ISAGRO S.p.A.

A company directed and coordinated by Holdisa S.r.l.

CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS AS AT JUNE 30TH, 2020

BOARD OF DIRECTORS

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Deputy Chairman

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Deloitte & Touche S.p.A.

DIRECTORS' MANAGEMENT REPORT

Dear Shareholders,

The condensed consolidated half-year financial statements of your Group as at June 30th, 2020 showed, at the Income Statement level, **Revenues** of € 68.5 million compared to € 60.1 million in the first half of 2019, re-stated to also include within this period the economic results of Isagro (Asia) Agrochemicals Private Limited ("Isagro Asia") - company sold on December 27th, 2019 - under discontinued operations, an **EBITDA** of € 7.5 million compared to 3.0 million in the first six months of 2019 as re-stated and a **Net Profit** of € 1.0 million compared to the loss of 2.4 million in the first half of 2019 as re-stated (the latter amounting to € 3.6 million excluding the positive Net Profit of Isagro Asia of € 1.2 million).

As regards equity, as at June 30th, 2020, your Group had a **Net financial position** showing a debt of € 34.0 million (compared to € 34.4 million as at December 31st, 2019 and € 58.1 million as at June 30th, 2019), of which € 4.3 million due to the application of IFRS 16-Leases, and a **debt/equity** ratio of 0.37. Excluding the component resulting from the application of IFRS 16, the Net financial position as at June 30th, 2020, was € 29.7 million, with a **debt/equity** ratio of 0.33. However, this Net Financial Position (i) is entirely backing Net Working Capital (the latter amounting to € 47.7 million), with Equity (equal to € 90.8 million) contributing to financing the working capital itself for approximately € 13.7 million, and (ii) includes medium-term loans with maturities beyond 12 months amounting to € 19.9 million (compared to € 42.2 million as at June 30th, 2019).

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It should be noted that the consolidated comparative data for the first half of 2019 is shown here in line with the accounting standard IFRS 5, i.e. highlighting the economic results of Isagro Asia for the period from January 1st to June 30th, 2019 under discontinued operations. The same accounting principle envisages that the data relating to 2019 is "re-stated" only in terms of Income Statement: however, for the sake of a correct comparison of the consolidated balance sheet data as at June 30th, 2020 with that as at the same date of 2019, the latter has also been "re-stated" in this Report, thus not including the assets and liabilities of Isagro Asia.

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Revenues from Crop protection products and Services, amounting to € 68.5 million in the first six months of 2020, increased by € 10.9 million compared to the first six months of 2019 as re-stated (+19%) with growth that affected all geographical areas and in particular the Americas and Europe, especially in the copper-based products sector (Airone formulations), as well as Deltamethrin-based formulations and biostimulants. In particular, the increase in sales of copper-based products reflects the positive effect of new registrations obtained globally in 2019. These new registrations enabled the launch of new copper-based formulations as well as the scale-up of formulations launched in 2019, thus confirming the solidity of the development of the business of copper-based products and helping to offset, together with increased sales of Tetraconazole-based products, the effects of the phase-out of mixtures of the latter with Chlorothalonil in the first half of 2020. The positive performance in Revenues is partly attributable to (i) the postponement to the beginning of 2020 of orders at the end of 2019 from the customer Gowan USA (one of the Group's main customers), as well as (ii) the effect of a tendency by customers to anticipate orders due to fears of blockage of the global supply chain due to the Covid-19 pandemic, which is still ongoing. However, with reference to this last issue, as will be discussed in greater detail below, it should be noted that in the 12 months of 2020, as in subsequent financial years, the effects of the pandemic are not currently estimated to have a significant impact on the Group, contrary to what was assumed in the initial phase of the pandemic itself, when the information framework was less complete compared to the current one.

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After having already declared in the past its strategic decision to no longer invest in the research and development of new molecules of organic chemistry, Isagro is actively working on a new strategic model that will have a specific focus on the development of market positions and products/formulations of "Bio-Copper" (namely of biologic/natural and copper origin, with the latter falling under inorganic chemistry), also through external lines growth operations. This redefined business model will be financed through extraordinary transactions aimed at identifying, through the disposal of selected chemical-*organic* assets, valuable components that in the opinion of the Directors are currently not adequately expressed in the accounts, and it will be accompanied by the necessary measures of organisational/structural redefinition.

In fact, the experience of the last few years has shown that Isagro has the ability to invent new products/molecules of organic chemistry with high market potential but does not have the "scale" to guarantee an adequate extraction of value from such inventions in an external context that was characterised by an increase in costs/times for the development of new products/molecules of organic chemistry and a parallel strong concentration in the Industry of operators based on the discovery of this type of active ingredients.

In this scenario, Isagro believes that it can create value for its Stakeholders more effectively, by concentrating its strategic development on the segment of products of biologic origin (growing sector in which the average size of operators is significantly lower than that of the chemical-organic segment) and copper origin (sector in which Isagro already boasts solid market positions, with a growth project already underway), with the possibility to develop the existing product portfolio and to proceed with selected acquisition operations. Moreover, specific organic chemical products will be kept in the portfolio in an integrated crop management and cash-cow logic.

Consistently with the redefinition of the business model as described above:

1. on December 27th, 2019, the sale of the wholly-owned subsidiary Isagro Asia was completed at a price of € 52.1 million, already net of the withholding tax, of which € 46.2 million was collected at the Closing, a further € 2.7 million in April 2020 and a further € 0.6 million in July 2020, while the difference was subject to provisions;
2. during the second quarter of 2020, the Board of Directors of Isagro S.p.A. approved the acceptance of a binding offer by the North American company FMC Corporation for the purchase of the intellectual property relating to the fungicide Fluindapyr at a price of € 55 million, against a consolidated book value for Isagro as at December 31st, 2019 of € 25.2 million (value in line with that as at June 30th, 2020). Moreover, in July 2020, the Asset Purchase Agreement was signed for the sale to FMC of Isagro's assets related to the Fluindapyr molecule. The Closing (with the payment at the same time of the Price), which is subject to certain conditions precedent, the fulfilment of which is considered probable by the Directors, is expected to take place by the end of the third quarter of 2020 and in any case within the current financial year.

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With reference to the economic results expected for the entire year, Isagro expects a moderately higher level of sales than in 2019, and in any case overall higher than the estimates prepared at budget level, due to a second half of the year which is expected to be affected by the phase-out of some formulations in Europe.

Moreover, the Net result expected in 2020 will depend to a decisive extent on extraordinary operations consistent with the process of redefining the business model.

Moreover, the actions of commercial development and organisational redefinition underway, which have already made a positive contribution to the results of the first half of the year, will have a wider impact in the next financial year.

MARKET TREND OF CROP PROTECTION PRODUCTS

It should be noted that in the first half of each year the crop protection market is characterised at a global level by a demand for crop protection products concentrated mainly in the countries of the northern hemisphere (in terms of national distributors' sales to farmers, whose agricultural activity, in terms of sowing and application of crop protection products, then peaks in the second and third quarter of the year). Therefore, in this context, the most important markets are those of North America and Europe. On the other hand, in the same period of the year, in the southern hemisphere, agriculture is in the final phase of the period of use of crop protection products by farmers, thus preparing for the second half of the year that marks the beginning of supplies of crop protection products for the following agricultural season.

The segment reports published by Phillips McDougall/Agro Pages on global crop and sowing trends in the past and current season show a positive picture of the end of the harvest season in the southern hemisphere and sowing in the northern hemisphere; similarly, the sowing projections for the 2020-2021 campaign in the world's main agricultural commodity production areas are also positive to date.

However, this positive picture was seen in the presence of the well-known Covid-19 pandemic worldwide, which initially affected China and Europe and, subsequently, the Americas (where the pandemic is still in its peak phase). On the one hand, this situation created several problems for the international movement of goods whereas, on the other hand, stimulated advance orders of crop protection products by national distributors, in order to avoid any stock shortages due to possible production and/or logistics issues. Consequently, according to official segment reports, the sales results of the main players in the market of crop protection products show a growth in turnover well distributed among the various geographical areas, as also confirmed by Isagro data. In particular, the data of the first half of 2020 on sales of crop protection products by the main operators in the Industry shows, at the global level, sales of approximately 2% higher than the first six months of 2019, in local currency.

In the second half of 2020, the southern hemisphere will enter in the midst of the agricultural campaign with the uncertainty of the impact of Covid-19 on countries with more fragile economic and political realities than those of the northern hemisphere but for which agriculture plays a more important strategic role requiring, therefore, greater attention and support from political and economic authorities. Moreover, with regard to Isagro, which has most of its turnover concentrated in the first part of the year in the northern hemisphere and which has launched only two years ago a direct sales project on the Brazilian market, the information framework available today does not show any signs of particular alarm for 2020 compared to the sales estimates at the beginning of the year drawn up in the absence of Covid-19 effects. However, on this subject, please refer to the paragraph on "Significant events in the first half of 2020 - Possible impacts of the health crisis".

With regard to the performance of specific markets, and again with reference to the estimates of Phillips McDougall/Agro Pages, it should be noted that:

- in **Europe**, the agricultural supply chain was little affected by Covid-19, ensuring a sales season for crop protection products at levels at the highest end of the historical average. Moreover, the season was characterised by early purchases and strong demand to prevent problems in supplies related to production and logistics. Central Europe recorded a dry spring that limited the use of fungicides, Isagro's key segment, while in Southern Europe the mild climate and good rainfall sustained consumption;
- in **North America**, the impact of Covid-19 on the first half of 2020 had an effect similar to that in Europe, while the favourable climate trend allowed for early sowing and good crop development. This has created a need for farmers to support the use of crop protection products, including fungicides, as protection/improvement of yields and crop quality;
- in **South America**, the market was characterised by good crop yields despite a dry climate, especially in Brazil, which accounts for about 60% of the entire market of crop protection products. On the one hand, this supported a growth in arable land with consequent positive future sowing projections and, on the other hand, a timely supply of crop protection products for use in the second half of the year;

- with regard to **Asia**:
  - in India, the Authorities' support to the agricultural supply chain only partially offset the negative impacts of Covid-19. In fact, in some regions there have been problems with the spring crop, with a weakening of the market for both agricultural commodities and crop protection products;
  - in China, the negative impact of Covid-19 on agriculture was limited even though the season started about a month late. On the one hand, the industry of crop protection products was able to supply the local market whereas, on the other hand, it recorded a decline due to unfavourable climatic conditions (floods) that damaged crops and limited production;
- in **Africa and the Middle East**, the market was characterised by a good climate trend that sustained consumption of fungicides and insecticides, despite important and widespread outbreaks of Covid-19.

INCOME STATEMENT – SUMMARY DATA

Consolidated **Revenues** for the first half of 2020 amounted to € 68.5 million, up by € 8.4 million compared to € 60.1 million in the first six months of 2019 as re-stated (+14%). This positive difference is due to the combined impact of:

- higher Revenues from the sale of Crop protection products and Services of € 10.9 million (+19%), of which € 10.1 million related to crop protection products and € 0.8 million related to services;
- absence of Revenues from M/L Agreements (€ 2.5 million in first half of 2019, as re-stated).

With regard to the change in Revenues from sales of Crop protection products compared to the first half of 2019 as re-stated, the higher sales figure in the first half of 2020, totalling as mentioned € 10.1 million, is due to higher sales made in the World and mainly in the Americas and Europe, especially in the segment of copper-based products and, to a lesser extent, of the Deltamethrin insecticide and biostimulants.

The above sales results were achieved in the context of a critical situation at world level due to the health emergency from Covid-19, which is still ongoing. One of the critical issues concerned the transport of goods due to problems related to access to some EU countries that had closed their borders (problems that were partially overcome by bringing forward some deliveries in the first half of the year from the second half of the year) and the availability of logistics services (problems that were partially mitigated thanks to the identification of new carriers). On the other hand, your Group has not experienced any particular pressure on its product/customer segments in terms of lower sales.

With regard to the breakdown of Revenues for Crop protection products only by geographic area, note that in the first half of 2020:

- sales in Italy represented approximately 17% of turnover (compared to 20% in the first half of 2019 as re-stated), for a total of € 11.4 million (up by € 0.2 million in terms of absolute value compared to the first half of 2019 as re-stated);

- sales in other EU countries accounted for approximately 45% of turnover (compared to 50% in the first half of 2019), for a total of € 29.5 million (up by € 1.7 million in terms of absolute value compared to the first half of 2019 as re-stated);
- sales in the Americas accounted for approximately 25% of turnover (compared to 18% in the first half of 2019 as re-stated), for a total of € 16.1 million (up by € 5.9 million compared to the first half of 2019 as re-stated);
- sales in Asia accounted for approximately 5% of turnover (compared to 4% in the first half of 2019 as re-stated), for a total of € 3.7 million (up by € 1.7 million compared to the first half of 2019 as re-stated);
- sales in the Rest of the World accounted for approximately 8% of turnover (compared to 8% in the first half of 2019 as re-stated), for a total of € 5.0 million (up by € 0.7 million in terms of absolute value compared to the first half of 2019 as re-stated).

Note that, as from January 1st, 2018, following the application of accounting standard IFRS 9 – Financial instruments, Revenues include gains and losses deriving from the hedging of foreign exchange risk (domestic currency swap) of sales in a currency other than the Euro. It should also be noted, as outlined in more detail below, that Isagro's policy and procedures involve its hedging of the foreign exchange risk (and in particular the risk linked to the US Dollar) of the net prospective exposure in the year relating to the parent Isagro S.p.A., by freezing its exchange rate at the value of the annual budget.

Therefore, in relative terms, Isagro continues to focus heavily on foreign markets, with a percentage of sales in the period from crop protection products achieved outside Italy of approximately 83%, a growth compared to 80% in the first half of 2019 as re-stated.

(€ 000)	June 30th, 2020		*Change*	June 30th, 2019 as re-stated	
Italy	11,423	17.5%	*+1.6%*	11,241	20.3%
Rest of Europe	29,513	45.2%	*+6.2%*	27,787	50.2%
Americas	16,088	24.6%	*+57.3%*	10,230	18.5%
Asia	3,673	5.6%	*+83.0%*	2,007	3.6%
Rest of the World	5,049	7.7%	*+18.4%*	4,265	7.7%
DCS gains/(losses)	(386)	-0.6%	*ns*	(230)	-0.4%
Crop protection products subtotal	**65,360**	100.0%	***+18.2%***	**55,300**	100.0%
Other products and services	3,176		*-33.2%*	4,752	
Consolidated Revenues	**68,536**		***+14.1%***	**60,052**	

Table 1: Consolidated Revenues by Geographic Area

During the first six months of 2020, Isagro carried out its research, innovation & development activity, in line with the new business model, incurring total costs of € 4.2 million (compared to € 7.9 million in the first half of 2019), of which € 1.6 million capitalised (compared to € 3.6 million capitalised in the first half of 2019) in relation to (a) the extraordinary defence of proprietary products, (b) the development of new products/formulations, (c) activities for new registrations on a global basis) and (d) the completion of the development of the proprietary molecule Fluindapyr (an SDHi class broad spectrum fungicide), for which, as previously reported, the Asset Purchase Agreement was signed with FMC in July 2020, which provides, inter alia, that the costs for the development of the molecule to be incurred from May 6th, 2020 will be agreed with FMC and reimbursed to Isagro. Therefore, the Income Statement of the first six months of 2020 was affected by lower expensed research, innovation & development costs of € 1.7 million compared to the same period of 2019.

(€ 000)	1st half 2020	1st half 2019 as re-stated	Differences		Year 2019
Revenues	**68,536**	**60,052**	**+8,484**	**+14.1%**	**105,369**
Memo: Labour costs and provision for bonus	(11,584)	(13,402)	+1,818		(25,735)
EBITDA	**7,451**	**2,987**	**+4,464**	**N/S**	**(2,618)**
% on Revenues	*10.9%*	*5.0%*			*-2.5%*
Depreciation and amortisation:					
- tangible assets	(1,222)	(1,299)	+77		(2,622)
- intangible assets	(2,979)	(3,232)	+253		(6,552)
- IFRS 16 usage rights	(399)	(468)	+69		(910)
-write-down of tangible and intangible assets	(12)	(689)	+677		(1,034)
EBIT	**2,839**	**(2,701)**	**+5,540**	**N/S**	**(13,736)**
% on Revenues	*4.1%*	*-4.5%*			*-13.0%*
Interest, fees and financial discounts	(510)	(720)	+210		632
Gains/(losses) on foreign exchange and derivatives	(443)	108	-551		(569)
Revaluations of equity investments	-	168	-168		191
Result before taxes	**1,886**	**(3,145)**	**+5,031**	**N/S**	**(13,482)**
Current and deferred taxes	(919)	(450)	-469		(1,568)
Net profit/(loss) from continuing operations	**967**	**(3,595)**	**+4,562**	**N/S**	**(15,050)**
Net profit/(loss) from discontinued operations	-	1,148	-1,148		1,143
Net profit/(loss)	**967**	**(2,447)**	**+3,414**	**N/S**	**(13,907)**

Table 2: Consolidated Income Statement - Summary Data

The **EBITDA** generated in the first half of 2020 amounted to € 7.5 million, up by € 4.5 million compared to € 3.0 million in the first half of 2019 as re-stated, with margins on Revenues rising from 5.0% to 10.9%.

This increase in EBITDA compared to 2019 is due to:

- higher margins from sales of Crop protection products and Services of € 5.0 million, reflecting directly higher sales;
- lower labour costs (wages, salaries, contributions, tax charges and associated fixed costs) of € 1.8 million, reflecting the reduction in the workforce of 45 people as at June 30th, 2020 on a like-for-like basis compared to June 30th, 2019 at Group level and, in particular, at the level of the parent company Isagro S.p.A, with reference to both headquarters and R, I & D personnel, as well as a lower volume of fixed costs for personnel (travelling allowances, canteen, etc.), also as a result of the smart working methods implemented during the lockdown phase in Italy;
- lower R, I & D costs expensed in the Income Statement (excluding personnel) and other fixed costs of € 1.2 million reflecting the new business model pursued by the Group,

which on the whole have more than offset:

- lower margins relating to Revenues from M/L Agreements of € 2.5 million (present in the first half of 2019 but absent in the first half of 2020);
- higher provisions for adjustments to assets of € 1.0 million.

It should be noted that the margins of EBITDA with respect to turnover, excluding from both items the component of Revenues from M/L Agreements, increased from 0.8% in the first half of 2019 to the aforementioned value of 10.9% in the first six months of the current year, mainly due to a volume effect.

Amortisation, depreciation and write-downs for the period amounted to € 4.6 million, a decrease of € 1.1 million compared to € 5.7 million recorded as at June 30th, 2019 as re-stated. This decrease is mainly attributable to (i) lower write-downs of assets of € 0.7 million, which in the first half of 2019 as re-stated concerned proprietary product formulations containing Chlorothalonil (this product was excluded from re-registration in Europe in 2019) and Tetraconazole formulations in Europe (following the assessments made by the Directors on the probability of failure to re-register the fungicide Tetraconazole in the European market), (ii) lower amortisation and depreciation of € 0.3 million, as well as (iii) the reduction in depreciation of rights of use of €0.1 million related to the application of IFRS 16-Leases.

Reflecting the items commented upon above, your Group closed the first half of 2020 with an **Operating profit** of € 2.8 million, a € 5.5 million increase compared to the € 2.7 million loss in the same period of 2019 as re-stated. It should be noted that the Operating result for the first six months of 2020, excluding the Revenues from M/L Agreements, showed an increase of € 8.0 million.

At the financial management level, in the first six months of 2020, the Group recognised **Net financial charges** for a total of € 0.9 million compared to € 0.4 million in the first half of 2019 as re-stated, as a combined effect of:

- **Interest, fees and financial discounts of** negative € 0.5 million in the first half of 2020, compared to negative € 0.7 million in the first half of 2019, as re-stated, mainly due to the reduced Net financial position showing a debt;
- **Losses on foreign exchange and derivatives** of € 0.4 million in the first half of 2020, compared to income of € 0.1 million in the first half of 2019 as re-stated, mainly due to the write-down of the Indian rupee (accounting currency of the escrow fund of about € 6 million related to the sale of Isagro Asia, partially collected during the first six months of 2020) and the Colombian peso (accounting currency of the wholly-owned subsidiary Isagro Colombia);
- **Revaluations of equity investments** equal to zero in the first half of 2020, compared to the positive value of € 0.2 million in the first half of 2019, as re-stated, with a change entirely attributable to the company Arterra Bioscience S.p.A.

It should be noted that the Isagro Group operates on several markets internationally and many trade relations are managed in currencies other than the Euro, mainly in US Dollars. As a result and in compliance with its “Financial risk management policy” designed to “grant security” to the interest rate in the budget, the parent Isagro S.p.A. arranges USD exchange rate risk hedges, using its forecast exposure for the year as indicated by the currency budget in US Dollars as the reference basis. With regard to the hedging activities, it should also be noted that they were exclusively carried out by the Group in reference to operational transactions and therefore not for speculative purposes.

Therefore, the consolidated **Result before taxes** for the first half of 2020 was a profit of € 1.9 million, an increase of € 5.0 million compared to the loss of € 3.1 million in the first half of 2019 as re-stated.

In terms of tax management, **Current and deferred tax liabilities** as at June 30th, 2020 amounted to € 0.9 million, an increase of € 0.5 million compared to the previous year, reflecting the higher profits for the period.

Consequently, the **Net profit/(loss) from continuing operations** in the first half of 2020 amounted to € 1.0 million, an increase of about € 4.6 million compared to the loss of € 3.6 million recorded in the first half of 2019.

Net profit/(loss) from discontinued operations for the first half of 2020, equal to zero, is compared with the positive value of € 1.1 million in the same period of 2019, the latter against the profit for the period of the former subsidiary Isagro Asia, sold as already mentioned on December 27th, 2019.

As a result of the above, the Group ended the first half of 2020 with a € 1.0 million **Net profit**, an increase of € 3.4 million compared to the loss of € 2.4 million realised in the first six months of 2019.

BALANCE SHEET – SUMMARY DATA

(€ 000)	30.06.2020	31.12.2019	Differences		31.03.2019 as re-stated	30.06.2019
Net fixed assets	**53,107**	**81,945**	**-28,838**	**-35.2%**	**84,070**	**89,922**
of which:						
Goodwill and Other intangible assets	*23,881*	*50,535*	*-26,654*		*52,294*	*52,495*
Tangible assets	*14,815*	*15,585*	*-770*		*15,407*	*18,351*
IFRS 16 usage rights	*4,171*	*4,421*	*-250*		*4,970*	*6,109*
Financial assets	*3,195*	*4,176*	*-981*		*695*	*695*
Other medium/long-term assets and liabilities	*7,045*	*7,228*	*-183*		*10,704*	*12,272*
Net working capital	**47,749**	**41,937**	**+5,812**	**+13.9%**	**44,781**	**59,083**
of which:						
Inventories	*38,313*	*40,853*	*-2,540*		*41,492*	*52,466*
Trade payables	*(24,578)*	*(26,143)*	*+1,565*		*(28,893)*	*(35,759)*
Trade receivables	*34,014*	*27,227*	*+6,787*		*32,182*	*42,376*
Other short-term assets and liabilities and Current provisions	**488**	**3,409**	**-2,921**	**N/S**	**938**	**3,875**
SEVERANCE INDEMNITY FUND (SIF)	**(1,679)**	**(1,877)**	**+198**	**-10.5%**	**(2,077)**	**(2,468)**
Net invested capital	**99,665**	**125,414**	**-25,749**	**-20.5%**	**127,712**	**150,412**
Held for sale non-financial assets and liabilities	**25,145***	**-**	**+25,145**		**22,700****	**-**
Total net assets	**124,810**	**125,414**	**-604**	**-0.5%**	**150,412**	**150,412**
Financed by:						
Equity	**90,848**	**91,020**	**-172**	**-0.2%**	**92,311**	**92,311**
Net financial position	**33,962**	**34,394**	**-432**	**-1.3%**	**73,190**	**58,101**
of which:						
Medium/long-term debts (excl. IFRS 16)	*16,482*	*27,275*	*-10,793*	*-39.6%*	*37,678*	*37,678*
Financial liabilities pursuant to IFRS 16	*4,285*	*4,522*	*-237*		*4,927*	*5,632*
Net financial position from discontinued operation					**(15,089)****	
Debt/Equity Ratio	***0.37***	***0.38***			***0.63***	***0.63***
Total	**124,810**	**125,414**	**-604**	**-0.5%**	**150,412**	**150,412**

Table 3: Consolidated Balance Sheet - Summary Data

** Value concerning the assets relating to the Fluindapyr fungicide*

*** Values concerning Isagro Asia*

As regards equity, **Total net assets** as at June 30th, 2020 amounted to € 124.8 million, substantially in line with the value of € 125.4 million as at December 31st, 2019 and down sharply compared to the value of € 150.4 million as at June 30th, 2019, in the latter case due to the sale of Isagro Asia, which took place as mentioned above on December 27th, 2019.

Net invested capital as at June 30th, 2020 amounted to € 99.7 million, a decrease of € 25.7 million compared to December 31st, 2019, mainly due to the reclassification as at June 30th, 2020 of the Fluindapyr asset under "held for sale" assets and of € 28.0 million compared to June 30th, 2019 as re-stated, mainly due to the combined effect of the aforementioned reclassification relating to Fluindapyr and the reclassification as at June 30th, 2019 relating to Isagro Asia.

Net fixed assets as at June 30th, 2020 amounted to € 53.1 million, down by € 28.8 million compared to € 81.9 million as at December 31st, 2019 and by € 31.0 million compared to € 84.1 million as at June 30th, 2019 as re-stated.
These differences are mainly due to changes in the following items:

- **Goodwill and Other intangible assets**, totalling € 23.9 million as at June 30th, 2020, down by € 26.6 million compared to December 31st, 2019 and by € 28.4 million compared to June 30th, 2019 as re-stated, mainly due to the reclassification of the Fluindapyr asset among "held for sale" assets and reflecting a volume of capitalisation of R, I & D costs lower than amortisation for the period due to lower investments;
- **Tangible assets**, totalling € 14.8 million as at June 30th, 2020, down by € 0.8 million compared to December 31st, 2019 and by € 0.6 million compared to June 30th, 2019 as re-stated, due to reduced investments for the period net of depreciations;
- **IFRS 16 rights of use**, totalling € 4.2 million as at June 30th, 2020, down by € 0.2 million compared to December 31st, 2019 and by € 0.8 million compared to June 30th, 2019 as re-stated;
- **Financial assets**, totalling € 3.2 million as at June 30th, 2020, down by € 1.0 million compared to December 31st, 2019 and up by € 2.5 million compared to June 30th, 2019 as re-stated, reflecting the valuation of the equity investment held by Isagro in the company Arterra Bioscience S.p.A. It should be noted that as from October 28th, 2019 this item incorporates the stock market fair value of the equity investment equal to 16.8% of the ordinary shares of Arterra Bioscience, following its listing on the AIM market managed by Borsa Italiana S.p.A., which took place on the same date. For further information, please refer to the Explanatory Notes to the consolidated financial statements for the year ended December 31st, 2019;
- **Other medium/long term assets and liabilities**, totalling € 7.0 million as at June 30th, 2020, down by € 0.2 million compared to December 31st, 2019 and by € 3.7 million compared to June 30th, 2019 as re-stated, in both cases as an effect of the reclassifications of the instalments of the former M/L Agreements falling due in the following 12 months among short-term assets and, with special reference only to June 30th, 2019 as re-stated, to the partial write-down of deferred tax assets allocated on tax losses of previous years by the parent Isagro S.p.A.

Net working capital stood at € 47.7 million as at June 30th, 2020, due to the usual seasonal increase of € 5.8 million, compared to December 31st, 2019 and of € 2.9 million compared to June 30th, 2019 as re-stated.

More specifically:

- **Inventories** as at June 30th, 2020 decreased by € 2.5 million compared to December 31st, 2019 and by € 3.2 million compared to June 30th, 2019 as re-stated, mainly due to the increase in sales made by the Isagro Group in the period with consumption of stocks at the end of 2019;
- **Trade payables** as at June 30th, 2020 decreased by € 1.5 million compared to December 31st, 2019 and by € 4.3 million compared to June 30th, 2019 as re-stated, mainly due to the above-mentioned decrease in inventories;
- **Trade receivables** as at June 30th, 2020 increased by € 6.8 million compared to December 31st, 2019 and by € 1.8 million compared to June 30th, 2019 as re-stated, mainly due to the higher sales made by the Isagro Group in the period.

The **Severance Indemnity Fund** (**SIF**) amounted to € 1.7 million as at June 30th, 2020, down by € 0.2 million compared to the figure of € 1.9 million as at December 31st, 2019 and by € 0.4 million compared to € 2.1 million as at June 30th, 2019 as re-stated. The decrease is consistent with the reduction in the workforce during the period. For further information, please refer to the section "Human Resources".

As for funding, consolidated **Equity** as at June 30th, 2020 amounted to € 90.8 million, down € 0.2 million compared to € 91.0 million as at December 31st, 2019 and down by € 1.5 million compared to € 92.3 million as at June 30th, 2019 as re-stated, primarily due (i) to the Net Results of the period, (ii) to the increase in the translation reserve relating mostly to the financial statement items of Isagro Colombia and Isagro Brasil and (iii) to the FVTOCI (Fair Value Through Other Comprehensive Income) measurement of the shares held in the investee company Arterra Bioscience S.p.A.

The consolidated **Net Financial Position (NFP)** as at June 30th, 2020 thus amounted to € 34.0 million, down by € 0.4 million compared to € 34.4 million as at December 31st, 2019 and by € 24.1 million compared to € 58.1 million as at June 30th, 2019.

The above-mentioned decrease of € 0.4 million compared to December 31st, 2019 is due to:

- the positive cash flow from operations in the first half of 2020 of € 3.3 million;
- collections in the period from the escrow fund related to the sale of Isagro Asia at the end of 2019 of € 2.7 million;
- a € 5.8 million seasonal increase of the Net working capital;
- the decrease of the financial debt pursuant to IFRS 16, equal to € 0.2 million.

On the other hand, with reference to the change in the Net Financial Position in the twelve months of the period from July 2019 to June 2020, it is due to:

- the negative cash flow from operations for the twelve-month rolling period of € 7.4 million;
- the net effect at consolidated level of the sale of Isagro Asia for € 33.8 million;
- a € 2.9 million seasonal increase of the Net working capital;
- the decrease of the financial debt pursuant to IFRS 16, equal to € 0.6 million.

It should be noted that the Net financial position as at June 30th, 2020, which as mentioned above includes € 4.3 million as an effect of the application of IFRS 16, is represented for € 19.9 million by the portions relative to medium/long-term loans repayable beyond 12 months as from June 30th, 2020 (€ 18.3 million refers instead to the portions relative to medium/long-term loans repayable within 12 months as from June 30th, 2020). These medium/long-term transactions were performed by the parent Isagro S.p.A. with a view to optimising the cost of medium/long-term borrowing and seeking greater alignment between the timing of the investments undertaken - particularly those relating to the completion of the development of the Fluindapyr fungicide - and that of the sources of finance supporting these investments, leaving the short-term facilities as a "liquidity" reserve, in the absence of extraordinary transactions. With reference to Fluindapyr and as already indicated in this Report, Isagro signed an Asset Purchase Agreement for the sale of Fluindapyr to the North American company FMC Corporation, whose Closing (with the payment at the same time of the Price of € 55 million) is expected to take place by the end of the third quarter of 2020 and in any case within the year. Isagro constantly and closely monitors developments relating to the ECB's monetary policies, whose Quantitative Easing (QE) programme was strengthened to cope with the economic crisis caused by the Covid-19 pandemic, as well as developments regarding public finance policies, which could influence the levels of the cost of procurement of debt capital. It should also be noted that during the first half of 2020 the Group did not take out new medium/long-term loans.

Finally, in the light of all the above, the **debt/equity** ratio (i.e. the ratio of net financial position to equity) as at June 30th, 2020 was, still at a consolidated level, 0.37 (0.33 net of the effect of the application of IFRS 16) compared to 0.63 as at June 30th, 2020.

CASH FLOWS – SUMMARY DATA

Your Group generated in the first six months of 2020, excluding the effect of IFRS 16:

- a positive cash flow from operations (i.e. excluding changes in NWC, the effects of the sale of Isagro Asia and changes in NFP stocks related to IFRS 16) of € 3.3 million;
- a negative cash flow of € 5.8 million, due to changes in Net working capital (NWC);
- a cash flow from collections from the escrow fund related to the sale of Isagro Asia of € 2.7 million,

therefore, recording a positive free cash flow of € 0.2 million for the period. Considering this value together with the decrease related to IFRS 16 items, equal to € 0.2 million, the NFP as at June 30th, 2020 was down by € 0.4 million compared to December 31st, 2019.

In the 12-month period from July 2019 to June 2020, your Group, again excluding the effect of IFRS 16, generated:

- a negative cash flow from operations (i.e. excluding changes in NWC, the effects of the sale of Isagro Asia and changes in NFP stocks related to IFRS 16) of € 7.4 million;
- a negative cash flow of € 2.9 million, due to changes in Net working capital (NWC);
- a positive cash flow from the sale of Isagro Asia net of the deconsolidation of the NFP (showing a credit) of the latter as at June 30th, 2019 of € 33.8 million,

therefore, recording a positive free cash flow of € 23.5 million for the period. Considering this value together with the decrease related to IFRS 16 items, equal to € 0.6 million, the NFP as at June 30th, 2020 was down by € 24.1 million compared to June 30th, 2019.

(€ 000)	1st half 2020	1st half 2019 as re-stated	Jul. '19 - Jun. '20
Net profit/(loss)	967	(2,447)	(10,493)
+ Depreciation, amortisation and write-downs	4,612	5,688	10,042
Gross Cash Flow	**5,579**	**3,241**	**(451)**
- Investments	(2,139)	(3,697)	(4,606)
- Distributed dividends	-	-	-
± Other changes (excl. IFRS 16)*	(141)	(4,011)	(2,264)
Operation-generated Free Cash Flow	**3,299**	**(4,467)**	**(7,321)**
Isagro Asia disposal	2,708	-	33,786
Free Cash Flow before Δ NWC	**6,007**	**(4,467)**	**26,465**
Δ NWC	(5,812)	(3,590)	(2,968)
Free Cash Flow	**195**	**(8,057)**	**23,497**
*IFRS 16 effect***	*237*	*(4,927)*	*642*
Change in NFP	***432***	***(12,984)***	***24,139***

Table 4: Cash Flows - Summary Data

** Includes, inter alia, changes in receivables from M/L Agreements and in tax provisions*
*** non-cash components*

COMMERCIAL DEVELOPMENT ACTIVITIES

During the first half of 2020, Isagro's commercial organisation implemented a series of initiatives that allowed the Company to progress in the strategic direction of the development of the integrated offer of Biosolutions and Copper while optimising the extraction of value from the remaining assets of organic chemistry, with a view to integrated crop management.

An important front is the development of Direct Sales in terms of organisation, portfolio and commercial penetration. The development of Direct Sales, as well as ensuring a greater extraction of value from individual assets, will allow the Group to compete more effectively especially in terms of Biosolutions and copper-based products and to better position the product range also for the benefit of Business to Business partnerships.

In terms of Direct Sales by geographic area, in the first half of 2020:

- in Italy, a commercial network of agents was built up to cover the Central and Southern regions of the country and a similar operation is planned in the North in the second half of the year. This made it possible to reach a level of sales in the first half of the year of more than € 1 million, at the same time also favouring the development of Business to Business sales as regards Biostimulants, Trichoderma and Deltamethrin;
- in Spain, the development of the Trichoderma and copper business had a positive impulse, supported by the launch of Airone formulations last season, which allowed a growth in sales in the first quarter of about € 350 thousand. For the second half of the year, a strengthening of the sales organisation is being planned with an expert in Biosolutions in Almeria, a very important region for horticulture both in greenhouses and in the open field, and negotiations are underway to expand the Biosolutions range with third-party products.

It should also be noted that obtaining registration of the Trichoderma for the control of pear spotting in Italy and Spain has allowed and will allow an important development of sales in Southern Europe, where registration and demonstration tests are also underway on other new market segments. On the other hand, with reference to the main non-European markets, the following should be noted:

- in Brazil, an expansion of partnerships with local distribution was established that allowed a growth in direct sales of the range of copper-based products of about € 1 million for the first quarter in the areas of Isagro's historical presence in citrus and horticulture, in the states of Mato Grosso and Mina Gerais, while a process of development of the soya business is underway in Mato Grosso for which a growth in turnover is expected already in the second half of the current year;
- in Colombia, thanks to the reorganisation of the sales force started in 2019 and the strengthening of the development of demand among farmers and distribution technicians with a specific approach by crop, a growth in sales of about € 600 thousand was generated in the first quarter;
- in the United States, significant growth was recorded for Tetraconazole, for reasons of market recovery compared to 2019, Biostimulants and Fumigant, which led to a growth in sales of approximately € 2.5 million. There are also promising developments of new partnerships regarding Biostimulants that are estimated to lead to incremental sales results already in the second half of 2020.

On the other hand, in terms of Business to Business, the effort focused on the development of partnerships, the expansion of the offer with new registrations and selective investment in the sales organisation with the aim of strengthening Isagro's access to the market also for this business segment.

In terms of Business to Business sales by main product in the first half of 2020:

- in Biostimulants, the launch activities continued in the new Premio product and the development of the historic Siapton blockbuster also with new partners in Asia and the Americas that sustained a growth in turnover in the first half of the year of approximately € 1 million. In addition to projects for the development of the range for internal lines, the Group is also carefully assessing opportunities for the marketing of third-party products that could, through local or global agreements, already enrich Isagro's offer in the second half of the current financial year;
- in Copper, the growth in sales in the first half of the year of about € 5 million was mainly driven by the Airone mixtures, based on oxychloride and hydroxide. The achievement in the last two seasons of numerous new registrations in Europe and around the world is enabling the development of successful partnerships with a significant number of customers, some of which are historical and some of which are in the process of being defined, with the aim of ensuring optimal market access at a global level for this successful mixture. In this context, Isagro is selecting and supporting partners who are able to fully exploit the benefits related to the specificity of the product and position it effectively in the context of local markets.

  In parallel to this, sales growth on the entire Copper range is significantly supported by business development in Turkey, the Middle East and Africa. In these areas, Isagro invested and is still investing to develop extensive partnerships with local distributors, supported by new registrations and, above all, by a network of "business developers" in the territory. In this context, during the first half of the year, a new resource for Turkey and the Middle East was added to the existing presence of consultants in Kenya, "Maghreb" and South Africa, and the "Maghreb" area is expected to be enriched with a further resource in the second half of 2020. It should be pointed out that the organisational model represented above to maintain a streamlined sales coordination presence at the Milan headquarters and to strengthen the organisation with experienced and motivated resources in the territory is also being implemented in other areas. This was done in the first half of the year for South-Eastern Europe, a similar choice is expected to be made for Central Europe and the CIS in the second half of the year;
- in Tetraconazole, important progress was made by the operation, still in progress, to expand partnerships in European countries of the straight formulation to allow a recovery, at least partially, of the loss of mixtures with Chlorothalonil and Tiophanatemethyl (the first already no longer usable from 2020 and the second in its last year of sale). This operation was supported by the obtainment of numerous new registrations especially in Central and Eastern Europe and allows Isagro's partners to replace in its range the Triazoles on which regulatory restrictions are in progress in Europe and Isagro to maximise the extraction of value from Tetraconazole. At the same time, development continues in Latin America and Asia, sustained mainly by the growing volumes of the Azoxystrobin mixture and sales growth is expected in the second half of the year with selected partners;

- in Deltamethrin, there was significant growth in the first half of the year of about € 1.9 million, especially in Southern Europe, where regulatory restrictions on some competing products created significant growth opportunities. In this context, a wider network of distributors is being developed to enable the Group to make the most of these opportunities, supported by obtaining new registrations;
- in Kiralaxyl, the first half of the year was characterised by growth in Europe of around € 500 thousand, supported by the existing Business to Business partnership with Gowan.

In conclusion, the first half of 2020 was characterised by important progresses in terms of the development of Direct Sales and Business to Business, with the consolidation/strengthening of historical partnerships and the expansion to new opportunities: this allowed, on the one hand, to structurally strengthen Isagro's position on the market and, on the other hand, to take full advantage of the growth opportunities that materialised in the first half of the year, also in the light of an advance in demand generated by concerns about the potential impact of Covid-19 on the agricultural supply chain.

RESEARCH, INNOVATION AND DEVELOPMENT ACTIVITIES

In the first half of 2020, the Isagro Group has incurred research, innovation and development cost for a total of € 4.2 million, of which € 1.6 million capitalised as investments for the development, registration and the extraordinary protection of its proprietary products on a worldwide basis. In the first six months of the previous year, these expenses totalled € 7.9 million, of which € 3.6 million was capitalised.

A) RESEARCH AND INNOVATION

In line with the redefinition of Isagro's business model, innovation activities focused on (i) completing the studies already underway on molecules (belonging to the fungicide category) that had been synthesised by December 2019, (ii) continuing activities relating to new products with a biostimulating action and (iii) continuing laboratory exploration activities on possible new copper-based formulation recipes. In particular:

- studies continued for the identification of new copper-based formulations capable of acting at a lower dosage and with a broader spectrum than those already in the market;
- two new research lines have been identified that meet the marketing requirements for the future biosolutions portfolio: an innovative iron chelate for both leaf and soil treatments and a polymer for soil applications to make the use of irrigation water more efficient.

B) PRODUCT DEVELOPMENT

The main development activities, carried out starting from the beginning of the year, are highlighted below.

Biostimulants, microbiological products, pheromones

The authorisation processes, which are underway or aimed at supporting the business, continued to be monitored. After the success on the Chinese market of the new Ergostim XG + microelements, with *ad hoc* formulation, this new formulation is being proposed in other countries such as Ecuador and Egypt, where there are difficulties in obtaining the registration of the ATCA and TCA active ingredients.

Preparatory activities for obtaining authorisation to market the new fertilizer Premio continued, especially in Countries outside of the EU. In particular, for China, *ad hoc* formulations, containing CA (calcium) were completed to meet local registration requirements, with registration of Premio + Ca (calcium formate) on 12 June.

A second formulation of Siapton, which contains several microelements compared to the previous one, was also developed for China with the possibility of differentiating the proposal and expanding the market. The registration effectiveness tests and the necessary documentation are already underway to be ready for submission by the third quarter of 2020.

Moreover, the possibility of proposing the Goleador (Siapton nature) as a booster is being evaluated, also through field trials. The product has the characteristics and above all acts as a booster, substances of natural origin, other than fertilizers, which improve plants' resistance to harmful organisms (biotic agents) and protect plants from damage not caused by parasites (abiotic agents).

Among the products with specific action on soil, mycorrhizal fungus inoculations that exploit the waste material from the Remedier work process, a line of new products with the Biocross brand has been developed, both included in the fertilizer register. Moreover, a new formulation is being developed with Trichoderma for seed treatment in collaboration with leading seed companies.

As regards pheromones, the request for the final deeds for Ecodian CT (for the control of the main chestnut lepidoptera) for the subsequent registration of the product in Italy is expected to be received from the Italian Ministry by the third quarter of 2020.

The process of renewing the inclusion of our pheromones in Annex I continues. After submitting the renewal *dossier*, once the comment period had elapsed, after receiving a request to submit new information and sending it, the authorisation of these active ingredients, which was due to expire in August 2020, was extended in Europe until August 2021.

Moreover, the process for the renewal of the inclusion in Annex I of the *Trichoderma asperellum* and *T.gamsii* continues with comments and documentation to the Rapporteur Member State (Sweden). The authorisation of these active ingredients was postponed in Europe to April 2020 with Regulations of January 31st, 2019 (2019/168) and a further extension of 12 months is pending.

In November 2019, the *dossier* was presented by extension of adversity (brown spotting of the pear tree) for Radix soil in Italy following the phytoiatric emergency in the fruit-growing areas of Emilia-Romagna in recent years. The registration was obtained in February 2020 and allows the inclusion in the pear tree production specifications. Testing activities are also underway in Spain and Portugal, coordinated by Novara, to support product registration in these Countries.

Fumigant (registered in the USA at federal level as "biofumigant")

With reference to the Dominus fumigant, the main activities were the following:

- obtaining at federal level the equivalence of three new Chinese and one Indian source of the technical AITC active ingredient for the United States and obtaining state registration in Florida;
- continuation of the support activities to obtain authorisation to produce in India and export technical and formulated AITC;
- the carrying-out of some toxicology and field efficacy studies necessary to obtain registration of the new AITC 20 formulation in the US.

Copper-based products

With reference to copper-based products, the main activities were as follows:

- follow-up of the re-registration processes (art. 43) of formulations in Europe (19 formulations and 141 registrations);
- preparation of the programme of residual tests in Central Europe (6 crops and 56 tests in total) necessary to maintain existing registrations;
- preparation of the programme of residual tests in Southern Europe (7 crops and 39 tests in total) necessary to maintain existing registrations;
- launch of the programme of efficacy tests in Turkey (4 tests in total) necessary to maintain existing registrations;
- presentation to the Authorities of the registration *dossier* of Grifon SC in Armenia;
- presentation to the Authorities of the registration *dossier* of Grifon SC in the Republic of North Macedonia;
- preparation of the registration *dossier* of technical copper oxychloride for the support of registrations of third-party companies in Lebanon, Egypt, United Arab Emirates, Jordan, Albania, Guatemala, Republic of North Macedonia;
- submission of the application for exceptional use of Coprantol Duo on sugar beet in Germany;
- submission of the application for three new clones in Italy and three new clones in Spain;
- participation, as part of the European Copper Task Force, in the follow-up for the renewal of the approval at European level of Copper Salts;
- presentation to the Authorities of the registration *dossier* of Airone SC in Kenya;

Fluindapyr (or Succinate Dehydrogenase or SDHi inhibitor, formerly IR9792) - broad spectrum fungicide (product for which Isagro has signed an Asset Purchase Agreement for the sale to the North American company FMC Corporation, whose Closing is expected to take place by the end of the third quarter of 2020 and in any case within the year)

In the EU, the process of evaluation is underway by the Rapporteur Member State (Germany) for the approval of the active ingredient.

Due to the UK's exit from the European Union, the application is viewed as a national evaluation for a new active ingredient.

In China, the field testing of the formulated product containing two active ingredients continues and will be completed in 2020.
In Brazil, following the filing of the *dossier* of the active ingredient and of two formulations in 2018, testing started on a third formulation containing three active ingredients, the *dossier* for which was expected to be submitted within the first half of 2020. On May 22nd, 2020, the application for registration of the third formulation containing Fluindapyr in Brazil for use on soya was filed.
The field testing programme continues in Argentina, with the mixture of two active ingredients, which was completed during the first half of 2020, in Uruguay and Bolivia, where the *dossier* was submitted in January and February 2020, respectively.

Tetraconazole - a broad spectrum fungicide
After sending the *dossier* for the renewal of the approval of the active ingredient in the European Union to all Member States, EFSA and the European Commission, the latest ongoing studies have been finalised and submitted to the Rapporteur Member State (France).
While waiting to receive an initial feedback from the French authorities (additional data had been requested by May 2020, which did not happen probably due to the impact of Covid-19), work continued on the evaluation of the possible surface water monitoring study: the contractor will finalise the first phase of the work (identification of possible monitoring sites) after summer. Moreover, an environmental monitoring data collection report for Tetraconazole was also completed by accessing all European Union databases: this report shows that in the vast majority of cases the concentrations of Tetraconazole in the environment are much lower than those foreseen by the calculation models and are therefore not detectable.

Kiralaxyl® (or Benalaxyl-M, formerly IR6141) - Benalaxyl active isomer fungicide
The development activity focused, inter alia, on the following projects:
- assessment of the preparation and follow-up of the *dossier* for European auditing of the Fantic A formulation (art. 43), following registration in several countries of the Southern European Zone (France, Portugal, Spain, Greece and Croatia) during 2019 and at the beginning of 2020;
- coordination with Gowan for registration activities to support the business development of Kiralaxyl-based formulations in the European Union;

In relation to the renewal of the active ingredient in the European Union, which is expected to be submitted in July 2022, planning of additional studies to update the *dossier* has begun:
- residual tests with the aim of reducing Gap (Good agricultural practices) to two treatments in line with agricultural practice and the suggestions of the FRAC (Fungicide Resistance Action Committee) against resistance;
- some studies to complete the information on the behaviour of the active substance in soil and water (degradation and mobility) and in plants;
- preliminary study for the evaluation of MRLs (Maximum Residue Levels) in honey.

C) REGISTRATIONS OBTAINED

During the first six months of 2020, 22 new sales authorisations were obtained, 7 of which for copper-based formulations. Among others, including what has already been partially indicated above, the following registrations were obtained: Fantic A (Kiralaxyl+Oxychloride) in Croatia, Premio (Biostimulant) in Algeria and China, Emerald (Tetraconazole) in Portugal, Airone SC (Copper) in South Korea, Domark 125 (Tetraconazole) in Russia, Badge WG and Neoram WG in Bosnia and Herzegovina, Fly-Off (Deltamethrin) in Italy, Antal (Deltamethrin) and Goleador (Biostimulant) in Greece, Dominus (Fumigant) in Algeria, Airone WG (Copper) in Palestine, Isacop (Copper) in Rwanda, Galileo (Tetraconazole) in France.

SIGNIFICANT EVENTS IN THE FIRST HALF OF 2020

A) 2018-2021 RETENTION AND INCENTIVE PLAN

With reference to the 2018-2021 Retention and Incentive Plan approved by the Shareholders' Meeting of Isagro S.p.A. on April 29th, 2018, 182,500 Growth Shares were allocated during the first half of 2020.

B) LIQUIDATION OF ISAGRO POLAND

On January 13th, 2020, the liquidation process of Isagro Poland, a wholly owned subsidiary of the parent Isagro S.p.A. the closing process of which had started on January 11th, 2019, was concluded.

C) POSSIBLE IMPACTS OF THE HEALTH CRISIS

The recent Covid-19 world health crisis, defined at the beginning of March as a worldwide pandemic by the World Health Organisation, with the consequent lockdown in most advanced and developing economies, is likely to have an impact also in the agroindustry sector and in particular in the agropharmaceutical sector, depending on the duration of the crisis itself and the effectiveness of the monetary and tax policies implemented by central banks and national governments.

It is estimated that a non protracted phase of this crisis, with a recovery of activities as part of a "new normality" by the end of the year and monetary/tax policies leading to a substantial recovery of pre-crisis levels over the following 12-18 months, while supporting the recovery of employment and spendable income, and within a framework of substantially stable prices of the main agricultural commodities, may have minor effects in the agroindustry sector and, consequently, on the agropharmaceutical market. These slight effects can be represented, on the supply side, by temporary shortages of certain production inputs (especially chemical intermediates and building blocks manufactured in China) and, on the demand side, by temporary reductions in the purchase flows of agricultural commodities for food and industrial use, with temporary effects on volumes and prices.

If, on the other hand, the aforementioned health crisis should continue for a longer time, and therefore extend well beyond 2020, in a situation in which monetary and tax policies fail to

sustain the level of income and employment, there could also be more far-reaching effects in the agroindustry sector, with falls in agricultural commodity prices and consequent pressure on volumes and prices of higher levels of agropharmaceutical products.
Isagro's factories have not been subject to lockdown as they are included in an Ateco code which is part of the activities defined as "strategic" by government measures.
At all Isagro Group premises, employee smart working has been successfully encouraged - a working method still partially in use today - for all functions able to carry out their activities using this method, thus allowing a very important reduction in the presence of personnel in the offices even before the relevant government decrees were required, with significant effects of increased productivity.
Critical issues related to possible supply difficulties resulting from the closure of the production plants of some suppliers (mainly foreign) as well as difficulties related to the movement of goods are constantly monitored with great attention and timeliness. At present, the Group does not believe that there will be any critical issues related to the logistics and procurement cycle or supplies to customers in the second half of the year.
It being understood that at present, with the pandemic still in progress, it is by definition still partly risky to make specific forecasts, scenario analyses prepared internally by Isagro's Management (Group forecasts as at December 31st, 2020) indicate that, with respect to the estimates initially made for 2020 and that therefore did not include the possible effects of Covid-19, the pandemic itself does not seem to present significant effects in the current year, both at the level of economic results and at the level of financial projections (the latter with special reference to the issues of collections from customers and bank loans). On the contrary, thanks also to a 2019 financial year involving a significant decrease in sales due to de-stocking requirements by two important customers in particular, it is confirmed what was previously anticipated in this Report, i.e. that there are margins of increase in turnover and margins over the 12 months of 2020, therefore, not only with respect to the initial budget estimates (which, as mentioned above, did not include any effects deriving from the Covid-19) but, even more so, with respect to the maximum risk sensitivity scenarios assumed by the Management for the current year, which therefore included inputs that were worse than those of the consolidated 2020-2025 Business Plan approved by the Board of Directors on May 6th, 2020.
On the other hand, with reference to 2021, the information framework currently available does not allow to make precise projections regarding the possible effects on this financial year of the Covid-19 pandemic, also in the light of the many variables involved beyond Isagro's control (demand for agricultural goods, commodity prices, world GDP recovery trends, presence of a vaccine, monetary/tax policies, etc.). Assuming that the pandemic drags on also in 2021, although managed by the various Governments with approaches that tend to be more cautious than what was done in the early stages of the infection in 2020, Isagro currently estimates a maximum risk for 2021 compared to what was initially envisaged in the 2020-2025 Business Plan:

- up to € 3.9 million of lower consolidated turnover, considering 70% of expected copper sales in Brazil, the only combination representing product/Country for which we can imagine possible maximum effects today compared to estimates;
- up to € 1.0 million of lower contribution margins, EBITDA and Result before taxes;
- up to € 0.7 million of lower Net result and lower Equity;
- up to € 3.9 million of lower trade receivables, assuming the usual 365 average payment days for direct sales in Brazil;
- up to € 3.2 million of lower NFP showing a debt,

these risk assumptions are envisaged well below the sensitivity analyses carried out on 2021 by the Management at the time of approval of the Business Plan, which envisaged for that year effects (cumulative and not) certainly worse and more disruptive than those currently assumed.
With reference to the period from July to August 2020, there were no significant impacts on turnover, orders and collections. Isagro's Management, in the light of the current information framework, believes that the forecasts of the Business Plan for the financial years after 2021 are substantially confirmed, a period that is expected to represent a normalisation phase.
It should be noted that in the first half of 2020, the Covid-19 pandemic resulted in higher fixed costs for the purchase of personal protective equipment (mainly masks and gels) for negligible amounts and a benefit from the Redundancy Fund with reference to the Novara/Galliera Research Centre and the Bussi plant of approximately € 240 thousand. On the other hand, there are no requests/grants of subsidised loans and/or contributions, and no investments have been postponed.

D) *NOVARA AND GALLIERA REDUNDANCY FUND*

On March 23rd, 2020, subject to notification to the local trade unions, the CIGO (Cassa Integrazione Guadagni Ordinaria, Ordinary Redundancy Fund) was activated at the sites of the Novara and Galliera Research Centre due to the Covid-19 emergency, as envisaged by the Italian Decree Law of March 18th, 2020, for a total of 9 weeks with activation from March 23rd, 2020 and duration until May 24th, 2020.
The reasons that made it necessary to resort to CIGO are due to the health emergency relating to the spread of Covid-19, following the various Decrees issued by the Prime Minister and regional circulars, which resolved various restrictive measures to limit the risk of contagion, including the suspension of activities not necessary for production.
It should be noted that activities resumed regularly on May 25th, 2020.

E) *BUSSI REDUNDANCY FUND*

On April 3rd, 2020, at the premises of the Italian Manufacturers' Federation of Chieti Pescara, the trade union agreement for resorting to a period of suspension of production activities at the Bussi sul Tirino site was signed, with the intervention of CIGO (Cassa Integrazione Guadagni Ordinaria, Ordinary Redundancy Fund) due to the Covid-19 emergency, as envisaged by the Italian Decree Law of March 18th, 2020, for a total of 9 weeks with activation from April 6th, 2020 and duration until June 7th, 2020.

The reasons that made it necessary to resort to CIGO are due to the health emergency relating to the spread of Covid-19, following the various Decrees issued by the Prime Minister and regional circulars, which resolved various restrictive measures to limit the risk of contagion, as well as a problem related to the supply of raw materials.

It should be noted that activities resumed regularly on June 8th, 2020.

F) *APRILIA REDUNDANCY FUND*

On June 24th, 2020, at the premises of Unindustria Roma Frosinone Latina Rieti Viterbo, the trade union agreement for resorting to a period of suspension of production activities at the Aprilia site was signed, with the intervention of CIGO (Cassa Integrazione Guadagni Ordinaria, Ordinary Redundancy Fund) due to the Covid-19 emergency, as envisaged by the Decree Law of March 18th, 2020. The duration of the CIGO is 9 weeks with activation on July 13rd, 2020 and activities are expected to resume as from September 28th, 2020. The reasons that made it necessary to resort to CIGO are due to the health emergency relating to the spread of Covid-19, following the various Decrees issued by the Prime Minister and regional circulars, which resolved various restrictive measures to limit the risk of contagion, as well as a problem related to the loss of orders by third-party companies.

G) *FIRST COLLECTIONS FROM ESCROW FUND FOR SALE OF ISAGRO ASIA*

At the beginning of last April, Isagro S.p.A. and PI Industries reached an agreement concerning the release of the portion of the escrow fund established on December 27th, 2019 at HSBC India relating to the price adjustments of the sale of Isagro Asia ("true-up adjustments"), according to which, during the same month, Isagro collected about € 1.7 million. Moreover, again in April, HSBC India paid to Isagro S.p.A. an additional € 1 million concerning a first tranche of local value added taxes ("GST") refunded to Isagro Asia by the Indian tax authorities, which had also been the subject matter of escrow fund.

H) *BINDING OFFER FOR FLUINDAPYR*

In accordance with the redefinition of the business model, the Board of Directors of Isagro S.p.A., which met on May 6th, 2020, approved the acceptance of a binding offer of the North American company FMC Corporation, which became effective following the approval by the Board of FMC itself, for the purchase by the latter of Fluindapyr at a price of € 55 million.

Fluindapyr, whose consolidated book value for Isagro as at December 31st, 2019 was € 25.2 million (value in line with that as at June 30th, 2020), is a broad spectrum fungicide belonging to the innovative "SDHi" fungicide class and its marketing is expected to begin during the current year. This molecule has been co-developed by Isagro and FMC itself (which is therefore already 50% co-owner of the molecule) since 2012. Isagro intends to use the income from the sale of Fluindapyr to support the new business model.

As better specified among the events subsequent to the end of the reporting period as at June 30th, 2020, to which reference should be made, the Asset Purchase Agreement relating to Fluindapyr was signed between the Parties in July.

I) APPROVAL OF THE 2019 FINANCIAL STATEMENTS OF ISAGRO S.P.A. AND ASSESSMENT OF THE INDEPENDENCE OF ISAGRO'S DIRECTORS

On June 19th, 2020, the Shareholders' Meeting of the parent Isagro S.p.A.:

- reviewed the consolidated data and the non-financial disclosure of the Isagro Group relating to 2019;
- approved the 2019 financial statements of Isagro S.p.A., accompanied by the Directors' Management Report, as approved by Isagro's Board of Directors on May 6th, 2020 and already communicated to the Market. It should be noted that the positive result of 2019, amounting to € 17.2 million, is entirely attributable to the capital gain realised on the sale of the subsidiary Isagro Asia. This profit was allocated as follows: (i) to the legal reserve for € 0.9 million, (ii) to the Unavailable reserve for fair value measurement of shares pursuant to Article 6, paragraph 1, letter b) of Italian Legislative Decree No. 38/2005 for € 2.7 million, (iii) to cover losses of previous years for € 1.4 million and (iv) to "Retained earnings" for € 12.2 million to be recorded, pursuant to Article 24 of the Articles of Association, in a specific Equity reserve.

On the same date, the Shareholders' Meeting resolved in favour of the first and second sections of the Report on remuneration policy and remuneration paid, prepared pursuant to Article 123-*ter* of Italian Legislative Decree no. 58/1998 ("TUF", Consolidated Law on Finance).

Furthermore, the Board, on May 6th, 2020, pursuant to Article 3 of the Corporate Governance Code for listed companies, verified the fulfilment of the independence requirements for the Directors Enrica Maria Ghia, Marcella Elvira Antonietta Logli, Giuseppe Persano Adorno, Erwin Paul Walter Rauhe and Angelo Zaccari, in their capacity as Independent Directors.

J) PHISHING SCAM AGAINST ISAGRO ESPAÑA

It should be noted that last May, the wholly-owned subsidiary Isagro España was involved in a phishing scam that resulted for this company in an undue bank outlay of approximately € 870 thousand to a limited liability company with registered office and current account in Hong Kong, without any involvement of the Parent. The Isagro Group implemented a series of actions aimed at recovering these amounts in a timely manner, i.e. starting from the morning immediately after the scam occurred, including reports to the Public Security authorities in Spain and Hong Kong and the involvement of international lawyers from Italy, Spain and Hong Kong. After these interventions, the current account for crediting the amount subject to scam was first "monitored" and immediately afterwards blocked by the Hong Kong legal and banking authorities. At the same time, the Group took legal action in Hong Kong and, on July 14th, 2020, the High Court of the Hong Kong Special Administrative Region issued a "Final Judgement" ordering Isagro to repay the amount subject to scam: based on this, Isagro's lawyers in Hong Kong confirmed that the repayment of the amounts subject to scam will probably already take place in the coming months.

Moreover, on July 27th, 2020, Isagro España's lawyers received confirmation from the insurance company with which Isagro España itself had a policy for corporate risks that this policy also covers the company with respect to computer crimes such as the scam in question.
For all the above reasons, as early as June 30th, 2020, the Directors believe that the recovery of these amounts subject to scam is likely.

EVENTS SUBSEQUENT TO JUNE 30TH, 2020

A) *ADDITIONAL COLLECTION FROM ESCROW FUND FOR SALE OF ISAGRO ASIA*

During the month of July, HSBC India paid an additional € 0.6 million to Isagro S.p.A. for a second tranche of local value added taxes ("GST") that, as mentioned above, are refunded to Isagro Asia by the Indian tax authorities and that were also the subject matter of escrow funds. Therefore, as at the date of this Report, Isagro collected about € 3.3 million of the total of approximately € 5.9 million held in escrow fund.

B) *ASSET PURCHASE AGREEMENT RELATED TO THE SALE OF FLUINDAPYR*

During the month of July, Isagro and FMC signed the Asset Purchase Agreement for the sale to FMC of Isagro's assets related to the Fluindapyr molecule at a price of € 55 million (against a book value for Isagro of about € 25 million as at June 30th, 2020). The Closing (with the payment at the same time of the Price) is subject to certain conditions precedent, the fulfilment of which is considered probable by the Directors, and as already notified, is expected to take place by the end of the third quarter of 2020 and in any case within the year. The operation is consistent with the redefinition of Isagro's strategic lines and business model, which envisage the valuation of assets related to organic chemistry to finance a growth project in copper fungicides and biosolutions, within an "integrated crop management" framework.

HUMAN RESOURCES

The actual workforce as at June 30th, 2020 of the Isagro Group came to 336 employees, as summarised in the following table.

Number of employees	**30/06/2020**	**30/06/2019**	**31/12/2019**	**Δ 30/06/2020 vs. 30/06/2019**	**Δ 30/06/2020 vs. 31/12/2019**
Executives	34	57	37	-23	-3
Middle managers	79	134	83	-55	-4
White-collar workers*	144	373	153	-229	-9
Blue-collar workers	79	109	70	-30	+9
Total	**336**	**673****	**343**	**337**	**-7**

Table 5: Number of Isagro employees

**includes workers with special skill level and "trainees" of the subsidiary Isagro Colombia*

***of which 292 Isagro Asia, divested on December 27th, 2019*

The decrease in the workforce as at June 30th, 2020 compared to June 30th, 2019 is largely due to the change in the scope of reference following the sale of Isagro Asia on December 27th, 2019.

In the light of this change in the scope of analysis, the comparison with the first half of 2019 is not significant at Group level and the following is a comment on the changes in the workforce compared to December 31st, 2019.

Therefore, with reference to the decrease compared to December 31st, 2019, the following should be noted:

- decrease in Isagro S.p.A. by 3 units (executives) following retirement and voluntary resignation;
- decrease in Isagro S.p.A. by 13 units (middle managers and employees) due to a flow of voluntary redundancies;
- no significant changes for what concerns foreign branches.

As part of the company's organisation and with a view to the new organisational design that envisages the new business model as highlighted at the beginning of this Report:

- the "Research, Innovation & Regulatory" function was created with the merging of Research, Experimentation, Technical Management and Regulatory activities;
- the activities of "Formulations, Technologies and Process Development", together with those of "Q&HSE", merged into the organisational structure of the Supply Chain for process optimisation.

Relations with the Trade Unions continued on a mutual cooperation basis, which enabled excellent results to be achieved in the management of trade union relations and Human Resources management even during the peak period of the current health emergency.

The main activities were:

- the preparation of Company Protocols in all Isagro's premises and sites, in line with the National Protocol shared between the Social Partners, for the regulation of measures to combat and contain the spread of the Covid-19 virus;
- the signing on March 23rd, 2020 and April 3rd, 2020, respectively, of the trade union agreements for the suspension of activities resorting to the Ordinary Redundancy Fund - Covid-19 emergency - of the Novara and Galliera Research Centre sites (period from March 23rd, 2020 to May 24th, 2020) and of the Bussi sul Tirino production site (period from April 6th, 2020 to June 7th, 2020);
- the signing on June 24th, 2020 of the trade union agreement for the suspension of activities at the Aprilia site, resorting to the Ordinary Redundancy Fund - Covid-19 emergency, implemented as from July 13th, and the activities are expected to resume as from September 28th, 2020;

- the sharing and definition of specific agreements on working hours, which acknowledge all the flexibility opportunities offered by the National Collective Labour Contracts and by the bargaining with the Trade Unions;
- the definition of new versatile professionals in the production sites.

This allowed the implementation of changes in working hours especially at the production sites, which became necessary to guarantee the different production demands and to optimise the overall company organisation.

In September 2020, the second national coordination meeting of trade union representatives at all levels (National, Territorial and site Unitary Union Representative Body) will be organised with the Company Management to update the Parties on the development of Isagro's industrial project.

SELECTION AND TRAINING

In line with what has been decided at Group level to reduce and contain costs, in the first half of 2020 the annual training plan, in all operating units, envisaged only compulsory training activities within the Quality, Safety and Environment functions.

Training activities for foreign language learning and management training were suspended for the current year.

As regards selection, the agreement at Group level with the professional social network “LinkedIn” to recruit specific professionals with highly specialised skills who are still not needed today was terminated.

ORGANISATION, MANAGEMENT AND CONTROL MODEL PURSUANT TO ITALIAN LEGISLATIVE DECREE 231/2001

On September 5th, 2018, the Board of Directors of Isagro S.p.A. approved the updated version of the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001 (hereinafter also “Model”), including the regulatory requirements on the subject in force at that date as well as changes in the organisational structure.

On the same date, the Board also approved the updated version of the Group’s Code of Ethics, an integral part of the Model, in order to make the rules of conduct and behavioural standards consistent with regulatory developments and with benchmark best practices.

In the light of the regulatory changes in terms of the administrative liability of entities during the period, Isagro will launch a risk assessment activity in the second half of the year and consequently update the Model (and the Code of Ethics of the Group) in order to implement the new offences introduced in the body of the Decree.

The task of monitoring operations and compliance with the Model and ensuring its updating is entrusted to the Supervisory Body, in office until the approval of the financial statements as at December 31st, 2020.

LEGAL PROCEEDINGS

With reference to current legal proceedings, there are no significant updates compared to December 31st, 2019. For further details, please refer to the specific paragraph in the Explanatory Notes.

TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties, including intercompany transactions and those with Gowan, cannot be defined as atypical and/or unusual transactions and form part of the normal business of the Group companies. These transactions are carried out at arm's length, taking into account the characteristics of the goods and services traded.

As regards the economic and equity effects of transactions with related parties, reference should be made to information given in the Explanatory Notes to these condensed consolidated half-year financial statements.

OBSERVATIONS ON THE FINANCIAL PROFILE AND GOING CONCERN

As at June 30th, 2020, your Group had a solid and balanced financial structure, with a **debt/equity** ratio of 0.37 - equal to 0.33 without the effect of IFRS 16 - (compared to a value of 0.38 as at December 31st, 2019), Equity of € 90.8 million (compared to € 91.0 million as at December 31st, 2019) and actual liquidity of about € 8 million.

Isagro intends to guarantee the repayment of the medium/long-term debt maturing in the second half of 2020 and in the first half of 2021 and the cash requirements of the Management during the transition period to the new business model through (i) the liquidity available as at June 30th, 2020, (ii) the use of short-term financial bank lines and short-term bank lines to support working capital, (iii) access, if deemed necessary, to possible new medium/long-term lines to replace those expiring and also (iv) income from extraordinary transactions consistent with the redefinition of the business model, the realisation of which is considered probable by the Directors and yet dependent on the progress of negotiations in progress. The latter include the sale of the Fluindapyr molecule for € 55 million, whose Closing is expected to take place by the end of the third quarter of 2020 and in any case by the end of the year.

Furthermore, note that the prospective assessment of the compliance with the capital and economic requirements (covenants) on a consolidated basis envisaged on Isagro's financial debt (which is contractually required only at the closing of the annual consolidated financial statements), leads to the expectation that as at December 31st, 2020 there are no critical issues regarding compliance with these requirements.

With reference to the current pandemic, the Group's Management continues to carefully monitor any impact of the phenomenon in question on the most significant assumptions underlying the main estimates reflected in the financial statements, with special reference to revenue recognition, the occurrence of impairment indicators on goodwill and intangible assets and the development of the

liquidity situation, taking into account the uncertainty regarding the incidence and duration of the effects of the health emergency on the performance of the sector in which the Group operates.
In this context, it is necessary to confirm the deep uncertainty related to the spread and duration of the pandemic in question and, in consideration of the continuous development of the phenomenon, it seems particularly complex to envisage its effects also on economic activities at both macro and micro level. This entails a high complexity and uncertainty of the estimates made by Management, whose basic assumptions could necessarily be revised and updated in the coming months as a result of the development of events not under its control.
In the context of assessing the potential effects of the spread of the Coronavirus pandemic, the level of complexity and uncertainty of the estimates is unprecedented, potentially covering many aspects such as:

- the possibility of different persistence and extent of contagion in different areas of Italy;
- the different timing of propagation and the extent of the contagion in the various European countries and the world (first and foremost, the USA);
- the lack of visibility about the overall duration of the infection and, above all, the related containment measures;
- the particular difficulty of foreseeing the timing and extent of the recovery of national and global economic activities, both at macro and micro level, once the emergency is over.

Given the above, the Group Management, as reported in the previous paragraph "Events in the first half of 2020 - Possible impacts of the health crisis", carried out an assessment in order to identify the areas of potential greater impact in terms of financial reporting for the Group and, consequently, developed possible economic and financial scenarios based on the information available and the forecasts that can reasonably be formulated at present, despite the context of significant uncertainty outlined, to which reference should be made, believing that this health crisis cannot reasonably compromise the Group's ability to continue as a going concern.
In the light of the best information available as at June 30th, 2020, the following should be noted to cover liquidity risk:

- the positive current account balances of the parent Isagro S.p.A. amount to € 6 million;
- there are unused short-term credit lines of over € 55 million (considering the ceilings granted for the various types of credit), including self-liquidating lines, advances to suppliers, direct and indirect factoring and financial lines.

In the light of the positive results of the first half of 2020, the cash and bank lines available as at June 30th, 2020, the expected economic results as at December 31st, 2020 (forecast of the Group that includes the aforementioned sale of Fluindapyr) higher than initially expected in terms of revenues and margins, future cash flows, together with that reported in the previous paragraph "Events in the first half of 2020 - Possible impacts of the health crisis" and based on the best information currently available, it is believed that, in the course of the next 12 months, there are no reasonable liquidity risks, i.e. risks inherent to the Group's ability to repay its debt, thus confirming that these condensed consolidated half-year financial statements as at June 30th, 2020 were prepared on a going concern basis.

Moreover, note that upon completion of the agreement for the sale of Fluindapyr as previously represented, considered probable by the Directors and expected by the third quarter of 2020 and in any case by the end of the year, Isagro will be able to count on an additional cash injection of € 55 million, which strengthens the above mentioned going concern prospects.

USE OF ESTIMATES

The preparation of the consolidated financial statements requires estimates and assumptions that affect the reported amounts of the assets and liabilities of the condensed consolidated half-year financial statements and the disclosure relating to contingent assets and liabilities as at the reporting date. Consequently, the results actually achieved could then differ from said estimates.

In the preparation of the half-yearly report, no significant judgements were defined during the process of application of the Group's accounting standards, with the exception of those concerning estimates that had a significant effect on the amounts recognised in the financial statements.

In particular, the estimates are used in order to recognise the provisions for doubtful debts and inventory obsolescence, as well as depreciation and amortisation, impairment losses, employee benefits, tax and other provisions. The estimates and the assumptions are periodically reviewed and the effects of any changes are reflected in the Income Statement, in the period in which the estimate is reviewed.

The main assumptions regarding the future and the main causes of uncertainty in the estimate at the end of the reporting period that present a significant risk of giving rise to significant adjustments to the book values of assets and liabilities within the next 12 months are shown below.

Recoverability of the value of goodwill, intangible and tangible assets

Note that in the preparation of the consolidated financial statements as at December 31st, 2019, in order to carry out the impairment test, on May 6th, 2020, the Directors approved the 2020-2025 business plan, devising a sensitivity scenario with reference to the possible estimated impacts of the Covid-19 pandemic, assessing the presence of possible impairment losses as a result of this additional expected scenario. Therefore, this sensitivity assumption was included in the 2020-2025 business plan approved by the Board of Directors on May 6th, 2020, used to prepare a sensitivity to the impairment test carried out as at December 31st, 2019.

Comparing the 2020-25 business plan (regardless of the estimated impacts of Covid-19) with the economic results as at June 30th, 2020 and the 2020 forecast, economic performance would be in line (if not better) with those estimated on May 6th, 2020.

Therefore, in the first half of the year, there were no particular signs of impairment that would have required the preparation or updating of impairment tests carried out as at the date of the condensed consolidated half-year financial statements. However, the future trend in various factors, including developments in the difficult global health, economic and financial context, requires that

Management continuously monitor the circumstances and events that could bring about a write-down of the Group's goodwill and tangible and intangible assets.

Provisions for doubtful debts

Receivables are adjusted by the related bad debt provision to take into account their recoverable amount. To determine the size of the write-downs, Directors must always make subjective assessments based on the documentation and information available regarding, among other things, the customer's solvency, as well as experience and historical collection trends.
In the current context of uncertainty, Management estimated the impact of the pandemic on the possible worsening of the credit rating of customers and their ability to fulfil their obligations using forward looking information only.

Income taxes and deferred tax assets

The Group is subject to various income tax laws and regulations. Determining liabilities for Group taxes requires the use of Management valuations in relation to transactions whose tax implications are not certain at the end of the reporting period. The estimate of the tax charge, in accordance with IAS 34, is made using the option of the punctual calculation of the liability as at June 30th, 2020. Moreover, deferred tax assets are measured on the basis of the expected income of the individual companies belonging to the Group in future years; the measurement of such expected income depends on factors that may vary over time and significantly impact the measurement of deferred tax assets.
In checking the recognition and recoverability of deferred tax assets recorded in the condensed consolidated half-year financial statements as at June 30th, 2020, the taxable results derived from the 2020 forecast (which confirms the inclusion of income related to extraordinary transactions whose achievement is confirmed by the Directors as probable) and those deriving from the 2020-2025 business plan approved on May 6th, 2020 for the financial years after 2020 of the individual companies belonging to the Group were taken into consideration, by extrapolating from the latter the expected taxable income for subsequent years. The effects arising from temporary differences on which deferred tax liabilities are recognised are also considered in the recognition test.

<u>OUTLOOK FOR THE CURRENT YEAR</u>

With reference to the economic results expected for the full year, Isagro forecasts a level of sales moderately higher than 2019, due to a second semester awaited to be affected by the phase-out of some formulations in Europe.
Moreover, the Net result expected in 2020 will depend in a decisive way upon extraordinary operations consistent with the redefinition of the business model.
Moreover, the actions of commercial development and organisational redefinition underway, which have already made a positive contribution to the results of the first half of the year, will have a wider impact in the next financial year.

CONSIDERATIONS ON THE STOCK MARKET VALUE OF THE ISAGRO SHARE

With reference to the prices of Ordinary Shares and Growth Shares of Isagro on the “STAR” segment of the Stock Market managed by Borsa Italiana S.p.A., it should be noted that:

1. the total market capitalisation of Isagro as at August 31st, 2020, i.e., considering both the capitalisation of Ordinary Shares and that of Growth Shares, amounted to 43% of the book value of Equity as at June 30th, 2020, which, in turn, in the opinion of Isagro's Management, provides a lower value for the real net market value of your Group’s assets; On the other hand, the total market capitalisation of Isagro as at June 30th, 2020, amounted to 34% of the book value of Equity as at June 30th, 2020. This gap between the book value of Shareholders' Equity and the stock market capitalisation, in addition to the above, is also reflected, in the Management's opinion, in the unsatisfactory accounting of the Group's economic results, both current and in the recent past, with the consequent absence of the distribution of dividends, factors which together have contributed to depress the share prices of both the Ordinary Shares and the Growth Shares of Isagro by the market.
2. the average discount applied by the Market to the Growth Shares with respect to the Ordinary Shares, equal to 29% as at August 31st, 2020, in the opinion of your Group’s Management is not justified from an economic/financial standpoint.

In relation to the above, it is believed that the strategic and commercial development projects underway, together with the extraordinary transactions, considered likely by the Directors and, despite depending on the progress of ongoing negotiations, will enable a large part of the asset-side “embedded” value to be transferred to the Income Statement results and cash flows, thus not recognising in the future the current surplus of Equity with respect to stock market capitalisation as an asset impairment indicator.

With reference to the second point referred to at the start of this section, it should be recalled that Growth Shares, issued by Isagro in May 2014, are a new class of Special Shares, specially tailored for companies having a Controlling Subject (in Isagro’s case, Piemme S.r.l.), that (i) in the absence of the voting right provide an extra-dividend with respect to Ordinary Shares (20% for Isagro), when a dividend for these shares is resolved, and (ii) envisage an innovative protection mechanism for the investor, according to which, if the Controlling Subject loses control, and in the event of any compulsory public offer (OPA), the Growth Shares are automatically converted into Ordinary Shares. Furthermore, Isagro Growth Shares are characterised by a free float amounting to around 13.7 million shares, compared with 11.4 million Ordinary Shares, which makes them more liquid than the latter.
Based on the afore-mentioned reasons, the Management deems there is not rational justification, thus based on economic/financial considerations, for the existence of a spread to the detriment of the Growth Shares.

Attachment 1

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(€ 000)	1st half 2020	1st half 2019 as re-stated	Differences		Year 2019
Revenues from sales and services	**68,536**	**60,052**	**+8,484**	**+14.1%**	**105,369**
Other revenues and income	718	1,173	-455		2,151
Consumption of materials and external services	(48,987)	(49,197)	+210		(86,661)
Changes in inventories of products	(909)	3,636	-4,545		3,338
Costs capitalised for internal work	656	740	-84		1,192
Allowances and provisions	(979)	(15)	-964		(2,272)
Labour costs	(11,131)	(12,961)	+1,830		(24,942)
Bonus accruals	(453)	(441)	-12		(793)
EBITDA	**7,451**	**2,987**	**+4,464**	**NS**	**(2,618)**
% on Revenues	*10.9%*	*5.0%*			*-2.5%*
Depreciation, amortisation and write-downs:					
- tangible assets	(1,222)	(1,299)	+77		(2,622)
- intangible assets	(2,979)	(3,232)	+253		(6,552)
- IFRS 16 rights of use	(399)	(468)	+69		(910)
- write-down of tangible and intangible assets	(12)	(689)	+677		(1,034)
EBIT	**2,839**	**(2,701)**	**+5,540**	**N/S**	**(13,736)**
% on Revenues	*4.1%*	*-4.5%*			*-13.0%*
Interest, fees and financial discounts	(510)	(720)	+210		632
Gains/(losses) on foreign exchange and derivatives	(443)	108	-551		(569)
Revaluations of equity investments	-	168	-168		191
Result before taxes	**1,886**	**(3,145)**	**+5,031**	**N/S**	**(13,482)**
Current and deferred taxes	(919)	(450)	-469		(1,568)
Net profit from continuing operations	**967**	**(3,595)**	**+4,562**	**N/S**	**(15,050)**
Net profit/(loss) from discontinued operations	-	1,148	-1,148		1,143
Net profit/(loss)	**967**	**(2,447)**	**+3,414**	**N/S**	**(13,907)**

Attachment 2

RECLASSIFIED CONSOLIDATED BALANCE SHEET

(€ 000)	30.06.2020	31.12.2019	Differences		30.06.2019 as re-stated	30.06.2019
Net fixed assets						
Goodwill	2,956	3,148	-192		3,170	3,347
Other intangible assets	20,925	47,387	-26,462		49,124	49,148
Tangible assets	14,815	15,585	-770		15,407	18,351
Right-of-use asset IFRS 16	4,171	4,421	-250		4,970	6,109
Financial assets	3,195	4,176	-981		695	695
Other medium/long-term assets and liabilities	7,045	7,228	-183		10,704	12,272
Total net fixed assets	**53,107**	**81,945**	**-28,838**	**-35.2%**	**84,070**	**89,922**
Net working capital						
Inventories	38,313	40,853	-2,540		41,492	52,466
Trade receivables	34,014	27,227	+6,787		32,182	42,376
Trade payables	(24,578)	(26,143)	+1,565		(28,893)	(35,759)
Subtotal of Net working capital	***47,749***	***41,937***	***+5,812***		***44,781***	***59,083***
Current provisions	(1,474)	(1,781)	+307		(580)	(620)
Other current assets and liabilities	1,962	5,190	-3,228		1,518	4,495
Subtotal of Other assets and liabilities	***488***	***3,409***	***-2,921***		***938***	***3,875***
Total Net working capital	**48,237**	**45,346**	**+2,891**	**+6.4%**	**45,719**	**62,958**
Invested capital	**101,344**	**127,291**	**-25,947**	**-20.4%**	**129,789**	**152,880**
SEVERANCE INDEMNITY FUND (SIF)	**(1,679)**	**(1,877)**	**+198**	**-10.5%**	**(2,077)**	**(2,468)**
Net invested capital	**99,665**	**125,414**	**-25,749**	**-20.5%**	**127,712**	**150,412**
Held for sale non-financial assets and liabilities	**25,145***	-	**+25,145**		**22,700****	-
Total	**124,810**	**125,414**	**-604**	**-0.5%**	**150,412**	**150,412**
financed by:						
Equity						
Paid-in share capital	24,961	24,961	-		24,961	24,961
Reserves and retained earnings	66,637	81,084	-14,447		79,442	79,442
Translation reserve	(1,717)	(1,118)	-599		(1,170)	(9,645)
Translation reserve of Discontinued operations	-	-	-		(8,475)	-
Profit/(loss) of the Group	967	(13,907)	+14,874		(2,447)	(2,447)
Total Equity	**90,848**	**91,020**	**-172**	**-0.2%**	**92,311**	**92,311**
Net financial position						
Medium/long-term debts:						
- due to banks	17,998	28,615	-10,617		38,861	38,861
- due to other lenders	974	1,133	-159		1,294	1,294
- financial liabilities *ex* IFRS 16	3,462	3,709	-247		4,028	4,506
- other financial assets/(liabilities) and IRS and trading derivatives	(2,490)	(2,473)	-17		(2,477)	(2,477)
Total medium/long-term debts	**19,944**	**30,984**	**-11,040**	**-35.6%**	**41,706**	**42,184**
Short-term debts:						
- due to banks	21,685	47,328	-25,643		37,893	37,893
- due to other lenders	318	1,793	-1,475		2,760	2,760
- financial liabilities *ex* IFRS 16	823	813	+10		899	1,126
- other financial assets/(liabilities) and IRS and trading derivatives	(852)	57	-909		148	(14,225)
Total short-term debts	**21,974**	**49,991**	**-28,017**	**-56.0%**	**41,700**	**27,554**
Cash and cash equivalents/bank deposits	**(7,956)**	**(46,581)**	**+38,625**	**-82.9%**	**(10,216)**	**(11,637)**
Total Net financial position	**33,962**	**34,394**	**-432**	**-1.3%**	**73,190**	**58,101**
Net financial position Discontinued operations					**(15,089)****	
Total	**124,810**	**125,414**	**-604**	**-0.5%**	**150,412**	**150,412**

** Value concerning the assets relating to the Fluindapyr fungicide*

*** Values concerning Isagro Asia*

Attachment 3

CONSOLIDATED CASH FLOW STATEMENT

(€ 000)	1st half 2020	1st half 2019
Opening cash and cash equivalents (as at January 1st)	**46,581**	**17,919***
Operating activities		
Profit/loss from Continuing operations	**967**	**(3,595)**
Net profit/(loss) from discontinued operations	**-**	**1,148**
- Depreciation of tangible assets	1,222	1,495
- Amortisation of intangible assets	2,979	3,239
- Depreciation of IFRS 16 rights of use	522	740
- Impairment of tangible and intangible assets	12	688
- Provisions (including severance indemnity fund)	610	590
- Allocation to incentive and retention plan	77	192
- Net capital gains on disposal of tangible and intangible assets	-	(330)
- Interest income from assets held for trading	-	(478)
- Net interest expense due to financial institutes and leasing companies	626	824
- Financial losses/(gains) on derivatives	(1,080)	132
- Share of profit/(loss) of equity-accounted investees	-	(168)
- Income taxes	919	1,292
Cash flow from current operations	*6,854*	*5,769*
- Increase in trade receivables	(7,620)	(2,275)
- (Increase)/decrease in inventories	1,394	(4,125)
- Increase/(decrease) in trade payables	(1,143)	2,907
- Net change in other assets/liabilities	875	(2,399)
- Use of provisions (including severance indemnity fund)	(1,109)	(1,131)
- Net interest expense due to financial institutes and leasing companies paid	(667)	(799)
- Interest income and other income from assets held for trading collected	-	164
- Cash flow from derivatives	652	(616)
- Income taxes paid	(400)	(440)
Cash flow from operating activities	**(1,164)**	**(2,945)**
Investment activities		
- Investments in intangible assets	(1,677)	(3,707)
- Investments in tangible assets	(463)	(766)
- Net sale price on disposal of tangible and intangible assets	1	570
- Net cash flow generated from the sale of discontinued operations	2,444	-
- Dividends collected by associates	-	66
- Cash flow from assets held for trading	-	(49)
Cash flow from/(for) investment activities	**305**	**(3,886)**
Financing activities		
- Contracting of non-current financial debt	-	16,242
- Repayment of non-current financial debt	(16,312)	(12,201)
- Repayment of lease liabilities	(553)	(648)
- Contracting/(repayment) of current financial debt	(21,528)	(2,524)
- Increase in financial receivables and term deposits	(871)	-
- Purchase of own Growth Shares	-	(272)
Cash flow from/(for) financing activities	**(39,264)**	**597**
Translation adjustments changes	**1,498**	**(48)**
Cash flow for the period	**(38,625)**	**(6,282)**
Cash-closing balance (as at June 30th)	**7,956**	**11,637**
of which relating to:		
Continuing operations	7,956	10,215
Discontinued operations	-	1,422

*including cash and cash equivalents of Discontinued operations

EXPLANATORY NOTES ON THE ALTERNATIVE PERFORMANCE INDICATORS

In compliance with the ESMA recommendation on alternative performance indicators (ESMA/2015/1415), note that the reclassified statements presented in this Directors' Management Report contain certain differences in terminology used and the degree of detail compared to the official statements presented in the following tables.

The reclassified Consolidated Income Statement, provided in Attachment 1, introduces in particular the significance of EBITDA, which in the Consolidated Income Statement equates to the Gross operating profit.

The reclassified Balance Sheet, as provided in Attachment 2, was prepared on the basis of items recognised in the corresponding sections of the consolidated Balance Sheet, and introduces the following items:

- **Net fixed assets**, given by the difference between, on the one hand, the aggregate of the items "Tangible assets", "Intangible assets", "Rights of use", "Goodwill", "Financial assets", "Non-current receivables and other assets", "Deferred tax assets", and, on the other hand, the aggregate of the items "Deferred tax liabilities", "Non-current funds" and "Other non-current liabilities";
- **Net working capital,** given by the difference between, on the one hand, the aggregate of the items "Inventories", "Trade receivables", "Other current assets and other receivables", "Tax receivables" and, on the other hand, the aggregate of "Trade payables", "Current provisions", "Tax payables" and "Other current liabilities and other payables";
- **Invested capital**, given by the algebraic sum of "Net fixed assets" and "Net current assets";
- **Net invested capital**, given by the algebraic sum of "Invested capital" and "Employee benefits - Severance indemnity fund."

With reference to the "Cash flows - summary data" section of this Report, it should be noted that:

- **Investments**, corresponds to the "Cash flow for investment activities" indicated in the Cash Flow Statement;
- **Net working capital (NWC)** is given by the sum of "Inventories", "Trade receivables" and "Trade payables";
- **Free cash flow (FCF)** is the difference between the "Net financial position" of the reference periods considered in the analysis.

INFORMATION PURSUANT TO ARTICLE 15 OF CONSOB REGULATION 20249/2017

Pursuant to Article 2.6.2., paragraph 15 of the Regulation of Markets organised and managed by Borsa Italiana S.p.A., Isagro S.p.A. hereby certifies that the requirements set forth under Article 15, paragraphs a), b) and c) of CONSOB Regulation 20249/2017 are fulfilled for subsidiaries established and regulated by the laws of countries that are not member states of the European Union.

INFORMATION PURSUANT TO ARTICLE 16 OF CONSOB REGULATION 20249/2017

Pursuant to Article 2.6.2., paragraph 13 of the Regulation of Markets organised and managed by Borsa Italiana S.p.A., Isagro S.p.A. hereby certifies that the Company's shares are validly admitted to trading, as the inhibitory conditions set forth in Article 16 of Consob Regulation 20249/2017 do not apply.

INFORMATION PURSUANT TO ARTICLES 70 AND 71 OF CONSOB REGULATION 11971/99 (ISSUERS' REGULATION)

It is noted that, on September 25th, 2012, pursuant to article 3 of CONSOB Resolution no. 18079 of January 20th, 2012, the Board of Directors of Isagro S.p.A. resolved to apply the opt-out regime under Articles 70, paragraph 8, and 71, paragraph 1-*bis* of the Issuers' Regulation. Isagro therefore availed of the option to derogate from the obligation to publish information documents required for significant mergers, spin-offs, share capital increases through contribution of assets in kind, acquisitions or disposals.

CERTIFICATION OF THE MANAGER CHARGED WITH PREPARING THE COMPANY'S FINANCIAL REPORTS

The Manager charged with preparing the Company's financial reports, Mr. Ruggero Gambini, hereby certifies, pursuant to Article 154-*bis*, paragraph 2 of the Consolidated Law on Finance, that the financial information in the Condensed Consolidated Half-Year Financial Statements as at June 30th, 2020 is consistent with the entries in the accounting books and records.

CONSOLIDATED FINANCIAL STATEMENTS

- Consolidated Balance Sheet
- Consolidated Income Statement
- Consolidated Statement of Other Comprehensive Income
- Consolidated Cash Flow Statement
- Consolidated Statement of Changes in Shareholders’ Equity

CONSOLIDATED BALANCE SHEET

(in thousands of euro)	Notes	30.06.2020	*of which Related parties*	31.12.2019	*of which Related parties*
NON-CURRENT ASSETS					
Tangible assets	1	14,815	-	15,585	-
Intangible assets	2	20,925	-	47,387	-
Rights of use	3	4,171	-	4,421	-
Goodwill	4	2,956	-	3,148	-
Equity investments in other companies	5	3,195	-	4,176	-
Non-current receivables and other assets	6	2,845	*1,915*	2,837	*1,907*
Financial receivables and other non-current financial assets	7	2,503	-	2,503	-
Financial assets - derivatives	14	3	-	6	-
Deferred tax assets	8	5,753	-	6,181	-
TOTAL NON-CURRENT ASSETS		**57,166**		**86,244**	
CURRENT ASSETS					
Inventories	9	38,313	-	40,853	-
Trade receivables	10	34,014	*3,163*	27,227	*2,669*
Other current assets and other receivables	11	4,389	*856*	7,658	*473*
Tax receivables	12	1,029	-	1,205	-
Current financial receivables and other financial assets	13	871	-	-	-
Financial assets - derivatives	14	884	-	191	-
Cash and cash equivalents	15	7,956	-	46,581	-
TOTAL CURRENT ASSETS		**87,456**		**123,715**	
Non-current assets held for sale	24	**25,145**		**-**	
TOTAL ASSETS		**169,767**		**209,959**	
EQUITY					
Share capital		24,961		24,961	
Reserves		51,367		48,909	
Retained earnings and profit for the year		14,520		17,150	
Equity attributable to owners of the parent	16	**90,848**		**91,020**	
Equity attributable to non-controlling interests		**-**		**-**	
TOTAL EQUITY		**90,848**		**91,020**	
NON-CURRENT LIABILITIES					
Non-current financial payables and other financial liabilities	17	22,434	-	33,457	-
Financial liabilities - derivatives	14	16	-	36	-
Employee Benefits - Severance indemnity fund	18	1,679	-	1,877	-
Deferred tax liabilities	8	474	-	660	-
Other non-current liabilities	19	1,079	-	1,130	-
TOTAL NON-CURRENT LIABILITIES		**25,682**		**37,160**	
CURRENT LIABILITIES					
Current financial payables and other financial liabilities	17	22,826	-	49,934	-
Financial liabilities - derivatives	14	56	-	121	-
Trade payables	20	24,578	*254*	26,143	*246*
Current provisions	21	1,474	-	1,781	-
Tax payables	22	279	-	109	-
Other current liabilities and other payables	23	4,024	-	3,691	-
TOTAL CURRENT LIABILITIES		**53,237**		**81,779**	
TOTAL LIABILITIES		**78,919**		**118,939**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**169,767**		**209,959**	

CONSOLIDATED INCOME STATEMENT

(in thousands of euro)	Notes	1st half 2020	*of which Related parties*	1st half 2019 (*)	*of which Related parties*
Revenue from contracts with customers	26	68,536	*13,084*	60,052	*9,433*
Other operating revenues	27	718	*399*	1,173	*530*
Total revenues		**69,254**		**61,225**	
Raw materials and consumables used	28	(36,522)	*(402)*	(36,513)	-
Costs for services	29	(11,642)	*(5)*	(11,759)	-
Personnel costs	30	(11,584)	-	(13,402)	-
Write-downs/write-backs of trade receivables and other receivables	31	(610)	-	95	-
Other operating costs	32	(1,192)	*(5)*	(1,000)	-
Change in inventories of finished products and work in progress	33	(909)	-	3,601	-
Costs capitalised for internal work	34	656	-	740	-
EBITDA		**7,451**		**2,987**	
Depreciation and amortisation:					
- Depreciation of tangible assets	35	(1,222)	-	(1,299)	-
- Amortisation of intangible assets	35	(2,979)	-	(3,232)	-
- Amortisation of rights of use	35	(399)	-	(468)	-
- Impairment of tangible and intangible assets	36	(12)	-	(689)	-
Operating result		**2,839**		**(2,701)**	
Financial income	37	129	*26*	66	*12*
Financial charges	37	(663)		(816)	
Gains/(losses) on foreign exchange and derivatives	37	(419)	-	138	-
Profits from associates		-	-	168	-
Pre-tax profit/(loss)		**1,886**		**(3,145)**	
Income taxes	38	(919)	-	(450)	-
Net profit/(loss) deriving from continuing operations		**967**		**(3,595)**	
Net profit/(loss) from discontinued operations	39	-		1,148	
Net profit/(loss)		**967**		**(2,447)**	

Attributable to:

Shareholders of the Parent	**967**	**(2,447)**	
Non-controlling interests		**-**	**-**

Earnings per share (in Euro):	41	**1st half 2020**	**1st half 2019**
Earnings per share (basic = diluted)			
Ordinary Share		0.026	(0.065)
Growth Share		0.031	(0.065)

(*) the values of the first half of 2019 relating to "Discontinued operations" were reclassified following the application of IFRS 5 "Non-current assets held for sale and discontinued operations" to the line "Net result from discontinued operations".

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(in thousands of euro)	Notes	1st half 2020	1st half 2019
Net profit/(loss)		**967**	**(2,447)**
Components that will later be reclassified in the profit/(loss) for the year:			
Change in translation reserve (difference)		(599)	669
Net profit/(loss) from cash flow hedges:			
- Interest Rate Swaps		1,244	(80)
- Commodity Futures		27	75
- Currency Forwards		42	(101)
		1,313	(106)
Income taxes (*)		(16)	-
		1,297	**(106)**
Net profit/(loss) from costs for hedging:			
- Currency Forwards		(968)	(490)
Income taxes (*)		36	-
		(932)	**(490)**
Total	16	**(234)**	**73**
Components that will not be later reclassified in the profit/(loss) for the year:			
Profit/(loss) relating to equity investments measured at *fair value through O.C.I.*		(981)	-
Actuarial gains/(losses) regarding defined benefit plans		(1)	(89)
Income taxes (*)		-	24
		(1)	**(65)**
Total	16	**(982)**	**(65)**
Other comprehensive income		**(1,216)**	**8**
Total Comprehensive income		**(249)**	**(2,439)**
Attributable to:			
Owners of the Parent		**(249)**	**(2,439)**
Non-controlling interests		**-**	**-**

(*) The parent Isagro S.p.A. did not allocate any further deferred tax assets and liabilities during the first half of 2020.

CONSOLIDATED CASH FLOW STATEMENT

(in thousands of euro)	Notes	1st half 2020	1st half 2019
Opening cash and cash equivalents	15	**46,581**	**17,919***
Operating activities			
Net profit/(loss) from continuing operations		967	(3,595)
Net profit/(loss) from discontinued operations		-	1,148
- Depreciation of tangible assets	1	1,222	1,495
- Amortisation of intangible assets	2	2,979	3,239
- Amortisation of rights of use	3	522	740
- Impairment of tangible and intangible assets	36	12	688
- Provisions (including Severance indemnity fund)	29,30,32	610	590
- Allocation to incentive and retention plan	30	77	192
- Net capital gains on disposal of tangible and intangible assets	27.32	-	(330)
- Interest income and other income from assets held for trading		-	(478)
- Net interest expense paid to financial institutes and leasing companies	37	626	824
- Financial losses on derivatives	37	(1,080)	132
- Share of profit/(loss) of equity-accounted investees		-	(168)
- Income taxes	38	919	1,292
Cash flow from current operations		**6,854**	**5,769**
- Increase in trade receivables	10(**)	(7,620)	(2,275)
- (Increase)/decrease in inventories	9(**)	1,394	(4,125)
- Increase/(decrease) in trade receivables	20(**)	(1,143)	2,907
- Net change in other assets/liabilities		875	(2,399)
- Use of provisions (including Severance indemnity fund)	18.21	(1,109)	(1,131)
- Net interest expense paid to financial institutes and leasing companies		(667)	(799)
- Interest income and other income from assets held for trading collected		-	164
- Cash flow from derivatives		652	(616)
- Income taxes paid		(400)	(440)
Cash flow from operating activities		**(1,164)**	**(2,945)**
Investment activities			
- Investments in intangible assets	2	(1,677)	(3,707)
- Investments in tangible assets	1	(463)	(766)
- Sale price on disposal of tangible and intangible assets	1.2	1	570
- Net cash flow generated from the sale of discontinued operations	39	2,444	-
- Dividends collected by associates		-	66
- Cash flow from/for assets held for trading		-	(49)
Cash flow from/for investment activities		**305**	**(3,886)**
Financing activities			
- Contracting of non-current financial debt		-	16,242
- Repayment of non-current financial debt		(16,312)	(12,201)
- Repayment of financial lease liabilities		(553)	(648)
- Contracting/(repayment) of current financial debt	17(**)	(21,528)	(2524)
- Increase in financial receivables and term deposits	7.13	(871)	-
- Purchase of own Growth Shares	16	-	(272)
Cash flow from/for financial activities		**(39,264)**	**597**
Translation adjustments changes		**1,498**	**(48)**
Cash flow for the period		**(38,625)**	**(6,282)**
Cash-closing balance		**7,956**	**11,637**
of which relating to:			
Continuing operations		7,956	10,215
Discontinued operations		-	1,422

* including cash and cash equivalents of Discontinued operations.

(**) the net change in the item is different from that presented in the Explanatory Notes due to foreign exchange adjustments.

Consolidated Statement of Changes in Equity in the first half of 2019

	Equity attributable to owners of the Parent										
	Share capital	Reserves						Retained earnings	Total	Equity to non-controlling interests	Total shareholders' equity
(in thousands of euro)	issued	Share premium reserve	Translation (difference) reserve	Hedging reserve *Cash Flow Hedge*	Reserve for cost of the hedge	Other reserves	Total	and profit for the period			
Balance as at Dec. 31st, 2018	24,961	44,910	(10,314)	(257)	298	9,988	44,625	25,244	94,830	-	94,830
Changes for the period:											
Profit for the period	-	-	-	-	-	-	-	(2,447)	(2,447)	-	(2,447)
Other comprehensive income	-	-	669	(106)	(490)	-	73	(65)	8	-	8
Total comprehensive income	-	-	669	(106)	(490)	-	73	(2,512)	(2,439)	-	(2,439)
Coverage of loss of previous year	-	-	-	-	-	(5,944)	(5,944)	5,944	-	-	-
Purchase of own Growth Shares	-	-	-	-	-	(272)	(272)	-	(272)	-	(272)
Incentive and retention plan	-	-	-	-	-	192	192	-	192	-	192
Total changes for the period	-	-	669	(106)	(490)	(6,024)	(5,951)	3,432	(2,519)	-	(2,519)
Balance as at Jun. 30th, 2019	24,961	44,910	(9,645)	(363)	(192)	3,964	38,674	28,676	92,311	-	92,311

Consolidated Statement of Changes in Equity in the first half of 2020

	Equity attributable to owners of the Parent											
	Share capital	Reserves							Retained earnings	Total	Equity to non-controlling interests	Total shareholders' equity
(in thousands of euro)	issued	Share premium reserve	Translation (difference) reserve	Hedging reserve *Cash Flow Hedge*	Reserve for cost of the hedge	FVTOCI reserve	Other reserves	Total	and profit for the period			
Balance as at Dec. 31st, 2019	24,961	44,910	(1,118)	(562)	354	1,311	4,014	48,909	17,150	91,020	-	91,020
Changes for the period:												
Profit for the period	-	-	-	-	-	-	-	-	967	967	-	967
Other comprehensive income	-	-	(599)	1,297	(932)	(981)	-	(1,215)	(1)	(1,216)	-	(1,216)
Total comprehensive income	-	-	(599)	1,297	(932)	(981)	-	(1,215)	966	(249)	-	(249)
Changes in reserves	-	-	-	-	-	-	3,595	3,595	(3,595)	-	-	-
Incentive and retention plan	-	-	-	-	-	-	77	77	-	77	-	77
Total changes for the period	-	-	(599)	1,297	(932)	(981)	3,672	2,457	(2,629)	(172)	-	(172)
Balance as at Jun. 30th, 2020	24,961	44,910	(1,717)	735	(578)	330	7,686	51,366	14,521	90,848	-	90,848

EXPLANATORY NOTES

GENERAL INFORMATION

Reporting entity

Isagro S.p.A. is a corporate body organised in accordance with the Italian Republic's legal system. Isagro S.p.A. and its subsidiaries (hereinafter, the "Isagro Group") are active in the research, the management of Intellectual Property rights, the development, manufacturing, marketing and distribution of crop protection products. The Company's registered office is in Via Caldera 21, Milan, Italy.

Isagro S.p.A. is listed on the STAR segment of the Milan Stock Exchange.

Publication of the Condensed consolidated half-year financial statements

The Isagro Group's Condensed consolidated half-year financial statements as at June 30th, 2020 were authorised for publication by the Board of Directors of Isagro S.p.A. on September 10th, 2020.

Compliance with IFRSs

The Isagro Group's Condensed consolidated half-year financial statements as at June 30th, 2020 were prepared in compliance with the International Financial Reporting Standards (IFRSs) adopted by the European Union, and in particular in compliance with IAS 34 "Interim financial reporting." They do not include all the disclosures required by IFRSs for preparation of the annual financial statements and must therefore be read jointly with the consolidated financial statements as at December 31st, 2019.

Assets held for sale and discontinued operations

It should be noted that, in the context of the redefinition of the business model of the Isagro Group, as shown in the Report on Operations as at June 30th, 2020, the parent Isagro S.p.A. ordered the sale of its non-current assets (intangible assets) related to the Fluindapyr fungicide to the North American company FMC Corporation. This operation is expected to be completed by the end of the third quarter of 2020 and in any case by the end of the year.

Pursuant to IFRS 5, this sale is classified as "Non-current assets held for sale", with the consequent separate presentation of the values related to discontinued operations from those of continuing operations in the Balance sheet of the condensed consolidated half-year financial statements.

In addition, note that in December 2019 the parent Isagro S.p.A. and the subsidiary Isagro España S.L. sold their equity investments in the Indian company Isagro (Asia) Agrochemicals Pvt. Ltd to the Indian companies PI Industries Limited and PI Life Science Research Limited, respectively; this transaction was classified as a discontinued operation and the results were shown separately in the comparative Income statement as at June 30th, 2019 from those of continuing operations.

Basis of presentation

The consolidated financial statements comprise the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Cash Flow Statement, the Statement of Changes in Shareholders' Equity, and the Explanatory Notes.

In particular:

- current and non-current assets and liabilities have been stated separately in the Balance Sheet; Current assets are those intended to be realised, disposed or consumed during the normal operating cycle or within 12 months after the close of the period; current liabilities are those that are expected to be extinguished during the normal operating cycle or within 12 months after the end of the reporting period;
- in the Income Statement, the analysis of the costs is carried out on the basis of their nature; please note the "EBITDA" aggregates that include all the revenue and cost components except for the amortisation and depreciation and impairments of tangible and intangible assets, the financial management components and income taxes and "EBIT", which includes all cost and revenue components except financial management and income taxes;
- the indirect method is used for the Cash Flow Statement. The average exchange rates for the period were used for translating the cash flows of foreign subsidiaries.

With reference to CONSOB Resolution 15519 of July 27th, 2006 on financial statements, special sections have been included to illustrate significant related-party transactions, together with specific items of profit or loss, to highlight any significant non-recurring transactions carried out in the ordinary course of business.

All amounts reported in the Financial Statements and the Explanatory Notes are presented in thousands of Euro, unless otherwise indicated.

Moreover, the representation of the sale transactions described above ("Assets held for sale and discontinued operations") resulted in the following:

- "Assets held for sale" were classified in the item "Non-current assets held for sale";
- cash flows relating to discontinued operations were shown in the notes to the financial statements;
- as envisaged by the standard IFRS 5 "Non-current assets held for sale and discontinued operations", a restatement of the Income statement for the first half of 2019 was made for comparative purposes, highlighting the revenue and cost items related to discontinued operations in the item "Net profit/(loss) from discontinued operations".

The Isagro Group, in order to highlight the economic and financial effects of Discontinued operations in terms of elimination of the existing intercompany transactions between Continuing and Discontinued operations, eliminated the effects of the intercompany transactions, present in the first half of 2019, according to the following method ("as if" method):

1. if the economic and/or financial transaction between Continuing and Discontinued operations (i.e. between Isagro S.p.A. and Isagro Asia) continues also after the sale, the intercompany transactions related to this transaction are eliminated at the Discontinued operation level;

2. if the economic and/or financial transaction between Continuing and Discontinued operations (i.e. between Isagro S.p.A. and Isagro Asia) does not continue also after the sale, the intercompany transactions related to this transaction are eliminated at the Continuing operation level;

in this way, the results reflect the transactions in the way they will occur following the sale.
Paragraph 39 of these Notes, to which reference is made, provides details of the contents of the items relating to Discontinued operations.

Covid-19 health emergency

When preparing the 2019 financial statements, the health emergency induced by Covid-19 was considered by the parties applying the international accounting standards as a "non-adjusting event" in accordance with IAS 10, in that it occurred after the reporting period, which should be highlighted in terms of disclosure, but which did not lead to adjustments on the closure of the financial statements as at December 31st, 2019. In line with the guidelines of the Public Statement "Implications of the COVID-19 outbreak on the half yearly financial reports", issued by ESMA on May 20th, 2020, of Consob Call for Attention No. 8/20 of July 16th, 2020 and in application of IAS 34 in paragraphs 15-15C with reference to "significant events" of the period, the following paragraphs provide specific considerations on the areas of the financial statements potentially impacted by Covid-19. In particular, for the purposes of the Condensed consolidated half-year financial statements of the Isagro Group as at June 30th, 2020, specific subject areas were identified with reference to the individual IFRSs, summarised below:

- going concern (IAS 1), referred to in the paragraph "Observations on the financial profile and going concern" of the Report on Operations and in the following paragraph "Going concern" of this document;
- financial instruments (IFRS 9), referred to in Note no. 5 "Equity investments in other companies" and Note no. 10 "Trade receivables";
- impairment of assets (IAS 36), referred to in Note no. 2 "Intangible assets" and Note no. 4 "Goodwill";
- Notes no. 30 "Personnel costs" and no. 32 "Other operating costs" contain specific information on "benefits" and costs incurred as a result of the state of emergency related to the Covid-19 pandemic.

Going concern

As at June 30th, 2020, your Group had a solid and balanced financial structure, with a **debt/equity** ratio of 0.37 - equal to 0.33 without the effect of IFRS 16 - (compared to a value of 0.38 as at December 31st, 2019), Equity of € 90.8 million (compared to € 91.0 million as at December 31st, 2019) and actual liquidity of about € 8 million.
Isagro intends to guarantee the repayment of the medium/long-term debt maturing in the second half of 2020 and in the first half of 2021 and the cash requirements of the Management during the transition period to the new business model through (i) the liquidity available as at June 30th, 2020, (ii) the use of short-term financial bank lines and short-term bank lines to support working capital, (iii) access, if deemed necessary, to possible new medium/long-term

lines to replace those expiring and also (iv) income from extraordinary transactions consistent with the redefinition of the business model, the realisation of which is considered probable by the Directors and yet dependent on the progress of negotiations in progress. The latter include the sale of the Fluindapyr molecule for € 55 million, whose Closing is expected to take place by the end of the third quarter of 2020 and in any case by the end of the year.
Furthermore, note that the prospective assessment of the compliance with the capital and economic requirements (covenants) on a consolidated basis envisaged on Isagro's financial debt (which is contractually required only at the closing of the annual consolidated financial statements), leads to the expectation that as at December 31st, 2020 there are no critical issues regarding compliance with these requirements.

With reference to the current pandemic, the Group's Management continues to carefully monitor any impact of the phenomenon in question on the most significant assumptions underlying the main estimates reflected in the financial statements, with special reference to revenue recognition, the occurrence of impairment indicators on goodwill and intangible assets and the development of the liquidity situation, taking into account the uncertainty regarding the incidence and duration of the effects of the health emergency on the performance of the sector in which the Group operates.
In this context, it is necessary to confirm the deep uncertainty related to the spread and duration of the pandemic in question and, in consideration of the continuous development of the phenomenon, it seems particularly complex to envisage its effects also on economic activities at both macro and micro level. This entails a high complexity and uncertainty of the estimates made by the Management, whose basic assumptions could necessarily be revised and updated in the coming months as a result of the development of events not under its control.
In the context of assessing the potential effects of the spread of the Coronavirus pandemic, the level of complexity and uncertainty of the estimates is unprecedented, potentially covering many aspects such as:
- the possibility of different persistence and extent of contagion in different areas of Italy;
- the different timing of propagation and the extent of the contagion in the various European countries and the world (first and foremost, the USA);
- the lack of visibility about the overall duration of the infection and, above all, the related containment measures;
- the particular difficulty of foreseeing the timing and extent of the recovery of national and global economic activities, both at macro and micro level, once the emergency is over.

Given the above, the Group Management, as reported in the paragraph of the Report on Operations "Events in the first half of 2020 - Possible impacts of the health crisis", carried out an assessment in order to identify the areas of potential greater impact in terms of financial reporting for the Group and, consequently, developed possible economic and

financial scenarios based on the information available and the forecasts that can reasonably be formulated at present, despite the context of significant uncertainty outlined, to which reference should be made, believing that this health crisis cannot reasonably compromise the Group's ability to continue as a going concern.
In the light of the best information available as at June 30th, 2020, the following should be noted to cover liquidity risk:

- the positive current account balances of the parent Isagro S.p.A. amount to € 6 million;
- there are unused short-term credit lines of over € 55 million (considering the ceilings granted for the various types of credit), including self-liquidating lines, advances to suppliers, direct and indirect factoring and financial lines.

In the light of the positive results of the first half of 2020, the cash and bank lines available as at June 30th, 2020, the expected economic results as at December 31st, 2020 (forecast of the Group that includes the aforementioned sale of Fluindapyr) higher in terms of revenues and margins, future cash flows, together with that reported in the previous paragraph "Events in the first half of 2020 - Possible impacts of the health crisis" and based on the best information currently available, it is believed that, in the course of the next 12 months, there are no reasonable liquidity risks, i.e. risks inherent to the Group's ability to repay its debt, thus confirming that these condensed consolidated half-year financial statements as at June 30th, 2020 were prepared on a going concern basis.
Moreover, note that upon completion of the agreement for the sale of Fluindapyr as previously represented, considered probable by the Directors and expected by the third quarter of 2020 and in any case by the end of the year, Isagro will be able to count on an additional cash injection of € 55 million, which strengthens the above-mentioned going concern prospects.

Segment reporting

The Group's operating segments, in accordance with IFRS 8 – Operating Segments, are identified in the organisational geographic areas from which the Group may earn revenues and incur expenses, whose results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which separate financial information is available.

ACCOUNTING STANDARDS, BASIS OF CONSOLIDATION AND VALUATION CRITERIA

The accounting standards, basis of consolidation and valuation criteria are consistent with those used for the preparation of the consolidated financial statements as at December 31st, 2019, with the exception of that explained in the following paragraph.

Accounting standards, amendments and interpretations applied as from January 1st, 2020

As required by IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) the impact of new standards or new interpretations on the consolidated financial statements is indicated below. These standards were applied by the Group starting from January 1st, 2020.

- On November 29th, 2019, with Regulation no. 2075/2019, the European Commission endorsed the amendment to the "References to the Conceptual Framework in IFRS Standards".
  The Conceptual Framework defines the fundamental concepts for financial reporting and guides the Board in the development of IFRS standards. The document helps to ensure that the Standards are conceptually consistent and that similar transactions are treated in the same way so as to provide useful information to investors, lenders and other creditors.
  The adoption of this amendment did not have any impact on the condensed consolidated half-year financial statements of the Isagro Group.
- On January 15th, 2020, with Regulation no. 34/2020, the European Commission endorsed the amendment called "Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform", which changes some of the requirements for the application of hedge accounting, providing temporary exemptions to them, in order to mitigate the impact of the uncertainty of the IBOR reform (still in progress) on future cash flows in the period prior to its completion. The amendment also requires companies to provide additional information in their financial statements about their hedging relationships that are directly affected by the uncertainties generated by the reform and to which the above exceptions apply. The adoption of this amendment did not have any impact on the condensed consolidated half-year financial statements of the Isagro Group.
- On April 21st, 2020, with Regulation no. 551/2020, the European Commission endorsed the amendment to IFRS 3 - Business Combinations, which provides some clarifications on the definition of business for the correct application of IFRS 3. In particular, the amendment clarifies that, while a business normally produces an output, the presence of an output is not strictly necessary for identifying a business in the presence of an integrated set of activities/processes and assets. However, in order to satisfy the definition of a business, an integrated set of activities/processes and assets must include, as a minimum, an input and a substantial process that together contribute significantly to the ability to create an output. To this end, the IASB replaced the term “ability to create outputs” with the “ability to contribute to the creation of outputs” to clarify that a business can also exist without the presence of all inputs and processes needed to create an output. The amendment also introduced a concentration test, optional for the entity, to determine whether a set of activities/processes and assets acquired is not a business. If the test provides a positive result, the set of activities/processes and assets acquired does not constitute a business and the standard does not require further checks. In the event in which the test produces a negative outcome, the entity must conduct further analyses on the activities/processes and assets acquired to identify the presence of a business. To this end, the amendment added a number of illustrative examples to standard IFRS 3 in order to understand the practical application of the new definition of a business in specific cases.

The adoption of this amendment did not have any impact on the condensed consolidated half-year financial statements of the Isagro Group.

IFRS and IFRIC accounting standards, amendments and interpretations endorsed by the European Union, not yet mandatory and not adopted early by the Group as at June 30th, 2020.

As at June 30th, 2020, no IFRS and IFRIC accounting standards, amendments and interpretations endorsed by the European Union, but not yet mandatory as at June 30th, 2020 were issued.

IFRS accounting standards, amendments and interpretations not yet endorsed by the European Union

At the end of the reporting period, the competent bodies of the European Union have not yet completed the endorsement process necessary for the adoption of the amendments and standards described below.

- On October 31st, 2018, the IASB published the document "**Definition of Material (Amendments to IAS 1 and IAS 8)**" that introduces a change in the definition of "material" contained in IAS 1 - Presentation of Financial Statements and IAS 8 - Accounting policies, Changes in Accounting Estimates and Errors. This amendment aims to make the definition of "material" more specific and introduced the concept of "obscured information" alongside the concepts of omitted or incorrect information already present in the two standards being amended. The amendment clarifies that information is "obscured" if it has been described in such a way as to produce, for the main readers of a set of financial statements, an effect similar to that which would be produced if said information was omitted or incorrect. The amendments introduced by the document apply to all transactions after January 1st, 2020.
  The Directors do not expect a significant effect in the consolidated financial statements from the adoption of this standard.
- On January 23rd, 2020, the IASB published an amendment called "**Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current**". The purpose of the document is to clarify how to classify debts and other short or long term liabilities. The amendments are effective for annual periods beginning on or after January 1st, 2022, but the IASB has issued an exposure draft to postpone their entry into force until January 1st, 2023; however, early application is permitted. The Directors do not expect a significant effect in the Group's consolidated financial statements from the adoption of this amendment.
- On May 14th, 2020, the IASB published the following amendments called:
  - Amendments to IFRS 3 Business Combinations: the purpose of the amendments is to update the reference in IFRS 3 to the Conceptual Framework in the revised version, without changing the requirements of IFRS 3.
  - Amendments to IAS 16 Property, Plant and Equipment: the purpose of the amendments is not to allow the amount received from the sale of goods produced during the testing phase

of the asset to be deducted from the cost of tangible assets. These sales revenues and related costs will therefore be recognised in the income statement.

- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: the amendment clarifies that all costs directly attributable to the contract must be taken into account when estimating the possible onerousness of a contract. Accordingly, the assessment of whether a contract is onerous includes not only incremental costs (such as the cost of direct material used in processing), but also all costs that the company cannot avoid because it has entered into the contract (such as, for example, the portion of personnel costs and depreciation of machinery used for the performance of the contract).
- Annual Improvements 2018-2020: amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and to Illustrative Examples of IFRS 16 Leases.

All amendments will be effective for annual periods beginning on or after January 1st, 2022. The Directors do not expect a significant effect in the consolidated financial statements from the adoption of this amendment.

- On May 28th, 2020, the IASB published an amendment called "Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)". The amendments allow the temporary exemption from applying IFRS 9 to be extended until January 1st, 2023. These amendments will be effective for annual periods beginning on or after January 1st, 2021. The Directors do not expect any effect in the consolidated financial statements from the adoption of this standard.
- On May 28th, 2020, the IASB published an amendment called "Covid-19 Related Rent Concessions (Amendment to IFRS 16)". The document envisages the option for lessees to recognise the reductions in Covid-19 Related Rents without having to check, through the analysis of the contracts, whether the definition of lease modification of IFRS 16 is observed. Therefore, lessees applying this option will be able to recognise the effects of rent reductions directly in the income statement on the effective date of the reduction. Although this amendment is applicable to financial statements beginning on June 1st, 2020, except for the possibility of early application by a company to financial statements beginning on January 1st, 2020, it has not yet been endorsed by the European Union, and therefore has not been applied by the Group as at June 30th, 2020. The Directors do not expect any effect in the Group's consolidated financial statements from the adoption of this amendment.

Uncertainty in the use of estimates

The preparation of the condensed consolidated half-year financial statements and of the relevant notes in application of IFRS requires Management to make estimates and assumptions that affect the reported amounts of the assets and liabilities, and the disclosure relating to contingent assets and liabilities at the end of the reporting period. Consequently, the results actually achieved could then differ from said estimates.

In the preparation of the half-yearly report, no significant judgements were defined during the process of application of the Group's accounting standards, with the exception of those concerning estimates that had a significant effect on the amounts recognised in the financial statements.

In particular, the estimates are used in order to recognise the provisions for doubtful debts and inventory obsolescence, depreciation and amortisation, impairment losses, employee benefits, tax and other provisions. The estimates and the assumptions are periodically reviewed and the effects of any changes are reflected in the Income Statement, in the period in which the estimate is reviewed.

The main assumptions regarding the future and the main causes of uncertainty in the estimate at the end of the reporting period that present a significant risk of giving rise to significant adjustments to the book values of assets and liabilities within the next twelve months are shown below.

Bad debt provision

Trade and other receivables are recognised in the financial statements net of provisions for impairment losses, determined in accordance with the expected credit loss method, according to which it is no longer necessary for an event of financial difficulty of the debtor to occur before the expected losses are recognised in the financial statements. In fact, this model envisages that the impairment test is carried out considering the entire life of the receivable according to a forward looking logic that uses historical, current and also prospective data in the valuation process.

In particular, it should be noted that, using the simplified approach envisaged by IFRS 9, the Isagro Group built a "provision matrix" in order to identify the probability of default, which is based, with regard to historical data, on the average losses on receivables in the last three years, to which a percentage of risk has been added in order to take into account the forward looking probability of default. This matrix is then applied to the ageing of receivables, built by past due brackets and geographical areas, at the end of the reporting period and is updated on an annual basis. Moreover, *ad hoc* analyses and specific estimates are carried out to determine the expected losses of certain categories of receivables, including receivables in litigation and receivables arising from M/L Agreements.

It should be noted that the health crisis at Covid-19 has not currently impacted the ageing of customers and, as the Directors believe, their prospective capacity to recover and, therefore, it was not considered necessary to rework the aforementioned model and therefore make a specific additional provision related to the health crisis. In fact, collections continued regularly and there were no financial tensions, nor is it estimated that they could occur in the rest of the financial year, as also confirmed by the trend of collections in the current months of July and August, in that the Isagro Group operates in particularly solid market and customer segments.

Inventory write-down provision

The inventory write-down provision reflects the Management's estimate of the expected impairment losses of the various Group companies, both in relation to past experience and to the expected trend in the prices of crop protection products in the course of 2020, especially for those products whose realisable value is related to the trend in the price of commodities.

Tangible assets, intangible assets and Goodwill: Impairment test

Preliminary remarks

Note that in the preparation of the consolidated financial statements as at December 31st, 2019, in order to carry out the impairment test, on May 6th, 2020, the Directors approved the 2020-2025 Business Plan, devising a sensitivity scenario with reference to the possible estimated impacts of the Covid-19 pandemic, assessing the presence of possible impairment losses as a result of this additional expected scenario. Therefore, this sensitivity assumption was included in the 2020-2025 Business Plan approved by the Board of Directors on May 6th, 2020, used to prepare a sensitivity to the impairment test carried out as at December 31st, 2019.

Therefore, with reference to the impairment tests that the Group prepares once a year and, generally, in correspondence with the preparation of the financial statements as at December 31st, it should be noted that these were not updated for the purpose of the preparation of the condensed consolidated half-year financial statements as at June 30th, 2020 to reflect the possible effects of the Covid-19 pandemic. In fact, although the latter are among the significant events envisaged in paragraphs 15 - 15C of IAS 34, for which it is necessary to provide an update on the significant information reported in the financial statements, it should be noted that the Covid-19 pandemic did not have any specific impacts on the half-yearly results of Isagro, as largely pointed out in the paragraph "Events in the first half of 2020 - Possible impacts of the health crisis" in the Directors' Report on Operations to which reference is made, nor is it expected to have any impact on the results of the twelve months of the current financial year (Group 2020 forecast), results which are expected to be in line (if not better) with the estimates initially envisaged by the budget (which did not include the Covid-19 sensitivity) for the current financial year. On the other hand, with reference to 2021, the information framework currently available does not allow to make precise projections regarding the possible effects on this financial year of the Covid-19 pandemic, also in the light of the many variables involved beyond Isagro's control (demand for agricultural goods, commodity prices, world GDP recovery trends, presence of a vaccine, monetary/tax policies, etc.). Assuming that the pandemic drags on also in 2021, although managed by the various Governments with approaches that tend to be more cautious than what was done in the early stages of the infection in 2020, Isagro currently estimates a maximum risk for 2021 compared to what was envisaged for that financial year in the 2020 – 2025 Business Plan:

- up to € 3.9 million of lower turnover, considering 70% of expected sales of copper-based products in Brazil, the only significant product/Country combination for which we can imagine to date corrective effects compared to estimates;
- up to € 1.0 million of lower contribution margins, EBITDA and Result before taxes;
- up to € 0.7 million of lower Net result and lower Equity;
- up to € 3.9 million of lower trade receivables, assuming the usual 365 average payment days for direct sales in Brazil;
- up to € 3.2 million of lower NFP showing a debt,

these risk assumptions are envisaged well below the sensitivity analyses carried out on 2021 by the Management at the time of approval of the Business Plan, which envisaged for that year (cumulative and not) effects certainly worse and more disruptive than those currently assumed.

With reference to the foregoing, it should be noted that the estimated values are not such as to invalidate the considerations already made in the financial statements as at December 31st, 2019, in relation to the "Copper" CGU, which appeared to be large compared to the book values referring to the said CGU, based on an appraisal work carried out at the beginning of 2020. It should be noted that at that date there was a significant positive difference between the fair value of the "Copper" CGU and its book values.

Isagro's Management, in the light of the current information framework, believes that the forecasts of the Business Plan for the financial years after 2021 are substantially confirmed, a period that is expected to represent a normalisation phase.

For this reason, Isagro did not consider it necessary to revise the impairment tests prepared as at December 31st, 2019, confirming substantially the results (which, it should be noted, did not result in the consolidated financial statements in the recognition of impairment losses in the income statement). However, the future trend in various factors, including developments in the difficult global health, economic and financial context, requires that the Group's Management continuously monitor the circumstances and events that could bring about a write-down of the Group’s goodwill and tangible and intangible assets.

Deferred tax assets

As at June 30th, 2020, the Condensed consolidated half-year financial statements of the Isagro Group recognised deferred tax assets for unused tax losses carried forward amounting to approximately € 3.3 million (approximately € 3.5 million as at December 31st, 2019), together with € 2.5 million related to deductible temporary differences. In recognising and assessing the recoverability of these deferred tax assets recognised as at June 30th, 2020, the Directors took into consideration the taxable results deriving from the 2020 forecast (which confirms the inclusion of future taxable income that includes the effects deriving from some well-structured extraordinary transactions whose achievement is considered by the Directors as probable, and such as to guarantee the recoverability of the aforementioned deferred tax assets) and those deriving from the 2020-2025 Business Plan approved on May 6th, 2020 for the financial years after 2020 of the individual companies belonging to the Group, by extrapolating from the latter the expected taxable income for subsequent years.

However, it cannot be ruled out a priori that the onset of economic and/or financial crises, or the continuation of the health crisis due to Covid-19, as well as postponement in the expected time scales in the conclusion of the extraordinary transactions mentioned above, may raise doubts about the timing and methods set out for the recoverability of these items in the financial statements. The Group's Management will continuously monitor the circumstances and events that could bring about such results.

Scope of consolidation

The scope of consolidation includes the financial statements as at June 30th, 2020, of Isagro S.p.A. and its subsidiaries.

Pursuant to IFRS 10, companies are considered to be subsidiaries if the Group simultaneously possesses the following three elements:

a) power over the enterprise;
b) exposure or rights to variable returns deriving from its involvement in the investee;
c) the ability to use its power to influence the amount of said variable returns.

For a list of companies included in the scope of consolidation, reference should be made to Note no. 50.

Compared to the situation as at December 31st, 2019, there were no changes compared to the scope of consolidation, except for the conclusion, on January 13th, 2020, of the liquidation process of the subsidiary Isagro Poland Sp. z o.o.

Translation of foreign currency financial statements

The presentation currency adopted by the Group is the Euro, which is also the functional currency of the parent Isagro S.p.A.

At the end of the reporting period, the financial statements of foreign operations with a functional currency other than the Euro are translated into the presentation currency in accordance with the following procedures:

- assets and liabilities are translated using the exchange rate in force as at the reporting date;
- Income Statement items are translated at the average exchange rate for the period;
- Equity components are translated at historical exchange rates, maintaining the existing stratification (if any) of reserves.

Exchange differences arising on translation are recognised in the statement of other comprehensive income and accumulated in a separate component of Equity (Translation reserve or difference) until disposal of the foreign operation.

On the other hand, the balance sheet and the income statement of a foreign company whose functional currency is the currency of a hyperinflationary economy are translated in Euro using the exchange rate at the end of the reporting period. An economy is considered hyperinflationary when the cumulative inflation rate exceeds or is close to 100% over a three-year period.

Hyperinflation in Argentina

In Argentina, following a long period of observation of inflation rates and other indicators, the unanimous consensus was reached regarding the existence of a hyperinflationary economy as of July 1st, 2018. The result was that all companies operating in Argentina, as of said date, were required to apply "IAS 29 - Financial reporting in hyperinflationary economies" in preparing their financial reports.

However, it should be noted that the effects of the application of the standard on the Group's results, taking into account the small income statement and balance sheet values of the Argentinian subsidiary, were proved to be altogether negligible.

The exchange rates applied on translation of the financial statements of the companies included in the scope of consolidation are listed in the table below:

Currency	Exchange rate as at 30.06.2020	Average exchange rate 1st half 2020	Exchange rate as at 31.12.2019	Exchange rate as at 30.06.2019	Average exchange rate 1st half 2019
Australian Dollar	1.6344	1.6775	1.5995	1.6244	1.6002
Singapore Dollar	1.5648	1.5409	1.5111	1.5395	1.5354
US Dollar	1.1198	1.1015	1.1234	1.1380	1.1298
Vietnamese Dong	25,983	25,664.50	26,033	26,527	26,269.3333
Argentine Peso	78.7859	78.7859	67.2749	48.5678	48.5678
Chilean Peso	918.72	895.63	844.86	773.85	763.1283
Colombian Peso	4,203.45	4,066.165	3,688.66	3,638.99	3,601.6017
Mexican Peso	25.947	23.8571	21.2202	21.8201	21.6539
South African Rand	19.4425	18.3318	15.7773	16.1218	16.0439
Brazilian Real	6.1118	5.4169	4.5157	4.3511	4.3407
Chinese Renminbi (Yuan)	7.9219	7.7481	7.8205	7.8185	7.6670
Indian Rupee	N/S	N/S	N/S	78.524	79.1182
Kenyan Shilling	119.314	114.7876	113.8986	116.4115	114.1291
Polish Zloty	N/S	N/S	4.2568	4.2496	4.2920

Earnings Per Share

Basic earnings per share are calculated by dividing profit or loss attributable to the Group by the weighted average number of shares outstanding during the period. For the purpose of calculating the diluted earnings per share, the weighted average number of shares is modified assuming that all convertible instruments are converted and all warrants are exercised, should these have been issued by the parent.

Assets held for sale and discontinued operations

Non-current assets and groups of assets and liabilities whose book value will be recovered essentially through sale rather than through ongoing use are presented separately from other assets and liabilities in the balance sheet. These assets are measured at the lower of the book value and the fair value less expected selling costs. Any subsequent impairment losses are recognised as a direct adjustment to non-current assets with a balancing entry in the Income Statement. The corresponding comparative balance sheet values of the previous year are not reclassified.

A discontinued operation is a part of a company that has been disposed of or classified as held for sale, and:

- represents a major line of business or geographical business area;
- is part of a coordinated plan to dispose of a major line of business or geographical business area;
- or is a subsidiary company acquired exclusively for resale.

The results of discontinued operations are shown separately in the Income statement, net of tax effects. The corresponding values of the previous period are reclassified and shown separately in the Income Statement for comparative purposes. The value adjustments of receivables from the consideration of the disposal of the above-mentioned discontinued operations are also recognised in the Income Statement; in the financial years following the disposal, these value adjustments will be adjusted in accordance with changes in the estimates of collectability.

INFORMATION ON THE BALANCE SHEET

Following the reclassification of "Non-current assets held for sale" as required by IFRS 5, the balance sheet balance of the item "Intangible assets" is not directly comparable with that as at December 31st, 2019. To make this comparison meaningful, the values indicated in the column "Reclassification to Assets held for sale" must be added to this item in the financial statements as at June 30th, 2020.

1. Tangible assets – 14,815

The breakdown and summary changes in tangible assets are described in the following tables:

	31.12.2019				30.06.2020		
Breakdown	Historical cost	Accum. depreciation	Book value	Change	Historical cost	Accum. depreciation	Book value
Land	1,053	-	1,053	-	1,053	-	1,053
Buildings:							
- owned assets	19,962	(11,121)	5,841	8	17,331	(11,482)	5,849
- improvements to third-party assets	-	-	-	-	-	-	-
	19,962	(11,121)	5,841	8	17,331	(11,482)	5,849
Plant and machinery:							
- owned assets	34,606	(28,755)	5,851	(576)	34,661	(29,386)	5,275
- capital grants	(357)	357	-	-	(357)	357	-
	34,249	(28,398)	5,851	(576)	34,304	(29,029)	5,275
Equipment:							
- owned assets	5,551	(4,979)	572	(99)	5,551	(5,078)	473
- leased assets (finance)	-	-	-	-	-	-	-
	5,551	(4,979)	572	(99)	5,551	(5,078)	473
Other assets:							
- furniture and fittings	1,202	(1,022)	180	(18)	1,194	(1,032)	162
- motor vehicles	104	(55)	49	(10)	95	(56)	39
- data processors	3,361	(2,887)	474	(72)	3,385	(2,983)	402
	4,667	(3,964)	703	(100)	4,674	(4,071)	603
Assets under development and payments on account							
- owned assets	1,565	-	1,565	(3)	1,562	-	1,562
	1,565	-	1,565	(3)	1,562	-	1,562
Total	64,047	(48,462)	15,585	(770)	64,475	(49,660)	14,815

Changes for the period	Translation differences (hist. cost)	Purchases	Reclassifica-tions (hist. cost)	Disposals	Translation differences (acc. depr)	Deprecia-tion	Use of acc. depr.	Total change
Land	-	-	-	-	-	-	-	-
Buildings:								
- owned assets	(3)	3	369	-	-	(361)	-	8
- improvements to third-party assets	-	-	-	-	-	-	-	-
	(3)	3	369	-	-	(361)	-	8
Plant and machinery:								
- owned assets	-	-	57	(2)	-	(633)	2	(576)
	-	-	57	(2)	-	(633)	2	(576)
Equipment:								
- owned assets	(1)	-	1	-	1	(100)	-	(99)
- leased assets (finance)	-	-	-	-	-	-	-	-
	(1)	-	1	-	1	(100)	-	(99)
Other assets:								
- furniture and fittings	(8)	-	-	-	8	(18)	-	(18)
- motor vehicles	(9)	-	-	-	3	(4)	-	(10)
- data processors	(8)	36	-	(4)	7	(106)	3	(72)
	(25)	36	-	(4)	18	(128)	3	(100)
Assets under development and payments on account:								
- owned assets	-	424	(427)	-	-	-	-	(3)
	-	424	(427)	-	-	-	-	(3)
Total	(29)	463	-	(6)	19	(1,222)	5	(770)

The main change that occurred during the first half of the year concerns the completion and implementation at the Aprilia production site of the parent Isagro S.p.A. of investments aimed at increasing plant efficiency and safety levels; the historical cost of these investments, already entirely present as at December 31st, 2019 in the item "Assets under development", was reclassified in the first half of the year to the item "Buildings" of € 369 thousand and to the item "Plant and machinery" of € 42 thousand.

The item “Assets under development”, amounting to € 1.562 thousand, essentially comprises:

- the purchase of new machinery at the Adria site (€ 645 thousand), in particular a mill dedicated to the production of paste products (€ 287 thousand), a rotating filter for the production of technical oxychlorides (€ 174 thousand) and a new packaging line (€ 60 thousand); it should also be noted that as at June 30th, 2020, in relation to these investments, there were contractual commitments of € 556 thousand with suppliers of the goods;
- further investments made (compared to those that came into operation in the first half of 2020) to increase the efficiency of plants and the safety of industrial buildings at the Aprilia production site (€ 645 thousand).

As reported in the previous paragraph “Uncertainty in the use of estimates”, in the half-year ended as at June 30th, 2020, the Directors did not carry out a full impairment test of the recoverability of the non-current assets recognised, even in the presence of an event such as the Covid-19 global health crisis, in that the Directors have assessed that the latter has not had any specific effect on the half-year results nor is it expected to have any effect on the results for the twelve months of the current financial year, compared to the estimates initially foreseen in the budget, as well as on the results expected for subsequent financial years compared to those expected in the 2020-2025 Business Plan.

2. Intangible assets – 20,925

The breakdown and summary changes in intangible assets in the first half of the year are described in the following tables.

Breakdown	31.12.2019			Change	30.06.2020		
	Historical cost	Accum. amortisation	Book value		Historical cost	Accum. amortisation	Book value
Product development costs:							
- SDHi (Fluindapyr)	3	-	3	(3)	-	-	-
- new formulations	2,019	-	2,019	(1,724)	295	-	295
	2,022	-	2,022	(1,727)	295	-	295
Process development costs	42	-	42	11	53	-	53
Product know-how:							
- SDHi (Fluindapyr)	22,020	(122)	21,898	(21,898)	-	-	-
- fungicide IR 6141	10,196	(9,010)	1,186	(176)	10,195	(9,185)	1,010
- insecticides and fungicides	1,207	(565)	642	(115)	1,207	(680)	527
- Remedier	773	(707)	66	(28)	771	(733)	38
- biostimulants and fumigants	2,743	(777)	1,966	(84)	2,746	(864)	1,882
	36,939	(11,181)	25,758	(22,301)	14,919	(11,462)	3,457
Process know-how	792	(550)	242	(84)	688	(530)	158
Extraordinary protection	8,021	(4,859)	3,162	(17)	8,718	(5,573)	3,145
Patents, licences, trademarks and registrations	26,930	(17,551)	9,379	(1,306)	26,693	(18,620)	8,073
Other:							
- commercial relations	639	(639)	-	-	639	(639)	-
- software	1,179	(658)	521	(24)	1,255	(758)	497
	1,818	(1,297)	521	(24)	1,894	(1,397)	497
Assets under development and payments on account:							
- registrations	6,216	-	6,216	(1,014)	5,202	-	5,202
- other assets under development	45	-	45	-	45	-	45
	6,261	-	6,261	(1,014)	5,247	-	5,247
	82,825	(35,438)	47,387	(26,462)	58,507	(37,582)	20,925

Changes for the period	Translation difference	Acquisitions/ capitalisations	Reclassifications and other changes	Amortisation/ Write-downs (*)	Reclassification to "*Non-current assets held for sale*"	Total change
Product development costs:						
- SDHi (Fluindapyr)	-	102	-	-	(105)	(3)
- new formulations	-	228	-	-	(1,952)	(1,724)
	-	330	-	-	(2,057)	(1,727)
Process development costs	-	11	-	-	-	11
Product know-how:						
- SDHi (Fluindapyr)	-	-	-	(489)	(21,409)	(21,898)
- fungicide IR 6141	(1)	-	-	(175)	-	(176)
- insecticides and fungicides	-	-	-	(115)	-	(115)
- Remedier	(2)	-	-	(26)	-	(28)
- biostimulants and fumigants	3	-	-	(87)	-	(84)
	-	-	-	(892)	(21,409)	(22,301)
Process know-how	-	-	-	(70)	(14)	(84)
Extraordinary protection	1	696	-	(714)	-	(17)
Patents, licences, trademarks and registrations	(4)	88	265	(1,212)	(443)	(1,306)
Other:						
- commercial relations						0
- software	-	76	-	(100)	-	(24)
	-	76	-	(100)	-	(24)
Assets under development and payments on account:						
- registrations	-	476	(265)	(3)	(1,222)	(1,014)
	-	476	(265)	(3)	(1,222)	(1,014)
	(3)	1,677	-	(2,991)	(25,145)	(26,462)

(*) composed of amortisation of € 2,979 thousand and write-downs of € 12 thousand

The Group's intangible assets include "Assets not yet available for use" for a total value of € 5,595 thousand, which essentially comprise:

- € 295 thousand in development costs incurred for the start-up of new formulations of crop protection products;
- € 5,247 thousand for "Assets under development" that refer primarily to registration costs incurred to obtain authorisations to sell formulations of the main proprietary products of the Group in various Countries.

It should be noted that, during the first half of the year, the obtaining of new authorisations led to the reclassification from "assets under development" to "registrations", triggering the beginning of the amortisation period, of € 265 thousand. Moreover, following the agreement signed between Isagro S.p.A. and the American company FMC Corporation for the sale of the Fluindapyr molecule (Asset Purchase Agreement signed in July 2020), a reclassification to "Non-current assets held for sale" of € 25,145 thousand was made.

"Extraordinary protection", amounting to € 3,145 thousand, refers to costs incurred by the Group to extend the useful life (i.e. the shelf-life) of certain products already on the market and also includes expenses incurred in order to comply with the requirements of EU regulations. In particular, the increase in the historical cost for the period, amounting to € 696 thousand, refers: i) for € 253 thousand to expenses incurred for the inclusion in Annex I, at European level, of the Kiralaxyl fungicide, ii) for € 130 thousand to expenses incurred in relation to studies on "residues" of crop protection products and iii) for € 41 thousand to studies requested by the European Union for the renewal of registrations of some fungicide formulations.

An update was made during the half to the analyses relating to the technical progress status of the projects under way and the results obtained up to now, which highlighted some criticalities in relation to certain assets which proved to be no longer usable or cost effective for the Group. Consequently, pursuant to IAS 38, the costs incurred in relation to investments regarding authorisations to sell that are being obtained for a total of € 3 thousand were fully written down and the costs incurred for a patent application for a total of € 9 thousand were written down.

The residual value of the item “Patents, licences, trademarks, registrations and similar rights”, amounting to € 8,073 thousand, comprises:

- registrations of crop protection products 7,366
- trademarks, patents and licences 707.

Impairment test

Pursuant to IAS 36, impairment tests are performed by the Isagro Group on the Group assets allocated to the Cash Generating Units (CGUs), at least annually, while preparing the financial statements as at December 31st, if the individual assets do not generate independent cash inflows.

In particular, the recoverability of the products under development and registrations in progress is verified, as these are intangible assets of the Group not yet available for use.

It should be noted that also the total carrying amounts of product and process know-how, as well as of patents and registrations obtained, classifiable as assets with “finite useful life”, are tested for impairment at least annually by the Group, as those are strictly related to the assets not yet available for use, and cannot therefore be measured independently. If the product assessed is part of a CGU, to which a portion of the Group’s goodwill has been allocated, the recoverable amount of the entire CGU is estimated. For further information, please refer to Note no. 4.

The following table shows the book values, as at June 30th, 2020 of the intangible assets grouped in accordance with the above:

	ASSETS WITH A FINITE USEFUL LIFE		
	Assets not yet available for use	Assets already available for use	Total Book value
Research and development activities:			
- Kiralaxyl (IR6141)	1,401	4,344	5,745
- Tetraconazole	373	3,552	3,925
- Biological and biostimulant products	392	537	929
- Copper	812	3,096	3,908
- Pyrethroids	108	221	329
- Fumigants	2,411	2,539	4,950
- Others	53	544	597
	5,550	14,833	20,383
Other intangible assets:			
- Software	45	497	542
	45	497	542
	5,595	15,330	20,925

The impairment test as at December 31st, 2019 was carried out by comparing the book value of each CGU with its recoverable amount arising for some CGUs from the determination of the value in use (reference to the CGUs "*Kiralaxyl - IR6141*", "*Biological and biostimulant products*", "*Fumigants*" and "*Pyrethroids*") through the use of the "Discounted Cash Flow" method, and for other CGUs through the comparison with the market value - "fair value" (reference to the "*Tetraconazole*", "*Copper*" and "*Fluindapyr – SDHi*" CGUs). For further details on this subject, with special reference also to the results deriving from the different sensitivities carried out by the Directors (including that deriving from the possible effects of the Covid-19 pandemic), please refer to the consolidated financial statements as at December 31st, 2019.

As reported in the previous paragraph "Uncertainty in the use of estimates", in the half-ended ended as at June 30th, 2020, the Directors did not carry out a full impairment test of the recoverability of the recognised non-current assets, even in the presence of an event represented by the Covid-19 global health crisis, in that the latter did not have any specific effect on the half-year results of Isagro nor is it expected to have any effect on the results for the twelve months of the current financial year (Group 2020 forecast), results that are expected to be in line (if not better) with the estimates initially envisaged by the budget (which did not include the Covid-19 sensitivity) for the current financial year. Moreover, the Directors confirm for the financial years after 2020 the estimates initially envisaged by the 2020-2025 Business Plan, with the exception of what is indicated for the following financial year 2021 where the estimates deriving from Covid-19 are considered by the Directors as not significant.

Moreover, it should be noted that the estimate of interest rates (WACC) as at June 30th, 2020, is in line with the values as at December 31st, 2019.

For this reason, Isagro did not consider it necessary to revise the impairment tests prepared as at December 31st, 2019, confirming substantially the results (which, it should be noted, did not result in the consolidated financial statements in the recognition of impairment losses in the income statement).

In addition to the above, note that, with regard to the Fluindapyr - SDHi CGU, the Asset Purchase Agreement signed in July 2020 confirmed the sale price of the molecule in € 55 million, a value already reported in the binding offer received and accepted by Isagro last May.

However, we should not exclude the fact that the future trend in various factors, including developments in the difficult global economic and financial context as well as the evolution of the Covid-19 pandemic, requires Management to continuously monitor the circumstances and events that could bring about a write-down of the Group's intangible assets.

3. Rights of use – 4,171

The breakdown and summary changes in rights of use in the first half of 2020 are described in the following table:

Breakdown	31.12.2019			Change	30.06.2020		
	Historical cost	Accum. amortisation	Book value		Historical cost	Accum. amortisation	Book value
Rights of use:							
Land	212	(8)	204	(1)	212	(9)	203
Buildings	4,357	(797)	3,560	(183)	4,403	(1,026)	3,377
Vehicles	1,009	(488)	521	(5)	1,236	(720)	516
Equipment	292	(156)	136	(61)	291	(216)	75
Total	5,870	(1,449)	4,421	(250)	6,142	(1,971)	4,171

Changes for the period	Translation difference	Acquisitions	Early repayments	Other changes	Amortisation	Total change
Rights of use:						
Land	-	-	-	-	(1)	(1)
Buildings	(21)	65	-	2	(229)	(183)
Vehicles	(5)	249	(17)	-	(232)	(5)
Equipment	-	6	(7)	-	(60)	(61)
Total	(26)	320	(24)	2	(522)	(250)

The financial statement item includes, pursuant to the accounting standard IFRS 16 - Leases, the residual value of the rights of use held by the Group through both operating and finance leases. The right of use of assets, comprising the initial value of the liability deriving from the lease agreement, is recognised in the financial statements net of depreciations calculated systematically at the lease term or the residual useful life of the underlying asset, whichever lower.

The item "Land" refers to the residual value of the right of use, for a period of 99 years starting from 2005, by the parent Isagro S.p.A., of an area in the municipality of Bussi sul Tirino (PE) owned by the company Solvay Solexis S.p.A., as well as to the right of occupation for a period of 84 years starting from 2019, an additional area facing the one described previously.

The item "Buildings" refers, for € 3,377 thousand, to the right of use of the offices and related fittings of the registered office of the parent Isagro S.p.A. This value was calculated over a duration of twelve years, inclusive of the renewal option of the contract, whose exercise was considered to be reasonably certain by the Directors as at June 30th, 2020.

The item "Acquisitions" includes new contracts or renewal of office lease contracts of € 65 thousand and car rental contracts of € 249 thousand.

It should be noted that depreciation of the vehicles granted to Group employees for personal and business use, amounting to € 123 thousand, was classified under "Personnel costs" in the Income Statement.

It should also be noted that, following the health crisis at Covid-19, the Group did not renegotiate the rents initially envisaged.

4. Goodwill – 2,956

The breakdown and the changes in this item compared with the previous year are shown in the following table.

CGU description	Value as at 31.12.2019	Changes over the period Translation differen-ces	Acquisitions/ disposals	Write-downs	Total change	Value as at 30.06.2020
- "Copper"	886	-	-	-	-	886
- "Biological products"	461	-	-	-	-	461
- "Tetraconazole"	209	-	-	-	-	209
- "Formulations"	20	-	-	-	-	20
- Isagro Colombia S.A.S.	1,572	(192)	-	-	(192)	1,380
Total	3,148	(192)	-	-	(192)	2,956

Goodwill, acquired in business combinations, was allocated to the Cash Generating Units (CGU) listed and described in the table below:

- “Copper”	the CGU refers to the copper-based product business, their production at the Adria (RO) plant and their worldwide distribution
- “Biological products”	the CGU refers to the biological product business, their production at the Novara plant and their worldwide distribution
- “Tetraconazole”	the CGU refers to the business of the fungicide Tetraconazole
- Isagro Colombia S.A.S.	the CGU refers to crop protection product marketing activities in Colombia and in South America

In compliance with international accounting standards, goodwill is not amortised but rather subjected to an impairment test at least annually calculated by comparing the book value of the unit to which the goodwill was allocated to the recoverable amount.

As already mentioned in Note no. 2 above, to which reference is made, as at December 31st, 2019, the Group carried out the impairment test by comparing the book value of each CGU with its recoverable amount, deriving for some CGUs from the determination of the value in use and, for other CGUs, through the comparison with the market value (fair value).

As already reported in the previous paragraphs “Uncertainty in the use of estimates” and "Intangible assets", to which reference is made, in the half-year ended as at June 30th, 2020, the Directors did not carry out a full impairment test of the recoverability of the non-current assets recognised as at June 30th, 2020, thus confirming the results of the impairment tests carried out at the end of the 2019 financial year.

Moreover, it should be noted that the estimate of interest rates (WACC) as at June 30th, 2020, is in line with the values as at December 31st, 2019.

5. Equity investments in other companies – 3,195

Breakdown	Value as at 31.12.2019	Changes over the period					Value as at 30.06.2020
		Acquisitions (Disposals) Increases (Decreases)	Revaluations	Reclassifications	Fair value adj.	Total change	
Equity investments in other companies - Arterra Bioscience S.p.A.	4,176	-	-	-	(981)	(981)	3,195
Total	4,176	-	-	-	(981)	(981)	3,195

This is the fair value as at June 30th, 2020 of the equity investment held by the parent Isagro S.p.A. in the company Arterra Bioscience S.p.A.

In consideration of the provision of the ESMA Circular of May 20th, 2020, with regard to the implications that the Covid-19 emergency had on the interim financial statements of issuers of securities traded on regulated markets and its possible repercussions on the fair value of Arterra shares, it is reported that as at September 8th, 2020, the price of Arterra shares was € 3.03 and, consequently, the fair value of the shares was € 3,339 thousand, with an increase compared to the fair value as at June 30th, 2020 of € 144 thousand.

6. Non-current receivables and other assets – 2,845

Breakdown	Book value 31.12.2019	Increases/ decreases	Book value 30.06.2020
Non-current receivables and other assets:			
- guarantee deposits	73	(2)	71
- know-how user licences	2,764	10	2,774
	2,837	8	2,845

The item “know-how user licences” refers:

- for € 1,915 thousand to the present value of the non-current portion of the receivable relating to the upfront payment recognised to the parent Isagro S.p.A. by the British company Gowan Crop Protection Ltd (related party), in the form of a one-off definitive payment, following the signing, in November 2016, of an agreement for the exclusive granting of the right to develop, register, formulate, produce and market, in Europe, mixtures based on the parent Isagro S.p.A. proprietary active ingredient Kiralaxyl; the contract states that the price agreed of € 5,250 thousand, the present value of which was calculated by discounting the expected cash flows at a rate agreed by the parties of 2%, must be paid in six annual instalments, including the interest accrued, of which the first of € 500 thousand was received in December 2017, the second of € 750 thousand was received in November 2018 and the third of € 1,000 thousand was collected in November 2019, while the remaining three instalments of € 1,000 thousand are each expected to be paid in November 30th in the 2020-2022 three-year period.

  The current portion of the present value of the receivable, equal to € 992 thousand, was recognised under "trade receivables".
- for € 750 thousand to the non-current portion of the receivable relating to the upfront payment totalling € 2,500 thousand recognised to the parent Isagro S.p.A. by the Spanish

company AQL Agroquimicos de Levante S.A., in the form of a one-off definitive payment, following the signing of an agreement in March 2019 which provides, among other things, for the concession of the exclusive right to use the data relating to the biofumigant Allyl Isothiocyanate, owned by the parent Isagro S.p.A., both for the development and obtaining of registrations and the production and market of products and/or mixtures in some countries; the contract requires the agreed consideration to be paid as follows:

- € 1,500 thousand in four instalments of € 375 thousand each, due in April, June, September and November 2019, which were all collected;
- € 1,000 thousand in four annual instalments of € 250 thousand each starting from November 20th, 2020 and which accrue interest at the 12-month EURIBOR + 2% spread.

The current portion of the receivable, amounting to € 269 thousand, was recorded in the item "Trade receivables" and refers to the portion due in November 2020, including related interest.

- for € 109 thousand to the non-current portion of the present value of the receivable relating to the upfront payment totalling € 200 thousand, of which € 20 thousand already collected in January 2017 and discounted using the three-month Euribor rate + 2.71%, recognised to the parent Isagro S.p.A. by the American company Suterra LLC in the form of a one-off definitive payment following the signing of an agreement, with a duration of eleven years starting from January 1st, 2017, which provides for the concession of the exclusive right to use the data relating to the Deltamethrin insecticide, an active ingredient owned by Isagro, for the production of its own products for the attraction and elimination of insects, which will be marketed in the European Union, Morocco, Israel, Tunisia, Lebanon, Mexico, Argentina, Australia and South Africa. This agreement also requires the parent to supply Suterra with the active ingredient required for the manufacturing of its products throughout the duration of the contract.

The contract provided that the residual consideration would be paid at the time of obtaining the first registration of a Suterra formulation with Isagro active ingredient in annual instalments of € 20 thousand each on December 1st of each year.

The current portion of the receivable, equal to € 20 thousand, was recognised under "Trade receivables".

7. Financial receivables and other non-current financial assets - 2,503

This item refers to a medium-long term restricted current account, which bears interest at a rate of 0.001% per annum, which the parent Isagro S.p.A. opened at UniCredit S.p.A.. This deposit, which will expire on June 27th, 2023, was set in place as a pledge in favour of the bank, following the granting, by the latter of a guarantee totalling € 7,586 thousand required by Arysta LifeScience Inc. as a counterparty in a medium/long-term agreement. For details please refer to the consolidated financial statements for the year 2019.

8. Deferred tax assets and liabilities – 5,279

Deferred tax assets – 5,753

Deferred tax liabilities – 474

Breakdown	Book value 31.12.2019	Changes over the period				Book value 30.06.2020
		Provisions	Uses	Other changes	Overall change	
Deferred tax assets	6,181	186	(494)	(120)	(428)	5,753
Deferred tax liabilities	(660)	(16)	116	86	186	(474)
Total	5,521	170	(378)	(34)	(242)	5,279

The table below shows the temporary differences between the tax base and statutory income that led to the recognition of deferred tax assets and liabilities:

Temporary differences	Deferred tax assets/liabilities 31.12.2019		Transfers to Income Statement			Changes in equity	Deferred tax assets/liabilities 30.06.2020	
	Taxable base	Taxation	Provisions	Uses	Other changes	Translation difference and other changes	Taxable base	Taxation
Deferred tax assets								
- tax losses	14,505	3,475	-	(218)	-	-	13,569	3,257
- allocations to taxed provisions	2,851	762	164	(12)	33	(161)	2,821	786
- grants related to R&D	90	26	-	(7)	-	-	64	19
- intercompany profits	5,251	1,444	22	(242)	25	(1)	3,887	1,248
- others	1,789	474	-	(15)	-	(16)	1,689	443
Total deferred tax assets	24,486	6,181	186	(494)	58	(178)	22,030	5,753
Deferred tax liabilities								
- amortisation/depreciation for tax purposes	1,850	567	2	(116)	-	(50)	1,448	403
- others	361	93	14	-	-	(36)	282	71
Total deferred tax liabilities	2,211	660	16	(116)	-	(86)	1,730	474
TOTAL	22,275	5,521	170	(378)	58	(92)	20,300	5,279

"Deferred tax assets" includes € 3,257 thousand related to tax losses mainly referring to the parent Isagro S.p.A. (€ 3,256 thousand), € 1,248 thousand referring to the tax effect of the elimination of intercompany profits and € 786 thousand relating to taxed risk and expense provisions.

In recognising and assessing the recoverability of these deferred tax assets, the Directors took into consideration the taxable results deriving from the 2020 forecast (which confirms the inclusion of future taxable income that includes the effects deriving from some well-structured extraordinary transactions, among which the one deriving from the sale, as already mentioned several times, of the know-how, registrations, patents and trademarks relating to the Fluindapyr fungicide to the American company FMC Corporation, whose achievement is considered by the Directors as probable), and such as to guarantee the recoverability of the aforementioned deferred tax assets and those deriving from the 2020-2025 Business Plan approved on May 6th, 2020 for the financial years after 2020 of the individual companies belonging to the Group, by extrapolating from the latter the expected taxable income for subsequent years.

However, it cannot be ruled out a priori that the onset of economic and/or financial crises, or the continuation of the recent health crisis due to Covid-19, as well as postponement in the expected time scales in the conclusion of the extraordinary transactions mentioned above, may raise doubts about the timing and methods set out for the recoverability of these items in the financial statements. The Management will continuously monitor the circumstances and events that could bring about such results.

It is also disclosed that as at June 30th, 2020 there are deferred tax assets not provided for in the Financial Statements relating to tax losses for previous years, for a total value of € 7,578 thousand, of which € 2,190 thousand relating to the subsidiary Isagro USA, Inc. and € 5,388 thousand relating to the parent Isagro S.p.A. Taking this into account, note that the parent's overall tax losses as at June 30th, 2020, amount to € 36,018 thousand, in relation to which, as mentioned, deferred tax assets were recognised for only € 3,256 thousand, corresponding to € 13,567 thousand in tax losses retained.

"Deferred tax liabilities" include a € 403 thousand misalignment between the statutory and tax amortisation of tangible and intangible assets, and refers essentially to the capitalisations and amortisations of the costs of development of the new products of the parent Isagro S.p.A.

Deferred tax assets and deferred tax liabilities include € 1,643 thousand and € 210 thousand, respectively, which, based on the 2020 forecast and the results of the 2020-2025 Business Plan for the years after 2020, are expected to be reversed beyond the following year.

9. Inventories – 38,313

Breakdown	Book value 31.12.2019	Changes over the period					Book value 30.06.2020
		Increases/ decreases	Write-downs/ allocations to provision for inventory write-down	Translation difference and other changes	Use of provision for inventory write-down	Total change	
Raw materials and consumables	12,366	(361)	(214)	(12)	32	(555)	11,811
Finished products and goods	28,254	(909)	-	(1,104)	-	(2,013)	26,241
Payments on account	233	58	-	(30)	-	28	261
Total	40,853	(1,212)	(214)	(1,146)	32	(2,540)	38,313

The decrease in inventories of finished products, compared to December 31st, 2019, is to be related to the higher sales made in the first half of the year, in particular by the subsidiaries Isagro Brasil and Isagro USA, Inc.; in fact, the Brazilian subsidiary made some sales in the first half of the year

that should have taken place at the end of 2019 (whose orders from local customers were postponed to the 2020 financial year), while the American subsidiary was able to benefit from weather conditions favourable to the development of fungal diseases, which allowed the reduction of the stock as at December 31st, 2019.
Inventories include goods, for a value of € 388 thousand, stored at the warehouse of the French plant of Arysta LifeScience by way of guarantee of obligations set out in the "Licence, development, distribution and supply" agreement that the parent Isagro S.p.A. signed with Arysta LifeScience Corporation in 2013.
Inventories, net of the allowance for inventory obsolescence, relating to goods either obsolete or to be re-processed, amounted to € 2,295 thousand. During the financial year, the provision registered increases totalling € 214 thousand and uses amounting to € 32 thousand.

10. Trade receivables – 34,014

Breakdown	Book value 31.12.2019	Changes over the period					Book value 30.06.2020
		Increases/ decreases	Translation differences write-down provisions	Write-downs/ allocations to write-down provisions	Use of write-down provisions	Overall change	
Trade receivables	32,469	7,449	-	-	-	7,449	39,918
- bad debt provision	(4,563)	-	41	(610)	-	(569)	(5,132)
- bad debt provision default int.	(679)	-	0	(93)	-	(93)	(772)
	27,227	7,449	41	(703)	-	6,787	34,014

The item recorded an increase of € 6,787 thousand compared to December 31st, 2019; this change is, however, insignificant due to the seasonal nature that characterises the crop protection products market and the presence, under trade receivables, of the current portions of non-current receivables relating to medium/long-term agreements; therefore, excluding the value of these receivables, amounting to € 1,589 thousand as at June 30th, 2020, and € 1,606 thousand as at December 31st, 2019, total trade receivables, gross of the bad debt provisions, came to € 38,329 thousand as at June 30th, 2020. Therefore, comparing this value with that corresponding to June 30th, 2019, adjusted for trade receivables of the former subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. – sold in December 2019 – amounting to € 34,256 thousand, also net of the current portion of non-current receivables related to the M/L Agreements, an increase of € 4,073 thousand was recorded, directly related to the increase in turnover in the first half of 2020, as described in Note no. 26 to which reference is made.
It should also be noted that the non-recourse transfers, expiring beyond the reporting date, carried out by the parent Isagro S.p.A., also contributed to the change in trade receivables; these transactions actually regarded receivables of € 8,392 thousand, a decrease compared to both € 13,165 thousand due after December 31st, 2019 and € 13,100 thousand due after June 30th, 2019.
The item "allocations" of the bad debt provision, amounting to € 610 thousand, mainly concerned:

- for € 309 thousand, the parent Isagro S.p.A.; this provision was necessary, on the one hand, following an increase in the stock of receivables as at June 30th, 2020 compared to December 31st, 2019 and, on the other hand, following a worsening of the payment profile of some customers, which determined a shift of their receivables into higher risk past due brackets, a worsening mainly due to delays essentially related to specific external factors not associated with the current pandemic;

- for € 237 thousand, the subsidiary Isagro Colombia, following a worsening in the payment profile of some customers, with the shifting of their receivables into higher risk past due brackets.

With reference to the effects of the Covid-19 health crisis on receivables, it should be noted, however, that the Isagro Group did not report significant delays in collections with respect to the original contractual deadlines with its customers (net of the above), which are also confirmed by the collections received in the period from July to August 2020.

Interest on arrears was recognised for delays in payment from customers; a € 772 thousand provision was made for these receivables.

Regarding the total trade receivables due from related parties, please refer to Note no. 44.

Here below is the breakdown of trade receivables by geographic area based on the customer's location:

▪ Italy	5,421
▪ Other European countries	12,401
▪ Central Asia and Oceania	1,746
▪ Americas	14,638
▪ Far East	1,570
▪ Middle East	2,228
▪ Africa	1,914
Total	39,918

The average contractual maturity of trade receivables as at June 30th, 2020, is as follows:

- Italy 136 days (156 days as at December 31st, 2019);
- Foreign countries 103 days. (84 days as at December 31st, 2019).

The trade receivables reported in the financial statements do not include any receivables due beyond 12 months.

The table below shows the analysis of trade receivables past due at the end of the reporting period of the condensed consolidated half-year financial statements as at June 30th, 2020, but not impaired:

	Not yet due	Past due but not impaired					Total receivables
		< 30 days	31-60 days	61-90 days	91-120 days	>120 days	
As at June 30th, 2020	28,487	2,906	162	129	443	1,887	**34,014**
As at December 31st, 2019	22,828	2,416	321	231	179	1,252	**27,227**

It should be noted that among "not yet due" trade receivables there are € 375 thousand of receivables whose commercial conditions were renegotiated and that otherwise would have been included among "receivables past due but not impaired" in the "< 30 days" bracket.

11. Other current assets and other receivables – 4,389

Breakdown	Book value 31.12.2019	Increases/ decreases	Book value 30.06.2020
Other current assets and other receivables:			
- grants	27	(27)	-
- advance payments to suppliers and creditors	323	(21)	302
- employees	76	145	221
- due from tax authorities for VAT and other taxes	979	(642)	337
- receivables for "minimum guaranteed margins"	467	383	850
- escrow account	5,886	(4,400)	1,486
- others and prepaid expenses	2,231	(238)	1,993
	9,989	(4,800)	5,189
- bad debt provision	(2,331)	1,531	(800)
Total	7,658	(3,269)	4,389

The decrease in this item is essentially attributable:

- for € 2,708 thousand to the collection, in the first half of 2020, of part of the residual amount or price related to the sale of the equity investment in the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. on December 27th, 2019 , deposited with an escrow agent, for details of which reference is made to the 2019 consolidated financial statements; it should also be noted that, in the first half of 2020, the parent Isagro S.p.A. partially used the bad debt provision, against the reduction, for € 1,531 thousand, of the final price of the above mentioned sale, deriving from a true-up adjustment mechanism;
- for € 500 thousand as a result of the use of a part of the 2019 VAT credit of the parent Isagro S.p.A. to offset with contributions and withholding taxes to be paid in May 2020;
- for € 27 thousand to the collection of the non-repayable grant paid by the Ministry of Economic Development following the admission to the benefits from the Technological Innovation Fund of the project of the parent Isagro S.p.A. called "Use of bioinformatics platforms for the identification of crop protection products".

"Advance payments to suppliers and creditors" relate to payments on account made to suppliers during the period, especially for services pertaining to research activities.

The item "Due from tax authorities for VAT and other taxes" is mainly related to the residual VAT credit of the parent Isagro S.p.A.

The increase in the item "Receivables for minimum guaranteed margins" refers to the estimated amount that the British company Gowan Crop Protection Ltd (related party) should pay to the parent Isagro S.p.A. following its failure to reach the contractual sales margins envisaged for Kiralaxyl-based products, a proprietary fungicide of Isagro, for which the British company became the sole distributor in the European market under the medium/long-term agreement signed in 2016.

The item "Others and prepaid expenses" essentially concerns: i) for € 295 thousand, the recovery by the parent Isagro S.p.A. from Sipcam Agro USA, of part of the costs incurred in previous years in relation to some studies regarding the Tetraconazole molecule, following the signing of an agreement to share the expenses to be incurred for the renewal of the registration of the technical product in the United States, ii) for € 104 thousand, the recovery of the research and development costs incurred by the parent Isagro S.p.A. from the American company FMC Corporation under a co-development agreement entered into between the two companies concerning the Fluindapyr - SDHi molecule, iii) for € 24 thousand the recovery of the costs incurred by the parent Isagro S.p.A. in Brazil from Arysta LifeScience (now UPL do Brasil), based on a distribution agreement signed in 2017 and iv) for € 41 thousand, the recovery, by the parent Isagro S.p.A. from Syngenta Crop Protection, of part of the costs incurred in relation to some studies on a metabolite. Prepaid expenses, amounting to € 900 thousand, are also included in this item.

These receivables are due within the next twelve months.

The table below, which does not include prepaid expenses, shows the analysis of other receivables past due at the end of the reporting period of the condensed consolidated half-year financial statements but not impaired:

	Not yet due	Past due but not impaired					Total
		< 30 days	31-60 days	61-90 days	91-120 days	>120 days	receivables
As at June 30th, 2020	1,575	1,393	-	10	16	495	**3,489**
As at December 31st, 2019	2,776	3,981	-	476	-	20	**7,253**

12. Tax receivables – 1,029

Breakdown	Book value 31.12.2019	Change for the period	Book value 30.06.2020
Tax receivables:			
- direct taxes	1,205	(176)	1,029
	1,205	(176)	1,029

The financial statement item mainly refers to receivables for direct taxes of the parent Isagro S.p.A. (€ 1,017 thousand), of which € 521 thousand related to the tax credit "*A.C.E. - Aid for economic growth*" and € 167 thousand related to a receivable from the Indian tax authorities; the latter receivable corresponds to the excess withholding paid in the 2019 financial year and calculated on the basis of the sale price of the equity investment at the closing date, which was found to be excessive in that the final price was subject to a true-up adjustment mechanism that resulted in its reduction.

13. Current financial receivables and other financial assets – 871

The financial statement item refers to a financial receivable allocated by the subsidiary Isagro España S.L. from a Hong Kong bank. As already highlighted in the Directors' Report, in May 2020, the Spanish subsidiary was subject to a phishing scam that resulted for this company in an undue bank outlay to a limited liability company with registered office and current account in Hong Kong. As a result of the timely actions taken by the Isagro Group, the current account for crediting the amount subject to scam was first monitored and immediately afterwards blocked by the Hong Kong legal authorities; moreover, on July 14th, 2020 the High Court of the Hong Kong Special Administrative Region issued a final judgement ordering the repayment of the amounts subject to the scam that, at the moment, are deposited in the account of the Hong Kong bank.

The recoverability of this financial receivable is therefore considered probable by the Directors.

14. Financial assets and liabilities - derivatives – 815

Non-current financial assets – 3

Current financial assets – 884

Non-current financial liabilities – 16

Current financial liabilities – 56

The values of the financial assets and liabilities for derivatives coincide with their fair value, which accounting standard IFRS 13 defines as the price that would be received for the sale of an asset or that would be paid for the transfer of a liability in a regular transaction between market operators on the date of measurement. Since a listed price for the type of financial instruments the Group uses is not available, proper measurement techniques based on the discounting of expected cash-flows in connection with ownership of the derivatives were used. Such measurement particularly required that an adjustment factor for the risk of non-fulfilment referring to the counterparty for the financial assets and the credit risk of the Group for the financial liabilities (own credit risk) be included.

The following tables disclose the types of derivative contracts outstanding as at June 30th, 2020:

Description of derivatives	Book value 31.12.2019	Increases/ decreases	Book value 30.06.2020
Non-current financial assets:			
- interest rates	6	(3)	3
	6	(3)	3
Current financial assets:			
- foreign exchange	152	679	831
- interest rates	4	(1)	3
- commodities	35	15	50
	191	693	884
Non-current financial liabilities:			
- interest rates	(36)	20	(16)
	(36)	20	(16)
Current financial liabilities:			
- foreign exchange	(60)	26	(34)
- interest rates	(48)	26	(22)
- commodities	(13)	13	-
	(121)	65	(56)
Total	40	775	815

Description of derivatives	Fair value as at June 30th, 2020
Cash flow hedge derivatives:	
- interest rates	(32)
- foreign exchange	797
- commodities (copper)	50
	815
Trading derivatives:	
- foreign exchange	-
	-
Total	815

The cash flow hedge derivatives concern:

- the hedging of the interest rate risk of floating rate medium-long term loans, to transform them into a fixed rate loans. In particular, the item refers to the valuation of interest rate swap derivatives intended to hedge the fluctuation of the flows of interest expense relating to three floating-rate loans, illustrated in the table below:

Characteristics of derivatives					
Signing date	Expiration date	BANK	Floating interest rate (annual)	Residual notional value Euro/000	Fair value (Euro)/000
12/05/2017	31/05/2021	UNICREDIT	0.17%	1,516	(5)
28/06/2018	30/06/2023	BANCO BPM	0.15%	3,355	(33)
29/05/2019	30/06/2023	BANCO BPM	0.12%	3,012	6
				7,883	(32)

Characteristics of related loans			
Disbursement date	Expiration date	Residual value Euro/000	Floating interest rate (annual)
12/05/2017	31/05/2021	1,516	E6M/365 (floor-0.95%)
28/06/2018	30/06/2023	3,355	E3M/360 (floor -1.15%)
29/06/2019	30/06/2023	3,012	E3M/360 (floor -1.15%)
		7,883	

- the hedging of the risk of changes in euro/dollar and euro/Brazilian real exchange rates, relating to foreign currency sales of goods and services, by entering into forward and non-deliverable forward contracts. As the hedge relationship is maintained until the collection of the trade receivable linked to the sale, the economic impact of these derivatives is partly recognised to adjust revenues and partly under item "Gains/(losses) on foreign exchange and derivatives". The characteristics of these instruments are described in the table below:

Contract type	Currency	Average exchange rate	Notional value (Currency/000)	Fair value (Euro/000)
Forward - Sale	USD/EUR	1.1257	(17,800)	(1)
Forward - Sale	BRL/EUR	5.26	(26,505)	805
Forward - Purchase	BRL/EUR	6.07	2,210	(7)
Total				797

- the hedging of the risk of changes in the purchase price of the commodity "copper" through forward purchases of equivalent copper via swaps, which are entered into when a sales order for copper-based products is acquired, for which the future purchase of the commodity "copper" is envisaged. The hedges entered into are recognised as an adjustment of purchases and therefore proportionally distributed between the cost of sales and final inventories based on the consumption made. The characteristics of these instruments are described in the table below:

Contract type	Hedged quantity (tons)	Strike price (Euro)	Notional value (Euro/000)	Fair value (Euro/000)
Commodity swap - purchase	264	5,157	1,362	50
	264		1,362	50

As provided for by the international accounting standards, the portion of gain or loss relating to the valuation of these derivatives regarding hedge transaction that have not yet taken place, was recognised, net of the related tax effect, under other comprehensive income, and will be subsequently booked to the income statement consistently with the hedged element.

The effects on the income statement and other comprehensive income of the hedging transactions described above are summarised, pursuant to IFRS 7, in the table below:

	Change in fair value of hedging instrument booked to O.C.I. (Cash Flow Hedge)	Cost of the hedge booked to O.C.I.	Amount reclassified from hedging reserve (cash flow hedge) to the separate income statement in the following financial statement items			Amount reclassified from reserve for cost of the hedge to the separate income statement in the following financial statement items		
			Revenues	Purchases	Financial components	Revenues	Purchases	Financial components
Cash flow hedge:								
- sale and purchase of raw materials and/or products in foreign currency considered highly probable	2,636	(1,221)	292	-	(1,684)	94	-	159
- purchases of copper	(127)	-	-	154	-	-	-	-
- floating rate loans	18	-	-	-	24	-	-	-

Trading derivatives refer to transactions that do not meet international accounting standard requirements for the application of hedge accounting.

These derivatives regard forward contracts on currencies related to forward purchases of US Dollars, described in the table below:

Contract type	Currency	Average exchange rate	Notional value (Currency/000)	Fair value (Euro/000)
Forward - Purchase	USD/COP	3,726.59	796	-
Total				-

The valuation techniques used to calculate the fair value of derivative contracts are explained below:

- <u>Foreign exchange rates</u>: Discounted cash flow method, where the expected cash flows to discount have been estimated on the basis of the difference between the forward exchange rates seen in the curve of market rates as at the date of the financial statements and the contractual forward exchange rates; discounting was calculated on the basis of the zero coupon curve as at June 30th, 2020, properly adjusted to consider the premium connected with the "compliance risk";

- Copper: Discounted cash flow method, where the expected cash flows to discount were calculated on the basis of the difference between the expected future value of the average price of copper on the London Metal Exchange (L.M.E.) and the contractually agreed fixed price; discounting was calculated on the basis of the zero coupon curve as at June 30th, 2020, appropriately adjusted to take into account the premium connected with the "compliance risk";
- Interest rates: Discounted cash flow method, where the expected cash flows to discount have been estimated on the basis of the difference between the forward interest rates seen in the curve of market rates as at the date of the financial statements and the contractual forward interest rates; discounting was calculated on the basis of the zero coupon curve as at June 30th, 2020, properly adjusted to consider the premium connected with the "compliance risk";

Additional information required by IFRS 7 and IFRS 13 is included under Note no. 42.

15. Cash and cash equivalents — 7,956

Breakdown	Book value 31.12.2019	Increases/ decreases	Book value 30.06.2020
Bank deposits:			
- demand bank deposits	46,571	(38,626)	7,945
	46,571	(38,626)	7,945
Cash on hand	10	1	11
Total	46,581	(38,625)	7,956

Cash and cash equivalents (bank deposits and cash on hand) as at June 30th, 2020 refer to the parent Isagro S.p.A. for € 3,323 thousand and the subsidiaries for € 4,633 thousand, respectively.
The decrease in cash and cash equivalents, compared to December 31st, 2019, is attributable to the repayment of medium-long term loans granted to the parent Isagro S.p.A., the absorption of resources by operating activities as well as the continued investments in R,D&I activities, as highlighted in the cash flow statement to which reference is made.
Demand deposits are floating-rate deposits. The average interest rate on bank and foreign currency deposits of the Group as at June 30th, 2020 was 0.06% per year.
Note that for the purposes of the cash flow statement, the item "cash and cash equivalents" coincides with the respective item in the Balance Sheet.

16. Equity attributable to owners of the parent - 90,848

The breakdown of and changes in Equity attributable to owners of the parent are explained in the "Consolidated Statement of changes in shareholders' equity in the first half of 2020".
The share capital of the parent Isagro S.p.A. amounted to € 24,961 thousand as at June 30th, 2020, fully subscribed and paid up, and comprised 24,549,960 Ordinary Shares and 14,174,919 "Growth Shares", which are included in a class of special shares whose characteristics are described below.
The item "Reserves", amounting to € 51,366 thousand, comprises:

- Share premium reserve	44,910
- Hedging reserve (cash flow hedge*)*	735
- Reserve for cost of the hedge (hedging)	(578)

- Reserve for shares at FVTOCI	330	
- Translation difference	(1,717)	
- Other reserves:		
* merger surplus	1,079	
* legal reserve	4,538	
* treasury shares	(973)	
* unavailable reserve		
shares at fair value	2,737	
* top manager retention plan	305	
		7,686
- Total		51,366

The “Share premium reserve” is recognised net of the costs incurred by the parent Isagro S.p.A. in relation to the share capital increase transactions carried out in previous years. These costs, net of the tax effect of € 1,228 thousand, amount to € 2,356 thousand.

In relation to the item "Treasury shares", it should be noted that, in the first half of 2020, 182,500 treasury "growth shares" were allocated (for a value of € 229 thousand) to the top managers of the parent Isagro S.p.A., beneficiaries of the "Long-term incentive and retention plan" described in Note no. 30, to which reference is made; this allocation took place following the achievement, as at December 31st, 2019, of the first objective of the plan in terms of continuity of the employment relationship, through the allocation of 50% of the first 50% of the shares (known as Restricted Shares). The cost of the incentive, corresponding as at June 30th, 2020 to € 77 thousand, was recognised under “Personnel costs” and a balancing entry was recorded under an equity reserve. The item also includes € 84 thousand relating to the capital loss, realised in 2018 and booked directly to equity reserves, following the sale of 50,000 ordinary treasury shares.

The item "Legal reserve" increased, in the first half of 2020, by € 858 thousand as a result of the allocation of 5% of the 2019 profit of the parent Isagro S.p.A.

The item "Unavailable reserve shares at fair value" includes the income determined, in 2019, as the difference between the book value at the date of the I.P.O. of the shares held by the parent Isagro S.p.A. in Arterra Bioscience S.p.A. and its fair value, calculated using the placement price; for the description of the listing of Arterra Bioscience S.p.A., reference is made explicitly to the 2019 consolidated financial statements.

The changes in the “Hedging reserve - cash flow hedge” are illustrated below; the item includes the amount, transferred to the statement of comprehensive income, of the gains and losses relating to cash flow hedge transactions, deriving from interest rate swaps, commodity futures and currency forwards contracts (see Note no. 14): The accumulated gains and losses are then released to the income statement when the hedged transaction impacts the Group income statement:

Hedging reserve (cash flow hedge)	Interest	Commodity	Currency	Total
Value as at December 31st, 2019	(57)	23	(528)	(562)
Profits/(Losses) generated in the half-year	18	(127)	2,636	2,527
Profits/(losses) reclassified to the Income Statement	24	154	(1,392)	(1,214)
Tax effect	(10)	-	(6)	(16)
Value as at June 30th, 2020	(25)	50	710	735

The “Cost of the hedge” reserve includes the effect of the change in the fair value of the forward element of the “currency forward” contracts following the decision of the parent Isagro S.p.A. to designate only the change in the spot element of the forward contract as a hedging instrument, therefore, excluding its forward element. Nonetheless, the latter regards a hedged element relating to a given operation/transaction given that, in relation to the type of hedges put in place to manage exchange rate risk, the nature of the hedged element is an operation for which the forward element represents a cost. Also in this case, the accumulated gains and losses in the reserve are then released to the income statement when the hedged transaction impacts the Group’s income statement. The following table shows the change in the reserve during the half-year:

“Cost of the hedge” reserve	
Value as at December 31st, 2019	354
Losses generated in the half-year	(1,221)
Losses reclassified to the income statement	253
Tax effect	36
Value as at June 30th, 2020	(578)

The Reserve for "shares at FVTOCI" was established in 2019 and includes the fair value measurement of the shares of the company Arterra Bioscience S.p.A. as at June 30th, 2020; in fact, as already described in the 2019 consolidated financial statements, to which explicit reference is made for the description of the listing, the Directors of the parent Isagro S.p.A., in compliance with the provisions of paragraph 5.7.5 of IFRS 9, have chosen to present in "Other comprehensive income" the fair value changes of the share after the listing date.
Prudentially, no deferred tax effect was allocated.

Characteristics of the “Growth Shares”

The rights and characteristics of the Growth Shares issued by the parent Isagro S.p.A. are summarized hereunder. These shares were listed on the STAR segment of the Electronic Stock Market of Borsa Italiana, where the company’s ordinary shares are also listed.

Absence of the voting right

Pursuant to article 7 of the Company’s Articles of Association, the Growth Shares are without voting rights in the Shareholders’ Meetings, while, pursuant to article 14 of the Company’s Articles of Association, they have a voting right in the special Shareholders’ Meetings for owners of Growth Shares, pursuant to regulations and legal majority rules. In particular, resolutions affecting the rights of the Growth Shares shall be approved by the aforesaid special Shareholders’ Meeting.

Privilege on profit distribution

Pursuant to article 24 of the Company’s Articles of Association, net profit resulting from the Financial Statements, duly approved by the Shareholders’ Meeting, after deducting 5% for the legal reserve, until reaching the threshold set by law, will be distributed according to decisions made by the Shareholders’ Meeting. "Growth shares" have a privilege on profit distribution decided by the Shareholders' Meeting, for amounts available as from the year ended December 31st, 2014. The distribution, in fact, shall be carried out so that each "growth share" has a total dividend increased by 20% with respect to the dividend assigned to ordinary shares. In the event of distribution to any other reserve, Growth Shares will have the same rights as Ordinary Shares.

Conversion into ordinary shares

All “Growth Shares” are automatically converted into Ordinary Shares, with a one-to-one ratio, in the event that Piemme S.r.l., which currently heads the Isagro Group’s chain of control, directly or indirectly reduces its interest to below 50%, or if one or more parties are required to launch a mandatory public offer, to which the holders of Growth Shares can then subscribe as a result of their shares being converted into Ordinary Shares with voting rights. Moreover, the “Growth Shares” will be converted in the event a voluntary offer is called for which the offeror who, at the close of the offer, would exceed the 30% limit set out by law, is not obliged to call for a subsequent offer, and when the holding Holdisa S.r.l. subscribed to this offer with a number of ordinary shares sufficient to reduce its interest to below 50%.

17. Current and non-current financial payables – 45,260

Current financial payables – 22,826

Non-current financial payables – 22,434

The following table illustrates changes in current and non-current financial payables:

Breakdown	Book value 31.12.2019	Increases/ decreases	Book value 30.06.2020
Current financial payables:			
- banks	47,328	(25,643)	21,685
- other lenders	1,793	(1,475)	318
- *lease*	813	10	823
	49,934	(27,108)	22,826
Non-current financial payables:			
- banks	28,615	(10,617)	17,998
- other lenders	1,133	(159)	974
- lease	3,709	(247)	3,462
	33,457	(11,023)	22,434
Total	83,391	(38,131)	45,260

Compared to December 31st, 2019, the item showed a decrease of € 38,131 thousand, mainly due to i) the early repayment of the medium/long-term loan granted by Crédit Agricole to the parent Isagro S.p.A. (€ 4,200 thousand), ii) the repayment of the medium-long term loan granted to the parent Isagro S.p.A. falling due in the first half of 2020, as well as the repayment of the short-term portions of other existing medium-long term loans for a total amount of € 12,112 thousand and iii) the repayment of short-term credit lines (both to banks and to other lenders) of the parent Isagro S.p.A. for a total amount of € 19,733 thousand.

Current payables due to banks, other lenders and leases as at June 30th, 2020 included the current portion of medium/long-term loans amounting to € 18,634 thousand falling due within the next twelve months from the date of these condensed consolidated half-year financial statements.

The average interest rate on the bank loans (in Euro, US Dollars and Colombian Pesos), except for finance leases, is 1.46%.

The characteristics of the main medium/long-term loans granted to the parent Isagro S.p.A. are summarised in the following table. The balances of the residual debt as at June 30th, 2020 include both the short-term portions of the loans described, included in the financial statements under current financial liabilities, and the accrued interest.

Amounts in thousands of euro	
Loans outstanding as at December 31st, 2019	
Loan granted by Banca del Mezzogiorno with a duration of 5 years, repayable in half-yearly instalments starting from 2016 and requiring compliance with covenants.	998
Loan granted by Banco Popolare with a duration of 4 years, repayable in half-yearly instalments starting from 2017.	500
Loan granted by UBI Banca with a duration of 99 months, repayable in half-yearly instalments starting from 2021.	239
Subsidised loan granted by Cassa Depositi e Prestiti in relation to the research project “Utilizzo di piattaforme bioinformatiche per l’individuazione di nuovi agrofarmaci” [Use of bio-IT platforms to identify new crop protection products], with a duration of 99 months, repayable in half-yearly payments starting from 2017.	1,292
Loan granted by Iccrea BancaImpresa with a duration of 4 years, repayable in quarterly instalments starting from 2017. S.A.C.E. issued a guarantee on this loan for € 328 thousand.	624
Loan granted by Deutsche Bank with a duration of 48 months, repayable in half-yearly instalments starting in 2016 and requiring compliance with covenants.	62
Loan granted by Banca CARIGE Italia with a duration of 4 years, repayable in half-yearly instalments starting from 2017.	255
Loan granted by UniCredit with a duration of 48 months, repayable in half-yearly instalments starting in 2017 and requiring compliance with covenants.	1,515
Loan granted by Banca Nazionale del Lavoro with a duration of 48 months, repayable in quarterly instalments starting in 2017 and requiring compliance with covenants.	1,013

Loan granted by Banca Mediocredito Italiano with a duration of 4 years, repayable in half-yearly instalments starting from 2017 and requiring compliance with covenants.	750
Loan granted by Banca Popolare del Lazio with a duration of 3 years, repayable in quarterly instalments starting from 2018.	339
Loan granted by UBI Banca with a duration of 4 years, repayable in quarterly instalments starting from 2018 and requiring compliance with covenants.	1,903
Loan granted by Banca CARIGE with a duration of 4 years, repayable in half-yearly instalments starting from 2018.	951
Loan granted by Banca di Credito Cooperativo di Carate Brianza with a duration of 4 years, repayable in quarterly instalments starting from 2018.	651
Loan granted by Cassa Centrale Raiffeisen dell'Alto Adige with a duration of 5 years, repayable in half-yearly instalments starting from 2017 and requiring compliance with covenants.	1,223
Loan granted by Credito Valtellinese with a duration of 60 months, repayable in quarterly instalments starting from 2018 and requiring compliance with covenants.	891
Loan granted by Banca Monte dei Paschi di Siena with a duration of 5 years, repayable in half-yearly instalments starting from 2019 and requiring compliance with covenants.	3,743
Loan granted by Banco BPM with a duration of 5 years, repayable in quarterly instalments starting from 2019 and requiring compliance with covenants.	3,350
Loan granted by Banca di Credito Cooperativo di Caravaggio, Adda e Cremasco with a duration of 4 years, repayable in quarterly instalments starting from 2019 and requiring compliance with covenants.	1,505
Subsidised loan granted by Banca del Mezzogiorno – Mediocredito Centrale in relation to the first S.A.L. (progress report) of the research project called "Difendere la produzione agricola dagli stress abiotici (siccità, salinità, caldo, freddo) mediante prodotti di origine naturale" [Protecting agricultural production from abiotic stresses (drought, salinity, hot, cold) with natural products], with a duration of 8 years, repayable in half-yearly instalments starting from 2019.	161
Loan granted by Iccrea BancaImpresa with a duration of 4 years, repayable in half-yearly instalments starting from 2018 and requiring compliance with covenants.	2,832
Loan granted by Unicredit with a duration of 4 years, repayable in quarterly instalments starting from 2019 and requiring compliance with covenants.	2,082
Loan granted by Banca Mediocredito Italiano with a duration of 4 years, repayable in quarterly instalments starting from 2019 and requiring compliance with covenants.	2,057
Loan granted by Banco BPM with a duration of 4 years, repayable in quarterly instalments starting from 2019 and requiring compliance with covenants.	3,005
Loan granted by Banca Popolare di Sondrio with a duration of 4 years, repayable in quarterly instalments starting from 2019.	2,998
Loan granted by Banca del Mezzogiorno – Mediocredito Centrale with a duration of 3 years, repayable in quarterly instalments starting from 2019 and requiring compliance with covenants.	1,342

Note that during the first half of 2020 the parent Isagro S.p.A. did not take out new medium/long-term loans, but renegotiated the maturity of a stand-by credit line, postponing it by six months, without prejudice to all other conditions.

The covenants to be complied with for a number of the aforementioned loans are described later in this report.

As regards the description of the main events, the occurrence of which gives the lender the right to withdraw from the contract, explicit reference is made to the consolidated financial statements for the 2019 financial year.

Current financial payables to other lenders refer to the current portion of the subsidised loan granted by Cassa Depositi e Prestiti, already illustrated in the previous table.

The item "Leases" refers to the residual value as at June 30th, 2020, of the present value of future payments due for use of the assets, whose associated right was booked to the item "Rights of use".

The table below summarises the loans, including those relating to leases, granted to the Group, broken down by currency (and therefore by the relevant contracting company belonging to the Group: in fact, as at June 30th, 2020, the currency of the loan corresponds to the functional currency of the contracting company):

Currency of the loan	Amount in thousands of euro	Amount in currency (thousands)	Effective average interest rate %
Euro	42,705	42,705	1.50%
US Dollars	2,306	2,582	3.39%
Colombian Pesos	201	845,646	5.13%
Argentine Pesos	18	1,407	2.57%
Brazilian Reals	17	66	4.97%
Vietnamese Dong	7	186,912	3.54%
Chinese Renminbi (Yuan)	6	50	0.94%
Total	45,260		

The debt exposure of the Group broken down by maturity is shown in the table below:

	Payables broken down by maturity						
	Within 1 year	2 years	3 years	4 years	5 years	Over 5 years	Total
Payables due to banks:							
- floating rate	19,762	10,071	6,985	485	-	-	37,303
- fixed rate	1,923	341	23	23	23	47	2,380
Total Payables due to banks	21,685	10,412	7,008	508	23	47	39,683
Payables due to other lenders							
- fixed rate	318	321	325	328	-	-	1,292
Total Other lenders	318	321	325	328	-	-	1,292
Leases							
- fixed rate	823	460	382	355	352	1,913	4,285
Total leases	823	460	382	355	352	1,913	4,285
Total	22,826	11,193	7,715	1,191	375	1,960	45,260

Lastly, it should be noted that, as at June 30th, 2020, the Group has a number of lines of credit outstanding, granted by banks and other financial institutes, totalling € 71,807 thousand (including "trade" facilities for € 61,243 thousand, of which € 9,534 thousand used, and "financial" facilities of € 10,564 thousand, of which € 2,274 thousand used), as shown in the table below:

	Lines of credit	
	granted	used
Parent	67,018	9,534
Subsidiaries	4,789	2,274
Total	**71,807**	**11,808**

COVENANTS

In compliance with the CONSOB Communication of July 28th, 2006, the loans for which the covenants must be complied with on a consolidated basis are listed below, together with their features. The amounts indicated are shown before commissions and ancillary charges.

Bank	**Nominal amount of the loan**	**Residual amount of the loan**	**Covenants**	**Effects**
Banco BPM	€ 9,000	€ 6,355	a) ratio between the consolidated net financial debt and the consolidated EBITDA: less than 4.5 for each year as from that ended on December 31st, 2018 and until the full repayment of the loan. b) consolidated debt/equity ratio not greater than 1.50 for each year as from that ended on December 31st, 2018 and until full repayment of the loan.	Failure to comply with the two covenants shall result in the termination of the loan and the repayment of all amounts still due including interest.

Banca Monte dei Paschi di Siena	€ 5,000	€ 3,743	a) ratio between the consolidated net financial debt and the consolidated EBITDA: less than 4.5 for each year as from that ended on December 31st, 2018 and until the full repayment of the loan. b) consolidated debt/equity ratio not greater than 1.50 for each year as from that ended on December 31st, 2018 and until full repayment of the loan.	Failure to comply with the two covenants shall result in a revision of the spread to an additional 0.5% and also the termination of the loan agreement and repayment of all amounts still due including interest.
UBI Banca/Banca Popolare Commercio & Industria	€ 5,000	€ 1,903	a) ratio between the consolidated net financial debt and the consolidated EBITDA from December 31st, 2017 and until full repayment of the residual debt: less than 4. b) consolidated debt/equity ratio from December 31st, 2017 and until full repayment of the residual debt: less than 0.75.	Failure to satisfy even one of the financial indicators will result in the application of the following spreads: - with reference to the **debt/EBITDA ratio**: 1.55% if the ratio is less than 4; 1.80% if the ratio is greater than 4 and less than 4.25; 2.05% if the ratio is greater than 4.25 and less than 4.5; 2.30% if the ratio is greater than 4.5; - with reference to the **debt/equity ratio**: 1.55% if the ratio is less than 0.75; 1.80% if the ratio is greater than 0.75 and less than 1; 2.05% if the ratio is greater than 1 and less than 1.5; 2.30% if the ratio is greater than 1.5. Failure to comply with both the covenants with ratios exceeding 4.5 (for the consolidated debt/EBITDA ratio) and 1.5 (for the consolidated debt/equity ratio) shall result in the termination of the loan agreement and the repayment of all amounts still due including interest.
Mediocredito Italiano	€ 3,000	€ 2,807	a) ratio between consolidated net financial position and consolidated EBITDA from December 31st, 2015 and until full repayment of the residual debt: less than 4.5 b) ratio between consolidated net financial position and consolidated equity from December 31st, 2015 and until full repayment of the residual debt: less than 1.5	Failure to comply with the two covenants shall result in the termination of the loan and the repayment of all amounts still due including interest.
Banca del Mezzogiorno	€ 7,000	€ 2,340	a) consolidated debt/EBITDA ratio until full repayment of the residual debt: less than 4.5 b) consolidated debt/equity ratio until full repayment of the residual debt: less than 1.5	Failure to comply with the two covenants shall result in the termination of the loan and the repayment of all amounts still due including interest.
Deutsche Bank	€ 1,000	€ 62	a) ratio between consolidated net financial position and consolidated EBITDA until full repayment of the residual debt: less than 4.5	Failure to comply with the two covenants shall result in the termination of the loan and the repayment of

			b) ratio between consolidated net financial position and consolidated equity until full repayment of the residual debt: less than 1.5.	all amounts still due including interest.
UniCredit	€ 9,000	€ 3,597	a) consolidated debt/EBITDA ratio as at December 31st, 2017 and until full repayment of the residual debt: less than or equal to 4.5 b) consolidated debt/equity ratio as at December 31st, 2017 and until full repayment of the residual debt: less than or equal to 1.5	Failure to comply with the two covenants shall result in the termination of the loan agreement and repayment of all amounts still due including interest.
Banca Nazionale del Lavoro	€ 4,000	€ 1,013	a) consolidated debt/EBITDA ratio as at December 31st, 2017 and until full repayment of the residual debt: less than or equal to 4.5 b) consolidated debt/equity ratio as at December 31st, 2017 and until full repayment of the residual debt: less than or equal to 1.5	Failure to comply with the two covenants shall result in the termination of the loan agreement and repayment of all amounts due including interest.
Cassa Centrale Raiffeisen dell'Alto Adige	€ 3,000	€ 1,223	a) ratio between consolidated net financial position and consolidated EBITDA as at December 31st, 2017 and until full repayment of the residual debt: less than or equal to 4.5. b) ratio between consolidated net financial position and consolidated equity at December 31st, 2017 and until full repayment of the residual debt: less than or equal to 1.5.	Failure to comply with one of the covenants will entail an increase of 0.25% in the spread.
Credito Valtellinese	€ 2,000	€ 891	a) ratio between consolidated net financial position and consolidated EBITDA until full repayment of the residual debt: less than or equal to 4.5. b) ratio between consolidated net financial position and consolidated equity until full repayment of the residual debt: less than or equal to 1.5.	Failure to comply with one of the covenants will entail an increase of 0.25% in the spread. Failure to comply with both the covenants shall result in the termination of the loan agreement and repayment of all amounts due including interest.
Iccrea BancaImpresa	€ 4,000	€ 2,832	a) ratio between the consolidated net financial debt and the consolidated EBITDA: less than 4.5 for each year as from that ended on December 31st, 2018 and until the full repayment of the loan. b) consolidated debt/equity ratio not greater than 1.50 for each year as from that ended on December 31st, 2018 and until full repayment of the loan.	Failure to comply with the two covenants shall result in the termination of the loan agreement and repayment of all amounts still due including interest, except where, Isagro S.p.A., within 30 working days of the date of approval of the financial statements, has undertaken initiatives to remedy said violation.
Banca di Credito Cooperativo di Caravaggio, Adda e Cremasco	€ 2,000	€ 1,505	a) ratio between consolidated net financial position and consolidated EBITDA until full repayment of the residual debt: less than or equal to 4.5. b) ratio between consolidated net financial position and consolidated equity until full repayment of the residual debt: less than or equal to 1.5.	Failure to comply with one of the covenants will entail an increase of 0.25% in the spread.

The assessment of compliance with the above covenants is expected to be carried out on an annual basis; as at June 30th, 2020, however, this assessment highlighted the failure to comply with the covenant related to the consolidated net financial position/consolidated EBITDA ratio, which would entail the application of the 2.30% spread on the loans granted by UBI Banca and a 0.25% increase in the spread on the loans granted by Cassa Centrale Raiffeisen dell'Alto Adige, Credito Valtellinese and Banca di Credito Cooperativo di Caravaggio, Adda e Cremasco. Moreover, it is reported that solely as at December 31st of each financial year, non-compliance with both financial covenants set forth in the above loan agreements (ratio between NFP/EBITDA and NFP/SE) results in termination of the associated loan agreements, with the forfeiture of the acceleration clause and the subsequent repayment of all amounts still due including interest.

It should also be noted that the Directors of the parent Isagro S.p.A. made an assessment in relation to the compliance with the covenants on a consolidated basis as at December 31st, 2020 considering the NFP/EBITDA and NFP/SE ratio based on the Group's 2020 forecast. The results of this assessment, even in its maximum risk, are such as not to jeopardise the financial covenants for the current year.

NET FINANCIAL POSITION

As required by CONSOB Communication no. DEM/6064293/2006 of July 28th, 2006, and also in accordance with the Recommendation of the ESMA (European Security & Market Authority), formerly the CESR (Committee of European Securities Regulators), of February 10th, 2005, the net financial position of the Group as at June 30th, 2020 was as follows:

	30.06.2020	31.12.2019
Bank deposits and cash	(7,956)	(46,581)
Cash (A)	**(7,956)**	**(46,581)**
Other current financial assets	(871)	-
Current financial receivables and other assets (B)	**(871)**	**-**
Current payables due to banks	4,192	24,347
Current payables due to other lenders	-	1,476
Current portion of non-current financial payables	18,634	24,111
Current financial payables (C)	**22,826**	**49,934**
Net current financial debt (A+B+C)	**13,999**	**3,353**
Non-current payables due to banks	17,998	28,615
Non-current payables due to other lenders	974	1,133
Leases	3,462	3,709
Non-current financial payables (D)	**22,434**	**33,457**
Net financial debt as per CONSOB Communication no. DEM/6064293/2006 (A+B+C+D)	**36,433**	**36,810**
Other non-current financial assets	(2,503)	(2,503)
Financial assets for trading derivatives and IRS	(28)	(12)
Financial liabilities for trading derivatives and IRS	60	99
Net financial debt of the Group	**33,962**	**34,394**

The net financial position is substantially in line with that as at December 31st, 2019, despite the continuation, albeit limited compared to the previous year, of investments in intangible assets of the Group, as shown in the Cash Flow Statement.

18. Employee Benefits – 1,679

The table below shows the changes in the Severance Indemnity Fund (SIF) of the parent Isagro S.p.A., which, according to IAS 19, can be classified as "defined benefit plans" among "post-employment benefits".

	Severance Indemnity Fund (SIF)
Value as at Dec. 31st, 2019	1,877
Cost of employee benefits	4
Settlements/transfers/payments	(202)
Value as at Jun. 30th, 2020	1,679

Information on the Severance Indemnity Fund

The "Severance Indemnity Fund" reflects the Group's residual obligation regarding the indemnity to pay Italian employees when their employment ceases. This indemnity can be partially paid in advance to the employee during his or her working life in certain circumstances. It is a defined unfunded benefit plan only in connection with the indemnity employees accrue up until December 31st, 2006. In fact, certain legislative changes turned the Severance Indemnity Fund into a defined benefit plan starting from that date, resulting in the Group paying indemnities that accrued in each year (equal to about 7.41% of the employees' wages) into outside pension funds.

The actuarial valuations used to calculate the liabilities were made using the Projected Unit Credit Method.

The main demographic and financial assumptions used to measure the obligations as at June 30th, 2020, were as follows:

- discount rate:	0.35%
- staff turnover rate:	4.60%
- inflation rate:	1.00%
- annual rate of increase in Severance Indemnity Fund:	2.62%.

A probability of turnover consistent with the historic trend of the phenomenon was used for the staff turnover rate, whereas for the discounting rate it was decided to use the rate of return of corporate AA-rated securities in the Eurozone as reference.

The table below shows the total cost of the Severance Indemnity Fund:

	Breakdown
Financial charges for the obligation	3
Actuarial (gains)/losses	1
Total	4

The actuarial gains and losses coming from remeasurement of the liabilities were recorded in "Other Comprehensive Income" and recognised under Group equity in the item "Retained earnings". Actuarial losses for the period are entirely attributable to changes in demographic assumptions.

Sensitivity analyses were also conducted as regards the option of changing the discounting rate of the obligation, from which it emerged that a parameter increase of a quarter of a percentage point would bring about a € 32 thousand decrease in liabilities, while a decrease of a quarter of a percentage point in the rate would bring about an increase in liabilities of € 33 thousand.

The Group also participates in the "pension funds" which, pursuant to IAS 19, can be classified as "defined contribution plans" among the "post-employment benefits". In relation to these plans, the Group has no additional monetary obligations once the contributions have been paid.

In the first half of 2020, the total costs of such plans, included under "personnel costs", were € 443 thousand.

19. Other non-current liabilities – 1,079

Breakdown	Book value 31.12.2019	Increases/ decreases	Book value 30.06.2020
Payables: - contract liabilities	1,130	(51)	1,079
Total	1,130	(51)	1,079

The financial statement item refers to medium/long-term contractual liabilities related to revenues deriving from the concession, in 2019, to the company P.I. Industries Limited., on an exclusive basis and for a duration of ten years, of the right to distribute products previously marketed by the company Isagro (Asia) Agrochemicals Pvt. Ltd., as well as the right to distribute products and mixtures, which are in the pipeline of the parent Isagro S.p.A. starting from the year 2027, for which the consideration has already been paid by the counterparty. For a more detailed description of the item, reference is made explicitly to the 2019 consolidated financial statements.

20. Trade payables – 24,578

This item shows a decrease of € 1,565 thousand compared to December 31st, 2019 (€ 26,143 thousand); this change, however, is of little significance as a result of the seasonal nature of the crop protection products market of the Group's business. Therefore, a comparison between the balance of trade payables and the values as at June 30th, 2019, amounting to € 28,893 thousand, value shown net of the trade payables of the former subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. – sold in December 2019 – shows a decrease of € 4,315 thousand; this decrease follows the different time mix of purchases and payments, compared to last year, it being understood that the delta inventory not covered by payables to suppliers remains substantially the same.

For the total trade payables due to related parties, reference should be made to Note no. 44.

Here below is the breakdown of trade payables by geographic area based on the supplier's location:

▪ Italy	15,434
▪ Other European countries	4,820
▪ Central Asia and Oceania	2,068
▪ Americas	1,473
▪ Far East	604
▪ Middle East and Africa	179
Total	24,578

Note that the average contractual maturity of trade payables is approximately:

- Italy 90 days (93 days as at December 31st, 2019);
- Foreign countries 93 days (104 days as at December 31st, 2019).

The trade payables are due within the following year.

21. Current provisions – 1,474

The breakdown of the item and changes in current provisions are illustrated in the following table:

Breakdown	Book value 31.12.2019	Changes over the period				Book value 30.06.2020
		Provi-sions	Uses	Other changes	Overall change	
Current provisions:						
- provision for reclamation expenses	149	-	-	-	-	149
- provision for lawsuit risks	30	130	(13)	-	117	147
- provision for sundry obligation expenses	661	-	(209)	-	(209)	452
- provision for destruction of goods and disposal of obsolete materials	148	25	-	-	25	173
- provision for employee participation bonus and manager/director bonuses	793	452	(685)	(7)	(240)	553
Total	1,781	607	(907)	(7)	(307)	1,474

The provision for "reclamation expenses" refers to the maximum amount estimated and agreed upon by the parent Isagro S.p.A. through an agreement with the Municipality of Adria for the completion of the reclamation works concerning its production site located in that municipality.

The provision for "sundry obligation expenses" refers to expenses that the parent Isagro S.p.A. has estimated to incur in relation to some obligations arising from the agreement for the sale of the equity investment in the Indian subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd., for details of which reference is made to the 2019 consolidated financial statements.

The provision for “destruction of goods and disposal of obsolete materials” mainly refers to the costs the parent Isagro S.p.A. will incur for the disposal of obsolete materials, needed to improve logistics and storage conditions at the Aprilia industrial complex.

The provision for “employee participation bonus and manager/director bonuses” is an estimate, based on the results for the year, of the production bonuses to be paid to employees and managers of Group companies.

22. Tax payables – 279

The financial statement item mainly refers to the payable due to the tax authorities for income taxes of the subsidiaries Isagro Colombia S.A.S. (€ 116 thousand) and Isagro España S.L. (€ 128 thousand).

23. Other current liabilities and other payables – 4,024

Breakdown	Book values 31.12.2019	Increases/ decreases	Book values 30.06.2020
Payables:			
- due to social security institutions	1,102	92	1,194
- due to agents and canvassers	183	25	208
- due to employees	978	276	1,254
- due to tax authorities for VAT and similar taxes	95	(1)	94
- due to tax authorities for withholdings and other taxes	765	(93)	672
- advances from customers (contract liabilities)	101	-	101
- others	467	34	501
Total	3,691	333	4,024

The item “advances from customers (contract liabilities)” includes the current portion of medium/long-term contract liabilities related to revenues deriving from the concession to the company P.I. Industries Limited., on an exclusive basis and for a duration of ten years, of the right to distribute products previously marketed by the company Isagro (Asia) Agrochemicals Pvt. Ltd., as well as the right to distribute products and mixtures, which are in the pipeline of the company Isagro S.p.A. starting from the year 2027, for which the consideration has already been paid by the counterparty; for further details, reference is made to the 2019 consolidated financial statements.

Payables due to personnel include payables for holidays accrued and not yet taken, additional months' pay and expense accounts.

"Others" include € 99 thousand relating to the balance of the food safety grant, which was paid in July 2020 as well as € 132 thousand relating to the remuneration of the Independent Auditors.

24. Non-current assets held for sale – 25,145

On May 6th, 2020, the Board of Directors of the parent Isagro S.p.A. approved the acceptance of a binding offer of the American company FMC Corporation, which became effective on the evening of May 5th, following the notification of the approval by the Board of FMC itself, for the purchase by the latter of the registrations, patents, trademarks, know-how and all intellectual property related to the Fluindapyr fungicide at a price of € 55 million.

In compliance with IFRS 5, the parent Isagro S.p.A. classified in this item the value of net intangible assets attributable to the Fluindapyr fungicide as at June 30th, 2020.

The transfer agreement provides that if the parties within twenty days from the date of October 19th, 2020, have not met the following conditions or have not been able to overcome any obstacles to meet them, the agreement will be automatically terminated:

1) obtaining from the parent Isagro S.p.A. the transfer of the manufacturing agreement signed with Isagro (Asia) Agrochemicals Pvt. Ltd. (now PI Industries Ltd.) to FMC for the only part concerning the formulation of the active ingredient of Fluindapyr (negotiations are still ongoing);
2) obtaining from the parent Isagro S.p.A. the transfer of the agreement signed with Arysta LifeScience (now UPL do Brasil) to FMC or the negotiation, between FMC and UPL do Brasil, of a new agreement to terminate the one previously signed with Isagro (negotiations with the relative counterparties are still ongoing);
3) obtaining the authorisation for the sale of the assets related to Fluidapyr in accordance with Italian Decree Law No. 21/2012 (authorisation received by the parent Isagro S.p.A. on September 1st, 2020).

The Directors of the parent Isagro S.p.A. recorded the intangible assets related to Fluindapyr as "non-current assets held for sale" in that they consider the fulfilment of all the above-mentioned conditions as highly probable.

25. Segment reporting

As already mentioned, the Isagro Group identified its operating segments pursuant to IFRS 8 in the geographic areas from which the Group may earn revenues and incur expenses, whose results are regularly reviewed by the Group's chief operating decision maker to assess performance and resource allocation decisions, and for which separate financial statements figures are available.

The geographic areas that constitute the Group's operating segments are as follows:

- Europe
- Asia
- North America
- South America.

The Group assesses the performance of its operating segments on the basis of "Operating result"; the revenues of the above segments include revenue deriving from transactions with both third parties and other segments, measured at arm's length. In the Group's ordinary course of business, financial income and charges and taxes are recognised by the corporate entity, because they are not related to operating activities and, therefore, not allocated to single segments.

The table below shows the operating results of the operating segments of Continuing operations for the first half of 2020:

1st half 2020	Continuing operations					
	Europe Area	Asia Area	North America Area	South America Area	Adjustments	Total
- Crop protection products	56,459	-	3,663	5,238	-	**65,360**
- Other	3,176	-	-	-	-	**3,176**
Revenue from third parties	**59,635**	**-**	**3,663**	**5,238**	**-**	**68,536**
Intra-segment revenues	1,619	22	226	134	(2,001)	-
Revenue from contracts with customers	**61,254**	**22**	**3,889**	**5,372**	**(2,001)**	**68,536**
Operating result	**1,254**	**69**	**503**	**696**	**317**	**2,839**
Financial income						**129**
Financial charges						**(663)**
Gains/(losses) on foreign exchange and derivatives						**(419)**
Pre-tax profit						**1,886**
Income taxes						**(919)**
Net profit						**967**
Amortisation and depreciation	4,454	13	21	112	-	**4,600**
Allocations to provisions	573	7	27	-	-	**607**
Impairment losses on receivables	345	-	11	254	-	**610**
Severance indemnity fund and similar provisions	3	-	-	-	-	**3**

The table below shows the operating results of the operating segments of Continuing operations for the first half of 2019:

1st half 2019	Continuing operations					
	Europe Area	Asia Asia	North America Area	South America Area	Adjustments	Total
- Crop protection products	50,359	-	1,175	3,766	-	**55,300**
- Other	4,752	-	-	-	-	**4,752**
Revenue from third parties	**55,111**	**-**	**1,175**	**3,766**	**-**	**60,052**
Intra-segment revenues	3,871	22	154	118	(4,165)	-
Revenue from contracts with customers	**58,982**	**22**	**1,329**	**3,884**	**(4,165)**	**60,052**
Operating result	**(1,956)**	**(11)**	**(850)**	**513**	**(397)**	**(2,701)**
Financial income						**66**
Financial charges						**(816)**
Gains/(losses) on foreign exchange and derivatives						**138**
Profits from associates						**168**
Pre-tax loss						**(3,145)**
Income taxes						**(450)**
Net loss of Continuing operations						**(3,595)**
Net profit/(loss) from Discontinued operations						**1,148**
Net loss						**(2,447)**
Amortisation and depreciation	4,785	13	42	159	-	**4,999**
Allocations to provisions	379	-	30	34	-	**443**
Impairment losses on receivables	7	-	(11)	(91)	-	**(95)**
Severance indemnity fund and similar provisions	12	-	-	-	-	**12**

As the location of the Group's operations is different from that of customers, the following table shows the breakdown of revenues of Continuing operations based on the customers' location:

	1st half 2020	1st half 2019
Italy	11,996	11,812
Europe	31,898	31,964
Americas	16,090	10,230
Africa	1,977	1,813
Middle East	3,288	2,452
Central Asia and Oceania	2,068	968
Far East	1,605	1,043
DCS losses	(386)	(230)
Total	**68,536**	**60,052**

Intercompany transactions were carried out at arm's length.

Compared to the first half of 2019, there was an increase in turnover in the "Europe", "North America" and "South America" areas, for the reasons of which please see the description later in Note no. 26 below. In particular, the increase in turnover in the "North America" and "South America" areas is attributable to the higher sales resulting from weather conditions favourable to the development of fungal diseases that led to higher sales of copper-based products.

Note that the item "Other" of the "Europe" area in the first half of 2019 included € 2,500 thousand of revenues from M/L Agreements, which were absent in the first half of 2020.

As a consequence of the aforementioned general increase in revenues, the operating result also increased.

The operating results of Discontinued operations were prepared on the basis of the same rules applied to the operating segments of Continuing operations.

The operating results of Discontinued operations for the first half of 2019 are shown in the following table and refer to the former subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd.

1ST HALF OF 2019	Discontinued operations		
	Asia Area	Adjustments	Total
- Crop protection products	13,002	-	**13,002**
Revenue from third parties	**13,002**	**-**	**13,002**
Intra-segment revenues	-	-	-
Revenues	**13,002**	**-**	**13,002**
Operating result	**1,921**	**(287)**	**1,634**
Financial income			**494**
Financial charges			**(89)**
Gains/(losses) on foreign exchange and derivatives			**(49)**
Pre-tax profit			**1,991**
Income taxes			**(843)**
Net profit from Discontinued operations			**1,148**
Amortisation and depreciation	338	-	**338**
Impairment losses on receivables	(389)	-	**(389)**
Severance indemnity fund and similar provisions	111	-	**111**

The tables below show the segments' assets and liabilities, as well as investments in tangible and intangible assets, as at June 30th, 2020 and December 31st, 2019:

As at June 30th, 2020	Continuing operations					
	Europe Area	Asia Area	North America Area	South America Area	Adjustments Cancellations	Total
Segment assets	116,954	216	3,861	8,024	(6,964)	122,091
Equity investments in other companies						3,195
Unallocated assets						19,336
						144,622
Segment liabilities	31,192	11	695	6,233	(6,063)	32,068
Unallocated liabilities						46,851
						78,919
Investments in Intangible Assets	1,677	-	-	-	-	1,677
Investments in Tangible Assets	461	-	1	1	-	463

As at December 31st, 2019	Continuing operations					
	Europe Area	Asia Area	North America Area	South America Area	Adjustments Cancellations	Total
Segment assets	141,014	209	5,332	10,062	(8,480)	148,137
Equity investments in other companies						4,176
Unallocated assets						57,646
						209,959
Segment liabilities	32,962	20	308	7,730	(7,258)	33,762
Unallocated liabilities						85,177
						118,939
Investments in Intangible Assets	5,680	-	-	-	-	5,680
Investments in Tangible Assets	2,001	-	-	3	-	2,004

Segment assets include non-current assets, inventories, trade and other receivables, while tax and financial receivables, equity investments and cash are excluded; the excluded items were recognised as "Unallocated assets". Liabilities pertaining to each segment do not include tax liabilities and liabilities connected with loans. These amounts were recognised under "Unallocated liabilities".
The decrease in the "Europe" segment assets compared to those as at December 31st, 2019 is mainly attributable to the reclassification as "Non-current assets held for sale" of the intangible assets related to the Fluindapyr fungicide, following the operation described above.
The increase in liabilities in the "North America" segment is related to the increase in purchases of raw materials, in turn related to the increase in turnover described above.

INFORMATION ON THE INCOME STATEMENT

Note that the comparative figures for the first half of 2019, as already mentioned in detail in this document, refer to the restatement of the Income Statement that highlights, in line with the requirements of IFRS 5, the revenue and cost items related only to "Continuing operations", therefore excluding the contribution of the subsidiary Isagro Asia sold in December 2019.

26. Revenue from contracts with customers – 68,536

The breakdown of revenues is illustrated in the table below:

Breakdown	1st half 2020			1st half 2019		
	ITALY	FOREIGN COUNTRIES	TOTAL	ITALY	FOREIGN COUNTRIES	TOTAL
Revenue from sales of:						
- crop protection products	11,423	53,937	65,360	11,241	44,059	55,300
- raw materials	98	1,060	1,158	127	332	459
	11,521	54,997	66,518	11,368	44,391	55,759
Revenue from services:						
- toll manufacturing	464	1,439	1,903	432	1,240	1,672
- M/L Agreements	-	-	-	-	2,500	2,500
- others	11	104	115	11	110	121
	475	1,543	2,018	443	3,850	4,293
Total	11,996	56,540	68,536	11,811	48,241	60,052

Despite a context characterised by the Covid-19 health emergency, which is still ongoing, the Isagro Group recorded, during the first half of 2020 and compared to the first half of 2019, an increase in revenues of € 8,484 thousand, which was essentially determined, on the one hand, by an increase in revenues from sales of crop protection products and raw materials (+ € 10,759 thousand) and, on the other hand, by revenues deriving from formulation activities carried out at the Aprilia (LT) and Adria (RO) plants of the parent Isagro S.p.A. (+ € 231 thousand) and, on the other hand, lower income from M/L term agreements realised in the first half of 2019 (- € 2,500 thousand).
With reference to crop protection product sales, during the first half of 2020, there was an increase in sales on the foreign market (+ € 9.9 million compared to the first half of 2019), particularly in the Americas (+ € 5.9 million), Europe (+ € 1.7 million) and Asia (+ € 1.7 million) thanks to weather conditions favourable to the development of fungal diseases that led to higher sales of copper-based products.

The item "M/L-term Agreements" of the first half of 2019 referred to the upfront payment to the parent Isagro S.p.A. by the Spanish company AQL Agroquimicos de Levante S.A. in relation to the seven-year agreement, which can be extended if necessary, concerning the fumigant Allyl Isothiocyanate that envisages the following performance obligations: i) the attribution by Isagro to AQL of a licence right and exclusive data access in relation to the intellectual ownership of the fumigant in given areas, for which an unrepeatable consideration of € 2,500 thousand was paid, recorded in the item "M/L Agreements", and ii) the commitment, on the part of Isagro, to acquire from AQL given quantities of technical product at a pre-established price.

As regards the methods of collection of the consideration, the expected purchase volumes and the other characteristics of the contract, reference is made explicitly to the consolidated financial statements as at December 31st, 2019.

Note that, if Isagro should violate the exclusive right in relation to the sale and distribution of the product in certain areas, AQL would be entitled to receive compensation based on the residual term of the agreement according to the following scheme:

- € 2,500 thousand if the violation occurs in 2020;
- € 1,000 thousand if the violation occurs in the period from 2021 to 2022
- € 750 thousand if the violation occurs in the period from 2023 to 2025.

In the opinion of the Directors of the parent Isagro S.p.A, the likelihood of the occurrence of a violation of the aforementioned exclusive right is, at present, deemed remote.

27. Other operating revenues – 718

The breakdown of other operating revenues is described in the following table.

Breakdown	1st half 2020	1st half 2019
Recovery of research costs	136	249
Indemnities from insurance companies	30	-
Capital gains on disposal of fixed assets	-	373
Minimum guaranteed margins	383	519
Recovery of sundry costs and other income	169	32
Total	718	1,173

The item "Recovery of research costs" refers:

- for € 89 thousand to the recovery of 50% of costs incurred by the parent Isagro S.p.A. vis-à-vis the American company FMC Corporation under the agreement entered into between the two companies for the co-development of the Fluindapyr fungicide;
- for € 24 thousand to the recovery of costs incurred by the parent Isagro S.p.A. in Brazil on behalf of Arysta LifeScience (now UPL do Brasil), for research and experimental activities commissioned to Isagro for the registration of Fluindapyr-based mixtures;
- for € 18 thousand to fees paid by third-party companies to access scientific data related to the Group's toxicological *dossiers*.

“Minimum guaranteed margins” refers to the amount that the British company Gowan Crop Protection Ltd. (related party) is required to pay to the parent Isagro S.p.A. under an agreement signed in 2016. In addition to granting exclusive rights, for fourteen years, to be able to develop, formulate, produce and sell in Europe mixtures based on Kiralaxyl - a proprietary fungicide of Isagro -, as already illustrated in Note no. 6 to which reference is made, this agreement envisaged that Gowan should be appointed the exclusive distributor in Europe of products based on this fungicide. In terms of fees, the agreement acknowledged a minimum guaranteed margin of € 900 thousand to Isagro, calculated on the basis of the margins previously obtained by Isagro: therefore, if the margin resulting from sales made in the period between September 1st and August 31st for each contract year was lower than said minimum amount, Gowan should pay Isagro the difference between the margin achieved and the minimum guaranteed amount, whereas, if the margin was higher than said minimum amount, Isagro should pay Gowan the difference.
The item "Others" includes € 50 thousand related to the half-yearly portion of the expense related to the fair value of the performance obligations concerning the agreements signed with PI Industries Limited during 2019, related to the right to distribute, for a 10-year period, products in Isagro's portfolio, as well as the maintenance, beyond the expiry of the distribution agreement, of the trademarks and intellectual property rights related to the products granted for distribution; for a more detailed description of the transaction, please refer to the 2019 consolidated financial statements.

28. Raw materials and consumables used – 36,522

The breakdown of costs for the purchase of raw materials and consumables is illustrated in the following table.

Breakdown	1st half 2020	1st half 2019
Raw materials, consumables and goods:		
- purchases of raw materials, packaging and crop protection products	35,420	35,469
- purchases of technical and research-related materials	344	543
- change in inventories of raw materials and consumables	543	371
- other purchases	215	130
Total	36,522	36,513

The item is substantially in line with the value of the first half of 2019.
For the amount of purchases from related parties, please refer to Note no. 44.

29. Costs for services – 11,642

The breakdown of costs for services is illustrated in the table below.

Breakdown	1st half 2020	1st half 2019
For services:		
- utilities	1,398	1,686
- technical maintenance	448	519
- transport and related purchase and sale transaction costs	2,810	2,723
- toll manufacturing	1,472	660
- consulting and professional services	1,922	1,839
- services connected to research	893	1,516
- IT system	204	250
- marketing costs	348	342
- leases and rents	286	352
- lease expense	92	105
- provision for director bonuses	-	10
- allocation to provision for the destruction of goods	25	-
- other services	1,744	1,757
Total	11,642	11,759

The item, although essentially in line with the first half of 2019, showed, on the one hand, an increase in costs for third-party processing (+ € 812 thousand) for the formulation of Kiralaxyl-based products and directly related to the increase in turnover, and on the other hand, a decrease in costs for utilities (€ 288 thousand) and costs for services related to research (- € 623 thousand). The decrease in costs for utilities is to be correlated both to a decrease in energy costs, following the reduction in the cost of oil - which is leading to a repositioning of costs at 2018 levels - and to the suspension of production activities at the plant in Bussi sul Tirino (PE) of the parent Isagro S.p.A. in the second quarter of 2020.

The decrease in the item "costs and services related to research" is related to the change in the Management's strategy in line with Isagro's new strategic model, which has decided to stop pursuing discovery activities (for further information, please refer to the Directors' Report on Operations).

The item "motor vehicle lease/rental" includes the component related to ancillary services concerning the rental of cars used by employees of the Isagro Group companies and the Directors of the parent Isagro S.p.A., which, according to IFRS 16, must not be included in the determination of the right of use.

For the amount of costs for services from related parties, please refer to Note no. 44.

Note also that the higher costs strictly related to the health emergency from Covid-19 still in progress and mainly concerning costs related to protection systems (masks, sanitising gel, etc.) and higher costs related to logistics due to the lockdowns that affected some countries where the Isagro Group operates, were not significant as at June 30th, 2020 and in any case less than € 100 thousand.

30. Personnel costs – 11,584

The breakdown of personnel costs is shown in the following table.

Breakdown	1st half 2020	1st half 2019
Personnel costs:		
- wages and salaries	7,558	8,518
- social security charges	2,387	2,690
- pay component related to the long-term incentive and retention plan	77	192
- pension funds	443	507
- provision for participation bonus	452	441
- costs for employee services	400	978
- costs for early retirement incentives	77	1
- other costs	190	75
Total	11,584	13,402

Compared to the previous year, the item showed a decrease of € 1.818 thousand, mainly due to the lower cost for "wages and salaries" and "social security charges" of the Parent Isagro S.p.A. as a result of both the decrease in the average number of its employees (from 313 as at June 30th, 2019 to 278 at June 30th, 2020), and the recourse, in the first half of 2020, to the CIGO (Cassa Integrazione Guadagni Ordinaria, Ordinary Redundancy Fund) for the Covid-19 emergency, as envisaged by Italian Decree Law of March 18th, 2020, for the personnel of its sites in Bussi sul Tirino (PE), Novara and Galliera (BO). The total benefit of the first half of 2020 related to the adoption of these extraordinary measures amounted to about € 240 thousand.

On March 13th, 2018, the Board of Directors of the parent Isagro S.p.A. approved the introduction of a long-term (2018-2021) incentive and retention plan reserved for top managers of the company and addressed to guarantee the retention of resources who have a significant impact on the achievement of the business plan and to encourage the focus on reaching long-term objectives. The plan, also approved by the Shareholders' Meeting on April 24th, 2018, was therefore formally accepted by the Group Directors of the company in June 2018.

The plan envisages the free allocation of a total of 890,000 "growth shares" of the company to the beneficiaries; consequently, the Shareholders' Meeting also approved the purchase of own "growth shares" to serve the plan.

The allocation of the shares will take place in the following way:

1) the first 50% of shares (Restricted Shares) based on the continuity of employment, structured as follows:
   - 31/12/2019: 50% of the shares;
   - 31/12/2020: 25 % of the shares;
   - 31/12/2021: 25% of the shares;
2) as regards the remaining 50% of the shares allocated (Performance Shares), the allocation will take place at the end of the plan based on the achievement of four performance objectives, the weight of each is 25%:
   a) percentage increase of the price of Isagro's ordinary shares between the beginning and the end of the performance period;
   b) EBITDA/Revenues ratio as an average value for the four-year period 2018-2021;
   c) Net working capital/Revenues ratio as an average value for the above-mentioned four-year period;

d) Net Financial Position/EBITDA ratio as an average value for the above-cited four-year period.

For objectives b), c) and d), the value of the reference target will be calculated as an average of the 2018 budget values and of the first three years of the 2019 – 2023 Business Plan, which were approved on January 15th, 2019.

Based on accounting standard IFRS 2, this transaction is classified as an incentive plan with share-based payment, settled with instruments representing equity. According to this standard, the company receives goods or services from the employee and must therefore recognise the relative cost within labour costs, for a value corresponding to the fair value of the goods or services received. In the case of Isagro's incentive plan, the fair value was calculated indirectly by making reference to the fair value of the "growth shares" to be allocated.

The cost of the incentive was therefore determined both with reference to the fair value of the instruments allocated, and to the expected number of shares that will be actually allocated; the portion pertaining to the period was determined pro-rata temporis for the duration of the vesting period, namely the period in which the conditions for the exercise of the rights envisaged by the plan must be met, and is recognised as a balancing entry to the equity reserve (see Note no. 16).

The fair value of the shares of the plan was calculated as at the date of allocation based on the market prices of the instrument, taking the terms on the basis of which the instrument was allocated into account. The average fair value of the Growth Shares as at the date of allocation to the employees has been estimated as € 1.16 per share.

Note that, in the first half of 2020, 182,500 "growth shares" were allocated (for a value of € 229 thousand) to the top managers of the parent Isagro S.p.A., beneficiaries of the above-mentioned plan; this allocation took place following the achievement, as at December 31st, 2019, of the first objective of the plan in terms of continuity of the employment relationship, through the allocation of 50% of the first 50% of the shares (known as Restricted Shares).

The number of employees broken down by category is shown below; note that the figures for the first half of 2019 and as at June 30th, 2019, refer only to Continuing operations, i.e. do not include the values of the former subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd.

	Average for 1st half 2020	**Average for 1st half 2019**	**As at 30.06.2020**	**As at 30.06.2019**
- executives	35	42	34	42
- middle managers	81	88	79	87
- white-collar workers	143	157	140	154
- special qualified workers	4	4	4	4
- blue-collar workers	91	98	79	94
TOTAL	**354**	**389**	**336**	**381**

31. Write-down/write-back of trade and other receivables – 610

Following the introduction on January 1st, 2018 of the new accounting standard IFRS 9, losses on receivables are estimated on the basis of the expected credit losses model (ECL) using information which can be supported, available free of charge and without unreasonable efforts, which include historical, current and forecast data; unlike what was envisaged in the incurred losses model of IAS

39, it is no longer necessary for an event to occur for losses on receivables to be recognised. In order to carry out the evaluation of expected credit losses, a provision matrix has been constructed, by applying differentiated percentages depending on the receivable maturity brackets.
In the first half of 2020, allocations to the bad debt provision were recorded for a total of € 610 thousand, mainly related to the parent Isagro S.p.A. (€ 315 thousand) and the subsidiary Isagro Colombia (€ 237 thousand) and which were determined by a worsening in the payment profile of some customers, which determined a shift of their receivables into higher risk past due brackets. For further information, please refer to the above Note no. 10 "Trade receivables".

32. Other operating costs – 1,192

The breakdown of this item is shown in the following table.

Breakdown	1st half 2020	1st half 2019
- capital losses on disposal of assets	-	43
- provision for sundry risks	130	-
- indirect, production and manufacturing taxes	558	515
- other operating costs	504	442
Total	1,192	1,000

The item "provisions for sundry risks" refers to the provision for costs that the parent Isagro S.p.A. will have to incur in relation to a claim by a customer regarding the alleged defect of a product.
The item “indirect production and manufacturing taxes” includes € 99 thousand relating to the food safety grant and € 117 thousand relating to the single municipal tax paid by the parent Isagro S.p.A. As regards other operating costs vis-à-vis related parties, please refer to Note no. 44.

33. Change in inventories of finished products and work in progress – -909

The negative change in product inventories of € 909 thousand, calculated net of the inventory obsolescence provision, was determined as follows:

- Net inventories as at 1.1.2020	(28,254)
- Translation difference and other changes	1,104
- Net inventories as at 30.06.2020	26,241
- Overall change	(909)

For the comments on this financial statement item, please refer to Note no. 9.

34. Costs capitalised for internal work – 656

The item refers to the capitalisation of personnel costs, overheads and consumption of technical material related to extraordinary protection costs, development expenditure and expenses for registration of the Group’s new products. The item is substantially in line with the value of the first half of 2019.
Services received from third parties relating to capitalised development projects are deducted directly from “consulting and professional services” under “costs for services”.

35. Depreciation and amortisation - 4,600

Depreciation of tangible assets – 1,222
Amortisation of intangible assets – 2,979
Amortisation of rights of use – 399

Breakdown	1st half 2020	1st half 2019
Depreciation of tangible assets:		
- buildings	361	435
- plant and equipment	633	657
- industrial and commercial equipment	100	73
- furniture and fittings	18	19
- motor vehicles	4	4
- office equipment	106	111
	1,222	1,299
Amortisation of intangible assets:		
- extraordinary protection	714	837
- know-how	962	663
- patents, licenses, trademarks and registrations	1,203	1,620
- others	100	112
	2,979	3,232
Amortisation of rights of use:		
- Land and buildings	230	280
- Vehicles	109	109
- Equipment	60	79
	399	468
Total	4,600	4,999

36. Impairment of tangible and intangible assets - 12

An update was made during the half to the analyses relating to the technical progress status of the projects under way and the results obtained up to now, which highlighted some criticalities in relation to certain assets which proved to be no longer usable or cost effective for the Group. Consequently, in accordance with IAS 38, costs incurred were written down in full.

37. Financial income - 129

Financial charges - 663

Gains/(losses) on foreign exchange and derivatives – -419

Breakdown	1st half 2020	1st half 2019
Interest income from financial instruments at amortised cost:		
- bank deposits	4	8
- medium/long-term receivables	38	56
	42	64
Other:		
- default interest	20	-
- cash discounts from suppliers	47	-
- interest income on tax and other receivables	-	2
- others	20	-
	87	2
Total	129	66

Breakdown	1st half 2020	1st half 2019
Interest paid to banks and other lenders	562	674
Other:		
- interest payable to tax authorities		
- interest payable on employee benefits - Severance indemnity fund	3	12
- interest payable to suppliers and cash discounts to customers	-	6
- financial expense pursuant to IFRS 16	68	81
- others	6	13
	77	112
(Gains)/losses from IRS derivatives	24	30
Total	663	816

Breakdown	1st half 2020	1st half 2019
Exchange gains and losses:		
- exchange gains	496	390
- exchange losses	(2,511)	(268)
- gains/(losses) from currency forward derivatives	1,525	65
	(490)	187
Derivative instruments (trading)		
- exchange rates (currency forwards)	71	(35)
- fair value adjustments to exchange rates (currency forwards)	-	(14)
	71	(49)
Total	(419)	138

The overall negative change of € 341 thousand, compared to the first half of 2019, was mainly attributable, on the one hand, to lower "interest paid to banks and other lenders" of € 112 thousand, as a result of the decrease in the Group's indebtedness, already described in Note no. 17 to which reference is made, and, on the other hand, to higher net losses on exchange rates and derivatives of € 557 thousand.

38. Income taxes - 919

Breakdown	1st half 2020	1st half 2019
Consolidated income statement		
Current tax:		
- income taxes	750	457
- IRAP	67	-
- use of deferred tax liabilities/deferred tax assets	378	260
- contingent assets and liabilities, taxes on foreign income and tax credits	(48)	72
	1,147	789
Deferred tax assets and liabilities:		
- deferred tax liabilities	16	69
- deferred tax assets	(186)	(604)
- contingent assets and Δ in rates of deferred tax assets	(58)	196
	(228)	(339)
Total income taxes recognised through profit or loss (continuing operations)	919	450
Other comprehensive income		
Deferred tax assets and liabilities:		
- tax effect on actuarial gains/losses regarding defined benefit plans	-	(35)
- tax effect on derivatives (CFH)	(20)	-
	(20)	(35)
Total income taxes recognised in equity (continuing operations)	(20)	(35)

The item “Use of deferred tax assets/deferred tax liabilities”, equal to € 378 thousand, reflects the difference between the use of deferred tax assets of € 494 thousand (€ 217 thousand with reference to the use of part of the deferred tax assets allocated on tax losses related to the parent Isagro S.p.A.) and the use of deferred tax liabilities, equal to € 116 thousand.

The provision of deferred tax assets of € 186 thousand mainly refers to the tax benefits expected from the future use of taxed provisions with reference to some foreign companies of the Isagro Group.

39. Net profit/(loss) from Discontinued operations

On November 4th, 2019, the parent Isagro S.p.A. and the subsidiary Isagro España S.L. signed an agreement with the Indian companies PI Industries Limited and PI Life Science Research Limited for the total sale of the equity investment held in the Indian company Isagro (Asia) Agrochemicals Pvt. Ltd., whose effects occurred on December 27th, 2019 (closing date) and for a description of which reference should be made to the consolidated financial statements as at December 31st, 2019. In accordance with IFRS 5, the effects arising from the above-mentioned disposals are classified as Discontinued operations.

The cash flows relating to Discontinued operations in the first half of 2020 are summarised in the following table:

amounts in thousands of euro	Isagro Asia
Generated flow	2,708
Used flow	(264)
Net cash flow	**2,444**

The flow generated by Discontinued operations refers to the collection, by the parent Isagro S.p.A., of part of the funds deposited with the Escrow agent that were released both following the definition of the sale price between the parties (known as true-up adjustment) and following the collection, by the former subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd., of part of the tax credit of previous years relating to the G.S.T. (Goods and Service Tax). In fact, as described in the consolidated financial statements as at December 31st, 2019, to which reference is made for more details on the disposal of the equity investment in Isagro Asia, part of the sale price was deposited by the acquiring company with an Escrow agent; the deferred component of the sale price will be paid when certain events will occur and certain contractual obligations will be fulfilled.
The flow used in Discontinued operations refers to the payment, in the first half of 2020, of services related to the disposal of the equity investment.

Finally, the tables below detail both the net profit/(loss) from Discontinued operations and the related cash flows generated/used during the first half of 2019.

Net profit/(loss) from Discontinued operations

amounts in thousands of euro	01/01-30/06/2019 Isagro Asia
Revenue from contracts with customers	13,002
Other operating revenues	604
Cost of goods sold	(6,830)
Other costs	(4,803)
Operating result	**1,973**
Amortisation and depreciation	(338)
Net financial charges	356
Result before taxes	**1,991**
Taxation	(843)
Net profit/(loss) from Discontinued operations	**1,148**

Cash flows generated by/used in Discontinued operations

amounts in thousands of euro	1st half 2019 Isagro Asia
A Net flow generated by/(used in) operating activities	2,172
B Net flow generated by/(used in) investment activities	(189)
C Net flow generated by/(used in) financing activities	(930)
D Change in translation reserve	14
E Overall cash flow generated in the period (A+B+C+D)	**1,067**
F Cash and cash equivalents at the beginning of the period	**355**
G Cash and cash equivalents at the end of the period (E+F)	**1,422**

40. Distributed dividends

In the first half of 2020, no dividends were distributed by the parent Isagro S.p.A.

41. Earnings Per Share

	1st half 2020	1st half 2019
Earnings per share (basic and diluted)		
Net profit/(loss) for the year attributable to shareholders of the parent (thousands of euro)	967	(2,447)
Average number of Ordinary Shares and Growth Shares (thousands)	37,918	37,844
Earnings per share (basic and diluted) - Ordinary Shares	0.026	(0.065)
Dividend increase for Growth Shares	0.005	-
Earnings per share (basic and diluted) - Growth Shares (euro)	0.031	(0.065)
Earnings per share (basic and diluted) from Continuing operations		
Profit/loss from Continuing operations (thousands of euro)	967	(3,595)
Average number of Ordinary Shares and Growth Shares (thousands)	37,918	37,844
Earnings per share (basic and diluted) from Continuing operations - Ordinary Shares	0.026	(0.095)
Dividend increase for Growth Shares	0.005	-
Earnings per share (basic and diluted) from Continuing operations - Growth Shares (euro)	0.031	(0.095)
Earnings per share (basic and diluted) from Discontinued operations		
Profit/(loss) from Discontinued operations	-	1,148
Average number of Ordinary Shares and Growth Shares (thousands)	37,918	37,844
Earnings per share (basic and diluted) from Discontinued operations - Ordinary Shares	-	0.030
Dividend increase for Growth Shares	-	-
Earnings per share (basic and diluted) from Discontinued operations - Growth Shares (euro)	-	0.030

	1st half 2020	1st half 2019
Average number of Ordinary Shares	24,549,960	24,509,046
Average number of Growth Shares	13,368,010	13,335,219
Total	**37,917,970**	**37,844,265**

The value of basic earnings per share is calculated based on the average number of Isagro S.p.A. shares outstanding, deducting the average number of treasury shares in the portfolio, equal to 806,909 in the first half of 2020, and 839,700 in the first half of 2019.

Diluted earnings per share is calculated taking into account, in addition to the average number of shares outstanding, also any shares already resolved, but not yet subscribed. These situations did not occur either in the first half of 2020 or in the first half of 2019.

42. Fair value: measurement and hierarchy of levels

IFRS 13 requires that items of the Balance Sheet measured at fair value be classified according to a hierarchy of levels that reflects the significance of the inputs used to calculate the fair value. The following levels are distinguished:

- Level 1 - prices (not adjusted) quoted on an active market for assets or liabilities to be assessed;
- Level 2 - inputs other than the quoted prices per the previous point, observable directly (prices) or indirectly (derived from prices) on the market;
- Level 3 - inputs not based on observable market data.

The following table shows the assets and liabilities measured at fair value as at June 30th, 2020 broken down by fair value hierarchy level.

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
- non-current financial assets (equity investment in other companies)	3,195	-	-	3,195
- foreign exchange derivatives (forward purchase/sale)	-	831	-	831
- derivatives on commodities - copper (future buys)	-	50	-	50
- interest rate derivatives (interest rate swaps)	-	6	-	6
Total Financial assets	**3,195**	**887**	**-**	**4,082**
Financial liabilities measured at fair value:				
- foreign exchange derivatives (forward purchase/sale)	-	(34)	-	(34)
- derivatives on commodities - copper (future buys)	-	-	-	-
- interest rate derivatives (interest rate swaps)	-	(38)	-	(38)
Total Financial liabilities	**-**	**(72)**	**-**	**(72)**

As for the techniques for determining the fair value of the derivatives included in Level 2, please refer to Note no. 14.

In the first half of 2020, there were no transfers between Level 1 and Level 2 of fair value measurements, or from Level 3 to other levels and vice versa.

The fair value of (trade and other) receivables due beyond 12 months and loans obtained from banks is summarised in the table below; with reference to the receivables deriving from M/L Agreements, it should be pointed out that they also include the portion due within 12 months. With the exception of that described in detail in the table below, in the management's opinion the book value of the other assets and liabilities (financial, commercial and other) of the Group is a reasonable approximation of their fair value.

	Book value	Fair value
Receivables and other assets:		
Receivables measured at amortised cost:		
- Receivables from Gowan Company LLC	2,907	2,873
- Receivables from AQL Agroquimicos de Levante S.A.	1,019	995
- Receivables from Rotam Agrochemical Company Ltd.	308	301
- Receivables from Suterra LLC	129	142
Financial liabilities:		
Financial liabilities measured at amortised cost:		
- Loans from banks - floating rate (current and non-current)	29,433	29,691
- Loans from banks - fixed rate (current and non-current) *	10,250	10,383
- Loans from other lenders - fixed rate (current and non-current)	5,577	5,582

* floating rate loans granted by UniCredit and Banco BPM to which interest rate swap contracts are associated, for the purposes of this table were classified as fixed rate loans

The fair value measurement was carried out in accordance with the generally accepted methods, which use valuation models based on the Discounted cash flow method. Specifically, the parent Isagro S.p.A. used the models in the Bloomberg database. Discounting of the future cash flows of receivables and loans expressed in Euro was calculated based on the market zero coupon rates curve as at June 30th, 2020, obtained from the six-month EURIBOR curve, while discounting of future cash flows of loans expressed in US Dollars was calculated based on the market zero coupon rates curve as at June 30th, 2020, obtained from the six-month LIBOR curve. The above-mentioned curves were adjusted to bear in mind the creditworthiness of the parent Isagro S.p.A. (own credit risk) in the case of loans payable and the creditworthiness of the counterparty (counterparty credit risk) in the case of receivables claimed by the parent Isagro S.p.A. Please also note that, in order to

render the fair value of the loans comparable with their book value, the related ancillary charges were taken into account.
In the Management's opinion, the aforementioned receivables and payables can be classified in Level 2 of the fair value hierarchy.

OTHER INFORMATION

43. Contingent liabilities, commitments and guarantees

Legal proceedings

Appeal filed by Polven.Re against the Municipality of L'Aquila, ARTA Abruzzo, Provincial authority of L'Aquila, Regional authority of Abruzzo and Isagro S.p.A. with the TAR (Regional administrative court) of L'Aquila to annul the municipal resolution of the Municipality of L'Aquila

On March 22nd, 2018, Polven.Re S.r.l. filed an appeal for the annulment, subject to the adoption of suitable preventive measures, of the municipal resolution of the Municipality of L'Aquila, sent via certified e-mail on January 22nd, 2018, regarding the "*Contaminated site procedure under Heading V - Part IV of Italian Legislative Decree no. 152/2006 and any subsequent amendments or supplements - relating to the former AgriFormula plant, Caselle di Bazzano, Municipality of L'Aquila. Acknowledgement of the approval of the site-specific risk analysis and conclusion of the proceeding*" in the part in which it states that Polven.Re must guarantee the integrity of the flooring inside the industrial sheds insofar as, in certain areas, the "inhalation of indoor dusts" procedure had not been activated. The appellant also requested compensation for damages suffered by the same due to the assumed general "decrease in value" of the area.
Isagro appeared in court, asking for the rejection of the appeal and the related interim relief.
Following the discussion of the interim relief of the court chambers of May 9th, 2018, by order no. 105 of May 10th, 2018, the TAR (Regional administrative court) ruled to accept the application for interim relief of Polven.Re, setting the hearing for discussion on the merits of the appeal on May 8th, 2019.
Following the above-mentioned precautionary injunction, the Municipality of L'Aquila convened, on July 5th, 2018, a services conference with a view to ascertaining which investigating requirements the public administration must fulfil. Following in-depth discussions, also with the attendance of Isagro and Polven.Re, the work of the services conference was adjourned to July 18th, 2018. The conclusive session of the services conference convened for July 5th, 2018, was held on said date, in compliance with Precautionary Injunction no. 105 130/2018, and the Municipality and the competent Authorities convened observed that all investigative activities had been correctly conducted during the course of the proceeding, and that, therefore, no additional investigation was necessary. Therefore, by means of management determination of the Municipality of L'Aquila no. 3518 of October 22nd, 2018, the decision was taken to "confirm, in all its parts, Management Determination no. 78/2018" challenged by Polven.Re with the main appeal. However, Polven.Re also challenged the latter determination through an appeal for additional reasons communicated on November 28th, 2018. The appeal also included an application for interim relief against the provision challenged by asking, in substance, the TAR (Regional administrative court) to grant the

interim measures considered most appropriate to force the Municipality to reconsider the disputed instructions. The hearing for the application for interim relief was held on December 19th, 2018. As a result of said hearing, the TAR (Regional administrative court), by means of Order 270/2018 of December 28th, 2018, essentially rejected Polven.Re's application for interim relief, deferring the case, for an appeal decision, to the hearing on the merits set for May 8th, 2019. Subsequently, the Presiding Judge of the TAR (Regional administrative court) of Abruzzo, postponed the hearing on the merits until November 6th, 2019. Following the discussion during the hearing on the merits, the Abruzzo TAR, with judgement no. 557/2019 published on November 16th, 2019, (i) declared the appeal to be inadmissible for lack of interest (as per the specific objection raised by Isagro); and (ii) rejected the appeal on additional grounds in that unfounded on the merits.
On February 5th, 2020, Polven.Re, after having notified it, filed its appeal before the Council of State asking for the annulment and/or reversal of the judgement of first degree, without however proposing an interim relief (aimed at suspending the effects of the contested judgement). Isagro, on March 23rd, 2020, filed its memorandum of appearance and defence brief in the appeal, in defence of its position. The hearing for discussion before the Council of State is pending

<u>Tax dispute</u>

Isagro S.p.A.

With regard to the parent Isagro S.p.A., it should be noted that, on December 22nd, 2006, the Revenue Agency, subsequent to a general tax audit for 2003, served the Company with an assessment notice for IRPEG (the income tax for legal entities), IRAP and VAT violations, demanding an additional tax payment of € 83,251 plus penalties and interest. The Company lodged an appeal against this order, which, through several levels of judgement, reached the Supreme Court of Cassation. On November 29th, 2017, the Supreme Court of Cassation filed judgement no. 28578/17 on the appeal lodged by the company against the Revenue Agency accepting it partially, annulling the judgement appealed and referring the examination of the pending violations back to the Lombardy Regional Tax Commission sitting in a different formation.
In particular, the Court accepted some of the objections raised by the Revenue Agency with consequent definition of higher taxes payable by the company of € 68,947.
For the assessments referred back to the Regional Tax Commission of Lombardy, for which the Revenue Agency would require payment of taxes of € 14,304, it should be noted that the commission appeared in court, as a result of the appeal for the resumption of proceedings put forward by the Company on May 7th, 2018, and addressed the counter-claims on February 11th, 2019. With judgement no. 3174/2019, filed on July 18th, 2019, the Lombardy Regional Tax Commission upheld Isagro's arguments and on February 28th, 2020, it paid the reimbursement for an amount of € 17.489 (including interest and accessory charges).
On November 19th, 2019, a request for reimbursement pursuant to Article 21, paragraph 2, Italian Legislative Decree 546/92 was submitted to the Revenue Agency for the refund of the higher IRES credit and the higher IRAP paid in the 2002 tax period of € 47.513 and € 5.681, respectively, plus interest due pursuant to the law.

Commitments and guarantees

Following the transfer in 2011 of the investment in Isagro Italia S.r.l., now Sumitomo Chemical Italia S.r.l., to Sumitomo Chemical Co. Ltd., the parent Isagro S.p.A. has a commitment in place for the guarantees issued to the buyer as regards potential future liabilities, for losses or damages related to taxes, the environment, social security and labour. The maximum risk is measured at € 7,500 thousand and the expiry of the guarantees is to be correlated to time-barring and lapse of the related events.

As at June 30th, 2020, the Group also has long-term commitments of € 202 thousand relating to the rental of printers. In particular, the future fees due are as follows:

- € 44 thousand within one year;
- € 158 thousand between one and five years.

The third-party guarantees, granted for the obligations of Group companies, amount to € 8,777 thousand, of which € 7,586 thousand relating to a guarantee in favour of Arysta, issued on June 27th, 2018, following the signature of the commercial agreement for the distribution of mixtures based on the fungicide Fluindapyr in Brazil, for a description of which reference is made to the 2019 consolidated financial statements.

Moreover, following the disposal of the equity investment in Isagro (Asia) Agrochemicals Pvt. Ltd. to the Indian company P.I. Industries Ltd., which took place in 2019, Isagro S.p.A. has a commitment in place for the guarantees issued to the buyer as regards potential future liabilities for losses or damages related to taxes, the environment, social security and labour. The maximum risk is measured at € 18,330 thousand and the expiry of the guarantees is to be correlated to time-barring and lapse of the related events and in any case no later than January 27th, 2021.

The guarantees received in relation to loans are described in Note no. 17.

44. Related party disclosures

Here below are the Group's transactions with related parties, including:

- holding companies;
- entities which hold a direct or indirect interest in the share capital of the parent, its subsidiaries, its holding companies, and are presumed to have significant influence over the Group. In particular, significant influence is objectively presumed to exist when an entity owns, directly or indirectly, over 10% of the parent, or when it owns over 5% and, at the same time, it has entered into agreements which generate transactions during the year amounting to at least 5% of consolidated sales. These companies are known as "other related parties";
- directors, statutory auditors and key management personnel, and any family members.

The following table highlights the income statement and balance sheet amounts relating to transactions with the different categories of related parties:

Income Statement		of which related parties				
In thousands of euro	1st half 2020	Associated companies	Holding companies	Other related parties	Tot. Related parties	% incidence on the financial statement item
Revenues	68,536	-	-	13,084	13,084	19.09%
Other operating revenues	718	-	12	387	399	55.57%
Raw materials and consumables used	36,522	-	-	402	402	1.10%
Costs for services	11,642	-	-	5	5	0.04%
Other operating costs	1,192	-	-	5	5	0.42%
Financial income	129	-	-	26	26	20.16%

Income Statement		of which related parties				
In thousands of euro	1st half 2019	Associated companies	Holding companies	Other related parties	Tot. Related parties	% incidence on the financial statement item
Revenues	60,052	-	-	9,433	9,433	15.71%
Other operating revenues	1,173	-	11	519	530	45.18%
Financial income	66	-	-	12	12	18.18%

Balance Sheet		of which related parties				
In thousands of euro	As at 30/06/2020	Associated companies	Holding companies	Other related parties	Tot. Related parties	% incidence on the financial statement item
Non-current receivables and other assets	2,845	-	-	1,915	1,915	67.31%
Trade receivables	34,014	-	-	3,163	3,163	9.30%
Other current assets and other receivables	4,389	-	7	849	856	19.50%
Trade payables	24,578	-	-	254	254	1.03%

Balance Sheet		of which related parties				
In thousands of euro	As at 31/12/2019	Associated companies	Holding companies	Other related parties	Tot. Related parties	% incidence on the financial statement item
Non-current receivables and other assets	2,837	-	-	1,907	1,907	67.22%
Trade receivables	27,227	-	-	2,669	2,669	9.80%
Other current assets and other receivables	7,658	-	6	467	473	6.18%
Trade payables	26,143	-	-	246	246	0.94%

The above amounts, broken down by company in the following tables, essentially refer to commercial relations (purchases and sales of products, M/L Agreements, processing fees, provision of administrative services), whose transactions are carried out at arm's length and outlined in the various notes to the financial statement items.

Note that as from October 24th, 2019, and as described in the consolidated financial statements as at December 31st, 2019, Arterra Bioscience is no longer a related party.

Relations with holding companies

Relations with the holding companies Piemme and Holdisa are limited to the provision of administrative services by the parent Isagro S.p.A. and occasional financial transactions.

Other operating revenues	1st half 2020	1st half 2019
Holdisa S.r.l.	7	7
Piemme S.r.l.	5	4
Total	**12**	**11**

Other current assets and other receivables	30.06.2020	31.12.2019
Holdisa S.r.l.	4	4
Piemme S.r.l.	3	2
Total	**7**	**6**

Relations with other related parties

"Other related parties" refers exclusively to the Gowan Group, which became a related party following its inclusion on October 18th, 2013 in the share capital of the former indirect holding company BasJes Holding S.r.l. (now the direct holding company under the name of Holdisa S.r.l.) for 49% of its share capital. The trade and other receivables and revenues from the Gowan Group refer to both the sale of crop protection products to companies of Gowan Group both on the part of

the parent Isagro S.p.A. and of the US subsidiary Isagro USA, Inc., and the deferred component of the upfront payment registered in 2016 against the granting, by the parent Isagro S.p.A., of the exclusive right, for fourteen years, to develop, register, formulate, produce and sell in Europe mixtures based on Kiralaxyl, for all types of use except for fertilising seeds.
Transactions with the Gowan Group were carried out at arm's length.

Revenues

	1st half 2020	1st half 2019
Gowan Group	13,084	9,433
Total	**13,084**	**9,433**

Other operating revenues

	1st half 2020	1st half 2019
Gowan Group	387	519
Total	**387**	**519**

Raw materials used

	1st half 2020	1st half 2019
Gowan Group	402	-
Total	**402**	**-**

Costs for services

	1st half 2020	1st half 2019
Gowan Group	5	-
Total	**5**	**-**

Other operating costs

	1st half 2020	1st half 2019
Gowan Group	5	-
Total	**5**	**-**

Financial income

	1st half 2020	1st half 2019
Gowan Group	26	12
Total	**26**	**12**

Non-current receivables and other assets

	30.06.2020	31.12.2019
Gowan Group	1,915	1,907
Total	**1,915**	**1,907**

Trade receivables

	30.06.2020	31.12.2019
Gowan Group	3,163	2,669
Total	**3,163**	**2,669**

Other current assets and other receivables

	30.06.2020	31.12.2019
Gowan Group	849	467
Total	**849**	**467**

Trade payables		
	30.06.2020	31.12.2019
Gowan Group	254	246
Total	**254**	**246**

Remuneration for Directors and Statutory Auditors

The table below shows the economic benefits for the Directors of the parent company, and the members of the Board of Statutory Auditors (amounts in Euro) related to the first half of 2020:

Party	**Description of office**		**Remuneration**		
	Office held	**Duration of the office**	**Emoluments for the office**	**Bonuses, other incentives and fringe benefits**	**Other remuneration**
Directors:					
Giorgio Basile	Chairman and C.E.O.	3 years	250,000	1,854	-
Maurizio Basile	Deputy Chairman	3 years	45,000	62	-
Riccardo Basile	Director	3 years	10,000	-	-
Roberto Bonetti	Director	3 years	10,000		
Enrica Maria Ghia	Member of the Control, Risk and Sustainability Committee and of the Appointments and Remuneration Committee	3 years	13,500	-	-
Silvia Lazzeretti	Director	3 years	10,000	-	-
Marcella Elvira Antonietta Logli	Chairman of the Control, Risk and Sustainability Committee	3 years	13,750	-	-
Giuseppe Persano Adorno	Member of the Control, Risk and Sustainability Committee and of the Appointments and Remuneration Committee	3 years	13,500	-	-
Erwin Paul Walter Rauhe	*Lead Independent Director*	3 years	12,500	-	-
Angelo Zaccari	Chairperson of the Appointments and Remuneration Committee	3 years	11,500	-	-
Margherita Zambon	Director	3 years	10,000	-	-
Family members of key management personnel (directors or executives):					
Alessandra Basile				-	15,000
Statutory Auditors:					
Roberto Cassader	Chairman	3 years	15,000	-	-
Silvia Baroffio	Statutory auditor	3 years	10,000	-	-
Filippo Maria Cova	Statutory auditor	3 years	10,000	-	-

It should be noted that the term of office of the parent Isagro S.p.A.'s Board of Directors, appointed on April 24th, 2018, will end on approval of the Financial Statements as at December 31st, 2020, while that of the Board of Statutory Auditors, appointed on April 30th, 2019, will end on approval of the Financial Statements as at December 31st, 2021.

45. Financial risk management: objectives and criteria

When carrying on its business, the Isagro Group is exposed to financial and market risks, and in particular to:

a) change in exchange rates;
b) change in interest rates;
c) change in raw material prices;
d) cash;
e) capital management;
f) credit;
g) weather conditions and climate changes;
h) cyber risks;
i) Covid-19 health emergency risks.

<u>Reference framework</u>

It should be noted that in the first half of each year the crop protection market is characterised at a global level by a demand for crop protection products concentrated mainly in the Countries of the northern hemisphere (in terms of national distributors' sales to farmers, whose agricultural activity, in terms of sowing and application of crop protection products, then peaks in the second and third quarter of the year). Therefore, in this context, the most important markets are those of North America and Europe. On the other hand, in the same period of the year, in the southern hemisphere, agriculture is in the final phase of the period of use of crop protection products by farmers, thus preparing for the second half of the year that marks the beginning of supplies of crop protection products for the agricultural season.

The segment reports published by Phillips McDougall/Agro Pages on global crop and sowing trends in the past and current season show a positive picture of the end of the harvest season in the southern hemisphere and sowing in the northern hemisphere; similarly, the sowing projections for the 2020-2021 campaign in the world's main agricultural commodity production areas are also positive to date.

However, this positive picture was seen in the presence of the well-known Covid-19 pandemic worldwide, which initially affected China and Europe and, subsequently, the Americas (where the pandemic is still in its peak phase). On the one hand, this situation created several problems for the international movement of goods whereas, on the other hand, stimulated advance orders of crop protection products by national distributors, in order to avoid any stock shortages due to possible production and/or logistics issues. Consequently, according to official segment reports, the sales results of the main players in the market of crop protection products show a growth in turnover well distributed among the various geographical areas, as Isagro's figures also show. In particular, the data of the first half of 2020 on sales of crop protection products by the main operators in the Industry shows, at the global level, sales of approximately 2% higher than the first six months of 2019, in local currency.

In the above-mentioned context, the Group managed to control financial variables by activating the appropriate policies in order to minimize risks through the use of instruments offered by the various financial intermediaries with which Isagro has relations.
In particular, with regard to the use of derivatives, two types of hedges can be identified: (a) transactions that, in compliance with the risk management policies, meet the requirements imposed by the accounting standards for treatment as "hedge accounting", are designated as "hedging"; (b) transactions that, although carried out with the intention of business hedging, do not meet the requirements of the accounting standards, are classified as "trading". With regard to the hedging activities, it should be noted that they were exclusively carried out by the Group in reference to operational transactions and therefore not for speculative purposes. Given the above, it should be noted that beginning from January 1st, 2018, Isagro started to apply IFRS 9 – Financial instruments. Following the adoption of this standard, Isagro partially changed its financial risk management model relating to changes in exchange rates and to changes in the price of the commodity “copper”, resulting in a new hedge accounting model based on the new standard IFRS 9, and therefore envisaging the option of originating or not originating hedges.

The values indicated in the following comments refer to the parent Isagro S.p.A., which concentrates copper purchases and sales in currency, the latter mainly in US Dollars, Brazilian Reals and Indian Rupees. The transactions related to the Indian Rupees were carried out until the first quarter of 2020 and were related to the escrow fund established on December 27th, 2019 at HSBC India and related to the price adjustments of the sale of the former Isagro Asia, to be released according to the contractual agreements (for further details please refer to the paragraph "Main events of the first half of 2020"). With reference to exchange rates, it should be noted that changes in the euro/dollar rate may also lead to deviations in the consolidated values of the wholly-owned subsidiary Isagro USA.

a) Exchange rate risk management

The Isagro Group operates on several markets at international level and many commercial relations are managed in currencies other than the Euro, mainly in US Dollars, the reference currency for the sales made by the parent Isagro S.p.A. especially on the American markets and the reporting currency of the subsidiary Isagro USA. Although to a lesser extent, also the Indian Rupee (until the first quarter of 2020 in terms of hedges), the Colombian Peso and the Brazilian Real - reporting currencies of Isagro (Asia) Agrochemicals Pvt. Ltd. (a 100% owned subsidiary until December 27th, 2019, when it was entirely sold to PI Industries), Isagro Colombia S.A.S. and Isagro Brasil Ltda, respectively, - also acquire importance. This implies that the Group's assets and liabilities are exposed to financial risks arising from the change in the exchange rate between the time when the commercial relationship originates and the time when the transaction is completed (collection/payment). With reference to the parent Isagro S.p.A., sales in US Dollars were equal to approximately USD 13 million in the first half of 2020, against purchases in US Dollars equal to approximately USD 9 million, which therefore perform, in conjunction with the foreign currency current accounts in dollars, equal to approximately USD 1 million as at June 30th, a "natural hedging" function, with a "long position" balance equal to approximately USD 5 million as at June 30th, 2020.

In order to reduce the risk related in particular to US dollar fluctuations, the parent Isagro S.p.A. carries out hedging transactions represented by swap instruments.

Isagro enters into forward and non-deliverable forward contracts to hedge the exchange risk of the US Dollar and the Brazilian Real. In particular, the parent Isagro S.p.A. hedges the net currency exposure related to the level of expected sales (of products and services) foreseen in the budget. The establishment of this hedging relationship gives rise to cash flow hedging transactions. The accounting rules for these transactions envisage that the derivatives are measured at fair value and recognised under “Other comprehensive income” therefore fuelling an equity reserve (as at June 30th, 2020 the effect was about € 926 thousand negative gross of the tax effect), then booking them to the Income Statement consistently with the hedged item, and therefore partly to adjust the revenues received and partly to adjust the gains/losses on the exchange rates linked to the collection of the receivable. The hedges remain in place until the hedged receivable is transformed into the currency of the accounts. By virtue of the fact that the underlying asset is a trade receivable, the fair value of these hedges is not recorded in the Group’s Net financial position.

In case of events leading to an over-hedging, Isagro has the right to allocate the hedges in excess of the estimated net flows for the year to the following year, when they will show their effects on the Income statement.

Note that, as at June 30th, 2020, the Parent Isagro S.p.A. had currency swap transactions in US Dollars of about US$18 million and in Brazilian Reais of about Reais 24 million, against similar net credit positions in these currencies. Moreover, Isagro prepares its consolidated financial statements in Euro and, therefore, fluctuations in the exchange rates used for translating the financial statements of subsidiaries originally expressed in foreign currencies could significantly affect the Group's accounting results.

b) Interest rate risk management

As at June 30th, 2020, the Isagro Group had a negative net financial position of € 34.0 million, of which € 4.3 million deriving from the application of the new IFRS 16-Leases.

On the other hand, the parent Isagro S.p.A. had as at June 30th, 2020 a negative Net financial position of € 35.0 million, of which € 3.9 million due to the application of IFRS 16 and € 19.8 million represented by medium/long-term payables, compared to a value of NFP and medium/long-term payables as at December 31st, 2019 of € 30.4 million and € 30.8 million, respectively. As at June 30th, 2019, the parent Isagro S.p.A. had a negative Net financial position of € 67.0 million, of which € 4.4 million due to the application of IFRS 16 and € 41.5 million represented by medium/long-term debts.

Note that Isagro started to apply IFRS 16 as from January 1st, April.

In the first six months of 2020, the parent Isagro S.p.A. generated, excluding the effect of IFRS 16:

- a positive cash flow from operations (i.e. excluding changes in NWC, the effects of the sale of Isagro Asia and changes in NFP stocks related to IFRS 16) of € 0.2 million;
- a negative cash flow of € 7.8 million, due to changes in Net working capital (NWC);
- a cash flow from collections from the escrow fund related to the sale of Isagro Asia of € 2.7 million,

therefore recording a negative free cash flow of € 4.9 million for the period. Considering this value together with the decrease related to IFRS 16 items, equal to € 0.3 million, the NFP as at June 30th, 2020 was up by € 4.6 million compared to December 31st, 2019;

- it did not obtain new medium/long-term loans.

On the other hand, in the 12-month rolling period, the parent Isagro S.p.A. generated, excluding the effect of IFRS 16:

- a negative cash flow from operations (i.e. excluding changes in NWC, the effects of the sale of Isagro Asia and changes in NFP stocks related to IFRS 16) of € 11.3 million;
- a negative cash flow of € 6.1 million, due to changes in Net working capital (NWC);
- a cash flow from the sale of Isagro Asia of € 48.9 million,

therefore, recording a positive free cash flow of € 31.5 million for the period. Considering this value together with the decrease related to IFRS 16 items, equal to € 0.5 million, the NFP as at June 30th, 2020 was down by € 32.0 million compared to June 30th, 2019.

Most of the financial payables of the parent Isagro S.p.A. outstanding as at June 30th, 2020 (considered gross of liquidity), amounting to about € 39 million, are remunerated on the basis of a fixed spread component, of variable amount depending on the nature of the various lines, and a variable component generally represented by the 3-month EURIBOR (equal to -0.42 as at June 30th, 2020), except for € 11.4 million that are remunerated at fixed and floating rate to which specific "IRS" interest rate swaps are associated (the fixed IRS rate is intended to hedge the interest rate risk deriving from the debt exposure indexed to the floating rate).

It is estimated that for every 10 basis points of increase in the cost of debt applied to the financial debt gross of liquidity, Isagro would have had an incremental negative impact on the income statement of the first half of 2020 of about € 59 thousand, to be considered unrepresentative.

Moreover, should it be deemed appropriate to hedge the interest rate risk with reference to the variable component of these loans, Isagro would use ordinary "interest rate swap" contracts.

Such contracts would be entered into with a notional amount that partially or fully covers the financial indebtedness subject to interest rate changes, with maturity dates identical to those of the underlying financial liabilities, so that any change in the fair value and/or cash flows expected from such contracts would be offset by a corresponding change in the fair value and/or expected cash flows of the underlying position. These hedges would also be carried out with a view to matching the redemption plan of each loan (hedge accounting). As at June 30th, 2020, there were three medium/long-term floating rate loan agreements with specific "interest rate swaps", as well as five agreements entered into directly at a fixed rate.

c) Change in the price of raw materials

This risk is essentially limited to fluctuations in the price of the commodity copper, a fundamental raw material for the production of fungicides based on this metal. The derivative used is the "commodity swap".

Isagro, in order to manage this risk, carries out the hedging of copper requirements on the basis of the following procedure:

- fixing sales prices with customers;
- preparation of the production plan and identification of the maximum timing of the raw material purchase lots, for each individual sale and period;
- preparation of a report generated by the IT systems that indicates, for each single order and price, the equivalent quantities of scrap copper and the relative purchase timing of the raw material for production;
- forward currency hedging of the quantities requested for the processing of the sales order.

Following the introduction of IFRS 9, in terms of their representation in the accounts, hedges entered to before the end of the reporting period are recognised as an adjustment of purchases and proportionally distributed between the cost of sales and final inventories. With regard to transactions still in place, the fair value will be recorded under “Other comprehensive income”, therefore fuelling an equity reserve (as at June 30th, 2020 the effect was approximately a positive € 27 thousand before tax). By virtue of the fact that the underlying asset is a trade receivable, the fair value of these hedges is not recorded in the Group’s Net financial position.

However, note that the company procedure relating to the management of financial risks envisages that the C.F.O., in agreement with the C.E.O., may assess the advisability of derogating from the hedging procedure mentioned above.

Note that, as at June 30th, 2020, the parent Isagro S.p.A. had forward purchase transactions of copper for 264 tonnes expiring within the third quarter of 2020.

d) Liquidity risk management

The Group's liquidity is based on a diversification of bank financing sources as well as on a mix of credit line structure: "commercial or self-liquidating", medium/long-term loans and finally factoring lines in order to be able to use these lines according to the type of needs.

Note that the Group's indebtedness is concentrated in the parent Isagro S.p.A. and is divided among a large number of banks, with the aim of minimising counterparty risk.

From an operational point of view, the Group controls liquidity risk using annual planning, with monthly and daily details, of expected cash flows and payments. Based on the results of the financial planning, the needs are identified, hence, the resources needed to cover them. Moreover, during each financial year and on a monthly basis, a "Financial Report" is drawn up summarising the final and prospective cash flows at year-end, again on a monthly basis, of the parent Isagro S.p.A. The same reporting tool was also applied to the subsidiaries Isagro Brasil Ltda, Isagro Colombia S.A.S., Isagro España S.L. and Isagro USA, Inc.

The following table summarises the time profile of the Group's liabilities based on contractual payments that are not discounted:

30/06/2020	On demand	< 3 months	3 - 12 months	1 - 5 years	over 5 years	TOTAL
Financial liabilities	1,436	5,473	16,980	19,508	1,960	**45,357**
Derivatives	-	13	21	38	-	**72**
Trade payables	4,182	7,431	12,965	-	-	**24,578**
Tax payables	-	-	279	-	-	**279**
Other liabilities and other payables (*)	3,257	-	767	-	-	**4,024**
TOTAL	**8,875**	**12,917**	**31,012**	**19,546**	**1,960**	**74,310**

31/12/2019	On demand	< 3 months	3 - 12 months	1 - 5 years	over 5 years	TOTAL
Financial liabilities	15,612	12,674	23,731	31,325	2,138	**85,480**
Derivatives	-	26	47	84	-	**157**
Trade payables	4,958	9,463	11,722	-	-	**26,143**
Tax payables	-	-	109	-	-	**109**
Other liabilities and other payables (*)	3,221	-	468	-	-	**3,689**
TOTAL	**23,791**	**22,163**	**36,077**	**31,409**	**2,138**	**115,578**

(*) excluding deferred income and guarantee deposits

Note that as at June 30th, 2020, the parent Isagro S.p.A. had more than € 55 million unused bank credit facilities of various types.

e) Capital management

The Group's objective is to guarantee a valid credit rating in order to have access to bank credit at economically advantageous conditions. Therefore, it is the Group's policy to have continuous contact with all financial institutions in order to provide them with the information (always within the limits set for listed companies) they need to better understand the type of business and the particular market situations.

f) Credit risk management

In order to limit certain customer/Country risks, letters of credit, insurance coverage, non-recourse factoring or even financial discounts for advance payments are used.

Isagro, in order to best represent the risk of trade receivables in the financial statements and in accordance with IFRS 9, in force from January 1st, 2018, determines the impairment of receivables in accordance with the expected credit loss principle. Unlike the incurred loss model, provided for by the previous IAS 39, it is no longer necessary for an event to occur before losses on receivables are recognised; in fact, the new standard provides that impairment is recognised over the entire life of the receivable (12 months), with a forward looking logic.

Based on the above, the parent Isagro S.p.A. determined a provision matrix that identifies the probability of default - determined with reference to the average losses of the past three years (known as default rate base) - to which the forward looking probability is added, i.e. a percentage of risk that reflects the prospective probability of default.

This provision matrix is then applied to the ageing of receivables, constructed by past due brackets and by geographical area (also including the invoices to be issued and net of period cut-offs).

In addition to the above, specific analyses are carried out to determine impairment losses with reference to the following types of receivables:

a) receivables subject to legal proceedings and/or already fully impaired;
b) positions with specific risk profile;
c) other receivables;
d) receivables from M/L Agreements (for this type of receivable, the risk factor is considered in the discount rate applied to the various agreements and revised in the event of a change in the debtor's payment profile).

Isagro's policy provides that this provision matrix is updated annually, at the end of the reporting period, always taking into account the average of the previous three years as far as the default rate base is concerned.

For what concerns the other Group companies, the policy envisages that the write-down percentages arising from the provision matrix determined for the parent Isagro S.p.A. are also applied to the receivables of the subsidiaries taking as reference the rates corresponding to the relevant geographical areas.

The table below shows the Group's maximum exposure to credit risk:

	30.06.2020	31.12.2019
Trade receivables	34,014	27,227
Other assets and other receivables (excluding deferrals)	6,334	10,090
Tax receivables	1,029	1,205
Financial assets	4,261	2,700
Cash and cash equivalents (excluding cash)	7,945	46,571
	53,583	87,793
Guarantees given to third parties	-	-
Total credit risk	**53,583**	**87,793**

g) <u>Changes in weather conditions and climate changes</u>

The use of crop protection products is affected by a high number of elements among which an important role is played by weather conditions such as humidity, rainfall, temperature. To date, the Group pursues a policy of diversification of the markets in which it operates in order to cover the largest number of markets in both hemispheres. In fact, the Group operates directly (with its own sales networks) or indirectly through local distributors in over 70 countries in order to minimise the influence of special weather conditions in certain regions/continents. However, conditions of drought or excessive rainfall that extraordinarily involve several continents/countries at the same time can strongly affect the Group's profitability profile. More specifically, given the composition of Isagro Group sales, the weather conditions in Europe (and in Italy, in particular), the United States, Brazil and Asia are significant.

Finally, with reference to climate change, the Group monitors developments in the general context and tries to mitigate its impact by covering as many geographical segments as possible in order to mitigate these effects as far as possible.

Note that weather conditions unfavourable to the consumption of crop protection products (especially fungicides, a sector in which Isagro has a specific focus) that may occur in one or more markets that are quantitatively significant for Isagro with respect to total turnover, such as Italy, Brazil and the United States, could have significant impacts on the Group's economic-financial results.

Crop protection products are subject to the risk of "ban" (also in the form of non re-registration) or restrictions on use (in terms of volumes of active ingredient usable per agricultural season and/or number of applications granted). With reference to Isagro and the Group's product portfolio, the above may have direct or indirect effects. As direct effects, molecules marketed by the Group may be excluded from the list of active ingredients that can be marketed in the various Countries or there may be restrictions on use as previously set out. In this sense, a position is expected from the European Union on the re-registration of the active ingredient Tetraconazole in particular, while limitations in terms of volumes have already appeared on the market for copper-based products, effects already included in the estimates by Isagro in the expected future results in the short and medium term. As indirect effects, there may be "bans" or limitations on the use of active ingredients used by Isagro in mixtures with proprietary products such as Chlorotalonil. In this regard, note that Isagro has already made the relevant provisions/write-downs to the best of the current information framework.

h) Cyber risks;

The Group is exposed to the risk that a cyber attack may occur that generates a significant interruption in operating activities, the loss, theft or misappropriation of sensitive data, the violation or falsification of company emails and/or the violation of current "privacy" regulations with the consequent negative effects of both an economic and reputational nature.

Isagro's ICT infrastructures are kept constantly updated according to the needs that emerge from the rapid technological development. Therefore, considering that the good functioning of ICT represents a critical issue for business as a going concern, Isagro started a progressive path on the different company systems for the assessment of threats and the degree of resistance of the protection systems in place to cyber attacks and has taken steps to remedy the potential shortcomings found.

Although the Group has adopted strict protocols for the protection of data acquired in the course of its operations and for the protection of information and privacy, it cannot be excluded that the occurrence of one or more of the above-mentioned risks may have negative consequences on the Group's business and on its economic and financial position, results of operations and prospects. In this regard, note that in the first ten days of May of the current financial year, the wholly-owned subsidiary Isagro España was involved in a phishing scam that resulted for this company in an undue bank outlay of approximately € 871 thousand to a limited liability company with registered office and current account in Hong Kong, without any involvement of the parent Isagro S.p.A. This scam, which took place due to non-compliance at local level with procedures/authorisations to sign and not due to a violation of IT systems, was promptly reported to the competent Authorities. The Isagro Group also implemented a series of actions aimed at recovering these amounts in a timely manner, i.e. starting from the morning immediately after the scam occurred, including reports to the Public Security authorities in Spain and Hong Kong and the negotiation of international lawyers from Italy, Spain and Hong Kong. Moreover, the following activities were carried out:

- checking the safety of Isagro's IT systems, which were not found to be violated;

- modification of payment procedures and revision of the signature limits assigned to local management;
- analysis and revision of the authorisations to sign for the other foreign companies of the Group.

Following the various activities carried out, Isagro achieved the following results:

(a) the credit current account of the amount subject to scam was first taken care of and immediately afterwards blocked by the Hong Kong courts, in cooperation with the Hong Kong Bank where the persons involved in the scam had opened the credit current account, Bank that also confirmed on May 21st, 2020 that the funds subject to the scam were still deposited in that account;

(b) the High Court of the Hong Kong Special Administrative Region issued a "Final Judgement" on July 14th, 2020, ordering Isagro to repay the amounts involved in the scam.

On the basis of the above, the Hong Kong lawyers contracted by Isagro confirmed that the scammed amounts will probably be recovered in the coming months. In the meantime, the insurance company with which Isagro España had previously taken out a policy also against cyber crimes confirmed to Isagro España's lawyers, who informed the company in writing on July 27th, 2020, that the policy also covers the effects of the scam in question. For all the above reasons, as early as June 30th, 2020, the Directors believe that the recovery of these amounts subject to scam is likely.

i) <u>Covid-19 health emergency risks</u>

With reference to the Covid-19 health emergency underway and the risks related to it, please refer to the detailed information in the paragraph "Main events of the first half of 2020" of the Directors' Report on Operations and to that reported in this document in the paragraph "Basis of presentation" and the related references in it.

46. Significant non-recurring events and transactions

As in the first half of 2019, no significant non-recurring transactions were carried out during the first half of 2020.

47. Transactions resulting from atypical and/or unusual operations

Pursuant to CONSOB Communication dated July 28th, 2006, it is specified that, in the first half of 2020, the Group did not carry out any atypical and/or unusual operations, i.e. operations which, due to the significance, nature of the counterparties, subject of the transaction, pricing procedures and timing of the event, may raise doubts about the accuracy of the information contained in the financial statements, the conflict of interest, the protection of the company's assets, or the safeguarding of minority shareholders.

48. Events subsequent to June 30th, 2020

A) ADDITIONAL COLLECTION FROM ESCROW FUND FOR SALE OF ISAGRO ASIA

During the month of July, HSBC India paid an additional € 0.7 million to Isagro S.p.A. for a second tranche of local value added taxes ("GST") that, as mentioned above, are refunded to Isagro Asia by the Indian tax authorities and that were also the subject matter of escrow funds.

Therefore, as at the date of this Report, Isagro collected about € 3.3 million of the total of approximately € 5.9 million held in escrow fund.

B) *ASSET PURCHASE AGREEMENT RELATED TO THE SALE OF FLUINDAPYR*

During the month of July, Isagro and FMC signed the Asset Purchase Agreement for the sale to FMC of Isagro's assets related to the Fluindapyr molecule at a price of € 55 million (against a book value for Isagro of about € 25 million as at June 30th, 2020). The Closing (with the payment at the same time of the Price) is subject to certain conditions precedent, and as already notified, is expected to take place by the end of the third quarter of 2020 and in any case within the year. The operation is consistent with the redefinition of Isagro's strategic lines and business model, which envisage the valuation of assets related to organic chemistry to finance a growth project in copper fungicides and biosolutions, within an "integrated crop management" framework.

49. List of the main international accounting standards approved by the European Commission as of the date of preparation of the Financial Statements

International Accounting Standards			Endorsement regulation
IFRS	1	First-time Adoption of International Financial Reporting Standards (IFRS)	707/2004-2236/2004-2237/2004-2238/2004-211/2005-1751/2005-1864/2005-1910/2005-108/2006-69/2009-1136/2009-662/2010-574/2010-149/2011-1255/2012-301/2013-1361/2014-182/2018
IFRS	2	Share-Based Payment	211/2005-1261/2008-243/2010-244/2010-28/2015-289/2018-2075/2019
IFRS	3	Business combinations	2236/2004-495/2009-149/2011-1361/2014-28/2015-412/2019-2075/2019-551/2020
IFRS	4	Insurance Contracts	2236/2004-108/2006-1165/2009-1988/2017
IFRS	5	Non-current Assets Held for Sale and Discontinued Operations	2236/2004-70/2009-243/2010-2343/2015
IFRS	6	Exploration for and Evaluation of Mineral Resources	1910/2005-108/2006-2075/2019
IFRS	7	Financial Instruments: Disclosures	108/2006-1165/2009-574/2010-149/2011-1205/2011-1256/2012-2343/2015-34/2020
IFRS	8	Operating Segments	1358/2007-632/2010-243/2010-28/2015
IFRS	9	Financial Instruments	2067/2016-2395/2017-498/2018-34/2020
IFRS	10	Consolidated Financial Statements	1254/2012-313/2013-1174/2013-1703/2016
IFRS	11	Joint Arrangements	1254/2012-313/2013-2173/2015-412/2019
IFRS	12	Disclosure of Interests in Other Entities	1254/2012-313/2013-1174/2013-1703/2016-182/2018
IFRS	13	Fair Value Measurement	1255/2012-1361/2014-28/2015
IFRS	15	Revenue from contracts with customers	1905/2016-1987/2017
IFRS	16	Leases	1986/2017
IAS	1	Presentation of Financial Statements	2236/2004-2238/2004-1910/2005-108/2006-1274/2008-53/2009-70/2009-243/2010-149/2011-475/2012-301/2013-2406/2015-2075/2019
IAS	2	Inventories	2238/2004
IAS	7	Statement of Cash Flows	1725/2003-2238/2004-243/2010-1990/2017
IAS	8	Accounting Policies, Changes in Accounting Estimates and Errors	2238/2004-70/2009-2075/2019
IAS	10	Events After the Reporting Period	2236/2004-2238/2004-70/2009

International Accounting Standards			Endorsement regulation
IAS	11	Construction Contracts	1725/2003
IAS	12	Income Taxes	1725/2003-2236/2004-2238/2004-211/2005-1255/2012-1989/2017-412/2019
IAS	14	Segment Reporting	1725/2003-2236/2004-2238/2004-108/2006
IAS	16	Property, Plant and Equipment	2236/2004-2238/2004-211/2005-1910/2005-70/2009-301/2013-28/2015-2113/2015-2231/2015
IAS	17	Leases	2236/2004-2238/2004-108/2006-243/2010
IAS	18	Revenues	1725/2003-2236/2004
IAS	19	Employee benefits	1725/2003-2236/2004-2238/2004-211/2005-1910/2005-70/2009-475/2012-29/2015-2343/2015-402/2019
IAS	20	Accounting for Government Grants and Disclosure of Government Assistance	1725/2003-2238/2004-70/2009
IAS	21	The Effects of Changes in Foreign Exchange Rates	2238/2004-149/2011
IAS	23	Borrowing Costs	1725/2003-2238/2004-1260/2008-70/2009-412/2019
IAS	24	Related Party Disclosures	2238/2004-1910/2005-632/2010-28/2015
IAS	26	Accounting and Reporting by Retirement Benefit Plans	1725/2003
IAS	27	Separate Financial Statements	2236/2004-2238/2004-69/2009-70/2009-494/2009-149/2011-1254/2012-1174/2013-2441/2015
IAS	28	Investments in Associates and Joint Ventures	2236/2004-2238/2004-70/2009-149/2011-1254/2012-1703/2016-182/2018-237/2019
IAS	29	Financial Reporting in Hyperinflationary Economies	1725/2003-2238/2004-70/2009
IAS	31	Interests in Joint Ventures	2236/2004-2238/2004-70/2009-149/2011-1254/2012
IAS	32	Financial Instruments: Presentation	2236/2004-2237/2004-2238/2004-211/2005-1864/2005-108/2006-53/2009-1293/2009-149/2011-1256/2012-301/2013
IAS	33	Earnings Per Share	2236/2004-2238/2004-211/2005-108/2006
IAS	34	Interim Financial Reporting	1725/2003-2236/2004-2238/2004-70/2009-149/2011-301/2013-2343/2015-2075/2019
IAS	36	Impairment of Assets	2236/2004-2238/2004-70/2009-243/2010-1374/2013
IAS	37	Provisions, Contingent Liabilities and Contingent Assets	1725/2003-2236/2004-2238/2004-2075/2019
IAS	38	Intangible assets	2236/2004-2238/2004-211/2005-1910/2005-70/2009-243/2010-28/2015-2231/2015-2075/2019
IAS	39	Financial Instruments: Recognition and Measurement	707/2004-2086/2004-2236/2004-211/2005-1751/2005-1864/2005-1910/2005-2106/2005-108/2006-70/2009-1171/2009-243/2010-149/2011-1375/2013-34/2020
IAS	40	Investment Property	2236/2004-2238/2004-70/2009-1361/2014-400/2018
IAS	41	Agriculture	1725/2003-2236/2004-2238/2004-70/2009-2113/2015

Interpretations			Endorsement regulation
IFRIC	1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2237/2004
IFRIC	2	Members' Shares in Co-operative Entities and Similar Instruments	1073/2005
IFRIC	4	Determining Whether an Arrangement Contains a Lease	1910/2005
IFRIC	5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1910/2005
IFRIC	6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	108/2006
IFRIC	7	Applying the Restatement Approach under IAS 29 - Financial Reporting in Hyperinflationary Economies	708/2006

Interpretations			Endorsement regulation
IFRIC	8	Scope of IFRS 2	1329/2006
IFRIC	9	Reassessment of Embedded Derivatives	1329/2006-1171/2009-243/2010
IFRIC	10	Interim Financial Reporting and Impairment	610/2007
IFRIC	11	IFRS 2 - Group and Treasury Share Transactions	611/2007
IFRIC	12	Service Concession Arrangements	254/2009-2075/2019
IFRIC	13	Customer Loyalty Programmes	1262/2008-149/2011
IFRIC	14	IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1263/2008-633/2010-475/2012
IFRIC	15	Agreements for the Construction of Real Estate	636/2009
IFRIC	16	Hedges of a Net Investment in a Foreign Operation	460/2009-243/2010
IFRIC	17	Distribution of Non-Cash Assets to Owners	1142/2009
IFRIC	18	Transfers of Assets from Customers	1164/2009
IFRIC	19	Extinguishing Financial Liabilities with Equity Instruments	662/2010-2075/2019
IFRIC	20	Stripping Costs in the Production Phase of a Surface Mine	1255/2012-2075/2019
IFRIC	21	Levies	634/2014
IFRIC	22	Foreign Currency Transactions and Advance Consideration	519/2018-2075/2019
IFRIC	23	Uncertainty over Income Tax Treatments	1595/2018
SIC	7	Introduction of the Euro	1725/2003-2238/2004
SIC	10	Government Assistance - No Specific Relation to Operating Activities	1725/2003
SIC	12	Consolidation - Special Purpose Entities	1725/2003-2238/2004-1751/2005-1254/2012
SIC	13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers	1725/2003-2238/2004-1254/2012
SIC	15	Operating Leases - Incentives	1725/2003
SIC	25	Income Taxes - Changes in Tax Status of an Entity or its Shareholders	1725/2003-2238/2004
SIC	27	Evaluating the Substance of Transactions in the Legal Form of a Lease	1725/2003-2238/2004
SIC	29	Service Concession Arrangements: Disclosures	1725/2003
SIC	31	Revenue - Barter Transactions Involving Advertising Services	1725/2003-2238/2004
SIC	32	Intangible Assets - Web Site Costs	1725/2003-2236/2004-2238/2004-2075/2019

50. Isagro Group companies

Pursuant to CONSOB Resolution no. 11971 of May 14th, 1999, as amended (article 126 of the Regulation), the Isagro Group companies are listed below.

The list includes all the companies operating in the crop protection products industry, broken down by consolidation method. The following are also shown for each company: corporate name, business description, registered office, country of incorporation and share capital denominated in the original currency. Furthermore, the list also shows the Group's consolidated share, as well as the ownership interest held by Isagro S.p.A. or any other subsidiaries. The percentage of voting rights in the various Ordinary Shareholders' meetings coincides with the ownership interest.

Corporate name and business description	Registered offices	Country	Share Capital	Currency	Consolidated % share of the Group	Investing companies	Investment %
Holding company							
Parent							
Isagro S.p.A. (R&D, production, marketing of crop protection products)	Milan	Italy	24,961,207.65	EUR	-	-	-
Subsidiaries consolidated using the line-by-line method							
Isagro Agrosolutions Kenya Limited (Management of the registration of crop protection products and commercial development)	Nairobi	Kenya	1,000,000	KES	100%	Isagro S.p.A.	100%
Isagro Argentina Ltd. (Management of the registration of crop protection products and commercial development)	Buenos Aires	Argentina	9,234,570	ARS	100%	Isagro S.p.A. Isagro España S.L.	95% 5%
Isagro Australia Pty Ltd. (Management of the registration of crop protection products)	Sydney	Australia	475,000	AUD	100%	Isagro S.p.A.	100%
Isagro Brasil Ltda (Management of the registration of crop protection products and commercial development)	São Paulo	Brazil	1,307,210	BRL	100%	Isagro S.p.A. Isagro España S.L.	99% 1%
Isagro Chile Ltda (Management of the registration of crop protection products and commercial development)	Santiago	Chile	43,987,670	CLP	100%	Isagro S.p.A. Isagro España S.L.	90% 10%
Isagro Colombia S.A.S. (Distribution of crop protection products)	Cota	Colombia	2,000,000,100	COP	100%	Isagro S.p.A.	100%
Isagro España S.L. (Development and distribution of crop protection products)	Madrid	Spain	120,200	EUR	100%	Isagro S.p.A.	100%
Isagro Mexicana S.A. de C.V. (Management of the registration of crop protection products and commercial development)	Mexico City	Mexico	50,000	MXN	100%	Isagro S.p.A. Isagro USA, Inc.	90% 10%
Isagro Shanghai Co. Ltd. (Management of the registration of crop protection products and commercial development)	Shanghai	People's Republic of China	235,000	USD	100%	Isagro S.p.A.	100%
Isagro Singapore Pte Ltd. (Management of the registration of crop protection products and commercial development)	Singapore	Singapore	300,000	EUR	100%	Isagro S.p.A.	100%
Isagro South Africa Pty Ltd. (Management of the registration of crop protection products and commercial development)	Scottburgh	Republic of South Africa	1,071,000	ZAR	100%	Isagro S.p.A.	100%
Isagro USA, Inc. (Development, production, marketing of crop protection products)	Wilmington	United States	9,720,601	USD	100%	Isagro S.p.A.	100%
Isagro Vietnam Company Limited (Management of the registration of crop protection products and commercial development)	Ho Chi Minh City	Vietnam	1,113,750,000	VND	100%	Isagro Singapore Pte Ltd	100%
Other companies							
Arterra Bioscience S.r.l. (R&D biology & molecular genetics)	Naples	Italy	327,229	EUR		Isagro S.p.A.	16.8%

on behalf of the Board of Directors

Mr. Giorgio Basile
(Chairman and Chief Executive Officer)

Milan, September 10th, 2020

ISAGRO
Caldera Park - Via Caldera, 21 - 20153 Milano - Italia
Tel. 02 40901.1 - Fax 02 40901.287 - e-mail: isagro@isagro.com - www.isagro.com

Attestazione del bilancio consolidato semestrale abbreviato ai sensi dell'art. 81-ter del Regolamento Consob n. 11971 del 14 maggio 1999 e successive modifiche ed integrazioni

1. I sottoscritti Giorgio Basile, Presidente e Amministratore Delegato di Isagro S.p.A., e Ruggero Gambini, Dirigente preposto alla redazione dei documenti contabili societari di Isagro S.p.A., attestano, tenuto anche conto di quanto previsto dall'art. 154-bis, commi 3 e 4, del decreto legislativo 24 febbraio 1998, n. 58 (T.U.F.):
   - l'adeguatezza in relazione alle caratteristiche dell'impresa e
   - l'effettiva applicazione

   delle procedure amministrative e contabili per la formazione del bilancio consolidato semestrale abbreviato nel corso del primo semestre 2020.
2. Al riguardo non sono emersi aspetti di rilievo.
3. Si attesta, inoltre, che:

   3.1 il bilancio consolidato semestrale abbreviato al 30 giugno 2020:

   a) è redatto in conformità ai principi contabili internazionali applicabili riconosciuti nella Comunità Europea ai sensi del regolamento CE n. 1606/2002 del Parlamento Europeo e del Consiglio Europeo del 19 luglio 2002;

   b) corrisponde alle risultanze dei libri e delle scritture contabili;

   c) è idoneo a fornire una rappresentazione veritiera e corretta della situazione patrimoniale, economica e finanziaria dell'emittente e dell'insieme delle imprese incluse nel consolidamento;

   3.2 la relazione intermedia sulla gestione comprende un'analisi attendibile dei riferimenti agli eventi importanti che si sono verificati nei primi sei mesi dell'esercizio e alla loro incidenza sul bilancio consolidato semestrale abbreviato, unitamente ad una descrizione dei principali rischi ed incertezze per i sei mesi restanti dell'esercizio; detta relazione comprende, altresì, un'analisi attendibile delle informazioni sulle operazioni rilevanti con parti correlate.

Milano, 10 settembre 2020

Presidente e Amministratore Delegato	Dirigente preposto alla redazione dei documenti contabili societari
(Giorgio Basile)	(Ruggero Gambini)

ISAGRO S.p.A. - società diretta e coordinata da Holdisa S.r.l.
Sede legale e amministrativa: Via Caldera, 21 - 20153 Milano - Italia
Capitale Sociale Euro 24.961.207,65 i.v. - R.E.A. Milano 1300947 - Registro Imprese Milano, Cod. Fisc. e P.IVA 09497920158

Deloitte.

Deloitte & Touche S.p.A.
Via Tortona, 25
20144 Milano
Italia

Tel: +39 02 83322111
Fax: +39 02 83322112
www.deloitte.it

RELAZIONE DI REVISIONE CONTABILE LIMITATA SUL BILANCIO CONSOLIDATO SEMESTRALE ABBREVIATO

Agli Azionisti della
Isagro S.p.A.

Introduzione

Abbiamo svolto la revisione contabile limitata del bilancio consolidato semestrale abbreviato, costituito dalla situazione patrimoniale-finanziaria consolidata, dal conto economico consolidato, dal conto economico complessivo consolidato, dal rendiconto finanziario consolidato, dal prospetto dei movimenti di patrimonio netto consolidato e dalle relative note illustrative della Isagro S.p.A. e controllate ("Gruppo Isagro") al 30 giugno 2020. Gli Amministratori sono responsabili per la redazione del bilancio consolidato semestrale abbreviato in conformità al principio contabile internazionale applicabile per l'informativa finanziaria infrannuale (IAS 34) adottato dall'Unione Europea. E' nostra la responsabilità di esprimere una conclusione sul bilancio consolidato semestrale abbreviato sulla base della revisione contabile limitata svolta.

Portata della revisione contabile limitata

Il nostro lavoro è stato svolto secondo i criteri per la revisione contabile limitata raccomandati dalla Consob con Delibera n. 10867 del 31 luglio 1997. La revisione contabile limitata del bilancio consolidato semestrale abbreviato consiste nell'effettuare colloqui, prevalentemente con il personale della società responsabile degli aspetti finanziari e contabili, analisi di bilancio ed altre procedure di revisione contabile limitata. La portata di una revisione contabile limitata è sostanzialmente inferiore rispetto a quella di una revisione contabile completa svolta in conformità ai principi di revisione internazionali (ISA Italia) e, conseguentemente, non ci consente di avere la sicurezza di essere venuti a conoscenza di tutti i fatti significativi che potrebbero essere identificati con lo svolgimento di una revisione contabile completa. Pertanto, non esprimiamo un giudizio sul bilancio consolidato semestrale abbreviato.

Conclusioni

Sulla base della revisione contabile limitata svolta, non sono pervenuti alla nostra attenzione elementi che ci facciano ritenere che il bilancio consolidato semestrale abbreviato del Gruppo Isagro al 30 giugno 2020 non sia stato redatto, in tutti gli aspetti significativi, in conformità al principio contabile internazionale applicabile per l'informativa finanziaria infrannuale (IAS 34) adottato dall'Unione Europea.

DELOITTE & TOUCHE S.p.A.

Giacomo Bellia
Giacomo Bellia
Socio

Milano, 11 settembre 2020