



ITALMOBILIARE
INVESTMENT HOLDING

Interim
Report

AT JUNE 30, 2020

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Interim Report

AT JUNE 30, 2020

Interim Report at June 30, 2020
approved by the Board of Directors on July 29, 2020

ITALMOBILIARE
Società per Azioni

Head Office: Via Borgonuovo, 20
20121 Milan – Italy
Share Capital € 100,166,937
Milan Companies Register

Translation from the Italian original version, which remains the definitive one.

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GENERAL INFORMATION

Corporate bodies

BOARD OF DIRECTORS

(Term ends on approval of financial statements at 12.31.2022)

Laura Zanetti	1-7	Chairman
Livio Strazzera	7	Deputy Chairman
Carlo Pesenti	1-2	Chief Executive Officer - Chief Operating Officer
Vittorio Bertazzoni	1-3-6	
Giorgio Bonomi	4	
Mirja Cartia d'Asero	1-4-5-6	
Elsa Fornero	1-5-6	
Sebastiano Mazzoleni		
Luca Minoli		
Chiara Palmieri	3-4-5-6	
Antonio Salerno	6	
Marinella Soldi	3-6	

- 1** Member of the Committee for Sustainability and Social Responsibility
- 2** Director in charge of the Internal Control and Risk Management System
- 3** Member of the Remuneration and Nominations Committee
- 4** Member of the Control and Risk Committee
- 5** Member of the Committee for Transactions with Related Parties
- 6** Independent director (pursuant to the Code of Conduct and Legislative Decree no. 58 February 24, 1998)
- 7** Independent director (pursuant to Legislative Decree no. 58 February 24, 1998)

BOARD OF STATUTORY AUDITORS

(Term ends on approval of financial statements at 12.31.2022)

Standing Auditors

Pierluigi De Biasi	Chairman
Luciana Ravicini	
Gabriele Villa	

Alternate Auditors

Michele Casò
Maria Maddalena Gnudi
Tiziana Nesa

FINANCIAL REPORTING OFFICER

Mauro Torri

INDEPENDENT AUDITORS

(Term ends on approval of financial statements at 12.31.2027)

Deloitte & Touche S.p.A.

Company officers and delegation of powers

The Board of Directors will remain in office until the approval of the financial statements at December 31, 2022. It was appointed by the Shareholders' Meeting held on April 21, 2020 and consists of 12 Directors.

Within the scope of the Board of Directors, the following powers have been granted.

The following duties have been assigned to the **Chairman**, Ms Laura Zanetti: to submit proposals to be resolved on by the Board of Directors; to supervise and ensure compliance with the principles of Corporate Governance approved by the Company and propose any amendment to them to be submitted to the Board of Directors for approval; to supervise the regularity of meetings and actions of the corporate bodies ensuring that the documentation relating to the items on the agenda is made available to Directors and Statutory Auditors suitably in advance; to supervise the work of the Chief Operating Officer with reference to real estate management transactions; to promote the Company's image; in agreement with and in coordination with the Chief Executive Officer, to maintain relations with the economic-financial community, institutional bodies and authorities.

The Chairman has been granted the following powers: to represent the Company in court; to act, including before the criminal court, to protect the Company's interests; to represent the Company as a shareholder at Ordinary and Extraordinary Shareholders' Meetings of other companies; to appoint consultants in general; to grant special and general powers of attorney, including related signature powers, individual or joint, and with the powers and attributions that will be considered necessary for the best performance of the company; to negotiate and conclude any transaction or contract for real estate purchase or sale, exchange and division, for the establishment of easements or property rights in general, permitting and requesting mortgage registrations, cancellations and entries, waiving mortgages and releasing the Property Registrar from all liability and with the right to appoint as a substitute, for each transaction or contract, one or more special attorneys with all the required powers, with the limit of Euro 25 million with joint signature together with the Chief Operating Officer.

The **Chief Executive Officer and Chief Operating Officer** Carlo Pesenti has been assigned the following tasks, inter alia and in addition to the general representation of the Company: to submit proposals to be resolved on by the Board of Directors; to oversee the execution and implementation of the investment plans defined by the Board of Directors; to look after the management policies, corporate development strategies of Italmobiliare S.p.A. and its main subsidiaries, held directly or indirectly; to oversee and direct the activities of Italmobiliare S.p.A. and its main direct or indirect subsidiaries; to establish guidelines for managing the main companies in which Italmobiliare S.p.A., directly or indirectly, holds an equity investment that allows it to exercise significant influence; to look after corporate organisation and propose any changes to the Board of Directors.

To carry out the above mentioned tasks, the Chief Executive Officer can perform any more appropriate activity or initiative and, by way of example: as part of the Company's general policies on accounting reporting (i) to prepare the separate and consolidated draft financial statements (accompanied by the necessary reports and notes accompanying them) to be submitted for approval by the Board of Directors and (ii) to prepare the half-yearly and quarterly financial statements required by law, accompanied by the reports to be submitted for approval by the Board of Directors; to prepare Italmobiliare S.p.A.'s budgets and long-term development and investment plans to be submitted to the Board of Directors for approval; to define the general guidelines for the financial management of the Company and the Group; to determine the addresses relating to the choice of the main managers of Italmobiliare S.p.A. and of the main companies directly or indirectly controlled, as well as, for Italmobiliare S.p.A. only, to personnel management.

The same person has been granted, inter alia, in addition to the powers of representation established in the By-laws, the powers to carry out all tasks relating to administration and arrangements concerning the management of the Company including performing transactions on securities and credit, assume any form of obligations in the name of the Company, accept guarantees, provide collateral security and guarantees for third parties, as long as they are direct or indirect subsidiaries of Italmobiliare, buy and sell government bonds, corporate bonds, mortgage bonds, equities, company quotas, carry out repo transactions and advances on security transactions.

The powers granted for the office of Chief Operating Officer can be exercised within a limit of Euro 25 million for individual transaction, except for real estate transactions exceeding Euro 10 million and up to Euro 25 million, which need the joint signature of the Chairman.

The powers granted for the office of Chief Executive Officer can be exercised within a limit of Euro 25 million, except for funding transactions and transactions on derivatives which can be made within a limit of Euro 50 million, and transactions to sell securities of listed companies, which can be made within a limit of Euro 100 million per single trading day.

Our investments at June 30, 2020

PORTFOLIO COMPANIES

NAV 828.2€ mln

50.8%

CAFFÈ
BORBONE
magica emozione



italgen
passion for energy

CAPITELLI
TRADIZIONE DAL 1916



ISEO

AGN
ENERGIA



CLESSIDRA

PRIVATE EQUITY

NAV 146.0€ mln

9%

CLESSIDRA
Capital Partners I

CLESSIDRA
Restructuring Fund

BDT CAPITAL
PARTNERS
FUND II

BDT CAPITAL
PARTNERS
FUND III

ICONIQ

ISOMER
CAPITAL

connect

OTHER INVESTMENTS

NAV 152.8€ mln

9.4%

HEIDELBERGCEMENT

Vontobel

Alpha Test

Cold Chain Capital[®]

* Acquisition completed in 2020

SESAAB
L'ECO DI BERGAMO
La Provincia

SES
Gazzetta del Sud
GIORNALE DI SICILIA

CASH AND OTHER ACTIVITIES

NAV 502.3€ mln

30.8%

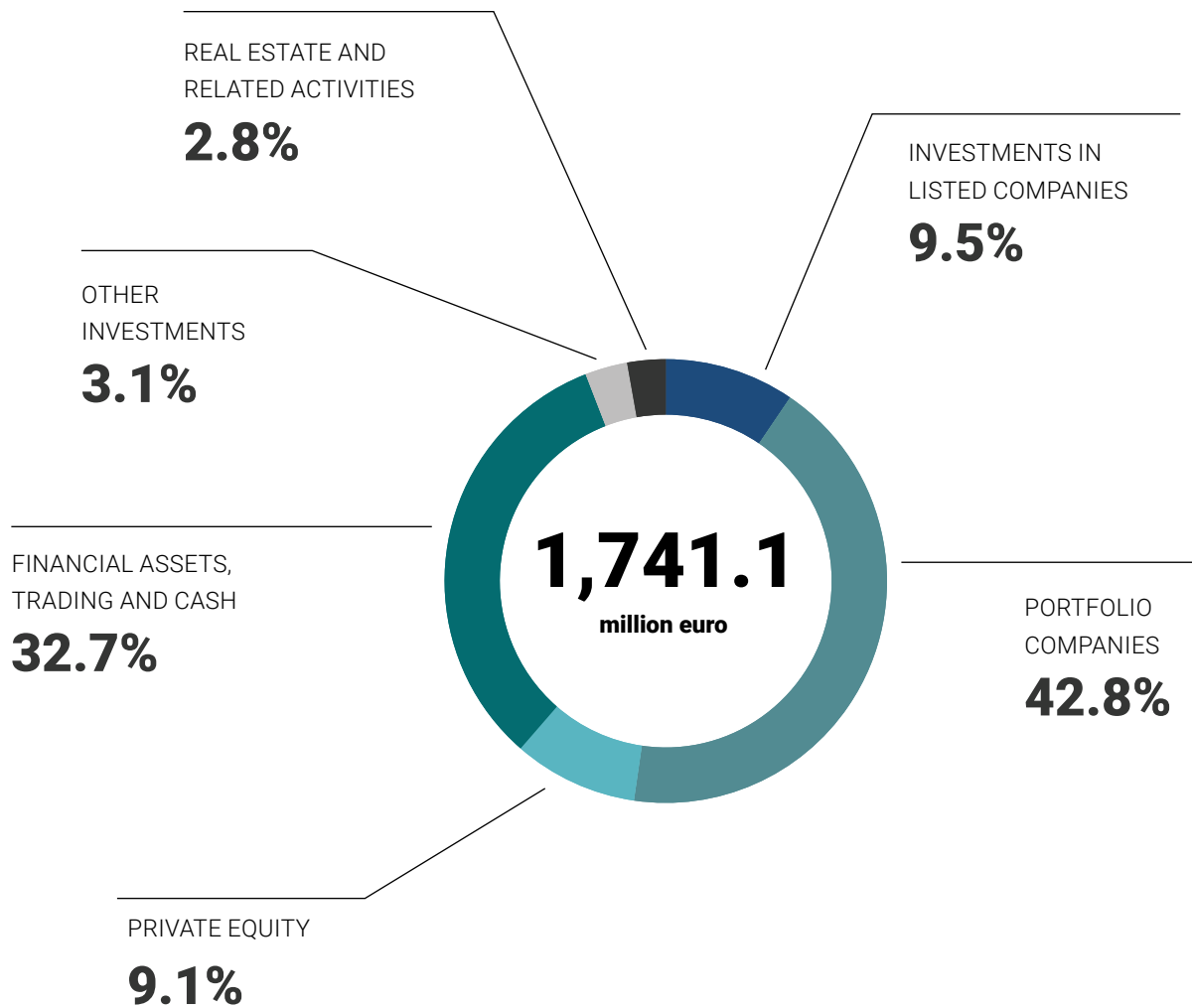


FINANCIAL ASSETS,
TRADING AND CASH



REAL ESTATE AND
RELATED ACTIVITIES

Net Asset Value at December 31, 2019



Changes in the portfolio composition

Jaggaer	OUT
Autogas - AGN Energia	IN
Capitelli	IN

NAV PER SHARE

41.5€

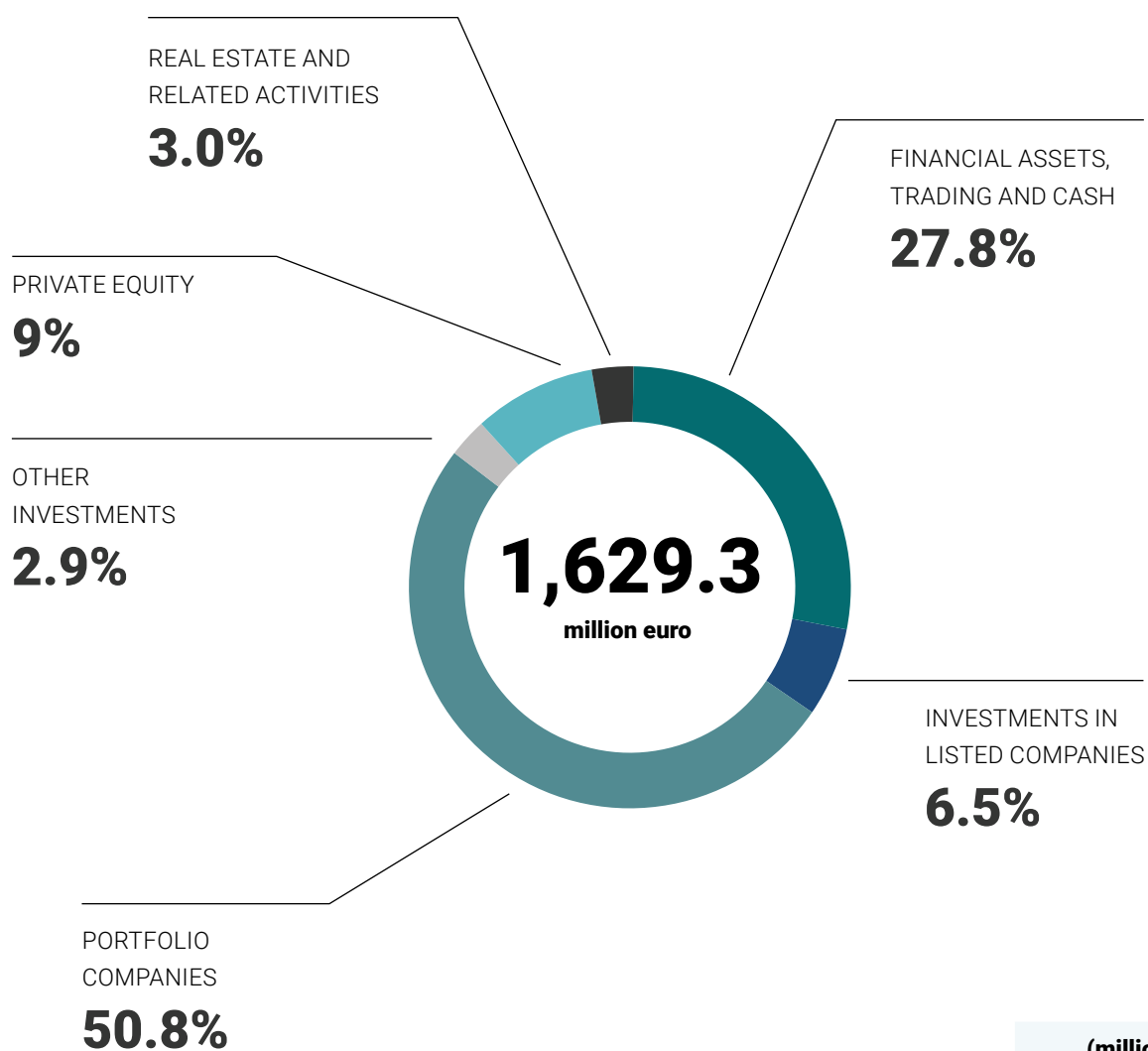
	(million of euro)
Investments in listed companies	165.1
Portfolio Companies	744.9
Private Equity	158.1
Financial assets, trading and cash	569.6
Other investments	54.3
Real estate and related activities	49.1
Total NAV at December 31, 2019	1,741.1

Net Asset Value at June 30, 2020

Changes in the portfolio composition

Officina Profumo Farmaceutica di Santa Maria Novella

IN



NAV PER SHARE

38.6€

	(million of euro)
Investments in listed companies	106.1
Portfolio Companies	828.2
Private Equity	146.0
Financial assets, trading and cash	452.7
Other investments	46.7
Real estate and related activities	49.6
Total NAV at June 30, 2020	1,629.3

ITALMOBILIARE
INVESTMENT HOLDING

DIRECTORS'
REPORT

DIRECTORS' REPORT

General Overview

INTRODUCTION

The interim report at June 30, 2020 is prepared in compliance with article 154 ter, paragraphs 2, 3 and 4 of Legislative Decree no. 58 of February 24, 1998 and subsequent amendments. The condensed interim financial statements are prepared in consolidated form in accordance with paragraph 3.

Changes in the international financial reporting standards (IFRS) occurred during the period and related interpretations (IFRIC) compared with December 31, 2019, already applicable to this interim report, are as follows:

- Amendments to references to the Conceptual Framework on IFRS issued in March 2018;
- Amendments to IAS 1 and IAS 8 issued in October 2018;
- Amendments to IFRS 3 "Business Combinations" issued in October 2018 and approved on April 21, 2020;

During the first half of 2020, the consolidation area has changed following the acquisition by Italmobiliare S.p.A. of a 20% stake in Officina Profumo Farmaceutica di Santa Maria Novella S.p.A. and a 39.53% stake in CCC Holdings Europe S.p.A. operating in the HVACR (heating, ventilation, air conditioning and refrigeration) sector.

SIGNIFICANT EVENTS DURING THE PERIOD

In January, Italmobiliare closed the purchase of a 20% stake in Officina Profumo Farmaceutica di Santa Maria Novella S.p.A. based in Florence, a top-of-the-range cosmetics company and historical brand, bringing the number of its portfolio companies to nine. Italmobiliare S.p.A. invested 40 million euro in the operation, becoming a non-controlling shareholder of a group with a turnover of approximately 31 million euro, with a chance to increase the shareholding in the near future.

Starting from February, the situation was dramatically conditioned by the health emergency caused by the Covid-19 pandemic. It spread from China to Italy first and then to the rest of Europe and the world, resulting in a seriously unfavourable global macroeconomic framework that marked the entire six months period. And despite some positive signs of a partial recovery in Europe, it is expected to continue for the rest of the year causing a state of huge uncertainty.

The protection measures put in place by the institutions at international level led to a lockdown of many industrial and commercial activities, for Italy, in particular, between March and June, with serious consequences for operations, as well as for social life.

Italmobiliare promptly implemented all safety and control measures in favour of employees, both at the Holding Company and at the Portfolio Companies, to limit possible occasions for contagion while, at the same time, favouring continuity of production and commercial activities, except for limited downtime at certain plants. The measures taken to support the Portfolio Companies and the responsiveness shown by them in such a complex situation, have allowed us to limit the impacts of the pandemic essentially to those entities that are exposed to the retail world, which suffered inevitable slowdowns, while continuity of results was achieved in the other sectors, as explained in the subsequent sections.

In the meantime, financial risk management made it possible to mitigate the impact of the collapse of global financial markets: in particular, the volatility of stock markets, which after hitting a low on average of -35%, managed to close the six months period by halving these losses.

Thanks to an investment portfolio that is diversified both by sector and exposure to the various geographical areas, the impacts of the health emergency that can be observed to date have been contained and concerned those components of Italmobiliare's portfolio that were most exposed to the dynamics of financial markets, which posted extremely negative performances during the period.

NET ASSET VALUE

The Net Asset Value (NAV) of Italmobiliare S.p.A. at June 30, 2020 (whose definition and reconciliation is provided in Attachment 1), excluding treasury shares, was 1,629.3 million euro (1,741.1 million euro at December 31, 2019) and consisted of the following assets:

(in millions of euro)	June 30, 2020	% of total	December 31, 2019	% of total
Investments in listed companies ¹	106.1	6.5%	165.1	9.5%
Portfolio Companies ²	828.2	50.8%	744.9	42.8%
Other equity investments ³	46.7	2.9%	54.3	3.1%
Private equity funds	146.0	9.0%	158.1	9.1%
Properties and related assets	49.6	3.0%	49.1	2.8%
Financial assets, trading, cash and cash equivalents	452.7	27.8%	569.6	32.7%
Total Net Asset Value*	1,629.3	100.0%	1,741.1	100.0%

* The criteria adopted for calculating NAV may be different from those adopted by other companies, so the figures may not be comparable.

¹ The category "Investments in listed companies" includes the shareholdings in listed companies (HeidelbergCement AG and Mediobanca S.p.A.)

² "Portfolio Companies" includes the investments in Sirap Gema S.p.A., Italgem S.p.A., Caffè Borbone S.r.l., Clessidra SGR S.p.A., Tecnica Group S.p.A., Iseo Serrature S.p.A., Autogas Nord S.p.A., Capitelli S.r.l. and Officina Profumo Farmaceutica di Santa Maria Novella S.r.l.

³ "Other equity investments" includes the investments in Crédit Mobilier de Monaco S.A., S.E.S. S.p.A. and SESAAB S.p.A.

The main changes in NAV compared with December 31, 2019 are due to the reduction of liquidity following the ordinary and extraordinary dividend distribution by Italmobiliare S.p.A. for a total of 76 million euro and the decrease in listed investments for the market value reduction of the investments in HeidelbergCement AG (-59.1 million euro) and other listed investments (-7.6 million euro, mainly attributable to the investment in Fin.Priv., a finance company that holds Mediobanca shares) against an overall increase in the value of the Portfolio Companies (+42 million based on the same consolidation perimeter). In particular, there was an increase in the value of Caffè Borbone, a reduction in the value of Tecnica Group and consistence in the value of the other equity investments. Furthermore, the acquisition of the 20% stake in Officina Profumo Farmaceutica di Santa Maria Novella S.p.A. led to an increase in the Portfolio Companies (+41.4 million euro, corresponding to the investment in the newco which acquired the equity investment) with an equivalent reduction in liquidity.

At June 30, 2020, Italmobiliare S.p.A.'s NAV per share, excluding treasury shares and after the dividend distribution for a total of 1.8 euro, amounted to 38.6 euro, showing a decrease of 6.98% compared with December 31, 2019.

NAV calculation at June 30, 2020 was computed by following a specific procedure, based on valuations by independent experts, taking into account:

- the market price at June 30, 2020 of the equity investments in listed companies;
- the value of non-listed companies, determined on the basis of commonly used valuation methods (DCF and/or market multiples) or, where sufficient information is not available for the application of the methods envisaged by the International Private Equity and Venture Capital (IPEV) valuation guidelines and/or their consistency can be considered immaterial, their net equity resulting from the latest approved financial statements, determined according to IAS/IFRS or local accounting standards;
- the market value of real estate assets;
- the deferred tax effect, if any.

The Independent Auditors have performed a limited assurance engagement based on ISAE 3000 to verify that valuation methods adopted by the Directors for calculating the NAV were in line with the IPEV guidelines.

PERFORMANCE OF THE MAIN GROUP COMPANIES

SUMMARY OF THE HALF YEAR RESULTS

(in millions of euro)	Revenue			Gross operating profit (EBITDA)			Fcf ¹
	June 30 2020	June 30 2019	Change %	June 30 2020	June 30 2019	Change %	1st half 2020 Actual
Italmobiliare	30.5	45.3	(32.7)	(20.6)	21.5	n.s.	n.s.
Portfolio companies							
Caffè Borbone	104.1	85.9	21.1	34.3	25.1	36.7	17.5
Sirap	120.6	135.6	(11.0)	12.1	8.3	45.0	0.8
Italgas	13.5	16.3	(17.2)	5.0	5.0	(1.1)	4.4
Capitelli	7.2	6.7	8.3	1.8	1.8	0.1	1.0
Tecnica Group	136.8	149.3	(8.4)	2.7	(1.0)	n.s.	7.7
Iseo	56.4	72.6	(23.5)	4.0	7.9	(48.9)	(1.4)
Autogas Nord - AGN Energia	224.2	269.7	(16.9)	27.4	28.8	(4.9)	19.5
Officina Santa Maria Novella	10.4	13.6	(23.8)	2.0	4.5	(55.9)	2.0
Total portfolio companies	673.2	749.7	(10.2)	89.3	80.4	11.1	51.5

n.s.: not significant

1. Free cash flow is calculated as the difference between the net financial position of the period and the net financial position of the end of previous year, gross of dividends paid.

The source of the figures is shown in the tables for each of the Portfolio Companies.

With regards to Italmobiliare, revenue recorded in the first half of the year decreased mainly because of the prudential postponement of dividend distribution by certain subsidiaries, especially Caffè Borbone, to the second half of the year (-11.5 million euro overall).

Gross operating profit (EBITDA) reduction is related not only to the matters discussed above, but also to the negative trend in liquidity (-23.0 million euro, due principally to trading investments and investment funds penalised by the negative performance of international markets due to the pandemic) and to higher operating costs pertaining to ordinary operations for 5.8 million euro (MBO and LTI payments based on the previous three years and donations).

With regards to the Portfolio Companies, despite a second quarter affected by the Covid-19 health emergency, as detailed in the following paragraph and in the sections dedicated to the individual companies, the first half of 2020 closed with a positive result overall and showing a growth compared with the same period last year.

Looking at the pro-forma figure for the half-year:

- Revenue amounted to 673.2 million euro, down 10.2% compared with the first half of 2019. Neutralising the impact of the change in the Sirap's consolidation area already mentioned in the previous quarterly report (closing of the OPS extrusion line at Sirap UK and the Turkish subsidiary of Petruzalek Group) and the drop in the cost of LPG raw material for Autogas Nord (reflected on revenue but without any impact on the company's profitability), the decrease is limited to 7.4%.
- Despite the reduction in revenue, the gross operating profit for the 2020 first half stood at 89.3 million euro, with an overall improvement of 11.1% compared with the same period of 2019 and a result that is stable or rising for all companies, with the exception of Iseo and Santa Maria Novella because of the Covid-19 impacts.
- Cash flow during the period was positive for 51.5 million euro, with a positive contribution of all companies with the exception of Iseo, partly due to the seasonal nature of the business.

Looking at the individual companies:

- In the food sector, positive results were recorded both for Caffè Borbone and for Capitelli: Caffè Borbone continued to grow in the second quarter, closing a very positive half-year, while Capitelli is growing in terms of revenue, confirming its gross operating profit in absolute terms, despite the impact of Covid-19;
- In the energy sector, Autogas Nord and Italgas closed with a substantially stable gross operating profit compared with the previous year, compensating the impact of Covid-19 on revenue with cost efficiencies;
- In the industrial sector, the first half was decidedly positive for Sirap, with improvements in the gross operating profit and a positive cash generation, considering the seasonal nature of the business and despite disappointing revenue in the "Rigid" segment. Iseo, on the other hand, shows the effects of the Covid emergency in terms of both turnover and gross operating profit with signs of recovery in June, as explained below;
- Tecnica Group closed the first half of the year that is traditionally not very significant due to the seasonal nature of the winter sports business with an improvement in gross operating profit compared with the same period of 2019, mainly due to Riko joining the group;
- Officina Santa Maria Novella was affected by the closing of the retail stores linked to the lockdown both in Europe and in the US, with strong repercussions on the operating result, but with cash generation still positive.

SUMMARY OF RESULTS OF THE SECOND QUARTER

(in millions of euro)	Revenue			Gross operating profit (EBITDA)		
	Q2 2020	Q2 2019	Change %	Q2 2020	Q2 2019	Change %
Italmobiliare	7.0	33.3	(79.1)	4.6	22.9	(80.0)
Portfolio companies						
Caffè Borbone	55.2	43.5	26.9	18.6	12.7	46.5
Sirap	57.0	69.6	(18.1)	6.4	5.0	28.5
Italgen	6.5	9.1	(28.4)	2.8	4.3	(36.0)
Capitelli	3.5	3.5	0.5	1.0	1.0	(1.4)
Tecnica Group	54.1	57.4	(5.8)	(1.1)	(4.6)	74.8
Iseo	26.5	37.7	(29.7)	2.7	5.0	(46.8)
Autogas Nord - AGN Energia	69.1	103.1	(33.0)	7.0	10.5	(33.7)
Officina Santa Maria Novella	4,1	7.4	(44.3)	0.2	3.5	(96.0)
Total portfolio companies	276.0	331.3	(16.7)	37.5	37.6	(0.2)

Note that the quarterly figures have not been audited.

As anticipated, the impact of Covid-19 on the Portfolio Companies is clearer when looking at the second quarter results on their own:

- The contraction in revenue compared with the same period of 2019 came to 16.7%. However, June is encouraging, with a 2% reduction in overall pro-forma revenue of the Portfolio Companies versus June 2019, compared with the -35% in April and -9% in May;
- Gross operating profit for the quarter is in any case stable compared with the same period last year, thanks to the cost containment measures put in place by management of the individual companies.

With reference to the impact of Covid-19 on individual companies' revenue in the second quarter:

- Sirap shows some problems in the "Rigid" business (-22% in the second quarter, due to a negative impact on turnover of around € 7 million), with some product lines (e.g. gastronomy, take-away salad bowls, pastries) suffering the consequences of the lockdown on the number of customers served;
- Italgen was penalised by the fall in the price of energy following the overall drop in demand at national and international level, with a negative price effect on the quarter of 1.7 million euro;
- Despite closing the quarter with revenue in line with 2019, Capitelli was slowed down in April and May by the general decline in traffic at the gastronomy counter of supermarkets and by the slowdown in the Ho.Re.Ca. channel, whereas in June it posted growth of +22% compared to the previous year;
- Iseo suffered a slowdown in all of its key channels (e.g. hardware, DIY, OEM) due to the lockdown that affected all the main geographical areas of the Group's activities, even if after the difficulties recorded in April and May, turnover in June was substantially in line with 2019;
- In the second quarter, Autogas recorded LPG retail volumes down 23% compared with 2019, a drop linked to the impact of the lockdown on one-man businesses and tourism;
- Officina Santa Maria Novella suffered in terms of revenue the forced closure of most of its directly-managed stores because of Covid-19 (starting from the historical shop in Florence) and the marked contraction of international tourist flows to Italy.

KEY CONSOLIDATED FIGURES FOR THE FIRST HALF AT JUNE 30, 2020

(in millions of euro)	H1 2020	H1 2019	Change %
Revenue and income	276.2	278.3	(0.8)
Gross operating profit (EBITDA)	27.6	52.1	(46.9)
% of revenue	10.0	18.7	
Amortization and depreciation	(14.4)	(13.7)	(5.1)
Impairment losses on non-current assets	0.0	0.0	
Operating profit (EBIT)	13.2	38.3	(65.6)
% of revenue	4.8	13.8	
Net finance income (costs)	(2.6)	(2.5)	(2.7)
Impairment losses on financial assets	(0.8)	0.0	(100.0)
Share of profit/(loss) of equity-accounted associates	(4.7)	(2.6)	(83.1)
Profit/(loss) before tax	5.1	33.2	(84.6)
% of revenue	1.9	11.9	
Tax	(3.7)	(8.7)	57.2
Profit/(loss) for the year	1.4	24.5	(94.4)
attributable to:			
- Owners of the parent company	(8.1)	19.1	n.s.
- Non-controlling interests	9.5	5.4	74.8
Cash flows from investing activities	68.3	91.7	

n.s. = not significant

(in millions of euro)	June 30, 2020	December 31, 2019
Total equity	1,348.3	1,474.2
Equity attributable to owners of the parent company	1,224.9	1,358.7
Net financial position	384.4	475.2
Employees (headcount) at the end of the period	1,796	1,776

Free cash flow is the difference between the net financial position at the end of the first half of 2020 and that of the same period last year, gross of dividends.

The economic indicators of continuing operations in the first half of 2020 are as follows:

- **Revenue and income** was equal to 276.2 million euro compared with 278.3 million euro at June 30, 2019 (-0.8%), decreased by 2.1 million euro, mainly due to the negative contribution of Italmobiliare and Sirap, partially offset by Caffè Borbone and Capitelli results;
- **Gross operating profit (EBITDA)** was equal to 27.6 million euro compared with 52.1 million euro at June 30, 2019 (-46.9%), decreasing by 24.5 million euro compared with June 30, 2019. The change is mainly attributable to Italmobiliare (as a consequence of the factors mentioned previously: the postponement of dividend distribution by certain subsidiaries, the negative performance of certain financial instruments and costs not relating to the core business), partially offset by Caffè Borbone and Sirap;
- **Operating profit (EBIT)** after higher amortization and depreciation compared with the first half of 2019, reached 13.2 million euro (38.3 million euro in the same period of 2019);
- **Profit before tax** was equal to 5.1 million euro compared with 33.2 million euro at June 30, 2019 (-84.6%).

At June 30, 2020, **total equity** was 1,348.3 million euro, while **equity attributable to owners of the parent** was 1,224.9 million euro, compared with 1,474.2 million euro and 1,358.7 million euro respectively at December 31, 2019.

In the first half of 2020 financial **investments and capital expenditures** were made for a total of 68.3 million euro, 23.4 million euro down on the same period in 2019 (91.7 million euro).

The **consolidated financial position** at June 30, 2020 was positive for 384.4 million euro, compared with 475.2 million euro at the end of December 2019. The negative change of 90.8 million euro is mainly due to the cash generated by operating activities (+2.9 million euro), investments and divestments (-68.3 and +48.5 million euro respectively), dividend payments (-76 million euro) and other changes (+2.0 million euro).

FINANCE COSTS AND OTHER ITEMS

Net finance costs are stable at 2.6 million euro.

The caption did not include Italmobiliare's and other financial companies' finance income and costs as they form part of the companies' core business and were therefore presented in line items included in the gross operating profit.

Share of profit/(loss) of the equity-accounted associates is negative for 4.7 million euro (negative for 2.6 million euro in the first half of 2019), mainly due to the negative contribution of Tecnica Group because of the Covid-19 emergency and the seasonality of the business.

PROFIT FOR THE PERIOD

The above figures resulted in a positive profit before tax of 5.1 million euro (positive for 33.2 million euro at June 30, 2019).

After 3.7 million euro of taxes (8.7 million euro in the first half of 2019), the net result for the first half of 2020 showed a profit of 1.4 million euro (profit of 24.5 million euro in the same period of 2019), of which -8.1 million euro attributable to the owners of the parent company and +9.5 million euro attributable to non-controlling interests (respectively 19.1 and 5.4 million euro in the same period of 2019).

REVENUE AND OPERATING PROFIT AT JUNE 30, 2020

CONTRIBUTION TO CONSOLIDATED REVENUE AND INCOME

(net of intragroup eliminations)

(in millions of euro)	H1 2020		H1 2019		Change	
		%		%	%	% ¹
Business segments						
Italmobiliare	23.2	8.4	32.2	11.6	(28.1)	(28.1)
Caffè Borbone	104.1	37.7	85.9	30.9	21.1	21.10
Sirap	120.6	43.7	135.6	48.7	(11.0)	(10.6)
Italgen	13.5	4.9	16.3	5.9	(17.2)	(17.2)
Capitelli	7.2	2.6	-	-	100.0	
Tecnica Group	-	-	-	-	-	
Autogas Nord - AGN Energia	-	-	-	-	-	
Iseo	-	-	-	-	-	
Other	7.6	2.7	8.2	2.9	(7.9)	(7.9)
Total	276.2	100.0	278.2	100.0	(0.8)	(3.1)

¹ On a like-for-like basis and at constant exchange rates.

A deterioration in results of Italmobiliare (-14.8 million euro) and Sirap (-15.0 million euro) contributed in particular to the negative change in revenue and income, equal to -0.8% compared with the first half of 2019, partially offset by Caffè Borbone (+18.1 million euro) and Capitelli (+7.2 million euro) which did not contribute to the income statement for the first half of 2019 as it was acquired in December 2019.

BREAKDOWN OF CONSOLIDATED PROFIT BY SEGMENT

(in millions of euro)	June 2020	June 2019
Italmobiliare	(16.9)	9.2
Caffè Borbone	14.0	8.2
Sirap	2.2	(0.8)
Italgen	2.4	2.5
Capitelli	0.8	
Tecnica Group	(6.6)	(7.2)
Autogas Nord - AGN Energia	2.2	2.7
Iseo	(1.2)	1.1
Other companies	1.2	2.1
Elimination of dividends and infragroup gains/losses	(6.2)	1.3
Profit/(loss) for the period attributable to owners of the parent company	(8.1)	19.1

STATEMENT OF COMPREHENSIVE INCOME

In the first half of 2020, the components of the comprehensive income from continuing operations had a negative balance of 56.8 million euro (positive for 113.6 million euro in the first half of 2019), mainly due to 54.4 million euro of impairment adjustments to assets classified as FVTOCI.

Taking into account the profit for the period of 1.4 million euro and the components mentioned above, total comprehensive income for the period was equal to -55.4 million euro (+138.2 million euro at June 30, 2019).

The statement of comprehensive income forms part of the consolidated financial statements.

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

(in millions of euro)	June 30, 2020	December 31, 2019
Property, plant & equipment and investment property	172.1	169.0
Intangible assets	357.1	360.5
Other non-current assets	530.2	569.2
Non-current assets	1,059.4	1,098.7
Current assets	702.9	805.1
Assets classified as held for sale	6.5	6.7
Total assets	1,768.8	1,910.5
Equity attributable to owners of the parent company	1,224.9	1,358.7
Non-controlling interests	123.4	115.5
Total equity	1,348.3	1,474.2
Non-current liabilities	251.1	258.5
Current liabilities	168.9	177.3
Total liabilities	420.0	435.8
Liabilities directly linked to discontinued operations	0.5	0.5
Total equity and liabilities	1,768.8	1,910.5

EQUITY

Total equity at June 30, 2020 was 1,348.3 million euro, 125.9 million euro down compared to December 31, 2019. Equity attributable to the owners of the parent company decreased by 133.8 million euro, while non-controlling interests increased by 7.9 million euro. The overall change was due to:

- the profit for the period of 1.4 million euro;
- the change in the FVTOCI reserve for -54.3 million euro, net of the related tax effect;
- dividends paid for 76 million euro.

At June 30, 2020, the share capital of Italmobiliare S.p.A. was equal to 100,166,937 euro, divided into 42,500,000 ordinary shares.

At June 30, 2020, Italmobiliare S.p.A. held 278,470 ordinary shares as treasury shares, equal to approximately 0.7% of the share capital.

NET FINANCIAL POSITION

At June 30, 2020 the net financial position, positive by 384.4 million euro, recorded a decrease of 19.1% compared with the situation at December 31, 2019 (475.2 million euro).

BREAKDOWN OF THE NET FINANCIAL POSITION

(in millions of euro)	June 30, 2020	December 31, 2019
Current financial assets	530.4	630.9
Current financial liabilities	(72.0)	(67.3)
Non-current financial assets	36.1	31.1
Non-current financial liabilities	(110.1)	(119.6)
NFP of assets held for sale		0.1
Net financial position	384.4	475.2

CONDENSED STATEMENT OF CASH FLOWS

(in millions of euro)	H1 2020	H1 2019
Net financial position at the beginning of period	475.2	222.3
Cash flows from operating activities	10.7	44.6
Capital expenditure:		
<i>PPE, investment property and intangible assets</i>	(14.0)	(22.0)
<i>Non-current financial assets</i>	(54.3)	(69.7)
Cash flows from investing activities	(68.3)	(91.7)
Proceeds from disposal of non-current assets	48.5	160.0
Dividends paid	(76.0)	(26.3)
Translation and structure differences	(0.8)	(0.3)
Other	(5.0)	(20.7)
Net cash flows for the period	(90.8)	65.6
Cash flows relating to assets classified as held for sale	-	-
Net financial position at the end of period	384.4	287.9

CAPITAL EXPENDITURE

(in millions of euro)	Investments in non-current financial assets		Investments in PPE and investment property		Investments in intangible assets		Total capital expenditure	
	H1	H1	H1	H1	H1	H1	H1	H1
	2020	2019	2020	2019	2020	2019	2020	2019
Business segments								
Italmobiliare	13.0	69.7	0.9	0.6	-	0.2	13.9	70.5
Caffè Borbone	-	-	2.7	2.6	0.1	0.1	2.8	2.7
Sirap	-	-	7.7	12.7	0.1	0.1	7.8	12.8
Italgen		-	1.6	1.5	-	0.1	1.6	1.6
Capitelli		-	0.2		-	-	0.2	-
Officina Santa Maria Novella	41.3	-			-	-	41.3	-
Other companies		-	0.4	4.8	-	-	0.4	4.8
Inter-segment eliminations		-	(0.3)	(0.5)	-	-	(0.3)	(0.5)
Total capital expenditure	54.3	69.7	13.2	21.7	0.2	0.5	67.7	91.9
Change in receivables/payables for purchase of property			0.6	(0.2)	-	-	0.6	(0.2)
Total capital expenditure	54.3	69.7	13.8	21.5	0.2	0.5	68.3	91.7

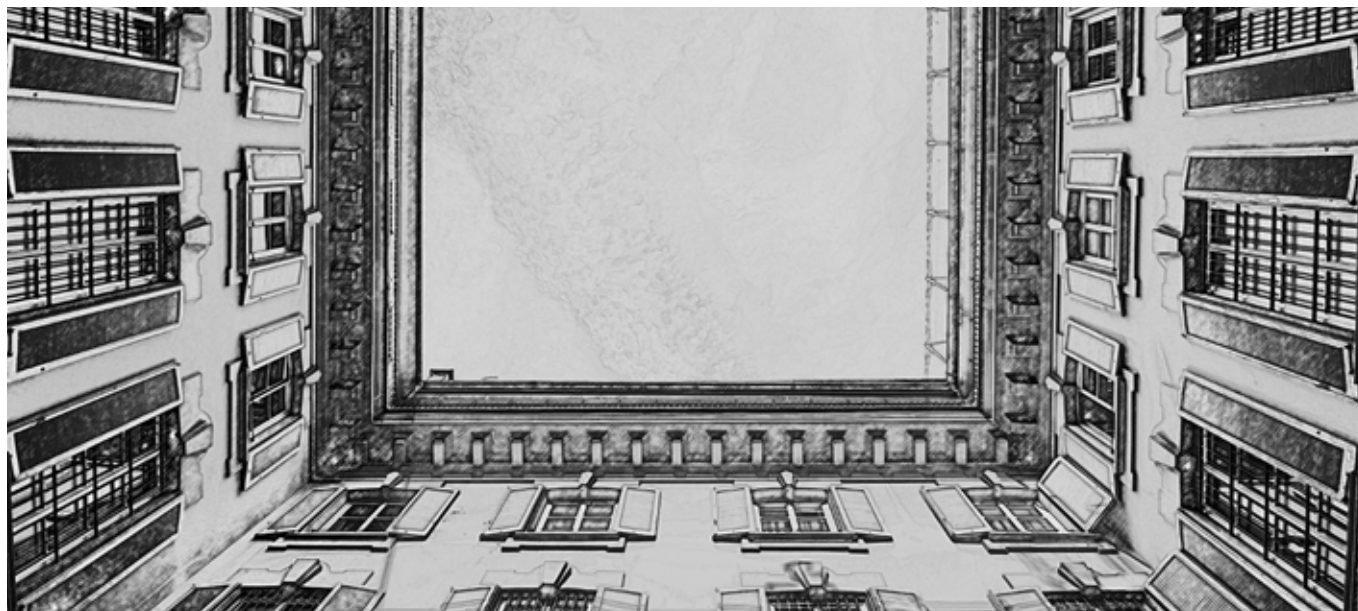
The capital expenditure made by the Group in the first half of the year totalled 68.3 million euro, 23.4 million euro down on the first half of 2019 (91.7 million euro).

The cash flows from investing in non-current financial assets, was equal to 54.3 million euro (69.7 million euro in the first half of 2019), mainly referred to the acquisition of the equity investment in Officina Profumo Farmaceutica di Santa Maria Novella (investment in FT2, newco for acquisition of equity investment).

The cash flows from investing in property, plant & equipment and investment property amounted to € 13.2 million and mainly referred to Sirap and Caffè Borbone.

The divestments made by the Group in the first half of 2020 amounted to 48.5 million euro mainly referred to the sale of HeidelbergCement shares (negative effect on shareholders' equity of 5.5 million euro) and the repayment of private equity funds (zero effect on equity).

Italmobiliare S.p.A.



BUSINESS AND FINANCIAL PERFORMANCE

(in millions of euro)	H1 2020	H1 2019	Change %
Revenue and income	30.5	45.3	(32.7)
Gross operating profit (EBITDA)	(20.6)	21.5	n.s.
% of revenue	(67.5)	47.4	
Amortization and depreciation	(0.3)	(0.4)	4.5
Impairment losses on non-current assets	-	-	
Operating profit (EBIT)	(20.9)	21.1	n.s.
% of revenue	(68.6)	46.6	
Net finance income (costs)	-	-	
Impairment losses on financial assets	(0.5)	(10.5)	95.3
Profit/(loss) before tax	(21.4)	10.6	n.s.
% of revenue	(70.3)	23.4	
Tax	4.8	(1.4)	n.s.
Profit/(loss) for the period	(16.6)	9.2	n.s.

n.s. = not significant

(in millions of euro)	June 30, 2020	December 31, 2019
Total equity	1,204.5	1,347.0
Net financial position	452.7	569.6
Employees (headcount) at the end of the period	38	37

RESULTS IN ACCORDANCE WITH THE FINANCIAL MODEL

Given the specific nature of the Company, in order to allow a full understanding of its performance, the following table shows the results in a format normally used for finance companies. This format shows:

- "Net gains (losses) on equity investments" which, in the case of equity investments classified as FVTOCI, includes dividends received. On the other hand, in the case of equity investments in subsidiaries and associates, this item includes both dividends and gains/losses realized on sales, as well as any impairment losses;
- "Net gains (losses) on investments of cash and cash equivalents", which includes interest income on bank coupons and deposits, impairment gains or losses on bonds and trading equities measured at FVTPL, gains/losses realized on the sale of trading securities, income/expense on trading derivatives and investment funds measured at FVTPL and "Net borrowing costs". "Net borrowing costs" consist essentially of interest expense on borrowings, bank commissions and costs;
- "Other income and expense", which include personnel expense and operating expenses for the financial structure, net of amounts recovered from other Group companies or third parties.

(in millions of euro)	H1 2020	H1 2019	Change %
Net gains (losses) on equity investments	8.6	10.1	(14.8)
Net gains on investments of cash and cash equivalents	(10.9)	12.1	n.s.
Total finance income/costs	(2.3)	22.2	n.s.
Other income and expenses	(19.1)	(11.6)	(64.7)
Income tax	4.8	(1.4)	n.s.
Profit/(loss) for the period	(16.6)	9.2	

n.s. = not significant

Net gains (losses) on equity investments are positive for 8.6 million euro, down by 10.1 million euro compared to June 30, 2019, mainly due to the lower dividends collected or approved (-11.5 million euro, mainly due to postponement of the distribution by Caffè Borbone following the Covid-19 risk, which should be distributed in the second half of 2020), partially offset by lower write-downs of certain equity investments.

Net gains on investments of cash and cash equivalents show a negative balance of 10.9 million euro (positive for 12.1 million euro at June 30, 2019). The change is mainly due to the performance of trading investments and investment funds penalized by the negative performance recorded by international markets because of the pandemic.

Other income and expenses are negative for 19.1 million euro (-11.6 million euro at June 30, 2019), mainly due to higher operating costs of 5.8 million euro (MBO and LTI payments referring to the previous three years and donations).

After positive taxes for 4.8 million euro (negative for 1.4 million euro at June 30, 2019), the result for the half year period was negative for 16.6 million euro (positive for 9.2 million euro at June 30, 2019).

EQUITY

Equity at June 30, 2020 amounts to 1,204.5 million euro, 142.5 million euro down from December 31, 2019 (1,347.0 million euro), mainly because of:

- a reduction in the FVTOCI reserve for 49.3 million euro (net of the tax effect);
- sales of FVTOCI investments during the period (-5.5 million euro);
- dividends paid for 76 million euro;
- a loss for the period of 16.6 million euro.

NET FINANCIAL POSITION

(in millions of euro)	June 30, 2020	December 31, 2019
Current financial assets	428.2	544.9
Current financial liabilities	(2.7)	(2.7)
Current net financial position	425.5	542.2
Non-current financial assets	27.3	27.6
Non-current financial liabilities	(0.1)	(0.2)
Non-current net financial position	27.2	27.4
Net financial position	452.7	569.6

At June 30, 2020 the net financial position of Italmobiliare S.p.A. was showing a decrease of 116.94 million euro, going from 569.6 million euro at December 31, 2019 to 452.7 million euro at the end of June 2020, allocated for 66% to the Vontobel Fund which has a conservative risk profile consistent with the Company's investment policies. The main flows include the payment of the ordinary and extraordinary dividend for a total of -76 million euro and the acquisition of the 20% stake of Officina Profumo Farmaceutica di Santa Maria Novella (-41.4 million euro), which took place through the newco FT2.

LITIGATION AND DISPUTES PENDING

A description of the main legal and tax disputes involving Italmobiliare S.p.A. is provided in the relevant section on page 48.

OUTLOOK

The business outlook for Italmobiliare S.p.A. is explained in the relevant section on page 49.

MAIN FINANCIAL ASSETS OF ITALMOBILIARE S.P.A.

HeidelbergCement

Expectations of a recovery in the economic cycle were reflected in the share performance: in the second quarter HeidelbergCement showed an increase of 23.8% (including dividends equal to 25.3%) compared with +16.8% by the Euro Stoxx 600 Construction & Materials Index. The rebound partially mitigated the slump in the first quarter: the first six months ended with a performance of -25.7% versus -14.3% by the index.

The company has undertaken a cost reduction plan with a target of € 1bn and has solid liquidity (€ 5.7bn), with stable leverage, to defend its Investment Grade rating. It will also benefit from the impact of the drop in energy raw material prices and, overall, from a possible improvement in margins thanks to greater efficiency. These factors, together with valuation multiples that remain below its peers, support the stock's future prospects. However, uncertainties about the dynamics of the recovery phase of the cycle, generated by the risks of a flare-up of the Covid-19 crisis as well as by the US elections, weight on the scenario.

Private Equity Funds

The Company has invested in a portfolio of selected Italian and international Private Equity funds with a view to diversifying sectors and geographical investments, including the CCPIII fund and Clessidra's Restructuring Fund, the BDT Fund II and III, Isomer Capital I, Connect Ventures 3, Iconiq IV. During the first three months of 2020, the value of Private Equity funds decreased overall by 12.5 million euro, mainly due to the effect of capital repayments and divestments (23.4 million euro), against an increase in the fair value of the funds (3.3 million euro, mainly attributable to the after-sales distribution made by Clessidra on behalf of Nexi), the exchange rate difference (+0.2 million euro) and investments (7.4 million euro).

Caffè Borbone

(60% INTEREST)



BUSINESS AND FINANCIAL PERFORMANCE

(in millions of euro)	H1 2020	H1 2019	Change %
Revenue and income	104.1	85.9	21.1
Gross operating profit (EBITDA)	34.3	25.1	36.7
<i>% of revenue</i>	32.9	29.2	
Amortization and depreciation	(4.5)	(4.3)	(4.0)
Operating profit (EBIT)	29.8	20.7	43.6
<i>% of revenue</i>	28.6	24.1	
Net finance income (costs)	(0.4)	(0.6)	38.4
Profit/(loss) before tax	29.4	20.1	46.1
<i>% of revenue</i>	28.2	23.4	
Tax	(5.8)	(6.1)	4.8
Profit/(loss) for the period	23.6	14.0	68.0
Cash flows from investing activities	2.8	2.7	

n.s. = not significant

(in millions of euro)	June 30, 2020	December 31, 2019
Total equity	298.9	275.3
Net financial position	(14.1)	(31.6)
Employees (headcount) at the end of the period	210	199

In the first half of 2020, Caffè Borbone recorded a turnover of 104.1 million euro, an increase of 21.1% compared with the same period of the previous year, a clear acceleration in the second quarter which ended with a +27% versus 2019 (compared with +15% in the first quarter, partly due to the temporary reduction in the company's production capacity linked to Covid-19 in March).

On a product perspective, the performance by capsules was very positive, which in the first half recorded a +27% compared with 2019; on a channel perspective, the growth trajectory of the online channel and the large-scale retail trade continues.

The gross operating profit for the first half of the year reached 34.3 million euro, with a margin of 32.9% of turnover, a marked improvement compared with the first half of 2019 (+3.7%), mainly thanks to the effect of economies of scale on overheads.

Profit for the first half of the year was 23.6 million euro, 68% up compared to the previous year.

Capital expenditures during the period were stable at 2.7 million euro and mainly refer to investments in machinery for packaging coffee pods and capsules.

The net financial position at 30 June 2020 was negative for 14.1 million euro, with a positive cash flow of 17.5 million euro in the first half. Note that the distribution of dividends was prudentially postponed to the second half of 2020 during the Covid-19 emergency). At present, there are no particularly critical issues related to the post-Covid-19 credit situation, with past-due levels in line with previous periods as a percentage of sales.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

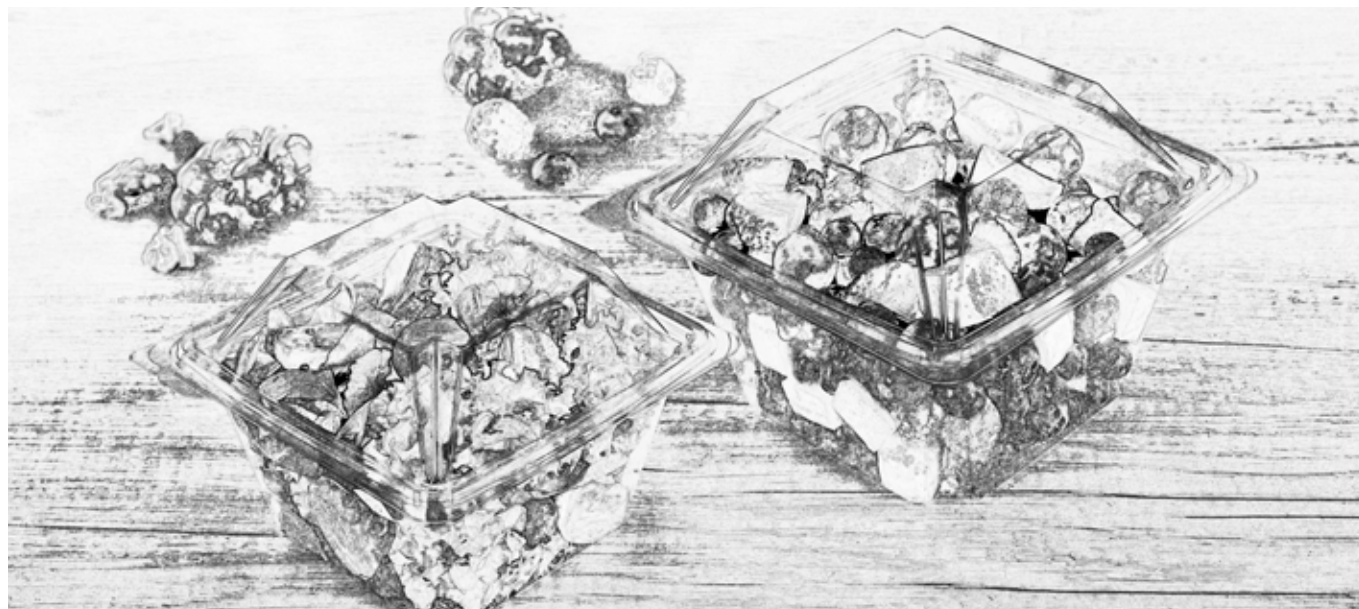
No significant events took place after the end of the period.

OUTLOOK

For the second half of 2020, revenues are expected to continue growing, confirmed by the positive trend in sales in the first few weeks of July, with a substantial maintenance of margins at the levels recorded in the first half.

Sirap

(100% INTEREST)



BUSINESS AND FINANCIAL PERFORMANCE

(in millions of euro)	H1 2020	H1 2019	Change %
Revenue and income	120.6	135.6	(11.0)
Gross operating profit (EBITDA)	12.1	8.3	45.0
<i>% of revenue</i>	10.0	6.1	
Amortization and depreciation	(6.8)	(6.9)	1.5
Operating profit (EBIT)	5.3	1.4	n.s.
<i>% of revenue</i>	4.4	1.0	
Net finance income (costs)	(2.0)	(1.8)	(9.2)
Profit/(loss) before tax	3.3	(0.4)	n.s.
<i>% of revenue</i>	2.7	n.s.	
Tax	(1.1)	(0.4)	n.s.
Profit/(loss) for the period	2.2	(0.8)	n.s.
Capital expenditure	7.8	12.8	

n.s. = not significant

The figures in the table refer to the Sirap Group.

(in millions of euro)	June 30, 2020	December 31, 2019
Total equity	34.1	34.1
Equity attributable to owners of the parent company	34.0	34.0
Net financial position	(79.9)	(80.8)
Employees (headcount) at the end of the period	1,385	1,384

In the first half of 2020, revenues of the Sirap Group equaled 120.6 million euro, 11% down compared to the same period of the previous year. Net of the change in the consolidation area already mentioned in the previous quarterly reports (closing of the OPS segment in Sirap UK and the Turkish subsidiary of Petruzalek), the reduction in revenue during the half year came to -6%.

Looking at the individual businesses, the "Foam" segment is substantially stable compared with the previous year, while the Petruzalek Group (net of the change of perimeter just mentioned) is showing an 8% drop in turnover, due to the decline in consumption caused by the lockdown which also affected Eastern European countries. On the other hand, the "Rigid" segment, where the Covid-19 health emergency had a negative impact on certain product lines (e.g. gastronomy, take-away salad bowls, confectionery) in all geographical areas of the Sirap Group because of temporary changes in consumer habits. The difficulty of organising commercial meetings has also hampered the launch of new product ranges scheduled for 2020. Overall, the "Rigid" segment recorded a decrease of 12% compared with 2019, with signs of recovery in June compared with the performances in April and May.

The Group's gross operating profit (EBITDA) for the first six months of 2020 comes to 12.1 million euro, an increase of 3.8 million euro compared with the first half of 2019 (+45%) and with a double-digit margin on sales. The reduction in revenue was in fact more than offset by the increase in unit margins, also attributable to the low cost of plastic raw materials during the period and to the impact on the cost structure deriving from the actions forecasted in the Business Plan and completed in 2019 and other actions put in place by the Group's management to deal with the negative impact of Covid-19 on volumes.

Amortization and depreciation are substantially stable at 6.8 million euro, leading to an operating result of 5.3 million euro, which triples the result recorded in the first half of 2019.

The net result for the six months period is positive for 2.2 million euro, compared to a loss of 0.8 million euro in 2019.

The net financial position at June 30, 2020 is negative for 79.9 million euro, with an improvement of 0.8 million euro compared with December 31, 2019 despite the negative impact of seasonality, the improvement is equal to 14.9 million euro compared with the figure at June 30, 2019. At present, there are no particularly critical issues related to the post-Covid-19 credit situation, with past-due levels in line with previous periods as a percentage of sales.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

As required by the 2019-2021 three-year industrial plan, on July 6, 2020 Sirap made an official announcement of its intention to close the San Vito al Tagliamento plant, thereby enabling further consolidation of production of the Group's Italian plants, already started in 2019 with the closure of the former Rosaplast factory. The company hopes to complete the closure before the end of 2020 and has already prepared an incentive plan for the current staff to be transferred to the other Italian production sites.

LITIGATION AND DISPUTES PENDING

With reference to the ongoing dispute with the European Commission (proceedings initiated in 2008 for violations of EU regulations on competition in the market for plastic food packaging), on July 11, 2019 the sentence of the Court of the European Union was appealed by Italmobiliare/Sirap Gema and subsidiaries against the decision of the European Commission which imposed a fine of approximately 35.9 million euro, fully provided for in the financial statements.

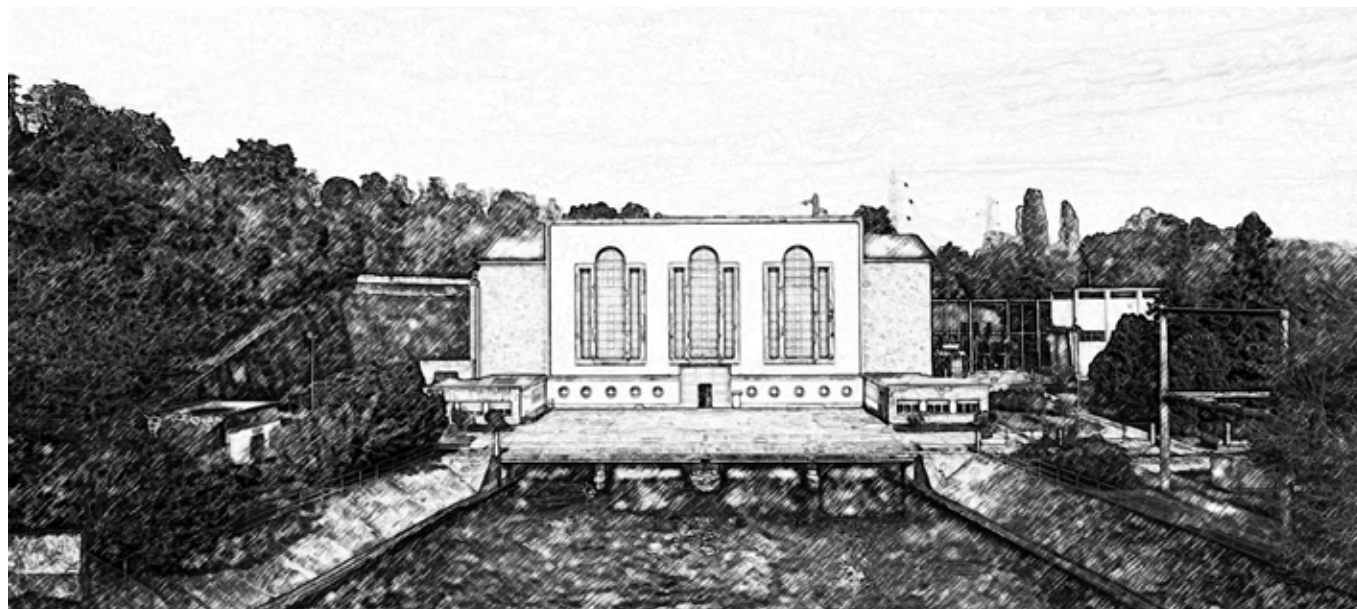
The Court dismissed the appeal, ordering the appellant parties to pay the costs of the proceedings as usual. With the support of the Group's lawyers, an appeal will be filed before the Court of Justice within the terms provided for in current legislation. This last degree of justice, conditioned by the definitive articulation of the proceedings that will be defined by the Court of Justice, will presumably last two more years at least.

OUTLOOK

The Group expects a gradual return to pre-Covid-19 levels of revenue in the Rigid business, giving continuity to the improvements already seen in June compared with April and May.

With regards to the cost of plastic raw materials (and of polystyrene, in particular), substantial stability is expected at the reduced levels recorded in the first half of 2020, at least for the third quarter of 2020.

Italgen

(100% INTEREST)


BUSINESS AND FINANCIAL PERFORMANCE

(in millions of euro)	H1 2020	H1 2019	Change %
Revenue and income	13.5	16.3	(17.2)
Gross operating profit (EBITDA)	5.0	5.0	(1.1)
% of revenue	36.8	30.8	
Amortization and depreciation	(2.0)	(1.8)	(7.9)
Operating profit (EBIT)	3.0	3.2	(6.4)
% of revenue	21.9	19.4	
Net finance income (costs)	(0.3)	0.1	n.s.
Share of profit (loss) of equity-accounted associates	0.3	0.2	42.2
Profit/(loss) before tax	3.0	3.5	(13.2)
% of revenue	22.3	21.3	
Tax	(0.6)	(1.0)	36.3
Profit/(loss) for the period	2.4	2.5	(3.8)
Capital expenditure	1.6	1.6	

n.s. = not significant

The figures in the table refer to the Italgen Group.

(in millions of euro)	June 30, 2020	December 31, 2019
Total equity	17.9	21.6
Net financial position	(15.7)	(20.1)
Employees (headcount) at the end of the period	69	70

Hydroelectric production during the six months period came to 156.6 GWh, the highest level reached in the last 5 years. Comparison with the same period of the previous year showed a growth of 21%, attributable to above-average rainfall and an excellent level of plant availability and performance, with the exception of the shutdown in March of the San Giovanni Bianco plant for the longer duration of maintenance refurbishments due to the Covid-19 emergency (already mentioned in the previous quarterly report).

However, the drop in overall demand for electricity at national level due to the lockdown (-8.9% in the first half of 2020 compared with the same period of 2019, source Terna) and the reduction in the price of gas and CO2 credits have had a significant impact on the price of electricity, particularly in the second quarter. Average unit revenue was in fact 34% down on the same period of 2019, despite the positive effect of the fixed price energy sales for 2020 concluded by the company during 2019.

Overall, the volumes and price effects mainly offset each other: the decrease in revenue compared with 2019, equal to 2.8 million euro (-17.2%), is largely attributable to the drop in pass-through revenue (-2.4 million euro), without any impact on the company's profitability.

The gross operating margin reached 5.0 million euro, stable compared with the first half of 2019; in addition to this trend in revenue, the containment of fixed costs (-0.7 million euro vs. 2019) is offset by the drop in other operating income (-0.8 million euro vs. 2019) linked to the collection in first half of 2019 of a receivable that had been written off entirely.

Profit for the first half of the year was 2.4 million euro, also in this case substantially stable compared with the previous year.

The net financial position at June 30, 2020 is negative for 15.7 million euro, with a positive cash flow of 4.4 million euro in the first half (but note that the distribution of dividends, equal to 6.0 million euro, was prudentially postponed to the third quarter of 2020 during the Covid-19 emergency).

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On July 15, 2020 the company received notice of the appeal sentence no. 1349/2020 in the lawsuit initiated following the VAT assessment on the electricity transported in 2012 (1.9 million euro, of which 0.9 million euro for tax due and 1.0 million euro of penalties and interests). The Brescia Section of the Regional Tax Commission for Lombardy accepted the Tax Authorities' appeal. Pending receipt of the reasoning behind the 2nd degree sentence, the company believes that the risk of losing the case in the last instance is possible, but not certain.

LITIGATION AND DISPUTES PENDING

As regards the Italian activities of the Italgas Group, as already mentioned in last year's report, it should be remembered that the Vaprio, Mazzunno and Mezzoldo plants are among those subject to the new rules laid down in the so-called Simplification Decree, which governs the conditions of large hydroelectric concessions and requires competitive bidding for assignment of the concession when it expires.

The Lombardy Region legislated on the subject recently, passing Regional Law of April 8, 2020 which implemented Decree Law 135. The Government is contesting Regional Law 5/2020 in the Constitutional Court and briefs have been presented by the concessionaires through their trade associations.

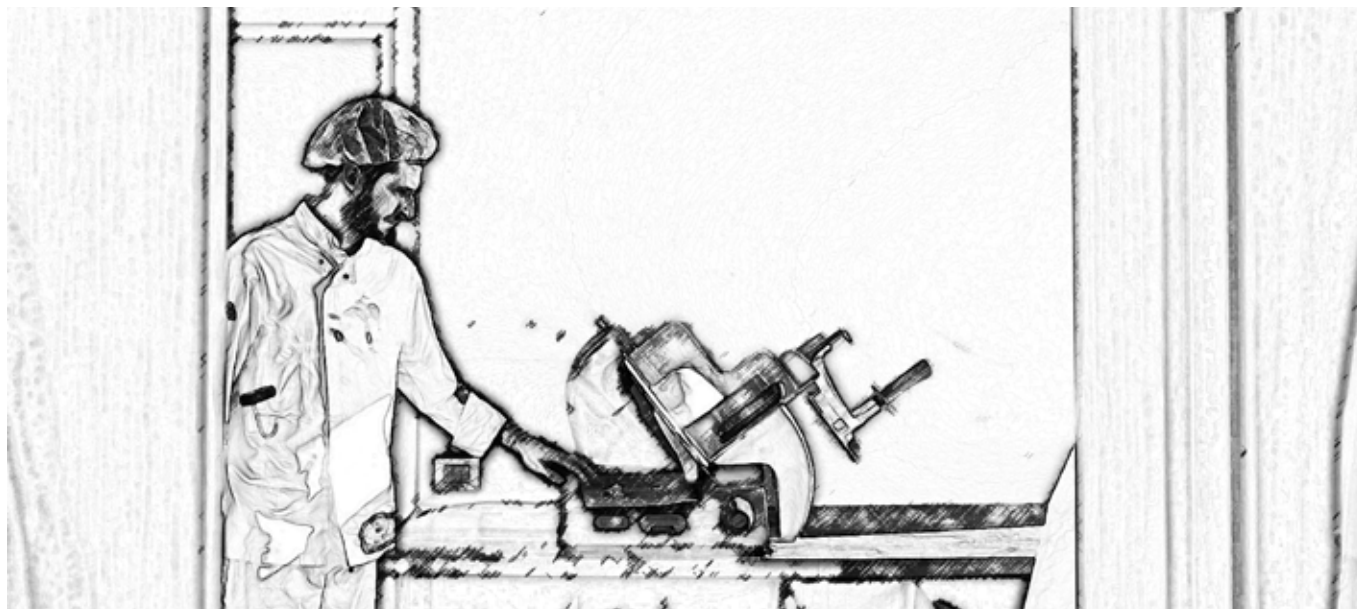
Discussions have also begun with the Region in an attempt to find solutions of mutual satisfaction.

OUTLOOK

The company expects that pressure on the price of energy will continue in the second half of the year, albeit with less penalizing dynamics than those seen in the second quarter of 2020; however, the possible negative effect linked to a persistent low unit price will be partially mitigated by the electricity volumes already sold by the company at fixed prices with a higher coverage than what was in place in the first half of 2020.

Capitelli

(80% INTEREST)
through the newco FT1 S.r.l.



BUSINESS AND FINANCIAL PERFORMANCE

(in millions of euro)	June 30, 2020*	June 30 2019**	Change %
Revenue and income	7.2	6.7	8.3
Gross operating profit (EBITDA)	1.8	1.8	0.1
% of revenue	25.3	27.4	
Amortization and depreciation	0.4	-	100.0
Operating profit (EBIT)	1.4	1.8	(21.6)
% of revenue	19.0	26.3	
Net finance income (costs)	-	-	-
Profit/(loss) for the period	1.0	1.3	(17.8)
Capital expenditure	0.2	0.1	

* The 2020 numbers refer to the consolidated figures with FT1 S.r.l.

** The 2019 figures are based on management sources and prepared according to national accounting standards. They have not been audited.

(in millions of euro)	June 30, 2020	December 31, 2019
Total equity	27.2	26.1
Net financial position	11.2	10.3
Employees (headcount) at the end of the period	31	30

Capitelli's 2020 first half ends with revenue of 7.2 million euro, 8.3% up on the same period of 2019. After an excellent first quarter (17% vs. 2019) despite the initial impact of Covid-19, the second quarter ended with revenue substantially constant compared with the previous year; the health emergency has in fact caused a sharp reduction in volumes of the Ho.Re.Ca. channel and, above all, in traffic at the gastronomy counter of supermarkets, recording a negative impact on revenue. In addition, the company's growth model, based on point-of-sale tastings, suffered from obvious delays due to the lockdown and subsequent restrictions related to social distancing. Note that June closed with revenue up by more than 20% compared with the same month in 2019.

The gross operating profit (EBITDA) for the six months period reached 1.8 million euro, in line with the operating result for the same period of 2019. It should be noted that the price of the raw materials, which in the first few months of 2020 had reached significantly higher levels than in the previous year, went back to lower levels in the second quarter.

Amortization and depreciation amounted to 0.4 million euro in the six months period, up compared to the first half of 2019 due to the amortization of intangible items to which part of the goodwill was allocated in the Purchase Price Allocation process.

The net result for the first half of 2020 is positive for 1.0 million euro, with a decrease compared to the previous year explained by the increase in the amortization previously mentioned.

The net financial position at March 30, 2020 was positive for 11.2 million euro, with a positive cash flow of 1.0 million euro in the first quarter. At present, there are no particular critical issues related to the post-Covid-19 credit situation, with past-due levels in line with previous periods as a percentage of sales with more than 90% of receivables covered by insurance.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On July 20, 2020 was completed the reverse merger of the newco FT1 into Capitelli, which will take legal effect from July 31, 2020, backdated to January 1, 2020 for accounting and tax purposes, without any impact expected on the Group's consolidated financial statements.

OUTLOOK

In the second half of 2020, the company's revenue trend will be linked to the evolution of the Covid-19 health emergency; if the first months of 2020 have shown consumer satisfaction for the company's products even in an extreme situation and the company's potential future growth, it is obvious that the overall context of the Ho.Re.Ca. channel and the gastronomy counter of supermarkets will have an impact on the company's growth trajectory in the short term.

In the second half of 2020, the plan to expand the production capacity will also be intensified, with effects on capital expenditure.

Tecnica Group

(40% INTEREST)



BUSINESS AND FINANCIAL PERFORMANCE

(in millions of euro)	June 30, 2020	June 30, 2019	Change %
Revenue and income	136.8	149.3	(8.4)
Gross operating profit (EBITDA)	2.7	(1.0)	n.s.
<i>% of revenue</i>	1.9	n.s.	
Operating profit (EBIT)	(7.2)	(9.6)	13.3
<i>% of revenue</i>	(5.3)	n.s.	
Profit/(loss) for the period	(14.2)	(13.8)	(3.3)

n.s.: not significant

The figures in the table refer to the Tecnica Group.

(in millions of euro)	June 30, 2020	December 31, 2019
Total equity	39.5	55.2
Equity attributable to owners of the parent company	19.5	36.6
Net financial position	(213.4)	(221.1)

In the first half of 2020, even if not very representative given the extremely seasonal nature of the winter sports business, the net turnover of the Tecnica Group equaled 136.8 million euro, 8.4% down on the same period of 2019.

The contraction in revenue affects all of the group's main brands with varying degrees of intensity and it is attributable to the lockdown that impacted Tecnica's main sales channels and uncertainty about the 2020/21 winter season. The exception is Rollerblade, which closed the half year with excellent revenue growth (+47% vs. 2019) thanks to the positive momentum of the entire category of in-line skates following the change in habits of leisure activities induced by social distancing.

The gross operating profit for the period was positive for 2.7 million euro, showing an improvement on the same period of 2019, which closed with a negative result of 1.0 million euro. The improvement is attributable to the inclusion of Riko (a positive effect of 2.8 million euro on the six months period) and to the cost containment measures launched by management, given the contraction in sales.

The bottom line for the period was a loss of 14.2 million euro, substantially stable compared with 2019 and strongly influenced by the seasonal nature of the business.

On June 30, 2020 the net financial position is negative for 213.4 million euro, with a positive cash flow generation in the half-year of 7.7 million euro. The past-due levels on sales have worsened compared with previous periods, especially in Italy, Germany and Austria, as a direct consequence of the lockdown that affected the retail stores of the Tecnica Group's customers; the company is monitoring the situation closely, having already increased the proportion of receivables with insurance coverage in the main geographical areas starting from 2019.

OUTLOOK

As anticipated, the Covid-19 emergency has generated significant uncertainty about the 2020/21 winter season, with possible impacts on the 2020 turnover of the Group's winter sports brands. This uncertainty is partially offset by a positive outlook on the Group's non-winter sports brands (Lowa, Rollerblade, Tecnica Outdoor), which in the weeks following the end of the lockdown have seen orders return to good levels in the main retail channels. This situation is expected to be confirmed in the third quarter, also because of the peculiarities of the summer/autumn 2020 season (e.g. greater flow of tourists to mountain destinations, greater momentum for the sports that allow social distancing, such as hiking and in-line skating).

Based on the existing order backlog, the company expects to close 2020 with a lower gross operating profit compared with 2019, but the bottom line should still be decidedly positive. In order to deal with the uncertainty regarding sales, management will maintain its focus on cost containment measures for the rest of the year, both at head office and in the main branches, which made possible to protect the Group's overall profitability in the first half of the year.

The net financial position is expected to improve significantly compared with 31 December 2019, due to the trends in working capital. It should be noted that the company's liquidity remains very positive, with a high level of cash and short-term lines that are currently not used.

Iseo

(40% INTEREST)



photo courtesy of Uliano Lucas

BUSINESS AND FINANCIAL PERFORMANCE

(in millions of euro)	June 30, 2020	June 30, 2019*	Change %
Revenue and income	56.4	72.6	(23.5)
Gross operating profit (EBITDA)	4.0	7.9	(48.9)
<i>% of revenue</i>	7.1	10.7	
Operating profit (EBIT)	1.0	4.3	(87.3)
<i>% of revenue</i>	1.0	5.8	
Profit/(loss) for the period	(0.5)	2.7	n.s.

* 2019 data have not been audited.
 Figures recalculated according to IAS/IFRS for comparison purposes.
 The figures in the table refer to the Iseo Group.

(in millions of euro)	June 30, 2020	December 31, 2019
Total equity	61.6	62.9
Equity attributable to owners of the parent company	59.8	60.6
Net financial position	(37.3)	(34.6)

Iseo closed the first half with revenue of 56.4 million euro, 23.5% down on the same period last year due to the significant impact of Covid-19 on the company.

As mentioned in the previous quarterly report, during the initial phase of the lockdown the company had to close its factories both in Italy (activity not considered essential pursuant to the Prime Minister's Decree of March 2020) and in France; subsequent restrictions then caused slowdowns in all the key channels (e.g. hardware, DIY, OEM) in the group's main geographical areas. However, after the difficulties seen in March, April and May (sales down by 40% compared with the same months of 2019), June closed with revenue substantially in line with the previous year and a good trend in new orders.

EBITDA came to 4.0 million euro, 48.9% down on the same period of 2019 (negative delta of 3.9 million euro). Management reacted to the drop in revenue with a strong plan to reduce fixed costs, with savings of more than 4 million euro compared with the first half of 2019.

The net result is a loss of 0.5 million euro.

At June 30, 2020 the net financial position was negative for 37.3 million euro, net of dividends of 1.2 million euro paid during the semester. Cash generation before dividends was negative for 1.4 million euro during the half-year period, partially attributable to the seasonal nature of the business. At present, there are no particularly critical issues related to the post-Covid-19 credit situation, with past-due levels in line with previous periods as a percentage of sales.

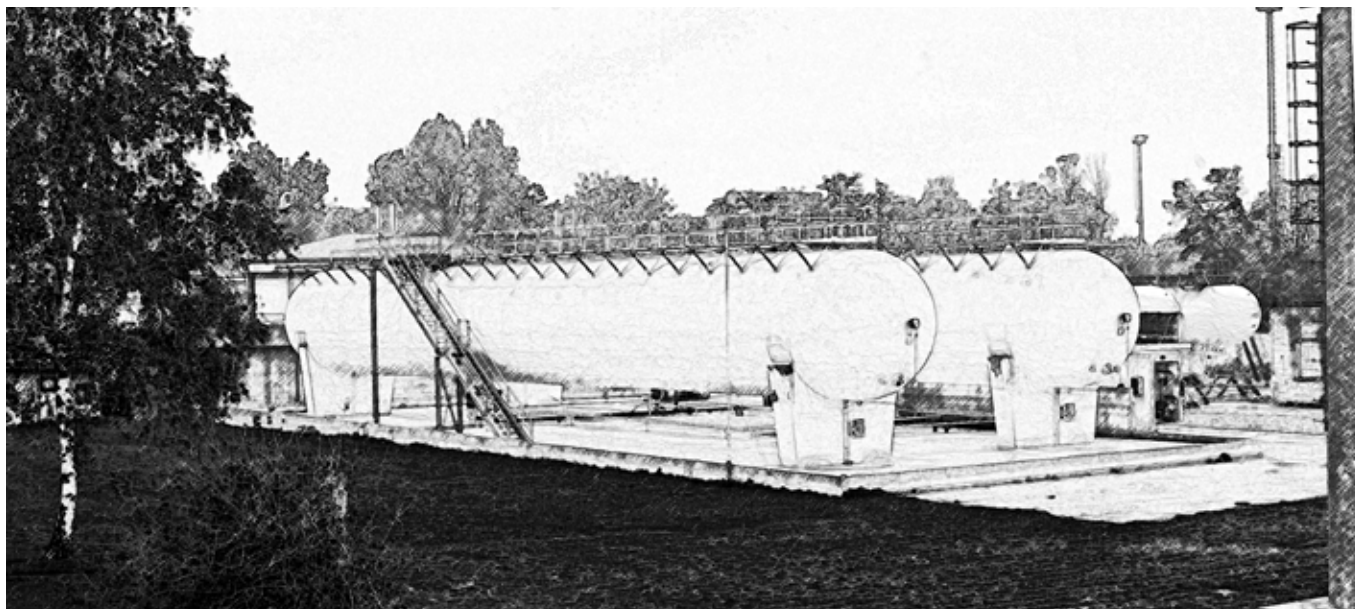
OUTLOOK

The company expects to end the year with a decrease in both sales and gross operating profit compared to 2019. However, on the basis of June's good performance, also in the order backlog, we expect a less marked reduction in revenues in the second half compared with the first half and consequently a better contribution in terms of gross operating profit for the period.

The company's liquidity position remains very positive, also thanks to bank loans agreed in the first half of 2020; these, among other things, significantly lengthened the average duration of the debt without making the economic conditions much worsen, allowing us to be reasonably calm about the consequences of a possible new lockdown.

Autogas Nord - AGN Energia

(30% INTEREST)



BUSINESS AND FINANCIAL PERFORMANCE

(in millions of euro)	June 30, 2020	June 30, 2019*	Change %
Revenue and income	224.2	269.7	(16.9)
Gross operating profit (EBITDA)	27.4	28.8	(4.9)
<i>% of revenue</i>	12.2	10.7	
Operating profit (EBIT)	14.8	16.9	(12.4)
<i>% of revenue</i>	8.6	6.3	
Profit/(loss) for the period	10.7	10.4	2.9

* 2019 data have not been audited.
 Figures recalculated according to IAS/IFRS for comparison purposes.
 The figures in the table refer to the Autogas Group.

(in millions of euro)	June 30, 2020	December 31, 2019
Total equity	167.4	159.1
Equity attributable to owners of the parent company	168.6	157.9
Net financial position	(119.1)	(138.6)

In the first half of 2020, the turnover of the Autogas Group was 224.2 million euro, 16.9% down on the same period of 2019 (for a negative amount of 45.5 million euro). Neutralising the impact of the drop in the cost of LPG raw materials linked to the decline in international price lists, which was reflected in terms of revenue without any impact on the company's profitability, the reduction was 11.2%.

In addition to the negative impact of above-average temperatures in the first two months of the period, the contraction in volumes is attributable to the impact of the lockdown and subsequent restrictions on the consumption of certain customer segments (e.g. one-man businesses, tourism) and volumes of automotive business, even if this is not particularly significant for the Group's results. After April and May, which were very critical, with a reduction in the order of -25% in LPG retail volumes compared with the same months of 2019, the decrease in June stood at -8%.

In terms of added value, the reduction compared with the first half of 2019 has fallen to 5.9% (for a negative amount of 4.2 million euro), thanks to the growing focus on unit margins in LPG (the core business) and, above all, in electricity and natural gas (the "new" business), which closes the six months period with added value up 19.4%, despite the drop in volumes.

With regards to the gross operating profit, the result for the first half of 2020, equaled to 27.4 million euro, represents a negative delta of 1.4 million euro compared with the previous year. The contraction in added value (for 4.2 million euro) was in fact partially offset by the containment of fixed costs (for 2.8 million euro), largely explained by the synergies created by the Group's acquisition of Lampogas.

The net result for the half-year was 10.7 million euro, with an increase of 0.3 million euro compared with 2019, mainly thanks to the reduction in financial charges, which last year were influenced by extraordinary items involved in the acquisition of the Lampogas Group.

At June 30, 2020 the net financial position was negative for 119.1 million euro, with positive cash generation during the 2020 first half of 19.5 million euro; even neutralising contingent factors linked to the postponement of two payments to early July, cash flow still remains positive for 14.6 million euro. During the initial phase of the Covid-19 emergency, it prudentially was decided to postpone the distribution of dividends to the second half of 2020. Past-due levels as a percentage of sales are slightly worse than in previous periods, especially in the electricity and natural gas business; the company is monitoring the situation closely, having already tightened the conditions applied to new customers from the second half of 2019.

OUTLOOK

Given the uncertainty about LPG volumes, with unknown factors related to the consequences of the Covid-19 emergency on top of the "natural" uncertainty linked to climate change, in the second half of the year the company plans to maintain its focus on the unit margins of both the LPG business and that of the Electricity/Natural Gas business. Note that consumption in the few first weeks of July is substantially in line with the previous year, confirming the positive signs that were already emerging in June.

Furthermore, a reduction in the fixed cost structure is also expected in the second half of the year, compared with last year, thanks to the synergies arising from the integration with Lampogas.

Officina Profumo Farmaceutica di Santa Maria Novella

(20% INTEREST)
through the newco FT2 S.r.l.



BUSINESS AND FINANCIAL PERFORMANCE

(in millions of euro)	June 30, 2020*	June 30 2019*	Change %
Revenue and income	10.4	13.6	(23.8)
Gross operating profit (EBITDA)	2.0	4.5	(55.9)
% of revenue	19.1	33.0	
Operating profit (EBIT)	1.1	3.6	(69.1)
% of revenue	10.7	26.3	
Profit/(loss) for the period	1.0	3.8	(74.2)

* Figures recalculated according to IAS/IFRS for comparison purposes and are not audited.
The figures in the table refer to the Officina Profumo Farmaceutica di Santa Maria Novella Group.

(in millions of euro)	June 30, 2020	December 31, 2019
Total equity	49.2	48.0
Equity attributable to owners of the parent company	49.2	48.0
Net financial position	20.7	19.2

The consolidated operating results of the Santa Maria Novella group at June 30, 2020 showed a contraction in revenue due to the temporary closure of most of its direct stores in application of the social distancing measures made necessary by Covid-19 (starting from the historic shop in Florence) and by a marked contraction of international tourist flows, especially to Italy.

In detail, the six months period reported a total decrease in revenue of 23.8%, due to a 60% reduction in directly-managed physical and online retail sales in Europe, a good resilience of the wholesale channel, substantially in line with 2019 thanks to a good flow in orders from the APAC area, a 10% reduction in the USA where the excellent performance of e-commerce partially offset the reduction in revenue from physical channels.

With the reopening of the shops from mid-May, the group's activities are going through a phase of gradual normalization with improved results of daily sales, even if it is estimated that international tourist flows will take a long time before returning to pre-Covid 19 levels with a significant impact on sales for the rest of 2020.

Gross operating profit was 2.0 million euro, 55.9% down on the same period in 2019 (negative amount of 2.5 million euro), due to the loss of turnover.

At June 30, 2020 the net financial position was positive for 20.7 million euro, with positive cash generation during the semester for 2.0 million euro, prior to dividends paid during the period.

At present, there are no particularly critical issues related to the post-Covid-19 credit situation, with past-due levels as a percentage of sales slightly worse than in previous periods, given the importance of the retail channel and the nature of the conditions of sale for wholesale customers.

Other Companies

The caption "Other Companies" of the Italmobiliare Group includes Clessidra SGR S.p.A. (an asset management company authorized and regulated by the Bank of Italy and leading private equity fund manager dedicated exclusively to the Italian market), a number of real estate companies, some service companies that operate essentially within the Group and a bank in the Principality of Monaco. The segment is of marginal importance to the Italmobiliare Group.

At June 30, 2020, total revenue and income amounted to 8.7 million euro, down 1.1 million euro compared with the same period of 2019, with a gross operating profit of 1.6 million euro (3.0 million euro at June 30, 2019).

After amortization and depreciation of 0.6 million euro and income tax expense of 0.3 million euro, the profit for the year was 0.7 million euro (1.8 million euro in the first half of 2019). The largest contributor to these results was Clessidra SGR S.p.A.

At June 30, 2020 there were 63 employees working in this sector compared with 60 at the end of 2019.

CLESSIDRA SGR S.p.A.

Below, a detail of the main income statement items of Clessidra SGR for the first half of 2020:

(in millions of euro)	H1 2020	H1 2019
Commission income	6.7	5.9
Income (expense) from financial assets	(0.1)	1.4
Brokerage margin	6.6	7.2
Administrative expense	(8.6)	(6.1)
Other operating income and charges	3.8	1.4
Operating profit	1.4	2.3
Income tax	0.4	(0.8)
Profit (loss) for the period	1.0	1.5

	June 30, 2020	December 31, 2019
Total equity	22.5	21.9

The brokerage margin was positive for 6.6 million euro (7.2 million euro at June 30, 2019) and is essentially represented by the management fees of the Clessidra funds for 6.7 million euro and by the result of financial asset management which shows a negative balance of 0.1 million euro (positive balance of around 1.4 million euro at June 30, 2019).

Administrative expenses for the year amount to 8.6 million euro and are mainly due to personnel expenses for 4 million euro and to consulting and operating expenses.

After the positive balance of other operating income and charges of 3.8 million euro (+1.4 million euro in the first half of 2019) and income taxes of 0.4 million euro, the half year ended with a positive result of 1 million euro.

During the first half of 2020, the company continued to select new investment opportunities, as well as to manage the three companies in the CCP3 Fund's portfolio, while with regards to the CCP11 Fund, the company continued its management activity, essentially with a view to enhancing the value of the last company left in the portfolio. With regards to the Clessidra Restructuring Fund (CRF), Clessidra continued its activity in the bank loan segment, with a particular focus on UTPs, and in the new finance segment, providing support to around 15 Italian companies that are currently restructuring and relaunching their businesses.

Faced with the Covid-19 emergency situation, the SGR promptly and pro-actively adopted all of the measures deemed necessary, in line with the indications and provisions issued by the Italian government and health authorities, immediately adopting "smart working" from home for all staff.

Clessidra reopened its offices on May 11, 2020 commencing the so-called Phase 2. As required by government provisions, the company has adopted a special Anti-Covid Protocol as well as all the necessary measures for a "safe restart" (use of PPE, distancing, staff shifts, etc.), also maintaining smart working, where possible.

In a situation characterised by a high level of uncertainty, the company's commitment will remain concentrated on its core business activity, with particular attention to careful monitoring and manage the risks that the new scenario could reserve, especially in relation to the funds under management.

TRANSACTIONS WITH RELATED PARTIES

For the purposes of the Group consolidated financial statements, transactions with related parties were those with:

- associates and their subsidiaries;
- other related parties.

All transactions with related parties, whether for the exchange of goods and services or with financial nature, are conducted at normal market conditions and in compliance with the Code of Conduct.

Summary figures at June 30, 2020 of transactions with related parties are provided in the notes.

No atypical or unusual transactions as defined by Consob Communication no. DEM/6064293 of July 28, 2006 took place during the period.

Transactions with subsidiaries, associates and their subsidiaries

Transactions with subsidiaries, associates and their non-consolidated subsidiaries are of commercial nature (exchange of goods and/or services) or of financial nature.

The parent Italmobiliare S.p.A. also provides administrative services to certain subsidiaries, regulated on the basis of the costs attributable to performance of the service.

Transactions with other related parties

During the six months period under review, transactions with other related parties concerned:

- a provision of 53 thousand euro for invoices to be received from the Gattai, Minoli, Agostinelli & Partners law firm, of which Luca Minoli is a member of the Board of Italmobiliare, for legal advice and assistance in and out of court provided to the Italmobiliare Group;

- payment of insurance premiums to Assicurazioni Generali S.p.A., of which Clemente Rebecchini, Italmobiliare director until 21 April 2020, is a director, for a fee of approximately 8 euro;
- payment of insurance premiums to Zurich Investments Life, of which Mirja Cartia d'Asero is a director, for a fee of approximately 5 thousand euro;
- a donation of 400,000 euro and charge back of 21 thousand euro costs of staff on secondment to the "Fondazione Cav. Lav. Carlo Pesenti", whose Board of Directors is chaired by Carlo Pesenti;
- a contribution of 19 thousand euro to ISPI (Istituto per gli Studi di Politica Internazionale), of which Carlo Pesenti is a director;
- compensation for the work performed as an employee by Giampiero Pesenti, son of Carlo Pesenti, paid by Italmobiliare for a total of 30 thousand euro;
- consultancy activities performed by Roberto Pesenti, son of Carlo Pesenti, at the subsidiary Franco Tosi Ventures for a total of 18,720 euro.

LEGAL AND TAX DISPUTES

With regard to Italmobiliare S.p.A., as already illustrated in previous financial reports, the Italcementi share sales agreement signed with HeidelbergCement AG envisaged the usual agreements relating to the interim period between the signing and closing dates, certain guarantees and possible indemnity obligations. Most of the claims regarding the application of these agreements were resolved in a settlement reached in 2017. The Company is involved in an adversarial procedure with the purchaser and is closely monitoring developments regarding a number of claims on which agreement has not been reached as regards the applicability of a contractual guarantee.

The Company also examined the effects of some disputes relating to BravoSolution S.p.A., the majority shareholding in which was sold to third parties in December 2017.

In relation to these disputes, in light of the agreements entered into with the various counterparties, including the agreed contractual deductibles, the Company has made the necessary provisions so that any indemnities can be adequately covered in the provision for risks posted in the financial statements of Italmobiliare S.p.A.

In May, with sentences nos. 2316 and 2317, the Provincial Tax Commission of Milan rejected the appeals concerning dividends and CFC matters for the years 2010 and 2011, as already discussed in previous reports. The Company intends to appeal against these sentences.

With sentence no. 2187 of May 17, 2019, the Commission accepted the Company's appeal against the assessment notice relating to the property in Rome.

In November 2019, the Regional Directorate of Lombardy's Large Taxpayers Office notified the Company of a tax assessment regarding controlled foreign companies (CFC) for the year 2014, against which the Company filed an appeal on July 1, 2020.

In June 2020 with sentence no. 1373 the Provincial Tax Commission of Milan rejected the CFC appeal for the year 2013.

Appropriate provision has been made on an accrual basis for legal and tax disputes concerning other Group companies, in cases where, with respect to risks that have emerged and assessment of related risks, potential liabilities are probable and measurable.

Details of the main disputes are provided in the sections of individual segments.

COMPLIANCE WITH THE CONDITIONS FOR LISTING LAID OUT IN THE CONSOB MARKET REGULATION

With reference to the *Conditions for the listing of certain companies*, laid down in art. 15 et seq. of the market regulation adopted by CONSOB with Resolution no. 20249 of December 28, 2017, on the basis of the Audit Plan, no subsidiary headquartered in a non-European Union country is included in the scope of materiality.

COMPLIANCE WITH SIMPLIFIED RULES PURSUANT TO ARTS. 70 AND 71 OF THE ISSUERS REGULATION

Italmobiliare S.p.A. has adopted *the opt-out regime* envisaged by the Consob Issuers Regulation, exercising the right to waive the obligations to publish disclosure documents required in connection with significant merger and demerger transactions, acquisitions, sales or share capital increases by contributions in kind.

In compliance with this regime, Italmobiliare S.p.A. provided appropriate disclosures to the market.

* * *

Information on "Events after the reporting date" is provided in the notes.

Outlook

The estimated contraction in real world GDP in the second quarter of the year is 8.5% (annualised): the worst recession since 1930 hit the global economy at the end of March, with a low in April, highlighting a collapse in GDP of -13% in the first four months of the year. From the low point recorded in April, economic trends are now accelerating both in manufacturing and services: in fact, it is also the shortest recession since WWII. There are two main factors involved in the short duration of this recession: the exogenous nature of the shock, not generated by endogenous macro-financial imbalances, and the extraordinary economic policy measures implemented to support companies' income, liquidity and solvency.

The level of global real GDP pre-crisis could be reached in the second half of 2021, in less than 24 months, compared with the over 3 years necessary following the 2008 recession, although the latter had a contraction in GDP four times less than the current one. The average of the forecasts for the whole 2020 reached -3.9%, followed by growth of 5.5% in 2021.

However, worse growth estimates weight on the Eurozone and Italy: the 2020 average is anchored at -9% and -11%, respectively, with a possible restoration of pre-crisis real GDP levels in 2022 and 2023.

The global equity index has anticipated the cyclical trend and the minimum point of the growth rate in company profits by about six months, in line with the dynamics of previous global recessions. Against the 30% drop in prices from the beginning of the year to March 23, the index managed a rebound of 34%, with an overall decrease from the beginning of the year to June 30 of 6.2%. The expectations of the European financial market have also started to benefit from the European multi-year budget proposal, which is associated with the Next Generation EU, the crisis and investment support plan, aimed at accelerating the green and digital transition.

However, the scenario is exposed to a high level of uncertainty. The progress achieved in knowledge of the virus, in the therapeutic treatment and in testing mitigate the risk of a further lockdown but a "second wave" of the virus would still impact the recovery. The economic cycle also bears the risk of exacerbating commercial and other tensions (USA-China) and social instability. The US elections

constitute the political event of the last quarter of the year, whose outcome will have a significant economic and financial impact not only in the short term.

In a context characterized by such high uncertainty, Italmobiliare will focus its commitment in providing support to the Portfolio Companies to face the important challenges imposed by the changed scenario. One priority will be the companies operating in the retail world, such as Tecnica Group and Officina Profumo Farmaceutica di Santa Maria Novella, so that they can identify innovative ways of offering their products and new commercial channels that allow them to safeguard growth and development objectives. For all Group companies, measures will be assessed and implemented to ensure further operational efficiency and prudent liquidity management.

Full support will also be guaranteed for the development of Clessidra SGR, both in the traditional Private Equity Fund business focused on the Italian market, and in the recently launched path of diversification into other asset classes, starting from Private Debt, with a view to provide financial support and the possibility of an industrial relaunch for Italian SMEs.

As explained in the section on Italmobiliare S.p.A. section, the portfolio's exposure to investments that are particularly affected by the turbulence of financial markets has been significantly reduced (listed investments) or mitigated through liquidity management concentrated in low-risk financial instruments. In the second half of the year, however, further opportunities offered by the markets to hedge or dilute certain shareholdings will be evaluated.

The dynamics of heightened volatility could at the same time outline interesting investment opportunities in companies that are able to intercept and guide the transformation needs that will characterize some production sectors, both in Italy and - indirectly through the portfolio of private equity funds that has been built up - in other geographical areas, starting with the United States.

Milan, July 29, 2020

***For the Board of Directors
The Chief Executive Officer
(Carlo Pesenti)***

ANNEX 1

ANNEX 1

The Net Asset Value (NAV) of Italmobiliare S.p.A., as a non-GAAP financial measure, is defined as the fair value of financial assets and property investments, net of financial liabilities and the tax effect.

(in millions of euro)	Notes	06.30.2020	12.31.2019	Changes
Listed equity investments	A	106	165	(59)
Portfolio Companies	B	828	745	83
Other equity investments	C	47	54	(8)
Private equity funds	D	146	158	(12)
Properties and related assets	E	50	49	1
Financial assets, trading, cash and cash equivalents	F	453	570	(117)
Total		1,629	1,741	(112)

The following is a reconciliation between the balances included in the NAV and the statement of financial position of Italmobiliare S.p.A. included in the Italmobiliare Group's condensed interim consolidated financial statements as at June 30, 2020:

(in millions of euro)	Notes	06.30.2020	12.31.2019	Changes
Listed equity investments as per NAV	A	106	165	(59)
Other equity investments				
HeidelbergCement		106	165	(59)
Total amounts as per statement of financial position	G	212	330	(118)
Difference	G-A	(106)	(165)	59

(in millions of euro)	Notes	06.30.2020	12.31.2019	Changes
Portfolio Companies as per NAV	B	828	745	83
Equity investments in subsidiaries and associates				
Clessidra		19	19	0
Tecnica Group		43	43	0
Italgen Group		20	20	0
Sirap Gema Group		49	49	0
Caffè Borbone S.r.l.		144	144	0
ISEO		43	43	0
Autogas Nord		60	60	0
Franco Tosi Ventures		0	0	(0)
FT1 Srl - Capitelli increase in capital		23	23	0
FT2 Srl		41	0	41
Total amounts as per statement of financial position	H	443	401	42
Difference		385	344	42

The difference relates to the fact that in the statement of financial position of Italmobiliare S.p.A. the investments are measured at cost, whereas in the NAV they are valued at fair value.

(in millions of euro)	Notes	06.30.2020	12.31.2019	Changes
Other equity investments as per NAV	C	47	54	(8)
Other equity investments				
Vontobel		7	7	(0)
UBI		0	0	(0)
Unicredit		2	3	(1)
Cairo Communication		0	1	(0)
Coima Res		3	4	(1)
Piaggio & C Spa		0	0	(0)
Fin.Priv. (Mediobanca shares)		14	20	(7)
IDea MI Spa		1	3	(2)
035 Investimenti		0	1	(0)
SESAAB		1	1	0
Compagnia Fiduciaria		1	1	(0)
Total	I	30	42	(12)
Equity investments in subsidiaries and associates				
Credit Mobilier de Monaco		5	5	0
SES		7	7	(1)
CCC Holding		5		5
Total	L	17	12	4
Total amounts as per statement of financial position	I+L	46	54	(8)
Difference	(I+L)-C	1	1	0

The difference relates to the fact that in the statement of financial position of Italmobiliare S.p.A. the investment in Crédit Mobilier is valued at cost, whereas in the NAV it is shown at fair value.

(in millions of euro)	Notes	06.30.2020	12.31.2019	Changes
Private equity funds as per NAV	D	146	158	(12)
Bonds and mutual funds				
Clessidra (Funds)		68	69	(1)
BDT 2		48	53	(6)
BDT 3		3	2	0
Amber		0	11	(11)
Isomer		7	6	1
ICONIQ		8	4	4
Connect Ventures		0	0	0
Total	M	133	146	(12)
Equity investments in subsidiaries and associates				
Dokime		3	3	(0)
Total	N	3	3	(0)
Other equity investments				
Atmos Venture		0	0	(0)
New Flour S.p.A		3	4	(0)
Total	O	3	4	(0)
Total amounts as per statement of financial position	M+N+O	140	153	(13)
Difference	(M+N+O)-D	(6)	(5)	(1)

The difference relates to the fact that in the statement of financial position of Italmobiliare S.p.A. the investment in Dokime is valued at cost, whereas in the NAV it is shown at fair value.

(in millions of euro)	Notes	06.30.2020	12.31.2019	Changes
Properties and related assets as per NAV	E	50	49	1
of which properties		46	45	1
of which subsidiaries		4	4	(1)
Property, plant and equipment of Italmobiliare S.p.A.				
Property - Via Borgonuovo, Milan		5	5	1
Total	P	5	5	1
Investment property of Italmobiliare S.p.A.				
Property - Via Sallustiana, Rome		8	10	(1)
Total	Q	8	10	(1)
Land and buildings (ITM Servizi)				
Property - Via S. Bernardino Bergamo (ITM Servizi)		2	2	0
Property - Bergamo Ice Palace + former area of Gres		3	0	3
Total		5	2	3
Equity investments in subsidiaries and associates (which own properties)				
Punta Ala		2	2	0
Sepac		0	0	0
ITM Servizi		11	11	0
Total	R	13	13	0
Other equity investments				
Astra Immobiliare		0	0	0
Total		0	0	0
Total amounts as per statement of financial position	(P+Q+R)	27	27	(1)
Difference	(P+Q+R) - E	23	22	1

The difference relates for approximately Euro 23 million to the fact that in the statement of financial position of Italmobiliare S.p.A. properties are valued at cost, whereas in the NAV they are shown at fair value (i.e. the subsidiaries that own the buildings).

(in millions of euro)	Notes	06.30.2020	12.31.2019	Changes
Financial assets, trading, cash and cash equivalents as per NAV	F	453	570	(117)
Cash and cash equivalents		67	190	(123)
FV of derivatives receivable		2	0	2
Other current assets (1)		359	354	4
Non-current financial assets (2)		27	28	(0)
Total cash and cash equivalents		456	573	(117)
Current loans and borrowings		(0)	(0)	0
Current financial liabilities		(2)	(2)	1
Current options on securities		(1)	0	(1)
Non-current lease payables (3)		0	0	0
Total financial position		(3)	(3)	(0)
Total net financial position	S	453	570	(117)
Difference	S-F	0	(0)	0

(1) this item also includes mutual investment funds, intercompany current accounts, accrued interest and commission income on loans and mutual funds.

(2) this item includes bonds, medium/long-term loans and CASHES (Unicredit convertible bonds).

(3) this item includes intercompany receivables/payables and short-term payables for lease contracts.

Reconciliation of the captions included in the statement of financial position of Italmobiliare S.p.A.

(in millions of euro)	Notes	06.30.2020	12.31.2019	Changes
Equity investments in subsidiaries and associates				
Amount as per statement of financial position of ITM S.p.A.		476	430	46
Amount from reconciliation	H+L+N+R	476	430	46
Difference		0	0	0

(in millions of euro)	Notes	06.30.2020	12.31.2019	Changes
Other equity investments				
Amount as per statement of financial position of ITM S.p.A.		139	210	(71)
Amount from reconciliation	H+L+N+R	245	375	(130)
Difference		(106)	(165)	59

(in millions of euro)	Notes	06.30.2020	12.31.2019	Changes
Other non-current assets				
Amount as per statement of financial position of ITM S.p.A.		174	187	(13)
Amount from reconciliation	M	133	146	(12)
Difference		40	41	(1)
Bond loans	Included in NFP	9	9	0
CASHES (Unicredit convertible bonds)	Included in NFP	3	4	(0)
Difference		12	13	(0)
Receivables to subsidiaries	Included in NFP	15	15	0
Other current assets	Not included in NFP	3	4	(0)
Guarantee deposits	Not included in NFP	0	0	0
Tax consolidation receivables from subsidiaries	Not included in NFP	10	10	(0)
Difference		0	0	(0)

(in millions of euro)	Notes	06.30.2020	12.31.2019	Changes
Property, plant and equipment				
Amount as per statement of financial position of ITM S.p.A.		6	6	1
Amount from reconciliation	P	5	5	1
Difference		0.8	0.7	0

The difference is due to the fact that the caption in the statement of financial situation of Italmobiliare S.p.A. also includes investments in plant and machinery for Euro 0.5 million and the impact of the IFRS 16 for Euro 0.3 million.

(in millions of euro)	Notes	06.30.2020	12.31.2019	Changes
Investment property				
Amount as per statement of financial position of ITM S.p.A.		8	10	(1)
Amount from reconciliation	P	8	10	(1)
Difference		0.0	0	0

(in millions of euro)	Notes	06.30.2020	12.31.2019	Changes
NFP				
Amount as per statement of financial position of ITM S.p.A.		453	570	(117)
Amount from reconciliation	P	453	570	(117)
Difference		0	(0)	0

RECONCILIATION OF THE PERFORMANCE INDICATORS WITH THE FINANCIAL STATEMENTS

(in millions of euro)	Notes	06.30.2020	06.30.2019	Changes
Gross operating profit (EBITDA) as per report	A	27.6	52.1	(24.5)
Revenue and income		276.2	278.3	(2.1)
Other revenue and income		7.2	5.0	2.1
Change in inventories		3.3	5.7	(2.4)
Internally produced and capitalised assets		0.1	0.1	(0.0)
Raw materials and supplies		(118.6)	(127.5)	8.8
Services		(47.0)	(44.1)	(2.9)
Employee benefits expenses		(53.1)	(52.0)	(1.1)
Other operating income (expense)		(40.3)	(13.4)	(26.9)
Total amounts as per statement of financial position	B	27.6	52.1	(24.5)
Difference	A-B	0.0	(0.0)	0.0

(in millions of euro)	Notes	06.30.2020	06.30.2019	Changes
Operating profit (EBIT) as per report	C	13.2	38.3	(25.1)
Revenue and income		276.2	278.3	(2.1)
Other revenue and income		7.2	5.0	2.1
Change in inventories		3.3	5.7	(2.4)
Internally produced and capitalised assets		0.1	0.1	(0.0)
Raw materials and supplies		(118.6)	(127.5)	8.8
Services		(47.0)	(44.1)	(2.9)
Employee benefits expenses		(53.1)	(52.0)	(1.1)
Other operating income (expense)		(40.3)	(13.4)	(26.9)
Amortization and depreciation		(14.4)	(13.7)	(0.7)
Impairment losses on non-current assets		0.0	(0.0)	0.0
Total amounts as per statement of financial position	D	13.2	38.3	(25.1)
Difference	C-D	0.0	(0.0)	0.0

(in millions of euro)	Financial statement class	06.30.2020	12.31.2019	Changes
Net financial position as per report	E	384.4	475.2	(90.8)
Caption				
Cash and cash equivalents	Cash and cash equivalents	148.0	248.1	(100.2)
Short-term derivatives	Other current assets including derivative financial instruments	2.2	0.4	1.8
Equity investments measured at FVTPL	Equity investments, bonds and current financial receivables	23.9	24.1	(0.2)
Financial assets at amortised cost	Equity investments, bonds and current financial receivables	0.0	0.0	0.0
Funds and other financial instruments	Equity investments, bonds and current financial receivables	337.2	328.8	8.4
Other receivables	Equity investments, bonds and current financial receivables	9.5	19.2	(9.7)
Other loan assets and financial instruments	Other current assets including derivative financial instruments	9.5	10.2	(0.6)
Prepaid expenses	Other current assets including derivative financial instruments	0.0	0.1	(0.1)
Total current assets		530.4	630.9	(100.5)
Loans and borrowings	Loans and borrowings	(22.0)	(21.7)	(0.4)
Financial liabilities	Financial liabilities	(39.7)	(36.4)	(3.3)
Due to financial and private equity companies	Other liabilities	(9.1)	(8.9)	(0.2)
Derivatives	Other liabilities	(1.2)	(0.4)	(0.8)
Total current liabilities		(72.0)	(67.3)	(4.7)
Loans and borrowings	Trade receivables and other non-current assets	21.4	15.7	5.7
Financial liabilities	Trade receivables and other non-current assets	2.2	2.5	(0.3)
Due to financial and private equity companies	Trade receivables and other non-current assets	9.0	9.0	0.0
Derivatives	Trade receivables and other non-current assets	3.6	3.9	(0.4)
Total non-current assets		36.2	31.1	5.1
Financial liabilities	Financial liabilities	(109.3)	(118.8)	9.5
Derivatives payable on loans	Other non-current payables and liabilities	(0.9)	(0.8)	(0.1)
Total non-current liabilities		(110.1)	(119.6)	9.4
Financial assets held for sale	Financial assets held for sale	0.0	0.1	(0.1)
Net financial position relating to discontinued operations		0.0	0.1	(0.1)
Total net financial position	F	384.4	475.2	(90.7)
Difference	E-F	(0.0)	(0.0)	

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CONSOLIDATED FINANCIAL STATEMENTS

Statement of financial position

(in thousands of euro)	Notes	06.30.2020	12.31.2019	Changes
Non-current assets				
Property, plant & equipment	1	164,508	161,033	3,475
Investment property		7,637	7,919	(282)
Goodwill	2	175,152	181,864	(6,712)
Intangible assets		181,932	178,592	3,340
Investments in associates	3	202,555	164,147	38,408
Other equity investments	4	139,140	210,531	(71,391)
Trade receivables and other non-current assets	5	173,421	180,909	(7,488)
Deferred tax assets	6	14,386	13,075	1,311
Non-current receivables from employees		648	648	
Total non-current assets		1,059,379	1,098,718	(39,339)
Current assets				
Inventories		62,576	57,202	5,374
Trade receivables	7	92,561	96,646	(4,085)
Other current assets including derivative financial instruments		21,997	22,953	(956)
Tax assets		7,205	8,089	(884)
Equity investments, bonds and current financial receivables	8	370,640	372,150	(1,510)
Cash and cash equivalents	9	147,958	248,112	(100,154)
Total current assets		702,937	805,152	(102,215)
Assets classified as held for sale		6,535	6,713	(178)
Total assets		1,768,851	1,910,583	(141,732)
Equity				
Share capital	10	100,167	100,167	
Share premium		55,607	55,607	
Reserves	11	(46,784)	1,236	(48,020)
Treasury shares	12	(6,620)	(12,154)	5,534
Retained earnings		1,122,501	1,213,873	(91,372)
Equity attributable to owners of the parent company		1,224,871	1,358,729	(133,858)
Non-controlling interests	13	123,385	115,467	7,918
Total equity		1,348,256	1,474,196	(125,940)
Non-current liabilities				
Financial liabilities	15	109,280	118,817	(9,537)
Employee benefits		12,152	12,525	(373)
Provisions	14	64,583	64,107	476
Non-current tax liabilities		8,815	8,358	457
Other non-current liabilities		945	861	84
Deferred tax liabilities	6	55,345	53,843	1,502
Total non-current liabilities		251,120	258,511	(7,391)
Current liabilities				
Loans and borrowings	15	22,045	21,658	387
Financial liabilities	15	39,715	36,416	3,299
Trade payables	16	62,383	68,857	(6,474)
Provisions	14	1,065	788	277
Tax liabilities		3,353	2,252	1,101
Other liabilities	17	40,400	47,338	(6,938)
Total current liabilities		168,961	177,309	(8,348)
Total liabilities		420,081	435,820	(15,739)
Liabilities directly associated with assets classified as held for sale		514	567	(53)
Total equity and liabilities		1,768,851	1,910,583	(141,732)

Pursuant to Consob Resolution no. 15519 of July 27, 2006, the effects of transactions with related parties on the financial position and results of operations are set out in the relevant annexes

Income statement

(in thousands of euro)	Notes	H1 2020	%	H1 2019	%	Change	%
Revenue		245,582		237,992		7,590	
Gains on disposal		328		1,127		(799)	
Other income		30,241		39,134		(8,893)	
Total revenue and income	18	276,151	100.0	278,253	100.0	(2,102)	(0.8)
Other revenue and income		7,165		5,023		2,142	
Changes in inventories		3,263		5,708		(2,445)	
Internally produced and capitalised assets		112		142		(30)	
Raw materials and supplies	19	(118,646)		(127,469)		8,823	
Services	20	(46,996)		(44,141)		(2,855)	
Personnel expenses	21	(53,085)		(52,004)		(1,081)	
Other operating income (expenses)	22	(40,330)		(13,422)		(26,908)	
Gross operating profit (EBITDA)		27,634	10.0	52,090	18.7	(24,456)	(46.9)
Amortization and depreciation	1	(14,433)		(13,739)		(694)	
Impairment losses on non-current assets	1			(28)		28	
Operating profit (EBIT)		13,201	4.8	38,323	13.8	(25,122)	(65.6)
Finance income	23	66		35		31	
Finance costs	23	(2,321)		(2,813)		492	
Net gain/(loss) on exchange-rate differences and derivatives	23	(293)		296		(589)	
Impairment of financial assets		(798)				(798)	
Share of profit/(loss) of equity-accounted associates	3	(4,743)		(2,591)		(2,152)	
Profit/(loss) before tax		5,112	1.9	33,250	11.9	(28,138)	(84.6)
Income tax	24	(3,727)		(8,702)		4,975	
Profit/(loss) for the period		1,385	0.5	24,548	8.8	(23,163)	(94.4)
Attributable to:							
Owners of the parent company		(8,148)	(3.0)	19,093	6.9	(27,241)	n.s.
Non-controlling interests		9,533	3.5	5,455	2.0	4,078	74.8
Earnings per share							
Basic ordinary shares	26	(0.193) €		0.455 €			
Diluted ordinary shares	26	(0.193) €		0.454 €			

Statement of comprehensive income

(in thousands of euro)	Notes	H1 2020	%	H1 2019	%	Change	%
Profit/(loss) for the period		1,385	0.5	24,548	8.8	(23,163)	(94.4)
Other comprehensive income (expense) from continuing operations							
Items that will not be reclassified subsequently to profit or loss							
Remeasurement of net defined benefit liability							
Remeasurement of net defined benefit liability - share of other comprehensive income of associates							
Income tax							
Fair value gain/(loss) on investments in equity instruments designated as at FVTOCI		(54,380)		126,819		(181,199)	
Fair value gain/(loss) on investments in equity instruments designated as at FVTOCI - share of other comprehensive income of associates							
Income tax		89		(12,570)		12,659	
Total items that will never be reclassified to profit or loss		(54,291)		114,249		(168,540)	
Items that may be reclassified subsequently to profit or loss							
Foreign currency translation reserve		(2,172)		402		(2,574)	
Foreign currency translation reserve - share of other comprehensive income of associates		(41)		95		(136)	
Fair value gain/(loss) arising on hedging instruments during the period		(123)		(552)		429	
Fair value gain/(loss) arising on hedging instruments during the period - share of other comprehensive income of associates		(170)		(552)		382	
Income tax		5				5	
Total items that may be reclassified subsequently to profit or loss		(2,501)		(607)		(1,894)	
Total other comprehensive income for the period	25	(56,792)		113,642		(170,434)	
Total comprehensive income for the period		(55,407)	(20.1)	138,190	49.7	(193,597)	n.s.
Attributable to:							
owners of the parent company		(64,934)		132,942		(197,876)	
non-controlling interests		9,527		5,248		4,279	

Consolidated statement of changes in equity

(in thousands of euro)	Attributable to owners of the parent company										Non-controlling interests	Total equity
	Share capital	Share premium	FVTOCI fair value reserve	Hedging reserve	Actuarial gains/ losses on defined benefit plans	Other reserves	Treasury shares	Translation reserve	Retained earnings	Total share capital and reserves		
Balances at December 31, 2018	100.167	177.191	(42.246)	(619)	(381)	12.072	(134.659)	(6.338)	1.097.274	1.202.461	99.775	1.302.236
Profit/(loss) for the year									19,093	19,093	5,455	24,548
Total other comprehensive income (expense) from continuing operations			114,249	(897)				497		113,849	(207)	113,642
Total comprehensive income for the period			114,249	(897)				497	19,093	132,942	5,248	138,190
Dividends paid									(23,071)	(23,071)	(3,200)	(26,271)
Reclassifications for cancellation of treasury shares		(121,584)					121,584					
Reclassification			(9,698)					1	9,698	1		1
% change in control and consolidation scope									(6)	(6)	161	155
Balances at June 30, 2019	100.167	55,607	62,305	(1,516)	(381)	12,072	(13,075)	(5,840)	1,102,988	1,312,327	101,984	1,414,311
Profit (loss) for the period									44,427	44,427	8,063	52,490
Total other comprehensive income (expense) from continuing operations			874	1,410	(284)			1,497		3,497	174	3,671
Total comprehensive income for the period			874	1,410	(284)			1,497	44,427	47,924	8,237	56,161
Purchase of treasury shares							921			921		921
Reclassifications reserve for stock options						(10,456)			10,456			
% change in control and consolidation scope			(63,441)		58	595		(83)	60,428	(2,443)	5,246	2,803
Balances at December 31, 2019	100.167	55,607	(262)	(106)	(607)	2,211	(12,154)	(4,426)	1,218,299	1,358,729	115,467	1,474,196
Profit (loss) for the period									(8,148)	(8,148)	9,533	1,385
Total other comprehensive income (expense) from continuing operations			(54,291)	(282)				(2,213)		(56,786)	(6)	(56,792)
Total comprehensive income for the period			(54,291)	(282)				(2,213)	(8,148)	(64,934)	9,527	(55,407)
Dividends paid									(75,999)	(75,999)		(75,999)
Purchase of treasury shares							5,534		(2,231)	3,303		3,303
Reclassification												
% change in control and consolidation area and reclassifications			6,519			34		(1,276)	(1,505)	3,772	(1,609)	2,163
Balances at June 30, 2020	100.167	55,607	(48,034)	(388)	(607)	2,245	(6,620)	(7,915)	1,130,416	1,224,871	123,385	1,348,256

Statement of cash flows

(in thousands of euro)	Notes	H1 2020	H1 2019
A) Cash flows from operating activities			
Profit/(loss) before tax		5,112	33,250
Adjustments for:			
Depreciation and amortization		15,159	13,767
Reversal of share of profit/(loss) of equity-accounted associates		4,843	2,591
(Gain)/loss on non-current assets		(1,143)	(3,788)
Change in employee benefits and other provisions		382	(435)
Reversal of net finance costs and income		(2,779)	(1,136)
Cash flows from operating activities before tax, finance income/costs, working capital		21,574	44,249
Change in working capital:			
Decrease/(increase) in inventories		(5,379)	(4,377)
Decrease/(increase) in trade receivables		3,609	(10,596)
Decrease/(increase) in trade liabilities		(6,018)	(1,989)
Other receivables/liabilities, accruals and deferrals		3,765	16,208
Cash flows from operating activities before tax and finance income/costs		17,551	43,495
Net finance costs paid		(1,242)	(1,514)
Dividends received		2,344	8,106
Income tax paid		(7,789)	(5,323)
Exit from derivatives		(165)	(164)
Total A)		10,699	44,600
Cash flow from operating activities relating to discontinued operations		(15)	(101)
B) Cash flows from investing activities			
Capital expenditure:			
Property, plant, equipment and investment property		(9,432)	(6,985)
Intangible assets		(225)	(466)
Financial assets (equity investments) net of cash acquisitions		(54,349)	(69,718)
Total capital expenditure		(64,006)	(77,169)
Proceeds from disposal of non-current assets and PE repayments		48,547	160,027
Total disposals		48,547	160,027
Total B)		(15,459)	82,858
Cash flow from investing activities relating to discontinued operations			
C) Cash flows from financing activities			
Change in financial liabilities		(9,105)	7,171
Change in financial receivables		(7,602)	(87,915)
Change in current equity investments		203	2,589
Change in treasury shares			
Percentage change in interests in consolidated companies			
Dividends paid		(75,999)	(26,271)
Other changes in equity		(2,146)	(13,172)
Total C)		(94,649)	(117,598)
Cash flow from financing activities relating to discontinued operations		(88)	
D) Translation differences and other changes			
Translation differences and other changes		(846)	(244)
Total D)		(846)	(244)
Translation differences and other changes relating to assets classified as held for sale		204	74
E) Cash flows for the period (A+B+C+D)		(100,255)	9,616
Change and cash and cash equivalents relating to assets held for sale		101	(27)
F) Cash and cash equivalents at the beginning of the period, continuing operations		248,112	121,930
Cash and cash equivalents at the end of the period, continuing operations (E+F)	8	147,958	131,519

Main changes of cash flows coming from investing activities are discussed in the relevant section of the notes.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Italmobiliare SpA's condensed consolidated interim financial statements at June 30, 2020 were approved by the Board of Directors on July 29, 2020 which also authorised the publication of a press release dated July 29, 2020 containing the main elements of the abovementioned consolidated interim financial statements' key information.

Expression of compliance with IFRS

The condensed consolidated interim financial statements have been prepared in accordance with the International Accounting and Financial Reporting Standards (IAS/IFRS) applicable from January 1, 2020 as adopted by the European Union and, in particular, they have been prepared in accordance with IAS 34 - Interim Financial Reporting.

The condensed consolidated interim financial statements do not contain all of the information and notes usually contained in annual financial statements, so they have to be read in conjunction with the consolidated financial statements of Italmobiliare SpA at December 31, 2019.

In compliance with European Regulation no. 1606 of July 19, 2002, the policies adopted do not include the standards and interpretations published by the IASB and the IFRIC at June 30, 2020 but not yet endorsed by the European Union as of that date.

The following accounting standards, amendments and IFRS interpretations were applied for the first time by the Group starting from January 1, 2020:

- On October 22, 2018, the IASB published the document "Definition of a Business (Amendments to IFRS 3)". The document provides some clarifications regarding the definition of a business for the correct application of IFRS 3. In particular, the amendment clarifies that while a business usually produces an output, the presence of an output is not strictly necessary to identify the business in the presence of an integrated set of activities or processes and assets. However, to meet the definition of a business, an integrated set of activities or processes and assets must include, at least, an input and a process which together contribute significantly to the ability to create output. To this end, the IASB replaced the term "ability to create output" with "ability to contribute to the creation of output" to clarify that a business can exist even without there being all the inputs and processes necessary to create an output. The amendment also introduced a test (called a "concentration test"), which is optional for the entity, to determine whether or not a set of purchased activities or processes and assets is a business. If the test provides a positive result, the set of purchased activities or processes and assets do not constitute a business and the standard does not require further verification. If the test provides a negative result, the entity will have to carry out further analyses on the purchased activities or processes and assets to identify the presence of a business. To this end, the amendment added numerous illustrative examples to IFRS 3 to help understand the practical application of the new definition of a business in specific cases. The amendments apply to all business combinations and acquisitions of activities subsequent to January 1, 2020, but early application is allowed.
- On October 31, 2018, the IASB published the document "Definition of Material (Amendments to IAS 1 and IAS 8)". The document introduced a change in the definition of "material" contained in IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. This amendment has the aim of making the definition of "material" more specific, introducing the concept of "obscured information" alongside the concepts of omitted or incorrect information already present in the two standards subject to modification. The amendment clarifies that information is "obscured" if it has been described in such a way as to produce for the main readers of a set of financial statements an effect similar to that which would have occurred if the information had been incorrect or omitted altogether. The

amendments introduced were approved on November 29, 2019 and apply to all transactions subsequent to January 1, 2020.

- On March 29, 2018, the IASB published an amendment to its "References to the Conceptual Framework in IFRS Standards". The amendment is effective for periods starting on January 1, 2020 or later, but early application is allowed. The Conceptual Framework defines the fundamental concepts for financial reporting and guides the Board in the development of IFRS. The document helps ensure that the standards are conceptually consistent and that similar transactions are treated the same way, in order to provide useful information to investors, lenders and other creditors. The Conceptual Framework supports companies in the development of accounting standards when no IFRS are applicable to a particular transaction and, more generally, helps interested parties to understand and interpret the Standards.

Application of these standards did not have significant impacts on the Group.

STANDARDS AND INTERPRETATIONS PUBLISHED BY THE IASB AND THE IFRIC AT JUNE 30, 2020, BUT NOT ENDORSED BY THE EUROPEAN UNION AT THAT DATE

At the date of these interim financial statements the competent bodies of the European Union have not yet completed the approval process necessary for adoption of the amendments and principles described below.

- On January 23, 2020 the IASB published the amendment to IAS 1 "Presentation of Financial Statements: Classification of Liabilities as Current or Non-current".
- On May 18, 2017, the IASB published IFRS 17 - Insurance Contracts, which is intended to replace IFRS 4 - Insurance Contracts, and on June 25, 2020 some amendments to this standard.
- On May 14, 2020, the IASB published amendments to IAS 16 "Property, Plant and Equipment", IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", IFRS 3 "Business Combinations" and its annual improvements 2018-2020.
- On May 28, 2020, the IASB published an amendment to IFRS 16 "Lease Covid-19 - related rent concessions".
- On June 25, 2020 the IASB published an amendment to IFRS 4 "Insurance contracts - deferral of IFRS 9".

The directors do not expect these standards to have a significant effect on the Group's consolidated financial statements.

Measurement criteria and basis of presentation

The consolidated financial statements adopt the cost principle, with the exception of derivatives and financial assets, which are stated at fair value. The consolidated financial statements are presented in euro, the functional currency of the parent Italmobiliare S.p.A. All amounts in the accounting schedules and in the notes are rounded to thousands of euro, unless otherwise specified.

The basis of presentation of the Group financial statements is as follows:

- current and non-current assets and current and non-current liabilities are presented as separate classifications on the statement of financial position. Current assets, which include cash and cash equivalents, are assets that the Group intends to realize, sell or consume during its normal business cycle; current liabilities are liabilities that the Group expects to settle during the normal business cycle or in the twelve months after the end of the reporting period;
- on the income statement, costs are analysed by nature;

- with regard to comprehensive income, the Group presents two statements: the first statement reflects traditional income statement components and the profit (loss) for the year, while the second statement, beginning with the profit (loss) for the year, presents other comprehensive income: fair value gain and losses on investments in equity instruments measured at FVTOCI and derivatives designated as hedge accounting, translation differences and effects of the re-measurement of defined benefit plans;
- on the statement of cash flows, the indirect method is used.

SIGNIFICANT JUDGEMENTS AND USE OF ESTIMATES

The financial statements have been drawn up on a going-concern basis. Despite the general economic and financial situation characterised by volatility, the Group is of the opinion that there are no real uncertainties about its going-concern status, by virtue of its financial solidity and the action already taken to respond to the changes in demand, as explained in the directors' report on operations.

In preparing the consolidated financial statements, no significant judgements were made during the process of applying the Group's accounting standards, with the exception of those concerning estimates that had a significant effect on the amounts recognised in the financial statements.

The main assumptions regarding the future and the main causes of uncertainty generated by the pandemic at June 30, 2020 that present a significant risk of giving rise to significant adjustments to the carrying amounts of assets and liabilities during the next financial year are shown below:

- impairment of goodwill and investments in associates (for further details, see the paragraph on goodwill);
- fair value of financial assets: as regards investments in listed companies, the fair value is calculated on the basis of the stock market price at the reporting date and could undergo significant changes during the following period; while for financial assets valued with a level 2 and 3 fair value, there is a high degree of judgement due to the elements of complexity inherent in the valuation techniques and significant inputs. As regards the private equity funds, the assessments are made on the basis of the latest NAV communicated by the fund (updated on March 31, 2020 except for the Clessidra CCP3 fund updated on June 30, 2020), so they already incorporate the pandemic risk.
- recoverability of Italgen's operations in Egypt: as regards the carrying amount of this activity, please refer to the paragraph on assets classified as held for sale. Please note that at the time of the sale, the translation reserve relating to the Egyptian pound explained in the paragraph on the translation reserve will be transferred through the income statement;
- calculation of expected credit loss: at the moment, the subsidiaries have not encountered significant problems in recovering trade receivables and do not expect to such problems in the future.

Furthermore, when preparing these condensed consolidated interim financial statements, the significant judgements in the application of the Group's accounting policies and the main sources of uncertainties in estimates were the same as those applied when preparing the consolidated financial statements for the year ended 31 December 2019.

EXCHANGE RATES USED TO TRANSLATE THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS

Currencies	Average rate			Closing rate		
	H1 2020	2019	H1 2019	June 30, 2020	December 31, 2019	June 28, 2019
Czech koruna	26.33333	25.67045	25.68454	26.74000	25.40800	25.44700
Serbian dinar	117.56794	117.81816	118.06227	117.23880	117.83190	117.95700
Moroccan dirham	10.75862	10.76576	10.84678	10.87400	10.78100	10.89900
US dollar	1.10205	1.11947	1.12978	1.11980	1.12340	1.13800
Hungarian florin	345.24770	325.29675	320.41976	356.58000	330.53000	323.39000
Swiss franc	1.06415	1.11245	1.12946	1.06510	1.08540	1.11050
Ukrainian hryvnia	28.62490	28.92195	30.42274	29.89850	26.71950	29.76540
Croatian kuna	7.53364	7.41796	7.41999	7.57080	7.43950	7.39730
Moldavian leu	19.42486	19.64567	19.79609	19.20940	19.29880	20.59300
Bulgarian lev	1.95583	1.95583	1.95583	1.95583	1.95583	1.95583
Egyptian pound	17.45242	18.83827	19.56590	18.10120	18.01920	19.00060
Bosnian mark	1.95580	1.95580	1.95580	1.95580	1.95580	1.95580
New Turkish lira	7.14925	6.35777	6.35616	7.67610	6.68430	6.56550
New Romanian leu	4.81725	4.74535	4.74182	4.83970	4.78300	4.73430
Pound sterling	0.87463	0.87777	0.87363	0.91243	0.85080	0.89655
Polish zloty	4.41196	4.29762	4.29204	4.45600	4.25680	4.24960

The exchange rates used to translate the financial statements of the foreign companies are those published by the Bank of Italy.

SIGNIFICANT EVENTS AND CHANGES IN THE CONSOLIDATION AREA

During the half year period, the main changes in the consolidation area were as follows:

- the consolidation using the equity method of Officina Santa Maria Novella (Italy) in which Italmobiliare holds the 20% of its shares through FT2 S.r.l.
- the consolidation using the equity method of CCC Holdings Europe S.p.A. (Italy), operating in the HVACR (heating, ventilation, air conditioning and refrigeration) sector, in which Italmobiliare holds the 39.53% of its shares.

SEASONAL NATURE OF INTERMEDIATE RESULTS

The Group's industrial sectors are influenced by seasonal phenomena, and in this half-year also by the impact of Covid, and this circumstance must be considered in examining and evaluating interim results. The companies most affected are Sirap, Italgas, Tecnica Group, Iseo and Autogas Nord, which rather limits the representativeness of the first-half results as a trend for the whole year. For a description of the individual companies' activities, please refer to the explanations given in the 2019 annual report.

Operating segment disclosure

The activities in which the Group operates and which constitute the information by operating segment required by IFRS 8 are: Caffè Borbone, Sirap, Italgem, Capitelli, Tecnica Group, Autogas Nord – AGN Energia, Iseo, Officina Santa Maria Novella and other companies that include Clessidra SGR, Crédit Mobilier de Monaco and Italmobiliare Servizi (which constitute 3.2% of consolidated revenue).

The Group management and organisational structure reflects the disclosure by business segment described above. Identification of the operating segments is based on the elements used by senior management of the Group to take decisions regarding the allocation of resources and the evaluation of results.

The following table sets out revenue figures and results by segment at June 30, 2020:

(in thousands of euro)	Revenue and income	Intercompany sales	Contribution revenue	Gross operating profit (EBITDA)	Operating profit (EBIT)	Net finance income/(costs)	Share of profit (loss) of equity-accounted investees	Profit (loss) before tax	Income tax
Italmobiliare	30,480	(7,332)	23,148	(20,573)	(20,910)				
Caffè Borbone	104,128	(2)	104,126	34,252	29,748				
Sirap	120,590		120,590	12,075	5,270				
Italgem	13,523		13,523	4,971	2,962		337		
Capitelli Consolidation	7,206		7,206	1,782	1,378				
Tecnica Group							(6,597)		
Iseo							(1,245)		
Autogas Nord - AGN Energia							2,194		
Officina Santa Maria Novella				(29)	(29)		197		
Other companies	8,710	(1,152)	7,558	1,560	959		371		
Unallocated items and adjustments	(8,486)	8,486		(6,404)	(6,177)	(2,548)		5,112	(3,727)
Total	276,151		276,151	27,634	13,201	(2,548)	(4,743)	5,112	(3,727)

The following table sets out the revenue figures and results by segment at June 30, 2019:

(in thousands of euro)	Revenue and income	Intercompany sales	Contribution revenue	Gross operating profit (EBITDA)	Operating profit (EBIT)	Net finance income/(costs)	Share of profit (loss) of equity-accounted investees	Profit (loss) before tax	Income tax
Italmobiliare	45,297	(13,082)	32,215	20,451	20,098				
Caffè Borbone	85,950		85,950	25,051	20,720				
Sirap	135,555		135,555	8,326	1,388				
Italgem	16,324		16,324	5,025	3,163		237		
Capitelli Consolidation									
Tecnica Group							(7,230)		
Iseo							1,152		
Autogas Nord - AGN Energia							2,699		
Officina Santa Maria Novella									
Other companies	9,772	(1,563)	8,209	3,042	2,500		551		
Unallocated items and adjustments	(14,645)	14,645		(9,805)	(9,546)	(2,482)		33,250	(8,702)
Total	278,253		278,253	52,090	38,323	(2,482)	(2,591)	33,250	(8,702)

The following table sets out other segment figures at June 30, 2020:

(in thousands of euro)	June 30, 2020		June 30, 2020			
	Total assets	Total liabilities	Capital expenditure	Non-current financial investments	Amortization and depreciations	Impairment losses of non-current assets
Italmobiliare	1,251,212	46,733	915	13,012	(208)	
Caffè Borbone	436,946	138,062	2,742	9	(4,504)	
Sirap	232,400	198,243	7,776		(6,803)	
Italgen	56,273	44,364	1,589		(2,009)	
Capitelli Consolidation	32,394	5,175	229		(403)	
Tecnica Group	38,584					
Iseo	43,490					
Autogas Nord - AGN Energia	62,510					
Officina Santa Maria Novella	41,736	430		41,295		
Other companies	78,496	23,172	426	33	(506)	
Intersegment eliminations	(511,725)	(36,098)	(262)			
Total	1,762,316	420,081	13,415	54,349	(14,433)	
From assets classified as held for sale	6,535	514				
Total	1,768,851	420,595	13,415	54,349	(14,433)	

Capital expenditure on tangible and intangible assets includes increases due to the application of IFRS 16 for € 4,315 thousand.

The following table sets out other segment figures at December 31, 2019 and June 30, 2019:

(in thousands of euro)	December 31, 2019		June 30, 2019			
	Total assets	Total liabilities	Capital expenditure	Non-current financial investments	Amortization and depreciations	Impairment losses of non-current assets
Italmobiliare	1,401,792	54,772	762	69,709	(353)	
Caffè Borbone	411,921	136,618	2,735	8	(4,331)	
Sirap	239,869	205,767	12,868	1	(6,908)	(28)
Italgen	57,647	42,179	1,496		(1,862)	
Capitelli Consolidation	28,903	2,718				
Tecnica Group	45,432					
Iseo	45,218					
Autogas Nord - AGN Energia	61,883					
Officina Santa Maria Novella						
Other companies	74,240	24,047	4,782		(542)	
Intersegment eliminations	(463,035)	(30,281)	(492)		257	
Total	1,903,870	435,820	22,151	69,718	(13,739)	(28)
From assets classified as held for sale	6,713	567				
Total	1,910,583	436,387	22,151	69,718	(13,739)	(28)

Capital expenditure on tangible and intangible assets includes increases due to the application of IFRS 16 for € 14,603 thousand.

Market capitalisation

During the year, Italmobiliare S.p.A. market capitalisation recorded an increase compared with December 31, 2019 (going from € 1,014.0 million to € 1,224.4 million) at a time when the stock market of reference, the FTSE Italia All-Share Index, falls by -10.15%.

There was a reduction in NAV, already commented in the report on operations, because of the decrease in value of the main listed securities held (HeidelbergCement) and because of the dividend distribution partially offset by the increase in value of the portfolio companies; thanks to the abovementioned reasons, the discount on capitalisation has decreased to its lowest level in recent years (24.9%).

ASSETS

Non-current assets

1) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment amount to € 164,508 thousand. The increases for new investments amounted to € 13,190 thousand (of which € 4,315 for the application of IFRS 16) and were mainly concentrated in Italy for € 7,356 thousand, in Spain for € 3,722 thousand and in France for € 875 thousand.

Amortization and depreciation for the period amounted to € 10,381 thousand (€ 10,012 thousand in the first half of 2019), of which € 2,274 thousand for the application of IFRS 16.

Fixed assets are not used to guarantee bank loans.

As regards the Italgem group, there were no trigger events for an impairment test, since neither the group's operations nor its margins were affected by the pandemic.

2) GOODWILL

The goodwill shown in the financial statements at June 30, 2020 amounts to € 175,152 thousand (€ 181,864 thousand at December 31, 2019) and relates to:

- Caffè Borbone for € 153,839 thousand;
- Capitelli for € 8,011 thousand;
- Sirap for € 10,308 thousand;
- Other companies for € 2,994 thousand, attributable entirely to Clessidra SGR.

Goodwill impairment testing

Goodwill acquired in a business combination is allocated to the cash-generating units (CGUs). The Group tests the recoverability of goodwill at least once a year, or more frequently if there are signs of impairment.

Since February, the general context has been dramatically conditioned by the health emergency caused by the Covid-19 pandemic, as explained in the directors' report on operations. Italmobiliare promptly implemented, both at the holding company level and at the Portfolio Companies, all safety and control measures, while favouring continuity of production and commercial activities. The measures taken to support the Portfolio Companies and the responsiveness shown by them in such a complex situation, allowed us to limit the impacts of the pandemic. By virtue of an investment portfolio that is diversified both by sector and exposure to the various geographical areas, the impacts of the health emergency that can be observed to date have been contained.

In this context, Italmobiliare performed the impairment test for testing the value of goodwill and the investments in associates, considering the pandemic as a trigger event.

Capitelli

Capitelli F.lli S.p.A. was acquired on December 15, 2019. The following table shows the assets acquired, the liabilities assumed and the final allocation of the price paid at the acquisition date:

(in thousands of euro)	Carrying amount of the company acquired	Fair value adjustment	Fair value attributed to acquisition
Net property, plant & equipment	867	2,281	3,148
Intangible assets	4	7,028	7,032
Other non-current assets	277		277
Trade receivables and other current assets	2,981		2,981
Cash and cash equivalents	9,948		9,948
Trade payables and other current liabilities	(2,095)		(2,095)
Provision for risks and charges and deferred tax liabilities	(244)	(2,597)	(2,841)
Employee benefits	(332)		(332)
Fair value of net assets acquired	11,406	6,712	18,118
Goodwill	14,723	(6,712)	8,011
Total cost of acquisition	26,129		26,129

This allocation led to a reduction in goodwill and an increase in intangible assets (trade mark and customer list) and the related deferred tax provision.

The net disbursement for the acquisition was as follows:

(in thousands of euro)	
Securities purchase price	26,129
Cash and cash equivalents acquired	(9,950)
Net outlay on acquisition	16,179

It was not necessary to test its goodwill for impairment, because it formed part of one of the sectors that was least affected by the pandemic, as showed in the half-year results of the management report.

Caffè Borbone

The goodwill allocated to the subsidiary Caffè Borbone, which is a single cash generating unit (CGU) for the purposes of the Italmobiliare Group consolidated financial statements, was tested for impairment in accordance with IAS 36. Specifically, the recoverable amount of the CGU was estimated with the assistance of an independent expert using the value in use configuration, based on the present value of expected future cash flows. The analytical projections of (unlevered) future cash flows are based on the 2020 budget approved by the company's Board and on the plan's financial and business projections for the period 2020-2023 prepared by its management in June 2020. This plan reflects the best and most recent estimate of the results expected by the company's management, also drawn up to take into account the impacts of the current situation linked to Covid-19. The 2020-2023 CAGR (compound annual growth rate) in revenue foreseen in the budget/plan is 16.6%, compared with an actual growth rate of 27.7% in 2019.

The cash flows were discounted using a post-tax discount rate (WACC) of 8.2%, including an additional premium with respect to the Capital Asset Pricing Model (CAPM) for the specific risk. For the purpose of estimating the terminal value, a trend of linear convergence of the annual growth rate of revenue to the long-term annual growth rate of revenue (g rate) of 1.5% was used. The test did not show any evidence of impairment losses on goodwill.

The sensitivity analysis showed that an increase of 100 basis points (+1%) in the discount rate (WACC), even in conjunction with a 50 basis point reduction in the growth rate (g) in the terminal value, would not generate any impairment loss.

Furthermore, even if the annual growth forecast in the 2021-2023 plan for revenue is reduced to zero, keeping all other assumptions the same, no impairment loss would emerge.

As for the trademark, there is no indicator of impairment because the results of the first half of the year are better than the budget made the previous year.

Sirap

For the Sirap group, the impairment test consists of verifying whether the recoverable amount of

the goodwill allocated to the cash generating unit (CGU) that coincides with the Sirap Gema S.p.A. Group is higher or lower than its carrying amount. To this end, given that the whole of Sirap Gema is considered as a single CGU for the purposes of management control and strategic planning by Italmobiliare's management, the overall goodwill allocated to this CGU in Italmobiliare's consolidated financial statements is equal to the sum of the various items of goodwill shown in the consolidated financial statements of Sirap Gema (allocated to the specific CGUs of the Sirap Group and subjected to first level impairment tests for the purposes of its consolidated financial statements). Impairment testing the overall goodwill of the Sirap Gema CGU therefore requires comparing the recoverable amount of the operating net invested capital of the entire CGU (the so-called "Core Enterprise Value") with the respective carrying amount in the consolidated financial statements of Italmobiliare S.p.A., including goodwill.

Goodwill at June 30, 2020 amounts to € 10,308 thousand, the same as at December 31, 2019.

The recoverable amount of the operating net invested capital of the Sirap Gema CGU - to be compared with the carrying amount of the operating net invested capital of the Sirap Group in the consolidated financial statements of Italmobiliare S.p.A. - was estimated by an independent expert using the value in use configuration, based on the asset-side DCF criterion which considers the present value of expected future financial benefits. In particular, the Sum-of-the-Parts (SOTP) approach was adopted, which determines the overall recoverable amount of the operating net invested capital of the Sirap Gema CGU by aggregating the recoverable amounts of the CGUs that make up the Sirap Group. In fact, for the purpose of estimating the overall recoverable amount of the Sirap CGU, the same level of analytical detail adopted internally by the Sirap Group makes it possible to reflect in the valuation the peculiar characteristics of each CGU in terms of products sold, profit margins, reference markets, expected growth and exposure to various risk factors. The analytical projections of future cash flows (unlevered) used in the asset-side DCF method are based on the 2020 budget approved by the company's Board (specifically revised in June 2020 to reflect the impacts of the current Covid-19 situation) and on the plan's financial and business projections for the period 2020-2024 prepared by its management, suitably adjusted on a pro-forma basis according to the scope of the various key CGUs. These analytical projections for each CGU are the best estimates of Sirap Gema S.p.A. management consistent with current market trends, the assumptions underlying the 2020 budget and the strategic measures envisaged by the plan, whose validity is confirmed also in light of the current market context linked to the Covid-19 emergency. The CAGR 2020-2024 envisaged by the plan for the various CGUs of the Sirap Group ranges from -2.2% to +11.3% (including the Sirap Poland and Sirap UK CGUs expressed in local currency).

The value in use of the net operating assets of the Inline Poland CGU and Sirap UK CGU was estimated using cash flow projections, the discount rate and the nominal growth rate in the terminal value (rate g) expressed in local currency (zloty and pounds); the resulting value in use was then translated into euro at the exchange rate ruling at June 30, 2020.

Since the Petruzalek Group CGU, as part of the Sirap Group, is a group made up of a number of subsidiaries operating mainly in Eastern European countries and headed up by a parent company in Austria, reference was made to cash flow projections taken from the budget/plan expressed in euro. The discount rate (post-tax WACC) applied to estimate the CGU's recoverable amount (value in use) was therefore a weighted average (assuming as weightings the relative share of the revenue in euro of each subsidiary with respect to total Group revenue in euro) of the WACC of each subsidiary, denominated in euro.

The table below sets out the post-tax discount rates (post-tax weighted average cost of capital - WACC) and the nominal growth rate (g) used in the terminal value employed to determine value in use of each CGU (data relating to the Inline Poland CGU and Sirap UK CGU refers to cash flows in local currency):

in %	Weighted average cost of capital (WACC)	Growth rate (g)
Rigid Division Italy CGU	8.50	1.50
Foamed Container Division Italy CGU	8.40	(1.00)
Rigid Division Poland CGU (local currency)	9.20	2.90
Rigid Sirap France CGU	7.70	1.70
Foamed Sirap France CGU	7.60	(1.00)
Petruzalek Group CGU	9.10	2.30
Sirap UK CGU (local currency)	8.00	2.00
Sirap Iberica CGU	8.60	1.80
Sirap GmbH CGU (Germany)	7.50	2.10

The negative g rate for the CGUs of the Foam business – which is in any case aligned with long-term inflation for the CGUs of the Rigid business – is also explained by the effects expected in the medium/long term of a partial shift in demand from Foam to Rigid, in line with the institutional and market orientation aimed at favouring products and production processes that allow more and more recyclable material to be used.

The test showed no evidence of goodwill impairment loss for the Sirap Gema CGU.

The sensitivity analyses showed that an increase of 100 basis points (+1%) in the discount rate (WACC) for all CGUs, at the same growth rate (g) in the terminal value, would generate a potential impairment loss for the entire Sirap Gema CGU of -8.5 million euro. At the same g rate, a simultaneous increase in the discount rate (WACC) of all first level CGUs of 53 basis points (+0.53%) would result in a break-even situation with the recoverable amount of the overall Sirap Gema CGU equal to its carrying amount). Lastly, by simulating a reduction in unlevered cash flows of all CGUs in the Sirap Group (but maintaining the same corporate costs) of -20% in 2021 and -10% in 2022, there would be no impairment loss on the goodwill allocated to the Sirap Gema CGU.

Other companies

With reference to the other companies, goodwill was attributable only to the CGU coinciding with the subsidiary Clessidra SGR S.p.A.; an impairment test was carried out in accordance with IAS 36. Being a financial company that performs management services and investment activities and subject to the regulatory framework provided by the specific Supervisory Authorities, the recoverable amount was determined according to an equity-side approach based on an estimate of the present value of future financial flows available for the shareholders.

In particular, the recoverable amount was estimated with the help of an independent expert on the basis of existing liquidity and the present value of future cash flows available for the shareholders taken from the budget at June 2020 and the updated economic-financial projections for the period 2020-2024 prepared by the company at June 2020 and approved by its Board. Given the particular nature of Clessidra's business and the importance of human resources, a "final" perspective has been adopted which considers only the projections of future cash flows expected in the five years covered by the plan. The cash flows were discounted using a post-tax discount rate of 10.2%, including an additional premium with respect to the Capital Asset Pricing Model (CAPM) for the specific risk. The test did not show any impairment losses on goodwill.

The sensitivity analysis showed that an increase of 100 basis points (+1%) in the discount rate (WACC), all else being equal, would not generate any impairment loss.

3) INVESTMENTS IN ASSOCIATES

This caption reflects equity interests in equity-accounted investments in associates. The main equity-accounted investments in associates are listed below:

(in thousands of euro)	Carrying amount of investments		Share of profit (loss)	
	June 30, 2020	December 31, 2019	2020	2019
Associates				
Tecnica Group	38,584	45,432	(6,597)	(7,230)
Autogas Nord - AGN Energia	62,510	61,883	2,194	2,699
Iseo	43,490	45,219	(1,245)	1,152
Officina Santa Maria Novella	41,524	-	197	-
S.E.S.	6,400	7,000	-	-
Other	10,047	4,613	708	788
Total investments in associates	202,555	164,147	(4,743)	(2,591)

The negative result of Tecnica Group has been influenced by the seasonal nature of its business and by Covid-19, as already mentioned in the report on operations; it refers to the Group's share of 40% of the result, net of minorities, which comes to € -16,493 thousand.

The negative result of Iseo is made up of the Group's share of its operating result, which is slightly positive, amortization of the fixed assets to which the consideration paid was allocated in the PPA exercise and the write-down for impairment of € 1,169 thousand.

Impairment test of the investments in associates

For the purpose of impairment testing the carrying amount of the investments in associates, the recoverable amount has been estimated in the fair value configuration on the basis of appropriate multiples derived from a sample of comparable listed companies, as explained in greater detail below.

With reference to the associate Tecnica Group S.p.A., the recoverable amount was determined in the fair value configuration on the basis of the multiple EV/EBITDA. In particular, reference was made to the EV/EBITDA multiple implicit in the option to repurchase the investment held by the controlling shareholder, after verifying that this multiple was lower than the current market multiples referring to a sample of comparable listed companies. Since the fair value of the investment (average 2019-2020) estimated on the basis of this multiple and the relevant pro-rata EBITDA of reference (average 2019-2020) is significantly higher than the carrying amount of the investment, there is no evidence of a loss due to impairment of the investment. From the sensitivity analyses that we carried out, we found that, other things being equal, there would be a loss in value of the investment in Tecnica in the event of a 79% reduction in EBITDA 2020 compared with the revised post-Covid-19 budget.

An impairment test was also carried out for the two associates ISEO Serrature S.p.A. and Autogas Nord S.p.A. based on an estimate of the fair value of the investment. The latter was determined by applying the market multiples method in the leading configuration (specifically, the EV/EBITDA multiple observed in June 2020 was used), the expected result (EBITDA) in 2020 of each company is that defined by the budget according to Italian accounting standards as approved by the respective Board of Directors, further adjusted to reflect the best available estimate of the effects of applying International Financial Reporting Standards and the effects of the pandemic. In both cases, an adequate discount was taken into account with respect to the reference rate which consisted of the median of market multiples recorded for a sample of reference listed companies. Its measurement was defined in relation to facts and circumstances concerning the specific situation of the subsidiary considered and the effective level of comparability in terms of size, profitability and risk of the listed companies that make up the sample.

There is no impairment loss for Autogas. The sensitivity analyses carried out showed that, whether other things being equal, there would be a loss in value of the investment in Autogas in the event of a 22% reduction in EBITDA 2020 compared with budget.

For Iseo there is an impairment loss of € 1,169 thousand compared with the share of equity in the Iseo group.

With regard to the investment in the associate Società Editrice Sud S.p.A. (S.E.S.), an impairment loss of € 600 thousand was recognised to align the carrying amount with its estimated fair value. Since the company reported a negative consolidated EBITDA at December 31, 2019 and since there are no further updates to the accounting data, nor any forward-looking indications formalised in a budget/plan document, the fair value of the investment was estimated based on the first quartile of the EV/Sales trailing multiples taken from a sample of listed companies in the same sector. Since these companies have sizes and business profiles that are sometimes significantly different, an appropriate discount was used to determine the fair value of the investment compared with the value implicit in a straightforward application of the median multiple for the sample. The estimate of the fair value of the equity investment carried out according to the criteria described above is 600 thousand euro lower than the previous carrying amount of the investment, resulting in the impairment loss mentioned above.

As regards Officina Santa Maria Novella, the impairment test was not carried out as Italmobiliare is considering the possibility of increasing its stake in the company.

4) OTHER EQUITY INVESTMENTS

Other equity investments at June 30, 2020 were as follows:

(in thousands of euro)	Number of shares	June 30, 2020
Investments in listed companies		
HeidelbergCement	2,232,000	106,109
Vontobel	115,238	7,190
Coima Res	412,332	2,614
Ideami	300,000	600
Unicredit	201,331	1,673
Cairo Communication	189,198	277
Piaggio	169,699	365
Ubi	117,142	341
Can fite	204	1
	Total	119,170
Investments in non-listed companies		
Fin Priv		13,543
Sesaab		1,300
Newflour		3,237
Other		1,890
	Total	19,970
	At June 30, 2020	139,140

The fair value of listed companies is determined on the basis of the official share price on the last business day that prices are quoted.

For unlisted securities, their fair value was determined using different measurement techniques according to the characteristics and data available (DCF, market multiples or, if sufficient information is not available, shareholders' equity resulting from the latest approved financial statements).

The carrying amount of equity investments has decreased by 71,391 thousand euro compared with June 30, 2019 (210,531 thousand euro).

The change is mainly due to the following events:

- disposals of shares in HeidelbergCement for 21,185 thousand euro and fair value adjustment of the investment of -37,834 thousand euro;
- fair value adjustment of Fin.Priv. for -6,930 thousand euro;
- fair value adjustment of Coima Res for -1,023 thousand euro;
- fair value adjustment of Unicredit for -987 thousand euro;
- fair value adjustment of Piaggio for -101 thousand euro.

These fair value adjustments have been recognised in the specific FVTOCI reserve in shareholders' equity.

5) TRADE RECEIVABLES AND OTHER NON-CURRENT ASSETS

(in thousands of euro)	June 30, 2020	December 31, 2019	Change
Non-current receivables	24,871	19,313	5,558
Financial assets measured at amortised cost	9,000	9,000	
Financial assets at FVTPL NFP	3,551	3,916	(365)
Financial assets at FVTPL non-NFP	133,279	145,768	(12,489)
Guarantee deposits	486	447	39
Other	2,234	2,465	(231)
Total	173,421	180,909	(7,488)

"Financial assets at FVTPL non-NFP" included Private Equity funds and decreased for total repayments (Ambercoffee) or partial repayments of € 23,405 thousand offset by increase in investments of € 7,388 thousand, net revaluations for € 2,969 thousand.

6) DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Deferred tax assets of € 14,386 thousand (€ 13,075 thousand at December 31, 2019) mainly consist of deferred tax assets calculated on the tax losses made principally by the Parent Company. The assets are recognised on the basis of a forecast made by the companies included in the current domestic tax consolidation system (about to be renewed), which considers that sufficient taxable income is likely to be made within 2021 to offset the carry-forward tax losses.

The deferred tax liabilities of € 55,345 thousand (€ 53,843 thousand at December 31, 2019) are mainly attributable to deferred taxes relating to intangible assets, Caffè Borbone in particular.

Current assets

7) TRADE RECEIVABLES

(in thousands of euro)	June 30, 2020	December 31, 2019	Change
Gross amount	96,893	100,617	(3,724)
Bad debt reserve	(4,332)	(3,971)	(361)
Total	92,561	96,646	(4,085)

The Group has assessed the possible impacts of Covid-19 in terms of a deterioration in the credit recovery rate and adjusted provisions where necessary.

8) EQUITY INVESTMENTS, BONDS AND CURRENT FINANCIAL RECEIVABLES

This caption is broken down as follows:

(in thousands of euro)	June 30, 2020	December 31, 2019	Change
Equity investments measured at FVTPL	23,920	24,124	(204)
Funds and other financial instruments	337,239	328,845	8,394
Other receivables	9,481	19,181	(9,700)
Total	370,640	372,150	(1,510)

Note that "Funds and other financial instruments" include the payment made in the half year period to the Vontobel Fund for € 90,000 thousand, a partial disposal of the fund for € 62,102 thousand and a write-down of the same fund for € 5,903 thousand.

9) CASH AND CASH EQUIVALENTS

(in thousands of euro)	June 30, 2020	December 31, 2019	Change
Cash and checks in hand	2,949	4,462	(1,513)
Bank and postal accounts	145,009	243,650	(98,641)
Total	147,958	248,112	(100,154)

Short-term deposits have various maturities of up to three months and there are no limits on availability.

The breakdown of cash and balances by currency is shown below:

(in thousands of euro)	June 30, 2020	December 31, 2019	Change
Euro	138,587	226,711	(88,124)
US dollar	306	13,588	(13,282)
Pound sterling	2,146	2,521	(375)
Swiss franc	3,733	1,992	1,741
Czech crown	595	437	158
Croatian kuna	306	340	(34)
Other	2,285	2,523	(238)
Total	147,958	248,112	(100,154)

EQUITY AND LIABILITIES

Share capital, reserves and retained earnings

10) SHARE CAPITAL

At June 30, 2020, the parent company's fully paid-up share capital amounted to € 100,166,937 represented by 42,500,000 ordinary shares with no par value, as follows:

Number of shares	June 30, 2020	December 31, 2019	Change
Ordinary shares	42,500,000	47,633,800	(5,133,800)
Cancelled shares		(5,133,800)	5,133,800
Total	42,500,000	42,500,000	

11) RESERVES

Fair value reserve for financial assets measured at FVTOCI - Group share

The reserve changes are due to the reclassification to retained earnings of the share of the reserve linked to the disposal of equity investments for +1,048 thousand euro and for the fair value adjustment of the FVTOCI financial assets for -48,909 thousand euro.

Translation reserve - Group share

At June 30, 2020, this reserve is negative and amounts to € 7,915 thousand, broken down into the following currencies:

(in thousands of euro)	June 30, 2020	December 31, 2019	Change
Egypt (Pound)	(4,186)	(4,181)	(5)
UK (Pound Sterling)	(264)	627	(891)
Ukraine (Hryvnia)	(2,110)	(1,828)	(282)
Poland (Zloty)	(1,350)	(570)	(780)
Other countries	(5)	1,526	(1,531)
Total	(7,915)	(4,426)	(3,489)

Dividends paid

The Parent Company Italmobiliare S.p.A. has paid the following dividends:

	2020 (euro per share)	2019 (euro per share)	2020 (in thousands of euro)	2019 (in thousands of euro)
Ordinary shares	1.800	0.550	75,999	23,071
Total dividends			75,999	23,071

12) TREASURY SHARES

At June 30, 2020 the carrying amount of treasury shares in portfolio stood at € 6,620 thousand, a decrease of € 5,534 thousand after some stock option plans were exercised. The composition is as follows:

	No. ordinary shares	Carrying amount (in thousands of euro)
At December 31, 2019	512,070	12,154
Decreases	(233,600)	(5,534)
At June 30, 2020	278,470	6,620

Ordinary treasury shares in portfolio at June 30, 2020 are related to service stock option plans for directors and managers.

13) NON-CONTROLLING INTERESTS

Equity attributable to non-controlling interests at June 30, 2020 amounted to € 123,385 thousand euro (€ 115,467 thousand at December 31, 2019), largely for the 40% non-controlling interest in Caffè Borbone S.r.l. and the 20% interest in Capitelli that joined the Group at the end of 2019.

Non-current and current liabilities

14) PROVISIONS

Total current and non-current provisions amounted to € 65,648 thousand at June 30, 2020 (€ 64,895 thousand at December 31, 2019). They mainly include provisions for legal disputes and provisions for contractual and commercial liabilities. In relation to the fine imposed by the European Commission on the Sirap group, on June 19, 2020 Italmobiliare filed a request at the Court of Justice of the European Union for the purpose of setting the hearing at the Court of Justice to appeal the EU court's ruling. Please refer to the report on operations for other updates of the half year period.

15) BORROWINGS

The following table shows borrowings by category, included in the net financial position, split between the current and non-current parts:

(in thousands of euro)	June 30, 2020	December 31, 2019	Change
Bank loans and borrowings	93,588	104,704	(11,116)
Other loans and borrowings	1,437	1,601	(164)
Lease payables	14,255	12,512	1,743
Bank loans and borrowings and non-current financial liabilities	109,280	118,817	(9,537)
Fair value of derivatives	850	759	91
Total non-current financial liabilities	110,130	119,576	(9,446)
Bank loans and borrowings	22,045	21,658	387
Current borrowings	29,746	27,541	2,205
Other loans and borrowings	15,307	13,989	1,318
Lease payables	3,661	3,373	288
Accrued interest expense	65	373	(308)
Bank loans and borrowings and current financial liabilities	70,824	66,934	3,890
Fair value of derivatives	1,175	396	779
Total current financial liabilities	71,999	67,330	4,669
Total financial liabilities	182,129	186,906	(4,777)

Long-term borrowings can be analysed by currency as follows:

(in thousands of euro)	June 30, 2020	December 31, 2019	Change
Euro	105,721	114,138	(8,417)
Polish Zloty	3,256	4,138	(882)
Other	303	541	(238)
Total	109,280	118,817	(9,537)

Long-term borrowings can be analysed by maturity as follows:

(in thousands of euro)	June 30, 2020	December 31, 2019	Change
2020	-	514	(514)
2021	14,235	25,896	(11,661)
2022	40,051	39,265	786
2023	40,581	40,661	(80)
2024	4,501	4,006	495
2025	4,072	3,758	314
2026	2,699	2,503	196
2027	1,127	851	276
2028	1,058	768	290
2029	690	386	304
Beyond	266	209	57
Total	109,280	118,817	(9,537)

Net financial position

The net financial position at June 30, 2020 is positive and is included in the following balance sheet items:

(in thousands of euro)	Caption	Non NFP	NFP	Current assets	Current liabilities	Non-current assets	Non-current liabilities
Trade receivables and other non- current assets	173,421	137,245	36,176	24		36,152	
Other current assets including derivative financial instruments	21,997	10,229	11,768	11,768			
Equity investments, bonds and current financial receivables	370,640		370,640	370,640			
Cash and cash equivalents	147,958		147,958	147,958			
Assets classified as held for sale	6,535	6,505	30	30			
Non-current financial liabilities	(109,280)		(109,280)				(109,280)
Other non-current liabilities	(945)	(95)	(850)				(850)
Loans and borrowings	(22,045)		(22,045)		(22,045)		
Current financial liabilities	(39,715)		(39,715)		(39,715)		
Other liabilities	(40,400)	(30,161)	(10,239)		(10,239)		
Total	508,166	123,723	384,443	530,420	(71,999)	36,152	(110,130)

For more details on the items included or not included in the NFP, see the table of comparison between the fair value and carrying amount of financial assets and liabilities.

The net financial position at June 30, 2020, which is positive for € 384,443 thousand, is made up as follows:

(in thousands of euro)	June 30, 2020	December 31, 2019	Change
Current financial assets	530,390	630,936	(100,546)
Cash and cash equivalents		147,958	(100,154)
Derivatives assets		2,195	1,764
Other current financial assets		380,237	(2,156)
Current financial liabilities	(71,999)	(67,330)	(4,669)
Loans and borrowings		(22,045)	(387)
Current loans and borrowings		(48,779)	(3,503)
Derivatives liabilities		(1,175)	(779)
Non-current financial assets	36,152	31,059	5,093
Non-current financial assets		36,152	5,125
Non-current derivatives			(32)
Non-current financial liabilities	(110,130)	(119,576)	9,446
Non-current financial liabilities		(109,280)	9,537
Non-current derivatives (hedge accounting)		(850)	(91)
Net financial position relating to continuing operations	384,413	475,089	(90,676)
Assets classified as held for sale		30	(117)
Liabilities directly associated with assets classified as held for sale			
Net financial position relating to discontinued operations	30	147	(117)
Total of net financial position	384,443	475,236	(90,793)

The net financial position at June 30, 2020, calculated according to Consob communication no. DEM/6064293 of July 28, 2006 (i.e., not including non-current financial assets and assets held for sale) was positive for € 348,261 thousand (positive for € 444,030 thousand at December 31, 2019).

COMPARISON BETWEEN FAIR VALUE AND CARRYING AMOUNT

The following table compares the fair value and the carrying amount of financial assets and liabilities at June 30, 2020:

(in thousands of euro)	Carrying amount					Total	Fair value			
	FVTPL	FVTOCI	Amortised cost	FV hedges	Other financial liabilities		Level 1	Level 2	Level 3	Total
Financial assets										
Other equity investments		139,140				139,140	119,169	13,543	6,428	139,140
Trade receivables and other non-current assets	136,830		36,591			173,421	238	3,313	133,279	136,830
Financial assets at amortised cost			9,000			9,000				
Financial assets at FVTPL in NFP	3,551					3,551	238	3,313		3,551
Financial assets at FVTPL not in NFP	133,279					133,279			133,279	133,279
Non-current receivables			24,871			24,871				
Trade receivables			2,210			2,210				
Guarantee deposits			486			486				
Accrued income			24			24				
Trade receivables			92,561			92,561				
Current assets including derivative financial instruments	2,195		19,802			21,997		2,195		2,195
Derivatives	2,195					2,195		2,195		2,195
Trade receivables			9,546			9,546				
Other receivables			10,256			10,256				
Equity investments, bonds and current financial receivables	361,159		9,481			370,640	42,833	318,204	122	361,159
NFP Equity investments FVTPL	23,920					23,920	23,885		35	23,920
Financial assets at amortised cost										
Financial assets at FVTPL in NFP	337,239					337,239	18,948	318,204	87	337,239
Investments at FVTOCI										
Financial receivables and accruals			9,481			9,481				
Cash and cash equivalents			147,958			147,958				
Total	500,184	139,140	306,393			945,717	162,240	337,255	139,829	639,324
Financial liabilities										
Non-current financial liabilities					109,280	109,280		109,280		109,280
Bank loans and borrowings					93,588	93,588		93,588		93,588
Finance lease payables					14,255	14,255		14,255		14,255
Other loans and borrowings					1,437	1,437		1,437		1,437
Other non-current liabilities			95	850		945		850		850
Derivatives				850		850		850		850
Other non-current payables			95			95				95
Loans and borrowings					22,045	22,045		22,045		22,045
Current financial liabilities					39,715	39,715		39,715		39,715
Bank loans and borrowings					29,746	29,746		29,746		29,746
Finance lease payables					3,661	3,661		3,661		3,661
Other loans and borrowings					177	177		177		177
Other financial payables					6,131	6,131		6,131		6,131
Trade liabilities			62,383			62,383				
Other liabilities	1,148		39,225	27		40,400		1,175		1,175
Derivatives	1,148			27		1,175		1,175		1,175
Trade liabilities			9,064			9,064				
Other payables, accruals and deferrals			30,161			30,161				
Total	1,148		101,703	877	171,040	274,768		173,065		173,065

The following table compares the fair value and the carrying amount of financial assets and liabilities at December 31, 2019:

(in thousands of euro)	Carrying amount					Total	Fair value			
	FVTPL	FVTOCI	Amortised cost	FV hedges	Other financial liabilities		Level 1	Level 2	Level 3	Total
Financial assets										
Other equity investments		210,531				210,531	183,089	20,473	6,969	210,531
Trade receivables and other non-current assets	149,716		31,193			180,909		3,700	146,016	149,716
Financial assets at amortised cost			9,000			9,000				
Financial assets at FVTPL in NFP	3,916					3,916		3,668	248	3,916
Financial assets at FVTPL not in NFP	145,768					145,768			145,768	145,768
Non-current receivables			19,313			19,313				
Trade receivables			2,433			2,433				
Derivatives	32					32		32		32
Guarantee deposits			447			447				
Trade receivables			96,646			96,646				
Current assets including derivative financial instruments	431		22,522			22,953		431		431
Derivatives	431					431		431		431
Trade receivables			10,157			10,157				
Other receivables			12,365			12,365				
Equity investments, bonds and current financial receivables	352,969		19,181			372,150	55,163	297,680	126	352,969
NFP Equity investments FVTPL	24,124					24,124	24,089		35	24,124
Financial assets at amortised cost										
Financial assets at FVTPL in NFP	328,845					328,845	31,074	297,680	91	328,845
Financial receivables and accruals			19,181			19,181				
Cash and cash equivalents			248,112			248,112				
Total	503,116	210,531	417,654			1,131,301	238,252	322,284	153,111	713,647
Financial liabilities										
Non-current financial liabilities						118,817		118,817		118,817
Bank loans and borrowings						104,704		104,704		104,704
Finance lease payables						12,512		12,512		12,512
Other loans and borrowings						1,601		1,601		1,601
Other non-current liabilities			102	759		861		759		759
Derivatives				759		759		759		759
Other non-current payables			102			102				102
Loans and borrowings						21,658		21,658		21,658
Current financial liabilities						36,416		36,416		36,416
Bank loans and borrowings						27,541		27,541		27,541
Finance lease payables						3,373		3,373		3,373
Other loans and borrowings						266		266		266
Other financial payables						5,236		5,236		5,236
Trade liabilities			68,857			68,857				
Other liabilities	396		46,942			47,338		396		396
Derivatives	396					396		396		396
Trade liabilities			8,860			8,860				
Other payables, accruals and deferrals			38,082			38,082				
Total	396		115,901	759	176,891	293,947		178,046		178,046

The Group uses the following hierarchy based on different measurement methods to determine and document the fair value of financial instruments:

- level 1: financial instruments with prices quoted on active markets;
- level 2: prices quoted on active markets for similar financial instruments, or fair value determined with other measurement methods where all significant inputs are based on observable market data;
- level 3: fair value determined with measurement methods where no significant input is based on observable market data.

At June 30, 2020 the changes in level 3 are detailed as follows:

(in thousands of euro)	Level 3							Decreases						Level 3	
	12/31/2019	Purchases	Gains on disposals in income statement	Other gains in income statement	Gains in equity	Other changes	Transfers from other levels	Sales	Repayments	Losses on disposals in income statement	Other losses in income statement	Losses in equity	Other changes		Transfers from other levels
Derivative - assets															
Non-current equity investments	6,969	83			60						(684)				6,428
Receivables and other non-current assets	146,016	7,388		5,890		193			(23,405)		(2,555)			(248)	133,279
Current assets including derivatives															
Equity investments, bonds and current financial receivables	126								(4)						122

"Receivables and other non-current assets" are mainly composed of the Private Equity funds. Movements refer to repayments and payments made in the six months period and fair value revaluations and write-downs. The transfer to another level concerns an investment fund of Capitelli now classified as level 1.

Covenants

In addition to the usual clauses, certain loan agreements granted to Group companies include special clauses known as "covenants", which require compliance with certain financial indices, mainly determined at the year-end.

Loans subject to such covenants at June 30, 2020 include € 19.2 million of the Italgem group's total gross financial debt.

The financial indicator of reference is leverage (the ratio between Italgem's net financial debt and its gross operating profit in the calculation of net financial debt; in some cases, financial assets with associated companies or non-current Group companies are excluded). The maximum limit is 4.5 for one loan and 3.5 for a second loan and for the annual review.

The Sirap group has taken out loans with covenants that require compliance with certain financial indices.

Sirap Gema S.p.A. has a loan of € 25,000 thousand outstanding with expiry on December 31, 2023, which has covenants on NFP/EBITDA and EBITDA/finance costs.

Sirap France S.A. has three loans in progress for a total of € 1,972 thousand expiring on August 28, 2023, which have covenants on NFP/EBITDA and EBITDA/Equity.

Inline Poland Sp zoo has three loans outstanding with covenants:

- a residual loan of € 1,573 thousand expiring on January 31, 2027;
- a residual loan of € 1,503 thousand expiring on August 31, 2027;
- a residual loan of € 648 thousand expiring on February 28, 2023.

These loans have covenants on: total annual revenue, percentage net profit, current ratio, receivables and current investments/current liabilities. Compliance with these commitments is checked at the end of the year.

Caffè Borbone has loans for a total of € 53.5 million subject to covenants.

The financial indicator of reference is leverage (the ratio between net financial debt and gross operating profit). This index must not be equal to or greater than the limits that can vary as a function of time, with a decreasing range between 2.50x at June 30, 2020 and 2.25x at December 31, 2022.

According to the data currently available, all covenants are being respected and we do not expect there will be any non-compliance at the end of the year. No Group companies requested any loan repayment moratorium envisaged by the government decrees recently issued to help cope with the pandemic.

Derivatives

The table below shows the fair value of the financial instruments recognized in the statement of financial position, subdivided by type of hedge:

(in thousands of euro)	June 30, 2020		December 31, 2019	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedge interest rate derivatives		(27)		(26)
Derivatives on interest rates		(27)		(26)
Derivatives on shares, securities or indices	2,195	(1,148)	431	(370)
Total current instruments	2,195	(1,175)	431	(396)
Cash flow hedge interest rate derivatives		(850)	32	(759)
Interest-rate derivatives		(850)	32	(759)
Total long-term instruments		(850)	32	(759)
Total	2,195	(2,025)	463	(1,155)

The interest-rate derivatives hedging cash flows equal to -877 thousand euro refer to IRS derivatives on loans granted to Caffè Borbone and Italgen.

Liquidity risk

The Group also has unconfirmed credit lines of € 245.6 million at June 30, 2020 (€ 247.5 million at December 31, 2019).

The existence of cash and bank balances (€ 148 million) and readily marketable investment funds (Vontobel Fund of € 299 million) reduce liquidity risk practically to zero, also considering the maturities of the medium-long term liabilities shown above.

16) TRADE PAYABLES

This caption included:

(in thousands of euro)	June 30, 2020	December 31, 2019	Change
Trade payables	62,383	68,857	(6,474)
Other trade payables	-	-	-
Total	62,383	68,857	(6,474)

17) OTHER LIABILITIES

(in thousands of euro)	June 30, 2020	December 31, 2019	Change
Due to employees	12,931	18,509	(5,578)
Due to social security bodies	5,027	6,100	(1,073)
Due to tax authorities	6,069	5,467	602
Accrued expenses and deferred income	2,257	2,756	(499)
Derivatives	1,175	396	779
Due to customers	9,064	8,860	204
Advances from customers	689	629	60
Due to suppliers for non-current assets	1,146	2,344	(1,198)
Other liabilities	2,042	2,277	(235)
Total	40,400	47,338	(6,938)

The decrease in the amount "Due to employees" is mainly attributable to the payment of the 2017- 2019 long-term bonus plan.

Commitments

At June 30, 2020 there are commitments for future payments into private equity funds for a total of € 34,723 thousand, USD 29,325 thousand and GBP 777 thousand.

Tecnica Group S.p.A. shares have been pledged as collateral for loans granted to it by banks.

Income statement

Note that the income statement figures for the first half of 2019 do not contain any figures for Capitelli as it was acquired in December 2019.

18) REVENUE AND INCOME

Revenue from sales and services and income totalled € 276,151 thousand, broken down as follows:

(in thousands of euro)	H1 2020	H1 2019	Change	Change %
Industrial revenue				
Product sales	231,824	221,421	10,403	4.7%
Services provided	13,658	16,482	(2,824)	(17.1%)
Other revenue	100	89	11	12.4%
Total	245,582	237,992	7,590	3.2%
Financial revenue				
Interest	712	710	2	0.3%
Dividends	2,373	8,106	(5,733)	(70.7%)
Commissions	6,740	5,882	858	14.6%
Gains realised and other revenues	19,982	24,739	(4,757)	(19.2%)
Total	29,807	39,437	(9,630)	(24.4%)
Revenues from other activities				
Interest	738	772	(34)	(4.4%)
Real estate and other services/other revenues	24	52	(28)	(53.8%)
Total	762	824	(62)	(7.5%)
Grand total	276,151	278,253	(2,102)	(0.8%)

The industrial revenues relate to Caffè Borbone, Sirap, Italgen and Capitelli, while the financial revenues are attributable to Italmobiliare and Clessidra.

Please refer to the report on operations for comments on the changes in revenues and purchase costs.

19) RAW MATERIALS AND SUPPLIES

Raw materials and supplies amounted to € 118,646 thousand, broken down as follows:

(in thousands of euro)	H1 2020	H1 2019	Change	Change %
Raw materials and semifinished goods	62,157	65,812	(3,655)	(5.6%)
Fuel	984	604	380	62.9%
Materials and machinery	26,070	24,430	1,640	6.7%
Finished goods	27,525	27,146	379	1.4%
Electricity and water	7,623	11,243	(3,620)	(32.2%)
Change in inventories of raw materials, consumables and other	(5,713)	(1,766)	(3,947)	n.s.
Total	118,646	127,469	(8,823)	(6.9%)

20) SERVICES

Services amounted to € 46,996 thousand and referred to:

(in thousands of euro)	H1 2020	H1 2019	Change	Change %
External services and maintenance	11,771	9,736	2,035	20.9%
Transport	11,467	11,760	(293)	(2.5%)
Legal fees and consultancy	6,793	4,802	1,991	41.5%
Rents	2,649	2,431	218	9.0%
Insurance	1,122	1,006	116	11.5%
Membership fees	198	177	21	11.9%
Other expense	12,996	14,299	(1,303)	(9.1%)
Total	46,996	44,211	2,785	6.3%

21) EMPLOYEE BENEFIT EXPENSE

Employee benefit expense amounts to € 53,085 thousand, broken down as follows:

(in thousands of euro)	H1 2020	H1 2019	Change	Change %
Wages and salaries	38,011	37,188	823	2.2%
Social security contributions	10,722	10,316	406	3.9%
Other expenses	4,352	4,500	(148)	(3.3%)
Total	53,085	52,004	1,081	2.1%

The number of employees is shown below:

headcount	H1 2020	H1 2019	Change
Number of employees at the end of period	1,796	1,791	5
Average number of employees	1,792	1,778	14

22) OTHER OPERATING INCOME (EXPENSES)

Other operating expenses, net of other operating income, amounted to € 40,330 thousand, broken down as follows:

(in thousands of euro)	H1 2020	H1 2019	Change	Change %
Other taxes	3,434	4,014	(580)	(14.4%)
Accrual to the provision for bad and doubtful accounts	487	723	(236)	(32.6%)
Interest expense and other expense financial companies	32,116	12,311	19,805	n.s.
Other expenses	8,441	2,595	5,846	n.s.
Other income	(3,398)	(2,532)	(866)	34.2%
Net gains from the sale of non-current assets	(1,155)	(3,400)	2,245	(66.0%)
Personnel expense for re-organizations	16	(743)	759	(102.2%)
Other (income) expense	389	454	(65)	(14.3%)
Total	40,330	13,422	26,908	n.s.

The increase in "Interest expense and other finance costs" is mainly attributable to Italmobiliare for write-downs of financial assets measured at fair value through profit or loss for € 22,275 thousand.

The increase in "Other expenses" is mainly attributable to an out-of-period cost relating to the long-term bonus plan 2017-2019 for € 4,695 thousand.

The allowance for doubtful accounts is not sufficiently material to require a separate line in the financial statements.

23) FINANCE INCOME AND COSTS, EXCHANGE-RATE DIFFERENCES AND NET GAINS (LOSSES) ON DERIVATIVES

Net finance costs amounted to € 2,548 thousand. This amount is composed as follows:

(in thousands of euro)	H1 2020		H1 2019	
	Income	Costs	Income	Costs
Interest income	30		13	
Interest expense		(1,278)		(1,553)
Dividends	3		1	
Gains/losses on sale of equity investments		(40)		
Other finance income	33		21	
Other finance costs		(1,003)		(1,260)
Total finance income (costs)	66	(2,321)	35	(2,813)
Gains/losses on interest-rate derivatives		(14)		
Gains/losses on exchange-rate derivatives				
Net exchange-rate differences		(279)	296	
Net gain/(loss) on exchange-rate differences and derivatives		(293)	296	
Total finance income (costs), exchange-rate differences and net gains (losses) on derivatives		(2,548)		(2,482)

Interest expenses for lease contracts amount to € 115 thousand (€ 70 thousand in the first half of 2019).

24) INCOME TAX

Income tax for the period was negative for € 3,727 thousand, analysed as follows:

(in thousands of euro)	H1 2020	H1 2019	Change	Change %
Current tax	5,572	9,830	(4,258)	(43.3%)
Prior-year tax and other prior-year tax items	(1,584)	(234)	(1,350)	n.s.
Deferred tax	(261)	(894)	633	(70.8%)
Total	3,727	8,702	(4,975)	(57.2%)

The change in current tax is due to a deterioration in the operating results of Italmobiliare and a number of subsidiaries, partially offset by the benefit deriving from the patent box for Caffè Borbone.

The change in income tax relating to previous years is mainly due to the out-of-period income generated by the non-payment of the 2019 IRAP balance following the issuance of the so-called "Relaunch Decree".

25) OTHER COMPREHENSIVE INCOME

(in thousands of euro)	Gross amount	Tax	Net amount
Fair value gains (losses) on:			
Financial assets measured at FVTOCI	(54,380)	89	(54,291)
Derivatives	(293)	5	(288)
Translation differences	(2,213)	-	(2,213)
Other comprehensive income (expense)	(56,886)	94	(56,792)

26) EARNINGS (LOSSES) PER SHARE

Earnings (losses) per share at June 30 are calculated on the basis of the result attributable to the Parent Company and is recognised for ordinary shares.

Basic earnings per share

The weighted average number of shares and attributable profit (loss) are shown below:

	H1 2020	H1 2019
(no. shares in thousands)	Ordinary shares	Ordinary shares
No. shares at January 1	42,500	47,634
Treasury shares at January 1	(512)	(5,686)
Weighted average number of treasury shares sold in the year	211	0
Total	42,199	41,948
Attributable profit in thousands of euro	(8,148)	19,093
Basic earnings per share in euro	(0.193)	0.455

Profit attributable by share category was determined as follows:

	H1 2020	H1 2019
(in thousands of euro)	Ordinary shares	Ordinary shares
Residual profit apportioned to all shares	(8,148)	19,093
Total	(8,148)	19,093

Diluted earnings per share

Diluted earnings per share are computed in the same way as basic earnings (losses) per share, taking account of the dilutive effect of stock options.

The weighted average number of shares and attributable profit (loss) are shown below:

	H1 2020	H1 2019
(no. shares in thousands)	Ordinary shares	Ordinary shares
Weighted average number of shares at June 30	42,199	41,948
Dilutive effect of stock options	77	104
Total	42,276	42,052
Attributable profit for diluted earnings per share in thousands of euro	(8,148)	19,093
Diluted earnings per share in euro	(0.193)	0.454

Profit attributable by share category was determined as follows:

	H1 2020	H1 2019
(in thousands of euro)	Ordinary shares	Ordinary shares
Residual profit apportioned to all shares	(8,148)	19,093
Total	(8,148)	19,093

27) TRANSACTIONS WITH RELATED PARTIES

The figures for transactions with related parties at June 30, 2020 are summarised in the following table:

(in thousands of euro)	Revenue and income (expense)	Trade receivables (payables)	Financial assets (liabilities)	Net finance income/(costs)	Other operating income (expense)
Italmobiliare Group					
Associates not consolidated line-by-line	1,128	210	15,334	7	
	(6)	(2)			
Other related parties	21	11			
	(154)	(44)			(400)
Total	1,149	221	15,334	7	
	(160)	(46)			(400)
% impact on financial statement items	0.4%	0.2%	2.7%	10.6%	
	0.1%	0.1%			1.0%

The corresponding figures at June 30, 2019 are as follows:

(in thousands of euro)	Revenue and income (expense)	Trade receivables (payables)	Financial assets (liabilities)	Net finance income/(costs)	Other operating income (expense)
Italmobiliare Group					
Associates not consolidated line-by-line	1,184	239	14,599	8	
Other related parties	(523)	(509)			
Total	1,184	239	14,599	8	
	(523)	(509)			
% impact on financial statement items	0.4%	0.2%	2.9%	22.9%	
	0.2%	0.7%			

At June 30, 2020, the item "Other charges of other related parties" includes € 400 thousand of contributions set aside or paid by Italmobiliare SpA to the Fondazione Italcementi Cav. Lav. Carlo Pesenti (€ 250 thousand in the first half of 2019).

Events after the reporting date

No significant events took place after the end of the period.

Outlook

In a context characterized by high uncertainty, Italmobiliare will focus its commitment in providing support to the Portfolio Companies to face the important challenges imposed by the new scenario. One priority will be the companies operating in the retail world, such as Tecnica Group and Officina Santa Maria Novella, so that they can identify innovative ways of offering their products and new commercial channels that allow them to safeguard growth and development objectives. For all Group companies, measures will be assessed and implemented to ensure further operational efficiency and prudent liquidity management.

Full support will also be guaranteed for the development of Clessidra SGR, both in the traditional Private Equity Fund business focused on the Italian market, and in the recently launched path of diversification into other asset classes, starting from Private Debt, with a view to providing financial support and the possibility of an industrial relaunch for Italian SMEs.

As explained in the section of the Directors' report on Italmobiliare S.p.A., the exposure of the portfolio to investments particularly affected by financial market turbulence has been significantly reduced (in the case of listed investments) or mitigated by concentrating liquidity in low-risk financial instruments. In the second half of the year, however, further opportunities offered by the markets to hedge or dilute certain shareholdings will be evaluated.

The dynamics of heightened volatility could at the same time outline interesting investment opportunities in companies that know to intercept and guide the transformation needs that will characterize certain production sectors, both in Italy and - indirectly through the portfolio of private equity funds that has been built up - in other geographical areas, starting with the United States.

As regards the Portfolio Companies, the individual foreseeable changes in operations are summarized below.

For the second half of 2020, Caffé Borbone expects its revenues to continue growing, as confirmed by the positive trend in sales in the first few weeks of July, with margins holding up at the levels recorded in the first half.

The Sirap Group expects a gradual return of revenue in the Rigid business to pre-Covid-19 levels, giving continuity to the improvements already seen in June compared with April and May. As regards to the cost of plastic raw materials (and of polystyrene, in particular), substantial stability is expected at the reduced levels recorded in the first half of 2020, at least for the third quarter of 2020.

Italgen expects that pressure on the price of energy will continue in the second half of the year, albeit with less penalizing dynamics than those seen in the second quarter of 2020; however, the possible negative effect linked to the persistence of low unit prices in the second half of the year will be partially mitigated by sales of fixed price volumes already made by the company, with a higher degree of coverage than that existing in the first half of 2020.

In the second half, Capitelli's revenue trend will be linked to the evolution of the Covid-19 health emergency; if the first months of 2020 have shown consumer satisfaction for the company's products even in an extreme situation and the company's growth potential in the future, it is obvious that the overall context of the Ho.Re.Ca channel and the gastronomy counter of supermarkets will have an impact on the company's growth trajectory in the short term. In the second half of 2020, the plan to expand production capacity will also be intensified, with effects on capital expenditure.

The past-due levels on Tecnica group sales have worsened compared with previous periods, especially in Italy, Germany and Austria, as a direct consequence of the lockdown that affected the retail stores of its customers; the company is monitoring the situation closely, having already increased the proportion of receivables with insurance coverage in the main geographical areas starting from 2019. There Covid-19 emergency has generated significant uncertainty about the 2020/21 winter season, with possible impacts on the 2020 turnover of the Group's winter sports brands. This uncertainty is partially offset by a positive outlook on the Group's non-winter sports brands (Lowa, Rollerblade, Tecnica Outdoor), which already in the weeks following the end of the lockdown of the main retail channels have seen orders return to good levels. This situation is expected to be confirmed in the third quarter, also because of the peculiarities of the summer/autumn 2020 season (e.g. greater flow of tourists to mountain destinations, greater momentum for sports that allow social distancing, such as hiking and in-line skating). Based on the existing order backlog, the company expects to close 2020 with a lower gross operating profit compared with 2019, but the bottom line should still be decidedly positive. To deal with the uncertainty regarding sales, for the rest of the year management will maintain its focus on cost containment measures, both at head office and in the main branches, which made it possible to protect the Group's overall profitability in the first half of the year. The net financial position is expected to improve significantly compared with December 31, 2019, due to the trends in working capital. It should be noted that the company's liquidity remains very positive, with a high level of cash and short-term lines that are currently not used.

The Iseo group expects to end the year with a decrease in both sales and gross operating profit compared with 2019. However, on the basis of June's good performance, also in the order backlog, we expect a less marked reduction in revenues in the second half compared with the first half and consequently a better contribution in terms of gross operating profit for the period. The company's liquidity position remains very positive, also thanks to bank loans agreed in the first half of 2020; these, among other things, significantly lengthened the average duration of the debt without making the economic conditions any worse, allowing us to be reasonably calm about the consequences of a possible new lockdown.

Given the uncertainty about LPG volumes, with the unknown factors related to the consequences of the Covid-19 emergency on top of the "natural" uncertainty linked to the climate, in the second half of the year the Autogas Nord-AGM Energia group plans to maintain its focus on the unit margins of both the LPG business and that of the Electricity/Natural Gas business. Note that consumption in the few first weeks of July is substantially in line with the previous year, confirming the positive

signs that were already emerging in June. Furthermore, a reduction in the fixed cost structure is also expected in the second half of the year, compared with last year, thanks to the synergies arising from the integration with Lampogas.

At present, there are no particular critical issues related to the post-Covid-19 credit situation for Officina Santa Maria Novella, with past-due levels as a percentage of sales slightly worse than in previous periods, given the importance of the retail channel and the nature of the conditions of sale for wholesale customers.

In a situation characterised by a high level of uncertainty, Clessidra's commitment will remain concentrated on its core business activity, with particular attention to careful monitoring and management of the risks that the new scenario could reserve, especially in relation to the funds under management.

The Group has also adopted a process of periodic budget updates to take into account matters such as the business performance, the effects of the pandemic on the market and on earnings and financial dynamics. Specifically, an updated and appropriately remodelled 2020 budget was also prepared for the main Group companies, to reflect the foreseeable evolution of the market in which the company operates, taking into account the constraints deriving from the measures needed to contain the virus. The scenarios identified lead to the identification of various hypotheses and repercussions on prospective earnings and financial dynamics. However, in all of the scenarios formulated, no risk factors were identified that were unmanageable in light of the information currently available from an earnings and financial point of view. We say this even though we are well aware of the many uncertainties that distinguish the country's economic scenario.

ITALMOBILIARE
INVESTMENT HOLDING

ANNEX

The table below sets out equity investments held in companies when such investments exceed 10% of voting capital. It also indicates the consolidation method and non-controlling interests.

Company	Registered office		Share capital		Interest held by Group companies			Consolidation method/ measurement	Non- controlling interests %
					Direct	Indirect	%		
Italmobiliare S.p.A.	Milano	I	EUR	100,166,937.00					
035 Investimenti S.p.A.	Bergamo	I	EUR	10,000,000.00	11.14	-	11.14	Italmobiliare S.p.A.	Fair Value
Alpigas S.r.l.	Aosta	I	EUR	100,000.00	-	100.00	100.00	Autogas Nord S.p.A.	Equity
Atesina Gas S.r.l.	Lavis (TN)	I	EUR	260,000.00	-	100.00	100.00	Autogas Nord S.p.A.	Equity
Atmos Venture S.p.A. in liquidazione	Milano	I	EUR	880,040.00	10.13	-	10.13	Italmobiliare S.p.A.	Fair Value
Autogas Nord S.p.A.	Volpiano (TO)	I	EUR	11,287,783.00	30.00	-	30.00	Italmobiliare S.p.A.	Equity
Autogas Riviera S.r.l.	Taggia (IM)	I	EUR	102,000.00	-	50.00	50.00	Autogas Nord S.p.A.	Equity
Beijing Tecnica Sport Equip. Co. Ltd	Beijing	RC	CNY	25,727,280.00	-	50.00	50.00	Tecnica Group Spa	Equity
Blizzard Sport Liegenschaftsverwaltungs	Mittersill	A	EUR	36,336.00	-	99.00	99.00	Blizzard Sport GmbH	Equity
Blizzard Produktions GmbH	Mittersill	A	EUR	5,301,701.00	-	100.00	100.00	Blizzard Sport GmbH	Equity
Blizzard Sport GmbH	Mittersill	A	EUR	36,336.00	-	100.00	100.00	IQ-Sports Verwaltungs GmbH	Equity
Bocci Gas S.r.l.	Foligno (PG)	I	EUR	70,000.00	-	100.00	100.00	Autogas Nord S.p.A.	Equity
Burgo Group S.p.A.	Altavilla Vicentina	I	EUR	20,000,000.00	11.68	-	11.68	Italmobiliare S.p.A.	Fair Value
Caffè Borbone S.r.l.	Caivano (NA)	I	EUR	1,000,000.00	60.00	-	60.00	Italmobiliare S.p.A.	Line-by-line
Capitelli F.lli S.r.l.	Borgonovo Val Tidone (PC)	I	EUR	51,480.00	-	100.00	100.00	FT1 S.r.l.	Line-by-line
CCC Holdings Europe S.p.A.	Bergamo	I	EUR	2,530,000.00	39.53	-	39.53	Italmobiliare S.p.A.	Equity
Cerraduras Iseo Iberica S.L.	Ajalvir - Madrid	E	EUR	300,500.00	-	90.00	90.00	Iseo Serrature S.p.A.	Equity
Chiurlo Gas S.r.l.	Campoformido (UD)	I	EUR	110,000.00	-	51.00	51.00	Autogas Nord S.p.A.	Equity
Clessidra Società di Gestione del Risparmio S.p.A.	Milano	I	EUR	3,000,000.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line
Clessidra CRF G.P. società semplice	Milano	I	EUR	10,000.00	-	49.00	49.00	Clessidra SGR S.p.A.	Line-by-line
Codiagas S.r.l.	Piove di Sacco (PD)	I	EUR	98,800.00	-	50.00	50.00	Autogas Nord S.p.A.	Equity
Compagnia Fiduciaria Nazionale S.p.A.	Milano	I	EUR	90,000.00	16.67	-	16.67	Italmobiliare S.p.A.	Fair Value
Crédit Mobilier de Monaco S.A.	Montecarlo	MC	EUR	5,355,000.00	99.91	-	99.91	Italmobiliare S.p.A.	Line-by-line
Dokimè S.r.l.	Milano	I	EUR	100,000.00	20.63	-	20.63	Italmobiliare S.p.A.	Equity
Ecoclima S.r.l.	Ariano nel Polesine (RO)	I	EUR	90,000.00	-	55.00	55.00	Autogas Nord S.p.A.	Equity
Eco Park Wind Power	Sofia	BG	BGN	5,000.00	-	100.00	100.00	Gardawind S.r.l.	Equity
Energy for MISR B.V.	Amsterdam	NL	NLG	1,000.00	-	100.00	100.00	Italgen S.p.A.	Line-by-line
Feroneria Prod. S.A.	Arad	RO	RON	20,628,636.40	-	100.00	99.9999	Iseo Serrature S.p.A.	Equity
							0.0001	Microhard S.r.l.	
Fin.Priv. S.r.l.	Milano	I	EUR	20,000.00	14.28	-	14.28	Italmobiliare S.p.A.	Fair Value
Franco Tosi Ventures S.r.l.	Milano	I	EUR	100,000.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line
FT1 S.r.l.	Milano	I	EUR	100,000.00	80.00	-	80.00	Italmobiliare S.p.A.	Line-by-line
FT2 S.r.l.	Milano	I	EUR	10,000.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line
Gardawind S.r.l.	Vipiteno (BZ)	I	EUR	100,000.00	-	49.00	49.00	Italgen S.p.A.	Equity
Gruppo Energia Italia S.r.l.	Volpiano (TO)	I	EUR	108,000.00	-	50.00	50.00	Autogas Nord S.p.A.	Equity
Haekon Eood	Sofia	BG	BGN	5,000.00	-	100.00	100.00	Gardawind S.r.l.	Equity
ICS Petruzalek Srl	Chisinau	MD	MDL	81,518.50	-	100.00	100.00	Petruzalek Com S.r.l. (Romania)	Line-by-line
Immobiliare Lido di Classe S.r.l. in liquidazione	Roma	I	EUR	255,000.00	18.04	-	18.04	Italmobiliare S.p.A.	Cost
Inline Poland Sp. z o.o.	Murowana Gosolina	PL	PLN	3,846,000.00	-	100.00	100.00	Sirap Gema S.p.A.	Line-by-line
	Casablanca	MAR	MAD	39,100,000.00	-	100.00	99.99	Italgen S.p.A.	Line-by-line
Italgen Maroc Ener S.A. in liquidazione							0.01	Italmobiliare Servizi S.r.l.	
Italgen Maroc S.A.	Casablanca	MAR	MAD	1,800,000.00	-	100.00	99.99	Italgen S.p.A.	Line-by-line
							0.01	Italmobiliare Servizi S.r.l.	
	Cairo	EGY	LE	76,940,000.00	-	100.00	98.00	Energy for MISR B.V.	Line-by-line
Italgen Misr for Energy SAE							1.00	Italmobiliare S.p.A.	
							1.00	Italmobiliare Servizi S.r.l.	
Italgen S.p.A.	Bergamo	I	EUR	20,000,000.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line
Italmobiliare Servizi S.r.l.	Milano	I	EUR	3,520,000.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line
IQ-Sports Verwaltungs GmbH	Mittersill	A	EUR	17,500.00	-	100.00	100.00	Tecnica Group Spa	Equity
Iseo Asia Limited	Hong Kong	HK	HKD	1,000,000.00	-	70.00	70.00	Iseo Serrature S.p.A.	Equity
Iseo Asia Pacific Sdn Bhd	Puchong, Selangor	D.E.	MAL	MYR	715,560.00	-	100.00	Iseo Asia Limited	Equity
Iseo (Beijing) Security Technology Co., Ltd	Beijing	RC	CNY	500,000.00	-	100.00	100.00	Iseo Asia Limited	Equity
Iseo Colombia S.A.S.	Bogotá	CO	COP	1,000,000,000.00	-	100.00	100.00	Iseo Serrature S.p.A.	Equity
Iseo Denmark A.P.S.	Copenaghen	DK	EUR	18,000.00	-	55.00	55.00	Iseo Serrature S.p.A.	Equity
Iseo Deutschland GmbH	Gera	D	EUR	1,000,000.00	-	100.00	100.00	Iseo Serrature S.p.A.	Equity
Iseo France S.A.S.	Vaux Le Pénil	F	EUR	1,075,440.00	-	100.00	100.00	Iseo Serrature S.p.A.	Equity
	Arad	RO	RON	2,800,000.00	-	99.50	99.50	Iseo Serrature S.p.A.	Equity
Iseo Galvanica S.r.l.						0.50	0.50	Microhard S.r.l.	
Iseo Gulf LCC	Dubai	UAE	AED	300,000.00	-	100.00	100.00	Iseo Middle East FZE	Equity
Iseo Middle East FZE	Dubai	UAE	AED	1,000,000.00	-	100.00	100.00	Iseo Denmark A.P.S.	Equity
Iseo Peru S.A.C.	Lima	PE	PEN	1,250,000.00	-	90.00	90.00	Iseo Serrature S.p.A.	Equity
Iseo Projects And Access Control DMCC	Dubai	UAE	AED	75,000.00	-	80.00	80.00	Iseo Serrature S.p.A.	Equity
Iseo Serrature S.p.A.	Pisogne (BS)	I	EUR	23,969,040.00	40.00	-	40.00	Italmobiliare S.p.A.	Equity
Iseo South Africa Proprietary Limited	Cape Town	ZA	ZAR	1,136.00	-	100.00	100.00	Iseo Serrature S.p.A.	Equity
Liras S.A.S.	Courbevoie	F	EUR	16,151,640.00	-	100.00	100.00	Iseo Serrature S.p.A.	Equity

Company	Registered office			Share capital		Interest held by Group companies			Consolidation method/ measurement	Non- controlling interests %
						Direct	Indirect	%		
Locken Iberica S.L.	Madrid	ES	EUR	5,000.00	-	100.00	100.00	Liras S.A.S.	Equity	
Locken Services S.A.	Courbevoie	F	EUR	104,740.00	-	99.24	99.24	Liras S.A.S.	Equity	
Locken UK Limited	London	GB	GBP	1,000.00	-	99.20	99.20	Liras S.A.S.	Equity	
Lowa Boots LLC	Stamford	USA	USD	35,000.00	-	100.00	99.90	Lowa Sportschuhe GmbH	Equity	
							0.10	Tecnica Group S.p.A.		
Lowa Schuhe AG	Wengelacher	CH	CHF	1,100,000.00	-	100.00	100.00	MM Holding AG	Equity	
Lowa Sportschuhe GmbH	Jetzendorf	D	EUR	5,000,000.00	-	75.00	75.00	Teclor Srl	Equity	
Mesomarket Eood	Sofia	BG	BGN	5,000.00	-	100.00	100.00	Gardawind S.r.l.	Equity	
MFS Web S.r.l.	Milano	I	EUR	40,000.00	-	50.00	50.00	Caffè Borbone S.r.l.	Equity	
Microhard S.r.l.	Rovellasca (CO)	I	EUR	100,000.00	-	100.00	100.00	Iseo Serrature S.p.A.	Equity	
MM Holding AG	Stans	CH	CHF	100,000.00	-	100.00	100.00	Lowa Sportschuhe GmbH	Equity	
New Flour S.p.A.	Milano	I	EUR	163,000.00	16.97	-	16.97	Italmobiliare S.p.A.	Fair Value	
Norfin S.r.l.	Giavera del Montello	I	EUR	95,000.00	-	100.00	100.00	Tecnica Group Spa	Equity	
Officina Profumo Farmaceutica di Santa Maria Novella S.p.A.	Firenze	I	EUR	2,100,000.00	-	20.00	20.00	FT2 S.r.l.	Equity	
Officina Profumo Farmaceutica di Santa Maria Novella of American Corporation	New York	USA	USD	2,000,000.00	-	100.00	100.00	Officina Profumo Farmaceutica di Santa Maria Novella S.p.A.	Equity	
Olso Meccanica S.r.l.	San Cesario sul Panaro (MO)	I	EUR	10,400.00	-	100.00	100.00	Iseo Serrature S.p.A.	Equity	
PALA.GAS S.r.l.	Genova (GE)	I	EUR	10,200.00	-	100.00	100.00	Autogas Nord S.p.A.	Equity	
Petruzalek Ltd in liquidazione (Turchia)	Istanbul	TR	TRY	2,806,000.00	-	100.00	99.90	Petruzalek Gesellschaft mbH (Austria)	Line-by-line	
							0.10	Petruzalek Com S.r.l. (Romania)		
Petruzalek e.o.o.d. (Bulgaria)	Sofia	BG	BGN	5,000.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line	
Petruzalek Com S.r.l. (Romania)	Bucharest	RO	RON	7,976,080.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line	
Petruzalek d.o.o. (Croazia)	Zabok	HR	HRK	129,500.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line	
Petruzalek d.o.o. (Serbia)	Belgrado	RS	RSD	306,412,886.42	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line	
Petruzalek d.o.o. (Slovenia)	Maribor	SI	EUR	9,959.08	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line	
Petruzalek Gesellschaft mbH (Austria)	Tattendorf	AT	EUR	1,000,000.00	-	100.00	99.00	Sirap Gema S.p.A.	Line-by-line	
							1.00	Sirap France S.A.S.		
Petruzalek Kft (Ungheria)	Budapest	HU	HUF	300,100,000.00	-	100.00	75.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line	
							25.00	Petruzalek spol. S.r.o. (Rep. Ceca)		
Petruzalek o.o.o. (Ucraina)	Odessa	UA	UAH	214,831.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line	
Petruzalek S.r.o. (Rep. Slovacca)	Bratislava	SK	EUR	15,269.20	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line	
Petruzalek S.r.o. (Rep. Ceca)	Breclav	CZ	CZK	2,300,000.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line	
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	Milano	I	EUR	1,300,000.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line	
Rialto Sro	Partizánske	SK	EUR	1,068,115.00	-	100.00	100.00	Riko Sport S.r.l.	Equity	
Riko Sport S.r.l.	Altivole (TV)	I	EUR	780,000.00	-	100.00	100.00	Lowa Sportschuhe GmbH	Equity	
San Carlo S.p.A.	Firenze	I	EUR	1,000,000.00	-	98.50	98.50	Officina Profumo Farmaceutica di Santa Maria Novella S.p.A.	Equity	
Schöffel-Lowa-Sportartikel & Co. KG	Schwabmünchen	D	EUR	1,892,216.00	-	50.00	50.00	Lowa Sportschuhe GmbH	Equity	
S.E.S. Società Editrice Sud S.p.A	Messina	I	EUR	10,695,505.08	31.10	-	31.10	Italmobiliare S.p.A.	Equity	
Sinergigas S.r.l.	Fontevivo (PR)	I	EUR	98,000.00	-	100.00	100.00	Autogas Nord S.p.A.	Equity	
Sirap France SAS	Noves	FR	EUR	3,520,000.00	-	100.00	100.00	Sirap Gema S.p.A.	Line-by-line	
Sirap Gema S.p.A.	Verolanuova (BS)	I	EUR	5,000,000.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line	
Sirap GmbH	Bergheim	D	EUR	153,388.00	-	100.00	100.00	Sirap Gema S.p.A.	Line-by-line	
Sirap Packaging Iberica SLU	Puig-Reig	ES	EUR	993,387.00	-	100.00	100.00	Sirap Gema S.p.A.	Line-by-line	
Sirap UK Limited	Sedgefield	UK	£	7,667,666.00	-	100.00	100.00	Sirap Gema S.p.A.	Line-by-line	
Société d'Études de Participations et de Courtages S.A.	Montecarlo	MC	EUR	1,290,000.00	99.98	-	99.98	Italmobiliare S.p.A.	Line-by-line	0.02
Splendorgas S.r.l.	Santi Cosma e Damiano (LT)	I	EUR	10,000.00	-	60.00	60.00	Autogas Nord S.p.A.	Equity	
Stoccaggi Riuniti Cotignola Scarl	Cotignola (RA)	I	EUR	12,000.00	-	50.00	50.00	Autogas Nord S.p.A.	Equity	
Teclor Srl	Giavera del Montello	I	EUR	10,000,000.00	-	100.00	100.00	Tecnica Group Spa	Equity	
Tecnica Group Spa	Giavera del Montello	I	EUR	38,533,835.00	40.00	-	40.00	Italmobiliare S.p.A.	Equity	
Tecnica Group Canada Inc	St Lauren	CA	CAD	4,000,000.00	-	100.00	100.00	Tecnica Group Spa	Equity	
Tecnica Group Germany GmbH	Jetzendorf	D	EUR	715,808.00	-	100.00	100.00	Blizzard Sport GmbH	Equity	
Tecnica Group France S.a.r.l.	Annecy le Vieux	FR	EUR	1,000,000.00	-	100.00	100.00	Tecnica Group Spa	Equity	
Tecnica Group Japan Ltd	Tokyo	JP	YEN	100,000,000.00	-	99.90	99.90	Tecnica Group Spa	Equity	
Tecnica Group USA Ski Boots Corp.	West Lebanon	USA	USD	5,800,000.00	-	100.00	100.00	Tecnica Group Spa	Equity	
Tecnica Group Schweiz AG	Zurich	CH	CHF	500,000.00	-	100.00	100.00	Tecnica Group Spa	Equity	
Tecnica Ungheria Kft	Nagykallo	H	EUR	98,352.00	-	100.00	99.00	Tecnica Group Spa	Equity	
							1.00	Norfin S.r.l.		
Tecnigas S.r.l.	Prevalle (BS)	I	EUR	49,920.00	-	50.00	50.00	Autogas Nord S.p.A.	Equity	

Company	Registered office			Share capital		Interest held by Group companies			Consolidation method/ measurement	Non- controlling interests %
						Direct	Indirect	%		
Tianjing Tecnica International Co. Ltd	Tianjin Port	RC	CNY	2,417,770.00	-	50.00	50.00	Tecnica Group Spa	Equity	
Tirolgas S.r.l.	Ora (BZ)	I	EUR	114,024.40	-	100.00	100.00	Autogas Nord S.p.A.	Equity	
Universal Imballaggi Sr.l. in liquidazione	Palermo	I	EUR	1,731,588.00	-	92.64	92.64	Sirap Gerna S.p.A.	Line-by-line	7.36
Versilgas S.r.l.	S. Stefano di Magra (SP)	I	EUR	36,400.00	-	50.00	50.00	Autogas Nord S.p.A.	Equity	

* The shareholding in Autogas Nord SpA owned by Italmobiliare S.p.A. increased in the third quarter of 2019 from 26.88% to 32.82%, it being understood that (i) a portion of this investment, equal to 2.82% of Autogas, is deposited in escrow with a notary, as well as any dividends relating to this 2.82% that may be distributed will be deposited in a trustee current account opened with the same notary, (ii) the Quiris shareholders of Francesco Quirico, Umberto Riso & C. – S.A.P.A. and Mr. Casini will be able to exercise a call option to purchase (on a pro-rata basis), in whole or in part, this 2.82%, for one euro, if after the approval of the 2021 financial statements of Autogas Nord S.p.A. the Equity Value in 2021 is higher than 318.7 million euro (whereas if the Equity Value 2021 of Autogas Nord S.p.A. is equal to or less than 318.7 million euro, the 2.82% will remain definitively acquired by Italmobiliare), and (iii) the dividends deposited medio tempore in escrow (and the related shares) will be released in whole or in part in favour of the subjects who will be the final owners of the aforementioned shareholding representing 2.82% of the share capital of Autogas Nord S.p.A.

ITALMOBILIARE

INVESTMENT HOLDING

Certification pursuant to art. 154-bis paragraph 5 of the Italian Consolidated Finance Act (TUF) regarding the condensed interim consolidated financial statements pursuant to art. 81-ter of Consob Regulation no. 11971 of May 14, 1999 and subsequent amendments and additions

1. The undersigned Carlo Pesenti, Chief Executive Officer, and Mauro Torri, Manager in charge of preparing the company's financial reports of Italmobiliare S.p.A., hereby certify, also in consideration of art. 154-bis, paragraphs 3 and 4, of legislative decree no. 58 of February 24, 1998:

- the adequacy in relation to the characteristics of the company and
- the actual application

of administrative and accounting procedures for the formation of the **condensed consolidated interim financial statements**, during the period from January 1, 2020 to June 30, 2020.

2. The assessment of the adequacy of the administrative and accounting procedures adopted for the preparation of the condensed interim consolidated financial statements as at and for the six months ended June 30, 2020 is based on a model identified by Italmobiliare in accordance with the CoSO framework (illustrated in the *CoSO Report*) and also takes into account the document "*Internal Control over Financial Reporting - Guidance for Smaller Public Companies*", both issued by the Committee of Sponsoring Organizations of the Treadway Commission, which represent a generally accepted international framework.

3. They also declare that:

3.1 the condensed consolidated interim financial statements as at and for the six months ended June 30, 2020:

- a) were prepared in compliance with the applicable international financial reporting standards recognized by the European Community pursuant to European Parliament and Council Regulation no. 1606/2002 of July 19, 2002;
- b) it corresponds to the contents of the accounting books and records;
- c) are suitable to provide a true and fair view of the financial position, results of operations and cash flows of Italmobiliare S.p.A. and the companies included in the scope of consolidation.

3.2 the interim directors' report includes a reliable analysis of the significant events that took place in the first six months of the year and their impact on the condensed interim consolidated financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year. The interim directors' report also includes a reliable analysis of information on material transactions with related parties.

July 31, 2020

Chief Executive Officer

Manager in charge of
financial reporting

Carlo Pesenti

Mauro Torri



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REPORT ON REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Shareholders of Italmobiliare S.p.A.

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Italmobiliare S.p.A. and subsidiaries (the "Italmobiliare Group"), which comprise the statement of financial position as of June 30, 2020 and the income statement, statement of comprehensive income, consolidated statement of changes in equity and statement of cash flows for the six month period then ended, and the explanatory notes. The Directors are responsible for the preparation of the condensed consolidated interim financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly 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.

Conclusion

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

DELOITTE & TOUCHE S.p.A.

Signed by
Massimiliano Semprini
Partner

Milan, Italy
August 5, 2020

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

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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