VALSOIA SpA

Condensed Interim Financial Statements at June 30, 2019

VALSOIA SpA

Contributing to people's wellbeing by helping them make informed food choices. Promoting awareness of the health benefits of plant-based foods. Spreading knowledge of healthy eating responsibly and with passion.
That's Valsoia. And that's the mission expressed in our logo with the Italian for 'goodness and health' – "bontà e salute".
A mission everyone can experience in all our deliciously healthy products.
It's this commitment to pleasure and health that has made the Valsoia brands some of Italy's leading and best-loved household names, thanks to the quality of our products and constant research and innovation

VALSOIA® BONTÀ E SALUTE

SANTA ROSA

SANTA ROSA POMODORISSIMO®

Naturattiva BIO

VITASOYA

Diete.Tic Una goccia di pura dolcezza

BlueNyx®

Weetabix® *

* marchio in distribuzione per l'Italia

To live a better and healthier life through our nutritional choices every day, this is the MISSION of Valsoia Spa. An Italian company that strives every day to offer a sound dietetic-nutritional response to the increasing demand for health and well-being.

QUALITY AND EXPERIENCE

Valsoia champions "plant-based nutrition" and "healthy eating" connected to the cultural values of quality and selecting excellent ingredients. Well-designed and controlled processes back up the precious know how we have gained over decades of experience. Valsoia is always actively researching products that are good, healthy and safe and therefore made with precious and unique ingredients.

NUTRITION RESEARCH

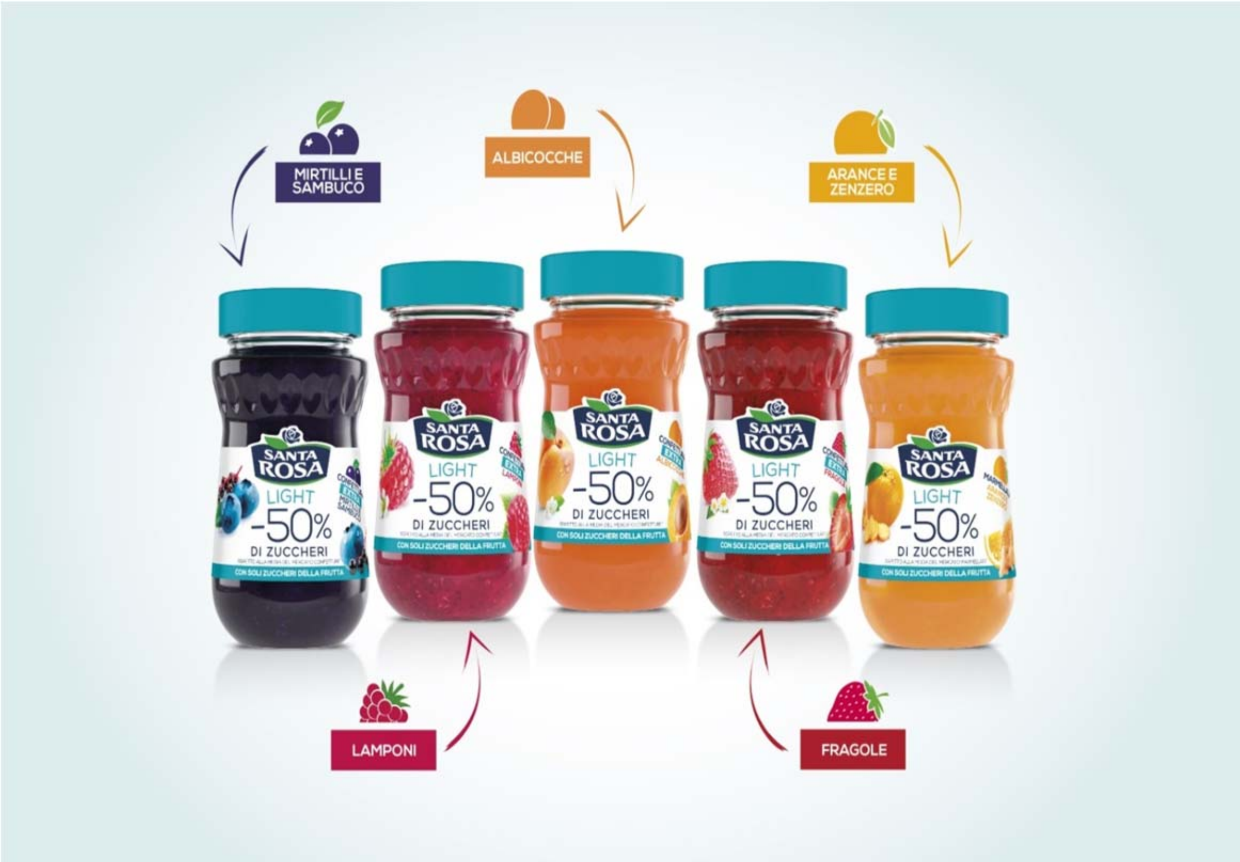
Our constant focus on recipes, the creation of new tastes and the selection of raw materials has led to improvement in the flavours and the realization of new proposals, so as to satisfy the ever-growing variety and complexity of the demand for nutritious foods.

PRODUCT VARIETY

Currently we offer plant-based alternatives, beverages, ice-creams, yoghurt, desserts, cookies, main dishes, cheeses and dressings all sold under the Valsoia trademark; moreover, our products include the Santa Rosa preserves and sorbets, marks of excellence in preserves and fruit processing and the Pomodorissimo tomato sauces, characterised by their unmistakable flavour.

ITALIAN TRADITION

All our products follow the nutritional tradition of Italy. Al the products are healthy and of high quality, ideal for the entire family and they are appropriate for every moment of the day, from breakfast to dinner. Our products feature the simplicity of the flavours that are the result of our careful preparation, distilling the experience of the best nutritionists.



new:

SANTA ROSA LIGHT

The LIGHT range is a brand new line of extra jams
low in calorie content,
with 50% less sugar
compared to the average jam market

FIVE references in this regard,
all with only fruit sugars and an exceptional taste!

CONTENTS

1 / General information

GENERAL INFORMATION

Corporate offices and positions

Board of Directors [1]

Chairman	Lorenzo Sassoli de Bianchi
Vice-Chairman	Furio Burnelli
Vice-Chairman	Ruggero Ariotti
Honorary Chairman	Cesare Doria de Zuliani
Chief Executive Officer and General Manager [2]	Andrea Panzani
Directors	Susanna Zucchelli
	Francesca Postacchini
	Gregorio Sassoli de Bianchi
	Camilla Chiusoli

Board of Statutory Auditors [1]

Chairman	Gianfranco Tomassoli
Statutory Auditors	Claudia Spisni
	Massimo Mezzogori
Alternate Auditors	Massimo Bolognesi
	Simonetta Frabetti

Supervisory Board [3]

Chairman	Gianfranco Tomassoli
Standing members	Angelo Castelli
	Maria Luisa Muserra

Independent Auditors [4]

KPMG S.p.A.

Manager in charge of financial reporting [5]

Nicola Mastacchi

(1) Appointed on April 28, 2017, in office until the approval of the 2019 Financial Statements.

(2) Chief Executive Officer (since April 23, 2015) and General Manager (since February 4, 2014).

(3) Appointed on December 19, 2016, in office until the approval of the 2019 Financial Statements.

(4) Appointed on April 23, 2015, in office until the approval of the 2023 Financial Statements.

(5) Appointed on May 23, 2019. Since 2019, Executive in Valsoia S.p.A.
Since 1994. Enrolled in the Register of Statutory Auditors.

Corporate data and Group structure

Company Name: Valsoia S.p.A.
Registered office: Via Ilio Barontini 16/5 - 40138 Bologna (BO) - Italy
Telephone no. +39 051 6086800
Fax no. +39 051 248220
Certified e-mail: valsoia@legalmail.it
Website: www.valsoiaspa.com – Investor Relations section

Share Capital - fully paid up: EUR 3.517.140,66
Tax Code and registration number in the Companies Register of Bologna: 02341060289
VAT no.: 04176050377
Member of the Chamber of Commerce of Bologna: no. BO-338352

Production facility:
C.so Matteotti 13 - 13037 Serravalle Sesia (VC) – Italy

The structure of the Valsoia Group, at the period-end date, in addition to the parent company Valsoia S.p.A., included the following subsidiaries:

Company Name	Share Capital	Main office	% Held
Valsoia Pronova d.o.o.	EUR 100,000	Ljubljana (Slovenia)	100

At the closing of this period, Valsoia does not own any other investments above 10% of the share capital, represented by shares with rights of voting, in non-listed companies, nor does it own shares in limited liability companies.

The Company has no branch offices.

Valsoia S.p.A. has decided to take the option authorised by Art. no. 70, section 8 and Art. 71, par. 1 *bis* of Consob Regulation no. 11971/99 (as amended) and therefore to dispense with the obligation to provide disclosure to the public in the event of significant mergers, spin-offs, share capital increases through contributions in kind, acquisitions and disposals.

2 / Interim Management Report

INTERIM MANAGEMENT REPORT

KEY FINANCIAL HIGHLIGHTS

Income statement ratios (EUR 000)	06.30.2019		06.30.2018		Change	
	EUR	%	EUR	%	EUR	%
Sales revenue (like-for-like basis)	37,074	*100.0*	39,709	*93.2*	(2,635)	*(6.6)*
Sales revenue (Pomodorissimo Santa Rosa) (*)	(3)	*0*	2,918	*6.8*	(2,921)	*n/a*
Sales revenue (total)	37,071	*100.0*	42,627	*100.0*	(5,556)	*(13.0)*
Value of production	38,651	*104.3*	42,586	*99.9*	(3,935)	*(9.2)*
Gross Operating Result (EBITDA) (*)	5,355	*14.4*	5,908	*13.9*	(553)	*(9.4)*
Net operating result (EBIT)	4,183	*11.3*	4,867	*11.4*	(684)	*(14.0)*
Net profit for the period	3,002	*8.1*	3,475	*8.2*	(473)	*(13.6)*

(*) Your company has suspended the sales of the "Pomodorissimo Santa Rosa" Line starting from November 2018 following the Third Party Licensing of the related Trademark

(**) The interim result is not defined as an accounting measurement pursuant to the IFRS standards, therefore the definition criteria for this parameter may not be consistent with those adopted by other companies.

Financial ratios (*) (EUR 000)	Value			Changes 06.30.2018	
	06.30.2019	12.31.2018	06.30.2018	Vs 12.31.2018	Vs 06.30.2018
Net working capital	3,263	3,808	3,850	(545)	(587)
Non-current assets	42,963	42,067	42,653	896	310
Net Fin. Position - positive -	20,433 (**)	21,574	15,192	(1,141)	5,241

(*) With regard to the composition of the Items indicated, see the Notes at the end of this Report

(**) This figure at June 30, 2019 includes the effect, on the NFP, resulting from the first time application of IFRS 16 - Leases, in the amount of EUR (956) thousand; this effect is to be considered exclusively of an accounting nature.

ADOPTION OF THE NEW ACCOUNTING STANDARD IFRS 16

Starting from 2019, the adoption of the new accounting standard IFRS 16 – Leases – has become mandatory, therefore the drafting of this Interim report was carried out in line with the principles set out in the new accounting standard.
Starting on January 1, 2019, the Company has adopted IFRS 16 – Leases, which introduces a single model for the recognition of leases in the Financial Statements of lessees, based on which the Company, in the capacity as the lessee, recognises an asset that represents the right-of-use of the underlying asset and a liability that reflects the lease payment obligation. The methods for recognising the lessor remain similar to those set forth in the standard previously in effect.

The Company has adopted IFRS 16 using the modified retroactive application method. Therefore, the information concerning 2018 was not restated – i.e. is disclosed according to IAS 17 and the related interpretations. Following are some details about these amendments to the accounting standards.
From the analyses carried out concerning the impacts resulting from the application of IFRS 16, to be noted, as at January 1, 2019, is an increase in the right-of-use assets and a corresponding negative effect on the net financial indebtedness of EUR 1,052 thousand.

At June 30, 2019, the amount of the right of use was EUR 955 thousand, whereas the corresponding financial liabilities amounted to EUR 956 thousand. Finally, the introduction of IFRS 16 has produced the following effects on the Income Statement:

- lower operating costs for EUR 287 thousand;
- amortisation for EUR 287 thousand;
- financial charges for EUR 2 thousand.

MAIN EVENTS FOR THE PERIOD AND BUSINESS PERFORMANCE

In the first six months of 2019, the Company has recorded, on a like-for-like basis, sales revenue for EUR 37.1 million versus EUR 39.7 million in the same previous period, showing a 6.6% decrease compared with the first six months of 2018.

The recorded revenue, for both periods, was net of the sales of the "Pomodorissimo" Santa Rosa trademark, owned by Valsoia Spa under a third-party license issued in November 2018.
Revenue from the "Pomodorissimo-Santa Rosa" trademark amounted to EUR 2.9 million for the first six months of 2018.
The comparison of the total revenue (including Pomodorissimo) shows, at June 30, 2019, a difference of EUR -5.5 million versus the previous year (-13%).

The decrease in revenue, in the first six months of the year, is to be attributed to the current negative performance of the "plant-based alternative" diet sector where the Company operates in a leading position with the "Valsoia Bontà&Salute" trademark.

In analysing the most recent six months ending in June 2019, the total "plant-based alternative" diet market shows in fact a consumption trend with a significant decline within each segment where the Company operates with the "Valsoia Bontà&Salute" and "Vitasoya" trademarks.

The contraction in consumption, recorded by Nielsen in the "plant-based alternative" market, represents, on the one hand, a physiological adjustment subsequent to the strong growth of the same markets in recent years, and on the other hand, a consequence of the extraordinary shelf crowding of non-performing competitors in terms of products quality and the low credibility of their brands in the markets with high functional commitment.

In this complex and temporary scenario, that is currently adjusting to "plant-based alternatives", a positive performance of the "Valsoia Bontà & Salute" trademark is emerging, confirmed by the decisive growth of its market share in each one of its segments.

It must be noted that the fundamentals of the "plant-based alternative" markets are healthy, with the number of consumer households still growing. Conversely, the rationalisation of the on-shelf supply with a necessary greater space given to the market's specialist trademarks and a consequent expectation of a consumption uptick, has only just begun.

As regards the Food markets in which the Company operates (preserves, cereals and sweeteners), the consumption trend is stable as are all the related trends of the Food Trademarks of the Company.

For the period in question, the Company has managed and improved, consistent with the market trends and revenue, both the costs of sales and operations, and the other commercial expenses (marketing, trade marketing and sales) along with the control exercised on overhead costs and the improvement of the net Working Capital.

The number of employees is stable compared with December 31, 2018.

Therefore, the operating margin in the first half of the year (EBITDA) amounted to EUR 5.4 million down by EUR 0.5 million versus the same period of 2018, showing an improvement in the operating margin ratio (EBITDA margin) of 14.4% versus 13.9% in the same period last year.

The Net Profit for the period, given the above considerations, amounted to EUR 3 million, down compared with EUR 0.5 million in the same period of 2018.

The following table shows the sales revenue broken down by business area.

Description (EUR 000)	06.30.2019		06.30.2018		Change
	EUR	*% Inc.*	EUR	*% Inc.*	*%*
Health Food Products Division (a)	21,867	*59.0%*	24,273	*56.9%*	*-9.9%*
Food Products Division (b)	10,448	*28.2%*	10,483	*24.6%*	*-0.3%*
Other	2,301	*6.2%*	2,213	*5.2%*	*+4.0%*
TOTAL ITALIAN REVENUE	34,616	*93.4%*	36,969	*86.7%*	*-6.4%*
Sales abroad	2,458	*6.6%*	2,740	*6.4%*	*-10.3%*
TOTAL REVENUE (c)	37,074	*100.0%*	39,709	*93.1%*	*-6.6%*
Pomodorissimo Santa Rosa	-3	*N/s*	2,918	*6.9%*	*N/s*
TOTAL REVENUE	37,071	*100.0%*	42,627	*100.0%*	*-13.0%*

(a) Valsoia Bontà e Salute, Vitasoya, Naturattiva trademarks
(b) Santa Rosa (preserves), Diete.Tic, Weetabix trademarks
(c) Total revenue excluding sales of the "Pomodorissimo" Santa Rosa trademark (Ita + abroad)

The Health Food Division recorded a total sales revenue down by EUR 2.4 million compared with the first six months of 2018.
The decrease is substantially due to the "beverages" and "ice cream" lines.
In particular, for the latter, the negative trend was a consequence of the adverse weather conditions recorded in the month of May which negatively affected all the dairy and non-dairy pre-packaged ice creams without the possibility of a recovery in the month of June.
The decrease in beverages is instead due to a slow-down in the reference market because of trend adjustments and the abnormal shelf crowding as already mentioned above. In the segments of the soya- and rice-based beverages, the consumption amounts of Valsoia Bontà&Salute increased over the first six month period versus the same previous period.

A decline in the first half of the year was also recorded for the sales abroad, amounting to about EUR -200 thousand, to be attributed to lower sales of ice cream in Germany due to adverse weather conditions in May.
Conversely, as regards exports, the turnover from the remaining importing countries of the Company's products was positive.

The result of the "Food" division was stable in the first six months, showing the same total revenue of the first six months of 2018.

The Company continued with its Consumer and Trade marketing policies, in line with the Plans, optimising the related costs and expenses in compliance with the market performance.

In particular, during the first half of the year:

- the Company began to present and sell to Retailers an important plant-based premium line ("*linea con il cuore*", line with the heart) that can combine, on a different basis from soya, a sensory upgrade with important health claims concerning the protein contents and cholesterol control.
  This new Line covers, for the time being, the segments of beverages, yoghurt, cold cuts and fresh plant-based alternatives
  to meat.
- a line of plant-based ice creams was launched in the market, rich with coconut and rice, characterised by a low caloric content.
- within the market of plant-based ice creams, following some product testing, the qualitative levels of some important other items, such as the cones, were improved. For the latter, the sales format was also changed with a consequent premium repositioning in the market.
- in line with the results of product testing, the perceived quality of the plant-based yoghurt improved.
- the graphic image of all the packaging of the Valsoia Bontà&Salute products was updated and modernised.
- the distribution of a line of preserves with a lower sugar content was gradually started.
- the distribution in the pharmaceutical channel of a new, natural super-supplement, under the BlueNyx trademark, that facilitates a natural and regenerating sleep, is under way. This new launch is also supported by a relevant advertising investment, starting from the second half of May until the end of December.
- in the foreign markets and more specifically in the United States, the distribution expansion to new retailers, together with the launch of some new products in the ice cream market, in terms of flavours and formats, continued.
- the penetration into the Out of Home channel with some interesting agreements also within the area of ship supplies, including, but not limited to, Costa Crociere and MSC, continued.
- a "reputational" research was finally carried out on 388 Italian companies through personal interviews conducted on a sample of 30,000 people. The reputational result of Valsoia (2018) was particularly positive and growing, compared with the previous year; your Company ranks 17th among all the main Groups active in the Fast Moving Consumer Goods sector.

ANALYSIS OF THE STATEMENT OF FINANCIAL POSITION

The following table shows the breakdown of the Net Financial Position at June 30, 2019, December 31, 2018 and June 30, 2018:

Description (EUR 000)	06.30.2019	12.31.2018	06.30.2018
Cash	2	3	4
Current accounts and bank deposits	28,477	29,278	25,995

Current financial assets	3,000	3,000	0
Total cash and cash equivalents	31,479	32,281	25,999
Current loans and borrowings	(2,587)	(1,962)	(720)
Current payables for leases	(535)	0	0
Current net financial position	28,357	30,319	25,279
Non-current loans and borrowings	(7,503)	(8,745)	(10,087)
Non-current payables for leases	(421)	0	0
NET FINANCIAL POSITION	20,433	21,574	15,192

At June 30, 2019, the Net financial position of the Company was overall positive, substantially in line with the position recorded at December 31, 2018 taking into consideration the total effect of EUR 956 thousand that impacted the Net Financial Position at June 30, 2019, due to the accounting effects resulting from the first time application of IFRS 16 concerning the current leases.

The increase in the Net Financial Position, compared with the same period of the previous year, is to be essentially attributed to the net cash flows generated by corporate management over the previous 12 months, net of the investments and the distribution of dividends.

During the first half of 2019, current operations continued the positive generation of cash with a primary operating cash flow of EUR 5.3 million. During the same period, the physiological increase in net working capital change, in consideration of the seasonal nature of the activities linked to ice cream, absorbed liquidity for approximately EUR 300 thousand and investments for EUR 1.1 million.

In line with its policy, Valsoia distributed dividends in the period for EUR 4.03 million.

MAIN RISKS AND UNCERTAINTIES TO WHICH THE COMPANY IS EXPOSED

Risks of a financial nature and derivative instruments

Foreign Exchange Risk

The Company purchases raw materials for its production in the international market and carries out business transactions in Euros and, as regards foreign currencies, in US dollars.

The foreign exchange risk derives primarily from soy purchase transactions on the US dollar markets.

During the period, the Company carried out currency forward purchase operations. The financial impact of these operations, carried out for hedging purposes but not meeting all the requirements set forth in the IAS/IFRS standards, are fully recognised in the statement of comprehensive income for the period; in particular, at the closing date of the period, some foreign exchange transactions on financial derivative products (forward purchases), the designation of which at fair value involved the recognition, in the income statement, of a negative component of EUR 2,519, recorded in the Statement of financial position under Non-current payables due to banks, were being carried out.

Credit Risk

The Company deals with customers who belong primarily to the large-scale retail sector, and which have historically shown an overall limited insolvency rate. Therefore, the Company monitors carefully the quality of its receivables in terms of risk control.

Interest Rate Risk

Given the capital and financial structure, and in consideration of the conditions under which the outstanding loans were taken out (fixed rate), it is believed that the Company is not particularly exposed to the risk of changes in the interest rates.

Cash and changes in Cash Flows risk

Considering the positive net financial position and the strong capacity to generate cash flows from operations, the risk from changes in the cash flows is estimated to be relatively low. Valsoia was also granted significant credit facilities by the banks, not used to date, which are more than adequate with respect to its current needs.

Operating risks

Risks related to the food/health sector

Although Valsoia guarantees effective quality control on its own production and on externally acquired products through a constant monitoring of raw materials, production processes and finished products, it cannot be excluded that, similarly to any other company operating in the food sector, the accidental contamination of the product by external agents, unpredicted in the formulation of the product, may occur.

In particular, Valsoia has always chosen to use only raw materials that are not genetically modified. For this purpose, the Company requires certifications from all the suppliers of raw materials, as a proof of their GMO-free status. In addition, the Company requires CSQA certifications to confirm the absence of genetically modified organisms both in the raw materials used and in the finished products; however, Valsoia cannot exclude their accidental presence in marketed products.

In general, contamination of products by external agents, including genetically modified organisms above the tolerance threshold, would involve a recall of the products from the market, with related financial burdens, as well as the risk of penalties charged to the Company and to any responsible individual. It also cannot be excluded that, if the use of food produced by Valsoia causes harm to the health of the consumers, the Company may be subject to compensation claims or actions due to these events.

Risks related to safety at the workplace and environmental damages

Valsoia owns and manages a production facility in Italy, Serravalle Sesia (VC) for the production of some of the main products of the Company. Valsoia believes that it operates in full compliance with the regulations concerning occupational safety and the protection of the environment. However, it cannot be excluded that, for accidental reasons, the operations at the facility may cause harm to the employees of the Company, to third parties or to the surrounding environment.

Risks related to operations carried out at the production facilities of third parties and providers of logistic services

In addition to the Serravalle Sesia production facility, the Company partners with third parties for the supply of some products.

The marketing of products in Italy is carried out through a network of distribution centres specialised in the distribution logistics of food products.

The production facility, the suppliers and the distribution centres are subject to ordinary operating risks, including, but not limited to: malfunctioning of the equipment, non-compliance with applicable regulations, revocation of permits and licenses, insufficient labour force or work disruptions, circumstances that may involve an increase in production or transport costs, natural disasters, significant disruptions in the supply of raw materials or semi-finished products, and terrorist attacks.

Any sudden and extended business disruption, due to the aforementioned events and other events, may have a negative impact on the financial results of the Company. The use of products and distributors involves also some additional risks and charges among which are the resolution of a contract and less control on the supply/production chain. Any delay or defect in the supplied products or services, as well as the disruption or termination of existing agreements without alternative solutions available in the short term, can have a negative impact on the activities and financial results of Valsoia.

Risks related to relationships with purchasing centres

Valsoia offers its products to large scale retail distribution and boasts several hundred customers. In Italy, within large scale retail distribution, it is normal practice that the execution of trade agreements with the suppliers is carried out for the most part by a limited number of purchasing centres involving a large portion of the Italian current distribution. Even if, despite the relative degree of independence of each single affiliate, the possibility of the direct contact of Valsoia with the individual customers cannot be excluded, each centre avails itself of a significant contractual power in defining terms and conditions, and a possible termination of relationships with one or more of these centres may have a strong negative impact on the financial results of the Company.

Therefore, Valsoia, given the recognition of its trademarks, the high reputation of the services associated with its products and the efficient distribution network, has maintained for many years strong business relationships with all the main Italian purchasing centres.

Risks related with the termination of distribution contracts on behalf of third parties

Currently, 3% of the Company's revenue derives from the distribution of third party products.

A termination of these relationships would have a negative impact on the financial results of the Company.

Other general risks

Risks related to the competition

Given the fact that the Company operates in the consumer packaged food products sector, currently characterised by increased dynamics without particularly high entry barriers from a production perspective, an increase in competition by current and new competitors operating in related sectors, cannot be excluded.
An additional increase in competition could have negative impacts on the profitability of the company; therefore, Valsoia, a company leader in the main market segments in which it operates, has been developing for years a careful marketing policy aimed at strengthening its trademarks, already widely recognised and established.

Risks related to the price volatility of raw materials

The prices of raw materials used by the Company are subject to the volatility of the relevant markets. This situation concerns also the other costs for production, transport and distribution of the products that are, in many cases, directly affected by the fluctuations in oil prices.
In this uncertain scenario, an increase in the prices of the raw materials used that would result in a negative impact on the Company's margins cannot be precluded.

SIGNIFICANT EVENTS AFTER THE INTERIM PERIOD AND BUSINESS OUTLOOK

Over the period subsequent to the Interim Financial Report date, a substantial stability in sales revenue was recorded, with an uptick in foreign sales versus the same period of last year.

OTHER INFORMATION

Research and development activities

During the period, research and development activities continued in line with the Marketing Plans objectives:

- checking of the qualitative performances of the Company's products vis-à-vis the market benchmarks with the aim of maintaining leadership in terms of Quality;
- research and development of new products representing a plant-based alternative to existing products, with high health-related performances, in addition to high organoleptic properties;
- research and development in the area of Santa Rosa preserves, also in market segments adjoining the current lines.

Transactions with related parties

During the period Valsoia did not carry out transactions of particular economic and financial importance with related parties. For a complete analysis, please refer to the Notes to the Interim Financial Report.

NOTES

The Interim Financial Report of Valsoia S.p.A. for the period ended June 30, 2019 was prepared in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union, as well as with Article 9 of Italian Legislative Decree 38/2005.
The term IFRS includes all the revised International Accounting Standards ("IAS") and all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), formerly known as the Standing Interpretations Committee ("SIC").

In detail, this interim financial report was drawn up in compliance with IAS 34 "Interim Financial Reporting", which envisaged a level of disclosure significantly lower than that necessary for the drafting of the annual financial statements, in the event that complete disclosure financial statements drawn up on the basis of the IFRS have previously been made available to the general public.

With regard to the Balance sheet indicators indicated in this report, the following are understood to have the definition indicated below.
- Net Working Capital: Total current assets (excluding Cash and cash equivalents) – Total current liabilities (excluding Current payables due to banks).
- Non-current assets: Total non-current assets
- Net Financial Position: see table presented above.

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Bologna, September 16, 2019

The Chairman of the Board of Directors
Lorenzo Sassoli de Bianchi

3 / Condensed Financial Statements

Condensed Interim Financial Statements at June 30, 2019

CONDENSED FINANCIAL STATEMENTS

FIGURES IN EUROS

STATEMENT OF FINANCIAL POSITION	Notes	June 30, 2019	December 31, 2018 (*)
CURRENT ASSETS			
Cash and cash equivalents	(1)	28,479,308	29,281,198
Current financial assets	(2)	3,000,000	3,000,000
Trade receivables, net	(3)	13,133,875	8,665,370
Inventories	(4)	8,000,560	6,493,156
Other current assets	(5)	3,427,311	3,681,509
Total current assets		**56,041,054**	**51,121,233**
NON-CURRENT ASSETS			
Goodwill	(6)	8,198,307	8,198,307
Intangible assets	(7)	23,602,681	23,743,606
Property, plant and equipment	(8)	9,939,990	9,862,570
Right-of-use assets	(9)	955,188	0
Financial assets	(10)	110,000	110,000
Deferred tax assets	(11)	0	324,357
Other non-current assets	(12)	157,078	153,078
Total non-current assets		**42,963,244**	**42,391,918**
TOTAL ASSETS		**99,004,298**	**93,513,151**

(*) = The Company has adopted IFRS 16 on January 1, 2019 using the modified retrospective approach based on which comparative information was not reclassified. See Note 9 for additional information

STATEMENT OF FINANCIAL POSITION	Notes	June 30, 2019	December 31, 2018 (*)
CURRENT LIABILITIES			
Current payables due to banks	(13)	2,587,325	1,962,684
Current payables for leases	(14)	534,831	0
Trade payables	(15)	15,952,895	11,241,350
Tax payables	(16)	2,231,629	1,669,948
Provision for risks	(17)	52,647	51,973
Other current liabilities	(18)	2,526,973	2,069,040
Total current liabilities		**23,886,300**	**16,994,995**
NON-CURRENT LIABILITIES			
Non-current payables due to banks	(19)	7,503,454	8,745,310
Non-current payables for leases	(20)	421,033	0
Provision for deferred taxes	(21)	365,959	0
Provision for post-employment benefits	(22)	390,603	418,287
Total non-current liabilities		**8,681,049**	**9,163,597**
SHAREHOLDERS' EQUITY	**(23)**		
Share Capital		3,517,141	3,503,025
Legal Reserve		700,605	700,605
Revaluation reserve		23,103,715	16,765,093
IAS/IFRS adjustments reserve		(1,202,290)	(1,202,290)
Other reserves		37,315,897	37,490,166
Profit/(loss) for the period		3,001,881	10,097,960
Total Shareholders' equity		**66,436,949**	**67,354,559**
TOTAL		**99,004,298**	**93,513,151**

(*) = The Company has adopted IFRS 16 on January 1, 2019 using the modified retrospective approach based on which comparative information was not reclassified. See Note 9 for additional information

CONDENSED FINANCIAL STATEMENTS

FIGURES IN EUROS

INCOME STATEMENT	Notes	June 30, 2019	June 30, 2018 (*)
VALUE OF PRODUCTION	(24)		
Revenue from sales and services		37,070,871	42,626,826
Changes in inventories of finished goods		997,789	(235,716)
Other revenue and income		582,234	195,246
Total value of production		**38,650,894**	**42,586,356**
OPERATING COSTS	(25)		
Purchases		(19,465,829)	(21,898,996)
Services		(8,652,060)	(9,488,580)
Cost of use of assets owned by other, of third party assets		(41,252)	(275,025)
Labour costs		(5,041,381)	(4,868,044)
Changes in raw materials inventory		509,616	456,824
Other overheads		(604,547)	(604,831)
Total operating costs		**(33,295,453)**	**(36,678,652)**
GROSS OPERATING RESULT		**5,355,441**	**5,907,704**
Amortisation, depreciation and write-downs of fixed assets	(26)	(1,172,008)	(1,040,381)
NET OPERATING RESULT		**4,183,433**	**4,867,323**
Net financial income/(charges)	(27)	(80,495)	(94,459)
PRE-TAX PROFIT (LOSS)		**4,102,938**	**4,772,864**
TAXES	(28)		
Income taxes		(410,741)	(592,153)
Deferred tax assets/liabilities		(690,316)	(705,931)
Total taxes		**(1,101,057)**	**(1,298,084)**
PROFIT/(LOSS) FOR THE PERIOD		**3,001,881**	**3,474,780**
Basic EPS	(29)	0.282	0.327
Diluted EPS	(29)	0.282	0.327

(*) = The Company has adopted IFRS 16 on January 1, 2019 using the modified retrospective approach based on which comparative information was not reclassified. See Note 9 for additional information

CONDENSED FINANCIAL STATEMENTS

FIGURES IN EUROS

STATEMENT OF COMPREHENSIVE INCOME	Note (26)	June 30, 2019	June 30, 2018 (*)
PROFIT (LOSS) FOR THE PERIOD		**3,001,881**	**3,474,780**
OTHER COMPREHENSIVE INCOME/(EXPENSE) WHICH MAY BE SUBSEQUENTLY			
RECLASSIFIED TO PROFIT/(LOSS) FOR THE PERIOD		0	0
Total		**0**	**0**
OTHER COMPREHENSIVE INCOME/(EXPENSE) WHICH WILL NOT BE SUBSEQUENTLY			
RECLASSIFIED TO PROFIT/(LOSS) FOR THE PERIOD		0	0
Total		**0**	**0**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (LOSS)		**3,001,881**	**3,474,780**

(*) = The Company has adopted IFRS 16 on January 1, 2019 using the modified retrospective approach based on which comparative information was not reclassified. See Note 9 for additional information

CONDENSED FINANCIAL STATEMENTS

FIGURES IN EUROS

STATEMENT OF CASH FLOWS FOR THE PERIODS ENDED AT		June 30, 2019	June 30, 2018 (*)
(EUR 000)			
A	**Opening current net cash**	**30,318,514**	**15,836,571**
B	**Cash flow from operating activities for the period**		
	. Profit/(Loss) for the period	3,001,881	3,474,780
	. Net financial (income)/charges and Taxes for the period	1,181,552	1,392,542
	. Amortisation, depreciation and write-down of fixed assets	1,172,008	1,040,381
	. Capital (gains) - Losses from asset disposal	2,069	6,366
	. Charges for SOP (Stock Option Plans)	100,000	0
	. Net change in other provisions	(138,503)	(111,027)
-	*Cash flow from operating activities before changes in working capital*	5,319,007	5,803,042
	(Increase)/Decrease in trade receivables	(4,443,905)	(3,651,282)
	(Increase)/Decrease in Inventories	(1,392,827)	(413,115)
	Increase/(Decrease) in trade payables	4,711,545	2,575,371
	Net change in other current assets/liabilities	863,071	245,469
-	*Change in Working Capital*	(262,116)	(1,243,557)
-	*Changes in other operating assets/liabilities*	(12,713)	(70,898)
	Total (B)	**5,044,178**	**4,488,587**
C	**Taxes paid**	**0**	**0**
D	**Cash flow used in investment activities**		
-	Net increases in property, plant and equipment	(1,004,482)	(759,492)
-	Net increases in intangible assets	(106,090)	(57,833)
-	Net change in other non-current assets/liabilities	(4,000)	(100)
	Total (D)	**(1,114,572)**	**(817,425)**
E	**Cash flow from (used in) financial activities**		
	Increase/(decrease) in medium/long-term loans	(1,241,856)	9,368,612
	Net financial income/(charges)	(80,495)	(94,459)
	Dividends	(4,033,786)	(3,503,025)
	Total (E)	**(5,356,137)**	**5,771,128**
F	**Cash flow for the period (B+C+D+E)**	**(1,426,531)**	**9,442,290**
G	**Closing current net cash (A+F)**	**28,891,983**	**25,278,861**

(*) = The Company has adopted IFRS 16 on January 1, 2019 using the modified retrospective approach based on which comparative information was not reclassified. See Note 9 for additional information

CONDENSED FINANCIAL STATEMENTS

FIGURES IN EUROS

STATEMENT OF CHANGES IN EQUITY	SHARE CAPITAL	LEGAL RESERVE	REVALUATION RESERVE	ADJ. RESERVE IAS/IFRS	OTHER RESERVES	PROFIT/(LOSS) FOR THE PERIOD	TOTAL SHAREHOLDERS' EQUITY
BALANCE AT JANUARY 1, 2018	3,503,025	690,082	16,765,093	(1,001,591)	33,263,297	6,923,462	60,143,368
FTA IFRS 15 adjustments				(200,699)		68,193	(132,506)
BALANCE AT JANUARY 1, 2018 ADJUSTED	3,503,025	690,082	16,765,093	(1,202,290)	33,263,297	6,991,655	60,010,862
Changes 1st half 2018							
Allocation of 2017 profit		10,523			3,409,914	(3,420,437)	0
Distribution of dividends						(3,503,025)	(3,503,025)
IFRS 15 effect - reclassification of 2017 profit					68,193	(68,193)	0
Comprehensive income/(loss)							
- Result for the period						3,474,780	3,474,780
BALANCE AT JUNE 30, 2018 (*)	3,503,025	700,605	16,765,093	(1,202,290)	36,741,404	3,474,780	59,982,617

STATEMENT OF CHANGES IN EQUITY	SHARE CAPITAL	LEGAL RESERVE	REVALUATION RESERVE	ADJ. RESERVE IAS/IFRS	OTHER RESERVES	PROFIT/(LOSS) FOR THE PERIOD	TOTAL SHAREHOLDERS' EQUITY
BALANCE AT JANUARY 1, 2019	3,503,025	700,605	16,765,093	(1,202,290)	37,490,166	10,097,960	67,354,559
Changes 1st half 2019							
Allocation of 2018 profit					6,064,173	(6,064,173)	0
Realignment reserve art. 1 law 145/2018			6,338,622		(6,338,622)		0
Dividends						(4,033,787)	(4,033,787)
SOP Charges					100,180		100,180
Share Capital Increase	14,116						14,116
Comprehensive income/(loss)							
- Result for the period						3,001,881	3,001,881
BALANCE AT JUNE 30, 2019	3,517,141	700,605	23,103,715	(1,202,290)	37,315,897	3,001,881	66,436,949

(*) = The Company has adopted IFRS 16 on January 1, 2019 using the modified retrospective approach based on which comparative information was not reclassified. See Note 9 for additional information

NOTES TO THE FINANCIAL STATEMENTS

Introduction

Valsoia S.p.A. (hereinafter also "Valsoia" or the "Company") is a joint stock company established in Italy, registered with the Companies Register of Bologna, with fully paid-up share capital of EUR 3,517,140.66, and registered office in Italy, Bologna, Via Barontini 16/5, listed on the MTA of Borsa Italiana S.p.A.

The Interim Financial Report has been drawn up in compliance with Article 154 ter of Italian Legislative Decree No. 58/1998 and prepared in accordance with the International Financial Reporting Standards (IFRS) applicable, acknowledged by the European Parliament and Council, dated July 19, 2002, and in particular IAS 34 - Interim Financial Reporting, as well as the provisions issued in accordance with Article 9 of Italian Legislative Decree No. 38/2005.

Valsoia, at the closing date of the interim period, holds a controlling equity investment in Valsoia Pronova d.o.o. (SLO). In consideration of the insignificance of the financial figures of this subsidiary, Valsoia does not prepare consolidated financial statements.
As provided for in the relevant accounting standards, Group reports will be prepared when considered relevant in terms of complete information on the financial and business results of the Group. The relevance will be based, inter alia, on the impact of the balance sheet assets and business volume developed by the subsidiaries, any indebtedness pertaining to them and any other factors that may be relevant for the user of the financial statements or the interim information.

The Interim Financial Report includes:

- the statement of financial position at June 30, 2019, compared with the results of December 31, 2018. In the schedules presented in this section, the statements of financial position provide a classification based on the current, or non-current, nature of the items comprising it, where:
    - current assets are represented by cash or cash equivalents, by assets that are expected to be realised, sold or consumed during the ordinary operations of the company, by assets held for trading, by assets that are expected to be realised within twelve months from the reporting date. All other assets are classified as non-current;
    - current liabilities are the liabilities that will be presumably extinguished during the ordinary operations of the company or within 12 months from the reporting date, or the liabilities that do not have an unconditional right to the deferral of their extinction beyond twelve months. All other liabilities are classified as non-current;

Pursuant to Consob Resolution No. 15519 of July 27, 2006, the financial effects of the transactions with related parties, if significant, are recognised separately in the statement of financial position.

- The income statement for the first half of 2019, compared with the income statement of the same period in the previous year. In particular, it must be noted that the adopted income statement, compliant with the IAS 1 provisions, shows the following interim result, not defined as an accounting measurement according to the IFRSs (therefore it is possible that the definition criteria of such interim results may not be consistent with those adopted by other companies), since Company Management believes that it contains significant information for understanding the Company's results:
  - Gross Operating Result: comprises the Net profit (loss) for the period, before taxes, gains and losses arising from financial operations, amortisation/depreciation and write-downs of fixed assets carried out during the relevant period.

- The statement of comprehensive income for the first half of 2019, compared with the income statement of the same period in the previous year presented in accordance with the matters envisaged by IAS 1.

- The statement of cash flows for the first half of 2019, compared with the statement of cash flows of the same period of last year. In preparing the statement of cash flows, the indirect method – by which the profit or loss of the period is adjusted based on the effects of non-monetary operations, by any deferral or allocation of previous or future operating income or payments and by items of costs and revenues related to the financial flows arising from investment or financial activities – was adopted.

- The statement of changes in equity for the first half of 2019 compared with those of the first half of 2018

This information, in its entirety, represents the interim financial report at June 30, 2019 of Valsoia S.p.A. in accordance with the matters envisaged by IAS 34 and Article 154 ter of Italian Legislative Decree No. 58/1998.

The amounts are expressed in thousands of EUR.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ENDORSED BY THE EU AND EFFECTIVE FROM JANUARY 1, 2019

The accounting standards, amendments and interpretations in effect from January 1, 2019 and endorsed by the European Commission are shown below:

- “IFRS 16 - Leases”, endorsed by the EU on October 31, 2017 with Regulation no. 1986. IFRS 16 replaces the IAS 17 standard, Leases, as well as the IFRIC 4 - Determining Whether an Arrangement Contains a Lease, SIC 15 - Operating Leases – Incentives and SIC 27 - Evaluating the Substance of Transactions in the Legal Form of a Lease. The standard provides a new lease definition and introduces a criterion based on control in order to distinguish between lease agreements and service agreements. In particular, in order to determine whether a contract represents a lease, IFRS 16 requires verification of whether the lessee has the right to control the use of a given asset for a certain period of time. The standard applies to the financial statements covering the periods from or after January 1, 2019 and, as regards accounting records, provides for only one recording model for the lessee and, as a general rule, for the recognition, under assets, of the right-of-use asset and under liabilities of the financial lease liability, which represents the obligation to pay the principal portion of the lease payments. Conversely, the changes introduced by the new standard concerning the lessor's financial statements are not particularly relevant.

- "Annual Improvements to IFRS Standards 2015-2017 Cycle" which was endorsed by the EU on March 14, 2019, with Regulation no. 412. The changes introduced here, which apply to the financial statements covering the periods from or after January 1, 2019 and falling under the ordinary activity of rationalisation and clarification of the international accounting standards, refer to the following standards: (i) IFRS 3 - Business Combinations and IFRS 11 - Joint Arrangements: IASB has clarified how to recognise any increased investment in a joint operation that complies with the definition of a business; (ii) IAS 12 - Income Taxes: IASB has clarified that the tax effects related to the payment of dividends (including payments related to financial instruments classified under equity) are recognised consistently with the underlying transactions or events that have generated the amounts subject to distribution, (e.g. recognition in the statement of profit/loss, under OCI or equity); (iii) IAS 23 - Borrowing Costs: IASB has clarified that the general borrowing for the calculation of the financial charges to be capitalised on the qualifying assets does not include the borrowings related specifically to the qualifying assets under construction or development. At the time when these qualifying assets are available for use, the related borrowings, pursuant to IAS 23, are considered as general borrowing.
- Amendments to IFRS 9 – Financial Instruments. The document "Prepayment features with Negative Compensation (Amendments to IFRS 9)", endorsed by the EU on March 22, 2018, with Regulation no. 498, intends to change the requirements of IFRS 9 based on the following two circumstances: (i) the financial assets containing pre-payment options with negative compensation may now be stated at amortised cost or at fair value under the other items of the comprehensive income statements if they meet the relevant requirements of IFRS 9; (ii) new accounting criteria are introduced if non-substantial amendments do not involve a derecognition in the case of modifications to or exchanges of financial liabilities at a fixed rate. These amendments apply to the financial statements covering the periods from or after January 1, 2019.
- IFRIC 23 Uncertainty over Income Tax Treatments, endorsed by the EU on October 23, 2018 with Regulation no. 1595, provides guidelines on how to reflect the uncertainties over the tax treatments of a given item in the income statement. IFRIC 23 applies to the Financial Statements related to the periods from or after January 1, 2019.
- Amendments to IAS 28 – Investments in Associates and Joint Ventures. The document "Long-term interests in Associates and Joint Ventures (Amendments to IAS 28)", endorsed by the EU on February 8, 2019 with Regulation no. 237, aims at providing some clarifications when the companies finance associates or joint ventures with preference shares or through a funding that does not require a repayment in the foreseeable future ("Long-Term Interests" or "LTI"). In particular, the amendment clarifies that these types of credits,

although they represent an extended investment in these investee companies to which IAS 28 applies, are subject to the IFRS 9 provisions on impairment. These amendments apply to the financial statements covering the periods from or after January 1, 2019.

- Amendments to IAS 19 - Employee Benefits. The document "Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)", endorsed by the EU on March 13, 2019 with Regulation no. 402, clarifies some accounting issues concerning changes, reductions or extinction of a defined benefit plan. The amendments apply to any change in plan, reductions or transactions carried out starting from January 1, 2019 or from the date of their first time application.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION

At the date of the approval of this Interim Financial Report, following are some of the new standards, amendments and interpretations, still in a consultation stage, that have been issued by IASB but not yet endorsed by the EU:

- On May 18, 2017, IASB published the new standard IFRS 17 Insurance Contracts, which replaces the current IFRS 4. The new standard on insurance contracts aims at increasing transparency on the profit sources and on the quality of profit obtained in addition to guaranteeing a high comparability of results by introducing a single standard for the recognition of revenue that reflects the provided services. IFRIC 17 applies to the Financial Statements covering the periods from or after January 1, 2021. The Endorsement Process by EFRAG is under way.
- On March 29, 2018, IASB published the revised version of the Conceptual Framework for Financial Reporting. The main amendments applied to the 2010 version concern a new chapter on assessment, better definitions and guidance, in particular as regards the definition of liabilities and clarifications on important concepts such as assessment stewardship, prudence and uncertainties. The EU endorsement is expected in 2019.
- On October 22, 2018, IASB published some amendments to IFRS 3. The document "Amendments to IFRS 3 Business Combinations" introduced a definition of business that is much more restrictive compared with that of the current version of IFRS 3, as well as a logical path to be followed in order to verify whether a transaction is a "business combination" or is a simple asset acquisition. The amendment must be applied to acquisitions to be carried out starting on January 1, 2020. The EU endorsement is expected in 2019.
- On October 31, 2018, IASB published the document "Amendments to IAS 1 and IAS 8: Definition of Material" which aims at fine tuning and aligning the definition of "Material" used in some IFRS standards, so that it is also compliant with the new Conceptual Framework for Financial Reporting approved in March 2018. The amendments apply to the financial statements related to the periods from or after January 1, 2020. Early application is permitted. The EU endorsement is expected in 2019.

Any impact that the accounting standards, amendments and interpretations to be applied in the future may have on the financial reporting of the Company is being further analysed and assessed.

CHANGES IN ACCOUNTING STANDARDS

With the exception of the matters indicated below, this Interim Financial Report has been drawn up using the same accounting standards applied by the Company for the drafting of the Financial Statements at December 31, 2018.

The amendments made to the accounting standards will also impact the Financial Statements of the Company for the period ending December 31, 2019.

The Company has adopted IFRS 16 Leases as from January 1, 2019. The other new standards which came into force as from January 1, 2019 have not had significant effects on the Company's financial statements.

IFRS 16 introduces a single model for the recognition of leases in the Financial Statements of lessees based on which the Company, in the capacity as the lessee, recognises an asset that represents the right-of-use of the underlying asset and a liability that reflects the lease payment obligation. The methods for recognising the lessor remain similar to those set forth in the standard previously in effect.

The Company has adopted IFRS 16 using the modified retrospective approach. Therefore, the information concerning 2018 was not reclassified – i.e. is disclosed according to IAS 17 and the related interpretations. Following are some details about these amendments to the accounting standards.

The main contractual and operating circumstances of the Company that were subject to a different recording, due to the IFRS 16 application, are the following:

. rents for offices and/or warehouses,

. long term car lease agreements,

. contracts for the remote management of servers for the purpose of calculation and storage of IT data,

Recognition of leases - Accounting model for the lessee

At the commencement date of the lease, the Company recognises the asset for the right-of-use (ROU) and the lease liability. The right-of-use asset is initially valued at cost, including the amount of the initial measurement of the lease liability, adjusted based on the payments due for the leases carried out as at or before the commencement date, increased by the initial direct costs incurred and by an estimate of the costs that the lessee must bear for the dismantling and removal of the underlying asset or for the recovery of the underlying asset or of the site where it is located, net of the received incentives to the leasing and subsequent to the cost determined on this basis, net of the amortisation/depreciation and losses for cumulated impairments and adjusted in order to reflect the revaluation of the lease liabilities.

The right-of-use asset that meets the definition of investment property is recognised under the equivalent item and is initially stated at cost and subsequently at fair value, in compliance with the accounting standards of the Company.

The Company measures the lease liability at the present value of the lease payments still due at the commencement date, discounting them through the application of the implicit interest rate of the lease. If it is not possible to easily determine such rate, the Company uses the incremental borrowing rate. Normally, the Company uses the incremental borrowing rate as a discount rate.
The lease liability is subsequently increased by the interests accrued on said liability and decreased by the payments made for the lease and is revalued in the case of a change in the future lease payments resulting from a change in the index or rate, in the case of a change in the amount that the Company expects to pay as a guarantee on the residual value or when the Company changes its assessment with reference to the exercising of a purchase, extension or termination option.

The Company has estimated the duration of some lease contracts in which it acts as a lessee and that provide for renewal options. The assessment of the Company about the existence of a reasonable certainty to exercise the option affects the estimate of the lease duration, impacting the amount of the stated lease liabilities and right-of-use assets.

In its capacity as lessee, the Company was previously classifying the leases as operating or financial while determining whether the lease was transferring substantially all the risks and the benefits associated with ownership. According to IFRS 16, the Company recognises, in the statement of financial position, the right-of-use assets and the lease liabilities for the majority of leases. However, the Company decided not to recognise the assets for the right-of-use and the liabilities related to the lease of assets of a modest value and with a duration of less than 12 months. Therefore, the Company recognises the payments due for the lease related to the afore-mentioned lease as a cost, on a straight line basis, over the course of the lease.

The Company recognises the right-of-use assets that do not meet the definition of investment property separately from the other assets under the item "Right-of-use assets".
The Company recognises the lease liabilities separately from the other liabilities under the item 'Payables for leases' in the summary statement of financial position.

First time application

At the initial application date, in the case of leases classified as operating according to IAS 17, the lease liabilities were stated at the present value of the remaining lease payments, discounted by using the incremental borrowing rate of the Company at January 1, 2019. Right-of-use assets have been stated at an amount equal to the lease liability, adjusted by the amount of any advance or accumulated payments due under the lease (IFRS 16.C8.b.ii).

The Company has also used the following practical expedients for the application of IFRS 16 to the leases previously classified as operating according to IAS 17:
– Has applied an exemption, from the recognition of right-of-use assets and lease liabilities, of any lease

with a duration of less than 12 months.

– Has applied a single discount rate to a lease portfolio with characteristics reasonably similar (similar residual duration for a class of similar underlying assets within a similar economic context);

– It is based on experiences acquired in determining the duration of the lease containing extension or termination options.

From the analyses carried out concerning the impacts resulting from the application of IFRS 16, to be noted, at January 1, 2019, is an increase in the right-of-use assets and a corresponding negative effect on the net financial indebtedness of EUR 1,052 thousand.

At June 30, 2019, the amount of the right of use was EUR 955 thousand, whereas the corresponding financial liabilities amounted to EUR 956 thousand. Finally, the introduction of IFRS 16 has produced the following effects on the Income Statement:

- lower operating costs for EUR 287,489;
- amortisation/depreciation for EUR 286,560;
- financial charges for EUR 1,607.

As regards the interest rates applied to those lease contracts that do not show an implicit rate, at their initial introduction, a reference was made to the rates applied to the indebtedness of the Company. These rates are updated on a six-month basis to reflect their development and any changes in the differential versus the benchmark bonds.

Analysis of the breakdown of the main items of the statement of financial position

Current assets

Note (1) – Cash and cash equivalents

This item breaks down as follows:

Description	06.30.2019	12.31.2018
Cash	2	3
Current accounts and bank deposits	28,477	29,278
Total cash and cash equivalents	28,479	29,281

At June 30, 2019 the Company availed itself of receivable interest rates ranging between 0.0% and 0.1%.

Note (2) - Current financial assets

Description	06.30.2019	12.31.2018
Locked-in bank accounts	3,000	3,000
Total current financial assets	3,000	3,000

At June 30, 2019, the Company had some locked-in bank accounts with maturity dates of less than 12 months, and interest rates equal to 0.5%.

Following are details on the Net Financial Position at June 30, 2019, December 31, 2018 and June 30, 2018. For details on the changes in the Net Financial Position, please refer to the Directors' Report, which accompanies this interim financial report.

Description (EUR 000)	06.30.2019	12.31.2018	06.30.2018
Cash	2	3	4
Current accounts and bank deposits	28,477	29,278	25,995
Current financial assets	3,000	3,000	
Total cash and cash equivalents	31,479	32,281	25,999
Current loans and borrowings	(2,587)	(1,962)	(720)
Current payables for leases	(535)	0	0
Current net financial position	28,357	30,319	25,279
Non-current loans and borrowings	(7,503)	(8,745)	(10,087)
Non-current payables for leases	(421)	0	0
NET FINANCIAL POSITION	20,433	21,574	15,192

Note (3) - Trade receivables (net)

Trade receivables derive from ordinary sale transactions, mainly with national operators in the Large-scale retail and Wholesale sectors.

This item breaks down as follows:

Description	06.30.2019	12.31.2018
Trade receivables (nominal value)	14,138	9,694
Allowance for doubtful accounts	(1,004)	(1,029)
Total trade receivables	13,134	8,665

The increase in trade receivables is inherent on the basis of the development of the turnover and in consideration of the sales of ice cream, which concentrate in the Summer months with the collection deferred to the Autumn months.

The receivables are stated net of the allowance for doubtful accounts determined in accordance with the new accounting standard IFRS 9, based on a prudent estimate of the collection risks, having taken into account the information available as regards the solvency risk of the individual positions, their ageing and the losses on receivables recognised in the past for similar types of receivables, as well as the projections of the average collection timescales by type of counterparty and geographic area.

The following table shows a summary of the afore-mentioned Trade receivables, broken down by ageing. There have been no particular changes in the collection conditions with respect to the previous year.

Description	06.30.2019	12.31.2018
Trade receivables (nominal value)		
- past due by over 12 months	233	250
- past due by over 60 days	477	423
- past due within 60 days	5,227	2,397
- with subsequent expiry	8,201	6,624
Total trade receivables (gross)	14,138	9,694

The receivables that are past due by over 12 months are represented primarily by receivables pending legal resolution.

Following are the changes in the allowance for doubtful accounts.

Description	06.30.2019	12.31.2018
Opening balance	1,029	1,058
- (usage)	(59)	(135)

- allocations	34	106
Total allowance for doubtful accounts	1,004	1,029

Note (4) - Inventories

This item breaks down as follows:

Description	06.30.2019	12.31.2018
Raw materials, ancillary and consumable materials	2,388	1,907
Work in process	218	191
Finished goods	5,395	4,395
Total inventories	8,001	6,493

The value of the raw and ancillary materials was up with respect to last December 31 essentially due to the seasonal nature of the activities linked to ice cream. The total amount of inventories is substantially comparable with the same figure at June 30, 2018.

The measurement of the closing inventories is carried out net of the provision for inventory obsolescence, amounting to a total of EUR 292 thousand at the end of the period, in order to adjust its assessment to the presumed realisable value.

Inventories are not subject to any obligations or restrictions related to property rights.

Note (5) - Other current assets

This item breaks down as follows:

Description	06.30.2019	12.31.2018
Tax receivables	2,781	3,338
Prepayments and accrued income	398	40
Other current receivables	248	304
Total other current assets	3,427	3,682

The decrease in tax receivables is due to the provision made for taxes pertaining to the period.

Prepayments and accrued income refer to portions of costs incurred, partly pertaining to subsequent periods, mainly referring to insurance premiums, membership fees and maintenance charges.

Non-current assets

Note (6) - Goodwill

The item Goodwill shows the following changes for the period:

Description	06.30.2019		12.31.2018
	Net value	Other increases/ (decreases)	Net value
Santa Rosa Goodwill	3,230		3,230
Diete.Tic Goodwill	4,968	-	4,968
Total goodwill	8,198	-	8,198

The goodwill recognised derives:

- with regard to Santa Rosa, from the allocation of the residual amount from the premium of the investment value, compared with the fair value of the assets and liabilities of J&T Italia S.r.l., a company to which the Santa Rosa business made reference, following the merger by incorporation of the same finalised in previous years.
- with regard to Diete.Tic, from the process of Purchase Price Allocation as regards the positive difference between the Business Unit value concerning the liquid sweetener "Diete.Tic" acquired on October 2, 2017 and the fair value of the single assets that composed it.

Pursuant to the IAS/IFRS standards, goodwill is not amortised but is tested for impairment annually at the time of the drawing up of the annual financial statements, in accordance with the matters envisaged by IAS 36. At June 30, 2019 there were no indicators of impairment losses which required the performance of this test also at the time of drafting of the interim financial report.

Note (7) – Intangible assets

The item Intangible assets shows the following changes for the period:

Description	12.31.2018	Changes for the period		06.30.2019
	Net value	Net Increases/ (decreases)	Amort./ Write-downs	Net value
Trademarks	21,233	0	(43)	21,190
Industrial patents and intellectual property	2,439	19	(169)	2,289

Description	12.31.2018	Changes for the period		06.30.2019
	Net value	Net Increases/ (decreases)	Amort./ Write-downs	Net value
rights				
Other	72	87	(35)	124
Intangible assets in progress	0	0	0	0
Intangible assets	23,744	106	(247)	23,603

There have been no particular increases in the period.

The item Trademarks mainly refers to the Santa Rosa trademark amounting to EUR 20,060 thousand, valued at fair value within the sphere of the allocation of the value of the equity investment of J&T Italia S.r.l. further to the afore-mentioned merger by incorporation of the same.
The Santa Rosa trademark, as allowed by IAS 38 and in line with that applied in previous years, has been considered as having an indefinite useful life and therefore it is not amortised, based on the following reasons:

- it has a priority role in the Valsoia strategy;
- the trademark is owned and appropriately registered and constantly protected, pursuant to the law, with options for the renewal of the legal protection at the expiry of the registration periods, with limited costs incurred;
- the products marketed by the company under this trademark are not subject to technological obsolescence, as is also typical of the food sector in which the Company operates;
- the sector of reference of the Santa Rosa trademark shows characteristics of stability with a limited impact from product innovation or changes in the market demand;
- the level of trade investments needed to obtain the financial benefits expected from this business sector is sustainable for the Company and falls within the scope of the corporate strategies.

The value of the Santa Rosa trademark is tested for impairment at least annually at the time of the drawing up of the annual financial statements, in accordance with the matters envisaged by IAS 36. At June 30, 2019 there were no indicators of impairment losses which required the performance of this test also at the time of drafting of the interim financial report.

Intangible assets also include trademarks and patents, valued upon their first recognition at fair value, belonging to the Business Unit producing the liquid sweetener "Diete.Tic", acquired during 2017. The net book value, at the end of the period, of the "Diete.Tic" trademark was EUR 1,129 thousand and the patents were EUR 2,152 thousand.
The fair value of the Diete.Tic trademark and of the Patents protecting the production process was measured with the support of a third party independent expert, using a market method called "relief from royalties". This method of measurement, which uses inputs that are observable from the market, is a methodology that is

preferred by the accounting standards.

The Patents are amortised according to their residual useful life based on their expiry date; the "Diete.Tic" trademark, according to the considerations above, is amortised based on its useful life, estimated at 15 years.

Note (8) – Property, plant and equipment

Following is a breakdown of the Property, plant and equipment item at June 30, 2019.

Description	Historical cost	Accumulated Depreciation	Net Book Value
Land and buildings			
Land:			
- located in the Rubano municipality	908	-	908
- located in the Serravalle Sesia municipality	1,529	-	1,529
Buildings:			
- house in Serravalle Sesia	575	(123)	452
- industrial facilities in Serravalle Sesia	5,486	(2,391)	3,095
- light constructions/buildings at the Sanguinetto facility	1	(1)	0
Total land and buildings	8,499	(2,515)	5,984
Plant and equipment			
- fixed systems for offices	128	(101)	27
- plant/equipment for plant extract products	5,733	(4,917)	816
- plant/equipment for ice cream production	10,187	(8,847)	1,340
- plant/equipment for other food production	253	(230)	23
- generic plant/equipment at the Serravalle facility	1,519	(1,157)	362
- silos, vats, tanks at the Serravalle facility	484	(441)	43
- photovoltaic system	371	(265)	106
- plants for preserves production	3,391	(2,706)	685
- generic plant at the Sanguinetto facility	122	(70)	52
- sweeteners production plants	141	(25)	116
- supplement production plant	61	(4)	57
Total plant and equipment	22,390	(18,763)	3,627
Industrial and commercial equipment			
- furniture and equipment for the laboratory	390	(370)	20
- other small equipment	206	(170)	36
- other transportation means	249	(228)	21

Total industrial and commercial equipment	845	(768)	77
Other assets			
- electric and electronic machinery	611	(512)	99
- furniture and equipment for the offices	388	(337)	51
- cell phones	69	(55)	14
- vehicles	379	(291)	88
Total other assets	1,447	(1,195)	252
Fixed assets in progress	-	-	-
Total property, plant and equipment	33,181	(23,241)	9,940

The item Property, plant and equipment shows the following changes for the period.

Description	12.31.2018	Changes for the period			06.30.2019
	Value	Increases /purchases	Other changes	Decreases	Value
Historical Cost					
Land and buildings	8,492	7	-	-	8,499
Plant and equipment	21,750	669	-	(28)	22,391
Industrial and commercial equipment	827	18	-	-	845
Other assets	1,424	25	-	(3)	1,446
Fixed assets in progress	0	0	-	-	0
Tot. Historical Cost (A)	32,493	719	-	(31)	33,181
Depreciation					
Land and buildings	2,397	118	-	-	2,515
Plant and equipment	18,354	434	-	(25)	18,763
Industrial and commercial equipment	746	22	-	-	768
Other assets	1,134	64	-	(3)	1,195
Fixed assets in progress	-	-	-	-	0
Tot. Acc. depreciation (B)	22,631	638	-	(28)	23,241
Total property, plant and equipment (A-B)	9,862	81	-	(3)	9,940

The increases in Property, plant and equipment, plant and equipment mainly refer to the purchase of plant and machinery for the production of ice cream, plant-based extracts and jams.
There are no restrictions or encumbrances on the fixed assets.

Note (9) – Right-of-use assets (IFRS 16)

As regards the nature of this item, see the description found in the section "Changes in Accounting Standards" under the item "Recognition of leases - Accounting model for the lessee"

The item Right-of-use assets shows the following changes for the period:

Description	12.31.2018	Changes for the period			06.30.2019
	Net value	Opening balance at 01.01.2019 for the adoption of IFRS 16	Net Increases/(decreases)	Depr./ Write-downs	Net value
Leased buildings	0	389	0	(121)	268
Leased vehicles	0	485	177	(109)	553
Leased electrical equipment	0	178	0	(44)	134
Tot. right-of-use assets	0	1,052	177	(274)	955

Note (10) – Financial assets

This item is composed of Investments in subsidiaries and shows the following changes for the period:

Description	Holding in Share Capital	12.31.2018 Value	Changes in the period Increases/ Decreases		06.30.2019 Value
Valsoia Pronova d.o.o. – Slovenia	100%	110	-	-	110
Total financial assets		110	-	-	110

In the first half of 2019, the subsidiary Valsoia Pronova d.o.o. recorded sales for EUR 313 thousand with a provisional profit of around EUR 37 thousand. Consequently, there were no indications of impairment.

Note (11) – Deferred tax assets

See Note 21) *Provision for deferred taxes.*

Note (12) - Other non-current assets

This item breaks down as follows:

Description	06.30.2019	12.31.2018
Guarantee deposits	35	35
Investments in other companies	9	5
Receivables from tax authorities, non-current	28	28
Receivables from subsidiary companies	85	85
Total other non-current assets	157	153

The afore-mentioned assets did not disclose any changes during the period.
Non-current receivables due from the tax authorities comprise IRES credits due to the failure to deduct IRAP on payroll and related costs relating to the periods 2007-2011 with reference to which a rebate application was made as envisaged by Article 2 of Italian Decree Law No. 201/2011. Receivables from subsidiary companies refer to interest-bearing loans granted to the subsidiary Valsoia Pronova d.o.o..

Liabilities and shareholders' equity

Current liabilities

Note (13) - Current payables due to banks

This item breaks down as follows:

Description	06.30.2019	12.31.2018
Overdraft accounts	2	3
Bank loans and borrowings (current instalments)	2,585	1,960
Total current payables due to banks	2,587	1,963

The item Loans and borrowings refers primarily to the instalments, maturing in less than 12 months, from a non-current financing agreement entered into in the first few months of 2018.

Note (14) - Current payables for leases

This item breaks down as follows:

Description	06.30.2019	12.31.2018
Current payables for leases	535	0
Total current payables for leases	535	0

As regards the item Current payables for leases, see the description found in the previous section "Changes in Accounting Standards" under the item "Recognition of leases - Accounting model for the lessee".

Note (15) – Trade payables

This item breaks down as follows:

Description	06.30.2019	12.31.2018
Trade payables due to suppliers within 12 months	15,953	11,241
Total trade payables	15,953	11,241

The increase in trade payables at June 30, 2019 is inherent in relation to the seasonal nature of the production and marketing of ice cream. There have been no essential changes in the payment conditions.

Note (16) – Tax payables

This item breaks down as follows:

Description	06.30.2019	12.31.2018
Due to the Tax Authorities for:		
- virtual revenue stamp tax and other taxes	7	4
- withholding taxes	670	458
- direct taxation and VAT	347	0
- substitute tax	1,208	1,208
Total tax payables	2,232	1,670

Tax payables refer to the payables due to the Tax Authorities for withholdings made on income from employment and freelance work and VAT payables. Payables due for the substitute tax derive from the realignment transaction of the Santa Rosa trademark, carried out pursuant to the effects of the law no. 145 of December 30, 2018, art. 1, paragraphs 946-948.

Note (17) – Provisions for risks

This item breaks down as follows:

Description	06.30.2019	12.31.2018
Sales return provision	53	52
Total provision for risks	53	52

Provisions for risks comprise only the sales return provision. At June 30, 2019, the estimate involved an allocation, compared with December 31, 2018, of EUR 1 thousand.

It should be noted that a dispute is still pending, substantially unchanged from the end of the previous period, with the Tax Authorities. This dispute, arising from an alleged minor registration fee paid in reference to the purchase of J&T Italia S.r.l., which occurred in 2011, finds Valsoia in a potential debit position toward the tax authorities, jointly with the company selling "J&T", for a total amount of EUR 723 thousand.
Valsoia, following the same approach of the previous period and keeping into account the opinion of its consultants, believes that to date there are no reasonable grounds for setting aside a provision for risks related to this pending dispute.

Note (18) - Other current liabilities

This item breaks down as follows:

Description	06.30.2019	12.31.2018
Amounts payable to social security institutions	393	417
Amounts due to employees and on-going collaboration contracts	1,991	1,558
Amounts due to others	135	85
Accrued liabilities	8	9
Total other current liabilities	2,527	2,069

Other current liabilities include primarily payables to employees for wages, bonuses pertaining to the period, and deferred monthly salaries, accrued at June 30, 2019. The item amounts due to others includes advance payments received from Customers.

Non-current liabilities

Note (19) - Non-current payables due to banks

This item breaks down as follows:

Description	06.30.2019	12.31.2018
Bank loans and borrowings (non-current instalments)	7,501	8,745
Payables for Cash flow and Currency hedging	2	0
Total non-current payables due to banks	7,503	8,745

The item loans and borrowings (non-current) refers primarily to the instalments, maturing beyond 12 months, from a non-current financing agreement entered into in the first few months of 2018. With reference to this loan, there are no covenants, restrictions or encumbrances.
For comments on the Statement of financial position, see the Directors' Report.

With reference to the information required by IFRS 7, a summary is presented below of the nominal amounts due on the basis of the maturities envisaged in the Loans and borrowings repayment plans mentioned above:

Year	EUR
2020	1,349
2021	2,603
2022	2,615
2023	731
2024	102
2025	103
Loans and borrowings	7,503

Note (20) - Non-current payables for leases

This item breaks down as follows:

Description	06.30.2019	12.31.2018
Non-current payables for leases	421	0
Total non-current payables for leases	421	0

As regards the item Current payables for leases, see the description found in the previous section "Changes in Accounting Standards" under the item "Recognition of leases - Accounting model for the lessee".

Note (21) – Provision for deferred taxes

This item breaks down as follows:

Description	06.30.2019		12.31.2018	
	Taxable amount	Taxes	Taxable amount	Taxes
Deferred tax assets/Provision for deferred taxes with contra entry in the income statement				
IRES/IRAP CHANGES				

Description	06.30.2019		12.31.2018	
	Taxable amount	Taxes	Taxable amount	Taxes
- Trademarks and deferred charges not capitalised pursuant to IAS/IFRS	99	27	110	31
- Dealloc. of accounting-tax amounts for the "Santa Rosa" trademark	(1,886)	(526)	0	0
- Dealloc. of accounting-tax amounts for the "Diete.Tic" trademark	(21)	(6)	0	0
- Dealloc. of accounting amount for the goodwill of "Diete.Tic"	(691)	(193)	(538)	(150)
- Taxed risk and write-down provisions	1,393	341	1,555	381
- Others	(34)	(9)	223	62
Total	(1,140)	(366)	1,350	324

The item Provision for deferred taxes refers to the recognition of temporary differences between the values recorded in the statement of financial position of the assets and liabilities and the related amounts recognised for tax purposes.
It is estimated that said payable is referring to differences that will be reabsorbed in the medium and long term.

Note (22) – Provision for post-employment benefits

No significant changes were registered in the first half of 2019 in the provision, other than the decreases deriving from the settlements made during the period, amounting in total to EUR 28 thousand.

Note (23) - Shareholders' equity

Share capital

The share capital of the Company is fully paid up and amounts to EUR 3,517,140.66, with 10,658,002 ordinary shares of a Nominal value of EUR 0.33 each.

Legal reserve
This is the reserve accrued pursuant to Art. 2430 of the Italian Civil code.

Revaluation reserve

This item is composed of the Revaluation Reserve accrued pursuant to Italian Law 488/2001 and Italian Law 350/2003.

IAS/IFRS adjustments reserve

In the IAS/IFRS reserve, the effects deriving from IFRS adjustments on Shareholders' equity at January 1, 2004, were recognised.

Other reserves

The other reserves include:

- extraordinary reserve deriving from the allocation of profits accrued but not yet distributed on a voluntary basis in previous periods, as set forth by the Shareholders' Meeting;
- earnings brought forward due to the application of IAS/IFRS accounting standards, starting from the transition date of January 1, 2004;
- reserve set up within the scope of the Allowance for doubtful accounts, in application of the IAS 8 accounting standard occurring in 2006;
- actuarial gains/losses reserve: this includes the actuarial gains/losses deriving from the application of the IAS 19 standard;
- stock option reserve. This item includes:
    - the 2011-2015 Stock Option Plan reserve set aside for a total amount of EUR 490 thousand, corresponding to the charges applicable to the 5 validity periods of the Plan.
    - the 2016-2019 Stock Option Plan reserve set aside for a total amount of EUR 844 thousand, corresponding to the charges applicable to the 3 validity periods of the Plan.

    Both Plans were concluded with the issuance of the equity-linked instruments and the related increase of the Share Capital;

- reserve of EUR 201 thousand following the effects of the first time application (FTA) of the accounting standard IFRS 15.

For details on the items composing the Shareholders' Equity, see the table below:

Description	06.30.2019	12.31.2018	Possibility of use
Share capital	3,517	3,503	-
Legal reserve	701	701	B
Revaluation reserve	23,104	16,765	A, B, D
IAS/IFRS adjustments reserve	(1,202)	(1,202)	
Other reserves:			
- IAS 8 adjustment reserve	469	469	A, B, C

- earnings carried forward, according to IAS/IFRS	416	416	A, B, C
- extraordinary reserve	35,064	35,349	A, B, C
- S.O.P. reserve 2011-2016	490	490	A, B, C
- S.O.P. reserve 2016-2019	844	744	
- foreign exchange gains reserve	10	0	
- actuarial gains/losses reserve	22	22	
Total other reserves	37,315	37,490	
Profit/(loss):			
Profit for the period	3,002	10,098	
Total Shareholders' equity	66,437	67,355	

Key notes possibility of use:

A. Available for share capital increases;

B. Available for loss hedging;

C. Available for shareholders distribution;

D. Available for the distribution to shareholders with the loss of the benefit of tax suspension.

It should also be noted that, during the first half of the year, dividends were distributed to the shareholders for a total of EUR 3.5 million, as an appropriation of profits for the year 2017.

Analysis of the breakdown of the main items of the income statement

Note (24) - Value of production

This item breaks down as follows:

Description	06.30.2019	06.30.2018
Revenue from sales and services:		
- Revenue - Italy	34,613	39,870
- Revenue - Abroad	2,458	2,757
Total sales revenue	37,071	42,627
Changes in inventories of work in progress, finished and semi-finished products:		
- Opening inventories	(4,450)	(6,151)
- Closing inventories	5,448	5,915
Total changes in inventories of finished goods	998	(236)

Other revenue and income	582	195
Total Value of production	38,651	42,586

The sales revenue is concentrated essentially within the Italian territory and therefore its geographic breakdown is not believed to be significant.
Please see the Directors' Report for the description of the trend of sales broken down by main product lines..

The item "Other revenue and income" is detailed as follows:

Description	06.30.2019	06.30.2018
- Chargeback to third parties	115	85
- Capital gains on sale of assets	1	0
- Other	466	110
Total other revenue and income	582	195

The Chargeback to third parties is to be attributed to business and promotional costs incurred pursuant to distribution agreements charged to the counterparty and the recovery of costs incurred on behalf of third parties.
Other revenues refer to contingent assets and insurance reimbursements, including a portion of the consideration agreed upon following the execution of the Third Party Licensing Agreement for the "Pomodorissimo" Santa Rosa line.

Note (25) - Operating costs

This item breaks down as follows:

Description	06.30.2019	06.30.2018
Purchase costs		
- Raw materials	6,613	6,853
- Ancillary materials	1,146	1,250
- Consumable materials	280	267
- Finished products and goods	11,427	13,529
Total purchases	19,466	21,899
Services		
- Industrial	1,815	1,963

- Marketing and sales	5,093	5,727
- Administrative and general	1,744	1,798
Total services	8,652	9,488
Cost of use of assets owned by other, of third party assets	41	275
Labour costs		
- Wage and salaries	3,560	3,590
- Social security charges	1,370	1,259
- Post employment benefits	4	3
- Personnel charges pursuant to SOP	100	0
- Other labour costs	7	16
Total labour costs	5,041	4,868
Changes in raw materials inventory	(510)	(456)
Other overheads	605	605
Total Operating costs	33,295	36,679

During the period in question, sales and logistic costs decreased following (in November 2018) the execution of the Third Party Licensing Agreement for the "Pomodorissimo" Santa Rosa line.

At the end of the period under review, the workforce of the company was composed as follows:

Description	06.30.2019	06.30.2018
- Executives	10	10
- Employees and managers	91	90
- Factory workers	22	23
- Seasonal workers	20	21
Total employees	143	144

The item Other overheads breaks down as follows:

Description	06.30.2019	06.30.2018
Other overheads:		
- Taxes and excise license	60	61
- Losses/provisions for risks on receivables	34	116
- Contingent liabilities	205	187

- Membership fees	85	82
- Other charges	221	159
Total other overheads	605	605

The Other charges mainly consist of costs for the disposal of obsolete products, out-of-period expense, entertainment costs and contributions to trade associations.
Out-of-period expense refers to operating costs recognised in the period pertaining to previous years.

Note (26) – Amortisation, depreciation and write-downs of fixed assets

This item breaks down as follows:

Description	06.30.2019	06.30.2018
- Amortisation of intangible assets	247	234
- Depreciation of property, plant and equipment	638	806
- Depreciation of right-of-use assets	287	0
Total amortisation, depreciation and write-downs	1,172	1,040

As regards the item "Depreciation of right-of-use assets", see the description found in the section "Changes in Accounting Standards" under the item "Recognition of leases - Accounting model for the lessee"

There were no particular changes in amortisation and depreciation. For greater details on the change in fixed assets, please see the matters described in Notes 6) and 7)

Note (27) – Net financial income/(charges)

This item breaks down as follows:

Description	06.30.2019	06.30.2018
- Other financial income	15	8
- Interest expense, currency discounts and bank charges	(96)	(94)
- Lease interest expense (IFRS 16)	(2)	0
- Foreign exchange gains/(losses)	3	(8)
Total financial income/(charges)	(80)	(94)

The decrease in Financial charges mainly derives from the minor exchange losses reported during the period compared with the previous period.

Note (28) – Taxes

This item breaks down as follows:

Description	06.30.2019	06.30.2018
- Income taxes (IRES - IRAP)	411	592
- Deferred tax liabilities/(assets)	690	706
Total taxes	1,101	1,298

Income taxes also include deferred tax assets (net of the deferred tax liabilities) which were calculated on allowances and other temporary differences, the tax benefits of which are deferred. The main effect during the period deriving from this provision relates to the effects deriving from the deduction of the amortisation on the Santa Rosa trademark.
Details about the recognition of deferred taxes are provided in Note 21.

In 2018, the Company executed an agreement with the Tax Authorities, as set forth in the applicable regulations, in order to determine in advance the criteria to be adopted for the identification of the positive and negative subsidised components of the revenue, pursuant to art. 1, paragraph 39 of Italian Law no. 190 of December 23, 2014 (called "Patent Box"). The Patent Box is a subsidised fiscal system introduced with the Italian Stability Law 2015, which grants a 50% exemption (reduced by 30% for 2015 and 40% for 2016) of the income taxes of the Companies (IRES and IRAP) for the part of the revenue generated by the exploitation of intellectual properties (trademarks, patents, designs and models, software and know-how). The system is characterised by a five-year mandatory lock-in period with renewable option. The agreement executed by the Company covers the five year period 2015-2019.
As regards the first half year of 2019, the related tax benefit was included in the calculation of the taxes for the period (as a non-recurrent effect) and was determined based on the greater estimate of the income eligible for subsidy pursuant to the so-called "Patent Box" expected for the entire period.

Note (29) - Basic and diluted earnings per share

The basic earnings per share are determined by dividing the profit for the year by the number of shares (no. 10,658,002) which compose the share capital.
The diluted earnings per share were obtained by dividing the profit for the year by the number of shares which

comprise the share capital.

Non-recurring significant transactions and events

During the period ended June 30, 2019, no significant events/transactions, falling within the scope of the Consob Communication DEM/6064293 of July 28, 2006, were recorded. As instructed in said Communication, "atypical and/or unusual transactions are those that, because of their significance, importance, nature of the counterparties, purpose of the transaction, method for determining the transfer price or time of their occurrence (close to the end of the year), could give rise to doubts relating to: the accuracy and completeness of the information in the financial statements, a conflict of interest, the safeguarding of the company's assets or the protection of non-controlling shareholders.".

Information on transactions carried out with the holding company and related parties

During the period under review, Valsoia provided the parent company Finsalute S.r.l. with accounting data processing and custody services which generated the following economic-financial impacts:

Holding company	revenue/(costs)	receivables/(payables)		collections/(payments)
	1st half 2019	01.01.2019	06.30.2019	1st half 2019
Finsalute S.r.l.	3	2	2	3
Total transactions	3	2	2	3

During the first half of the year, the following transactions with related parties, including therein the subsidiary Valsoia Pronova d.o.o., were carried out on an arm's length basis, classified by nature:

Related party	revenue/(costs)	receivables/(payables)		collections/(payments)
	1st half 2019	01.01.2019	06.30.2019	1st half 2019
Membership fees	(37)	0	0	(67)
Directors' remuneration	(5)	(10)	(10)	(13)
Purchase of goods and services	69/(35)	58	45	88/(65)
Dealings with subsidiary company	178/(22)	191	252	115/(20)
Total transactions with related parties	247/(99)	239	287	203/(165)

There were no other transactions between the Company and related parties.

Commitments

At June 30, 2019 there were no other undertakings besides those described in the interim financial report.

Bologna, September 16, 2019

The Chairman of the Board of Directors
Lorenzo Sassoli de Bianchi

4 / Statement pursuant to Art. 154-bis of Legislative Decree 58/98

STATEMENT PURSUANT TO ART. 154 *BIS*, PARAGRAPH 5 OF ITALIAN LEGISLATIVE DECREE NO. 58/98

The undersigned, Andrea Panzani, General Manager and Chief Executive Officer, and Nicola Mastacchi, Manager in charge of financial reporting for Valsoia S.p.A., hereby certify, also taking into account the provisions of Art. 154 *bis*, paragraphs 3 and 4 of Italian Legislative Decree no. 58 of February 24, 1998:

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

of the administrative and accounting procedures for the preparation of the Interim Financial Report as at June 30, 2019.

It is also hereby certified that:

a) the abridged interim financial statements at June 30, 2019 fully reflect the accounting records and books;

b) the abridged interim financial statements at June 30, 2019 were prepared in compliance with the International Financial Reporting Standards, ratified by the European Union, as well as all provisions issued in implementation of Italian Legislative Decree no. 38/2005; they provide a truthful and correct representation of the equity, business and financial situation of the issuer;

c) The interim management report contains a reliable analysis of the references to the important events which took place in the first six months of the year and to their incidence on the abridged interim financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year. The interim management report also contains a reliable analysis of the information of the significant transactions with related parties.

Bologna, Italy, September 16, 2019

General Manager Chief Executive Officer	Manager in charge of financial reporting
Andrea Panzani	Nicola Mastacchi

5 /

Indipendent Auditors Reports

KPMG S.p.A.
Revisione e organizzazione contabile
Via Innocenzo Malvasia, 6
40131 BOLOGNA BO
Telefono +39 051 4392511
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(Translation from the Italian original which remains the definitive version)

Report on review of condensed interim financial statements

To the shareholders of
Valsoia S.p.A.

Introduction

We have reviewed the accompanying condensed interim financial statements of Valsoia S.p.A., comprising the statement of financial position, income statement, statement of comprehensive income, statement of cash flows, statement of changes in equity and notes thereto, as at and for the six months ended 30 June 2019. The company's directors are responsible for the preparation of these condensed interim financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial statements of Valsoia S.p.A. as at and for the six months ended 30 June 2019 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Bologna, 17 September 2019

KPMG S.p.A.

(signed on the original)

Massimo Tamburini
Director of Audit

VALSOIA SpA

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