

Fidia S.p.A.: The Board of Directors approves the half-year financial report at 30 June 2020

- **Order backlog** equal to €13.4 million (€26.2 million at 30 June 2019)
- **New orders** equal to €5.3 million (€18.4 million at 30 June 2019)
- **Value of production** equal to €12.2 million at 30 June 2020 (€24.6 million at 30 June 2019)
- **Net revenues** of €12.5 million (€20.9 million at 30 June 2019)
- **EBITDA** of -€1.5 million (-€2.1 million at 30 June 2019)
- **Net result** -€3.2 million (-€3.7 million at 30 June 2019)
- **Net financial position** -14.2 million

Turin, 11 September 2020 - The Board of Directors of Fidias S.p.A., a leading group in numerical control technologies and in integrated systems for the calculation, scanning and milling of complex shapes, listed in the STAR segment of the Italian Stock Exchange, examined and approved the half-year report at 30 June 2020 at today's meeting.

The first half of 2020 was characterised by revenues of €12,500 thousand, down from the result recorded at the end of the 2019 first half (€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, even before the pandemic started.

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. This result is mainly due to the effect of the pandemic and the continued crisis in the Automotive and Aerospace industries, which was also exacerbated by the measures taken to contain the Covid-19 outbreak.

In the first half, the value of production decreased compared to the same period of 2019 (€12,246 thousand versus €24,623 thousand at 30 June 2019) due to decreased revenue.

As regards the different business lines, the mechanics segment (HSM) reported revenues of €7,914 thousand, compared with €13,877 thousand in the first half of last year (-43.0%); the service segment reported a decrease compared with the first half of 2019, with revenues of €3,973 thousand, a -32.2% change compared with €5,858 thousand in the first half of 2019, while the electronics segment (CNC) reported revenues of €613 thousand, down 46.6% compared with the €1,149 thousand at 30 June 2019.

Geographically, North and South America recorded revenues of €4.7 million at 30 June 2020, up 52.3% from €3.1 million at 30 June 2019. The other areas where the Group is present showed a decrease in turnover. The biggest decrease was recorded in Asia where the result was equal to €4 million in the period compared to €11.4 million in the first half of 2019, followed by Europe where the turnover of 1H 2020 was about €2.3 million compared to €4.7 million in 1H 2019. The lowest decline was recorded in Italy, where revenues of €1.5 million were in line with the €1.7 million recorded at 30 June 2019.



More specifically:

EBITDA amounted to -€1.5 million (-€2.1 million at 30 June 2019). Therefore, performance worsened due to the decrease in revenues. However, when comparing EBITDA with the first half of 2019, this figure improved thanks to the cost containment actions undertaken by the Company's management, which have ensured greater flexibility in the cost structure.

EBIT recorded a loss of €2.7 million compared to a loss of €3.3 million in the previous year. In terms of impact on turnover, 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.

The six-month period closed with a loss of €3.1 million, slightly better compared to -€3.5 million at 30 June 2019.

The net financial position at 30 June 2020 was negative by €14,2 thousand, not including overdue payable to suppliers, compared to -€12.6 million at 31 December 2019. 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 machinery installation and delivery dynamics, and the lower revenues recorded in the first half of the year.

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

SIGNIFICANT EVENTS DURING THE FIRST HALF OF THE YEAR

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.

In the Directors' Report, the Board of Directors, having taken note of the fact that the one-third threshold had been exceeded, resolved to call the Shareholders' Meeting for the appropriate measures and submit the proposal to carry forward the losses. 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.

Business Outlook

The Group closed the half-year period with a net loss of approximately €3.1 million, mainly due to a reduction in the volume of business and decrease in new orders, following the Covid-19 pandemic that characterised the first semester of 2020, which added to an already generally tense situation in the markets in which the Group operates, thus slowing down the capital expenditure demand.

The period was also characterised by financial tension with net financial indebtedness of €14.2 million at 30 June 2020 (€4.7 million of which in the short term) due mainly to the negative cash flow from operating activities, partially offset by the standstill agreement reached in April 2020 with the lending banks, which led to the suspension of 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 operations, although most of the outlet markets and the reference sector were subject to lockdown and slowed down their orders.



In light of the above, on 29 June 2020, the Board of Directors updated and approved the 2020-2024 Business Plan. This Plan, prepared also through the information coming from market participants (UCIMU), reflects the negative impact expected from the pandemic especially in 2020 and 2021, while shows a positive cash flow for 2020, deriving from the operating activities, as well as the standstill agreement on medium/long-term loans with banks and from 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 for a subsidised loan (€0.6 million) to improve and safeguard the equity of exporting SMEs, as per Law 133/2008, paragraph 2, letter C and subsequent amendments, which is still being implemented.

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.

In the light of the above, the condensed interim consolidated financial statements at 30 June 2020 were 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; these have informally expressed their willingness to accept this request. Management has also applied for new financial resources.

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

Moreover, during the month of August 2020, the Company received the resignation of Alternate Auditor Francesco Cappello due to professional reasons.

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The Financial Reporting Officer, Mr. Antonio Breggia Bicchiere, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Finance Act, that the accounting information contained in this press release corresponds to the documented results, books and accounting records.

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In accordance with the provisions of the Consob Issuers' Regulations, this is to inform that the half-year financial report at 30 June 2020, together with the Independent Auditors' report, will be made available to the public today at the company's registered office, at Borsa Italiana S.p.A., on the company's website under Investor Relations and at the 1Info storage system (www.1info.it).

This press release may contain forward-looking elements on future events and results of Fidia S.p.A. which are based on current expectations, estimates and projections about the sector in which Fidia operates, events and current management opinions. By their very nature, these elements have a component of risk and uncertainty because they depend on the occurrence of future events and multiple factors, many of which are beyond the Group's control, including global



macroeconomic conditions, changes in business conditions, further worsening of markets, impact of competition, and political, economic and regulatory developments in Italy.

Fidia S.p.A., headquartered in San Mauro Torinese (TO), Italy, is a world leader company in the design, production and distribution of high-performance integrated milling systems, primarily applied in the manufacturing of molds and dies for automotive industry and in aerospace field. With more than 40 years of experience and 283 employees, Fidia is known as one of the few companies able to provide solutions for the complete milling process, from the definition of the machining program to the finished product. Fidia produces, distributes and maintains worldwide numerical controls for milling systems, high speed milling systems, CAM software for the cutting of complex shapes.

Fidia S.p.A. (Reuters FDA.MI – Bloomberg FDA IM) is listed on the STAR segment (MTA) of the Italian Stock Exchange and has a capitalization of approx. € 13 million.

News and additional information about the company can be found on the corporate website at www.fidia.com

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Annex 1 - consolidated income statement

| (€ thousand) | 1st Half. 2020 | % | 1st Half 2019 | % |
|---|----------------|---------------|----------------|---------------|
| Net revenue | 12.500 | 102,1% | 20.884 | 84,8% |
| Changes 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% |
| Value of production | 12.246 | 100,0% | 24.625 | 100,0% |
| 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% |
| Added value | 4.875 | 39,8% | 6.889 | 28,0% |
| Personnel costs | (6.418) | -52,4% | (8.974) | -36,5% |
| EBITDA | (1.543) | -12,6% | (2.085) | -8,5% |
| Bad debts provision | (49) | -0,4% | (53) | -0,2% |
| Depreciation and amortization | (1.072) | -8,8% | (1.173) | -4,8% |
| Operating profit from ordinary business | (2.663) | -21,7% | (3.311) | -13,4% |
| Non-recurring (expenses)/revenue | - | 0,0% | - | 0,0% |
| EBIT | (2.663) | -21,7% | (3.311) | -13,4% |
| Net finance income and costs | (305) | -2,5% | (297) | -1,2% |
| Profit/(Loss) on exchange rates | (141) | -1,2% | (25) | -0,1% |
| Earnings before tax (EBT) | (3.110) | -25,4% | (3.633) | -14,8% |
| Income taxes (current, paid and deferred) | (89) | -0,7% | (61) | -0,2% |
| Net profit (loss) for the period | (3.199) | -26,1% | (3.695) | -15,0% |
| - (Profit)/Loss of non-controlling interests | (96) | -0,8% | (189) | -0,8% |
| - Profit/(Loss) of Group | (3.103) | -25,3% | (3.505) | -14,2% |



Annex 2 – consolidated statement of financial position

| (€ 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 |
| Capital assets – (A) | 16.142 | 16.601 | 16.618 |
| 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 |
| Short-term (current) assets – (B) | 24.525 | 27.290 | 37.604 |
| Trade payables to suppliers | (10.126) | (11.399) | (14.097) |
| Other current liabilities | (9.555) | (9.850) | (12.184) |
| Short-term (current) liabilities – (C) | (19.681) | (21.249) | (26.281) |
| Net working capital (D) = (B+C) | 4.844 | 6.041 | 11.323 |
| Termination benefits (E) | (2.086) | (2.159) | (2.237) |
| Other long-term liabilities (F) | (599) | (502) | (580) |
| Net invested capital (G) = (A+D+E+F) | 18.300 | 19.981 | 25.125 |
| Financial position | | | |
| 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 | - | - | - |
| Short-term financial position (receivable)/payable | 4.717 | 5.614 | 8.587 |
| 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 | - | - | - |
| Net financial position (receivable)/payable (H) | 14.154 | 12.634 | 16.943 |
| 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) |
| Total shareholders' equity of Group | 3.149 | 6.245 | 6.722 |
| Total equity of non-controlling interests | 997 | 1.102 | 1.460 |
| Total shareholders' equity (I) | 4.146 | 7.347 | 8.182 |
| Shareholders' equity and net financial position (L) = (H+I) | 18.300 | 19.981 | 25.125 |



Annex 3 – Net financial position

| (€ thousand) | 30/6/2020 | 31/12/2019 | 30/6/2019 |
|---|---------------|---------------|---------------|
| Financial position | | | |
| 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 | - | - | - |
| Short-term financial position - (receivable)/payable | 4.717 | 5.614 | 8.587 |
| 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 | - | - | - |
| Net financial position - (receivable)/payable | 14.154 | 12.634 | 16.943 |