



**Half-Year Report**  
**at 30 June 2020**  
**FIDIA GROUP**

**Board of Directors**

**11 September 2020**

Fidia S.p.A.

Registered office in San Mauro Torinese, Corso Lombardia, 11

Capital paid in €5,123,000.00

Turin Register of Companies

Taxpayer's Code 05787820017

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Issue date: 11/09/2020

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# 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 (d)
	Ombretta Cataldi
	Silvia Comaglia

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

(d) The Alternate Auditor notified his resignation with effect from 4 August 2020. The substitute will be appointed at the next meeting.

## Independent Auditors (\*\*)

**EY S.p.A.**

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

## **POWERS OF THE CHAIRMAN, CHIEF EXECUTIVE OFFICER AND DEPUTY CHAIRMAN**

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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.

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

Deputy Chairman of the Board of Directors: Secondo Dentis

## ORGANIZATION OF THE FIDIA GROUP

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FIDIA S.p.A.  
Italy

FIDIA GmbH  
Germany

100% Fidia S.p.A.

Beijing Fidia M. & E. Co.  
China

100% Fidia S.p.A.

FIDIA S.a.r.l.  
France

93.19% Fidia S.p.A.  
6.81% Fidia GmbH

Shenyang Fidia  
NC & M Co. Ltd.  
China

51% Fidia S.p.A.  
49% Shenyang M.T. Co. Ltd.

FIDIA IBERICA S.A.  
Spain

99,993% Fidia S.p.A  
0,007% other

OOO FIDIA  
Russia

100% Fidia S.p.A.

FIDIA Co.  
United States

100% Fidia S.p.A.

FIDIA DO BRASIL Ltda  
Brazil

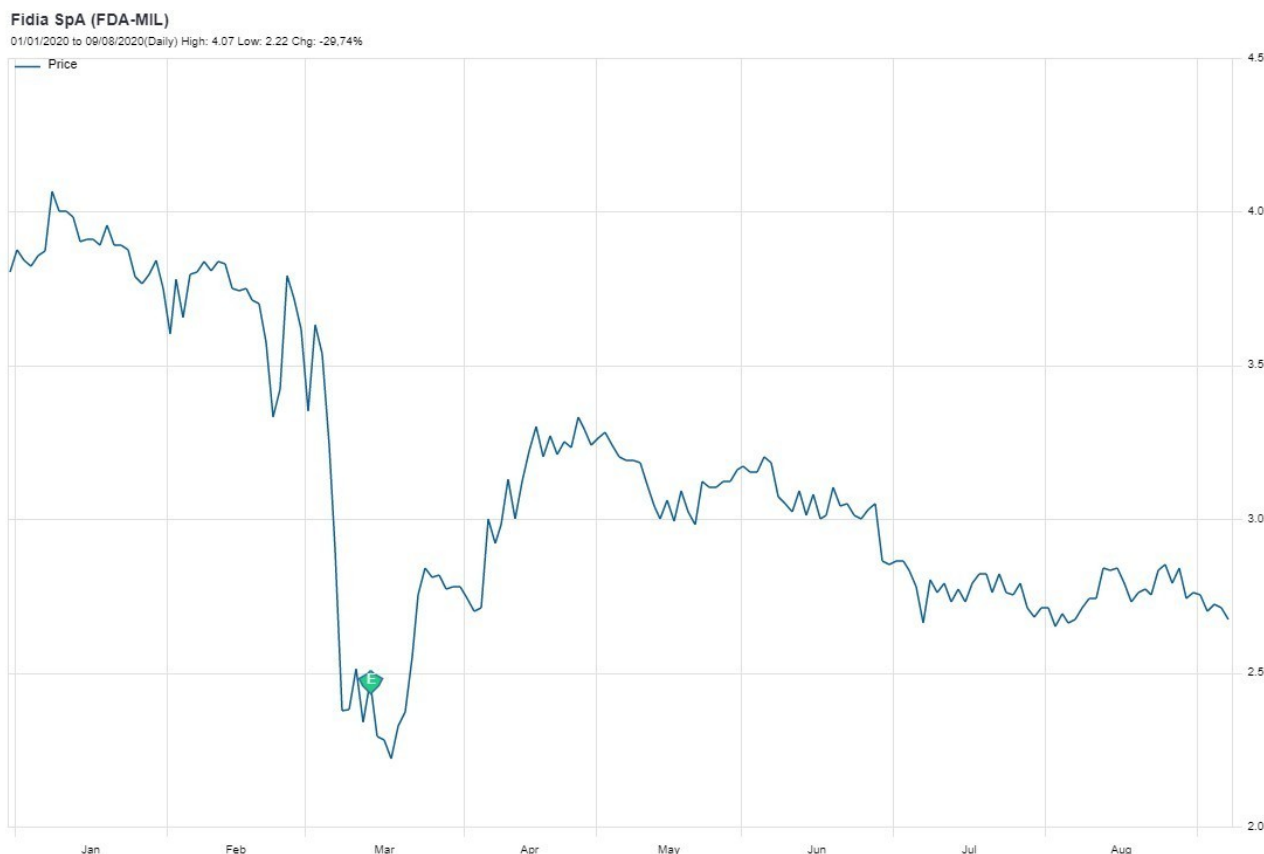
99.75% Fidia S.p.A.  
0.25% other

# INTERIM REPORT

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## SHAREHOLDERS AND TREND OF FIDIA STOCK

FIDIA S.p.A. is listed at the Italian Stock Exchange under the STAR - High Requirement Securities Segment - Index. The following chart shows share price performance from 1 January 2020 to 8 September 2020.



In the first half of 2020 the number of ordinary shares, equal to 5,123,000, was unchanged compared to 31 December 2019.

The holders of ordinary shares at 3 September 2020 are:

Giuseppe Morfino 2,665,516 shares, equal to 52.03%;

Market 2,447,484 shares, equal to 47.77%;

Own shares 10,000, equal to 0.20%.

No categories of stock other than ordinary shares or bonds were issued.

## ECONOMIC AND FINANCIAL PERFORMANCE OF THE GROUP

The first half of 2020 was characterised by revenues of €12,500 thousand, down (-40.1%) from the result recorded at the end of the first half del 2019 (€20,884 thousand).

The reason for the drop in turnover is largely due to the impact of Covid-19 in the markets where the Group operates, as well as the crisis that hit the automotive and aerospace industries in 2019, before the pandemic started.

Profitability indicators (in particular EBITDA, EBIT, EBT and net profit) deteriorated in percentage terms due to the significant drop in revenues, although in absolute terms these indicators show an improvement due to the cost containment actions undertaken by Management.

In the second quarter, sales performance was rather weak, and overall in the first half of the year new orders were substantially lower than the performance recorded in the same period of 2019, totalling €5,343 thousand compared to €18,401 thousand in the first half of 2019 (-71.0%).

More specifically, the reclassified income statement of the first half del 2020 compared with that of the first half of 2019 is as follows:

(€thousand)	1st Half 2020	%	1st Half 2019	%
<b>Net revenue</b>	12,500	102.1%	20,884	84.8%
Change in inventories of finished goods and work in progress	(984)	-8.0%	2,453	10.0%
Other revenues and income	730	6.0%	1,286	5.2%
<b>Value of production</b>	<b>12,246</b>	<b>100.0%</b>	<b>24,623</b>	<b>100.0%</b>
Raw materials and consumables	(3,522)	-28.8%	(10,681)	-43.4%
Commissions	(180)	-1.5%	(333)	-1.4%
Transport	(367)	-3.0%	(883)	-3.6%
Contractors	(437)	-3.6%	(1,460)	-5.9%
Other services and operating costs	(2,865)	-23.4%	(4,378)	-17.8%
<b>Added value</b>	<b>4,875</b>	<b>39.8%</b>	<b>6,889</b>	<b>28.0%</b>
Personnel costs	(6,418)	-52.4%	(8,974)	-36.5%
<b>EBITDA</b>	<b>(1,543)</b>	<b>-12.6%</b>	<b>(2,085)</b>	<b>-8.5%</b>
Bad debts provision	(49)	-0.4%	(53)	-0.2%
Depreciation/amortisation/write-downs of fixed assets	(1,072)	-8.8%	(1,173)	-4.8%
<b>Operating income from ordinary business</b>	<b>(2,663)</b>	<b>-21.7%</b>	<b>(3,311)</b>	<b>-13.4%</b>
Non-recurring (expenses)/revenue	-	0.0%	-	0.0%
<b>EBIT</b>	<b>(2,663)</b>	<b>-21.7%</b>	<b>(3,311)</b>	<b>-13.4%</b>
Net finance expenses and revenue	(305)	-2.5%	(297)	-1.2%
Profit/(Loss) on exchange rates	(141)	-1.2%	(25)	-0.1%
<b>Earnings before tax (EBT)</b>	<b>(3,110)</b>	<b>-25.4%</b>	<b>(3,633)</b>	<b>-14.8%</b>



(€thousand)	1st Half 2020	%	1st Half 2019	%
Income taxes (current, paid and deferred)	(89)	-0.7%	(61)	-0.2%
<b>Net profit (loss) for the period</b>	<b>(3,199)</b>	<b>-26.1%</b>	<b>(3,695)</b>	<b>-15.0%</b>
- (Profit)/Loss of non-controlling interests	(96)	-0.8%	(189)	-0.8%
<b>- Profit/(Loss) of Group</b>	<b>(3,103)</b>	<b>-25.3%</b>	<b>(3,505)</b>	<b>-14.2%</b>

## ANALYSIS OF ECONOMIC TRENDS

### Revenues

The first half of the period reported revenues of €12,500 thousand, down 40.1% YOY.

The trend is due to the mechanics segment (HSM) which recorded revenue of €7,914 thousand compared to €13,877 thousand of the first half of the previous year (-43.0%), to the Service segment which reported negative results compared to the first half of 2019 with revenue at €3,973 thousand (-32.2% compared to €5,858 thousand at 30 June 2019), and the electronics segment (CNC) stood at €613 thousand (-46.6% compared to €1,149 thousand at 30 June 2019).

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

(€thousand)	1st Half 2020	%	1st Half 2019	%	% Chg
Numerical controls, drives and software	613	4.9%	1,149	5.5%	-46.6%
High-speed milling systems	7,914	63.3%	13,877	66.4%	-43.0%
After-sales service	3,973	31.8%	5,858	28.1%	-32.2%
<b>Grand total</b>	<b>12,500</b>	<b>100%</b>	<b>20,884</b>	<b>100%</b>	<b>-40.1%</b>

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

(€thousand) GEOGRAPHICAL AREA	TOTAL REVENUES		TOTAL REVENUES		% Chg
	1st Half 2020	%	1st Half 2019	%	
ITALY	1,508	12.1%	1,741	8.3%	-13.4%
EUROPE	2,289	18.3%	4,712	22.6%	-51.4%
ASIA	4,036	32.3%	11,367	54.4%	64.5%
NORTH and SOUTH AMERICA	4,667	37.3%	3,064	14.7%	52.3%
REST OF THE WORLD	0	0.0%	0	0.0%	0%
<b>TOTAL</b>	<b>12,500</b>	<b>100%</b>	<b>20,884</b>	<b>100%</b>	<b>-40.1%</b>

### **Numerical controls and software**

The revenues of the electronic segment are down by 46.6% compared to the 1st half of 2019 at €613 thousand versus €1,149 thousand in the same period of last year.

### **High-speed milling systems**

The high-speed milling systems revenue (HSM) showed decreased revenues compared with those recorded the previous year, reaching a total value of €7,914 thousand compared to €13,877 thousand of the first half of 2019 (-43.0%).

### **After-sales service**

Revenues of the Service segment, which comprise revenues from the after-sales service, from the sale of spare parts and from scheduled maintenance recorded a decrease (-32.2%) compared to the same period of last year, amounting to €3,973 thousand (€5,858 thousand at 30 June 2019).

## **Sales and marketing activity**

Business in the first half was less than the same period of the previous period. This result is mainly due to the effect of the pandemic and the continued crisis in the automotive and aerospace industries.

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

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

<b>(€thousand)</b>	<b>TOTAL</b>	<b>TOTAL</b>	<b>Chg.</b>
	<b>30/6/2020</b>	<b>30/6/2019</b>	<b>%</b>
Order backlog at 1/1	16,556	22,872	-27.6%
<b>New orders</b>	<b>5,343</b>	<b>18,401</b>	<b>-71.0%</b>
Revenues	(8,527)	(15,026)	-43.3%
<b>Order backlog at 30/6</b>	<b>13,372</b>	<b>26,247</b>	<b>-49.1%</b>

## **Other revenues and income**

Other revenues and earnings in the first half of 2020 were equal to €730 thousand (€1,286 thousand in the same period of 2019).

This item mainly 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. (€129 thousand at 30 June 2020; €262 thousand at 30 June 2019). Applied and basic research and development activities are a structural component and are carried out on an ongoing basis by Fidia S.p.A.;

- capital gains from transfers (€11 thousand at 30 December 2020; €22 thousand at 30 June 2019);
- the reabsorption of the warranty provision (€288 thousand at 30 June 2020; €417 thousand at 30 June 2019);
- damages from insurance companies, recovery of costs incurred, contingent assets, and others (€302 thousand at 30 June 2020; €584 thousand at 30 June 2019).

## **Value of production**

In the first half, the value of production (consisting of net revenues, changes in inventories of finished goods and WIP and other revenues and earnings) decreased compared to the same period of 2019 (€12,246 thousand versus €24,623 thousand of 30 June 2019) due to decreased revenue.

## **Commissions and transport**

These items amounted to €547 thousand in the first half of the year, down from €1,216 thousand in the same period of 2019, due to the decrease in volume of sales.

## **Contractors**

This item totalled €437 thousand in the first half, down €1,460 thousand compared to the same period of 2019, also in percentage terms on revenues (3.6% compared to 5.9% in the first half of 2019), considering their changed mix.

## **Other services and operating costs**

This item amounts in the first half to €2,865 thousand and is down compared with the €4,378 thousand in the same period of 2019.

## **Added value**

Added value decreased in absolute terms (from €6,889 thousand at 30 June 2019 to €4,875 thousand at 30 June 2020), mainly due to lower revenues, but increased as a percentage on revenues (39.8% compared with 28.0% in the same period of 2019) due to the decrease in operating costs).

## **Personnel**

The following tables show the workforce average trend and cost of labour.

	1st Half 2020	1st Half 2019	Abs. change	% Chg
Executives	11	13	-2	-15.4%
Clerks and cadres	230	260	-30	-11.5%
Workers	48	51	-3	-5.9%
Total employees	289	324	-35	-10.8%
Total average number of employees in the first half	294	332.5	-38.5	-11.6%

	1st Half 2020	1st Half 2019	Abs. change	% Chg
Labour cost (€thousand)	6,418	8,974	-2,556	-28.0%

Personnel costs show a decrease of €2,556 thousand compared to the first half of 2019 (-28.0%). The percentage of personnel costs compared with value of production increased from 36.5% at 30 June 2019 to 52.4% at 30 June 2020 due to decreased value of production realised and related decreased absorption of fixed costs.

Starting in January 2020, the solidarity contract for the Forlì plant went into effect, subject to agreement with the Trade Union Representatives, in line with the cost containment actions undertaken by Management to tackle the current situation of reduced demand, also following the pandemic, and in addition, the Covid-19 National Fund was activated in March for all the Company's plants and offices.

## EBITDA

EBITDA was negative and amounted to -€1,543 thousand (-€2,085 thousand at 30 June 2019). Performance in percent therefore worsened, due to the decrease in revenues, which caused a lower absorption of fixed overheads.

However, when comparing EBITDA with the first half of 2019, this figure improved as a result of the said cost containment actions undertaken by Management, which have ensured greater flexibility in the cost structure.

## Operating income from ordinary business

The operating result of ordinary operations at 30 June 2020 was negative, amounting to -€2,663 thousand, compared to a negative result of -€3,311 thousand at 30 June 2019.

This performance is due to the reasons explained above, plus the impact of amortisation, depreciation, and write-downs for the period, which are in line with the first half of 2019 and thus improve the operating result in absolute terms.

In terms of impact on turnover, however, the loss of profitability is due to the lower absorption of structural costs in relation to the decrease in turnover in the first half of 2020.

## Non-recurring income and charges

There are no non-recurring charges in the first half of 2020, as in the first half of 2019.

## **EBIT**

EBIT at 30 June 2020 was negative at €2,663 thousand (at 30 June 2019 it was negative at €3,311 thousand).

For a comment on the performance of this item, please refer to the discussion on the operating income from ordinary business.

## **Finance charges and revenue - Net exchange rate differences**

Charges for financing activities worsened slightly compared to the first half del 2019 (net charges of €305 thousand at 30 June 2020 versus €297 thousand of the same period of the previous year). Net exchange differences realised or resulting from valuation in the financial statements, generated net charges of €141 thousand compared with net charges of €25 thousand at 30 June 2019.

## **Earnings before tax (EBT)**

EBT resulted in a loss of €3,110 thousand versus a loss of €3,633 thousand at 30 June 2019.

## **Profit (loss) of Group**

Group loss for the period after taxes of €89 thousand and after losses of NCIs (€96 thousand) amounted to €3,103 thousand versus a loss of €3,505 thousand in the first half of 2019.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The Group reclassified statement of financial position was as follows:

(€thousand)	30/6/2020	31/12/2019	30/6/2019
Net tangible assets	12,457	12,827	12,844
Intangible fixed assets	2,537	2,601	2,506
Non-current financial assets	16	16	16
Deferred tax assets	958	976	986
Other financial assets	173	181	266
<b>Capital assets – (A)</b>	<b>16,142</b>	<b>16,601</b>	<b>16,618</b>
Net trade receivables from customers	7,756	8,837	14,394
Closing inventories	15,679	17,278	20,441
Other current assets	1,090	1,175	2,769
<b>Short-term (current) assets – (B)</b>	<b>24,525</b>	<b>27,290</b>	<b>37,604</b>
Trade payables to suppliers	(10,126)	(11,399)	(14,097)
Other current liabilities	(9,555)	(9,850)	(12,184)
<b>Short-term (current) liabilities – (C)</b>	<b>(19,681)</b>	<b>(21,249)</b>	<b>(26,281)</b>
<b>Net working capital (D) = (B+C)</b>	<b>4,844</b>	<b>6,041</b>	<b>11,323</b>
Termination benefits (E)	(2,086)	(2,159)	(2,237)
Other long-term liabilities (F)	(599)	(502)	(580)
<b>Net invested capital (G) = (A+D+E+F)</b>	<b>18,300</b>	<b>19,981</b>	<b>25,125</b>
<b>Financial position</b>			
Available-for-sale financial assets			
Cash on hand, bank deposits	(2,021)	(4,102)	(3,186)
Current financial liabilities	6,738	9,716	11,773
(Assets)/liabilities for current derivatives	-	-	-
Other current financial payables	-	-	-
<b>Short-term financial position (receivable)/payable</b>	<b>4,717</b>	<b>5,614</b>	<b>8,587</b>
Non-current financial liabilities, net of current portion	9,142	6,790	8,105
(Assets)/liabilities for long-term derivatives	295	230	251
Other non-current financial payables	-	-	-
<b>Net financial position (receivable)/payable (H)</b>	<b>14,154</b>	<b>12,634</b>	<b>16,943</b>
Share capital	5,123	5,123	5,123
Provisions	1,128	5,240	5,104
Net profit (loss) for the period	(3,103)	(4,118)	(3,505)
<b>Total equity of Group</b>	<b>3,149</b>	<b>6,245</b>	<b>6,722</b>
Total equity of non-controlling interests	997	1,102	1,460
<b>Total shareholders' equity (I)</b>	<b>4,146</b>	<b>7,347</b>	<b>8,182</b>
<b>Shareholders' equity and net financial position (L) = (H+I)</b>	<b>18,300</b>	<b>19,981</b>	<b>25,125</b>

Compared to 31 December 2019, fixed assets decreased substantially due to depreciation for the period.

Net working capital was down mainly due to the trend of receivables and payables driven by the decrease in revenue and related costs, and the decrease in inventories.

The foregoing, along with a negative economic result, resulted in a negative net financial position of €14,154 thousand at 30 June 2020, worse than at 31 December 2019 due to the negative cash flow for the half year, driven primarily by the performance of operations. Please refer to the following paragraph for further information on the Net Financial Position.

## NET FINANCIAL POSITION

The trend in net financial position is shown below.

(€thousand)	30/6/2020	31/12/2019	30/6/2019
<b>Financial position</b>			
Available-for-sale financial assets	-	-	-
Cash on hand, bank deposits	(2,021)	(4,102)	(3,186)
Overdrawn bank accounts and short-term advances	2,146	2,921	3,886
Current financial liabilities	4,592	6,795	7,887
(Assets)/liabilities for current derivatives	-	-	-
Other current financial payables	-	-	-
<b>Short-term financial position - (receivable)/payable</b>	<b>4,717</b>	<b>5,614</b>	<b>8,587</b>
Non-current financial liabilities, net of current portion	9,142	6,790	8,105
(Assets)/liabilities for long-term derivatives	295	230	251
Other non-current financial payables	-	-	-
<b>Net financial position - (receivable)/payable</b>	<b>14,154</b>	<b>12,634</b>	<b>16,943</b>

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

(€thousand)	30/6/2020	31/12/2019	30/6/2019
<b>Cash on hand, bank deposits</b>			
Fidia S.p.A.	157	934	942
Fidia Co.	591	788	439
Fidia GmbH	180	486	200
Fidia Iberica S.A.	114	292	369
Fidia S.a.r.l.	103	342	331
Beijing Fidias Machinery & Electronics Co., Ltd	584	983	780
Fidia do Brasil Ltda.	22	41	45
Shenyang Fidias NC & M Co., Ltd	270	236	80
<b>Total cash and cash equivalents</b>	<b>2,021</b>	<b>4,102</b>	<b>3,186</b>



(€thousand)	30/6/2020	31/12/2019	30/6/2019
<b>Current financial liabilities</b>			
Fidia S.p.A.	(5,676)	(8,645)	(10,481)
Fidia GmbH	(307)	(347)	(499)
Fidia Iberica S.A.	(26)	(19)	(25)
Fidia S.a.r.l.	(37)	(48)	(49)
Beijing Fidias Machinery & Electronics Co., Ltd	(626)	(637)	(52)
Fidia do Brasil Ltda.	(10)	(20)	(610)
Shenyang Fidias NC & M Co. Ltd.	(56)	-	(57)
	<b>(6,738)</b>	<b>(9,716)</b>	<b>(11,773)</b>
<b>Other current financial payables</b>			
Fidia S.p.A.	-	-	-
	-	-	-
<b>Non-current financial liabilities, net of current portion</b>			
Fidia S.p.A.	(7,486)	(6,679)	(7,949)
Fidia GmbH	(232)	(38)	(41)
Fidia Iberica S.A.	(233)	(25)	(34)
Fidia S.a.r.l.	(32)	(45)	(68)
Fidia Co	(1,159)	(3)	(13)
	<b>(9,142)</b>	<b>(6,790)</b>	<b>(8,105)</b>
<b>Assets/(liabilities) for long-term derivatives</b>			
Fidia S.p.A.	(295)	(230)	(251)
	<b>(295)</b>	<b>(230)</b>	<b>(251)</b>
<b>Other non-current financial payables</b>			
Fidia S.p.A.	-	-	-
	-	-	-
<b>Total financial payables</b>	<b>(16,175)</b>	<b>(16,736)</b>	<b>(20,129)</b>

At 30 June 2020, the net financial position was negative by €14,154 thousand; compared to 31 December 2019, the change was affected by the negative cash flow for the half year, driven by the lower level of receipts and advances on orders related to the installation and delivery dynamics, and the lower revenues recorded in the first half of the year.

However, it benefited from the standstill agreement signed with the banks during the first half of 2020, which resulted in the suspension of the repayment of the principal of medium/long-term loans until 31 July 2020.

The following table contains a condensed statement of cash flows at 30 June 2020 showing the cash flows composing the net financial position.

## SHORT CONSOLIDATED CASH FLOW STATEMENT

(€thousand)	1st Half 2020	FY2019	1st Half 2019
A) Cash and cash equivalents at beginning of period	1,181	3,192	3,192
<b>B) Cash from/(used in) operating activities</b>	<b>(891)</b>	<b>2,909</b>	<b>(2,651)</b>
<b>C) Cash from/(used in) investing activities</b>	<b>(639)</b>	<b>(894)</b>	<b>(416)</b>
<b>D) Cash from/(used in) financing activities</b>	<b>176</b>	<b>(4,170)</b>	<b>(897)</b>
Currency translation differences	48	143	72
<b>E) Net change in cash and cash equivalents</b>	<b>(1,306)</b>	<b>(2,011)</b>	<b>(3,892)</b>
<b>F) Cash and cash equivalents at end of period</b>	<b>(125)</b>	<b>1,181</b>	<b>(700)</b>
Breakdown of cash and cash equivalents:			
Cash and cash equivalents	2,021	4,102	3,186
Overdrawn bank accounts	(2,146)	(2,921)	(3,886)
	<b>(125)</b>	<b>1,181</b>	<b>(700)</b>

## ALTERNATIVE PERFORMANCE INDICATORS

In this report, in addition to the conventional IFRS financial indicators, a number of alternative performance indicators have been provided in order to allow for a better assessment of the economic and financial trends.

Said indicators, which are also found in the Directors' Report of other periodic reports, do not replace in any way whatsoever the mandatory IFRS indicators.

Below are the alternative performance indicators used by the Group, accompanied by an explanation that reflects their content and calculation basis:

- EBITDA ("Earnings before interest, tax, depreciation and amortisation"), which is determined by adding the "EBIT" shown in the financial statements both to the item "Depreciation, amortization and write-downs of fixed assets," the item "Allocation to provisions" and the item "Non-recurring income/expenses."

- EBIT,
- Operating income from ordinary business, which is obtained by adding any extraordinary cost items not falling under EBIT,
- EBT (Earnings before tax);
- Adjusted EBITDA, EBIT and EBT: there are no adjustments to these figures for the first half of 2019 and 2020 and therefore these adjusted figures correspond to the same non-adjusted figures.

Other parameters mentioned:

- "Value of production", which is given by the algebraic addition of the items "Net revenues", "Other revenues and income", and "Changes in inventories of finished goods and work in progress";
- "Value added", which is the result of the algebraic addition of the items "Value of production", "Raw materials and consumables used", "Commissions, shipping and outsourced work" and "Other services and overheads".

For comments on the alternative performance indicators mentioned above, reference should be made to the paragraphs above.

The following table also shows the indicators of financial structure and financial and economic situation.

## FINANCIAL RATIOS

### INVESTMENT MIX RATIOS

RATIOS	30 June 2020	31 December 2019
1) Weight of fixed assets		
Capital assets	16,142	16,601
<hr/> Total assets	<hr/> 42,687 = 37.81%	<hr/> 47,993 = 34.59%
2) Weight of working capital		
Current assets	26,546	31,392
<hr/> Total assets	<hr/> 42,687 = 62.19%	<hr/> 47,993 = 65.41%

### LOAN MIX RATIOS

RATIOS	30 June 2020	31 December 2019
1) Weight of current liabilities		
Current liabilities	26,420	30,965
<hr/> Total liabilities (except shareholders' equity)	<hr/> 38,541 = 68.55%	<hr/> 40,646 = 76.18%
2) Weight of non-current liabilities		
Non-current liabilities	12,122	9,681
<hr/> Total liabilities (except shareholders' equity)	<hr/> 38,541 = 31.45%	<hr/> 40,646 = 23.82%
3) Weight of own capital		
Own capital	4,146	7,347
<hr/> Net invested capital	<hr/> 18,300 = 22.66%	<hr/> 19,981 = 36.77%

The analysis of the invested capital mix indicators shows a prevalence of short-term net assets in the total assets. This result is basically consistent with that of previous years.

- the loan mix ratio shows a prevalence of short-term loans, which is consistent with the level of investing activities;
- a reduction in the hedging of net invested capital with equity, due to the loss in the first half of 2020.

## FINANCIAL POSITION RATIOS

### LIQUIDITY RATIOS

RATIO	30 June 2020	31 December 2019
$\frac{\text{Current assets}}{\text{Current liabilities}}$	$\frac{26,546}{26,420} = 1.00$	$\frac{31,392}{30,965} = 1.01$

### CAPITAL ASSETS COVERAGE RATIO

RATIO	30 June 2020	31 December 2019
$\frac{\text{Own capital}}{\text{Capital assets}}$	$\frac{4,146}{16,142} = 0,26$	$\frac{7,347}{16,601} = 0,44$

### CASH RATIO

RATIO	30 June 2020	31 December 2019
$\frac{\text{Short-term assets}}{\text{Short-term liabilities}}$	$\frac{24,525}{19,681} = 1.25$	$\frac{27,290}{21,249} = 1.28$

The analysis of the financial ratios shows a substantial balance between sources and releases in line with the previous period.

In particular, the liquidity ratio shows a substantial correspondence between current assets and current liabilities.

The capital assets coverage ratio shows a decreased coverage of capital assets with own funds compared to December 2019 as a result of the negative performance in the half year that eroded own capital.

Finally, the cash ratio shows a short-term prevalence of current assets over current liabilities of the period.

## ECONOMIC POSITION RATIOS

### ROE

	30 June 2020		30 June 2019			
$\frac{\text{Net income pertaining to Group}}{\text{Equity of Group}}$	$\frac{-3,103}{3,149}$	=	-98.54%	$\frac{-3,505}{6,722}$	=	-52.14%

### ROI

	30 June 2020		30 June 2019			
$\frac{\text{Operating income from ordinary business}}{\text{Invested capital}}$	$\frac{-2,663}{40,667}$	=	-6.55%	$\frac{-3,311}{54,222}$	=	-6.11%

### ROS

	30 June 2020		30 June 2019			
$\frac{\text{Operating income from ordinary business}}{\text{Sales}}$	$\frac{-2,663}{12,500}$	=	-21.30%	$\frac{-3,311}{20,884}$	=	-15.85%

ROE, which measures the profitability of equity is negative due to the loss accrued in the first of 2020.

ROI, which measures profitability from operations, shows a negative value given the operating loss registered by the Group in the first half of 2020.

ROS, which represents average operating income per unit of revenue; in this case as well, the operating loss negatively affected the value of this ratio, which is negative.

## SEGMENT REPORTING

### Economic performance by business sector

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

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

Inter-segment revenues consist of numerical controls, electrical control panels, drives and systems transferred from the electronics segment to the milling systems segment and of mechanical components and milling heads provided to the electronics segment for specific applications.

Progressive data at June (€thousand)	CNC		HSM		SERVICE		N/A	TOTAL
	2020	%	2020	%	2020	%	2020	2020
<b>Revenues</b>	<b>613</b>	<b>61.5%</b>	<b>7,914</b>	<b>100.0%</b>	<b>3,973</b>	<b>99.8%</b>	-	<b>12,500</b>
Cross-sector revenues	384	38.5%	-	0.0%	8	0.2%		
<b>Total reclassified revenues</b>	<b>997</b>	<b>100.0%</b>	<b>7,914</b>	<b>100.0%</b>	<b>3,981</b>	<b>100.0%</b>		
Changes in inventories of finished goods and W.I.P.	(47)	-4.7%	(901)	-11.4%	(36)	-0.9%	-	(984)
Raw materials and consumables	(396)	-39.7%	(2,798)	-35.4%	(296)	-7.4%	(32)	(3,522)
<b>Cross-sector expenses</b>	<b>(9)</b>	<b>-0.9%</b>	<b>(540)</b>	<b>-6.8%</b>	<b>153</b>	<b>3.8%</b>	<b>4</b>	
Commissions, transport, and contractors	(58)	-5.9%	(778)	-9.8%	(145)	-3.6%	(3)	(984)
<b>Sales margin</b>	<b>486</b>	<b>-48.7%</b>	<b>2,896</b>	<b>36.6%</b>	<b>3,658</b>	<b>91.9%</b>	<b>(31)</b>	<b>7,010</b>
Other operating revenue	92	9.2%	257	3.2%	235	5.9%	146	730
Other operating costs	(81)	-8.1%	(714)	-9.0%	(667)	-16.7%	(1,403)	(2,865)
Personnel costs	(669)	-67.1%	(2,437)	-30.8%	(2,107)	-52.9%	(1,206)	(6,418)
Depreciation, amortization, and write-downs	(127)	-12.7%	(414)	-5.2%	(90)	-2.3%	(489)	(1,121)
<b>Operating profit/(loss)</b>	<b>(299)</b>	<b>-30.0%</b>	<b>(412)</b>	<b>-5.2%</b>	<b>1,028</b>	<b>25.8%</b>	<b>(2,981)</b>	<b>(2,663)</b>

Progressive data at June (€thousand)	CNC		HSM		SERVICE		N/A	TOTAL
	2019	%	2019	%	2019	%	2019	2019
<b>Revenues</b>	<b>1,149</b>	<b>48.1%</b>	<b>13,877</b>	<b>100.0%</b>	<b>5,858</b>	<b>99.8%</b>	-	<b>20,884</b>
Cross-sector revenues	1,237	51.9%	-	0.0%	14	0.2%		
<b>Total reclassified revenues</b>	<b>2,386</b>	<b>100.0%</b>	<b>13,877</b>	<b>100.0%</b>	<b>5,872</b>	<b>100.0%</b>		
Changes in inventories of finished goods and W.I.P.	248	10.4%	2,183	15.7%	22	0.4%	-	2,453
Raw materials and consumables	(705)	-29.6%	(9,347)	-67.4%	(574)	-9.8%	(55)	(10,681)
<b>Cross-sector expenses</b>	<b>113</b>	<b>4.7%</b>	<b>(1,466)</b>	<b>-10.6%</b>	<b>104</b>	<b>1.8%</b>	<b>(2)</b>	
Commissions, transport, and contractors	(260)	-10.9%	(2,147)	-15.5%	(267)	-4.5%	(2)	(2,676)
<b>Sales margin</b>	<b>1,781</b>	<b>74.7%</b>	<b>3,100</b>	<b>22.3%</b>	<b>5,157</b>	<b>87.8%</b>	<b>(59)</b>	<b>9,980</b>
Other operating revenue	358	15.0%	299	2.2%	186	3.2%	444	1,286
Other operating costs	(220)	-9.2%	(1,296)	-9.3%	(1,137)	-19.4%	(1,724)	(4,378)
Personnel costs	(1,302)	-54.6%	(2,978)	-21.5%	(2,776)	-47.3%	(1,917)	(8,974)
Depreciation, amortization, and write-downs	(124)	-5.2%	(415)	-3.0%	(91)	-1.6%	(595)	(1,226)
<b>Operating profit/(loss)</b>	<b>492</b>	<b>20.6%</b>	<b>(1,291)</b>	<b>-9.3%</b>	<b>1,337</b>	<b>22.8%</b>	<b>(3,851)</b>	<b>(3,311)</b>



## RESEARCH & DEVELOPMENT

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R&D activities have always been one of the strengths of the Group and received substantial investment over the years. A team of 36 people, also supported by specialized consultants, is currently dedicated to R&D activities.

The costs incurred by the Group in the first half of 2020 amounted to about €0.77 million, equal to about 6.2% of revenues (€1.1 million in the first half of 2019 equal to about 5.4% of revenues), and were recorded mainly by the parent Fidia S.p.A.

Since the R&D activities are mainly carried out with internal resources, the costs are almost entirely represented by personnel expenses.

The costs capitalised amounted to approximately €74 thousand (€312 thousand in the first half of 2019).

The R&D activities allows the Group to pursue the objective of constantly adapting its products to the needs of its customers, of always being at the forefront of technological innovation in the reference product sector and of enhancing its knowledge not only in order to protect market sectors that are considered driving forces and have greater potential, but also with the objective of opening up new areas. Investment in research and development made in recent years has enabled the Group to consolidate its presence in the aerospace industry and to acquire major orders both in the field of machinery for machining moulds and equipment for the automotive sector and in the field of machinery for processing innovative and non-ferrous materials (for example, carbon fibre, titanium or clay used for modelling cars). Research covers both business lines of the Group.

In the **numerical controls and drives** sectors, the main R&D activities that characterized activities during the first half of 2020 were:

- **ViMill® – Look-ahead Virtual Milling** – The development of new releases is underway with additional functions that increasingly respond to customers' needs to interface and integrate ViMill within production process management systems. In particular, the development of a version of ViMill dedicated to the protection of machine structures and all its equipment was completed. ViMill "Machine Protection" was created to respond precisely to this need of Fidia customers who can thus rely on a simple and effective collision avoidance tool that is completely integrated with the numerical control.
- **Axis Control and CNC Functions** - During the first half of 2020, the axis control logic was further improved with the aim of improving machining times of the parts produced and usability by those who schedule and manage production, as well as the quality and accuracy of the details processed.
- **CPU-10** – The project aims to develop a new CPU board (called CPU10) in single board computer format based on a new concept of System On Chip (SoC) that integrates both multiple computing units based on ARM architecture and programmable logic. CPU10 represents a change of pace in the design of FIDIA products and is the new architectural solution that meets the growing demands of the market. The solution takes advantage of the high integration present in the new SoC families to provide better performance and products that are flexible/adaptable to the growing demands of the market.
- **Automatic Pallet Change** - The growing demand for increasingly complex and modular FMS cells has led to the creation of a new tool dedicated to the management of machining cells with automatic pallet change. The synchronisation of loading and unloading operations, the start of machining programmes and the complete management of pallets will be

centralised in a single tool that will allow a single operator to manage the entire cell from a single location.

- **HiMonitor** - SW suite designed to monitor the details of operations performed on machines equipped with FIDIA numerical control. It analyses actual machining times, downtime, and key events during machining in order to monitor and identify issues and determine the maintenance required to achieve maximum efficiency. HiMonitor is FIDIA's answer to the demand for an integrated machine monitoring tool capable of improving workshop control and managing maintenance operations more carefully and effectively. It features remote machine status control via phone, tablet, and PC. The first half of 2020 saw the introduction of new features for local monitoring, with new databases that allow the recording of more parameters without interfering with CNC-machine communication. HiMonitor is one of the solutions in line with the Industry 4.0 criteria that equip FIDIA numerical controls.

In the **high-speed milling systems** sector, the Group has continued along the path pursuing an R&D strategy centred, on the one hand, on broadening its range of machines and on searching cutting-edge solutions for processing new materials and gaining access to new sectors and fields of application and, on the other, on the consolidation of cooperation with industry partners and customers through the co-development of new production technologies.

The main projects that characterised the first half of 2020 were:

- **Series D machine pallet changing and loading system** - The D series for machining aluminium and titanium aeronautical parts can be equipped with an ad-hoc pallet changing system specially developed to make workpiece loading and unloading operations simple, efficient and fully automatic. Suitable for medium and large production volumes, the high level of automation means that it is also efficient for small batches.
- **Thermal Compensation** - The growing demand for ever greater accuracy in today's mould and die market, which requires automated machining procedures that do not allow manual adjustment steps and at the same time cannot afford to maintain temperature-controlled factories, have led to the development of dedicated packages to thermoregulate machine tools and make them insensitive to changes in ambient temperature.

Finally, in the first half of 2020 the Group continued its activities in the field of collaborative research. The first half of 2020 saw the participation of Fidia as a partner in 4 projects co-financed by the European Commission under Horizon 2020 and in a fifth project co-financed by the Piedmont Region. Furthermore, Fidia is engaged as coordinator in a sixth project, it too co-financed by the European Commission within Horizon 2020.

FIDIA is also continuing the activity of preparing new project proposals with the objective to support and consolidate the level of product and process innovation that distinguishes the Group.

An overview follows below of the areas of intervention of the 6 main projects funded in the first half of 2020.

- **BLU-SPARK** - Project started in April 2020 and coordinated by C.F.M.AIR, a company in the aerospace sector, aims to produce hybrid aircraft, using combustion and electric motors. Fidia is responsible for the development and supply of drives capable of providing the additional features related to hybridisation.
- **ZDMP** - Zero Defects Manufacturing Platform, a project launched on 1 January 2019 thanks to an investment of €19 million covered 30% by 30 partners (companies, universities and research centres) and 70% by the European Commission, with the aim of strengthening Europe's position in the production of high quality products. The project covers 48 months and the mission is to develop and establish a digital platform for the Smart Factory to support

new Zero Defect production processes for the smart and connected factories of the future, including SMEs.

- **PROGRAMS** - PROGNostics based Reliability Analysis for Maintenance Scheduling: development of a distributed and cloud-based system for machine prognostics. The objective is to reduce the overall cost of the life cycle of a machine by predicting its wear and tear conditions and by predicting and optimising the scheduling of maintenance operations.
- **HOME - Hierarchical Open Manufacturing Europe:** The HOME project wants to make available to people at the factory, in real-time, all the information needed to govern the processes while they unfold. Using the technologies linked to the Cyber Physical Systems, the Home system will serve as a support to the factory management because it will produce: real-time support for decisions, tools for interfacing with the machines and automation of the operation of the factory subsystems that do not require human intervention.
- **LaVA** - Large Volume Metrology Applications: part of the EMPIR financing framework, LaVA aims to develop a range of accurate and traceable measurement systems for use in Large Volume Metrology (LVM). In addition, the project aims to integrate these tools within a factory network and/or as a permanent part of a production system such as large machine tools, industrial robots, etc.
- **SHERLOCK** - The project aims to develop technologies for human-robot collaboration. In particular, the partners aim to combine artificial intelligence and cognitive systems for the development of exoskeletons that can improve the quality of workers and manual assembly operations that require both the high flexibility of human beings and a high dose of strength and physical endurance.

The results of these projects have significantly contributed to the definition of the Group's main lines of product development in the medium and long term.

## **INTRA-GROUP RELATIONS AND RELATIONS WITH RELATED PARTIES**

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Relations among the Group's companies are governed at market conditions, considering the nature of the goods and services provided. These relations are basically of a commercial nature.

The Meeting of the Board of Directors on 11 November 2010 drew up and approved specific internal procedures called "Guidelines and rules of conduct on "extremely significant, atypical, or unusual" transactions and with "related parties" ("Guidelines"). These procedures implement both the criteria of the Self-Discipline Code and the Regulation on related parties adopted by Consob Resolution No. 17221 of 12 March 2010 as amended by the following Consob Resolution No. 17389 of 23 June 2010.

These procedures can be found at the company website, [www.fidia.com](http://www.fidia.com), under corporate governance in the Investor Relations section.

The manufacturing of milling systems, mechanical components and electrical systems is carried out entirely by Fidia S.p.A. following the mergers in previous periods.

The foreign subsidiaries of Fidia deal with the sales and service of the Group's products in the relevant markets and for this purpose they purchase these in general directly from the Parent Company. Intra-group sales relations are carried out based on transfer pricing applied in a continuous and uniform manner between companies. Supply relations are carried out based on normal market prices.

Supply relations are carried out based on normal market prices. With regard to the joint-venture Shenyang Fidia NC & M Co. Ltd., it manufactures and sells numerical controls and milling systems designed by Fidia for the Chinese market. The strategic components are purchased from the parent company Fidia S.p.A. at normal market conditions and the remaining parts from local suppliers.

The economic and financial relations in the period between the parent company Fidia S.p.A. and its subsidiaries and associates are illustrated in Note 33 of the Notes to the Financial Statements.

Information on relations with related parties whose definition was extended according to Accounting Standard IAS 24, as required by Consob Resolution of 28 July 2006, is illustrated in the Note to the Consolidated Financial Statements and the Note to the Financial Statements, respectively.

Based on the information received from the Group companies, there were no atypical or unusual transactions as defined by Consob.

Under Article 7.2, item c) of the above-mentioned "Guidelines", it is hereby stated that in 2020 there were no transactions with related parties that can be defined as having "major relevance".

In the first half of 2020, Fidia S.p.A. signed no supply contract falling among ordinary contracts and concluded at arm's length exceeding the materiality threshold set out pursuant to Annex 3 of CONSOB Regulation 17221.

## TRENDS IN GROUP COMPANIES

A brief overview of the performance of the Group companies during the first half is provided below. Data refers to the financial statements drawn up according to IAS/IFRS international accounting standards and all companies are consolidated with the line-by-line method.

	Fidia S.p.A.	Fidia GmbH	Fidia Co.	Fidia S.a.r.l.	Fidia Iberica S.A.
Accounting currency	KEUR	KEUR	KUSD	KEUR	KEUR
Period of reference of balance-sheet information	30.06.2020	30.06.2020	30.06.2020	30.06.2020	30.06.2020
<b>ASSETS</b>					
<b>Non-current assets</b>					
- Property, plant, and equipment	9,609	637	1,411	77	239
- Intangible assets	2,525	1	12	0	1
- Investments	11,314	23	0	0	3
- Other non-current financial assets	0	0	0	0	0
- Trade receivables and other long-term receivables	163	0	2	7	1
- Pre-paid tax assets	439	50	164	16	0
<b>Total non-current assets</b>	<b>24,049</b>	<b>710</b>	<b>1,589</b>	<b>100</b>	<b>244</b>
<b>Current assets</b>					
- Inventory	10,905	153	4,340	112	168
- Trade receivables and other current receivables	8,344	1,228	3,816	249	706
- Cash and cash equivalents	157	180	662	102	114
<b>Total current assets</b>	<b>19,405</b>	<b>1,561</b>	<b>8,818</b>	<b>463</b>	<b>988</b>
<b>Total assets</b>	<b>43,455</b>	<b>2,271</b>	<b>10,407</b>	<b>564</b>	<b>1,232</b>
<b>LIABILITIES</b>					
<b>Shareholders' equity</b>					
- Share capital	5,123	520	400	300	180
- Other reserves	(1,218)	614	7,729	79	138
- Profit (loss) of the period	(2,370)	(176)	(186)	(111)	(84)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1,535</b>	<b>958</b>	<b>7,943</b>	<b>268</b>	<b>234</b>
<b>Non-current liabilities</b>					
- Other non-current payables and liabilities	316	24	0	52	0
- Termination benefits	2,086	0	0	0	0
- Deferred tax liabilities	0	132	0	0	26
- Other non-current financial liabilities	295	0	27	0	22
- Non-current financial liabilities	7,487	232	1,297	31	233
<b>Total non-current liabilities</b>	<b>10,184</b>	<b>388</b>	<b>1,324</b>	<b>83</b>	<b>281</b>
<b>Current liabilities</b>					
- Current financial liabilities	7,894	307	0	37	26
- Trade payables and other current payables	22,960	582	983	171	658
- Short-term provisions	882	36	157	4	33
<b>Total current liabilities</b>	<b>31,736</b>	<b>925</b>	<b>1,140</b>	<b>212</b>	<b>717</b>
<b>Total liabilities</b>	<b>43,455</b>	<b>2,271</b>	<b>10,407</b>	<b>564</b>	<b>1,232</b>

	Fidia S.p.A.	Fidia GmbH	Fidia Co.	Fidia S.a.r.l.	Fidia Iberica S.A.
Accounting currency	KEUR	KEUR	KUSD	KEUR	KEUR
Period of reference of balance-sheet information	30.06.2020	30.06.2020	30.06.2020	30.06.2020	30.06.2020

## INCOME STATEMENT

- Net sales	6,562	1,550	3,595	206	412
- Other revenues and income	891	107	95	7	67
<b>Total revenue</b>	<b>7,453</b>	<b>1,657</b>	<b>3,690</b>	<b>213</b>	<b>480</b>
- Changes in inventories of finished goods and					
Work in Progress	81	12	17	20	19
- Raw materials and consumables	2,811	661	2,083	72	141
- Personnel costs	3,691	592	847	151	240
- Other operating costs	2,496	355	951	95	168
- Depreciation, amortization, and write-downs	682	147	84	26	35
<b>Operating income from ordinary business</b>	<b>(2,147)</b>	<b>(87)</b>	<b>(258)</b>	<b>(110)</b>	<b>(85)</b>
- Non-recurring income/(expenses)	0	0	0	0	0
<b>Operating profit/(loss)</b>	<b>(2,147)</b>	<b>(87)</b>	<b>(258)</b>	<b>(110)</b>	<b>(85)</b>
- Finance revenue (expenses)	(217)	(7)	4	(1)	(2)
<b>Profit (loss) before taxes</b>	<b>(2,364)</b>	<b>(93)</b>	<b>(254)</b>	<b>(111)</b>	<b>(87)</b>
<b>Income tax</b>	<b>(6)</b>	<b>(83)</b>	<b>67</b>		<b>3</b>
<b>Net profit (loss) for the period</b>	<b>(2,370)</b>	<b>(177)</b>	<b>(187)</b>	<b>(111)</b>	<b>(84)</b>

	Fidia do Brasil Ltda	Beijing Fidias M.&E.Co. Ltd.	Shenyang Fidias NC&M Company Ltd
Accounting currency	KREAIS	KRMB	KRMB
Period of reference of balance-sheet information	30.06.2020	30.06.2020	30.06.2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
- Property, plant, and equipment	92	5,003	475
- Intangible assets	2	-	-
- Investments	-	-	-
- Other non-current financial assets	-	-	-
- Trade receivables and other long-term receivables	-	-	-
- Pre-paid tax assets	133	1,833	95
<b>Total non-current assets</b>	<b>227</b>	<b>6,836</b>	<b>570</b>
<b>Current assets</b>			
- Inventory	1,144	7,801	11,754
- Trade receivables and other current receivables	2,732	46,883	3,209
- Cash and cash equivalents	134	4,627	2,140
<b>Total current assets</b>	<b>4,010</b>	<b>59,311</b>	<b>17,103</b>
<b>Total assets</b>	<b>4,237</b>	<b>66,147</b>	<b>17,673</b>
<b>LIABILITIES</b>			
<b>Shareholders' equity</b>			
- Share capital	400	12,814	42,518
- Other reserves	(1,411)	21,352	(29,170)
- Profit (loss) of the period	(896)	(99)	(1,514)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>(1,907)</b>	<b>34,067</b>	<b>11,834</b>
<b>Non-current liabilities</b>			
- Other non-current payables and liabilities	-	-	-
- Termination benefits	-	-	-
- Deferred tax liabilities	-	16	-
- Other non-current financial liabilities	-	-	-
- Non-current financial liabilities	-	-	-
<b>Total non-current liabilities</b>	<b>-</b>	<b>16</b>	<b>-</b>
<b>Current liabilities</b>			
- Current financial liabilities	920	4,963	442
- Trade payables and other current payables	5,102	27,101	5,397
- Short-term provisions	122	-	0
<b>Total current liabilities</b>	<b>6,144</b>	<b>32,064</b>	<b>5,839</b>
<b>Total liabilities</b>	<b>4,237</b>	<b>66,147</b>	<b>17,673</b>

	Fidia do Brasil Ltda	Beijing Fidia M.&E. Co. Ltd.	Shenyang Fidia NC&M Company Ltd
Accounting currency	KREAIS	KRMB	KRMB
Period of reference of balance-sheet information	30.06.2020	30.06.2020	30.06.2020

### INCOME STATEMENT

- Net sales	4,919	19,469	9,615
- Other revenues and income	5	37	74
<b>Total revenue</b>	<b>4,924</b>	<b>19,506</b>	<b>9,689</b>
- Changes in inventories of finished goods and work in progress	(2,776)	-	(6,934)
- Raw materials and consumables	414	10,462	1,306
- Personnel costs	559	5,159	1,587
- Other operating costs	1,289	3,753	880
- Depreciation, amortization, and write- downs	54	726	463
<b>Operating income from ordinary business</b>	<b>(168)</b>	<b>(594)</b>	<b>(1,481)</b>
- Non-recurring income/(expenses)	-	-	-
<b>Operating profit/(loss)</b>	<b>(168)</b>	<b>(594)</b>	<b>(1,481)</b>
Finance revenue (expenses)	(745)	379	(29)
<b>Profit (loss) before taxes</b>	<b>(913)</b>	<b>(215)</b>	<b>(1,510)</b>
<b>Income tax</b>	<b>16</b>	<b>116</b>	<b>(4)</b>
<b>Net profit (loss) for the period</b>	<b>(897)</b>	<b>(99)</b>	<b>(1,514)</b>

***Reconciliation of the net result and shareholders' equity between the financial statements of Fidia S.p.A. and the same data of the interim condensed consolidated financial statements:***

(€thousand)	Shareholders' equity 31.12.2019	Other changes	Profit/(loss)	Shareholders' equity 30.06.2020
<b>Fidia S.p.A. - Statement of financial position</b>	<b>3,962</b>	<b>(57)</b>	<b>(2,370)</b>	<b>1,535</b>
<b>Consolidation adjustments:</b>				
* Elimination of carrying amount of investments	2,615	38	(938)	1,715
* Reversal of intra-group profit	(463)	-	285	(178)
* Pre-paid taxes on intra-group profit	123	-	(81)	42
* Other adjustments	8	26	1	35
<b>Share pertaining to Group</b>	<b>6,245</b>	<b>7</b>	<b>(3,103)</b>	<b>3,149</b>
Non-controlling interests	1,102	(9)	(96)	997
<b>Condensed consolidated half-year financial statements</b>	<b>7,347</b>	<b>(2)</b>	<b>(3,199)</b>	<b>4,146</b>





## **SIGNIFICANT EVENTS DURING THE FIRST HALF OF THE YEAR**

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### **Statement of financial position of Fidia S.p.A. at 31 March 2020 and resolutions pursuant to article 2446 of the Italian Civil Code**

On 29 June 2020, the Board of Directors approved the economic and financial situation of Fidia S.p.A. at 31 March 2020, which showed that the final loss for the first quarter, together with the losses accrued in previous years, resulted in a total loss of more than one third of the share capital, making the provisions of article 2446, paragraph 1, of the Italian Civil Code applicable.

Therefore, the Board of Directors, having acknowledged that one third of the share capital had been exceeded due to losses, resolved to call the Shareholders' Meeting for the appropriate measures and to submit to it the proposal to carry forward the loss. This proposal was approved by the Shareholders' Meeting on 31 July 2020.

Considering the loss recorded in the first half of the year, considering the economic and financial situation at 30 June 2020 of Fidia S.p.A., prepared solely for the purposes of the condensed interim consolidated financial statements, there is still a total loss of more than one third of the share capital. The directors are monitoring continuously the performance of shareholders' equity based on the budget and forecast for the year 2020.

### **Spread of the Covid-19 pandemic**

Starting in January 2020, the national and international scenario was characterised by the spread of the Covid-19 pandemic and the related restrictive measures implemented by the administrative and health authorities of the various countries to contain it.

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. As explained in the commentary on the results for the first half of the year, the spread of the pandemic caused a drop in demand for the Company's products in almost all reference markets, which resulted in a reduction in revenues compared with the same period of the previous year and the budget forecasts for 2020.

In this scenario, in order to partially mitigate the economic and financial impact caused by this emergency, the Group has continued its plan to reduce overheads and employees (whose benefits are measurable in the reduction of these costs in the first half of 2020), with the aim of partially amortising the drop in revenue, and will continue to implement careful inventory management and working capital containment policies, with a view to controlling financial debt, as well as implementing the initiatives described in the following paragraph.

# OUTLOOK FOR OPERATIONS, BUSINESS CONTINUITY AND SIGNIFICANT EVENTS AFTER THE END OF THE FIRST HALF OF THE YEAR

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## Business Outlook

The Group closed the half-year period with a net loss of approximately €3.2 million, mainly due to a reduction in the volume of business and decrease in new orders, following the Covid-19 pandemic that characterised the early months of 2020, which added to an already generally tense situation in some markets in which the Group operates, thus slowing down the capital expenditure demand.

There was also an increase in net financial debt, the latter amounting to €14.2 million at 30 June 2020 (of which €4.7 million in the short term) and not including overdue trade payables, mainly due to the negative cash flow for the half-year deriving from operations, partially offset by the standstill agreement reached in April 2020 with banks, which led to the suspension of the repayment of the principal of medium/long-term loans.

With particular reference to Covid-19, the spread of the virus has caused and is continuing to cause widespread concern about the prospects for the global economy. The parent company was among those that did not have to lock down as its Ateco company codes were among those whose activity was 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.

In order to maintain the economic and financial balance, specific cost reduction and containment actions continued in the first half of the year, including the activation of the solidarity contract for the Forlì site (starting from 2 January 2020; for the San Mauro Torinese site it was started in September 2019), the activation as of March of the Cassa Nazionale Covid-19, and the start of the closure of the San Secondo plant in Pinerolo, which ended in August 2020.

In assessing going concern, the directors have taken note of the following events and circumstances that may give rise to significant doubts as to the Group's ability to continue as a going concern:

- the significant loss recorded in the first half of the period 2020, also due to the effects of the Covid-19 pandemic, which had a negative impact on revenues and order backlog compared to the forecasts contained in the 2020 budget approved on 10 January 2020;
- the level of financial debt and the existence of short-term cash tensions with the consequent difficulty in paying off debts at maturity;
- the economic and financial situation of the parent Fidia S.p.A. at 31 March 2020 approved by the Board of Directors on 29 June 2020, which shows a total loss of more than one third of the share capital;
- the shareholders' equity of the parent company Fidia S.p.A. resulting from the economic and equity situation at 30 June 2020 prepared solely for the purposes of the condensed consolidated half-year financial statements, which still shows a total loss of more than one third of the share capital;
- uncertainties related to the Covid-19 pandemic and its impact on the Group's operations and the recovery in revenue.

In the light of the above, on 29 June 2020, the Board of Directors updated and approved the 2020-2024 Business Plan. This Plan, prepared also with the help of information from trade associations (UCIMU), reflects the negative impact expected from the pandemic, especially in 2020 and 2021, while forecasting an expected positive net cash flow for 2020, determined not only by the cash flow from operations, but also by the closing of a moratorium agreement on medium/long-term loans with banks and the acquisition of new financial resources.

In fact, pending the economic benefits related to the Plan's forecasts to be realised, and in order to face a year 2020 still characterised by a decrease in new orders expected for the second half of the year, the management of the Fidia Group has requested an extension until 31 December 2020 of the standstill agreement already formalised in April 2020 with the lending banks and plans to formalise the agreement in the short term, taking into account that the banks expressed their informal intention to accept the request.

The management has also filed requests to obtain new financial resources both through credit institutions (€4 million) and a subsidised loan (€0.6 million) to improve and safeguard the equity of exporting SMEs, as per Law 133/2008, paragraph 2, letter C, as amended. At the date of this report, these applications are still being examined.

The directors have identified a significant uncertainty that may give rise to significant doubts as to the company's ability to continue as a going concern, relating to the failure to meet the forecasts contained in the Plan, with particular reference to the twelve months following the date of approval of the condensed consolidated half-year financial statements, taking into account both the final results for the first half of 2020 and the fact that the moratorium agreement, though having received the banks' approval, has not yet been formalised and that the actions to obtain new financial resources are still being assessed. The continuing crisis linked to the Covid-19 pandemic is a further element of uncertainty that could negatively affect whether the Plan's forecasts are achieved and slow down the process of acquiring new financial resources.

Considering the aforementioned general landscape, by the end of the year 2020, the proposal to approve a share capital increase for an amount such as to ensure a positive net cash flow for the Company for the following 12 months will be submitted to the Shareholders' Meeting, unless the other actions undertaken are finalised before 31 December 2020 and the financial situation allows the Company to achieve a positive net cash flow for the following 12 months.

Confident in the outcome of the negotiations to obtain the required financial support, as well as in the achievement of the Plan's financial objectives, and in the light of the proposed share capital increase, while highlighting the continuing significant uncertainty that may give rise to significant doubts as to the company's ability to continue as a going concern, the condensed interim consolidated financial statements at 30 June 2020 have been prepared on a going concern basis.

## **Significant events occurring after the first half**

In July 2020, Fidia S.p.A. requested the main lenders with which it is exposed an extension of the standstill agreement signed in April 2020, aimed at obtaining a further moratorium on the payment of principal instalments due on medium-long term loans until 31 December 2020.

Between August and the beginning of September 2020, the banks questioned informally indicated their willingness to accept this request.

As mentioned above, Management has also filed requests for new financial resources. At the date of this report, these applications are still being examined.

In August 2020, the closure of the San Secondo plant in Pinerolo was finally completed.

There were no other significant events occurring after the end of the half-year that have an impact or require disclosure in the condensed interim consolidated financial statements for the period ended 30 June 2020.

**FIDIA GROUP**  
**Condensed consolidated half-year**  
**financial statements at 30 June 2020**

## CONSOLIDATED INCOME STATEMENT (\*)

(€thousand)	Notes	1st Half 2020	1st Half 2019(**)
- Net sales	1	12,500	20,884
- Other revenues and income	2	730	1,286
<b>Total revenues</b>		<b>13,230</b>	<b>22,170</b>
- Changes in inventories of finished goods and W.I.P.		(984)	2,453
- Raw materials and consumables	3	(3,522)	(10,681)
- Personnel costs	4	(6,418)	(8,974)
- Other operating costs	5	(3,849)	(7,054)
- Depreciation, amortization, and write-downs	6	(1,121)	(1,226)
<b>- Operating profit/(loss) from ordinary business</b>		<b>(2,664)</b>	<b>(3,311)</b>
- Non-recurring income/(expenses)	7	0	0
<b>Operating profit/(loss)</b>		<b>(2,664)</b>	<b>(3,311)</b>
- Financial income/(expense)	8	(446)	(322)
<b>Profit/(loss) before tax</b>		<b>(3,110)</b>	<b>(3,633)</b>
- Income tax	9	(89)	(61)
<b>Profit/(loss) for continuing operations</b>		<b>(3,199)</b>	<b>(3,695)</b>
- Profit/(loss) for discontinued operations		-	-
<b>Profit (loss) for the period</b>		<b>(3,199)</b>	<b>(3,695)</b>
<b>Profit/(loss) attributable to:</b>			
- Shareholders of parent company		(3,103)	(3,505)
- Non-controlling interests		(96)	(189)
<b>(EUR)</b>			
Earning per share	10	(0.61)	(0.68)
Diluted earnings per ordinary share	10	(0.61)	(0.68)

(\*) According to Consob Resolution No. 15519 of July 27, 2006, the effects of relations with related parties on the Consolidated Statement of Comprehensive Income are posted in the relevant Statement of Comprehensive Income Schedule illustrated below and are further defined in Note No. 33.

(\*\*) 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 COMPREHENSIVE INCOME STATEMENT

(€thousand)	Notes	1st Half 2020	1st Half 2019
<b>Profit (loss) for the period (A)</b>		<b>(3,199)</b>	<b>(3,695)</b>
Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss:			
Profit/(loss) on cash flow hedges	20	(66)	(164)
Profit(loss) on translation of financial statements of foreign companies	20	30	100
Tax effect pertaining to Other comprehensive profit/(loss) that may be reclassified in profit or loss	20	16	39
<b>Total Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss, net of tax effect (B1)</b>		<b>(20)</b>	<b>(25)</b>
Other comprehensive profit/(loss) that may not subsequently be reclassified in profit or loss:			
Net actuarial gains/(losses) on defined benefit plans	20	(11)	(81)
Tax effect pertaining to Other comprehensive profit/(loss) that may not be reclassified in profit or loss	20	3	19
<b>Total Other comprehensive profit/(loss) that may not subsequently be reclassified in profit or loss, net of tax effect (B2)</b>		<b>(8)</b>	<b>(62)</b>
<b>Total Other comprehensive profit/(loss), net of tax effect (B)=(B1)+(B2)</b>		<b>(28)</b>	<b>(87)</b>
<b>Total comprehensive profit/(loss) for the period (A)+(B)</b>		<b>(3,227)</b>	<b>(3,782)</b>
<b>Total comprehensive profit/(loss) due to:</b>			
Shareholders of the parent company		<b>(3,123)</b>	<b>(3,607)</b>



Non-controlling interests	(104)	(175)
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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(\*)

(€thousand)	Notes	30 June 2020	31 December 2019
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
- Property, plant, and equipment	11	12,457	12,827
- Intangible assets	12	2,537	2,601
- Investments	13	16	16
- Other non-current receivables and assets	14	173	181
- Pre-paid tax assets	9	958	976
<b>TOTAL NON-CURRENT ASSETS</b>		<b>16,141</b>	<b>16,601</b>
<b>CURRENT ASSETS</b>			
- Inventory	15	15,679	17,278
- Trade receivables	16	7,755	8,837
- Current tax receivables	17	385	634
- Other current receivables and assets	17	706	541
- Other current financial receivables	18	-	-
- Cash and cash equivalents	19	2,021	4,102
<b>TOTAL CURRENT ASSETS</b>		<b>26,546</b>	<b>31,392</b>
<b>TOTAL ASSETS</b>		<b>42,687</b>	<b>47,993</b>
<b>LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
- Share capital and reserves attributable to shareholders of parent company		3,149	6,245
- Non-controlling interests		997	1,102
<b>TOTAL CONSOLIDATED SHAREHOLDERS' EQUITY</b>	20	<b>4,146</b>	<b>7,347</b>
<b>NON-CURRENT LIABILITIES</b>			
- Other non-current payables and liabilities	21	392	326
- Termination benefits	22	2,086	2,159
- Deferred tax liabilities	9	161	97
- Provisions for risks and charges	28	46	79
- Other non-current financial liabilities	23	295	230
- Non-current financial liabilities	24	9,142	6,790
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>12,122</b>	<b>9,681</b>
<b>CURRENT LIABILITIES</b>			
- Current financial liabilities	24	6,738	9,716
- Other current financial liabilities	25		
- Trade payables	26	10,126	11,399
- Current tax payables	27	1,127	961
- Other current payables and liabilities:	27	7,312	7,616
- Provisions for risks and expenses	28	1,116	1,273
<b>TOTAL CURRENT LIABILITIES</b>		<b>26,419</b>	<b>30,965</b>
<b>TOTAL LIABILITIES</b>		<b>42,687</b>	<b>47,993</b>

(\*) According to Consob Resolution No. 15519 of 27 July 2006, the effects of related party transactions on the Consolidated Statement of Financial Position are posted in the relevant schedule of Statement of Financial Position illustrated below and are further defined in Note No. 33.

## CONSOLIDATED STATEMENT OF CASH FLOWS

(\*)

(€thousand)	1st Half 2020	1st Half 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	(3,199)	(3,695)
- Depreciation, amortization, and write-downs of tangible fixed assets	1,072	1,173
- Net loss (gain) on disposal of tangible assets	(11)	(22)
- Net change in provision for termination benefits	(73)	48
- Net change in provisions for risks and charges	(190)	(369)
- Net change (assets) liabilities for (pre-paid) deferred taxes	81	(41)
Net change in working capital:		
- receivables	1,174	2,696
- inventory	1,599	(2,022)
- payables (**)	(1,344)	(419)
	<b>(891)</b>	<b>(2,651)</b>
<b>C) Cash from/(used in) investing activities</b>		
- Investments in		
property, plant, and equipment	(541)	(247)
intangible fixed assets	(84)	(275)
- Proceeds from the sale of:		
property, plant, and equipment	(14)	106
non-current financial assets		
	<b>(639)</b>	<b>(416)</b>
<b>D) Cash from/(used in) financing activities</b>		
- Net change in loans (***)	150	(368)
- Loan repayments	-	-
- Dividends paid	-	-
- Changes in capital and reserves	(39)	(169)
- Net change in other current and non-current financial assets and liabilities	65	(360)
	<b>176</b>	<b>(897)</b>
Currency translation differences	48	72
<b>E) Net change in cash and cash equivalents</b>	<b>(1,306)</b>	<b>(3,892)</b>
<b>F) Cash and cash equivalents at end of period</b>	<b>(125)</b>	<b>(700)</b>
Breakdown of cash and cash equivalents:		
Cash and cash equivalents	2,021	3,186
Overdrawn bank accounts	(2,146)	(3,886)
	<b>(125)</b>	<b>(700)</b>

(\*) According to Consob Resolution No. 15519 of 27 July 2006, the effects of relations with related parties on the Consolidated Statement of Cash Flows are posted in the relevant Statement of Cash Flows Schedule illustrated below.

(\*\*) of which €10 thousand in taxes paid

(\*\*\*) of which €219 thousand in interest paid

## OVERVIEW OF CHANGES IN SHAREHOLDERS' EQUITY

(€thousand)	Share capital	Own shares	Capital reserves	Retained earnings	Cash flow hedge reserve	Translation reserve	Reserve for actuarial profit/loss	Other reserves	Result for the period	Total equity of Group	Non-controlling interests	Total shareholders' equity
<b>Balance at 1 January 2019</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	-	-	-	-	-	-	-	-	-	-	-	-
Comprehensive result for the period	-	-	-	-	(125)	86	(62)	-	(3,505)	(3,607)	(175)	(3,782)
Other changes	-	-	-	4	-	-	-	-	-	4	(1)	3
<b>Balance at 30 June 2019</b>	<b>5,123</b>	<b>(45)</b>	<b>1,240</b>	<b>2,299</b>	<b>(188)</b>	<b>1,754</b>	<b>(168)</b>	<b>213</b>	<b>(3,505)</b>	<b>6,722</b>	<b>1,460</b>	<b>8,182</b>
<b>Balance at 1 January 2020</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	-	-	-	-	-	-	-	-	-	-	-	-
Comprehensive result for the period	-	-	-	-	(50)	38	(8)	-	(3,103)	(3,123)	(105)	(3,228)
Other changes	-	-	-	27	-	-	-	-	-	27	-	27
<b>Balance at 30 June 2020</b>	<b>5,123</b>	<b>(45)</b>	<b>1,240</b>	<b>1,779</b>	<b>(221)</b>	<b>1,880</b>	<b>(159)</b>	<b>213</b>	<b>(3,103)</b>	<b>3,149</b>	<b>997</b>	<b>4,146</b>

# CONSOLIDATED INCOME STATEMENT

pursuant to CONSOB Resolution No. 15519 of 27 July 2006

(€thousand)	Notes	1st Half 2020	Of which related parties	1st Half 2019 (*)	Of which related parties
- Net sales	1	12,500		20,884	
- Other revenues and income	2	730	5	1,286	
<b>Total revenues</b>		<b>13,230</b>		<b>22,170</b>	
- Changes in inventories of finished goods and W.I.P.		(984)		2,453	
- Raw materials and consumables	3	(3,522)		(10,681)	
- Personnel costs	4	(6,418)	(355)	(8,974)	(442)
- Other operating costs	5	(3,849)	(46)	(7,054)	(93)
- Depreciation, amortization, and write-downs	6	(1,121)		(1,226)	
<b>- Operating profit/(loss) from ordinary business</b>		<b>(2,664)</b>		<b>(3,311)</b>	
- Non-recurring income/(expenses)	7	0		-	
<b>Operating profit/(loss)</b>		<b>(2,664)</b>		<b>(3,311)</b>	
- Financial income/(expense)	8	(446)		(322)	
<b>Profit/(loss) before tax</b>		<b>(3,110)</b>		<b>(3,633)</b>	
- Income tax	9	(89)		(62)	
<b>Profit/(loss) for continuing operations</b>		<b>(3,199)</b>		<b>(3,695)</b>	
- Profit/(loss) for discontinued operations		-		-	
<b>Profit (loss) for the period</b>		<b>(3,199)</b>		<b>(3,695)</b>	
<b>Profit/(loss) attributable to:</b>					
- Shareholders of parent company		<b>(3,103)</b>		<b>(3,506)</b>	
- Non-controlling interests		<b>(96)</b>		<b>(189)</b>	
(EUR)					
Earning per share	10	(0.61)		(0.68)	
Diluted earnings per ordinary share	10	(0.61)		(0.68)	

(\*) 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

pursuant to CONSOB Resolution No. 15519 of 27 July 2006

(€thousand)	Notes	30 June 2020	Of which related parties	31 December 2019	Of which related parties
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
- Property, plant, and equipment	11	12,457		12,827	
- Intangible assets	12	2,537		2,601	
- Investments	13	16		16	
- Other non-current receivables and assets	14	173		181	
- Pre-paid tax assets	9	958		976	
<b>TOTAL NON-CURRENT ASSETS</b>		<b>16,141</b>		<b>16,601</b>	
<b>CURRENT ASSETS</b>					
- Inventory	15	15,679		17,278	
- Trade receivables	16	7,755	5	8,837	-
- Current tax receivables	17	385		634	
- Other current receivables and assets	17	706	5	541	18
- Other current financial receivables	18	-		-	
- Cash and cash equivalents	19	2,021		4,102	
<b>TOTAL CURRENT ASSETS</b>		<b>26,546</b>		<b>31,392</b>	
<b>TOTAL ASSETS</b>		<b>42,687</b>		<b>47,993</b>	
<b>LIABILITIES</b>					
<b>SHAREHOLDERS' EQUITY</b>					
- Share capital and reserves attributable to shareholders of parent company		3,149		6,245	
- Non-controlling interests		997		1,102	
<b>TOTAL CONSOLIDATED SHAREHOLDERS' EQUITY</b>	20	<b>4,146</b>		<b>7,347</b>	
<b>NON-CURRENT LIABILITIES</b>					
- Other non-current payables and liabilities	21	392		326	
- Termination benefits	22	2,086		2,159	
- Deferred tax liabilities	9	161		97	
- Provisions for risks and expenses	28	46		79	
- Other non-current financial liabilities	23	295		230	
- Non-current financial liabilities	24	9,142		6,790	
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>12,122</b>		<b>9,681</b>	
<b>CURRENT LIABILITIES</b>					
- Current financial liabilities	24	6,738		9,716	
- Other current financial liabilities	25			-	

- Trade payables	26	10,126	2	11,399	2
- Current tax payables	27	1,127		961	
- Other current payables and liabilities:	27	7,312	137	7,616	96
- Provisions for risks and expenses	28	1,116		1,273	
<b>TOTAL CURRENT LIABILITIES</b>		<b>26,419</b>		<b>30,965</b>	
<b>TOTAL LIABILITIES</b>		<b>42,687</b>		<b>47,993</b>	

## CONSOLIDATED STATEMENT OF CASH FLOWS

pursuant to CONSOB Resolution No. 15519 of 27 July 2006

(€thousand)	1st Half 2020	Of which related parties	1st Half 2019	Of which related parties
<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	(3,199)		(3,695)	
- Depreciation, amortization, and write-downs of tangible fixed assets	1,072		1,173	
- Net losses (gains) on transfers of tangible fixed assets	(11)		(22)	
- Net change in provision for termination benefits	(73)		48	
- Net change in provisions for risks and charges	(190)		(369)	
- Net change (assets) liabilities for (pre-paid) deferred taxes	81		(41)	
Net change in working capital:				
- receivables	1,174	8	2,696	13
- inventory	1,599		(2,022)	
- payables	(1,344)	(41)	(419)	(20)
	<b>(891)</b>		<b>(2,651)</b>	
<b>C) Cash from/(used in) investing activities</b>				
- Investments in				
property, plant, and equipment	(541)		(247)	
intangible fixed assets	(84)		(275)	
- Proceeds from the sale of:				
property, plant, and equipment	(14)		106	
non-current financial assets				
	<b>(639)</b>		<b>(416)</b>	
<b>D) Cash from/(used in) financing activities</b>				
- Net change in loans	150		(368)	
- Dividends paid	-			
- Change in capital and reserves	(39)		(169)	
- Net change in other current and non-current financial assets and liabilities	65		(360)	
	<b>176</b>		<b>(897)</b>	
Currency translation differences	48		72	
<b>E) Net change in cash and cash equivalents</b>	<b>(1,306)</b>		<b>(3,892)</b>	
<b>F) Cash and cash equivalents at end of period</b>	<b>(125)</b>		<b>(700)</b>	



Breakdown of cash and cash equivalents:		
Cash and cash equivalents	2,021	3,186
Overdrawn bank accounts	(2,146)	(3,886)
	<b>(125)</b>	<b>(700)</b>

(\*) of which €10 thousand in taxes paid

(\*\*) of which €219 thousand in interest paid

## NOTES

### SIGNIFICANT ACCOUNTING STANDARDS

these Condensed Consolidated Half-Year Financial Statements at 30 June 2020 have 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 Half-Year Consolidated 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 based on management’s best judgment at the date of these Condensed Consolidated Half-Year Financial Statements, 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.

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 based on 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 hit all of the areas where the Group operates.

These Condensed Consolidated Half-Year Financial Statements do 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 29 of the Notes to the Financial Statements, entitled "Information on financial risks."

## Going concern

As extensively discussed in the section "Business outlook and going concern," the condensed consolidated half-year financial statements at 30 June 2020 were prepared on the assumption that the business will continue as a going concern, as the directors reasonably expect that the Fidia Group will continue to operate in the foreseeable future, although there are still uncertainties about the following events and circumstances that may give rise to significant doubts about the Group's ability to continue its business:

- the significant loss recorded in the first half of the period 2020, also due to the effects of the Covid-19 pandemic, which had a negative impact on revenues and order backlog compared to the forecasts contained in the 2020 budget approved on 10 January 2020;
- the level of financial debt and the existence of short-term cash tensions with the consequent difficulty in paying off debts at maturity;
- the economic and financial situation of the parent Fidia S.p.A. at 31 March 2020 approved by the Board of Directors on 29 June 2020, which shows a total loss of more than one third of the share capital;
- the shareholders' equity of the parent company Fidia S.p.A. resulting from the economic and equity situation at 30 June 2020 prepared solely for the purposes of the condensed consolidated half-year financial statements, which still shows a total loss of more than one third of the share capital;
- uncertainties related to the Covid-19 pandemic and its impact on the Group's operations and the recovery in revenue.

In particular, the following factors were taken into account which, at this stage, are deemed to support the prospect of going concern for the Group:

- the main risks and uncertainties to which the Group is exposed and for which reference should be made to the information contained in the section "Business Outlook and Going Concern" in the Directors' Report on Operations;
- the identification, analysis, objectives and management policy of financial risks (market risk, credit risk and liquidity risk), already reported in Note 29 "Information on financial risks" of the Consolidated Financial Statements of the Fidia Group at 31 December 2019, to which reference should be made for a detailed description;
- the approval by the Board of Directors on 29 June 2020 of the 2020-2024 Business Plan, which updated the forecasts previously prepared and approved by the Board in January 2020 and which provides for a positive net cash flow for the year 2020;
- the proposed capital increase. Considering the aforementioned general landscape, by the end of the year 2020, a capital increase proposal for an amount such as to ensure a

positive net cash flow for the Company in the next 12 months will be submitted to the Shareholders' Meeting, unless the other actions undertaken are finalised before 31 December 2020 and the financial situation allows the Company to achieve a positive net cash flow for the following 12 months.

Confident in the outcome of the negotiations to obtain the required financial support, as well as in the achievement of the Plan's financial objectives, and in the light of the proposed share capital increase, while highlighting the continuing significant uncertainty that may give rise to doubts as to the company's ability to continue as a going concern, the condensed interim consolidated financial statements at 30 June 2020 have been prepared on a going concern basis.

## **Financial Statements**

The Group presents the statement of comprehensive income by nature of expenditure, which is deemed more representative compared to so-called presentation by function. The form chosen complies with the internal reporting and business management methods. Within said statement of comprehensive income by nature, under the profit/(loss), a specific distinction has been made between profit/(loss) of ordinary business and those charges and earnings that are the result of non-recurrent transactions in ordinary business management, such as the restructuring expenses and any other atypical revenues/(charges), as these can be treated like the former. It is deemed that this allows for a better measurement of the actual performance of the normal business management, it being understood that any atypical expenses and earnings are specified in detail

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

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

## **Accounting principles, amendments and interpretations adopted from 1 January 2020**

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

### **IFRS 3 - Definition of a business**

The amendments to IFRS 3 clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. In addition, it was made clear that a business

can exist without including all the inputs and processes needed to create an output. These amendments had no impact on the Group's consolidated financial statements.

### **IAS 1 and IAS 8 - Definition of material**

The amendments provide a new definition of materiality that states that Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Materiality depends on the nature or extent of the information, or both. An entity assesses whether the information, individually or in combination with other information, is material in the context of the financial statements as a whole.

Information is obscured if it is disclosed in such a way as to have, for the primary users of the financial statements, a similar effect to omission or misstatement of the same information.

These amendments had no impact on the Group's consolidated financial statements.

### **IFRS 7, IFRS 9 and IAS 39 - Interest Rate Benchmark Reform**

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of expedients, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform generates uncertainties about the timing and/or amount of cash flows based on benchmarks of the hedged item or hedging instrument. These amendments had no impact on the Group's consolidated financial statements.

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

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

- Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract," aimed at clarifying how to determine whether a contract is onerous.
- Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use," aimed at defining that the revenues from the sale of goods produced by an asset, before it is ready for its intended use, are charged to profit or loss together with the related production costs.
- Modification of references to the IFRS Conceptual Framework in current standards to align quotations and references to the document itself in an updated version.
- IFRS 17 "Insurance Contracts," issued on 18 May 2017, the standard, applicable as from 1 January 2021, regulates the accounting treatment of insurance contracts issued and reinsurance contracts held.
- "Covid-19 Related Rent Concessions (Amendment to IFRS 16)": the amendments give lessees the option to account for the reductions in rents connected with Covid-19 without having to assess, through an analysis of the contracts, whether the definition of lease changes pursuant to IFRS 16 is respected.

- "Amendments to IAS 1 Presentation of Financial Statements: classification of liabilities as current or non-current": clarifies the requirements for the classification of liabilities as "current" or "non-current".

Any impact of the new standards/interpretations on the Group's consolidated financial statements is still being assessed.

## Scope of consolidation

The Group Consolidated Financial Statements at 30 June 2020 include Fidia S.p.A. and 8 consolidated subsidiaries, of which Fidia S.p.A. directly holds most votes and over which it has control.

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 30/6/2020	Equity interest at 31/12/2019	Equity interest at 30/6/2019
Fidia SpA, S. Mauro T.se - Italy	EUR	5,123,000	100%	100%	100%
Fidia GmbH, Dreieich - Germany	EUR	520,000	100%	100%	100%
Fidia Co, Rochester Hills (USA)	USD	400,000	100%	100%	100%
Fidia Sarl, Emerainville – France	EUR	300,000	100%	100%	100%
Fidia Iberica S.A., Zamudio - Spain	EUR	180,300	99.993%	99.993%	99.993%
Fidia do Brasil Ltda, Sao Paulo – Brazil	Reals	400,843	99.75%	99.75%	99.75%
Beijing Fidia M&E Co Ltd., Beijing - China	USD	1,500,000	100%	100%	96%
Shenyang Fidia NC & Machine Company Ltd., Shenyang – China	Rmb	42,517,648	51%	51%	51%
OOO Fidia, Moscow – Russian Federation	Rouble	3,599,790	100%	100%	100%

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

It should also be noted that Fidia Sarl is 100% subsidiary of the parent company Fidia SpA (directly through its 93.19% interest and indirectly through its 6.81% interest held in Fidia GmbH).

## OTHER INFORMATION

The condensed consolidated half-year financial statements at 30 June 2020 were approved by the Board of Directors on 11 September 2020, which authorized their publication on the same date.

# CONTENT AND MAIN CHANGES

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## INCOME STATEMENT

### 1. NET SALES

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

(€thousand)	1st Half 2020	%	1st Half 2019	%	% Chg
Numerical controls, drives and software	613	4.9%	1,149	5.5%	-46.6%
High-speed milling systems	7,914	63.3%	13,877	66.4%	-43.0%
After-sales service	3,973	31.8%	5,858	28.1%	-32.2%
<b>Grand total</b>	<b>12,500</b>	<b>100%</b>	<b>20,884</b>	<b>100%</b>	<b>-40.1%</b>

### 2. OTHER REVENUES AND INCOME

Other revenues and earnings in the first half of 2020 were equal to €730 thousand (€1,598 thousand in the same period of 2019).

This item mainly 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. (€129 thousand at 30 June 2020; €262 thousand at 30 June 2019). Applied and basic research and development activities are a structural component and are carried out on an ongoing basis by Fidia S.p.A.;
- capital gains from transfers (€11 thousand at 30 December 2020; €22 thousand at 30 June 2019);
- the reabsorption of the warranty provision (€288 thousand at 30 June 2020; €417 thousand at 30 June 2019);
- damages from insurance companies, recovery of costs incurred, contingent assets, and others (€302 thousand at 30 June 2020; €584 thousand at 30 June 2019).

### 3. RAW MATERIALS AND OTHER CONSUMABLES

These are:

(€thousand)	1st Half 2020	1st Half 2019
Production materials	2,840	9,173
Service materials	310	727
Consumables	23	45
Equipment and software	1	11

Packaging	82	328
Others	40	35
Change in inventory raw materials and consumables	226	362
<b>Total</b>	<b>3,522</b>	<b>10,681</b>

In the first half of 2020, consumption of raw materials and other consumables, amounting to €3,522 thousand, decreased sharply compared with the same period of the previous year (€10,681 thousand), due to lower revenues realised. The percentage of revenues remains substantially unchanged, considering the reduction of this item in line with the trend of the change in inventories of raw materials.

#### 4. PERSONNEL COSTS

Personnel costs show a decrease of €2,868 thousand compared to the first half of 2019 (-28.50%) and amounted to €6,418 thousand against €8,974 thousand in the corresponding period of 2019.

From an analytical point of view, they are composed as follows:

(€thousand)	1st Half 2020	1st Half 2019
Wages and salaries	4,937	6,768
Social security charges	1,284	1,843
TFR	196	226
Other personnel expenses	1	137
<b>Total</b>	<b>6,418</b>	<b>8,974</b>

The percentage of personnel costs compared with revenues increased year over year due to decreased business and related decreased absorption of fixed costs.

However, in January 2020, the solidarity contract for the Forlì plant went into effect, in line with the cost containment actions undertaken by Management to tackle the current situation of reduced demand, and the Covid-19 National Fund was activated in March for all the Company's plants and offices.

Changes in the headcount during the first half of 2020, broken down by category, are shown below:

	30/6/2019	31/12/2019	Inbound	Outbound	Change	30/6/2020	Period average
Executives	13	12	-	1	-	11	11.0
Clerks and cadres	260	251	-	(21)	-	230	235.0
Workers	51	50	-	(2)	-	48	48.0
<b>Total</b>	<b>324</b>	<b>313</b>	<b>-</b>	<b>(24)</b>	<b>0</b>	<b>289</b>	<b>294.0</b>



## 5. OTHER OPERATING COSTS

Other operating costs are detailed as follows:

(€thousand)	1st Half 2020	1st Half 2019
Contractors	437	1,460
Bonuses and commissions	180	333
Production costs	1,198	2,521
Commercial expenses	107	488
Research & Development	72	150
Overheads and administrative expenses	1,855	2,102
<b>Total</b>	<b>3,849</b>	<b>7,054</b>

Other operating costs amounted to €3,849 thousand and are therefore down by approximately €3,205 thousand compared to the first half of 2019.

The decrease year over year was due to lower costs linked to the production and technical areas and to a lower use of outsourcing; this spending has been reduced due to the slowdown in production levels. There was also a reduction in the allocation to the warranty fund linked to the reduction in sales volume and all overheads thanks also to the stringent cost containment policy adopted to cope with the reduction in revenue.

## 6. DEPRECIATION, AMORTIZATION AND WRITEDOWNS

(€thousand)	1st Half 2020	1st Half 2019
Amortization of property, plant, and equipment	925	1,021
Amortization of intangible fixed assets	147	152
Bad debts provision	49	53
<b>Total</b>	<b>1,121</b>	<b>1,226</b>

During the first half, approximately €49 thousand of trade receivables were written down by the parent company and its subsidiaries.

Amortisation and depreciation of tangible and intangible fixed assets decreased by €101 thousand.

## 7. NON-RECURRING REVENUE AND CHARGES

There are no non-recurring revenue and charges in the first half of 2020, as in the first half of 2019.

## 8. FINANCE REVENUE (EXPENSES)

Finance revenue and expenses consist of:

(€thousand)	1st Half 2020	1st Half 2019
Finance revenue	15	19
Borrowing costs	(321)	(316)
Net profit (loss) on derivatives	1	0
Profit (loss) from foreign currency transactions	(141)	(25)
<b>Total</b>	<b>(446)</b>	<b>(322)</b>

Finance revenue consists of:

(€thousand)	1st Half 2020	1st Half 2019
Interests received from banks	7	4
Interests and commercial discounts	-	1
Other financial revenue	8	14
<b>Total</b>	<b>15</b>	<b>19</b>

Finance expenses consist of:

(€thousand)	1st Half 2020	1st Half 2019
Interests paid on short-term borrowings from banks	(49)	(55)
Interests paid on medium/long-term borrowings from banks	(31)	(47)
Interests paid on payables to leasing companies	(170)	(161)
Borrowing costs on termination benefits	(24)	(11)
Other borrowing costs	(47)	(44)
<b>Total</b>	<b>(321)</b>	<b>(316)</b>

Net profit (loss) on derivatives consist of:

(€thousand)	1st Half 2020	1st Half 2019
Loss on derivatives due to fair value adjustment		
- fair value adjustment on IRS and IRC contracts	0	0
- fair value adjustment on forward contracts	0	0
Profit on derivatives due to fair value adjustment		
- fair value adjustment on IRS and IRC contracts	1	0
- fair value adjustment on forward contracts	0	0
<b>Total</b>	<b>1</b>	<b>0</b>

Expenses and income from derivative instruments include the fair value measurement of four 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 Half 2020	1st Half 2019
Realised exchange gains	150	128
Unrealised exchange gains	3	8
Realised exchange losses	(271)	(142)
Unrealised exchange losses	(23)	(18)
<b>Total</b>	<b>(141)</b>	<b>(25)</b>

## 9. INCOME TAX

The following table shows the taxes allocated in the Consolidated Income Statement:

(€thousand)	1st Half 2020	1st Half 2019
Current taxes		
IRES (Italian Corporate Income Tax)	-	-
IRAP (Italian Regional Tax on Production Activities)	-	-
Income tax of foreign subsidiaries	7	79
<b>Total current taxes</b>	<b>7</b>	<b>79</b>
Pre-paid taxes absorbed	18	-
Deferred tax assets	-	(19)
Deferred taxes	64	1
Deferred taxes absorbed	-	-
<b>Total</b>	<b>89</b>	<b>61</b>

Current taxes at 30 June 2020 were zero for the parent company, which reported a tax loss for both IRES and IRAP purposes, and €7 thousand for foreign subsidiaries.

At 30 June 2020, the net balance between prepaid taxes and deferred tax liabilities incurred by the individual consolidated companies is made up as follows:

(€thousand)	30 June 2020	31 December 2019
Deferred tax assets	958	976
Deferred tax liabilities	(161)	(97)
<b>Total</b>	<b>797</b>	<b>879</b>

Deferred tax assets amounted to €958 thousand, down slightly from the year-end figure. Assets for pre-paid taxes were allocated by every Group company by critically evaluating the subsistence of the prerequisites for future recoverability of said assets based on updated tax plans.

## 10. EARNING PER SHARE

At 30 June 2020, the share capital of Fidia S.p.A. consisted of 5,123,000 ordinary shares with the same rights at the time of distribution of profits and is unchanged with respect to paragraph 20 of the Consolidated Financial Statements at 31 December 2019.

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

		1st Half 2020	1st Half 2019
Net earnings pertaining to Group	€thousand	(3,103)	(3,505)
Profit/(loss) of ordinary shares	€thousand	(3,103)	(3,505)
Number of circulating ordinary shares	number	5,113,000	5,113,000
Base earnings per share	EUR	(0.61)	(0.69)
Diluted earnings per share	EUR	(0.61)	(0.69)

No difference has been recorded between the base earnings per share and diluted result per share as Fidia S.p.A. does not have any equity instruments with dilutive effects.

## STATEMENT OF FINANCIAL POSITION

### 11. PROPERTY, PLANT AND EQUIPMENT

The table below shows the changes in property, plant, and equipment during the first half of 2020:

(€thousand)	Land and buildings	Total plant, machinery, and equipment	Other assets	Assets under construction 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>
Increases and acquisitions	483	11	68	-	<b>562</b>
Reclassifications/transfers	-	-	-	-	-
Decreases and disposals	(2)	-	(1)	-	<b>(3)</b>
Depreciation	(540)	(152)	(233)	-	<b>(925)</b>
(Write-downs)/Write-backs	-	-	-	-	-
Exchange rate gain/(loss)	(4)	(3)	1	2	<b>(4)</b>
<b>Net carrying amount at 30/6/2020</b>	<b>10,884</b>	<b>634</b>	<b>936</b>	<b>5</b>	<b>12,457</b>
<b><i>Of which rights of use:</i></b>					
<i>Lease pursuant to IAS 17 at 31/12/2019</i>	6,447	251	127	-	<b>6,825</b>
<i>IFRS 16 at 31/12/2019</i>	1,851	-	397	-	<b>2,248</b>
<i>Increases</i>	473	-	57	-	<b>530</b>
<i>Decreases</i>	(2)	-	(1)	-	<b>(3)</b>
<i>Depreciation</i>	(476)	(80)	(148)	-	<b>(704)</b>
<i>Exchange rate gain/(loss)</i>	-	-	-	-	-
<b>Net carrying amount at 30/6/2020</b>	<b>8,293</b>	<b>171</b>	<b>432</b>	<b>-</b>	<b>8,896</b>

Capital expenditure made in the first half of 2020 amounted to approximately €32 thousand. The remaining part of the item Increases mainly consists of rights of use following the renewal of commitments relating to real estate, with the consequent stipulation of new lease contracts, and to some vehicle lease contracts.

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

At 30 June 2020, there were no assets encumbered by guarantees or other constraints that could limit their full availability.

#### **Recoverable value of non-current assets**

The management periodically revises the carrying amount of the non-current assets held and used and of the assets that must be divested when facts or circumstances call for said revision.

When the carrying amount of a non-current asset registers a loss in value, the Group states a write-down for the excess amount between the carrying amount of the asset and the recoverable value through its use or sale.

The losses recorded in the last 3 financial years and in the ending half-year period, the crisis in some markets where the Group has significant volumes, the level of debt and the spread of the Covid-19 pandemic were considered indicators of impairment and an impairment test was therefore carried out on the value of the Fidia Group's non-current assets at 30 June 2020.

In accordance with IAS 36, management has identified the "Fidia Group" CGU as the smallest identifiable group of assets that generates cash inflows that are largely independent of cash inflows generated by other assets or groups of assets. In fact, although for the purposes of segment reporting, 3 business segments (HSM, CNC, Service) have been identified, given the close interdependence between them, the smallest cash generating unit is the Group as a whole.

At 30 June 2020, the recoverable amount of the "Fidia Group" CGU was tested for impairment in order to verify the existence of any impairment losses, by comparing the carrying amount of the unit (the net invested capital of the CGU) and the value in use, i.e., the present value of expected future cash flows that are expected to arise from its continued use and disposal at the end of its useful life.

The value in use was determined by discounting back the cash flows in the Group's business plan, approved by the Board of Directors of Fidia SpA in June 2020 and covering the period 2020-2024 (2020 is the budget year). The assumptions used in forecasting cash flows for the explicit forecast period were based on prudent assumptions and using future realistic and achievable expectations. In order to determine the value in use of the CGU, the discounted cash flows of years of explicit forecast plus a terminal value were taken into account; the latter value was determined by using the criterion of discounting the perpetuity. The (post-tax) discount rate applied to prospective cash flows is equal to 6.25% for 2020, 6.45% for 2021, 6.65% for 2022, 6.85% for 2023, 7.05% for 2024 and 7.25% for the terminal value, calculated taking into account the sector in which the CGU operates, the countries in which the CGU expects to achieve the planned results, the debt structure when fully operational and the current economic situation. For cash flows after the explicit projection period, a prudential growth rate of 0% was assumed.

The determination of the value in use according to the process illustrated led to a recoverable amount higher than the carrying amount of the cash generating unit, allowing no reduction in the value of assets at 30 June 2020.

Compared to the basic assumptions just described, a sensitivity analysis on the results was also carried out compared to the WACC. In particular, even with increases in the cost of capital, the values in use do not show impairment losses. In fact, the WACC that would make the recoverable amount of the CGU equal to its carrying amount would be equal to the discount rates used in the base case, each increased by 125 bps.

Sensitivity analyses were also carried out with forecast results that were lower than the expectations in the 2020-2024 plan: if the last year of the 2024 plan aligned to 2023 were considered, no impairment losses would emerge. Even considering a more conservative scenario for the years 2020 and 2021 to take into account the uncertainties on volumes related to the Covid-19 pandemic, no impairment losses emerge.

At the end of the test at 30 June 2020, the CGU's value in use was greater than its carrying amount of €4 million.

## **12. INTANGIBLE FIXED ASSETS**

The table below shows the changes in intangible fixed assets during the first half of 2020:

(€thousand)	Development costs	Licenses	Software	Assets under development	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	-	-	9	74	<b>83</b>
Reclassifications/transfers					-
Depreciation	(139)	(2)	(6)		<b>(147)</b>
Exchange rate gain/(loss)					<b>0</b>
<b>Closing net carrying amount at 30/6/2020</b>	<b>737</b>	<b>4</b>	<b>29</b>	<b>1,768</b>	<b>2,537</b>

Increases in the first half of 2020 amounted to €83 thousand and mainly refer to development costs incurred and capitalized (€74 thousand) not yet amortised as not yet completed and therefore the projects to which they refer have not started yet to produce the related benefits.

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

With reference to the recoverability of this item in the financial statements and the considerations regarding the impairment test carried out at 30 June 2020, please refer to the previous section "Recoverable amount of non-current assets."

### 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 noncurrent receivables and assets are detailed below:

(€thousand)	Balance 30 June 2020	Balance 31 December 2019
Grants for research projects	27	-
Security deposits	11	11
Non-recurring trade receivables	-	-
Receivables for foreign VAT	12	13
Withholding tax on foreign income	107	135
Multi-year pre-paid expenses	16	21
Other non-current receivables	-	1
<b>Total</b>	<b>173</b>	<b>181</b>

The decrease of €8 thousand compared to the balance at 31 December 2019 is due to normal transactions related to the business.

Withholding tax receivables on foreign income consist of receivables claimed by Fidia S.p.A. with tax authorities for final withholding tax on wages for technical training activities carried out by the parent company on behalf of the subsidiary Shenyang Fidia NC&M Co. Ltd. in prior periods. These receivables are recoverable through the realisation of taxable income such as to allow an excess of Italian tax over foreign tax within a maximum of eight years.

During the first half of the year, the portion of this receivable considered non-recoverable (€30 thousand) was written down.

## 15. INVENTORY

The breakdown of the item is illustrated in the following table:

(€thousand)	Balance 30 June 2020	Balance 31 December 2019
Raw materials	10,692	10,817
Provisions for raw materials depreciation	(2,667)	(2,538)
	<b>8,025</b>	<b>8,279</b>
<b>Semi-finished products and work in progress</b>	<b>4,214</b>	<b>4,621</b>
Finished products and goods for resale	3,890	4,621
Provisions for depreciation finished products	(609)	(604)
	<b>3,281</b>	<b>4,017</b>
<b>Advances</b>	<b>159</b>	<b>361</b>
	<b>15,679</b>	<b>17,278</b>
<b>Net value</b>	<b>15,679</b>	<b>17,278</b>

Inventory at the end of the first half of the year was approximately €1,599 thousand lower than at 31 December 2019. The decrease is mainly due to the lower inventory of finished products.

The provisions for depreciation equivalent to €3,276 thousand (€3,142 thousand at 31 December 2019) were reported to hedge the non-utilisation of some components in period under consideration; these phenomena result, in particular, from the need to ensure customers that spare parts are available for servicing even beyond the period of ordinary marketability of the components.

Below follows the detail of the changes in the provisions for raw materials and finished products depreciation in the first half of the year:

(€thousand)	Balance 31 December 2019	Accrual/ (utilisation)	Exchange rate differences	Balance 30 June 2020
Provisions for raw materials depreciation	2,538	140	(11)	2,667
Provisions for depreciation finished products	604	27	(22)	609
<b>Total</b>	<b>3,142</b>	<b>167</b>	<b>(33)</b>	<b>3,276</b>

## 16. TRADE RECEIVABLES

(€thousand)	Balance 30 June 2020	Balance 31 December 2019
Trade receivables from customers	8,410	9,500
Provision for bad debts	(654)	(663)
<b>Total</b>	<b>7,756</b>	<b>8,837</b>

Gross trade receivables decreased by approximately €1,081 thousand compared to 31 December 2019; this change is mainly due to the different trend of revenues in the two periods under comparison.

In application of IFRS 9, the Group assesses trade receivables using an expected loss approach; the Group has therefore adopted a simplified approach, whereby the provision for bad debts reflects expected losses based on the life of the receivable; in determining the provision, the Group has relied on historical experience, external indicators and prospective information.

The changes in the bad debt provision (€ thousand) are illustrated below:

<b>Balance at 31 December 2019</b>	<b>663</b>
Accrual	20
Utilizations/write-backs	(31)
Exchange rate gain/(loss)	2
<b>Balance at 30 June 2020</b>	<b>654</b>

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

(€thousand)	Balance 30 June 2020	Balance 31 December 2019
Tax receivables for VAT	53	323
Receivables for income tax and IRAP	83	52
Receivables for short-term foreign VAT	-	-
Others	249	259
<b>Total current tax assets</b>	<b>385</b>	<b>634</b>
Research grants	24	88
Receivables from welfare organizations	91	104
Sundry prepayments	286	117
Pre-paid expenses	16	14
Receivables from employees	134	103
Advances from suppliers	140	97
Others	15	18
<b>Total other current receivables</b>	<b>705</b>	<b>541</b>
<b>Total</b>	<b>1,090</b>	<b>1,175</b>

The item "Other prepaid expenses" is mainly due to portions of costs not yet accrued, but which have already had their financial impact, amounting to approximately €286 thousand.

The change in VAT receivables is due to the change in the geographical mix of sales, with a significant decrease in Italy.

There are no receivables due beyond five years.

## 18. OTHER CURRENT FINANCIAL ASSETS

There are no values for this item at 30 June 2020, as at 31 December 2019.

## 19. CASH AND CASH EQUIVALENTS

The overall amount of cash of the Group amounted to €2,021 thousand (€4,102 thousand at 31 December 2019) and consisted of temporary cash in bank deposits pending future use. It is deemed that their carrying amount is aligned to the fair value at the reporting date.

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

## 20. SHAREHOLDERS' EQUITY

Consolidated shareholders' equity amounted to €4,146 thousand and decreased by €3,201 thousand compared to 31 December 2019, due to the combined effect of net loss for the period (-€3,199 thousand), the recognition of actuarial losses on Employee Termination Indemnities (TFR) (-€8 thousand, net of the tax effect valued at approximately €3 thousand), the fair value measurement of hedging derivatives allocated to the cash flow hedge reserve (-€50 thousand, net of the tax effect valued at approximately €16 thousand), the effect of exchange rate fluctuations from the translation of financial statements of subsidiaries denominated in currencies other than the euro (€30 thousand) and other minor changes (€27 thousand).

Tax effect pertaining to Other profit/(loss) consisted of:

(€thousand)	Balance at 30 June 2020			Balance at 30 June 2019		
	Gross value	(expense)/benefit	Net value	Gross value	(expense)/benefit	Net value
Profit/(loss) on cash flow hedge instruments	(66)	16	(50)	(164)	39	(125)
Profit/(loss) on translation of financial statements of foreign companies	30	-	30	100	-	100
Actuarial gains/(losses) on defined benefit plans	(11)	3	(8)	(81)	19	(62)
<b>Total other profit/(loss)</b>	<b>(48)</b>	<b>19</b>	<b>(28)</b>	<b>(145)</b>	<b>58</b>	<b>(87)</b>

At 30 June 2020, the fully paid share capital was unchanged compared to 31 December 2019 and consisted of 5,123,000 ordinary shares with a nominal value of €1 each, totalling €5,123,000.

For more complete disclosure on the Company's share capital, see Note 20 to the consolidated financial statements at 31 December 2019.

Own shares consisted of 10,000 ordinary shares issued by Fidia S.p.A. for a value of €45 thousand (unchanged from 31 December 2019).

## 21. OTHER NON-CURRENT PAYABLES AND LIABILITIES

This item totalled €392 thousand (€326 thousand at 31 December 2019) and consisted of advances received from the European Union and the Italian Ministry of University and Research for grants approved for funded projects, which are expected to be completed after the end of the next period (€302 thousand).

Payables to personnel amount to €52 thousand and relate to medium/long-term payables to personnel of the subsidiary Fidia Sarl.

Multi-year deferred income amount to €24 thousand and is linked to the application of the accounting standard IFRS 15.

There are other minor items.

## 22. TERMINATION BENEFITS

Employee severance indemnities reflects the residual obligation of Fidia S.p.A., the only Italian company in the Group, relating to the indemnity paid to employees and settled upon termination of employment. Under certain conditions, employees may receive a partial advance on those benefits while they are still in the Company's employ. It is an unfunded defined benefit plan.

Changes in the termination benefits are illustrated in the table below (€ thousand):

<b>Balance at 31 December 2019</b>	<b>2,159</b>
Correction of provision at 31/12/2019	(3)
Amount accrued and allocated in period	210
Benefits paid out in period	(87)
Amount transferred to State Fund and complementary pension scheme	(205)
Substitute tax	(3)
Borrowing costs on termination benefits	4
Accounting of actuarial losses	11
<b>Balance at 30 June 2020</b>	<b>2,086</b>

The interest on charges relating to the defined benefits plans for employees are comprised under finance costs, hence leading to an increase in finance costs for the period in the amount of about €11 thousand.

Termination benefits are calculated based on the following actuarial assumptions:

	At 30 June 2020	At 31 December 2019
Discount rate (*)	EUR Composite AA Curve	EUR Composite AA Curve
Future inflation rate	1.2%	1.2%
Frequency of request for advances	3.0%	3.0%
Relative frequency of resignation/dismissal cadres, employees, and workers	3.0%	3.0%
Relative frequency of resignations/dismissals managers	5.0%	5.0%

The discount rate on future benefits is determined, according to the provisions of IAS 19, at market yields; The structure in interest rates used refers to the EUR Composite rates having an AA rating. The rate used was the one with an average financial duration equal to the average financial duration of benefits for the communities under consideration.

### 23. OTHER NON-CURRENT FINANCIAL LIABILITIES

This item, which is equal to €295 thousand (€230 thousand at 31 December 2019) includes the fair value of interest rate swap contracts entered into to hedge (cash flow hedge) the risk of variability in interest expense flows on three medium/long-term loans and on one property lease contract entered into by the parent company Fidia S.p.A.

## 24. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Financial liabilities amounted to €15,880 thousand as per the schedule.

(€thousand)	Balance 30 June 2020	Balance 31 December 2019
Overdrawn bank accounts and short-term advances	2,145	2,921
Financial accruals and deferrals	38	35
UNICREDIT loan (short term)	78	193
BNL loan (short term)	555	692
MPS loan (short term)	-	-
MPS "1000" loan (short term)	-	-
ISP "3.500" loan (part medium/long term and part short term)	350	350
BNL loan (part medium/long term and part short term)	525	525
ISP "3.000" loan (part medium/long term and part short term)	1,075	1,075
UNICREDIT loan (part medium/long term and part short term)	96	192
BPM loan (part medium/long term and part short term)	650	650
UNICREDIT loan (Plafond Supercash Rotativo)	699	1,473
ISP "1.500" loan (part medium/long term and part short term)	627	627
PPP LOAN	266	-
PNC BANK	893	-
BANCO SANTANDER loan	225	-
<b>LOANS AND FINANCIAL LIABILITIES TO BANKS</b>	<b>8,223</b>	<b>8,732</b>
Real estate lease - Mediocredito Italiano	4,983	5,107
LEASE - SAN MAURO PROPERTY (IFRS16)	918	1,007
LEASE - SAN SECONDO DI PINEROLO PROPERTY (IFRS16)	122	137
LEASE - FIDIA GMBH PROPERTY (IFRS16)	265	13
LEASE - FIDIA SARL PROPERTY (IFRS16)	53	64
LEASE - BEIJING FIDIA PROPERTY (IFRS16)	627	637
LEASE - SHENYANG FIDIA PROPERTY (IFRS16)	56	-
LEASE - FIDIA DO BRASIL PROPERTY (IFRS16)	10	23
CAR LEASES ITALY (IFRS16)	301	342
CAR LEASES ABROAD (IFRS16)	38	58
Lease - Volkswagen Bank	13	23
Lease - Skoda Bank	54	74
Lease - Banco Popular Espanol	11	14
Commerz Real	207	275
<b>LIABILITIES FOR LEASES</b>	<b>7,657</b>	<b>7,774</b>
<b>Total</b>	<b>15,880</b>	<b>16,506</b>



The allocation of the financial liabilities by due date was as follows:

(€thousand)	Within 1 year	Within 5 years	Beyond 5 years	Total
Overdrawn bank accounts and short-term advances	2,183			2,183
M/L-term bank loans	1,537	3,172		4,709
Short-term bank loans	1,331			1,331
<b>Liabilities to banks</b>	<b>5,051</b>	<b>3,172</b>		<b>8,223</b>
Real estate lease - Mediocredito Italiano	259	1,484	3,240	4,983
LEASE - SAN MAURO PROPERTY (IFRS16)	179	740		919
LEASE - SAN SECONDO DI PINEROLO PROPERTY (IFRS16)	30	91		122
LEASE - FIDIA GMBH PROPERTY (IFRS16)	55	210		265
LEASE - FIDIA SARL PROPERTY (IFRS16)	23	30		53
LEASE - FIDIA BEIJING PROPERTY (IFRS16)	627			627
LEASE - SHENYANG PROPERTY (IFRS16)	56			56
LEASE - FIDIA DO BRASIL PROPERTY (IFRS16)	10			10
CAR LEASES ITALY (IFRS16)	166	135		301
CAR LEASES ABROAD (IFRS16)	23	15		38
Lease - Volkswagen Bank	13			13
Lease - Skoda Bank	32	22		54
Lease - Banco Popular Espanol	7	4		11
Commerz Real	207			207
<b>Liabilities for leases</b>	<b>1,686</b>	<b>2,731</b>	<b>3,240</b>	<b>7,657</b>
<b>Total</b>	<b>6,737</b>	<b>5,903</b>	<b>3,240</b>	<b>15,880</b>

The current loans have the following characteristics:

UNICREDIT loan (short term)

Original amount	€500 thousand
Residual amount	€78 thousand
Date of loan	29/04/2019
Term	Loan due date 31/05/2020 (*)
Grace Period	Not provided
Repayment	12 monthly instalments (from 31/05/2019 to 31/05/2020)
Interest rate	3-month Euribor, base 360 + 1.75% spread

BNL loan (short-term)

Original amount	€1,250 thousand
Residual amount	€555 thousand
Date of loan	30/05/2019
Term	Loan due date 31/05/2020 (*)
Grace period	3 monthly instalments from 30/06/2019 to 30/08/2019
Repayment	12 monthly instalments (from 30/06/2019 to 30/05/2020)
Interest rate	Fixed rate 2%

ISP "3.500" loan (part medium/long term and part short term)

Original amount	€3,500 thousand
Residual amount	€350 thousand
Date of loan	20/04/2015
Term	Loan due date 01/04/2020 (*)
Grace Period	Not provided
Repayment	20 quarterly instalments (01/07/2015 to 01/04/2020)
Interest rate	3-month Euribor, base 360 + 2.00% spread

Loan - BNL (part medium/long term and part short term)

Original amount	€2,500 thousand
Residual amount	€525 thousand
Date of loan	28/01/2016
Term	Loan due date 31/12/2020 (*)
Grace period	1 quarterly instalment (31/03/2016)
Repayment	19 quarterly instalments (30/06/2016 to 31/12/2020)
Interest rate	3-month Euribor, base 360 + 1.35% spread

This loan is guaranteed at 50% by Sace S.p.A. In order to hedge the interest rate risk, an interest rate swap hedging contract has been entered into.

ISP "3.000" loan (part medium/long term and part short term)

Original amount	€3,000 thousand
Residual amount	€1,075 thousand
Date of loan	17/05/2016

Term	Loan due date 01/04/2021 (*)
Grace period	3 quarterly instalments at 01/07/2016, 01/10/2016 and 01/01/2017
Repayment	17 quarterly instalments (01/04/2017 to 01/04/2021)
Interest rate	3-month Euribor, base 360 + 1.5% spread

In order to hedge the interest rate risk, an interest rate swap hedging contract has been entered into.

UNICREDIT loan (part medium/long term and part short term)

Original amount	€1,500 thousand
Residual amount	€96 thousand
Date of loan	16/05/2016
Term	Loan due date 31/05/2020 (*)
Grace Period	Not provided
Repayment	16 quarterly instalments (31/08/2016 to 31/05/2020)
Interest rate	3-month Euribor, base 360 + 1.35% spread

BPM loan (part medium/long term and part short term)

Original amount	€1,500 thousand
Residual amount	€650 thousand
Date of loan	27/04/2017
Term	Loan due date 30/06/2021 (*)
Grace period	3 quarterly instalments at 30/06/2017, 30/09/2017 and 31/12/2017
Repayment	14 quarterly instalments (31/03/2018 to 30/06/2021)
Interest rate	3-month Euribor, base 360 + 1.40% spread

In order to hedge the interest rate risk, an interest rate swap hedging contract has been entered into.

Loan - UNICREDIT "MUTUO PLAFOND SUPERCASH ROTATIVO"

Original ceiling	€1,500 thousand
Residual ceiling	€699 thousand
Date authorised	26/04/2017
Term	Due dates 10/2019, 11/2019
Repayment	Every four months
Interest rate	Fixed rate equal to 1.50%.

Loan - ISP "1.500" (part medium/long term and part short term)

Original amount	€1,500 thousand
Residual amount	€627 thousand
Date of loan	31/01/2018
Term	Loan due date 31/01/2021 (*)
Grace Period	Not provided
Repayment	12 quarterly instalments (30/04/2018 to 31/01/2021)
Interest rate	3-month Euribor, base 360 + 1.2% spread

Property lease - Mediocredito Italiano - line 1

Original amount	€5,598 thousand
Major instalment	€1,260 thousand
Residual amount	€3,526 thousand
Date of loan	25/06/2014
Term	179 monthly instalments (01/12/2017 to 01/10/2032)
Current leasing rate	3.48%
Set redemption	€558 thousand

Property lease - Mediocredito Italiano - line 2

Original amount	€1,000 thousand
Major instalment	€400 thousand
Residual amount	€517 thousand
Date of loan	28/05/2015
Term	179 monthly instalments (01/12/2017 to 01/10/2032)
Current leasing rate	2.42%
Set redemption	€100 thousand

Property lease - Mediocredito Italiano - line 3

Original amount	€1,802 thousand
Major instalment	€722 thousand
Residual amount	€940 thousand
Date of loan	30/11/2017
Term	179 monthly instalments (01/12/2017 to 01/10/2032)
Current leasing rate	2.73%
Set redemption	€179 thousand

In order to hedge interest rate risk, an interest rate swap contract was entered into to hedge a portion (€3,500 thousand) of the three contracts mentioned above.

IFRS16 - S.Mauro T.se property

Original amount	€1,122 thousand	
Residual amount		€919 thousand
Date of first adoption		01/01/2019

IFRS16 - S.Secondo Pinerolo property

Original amount	€166 thousand	
Residual amount		€122 thousand
Date of first adoption		01/01/2019

IFRS16 - Fidia GmbH property

Original amount	€287 thousand	
Residual amount		€265 thousand
Date of first adoption		01/01/2019

IFRS16 - Fidia Sarl property

Original amount	€86 thousand	
Residual amount		€53 thousand
Date of first adoption		01/01/2019

IFRS16 - Beijing Fidia building

Original amount	€632 thousand	
Residual amount		€627 thousand
Date of first adoption		01/01/2019

IFRS16 - Shenyang Fidia property

Original amount	€60 thousand	
Residual amount		€56 thousand
Date of first adoption		01/01/2019

IFRS16 - Fidia do Brasil property

Original amount	€41 thousand	
Residual amount		€10 thousand
Date of first adoption		01/01/2019

#### IFRS16 - S.Mauro T.se Vehicles

Original amount €397 thousand  
Residual amount €301 thousand  
Date of first adoption 01/01/2019

#### IFRS16 - Fidia Sarl Vehicles

Original amount €55 thousand  
Residual amount €16 thousand  
Date of first adoption 01/01/2019

#### IFRS16 - Fidia Iberica Vehicles

Original amount €41 thousand  
Residual amount €23 thousand  
Date of first adoption 01/01/2019

#### Lease No. 5 - Volkswagen Bank Germany

Original amount €34 thousand  
Residual amount €5 thousand  
Date of loan 12/12/2017  
Term Loan due date 9/11/2020  
Repayment 36 monthly instalments (13/12/2017 to 9/11/2020)  
Interest rate 1.97%

#### Lease No. 6 - Volkswagen Bank Germany

Original amount €28 thousand  
Residual amount €8 thousand  
Date of loan 15/6/2018  
Term Loan due date 15/5/2021  
Repayment 36 monthly instalments (15/6/2018 to 15/5/2021)  
Interest rate 1.99%

#### Lease No. 3 - Skoda Bank Germany

Original amount €29 thousand  
Residual amount €4 thousand  
Date of loan 9/12/2017  
Term Loan due date 09/11/2020  
Repayment 36 monthly instalments (9/12/2017 to 9/11/2020)  
Interest rate 1.97%

#### Lease No. 4 - Skoda Bank Germany

Original amount	€35 thousand	
Residual amount		€9 thousand
Date of loan		14/04/2018
Term		Loan due date 14/03/2021
Repayment		36 monthly instalments (14/04/2018 to 14/03/2021)
Interest rate	1.97%	

#### Skoda Bank Germany lease No. 5

Original amount		€33 thousand
Residual amount		€15 thousand
Date of loan		21/12/2018
Term		Loan due date 21/11/2021
Repayment		36 monthly instalments (21/12/2018 to 21/11/2021)
Interest rate	3.99%	

#### Skoda Bank Germany lease No. 6

Original amount	€32 thousand	
Residual amount		€25 thousand
Date of loan		01/09/2019
Term		Loan due date 01/08/2023
Repayment		36 monthly instalments (1/09/2019 to 1/08/2023)
Interest rate	3.99%	

#### Lease no. 2 - Banco Popular Espanol

Original amount	€32 thousand	
Residual amount		€11 thousand
Date of loan		10/01/2018
Term		Loan due date 10/12/2021
Repayment		36 monthly instalments (10/1/2018 to 10/12/2021)
Interest rate	2.98%	

#### Banco Santander loan

Original amount	€225 thousand	
Residual amount		€225 thousand
Date of loan		07/04/2020
Term		Loan due date 06/04/2025
Grace period	12 monthly instalments (April 2020 to March 2021)	
Repayment		48 monthly instalments (April 2021 to March 2025)
Interest rate	1.10%	

#### Commerz Real loan

Original amount	€472 thousand	
Residual amount		€207 thousand
Date of loan		01/07/2018
Term		Loan due date 01/06//2020
Repayment		24 monthly instalments (01/07/2018 to 01/06/2020)
Interest rate	2.5%	

PNC BANK loan

Original amount	€893 thousand	
Residual amount		€893 thousand
Date of loan		23/03/2020
Term		Load due date 19/03/2025
Repayment		60 monthly instalments
Interest rate	3.967%	

PPP Loan

Original amount	€266 thousand	
Residual amount		€266 thousand
Date of loan		03/05/2020
Term		Loan due date 03/05/2022
Repayment		Not yet specified
Interest rate	1%	

It is deemed that the carrying amount of fixed and floating rate financial liabilities at the reporting date is a reasonable estimate of their fair value.

(\*) The original due date is subject to change as a result of the proposed extension of the standstill agreement with the banking community.

**25. OTHER CURRENT FINANCIAL LIABILITIES**

In the first half of 2020 there were no other current financial liabilities.



## 26. TRADE PAYABLES

(€thousand)	Balance 30 June 2020	Balance 31 December 2019
Payables to suppliers	10,124	11,397
Payables to subsidiaries	2	2
<b>Total trade payables</b>	<b>10,126</b>	<b>11,399</b>

Trade payables, amounting to €10,126 thousand at 30 June 2020, show a decrease of €1,273 thousand compared to 31 December 2019 due to lower purchase volumes.

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

(€thousand)	Balance 30 June 2020	Balance 31 December 2019
Payables to employees	1,314	1,162
Social security payables	988	747
Advance from customers	3,415	4,269
Payables for emoluments	133	90
Payables to State Fund and other funds	56	83
Payables for dividends to be distributed	123	113
Accrued trade payables	166	105
Sundry accruals and deferrals	644	582
Miscellaneous payables	473	465
<b>Total other payables</b>	<b>7,312</b>	<b>7,616</b>
Withholding tax	728	343
Tax payables for income tax and IRAP	119	236
Tax payables for VAT	196	270
Other short-term tax payables	84	112
<b>Total tax payables</b>	<b>1,127</b>	<b>961</b>
<b>Total</b>	<b>8,439</b>	<b>8,577</b>

Payables to personnel refer mainly to accrued holiday pay and deferred payment of wages and salaries; the change compared to 31 December 2019 is due to the accrual during the year of indemnities (typically 13th month's salary) which are paid at the end of the period.

Down payments from customers include advances from customers for orders yet to be processed and for sales of milling systems already delivered but still in course of acceptance, which according to IFRS 15 – Revenue, cannot be stated in the revenue. This item decreased compared to 31 December 2019 due to the change in the mix of orders acquired, which on average have a higher percentage of advance payments.

Deferred income from sales includes the adoption of IFRS 15 for a value of 127 thousand euros.

## 28. PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges amounted to €1,162 thousand, of which €1,116 thousand (€1,273 thousand at 31 December 2019) for the short term, and €46 thousand for the long term (€79 thousand at 31 December 2019). This item refers to:

- €1,000 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; this estimate is calculated with reference to the Group's experience and specific contractual contents and the related reduction compared to December 2019 is due to the decrease in revenues;
- €162 thousand for a provision set aside to cover the results of an inspection by the Istituto Nazionale Assicurazione Infortuni sul Lavoro (INAIL) at the parent company; this provision decreased as result of the €29 thousand reversal to income following the resolution issued by INAIL on 25 June 2020, which partially accepted the appeal filed by Fidia and postponed it to a new measure.

(€thousand)	Balance at 31 December 2019	Accrual	Utilisation s/write-backs	Exchange rate effect	Balance at 30 June 2020
Warranty provision	79	-	(33)	-	46
<b>Total other provisions for non-current risks and expenses</b>	<b>79</b>	<b>-</b>	<b>(33)</b>	<b>-</b>	<b>46</b>
Warranty provision	1,082	72	(197)	(3)	954
Other provisions	191	-	(29)	-	162
<b>Total short-term provisions</b>	<b>1,273</b>	<b>72</b>	<b>(226)</b>	<b>(3)</b>	<b>1,116</b>
<b>Provisions for risks and charges</b>	<b>1,352</b>	<b>72</b>	<b>(259)</b>	<b>(3)</b>	<b>1,162</b>

## 29. GUARANTEES GRANTED AND OTHER CONTINGENT LIABILITIES

### Sureties issued on behalf of others

At 30 June 2020, sureties issued on behalf to third parties totalled €596 thousand (€692 thousand at 30 June 2019).

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

### Contingent liabilities

At 30 June 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.

In April 2020, a U.S. customer - Aerodyn Engineering LLC- sued Fidia Co. (the Group's 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 S.p.A 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 half-year report, pending clarification.

## 30. OTHER INFORMATION

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

Currency	1st Half 2020		At 31 December 2019		1st Half 2019	
	Average	At 30 June	Average	At 30 June	Average	At 30 June
Dollar - USA	1.102	1.1198	1.1195	1.1234	1.1298	1.1380
Real - Brazil	5.4104	6.1118	4.4134	4.5157	4.3417	4.3511
RMB - China	7.7509	7.9219	7.7355	7.8205	7.6678	7.8185
Rouble - Russia	76.6692	79.63	72.4553	69.9563	73.7444	71.5975

### 31. SEGMENT REPORTING

Within the Fidia Group, three main areas of business were identified: i) high-speed milling systems (HSM), ii) numerical controls, drives, and software (CNC) and iii) after-sales services.

Below follow the consolidated economic results broken down by sector at 30 June 2020 and 30 June 2019.

Progressive data at June (€thousand)	CNC		2020		HSM		2020	SERVICE 2020
	2020	%	2020	%	2020	%		
<b>Revenues</b>	<b>613</b>	<b>61.5%</b>	<b>7,914</b>	<b>100.0%</b>	<b>3,973</b>	<b>99.8%</b>	-	<b>12,500</b>
Cross-sector revenues	384	38.5%	-	0.0%	8	0.2%		
<b>Total reclassified revenues</b>	<b>997</b>	<b>100.0%</b>	<b>7,914</b>	<b>100.0%</b>	<b>3,981</b>	<b>100.0%</b>		<b>12,500</b>
Changes in inventories of finished goods and W.I.P.	(47)	-4.7%	(901)	-11.4%	(36)	-0.9%	-	(984)
Raw materials and consumables	(396)	-39.7%	(2,798)	-35.4%	(296)	-7.4%	(32)	(3,522)
Cross-sector expenses	(9)	-0.9%	(540)	-6.8%	153	3.8%	4	
Commissions, transport, and contractors	(58)	-5.9%	(778)	-9.8%	(145)	-3.6%	(3)	(984)
<b>Sales margin</b>	<b>486</b>	<b>-48.7%</b>	<b>2,896</b>	<b>36.6%</b>	<b>3,658</b>	<b>91.9%</b>	<b>(31)</b>	<b>7,010</b>
Other operating revenue	92	9.2%	257	3.2%	235	5.9%	146	730
Other operating costs	(81)	-8.1%	(714)	-9.0%	(667)	-16.7%	(1,403)	(2,865)
Personnel costs	(669)	-67.1%	(2,437)	-30.8%	(2,107)	-52.9%	(1,206)	(6,418)
Depreciation, amortization, and write-downs	(127)	-12.7%	(414)	-5.2%	(90)	-2.3%	(489)	(1,121)
<b>Operating profit/(loss)</b>	<b>(299)</b>	<b>-30.0%</b>	<b>(412)</b>	<b>-5.2%</b>	<b>1,028</b>	<b>25.8%</b>	<b>(2,981)</b>	<b>(2,663)</b>

Progressive data at June	CNC		HSM		SERVICE		N/A	TOTAL
(€thousand)	2019	%	2019	%	2019	%	2019	2019
<b>Revenues</b>	<b>1,149</b>	<b>48.1%</b>	<b>13,877</b>	<b>100.0%</b>	<b>5,858</b>	<b>99.8%</b>	-	<b>20,884</b>
Cross-sector revenues	1,237	51.9%	-	0.0%	14	0.2%		
<b>Total reclassified revenues</b>	<b>2,386</b>	<b>100.0%</b>	<b>13,877</b>	<b>100.0%</b>	<b>5,872</b>	<b>100.0%</b>		
Changes in inventories of finished goods and W.I.P.	248	10.4%	2,183	15.7%	22	0.4%	-	2,453
Raw materials and consumables	(705)	-29.6%	(9,347)	-67.4%	(574)	-9.8%	(55)	(10,681)
Cross-sector expenses	113	4.7%	(1,466)	-10.6%	104	1.8%	(2)	
Commissions, transport, and contractors	(260)	-10.9%	(2,147)	-15.5%	(267)	-4.5%	(2)	(2,676)
<b>Sales margin</b>	<b>1,781</b>	<b>74.7%</b>	<b>3,100</b>	<b>22.3%</b>	<b>5,157</b>	<b>87.8%</b>	<b>(59)</b>	<b>9,980</b>
Other operating revenue	358	15.0%	299	2.2%	186	3.2%	132	1,286
Other operating costs	(220)	-9.2%	(1,296)	-9.3%	(1,137)	-19.4%	(1,724)	(4,378)
Personnel costs	(1,302)	-54.6%	(2,978)	-21.5%	(2,776)	-47.3%	(1,917)	(8,974)
Depreciation, amortization, and write-downs	(124)	-5.2%	(415)	-3.0%	(91)	-1.6%	(595)	(1,226)
<b>Operating profit/(loss)</b>	<b>492</b>	<b>20.6%</b>	<b>(1,291)</b>	<b>-9.3%</b>	<b>1,337</b>	<b>22.8%</b>	<b>(3,851)</b>	<b>(3,311)</b>

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

Inter-segment revenues consist of numerical controls, electrical control panels, drives and systems transferred from the electronics segment to the milling systems segment and of mechanical components and milling heads provided to the electronics segment for specific applications.

Segment assets consist of operating assets that are used by the segment in the performance of its operations and are directly attributable or reasonably allocable to the segment. These assets do not include income tax assets.

Segment liabilities consist of operating liabilities that arise from the performance of the segment's operations and are directly attributable or reasonably allocable to the segment. These liabilities do not include income tax liabilities.

Below follow the consolidated statements of financial position by segment at 30 June 2020 and 31 December 2019.

At 30 June 2020 (€thousand)	CNC	HSM	SERVICE	Non allocable	Total
Property, plant, and equipment	47	8,398	247	3,765	12,457
Intangible fixed assets	1,444	1,060	-	34	2,537
Equity investments	-	-	-	16	16
Deferred tax assets	-	-	-	958	958
Other non-current receivables and assets	19	10	-	142	173
<b>Total non-current assets</b>	<b>1,510</b>	<b>9,468</b>	<b>247</b>	<b>4,915</b>	<b>16,142</b>
Inventory	1,865	7,393	6,420	-	15,679
Trade receivables and other receivables	619	5,097	2,147	597	8,461
Current taxes receivable	-	-	-	385	385
Other current financial assets	-	-	-	-	-
Cash and cash equivalents	-	-	-	2,021	2,021
<b>Total current assets</b>	<b>2,484</b>	<b>12,491</b>	<b>8,567</b>	<b>3,004</b>	<b>26,546</b>
<b>Total assets</b>	<b>3,994</b>	<b>21,958</b>	<b>8,814</b>	<b>7,918</b>	<b>42,687</b>
Other non-current payables and liabilities	219	113	43	17	391
Termination benefits	376	1,179	189	343	2,086
Long-term provisions	-	22	24	-	46
Deferred tax liabilities	-	-	-	161	161
Other non-current financial liabilities	-	-	-	269	269
Non-current financial liabilities	9	4,820	59	4,279	9,167
<b>Total non-current liabilities</b>	<b>604</b>	<b>6,134</b>	<b>315</b>	<b>5,067</b>	<b>12,121</b>
Current financial liabilities	14	601	64	6,059	6,738
Other current financial liabilities	-	-	-	-	-
Trade payables and other current payables	1,109	11,186	1,209	3,934	17,438
Current taxes payable	-	-	-	1,127	1,127
Short-term provisions	-	370	583	162	1,116
<b>Total current liabilities</b>	<b>1,123</b>	<b>12,157</b>	<b>1,857</b>	<b>11,282</b>	<b>26,421</b>
<b>Total liabilities</b>	<b>1,728</b>	<b>18,291</b>	<b>2,173</b>	<b>16,350</b>	<b>38,541</b>
<b>Shareholders' equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,146</b>	<b>4,146</b>
<b>Total liabilities</b>	<b>1,728</b>	<b>18,291</b>	<b>2,173</b>	<b>20,497</b>	<b>42,687</b>

At 31 December 2019 (€thousand)	CNC	HSM	SERVICE	Non allocable	Total
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
Deferred tax assets	-	-	-	976	976
Other non-current receivables and 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	326
Termination benefits	390	1,252	189	328	2,159
Long-term provisions	-	23	56	-	79
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>465</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>

## 32. FAIR VALUE HIERARCHIES

In relation to financial instruments recognized in the Statement of Financial Position at fair value, IFRS 7 requires that these values be classified based on a hierarchy that reflects the significance of the inputs used in determining fair value.

The levels are as follows:

Level 1 – quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices);

Level 3 – inputs that are not based on observable market data.

At 30 June 2020, the Group held financial liabilities measured at fair value represented by derivative financial instruments to hedge interest rate risk, for an amount of €251 thousand, classified within Level 2 of the hierarchical assessment of fair value.

## 33. 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:

- compensation for services rendered by Mr. Luca Morfino, an employee of Fidia S.p.A., and Mr. Carlos Maidagan, an employee of Fidia Iberica and member of the Board until 29 April 2020.
- compensation to the Board of Directors and Board of Auditors.

The impact of said transactions on the single items was stated in the relevant supplementary schedules of the statement of comprehensive income, statement of financial situation and cash flow statement and detailed in the tables below.

Counterparty (€ thousand)	Other operating costs	Personnel costs	Revenues
Compensation Board of Directors	-	271	-
Compensation Board of Statutory Auditors	29	-	-
Other related parties	17	84	5
<b>Total related parties</b>	<b>46</b>	<b>355</b>	<b>5</b>
Total item	3,849	6,418	730
<b>As % of balance sheet item</b>	<b>1.2%</b>	<b>5.5%</b>	<b>0.6</b>



Counterparty (€ thousand)	Trade receivables	Other current receivables	Trade payables	Other current payables
Payables to BoD members of Fidia SpA	-	-	-	95
Payables to members of the Board of Statutory Auditors of Fidia S.p.A.	-	-	-	38
Other related parties	5	5	2	4
<b>Total related parties</b>	<b>5</b>	<b>5</b>	<b>2</b>	<b>137</b>
Total item	7,555	706	10,126	7,312
<b>As % of balance sheet item</b>	<b>0.1%</b>	<b>0.69%</b>	<b>0.02%</b>	<b>1.87%</b>

### 34. NET FINANCIAL POSITION

Pursuant to the Consob Communication issued on 28 July 2006 and according to the CESR recommendation dated 10 February 2005 for the consistent implementation of the European Commission's Regulation on Prospectuses, the net financial position of Fidia Group at 30 June 2020 was the following:

(€thousand)	30 June 2020	31 December 2019
A Cash	9	9
B Bank deposits	2,012	4,093
C Other cash	-	-
<b>D Liquidity (A+B+C)</b>	<b>2,021</b>	<b>4,102</b>
<b>E Current financial receivables</b>	<b>-</b>	<b>-</b>
F Current bank payables	3,506	5,314
G Current part of non-current bank borrowings	1,537	2,712
H Other current financial payables	1,695	1,676
<b>I Current financial debt (F+G+H)</b>	<b>6,738</b>	<b>9,702</b>
<b>J Net current financial position (credit)/debt (I-E-D)</b>	<b>4,717</b>	<b>5,600</b>
K Non-current bank payables	2,905	706
L Bonds issued	-	-
M Other non-current financial payables	6,531	6,328
<b>N Non-current financial debt (K+L+M)</b>	<b>9,436</b>	<b>7,034</b>
<b>O Net financial position (receivable)/payable (J+N)</b>	<b>14,154</b>	<b>12,634</b>

### **35. Significant non-recurring events and transactions**

In the first half of 2020, the Group did not undertake any significant non-recurring transactions as defined by Consob Communication of 28 July 2006.

### **36. Positions or transactions arising from atypical and/or unusual operations**

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 half of 2020. 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.

## FIDIA GROUP COMPANIES AT 30 JUNE 2020

In accordance with Consob Regulation 11971 of 14 May 1999, as subsequently amended, a complete list of Group companies and significant investments is provided below.

The list includes companies broken down by type of control and method of consolidation.

The following are also shown for each company: name, registered office, country and share capital stated in original currency. Additionally, the percentage consolidated and the percentage interest held directly by Fidia S.p.A. is also shown.

<b>ENTITIES CONSOLIDATED ON A LINE-BY-LINE BASIS</b>				
<b>Name / Registered office</b>	<b>Currency</b>	<b>Share capital</b>	<b>Size of consolidated investment 30 June 2020</b>	<b>Percentage held by parent company 30 June 2020</b>
<b>Parent Company:</b>				
Fidia S.p.A., San Mauro Torinese (TO)	EUR	5,123,000		
<b>Foreign subsidiaries:</b>				
Fidia GmbH, Dreiech, Germany	EUR	520,000	100%	100%
Fidia Co, Rochester Hills, U.S.A.	USD	400,000	100%	100%
Fidia Sarl, Emerainville, France	EUR	300,000	100%	93.19%
Fidia Iberica S.A., Zamudio, Spain	EUR	180,300	99.993%	99.993%
Fidia do Brasil Ltda, Sao Paulo, Brazil	Reals	400,843	99.75%	99.75%
Beijing Fidia M&E Co Ltd., Beijing, China	USD	1,500,000	100%	96%
Shenyang Fidia NC & Machine Co Ltd, Shenyang, China	Rmb	42,517,648	51%	51%
OOO Fidia, Moscow, Russian Federation	Rouble	3,599,790	100%	100.00%

<b>ENTITIES CONSOLIDATED WITH THE EQUITY METHOD</b>				
<b>Name / Registered office</b>	<b>Currency</b>	<b>Share capital</b>	<b>Size of investment</b>	
			<b>30/06/2020</b>	<b>31/12/2019</b>
Consorzio Prometec - Bruzolo di Susa (TO)	EUR	10,329	20%	20%

San Mauro Torinese, 11 September 2020

On behalf of the Board of Directors

The Chairman and CEO  
Mr. Giuseppe Morfino