



FIDIA GROUP

**INTERIM
REPORT**

AT 30 SEPTEMBER 2019

Fidia S.p.A.

Registered office in San Mauro Torinese, Corso Lombardia, 11

Paid-in share capital € 5,123,000

Turin Register of Companies

Taxpayer's Code 05787820017

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Translation of the original Italian document

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Board of Directors
14 November 2019

Boards of Directors and Auditors

Board of Directors

Chairman and Chief Executive Officer	Giuseppe Morfino (a)
Deputy Chairman	Carlos Maidagan (b)
Directors	Luigino Azzolin (c) (1) Anna Ferrero (c) (1) (2) Guido Giovando (c) (2) Paola Savarino (c) (1) Laura Morgagni (d) (2)

(a) Appointed Chairman at the Shareholders' Meeting on 28 April 2017 until the approval of the financial statements for the period 2019; appointed Managing Director by the Board of Directors on 28 April 2017 and General Manager by the Board of Directors on 14 July 2017.

(b) Appointed at the Shareholders' Meeting on 28 April 2017 until the approval of the financial statements for the period 2019; appointed Deputy Chairman by the Board of Directors on 28 April 2017.

(c) Appointed at the Shareholders' Meeting on 28 April 2017 until the approval of the financial statements for the period 2019.

(d) Appointed at the Shareholders' Meeting on 27 April 2018 up to the approval of the 2019 Financial Statements

(1) Member of the Internal Control and Risk Committee

(2) Member of the Remuneration Committee.

Board of Statutory Auditors (*)

Statutory Auditors	Maurizio Ferrero – Chairman Marcello Rabbia Chiara Olliveri Siccardi (e)
Alternate Auditors	Andrea Giammello Roberto Panero

(*) Appointed at the Shareholders' Meeting on 28 April 2017 until the approval of the financial statements for the period 2019.

(e) Substitute as auditor after the resignation of Marina Scandurra on 10 May 2019, until the approval of the 2019 financial statements;

Independent Auditors (**)

EY S.p.A.

(**) Appointed at the Shareholders' Meeting on 27 April 2012 for the nine-year period 2012-2020.

Powers of the chairman, chief executive officer and deputy chairman

Chairman of the Board of Directors and Chief Executive Officer: Mr. Giuseppe Morfino

He is the legal representative of the company with regard to third parties and courts of law, with separate signature, to exercise any and all, and the amplest powers of ordinary and extraordinary administration; he is entitled to appoint and revoke special attorneys for specific transactions, with the sole exclusion of the powers and rights expressly reserved to the Board of Directors, under the law or the company By-laws. The Board of the Directors retains the following powers:

- purchase, disposal and conferment of equity investments;
- disposal, conferment and/or lease of the company or any units thereof;
- purchase of companies or units of companies;
- purchase and/or disposal of real estate and/or tangible rights and/or rights of way thereto;
- registration of mortgages on corporate property;
- definition of company strategies relating to the purchase and sale of equity investments, company branches and real estate.

In his position of Chairman, he also vested with the capacity of "employer" as well as person in charge of the plants, emissions and wastes.

Deputy Chairman of the Board of Directors: Mr. Carlos Maidagan.

Organization of the FIDIA GROUP



FIDIA GROUP
-
Reclassified financial statements

at 30 September 2019

Reclassified consolidated income statement

(€ thousand)	Q3 2019	%	Q3 2018	%
Net revenue	30,432	84.4%	30,499	78.5%
Changes in inventories of finished goods and W.I.P.	3,481	9.7%	6,310	16.2%
Other revenues and income	2,128	5.9%	2,060	5.3%
Value of production	36,041	100.0%	38,869	100.0%
Raw materials and consumables	(14,995)	-41.6%	(17,219)	-44.3%
Commissions	(359)	-1.0%	(277)	-0.7%
Transport	(1,216)	-3.4%	(1,166)	-3.0%
Contractors	(1,923)	-5.3%	(1,895)	-4.9%
Other services and operating costs	(6,465)	-17.9%	(7,748)	-19.9%
Added value	11,083	30.8%	10,564	27.2%
Personnel costs	(13,474)	-37.4%	(13,085)	-33.7%
EBITDA	(2,391)	-6.6%	(2,521)	-6.5%
Bad debts provision	(70)	-0.2%	(277)	-0.7%
Depreciation/amortisation/write-downs of fixed assets	(1,740)	-4.8%	(886)	-2.3%
Operating income from ordinary business	(4,201)	-11.7%	(3,684)	-9.5%
Non-recurring income/(expenses)	-	0.0%	(603)	-1.6%
EBIT	(4,201)	-11.7%	(4,287)	-11.0%
Net finance expenses and revenue	(448)	-1.2%	(382)	-1.0%
Profit/(Loss) on exchange rates	(218)	-0.6%	(117)	-0.3%
Earnings before tax (EBT)	(4,866)	-13.5%	(4,786)	-12.3%
Income taxes (current, paid and deferred)	(104)	-0.3%	443	-1.1%
Net profit (loss) for the period	(4,970)	-13.8%	(4,343)	-11.2%
- (Profit)/Loss of non-controlling interests	(233)	-0.6%	(167)	-0.4%
- Profit/(Loss) of Group	(4,738)	-13.1%	(4,175)	-10.7%

Consolidated statement of financial position

(€ thousand)	30/9/2019	31/12/2018	30/9/2018
Net tangible assets	13,215	11,313	11,404
Intangible fixed assets	2,569	2,342	2,237
Non-current financial assets	16	16	16
Deferred tax assets	989	958	-
Other financial assets	221	274	1,997
Capital assets – (A)	17,010	14,903	15,654
Net trade receivables from customers	10,782	18,061	9,288
Closing inventories	21,373	18,419	25,646
Other current assets	1,627	1,789	1,733
Short-term (current) assets – (B)	33,783	38,269	36,667
Trade payables to suppliers	(13,696)	(16,394)	(13,074)
Other current liabilities	(13,099)	(10,579)	(14,967)
Short-term (current) liabilities – (C)	(26,795)	(26,973)	(28,041)
Net working capital (D) = (B+C)	6,987	11,296	8,626
Termination benefits (E)	(2,237)	(2,189)	(2,223)
Other long-term liabilities (F)	(340)	(688)	(426)
Net invested capital (G) = (A+D+E+F)	21,420	23,321	21,631
Financial position			
Available-for-sale financial assets			
Cash on hand, bank deposits	(3,906)	(6,561)	(5,434)
Short-term loans	10,394	8,952	8,056
(Assets)/liabilities for current derivatives	-	-	-
Other current financial payables		-	-
Short-term financial position (receivable)/payable	6,488	2,391	2,622
Long-term loans, net of current portion	7,445	8,881	9,942
(Assets)/liabilities for long-term derivatives	324	88	38
Net financial position (receivable)/payable (H)	14,257	11,361	12,602
Share capital	5,123	5,123	5,123
Provisions	5,357	6,516	6,391
Net profit (loss) for the period	(4,738)	(1,314)	(4,175)
Total equity of Group	5,742	10,325	7,339
Total equity of non-controlling interests	1,421	1,636	1,690
Total shareholders' equity (I)	7,163	11,961	9,029
Shareholders' equity and net financial position (L) = (H+I)	21,420	23,321	21,631

Group financial performance

Revenues

Revenues in the first nine months of 2019 amounted to €30,432 thousand, slightly down (-0.2%) compared to €30,449 thousand in the same period of the previous year.

The trend is the result of diverse sources: the mechanics segment (HSM) recorded revenue of €19,867 thousand compared to €19,185 thousand at 30 September 2018 (+3.6%), while the Service segment reported lower results compared to the first nine months of 2018 with revenue at €8,958 thousand (-0.8% compared to €9,028 thousand at 30 September 2018); the electronics segment (CNC) stood at €1,607 thousand (slightly down compared to €2,286 thousand at 30 September 2018).

In detail, the trend in revenue per business line is shown in the table below:

(€ thousand)	Q3 2019	%	Q3 2018	%	% Chg
Numerical controls, drives and software	1,607	5.3%	2,286	7.5%	-29.7%
High-speed milling systems	19,867	65.3%	19,185	62.9%	3.6%
After-sales service	8,958	29.4%	9,028	29.6%	-0.8%
Grand total	30,432	100%	30,499	100%	-0.2%

The revenues by geographical region is illustrated in the following tables:

GEOGRAPHICAL AREA	TOTAL REVENUES		TOTAL REVENUES		% Chg
(€ thousand)	3 ° trim.2019	%	3 ° trim.2018	%	
ITALY	2,523	8.3%	6,839	22.4%	-63.1%
EUROPE	6,664	21.9%	7,707	25.3%	-13.5%
ASIA	14,703	48.3%	9,574	31.4%	53.6%
NORTH and SOUTH AMERICA	6,542	21.5%	6,375	20.9%	2.6%
REST OF THE WORLD	-	0.0%	4	0.0%	-99.8%
TOTAL	30,432	100%	30,499	100%	-0.2%

Numerical controls and software

Revenues of the electronic segment (CNC) were down YOY at €1,607 thousand (€2,286 thousand at 30 September 2018).

High-speed milling systems

Revenues in the mechanical segment (HSM) were up by 3.6% compared to the first nine months of 2018 at €19,867 thousand (€19,185 thousand at 30 September 2018).

After-sales service

In the first nine months of the year, revenues in the Service division decreased by 0.8% to €8,958 thousand compared to €9,028 thousand in the first nine months of 2018.

Sales and marketing activity

The following tables show the trend in the backlog orders and in the new orders in the two periods under consideration.

With reference to the Service segment the commercial data (new orders and order backlog) are not be shown because they almost match with the revenues as the time to fulfill the intervention requests is very short.

(€thousand)	TOTAL 30/09/2019	TOTAL 30/09/2018	Chg. %
Order portfolio as at January 1st	22,872	31,367	-27.1%
New orders	24,123	31,332	-23.0%
Revenues	(21,474)	(21,471)	0.0%
Backlog orders at 30/09	25,521	41,228	-38.1%

Other revenues and income

Other revenues and income in first nine of 2019 were equal to €2,128 thousand (€2,060 thousand in the same period of 2018). This figure includes the other revenues from ordinary activity, but that cannot be included in the typical sale of goods and services.

This item includes:

- the surplus of the provisions for warranty and bad debts compared to the risks to be covered (€594 thousand compared to €374 thousand at 30 September 2018);
- capitalization of product development costs (€450 thousand compared to €1,160 thousand at 30 September 2018), decreased due to the rationalization of activities in internal development projects;
- contingent assets, damages from insurance companies, recovery of costs incurred and others (€673 thousand at 30 September 2019; €263 thousand at 30 September 2018).
- research grants from the EU and Italian Ministry of, University and Research (MUR) as part of the funded research activity carried out by the parent company Fidia S.p.A. (€360 thousand, €244 thousand at 30 September 2018);
- capital gains from transfers (€51 thousand at 30 September 2019; €20 thousand at 30 September 2018);

Value of production

In the first nine months of the current period, the value of production totalled €36,041 thousand, down from €38,869 thousand in the same period in 2018 (-€2,828 thousand), due to a lesser effect of the change in inventory of finished and semi-finished goods.

Other services and operating costs

The item totalled €6,465 thousand in the first nine months of 2019, down compared to €7,748 thousand in the same period of 2018 (-€1,283 thousand).

Added value

At 30 September 2019, it amounted to €11,083 thousand (30.8% of the value of production), up in absolute terms from the €10,564 thousand (27.2% of the value of production) of the same period of the year before.

Personnel

The following tables illustrate the trends in staffing and labor costs.

	30/9/2019	30/9/2018	Abs. change	% Chg
Executives	13	9	4	44.4%
Clerks and cadres	257	273	-16	-5.9%
Workers	51	54	-3	-5.6%
Total employees	321	336	-15	-4.5%
Total mean No. of employees	330.5	334.5	-4	-1.2%

	Q3 2019	Q3 2018	Abs. change	% Chg
Labour cost (€thousand)	13,474	13,085	389	2.97%

Comparing the first nine months of 2019 and 2018, personnel costs showed a very slight increase in absolute terms (€389 thousand, or 3.0%). Given the decrease in the value of production, the incidence of labour costs on revenues went from 33.7% at 30 September 2018 to 37.4% at 30 September 2019.

EBITDA

EBITDA was negative and amounted to -€2,391 thousand (-6.6% of the value of production) and was therefore slightly better compared to the same period of the previous year, when the Group posted EBITDA of -€2,521 thousand.

Operating income from ordinary business

Operating income from ordinary business at 30 September 2019 recorded a loss of €4,201 thousand. This indicator decreased compared to the negative figure of -€3,684 thousand recorded at 30 September 2018.

This result shows the higher depreciation of fixed assets compared to 30 September 2018 (+€853 thousand), mainly due to the application of IFRS 16, which worsens the item depreciation instead of the lease instalments allocated to the item Other Operating Costs in the previous period.

Non-recurring income and charges

In the first nine months of 2019 there were no non-recurring charges, compared to €603 thousand at 30 September 2018, attributable to the loss recorded by the US subsidiary Fidia Co, which was the victim of computer fraud.

EBIT

EBIT at 30 September 2019 was negative at €4,201 thousand (at 30 September 2018 it was negative at €4,287 thousand).

Finance expenses and revenue and net exchange rate differences

Charges for financing activities were slightly up compared with the first nine months of 2018 (net charges of €448 thousand at 30 September 2019 versus €382 thousand at 30 September 2018).

Net differences in exchange rates, either realized or resulting from measurement in the financial statements, generated net expenses of €218 thousand versus net expenses of €117 thousand at 30 September 2018.

Earnings before tax (EBT)

EBT resulted in a loss of €4,866 thousand versus a loss of €4,786 thousand in the same period of 2018.

Profit (loss) of Group

The Group net result, after taxes of €104 thousand and after losses pertaining to third parties (€233 thousand), is a loss of €4,738 thousand compared to a loss of €4,175 thousand in the first nine months of 2018.

Analysis of the financial data

Net financial position

(€ thousand)	30/9/2019	31/12/2018	30/9/2018
Financial position			
Available-for-sale financial assets		-	-
Cash on hand, bank deposits	3,906	6,561	5,434
Overdrawn bank accounts and short-term advances	(1,973)	(3,369)	(2,103)
Short-term loans	(7,222)	(5,583)	(5,953)
(Assets)/liabilities for current derivatives	-	-	-
Other current financial payables	(1,200)	-	-
Short-term financial position - (receivable)/payable	(6,488)	(2,391)	(2,622)
Long-term loans, net of current portion	(6,231)	(8,881)	(9,942)
(Assets)/liabilities for long-term derivatives	(324)	(88)	(38)
Other non-current financial payables	(1,214)		
Net financial position - receivables/(payables)	(14,257)	(11,361)	(12,602)

The detail of assets and liabilities inside the net financial position follows below:

(€ thousand)	30/9/2019	31/12/2018	30/9/2018
Available-for-sale financial assets	-	-	-
Cash on hand, bank deposits			
Fidia S.p.A.	1,700	3,475	2,841
Fidia Co.	652	1,108	333
Fidia GmbH	213	224	429
Fidia Iberica S.A.	289	402	451
Fidia S.a.r.l.	310	167	154
Beijing Fidias Machinery & Electronics Co.,Ltd	600	783	921
Fidia do Brasil Ltda.	46	78	83
Shenyang Fidias NC & M Co., Ltd	96	325	221
OOO Fidias		-	-
	3,906	6,561	5,434
Total cash and cash equivalents	3,906	6,561	5,434

(€ thousand)	30/9/2019	31/12/2018	30/9/2018
Short-term loans and advances			
Fidia S.p.A.	(8,741)	(8,325)	(7,598)
Fidia GmbH	(428)	(216)	(52)
Fidia Iberica S.A.	(22)	(18)	(19)
Fidia S.a.r.l.	(49)		
Fidia do Brasil Ltda.	(432)	(392)	(387)
Beijing Fidial Machinery & Electronics Co.,Ltd	(693)	-	
Shenyang Fidial NC & M Co. Ltd.	(29)		-
	(10,394)	(8,952)	(8,056)
Other current financial payables			
Fidia S.p.A.		-	-
		-	-
Long-term loans, net of current portion			
Fidia S.p.A.	(7,301)	(8,525)	(9,394)
Fidia GmbH	(52)	(342)	(530)
Fidia Iberica S.A.	(29)	-	(18)
Fidia S.a.r.l.	(56)	-	-
Fidia do Brasil Ltda	(8)	(14)	-
	(7,445)	(8,881)	(9,942)
(Assets)/liabilities for long-term derivatives			
Fidia S.p.A.	(324)	(88)	(38)
	(324)	(88)	(38)
Total financial payables	(18,163)	(17,922)	(18,036)

At 30 September 2019, the net financial position was negative by €14,257 thousand; the change compared with 31 December 2018 was negatively affected by cash, driven by the lower level of receipts and advances on orders, linked to the dynamics of installation and delivery, as well as the effect due to the introduction of IFRS 16, which weighed negatively by €2,414 thousand.

The repayment of medium and long-term loans continued, generating a positive effect on the net financial position of €2,650 thousand.

The following table contains a condensed statement of cash flows at 30 September 2019 showing the cash flows composing the net financial position.

SHORT CONSOLIDATED CASH FLOW STATEMENT

(€ thousand)	30/9/2019	30/9/2018
A) Cash and cash equivalents at beginning of period	3,192	11,273
B) Cash from/(used in) operating activities during the period	752	(4,997)
C) Cash from/(used in) investing activities	(733)	(1,438)
D) Cash from/(used in) financing activities	(1,638)	(1,548)
Currency translation differences	359	41
E) Net change in cash and cash equivalents	(1,259)	(7,942)
F) Cash and cash equivalents at end of period	1,933	3,331
Breakdown of cash and cash equivalents:		
Cash and cash equivalents	3,906	5,434
Overdrawn bank accounts	(1,973)	(2,103)
	1,933	3,331

Segment reporting

Economic performance by business sector

The following table shows earning performance broken down by business segment. The data of the Group are presented with a breakdown into three sectors (Numerical Controls - CNC -, High Speed Milling Systems - HSM -, and Service).

The last columns show those items that cannot be classified; these items are mainly general and administrative costs and costs for advertising, promotion and trade fairs incurred for all three business lines.

Inter-segment revenues consist mainly of numerical controls, components and electromechanical systems transferred from the electronics sector to the milling systems sector and reciprocally of mechanical assemblies supplied to the electronics sector for particular applications.

CONSOLIDATED INCOME STATEMENT by business sector

Progressive data at September 2019 (€ thousand)	CNC		HSM		SERVICE		N/A	TOTAL
	2019	%	2019	%	2019	%		
Revenues	1,607	50.2%	19,867	100.0%	8,958	99.7%	-	30,432
Cross-sector revenues	1,592	49.8%	-	0.0%	23	0.3%		
Total reclassified revenues	3,199	100.0%	19,867	100.0%	8,981	100.0%	-	30,432
Changes in inventories of finished goods and W.I.P.	9	0.3%	3,436	17.3%	35	0.4%	0	3,481
Raw materials and consumables	(930)	-29.1%	(12,998)	-65.4%	(989)	-11.0%	(77)	(14,995)
Cross-sector expenses	182	5.7%	(2,269)	-11.4%	446	5.0%	25	
Commissions, transport and contractors	(349)	-10.9%	(2,785)	-14.0%	(363)	-4.0%	(2)	(3,498)
Sales margin	2,111	66.0%	5,252	26.4%	8,110	90.3%	(54)	15,420
Other operating revenue	446	13.9%	984	5.0%	210	2.3%	488	2,128
Other operating costs	(303)	-9.5%	(1,932)	-9.7%	(1,783)	-19.9%	(2,446)	(6,465)
Personnel costs	(1,835)	-57.4%	(4,689)	-23.6%	(4,105)	-45.7%	(2,844)	(13,474)
Depreciation, amortization and writedowns	(184)	-5.8%	(618)	-3.1%	(124)	-1.4%	(883)	(1,810)
Operating profit/(loss)	234	7.3%	(1,004)	-5.1%	2,308	25.7%	(5,739)	(4,201)

Progressive data at September 2018 (€ thousand)	CNC		HSM		SERVICE		N/A	TOTAL
	2018	%	2018	%	2018	%	2018	2018
Revenues	2,286	66.2%	19,185	100.0%	9,028	100.0%	-	30,499
Cross-sector revenues	1,168	33.8%	-	0.0%		0.0%	-	
Total reclassified revenues	3,454	100.0%	19,185	100.0%	9,028	100.0%	-	30,499
Changes in inventories of finished goods and W.I.P.	107	3.1%	6,017	31.4%	186	2.1%	-	6,310
Raw materials and consumables	(1,090)	-31.6%	(14,709)	-76.7%	(1,322)	-14.6%	(98)	(17,219)
Cross-sector expenses	235	6.8%	(2,172)	-11.3%	731	8.1%	38	
Commissions, transport and contractors	(461)	-13.3%	(2,498)	-13.0%	(356)	-3.9%	(24)	(3,338)
Sales margin	2,245	65.0%	5,823	30.4%	8,267	91.6%	(84)	16,252
Other operating revenue	545	15.8%	901	4.7%	431	4.8%	184	2,060
Other operating costs	(481)	-13.9%	(1,726)	-9.0%	(2,013)	-22.3%	(3,529)	(7,748)
Non-recurring charges	-	0.0%	-	0.0%	-	0.0%	(603)	(603)
Personnel costs	(1,976)	-57.2%	(4,169)	-21.7%	(4,179)	-46.3%	(2,762)	(13,085)
Depreciation, amortization and writedowns	(113)	-3.3%	(487)	-2.5%	(265)	-2.9%	(298)	(1,164)
Operating profit/(loss)	221	6.4%	343	1.8%	2,241	24.8%	(7,091)	(4,287)

Summary of the group performance, significant events and business outlook

The third quarter of the period closed once again with a negative result, as a consequence of the reduction in the volume of business in all business lines, due to the evident drop in demand in most of the markets in which the Group operates.

On the commercial front, in fact, there was a slowdown in all the main markets in which the Group operates, with the exception of Brazil and Turkey.

The third quarter of the year showed a similar trend compared to the previous two and, taking into account the expectations in the short-term forecasts, the Group reacted vigorously with appropriate measures in the area of cost reduction.

Based on the order backlog, management expects an improvement in economic performance in the last quarter of the year, as has often been the case in previous years, with consequent benefits on the result and financial debt.

On behalf of the Board of Directors

The Chairman and CEO

Mr. Giuseppe Morfino

FIDIA GROUP

Consolidated accounting schedules and Notes

at 30 September 2019

CONSOLIDATED INCOME STATEMENT

(€thousand)	Notes	3rd Quarter 2019	3rd Quarter 2018
- Net sales	1	30,432	30,499
- Other operating revenue	2	2,128	2,060
Total revenue		32,560	32,559
- Change in finished goods and WIP		3,481	6,310
- Raw materials and consumables	3	(14,995)	(17,219)
- Personnel costs	4	(13,474)	(13,085)
- Other operating costs	5	(9,962)	(11,086)
- Depreciation, amortization and writedowns	6	(1,810)	(1,163)
- Operating profit/(loss) from ordinary business		(4,201)	(3,684)
- Non-recurring income/(expenses)	7	0	(603)
Operating profit/(loss)		(4,201)	(4,287)
- Financial income/(expense)	8	(665)	(499)
- Profit (loss) before taxes		(4,866)	(4,786)
- Income tax	9	(104)	443
- Profit (loss) for the period		(4,970)	(4,343)
Profit/(loss) attributable to:			
Shareholders of the parent company		(4,738)	(4,175)
Minority interests		(233)	(167)
<i>(EUR)</i>			
Earning per share	10	(0.93)	(0.82)
Diluted earnings per ordinary share	10	(0.93)	(0.82)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€thousand)	Notes	3rd Quarter 2019	3rd Quarter 2018
Profit (loss) for the period (A)		(4,970)	(4,343)
Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss:			
Profit/(loss) on cash flow hedges		(236)	27
Profit(loss) on translation of financial statements of foreign companies		452	54
Tax effect pertaining to Other comprehensive profit/(loss) that may be reclassified in profit or loss		56	(6)
Total Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss, net of tax effect (B1)		272	75
Other comprehensive profit/(loss) that may not subsequently be reclassified in profit or loss:			
Net actuarial gains/(losses) on defined benefit plans		(80)	16
Tax effect pertaining to Other comprehensive profit/(loss) that may not be reclassified in profit or loss		19	(4)
Total Other comprehensive profit/(loss) that may not subsequently be reclassified in profit or loss, net of tax effect (B2)		(61)	12
Total Other comprehensive profit/(loss), net of tax effect (B)=(B1)+(B2)		87	211
Total comprehensive profit/(loss) for the period (A)+(B)		(4,759)	(4,256)
Total comprehensive profit/(loss) due to:			
Shareholders of the parent company		(4,545)	(4,056)
Non-controlling interests		(214)	(200)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€thousand)	Notes	30 September 2019	31 December 2018
ASSETS			
NON-CURRENT ASSETS			
- Property, plant and equipment	11	13,215	11,313
- Intangible assets	12	2,569	2,342
- Investments	13	16	16
- Other non-current receivables and assets	14	221	274
- Pre-paid tax assets	9	989	957
TOTAL NON-CURRENT ASSETS		17,010	14,902
CURRENT ASSETS			
- Inventory	15	21,373	18,419
- Trade receivables	16	10,782	18,061
- Current tax receivables	17	812	1,017
- Other current receivables and assets	17	816	772
- Other current financial receivables	18	-	-
- Cash and cash equivalents	19	3,906	6,561
TOTAL CURRENT ASSETS		37,689	44,830
TOTAL ASSETS		54,698	59,732
LIABILITIES			
SHAREHOLDERS' EQUITY			
- Share capital and reserves attributable to shareholders of parent company		5,742	10,325
- Non-controlling interests		1,421	1,636
TOTAL CONSOLIDATED SHAREHOLDERS' EQUITY	20	7,163	11,961
NON-CURRENT LIABILITIES			
- Other non-current payables and liabilities	21	278	624
- Termination benefits	22	2,237	2,189
- Deferred tax liabilities	9	33	47
- Provisions for risks and expenses	28	29	16
- Other non-current financial liabilities	23	324	88
- Non-current financial liabilities	24	7,445	8,881
TOTAL NON-CURRENT LIABILITIES		10,346	11,845
CURRENT LIABILITIES			
- Current financial liabilities	24	10,394	8,952
- Other current financial liabilities	25	-	-
- Trade payables	26	13,696	16,394
- Current tax payables	27	683	984
- Other current payables and liabilities:	27	10,972	7,716
- Provisions for risks and expenses	28	1,444	1,880
TOTAL CURRENT LIABILITIES		37,190	35,926
TOTAL LIABILITIES		54,698	59,732

CONSOLIDATED STATEMENT OF CASH FLOWS

€thousand	3rd Quarter 2019	3rd Quarter 2018
A) Cash and cash equivalents at beginning of period	3,192	11,273
B) Cash from/(used in) operating activities during the period		
- Profit/(loss) of Group and NCIs	(4,970)	(4,343)
- Depreciation, amortization and writedowns of tangible and intangible assets	1,740	886
- Net loss (gain) on disposal of tangible assets	(48)	(20)
- Net change in provision for termination benefits	48	(69)
- Net change in provisions for risks and charges	(423)	(218)
- Net change (assets) liabilities for (pre-paid) deferred taxes	(46)	(578)
Net change in working capital:		
- receivables	7,494	4,650
- inventory	(2,954)	(7,799)
- payables	(88)	2,494
	752	(4,997)
C) Cash from/(used in) investing activities		
- Investments in		
property, plant and equipment	(1,310)	(812)
intangible fixed assets	(454)	(651)
- Proceeds from the sale of:		
property, plant and equipment	1,031	25
non-current financial assets		
	(733)	(1,438)
D) Cash from/(used in) financing activities		
- Change in loans	(1,012)	(1,481)
- Dividends paid	-	-
- Other changes in capital and reserves	(260)	(39)
- Net change in other current and non-current financial assets and liabilities	(365)	(28)
	(1,638)	(1,548)
Currency translation differences	359	41
E) Net change in cash and cash equivalents	(1,259)	(7,942)
F) Cash and cash equivalents at end of period	1,933	3,331
Breakdown of cash and cash equivalents:		
Cash and cash equivalents	3,906	5,434
Overdrawn bank accounts	(1,973)	(2,103)
	1,933	3,331

CONSOLIDATED SHAREHOLDERS' EQUITY

(€thousand)	Share capital	Own shares	Capital reserves	Retained earnings	Cash flow hedge reserve	Translation reserve	Reserve for actuarial profit/loss	Other reserves	Result for the period	Total Group Shareholders' Equity	Non-controlling interests	Total shareholders' equity
Balance at 31 December 2017	5,123	(45)	1,240	6,706	(46)	1,421	(127)	213	(3,066)	11,419	1,905	13,324
Impact of adopting IFRS 15	-	-	-	(19)	-	-	-	-	-	(19)	-	(19)
Balance at 1 January 2018	5,123	(45)	1,240	6,687	(46)	1,421	(127)	213	(3,066)	11,400	1,905	13,305
Allocation of profit	-	-	-	(3,066)	-	-	-	-	3,066	-	-	-
Distribution of dividends	-	-	-	-	-	-	-	-	-	-	(17)	(17)
Comprehensive result for the period	-	-	-	-	21	87	12	-	(4,175)	(4,056)	(196)	(4,256)
Other changes	-	-	-	(6)	-	-	-	-	-	(6)	(2)	(8)
Balance at 30 September 2018	5,123	(45)	1,240	3,615	(25)	1,508	(115)	213	(4,175)	7,339	1,690	9,029
Balance at 1 January 2019	5,123	(45)	1,240	3,609	(63)	1,668	(106)	213	(1,314)	10,325	1,636	11,961
Allocation of profit	-	-	-	(1,314)	-	-	-	-	1,314	-	-	-
Distribution of dividends	-	-	-	-	-	-	-	-	-	-	-	-
Comprehensive result for the period	-	-	-	-	(180)	433	(61)	-	(4,738)	(4,546)	(214)	(4,760)
Other changes	-	-	-	(37)	-	-	-	-	-	(37)	(1)	(38)
Balance at 30 September 2019	5,123	(45)	1,240	2,258	(243)	2,101	(167)	213	(4,738)	5,742	1,421	7,163

Fidia Group - Notes

SIGNIFICANT ACCOUNTING STANDARDS

This Quarterly Report at 30 September 2019 has been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and adopted by the European Union.

The designation "IFRS" also includes all currently valid International Accounting Standards ("IAS"), as well as all interpretations of the International Accounting Reporting Interpretations Committee ("IFRIC"), formerly the Standing Interpretations Committee ("SIC").

These Quarterly Financial Statements have been prepared in accordance with IAS 34 – Interim Financial Reporting, applying the same accounting standards used in the preparation of the Consolidated Financial Statements at 31 December 2018, except for the adoption of the new standards and amendments effective from 1 January 2019. The Group has not early adopted any new standard, interpretation or amendment published but not yet in force.

The preparation of the interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent assets and liabilities at the date of the interim financial statements.

If in the future such estimates and assumptions, which are based on management's best judgment at the date of this Quarterly Report, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

For a more detailed description of the most significant valuation processes for the Group, reference should be made to the section "Use of estimates" in the consolidated financial statements at 31 December 2018.

It should also be noted that certain valuation processes, in particular the more complex ones, such as the determination of any impairment losses on non-current assets, are carried out in full only when the annual financial statements are drawn up, when all the information that may be necessary is available, except in cases where there are indications of impairment that require an immediate assessment of any impairment losses.

The Group carries out activities that historically show changes in total sales during the year and usually generate higher revenues in the second half than in the first half of the year. Taxes have been determined on the basis of the best estimate of the best tax rate estimate expected for the whole financial year by each company included in the scope of consolidation.

The Group is exposed to financial risks associated with its operations: credit risk, liquidity risk, market risk (mainly foreign exchange and interest rate risks).

This Quarterly Report at 30 September 2019 does not include all the information and explanatory notes on financial risk management required in the preparation of the annual financial statements.

For a detailed description of this information, refer to the consolidated financial statements of the Fidia Group at 31 December 2018, section of the Notes entitled "Risk Management", as well as to Note 31 of the Notes to the Financial Statements, entitled "Information on financial risks."

Financial Statements

The Group presents the statement of comprehensive income by nature of expenditure, which is deemed more representative compared to so-called presentation by function. The form chosen complies with the internal reporting and business management methods.

Within said statement of comprehensive income by nature, under the profit/(loss), a specific distinction has been made between profit/(loss) of ordinary business and those charges and earnings that are the result of non-recurrent transactions in ordinary business management, such as the restructuring expenses and any other atypical revenues/(charges), as these can be treated like the former. It is deemed that this allows for a better measurement of the actual performance of the normal business management, it being understood that any atypical expenses and earnings are specified in detail

The definition of atypical adopted by the Group differs from the one set by Consob Notice of 28 July 2006, by which atypical and/or unusual transactions are all those transactions whose significance/relevance, nature of the counterparts, subject-matter of the transaction, transfer pricing method and timing of the event (near year-end) can give rise to doubts on: correctness/completeness of information posted, conflict of interests, safeguard of company equity, safeguard of minority interests.

With reference to the statement of financial position, the "non-current and current" format of presentation has been adopted according to the provisions of IAS 1. The statement of cash flows was drawn up by applying the indirect method. Finally, please be noted that with reference to Consob Resolution n° 15519 of July 27, 2006 on financial statements, supplementary schedules for the statement of comprehensive income, statement of financial position and statement of cash flows were added in order to underscore significant relations with related parties and not to impair the overall readability of the financial statements.

Accounting principles, amendments and interpretations adopted from 1 January 2019

Pursuant to IAS 8 - *Accounting Policies, Changes in Accounting Estimates and Errors*, the nature and impact of each change are indicated and briefly illustrated below:

IFRS16 – Leasing

With effect from 1 January 2019, the new accounting standard IFRS 16 "Leases" came into force, which defines a single model for the recognition of lease contracts. IFRS 16 was issued in January 2016 and replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases using a single accounting model in the financial statements similar to the accounting for finance leases that were governed by IAS 17.

The standard includes two exceptions to recognition for lessees - leasing of "low value" assets (e.g., personal computers) and short-term leases (i.e., leases with a lease period of less than or equal to 12 months). At the inception date of a lease, the lessee will recognise a lease liability (i.e., the lease liability) and an asset that represents the right to use the underlying asset during the lease term (i.e., the right to use). Lessees are required to recognise separately interest expense on the lease liability and depreciation on the right of use.

Lessees are also required to reconsider the amount of the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting

from a change in an index or in the rate used to determine those payments). In general, the lessee recognises the difference from re-measuring the amount of the lease liability as an adjustment to the right of use.

The method of accounting for the lessor in accordance with IFRS 16 remains substantially unchanged from the accounting policy under IAS 17. Lessors will continue to classify all leases using the same classification principle as set out in IAS 17 and distinguishing between two types of lease: operating leases and finance leases.

The Group has adopted the new standard from the mandatory date of adoption, using the modified method. This method consists in accounting for the cumulative effect of the initial application of the new standard on opening initial equity, without restating comparative data.

The application of the new standard resulted in the recognition at 1 January 2019 of intangible fixed assets (rights of use) and the related financial debt for an amount of approximately €1.8 million.

The following table shows the impact of the adoption of IFRS 16 on the consolidated financial statements:

€ thousand	Published 31/12/2018	Effects of adoption of IFRS 16	Restated 01/01/2019
Non-current assets	14,902	1,840	16,742
Current assets	44,830	-	44,830
Total assets	59,732	1,840	61,572
Shareholders' equity	(11,961)	-	(11,961)
Non-current liabilities	(11,845)	(1,069)	(12,914)
Current liabilities	(35,926)	(771)	(36,697)
Total shareholders' equity and liabilities	(59,732)	(1,840)	(61,572)

The table below reconciles future obligations for operating leases at 31 December 2018 with financial liabilities for leases (both operating and financial) at 1 January 2019:

(€ thousand)	01/01/2019
Future obligations for operating leases at 31 December 2018	2,136
Practical expedients adopted:	
- "short-term" leases	(144)
- leases classified as low-value assets	(75)
Operating leases at 1 January 2019	1,917
Operating leases discounted to 1 January 2019	1,840
Financial leases at 31 December 2018	5,939
Total liabilities for leases at 1 January 2019	7,805

In addition to the above with reference to IFRS 16, the following amendments and interpretations are applicable from 1 January 2019, as they have been endorsed by the EU:

IFRIC Interpretation 23 - Uncertainty over Income Tax Treatments

The Interpretation defines the accounting treatment of income taxes when the tax treatment involves uncertainties that have an effect on the application of IAS 12 and does not apply to taxes or duties that do not fall within the scope of IAS 12, nor does it specifically include requirements relating to interest or penalties attributable to uncertain tax treatments. These amendments had no impact on the Group's consolidated financial statements.

Amendments to IFRS 9: Prepayments Features with Negative Compensation

In accordance with IFRS 9, a debt instrument may be measured at amortised cost or at fair value in the statement of comprehensive income, provided that the contractual cash flows are "exclusively principal and interest payments on the reference amount" (the SPPI criterion) and the instrument is classified in the appropriate business model. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes early termination of the contract and regardless of which party pays or receives reasonable compensation for early termination of the contract. These amendments had no impact on the Group's consolidated financial statements.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement.

The amendments to IAS 19 set out the accounting rules in the event that, during the reporting period, there is a plan amendment, curtailment or settlement. The amendments specify that when a plan amendment, curtailment or settlement occurs during the period, an entity is required to determine the cost of service for the remainder of the period following the amendment, curtailment or settlement of the plan, using key actuarial assumptions to remeasure the net defined benefit liability (asset) so that it reflects the benefits provided by the plan and the plan assets after that event. An entity must also determine net interest for the period remaining after the plan amendment, curtailment or settlement: the net defined benefit liability (asset) that reflects the benefits offered by the plan and the plan assets after that event; and the discount rate used to settle the net defined benefit liability (asset).

These changes did not have any impact on the consolidated financial statements as the Group did not record any plan amendments, curtailments or settlements during the period under review.

Amendments to IAS 28: Long-term interests in associates and joint venture

The amendments specify that an entity applies IFRS 9 for long-term investments in an associate or joint venture, for which the equity method is not applied but which, in substance, form part of the net investment in the associate or joint venture (long-term interest).

This clarification is relevant because it implies that the expected credit loss model of IFRS 9 applies to such long-term investments.

These amendments had no impact on the consolidated financial statements.

Annual improvements 2015-2017 Cycle

IFRS 3 Business Combination

The amendments explain that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination that has taken place in several stages, including a review at fair value of the investment previously held in the assets and

liabilities of the joint operation. In doing so, the acquirer shall revalue the previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date coincides with or is subsequent to the first annual period beginning on or after 1 January 2019, with early application permitted.

This amendment did not have any impact on the Group consolidated financial statements as there was no business combination in which joint control was obtained.

IFRS 11 Joint Arrangements

An entity that participates in a joint operation, without having joint control, could obtain joint control of the joint operation if its activity constitutes a business as defined in IFRS 3.

The amendments clarify that investments previously held in this joint operation are not remeasured. An entity applies those amendments to transactions in which it has joint control from the beginning of the period beginning on or after 1 January 2019, with early application permitted.

This amendment did not have any impact on the Group consolidated financial statements as there was no business combination in which joint control was obtained.

IAS 12 Income Taxes

The amendments clarify that the effects of taxes on dividends are related to past transactions or events that generated distributable profits rather than to distributions to shareholders. Therefore, an entity recognises the effects of income taxes deriving from dividends in profit or loss, other comprehensive income or equity consistently with the way in which the entity has previously recognised such past transactions or events.

An entity applies those amendments for annual periods beginning on or after 1 January 2019, and early application is permitted. When an entity first applies those amendments, it applies them to the effects that taxes on dividends recognised from the beginning of the first annual reporting period have had. Since the Group's current practice is in line with these amendments, the Group has not recorded any impact resulting from these changes on its consolidated financial statements.

IAS 23 Borrowing Costs

The amendments clarify that an entity treats as non-specific loans any loan made that from the outset was intended to develop an asset, when all the actions necessary to prepare that asset for use or sale are completed.

- An entity applies those amendments to borrowing costs incurred from the beginning of the period in which the entity first applies those amendments. An entity applies those amendments for annual periods beginning on or after 1 January 2019, and early application is permitted. Since the Group's current practice is in line with these amendments, the Group has not recorded any impact resulting from these changes on its consolidated financial statements.

Accounting standards and interpretations issued by the IASB and not yet applicable

At the date of preparation of these condensed half-year financial statements, the following new international accounting standards and interpretations were issued by the IAS, but are not yet applicable:

- Amendments to IFRS 3: the amendments are intended to clarify the definition of "business" from a practical point of view, in order to facilitate the entity in determining whether it has acquired an asset or a group of assets. These amendments are applicable from 1 January 2020.
- Amendments to IAS 1 and IAS 8: the amendments are aimed at clarifying the definition of materiality and aligning the definition used in the conceptual framework with that used in the standards themselves. These amendments are applicable from 1 January 2020.
- Modification of references to the IFRS Conceptual Framework in current standards in order to align quotations and references to the document itself in an updated version. These amendments are applicable from 1 January 2020.
- IFRS 17 "Insurance Contracts," issued on 18 May 2017, the standard, applicable as from 1 January 2021, regulates the accounting treatment of insurance contracts issued and reinsurance contracts held. Any impact of the new standards/interpretations on the Group's consolidated financial statements is still being assessed.

Scope of consolidation

The scope of consolidation has not changed in the first nine months of 2019 in comparison to the Consolidated Financial Statements at 31 December 2018. The companies included in the scope of consolidation, compared with those resulting at the end of 2018 and at the end of the same period of last year, are listed below:

Name / Registered office	Currency	Share capital	Equity ownership at 30/9/2019	Equity ownership at 31/12/2018	Equity ownership at 30/9/2018
Fidia SpA, S. Mauro T.se - Italy	EUR	5,123,000	100%	100%	100%
Fidia GmbH, Dreieich - Germany	EUR	520,000	100%	100%	100%
Fidia Co, Rochester Hills (USA)	USD	400,000	100%	100%	100%
Fidia Sarl, Emerainville – France	EUR	300,000	100%	100%	100%
Fidia Iberica S.A., Zamudio - Spain	EUR	180,300	99.993%	99.993%	99.993%
Fidia do Brasil Ltda, Sao Paulo – Brazil	Reals	400,843	99.75%	99.75%	99.75%
Beijing Fidias M&E Co Ltd., Beijing - China	USD	1,500,000	96%	96%	96%
Shenyang Fidias NC & Machine Company Ltd., Shenyang – China	Rmb	42,517,648	51%	51%	51%
OOO Fidias, Mosca – Russian Federation	Rouble	3,599,790	100%	100%	100%

OTHER INFORMATION

The interim directors' report at 30 September 2019 was approved by the Board of Directors on 14 November 2019, which authorised its publication on the same date.

COMPOSITION AND MAIN CHANGES

INCOME STATEMENT

1. NET SALES

The breakdown by segment of net revenues from third parties (net of intragroup items) is shown in the following table:

(€ thousand)	3rd Quarter 2019	%	3rd Quarter 2018	%
Numerical controls, drives and software	1,607	5.3%	2,286	7.5%
High-speed milling systems	19,867	65.3%	19,185	62.9%
After-sales service	8,958	29.4%	9,028	29.6%
Total	30,432	100.0%	30,499	100.0%

2. OTHER REVENUES AND INCOME

Other revenues and income

Other revenues and income in first nine of 2019 were equal to €2,128 thousand (€2,060 thousand in the same period of 2018). This figure includes the other revenues from ordinary activity, but that cannot be included in the typical sale of goods and services.

This item includes:

- the surplus of the provisions for warranty and bad debts compared to the risks to be covered (€594 thousand compared to €374 thousand at 30 September 2018);
- capitalization of product development costs (€450 thousand compared to €1,160 thousand at 30 September 2018), decreased due to the rationalization of activities in internal development projects;
- contingent assets, damages from insurance companies, recovery of costs incurred and others (€673 thousand at 30 September 2019; €263 thousand at 30 September 2018).
- research grants from the EU and Italian Ministry of, University and Research (MUR) as part of the funded research activity carried out by the parent company Fidia S.p.A. (€360 thousand, €244 thousand at 30 September 2018);
- capital gains from transfers (€51 thousand at 30 September 2019; €20 thousand at 30 September 2018);

3. RAW MATERIALS AND CONSUMABLES

The consumption of raw materials in the first nine months of 2019 amounted to €14,995 thousand versus €17,219 thousand in the corresponding period of 2018. The change is to be seen in relation to the trend in turnover and the change in stocks of finished and semi-finished products in the two periods under consideration.

4. PERSONNEL COSTS

Personnel costs at the end of the third quarter of 2019 amounted to €13,474 thousand, up by about 3.0% compared to €13,085 thousand at 30 September 2018.

5. OTHER OPERATING COSTS

Other operating costs include the following:

(€ thousand)	3rd Quarter 2019	3rd Quarter 2018
Contractors	1,923	1,895
Bonuses and commissions	359	277
Production costs	3,650	3,723
Commercial expenses	742	819
Research & Development	195	400
Overheads and administrative expenses	3,094	3,971
Total other operating costs	9,962	11,086

Compared to the first nine months of 2019 and 2018, other operating costs decreased in absolute terms by €1,124 thousand. The trend in costs concerned production and commercial items, while those related to revenue (which include outsourcing, commissions) were the opposite. Overheads and administrative expenses benefitted from the adoption of IFRS16.

6. DEPRECIATION, AMORTIZATION AND WRITEDOWNS

Depreciation, amortization and write-downs are detailed as follows:

(€ thousand)	3rd Quarter 2019	3rd Quarter 2018
Amortization of property, plant and equipment	1,512	714
Amortization of intangible fixed assets	227	172
Depreciation of property, plant and equipment	-	-
Bad debts	70	277
Total	1,810	1,163

During the first nine months of 2019, approximately €70 thousand of trade receivables were written down by the parent company and its subsidiaries.

Amortisation and depreciation of tangible and intangible fixed assets increased by approximately €853 thousand; this trend is to be seen in relation to the adoption of IFRS 16 and the start at the end of 2018 of the amortisation and depreciation of five R&D projects that have become operational.

7. NON-RECURRING REVENUE AND CHARGES

In the first nine months of 2019, there were no non-recurring expenses.

8. FINANCE REVENUE (EXPENSES)

Financial revenue (expenses) consisted of:

(€ thousand)	3rd Quarter 2019	3rd Quarter 2018
Finance revenue	30	45
Borrowing costs	(478)	(427)
Net profit (loss) on derivatives	-	1
Profit (loss) from foreign currency transactions	(218)	(117)
Total	(666)	(499)

Finance revenue consists of:

(€ thousand)	3rd Quarter 2019	3rd Quarter 2018
Interests received from banks	9	7
Interests and commercial discounts	1	-
Other financial revenues	20	38
Total	30	45

Finance expenses consist of:

(€ thousand)	3rd Quarter 2019	3rd Quarter 2018
Interests paid on short-term borrowings from banks	(77)	(27)
Interests paid on medium/long-term borrowings from banks	(71)	(100)
Interests paid on payables to leasing companies	(255)	(212)
Borrowing costs on termination benefits	(11)	(10)
Other borrowing costs	(64)	(78)
Total	(478)	(427)

Net profit (loss) on derivatives consist of:

(€ thousand)	3rd Quarter 2019	3rd Quarter 2018
Loss on derivatives due to fair value adjustment	-	-
Profit on derivatives due to fair value adjustment	-	1
Total	-	1

Expenses and income from derivative instruments include the fair value measurement of five interest rate swaps entered into by the parent company Fidia S.p.A. to hedge the risk of interest rate fluctuations on five medium/long-term loans.

Profit (loss) on foreign currency transactions consists of:

(€ thousand)	3rd Quarter 2019	3rd Quarter 2018
Realised exchange gains	203	262
Unrealised exchange gains	21	73
Realised exchange losses	(305)	(448)
Unrealised exchange losses	(136)	(4)
Total	(218)	(117)

9. INCOME TAX

At 30 September, taxes recognised in the consolidated income statement amounted to €104 thousand (-€443 thousand at 30 September 2018).

The net balance between prepaid taxes and deferred tax liabilities incurred by the individual consolidated companies is made up as follows:

(€ thousand)	30 September 2019	30 September 2018
Deferred tax assets	989	1,037
Deferred tax liabilities	(33)	(38)
Total	956	999

For these assets, mainly generated by temporary differences in assets and liabilities, tax losses and consolidation adjustments, recovery on the basis of the budget and forecasts for the following years is considered probable.

10. Earning per share

The calculation of the earnings per share is based on the following data:

		3rd Quarter 2019	3rd Quarter 2018
Net earnings pertaining to Group	euro/000	(4,738)	(4,175)
Profit/(loss) of ordinary shares	euro/000	(4,738)	(4,175)
Number of circulating ordinary shares	number	5,113,000	5,113,000
Earning per share	EUR	(0.93)	(0.82)
Diluted earnings per ordinary share	EUR	(0.93)	(0.82)

There is no difference between the earnings per share and diluted earnings per share as Fidia S.p.A. has no financial instruments in circulation with diluting effects.

STATEMENT OF FINANCIAL POSITION

11. PROPERTY, PLANT AND EQUIPMENT

(€ thousand)	Land and buildings	Total plant, machinery and equipment	Other assets	Assets under construction and advances	Total
Net carrying amount at 31/12/2018	9,530	1,024	756	3	11,313
First-time adoption IFRS 16	1,595		245		1,840
Net carrying amount at 01/01/2019	11,125	1,024	1,001	3	13,153
Increases and acquisitions	1,947	93	470	-	2,510
Reclassifications/transfers	-	-	-	0	-
Decreases and disposals	(902)	0	(81)		(983)
Depreciation	(947)	(271)	(321)	-	(1,539)
(Write-downs)/Write-backs	-	-	-	-	-
Exchange rate gain/(loss)	57	0	15	2	74
Net carrying amount at 30/9/2019	11,280	846	1,084	5	13,215
<i>Of which rights of use:</i>					
<i>Lease pursuant to IAS 17 at 31/12/2018</i>	8,182	426	158	-	8,766
<i>First-time adoption IFRS 16</i>	1,595	-	245	-	1,840
<i>Increases and acquisitions</i>	1,947	-	224	-	2,171
<i>Decreases and disposals</i>	(902)	-	-	-	(902)
<i>Depreciation</i>	(883)	(72)	(181)	-	(1,136)
<i>Exchange rate gain/(loss)</i>	4	-	-	-	4
Net carrying amount at 30/9/2019	9,943	354	446	-	10,743

Capital expenditure in the first nine months of 2019 amounted to approximately €339 thousand. The remaining part of the item Increases mainly consists of rights of use following the renewal of commitments relating to real estate, with the consequent stipulation of new lease contracts, and to some vehicle lease contracts.

The value of land and buildings includes an industrial building that became ready for use in 2017 and has been depreciated from that date.

At 30 September 2019, there were no assets encumbered by guarantees or other constraints that could limit their full availability.

12. INTANGIBLE FIXED ASSETS

(€ thousand)	Development costs	Licenses	Software	Assets under development	Total
Net carrying amount at 31/12/2018	1,154	13	37	1,138	2,342
Increases	-	-	4	450	454
Reclassifications/transfers					
Depreciation	(208)	(5)	(14)	-	(227)
Exchange rate gain/(loss)			1		
Net carrying amount at 30/9/2019	946	8	28	1,588	2,569

Increases in the first nine months of 2019 amounted to €454 thousand and mainly refer to development costs incurred and capitalized (€450 thousand) not yet amortised as not yet completed and therefore the projects to which they refer have not started yet to produce the related benefits.

All costs of research (both basic and applied) are instead charged to profit or loss in the year they are incurred.

Based on the recovery forecasts expected in the last quarter of this year, no impairment indicators have been identified in relation to the value of development costs.

13. EQUITY INVESTMENTS

This item, amounting to €16 thousand and unchanged with respect to 31 December 2018, consists of investments in associated companies valued at equity (€2 thousand) and investments in other companies valued at cost (€14 thousand).

14. OTHER NON-CURRENT RECEIVABLES AND ASSETS

The other non current receivables and assets are detailed below:

(€ thousand)	Balance 30 September 2019	Balance 31 December 2018
Grants for research projects	-	-
Security deposits	55	98
Non-recurring trade receivables	-	-
Receivables for foreign VAT	13	9
Withholding tax on foreign income	134	128
Multi-year pre-paid expenses	19	34
Other non-current receivables	-	5
Total	221	274

15. INVENTORY

(€ thousand)	Balance 30 September 2019	Balance 31 December 2018
Raw materials	11,119	11,533
Provisions for raw materials depreciation	(2,379)	(2,151)
	8,740	9,382
Semi-finished products and work in progress	7,367	4,228
Finished products and goods for resale	5,509	5,055
Provisions for depreciation finished products	(567)	(586)
	4,942	4,469
Advances	324	340
Net value	21,373	18,419

Inventory at the end of the first nine months of the year was approximately €2,954 thousand higher than at 31 December 2018. The increase is mainly due to the higher stock of work in progress resulting from a different state of production progress compared to the end of last year; on the other hand, the stock of raw materials decreased, in line with production needs.

The provisions for depreciation equivalent to €2,946 thousand (€2,737 thousand at 31 December 2018) were reported to hedge the non-utilisation of some components in period under consideration; these phenomena result, in particular, from the need to ensure customers that spare parts are available for servicing even beyond the period of ordinary marketability of the components.

16. TRADE RECEIVABLES

(€ thousand)	30 September 2019	31 December 2018
Trade receivables	11,432	18,729
Provision for bad debts	(650)	(668)
Receivables from associates	-	-
Total	10,782	18,061

Gross trade receivables decreased by approximately €7,296 thousand compared to 31 December 2018; this change is mainly due to the different trend of revenues in the two periods under comparison.

The bad debt provisions, amounting to €650 thousand (€668 thousand at 31 December 2018) were allocated to cover the risk of default related to doubtful and overdue receivables.

17. TAX RECEIVABLES AND OTHER CURRENT RECEIVABLES AND ASSETS

(€ thousand)	Balance 30 September 2019	Balance 31 December 2018
Tax receivables for VAT	486	596
Receivables for income tax and IRAP	50	158
Receivables for short-term foreign VAT	-	12
Others	276	251
Total current tax assets	812	1,017
Research grants	97	121
Sundry prepayments	164	244
Pre-paid expenses	15	14
Receivables from employees	168	234
Advances from suppliers	290	101
Others	82	58
Total other current receivables	816	772
Total	1,628	1,789

18. OTHER CURRENT FINANCIAL ASSETS

No value was recorded, as at 31 December 2018.

19. CASH AND CASH EQUIVALENTS

The overall amount of cash of the Group amounted to €3,906 thousand (€6,561 thousand at 31 December 2018) and consisted of temporary cash in bank deposits pending future use. It is deemed that their carrying amount is aligned to the fair value at the reporting date.

The related credit risk is not material too, because the Group operates with primary national and international banks.

20. SHAREHOLDERS' EQUITY

Consolidated shareholders' equity amounted to €7,163 thousand and decreased by €4,798 thousand compared to 31 December 2018, due to the combined effect of net loss for the period (€4,970 thousand), the recognition of actuarial losses on Employee Termination Indemnities (TFR) (€61 thousand, net of the tax effect), the fair value measurement of hedging derivatives allocated to the cash flow hedge reserve (-€180 thousand, net of the tax effect), the effect of exchange rate fluctuations from the translation of financial statements of subsidiaries denominated in currencies other than the euro (€433 thousand), and changes related to non-controlling interests and other minor changes (-€20 thousand).

At 30 September 2019 the fully paid share capital was unchanged compared to 31 December 2018 and consisted of 5,123,000 ordinary shares with a nominal value of €1 each totalling €5,123,000.

Own shares consisted of 10,000 ordinary shares issued by Fidia S.p.A. for a value of €45 thousand (unchanged from 31 December 2018).

21. OTHER NON-CURRENT PAYABLES AND LIABILITIES

This item amounted to €278 thousand (€624 thousand at 31 December 2018), consists of €93 thousand of medium/long-term payables to the staff of the subsidiary Fidia Sarl., for multi-year deferred income of €152 thousand, related to the application of IFRS 15 and other minor items of €33 thousand.

22. TERMINATION BENEFITS

Employee severance indemnities (€2,237 thousand at 30 September 2019 and €2,189 thousand at 31 December 2018) reflects the residual obligation of Fidia S.p.A., the only Italian company in the Group, relating to the indemnity paid to employees and settled upon termination of employment. Under certain conditions, employees may receive a partial advance on those benefits while they are still in the Company's employ. It is an unfunded defined benefit plan.

23. OTHER NON-CURRENT FINANCIAL LIABILITIES

This item, which is equal to €324 thousand (€88 thousand at 31 December 2018) includes the fair value of interest rate swap contracts entered into to hedge (cash flow hedge) the risk of variability in interest expense flows on four medium/long-term loans and on one property lease contract entered into by the parent company Fidia S.p.A.

24. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

This figure amounts to €17,839 thousand as detailed below.

(€ thousand)	Balance 30 September 2019	Balance 31 December 2018
Overdrawn bank accounts and short-term advances	1,973	3,369
Accrued liabilities on loans	37	57
UNICREDIT loan (short term)	308	-
BNL loan (short term)	1,104	-
Short-term loan - MPS	500	-
Loan - MPS "1.000" short term	-	333
ISP "3.500" loan (part medium/long term and part short term)	524	1,047
BNL loan (part medium/long term and part short term)	656	1,047
ISP "3.000" loan (part medium/long term and part short term)	1,251	1,777
Loan - UNICREDIT (part medium/long term and part short term)	287	570
MPS loan (part medium/long term and part short term)	-	375
BPM loan (part medium/long term and part short term)	757	1,074
Loan - UNICREDIT SUPERCASH ROTATIVO	1,250	733
Loan - ISP "1.500" (part medium/long term and part short term)	751	1,120
EUMACH loan	414	392
LOANS AND FINANCIAL LIABILITIES TO BANKS	9,812	11,894
Real estate lease - Mediocredito Italiano	5,169	5,349
LEASE - SAN MAURO PROPERTY (IFRS16)	1,050	-
LEASE - SAN SECONDO DI PINEROLO PROPERTY (IFRS16)	144	-
LEASE - FIDIA GMBH PROPERTY (IFRS16)	53	-
LEASE - FIDIA SARL PROPERTY (IFRS16)	69	-
LEASE - BEIJING FIDIA PROPERTY (IFRS16)	693	-
LEASE - SHENJANG FIDIA PROPERTY (IFRS16)	29	-
LEASE - FIDIA DO BRASIL PROPERTY (IFRS16)	26	-
CAR LEASES ITALY (IFRS16)	281	-
CAR LEASES ABROAD (IFRS16)	68	-
Lease - Volkswagen Bank	28	46
Lease - Skoda Bank	84	80
Lease - Banco Popular Espanol	18	32
Commerz Real	315	433
LIABILITIES FOR LEASES	8,027	5,940
Total	17,839	17,834

25. OTHER CURRENT FINANCIAL LIABILITIES

No value was recorded, as at 31 December 2018.

26. TRADE PAYABLES

(€ thousand)	Balance at 30 September 2019	Balance at 31 December 2018
Payables to other suppliers	13,694	16,392
Payables to subsidiaries	2	2
Total trade payables	13,696	16,394

Trade payables, amounting to €13,696 thousand at 30 September 2019, show a decrease of €2,698 thousand compared to 31 December 2018 due to lower purchase volumes.

27. TAX LIABILITIES AND OTHER CURRENT PAYABLES AND LIABILITIES

(€ thousand)	Balance at 30 September 2019	Balance at 31 December 2018
Payables to employees	1,708	1,397
Social security payables	609	782
Advance from customers	7,370	4,086
Payables for emoluments	112	109
Payables to State Fund and other funds	13	15
Payables for dividends to be distributed	99	98
Accrued trade payables	59	137
Sundry accruals and deferrals	482	587
Sundry payables to the SMTCL company	-	-
Advances for research projects	242	-
Miscellaneous payables	278	505
Total other payables	10,972	7,716
Withholding tax	200	370
Tax payables for income tax and IRAP	147	252
Tax payables for VAT	221	235
Other short-term tax payables	116	127
Total tax payables	683	984
Total	11,655	8,700

28. PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges amounted to €1,473 thousand, of which €1,444 thousand (€890 thousand at 31 December 2018) for the short term, and €29 thousand for the long term (€11 thousand at 31 December 2018). This item refers to:

- €1,282 thousand for the warranty provision, which represents the best estimate of the commitments undertaken by the Group by contract, by law or custom, in relation to charges related to the warranty on its products for the period of one year starting from their sale to the end customer;
- €191 thousand for a provision set aside to cover the results of an inspection by the Istituto Nazionale Assicurazione Infortuni sul Lavoro at the parent company.

29. COLLATERAL GUARANTEES, OBLIGATIONS AND OTHER CONTINGENT LIABILITIES

Sureties issued on behalf of others

At 30 September 2019, sureties issued on behalf to third parties totalled €698 thousand (€2,774 thousand at 30 September 2018).

This item consists primarily of performance bonds for commercial transactions with the Parent Company's foreign customers for advances received on future supplies and for the correct fulfilment of contractual obligations during the warranty period.

Contingent liabilities

At 30 September 2019, Fidia Group, although it is exposed to various risks (product liability, legal and fiscal risks), is not aware of circumstances that might generate foreseeable contingent liabilities or contingent liabilities the amount of which may be estimated and therefore does not believe it necessary to make any further allocations.

If it is probable that an outlay is due to meet obligations and said amount can be reliably estimated, the Group has made specific provisions for risks and expenses.

30. SEGMENT REPORTING

Income statement by business sector

Below are the consolidated results of operations by sector at 30 September 2019 and 30 September 2018:

Progressive data at September 2019 (€ thousand)	CNC 2019		HSM 2019		SERVICE 2019		N/A 2019	TOTAL 2019
		%		%		%		
Revenues	1,607	50.2%	19,867	100.0%	8,958	99.7%	-	30,432
Cross-sector revenues	1,592	49.8%	-	0.0%	23	0.3%		
Total reclassified revenues	3,199	100.0%	19,867	100.0%	8,981	100.0%	-	30,432
Changes in inventories of finished goods and W.I.P.	9	0.3%	3,436	17.3%	35	0.4%	0	3,481
Raw materials and consumables	(930)	-29.1%	(12,998)	-65.4%	(989)	-11.0%	(77)	(14,995)
Cross-sector expenses	182	5.7%	(2,269)	-11.4%	446	5.0%	25	
Commissions, transport and contractors	(349)	-10.9%	(2,785)	-14.0%	(363)	-4.0%	(2)	(3,498)
Sales margin	2,111	66.0%	5,252	26.4%	8,110	90.3%	(54)	15,420
Other operating revenue	446	13.9%	984	5.0%	210	2.3%	488	2,128
Other operating costs	(303)	-9.5%	(1,932)	-9.7%	(1,783)	-19.9%	(2,446)	(6,465)
Personnel costs	(1,835)	-57.4%	(4,689)	-23.6%	(4,105)	-45.7%	(2,844)	(13,474)
Depreciation, amortization and writedowns	(184)	-5.8%	(618)	-3.1%	(124)	-1.4%	(883)	(1,810)
Operating profit/(loss)	234	7.3%	(1,004)	-5.1%	2,308	25.7%	(5,739)	(4,201)

Progressive data at September 2018 (€ thousand)	CNC 2018		HSM 2018		SERVICE 2018		N/A 2018	TOTAL 2018
		%		%		%		
Revenues	2,286	66.2%	19,185	100.0%	9,028	100.0%	-	30,499
Cross-sector revenues	1,168	33.8%	-	0.0%	0.0%	-	-	
Total reclassified revenues	3,454	100.0%	19,185	100.0%	9,028	100.0%	-	30,499
Changes in inventories of finished goods and W.I.P.	107	3.1%	6,017	31.4%	186	2.1%	-	6,310
Raw materials and consumables	(1,090)	-31.6%	(14,709)	-76.7%	(1,322)	-14.6%	(98)	(17,219)
Cross-sector expenses	235	6.8%	(2,172)	-11.3%	731	8.1%	38	
Commissions, transport and contractors	(461)	-13.3%	(2,498)	-13.0%	(356)	-3.9%	(24)	(3,338)
Sales margin	2,245	65.0%	5,823	30.4%	8,267	91.6%	(84)	16,252
Other operating revenue	545	15.8%	901	4.7%	431	4.8%	184	2,060
Other operating costs	(481)	-13.9%	(1,726)	-9.0%	(2,013)	-22.3%	(3,529)	(7,748)
Non-recurring charges	-	0.0%	-	0.0%	-	0.0%	(603)	(603)
Personnel costs	(1,976)	-57.2%	(4,169)	-21.7%	(4,179)	-46.3%	(2,762)	(13,085)
Depreciation, amortization and writedowns	(113)	-3.3%	(487)	-2.5%	(265)	-2.9%	(298)	(1,164)
Operating profit/(loss)	221	6.4%	343	1.8%	2,241	24.8%	(7,091)	(4,287)

Below are the statements of financial position broken down by sector at 30 September 2019 and 31 December 2018:

At 30 September 2019 (€ thousand)	CNC	HSM	SERVICE	Non allocable	Total
Property, plant and equipment	43	8,917	311	3,944	13,215
Intangible fixed assets	1,447	1,086	-	36	2,569
Equity investments	-	-	-	16	16
Other non-current financial assets	-	-	-	-	-
Other non-current receivables and assets	-	17	-	204	222
Deferred tax assets	-	-	-	989	989
Total non-current assets	1,490	10,020	311	5,190	17,010
Inventory	1,933	12,929	6,511	-	21,373
Trade receivables and other receivables	705	6,373	3,966	554	11,598
Current taxes receivable	-	-	-	812	812
Other current financial assets	-	-	-	-	-
Cash and cash equivalents	-	-	-	3,906	3,906
Total current assets	2,638	19,302	10,477	5,271	37,688
Total assets	4,128	29,322	10,788	10,461	54,698
Other non-current payables and liabilities	7	202	44	25	278
Long-term provisions	-	-	29	-	29
Termination benefits	611	1,112	318	195	2,237
Deferred tax liabilities	-	-	-	33	33
Other non-current financial liabilities	-	-	-	324	324
Non-current financial liabilities	3	5,084	67	2,291	7,445
Total non-current liabilities	621	6,399	458	2,868	10,346
Current financial liabilities	15	652	70	9,657	10,394
Other current financial liabilities	-	-	-	-	-
Trade payables and other current payables	1,745	17,853	1,512	3,558	24,668
Current taxes payable	-	-	-	683	683
Short-term provisions	-	477	776	191	1,444
Total current liabilities	1,761	18,982	2,358	14,089	37,190
Total liabilities	2,381	25,381	2,816	16,957	47,535
Shareholders' equity	-	-	-	7,163	7,163
Total liabilities	2,381	25,381	2,816	24,120	54,698

At 31 December 2018 (€thousand)	CNC	HSM	SERVICE	Non allocable	Total
Property, plant and equipment	42	9,131	185	1,955	11,312
Intangible fixed assets	1,324	967	-	50	2,341
Equity investments	-	-	-	16	16
Other non-current financial assets	-	-	-	958	958
Other non-current receivables and assets	-	2	-	272	274
Deferred tax assets	-	-	-	-	-
Total non-current assets	1,366	10,100	185	3,251	14,902
Inventory	2,079	9,962	6,377	-	18,418
Trade receivables and other receivables	1,556	13,402	3,469	406	18,833
Current taxes receivable	-	-	-	1,017	1,017
Other current financial assets	-	-	-	-	-
Cash and cash equivalents	-	-	-	6,561	6,561
Total current assets	3,635	23,364	9,846	7,984	44,830
Total assets	5,001	33,464	10,031	11,235	59,732
Other non-current payables and liabilities	138	273	142	72	625
Termination benefits	-	-	-	47	47
Long-term provisions	626	1,038	314	211	2,189
Deferred tax liabilities	-	3	14	-	17
Other non-current financial liabilities	-	-	-	88	88
Non-current financial liabilities	-	5,223	-	3,658	8,881
Total non-current liabilities	764	6,538	470	4,075	11,847
Current financial liabilities	-	400	-	8,552	8,952
Other current financial liabilities	-	-	-	-	-
Trade payables and other current payables	2,600	17,886	1,334	2,289	24,109
Current taxes payable	-	-	-	984	984
Short-term provisions	43	1,135	541	161	1,880
Total current liabilities	2,643	19,421	1,875	11,986	35,925
Total liabilities	3,407	25,959	2,345	16,061	47,772
Shareholders' equity	-	-	-	11,961	11,961
Total liabilities	3,407	25,959	2,345	28,022	59,732

31. TRANSLATION OF FINANCIAL STATEMENTS OF FOREIGN COMPANIES

The following table shows the exchange rates used to translate the values of companies outside of the euro area into euro:

Currency	3rd Quarter 2019		At 31 December 2018		3rd Quarter 2018	
	Average	At 30 September	Average	At 30 September	Average	At 30 September
Dollar - USA	1.1236	1.0889	1.1810	1.145	1.1942	1.1576
Real - Brazil	4.3646	4.5288	4.3085	4.444	4.2966	4.6535
RMB - China	7.7135	7.7784	7.8081	7.8751	7.7789	7.9662
Rouble - Russia	73.0853	70.7557	74.0416	79.7153	73.4164	76.1422

32. OTHER INFORMATION

The average headcount in the first nine months of 2019 was 330.5 (334.5 employees in the first nine months of 2018).

33. NON-RECURRENT SIGNIFICANT EVENTS AND TRANSACTIONS

According to Consob Notice of 28 July 2006, in the first nine months of 2019, the company did not have any non-recurrent significant transactions.

34. POSITIONS OR TRANSACTIONS RESULTING FROM ATYPICAL AND/OR UNUSUAL TRANSACTIONS

According to Consob Notice of 28 July 2006, in the first nine months of 2019, there were no atypical and/or unusual transactions as defined by said Notice, by which atypical and/or unusual transactions are all those transactions whose significance/relevance, nature of the counterparts, subject-matter of the transaction, transfer pricing method and timing of the event (near year end) can give rise to doubts on: correctness/completeness of information posted, conflict of interests, safeguard of company equity, safeguard of non-controlling interests.

35. RELATED-PARTY TRANSACTIONS

The Group is engaged in transaction with associated companies and other related parties on commercial terms that are normal in the respective markets considering the characteristics of the goods and services involved.

In detail such transactions have been the following:

- professional services for consulting in research projects carried out by the associate Consorzio Prometec;

- compensation for services rendered by Mr. Luca Morfino, an employee of Fidia S.p.A., and Mr. Carlos Maidagan, an employee of Fidia Iberica.
- compensation to the Board of Directors and Board of Auditors.

36. NET FINANCIAL POSITION

Pursuant to the Consob Communication issued on 28 July 2006 and according to the CESR recommendation dated 10 February 2005 for the consistent implementation of the European Commission's Regulation on Prospectuses, the net financial position of Fidia Group at 30 September 2019 was the following:

(€ thousand)		30 September 2019	31 December 2018
A	Cash	13	12
B	Bank deposits	3,893	6,549
C	Other cash	-	-
D	Liquidity (A+B+C)	3,906	6,561
E	Current financial receivables	-	-
F	Current bank payables	7,006	4,492
G	Current part of non-current bank borrowings	2,659	3,593
H	Other current financial payables	729	867
I	Current financial debt (F+G+H)	10,394	8,952
J	Net current financial position - (receivable)/payable (I-E-D)	6,488	2,391
K	Non-current bank payables	7,445	8,881
L	Bonds issued	-	-
M	Other non-current financial payables	324	88
N	Non-current financial debt (K+L+M)	7,769	8,969
O	Net financial position (receivable)/payable (J+N)	14,257	11,360

37. EVENTS SUBSEQUENT TO THE CLOSING OF THE QUARTER

No significant events occurred after the reporting date of the third quarter of 2019.

San Mauro Torinese, 14 November 2019

On behalf of the Board of Directors

The Chairman and CEO

Mr. Giuseppe Morfino

The Financial Reporting Officer, Mr. Massimiliano Pagnone, declares, pursuant to Article 154.2-bis of the Consolidated Finance Act, that the accounting disclosures contained in this Interim Directors' Report at 30 September 2019 corresponds to the documentary records, ledgers and accounting data.

ADDENDUM 1

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FIDIA SPA

Reclassified financial statements

AT 30 SEPTEMBER 2019

Economic and financial situation of the parent company Fidia S.p.A.

ECONOMIC TRENDS

The reclassified statement of comprehensive income is illustrated below:

Economic trend (€thousand)	Q3 2019	%	Q3 2018	%
Net revenue	22,433	84.2%	26,929	85.9%
Changes in inventories of finished goods and Work in progress	2,759	10.4%	3,166	10.1%
Other revenues and income	1,436	5.4%	1,246	4.0%
Value of production	26,627	100.0%	31,341	100.0%
Raw materials and consumables	(12,647)	-47.5%	(15,518)	-49.5%
Commissions, transport and contractors	(3,387)	-12.7%	(2,962)	-9.5%
Other services and operating costs	(4,898)	-18.4%	(5,388)	-17.2%
Added value	5,694	21.4%	7,473	23.8%
Personnel costs	(8,292)	-31.1%	(8,306)	-26.5%
EBITDA	(2,598)	-9.8%	(833)	-2.7%
Allocations to provisions	(30)	-0.1%	-	0.0%
Depreciation/amortisation/write-downs of fixed assets	(984)	-3.7%	(617)	-2.0%
Operating income from ordinary business	(3,611)	-13.6%	(1,450)	-4.6%
Non-recurring income/(expenses)	-	0.0%	-	0.0%
Impairment (losses)/reversals	-	0.0%	-	0.0%
EBIT	(3,611)	-13.6%	(1,450)	-4.6%
Net finance (expenses) and revenue	(462)	-1.7%	246	0.8%
Profit/(Loss) on exchange rates	(136)	-0.5%	(45)	-0.1%
Earnings before tax (EBT)	(4,210)	-15.8%	(1,249)	-4.0%
Income taxes (current, paid and deferred)	(6)	0.0%	(5)	0.0%
Net profit (loss)	(4,215)	-15.8%	(1,254)	-4.0%

The third quarter of 2019 ended with revenues down 16.7% compared to the same period of the previous year (€22,433 thousand compared to €26,929 thousand in Q3 2018).

The following tables shows the trend in average workforce and cost of labor.

Staffing	30/9/2019	30/9/2018	Abs. change	% Chg
Executives	9	7	2	28.6%
Clerks and cadres	130	137	-7	-5.1%
Workers	49	52	-3	-5.8%
Total employees	188	196	-8	-4.1%
Total mean No. of employees	192.5	194.5	-2	-1.0%

Labour cost (€thousand)	30/9/2019	30/9/2018	Abs. change	% Chg
	8,292	8,306	-14	-0.17%

Personnel expenses decreased overall by €14 thousand YOY (-0.17%) compared to an average decrease of 1.0% in staffing.

Due to lower revenue, the overall incidence of cost of labour in relation to the value of production increased from 26.5% in Q3 2018 to 31.1% in the current period.

Statement of financial position

The reclassified statement of financial position was as follows:

Statement of Financial Position (€thousand)	30/09/2019	31/12/2018
Net tangible assets	10,111	9,054
Intangible fixed assets	2,563	2,333
Non-current financial assets	11,845	11,845
Deferred tax assets	462	392
Other non-current receivables and assets	182	202
Capital assets – (A)	25,164	23,826
Net trade receivables from customers	7,858	14,250
Closing inventories	14,189	12,171
Other current assets	1,749	1,732
Short-term (current) assets – (B)	23,797	28,153
Trade payables to suppliers	(17,538)	(20,049)
Other current liabilities	(8,771)	(6,263)
Short-term (current) liabilities – (C)	(26,309)	(26,312)
Net working capital (D) = (B+C)	(2,512)	1,841
Termination benefits (E)	(2,237)	(2,189)
Other long-term liabilities (F)	(152)	(547))
Net invested capital (G) = (A+D+E+F)	20,263	22,930
Financial position		
Available-for-sale financial assets		-
Cash, bank deposits and loans made	(1,882)	(3,716)
Short-term loans	11,084	10,141
Assets/liabilities for current derivatives	-	-
Other short-term financial liabilities		-
Short-term financial position (receivable)/payable	9,202	6,425
Long-term loans, net of current portion	7,301	8,525
Assets/liabilities for long-term derivatives	324	88
Net financial position (receivable)/payable (H)	16,827	15,038
Share capital	5,123	5,123
Provisions	2,528	3,608
Profit/(loss) of the period	(4,215)	(839)
Total shareholders' equity (I)	3,436	7,892
Shareholders' equity and net financial position (L) = (H+I)	20,263	22,930

Trend in net financial position

Financial position (€thousand)	30/09/2019	31/12/2018
Available-for-sale financial assets	-	-
Cash, bank deposits and loans made	1,700	3,716
Overdrawn bank accounts and short-term advances	(1,973)	(3,369)
Short-term loans	(6,424)	(6,772)
Assets/liabilities for current derivatives	-	-
Other current financial payables	(345)	-
Short-term financial position	(7,042)	(6,425)
Long-term loans, net of current portion	(6,170)	(8,525)
Assets/(liabilities) for long-term derivatives	(324)	(88)
Other non-current financial payables	(1,131)	-
Net financial position	(14,667)	(15,038)