



# FIDIA GROUP

## INTERIM REPORT AT 31 MARCH 2020

**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

Website: <http://www.fidia.it> - <http://www.fidia.com>

e-mail: [info@fidia.it](mailto:info@fidia.it)

*Translation of the original Italian document*

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**Board of Directors**  
**15 May 2020**

## BOARDS OF DIRECTORS AND AUDITORS

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### Board of Directors

Chairman and Chief Executive Officer	Giuseppe Morfino (a)
Deputy Chairman	Secondo Dentis (b) (2)
Directors	Luigino Azzolin (c) (1)
	Paola Savarino (c) (1) (2)
	Laura Morgagni (c) (1) (2)

(a) Appointed Chairman and CEO by the Board of Directors on 29 April 2020.

(b) Appointed at the Shareholders' Meeting on 29 April 2020 until the approval of the financial statements for the period 2022; appointed Deputy Chairman by the Board of Directors on 29 April 2020.

(c) Appointed at the Shareholders' Meeting on 29 April 2020 until the approval of the financial statements for the period 2022.

(1) Member of the Internal Control and Risk Committee

(2) Member of the Remuneration Committee.

### Board of Statutory Auditors (\*)

Statutory Auditors	Massimo Ceraolo - Chairman
	Giuseppe Chiappero
	Mariarosa Schembari
Alternate Auditors	Francesco Cappello
	Ombretta Cataldi
	Silvia Cornaglia

(\*) Appointed at the Shareholders' Meeting on 29 April 2020 until the approval of the financial statements for the period 2022.

**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 OF THE BOARD OF DIRECTORS, DEPUTY CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

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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 investments, company branches and real estate.

Deputy Chairman of the Board of Directors: Secondo Dentis

## ORGANIZATION OF THE FIDIA GROUP

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FIDIA S.p.A. Italy	
FIDIA GmbH Germany	Beijing Fidia M. & E. Co. China
100% Fidia S.p.A.	100% Fidia S.p.A.
FIDIA S.a.r.l. France	Shenyang Fidia NC & M Co. Ltd. China
93.19% Fidia S.p.A. 6.81% Fidia GmbH	51% Fidia S.p.A. 49% Shenyang M.T. Co. Ltd.
FIDIA IBERICA S.A. Spain	OOO FIDIA Russia
99,993% Fidia S.p.A 0,007% other	100% Fidia S.p.A.
FIDIA Co. United States	
100% Fidia S.p.A.	
FIDIA DO BRASIL Ltda Brazil	
99.75% Fidia S.p.A. 0.25% other	

**FIDIA GROUP**  
-  
**RECLASSIFIED FINANCIAL STATEMENTS**  
  
**AT 31 MARCH 2020**

## Reclassified consolidated income statement

(€thousand)	Q1 2020	%	Q1 2019 (*)	%
<b>Net revenue</b>	6,068	99.1%	10,101	78.3%
Changes in inventories of finished goods and W.I.P.	(496)	-8.1%	2,136	16.5%
Other revenues and income	549	9.0%	513	4.0%
<b>Value of production</b>	<b>6,121</b>	<b>100.0%</b>	<b>12,750</b>	<b>100.0%</b>
Raw materials and consumables	(1,799)	-29.4%	(6,344)	-49.8%
Commissions	(29)	-0.5%	(15)	-0.1%
Transport	(193)	-3.2%	(352)	-2.8%
Contractors	(197)	-3.2%	(884)	-6.9%
Other services and operating costs	(1,598)	-26.1%	(2,468)	-19.4%
<b>Added value</b>	<b>2,305</b>	<b>37.7%</b>	<b>2,688</b>	<b>21.1%</b>
Personnel costs	(3,644)	-59.5%	(4,461)	-35.0%
<b>EBITDA</b>	<b>(1,339)</b>	<b>-21.9%</b>	<b>(1,773)</b>	<b>-13.9%</b>
Bad debts provision	(11)	-0.2%	(40)	-0.3%
Depreciation and amortization	(524)	-8.6%	(340)	-2.7%
<b>EBIT</b>	<b>(1,874)</b>	<b>-30.6%</b>	<b>(2,152)</b>	<b>-16.9%</b>
Net finance expenses and revenue	(133)	-2.2%	(113)	-0.9%
Profit/(Loss) on exchange rates	(192)	-3.1%	(178)	-1.4%
<b>Earnings before tax (EBT)</b>	<b>(2,199)</b>	<b>-35.9%</b>	<b>(2,443)</b>	<b>-19.2%</b>
Income taxes (current, paid and deferred)	28	0.5%	(104)	-0.8%
<b>Net profit (loss) for the period</b>	<b>(2,171)</b>	<b>-35.5%</b>	<b>(2,547)</b>	<b>-20.0%</b>
- (Profit)/Loss of non-controlling interests	(23)	-0.4%	(106)	-0.8%
<b>- Profit/(Loss) of Group</b>	<b>(2,148)</b>	<b>-35.1%</b>	<b>(2,441)</b>	<b>-19.1%</b>

(\*) As from the period ended 31 March 2020 the amounts subject to capitalisation under development costs are recognised as a direct reduction of the cost components subject to capitalisation. Figures for the previous period have been appropriately reclassified for more uniform disclosure of these items

## Consolidated statement of financial position

(€thousand)	31/03/2020	31/12/2019	31/03/2019
Net tangible assets	12,846	12,827	11,216
Intangible fixed assets	2,598	2,601	2,428
Non-current financial assets	16	16	16
Deferred tax assets	1,017	976	977
Other non-current assets	197	181	287
<b>Capital assets – (A)</b>	<b>16,674</b>	<b>16,601</b>	<b>14,923</b>
Net trade receivables from customers	6,953	8,837	16,138
Closing inventories	16,611	17,278	19,911
Other current assets	2,120	1,175	2,491
<b>Short-term (current) assets – (B)</b>	<b>25,684</b>	<b>27,290</b>	<b>38,540</b>
Trade payables to suppliers	(11,637)	(11,399)	(15,091)
Other current liabilities	(9,445)	(9,850)	(10,982)
<b>Short-term (current) liabilities – (C)</b>	<b>(21,082)</b>	<b>(21,249)</b>	<b>(26,073)</b>
<b>Net working capital (D) = (B+C)</b>	<b>4,602</b>	<b>6,041</b>	<b>12,467</b>
Termination benefits (E)	(2,087)	(2,159)	(2,185)
Other long-term liabilities (F)	(316)	(502)	(615)
<b>Net invested capital (G) = (A+D+E+F)</b>	<b>18,874</b>	<b>19,981</b>	<b>24,590</b>
<b>Financial position</b>			
Available-for-sale financial assets			
Cash on hand, bank deposits	(3,317)	(4,102)	(3,163)
Short-term loans	7,890	9,716	9,928
Assets/liabilities for current derivatives	-	-	-
Other current financial payables	-	-	-
<b>Short-term financial position</b>	<b>4,573</b>	<b>5,614</b>	<b>6,765</b>
Long-term loans, net of current portion	8,622	6,790	7,866
Assets/liabilities for long-term derivatives	269	230	174
<b>Net financial position (receivable)/payable (H)</b>	<b>13,464</b>	<b>12,634</b>	<b>14,805</b>
Share capital	5,123	5,123	5,123
Provisions	1,351	5,240	5,514
Net earnings pertaining to Group	(2,148)	(4,118)	(2,441)
<b>Total equity of Group</b>	<b>4,326</b>	<b>6,245</b>	<b>8,196</b>
Total equity of non-controlling interests	1,084	1,102	1,589
<b>Total shareholders' equity (I)</b>	<b>5,410</b>	<b>7,347</b>	<b>9,785</b>
<b>Shareholders' equity and net financial position (L) = (H+I)</b>	<b>18,874</b>	<b>19,981</b>	<b>24,590</b>



## FIDIA GROUP - OPERATING AND FINANCE PERFORMANCE - PROFIT AND LOSS

### Revenues

In the first quarter of 2020, the Group recorded revenues of €6,068 thousand, compared to €10,101 thousand in the same period of 2019, equal to a 39.9% decrease.

This performance is largely due to the COVID 19 (so-called coronavirus) and is the result of a homogeneous trend in the three business lines in which the Group operates. In the electronics sector - CNC - the decrease in revenues compared to 2019 was significant (-43.4%), as in the after-sales service sector - Service - (-25.1%) and the high-speed milling systems sector - HSM - (-45.4%).

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

(€thousand)	Q1 2020	%	Q1 2019	%	% Chg
Numerical controls, drives and software	316	5.2%	558	5.5%	-43.4%
High-speed milling systems	3,752	61.8%	6,874	68.1%	-45.4%
After-sales service	2,000	33.0%	2,669	26.4%	-25.1%
<b>Grand total</b>	<b>6,068</b>	<b>100%</b>	<b>10,101</b>	<b>100%</b>	<b>39.9%</b>

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

(€thousand)	TOTAL REVENUES		TOTAL REVENUES		% Chg
GEOGRAPHICAL AREA	Q1 2020	%	Q1 2019	%	
ITALY	346	5.7%	1,053	10.4%	-67.1%
EUROPE	1,090	18.0%	1,635	16.2%	-33.4%
ASIA	2,614	43.1%	5,867	58.1%	-55%
NORTH and SOUTH AMERICA	2,018	33.3%	1,546	15.3%	30.5%
REST OF THE WORLD	0	0.0%	0	0.0%	
<b>TOTAL</b>	<b>6,068</b>	<b>100%</b>	<b>10,101</b>	<b>100%</b>	<b>39.9%</b>

## Sales and marketing activity

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

(€thousand)	TOTAL Q1 2020	TOTAL Q1 2019	% Chg
Order backlog at 1/1	16,556	22,872	-27.6%
<b>New orders</b>	<b>3,795</b>	<b>11,279</b>	<b>-66.4%</b>
Revenues	(4,068)	(7,432)	-45.3%
<b>Order backlog at 31/3</b>	<b>16,283</b>	<b>26,719</b>	<b>-39.1%</b>

The order backlog was down compared to the first quarter of 2019 (-39.1).

This result, mostly caused by the coronavirus pandemic, is due to the performance of new orders in the first quarter, compared to the same period last year.

## Other revenues and income

The other revenues of the first quarter 2020 amounted to €549 thousand (€671 thousand in the same period of 2019). 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. (€70 thousand vs. €149 thousand at 31 March 2019);
- reversal into income of excess provisions for risks to be covered (€261 thousand vs. €211 thousand at 31 March 2019);
- contingent assets, recovery of costs, income on disposal of property, plant and equipment and other sundry incomes (€120 thousand vs. €75 thousand in the same period of last year).

## Value of production

Value of production, amounting to €6,121 thousand, was down compared to the first quarter of 2019 (€12,750 thousand); this was due to the combined effect of the marked decrease in revenues from sales (-€4,033 thousand compared to the same period of 2019) and other revenues and income (-€36 thousand compared to 2019) and a negative change in inventories of finished products and work in progress (-€2,632 thousand).

## Other services and operating costs

This figure amounted in the first quarter of 2020 to €1,598 thousand, down compared to €2,468 thousand in the same period of 2019.

## Added value

Added value amounted to €2,305 thousand, down from €2,688 thousand in the same period of 2019.

## Personnel

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

	Q1 2020	Q1 2019	Abs. change	% Chg
Executives	11	12	-1	-8.3%
Clerks and cadres	240	267	-27	-10.1%
Workers	48	52	-4	-7.7%
Total employees	299	331	-32	-9.7%
Total average number of employees in the quarter	306	334	-28	-8.4%

	Q1 2020	Q1 2019	Abs. change	% Chg
Cost of labour (€thousand)	3,644	4,461	-817	-18.32%

Cost of labour decreased by €817 thousand, corresponding to approximately 18.32% compared to the same period of the previous year. This trend was partly due to the recourse to the reduction in work, through the various procedures in force in the countries where the Group operates, and partly due to the reduction in the workforce.

## EBITDA

EBITDA was negative by €1,339 thousand, which was better than the loss of €1,773 thousand in the same period of last year.

## EBIT

EBIT recorded a loss of €1,874 thousand, which was better than the loss of €2,152 thousand reported in the same period of last year.

## Earnings before tax (EBT)

Overall, financial management and exchange rate gains and losses made a negative contribution to net financial expenses of €133 thousand at 31 March 2020. Exchange rate differences, whether realised or not, amounted to -€192 thousand.

In the light of the contribution from financial management and exchange rate gains and losses, the earning before tax is a loss of €2,199 thousand, versus a loss of €2,443 thousand in the same period of last year.

## **Consolidated net result**

The net consolidated result was a loss of €2,171 thousand (€2,148 thousand for the Group) compared to a loss of €2,547 thousand (of which €2,441 thousand for the Group) in the first quarter of 2019.

## FIDIA GROUP - ANALYSIS OF THE FINANCIAL DATA

### NET FINANCIAL POSITION

(€thousand)	31/03/2020	31/12/2019	31/03/2019
Available-for-sale financial assets	-	-	-
Cash on hand, bank deposits	3,317	4,102	3,163
Overdrawn bank accounts and short-term advances	(2,594)	(2,921)	(4,628)
Short-term loans	(5,296)	(6,795)	(5,300)
Other current financial payables	-	-	-
<b>Short-term financial position</b>	<b>(4,573)</b>	<b>(5,614)</b>	<b>(6,765)</b>
Long-term loans, net of current portion	(8,622)	(6,790)	(7,866)
Assets/liabilities for long-term derivatives	(269)	(230)	(174)
<b>Net financial position</b>	<b>(13,464)</b>	<b>(12,634)</b>	<b>(14,805)</b>

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

(€thousand)	31/03/2020	31/12/2019	31/03/2019
<b>AVAILABLE-FOR-SALE FINANCIAL ASSETS</b>			
<b>CASH ON HAND, BANK DEPOSITS</b>			
Fidia S.p.A.	462	934	1,059
Fidia Co.	1,181	788	190
Fidia GmbH	331	486	223
Fidia Iberica S.A.	139	292	370
Fidia S.a.r.l.	107	342	102
Beijing Fidias Machinery & Electronics Co.,Ltd.	742	983	957
Fidia do Brasil Ltda.	53	41	83
Shenyang Fidias NC & M Co. Ltd.	303	236	180
<b>TOTAL</b>	<b>3,317</b>	<b>4,102</b>	<b>3,163</b>

(€thousand)	31/03/2020	31/12/2019	31/03/2019
<b>Short-term loans and advances</b>			
Fidia S.p.A.	(6,784)	(8,645)	(9,212)
Fidia GmbH	(342)	(347)	(302)
Fidia Iberica S.A.	(18)	(19)	(15)
Fidia S.a.r.l.	(42)	(48)	-
Fidia do Brasil Ltda.	(14)	(20)	(400)
Beijing Fidias Machinery & Electronics Co.,Ltd.	(690)	(637)	
<b>TOTAL</b>	<b>(7,890)</b>	<b>(9,716)</b>	<b>(9,928)</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.	(7,398)	(6,679)	(7,652)
Fidia GmbH	(252)	(38)	(200)
Fidia Iberica S.A.	(21)	(25)	(13)
Fidia S.a.r.l.	(38)	(45)	-
Fidia Co	(913)	-	-
Fidia do Brasil Ltda.	-	(3)	-
<b>TOTAL</b>	<b>(8,622)</b>	<b>(6,790)</b>	<b>(7,866)</b>

<b>(Assets)/liabilities for long-term derivatives</b>			
Fidia S.p.A.	(269)	(230)	(174)
<b>TOTAL</b>	<b>(269)</b>	<b>(230)</b>	<b>(174)</b>
<b>Total financial payables</b>	<b>(17,968)</b>	<b>(16,736)</b>	<b>(17,968)</b>

At 31 March 2020 the net financial position was negative at €13,464 thousand; the change from 31 December 2019 was affected negatively 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 2020	FY2019	Q1 2019
<b>A) Cash and cash equivalents at beginning of period</b>	<b>1,182</b>	<b>3,192</b>	<b>3,192</b>
<b>B) Cash from/(used in) operating activities during the period</b>	<b>(526)</b>	<b>2,909</b>	<b>(3,508)</b>
<b>C) Cash from/(used in) investing activities</b>	<b>(507)</b>	<b>(894)</b>	<b>(279)</b>
<b>D) Cash from/(used in) financing activities</b>	<b>331</b>	<b>(4,170)</b>	<b>(1,223)</b>
Currency translation differences	243	143	353
<b>E) Net change in cash and cash equivalents</b>	<b>(459)</b>	<b>(2,011)</b>	<b>(4,657)</b>
<b>F) Cash and cash equivalents at end of period</b>	<b>723</b>	<b>1,181</b>	<b>(1,465)</b>
Breakdown of cash and cash equivalents:			
Cash and cash equivalents	3,317	4,102	3,163
Overdrawn bank accounts	(2,594)	(2,921)	(4,628)
	<b>723</b>	<b>1,181</b>	<b>(1,465)</b>

## **FIDIA GROUP - 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.

## INCOME STATEMENT - consolidated by business sector

Below follow the consolidated economic results broken down by sector at 31 March 2020 and 31 March 2019.

Progressive data at March (€thousand)	CNC 2020	%	HSM 2020	%	SERVIC E 2020	%	N/A 2020	TOTAL 2020
<b>Revenues</b>	<b>316</b>	<b>67.1%</b>	<b>3,752</b>	<b>100.0%</b>	<b>2,000</b>	<b>99.7%</b>	-	<b>6,068</b>
Cross-sector revenues	155	32.9%	-	0.0%	6	0.3%	-	
<b>Total reclassified revenues</b>	<b>471</b>	<b>100.0%</b>	<b>3,752</b>	<b>100.0%</b>	<b>2,006</b>	<b>100.0%</b>	-	
Changes in inventories of finished goods and W.I.P.	6	1.3%	(453)	-12.1%	(48)	-2.4%	-	(496)
Raw materials and consumables	(165)	-35.0%	(1,377)	-36.7%	(241)	-12.0%	(15)	(1,799)
<b>Cross-sector expenses</b>	<b>1</b>	<b>0.2%</b>	<b>(176)</b>	<b>-4.7%</b>	<b>13</b>	<b>0.6%</b>	<b>1</b>	-
Commissions	0	0.0%	(29)	-0.8%	-	0.0%	-	(29)
Transport	(10)	-2.1%	(109)	-2.9%	(72)	-3.6%	(2)	(193)
Contractors	(15)	-3.2%	(179)	-4.8%	(3)	-0.1%	-	(197)
<b>Sales margin</b>	<b>288</b>	<b>61.1%</b>	<b>1,428</b>	<b>38.1%</b>	<b>1,655</b>	<b>82.5%</b>	<b>(16)</b>	<b>3,354</b>
Other operating revenue	47	10.0%	340	9.1%	98	4.9%	64	549
Other operating costs	(59)	-12.5%	(364)	-9.7%	(439)	-21.9%	(736)	(1,598)
Personnel costs	(408)	-86.6%	(1,456)	-38.8%	(1,195)	-59.6%	(585)	(3,644)
Depreciation, amortization and writedowns	(62)	-13.2%	(207)	-5.5%	(50)	-2.5%	(217)	(535)
<b>Operating profit/(loss)</b>	<b>(194)</b>	<b>-41.2%</b>	<b>(259)</b>	<b>-6.9%</b>	<b>69</b>	<b>3.4%</b>	<b>(1,490)</b>	<b>(1,874)</b>

Progressive data at March (€thousand)	CNC 2019	%	HSM 2019	%	SERVIC E 2019	%	N/A 2019	TOTAL 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	86	6.9%	117	1.7%	232	8.7%	78	513
Other operating costs	(101)	-8.1%	(674)	-9.7%	(578)	-21.6%	(1,115)	(2,468)
Personnel costs	(590)	-47.3%	(1,509)	-21.7%	(1,398)	-52.3%	(964)	(4,461)
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>



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

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The first quarter of 2020 saw a 52.6% decrease in Value of Production and a percentage decrease in Added Value of about 19%, compared to 2019.

EBITDA remained negative (-21.9%), slightly better than in 2019 (+24.4%).

Overall new orders in the period amounted to €3.6 million (€11.3 million in the first quarter of 2019).

The order backlog amounted to €16.3 million (€26.7 million in the same period of last year).

The results for the first quarter of 2020, despite the slowdown due to the effects of COVID-19 on the markets, are substantially in line with budget forecasts, which take into account cyclical nature of revenue performance and include a negative trend of the main economic indicators in the first three months of the year.

The spread of the COVID-19 virus has caused and continues to cause widespread concern about the prospects for the global economy. With regard to the events of recent months related to the spread of the Covid-19 virus, the Group has prepared all the activities necessary to facilitate the sanitization of the workplace and safeguard the health and safety of its workers, as well as to comply with the provisions of the Government on the health and safety of workers, aimed at preventing the spread of the virus.

The parent company was among those that did not have to lock down as its Ateco company codes were among those whose activity is considered indispensable and therefore continued its normal operations, although most of the outlet markets and the reference sector were subject to lockdown and slowed down their orders. At present, based on the order backlog and available information, the Group has forecast a reduction in revenues of €12.8 million for 2020 (€33 million) compared to 2019 (€45.8 million). However, it cannot be ruled that there will be a further worsening if the effects of the pandemic extend over time.

In order to deal with this emergency, the Group will continue in the following quarters the plan to reduce overheads and staff (whose benefits are measurable in the reduction of these costs in the first quarter of 2020), with the aim of partially amortising the decline in turnover, and will continue to implement careful inventory management and working capital containment policies with a view to controlling financial debt (the group has liquid assets for €3.3 million).

In addition, in April, the standstill agreement was formalised with banks, providing for the company the maintenance of short-term credit lines and a moratorium on the payment of principal installments falling due on medium/long-term loans until 31 July 2020, allowing it to have adequate resources to meet its obligations.

Taking into account the above, the condensed consolidated quarterly financial statements at 31 March 2020 were prepared on a going concern basis.

In preparing this document, the Directors also took into account the provisions of CONSOB Recommendation no. 6/2020 of 9 April 2020.

On behalf of the Board of Directors

The Chairman and CEO

Mr. Giuseppe Morfino

**FIDIA GROUP**  
-  
**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**CONSOLIDATED ACCOUNTING SCHEDULES**  
**AND**  
**NOTES**

**at 31 March 2020**

## CONSOLIDATED INCOME STATEMENT

(€thousand)	Notes	1st Quarter 2020	1st Quarter 2019
- Net sales	1	6,068	10,101
- Other operating revenue	2	549	513
<b>Total revenue</b>		<b>6,617</b>	<b>10,614</b>
- Changes in inventories of finished goods and W.I.P.		(496)	2,136
- Raw materials and consumables	3	(1,799)	(6,344)
- Personnel costs	4	(3,644)	(4,461)
- Other operating costs	5	(2,017)	(3,718)
- Depreciation, amortization and writedowns	6	(535)	(380)
<b>Operating profit/(loss)</b>		<b>(1,874)</b>	<b>(2,152)</b>
- Non-recurring income/(expenses)	7	-	-
<b>Operating profit/(loss)</b>		<b>(1,874)</b>	<b>(2,152)</b>
- Financial income/(expenses)	8	(325)	(291)
<b>Profit/(loss) before tax</b>		<b>(2,199)</b>	<b>(2,443)</b>
- Income tax	9	28	(104)
<b>Profit/(loss) for continuing operations</b>		<b>(2,171)</b>	<b>(2,547)</b>
Profit/(loss) for discontinued operations		-	-
<b>Profit (loss) for the period</b>		<b>(2,171)</b>	<b>(2,547)</b>
<b>Profit/(loss) attributable to:</b>			
- Shareholders of parent company		(2,148)	(2,441)
- Non-controlling interests		(23)	(106)

### (EUR)

Earning per share	10	(0.42)	(0.48)
Diluted earnings per ordinary share	10	(0.42)	(0.48)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€thousand)	1st Quarter 2020	1st Quarter 2019
<b>Profit (loss) for the period (A)</b>	<b>(2,171)</b>	<b>(2,547)</b>
Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss:		
Profit/(loss) on cash flow hedges	(37)	(86)
Profit(loss) on translation of financial statements of foreign companies	281	439
Tax effect pertaining to Other comprehensive profit/(loss) that may be reclassified in profit or loss	8	20
<b>Total Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss, net of tax effect (B1)</b>	<b>252</b>	<b>373</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>252</b>	<b>373</b>
<b>Total comprehensive profit/(loss) for the period (A)+(B)</b>	<b>(1,919)</b>	<b>(2,174)</b>
<b>Total comprehensive profit/(loss) due to:</b>		
Shareholders of the parent company	<b>(1,901)</b>	<b>(2,127)</b>
Non-controlling interests	<b>(18)</b>	<b>(47)</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€thousand)	Notes	31 March 2020	31 December 2019
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
- Property, plant and equipment	11	12,846	12,827
- Intangible assets	12	2,598	2,601
- Investments	13	16	16
- Other non-current receivables and assets	14	197	181
- Pre-paid tax assets	9	1,017	976
<b>TOTAL NON-CURRENT ASSETS</b>		<b>16,674</b>	<b>16,601</b>
<b>CURRENT ASSETS</b>			
- Inventory	15	16,611	17,278
- Trade receivables	16	6,953	8,837
- Current tax receivables	17	425	634
- Other current receivables and assets	17	1,695	541
- Other current financial receivables	18	-	0
- Cash and cash equivalents	19	3,317	4,102
<b>TOTAL CURRENT ASSETS</b>		<b>29,001</b>	<b>31,392</b>
<b>TOTAL ASSETS</b>		<b>45,675</b>	<b>47,993</b>
<b>LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
- Share capital and reserves attributable to shareholders of parent company		4,326	6,245
- Non-controlling interests		1,084	1,102
<b>TOTAL CONSOLIDATED SHAREHOLDERS' EQUITY</b>	20	<b>5,410</b>	<b>7,347</b>
<b>NON-CURRENT LIABILITIES</b>			
- Other non-current payables and liabilities	21	197	326
- Termination benefits	22	2,087	2,159
- Deferred tax liabilities	9	96	97
- Provisions for risks and expenses	28	22	79
- Other non-current financial liabilities	23	269	230
- Non-current financial liabilities	24	8,622	6,790
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>11,293</b>	<b>9,681</b>
<b>CURRENT LIABILITIES</b>			
- Current financial liabilities	24	7,890	9,716
- Other current financial liabilities	25	-	-
- Trade payables	26	11,637	11,399
- Current tax payables	27	1,018	961
- Other current payables and liabilities:	27	7,351	7,616
- Provisions for risks and expenses	28	1,076	1,273
<b>TOTAL CURRENT LIABILITIES</b>		<b>28,972</b>	<b>30,965</b>
<b>TOTAL LIABILITIES</b>		<b>45,675</b>	<b>47,993</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

(€thousand)	1st Quarter 2020	1st Quarter 2019
<b>A) Cash and cash equivalents at beginning of period</b>	<b>1,181</b>	<b>3,192</b>
<b>B) Cash from/(used in) operating activities during the period:</b>		
- Result of Group and non-controlling interests	(2,171)	(2,547)
- Amortisation	524	340
- Net loss (gain) on disposal of tangible assets	(1)	(22)
- Net change in provision for termination benefits	(72)	(4)
- Net change in provisions for risks and charges	(254)	(163)
- Net change (assets) liabilities for (pre-paid) deferred taxes	(42)	(20)
- Net change in working capital:		
- receivables	922	1,209
- inventory	667	(1,493)
- payables **	(99)	(808)
	<b>(526)</b>	<b>(3,508)</b>
<b>C) Cash from/(used in) investing activities</b>		
- Investments in		
property, plant and equipment	(438)	(149)
intangible fixed assets	(70)	(162)
- Proceeds from the sale of:		
property, plant and equipment	1	32
non-current financial assets		
	<b>(507)</b>	<b>(279)</b>
<b>D) Cash from/(used in) financing activities</b>		
- Change in loans ***	334	(1,299)
- Distribution of dividends	-	-
- Change in capital and reserves	(42)	(9)
- Net change in other current and non-current financial assets and liabilities	39	86
	<b>331</b>	<b>(1,222)</b>
Currency translation differences	243	353
<b>E) Net change in cash and cash equivalents</b>	<b>(459)</b>	<b>(4,657)</b>
<b>F) Cash and cash equivalents at reporting date</b>	<b>723</b>	<b>(1,465)</b>
Breakdown of cash and cash equivalents:		
Cash and cash equivalents	3,317	3,163
Overdrawn bank accounts	(2,594)	(4,628)
	<b>723</b>	<b>(1,465)</b>

(\*\*) of which €0 in taxes paid

(\*\*\*) of which €62 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/loss	Other reserves	Profit/(loss) for the year	Total Group Shareholders' Equity	Other non-controlling interests	Total Shareholders' Equity
<b>Balance at 31 December 2018</b>	<b>5,123</b>	<b>(45)</b>	<b>1,240</b>	<b>3,609</b>	<b>(63)</b>	<b>1,668</b>	<b>(106)</b>	<b>213</b>	<b>(1,314)</b>	<b>10,325</b>	<b>1,636</b>	<b>11,961</b>
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>	<b>5,123</b>	<b>(45)</b>	<b>1,240</b>	<b>2,293</b>	<b>(129)</b>	<b>2,048</b>	<b>(106)</b>	<b>213</b>	<b>(2,441)</b>	<b>8,196</b>	<b>1,589</b>	<b>9,785</b>
<b>Balance at 31 December 2019</b>	<b>5,123</b>	<b>(45)</b>	<b>1,240</b>	<b>2,312</b>	<b>(171)</b>	<b>1,842</b>	<b>(151)</b>	<b>213</b>	<b>(4,118)</b>	<b>6,245</b>	<b>1,102</b>	<b>7,347</b>
Allocation of profit				(4,118)					4,118			
Distribution of dividends												
Total comprehensive profit/(loss)					(28)	276			(2,148)	(1,900)	(18)	(1,918)
Other changes				(19)						(19)		(19)
<b>Balance at 31 March 2020</b>	<b>5,123</b>	<b>(45)</b>	<b>1,240</b>	<b>(1,825)</b>	<b>(199)</b>	<b>2,118</b>	<b>(151)</b>	<b>213</b>	<b>(2,148)</b>	<b>4,326</b>	<b>1,084</b>	<b>5,410</b>

# FIDIA GROUP - NOTES

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## MAIN BUSINESS

Fidia S.p.A. is a company under Italian law. Fidia 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 Fidia 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 2020 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 2019, except for the adoption of the new standards and amendments effective from 1 January 2020.

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 2019.

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.

In this regard, the value of the non-current assets of the Fidia Group at 31 December 2019 was tested for impairment as part of the recoverability test on the value of the Group’s only Cash Generating Unit (CGU), which showed a recoverable value higher than the carrying amount. The cash flow projections used in determining the recoverable amount could be impacted by the



continuing crisis due to COVID-19 and, if they are not feasible or are feasible over a longer period of time, they will be subject to review and update.

With particular reference to the first quarter of the financial year 2020, considering the actual performance substantially in line with forecasts, taking into account the difference between the recoverable value and the carrying amount resulting from the last test carried out and considering the internal and external sources of information (including the recent trend in the value of the share), the Group considered that no new elements had occurred such as to indicate that the carrying amount of the CGU of the Fidia Group at 31 March 2020 exceeds its recoverable value and such as to require an immediate assessment of impairment losses.

The Group is not able to predict the impact that the pandemic will have on cash flows in the short term and therefore continues to monitor the evolution of the order backlog and the cost reduction plan.

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), as well as the COVID 19 risk relating to the pandemic that has practically hit all of the areas where the Group operates. This Quarterly Report at 31 March 2020 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 2019, 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."

The condensed consolidated quarterly financial statements at 31 March 2020 have been prepared on a going concern basis; in the light of the consideration in the section "Summary of performance, significant events and business outlook."

## **Financial Statements**

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

Within said statement of comprehensive income by nature, under the profit/(loss), a specific distinction has been made between profit/(loss) of ordinary business and those charges and earnings that are the result of non-recurrent transactions in ordinary business management, such as the restructuring expenses and any other atypical revenues/(charges), as these can be treated like the former. It is deemed that this allows for a better measurement of the actual performance of the normal business management, it being understood that any atypical expenses and earnings are specified in detail. The definition of atypical adopted by the Group differs from the one set by Consob Notice of 28 July 2006, by which atypical and/or unusual transactions are all those transactions whose significance/relevance, nature of the counterparts, subject-matter of the transaction, transfer pricing method and timing of the event (near year end) can give rise to doubts on: correctness/completeness of information posted, conflict of interests, safeguard of company equity, safeguard of minority interests. With reference to the statement of financial position, the "non-current and current" format of presentation has been adopted according to the provisions of IAS 1. The statement of cash flows was drawn up by applying the indirect method.

## Scope of consolidation

There was no change in the consolidation area compared to the consolidated financial statements at 31 December 2019.

The companies included in the scope of consolidation, compared with those resulting at the end of 2019 and at the end of the same period of last year, are listed below:

Name / Registered office	Currency	Share capital	Equity interest at 31/3/2020	Equity interest at 31/12/2019	Equity interest at 31/3/2019
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	100%	100%	100%
Fidia Iberica S.A., Zamudio - Spain	EUR	180,300	99.993%	99.993%	99.993%
Fidia do Brasil Ltda, Sao Paulo – Brazil	Reals	400,843	99.75%	99.75%	99.75%
Beijing Fidial M&E Co Ltd., Beijing - China	Rmb	1,500,000	100%	100%	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%

However, please note that the scope of consolidation has changed from the consolidated financial statements at 31 March 2019 due to the acquisition by the Parent Company of a further 4% of the subsidiary Beijing Fidial Machinery & Electronics Co., Ltd in the fourth quarter of 2019; the final equity investment has increased from 96% to 100%.

Finally, it should also be noted that Fidial Sarl is 100% subsidiary of the parent company Fidial SpA (directly through its 93.19% interest and indirectly through its 6.81% interest held in Fidial Gmbh).

## 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 2020	%	1st Quarter 2019	%
Numerical controls, drives and software	558	5.5%	558	5.5%
High-speed milling systems	6,874	68.1%	6,874	68.1%
After-sales service	2,669	26.4%	2,669	26.4%
<b>Total revenues</b>	<b>10,101</b>	<b>100.0%</b>	<b>10,101</b>	<b>100.0%</b>

Group revenues decreased as a whole by 39.9% YOY.

The decrease concerns all sectors, including numerical controls (-43.4%), service (-25.1%) and milling systems (-45.4%).

#### 2. OTHER REVENUES AND INCOME

The other revenues of the first quarter 2020 amounted to €549 thousand (€671 thousand in the same period of 2019). 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. (€70 thousand vs. €149 thousand at 31 March 2019);
- reversal into income of excess provisions for risks to be covered (€261 thousand vs. €211 thousand at 31 March 2019);
- contingent assets, recovery of costs, income on disposal of property, plant and equipment and other sundry incomes (€120 thousand vs. €75 thousand in the same period of last year).

#### 3. RAW MATERIALS AND CONSUMABLES

In the first quarter of 2020, consumption of raw materials and consumables amounted to €1,799, down from €6,344 thousand in the first quarter of 2019 due to decreased revenues and lower value of production.

#### 4. PERSONNEL COSTS

Personnel costs amounted to €3,644 thousand compared with €4,461 thousand in the same period of 2019, a decrease of €817 thousand or 18.32% YOY. The decrease was caused by a marked reduction in hours worked and a reduction in the workforce.

#### 5. OTHER SERVICES AND OPERATING COSTS

Other services and operating costs amounted to €2,017 thousand, down from the same period of the previous year (€3,718 thousand);

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

- costs for services related to revenue (subcontractors, transport, duties and commissions) for €419 thousand compared to €1,251 thousand in the same period of 2019 (-€832 thousand);
- production costs and expenses for miscellaneous technical service, €572 thousand at 31 March 2020, versus €916 thousand in the same period of 2019 (-€343 thousand);
- expenses incurred for trade fairs, entertainment expenses, travel expenses and commercial services, €98 thousand at 31 March 2020, versus €190 thousand in 2019 (-€92 thousand);
- R&D costs and related refund of expenses, €52 thousand at 31 March 2020, versus €75 thousand in the same period of last year (-€23 thousand);
- overheads, technical and administrative consulting, utilities, rent, legal expenses, contingent liabilities and other expenses, €1,296 thousand at 31 March 2020, versus €1,287 thousand at 31 March 2019 (+€10 thousand).

#### 6. DEPRECIATION, AMORTIZATION AND WRITEDOWNS

(€thousand)	1st Quarter 2020	1st Quarter 2019
Amortization of intangible fixed assets	74	76
Amortization of property, plant and equipment	450	264
Bad debts	11	40
<b>Total</b>	<b>535</b>	<b>380</b>

#### 7. NON-RECURRING REVENUE

In the first three months of 2020, there were no non-recurring revenue or expenses.

## 8. FINANCE REVENUE (EXPENSES)

Financial revenue (expenses) consisted of:

(€thousand)	1st Quarter 2020	1st Quarter 2019
Finance revenue	8	9
Borrowing costs	(139)	(122)
Net profit (loss) on derivatives	(2)	-
Profit (loss) from foreign currency transactions	(192)	(178)
<b>Total</b>	<b>(325)</b>	<b>(291)</b>

Finance revenue consists of:

(€thousand)	1st Quarter 2020	1st Quarter 2019
Interests received from banks	3	2
Interests and commercial discounts	-	-
Other interests received	5	7
<b>Total</b>	<b>8</b>	<b>9</b>

Finance expenses consist of:

(€thousand)	1st Quarter 2020	1st Quarter 2019
Interests paid on short-term borrowings from banks	(28)	(18)
Interest expense on M/L-term loans from banks	(9)	(24)
Interests paid on payables to leasing companies	(84)	(70)
Borrowing costs on termination benefits	-	-
Other borrowing costs	(18)	(10)
<b>Total</b>	<b>(139)</b>	<b>(122)</b>

Net profit (loss) on derivatives consist of:

(€thousand)	1st Quarter 2020	1st Quarter 2019
Expenses on derivatives due to fair value adjustment	(2)	-
Gains on derivatives due to fair value adjustment	-	-
<b>Total</b>	<b>(2)</b>	<b>-</b>

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 2020	1st Quarter 2019
Realised exchange gains	135	87
Unrealised exchange gains	13	41
Realised exchange losses	(256)	(80)
Unrealised exchange losses	(84)	(226)
<b>Total</b>	<b>(192)</b>	<b>(178)</b>

## 9. INCOME TAX

Taxes recognised in the consolidated income statement were positive for €28 thousand (negative for €104 thousand at 31 March 2019), including deferred tax assets and liabilities.

The following table shows the balance of deferred tax assets and liabilities at 31 March 2020:

(€thousand)	31 March 2020	31 December 2019
Deferred tax assets	1,017	976
Deferred tax liabilities	(96)	(97)
<b>Total</b>	<b>921</b>	<b>879</b>

## 10. EARNING PER SHARE

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

		1st Quarter 2020	1st Quarter 2019
Net earnings pertaining to Group	€thousand	(2,148)	(2,441)
Profit/(loss) of ordinary shares	€thousand	(2,148)	(2,441)
Number of circulating ordinary shares	number	5,113,000	5,113,000
Earning per share	EUR	(0.42)	(0.48)
Diluted earnings per ordinary share	EUR	(0.42)	(0.48)

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 31/12/2019</b>	<b>10,947</b>	<b>776</b>	<b>1,101</b>	<b>3</b>	<b>12,827</b>
Additions	389	5	44	-	438
Net value of divestments	-	-	-	-	-
Depreciation	(255)	(76)	(116)	-	(447)
Exchange rate gain/(loss)	27	(2)	3	-	28
<b>Net carrying amount at 31/3/2020</b>	<b>11,108</b>	<b>703</b>	<b>1,033</b>	<b>3</b>	<b>12,846</b>
<i>Of which rights of use</i>					
<i>Net carrying amount at 01/01/2020 IFRS16</i>	1,852	-	524	-	2,376
<i>Net carrying amount at 01/01/2020 Leases as per IAS17</i>	7,808	251	-	-	8,059
Increases	504	-	34	-	538
Decreases	-	-	-	-	-
Depreciation	(404)	(24)	(59)	-	(487)
Exchange rate gain/(loss)	6	-	-	-	6
<b>Net carrying amount at 31/03/2020</b>	<b>9,766</b>	<b>227</b>	<b>499</b>		<b>10,492</b>

### 12. INTANGIBLE FIXED ASSETS

(€thousand)	Development costs	Licenses	Software	Assets under development and advances	Total
<b>Net carrying amount at 31/12/2019</b>	<b>876</b>	<b>6</b>	<b>26</b>	<b>1,693</b>	<b>2,601</b>
Increases		-	7	63	71
Decreases/transfers	-			0	0
Depreciation	(70)	(1)	(3)		(74)
Exchange rate gain/(loss)	1		0	(1)	0
<b>Closing net carrying amount at 31/3/2020</b>	<b>807</b>	<b>5</b>	<b>30</b>	<b>1,755</b>	<b>2,598</b>

### 13. EQUITY INVESTMENTS

This item, amounting to €16 thousand and unchanged compared to 31 December 2019, 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:

<b>(€thousand)</b>	<b>Balance 31 March 2020</b>	<b>Balance 31 December 2019</b>
Receivables for EU research grants	20	-
Security deposits	12	11
Non-recurring trade receivables	-	-
Receivables for foreign VAT	12	13
Withholding tax on foreign income	136	135
Multi-year pre-paid expenses	17	21
Sundry receivables	-	1
<b>Total</b>	<b>197</b>	<b>181</b>

### 15. INVENTORY

<b>(€thousand)</b>	<b>31 March 2020</b>	<b>31 December 2019</b>
Raw materials	10,803	10,817
Provisions for raw materials depreciation	(2,651)	(2,538)
	<b>8,152</b>	<b>8,279</b>
Semi-finished products and work in progress	<b>4,649</b>	<b>4,621</b>
Finished products and goods for resale	4,048	4,621
Provisions for depreciation finished products	(596)	(604)
	<b>3,452</b>	<b>4,017</b>
Advances	358	361
<b>Net value</b>	<b>16,611</b>	<b>17,278</b>

Inventory showed an overall decrease of €667 thousand in the first quarter of the year; the decrease was entirely due to finished products.



## 16. TRADE RECEIVABLES

(€thousand)	Balance 31 March 2020	Balance 31 December 2019
Trade receivables from others	7,588	9,500
Provision for bad debts	(635)	(663)
Receivables from associates	-	-
<b>Total</b>	<b>6,953</b>	<b>8,837</b>

Trade receivables decreased compared to 31 December 2019 and showed a negative change of €1,884 thousand due to the collection of part of the previous year's receivables.

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

(€thousand)	Balance 31 March 2020	Balance 31 December 2019
Receivables from tax authorities for VAT	103	323
Tax receivables for income tax and IRAP	68	52
Receivables for short-term foreign VAT	-	-
Other tax receivables	254	259
<b>Total current tax receivables</b>	<b>425</b>	<b>634</b>
Research grants	23	88
Receivables from welfare organizations	92	104
Sundry prepayments	351	117
Pre-paid expenses	14	14
Receivables from employees	136	103
Advances from suppliers	1,063	97
Other current receivables	16	18
<b>Total other current receivables</b>	<b>1,695</b>	<b>541</b>
<b>Total</b>	<b>2,120</b>	<b>1,175</b>

Current assets increased by €1,154 thousand and this increase was mainly due to suppliers for advances.

## 18. OTHER CURRENT FINANCIAL ASSETS

This item showed no balance at 31 March 2020.

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

The overall amount of cash of the Group amounted to €3,317 thousand (€4,102 thousand at 31 December 2019) and consisted mainly of temporary cash in bank deposits. These amounts are not subject to a significant risk of change.

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 €1,937 thousand compared to 31 December 2019, from €7,347 thousand to €5,410 thousand.

The decrease was attributable to the loss for the period (-€2,171 thousand), the positive change in the translation reserve (€281 thousand), the negative change in the cash flow hedge reserve (-€28 thousand, net of the theoretical tax effect) and other minor changes of (-€19 thousand).

At 31 March 2020, the fully paid share capital is unchanged compared to 31 December 2019 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 amounted to €197 thousand (€326 thousand at 31 December 2019) and mainly consists of medium/long-term payables to the European Union for advances on grants and deferred income.

## **22. TERMINATION BENEFITS**

Employee severance indemnities amounted to €2,087 thousand (€2,159 thousand at 31 December 2019) 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 €269 thousand (€230 thousand at 31 December 2019) 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 €16,512 thousand as detailed below.

(€thousand)	Balance 31 March 2020	Balance 31 December 2019
Overdrawn bank accounts and short-term advances	2,594	2,921
Financial accruals and deferrals	39	35
Bank loans	6,229	5,777
Finance leases <i>IFRS16</i>	2,509	2,667
Lease financing	5,140	5,107
<b>Total</b>	<b>16,512</b>	<b>16,506</b>

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 from 31 December 2019 and equal to zero euro.

## 26. TRADE PAYABLES

(€thousand)	Balance 31 March 2020	Balance 31 December 2019
Payables to other suppliers	11,635	11,397
Payables to subsidiaries	2	2
<b>Total trade payables</b>	<b>11,637</b>	<b>11,399</b>

Trade payables, amounting to €11,637 thousand at 31 March 2020, are slightly up compared to the end of the previous year.

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

(€thousand)	Balance 31 March 2020	Balance 31 December 2019
Payables to employees	1,638	1,162
Social security payables	797	747
Advance from customers	3,519	4,269
Payables for emoluments	115	90
Payables to State Fund and other funds	-	83
Payables for dividends to be distributed	13	113
Accrued trade payables	137	105
Sundry accruals and deferrals	533	582
Sundry payables to the SMTCL company	-	-
Advances for EU grants	29	-
Miscellaneous payables	570	465
<b>Total other payables</b>	<b>7,351</b>	<b>7,616</b>
Withholding tax	574	343
Tax payables for income tax and IRAP	161	236
Tax payables for VAT	184	270
Other short-term tax payables	99	112
<b>Total tax payables</b>	<b>1,018</b>	<b>961</b>
<b>Total</b>	<b>8,370</b>	<b>8,577</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 €1,076 thousand (€1,273 thousand at 31 December 2019). This item refers to €885 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; €191 thousand to a fund allocated for an audit by officials of INAIL - National Institute for Occupational Accident Insurance - 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 €608 thousand (€537 thousand at 31 December 2019).

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 2020, 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.

With regard to what happened after 31 March 2020, ample space was given in the section "Events subsequent to the closing of the quarter".

## 30. SEGMENT REPORTING

### Income statement by business sector

Below follow the consolidated economic results by sector at 31 March 2020 and 31 March 2019.

Progressive data at March	CNC		HSM		SERVICE		N/A	TOTAL
(€thousand)	2020	%	2020	%	2020	%	2020	2020
<b>Revenues</b>	<b>316</b>	<b>67.1%</b>	<b>3,752</b>	<b>100.0%</b>	<b>2,000</b>	<b>99.7%</b>	-	<b>6,068</b>
Cross-sector revenues	155	32.9%	-	0.0%	6	0.3%	-	
<b>Total reclassified revenues</b>	<b>471</b>	<b>100.0%</b>	<b>3,752</b>	<b>100.0%</b>	<b>2,006</b>	<b>100.0%</b>	-	
Changes in inventories of finished goods and W.I.P.	6	1.3%	(453)	-12.1%	(48)	-2.4%	-	(496)
Raw materials and consumables	(165)	-35.0%	(1,377)	-36.7%	(241)	-12.0%	(15)	(1,799)
<b>Cross-sector expenses</b>	<b>1</b>	<b>0.2%</b>	<b>(176)</b>	<b>-4.7%</b>	<b>13</b>	<b>0.6%</b>	<b>1</b>	-
Commissions	0	0.0%	(29)	-0.8%	-	0.0%	-	(29)
Transport	(10)	-2.1%	(109)	-2.9%	(72)	-3.6%	(2)	(193)
Contractors	(15)	-3.2%	(179)	-4.8%	(3)	-0.1%	-	(197)
<b>Sales margin</b>	<b>288</b>	<b>61.1%</b>	<b>1,428</b>	<b>38.1%</b>	<b>1,655</b>	<b>82.5%</b>	<b>(16)</b>	<b>3,354</b>
Other operating revenue	47	10.0%	340	9.1%	98	4.9%	64	549
Other operating costs	(59)	-12.5%	(364)	-9.7%	(439)	-21.9%	(736)	(1,598)
Personnel costs	(408)	-86.6%	(1,456)	-38.8%	(1,195)	-59.6%	(585)	(3,644)
Depreciation, amortization and writedowns	(62)	-13.2%	(207)	-5.5%	(50)	-2.5%	(217)	(535)
<b>Operating profit/(loss)</b>	<b>(194)</b>	<b>-41.2%</b>	<b>(259)</b>	<b>-6.9%</b>	<b>69</b>	<b>3.4%</b>	<b>(1,490)</b>	<b>(1,874)</b>

<b>Progressive data at March (€thousand)</b>	<b>CNC 2019</b>	<b>%</b>	<b>HSM 2019</b>	<b>%</b>	<b>SERVICE 2019</b>	<b>%</b>	<b>N/A 2019</b>	<b>TOTAL 2019</b>
<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>-</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>	<b>-</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>	<b>-</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	86	6.9%	117	1.7%	232	8.7%	78	513
Other operating costs	(101)	-8.1%	(674)	-9.7%	(578)	-21.6%	(1,115)	(2,468)
Personnel costs	(590)	-47.3%	(1,509)	-21.7%	(1,398)	-52.3%	(964)	(4,461)
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>

Below follow the consolidated statements of financial position by business sector at 31 March 2020 and 31 December 2019.

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 2020</b>	<b>CNC</b>	<b>HSM</b>	<b>SERVICE</b>	<b>Non allocable</b>	<b>Total</b>
<b>(€thousand)</b>					
Property, plant and equipment	47	8,584	269	3,946	12,846
Intangible fixed assets	1,483	1,079	-	36	2,598
Equity investments	-	-	-	16	16
Other non-current receivables and assets	13	9	-	175	197
Deferred tax assets	-	-	-	1,017	1,017
<b>Total non-current assets</b>	<b>1,543</b>	<b>9,672</b>	<b>269</b>	<b>5,190</b>	<b>16,674</b>
Inventory	1,869	8,287	6,455	-	16,611
Trade receivables and other receivables	791	4,914	2,621	322	8,648
Current taxes receivable	-	-	-	425	425
Other current financial assets	-	-	-	-	-
Cash and cash equivalents	-	-	-	3,317	3,317
<b>Total current assets</b>	<b>2,660</b>	<b>13,201</b>	<b>9,076</b>	<b>4,064</b>	<b>29,001</b>
<b>Total assets</b>	<b>4,202</b>	<b>22,873</b>	<b>9,346</b>	<b>9,254</b>	<b>45,675</b>
Other non-current payables and liabilities	-	136	42	19	197
Long-term provisions	-	22	-	-	22
Termination benefits	389	1,185	190	323	2,087
Deferred tax liabilities	-	-	-	96	96
Other non-current financial liabilities	-	-	-	269	269
Non-current financial liabilities	11	4,905	72	3,634	8,622
<b>Total non-current liabilities</b>	<b>400</b>	<b>6,248</b>	<b>304</b>	<b>4,341</b>	<b>11,293</b>
Current financial liabilities	16	630	56	7,188	7,890
Other current financial liabilities	-	-	-	-	-
Trade payables and other current payables	1,299	13,427	1,317	2,945	18,988
Current taxes payable	-	-	-	1,018	1,018
Short-term provisions	1	169	715	191	1,076
<b>Total current liabilities</b>	<b>1,316</b>	<b>14,226</b>	<b>2,088</b>	<b>11,342</b>	<b>28,972</b>
<b>Total liabilities</b>	<b>1,716</b>	<b>20,474</b>	<b>2,392</b>	<b>15,683</b>	<b>40,265</b>
<b>Shareholders' equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,410</b>	<b>5,410</b>
<b>Total liabilities</b>	<b>1,716</b>	<b>20,474</b>	<b>2,392</b>	<b>21,093</b>	<b>45,675</b>



<b>At 31 December 2019</b> <b>(€thousand)</b>	<b>CNC</b>	<b>HSM</b>	<b>SERVICE</b>	<b>Non allocable</b>	<b>Total</b>
Property, plant and equipment	35	8,744	309	3,739	12,827
Intangible fixed assets	1,474	1,094	-	33	2,601
Equity investments	-	-	-	16	16
Other non-current receivables and assets	-	-	-	976	976
Deferred tax assets	-	2	-	180	181
<b>Total non-current assets</b>	<b>1,509</b>	<b>9,840</b>	<b>309</b>	<b>4,943</b>	<b>16,601</b>
Inventory	1,811	8,929	6,538	-	17,278
Trade receivables and other receivables	961	4,897	3,165	356	9,378
Current taxes receivable	-	-	-	634	634
Other current financial assets	-	-	-	-	-
Cash and cash equivalents	-	-	-	4,102	4,102
<b>Total current assets</b>	<b>2,772</b>	<b>13,826</b>	<b>9,703</b>	<b>5,091</b>	<b>31,392</b>
<b>Total assets</b>	<b>4,282</b>	<b>23,667</b>	<b>10,011</b>	<b>10,034</b>	<b>47,993</b>
Other non-current payables and liabilities	23	237	41	25	325
Long-term provisions	-	23	56	-	79
Termination benefits	390	1,252	189	328	2,159
Deferred tax liabilities	-	-	-	97	97
Other non-current financial liabilities	-	-	-	230	230
Non-current financial liabilities	42	4,979	88	1,681	6,790
<b>Total non-current liabilities</b>	<b>456</b>	<b>6,491</b>	<b>373</b>	<b>2,361</b>	<b>9,681</b>
Current financial liabilities	13	647	62	8,994	9,716
Other current financial liabilities	-	-	-	-	-
Trade payables and other current payables	1,966	13,192	1,177	2,680	19,015
Current taxes payable	-	-	-	961	961
Short-term provisions	1	367	715	191	1,273
<b>Total current liabilities</b>	<b>1,980</b>	<b>14,206</b>	<b>1,953</b>	<b>12,826</b>	<b>30,965</b>
<b>Total liabilities</b>	<b>2,436</b>	<b>20,697</b>	<b>2,326</b>	<b>15,186</b>	<b>40,645</b>
<b>Shareholders' equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,347</b>	<b>7,347</b>
<b>Total liabilities</b>	<b>2,436</b>	<b>20,697</b>	<b>2,326</b>	<b>22,533</b>	<b>47,993</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 2020		At 31 December 2019		1st Quarter 2019	
	Average	At 31 March	Average	At 31 March	Average	At 31 March
USD	1.1027	1.0956	1.1195	1.1234	1.1358	1.1235
Real (Brazil)	4.9167	5.7001	4.4134	4.5157	4.2775	4.3865
Renminbi (China)	7.6956	7.7784	7.7355	7.8205	7.6635	7.5397
Rouble (Russia)	73.8205	85.9486	72.4553	69.9563	74.9094	72.8564

### 32. OTHER INFORMATION

The average number of employees in the first quarter of 2020 was 306 people (334 in the first quarter of 2019).

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

In the first quarter of 2020, 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 2020	31 December 2019
A Cash	12	9
B Bank deposits	3,305	4,093
C Other cash	-	-
<b>D Liquidity (A+B+C)</b>	<b>3,317</b>	<b>4,102</b>
<b>E Current financial receivables</b>		-
F Current bank payables	3,448	5,314
G Current part of non-current debt	2,712	2,712
H Other current financial payables	1,730	1,676
<b>I Current financial debt (F+G+H)</b>	<b>7,890</b>	<b>9,702</b>
<b>J Net financial position (receivable)/payable (I-E-D)</b>	<b>4,573</b>	<b>5,600</b>
K Non-current bank payables	2,470	706
L Bonds issued	-	-
M Other non-current payables	6,421	6,328
<b>N Non-current financial debt (K+L+M)</b>	<b>8,891</b>	<b>7,034</b>
<b>O Net financial position (receivable)/payable (J+N)</b>	<b>13,464</b>	<b>12,634</b>

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

In April 2020, a U.S. customer - Aerodyn Engineering LLC- sued Fidia Co. (U.S. subsidiary) before the United States District Court for the Eastern District of Michigan and also tried to sue Fidia Spa in the same lawsuit, for liability for alleged defects of a machine installed in November 2016.

Lawyers have been appointed to challenge the claim and the service at Fidia Co. of acts intended for Fidia Spa was rejected.

In the opinion of the Directors and lawyers in charge of the lawsuit, the dispute is considered groundless on the merits, also because it was filed more than three years after the delivery of the machinery and after the expiry of the contractual guarantees.

The two sued Companies intend to resist the claim in all courts, in every jurisdiction and in the merits, to defend their rights.

At the moment and pending the opinion of the lawyers, the risk cannot be determined as to the merit of the petition and the amount of damages claimed and is duly mentioned in the quarterly report, pending clarification.

It should be noted that on 29 April 2020 the Ordinary Shareholders' Meeting approved the financial statements at 31 December 2019.

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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”) Antonio Breggia Bicchiere, declares that all figures contained in the present quarterly report at 31 March 2020 correspond to the company's records, books and accounting entries.