



Half-Year Report

at 30 June 2022

Fidia Group

Board of Directors

18 November 2022

Fidia S.p.A.

Registered office in San Mauro Torinese, Corso Lombardia, 11

Share capital €5,123,000.00, paid in

Turin Register of Companies

Taxpayer's Code 05787820017

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www.fidia.com

GOVERNING AND SUPERVISORY BODIES

Board of Directors

Chairman and Managing Director	Giuseppe Morfino (a)
Deputy Chairman	Luigi Maniglio (b) (d)
Directors	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 2022 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	Ombretta Cataldi
	Silvia Cornaglia
	Stefano D'Orazio (d)

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

(d) Alternate Auditor Stefano D'Orazio was appointed by the Shareholders' Meeting on 8 July 2022.

Independent Auditors (**)

Deloitte & Touche S.p.A.

(**) Appointed at the Shareholders' Meeting on 29 April 2020 for the nine-year period 2021-2029.

POWERS OF THE CHAIR, CHIEF EXECUTIVE OFFICER AND DEPUTY CHAIR

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 contribution of equity investments;
- disposal, contribution and/or lease of the company or any units thereof;
- purchase of companies or business units of companies;
- purchase and/or disposal of real estate and/or property rights and/or rights of way thereto;
- registration of mortgages on company property;
- definition of company strategies relating to the purchase and sale of equity investments, business units or 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

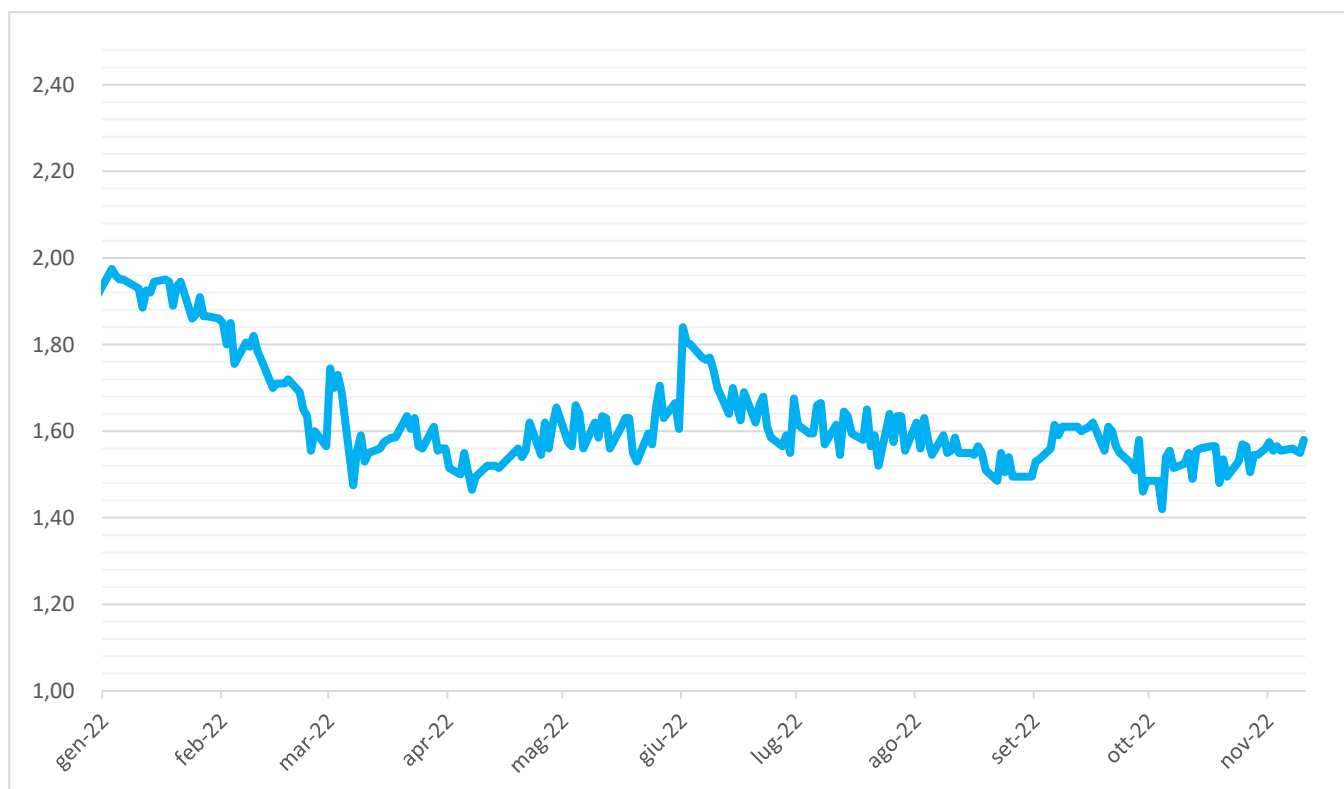
99.75% Fidia S.p.A.
0.25% other

INTERIM REPORT

SHAREHOLDERS AND TREND OF FIDIA STOCK

FIDIA S.p.A. is listed on the Euronext Milan (EXM) segment of Borsa Italiana S.p.A. The following chart shows share price performance from 1 January 2022 to 11 November 2022.

Fidia SpA (FDA-MIL)



In the first half of 2022 the number of ordinary shares, equal to 5,123,000, was unchanged compared to 31 December 2021.

The holders of ordinary shares at 30 September 2022 are:

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

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

Treasury shares 10,000, equal to 0.20%.

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

ECONOMIC AND FINANCIAL PERFORMANCE OF THE GROUP

The Reclassified Consolidated Income Statement of the Fidia Group as at 30 June 2022 is shown below; please note that comparative data for the first half of 2021 have not been presented because the Group did not prepare the Condensed Consolidated Half-Year Financial Statements as at 30 June 2021 for reasons that were contingent at the time. For further interpretation of period performance, for management purposes only, the Group's consolidated results for the first half of 2022 are compared with selected unaudited financial information as at 30 June 2021.

The first half of 2022 was characterised by revenues of €9,436 thousand, i.e., 40% of the turnover recorded in 2021.

This value was affected by dynamics related to the difficulties experienced in the markets, which led to a slowdown in machine deliveries in the first part of the year.

This dynamic, together with the effect of arrangement, and the specific performance of the group companies, affects differently the various profitability indicators (particularly EBITDA, EBIT, EBT and net profit). In particular, EBITDA is negative because it has been impacted by delivery delays and related missed margins, which will be accounted for at the time of delivery. In addition, an additional factor that decreased profitability is the COVID-19 situation in particular in the Chinese market, whose "zero contagion" policy and lockdowns do not allow free movement and thus the performance of service and other activities by our personnel.

EBT includes the effects of discharge in bankruptcy resulting from arrangement approved on 22 June 2022 and amounting to €11,100 thousand (value including arrangement costs)

In the first half, sales performance recorded a slight increase over the same period and new orders were substantially greater than the performance recorded in the same period of 2021, totaling €5,259 thousand compared to €4,535 thousand in the first half of 2021 (+16.0%).

More specifically, the reclassified income statement of the first half del 2022 is as follows:

(€thousand)	1st Half 2022	%
Net revenue	9,436	84.2%
Change in inventories of finished goods and work in progress	1,211	10.8%
Other revenues and income	553	4.9%
Value of production	11,200	100.0%
Raw materials and consumables	(4,042)	-36.1%
Commissions	(224)	-2.0%
Transport	(259)	-2.3%
Contractors	(255)	-2.3%
Other services and operating costs	(2,466)	-22.0%
Added value	3,953	35.3%
Personnel costs	(5,294)	-47.3%
EBITDA	(1,341)	-12.0%
Provision for bad debts	(18)	-0.2%

(€thousand)	1st Half 2022	%
Depreciation/amortisation/write-downs of fixed assets	(864)	-7.7%
Operating income from ordinary business	(2,222)	-19.8%
Non-recurring (Charges)/Income	-	-
EBIT	(2,222)	-19.8%
Net proceeds from discharge in bankruptcy	11,100	99.1%
Net finance expenses and revenue	(174)	-1.6%
Profit/(Loss) on foreign exchange	(253)	-2.3%
Earnings before tax (EBT)	8,450	75.4%
Income taxes (current, paid and deferred)	18	0.2%
Profit/(loss) for the period	8,468	75.6%
- (Profit)/Loss of non-controlling interests	(111)	-1.0%
- Profit/(Loss) of Group	8,579	76.6%

ANALYSIS OF ECONOMIC PERFORMANCE

Please note that comparative data for the first half of 2021 have not been presented because the Group did not prepare the Condensed Consolidated Half-Year Financial Statements as at 30 June 2021 for reasons that were contingent at the time. For further interpretation of period performance, for management purposes only, the Group's consolidated results for the first half of 2022 are compared with selected unaudited financial information as at 30 June 2021.

Revenues

The first half of the year ended with revenues of €9,436 thousand, down 8.7% from the same period of the previous year (unaudited figure).

The trend is due to the mechanics segment (HSM) which recorded revenue of €3,888 thousand compared to €4,576 thousand in the first half of the previous year (-15.0%), to the Service segment, which reported negative results compared to the first half of 2021 with revenue at €4,744 thousand (-5.3% compared to €5,012 thousand at 30 June 2021), and the electronics segment (CNC), which stood at €804 thousand (+26% compared to €638 thousand at 30 June 2021).

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

(€thousand)	1st Half 2022	%	1st Half 2021	%	Change %
Numerical controls, drives and software	804	8.5%	638	6.2%	26.0%
High-speed milling systems	3,888	41.2%	4,576	44.8%	-15.0%
After-sales service	4,744	50.3%	5,012	49.0%	-5.3%
Overall total	9,436	100%	10,226	100%	-8.7%

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

(€thousand)	TOTAL		TOTAL		Change %
GEOGRAPHIC REGION	REVENUES		REVENUES		
	1st Half 2022	%	1st Half 2021	%	
ITALY	1,623	17.2%	1,033	10.1%	57.1%
EUROPE	2,314	24.5%	2,045	20.0%	13.2%
ASIA	3,514	37.2%	4,948	48.4%	-29.0%
NORTH and SOUTH AMERICA	1,985	21.0%	2,200	21.5%	-9.8%
REST OF THE WORLD	0	0.0%	0	0.0%	0%
TOTAL	9,436	100%	10,226	100%	-7.7%

Numerical controls and software

The revenues of the electronic segment were up 26.0% compared to the first half of 2021 at €1,623 thousand versus €1,033 thousand in the same period of the previous year.

High-speed milling systems

The high-speed milling systems revenue (HSM) was down from the previous year, reaching a total value of €3,888 thousand compared to €4,576 thousand in the first half of 2021 (-15.0%).

After-sales service

Revenues of the Service segment, which comprise revenues from the after-sales service, from the sale of spare parts and from scheduled maintenance recorded a decrease (-5.7%) compared to the same period of the previous year, amounting to €4,743 thousand (€5,010 thousand at 30 June 2021).

Business

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

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

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

(€thousand)	TOTAL 30/06/2022	TOTAL 30/06/2021	Chg. %
Order backlog at 1/1	15,947	16,556	-3.7%
New orders	5,259	4,535	16.0%
Revenues	-5,547	-12,064	-6.4%
Order backlog at 30/6	15,659	15,947	-1.8%

Other revenues and income

Other revenues and earnings in the first half of 2022 were equal to €553 thousand.

This item mainly includes:

- research grants from the EU and Italian Ministry of Education, University and Research (MIUR) as part of the funded research activity carried out by the parent company Fidia S.p.A. (€278 thousand at 30 June 2022). Applied and basic research and development activities are a structural component and are carried out on an ongoing basis by Fidia S.p.A.;
- capital gains from transfers (€21 thousand at 30 December 2022);
- the reabsorption of the warranty provision (€139 thousand at 30 June 2022);
- damages from insurance companies, recovery of costs incurred, contingent assets, and others (€115 thousand at 30 June 2022).

Value of production

In the first half, the value of production (represented by net revenues, change in inventories of finished goods and work in progress, and other revenues and income) amounted to €11,200 thousand and was strongly characterised by the change in inventories of finished goods (€1,211 thousand or 10.8% of the total).

Added value

Value added was in absolute terms €3,953 thousand as at 30 June 2022 or 35.3% of the value of production. These values are affected by the lack of margin on machines not yet delivered.

Personnel

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

	1st Half 2022	1st Half 2021	Abs. change	Change %
Executives	8	10	-2	-20.0%
Office workers and middle managers	158	182	-24	-13.2%
Workers	37	40	-3	-7.5%
Total employees	203	232	-29	-12.5%
Total average headcount in the first half	205	241	-36	-15.0%

	1st Half 2022	1st Half 2021	Abs. change	Change %
Labour cost (€thousand)	5,294	5,347	-53	-0.99%

Personnel costs are substantially in line with the values reported for the first half of 2021, despite the decrease in personnel. This is due to the lower use of temporary redundancy in relation to the existing workforce.

Personnel cost as a percentage of the value of production at 30 June 2022 was 47.6% due to the lower value of production realised and the resulting lower absorption of overheads.

From 1 January 2022, again for both locations, the extraordinary redundancy fund for company crisis was activated pursuant to Article 21, paragraph 1, letter b) of Italian Legislative Decree No. 148/2015, following on from the previous redundancy arrangement, for 12 months until 31 December 2022, in line with the cost containment actions undertaken by Management to cope with the current situation of reduced demand, also as a result of the pandemic.

EBITDA

EBITDA was negative and amounted to -€1,341 thousand. This value was strongly determined by deferred machine deliveries and the performance of the Chinese subsidiary as described below. Therefore, percentage performance was strongly influenced by the decrease in revenues, which caused a lower absorption of overhead costs, despite the cost containment actions taken by Management and which ensured greater flexibility of the cost structure.

Operating income from ordinary business

The operating result of ordinary business at 30 June 2022 was negative, amounting to -€2,222 thousand.

This performance is due to the reasons explained above, plus the impact of amortisation, depreciation and write-downs for the period, which are in line with the first half of 2021.

In terms of impact on turnover, however, the loss of profitability was due to the lower absorption of overheads in relation to the decrease in turnover in the first half of 2022.

Non-recurring income and charges

In the first half of 2022, this item included the value resulting from the incorporation of the effects arising from the arrangement.

EBIT

EBIT at 30 June 2022 was positive at €8,877 thousand.

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

Finance expenses and revenue - Net foreign exchange differences

Expenses related to financing activities were slightly better than in 2021 while remaining broadly in line at the annual level (net expenses of €174 thousand as at 30 June 2022 versus net expenses of €364 thousand in 2021). Net differences in foreign exchange, either realised or resulting from measurement in the financial statements, generated net expenses of €253 thousand versus net expenses of €337 thousand in 2021.

Earnings before tax (EBT)

Earnings before tax (EBT) was a profit of €8,450 thousand compared with a loss of €3,257 thousand as at 31 December 2021.

Net Group profit/(loss)

Group profit for the period after taxes of €18 thousand and after losses of NCIs (€111 thousand) amounted to €8,579 thousand versus a loss of €3,202 thousand as at 31 December 2021.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The Group reclassified statement of financial position was as follows:

(€thousand)	30/06/2022	31/12/2021
Net tangible assets	9,507	10,027
Intangible fixed assets	1,501	1,569
Non-current financial assets	16	19
Deferred tax assets	1,009	1,235
Other financial assets	23	206
Capital assets – (A)	12,056	13,054
Net trade receivables from customers	3,518	7,396
Closing inventories	14,338	12,823
Other current assets	3,305	1,933
Short-term (current) assets – (B)	21,162	22,152
Trade payables to suppliers	(6,098)	(3,679)
Other current liabilities	(13,411)	(11,467)
Short-term (current) liabilities – (C)	(19,510)	(15,146)
Net working capital (D) = (B+C)	1,652	7,006
Termination benefits (E)	(1,999)	(2,188)
Other long-term liabilities (F)	(456)	(614)
Net invested capital (G) = (A+D+E+F)	11,253	17,258
Financial position		
Available-for-sale financial assets		-
Cash on hand, bank deposits	(4,462)	(5,267)
Current financial liabilities	1,937	7,354
Short-term financial position (receivable)/payable	(2,525)	2,087
Long-term loans, net of current portion	5,961	6,450
(Assets)/liabilities for long-term derivatives	-	158
Non-current trade and other payables	4,333	10,300
Net financial position (receivable)/payable (H)(*)	7,770	18,995
Share capital	5,123	5,123
Provisions	(6,236)	(4,255)
Net earnings pertaining to Group	8,579	(3,202)
Total equity of Group	7,466	(2,333)
Total equity of non-controlling interests	494	596
Total shareholders' equity (I)	7,960	(1,737)
Equity and net financial position (L) = (H+I)	11,253	17,258

(*) This representation transposed the communication issued by ESMA on 04/03/2021 on "Guidance on disclosure requirements under the Prospectus Regulation" (ESMA 32-382-1138) having effective date of application on 5 May 2021.

Compared to 31 December 2021, capital assets decreased substantially due to depreciation/amortisation for the period.

Net working capital was down mainly due to the discharge in bankruptcy as a result of the inclusion of the effects of the agreed arrangement and to the trend of receivables and payables driven by the decrease in revenue and related costs, and the increase in inventory.

Along with a positive economic result, the foregoing resulted in a negative net financial position of €11,253 thousand at 30 June 2022, better than at 31 December 2021. Please refer to the following paragraph for further information on the Net Financial Position.

TREND IN NET FINANCIAL POSITION

Below follows the trend in net financial position.

Financial Position (€thousand)		30/06/2022	31/12/2021
A	Cash	4,462	5,267
B	Cash equivalents	-	-
C	Other current financial assets	-	-
D	Liquidity (A+B+C)	4,462	5,267
E	Current financial debt	1,402	4,414
F	Current portion of non-current financial debt	535	2,939
G	Current financial indebtedness (E+F)	1,937	7,354
H	Net current financial indebtedness (G-D)	(2,525)	2,087
I	Non-current financial debt	5,961	6,608
j	Debt instruments	-	-
k	Non-current trade and other payables	4,333	10,300
L	Non-current financial indebtedness (I+J+K)	10,294	16,908
M	Total financial indebtedness	7,770	18,995

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

Cash on hand, bank deposits (€thousand)	30/06/2022	31/12/2021
Fidia S.p.A.	1,632	1,970
Fidia Co.	1,343	1,347
Fidia GmbH	358	479
Fidia Iberica S.A.	184	175
Fidia S.a.r.l.	492	459
Beijing Fidra Machinery & Electronics Co., Ltd	361	695
Fidia do Brasil Ltda.	34	30
Shenyang Fidra NC & M Co., Ltd	58	111
Total cash and cash equivalents	4,462	5,267

Financial payables (€thousand)	30/06/2022	31/12/2021
Short-term loans and advances		
Fidia S.p.A.	(1,366)	(6,700)
Fidia GmbH	(66)	(65)
Fidia Iberica S.A.	(48)	(38)
Fidia S.a.r.l.	(162)	(177)
Beijing Fidra Machinery & Electronics Co., Ltd	(14)	(370)
Fidia do Brasil Ltda.	(281)	(3)
Shenyang Fidra NC & M Co. Ltd.	-	-
Total	(1,937)	(7,354)
Long-term loans, net of current portion		
Fidia S.p.A.	(4,564)	(5,063)
Fidia GmbH	(97)	(130)
Fidia Iberica S.A.	(175)	(197)
Fidia S.a.r.l.	(9)	(12)
Fidia do Brasil Ltda	-	-
Fidia Co	(1,118)	(1,048)
Total	(5,961)	(6,450)
Assets/(liabilities) for non-current derivatives		
Fidia S.p.A.	-	(158)
Total	-	(158)
Total financial payables	(7,898)	(13,962)

As at 30 June 2022, the net financial position showed an improvement of €11,225 thousand; the value of the Group's Net Financial Position comprises, together with the evolution of liquidity resulting from normal operating phases, the effects of the debt write-off resulting from the publication, on 24 June 2022, by the Court of Ivrea of the decree approving the arrangement with creditors as a going concern.

The following table provides a condensed statement of cash flows at 30 June 2022 showing the cash flows composing the net financial position.

SHORT CONSOLIDATED CASH FLOW STATEMENT

(€thousand)	1st Half 2022
A) Cash and cash equivalents at beginning of period (*)	5,198
B) Cash from/(used in) operating activities	(1,271)

C) Cash from/(used in) investing activities	(132)
D) Cash from/(used in) financing activities	62
Currency translation differences	361
E) Net change in cash and cash equivalents	(980)
F) Cash and cash equivalents at end of period	4,218
Breakdown of cash and cash equivalents:	
Cash and cash equivalents	4,462
Overdrawn bank accounts and short-term advances	(244)

(*) the opening balance incorporates the payback of overdrafts

ALTERNATIVE PERFORMANCE INDICATORS

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

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

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

- EBITDA ("Earnings before interest, tax 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: as the table below shows, there are no adjustments to these figures for the first half of 2022 and the reporting period 2021 and therefore these adjusted figures correspond to the same non-adjusted figures.

€thousand	30/06/2022	Adjustments	30/06/2022 (adjusted)	31/12/2021	Adjustments	31/12/2021 (adjusted)
EBITDA	(1,341)	-	(1,341)	418		418
Accrued provisions	(18)	-	(18)	(65)		(65)
Depreciation/amortisation/write-downs of fixed assets	(864)	-	(864)	(1,933)	-	(1,933)

Non-recurring income/(expenses)	-	-	-	-	-	-
EBIT	(2,222)	-		(1,580)	-	(1,580)
Net income/(expense) from discharge in bankruptcy	11,100	-	11,100		-	-
Net finance income/(expense)	(174)	-	(2,222)	(364)	-	(364)
Profit/(loss) on foreign exchange	(253)	-	(174)	(337)	-	(337)
EBT	8,450	-	(253)	(2,281)	-	(2,281)

Other parameters mentioned:

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

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

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

FINANCIAL RATIOS

INVESTMENT MIX RATIOS

RATIOS	30 June 2022	31 December 2021
1) Weight of fixed assets		
$\frac{\text{Capital assets}}{\text{Total assets}}$	$\frac{12,200}{37,824} = 32.25\%$	$\frac{13,054}{40,473} = 32.25\%$
2) Weight of working capital		
$\frac{\text{Current assets}}{\text{Total assets}}$	$\frac{25,624}{37,824} = 67.75\%$	$\frac{27,419}{40,473} = 67.75\%$

LOAN MIX RATIOS

RATIOS	30 June 2022	31 December 2021
1) Weight of current liabilities		
$\frac{\text{Current liabilities}}{\text{Total liabilities (except shareholders' equity)}}$	$\frac{21,447}{29,863} = 71.82\%$	$\frac{32,605}{42,210} = 77.24\%$
2) Weight of non-current liabilities		
$\frac{\text{Non-current liabilities}}{\text{Total liabilities (except shareholders' equity)}}$	$\frac{8,364}{29,863} = 28.18\%$	$\frac{9,605}{42,210} = 22.76\%$
3) Weight of own capital		
$\frac{\text{Own capital}}{\text{Net invested capital}}$	$\frac{7,960}{10,800} = 73.71\%$	$\frac{(1,737)}{17,258} = (10.06)\%$

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

- the loan mix ratio shows a prevalence of short-term loans, which is consistent with the level of investing activities;
- a decrease in the hedging of net invested capital with equity, due to the profit in the first half of 2022.

FINANCIAL POSITION RATIOS

LIQUIDITY RATIOS

RATIO	30 June 2022	31 December 2021
$\frac{\text{Current assets}}{\text{Current liabilities}}$	$\frac{25,624}{21,447} = 1.19$	$\frac{27,419}{32,605} = 0.84$

CAPITAL ASSETS COVERAGE RATIO

RATIO	30 June 2022	31 December 2021
$\frac{\text{Own capital}}{\text{Capital assets}}$	$\frac{7,960}{12,056} = 0.66$	$\frac{(1,737)}{13,054} = (0.13)$

CASH RATIO

RATIO	30 June 2022	31 December 2021
$\frac{\text{Short-term assets}}{\text{Short-term liabilities}}$	$\frac{21,162}{19,510} = 1.08$	$\frac{22,152}{21,249} = 1.46$

The analysis of the financial ratios reflects a substantial improvement resulting from the recapitalisation following the effectiveness of the arrangement items in discontinuity with the previous year.

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

The capital assets ratio of fixed assets shows an increase in capital assets coverage with equity compared to December 2021, the result of incorporating the effects from the arrangement that increased equity.

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

ECONOMIC POSITION RATIOS

ROE - RETURN ON EQUITY

	30-june-22	
Net Profit attributable to shareholders of parent company	8.579	=
Share capital and reserves attributable to shareholders of parent company	7.466	
		114,90%

ROI - RETURN ON INVESTED CAPITAL

	30-june-22	
Operating Income	-2.222	=
Invested Capital	33.218	
		-6,69%

ROS - RETURN ON SALES

	30-june-22	
Operating Income	-2.222	=
Sales	9.436	
		-23,55%

ROE, which measures return on equity, was positive due to the recapitalisation resulting from the arrangement effects accruing in the first half of 2022.

ROI, which measures return on operations, shows a negative value given the operating loss registered by the Group in the first half of 2022.

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.

SEGMENT REPORTING

Economic performance by line of business

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

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

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

Consolidated income statement by business sector

Data at 30 June 2022 (€thousand)	CNC	%	HSM	%	SERVICE	%	N/A	Total
Revenues	812	92.2%	3,859	100.0%	4,765	99.7%	-	9,436
Cross-sector revenues	69	7.8%	0	0.0%	14	0.3%		0
Total reclassified revenues	881	100.0%	3,859	100.0%	4,779	100.0%	-	9,436
Changes in inventories of finished goods and W.I.P.	67	7.6%	748	19.4%	396	8.3%	0	1,211
Raw materials and consumables	(306)	-34.7%	(3,274)	-84.8%	637	-13.3%	(24)	(4,240)
Cross-sector expenses	44	5.0%	(127)	-3.3%	1	0.0%	0	0
Commissions, transport and contractors	(74)	-8.4%	(501)	-13.0%	163	-3.4%	(1)	(739)
Sales margin	612	69.4%	706	18.3%	4,375	91.6%	(24)	5,668
Other operating revenue	176	20.0%	1,915	49.6%	107	2.2%	(1,141)	1,058
Other operating costs	(62)	-7.1%	(301)	-7.8%	649	-13.6%	(1,681)	(2,693)
Personnel costs	(508)	-57.7%	(1,690)	-43.8%	2,144	-44.9%	(978)	(5,319)
Depreciation, amortisation and write-downs	(124)	-14.1%	(295)	-7.7%	63	-1.3%	(453)	(935)
Operating profit/(loss)	93	10.6%	335	8.7%	1,626	34.0%	(4,276)	(2,222)

RESEARCH & DEVELOPMENT

R&D activities have always been one of the strengths of the Group and received substantial investment over the years. A team of 30 people, also supported by specialised consultants, is currently dedicated to R&D activities.

The costs incurred by the Group at 30 June 2022 amounted to about €0.797 million, equal to about 8.4% of revenues (€0.961 million in 2021 equal to about 4.0% 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 €95 thousand (€47 thousand in 2021).

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 characterised activities during 2022 were:

- 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.
- 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. HiMonitor is one of the solutions in line with the Industry 4.0 criteria that equip FIDIA numerical controls.
- nCservice - The project aims to develop a set of tools and facilities for the maintenance, management and calibration of machine tools. Following the renewal of the graphical user interface, the new service tools are also developed with a modern style capable of making setup and maintenance operations easy.
- nC20/40 - Work has been carried out to bring a number of improvements to the nC20 and nC40 numerical controls, such as the creation of numerical control configurations, remote I/O peripherals, the development, integration and replacement of I/O devices for the C-series numerical controls, and the development of numerous board configurations, to make FIDIA's numerical control increasingly competitive.

- CNCV6 - Sixth generation of FIDIA numerical control software. The goal of the project is to respond to market and customer demands by implementing axis control logic that further improves high-speed machining, both in terms of accuracy and machining quality.
- Xpower series expansion: The project aims to expand the Xpower drive series with new devices aimed at both increasing performance and expanding product offerings. In particular, a new digital axis control board will be developed that will provide sufficient speed and computation time to expand low-level control logic and a new encoder protocol interfacing of the current board to ensure compatibility with new products.

In the field of high-speed milling systems, the Group has pursued a development strategy centred on the one hand on expanding its machine offerings and on the other on finding technological and architectural solutions to improve its offerings.

The main projects that characterised 2021 were:

- Automatic Pallet Change and FMS Systems - 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.
- R45: This project aims to develop a new RAM configuration of the machines of the DL family that achieves great thermal symmetry in RAM while maintaining the stiffness of these machine series. This development will enable ever greater milling accuracy.
- Machine Thermal Conditioning: The project aims to contain the thermal drifts of all new FIDIA machine tools due to variations in room temperature that affect the machining accuracy required in the mould and aerospace industries. Several strategies exist to thermostate the machine tool and make it insensitive to changes in room temperature or non-uniformity of temperature change.

Finally, throughout 2022 the Group continued its activities in the research collaboration field. The year 2022 saw the participation of Fidia as a partner in 4 projects co-financed by the European Commission under 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.
- I4Q - This project, involving 30 partners from across Europe, aims to develop software tools for collecting and analysing qualitative data from various types of manufacturing processes.

Within the project, FIDIA will test these technologies to further improve milling surface quality while keeping production time and cost down.

- SHERLOCK - The project aims to develop technologies for human-robot collaboration. In particular, the partners aim to combine artificial intelligence and cognitive systems for the development of exoskeletons that can improve the quality of workers and manual assembly operations that require both the high flexibility of human beings and a high dose of strength and physical endurance.

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

INTRA-GROUP RELATIONS AND RELATIONS WITH RELATED PARTIES

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.

On 29 September 2021, the Board of Directors prepared and approved the update of the specific internal procedures called "*Guidelines and criteria for conduct regarding* "particularly significant", "atypical or unusual" and "*related party*" transactions (the "Guidelines")—originally approved on 11 November 2020—which implement both the criteria set forth in the Corporate Governance Code and the Regulation containing provisions regarding related parties adopted by Consob Resolution No. 17221 of 12 March 2010 as amended by the latest Consob Resolution No. 21624 of 10 December 2020 (effective 1 July 2021).

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. Intra-group sales relations are carried out based on transfer pricing applied in a continuous and uniform manner between companies. Supply relations are carried out based on normal market prices.

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

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

Information on relations with related parties whose definition was extended according to Accounting Standard IAS 24, as required by Consob Resolution of 28 July 2006, is illustrated in 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 2021 there were no transactions with related parties that can be defined as having "major relevance".

In first half of 2022 Fidia S.p.A. signed no supply contract falling among ordinary contracts and concluded at arm's length exceeding the materiality threshold set out pursuant to Annex 3 of CONSOB Regulation 17221.

TRENDS IN GROUP COMPANIES

A brief overview of the performance of the Group companies during the first half is provided below. The data refer to financial statements prepared in accordance with IAS/IFRS, and all companies are consolidated on a line-by-line basis.

	Fidia S.p.A.	Fidia GmbH	Fidia Co.	Fidia S.a.r.l.	Fidia Iberica S.A.
Accounting currency	EUR	EUR	USD	EUR	EUR
Period of reference of balance sheet information	30.06.2022	30.06.2022	30.06.2022	30.06.2022	30.06.2022
ASSETS					
Non-current assets					
- Property, plant and equipment	7,748,948	179,253	1,222,068	26,667	116,839
- Intangible assets	1,486,137	1	15,647	-	-
- Equity Investments	6,646,104	22,867	-	-	3,366
- Other non-current financial assets	143,916	-	-	-	-
- Non-current trade and other receivables	368,881	223,880	89,444	18,522	-
- Pre-paid tax assets	14,805	-	1,187	7,155	-
Total non-current assets	16,408,792	426,001	1,328,346	52,343	120,204
Current assets					
- Inventory	9,617,715	1,048,874	3,258,248	139,908	209,842
- Trade receivables and other current receivables	7,138,829	433,039	1,442,954	121,415	281,102
- Cash and cash equivalents	1,646,778	358,160	1,394,723	492,177	183,724
Total current assets	18,403,322	1,840,074	6,095,925	753,500	674,669
Total assets	34,812,114	2,266,075	7,424,271	805,844	794,873
LIABILITIES					
Shareholders' equity					
- Share capital	5,123,000	520,000	400,000	300,000	180,300
- Other reserves	(13,232,742)	864,340	7,582,956	(13,171)	(12,400)
- Profit (loss) of the period	15,844,113	(401,718)	(4,093,656)	(12,895)	14,080
TOTAL SHAREHOLDERS' EQUITY	7,734,371	982,621	3,889,300	273,934	181,980
Non-current liabilities					
- Other non-current payables and liabilities	616	-	-	79,823	-
- Termination benefits	1,999,320	-	-	-	-
- Deferred tax liabilities	88,185	270,508	-	-	15,528
- Other non-current financial liabilities	-	-	-	-	-
- Non-current financial liabilities	4,563,925	96,889	1,161,260	8,820	173,601
Total non-current liabilities	6,652,047	367,396	1,161,260	88,644	189,129
Current liabilities					
- Current financial liabilities	1,587,261	66,131	-	161,797	48,416
- Trade payables and other current payables	17,591,575	812,012	2,315,827	277,466	369,784
- Short-term provisions	1,246,861	37,915	57,884	4,003	5,563
Total current liabilities	20,425,696	916,057	2,373,711	443,266	423,763
Total liabilities	34,812,114	2,266,075	7,424,271	805,843	794,873

	Fidia S.p.A.	Fidia GmbH	Fidia Co.	Fidia S.a.r.l.	Fidia Iberica S.A.
Accounting currency	EUR	EUR	USD	EUR	EUR
Period of reference of balance sheet information	30.06.2022	30.06.2022	30.06.2022	30.06.2022	30.06.2022

INCOME STATEMENT

- Net sales	5,657,627	1,326,560	1,734,731	359,713	749,093
- Other revenues and income	639,055	12,713	147,213	14,398	22,790
Total revenue	6,296,682	1,339,273	1,881,944	374,111	771,883
- Changes in inventories of finished goods and work in progress	1,378,548	(105,720)	(172,542)	53,429	35,671
- Raw materials and consumables	3,533,618	338,744	241,385	128,215	329,725
- Personnel costs	2,633,452	593,933	819,426	138,289	275,601
- Other operating costs	2,311,950	294,010	779,360	105,327	159,095
- Depreciation, amortisation and write-downs	575,251	46,407	86,038	18,526	27,863
Operating income from ordinary business	(1,379,041)	(39,541)	(216,806)	37,184	15,270
- Non-recurring income/(expenses)	-	-	-	-	-
Operating profit/(loss)	(1,379,041)	(39,541)	(216,806)	37,184	15,270
- Net income/(expense) from discharge in bankruptcy	17,396,335	(362,671)	(3,857,102)	(49,395)	-
- Finance revenue (expenses)	(169,804)	(11,700)	(18,174)	(684)	(1,576)
Profit (loss) before taxes	15,847,490	(413,913)	(4,092,082)	(12,895)	13,694
Income tax	(3,377)	12,195	(1,574)	-	387
Profit/(loss) for the period	15,844,113	(401,718)	(4,093,656)	(12,895)	14,080

	Fidia do Brasil Ltda	Beijing Fidias M.&E.Co. Ltd.	Shenyang Fidias NC&M Company Ltd
Accounting currency	REALS	RMB	RMB
Period of reference of balance sheet information	30.06.2022	30.06.2022	30.06.2019
ASSETS			
Non-current assets			
- Property, plant and equipment	81,564	1,882,517	413
- Intangible assets	396	-	-
- Equity Investments	-	-	-
- Other non-current financial assets	-	-	-
- Non-current trade and other receivables	162,919	1,692,430	79,181
- Pre-paid tax assets	-	-	-
Total non-current assets	244,879	3,574,947	79,594
Current assets			
- Inventory	890,789	6,882,514	8,186,582
- Trade receivables and other current receivables	569,011	7,532,701	450,921
- Cash and cash equivalents	184,180	2,514,631	405,463
Total current assets	1,643,981	16,929,846	9,042,966
Total assets	1,888,859	20,504,792	9,122,560
LIABILITIES			
Shareholders' equity			
- Share capital	399,798	12,814,480	42,517,648
- Other reserves	(2,771,484)	16,870,418	(37,656,957)
- Profit (loss) of the period	506,781	(21,930,646)	(1,605,326)
TOTAL SHAREHOLDERS' EQUITY	(1,864,904)	7,754,252	3,255,365
Non-current liabilities			
- Other non-current payables and liabilities	-	-	-
- Termination benefits	-	-	-
- Deferred tax liabilities	-	8,868	-
- Other non-current financial liabilities	-	-	-
- Non-current financial liabilities	-	-	-
Total non-current liabilities	-	8,688	-
Current liabilities			
- Current financial liabilities	606,726	1,955,857	-
- Trade payables and other current payables	3,144,429	10,785,815	5,867,195
- Short-term provisions	2,609	-	0
Total current liabilities	3,753,764	12,741,673	5,867,195
Total liabilities	1,888,859	20,504,792	9,122,560

	Fidia do Brasil Ltda	Beijing Fidia M.&E. Co. Ltd.	Shenyang Fidia NC&M Company Ltd
Accounting currency	REALS	RMB	RMB
Period of reference of balance sheet information	30.06.2022	30.06.2022	30.06.2022

INCOME STATEMENT

- Net sales	2,151,108	6,254,255	43,805
- Other revenues and income	643	1,830	30
Total revenue	2,151,751	6,256,084	43,836
- Changes in inventories of finished goods and work in progress	(42,678)	-	102,595
- Raw materials and consumables	1,241,372	1,759,633	764,623
- Personnel costs	339,410	5,229,755	736,220
- Other operating costs	494,475	1,480,764	68,396
- Depreciation, amortisation and write- downs	59,622	700,611	176,740
Operating income from ordinary business	(25,804)	(2,914,679)	(1,599,549)
- Non-recurring income/(expenses)			
Operating profit/(loss)	(25,804)	(2,914,679)	(1,599,549)
- Net income/(expense) from discharge in bankruptcy	-	(18,084,094)	-
Finance revenue (expenses)	517,542	(989,020)	(2,361)
Profit (loss) before taxes	491,737	(21,987,794)	(1,601,909)
Income tax	15,101	57,149	(3,416)
Profit/(loss) for the period	506,838	(21,930,646)	(1,605,326)

SIGNIFICANT EVENTS DURING THE FIRST HALF OF THE YEAR

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 the financial statements 2021 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.

On 22 June 2022, the Court of Ivrea issued the order approving the arrangement as a going concern and then ordered the Company to carry out the fulfillments of the arrangement plan filed at the time and thus the fulfillment of the provisions contained in the same plan and the planned capital increase transactions. Pursuant to Article 186 of the Bankruptcy Law, 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.

OUTLOOK FOR OPERATIONS, GOING CONCERN AND SIGNIFICANT EVENTS AFTER THE END OF THE FIRST HALF OF THE YEAR

Business Outlook

The Group closed the first half with a net profit of approximately €8.6 million, which was mainly due to the incorporation of the economic effects of approval, i.e., the write-off of debts resulting from the approval of the arrangement with creditors as a going concern and the related publication on 24 June 2022 by the Court of Ivrea of the related approval decree, which more than offset the reduction in business volume and decrease in new orders as a result of the Covid-19 pandemic that characterised the first months of 2022, which added to an already general tension in some of the markets in which the Group operates and slowed investment demand.

The Fidia crisis

The Company's economic and financial crisis, which broke out in the year 2020, forced the Company to initiate the arrangement procedure that took place on 13 November 2020.

In the year 2021, despite the ongoing Covid-19 pandemic and the resulting difficulties and freeze in markets, the Company managed not to worsen the economic and commercial performance, substantially holding ground in terms of sales and pursuing a careful cost-cutting policy. During 2021, the Company monitored its business and financial activities on a monthly basis with periodic reporting to the Board of Directors and the court-appointed commissioner. In addition, it carried out an important activity in collaboration with the professionals in charge of drafting the Arrangement

Plan, especially, in order to obtain the ruling approving the arrangement, which was handed down by the Court of Ivrea on 22 June 2022.

The reasons for the economic and financial 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 as early as 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.

In terms of the economic and financial effects related to Covid-19, the Company also experienced the actual negative effects resulting from the pandemic in the year 2021.

Actions taken by the Company to tackle the Group crisis

In 2021, the Company continued the operational and related activities of the Arrangement Plan, already undertaken since 2019 and referred to here in full.

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:

1. 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;
2. 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);
3. 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.

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;

The Arrangement Proposal provides for a comprehensive financial and capital consolidation operation to be implemented, in short, through the continuation of the Company's business activity, aimed at ensuring its continuation as a going concern. This capital and financial consolidation operation is covered by the irrevocable and guaranteed commitment of the Investors, contained in the offer and Investment Agreement agreed upon and submitted to the Company. In detail, the offer includes:

- i. the establishment by FAI of a limited liability company based in Italy, with a share capital of €100,000 and managed by Mr. Enrico Scio. This company was incorporated on 13 April 2022 under the name FAI Bidco Uno S.r.l. ("FAI Bidco Uno");
- ii. an increase in the share capital of FAI Bidco Uno in the amount of €4,132,413 ("Aucap Fai Bidco Uno S.r.l."), within 30 days of the approval of the Arrangement Plan, to be carried out only if fully subscribed and in two tranches:
 - the first, totaling €2,132,413 (of which €80,000 was nominal and €2,052,413 was share premium), subscribed and paid for by Mr. Morfino, in kind, through the contribution of all the shares held by him in Fidia's share capital;
 - the second, in the amount of €2,000,000 (including €220,000 in nominal amount and €1,780,000 as premium), subscribed and paid in cash by Negma Group investment Ltd;
- iii. the issuance of a convertible bond cum warrant by Fidia in the total amount of €10,000,000, to be issued in one or more tranches, excluding option rights ("POC"), which Negma has committed to subscribe and pay in full. Specifically, having taken note of the postponement of the date of the Company's capital increase, on 21 October 2022 Negma Group Investment Ltd. confirmed its willingness to continue with the investment, now scheduled for 18 November 2022, and declared its readiness to carry out the capital increase in Fai Bidco Uno S.r.l. by the same date, subject to the Company carrying out all the steps deemed necessary to proceed with the capital increase in Fidia S.p.A. within the timeframe indicated above.
- iv. the execution of an overall capital increase with the exclusion of option rights, in the total amount of €14,000,000, divided as follows:
 - a. €2,000,000, to be reserved for subscription in cash by FAI Bidco Uno S.r.l. ("Reserved Capital Increase");
 - b. €10,000,000 to be allocated for the conversion of the POC subscribed by Negma Group Investment Ltd (the "POC Capital Increase");
 - c. €2,000,000 to service the possible exercise of warrants.

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 2024;
 - 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.

Significant events occurring after the first half

As a result of the discussions between the Company and the Investors following the approval of arrangement, the parties agreed to increase the total amount of the Capital Increase, from €14,000,000 to €22,000,000, specifically providing for an increase in the Capital Increase to service the possible exercise of the warrants from €2,000,000 to €10,000,000, as resolved by the Company's Board of Directors, which on 6 October 2022 approved the Directors' Explanatory Report prepared in accordance with Article 2441, paragraph 6, of the Italian Civil Code, by which it submitted the relevant capital increase proposals (the "Capital Increase Proposals") to the Company's Extraordinary Shareholders' Meeting, convened today. Today's Meeting resolved:

- the issuance of a bond convertible into Fidia shares cum warrant in the total amount of €10,000,000;
- the capital increase pursuant to Article 2420-bis, Paragraph 2 of the Civil Code, in tranches, with the exclusion of option rights, pursuant to Article 2441, Paragraph 5, of the Civil Code, for a maximum amount of €10,000,000, by issuing ordinary shares to service the conversion of the Loan;
- the issuance of the Warrants named "Warrant Fidia 2022-2024" to be assigned free of charge to the subscribers of the Fidia Bonds
- the capital increase, in tranches and by payment, pursuant to Article 2441, paragraph 6, of the Civil Code, in one or more installments to service the exercise of the Warrants, up to a maximum amount of €10,000,000, by issuing ordinary shares to service the conversion of the Loan;
- the capital increase, with the exclusion of option rights, pursuant to Article 2441, paragraphs 5 and 6, of the Civil Code, for a maximum amount of €2,000,000, by issuing ordinary shares;

Today, the finalisation of the Fai Bidco Uno S.r.l. Capital Increase is also expected. It will put it in a position to subsequently make the Capital Payment into Fidia S.p.A., thanks to which the latter will have the necessary resources to finance the expected financial requirements.

In light of the above, it can be reasonably ruled out that judicial measures will be taken to interrupt the course of action initiated before 21 November 2022.

Moreover, postponement, mainly due to the multiple obligations necessary in order to complete the transaction, is not considered by the directors, also based on the opinion of their lawyers, to be an obstacle to the successful completion of the transaction.

Going concern assumption

As explained above, on 6 October 2022 Fidia's Board of Directors resolved:

- i. to execute the transactions provided for by the arrangement proposal and the Plan, with approval of the Explanatory Report prepared pursuant to Article 2441, paragraph 6, of the Civil Code
- ii. to approve the Investment Agreement related to the bond loan and warrants-to be submitted for approval to the Fidia S.p.A. Shareholders' Meeting held today, instrumental and preparatory to the implementation of the Arrangement Proposal.

This proposal was approved today by the Fidia Shareholders' Meeting.

The Arrangement Plan process is still in the execution phase and, in particular, as of the date of preparation of these condensed consolidated half-year financial statements, the capital increase of Fai Bidco Uno S.r.l., preparatory to the Capital Increase in Fidia S.p.A. reserved for Fai Bidco Uno S.r.l. of € 2 million, which according to the Arrangement Proposal should have been executed within 30 days of the approval of the Arrangement Plan on 22 June 2022, has not yet been executed. As a result of the following discussions between the parties, the Bidco capital increase is scheduled today, and both Mr. Morfino and Negma Group Investment Ltd. have confirmed their intention to follow up on this capital increase, also taking into account Negma's commitment dated 21 October 2022 mentioned above.

For the purpose of executing Fidia's capital increases, the agreement governing the issuance of the Bonds and Warrants (the "Agreement"), to which the POC Regulations (the "POC Regulations") and the Warrant Regulations are attached, was also signed.

Given that the steps required to implement the Arrangement Proposal have not yet been completed, in the opinion of the directors, there is significant uncertainty that may cast significant doubt on the ability of Fidia and the Group to continue operating on a going concern basis. Moreover, this uncertainty is associated with the risk of failure to finalise the forecasts contained in the arrangement plan that have not yet been completed to date, including the planned capital increases, which to date have not yet been finalised and are necessary in order to provide the Company and the Group with the necessary resources to finance the expected financial requirements.

Nevertheless, taking into account Negma Group Investment Ltd.'s confirmation of its commitment to execute the undertaken capital increase in Fai Bid.Cco, Uno S.r.l.—and the simultaneous confirmation of the timing, through the signing and official delivery to the Company of the timetable that sets the date of November 18 as the date of approval by the Shareholders' Meeting of the Fidia capital increase—, providing it with the necessary resources to carry out the capital increase - reserved to it of €2 million and the approval by the Extraordinary Shareholders' Meeting of the Proposed Capital Increases and the subsequent execution of these capital increases and issuance of the POC to the extent necessary to cover the Company's and the Group's financial requirements over the foreseeable future, and having carried out the necessary checks, the Directors believe that the arrangement plan process can reasonably be completed.

In addition, with reference to the short-term cash needs (next 12 months) of the Company and Group, based on the flows processed for the period from September 2022 to December 2023, the Directors are confident that upon successful completion of the planned capital increases, there will be no financial shortfall for the Company and the Group. Based on these assumptions, therefore, the directors consider it appropriate to use the going concern assumption for the preparation of the condensed consolidated half-year financial statements as at 30 June 2022 as follows:

- the Proposal was approved by a majority of eligible creditors, having reached the quorum required by law;
- the approval of the Arrangement Plan by the competent court took place on 22 June 2022;
- the business plan prepared by the Company for the period 2022-2025 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 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 updated set of guarantees both at the meeting of creditors by the investors and in the following months;
- 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 after the capital increase has taken place.

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 draft condensed consolidated half-year financial statements.

Based on the net result of the period 2021, the parent Fidia S.p.A, recorded a negative equity of €8,505 thousand. In relation to the provisions in the Civil Code for this case, the directors should have taken appropriate action at the shareholders' meeting convened to approve the financial statements for the year ending 31 December 2021. The directors considered at that time that, based on the benefits that would become apparent following the approval of the arrangement agreement with the write-off of debts admitted to the bankruptcy proceedings, these losses would be immediately and fully reabsorbed, thus restoring financial stability. In light of the findings presented in this report, this expectation has been confirmed.

FIDIA GROUP
Condensed consolidated half-year
financial statements at 30 June 2022

CONSOLIDATED INCOME STATEMENT (*)

(€thousand)	Notes	1st Half 2022	
- Net sales	1	9,436	94.5%
- Other revenues and income	2	553	5.5%
Total revenues		9,989	100.0%
- Changes in inventories of finished goods and W.I.P.		1,211	12.1%
- Raw materials and consumables	3	(4,042)	-40.5%
- Personnel costs	4	(5,294)	-53.0%
- Other operating costs	5	(3,205)	-32.1%
- Depreciation, amortisation and write-downs	6	(881)	-8.8%
Operating profit/(loss) from ordinary business		(2,222)	-22.2%
- Non-recurring income/(expenses)		-	-
Operating profit/(loss)		(2,222)	-22.2%
- Net income/(expense) from discharge in bankruptcy	7	11,100	111.1%
- Finance income/(expense)	8	(428)	-4.3%
Profit/(loss) before tax		8,450	84.6%
- Income tax	9	18	0.2%
Profit/(loss) for continuing operations		8,468	84.8%
- Profit/(loss) for discontinued operations		-	0.0%
Profit (loss) for the period		8,468	84.8%
Profit/(loss) attributable to:			
- Shareholders of parent company		8,579	85.9%
- Non-controlling interests		(111)	-1.1%
(EUR)			
Earning per share	10	1,678	
Diluted earnings per ordinary share	10	1,678	

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€thousand)	Notes	1st Half 2022
Profit (loss) for the period (A)		8,468
Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss:		
Profit/(loss) on cash flow hedges (cash flow hedge)	20	300
Profit(loss) on translation of financial statements of foreign companies	20	483
Tax effect pertaining to Other comprehensive profit/(loss) that may be reclassified in profit or loss	20	(72)
Total Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss, net of tax effect (B1)		711
Other comprehensive profit/(loss) that may not subsequently be reclassified in profit or loss:		
Net actuarial gains/(losses) on defined benefit plans	20	220
Tax effect pertaining to Other comprehensive profit/(loss) that may not be reclassified in profit or loss	20	(53)
Total Other comprehensive profit/(loss) that may not subsequently be reclassified in profit or loss, net of tax effect (B2)		167
Total Other comprehensive profit/(loss), net of tax effect (B)=(B1)+(B2)		878
Total comprehensive profit/(loss) for the period (A)+(B)		9,346
Total comprehensive profit/(loss) due to:		
Shareholders of the parent company		9,449
Non-controlling interests		(103)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(*)

(€thousand)	Notes	30 June 2022	31 December 2021
ASSETS			
NON-CURRENT ASSETS			
- Property, plant and equipment	11	9,507	10,027
- Intangible assets	12	1,501	1,569
- Equity investments	13	16	16
- Other current financial receivables	14	144	-
- Other non-current receivables and assets	15	23	206
- Pre-paid tax assets	9	1,009	1,236
TOTAL NON-CURRENT ASSETS		12,200	13,054
CURRENT ASSETS			
- Inventory	16	14,338	12,823
- Trade receivables	17	3,518	7,395
- Current tax receivables	18	406	400
- Other current receivables and assets	18	1,617	1,533
- Cash and cash equivalents	19	4,462	5,267
TOTAL CURRENT ASSETS		24,341	27,419
TOTAL ASSETS		36,541	40,473
LIABILITIES			
SHAREHOLDERS' EQUITY			
- Share capital and reserves attributable to shareholders of parent company		7,466	(2,333)
- Non-controlling interests		494	596
TOTAL CONSOLIDATED EQUITY	20	7,960	(1,737)
NON-CURRENT LIABILITIES			
- Other non-current payables and liabilities	21	80	257
- Termination benefits	22	1,999	2,188
- Deferred tax liabilities	9	376	521
- Provisions for risks and charges	27	-	31
- Other non-current financial liabilities	23	-	158
- Non-current financial liabilities	24	6,135	6,450
TOTAL NON-CURRENT LIABILITIES		8,590	9,605
CURRENT LIABILITIES			
- Current financial liabilities	24	1,764	7,354
- Trade payables	25	6,098	11,220
- Current tax payables	26	1,190	1,107
- Other current payables and liabilities:	26	9,805	12,229
- Provisions for risks and expenses	27	1,134	695
TOTAL CURRENT LIABILITIES		19,991	32,605
TOTAL LIABILITIES		36,541	40,473

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

CONSOLIDATED STATEMENT OF CASH FLOWS

(*)

(€thousand) 1st Half 2022

A) Cash and cash equivalents at beginning of period	5,198
B) Cash from/(used in) operating activities during the period:	(1,271)
- Result of Group and non-controlling interests	8,468
- Depreciation and impairment of tangible fixed assets	859
- Capital gain from arrangement	(11,096)
- Net loss (gain) on disposal of tangible assets	(21)
- Net change in provision for termination benefits	(189)
- Net change in provisions for risks and charges	408
- Net change (assets) liabilities for (pre-paid) deferred taxes	82
Net change in working capital:	
- receivables	2,023
- inventory	(1,515)
- payables (**)	(290)
C) Cash from/(used in) investing activities	(132)
- Investments in	
property, plant and equipment	(81)
intangible fixed assets	(95)
- Proceeds from the sale of:	
property, plant and equipment	44
non-current financial assets	
D) Cash from/(used in) financing activities	62
- Net change in loans (***)	113
- Loan repayments	(495)
- Dividends paid	-
- Changes in capital and reserves	746
- Net change in other current and non-current financial assets and liabilities	(302)
Currency translation differences	361
E) Net change in cash and cash equivalents	(980)
F) Cash and cash equivalents at end of period	4,218
Breakdown of cash and cash equivalents:	
Cash and cash equivalents	4,462
Overdrawn bank accounts	(244)

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

(**) of which €0 thousand in taxes paid

(***) of which €118 thousand in interest paid

OVERVIEW OF CHANGES IN SHAREHOLDERS' EQUITY

(€thousand)	Share capital	Treasury shares	Capital reserves	Retained earnings	Cash flow hedge reserve	Translation reserve	Reserve for actuarial profit/loss	Other reserves	Result for the period	Total Group Shareholders' Equity	Non-controlling interests	Total Shareholders' Equity
Balance at 31 December 2021	5,123	(45)	1,240	(7,535)	(117)	2,232	(241)	213	(3,202)	(2,333)	596	(1,737)
Allocation of profit	-	-	-	(3,202)	-	-	-	-	3,202	-	-	-
Distribution of dividends	-	-	-	-	-	-	-	-	-	-	-	-
Comprehensive result for the period	-	-	-	-	228	475	167		8,579	9,449	(103)	9,346
Other changes	-	-	-	351						351		351
Balance at 30 June 2022	5,123	(45)	1,240	(10,386)	111	2,707	(74)	213	8,579	7,467	494	7,960

CONSOLIDATED INCOME STATEMENT

pursuant to CONSOB Resolution No. 15519 of 27 July 2006

(€thousand)	Notes	1st Half 2022	Of which related parties
- Net sales	1	9,436	
- Other revenues and income	2	553	
Total revenues		9,989	
- Changes in inventories of finished goods and W.I.P.		1,211	
- Raw materials and consumables	3	(4,042)	4
- Personnel costs	4	(5,294)	145
- Other operating costs	5	(3,205)	65
- Depreciation, amortisation and write-downs	6	(881)	
Operating profit/(loss) from ordinary business		(2,222)	
- Non-recurring income/(expenses)		-	
Operating profit/(loss)			
- Net income/(expense) from discharge in bankruptcy	7	11,100	
- Finance income/(expense)	8	(428)	
Profit/(loss) before tax		8,450	
- Income tax	9	18	
Profit/(loss) for continuing operations		8,468	
- Profit/(loss) for discontinued operations		-	
Profit (loss) for the period		8,468	
Profit/(loss) attributable to:			
- Shareholders of parent company		8,579	
- Non-controlling interests		(111)	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

pursuant to CONSOB Resolution No. 15519 of 27 July 2006

(€thousand)	Notes	30 June 2022	Of which related parties	31 December 2021	Of which related parties
ASSETS					
NON-CURRENT ASSETS					
- Property, plant and equipment	11	9,507		10,027	
- Intangible assets	12	1,501		1,569	
- Equity investments	13	16		16	
- Other current financial receivables	14	144		-	
- Other non-current receivables and assets	15	23		206	
- Pre-paid tax assets	9	1,009		1,236	
TOTAL NON-CURRENT ASSETS		12,200		13,054	
CURRENT ASSETS					
- Inventory	16	14,338		12,823	
- Trade receivables	17	3,518		7,395	
- Current tax receivables	18	406		400	
- Other current receivables and assets	18	1,617	17	1,533	16
- Cash and cash equivalents	19	4,462		5,267	
TOTAL CURRENT ASSETS		24,341		27,419	
TOTAL ASSETS		36,541		40,473	
LIABILITIES					
SHAREHOLDERS' EQUITY					
- Share capital and reserves attributable to shareholders of parent company		7,466		(2,333)	
- Non-controlling interests		494		596	
TOTAL CONSOLIDATED EQUITY	20	7,960		(1,737)	
NON-CURRENT LIABILITIES					
- Other non-current payables and liabilities	21	80		257	
- Termination benefits	22	1,999		2,188	
- Deferred tax liabilities	9	376		521	
- Provisions for risks and expenses	27	-		31	
- Other non-current financial liabilities	23	-		158	
- Non-current financial liabilities	24	6,135		6,450	
TOTAL NON-CURRENT LIABILITIES		8,468		9,605	
CURRENT LIABILITIES					
- Current financial liabilities	24	1,764		7,354	
- Trade payables	25	6,098	-	11,220	2
- Current tax payables	26	1,190		1,107	
- Other current payables and liabilities:	26	9,805	368	12,229	359
- Provisions for risks and expenses	27	1,134		695	
TOTAL CURRENT LIABILITIES		19,991		32,605	
TOTAL LIABILITIES		36,541		40,473	

CONSOLIDATED STATEMENT OF CASH FLOWS

pursuant to CONSOB Resolution No. 15519 of 27 July 2006

(€thousand)	1st Half 2022	Of which related parties
A) Cash and cash equivalents at beginning of period	5,198	
B) Cash from/(used in) operating activities during the period:	(1,271)	
- Result of Group and non-controlling interests	8,468	
- Depreciation and impairment of tangible fixed assets	864	
- Capital gain from arrangement	(11,100)	
- Net losses (gains) on transfers of tangible fixed assets	(21)	
- Net change in provision for termination benefits	(189)	
- Net change in provisions for risks and charges	408	
- Net change (assets) liabilities for (pre-paid) deferred taxes	82	
Net change in working capital:		
- receivables	2,023	(1)
- inventory	(1,515)	
- payables	(291)	9
C) Cash from/(used in) investing activities	(132)	
- Investments in		
property, plant and equipment	(81)	
intangible fixed assets	(95)	
- Proceeds from the sale of:		
property, plant and equipment	44	
non-current financial assets		
D) Cash from/(used in) financing activities	62	
- Net change in loans	113	
- Dividends paid	(495)	
- Change in capital and reserves	746	
- Net change in other current and non-current financial assets and liabilities	(302)	
Currency translation differences	361	
E) Net change in cash and cash equivalents	(980)	
F) Cash and cash equivalents at end of period	4,218	
Breakdown of cash and cash equivalents:		
Cash and cash equivalents	4,462	
Overdrawn bank accounts	(244)	
(*) of which €0 thousand in taxes paid		
(**) of which €118 thousand in interest paid		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2022

FORM AND CONTENT OF FINANCIAL STATEMENTS

The condensed consolidated half-year financial statements of the Fidia Group as at 30/06/2022 have been prepared on the assumption of the prospect of the company's business continuity and in compliance with IFRS international accounting standards, as well as with the laws and regulations in force in Italy.

The consolidated financial statements have been prepared, in condensed form, in accordance with IAS 34 "Interim Financial Reporting," and therefore do not include all the information required by the annual financial statements and should be read together with the annual financial statements prepared for the year ending 31/12/2021, to which reference should be made for further details.

The condensed consolidated financial statements of the Fidia Group are presented in euros, which is also the currency in the economies where the Group primarily operates.

Foreign subsidiaries are included in the condensed consolidated financial statements as of 30/06/2022 according to the principles described in the Note "Accounting Standards" of the consolidated financial statements as at 31/12/2021, to which reference is made.

Figures from the statement of financial position as at 31/12/2021 have been presented for comparative purposes, while comparative figures for the income statement and cash flow statement have not been presented because the condensed consolidated half-year financial statements as at 30 June 2021 have not been prepared because the stringent timelines resulting from the approved arrangement plan arising from the need to bring the group back to profitability from an economic and financial as well as operational point of view did not allow it.

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

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

With reference to the statement of financial position, the "non-current and current" format of presentation has been adopted according to the provisions of IAS 1. The statement of cash

flows was drawn up by applying the indirect method. Finally, please be noted that with reference to Consob Resolution n° 15519 of July 27, 2006 on financial statements, supplementary schedules for the statement of comprehensive income, statement of financial position and statement of cash flows were added in order to underscore significant relations with related parties and not to impair the overall readability of the financial statements.

DRAFTING PRINCIPLES AND CRITERIA

ACCOUNTING POLICIES AND CONSOLIDATION PRINCIPLES

The accounting policies and consolidation principles adopted in the preparation of the condensed consolidated financial statements as at 30/06/2022 are consistent with those used in the annual consolidated financial statements as at 31/12/2021, to which reference should be made.

Regarding the Accounting Standards endorsed but not yet applicable or not yet endorsed by the European Union, please refer to the specific paragraph in the Notes to the Consolidated Financial Statements as at 31/12/2021, which is still current.

USE OF ACCOUNTING ESTIMATES

The preparation of an interim financial statements requires Management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent assets and liabilities at the date of the interim financial statements. In the future, should such estimates and assumptions, which are based on management's best judgment, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. Specifically, in the condensed consolidated financial statements as at 30/06/2022, the income taxes for the period of the individual consolidated companies are determined based on the best possible estimate in relation to the available information and on the reasonable expectation of the year's performance until the end of the tax period.

This Half-Year Financial Report was authorised for publication by the Board of Directors on 18/11/2022.

OUTLOOK FOR OPERATIONS, GOING CONCERN AND SIGNIFICANT EVENTS AFTER THE END OF THE FIRST HALF OF THE YEAR

The Group closed the first half with a net profit of approximately €8.6 million, which was mainly due to the incorporation of the economic effects of approval, i.e., the write-off of debts resulting from the approval of the arrangement with creditors as a going concern and the related publication on 24 June 2022 by the Court of Ivrea of the related approval decree, which more than offset the reduction in business volume and decrease in new orders as a result of the Covid-19 pandemic that characterised the first months of 2022, which added to an already general tension in some of the markets in which the Group operates and slowed investment demand.

The Fidia crisis

The Company's economic and financial crisis, which broke out in the year 2020, forced the Company to initiate the arrangement procedure that took place on 13 November 2020.

In the year 2021, despite the ongoing Covid-19 pandemic and the resulting difficulties and freeze in markets, the Company managed not to worsen the economic and commercial performance, substantially holding ground in terms of sales and pursuing a careful cost-cutting policy. During 2021, the Company monitored its business and financial activities on a monthly basis with periodic reporting to the Board of Directors and the court-appointed commissioner. In addition, it carried out an important activity in collaboration with the professionals in charge of drafting the Arrangement Plan, especially, in order to obtain the ruling approving the arrangement, which was handed down by the Court of Ivrea on 22 June 2022.

The reasons for the economic and financial 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 as early as 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.

In terms of the economic and financial effects related to Covid-19, the Company also experienced the actual negative effects resulting from the pandemic in the year 2021.

Actions taken by the Company to tackle the Group crisis

In 2021, the Company continued the operational and related activities of the Arrangement Plan, already undertaken since 2019 and referred to here in full.

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:

4. 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;
5. 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);
6. 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.

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;

The Arrangement Proposal provides for a comprehensive financial and capital consolidation operation to be implemented, in short, through the continuation of the Company's business activity, aimed at ensuring its continuation as a going concern. This capital and financial consolidation operation is covered by the irrevocable and guaranteed commitment of the Investors, contained in the offer and Investment Agreement agreed upon and submitted to the Company. In detail, the offer includes:

- iii. the establishment by FAI of a limited liability company based in Italy, with a share capital of €100,000 and managed by Mr. Enrico Scio. This company was incorporated on 13 April 2022 under the name FAI Bidco Uno S.r.l. ("FAI Bidco Uno");
- iv. an increase in the share capital of FAI Bidco Uno in the amount of €4,132,413 ("Aucap Fai Bidco Uno S.r.l."), within 30 days of the approval of the Arrangement Plan, to be carried out only if fully subscribed and in two tranches:
 - the first, totaling €2,132,413 (of which €80,000 was nominal and €2,052,413 was share premium), subscribed and paid for by Mr. Morfino, in kind, through the contribution of all the shares held by him in Fidia's share capital;
 - the second, in the amount of €2,000,000 (including €220,000 in nominal amount and €1,780,000 as premium), subscribed and paid in cash by Negma Group investment Ltd;
- iii. the issuance of a convertible bond cum warrant by Fidia in the total amount of €10,000,000, to be issued in one or more tranches, excluding option rights ("POC"), which Negma has committed to subscribe and pay in full. Specifically, having taken note of the postponement of the date of the Company's capital increase, on 21 October 2022 Negma Group Investment Ltd. confirmed its willingness to continue with the investment, now scheduled for 18 November 2022, and declared its readiness to carry out the capital increase in Fai Bidco Uno S.r.l. by the same date, subject to the Company carrying out all the steps deemed necessary to proceed with the capital increase in Fidia S.p.A. within the timeframe indicated above.
- iv. the execution of an overall capital increase with the exclusion of option rights, in the total amount of €14,000,000, divided as follows:
 - a. €2,000,000, to be reserved for subscription in cash by FAI Bidco Uno S.r.l. ("Reserved Capital Increase");
 - b. €10,000,000 to be allocated for the conversion of the POC subscribed by Negma Group Investment Ltd (the "POC Capital Increase");
 - c. €2,000,000 to service the possible exercise of warrants.

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 2024;
 - 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.

Significant events occurring after the first half

As a result of the discussions between the Company and the Investors following the approval of arrangement, the parties agreed to increase the total amount of the Capital Increase, from €14,000,000 to €22,000,000, specifically providing for an increase in the Capital Increase to service the possible exercise of the warrants from €2,000,000 to €10,000,000, as resolved by the Company's Board of Directors, which on 6 October 2022 approved the Directors' Explanatory Report prepared in accordance with Article 2441, paragraph 6, of the Italian Civil Code, by which it submitted the relevant capital increase proposals (the "Capital Increase Proposals") to the Company's Extraordinary Shareholders' Meeting, convened today. Today's Meeting resolved:

- the issuance of a bond convertible into Fidia shares cum warrant in the total amount of €10,000,000;
- the capital increase pursuant to Article 2420-bis, Paragraph 2 of the Civil Code, in tranches, with the exclusion of option rights, pursuant to Article 2441, Paragraph 5, of the Civil Code, for a maximum amount of €10,000,000, by issuing ordinary shares to service the conversion of the Loan;
- the issuance of the Warrants named "Warrant Fidia 2022-2024" to be assigned free of charge to the subscribers of the Fidia Bonds
- the capital increase, in tranches and by payment, pursuant to Article 2441, paragraph 6, of the Civil Code, in one or more installments to service the exercise of the Warrants, up to a maximum amount of €10,000,000, by issuing ordinary shares to service the conversion of the Loan;
- the capital increase, with the exclusion of option rights, pursuant to Article 2441, paragraphs 5 and 6, of the Civil Code, for a maximum amount of €2,000,000, by issuing ordinary shares;

Today, the finalisation of the Fai Bidco Uno S.r.l. Capital Increase is also expected. It will put it in a position to subsequently make the Capital Payment into Fidia S.p.A., thanks to which the latter will have the necessary resources to finance the expected financial requirements.

In light of the above, it can be reasonably ruled out that judicial measures will be taken to interrupt the course of action initiated before 21 November 2022.

Moreover, postponement, mainly due to the multiple obligations necessary in order to complete the transaction, is not considered by the directors, also based on the opinion of their lawyers, to be an obstacle to the successful completion of the transaction.

Going concern assumption

As explained above, on 6 October 2022 Fidia's Board of Directors resolved:

- iii. to execute the transactions provided for by the arrangement proposal and the Plan, with approval of the Explanatory Report prepared pursuant to Article 2441, paragraph 6, of the Civil Code
- iv. to approve the Investment Agreement related to the bond loan and warrants-to be submitted for approval to the Fidia S.p.A. Shareholders' Meeting held today, instrumental and preparatory to the implementation of the Arrangement Proposal.

This proposal was approved today by the Fidia Shareholders' Meeting.

The Arrangement Plan process is still in the execution phase and, in particular, as of the date of preparation of these condensed consolidated half-year financial statements, the capital increase of Fai Bidco Uno S.r.l., preparatory to the Capital Increase in Fidia S.p.A. reserved for Fai Bidco Uno S.r.l. of € 2 million, which according to the Arrangement Proposal should have been executed within 30 days of the approval of the Arrangement Plan on 22 June 2022, has not yet been executed. As a result of the following discussions between the parties, the Bidco capital increase is scheduled today, and both Mr. Morfino and Negma Group Investment Ltd. have confirmed their intention to follow up on this capital increase, also taking into account Negma's commitment dated 21 October 2022 mentioned above.

For the purpose of executing Fidia's capital increases, the agreement governing the issuance of the Bonds and Warrants (the "Agreement"), to which the POC Regulations (the "POC Regulations") and the Warrant Regulations are attached, was also signed.

Given that the steps required to implement the Arrangement Proposal have not yet been completed, in the opinion of the directors, there is significant uncertainty that may cast significant doubt on the ability of Fidia and the Group to continue operating on a going concern basis. Moreover, this uncertainty is associated with the risk of failure to finalise the forecasts contained in the arrangement plan that have not yet been completed to date, including the planned capital increases, which to date have not yet been finalised and are necessary in order to provide the Company and the Group with the necessary resources to finance the expected financial requirements.

Nevertheless, taking into account Negma Group Investment Ltd.'s confirmation of its commitment to execute the undertaken capital increase in Fai Bid.Cco, Uno S.r.l.—and the simultaneous confirmation of the timing, through the signing and official delivery to the Company of the timetable that sets the date of November 18 as the date of approval by the Shareholders' Meeting of the Fidia capital increase—, providing it with the necessary resources to carry out the capital increase - reserved to it of €2 million and the approval by the Extraordinary Shareholders' Meeting of the Proposed Capital Increases and the subsequent execution of these capital increases and issuance of the POC to the extent necessary to cover the Company's and the Group's financial requirements over the foreseeable future, and having carried out the necessary checks, the Directors believe that the arrangement plan process can reasonably be completed.

In addition, with reference to the short-term cash needs (next 12 months) of the Company and Group, based on the flows processed for the period from September 2022 to December 2023, the Directors are confident that upon successful completion of the planned capital increases, there will be no financial shortfall for the Company and the Group. Based on these assumptions, therefore, the

directors consider it appropriate to use the going concern assumption for the preparation of the condensed consolidated half-year financial statements as at 30 June 2022 as follows:

- the Proposal was approved by a majority of eligible creditors, having reached the quorum required by law;
- the approval of the Arrangement Plan by the competent court took place on 22 June 2022;
- the business plan prepared by the Company for the period 2022-2025 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 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 updated set of guarantees both at the meeting of creditors by the investors and in the following months;
- 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 after the capital increase has taken place.

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 draft condensed consolidated half-year financial statements.

Based on the net result of the period 2021, the parent Fidia S.p.A. recorded a negative equity of €8,505 thousand. In relation to the provisions in the Civil Code for this case, the directors should have taken appropriate action at the shareholders' meeting convened to approve the financial statements for the year ending 31 December 2021. The directors considered at that time that, based on the benefits that would become apparent following the approval of the arrangement agreement with the write-off of debts admitted to the bankruptcy proceedings, these losses would be immediately and fully reabsorbed, thus restoring financial stability. In light of the findings presented in this report, this expectation has been confirmed.

CONSOLIDATION AREA

The Group's consolidated financial statements as at 30 June 2022 include Fidia S.p.A. and 8 consolidated subsidiaries in which Fidia S.p.A. exercises control.

The companies comprised in the consolidation area are listed below:

Name / Place of business	Currency	Share capital	Equity interest at 30/6/2022	Equity interest at 30/06/2021
Fidia Gmbh, Dreieich - Germany	EUR	520,000	100%	100%
Fidia Co, Rochester Hills (USA)	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	Rmb	12,814,480	100%	100%
Shenyang Fidia NC & Machine Company Ltd, Shenyang – China	Rmb	42,517,648	51%	51%
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 2021.

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).

NOTES

Figures shown in the notes are in thousands of euros.

CONSOLIDATED INCOME STATEMENT

1. NET SALES

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

(€thousand)	1st Half 2022	%
Numerical controls, drives and software	804	6.4%
High-speed milling systems	3,888	43.6%
After-sales service	4,744	50.1%
Overall total	9,436	100%

2. OTHER REVENUES AND INCOME

Other revenues and earnings in the first half of 2022 were equal to €553 thousand.

This item mainly includes:

- research grants from the EU and Italian Ministry of Education, University and Research (MIUR) as part of the funded research activity carried out by the parent company Fidia S.p.A., amounting to €278 thousand. Applied and basic research and development activities are a structural component and are carried out on an ongoing basis by Fidia S.p.A.;
- capital gains from transfers (€21 thousand);
- the reabsorption of the warranty provision in the amount of €139 thousand and the provision for bad debts in the amount of €70 thousand.

3. RAW MATERIALS

These are:

(€thousand)	1st Half 2022
Production materials	2,952
Service materials	715
Consumables	10
Equipment and software	1
Packaging	9
Others	50
Change in inventory raw materials and consumables	304
Total	4,042

4. PERSONNEL COSTS

Personnel costs are composed as follows:

(€thousand)	1st Half 2022
Wages and salaries	3,939
Social security charges	1,054
TFR	179
Other personnel expenses	122
Total	5,294

Changes in the headcount during the first half of 2022, broken down by category, are shown below:

	31/12/2021	Inbound	Outbound	Change	30/06/2022	Period average
Executives	9		-1		8	8.5
Office workers and middle managers	170	4	-16		158	164.0
Workers	38		-1		37	37.5
Total	217	4	-18		203	210.0

5. OTHER OPERATING COSTS

Other operating costs are detailed as follows:

(€thousand)	1st Half 2022
Outsourced work	259
Travel expenses	380
Transportation and customs	255
Rent paid for offices and plants (contracts not falling under IFRS16)	100
Technical, legal and administrative consulting	1,020
Utilities	240
Commissions	224
Car rental expenses	31
Warranty provisions	12
Other provisions	54
Auditors' emoluments	34
Insurance	163
Advertising, trade fairs and other commercial costs	1
Non-income taxes	73
Maintenance and housekeeping	104
Personnel-related expenses	75
Bank services	28
Motor vehicle management expenses	36
Costs related to stock market listing	42
Costs for repairs and interventions	456
Research project costs	29

Entertainment expenses	6
Contributions and payments	17
Contingent liabilities	13
Others	37
Total	3,688

Other operating costs totaled €3,688 thousand including also €471 thousand related to arrangement costs.

6. DEPRECIATION, AMORTISATION AND WRITE-DOWNS

(€thousand)	1st Half 2022
Amortisation of property, plant and equipment	695
Amortisation of intangible fixed assets	169
Write-down of trade receivables	17
Write-down of intangible fixed assets	-
Total	881

7. NET INCOME AND EXPENSES OF DISCHARGE IN BANKRUPTCY

In the first half of 2022, the effects arising from the arrangement approved on 22 June 2022 were accounted for, in particular the impact arising from discharge in bankruptcy and the associated arrangement costs. For more details, see the arrangement plan filed on 29 September 2021 and the references below.

8. FINANCE REVENUE (EXPENSES)

Finance revenue and expenses consist of:

(€thousand)	1st Half 2022
Finance revenue	6
Borrowing costs	(182)
Net profit/(loss) on derivatives	1
Profit (loss) from foreign currency transactions	(253)
Total	(428)

Finance expenses consist of:

(€thousand)	1st Half 2022
Interest expense on loans from banks and leasing companies	-
Interest paid on M/L-term borrowings from banks	-
Borrowing costs on termination benefits	4
Other borrowing costs	-
Total	4

Expenses on derivatives include the fair value measurement of an interest rate swap contract entered into by the parent Fidia S.p.A. to hedge the risk of interest rate fluctuations on a real estate leasing contract.

Profit (loss) on foreign currency transactions consists of:

(€thousand)	1st Half 2022
Realised exchange gains	98
Unrealised exchange gains	12
Realised exchange losses	(351)
Unrealised exchange losses	(14)
Total	(253)

9. INCOME TAX

Income taxes for the first six months of 2022 show a balance of €18 thousand related to the balance of positive deferred taxes of €18 thousand.

At 30 June 2022, the net balance between prepaid taxes and deferred tax liabilities incurred by the individual consolidated companies is made up as follows:

(€thousand)	30 June 2022	31 December 2021
Deferred tax assets	1,009	1,236
Deferred tax liabilities	(376)	(521)
Total	633	715

Assets for pre-paid taxes were allocated by every Group company by critically evaluating the subsistence of the prerequisites for future recoverability of said assets based on updated tax plans.

10. EARNING PER SHARE

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

1st Half 2022		
Net earnings pertaining to Group	€thousand	8,357
Profit/(loss) of ordinary shares	€thousand	8,357
Mean number of ordinary shares in circulation in the period	Number	5,113,000
Earning per share	EUR	1.634
Diluted earnings per ordinary share	EUR	1.634

There is no difference between the earnings per share and diluted earnings per share as Fidias S.p.A. has no financial instruments with diluting effects.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

11. PROPERTY, PLANT AND EQUIPMENT

The table below shows the changes in property, plant and equipment during the first half of 2022:

(€thousand)	Land and buildings	Total plant, machinery and equipment	Other assets	Assets under construction and advances	Total
Net carrying amount at 31/12/2021	9,341	199	484	2	10,027
Increases and acquisitions	50	15	18	-	83
Reclassifications/transfers	-	-	7	-	7
Decreases and disposals	-	-	(23)	-	(23)
Depreciation	(492)	(59)	(144)	-	(695)
(Write-downs)/Write-backs	-	-	-	-	-
Foreign exchange gain/(loss)	96	2	10	-	108
Net carrying amount at 30/06/2022	8,995	157	352	2	9,507
Of which rights of use:					
Net value at 31 December 2021	8,203	-	138	-	8,341
Increases	46	-	-	-	46
Decreases	-	-	-	-	-
Depreciation	(480)	-	(54)	-	(534)
Foreign exchange gain/(loss)	12	-	-	-	12
Net carrying amount at 30/06/2022	7,781	-	84	-	7,865

At 30 June 2022, 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 capitalized borrowing costs.

This item was not subject to impairment test as at 30 June 2022. At the reporting date, Management has considered possible changes in the assumptions made at the time of closing the financial statements at 31 December 2021 without noting significant impacts.

12. INTANGIBLE FIXED ASSETS

The table below shows the changes in intangible fixed assets during the first half of 2022:

(€thousand)	Development Costs	Licenses	Software	Assets under development	Total
Net carrying amount at 31/12/2021	961	1	18	589	1,569
Increases		-	2	95	97
Reclassifications/transfers		-	-	-	-
Depreciation	(165)	-	(4)	-	(169)
Foreign exchange gain/(loss)		-	2	-	2
Closing net carrying amount at 30/06/2022	796	1	20	684	1,501

Increases in intangible fixed assets at 30 June 2022 amounted to €97 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.

This item was not subject to impairment test as at 30 June 2022. At the reporting date, Management has considered possible changes in the assumptions made at the time of closing the financial statements at 31 December 2021 without noting significant impacts.

13. EQUITY INVESTMENTS

This item, amounting to €16 thousand and unchanged compared to 31 December 2021, is made up of investments in associated companies valued at equity and investments in other companies valued at cost.

14. OTHER NON-CURRENT FINANCIAL LIABILITIES

This item represents the fair value of the interest rate swap contract entered into to hedge (cash flow hedge) the risk of variability of interest expense flows of a real estate lease contract entered into by the parent Fidia S.p.A. Other non-current receivables and assets include the following items:

(€thousand)	30 June 2022		31 December 2021	
<i>Cash Flow Hedge</i>	<i>Notional</i>	<i>Fair value</i>	<i>Notional</i>	<i>Fair value</i>
Interest rate risk - INTESA Interest Rate Swap		144	2,815	(158)
Total		144		(158)

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.

15. OTHER NON-CURRENT RECEIVABLES AND ASSETS

The other non-current receivables and assets are detailed below:

(migliaia di euro)	Saldo	Saldo
	30 giugno 2022	31 dicembre 2021
Depositi cauzionali	12	166
Crediti per IVA estera	10	19
Risconti attivi pluriennali	1	5
Crediti vari	-	16
Totale	23	206

16. INVENTORY

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

(€thousand)	Balance 30 June 2022	Balance 31 December 2021
Raw materials	9,689	9,582
Provisions for write-down of raw materials	(3,687)	(3,334)
Net value of raw materials, subsidiary materials and consumables	6,002	6,248
Semi-finished products and work in progress	3,993	2,036
Finished products and goods for resale	3,801	4,169
Provisions for write-down of finished products	(685)	(657)
Net value finished products and goods	3,116	3,511
Advances	1,228	1,028
Total inventory	14,338	12,823

Inventory at the end of the first half of the year was approximately €1,515 thousand greater than at 31 December 2021. The increase is mainly attributable to higher inventories of work-in-progress and semi-finished products.

The provisions for write-down equivalent to €4,372 thousand (€3,991 thousand at 31 December 2021) were reported to hedge the non-utilisation of some components in period under consideration; these phenomena result, in particular, from the need to ensure customers that spare parts are available for servicing even beyond the period of ordinary marketability of the components.

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

(€thousand)	Balance 31 December 2021	Provisions/(release)	Exchange rate effect	Balance 30 June 2022
Provisions for write-down of raw materials	3,334	311	42	3,687
Provisions for write-down of finished products	657	(12)	40	685
Total	3,991	299	82	4,372

17. TRADE RECEIVABLES

At 30 June 2022 these amounted to €3,518 thousand, down by a net amount of €3,880 thousand compared to 31 December 2021. Trade receivables are detailed as follows:

(€thousand)	Balance 30 June 2022	Balance 31 December 2021
Trade receivables from customers	4,724	8,650
Provision for bad debts	(1,206)	(1,255)
Total trade receivables	3,518	7,395

Receivables were aligned at the expected realisable amount by means of accrued provision for bad debts equal to €18 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.

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.

Balance at 31 December 2021	1,255
Accrual	18
Uses/write-backs	(70)
Foreign exchange gain/(loss)	3
Balance at 30 June 2022	1,206

18. TAX RECEIVABLES AND OTHER CURRENT RECEIVABLES AND ASSETS

(€thousand)	Balance at 30 June 2022	Balance at 31 December 2021
Current tax receivables:		
Receivables from tax authorities for VAT	41	44
Tax receivables for income tax and IRAP	116	109
Other tax receivables	249	247
Total current tax receivables	406	400
Other current receivables:		
Current receivables for EU grants	10	12
Receivables from banking institution for undue compensation	331	331
Receivables from welfare organizations	138	120
Sundry prepayments	197	149
Pre-paid expenses	16	10
Receivables from employees	269	269
Advances from suppliers	640	604
Other current receivables	16	38
Total other current receivables	1,617	1,533

There are no receivables due beyond five years.

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

19. CASH AND CASH EQUIVALENTS

The overall amount of cash of the Group amounted to €4,462 thousand (€5,267 thousand at 31 December 2021) and consisted of temporary cash in bank deposits pending future use. It is deemed that their carrying amount is aligned to the fair value at the reporting date.

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

20. SHAREHOLDERS' EQUITY

Consolidated shareholders' equity amounted to €7,960 thousand and increased by €9,697 thousand compared to 31 December 2021, due to the combined effect of profit for the period (€8,468 thousand), the recognition of actuarial profits on Termination Benefits (TFR) (€167 thousand, net of the tax effect valued at approximately €53 thousand), the fair value measurement of hedging derivatives allocated to the cash flow hedge reserve (€228 thousand, net of the tax effect valued at approximately €72 thousand), the effect of foreign exchange fluctuations from the translation of financial statements of subsidiaries denominated in currencies other than the euro (€484 thousand) and other minor changes (€351 thousand).

For more complete disclosure on the Company's share capital, see Note 20 to the consolidated financial statements at 31 December 2021.

Treasury shares consisted of 10,000 ordinary shares issued by Fidia S.p.A. for a value of €45 thousand (unchanged from 31 December 2021).

21. OTHER NON-CURRENT PAYABLES AND LIABILITIES

This item, amounting to €80 thousand (€257 thousand at 31 December 2021), is represented by medium- and long-term payables to personnel of the subsidiary Fidia Sarl.

There are other minor items.

22. TERMINATION BENEFITS

Termination benefits reflect the residual obligation of Fidia S.p.A., the only Italian company in the Group, relating to the indemnity paid to employees and settled upon termination of employment. Under specific conditions, a part of it can be paid in advance to the employee during his working life. This is an *unfunded* defined benefit plan.

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

(€thousand)	
Amount at 1 January 2022	2,188
Amount accrued and allocated in year	182
Benefits paid out in year	(9)
Amount transferred to State Fund and complementary pension scheme	(137)
Borrowing costs on termination benefits	4
Accounting of actuarial losses	(220)
Substitute tax	(9)

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 €4 thousand.

Termination benefits are calculated based on the following actuarial assumptions:

	At 30 June 2022	At 31 December 2021
Discount rate	EUR Composite AA curve	EUR Composite AA curve
Future inflation rate	2.1%	1.75%
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:

23. OTHER NON-CURRENT FINANCIAL LIABILITIES

This item was zeroed as at 30 June 2022 because the fair value of the interest rate swap contract entered into to hedge (cash flow hedge) the risk of variability of interest expense flows of a real estate lease contract entered into by the parent Fidia S.p.A. became positive.

(€thousand)	30 June 2022		31 December 2021	
<i>Cash Flow Hedge</i>	Notional	<i>Fair value</i>	Notional	<i>Fair value</i>
Interest rate risk - INTESA Interest Rate Swap		-	2,815	158
Total		-		158

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 €7,898 thousand as per the schedule.

(€thousand)	Balance at 30 June 2022	Balance at 31 December 2021
Overdrawn bank accounts and short-term advances	244	2,099
Financial accruals and deferrals	-	23
Loan - ISP "3.500" (part short term)	35	350
Loan - BNL "2.500" (part short term)	289	525
ISP "3.000" loan (part medium/long term and part short term)	110	1,075
Loan - BPM "1.500" (part medium/long term and part short term)	66	650
UNICREDIT loan (Plafond Supercash Rotativo)	54	543
Loan - ISP "1.500" (part medium/long term and part short term)	64	627
BNL loan (short term)	56	556
Société Générale loan (part medium/long term and part short term)	75	75
Banque CIC Est. loan (part medium/long term and part short term)	75	75
Banco Santander loan (part medium/long term and part short term)	218	225
PNC Bank loan (part medium/long term and part short term)	852	805
PPP Loan	266	244
Loans and financial liabilities with credit institutions	2,404	7,872
Mediocredito Italiano (Forli' property lease)	4,430	4,590
San Mauro Torinese property lease (IFRS16)	555	648
FIDIA GMBH property lease (IFRS16)	154	182
FIDIA SARL property lease (IFRS16)	6	18
FIDIA BEIJING property lease (IFRS16)	281	370
FIDIA do BRASIL property lease (IFRS16)	14	3
Car leases Italy (IFRS16)	26	78
Foreign car leases (IFRS16)	19	30
Lease - Skoda Bank	9	13
Liabilities for leases	5,494	5,932
Total	7,898	13,804

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

(€thousand)	Within 1 year	Within 5 years	Beyond 5 years	Total
Overdrawn bank accounts and short-term advances	244	-	-	244
Medium-to-long term bank loans	553	30	-	583
Short-term bank loans	92	-	-	92
Real estate lease - Mediocredito Italiano	107	1,379	-	1,486
Loans and financial liabilities with credit institutions	260	1,651	2,520	4,431
San Mauro property lease (IFRS16)	190	365	-	555
FIDIA GMBH property lease (IFRS16)	58	95	-	153
FIDIA SARL property lease (IFRS16)	6	-	-	6
Fidia Beijing property lease (IFRS16)	194	86	-	280
FIDIA do BRASIL property lease (IFRS16)	14	-	-	14
Car leases Italy (IFRS16)	26	-	-	26
Foreign car leases (IFRS16)	10	9	-	19
Lease - Skoda Bank	8	1	-	9
Total	1,762	3,616	2,520	7,898

The table below shows the movements in loans during the year.

(€thousand)	Balance at 31 December 2021	Foreign exchange delta	New loans	Repayments	Write-off under arrangement	Balance at 30 June 2022
Loan - ISP "3.500" (part short term)	350	-	-	-	(315)	35
Loan - BNL "2.500" (part short term)	525	-	-	-	(236)	289
ISP "3.000" loan (part medium/long term and part short term)	1,075	-	-	-	(965)	110
Loan - BPM "1.500" (part medium/long term and part short term)	650	-	-	-	(584)	66
UNICREDIT loan (Plafond Supercash Rotativo)	543	-	-	-	(489)	54
Loan - ISP "1.500" (part medium/long term and part short term)	627	-	-	-	(563)	64
Short-term BNL loan No. 1873555	556	-	-	-	(500)	56
Société Générale loan (part medium/long term and part short term)	75	-	-	-	-	75
CIC loan (part medium/long term and part short term)	75	-	-	-	-	75
Banco Santander loan (part medium/long term and part short term)	225	-	-	(7)	-	218
PNC Bank loan (part medium/long term and part short term)	805	72	-	(25)	-	852
PPP Loan	244	22	-	-	-	266
Loans and financial liabilities with credit institutions	5,750	94	-	(32)	(3,652)	2,160
Mediocredito Italiano (Forli' property lease)	4,590	-	-	(160)	-	4,430
San Mauro Torinese property lease (IFRS16)	648	-	-	(93)	-	555
FIDIA GMBH property lease (IFRS16)	182	-	-	(28)	-	154
FIDIA SARL property lease (IFRS16)	18	-	-	(12)	-	6
FIDIA BEIJING property lease (IFRS16)	370	-	-	(89)	-	281
FIDIA do BRASIL property lease (IFRS16)	3	-	19	(8)	-	14
Car leases Italy (IFRS16)	78	-	-	(43)	(9)	26
Foreign car leases (IFRS16)	30	-	-	(11)	-	19
Lease - Skoda Bank	13	-	-	(4)	-	9
Liabilities for leases	5,932	-	19	(448)	(9)	5,494
Total	11,682	94	19	(480)	(3,661)	7,654

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.

25. TRADE PAYABLES

(€thousand)	Balance 30 June 2022	Balance 31 December 2021
Payables to suppliers	6,096	11,202
Payables to subsidiaries	2	18
Total trade payables	6,098	11,220

Trade payables, amounting to €6,098 thousand as at 30 June 2022, decreased by €5,122 thousand compared to 31 December 2021 mainly due to the effect of the discharge in bankruptcy arising from the arrangement in continuity.

26. TAX LIABILITIES AND OTHER CURRENT PAYABLES AND LIABILITIES

(€thousand)	Balance at 30 June 2022	Balance at 31 December 2021
Current tax payables:		
- withholding taxes	773	774
- Tax payables for income tax and IRAP	138	133
- Payables to tax authorities for VAT	201	129
- Other short-term tax payables	78	71
Total current tax payables	1,190	1,107
Other current payables and liabilities:		
Payables to employees	2,633	2,416
Social security payables	1,237	1,295
Advance from customers	4,106	6,076
Payables for emoluments	361	353
Payables for dividends	0	136
Payables to lending institution for undue compensation	35	331
Accrued trade payables	44	64
Sundry accruals and deferrals	620	888
Miscellaneous payables	769	669
Total other current payables and liabilities	9,805	12,229

Payables to personnel refer mainly to accrued holiday pay and deferred payment of wages and salaries; the change compared to 31 December 2021 is due to the accrual during the year of indemnities (typically 13th month's salary) which are paid at the end of the period.

Down payments from customers include advances from customers for orders yet to be processed and for sales of milling systems already delivered but still in course of acceptance, which according to IFRS 15 – *Revenue from Contracts with Customers*, cannot be stated in the revenue.

27. PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges were zero in the period under review. The provision for current risks amounted to €1,134 thousand as shown in the relevant table.

(€thousand)	Balance 31 December 2021	Accrual	Utilization/ Release	Reclassificati ons	Exchange rate differences	Balance 30 June 2022
Warranty provision	31	-	-	(32)	1	-
Total other provisions for non-current risks and expenses	31	-	-	(32)	1	-
Warranty provision	523	11	(138)	32	6	434
Other provisions	172	528	-	-	-	700
Total other provisions for current risks and expenses	695	539	(138)	32	6	1,134

Other provisions includes provisions for risks related to arrangement (€474 thousand)

28. COLLATERAL GUARANTEES AND OTHER CONTINGENT LIABILITIES

Sureties issued on behalf of others

At 30 June 2022, sureties issued on behalf of third parties totalled €467 thousand (€467 thousand at 31 December 2021).

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 30 June 2022, Fidia Group, although it is exposed to various risks (product liability, legal and fiscal risks), is not aware of circumstances that might generate foreseeable contingent liabilities or contingent liabilities the amount of which may be estimated and therefore does not believe it necessary to make any further allocations.

If it is probable that an outlay is due to meet obligations and said amount can be reliably estimated, the Group has made specific provisions for risks and expenses.

29. OTHER INFORMATION

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

Currency	1st Half 2022		At 31 December 2021	
	Average	At 30 June	Average	At 30 June
USD	1.0934	1.0387	1.1827	1.1326
Real - Brazil	5.5565	5.4229	6.3779	6.3101
RMB - China	7.0827	6.9624	7.6282	7.1947
Rouble - Russia	88.3971	N/A	87.1527	85.3004

SEGMENT REPORTING

Within the Fidia Group, three business areas have been identified at the primary level (i) high-speed milling systems (HSM) sector, (ii) numerical controls, drives, software (CNC), and (iii) after-sales service (Service) activities.

Below follow the consolidated economic results broken down by sector at 30 June 2022:

Data at 30 June 2022 (€thousand)								
	CNC	%	HSM	%	SERVICE	%	N/A	Total
Revenues	812	92.2%	3,859	100.0%	4,765	99.7%	-	9,436
Cross-sector revenues	69	7.8%	0	0.0%	14	0.3%		0
Total reclassified revenues	881	100.0%	3,859	100.0%	4,779	100.0%	-	9,436
Changes in inventories of finished goods and W.I.P.	67	7.6%	748	19.4%	396	8.3%	0	1,211
Raw materials and consumables	(306)	-34.7%	(3,274)	-84.8%	637	-13.3%	(24)	(4,240)
Cross-sector expenses	44	5.0%	(127)	-3.3%	1	0.0%	0	0
Commissions, transport and contractors	(74)	-8.4%	(501)	-13.0%	163	-3.4%	(1)	(739)
Sales margin	612	69.4%	706	18.3%	4,375	91.6%	(24)	5,668
Other operating revenue	176	20.0%	1,915	49.6%	107	2.2%	(1,141)	1,058
Other operating costs	(62)	-7.1%	(301)	-7.8%	649	-13.6%	(1,681)	(2,693)
Personnel costs	(508)	-57.7%	(1,690)	-43.8%	2,144	-44.9%	(978)	(5,319)
Depreciation, amortisation and write-downs	(124)	-14.1%	(295)	-7.7%	63	-1.3%	(453)	(935)
Operating profit/(loss)	93	10.6%	335	8.7%	1,626	34.0%	(4,276)	(2,222)

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

Inter-segment revenues consist mainly of numerical controls, switchboards and components and electromechanical systems transferred from the electronics sector to the milling systems sector and reciprocally of mechanical assemblies supplied to the electronics sector for particular applications.

Segment assets consist of the operating assets that are employed by the segment in carrying out its operations and can be directly attributed or allocated, in a reasonable manner, to the segment. These assets do not include income tax assets.

Segment Liabilities consist of the operating liabilities that result from carrying out the segment's operations and can be directly attributed or allocated, in a reasonable manner, to the segment. These liabilities do not include liabilities for income taxes.

Below follow the consolidated statements of financial position by segment at 30 June 2022 and 31 December 2021.

Data at 30 June 2022 (€thousand)	CNC	HSM	SERVICE	N/A	Total
Property, plant and equipment	22	6,977	74	2,433	9,507
Intangible fixed assets	1,017	463	-	21	1,501
Equity investments	-	-	-	-	-
Deferred tax assets	-	-	-	16	16
Other non-current receivables and assets	-	-	-	144	144
Other non-current receivables and assets	-	3	-	20	23
Deferred tax assets	-	-	-	1,009	1,009
Total non-current assets	1,039	7,443	74	3,644	12,200
Inventory	1,470	6,735	6,129	-	14,334
Trade receivables and other receivables	661	2,100	2,127	250	5,139
Current taxes receivable	-	-	-	406	406
Other current financial assets	-	-	-	-	-
Cash and cash equivalents	-	-	-	4,462	4,462
Total current assets	2,131	8,835	8,257	5,118	24,341
Total assets	3,170	16,279	8,331	8,762	36,541
Other non-current payables and liabilities	-	1	53	9	63
Deferred tax liabilities	-	-	-	-	-
Termination benefits	356	1,135	179	330	1,999
Long-term provisions	-	-	-	393	393
Other non-current financial liabilities	-	-	-	324	324
Non-current financial liabilities	-	4,170	9	1,458	5,637
Total non-current liabilities	356	5,305	241	2,515	8,416
Current financial liabilities	5	279	9	1,645	1,937
Other current financial liabilities	-	-	-	-	-
Trade payables and other current payables	1,342	7,944	677	5,940	15,902
Current taxes payable	-	-	-	1,190	1,190
Short-term provisions	1	109	324	700	1,134
Total current liabilities	1,348	8,331	1,010	9,475	20,164
Total liabilities	1,704	13,636	1,251	11,990	28,580
Shareholders' equity	-	-	-	7,960	7,960
Total liabilities	1,704	13,636	1,251	19,950	36,541

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 30 June 2022, the Group held financial liabilities measured at fair value represented by derivative financial instruments to hedge interest rate risk, for an amount of €144 thousand, classified within Level 2 of the hierarchical assessment of fair value.

31. RELATED-PARTY TRANSACTIONS

The Group has relations with associates and other related parties at market condition deemed normal in the relevant reference markets.

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 these transactions on individual items is shown in the appropriate supplementary income statement, statement of financial position, and cash flow statement schedules and is detailed in the tables below.

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	31	4				
Compensation Board of Directors	-	-	140				
Compensation Board of Statutory Auditors	-	34	-				
Total other related parties	4	65	144				

Counterpart	Trade receivables	Other current receivables	Other current financial assets	Trade payables	Other current payables	Current financial liabilities
Other related parties Prometec Consortium						
Other related parties (Giuseppe and Luca Morfino)		17			7	
Other related parties (Payables to BoD)					105	
Other related parties (Payables to Board of Statutory Auditors)					257	
Total other related parties		17			369	

32. NET FINANCIAL POSITION

In accordance with the provisions of Consob Notice of 28 July 2006 and in compliance with the notice issued by ESMA on 4.03.2021 on "Guidance on disclosure requirements under the Prospectus Regulation" (ESMA 32-382-1138) having application effective 5 May 2021, we report that the net financial position of the Fidia Group as at 30 June 2022 was as follows:

(€thousand)		30 June 2022	31 December 2021
A	Cash	4,462	5,267
B	Cash equivalents	-	-
C	Other current financial assets	-	-
D	Liquidity (A+B+C)	4,462	5,267
E	Current financial debt	1,402	4,414
F	Current portion of non-current financial debt	535	2,939
G	Current financial indebtedness (E +F)	1,937	7,354
H	Net current financial indebtedness (G-D) (credit)/debt (I-E-D)	(2,525)	2,087
I	Non-current financial debt	5,961	6,608
J	Debt instruments	-	-
K	Non-current trade and other payables	4,333	10,300
L	Non-current financial indebtedness (I +J+K)	10,294	16,908
M	Total financial indebtedness (H+L)	7,770	18,995

33. NON-RECURRING EVENTS AND TRANSACTIONS

In accordance with the CONSOB Communication dated 28 July 2006, it is hereby stated that no atypical and/or unusual transactions were undertaken during the first half of 2022. As defined by said Communication, atypical and/or unusual transactions are those that, due to their significance, the nature of the counterparts, the object of the transaction, the methods of determination of the price of transfer, and timing (proximity to year-end) may give rise to doubts as to the accuracy/completeness of the information in the financial statements, conflicts of interest, the safeguarding of an entity's assets or the protection of minority shareholders.

FIDIA GROUP COMPANIES AT 30 JUNE 2022

Pursuant to Consob Resolution No. 11971 of 14 May 1999, as amended, an integrated list of the Group's companies and significant holdings is provided below.

The list shows the entities broken down by type of control and method of consolidation.

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

COMPANIES CONSOLIDATED ON A LINE-BY-LINE BASIS				
Name / Place of business	Currency	Share capital	Consolidated equity investment 30 June 2022	Percentage held by of the parent company 30 June 2021
Parent Company:				
FIDIA S.p.A San Mauro Torinese (TO)	EUR	5,123,000		
Foreign Subsidiaries:				
Fidia Gmbh, Dreiech, Germany	EUR	520,000	100%	100%
Fidia Co, Rochester Hills, U.S.A.	USD	400,000	100%	100%
Fidia Sarl, Emerainville, France	EUR	300,000	100%	93.19%
Fidia Iberica S.A., Zamudio, Spain	EUR	180,300	99.993%	99.993%
Fidia do Brasil Ltda, Sao Paulo, Brazil	Reals	400,843	99.75%	99.75%
Beijing Fidia M&E Co Ltd, Beijing, China	Rmb	12,814,480	100%	96%
Shenyang Fidia NC & Machine Co Ltd, Shenyang, China	Rmb	42,517,648	51%	51%
OOO Fidia, Moscow, Russian Federation	Rouble	3,599,790	100%	100.00%
COMPANIES CONSOLIDATED WITH THE EQUITY METHOD				
Name / Place of business	Currency	Share capital	Size of equity investment	
			30/06/2022	30/06/2021
Consorzio Prometec - Bruzolo di Susa (TO)	EUR	10,329	20%	20%

San Mauro Torinese, 18 November 2022

On behalf of the Board of Directors

The Chairman and CEO

Mr. Giuseppe Morfino