mix that characterized the first nine months of the year.

The R&D costs charged to the income statement for the period amount to 45.3 million euros and increased compared with the previous year (40.5 million euros).

Commercial and sales costs have decreased (99.0 million euros compared with 102.5 million euros) and include commissions for 11.5 million euros (11.9 million euros at 30 September 2019), decreasing slightly because of a different sales mix.

General and administrative expenses have increased to 142.7 million euros compared with last year (130.5 million euros) with contributions from the Record business totalling 0.2 million euros.

The operating profit (EBIT) came to 75.2 million euros versus 71.9 million euros in the same period of 2019, after discounting non-recurring charges of 2.0 million euros mainly relating to extraordinary costs incurred as a result of the Covid-19 emergency for 1.5 million euros and ancillary charges relating to the acquisitions completed during the year.

### PROFIT BEFORE TAXES

The balance between net financial expense and income is negative for 19.2 million euros compared with a positive balance of 43.6 million euros at 30 September 2019.

## INTERIM REPORT ON OPERATIONS

The change is mainly due to the remeasurement at fair value of the 25% interest already held in ATOPbi S.p.A. for 56.3 million euros, which took place in 2019 on the date control was acquired as part of a business combination achieved in stages.

It follows that profit before taxes comes to 59.8 million euros compared with 118.6 million euros at the end of September 2019.

### PROFIT FOR THE PERIOD

Profit for the period was 40.4 million euros compared with 90.7 million euros in the same period of last year, after taxes of 19.4 million euros compared with 27.9 million euros.

The change is attributable to the factors mentioned under the previous headings.

### ANALYSIS OF PERFORMANCE BY SECTOR

The following schedule provides a summary of operations by business sector:

in millions of euros	Tea, Food & Other	Pharmaceutical	Tobacco packaging	Not allocated	Total
<b>Revenue from contracts with customers</b>					
01.01.2020- 30.09.2020	480.3	474.3	61.2	–	1,015.8
01.01.2019- 30.09.2019	441.1	512.9	54.3	–	1,008.3
<b>Gross operating profit (EBITDA) before non-recurring items</b>					
01.01.2020- 30.09.2020	52.7	78.3	15.6	–	146.6
01.01.2019- 30.09.2019	43.2	74.0	16.0	–	133.2
<b>Gross operating profit (EBITDA)</b>					
01.01.2020- 30.09.2020	51.7	77.3	15.6	–	144.6
01.01.2019- 30.09.2019	41.3	73.7	11.2	–	126.2
<b>Operating profit (EBIT)</b>					
01.01.2020- 30.09.2020	4.4	56.9	13.9	–	75.2
01.01.2019- 30.09.2019	6.5	55.7	9.7	–	71.9
<b>Net invested capital (*)</b>					
30 September 2020	923.7	312.5	45.0	(43.7)	1,237.5
30 September 2019	880.5	287.8	33.1	(11.5)	1,189.9
<b>R&amp;D costs</b>					
01.01.2020- 30.09.2020	17.3	24.5	3.5	–	45.3
01.01.2019- 30.09.2019	15.1	23.3	2.1	–	40.5
<b>Average personnel</b>					
01.01.2020- 30.09.2020	2,961	3,081	164	–	6,206
01.01.2019- 30.09.2019	2,642	3,068	170	–	5,880
<b>Backlog</b>					
30 September 2020	318.2	562.2	39.0	–	919.4
30 September 2019	402.7	622.6	52.0	–	1,077.3

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

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.

## INTERIM REPORT ON OPERATIONS

Tea, Food & Other segment revenue has increased compared with the previous year with a contribution of 1.9 million euros by the Record business and thanks to the lines for surgical masks made for the Civil Defence, which were all delivered during the third quarter of the current year. Gross operating profit (EBITDA) before non-recurring charges has increased at 52.7 million euros because of a different sales mix. Operating profit has decreased by 2.1 million euros because of higher amortisation and depreciation following the acquisition of ATOP and the allocation of consolidation differences. The backlog decreased compared with 30 September 2019 by 84.5 million euros to 318.2 million euros, despite the continuous acquisition of new orders. The acquired business contributed 5.2 million euros.

Revenue in the Pharmaceutical segment is down compared with the same period last year (-38.6 million euros) because of a lower intake of orders (481.1 million euros versus 542.6 million euros, though it has been improving during the third quarter). The gross operating profit (EBITDA) before non-recurring charges is up compared with the previous year (78.3 million euros compared with 74.0 million euros) due to a favourable product mix. Operating profit is substantially in line at 56.9 million euros compared with 55.7 million euros in the same period of 2019. The backlog is 60 million euros lower after the latest inflow of new orders, but there are good prospects for the current year based on projects currently being defined.

Revenue in the Tobacco sector amounted to 61.2 million euros, an increase compared with the previous year (54.3 million euros) following a different distribution of deliveries, despite 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 showed a very low reduction to 15.6 million euros (16.0 million euros last year) due to the different sales mix, while operating profit increased by 4.2 million euros. The backlog is lower than last year because of a lower inflow of orders (39.0 million euros versus 52.0 million euros at 30 September 2019).

Net invested capital, totalling 1,237.5 million euros (1,189.9 million euros at 30 September 2019), has grown mainly following the increase in operating working capital linked to orders in progress.



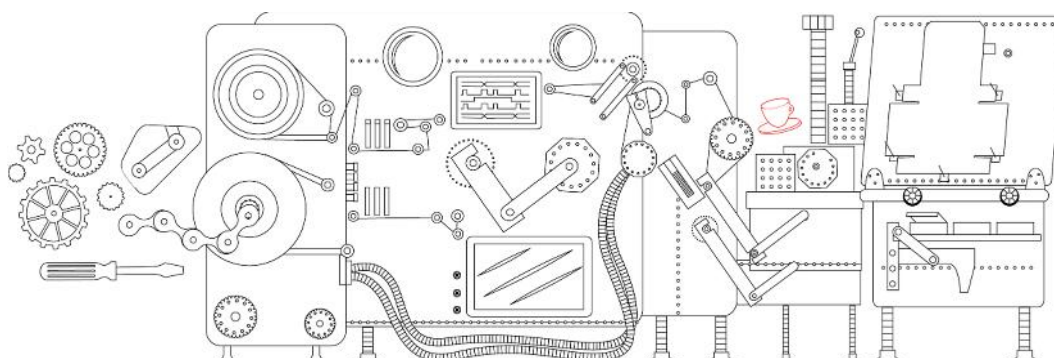
## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The following table summarises the Group's statement of financial position at 30 September 2020:

in millions of euros	30.09.2020	31.12.2019
Trade receivables	415.7	419.6
Inventories	411.1	344.2
Trade payables	(479.2)	(520.5)
Other, net	(135.8)	(100.3)
<b>Net working capital</b>	<b>211.8</b>	<b>143.0</b>
Property, plant and equipment	319.4	313.0
Intangible assets	861.5	874.8
Investments	36.3	32.9
<b>Non-current assets</b>	<b>1,217.2</b>	<b>1,220.7</b>
Provision for severance indemnities and other provisions	(191.5)	(221.7)
<b>Net invested capital</b>	<b>1,237.5</b>	<b>1,142.0</b>
<b>FINANCED BY:</b>		
<b>Net debt</b>	<b>700.9</b>	<b>637.1</b>
Non-controlling interests	9.6	11.4
<b>Group equity attributable to equity holders of the parent</b>	<b>527.0</b>	<b>493.5</b>
<b>Total sources of financing</b>	<b>1,237.5</b>	<b>1,142.0</b>

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.

Net invested capital at the end of the third quarter of 2020 increased by 95.5 million euros compared with the end of 2019, mainly due to the increase in working capital (mainly due to inventories) because of higher sales volumes and, above all, deliveries planned for the last quarter. As usual, the level of net working capital can be expected to decline during the latter part of the year.





## INTERIM REPORT ON OPERATIONS

Net financial debt consists of the following:

in millions of euros	30.09.2020	31.12.2019	30.09.2019
A. Cash and cash equivalents	(164.5)	(110.7)	(92.2)
B. Other cash equivalents	(2.6)	(4.0)	(4.6)
C. Investments in securities	(14.5)	(11.7)	(9.5)
<b>D. Liquidity (A)+(B)+(C)</b>	<b>(181.6)</b>	<b>(126.4)</b>	<b>(106.3)</b>
<b>E. Current financial receivables</b>	<b>(3.1)</b>	<b>(2.5)</b>	<b>(3.6)</b>
F. Current payables to banks	227.7	81.8	176.3
G. Current portion of non-current payables	99.2	61.5	68.9
H. Other current financial payables	0.3	1.1	0.6
<b>I. Current financial debt (F)+(G)+(H)</b>	<b>327.2</b>	<b>144.4</b>	<b>245.8</b>
<b>J. Net current financial debt (D)+(E)+(I)</b>	<b>142.5</b>	<b>15.5</b>	<b>135.9</b>
K. Non-current portion of non-current bank payables	362.5	376.7	391.4
L. Bonds issued	100.0	145.0	145.0
M. Other non-current financial payables	138.8	142.4	139.5
N. Non-current financial assets	(42.9)	(42.5)	(42.5)
<b>O. Net non-current financial debt (K)+(L)+(M)+(N)</b>	<b>558.4</b>	<b>621.6</b>	<b>633.4</b>
<b>P. Net financial debt (J)+(O)</b>	<b>700.9</b>	<b>637.1</b>	<b>769.3</b>

The Group also has payables for acquisitions totalling 103.0 million euros (113.9 million euros at 31 December 2019), predominantly relating to the options agreed for the purchase of the minority interests in subsidiaries.

Net debt at the end of the period amounted to 700.9 million euros compared with 769.3 million euros at 30 September 2019 and 637.1 million euros at the end of 2019. The increase compared with the end of 2019 mainly derives from the physiological growth linked to the increase in working capital.

If we then compare the net financial position with that of the corresponding period of 2019, net of extraordinary transactions, we can see an improvement of 100 million euros, helped by the priority given to managing net working capital.

Net debt is expected to decline significantly towards the end of the year. This is a normal process due to the seasonal nature of the business, with 30 September 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 19.0 million euros (18.0 million euros in the same period of 2019) and mainly relates to the capitalisation of development costs incurred on totally new products for market segments not previously occupied.

The acquisition of Record S.p.A. during the period involved taking on 10.9 million euros of property, plant and equipment and intangible assets on a provisional basis, as detailed in Note 23.

Capital expenditure on property, plant and equipment amounts to 38.1 million euros (43.0 million euros in the same period of 2019) and mainly relates to costs incurred for rights of use assets for 22.4 million euros, as well as for the purchase of plant, machinery and electronic machines and for the construction of industrial sheds.

The depreciation and amortisation charge for the period is 67.9 million euros (54.3 million euros in the first nine months of the previous year). 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

These comments on the results for the period also include some performance indicators to give a better picture of the Group's operations and financial position. 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 cost: these include costs connected with commercial operations, such as staff, commissions paid to agents, promotional and advertising costs and associated overheads;
- ) general and administrative costs: these include all the costs associated with general operations such as administrative offices in the broadest sense, the management of sectors or divisions, production planning and all depreciation and amortization not directly related to the foregoing functions;
- ) gross operating profit (EBITDA): this corresponds to the sum of operating profit, depreciation and 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.

## INTERIM REPORT ON OPERATIONS

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

The statement of financial position is structured so that assets and liabilities are classified to show the net capital invested. The following main items in the statement of financial position are equivalent to the corresponding items in the consolidated statement of financial position included in the "Consolidated financial statements": inventories, property, plant and equipment (including right-of-use assets) and intangible assets, equity attributable to the shareholders of the parent company and minority interests.

Lastly, the analysis of net debt takes account of Consob Communication DEM/6064293 dated 28 July 2006, while including the financial receivables classified as non-current financial assets. The figure for non-current financial assets differs from that reported in the 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](http://www.ima.it)), is to lay down the approach to be taken in identifying, reviewing and approving transactions to be carried out by IMA, or by its subsidiaries, with related parties to ensure that they are transparent and fair from both a substantial and procedural point of view. Related party transactions are identified in accordance with the guidelines of the Consob regulation.

The IMA Group carries on business with related parties, mainly comprising persons who are responsible for administration and management within IMA S.p.A., or entities that are controlled by them. Such transactions 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 relevant transactions, as defined in the Consob regulation;
- ) there were no individual Related Party transactions that have significantly impacted Group companies' statement of financial positions 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' statement of financial positions or results.

Transactions with related parties are described more fully in Note 26.

### 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.M.A. Società Finanziaria Macchine Automatiche S.p.A., that they had reached an agreement to sell 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). Subject to certain conditions that still have to be fulfilled, this operation is currently expected to be finalised in the first half of 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 launch a Mandatory Public Tender Offer ("MPTO") to buy all of 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 dividend). 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.

On 21 October 2020, IMA S.p.A. announced that it had been informed by SOFIMA that the antitrust approvals for the European Union and certain jurisdictions had been received and that the other conditions and stages for completion of the proposed transaction were making progress.

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

## OUTLOOK FOR OPERATIONS

The result achieved in the first nine months of 2020 reflects the backlog at the end of 2019, the order intake during the period and, above all, a different distribution of revenue compared with last year. In fact, the third quarter was characterised by work that continued unabated even during the month of August and by the delivery of lines for surgical masks to the Civil Defence concentrated in the period July-September. The order trend in the reference sectors was again satisfactory in the third quarter despite the situation linked to the Covid-19 emergency, once again highlighting their resilience. However, the size of the backlog at 30 September 2020 is lower than at the same date last year (-14.7%). The number of projects being negotiated is a positive sign that leads us to be confident, though the current health emergency which characterises not only Italy, but the whole world, is constantly evolving. 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 in line with what previously announced, which we can quantify as a reduction in EBITDA of about 10% compared with 2019.

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

# CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2020

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

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

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(MILLIONS OF EUROS)

ASSETS	Note	30 September 2020	31 December 2019
<b>NON-CURRENT ASSETS</b>			
<i>Property, plant and equipment</i>	2	106.7	100.2
<i>Right of use assets</i>	2	212.7	212.8
<i>Intangible assets</i>	3	861.5	874.8
<i>Investments accounted for using the equity method</i>	4	30.3	26.1
<i>Financial assets</i>	5	49.3	49.8
<i>Receivables from others</i>		3.1	3.0
<i>Deferred tax assets</i>	7	56.8	58.3
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,320.4</b>	<b>1,325.0</b>
<b>CURRENT ASSETS</b>			
<i>Inventories</i>	8	411.1	344.2
<i>Trade and other receivables</i>	9	257.0	243.9
<i>Contract assets</i>	9	220.9	236.7
<i>Income tax receivables</i>		7.1	21.3
<i>Financial assets</i>	5	20.2	18.2
<i>Derivative financial instruments</i>	6	0.4	1.0
<i>Cash and cash equivalents</i>	10	164.5	110.7
<b>TOTAL CURRENT ASSETS</b>		<b>1,081.2</b>	<b>976.0</b>
<b>TOTAL ASSETS</b>		<b>2,401.6</b>	<b>2,301.0</b>
EQUITY AND LIABILITIES	Note	30 September 2020	31 December 2019
<b>EQUITY</b>			
<i>Share capital</i>		22.5	22.5
<i>Reserves and retained earnings</i>		462.5	301.8
<i>Profit for the period</i>		42.0	169.2
<b>Equity attributable to equity holders of the parent</b>	11	<b>527.0</b>	<b>493.5</b>
<b>Non-controlling interests</b>	12	<b>9.6</b>	<b>11.4</b>
<b>TOTAL EQUITY</b>		<b>536.6</b>	<b>504.9</b>
<b>NON-CURRENT LIABILITIES</b>			
<i>Borrowings</i>	13	462.7	521.9
<i>Lease liabilities</i>	13	138.6	142.2
<i>Employee defined benefit liabilities</i>	14	43.9	40.6
<i>Provisions for risks and charges</i>	15	6.5	6.3
<i>Other payables</i>	16	96.9	120.6
<i>Derivative financial instruments</i>	6	7.3	5.3
<i>Deferred tax liabilities</i>	7	100.2	108.8
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>856.1</b>	<b>945.7</b>
<b>CURRENT LIABILITIES</b>			
<i>Borrowings</i>	13	304.4	123.3
<i>Lease liabilities</i>	13	22.8	21.1
<i>Trade and other payables</i>	16	489.0	527.4
<i>Contract liabilities</i>	16	147.7	135.8
<i>Income tax liabilities</i>		12.5	12.9
<i>Provisions for risks and charges</i>	15	32.4	29.8
<i>Derivative financial instruments</i>	6	0.1	0.1
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,008.9</b>	<b>850.4</b>
<b>TOTAL LIABILITIES</b>		<b>1,865.0</b>	<b>1,796.1</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,401.6</b>	<b>2,301.0</b>

THE EFFECTS OF TRANSACTIONS WITH RELATED PARTIES ON THE ITEMS IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION ARE SHOWN IN NOTE 26 - RELATED-PARTY TRANSACTIONS.



CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(MILLIONS OF EUROS)

	Note	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019
<b>REVENUE FROM CONTRACTS WITH CUSTOMERS</b>	1	1,015.8	1,008.3
<b>OTHER REVENUE</b>		4.4	8.0
<b>OPERATING COSTS</b>			
<i>Change in work in progress, semifinished and finished goods</i>		55.1	49.3
<i>Change in inventory of raw, ancillary and consumable materials</i>		13.4	9.1
<i>Cost of raw, ancillary and consumable materials and goods for resale</i>		(428.4)	(412.6)
<i>Services, rentals and leases</i>		(202.5)	(229.6)
<i>Personnel costs</i>	17	(318.1)	(314.7)
<i>Capitalized costs</i>		17.1	17.2
<i>Depreciation, amortization and write-downs</i>	18	(70.0)	(54.9)
<i>Provisions for risks and charges</i>		(3.1)	(0.7)
<i>Other operating costs</i>		(8.5)	(7.5)
<b>TOTAL OPERATING COSTS</b>		(945.0)	(944.4)
<b>OPERATING PROFIT</b>	1	75.2	71.9
<i>- of which: effect of non-recurring items</i>	27	(2.0)	(7.0)
<b>FINANCIAL INCOME AND EXPENSE</b>			
<i>Financial income</i>	19	17.3	79.9
<i>Financial expense</i>	20	(36.5)	(36.3)
<b>TOTAL FINANCIAL INCOME AND EXPENSE</b>		(19.2)	43.6
<b>PROFIT (LOSS) FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD</b>		3.8	3.1
<b>PROFIT BEFORE TAXES</b>		59.8	118.6
<b>TAXES</b>	21	(19.4)	(27.9)
<b>PROFIT FOR THE PERIOD</b>		<b>40.4</b>	<b>90.7</b>
<b>ATTRIBUTABLE TO:</b>			
<b>EQUITY HOLDERS OF THE PARENT</b>		42.0	88.0
<b>NON-CONTROLLING INTERESTS</b>		(1.6)	2.7
		<b>40.4</b>	<b>90.7</b>
<b>BASIC/DILUTED EARNINGS PER SHARE (in euros)</b>	22	<b>0.97</b>	<b>2.24</b>

THE EFFECTS OF TRANSACTIONS WITH RELATED PARTIES ON THE CONSOLIDATED INCOME STATEMENT ARE SHOWN IN NOTE 26 - RELATED-PARTY TRANSACTIONS.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(MILLIONS OF EUROS)

	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019
<b>Net profit for the period</b>	40.4	90.7
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
<i>Exchange rate gains (losses) on the translation of foreign currency financial statements</i>	(5.3)	2.9
<i>Gains (losses) on financial assets measured at FVOCI</i>	0.1	1.4
<i>Gains (losses) on cash flow hedges</i>	(1.8)	(3.1)
<i>Tax effect</i>	0.2	0.4
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>	<b>(6.8)</b>	<b>1.6</b>
Other comprehensive income not being reclassified to profit or loss in subsequent periods:		
<i>Actuarial gains (losses) on post employment benefit obligations</i>	(3.4)	(2.8)
<i>Tax effect</i>	0.5	0.5
<b>Net other comprehensive income not being reclassified to profit or loss in subsequent periods</b>	<b>(2.9)</b>	<b>(2.3)</b>
<b>Gains and losses recognized in equity</b>	<b>(9.7)</b>	<b>(0.7)</b>
<b>Total comprehensive income</b>	<b>30.7</b>	<b>90.0</b>
<b>Attributable to:</b>		
<b>Equity holders of the parent</b>	32.5	87.5
<b>Non-controlling interests</b>	(1.8)	2.5
	<b>30.7</b>	<b>90.0</b>

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(MILLIONS OF EUROS)

	Share capital	Share premium reserve	Treasury shares	Translation reserve	Fair value reserve	Other reserves and retained earnings	Profit attributable to equity holders of the parent	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
<b>Balance at 01.01.2019</b>	<b>20.4</b>	<b>122.8</b>	<b>(5.6)</b>	<b>(0.6)</b>	<b>(2.9)</b>	<b>158.9</b>	<b>104.0</b>	<b>397.0</b>	<b>23.9</b>	<b>420.9</b>
Monetary revaluation by hiperinflation	-	-	-	-	-	1.1	-	1.1	-	1.1
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	-	-	-	-	(0.9)	(0.4)	-	(1.3)	2.8	1.5
Total comprehensive income	-	-	-	2.9	(1.3)	(2.1)	88.0	87.5	2.5	90.0
<b>Balance at 30.09.2019</b>	<b>20.4</b>	<b>122.8</b>	<b>(5.6)</b>	<b>2.3</b>	<b>(5.1)</b>	<b>183.2</b>	<b>88.0</b>	<b>406.0</b>	<b>14.6</b>	<b>420.6</b>
<b>Balance at 01.01.2020</b>	<b>22.5</b>	<b>122.8</b>	<b>(5.6)</b>	<b>0.6</b>	<b>(4.3)</b>	<b>188.3</b>	<b>169.2</b>	<b>493.5</b>	<b>11.4</b>	<b>504.9</b>
Monetary revaluation by hiperinflation	-	-	-	-	-	1.0	-	1.0	-	1.0
Allocation of earnings for 2019	-	-	-	-	-	169.2	(169.2)	-	-	-
Total comprehensive income	-	-	-	(5.1)	(1.5)	(2.9)	42.0	32.5	(1.8)	30.7
<b>Balance at 30.09.2020</b>	<b>22.5</b>	<b>122.8</b>	<b>(5.6)</b>	<b>(4.5)</b>	<b>(5.8)</b>	<b>355.6</b>	<b>42.0</b>	<b>527.0</b>	<b>9.6</b>	<b>536.6</b>

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

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS

(MILLIONS OF EUROS)

	Note	30 September 2020	30 September 2019
<b>OPERATING ACTIVITIES</b>			
Profit attributable to equity holders of the parent		42.0	88.0
Adjustments for:			
- Depreciation and amortization	18	67.9	54.3
- Write-downs/impairment	18	1.5	-
- Fair value remeasurement of the interest held in investments accounted for using the equity method	19-20	-	(55.3)
- Changes in provisions for risks and charges and employee defined benefit liabilities		1.9	(0.3)
- Unrealized losses (gains) on exchange rate differences	20	0.6	(0.7)
- Other changes		0.1	(0.8)
- Taxes		19.4	27.9
- Non-controlling interests		(1.6)	2.7
- Result from investments accounted for using the equity method		(3.8)	(3.1)
Operating profit before changes in working capital		128.0	112.7
(Increase) decrease in trade and other receivables, including contract assets	9	(1.1)	20.8
(Increase) decrease in inventories	8	(66.6)	(60.2)
Increase (decrease) in trade and other payable, including contract liabilities	16	(40.5)	(60.5)
Taxes paid		(11.8)	(21.3)
<b>CASH FLOW PROVIDED BY OPERATING ACTIVITIES (A)</b>		<b>8.0</b>	<b>(8.5)</b>
<b>INVESTING ACTIVITIES</b>			
Investments in property, plant and equipment	2	(15.7)	(21.4)
Investments in intangible assets	3	(19.0)	(18.0)
Effect of acquisition of business divisions/companies	23	1.9	(251.4)
Purchase of investments		(4.1)	(0.6)
Sale of subsidiaries		3.0	-
Sale of non-current assets		0.6	0.5
Other changes		(0.3)	3.7
<b>CASH FLOW USED IN INVESTING ACTIVITIES (B)</b>		<b>(33.6)</b>	<b>(287.2)</b>
<b>FINANCING ACTIVITIES</b>			
Granting of loans	13	11.9	224.8
Repayment of borrowings	13	(23.6)	(7.9)
Issue of bonds	13	-	50.0
Repayment of bonds	13	(5.2)	(5.2)
Increase (decrease) in other financial payables		125.0	83.4
Consideration for exercise of option on non-controlling interests		(14.9)	-
Net change in financial assets and other non current receivables		(2.6)	4.4
Dividends paid to equity holders of the parent		-	(78.3)
Dividends paid to non-controlling interests		-	(14.6)
Payment of interest		(11.4)	(9.9)
Receipt of interest		0.2	0.3
<b>CASH FLOW PROVIDED BY FINANCING ACTIVITIES (C)</b>		<b>79.4</b>	<b>247.0</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (D=A+B+C)</b>		<b>53.8</b>	<b>(48.7)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (E)</b>	<b>10</b>	<b>110.7</b>	<b>140.9</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (F=D+E)</b>	<b>10</b>	<b>164.5</b>	<b>92.2</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

## A) OVERVIEW

The periodic financial Information at 30 September 2020 was approved by the Board of Directors on 10 November 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 interim results from the market segment in which IMA Group operates are generally not fully representative of those expected for the year as a whole, as sales tend to be concentrated towards the end of the year, which also applies to rival companies operating in the same segment.

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

At 30 September 2020 SO.FI.M.A. Società Finanziaria Macchine Automatiche S.p.A. ("SOFIMA") 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 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 the comments on the results for the period, in the section entitled Other information.

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 Periodic Financial Information, 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 September 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 and third quarter of the year was positive, despite the situation caused by the Covid-19 emergency, once again highlighting the resilience of the

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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reference sectors in which the Group operates. For further information, please refer to the section on Impacts of the Covid-19 pandemic on the Periodic Financial Information and on the use of estimates and assumptions and to Note 3.

### B) GENERAL PREPARATION POLICIES

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#### GENERAL PRINCIPLES

The periodic financial information at 30 September 2020 was prepared in compliance with the international accounting standard applicable for the preparation of interim financial statements ("IAS 34 - Interim Financial Reporting") and includes the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, statement of changes in consolidated equity, consolidated cash flow statement and the related notes.

The periodic financial information at 30 September 2020 does not contain all of the information required for an annual report, so it should be read together with the annual report at 31 December 2019.

Although the Group has defined the six-month period as an interim period of reference for the purpose of applying IAS 34 and the definition of interim financial statements indicated in it, the periodic financial information at 30 September 2020 has been prepared in compliance with this standard, in anticipation of its possible inclusion in the documentation to be prepared in the event of extraordinary transactions.

The accounting principles used, the recognition and measurement criteria, as well as the consolidation criteria and methods applied to the periodic financial information at 30 September 2020 are in compliance with those applied when preparing the 2019 annual report, to which reference should be made for their broader discussion.

As an issuer trading on the STAR segment of the MTA market run by Borsa Italiana, IMA is subject to the aforementioned art. 2.2.3 of the Stock Exchange Regulations. As announced on 20 January 2017, the Parent Company will continue to publish quarterly reports within 45 days from the end of the first and third quarter of the year.

#### FINANCIAL STATEMENTS

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

Costs and revenues for the period are presented in two schedules: a consolidated income statement, which analyses costs according to their nature and a consolidated statement of comprehensive income.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The income statement figures for the periodic financial information at 30 September 2020 are compared with those at 30 September 2019, as approved by the Board of Directors on 14 November 2019 and available on the website [www.ima.it](http://www.ima.it), to which reference should be made for more details.

Changes in equity are indicated in the relative statement, which also includes those that took place in the first nine months 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 periodic financial information at 30 September 2020 are expressed in millions of euros.

### CONSOLIDATION PRINCIPLES

The periodic financial information has 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

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### IMPLEMENTATION OF ACCOUNTING STANDARDS

#### **ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED FROM 1 JANUARY 2020**

The accounting policies used to prepare the periodic financial information at 30 September 2020 are consistent with those used to prepare the financial statements 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 (effective date 1 June 2020).

#### **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;



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- ) Amendments to IFRS 3 - Reference to the Conceptual Framework;
- ) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform – Phase 2;
- ) 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 PERIODIC FINANCIAL INFORMATION 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 periodic financial information has been prepared on a going-concern basis, as there are no significant doubts or uncertainties about the 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;

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- ) liabilities calculated as the current value of the exercise price of purchase options on minority interests;
- ) bad debt provisions;
- ) identification of a lease contract, estimate of its duration in the presence of options for renewal or early termination, estimate of the components of a 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 first nine months, there were no significant effects deriving from the revision of estimates made in previous financial statements.

### TRANSLATION OF FOREIGN CURRENCY BALANCES

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

Currency	30 September 2020		31 December 2019	30 September 2019	
	Final exchange rate	Average exchange rate	Final exchange rate	Final exchange rate	Average exchange rate
US dollar	1.171	1.125	1.123	1.089	1.124
GB pound sterling	0.912	0.885	0.851	0.886	0.883
Indian rupee	86.299	83.495	80.187	77.162	78.830
Chinese yuan	7.972	7.866	7.821	7.778	7.714
Swiss franc	1.080	1.068	1.085	1.085	1.118
Argentine peso	89.123	89.123	67.275	62.400	62.400

Following the adoption of IAS 29 - Accounting in Hyperinflationary Economies, the average exchange rate for the first nine months of 2020 of the Argentine Peso is equal to the spot exchange rate at 30 September 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 various types of financial risk connected with its business activities, the following in particular:

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

This periodic financial information does not include all of the disclosures on financial risk management that are required in annual financial statements. It should therefore be read together with the annual report at 31 December 2019, 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 statement of financial position:

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following tables analyses the assets and liabilities measured at fair value at 30 September 2020 and 31 December 2019 by fair value hierarchy level:

in millions of euros	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Financial assets	–	–	23.5	23.5
Derivative financial instruments	–	0.4	–	0.4
<b>Total assets at 30.09.2020</b>	<b>–</b>	<b>0.4</b>	<b>23.5</b>	<b>23.9</b>
<b>Liabilities:</b>				
Payables for acquisition	–	–	102.0	102.0
Derivative financial instruments	–	7.4	–	7.4
<b>Total liabilities at 30.09.2020</b>	<b>–</b>	<b>7.4</b>	<b>102.0</b>	<b>109.4</b>
in millions of euros	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Financial assets	–	–	22.9	22.9
Derivative financial instruments	–	1.0	–	1.0
<b>Total assets at 31.12.2019</b>	<b>–</b>	<b>1.0</b>	<b>22.9</b>	<b>23.9</b>
<b>Liabilities:</b>				
Payables for acquisition	–	–	113.2	113.2
Derivative financial instruments	–	5.4	–	5.4
<b>Total liabilities at 31.12.2019</b>	<b>–</b>	<b>5.4</b>	<b>113.2</b>	<b>118.6</b>

During the first nine months 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 nine months of 2020:

in millions of euros	Assets	Liabilities
<b>Saldo al 01.01.2019</b>	19.0	62.0
Profit/(losses) recognized in PL	2.7	1.1
Profit/(losses) recognized in OCI	1.4	–
Acquisition of ATOP S.p.A.	–	28.3
Acquisition of Perfect Pack S.r.l.	–	17.1
Acquisition of Spreafico Automation S.r.l.	–	9.3
Acquisition of Tecmar S.A. and Spares & More S.r.l.	–	3.2
Increases / (decreases)	(3.0)	(0.4)
<b>Balance at 30.09.2019</b>	<b>20.1</b>	<b>120.6</b>
<b>Saldo al 01.01.2020</b>	22.9	113.2
Profit/(losses) recognized in PL	–	0.1
Profit/(losses) recognized in OCI	1.1	–
Increases / (decreases)	(0.5)	(11.3)
<b>Balance at 30.09.2020</b>	<b>23.5</b>	<b>102.0</b>

The liabilities at 30 September 2020 mainly consist of payables for the options subscribed in connection with the purchase of minority interests in subsidiaries.

## E) SCOPE OF CONSOLIDATION

The periodic financial information at 30 September 2020 includes the financial and operating information of I.M.A. Industria Macchine Automatiche S.p.A. (the Parent Company) and all the companies in which it directly or indirectly holds a controlling interest. A list of the companies included in the consolidation is provided in paragraph G of the Notes, with an indication of the consolidation method used. The main events in the first nine months 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 23 "Business combinations" for further information;
- ) on 31 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 profit of approximately 0.3 million euros. The sale price, equal to 3.1 million euros, was paid in full at the closing and measurement of the recoverable value of the asset led to the recognition of an impairment loss of 1.5 million euros;

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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) on 14 September 2020, the plan for IMA S.p.A. to absorb its wholly-owned subsidiary Corazza S.p.A. was filed with the Bologna Companies Register. The merger will take place in a simplified form, so without an exchange of shares, without the merging company increasing its capital and without any amendment to its articles of association. The merger will help simplify the IMA Group's corporate structure and optimise management of the related cash flows. The merger resolutions were approved by the Board of Directors of IMA S.p.A. and by the Shareholders' Meeting of Corazza S.p.A. and filed with the Companies Register on 20 October 2020. The merger deed will be signed later this year, taking effect from 1 January 2021.

## F) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The changes reported below were determined with respect to the amounts at 31 December 2019 for statement of financial position items and the amounts for the first nine months 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;

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- ) ATOP S.p.A. produces machines and automatic lines for manufacturing electric motors and rotors for the automotive sector;
- ) Benhil GmbH produces 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;
- ) Record S.p.A. designs and produces low-medium speed machinery and plants in the flexible packaging sector, known as "flow pack", for the packaging of food and non-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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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;
- )] IMA 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 CONSOLIDATED FINANCIAL STATEMENTS

The information on operating segments for the first nine months of 2020 and 2019 is provided below:

<b>from 01.01.2020 to 30.09.2020</b>					
in millions of euros	Tea, Food & Other	Pharma- ceutical	Tobacco packaging	Not allocated (*)	Total
Revenue from contracts with customers	480.3	474.3	61.2	–	1,015.8
Segment operating profit	4.4	56.9	13.9	–	75.2
Net financial income (expense) (**)					(19.2)
Profit (loss) from investments accounted for using the equity method	(0.1)	3.1	–	0.8	3.8
Profit before taxes					59.8
Taxes					(19.4)
Net profit for the period					40.4

<b>from 01.01.2019 to 30.09.2019</b>					
in millions of euros	Tea, Food & Other	Pharma- ceutical	Tobacco packaging	Not allocated (*)	Total
Revenue from contracts with customers	441.1	512.9	54.3	–	1,008.3
Segment operating profit	6.5	55.7	9.7	–	71.9
Net financial income (expense) (**)					43.6
Profit (loss) from investments accounted for using the equity method	–	3.1	–	–	3.1
Profit before taxes					118.6
Taxes					(27.9)
Net profit for the period					90.7

(\*) 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, since it is not possible to indicate specific amounts for each segment; this subdivision is not made in internal reports.

Consolidated revenue for the first nine months of 2020 reached 1,015.8 million euros compared with 1,008.3 million euros in the same period of 2019, an increase of 0.7% despite the slowdown in the first quarter generated by the Covid-2019 situation, partially recovered during the second and third quarters of the year. In particular, production in the third quarter was not lower than the average for previous quarters as in August there were no reductions during the period usually dedicated to holidays.

A key feature of the industry in which IMA Group operates is that interim results do not fully reflect the results that are expected for the entire year, because of time distributions that can vary significantly, as happened during the third quarter of this year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Tea, Food & Other segment revenue has increased compared with the previous year with a contribution of 1.9 million euros by the Record business and thanks to the lines for surgical masks made for the Civil Defence, which were all delivered during the third quarter of the current year. Operating profit has decreased by 2.1 million euros because of higher amortisation and depreciation following the acquisition of ATOP and the allocation of consolidation differences.

Revenue in the Pharmaceutical segment is down compared with the same period of the previous year (-38.6 million euros) and reflects a lower intake of orders compared with the previous year. Operating profit is substantially in line at 56.9 million euros compared with 55.7 million euros in the same period of 2019.

Revenue in the Tobacco sector amounts to 61.2 million euros, an increase on the previous year (54.3 million euros) because of a different distribution of deliveries compared with the previous period, despite 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 4.2 million euros.

Total assets at 30 September 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 September 2020	1,351.8	679.8	73.0	297.0	2,401.6
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 receivable 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 CONSOLIDATED FINANCIAL STATEMENTS

REVENUE BY GEOGRAPHICAL AREA

in millions of euros	from 01.01.2020 to 30.09.2020			Total
	Tea, Food & Other	Pharmaceutical	Tobacco packaging	
European Union (excluding Italy)	107.3	165.7	28.1	301.1
Other European countries	54.2	40.7	4.7	99.6
North America	106.5	68.1	2.1	176.7
Asia & Middle East	68.7	97.4	16.4	182.5
Italy	84.7	60.2	9.9	154.8
Other countries	58.9	42.2	–	101.1
<b>Total</b>	<b>480.3</b>	<b>474.3</b>	<b>61.2</b>	<b>1,015.8</b>

in millions of euros	from 01.01.2019 to 30.09.2019			Total
	Tea, Food & Other	Pharmaceutical	Tobacco packaging	
European Union (excluding Italy)	116.0	157.7	13.4	287.1
Other European countries	49.2	18.4	3.4	71.0
North America	111.5	88.2	–	199.7
Asia & Middle East	64.2	121.6	27.4	213.2
Italy	45.8	63.0	9.8	118.6
Other countries	54.4	64.0	0.3	118.7
<b>Total</b>	<b>441.1</b>	<b>512.9</b>	<b>54.3</b>	<b>1,008.3</b>

REVENUE BY BUSINESS CATEGORY

in millions of euros	from 01.01.2020 to 30.09.2020			Total
	Tea, Food & Other	Pharmaceutical	Tobacco packaging	
Original Equipment	338.0	314.2	41.7	693.9
After-Sales	142.3	160.1	19.5	321.9
<b>Total</b>	<b>480.3</b>	<b>474.3</b>	<b>61.2</b>	<b>1,015.8</b>

in millions of euros	from 01.01.2019 to 30.09.2019			Total
	Tea, Food & Other	Pharmaceutical	Tobacco packaging	
Original Equipment	310.6	347.5	25.3	683.4
After-Sales	130.5	165.4	29.0	324.9
<b>Total</b>	<b>441.1</b>	<b>512.9</b>	<b>54.3</b>	<b>1,008.3</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

REVENUE BY TIMING OF RECOGNITION

in millions of euros	from 01.01.2020 to 30.09.2020			Total
	Tea, Food & Other	Pharmaceutical	Tobacco packaging	
Revenue at a point in time	247.3	202.2	16.2	465.7
Revenue over time	233.0	272.1	45.0	550.1
<b>Total</b>	<b>480.3</b>	<b>474.3</b>	<b>61.2</b>	<b>1,015.8</b>

in millions of euros	from 01.01.2019 to 30.09.2019			Total
	Tea, Food & Other	Pharmaceutical	Tobacco packaging	
Revenue at a point in time	236.5	200.8	22.6	459.9
Revenue over time	204.6	312.1	31.7	548.4
<b>Total</b>	<b>441.1</b>	<b>512.9</b>	<b>54.3</b>	<b>1,008.3</b>

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

**PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment show a net increase of 6.5 million euros compared with 31 December 2019.

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

in millions of euros	Land and Building	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
<b>Balances at 01.01.2020</b>	<b>46.4</b>	<b>24.1</b>	<b>5.6</b>	<b>13.7</b>	<b>10.4</b>	<b>100.2</b>
Additions	0.2	6.1	1.3	2.7	5.4	15.7
Sales and eliminations	(0.6)	(0.4)	-	-	-	(1.0)
Depreciation	(1.2)	(4.3)	(1.7)	(3.3)	-	(10.5)
Change in scope of consolidation	3.5	-	-	0.1	-	3.6
Reclassifications and other changes	(0.7)	2.2	-	(0.1)	(2.7)	(1.3)
<b>Balances at 30.09.2020</b>	<b>47.6</b>	<b>27.7</b>	<b>5.2</b>	<b>13.1</b>	<b>13.1</b>	<b>106.7</b>

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.

Sales and disposals mainly relate to the sale to third parties of the entire investment in Hassia India Pvt. Ltd.

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

"Other assets" comprise:

in millions of euros	30.09.2020	31.12.2019
Electronic office equipment	8.4	8.4
Office furniture and fittings	3.1	3.0
Vehicles	1.4	1.6
Other	0.2	0.7
<b>Total</b>	<b>13.1</b>	<b>13.7</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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), Barberino Tavarnelle (FI) and Garbagnate Monastero (LC), owned by Tissue Machinery Company S.p.A., ATOP S.p.A. and Record S.p.A. respectively, 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
<b>Balances at 01.01.2020</b>	<b>191.6</b>	<b>1.1</b>	<b>0.1</b>	<b>5.7</b>	<b>14.3</b>	<b>212.8</b>
Additions	10.6	-	-	0.9	10.9	22.4
Depreciation	(19.0)	(0.2)	-	(2.0)	-	(21.2)
Reclassifications and other changes	(2.7)	-	-	(0.1)	1.5	(1.3)
<b>Balances at 30.09.2020</b>	<b>180.5</b>	<b>0.9</b>	<b>0.1</b>	<b>4.5</b>	<b>26.7</b>	<b>212.7</b>

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).

There are no internal or external elements to suggest that property, plant and equipment and right of use assets have suffered an impairment in value.

### 3. INTANGIBLE ASSETS

The movements in intangible assets during the period are analysed as follows:

in millions of euros	Development costs	Industrial patents rights	Software licences, trademarks and similar	Goodwill	Asset under development and advances	Total
<b>Balances at 01.01.2020</b>	<b>164.2</b>	<b>6.7</b>	<b>194.3</b>	<b>478.4</b>	<b>31.2</b>	<b>874.8</b>
Additions	4.9	1.3	1.3	-	11.5	19.0
Acquisitions in the period	0.1	-	-	7.2	-	7.3
Decreases	(0.2)	(0.1)	(0.7)	(1.8)	-	(2.8)
Amortization	(21.6)	(1.6)	(13.0)	-	-	(36.2)
Reclassifications and other changes	6.6	-	0.5	(0.4)	(7.3)	(0.6)
<b>Balances at 30.09.2020</b>	<b>154.0</b>	<b>6.3</b>	<b>182.4</b>	<b>483.4</b>	<b>35.4</b>	<b>861.5</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

in millions of euros	Year of acquisition	30.09.2020	31.12.2019
ATOP S.p.A.	2019	39.4	42.9
Spreafico Automation S.r.l.	2019	15.6	17.0
Perfect Pack S.r.l.	2019	4.4	4.8
Tecmar S.A.	2019	1.8	1.9
Ciemme S.r.l.	2018	3.7	4.1
TMC Group	2018	19.7	21.6
Petroncini Impianti S.p.A.	2018	5.8	6.4
Eurosicma S.p.A.	2017	13.4	14.7
Benhil GmbH	2015	5.8	6.9
Ilapak Group	2013	4.8	6.0

In addition, this caption includes costs of 8.5 million euros incurred by the Parent Company on projects related to the Pharmaceutical sector, 10.6 million euros on project development for the Tea, Food & Other sector and 7.0 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 118.2 million euros and 52.8 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	30.09.2020	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	43.9	36.7
CGU Tea	16.9	16.9
CGU Tissue	37.6	37.6
	<b>407.1</b>	<b>401.7</b>
Pharmaceutical:		
CGU Active	12.5	12.5
CGU Life	27.4	27.4
CGU Safe	36.4	36.8
	<b>76.3</b>	<b>76.7</b>
<b>Total</b>	<b>483.4</b>	<b>478.4</b>

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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

This item comprises:

in millions of euros	30.09.2020	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.lli 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.	1.4	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	1.6	1.2
<b>Total</b>	<b>30.3</b>	<b>26.1</b>

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

During 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 September 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 elements emerged that made value adjustments necessary.

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;



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- ) B.C. S.r.l. manufactures machine parts for the Group and third parties;
- ) Bacciottini F.lli S.r.l. processes sheet metal for pharmaceutical machinery;
- ) Bolognesi S.r.l. operates in the field of mechanical engineering and industrial assembly;
- ) 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	30.09.2020	31.12.2019
Non-current:		
· Financial assest measured at amortized cost	42.9	42.5
· Financial assest measured at FVOCI	6.0	6.9
· Financial assest measured at FVPL	0.4	0.4
	<b>49.3</b>	<b>49.8</b>
Current:		
· Financial assest measured at amortized cost	3.1	2.6
· Financial assest measured at FVOCI	17.1	15.6
	<b>20.2</b>	<b>18.2</b>
<b>Total</b>	<b>69.5</b>	<b>68.0</b>

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Current financial assets valued at FVOCI mainly include investment funds attributable to the Parent Company for 14.5 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	Liabilities	Assets	Liabilities
	30.09.2020	30.09.2020	31.12.2019	31.12.2019
Interest rate hedging instruments - cash flow hedges	–	7.3	–	5.3
Exchange rate hedging instruments - cash flow hedges	0.4	0.1	1.0	0.1
<b>Total</b>	<b>0.4</b>	<b>7.4</b>	<b>1.0</b>	<b>5.4</b>

#### INTEREST RATE DERIVATIVES

At 30 September 2020, the amount of 4.8 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 330.1 million euros and a finance lease that expires in 2026 on a nominal value of 5.4 million euros.

Furthermore, the residual amount of 2.5 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 40.7 million euros.

#### EXCHANGE RATE DERIVATIVES

At 30 September 2020, the amount of 0.4 million euros in assets and 0.1 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 10.0 million US dollars and 99.4 million Chinese yuan.

### 7. DEFERRED TAX ASSETS AND LIABILITIES

At 30 September 2020, the deferred tax asset of 56.8 million euros (58.3 million euros at 31 December 2019) mainly relates to a deferred tax asset recognized in 2012 on the release of the step-up in the carrying amounts of the controlling interests recorded in IMA S.p.A.'s consolidated financial statements and temporary differences arising on provisions.

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2020, deferred tax liabilities amount to 100.2 million euros (108.8 million euros at 31 December 2019) and relate mainly to temporary differences between the book values of certain tangible and intangible assets and their values recognized for tax purposes.

### 8. INVENTORIES

This item comprises:

in millions of euros	30.09.2020			31.12.2019		
	Gross value	Impairment provision	Net value	Gross value	Impairment provision	Net value
Raw, ancillary and consumable materials	106.0	(15.8)	90.2	90.0	(13.5)	76.5
Work in progress and semifinished goods	355.3	(47.2)	308.1	294.7	(41.4)	253.3
Finished products and goods for resale	15.6	(2.8)	12.8	17.3	(2.9)	14.4
<b>Total</b>	<b>476.9</b>	<b>(65.8)</b>	<b>411.1</b>	<b>402.0</b>	<b>(57.8)</b>	<b>344.2</b>

The increase in inventories since 31 December 2019 reflects the preparation of machines for delivery to customers in the fourth quarter, as well as the backlog at the end of September.

Movements in these provisions in the period were as follows:

in millions of euros	
<b>Balances at 01.01.2019</b>	<b>48.3</b>
Net provisions (uses)	5.2
Change in scope of consolidation	4.3
Exchange rate difference	0.3
<b>Balances at 30.09.2019</b>	<b>58.1</b>
<b>Balances at 01.01.2020</b>	<b>57.8</b>
Net provisions (uses)	7.2
Change in scope of consolidation	1.1
Exchange rate difference	(0.3)
<b>Balances at 30.09.2020</b>	<b>65.8</b>

The net increase in inventories reported in the consolidated cash flow statement differs from the change in the corresponding item of the statement of financial position mainly as a result of inventories attributable to the business combination, as commented in Note 23.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

#### TRADE AND OTHER RECEIVABLES

This item comprises:

in millions of euros	30.09.2020	31.12.2019
Trade receivables	194.7	182.9
Advances to suppliers	28.2	29.1
Tax receivables	14.9	15.9
Deferred costs	12.6	10.1
Other receivables	6.6	5.9
<b>Total</b>	<b>257.0</b>	<b>243.9</b>

#### TRADE RECEIVABLES

Trade receivables include amounts due from customers of 179.3 million euros (171.8 million euros at 31 December 2019) and receivables from associates of 15.4 million euros (11.1 million euros at 31 December 2019).

Customer receivables falling due beyond 12 months amounted to 1.0 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 September 2020 amount to 29.3 million euros, of which 15.8 million euros have been assigned to factoring companies and 13.5 million euros to other financial institutions. 2020 saw the assignment without recourse of receivables with an overall nominal value of around 48.8 million euros.

#### ADVANCES TO SUPPLIERS

At 30 September 2020, these relate to advances for goods to be used in production and for services totalling, respectively, 20.9 million euros (17.7 million euros at 31 December 2019) and 7.3 million euros (11.4 million euros at 31 December 2019).

This balance includes 5.4 million euros of advances to associated companies (3.2 million euros at 31 December 2019).

#### TAX RECEIVABLES

Tax receivables mainly consist of VAT recoverable.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**CONTRACT ASSETS**

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

in millions of euros	30.09.2020	31.12.2019
Contract assets related to contract works	561.3	595.0
Advances received	(340.4)	(358.3)
<b>Total</b>	<b>220.9</b>	<b>236.7</b>

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 increase in trade and other receivables reported in the consolidated cash flow statement differs from the change in the corresponding item of the statement of financial position mainly as a result of trade receivables attributable to the business combination, as commented in Note 23.

**10. CASH AND CASH EQUIVALENTS**

This item comprises:

in millions of euros	30.09.2020	31.12.2019
Bank current accounts	161.2	107.7
Deposits	2.9	2.8
Cheques and cash	0.4	0.2
<b>Total</b>	<b>164.5</b>	<b>110.7</b>

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

**11. EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT**SHARE CAPITAL

The share capital at 30 September 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

By resolution of 21 April 2017, the Extraordinary Shareholders' Meeting of IMA approved the amendment of certain provisions of the articles of association to provide for the increase in voting rights pursuant to art. 127 quinquies CFA (similar to the concept of loyalty shares). After uninterrupted ownership of the shares for twenty-four months from the date of registration in the specific list, a number of shareholders have acquired 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 in its own shares during the first nine months of 2020.

### ALLOCATION OF THE PROFIT FOR 2019

The Shareholders' Meeting of 10 June 2020 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

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

in millions of euros	
<b>Balance at 01.01.2019</b>	<b>(2.9)</b>
<i>Financial assets at FVOCI</i>	
Measurement at fair value	1.4
Fair value - tax effect	(0.3)
<i>Cash flow hedges/hedging instruments</i>	
Change in scope of consolidation	(0.9)
Measurement at fair value	(3.7)
Fair value - tax effect	0.9
Realization recognized in PL	0.6
Tax effect - realization recognized in PL	(0.2)
<b>Balance at 30.09.2019</b>	<b>(5.1)</b>
<b>Balance at 01.01.2020</b>	<b>(4.3)</b>
<i>Financial assets at FVOCI</i>	
Measurement at fair value	0.1
<i>Cash flow hedges/hedging instruments</i>	
Measurement at fair value	(1.5)
Fair value - tax effect	0.2
Realization recognized in PL	(0.3)
<b>Balance at 30.09.2020</b>	<b>(5.8)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### OTHER RESERVES AND RETAINED EARNINGS

The changes during the period principally reflect the allocation to reserves of the 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	
<b>Balance at 01.01.2019</b>	<b>(6.0)</b>
Change in scope of consolidation	(0.4)
Actuarial value	(2.6)
Tax effect	0.5
<b>Balance at 30.09.2019</b>	<b>(8.5)</b>
<b>Balance at 01.01.2020</b>	<b>(9.5)</b>
Actuarial value	(3.4)
Tax effect	0.5
<b>Balance at 30.09.2020</b>	<b>(12.4)</b>

## 12. NON-CONTROLLING INTERESTS

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

	Country	30 September 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%
Pharmasienna 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 September 2020 amounted to 9.6 million euros (11.4 million euros at 31 December 2019) and refer to ATOP S.p.A. for 8.6 million euros.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**13. BORROWINGS AND LEASE LIABILITIES****BORROWINGS**

The item includes financial liabilities valued at amortized cost and, in particular, amounts due to banks of 620.4 million euros (491.5 million euros at 31 December 2019), amounts due to other lenders of 0.5 million euros (1.3 million euros at 31 December 2019) and bonds of 146.2 million euros (152.4 million euros at 31 December 2019).

PAYABLES TO BANKS

Payables to banks comprise:

in millions of euros	30.09.2020	31.12.2019
Non-current:		
· Applied research and technological innovation loans	3.6	4.6
· Other loans	358.9	372.1
	<b>362.5</b>	<b>376.7</b>
Current:		
· Current accounts	15.1	2.7
· Advances on domestic transactions (Italy)	13.4	8.7
· Advances on export transactions	175.6	58.4
· Advances on export transactions to be carried out	16.0	11.3
· Applied research and technological innovation loans	2.1	2.0
· Other loans	35.7	31.7
	<b>257.9</b>	<b>114.8</b>
<b>Total</b>	<b>620.4</b>	<b>491.5</b>

*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 export advances 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	30.09.2020	31.12.2019
Due within 1 year	257.9	114.8
Due from 1 to 5 years	360.0	334.6
Due beyond 5 years	2.5	42.1
<b>Total</b>	<b>620.4</b>	<b>491.5</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Mortgages have been granted on the properties of Castel Guelfo (BO), Barberino Tavarnelle (FI) and Garbagnate Monastero (LC) owned by Tissue Machinery Company S.p.A., ATOP S.p.A. and Record S.p.A. respectively, against loans for 1.4 million euros, 2.6 million euros and 0.2 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.

At 30 September 2020 the Group had around 724 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 0.3 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%.

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Bonds are analysed as follows:

in millions of euros	30.09.2020	31.12.2019
Non-current portion	100.0	145.0
Current portion	46.2	7.4
<b>Total book value</b>	<b>146.2</b>	<b>152.4</b>

### LEASE LIABILITIES

The item breaks down as follows:

in millions of euros	30.09.2020	31.12.2019
Non-current lease liabilities	138.6	142.2
Current lease liabilities	22.8	21.1
<b>Total</b>	<b>161.4</b>	<b>163.3</b>

Lease liabilities essentially include property leases.

### NET DEBT

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

in millions of euros	30.09.2020	31.12.2019
A. Cash and cash equivalents	(164.5)	(110.7)
B. Other cash equivalents	(2.6)	(4.0)
C. Investments in securities	(14.5)	(11.7)
<b>D. Liquidity (A)+(B)+(C)</b>	<b>(181.6)</b>	<b>(126.4)</b>
<b>E. Current financial receivables</b>	<b>(3.1)</b>	<b>(2.5)</b>
F. Current payables to banks	227.7	81.8
G. Current portion of non-current payables	99.2	61.5
H. Other current financial payables	0.3	1.1
<b>I. Current financial debt (F) + (G) + (H)</b>	<b>327.2</b>	<b>144.4</b>
<b>J. Net current financial debt (D)+(E)+(I)</b>	<b>142.5</b>	<b>15.5</b>
K. Non-current portion of non-current bank payables	362.5	376.7
L. Bonds issued	100.0	145.0
M. Other non-current financial payables	138.8	142.4
N. Non-current financial assets	(42.9)	(42.5)
<b>O. Net non-current financial debt (K)+(L)+(M)+(N)</b>	<b>558.4</b>	<b>621.6</b>
<b>P. Net financial debt (J)+(O)</b>	<b>700.9</b>	<b>637.1</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 debt is given in Notes 5 and 10.

The Group also has payables for acquisitions totalling 103.0 million euros (113.9 million euros at 31 December 2019), predominantly relating to the options agreed for the purchase of the minority interests in subsidiaries.

Net financial indebtedness at the end of the period amounts to 700.9 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.

Net debt is expected to decline significantly towards the end of the year. This is a normal process due to the seasonal nature of the business, with 30 September 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	
<b>Balance at 01.01.2020</b>	<b>40.6</b>
Current service cost	1.1
Net actuarial losses (gains) recognized during the period	3.4
Change in scope of consolidation	0.6
Benefit paid out during the period	(1.6)
Other changes	(0.2)
<b>Balance at 30.09.2020</b>	<b>43.9</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

in millions of euros	30.09.2020	31.12.2019
Italy	25.4	25.1
Germany	6.3	6.5
Switzerland	10.3	6.9
France	0.3	0.3
North America	0.8	0.9
Other countries	0.8	0.9
<b>Total</b>	<b>43.9</b>	<b>40.6</b>

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

	30.09.2020	31.12.2019
Annual discount rate	0.59%	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 are analysed as follows:

in millions of euros	Balance at 31.12.2019	Net increases	Net decreases	Change in scope of consolidation	Balance at 30.09.2020
Non-current:					
Agency termination indemnities	3.2	–	(0.1)	0.2	3.3
Other provisions	3.1	–	–	0.1	3.2
	<b>6.3</b>	<b>–</b>	<b>(0.1)</b>	<b>0.3</b>	<b>6.5</b>
Current:					
Product guarantee provision	27.8	2.8	(1.5)	–	29.1
Other provisions	2.0	1.7	(0.4)	–	3.3
	<b>29.8</b>	<b>4.5</b>	<b>(1.9)</b>	<b>–</b>	<b>32.4</b>
<b>Total</b>	<b>36.1</b>	<b>4.5</b>	<b>(2.0)</b>	<b>0.3</b>	<b>38.9</b>

The product guarantee provision was established on the basis of estimated expenses for work to be performed under guarantee after 30 September 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

#### TRADE AND OTHER PAYABLES

This item comprises:

in millions of euros	30.09.2020	31.12.2019
Trade payables	359.6	413.8
Social security and defined-contribution plans payables	10.8	15.1
Tax payables	8.3	12.9
Due to employees	89.1	79.0
Payables in respect of acquisitions	103.0	113.9
Deposits	2.6	1.3
Other payables	12.5	12.0
<b>Total</b>	<b>585.9</b>	<b>648.0</b>

#### TRADE PAYABLES

This item includes trade payables of 256.7 million euros (297.8 million euros at 31 December 2019), payables to agents of 15.0 million euros (16.8 million euros at 31 December 2019) and trade payables to associates of 87.9 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. It includes 1.0 million euros classified among the non-current liabilities (14.2 million euros at 31 December 2019).

#### PAYABLES IN RESPECT OF ACQUISITIONS

At 30 September 2020 these include payables for the purchase of investments relating to the acquisitions that took place in 2019 for 52.9 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 19.3 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 95.6 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 minority 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).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### CONTRACT LIABILITIES

This caption is analysed as follows:

in millions of euros	30.09.2020	31.12.2019
Advances received from customers	115.8	105.1
Contract liabilities related to contract works	31.9	30.7
<b>Total</b>	<b>147.7</b>	<b>135.8</b>

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

in millions of euros	30.09.2020	31.12.2019
Advances received	146.6	113.6
Contract assets related to contract works	(114.7)	(82.9)
<b>Total</b>	<b>31.9</b>	<b>30.7</b>

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

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 statement of financial position item mainly because of the options exercised during the period and the business combination, as commented on in Note 23.

### 17. PERSONNEL COSTS

This item comprises:

in millions of euros	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019	Change
Wages and salaries	232.0	226.4	5.6
Social security contributions	55.1	53.0	2.1
Board of Directors' emoluments	4.1	7.1	(3.0)
Pensions - defined-benefit plans	1.1	1.2	(0.1)
Pensions - defined-contribution plans	11.1	11.3	(0.2)
Other personnel costs	14.7	15.7	(1.0)
<b>Total</b>	<b>318.1</b>	<b>314.7</b>	<b>3.4</b>

Personnel costs related to ATOP S.p.A. and Perfect Pack S.r.l., partially included in the scope of consolidation in the first nine months of 2019 for 3.5 million euros, amounted to 11.8 million euros.

In addition, the item includes 0.7 million euros attributable to the newly acquired Record S.p.A.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The IMA Group employed 6,206 people on average during the first nine months of 2020, as analysed below:

	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019	Change
Management	300	303	(3)
Office workers	3,941	3,773	168
Production workers	1,965	1,804	161
<b>Total</b>	<b>6,206</b>	<b>5,880</b>	<b>326</b>

At the end of period, the Group had 6,121 employees (6,159 at 31 December 2019), of whom 50 were attributable to Record S.p.A.

### 18. DEPRECIATION, AMORTIZATION AND WRITE-DOWNS

This item breaks down as follows:

in millions of euros	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019	Change
Depreciation of property, plant and equipment	10.5	12.5	(2.0)
Depreciation of right of use assets	21.2	15.8	5.4
Amortization of intangible assets	36.2	26.0	10.2
Write-downs/impairment	1.5	–	1.5
Bad debt provision	0.6	0.6	–
<b>Total</b>	<b>70.0</b>	<b>54.9</b>	<b>15.1</b>

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.

### 19. FINANCIAL INCOME

This item comprises:

in millions of euros	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019	Change
Fair value remeasurement of the interest held in ATOPbi S.p.A.	–	56.3	(56.3)
Interest income from banks	0.3	0.3	–
Income from derivative financial instruments	0.1	0.3	(0.2)
Income from financial assets at FVOCI	–	2.7	(2.7)
Change in fair value for contingent consideration	0.5	1.9	(1.4)
Other interest income and financial income	1.3	1.4	(0.1)
Exchange rate gains	15.1	17.0	(1.9)
<b>Total</b>	<b>17.3</b>	<b>79.9</b>	<b>(62.6)</b>

With regard to the proceeds of the remeasurement at fair value of the interest in ATOPbi S.p.A., please refer to the comments in the Periodic Financial Information at 30 September 2019.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 20. FINANCIAL EXPENSE

This item comprises:

in millions of euros	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019	Change
Fair value remeasurement of the interest held in CMRE S.r.l.	–	1.0	(1.0)
Interest expense on bank payables	5.2	4.3	0.9
Interest expense on bonds	3.6	3.6	–
Interest expense on leases liabilities	3.6	3.0	0.6
Net financial expense on defined-benefit plans	–	0.5	(0.5)
Bank guarantee expenses	0.5	0.5	–
Expense from derivative financial instruments	0.6	1.0	(0.4)
Change in fair value for contingent consideration	0.6	3.0	(2.4)
Other interest and financial expense	3.9	2.2	1.7
Net expense from hyperinflation	0.2	0.4	(0.2)
Exchange rate losses	18.3	16.8	1.5
<b>Total</b>	<b>36.5</b>	<b>36.3</b>	<b>0.2</b>

Exchange gains and losses in the period to 30 September 2020 included, respectively, an unrealized gain of 7.0 million euros and an unrealized loss of 7.6 million euros (9.7 million euros and 9.0 million euros respectively in the same prior year period).

### 21. TAXES

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

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

	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019
Profit for the period (millions of euros)	42.0	88.0
Average number of outstanding ordinary shares (millions of shares)	43.1	39.2
<b>Earning per share (in euros)</b>	<b>0.97</b>	<b>2.24</b>

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 23. 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.

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	(0.6)	(0.6)
Provisions for risks and charges	(0.3)	(0.3)
Trade payables and other liabilities	(2.7)	(2.7)
<b>Total</b>	<b>4.7</b>	<b>4.7</b>
Cost of acquisition		11.9
<b>Goodwill</b>		<b>7.2</b>

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.

At 30 September 2020, the newly acquired company, consolidated for 3 months, generated revenue of 1.9 million euros and an operating result of 0.1 million euros, including personnel costs of 0.7 million euros.

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

### 24. GUARANTEES GRANTED

At 30 September 2020, the Group provided sureties and other bank guarantees to customers for 36.7 million euros for the proper functioning of the machines, bid bonds and advances not yet received, sureties guaranteeing lease contracts for 7.7 million euros and guarantees in favour of others for 2.9 million euros.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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 of credit or financing extended by banks and the payment of rental fees for 303.2 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 86.3 million euros (107.3 million euros at 31 December 2019), of which 31.0 million euros reflect the use of credit lines guaranteed by commitments on the part of the Parent Company.

### **25. COMMITMENTS**

At 30 September 2020 there are commitments for the purchase of property, plant and equipment and intangible assets of 16.0 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 12.1 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, 17.1 million euros, mainly consist of the Parent Company's agreement to buy further units of the mutual funds.

### **26. 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 September 2020 is owned 51.594% by SOFIMA.

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.

It is up to a plenary meeting of the Board of Directors to give advance approval 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note that during the first nine months there were no "more significant transactions", as defined in the Consob regulation, no individual Related Party transactions that could have had a significant influence over the companies' statement of financial position or results and no changes or developments in Related Party transactions explained in the last annual report that could have had a significant influence over the companies' statement of financial position or results.

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

in millions of euros	Receivables at 30.09.2020	Receivables at 31.12.2019	Payables at 30.09.2020	Payables at 31.12.2019
<b>Associates and joint venture:</b>				
Alfa S.r.l.	4.0	–	–	–
Amherst Stainless Llc	0.9	1.5	0.1	0.2
A.P.M. Assembly Pack. Mach. S.r.l.	0.9	0.8	1.5	1.7
B.C. S.r.l.	3.6	3.3	0.8	0.9
Bacciottini F.lli S.r.l.	1.6	0.9	7.0	9.3
Bognesi S.r.l.	1.4	1.3	4.3	4.7
Doo Officina-Game East Vrsac	1.5	1.3	0.1	0.1
I.E.M.A. S.r.l.	6.8	3.4	19.0	18.1
IMA Dairy & Food Holding GmbH	44.8	44.8	–	–
Inkbit Llc	–	1.8	–	–
LA.CO S.r.l.	0.8	0.8	3.0	2.8
Logimatic S.r.l.	14.2	10.0	26.4	28.6
Meccanica Sarti S.r.l.	1.3	1.3	0.4	0.7
Me.Mo. S.r.l.	1.5	1.5	0.1	0.1
MORC 2 S.r.l.	2.1	2.3	2.2	4.3
O.M.S. Officina Meccanica di Sonico S.r.l.	1.2	1.1	0.9	1.2
RO.SI S.r.l.	0.3	0.3	1.8	1.8
SIL.MAC S.r.l.	3.1	2.6	9.5	10.9
STA.MA. S.r.l.	0.3	0.1	1.7	2.2
Talea S.r.l.	10.3	11.8	6.9	8.8
Other associates	1.5	1.4	2.2	2.8
	<b>102.1</b>	<b>92.3</b>	<b>87.9</b>	<b>99.2</b>
<b>Other related parties:</b>				
3-T S.r.l.	–	–	1.1	1.2
Costal S.r.l.	–	–	0.8	1.2
EPSOL S.r.l.	1.5	1.8	4.9	5.5
Erca S.A.S.	0.4	1.0	–	–
GASTI Verpackungsmaschinen GmbH	0.2	0.5	–	–
Hassia Verpackungsmaschinen GmbH	0.8	1.0	–	–
Hotminds S.r.l.	0.2	0.1	1.1	1.2
LPM.GROUP S.r.l.	0.2	0.1	5.3	5.8
Timage S.r.l.	–	–	1.0	1.0
Other related parties	1.2	1.1	2.1	1.9
	<b>4.5</b>	<b>5.6</b>	<b>16.3</b>	<b>17.8</b>
<b>Total</b>	<b>106.6</b>	<b>97.9</b>	<b>104.2</b>	<b>117.0</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

in millions of euros	Revenues from 01.01.2020 to 30.09.2020	Revenues from 01.01.2019 to 30.09.2019	Costs from 01.01.2020 to 30.09.2020	Costs from 01.01.2019 to 30.09.2019
<b>Associates and joint venture:</b>				
Amherst Stainless Llc	–	0.1	3.6	2.9
A.P.M. Assembly Pack. Machinery S.r.l	0.2	–	1.4	–
B.C. S.r.l.	0.3	0.4	4.5	4.4
Bacciottini F.lli S.r.l.	0.7	0.3	7.7	9.6
Bolognesi S.r.l.	0.3	0.3	3.9	4.6
Doo Officina-Game East Vrsac	0.1	0.1	0.5	0.8
I.E.M.A. S.r.l.	4.1	1.8	15.6	13.6
IMA Dairy & Food Holding GmbH	0.8	0.8	–	0.6
L.A.CO S.r.l.	0.1	0.2	2.8	2.7
Logimatic S.r.l.	5.7	6.0	18.9	18.5
Masterpiece S.r.l.	–	–	0.7	0.7
Meccanica Sarti S.r.l.	–	–	0.4	0.7
MORC 2 S.r.l.	0.7	0.2	4.3	2.6
O.M.S. Officina Meccanica Sonico S.r.l	0.1	0.1	2.2	1.8
Powertransmission.it S.r.l.	–	–	0.7	0.8
RO.SI S.r.l.	0.1	0.1	1.8	1.7
SIL.MAC. S.r.l.	1.7	1.5	7.1	6.3
S.I.Me. S.r.l.	–	–	1.1	0.9
STA.MA. S.r.l.	0.2	0.1	1.4	1.9
Talea S.r.l.	–	0.1	3.8	4.1
Other associates	1.1	0.1	1.6	0.9
	<b>16.2</b>	<b>12.2</b>	<b>84.0</b>	<b>80.1</b>
<b>Other related parties:</b>				
3-T S.r.l.	–	–	1.0	1.1
ATOP S.p.A.	–	2.0	–	–
Costal S.r.l.	–	–	1.5	1.9
Deltos S.r.l.	–	–	0.5	0.8
Erca S.A.S.	0.6	0.6	0.1	0.1
EPSOL S.r.l.	0.7	1.1	4.2	4.5
Hassia Verpackungsmaschinen GmbH	1.1	1.2	–	0.2
LPM.GROUP S.r.l.	0.1	0.1	5.2	5.3
Timage S.r.l.	–	–	2.1	1.9
Other related parties	0.9	0.6	5.8	7.1
	<b>3.4</b>	<b>5.6</b>	<b>20.4</b>	<b>22.9</b>
<b>Total</b>	<b>19.6</b>	<b>17.8</b>	<b>104.4</b>	<b>103.0</b>

It should also be noted that Other related parties include fees of 1.4 million euros for professional services provided by a related party, namely a Director of the Parent Company.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

These balances and transactions relate primarily to the Group's Italian companies. There are also dealings with SOFIMA, 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 nine months of 2020 for the remuneration due to executives with strategic responsibilities is approximately 3.0 million euros (5.9 million euros in the same period 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 statement of financial position including transactions with related parties and their percentage impact:

in millions of euros	Total at 30.09.2020	Of which related parties	% impact	Total at 31.12.2019	Of which related parties	% impact
<b>Statement of financial position:</b>						
<i>Non-current assets</i>	1,320.4	79.2	6.0%	1,325.0	76.1	5.7%
Trade and other receivables	477.9	24.3	5.1%	480.6	19.2	4.0%
Other current assets	603.3	3.1	0.5%	495.4	2.6	0.5%
<i>Current assets</i>	1,081.2	27.4	2.5%	976.0	21.8	2.2%
<b>Total assets</b>	<b>2,401.6</b>	<b>106.6</b>	<b>4.4%</b>	<b>2,301.0</b>	<b>97.9</b>	<b>4.3%</b>
<i>Equity</i>	536.6			504.9		
<i>Non-current liabilities</i>	856.1	-	-	945.7	-	-
Trade and other payables	636.7	104.2	16.4%	663.3	117.0	17.6%
Other current liabilities	372.2	-	-	187.1	-	-
<i>Current liabilities</i>	1,008.9	104.2	10.3%	850.4	117.0	13.8%
<b>Total liabilities and equity</b>	<b>2,401.6</b>	<b>104.2</b>	<b>4.3%</b>	<b>2,301.0</b>	<b>117.0</b>	<b>5.1%</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

in millions of euros	from 01.01.2020 to 30.09.2020	Of which related parties	% impact	from 01.01.2019 to 30.09.2019	Of which related parties	% impact
<b>Income statement:</b>						
Revenues and other income	1,020.2	14.8	1.5%	1,016.3	13.6	1.3%
Cost of raw materials and goods	(428.4)	(68.4)	16.0%	(412.6)	(65.3)	15.8%
Cost of services and leases	(202.5)	(34.6)	17.1%	(229.6)	(36.2)	15.8%
Other operating costs	(314.1)	(1.2)	0.4%	(302.2)	(1.2)	0.4%
<b>Operating profit</b>	<b>75.2</b>			<b>71.9</b>		
Net financial income (expense)	(19.2)	0.8	–	43.6	0.8	1.8%
Profit (loss) from investment accounted for using equity method	3.8	3.8	100.0%	3.1	3.1	100.0%
Taxes	(19.4)	–	–	(27.9)	–	–
<b>Profit for the period</b>	<b>40.4</b>			<b>90.7</b>		

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

During the first nine months of 2020, the amount of 2.0 million euros refers for 1.5 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 0.6 million euros, Costs for services, rentals and leases for 1.3 million euros and Personnel costs for 0.1 million euros.

During the first nine months of 2019, non-recurring charges classified as Services, rentals and leases amounted to 7.0 million euros and related principally to costs involved in the plan to merge GIMA TT S.p.A. and IMA S.p.A. for 4.8 million euros and ancillary charges on acquisitions of 2.0 million euros.

### 28. ATYPICAL AND/OR UNUSUAL TRANSACTIONS

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

### 29. SIGNIFICANT EVENTS AFTER THE END OF THE THIRD QUARTER

On 27 October 2020, the Shareholders' Meeting of IMA S.p.A. appointed the new Board of Directors, subject to the closing of the purchase and sale of SOFIMA shares announced to the market on 28 July 2020, setting the number of board members at eleven, with a three-year term of office.

Ten directors were taken from the list presented by the majority shareholder SOFIMA: Alberto Vacchi, Maria Carla Schiavina, Paola Alessandra Paris (Independent Director), Sonia Bonfiglioli (Independent Director), Luca Poggi, Stefano Ferraresi, Marco Castelli, Christelle Rétif, Luca Maurizio Duranti (Independent Director) and Alessandra Schiavina; the last director was taken from the list presented by the Law Firm

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Trevisan & Associati, collectively, on behalf of a group of asset management companies, in the person of Cesare Conti (independent director). The members appointed to the new Board of Directors also comply with the provisions on gender quotas.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Companies consolidated line-by-line	Registered office		Share capital	Currency	Direct investment	Indirect investment
<b>Industrial and service companies:</b>						
- I.M.A. Industria Macchine Automatiche S.p.A.	Ozzano dell'Emilia	Bologna - Italy	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	5,675,000	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 Monastero	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%
- 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	2,052,202	ARS	100% (9)	-
- IMA North America Inc.	Leominster	USA	8,052,500	USD	-	100%
- IMA-PG India Pvt. Ltd.	Mumbai	India	17,852,100	INR	100%	-
- IMA Swiftpack Ltd.	Alcester	UK	1,403,895	GBP	100%	-
- Tianjin IMA Machinery Co. Ltd.	Tianjin	PRC	200,000	USD	100%	-
- Tecmar S.A.	Mar del Plata	Argentina	692,500	ARS	100% (10)	-
- Valley Tissue Packaging Inc.	Kaukauna	USA	3,645	USD	-	100.0%

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Companies consolidated line-by-line (continued)	Registered office		Share capital	Currency	Direct investment	Indirect investment
<b>Commercial companies:</b>						
- 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%
<b>Financial companies:</b>						
- 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%	-
<b>Other companies:</b>						
- CMRE S.r.l.	Bologna	Bologna - Italy	50,000	EUR	100%	-
- Digidoc S.r.l.	Ozzano dell'Emilia	Bologna - Italy	10,000	EUR	-	80%
- 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 SEPTEMBER 2020 SECTION

## NOTES TO THE CONSOLIDATED 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)
- Bolognesi 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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The Manager responsible for preparing financial reports, Sergio Marzo, declares in accordance with article 154 bis paragraph 2 of the Consolidated Finance Act that the accounting information contained in this Periodic Financial Information at 30 September 2019 agrees with the books of account, the accounting entries and supporting documentation.



# REPORT OF THE INDEPENDENT AUDITORS ON THE PERIODIC FINANCIAL INFORMATION

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)

## REPORT OF THE INDEPENDENT AUDITORS



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

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

### Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the consolidated statement of financial position at September 30, 2020, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated equity and the consolidated statement of cash flows for the nine-month periods ended September 30, 2020 and 2019 and the related explanatory notes of I.M.A. Industria Macchine Automatiche S.p.A. and its subsidiaries (the "IMA Group"). 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 the International Standard on Review Engagements (ISRE) 2410 *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*. 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 the IMA Group at September 30, 2020 and for the nine-month periods ended September 30, 2020 and 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, November 10, 2020

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

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

EY S.p.A.  
Sede Legale: Via Lombardia, 31 - 00187 Roma  
Capitale Sociale Euro 2.525.000,00 i.v.  
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