



FIDIA GROUP
Annual Financial Report
at 31 December 2020

Board of Directors
20 May 2022

Fidia S.p.A.
Registered office in San Mauro Torinese, Corso Lombardia, 11
Paid-in share capital € 5,123,000
Turin Register of Companies
Taxpayer's Code 05787820017
Website: <http://www.fidia.it> - <http://www.fidia.com>
e-mail: info@fidia.it

Financial statements prepared by the Board of Directors on 20 May 2022 and approved by the Shareholders' Meeting.

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Governing and Supervisory Bodies

Fidia S.p.A.

Issued and paid-in share capital €5,123,000.00
Entered under no. 05787820017
in the Turin Register of Companies
Turin Business Code R.E.A. no. 735673
Registered office in San Mauro Torinese (Turin)
Corso Lombardia No. 11
Website: <http://www.fidia.it> - <http://www.fidia.com>
e-mail: info@fidia.it

Board of Directors

Chairman and CEO
Deputy Chairman
Directors

Giuseppe Morfino (a)
Luigi Maniglio (b) (d)
Luigino Azzolin (c) (1) (2)
Paola Savarino (c) (1) (2) (3)
Laura Morgagni (c) (1) (2)

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

(b) Appointed Director on 28 October 2021; appointed Deputy Chairman on 22 January 2022 to replace Mr. Secondo Dentis who was in turn appointed by the Shareholders' Meeting of 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 and lapsed on 28 October 2021.

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

(d) Deputy Chairman Luigi Maniglio was given separate authority for Administration, Finance and Control by the Board of Directors on 22 January 2022.

(1) Member of the Internal Control and Risk Committee

(2) Member of the Remuneration Committee.

(3) Lead Independent Director

Board of Statutory Auditors (*)

Statutory Auditors

Massimo Ceraolo - Chairman
Giuseppe Chiappero
Mariarosa Schembari

Alternate Auditors

Francesco Capello (e)
Ombretta Cataldi
Silvia Cornaglia

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

(e) The Alternate Auditor Francesco Capello notified his resignation with effect from 4 August 2020.

Independent Auditors (***)

EY S.p.A.

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

Powers of the Chairman of the Board of Directors, Deputy Chairman and Chief Executive Officer

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

S/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 broadest powers of ordinary and extraordinary administration; s/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.

As Chair, s/he is 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: Dr. Luigi Maniglio with separate authority related to Administration, Finance and Control.

Organization of the FIDIA GROUP

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

ООО FIDIA
Russia

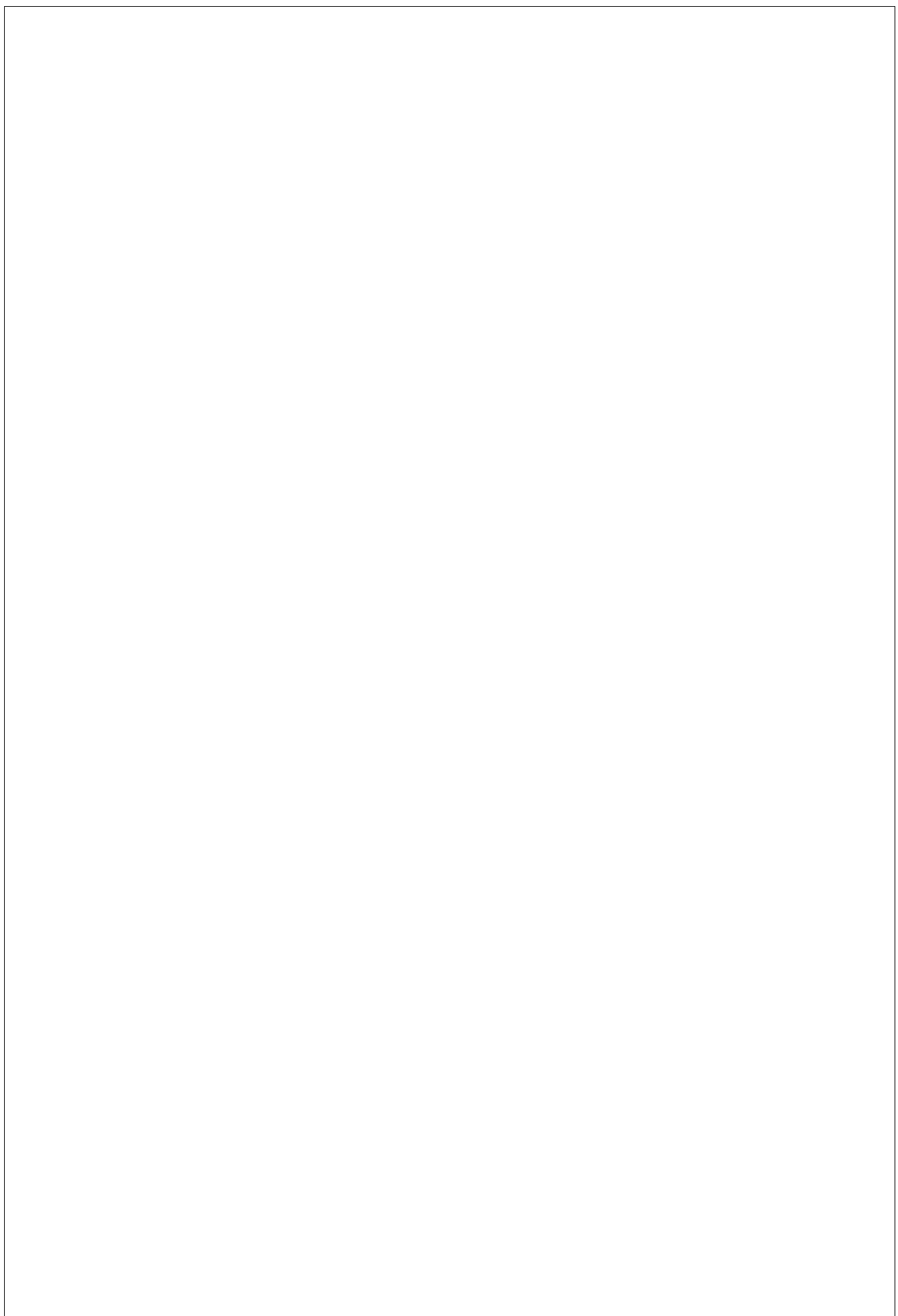
100% Fidia S.p.A.

FIDIA Co.
United States

100% Fidia S.p.A.

FIDIA DO BRASIL Ltda
Brazil

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



Consolidated and separate financial statements -

Fidia S.p.A. 2020

Directors' Report

Summary of results and significant events for the period

The reporting period 2020 recorded revenues of €21,239 thousand, down €45,783 thousand from the previous period (-53.6%).

The main reason lies in the continuing crisis in the market and the industry in which the Company operates (mainly automotive e aerospace) which has led to a reduction in the trend of new orders since April. This crisis was further aggravated by the Covid-19 pandemic.

Profitability indicators (specifically EBITDA, EBIT, EBT, and net income) deteriorated significantly from the previous year due to the significant decline in revenues. Specifically, EBITDA went from -2.07% to -10% while EBIT went from -7.1% to -26.4%, both compared to revenue for the period.

The Group's consolidated net result was still negative, with a loss of €5,708 thousand, compared to a loss of €4,118 thousand in 2019.

The result comprises €2,707 thousand of depreciation and amortization, as the requirements for their suspension pursuant to Decree Law 104/20 are not met.

Value of production recorded a sharp decrease of 54.7% (from €48,003 thousand in 2019 to €21,765 thousand in 2020).

On the commercial front, the Group's total new orders were down compared the previous year (2019) to €11.5 million, due to the slowdown recorded in all markets with the sole exception of Brazil and Turkey.

The net financial position at the end of 2020 showed net debt of €10,004 thousand (net debt of €12,634 thousand at 31 December 2019), mainly due to the change in net working capital and capital assets.

In short, the trends in the 2020 results were as follows:

- EBITDA in the amount of -€2,177 thousand (-10.0% of value of production) versus -€1,003 thousand in 2019 (-2.1% of value of production);
- Consolidated net result in the amount of -€5,952 thousand (€5,708 thousand recorded by the Group and a loss of €244 thousand by NCIs) versus a consolidated net result of -€4,477 thousand (€4,118 thousand recorded by the Group and a loss of €359 thousand recorded by NCIs) in 2019.
- Capital expenditure: €305 million of net increase in the period, due to the capitalization of development activities;
- Final order backlog equivalent to €16.0 million versus €16.6 million in 2019.

In order to cope with the reduction in volumes and maintain economic and financial balance, specific cost reduction and containment actions had already been activated at the end of 2019 and continued in the first half of 2020, including the activation of the solidarity contract and the start of the closure of the San Secondo di Pinerolo plant, which was concluded in August 2020. In addition, an extension until 31 December 2020 of the standstill already formalised in April 2020 with lenders.

Nevertheless, in connection with the continuing state of the crisis, the Company took the following additional steps:

- the suspension of compensation of governing and supervisory bodies;
- the opening of a crisis table with Fidia's creditor banks;
- the market search for a third-party investor, whether financial and/or industrial.

Although the actions taken allowed to partially contain the effects of the market crisis that hit the Company, they were not sufficient to guarantee it the resources necessary to meet its obligations, and therefore on 13 November 2020 Fidia S.p.A. filed with the Clerk of the Court of Ivrea an appeal pursuant to Article 161, paragraph 6, of the Italian Bankruptcy Law (Royal Decree 267/1942), which was followed by formal admission to the arrangement procedure on 29 September 2021.

The financial statements of Fidia S.p.A. closed the year 2020 with negative equity of €5,689 thousand, including a loss for the period of €9,574 thousand.

Below follow more detail the actions taken by the Company's directors to cope with the economic and financial crisis and to restore economic balance, including the application for admission to the aforementioned procedure for arrangement with creditors, as well as forecasts of business and activity performance in the short to medium term.

The trend in revenue in the period 2017-2020 is illustrated in the chart below:



Other main economic and equity data:

(€thousand)	2020	2019
Earnings before tax	(6,044)	(4,199)
Profit/(loss) of the period	(5,952)	(4,478)
Attributable to:		
- Group	(5,708)	(4,119)
- NCIs	(244)	(359)
Basic earnings per ordinary share	(1.116)	(0.806)
Diluted earnings per ordinary share	(1.116)	(0.806)
R&D expenditure (€mil)	1	2
Total assets	38,521	47,993
Net financial position - (payables)/receivables	(10,004)	(12,634)
Equity of Group and NCIs	725	7,347
Equity of Group	(117)	6,245
Number of employees at year-end	271	313

Shareholders

Fidia constantly informs its shareholders and investors through the Investor Relations function and the Company website at www.fidia.it - www.fidia.com under Investor Relations where you can find economic and financial data, company presentations, and periodic reports and updates on Company shares. Furthermore, in order to maintain an ongoing relationship with investors based on dialogue, the company regularly participates in events and meetings with the financial community (such as Star Conferences organized by Borsa Italiana SpA, which are held annually in Milan and London) and, in certain cases, organizes presentations, company visits and open house events.

The following contacts are also available for shareholders:

Telephone number: +390112227111;

E-mail: investor.relation@fidia.it;

info@fidia.it

Trend of Fidia stock vs. Star Index

FIDIA S.p.A. has been listed on the Italian Stock Exchange in the STAR segment (Segmento Titoli ad Alti Requisiti) until 13 November 2020. As of 14 November 2020, FIDIA S.p.A. requested the voluntary exclusion of the Company's shares from the STAR segment and their transfer to the MTA (Mercato Telematico Azionario) segment organised and managed by Borsa Italiana S.p.A.

The first chart shows the stock's performance from 6 March 2020 to 13 November 2020 compared with the FTSE Italia STAR index

The second chart shows the stock's performance from 14 November 2020 to 16 May 2022 compared with the FTSE Italia All-Share index

Chart 1

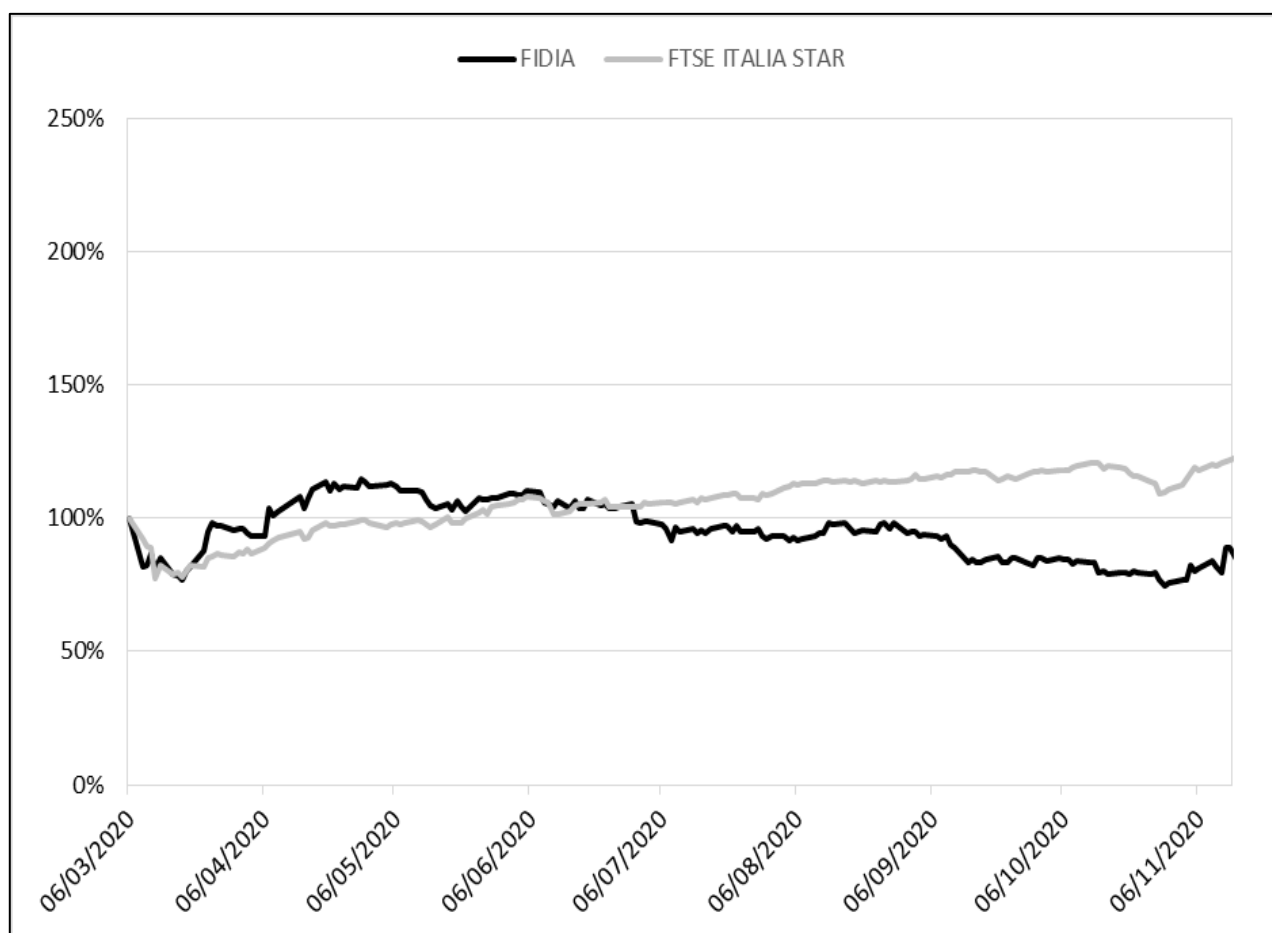
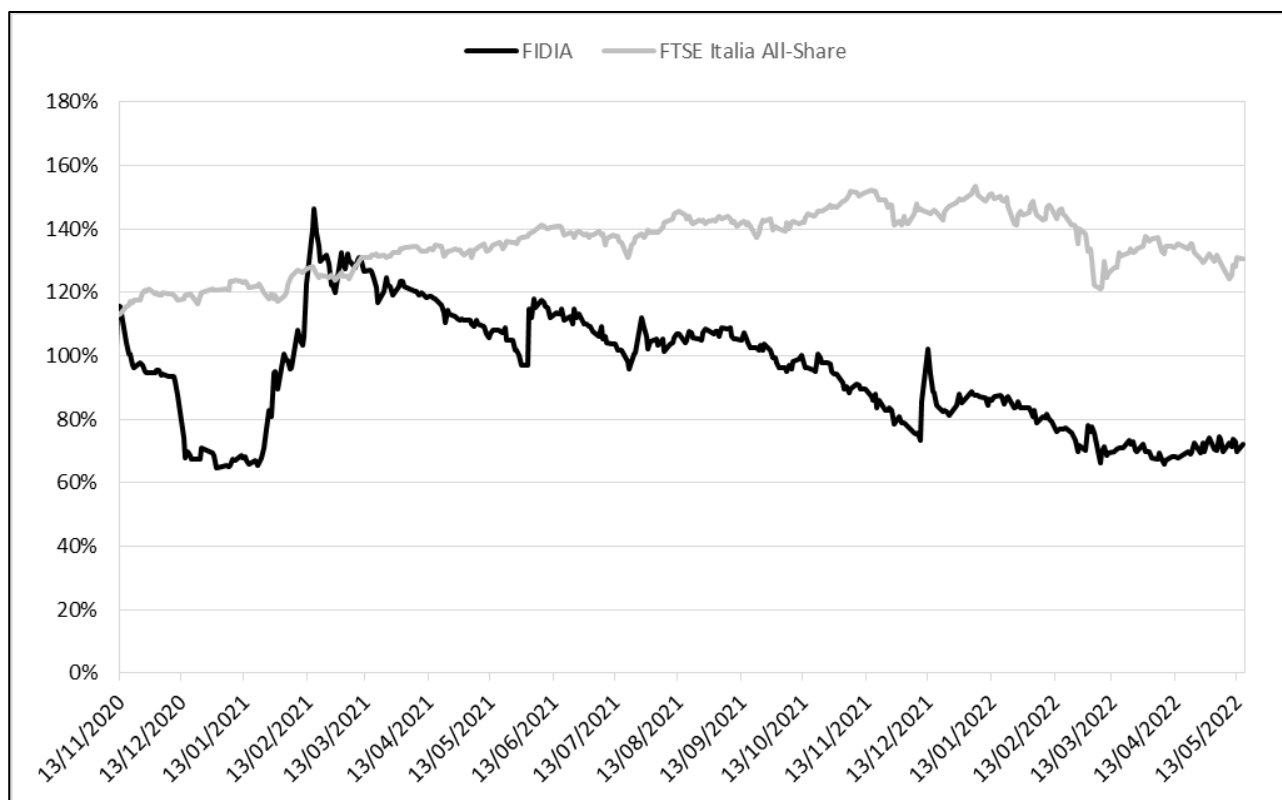


Chart 2

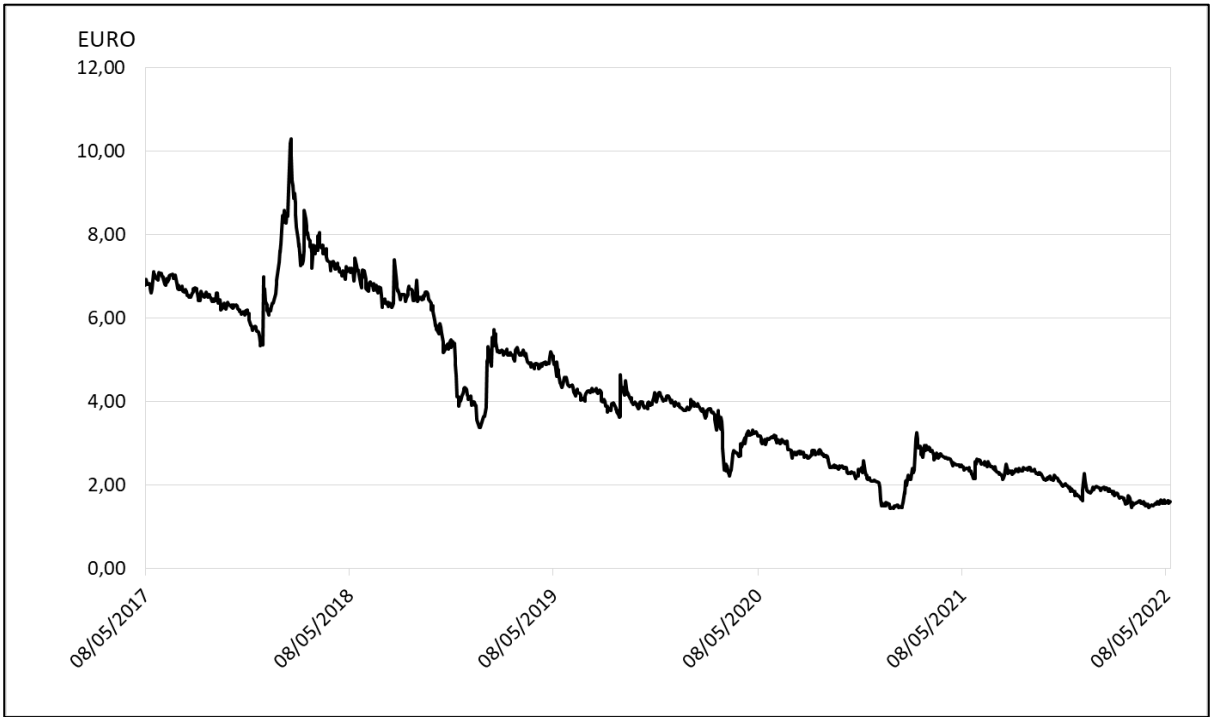


Please note the share price performance in the early months of 2022 (at 16 May 2022) in comparison with the FTSE Italia All-Share Index.

2022



Share price performance over the past five years (EUR).



Main shareholders

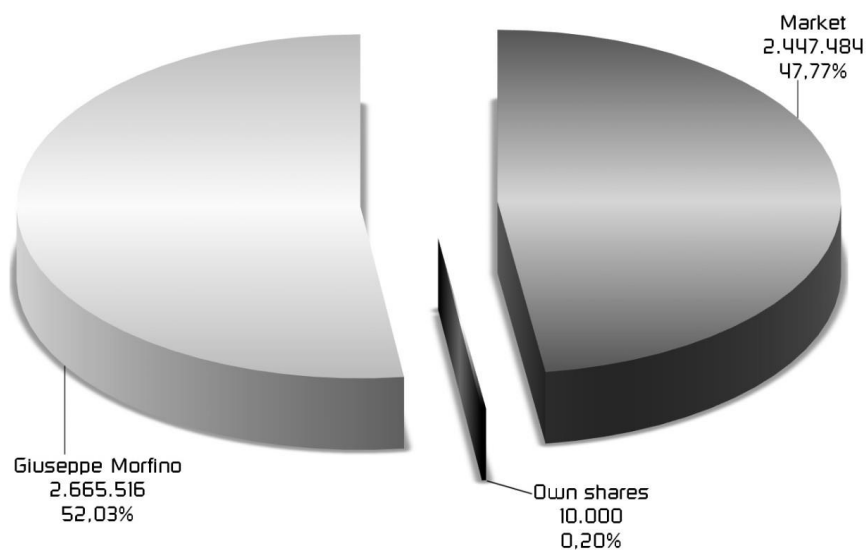
No changes in the share capital were recorded during 2020. Therefore, the number of ordinary shares, equal to 5,123,000, was unchanged compared to 31 December 2019. The holders of ordinary shares at 16 May 2022 were:

Giuseppe Morfino No. 2,665,516 shares, equal to 52.03%;

Market No. 2,447,484 shares, equal to 47.77%;

Treasury shares No. 10,000, equal to 0.20%.

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



Main data per share (Euro)	2020	2019
Mean number of shares on date of reference	5,113,000	5,113,000
Face value per share	1.0	1.0
Base earnings per ordinary share (1)	(1,116)	(0.805)
Diluted earnings per ordinary share (2)	(1,116)	(0.805)
Equity of Group per share	(0,023)	1.221

(1) and (2): calculated by dividing the earnings to the Parent Company shareholders by the weighted mean of the ordinary shares in circulation during the period.

Closing price per share at:	(euro) 30.12.2020	(euro) 30.12.2019	(euro) 30.12.2018	(euro) 30.12.2017	(euro) 30.12.2016
Ordinary shares	1.450	3.800	3.390	6.915	5.575

During 2020, no transactions on treasury shares were carried out, as well as during 2021 and the first months of 2022 until the date of approval of this document; at that date, therefore, the number of treasury shares in the portfolio amounted to 10,000 (equal to 0.20% of the capital) totalling €15.9 thousand.

Market capitalisation amounted to €7.4 million at 31 December 2020, and €8 million at 10 May 2020.

Main risks and uncertainties to which Fidia S.p.A and the Group are exposed

The main types of risk which the Group is exposed to are listed below. The analysis of said risks is also illustrated in the notes in which the hypothetical quantitative effects linked to fluctuations in market indicators are examined and a more detailed description of the main policies adopted to face market risks is provided.

The considerations regarding the Group also apply to Fidia S.p.A., which, as Parent Company, is basically exposed to the same risks and uncertainties.

Risks related to the failure to complete the arrangement process

With a motion filed on 13 November 2020, Fidia requested the Court of Ivrea to be admitted to the arrangement procedure pursuant to Article 161, sixth paragraph, of the Bankruptcy Law, with the granting, pursuant to and for the purposes of the same provision, of a term of one hundred and twenty days for the filing of the proposal, plan and documentation pursuant to Article 161, second and third paragraphs, of the Bankruptcy Law, as well as to determine the periodic reporting obligations (pursuant to Article 161, eighth paragraph, of the Bankruptcy Law), including those related to the company's financial management, to be fulfilled until the expiration of the aforementioned deadline.

By a decree communicated on 1 December 2020, the Court of Ivrea admitted the Company to arrangement with creditors with rights reserved to file ancillary documents at a later date, giving a deadline until 31 March 2021 for the filing of a final proposal for arrangement with creditors (with the plan and complete documentation referred to in Article 161, paragraphs 2 and 3, of the Bankruptcy Law).

On 29 September 2021, the Company filed the arrangement plan with the Court of Ivrea, and on 29 November 2021, the Court admitted Fidia to the arrangement procedure with creditors on a going concern basis, finding the plan and arrangement proposal presented to be legally feasible under the proposed terms and conditions.

On 11 March 2022, the court-appointed commissioner filed the Report pursuant to article 172 of the Bankruptcy Law in which, as a result of the analyses, findings and assessments carried out, he found that the Arrangement Proposal allowed for a better and faster satisfaction of the creditors, compared to the only practically feasible alternative, i.e., bankruptcy.

On 27 April 2022, a meeting of creditors was held at which sufficient affirmative votes were cast to secure a majority of affirmative votes in Class 2, but not in Class 1. The voting operations (so-called late voting) were thus concluded on 17 May 2022, recording the achievement of the majorities required by Article 177 of the Bankruptcy Law for the approval of the procedure.

The completion of the arrangement procedure is subject to the formal approval of the arrangement plan by the court, as well as the fulfillment of the forecasts contained in the plan and the planned capital increase transactions. Pursuant to Article 186 of the Bankruptcy Law, following the approval of the arrangement, the court-appointed commissioner will supervise its fulfillment in the manner set forth in the approval ruling, reporting to the court any fact that may prejudice creditors.

Please refer to the section "Significant events after year end and business outlook" for a more detailed discussion of the arrangement procedure, as well as the causes of the crisis.

Risks related to the general economic outlook

In view of the substantially international presence and operations of the Group, its economic and commercial performance, as well as the balance sheet and financial position are obviously heavily influenced by multiple factors that characterize the world macro-economic scenario and more specifically by the trend in GDP of the countries in which the Group is operating. Other factors that can affect the results and the performance of the Group are related to the trend in interest rates and exchange rates, the trend in the cost of raw materials, changes in the rate of unemployment and more generally the expectations regarding the trends in monetary policies adopted globally and especially in the economic areas of interest.

The global economy in 2020 also slowed down as a result of the spread of the pandemic COVID-19.

Risks related to the Covid-19 pandemic

As an industrial group operating internationally, the Fidia Group is also exposed to risks associated with possible epidemics and pandemics. The Covid-19 health emergency represented a major discontinuity with impacts not only on people's health but also on economic performance in the world market.

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 widespread concern about the prospects for the global economy. With regard to the events 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 period, 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 previous period 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, with the aim of partially amortising the drop in revenue, and to implement careful inventory management and working capital containment policies, with a view to controlling financial debt.

Risks related to the Russia-Ukraine conflict

As is well known in February 2022, tensions between Russia and Ukraine escalated into a war conflict resulting in a situation that effectively disrupted normal business operations.

The Fidia Group is present in Russia with a subsidiary that is, however, non-operational and the Russian market is not a significant outlet for the Group.

Given the changing scenario, the Group closely monitors developments in the situation and its implications for business. There are currently no indications of significant financial economic consequences for the Group.

Risks linked to Group results

The Fidia Group operates in sectors that are historically marked by a certain cyclical behavior, such as the automotive sector, and in others characterized by greater inertia in reacting to economic trends (aerospace and power generation).

It is difficult to forecast the scope and duration of business cycles. Clearly, like any exogenous event, such as a significant drop in one of the main markets of reference, the volatility of financial markets and the resulting worsening of the situation in capital markets, an increase in the cost of commodities, negative fluctuations in interest and exchange rates, government policies, etc., could negatively impact the sectors in which the Group operates and prejudice the outlook and business, thus affecting its economic and financial results. The profitability of the Group's business is also linked to the risk of fluctuation in interest rates and to the solvency and ability of commercial partners to raise funds as well as to the general economic situation of the countries in which the Group operates.

Risks linked to the need for financial means

The trend in the Group's financial standing depends on several variables, among which the trend in the general economy, financial markets and sectors in which the Group is active. The cyclical nature of revenues over the quarters is given due consideration because of the effects it can cause on Working Capital and the resulting need for financial resources.

The Fidia Group intends to cover the needs resulting from financial payables falling due, planned investments and other current assets that imply an effect on the working capital through the flows deriving from operations, cash on hand and the renewal or refinancing of bank loans.

The commercial trend and the management of stocks, despite the synergies resulting from the restructuring activities carried out in past years, have generated a greater need for working capital, managed to avoid the creation of situations of financial tension. However, events that hinder the maintenance of normal sales volumes, or that may cause contractions, may have negative effects on the ability to generate cash flow from operations.

It is the Group policy to keep the cash on hand in sight deposits by allocating it among an adequate number of leading banks. However, considering also tensions in financial markets, it cannot be ruled out that situations in the banking and money markets can be an obstacle to normal operations in financial transactions.

Please refer to the notes for a more detailed account of the policies adopted by the Group to tackle liquidity risk and for an analysis of financial payables by maturity.

Risks linked to fluctuations in exchange and interest rates

The Fidia Group, which operates in a number of world markets, is naturally exposed to market risks linked to fluctuations in exchange and interest rates. Exposure to exchange rate risks is mainly related to the different geographical distribution of its commercial activities by which a part of its revenue is realized in currencies other than the Euro. In particular, the Group is exposed for exports to USD areas and, given its strong presence in China, also to changes in the local currency.

The Fidia Group uses various forms of financing to cover the needs of its industrial operations. Variations in interest rates can lead to an increase or decrease in the cost of loans and hence have financial repercussions and general consequences on the Group's profitability.

Consistently with its risk hedging policies, the Fidia Group is engaged in tackling exchange rate fluctuations by resorting to appropriate hedging instruments.

Despite these financial transactions, sudden changes in exchange and interest rates could negatively affect the Group's economic and financial results.

The notes comprise a dedicated section in which said risks are further analyzed and the potential impact of hypothetical fluctuations in interest and exchange rates is examined based on simplified scenarios.

Risks linked to relations with employees and suppliers

In the various countries in which the Group operates, employees are protected by laws and/or collective labor agreements that grant them, through trade unions, the right to be consulted on specific issues, among which reorganization and lay-offs. Said laws and/or collective labor agreements applicable to the Group could affect its ability to strategically redefine and reposition its operations in a flexible manner. Fidia's ability to cut staff or adopt other measures to interrupt employer-employee relationships also on a temporary basis is hence contingent on restraints set by the law and by procedures involving trade unions.

The labour reforms recently introduced in Italy have not yet produced an impact on the processes, although there is a general tightening of the conditions for the recruitment of new figures and much less flexibility for the exit of employees.

Therefore, in starting or confirming new employment relationships, caution continues to be necessary, given the new aspects introduced by the regulations and the resulting scarcity of case law.

Moreover, the Group purchases raw materials and components from a large number of suppliers and is dependent on outsourced services and processing. Close cooperation between the Group and some strategic suppliers is now common practice and, while on the one hand this brings major benefits in economic and quality terms, on the other, the Group heavily relies on said suppliers. Therefore, any difficulties they may experience (due either to endogenous factors or macro-economic variables) can negatively impact the Group.

Risks related to the balance of the organisational structure

The performance of the Group heavily depends on the ability of its executives and other managers to effectively run the Group and its single companies. The loss of the services of some key resources without being duly replaced or the inability to draw and retain new and qualified resources could hence have negative effects on the outlook, production and commercial operations and economic and financial results of the Group.

However, it is believed that the personnel who have left to date are fungible, and in this regard appropriate searches aimed at replacement have already been initiated.

The search for personnel is harmonised with the plans submitted in the application for arrangement.

The Company is functioning regularly and meeting the needs arising from current activities.

Risks linked to the high degree of competition in the Group's business sectors

The markets in which the Group operates are extremely competitive in terms of product quality, technological innovation, economic terms, reliability, safety and after-sales technical service. The Group is competing in all the markets in which it is active with leading international companies and various local players.

The success of Fidia Group's operations depends on its ability to maintain and increase its shares and to expand into new markets with innovative products featuring high technological and quality standards and to ensure adequate levels of profitability.

Ensuring these prerogatives calls for, inter alia, significant investment in research and development.

Risks linked to sales on international markets and to exposure to uncertain local conditions

A substantial part of the Group's revenue is realized on international markets and most of the sales are made outside of the European Union. Therefore, the Group is exposed to risks linked to worldwide operations, including the risks associated with:

- exposure to local economic situations and policies;
- implementation of restrictive or penalizing policies on imports or exports;
- multiple tax regimens and particularly transfer pricing and the application of withholding tax or other taxes on remittances and other payments of or by subsidiaries;
- enactment of limiting or restrictive policies on foreign investments and/or trade as well as policies on exchange rates and restrictions on the repatriation of capital;
- whether epidemics or pandemics (see for example COVID-19) could contribute to the worsening of economic, financial, logistical and operational conditions in the markets in which the Group operates.

In particular, Fidia operates in several emerging countries, including India, Brazil, and China, which currently represents the largest market for the Group's products.

Unfavorable political or economic events in these regions could have consequences on the Group outlook and business as well as on its economic results and financial standing

Risks linked to manufacturer's liability

Being a manufacturer of highly automated machinery, the Group is exposed to the risk of various types of malfunction, which can cause damage to users and, more in general, to third parties.

The Group protects itself against such cases during the planning and design of its machinery and by adopting appropriate manufacturing procedures that also comprise strict quality control tests. Moreover, it is a well-established practice to cover this risk with product liability policies taken out with leading insurance companies.

Nonetheless, it is not possible to exclude that the Group can be exposed to liabilities resulting from issues of this nature despite the procedures adopted.

Risks linked to environmental policy

The Group's operations comply with the local, national and supranational rules and regulations on environmental protection with regard both to its products and its production cycles. Please be noted that the type of business conducted has limited consequences in environmental terms and in terms of emissions into the atmosphere, waste disposal and water treatment. Maintaining these characteristics do not exclude that the Group will be exposed to liabilities arising from environmental issues.

Risks related to legal, tax or labour disputes

In the exercise of its business, the Group may incur in legal, fiscal or labour law disputes. The Group takes the necessary measures to prevent and mitigate any penalties that may result from such proceedings.

The Fidia Group is subject to changes in tax regulations in the countries where it operates. Despite the fact that the Group provides for, where necessary, a provision for tax disputes, unforeseen tax liabilities may be occur, thus negatively impacting on the Group's financial conditions and results due to inadequate allocations to provisions or to unforeseeable situations.

R&D

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 specialised consultants, is currently dedicated to R&D activities.

The costs incurred by the Group in 2020 amounted to about €1.2 million, equal to about 5.6% of turnover (€2.2 million in 2019 equal to about 4.8% 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 capitalized costs amounted to approximately €305 thousand (€555 thousand in 2019)

Through its R&D activities, the Group pursues 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 2020 were:

- **ViMill® – Look-ahead Virtual Milling** – The development of new releases was completed 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 2020, the axis control logic was improved with the aim of reducing the processing time of manufactured parts, simplifying its use, and most importantly, increasing the quality and precision of machined parts.
- **CPU-Z** – 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 year 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 area of **high-speed milling systems**, which was especially hit hard by the pandemic, the Group has pursued a new development strategy. This strategy is aimed at improving the current range of equipment with a focus on costs and performance.

The main project that characterised 2020 was:

- **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.

In contrast, the **D-series machine pallet changing and loading system** projects and the **new HTF series** saw minimal developments in 2020, partly due to the halt dictated by the health emergency.

With particular reference to the HTF project, activities are still suspended, although the project has not been abandoned, pending further evaluations in the context of the new technical and commercial strategy that the new FAI-NEGMA investors will undertake following the approval of the arrangement plan.

Finally, throughout 2020 the Group continued its activities in the research collaboration field. The year 2020 saw the participation of Fidia as a partner in four 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 in which there are major financed projects.

- **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 funding 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 extensive 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.

Group economic and financial situation

Introduction

Alternative performance indicators

In this Report on Operations, in the consolidated financial statements of the Fidia Group and in the separate financial statements of the parent company Fidia S.p.A. for the years closed on 31 December 2020 and 31 December 2019, in addition to the conventional IFRS financial indicators, a number of alternative performance indicators have been provided to allow for a better assessment of the economic and financial trends.

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

The Group uses alternative performance indicators, such as:

- EBITDA ("Earnings before interest, tax and amortisation"), which is calculated by adding the item "Depreciation, amortisation and write-downs of fixed assets", the item "Accrued provisions" and the item "Non-recurring income/expenses" to "EBIT" resulting from the financial statements.
- EBIT (Earnings before interest and tax), 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: with reference to the above figures, a table showing the impact of Adjustments on the periods 2020 and 2019 is provided below.

€thousand	31/12/2020 GAAP measures	Adjustments	31/12/2020 Non-GAAP measures (adjusted)	31/12/2019 GAAP measures	Adjustments	31/12/2019 Non-GAAP measures (adjusted)
EBITDA	(2,177)		(2,177)	(1,003)		(1,003)
Accrued provisions	(854)		(854)	(147)		(147)
Depreciation/amortisation/write-downs of fixed assets	(2,707)		(2,707)	(2,319)		(2,319)
Non-recurring income/(expenses)	-		-	-		-
EBIT	(5,738)		(5,738)	(3,469)		(3,469)
Net finance income/(expense)	(521)		(521)	(587)		(587)
Profit/(loss) on foreign exchange	215		215	(142)		(142)
EBT	(6,044)		(6,044)	(4,198)		(4,198)

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 below.

Consolidation area

The companies comprised in the consolidation area are listed below:

Name	Registered office	Percentage held by of the parent company at 31/12/2020
Fidia S.p.A. (Parent Company)	San Mauro Torinese (Turin, Italy)	-
Fidia Co.	Rochester Hills (USA)	100%
Fidia GmbH	Dreiech (Germany)	100%
Fidia Iberica S.A.	Zamudio (Spain)	99.993%
Fidia S.a.r.l.	Emerainville (France)	100%
Beijing Fidra Machinery & Electronics Co., Ltd	Beijing (China)	100%
Fidia do Brasil Ltda.	São Paulo (Brazil)	99.75%
Shenyang Fidra NC&M Co., Ltd	Shenyang (China)	51%
OOO Fidra	Moscow (Russia)	100%

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

GROUP FINANCIAL PERFORMANCE

Reclassified consolidated statement of comprehensive income (€thousand)	2020	%	2019	%
Net revenue	21,239	97.6%	45,783	95.4%
Changes in inventories of finished goods and W.I.P.	(1,598)	-7.3%	(92)	-0.2%
Other revenues and income	2,123	9.8%	2,311	4.8%
Value of production	21,765	100.0%	48,003	100.0%
Raw materials and consumables	(5,956)	-27.4%	(18,776)	-39.1%
Commissions, transport and contractors	(1,341)	-6.2%	(4,322)	-9.0%
Other services and operating costs	(5,649)	-26.0%	(8,831)	-18.4%
Added value	8,819	40.5%	16,074	33.5%
Personnel expenses	(10,996)	-50.5%	(17,077)	-35.6%
EBITDA	(2,177)	-10.0%	(1,003)	-2.1%
Accrued provisions	(854)	-3.9%	(147)	-0.3%
Depreciation/amortisation/write-downs of fixed assets	(2,707)	-12.4%	(2,319)	-4.8%
Operating income from ordinary business	(5,738)	-26.4%	(3,469)	-7.2%
Non-recurring income/(expenses)	-	0.0%	-	0.0%
EBIT	(5,738)	-26.4%	(3,469)	-7.2%
Net finance expenses and revenue	(521)	-2.4%	(588)	-1.2%
Profit/(Loss) on foreign exchange	215	1.0%	(142)	-0.3%
Earnings before tax (EBT)	(6,044)	-27.8%	(4,198)	-8.7%
Income taxes (current, paid and deferred)	92	0.4%	(278)	-0.6%
Profit/(loss) of the period	(5,952)	-27.3%	(4,477)	-9.3%
- (Profit)/Loss of non-controlling interests	(244)	-1.1%	(359)	-0.7%
- Profit/(Loss) of Group	(5,708)	-26.2%	(4,118)	-8.6%

(*) 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.

The economic and financial data of the Group by sector are presented with a breakdown into three sectors (Numerical Controls - CNC -, High Speed Milling Systems - HSM -, and Service).

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

The said trends are described in detail below.

Net revenue

The year 2020 closed with revenues down YOY (-53.6%) to €21,239 thousand compared to €45,783 thousand in 2019. This performance is the result of a common trend in the three business lines in which the Group operates. In fact, in the electronics sector - CNC - the trend of revenues compared to 2019 recorded a significant downturn (-41.3%); the high-speed milling systems sector - HSM - closed the period with a decrease of over €20.6 million (-65.8%), while the after-sales service sector - Service - declined by 24.6%.

The trend in revenues by line of business is illustrated more in detail in the following table:

Revenues by line of business (€ thousand)	2020	%	2019	%	Change in %
Numerical controls, drives and software	1,354	6.4%	2,305	5.0%	-41.3%
High-speed milling systems	10,710	50.4%	31,304	68.4%	-65.8%
After-sales service	9,175	43.2%	12,174	26.6%	-24.6%
Grand total	21,239	100%	45,783	100%	-53.6%

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

Net total sales (€thousand)	2020	%	2019	%	Change in %
ITALY	3,519	16.6%	3,823	8.4%	-8.0%
EUROPE	4,451	21.0%	12,358	27.0%	-64.0%
ASIA	5,079	23.9%	17,786	38.8%	-71.4%
NORTH and SOUTH AMERICA	8,190	38.6%	11,816	25.8%	-30.7%
REST OF THE WORLD	0	0.0%	-	0.0%	0.0%
TOTAL	21,239	100%	45,783	100%	-53.6%

Numerical controls and software

Revenues from the electronic sector (CNC) decreased significantly compared to 2019 (-41.3%), from €2,305 thousand in 2019 to €1,354 thousand in 2020.

High-speed milling systems

The high speed milling (HSM) systems sector reported a decrease in revenues compared to 2019; revenue declined from €31,304 thousand in 2019 to €10,710 thousand in 2020 equal to a 65.8% decrease.

At 31 December 2020, 19 milling systems had been shipped to and accepted by end customers, compared with 54 the previous year.

After-sales service

The Service Division comprises the revenues resulting from after-sales technical service, the sale of spare parts and scheduled maintenance contracts. The offer of a widespread and effective service network is deemed to be strategic for the Group's growth policies and is becoming an increasingly decisive element in guiding the investment decisions of potential customers.

In 2020, revenues amounted to €9,175 thousand, down 24.6% from €12,174 thousand in the previous year.

Commercial activity

The following tables show the trend in the order backlog and in the new orders in the two periods under consideration. The commercial data referring to the Service sector are not shown, as these coincide with revenue realised, given that the time to process any requests for intervention is extremely low.

Total (€thousands) _ HSM+CNC	2020	2019	Change in %
Backlog orders at 01/01	16,556	22,872	-27.6%
New orders	11,455	27,293	-58.0%
Net revenue	(12,064)	(33,609)	-64.1%
Backlog orders at 31/12	15,947	16,556	-3.7%

The 2020 period closed with an order backlog that decreased compared to the end of 2019 due to less new orders in the mechanical sector.

Other revenues and income

Other operating revenue in 2020 amounted to €2,123 thousand versus €2,311 thousand last year. Said item comprises revenues from ordinary business activities, but which are not sales of goods and services.

This item mainly includes:

- research grants received from the European Union and the MIUR (Italian Ministry of Education, University and Research) as part of funded research carried out by the parent company Fidia S.p.A. (€335 thousand at 31 December 2020; €478 thousand at 31 December 2019);
- capital gains from transfers (€264 thousand at 31 December 2020; €52 thousand at 31 December 2019);
- reabsorption of the provision for warranty (€937 thousand at 31 December 2020; €796 thousand at 31 December 2019);
- damages from insurance companies, recovery of costs incurred, contingent assets, and others (€682 thousand at 31 December 2020; €986 thousand at 31 December 2019).

It should be noted that for the year 2019, €555 thousand were reclassified from the item "Other revenues and income" to reduce the item "Personnel expenses" in order to make the two years comparable.

Value of production

At year-end, the value of production reached €21,765 thousand, down 54.7% compared to the year before (€48,558 thousand). This was due to the combined effect of the decrease in revenues from sales (€24,544 thousand less than in 2019), partially offset by a lower decrease in inventories of finished products and work in progress (-€1,506 thousand compared to 2019) and a negative change in other revenues (-€516 thousand compared to 2019), mainly related to lower warranty costs due to the lower volume of assets and contingent assets.

Other services and operating costs

This item, equal to €5,649 thousand, down 36.0% YOY (€8,831 thousand).

In detail, the items that contributed the most are:

- costs for repairs and interventions €466 thousand at 31 December 2020, compared with €1,686 thousand at 31 December 2019 (-€1,220 thousand);
- travel expenses incurred €994 thousand euros at 31 December 2020, compared with €2,054 thousand at 31 December 2019 (-€1,060 thousand);
- advertising and trade fair costs €9 thousand at 31 December 2020, compared with €442 thousand at 31 December 2019 (-€433 thousand);
- overheads, technical and administrative consulting, utilities, rent, legal expenses, contingent liabilities and other expenses, €4,180 thousand at 31 December 2020, €4,649 thousand at 31 December 2019 (-€469 thousand, equal to 10.0%).

Added value

At year-end, value added amounted to €8,819 thousand versus €16,629 thousand the year before (equivalent to 40.1% of value of production in 2020 and 34.2% in 2019). The reduction is mostly due to the lower value of production.

Personnel

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

Staffing	2020	2019	Abs. change	Change in %
Executives	11	12	-1	-8.3%
Office workers and middle managers	218	251	-33	-13.1%
Workers	42	50	-8	-16.0%
Total employees	271	313	-42	-13.4%
Total mean No. of employees	285	322.5	-37.5	-11.6%

Labour cost (€thousand)	2020	2019	Abs. change	Change in %
Labor cost	10,996	17,077	-6,081	-35.6%

Personnel expenses decreased sharply from the previous year (-35.6% equal to a reduction of about €6,081 thousand), and the average Group headcount was about 11.6% lower.

In 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 reduced demand, also following the pandemic, and in addition, the Covid-19 National Fund was activated in March for all the plants and offices of the parent company Fidia S.p.A.

EBITDA

EBITDA was equivalent to -€2,177 thousand (-9.9% of value of production), down €1,173 thousand compared to the previous year (-€1,003 thousand, equal to 2.1% of value of production), mainly due to the drop in revenues.

Operating income from ordinary business

Operating income from ordinary business registered a loss of -€5,738 thousand, versus -€3,469 thousand at 31 December 2019.

Non-recurring income and charges

There were no non-recurring income and expenses in 2020, as well as in 2019.

EBIT

EBIT at 31 December 2020 amounted to -€5,738 thousand, while at 31 December 2019 it was -€3,469 thousand.

Finance expenses and revenue and net exchange rate gains/losses

Net financial expenses decreased compared to 2019 (net expenses of €521 thousand compared to €588 thousand last year).

Net foreign exchange differences, either realised or resulting from measurement in the financial statements, generated net revenue of €213 thousand versus net expenses of €142 thousand at 31 December 2019.

Earnings before tax (EBT)

EBT resulted in a loss of -€6,044 thousand versus a loss of -€4,198 thousand in 2019.

Income tax

Net balance for the period was mainly due to current, deferred and paid taxes totaling €92 thousand, which can be broken down as follows:

- IRAP (Italian Regional Production Tax) €0 thousand;
- IRES (Italian Corporate Income Tax) €0 thousand;
- Income tax of foreign subsidiaries €34 thousand;
- Paid and deferred taxes amounting to €39 thousand.
- Taxes for previous periods amounting to €19 thousand.

It should be noted that the parent company Fidia S.p.A. reported a tax loss for the year for both IRES and IRAP purposes.

Profit/(loss) of the period

The net result for the period was a loss of €5,952 thousand compared to a loss of €4,477 thousand in 2019.

Group consolidated statement of financial position

At 31 December 2020, the reclassified consolidated statement of financial position was as follows:

Group statement of financial position (€thousand)	31/12/2020	31/12/2019
Net tangible assets	11,226	12,827
Intangible fixed assets	1,972	2,601
Non-current financial assets	16	16
Deferred tax assets	1,013	976
Other non-current assets	49	181
Capital assets – (A)	14,276	16,601
Net trade receivables from customers	4,019	8,837
Closing inventories	13,725	17,278
Other current assets	1,650	1,175
Short-term (current) assets – (B)	19,394	27,290
Trade payables to suppliers	(9,168)	(11,399)
Other current liabilities	(11,090)	(9,850)
Short-term (current) liabilities – (C)	(20,258)	(21,249)
Net working capital (D) = (B+C)	(864)	6,041
Termination benefits (E)	(2,114)	(2,159)
Other long-term liabilities (F)	(568)	(502)
Net invested capital (G) = (A+D+E+F)	10,729	19,981
Financial position		
Available-for-sale financial assets		
Cash on hand, bank deposits	(4,851)	(4,102)
Short-term loans	7,285	9,716
Assets/liabilities for current derivatives	-	-
Other current financial payables	-	-
Short-term financial position (receivable)/payable	2,434	5,614
Long-term loans, net of current portion	7,279	6,790
Assets/liabilities for long-term derivatives	291	230
Net financial position (receivable)/payable (H)	10,004	12,634
Share capital	5,123	5,123
Provisions	468	5,240
Profit/(loss) of the period for Group	(5,708)	(4,118)
Total equity of Group	(117)	6,245
Total equity of non-controlling interests	842	1,102
Total equity (I)	725	7,347
Equity and net financial position (L) = (H+I)	10,729	19,981

Compared to 31 December 2019, the Group statement of financial position registered the following changes:

- a decrease in non-current assets (from €16,601 thousand to €14,276 thousand) resulting from the decrease in capitalisation of assets with long-term utility, such as development costs, plus depreciation and amortization for the period and the write-down carried out on some development projects;
- significant decrease in trade receivables from customers (from €8,837 thousand to €4,019 thousand) mainly due to the decreased revenue. Trade receivables were posted net of depreciation provision in the amount of €1,298 thousand;
- a significant reduction in the level of inventories (from €17,278 thousand to €13,725 thousand), mainly due to lower production requirements. Inventories were posted net of provision for obsolete inventories in the amount of €3,580 thousand;
- an increase in other current assets (from €1,175 thousand to €1,650 thousand) mainly due to other current trade receivables and current social security receivables;

- Decrease in trade payables to suppliers (from €11,399 thousand to €9,168 thousand), substantially in line with the decline in revenue;
- Increase in other current liabilities (from €9,850 thousand to €11,090 thousand), mainly due to lower amounts allocated to the warranty provision and social security payables;
- Decrease in provisions for termination benefits (from €2,159 thousand to €2,114 thousand) due to normal dynamics related to personnel;
- Increase in other long-term liabilities (from €502 thousand to €568 thousand), mainly linked to advances on research projects.

At 31 December 2020, the net financial position was negative by €10,004 thousand, an improvement compared to the previous year in relation to the freezing of debt positions following the filing with the Court of Ivrea of the motion for arrangement with creditors with rights reserved pursuant to Article 161, paragraph 6, of the Bankruptcy Law on 13 November 2020, as well as as a result of the standstill agreement, signed with the credit institutions at the beginning of April 2020 and extended until the end of the period 2020, which involved the suspension of the repayment of the principal of the related loans.

The trend in the net financial position is illustrated below.

Trend in net financial position

Financial position (€thousand)	31/12/2020	31/12/2019
Available-for-sale financial assets		-
Cash on hand, bank deposits	4,851	4,102
Overdrawn bank accounts and short-term advances	(2,067)	(2,921)
Short-term loans	(5,218)	(6,795)
Assets/liabilities for current derivatives		-
Other current financial payables		-
Short-term financial position	(2,434)	(5,614)
Long-term loans, net of current portion	(7,279)	(6,790)
Assets/liabilities for long-term derivatives	(291)	(230)
Net financial position	(10,004)	(12,634)

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

Cash on hand, bank deposits (€thousand)	31/12/2020	31/12/2019
Fidia S.p.A.	1,373	934
Fidia Co.	1,539	788
Fidia GmbH	364	486
Fidia Iberica S.A.	201	292
Fidia S.a.r.l.	394	342
Beijing Fidra Machinery & Electronics Co., Ltd	744	983
Fidia do Brasil Ltda.	46	41
Shenyang Fidra NC & M Co., Ltd	191	236
Total cash and cash equivalents	4,851	4,102

Financial payables (€thousand)	31/12/2020	31/12/2019
Short-term loans and advances		
Fidia S.p.A.	(6,470)	(8,645)
Fidia GmbH	(80)	(347)
Fidia Iberica S.A.	(52)	(19)
Fidia S.a.r.l.	(188)	(48)
Fidia do Brasil Ltda	(2)	(20)
Beijing Fidra Machinery & Electronics Co., Ltd	(491)	(637)
Total	(7,285)	(9,716)
Long-term loans, net of current portion		
Fidia S.p.A.	(5,841)	(6,679)
Fidia GmbH	(195)	(38)
Fidia Iberica S.A.	(198)	(25)
Fidia S.a.r.l.	(18)	(45)
Fidia do Brasil Ltda	-	(3)
Fidia Co	(1,027)	-
Total	(7,279)	(6,790)
Assets/(liabilities) for long-term derivatives		
Fidia S.p.A.	(291)	(230)
Total	(291)	(230)
Total financial payables	(14,855)	(16,736)

A summary statement of cash flows is provided below to illustrate the flows that generated the net financial position. The exhaustive statement is provided among the Consolidated Financial Statements.

Short consolidated statement of cash flows (€thousand)	2020	2019
A) Cash on hand and cash equivalents at beginning of year	1,181	3,192
B) Cash from (used in) operating activities during the period	3,769	2,909
C) Cash from/(used in) investing activities	(181)	(894)
C) Cash from/(used in) financing activities	(1,469)	(4,170)
Currency translation differences	(515)	143
E) Net change in cash and cash equivalents	1,602	(2,011)
F) Cash and cash equivalents at year end	2,784	1,181
Breakdown of cash and cash equivalents:		
Cash and cash equivalents	4,851	4,102
Overdrawn bank accounts and short-term advances	(2,067)	(2,921)
	2,784	1,181

In addition to the foregoing, the table below illustrates the main economic and financial indicators.

FINANCIAL RATIOS

INVESTMENT MIX RATIOS

RATIOS	31-Dec-20	2019
1) Weight of fixed assets		
$\frac{\text{Capital assets}}{\text{Total assets}}$	$\frac{14.276}{38.521} = 37.06\%$	$\frac{16.601}{47.993} = 34.59\%$
2) Weight of working capital		
$\frac{\text{Current assets}}{\text{Total assets}}$	$\frac{24.245}{38.521} = 62.94\%$	$\frac{31.392}{47.993} = 65.41\%$

LOAN MIX RATIOS

RATIOS	31-Dec-20	2019
1) Weight of current liabilities		
$\frac{\text{Current liabilities}}{\text{Total liabilities (except shareholders' equity)}}$	$\frac{27.543}{37.796} = 72.87\%$	$\frac{30.965}{40.646} = 76.18\%$
2) Weight of non-current liabilities		
$\frac{\text{Consolidated liabilities}}{\text{Total liabilities (except shareholders' equity)}}$	$\frac{10.253}{37.796} = 27.13\%$	$\frac{9.681}{40.646} = 23.82\%$
3) Weight of own capital		
$\frac{\text{Own capital}}{\text{Net invested capital}}$	$\frac{725}{10.729} = 6.76\%$	$\frac{7.347}{19.981} = 36.77\%$

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 loans mix indicator shows:

- a prevalence of short-term loans, which is consistent with the level of investing activities;
- hedging of the net invested capital with third-party resources.

FINANCIAL POSITION RATIOS

LIQUIDITY RATIOS

TABLE OF CONTENTS	31-Dec-20	2019
Current assets	24,245	31,392
Current liabilities	27,543	30,965
	$\frac{24,245}{27,543} = 0.88$	$\frac{31,392}{30,965} = 1.01$

CAPITAL ASSETS COVERAGE RATIO

TABLE OF CONTENTS	31-Dec-20	2019
Own capital	725	7,347
Capital assets	14,276	16,601
	$\frac{725}{14,276} = 0.05$	$\frac{7,347}{16,601} = 0.44$

CASH RATIO

TABLE OF CONTENTS	31-Dec-20	2019
Short-term assets	19,394	27,290
Short-term liabilities	20,258	21,249
	$\frac{19,394}{20,258} = 0.96$	$\frac{27,290}{21,249} = 1.28$

The analysis of financial indicators reflects a trend consistent with the general situation experienced by the company in 2020.

In particular, the deterioration in the liquidity ratio was affected by the general environment in which the company operated in 2020.

The capital assets coverage ratio shows prevailing coverage of capital assets with borrowed funds, further accentuated in the period 2020.

Finally, the cash ratio shows a slight worsening, highlighting the downsizing of short-term assets relative to short-term liabilities in the period.

ECONOMIC POSITION RATIOS

ROE

	31-Dec-20		2019	
Net income pertaining to Group	-5,708	=	-4,118	=
Equity of Group	-117	>100	6,245	-65.94%

ROI

	31-Dec-20		2019	
Operating income from ordinary business	-5,738	=	-3,469	=
Invested capital	33,670	-17.04%	43,891	-7.90%

ROS

	31-Dec-20		2019	
Operating income from ordinary business	-5,738	=	-3,469	=
Sales	21,239	-27.01%	45,783	-7.58%

ROE, which measures return on equity, shows an unrepresentative result because in the period 2020 both operating income and equity attributable to the group were negative. The result of this ratio also shows a significant deterioration of the Group's equity, which, at the end of 2020, was negative by €117 thousand.

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

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

Disclosure by line of business

Economic and financial trend by line of business

The following table shows the consolidated results broken down into the three traditional sectors in which the Group operates (Numerical Controls - CNC -, High Speed Milling Systems - HSM -, and Service).

The last columns show those items that cannot be classified; these items are mainly general and administrative costs and costs for advertising, promotion and exhibitions for the companies operating in all business lines.

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

Consolidated statement of comprehensive income by sector

Data by year - 2020 (€thousand)	CNC	%	HSM	%	SERVICE	%	N/A	Total
Revenues	1,353	70.2%	10,710	100.0%	9,175	99.2%	-	21,239
Cross-sector revenues	574	29.8%	0	0.0%	71	0.8%	0	
Total reclassified revenues	1,928	100.0%	10,710	100.0%	9,246	100.0%	-	21,239
Changes in inventories of finished goods and W.I.P.	(215)	-11.2%	(1,088)	-10.2%	- 295	-3.2%	0	(1,597)
Raw materials and consumables	67	3.5%	(5,007)	-46.8%	- 951	-10.3%	(65)	(5,956)
Cross-sector expenses	(50)	-2.6%	(848)	-7.9%	251	2.7%	3	(0)
Commissions, transport and contractors	(101)	-5.2%	(941)	-8.8%	- 295	-3.2%	(4)	(1,341)
Margin on sales	1,629	84.5%	2,826	26.4%	7,956	86.1%	(66)	12,345
Other operating revenue	305	15.8%	877	8.2%	597	6.5%	345	2,123
Other operating costs	(153)	-8.0%	(1,399)	-13.1%	- 1,210	-13.1%	(2,887)	(5,649)
Personnel expenses	(998)	-51.8%	(3,929)	-36.7%	- 3,958	-42.8%	(2,111)	(10,996)
Depreciation, amortisation and write-downs	(464)	-24.1%	(1,605)	-15.0%	- 437	-4.7%	(1,056)	(3,561)
Operating profit/(loss)	318	16.5%	(3,231)	-30.2%	2,950	31.9%	(5,774)	(5,738)

Data by year - 2019 (€thousand)	CNC		HSM		SERVICE		N/A	Total
Revenues	2,305	51.4%	31,303	100.0%	12,174	99.7%	-	45,783
Cross-sector revenues	2,177	48.6%	-	0.0%	32	0.3%	-	-
Total reclassified revenues	4,482	100.0%	31,303	100.0%	12,206	100.0%	-	45,783
Changes in inventories of finished goods and W.I.P.	(100)	-2.2%	(11)	0.0%	19	0.2%	-	(92)
Raw materials and consumables	(1,294)	-28.9%	(16,149)	-51.6%	(1,234)	-10.1%	(98)	(18,775)
Cross-sector expenses	187	4.2%	(3,048)	-9.7%	616	5.0%	36	-
Commissions, transport and contractors	(393)	-8.8%	(3,437)	-11.0%	(489)	-4.0%	(2)	(4,322)
Margin on sales	2,882	64.3%	8,658	27.7%	11,119	91.1%	(65)	22,594
Other operating revenue	675	15.1%	1,333	4.3%	280	2.3%	24	2,311
Other operating costs	(346)	-7.7%	(2,470)	-7.9%	(2,543)	-20.8%	(3,472)	(8,831)
Personnel expenses	(2,342)	-52.2%	(6,406)	-20.5%	(5,401)	-44.2%	(2,929)	(17,077)
Depreciation, amortisation and write-downs	(248)	-5.5%	(835)	-2.7%	(250)	-2.0%	(1,133)	(2,466)
Operating profit/(loss)	621	13.9%	279	0.9%	3,206	26.3%	(7,575)	(3,469)

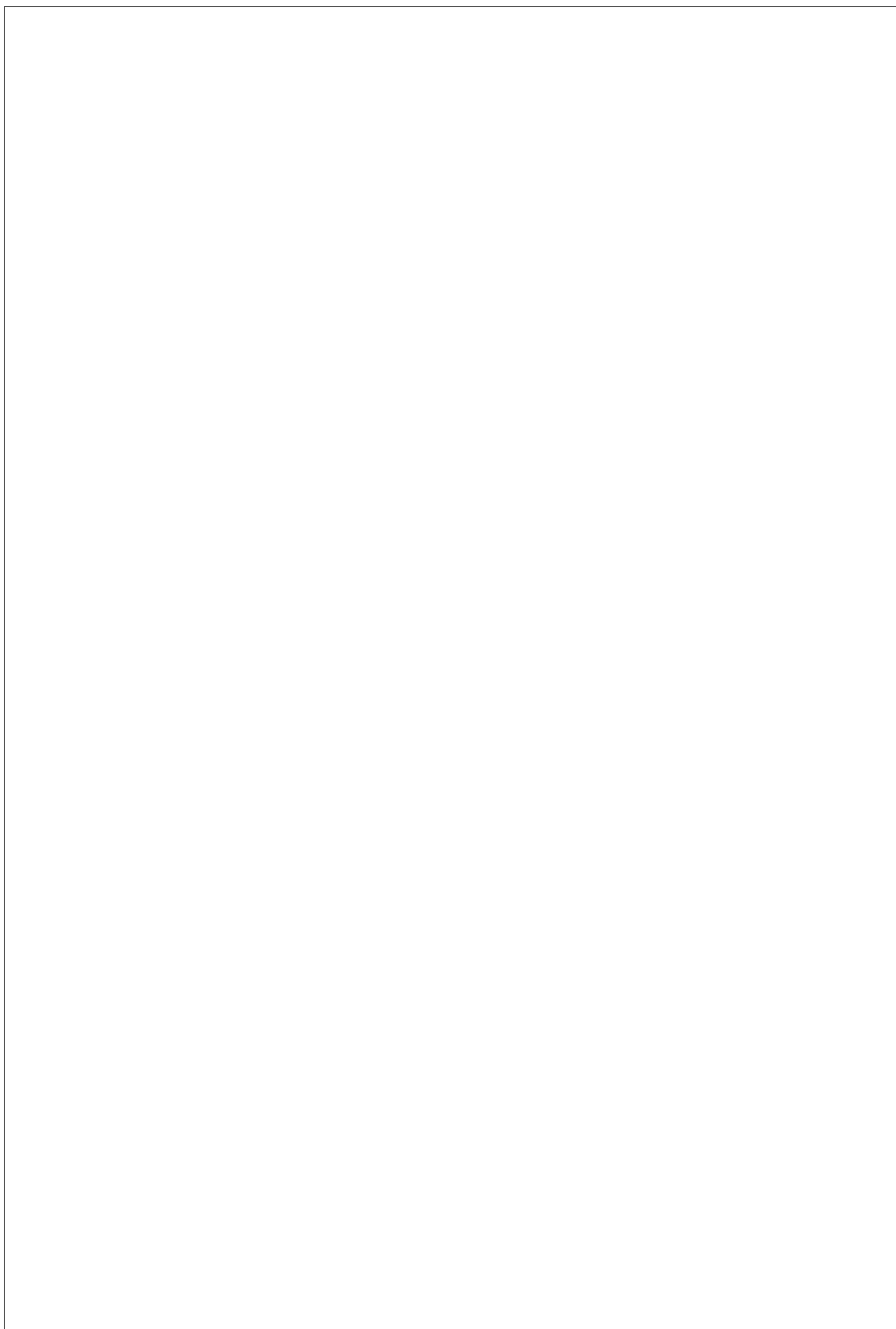
The electronics sector (CNC), as already explained in the first part of the Report, closed 2020 with decreased revenues compared to the year before. Nonetheless, there was a percentage increase in the margin on sales, (from 64.3% in 2019 to 84.5% in 2020), despite decreasing margins in absolute terms (from €2,882 thousand in 2019 to €1,629 thousand in 2020). EBIT worsened in absolute terms (from €621 thousand in 2019 to €319 thousand in 2020), especially due to the decrease in revenues and cross-sector revenues, despite improvements in other operating costs and in cost of personnel (from €2,342 thousand in 2019 to €998 thousand in 2020).

The high-speed milling systems (HSM) sector showed decreased revenues (€10,710 thousand in 2020 versus €31,303 thousand in 2019). The margin on sales decreased both in absolute terms and as a percentage of revenues (€2,826 thousand compared to €8,658 thousand in the previous year). EBIT amounted to €-3,161 thousand in 2020, compared with €279 thousand in 2019.

Finally, Service showed a decrease in revenue (€9,175 thousand versus €12,174 thousand in 2019), resulting in a decrease in the margin on sales in absolute terms (€7,956 thousand versus €11,119 thousand in 2019) and in percentage terms (86.1% in 2020 versus 91.1% in 2019). Operating income from ordinary business was lower than in 2019 (€2,870 thousand compared to €3,206 thousand in the previous year), and with margin that went from 26.3% in 2019 to 31.0% in 2020.

Consolidated Statement of Financial Position by sector

Data by year - 2020 (€thousand)	CNC	HSM	SERVICE	N/A	Total
Property, plant and equipment	43	7,865	190	3,211	11,310
Intangible fixed assets	1,413	534	-	25	1,972
Equity investments	-	-	-	16	16
Deferred tax assets	-	-	-	929	929
Other non-current receivables and assets	-	2	-	48	49
Total non-current assets	1,456	8,401	190	4,230	14,276
Inventory	1,592	6,366	5,768	-	13,725
Trade receivables and other receivables	361	2,247	1,544	997	5,149
Current taxes receivable	-	-	1	519	520
Other current financial assets	-	-	-	-	-
Cash and cash equivalents	-	-	-	4,851	4,851
Total current assets	1,953	8,612	7,314	6,367	24,245
Total assets	3,408	17,014	7,504	10,596	38,521
Other non-current payables and liabilities	165	203	46	16	429
Deferred tax liabilities	-	-	-	84	84
Termination benefits	386	1,202	195	331	2,114
Long-term provisions	-	11	44	-	55
Other non-current financial liabilities	-	-	-	324	324
Non-current financial liabilities	12	4,590	33	2,611	7,246
Total non-current liabilities	563	6,006	318	3,366	10,253
Current financial liabilities	11	355	58	6,860	7,285
Other current financial liabilities	-	-	-	-	-
Trade payables and other current payables	974	10,502	1,228	6,012	18,716
Current taxes payable	-	-	-	867	867
Short-term provisions	2	273	308	92	675
Total current liabilities	987	11,131	1,594	13,831	27,543
Total liabilities	1,550	17,137	1,912	17,197	37,796
Shareholders' equity	-	-	-	725	725
Total liabilities	1,550	17,137	1,912	17,922	38,521



31 December 2019 (€thousand)	CNC	HSM	SERVICE	N/A	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
Total non-current assets	1,509	9,840	309	4,943	16,601
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
Total current assets	2,772	13,826	9,703	5,091	31,392
Total assets	4,282	23,667	10,011	10,034	47,993
Other non-current payables and liabilities	23	237	41	25	326
Deferred tax liabilities	-	-	-	97	97
Termination benefits	390	1,252	189	328	2,159
Long-term provisions	-	23	56	-	79
Other non-current financial liabilities	-	-	-	324	324
Non-current financial liabilities	42	4,979	88	1,587	6,696
Total non-current liabilities	456	6,491	373	2,361	9,681
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
Total current liabilities	1,980	14,206	1,953	12,826	30,965
Total liabilities	2,436	20,697	2,326	15,186	40,645
Shareholders' equity	-	-	-	7,347	7,347
Total liabilities	2,436	20,697	2,326	22,533	47,993

Corporate Governance

The Fidia Group complies with and applies the Self-Discipline Code for Italian listed companies in all its activities.

In compliance with the regulatory requirements of the Italian Stock Exchange and legislation (Article 123b of Italian Legislative Decree no. 58/1998 - Consolidated Law on Finance) the report on corporate governance and ownership structure is drawn up every year. The report is made available to the public on the occasion of the publication of the financial statements and can be found on the website:

www.fidia.it - www.fidia.com, section Investor Relations, subsection Corporate Governance.

Starting from the period 2011, the Report on Directors' Remuneration is also drawn up. This document too will be made available to the public on the aforementioned website, within the set time, i.e., twenty-one days before the date set for the General Shareholders' Meeting to approve the financial statements.

For the purpose of this Report on Operation, please be noted:

Management and Coordination

Fidia S.p.A. is not managed or coordinated by other companies or entities.

Subsidiaries conduct their business with complete management and operating autonomy.

Internal control system

The internal control and risk management system consists of various components of the organization chart and procedures, among which the Board of Directors, the Control and Risks Committee, the General Manager, the controller, the internal audit function, the director in charge as per article 154-bis of the TUF (Consolidated Finance Act) and the Organization Model as per Italian Legislative Decree No. 231/2001 and works through a set of processes aimed to monitor, for instance, the efficiency of company operations, reliability of financial information, compliance with laws and regulations and the safeguard of company assets.

Alongside of the implementation of the Organization Model as per Italian Legislative Decree No. 231/2001, a Supervisory Board was appointed in order to ensure the required information flows. The Supervisory Board informs the Board of Directors of its activities through periodic reports and through the Control and Risks Committee and the Board of Auditors.

At the date of preparation of these financial statements, the Supervisory Board consists of 2 external members and a third member who is being replaced.

Certification pursuant to Article 2.6.2, paragraph 12, of the Rules of the Markets organized and managed by Borsa Italiana.

Fidia S.p.A. controls a number of companies established in countries outside the European Union who are of significant importance pursuant to Article 36 of Consob Regulation No. 16191/2007 as amended by Consob Resolution No. 18214/2012 concerning the regulation of the markets ("Regulation of Markets").

With reference to 31 December 2020, the regulatory provision regards three Group companies (Beijing Fidia M & E Co. Ltd. - China, Shenyang Fidia NC & Machine Company Ltd. - China; Fidia Co. - USA), that adequate procedures have been adopted to ensure compliance with said regulation and that the conditions as per the above-mentioned Article 36 subsist.

* * *

Interests held by members of administration and control bodies, general managers and executives with strategic responsibilities in office at 31 December 2020 are reported below.

Name and last name	Company	No. of shares held as at 31 December 2019	No. of shares purchased in 2020	No. shares sold in 2020	No. of shares held as at 31 December 2020
Giuseppe Morfino	Fidia ordinary shares	2,665,516			2,665,516

Non-financial statement

In compliance with the provisions of Article 2, paragraph 1, of Legislative Decree 254/2016, the company has not prepared a consolidated non-financial statement due to size limits (the number of employees during the year was less than five hundred) and has not adhered to it on a voluntary basis.

Inter-company and related parties transactions

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, 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. Inter-company 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 related parties transactions whose definition was extended according to Accounting Standard IAS 24, as required by Consob Resolution of 28 July 2006, is illustrated in Note to the Consolidated Financial Statements and Note of 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 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.

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

ECONOMIC TRENDS

The reclassified statement of comprehensive income is illustrated below:

Economic trend (€thousand)	2020	%	2019 (*)	%
Net revenue	11,639	90.1%	32,199	92.3%
Changes in inventories of finished goods and Work in progress	(689)	-5.3%	17	0.0%
Other revenues and income	1,962	15.2%	2,114	6.2%
Value of production	12,911	100%	34,331	100.0%
Raw materials and consumables	(4,657)	-36.1%	(15,311)	-43.9%
Commissions, transport and contractors	(992)	-7.7%	(3,990)	-11.4%
Other services and operating costs	(3,241)	-25.1%	(6,948)	-19.9%
Added value	4,020	31.2%	8,082	23.5%
Personnel expenses	(5,773)	-44.7%	(10,242)	-29.8%
EBITDA	(1,753)	-13.6%	(2,161)	-6.3%
Accrued provisions	(793)	-7.8%	(30)	-0.1%
Depreciation/amortisation/write-downs of fixed assets	(1,931)	-15.0%	(1,313)	-3.8%
Operating income from ordinary business	(4,477)	-36.4%	(3,504)	-10.0%
Non-recurring income/(expenses)			-	-
Impairment (losses)/reversals	(4,884)	-36.2%	(686)	-2.0%
EBIT	(9,361)	-72.5%	(4,190)	-12.0%
Net finance (expenses) and revenue	(383)	-3.0%	501	1.4%
Profit/(Loss) on foreign exchange	164	1.3%	(73)	-0.2%
Earnings before tax (EBT)	(9,581)	-74.2%	(3,762)	-10.8%
Income taxes (current, paid and deferred)	7	0.1%	(15)	-0.0%
Net operating result	(9,573)	-74.1%	(3,777)	-10.6%

(*) 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.

The year 2020 closed with a decrease in revenues of 63.9% compared to the year before (€11,639 thousand versus €32,199 thousand in 2019).

This performance was due mostly to the high-speed milling systems (HSM) business sector, down by 72.0%, while the electronics division recorded a negative performance of 48.2%; the after-sales service sector, on the other hand, decreased by 31.7%.

As for the Group consolidated financial statements, the economic data of Fidia S.p.A are also presented broken down into three sectors (Numerical Controls - CNC -, High Speed Milling Systems - HSM -, and Service).

With reference to the Service sector, data of a commercial nature relating to the order backlog and new orders are not shown, as these basically coincide with the turnover, given that the time to process any requests for intervention is extremely low.

The following tables illustrate the trends in revenues by line of business and geographical region.

Line of business (€ thousand)	2020	%	2019	%	Change in %
Numerical controls, drives and software	743	6.4%	1,435	4.5%	-48.20%
High-speed milling systems	7,027	60.4%	25,103	78.0%	-72.0%
After-sales service	3,869	33.2%	5,661	17.6%	-31.7%
Grand total	11,639	100.0%	32,199	100.0%	-63.90%

Total revenues (€thousand)	2020	%	2019	%	Change in %
ITALY	3,497	30.0%	3,808	11.8%	-8.2%
EUROPE	1,584	13.6%	8,272	25.7%	-80.9%
ASIA	2,262	19.4%	14,235	44.2%	-84.1%
NORTH and SOUTH AMERICA	4,296	36.9%	5,884	18.3%	-27.0%
REST OF THE WORLD	0	0	-	0.0%	0.0%
Total	11,639	100.0%	32,199	100.0%	-63.9%

As already noted, total revenue of Fidia S.p.A. decreased (-63.9%) compared to 2019 as a result of sales in the HSM sector (-72.0%) and CNC sector, which decreased by 48.2%. The Service sector was also down from 2019 (-31.7%).

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

Total backlog orders (€thousand)	2020	2019	Change in %
Backlog orders at 01/01	13,959	20,047	-30.4%
New orders	7,980	20,450	-61.0%
Net revenue	(7,770)	(26,538)	-70.7%
Backlog orders at 31/12	14,169	13,959	1.5%

The final order backlog at 31 December 2020 was higher by +1.5% compared to the previous year.

EBITDA was negative amounting to about -€1,753 thousand (-€2,161 thousand in 2019).

The operating income from ordinary business was also negative at €4,477 thousand compared to a negative result of €3,504 thousand at 31 December 2019.

EBIT was negative by €9,361 thousand (compared with -€4,190 thousand in the same period of 2019). As a result of the impairment test, this result reflects the reduction in the value of equity investments, amounting to €4,884 thousand, determined by the necessary write-down of receivables owed by subsidiaries to the parent company. Once the plan is approved, this negative effect will be recovered from the positive effects of the bankruptcy proceedings.

With reference to the measurement of equity investments, the outcome of the impairment test carried out for 2020 resulted in impairment losses of €4,668 thousand and the allocation of an impairment provision of €216 thousand with a total effect of €4,884 thousand.

Financial management made an overall negative contribution to the income statement of Fidia S.p.A., determined mostly by the contraction of dividends distributed by some subsidiaries (€118 thousand; €1,110 thousand in 2019), partially offset by net finance expenses (totalling €521 thousand in 2020 and €609 thousand in 2019). The foreign currency management generated earnings of approximately €164 thousand (losses of €73 thousand at 31 December 2019).

The net loss after taxes of €7 thousand amounted to €9,573 thousand versus a loss of €3,777 thousand at 31 December 2019.

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

Staffing	2020	2019	Abs. change	Change %
Executives	7	8	(1)	-12.5%
Office workers and middle managers	108	125	(17)	-13.6%
Workers	40	48	(8)	-16.7%
Total employees	155	181	(26)	-14.4%
Total mean No. of employees	167	187.5	(20.5)	-10.9%

Labour cost (€thousand)	2020	2019	Abs. change	Change %
	5,773	10,242	(4,469)	-43.63%

Personnel expenses decreased overall by €4,469 thousand YOY (-43.63%) compared to an average decrease of 10.9% in headcount. However, during the year the workforce decreased by 26 units, or 14.4%.

Due to lower revenue, the overall incidence of cost of labour in relation to the value of production increased from 30.9% in 2019 to 44.7% in the current period.

As mentioned above, 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.

Statement of financial position

The reclassified statement of financial position was as follows:

Statement of Financial Position (€thousand)	31.12.2020	31.12.2019
Tangible Fixed Assets	9,019	10,049
Intangible fixed assets	1,962	2,596
Non-current financial assets	6,646	11,314
Deferred tax assets	434	426
Other non-current receivables and assets	40	171
Capital assets – (A)	18,102	24,556
Net trade receivables from customers	3,525	6,806
Closing inventories	9,178	11,263
Other current assets	2,506	2,399
Short-term (current) assets – (B)	15,209	20,468
Trade payables to suppliers	(14,444)	(15,620)
Other current liabilities	(8,917)	(6,301)
Short-term (current) liabilities – (C)	(23,360)	(21,921)
Net working capital (D) = (B+C)	(8,152)	(1,453)
Termination benefits (E)	(2,113)	(2,158)
Other long-term liabilities (F)	(363)	(210)
Net invested capital (G) = (A+D+E+F)	7,474	20,735
Financial position		
Available-for-sale financial assets	-	-
Cash, bank deposits and loans made	(1,493)	(1,054)
Short-term loans	8,523	10,917
Assets/liabilities for current derivatives	-	-
Other short-term financial liabilities	-	-
Short-term financial position (receivable)/payable	7,029	9,863
Long-term loans, net of current portion	5,841	6,679
Assets/liabilities for long-term derivatives	291	230
Net financial position (receivable)/payable (H)	13,162	16,772
Share capital	5,123	5,123
Provisions	(1,237)	2,617
Profit/(loss) of the period	(9,574)	(3,777)
Total equity (I)	(5,689)	3,963
Equity and net financial position (L) = (H+I)	7,474	20,735

Compared to 31 December 2019, capital assets showed a decrease of €6.5 million, mainly attributable to the impairment of financial assets in the amount of €4,668 thousand, as a result of the impairment test performed on controlling equity investments.

Net working capital further decreased from 2019 mainly due to the trend of receivables and payables driven by the decrease in revenue and related costs, and the decrease in inventories. In addition, the balances at the end of 2020 are affected by the admission to bankruptcy proceedings.

Medium to long term liabilities registered a slight decrease in the provisions for termination benefits linked to normal dynamics relating to staff management and specifically to outgoing senior staff.

The foregoing resulted in a negative net financial position of €13,162 thousand at 31 December 2020, which was substantially better than the negative balance of €16,722 thousand at 31 December 2019.

The trend in the net financial position of Fidia S.p.A. reflects the same trend as the Group's net financial position, with the improvement compared to 31 December 2019 due to the freezing of debt positions following the filing with the Court of

lvrea of the motion for arrangement with creditors with reserved rights pursuant to Article 161, paragraph 6, of the Bankruptcy Law that took place on 13 November 2020, as well as as a result of the *standstill* agreement, signed with the lenders at the beginning of April 2020 and extended until the end of the period 2020, which entailed the suspension of the repayment of the principal amounts of the related loans.

Trend in net financial position

Financial position (€thousand)	31.12.2020	31.12.2019
Available-for-sale financial assets	-	-
Cash, bank deposits and loans made	1,493	1,054
Overdrawn bank accounts and short-term advances	(2,067)	(2,921)
Short-term loans	(6,456)	(7,996)
Assets/liabilities for current derivatives	-	-
Other current financial payables	-	-
Short-term financial position	(7,029)	(9,863)
Long-term loans, net of current portion	(5,841)	(6,679)
Assets/(liabilities) for long-term derivatives	(291)	(230)
Net financial position	(13,162)	(16,772)

The complete statement of cash flows is illustrated below in the Accounting Schedules of the Notes. A short version is provided here.

Short statement of cash flows (€ thousand)	2020	2019
A) Cash on hand and cash equivalents at beginning of year	(1,987)	106
B) Cash from (used in) operating activities during the period	3,949	1,144
C) Cash from/(used in) investing activities	(262)	(957)
C) Cash from/(used in) financing activities	(2,394)	(2,280)
E) Net change in cash and cash equivalents	1,293	(2,093)
F) Cash and cash equivalents at year end	(694)	(1,987)
Breakdown of cash and cash equivalents:		
Cash and cash equivalents	1,373	934
Overdrawn bank accounts and short-term advances	(2,067)	(2,921)
	(694)	(1,987)

Comparison of operating result and shareholders' equity of the Parent Company and equivalent values of the Group

According to Consob Notice of 28 July 2006, the comparison between the operating result of year 2020 and the shareholders' equity at 31 December 2020 of the Group (share pertaining to the Group) with the equivalent values of the parent company Fidia S.p.A. is provided.

Comparison of operating result and shareholders' equity of the Parent Company and Group (€ thousand)	Shareholders' equity 31.12.2019	Changes in Shareholders' equity 2020	Result 31.12.2020	Shareholders' equity 31.12.2020
Financial Statements of Fidia S.p.A.	3,963	(77)	(9,574)	(5,688)
Consolidation adjustments				
* Elimination of carrying amount of investments	2,614	(644)	3,676	5,646
* Transactions between consolidated companies	(341)	-	189	(151)
* Foreign exchange gain/(loss) on inter-company transactions	9	68	1	77
Consolidated financial statements of Group (share pertaining to Group)	6,245	(654)	(5,708)	(117)

Trends in Group Companies

A brief overview of the performance of the Group companies during the period is provided below. For the sake of clarity of the general overview of the companies, the amounts are expressed in thousands of euros. The mean exchange rates of the currency of origin in the periods of reference were applied for the non-European subsidiaries. Data refers to the financial statements drawn up according to international accounting standards ("IFRS").

Fidia GmbH

Revenue in 2020 amounted to €2,687 thousand, down from €3,886 thousand in the previous year (down 31.0%); the year 2020 ended with a loss of €61 thousand, compared to a loss of €123 thousand in 2019. Workforce was down and amounted to 17 employees.

Fidia Iberica S.A.

The revenue for 2020 amounted to €824 thousand, down from €2,767 thousand the previous year (-70.0%). The period 2020 closed with a loss of €100 thousand versus a net profit of €27 thousand in 2019. Workforce was down and amounted to 9 employees.

Fidia S.a.r.l.

The revenue for 2020 amounted to €500 thousand, up from €2,327 thousand the previous year (-79.0%). The period closed with a loss of €118 thousand over a profit of €106 thousand in 2019. Workforce was down and amounted to 6 employees.

OOO Fidias

The company did not do any business during 2020.

Fidia Co.

Revenue in 2020 amounted to €6,664 thousand (USD 7,612 thousand) down from €8,972 thousand (USD 10,044 thousand) the previous year (-25.0%). The loss amounted to €207 thousand (\$236 thousand) compared to the previous year's profit of €453 thousand (\$508 thousand). Workforce decreased from 20 employees at 31 December 2019 to 18 employees at 31 December 2020.

Beijing Fidias Machinery & Electronics Co. Ltd.

Revenue in 2020 amounted to €3,596 thousand (RMB 28.4 million), down from €6,585 thousand (RMB 50.9 million) in the previous year (-45.0%). Loss amounted to €166 thousand versus a profit of €240 thousand the year before. Workforce decreased from 30 employees at 31 December 2019 to 28 employees at 31 December 2020.

Shenyang Fidias NC&M Co. Ltd.

Revenue in 2020 amounted to €1,258 thousand (RMB 9.9 million) versus €1,940 thousand (RMB 15.0 million) in 2019; the year closed with a loss of €496 thousand versus a net loss of €731 thousand in 2019. Workforce decreased from 35 employees at 31 December 2019 to 32 employees at 31 December 2020.

Fidia do Brasil Ltda

Revenue in 2020 amounted to €1,010 thousand (5,953 thousand real) over €1,579 thousand (6,971 thousand real) the previous year. The year 2020 closed with a loss of €184 thousand compared to a loss of €178 thousand in 2019. Workforce decreased from 7 employees at 31 December 2019 to 6 employees at 31 December 2020.

Affiliated companies

Prometec Consortium

Shareholders' equity at 31 December 2020 amounted to €10 thousand (interest held by Fidias S.p.A.: 20%).

Significant events after year end and business outlook

The Group closed the year with a net loss of €5.9 million related to third parties for €0.2 million, mainly due to the operating loss of €5.7 million, related to the reduction in the volume of business; and to lower new orders, as a result of general tension in some markets in which the Group operates and which have slowed down investment demand. In terms of net financial indebtedness, there was an improvement compared to 31 December 2019, standing at €10.0 million at 31 December 2020, as a result of the standstill agreement signed with lenders at the beginning of April 2020 and extended until the end of the period, which involved the suspension of the repayment of the principal amounts of the related loans.

In particular, the Covid-19 health emergency had a direct impact on the regular course of Fidia's business, having prevented the normal course of operations in March and April 2020 and thus significantly affecting business in the period.

The Fidia crisis

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, having acknowledged that one third of the share capital had been exceeded due to losses and urged by the Board of Statutory Auditors, the Board of Directors 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.

In particular, the Half-Year Financial Report at 30 June 2020, prepared by the Board of Directors on 11 September 2020, recorded - in relation to the Group's economic and financial performance - revenues of €12,500 thousand, a decrease (-40.1%) compared to those achieved at the end of the first half of 2019 (€20,884 thousand).

During the second half of the period 2020, Fidia experienced the inability to cope with its state of crisis and financial tension, and therefore, on 13 November 2020, the Board of Directors resolved to proceed with the application for "conditional" arrangement procedure pursuant to Article 161, paragraph 6, of the Bankruptcy Law (initiated on the same date).

The reasons for the crisis of Fidia, and consequently of the related Group, appear to be attributable mainly to the spread of the Covid -19 pandemic and its impact on the markets in which the Group operates stably. The pandemic difficulties thus added to the crisis that had already affected the automotive and aerospace sectors in 2019.

The latter sector was hard hit by the China-U.S. trade war starting in May 2019, which effectively blocked the Chinese market, which is particularly important to the Company.

The Covid-19 health emergency

The outbreak of Covid-19 unfolded in China starting in the second half of January 2020, then expanded to a global scale during February and significantly hit Italy. This epidemic was declared a pandemic by the World Health Organization on 11 March 2020. In addition to the already known health effects, macroeconomic uncertainty had negative effects on the company's economic performance.

After a decline in the number of cases in the summer of 2020, the pandemic returned to spring levels in October-December 2020, causing a second lockdown. In terms of the economic and financial effects related to the impact of Covid-19, the Company recorded approximately 53.6% lower sales in the period 2020 than in 2019, with a significant impact on operating income given the difficulty in compressing company overheads in a timely manner.

Actions taken by the Company to tackle the Group crisis

In order to preserve the economic and financial balance, during 2019 and 2020, Fidia's Management initiated, on the one hand, a series of specific actions to reduce and contain costs, including the activation of the solidarity contract for the San Mauro Torinese site (as of 2 September 2019) and for the Forlì site (as of 2 January 2020), and on the other hand, a series of operational actions set out in specific business plans, also one very close to the other.

Specifically, prior to the initiation of the arrangement in continuity, the BoD took the following actions:

- approval of a (first) business plan for periods 2020-2022 (of which 2020 was the budget year) with a forecast of recovering operating profitability as early as 2020 and recovery of the order backlog and revenues for the next two years, also based on forecasts of dynamics in the target market issued by trade associations;
- filing of an application in March 2020 for standstill with major lending institutions, later granted, aimed at maintaining short-term credit lines and a moratorium in the payment of principal installments due on medium- to long-term loans until 31 July 2020 (later extended in July 2020 until the end of the year);
- preparation of a new business plan with the support of an external Advisor for fiscal years 2020-2024 in order to reflect the effects of Covid-19 in the forecasts.

At the end of the first half of 2020, the economic and financial performance of Fidia and the Group confirmed the negative trend recorded in the three-year period 2017 - 2019.

As illustrated above, the actual losses as at 31 March 2020, together with the losses accrued in previous years - as reflected in the economic and financial situation as at 31 March 2020, the draft of which was approved by the Board of Directors on 29 June 2020, resulted in an overall loss exceeding one third of the share capital, making the provisions of Article 2446 of the Italian Civil Code applicable. On 31 July 2020, the shareholders' meeting - convened for this purpose "without delay" - passed a resolution (together with the approval of the financial and economic situation as at March 31, 2020) to carry forward losses pursuant to and in accordance with Article 6 of Decree Law 23/2020, converted into Law 40/2020.

With regard to the trend in Fidia's net equity for the period under consideration, due to the loss recorded in the first half of the year, as at 30 June 2020, there was still an overall loss of more than one-third of the share capital (referring to the statement of financial position of Fidia S.p.A. prepared as part of the consolidated half-year financial report).

In the light of the situation that had arisen - aggravated by the effects of the Covid-19 pandemic - the BoD took action "without delay" - pursuant also to the requirements of Article 2086, paragraph 2, of the Italian Civil Code - "for the adoption and implementation of one of the tools provided by the law for overcoming the crisis and the recovery of going concern," identified in the arrangement with reserve, functional to the filing of a plan and a proposal for an arrangement with direct business continuity pursuant to Article 186 bis of the Bankruptcy Law. This decision was considered the most appropriate, in light of the state of crisis of the Company, to ensure the protection, even partial, of the rights of creditors and the continuation of operations.

Fidia's Arrangement Procedure

In light of the foregoing, with a motion filed on 13 November 2020, Fidia requested the Court of Ivrea to be admitted to the arrangement procedure pursuant to Article 161, sixth paragraph, of the Bankruptcy Law, with the granting, pursuant to and for the purposes of the same provision, of a term of one hundred and twenty days for the filing of the proposal, plan and documentation pursuant to Article 161, second and third paragraphs, of the Bankruptcy Law, or of the application for approval of a debt restructuring agreement, pursuant to Article 182bis, first paragraph, of the Bankruptcy Law, as well as to determine the periodic reporting obligations (pursuant to Article 161, eighth paragraph, of the Bankruptcy Law), including those related to the company's financial management, to be fulfilled until the expiration of the aforementioned deadline.

By a decree communicated on 1 December 2020, the Court of Ivrea admitted the Company to arrangement with creditors with rights reserved to file ancillary documents at a later date, giving a deadline until 31 March 2021 for the filing of a final proposal for arrangement with creditors (with the plan and complete documentation referred to in Article 161, paragraphs 2 and 3, of the Bankruptcy Law) or an application for approval of debt restructuring agreements under Article 182bis of the Bankruptcy Law.

During the period of the reservation phase of the Procedure, in compliance with the provisions of the opening decree of 1 December 2020, the Company filed periodic information memoranda, accompanied with the relevant updated financial statements, meeting all the required deadlines.

Following Fidia's motion, in line with the favourable opinion issued by the court-appointed commissioner, the Court granted the extension pursuant to Article 161, paragraph 6, of the Bankruptcy Law, thus postponing the deadline for filing the plan and the proposal of arrangement by an additional 60 days to 31 May 2021.

Upon an additional motion and upon finding concrete and justified reasons pursuant to the Covid-19 emergency regulations under Decree Law No. 23/2020, the Court further postponed the deadline for filing the Arrangement Plan and Proposal to 29 September 2021, ordering that the Company file, as it did, the relevant periodic disclosures by 31 July, 30 August and 15 September 2021.

It is necessary here, to confirm that since the start of arrangement the Company has been conducting its business activities in terms of ordinary management in accordance with its corporate purpose and as a going concern, in order to preserve the value of its assets and, with them, the possibility of better satisfying creditors. At the same time, Fidia started a complex process of searching the market for possible third-party investors who would be interested in supporting the company's continuity and, with it, the successful outcome of the current arrangement procedure.

At the end of this search, the Company identified Futuro all'Impresa S.r.l., supported by the financial entity Negma Group Limited, as partners willing to support restructuring under this arrangement procedure and subject to the finality of the approval decree.

In light of the above and in accordance with Article 161, paragraph 3, of the Bankruptcy Law, the Company then filed the Plan and the Proposal for Arrangement, together with all the documentation referred to in Article 161, paragraphs 2 and 3, of the Bankruptcy Law, within the terms set by the Court.

More specifically:

- the Plan provided for the analytical description of the manner and timing of fulfilling the Proposal, as required by Article 161, paragraph 2, letter e), of the Bankruptcy Law and thus direct continuity of the company's business, pursuant to Article 186 bis of the Bankruptcy Law;
- going concern is possible, in the present case, thanks to the irrevocable and guaranteed commitment of the investors, contained in the offer and the Investment Agreement agreed upon and submitted to the Company, to support the present arrangement procedure with business continuity, making it economically feasible, through the implementation of a transaction that, in a nutshell, provides for the subscription and cash release of a reserved capital increase by the investors, and the simultaneous subscription by Negma of a convertible bond cum warrant ("POC");
- more specifically, the Plan provides for the commitment of investors for a total value of €12,000,000.00, plus €2,000,000.00 related to warrants, of which:
 - €2,000,000.00 as a capital increase;
 - €10,000,000.00 from the subscription and conversion of the POC, plus €2,000,000.00 related to warrants;
- resources from the capital increase and the convertible bond, net of the amount from the conversion of warrants, will become part of Fidia's assets and will be used as follows:
 - approximately €4,000,000.00 to support Business Continuity;
 - approximately €8,000,000.00 for the payment of creditors;
- in addition to the foregoing, Mr. Giuseppe Morfino, current chairman of the Board of Directors of Fidia, as well as current majority shareholder to the extent of 52.03%, has also expressed his irrevocable commitment to support the restructuring for the benefit of a series of creditors who, under the condition of approval, will be the recipients of an increased flow deriving from the shares of Fidia that will result, downstream of the completion of the investment transaction, to be owned by Mr. Morfino, majority shareholder of Fidia.

Thus, the Arrangement Plan provides, in addition to the full payment of procedural costs and claims as a preferential creditor:

- payment in full of general preferential claims (other than the exposure for VAT collected at source degraded due to insufficient earnings under Article 160, paragraph 2, of the Bankruptcy Law);
- the division of ab-initio unsecured creditors divided into two classes, which provide:
 - Class 1: unsecured claims and exposure for VAT collected at source degraded due to insufficient earnings under Article 160, paragraph 2, of the Bankruptcy Law, which will be satisfied in the guaranteed amount of 10.15% by 29 February;
 - Class 2: unsecured receivables that - in addition to the guaranteed amount of 10.15% by 29 February 2024 - will be satisfied by the additional assets resulting from the execution of the commitment guaranteed by Mr. Morfino, thus increasing - as a result of the contribution of third-party resources other than the company's assets - the related satisfaction.

Following the filing of the Plan and Proposal for Arrangement and the filing of additional clarifications requested by the Court, by order dated 29 November 2021, Fidia's arrangement procedure was opened, setting the meeting for 27 April 2022.

On 11 March 2022, the court-appointed commissioner filed the Report pursuant to article 172 of the Bankruptcy Law in which, as a result of the analyses, findings and assessments carried out, he found that the Arrangement Proposal allowed for a better and faster satisfaction of the creditors, compared to the only practically feasible alternative, i.e., bankruptcy. In addition, in his Report pursuant to Article 172 of the Bankruptcy Law the court-appointed commissioner requested that

the Company be able to proceed with the approval of these financial statements no later than the hearing for the approval of the arrangement procedure.

On 27 April 2022, a meeting of creditors was held at which sufficient affirmative votes were cast to secure a majority of affirmative votes in Class 2, but not in Class 1.

On 19 May 2022, the court-appointed commissioner submitted the final statement of the acceptances received within the 20-day period following the meeting, confirming that the majorities (in all classes) required by Article 177 of the Bankruptcy Law for approval of the proceedings had been achieved.

Going concern assumption

In light of the general context described above, taking into account the fact that the completion of the approval process of the arrangement is subject to the formal approval by the Court and that the continuation of operations is of course related to the fulfillment of the forecasts contained in the arrangement plan, including the planned capital increases, there are obvious significant uncertainties regarding the ability of Fidia and the Group to continue to operate on a going concern basis.

Nonetheless, the directors have prepared the consolidated and statutory financial statements at 31 December 2020 from the perspective of the company's going concern based on the following:

- the Proposal was approved by a majority of eligible creditors, having reached the quorum required by law;
- Approval of the Plan of Arrangement by the competent court is considered reasonably likely, also in view of the approval of the Plan by the Committee of Company Creditors, as mentioned above;
- The business plan prepared by the Company for the period 2021-2024 envisages a recovery of volumes and profitability with related benefits on cash flows;
- The Report pursuant to Article 172 of the Bankruptcy Law assessed positively the main assumptions underlying the business plan of the Company's restructuring path and thus the prospect of continuity, an inseparable element of the Arrangement Plan submitted by the Company. The Court-appointed Commissioner hoped for the approval of the financial statements at 31/12/20 on the occasion of the Report under Article 172 of the Bankruptcy Law;
- The investment offer and the related Investment Agreement signed by the investors for the injection of new funding through the execution of a capital increase and the subscription of the convertible bond (for a total injection of €12,000,000, of which €4,000,000 is earmarked for the implementation of the business plan and the efficiency of business continuity) is still valid and effective, as well as validly guaranteed by the set of guarantees updated at the meeting of creditors by the investors;
- In the year 2020, and in particular while the debt-relief plan application was pending, the Company continued its business operations in terms of ordinary management with the overriding goal of preserving its ability to continue as a going concern. In particular, downstream of this period, Fidia represented and demonstrated that it was achieving operational management (although not without physiological difficulties) with the overall effect of not absorbing, but generating liquidity;
- In the years 2021 and 2022, the Company recorded an improvement in general economic and financial trends, a turnaround from the period 2016-2019, partly due to the still partial implementation of the business plan underlying the restructuring path, which will be fully implemented only once the arrangement procedure underway is completed.

The benefits expected in the Arrangement Plan relating both to the ordinary operation of the business and to the equity and financial effects related to the execution of the Plan, in connection with the write-off of debts and the planned capital increases, are expected to restore financial stability and ensure the coverage of the financial obligations of the Company and the Group for a time horizon of at least 12 months from the date of approval of these financial statements.

Based on the net result of the period 2020, the parent Fidia S.p.A. recorded a negative equity of €5,689 thousand. In relation to the provisions contained in the Civil Code for such cases, taking note of the provisions of Article 182-sexies of the Bankruptcy Law (which suspends the effects of Article 2447 of the Italian Civil Code), in connection with Paragraph 1 of Article 2446 of the Italian Civil Code, the directors will take appropriate action at the shareholders' meeting convened to approve the financial statements for the period. The directors also believe that, based on the benefits expected from the write-off of debts admitted to arrangement, upon the approval of the Arrangement Plan, it is expected that losses will be reabsorbed in the year of approval of the Plan (2022) and the economic balance will be restored.

Foreseeable impacts on management resulting from the Russia-Ukraine conflict

As is well known in February 2022, tensions between Russia and Ukraine escalated into a war conflict resulting in a situation that disrupted normal business operations.

The Fidia Group is present in Russia with a subsidiary that is, however, non-operational and the Russian market is not a significant outlet for the Group.

Given the changing scenario, the Group closely monitors developments in the situation and any implications for business. There are currently no indications of significant financial economic consequences for the Group.

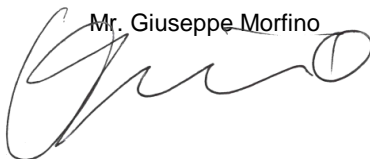
There are no other significant events that occurred after the end of the period that impact or require disclosure in the Annual Financial Report at 31 December 2020.

San Mauro Torinese, 20 May 2022

On behalf of the Board of Directors

The Chairman and CEO

Mr. Giuseppe Morfino

A handwritten signature in black ink, appearing to be 'G. Morfino', written over the printed name.

Fidia Group

Consolidated Financial Statements at 31

December 2020

FIDIA GROUP: Consolidated Financial Statements at 31 December 2020

Consolidated Income Statement (*)

€thousand	Notes	FY2020	FY2019(**)
- Net sales	1	21,239	45,783
- Other revenues and income	2	2,123	2,311
- Total revenues		23,363	48,094
- Changes in inventories of finished goods and work in progress		(1,598)	(92)
- Consumption of raw materials	3	(5,956)	(18,776)
- Personnel expenses	4	(10,996)	(17,077)
- Other operating costs	5	(6,990)	(13,153)
- Depreciation, amortisation and write-downs	6	(3,561)	(2,466)
- Profit/(loss) from ordinary business		(5,738)	(3,469)
- Non-recurring income/(expenses)	7	-	-
- Operating profit/(loss)		(5,738)	(3,469)
- Finance revenue (expenses)	8	(306)	(729)
- Profit/(loss) before tax		(6,044)	(4,198)
- Income tax	9	92	(279)
- Profit/(loss) for continuing operations		(5,952)	(4,477)
- Profit/(loss) for discontinued operations		-	-
- Profit/(loss) for the period		(5,952)	(4,477)
Profit/(loss) due to:			
Shareholders of the parent company		(5,708)	(4,118)
Non-controlling interests		(244)	(359)
EUR	Notes	FY2020	FY2019
Basic earnings per ordinary share	10	(1.116)	(0.805)
Diluted earnings per ordinary share	10	(1.116)	(0.805)

(*) According to Consob Resolution No. 15519 of July 27, 2006, the effects of related parties transactions 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. 31. (**) 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.

FIDIA GROUP: Consolidated Financial Statements at 31 December 2020

Consolidated Comprehensive Income Statement

€thousand	Notes	FY2020	FY2019
Profit/(Loss) for the period (A)		(5,952)	(4,477)
Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss:			
Profit/(loss) on cash flow hedges	19	(61)	(142)
Profit/(loss) on translation of financial statements of foreign companies	19	(661)	186
Tax effect pertaining to Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss	19	14	34
Total Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss, net of tax effect (B1)		(708)	78
Other comprehensive profit/(loss) that may not subsequently be reclassified in profit or loss:			
Actuarial gains/(losses) on defined benefit plans	19	(40)	(59)
Tax effect pertaining to Other comprehensive profit/(loss) that may not be reclassified in profit or loss	19	10	14
Total Other comprehensive profit/(loss) that may not subsequently be reclassified in profit or loss, net of tax effect (B2)		(30)	(45)
Total Other comprehensive profit/(loss), net of tax effect (B)=(B1)+(B2)		(738)	33
Total comprehensive profit/(loss) of the period (A)+(B)		(6,690)	(4,444)
Total comprehensive profit/(loss) due to:			
Shareholders of the parent company		(6,430)	(4,097)
Non-controlling interests		(260)	(347)

FIDIA GROUP: Consolidated Financial Statements at 31 December 2020

Consolidated balance sheet (*)

€thousand	Notes	31 December 2020	31 December 2019
ASSETS			
- Property, plant and equipment	11	11,226	12,827
- Intangible assets	12	1,972	2,601
- Equity Investments	13	16	16
- Other non-current receivables and assets	14	49	181
- Pre-paid tax assets	9	1,013	976
TOTAL NON-CURRENT ASSETS		14,276	16,601
- Inventory	15	13,725	17,278
- Trade receivables	16	4,019	8,837
- Current tax receivables	17	375	634
- Other current receivables and assets	17	1,275	541
- Cash and cash equivalents	18	4,851	4,102
TOTAL CURRENT ASSETS		24,245	31,392
TOTAL ASSETS		38,521	47,993
LIABILITIES			
SHAREHOLDERS' EQUITY:			
- Share capital and reserves attributable to shareholders of parent company		(117)	6,245
- Non-controlling interests		842	1,102
TOTAL CONSOLIDATED EQUITY	19	725	7,347
- Other non-current payables and liabilities	20	429	326
- Termination benefits	21	2,114	2,159
- Deferred tax liabilities	9	84	97
- Provisions for risks and expenses	26	55	79
- Other non-current financial liabilities	22	291	230
- Non-current financial liabilities	23	7,279	6,790
TOTAL NON-CURRENT LIABILITIES		10,252	9,681
- Current financial liabilities	23	7,285	9,716
- Trade payables	24	9,168	11,399
- Current tax payables	25	867	961
- Other current payables and liabilities:	25	9547	7,616
- Provisions for risks and expenses	26	675	1,273
TOTAL CURRENT LIABILITIES		27,542	30,965
TOTAL LIABILITIES		38,521	47,993

(*) According to Consob Resolution No. 15519 of 27 July 2006, the effects of related parties transactions on the Consolidated Statement of Financial Position are posted to the relevant Statement of Financial Position Schedule illustrated below and are further defined in Note No. 31.

FIDIA GROUP: Consolidated Financial Statements at 31 December 2020

Consolidated Statement of Cash Flows (*)

€thousand	2020	2019
A) Cash and cash equivalents at beginning of period	1,181	3,192
B) Cash from/(used in) operating activities during the period		
- Profit/(loss) for the period	(5,952)	(4,477)
- Depreciation, amortisation and write-downs of tangible and intangible assets	2,707	2,319
- Net loss (gain) on disposal of tangible assets	(8)	(48)
- Net change in provision for termination benefits	(44)	(31)
- Net change in provisions for risks and charges	(622)	(544)
- Net change (assets) liabilities for (pre-paid) deferred taxes	(51)	33
- Net change in working capital:		
receivables	4,474	9,933
inventory	3,553	1,140
payables (**)	(290)	(5,416)
Total	3,769	2,909
C) Cash from/(used in) investing activities		
- Investments in		
tangible fixed assets	(184)	(330)
intangible fixed assets	(315)	(562)
- Proceeds from the sale of:		
tangible fixed assets	318	(2)
Total	(181)	(894)
D) Cash from/(used in) financing activities		
- New loans	3,522	6,477
- Loans paid (***)	(5,027)	(10,477)
- Change in capital and reserves	(25)	(310)
- Net change in other current and non-current financial assets and liabilities	62	141
Total	(1,469)	(4,170)
Currency translation differences	(515)	143
E) Net change in cash and cash equivalents	1,602	(2,011)
F) Cash and cash equivalents at year end	2,784	1,181
Breakdown of cash and cash equivalents:		
Cash and cash equivalents	4,851	4,102
Overdrawn bank accounts	(2,067)	(2,921)
	2,784	1,181

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

(**) of which €132 thousand in taxes paid

(***) of which €396 thousand in interest paid

FIDIA GROUP: Consolidated Financial Statements at 31 December 2020

Overview of changes in equity

(€thousand)	Share capital	Treasury shares	Capital reserves	Retained earnings	Cash Flow Hedge reserve	Translation reserve	Reserve for actuarial profit/loss	Other reserves	Profit/(loss)	Total equity of Group	Other non-controlling interests	Total shareholders' equity
Balance at 31 December 2018	5,123	(45)	1,240	3,609	(63)	1,668	(106)	213	(1,314)	10,325	1,636	11,961
Allocation of result	-	-	-	(1,314)	-	-	-	-	1,314	-	-	-
Comprehensive result for the period	-	-	-	-	(108)	174	(45)	-	(4,118)	(4,097)	(347)	(4,445)
Change in percentage of ownership	-	-	-	187	-	-	-	-	-	187	(187)	-
Other changes	-	-	-	(170)	-	-	-	-	-	(170)	-	(170)
Balance at 31 December 2019	5,123	(45)	1,240	2,312	(171)	1,842	(151)	213	(4,118)	6,245	1,102	7,347
Allocation of result	-	-	-	(4,118)	-	-	-	-	4,118	-	-	-
Comprehensive result for the period	-	-	-	-	(47)	(645)	(30)	-	(5,708)	(6,430)	(260)	(6,690)
Other changes	-	-	-	68	-	-	-	-	-	68	-	68
Balance at 31 December 2020	5,123	(45)	1,240	(1,738)	(218)	1,197	(181)	213	(5,708)	(117)	842	725

FIDIA GROUP: Consolidated Financial Statements at 31 December 2020

Consolidated Income Statement

as per Consob Resolution no. 15519 of 27 July 2006

€thousand	Notes	FY2020	Of which related parties	FY2019(*)	Of which related parties
- Net sales		21,239		45,783	
- Other revenues and income		2,123		2,311	
- Total revenues		23,363		48,094	
- Changes in inventories of finished goods and work in progress		(1,598)		(92)	
- Consumption of raw materials		(5,956)	(4)	(18,775)	(11)
- Personnel expenses		(10,996)	(559)	(17,077)	(805)
- Other operating costs		(6,990)	(114)	(13,153)	(177)
- Depreciation, amortisation and write-downs		(3,561)		(2,466)	
- Profit/(loss) from ordinary business		(5,735)		(3,469)	
- Non-recurring income/(expenses)		-		-	
- Operating profit/(loss)		(5,735)		(3,469)	
- Finance revenue (expenses)		(309)		(729)	
- Profit/(loss) before tax		(6,044)		(4,198)	
- Income tax		92		(279)	
- Profit/(loss) for continuing operations		(5,952)		(4,477)	
- Profit/(loss) for discontinued operations		-		-	
- Profit/(loss) for the period		(5,952)		(4,477)	
Profit/(loss) due to:					
Shareholders of the parent company		(5,708)		(4,118)	
Non-controlling interests		(244)		(359)	

(*) 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.

FIDIA GROUP: Consolidated Financial Statements at 31 December 2020

Consolidated Balance Sheet

as per Consob Resolution no. 15519 of 27 July 2006

€thousand	Notes	31 December 2020	Of which related parties	31 December 2019	Of which related parties
ASSETS					
- Property, plant and equipment		11,226	76	12,827	76
- Intangible assets		1,972		2,601	
- Equity Investments		16		16	
- Other non-current receivables and assets		49		181	
- Pre-paid tax assets		1,013		976	
TOTAL NON-CURRENT ASSETS		14,276		16,601	
- Inventory		13,725		17,278	
- Trade receivables		4,019		8,837	
- Current tax receivables		375		634	
- Other current receivables and assets		1,275	13	541	18
- Cash and cash equivalents		4,851		4,102	
TOTAL CURRENT ASSETS		24,245		31,392	
TOTAL ASSETS		38,521		47,993	
LIABILITIES					
SHAREHOLDERS' EQUITY:					
- Share capital and reserves attributable to shareholders of parent company		(117)		6,245	
- Non-controlling interests		842		1,102	
TOTAL CONSOLIDATED EQUITY		725		7,347	
- Other non-current payables and liabilities		429		326	
- Termination benefits		2,114		2,159	
- Deferred tax liabilities		84		97	
- Provisions for risks and expenses		55		79	
- Other non-current financial liabilities		291		230	
- Non-current financial liabilities		7,279		6,790	
TOTAL NON-CURRENT LIABILITIES		10,252		9,681	
- Current financial liabilities		7,285		9,716	
- Trade payables		9,168	2	11,399	2
- Current tax payables		867		961	
- Other current payables and liabilities:		9,547	214	7,616	96
- Provisions for risks and expenses		675		1,273	
TOTAL CURRENT LIABILITIES		27,542		30,965	
TOTAL LIABILITIES		38,521		47,993	

FIDIA GROUP: Consolidated Financial Statements at 31 December 2020

Statement of Cash Flows

as per Consob Resolution no. 15519 of 27 July 2006

€thousand	2020	of which related parties	2019	of which related parties
A) Cash and cash equivalents at beginning of period	1,181		3,192	
- Profit/(loss)	(5,952)		4,477	
- Depreciation, amortisation and write-downs of tangible and intangible assets	2,707		2,319	
- Net loss (gain) on disposal of tangible assets	(8)		(48)	
- Net change in provision for termination benefits	(44)		(31)	
- Net change in provisions for risks and charges	(622)		(544)	
- Net change (assets) liabilities for (pre-paid) deferred taxes	(51)		33	
Net change in working capital:				
- receivables	4,474	4	9,933	(3)
- inventory	3,553		1,140	
- payables (*)	(290)	118	(5,416)	(17)
Total	3,769		2,909	
C) Cash from/(used in) investing activities				
- Investments in				
tangible fixed assets	(184)		(330)	
intangible fixed assets	(315)		(562)	
- Proceeds from the sale of:				
tangible fixed assets	318		(2)	
Total	(181)		(894)	
D) Cash from/(used in) financing activities				
- New loans	3,522		6,477	
- Loans paid (**)	(5,027)		(10,477)	
- Change in capital and reserves	(25)		(310)	
- Net change in other current and non-current financial assets and liabilities	62		141	
Total	(1,469)		(4,170)	
Currency translation differences	(515)		143	
E) Net change in cash and cash equivalents	1,602		(2,011)	
F) Cash and cash equivalents at year end	2,784		1,181	
Breakdown of cash and cash equivalents:				
Cash and cash equivalents	4,851		4,102	
Overdrawn bank accounts	(2,067)		(2,921)	
	2,784		1,181	

(*) of which €132 thousand in taxes paid

(**) of which €396 thousand in interest paid

Notes to the Consolidated Financial Statements

MAIN BUSINESS

The publication of the consolidated financial statements of Fidia S.p.A. for the year ended at 31 December 2020 was authorized by the Board of Directors on 20 May 2022. Fidia S.p.A. is a company under Italian law. Fidia S.p.A. and its subsidiaries ("Group") are active in over 20 countries.

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

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

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

SIGNIFICANT ACCOUNTING STANDARDS

Standards for the presentation of the financial statements

The 2020 consolidated financial statements represent the financial statements of the Fidia Group were drawn up in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union and with the provisions implementing Article 9 of Italian Legislative Decree No. 38/2005. IFRS also include all the reviewed international accounting standards (IAS) and interpretations of the IFRS Interpretations Committee, previously called International Financial Reporting Interpretations Committee (IFRIC), and before then Standing Interpretations Committee (SIC).

The consolidated financial statements were drawn up based on the historical cost principle, amended as requested for the evaluation of some financial instruments as well as on the assumption of going concern. The Company concluded that, despite the difficult economic and financial situation, there are no significant uncertainties (as set forth by par. 25 of standard IAS 1) on going concern, also in light of the measures already taken to adapt to the change in levels of demand.

Going concern

With a motion filed on 13 November 2020, Fidia requested the Court of Ivrea to be admitted to the arrangement procedure pursuant to Article 161, sixth paragraph, of the Bankruptcy Law, with the granting, pursuant to and for the purposes of the same provision, of a term of one hundred and twenty days for the filing of the proposal, plan and documentation pursuant to Article 161, second and third paragraphs, of the Bankruptcy Law, or of the application for approval of a debt restructuring agreement, pursuant to Article 182bis, first paragraph, of the Bankruptcy Law, as well as to determine the periodic reporting obligations (pursuant to Article 161, eighth paragraph, of the Bankruptcy Law), including those related to the company's financial management, to be fulfilled until the expiration of the aforementioned deadline.

The Company's and the Group's business continuity is of course related to the completion of the approval process for the arrangement, subject to formal approval by the Court, and to the fulfillment of the forecasts contained in the arrangement plan, and therefore there are obvious significant uncertainties regarding Fidia's and the Group's to continue operating on a going concern basis.

Nonetheless, the directors have prepared the consolidated and statutory financial statements at 31 December 2020 from the perspective of the company's going concern based on the following:

- the Proposal was approved by a majority of eligible creditors, having reached the quorum required by law;
- approval of the Plan of Arrangement by the competent court is considered reasonably likely, also in view of the approval of the Plan by the Committee of Company Creditors, as mentioned above;
- the business plan prepared by the Company for the period 2021-2024 envisages a recovery of volumes and profitability with related benefits on cash flows;
- the Report pursuant to Article 172 of the Bankruptcy Law assessed positively the main assumptions underlying the business plan of the Company's restructuring path and thus the prospect of continuity, an inseparable element of the Arrangement Plan submitted by the Company. The Court-appointed Commissioner hoped for the approval of the financial statements at 31/12/20 on the occasion of the Report under Article 172 of the Bankruptcy Law;

- the investment offer and the related Investment Agreement signed by the investors for the injection of new funding through the execution of a capital increase and the subscription of the convertible bond (for a total injection of €12,000,000, of which €4,000,000 is earmarked for the implementation of the business plan and the efficiency of business continuity) is still valid and effective, as well as validly guaranteed by the set of guarantees updated at the meeting of creditors by the investors;
- in the year 2020, and in particular while the debt-relief plan application was pending, the Company continued its business operations in terms of ordinary management with the overriding goal of preserving its ability to continue as a going concern. In particular, downstream of this period, Fidia represented and demonstrated that it was achieving operational management (although not without physiological difficulties) with the overall effect of not absorbing, but generating liquidity;
- in the years 2021 and 2022, the Company recorded an improvement in general economic and financial trends, a turnaround from the period 2016-2019, partly due to the still partial implementation of the business plan underlying the restructuring path, which will be fully implemented only once the arrangement procedure underway is completed.

The benefits expected in the Arrangement Plan relating both to the ordinary operation of the business and to the equity and financial effects related to the execution of the Plan, in connection with the write-off of debts and the planned capital increases, are expected to restore financial stability and ensure the coverage of the financial obligations of the Company and the Group for a time horizon of at least 12 months from the date of approval of these financial statements.

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 operation and those charges and earnings that are the result of non-recurrent transactions in ordinary business management, such as the restructuring expenses, the (write-down)/recovery in value of asset items 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 Company differs from the one set by Consob Notice of July 28, 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 non-controlling 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 related parties transactions and not to impair the overall readability of the financial statements.

CONSOLIDATION PRINCIPLES

Subsidiaries

These are companies that are under the control of the Group as defined by IFRS 10 – *Consolidated Financial Statements*. Control subsists when the Group has exposure or rights to variable returns as a result of its relationship with the investee and, at the same time, the ability to affect those returns through power over said investee. The accounts of the subsidiaries are included in the consolidated financial statements starting from the date on which control is gained and up to the date on which said control ceases. Equity of non-controlling interests and the share of profit or loss for the year attributable to non-controlling interests are disclosed separately in the consolidated statement of financial position and statement of comprehensive income.

Any loss of non-controlling interests that exceed the acquirer's interest of the capital of the investee are allocated to non-controlling interests. Variations in interests held by the Group in subsidiaries that do not cause loss of control are accounted as transactions in equity. The carrying amount of the Equity of the shareholders of the parent company and non-controlling interests is adjusted to reflect the change in the interest share. Any difference between the carrying amount of non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and attributed to the shareholders' equity of the parent company.

In the case of loss of control over an investee, the Group recognizes a profit or loss in the statement of comprehensive income calculated as the difference between (i) the sum of the fair value of consideration received and the fair value of the outstanding portion and (ii) the carrying amount of the assets (including goodwill), liabilities of the subsidiary and any non-controlling interests. The value of any profit or loss recognized in Other comprehensive profit and loss pertaining to the measurement of the assets of the subsidiary are recognized as if the subsidiary were sold (reclassified in the statement of comprehensive income or transferred directly to profit carried forward according to the applicable IFRS). The fair value of any residual equity investments in the company previously controlled is recognized, depending on the existing type of interest, in accordance with IAS 28 or IAS 31.

Associates

Associated companies are companies in which the Group exercises significant influence, as defined by IAS 28 - *Investments in associates*, but not control or joint control over the financial and operating policies. Investments in associates are accounted for under the equity method, from the date on which significant influence starts up to the moment in which this considerable influence ceases to exist.

If the portion attributable to the Group of the losses of an associate exceeds the carrying amount of the investment, the value of the investment is reduced to zero and the share of further losses is discontinued except and to the extent in which that the Group must stand in. Unrealized gains and losses arising from transactions with associates are eliminated based on the value of the Group's proportion of ownership interest in those entities.

Equity investments in other entities

Investments in other minor entities constituting non-current financial assets for which fair value is not available are reported at the impaired cost due to lasting loss of value.

Transactions eliminated during consolidation

During the preparation of the consolidated financial statements, all balances and signification transactions between Group companies were eliminated as well as any unrealized profit and loss on intragroup transactions.

Transactions in foreign currency

Transactions in foreign currency were reported at the exchange rate at the date of the transaction. Assets and liabilities in foreign currency on the date of the financial statements were converted at the exchange rate on said date. Foreign exchange gain/(loss) generated by monetary items or by their conversion at rate other than those at which these were converted at the time of the initial reporting in the period or previous financial statements were recognized in profit or loss.

Consolidation of foreign entities

All assets and liabilities of foreign entities in currencies other than EUR that fall under the consolidation area were converted using the exchange rates in force on the date of reference of the financial statements. Revenues and costs were converted at the mean exchange rate of the period. Differences in the translation of foreign currencies due to the application of this method were classified as equity up to the transfer of the interest.

Business combinations

Business combinations are accounted for by applying the acquisition method. Under this method:

- the consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred and liabilities assumed by the Group and the equity instruments issued in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.
- At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at that date, except for deferred tax assets and liabilities, assets and liabilities for employee benefits, liabilities or equity instruments relating to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree, and assets (or groups of assets and liabilities) held for sale. These are measured in accordance with the relevant standard;
- Goodwill is measured as the excess of the aggregate of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a gain from a bargain purchase;
- Non-controlling interest is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The selection of the measurement method is made on a transaction-by-transaction basis.
- Any contingent consideration arrangement in the business combination is measured at its acquisition-date fair value and included as part of the consideration transferred in the business combination in order to determine goodwill. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are recognized retrospectively, with corresponding adjustments to goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which may not exceed one year from the acquisition date) about facts and circumstances that existed as of the acquisition date.
- When a business combination is achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Any amounts pertaining to the equity interest in the acquiree that have been recognized in Other comprehensive profit/(loss) in prior reporting periods are reclassified to profit or loss as if the interest had been disposed of.
- If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the above-mentioned measurement period to reflect new information obtained about facts and circumstances that existed at the acquisition date which, if known, would have affected the amounts recognized at that date.

Business combinations that took place prior to 1 January 2010 were accounted for in accordance with the previous version of IFRS 3.

PROPERTY, PLANT AND EQUIPMENT

Cost

Property, consisting essentially of the operating sites of the subsidiaries Fidia Iberica and Fidia Co., are valued at purchase cost net of accrued amortisation and any impairment losses.

Plant and machinery were evaluated at purchase or production cost minus accrued amortization and any writedown and these were not revalued. The cost comprises ancillary expenses and direct costs needed to make the asset available for use and indirect costs in the amount reasonably attributable to these.

Costs incurred following purchase were posted only if these increase the future economic benefits inherent to the asset concerned. All other costs were recognized in profit or loss when incurred.

Assets held through leasing contracts by which all the risks and benefits associated to the property thereof were transferred to the Group were posted as assets of the Group at fair value or, if lower, at the current value of the minimum payments due for leasing. The corresponding liabilities with the lessor were posted under the financial payables. Assets were amortized by applying the criterion and rates specified below.

Amortisation

Amortisation was calculated based on constant shares of the estimated economic life of the assets as follows:

Description	Amortisation rates
Buildings	5.00%
Lightweight constructions	5.00%
Generic and specific plants	12.50%
Machinery	6.67% / 15.00% / 48.11%
Industrial and commercial equipment	20.00% / 25.00%
Electronic office equipment	20.00%
Office furnishing	6.67%
Forklifts/internal vehicles	20.00%
Motor vehicles	25.00%

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are included in the cost of the asset. Other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs include interest and other costs that an entity incurs to obtain funding.

INTANGIBLE FIXED ASSETS

Intangible assets purchased or produced internally were posted in the assets according to the provisions of IAS 38 – Intangible Assets, when it is probable that the future economic benefits attributable to the asset will flow to the company and when the cost of the asset can be measured reliably.

Said assets were measured at purchase cost and amortized in constant shares over their estimated life if these have a finite life and net of any losses in value.

The main categories of intangible assets held by the Group are the costs for internal product development, rights to use know-how, software and licenses.

Software and licenses are amortized over five years.

Development costs incurred in connection with a specific project are recognized as intangible assets when the Group can demonstrate: the technical feasibility of completing the intangible asset so that it is available for use or sale; the intention to complete the asset and its ability and intent to use or sell it; the manner in which the activity will generate future economic benefits; the availability of resources to complete the asset and the ability to measure reliably the cost attributable to the asset during development.

After initial recognition, development assets are measured at cost less amortization or the accrued loss in value. Amortization of the asset starts when development is completed and the asset is available for use. Development assets are amortized in relation to the period of the expected benefits. During development, the asset is subject to annual verification of any loss of value (impairment test).

There are no intangible assets with indefinite useful life.

Writedown of assets

If any such indication exists, the carrying amount of the asset is reduced to its recoverable amount understood as the higher between the fair value less the costs to sell and its value in use.

When it is not possible to estimate the recoverable amount of a single asset, the company estimates the recoverable amount of the unit generating the cash flows that owns the asset.

The value in use of an asset is calculated by determining the current value of estimated future cash flows before tax, by applying an interest rate before tax that reflects the current market values of the time value of money and of the risks inherent in the asset. A writedown is posted if the recoverable amount is lower than the carrying amount.

Should there no longer be a writedown of an asset other than goodwill or should the writedown be reduced, the carrying amount of the asset or the unit generating the cash flows is increased until the recoverable amount is estimated again and it cannot exceed the amount that would have been determined if there had been no writedown. A reversal of writedown is immediately recognized in profit or loss.

FINANCIAL INSTRUMENTS

Presentation

Financial instruments held by the Group were included in the balance-sheet items described below.

Investments comprises interests held in associates and in other companies.

Other Receivables and Other Non-Current Assets do not comprise medium/long-term receivables and caution money.

Current financial assets include trade receivables, other receivables and current assets and other current financial assets (which include the positive fair value of derivatives), as well as cash and cash equivalents.

In particular, Cash and Cash Equivalents comprises bank account and securities held for trading that can be readily cashed in and are subject to a non-significant risk of change. For the purpose of representation in the consolidated statement of cash flows, cash and cash equivalents are represented by cash and cash equivalents as defined above, net of bank overdrafts, since these are considered an integral part of the Group's liquidity management

Financial liabilities refer to financial payables as well as to other financial liabilities (including the negative fair value of derivatives), trade payables and other payables.

Valuation

Trade receivables, other receivables and current and non-current assets

Trade receivables, other receivables and current and non-current assets, except for assets arising from derivative financial instruments, are initially recognized at fair value, which usually coincides with the acquisition cost, net of transaction costs. Subsequently, these assets are measured at amortized cost using the effective interest method and are shown net of losses on uncollectible amounts, posted in appropriate bad debt provisions. The original value of the receivables will be re-instated in subsequent periods whenever the reasons for their adjustments are no longer applicable. When financial assets have no fixed maturity, these are evaluated at cost. Receivables with a maturity over 1 year that do not yield interest or yield interest below market rates are actualized using market rates.

Cash

It is stated at nominal value.

Financial liabilities, trade payables and other payables

Financial payables (current and non-current), trade payables, and other payables are entered at first recognition in the statement of financial position at fair value (usually the cost of the originating transaction), including the transaction costs.

Then, with the exception of derivatives, financial liabilities are measured at amortized cost using the effective interest method.

Any fixed-rate financial liabilities hedged by derivatives are measured according to the procedures set for hedge accounting applicable to fair value hedges: gains and losses arising from re-measurement at fair value, due to changes in interest rates, are recognized in income and offset by the effective portion of gain or loss arising from re-measurements at fair value of the hedging instrument.

DERIVATIVES

Derivatives are used by the parent company only for hedging purposes, in order to reduce interest rate risk (*Interest Rate Swap* and *Interest Rate Cap*) and possibly foreign exchange risk (forward sales contracts to hedge dollar risk on sales).

All derivatives are measured at fair value as set forth by the accounting standard IAS 9.

Consistent with the provisions of IFRS 9, derivatives can be accounted for in the manner established for *hedge accounting* only if the following eligibility criteria are met:

- the hedging relationship consists only of eligible hedging instruments and eligible hedged items;
- at the beginning of the hedging relationship there is a formal designation and documentation of the hedging relationship, the entity's objectives in managing risk, and the strategy in carrying out hedging. Documentation should include identification of the hedging instrument, the hedged item, the nature of the risk being hedged, and how the entity will assess whether the hedging relationship meets hedge effectiveness requirements (including its analysis of the sources of hedge ineffectiveness and how it determines the hedge ratio);
- the hedging relationship meets all of the following hedging effectiveness requirements:
 - there is an economic relationship between the hedged item and the hedging instrument (see paragraphs B6.4.4-B6.4.6);
 - the effect of credit risk does not override changes in value resulting from the economic relationship (see paragraphs B6.4.7-B6.4.8);
 - the hedging ratio of the hedging relationship is the same as that resulting from the amount of the hedged item that the entity actually hedges and the amount of the hedging instrument that the entity actually uses to hedge that amount of the hedged item. However, this designation should not reflect an imbalance between the weights of the hedged item and the hedging instrument that would result in the ineffectiveness of the hedge (regardless of whether it is recognised or not) that could result in an accounting result that would be contrary to the purpose of hedge accounting (see paragraphs B6.4.9-B6.4.11).

The following hedging relationships are eligible:

- fair value hedge: means a hedge of exposure against changes in the fair value of the recognized asset or liability or unrecognised irrevocable commitment, or a component thereof, that is attributable to a particular risk and could affect profit (loss) for the period;
- cash flow hedge: a hedge of exposure against the variability of cash flows attributable to a particular risk associated with all or a component of recognised assets or liabilities (such as all or only some future interest payments on floating-rate debt) or to a highly probable planned transaction that could affect profit (loss) for the year;
- hedging of a net investment in a foreign operation as defined in IAS 21.

Regarding cash flow hedges, used by the Fidia Group, as long as the eligibility criteria are met, the hedging of financial instruments should be accounted for as follows (see 6.5.11):

- a. the separate equity component associated with the hedged item (cash flow hedge reserve) is adjusted to the lesser of the following absolute amounts: i) cumulative gain or loss on the hedging instrument since inception of the hedge; ii) cumulative change in fair value (at current value) of the hedged item (i.e., the current value of the cumulative change in expected future cash flows hedged) since inception of the hedge;
- b. the portion of the gain or loss on the hedging instrument that is found to be an effective hedge (i.e., the portion that is offset by the change in the cash flow hedge reserve calculated in accordance with (a) above) must be recognized in other comprehensive income;
- c. any remaining gains or losses on the hedging instrument (or the gains or losses required to offset the change in the cash flow hedge reserve calculated in accordance with (a) above) represent the ineffective portion of the hedge that must be recognised in profit (loss) for the period;
- d. the accrued amount in the cash flow hedge reserve in accordance with (a) shall be accounted for as follows: i) if a hedged planned transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged planned transaction for a non-financial asset or non-financial liability becomes an irrevocable commitment to which fair value hedge accounting applies, the company shall remove that amount from the cash flow hedge reserve and include it directly in the initial cost, or other carrying amount, of the asset or liability. This is not a reclassification adjustment (see IAS 1) and therefore does not affect other comprehensive income; ii) for cash flow hedges, except those considered in (i) above, the amount must be reclassified from the cash flow hedge reserve into profit (loss) for the period as a reclassification adjustment (see IAS 1) in the same period or periods in which the hedged expected future cash flows have an effect on net income (loss) for the period (for example, in the periods in which interest income or interest expense is recognised or when a scheduled sale occurs); iii) however, if the amount constitutes a loss and the company does not expect to recover all or a portion of the loss in one or more future periods, the company must immediately reclassify into profit (loss) for the period, as an adjustment from reclassification (see IAS 1), the amount it does not expect to recover.

If a hedging instrument or hedging relationship is closed, but the hedged transaction has not yet been realised, the cumulative gains and losses, up to that point recorded in the cash flow hedge, are recognised in profit or loss in correlation with the recognition of the economic effects of the hedged transaction. If the hedged transaction is no longer considered probable, the unrealised gains or losses suspended in the cash flow hedge reserve are recognised immediately in profit or loss.

If hedge accounting cannot be applied, profit or loss resulting from fair value measurement of the derivative is immediately recognized in profit or loss.

Fair value

The fair value, as provided for by IFRS 13, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value of a financial instrument at initial measurement is normally the price of the transaction, i.e., the amount paid or received. However, if part of the amount given or received pertains to something other than the financial instrument, fair value of the instrument is estimated using a measurement method.

The existence of official quotations in an active market is best proof of fair value and, when these exist, they are used to measure the financial asset or liability.

If the market of a financial instrument is not active, fair value is determined using an evaluation method that relies more on market factors and as less as possible on specific internal factors.

Criteria for measuring fair value

The Fidia Group avails itself of measurement methods established in market practice to determine the fair value of financial instruments for which there is no active relevant market.

If evaluation methods are adopted, recourse to market factors allows for a reasonable estimate of the market value of said financial instruments.

The market factors considered for the calculation of fair value and measured at the measurement date of 31 December 2020 were: time value of money, i.e., base interest rate without risk, credit risk, exchange rates of foreign currencies, size of the future changes in price of a financial instrument, i.e., the latter's volatility, the costs to service an asset or financial liability.

The evaluation of financial instruments using evaluation methods is entrusted by the Fidia Group to external consultants who have the necessary specialized know-how and are capable of providing the market values at the various dates of evaluation. Said market values are periodically compared with marks to market given by banking counterparts.

In order to provide information on the methods and main assumptions used to determine fair value, financial assets and liabilities were divided into two classes, both of which homogeneous by nature of information provided and for the characteristics of the financial instruments.

In particular, financial assets and liabilities were divided into:

- financial instruments evaluated at amortized cost;
- financial instruments measured at fair value.

Financial assets and liabilities evaluated at amortized cost

The class under examination comprises: trade receivables and payables, loans payable, mortgages and other liabilities and assets.

The fair value of the items under consideration is determined by calculating the current value of the expected contractual flows, capital and interests, based on the yield curve of treasury bonds on the measurement date. In particular, the fair value of medium to long-term financial liabilities is determined using the risk-free curve on the reporting date increased by an adequate credit spread.

Said spread was determined by taking the premium for credit risk applied on the last loan granted to the Group by banks as reference.

Financial assets and liabilities measured at fair value

The class under consideration comprises hedging instruments and those for trade.

The fair value of the exchange rate forward contracts is estimated by actualizing the difference between forward price set by the contract and the current forward price for the remaining contractual term, using the exchange rate curves of the currencies in question.

The fair value of the interest rate swaps and interest rate caps is calculated based on the market data available on the measurement date by discounting the contract flows of estimated future cash with the short and medium-to-long term exchange rate curves measured by market info providers.

Interest rates

The interest rates used to actualize the estimated financial flows are based on the short and medium-to-long term rate curves measured by market info providers at the reporting dates and are illustrated in the table below:

EUR Curve		
	2020	2019
1W	-	-
1M	-0.554%	-0.438%
2M	-	-
3M	-0.545%	-0.383%
6M	-0.526%	-0.324%
9 M	-	-
12M	-0.499%	-0.387%
2 year	-0.553%	-0.362%
3 years	-0.540%	-0.312%
4 year	-0.519%	-0.251%
5 year	-0.493%	-0.205%
7 year	-0.425%	-0.073%
10 year	-0.293%	0.128%
15 year	-0.096%	0.401%
20 year	-0.007%	0.543%
30 years	-0.027%	0.588%

INVENTORY

Inventories of raw materials, semi-finished and finished goods are valued at the lower between the cost, determined using the method of weighted average cost, and net realisable amount. The evaluation of inventories includes the direct costs of materials and labor and the indirect costs (both variable and fixed).

Provisions are calculated for the write-down of materials, finished goods, spare parts and other supplies deemed obsolete or slow-moving, considering their future expected use and realisable amount. The realisable amount is the estimated sales price net of all estimated costs for the completion of the good and of the sales and distribution expenses to be incurred.

PROVISIONS FOR RISKS AND CHARGES

The Group states provisions for risks and expenses when it has an obligation (legal or implicit) with third parties and it is probable that the Group will have to utilize resources to meet the obligation and when it is possible to make a reliable estimate of the amount resulting from fulfilling the obligation.

The estimate changes are recognized in profit or loss of the period in which the change occurred.

TERMINATION BENEFITS

Termination benefits for employees of the parent company fall within the scope of IAS 19, as these are like defined benefit plans. The amount reported in the financial statements is the result of an actuarial calculation according to the projected unit credit method by using a discount rate that reflects the market yield on corporate bonds with a maturity consistent with that expected from the obligation. The calculation considers the termination benefits already accrued for labor services already rendered and includes assumptions of future salary increases. Actuarial profit and loss are accounted for in a specific equity item.

Up to 31 December 2006, the termination benefits fund (TFR) was considered a defined benefit scheme. The rules of this fund were amended by Italian Law No. 296 of 27 December 2006 ("2007 Finance Law") and following Decrees and Regulations issued in early 2007. In light of said changes and in particular with reference to companies with at least 50 employees, said fund can now be considered a defined benefit plan solely for the amounts accrued before 1 January 2007 (and not yet paid on the reporting date), while the amounts accrued after that date can be considered as a defined contribution plan.

TREASURY SHARES

Treasury shares are written down from the shareholders' equity. The original cost of the treasury shares and profit and loss resulting from subsequent sales are stated directly as changes in equity.

REVENUE RECOGNITION

The Group accounts for revenue, in accordance with *IFRS 15 - Revenue from Contracts with Customers*, when control of goods and services is transferred to the customer in an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. The accounting standard is applied using a model consisting of the following five basic steps:

1. Identification of the contract with the customer
2. Identification of the contractual obligations (i.e., performance obligations) contained therein
3. Determination of the transaction consideration
4. Allocation of price to different contractual obligations
5. Recognition of revenue upon fulfillment of contractual obligations.

Specifically, revenues related to the sale of machinery are recognised when installation and testing are formally accepted by the buyer, which generally coincides with the Group obtaining the right to payment and the transfer of material possession of the asset, which incorporates the transfer of the significant risks and rewards of ownership.

The Group identifies the extension of guarantee over normal market conditions as a performance obligation to be accounted for separately.

Revenues for services are accounted for on a progress basis in the period in which they are rendered.

RESEARCH GRANTS

Government and Community contributions received for research projects are stated in the income when it is reasonably certain that the Group will meet all the conditions for receiving the contributions and that said contributions will be received; as a rule, this coincides with the period in which the resolution to allocate the contribution is made.

COST RECOGNITION

The costs for the purchase of goods is recognized by accrual.

Costs for rendering of services are posted at the time of completion of the service.

Advertising and research costs, in compliance with IAS 38, are recognized in profit or loss in the year in which these are incurred.

FINANCE INCOME AND EXPENSES

Finance income and expenses are stated by period based on the interest accrued on the net value of the relevant financial assets and liabilities, using the effective interest rate.

DIVIDENDS

Dividends payable by the Group are reported as a movement in equity in the period in which they are approved by shareholders in their Shareholders' Meeting.

TAXES

Income tax comprises all taxes calculated on the taxable income of the single companies of the Group. Income taxes are recognized in profit or loss, except for those items debited or credited in Other Comprehensive Profit/(Loss). In these cases the tax effect is recognized directly in the Other Comprehensive Profit/(Loss).

Other taxes not related to income such as property taxes are included among the other overheads.

Deferred taxes are stated according to the full liability method. These are calculated on all temporary differences arising between the taxable base of an asset or liability and its carrying amount in the consolidated statement of financial position. The deferred tax assets on tax losses and on temporary differences are stated to the extent in which it is probable that there is a future taxable income on which these can be recovered. Deferred tax assets and liabilities are determined with the tax rates that are expected to be applicable in the relevant tax systems of the countries in which the Group has operations, in the periods in which temporary differences will be realized or written off.

EARNINGS PER SHARE

The base earnings per share is calculated by dividing the Profit/(Loss) attributable to shareholders of the parent company by the weighted average of ordinary shares in circulation during the period, minus treasury shares. For the purpose of calculating diluted profit per share, said value has not changed because Fidia has not issued capital instruments with dilutive effects.

USE OF ESTIMATES

The preparation of financial statements and related disclosures that conform to IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. The estimates and assumptions used are based on experience and other factors deemed relevant. The results that will be stated in the closing balance could hence differ from said estimates. The estimates and assumptions are periodically revised and effects of each change are recognized in profit or loss in the period in which the estimate is revised if the revision has effects on said period or in following periods if the revisions has effects both on the current period and on future periods.

In this context, persistently weak economic growth makes the future outlook uncertain. Therefore, it cannot be ruled out that in the next period there will be results other than those estimated and that adjustments may be needed in the carrying amount of the relevant items. Of course, to date, these can be neither estimated nor foreseen. The balance sheet items mainly affected by said situations of uncertainty are bad debt provisions and provisions for slow-moving/obsolete inventories, non-current assets (tangible and intangible assets), termination benefits, product warranty, pre-paid taxes and potential liabilities.

A summary follows of the critical evaluation processes and key assumptions used in managing the application of the accounting standards to future quantities and which can have significant effects on the amounts stated in the consolidated statement of financial position or for which there is the risk that significant value adjustments need to be made to the carrying amount of the assets and liabilities in the period following the one of reference of the statement of financial position.

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 incurred in the last three periods, the crisis in some sectors where the Group operates - aggravated by the spread of the Covid-19 pandemic that has produced tensions and slowdowns in characteristic markets - and the Group's level of indebtedness resulting in the request by the parent company Fidia S.p.A. for admission to the arrangement procedure pursuant to Article 161, paragraph 6, of the Bankruptcy Law (Royal Decree 267/1942) were considered indicators of impairment. Therefore, an impairment test was conducted on the value of non-current assets of the Fidia Group.

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, three 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 31 December 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 and covering the period 2021-2024. 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 particular, the Group business plan used to verify the recoverability of the non-current assets of the Fidia Group CGU is consistent with the Arrangement Plan of Fidia S.p.A. filed on 29 September 2021 with the Court of Ivrea within the framework of the arrangement as a going concern; this plan has been appropriately adjusted to consider the final 2021 data available as at the date, also neutralising the effects deriving from the possible approval of the arrangement (by way of example, the contingent asset following the write-off of debts admitted to the procedure has not been considered), in line with the provisions of accounting standard IAS 36 in paragraph 33(b).

In order to determine the value in use of the CGU, the discounted cash flows of four 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 discount rate applied to the prospective cash flows was 8.06%, calculated taking into consideration the industry in which the CGU operates, the countries in which the CGU expects to achieve its 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 31 December 2020.

Compared to the basic assumptions just described, a sensitivity analysis on the results was also carried out compared to the WACC and the forecast results. 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 value of the CGU equal to its carrying amount would be equal to the discount rate used in the base case, increased by 345bps.

A sensitivity analysis was also carried out with forecast results below the expectations reflected in the 2021-2024 plan; if the expected operating results along the plan were to be reduced by 5% and the discount rates were to remain unchanged, again the value in use would not show impairment losses.

At the end of the test at 31 December 2020, the CGU's value in use was greater than its carrying amount of €4.6 million.

Bad debts provision

Bad debts provision reflects the management's estimate on the possible loss in the portfolio of receivables from customers. The estimate of the bad debts provision is based on the loss expected by the Group, determined in light of its past experience in similar receivables, of current and historical delinquent accounts, of losses and revenues, of the careful monitoring of credit quality and forecasts on economic and market conditions.

Provisions for slow-moving inventory

Provisions for slow-moving/obsolete inventories reflect the management's estimation of loss of value expected by the Group, determined based on past experience and on a critical analysis of the stock movements.

Product warranty

When a product is sold, the Group allocates provisions for the estimated product warranty costs. The management determines the value of said provisions based on historical information on the nature, frequency and mean cost of warranty works. The Group is committed to constantly improve the quality of its products in order to maximize customer satisfaction and reduce the impact of expenses due to warranty work to a minimum.

Termination benefits

For the evaluation of termination benefits, the management uses various statistical assumptions and evaluation factors in order to anticipate future events for the calculation of expenses and liabilities for said provisions. The assumptions regard the discount rate and future inflation rate. Moreover, the Group's actuaries use subjective factors such as mortality and resignation rates, as well as rates concerning requests for advances.

Contingent liabilities

The Group is potentially subject to legal and tax disputes on the vast body of issues that fall under the jurisdiction of various countries. Considering the uncertainties relating to said issues, it is difficult to accurately foresee the outlay resulting from said potential disputes. In the normal course of business, the management consults its legal and tax experts. The Group states a liability for said disputes when it deems that it is probable that there will be a financial outlay and when the resulting amount of loss can be reasonably estimated. If the financial outlay becomes possible, but it is not possible yet to determine the amount, said fact is reported in the Notes to the Financial Statements

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE AT 1 JANUARY 2020

Accounting standards, amendments and interpretations adopted from 1 January 2020

The Group has adopted for the first time certain amendments to the standards that are effective for reporting periods beginning on or after 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment published but not yet in force.

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:

- Conceptual Framework of IFRS Standards

In November 2019, the European Commission issued Regulation No. 2019/2075, which endorsed the document "Amendments to References to the Conceptual Framework in IFRS Standards."

The amendments, made with the aim of ensuring that international accounting standards are conceptually consistent and that similar transactions are treated in the same way, modify international standards and their interpretations, as well as existing references to the previous "Systematic Framework," replacing them with references to the revised "Conceptual Framework."

- Amendments to IAS 1 and IAS 8: *definition of the term materiality*

The definition of materiality has been supplemented with the concept of "concealed" information, that is, information disclosed in such a way as to have, for users of financial statements, an effect similar to that resulting from its omission or misstatement.

The amended IAS 1 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."

This amendment involved incorporating the new definition of materiality into IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, IAS 10 *Events after the end of the reporting period*, IAS 34 *Interim Financial Reporting*, IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

- Amendments to IFRS 9, IAS 39 and IFRS 7: *Interest rate benchmark reform*

In January 2020, the European Commission issued Regulation No. 2020/34, which made changes to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, and IFRS 7 *Financial Instruments: Disclosures*, due to the Interest Rate Benchmark Reform.

The amendments also require companies to provide additional disclosure in the financial statements regarding hedging relationships directly affected by the uncertainties generated by IBOR reform.

- Amendment to IFRS 3 - *Definition of a Business*

The amendment improves the definition of business from the definition of a group of assets, clarifying that a business is an integrated set of assets and goods that can be conducted and operated for the purpose of providing goods and services to customers, generating an economic return (in the form of dividends or interest) or generating other revenues from ordinary business.

The amendment also introduced an optional test ("concentration test") to rule out the presence of a business if the price paid is substantially referable to a single asset or group of assets.

- Amendment to IFRS 16: *Covid-19-Related Rent Concessions (effective 1 June 2020)*

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.

Therefore, lessees who apply this option will be able to account for the effects of rent reductions directly in profit or loss on the effective date of the reduction.

The adoption of these amendments and interpretations had no effect on the consolidated financial statements.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT APPLICABLE YET AND NOT ADOPTED IN ADVANCE BY THE GROUP

The following are the standards and interpretations which, at the date of preparation of the Group's consolidated financial statements, had already been issued but were not yet in force. The Group intends to adopt these standards and interpretations, if applicable, when they enter into force.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: *Interest rate benchmark reform - phase 2*
The amendments provide for a specific accounting treatment that spreads changes in the value of financial instruments or leases due to the replacement of the reference index used to determine interest rates over time, thus avoiding immediate repercussions on operating income and disruptions in hedging relationships as a result of the replacement of the reference index used to determine interest rates.
- Amendment to IAS 1: *Classification of Liabilities as Current or Non-current and related amendments on deferral of effective date*
In January 2020, the IASB issued "Amendments to IAS 1 Presentation of Financial Statements: classification of liabilities as current or non-current" to clarify the requirements for classifying liabilities as "current" or "non-current." More specifically, the amendments specify that (i) the conditions existing at the end of the reporting period are to be used to determine whether there is a right to defer settlement of a liability; (ii) that management's expectations of events after the reporting date are not relevant; and (iii) clarify the situations to be considered as settlement of a liability.
The amendments take effect on 01/01/2023.
- IFRS 17 *Insurance Contracts*
It replaces the previous standard IFRS 4 *Insurance Contracts* and solves the comparability problems created by it by requiring all insurance contracts to be accounted for consistently, benefiting both investors and insurance companies.
Insurance obligations will be accounted for using current values instead of historical cost.
The new standard is applicable from reporting periods beginning on, or after, 1 January 2023.
- The following package of amendments (effective for fiscal years beginning on, or after, 1 January 2022) includes minor changes to three standards, as well as Annual Improvements, which serve to clarify terminology or rectify minor effects, overlaps, or conflicts between the requirements of the various standards:
 - Amendments to IAS 37 *Onerous Contracts - Cost of Fulfilling a Contract*, aimed at clarifying how to determine whether a contract is onerous. The amendment clarifies that in estimating whether a contract is onerous, it is necessary to consider all costs directly attributable to the contract, including incremental costs and all other costs that the company cannot avoid as a result of entering into the contract.
 - 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.
 - Amendments to IFRS 3 *Reference to the Conceptual Framework*. The purpose of the amendments is to update the reference in IFRS 3 to the Conceptual Framework in the revised version, without resulting in changes to the provisions of the standard.
 - Issuance of the document "Annual Improvements to IFRS Standards 2018- 2020 Cycle," containing changes, mainly concerning technical and drafting issues, to the following international accounting standards: IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IAS 41 *Agriculture*, illustrative examples of IFRS 16 *Leases*.

RISK MANAGEMENT

The Group is exposed to financial risks related to its operations and in particular to those relating to:

- Credit risk;
- Liquidity risk;
- Market risk.

The Group specifically monitors each of said financial risks and takes action to timely reduce these to a minimum also by resorting to hedging derivatives relating to market risks.

The Board of Directors sets forth the risk management policy and provides for the creation of a Group risk management system.

For more details, see Note 29.

CONSOLIDATION AREA

The Group Consolidated Financial Statements at 31 December 2020 include Fidia S.p.A. and 8 consolidated subsidiaries, of which Fidia S.p.A. directly holds the majority of votes and over which it has control.

The companies comprised in the consolidation area are listed below:

Name / Place of business	Currency	Share capital	Size of equity investment 2020	Size of equity investment 2019
Fidia Gmbh, Dreiech - Germany	EUR	520,000	100%	100%
Fidia Co, Rochester Hill - U.S.A.	USD	400,000	100%	100%
Fidia Sarl, Emerainville – France	EUR	300,000	100%	100%
Fidia Iberica S.A., Zamudio - Spain	EUR	180,300	99.993%	99.993%
Fidia do Brasil Ltda, Sao Paulo - Brazil	Reals	399,843	99.75%	99.75%
Beijing Fidia M&E Co Ltd, Beijing - China	USD	1,500,000	100.00%	100.00%
Shenyang Fidia NC & Machine Company Ltd, Shenyang – China	Rmb	42,517,648	51.00%	51.00%
OOO Fidia, Moscow, Russian Federation	Rouble	3,599,790	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).

Content and main changes

INCOME STATEMENT

1. NET SALES

The breakdown of turnover by geographical area is provided in the table below. Please be noted that sales abroad account for 83.4 % of total sales.

Revenue by geographical area (€thousand)	FY2020	%	FY2019	%
Italy	3,519	16.6%	3,823	8.4%
Europe	4,451	21.0%	12,358	27.0%
Asia	5,079	23.9%	17,786	38.8%
North and South America	8,190	38.6%	11,816	25.8%
Rest of the World			-	0.0%
Total revenue	21,239	100%	45,783	100%

Turnover by line of business are illustrated more in detail in the following table:

Revenues by line of business (€ thousand)	FY2020	%	FY2019	%
Numerical controls, drives and software	1,354	6.4%	2,305	5.0%
High-speed milling systems	9,175	43.2%	31,304	68.4%
After-sales service	10,710	50.4%	12,174	26.6%
Total revenue	21,239	100%	45,783	100%

2. OTHER REVENUES AND INCOME

This item comprises:

(€thousand)	FY2020	FY2019
Contributions for operating expenses	335	478
Contingent assets	139	433
Gain from tangible assets	263	52
Recovery of costs incurred	27	106
Insurance refunds	7	28
Release of warranty and other provisions	938	795
Other miscellaneous revenues and earnings	414	419
Total	2,123	2,311

Other revenues and income amounted to €2,123 thousand (€2,311 thousand in 2019), in line with the previous year.

This item includes €335 thousand (€478 thousand at 31 December 2019) relating to grants for research projects recognized by year of accrual in profit or loss of the parent company Fidia S.p.A. at 31 December 2020 and allocated by the European Union and the Italian Ministry of University and Research. Applied and basic research and development activities are a structural component and are carried out on an ongoing basis by Fidia S.p.A.

3. RAW MATERIALS

These are:

(€thousand)	FY2020	FY2019
Production materials	3,815	15,426
Service materials	606	1,460
Consumables	51	82
Equipment and software	5	16
Packaging	111	543
Others	81	128
Change in inventory raw materials and consumables	1,289	1,121
Total	5,956	18,776

The decrease in costs for the consumption of raw materials and other materials substantially reflects the decrease in revenues for the year.

4. PERSONNEL EXPENSES

Personnel expenses amounted to €10,996 thousand versus €17,077 thousand of the year before and consist of:

(€thousand)	FY2020	FY2019
Wages and salaries	8,203	12,762
Social security charges	2,179	3,588
TFR	398	460
Other personnel expenses	216	267
Total	10,996	17,077

Personnel expenses were significantly lower than in the previous year (-35.6%) equal to a reduction of about €6,081 thousand and the Group's workforce was on average about 10.9% lower.

Due to lower revenue, the overall incidence of cost of labour in relation to the value of production increased from 36.3% in 2019 to 51.8% in the current period.

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

The change recorded in 2020 in the number of employees, broken down by category, is illustrated below:

	31 December 2019	Inbound	Outbound	Change	31 December 2020	Period average
Executives	12	-	(1)	-	11	11.5
Office workers and middle managers	251	3	(36)	-	218	234.5
Workers	50	-	(8)	-	42	46
Total	313	3	(45)	-	271	292

5. OTHER OPERATING COSTS

Other operating expenses in the amount of €6,990 thousand, down by €6,163 thousand, versus €13,153 thousand at 31 December 2019, are illustrated in detail in the table below:

(€thousand)	FY2020	FY2019
Outsourced work	531	2,130
Travel expenses	994	2,054
Transportation and customs	626	1,609
Rent paid for offices and plants (contracts not falling under IFRS16)	240	223
Technical, legal and administrative consulting	1,207	1,038
Utilities	352	475
Commissions	183	582
Car rental expenses	67	145
Warranty provisions	264	187
Auditors' emoluments	97	65
Insurance	428	443
Advertising, trade fairs and other commercial costs	9	442
Non-income taxes	217	361
Maintenance and housekeeping	149	247
Personnel-related expenses	161	251
Bank services	76	204
Motor vehicle management expenses	71	123
Bad debts	39	34
Costs related to stock market listing	143	128
Costs for repairs and interventions	466	1,686
Research project costs	116	160
Entertainment expenses	6	71
Contributions and payments	30	39
Contingent liabilities	46	165
Penalties and surcharges	14	12
Others	458	279
Total	6,990	13,153

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

6. DEPRECIATION, AMORTISATION AND WRITE-DOWNS

(€thousand)	FY2020	FY2019
Amortisation of intangible fixed assets	295	303
Amortisation of property, plant and equipment	1,764	2,016
Write-down of trade receivables	854	116
Write-down of intangible fixed assets	648	-
Impairment and provisions of other non-current receivables and assets	-	30
Total	3,561	2,466

Amortization of tangible and intangible assets was carried out according to the rates already described above. Bad debts consist of the estimate of possible outstanding credits. Said provisions along with the existing reserves are considered commensurate to possible cases of insolvency.

The write-down of intangible assets, amounting to €648 thousand, represents the write-down of development costs capitalised in previous years and valued at their recoverable value.

7. NON-RECURRING REVENUE

There were no non-recurring revenue or expenses in 2020, as in 2019.

8. FINANCE REVENUE AND EXPENSES

Finance revenue and expenses consist of:

(€thousand)	FY2020	FY2019
Finance revenue	28	43
Finance expenses	(550)	(630)
Net profit (loss) on derivatives	1	-
Profit (loss) from foreign currency transactions	212	(142)
Total	(309)	(729)

In the period 2020, the balance of finance revenue (expenses) was negative, amounting to €309 thousand (€729 thousand in the previous period).

Finance revenue consists of:

(€thousand)	FY2020	FY2019
Interests received from banks	13	16
Interests and commercial discounts	-	1
Other interests received	15	26
Total	28	43

Finance expenses consist of:

(€thousand)	FY2020	FY2019
Interest expense on loans from banks and leasing companies	(419)	(435)
Interest paid on M/L-term borrowings from banks	(34)	(91)
Finance expenses on termination benefits	(7)	(14)
Other borrowing costs	(90)	(90)
Total	(550)	(630)

Net profit and loss on derivatives:

(€thousand)	FY2020	FY2019
Finance income on derivative instruments for Fair Value adjustment		
- Fair value adjustment on IRS and IRC contracts	1	-
Total	1	-

Expenses and income on derivative instruments include the fair value measurement of three interest rate swap contracts entered into by the parent company Fidia S.p.A. to hedge the risk of interest rate fluctuations on two medium- to long-term loans and a real estate lease contract.

Profit (loss) on foreign currency transactions consists of:

(€thousand)	FY2020	FY2019
Realised exchange gains	332	277
Unrealised exchange gains	237	5
Realised exchange losses	(321)	(383)
Unrealised exchange losses	(36)	(41)
Total	212	(142)

9. INCOME TAX

Taxes stated in the consolidated statement of comprehensive income were:

(€thousand)	FY2020	FY2019
Income tax: IRES and IRAP	-	-
Income tax of foreign subsidiaries	(34)	265
Taxes relating to prior periods	(19)	(35)
Deferred tax assets	(33)	(2)
Deferred taxes	(6)	51
Total	(92)	279

The reduction in current taxes reflects lower taxable income realised by the parent company and some subsidiaries compared with the previous year (in particular, the parent company Fidia Spa realised a tax loss for both IRAP and IRES purposes).

At 31 December 2020, the balance of the pre-paid tax assets and deferred tax liabilities amounted to:

(€thousand)	31 December 2020	31 December 2019
Deferred tax assets	1,013	976
Deferred tax liabilities	(84)	(97)
Total	929	879

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.

In all, pre-paid tax assets and deferred tax liabilities, broken down by type, are as follows:

(€thousand)	At 31/12/2019	Recognised in profit or loss	Recognised in equity	Other changes	Foreign exchange gain/(loss)	At 31/12/2020
Pre-paid taxes for:						
Application of IFRS 15	6	(6)	-	-	-	-
Application of IAS 19	130	(10)	10	-	-	130
Application of IAS 16- <i>Property, plant and equipment</i>	21	(8)	-	-	(1)	12
Loss from previous periods	300	58	-	-	(1)	357
Writedown provisions	277	77	-	-	(25)	329
Cash flow hedge reserve	54	(1)	16	-	-	69
Miscellaneous	188	(73)	-	-	1	116
Total deferred tax assets	976	37	26	-	(26)	1,013
Deferred tax liabilities for:						
Fair value measurement	29	(5)	-	-	-	24
Miscellaneous	68	(8)	-	-	-	60
Total deferred taxes	97	(13)	-	-	-	84

The comprehensive value of tax loss at 31 December 2020 and the relevant amounts for which no assets for pre-paid taxes, divided by year due, are stated below (for Fidia SpA only).

(€thousand)	At 31 December 2020	Year due					Unlimited or unforeseeable
		2020	2021	2022	2023	Beyond 2024	
Tax loss		-	-	-	-	-	9,044

Other temporary differences for which no deferred tax assets were recognized amounted to €6,075 thousand, mainly related to accruals in provisions and non-deductible interest payable.

10. Earnings per share

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

		2020	2019
Net earnings pertaining to Group	€thousand	(5,708)	(4,118)
Profit/(loss) of ordinary shares	€thousand	(5,708)	(4,118)
Mean number of ordinary shares in circulation in the period	Number	5,113,000	5,113,000
Earning per share	EUR	(1.116)	(0.805)
Diluted earnings per ordinary share	EUR	(1.116)	(0.805)

There was no difference between the Earnings per share and Diluted earnings per share because Fidia S.p.A. does not have any potentially dilutive transactions.

Statement of financial position

11. PROPERTY, PLANT AND EQUIPMENT

During 2020 the changes in the net carrying amount of Property, plant and equipment were as follows:

(€thousand)	Land and buildings	Total plant, machinery and equipment	Other assets	Assets under construction and advances	Total
Net carrying amount at 01/01/2020	10,947	776	1,101	3	12,827
Increases and acquisitions	454	18	132	-	604
Reclassifications/transfers	-	-	-	-	-
Decreases and disposals	(116)	(195)	(9)	(1)	(320)
Amortisation	(1,066)	(257)	(441)	-	(1,764)
(Write-downs)/Write-backs	-	-	-	-	-
Foreign exchange gain/(loss)	(102)	(2)	(16)	-	(120)
Net carrying amount at 31/12/2020	10,117	340	766	2	11,226

Of which rights of use:

Net value at 31 December 2019	9,660	251	524	-	10,435
Increases	454	-	76	-	530
Net decreases	(114)	(195)	(8)	-	(317)
Amortisation	(976)	(56)	(291)	-	(1,323)
Foreign exchange gain/(loss)	(22)	-	-	-	(22)
Net carrying amount at 31/12/2020	9,002	-	301	-	9,303

In 2020 and 2019 the changes in original cost of Property, Plant and Equipment were as follows:

(€thousand)	Opening balance at 31/12/2019			Changes in period					Balance at 31/12/2020
	Purchase cost	Revaluations	Total	Additions	Decreases	Net change in rights of use	Foreign exchange gain/(loss)	Total	
Land and buildings	13,012	380	13,392	-	(269)	274	(137)	(132)	13,260
Lightweight constructions	11	-	11	-	(2)	-	-	(2)	9
Total property	13,403	380	13,403	-	(271)	274	(137)	(131)	13,269
Plant and equipment	2,435	-	2,435	-	(51)	(382)	(12)	(445)	1,990
Industrial equipment	2,686	-	2,686	9	-	-	(11)	(2)	2,684
Electrical tools	977	-	977	9	-	-	(9)	-	977
Total plant, machinery and equipment	6,098	-	6,098	18	(51)	(382)	(32)	(447)	5,651
Furnishing	1,308	-	1,308	1	(43)	-	(16)	(57)	1,251
Electronic equipment	1,732	-	1,732	12	(3)	-	(29)	(20)	1,712
Means of transportation	2,127	-	2,127	42	(91)	(46)	(42)	(137)	1,990
Total other goods	5,167	-	5,167	55	(137)	(47)	(87)	(216)	4,952
Work in progress	3	-	3	-	-	-	(1)	(1)	2
Total original cost of property, plant and equipment	24,291	380	24,671	73	(459)	(154)	(257)	(797)	23,874

(€thousand)	Opening balance at 31/12/2018				Changes in period						Balance at 31/12/2019
	Purchase cost	Revaluations	Total	First-time adoption IFRS 16	Balance at 1 January 2019	Additions	Decreases	Net change in rights of use	Foreign exchange gain/(loss)	Total	
Land and buildings	10,445	380	10,825	1,595	12,420	-	-	949	23	972	13,392
Lightweight constructions	11		11	-	11	-	-	-	-	-	11
Total property	10,836	380	10,836	1,595	12,431	-	-	949	23	972	13,403
Plant and equipment	2,433	-	2,433	-	2,433	-	-	-	2	2	2,435
Industrial equipment	2,616	-	2,616	-	2,616	68	-	-	2	70	2,686
Electrical tools	972	-	972	-	972	4	-	-	1	5	977
Total plant, machinery and equipment	6,021	-	6,021	-	6,021	72	-	-	5	77	6,098
Furnishing	1,296	-	1,296	-	1,296	9	-	-	3	12	1,308
Electronic equipment	1,734	-	1,734	-	1,734	24	(30)	-	4	(2)	1,732
Means of transportation	1,588	-	1,588	243	1,832	226	(303)	363	10	295	2,127
Total other goods	4,619	-	4,619	243	4,862	258	(333)	363	17	305	5,167
Work in progress	3	-	3	-	3	-	-	-	-	-	3
Total original cost of property, plant and equipment	21,099	380	21,479	1,838	23,317	330	(333)	1,312	45	1,354	24,671

In 2020 and 2019, the changes in the relevant accrued depreciation were the following:

(€thousand)	Opening balance 1.1.2020	Changes in period						Closing balance at 31/12/2020
		Amortisation historical value		Amortisation of rights of use		Exchange rate differences	Total	
		Depr./Amort. is.	Utilisations	Depr./Amortis.	Utilisations			
Land and buildings	2,448	90	(268)	976	(66)	(35)	697	3,145
Lightweight constructions	8	-	(1)	-	-	-	(1)	7
Total property	2,456	90	(269)	976	(66)	(35)	696	3,152
Plant and equipment	1,991	45	(51)	56	(187)	(11)	(148)	1,843
Industrial equipment	2,371	148	-	-	-	(10)	138	2,509
Electrical tools	960	8	-	-	-	(9)	(1)	959
Total plant, machinery and equipment	5,322	201	(51)	56	(187)	(30)	(11)	5,311
Furnishing	1,095	29	(42)	-	-	(13)	(26)	1,069
Electronic equipment	1,647	37	(3)	-	-	(27)	7	1,654
Means of transportation	1,324	84	(91)	291	(115)	(31)	138	1,461
Total other goods	4,066	150	(136)	291	(115)	(71)	119	4,184
Total accrued depreciation of property, plant and equipment	11,844	441	(456)	1,323	(368)	(136)	804	12,648

(€thousand)	Opening balance at 1 January 2019	Changes in period						Opening balance at 31/12/2019
		Amortisation historical value		Amortisation of rights of use			Total	
		Depr./Amo rtis.	Utilisation s	Depr./Amorti s.	Utilisations	Exchange rate differences		
Land and buildings	1,298	87	-	1,160	(95)	-	1,152	2,448
Lightweight constructions	8	-	-	-	-	-	-	8
Total property	1,306	87	-	1,160	(95)	-	1,152	2,456
Plant and equipment	1,846	48	-	95	-	2	145	1,991
Industrial equipment	2,198	171	-	-	-	2	173	2,371
Electrical tools	953	7	-	-	-	-	7	960
Total plant, machinery and equipment	4,997	226	-	95	-	4	325	5,322
Furnishing	1,058	34	-	-	-	3	37	1,095
Electronic equipment	1,633	40	(30)	-	-	4	15	1,647
Means of transportation	1,171	134	(230)	240	-	7	151	1,322
Total other goods	3,863	208	(260)	240	-	14	203	4,064
Total accrued depreciation of property, plant and equipment	10,166	521	(260)	1,495	(95)	18	1,680	11,844

The net carrying amount of Property, Plant and Equipment at 31 December 2020 can be broken down as follows:

(€thousand)	Opening balance 31.12. 2019	Changes in period								Closing balance 31/12 2020
		Additions	Disposals	(Write-downs) Write-backs	Reclassifications	Amortisation	Net change in rights of use	Foreign exchange gain/(loss)	Total	
Land and buildings	10,944	-	(1)	-	-	(1,066)	340	(102)	(829)	10,115
Lightweight constructions	3	-	(1)	-	-	-	-	-	(1)	2
Total property	10,947	-	(2)	-	-	(1,066)	340	(102)	(830)	10,117
Plant and equipment	444	-	-	-	-	(101)	(195)	(1)	(297)	147
Industrial equipment	315	9	-	-	-	(148)	-	(1)	(140)	175
Electrical tools	17	9	-	-	-	(8)	-	-	1	18
Total plant, machinery and equipment	776	18	-	-	-	(257)	(195)	(2)	(436)	340
Furnishing	213	1	(1)	-	-	(29)	-	(3)	(32)	181
Electronic equipment	85	12	-	-	-	(37)	-	(2)	(27)	58
Means of transportation	803	42	-	-	-	(375)	69	(11)	(275)	528
Total other goods	1,101	55	(1)	-	-	(441)	69	(16)	(334)	767
Work in progress	3	-	-	-	-	-	-	(1)	(1)	2
Total net value of property, plant and equipment	12,827	73	(3)	-	-	(1,764)	214	(121)	(1,601)	11,226

The net carrying amount of Property, Plant and Equipment at 31 December 2019 can be broken down as follows:

(€thousand)	Opening balance 31.12. 2019	First-time adoption IFRS 16	Opening balance 1.1.2020	Changes in period								Closing balance 31/12 2020
				Additions	Disposals	(Write-downs) Write-backs	Reclassifications	Amortisation	Net change in rights of use	Foreign exchange gain/(loss)	Total	
Land and buildings	9,527	1,595	11,122	-	-	0		(1,247)	1,044	24	(178)	10,944
Lightweight constructions	3	0	3	-	-	0		0	0	0	0	3
Total property	9,530	1,595	11,125	0	-	0	0	(1,247)	1,044	24	(178)	10,947
Plant and equipment	587		587	-	-	0		(143)	0	0	(143)	444
Industrial equipment	418		418	68	-	0		(171)	0	0	(103)	315
Electrical tools	19		19	4	-	0		(7)	0	1	(2)	17
Total plant, machinery and equipment	1,024	0	1,024	72	-	0	0	(321)	0	1	(248)	776
Furnishing	238		238	9	-	0		(34)	0	0	(25)	213
Electronic equipment	101		101	24	-	0		(40)	0	0	(16)	85
Means of transportation	417	243	660	226	(73)	0		(374)	363	2	145	805
Total other goods	756	243	999	259	(73)	0	0	(448)	363	2	104	1,103
Work in progress	3		3	0	-	0	0	0	0	0	0	3
Total net value of property, plant and equipment	11,313	1,838	13,151	331	(73)	0	0	(2,016)	1,407	27	(324)	12,827

Investments made in 2020, amounting to €74 thousand for purchased assets, consisted of physiological investments to maintain the production structure.

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 held by the parent company that became ready for use in 2017 and has been depreciated from that date.

At 31 December 2020, the Group has no buildings burdened by collateral, but, by virtue of the lease contract entered into for the purchase of the industrial building renovated by Fidia S.p.A., this asset is in the name of the leasing company.

Capital expenditure does not include capitalised borrowing costs.

Buildings consists of the operating headquarters of Fidia S.p.A., Fidia Iberica and Fidia Co. and the rights of use of the offices of the following Group companies: Fidia GmbH, Fidia Sarl, Fidia do Brasil, Fidia Beijing and Shenyang Fidia.

Amortization of tangible assets is reported in the statement of comprehensive income under "Depreciation and amortization" (Note No. 6).

With reference to the recoverability of this item in the financial statements and the considerations regarding the impairment test carried out at 31 December 2020, please refer to the previous section "Recoverable amount of non-current assets."

12. INTANGIBLE FIXED ASSETS

The intangible assets do not comprise intangible assets with indefinite useful life.

In 2020 and 2019 the changes in net carrying amount of Intangible Assets were as follows:

(€thousand)	Opening balance 1.1.2020	Changes in period						Closing balance at 31/12/2020
		Additions	Amortisation	Reclassifications	Foreign exchange gain/(loss)	(Write-down) Write-backs	Total	
Development Costs	876	-	(278)	701	-	-	423	1,299
Licenses	6	-	(4)	-	-	-	(4)	2
Software	26	9	(13)	-	-	-	(3)	22
Work in progress	1,693	304	-	(701)	-	(648)	(1,045)	648
Total net value of intangible fixed assets	2,601	314	(295)	-	-	(648)	(629)	1,972

(€thousand)	Opening balance 1.1.2019	Changes in period						Opening balance at 31/12/2019
		Additions	Amortisation	Reclassifications	Foreign exchange gain/(loss)	(Write-down) Write-backs	Total	
Development Costs	1,154	-	(278)	-	-	-	(278)	876
Licenses	13	-	(7)	-	-	-	(7)	6
Software	37	7	(18)	-	-	-	(11)	26
Work in progress	1,138	555	-	-	-	-	555	1,693
Total net value of intangible fixed assets	2,342	562	(303)	-	-	-	259	2,601

Development costs incurred and capitalised during the period amounted to €305 thousand; they related to projects not yet amortised (as they had not yet been completed) and projects completed and reclassified at the end of the period, which have therefore not yet begun 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.

Intangible fixed assets in progress consist mainly of development projects that at the closing date have not yet been fully completed and whose economic benefits are expected to flow to subsequent years.

Amortization of tangible assets is recognized in profit or loss under "Depreciation and amortization" (Note No. 6).

During 2020, €648 thousand were written down referring to suspended projects, although not abandoned, pending further evaluations in the context of the new technical and commercial strategy that the new investors will undertake following the approval of the arrangement plan.

In view of the results of the impairment test carried out at 31 December 2020 on the net invested capital of Fidia SpA (refer to the section "Recoverable value of non-current assets"), there are no further impairments.

13. EQUITY INVESTMENTS

Equity investments are as follows:

(€thousand)	Balance at 31 December 2020	Balance at 31 December 2019
Investments measured with the equity method	2	2
Equity investments measured at fair value	14	14
Total interests	16	16

Equity investments measured at fair value were:

(€thousand)	Balance at 31 December 2020	Balance at 31 December 2019
Probest Service S.p.A. - Milan	10	10
Elkargi (Fidia Iberica)	4	4
Total equity investments measured at fair value	14	14

Investments measured with the equity method were as follows:

(€thousand)	Share capital	Size of equity investment	
		31 December 2020	31 December 2019
Prometec Consortium - Rivoli (Turin)	11	20.00%	20.00%

There is a consortium over which the Group has significant influence but not joint or several control on the financial and operating policies, as defined by IAS 28 – Investments in Associates.

14. OTHER NON-CURRENT RECEIVABLES AND ASSETS

Other non-current receivables and assets comprised the following items:

(€thousand)	Balance 31 December 2020	Balance 31 December 2019
Security deposits	24	11
Receivables for foreign VAT	12	13
Withholding tax on foreign income	-	135
Multi-year pre-paid expenses	12	21
Sundry receivables	1	1
Total	49	181

It is deemed that the carrying amount of other non-current receivables and assets is near fair value.

At 31 December 2019 "Receivables for withholding tax on foreign income" contained receivables from tax authorities related to final withholding tax incurred on fees for technical training activities carried out by the parent company for the subsidiary Shenyang Fidia NC&M Co. Ltd. in previous periods. In view of the maturity of these receivables after eight periods have elapsed since they were formed, these receivables were fully written down in 2020, also taking into account the expected taxable income for future periods.

15. INVENTORY

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

(€thousand)	Balance 31 December 2020	Balance 31 December 2019
Raw/auxiliary materials and consumable supplies	9,897	10,817
Provisions for write-down of raw materials	(2,956)	(2,538)
Net value of raw materials, subsidiary materials and consumables	6,941	8,279
Semi-finished products and work in progress	2,937	4,621
Finished products and goods for resale	4,330	4,621
Finished products and goods depreciation provision	(625)	(604)
Net value finished products and goods	3,705	4,017
Advances	142	361
Total inventory	13,725	17,278

Inventories decreased by €3,553 thousand compared with the previous year due to the slowdown in revenue.

The provisions for depreciation equivalent to €3,581 thousand (€3,142 thousand at 31 December 2019) were reported to hedge some slow-moving components; 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.

Hereinafter is the detail of the changes in the provisions for raw materials and finished products depreciation during the period:

(€thousand)	Balance 31 December 2019	Provisions/(releases)	Exchange rate effect	Balance 31 December 2020
Provisions for write-down of raw materials	2,538	439	21	2,956
Provisions for write-down of finished products	604	(70)	49	625
Total	3,142	369	70	3,581

16. TRADE RECEIVABLES

At 31 December 2020 these amounted to €4,019 thousand, namely down €4,818 thousand from 31 December 2019. Trade receivables are detailed as follows:

(€thousand)	Balance at 31 December 2020	Balance at 31 December 2019
Trade receivables from customers	5,317	9,500
Provision for bad debts	(1,298)	(663)
Total trade receivables	4,019	8,837

The breakdown of gross trade receivables by maturity is as follows:

(€thousand)	31 December 2020	31 December 2019
Unexpired	1,918	5,433
Due up to 1 month	218	1,034
Due 1 to 3 months	536	609
Due 3 months to 6 months	723	507
Due 6 months to 1 year	661	492
Due over 1 year	1,261	1,425
Total	5,317	9,500

Receivables were aligned at the expected realisable amount by means of allocations to the provisions for write-down of receivables equal to €1,298 thousand. 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.

Receivables include €297 thousand in bank receipts submitted for collection or under reserve, which were not due yet at the reporting date.

It is deemed that the net carrying amount of trade receivables is near their fair value.

The changes in the provision for bad debt illustrated below.

(€thousand)	
Balance at 31 December 2019	663
Provisions in period	854
Utilisations	(204)
Foreign exchange gain/(loss)	(15)
Balance at 31 December 2020	1,298

Trade receivables from others broken down by geographical area were the following:

(€thousand)	Balance at 31 December 2020	Balance at 31 December 2019
Italy	591	1,672
Europe	765	2,775
Asia	2,245	2,898
North and South America	1,699	1,900
Rest of the World	17	255
Total	5,317	9,500

17. TAX RECEIVABLES AND OTHER CURRENT RECEIVABLES AND ASSETS

(€thousand)	Balance at 31 December 2020	Balance at 31 December 2019
Current tax receivables:		
Receivables from tax authorities for VAT	44	323
Tax receivables for income tax and IRAP	84	52
Other tax receivables	247	259
Total current tax receivables	375	634
Other current receivables:		
Research grants	82	88
Receivables from banking institution for undue compensation	331	
Receivables from welfare organizations	252	104
Sundry prepayments	193	117
Pre-paid expenses	11	14
Receivables from employees	272	103
Advances from suppliers	109	97
Other current receivables	25	18
Total other current receivables	1,275	541

There are no receivables due beyond five years.

It is deemed that the carrying amount of Other current receivables and assets is near the fair value.

18. CASH AND CASH EQUIVALENTS

The overall total of cash of the Group amounted to €4,851 thousand (€4,102 thousand at 31 December 2019). This item is composed of temporary cash on bank accounts pending future use amounting to €4,842 thousand and cash on hand and checks in the amount of €9 thousand. It is deemed that the carrying amount of the cash and cash equivalents is aligned to the fair value at reporting date.

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

19. SHAREHOLDERS' EQUITY

The consolidated shareholders' equity at 31 December 2020 amounted to €725 thousand, down by €6,622 thousand from €7,347 thousand at 31 December 2019. This difference is the result of:

- loss for the period (€5,952 thousand);
- negative changes in exchange rates due to translation of financial statements of subsidiaries denominated in currencies other than EUR (€661 thousand);
- negative effect of the accounting of actuarial change on the termination benefits net of the theoretical tax effect (€30 thousand);
- negative effect of the cash flow hedge reserve net of the theoretical tax effect (€47 thousand);
- other minor positive changes (€68 thousand).

Share capital

The share capital of Fidia S.p.A. at 31 December 2020, fully subscribed and paid in, is unchanged compared to 31 December 2019 and numbered 5,123,000 ordinary shares with a face value of €1 each.

The following table illustrates reconciliation between the number of circulating shares at 31 December 2018 and the number of circulating shares at 31 December 2020:

	At 31 December 2018	Increase in share capital	(Purchases)/ sales of treasury shares	At 31 December r 2019	Increase in share capital	(Purchases) /sales of treasury shares	At 31 December r 2020
Ordinary shares issued	5,123,000	-		5,123,000	-	-	5,123,000
Minus: Treasury shares	10,000		-	10,000		-	10,000
Circulating ordinary shares	5,113,000	-	-	5,113,000	-	-	5,113,000

Treasury shares

Treasury shares consisted of 10,000 ordinary shares issued by Fidia S.p.A. for a value of €45 thousand.

During the period, treasury shares held by the parent company Fidia S.p.A. registered no change as illustrated in the following table:

(€thousand)	No. Shares	Nominal value	% of share capital held	Carrying amount	Mean unit value
Situation at 1 January 2020	10,000	1.00	0.20%	45.52	4.55
Purchases	-	-	-	-	-
Sales	-	-	-	-	-
Write-downs	-	-	-	-	-
Write-backs					
Situation at 31 December 2020	10,000	1.00	0.20%	45.52	4.55

Capital reserves

In 2020, share premium reserve was unchanged compared to 31 December 2019 and amounted to €1,240 thousand.

Retained Earnings

Retained Earnings comprised:

- the legal reserve of Fidia S.p.A., amounting to €883 thousand at 31 December 2020, was unchanged compared to the previous year;
- earnings carried forward in the amount of -€2,621 thousand at 31 December 2020 (€1,297 thousand at 31 December 2019).

Other profit/(loss)

The value of other profit/(loss) consisted of:

(€thousand)	31 December 2020	31 December 2019
Gains/(losses) on cash flow hedge instruments generated in the period	(61)	(142)
Profit/(loss) on cash flow hedge reclassified in profit or loss	-	-
Profit/(loss) on cash flow hedge	(61)	(142)
Profit/(loss) on translation of financial statements of foreign companies in the period	(661)	186
Profit/(loss) on translation of financial statements of foreign companies reclassified in the statement of comprehensive income	-	-
Profit/(loss) on translation of financial statements of foreign companies	(661)	186
Actuarial profit/(loss) on defined benefit plans (termination benefits) in the period	(40)	(59)
Actuarial profit/(loss) on defined benefit plans (termination benefits) reclassified in the statement of comprehensive income	-	-
Actuarial profit/(loss) on defined benefit plans (termination benefits)	(40)	(59)
Tax effect for Other components of statement of comprehensive income	24	48
Total Other profit/(loss), net of tax effect	(738)	33

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

(€thousand)	31 December 2020			31 December 2019		
	Gross value	Tax (expense)/benefit	Net value	Gross value	Tax (expense)/benefit	Net value
Profit/(loss) on cash flow hedge instruments	(61)	14	(47)	(142)	34	(108)
Profit/(loss) on translation of financial statements of foreign companies	(661)	-	(661)	186	-	186
Actuarial gains/(losses) on defined benefit plans	(40)	10	(30)	(59)	14	(45)
Total other profit/(loss)	(762)	24	(738)	(15)	48	(33)

Cash Flow Hedge reserve

The cash flow hedge reserve includes the fair value of some derivative instruments (interest rate swaps) entered into by the company to hedge the risk of interest rate fluctuations on three floating rate loans.

In 2020, the cash flow hedge provisions registered the following changes:

Type of financial instrument (€thousand)

	Nature of hedged risk	Opening balance 1.1. 2020	Increases	Decreases	CFH reserve released to profit or loss	Closing balance at 31/12/2020
<i>Interest rate swap</i>	Interest rate risk	(171)	-	(47)	-	(218)
Total		(171)	-	(47)	-	(218)

Non-controlling interests

Non-controlling interests in the amount of €842 thousand (€1,102 thousand at 31 December 2019) refer to the following consolidated companies with the line-by-line method:

(€thousand)	% non-controlling interests 2020	% non-controlling interests 2019	Balance 31 December 2020	Balance 31 December 2019
Fidia do Brasil Ltda	0.25%	0.25%	(1)	(1)
Shenyang Fidia NC&M Co., Ltd	49%	49%	843	1,103
Fidia Iberica S.A.	0.01%	0.01%	-	-
Total			842	1,102

20. OTHER NON-CURRENT PAYABLES AND LIABILITIES

(€thousand)

	Balance at 31 December 2020	Balance at 31 December 2019
Advances for research projects	346	120
Payables to employees	55	88
Long-term deferred income and other payables	28	118
Total	429	326

Advances for research projects consisted of advance payments from the European Union and the Italian University and Research University for funds granted for funded projects whose completion is expected after the end of the next period.

Payables to personnel related to medium- and long-term payables to personnel of the subsidiary Fidia Sarl.

Multi-year deferred income is linked to the application of IFRS 15 with particular reference to extended guarantees.

It is deemed that the carrying amount of other non-current payables and liabilities is near fair value.

21. TERMINATION BENEFITS

This item reflects the benefits set out by Italian law (amended by Italian Law No. 296/06) accrued by employees at 31 December 2006 and which will be paid out when an employee leaves the company.

Under specific conditions, a part of it can be paid in advance to the employee during his working life. It is a non-funded defined benefits plan, considering the benefits almost entirely accrued, with the sole exception of revaluation.

Changes in the termination benefits are illustrated in the table below:

(€thousand)	
Amount at 1 January 2020	2,159
Amount accrued and allocated in year	412
Benefits paid out in year	(91)
Amount transferred to State Fund and complementary pension scheme	(408)
Finance expenses on termination benefits	7
Accounting of actuarial losses	40
Substitute tax	(5)
Balance at 31 December 2020	2,114

Actuarial profit and loss are stated off the statement of comprehensive income and directly carried over to equity (see Note No. 19).

Please be noted that 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 of the period in the amount of €7 thousand.

Termination benefits are calculated based on the following actuarial assumptions:

	At 31 December 2020	At 31 December 2019
Discount rate	EUR Composite AA curve	EUR Composite AA curve
Future inflation rate	0.80%	1.2%
Frequency of request for advances	3.0%	3.0%
Relative frequency of resignation/dismissal middle managers, officer workers, workers and apprentices	3.0%	3.0%
Relative frequency of resignations/dismissals managers	5.0%	5.0%

The discount rate used to determine the present value of the obligation was derived, in accordance with paragraph 83 of IAS 19, from the AA rating EUR Composite curve recorded at the measurement date:

Year	31 December 2020
1	-0.39%
2	-0.28%
3	-0.22%
4	-0.19%
5	-0.13%
6	-0.08%
7	-0.02%
8	0.02%
9	0.06%
10	0.10%
11	0.14%
12	0.18%
13	0.23%
14	0.27%
15 +	0.31%

As required by IAS19, the following tables show a sensitivity analysis for each relevant actuarial assumption at the end of the reporting period, showing the effects there would have been as a result of changes in actuarial assumptions that were reasonably possible at that date, in absolute terms, an indication of the contributions for the next period, the average financial duration of the obligation, and the disbursements under the plan.

Sensitivity analysis Defined Benefit Obligation (€thousand)

31 December 2020	
+0.25% inflation rate	2,135
-0.25% inflation rate	2,094
+0.25% discount rate	2,098
-0.25% discount rate	2,119
+1% turnover rate	2,104
-1% turnover rate	2,126
Service cost and duration	
Service cost pro-future	0.00
Duration of the plan	6.6 years
Future plan disbursements (€thousand)	
Years	Planned disbursements
1	457
2	91
3	100
4	125
5	156

The following table proposes a sensitivity analysis of the termination benefits fund if one of the basic assumptions varies. Specifically, a 10% increase and decrease was assumed with regard to the parameters used for the measurement of the termination benefits fund at 31 December 2020.

	Basic Assumptions	Changes in Basic Assumptions									
Inflation rate projections	Curve	0.55%	1.05%								
Average incidence of advances on termination benefits accrued at the beginning of the year	70.00%			63.00 %	77.00 %						
Rate of request for advances: Executive	3.00%			2.70%	3.30%						
Rate of request for advances: Cadre	3.00%			2.70%	3.30%						
Rate of request for advances: Employee	3.00%			2.70%	3.30%						
Rate of request for advances: Worker	3.00%			2.70%	3.30%						
Rate of request for advances: Apprentice	3.00%			2.70%	3.30%						
Discount rate	Curve			-10%	+10%						
Outbound rate for resignation and dismissal: Executive	5.00%				4.50 %	5.50%					
Outbound rate for resignation and dismissal: Cadre	3.00%				2.70 %	3.30%					
Outbound rate for resignation and dismissal: Employee	3.00%				2.70 %	3.30%					
Outbound rate for resignation and dismissal: Worker	3.00%				2.70 %	3.30%					
Outbound rate for resignation and dismissal: Apprentice	3.00%				2.70 %	3.30%					
Company	Termination benefits on an IAS basis(°)	Percentage change in termination benefits compared to the basic assumptions									
Fidia S.p.A.	2,114,374	-0.94%	0.96%	0.04%	-0.04%	0.33%	-0.32%	0.20%	-0.31%	0.27 %	-0.25%

(°) amounts in EUR

22. OTHER NON-CURRENT FINANCIAL LIABILITIES

The item includes the fair value of interest rate swap contracts entered into to hedge (cash flow hedge) the risk of variability of interest expense flows of two medium- to long-term loans and a real estate lease contract entered into by the parent company Fidia S.p.A.

(€thousand)	31 December 2020		31 December 2019	
Cash Flow Hedge	Notional amount	Fair value	Notional amount	Fair value
Interest rate risk - BNL Interest Rate Swap	-	-	658	1
Interest rate risk - INTESA Interest Rate Swap	-	-	350	1
Interest rate risk - INTESA Interest Rate Swap	361	-	1,077	2
Interest rate risk - INTESA Interest Rate Swap	2,995	291	3,170	224
Interest rate risk - Banco Popolare Interest Rate Swap	214	-	643	2
Total		291	-	230

Financial flows relating to cash flow hedges impact on the statement of comprehensive income of the Company consistently with the timing with which the hedged cash flows occur.

23. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Financial liabilities amounted to €14,565 thousand and are specified in detail in the following tables:

(€thousand)	Balance at 31 December 2020	Balance at 31 December 2019
Overdrawn bank accounts and short-term advances	2,067	2,921
Financial accruals and deferrals	26	35
Loan - ISP "3.500" (part short term)	350	350
Loan - BNL "2.500" (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)	-	192
Loan - BPM "1.500" (part medium/long term and part short term)	650	650
UNICREDIT loan (Plafond Supercash Rotativo)	543	1,473
Loan - ISP "1.500" (part medium/long term and part short term)	627	627
UNICREDIT loan (short term)	-	193
BNL loan (short term)	556	692
Société Générale loan (medium/long-term portion and short-term portion)	75	-
Banque CIC Est. loan (part medium/long term and part short term)	75	-
Banco Santander loan (medium/long-term portion and short-term portion)	225	-
PNC Bank loan (medium/long-term portion and short-term portion)	784	-
PPP Loan	243	-
Loans and financial liabilities with credit institutions	7,821	8,732
Mediocredito Italiano (Forlì) property lease	4,856	5,107
San Mauro Torinese property lease (IFRS16)	830	1,007
San Secondo di Pinerolo property lease (IFRS16)	-	137
FIDIA GMBH property lease (IFRS16)	238	13
FIDIA SARL property lease (IFRS16)	41	64
FIDIA BEIJING property lease (IFRS16)	491	637
FIDIA do BRASIL property lease (IFRS16)	2	23
Car leases Italy (IFRS16)	209	342
Foreign car leases (IFRS16)	32	58
Lease - Volkswagen Bank	4	23
Lease - Skoda Bank	34	74
Lease - Banco Popular Espanol	7	14
Commerz Real	-	275
Liabilities for leases	6,744	7,774
Total	14,565	16,506

(€thousand)	By 1 year	By 5 years	Beyond 5 years	Total
Overdrawn bank accounts and other short-term advances	2,093	-	-	2,093
Medium-to-long term bank loans	2,744	1,627	15	4,386
Short-term loans	1,342	-	-	1,342
Loans and financial liabilities with credit institutions	6,179	1,627	15	7,821
Mediocredito Italiano (Forlì' property lease)	264	1,519	3,073	4,856
San Mauro Torinese property lease (IFRS16)	182	648	-	830
FIDIA GMBH property lease (IFRS16)	56	182	-	238
FIDIA SARL property lease (IFRS16)	23	18	-	41
FIDIA BEIJING property lease (IFRS16)	164	327	-	491
FIDIA do BRASIL property lease (IFRS16)	2	-	-	2
Car leases Italy (IFRS16)	132	77	-	209
Foreign car leases (IFRS16)	24	8	-	32
Lease - Volkswagen Bank	4	-	-	4
Lease - Skoda Bank	21	13	-	34
Lease - Banco Popular Espanol	7	-	-	7
Liabilities for leases	879	2,792	3,073	6,744
Total	7,057	4,434	3,072	14,565

It should be noted that as a result of the standstill agreement formalised with bank lenders in April 2020 and extended until 31 December 2020, the maturities of some loans have been postponed. In addition, following the application for admission to arrangement with creditors on 13 November 2020, all debts admitted to the procedure were frozen.

The current loans have the following characteristics:

Loan - ISP "3.500" (short-term portion)

Original amount	€3,500 thousand
Outstanding amount	€350 thousand
Date of loan	20/04/2015
Term	Loan due date 01/04/2021 (*)
Repayment	20 quarterly instalments (01/07/2015 to 01/04/2021)
Interest rate	3-month Euribor, base 360 + 2.0% spread

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

(*) The original due date was subject to change based on the extension of the *standstill* agreement with bank lenders, and installments due in 2020 were suspended.

Loan - BNL "2.500" (short-term portion)

Original amount	€2,500 thousand
Outstanding amount	€525 thousand
Date of loan	28/01/2016
Term	Loan due date 31/12/2021 (*)
Grace period	1 quarterly installment (31/03/2016)
Repayment	19 quarterly instalments (30/06/2016 to 31/12/2021)
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.

(*) The original due date was subject to change based on the extension of the *standstill* agreement with bank lenders, and installments due in 2020 were suspended.

Loan - ISP "3,000" (part medium/long term and part short term)

Original amount	€3,000 thousand
Outstanding amount	€1,075 thousand
Date of loan	17/05/2016
Term	Loan due date 01/04/2022 (*)
Grace period	3 quarterly installments (01/07/2016 to 01/01/2017)
Repayment	17 quarterly instalments (01/04/2017 to 01/04/2022)
Interest rate	3-month Euribor, base 360 + 1.5% spread

(*) The original due date was subject to change based on the extension of the *standstill* agreement with bank lenders, and installments due in 2020 were suspended.

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

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

Original amount	€1,500 thousand
Outstanding amount	€650 thousand
Date of loan	27/04/2017
Term	Loan due date 30/06/2022 (*)
Grace period	3 quarterly installments (30/06/2017 to 31/12/2017)
Repayment	14 quarterly installments (31/03/2019 to 30/06/2022)
Interest rate	3-month Euribor, base 360 + 1.4% spread

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

(*) The original due date was subject to change based on the extension of the *standstill* agreement with bank lenders, and installments due in 2020 were suspended.

UNICREDIT loan "MUTUO PLAFOND SUPERCASH ROTATIVO"

Original ceiling	€1,200 thousand
Ceiling used	€543 thousand
Term	Loan due date 28/01/2020, 30/11/2020, 31/12/2020
Repayment	Every four months
Interest rate	Fixed rate 1.5%

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

Original amount	€1,500 thousand
Outstanding amount	€627 thousand
Date of loan	31/01/2018
Term	Loan due date 31/01/2022 (*)
Repayment	12 quarterly instalments (30/04/2018 to 31/01/2022)
Interest rate	3-month Euribor, base 360 + 1.2% spread

(*) The original due date was subject to change based on the extension of the *standstill* agreement with bank lenders, and installments due in 2020 were suspended.

BNL loan (short-term)

Original amount	€1,250 thousand
Outstanding amount	€556 thousand
Date of loan	30/05/2019
Term	Loan due date 30/04/2021 (*)
Grace period	3 monthly installments from 30/06/2019 to 30/08/2019
Repayment	12 monthly instalments (30/09/2019 to 30/04/2021)
Interest rate	Fixed rate 2%

(*) The original due date was subject to change based on the extension of the *standstill* agreement with bank lenders, and installments due in 2020 were suspended.

Société Générale loan (medium/long-term portion and short-term portion)

Original amount	€75 thousand
Outstanding amount	€75 thousand
Date of loan	03/08/2020
Grace period	12 monthly installments from 03/09/2021 to 03/08/2022
Term	Loan due date 03/08/2026
Repayment	48 monthly instalments (03/09/2022 to 03/08/2026)
Interest rate	0.58%

Banque CIC Est. loan (medium/long-term portion and short-term portion)

Original amount	€75 thousand
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Outstanding amount	€75 thousand
Date of loan	03/08/2020
Grace period	12 monthly installments from 15/10/2021 to 15/09/2022
Term	Loan due date 15/09/2026
Repayment	48 monthly instalments (15/10/2022 to 15/09/2026)
Interest rate	0.70%
<u>Banco Santander loan (medium/long-term portion and short-term portion)</u>	
Original amount	€225 thousand
Outstanding amount	€225 thousand
Date of loan	13/04/2020
Grace period	25 monthly installments from 06/05/2020 to 06/04/2022
Term	Loan due date 06/04/2027
Repayment	60 monthly instalments (06/05/2022 to 06/04/2027)
Interest rate	1.10%
<u>PNC Bank loan (medium/long-term portion and short-term portion)</u>	
Original amount	\$1 million
Outstanding amount	€784 thousand (\$963 thousand)
Date of loan	19/03/2020
Term	Loan due date 19/03/2025
Repayment	60 monthly instalments (19/04/2020 to 19/03/2025)
Interest rate	3.91%
<u>PPP Loan</u>	
Original amount	\$298 thousand
Outstanding amount	€243 thousand (\$298 thousand)
Date of loan	03/05/2020
Term	Loan due date 30/06/2021
Repayment	Single instalment 30/06/2021
Interest rate	0%
<u>Property lease - Mediocredito Italiano - line 1</u>	
Original amount	€5,598 thousand
Major instalment	€1,260 thousand
Outstanding amount	€3,439 thousand
Date of loan	25/06/2014
Term	179 monthly instalments (01/12/2017 to 01/10/2032)
Current leasing rate	3.48%
Planned redemption	€558 thousand
<u>Property lease - Mediocredito Italiano - line 2</u>	
Original amount	€1,000 thousand
Major instalment	€400 thousand
Outstanding amount	€503 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
<u>Property lease - Mediocredito Italiano - line 3</u>	
Original amount	€1,802 thousand
Major instalment	€722 thousand
Outstanding amount	€914 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 hedging contract was entered into on a portion (€3,500 thousand) of the above three contracts.	
<u>IFRS16 - San Mauro Torinese property</u>	
Original amount	€1,122 thousand
Outstanding amount	€830 thousand
Date of first adoption	01/01/2019

<u>IFRS16 - Fidia GmbH property</u>	
Original amount	€287 thousand
Outstanding amount	€238 thousand
Date of first adoption	01/01/2019
<u>IFRS16 - Fidia Sarl property</u>	
Original amount	€86 thousand
Outstanding amount	€41 thousand
Date of first adoption	01/01/2019
<u>IFRS16 - Beijing Fidia building</u>	
Original amount	€901 thousand
Outstanding amount	€491 thousand
Date of first adoption	01/01/2019
<u>IFRS16 - Fidia do Brasil property</u>	
Original amount	€41 thousand
Outstanding amount	€2 thousand
Date of first adoption	01/01/2019
<u>IFRS16 - San Mauro Torinese Vehicles</u>	
Original amount	€398 thousand
Outstanding amount	€209 thousand
Date of first adoption	01/01/2019
<u>IFRS16 - Fidia Sarl Vehicles</u>	
Original amount	€73 thousand
Outstanding amount	€15 thousand
Date of first adoption	01/01/2019
<u>IFRS16 - Fidia Iberica Vehicles</u>	
Original amount	€41 thousand
Outstanding amount	€17 thousand
Date of first adoption	01/01/2019
<u>Lease No. 6 - Volkswagen Bank Germany</u>	
Original amount	€28 thousand
Outstanding amount	€4 thousand
Date of loan	15/6/2018
Term	Loan due date 16/05/2021
Repayment	36 monthly instalments (16/06/2018 to 16/05/2021)
Interest rate	1.99%
<u>Lease No. 4 - Skoda Bank Germany</u>	
Original amount	€35 thousand
Outstanding amount	€3 thousand
Date of loan	15/03/2018
Term	Loan due date 14/03/2021
Repayment	36 monthly instalments (14/04/2018 to 14/03/2021)
Interest rate	1.99%

Lease No. 5 - Skoda Bank Germany

Original amount	€33 thousand
Outstanding amount	€10 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%

Lease No. 6 - Skoda Bank Germany

Original amount	€32 thousand
Outstanding amount	€21 thousand
Date of loan	01/09/2019
Term	Loan due date 01/08/2023
Repayment	48 monthly instalments (01/09/2019 to 01/8/2023)
Interest rate	3.99%

Lease no. 2 - Banco Popular Espanol

Original amount	€32 thousand
Outstanding amount	€7 thousand
Date of loan	10/01/2018
Term	Loan due date 10/12/2021
Repayment	36 monthly instalments (10/01/2018 to 10/12/2021)
Interest rate	2.98%

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 table below shows the movements in loans during the year.

(€thousand)	Balance at 1 January 2020	New loans	Repayments	Balance at 31 December 2020
Loan - ISP "3.500" (part short term)	350	-	-	350
Loan - BNL "2.500" (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)	192	-	(192)	-
Loan - BPM "1.500" (part medium/long term and part short term)	650	-	-	650
UNICREDIT loan (Plafond Supercash Rotativo)	1,473	1,979	(2,909)	543
Loan - ISP "1.500" (part medium/long term and part short term)	627	-	-	627
Short-term UNICREDIT loan No. 8250932	193	-	(193)	-
Short-term BNL loan No. 1873555	692	-	(136)	556
Société Générale loan (medium/long-term portion and short-term portion)	-	75	-	75
CIC loan (part medium/long term and part short term)	-	75	-	75
Banco Santander loan (medium/long-term portion and short-term portion)	275	225	(275)	225
PNC Bank loan (medium/long-term portion and short-term portion)	-	814	(30)	784
PPP Loan	-	243	-	243
Loans and financial liabilities with credit institutions	6,052	3,411	(3,735)	5,728
Mediocredito Italiano (Forli' property lease)	5,107	-	(251)	4,856
San Mauro Torinese property lease (IFRS16)	1,007	-	(177)	830
San Secondo di Pinerolo property lease (IFRS16)	137	-	(137)	-
FIDIA GMBH property lease (IFRS16)	13	287	(62)	238
FIDIA SARL property lease (IFRS16)	64	-	(23)	41
FIDIA BEIJING property lease (IFRS16)	637	55	(201)	491
FIDIA do BRASIL property lease (IFRS16)	23	-	(21)	2
Fidia Shenyang property lease	-	111	(111)	-
Car leases Italy (IFRS16)	342	57	(190)	209
Foreign car leases (IFRS16)	58	19	(45)	32
Lease - Volkswagen Bank	23	-	(19)	4
Lease - Skoda Bank	74	-	(40)	34
Lease - Banco Popular Espanol	14	-	(7)	7
Commerz Real	275	-	(275)	-
Liabilities for leases	7,774	529	(1,559)	6,744
Total	13,826	3,940	(5,294)	12,472

For more information on the management of interest and exchange rate risk on loans, please refer to the section Risk Management above and Note No. 29.

24. TRADE PAYABLES

(€thousand)	At 31 December 2020				At 31 December 2019			
	By end of period	1 to 5 years	Beyond 5 years	Total	By end of period	1 to 5 years	Beyond 5 years	Total
Payables to other suppliers	9,038	99	13	9,150	11,231	128	38	11,397
Payables to associates	18	-	-	18	2	-	-	2
Total trade payables	9,056	99	13	9,168	11,234	128	38	11,399

The allocation of the trade payables by due date was as follows:

(€thousand)	Due date within 1 month	Due from 1 to 3 months	Due from 3 to 12 months	Total
Payables to other suppliers	8,526	454	58	9,038
Payables to associates	18	-	-	18
Total trade payables	8,544	454	58	9,056

The geographical breakdown of the trade payables to suppliers was as follows:

(€thousand)	Balance at 31 December 2020	Balance at 31 December 2019
Italy	6,961	8,543
Europe	460	546
Asia	1,577	1,570
North and South America	152	596
Rest of the World	-	144
Total	9,150	11,399

It is deemed that the carrying amount of the trade payables at the reporting date is near fair value.

25. TAX PAYABLES AND OTHER CURRENT PAYABLES AND LIABILITIES

(€thousand)	Balance at 31 December 2020	Balance at 31 December 2019
Current tax payables:		
- withholding taxes	531	343
- Tax payables for income tax and IRAP	104	236
- Payables to tax authorities for VAT	144	270
- Other short-term tax payables	88	112
Total current tax payables	867	961
Other current payables and liabilities:		
Payables to employees	2,290	1,162
Social security payables	1,028	747
Advance from customers	4,273	4,269
Payables for emoluments	223	90
Payables to State Fund and other funds	115	83
Payables for dividends to be distributed	122	113
Payables to lending institution for undue compensation	331	-
Accrued trade payables	190	105
Sundry accruals and deferrals	406	582
Miscellaneous payables	569	465
Total other current payables and liabilities	9,547	7,616

Payables to employees regard wages accrued for the month of December as well as benefits accrued at year-end (installments, overtime in general, etc.) and amounts for holidays accrued not yet taken.

Social security payables refer to accrued payables for amounts due by the Group companies and by employees on wages and salaries for the month of December and deferred compensation.

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 from Contracts with Customers*, cannot be stated in the revenue.

Finally, Current tax payables and Other current payables and liabilities are payable by the next period and it is deemed that their carrying amount is near their fair value.

26. PROVISIONS FOR RISKS AND CHARGES

Provisions for non-current and current risks and expenses amounted to €55 thousand and €663 thousand as per the relevant schedule.

(€thousand)	Balance 31 December 2019	Accrual	Use/release	Exchange rate effect	Balance 31 December 2020
Warranty provision	79	59	(79)	(4)	55
Total other provisions for non-current risks and expenses	79	59	(79)	(4)	55
					-
Warranty provision	1,082	205	(693)	(11)	583
Other provisions	191	-	(99)	-	92
Total other provisions for current risks and expenses	1,273	205	(792)	(11)	675

Warranty provision comprises the best possible estimate of the obligations undertaken by the Group by contract, law or custom with regard to expenses related to warranty on its products for a certain period effective as of sale to the final customer. This estimate is calculated based on the experience of the Group and the specific contract terms.

The reduction in the warranty fund was due to the decrease in revenues.

The item Other provisions includes an estimate of the potential impact from the inspection by INAIL (National Institute for Industrial Accident Insurance) that took place during 2018 and following which discussions with the institute continued in 2019 and 2020.

27. COLLATERAL GUARANTEES, OBLIGATIONS AND OTHER CONTINGENT LIABILITIES

Sureties issued on behalf of others

At 31 December 2020, these amounted to €467 thousand, down by €70 thousand compared to €537 thousand at 31 December 2019. This item consists almost solely of guarantees for business transactions with foreign customers for down payments received or coverage of obligations undertaken by contract by the Company during the warranty period.

Contingent liabilities

At 31 December 2020, Fidia Group, though 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 deem 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.

28. DISCLOSURE BY LINE OF BUSINESS

The sectors in which the Group has operations were measured based on the reports used by the Board of Directors of Fidia S.p.A. in making strategic decisions.

The reports used for this Note are based on the various products and services provided and have been issued using the same accounting standards described under Standards for the presentation of the financial statements.

The data of the Group are presented with a breakdown into three sectors (Numerical Controls - CNC -, High Speed Milling Systems - HSM -, and Service).

The Group assesses the performance of its operating sectors based on Operating Profit/(Loss) of ordinary business.

The revenues of the lines of business are those directly realized or attributable to the line of business and resulting from its ordinary activities. These include the revenues from transactions with others and from transactions with other lines of business measured at market prices. Cross-sector revenues consist of numerical controls, switchboards and components and electromechanical systems transferred by the electronics sector to the milling systems sector and, vice versa, of the mechanical units supplied by the milling systems sector to the electronics sector for special applications. The costs of the lines of business are the expenses resulting from the ordinary business of the line of business incurred with others and with the other lines of business or those directly attributable to each. Costs incurred with other lines of business are measured at market prices.

The economic measurement of the result attained by each sector is the operating profit/(loss) of the ordinary business that separates the non-recurring revenues and expenses of the ordinary course of business from the results of the sectors. In the Group's management finance revenue and expenses and taxes are at the expense of the "corporate" body because these do not pertain to operations and stated in the "non allocable" column.

All income components stated were measured using the same accounting criteria adopted for the presentation of the Group Consolidated Financial Statements. The economic data by line of business in 2020 and 2019 are as follows:

Data by year - 2020 (€thousand)	CNC	%	HSM	%	SERVICE	%	N/A	Total
Revenues	1,353	70.2%	10,710	100.0%	9,175	99.2%	-	21,239
Cross-sector revenues	574	29.8%	0	0.0%	71	0.8%	0	
Total reclassified revenues	1,928	100.0%	10,710	100.0%	9,246	100.0%	-	21,239
Changes in inventories of finished goods and W.I.P.	(215)	-11.2%	(1,088)	-10.2%	- 295	-3.2%	0	(1,597)
Raw materials and consumables	67	3.5%	(5,007)	-46.8%	- 951	-10.3%	(65)	(5,956)
Cross-sector expenses	(50)	-2.6%	(848)	-7.9%	251	2.7%	3	(0)
Commissions, transport and contractors	(101)	-5.2%	(941)	-8.8%	- 295	-3.2%	(4)	(1,341)
Margin on sales	1,629	84.5%	2,826	26.4%	7,956	86.1%	(66)	12,345
Other operating revenue	305	15.8%	877	8.2%	597	6.5%	345	2,123
Other operating costs	(153)	-8.0%	(1,399)	-13.1%	- 1,210	-13.1%	(2,887)	(5,649)
Personnel expenses	(998)	-51.8%	(3,929)	-36.7%	- 3,958	-42.8%	(2,111)	(10,996)
Depreciation, amortisation and write-downs	(464)	-24.1%	(1,605)	-15.0%	- 437	-4.7%	(1,056)	(3,561)
Operating profit/(loss)	318	16.5%	(3,231)	-30.2%	2,950	31.9%	(5,774)	(5,738)

Data by year 2019 (€thousand)	CNC	%	HSM	%	SERVICE	%	N/A	Total
Revenues	2,305	51.4%	31,303	100.0%	12,174	99.7%	-	45,783
Cross-sector revenues	2,177	48.57%	-	-	32	0.26%	-	-
Total reclassified revenues	4,482	100.0%	31,303	100.0%	12,206	100.0%	-	45,783
Changes in inventories of finished goods and W.I.P.	(100)	-2.2%	(11)	0.0%	19	0.2%	-	(92)
Raw materials and consumables	(1,294)	-28.9%	(16,149)	-51.6%	(1,234)	-10.1%	(98)	(18,775)
Cross-sector expenses	187	4.2%	(3,048)	-9.7%	616	5.0%	36	-
Commissions, transport and contractors	(393)	-8.8%	(3,437)	-11.0%	(489)	-4.0%	(2)	(4,322)
Margin on sales	2,882	64.3%	8,658	27.6%	11,119	91.1%	(65)	22,594
Other operating revenue	675	15.1%	1,333	4.3%	280	2.3%	24	2,311
Other operating costs	(346)	-7.7%	(2,470)	-7.9%	(2,543)	-20.8%	(3,472)	(8,831)
Personnel expenses	(2,342)	-52.2%	(6,406)	-20.5%	(5,401)	-44.2%	(2,929)	(17,077)
Depreciation, amortisation and write-downs	(248)	-5.5%	(835)	-2.7%	(250)	-2.0%	(1,133)	(2,466)
Operating profit/(loss)	621	13.9%	279	0.9%	3,206	26.3%	(7,575)	(3,469)

Assets of the line of business are those used by the line of business in the course of its typical activities or which can be reasonably attributed to it based on its typical activities.

Liabilities of the line of business are those directly resulting from the conduct of the typical activities of the line of business or which can be reasonably attributed to it based on its typical activities.

In the management of the Group the treasury and tax assets are not attributed to the lines of business because these do not pertain to their operations. Therefore, these assets and liabilities are not included in the assets and liabilities of the line of business and are stated in the column "Non allocable".

In particular, the treasury assets include investments in other entities, other long-term and short-term assets, and cash and cash equivalent. Treasury liabilities include financial payables and other current and non-current financial liabilities.

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

Data by year - 2020 (€thousand)	CNC	HSM	SERVICE	N/A	Total
Property, plant and equipment	43	7.865	190	3.211	11.310
Intangible fixed assets	1.413	534	-	25	1.972
Equity investments	-	-	-	16	16
Deferred tax assets	-	-	-	929	929
Other non-current receivables and assets	-	2	-	48	49
Total non-current assets	1.456	8.401	190	4.230	14.276
Inventory	1.592	6.366	5.768	-	13.725
Trade receivables and other receivables	361	2.247	1.544	997	5.149
Current taxes receivable	-	-	1	519	520
Other current financial assets	-	-	-	-	-
Cash and cash equivalents	-	-	-	4.851	4.851
Total current assets	1.953	8.612	7.314	6.367	24.245
Total assets	3.408	17.014	7.504	10.596	38.521
Other non-current payables and liabilities	165	203	46	16	429
Deferred tax liabilities	-	-	-	84	84
Termination benefits	386	1.202	195	331	2.114
Long-term provisions	-	11	44	-	55
Other non-current financial liabilities	-	-	-	324	324
Non-current financial liabilities	12	4.590	33	2.611	7.246
Total non-current liabilities	563	6.006	318	3.366	10.253
Current financial liabilities	11	355	58	6.860	7.285
Other current financial liabilities	-	-	-	-	-
Trade payables and other current payables	974	10.502	1.228	6.012	18.716
Current taxes payable	-	-	-	867	867
Short-term provisions	2	273	308	92	675
Total current liabilities	987	11.131	1.594	13.831	27.543
Total liabilities	1.550	17.137	1.912	17.197	37.796
Shareholders' equity	-	-	-	725	725
Total liabilities	1.550	17.137	1.912	17.922	38.521

31 December 2019 (€thousand)	CNC	HSM	SERVICE	N/A	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
Total non-current assets	1,509	9,840	309	4,943	16,601
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
Total current assets	2,772	13,826	9,703	5,091	31,392
Total assets	4,282	23,667	10,011	10,034	47,993
Other non-current payables and liabilities	23	237	41	25	326
Deferred tax liabilities	-	-	-	97	97
Termination benefits	390	1,252	189	328	2,159
Long-term provisions	-	23	56	-	79
Other non-current financial liabilities	-	-	-	230	230
Non-current financial liabilities	42	4,979	88	1,681	6,790
Total non-current liabilities	456	6,491	373	2,361	9,681
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
Total current liabilities	1,980	14,206	1,953	12,826	30,965
Total liabilities	2,436	20,697	2,326	15,186	40,645
Shareholders' equity	-	-	-	7,347	7,347
Total liabilities	2,436	20,697	2,326	22,533	47,993

29. INFORMATION ON FINANCIAL RISKS

The Group is exposed to financial risks pertaining to its operations:

- market risks (mainly due to exchange and interest rates), as the Group operates internationally in different currency areas and uses interest-yielding financial instruments;
- liquidity risk, with specific reference to the availability of financial resources and access to the credit and financial instruments market;
- credit risk pertaining to normal business relations with customers.

As described in Risk Management, the Fidia Group constantly monitors the financial risks which it is exposed to so that it can anticipate potential negative effects and take appropriate measure to mitigate them.

The following section provides qualitative and quantitative information on the incidence of said risks on the Fidia Group.

The following paragraphs illustrate the sensitivity analysis carried out on the potential impact on the final results resulting from hypothetical oscillations in benchmarks on the aforementioned risks. These analyses are based, as set forth by IFRS7, on simplified scenarios applied to the final data of the periods considered and, by their own nature, cannot be considered indicators of the real effects of future changes in benchmarks due to a different equity and financial structure and different market conditions. These cannot reflect either the interrelations and complexities of the reference markets.

MARKET RISKS

In general, market risks are the result of the effects of changes in prices or other market risk factors, such as interest and exchange rates, both on the value of the positions held in the trading and hedging portfolio and the positions resulting from commercial operations.

The management of market risks in the Group comprises all the assets related to treasury and equity management transactions. The objective of market risk management is to manage and keep the Group's exposure to this risk within acceptable levels, while optimizing, at the same time, the yield of its own investments.

The market risks include exchange and interest rate risk.

Exchange rate risk: definition, sources and management policies

Exchange rate risk can be defined, in general, as the set of effects resulting from changes in the exchange rate relations between foreign currencies on the performance of the company in terms of operating results, market shares and cash flows.

The Group is exposed to the risk of the oscillation of the exchange rates of currencies, as it operates in an international context in which transactions are conducted at different exchange and interest rates.

Exposure to exchange rate risk results from the geographical location of the business units compared to the geographical distribution of the markets where it sells its products and from the use of external borrowing sources in foreign currencies.

In particular, the Group is exposed to three types of exchange rate risk:

- economic/competitive: comprises all effects that a change in market exchange rates can have on Group income and may hence impact strategic decisions (products, markets and investments) and Group competitiveness on the reference market;
- transaction: consists in the possibility that changes in exchange rate relations occur between the date on which a financial obligation between the counterparts becomes highly probably and/or certain and the date of transaction settlement. These changes cause a difference between the expected and effective financial flows;
- translation: this type of risk regards differences in exchange rates that can result from changes in the carrying amount of the equity expressed in the presentation currency. The consolidated financial statements include transactions made by the company in currencies other than the functional currency. These changes are not the cause of an immediate difference between expected and real cash flows, but will only have accounting effects on the Group consolidated financial statements. The effects of said changes are measured directly in the equity, under Provisions for translation differences (see Note 19).

The Group manages exchange rate risks its policy of fixing the selling prices of products in foreign currencies and, if necessary, through the use of derivative financial instruments, the use of which is reserved for the management of exposure to exchange rate fluctuations connected with future cash flows and assets and liabilities.

Specifically, in setting the sales price for the foreign counterparty, the Group, starting from its margin targets determined in local currency (the euro for the parent company), usually applies the exchange rate in place on the date of the order plus the financial component (cost of carry) related to the expected due dates of the collections related to the transaction. For short-term transactions (a few months), the Group usually does not engage in derivative transactions to block the exchange rate (and thus completely neutralise possible spot exchange rate fluctuations in the short term). On the other hand, for transactions with medium-to-long expected timelines, the Group conducts hedging transactions through the use of derivative instruments.

When the Group decides to engage in foreign exchange derivative transactions, it implements a policy of hedging only transactional foreign exchange risk, thus arising from existing commercial transactions and future contractual commitments.

The main hedges for exposure to foreign exchange risk are traditionally provided for the U.S. dollar, which is the most widely used foreign currency in commercial transactions other than the local currency.

The typically used instruments are forward, flexible forward or other types of contracts on exchange rates correlated by amount, due date and reference parameters with the hedged position.

At 31 December 2020, there were no derivative instruments hedging exchange rate risks.

Exchange rate risk: quantitative information and sensitivity analysis

As stated above, the Group is exposed to risks resulting from changes in exchange rates that can affect both the profit and loss result and the equity.

In particular, when the Group's companies incur costs in currencies other than the presentation currency of the relevant revenues, the change in exchange rates can affect the earnings of said companies.

With regard to the business operations, the Group's companies can have trade receivables or payables in currencies other than the presentation currency of the entity holding these. The change in exchange rates can lead to the realization or measurement of exchange rate gains or losses.

At 31 December 2020 the main currency to which the Group is exposed is the USD. At the same date, the Group has no derivative instruments in place to hedge currency exposures.

For the purpose of the sensitivity analysis, the potential effects of fluctuations in reference rates of financial instruments denominated in foreign currencies were analyzed.

The analysis was carried out by applying to the exchange rate exposure reasonable positive and negative change of the EUR against the foreign currency equal to 5%. Hypotheses were defined in which the local currency gains or loses value compared to the foreign currency.

The results of the sensitivity analysis on exchange rate risk are summarized in the tables below, which show the impacts on profit or loss and equity at 31 December 2020 and 31 December 2019. The prevalence of financial liabilities denominated in foreign currencies over financial assets exposes the company to the risk of negative economic effects in the event of devaluation of the local currency (EUR in the case of the parent company and other European subsidiaries) versus the foreign currency. The impacts on the income statement shown in the tables are pre-tax.

FOREIGN EXCHANGE RATE SENSITIVITY ANALYSIS (€thousand)

	+5% change		-5% change	
	P&L	Other changes in equity	P&L	Other changes in equity
Foreign Exchange Risk at 31 December 2020				
FOREIGN CURRENCY FINANCIAL ASSETS				
Cash and cash equivalent	26	(1)	-	1
Hedging derivatives	-	-	-	-
Receivables	249	(12)	-	13
Effect	-	(13)	-	14
FOREIGN CURRENCY FINANCIAL LIABILITIES				
Derivatives for trading	-	-	-	-
Hedging derivatives	-	-	-	-
Loans payable	-	-	-	-
Overdrawn bank accounts	-	-	-	-
Trade payables	742	35	-	(39)
Effect	35		(39)	-
Total effect	22		(25)	-

FOREIGN EXCHANGE RATE SENSITIVITY ANALYSIS (€thousand)

	+5% change		-5% change	
	P&L	Other changes in equity	P&L	Other changes in equity
Exchange Rate Risk at 31 December 2019				

FOREIGN CURRENCY FINANCIAL ASSETS					
Cash and cash equivalent	51	(2)	-	3	-
Hedging derivatives	-	-	-	-	-
Receivables	142	(7)	-	7	-
Effect		(9)	-	10	-
FOREIGN CURRENCY FINANCIAL LIABILITIES					
Derivatives for trading	-	-	-	-	-
Hedging derivatives	-	-	-	-	-
Loans payable	-	-	-	-	-
Overdrawn bank accounts	-	-	-	-	-
Trade payables	643	31	-	(34)	-
Effect		31	-	(34)	-
Total effect		22	-	(24)	-

The quantitative data reported above have no forecast value; specifically, the sensitivity analysis on market risks cannot reflect the complexity and related market relations that may result from any assumed change.

Interest rate risk: definition, sources and management policies

Interest rate risk consists in changes in interest rates that affect both the margin and hence the profit of the Group and on the current value of future cash flows.

The Group is exposed to interest rate oscillations on its own floating rate loans and leases attributable to the Eurozone, which the Group avails itself of to fund its operations.

Changes in the structure of market interest rates affect the Group's capital and its economic value, thus influencing the level of net finance expenses and the Group's margins.

Interest rate risk management is considered with the well-established practice to reduce the risks of interest rate volatility, to reach an optimal mix of floating and fixed interest rates in the make-up of loans, thus offsetting market interest rate oscillations, while pursuing the objective of reducing finance costs on deposits to a minimum.

The Group manages risks of changes in interest rates by using derivatives whose use is reserved to the management of exposure to interest rate oscillations pertaining to money flows and assets and liabilities. Speculative transactions are not allowed.

At 31 December 2020 exposure to interest rate risk was hedged through the use of Interest Rate Swaps. Interest Rate Swaps are used in order to predetermine the interest paid on various forms of financing in order to ensure stability of cash flows.

The counterparts of said financial instruments are primary credit institutions.

Interest rate risk: quantitative information and sensitivity analysis

The Group companies avail themselves of financing for the purpose of funding their own operating activities. Changes in interest rates could have a negative or positive impact on Group earnings.

In order to tackle said risks, the Parent Company uses interest rate derivatives and mainly interest rate swaps.

At 31 December 2020, the Company had three Interest Rate Swap contracts to hedge interest rate risk; these have a total negative fair value amounting to €291 thousand.

The Interest Rate Swaps were entered into by the Company with the aim of neutralising the risk of variability in interest rate expense flows of the underlying hedged loans and financial leases, transforming them, through the stipulation of derivative contracts, into fixed-rate loans and leases.

In measuring the potential impacts of changes in the interest rates applied, the Group separately analysed the fixed rate financial instruments (for which the impact of the changes in rates regards the fair value) and those at floating rate (for which the impact was determined in terms of cash flow) expressed in the various currencies, which the Group has significant exposure to, as specified in the section on exchange rate risk.

At 31 December 2020, some fixed-rate financial instruments were outstanding, but were not measured at fair value, but at amortised cost.

The floating rate financial instruments at 31 December 2020 included cash, bank loans and financial leases and are denominated in EUR.

The sensitivity analysis was carried out in order to present the effects on the income statement and shareholders' equity at 31 December 2020, assuming that a reasonably possible change in the relevant risk variable occurred on that date and that this change was applied to the risk exposures existing at that date. Derivative financial instruments are also included in the sensitivity analysis.

At 31 December 2020, the following was assumed:

- an increase in interest rates for all financial instruments (loans, financial leases and derivatives) at a floating rate equal to 10 bps;
- a decrease in interest rates for all financial instruments (loans, financial leases and derivatives) at a floating rate equal to 5 bps.

The decision to simulate, as at 31 December 2020, changes down by 5 bps and up by 10 bps depended on a market scenario that continues to be characterised by very low interest rates and a policy of essentially unchanged key interest rates by euro area monetary authorities also in light of the requirements not to withdraw post-crisis economic stimulus measures too soon after the COVID-19 crisis. These changes have been hypothesized with all other variables constant. The impact before tax that such changes would have had are shown in the table below.

INTEREST RATE SENSITIVITY ANALYSIS (€thousand)

Interest Rate Risk at 31 December 2020	Carrying amount	+10-bps change		-5-bps change	
		P&L	Other changes in equity	P&L	Other changes in equity
FINANCIAL LIABILITIES					
Floating-rate loans	3,230	(3)		2	
Fixed-rate loans	2,274	-		-	
Floating-rate finance leases	5,126	(5)		3	
Operating leases and rent (IFRS16)	1,856	-		-	
IRS hedging derivatives	291	4	22	(2)	(11)
Total impact		(4)	22	3	(11)

INTEREST RATE SENSITIVITY ANALYSIS (€thousand)

Interest Rate Risk at 31 December 2019	Carrying amount	+10-bps change		-5-bps change	
		P&L	Other changes in equity	P&L	Other changes in equity
FINANCIAL LIABILITIES					
Floating-rate loans	3,611	(4)	-	2	-
Fixed-rate loans	2,165	-	-	-	-
Floating-rate finance leases	5,464	(5)	-	3	-
Operating leases and rent (IFRS16)	6,727	-	-	-	-
IRS hedging derivatives	230	6	25	(3)	(13)
Total impact		(3)	25	2	(13)

NB: for the sake of completeness, the tables also include liabilities related to operating leases and rent payable to which, as from 1 January 2019, IFRS 16 has been applied. However, since the cash flows of these liabilities are not parameterised to the market interest rate variable, there are no sensitivity impacts.

Liquidity risk: definition, sources and management policies

Liquidity risk consists in the possibility that a company of the Group or the Group itself can find itself in the conditions of not being able to meet its payment obligations in cash or delivery, either foreseen or unexpected, due to a lack of financial resources, thus prejudicing day-to-day operations or the financial position of the company or Group.

The liquidity risk that the Group is exposed to can arise out of difficulties to timely obtain financing for its operations and can take the form of the inability to find the necessary financial resources at a reasonable conditions.

Cash flows, financing needs and any liquidity are under the control of the parent company Fidia S.p.A., in order to ensure effective management of financial resources.

The short and medium/long-term demand for liquidity is constantly monitored by the central offices in order to timely obtain financial resources or an adequate investment of cash.

The Group has adopted a series of financial policies to reduce liquidity risk:

- plurality of financing entities and diversification of financing sources;

- adequate lines of credit;
- perspective liquidity plans relating to the company planning process.
- provision in the Arrangement Plan for increases in share capital to satisfy company creditors and the recovery of core business.

Liquidity risk: quantitative information

The two main factors that determine the Group's liquidity are, on the one hand, the resources generated or absorbed by operating and investing activities and, on the other, the characteristics of the due date and renewal of the debt or liquidity of the financial obligations and market conditions.

The policies implemented by the Group to reduce liquidity risk consisted at 31 December 2020 of:

- recourse to credit institutions and leasing companies to find financial resources, avoiding excessive concentration on one or more institutions;
- lines of credit (mostly of the revolving and stand-by type), mostly automatically renewed and used at the discretion of the Group as needed.

It should be noted that as a result of the standstill agreement formalised with bank lenders in April 2020 and extended until 31 December 2020, the maturities of some loans have been postponed. In addition, following the application for admission to arrangement with creditors on 13 November 2020, all debts admitted to the procedure were frozen.

Based on the provisions of the Arrangement Plan, Management believes that - in addition to those that will be generated by operating and financing activities, including the planned capital increases with the exclusion of pre-emptive rights - the available resources will enable the Group to meet its needs for investment, net working capital management, and debt repayment in accordance with the terms and timing set forth in the Arrangement Plan.

An analysis of financial liabilities as required by IFRS7 is provided below.

MATURITY ANALYSIS (€thousand)

	Carrying amount at 31 December 2020	Contractual cash flows	within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Beyond 5 years
FINANCIAL LIABILITIES							
Loans from banks	5,504	5,667	1,176	710	2,087	1,667	27
Other loans	-	-	-	-	-	-	-
Overdrawn bank accounts and short-term advances (*)	2,067	2,067	2,067	-	-	-	-
Trade payables	9,150	9,150	8,526	454	58	100	13
Liabilities for finance leases	5,126	6,628	43	86	409	2,068	4,021
Operating leases and rent (IFRS16)	1,856	1,947	75	95	467	1,310	-
DERIVATIVE LIABILITIES							
<i>Interest rate swap</i>	291	286	4	8	34	146	94
Total	23,993	25,745	11,890	1,352	3,056	5,291	4,156

(*) The amount includes short-term self-liquidating advances (advance payments on invoices, collection advances, advance payments on exports) of about €1,834 thousand, which for reasons of prudence has been allocated to the shortest maturity band

MATURITY ANALYSIS (€thousand)

	Carrying amount at 31 December 2019	Contractual cash flows	within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Beyond 5 years
FINANCIAL LIABILITIES							
Loans from banks	5,775	5,836	956	1,984	2,186	710	-
Other loans	-	-	-	-	-	-	-
Overdrawn bank accounts and short-term advances (*)	2,921	2,921	2,921	-	-	-	-
Trade payables	11,398	11,398	7,642	2,486	1,104	128	38
Liabilities for finance leases	5,464	7,176	58	116	628	1,887	4,487
Operating leases and rent (IFRS16)	6,727	7,131	64	524	1,506	4,969	68
DERIVATIVE LIABILITIES							
<i>Interest rate swap</i>	230	228	5	8	37	125	53
Total	32,515	34,691	11,645	5,118	5,463	7,819	4,646

(*) The amount includes short-term self-liquidating advances (advance payments on invoices, collection advances, advance payments on exports) of about €2,860 thousand, which for reasons of prudence has been allocated to the shortest maturity band.

Credit risk: definition, sources and management policies

Credit risk is the exposure of the Group to potential losses that may result from the failure to meet obligations with counterparts.

The main causes of non-performance can relate to the inability to autonomously repay counterparts and to a possible worsening in credit standing.

In particular, the Group is exposed to credit risk due to:

- sale of high-speed milling systems, numerical controls and related servicing;
- subscription of derivatives;
- deployment of liquidity in banks or other financial institutions.

The Group has different concentrations of credit risk depending on the nature of the activities and the various reference markets. Said credit exposure is mitigated by the fact that it is divided over a large number of counterparts.

The concentration of credit risk is present in the markets of the EU, North America and China.

Trade receivables are subject to individual writedowns if there is an objective condition in which these position cannot be recovered either in part or in full. The extent of writedown takes into account an estimate of the recoverable flows and relevant date of collection.

The Group controls and manages credit standing including the risk of the counterpart; these same transactions for the deployment of liquidity and hedging of derivatives have been concluded with leading national and international banks. These are regularly reviewed also in terms of concentration and the rating of the counterparts.

Credit risk: quantitative information

The maximum theoretical exposure to credit risk for the Fidia Group at 31 December 2020 is the carrying amount of the financial assets stated in the financial statements, plus the face value of collateral provided as indicated in Note No. 27.

The measurement of credit risk is carried out by means of a process to assess credit standing differentiated by type of customer.

Monitoring of credit risk is carried out periodically through the analysis by expiry of overdue positions.

The credit exposures of the Group widely regard trade receivables; the credit risk resulting from said transactions is mitigated by means of the following instruments:

- letters of credit;
- insurance policies.

Moreover, in order to effectively and efficiently manage credit risk, the Group adopts further risk mitigation instruments pursuant to and in compliance with legislation in force in the various markets of the countries where it conducts business.

Positions, if individually significant, are subject to specific writedown; these are either partially or totally non recoverable. The extent of writedown takes into account an estimate of the recoverable flows and relevant date of collection as well as of charges and expenses for future recovery. In case of receivables not subject to specific writedown, provisions are allocated on a collective basis, considering experience and statistical data.

Hedge Accounting

At 31 December 2020, the Fidia Group had outstanding cash flow hedges for interest rate risk only.

Floating-rate loans payable expose the Group to the risk of fluctuations in interest flows associated with changes in the market rates to which they are benchmarked.

The parent company Fidia Spa still has three hedging transactions outstanding of the five existing at the end of the previous year. Specifically, two are against floating-rate loans and one against a leasing contract, which have been hedged through the stipulation of three *Interest Rate Swaps* that aim to neutralise the variability of the portion of the interest expense flows corresponding to the base parameter to which they are linked (Euribor rate), thus excluding the credit spread component inherent in the interest charged by the counterparties.

There is an economic relationship between the hedged item (borrowings and variable rate leases) and the hedging instruments (IRS). A systematic change of opposite sign between the change in value of hedged items and hedging instruments when market interest rates change is expected.

The hedging transactions were designed with the aim of covering either all or a high portion of the exposure of the underlying individual loans and leases. With these derivative transactions, floating-rate financial liabilities are transformed into fixed-rate financial liabilities (for the portion of the notional principal covered).

The table below provides a representation of the Fidia Group's entire exposure to interest rate risk, the exposure related to the 3 hedged financial liabilities, and the total amount hedged (equal to the sum of the notional amounts of the 3 IRSs) at the reporting date and for subsequent periods. The table also shows the average interest rate related to three hedged liabilities and how it is transformed into a fixed rate as a result of hedging through IRS.

INTEREST RATE HEDGES (€thousand) 2020
Floating-rate exposures

Floating-rate loans payable	3,230
Floating-rate leases	5,126
Total exposure to interest rate risk	8,355

	2020	2021	2022	2023	2024 and beyond
Covered exposures					
Hedged exposures (outstanding principal)	5,165	3,836	3,063	2,861	2,647
Average interest rate (floating)	Euribor +3.03%	Euribor +3.03%	Euribor +3.03%	Euribor +3.03%	Euribor +3.03%
Total hedged amount (notional amount of outstanding derivatives)	3,571	2,815	2,629	2,436	2,235
Average fixed interest rate of (derivative pay leg)	0.83%	0.83%	0.83%	0.83%	0.83%
Final average effective rate of hedged exposures	3.86%	3.86%	3.86%	3.86%	3.86%

For comparative purposes, the table below shows the exposure at 31 December 2019.

INTEREST RATE HEDGES (€thousand) 2019
Floating-rate exposures

Floating-rate loans payable	3,611
Floating-rate leases	5,464
Total exposure to interest rate risk	9,075

	2019	2020	2021	2022	2022 and beyond
Covered exposures					
Hedged exposures (outstanding principal)	6,210	4,286	3,488	3,261	3,027
Average interest rate (floating)	euribor + 2.85%	euribor + 2.85%	euribor + 2.85%	euribor + 2.85%	euribor + 2.85%
Total hedged amount (notional amount of outstanding derivatives)	5,766	3,571	2,815	2,629	2,436
Average fixed interest rate of (derivative pay leg)	0.55%	0.55%	0.55%	0.55%	0.55%
Final average effective rate of hedged exposures	3.40%	3.40%	3.40%	3.40%	3.40%

The main causes of potential ineffectiveness of these hedging relationships have been identified in:

- any mismatch, during the life of the hedging relationship, between the notional amount and the contractual characteristics of the hedging derivatives and those of the underlying liabilities (e.g., due to partial early repayment or renegotiation of liabilities, partial unwinding of the derivative or other)
- changes in the creditworthiness of the counterparty to the hedging instrument (measured on the basis of publicly available information) or changes in the credit risk of the hedged item, such that they outweigh the changes in value resulting from the economic relationship being hedged and due to changes in market interest rates (dominant effect of credit risk).

A qualitative and quantitative review of the effectiveness of hedging relationships is scheduled at the date of designation of the hedging relationships and quarterly thereafter (when the interim and annual reports are due).

For the purpose of quantitative verification of the effectiveness of the hedging relationship, the hypothetical hedge method is used.

The following table shows the aggregate information regarding the hedging instruments in place at 31 December 2020 (IRS), i.e.: the notional value, the carrying amount (fair value), the balance sheet item used to determine the fair value of the derivatives, and any component of change in fair value attributable to the ineffectiveness component.

Hedge accounting - Hedging instruments (2020)

Cash flow hedges (€thousand)	Notional amount of hedging instruments	Carrying amount of hedging derivatives		Balance sheet item used for derivatives	Change in fair value used to calculate ineffectiveness
		Assets	Liabilities		
Interest rate risk					
Interest Rate Swaps	3,571		291	other financial assets - other financial liabilities	-
Total	3,571		291		

For comparative purposes, the table below shows the hedging instruments in place at 31 December 2019.

Hedge accounting - Hedging instruments (2019)

Cash flow hedges (€thousand)	Notional amount of hedging instruments	Carrying amount of hedging derivatives		Balance sheet item used for derivatives	Change in fair value used to calculate ineffectiveness
		Assets	Liabilities		
Interest rate risk					
Interest Rate Swaps	5,766	-	230	other financial assets - other financial liabilities	-
Total	5,766	-	230		

The following table provides aggregate information on the hedged financial liabilities at 31 December 2020, i.e.: the carrying amount (amortised cost), the balance sheet item used to recognise the liabilities in question, any fair value change component attributable to the ineffective component, and the cumulative amount in the cash flow hedge reserve (i.e., the effective component of the hedge).

Hedge accounting - hedged items (2020)

Cash flow hedges (€thousand)	Carrying amount of the hedged items		Balance sheet item used for derivatives	Change in fair value used to calculate ineffectiveness	Cash Flow Hedge reserve (*)
	Assets	Liabilities			
Interest rate risk					
Floating-rate loans payable	-	1,727	Financial liabilities	-	-
Floating-rate leases	-	3,438	Financial liabilities	-	286
Total	-	5,165		-	286

(*) The amount of cash flow hedge reserve is expressed before tax effects

For comparative purposes, the table below shows the hedged items in place at 31 December 2019.

Hedge accounting - hedged items (2019)

Cash flow hedges (€thousand)	Carrying amount of the hedged items		Balance sheet item used for derivatives	Change in fair value used to calculate ineffectiveness	Cash Flow Hedge reserve (*)
	Assets	Liabilities			
Interest rate risk					
Floating-rate loans payable	-	2,599	Financial liabilities	-	5
Floating-rate leases	-	3,611	Financial liabilities	-	220
Total	-	6,210		-	225

(*) The amount of cash flow hedge reserve is expressed before tax effects.

Finally, the following table provides summary information on the effects of applying hedge accounting.

Hedge accounting - summary of effects (2020)

Cash flow hedges (€thousand)	Change in fair value of hedging derivatives in other comprehensive income	Ineffectiveness recognised in profit or loss (*)	Income statement item (which includes ineffectiveness)	Amount reclassified from cash flow hedge reserve to income statement	Income statement item impacted by reclassification
Interest rate risk					
BNL IRS (**)	1	-	finance expenses and income	1	finance expenses and income
INTESA 1 IRS (**)	-	-	finance expenses and income	-	finance expenses and income
INTESA 2 IRS	1	-	finance expenses and income	1	finance expenses and income
INTESA 3 IRS	(66)	-	finance expenses and income	-	finance expenses and income
BPM IRS	2	-	finance expenses and income	2	finance expenses and income
Total	(62)	-		4	

(*) Also includes the accrued component of the differentials accrued at 31 December 2020 of the hedging IRSs included in the fair value of the derivatives and excluded from the calculation of hedge effectiveness.

(**) Derivative expired and terminated during 2020

For comparative purposes, the table below shows the effects of hedge accounting on the 2019 financial statements.

Hedge accounting - summary of effects (2019)

Cash flow hedges (€thousand)	Change in fair value of hedging derivatives in other comprehensive income	Ineffectiveness recognised in profit or loss (*)	Income statement item (which includes ineffectiveness)	Amount reclassified from cash flow hedge reserve to income statement	Income statement item impacted by reclassification
Interest rate risk					
BNL IRS	2	-	finance expenses and income	2	finance expenses and income
INTESA 1 IRS	1	-	finance expenses and income	1	finance expenses and income
INTESA 2 IRS	-	-	finance expenses and income	-	finance expenses and income
INTESA 3 IRS	(148)	-	finance expenses and income	-	finance expenses and income
BPM IRS	3	-	finance expenses and income	3	finance expenses and income
Total	(142)	-		7	

(*) Also includes the accrued component of the differentials accrued at 31 December 2019 of the hedging IRSs included in the fair value of the derivatives and excluded from the calculation of hedge effectiveness

30. FAIR VALUE HIERARCHIES

In relation to financial instruments recognized in the Statement of Financial Position at fair value, IFRS 7 requires that these values are classified on the basis of 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 31 December 2020, the Group held financial liabilities measured at fair value represented by derivative financial instruments to hedge interest rate risk, for an amount of €291 thousand, classified within Level 2 of the hierarchical assessment of fair value.

Below follows a breakdown of the fair value for the different categories of assets and liabilities and related economic effects. All categories below are classified as level 2 fair value.

FAIR VALUE BY CATEGORY - IFRS 9 - 31 December 2020

€ thousand	Carrying amount at 31 December 2020	Amortized Cost	FV recognized in equity	FV recognized in profit or loss	IFRS 9	Fair value at 31 December 2020
Cash	4,851	-	-	-	-	4,851
Total	4,851	-	-	-	-	4,851
LIABILITIES						
Liabilities at amortized cost	11,930	11,930	-	-	-	11,930
Hedging derivatives	291	-	291	-	-	291
Total	12,221	11,930	291	-	-	12,221

NET PROFIT AND LOSS BY CATEGORY - IFRS 9 - 31 December 2020

€ thousand	Net profit and loss	of which from interest
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ASSETS

Cash	9	9
Hedging derivatives	-	-
Total	9	9

LIABILITIES

Liabilities at amortized cost	(409)	(409)
Total	(409)	(409)

31. RELATED PARTIES TRANSACTIONS

The Group has relations with associates and other related parties at market condition deemed normal in the relevant reference markets, considering the characteristics of the goods and services provided.

In particular, these relations regarded:

- salary to Mr. Luca Morfino, employee of Fidia S.p.A.;
- compensation to the Board of Directors and Board of Auditors.

The impact of said transactions on the single items of the 2020 financial statements was stated in the relevant supplementary schedules of the statement of comprehensive income, statement of financial situation and statement of cash flows.

Data by year - 2020 (€thousand)

Counterpart	Raw materials and consumables	Other operating costs	Personnel expenses	Finance expenses	Revenues	Other operating revenue	Finance revenue
Other related parties (Giuseppe and Luca Morfino and Carlos Maidagan)	4	17	146	-	-	-	-
Compensation Board of Directors	-	-	413	-	-	-	-
Compensation Board of Statutory Auditors	-	97	-	-	-	-	-
Total other related parties	4	114	559	-	-	-	-

Data by year - 2019 (€thousand)

Counterpart	Raw materials and consumables	Other operating costs	Personnel expenses	Finance expenses	Revenues	Other operating revenue	Finance revenue
Other related parties (Giuseppe and Luca Morfino and Carlos Maidagan)	11	113	194	-	-	-	-
Compensation Board of Directors	-	-	611	-	-	-	-
Compensation Board of Statutory Auditors	-	64	-	-	-	-	-
Total other related parties	11	177	805	-	-	-	-

31 December 2020 (€thousand)

Counterpart	Trade receivables	Other current receivables	Other current financial assets	Trade payables	Other current payables	Current financial liabilities
Other related parties Prometec Consortium	-	-	-	2	-	-
Other related parties (Giuseppe and Luca Morfino)		13				
Other related parties (Payables to BoD)					61	
Other related parties (Payables to Board of Statutory Auditors)					153	
Total other related parties	-	13	-	-	2	214

31 December 2019 (€thousand)

Counterpart	Trade receivables	Other current receivables	Others Financial assets	Trade payables	Other current payables	Financial liabilities assets
Other related parties Prometec Consortium	-	-	-	2	-	-
Other related parties (Giuseppe and Luca Morfino)	-	18	-	-	7	-
Other related parties (Payables to BoD)	-	-	-	-	25	-
Other related parties (Payables to Board of Statutory Auditors)	-	-	-	-	64	-
Total other related parties	-	18	-	2	96	-

Compensation to Directors, Auditors and Executives with covering strategic company positions

The remuneration of the Directors, Statutory Auditors and executives with strategic responsibilities of Fidia S.p.A., for the performance of their functions in the parent company and in the companies included in the consolidated financial statements, is as follows:

(€thousand)	31 December 2020	31 December 2019
Directors	413	619
Auditors (*)	97	64
Executives with strategic responsibilities	-	-
Total compensation	510	683

(*) compensation includes €46 thousand pertaining to the previous Board of Statutory Auditors that lapsed on 29 April 2020

32. NET FINANCIAL POSITION

Pursuant to the Consob Communication issued on 28 July 2006 and according to the CESR recommendation dated 10 February 2005 for the consistent implementation of the European Commission's Regulation on Prospectuses, the net financial position of Fidia Group at 31 December 2020 is the following:

(€thousand)		31 December 2020	31 December 2019
A	Cash	9	9
B	Bank deposits	4,842	4,093
C	Other cash	-	-
D	Liquidity (A+B+C)	4,851	4,102
E	Current financial receivables	-	-
F	Current bank payables	3,338	5,314
G	Current part of non-current debt	2,704	2,712
H	Other current financial payables	1,243	1,676
I	Current financial indebtedness (F+G+H)	7,285	9,702
J	Current net financial position (credit)/debt (I-E-D)	2,434	5,600
K	Non-current bank payables	1,499	706
L	Bonds issued	-	-
M	Other non-current financial payables	6,071	6,328
N	Non-current financial indebtedness (K+L+M)	7,570	7,034
O	Net financial position (receivable)/payable (J+N)	10,004	12,634

33. NOTES TO THE STATEMENT OF CASH FLOWS

The statement of cash flows shows the impact of changes in "Cash and Cash Equivalents" during the period. According to IAS 7 – Statement of Cash Flows, cash flows are classified into operating, investing and financing activities. The effects of the change in exchange rates on cash and cash equivalents are indicated separately under Differences in exchange rate translation.

Cash from (used in) by the transactions of the period results mainly from the Group's primary production activities.

The cash from (used in) by the investing activities indicates how the investments needed to obtain the resources necessary to generate future income and cash flows were made. Only investments that give rise to an asset in the statement of cash flows were classified under this item.

34. NON-RECURRENT SIGNIFICANT EVENTS AND TRANSACTIONS

According to Consob Notice of 28 July 2006, in 2020 the company did not have any non-recurrent significant transactions.

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

According to Consob Notice of 28 July 2006, in 2020 there were no atypical and/or unusual transactions as defined by said Notice, by which atypical and/or unusual transactions are all those transactions whose significance/relevance, nature of the counterparts, subject-matter of the transaction, transfer pricing method and timing of the event (near year end) can give rise to doubts on: correctness/completeness of information posted, conflict of interests, safeguard of company equity, safeguard of non-controlling interests.

36. TRANSLATION OF FINANCIAL STATEMENT OF FOREIGN COMPANIES

The exchange rates used for the translation into EUR of the 2020 and 2019 financial statements of the foreign companies are illustrated in the following table:

Currency	Mean exchange rate of period		Current exchange rate at year-end	
	2020	2019	2020	2019
USD	1.1422	1.1195	1.2271	1.1234
Real (Brazil)	5.8943	4.4134	6.3735	4.5157
Renminbi (China)	7.8747	7.7355	8.0225	7.8205
Rouble (Russia)	82.7248	72.4553	91.4671	69.9563

37. DISCLOSURE ON TRANSPARENCY OF PUBLIC GRANTS

Information required by Article 1, paragraph 125, of Law No. 124 of 4 August 2017

Pursuant to the provisions of Article 3-quater of Decree Law 135/2019 for grants received, please refer to the indications contained in the National Register of State Aid, Transparency section, which provides the overall picture of grants made by public entities.

With reference to grants, and based on the interpretation of Assonime Circular 5/2020, they do not fall under the scope of Law 124/2017:

- the sums received as consideration for public works, services and supplies
- paid assignments that are part of the typical exercise of the company's activity
- the forms of incentive/subsidy received in application of a general aid scheme to all eligible persons
- public resources traceable to public entities in other countries (European or non-European) and to European institutions
- training contributions received from inter-professional funds set up in the legal form of associations.

Grants are identified on an accrual basis; as stipulated in the rule, grants of less than €10 thousand per disbursing party are excluded.

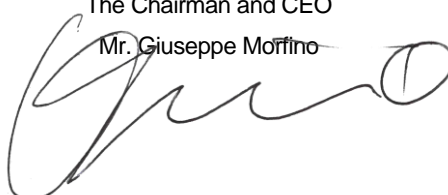
38. SUBSEQUENT EVENTS

With reference to significant events after year end, please refer to the special section "Significant events after year end and business outlook" contained in the Director's Report.

San Mauro Torinese, 20 May 2022
On behalf of the Board of Directors

The Chairman and CEO

Mr. Giuseppe Morfino



Certificate pursuant to Article 81-ter
Consob Issuers' Regulation

Certification of the consolidated financial statements pursuant to Article 81-ter of Consob Regulation no. 11971 of 14 May 1999 as amended

1. The undersigned Giuseppe Morfino in the capacity as Chairman and CEO, and Secondo Dentis, in the capacity as Financial Reporting Officer of Fidia S.p.A. attest, taking into account the provisions of article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

- a. adequacy with respect to the characteristics of the Company and
- b. actual application

of the administrative and accounting procedures for the formation of the consolidated financial statements during 2020.

2. It is also attested that:

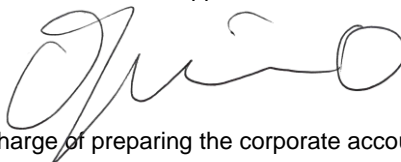
- 2.1. The consolidated financial statements:

- a. have been prepared in accordance with the international accounting standards adopted by the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- b. correspond to the books and accounting records;
- c. are suitable to give a true and fair view of the financial, economic and equity position of the issuer.

- 2.2. The Report on Operations includes a reliable analysis of the trends and of the result of operations, as well as of the situation of the issuer, together with a description of the main risks and uncertainties to which it is exposed.

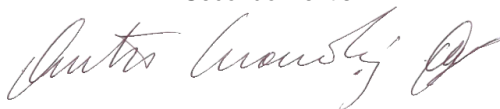
San Mauro Torinese, 20/05/2022

Chairman and CEO
Giuseppe Morfino



Manager in charge of preparing the corporate accounting documents

Secondo Dentis



Report of Independent Auditors



Fidia S.p.A.

Bilancio consolidato al 31 dicembre 2020

**Relazione della società di revisione indipendente
ai sensi dell'art. 14 del D. Lgs. 27 gennaio 2010, n. 39 e
dell'art. 10 del Regolamento (UE) n. 537/2014**

[View this document online](#)

Relazione della società di revisione indipendente ai sensi dell'art. 14 del D. Lgs. 27 gennaio 2010, n. 39 e dell'art. 10 del Regolamento (UE) n. 537/2014

Agli Azionisti della
Fidia S.p.A.

Relazione sulla revisione contabile del bilancio consolidato

Giudizio

Abbiamo svolto la revisione contabile del bilancio consolidato del Gruppo Fidia (il Gruppo), costituito dal conto economico consolidato, dal conto economico complessivo consolidato, dalla situazione patrimoniale-finanziaria consolidata al 31 dicembre 2020, dal rendiconto finanziario consolidato per l'esercizio chiuso a tale data dal prospetto delle variazioni del patrimonio netto e dalle note al bilancio consolidato che includono anche la sintesi dei più significativi principi contabili applicati.

A nostro giudizio, il bilancio consolidato fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria del Gruppo al 31 dicembre 2020, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data, in conformità agli International Financial Reporting Standards adottati dall'Unione Europea, nonché ai provvedimenti emanati in attuazione dell'art. 9 del D. Lgs. 28 febbraio 2005, n. 38.

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione *Responsabilità della società di revisione per la revisione contabile del bilancio consolidato* della presente relazione. Siamo indipendenti rispetto alla Fidia S.p.A. in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Incertezza significativa relativa alla continuità aziendale

Richiamiamo l'attenzione sul paragrafo "Fatti di rilievo intervenuti dopo la chiusura dell'esercizio ed evoluzione prevedibile della gestione" della relazione sulla gestione e sul paragrafo "Continuità aziendale" della nota integrativa del bilancio consolidato, in cui gli amministratori illustrano che sussistono significative incertezze circa la capacità di Fidia S.p.A. e del Gruppo di continuare ad operare sulla base del presupposto della continuità aziendale dovute all'attesa emissione del decreto di omologa del piano concordatario da parte del Tribunale e all'avverarsi delle previsioni contenute nel medesimo piano, inclusivo delle prospettate operazioni di aumento di capitale. Gli amministratori, in tali paragrafi, illustrano le ragioni in base alle quali hanno adottato il presupposto della continuità aziendale nella redazione del bilancio consolidato al 31 dicembre 2020.

L'ottenimento di elementi probativi sufficienti sull'appropriato utilizzo da parte degli amministratori della Capogruppo Fidia S.p.A. del presupposto della continuità aziendale ha rappresentato un aspetto chiave della revisione contabile. Le nostre procedure di revisione hanno incluso:

- la comprensione, anche attraverso colloqui con la Direzione, degli elementi alla base della valutazione del presupposto della continuità aziendale e delle relative significative incertezze;
- l'analisi del processo di valutazione degli amministratori relativamente alla capacità della Capogruppo Fidia S.p.A. di continuare ad operare come un'entità in funzionamento;
- la comprensione e l'analisi di ragionevolezza delle principali assunzioni alla base delle previsioni contenute nel piano concordatario depositato presso il Tribunale di Ivrea in data 29 settembre 2021;
- l'analisi di sensitività delle principali assunzioni del piano rispetto alla previsione dei flussi di cassa prospettici;
- l'acquisizione dell'Investment Agreement degli investitori inclusivo dell'impegno irrevocabile a sostenere la procedura di concordato preventivo con la sottoscrizione e la liberazione in denaro di un aumento di capitale riservato;
- l'esame della Relazione del Commissario Giudiziale ex art. 172 Legge Fallimentare;
- l'esame delle Comunicazioni periodiche ex art. 114, comma 5, del D. Lgs. n. 58/1998 avvenute dal mese di novembre 2020 al mese di maggio 2022;
- l'esame dei verbali delle adunanze e deliberazioni del Consiglio di Amministrazione;
- l'esame degli eventi avvenuti dopo la chiusura dell'esercizio, che forniscano elementi informativi utili alla valutazione della continuità aziendale, fra i quali l'approvazione del piano concordatario da parte della maggioranza dei creditori sociali aventi diritto, così come comunicato dal Decreto del Tribunale di Ivrea in data 23 maggio 2022.

Infine, abbiamo verificato l'adeguatezza dell'informativa di bilancio in relazione al presupposto della continuità aziendale.

Il nostro giudizio non è espresso con rilievi con riferimento a tale aspetto.

Aspetti chiave della revisione contabile

Gli aspetti chiave della revisione contabile sono quegli aspetti che, secondo il nostro giudizio professionale, sono stati maggiormente significativi nell'ambito della revisione contabile del bilancio consolidato dell'esercizio in esame. Tali aspetti sono stati da noi affrontati nell'ambito della revisione contabile e nella formazione del nostro giudizio sul bilancio consolidato nel suo complesso; pertanto su tali aspetti non esprimiamo un giudizio separato.

Oltre a quanto descritto nella sezione *Incertezza significativa relativa alla continuità aziendale*, abbiamo identificato gli aspetti di seguito descritti come aspetti chiave della revisione da comunicare nella presente relazione:

Aspetti chiave	Risposte di revisione
Recuperabilità delle attività non correnti del Gruppo Fidia	
Il valore delle attività non correnti del Gruppo Fidia al 31 dicembre 2020 è stato sottoposto all' <i>impairment test</i> nell'ambito della verifica di recuperabilità del valore della sola <i>Cash Generating Unit</i> (CGU) del Gruppo.	Le nostre procedure di revisione in risposta all'aspetto chiave hanno riguardato, tra l'altro: <ul style="list-style-type: none"> • la verifica delle assunzioni utilizzate nell'identificazione della <i>Cash Generating Unit</i> (CGU); • l'analisi della procedura posta in essere dal

I processi e le modalità di valutazione e determinazione del valore recuperabile della CGU, in termini di valore d'uso, sono basati su assunzioni a volte complesse che per loro natura implicano il ricorso al giudizio degli amministratori, in particolare con riferimento alla previsione dei loro flussi di cassa futuri e alla determinazione dei tassi di crescita di lungo periodo e di attualizzazione applicati alle previsioni dei flussi di cassa futuri.

In considerazione del giudizio richiesto e della complessità delle assunzioni utilizzate nella stima del valore recuperabile della CGU abbiamo ritenuto che tale tematica rappresenti un aspetto chiave della revisione.

Il Gruppo fornisce l'informativa relativa alla valutazione della CGU nella sezione "Principi contabili significativi" al paragrafo "Valore recuperabile delle attività non correnti" del bilancio consolidato.

Gruppo in merito a criteri e metodologia utilizzati nell'effettuazione dell'impairment test approvato dal Consiglio di amministrazione in data 6 maggio 2022;

- la verifica dell'adeguatezza del perimetro della CGU e dell'allocazione dei valori contabili delle attività alla CGU;
- l'analisi della ragionevolezza delle assunzioni alla base delle previsioni dei flussi di cassa futuri, inclusa la considerazione dei dati e previsioni di settore;
- la coerenza delle previsioni dei flussi di cassa futuri con il piano concordatario;
- la valutazione delle previsioni, rispetto all'accuratezza storica di quelle precedenti;
- la verifica della determinazione dei tassi di crescita di lungo periodo e dei tassi di attualizzazione.

Nelle nostre verifiche ci siamo anche avvalsi dell'ausilio di nostri esperti in tecniche di valutazione, che hanno eseguito un ricalcolo indipendente ed effettuato analisi di sensitività sulle assunzioni chiave, al fine di determinare i cambiamenti delle assunzioni che potrebbero impattare significativamente la valutazione del valore recuperabile.

Infine, abbiamo verificato l'adeguatezza dell'informativa di bilancio in relazione alla recuperabilità delle attività non correnti.

Riconoscimento dei ricavi per la vendita di macchine

I ricavi del Gruppo realizzati nell'esercizio 2020 ammontano a Euro 21 milioni, dei quali Euro 11 milioni relativi alla vendita di macchine, rilevati al momento in cui l'installazione e il collaudo vengono formalmente accettati dall'acquirente.

La peculiarità delle condizioni contrattuali per questa tipologia di transazioni rende il processo di riconoscimento dei ricavi articolato in relazione alle diverse modalità di accettazione da parte del cliente e, pertanto, il riconoscimento dei ricavi è stato ritenuto un aspetto chiave della revisione.

Le nostre procedure di revisione in risposta all'aspetto chiave hanno riguardato, tra l'altro:

- la comprensione del processo adottato dal Gruppo per il riconoscimento dei ricavi;
- l'analisi della ragionevolezza delle procedure e dei controlli chiave posti in essere dal Gruppo sul riconoscimento dei ricavi;
- l'esecuzione di sondaggi di conformità sui controlli chiave, inclusi quelli relativi all'applicazione degli accordi contrattuali;
- l'esecuzione di procedure di validità con riferimento ai ricavi contabilizzati in prossimità della data di bilancio, tra cui

Il Gruppo fornisce l'informativa relativa al criterio di riconoscimento dei ricavi nella sezione "Principi contabili significativi" al paragrafo "Riconoscimento dei ricavi" del bilancio consolidato.

l'esame della documentazione attestante i requisiti per il riconoscimento dei ricavi nel conto economico o per il differimento del ricavo e del relativo margine, laddove di competenza dell'esercizio successivo.

Infine, abbiamo verificato l'adeguatezza dell'informativa di bilancio in relazione al riconoscimento dei ricavi.

Recuperabilità delle attività per imposte anticipate

Nel bilancio consolidato al 31 dicembre 2020 sono iscritte attività per imposte anticipate per Euro 1.013 migliaia.

Le attività per imposte anticipate sono riferite alle differenze temporanee tra i valori contabili e fiscali di attività e passività iscritte in bilancio e alle perdite fiscali riportabili indefinitamente.

La recuperabilità del valore contabile di tali attività è soggetta a valutazione da parte della Direzione sulla base delle previsioni degli imponibili fiscali attesi negli esercizi in cui è previsto il loro utilizzo.

I processi e le modalità di valutazione della recuperabilità di tali attività sono basati su assunzioni complesse che per loro natura implicano il ricorso al giudizio della Direzione, con particolare riferimento alla coerenza fra le previsioni dei redditi imponibili futuri attesi dalle società del Gruppo con le previsioni del business plan di Gruppo.

In considerazione del giudizio richiesto nel definire le assunzioni chiave alla base delle previsioni dei redditi imponibili futuri, abbiamo ritenuto che tale tematica rappresenti un aspetto chiave della revisione.

Il Gruppo fornisce l'informativa relativa al criterio di rilevazione e valutazione di tali attività nella sezione "Principi contabili significativi" al paragrafo "Imposte" del bilancio consolidato e nella Nota 9.

Le nostre procedure di revisione in risposta all'aspetto chiave hanno riguardato, tra l'altro:

- l'analisi delle assunzioni alla base delle previsioni dei redditi imponibili futuri e della loro riconciliazione con le previsioni desumibili dal piano economico-finanziario di Gruppo;
- la valutazione delle previsioni, rispetto all'accuratezza storica di quelle precedenti;
- la verifica dei calcoli dei modelli utilizzati dalla Direzione.

Infine, abbiamo verificato l'adeguatezza dell'informativa di bilancio in relazione alla recuperabilità delle attività per imposte anticipate.

Responsabilità degli amministratori e del collegio sindacale per il bilancio consolidato

Gli amministratori sono responsabili per la redazione del bilancio consolidato che fornisca una rappresentazione veritiera e corretta in conformità agli International Financial Reporting Standards adottati dall'Unione Europea, nonché ai provvedimenti emanati in attuazione dell'art. 9 del D. Lgs. 28 febbraio 2005, n. 38 e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli amministratori sono responsabili per la valutazione della capacità del Gruppo di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio consolidato, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio consolidato a meno che abbiano valutato che sussistono le condizioni per la liquidazione della capogruppo Fidia S.p.A. o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il collegio sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria del Gruppo.

Responsabilità della società di revisione per la revisione contabile del bilancio consolidato

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio consolidato nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche degli utilizzatori prese sulla base del bilancio consolidato.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio consolidato, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti od eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;
- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze, e non per esprimere un giudizio sull'efficacia del controllo interno del Gruppo;
- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli amministratori e della relativa informativa;

- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità del Gruppo di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che il Gruppo cessi di operare come un'entità in funzionamento;
- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio consolidato nel suo complesso, inclusa l'informativa, e se il bilancio consolidato rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione.
- abbiamo acquisito elementi probativi sufficienti e appropriati sulle informazioni finanziarie delle imprese o delle differenti attività economiche svolte all'interno del Gruppo per esprimere un giudizio sul bilancio consolidato. Siamo responsabili della direzione, della supervisione e dello svolgimento dell'incarico di revisione contabile del Gruppo. Siamo gli unici responsabili del giudizio di revisione sul bilancio consolidato.

Abbiamo comunicato ai responsabili delle attività di governance, identificati ad un livello appropriato come richiesto dai principi di revisione internazionali (ISA Italia), tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

Abbiamo fornito ai responsabili delle attività di governance anche una dichiarazione sul fatto che abbiamo rispettato le norme e i principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano e abbiamo comunicato loro ogni situazione che possa ragionevolmente avere un effetto sulla nostra indipendenza e, ove applicabile, le relative misure di salvaguardia.

Tra gli aspetti comunicati ai responsabili delle attività di governance, abbiamo identificato quelli che sono stati più rilevanti nell'ambito della revisione contabile del bilancio dell'esercizio in esame, che hanno costituito quindi gli aspetti chiave della revisione. Abbiamo descritto tali aspetti nella relazione di revisione.

Altre informazioni comunicate ai sensi dell'art. 10 del Regolamento (UE) n. 537/2014

L'assemblea degli azionisti della Fidia S.p.A. ci ha conferito in data 27 aprile 2012 l'incarico di revisione legale del bilancio d'esercizio e consolidato della Società per gli esercizi con chiusura dal 31 dicembre 2012 al 31 dicembre 2020.

Dichiariamo che non sono stati prestati servizi diversi dalla revisione contabile vietati ai sensi dell'art. 5, par. 1, del Regolamento (UE) n. 537/2014 e che siamo rimasti indipendenti rispetto alla Società nell'esecuzione della revisione legale.

Confermiamo che il giudizio sul bilancio consolidato espresso nella presente relazione è in linea con quanto indicato nella relazione aggiuntiva destinata al collegio sindacale, nella sua funzione di comitato per il controllo interno e la revisione contabile, predisposta ai sensi dell'art. 11 del citato Regolamento.

Relazione su altre disposizioni di legge e regolamentari

Giudizio ai sensi dell'art. 14, comma 2, lettera e), del D. Lgs. 27 gennaio 2010, n. 39 e dell'art. 123-bis, comma 4, del D. Lgs. 24 febbraio 1998, n. 58

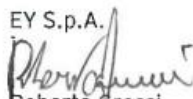
Gli amministratori della Fidia S.p.A. sono responsabili per la predisposizione della relazione sulla gestione e della relazione sul governo societario e gli assetti proprietari del Gruppo Fidia al 31 dicembre 2020, incluse la loro coerenza con il relativo bilancio consolidato e la loro conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione e di alcune specifiche informazioni contenute nella relazione sul governo societario e gli assetti proprietari indicate nell'art. 123-bis, comma 4, del D. Lgs. 24 febbraio 1998, n. 58, con il bilancio consolidato del Gruppo Fidia al 31 dicembre 2020 e sulla conformità delle stesse alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione e alcune specifiche informazioni contenute nella relazione sul governo societario e gli assetti proprietari sopra richiamate sono coerenti con il bilancio consolidato del Gruppo Fidia al 31 dicembre 2020 e sono redatte in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'art. 14, c. 2, lettera e), del D. Lgs. 27 gennaio 2010, n. 39, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

Torino, 8 giugno 2022

EY S.p.A.

Roberto Grossi
(Revisore Legale)

Financial statements at 31 December 2020 - Fidia
S.p.A.

FIDIA S.p.A.: Financial Statements at 31 December 2020

Income Statement (*)

(euro)	Notes	FY2020	FY2019 (**)
- Net sales	1	11,638,740	32,199,357
- Other revenues and income	2	1,962,150	2,113,867
Total revenues		13,600,890	34,313,404
- Changes in inventories of finished goods and work in progress		(689,310)	16,497
- Consumption of raw materials	3	(4,656,764)	(15,310,734)
- Personnel expenses	4	(5,773,188)	(10,241,591)
- Other operating costs	5	(4,234,355)	(10,938,728)
- Depreciation, amortisation and write-downs	6	(2,724,604)	(1,343,266)
- Profit/(loss) from ordinary business		(4,477,330)	(3,504,598)
- Recovery/(write-down) of investments	7	(4,884,151)	(685,323)
- Non-recurring income/(expenses)	8		-
- Operating profit/(loss)		(9,361,482)	(4,189,921)
- Finance income (expenses)	9	(219,085)	427,556
- Profit/(loss) before tax		(9,580,567)	(3,762,365)
- Income tax	10	6,688	(14,174)
- Profit/(loss) for continuing operations		(9,573,879)	(3,776,539)
- Profit/(loss) for discontinued operations		-	-
- Profit/(loss) for the period		(9,573,879)	(3,776,539)

(*) According to Consob Resolution No. 15519 of 27 July 2006, the effects of related parties transactions on the profit or loss of Fidia S.p.A. are posted in the relevant statement of comprehensive income Schedule illustrated below and further defined in Note No. 31.

(**) 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.

FIDIA S.p.A.: Financial Statements at 31 December 2020

Statement of comprehensive income (*)

(€thousand)	FY2020	FY2019(*)
Profit/(Loss) for the period (A)	(9,574)	(3,777)
Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss:		
Profits/(Losses) on cash flow hedges	(61)	(142)
Tax effect pertaining to Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss	14	34
Total Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss, net of tax effect (B1)	(47)	(108)
Other comprehensive profit/(loss) that may not subsequently be reclassified in profit or loss:		
Actuarial gains/(losses) on defined benefit plans	(40)	(59)
Tax effect pertaining to Other comprehensive profit/(loss) that may not be reclassified in profit or loss	10	14
Total Other comprehensive profit/(loss) that may not subsequently be reclassified in profit or loss, net of tax effect (B2)	(30)	(45)
Total Other comprehensive profit/(loss), net of tax effect (B)=(B1)+(B2)	(77)	(153)
Total comprehensive profit/(loss) of the period (A)+(B)	(9,651)	(3,930)

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.

FIDIA S.p.A.: Financial Statements at 31 December 2020

Statement of financial position (*)

(euro)	Notes	31-Dec-20	31-Dec-19
ASSETS			
NON-CURRENT ASSETS			
- Property, plant and equipment	11	9,019,365	10,048,938
- Intangible assets	12	1,962,352	2,596,342
- Equity Investments	13	6,646,104	11,313,799
- Other non-current receivables and assets	14	40,182	170,521
- Pre-paid tax assets	10	433,603	426,184
TOTAL NON-CURRENT ASSETS		18,101,607	24,555,784
CURRENT ASSETS			
- Inventory	15	9,177,626	11,263,318
- Trade receivables	16	3,525,430	6,806,229
- Current tax receivables	17	306,595	457,144
- Other current receivables and assets	17	2,199,718	1,941,763
- Other current financial receivables	18	120,000	120,605
- Cash and cash equivalents	19	1,373,216	933,653
TOTAL CURRENT ASSETS		16,702,585	21,522,712
TOTAL ASSETS		34,804,191	46,078,496
LIABILITIES			
SHAREHOLDERS' EQUITY			
- Share capital		5,123,000	5,123,000
- Share premium reserve		1,239,693	1,239,693
- Legal reserve		882,831	882,831
- Provisions for treasury shares in portfolio		45,523	45,523
- Extraordinary reserve		309,054	309,054
- Cash flow hedge provisions		-217,938	-170,722
- Profit (loss) carried forward		-3,234,491	542,049
- Treasury shares		-45,523	-45,523
- Reserve profits on exchange rates not realized		8,022	8,022
- Profit (loss) stated directly in equity		-224,972	-194,641
- Profit/(loss) for the period		-9,573,879	-3,776,539
TOTAL SHAREHOLDERS' EQUITY	20	-5,688,680	3,962,748
NON-CURRENT LIABILITIES			
- Other non-current payables and liabilities	21	362,683	209,648
- Termination benefits	22	2,114,374	2,158,698
- Other non-current financial liabilities	23	291,270	229,606
- Non-current financial liabilities	24	5,840,953	6,678,836
TOTAL NON-CURRENT LIABILITIES		8,609,280	9,276,789
CURRENT LIABILITIES			
- Current financial liabilities	24	8,522,568	10,917,129
- Trade payables	25	14,443,634	15,620,353
- Current tax payables	26	582,512	350,371
- Other current payables and liabilities:	26	7,590,983	4,858,561
- Provisions for risks and expenses	27	743,895	1,092,545
TOTAL CURRENT LIABILITIES		31,883,591	32,838,959
TOTAL LIABILITIES		34,804,191	46,078,496

(*) According to Consob Resolution No. 15519 of 27 July 2006, the effects of related parties transactions on the Statement of Financial Position of Fidia S.p.A. are posted in the relevant Statement of Financial Position Schedule illustrated below and further defined in Note No. 31.

FIDIA S.p.A.: Financial statements at 31 December 2020

Statement of Cash Flows (*)

(€thousand)	2020	2019
A) Cash on hand and cash equivalents at beginning of year	(1,987)	106
B) Cash from/(used in) operating activities		
- Profit/(loss) of the period	(9,574)	(3,777)
- Depreciation and amortization of tangible and intangible assets	1,931	1,313
- Net loss (gain) on disposal of tangible assets	(5)	-
- Write-down/(recovery in value) of investments	4,668	685
- Net change in provision for termination benefits	(45)	(31)
- Net change in provisions for risks and charges	(349)	(204)
- Net change (assets) liabilities for (pre-paid) deferred taxes	(8)	(34)
Net change in working capital:		
- receivables	3,303	6,808
- inventory	2,085	908
- payables (**)	1,943	(4,524)
	3,949	1,144
C) Cash from/(used in) investing activities		
- Investments in		
tangible fixed assets	(78)	(146)
intangible fixed assets	(305)	(562)
Equity investments	-	(154)
- Proceeds from the sale of:		
tangible fixed assets	121	(95)
	(262)	(957)
D) Cash from/(used in) financing activities		
- Net change in other current and non-current financial assets and liabilities	62	262
- New loans	2,339	7,011
- Loans paid (***)	(4,718)	(9,400)
- Change in reserves	(77)	(153)
Total	(2,394)	(2,280)
E) Net change in cash and cash equivalents	1,293	(2,093)
F) Cash and cash equivalents at year end	(694)	(1,987)
Breakdown of cash and cash equivalents:		
Cash and cash equivalents	1,373	934
Overdrawn bank accounts	(2,067)	(2,921)
	(694)	(1,987)

(*) According to Consob Resolution No. 15519 of 27 July 2006, the effects of related parties transactions on the statement of cash flows of Fidia S.p.A. are posted in the relevant Statement of Cash Flows Schedule illustrated below.

(**) of which €0 thousand in taxes paid

(***) of which €358 thousand in interest paid

FIDIA S.p.A.: Financial Statements at 31 December 2020

Statement of Changes in Shareholders' Equity

(€thousand)	Share capital	Treasury shares	Share premium reserve	Legal reserve	Reserve for own shares in portfolio	Extraordinary reserve	Cash flow hedge reserve	Reserve profits on exchange rates not realized	Profit (loss) carried forward	Profit (loss) stated directly in equity	Net result	Total shareholders' equity
Balance at 1 January 2019	5,123	(46)	1,240	883	46	309	(63)	8	1,381	(149)	(839)	7,892
Allocation of net income of previous year									(839)		839	-
Total comprehensive profit/(loss)							(108)			(45)	(3,777)	(3,930)
Balance at 31 December 2019	5,123	(46)	1,240	883	46	309	(171)	8	542	(194)	(3,777)	3,962
Allocation of net income of previous year									(3,777)		3,777	-
Total comprehensive profit/(loss)							(47)			(30)	(9,574)	(9,651)
Balance at 31 December 2020	5,123	(46)	1,240	883	46	309	(218)	8	(3,235)	(224)	(9,574)	(5,689)

FIDIA S.p.A.: Financial Statements at 31 December 2020

Income Statement

as per Consob Resolution no. 15519 of 27 July 2006

(€thousand)	Notes	FY2020	Of which related parties	FY2019(*)	Of which related parties
- Net sales	1	11,639	5,244	32,199	10,698
- Other revenues and income	2	1,962	760	2,114	795
Total revenues		13,601		34,313	
- Changes in inventories of finished goods and work in progress		(689)		17	
- Consumption of raw materials	3	(4,657)	(6)	(15,311)	(34)
- Personnel expenses	4	(5,773)	(240)	(10,242)	(464)
- Other operating costs	5	(4,234)	(610)	(10,939)	(2,456)
- Depreciation, amortisation and write-downs	6	(2,725)		(1,343)	
- Profit/(loss) from ordinary business		(4,477)		(3,505)	
- Recovery/(write-down) of investments	7	(4,884)		(685)	
- Non-recurring income/(expenses)	8	-		-	
- Operating profit/(loss)		(9,361)		(4,190)	
- Finance income (expenses)	9	(219)	77	427	1,061
- Profit/(loss) before tax		(9,580)		(3,763)	
- Income tax	10	7		(14)	
- Profit/(loss) for continuing operations		(9,574)		(3,777)	
- Profit/(loss) for discontinued operations		-		-	
- Profit/(loss) for the period		(9,574)		(3,777)	

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.

FIDIA S.p.A.: Financial Statements at 31 December 2020

Statement of financial position

as per Consob Resolution no. 15519 of 27 July 2006

(€thousand)	Notes	31 December 2020	of which related parties	31 December 2019	Of which related parties
ASSETS					
NON-CURRENT ASSETS					
- Plant and equipment	11	9,019	76	10,049	76
- Intangible assets	12	1,962		2,596	
- Equity Investments	13	6,646		11,314	
- Other non-current receivables and assets	14	40		171	
- Pre-paid tax assets	10	434		426	
TOTAL NON-CURRENT ASSETS		18,101		24,556	
CURRENT ASSETS					
- Inventory	15	9,178		11,263	
- Trade receivables	16	3,526	2,086	6,806	2,566
- Current tax receivables	17	307	1,096	457	
- Other current receivables and assets	17	2,200		1,942	1,597
- Other current financial receivables	18	120	120	121	121
- Cash and cash equivalents	19	1,373		934	
TOTAL CURRENT ASSETS		16,704		21,523	
TOTAL ASSETS		34,805		46,079	
LIABILITIES					
SHAREHOLDERS' EQUITY					
- Share capital		5,123		5,123	
- Share premium reserve		1,240		1,240	
- Legal reserve		883		883	
- Provisions for treasury shares in portfolio		46		46	
- Extraordinary reserve		309		309	
- Cash flow hedge provisions		(218)		(171)	
- Profit (loss) carried forward		(3,235)		542	
- Treasury shares		(45)		(46)	
- Reserve profits on exchange rates not realized		8		8	
- Profit (loss) stated directly in equity		(225)		(194)	
- Profit/(loss) for the period		(9,574)		(3,777)	
TOTAL SHAREHOLDERS' EQUITY	20	(5,689)		3,963	
NON-CURRENT LIABILITIES					
- Other non-current payables and liabilities	21	363		209	
- Termination benefits	22	2,114		2,159	
- Other non-current financial liabilities	23	291		230	
- Non-current financial liabilities	24	5,841		6,679	
TOTAL NON-CURRENT LIABILITIES		8,609		9,277	
CURRENT LIABILITIES					
- Current financial liabilities	24	8,522	2,052	10,917	2,272
- Trade payables	25	14,444	5,658	15,620	5,391
- Current tax payables	26	582		350	
- Other current payables and liabilities:	26	7,591	1,079	4,859	833
- Provisions for risks and expenses	27	744		1,093	
TOTAL CURRENT LIABILITIES		31,883		32,839	
TOTAL LIABILITIES		34,805		46,079	

FIDIA S.p.A.: Financial Statements at 31 December 2020

Statement of Cash Flows

as per Consob Resolution no. 15519 of 27 July 2006

(€thousand)	2020	of which related parties	2019	of which related parties
A) Cash on hand and cash equivalents at beginning of year	(1,987)		106	
B) Cash from/(used in) operating activities				
- Profit/(loss) of the period	(9,574)		(3,777)	
- Depreciation and amortization of tangible and intangible assets	1,931		1,313	
- Net loss (gain) on disposal of tangible assets	(5)		-	
- Write-down/(recovery in value) of investments	4,668		685	
- Net change in provision for termination benefits	(45)		(31)	
- Net change in provisions for risks and charges	(349)		(204)	
- Net change (assets) liabilities for (pre-paid) deferred taxes	(8)		(34)	
Net change in working capital:				
- receivables	3,303	981	6,808	(279)
- inventory	2,085		908	
- payables (*)	1,943	512	(4,524)	896
	3,949		1,144	
C) Cash from/(used in) investing activities				
- Investments in				
tangible fixed assets	(78)		(146)	
intangible fixed assets	(305)		(562)	
Equity investments	-		(154)	
- Proceeds from the sale of:				
tangible fixed assets	121		(95)	
	(262)		(957)	
D) Cash from/(used in) financing activities				
- Net change in other current and non-current financial assets and liabilities	62	1	262	121
- New loans	2,339	301	7,011	556
- Loans paid (**)	(4,718)	(518)	(9,400)	(101)
- Change in reserves	(77)		(153)	
	(2,394)		(2,280)	
E) Net change in cash and cash equivalents	1,293		(2,093)	
F) Cash and cash equivalents at year end	(694)		(1,987)	
Breakdown of cash and cash equivalents:				
Cash and cash equivalents	1,373		934	
Overdrawn bank accounts	(2,067)		(2,921)	
	(694)		(1,987)	

(*) of which €0 thousand in taxes paid

(**) of which €358 thousand in interest paid

Notes to Financial Statements

Notes to financial statements

COMPANY INFORMATION

Fidia S.p.A. is an entity organized according to the law of the Italian Republic and is the Parent Company that directly holds the interests in the companies of the Fidia Group.

The company is based in San Mauro Torinese (Turin), Italy.

The Financial Statements at 31 December 2020, consist of the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and the Notes to the Financial Statements. Its publication was authorised by the company's Board of Directors on 20 May 2022.

The Financial Statements of Fidia S.p.A. are drawn up in EUR, which is the currency of the economy in which the company operates.

The statement of comprehensive income and Statement of Financial Position are presented in units of Euro, while the Statement of Comprehensive Income, the Statement of Cash Flows, Statement of Changes in Equity and the values stated in the Notes are presented in € thousand.

Fidia S.p.A., in the capacity of parent company, has also drafted the Consolidated Financial Statements of the Fidia Group at 31 December 2020.

SIGNIFICANT ACCOUNTING STANDARDS

Standards for the presentation of the financial statements

The 2020 financial statements are the separate financial statements of the parent company Fidia S.p.A. and were drawn up in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and adopted by the European Union and with the provisions implementing article 9 of Italian Legislative Decree No. 38/2005. IFRS also include all the reviewed international accounting standards (IAS) and interpretations of the IFRS Interpretations Committee, previously called International Financial Reporting Interpretations Committee (IFRIC), and before then Standing Interpretations Committee (SIC).

The Financial Statements were drawn up based on the historical cost principle, amended as requested for the evaluation of some financial instruments as well as on the assumption of going concern.

Going concern

The Company's business continuity is of course related to the completion of the approval process for the arrangement, subject to formal approval by the Court, and to the fulfillment of the forecasts contained in the arrangement plan, and therefore there are obvious significant uncertainties regarding Fidia's to continue operating on a going concern basis.

Nonetheless, the directors have prepared the financial statements at 31 December 2020 from the perspective of the company's going concern based on the following:

- the Proposal was approved by a majority of eligible creditors, having reached the quorum required by law;
- approval of the Plan of Arrangement by the competent court is considered reasonably likely, also in view of the approval of the Plan by the Committee of Company Creditors, as mentioned above;
- the business plan prepared by the Company for the period 2021-2024 envisages a recovery of volumes and profitability with related benefits on cash flows;
- the Report pursuant to Article 172 of the Bankruptcy Law assessed positively the main assumptions underlying the business plan of the Company's restructuring path and thus the prospect of continuity, an inseparable element of the Arrangement Plan submitted by the Company. The Court-appointed Commissioner hoped for the approval of the financial statements at 31/12/20 on the occasion of the Report under Article 172 of the Bankruptcy Law;

- the investment offer and the related Investment Agreement signed by the investors for the injection of new funding through the execution of a capital increase and the subscription of the convertible bond (for a total injection of €12,000,000, of which €4,000,000 is earmarked for the implementation of the business plan and the efficiency of business continuity) is still valid and effective, as well as validly guaranteed by the set of guarantees updated at the meeting of creditors by the investors;
- in the year 2020, and in particular while the debt-relief plan application was pending, the Company continued its business operations in terms of ordinary management with the overriding goal of preserving its ability to continue as a going concern. In particular, downstream of this period, Fidia represented and demonstrated that it was achieving operational management (although not without physiological difficulties) with the overall effect of not absorbing, but generating liquidity;
- in the years 2021 and 2022, the Company recorded an improvement in general economic and financial trends, a turnaround from the period 2016-2019, partly due to the still partial implementation of the business plan underlying the restructuring path, which will be fully implemented only once the arrangement procedure underway is completed.

The benefits expected in the Arrangement Plan relating both to the ordinary operation of the business and to the equity and financial effects related to the execution of the Plan, in connection with the write-off of debts and the planned capital increases, are expected to restore financial stability and ensure the coverage of the financial obligations of the Company for a time horizon of at least 12 months from the date of approval of these financial statements.

Based on the net result of the period 2020, Fidia S.p.A. recorded a negative equity of €5,689 thousand. In relation to the provisions contained in the Civil Code for such cases, taking note of the provisions of Article 182-sexies of the Bankruptcy Law (which suspends the effects of Article 2447 of the Italian Civil Code), in connection with Paragraph 1 of Article 2446 of the Italian Civil Code, the directors will take appropriate action at the shareholders' meeting convened to approve the financial statements for the period. The directors also believe that, based on the benefits expected from the write-off of debts admitted to arrangement, upon the approval of the Arrangement Plan, it is expected that losses will be reabsorbed in the year of approval of the Plan (2022) and the economic balance will be restored.

Financial Statements

The Company presents the statement of comprehensive income by nature of expense, which is deemed more representative compared to the 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 operation and those charges and earnings that are the result of non-recurrent transactions in ordinary business management, such as the restructuring expenses, the (write-down)/recovery in value of asset items 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 Company differs from the one set by Consob Notice of July 28, 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 non-controlling 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 related parties transactions and not to impair the overall readability of the financial statements.

Property, plant and equipment

Cost

Plant and machinery were evaluated at purchase or production cost minus accrued amortization and any writedown and these were not revalued. The cost comprises ancillary expenses and direct costs needed to make the asset available for use and indirect costs in the amount reasonably attributable to these.

Costs incurred following purchase were posted only if these increase the future economic benefits inherent to the asset concerned. All other costs were recognized in profit or loss when incurred.

Assets held through leasing contracts by which all the risks and benefits associated to the property thereof were transferred to the Company were posted as assets of the Company at fair value or, if lower, at the current value of the minimum payments due for leasing. The corresponding liabilities with the lessor were posted under the financial payables. Assets were amortized by applying the criterion and rates specified below.

Amortisation

Depreciation was calculated based on constant shares of the estimated economic life of the assets as follows:

Description	Amortisation rates
Building	5.00%
Lightweight constructions	5.00%
Generic and specific plants	12.50%
Machinery	6.67% /15.00%/48.11%
Industrial and commercial equipment	20.00% /25.00%
Electronic office equipment	20.00%
Office furnishing	6.67%
Forklifts/internal vehicles	20.00%
Motor vehicles	25.00%

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are included in the cost of the asset. Other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs include interest and other costs that an entity incurs to obtain funding.

Intangible fixed assets

Intangible assets purchased or produced internally were posted in the assets according to the provisions of IAS 38 – Intangible Assets, when it is probable that the future economic benefits attributable to the asset will flow to the company and when the cost of the asset can be measured reliably.

Said assets were measured at purchase cost and amortized in constant shares over their estimated life if these have a finite life and net of any losses in value.

The main categories of intangible assets held by the Company are the costs for internal product development, rights to use know-how, software and licenses.

Software and licenses are amortized over five years.

Development costs incurred in connection with a specific project are recognized as intangible assets when the Company can demonstrate: the technical feasibility of completing the intangible asset so that it is available for use or sale; the intention to complete the asset and its ability and intent to use or sell it; the manner in which the activity will generate future economic benefits; the availability of resources to complete the asset and the ability to measure reliably the cost attributable to the asset during development.

After initial recognition, development assets are measured at cost less amortization or the accrued loss in value. Amortization of the asset starts when development is completed and the asset is available for use. Development assets are amortized in relation to the period of the expected benefits. During development, the asset is subject to annual verification of any loss of value (impairment test).

There are no intangible assets with indefinite useful life.

Writedown of losses

If any such indication exists, the carrying amount of the asset is reduced to its recoverable amount understood as the higher between the fair value less the costs to sell and its value in use.

When it is not possible to estimate the recoverable amount of a single asset, the company estimates the recoverable amount of the unit generating the cash flows that owns the asset.

The value in use of an asset is calculated by determining the current value of estimated future cash flows before tax, by applying an interest rate before tax that reflects the current market values of the time value of money and of the risks inherent in the asset. A writedown is posted if the recoverable amount is lower than the carrying amount.

Should there no longer be a writedown of an asset other than goodwill or should the writedown be reduced, the carrying amount of the asset or the unit generating the cash flows is increased until the recoverable amount is estimated again and it cannot exceed the amount that would have been determined if there had been no writedown. A reversal of writedown is immediately recognized in profit or loss.

Financial instruments

Presentation

Financial instruments held by the Company were included in the balance-sheet items described below.

Investments comprises interests held in subsidiaries, associates and in other companies.

Other Receivables and Other Non-Current Assets do not comprise medium/long-term receivables and caution money.

Current financial assets include trade receivables, other receivables and current assets and other current financial assets (which include the positive fair value of derivatives), as well as cash and cash equivalents. In particular, Cash and Cash Equivalents comprises bank account and securities held for trading that can be readily cashed in and are subject to a non-significant risk of change.

Financial liabilities refer to financial payables as well as to other financial liabilities (including the negative fair value of derivatives), trade payables and other payables.

Valuation

Equity investments

Subsidiaries are entities over which the Company exercises control, or those for which the company has valid rights that give it the current ability to direct the relevant activities, i.e., activities that significantly affect the returns of the investee.

Associated companies are companies in which the Company exercises significant influence, as defined by IAS 28 - Investments in associates, but not control or joint control over the financial and operating policies.

Investments in other companies relate to non-current assets that are not held for trading.

The positive difference, arising at the time of purchase between the acquisition cost and the equity share at current values of the Company's subsidiary, is hence stated in the carrying amount of the investment.

Investments in subsidiaries and associates are stated at adjusted cost in case of impairment loss.

In accordance with the cost method, investments are subject to impairment tests whenever there is objective evidence of impairment as a result of the investment due to one or more events that occurred after the initial recognition and have had an impact on future cash flows of the subsidiary and on the dividends that it could distribute. In these cases, impairment loss is determined as the difference between the carrying amount of the investment and its recoverable value, normally determined based on the higher between the value in use and its fair value less costs to sell.

For each period, the Company assesses whether there is objective evidence that an impairment loss of an investment recognized in prior years may have decreased or no longer exist. In these cases, the investment's recoverable value is re-valuated and, if applicable, it is restored its value of cost.

If the Company's share of the impairment loss exceeds the carrying amount of the investment and the Company must stand in, the value of the investment is written off and any further losses are stated as provisions in the liabilities. If the impairment loss should no longer subsist subsequently or register a reduction, a recovery of value is recognized in profit or loss within the limits of the cost.

Investments in other minor entities, including non-current financial assets for which a market quotation is not available and the fair value cannot be reliably measured, are stated at cost, possibly written down for impairment losses.

Trade receivables, other receivables and current and non-current assets

Trade receivables, other receivables and current and non-current assets, except for assets arising from derivative financial instruments, are initially recognized at fair value, which usually coincides with the acquisition cost, net of transaction costs. Subsequently, these assets are measured at amortized cost using the effective interest method and are shown net of losses on uncollectible amounts, posted in appropriate bad debt provisions. The original value of the receivables will be re-instated in subsequent periods whenever the reasons for their adjustments are no longer applicable.

When financial assets have no fixed maturity, these are evaluated at cost. Receivables with a maturity over 1 year that do not yield interest or yield interest below market rates are actualized using market rates.

Receivables in foreign currency, which were originally recorded at the exchange rates prevailing on the transaction date, are adjusted to period-end exchange rates and the resulting gains and losses recognized in profit or loss.

Cash

It is stated at nominal value.

Financial liabilities, trade payables and other payables

Financial payables (current and non-current), trade payables, and other payables are entered at first recognition in the statement of financial position at fair value (usually the cost of the originating transaction), including the transaction costs.

Then, with the exception of derivatives, financial liabilities are measured at amortized cost using the effective interest method.

Any fixed-rate financial liabilities hedged by derivatives are measured according to the procedures set for hedge accounting applicable to fair value hedges: gains and losses arising from re-measurement at fair value, due to changes in interest rates, are recognized in income and offset by the effective portion of gain or loss arising from re-measurements at fair value of the hedging instrument.

Derivatives

Derivatives are used by the Company only for hedging purposes, in order to reduce interest rate risk (*Interest Rate Swap* and *Interest Rate Cap*) and possibly foreign exchange risk (forward sales contracts to hedge dollar risk on sales).

All derivatives are measured at fair value as set forth by the accounting standard IAS 9.

Consistent with the provisions of IFRS 9, derivatives can be accounted for in the manner established for *hedge accounting* only if the following eligibility criteria are met:

- the hedging relationship consists only of eligible hedging instruments and eligible hedged items;
- at the beginning of the hedging relationship there is a formal designation and documentation of the hedging relationship, the entity's objectives in managing risk, and the strategy in carrying out hedging. Documentation should include identification of the hedging instrument, the hedged item, the nature of the risk being hedged, and how the entity will assess whether the hedging relationship meets hedge effectiveness requirements (including its analysis of the sources of hedge ineffectiveness and how it determines the hedge ratio);
- the hedging relationship meets all of the following hedging effectiveness requirements:
 - i. there is an economic relationship between the hedged item and the hedging instrument (see paragraphs B6.4.4-B6.4.6);
 - ii. the effect of credit risk does not override changes in value resulting from the economic relationship (see paragraphs B6.4.7-B6.4.8);
 - iii. the hedging ratio of the hedging relationship is the same as that resulting from the amount of the hedged item that the entity actually hedges and the amount of the hedging instrument that the entity actually uses to hedge that amount of the hedged item. However, this designation should not reflect an imbalance between the weights of the hedged item and the hedging instrument that would result in the ineffectiveness of the hedge (regardless of whether it is recognised or not) that could result in an accounting result that would be contrary to the purpose of hedge accounting (see paragraphs B6.4.9-B6.4.11).

The following hedging relationships are eligible:

- fair value hedge: means a hedge of exposure against changes in the fair value of the recognized asset or liability or unrecognised irrevocable commitment, or a component thereof, that is attributable to a particular risk and could affect profit (loss) for the period;
- cash flow hedge: a hedge of exposure against the variability of cash flows attributable to a particular risk associated with all or a component of recognised assets or liabilities (such as all or only some future interest payments on floating-rate debt) or to a highly probable planned transaction that could affect profit (loss) for the year;
- hedging of a net investment in a foreign operation as defined in IAS 21.

Regarding cash flow hedges, used by the Fidia Group, as long as the eligibility criteria are met, the hedging of financial instruments should be accounted for as follows (see 6.5.11):

- i. the separate equity component associated with the hedged item (cash flow hedge reserve) is adjusted to the lesser of the following absolute amounts: i) cumulative gain or loss on the hedging instrument since inception of the hedge; ii) cumulative change in fair value (at current value) of the hedged item (i.e., the current value of the cumulative change in expected future cash flows hedged) since inception of the hedge;
- ii. the portion of the gain or loss on the hedging instrument that is found to be an effective hedge (i.e., the portion that is offset by the change in the cash flow hedge reserve calculated in accordance with (a) above) must be recognized in other comprehensive income;
- iii. any remaining gains or losses on the hedging instrument (or the gains or losses required to offset the change in the cash flow hedge reserve calculated in accordance with (a) above) represent the ineffective portion of the hedge that must be recognised in profit (loss) for the period;
- iv. the accrued amount in the cash flow hedge reserve in accordance with (a) shall be accounted for as follows: i) if a hedged planned transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged planned transaction for a non-financial asset or non-financial liability becomes an irrevocable commitment to which fair value hedge accounting applies, the company shall remove that amount from the cash flow hedge reserve and include it directly in the initial cost, or other carrying amount, of the asset or liability. This is not a reclassification adjustment (see IAS 1) and therefore does not affect other comprehensive income; (ii) for cash flow hedges, except those considered in (i) above, the amount must be reclassified from the cash flow hedge reserve into profit (loss) for the period as a reclassification adjustment (see IAS 1) in the same period or periods in which the hedged expected future cash flows have an effect on net income (loss) for the period (for example, in the periods in which interest income or interest expense is recognised or when a scheduled sale occurs); (iii) however, if the amount constitutes a loss and the company does not expect to recover all or a portion of the loss in one or more future periods, the company must immediately reclassify into profit (loss) for the period, as an adjustment from reclassification (see IAS 1), the amount it does not expect to recover.

If a hedging instrument or hedging relationship is closed, but the hedged transaction has not yet been realised, the cumulative gains and losses, up to that point recorded in the cash flow hedge, are recognised in profit or loss in correlation with the recognition of the economic effects of the hedged transaction. If the hedged transaction is no longer considered probable, the unrealised gains or losses suspended in the cash flow hedge reserve are recognised immediately in profit or loss.

If hedge accounting cannot be applied, profit or loss resulting from fair value measurement of the derivative is immediately recognized in profit or loss.

Fair value

The fair value, as provided for by IFRS 13, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value of a financial instrument at initial measurement is normally the price of the transaction, i.e., the amount paid or received. However, if part of the amount given or received pertains to something other than the financial instrument, fair value of the instrument is estimated using a measurement method.

The existence of official quotations in an active market is best proof of fair value and, when these exist, they are used to measure the financial asset or liability.

If the market of a financial instrument is not active, fair value is determined using an evaluation method that relies more on market factors and as less as possible on specific internal factors.

Criteria for measuring fair value

The Company avails itself of evaluation methods established in market practice for the determination of the fair value of financial instruments for which there is no active market of reference.

If evaluation methods are adopted, recourse to market factors allows for a reasonable estimate of the market value of said financial instruments.

The market factors considered for the calculation of fair value and measured at the measurement date of 31 December 2020 were: time value of money, i.e., base interest rate without risk, credit risk, exchange rates of foreign currencies, size of the future changes in price of a financial instrument, i.e., the latter's volatility, the costs to service an asset or financial liability.

The evaluation of financial instruments using evaluation methods is entrusted by the Company to external consultants who have the necessary specialized know-how and are capable of providing the market values at the various dates of evaluation. Said market values are periodically compared with marks to market given by banking counterparts.

In order to provide information on the methods and main assumptions used to determine fair value, financial assets and liabilities were divided into two classes, both of which homogeneous by nature of information provided and for the characteristics of the financial instruments.

In particular, financial assets and liabilities were divided into:

- financial instruments evaluated at amortized cost;
- financial instruments measured at fair value.

Financial assets and liabilities evaluated at amortized cost

The class under examination comprises: trade receivables and payables, loans payable, mortgages and other liabilities and assets.

The fair value of the items under consideration is determined by calculating the current value of the expected contractual flows, capital and interests, based on the yield curve of treasury bonds on the measurement date. In particular, the fair value of medium to long-term financial liabilities is determined using the risk-free curve on the reporting date increased by an adequate credit spread.

Said spread was determined by taking the premium for credit risk applied on the last loan granted to the Company by banks as reference.

Financial assets and liabilities measured at fair value

The class under consideration comprises hedging instruments and those for trade.

The fair value of the exchange rate forward contracts is estimated by actualizing the difference between forward price set by the contract and the current forward price for the remaining contractual term, using the exchange rate curves of the currencies in question.

The fair value of the interest rate swaps and interest rate caps is calculated based on the market data available on the measurement date by discounting the contract flows of estimated future cash with the short and medium-to-long term exchange rate curves measured by market info providers.

Interest rates

The interest rates used to actualize the estimated financial flows are based on the short and medium-to-long term rate curves measured by market info providers at the reporting dates and are illustrated in the table below:

EUR Curve		
	2020	2019
1W	-	-
1M	-0.554%	-0.438%
2M	-	-
3M	-0.545%	-0.383%
6M	-0.526%	-0.324%
9 M	-	-
12M	-0.499%	-0.387%
2 year	-0.553%	-0.362%
3 years	-0.540%	-0.312%
4 year	-0.519%	-0.251%
5 year	-0.493%	-0.205%
7 year	-0.425%	-0.073%
10 year	-0.293%	0.128%
15 year	-0.096%	0.401%
20 year	-0.007%	0.543%
30 years	-0.027%	0.588%

Inventory

Inventories of raw materials, semi-finished and finished goods are valued at the lower between the cost, determined using the method of weighted average cost, and net realisable amount. The evaluation of inventories includes the direct costs of materials and labor and the indirect costs (both variable and fixed).

Provisions are calculated for the write-down of materials, finished goods, spare parts and other supplies deemed obsolete or slow-moving, considering their future expected use and realisable amount. The realisable amount is the estimated sales price net of all estimated costs for the completion of the good and of the sales and distribution expenses to be incurred.

Provisions for risks and charges

The Company states provisions for risks and expenses when it has an obligation (legal or implicit) with third parties and it is probable that the Company will have to utilize resources to meet the obligation and when it is possible to make a reliable estimate of the amount resulting from fulfilling the obligation.

The estimate changes are recognized in profit or loss of the period in which the change occurred.

Post-employment termination benefits

Termination benefits fall within the scope of IAS 19, as these are like defined benefit plans. The amount reported in the financial statements is the result of an actuarial calculation according to the projected unit credit method by using a discount rate that reflects the market yield on corporate bonds with a maturity consistent with that expected from the obligation. The calculation considers the termination benefits already accrued for labor services already rendered and includes assumptions of future salary increases. Actuarial profit and loss are accounted for in a specific equity item.

Up to 31 December 2006, the termination benefits fund (TFR) was considered a defined benefit scheme. The rules of this fund were amended by Italian Law No. 296 of 27 December 2006 ("2007 Finance Law") and following Decrees and Regulations issued in early 2007. In light of said changes and in particular with reference to companies with at least 50 employees, said fund can now be considered a defined benefit plan solely for the amounts accrued before 1 January 2007 (and not yet paid on the reporting date), while the amounts accrued after that date can be considered as a defined contribution plan.

Treasury shares

Treasury shares are written down from the shareholders' equity. The original cost of the treasury shares and profit and loss resulting from subsequent sales are stated directly as changes in equity.

Dividends received

Dividends received from subsidiaries are recognized in profit or loss when the right to receive payment is ascertained.

Revenue recognition

The Company accounts for revenue, in accordance with *IFRS 15 - Revenue from Contracts with Customers*, when control of goods and services is transferred to the customer in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. The accounting standard is applied using a model consisting of the following five basic steps:

1. Identification of the contract with the customer
2. Identification of the contractual obligations (i.e., performance obligations) contained therein
3. Determination of the transaction consideration
4. Allocation of price to different contractual obligations
5. Recognition of revenue upon fulfillment of contractual obligations.

Specifically, revenues related to the sale of machinery are recognised when installation and testing are formally accepted by the buyer, which generally coincides with the Company obtaining the right to payment and the transfer of material possession of the asset, which incorporates the transfer of the significant risks and rewards of ownership.

The Company identifies the extension of guarantee over normal market conditions as a performance obligation to be accounted for separately.

Revenues for services are accounted for on a progress basis in the period in which they are rendered.

Research grants

Government and Community grants received for research projects are stated in the income when it is reasonably certain that the company will meet all the conditions for receiving the grants and that said grants will be received; as a rule, this coincides with the period in which the resolution to allocate the grant is made.

Cost recognition

The costs for the purchase of goods is recognized by accrual.

Costs for rendering of services are posted at the time of completion of the service.

Advertising and research costs, in compliance with IAS 38, are recognized in profit or loss in the year in which these are incurred.

Finance income and expenses

Finance revenue and expenses are recognized in profit or loss in the period in which these are incurred.

Taxes

The charge for income tax is determined based on the provisions of Italian Presidential Decree 917 of 22 December 1986 and following amendments (Consolidated Act on Income Tax). Income taxes are recognized in profit or loss, except for those items debited or credited in Other Comprehensive Profit/(Loss). In these cases the tax effect is recognized directly in the Other Comprehensive Profit/(Loss).

Other taxes not related to income are included among the other overheads.

Deferred tax liabilities and pre-paid taxes are determined based on all the temporary differences between the values of the asset and liabilities of the financial statements and the corresponding amounts for tax purposes. The pre-paid taxes on tax losses and on temporary differences are stated to the extent in which it is probable that there is a future taxable income on which these can be recovered.

Use of estimates

The preparation of financial statements and related disclosures that conform to IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. The estimates and assumptions used are based on experience and other factors deemed relevant. The results that will be stated in the closing balance could hence differ from said estimates. The estimates and assumptions are periodically revised and effects of each change are recognized in profit or loss in the period in which the estimate is revised if the revision has effects on said period or in following periods if the revisions has effects both on the current period and on future periods.

In this context, persistently weak economic growth makes the future outlook uncertain. Therefore, it cannot be ruled out that in the next period there will be results other than those estimated and that adjustments may be needed in the carrying amount of the relevant items. Of course, to date, these can be neither estimated nor foreseen. The balance sheet items mainly affected by said situations of uncertainty are bad debt provisions and provisions for slow-moving/obsolete inventories, non-current assets (tangible and intangible assets), termination benefits, product warranty, pre-paid taxes and potential liabilities.

A summary follows of the critical evaluation processes and key assumptions used in managing the application of the accounting standards to future quantities and which can have significant effects on the amounts stated in the consolidated statement of financial position or for which there is the risk that significant value adjustments need to be made to the carrying amount of the assets and liabilities in the period following the one of reference of the statement of financial position.

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 Company 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 incurred in the last three periods, the crisis in some sectors where the Company operates - aggravated by the spread of the Covid-19 pandemic that has produced tensions and slowdowns in characteristic markets - and the Company's level of indebtedness resulting in the request for admission to the arrangement procedure pursuant to Article 161, paragraph 6, of the Bankruptcy Law (Royal Decree 267/1942) were considered indicators of impairment. Therefore, an impairment test was conducted on the value of non-current assets of the Fidia S.p.A.

At 31 December 2020, the recoverable amount of Fidia S.p.A. was tested for impairment in order to verify the existence of any impairment losses, by comparing the carrying amount of the company (the net invested capital of the company) 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 Company's business plan, approved by the Board of Directors of Fidia S.p.A. and covering the period 2021-2024. 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 particular, the Company business plan used to verify the recoverability of the non-current assets is consistent with the Arrangement Plan of Fidia S.p.A. filed on 29 September 2021 with the Court of Ivrea within the framework of the arrangement as a going concern; this plan has been appropriately adjusted to consider the final 2021 data available as at the date, also neutralising the effects deriving from the possible approval of the arrangement (by way of example, the contingent asset following the write-off of debts admitted to the procedure has not been considered), in line with the provisions of accounting standard IAS 36 in paragraph 33(b).

In order to determine the value in use of Fidia S.p.A., the discounted cash flows of the four 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 discount rate applied to the prospective cash flows was 8.06%, calculated taking into consideration the industry in which the Company operates, the countries in which the Company expects to achieve its 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 Fidia S.p.A., allowing no reduction in the value of assets at 31 December 2020.

Compared to the basic assumptions just described, a sensitivity analysis on the results was also carried out compared to the WACC and the forecast results. 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 Fidia S.p.A. equal to its carrying amount would be equal to the discount rates used in the base case, each increased by 2500 bps.

A sensitivity analysis was also carried out with forecast results below the expectations reflected in the 2021-2024 plan; if the expected operating results along the plan were to be reduced by 5% and the discount rates were to remain unchanged, again the value in use would not show impairment losses.

At the end of the test at 31 December 2020, the Company's value in use was greater than its carrying amount of €4.8 million.

Bad debts provision

Bad debts provision reflects the management's estimate on the possible loss in the portfolio of receivables from customers. The estimate of the credit impairment provisions is based on the loss expected by the Company, determined in light of its past experience in similar receivables, of current and historical delinquent accounts, of losses and revenues, of the careful monitoring of credit quality and forecasts on economic and market conditions. If any economic situations like those experienced in recent years should continue, there can be a further worsening in the financial conditions of the Company's debtors compared to the scenario already considered in quantifying the provisions stated in the statement of financial position.

Provisions for slow-moving inventory

Provisions for slow-moving/obsolete inventories reflect the management's estimation of loss of value expected by the Group, determined based on past experience and on a critical analysis of the stock movements.

Product warranty

When a product is sold, the Company allocates provisions for the estimated product warranty costs. If the warranty exceeds 12 months, the portion of the Revenue is deferred to the accrual period, and the related cost is consequently not accrued. The management determines the value of said provisions based on historical information on the nature, frequency and mean cost of warranty works. The Company is committed to constantly improve the quality of its products in order to maximize customer satisfaction and reduce the impact of expenses due to warranty work to a minimum.

Termination benefits

For the evaluation of termination benefits, the management uses various statistical assumptions and evaluation factors in order to anticipate future events for the calculation of expenses and liabilities for said provisions. The assumptions regard the discount rate and future inflation rate. Moreover, the Company's actuaries use subjective factors such as mortality and resignation rates, as well as rates concerning requests for advances.

Contingent liabilities

The Company is potentially subject to legal and tax disputes regarding a vast range of issues. Considering the uncertainties relating to said issues, it is difficult to accurately foresee the outlay resulting from said potential disputes. In the normal course of business, the management consults its legal and tax experts. The Company states a liability for said disputes when it deems that it is probable that there will be a financial outlay and when the resulting amount of loss can be reasonably estimated. If the financial outlay becomes possible, but it is not possible yet to determine the amount, said fact is reported in the Notes to the Financial Statements

Accounting standards, amendments and interpretations adopted from 1 January 2020

The company has adopted for the first time certain amendments to the standards that are effective for reporting periods beginning on or after 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment published but not yet in force.

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:

- Conceptual Framework of IFRS Standards

In November 2019, the European Commission issued Regulation No. 2019/2075, which endorsed the document "Amendments to References to the Conceptual Framework in IFRS Standards."

The amendments, made with the aim of ensuring that international accounting standards are conceptually consistent and that similar transactions are treated in the same way, modify international standards and their interpretations, as well as existing references to the previous "Systematic Framework," replacing them with references to the revised "Conceptual Framework."

- Amendments to IAS 1 and IAS 8: *definition of the term materiality*

The definition of materiality has been supplemented with the concept of "concealed" information, that is, information disclosed in such a way as to have, for users of financial statements, an effect similar to that resulting from its omission or misstatement.

The amended IAS 1 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."

This amendment involved incorporating the new definition of materiality into IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, IAS 10 *Events after the end of the reporting period*, IAS 34 *Interim Financial Reporting*, IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

- Amendments to IFRS 9, IAS 39 and IFRS 7: *Interest rate benchmark reform*

In January 2020, the European Commission issued Regulation No. 2020/34, which made changes to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, and IFRS 7 Financial Instruments: Disclosures, due to the Interest Rate Benchmark Reform.

The amendments also require companies to provide additional disclosure in the financial statements regarding hedging relationships directly affected by the uncertainties generated by IBOR reform.

- Amendment to IFRS 3 - *Definition of a Business*

The amendment improves the definition of business from the definition of a group of assets, clarifying that a business is an integrated set of assets and goods that can be conducted and operated for the purpose of providing goods and services to customers, generating an economic return (in the form of dividends or interest) or generating other revenues from ordinary business.

The amendment also introduced an optional test ("concentration test") to rule out the presence of a business if the price paid is substantially referable to a single asset or group of assets.

- Amendment to IFRS 16: *Covid-19-Related Rent Concessions (effective 1 June 2020)*

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.

Therefore, lessees who apply this option will be able to account for the effects of rent reductions directly in profit or loss on the effective date of the reduction.

The adoption of these amendments and interpretations had no effect on the financial statements.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT APPLICABLE YET AND NOT ADOPTED IN ADVANCE BY THE GROUP

The following are the standards and interpretations which, at the date of preparation of the company's financial statements, had already been issued but were not yet in force. The company intends to adopt these standards and interpretations, if applicable, when they enter into force.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: *Interest rate benchmark reform - phase 2*

The amendments provide for a specific accounting treatment that spreads changes in the value of financial instruments or leases due to the replacement of the reference index used to determine interest rates over time, thus avoiding immediate repercussions on operating income and disruptions in hedging relationships as a result of the replacement of the reference index used to determine interest rates.

- Amendment to IAS 1: *Classification of Liabilities as Current or Non-current and related amendments on deferral of effective date*

In January 2020, the IASB issued "Amendments to IAS 1 Presentation of Financial Statements: classification of liabilities as current or non-current" to clarify the requirements for classifying liabilities as "current" or "non-current." More specifically, the amendments specify that (i) the conditions existing at the end of the reporting period are to be used to determine whether there is a right to defer settlement of a liability; (ii) that management's expectations of events after the reporting date are not relevant; and (iii) clarify the situations to be considered as settlement of a liability.

The amendments take effect on 01/01/2023.

- IFRS 17 *Insurance Contracts*

It replaces the previous standard IFRS 4 *Insurance Contracts* and solves the comparability problems created by it by requiring all insurance contracts to be accounted for consistently, benefiting both investors and insurance companies.

Insurance obligations will be accounted for using current values instead of historical cost.

The new standard is applicable from reporting periods beginning on, or after, 1 January 2023.

- The following package of amendments (effective for fiscal years beginning on, or after, 1 January 2022) includes minor changes to three standards, as well as Annual Improvements, which serve to clarify terminology or rectify minor effects, overlaps, or conflicts between the requirements of the various standards:
 - Amendments to IAS 37 *Onerous Contracts - Cost of Fulfilling a Contract*, aimed at clarifying how to determine whether a contract is onerous. The amendment clarifies that in estimating whether a contract is onerous, it is necessary to consider all costs directly attributable to the contract, including incremental costs and all other costs that the company cannot avoid as a result of entering into the contract.
 - 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.
 - Amendments to IFRS 3 *Reference to the Conceptual Framework*. The purpose of the amendments is to update the reference in IFRS 3 to the Conceptual Framework in the revised version, without resulting in changes to the provisions of the standard.
 - Issuance of the document "Annual Improvements to IFRS Standards 2018- 2020 Cycle," containing changes, mainly concerning technical and drafting issues, to the following international accounting standards: IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IAS 41 *Agriculture*, illustrative examples of IFRS 16 *Leases*.

Risk management

The risks to which Fidia S.p.A. is subject directly or indirectly through its subsidiaries are the same as those of the companies which it is the parent company of. In addition to Note No. 29, please refer to the note on risk management found in the Notes to the Consolidated Financial Statements of the Fidia Group.

Content and main changes

Income Statement

1. NET SALES

Revenues for the sale of goods and services declined by 63.8% and amounted to €11,639 thousand, versus €32,199 thousand in 2019.

Hereinafter follows the details by geographical region and line of business for sales.

Turnover by geographical area	FY2020	%	FY2019	%
€thousand				
Italy	3,497	30.0%	3,808	11.8%
Europe	1,584	13.6%	8,272	25.7%
Asia	2,262	19.4%	14,235	44.2%
North and South America	4,296	36.9%	5,884	18.3%
Rest of the World	0	0	-	0.0%
Total revenue	11,639	100%	32,199	100%

Turnover by line of business are illustrated more in detail in the following table:

Turnover by business line	FY2020	%	FY2019	%
€thousand				
Numerical controls, drives and software	743	6.4%	1,435	4.4%
High-speed milling systems	7,027	60.4%	25,103	78.0%
After-sales service	3,869	33.2%	5,661	17.6%
Total revenue	11,639	100%	32,199	100%

2. OTHER REVENUES AND INCOME

This item comprises:

€thousand	FY2020	FY2019
Contributions for operating expenses	335	478
Release of warranty and other provisions	566	361
Contingent assets	49	399
Recovery of costs incurred	787	845
Insurance refunds	7	3
Other miscellaneous revenues and earnings	218	27
Total	1,962	2,114

The item recovery of costs incurred mainly includes the charge-back relating to the Commercial and Technical Agreement signed with the Branches in 2019 (impact on the 2020 income statement of €625 thousand).

This item includes €335 thousand (€478 thousand at 31 December 2019) relating to grants for research projects recognized by year of accrual in profit or loss of the parent company Fidia S.p.A. at 31 December 2020 and allocated by the European Union and the Italian Ministry of University and Research. Applied and basic research and development activities are a structural component and are carried out on an ongoing basis by Fidia S.p.A.

3. RAW MATERIALS

These are:

€thousand	FY2020	FY2019
Production materials	2,790	12,673
Service materials	430	1,110
Consumables	15	36
Equipment and software	4	11
Packaging	87	507
Others	57	94
Change in inventory raw materials and consumables	1,274	880
Total	4,657	15,311

The decrease in costs for the consumption of raw materials and other materials substantially reflects the decrease in revenues for the year.

4. PERSONNEL EXPENSES

Personnel expenses amounted to €5,773 thousand, down 46.53% versus €10,242 thousand the year before. These consist of:

€thousand	FY2020	FY2019
Wages and salaries	3,982	7,409
Social security charges	1,393	2,373
TFR	398	460
Total	5,773	10,242

Due to lower revenue, the overall incidence of cost of labour in relation to the value of production increased from 29.8% in 2019 to 42.5% in the current year.

In 2020, the solidarity contract for the Forlì plant went into effect, in line with the cost containment actions undertaken by Management to tackle the market crisis, and the COVID-19 National Fund was activated in March for all the Company's plants and offices.

In the table below the change recorded in 2020 in the number of employees, broken down by category, is illustrated below:

	31 December 2019	Inbound	Outbound	Change	31 December 2020	Period average
Executives	8	-	(1)	-	7	7
Office workers and middle managers	125	1	(18)	-	108	115.5
Workers	48	-	(8)	-	40	43
Total	181	1	(27)	-	155	165.5

5. OTHER OPERATING COSTS

Other operating costs are as follows:

€thousand	FY2020	FY2019
Outsourced work	531	2,104
Travel expenses	270	702
Transportation and customs	309	963
Rent paid for offices and plants (contracts not falling under IFRS16)	6	11
Technical, legal and administrative consulting	782	697
Utilities	237	342
Commissions	152	923
Car and equipment rental	61	133
Auditors' emoluments	97	66
Insurance	266	266
Advertising, trade fairs and other commercial costs	8	316
Non-income taxes	128	242
Maintenance and housekeeping	50	98
Charges for personnel services	133	203
Motor vehicle management expenses	18	10
First-supply services	363	1,334
Bank services	51	178
Costs related to stock market listing	143	128
Costs for repairs and interventions	249	1,347
Research project costs	15	14
Entertainment expenses	5	80
Patent costs	100	77
Contributions and payments	26	33
Contingent liabilities	45	165
Warranty provisions	-	108
Others	189	399
Total	4,234	10,939

Other operating expenses amounted to €4,234 thousand, down by €6,705 thousand compared to €10,939 thousand last year.

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

6. DEPRECIATION, AMORTISATION AND WRITE-DOWNS

€thousand	FY2020	FY2019
Amortisation of intangible fixed assets	291	300
Depreciation of tangible fixed assets	992	1,013
Write-down of intangible fixed assets	648	-
Write-down of trade receivables	793	-
Impairment and provisions of other non-current receivables and assets	-	30
Total	2,725	1,343

Amortization of tangible and intangible assets was carried out according to the rates already described above.

The write-down of intangible assets, amounting to €648 thousand, represents the write-down of development costs capitalised in previous years and valued at their recoverable value.

The write-down of equity investments represents the allocation to the risk provision for Fidias do Brasil Ltda.

7. RECOVERY/(WRITE-DOWN) OF INVESTMENTS

€thousand	FY2020	FY2019
Write-down of investments	(4,884)	(685)
Total	(4,884)	(685)

The outcome of the impairment test on the equity investment held in the subsidiaries Fidia GmbH, Fidia Co, Beijing Fidia M&E Co. Ltd and Shenyang Fidia NC&M Co. Ltd resulted in a write-down in value of €4,884 thousand. Please refer to Note 13 for further discussion. The item also includes the allocation to the provision for equity investment risks for the subsidiary company Fidia doBrasil LTDA amounting to €216 thousand.

8. NON-RECURRING REVENUE

In 2020, there were no such events.

9. FINANCE REVENUE AND EXPENSES

Finance revenue and expenses consist of:

€thousand	FY2020	FY2019
Finance revenue	137	1,139
Finance expenses	(521)	(638)
Net profit (loss) on derivatives	1	-
Profit (loss) from foreign currency transactions	164	(73)
Total	(219)	428

Finance revenue consists of:

€thousand	FY2020	FY2019
Dividends from subsidiaries	118	1,110
Interests received from banks	-	1
Interests and commercial discounts	-	1
Other finance income	19	27
Total	137	1,139

Dividends from subsidiaries consisted of:

€thousand	FY2020	FY2019
Beijing Fidia Machinery & Electronics Co. Ltd.	118	438
Fidia Iberica S.A.	-	179
Fidia Sarl	-	94
Fidia GmbH	-	399
Total	118	1,110

Finance expenses consist of:

€thousand	FY2020	FY2019
Interest expense on loans from banks and leasing companies	(355)	(400)
Interest expense on M/L-term loans from banks	(31)	(91)
Finance expenses on termination benefits	(7)	(14)
Other borrowing costs	(128)	(133)
Total	(521)	(638)

Net profit and loss on derivatives:

€thousand	FY2020	FY2019
Finance expenses on derivative instruments for Fair Value adjustment	-	-
Fair value adjustment on IRS and IRC contracts	-	-
Finance income on derivative instruments for Fair Value adjustment	1	-
Fair value adjustment on IRS and IRC contracts	-	-
Total	1	-

Expenses and income on derivative instruments include the fair value measurement of three interest rate swap contracts entered into by the parent company Fidia S.p.A. to hedge the risk of interest rate fluctuations on two medium- to long-term loans and a real estate lease contract.

Profit (loss) on foreign currency transactions consists of:

€thousand	FY2020	FY2019
Realised exchange gains	17	6
Unrealised exchange gains	228	5
Realised exchange losses	(45)	(46)
Unrealised exchange losses	(36)	(38)
Total	164	(73)

10. INCOME TAX

Taxes recognized in profit or loss are:

€thousand	FY2020	FY2019
Income tax:		
IRAP (Italian Regional Tax on Production Activities)	-	-
IRES (Italian Corporate Income Tax)	-	-
Deferred tax assets absorbed	17	14
Deferred tax assets	-	-
Taxes prior fiscal years	(23)	-
Total	(7)	14

In 2020, Fidia S.p.A. recorded a tax loss for IRES and IRAP purposes.

At 31 December 2020, the balance of the pre-paid tax assets and deferred tax liabilities amounted to:

€thousand	31 December 2020	31 December 2019
Deferred tax assets	434	426
Deferred tax liabilities	-	-
Total	434	426

In all, pre-paid tax assets and deferred tax liabilities are as follows:

€thousand	At 31 December 2019	Recorded in P/L	Stated in equity	At 31 December 2020
Pre-paid taxes for:				
Application of IAS 19 - Termination Benefits	116	(10)	10	115
Application of IFRS 15	6	(6)	-	-
Tax loss	250	-	-	250
Cash Flow Hedge reserve	54	(1)	16	69
Total deferred tax assets	426	(17)	26	434

Following the issue of decree-law no. 98 of 6 July 2011, enacted with amendments by Law no. 111 of 15 July 2011, tax losses are carried forward indefinitely.

Assets for pre-paid taxes were recorded by critically evaluating the subsistence of the prerequisites for future recoverability of said assets based on updated plans.

The comprehensive value of tax loss at 31 December 2020 and the relevant amounts for which no assets for pre-paid taxes, divided by year due, were stated, amounted to:

(€thousand)	At 31 December 2020	Year due					Unlimited or unforeseeable
		2021	2022	2023	2024	After 2025	
Tax loss		-	-	-	-	-	9,044

Statement of financial position

11. PROPERTY, PLANT AND EQUIPMENT

In 2020 and 2019 the changes in Plant, Property and Equipment are detailed in the following schedule:

€ thousand	Opening balance at 1 January 2020			Changes in period					Net carrying amount at 31/12/2020
	Purchase cost	Depreciation reserve	Net carrying amount 1.1.2020	Additions	Decreases	Total	Decrease in Deprec. reserve	Depreciation of the period	
Land and buildings	10.054	(1.112)	8.942	-	(166)	(166)	51	(577)	8.250
Lightweight constructions	10	(8)	2	-	(1)	(1)	1		1
Total property	10.064	(1.120)	8.944	-	(167)	(167)	52	(577)	8.251
Plant and equipment	1.725	(1.541)	184	-	(51)	(51)	51	(43)	141
Industrial equipment	2.318	(2.045)	273	9	-	9	0	(128)	154
Electrical tools	784	(769)	15	7	-	7	0	(7)	15
Furnishing	864	(701)	163	1	(43)	(42)	43	(20)	144
Electrical equipment	1.230	(1.181)	49	1	(2)	(1)	2	(23)	27
Means of transportation	847	(430)	417	60	(29)	31	28	(192)	284
Other tangible assets	32	(27)	5	-	-	-		(2)	3
Total property, plant and equipment	17.864	(6.458)	10.050	78	(292)	(214)	176	(992)	9.019

Of which rights of use:

	Property	Total plant, machinery and equipment	Other assets	Total
Net carrying amount at 31/12/2019	9.314	-	339	9.653
Increases	-	-	57	57
Net decreases	(115)	-	-	(115)
Amortisation	(577)	-	(191)	(768)
Net carrying amount at 31/12/2020	8.622	-	205	8.827

€thousand	Opening balance at 1 January 2019					Changes in period					Net carrying amount at 31 December 2019
	Purchase cost	Deprec. reserve	Net carrying amount at 31 December 2019	First-time adoption IFRS 16	Net carrying amount at 1 January 2019	Additions	Decreases	Total	Decrease accrued depreciation	Depreciation	
Land and buildings	8.766	(586)	8.180	1.163	9.343	1.122	(997)	125	95	(621)	8.942
Lightweight constructions	10	(8)	2		2			-			2
Total property	8.776	(594)	8.182	1.163	9.345	1.122	(997)	125	95	(621)	8.944
Plant and equipment	1.725	(1.497)	228		228			-		(44)	184
Industrial equipment	2.264	(1.897)	367		367	54		54		(148)	273
Electrical tools	780	(762)	18		18	4		4		(7)	15
Furnishing	862	(681)	181		181	2		2		(20)	163
Electronic equipment	1.254	(1.185)	69		69	5	(29)	(24)	29	(25)	49
Means of transportation	321	(316)	5	179	184	378	(31)	347	31	(145)	417
Other tangible assets	28	(24)	4		4	4		4		(3)	5
Total property, plant and equipment	16.010	(6.956)	9.054	1.342	10.396	1.569	(1.057)	512	155	(1.013)	10.050

Investments made in 2020, amounting to €78 thousand, consisted of physiological investments to maintain the production structure, of which €57 thousand relates to the recording of rights of use deriving from the application of IFRS 16.

There are no buildings burdened by collateral, but, by virtue of the lease contract entered into for the purchase of the industrial building, this asset is in the name of the leasing company.

Depreciation of tangible assets, equivalent to €992 thousand, is recognised in profit or loss under "Depreciation, amortization and write-down" (Note No. 6).

With reference to the recoverability of this item in the financial statements and the considerations regarding the impairment test carried out at 31 December 2020, please refer to the previous section "Recoverable amount of non-current assets."

12. INTANGIBLE FIXED ASSETS

The intangible assets do not comprise intangible assets with indefinite useful life. The following tables show the breakdown by category and the changes over the past two periods:

€thousand	Opening balance at 1 January 2020			Changes in period						Net carrying amount at 31/12/2020
	Purchase cost	Deprec. reserve	Net carrying amount at 01/01/2020	Additions	Decreases-Write-downs	Reclassifications	Total	Decrease accrued depreciation	Depreciation in period	
Licenses	135	(129)	6						(4)	2
Software	338	(316)	22						(8)	14
Development Costs	1.392	(515)	877			701	701		(279)	1.299
Assets under development	1.691		1.691	305	(648)	(701)	(1.044)			647
Total intangible fixed assets	3.556	(960)	2.596	305	(648)	-	(343)	-	(291)	1.962

Development costs incurred and capitalised during the period amounted to €305 thousand; they related to projects not yet amortised (as they had not yet been completed) and projects completed and reclassified at the end of the period, which have therefore not yet begun 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.

Intangible fixed assets in progress consist mainly of development projects that at the closing date have not yet been fully completed and whose economic benefits are expected to flow to subsequent years.

Amortization of tangible assets is recognized in profit or loss under "Depreciation and amortization" (Note No. 6).

During 2020, €648 thousand were written down referring to suspended projects, although not abandoned, pending further evaluations in the context of the new technical and commercial strategy that the new investors will undertake following the approval of the arrangement plan.

In view of the results of the impairment test carried out at 31 December 2020 on the net invested capital of Fidia SpA (refer to the section "Recoverable value of non-current assets"), there are no further impairments.

13. EQUITY INVESTMENTS

At 31 December 2020 these amounted to €6,646 thousand. The following changes were registered:

€thousand	Balance at 31 December 2019	Increases	Decreases	Write-downs	Write-backs	Balance at 31 December 2020
Investments in subsidiaries	11,301	-	-	(4,668)	-	6,633
Investments in associates	2	-	-	-	-	2
Equity investments in other entities	11	-	-	-	-	11
Total interests	11,314	-	-	(4,668)	-	6,646

€thousand	Balance at 31 December 2018	Increases	Decreases	Write-downs	Write-backs	Balance at 31 December 2019
Investments in subsidiaries	11,832	154	-	(685)	-	11,301
Investments in associates	2	-	-	-	-	2
Equity investments in other entities	11	-	-	-	-	11
Total interests	11,845	154	-	(685)	-	11,314

Detailed information of the investments in subsidiaries, associates and others and their changes is provided in the table below:

€thousand	Balance at 31 December 2019	Increases	Decreases	(Write-downs)/ Write-backs	Balance at 31 December 2020
Subsidiaries					
Fidia GmbH	1,208	-	-	-	1,137
Historical cost	1,208	-	-	-	1,208
Provision for writedown	-	-	-	(71)	(71)
Fidia Co.	7,078	-	-	-	3,466
Historical cost	7,078	-	-	-	7,078
Provision for writedown	-	-	-	(3,612)	(3,612)
Fidia Iberica S.A.	171	-	-	-	171
Historical cost	171	-	-	-	171
Provision for writedown	-	-	-	-	-
Fidia Sarl	221	-	-	-	221
Historical cost	221	-	-	-	221
Provision for writedown	-	-	-	-	-
Beijing Fidias M&E Co. Ltd.	1,703	-	-	-	1,638
Historical cost	1,703	-	-	-	1,703
Provision for writedown	-	-	-	(65)	(65)
Fidia Do Brasil Ltda	-	-	-	-	-
Historical cost	350	-	-	-	350
Provision for writedown	(350)	-	-	-	(350)
Shenyang Fidias NC & Machine Co. Ltd.	920	-	-	-	-
Historical cost	2,443	-	-	-	2,443
Provision for writedown	(1,523)	-	-	(920)	(2,443)
OOO Fidias	-	-	-	-	-
Historical cost	100	-	-	-	100
Provision for writedown	(100)	-	-	-	(100)
Fidia India Private Ltd.	-	-	-	-	-
Historical cost	-	-	-	-	-
Provision for writedown	-	-	-	-	-
Total investments in subsidiaries	11,301	-	-	(4,668)	6,633
Historical cost	13,274	-	-	-	13,274
Provision for writedown	(1,973)	-	-	-	(6,641)
Associates					
Prometec Consortium	2	-	-	-	2
Total investments in associates	2	-	-	-	2
Others					
Probest Service S.p.A.	11	-	-	-	11
Consorzio C.S.E.A.	-	-	-	-	-
Historical cost	6.5	-	-	-	6.5
Provision for writedown	(6.5)	-	-	-	(6.5)
Total investments in others	11	-	-	-	11
Total interests	11,314	-	-	-	6,646

The list of investments with further information required by CONSOB (Notice No. DEM/6064293 of 28 July 2006) is hereto attached.

There are no investments in other companies involving unlimited liability for the obligations thereof (article 2361, par. 2, of the Italian Civil Code).

At 31 December 2019 and 2020 there were no investments provided as collateral for financial liabilities and potential liabilities.

Impairment test

Taking into account the reference context, characterised by actual losses in the last three periods, the crisis in some sectors where the Company operates—exacerbated by the spread of the Covid-19 pandemic—indicators of impairment were identified for the subsidiaries of Fidia S.p.A., thus carrying out an impairment test on the carrying amount of said controlling interests.

This valuation is heavily driven by the write-down of net receivables held by subsidiaries from Fidia S.p.A.

The write-down of these receivables, amounting to €6,305 thousand, indirectly led to the adjustment of €4,884 thousand on the economic result of Fidia S.p.A.

Upon approval of the arrangement, Fidia S.p.A. will record a positive effect on the income statement of €6,305 thousand.

The recoverable amount was determined by the value in use, i.e., by discounting the cash flows contained in the financial plan of the subsidiaries concerning the 2021-2024 time-frame. 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 subsidiaries, the discounted cash flows of the four 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 discount rates applied to prospective cash flows were calculated taking into consideration the industries in which the subsidiaries operate, the debt structure of each, and the current economic situation; a summary of the discount rates used for each company is given below.

Subsidiary	Country	WACC
Fidia Co.	United States	7.87%
Beijing Fidia M&E Co. Ltd.	China	8.54%
Shenyang Fidia NC & Machine Co. Ltd.	China	8.54%
Fidia GmbH	Germany	7.87%
Fidia Sarl	France	8.35%
Fidia Iberica S.A.	Spain	9.40%
Fidia Do Brasil Ltda	Brazil	10.75%

The growth rate for the cash flows for the years following the explicit forecast period was assumed to be zero (in line with that used in previous years), to take into account the current economic situation adopting an appropriate and prudential approach.

The result of the impairment test was independently approved and separate from these financial statements.

A comparison of the net carrying amount of the equity investments held by the parent company Fidia S.p.A. with the corresponding recoverable value resulting from the application of the measurement method outlined above showed the need to make the write-downs detailed below to the carrying amount of the equity investments:

- Fidia Co.: write-down of €3,612 thousand;
- Beijing Fidia M&E Co. Ltd.: write-down of €65 thousand;
- Shenyang Fidia NC & Machine Co. Ltd.: write-down of €920 thousand;
- Fidia GmbH: write-down of €71 thousand;
- Fidia Do Brasil Ltda: taking into account that the value of the equity investment is already zeroed due to the write-downs made in past years, the result of the test resulted in an additional allocation to the provision for risks on equity investments of €216 thousand.

With reference to the equity investments in Fidia Sarl and Fidia Iberica S.A., the test did not reveal the need for impairment. For the remaining equity investments, substantial congruity is shown.

14. OTHER NON-CURRENT RECEIVABLES AND ASSETS

Other non-current receivables and assets comprised the following items:

€thousand	Balance at 31 December 2020	Balance at 31 December 2019
Security deposits	16	2
Receivables for foreign VAT	12	13
Withholding tax on foreign income	-	135
Other current	-	21
Multi-year prepaid expenses	12	
Total other non-current receivables and assets	40	171

It is deemed that the carrying amount of other non-current receivables and assets is near fair value.

At 31 December 2019 "Receivables for withholding tax on foreign income" contained receivables from tax authorities related to final withholding tax incurred on fees for technical training activities carried out by the parent company for the subsidiary Shenyang Fidia NC&M Co. Ltd. in previous periods. In view of the maturity of these receivables after eight periods have elapsed since they were formed, these receivables were fully written down in 2020, also taking into account the expected taxable income for future periods.

15. INVENTORY

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

€thousand	Balance at 31 December 2020	Balance at 31 December 2019
Raw/auxiliary materials and consumable supplies	7,152	8,027
Provisions for write-down of raw materials	(2,121)	(1,721)
Net value of raw materials, subsidiary materials and consumables	5,031	6,306
Semi-finished products and work in progress	2,830	3,685
Finished products and goods for resale	1,305	1,136
Finished products and goods depreciation provision	(110)	(108)
Net value finished products and goods	1,195	1,028
Advances	122	244
Total inventory	9,178	11,263

Inventories recorded a decrease of €2,085 thousand YOY.

The provisions for depreciation equivalent to €2,231 thousand (€1,829 thousand at 31 December 2019) were reported to hedge some slow-moving components; these phenomena result, in particular, from the need to ensure customers that spare parts are available for servicing even beyond the period of ordinary marketability of the components.

16. TRADE RECEIVABLES

At 31 December 2020 these amounted to €3,526 thousand, namely €3,280 thousand lower compared to 31 December 2019. In detail:

€thousand	Balance at 31 December 2020	Balance at 31 December 2019
Trade receivables from customers	2,373	4,516
Provision for bad debts	(933)	(276)
Total trade receivables from others	1,440	4,240
Receivables from subsidiaries	2,086	2,566
Total trade receivables	3,526	6,806

The breakdown of gross trade receivables from others by maturity is as follows:

€thousand	31 December 2020	31 December 2019
Unexpired	591	2,340
Due up to 1 month	150	566
Due 1 to 3 months	69	247
Due 3 months to 6 months	15	81
Due 6 months to 1 year	624	454
Due over 1 year	924	828
Total	2,373	4,516

All trade receivables are due within one year.

Receivables were aligned at the expected realisable amount by means of the provisions for write-down of receivables equal to €793 thousand. In application of IFRS 9, the Group assesses trade receivables using an expected loss approach. The Company 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 Company has relied on historical experience, external indicators and prospective information.

The changes in the provisions for writedown of receivables were:

Balance at 31 December 2019	
€thousand	276
Provisions in period	793
Utilisations	(136)
Balance at 31 December 2020	933

Gross trade receivables from others broken down by geographical area were the following:

€thousand	Balance at 31 December 2020	Balance at 31 December 2019
Italy	591	1,672
Europe	145	936
Asia	1,618	1,653
Rest of the World	19	255
Total	2,373	4,516

Receivables from subsidiaries were the following:

€thousand	Balance at 31 December 2020	Balance at 31 December 2019
Fidia Co.	110	245
Fidia Sarl	15	51
Fidia Iberica S.A.	0	375
Fidia GmbH	178	248
Fidia do Brasil Ltda	817	853
Beijing Fidra M&E Co. Ltd.	966	389
Shenyang Fidra NC & Machine Co. Ltd.	-	405
Total Receivables	2,086	2,566

With reference to trade receivables from subsidiaries, within the framework of the arrangement proposal approved by the Committee of Company Creditors and for which approval by the competent Court is pending, mutual intercompany credit and debt positions have been offset. The net balance of these positions was included in the formation of the liabilities that emerged from the arrangement procedure. Debt positions owed to subsidiaries will be satisfied on a subordinated basis, as stipulated in the Arrangement Plan.

Trade receivables from subsidiaries broken down by geographical area were the following:

€thousand	Balance at 31 December 2020	Balance at 31 December 2019
Europe	193	674
North and South America	927	1,098
Asia	966	794
Total	2,086	2,566

At year-end there were no receivables from associates.

It is deemed that the carrying amount of trade receivables is near the fair value.

17. TAX RECEIVABLES AND OTHER CURRENT RECEIVABLES AND ASSETS

€thousand	Balance at 31 December 2020	Balance at 31 December 2019
Current tax receivables:		
Receivables from tax authorities for VAT	31	204
Tax receivables for income tax and IRAP	46	22
Other tax receivables	230	231
Total current tax receivables	307	457
Research grants	82	88
Accruals and prepayments	160	83
Receivables from employees	200	15
Receivables from social security institutions	243	-
Advances from suppliers	88	60
Dividends receivable	1,096	1,593
Receivables from banking institution for undue compensation	331	-
Other current receivables	-	103
Total other current receivables and assets	2,200	1,942

With reference to receivables for dividends, referring to the subsidiary Fidia Beijing, within the framework of the arrangement proposal approved by the Committee of Company Creditors and for which approval by the competent Court is pending, these positions have been offset with the debt positions that Fidia S.p.A. has with it. The net balance of these positions was included in the formation of the liabilities that emerged from the arrangement procedure and the satisfaction of it will take place, as well as for the other intercompany positions, on a deferred basis, as provided for in the Arrangement Plan.

It is deemed that the carrying amount of Other current receivables and assets is near the fair value. Other current receivables will be due entirely by the next period.

18. OTHER CURRENT FINANCIAL ASSETS

This item represents an interest-bearing loan from the Parent Company to the Fidia do Brasil branch, amounting to €120 thousand, including accrued interest, expiring on 31 December 2020.

19. CASH AND CASH EQUIVALENTS

The overall total of cash amounted to €1,373 thousand (€934 thousand at 31 December 2019). This item is composed of temporary cash on bank accounts pending future use amounting to €1,372 thousand and cash on hand in the amount of €1 thousand. It is deemed that the carrying amount of the cash and cash equivalents is aligned to the fair value at reporting date.

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

20. SHAREHOLDERS' EQUITY

Shareholders' equity at 31 December 2020 amounted to €5,688 thousand, down by €9,651 thousand compared to 31 December 2019. The change was due to:

- loss of the period (-€9,574 thousand);
- negative effect of the accounting of actuarial change on the termination benefits net of the theoretical tax effect (€30 thousand);
- negative effect of the cash flow hedge reserve net of the theoretical tax effect (-€47 thousand).

The main classes composing the Shareholders' Equity and related changes are the following.

Share capital

Capital issued amounted to €5,123,000 and was unchanged compared to 31 December 2019. The share capital, fully subscribed and paid in, is unchanged and numbered 5,123,000 ordinary shares with a face value of €1 each.

The following table illustrates reconciliation between the number of circulating shares at 31 December 2018 and the number of circulating shares at 31 December 2020:

	At 31 December 2018	(Purchases)/Sale s of treasury shares; new subscriptions	At 31 December 2019	(Purchases)/Sale s of treasury shares; new subscriptions	At 31 December 2020
Ordinary shares issued	5,123,000	-	5,123,000	-	5,123,000
Minus: Treasury shares	10,000	-	10,000	-	10,000
Circulating ordinary shares	5,113,000	-	5,113,000	-	5,113,000

Share premium reserve

This reserve amounted to €1,240 thousand and was unchanged compared to 31 December 2019.

Legal reserve

Legal reserve in the amount of €883 thousand was unchanged compared to 31 December 2019.

Provisions for treasury shares in portfolio

At 31 December 2020, it amounted to €46 thousand and was unchanged YOY.

These reserves are not available until treasury shares are held.

Extraordinary reserve

At 31 December 2020, it amounted to €309 thousand and was unchanged compared to 31 December 2019.

Reserve profit/loss on exchange rates not realised

At 31 December 2020, it amounted to €8 thousand and was unchanged compared to 31 December 2019.

Earnings (loss) carried forward

At 31 December 2020 earnings carried forward amounted to -€3,235 thousand, down €3,777 thousand YOY for the allocation of loss for the year 2019 as per the resolution passed by the shareholders' meeting on 29 April 2020.

Treasury shares

Treasury shares consisted of 10,000 ordinary shares issued by Fidia S.p.A. for a value of €46 thousand.

There were no changes in 2020, as illustrated in the following table.

	No. Shares	Nominal value (€/000)	% of share capital held	Carrying amount (€/000)	Mean unit value (€)
Situation at 1 January 2020	10,000	1.00	0.20%	46	4.55
Purchases	-	-	-	-	-
Sales	-	-	-	-	-
Write-downs	-	-	-	-	-
Write-backs	-	-	-	-	-
Situation at 31 December 2020	10,000	1.00	0.20%	46	4.55

Profit (loss) stated directly in equity

At 31 December 2020, it amounted to -€224 thousand compared to -€194 thousand at 31 December 2019; the change was due to the accounting of actuarial changes for termination benefits in 2020, net of theoretical tax effect.

Cash flow hedge reserve

The cash flow hedge reserve includes the fair value of some derivative instruments (interest rate swaps) entered into by the company to hedge the risk of interest rate fluctuations on three floating rate loans.

In 2020, the cash flow hedge provisions registered the following changes:

€thousand Type of financial instrument	Cash Flow Hedge reserve					Closing balance at 31/12/2020
	Nature of hedged risk	Opening balance at 01/01/2020	Increases	Decreases	CFH reserve released to profit or loss	
- Interest rate swap	Interest rate risk	(171)	(47)	-	-	(218)
Total		(171)	(47)	-	-	(218)

According to article 2427, no. 7bis, of the Italian Civil Code, as amended by Italian Legislative Decree no. 6/03, the following schedule of the Shareholders' Equity items is provided below and it specifies the utilisation of provisions:

€thousand	Amount	Availability	Distributability	Utilizations in previous 3 fiscal years	
				To cover losses	Other reasons
Capital issued:	5,123				
Capital reserves:					
Provisions for share premium (1)	1,240	A, B	----		-
Profit reserves:					
Provisions for treasury shares	46	----	----	-	-
Legal reserve	883	B	----	-	-
Cash Flow Hedge reserve	(218)	----	----	-	-
Profit (loss) stated directly in equity	(224)	----	----	-	-
Extraordinary reserve	309	A, B, C	309		
Earnings (loss) carried forward	(3,235)	A, B, C	-	6,044	-
Unrealised foreign exchange gains and others	8	A, B	-		
Total distributable share	-		309	6,044	-

(1) Fully available for increase of share capital and coverage of loss. For other utilisations, it is necessary to adjust in advance the legal reserve to 20% of the issued capital (also through transfer from the provisions for share premium).

Legend:

- A: for capital increase
- B: To cover losses
- C: for distribution to shareholders

21. OTHER NON-CURRENT PAYABLES AND LIABILITIES

€thousand	Balance at 31 December 2020	Balance at 31 December 2019
Advances for research projects	346	120
Long-term deferred income and other payables	17	90
Total	363	210

Advances for research projects consisted of advance payments from the European Union and the Italian University and Research University for funds granted for funded projects whose completion is expected after the end of the next period.

22. TERMINATION BENEFITS

Changes in the termination benefits are illustrated in the table below:

(€thousand)

Amount at 1 January 2020	2,159
Amount accrued and allocated in year	412
Benefits paid out in year	(91)
Amount transferred to State Fund and complementary pension scheme	(408)
Finance expenses on termination benefits	7
Accounting of actuarial losses	40
Substitute tax	(5)
Balance at 31 December 2020	2,114

Actuarial profit and loss are stated off the statement of comprehensive income and directly carried over to equity (see Note No. 19).

Please be noted that 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 of the period in the amount of €7 thousand.

Termination benefits are calculated based on the following actuarial assumptions:

	At 31 December 2020	At 31 December 2019
Discount rate	EUR Composite AA curve	EUR Composite AA curve
Future inflation rate	0.80%	1.2%
Frequency of request for advances	3.0%	3.0%
Relative frequency of resignation/dismissal middle managers, officer workers, workers and apprentices	3.0%	3.0%
Relative frequency of resignations/dismissals managers	5.0%	5.0%

The discount rate used to determine the present value of the obligation was derived, in accordance with paragraph 83 of IAS 19, from the AA rating EUR Composite curve recorded at the measurement date:

Year	31 December 2020
1	-0.39%
2	-0.28%
3	-0.22%
4	-0.19%
5	-0.13%
6	-0.08%
7	-0.02%
8	0.02%
9	0.06%
10	0.10%
11	0.14%
12	0.18%
13	0.23%
14	0.27%
15 +	0.31%

As required by IAS19, the following tables show a sensitivity analysis for each relevant actuarial assumption at the end of the reporting period, showing the effects there would have been as a result of changes in actuarial assumptions that were reasonably possible at that date, in absolute terms, an indication of the contributions for the next period, the average financial duration of the obligation, and the disbursements under the plan.

Sensitivity analysis Defined Benefit Obligation (€thousand)

	31 December 2020
+0.25% inflation rate	2,135
-0.25% inflation rate	2,094
+0.25% discount rate	2,098
-0.25% discount rate	2,119
+1% turnover rate	2,104
-1% turnover rate	2,126

Service cost and duration

Service cost pro-future	0.00
Duration of the plan	6.6 years

Future plan disbursements (€thousand)

Years	Planned disbursements
1	457
2	91
3	100
4	125
5	156

The following table proposes a sensitivity analysis of the termination benefits fund if one of the basic assumptions varies. Specifically, a 10% increase and decrease was assumed with regard to the parameters used for the measurement of the termination benefits fund at 31 December 2020.

	Basic Assumption s	Changes in Basic Assumptions									
Inflation rate projections	Curve	0.55%	1.05%								
Average incidence of advances on termination benefits accrued at the beginning of the year	70.00%		63.00%	77.00%							
Rate of request for advances: Executive	3.00%					2.70%	3.30%				
Rate of request for advances: Cadre	3.00%					2.70%	3.30%				
Rate of request for advances: Employee	3.00%					2.70%	3.30%				
Rate of request for advances: Worker	3.00%					2.70%	3.30%				
Rate of request for advances: Apprentice	3.00%					2.70%	3.30%				
Discount rate	Curve							-10%	+10%		
Outbound rate for resignation and dismissal: Executive	5.00%									4.50%	5.50%
Outbound rate for resignation and dismissal: Cadre	3.00%									2.70%	3.30%
Outbound rate for resignation and dismissal: Employee	3.00%									2.70%	3.30%
Outbound rate for resignation and dismissal: Worker	3.00%									2.70%	3.30%
Outbound rate for resignation and dismissal: Apprentice	3.00%									2.70%	3.30%
Company	Termination benefits on an IAS basis(°)	Percentage change in termination benefits compared to the basic assumptions									
Fidia S.p.A.	2.114.374	-0.94%	0.96%	0.04%	-0.04%	0.33%	-0.32%	0.20%	-0.31%	0.27%	-0.25%

(*) amounts in EUR

23. OTHER NON-CURRENT FINANCIAL LIABILITIES

The item includes the fair value of interest rate swap contracts entered into to hedge (cash flow hedge) the risk of variability of interest expense flows of two medium- to long-term loans and a real estate lease contract.

€thousand	31 December 2020		31 December 2019	
Cash Flow Hedge	Notional amount	Fair value	Notional amount	Fair value
Interest rate risk - BNL Interest Rate Swap	-	-	658	1
Interest rate risk - INTESA Interest Rate Swap	-	-	350	1
Interest rate risk - INTESA Interest Rate Swap	361	-	1,077	2
Interest rate risk - INTESA Interest Rate Swap	2,995	291	3,170	224
Interest rate risk - Banco Popolare Interest Rate Swap	214	-	643	2
Total		291		230

Financial flows relating to cash flow hedges impact on the statement of comprehensive income of the Company consistently with the timing with which the hedged cash flows occur.

24. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Financial liabilities amounted to €17,596 thousand and are specified in detail in the following table:

€thousand	Balance at 31 December 2020	Balance at 31 December 2019
Overdrawn bank accounts and short-term advances	2,067	2,921
Financial accruals and deferrals	25	37
Inter-company loans	2,052	2,269
ISP loan "3.500" (part medium/long term and part short term)	350	350
BNL loan "2,500" (part medium/long term and part short term)	525	525
ISP loan "3,000" (part medium/long term and part short term)	1,075	1,075
UNICREDIT loan (part medium/long term and part short term)	-	192
BPM loan "1.500" (part medium/long term and part short term)	650	650
UNICREDIT loan (Plafond Supercash Rotativo)	543	1,473
ISP loan "1.500" (part medium/long term and part short term)	627	627
Short-term UNICREDIT loan No. 8250932	-	193
Short-term BNL loan No. 1873555	556	692
Loans and financial liabilities with credit institutions	8,469	11,004
Mediocredito Italiano (Forli' property lease)	4,856	5,107
San Mauro Torinese property lease (IFRS16)	830	1,007
San Secondo di Pinerolo property lease (IFRS16)	-	137
Car leases (IFRS16)	209	341
Liabilities for leases	5,894	6,592
Total	14,363	17,596

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

€thousand	By 1 year	By 5 years	Beyond 5 years	Total
Overdrawn bank accounts and other short-term advances	2,091	-	-	2,091
Inter-company loans	2,052	-	-	2,052
Medium-to-long term bank loans	2,703	524	-	3,227
Short-term loans	1,099	-	-	1,099
Loans and financial liabilities with credit institutions and inter-group companies	7,945	524	-	8,469
Mediocredito Italiano (Forli' property lease)	263	1,519	3,073	4,855
San Mauro Torinese property lease (IFRS16)	182	648	-	830
Car leases Italy (IFRS16)	132	77	-	209
Liabilities for leases	577	2,244	3,073	5,894
Total	8,522	2,768	3,073	14,363

It should be noted that as a result of the standstill agreement formalised with bank lenders in April 2020 and extended until 31 December 2020, the maturities of some loans have been postponed. In addition, following the application for admission to arrangement with creditors on 13 November 2020, all debts admitted to the procedure were frozen.

Inter-company loans consist of two interest-bearing loans amounting to €2,052 thousand (and the related interest rate) granted by the subsidiary Fidia Co. for a total of €1,711 thousand and one by the subsidiary Fidia GmbH for a value of

€341 thousand. The contracts with Fidia Co are valid until 30 June 2020. The contract with Fidia GmbH runs until 22 March 2020. All contracts can be extended.

Bank loans have the following main characteristics:

Loan - ISP "3,500" (part medium/long term and part short term)

Original amount	€3,500 thousand
Outstanding amount	€350 thousand
Date of loan	20/04/2015
Term	Loan due date 01/04/2021 (*)
Repayment	20 quarterly instalments (01/07/2015 to 01/04/2021)
Interest rate	3-month Euribor, base 360 + 2.0% spread

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

(*) The original due date was subject to change based on the extension of the *standstill* agreement with bank lenders, and installments due in 2020 were suspended.

Loan - BNL "2,500" (part medium/long term and part short term)

Original amount	€2,500 thousand
Outstanding amount	€525 thousand
Date of loan	28/01/2016
Term	Loan due date 31/12/2021 (*)
Grace period	1 quarterly installment (31/03/2016)
Repayment	19 quarterly instalments (30/06/2016 to 31/12/2021)
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.

(*) The original due date was subject to change based on the extension of the *standstill* agreement with bank lenders, and installments due in 2020 were suspended.

Loan - ISP "3,000" (part medium/long term and part short term)

Original amount	€3,000 thousand
Outstanding amount	€1,075 thousand
Date of loan	17/05/2016
Term	Loan due date 01/04/2022 (*)
Grace period	3 quarterly installments (01/07/2016 to 01/01/2017)
Repayment	17 quarterly instalments (01/04/2017 to 01/04/2022)
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.

(*) The original due date was subject to change based on the extension of the *standstill* agreement with bank lenders, and installments due in 2020 were suspended.

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

Original amount	€1,500 thousand
Outstanding amount	€650 thousand
Date of loan	27/04/2017
Term	Loan due date 30/06/2022 (*)
Grace period	3 quarterly installments (30/06/2017, 30/09/2017 and 31/12/2017)
Repayment	14 quarterly installments (31/03/2019 to 30/06/2022)
Interest rate	3-month Euribor, base 360 + 1.4% spread

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

(*) The original due date was subject to change based on the extension of the *standstill* agreement with bank lenders, and installments due in 2020 were suspended.

UNICREDIT loan "MUTUO PLAFOND SUPERCASH ROTATIVO"

Original ceiling	€1,200 thousand
Ceiling used	€543 thousand
Term	Loan due date 28/01/2020, 30/11/2020, 31/12/2020
Repayment	Every four months

Interest rate	Fixed rate 1.5%
<u>Loan - ISP "1.500" (medium/long-term portion and short-term portion)</u>	
Original amount	€1,500 thousand
Outstanding amount	€627 thousand
Date of loan	31/01/2019
Term	Loan due date 31/01/2022 (*)
Repayment	12 quarterly instalments (30/04/2019 to 31/01/2022)
Interest rate	3-month Euribor, base 360 + 1.2% spread
(*) The original due date was subject to change based on the extension of the <i>standstill</i> agreement with bank lenders, and instalments due in 2020 were suspended.	
<u>BNL loan (short-term)</u>	
Original amount	€1,250 thousand
Outstanding amount	€556 thousand
Date of loan	30/06/2019
Term	Loan due date 30/04/2021 (*)
Grace period	3 monthly instalments (30/06/2020 to 30/08/2020)
Repayment	12 monthly instalments (30/06/2020 to 30/04/2021)
Interest rate	Fixed rate 2%
(*) The original due date was subject to change based on the extension of the <i>standstill</i> agreement with bank lenders, and instalments due in 2020 were suspended.	
<u>Property lease - Mediocredito Italiano - line 1</u>	
Amount	€5,598 thousand
Major instalment	€1,260 thousand
Outstanding amount	€3,439 thousand
Date of loan	25/06/2014
Term	179 monthly instalments (01/12/2017 to 01/10/2032)
Current leasing rate	3.48%
Planned redemption	€558 thousand
<u>Property lease - Mediocredito Italiano - line 2</u>	
Original amount	€1,000 thousand
Major instalment	€400 thousand
Outstanding amount	€502 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
<u>Property lease - Mediocredito Italiano - line 3</u>	
Original amount	€1,802 thousand
Major instalment	€722 thousand
Outstanding amount	€914 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 hedging contract was entered into on a portion (€3,500 thousand) of the above three contracts.	

IFRS16 - San Mauro Torinese property

Original amount	€1,122 thousand
Outstanding amount	€830 thousand
Date of first adoption	01/01/2019

IFRS16 - San Mauro Torinese Vehicles

Original amount	€398 thousand
Outstanding amount	€209 thousand
Date of first adoption	01/01/2019

The table below shows the movements in loans during the year.

€thousand	Balance at 1 January 2020	New loans	Repayment s	Balance at 31 December 2020
Inter-company loans	2,272	301	(521)	2,052
ISP "3.500" loan (part medium/long term and part short term)	350			350
Loan - BNL "2.500" (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)	192		(192)	-
Loan - BPM "1.500" (part medium/long term and part short term)	650			650
UNICREDIT loan (Plafond Supercash Rotativo)	1,473	1,979	(2,909)	543
Loan - ISP "1.500" (part medium/long term and part short term)	627			627
Short-term UNICREDIT loan No. 8250932	193		(193)	-
Short-term BNL loan No. 1873555	692		(136)	556
Loans and financial liabilities with credit institutions	8,049	2,280	(3,951)	6,378
Mediocredito Italiano (Forlì property lease)	5,107		(251)	4,856
San Mauro Torinese property lease (IFRS16)	1,007		(177)	830
San Secondo di Pinerolo property lease (IFRS16)	137		(137)	-
Car leases Italy (IFRS16)	342	57	(190)	209
Liabilities for leases	6,593	57	(755)	5,895
Total	14,642	2,337	(4,706)	12,273

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

For more information on the management of interest and exchange rate risk on loans, please refer to Note No. 29.

25. TRADE PAYABLES

€thousand	Balance at 31 December 2020	Balance at 31 December 2019
Payables to other suppliers	8,769	10,228
Payables to subsidiaries	5,657	5,390
Payables to associates	18	2
Total trade payables	14,444	15,620

The allocation of the trade payables by due date was as follows:

€thousand	Due date within 1 month	Due from 1 to 3 months	Due from 3 to 12 months	Due between 1 and 5 years	Total
Payables to other suppliers	8,461	308	-	-	8,769
Payables to subsidiaries	5,382	275	-	-	5,657
Payables to associates	18	-	-	-	18
Total trade payables	13,861	582	-	-	14,444

The geographical breakdown of the trade payables to suppliers was as follows:

€thousand	Balance at 31 December 2020	Balance at 31 December 2019
Italy	6,961	8,540
Europe	408	-
Asia	1,391	1,108
North and South America	-	436
Rest of the World	10	144
Total	8,770	10,228

Payables to subsidiaries, which refer to trade items due within the next period are divided as follows:

€thousand	Balance at 31 December 2020	Balance at 31 December 2019
Fidia Co.	303	390
Fidia Iberica S.A.	13	4
Fidia GmbH	108	87
Beijing Fidra M&E Co. Ltd.	4,901	4,596
Fidia do Brasil Ltda	332	313
Total payables to subsidiaries	5,657	5,390

Similarly to what has been mentioned with regard to trade receivables from subsidiaries (Note 16), with reference to intercompany payables, within the framework of the arrangement proposal approved by the Committee of Company Creditors and for which approval by the competent Court is pending, mutual intercompany credit and debt positions have been offset. The net balance of these positions was included in the formation of the liabilities that emerged from the arrangement procedure. Debt positions owed to subsidiaries will be satisfied on a subordinated basis, as stipulated in the Arrangement Plan.

Trade payables to subsidiaries broken down by geographical area were the following:

€thousand	Balance at 31 December 2020	Balance at 31 December 2019
Europe	121	91
Asia	4,901	4,596
North and South America	635	703
Total	5,657	5,390

The geographical breakdown of the trade payables to subsidiaries was as follows:

€thousand	Balance at 31 December 2020	Balance at 31 December 2019
Prometec Consortium	2	2
Probest Service S.p.A.	16	-
Total	18	2

Trade payables are due by the next period and it is deemed that their carrying amount at reporting date is near fair value.

26. TAX PAYABLES, OTHER CURRENT PAYABLES AND LIABILITIES

€thousand	Balance at 31 December 2020	Balance at 31 December 2019
Current tax payables:		
- Withholding taxes	500	305
- Payables to tax authorities for VAT	62	8
- Other tax payables	20	37
Total current tax payables	582	350
Other current payables and liabilities:		
Payables to employees	1,680	511
Social security payables	1,017	652
Advance from customers	4,026	3,304
Payables for emoluments	223	90
Deferrals	88	85
Payables to lending institution for undue compensation	331	-
Accrued expenses	104	76
Miscellaneous payables	122	141
Total other current payables and liabilities	7,591	4,859

Payables to employees pertain to benefits accrued at year-end (accrual of bonuses, overtime in general, etc.) as well as to the amounts due for holidays accrued and not yet taken.

Social security payables refer to accrued payables for amounts due by the Company and by employees on wages and salaries for the month of December and deferred compensation.

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 from Contracts with Customers*, cannot be stated in the revenue. This item comprises also advances received from subsidiaries in the amount of €865 thousand.

Finally, Current tax payables and Other current payables and liabilities are payable by the next period and it is deemed that their carrying amount is near their fair value.

27. PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and expenses amounted to €743 thousand as per the schedule.

€thousand	Balance 31 December 2019	Accrual	Proceeds/release	Balance 31 December 2020
Warranty provisions	902	-	(467)	435
Other provisions	191	216	(99)	308
Total other provisions for risks and expenses	1,093	216	(566)	743

Product warranty provisions comprise the best possible estimate of the obligation undertaken by the Company by contract, law or custom with regard to expenses related to warranty on its products for a certain period effective as of sale to the final customer. This estimated is calculated based on the experience of the Company and the specific contract terms. The reduction in the warranty fund was due to the decrease in revenues.

The item Other provisions includes an estimate of the potential impact from the inspection by INAIL (National Institute for Industrial Accident Insurance) that took place during 2018 and following which discussions with the institute continued in 2019 and 2020. The item also includes the provision for risks on equity investments related to Fidia do Brasil Ltda.

28. COLLATERAL GUARANTEES, OBLIGATIONS AND OTHER CONTINGENT LIABILITIES

Sureties issued on behalf of others

At 31 December 2020, these amounted to €467 thousand, down by €70 thousand compared to €537 thousand at 31 December 2019. This item consists almost solely of guarantees for business transactions with foreign customers for down payments received or coverage of obligations undertaken by contract by the Company during the warranty period.

Contingent liabilities

Though subject to risks of diverse nature (product, legal and tax liability), on 31 December 2020 the Company was not aware of any facts liable of generating foreseeable and appraisable potential liabilities and hence it deemed that there was no need to make further provisions.

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

29. INFORMATION ON FINANCIAL RISKS

The measurement and management of exposure to financial risks of Fidia S.p.A. are consistent with the provisions of the Group policies.

In particular, the main categories of risk that the company is exposed to are illustrated below.

MARKET RISKS

In general, market risks are the result of the effects of changes in prices or other market risk factors (such as interest and exchange rates) both on the value of the positions held in the trading and hedging portfolio and the positions resulting from commercial operations.

The management of market risks comprises all the assets related to treasury and equity management transactions. The objective of market risk management is to manage and keep the Company's exposure to this risk within acceptable levels, while optimizing, at the same time, the yield of its own investments.

The market risks include exchange and interest rate risk.

Exchange rate risk: definition, sources and management policies

Exchange rate risk can be defined, in general, as the set of effects resulting from changes in the exchange rate relations between foreign currencies on the performance of the company in terms of operating results, market shares and cash flows.

The Company is exposed to the risk of the oscillation of the exchange rates of currencies, as it operates in an international context in which transactions are conducted at different exchange and interest rates.

Exposure to exchange rate risk results from the geographical location of the business units compared to the geographical distribution of the markets where it sells its products.

In particular, the Company is exposed to two types of exchange rate risk:

- economic/competitive: comprises all effects that a change in market exchange rates can have on the Company income and may hence impact strategic decisions (products, markets and investments) and Company competitiveness on the reference market;
- transaction: consists in the possibility that changes in exchange rate relations occur between the date on which a financial obligation between the counterparts becomes highly probably and/or certain and the date of transaction settlement. These changes cause a difference between the expected and effective financial flows.

The Company manages exchange rate risks its policy of fixing the selling prices of products in foreign currencies and, if necessary, through the use of derivative financial instruments, the use of which is reserved for the management of exposure to exchange rate fluctuations connected with future cash flows and assets and liabilities.

Specifically, in setting the sales price for the foreign counterparty, the company, starting from its margin targets determined in euro, usually applies the exchange rate in place on the date of the order plus the financial component (cost of carry) related to the expected due dates of the collections related to the transaction. For short-term transactions (a few months), the company usually does not engage in derivative transactions to block the exchange rate (and thus completely neutralise possible spot exchange rate fluctuations in the short term). On the other hand, for transactions with medium-to-long expected timelines, the company conducts hedging transactions through the use of derivative instruments.

When the Company decides to carry out transactions in foreign exchange derivatives, it implements a hedging policy only for transaction risk resulting from existing business transactions and from future contractual obligations to hedge cash flows. The goal is to set in advance the exchange rate at which the relevant transactions in foreign currency will be measured.

The main hedges for exposure to foreign exchange risk are traditionally provided for the U.S. dollar, which is the most widely used foreign currency in commercial transactions other than the local currency.

The typically used instruments are forward, flexible forward or other types of contracts on exchange rates correlated by amount, due date and reference parameters with the hedged position.

At 31 December 2020, there were no derivative instruments hedging exchange rate risks.

Exchange rate risk: quantitative information and sensitivity analysis

As stated above, the Company is exposed to risks resulting from changes in exchange rates that can affect both the profit and loss result and the equity.

In particular, when the Company incurs costs in currencies other than the presentation currency of the relevant revenues (and vice versa), the change in exchange rates can affect the earnings.

With regard to the business operations, the Company can have trade receivables or payables in currencies other than the presentation currency. The change in exchange rates can lead to the realization or measurement of exchange rate gains or losses.

At 31 December 2020, the main currency to which the Company is exposed is the USD. At the same date, the Company has no derivative instruments in place to hedge currency exposures.

For the purpose of the sensitivity analysis, the potential effects of fluctuations in reference rates of financial instruments denominated in foreign currencies were analyzed.

The analysis was carried out by applying to the exchange rate exposure reasonable positive and negative change of the EUR against the foreign currencies equal to 5%. Hypotheses were defined in which the local currency gains or loses value compared to the foreign currency.

The results of the sensitivity analysis on exchange rate risk are summarized in the tables below, which show the impacts on profit or loss and equity at 31 December 2020 and 31 December 2019. The prevalence of financial liabilities denominated in foreign currencies over financial assets expose the company to the risk of negative economic effects in the event of an increase in the exchange rate, that is, in the event of strengthening of the value of the euro against the foreign currency. The impacts on the income statement shown in the tables are pre-tax.

FOREIGN EXCHANGE RATE SENSITIVITY ANALYSIS (€thousand)

Foreign Exchange Risk at 31 December 2020	+5% change		-5% change	
	P&L	Other changes in equity	P&L	Other changes in equity
FOREIGN CURRENCY FINANCIAL ASSETS				
Cash and cash equivalent	12	(1)	1	-
Hedging derivatives				-
Receivables	1,302	(62)	69	
Effect		(63)	70	-
FOREIGN CURRENCY FINANCIAL LIABILITIES				
Derivatives for trading				-
Hedging derivatives				-
Loans payable	1,711	81	(90)	-
Overdrawn bank accounts	0	0	(0)	-
Trade payables	1,081	51	(57)	
Effect		132	(147)	-
Total effect	69		(77)	-

FOREIGN EXCHANGE RATE SENSITIVITY ANALYSIS (€thousand)

Exchange Rate Risk at 31 December 2019	+5% change		-5% change	
	P&L	Other changes in equity	P&L	Other changes in equity
FOREIGN CURRENCY FINANCIAL ASSETS				
Cash and cash equivalent	36	(2)	-	2
Hedging derivatives	-		-	-
Receivables	1,181	(56)	62	
Effect		(58)	-	64
FOREIGN CURRENCY FINANCIAL LIABILITIES				
Derivatives for trading	-	-	-	-
Hedging derivatives	-	-	-	-
Loans payable	1,869	89	-	(98)
Overdrawn bank accounts	-	-	-	-
Trade payables	1,059	50	(56)	
Effect		139	-	(154)
Total effect	81		-	(90)

The quantitative data reported above have no forecast value; specifically, the sensitivity analysis on market risks cannot reflect the complexity and related market relations that may result from any assumed change.

Interest rate risk: definition, sources and management policies

The interest rate risk consists in changes in interest rates that affect both the margin and hence the profit of the Company and on the current value of future cash flows.

The Company is shown to interest rate oscillations on its own floating rate loans and leases attributable to the Eurozone, which the company avails itself of to fund its operations.

Changes in the structure of market interest rates affect the Company's capital and its economic value, thus influencing the level of net finance expenses and the margins.

Interest rate risk management is considered with the well-established practice to reduce the risks of interest rate volatility, to reach an optimal mix of variable and fixed interest rates in the make-up of loans, thus offsetting market interest rate oscillations, while pursuing the objective of reducing finance costs on deposits to a minimum.

The strategy adopted is to maintain no more than 30 percent of the total exposure to floating rates.

The Company manages risks of changes in interest rates by using derivatives whose use is reserved to the management of exposure to interest rate oscillations pertaining to money flows and assets and liabilities. Speculative transactions are not allowed.

At 31 December 2020 exposure to interest rate risk was hedged through the use of Interest Rate Swaps.

Interest Rate Swaps are used in order to predetermine the interest paid on various forms of financing in order to ensure stability of cash flows.

The counterparts of said financial instruments are primary credit institutions.

Interest rate risk: quantitative information and sensitivity analysis

The Company avails itself of loans to fund its own and subsidiary transactions. Changes in interest rates could have a negative or positive impact on Company earnings.

In order to tackle said risks, the Company uses interest rate derivatives and mainly interest rate.

At 31 December 2020, the Company had three Interest Rate Swap contracts to hedge interest rate risk; these have a total negative fair value amounting to €291 thousand.

The Interest Rate Swaps were entered into by the Company with the aim of neutralising the risk of variability in interest rate expense flows of the underlying hedged loans and financial leases, transforming them, through the stipulation of derivative contracts, into fixed-rate loans and leases.

In measuring the potential impacts of changes in the interest rates applied, the Company separately analysed the fixed rate financial instruments (for which the impact of the change in rates regards the fair value) and those at floating rate (for which the impact was determined in terms of cash flow) expressed in the various currencies, which the Company has significant exposure to, as specified in the section on exchange rate risk.

At 31 December 2020, some fixed-rate financial instruments were outstanding, but were not measured at fair value, but at amortised cost.

The floating rate financial instruments at 31 December 2020 included cash, bank loans and leases and are all denominated in EUR.

The sensitivity analysis was carried out in order to present the effects on the income statement and shareholders' equity at 31 December 2020, assuming that a reasonably possible change in the relevant risk variable occurred on that date and that this change was applied to the risk exposures existing at that date. Derivative financial instruments are also included in the sensitivity analysis.

At 31 December 2020, the following was assumed:

- an increase in interest rates for all financial instruments (loans, financial leases and derivatives) at a floating rate equal to 10 bps;
- a decrease in interest rates for all financial instruments (loans, financial leases and derivatives) at a floating rate equal to 5 bps;

The decision to simulate, as at 31 December 2020, changes down by 5 bps and up by 10 bps depended on a market scenario that continues to be characterised by very low interest rates and a policy of essentially unchanged key interest rates by euro area monetary authorities also in light of the requirements not to withdraw post-crisis economic stimulus measures too soon after the COVID-19 crisis. These changes have been hypothesized with all other variables constant. The impact before tax that such changes would have had are shown in the table below.

INTEREST RATE SENSITIVITY ANALYSIS (€thousand)

	Carrying amount	Interest Rate Risk at 31 December 2020			
		+10-bps change		-5-bps change	
		P&L	Other changes in equity	P&L	Other changes in equity
FINANCIAL LIABILITIES					
Floating-rate loans	3,230	(3)		2	
Fixed-rate loans	3,149	-		-	
Floating-rate finance leases	4,855	(5)		2	
Operating leases and rent (IFRS16)	1,039	-		-	
IRS hedging derivatives	291	4	22	(2)	(11)
Total impact		4	22	2	(11)

INTEREST RATE SENSITIVITY ANALYSIS (€thousand)

	Carrying amount	Interest Rate Risk at 31 December 2019			
		+10-bps change		-5-bps change	
		P&L	Other changes in equity	P&L	Other changes in equity
FINANCIAL LIABILITIES					
Floating-rate loans	3,611	(4)	-	2	-
Fixed-rate loans	4,434	-	-	-	-
Floating-rate finance leases	5,107	(5)	-	3	-
Operating leases and rent (IFRS16)	1,486	-	-	-	-
IRS hedging derivatives	230	6	25	(3)	(13)
Total impact		(3)	25	2	(13)

NB: for the sake of completeness, the tables also include liabilities related to operating leases and rent payable to which, as from 1 January 2019, IFRS 16 has been applied. However, since the cash flows of these liabilities are not parameterised to the market interest rate variable, there are no sensitivity impacts.

Liquidity risk: definition, sources and management policies

The liquidity risk consists of the possibility that the Company can find itself in the conditions of not being able to meet its payment obligations in cash or delivery, either foreseen or unexpected, due to a lack of financial resources, thus prejudicing day-to-day operations or its financial position.

The liquidity risk that the Company is exposed to can arise out of difficulties to timely obtain financing for its operations and can take the form of the inability to find the necessary financial resources at a reasonable conditions.

The short and medium/long-term demand for liquidity is constantly monitored by the Company management in order to timely obtain financial resources or an adequate investment of cash.

The Company has adopted a series of financial policies to reduce liquidity risk:

- plurality of financing entities and diversification of financing sources;
- adequate lines of credit;
- perspective liquidity plans relating to the company planning process.
- provision in the Arrangement Plan for increases in share capital to satisfy company creditors and the recovery of core business.

Liquidity risk: quantitative information

The two main factors that determine the Company's liquidity are, on the one hand, the resources generated or absorbed by operating and investing activities and, on the other, the characteristics of the expiry and renewal of the debt or liquidity of the financial obligations and market conditions.

The policies implemented to reduce liquidity risk consisted at 31 December 2020 of:

- recourse to credit institutions and leasing companies to find financial resources, avoiding excessive concentration on one or more institutions;
- lines of credit (mostly of the revolving and stand-by type), mostly automatically renewed and used at the discretion of the Company as needed.

The management deems that the available resources, in addition to those that will be generated by operations and loans, will allow the Company to meet its needs resulting from activities relating to investments, management of circulating capital and the repayment of payables at their expiry.

It should be noted that as a result of the standstill agreement formalised with bank lenders in April 2020 and extended until 31 December 2020, the maturities of some loans have been postponed. In addition, following the application for admission to arrangement with creditors on 13 November 2020, all debts admitted to the procedure were frozen.

Based on the provisions of the Arrangement Plan, Management believes that - in addition to those that will be generated by operating and financing activities, including the planned capital increases with the exclusion of pre-emptive rights - the available resources will enable the Group to meet its needs for investment, net working capital management, and debt repayment in accordance with the terms and timing set forth in the Arrangement Plan.

An analysis of financial liabilities as required by IFRS7 is provided below.

MATURITY ANALYSIS (€thousand)

	Carrying amount at 31 December 2020	Contractual cash flows	within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Beyond 5 years
FINANCIAL LIABILITIES							
Loans from banks	4,327	4,367	1,170	697	1,790	710	-
Other loans	2,052	2,071	2,031	40	-	-	-
Overdrawn bank accounts and short-term advances (*)	2,067	2,067	2,067	-	-	-	-
Trade payables	14,444	14,444	13,860	583	-	-	-
Liabilities for finance leases	4,855	6,349	38	78	349	1,862	4,021
Operating leases and rent (IFRS16)	1,039	1,097	33	61	247	758	0
DERIVATIVE LIABILITIES							
Interest rate swap	291	286	4	8	34	146	94
TOTAL	29,074	30,681	19,203	1,467	2,420	3,475	4,116

(*) The amount includes short-term self-liquidating advances (advance payments on invoices, collection advances, advance payments on exports) of about €1,834 thousand, which for reasons of prudence has been entirely allocated to the shortest maturity band.

MATURITY ANALYSIS (€thousand)

	Carrying amount at 31 December 2019	Contractual cash flows	within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Beyond 5 years
FINANCIAL LIABILITIES							
Loans from banks	5,775	5,836	956	1,984	2,186	710	-
Other loans	2,269	2,296	-	415	1,881	-	-
Overdrawn bank accounts and short-term advances (*)	2,921	2,921	2,921	-	-	-	-
Trade payables	15,620	15,620	11,487	3,046	1,039	48	-
Liabilities for finance leases	5,107	6,815	39	78	349	1,862	4,487
Operating leases and rent (IFRS16)	1,486	1,587	37	70	297	1,115	68
DERIVATIVE LIABILITIES							
Interest rate swap	230	228	5	8	37	125	53
TOTAL	33,409	35,304	15,445	5,601	5,790	3,861	4,608

(*) The amount includes short-term self-liquidating advances (advance payments on invoices, collection advances, advance payments on exports) of about €2,860 thousand, which for reasons of prudence has been entirely allocated to the shortest maturity band.

Credit risk: definition, sources and management policies

Credit risk is the exposure of the Company to potential losses that may result from the failure to meet obligations with counterparts.

The main causes of non-performance can relate to the inability to autonomously repay counterparts and to a possible worsening in credit standing.

In particular, the Company is exposed to credit risk due to:

- sale of high-speed milling systems, numerical controls and related servicing;
- subscription of derivatives;
- deployment of liquidity in banks or other financial institutions.

The Company has different concentrations of credit risk depending on the nature of the activities and the various reference markets. Said credit exposure is mitigated by the fact that it is divided over a large number of counterparts.

The concentration of credit risk is present in the markets of the EU, North America and China. Trade receivables are subject to individual writedowns if there is an objective condition in which these position cannot be recovered either in part or in full. The extent of writedown takes into account an estimate of the recoverable flows and relevant date of collection.

The Company controls and manages credit standing including the risk of the counterpart; these same transactions for the deployment of liquidity and hedging of derivatives have been concluded with leading national and international banks. These are regularly reviewed also in terms of concentration and the rating of the counterparts.

Credit risk: quantitative information

The maximum theoretical exposure to credit risk for Fidia S.p.A. at 31 December 2020 is the carrying amount of the financial assets stated in the Statement of Financial Position, plus the face value of collateral provided as indicated in Note No. 28.

The measurement of credit risk is carried out by means of a process to assess credit standing differentiated by type of customer.

Monitoring of credit risk is carried out frequently through the analysis by expiry of overdue positions.

The credit exposures of the Company widely regard trade receivables; the credit risk resulting from said transactions is mitigated by means of the following instruments:

- letters of credit;
- insurance policies.

Moreover, in order to effectively and efficiently manage credit risk, the Company adopts further risk mitigation instruments pursuant to and in compliance with legislation in force in the various markets where it conducts business.

Positions, if individually significant, are subject to specific writedown; these are either partially or totally non recoverable. The extent of writedown takes into account an estimate of the recoverable flows and relevant date of collection as well as of charges and expenses for future recovery. In case of receivables not subject to specific writedown, provisions are allocated on a collective basis, considering experience and statistical data.

Hedge Accounting

At 31 December 2020, the Company had outstanding cash flow hedges for interest rate risk only.

Floating-rate loans payable expose the company to the risk of fluctuations in interest flows associated with changes in the market rates to which they are benchmarked.

The Company still has three hedging transactions outstanding of the five existing at the end of the previous year. Specifically, two are against floating-rate loans and one against a leasing contract, which have been hedged through the stipulation of three *Interest Rate Swaps* that aim to neutralise the variability of the portion of the interest expense flows corresponding to the base parameter to which they are linked (Euribor rate), thus excluding the credit spread component inherent in the interest charged by the counterparties.

There is an economic relationship between the hedged item (borrowings and variable rate leases) and the hedging instruments (IRS). A systematic change of opposite sign between the change in value of hedged items and hedging instruments when market interest rates change is expected.

The hedging transactions were designed with the aim of covering either all or a high portion of the exposure of the underlying individual loans and leases. With these derivative transactions, floating-rate financial liabilities are transformed into fixed-rate financial liabilities (for the portion of the notional principal covered).

The table below provides a representation of the parent company Fidia SpA's entire exposure to interest rate risk, the exposure related to the 3 hedged financial liabilities, and the total amount hedged (equal to the sum of the notional amounts of the 3 IRSs) at the reporting date and for subsequent periods. The table also shows the average interest rate related to three hedged liabilities and how it is transformed into a fixed rate as a result of hedging through IRS.

INTEREST RATE HEDGES (€thousand)						
		2020				
Floating-rate exposures						
Floating-rate loans payable		3,230				
Floating-rate leases		4,855				
Total exposure to interest rate risk		8,085				
		2020	2021	2022	2023	2024 and beyond
Covered exposures						
Hedged exposures (outstanding principal)		5,165	3,836	3,063	2,861	2,647
Average interest rate (floating)		euribor + 3.03%	euribor + 3.03%	euribor + 3.03%	euribor + 3.03%	euribor + 3.03%
Total hedged amount (notional amount of outstanding derivatives)		3,571	2,815	2,629	2,436	2,235
Average fixed interest rate of (derivative pay leg)		0.83%	0.83%	0.83%	0.83%	0.83%
Final average effective rate of hedged exposures		3.86%	3.86%	3.86%	3.86%	3.86%

For comparative purposes, the table below shows the exposure at 31 December 2019.

INTEREST RATE HEDGES	
(€thousand)	2019
Floating-rate exposures	
Floating-rate loans payable	3,611
Floating-rate leases	5,107
Total exposure to interest rate risk	8,718

	2019	2020	2021	2022	2023 and beyond
Covered exposures					
Hedged exposures (outstanding principal)	6,210	4,286	3,488	3,261	3,027
Average interest rate (floating)	euribor + 2.85%	euribor + 2.85%	euribor + 2.85%	euribor + 2.85%	euribor + 2.85%
Total hedged amount (notional amount of outstanding derivatives)	5,766	3,571	2,815	2,629	2,436
Average fixed interest rate of (derivative pay leg)	0.55%	0.55%	0.55%	0.55%	0.55%
Final average effective rate of hedged exposures	3.40%	3.40%	3.40%	3.40%	3.40%

The main causes of potential ineffectiveness of these hedging relationships have been identified in:

- any mismatch, during the life of the hedging relationship, between the notional amount and the contractual characteristics of the hedging derivatives and those of the underlying liabilities (e.g., due to partial early repayment or renegotiation of liabilities, partial unwinding of the derivative or other)
- changes in the creditworthiness of the counterparty to the hedging instrument (measured on the basis of publicly available information) or changes in the credit risk of the hedged item, such that they outweigh the changes in value resulting from the economic relationship being hedged and due to changes in market interest rates (dominant effect of credit risk).

A qualitative and quantitative review of the effectiveness of hedging relationships is scheduled at the date of designation of the hedging relationships and quarterly thereafter (when the interim and annual reports are due).

For the purpose of quantitative verification of the effectiveness of the hedging relationship, the hypothetical hedge method is used.

The following table shows the aggregate information regarding the hedging instruments in place at 31 December 2020 (IRS), i.e.: the notional amount, the carrying amount (fair value), the balance sheet item used to determine the fair value of the derivatives, and any component of change in fair value attributable to the ineffectiveness component.

Hedge accounting - Hedging instruments

Cash flow hedges (€thousand)	Notional amount of hedging instruments	Carrying amount of hedging derivatives		balance sheet item used for derivatives	Change in fair value used to calculate ineffectiveness
		Assets	Liabilities		
Interest rate risk					
Interest Rate Swaps	3,571		291	other financial assets - other financial liabilities	-
Total	3,571		291		

For comparative purposes, the table below shows the hedging instruments in place at 31 December 2019.

Hedge accounting - Hedging instruments

Cash flow hedges (€thousand)	Notional amount of hedging instruments	Carrying amount of hedging derivatives		balance sheet item used for derivatives	Change in fair value used to calculate ineffectiveness
		Assets	Liabilities		
Interest rate risk					
Interest Rate Swaps	5,766	-	230	other financial assets - other financial liabilities	-
Total	5,766	-	230		-

The following table provides aggregate information on the hedged financial liabilities at 31 December 2020, i.e.: the carrying amount (amortised cost), the balance sheet item used to recognise the liabilities in question, any fair value change component attributable to the ineffective component, and the cumulative amount in the cash flow hedge reserve (i.e., the effective component of the hedge).

Hedge accounting - hedged items (2020)

Cash flow hedges (€thousand)	Carrying amount of the hedged items		balance sheet item used for derivatives	Change in fair value used to calculate ineffectiveness	Cash Flow Hedge reserve (*)
	Assets	Liabilities			
Interest rate risk					
Floating-rate loans payable	-	1,727	Financial liabilities	-	0
Floating-rate leases	-	3,438	Financial liabilities	-	286
Total	-	5,165		-	286

(*) The amount of cash flow hedge reserve is expressed before tax effects

For comparative purposes, the table below shows the hedged items in place at 31 December 2019.

Hedge accounting - hedged items (2019)

Cash flow hedges (€thousand)	Carrying amount of the hedged items		balance sheet item used for derivatives	Change in fair value used to calculate ineffectiveness	Cash Flow Hedge reserve (*)
	Assets	Liabilities			
Interest rate risk					
Floating-rate loans payable	-	2,599	Financial liabilities	-	5
Floating-rate leases	-	3,611	Financial liabilities	-	220
Total	-	6,210		-	225

(*) The amount of cash flow hedge reserve is expressed before tax effects

Finally, the following table provides summary information on the effects of applying hedge accounting.

Hedge accounting - summary of effects (2020)

Cash flow hedges (€thousand)	Change in fair value of hedging derivatives in other comprehensive income	Ineffectiveness recognised in profit or loss (*)	Income statement item (which includes ineffectiveness)	Amount reclassified from cash flow hedge reserve to income statement	Income statement item impacted by reclassification
Interest rate risk					
BNL IRS (**)	1	-	finance expenses and income	1	finance expenses and income
INTESA 1 IRS (**)	-	-	finance expenses and income	-	finance expenses and income
INTESA 2 IRS	1	-	finance expenses and income	1	finance expenses and income
INTESA 3 IRS	(66)	-	finance expenses and income	-	finance expenses and income
BPM IRS	2	-	finance expenses and income	2	finance expenses and income
Total	(62)	-		4	

(*) Also includes the accrued component of the differentials accrued at 31 December 2020 of the hedging IRSs included in the fair value of the derivatives and excluded from the calculation of hedge effectiveness.

(**) Derivative expired and terminated during 2020

For comparative purposes, the table below shows the effects of hedge accounting on the 2019 financial statements.

Hedge accounting - summary of effects (2019)

Cash flow hedges (€thousand)	Change in fair value of hedging derivatives in other comprehensive income	Ineffectiveness recognised in profit or loss (*)	Income statement item (which includes ineffectiveness)	Amount reclassified from cash flow hedge reserve to income statement	Income statement item impacted by reclassification
Interest rate risk					
BNL IRS	2	-	finance expenses and income	2	finance expenses and income
INTESA 1 IRS	1	-	finance expenses and income	1	finance expenses and income
INTESA 2 IRS	-	-	finance expenses and income	-	finance expenses and income
INTESA 3 IRS	(148)	-	finance expenses and income	-	finance expenses and income
BPM IRS	3	-	finance expenses and income	3	finance expenses and income
Total	(142)	-		7	

(*) Also includes the accrued component of the differentials accrued at 31 December 2019 of the hedging IRSs included in the fair value of the derivatives and excluded from the calculation of hedge effectiveness

30. FAIR VALUE HIERARCHIES

In relation to financial instruments recognized in the Statement of Financial Position at fair value, IFRS 7 requires that these values are classified on the basis of 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 31 December 2020, the Company held financial liabilities measured at fair value represented by derivative financial instruments to hedge interest rate risk, for an amount of €291 thousand, classified within Level 2 of the hierarchical assessment of fair value.

31. INTER-COMPANY AND RELATED PARTIES TRANSACTIONS

With regard to Fidia S.p.A. inter-company relations and relations with related party consist mainly of transactions entered into with companies under direct control. Moreover, the members of the Board of Directors and Auditors and their families are also considered related parties.

These transactions are regulated at market conditions considered normal in their respective markets, taking into account the characteristics of the goods and services.

The impact of these transactions on the individual items in the 2020 financial statements, as already shown in the supplementary schedules of the Statement of Comprehensive Income and Statement of Financial Position as well as in the comment on each item, is summarized in the following tables:

Data by year - 2020

Counterpart €thousand	Raw materials and consumables	Other operating costs	Personnel expenses	Finance expenses	Revenu es	Other operating revenue	Finance revenue
Fidia GmbH	0	12		7	603	201	
Fidia Sarl					144	42	
Fidia Iberica S.A.		23			265	67	
Fidia Co.		1		40	3,709	227	
Fidia do Brasil Ltda		70			28	34	5
Beijing Fidia Machinery & E. Co. Ltd.	2	368			495	188	119
Shenyang Fidia NC&M Co. Ltd.		23					
OOO Fidia							
Total Group companies	2	497		47	5,244	760	124
Other related parties (associates)							
Other related parties (Giuseppe and Luca Morfino)	4	17	37				
Compensation Board of Directors			203				
Compensation Board of Statutory Auditors (*)		97					
Total other related parties	4	114	240				
Total Group companies and other related parties	6	610	240	47	5,244	760	124
Total item	4,657	4,234	5,773	521	11,639	1,962	138
As % of balance sheet item	0.1%	14%	4%	9%	45%	39%	89%

(*) this value also incorporates the share in the amount of €47 thousand of compensation related to the previous Board of Statutory Auditors that lapsed on 29 April 2020

Data by year 2019

Counterpart	Raw materials and	Other	Personnel	Finance	Revenues	Other	Finance
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€thousand	consumables	operating costs	expenses	expenses		operating revenue	revenue
Fidia GmbH	9	385	.	9	1,558	155	398
Fidia Srl	-	-	-	-	1,196	57	94
Fidia Iberica S.A.	-	76	-	-	1,764	70	179
Fidia Co.	1	212	-	46	3,635	249	-
Fidia do Brasil Ltda	-	135	-	-	817	49	7
Beijing Fidias Machinery & E. Co. Ltd.	13	1,471	-	-	932	215	438
Shenyang Fidias NC&M Co. Ltd.	-	-	-	-	796	-	-
OOO Fidias	-	-	-	-	-	-	-
Total Group companies	23	2,279	-	55	10,698	795	1,116
Other related parties (associates)	-	-	-	-	-	-	-
Other related parties (Giuseppe and Luca Morfino)	11	113	68	-	-	-	-
Compensation Board of Directors	-	-	396	-	-	-	-
Compensation Board of Statutory Auditors	-	64	-	-	-	-	-
Total other related parties	11	177	464	-	-	-	-
Total Group companies and other related parties	34	2,456	464	55	10,698	795	1,116
Total item	15,311	10,939	10,797	638	32,199	2,669	1,139
As % of balance sheet item	0.2%	22%	4%	9%	33%	30%	98%

31 December 2020

Counterpart €thousand	Trade receivables	Other current receivables	Other current financial assets	Trade payables	Other payables assets	Current financial liabilities
Fidia GmbH	178	-	-	109	-	341
Fidia Srl	16	-	-	-	43	-
Fidia Iberica S.A.	(1)	-	-	12	-	-
Fidia Co.	110	-	-	303	823	1,711
Fidia do Brasil Ltda	818	-	120	332	-	-
Beijing Fidias Machinery & E. Co. Ltd.	966	1,096	-	4,900	-	-
Shenyang Fidias NC&M Co. Ltd.	-	-	-	-	-	-
OOO Fidias	-	-	-	-	-	-
Total Group companies	2,086	1,096	120	5,656	865	2,052
Other related parties (associates)	-	-	-	2	-	-
Other related parties (Giuseppe and Luca Morfino)	-	0	-	-	-	-
Other related parties (Payables to BoD members of Fidias SpA)	-	-	-	-	61	-
Other related parties (Payables to Board of Statutory Auditors Fidias S.p.A.)	-	-	-	-	153	-
Total other related parties	-	0	-	2	214	-
Total Group companies and other related parties	2,086	1,096	120	5,658	1,079	2,052
Total item	3,526	2,200	120	14,444	7,591	8,522
As % of balance sheet item	59%	50%	100%	39%	14%	25%

31 December 2019

Counterpart €thousand	Trade receivables	Other current receivables	Other current financial assets	Payables receivables	Other current payables	Financial liabilities assets
Fidia GmbH	248	398	-	87	-	403
Fidia Sarl	51	-	-	-	-	-
Fidia Iberica S.A.	375	179	-	4	-	-
Fidia Co.	245	-	-	390	738	1,869
Fidia do Brasil Ltda	853	-	121	313	-	-
Beijing Fidra Machinery & E. Co. Ltd.	389	1,016	-	4,595	-	-
Shenyang Fidra NC&M Co. Ltd.	405	-	-	-	-	-
OOO Fidra	-	-	-	-	-	-
Total Group companies	2,566	1,593	121	5,389	738	2,272
Other related parties (associates)	-	-	-	2	-	-
Other related parties (Giuseppe and Luca Morfino)	-	3	-	-	7	-
Other related parties (Payables to BoD members of Fidra SpA)	-	-	-	-	24	-
Other related parties (Payables to Board of Statutory Auditors Fidra S.p.A.)	-	-	-	-	64	-
Total other related parties	-	3	-	2	95	-
Total Group companies and other related parties	2,566	1,597	121	5,391	833	2,272
Total item	6,806	1,942	121	15,620	4,859	10,550
As % of balance sheet item	38%	82%	100%	35%	17%	22%

The most significant relations in the period between Fidra S.p.A. and the Group companies were mainly of a commercial nature. The foreign subsidiaries of Fidra deal mostly with the sales and servicing of the Group's products in the relevant markets and for this purpose they purchase from the Parent Company.

The subsidiary Shenyang Fidra NC & M Co. Ltd. manufactures and sells numerical controls and milling systems designed by Fidra for the Chinese market. The strategic components are purchased mainly from the Parent Company at normal market conditions and the remaining parts from local suppliers.

In 2020, inter-company relations also regarded financial management, which envisaged:

- distribution of dividends from subsidiaries (see Note No. 9);
- distribution of dividends from subsidiaries (see Notes No. 24 and No. 18).

Related parties transactions, as defined by IAS 24, not regarding directly controlled companies concerned:

- salary to Mr. Luca Morfino;
- compensation to the Board of Directors and Board of Auditors.

32. NET FINANCIAL POSITION

According to the provisions of Consob Notice of 28 July 2006 and in compliance with the CESR Recommendation of 10 February 2005 "Recommendations for standard implementation of the Regulation of the European Commission on Disclosures", the financial position of the Fidia S.p.A. at 31 December 2020 was:

€thousand	31 December 2020	31 December 2019
A Cash	1	1
B Bank deposits	1,372	933
C Other cash	-	-
D Liquidity (A+B+C)	1,373	934
E Current financial receivables	120	121
F Current bank payables	3,188	5,316
G Current part of non-current debt	2,704	2,712
H Other current financial payables	579	620
I Current financial payables from Group companies	2,052	2,270
J Current financial debt (F+G+H+I)	8,523	10,918
K Net current financial debt (J-E-D)	7,029	9,863
L Non-current bank payables	526	706
M Bonds issued	-	-
N Other non-current financial payables	5,606	6,203
O Non-current financial debt (L+M+N)	6,132	6,909
P Net financial debt (K+O)	13,162	16,772

This representation did not incorporate the communication issued by ESMA on 4/03/2021 on "Guidance on disclosure requirements under the Prospectus Regulation" (ESMA 32-382-1138) having an effective date of application on 5 May 2021, as it refers to the period 2020.

33. NON-RECURRENT SIGNIFICANT EVENTS AND TRANSACTIONS

According to Consob Notice of 28 July 2006, in 2020 the company did not have any non-recurrent significant transactions.

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

According to Consob Notice of 28 July 2006, in 2020 there were no atypical and/or unusual transactions as defined by said Notice, by which atypical and/or unusual transactions are all those transactions whose significance/relevance, nature of the counterparts, subject-matter of the transaction, transfer pricing method and timing of the event (near year end) can give rise to doubts on: correctness/completeness of information posted, conflict of interests, safeguard of company equity, safeguard of non-controlling interests.

35. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Below follows a breakdown of the fair value for the different categories of assets and liabilities and related economic effects.

FAIR VALUE BY CATEGORY - IFRS 9 - 31 December 2020

€ thousand	Carrying amount at 31 December 2020	Amortized Cost	FV recognised in equity	FV recognised in profit or loss	IFRS 9	Fair value at 31 December 2020
ASSETS						
Cash	1,373					1,373
Total	1,373					1,373
LIABILITIES						
Liabilities at amortized cost	9,678	9,678				9,678
Hedging derivatives	291		230			230
Total	9,969	9,678	230			9,908

NET PROFIT AND LOSS BY CATEGORY - IFRS 9 - 31 December 2020

€ thousand	Net profit and loss	of which interest
ASSETS		
Cash	1	1
Hedging derivatives	-	-
Total	1	1
LIABILITIES		
Liabilities at amortized cost	(315)	(315)
Total	(315)	(315)

36. RECONCILIATION OF TAX RATE

Below are the details of the reconciliation of the theoretical tax rate with the actual tax rate.

€ thousand	Tax base	Taxes	Tax rate %
Earnings before tax	(9,581)		
Theoretical tax			24%
Increases of a permanent nature	1,671	(401)	4%
Decreases of a permanent nature	(734)	176	-2%
Temporary changes in which no deferred tax assets are recorded	5,843	(1,402)	15%
Tax loss offsetting and ACE utilisation	-	-	-
Actual IRES tax	(2,800)	(1,627)	17%
Current taxes	-	-	-
Deferred tax assets	16	1	17
Deferred taxes	-	-	-
Taxes prior years	-	-	-
Total	16	1	17

37. DISCLOSURE ON TRANSPARENCY OF PUBLIC GRANTS

Information required by Article 1, paragraph 125, of Law No. 124 of 4 August 2017

Pursuant to the provisions of Article 3-quater of Decree Law 135/2019 for grants received, please refer to the indications contained in the National Register of State Aid, Transparency section, which provides the overall picture of grants made by public entities.

With reference to grants, and based on the interpretation of Assonime Circular 5/2020, they do not fall under the scope of Law 124/2017:

- the sums received as consideration for public works, services and supplies
- paid assignments that are part of the typical exercise of the company's activity
- the forms of incentive/subsidy received in application of a general aid scheme to all eligible persons
- public resources traceable to public entities in other countries (European or non-European) and to European institutions
- training contributions received from inter-professional funds set up in the legal form of associations.

Grants are identified on an accrual basis; as stipulated in the rule, grants of less than €10 thousand per disbursing party are excluded.

38. SUBSEQUENT EVENTS

With reference to significant events after year end, please refer to the special section "Significant events after year end and business outlook" contained in the Director's Report.

39. PROPOSED ALLOCATION OF THE RESULT FOR THE YEAR

Dear Shareholders,

We propose that you approve the Financial Statements at 31 December 2020 and carry forward the loss for the period, amounting to €9,573,878.81.

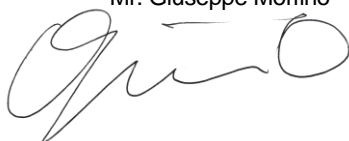
Annexes

The annexes comprise additional information compared to the Notes, which these are an integral part of.

This information is comprised in the following annexes:

- list of investments with further information required by CONSOB (Notice No. DEM/6064293 of 28 July 2006);
- summary of main data of the last financial statements of the subsidiaries and associates (article 2429 of the Italian Civil Code) at 31 December 2020;
- information as per article 149/XII of the Consob Regulation on Issuers.

San Mauro Torinese, 20 May 2022
On behalf of the Board of Directors
The Chairman and CEO
Mr. Giuseppe Morfino



Annexes

Fidia S.p.A. - FINANCIAL STATEMENTS AT 31 DECEMBER 2020

List of investments with additional information required by CONSOB (Notice No. DEM/6064293 of 28 July 2006)

	Share capital	Shareholders' equity	Profit (loss) at 31/12/2020	Profit (loss) at 31/12/2019	% held	Portion of carrying amount of the shareholders' equity for the period	Net value of balance sheet	Difference between equity for the period and carrying amount
SUBSIDIARIES								
Fidia Gmbh – Germany Robert-Bosch-Strasse, 18 - 63303 Dreieich (Germany)	520.000	1,073,034	(61.413)	(123.493)	100.00%	1,073,034	1,136,952	(63.918)
Fidia Co. (*) - United States 3098 Research Drive - 48309 Rochester Hills (Michigan - United States)	356.062	6,431,874	(192.916)	451.813	100.00%	6,431,874	3,465,754	2,966,120
Fidia Iberica S.A. – Spain Parque Tecnologico de Zamudio - Edificio 208 - 48170 Zamudio (Bilbao)	180.300	219.253	(99.522)	26.628	99.993%	219.238	171.440	47.798
Fidia S.a.r.l. - France 47 bis, Avenue de l'Europe - 77184 Emerainville (France)	300.000	260.633	(118.443)	105.906	93.19%	242.884	221.434	21.450
Beijing Fidial Machinery & Electronics Co. Ltd. (*) - China Room 106, Building C, No. 18 South Xihuan Road - Beijing Development Area - 100176 Beijing (PRC)	1,638,575	4,095,494	(163.308)	237.481	100.00%	4,095,494	1,637,652	2,457,842
Fidia Do Brasil Ltda (*) – Brazil Av. Salim Farah Maluf, 4236 - 3° andar Mooca Sao Paulo - CEP 03194-010 (Brazil)	88.545	(328.874)	(170.266)	(174.023)	99.75%	(328.052)	-	(328.052)
Shenyang Fidial NC & Machine Company Limited (*) - China n.1, 17A, Kaifa Road - Shenyang Economic & Technological Development Zone - 110142 Shenyang (PRC)	5,436,692	1,176,779	(487.063)	(722.870)	51.00%	600.157	-	600.157
OOO Fidial (*) - Russia ul. Prospekt Mira 52, building 3, 129110 Moscow (Russia - Russian Federation)	51.458	14	-	-	100.00%	14	-	14
ASSOCIATES								
Consorzio Prometec – Italy Via Al Castello n. 18/A - Rivoli (Turin)	10.329	10.329	-	-	20.00%	2.066	2.066	-

(*) The amounts were translated into EUR at the exchange rates at 31/12/2020 and 31/12/2019.

Fidia S.p.A. - FINANCIAL STATEMENTS AT 31 DECEMBER 2020

Summary overview of the essential data of the last financial statements of the companies

SUBSIDIARIES AND ASSOCIATES (Article 2429 of the Civil Code)

Subsidiaries	Fidia GmbH	Fidia Co.	Fidia S.a.r.l.	Fidia Iberica S.A.	Fidia do Brasil Ltda
Accounting currency	EUR	USD	EUR	EUR	REALS
Period of reference of balance-sheet information	31/12/2020	31/12/20	31/12/20	31/12/20	31/12/20
Inclusion in scope of consolidation (line by line)	YES	YES	YES	YES	YES
ASSETS					
Non-current assets					
- Property, plant and equipment	321,273	1,392,727	64,776	205,903	38,047
- Intangible assets	300	11,096	-	307	1,590
- Equity Investments	22,867	-	-	3,366	-
- Other non-current financial assets	-	-	-	-	-
- Pre-paid tax assets	142,165	136,200	17,642		148,194
- Other non-current receivables and assets		645	6,968	1,000	
Total non-current assets	486,605	1,540,668	89,385	210,576	187,831
Current assets					
- Inventory	157,982	3,173,813	159,428	150,445	955,862
- Trade receivables and other current receivables	424,858	2,330,027	131,215	133,130	2,885,426
- Other current financial receivables	342,088	2,100,000	-	-	-
- Cash and cash equivalents	363,580	1,888,171	394,233	200,540	290,252
Total current assets	1,288,508	9,492,011	684,876	484,115	4,131,540
Total assets	1,775,113	11,032,679	774,261	694,691	4,319,370
LIABILITIES					
Shareholders' equity					
- Share capital	520,000	400,000	300,000	180,300	399,843
- Other reserves	614,447	7,729,280	79,076	138,475	(1,410,732)
- Profit (loss) of the period	(61,413)	(236,728)	(118,443)	(99,522)	(1,085,190)
TOTAL SHAREHOLDERS' EQUITY	1,073,034	7,892,552	260,633	219,253	(2,096,079)
Non-current liabilities					
- Other non-current payables and liabilities	11,365	-	55,155	-	-
- Termination benefits	-	-	-	-	-
- Deferred tax liabilities	58,886	-	-	23,493	-
- Long-term provisions	-	53,410	-	11,400	-

- Other non-current financial liabilities	13,414	-	17,902	8,575	-
- Non-current financial liabilities	182,054	1,260,653	-	188,774	-
Total non-current liabilities	265,719	1,314,063	73,056	232,242	-
Current liabilities					
- Current financial liabilities	80,435	-	188,440	52,125	921,806
- Trade payables and other current payables	329,897	1,715,167	252,132	165,275	5,456,570
- Short-term provisions	26,028	110,897		25,796	37,073
Total current liabilities	436,360	1,826,064	440,572	243,196	6,415,449
Total liabilities	1,775,113	11,032,679	774,261	694,691	4,319,370
Subsidiaries					
	Fidia GmbH	Fidia Co.	Fidia S.a.r.l.	Fidia Iberica S.A.	Fidia do Brasil Ltda
Accounting currency	EUR	USD	EUR	EUR	REALS
INCOME STATEMENT					
- Net sales	2,687,091	7,611,830	499,989	823,472	5,951,343
- Other operating revenue	414,349	326,793	57,626	118,418	99,324
Total revenue	3,101,440	7,938,622	557,615	941,890	6,050,666
- Changes in inventories of finished goods and work in progress	(11,862)	(255,916)	(25,260)	(1,604)	2,964,941
- Raw materials and consumables	1,012,594	4,647,259	163,195	231,246	493,804
- Personnel expenses	1,032,108	1,760,056	312,413	480,401	999,570
- Other operating costs	989,528	1,905,107	175,794	262,101	1,719,973
- Depreciation, amortisation and write-downs	221,030	196,654	50,161	70,194	108,015
Operating income from ordinary business	(141,959)	(314,538)	(118,687)	(100,448)	(235,637)
- Non-recurring income/(expenses)					
Operating profit/(loss)	(141,959)	(314,538)	(118,687)	(100,448)	(235,637)
- Finance revenue (expenses)	6,671	16,135	(2,123)	(4,398)	(879,304)
EBT	(135,288)	(298,403)	(120,810)	(104,846)	(1,114,941)
Income tax	73,875	61,675	2,367	5,324	29,750
Profit/(loss) for the period	(61,413)	(236,728)	(118,443)	(99,522)	(1,085,190)

SUBSIDIARIES AND ASSOCIATES (Article 2429 of the Civil Code) (contd)

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Non-current liabilities					
- Other non-current payables and liabilities	-	-			
- Termination benefits	-	-			
- Deferred tax liabilities	14,318	-			
- Long-term provisions	-	-			
- Non-current financial liabilities	-	-			
- Other non-current financial liabilities	-	-			
Total non-current liabilities	14,318	-	-	-	
Current liabilities					
- Current financial liabilities	3,940,116	-			
- Trade payables and other current payables	25,373,805	4,349,965		2,720	
- Short-term provisions	-	-			
Total current liabilities	29,313,921	4,349,965	-	2,720	
Total liabilities					
		62,184,339	13,790,673	1,307	13,049
Subsidiaries					
Accounting currency	RMB	RMB	RUR		
Period of reference of balance-sheet information	31/12/20	31/12/20	31/12/20		31/12/20
Inclusion in scope of consolidation (line by line)	YES	YES	YES		
ASSETS					
Non-current assets					
- Property, plant and equipment	3,959,844	18,530			-
- Intangible assets	-	-			-
- Equity Investments	-	-			-
- Other non-current financial assets	-	-			-
- Pre-paid tax assets	1,839,719	91,155			-
- Non-current trade and other receivables	-	-			-
Total non-current assets	5,799,564	109,686			-
Current assets					
- Inventory	7,658,094	10,792,167			
- Trade receivables and other current receivables	42,759,000	1,353,419		1,263	
- Other current financial receivables	-	-			
- Cash and cash equivalents	5,967,681	1,535,402		44	
Total current assets	56,384,775	13,680,988		1,307	

Total assets	62,184,339	13,790,673	1,307
<u>LIABILITIES</u>			
Shareholders' equity			
- Share capital	12,814,480	42,517,648	3,599,790
- Other reserves	21,351,759	(29,169,474)	(3,598,483)
- Profit (loss) of the period	(1,310,138)	(3,907,466)	
TOTAL SHAREHOLDERS' EQUITY	32,856,100	9,440,708	1,307
Non-current liabilities			
- Other non-current payables and liabilities	-	-	
- Termination benefits	-	-	
- Deferred tax liabilities	14,318	-	
- Long-term provisions	-	-	
- Non-current financial liabilities	-	-	
- Other non-current financial liabilities	-	-	
Total non-current liabilities	14,318	-	-
Current liabilities			
- Current financial liabilities	3,940,116	-	
- Trade payables and other current payables	25,373,805	4,349,965	
- Short-term provisions	-	-	
Total current liabilities	29,313,921	4,349,965	-
Total liabilities	62,184,339	13,790,673	1,307

Subsidiaries	Beijing Fidia M.&E. Co Ltd.	Shenyang Fidia NC&M Company Ltd	OOO Fidia	Prometec
Accounting currency	RMB	RMB	RUR	EUR
LIABILITIES				
Shareholders' equity				
- Share capital	12,814,480	42,517,648	3,599,790	10,329
- Other reserves	21,351,759	(29,169,474)	(3,598,483)	
- Profit (loss) of the period	(1,310,138)	(3,907,466)		
TOTAL SHAREHOLDERS' EQUITY	32,856,100	9,440,708	1,307	10,329
Non-current liabilities				
- Other non-current payables and liabilities	-	-		
- Termination benefits	-	-		
- Deferred tax liabilities	14,318	-		
- Long-term provisions	-	-		
- Non-current financial liabilities	-	-		
- Other non-current financial liabilities	-	-		
Total non-current liabilities	14,318	-	-	-
Current liabilities				
- Current financial liabilities	3,940,116	-		
- Trade payables and other current payables	25,373,805	4,349,965		2,720
- Short-term provisions	-	-		
Total current liabilities	29,313,921	4,349,965	-	2,720
Total liabilities	62,184,339	13,790,673	1,307	13,049
Subsidiaries	Beijing Fidia M.&E. Co Ltd.	Shenyang Fidia NC&M Company Ltd	OOO Fidia	Prometec
Accounting currency	RMB	RMB	RUR	EUR
INCOME STATEMENT				
- Net sales	28,318,008	9,907,864		1,578
- Other operating revenue	173,372	96,920		
Total revenue	28,491,380	10,004,784	-	1,578
- Changes in inventories of finished goods and work in progress		6,933,862		
- Raw materials and consumables	12,639,874	1,930,968		
- Personnel expenses	10,349,953	2,935,509		
- Other operating costs	6,202,447	1,207,599		1,578
- Depreciation, amortisation and write-downs	1,526,617	919,645		
Operating profit/(loss)	(2,227,510)	(3,922,799)	-	-
- Non-recurring income/(expenses)		-		
Operating profit/(loss)	(2,227,510)	(3,922,799)	-	-

FIDIA S.p.A. - Financial Statements at 31 December 2020

Information as per article 149/XII of the Consob Regulation on Issuers

This overview drawn up according to article 149/XII of the Consob Regulation on Issuers shows the compensation accrued in the period 2020 for auditing services and for those other than auditing provided by the Chief Auditor, the entities belonging to his network and by other auditing firms

Entity providing the service		Recipient	Compensation accrued in the period 2020 (€thousand)
Auditing	EY S.p.A.	Parent company - Fidia S.p.A.	77
	EY network	Subsidiaries	75
Certification services	EY S.p.A.	Parent company - Fidia S.p.A.	5
Other services			-
Total			157

Certificate pursuant to Article 81-ter of R. E.
Consob

Certification of the financial statements pursuant to Article 81-ter of Consob Regulation no. 11971 of 14 May 1999 as amended

1. The undersigned Giuseppe Morfino in the capacity as Chairman and CEO, and Secondo Dentis, in the capacity as Financial Reporting Officer of Fidia S.p.A. attest, taking into account the provisions of article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:
 - a. adequacy with respect to the characteristics of the Company and
 - b. effective application of the administrative and accounting procedures for the formation of the financial statements during 2020.
2. It is also attested that:
 - 2.1. The financial statements:
 - a. have been prepared in accordance with the international accounting standards adopted by the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
 - b. correspond to the books and accounting records;
 - c. are suitable to give a true and fair view of the financial, economic and equity position of the issuer.
 - 2.2. The Report on Operations includes a reliable analysis of the trends and of the result of operations, as well as of the situation of the issuer, together with a description of the main risks and uncertainties to which it is exposed.

San Mauro Torinese, 20/05/2022

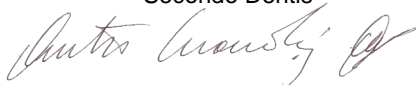
Chairman and CEO

Giuseppe Morfino



Manager in charge of preparing the corporate accounting documents

Secondo Dentis



Report of the Board of Statutory Auditors

FIDIA S.p.A.

Sede legale: Corso Lombardia n. 11 – 10099 San Mauro Torinese (TO)

Capitale sociale: Euro 5.123.000 i.v.

Iscritta al Registro delle Imprese di Torino al n. 05787820017

www.fidia.com

RELAZIONE DEL COLLEGIO SINDACALE

ALL'ASSEMBLEA DEGLI AZIONISTI DI FIDIA S.P.A.

BILANCIO AL 31.12.2020

(Art. 153 del D.lgs. 24 febbraio 1998 n. 58 e Art. 2429, comma 2 Cod. Civ.)

Signori Azionisti,

Il Collegio Sindacale di Fidia S.p.A. (in prosiegua anche la Società), in persona del Dott. Massimo Ceraolo (Presidente), del dott. Giuseppe Chiappero e della dott.ssa Mariarosa Schembari (Sindaci Effettivi), è stato nominato dall'Assemblea degli Azionisti tenutasi in data 29 aprile 2020 per il triennio 2020 – 2022 e rimarrà in carica, conseguentemente, sino alla data dell'Assemblea convocata per l'approvazione del bilancio di esercizio al 31.12.2022. Quali Sindaci supplenti sono stati nominati in pari data la dott.ssa Ombretta Cataldi, il dott. Francesco Cappello e la dott.ssa Silvia Cornaglia. A seguito delle dimissioni del dott. Francesco Cappello, pervenute alla Società in data 4 agosto 2020 ed al Presidente del Collegio Sindacale in data 6 agosto 2020, sarete chiamati a deliberare sulla sua sostituzione nella prossima Assemblea.

Fonti normative e regolamentari

La presente Relazione dell'Organo di controllo, redatta ai sensi dall'articolo 153 del D.lgs. 24 febbraio 1998 n. 58 (Testo Unico della Finanza, in prosiegua T.U.F.), è finalizzata principalmente a garantire un'Informativa efficace e trasparente agli Azionisti, al mercato ed alle Autorità di Vigilanza riferendo sull'attività svolta nel corso dell'esercizio chiuso al 31 dicembre 2020, su omissioni e fatti censurabili eventualmente rilevati e formulando - se del caso - proposte in ordine al bilancio, all'approvazione dello stesso ed alle materie di



propria competenza attenendosi alle disposizioni Consob in materia di controlli societari, alle indicazioni contenute nel Codice di Autodisciplina (divenuto dal 1° gennaio 2021, in seguito alle modifiche adottate dal Comitato per la Corporate Governance, il "Codice di Corporate Governance"), nonché dalle "Norme di comportamento del Collegio Sindacale di Società quotate" (in prosieguo Norme di comportamento) emanate dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (C.N.D.C.E.C.) nel mese di aprile 2018. Con questa Relazione, anche in osservanza alle indicazioni fornite dalla Consob con Comunicazione DEM/1025564 del 6 aprile 2001, come successivamente modificata e integrata e tenuto anche conto dei richiami di attenzione di volta in volta emanati, il Collegio Sindacale dà conto delle attività svolte, distintamente per ciascun oggetto di vigilanza previsto dalle normative che regolano l'attività dell'Organo di controllo.

Inoltre, avendo la Società adottato il modello di governance tradizionale, il Collegio Sindacale - quale organo apicale del complessivo sistema dei controlli societari e, dunque, quale necessario collettore ed interprete dei diversi flussi informativi - si identifica anche nella veste di "Comitato per il controllo interno e la revisione contabile" cui competono ulteriori specifiche funzioni di controllo e di monitoraggio sull'informativa finanziaria e sulla revisione legale previsti dall'art. 19 del D.lgs. 27 gennaio 2010 n. 39, così come modificato dal D.lgs. 17 luglio 2016 n. 135, oltre che dalle Norme di comportamento (norme Q.3.6., Q.3.12., Q.5.3. e Q.5.12), riferendo altresì sulle correlate attività svolte in forza di quanto previsto dal Regolamento (UE) n. 537/2014.

L'incarico di revisione legale dei conti è stato da Voi affidato, ai sensi dell'articolo 159, comma 4 del T.U.F. e del D.lgs. 27 gennaio 2010 n. 39, alla Società di Revisione Ernst and Young S.p.A. (in prosieguo EY S.p.A.), come deliberato dall'Assemblea degli Azionisti in data 27 aprile 2012 per il novennio 2012 - 2020.

L'Assemblea degli Azionisti tenutasi in data 29 aprile 2020 ha già conferito - ai sensi del T.U.F. e dell'articolo 13 del D.lgs. 39/2010 - l'incarico per la revisione legale dei conti per gli esercizi 2021 - 2029 alla Società di Revisione Deloitte & Touche S.p.A. che, pertanto,

darà inizio alla propria attività di revisione a decorrere dalla data di approvazione del bilancio consolidato e di esercizio chiuso al 31 dicembre 2020.

Le azioni di Fidia S.p.A. sono attualmente quotate nel segmento "Euronext Milan" (EXM) di Borsa Italiana: con decorrenza infatti dal 13 novembre 2020 la Società, in ragione delle circostanze rappresentate in seno al Consiglio di Amministrazione riunitosi in tale data, ha richiesto l'esclusione volontaria delle azioni dal segmento STAR ed il passaggio delle stesse al segmento "Mercato Telematico Azionario" (MTA, dal 25 ottobre 2021 denominato Euronext Milan - EXM) gestito da Borsa Italiana S.p.A., garantendo comunque il rispetto della *best practice* e dei principi di governance previsti dal Codice di Autodisciplina delle società quotate.

Infine Vi comunichiamo che, in accordo con il Codice di Autodisciplina, il Consiglio di Amministrazione è stato nominato dall'Assemblea degli Azionisti del 29 aprile 2020 con scadenza con l'approvazione del bilancio consolidato e separato dell'esercizio chiuso al 31 dicembre 2022.

A seguito delle dimissioni del Vice Presidente e Amministratore Delegato, il Consiglio di Amministrazione del 28 ottobre 2021 ha nominato per cooptazione, ai sensi dell'art. 2386 del Cod. Civ., un nuovo Consigliere di Amministrazione che ha poi assunto in data 22 gennaio 2022 la funzione di Vice Presidente del Consiglio di Amministrazione a cui, in pari data, sono state altresì conferite deleghe operative.

Il Consiglio di Amministrazione in carica, nel rispetto delle quote di genere, consta di cinque membri dei quali due con deleghe operative, due indipendenti ed altresì membri del Comitato Controllo e Rischi - anche con funzione di Comitato Parti Correlate - e del Comitato Remunerazione ed il terzo, non indipendente, anch'egli membro del Comitato Controllo e Rischi - anche con funzione di Comitato Parti Correlate - e del Comitato Remunerazione. La Lead Independent Director è rappresentata da una delle amministratrici indipendenti.

L'Organismo di Vigilanza (O.d.V.) è attualmente composto da due membri esterni ed un terzo dovrà essere a breve nominato.



Introduzione

Dalla perdita del Capitale Sociale di oltre un terzo alla presentazione della domanda di concordato preventivo in continuità aziendale, ex art. 161, comma 6 L. Fall.

Sin dal proprio insediamento e, soprattutto, a seguito della presentazione in data 15 maggio 2020 della Relazione finanziaria del primo trimestre dell'anno 2020, il Collegio Sindacale ha dovuto constatare le difficoltà economico-finanziarie in cui la Società verteva, i cui segnali prelliminari già emergevano dai dati del bilancio di esercizio e consolidato al 31 dicembre 2019, approvato dal Consiglio di Amministrazione in data 13 marzo 2020, ulteriormente aggravatisi a seguito dell'evento pandemico. Dall'esame della Relazione finanziaria intermedia del primo trimestre 2020 il Collegio Sindacale ha preso quindi atto della riduzione di oltre un terzo del capitale sociale e, dunque, del verificarsi dei presupposti di cui all'art. 2446 Cod. Civ.

Il Collegio Sindacale si è quindi prontamente attivato intensificando gli incontri con la Direzione al fine di acquisire dati ed informazioni le più aggiornate possibili sulla situazione economica, finanziaria e gestionale della capogruppo alla data del 31 marzo 2020 e dei mesi successivi, promuovendo infine la convocazione del Consiglio di Amministrazione, poi tenutosi in data 29 giugno 2020, affinché fossero messe in atto tutte le misure previste dal Codice Civile al fine di prevenire l'aggravamento della crisi e tutelare il patrimonio sociale. Durante il consesso del 29 giugno 2020 il Consiglio di Amministrazione ha quindi presentato la "Relazione Illustrativa predisposta dal Consiglio di Amministrazione di Fidia S.p.A. ai sensi dell'art. 2446 del Codice Civile" in cui ha evidenziato che il risultato negativo consuntivato nella situazione economico-patrimoniale di Fidia S.p.A. al 31 marzo 2020 era tale da richiedere, coerentemente alle indicazioni del Collegio Sindacale ed ai sensi della predetta norma, la convocazione senza indugio dell'Assemblea degli Azionisti per l'adozione delle deliberazioni inerenti le fattispecie ivi previste. Tale Assemblea si è quindi tenuta il 31 luglio 2020 deliberando il rinvio a nuovo della perdita al 31 marzo 2020 ai sensi dell'articolo 6 del D.L. 8 aprile 2020 n. 23 (Decreto Liquidità), come convertito nella L. 5



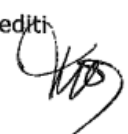
giugno 2020 n. 40, il quale disponeva, per le perdite emerse nell'esercizio in corso alla data del 31 dicembre 2020, la disapplicazione dei commi secondo e terzo dell'articolo 2446 Cod. Civ.

In data 11 settembre 2020, in sede di approvazione della Relazione finanziaria intermedia al 30 giugno 2020 soggetta a revisione limitata da parte di EY S.p.A., il Consiglio di Amministrazione - preso atto di perdite ulteriori rispetto a quelle già emerse al 31 marzo 2020 - ha verificato il permanere della riduzione del capitale sociale oltre il terzo, constatando l'aggravamento della capacità di far fronte regolarmente alle proprie obbligazioni nei confronti dei creditori e dei terzi e, pertanto, lo stato di crisi dell'azienda.

A seguito degli eventi di cui sopra, tempestivamente comunicati al mercato, la Consob ha richiesto alla Società, con provvedimento del 6 novembre 2020, di emettere entro la fine di ogni mese, a partire dal 30 novembre 2020, con le modalità previste nella Parte III, Titolo II, Capo I del Regolamento Consob n. 11971/1999, un comunicato stampa ai sensi dell'articolo 114 T.U.F. contenente una serie di informazioni aggiornate alla fine del mese precedente. Il Collegio Sindacale ha accertato la tempestività di pubblicazione di tali comunicati a partire dal 30 novembre 2020 (primo comunicato emesso) e sino al 31 maggio 2022 (ultimo comunicato emesso alla data di redazione della presente Relazione).

Il Consiglio di Amministrazione della Vostra Società, preso atto della necessità di comporre la situazione di crisi di Fidia S.p.A. in un contesto organizzato e protetto, nonché di assicurare la miglior tutela di tutti gli interessi coinvolti e la continuità operativa aziendale, vagliandola tra gli altri strumenti offerti dall'ordinamento quale la soluzione migliore nell'interesse dei creditori, ha deliberato in data 13 novembre 2020 la presentazione presso il competente Tribunale di Ivrea della domanda di concordato preventivo con riserva ex articolo 161, comma 6 L. Fall., di cui gli Amministratori Vi hanno già informato nella Relazione sulla Gestione.

Le operazioni di voto da parte dell'adunanza dei creditori sulla proposta di concordato preventivo in continuità aziendale hanno avuto inizio in data 27 aprile 2022 e si sono concluse con esito positivo con il raggiungimento della maggioranza del 74,21% dei crediti



ammessi al voto e della maggioranza di tutte le classi richiesta dall'art. 177 L. Fall. per l'approvazione della procedura, come risultante dal comunicato del 19 maggio 2022 del Commissario giudiziale e dal decreto del Tribunale di Ivrea del 23 maggio 2022.

Il Tribunale di Ivrea, Sezione Fallimentare, preso dunque atto del raggiungimento da parte dell'adunanza dei creditori delle maggioranze necessarie per l'approvazione del concordato preventivo, ha fissato per il 22 giugno 2022 l'udienza, in camera di consiglio, per il giudizio di omologazione con prevedibile emissione, nei giorni immediatamente successivi, del relativo decreto.

Andamento economico

L'anno 2020 è stato caratterizzato dalla diffusione della pandemia Covid-19 che ha influito significativamente sull'intero complesso economico mondiale sia in termini di restrizioni per il contenimento dei suoi effetti che di aumento dell'incertezza circa le prospettive di sviluppo e le interruzioni delle catene di approvvigionamento.

Da quanto ci consta, Fidia S.p.A. ha messo in atto le misure volte alla prevenzione della diffusione del virus Covid-19 ed alla salvaguardia della salute e sicurezza dei propri lavoratori.

Gli effetti delle incertezze e del rallentamento dello scenario economico mondiale si sono riflessi significativamente anche sul Gruppo Fidia, con una contrazione della domanda dei propri prodotti in quasi tutti i mercati di riferimento ed una riduzione dei ricavi rispetto al precedente esercizio ed alle previsioni del budget per l'esercizio 2020.

Come anzi descritto, nonostante le misure attuate in termini di riduzione dei costi fissi e del personale dipendente, di gestione delle scorte e di contenimento del capitale circolante, Fidia S.p.A. ha presentato la domanda di concordato preventivo con riserva ex articolo 161, comma 6 L. Fall. il cui piano è fondato sulla continuità diretta dell'attività aziendale e, dunque, sulla prosecuzione dell'attività di impresa come entità in funzionamento.

A tale riguardo ed in ottica valutativa, tale prospettiva è confermata anche dalle previsioni economiche, reddituali e finanziarie di Fidia S.p.A. e dell'intero Gruppo fino al 2024 contenute nel Piano Industriale 2021-2024.



Il Collegio Sindacale tuttavia ha raccomandato che gli Amministratori, oltre al costante e rigoroso monitoraggio periodico tramite l'analisi dettagliata degli scostamenti economici, patrimoniali e finanziari del Piano, procedessero anche alla periodica valutazione in termini di aggiornamento delle *assumptions* in esso contenute onde apportare tempestivamente tutte le correzioni che dovessero risultare necessarie al fine di mantenere la sussistenza del principio della continuità aziendale, oltre che ad apportare, qualora occorresse, tutti gli aggiustamenti necessari a seguito del clima di instabilità recentemente generato dal conflitto tra la Russia e l'Ucraina con ricadute sull'intero panorama economico mondiale. In tale contesto, si dà atto che gli Amministratori – anche su impulso del Collegio Sindacale - hanno proceduto all'analisi del forecast economico consolidato per l'anno 2022 con focus sul budget delle commesse e collegata previsione dei flussi di cassa evidenziando e motivando gli eventuali scostamenti dal Piano Industriale. Il Collegio rileva che in merito alle previsioni economiche e finanziarie per l'anno in corso gli Amministratori non hanno evidenziato, sino ad oggi, andamenti in sostanziale contrasto con gli obiettivi del Piano Industriale.

1. Considerazioni sul bilancio 2020 e sulle operazioni di maggior rilievo economico, finanziario e patrimoniale effettuate dalla Società e sulla loro conformità alla legge e all'atto costitutivo

Il bilancio consolidato e separato di Fidia S.p.A. è stato redatto in base ai principi contabili internazionali IAS/IFRS emessi dall'International Accounting Standards Board (IASB), omologati dall'Unione Europea, nonché conformemente ai provvedimenti emanati in attuazione dell'art. 9 del D.lgs. 38/2005.

Nella Relazione degli Amministratori sulla gestione sono riepilogati i principali rischi e incertezze e si dà conto dell'evoluzione prevedibile della gestione.

Il bilancio della Società è costituito dalla Situazione Patrimoniale e Finanziaria, dal Conto Economico, dal Conto Economico Complessivo, dal Prospetto delle variazioni del Patrimonio netto, dal Rendiconto Finanziario e dalle Note esplicative.



Il bilancio è corredato dalla Relazione degli Amministratori sulla gestione e dalla Relazione sul governo societario e gli assetti proprietari, quest'ultima predisposta ai sensi dell'articolo 123 bis del T.U.F.

Il Collegio Sindacale ha esaminato il fascicolo di bilancio consolidato di Gruppo e separato al 31 dicembre 2020 della capogruppo Fidia S.p.A. redatti dal Consiglio di Amministrazione ai sensi di legge e da questo comunicato all'Organo di controllo nel corso della riunione consiliare del 20 maggio 2022 in cui è stato approvato.

Fidia S.p.A., in conformità a quanto previsto dall'articolo 2, comma 1 del D.lgs. 254/2016, non ha predisposto la dichiarazione consolidata di carattere non finanziario per limiti dimensionali e non ha altresì aderito su base volontaria a tale adempimento.

In particolare, il bilancio consolidato evidenzia una perdita d'esercizio pari a euro 5.952 migliaia (di cui euro 5.708 migliaia di competenza del Gruppo), mentre il bilancio separato evidenzia una perdita di euro 9.574 migliaia che porta ad un patrimonio netto negativo di euro 5.689 migliaia.

La perdita dell'esercizio 2020 della capogruppo ha determinato la riduzione del capitale sociale al di sotto del minimo stabilito dall'articolo 2327 Cod. Civ., configurando in capo alla stessa la fattispecie di cui all'art. 2447 Cod. Civ.

Al riguardo, il Collegio Sindacale evidenzia il disposto di cui all'art. 182-sexies L. Fall. che prevede, fra l'altro, che dalla data del deposito della domanda per l'ammissione al concordato preventivo e sino all'omologazione non si applicano, fra gli altri, gli articoli 2446, commi secondo e terzo e 2447 Cod. Civ.

Tanto premesso ed in considerazione del fatto che dette disposizioni non esonerano dall'applicazione dell'art. 2446, comma primo Cod. Civ. in materia di obblighi informativi circa la sussistenza della perdita rilevante di capitale sociale, gli Amministratori - come riportato nella Relazione sulla Gestione, *"prendendo atto delle previsioni di cui all'art 182-sexies della L.F. (che sospende gli effetti dell'articolo 2447 C.C.), in relazione al comma 1 dell'art 2446 C.C., provvederanno alle opportune azioni nell'ambito dell'assemblea convocata per l'approvazione del bilancio d'esercizio. Gli amministratori ritengono inoltre*



che, sulla base dei benefici attesi dallo stralcio dei debiti ammessi alla procedura concorsuale, all'avvenuta omologa del Piano concordatario, è previsto il riassorbimento delle perdite nell'esercizio di omologazione del Piano (2022) ed il ripristino dell'equilibrio patrimoniale".

A supporto di quanto sopra, il Collegio Sindacale ha altresì richiesto in sede di Consiglio di Amministrazione del 6 giugno 2022 che gli obblighi informativi sopra riferiti fossero supportati da una situazione patrimoniale a data più recente disponibile – individuata dalla Società nel 31 marzo 2022 - da cui risultasse la consistenza aggiornata del patrimonio netto contabile della Società.

Nella Relazione sulla Gestione, in particolare nei paragrafi "Prevedibile evoluzione della gestione" e "Fatti di rilievo intervenuti dopo la chiusura dell'esercizio", gli Amministratori Vi hanno illustrato i principali motivi della perdita dell'esercizio 2020 e di quelli che, già in corso di esercizio – una volta verificato il permanere dello stato di crisi dell'azienda – hanno indotto l'Organo amministrativo a deliberare la presentazione della domanda di concordato preventivo con riserva ex articolo 161, comma 6 L. Fall. al fine di prevenire l'aggravamento della crisi e conseguentemente di tutelare il patrimonio sociale.

Il Collegio Sindacale ha vigilato sulle operazioni di maggiore rilievo economico, finanziario e patrimoniale effettuate nel corso dell'esercizio 2020 e sulla loro conformità alla legge ed allo Statuto sociale delle quali sia venuto a conoscenza.

L'Organo di controllo ha dapprima proceduto, con esito positivo, alla verifica in capo a ciascun componente del Consiglio di Amministrazione dei requisiti di indipendenza, con riferimento all'art. 148, comma 3 del T.U.F., e di professionalità ed onorabilità, in conformità al Regolamento attuativo adottato con Decreto del Ministero di Grazia e Giustizia 30 marzo 2000 n. 162, tenuto altresì conto di quanto disposto dal Codice di Autodisciplina delle Società quotate promosso da Borsa Italiana S.p.A., cui Fidia S.p.A. aderisce, e dalle Norme di comportamento. L'esito della verifica è stato comunicato al Consiglio di Amministrazione per tutti i necessari adempimenti, ai sensi del criterio applicativo 8.C.1. del Codice di Autodisciplina allora vigente e, in particolare, per consentire



allo stesso di rendere noto - nell'ambito della Relazione sul governo societario e gli assetti proprietari - il possesso in capo ai componenti dell'Organo di controllo dei requisiti di indipendenza previsti dall'articolo 148 del T.U.F.

Alla prima riunione di insediamento, il Collegio Sindacale ha quindi dato formalmente atto dello svolgimento del processo di autovalutazione del proprio Organo nel rispetto delle indicazioni fornite dalla norma Q.1.1. "Autovalutazione del Collegio Sindacale" delle Norme di comportamento. Nella frazione dell'anno 2020 antecedente la nomina del presente Organo di controllo, risulta dagli atti societari che il precedente Collegio Sindacale ha assistito al completo, in presenza o da remoto, a tre Consigli di Amministrazione e, a maggioranza dei suoi componenti, ad un quarto.

Vi diamo quindi atto che, non appena nominato, il presente Collegio Sindacale ha provveduto all'acquisizione della documentazione e delle informazioni utili a pianificare la propria attività che ha riguardato in particolare:

a) la vigilanza su:

- i. la conformità delle delibere assunte dagli organi societari alla legge, alle disposizioni regolamentari ed allo Statuto sociale;
- ii. ai sensi dell'art. 149, comma 1, lettera c-bis del T.U.F., le modalità di concreta attuazione del Codice di Autodisciplina delle società quotate cui Fidia S.p.A. aderisce;
- iii. l'osservanza degli obblighi in materia di Informazioni privilegiate ed Internal Dealing, segnalando che la Società ha adottato specifiche procedure sia in materia di Internal Dealing che in materia di informazioni riservate e privilegiate con delibera assunta dal Consiglio di Amministrazione in data 30 giugno 2021, nonché in materia di operazioni con parti correlate - nel rispetto del nuovo Regolamento Consob n. 21624 del 10 dicembre 2020 - con deliberazione assunta dal Consiglio di Amministrazione in data 29 settembre 2021;
- iv. il funzionamento del processo di informazione societaria, verificando l'osservanza delle norme di legge e regolamentari inerenti alla formazione ed all'impostazione



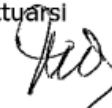
degli schemi di bilancio consolidato e separato, nonché dei relativi documenti a corredo, a tal fine esaminando altresì l'attestazione rilasciata dal Dirigente preposto alla redazione dei documenti contabili e societari;

b) l'accertamento

- i. del rispetto della disciplina sullo svolgimento delle riunioni degli organi sociali e l'adempimento dell'obbligo informativo periodico da parte degli organi delegati in merito all'esercizio delle deleghe conferite;
 - ii. del rispetto dell'indipendenza dell'Organo di controllo che, anche nei due esercizi successivi a quello di riferimento della presente Relazione, ha proceduto all'Autovalutazione dell'indipendenza dei propri componenti - che risulta rispettata - e ha, altresì, provveduto all'Autovalutazione della propria composizione e funzionamento, valutandoli adeguati anche alla luce della differenziazione di genere, esperienze e competenze al proprio interno, tali da assicurare l'efficace funzionamento dell'Organo nel continuo (in conformità a quanto previsto dalla Norma Q.1.1. delle Norme di comportamento);
- c) il monitoraggio delle concrete modalità di attuazione delle regole di governo societario previste dal Codice di Autodisciplina, a tal fine esaminando altresì la Relazione annuale sul governo societario e gli assetti proprietari ex art. 123-bis del T.U.F.;
- d) la presa d'atto del rilascio da parte del Comitato Remunerazione della propria Relazione sulla politica in materia di remunerazione e sui compensi corrisposti, ai sensi dell'art. 123 ter del T.U.F. e dell'art. 84 quater del Regolamento emittenti Consob, avvenuto in data 6 maggio 2022 in sede del Consiglio di Amministrazione tenutosi in tale data.

In merito a quanto sopra il Collegio Sindacale osserva e riferisce:

- quanto allo svolgimento delle riunioni consiliari, che i flussi informativi - tanto nei confronti del Collegio Sindacale che nei confronti dei Consiglieri - sono suscettibili di azioni migliorative in relazione ad una più tempestiva ed esaustiva condivisione dell'informativa pre-consiliare - in linea con quanto previsto dalle Regole di Corporate Governance - e che la convocazione dei Consigli di Amministrazione sia da effettuarsi



nei tempi ordinari previsti dallo Statuto, limitando il ricorso al più breve termine ivi previsto solo ai casi di particolare urgenza;

- la necessità che la Società si doti di un Regolamento di funzionamento delle sedute del Consiglio di Amministrazione e delle relative modalità di verbalizzazione delle stesse;
- che, a tutt'oggi, non vi sono state segnalazioni alla Consob ex art. 149, comma 3 del T.U.F.

Azioni proprie

Il Collegio rileva che al 31 dicembre 2020 (così come al 31 dicembre 2019) la Società detiene in portafoglio n. 10.000 azioni proprie iscritte in bilancio a euro 46 migliaia; tale valore è superiore al valore calcolato in base alla media dei prezzi di borsa dell'ultimo semestre dell'esercizio, ma tra le voci di Patrimonio Netto permane l'appostazione di una specifica riserva, ad integrale copertura del corrispondente valore.

2. Indicazione dell'eventuale esistenza di operazioni atipiche e/o inusuali, comprese quelle infragruppo

Il Collegio Sindacale non ha riscontrato a partire dal suo insediamento nel corso dell'esercizio 2020 operazioni atipiche e/o inusuali con Società del Gruppo, con terzi o con parti correlate. Nella Relazione sulla Gestione, cui si rimanda per quanto di competenza, gli Amministratori hanno fornito l'informativa circa le operazioni ordinarie infragruppo o poste in essere con parti correlate.

3. Valutazione circa l'adeguatezza delle informazioni rese, nella Relazione sulla gestione degli Amministratori, in ordine alle operazioni atipiche e/o inusuali comprese quelle infragruppo e con parti correlate

Il Consiglio di Amministrazione, nella seduta del 29 settembre 2021 ha approvato la versione aggiornata della normativa interna in tema di gestione delle operazioni con parti correlate recependo le modifiche intervenute in seguito alla delibera Consob n. 21624/2020, entrata in vigore dal 1° luglio 2021.



Il bilancio della Società riporta le informazioni relative alle operazioni con Parti Correlate, ivi comprese le società del Gruppo e il Collegio Sindacale - nello svolgimento della propria attività - non ha riscontrato, fra queste, operazioni atipiche e/o inusuali nel corso dell'esercizio 2020 ritenendo adeguata la predetta Informativa riportata nelle note di commento al bilancio separato di Fidìa S.p.A. e al bilancio consolidato del Gruppo Fidìa.

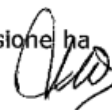
Le operazioni infragruppo sottoposte all'analisi degli organi societari nel 2020, i cui effetti sono riportati in bilancio, risultano essere di natura ordinaria e, per quanto riferitoci dagli Amministratori, sono state regolate applicando normali condizioni determinate secondo parametri standard che rispecchiano l'effettiva fruizione dei servizi oltre che essere state svolte nell'interesse delle società del Gruppo, in quanto finalizzate all'ottimizzazione dell'uso delle risorse.

Abbiamo partecipato alle riunioni del Comitato Operazioni Parti Correlate, durante le quali lo stesso ha espresso parere favorevole in merito ad alcune operazioni di minore rilevanza avendo detto Comitato valutato l'interesse della Società al compimento dell'operazione, nonché la congruità e la convenienza delle relative condizioni.

Abbiamo infine vigilato sull'osservanza della Procedura Operazioni Parti Correlate e sulla correttezza, quanto alla qualificazione delle Parti Correlate, del processo seguito dal Consiglio di Amministrazione e dal competente Comitato.

4. Osservazioni e proposte sui rilevi ed i richiami di informativa contenuti nella Relazione della società di revisione

La società di revisione EY S.p.A. ha rilasciato, in data 8 giugno 2022, le relazioni ai sensi dell'art. 14 del D.lgs. n. 39/2010 e dell'art. 10 del Regolamento (UE) n. 537/2014 nelle quali si attesta che il bilancio separato di Fidìa S.p.A. e il bilancio consolidato del Gruppo Fidìa al 31 dicembre 2020 forniscono una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Società, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data, in conformità agli International Financial Reporting Standards adottati dall'Unione Europea, nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.lgs. 28 febbraio 2005, n.38. In tali documenti la società di revisione ha



altresì rilasciato il suo giudizio sulla conformità del progetto di bilancio d'esercizio e del bilancio consolidato, compresi nella Relazione finanziaria annuale.

Nella Relazione sulla revisione contabile del bilancio consolidato, si riporta quanto segue:

- *"A nostro giudizio, il bilancio consolidato fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria del Gruppo al 31 dicembre 2020, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data, in conformità agli International Financial Reporting Standards adottati dall'Unione Europea, nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.lgs. 28 febbraio 2005, n. 38".*

Nella Relazione sulla revisione contabile del bilancio separato si riporta quanto segue:

- *"A nostro giudizio, il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Società al 31 dicembre 2020, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data, in conformità agli International Financial Reporting Standards adottati dall'Unione Europea, nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs. 28 febbraio 2005, n. 38".*

Inoltre, la Relazione sulla revisione contabile del bilancio di esercizio riporta nel capitolo

"Incertezza significativa relativa alla continuità aziendale" quanto segue:

- *"Richiamiamo l'attenzione sul paragrafo "Fatti di rilievo intervenuti dopo la chiusura dell'esercizio ed evoluzione prevedibile della gestione" della relazione sulla gestione e sul paragrafo "Continuità aziendale" della nota integrativa del bilancio d'esercizio, in cui gli amministratori illustrano che "sussistono significative incertezze circa la capacità di Fidia S.p.A. e del Gruppo di continuare ad operare sulla base del presupposto della continuità aziendale dovute all'attesa emissione del decreto di omologa del piano concordatario da parte del Tribunale e all'avverarsi delle previsioni contenute nel medesimo piano, inclusive delle prospettate operazioni di aumento di capitale. Gli amministratori, in tali paragrafi, illustrano le ragioni in base alle quali hanno adottato il presupposto della continuità aziendale nella redazione del bilancio d'esercizio della*



Società al 31 dicembre 2020. L'ottenimento di elementi probativi sufficienti sull'appropriato utilizzo da parte degli amministratori della Società del presupposto della continuità aziendale ha rappresentato un aspetto chiave della revisione contabile".

Le procedure di revisione adottate dalla EY S.p.A. hanno incluso)

- "la comprensione, anche attraverso colloqui con la Direzione, degli elementi alla base della valutazione del presupposto della continuità aziendale e delle relative significative incertezze;*
- l'analisi del processo di valutazione degli amministratori relativamente alla capacità della Società di continuare ad operare come un'entità in funzionamento;*
- la comprensione e l'analisi di ragionevolezza delle principali assunzioni alla base delle previsioni contenute nel piano concordatario depositato presso il Tribunale di Ivrea in data settembre 2021;*
- l'analisi di sensitività delle principali assunzioni del piano rispetto alla previsione dei flussi di cassa prospettici;*
- l'acquisizione dell'Investment Agreement degli investitori inclusivo dell'impegno irrevocabile a sostenere la procedura di concordato preventivo con la sottoscrizione e la liberazione in denaro di un aumento di capitale riservato;*
- l'esame della Relazione del Commissario Giudiziale ex art. 172 Legge Fallimentare;*
- l'esame delle Comunicazioni periodiche ex art. 114, comma 5, del D.lgs. n. 58/1998 avvenute dal mese di novembre 2020 al mese di maggio 2022;*
- l'esame dei verbali delle adunanze e deliberazioni del Consiglio di Amministrazione;*
- l'esame degli eventi avvenuti dopo la chiusura dell'esercizio, che forniscano elementi informativi utili alla valutazione della continuità aziendale, fra i quali l'approvazione del piano concordatario da parte della maggioranza dei creditori sociali aventi diritto, così come comunicato dal Decreto del Tribunale di Ivrea in data 23 maggio 2022.*



Infine, abbiamo verificato l'adeguatezza dell'informativa di bilancio in relazione al presupposto della continuità aziendale. Il nostro giudizio non è espresso con rilievi con riferimento a tale aspetto".

Analogo richiamo di informativa è stato riportato nella Relazione sulla revisione contabile del bilancio consolidato.

La società di revisione ha altresì verificato l'adeguatezza dell'informativa di bilancio in relazione al presupposto della continuità aziendale ritenendo che la relazione sulla gestione e le informazioni della Relazione sul governo societario e gli assetti proprietari indicate nell'art. 123-bis, comma 4 del T.U.F. sono coerenti con il bilancio d'esercizio di Fidìa S.p.A. e con il bilancio consolidato del Gruppo Fidìa al 31 dicembre 2020.

Il Collegio Sindacale ha altresì ricevuto in data 8 giugno 2022 dalla EY S.p.A. la Relazione aggiuntiva per il Comitato per il controllo interno e la revisione contabile sui risultati della revisione legale dei conti che include, anche, la dichiarazione relativa all'indipendenza del medesimo revisore legale.

Il Collegio Sindacale provvederà ad informare il Consiglio di Amministrazione della Società sugli esiti della revisione legale, trasmettendo a tal fine la relazione aggiuntiva, corredata da eventuali osservazioni.

5. Indicazioni dell'eventuale presentazione di denunce ex art. 2408 Cod. Civ., delle eventuali iniziative intraprese e dei relativi esiti

Nel corso dell'esercizio 2020 e sino alla data di redazione della presente Relazione non sono pervenute al Collegio Sindacale denunce ai sensi dell'art. 2408 Cod. Civ.

6. Indicazione dell'eventuale presentazione di esposti, delle eventuali iniziative intraprese e dei relativi esiti

Il Collegio Sindacale non ha conoscenza di esposti di cui riferire nella presente Relazione.

7. Indicazione dell'eventuale conferimento di ulteriori incarichi alla società di revisione e dei relativi costi



Nel corso dell'esercizio 2020, come dalla stessa attestato, EY S.p.A. ha svolto, dietro formale conferimento di incarico, attività ulteriori rispetto alla revisione del bilancio, finalizzate al rilascio del visto di conformità sulla dichiarazione IVA 2020 e sul modello IRAP 2020, maturando onorari complessivi pari ad euro 4.500,00 e sostenendo spese amministrative pari ad euro 225,00.

8. Indicazione dell'eventuale conferimento di incarichi a soggetti legati alla società incaricata della revisione legale da rapporti continuativi e dei relativi costi

Nel corso dell'esercizio 2020 non sono stati conferiti incarichi a soggetti legati da rapporti continuativi con EY S.p.A. Tenuto conto della richiamata attestazione sulla propria indipendenza che EY S.p.A. ha rilasciato ai sensi dell'art. 17 del D.lgs. n. 39/2010 e considerata, altresì, l'assenza di incarichi ulteriori rispetto a quello di revisione legale (se non quelli, di limitata portata e di modesto importo, superiormente citati al n. 7), il Collegio Sindacale ritiene che non emergano aspetti critici in tema di indipendenza della società di revisione.

9. Indicazione dell'esistenza di pareri rilasciati ai sensi di legge nel corso dell'esercizio

Ai sensi della norma Q.8.1. delle Norme di comportamento, nel corso dell'esercizio 2020 il Collegio Sindacale ha rilasciato le proprie Osservazioni alla Relazione degli Amministratori redatta ai sensi dell'art. 2446 Cod. Civ. in merito alla perdita del capitale sociale di oltre un terzo emergente dalla Relazione intermedia al 31 marzo 2020, nonché un parere sull'integrazione del Piano Audit 2019-2021.

Il Collegio Sindacale, in conformità a quanto previsto dal Codice di Autodisciplina adottato dalla Società, ha inoltre verificato la corretta applicazione dei criteri e delle procedure di accertamento adottati dal Consiglio di Amministrazione per valutare l'indipendenza dei propri membri, nonché la permanenza dei requisiti di indipendenza dei Sindaci in base ai criteri previsti dalla legge e dal Codice di Autodisciplina.



10. Indicazione della frequenza e del numero delle riunioni del C.d.A. e del Collegio Sindacale

Per quanto riguarda le attività di controllo svolte nel periodo 1° gennaio 2020 - 28 aprile 2020, il precedente Collegio Sindacale ha svolto quattro verifiche.

Dalla data di nomina del 29 aprile 2020 sino al 31 dicembre 2020, l'attuale Organo di controllo ha assistito al completo, in presenza o da remoto attraverso l'utilizzo di piattaforme informatiche, a tutte le nove riunioni del Consiglio di Amministrazione ed all'unica assemblea straordinaria, tenutasi in data 31 luglio 2020, chiamata a deliberare - su impulso dell'Organo di controllo - in ordine alla situazione patrimoniale ed economica al 31 marzo 2020 in quanto rilevante ai sensi dell'articolo 2446 Cod. Civ. ed all'assunzione dei provvedimenti conseguenti.

Dalla data di nomina sino a fine esercizio 2020, il Collegio Sindacale ha svolto, successivamente alla verifica di insediamento ed Autovalutazione, diciassette verifiche sindacali incontrandosi nove volte con la Società di Revisione per lo scambio periodico di informazioni (spesso anche in presenza del Dirigente Preposto alla redazione dei documenti contabili e societari di cui all'art. 154 bis T.U.F., nonché Vice Direttore Generale e CFO della Società), tre volte con il suddetto dirigente e CFO per l'attività di vigilanza ex art. 149 T.U.F., due volte con la responsabile della funzione di Internal Audit ed una volta rispettivamente, con l'Organismo di Vigilanza, con il Comitato Remunerazioni, con gli Advisor legali e finanziari nominati dalla Società per l'assistenza alla procedura di concordato, oltre a due riunioni interne dell'Organo stesso finalizzate, l'una, alla stesura delle Osservazioni del Collegio Sindacale alla Relazione Illustrativa redatta dal Consiglio di Amministrazione ai sensi dell'art. 2446, comma 1 Cod. Civ. e, l'altra, ad una collegiale valutazione di documenti relativi a componenti accessorie all'emolumento destinato all'Amministratore Delegato.

Tutte le attività come sopra illustrate sono state oggetto di redazione di verbali trascritti sul libro delle adunanze e delle deliberazioni del Collegio Sindacale e quindi portati a conoscenza dell'intero Consiglio di Amministrazione.



Il Collegio Sindacale ha altresì partecipato a due riunioni indette dal Comitato Controllo e Rischi, quest'ultimo anche nella sua veste di Comitato Operazioni con Parti Correlate.

Il presente Organo di controllo ha altresì ritenuto opportuno richiedere al precedente Collegio Sindacale le informazioni utili allo svolgimento dell'incarico e, in particolare, ha ottenuto chiarimenti in merito all'attività di vigilanza svolta nel 2020 nella frazione d'anno precedente alla nomina del presente Collegio Sindacale.

11. Osservazioni sul rispetto dei principi di corretta amministrazione

Il Collegio Sindacale ha acquisito adeguata conoscenza e vigilato, per quanto di propria competenza, sul rispetto dei principi di corretta amministrazione e sull'adeguatezza della struttura amministrativa della Società ai fini del rispetto di tali principi. In particolare, il Collegio ha vigilato sulla conformità alla legge ed allo Statuto sociale delle scelte gestionali operate dagli Amministratori e ha verificato che le relative delibere fossero conformi alla disciplina applicabile, adottate nell'interesse della Società, compatibili con le risorse e il patrimonio aziendale ed adeguatamente supportate da processi analitici ed informativi.

Il Collegio ha altresì partecipato alle riunioni dei comitati endoconsiliari, ad incontri con il Dirigente preposto alla redazione dei documenti contabili e societari ed a riunioni con la Responsabile dell'Internal Audit.

12. Osservazioni sull'adeguatezza della struttura organizzativa

Il Collegio Sindacale ha vigilato, per quanto di propria competenza, sulla struttura organizzativa e sul sistema di controllo interno richiedendo al Consiglio di Amministrazione l'aggiornamento dell'organigramma aziendale con chiara identificazione delle funzioni, dei compiti e delle linee di responsabilità verificando la corrispondenza di quanto rappresentato graficamente all'effettiva struttura organizzativa e vigilando sull'esercizio dell'attività decisionale e direttiva della Società da parte dei soggetti ai quali sono stati attribuiti i relativi poteri. Ha altresì preso atto dell'esistenza di direttive e di procedure per l'autorizzazione delle operazioni, nonché dell'esistenza di protocolli idonei a render conto dell'operato dei responsabili, appropriati alla dimensione dell'impresa ed alla natura della



sua attività. Vi ricordiamo che nel corso del precedente esercizio il Consiglio di Amministrazione, in esito alla richiesta da parte del precedente Organo di controllo, aveva predisposto un progetto globale di Enterprise Risk Management (ERM) avente ad oggetto la mappatura globale dei rischi di Fidia S.p.A. e del Gruppo. Le attività erano state svolte nel 2019 da un apposito team ERM, coordinato dal CFO allora in carica e dalla responsabile della funzione di Internal Audit, che aveva evidenziato la necessità di azioni di mitigazione dei rischi nelle aree del controllo di gestione, dell'organizzazione e della comunicazione, nonché nella gestione delle risorse.

Il Consiglio di Amministrazione nel mese di settembre 2019 aveva approvato un piano di azioni correttive e la modifica al piano di audit in conseguenza della mappatura delle aree che necessitavano di un audit prioritario.

Il Comitato Controllo e Rischi (C.C.R.), nella sua Relazione al primo semestre 2020, ha comunicato che a seguito dell'emergenza Covid-19 e del conseguente impatto in termini di tempi e di risorse sull'approntamento delle procedure idonee al contenimento della pandemia, il progetto ERM avrebbe subito un naturale rallentamento. Con l'accesso alla procedura di concordato - il cui iter ha avuto inizio in data 13 novembre 2020 - e in costanza dell'evento pandemico, tale progetto risulta ad oggi sospeso. Per tali ragioni, il Collegio Sindacale auspica che gli Amministratori, non appena sarà pervenuto, come ci si augura, il decreto di omologazione della procedura concordataria, diano impulso alla prosecuzione del progetto ERM ed al rafforzamento di talune funzioni aziendali, con particolare riferimento a quelle delle aree amministrazione, finanza e controllo di gestione.

13. Osservazioni sull'adeguatezza del sistema di controllo interno, in particolare sull'attività svolta dai preposti al controllo interno, ed evidenziazione di eventuali azioni correttive intraprese e/o di quelle ancora da intraprendere

Nel corso dell'anno 2020 il Collegio Sindacale ha vigilato sul sistema di controllo interno della Società e sull'attività svolta dalla funzione di Internal Audit, interagendo e coordinandosi con il C.C.R. e con l'Organismo di Vigilanza (O.d.V.).



In particolare, oltre a quanto riferito nel capitolo precedente circa il progetto ERM, il Collegio Sindacale segnala:

- nella sua qualità di Comitato per il controllo interno e la revisione contabile, ai sensi del D.lgs. n. 39/2010 di avere periodicamente incontrato la società di revisione ed il Dirigente preposto alla redazione dei documenti contabili societari;
- che nell'anno 2020 la funzione di Internal Audit era assegnata ad una figura esterna in conformità alle Indicazioni espresse dal Comitato Controllo e Rischi e di avere effettuato con tale figura periodici aggiornamenti sull'andamento del Piano di Internal Audit;
- che in data 23 marzo 2022 la funzione di Internal Audit, a seguito del mancato rinnovo del predetto incarico esterno scaduto il 31 dicembre 2021, è stata affidata ad interim ad una risorsa interna aziendale che ricopre contestualmente la qualifica di responsabile "Human Resources & Compliance" e avere espresso, in merito a tale nomina, perplessità in quanto la scelta, pur transitoria, è ricaduta su di un soggetto che già ricopre funzioni operative all'interno dell'azienda;
- di avere riscontrato, nel corso della verifica periodica del 25 settembre 2020 con l'O.d.V., che la società ha adottato il Modello Organizzativo ex D.lgs. 8 giugno 2001 n. 231 (in prosieguo il Modello 231) sin dal 14 febbraio 2007 e che la versione attualmente in vigore è stata approvata dal Consiglio di Amministrazione nella seduta del 13 dicembre 2018, segnalando l'opportunità di aggiornare il Modello con i nuovi reati presupposto, anche a seguito della direttiva PIF introdotta dal D.lgs. n. 75 del 14 luglio 2020 entrata in vigore il successivo 30 luglio 2020, recante norme per la *"lotta contro la frode che lede gli interessi finanziari dell'Unione mediante il diritto penale"*;
- di avere rappresentato al Consiglio di Amministrazione la necessità di dotare l'O.d.V. di risorse finanziarie cui poter fare affidamento per l'esecuzione del proprio incarico: tale richiesta ha trovato pieno accoglimento da parte dell'Organo amministrativo;
- in merito al funzionamento ed all'osservanza del Modello, di avere accertato le modalità con cui la Società lo porta a conoscenza dei destinatari e come essa si tuteli sull'efficace applicazione delle sue misure e procedure previste in caso di segnalazioni;



- infine, a seguito delle dimissioni in data 31 marzo 2022 del precedente CFO che ricopriva altresì il ruolo di membro interno dell'O.d.V., di aver sollecitato la nuova nomina in seno a tale organo.

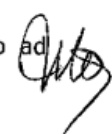
Il Collegio, alla luce dell'attività di vigilanza svolta secondo le modalità sopra sintetizzate, per quanto di propria competenza, ritiene che nel corso del 2020 non siano emersi elementi tali da incidere sull'adeguatezza del sistema di controllo interno rispetto alle esigenze di Fidria S.p.A., pur tuttavia ritenendo che esso sia suscettibile di miglioramenti ed implementazioni come anzi indicato.

14. Osservazioni sull'adeguatezza del sistema amministrativo-contabile e sull'affidabilità di questo a rappresentare correttamente i fatti di gestione

Il Collegio Sindacale ha vigilato sul sistema amministrativo-contabile della Società e sulla sua affidabilità a rappresentare correttamente i fatti di gestione attraverso la raccolta di informazioni - oltre che nel corso dei citati scambi di flussi informativi con la società di revisione, attinenti l'adeguatezza del sistema di controllo interno e delle procedure di redazione dei dati contabili, per i quali non ha ricevuto segnalazioni di anomalia - pervenute dal Dirigente preposto e dai responsabili delle funzioni aziendali, nonché attraverso l'esame della documentazione aziendale ricevuta.

Il Collegio Sindacale, nell'ambito dell'attività di vigilanza, rileva che gli Amministratori hanno formalizzato le proprie valutazioni sull'adeguatezza dell'assetto amministrativo, organizzativo e contabile, rispetto alla natura e dimensioni dell'Impresa, nonché in funzione della rilevazione tempestiva della crisi e della perdita della continuità aziendale. In particolare, gli Amministratori in base a tale assetto, integrato nel sistema dei controlli interni e di gestione dei rischi, hanno individuato nel concordato preventivo in continuità ex art. 161 comma 6 L. Fall. lo strumento idoneo per il superamento della crisi ed il recupero della continuità aziendale, nel cui presupposto il bilancio di Fidria S.p.A. è stato predisposto.

Nella Nota integrativa al bilancio consolidato e separato, paragrafo "Valore recuperabile delle attività non correnti", gli Amministratori hanno dato atto di aver sottoposto ad



impairment test - in continuità con il bilancio al 31 dicembre 2019 e con la Relazione finanziaria semestrale al 30 giugno 2020, nonché in linea con quanto previsto dallo IAS 36 - il valore recuperabile al 31 dicembre 2020 delle Cash Generating Unit (CGU) Gruppo Fidia e Fidia S.p.A. sulla base dei dati contenuti nel Business Plan 2021 - 2024 predisposto dal management della Società, ritenuto coerente con il Piano concordatario di Fidia S.p.A. depositato in data 29 settembre 2021 presso il Tribunale di Ivrea ed opportunamente rettificato per considerare i dati consuntivi 2021 disponibili alla data, neutralizzando altresì gli effetti derivanti dall'eventuale omologa del concordato.

L'impairment test, affidato come in passato a Praxi S.p.A., è stato finalizzato alla verifica dell'esistenza di eventuali perdite di valore delle partecipazioni attraverso il confronto fra il valore contabile "di carico" della Società (il capitale investito netto della Società) e il valore d'uso, ovvero il valore attuale dei flussi finanziari futuri attesi che, si suppone, deriveranno dall'uso continuativo e dalla eventuale dismissione della medesima alla fine della sua vita utile.

Il valore d'uso è stato determinato attualizzando i flussi di cassa contenuti nel Business Plan della Società, approvato dal Consiglio di Amministrazione di Fidia S.p.A. ed avente ad oggetto l'arco temporale 2021-2024, sommati ad un *terminal value* determinato col criterio dell'attualizzazione della rendita perpetua. Come riferito dagli Amministratori, le assunzioni operate nella previsione dei flussi di cassa nel periodo di proiezione esplicita sono state effettuate su presupposti prudenziali ed utilizzando aspettative future realistiche e realizzabili.

Oltre agli assunti di base, è stata altresì condotta un'analisi di sensitività della valutazione effettuata con il metodo del DCF (Discounted Cash Flow), volta a verificare la variazione del valore della Società al mutare di alcune variabili critiche, assumendo, in via più che prudenziale, un tasso di crescita pari a 0% ed una variazione del tasso di attualizzazione WACC, pari all'8,06% così assunto sulla base di autorevoli fonti, tra -0,5% e +0,5%, dunque assumendo risultati previsionali differenti alle aspettative riflesse nel piano 2021-2024 del 5% e mantenendo inalterati i tassi di sconto.



In esito a quanto sopra, tale *sensitivity* ha evidenziato un valore recuperabile della CGU Gruppo Fidia e di Fidia S.p.A. superiore al valore contabile non evidenziando, conseguentemente, alcuna perdita di valore degli attivi iscritti in bilancio al 31 dicembre 2020.

E' stato poi eseguito l'impairment test su sette società partecipate con un approccio valutativo comune a tutte e basato sulle medesime assunzioni adottate per l'impairment test del Gruppo e di Fidia S.p.A.

Gli esiti del test hanno evidenziato un valore delle partecipazioni da impairment test superiore al valore di carico al 31 dicembre 2020 con conseguente perdita di valore di euro 4.884 migliaia nel bilancio di Fidia S.p.A. che ha contribuito in modo significativo al risultato negativo dell'esercizio.

In ultimo, si sottolinea che l'impairment test sulle attività non correnti di Fidia S.p.A. ha rappresentato uno degli aspetti chiave della revisione contabile, unitamente al riconoscimento dei ricavi dalle vendite delle macchine, la recuperabilità delle imposte anticipate e, limitatamente al bilancio separato, alla valutazione delle partecipazioni in imprese collegate.

Il Collegio Sindacale pertanto, alla luce delle informazioni acquisite durante l'attività di vigilanza svolta, ritiene, per quanto di propria competenza, che il sistema amministrativo-contabile sia adeguato ed affidabile ai fini della corretta rappresentazione dei fatti di gestione e non ha osservazioni da svolgere al riguardo.

15. Osservazioni sull'adeguatezza delle disposizioni impartite dalla Società alle società controllate ai sensi dell'art. 114, comma 2 D.lgs. 58/1998

Il Collegio ha vigilato sull'adeguatezza delle disposizioni impartite dalla Società alle proprie controllate ai sensi dell'art. 114, comma 2 del T.U.F. e ritiene che esse siano adeguate ad adempiere agli obblighi di comunicazione previsti dalla legge.

16. Osservazioni sugli eventuali aspetti rilevanti emersi nel corso delle riunioni tenutesi con i revisori ai sensi dell'art. 150, comma 2 del D.lgs. 58/1998



Il Collegio Sindacale ha analizzato l'attività svolta dalla società di revisione quanto alla strategia di revisione per l'esercizio 2020 e condiviso i focus sui principali rischi e processi aziendali di maggior rilievo. In questa prospettiva particolare attenzione è stata posta alle analisi connesse alla procedura concordataria.

Nel corso dell'esercizio la società di revisione, con cui sono stati effettuati incontri periodici anche in relazione a quanto disposto dall'art. 150 T.U.F. al fine dello scambio di reciproche informazioni, non ha evidenziato al Collegio Sindacale atti o fatti censurabili, né irregolarità che abbiano richiesto la formulazione di specifiche segnalazioni ai sensi dell'art. 155 T.U.F. In conformità a quanto prescritto dall'art. 19 del D.lgs. n. 39/2010, il Collegio Sindacale ha verificato e monitorato l'indipendenza della società di revisione legale, in particolare per quanto concerne la prestazione di servizi forniti alla Società, diversi dalle attività di revisione, e nulla ha da segnalare sul tema.

17. Indicazione dell'eventuale adesione della Società al Codice di Autodisciplina del Comitato per la Corporate Governance delle società quotate

La Società aderisce al Codice di Autodisciplina predisposto dal Comitato per la Corporate Governance delle società quotate di Borsa Italiana S.p.A. Il sistema di governance adottato dalla Società risulta descritto nella Relazione sul Governo Societario per l'esercizio 2020 approvata dal Consiglio di Amministrazione in data 20 maggio 2022, a cui si rinvia.

Il Collegio Sindacale ha vigilato circa le modalità attuative delle regole di governo societario proprie della Vostra Società contenute nel Codice di Corporate Governance, partecipando alle riunioni del Consiglio di Amministrazione e dei Comitati endoconsiliari, nulla segnalando in merito.

18. Valutazioni conclusive in ordine all'attività di vigilanza svolta, nonché in ordine alle eventuali omissioni, fatti censurabili o irregolarità rilevate nel corso della stessa



Nell'ambito dell'attività di vigilanza e controllo svolta nel corso dell'esercizio non sono stati rilevati fatti censurabili, omissioni o irregolarità di rilevanza tale da richiederne la segnalazione nella presente Relazione.

19. Indicazione di eventuali proposte da rappresentare all'assemblea ai sensi dell'art. 153, comma 2 del D.lgs. 58/98

Il Collegio Sindacale, con riferimento al bilancio d'esercizio della Società, considerate le risultanze dell'attività svolta dalla società di revisione EY S.p.A. ed il giudizio positivo con richiamo di informativa da questa espresso nella propria relazione, preso atto delle attestazioni ai sensi dell'art. 154 bis del T.U.F. rilasciate congiuntamente dall'Amministratore delegato e dal Dirigente preposto alla redazione dei documenti contabili societari, non rileva, per quanto di propria competenza, motivi ostativi all'approvazione del bilancio di esercizio al 31 dicembre 2020 di Fidia S.p.A. ed alla proposta di rinvio a nuovo della perdita di esercizio, così come esposta nel progetto di bilancio approvato dall'Organo amministrativo in data 20 maggio 2022.

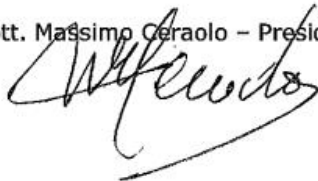
Il Collegio Sindacale precisa inoltre che la proposta del Consiglio di Amministrazione di rinvio a nuovo della perdita di esercizio, stante la sospensione di cui all'art. 182-sexies L. Fall., è da collocarsi nella prospettiva che alla data di approvazione del bilancio sia stato assunto da parte del Tribunale di Ivrea il giudizio di omologa del concordato, con il conseguente dispiegarsi dei benefici della procedura e l'attuazione del Piano concordatario inclusivo dell'aumento del capitale sociale.

Il Collegio Sindacale ha preso atto che l'Assemblea degli azionisti è stata convocata, in relazione all'emergenza epidemiologica da Covid-19, con modalità coerenti con la disciplina eccezionale contenuta nel D.L. 17 marzo 2020, n. 18.

Torino, 8 giugno 2022

per il Collegio Sindacale

Dott. Massimo Ceraolo – Presidente



Report of Independent Auditors



Fidia S.p.A.

Bilancio d'esercizio al 31 dicembre 2020

**Relazione della società di revisione indipendente
ai sensi dell'art. 14 del D. Lgs. 27 gennaio 2010, n. 39 e
dell'art. 10 del Regolamento (UE) n. 537/2014**

Relazione della società di revisione indipendente ai sensi dell'art. 14 del D. Lgs. 27 gennaio 2010, n. 39 e dell'art. 10 del Regolamento (UE) n. 537/2014

Agli Azionisti della
Fidia S.p.A.

Relazione sulla revisione contabile del bilancio d'esercizio

Giudizio

Abbiamo svolto la revisione contabile del bilancio d'esercizio della Fidìa S.p.A. (la Società), costituito dal conto economico, dal conto economico complessivo, dalla situazione patrimoniale-finanziaria al 31 dicembre 2020, dal rendiconto finanziario per l'esercizio chiuso a tale data, dal prospetto delle variazioni del patrimonio netto, e dalle note al bilancio che includono anche la sintesi dei più significativi principi contabili applicati.

A nostro giudizio, il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Società al 31 dicembre 2020, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data, in conformità agli International Financial Reporting Standards adottati dall'Unione Europea, nonché ai provvedimenti emanati in attuazione dell'art. 9 del D. Lgs. 28 febbraio 2005, n. 38.

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione *Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio* della presente relazione. Siamo indipendenti rispetto alla Società in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Incertezza significativa relativa alla continuità aziendale

Richiamiamo l'attenzione sul paragrafo "Fatti di rilievo intervenuti dopo la chiusura dell'esercizio ed evoluzione prevedibile della gestione" della relazione sulla gestione e sul paragrafo "Continuità aziendale" della nota integrativa del bilancio d'esercizio, in cui gli amministratori illustrano che sussistono significative incertezze circa la capacità di Fidìa S.p.A. e del Gruppo di continuare ad operare sulla base del presupposto della continuità aziendale dovute all'attesa emissione del decreto di omologa del piano concordatario da parte del Tribunale e all'avverarsi delle previsioni contenute nel medesimo piano, inclusive delle prospettate operazioni di aumento di capitale.

Gli amministratori, in tali paragrafi, illustrano le ragioni in base alle quali hanno adottato il presupposto della continuità aziendale nella redazione del bilancio d'esercizio della Società al 31 dicembre 2020.

L'ottenimento di elementi probativi sufficienti sull'appropriato utilizzo da parte degli amministratori della Società del presupposto della continuità aziendale ha rappresentato un aspetto chiave della revisione contabile. Le nostre procedure di revisione hanno incluso:

- la comprensione, anche attraverso colloqui con la Direzione, degli elementi alla base della valutazione del presupposto della continuità aziendale e delle relative significative incertezze;
- l'analisi del processo di valutazione degli amministratori relativamente alla capacità della Società di continuare ad operare come un'entità in funzionamento;
- la comprensione e l'analisi di ragionevolezza delle principali assunzioni alla base delle previsioni contenute nel piano concordatario depositato presso il Tribunale di Ivrea in data 29 settembre 2021;
- l'analisi di sensitività delle principali assunzioni del piano rispetto alla previsione dei flussi di cassa prospettici;
- l'acquisizione dell'Investment Agreement degli investitori inclusivo dell'impegno irrevocabile a sostenere la procedura di concordato preventivo con la sottoscrizione e la liberazione in denaro di un aumento di capitale riservato;
- l'esame della Relazione del Commissario Giudiziale ex art. 172 Legge Fallimentare;
- l'esame delle Comunicazioni periodiche ex art. 114, comma 5, del D. Lgs. n. 58/1998 avvenute dal mese di novembre 2020 al mese di maggio 2022;
- l'esame dei verbali delle adunanze e deliberazioni del Consiglio di Amministrazione;
- l'esame degli eventi avvenuti dopo la chiusura dell'esercizio, che forniscano elementi informativi utili alla valutazione della continuità aziendale, fra i quali l'approvazione del piano concordatario da parte della maggioranza dei creditori sociali aventi diritto, così come comunicato dal Decreto del Tribunale di Ivrea in data 23 maggio 2022.

Infine, abbiamo verificato l'adeguatezza dell'informativa di bilancio in relazione al presupposto della continuità aziendale.

Il nostro giudizio non è espresso con rilievi con riferimento a tale aspetto.

Aspetti chiave della revisione contabile

Gli aspetti chiave della revisione contabile sono quegli aspetti che, secondo il nostro giudizio professionale, sono stati maggiormente significativi nell'ambito della revisione contabile del bilancio dell'esercizio in esame. Tali aspetti sono stati da noi affrontati nell'ambito della revisione contabile e nella formazione del nostro giudizio sul bilancio d'esercizio nel suo complesso; pertanto su tali aspetti non esprimiamo un giudizio separato.

Oltre a quanto descritto nella sezione *Incertezza significativa relativa alla continuità aziendale*, abbiamo identificato gli aspetti di seguito descritti come aspetti chiave della revisione da comunicare nella presente relazione:

Aspetti chiave	Risposte di revisione
<p>Recuperabilità delle attività non correnti della Fidia S.p.A.</p> <p>Il valore delle attività non correnti della Fidia S.p.A. al 31 dicembre 2020 è stato sottoposto all'<i>impairment test</i> nell'ambito della verifica di recuperabilità delle attività non correnti della Società.</p> <p>I processi e le modalità di valutazione e determinazione del valore recuperabile, in termini di valore d'uso, sono basati su assunzioni a volte complesse che per loro natura implicano il ricorso al giudizio degli amministratori, in particolare con riferimento alla previsione dei loro flussi di cassa futuri e alla determinazione dei tassi di crescita di lungo periodo e di attualizzazione applicati alle previsioni dei flussi di cassa futuri.</p> <p>In considerazione del giudizio richiesto e della complessità delle assunzioni utilizzate nella stima del valore recuperabile del capitale investito netto abbiamo ritenuto che tale tematica rappresenti un aspetto chiave della revisione.</p> <p>La Società fornisce l'informativa relativa alla valutazione del capitale investito netto nella sezione "Principi contabili significativi" al paragrafo "Valore recuperabile delle attività non correnti" del bilancio d'esercizio.</p>	<p>Le nostre procedure di revisione in risposta all'aspetto chiave hanno riguardato, tra l'altro:</p> <ul style="list-style-type: none"> la verifica della corrispondenza con il bilancio dei valori contabili oggetto di <i>impairment test</i>; l'analisi della procedura posta in essere dalla Società in merito a criteri e metodologia utilizzati nell'effettuazione dell'<i>impairment test</i>, approvato dal Consiglio di amministrazione in data 6 maggio 2022; l'analisi della ragionevolezza delle assunzioni alla base delle previsioni dei flussi di cassa futuri, inclusa la considerazione dei dati e previsioni di settore; la coerenza delle previsioni dei flussi di cassa futuri con il piano concordatario; la valutazione delle previsioni, rispetto all'accuratezza storica di quelle precedenti; la verifica della determinazione dei tassi di crescita di lungo periodo e dei tassi di attualizzazione. <p>Nelle nostre verifiche ci siamo anche avvalsi dell'ausilio di nostri esperti in tecniche di valutazione, che hanno eseguito un ricalcolo indipendente ed effettuato analisi di sensitività sulle assunzioni chiave, al fine di determinare i cambiamenti delle assunzioni che potrebbero impattare significativamente la valutazione del valore recuperabile.</p> <p>Infine, abbiamo verificato l'adeguatezza dell'informativa di bilancio in relazione alla recuperabilità delle attività non correnti.</p>
<p>Riconoscimento dei ricavi per la vendita di macchine</p> <p>I ricavi della Società realizzati nell'esercizio 2020 ammontano a Euro 12 milioni, dei quali Euro 7 milioni relativi alla vendita di macchine, rilevati al momento in cui l'installazione e il collaudo vengono formalmente accettati</p>	<p>Le nostre procedure di revisione in risposta all'aspetto chiave hanno riguardato, tra l'altro:</p> <ul style="list-style-type: none"> la comprensione del processo adottato dalla Società per il riconoscimento dei ricavi;

dall'acquirente.

La peculiarità delle condizioni contrattuali per questa tipologia di transazioni rende il processo di riconoscimento dei ricavi articolato in relazione alle diverse modalità di accettazione da parte del cliente e, pertanto, il riconoscimento dei ricavi è stato ritenuto un aspetto chiave della revisione.

La Società fornisce l'informativa relativa al criterio di riconoscimento dei ricavi nella sezione "Principi contabili significativi" al paragrafo "Riconoscimento dei ricavi" del bilancio d'esercizio.

- l'analisi della ragionevolezza delle procedure e dei controlli chiave posti in essere dalla Società sul riconoscimento dei ricavi;
- l'esecuzione di sondaggi di conformità sui controlli chiave, inclusi quelli relativi all'applicazione degli accordi contrattuali;
- l'esecuzione di procedure di validità con riferimento ai ricavi contabilizzati in prossimità della data di bilancio, tra cui l'esame della documentazione attestante i requisiti per il riconoscimento dei ricavi nel conto economico o per il differimento del ricavo e del relativo margine, laddove di competenza dell'esercizio successivo.

Infine, abbiamo verificato l'adeguatezza dell'informativa di bilancio in relazione al riconoscimento dei ricavi.

Recuperabilità delle attività per imposte anticipate

Nel bilancio d'esercizio al 31 dicembre 2020 sono iscritte attività per imposte anticipate per Euro 434 migliaia.

Le attività per imposte anticipate sono riferite alle differenze temporanee tra i valori contabili e fiscali di attività e passività iscritte in bilancio e alle perdite fiscali riportabili indefinitamente.

La recuperabilità del valore contabile di tali attività è soggetta a valutazione da parte della Direzione sulla base delle previsioni degli imponibili fiscali attesi negli esercizi in cui è previsto il loro utilizzo.

I processi e le modalità di valutazione della recuperabilità di tali attività sono basati su assunzioni complesse che per loro natura implicano il ricorso al giudizio della Direzione, con particolare riferimento alla coerenza delle previsioni dei redditi imponibili futuri attesi dalla Società con quelle del business plan.

In considerazione del giudizio richiesto nel definire le assunzioni chiave alla base delle previsioni dei redditi imponibili futuri, abbiamo ritenuto che tale tematica rappresenti un aspetto chiave della revisione.

Le nostre procedure di revisione in risposta all'aspetto chiave hanno riguardato, tra l'altro:

- l'analisi della ragionevolezza delle assunzioni alla base delle previsioni dei redditi imponibili futuri e della loro riconciliazione con le previsioni desumibili dal piano concordatario della Società;
- la valutazione delle previsioni, rispetto all'accuratezza storica di quelle precedenti;
- la verifica dei calcoli dei modelli utilizzati dalla Direzione.

Infine, abbiamo verificato l'adeguatezza dell'informativa di bilancio in relazione alla recuperabilità delle attività per imposte anticipate.

La Società fornisce l'informativa relativa al criterio di rilevazione e valutazione di tali attività nella sezione "Principi contabili significativi" al paragrafo "Imposte" del bilancio d'esercizio e nella Nota 10.

Valutazione delle partecipazioni in imprese controllate

Le partecipazioni in imprese controllate ammontano ad Euro 6,6 milioni al 31 dicembre 2020.

La Direzione valuta almeno annualmente la presenza di indicatori di perdita di valore di ciascuna partecipazione, ovvero il venir meno delle condizioni che avevano comportato precedenti svalutazioni e, qualora si manifestino tali fattispecie, assoggetta le partecipazioni alla verifica di recuperabilità del valore, inteso come il maggiore fra il *fair value* al netto dei costi di vendita e il suo valore d'uso.

Nell'esercizio è stata rilevata la svalutazione del valore di cinque partecipazioni per complessivi Euro 4.668 migliaia.

I processi e le modalità di valutazione e determinazione del valore recuperabile delle partecipazioni sono basati su assunzioni complesse che per loro natura implicano il ricorso al giudizio della Direzione. In particolare, tali assunzioni riguardano le previsioni dei flussi di cassa futuri delle controllate, la determinazione dei flussi di cassa normalizzati alla base della stima del valore terminale e la determinazione dei tassi di crescita di lungo periodo e di attualizzazione. In considerazione del giudizio richiesto e della complessità delle assunzioni utilizzate nella stima del valore recuperabile, tale tematica è stata ritenuta un aspetto chiave della revisione.

La Società fornisce l'informativa di bilancio relativa alle Partecipazioni in imprese controllate nella sezione "Principi contabili significativi" al paragrafo "Partecipazioni" del bilancio d'esercizio e nella Nota 13.

Le nostre procedure di revisione in risposta all'aspetto chiave hanno riguardato, tra l'altro:

- l'analisi della procedura della Società in merito all'identificazione di eventuali perdite di valore e alla valutazione delle partecipazioni.

Nel caso delle partecipazioni sottoposte a verifica di recuperabilità del valore, esse hanno inoltre incluso, tra l'altro:

- l'analisi delle assunzioni effettuate dalla Direzione per la stima dei flussi di cassa futuri delle società partecipate, e della loro coerenza con la strategia di gestione delle entità legali all'interno del Gruppo e con le previsioni dei flussi di cassa futuri desumibili dal piano economico-finanziario di Gruppo;
- la valutazione delle previsioni, rispetto all'accuratezza storica di quelle precedenti;
- la verifica della determinazione dei tassi di crescita di lungo periodo e dei tassi di attualizzazione.

Nelle nostre verifiche ci siamo anche avvalsi dell'ausilio di nostri esperti in tecniche di valutazione, in particolare per quanto riguarda l'analisi del modello utilizzato e le analisi di sensitività sulle assunzioni chiave al fine di valutare i cambiamenti delle assunzioni che potrebbero impattare significativamente la valutazione del valore recuperabile.

Infine, abbiamo verificato l'adeguatezza dell'informativa di bilancio in relazione alla valutazione delle partecipazioni.

Responsabilità degli amministratori e del collegio sindacale per il bilancio d'esercizio

Gli amministratori sono responsabili per la redazione del bilancio d'esercizio che fornisca una rappresentazione veritiera e corretta in conformità agli International Financial Reporting Standards adottati dall'Unione Europea, nonché ai provvedimenti emanati in attuazione dell'art. 9 del D. Lgs. 28 febbraio 2005, n. 38 e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli amministratori sono responsabili per la valutazione della capacità della Società di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio d'esercizio, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio d'esercizio a meno che abbiano valutato che sussistono le condizioni per la liquidazione della Società o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il collegio sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria della Società.

Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio d'esercizio nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche degli utilizzatori prese sulla base del bilancio d'esercizio.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio d'esercizio, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti od eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;
- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze, e non per esprimere un giudizio sull'efficacia del controllo interno della Società;
- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli amministratori e della relativa informativa;
- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli amministratori

del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità della Società di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che la Società cessi di operare come un'entità in funzionamento;

- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio d'esercizio nel suo complesso, inclusa l'informativa, e se il bilancio d'esercizio rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione.

Abbiamo comunicato ai responsabili delle attività di governance, identificati ad un livello appropriato come richiesto dai principi di revisione internazionali (ISA Italia), tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

Abbiamo fornito ai responsabili delle attività di governance anche una dichiarazione sul fatto che abbiamo rispettato le norme e i principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano e abbiamo comunicato loro ogni situazione che possa ragionevolmente avere un effetto sulla nostra indipendenza e, ove applicabile, le relative misure di salvaguardia.

Tra gli aspetti comunicati ai responsabili delle attività di governance, abbiamo identificato quelli che sono stati più rilevanti nell'ambito della revisione contabile del bilancio dell'esercizio in esame, che hanno costituito quindi gli aspetti chiave della revisione. Abbiamo descritto tali aspetti nella relazione di revisione.

Altre informazioni comunicate ai sensi dell'art. 10 del Regolamento (UE) n. 537/2014

L'assemblea degli azionisti della Fidia S.p.A. ci ha conferito in data 27 aprile 2012 l'incarico di revisione legale del bilancio d'esercizio e consolidato della Società per gli esercizi con chiusura dal 31 dicembre 2012 al 31 dicembre 2020.

Dichiariamo che non sono stati prestati servizi diversi dalla revisione contabile vietati ai sensi dell'art. 5, par. 1, del Regolamento (UE) n. 537/2014 e che siamo rimasti indipendenti rispetto alla Società nell'esecuzione della revisione legale.

Confermiamo che il giudizio sul bilancio d'esercizio espresso nella presente relazione è in linea con quanto indicato nella relazione aggiuntiva destinata al collegio sindacale, nella sua funzione di comitato per il controllo interno e la revisione contabile, predisposta ai sensi dell'art. 11 del citato Regolamento.

Relazione su altre disposizioni di legge e regolamentari

Giudizio ai sensi dell'art. 14, comma 2, lettera e), del D. Lgs. 27 gennaio 2010, n. 39 e dell'art. 123-bis, comma 4, del D. Lgs. 24 febbraio 1998, n. 58

Gli amministratori della Fidia S.p.A. sono responsabili per la predisposizione della relazione sulla gestione e della relazione sul governo societario e gli assetti proprietari della Fidia S.p.A. al 31 dicembre 2020, incluse la loro coerenza con il relativo bilancio d'esercizio e la loro conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione e di alcune specifiche informazioni contenute nella relazione sul governo societario e gli assetti proprietari indicate nell'art. 123-bis, comma 4, del D. Lgs. 24 febbraio 1998, n. 58, con il bilancio d'esercizio della Fidia S.p.A. al 31 dicembre 2020 e sulla conformità delle stesse alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione e alcune specifiche informazioni contenute nella relazione sul governo societario e gli assetti proprietari sopra richiamate sono coerenti con il bilancio d'esercizio della Fidia S.p.A. al 31 dicembre 2020 e sono redatte in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'art. 14, c. 2, lettera e), del D. Lgs. 27 gennaio 2010, n. 39, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

Torino, 8 giugno 2022

EY S.p.A.



Roberto Grossi
(Revisore Legale)

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