



## **FIDIA GROUP**

### **INTERIM REPORT AT 31 MARCH 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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**Board of Directors  
15 May 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 FY2019; 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 FY2019; 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 FY2019.

(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             |
|                    | Marina Scandurra            |

|                    |                          |
|--------------------|--------------------------|
| Alternate Auditors | Andrea Giammello         |
|                    | Chiara Olliveri Siccardi |
|                    | Roberto Panero           |

(\*) Appointed at the Shareholders' Meeting on 28 April 2017 until the approval of the financial statements for FY2019.

### **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, DEPUTY CHAIRMAN AND CEO**

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

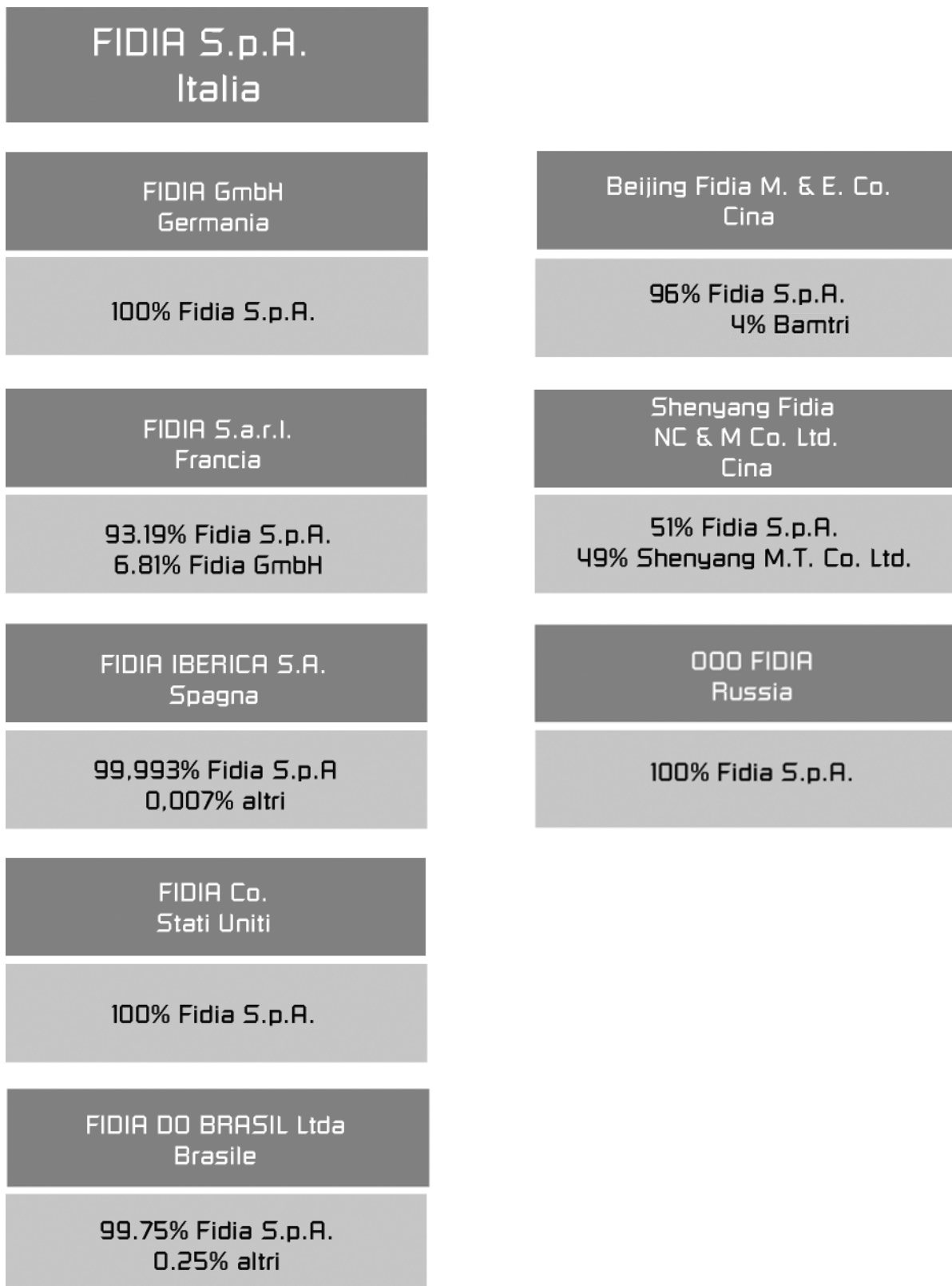
He is the legal representative of the company with regard to third parties and courts of law, with separate signature, to exercise any and all, and the amplest powers of ordinary and extraordinary administration; he is entitled to appoint and revoke special attorneys for specific transactions, with the 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 interests, company branches and real estate.

Deputy Chairman of the Board of Directors: Carlos Maidagan.

## Organization of the FIDIA GROUP

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**FIDIA GROUP**

**RECLASSIFIED FINANCIAL STATEMENTS**

**AT 31 MARCH 2019**

## Reclassified consolidated income statement

| (€thousand)                                         | Q1 2019        | %             | Q1 2018        | %             |
|-----------------------------------------------------|----------------|---------------|----------------|---------------|
| <b>Net revenue</b>                                  | 10,101         | 78.3%         | 7,693          | 70.8%         |
| Changes in inventories of finished goods and W.I.P. | 2,136          | 16.5%         | 2,706          | 24.9%         |
| Other revenues and income                           | 671            | 5.2%          | 469            | 4.3%          |
| <b>Value of production</b>                          | <b>12,908</b>  | <b>100.0%</b> | <b>10,868</b>  | <b>100.0%</b> |
| Raw materials and consumables                       | (6,344)        | -49.1%        | (4,972)        | -45.8%        |
| Commissions                                         | (15)           | -0.1%         | (99)           | -0.9%         |
| Transport                                           | (352)          | -2.7%         | (367)          | -3.4%         |
| Contractors                                         | (884)          | -6.8%         | (556)          | -5.1%         |
| Other services and operating costs                  | (2,468)        | -19.1%        | (2,256)        | -20.8%        |
| <b>Added value</b>                                  | <b>2,846</b>   | <b>22.0%</b>  | <b>2,617</b>   | <b>24.1%</b>  |
| Personnel costs                                     | (4,619)        | -35.8%        | (4,474)        | -41.2%        |
| <b>EBITDA</b>                                       | <b>(1,773)</b> | <b>-13.7%</b> | <b>(1,856)</b> | <b>-17.1%</b> |
| Bad debts provision                                 | (40)           | -0.3%         | (80)           | -0.7%         |
| Depreciation and amortization                       | (340)          | -2.6%         | (278)          | -2.6%         |
| <b>EBIT</b>                                         | <b>(2,152)</b> | <b>-16.7%</b> | <b>(2,215)</b> | <b>-20.4%</b> |
| Net finance expenses and revenue                    | (113)          | -0.9%         | (139)          | -1.3%         |
| Profit/(Loss) on exchange rates                     | (178)          | -1.4%         | (17)           | -0.2%         |
| <b>Earnings before tax (EBT)</b>                    | <b>(2,443)</b> | <b>-18.9%</b> | <b>(2,371)</b> | <b>-21.8%</b> |
| Income taxes (current, paid and deferred)           | (104)          | -0.8%         | (64)           | -0.6%         |
| <b>Net profit (loss) for the period</b>             | <b>(2,547)</b> | <b>-19.7%</b> | <b>(2,435)</b> | <b>-22.4%</b> |
| - (Profit)/Loss of non-controlling interests        | (106)          | -0.8%         | (41)           | -0.4%         |
| <b>- Profit/(Loss) of Group</b>                     | <b>(2,441)</b> | <b>-18.9%</b> | <b>(2,395)</b> | <b>-22.0%</b> |

## Consolidated statement of financial position

| (€thousand)                                                        | 31/03/2019      | 31/12/2018      | 31/03/2018      |
|--------------------------------------------------------------------|-----------------|-----------------|-----------------|
| Net tangible assets                                                | 11,216          | 11,313          | 11,181          |
| Intangible fixed assets                                            | 2,428           | 2,342           | 1,911           |
| Non-current financial assets                                       | 16              | 16              | 16              |
| Deferred tax assets                                                | 977             | 958             | 757             |
| Other non-current assets                                           | 287             | 274             | 778             |
| <b>Capital assets – (A)</b>                                        | <b>14,923</b>   | <b>14,903</b>   | <b>14,643</b>   |
| Net trade receivables from customers                               | 16,138          | 18,061          | 11,860          |
| Closing inventories                                                | 19,911          | 18,419          | 21,629          |
| Other current assets                                               | 2,491           | 1,789           | 1,643           |
| <b>Short-term (current) assets – (B)</b>                           | <b>38,540</b>   | <b>38,269</b>   | <b>35,131</b>   |
| Trade payables to suppliers                                        | (15,091)        | (16,394)        | (11,482)        |
| Other current liabilities                                          | (10,982)        | (10,579)        | (16,084)        |
| <b>Short-term (current) liabilities – (C)</b>                      | <b>(26,073)</b> | <b>(26,973)</b> | <b>(27,566)</b> |
| <b>Net working capital (D) = (B+C)</b>                             | <b>12,467</b>   | <b>11,296</b>   | <b>7,565</b>    |
| Termination benefits (E)                                           | (2,185)         | (2,189)         | (2,246)         |
| Other long-term liabilities (F)                                    | (615)           | (688)           | (428)           |
| <b>Net invested capital (G) = (A+D+E+F)</b>                        | <b>24,590</b>   | <b>23,321</b>   | <b>19,533</b>   |
| <b>Financial position</b>                                          |                 |                 |                 |
| Available-for-sale financial assets                                |                 |                 |                 |
| Cash on hand, bank deposits                                        | (3,163)         | (6,561)         | (8,548)         |
| Short-term loans                                                   | 9,928           | 8,952           | 5,805           |
| Assets/liabilities for current derivatives                         | -               | -               | -               |
| Other current financial payables                                   | -               | -               | -               |
| <b>Short-term financial position</b>                               | <b>6,765</b>    | <b>2,391</b>    | <b>(2,743)</b>  |
| Long-term loans, net of current portion                            | 7,866           | 8,881           | 11,436          |
| Assets/liabilities for long-term derivatives                       | 174             | 88              | 52              |
| <b>Net financial position (receivable)/payable (H)</b>             | <b>14,805</b>   | <b>11,361</b>   | <b>8,745</b>    |
| Share capital                                                      | 5,123           | 5,123           | 5,123           |
| Provisions                                                         | 5,514           | 6,516           | 6,183           |
| Net earnings pertaining to Group                                   | (2,441)         | (1,314)         | (2,395)         |
| <b>Total shareholders' equity of Group</b>                         | <b>8,196</b>    | <b>10,325</b>   | <b>8,911</b>    |
| Total equity of non-controlling interests                          | 1,589           | 1,636           | 1,876           |
| <b>Total shareholders' equity (I)</b>                              | <b>9,785</b>    | <b>11,961</b>   | <b>10,787</b>   |
| <b>Shareholders' equity and net financial position (L) = (H+I)</b> | <b>24,590</b>   | <b>23,321</b>   | <b>19,533</b>   |



## OPERATING AND FINANCE PERFORMANCE

### Profit and loss

#### Revenues

In the first quarter of 2019, the Group recorded revenues of €10,101 thousand, compared to €7,693 thousand in the same period of 2018, an increase of 31.3%.

This performance is the result of different trends in the three business lines in which the Group operates. In the electronics sector - CNC - the decrease in revenues compared to 2018 was significant (-16.4%), as in the after-sales service sector - Service - (-5.5%); the high-speed milling systems sector - HSM - closed the period with strong growth (+63.6%).

The revenues trend per business line is summarised in the table below:

| (€thousand)                             | Q1 2019       | %           | Q1 2018      | %           | % Chg        |
|-----------------------------------------|---------------|-------------|--------------|-------------|--------------|
| Numerical controls, drives and software | 558           | 5.5%        | 668          | 8.7%        | -16.4%       |
| High-speed milling systems              | 6,874         | 68.1%       | 4,201        | 54.6%       | 63.6%        |
| After-sales service                     | 2,669         | 26.4%       | 2,824        | 36.7%       | -5.5%        |
| <b>Grand total</b>                      | <b>10,101</b> | <b>100%</b> | <b>7,693</b> | <b>100%</b> | <b>31.3%</b> |

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

| (€thousand)             | TOTAL REVENUES |             | TOTAL REVENUES |             | % Chg        |
|-------------------------|----------------|-------------|----------------|-------------|--------------|
| GEOGRAPHICAL AREA       | Q1 2019        |             | Q1 2018        |             |              |
| ITALY                   | 1,053          | 10.4%       | 1,388          | 18.0%       | -24.1%       |
| EUROPE                  | 1,635          | 16.2%       | 2,327          | 30.2%       | -29.7%       |
| ASIA                    | 5,867          | 58.1%       | 2,809          | 36.5%       | 108.9%       |
| NORTH and SOUTH AMERICA | 1,546          | 15.3%       | 1,143          | 14.9%       | 35.3%        |
| REST OF THE WORLD       | 0              | 0.0%        | 26             | 0.3%        |              |
| <b>TOTAL</b>            | <b>10,101</b>  | <b>100%</b> | <b>7,693</b>   | <b>100%</b> | <b>31.3%</b> |

## Sales and marketing activity

The following tables show the trend in the backlog orders and new orders.

|                              | TOTAL         | TOTAL         |               |
|------------------------------|---------------|---------------|---------------|
| (€thousand)                  | Q1 2019       | Q1 2018       | % Chg         |
| Order backlog at 1/1         | 22,872        | 31,367        | -27.1%        |
| <b>New orders</b>            | <b>11,279</b> | <b>18,357</b> | <b>-38.6%</b> |
| Revenues                     | (7,432)       | (4,869)       | 52.6%         |
| <b>Order backlog at 31/3</b> | <b>26,719</b> | <b>44,855</b> | <b>-40.4%</b> |

The order backlog was down compared to the first quarter of 2018 (-40.4).

This result is due to the performance of new orders in the first quarter, compared to the same period last year, and to greater revenue for the period.

## Other revenues and income

The other revenues of the first quarter 2019 amounted to €671 thousand (€469 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:

- research grants from the EU and Italian Ministry of Education, University and Research (MIUR) as part of the funded research activity carried out by the parent company Fidia S.p.A. (€149 thousand, €105 thousand at 31 March 2018);
- reversal into income of excess provisions for risks to be covered (€211 thousand; €67 thousand at 31 March 2018);
- capitalization of product development costs (€204 thousand; €210 thousand at 31 March 2018);
- contingent assets, recovery of costs, income on disposal of property, plant and equipment and other sundry incomes (€75 thousand; €86 thousand in the same period of last year).

## Value of production

The value of production, equal to €12,908 thousand, increased compared to the first quarter of 2018 (€2,040 thousand); this is due to the combined effect of the increase in revenues from sales (+€2,408 thousand YOY) and other revenues and income (+€202 thousand YOY), offset by a lower positive change in inventories of finished products and work in progress (-€570 thousand).

## Other services and operating costs

This figure amounted in the first quarter of 2019 to €2,468 thousand, up compared to €2,256 thousand in the same period of 2018.

## Added value

Added value amounted to €2,846 thousand, down from €2,617 thousand in the same period of 2018.

## Personnel

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

|                                                  | Q1 2019 | Q1 2018 | Abs. change | % Chg |
|--------------------------------------------------|---------|---------|-------------|-------|
| Executives                                       | 12      | 11      | 1           | 9.1%  |
| Clerks and cadres                                | 267     | 272     | -5          | -1.8% |
| Workers                                          | 52      | 53      | -1          | -1.9% |
| Total employees                                  | 331     | 336     | -5          | -1.5% |
| Total average number of employees in the quarter | 331.0   | 336.0   | -5          | -1.5% |

|                        | Q1 2019 | Q1 2018 | Abs. change | % Chg |
|------------------------|---------|---------|-------------|-------|
| Labor cost (€thousand) | 4,619   | 4,474   | 145         | 3.25% |

Cost of labour increased by €145 thousand, equal to approximately 3.25% YOY; this trend is due to various factors linked to production requirements, despite a decrease in headcount.

## EBITDA

EBITDA was negative by €1,773 thousand, which was better than the loss of €1,856 thousand in the same period of last year.

## EBIT

EBIT recorded a loss of €2,152 thousand, which was better than the loss of €2,215 thousand reported in the same period of last year.

## Earnings before tax (EBT)

Overall, financial management made a negative contribution to net financial expenses of €113 thousand at 31 March 2019. Exchange rate differences, whether realised or not, amounted to -€178 thousand, as a summary of the contributions of the various branches.

In light of the contribution from financial management, the earning before tax is a loss of €2,443 thousand, versus a loss of €2,371 thousand YOY.

## Consolidated net result

The net consolidated result was a loss of €2,547 thousand (€2,441 thousand for the Group) compared to a loss of €2,435 thousand (of which €2,395 thousand for the Group) in the first quarter of 2018.

## Analysis of the financial data

### Net financial position

| (€thousand)                                     | 31/03/2019      | 31/12/2018      | 31/03/2018     |
|-------------------------------------------------|-----------------|-----------------|----------------|
| Available-for-sale financial assets             | -               | -               | -              |
| Cash on hand, bank deposits                     | 3,163           | 6,561           | 8,548          |
| Overdrawn bank accounts and short-term advances | (4,628)         | (3,369)         | (459)          |
| Short-term loans                                | (5,300)         | (5,583)         | (5,346)        |
| Assets/liabilities for current derivatives      | -               | -               | -              |
| Other current financial payables                | -               | -               | -              |
| <b>Short-term financial position</b>            | <b>(6,765)</b>  | <b>(2,391)</b>  | <b>2,743</b>   |
| Long-term loans, net of current portion         | (7,866)         | (8,881)         | (11,436)       |
| Assets/liabilities for long-term derivatives    | (174)           | (88)            | (52)           |
| <b>Net financial position</b>                   | <b>(14,805)</b> | <b>(11,361)</b> | <b>(8,745)</b> |

The detailed credit items of the net financial position are illustrated below.

| (€thousand)                                     | 31/03/2019   | 31/12/2018   | 31/03/2018   |
|-------------------------------------------------|--------------|--------------|--------------|
| <b>AVAILABLE-FOR-SALE FINANCIAL ASSETS</b>      |              |              |              |
| <b>CASH ON HAND, BANK DEPOSITS</b>              |              |              |              |
| Fidia S.p.A.                                    | 1,059        | 3,475        | 4,032        |
| Fidia Co.                                       | 190          | 1,108        | 1,284        |
| Fidia GmbH                                      | 223          | 224          | 569          |
| Fidia Iberica S.A.                              | 370          | 402          | 672          |
| Fidia S.a.r.l.                                  | 102          | 167          | 349          |
| Beijing Fidias Machinery & Electronics Co.,Ltd. | 957          | 783          | 689          |
| Fidia do Brasil Ltda.                           | 83           | 78           | 535          |
| Shenyang Fidias NC & M Co. Ltd.                 | 180          | 325          | 417          |
| <b>TOTAL</b>                                    | <b>3,163</b> | <b>6,561</b> | <b>8,548</b> |

| (€thousand)                                           | 31/03/2019      | 31/12/2018      | 31/03/2018      |
|-------------------------------------------------------|-----------------|-----------------|-----------------|
| <b>Short-term loans and advances</b>                  |                 |                 |                 |
| Fidia S.p.A.                                          | (9,212)         | (8,325)         | (5,736)         |
| Fidia GmbH                                            | (302)           | (216)           | (50)            |
| Fidia Iberica S.A.                                    | (15)            | (18)            | (19)            |
| Fidia do Brasil Ltda.                                 | (400)           | (392)           | -               |
| <b>TOTAL</b>                                          | <b>(9,928)</b>  | <b>(8,952)</b>  | <b>(5,805)</b>  |
| <b>(Assets)/liabilities for current derivatives</b>   |                 |                 |                 |
| Fidia S.p.A.                                          | -               | -               | -               |
| <b>TOTAL</b>                                          | <b>-</b>        | <b>-</b>        | <b>-</b>        |
| <b>Other current financial payables</b>               |                 |                 |                 |
| Fidia S.p.A.                                          | -               | -               | -               |
| <b>TOTAL</b>                                          | <b>-</b>        | <b>-</b>        | <b>-</b>        |
| <b>Long-term loans, net of current portion</b>        |                 |                 |                 |
| Fidia S.p.A.                                          | (7,652)         | (8,525)         | (11,373)        |
| Fidia GmbH                                            | (200)           | (342)           | (35)            |
| Fidia Iberica S.A.                                    | (13)            | (14)            | (28)            |
| <b>TOTAL</b>                                          | <b>(7,866)</b>  | <b>(8,881)</b>  | <b>(11,436)</b> |
| <b>(Assets)/liabilities for long-term derivatives</b> |                 |                 |                 |
| Fidia S.p.A.                                          | (174)           | (88)            | (52)            |
| <b>TOTAL</b>                                          | <b>(174)</b>    | <b>(88)</b>     | <b>(52)</b>     |
| <b>Total financial payables</b>                       | <b>(17,968)</b> | <b>(17,922)</b> | <b>(17,293)</b> |

At 31 March 2019 the net financial position was negative at €14,805 thousand; the change from 31 December 2018 was affected negatively mainly by the loss in the period, while there was a decreased effect of working capital.

The trend in the net financial position is illustrated below:

#### SHORT CONSOLIDATED CASH FLOW STATEMENT

| (€thousand)                                                          | Q1 2019        | FY2018         | Q1 2018        |
|----------------------------------------------------------------------|----------------|----------------|----------------|
| <b>A) Cash and cash equivalents at beginning of period</b>           | <b>3,192</b>   | <b>11,273</b>  | <b>11,273</b>  |
| <b>B) Cash from/(used in) operating activities during the period</b> | <b>(3,508)</b> | <b>(3,590)</b> | <b>(2,133)</b> |
| <b>C) Cash from/(used in) investing activities</b>                   | <b>(279)</b>   | <b>(1,732)</b> | <b>(377)</b>   |
| <b>D) Cash from/(used in) financing activities</b>                   | <b>(1,223)</b> | <b>(2,949)</b> | <b>(584)</b>   |
| Currency translation differences                                     | 353            | 190            | (91)           |
| <b>E) Net change in cash and cash equivalents</b>                    | <b>(4,657)</b> | <b>(8,081)</b> | <b>(3,184)</b> |
| <b>F) Cash and cash equivalents at end of period</b>                 | <b>(1,465)</b> | <b>3,192</b>   | <b>8,089</b>   |
| Breakdown of cash and cash equivalents:                              |                |                |                |
| Cash and cash equivalents                                            | 3,163          | 6,561          | 8,548          |
| Overdrawn bank accounts                                              | (4,628)        | (3,369)        | (459)          |
|                                                                      | <b>(1,465)</b> | <b>3,192</b>   | <b>8,089</b>   |

## Reconciliation between equity and net profit of the Parent Company and the Group

Pursuant to the Consob Communication of 28 July 2006, the reconciliation between the result for 2019 and the Group's shareholders' equity at 31 March 2019 (a share attributable to the Group) and the corresponding values of the parent company Fidia S.p.A. (values in thousands of euro) is shown below:

|                                                                      | Shareholders'<br>Equity<br>31.12.2018 | Changes<br>S.E.<br>2019 | Profit/(loss)<br>31.3.2019 | Shareholders'<br>Equity<br>31.3.2019 |
|----------------------------------------------------------------------|---------------------------------------|-------------------------|----------------------------|--------------------------------------|
| <b>Financial Statements of Fidia S.p.A.</b>                          | <b>7,892</b>                          | <b>(66)</b>             | <b>(1,675)</b>             | <b>6,151</b>                         |
| Consolidation adjustments                                            |                                       |                         |                            |                                      |
| * Elimination of book value of investments                           | 2,711                                 | 380                     | (835)                      | 2,256                                |
| * Transactions between consolidated companies                        | (278)                                 |                         | 68                         | (210)                                |
| * Exchange rate differences on intra-group transactions and others   | -                                     | (2)                     | 1                          | (1)                                  |
| <b>Consolidated Financial Statements (attributable to the Group)</b> | <b>10,325</b>                         | <b>312</b>              | <b>(2,441)</b>             | <b>8,196</b>                         |

## SEGMENT REPORTING

### Economic performance by business sector

The following table shows the consolidated results broken down into the three traditional sectors in which the Group operates (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 exhibitions for the companies operating in all business lines.

Cross-sector revenues consist of numerical controls, switchboards and components and electromechanical systems transferred by the electronics sector to the milling systems sector and of the milling heads manufactured by the milling systems sector and transferred to the electronics sector for sale.

## CONSOLIDATED INCOME STATEMENT by business sector

Below follow the consolidated economic results broken down by sector at 31 March 2019 and 31 March 2018.

| Progressive data at March<br>(€thousand)            | CNC<br>2019  | %             | HSM<br>2019    | %             | SERVICE<br>2019 | %             | N/A<br>2019    | TOTAL<br>2019  |
|-----------------------------------------------------|--------------|---------------|----------------|---------------|-----------------|---------------|----------------|----------------|
| <b>Revenues</b>                                     | <b>558</b>   | <b>44,7%</b>  | <b>6.874</b>   | <b>98,8%</b>  | <b>2.669</b>    | <b>99,8%</b>  | -              | <b>10.101</b>  |
| Cross-sector revenues                               | 690          | 55,3%         | 83             | 1,2%          | 5               | 0,2%          | -              |                |
| <b>Total reclassified revenues</b>                  | <b>1.248</b> | <b>100,0%</b> | <b>6.957</b>   | <b>100,0%</b> | <b>2.674</b>    | <b>100,0%</b> | -              |                |
| Changes in inventories of finished goods and W.I.P. | 169          | 13,5%         | 1.710          | 24,6%         | 257             | 9,6%          | -              | 2.136          |
| Raw materials and consumables                       | (307)        | -24,6%        | (5.735)        | -82,4%        | (272)           | -10,2%        | (29)           | (6.344)        |
| <b>Cross-sector expenses</b>                        | <b>30</b>    | <b>2,4%</b>   | <b>(910)</b>   | <b>-13,1%</b> | <b>104</b>      | <b>3,9%</b>   | <b>(2)</b>     | -              |
| Commissions                                         | 0            | 0,0%          | (15)           | -0,2%         | -               | 0,0%          | -              | (15)           |
| Transport                                           | (18)         | -1,4%         | (197)          | -2,8%         | (135)           | -5,0%         | 0              | (352)          |
| Contractors                                         | (127)        | -10,2%        | (748)          | -10,8%        | (9)             | -0,3%         | -              | (884)          |
| <b>Sales margin</b>                                 | <b>995</b>   | <b>79,7%</b>  | <b>1.062</b>   | <b>15,3%</b>  | <b>2.619</b>    | <b>97,9%</b>  | <b>(31)</b>    | <b>4.642</b>   |
| Other operating revenue                             | 183          | 14,7%         | 178            | 2,6%          | 232             | 8,7%          | 78             | 671            |
| Other operating costs                               | (101)        | -8,1%         | (674)          | -9,7%         | (578)           | -21,6%        | (1.115)        | (2.468)        |
| Personnel costs                                     | (687)        | -55,0%        | (1.570)        | -22,6%        | (1.398)         | -52,3%        | (964)          | (4.619)        |
| Depreciation, amortization and writedowns           | (59)         | -4,7%         | (196)          | -2,8%         | (27)            | -1,0%         | (98)           | (380)          |
| <b>Operating profit/(loss)</b>                      | <b>331</b>   | <b>26,5%</b>  | <b>(1.200)</b> | <b>-17,2%</b> | <b>848</b>      | <b>31,7%</b>  | <b>(2.130)</b> | <b>(2.152)</b> |

| Progressive data at March<br>(€thousand)            | CNC<br>2018 | %             | HSM<br>2018  | %             | SERVICE<br>2018 | %             | N/A<br>2018    | TOTAL<br>2018  |
|-----------------------------------------------------|-------------|---------------|--------------|---------------|-----------------|---------------|----------------|----------------|
| <b>Revenues</b>                                     | <b>668</b>  | <b>74,2%</b>  | <b>4.201</b> | <b>100,0%</b> | <b>2.824</b>    | <b>100,0%</b> | -              | <b>7.693</b>   |
| Cross-sector revenues                               | 232         | 25,8%         | -            | 0,0%          | -               | 0,0%          | -              |                |
| <b>Total reclassified revenues</b>                  | <b>900</b>  | <b>100,0%</b> | <b>4.201</b> | <b>100,0%</b> | <b>2.824</b>    | <b>100,0%</b> | -              |                |
| Changes in inventories of finished goods and W.I.P. | (2)         | -0,2%         | 2.555        | 60,8%         | 153             | 5,4%          | -              | 2.706          |
| Raw materials and consumables                       | (301)       | -24,1%        | (4.100)      | -97,6%        | (530)           | -18,8%        | (41)           | (4.972)        |
| <b>Cross-sector expenses</b>                        | <b>103</b>  | <b>11,4%</b>  | <b>(553)</b> | <b>-13,2%</b> | <b>209</b>      | <b>7,4%</b>   | <b>10</b>      | -              |
| Commissions                                         | (3)         | -0,2%         | (97)         | -2,3%         | -               | 0,0%          | -              | (99)           |
| Transport                                           | (13)        | -1,1%         | (223)        | -5,3%         | (128)           | -4,8%         | (2)            | (367)          |
| Contractors                                         | (102)       | -11,4%        | (452)        | -10,8%        | (2)             | -0,1%         | -              | (556)          |
| <b>Sales margin</b>                                 | <b>581</b>  | <b>64,5%</b>  | <b>1.331</b> | <b>31,7%</b>  | <b>2.526</b>    | <b>89,4%</b>  | <b>(33)</b>    | <b>4.405</b>   |
| Other operating revenue                             | 198         | 22,0%         | 147          | 3,5%          | 64              | 2,3%          | 61             | 469            |
| Other operating costs                               | (98)        | -10,9%        | (568)        | -13,5%        | (456)           | -16,2%        | (1.133)        | (2.256)        |
| Personnel costs                                     | (688)       | -76,5%        | (1.416)      | -33,7%        | (1.464)         | -51,8%        | (905)          | (4.474)        |
| Depreciation, amortization and writedowns           | (38)        | -4,2%         | (153)        | -3,6%         | (69)            | -2,5%         | (98)           | (358)          |
| <b>Operating profit/(loss)</b>                      | <b>(45)</b> | <b>-5,0%</b>  | <b>(660)</b> | <b>-15,7%</b> | <b>600</b>      | <b>21,3%</b>  | <b>(2.109)</b> | <b>(2.215)</b> |

## **SUMMARY OF THE GROUP PERFORMANCE, SIGNIFICANT EVENTS AND BUSINESS OUTLOOK**

The first quarter of 2019 saw a positive increase in Value of Production of 18.8% and a percentage increase in Value Added of approximately 9%.

EBITDA remained negative (-13.7%), slightly better than in 2018 (-17.1%).

Overall new orders in the period amounted to €11.3 million (€18.4 million in the first quarter of 2018).

The order backlog amounted to €26.7 million (€44.9 million YOY).

Taking into account the historical cyclical nature of revenues and a good order backlog in the HSM sector, the management expects a positive trend in the economic results for the remaining quarters of the period.

On behalf of the Board of Directors  
The Chairman and Managing Director  
Mr. Giuseppe Morfino



**FIDIA GROUP**

**Condensed consolidated financial statements**

**Consolidated accounting schedules**

**and**

**Notes**

**at 31 March 2019**

## CONSOLIDATED INCOME STATEMENT

| (€thousand)                                           | Notes | 1st Quarter 2019 | 1st Quarter 2018 |
|-------------------------------------------------------|-------|------------------|------------------|
| - Net sales                                           | 1     | 10.101           | 7.693            |
| - Other operating revenue                             | 2     | 671              | 469              |
| <b>Total revenue</b>                                  |       | <b>10.772</b>    | <b>8.162</b>     |
| - Changes in inventories of finished goods and W.I.P. |       | 2.136            | 2.706            |
| - Raw materials and consumables                       | 3     | (6.344)          | (4.972)          |
| - Personnel costs                                     | 4     | (4.619)          | (4.474)          |
| - Other operating costs                               | 5     | (3.718)          | (3.279)          |
| - Depreciation, amortization and writedowns           | 6     | (380)            | (358)            |
| <b>Operating profit/(loss)</b>                        |       | <b>(2.152)</b>   | <b>(2.215)</b>   |
| - Non-recurring income/(expenses)                     | 7     | -                | -                |
| <b>Operating profit/(loss)</b>                        |       | <b>(2.152)</b>   | <b>(2.215)</b>   |
| - Financial income/(expenses)                         | 8     | (291)            | (157)            |
| <b>Profit/(loss) before tax</b>                       |       | <b>(2.443)</b>   | <b>(2.371)</b>   |
| - Income tax                                          | 9     | (104)            | (64)             |
| <b>Profit/(loss) for continuing operations</b>        |       | <b>(2.547)</b>   | <b>(2.435)</b>   |
| Profit/(loss) for discontinued operations             |       | -                | -                |
| <b>Profit (loss) for the period</b>                   |       | <b>(2.547)</b>   | <b>(2.435)</b>   |
| <b>Profit/(loss) attributable to:</b>                 |       |                  |                  |
| - Shareholders of parent company                      |       | (2.441)          | (2.395)          |
| - Non-controlling interests                           |       | (106)            | (41)             |

(EUR)

|                                     |    |        |        |
|-------------------------------------|----|--------|--------|
| Earning per share                   | 10 | (0,48) | (0,47) |
| Diluted earnings per ordinary share | 10 | (0,48) | (0,47) |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| (€thousand)                                                                                                                        | 1st Quarter<br>2019 | 1st Quarter<br>2018 |
|------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| <b>Profit (loss) for the period (A)</b>                                                                                            | <b>(2.547)</b>      | <b>(2.435)</b>      |
| Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss:                                         |                     |                     |
| Profit/(loss) on cash flow hedges                                                                                                  | (86)                | 14                  |
| Profit(loss) on translation of financial statements of foreign companies                                                           | 439                 | (112)               |
| Tax effect pertaining to Other comprehensive profit/(loss) that may be reclassified in profit or loss                              | 20                  | (3)                 |
| <b>Total Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss, net of tax effect (B1)</b>     | <b>373</b>          | <b>(101)</b>        |
| Other comprehensive profit/(loss) that may not subsequently be reclassified in profit or loss:                                     |                     |                     |
| Net actuarial gains/(losses) on defined benefit plans                                                                              | -                   | -                   |
| Tax effect pertaining to Other comprehensive profit/(loss) that may not be reclassified in profit or loss                          | -                   | -                   |
| <b>Total Other comprehensive profit/(loss) that may not subsequently be reclassified in profit or loss, net of tax effect (B2)</b> | <b>0</b>            | <b>0</b>            |
| <b>Total Other comprehensive profit/(loss), net of tax effect (B)=(B1)+(B2)</b>                                                    | <b>373</b>          | <b>(101)</b>        |
| <b>Total comprehensive profit/(loss) for the period (A)+(B)</b>                                                                    | <b>(2.174)</b>      | <b>(2.536)</b>      |
| <b>Total comprehensive profit/(loss) due to:</b>                                                                                   |                     |                     |
| Shareholders of the parent company                                                                                                 | <b>(2.127)</b>      | <b>(2.507)</b>      |
| Non-controlling interests                                                                                                          | <b>(47)</b>         | <b>(29)</b>         |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| (€thousand)                                                                 | Notes | 31 marzo 2019 | 31 dicembre 2018 |
|-----------------------------------------------------------------------------|-------|---------------|------------------|
| <b>ASSETS</b>                                                               |       |               |                  |
| <b>NON-CURRENT ASSETS</b>                                                   |       |               |                  |
| - Property, plant and equipment                                             | 11    | 11.216        | 11.313           |
| - Intangible assets                                                         | 12    | 2.428         | 2.342            |
| - Investments                                                               | 13    | 16            | 16               |
| - Other non-current receivables and assets                                  | 14    | 287           | 958              |
| - Pre-paid tax assets                                                       | 9     | 977           | 274              |
| <b>TOTAL NON-CURRENT ASSETS</b>                                             |       | <b>14.923</b> | <b>14.902</b>    |
| <b>CURRENT ASSETS</b>                                                       |       |               |                  |
| - Inventory                                                                 | 15    | 19.911        | 18.419           |
| - Trade receivables                                                         | 16    | 16.138        | 18.061           |
| - Current tax receivables                                                   | 17    | 1.331         | 1.017            |
| - Other current receivables and assets                                      | 17    | 1.160         | 772              |
| - Other current financial receivables                                       | 18    | -             | 0                |
| - Cash and cash equivalents                                                 | 19    | 3.163         | 6.561            |
| <b>TOTAL CURRENT ASSETS</b>                                                 |       | <b>41.703</b> | <b>44.830</b>    |
| <b>TOTAL ASSETS</b>                                                         |       | <b>56.626</b> | <b>59.732</b>    |
| <b>LIABILITIES</b>                                                          |       |               |                  |
| <b>SHAREHOLDERS' EQUITY</b>                                                 |       |               |                  |
| - Share capital and reserves attributable to shareholders of parent company |       | 8.196         | 10.325           |
| - Non-controlling interests                                                 |       | 1.589         | 1.636            |
| <b>TOTAL CONSOLIDATED EQUITY</b>                                            | 20    | <b>9.785</b>  | <b>11.961</b>    |
| <b>NON-CURRENT LIABILITIES</b>                                              |       |               |                  |
| - Other non-current payables and liabilities                                | 21    | 554           | 624              |
| - Termination benefits                                                      | 22    | 2.185         | 2.189            |
| - Deferred tax liabilities                                                  | 9     | 46            | 47               |
| - Provisions for risks and expenses                                         | 28    | 16            | 16               |
| - Other non-current financial liabilities                                   | 23    | 174           | 88               |
| - Non-current financial liabilities                                         | 24    | 7.866         | 8.881            |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                                        |       | <b>10.841</b> | <b>11.846</b>    |
| <b>CURRENT LIABILITIES</b>                                                  |       |               |                  |
| - Current financial liabilities                                             | 24    | 9.928         | 8.952            |
| - Other current financial liabilities                                       | 25    | -             | 0                |
| - Trade payables                                                            | 26    | 15.091        | 16.394           |
| - Current tax payables                                                      | 27    | 609           | 984              |
| - Other current payables and liabilities:                                   | 27    | 8.656         | 7.716            |
| - Provisions for risks and expenses                                         | 28    | 1.717         | 1.880            |
| <b>TOTAL CURRENT LIABILITIES</b>                                            |       | <b>36.001</b> | <b>35.925</b>    |
| <b>TOTAL LIABILITIES</b>                                                    |       | <b>56.626</b> | <b>59.732</b>    |

## CONSOLIDATED STATEMENT OF CASH FLOWS

| (€thousand)                                                                    | 1st Quarter 2019 | 1st Quarter 2018 |
|--------------------------------------------------------------------------------|------------------|------------------|
| <b>A) Cash and cash equivalents at beginning of period</b>                     | <b>3.192</b>     | <b>11.273</b>    |
| <b>B) Cash from/(used in) operating activities during the period:</b>          |                  |                  |
| - Result of Group and non-controlling interests                                | (2.547)          | (2.435)          |
| - Amortisation                                                                 | 340              | 278              |
| - Net loss (gain) on disposal of tangible assets                               | (22)             | (3)              |
| - Net change in provision for employee severance pay                           | (4)              | (46)             |
| - Net change in provisions for risks and charges                               | (163)            | (76)             |
| - Net change (assets) liabilities for (pre-paid) deferred taxes                | (20)             | (22)             |
| - Net change in working capital:                                               |                  |                  |
| - receivables                                                                  | 1.209            | 2.080            |
| - inventory                                                                    | (1.493)          | (3.782)          |
| - payables **                                                                  | (808)            | 1.873            |
|                                                                                | <b>(3.508)</b>   | <b>(2.133)</b>   |
| <b>C) Cash from/(used in) investing activities</b>                             |                  |                  |
| - Investments in                                                               |                  |                  |
| property, plant and equipment                                                  | (149)            | (171)            |
| intangible fixed assets                                                        | (162)            | (208)            |
| financial assets                                                               |                  |                  |
| - Proceeds from the sale of:                                                   |                  |                  |
| property, plant and equipment                                                  | 32               | 3                |
| non-current financial assets                                                   |                  |                  |
|                                                                                | <b>(279)</b>     | <b>(377)</b>     |
| <b>D) Cash from/(used in) financing activities</b>                             |                  |                  |
| - Change in loans ***                                                          | (1.299)          | (593)            |
| - Distribution of dividends                                                    | -                | -                |
| - Change in capital and reserves                                               | (9)              | 23               |
| - Net change in other current and non-current financial assets and liabilities | 86               | (14)             |
|                                                                                | <b>(1.222)</b>   | <b>(584)</b>     |
| Currency translation differences                                               | 353              | (90)             |
| <b>E) Net change in cash and cash equivalents</b>                              | <b>(4.657)</b>   | <b>(3.184)</b>   |
| <b>F) Cash and cash equivalents at reporting date</b>                          | <b>(1.465)</b>   | <b>8.089</b>     |
| Breakdown of cash and cash equivalents:                                        |                  |                  |
| Cash and cash equivalents                                                      | 3.163            | 8.548            |
| Overdrawn bank accounts                                                        | (4.628)          | (459)            |
|                                                                                | <b>(1.465)</b>   | <b>8.089</b>     |

(\*\*) of which €88 thousand in taxes paid

(\*\*\*) of which €63 thousand in interest paid

## STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

| (€thousand)                        | Share capital | Own shares | Capital reserves | Retained earnings | Cash flow hedge reserve | Translation reserve | Reserve for actuarial profit/losses | Other reserves | Profit/(loss) for the year | Total Group Shareholders' Equity | Other non-controlling interests | Total Shareholders' Equity |
|------------------------------------|---------------|------------|------------------|-------------------|-------------------------|---------------------|-------------------------------------|----------------|----------------------------|----------------------------------|---------------------------------|----------------------------|
| <b>Balance at 31 December 2017</b> | 5.123         | (45)       | 1.240            | 6.706             | (46)                    | 1.421               | (127)                               | 213            | (3.066)                    | 11.419                           | 1.905                           | 13.324                     |
| Allocation of profit               |               |            |                  | (3.066)           |                         |                     |                                     |                | 3.066                      |                                  |                                 |                            |
| Distribution of dividends          |               |            |                  |                   |                         |                     |                                     |                |                            |                                  |                                 |                            |
| Total comprehensive profit/(loss)  |               |            |                  |                   | 11                      | (124)               |                                     |                | (2.395)                    | (2.508)                          | (29)                            | (2.537)                    |
| Other changes                      |               |            |                  |                   |                         |                     |                                     |                |                            |                                  |                                 |                            |
| <b>Balance at 31 March 2018</b>    | 5.123         | (45)       | 1.240            | 3.640             | (35)                    | 1.297               | (127)                               | 213            | (2.395)                    | 8.911                            | 1.876                           | 10.787                     |
|                                    |               |            |                  |                   |                         |                     |                                     |                |                            |                                  |                                 |                            |
| <b>Balance at 31 December 2018</b> | 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          |               |            |                  |                   |                         |                     |                                     |                |                            |                                  |                                 |                            |
| Total comprehensive profit/(loss)  |               |            |                  |                   | (66)                    | 380                 |                                     |                | (2.441)                    | (2.127)                          | (47)                            | (2.174)                    |
| Other changes                      |               |            |                  | (2)               |                         |                     |                                     |                |                            | (2)                              |                                 | (2)                        |
| <b>Balance at 31 March 2019</b>    | 5.123         | (45)       | 1.240            | 2.293             | (129)                   | 2.048               | (106)                               | 213            | (2.441)                    | 8.196                            | 1.589                           | 9.785                      |

## Notes

### MAIN BUSINESS

Fidia S.p.A. is a company under Italian law. Fidias S.p.A. and its subsidiaries ("Group") are active in over 30 countries.

The Group is engaged in the manufacturing and sale of numerical controls and software, high-speed milling systems and after-sales service.

The Group headquarters are located in San Mauro Torinese (Turin), Italy.

The Consolidated Financial Statements of the Fidias Group are presented in euro, i.e., the accounting currency of the Parent Company and main economies in which the Group has operations. Unless otherwise specified, the amounts are expressed in thousands of euros.

### SIGNIFICANT ACCOUNTING STANDARDS

This Quarterly Report at 31 March 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 31 March 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 cash flow statement was drawn up by applying the indirect method.

## **Application of IFRS 16 - Leases**

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 (right of use) and the related financial debt for an amount of approximately €2 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               | 2,056                          | 16,958              |
| Current assets                                    | 44,830               | -                              | 44,830              |
| <b>Total assets</b>                               | <b>59,732</b>        | <b>2,056</b>                   | <b>61,788</b>       |
| Shareholders' equity                              | (11,961)             | -                              | (11,961)            |
| Non-current liabilities                           | (11,845)             | (1,114)                        | (12,959)            |
| Current liabilities                               | (35,926)             | (942)                          | (36,868)            |
| <b>Total shareholders' equity and liabilities</b> | <b>(59,732)</b>      | <b>(2,056)</b>                 | <b>(61,788)</b>     |

## Scope of consolidation

There was no change in the consolidation area compared to the consolidated financial statements at 31 March 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 interest at 31/3/2019 | Equity interest at 31/12/2018 | Equity interest at 31/3/2018 |
|-------------------------------------------------------------|----------|---------------|------------------------------|-------------------------------|------------------------------|
| Fidia GmbH, Dreiech - 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       | 93.19%                       | 93.19%                        | 93.19%                       |
| 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 Fidial M&E Co Ltd., Beijing - China                 | Rmb      | 1,500,000     | 96%                          | 96%                           | 96%                          |
| Shenyang Fidial NC & Machine Company Ltd., Shenyang – China | Rmb      | 42,517,648    | 51%                          | 51%                           | 51%                          |
| OOO Fidial, Mosca – Russian Federation                      | Rouble   | 3,599,790     | 100%                         | 100%                          | 100%                         |

## COMPOSITION AND MAIN CHANGES

### INCOME STATEMENT

#### 1. NET SALES

Turnover by line of business (net of intragroup items) is indicated more in detail in the following table:

| (€thousand)                             | 1st Quarter<br>2019 | %          | 1st Quarter<br>2018 | %          | 1st Quarter<br>2014 | %          |
|-----------------------------------------|---------------------|------------|---------------------|------------|---------------------|------------|
| Numerical controls, drives and software | 558                 | 5,5%       | 668                 | 6,6%       | 773                 | 7,7%       |
| High-speed milling systems              | 6.874               | 68,1%      | 4.201               | 41,6%      | 3.672               | 36,4%      |
| After-sales service                     | 2.669               | 26,4%      | 2.824               | 28,0%      | 2.454               | 24,3%      |
| Total revenues                          | 10.101              | 100,0<br>% | 7.693               | 100,0<br>% | 6.899               | 100,0<br>% |

Group revenues increased as a whole by 32.1% YOY.

The drop in numerical controls (-16.4%) and service (-5.5%) is offset by an increase in milling systems of around 63.6%.

#### 2. OTHER REVENUES AND INCOME

The other revenues of the first quarter 2019 amounted to €671 thousand (€469 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:

- research grants from the EU and Italian Ministry of Education, University and Research (MIUR) as part of the funded research activity carried out by the parent company Fidia S.p.A. (€149 thousand, €105 thousand at 31 March 2018);
- reversal into income of excess provisions for risks to be covered (€211 thousand; €67 thousand at 31 March 2018);
- capitalization of product development costs (€204 thousand; €210 thousand at 31 March 2018);
- contingent assets, recovery of costs, income on disposal of property, plant and equipment and other sundry incomes (€75 thousand; €86 thousand in the same period of last year).

### 3. RAW MATERIALS AND CONSUMABLES

In the first quarter of 2019, consumption of raw materials and consumables amounted to €6,344, up from €4,972 thousand in the first quarter of 2018 due to higher value of production and a different product mix.

### 4. PERSONNEL COSTS

Personnel costs amounted to €4,619 thousand compared to €4,474 thousand in the same period of 2018, up €145 thousand, i.e., 3.25% YOY;

### 5. OTHER SERVICES AND OPERATING COSTS

Other services and operating costs amounted to €3,718 thousand, up YOY (€3,279 thousand);

In detail, these costs can be broken down as follows:

cost for services related to the revenues (subcontractors, transport, duties and commissions), €1,251 thousand versus €1,022 thousand in the same period of 2018 (+€229 thousand);

production costs and expenses for miscellaneous technical service, €916 thousand at 31 March 2019, versus €761 thousand YOY (+€155 thousand);

expenses incurred for trade fairs, entertainment expenses, travel expenses and commercial services, €190 thousand at 31 March 2018, versus €165 thousand in 2018 (+€25 thousand);

R&D costs and related refund of expenses, €75 thousand at 31 March 2019, versus €144 thousand YOY (-€69 thousand);

overheads, technical and administrative consulting, utilities, rent, legal expenses, contingent liabilities and other expenses, €1,287 thousand at 31 March 2019, versus €1,186 thousand at 31 March 2018 (+€101 thousand).

### 6. DEPRECIATION, AMORTIZATION AND WRITEDOWNS

| (€thousand)                                   | 1st Quarter 2019 | 1st Quarter 2018 |
|-----------------------------------------------|------------------|------------------|
| Amortization of intangible fixed assets       | 76               | 55               |
| Amortization of property, plant and equipment | 264              | 223              |
| Bad debts                                     | 40               | 80               |
| Total                                         | 380              | 358              |

## 7. NON-RECURRING REVENUE

In the first three months of 2019, there were no non-recurring revenue or expenses.

## 8. FINANCE REVENUE (EXPENSES)

Financial revenue (expenses) consisted of:

| (€thousand)                                      | 1st Quarter<br>2019 | 1st Quarter<br>2018 |
|--------------------------------------------------|---------------------|---------------------|
| Finance revenue                                  | 9                   | 10                  |
| Borrowing costs                                  | (122)               | (149)               |
| Net profit (loss) on derivatives                 | -                   | -                   |
| Profit (loss) from foreign currency transactions | (178)               | (17)                |
| Total                                            | (291)               | (156)               |

Finance revenue consists of:

| (€thousand)                        | 1st<br>Quarter<br>2019 | 1st<br>Quarter<br>2018 |
|------------------------------------|------------------------|------------------------|
| Interests received from banks      | 2                      | 1                      |
| Interests and commercial discounts | -                      | -                      |
| Other interests received           | 7                      | 9                      |
| Total                              | 9                      | 10                     |

Finance expenses consist of:

| (€thousand)                                        | 1st<br>Quarter<br>2019 | 1st<br>Quarter<br>2018 |
|----------------------------------------------------|------------------------|------------------------|
| Interests paid on short-term borrowings from banks | (18)                   | (9)                    |
| Interest expense on M/L-term loans from banks      | (24)                   | (48)                   |
| Interests paid on payables to leasing companies    | (70)                   | (76)                   |
| Borrowing costs on termination benefits            | -                      | -                      |
| Other borrowing costs                              | (10)                   | (17)                   |
| Total                                              | (122)                  | (149)                  |

Net profit (loss) on derivatives consist of:

| (€thousand)                                          | 1st Quarter<br>2019 | 1st Quarter<br>2018 |
|------------------------------------------------------|---------------------|---------------------|
| Expenses on derivatives due to fair value adjustment | -                   | -                   |
| Gains on derivatives due to fair value adjustment    | -                   | -                   |
| Total                                                | -                   | -                   |

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)                | 1st Quarter<br>2019 | 1st Quarter<br>2018 |
|----------------------------|---------------------|---------------------|
| Realised exchange gains    | 87                  | 71                  |
| Unrealised exchange gains  | 41                  | 42                  |
| Realised exchange losses   | (80)                | (98)                |
| Unrealised exchange losses | (226)               | (33)                |
| Total                      | (178)               | (17)                |

## 9. INCOME TAX

Taxes recognised in the consolidated income statement amounted to -€104 thousand (-€64 thousand at 31 March 2018) including deferred tax assets and liabilities.

The following table shows the balance of deferred tax assets and liabilities at 31 March 2019:

| (€thousand)              | 31 marzo 2019 | 31 dicembre 2018 |
|--------------------------|---------------|------------------|
| Deferred tax assets      | 977           | 957              |
| Deferred tax liabilities | (46)          | (47)             |
| Total                    | 931           | 910              |

## 10. EARNING PER SHARE

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

|                                       |           | 1st Quarter 2019 | 1st Quarter 2018 |
|---------------------------------------|-----------|------------------|------------------|
| Net earnings pertaining to Group      | €thousand | (2.441)          | (2.395)          |
| Profit/(loss) of ordinary shares      | €thousand | (2.441)          | (2.395)          |
| Number of circulating ordinary shares | number    | 5.113.000        | 5.113.000        |
| Earning per share                     | EUR       | (0,48)           | (0,47)           |
| Diluted earnings per ordinary share   | EUR       | (0,48)           | (0,47)           |

There was no difference between the earnings per share and diluted earnings per share, as Fidia S.p.A. does not have circulating financial instruments that can affect the earnings by share.

## STATEMENT OF FINANCIAL POSITION

### 11. PROPERTY, PLANT AND EQUIPMENT

| (€thousand)                              | Buildings    | Total plant, machinery and equipment | Other assets | Assets under development and advances | Total         |
|------------------------------------------|--------------|--------------------------------------|--------------|---------------------------------------|---------------|
| <b>Net carrying amount at 31/12/2018</b> | <b>9.530</b> | <b>1.024</b>                         | <b>756</b>   | <b>3</b>                              | <b>11.313</b> |
| Additions                                | -            | 37                                   | 112          | -                                     | 149           |
| Net value of divestments                 | -            | -                                    | (9)          | -                                     | - 9           |
| Depreciation                             | (114)        | (83)                                 | (67)         | -                                     | (264)         |
| Currency gain/(loss)                     | 21           | 1                                    | 5            | -                                     | 27            |
| <b>Net carrying amount at 31/3/2019</b>  | <b>9.437</b> | <b>979</b>                           | <b>797</b>   | <b>3</b>                              | <b>11.216</b> |

### 12. INTANGIBLE FIXED ASSETS

| (€thousand)                                     | Development costs | Licenses  | Software  | Assets under development and advances | Total        |
|-------------------------------------------------|-------------------|-----------|-----------|---------------------------------------|--------------|
| <b>Net carrying amount at 31/12/2018</b>        | <b>1.154</b>      | <b>13</b> | <b>37</b> | <b>1.138</b>                          | <b>2.342</b> |
| Increases                                       | -                 | -         | 4         | 158                                   | <b>163</b>   |
| Decreases/transfers                             | -                 | -         | -         | 0                                     | <b>0</b>     |
| Depreciation                                    | (70)              | (2)       | (4)       | -                                     | <b>(76)</b>  |
| Currency gain/(loss)                            | 1                 | -         | 0         | (2)                                   | <b>(1)</b>   |
| <b>Closing net carrying amount at 31/3/2019</b> | <b>1.085</b>      | <b>11</b> | <b>37</b> | <b>1.294</b>                          | <b>2.428</b> |



### 13. EQUITY INVESTMENTS

This item, amounting to €16 thousand and unchanged compared to 31 December 2018, is made up of investments in associated companies valued at equity and investments in other companies valued at cost.

### 14. OTHER NON-CURRENT RECEIVABLES AND ASSETS

The other non current receivables and assets are detailed below:

| (€thousand)                        | Balance<br>31/03/2019 | Balance<br>31/12/2018 |
|------------------------------------|-----------------------|-----------------------|
| Receivables for EU research grants | -                     | -                     |
| Security deposits                  | 111                   | 98                    |
| Non-recurring trade receivables    | -                     | -                     |
| Receivables for foreign VAT        | 9                     | 9                     |
| Withholding tax on foreign income  | 134                   | 128                   |
| Multi-year pre-paid expenses       | 33                    | 34                    |
| Sundry receivables                 | -                     | 5                     |
| <b>Total</b>                       | <b>287</b>            | <b>274</b>            |

### 15. INVENTORY

| (€thousand)                                   | 31/03/2019    | 31/12/2018    |
|-----------------------------------------------|---------------|---------------|
| Raw materials                                 | 10.949        | 11.533        |
| Provisions for raw materials depreciation     | (2.230)       | (2.151)       |
|                                               | <b>8.719</b>  | <b>9.382</b>  |
| Semi-finished products and work in progress   | <b>6.755</b>  | <b>4.228</b>  |
| Finished products and goods for resale        | 4.774         | 5.055         |
| Provisions for depreciation finished products | (601)         | (586)         |
|                                               | <b>4.173</b>  | <b>4.469</b>  |
| Advances                                      | 264           | 340           |
| <b>Net value</b>                              | <b>19.911</b> | <b>18.419</b> |

Inventory in the first quarter of the year increased by €1,492 thousand; the increase is the result of job orders in progress due to the level of production sustained.

## 16. TRADE RECEIVABLES

| (€thousand)                   | Balance<br>31/03/2019 | Balance<br>31/12/2018 |
|-------------------------------|-----------------------|-----------------------|
| Trade receivables from others | 16.838                | 18.729                |
| Provision for bad debts       | (700)                 | (667)                 |
| Receivables from associates   | -                     | -                     |
| Total                         | 16.138                | 18.062                |

Trade receivables decreased compared to 31 December 2018, showing a change of -€1,924 thousand.

## 17. TAX RECEIVABLES AND OTHER CURRENT RECEIVABLES AND ASSETS

| (€thousand)                              | Balance<br>31/03/2019 | Balance<br>31/12/2018 |
|------------------------------------------|-----------------------|-----------------------|
| Receivables from tax authorities for VAT | 905                   | 596                   |
| Tax receivables for income tax and IRAP  | 160                   | 158                   |
| Receivables for short-term foreign VAT   | 9                     | 12                    |
| Other tax receivables                    | 257                   | 251                   |
| Total current tax receivables            | 1.331                 | 1.017                 |
| Research grants                          | 140                   | 121                   |
| Sundry prepayments                       | 394                   | 244                   |
| Pre-paid expenses                        | 9                     | 14                    |
| Receivables from employees               | 215                   | 234                   |
| Advances from suppliers                  | 250                   | 101                   |
| Other current receivables                | 152                   | 58                    |
| Total other current receivables          | 1.160                 | 772                   |
| Total                                    | 2.491                 | 1.789                 |

## 18. OTHER CURRENT FINANCIAL ASSETS

This item had a zero balance at 31 March 2019..

## **19. CASH AND CASH EQUIVALENTS**

The overall amount of cash of the Group amounted to €3,163 thousand (€6,561 thousand at 31 December 2018) and consisted mainly of temporary cash in bank deposits. These amounts are not subject to a significant risk of change in value.

Credit risk correlated with cash and cash equivalents is limited because the counterparts are leading Italian and international banks.

## **20. SHAREHOLDERS' EQUITY**

Consolidated shareholders' equity decreased by €2,176 thousand compared to 31 December 2018, from €11,961 thousand to €9,785 thousand.

The decrease is due to the loss for the period (-€2,547 thousand), the positive change in the translation reserve (€439 thousand), negative change of the cash flow hedge reserve (-€66 thousand, net of the theoretical tax effect), other minor changes (-€2 thousand).

At 31 March 2019, the fully paid share capital is unchanged compared to 31 December 2018 and is represented by 5,123,000 ordinary shares with a nominal value of €1 each.

## **21. OTHER NON-CURRENT PAYABLES AND LIABILITIES**

This item, which amounts to €554 thousand (€624 thousand at 31 December 2018), mainly medium/long-term payables to the European Union for advances on grants.

## **22. EMPLOYEE SEVERANCE INDEMNITIES**

Employee severance indemnities amounted to €2,185 thousand (€2,189 thousand at 31 December 2018) and reflect the indemnity accrued at the end of the period by employees of the parent company Fidia S.p.A.

## **23. OTHER NON-CURRENT FINANCIAL LIABILITIES**

This item amounts to €174 thousand (€88 thousand at 31 December 2018) and consists of the fair value of five interest rate swaps signed to cover the risk on interest rate change on five medium/long-term loans.

## 24. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

This figure amounts to €17,794 thousand as detailed below.

| (€thousand)                                     | Balance<br>31/03/2019 | Balance<br>31/12/2018 |
|-------------------------------------------------|-----------------------|-----------------------|
| Overdrawn bank accounts and short-term advances | 4.628                 | 3.369                 |
| Financial accruals and deferrals                | 53                    | 57                    |
| Bank loans                                      | 6.961                 | 8.076                 |
| Finance and other leases                        | 862                   | 983                   |
| Lease financing                                 | 5.289                 | 5.348                 |
| Total                                           | 17.794                | 17.833                |

There are no financial payables with a residual duration of more than 5 years, with the exception of the property lease.

## 25. OTHER CURRENT FINANCIAL LIABILITIES

This item is unchanged compared to 31 December 2018 and equal to €0.

## 26. TRADE PAYABLES

| (€thousand)                 | Balance<br>31/03/2019 | Balance<br>31/12/2018 |
|-----------------------------|-----------------------|-----------------------|
| Payables to other suppliers | 15.089                | 16.392                |
| Payables to subsidiaries    | 2                     | 2                     |
| Total trade payables        | 15.091                | 16.394                |

Trade payables, amounting to €15,089 thousand at 31 March 2019, are down compared to the end of the previous year.

## 27. TAX LIABILITIES AND OTHER CURRENT PAYABLES AND LIABILITIES

| (€thousand)                              | Balance<br>31/03/2019 | Balance<br>31/12/2018 |
|------------------------------------------|-----------------------|-----------------------|
| Payables to employees                    | 1.705                 | 1.397                 |
| Social security payables                 | 627                   | 782                   |
| Advance from customers                   | 4.682                 | 4.087                 |
| Payables for emoluments                  | 50                    | 109                   |
| Payables to State Fund and other funds   | 15                    | 15                    |
| Payables for dividends to be distributed | 102                   | 98                    |
| Accrued trade payables                   | 129                   | 137                   |
| Sundry accruals and deferrals            | 399                   | 587                   |
| Sundry payables to the SMTCL company     | -                     | -                     |
| Advances for EU grants                   | -                     | -                     |
| Miscellaneous payables                   | 947                   | 505                   |
| Total other payables                     | 8.656                 | 7.716                 |
| Withholding tax                          | 220                   | 370                   |
| Tax payables for income tax and IRAP     | 259                   | 252                   |
| Tax payables for VAT                     | 24                    | 235                   |
| Other short-term tax payables            | 106                   | 127                   |
| Total tax payables                       | 609                   | 984                   |
| <b>Total</b>                             | <b>9.266</b>          | <b>8.699</b>          |

Advances from customers consist both of advance receipts from customers and by the value of machines already delivered and still pending acceptance.

## **28. PROVISIONS FOR RISKS AND CHARGES**

Provisions for risks and charges amounted to €1,733 thousand (€1,896 thousand at 31 December 2018). This item refers to €1,517 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 a certain period starting from their sale to the end customer;

€55 thousand to a provision set aside by the subsidiary Fidia Co for legal risks;

€161 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**

The total guarantees granted in the name of the Group to third parties amounted to €2,662 thousand (€2,531 thousand at 31 December 2018).

This item consists almost solely of guarantees for business transactions with foreign customers for advance payments received or coverage of obligations undertaken by contract by the Group during the warranty period.

### **Contingent liabilities**

At 31 March 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 follow the consolidated economic results by sector at 31 March 2019 and 31 March 2018.

| Progressive data at March<br>(€thousand)            | CNC<br>2019  | %             | HSM<br>2019    | %             | SERVICE<br>2019 | %             | N/A<br>2019    | TOTAL<br>2019  |
|-----------------------------------------------------|--------------|---------------|----------------|---------------|-----------------|---------------|----------------|----------------|
| <b>Revenues</b>                                     | <b>558</b>   | <b>44,7%</b>  | <b>6.874</b>   | <b>98,8%</b>  | <b>2.669</b>    | <b>99,8%</b>  | -              | <b>10.101</b>  |
| Cross-sector revenues                               | 690          | 55,3%         | 83             | 1,2%          | 5               | 0,2%          | -              |                |
| <b>Total reclassified revenues</b>                  | <b>1.248</b> | <b>100,0%</b> | <b>6.957</b>   | <b>100,0%</b> | <b>2.674</b>    | <b>100,0%</b> | -              |                |
| Changes in inventories of finished goods and W.I.P. | 169          | 13,5%         | 1.710          | 24,6%         | 257             | 9,6%          | -              | 2.136          |
| Raw materials and consumables                       | (307)        | -24,6%        | (5.735)        | -82,4%        | (272)           | -10,2%        | (29)           | (6.344)        |
| <b>Cross-sector expenses</b>                        | <b>30</b>    | <b>2,4%</b>   | <b>(910)</b>   | <b>-13,1%</b> | <b>104</b>      | <b>3,9%</b>   | <b>(2)</b>     | -              |
| Commissions                                         | 0            | 0,0%          | (15)           | -0,2%         | -               | 0,0%          | -              | (15)           |
| Transport                                           | (18)         | -1,4%         | (197)          | -2,8%         | (135)           | -5,0%         | 0              | (352)          |
| Contractors                                         | (127)        | -10,2%        | (748)          | -10,8%        | (9)             | -0,3%         | -              | (884)          |
| <b>Sales margin</b>                                 | <b>995</b>   | <b>79,7%</b>  | <b>1.062</b>   | <b>15,3%</b>  | <b>2.619</b>    | <b>97,9%</b>  | <b>(31)</b>    | <b>4.642</b>   |
| Other operating revenue                             | 183          | 14,7%         | 178            | 2,6%          | 232             | 8,7%          | 78             | 671            |
| Other operating costs                               | (101)        | -8,1%         | (674)          | -9,7%         | (578)           | -21,6%        | (1.115)        | (2.468)        |
| Personnel costs                                     | (687)        | -55,0%        | (1.570)        | -22,6%        | (1.398)         | -52,3%        | (964)          | (4.619)        |
| Depreciation, amortization and writedowns           | (59)         | -4,7%         | (196)          | -2,8%         | (27)            | -1,0%         | (98)           | (380)          |
| <b>Operating profit/(loss)</b>                      | <b>331</b>   | <b>26,5%</b>  | <b>(1.200)</b> | <b>-17,2%</b> | <b>848</b>      | <b>31,7%</b>  | <b>(2.130)</b> | <b>(2.152)</b> |

| <b>Progressive data at March</b>                    | <b>CNC</b>  |               | <b>HSM</b>   |               | <b>SERVICE</b> |               | <b>N/A</b>     | <b>TOTAL</b>   |
|-----------------------------------------------------|-------------|---------------|--------------|---------------|----------------|---------------|----------------|----------------|
| (€thousand)                                         | <b>2018</b> | <b>%</b>      | <b>2018</b>  | <b>%</b>      | <b>2018</b>    | <b>%</b>      | <b>2018</b>    | <b>2018</b>    |
| <b>Revenues</b>                                     | <b>668</b>  | <b>74,2%</b>  | <b>4.201</b> | <b>100,0%</b> | <b>2.824</b>   | <b>100,0%</b> | -              | <b>7.693</b>   |
| Cross-sector revenues                               | 232         | 25,8%         | -            | 0,0%          | -              | 0,0%          | -              |                |
| <b>Total reclassified revenues</b>                  | <b>900</b>  | <b>100,0%</b> | <b>4.201</b> | <b>100,0%</b> | <b>2.824</b>   | <b>100,0%</b> | -              |                |
| Changes in inventories of finished goods and W.I.P. | (2)         | -0,2%         | 2.555        | 60,8%         | 153            | 5,4%          | -              | 2.706          |
| Raw materials and consumables                       | (301)       | -24,1%        | (4.100)      | -97,6%        | (530)          | -18,8%        | (41)           | (4.972)        |
| <b>Cross-sector expenses</b>                        | <b>103</b>  | <b>11,4%</b>  | <b>(553)</b> | <b>-13,2%</b> | <b>209</b>     | <b>7,4%</b>   | <b>10</b>      | -              |
| Commissions                                         | (3)         | -0,2%         | (97)         | -2,3%         | -              | 0,0%          | -              | (99)           |
| Transport                                           | (13)        | -1,1%         | (223)        | -5,3%         | (128)          | -4,8%         | (2)            | (367)          |
| Contractors                                         | (102)       | -11,4%        | (452)        | -10,8%        | (2)            | -0,1%         | -              | (556)          |
| <b>Sales margin</b>                                 | <b>581</b>  | <b>64,5%</b>  | <b>1.331</b> | <b>31,7%</b>  | <b>2.526</b>   | <b>89,4%</b>  | <b>(33)</b>    | <b>4.405</b>   |
| Other operating revenue                             | 198         | 22,0%         | 147          | 3,5%          | 64             | 2,3%          | 61             | 469            |
| Other operating costs                               | (98)        | -10,9%        | (568)        | -13,5%        | (456)          | -16,2%        | (1.133)        | (2.256)        |
| Personnel costs                                     | (688)       | -76,5%        | (1.416)      | -33,7%        | (1.464)        | -51,8%        | (905)          | (4.474)        |
| Depreciation, amortization and writedowns           | (38)        | -4,2%         | (153)        | -3,6%         | (69)           | -2,5%         | (98)           | (358)          |
| <b>Operating profit/(loss)</b>                      | <b>(45)</b> | <b>-5,0%</b>  | <b>(660)</b> | <b>-15,7%</b> | <b>600</b>     | <b>21,3%</b>  | <b>(2.109)</b> | <b>(2.215)</b> |

Below follow the consolidated statements of financial position by business sector at 31 March 2019 and 31 December 2018.

Assets and liabilities by line of business were measured using the same accounting standards adopted for the presentation of the Group Consolidated Financial Statements.



| <b>At 31 March 2019</b>                    | <b>CNC</b>   | <b>HSM</b>    | <b>SERVICE</b> | <b>Non allocable</b> | <b>Total</b>  |
|--------------------------------------------|--------------|---------------|----------------|----------------------|---------------|
| <b>(€thousand)</b>                         |              |               |                |                      |               |
| Property, plant and equipment              | 27           | 8.992         | 187            | 2.010                | 11.216        |
| Intangible fixed assets                    | 1.369        | 1.010         | -              | 48                   | 2.428         |
| Equity investments                         | -            | -             | -              | 16                   | 16            |
| Other non-current receivables and assets   | -            | 28            | -              | 259                  | 287           |
| Deferred tax assets                        | -            | -             | -              | 977                  | 977           |
| <b>Total non-current assets</b>            | <b>1.396</b> | <b>10.030</b> | <b>187</b>     | <b>3.311</b>         | <b>14.923</b> |
| Inventory                                  | 2.254        | 10.803        | 6.854          | -                    | 19.911        |
| Trade receivables and other receivables    | 900          | 13.010        | 2.694          | 693                  | 17.297        |
| Current taxes receivable                   | -            | -             | -              | 1.331                | 1.331         |
| Other current financial assets             | -            | -             | -              | -                    | -             |
| Cash and cash equivalents                  | -            | -             | -              | 3.163                | 3.163         |
| <b>Total current assets</b>                | <b>3.155</b> | <b>23.813</b> | <b>9.548</b>   | <b>5.187</b>         | <b>41.703</b> |
| <b>Total assets</b>                        | <b>4.550</b> | <b>33.843</b> | <b>9.735</b>   | <b>8.498</b>         | <b>56.626</b> |
| Other non-current payables and liabilities | 118          | 341           | 39             | 56                   | 554           |
| Long-term provisions                       | -            | 6             | 10             | -                    | 16            |
| Employee severance indemnities             | 628          | 1.043         | 315            | 199                  | 2.185         |
| Deferred tax liabilities                   | -            | -             | -              | 46                   | 46            |
| Other non-current financial liabilities    | -            | -             | -              | 174                  | 174           |
| Non-current financial liabilities          | -            | 5.192         | -              | 2.674                | 7.866         |
| <b>Total non-current liabilities</b>       | <b>746</b>   | <b>6.582</b>  | <b>364</b>     | <b>3.149</b>         | <b>10.841</b> |
| Current financial liabilities              | -            | 492           | -              | 9.436                | 9.928         |
| Other current financial liabilities        | -            | -             | -              | -                    | -             |
| Trade payables and other current payables  | 1.495        | 17.255        | 1.310          | 3.687                | 23.746        |
| Current taxes payable                      | -            | -             | -              | 609                  | 609           |
| Short-term provisions                      | 4            | 35            | 1.518          | 161                  | 1.717         |
| <b>Total current liabilities</b>           | <b>1.499</b> | <b>17.782</b> | <b>2.828</b>   | <b>13.893</b>        | <b>36.001</b> |
| <b>Total liabilities</b>                   | <b>2.245</b> | <b>24.364</b> | <b>3.192</b>   | <b>17.042</b>        | <b>46.842</b> |
| <b>Shareholders' equity</b>                | <b>-</b>     | <b>-</b>      | <b>-</b>       | <b>9.785</b>         | <b>9.785</b>  |
| <b>Total liabilities</b>                   | <b>2.245</b> | <b>24.364</b> | <b>3.192</b>   | <b>26.827</b>        | <b>56.626</b> |

| <b>At 31 December 2018</b>                 | <b>CNC</b>   | <b>HSM</b>    | <b>SERVICE</b> | <b>Non allocable</b> | <b>Total</b>  |
|--------------------------------------------|--------------|---------------|----------------|----------------------|---------------|
| <b>(€thousand)</b>                         |              |               |                |                      |               |
| Property, plant and equipment              | 42           | 9.131         | 185            | 1.955                | 11.313        |
| Intangible fixed assets                    | 1.324        | 967           | -              | 50                   | 2.341         |
| Equity investments                         | -            | -             | -              | 16                   | 16            |
| Other non-current receivables and assets   | -            | 2             | -              | 272                  | 274           |
| Deferred tax assets                        | -            | -             | -              | 958                  | 958           |
| <b>Total non-current assets</b>            | <b>1.366</b> | <b>10.100</b> | <b>185</b>     | <b>3.251</b>         | <b>14.902</b> |
| Inventory                                  | 2.079        | 9.962         | 6.377          | -                    | 18.419        |
| 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         |
| <b>Total current assets</b>                | <b>3.635</b> | <b>23.364</b> | <b>9.847</b>   | <b>7.984</b>         | <b>44.830</b> |
| <b>Total assets</b>                        | <b>5.001</b> | <b>33.464</b> | <b>10.032</b>  | <b>11.235</b>        | <b>59.732</b> |
| Other non-current payables and liabilities | 138          | 273           | 142            | 72                   | 624           |
| Long-term provisions                       | -            | 3             | 14             | -                    | 16            |
| Employee severance indemnities             | 626          | 1.038         | 314            | 211                  | 2.189         |
| Deferred tax liabilities                   | -            | -             | -              | 47                   | 47            |
| Other non-current financial liabilities    | -            | -             | -              | 88                   | 88            |
| Non-current financial liabilities          | -            | 5.223         | -              | 3.658                | 8.881         |
| <b>Total non-current liabilities</b>       | <b>764</b>   | <b>6.537</b>  | <b>470</b>     | <b>4.076</b>         | <b>11.846</b> |
| 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                | 24.110        |
| Current taxes payable                      | -            | -             | -              | 984                  | 984           |
| Short-term provisions                      | 43           | 1.135         | 541            | 161                  | 1.880         |
| <b>Total current liabilities</b>           | <b>2.643</b> | <b>19.420</b> | <b>1.875</b>   | <b>11.986</b>        | <b>35.925</b> |
| <b>Total liabilities</b>                   | <b>3.407</b> | <b>25.957</b> | <b>2.345</b>   | <b>16.062</b>        | <b>47.772</b> |
| <b>Shareholders' equity</b>                | <b>-</b>     | <b>-</b>      | <b>-</b>       | <b>11.961</b>        | <b>11.961</b> |
| <b>Total liabilities</b>                   | <b>3.407</b> | <b>25.957</b> | <b>2.345</b>   | <b>28.022</b>        | <b>59.732</b> |

### 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         | 1st Quarter 2019 |             | At 31 December 2018 |             | 1st Quarter 2018 |             |
|------------------|------------------|-------------|---------------------|-------------|------------------|-------------|
|                  | Average          | At 31 March | Average             | At 31 March | Average          | At 31 March |
| USD              | 1.1358           | 1.1235      | 1.181               | 1.145       | 1.2292           | 1.2321      |
| Real (Brazil)    | 4.2775           | 4.3865      | 4.3085              | 4.444       | 3.9887           | 4.0938      |
| Renminbi (China) | 7.6635           | 7.5397      | 7.8081              | 7.8751      | 7.8154           | 7.7468      |
| Rouble (Russia)  | 74.9094          | 72.8564     | 74.0416             | 79.7153     | 69.9291          | 70.8897     |

### 32. OTHER INFORMATION

The average number of employees in the first quarter of 2019 was 331 people (336 in the first quarter of 2018).

### 33. NON-RECURRENT SIGNIFICANT EVENTS AND TRANSACTIONS

In the first quarter of 2019, the Group did not undertake any significant non-recurring transactions as defined by Consob Communication of 28 July 2006.

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

In accordance with the CONSOB Communication dated 28 July 2006, it is hereby stated that no atypical and/or unusual transactions were undertaken during the first quarter of 2019. As defined by said Communication, atypical and/or unusual transactions are those that, due to their significance, the nature of the counterparts, the object of the transaction, the methods of determination of the price of transfer, and timing (proximity to year-end) may give rise to doubts as to the accuracy/completeness of the information in the financial statements, conflicts of interest, the safeguarding of an entity's assets or the protection of minority shareholders.

### 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 particular, these relations regarded:

- salary to Mr. Luca Morfino, employee of Fidia S.p.A.;
- compensation to the Board of Directors and Board of Statutory 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 31 March 2019 is the following:

| €thousand                                                    | 31 March 2019 | 31 December 2018 |
|--------------------------------------------------------------|---------------|------------------|
| A Cash                                                       | 13            | 12               |
| B Bank deposits                                              | 3,150         | 6,549            |
| C Other cash                                                 | -             | -                |
| <b>D Liquidity (A+B+C)</b>                                   | <b>3,163</b>  | <b>6,561</b>     |
| <b>E Current financial receivables</b>                       |               | -                |
| F Current bank payables                                      | 5,891         | 4,492            |
| G Current part of non-current debt                           | 4,037         | 4,068            |
| H Other current financial payables                           | -             | 392              |
| <b>I Current financial debt (F+G+H)</b>                      | <b>9,928</b>  | <b>8,952</b>     |
| <b>J Net financial position (receivable)/payable (I-E-D)</b> | <b>6,764</b>  | <b>2,391</b>     |
| K Non-current bank payables                                  | 7,866         | 8,881            |
| L Bonds issued                                               | -             | -                |
| M Other non-current payables                                 | 174           | 88               |
| <b>N Non-current financial debt (K+L+M)</b>                  | <b>8,040</b>  | <b>8,969</b>     |
| <b>O Net financial position (receivable)/payable (J+N)</b>   | <b>14,805</b> | <b>11,360</b>    |

### 37. EVENTS SUBSEQUENT TO THE CLOSING OF THE QUARTER

It should be noted that on 29 April 2019 the Ordinary Shareholders' Meeting approved the financial statements at 31 December 2018.

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Pursuant to Article 154-bis, paragraph 2, of the Consolidated Finance Act (Testo Unico della Finanza), the Financial Reporting Officer ("dirigente preposto") Massimiliano Pagnone, declares that all figures contained in the present quarterly report at 31 March 2019 correspond to the company's records, books and accounting entries.