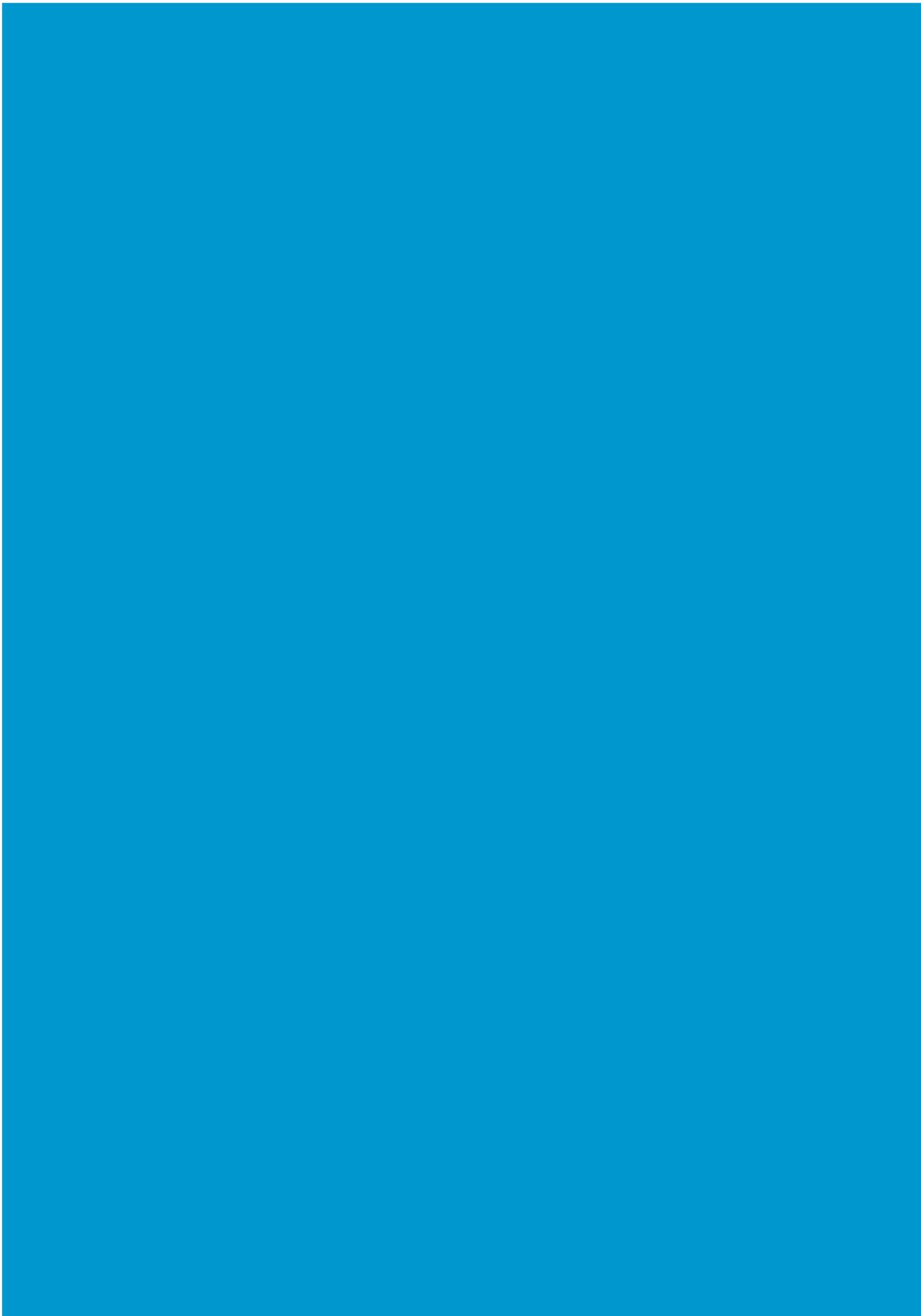
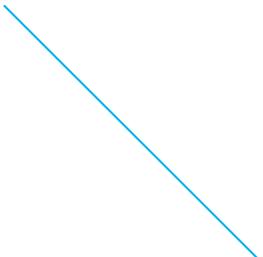


**It's in  
our  
nature  
to  
evolve**

**Half-Year Financial Report  
June 30, 2020**

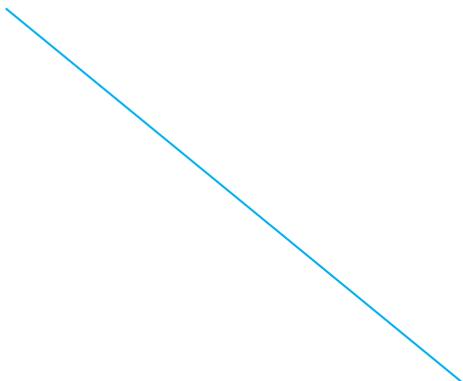
 **PRIMA  
INDUSTRIE**





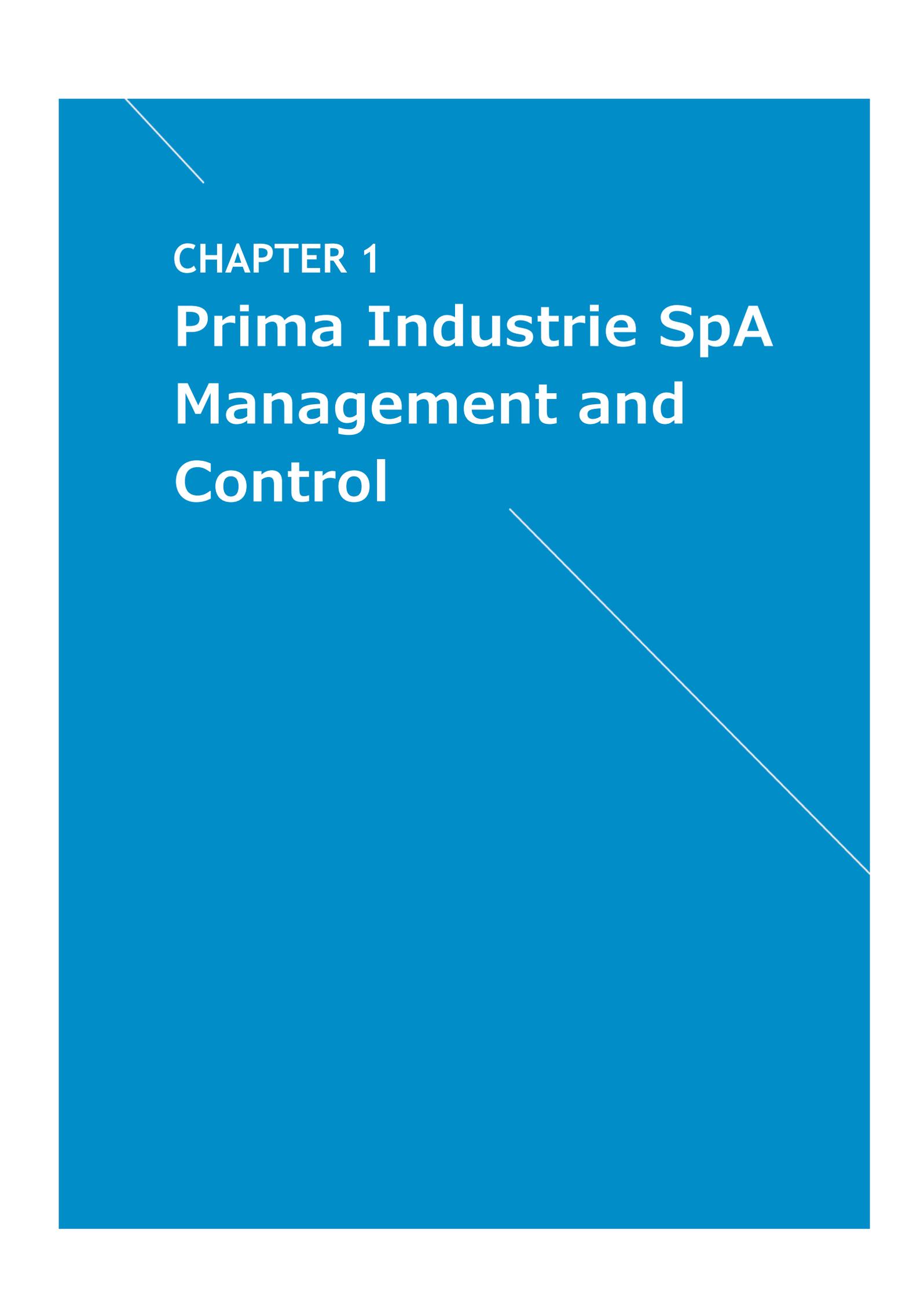
# Half-Year Financial Report

## June 30, 2020



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**CHAPTER 1**

**Prima Industrie SpA  
Management and  
Control**

## CHAPTER 1. PRIMA INDUSTRIE SPA MANAGEMENT AND CONTROL

### Board of Directors

EXECUTIVE CHAIRMAN	Gianfranco Carbonato(*)
DEPUTY CHAIRMAN	Domenico Peiretti(*)
MANAGING DIRECTOR	Ezio Giovanni Basso
INDEPENDENT DIRECTORS	Donatella Busso Francesca de Fraja Frangipane Paola Gatto Carlalberto Guglielminotti Giuliana Mattiazzo
OTHER DIRECTORS	Lisa Tan Mario Mauri Michael R. Mansour

### Internal Control and Operation with Related Parties Committees

CHAIRMAN	Donatella Busso
MEMBERS	Francesca de Fraja Frangipane Paola Gatto

### Remuneration Committee

CHAIRMAN	Francesca de Fraja Frangipane
MEMBERS	Mario Mauri Paola Gatto

### Strategic Committee

CHAIRMAN	Domenico Peiretti
MEMBERS	Carlalberto Guglielminotti Giuliana Mattiazzo Michael R. Mansour Mauro Mauri

### Statutory Auditors Committee

CHAIRMAN	Franco Nada
AUDITORS	Maura Campra Roberto Petrignani
DEPUTY AUDITORS	Roberto Coda Gaetana Laselva

### Audit Company

PricewaterhouseCoopers S.p.A.

### Expiry of Mandates and Appointments

The Board of Directors shall remain in office until the approval of 2022 Financial Statements.

The Statutory Auditors Committee shall remain in office until the approval of 2021 Financial Statements.

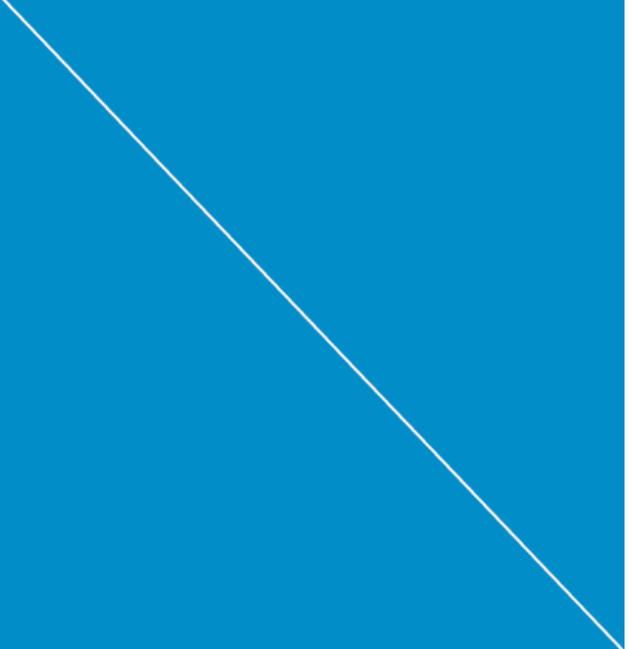
The Audit Company was appointed by the Stockholders' Meeting held on April 11, 2017 for the period 2017-2025.

(\*) The Executive Chairman and the Executive Deputy Chairman were also assigned the position of Chief Executive Officer.

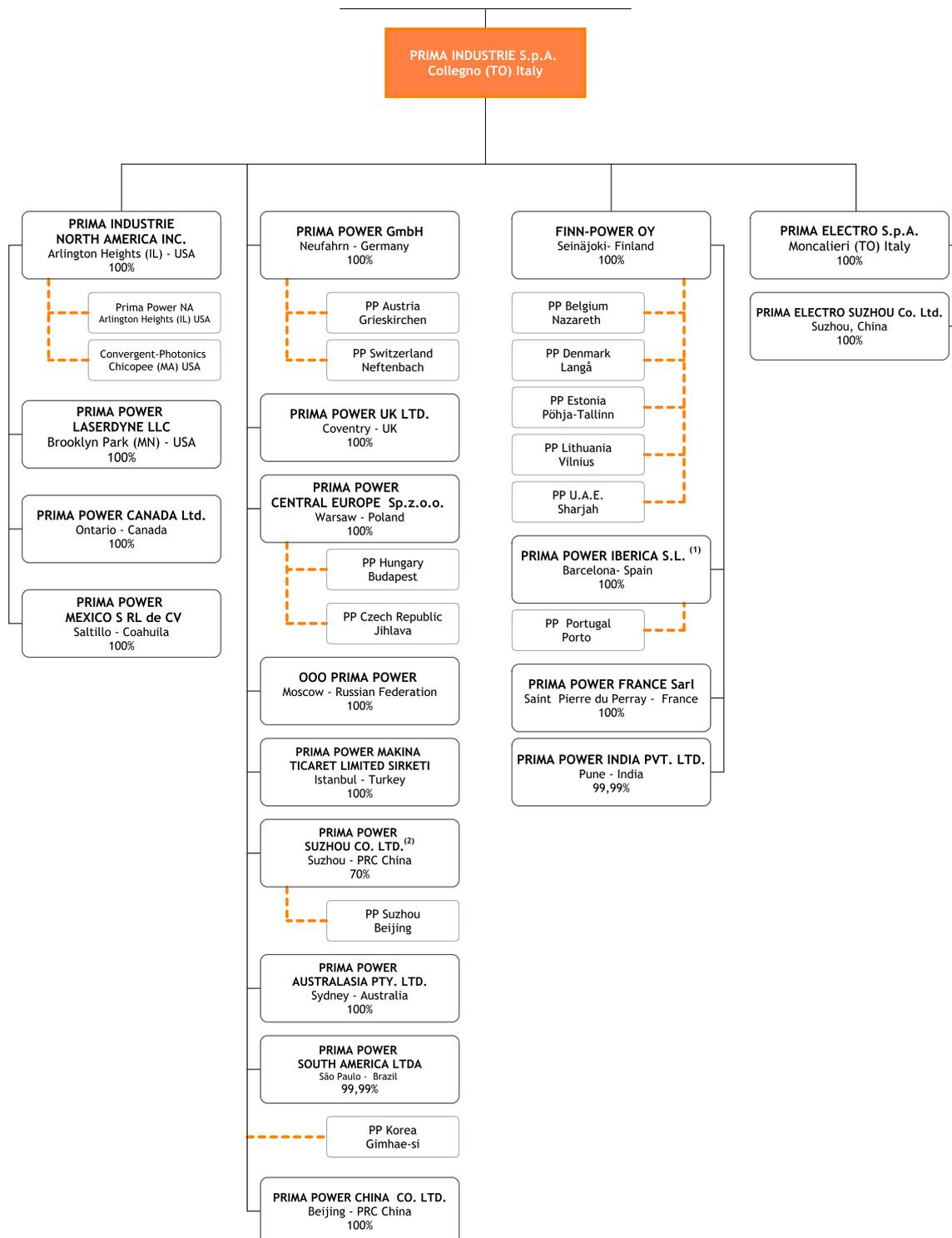


**CHAPTER 2**

**Prima Industrie  
Group structure**



## CHAPTER 2. PRIMA INDUSTRIE GROUP STRUCTURE



The statement on this page represents the corporate situation of PRIMA INDUSTRIE Group on June 30, 2020.

Group *Branch offices/business units* are identified with dashed lines.

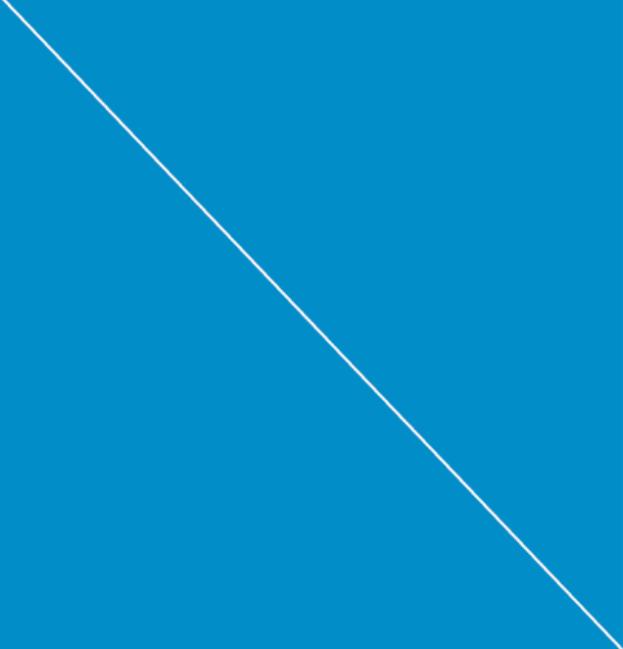
<sup>(1)</sup> FINN-POWER OY holds 78% of PRIMA POWER IBERICA SL (the remaining 22% is held by PRIMA INDUSTRIE SpA).

<sup>(2)</sup> PRIMA INDUSTRIE SpA holds 70% of PRIMA POWER SUZHOU Co. Ltd. (the remaining 30% is held by third parties).



**CHAPTER 3**

**Prima Industrie  
Group profile**



### CHAPTER 3. PRIMA INDUSTRIE GROUP PROFILE

The PRIMA INDUSTRIE Group is a market leader in the development, manufacture and sale of laser systems for industrial applications and of machines to process sheet metal, besides in the fields of industrial electronics and laser sources.

The Parent Company PRIMA INDUSTRIE SpA, established in 1977 and listed in the Italian Stock Exchange since 1999 (currently MTA - STAR segment), designs and manufactures high-power laser systems for cutting, welding and surface treatment of three-dimensional (3D) and flat (2D) components, panel bending and bending machines as well as turnkey solutions for the main Additive Manufacturing technologies: Powder Bed Fusion - PBF and Direct Metal Deposition - DMD.

The PRIMA INDUSTRIE Group is present on the market over 40 years and boasts over 13,000 machines installed in more than 70 Countries and its *business* is structured in the following three divisions:

- PRIMA POWER for laser machines and sheet metal processing;
- PRIMA ELECTRO for industrial electronics and laser technologies;
- PRIMA ADDITIVE for additive manufacturing systems for metal applications.

The **PRIMA POWER** division includes the design, manufacture and sale of:

- cutting, welding and punching machines for three-dimensional (3D) and two-dimensional (2D) metallic components;
- sheet metal processing machines that use mechanical tools (punchers, integrated punching and shearing systems, integrated punching and laser cutting systems, panel bending, bending machines and automated systems).

This division owns manufacturing plants in Italy (PRIMA INDUSTRIE SpA), in Finland (FINN-POWER OY), in the United States (PRIMA POWER LASERDYNE Llc), in China (PRIMA POWER SUZHOU Co. Ltd.) and has direct sales and customer service facilities in France, Switzerland, Spain, Germany, the United Kingdom, Belgium, Poland, Czech Republic, Lithuania, Hungary, Russia, Turkey, USA, Canada, Mexico, Brazil, China, India, South Korea, Australia and the United Arab Emirates.

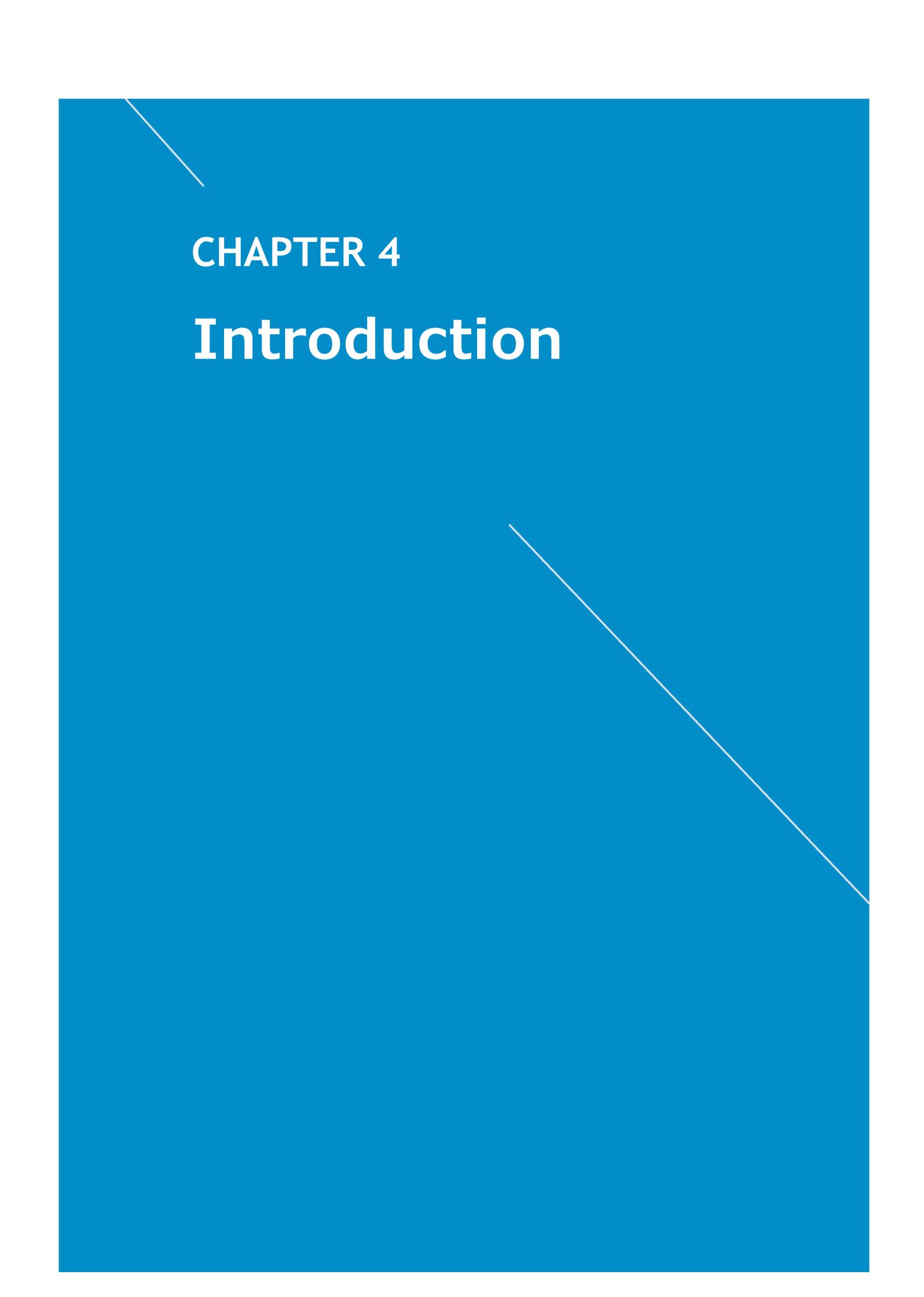
The **PRIMA ELECTRO** division includes the development, construction and sale of electronic power and control components, and high-power laser sources for industrial applications, intended for the machines of the Group and third customers. The division has manufacturing plants in Italy (PRIMA ELECTRO SpA) and in the United States (CONVERGENT - PHOTONICS), as well as sales facility in China.

The **PRIMA ADDITIVE** division, established in the second half of 2018 and dedicated to the design, production and sale of turnkey solutions for the main Additive Manufacturing technologies: Powder Bed Fusion - PBF and Direct Metal Deposition - DMD, and the relative support and services for its applications. The division boasts a strong team of highly specialised young experts, qualified managers and engineers. The purpose of this new division is to support the development of these new technologies and enter the market with new machine ranges. Thanks to this investment, the new activities will be focused on additive manufacturing and, more generally, the pursuit of technological innovation.

The financial and equity data of PRIMA ADDITIVE are currently negligible and do not meet the thresholds set out in IFRS 8 for disclosure purposes and therefore this division's information is, currently, aggregated to the data for PRIMA POWER Division.

Over 40 years after its establishment, the mission of the PRIMA INDUSTRIE Group continues to be that of systematically expanding its range of products and services and to continue to grow as a global supplier of laser systems and sheet metal processing systems for industrial applications, including industrial electronics, markets that demand top-range technology and where growth rates are quite good, though in the presence of a cyclical context.

This Company draft of Consolidated Half-Year Financial Report has been approved by the Board of Directors on September 1, 2020.

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## CHAPTER 4

# Introduction

## CHAPTER 4. INTRODUCTION

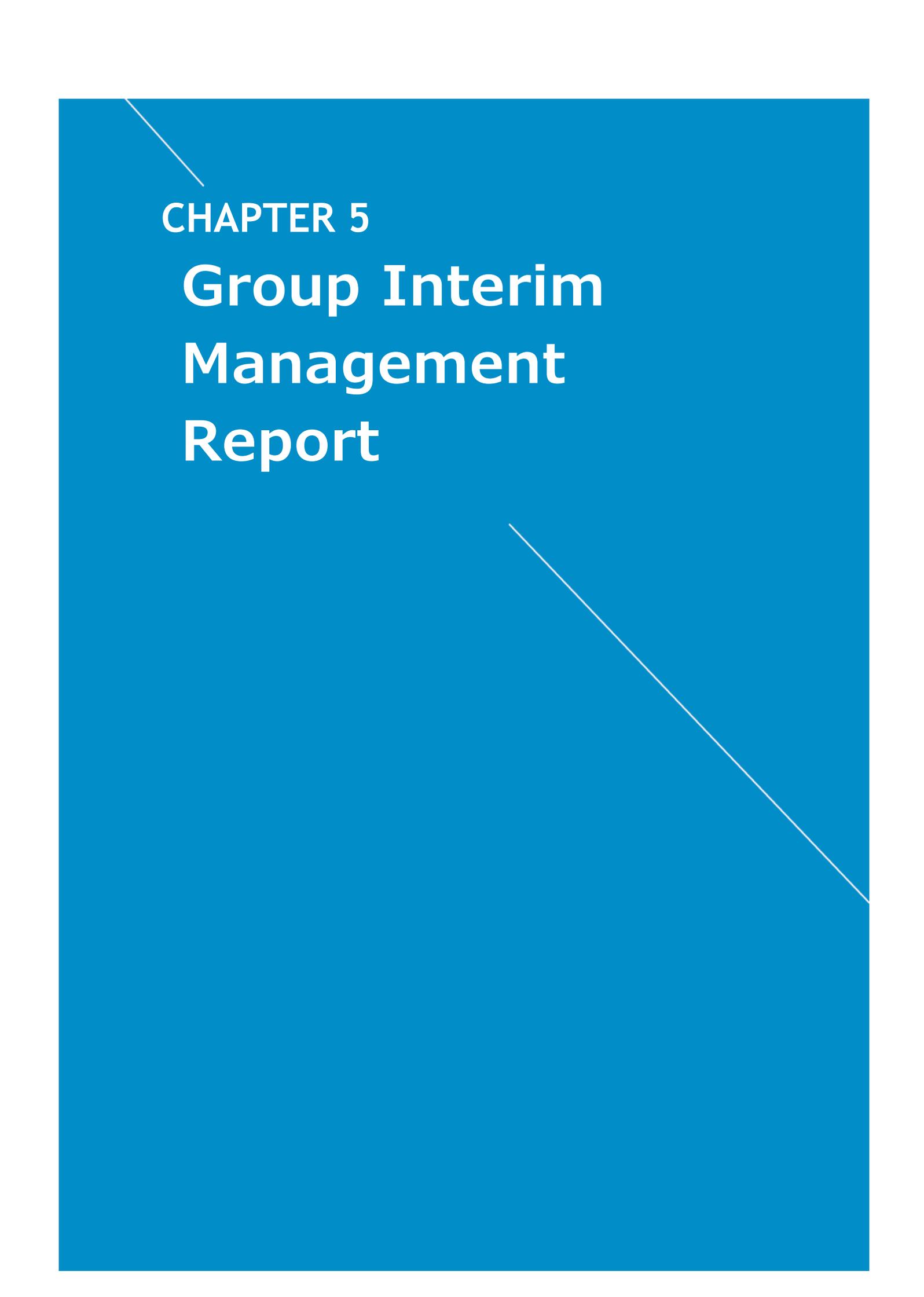
This Half-Year Financial Report at June 30, 2020 of PRIMA INDUSTRIE Group was prepared pursuant to article 154-ter of Leg. Decree, paragraphs 2, 3 and 4 of Consolidated Law on Finance and subsequent amendments, as well as the issuer's Regulation issued by CONSOB; it has been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the *International Accounting Standards Board* ("IASB") recognized by the European Union and by Italian legislation and regulations.

This report was approved by the Board of Directors on September 1, 2020 and is published in accordance with the provisions of article 2.2.3 of Borsa Italiana SpA Regulations applicable to issuers listed in the STAR segment.

The condensed consolidated half-year Financial Statements, including the Half-Year Financial Report, has undergone a limited audit.

It should be noted that, to improve disclosure of its financial results, the Group has presented the income statement according to functional area, rather than by expenditure type. The cost presentation is based on cost destination and is considered more representative than expenditure type. The form chosen conforms to internal *reporting* and business management procedures and is in line with international practice within the sector in which the Group operates.

"Cost of goods sold" includes costs relating to the functional areas that participated directly or indirectly to the generation of revenues with the sale of goods and services. It includes all costs for materials, processing and overheads directly attributable to production.

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**CHAPTER 5**

**Group Interim  
Management  
Report**

## CHAPTER 5. GROUP INTERIM MANAGEMENT REPORT

### GROUP RESULTS SUMMARY

Values in Euro thousand	June 30, 2020	June 30, 2019	Variations	%
ORDER INTAKE	140,787	189,904	(49,117)	-25.9%
BACKLOG	125,978	136,055	(10,077)	-7.4%
REVENUES	157,574	214,757	(57,183)	-26.6%
EBITDA	10,063	18,585	(8,522)	-45.9%
EBITDA %	6.4%	8.7%	-2.3%	-
EBIT	(913)	6,480	(7,393)	-114.1%
EBIT %	-0.6%	3.0%	-3.6%	-
NET RESULT	(3,148)	1,815	(4,963)	-273.4%
FCF	(15,477)	(26,628)	11,151	41.9%
NET FINANCIAL DEBT	(123,246)	(132,824)	9,578	7.2%
HEADCOUNT	1,766	1,856	(90)	-4.8%

( % calculated over the revenues, headcount expressed in units)

Values in Euro thousand	June 30, 2020	June 30, 2019	Variations	%
REVENUES AT COSTANT EXCHANGE RATES	157,133	214,757	(57,624)	-26.8%
EBITDA Adj	12,194	19,735	(7,541)	-38.2%
EBITDA Adj %	7.7%	9.2%	-1.5%	-
EBIT Adj	1,218	8,779	(7,561)	-86.1%
EBIT Adj %	0.8%	4.1%	-3.3%	-

( % calculated over the revenues)

(Performance indicators adjusted, as shown in Annex 2 of this document, correspond to the same indicators net of non-recurring items)

### SIGNIFICANT EVENTS OF THE PERIOD COVID-19 PANDEMIC

The first half of the year was affected by the health emergency caused by the COVID-19 pandemic, which, as well documented, spread rapidly from China in January 2020 first to Italy and then to the rest of Europe and the world. The negative impact of the pandemic in the first part of 2020 is expected to have a knock-on effect on the rest of the year, despite glimmers of recovery in Europe.

As a result of the health emergency announced by the World Health Organization, government authorities in different countries issued various measures suspending production and commercial activities, in some cases restricting freedom of movement. The restrictive and containment measures implemented worldwide led to the shutting down of numerous industrial and commercial activities, particularly between March and June for Italy, with serious consequences, not only on social life, but also on the management of operations.

As well as having dramatic social and human costs, the resulting emergency is causing a pronounced contraction in global economic activity, with effects on the Group's everyday and ordinary business. The global context of economic recession is provoking deep uncertainties about the outlook for the coming months.

The capital goods market on which the Group operates is susceptible to macroeconomic trends and is therefore more heavily impacted. Lockdown has caused a marked slowdown on the machine tool market everywhere, which had already been experiencing a decline since the end of 2018.

Specifically, the Group saw the closure of production plants in Italy and China (and only partially in the United States), as well as a reduction in new installations at customers' premises and after-sales service and maintenance activities due to heavy travel restrictions, leading to a significant fall in revenues by approximately 26.6% in the first half of 2020 from the same period in 2019.

The Group swiftly implemented all protocols and measures necessary to protect the health and safety of its employees, suspending production where required, reinforcing health and safety protocols and incentivising remote working as far as possible. The Group incurred costs for sanitisation procedures, for implementing health and safety measures and providing PPE to all employees according to local regulations. These have been offset by access to social safety nets where available in the countries in which Prima Industrie operates.

Thanks to the results of the cost containment measures already begun at the end of 2019 and which will continue in the second half of the year, the Group was able to maintain a gross operating profit (EBITDA) of +6% of turnover in the first half of the year.

Management also handled competently the financial debt situation which at June 30, 2020 was better than in the same period of 2019.

In some countries, the Group benefited from the suspension of tax and social security payments. More importantly it adopted a series of measures to preserve liquidity, its ability to meet forthcoming financial obligations and to mitigate the impact of the crisis on the consolidated net financial position. The most significant actions include:

- implementation of a programme to reduce operating costs in all divisions;
- voluntary of directors' remuneration and executives' salaries in the second quarter;
- strengthening procedures for the management of working capital;
- review of planned investments and delaying those currently considered less strategic;
- requesting lines of credit from banks in addition to those already open at the beginning of 2020;
- resolution not to distribute dividends;
- withdrawal of proposal to purchase of treasury shares.

In light of the above, given the large orders book, the management's ability to react promptly to the new context, confidence in business fundamentals and the availability of cash and credit lines, there are no doubts about the company's standing as a going concern, even in this highly uncertain context.

#### APPOINTMENT OF NEW BOARD OF DIRECTORS

On May 12, 2020, the Shareholders' Meeting of Prima Industrie SpA appointed the new Board of Directors, which will remain in office until approval of the financial statements of 2022. The board is made up of the following 11 directors:

- Gianfranco Carbonato (Chairman), Ezio Giovanni Basso, Donatella Busso, Francesca de Fraja Frangipane, Paola Gatto, Carlalberto Guglielminotti, Michael Mansour, Giuliana Mattiazzo, Mario Mauri - taken from the list submitted by Erste International SA
- Domenico Peiretti (as Deputy Chairman) and Lisa Marie Tan - taken from the list submitted by World Leader Limited and dPcube S.r.l.

Information about the newly elected directors and their curriculum vitae can be found on the corporate website <http://www.primaindustrie.com/it/information-for-the-shareholders/>.

The directors Donatella Busso, Francesca de Fraja Frangipane, Paola Gatto, Carlalberto Guglielminotti and Giuliana Mattiazzo have declared they possess the independence requisites referred to in article 148, paragraph 3 of the Consolidated Finance Law (applicable in accordance with article 147-ter, paragraph 4 of the Consolidated Finance Law) and the Code of Conduct endorsed by Borsa Italiana SpA. The independence requirements and the requirements of propriety were immediately ascertained and confirmed at the first meeting of the Board of Directors.

#### WITHDRAWAL OF AUTHORISATION TO PURCHASE TREASURY SHARES

On May 12, 2020 PRIMA INDUSTRIE SpA reversed the resolution of the shareholders' meeting of April 16, 2019 regarding the purchase over an eighteen-month period of a maximum of 300,000 Prima Industrie SpA. treasury shares.

#### RESOLUTION AUTHORISING THE DISPOSAL OF TREASURY SHARES

On May 12, 2020, PRIMA INDUSTRIE SpA resolved to authorise the disposal of treasury shares already held in portfolio, in accordance with Article 2357-ter of the Italian Civil Code. The request to authorise the disposal of treasury shares is based on the possibility of providing the Board of Directors with the ability to dispose of purchased shares, in accordance with the law, that is, to pay for any share incentives approved for directors, employees and collaborators of the company or the group's companies, to pay for any free allocations of shares, including as dividends in kind, to pay for any extraordinary operations, that is, in support of market liquidity.

#### **ECONOMIC PERFORMANCE**

The Group ended the first half of the year 2020 reaching a turnover of Euro 157,574 thousand, decreasing 26.6% compared to the first six months of 2019.

The main economic indicators of the Group, split by Division, are shown below, compared with the corresponding period of the previous year.

*Values in Euro thousand*

June 30, 2020	Revenues	Gross Margin	Gross Margin %	EBITDA	EBITDA %	EBIT	EBIT %	NET RESULT
PRIMA POWER	147,369	30,942	21.0%	10,098	6.9%	1,551	1.1%	567
PRIMA ELECTRO	20,804	2,121	10.2%	11	0.1%	(2,418)	-11.6%	(1,582)
ELIMINATIONS	(10,599)	(28)	-0.3%	(46)	-0.4%	(46)	-0.4%	(2,133)
<b>GROUP</b>	<b>157,574</b>	<b>33,035</b>	<b>21.0%</b>	<b>10,063</b>	<b>6.4%</b>	<b>(913)</b>	<b>-0.6%</b>	<b>(3,148)</b>

*(% calculated over the revenues)*

*Values in Euro thousand*

June 30, 2019	Revenues	Gross Margin	Gross Margin %	EBITDA	EBITDA %	EBIT	EBIT %	NET RESULT
PRIMA POWER	199,634	44,279	22.2%	15,952	8.0%	7,522	3.8%	3,459
PRIMA ELECTRO	27,233	5,545	20.4%	2,190	8.0%	(4,291)	-15.8%	(4,660)
ELIMINATIONS	(12,110)	236	1.9%	443	3.7%	3,249	26.8%	3,016
<b>GROUP</b>	<b>214,757</b>	<b>50,060</b>	<b>23.3%</b>	<b>18,585</b>	<b>8.7%</b>	<b>6,480</b>	<b>3.0%</b>	<b>1,815</b>

*(% calculated over the revenues)*

Values in Euro thousand

Variations	Revenues	Gross Margin	Gross Margin %	EBITDA	EBITDA %	EBIT	EBIT %	NET RESULT
PRIMA POWER	(52,265)	(13,337)	-25.5%	(5,854)	-11.2%	(5,971)	-11.4%	(2,892)
PRIMA ELECTRO	(6,429)	(3,424)	-53.3%	(2,179)	-33.9%	1,873	29.1%	3,078
ELIMINATIONS	1,511	(264)	17.5%	(489)	32.4%	(3,295)	218.1%	(5,149)
<b>GROUP</b>	<b>(57,183)</b>	<b>(17,025)</b>	<b>-29.8%</b>	<b>(8,522)</b>	<b>-14.9%</b>	<b>(7,393)</b>	<b>-12.9%</b>	<b>(4,963)</b>

(% calculated over the revenues)

Following is the consolidated revenues geographical break down at June 30, 2020 compared with the same period of previous year:

Revenues	June 30, 2020		June 30, 2019	
	Euro thousand	%	Euro thousand	%
EMEA	89,785	57.0	133,603	62.2
AMERICAS	49,577	31.5	50,552	23.5
APAC	18,212	11.5	30,602	14.2
<b>TOTAL</b>	<b>157,574</b>	<b>100.0</b>	<b>214,757</b>	<b>100.0</b>

The above table shows that the Group turnover at June 30, 2020 (compared with the same period of the previous year) registered a downturn in the EMEA area (-32.8%), in AMERICAS (-1.9%) and in APAC area (-40.5%).

The Group generated consolidated revenues in the EMEA area for Euro 89,785 thousand; the main destination countries were Italy (14.6% of consolidated revenues), Russia and Eastern Europe (9.7% of consolidated revenues), Northern European countries (9.2% of consolidated revenues) and Germany, Austria and Switzerland (6.3% of consolidated revenues).

The share of revenues from the AMERICAS went down 1.9% from Euro 50,552 thousand in the same period in 2019 to Euro 49,577 thousand.

In APAC countries, revenues went from Euro 30,602 thousand in the same period in 2019 to Euro 18,212 thousand (-40.5%). The decrease is mainly attributable to revenues in China which pass from Euro 25,585 thousand (as of June 30, 2019) to Euro 10,366 thousand (as of June 30, 2020).

Below is a breakdown of revenues by segment gross of inter-sector transactions:

Revenues	June 30, 2020		June 30, 2019	
	Euro thousand	%	Euro thousand	%
PRIMA POWER	147,369	93.5	199,634	93.0
PRIMA ELECTRO	20,804	13.2	27,233	12.7
Inter-sector revenues	(10,599)	(6.7)	(12,110)	(5.7)
<b>TOTAL</b>	<b>157,574</b>	<b>100.0</b>	<b>214,757</b>	<b>100.0</b>

As can be seen from the above table, the overall revenues decrease is attributable both to the PRIMA POWER division for Euro 52,265 thousand and to the PRIMA ELECTRO division for Euro 6,429 thousand.

The **cost of goods sold** at June 30, 2020 is equal to Euro 124,539 thousand down Euro 40,158 thousand from June 30, 2019 (Euro 164,697 thousand).

Group **Gross Margin** at June 30, 2020 is equal to Euro 33,035 thousand, a decrease of Euro 17,025 thousand compared to Euro 50,060 thousand in the same period of 2019. The margin accounted for 21.0% of sales and is down from June 30, 2019 (23.3%).

The **research and development** activity carried out by the Group during the first half of 2020 has been comprehensively equal to Euro 9,316 thousand equal to 5.9% of turnover (of which Euro 6,588 thousand in the PRIMA POWER sector and Euro 2,728 thousand in the PRIMA ELECTRO sector).

The capitalized share was equal to Euro 2,478 thousand (of which Euro 923 thousand in the PRIMA POWER sector and Euro 1,555 thousand in the PRIMA ELECTRO sector), a reduction compared to Euro 3,220 thousand at June 30, 2019.

Costs sustained in research and development activities for new products proved the Group main purposes in investing for the future and improving products always in the competitiveness on the international markets. For all the capitalized development activities, the technical feasibility has been verified as well as the generation of probable future economic benefits.

During the first half of 2020, the main activities of the PRIMA POWER division concerned:

- acquisition and development of laser systems for the aeronautical industry with process certification;
- development of new functionality on the 3D machines dedicated to intensive production with significant reductions in cycle time;
- development of vision systems for the digital control of bend angle precision;
- expanding available configurations and software functionality for robotic bending cells;
- optimising the cycling of automatic bending line servo devices;
- developing a new additive manufacturing machine with PBF technology (*Powder Bed Fusion*) for the production of small and medium-sized components
- developing a new additive manufacturing machine with DED-LMD technology (*Direct Energy Deposition - Laser Metal Deposition*) suitable for 3D productions, reprocessing and repairs.

During the first half of 2020, the main activities of the PRIMA ELECTRO division were:

- continuation of long-term development of opto-electrical components (multiple emitter laser diodes) for fibre laser source applications;
- development of high power fibre laser sources;
- continued development of control system projects (hardware and software) for 3D printing (additive manufacturing).

**Net research and development costs** were Euro 10,665 thousand decreasing by Euro 3,183 thousand from June 30, 2019 (Euro 13,848 thousand). This item includes non capitalizable research and development costs, *Tech Center* costs and *overheads* and is disclosed net of grants (national and European) entered on an accrual basis.

**Sales and marketing expenses**, which include business structure costs such as personnel, trade fairs and events, the demo center, promotional and advertising activities and related overheads, were Euro 11,276 thousand, decreasing by Euro 4,047 thousand from Euro 15,323 thousand at June 30, 2019.

**General and administrative expenses**, which includes costs related to Group or Divisional management structures, Finance costs, HR, IT and overheads, are equal to Euro 12,007 thousand, and are down compared to Euro 14,409 thousand at June 30, 2019.

The Group **EBITDA** at June 30, 2020 amounted to Euro 10,063 thousand, equal to 6.4% of revenues against Euro 18,585 thousand, equal to 8.7% of revenues at June 30, 2019.

EBITDA was negatively affected by non-recurring costs equal to Euro 2,131 thousand (at June 30, 2019 they were equal to Euro 1,150 thousand); therefore the **adjusted EBITDA(\*)** amounted to Euro 12,194 thousand (equal to 7.7% of revenues). In particular, in the second quarter of the year the **adjusted EBITDA(\*)** amounted to Euro 8,411 thousand (equal to approx 10.2% of turnover for the quarter).

The Group **EBIT** at June 30, 2020 is negative for Euro 913 thousand, equal to -0.6% of revenues, against Euro 6,480 thousand, equal to 3.0% of revenues in the corresponding period of the previous year.

This result is affected by:

- the significant investments of the Laser business unit of Prima Electro division, not yet balanced by adequate volumes;
- amortization of intangible assets for Euro 5,274 thousand (relating to development costs for Euro 3,891 thousand and trademark recorded in the FINN-POWER business combination for Euro 939 thousand);
- amortization of tangible fixed assets for Euro 5,703 thousand.

The EBIT at June 30, 2020 is penalized by non-recurring costs; as a result, **adjusted EBIT(\*)** amounted to Euro 1,218 thousand (0.8% of revenues). In particular, in the second quarter, **adjusted EBIT(\*)** amounted to Euro 3,079 thousand (equal to 3.7% of turnover for the quarter).

(\*) Note that, as illustrated in Annex 2 to this report, the **adjusted performance indicators** are the same indicators net of non-recurring items only. For more information about the non-recurring items, see the section in the Explanatory Notes to the Interim Report.

The Group **EBT** at June 30, 2020 is negative for Euro 3,705 thousand against positive Euro 3,172 thousand as of June 30, 2019.

The Group EBT includes net losses from financial management (including profits and losses on exchange rates) for Euro 2,747 thousand (at June 30, 2019 they were equal to Euro 3,266 thousand).

Financial results (€/000)	June 30, 2020	June 30, 2019
<i>Bond</i> expenses	(456)	(454)
Loans 2018 expenses	(649)	(735)
Derivatives expenses (CRS)	73	(259)
Derivatives expenses (IRS)	(118)	(189)
Lease expenses	(681)	(653)
Write-down of financial receivables	-	(118)
Other financial expenses	(517)	(677)
<b>Net financial expenses</b>	<b>(2,348)</b>	<b>(3,085)</b>
Net exchange differences	(399)	(181)
<b>TOTAL</b>	<b>(2,747)</b>	<b>(3,266)</b>

The net result of investments accounted for using the equity method presented a loss of Euro 50 thousand and refers to the related 3D NT.

Net result of other investments is positive by Euro 5 thousand and refers for Euro 54 thousand to the capital gain for the sale of the Härmämedi OY investment achieved by FINN-POWER OY and for Euro 49 thousand to the write-down of the Caretek investment held by PRIMA ELECTRO SpA.

The Group **NET RESULT** at June 30, 2020 is negative for Euro 3,148 thousand against the positive Euro 1,815 thousand at June 30, 2019; whereas the Net Result for the Parent Company is negative for Euro 2,827 thousand.

## ASSETS, LIABILITIES AND FINANCIAL POSITION

The reclassified balance sheet of PRIMA INDUSTRIE Group is shown below.

Values expressed in Euro thousand	June 30, 2020	December 31, 2019	Variations
Tangible and intangible fixed assets	105,069	105,991	(922)
Goodwill	97,900	97,894	6
Equity investments and other non-current assets	6,648	6,853	(205)
Deferred tax assets	15,770	14,671	1,099
<b>NON-CURRENT ASSETS</b>	<b>225,387</b>	<b>225,409</b>	<b>(22)</b>
Inventories	139,423	127,818	11,605
Trade receivables	77,819	85,406	(7,587)
Trade payables	(67,698)	(81,290)	13,592
Advances	(36,899)	(34,715)	(2,184)
<b>OPERATING WORKING CAPITAL</b>	<b>112,645</b>	<b>97,219</b>	<b>15,426</b>
Other current assets and liabilities	(12,373)	(12,764)	391
Current tax assets and liabilities	(331)	1,612	(1,943)
Provisions for risks and employee benefits	(28,823)	(27,883)	(940)
Deferred tax liabilities	(5,704)	(5,366)	(338)
Non-current assets held for sale	4,149	4,229	(80)
<b>NET INVESTED CAPITAL</b>	<b>294,950</b>	<b>282,456</b>	<b>12,494</b>
<b>NET INDEBTEDNESS</b>	<b>123,246</b>	<b>107,343</b>	<b>15,903</b>
<b>SHAREHOLDER'S EQUITY</b>	<b>171,704</b>	<b>175,113</b>	<b>(3,409)</b>
<i>Stockholders' equity of the Group</i>	168,927	171,981	(3,054)
<i>Minority interest</i>	2,777	3,132	(355)
<b>LOAN SOURCES</b>	<b>294,950</b>	<b>282,456</b>	<b>12,494</b>

Tangible and intangible fixed assets (other than Goodwill) of PRIMA INDUSTRIE Group decreased by Euro 922 thousand from the previous financial year. Movements in the half-year were for:

- net increases of Euro 10,334 thousand (of which Euro 2,728 thousand related to development costs);
- amortization and depreciation of Euro 10,977 thousand;
- negative exchange rates of Euro 279 thousand.

Operating Working capital increased from the previous financial year by Euro 15,426 thousand.

At June 30, 2020 the Group **Net Financial Debt(\*)** is equal to Euro 123,246 thousand, compared to Euro 132,824 thousand at June 30, 2019 and to Euro 107,343 thousand at December 31, 2019. Net financial debt improves compared to Euro 133,452 thousand as at March 31, 2020 following the measures undertaken to mitigate the impact of the crisis on the available liquidity.

At June 30, 2020, in addition to the cash amounting to approximately to Euro 42 million, the Group also has available unused credit lines for approximately Euro 55 million.

(\*) Reconciliation between Group **Net Financial Indebtedness** (used as a performance indicator) and net financial position required by CONSOB Communication no. DEM/6064293 of 28 July 2006 is provided in the Explanatory Notes.

Below is a breakdown of Group net financial indebtedness.

<i>Values expressed in Euro thousand</i>	June 30, 2020	December 31, 2019	June 30, 2019
NON CURRENT FINANCIAL ASSETS	(4,233)	(4,243)	(4,243)
CASH & CASH EQUIVALENTS	(42,014)	(55,136)	(30,742)
CURRENT FINANCIAL ASSETS	(568)	(532)	(781)
CURRENT FINANCIAL LIABILITIES	51,189	43,326	36,124
NON CURRENT FINANCIAL LIABILITIES	78,671	85,056	98,160
<b>NET FINANCIAL DEBT (before leasing)</b>	<b>83,045</b>	<b>68,471</b>	<b>98,518</b>
LEASING LIABILITIES	40,201	38,872	34,306
<b>NET FINANCIAL DEBT</b>	<b>123,246</b>	<b>107,343</b>	<b>132,824</b>

Net Equity decreased by Euro 3,409 thousand compared to the previous financial year. This decrease is due to the period result effects (Euro -3,148 thousand), the conversion reserve (Euro -333 thousand) and the *fair value* adjustment reserve for derivatives (Euro +72 thousand).

Below is the *Cash Flow* of the PRIMA INDUSTRIE Group at June 30, 2020 compared with the corresponding period of the previous year.

<i>Values in Euro thousand</i>	June 30, 2020	June 30, 2019	Variations
Net Financial Indebtedness Opening	(107,343)	(74,639)	(32,704)
Financial liabilities deriving from IFRS 16 first application	-	(27,066)	27,066
Cash from operating activities before TWC	10,074	8,472	1,602
Change in Trade Working Capital	(15,426)	(27,714)	12,288
<b>Cash from operating activities</b>	<b>(5,352)</b>	<b>(19,242)</b>	<b>13,890</b>
Investments in development costs	(2,728)	(3,000)	272
Other investments	(7,397)	(4,385)	(3,012)
<b>Cash from investment activities</b>	<b>(10,125)</b>	<b>(7,385)</b>	<b>(2,740)</b>
<b>FREE CASH FLOW (FCF)</b>	<b>(15,477)</b>	<b>(26,627)</b>	<b>11,150</b>
Dividends	-	(4,569)	4,569
Net financial result of investments	5	(23)	28
Net result of investments accounted for using the equity method	(50)	(19)	(31)
<b>Cash from financing activities</b>	<b>(45)</b>	<b>(4,611)</b>	<b>4,566</b>
Net exchange differences	(381)	119	(500)
<b>CASH FLOW - TOTAL</b>	<b>(15,903)</b>	<b>(31,119)</b>	<b>15,216</b>
<b>Net Financial Indebtedness Closing</b>	<b>(123,246)</b>	<b>(132,824)</b>	<b>9,578</b>

## BUSINESS PERFORMANCE

During the first half of 2020, the Group order acquisition (including the after-sale service) amounted to Euro 140,8 million, decreasing by 25.9% compared to Euro 189.9 million at June 30, 2019. The "book to bill" ratio of the first half-year is therefore slightly higher than unit.

The acquisition of orders of the PRIMA POWER sector amounted to Euro 128.2 million, while the PRIMA ELECTRO ones, considering the ones from customers outside the Group, amounted to Euro 12.6 million.

The consolidated order backlog (not inclusive of the *after-sale service*) at June 30, 2020 amounts to Euro 126.0 million, downwards compared to Euro 136.1 million at June 30, 2019. The portfolio includes Euro

118.2 million relating to the PRIMA POWER sector and Euro 7.8 million relating to the PRIMA ELECTRO sector.

At July 31, 2020 order backlog is slightly increasing and is equal to Euro 128.8 million.

## PERSONNEL

At June 30, 2020, the Group had 1,766 employees of which 1,531 in PRIMA POWER Division and 235 in PRIMA ELECTRO Division. Compared to the December 31, 2019 the employee numbers decreased by 15.

Values expressed in units	PRIMA POWER			PRIMA ELECTRO			PRIMA GROUP		
	Jun 30, 2020	Dec 31, 2019	Jun 30, 2019	Jun 30, 2020	Dec 31, 2019	Jun 30, 2019	Jun 30, 2020	Dec 31, 2019	Jun 30, 2019
Production & Installation	513	527	546	132	137	145	645	664	691
Service & Spare Parts	511	499	496	-	-	14	511	499	510
R&D	205	200	202	62	64	72	267	264	274
Sales & Marketing	178	185	187	17	13	34	195	198	221
General & Administrative	124	126	131	24	30	29	148	156	160
<b>Total</b>	<b>1,531</b>	<b>1,537</b>	<b>1,562</b>	<b>235</b>	<b>244</b>	<b>294</b>	<b>1,766</b>	<b>1,781</b>	<b>1,856</b>

## OPERATIONS WITH RELATED PARTIES

During the reporting period no significant operations with related parties were concluded in accordance with Article 5, paragraph 8 of the Regulations containing provisions on related parties No. 17221, issued by CONSOB on March 12, 2010. For further details of the operations carried out by the Group with related parties, refer to -Information on related parties on Explanatory Notes.

## RISK FACTORS

The main risks for the PRIMA INDUSTRIE Group in the months immediately following the current financial year are unchanged from those described in the "Management of Risks of PRIMA INDUSTRIE Group" section of the 2019 Financial Annual Statements except for the following risks .

### Risks relating to catastrophes, climate-related events and pandemics

As an international industrial group, PRIMA INDUSTRIE is also exposed to the risks related to epidemics and pandemics. The recent COVID-19 health emergency has brought strong discontinuity and impacts not only on people's health but also on the world economy. The COVID-19 aspects are included in the ERM analysis (Enterprise Risk Management) to identify and implement measures in order to minimise the risk of spread and redirect corporate strategy.

## STOCK TREND AND TREASURY STOCK

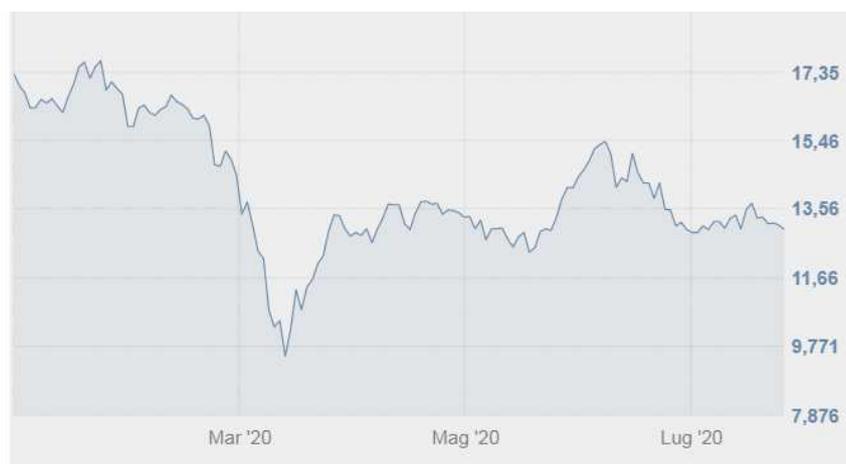
During the first half of 2020, the value of PRIMA INDUSTRIE shares was blighted by, among other things, the spread of the COVID-19 pandemic, which generally impacted negatively Italian and global stock markets.

Specifically, shares went from a unit value of €17.26 at January 2, 2020 to €12.98 per share at June 30, 2020.

The minimum value of the share (€9.50) was reached in the early stages of the COVID-19 pandemic (March 12, 2020), along with a precipitous collapse of all market indexes, by when it had peaked earlier in the year at €17.62 (January 24, 2020).

Lastly, after the close of the half year, shares generally remained stable at between €12.50 and €13.50 per share.

This trend is shown in the chart below:

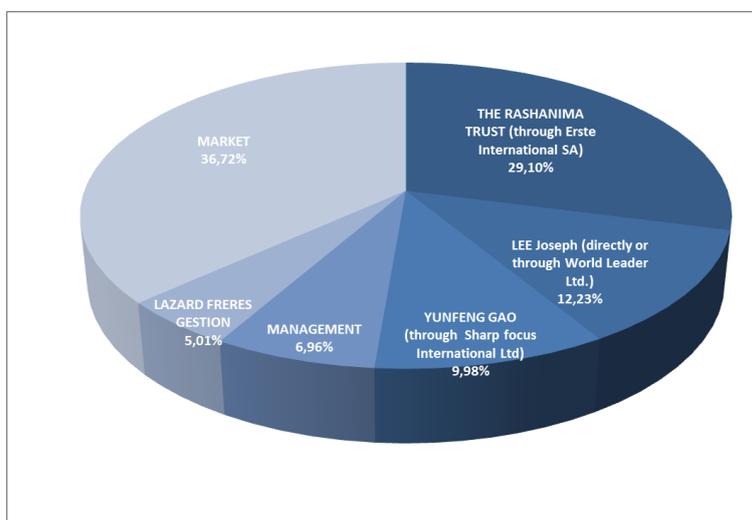


At the date of this Half-Year Report, PRIMA INDUSTRIE holds 100,000 treasury shares (0.95% of share capital), part of which may be freely assigned to service share incentive plans.

### SHAREHOLDING STRUCTURE

On June 30, 2020 the share capital of PRIMA INDUSTRIE SpA amounts to Euro 26,208,185 divided into 10,483,274 ordinary shares at the nominal value of Euro 2.50 each. No classes of shares or bonds have been issued other than ordinary shares.

In the light of the results of the shareholders diary and from subsequent communications carried out between the company and the overseeing authority, the most up-to-date share structure is as follows:



*Pursuant to the combined provisions of article 1, paragraph 1, sub-paragraph w-quarter 1) of Legislative Decree no. 58/1998 and article 117, paragraph 1 of the Issuers CONSOB Regulation 11971/1999, significant investments are the investment of those who participate in the Issuer's share capital with a share of over 5%, as the Issuer is defined as SME.*

### FORESEEABLE DEVELOPMENTS IN MANAGEMENT

In six months characterized by the crisis related to COVID-19, PRIMA INDUSTRIE Group achieved results in line with the market and the reference context. The unfavourable global picture that marked the first part of 2020, despite some positive signs of partial recovery, is expected to continue for the entire year. That said, in light of the substantial order backlog, the competence shown by the *management* to promptly react to the new scenario and the confidence in the fundamentals of the *business*, the Group

expects a partial recovery of revenues and profitability for the second half of the year compared to the first half.

#### **EVENTS OCCURRING AFTER FINANCIAL HALF-YEAR CLOSING**

There were no significant events subsequent to the financial statements closing and until the date of approval of this Half-Year Financial Report.

#### **ATYPICAL AND UNUSUAL TRANSACTIONS**

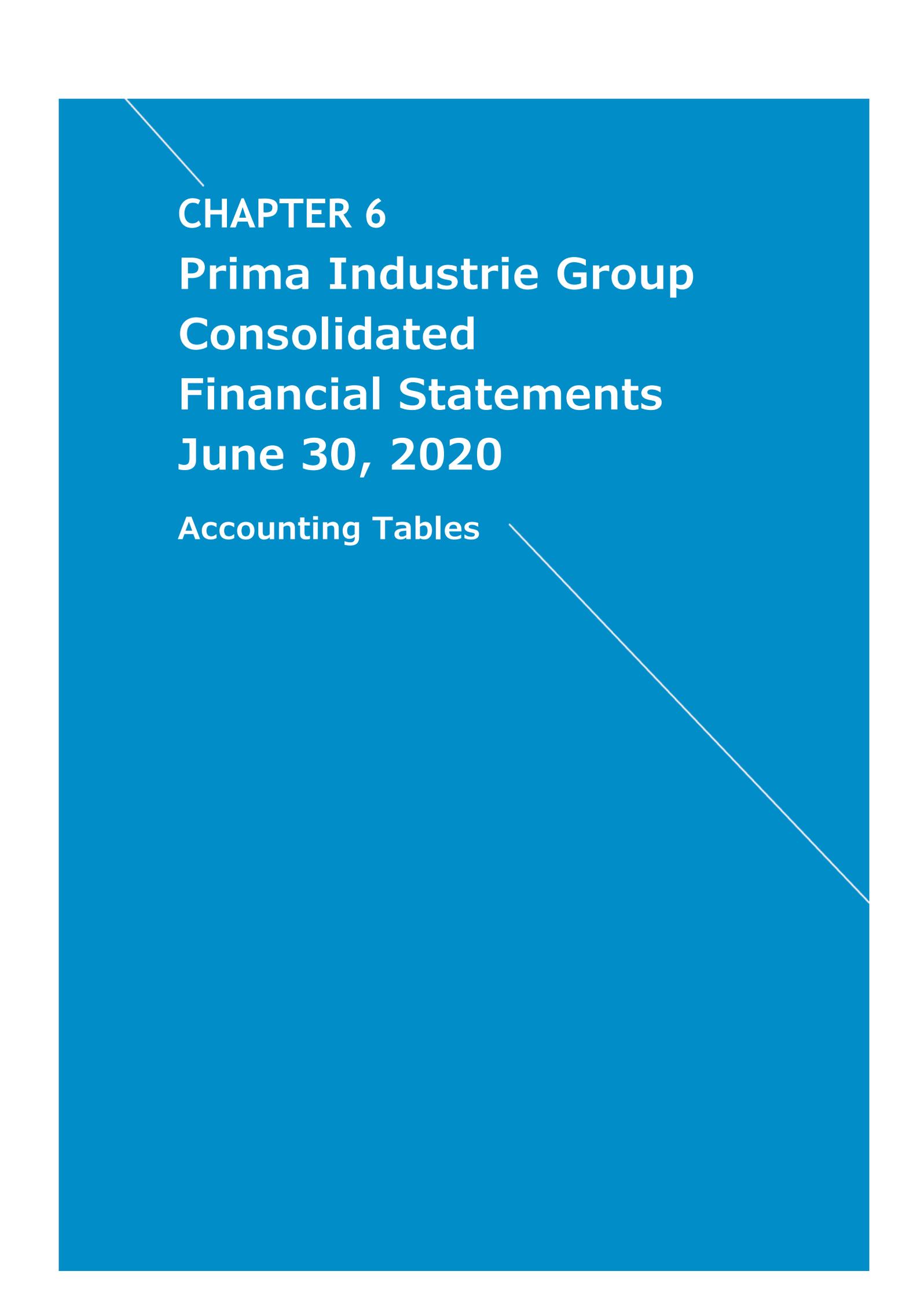
Pursuant to Consob Bulletin of July 28, 2006 no. DEM/6064296, we wish to specify that in the examined period, the Group has not engaged in transactions defined as atypical or unusual in the Bulletin.

#### **MANAGEMENT AND COORDINATION ACTIVITIES**

Prima Industrie SpA is not subject to management and coordination by other companies or entities and decides which general or operative course of action to take in full independence.

#### **OPT-OUT REGIME**

The Board of Directors of Prima Industrie SpA has resolved on November 12, 2012, in accordance with Consob Resolution no. 18079 of January 20, 2012, to subscribe to the opt-out regimen referred to in articles 70, paragraph 8 and 71, paragraph 1-bis of the Regulation, therefore choosing to avail itself of the right to waive the obligation of publishing documents describing its mergers, demergers, share capital increases by contributions in kind, purchases and transfers.



**CHAPTER 6**

**Prima Industrie Group  
Consolidated  
Financial Statements  
June 30, 2020**

**Accounting Tables**

## CHAPTER 6. CONSOLIDATED FINANCIAL STATEMENTS OF PRIMA INDUSTRIE GROUP AT JUNE 30, 2020

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>Values in thousand euro</i>	Notes	June 30, 2020	December 31, 2019
Property, plant and equipment	1	70,625	69,180
Intangible assets	2	132,343	134,705
Investments accounted for using the equity method	3	344	394
Other investments	4	6,304	6,458
Non current financial assets	5	4,233	4,243
Deferred tax assets	6	15,770	14,671
<b>NON CURRENT ASSETS</b>		<b>229,619</b>	<b>229,651</b>
Inventories	7	139,423	127,818
Trade receivables	8	77,819	85,406
Other receivables	9	7,779	9,298
Current tax receivables	10	5,415	8,057
Derivatives	11	131	-
Financial assets	11	437	532
Cash and cash equivalents	11	42,014	55,136
<b>CURRENT ASSETS</b>		<b>273,018</b>	<b>286,247</b>
Assets held for sale	12	4,149	4,229
<b>TOTAL ASSETS</b>		<b>506,786</b>	<b>520,127</b>
Capital stock	13	26,208	26,208
Legal reserve	13	5,213	5,213
Other reserves	13	70,793	68,557
Currency translation reserve	13	3,704	4,003
Retained earnings	13	65,836	58,954
Net result	13	(2,827)	9,046
<b>Stockholders' equity of the Group</b>		<b>168,927</b>	<b>171,981</b>
<b>Minority interest</b>		<b>2,777</b>	<b>3,132</b>
<b>STOCKHOLDERS' EQUITY</b>		<b>171,704</b>	<b>175,113</b>
Interest-bearing loans and borrowings	11	112,736	117,740
Employee benefit liabilities	14	7,074	7,017
Deferred tax liabilities	15	5,704	5,366
Provisions	16	222	222
Derivatives	11	499	600
<b>NON CURRENT LIABILITIES</b>		<b>126,235</b>	<b>130,945</b>
Trade payables	17	67,698	81,290
Advance payments	17	36,899	34,715
Other payables	17	20,151	22,061
Interest-bearing loans and borrowings	11	56,826	48,914
Current tax payables	18	5,746	6,445
Provisions	16	21,527	20,644
Derivatives	11	-	-
<b>CURRENT LIABILITIES</b>		<b>208,847</b>	<b>214,069</b>
<b>TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES</b>		<b>506,786</b>	<b>520,127</b>

## CONSOLIDATED INCOME STATEMENT

<i>Values in euro thousand</i>	Notes	June 30, 2020	June 30, 2019
Net revenues	19	157,574	214,757
Cost of goods sold	20	(124,539)	(164,697)
<b>GROSS MARGIN</b>		<b>33,035</b>	<b>50,060</b>
Research and Development costs	21	(10,665)	(13,848)
Sales and marketing expenses	22	(11,276)	(15,323)
General and administrative expenses	23	(12,007)	(14,409)
<b>OPERATING PROFIT (EBIT)</b>		<b>(913)</b>	<b>6,480</b>
Financial income	24	2,073	2,072
Financial expenses	24	(4,421)	(5,157)
Net exchange differences	24	(399)	(181)
Net result of investments accounted for using the equity method	25	(50)	(19)
Net result of other investments	26	5	(23)
<b>RESULT BEFORE TAXES (EBT)</b>		<b>(3,705)</b>	<b>3,172</b>
Taxes	27	557	(1,357)
<b>NET RESULT</b>		<b>(3,148)</b>	<b>1,815</b>
- <i>Attributable to Group shareholders</i>		(2,827)	1,806
- <i>Attributable to minority shareholders</i>		(321)	9
<b>RESULT PER SHARE - BASIC (in euro)</b>	<b>28</b>	<b>(0.30)</b>	<b>0.17</b>
<b>RESULT PER SHARE - DILUTED (in euro)</b>	<b>28</b>	<b>(0.30)</b>	<b>0.17</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>Values in euro thousand</i>	Notes	June 30, 2020	June 30, 2019
<b>NET RESULT (A)</b>		<b>(3,148)</b>	<b>1,815</b>
Gains/ (Losses) on actuarial defined benefit plans	13	-	-
Tax effect	13	-	-
<b>Total other comprehensive gains/(losses) not to be classified in the Income Statement, net of tax effects (B)</b>		<b>-</b>	<b>-</b>
Gains /(Losses) on cash flow hedges	13	95	(252)
Tax effect	13	(23)	60
Gains/(Losses) on exchange differences on translating foreign operations	13	(333)	602
<b>Total other comprehensive gains/(losses) to be classified in the Income Statement, net of tax effects (C)</b>		<b>(261)</b>	<b>410</b>
<b>TOTAL COMPREHENSIVE INCOME (A) + (B) + (C)</b>		<b>(3,409)</b>	<b>2,225</b>
- <i>Attributable to Group shareholders</i>		<i>(3,054)</i>	<i>2,192</i>
- <i>Attributable to minority shareholders</i>		<i>(355)</i>	<i>33</i>

## CONSOLIDATED STATEMENT OF CHANGES ON SHAREHOLDERS' EQUITY

from January 1, 2019 to June 30, 2019

Values in euro thousand	Capital stock	Additional paid-in capital	Treasury stock	Legal reserve	Capital increase expenses	Stock grant reserve	Change in the FV of hedging derivatives	Other reserves	Currency translation reserve	Retained earnings	Net result	Stockholders' equity of the Group	Minority interest	STOCKHOLDERS' EQUITY
Balance as at Jan 01, 2019	26,208	57,507	(1,966)	4,992	(1,286)	13	(465)	15,351	2,706	39,322	24,056	166,438	3,334	169,772
Dividends paid	-	-	-	-	-	-	-	(4,569)	-	-	-	(4,569)	-	(4,569)
Allocation of prior year net result	-	-	-	221	-	-	-	4,203	-	19,632	(24,056)	-	-	-
Result of comprehensive Income	-	-	-	-	-	-	(192)	-	578	-	1,806	2,192	33	2,225
Balance as at Jun 30, 2019	26,208	57,507	(1,966)	5,213	(1,286)	13	(657)	14,985	3,284	58,954	1,806	164,061	3,367	167,428

from January 1, 2020 to June 30, 2020

Values in euro thousand	Capital stock	Additional paid-in capital	Treasury stock	Legal reserve	Capital increase expenses	Stock grant reserve	Change in the FV of hedging derivatives	Other reserves	Currency translation reserve	Retained earnings	Net result	Stockholders' equity of the Group	Minority interest	STOCKHOLDERS' EQUITY
Balance as at Jan 01, 2020	26,208	57,507	(1,966)	5,213	(1,286)	13	(439)	14,728	4,003	58,954	9,046	171,981	3,132	175,113
Allocation of prior year net result	-	-	-	-	-	-	-	2,164	-	6,882	(9,046)	-	-	-
Result of comprehensive Income	-	-	-	-	-	-	72	-	(299)	-	(2,827)	(3,054)	(355)	(3,409)
Balance as at Jun 30, 2020	26,208	57,507	(1,966)	5,213	(1,286)	13	(367)	16,892	3,704	65,836	(2,827)	168,927	2,777	171,704

## CONSOLIDATED CASH FLOW STATEMENT

<i>Values in Euro thousand</i>	June 30, 2020	June 30, 2019
<b>Net result</b>	<b>(3,148)</b>	<b>1,815</b>
<b>Adjustments (sub-total)</b>	<b>(2,772)</b>	<b>(21,090)</b>
Depreciation, impairment & write-off	10,977	12,105
Gain on disposal of shares in other investments	(54)	-
Net change in deferred tax assets and liabilities	(761)	(236)
Change in employee benefits	57	(9)
Change in inventories	(11,605)	(13,058)
Change in trade receivables	7,587	15,793
Change in trade payables and advances	(11,408)	(30,449)
Net change in other receivables/payables and other assets/liabilities	2,435	(5,236)
<b>Cash Flows from (used in) operating activities</b>	<b>(5,920)</b>	<b>(19,275)</b>
<b>Cash flow from investments</b>		
Acquisition of tangible fixed assets (*)	(3,169)	(4,012)
Acquisition of intangible fixed assets	(178)	(465)
Capitalization of development costs	(2,728)	(3,000)
Net disposal of fixed assets (**)	168	1,262
Change in investments accounted for using the equity method	-	(138)
Net result of investments accounted for using the equity method	50	19
Write-off/Write-up Other Investments	49	23
Change in Other investments	79	(5)
<b>Cash Flows from (used in) investing activities</b>	<b>(5,729)</b>	<b>(6,316)</b>
<b>Cash flow from financing activities</b>		
Change in other financial assets/liabilities and other minor items	(54)	194
Increases in loans and borrowings (including bank overdrafts)	15,224	12,040
Repayment of loans and borrowings (including bank overdrafts)	(13,650)	(20,173)
Repayments in financial lease liabilities	(2,809)	(2,564)
Dividends paid	-	(4,569)
<b>Cash Flows from (used in) financing activities</b>	<b>(1,289)</b>	<b>(15,072)</b>
<b>Cash Flows from (used in) change of minority shareholders</b>	<b>-</b>	<b>-</b>
Foreign exchange translation differences	(184)	327
<b>Net change in cash and equivalents</b>	<b>(13,122)</b>	<b>(40,336)</b>
<b>Cash and equivalents beginning of period</b>	<b>55,136</b>	<b>71,078</b>
<b>Cash and equivalents end of period</b>	<b>42,014</b>	<b>30,742</b>

<b>Additional Information to the Consolidated Statement of Cash-Flow</b>	<b>June 30, 2020</b>	<b>June 30, 2019</b>
<i>Values in euro thousand</i>		
Taxes paid	454	2,632
Interests paid	1,336	1,733

(\*) Not included leases and included assets held for sale.

(\*\*) Included assets held for sale.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION PURSUANT TO CONSOB N.15519 OF JULY 27, 2006

<i>Values in thousand euro</i>	Notes	June 30, 2020	<i>of which related parties</i>	December 31, 2019	<i>of which related parties</i>
Property, plant and equipment	1	70,625	-	69,180	-
Intangible assets	2	132,343	-	134,705	-
Investments accounted for using the equity method	3	344	344	394	394
Other investments	4	6,304	-	6,458	-
Non current financial assets	5	4,233	-	4,243	-
Deferred tax assets	6	15,770	-	14,671	-
<b>NON CURRENT ASSETS</b>		<b>229,619</b>		<b>229,651</b>	
Inventories	7	139,423	-	127,818	-
Trade receivables	8	77,819	577	85,406	2,040
Other receivables	9	7,779	181	9,298	59
Current tax receivables	10	5,415	-	8,057	-
Derivatives	11	131	-	-	-
Financial assets	11	437	-	532	-
Cash and cash equivalents	11	42,014	-	55,136	-
<b>CURRENT ASSETS</b>		<b>273,018</b>		<b>286,247</b>	
Assets held for sale	12	4,149	-	4,229	-
<b>TOTAL ASSETS</b>		<b>506,786</b>		<b>520,127</b>	
Capital stock	13	26,208	-	26,208	-
Legal reserve	13	5,213	-	5,213	-
Other reserves	13	70,793	-	68,557	-
Currency translation reserve	13	3,704	-	4,003	-
Retained earnings	13	65,836	-	58,954	-
Net result	13	(2,827)	-	9,046	-
<i>Stockholders' equity of the Group</i>		<b>168,927</b>	-	<b>171,981</b>	-
<i>Minority interest</i>		<b>2,777</b>	-	<b>3,132</b>	-
<b>STOCKHOLDERS' EQUITY</b>		<b>171,704</b>		<b>175,113</b>	
Interest-bearing loans and borrowings	11	112,736	-	117,740	-
Employee benefit liabilities	14	7,074	-	7,017	-
Deferred tax liabilities	15	5,704	-	5,366	-
Provisions	16	222	-	222	-
Derivatives	11	499	-	600	-
<b>NON CURRENT LIABILITIES</b>		<b>126,235</b>		<b>130,945</b>	
Trade payables	17	67,698	1,050	81,290	94
Advance payments	17	36,899	-	34,715	-
Other payables	17	20,151	387	22,061	519
Interest-bearing loans and borrowings	11	56,826	-	48,914	-
Current tax payables	18	5,746	-	6,445	-
Provisions	16	21,527	-	20,644	-
Derivatives	11	-	-	-	-
<b>CURRENT LIABILITIES</b>		<b>208,847</b>		<b>214,069</b>	
<b>TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES</b>		<b>506,786</b>		<b>520,127</b>	

## CONSOLIDATED INCOME STATEMENT PURSUANT TO CONSOB N.15519 OF JULY 27, 2006

<i>Values in euro thousand</i>	Notes	June 30, 2020	<i>of which related parties</i>	June 30, 2019	<i>of which related parties</i>
Net revenues	19	157,574	600	214,757	24
Cost of goods sold	20	(124,539)	(82)	(164,697)	(103)
<b>GROSS MARGIN</b>		<b>33,035</b>	<b>-</b>	<b>50,060</b>	<b>-</b>
Research and Development costs	21	(10,665)	22	(13,848)	35
Sales and marketing expenses	22	(11,276)	(10)	(15,323)	-
General and administrative expenses	23	(12,007)	(660)	(14,409)	(635)
<b>OPERATING PROFIT (EBIT)</b>		<b>(913)</b>	<b>-</b>	<b>6,480</b>	<b>-</b>
<i>of which: non recurring items</i>		<i>(2,131)</i>		<i>(2,299)</i>	
Financial income	24	2,073	-	2,072	-
Financial expenses	24	(4,421)	-	(5,157)	-
Net exchange differences	24	(399)	-	(181)	-
Net result of investments accounted for using the equity method	25	(50)	(50)	(19)	(19)
Net result of other investments	26	5	-	(23)	-
<b>RESULT BEFORE TAXES (EBT)</b>		<b>(3,705)</b>		<b>3,172</b>	
<i>of which: non recurring items</i>		<i>(2,126)</i>	<i>-</i>	<i>(2,440)</i>	
Taxes	27	557	-	(1,357)	-
<b>NET RESULT</b>		<b>(3,148)</b>		<b>1,815</b>	
- <i>Attributable to Group shareholders</i>		<i>(2,827)</i>	<i>-</i>	<i>1,806</i>	<i>-</i>
- <i>Attributable to minority shareholders</i>		<i>(321)</i>	<i>-</i>	<i>9</i>	<i>-</i>
<b>RESULT PER SHARE - BASIC (in euro)</b>	<b>28</b>	<b>(0.30)</b>		<b>0.17</b>	
<b>RESULT PER SHARE - DILUTED (in euro)</b>	<b>28</b>	<b>(0.30)</b>		<b>0.17</b>	

## CONSOLIDATED CASH FLOW STATEMENT PURSUANT TO CONSOB N.15519 OF JULY 27, 2006

Values in Euro thousand	June 30, 2020	of which related parties	June 30, 2019	of which related parties
Net result	(3,148)		1,815	
<b>Adjustments (sub-total)</b>	<b>(2,772)</b>	<b>-</b>	<b>(21,090)</b>	<b>-</b>
Depreciation, impairment & write-off	10,977	-	12,105	-
Gain on disposal of shares in other investments	(54)	-	-	-
Net change in deferred tax assets and liabilities	(761)	-	(236)	-
Change in employee benefits	57	-	(9)	-
Change in inventories	(11,605)	-	(13,058)	-
Change in trade receivables	7,587	1,463	15,793	(6)
Change in trade payables and advances	(11,408)	956	(30,449)	-
Net change in other receivables/payables and other assets/liabilities	2,435	(254)	(5,236)	(539)
<b>Cash Flows from (used in) operating activities</b>	<b>(5,920)</b>		<b>(19,275)</b>	
<b>Cash flow from investments</b>				
Acquisition of tangible fixed assets (*)	(3,169)	-	(4,012)	-
Acquisition of intangible fixed assets	(178)	-	(465)	-
Capitalization of development costs	(2,728)	-	(3,000)	-
Net disposal of fixed assets (**)	168	-	1,262	-
Change in investments accounted for using the equity method	-	-	(138)	(138)
Net result of investments accounted for using the equity method	50	50	19	19
Write-off/Write-up Other Investments	49	-	23	-
Change in Other investments	79	-	(5)	-
<b>Cash Flows from (used in) investing activities</b>	<b>(5,729)</b>		<b>(6,316)</b>	
<b>Cash flow from financing activities</b>				
Change in other financial assets/liabilities and other minor items	(54)	-	194	-
Increases in loans and borrowings (including bank overdrafts)	15,224	-	12,040	-
Repayment of loans and borrowings (including bank overdrafts)	(13,650)	-	(20,173)	-
Repayments in financial lease liabilities	(2,809)	-	(2,564)	-
Dividends paid	-	-	(4,569)	-
<b>Cash Flows from (used in) financing activities</b>	<b>(1,289)</b>		<b>(15,072)</b>	
<b>Cash Flows from (used in) change of minority shareholders</b>	<b>-</b>		<b>-</b>	
Foreign exchange translation differences	(184)		327	
<b>Net change in cash and equivalents</b>	<b>(13,122)</b>		<b>(40,336)</b>	
<b>Cash and equivalents beginning of period</b>	<b>55,136</b>		<b>71,078</b>	
<b>Cash and equivalents end of period</b>	<b>42,014</b>		<b>30,742</b>	

Additional Information to the Consolidated Statement of Cash-Flow	June 30, 2020		June 30, 2019	
Values in euro thousand				
Taxes paid	454		2,632	
Interests paid	1,336		1,733	

(\*) Not included leases and included assets held for sale.

(\*\*) Included assets held for sale.

**CHAPTER 7**

**Explanatory Notes to  
Consolidated  
Financial Statements  
June 30, 2020**

## CHAPTER 7. EXPLANATORY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2020

### ACCOUNTING TABLES FORM AND CONTENT

The consolidated condensed interim financial statements of PRIMA INDUSTRIE Group have been drawn up on the assumption of the company continuing trading and in accordance with the *International Financial Reporting Standards* issued by the *International Accounting Standards Board* and recognised by the European Union (defined as "IFRS"), as well as the legislative and regulatory directions in force in Italy (with particular reference to Leg. Decree 58/1998 and subsequent amendments, as well as the issuer's Regulation issued by CONSOB). "IFRS" is also meant as the *International Accounting Standard* (IAS) still in force, as well as all the interpretive documents issued by the *International Financial Reporting Interpretations Committee* ("IFRIC") previously called the *Standing Interpretations Committee* ("SIC").

The consolidated condensed interim financial statements have been laid out in abbreviated form, in conformity with IAS 34 "Interim Financial Reporting", and does not include therefore all the information required in the Financial Annual Report and must be read together with the Financial Annual Report prepared for the closed financial year at December 31, 2019, to which attention is drawn for greater detail.

The consolidated condensed interim financial statements at June 30, 2020 of PRIMA INDUSTRIE Group is presented in a Euro which is also the currency of the economies in which the Group mainly operates.

The foreign subsidiaries are included in the consolidated condensed interim financial statement as of June 30, 2020 according to the principles described in the "Accounting Principles" Note of the consolidated financial statements of December 31, 2019, to which attention is drawn.

For purposes of comparison, the balance sheet data on December 31, 2019 have been presented as well as the data of the profit and loss account and the financial statement relating to June 30, 2019 with the movements of net assets of the first six months of 2019 as well, as required by IAS 1.

The Group presents the income statement according to functional areas, otherwise referred to as "at cost of goods sold". This cost analysis is based on cost destination and is considered more representative than expenditure type. The form chosen conforms to internal *reporting* and *business* management procedures and is in line with international practice within the sector in which the Group operates.

"Cost of goods sold" includes costs relating to the functional areas that participated directly or indirectly in the generation of revenues with the sale of goods or services. It includes all costs for materials, processing and overheads directly attributable to production.

### DRAFTING PRINCIPLES AND CRITERIA

#### ACCOUNTING CRITERIA AND PRINCIPLES OF CONSOLIDATION

The accounting criteria and principles of consolidation adopted for setting out the consolidated condensed interim financial statements at June 30, 2020 are compatible with those used for the consolidated financial annual report at December 31, 2019, to which reference is made subject to the new standards/interpretations adopted by the Group starting from January 1, 2020, as well as the adjustments required by the nature of the interim findings.

## ACCOUNTING PRINCIPLES AND INTERPRETATIONS TRANSPOSED BY THE EUROPEAN UNION AND APPLICABLE FROM JANUARY 1, 2020

On November 29, 2019 the European Commission issued Regulation No 2019/2104 harmonising the document “*Amendments to IAS 1 and IAS 8: definition of material*”. The definition of material was integrated with the concept of “obscure” information, that is, information that is communicated in a way that would have a similar effect for users of financial statements to omitting or misstating that information. The amended IAS 1 states that “*Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity*”. This amendment led to the transposition of the new definition of material in *IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors*, *IAS 10 - Events After the Reporting Period*, *IAS 34 - Interim Financial Reporting*, *IAS 37 - Provisions, Contingent Liabilities and Contingent Assets*.

On November 29, 2019 the European Commission issued Regulation No 2019/2075 harmonising the document “*Amendments to the Conceptual Framework in IFRS*”. The changes are intended to update the existing references to the previous “systematic framework” in different international standards and their interpretations, replacing them with references to the revised “Conceptual Framework”.

On September 26, 2019, the IASB issued the document “*Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform*”. The aim of these amendments is to avoid entities having to discontinue hedges as a result of uncertainties resulting from the IBOR reform introduced by the European Financial Benchmark Regulation. Specifically, it addresses concerns regarding an inability to meet the specific accounting requirements for hedging transactions in the periods before the transition.

On October 22, 2018, the IASB issued “*Amendments to IFRS 3 - Business Combinations*”, to clarify in practical terms whether a transaction should be accounted for as a business combination or as an asset acquisition.

The adoption of these amendments and interpretations did not affect the consolidated half-year financial statements to 30 June 2020.

## ACCOUNTING PRINCIPLES AND INTERPRETATIONS ISSUED BY IASB AND NOT YET APPLICABLE

At the reporting date of this consolidated half-year report, the competent bodies of the European Union had not yet completed the approval process necessary for the adoption of the amendments and principles described below.

On May 28, 2020, the IASB issued an amendment entitled “*Covid-19 Related Rent Concessions (Amendment to IFRS 16)*” which provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification as defined in IFRS 16. Therefore, lessees applying this option will be able to record the effects of rent concessions straight in the statement of profit and loss on the effective date of the concession. Although applicable to financial statements starting on 1 June 2020, this amendment has not yet been approved by the European Union, however early application to financial statements starting January 1, 2020 remains valid.

On January 23, 2020, the IASB issued “*Amendments to IAS 1 Presentation of Financial Statements: classification of liabilities as current or non-current*” to clarify requirements for the presentation of

liabilities in the statement of financial position. More specifically, the amendments state that i) the right to defer settlement of a liability is determined by whether conditions for it exist at the end of the reporting period; ii) management's expectations regarding events after the date of the financial statements are not material; iii) the situations that are considered liquidation of a liability are clarified. Owing to the COVID-19 pandemic, the IASB suggested postponing the effective date of the document to January 1, 2023.

On May 14, 2020, the IASB published the following amendments which will come into effect from the years beginning on or after January 31, 2022:

- Amendments to IAS 37 *“Onerous Contracts - Cost of Fulfilling a Contract”* aimed at clarifying how to determine whether a contract is onerous. The amendment clarifies that when estimating the cost of fulfilling a contract it is necessary to consider all costs that relate directly to the contract, including incremental costs and all other costs that are unavoidable as a result of signing the contract.
- Amendments to IAS 16 *“Property, Plant and Equipment: Proceeds before Intended Use”*, aimed at defining that proceeds from selling goods produced should be recognised in profit and loss together with the cost of producing them, before the goods are ready for their intended use.
- Amendments to IFRS 3 *“Reference to the Conceptual Framework”*. The aim of the amendments is to update references in IFRS 3 to the revised version of the *Conceptual Framework*, without this requiring changes to the provisions of the standard.
- Issue of *“Annual Improvements to IFRS Standards 2018 - 2020 Cycle”*, containing a number of amendments to the following international standards that are essentially technical in nature and related to drafting: *“IFRS 1 - First-time Adoption of International Financial Reporting Standards”*, *“IFRS 9 - Financial Instruments”*, *“IAS 41 - Agriculture”*, illustrative examples of *“IFRS 16 - Leases”*.

On May 18, 2017, IASB issued *“IFRS 17 - Insurance Contracts”*. Applicable to annual reporting periods beginning on or after January 1, 2023, the new standard regulates the accounting treatment of insurance contracts issued and reinsurance contracts held.

On June 25, 2020, the IASB issued *“Amendments to IFRS 17”* and an amendment to IFRS 4 *“Extension of temporary exemption from applying IFRS 9”*, concerning insurance companies and, among other things, deferring the entry into force of IFRS 17 provisions until January 1, 2023.

Any impact on the Group consolidated financial statements arising from the new principles/interpretations are still under assessment.

### GOING CONCERN

The condensed half-year consolidated financial statements has been set out on the assumption of the company continuing trading in that it is reasonably expected that PRIMA INDUSTRIE will continue with its operational activities in the foreseeable future.

Despite the expected fall in revenues for 2020, there are no doubts about the Group's status as a going concern, following the following assessments:

- good order book consistency;

- reasonable certainty of meeting obligations over the coming 12 months, including compliance with financial covenants;
- availability of sufficient lines of credit for operational cash requirements.

#### USE OF ACCOUNTING ESTIMATES

The drawing up of an interim financial report requires the carrying out of estimates and assumptions which have effect on the values of revenues, costs, assets and liabilities of the financial report and on the information report relating to the potential assets and liabilities on the date of the interim financial report. If in the future, such estimates and assumptions which are based on the best evaluation by management, should differ through effective circumstances, they will be modified in an appropriate manner in the period in which the circumstance themselves vary. In particular, with regard to the condensed consolidated half year report, the taxes on income for the period of the individual consolidated companies are determined on the basis of the best estimate possible in relation to the available information, and on a reasonable forecast of the progress of the financial year up to the end of the tax period.

This Half-Year Financial Report was authorized for publication by the Board of Directors on September 1, 2020.

## EXPLANATORY NOTES

The data shown in the explanatory notes, if not shown otherwise, are expressed in Euro thousand.

### SECTOR REPORT

In accordance with IFRS 8, and in line with the Group's management and control model, the Group's management has identified PRIMA POWER and PRIMA ELECTRO as the operating divisions that are subject to sector reports.

The PRIMA POWER Division includes the design, manufacture and sale of:

- laser machines to cut, weld and punch metallic components, three-dimensional (3D) and two-dimensional (2D), and
- sheet metal processing machines that use mechanical tools (punchers, integrated punching and shearing systems, integrated punching and laser cutting systems, panel bending, bending machines and automated systems).

The PRIMA ELECTRO Division includes the development, construction and sale of electronic power and control components, and hi-power laser sources for industrial applications, intended for the machines of the Group and third customers.

The PRIMA ADDITIVE division, established in the second half of 2018 and dedicated to the design, production and sale of turnkey solutions for the main Additive Manufacturing technologies: Powder Bed Fusion - PBF and Direct Metal Deposition - DMD, and the relative support and services for its applications. The division boasts a strong team of highly specialised young experts, qualified managers and engineers. The purpose of this new division is to support the development of these new technologies and enter the market with new machine ranges. Thanks to this investment, the new activities will be focused on additive manufacturing and, more generally, the pursuit of technological innovation.

The financial and equity data of PRIMA ADDITIVE are currently negligible and do not meet the thresholds set out in IFRS 8 for disclosure purposes and therefore this division's information is, currently, aggregated to the data for PRIMA POWER Division.

The following tables show the financial information directly attributable to the two divisions PRIMA POWER and PRIMA ELECTRO, as described above

Values in euro thousand	Prima Power		Prima Electro		Elimination		Prima Industrie Group	
	Jun 30, 2020	Jun 30, 2019	Jun 30, 2020	Jun 30, 2019	Jun 30, 2020	Jun 30, 2019	Jun 30, 2020	Jun 30, 2019
Net revenues	147,369	199,634	20,804	27,233	(10,599)	(12,110)	157,574	214,757
Cost of goods sold	(116,427)	(155,355)	(18,683)	(21,688)	10,571	12,346	(124,539)	(164,697)
<b>GROSS MARGIN</b>	<b>30,942</b>	<b>44,279</b>	<b>2,121</b>	<b>5,545</b>	<b>(28)</b>	<b>236</b>	<b>33,035</b>	<b>50,060</b>
Research and Development costs	(8,145)	(11,250)	(2,520)	(2,823)	-	226	(10,665)	(13,848)
Sales and marketing expenses	(10,627)	(14,048)	(649)	(1,275)	-	-	(11,276)	(15,323)
General and administrative expenses	(10,619)	(11,459)	(1,370)	(5,738)	(18)	2,787	(12,007)	(14,409)
<b>OPERATING PROFIT (EBIT)</b>	<b>1,551</b>	<b>7,522</b>	<b>(2,418)</b>	<b>(4,291)</b>	<b>(46)</b>	<b>3,249</b>	<b>(913)</b>	<b>6,480</b>
Net financial expenses	(2,299)	(2,663)	(50)	(420)	1	1	(2,348)	(3,085)
Net exchange differences	(423)	(155)	24	(26)	-	-	(399)	(181)
Net result of investments accounted for using the equity method	(50)	(19)	-	-	-	-	(50)	(19)
Net result of other investments	2,154	-	(49)	(23)	(2,100)	-	5	(23)
<b>RESULT BEFORE TAXES (EBT)</b>	<b>933</b>	<b>4,685</b>	<b>(2,493)</b>	<b>(4,760)</b>	<b>(2,145)</b>	<b>3,250</b>	<b>(3,705)</b>	<b>3,172</b>
Taxes	(366)	(1,226)	911	100	12	(234)	557	(1,357)
<b>NET RESULT</b>	<b>567</b>	<b>3,459</b>	<b>(1,582)</b>	<b>(4,660)</b>	<b>(2,133)</b>	<b>3,016</b>	<b>(3,148)</b>	<b>1,815</b>
- Attributable to Group shareholders	889	3,450	(1,582)	(4,660)	(2,133)	3,016	(2,827)	1,806
- Attributable to minority shareholders	(322)	9	-	-	-	-	(321)	9

	Prima Power		Prima Electro		Elimination		Prima Industrie Group	
<i>Values in euro thousand</i>	Jun 30, 2020	Dec 31, 2019	Jun 30, 2020	Dec 31, 2019	Jun 30, 2020	Dec 31, 2019	Jun 30, 2020	Dec 31, 2019
Property, plant and equipment	57,429	55,275	13,196	13,905	-	-	70,625	69,180
Intangible assets	118,287	121,443	14,268	13,474	(212)	(212)	132,343	134,705
Investments accounted for using the equity method	344	394	-	-	-	-	344	394
Other investments	17,249	17,353	-	49	(10,945)	(10,944)	6,304	6,458
Non current financial assets	2,728	2,728	1,505	1,515	-	-	4,233	4,243
Deferred tax assets	11,435	9,957	4,022	4,413	313	301	15,770	14,671
<b>NON CURRENT ASSETS</b>	<b>207,472</b>	<b>207,150</b>	<b>30,891</b>	<b>33,356</b>	<b>(8,744)</b>	<b>(10,855)</b>	<b>229,619</b>	<b>229,651</b>
Inventories	113,892	103,473	26,635	25,404	(1,104)	(1,059)	139,423	127,818
Trade receivables	74,446	80,310	10,608	14,991	(7,235)	(9,895)	77,819	85,406
Other receivables	6,332	7,497	1,444	1,797	3	4	7,779	9,298
Current tax receivables	3,317	7,253	2,510	1,217	(412)	(413)	5,415	8,057
Derivatives	131	-	-	-	-	-	131	-
Financial assets	10,701	9,066	104	-	(10,368)	(8,534)	437	532
Cash and cash equivalents	40,484	52,611	1,530	2,525	-	-	42,014	55,136
<b>CURRENT ASSETS</b>	<b>249,303</b>	<b>260,210</b>	<b>42,831</b>	<b>45,934</b>	<b>(19,116)</b>	<b>(19,897)</b>	<b>273,018</b>	<b>286,247</b>
Assets held for sale	149	229	4,000	4,000	-	-	4,149	4,229
<b>TOTAL ASSETS</b>	<b>456,924</b>	<b>467,589</b>	<b>77,722</b>	<b>83,290</b>	<b>(27,860)</b>	<b>(30,752)</b>	<b>506,786</b>	<b>520,127</b>
<b>STOCKHOLDERS' EQUITY</b>	<b>149,159</b>	<b>148,902</b>	<b>34,548</b>	<b>38,180</b>	<b>(12,003)</b>	<b>(11,969)</b>	<b>171,704</b>	<b>175,113</b>
Interest-bearing loans and borrowings	101,781	107,958	19,119	18,239	(8,164)	(8,457)	112,736	117,740
Employee benefit liabilities	5,428	5,333	1,646	1,685	-	(1)	7,074	7,017
Deferred tax liabilities	4,305	3,541	1,399	1,825	-	-	5,704	5,366
Provisions	222	222	-	-	-	-	222	222
Derivatives	499	600	-	-	-	-	499	600
<b>NON CURRENT LIABILITIES</b>	<b>112,235</b>	<b>117,654</b>	<b>22,164</b>	<b>21,749</b>	<b>(8,164)</b>	<b>(8,458)</b>	<b>126,235</b>	<b>130,945</b>
Trade payables	62,906	79,995	12,017	11,224	(7,225)	(9,929)	67,698	81,290
Advance payments	36,463	34,232	124	171	312	312	36,899	34,715
Other payables	17,338	19,232	2,814	2,829	(1)	-	20,151	22,061
Interest-bearing loans and borrowings	52,103	41,080	4,827	7,867	(104)	(33)	56,826	48,914
Current tax payables	6,012	6,550	154	315	(420)	(420)	5,746	6,445
Provisions	20,708	19,944	1,074	955	(255)	(255)	21,527	20,644
Derivatives	-	-	-	-	-	-	-	-
<b>CURRENT LIABILITIES</b>	<b>195,530</b>	<b>201,033</b>	<b>21,010</b>	<b>23,361</b>	<b>(7,693)</b>	<b>(10,325)</b>	<b>208,847</b>	<b>214,069</b>
<b>TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES</b>	<b>456,924</b>	<b>467,589</b>	<b>77,722</b>	<b>83,290</b>	<b>(27,860)</b>	<b>(30,752)</b>	<b>506,786</b>	<b>520,127</b>

## CONSOLIDATED FINANCIAL POSITION

### 1. Property, plant and equipment

Property, plant and equipment on June 30, 2020 are equal to Euro 70,625 thousand an increase of Euro 1,445 thousand compared with December 31, 2019.

For further details, see the table below

Property, plant and equipment	Land and Building	Plants and Machinery	Industrial and Commercial equipment	Other tangible fixed assets	Fixed assets under construction	TOTAL
Net value as at December 31, 2018	23,466	4,441	3,457	4,115	1,269	36,749
<b>Movements 2019</b>						
Rights of use derived from the first application of IFRS16	21,514	818	225	4,509	-	27,066
Increases	7,017	2,832	1,764	4,534	379	16,526
Disinvestments	(291)	(390)	(100)	(945)	(39)	(1,765)
Utilization of accumulated depreciation	40	224	96	608	-	968
Depreciation	(3,945)	(1,236)	(1,598)	(3,693)	-	(10,472)
Reclassifications with tangible fixed assets	320	-	330	104	(754)	-
Reclassifications with intangible fixed assets	-	-	-	-	(61)	(61)
Differences on exchange rates	78	4	30	51	6	169
Net value as at December 31, 2019	48,199	6,693	4,204	9,283	800	69,180
<b>Movements in the first six month of 2020</b>						
Increases	4,474	863	569	1,433	102	7,441
Disinvestments	(380)	-	(2)	(495)	-	(877)
Utilization of accumulated depreciation	375	-	2	487	-	864
Depreciation	(2,187)	(682)	(859)	(1,975)	-	(5,703)
Reclassifications with tangible fixed assets	-	-	147	-	(147)	-
Reclassifications with intangible fixed assets	-	-	-	9	-	9
Differences on exchange rates	(209)	(7)	(6)	(66)	-	(288)
Net value as at June 30, 2020	50,272	6,867	4,055	8,676	755	70,625
<b>Of which Rights of use derived from the first application of IFRS16</b>						
Increases	3,787	-	-	919	-	4,706
Disinvestments	(5)	-	-	(1)	-	(6)
Depreciation	(1,608)	(93)	(41)	(1,275)	-	(3,017)
Differences on exchange rates	(151)	-	-	(42)	-	(193)
Total Rights of use	2,023	(93)	(41)	(399)	-	1,490

### 2. Intangible assets

The intangible assets on June 30, 2020 are equal to Euro 132,343 thousand and decreased by Euro 2,362 thousand compared with December 31, 2019.

For further details, see the table below

Intangible assets	Goodwill	Development costs	Other intangible assets	TOTAL
Net value as at December 31, 2018	103,032	31,680	10,288	145,000
<b>Movements 2019</b>				
Increases/(decreases)	-	5,972	733	6,705
Depreciation	-	(9,140)	(2,792)	(11,932)
Impairment	(1,014)	(623)	-	(1,637)
Reclassifications with others items	-	1,034	61	1,095
OSAI business sale	(4,162)	(520)	-	(4,682)
Differences on exchange rates	38	109	9	156
Net value as at December 31, 2019	97,894	28,512	8,299	134,705
<b>Movements in the first six month of 2020</b>				
Increases/(decreases)	-	2,728	178	2,906
Depreciation	-	(3,891)	(1,383)	(5,274)
Reclassifications with tangible fixed assets	-	-	(9)	(9)
Differences on exchange rates	6	18	(9)	15
Net value as at June 30, 2020	97,900	27,367	7,076	132,343

The most significant item is represented by Goodwill, which on June 30, 2020 amounts to Euro 97,900 thousand.

Goodwill accounted for refers to the larger value paid with respect to the fair value of the net assets acquired, at the acquisition date.

The table below shows the book value of the goodwill allocated to each cash generating units.

CASH GENERATING UNIT	BOOK VALUE GOODWILL	BOOK VALUE GOODWILL
	June 30, 2020	December 31, 2019
PRIMA POWER	97,747	97,741
PRIMA ELECTRO - BU Electronics	153	153
<b>TOTAL</b>	<b>97,900</b>	<b>97,894</b>

As an intangible asset with an indefinite useful life, goodwill is not subject to amortization and undergoes impairment testing at least once annually. This is carried out as it relates to the consolidated financial statements to December 31, 2019 and led to a recoverable value of the cash-generating units (CGUs) PRIMA POWER and PRIMA ELECTRO-BU LASER that was greater than their book value. This condition, together with the results of the sensitivity analyses carried out, did not lead to any devaluation of the book value of assets, including goodwill.

If specific trigger events take place that point to possible impairment of goodwill, impairment testing is also conducted for the interim reports.

The COVID-19 health emergency, which triggered the current global economic crisis, is an external factor that potentially points to a possible loss of value. Although no change is currently needed to the Group's strategies, the pandemic has led to a reduction in orders and has slowed the Group's operations considerably, leading to delays in production and machine installations. Added to this is the

fact that at June 30, 2020, PRIMA INDUSTRIE shares were capitalised at a lower market value than consolidated net equity.

In light of this evidence, taking into account of i) the recommendations made by national and European regulators with regard to the potential impacts of the COVID-19 pandemic, ii) the ongoing uncertainties in the markets and the resulting difficulties in forecasting recovery times, for the Group's half-year consolidated financial statements to June 30, 2020, the management of the parent company updated the recoverability test for assets allocated to the cash-generating units. For the CGU PRIMA POWER this was conducted from a more up-to-date forecast for the current year based on six months of final data (forecast 6+6), and a hypothesis for the subsequent 2.5 years, determined by adjusting the figures in the company business plan drawn up before COVID-19. For the CGU PRIMA ELECTRO-BU LASER, the figures from the end of the first half of 2020 were compared with the pre-COVID-19 forecasts, and the relevance of the assumptions at the date of preparation of this interim report was also assessed on the basis of the pre-pandemic forecast figures. The management also updated the recoverability value of the assets of this CGU using the same method employed for PRIMA POWER.

This analysis was conducted using the same method as for the 2019 annual consolidated financial statements and resulted in no write-downs of the assets allocated to the cash generating units, including goodwill.

As can be seen from the changes in the first half of the year, most increases in 2020 relate to the capitalisation of development costs. Considering the *business* of PRIMA INDUSTRIE Group having a high technological content, it is absolutely essential to have constant investment in research and development activities. The capitalisation of development costs has been carried out by the PRIMA INDUSTRIE Group where there are the conditions set out in IAS 38. For all the development activities of capitalised new projects, the technical feasibility has been verified as well as the generation of probable future economic benefits. The capitalised costs on development projects are monitored individually and measured in terms of the economic benefits expected from the time of their implementation and are amortized on the basis of the period in which it is estimated they will produce these benefits. The costs capitalised on projects where the technical feasibility is uncertain or no longer strategic are assigned to the Income Statement.

It should be noted that the "Other intangible fixed assets" category contains the trademark deriving from the Purchase Price Allocation of FINN-POWER OY occurred in 2008. The net residual value of the FINN-POWER trademark is equal to Euro 4,786 thousand.

### 3. Investments accounted for using the equity method

The value of the investments accounting for using the equity method refers to the shareholding in 3DNT held by PRIMA INDUSTRIE SpA (19.9%) and amounts to Euro 344 thousand. The negative change of Euro 50 thousand compared to the previous year refers to the share of the result for the period.

### 4. Other Investments

The value of Other Investments at June 30, 2020 is Euro 6,304 thousand and which is down from December 31, 2019. The decrease of Euro 154 thousand relates to exchange rate differences for the stake in Lead Laser (held by Prima Power Suzhou) for Euro 80 thousand, the write-down on the stake in Caretek (investment equal to 19.3% held by PRIMA ELECTRO SpA) for Euro 49 thousand and the sale of the stake in Härmämedi for Euro 25 thousand.

Consequently this heading on June 30, 2020 is composed of:

- Fimecc OY: Euro 50 thousand (investment equal to 2.4% held by FINN-POWER OY);
- Lamiera Servizi Srl: Euro 11 thousand (investment equal to 19% held by PRIMA INDUSTRIE SpA);
- Prima Power Sheet Metal Solution: Euro 41 thousand (investment equal to 19% held by PRIMA INDUSTRIE SpA);
- Lead Laser: Euro 6,164 thousand (investment equal to 19% held by PRIMA POWER SUZHOU);
- Other minor investments: Euro 38 thousand.

#### 5. Non- current financial assets

This item at June 30, 2020 amounted to Euro 4,233 thousand and refers to a time deposit as guarantee for a loan granted by Cassa Depositi e Prestiti and Mediocredito Italiano (known as “Smilla Loan”).

#### 6. Deferred tax assets

Tax assets for deferred taxes were Euro 15,770 thousand, increasing from the previous financial year of Euro 1,099 thousand. Deferred taxes are recorded in the financial statements only if the conditions for their recovery exist. The assessment of the recoverability of deferred tax assets takes account of expected profitability in future years. Deferred taxes on tax losses carried forward were entered recognised in relation to the likelihood of future taxable income against which they can be recovered. Considering the above, there were no elements that might change the previous assessments on the recoverability of deferred taxes.

#### 7. Inventories

The following table shows the composition of inventories at June 30, 2020 and December 31, 2019.

INVENTORIES	June 30, 2020	December 31, 2019
Raw materials	45,447	42,603
Semi-finished goods	23,771	24,260
Finished goods	80,847	70,787
(Inventory provisions)	(10,642)	(9,832)
<b>TOTAL</b>	<b>139,423</b>	<b>127,818</b>

The net value of inventories on June 30, 2020 shows an increase equal to Euro 11,605 thousand compared with December 31, 2019.

The inventory provisions during the first semester of 2020 were subject to the following movements.

Inventory Provisions	June 30, 2020
<b>Value as at December 31, 2019</b>	<b>(9,832)</b>
Provisions	(1,476)
Utilizations	623
Differences on exchange rates	43
<b>Value as at June 30, 2020</b>	<b>(10,642)</b>

Appropriations during the period mainly occurred after the sale of assets for which provisions had previously been set aside or because estimated expected losses were updated.

## 8. Trade receivables

Net trade receivables at June 30, 2020 amounted to Euro 77,819 thousand a decrease of Euro 7,587 thousand compared to December 31, 2019.

TRADE RECEIVABLES	June 30, 2020	December 31, 2019
Receivables from customers	82,528	89,572
Bad Debt Reserve	(4,709)	(4,166)
<b>TOTAL</b>	<b>77,819</b>	<b>85,406</b>

The Bad Debt Reserve during the first semester of 2020 were subject to the following movements.

BAD DEBT RESERVE	
Value as at December 31, 2019	(4,166)
Provisions	(1,700)
Utilizations	1,119
Differences on exchange rates	38
Value as at June 30, 2020	(4,709)

In application of the new IFRS 9, the Group measures trade receivables according to expected credit loss. The Group has adopted a simplified approach, therefore the provisions for doubtful accounts reflects expected losses based on the life of the receivable. In determining these provisions, the Group referred to historical experience, external indicators and forecasts.

## 9. Other receivables

Other receivables on June 30, 2020 are equal to Euro 7,779 thousand and decreased by Euro 1,519 thousand compared with December 31, 2019.

These receivables mainly refer to advance payments to suppliers, R&D grants due for receipt, accrued income and prepaid expenses and advances to employees.

## 10. Current tax receivables

The heading amounts to Euro 5,415 thousand and decreased by Euro 2,642 thousand compared to December 31, 2019. Tax assets mainly include income tax receivables for Euro 2,294 thousand (Euro 2,168 thousand on December 31, 2019), VAT receivables for Euro 1,794 thousand (Euro 2,663 thousand on December 31, 2019), R&D tax credit for Euro 207 thousand (Euro 2,151 thousand at December 31, 2019), a tax receivable amounting to Euro 970 thousand following the submission of claims for IRES reimbursement which arose in February 2013 (collected on July 1, 2020), other receivables for minor tax assets for Euro 101 thousand (Euro 59 thousand on December 31, 2019) and by withholding taxes for Euro 49 thousand (Euro 46 thousand on December 31, 2019).

## 11. Net Financial position

On June 30, 2020 the net financial position(\*) of the Group was negative for an amount of Euro 127,479 thousand increasing of Euro 15,893 thousand compared to December 31, 2019 (negative for Euro 111,586 thousand).

For a better understanding of the variation in the net financial position achieved during the first six months of 2020, refer to the consolidated cash flow statement of the period.

As required by the Consob communication No. DEM/6064293 of July 28, 2006, the net financial position at June 30, 2020 and December 31, 2019 is shown in the following table, determined with the indicated criteria in the CESR (Committee of European Securities Regulators) Recommendations of February 10, 2005 "Recommendations for the uniform activation of the European Commission Regulation on Information Sheets" and quoted by Consob itself.

	NET FINANCIAL POSITION	June 30, 2020	December 31, 2019	Variations
A	CASH	42,014	55,136	(13,122)
B	OTHER CASH AND CASH EQUIVALENTS	-	-	-
C	SECURITIES HELD FOR TRADING	-	-	-
D	CASH ON HAND (A+B+C)	42,014	55,136	(13,122)
E	CURRENT FINANCIAL RECEIVABLES	568	532	36
F	CURRENT BANK DEBTS	2,996	4,141	(1,145)
G	CURRENT PART OF NON-CURRENT INDEBTEDNESS	43,281	35,250	8,031
H	BOND ISSUED	251	691	(440)
I	OTHER CURRENT FINANCIAL DEBTS	10,298	8,832	1,466
J	CURRENT FINANCIAL INDEBTEDNESS (F+G+H+I)	56,826	48,914	7,912
K	NET CURRENT FINANCIAL INDEBTEDNESS (J-D-E)	14,244	(6,754)	20,998
L	NON-CURRENT BANK DEBTS	47,269	53,059	(5,790)
M	BOND ISSUED	24,828	24,806	22
N	OTHER NON-CURRENT FINANCIAL DEBTS	41,138	40,475	663
O	NON-CURRENT FINANCIAL INDEBTEDNESS (L+M+N)	113,235	118,340	(5,105)
P	NET FINANCIAL POSITION (K+O)	127,479	111,586	15,893

(\*) Reconciliation between Group net financial position required by CONSOB Communication no. DEM/6064293 of July 28, 2006 and net financial debt (used as a performance indicator) is provided in a specific table in this Explanatory Note.

Reconciliation with the Group's net indebtedness shown in the Management Half-Year Report is as follows:

	June 30, 2020	December 31, 2019
Net financial position com. CONSOB n. DEM/6064293	127,479	111,586
Term deposit Smilla	(4,233)	(4,233)
Loan Caretek	-	(10)
Net financial indebtedness	123,246	107,343

### Liquidity

Cash and cash equivalents amount to Euro 42,014 thousand and consist of:

- bank deposits for Euro 41,971 thousand and
- cash for Euro 43 thousand.

For more details on cash and cash equivalents, see the Consolidated Cash Flow Statement.

### Current financial receivables

The current financial receivables amount to Euro 568 thousand and include:

- Euro 431 thousand deposit owned by Prima Power Suzhou;

- receivables from the company Lamiera Servizi of Euro 6 thousand, a subsidiary of PRIMA INDUSTRIE SpA for 19%;
- currency rate swaps for Euro 131 thousand.

#### Bonds issued

Debt to bondholders amount comprehensively to Euro 25,294 thousand, inclusive of accrued and unpaid interests amounting to Euro 294 thousand. The net debt accounted for in the financial statements amounts to Euro 25,079 thousand. The transactions costs incurred at the issuing of the bond were accounted for in reduction of financial debt.

The long term debt amounts to Euro 24,828 thousand beyond 12 months.

#### Indebtedness with banks

Following are the main loans included in debts issued by banks to the parent company PRIMA INDUSTRIE SpA.

At June 30, 2020, the BNL loan amounted comprehensively to Euro 19,014 thousand, inclusive of accrued and unpaid interests amounting to Euro 14 thousand. The net debt accounted for in the financial statements amounts to Euro 18,977 thousand and the accessory charges incurred at the issuing of the loan are accounted.

The BNL loan is for Euro 10,984 thousand expiring beyond 12 months.

At June 30, 2020, the MPS loan amounted comprehensively to Euro 10,330 thousand, inclusive of accrued and unpaid interests amounting to Euro 130 thousand. The net debt accounted for in the financial statements is equal to Euro 10,314 thousand and includes accessory charges incurred at the time the loan was issued.

The MPS loan is for Euro 4,391 thousand expiring beyond 12 months.

At June 30, 2020, the BPM loan amounted comprehensively to Euro 15,667 thousand, the net debt accounted for in the financial statements is equal to Euro 15,619 thousand and includes accessory charges incurred at the time the loan was issued.

The BPM loan is for Euro 11,309 thousand expiring beyond 12 months.

At June 30, 2020, the UNICREDIT loan amounted comprehensively to Euro 16,890 thousand, inclusive of accrued and unpaid interests amounting to Euro 2 thousand. The net debt accounted for in the financial statements is equal to Euro 16,812 thousand and includes accessory charges incurred at the time the loan was issued.

The UNICREDIT loan is for Euro 8,286 thousand expiring beyond 12 months.

At June 30, 2020, the INTESA loan amounted comprehensively to Euro 18,704 thousand, inclusive of accrued and unpaid interests amounting to Euro 37 thousand. The net debt accounted for in the financial statements amounts to Euro 18,624 thousand and the accessory charges incurred at the issuing of the loan are accounted.

The INTESA loan is for Euro 8,299 thousand expiring beyond 12 months.

Non-current bank debts of Euro 3,501 thousand are included among other bank loans taken out by PRIMA ELECTRO SpA. Non-current bank debts include an interest rate swap (IRS - Interest Instalments Swap) which fair value is equal to Euro 499 thousand.

Current bank debt (including the current portion of non-current indebtedness) includes the short-term portion of the BNL loans for Euro 7,993 thousand, MPS loans for Euro 5,923 thousand, BPM loans for Euro 4,310 thousand, UNICREDIT loans for Euro 8,526 thousand and the INTESA loans for Euro 10,325 thousand, in addition to *bank overdrafts* for Euro 2,997 thousand and other bank loans for Euro 6,203 thousand.

#### Other financial debts

The Other financial debts amount comprehensively to Euro 51,436 thousand (of which current for Euro 10,298 thousand).

The other financial debts include:

- debts for financial lease amounting to Euro 40,201 thousand (of which current for Euro 5,638 thousand);
- other financial debts for Euro 9,486 thousand (of which current for Euro 2,911 thousand); such debts refer mainly to government loans;
- Government incentives of Euro 1,749 thousand issued to PRIMA POWER LASERDYNE and PRIMA POWER CENTRAL EUROPE to deal with the COVID-19 emergency.

#### Financial indicators (“Covenants “)

The BNL, Intesa, Unicredit, BPM, MPS loan agreements and the *Bond* require compliance with certain economic and financial ratios (*covenants*) for their entire period of duration and with variable values in the different measurement periods.

The table below details the *ratios* applicable as at June 30, 2020 and for the following measurement periods.

BNL, Intesa, Unicredit, BPM, MPS	
EBITDA/Consolidated Net Financial costs ratio not less than:	4.25 for the duration of the loan, to be calculated at June 30 and at December 31 of each year
Net Financial Indebtedness/Consolidated EBITDA ratio not more than (*):	3.00 for the duration of the loan, to be calculated at June 30 and at December 31 of each year
Net Financial Indebtedness/Consolidated Shareholders's Equity ratio not higher than (**):	1.50 for the duration of the loan, to be calculated at June 30 and at December 31 of each year

Bond	
EBITDA/Consolidated Net Financial costs ratio not less than:	3.50 for the duration of the loan, to be calculated at June 30 and at December 31 of each year
Net Financial Indebtedness/Consolidated EBITDA ratio not more than:	4.00 for the duration of the loan, to be calculated at June 30 and at December 31 of each year
Net Financial Indebtedness/Consolidated Shareholders's Equity ratio not higher than:	1.50 for the duration of the loan, to be calculated at June 30 and at December 31 of each year

(\*) for MPS's loan the parameter is < 3.50

(\*\*) covenant applicable only to BPM and MPS loans (for MPS this parameter is <2.0)

The *covenants* measured on the consolidated financial statements at June 30, 2020 are met.

#### Cash flow hedging instruments and accounting for related transactions

PRIMA INDUSTRIE Group uses financial instruments to hedge foreign exchange fluctuations, with reference to USD, RMB and GBP transactions.

IFRS 9 classifies, derivatives, which the Group uses only as hedging instruments and not for speculative investment, as assets/liabilities to be measured at *fair value*.

When defining risk management strategies and objectives, transactions require the following characteristics to qualify as a hedging relationship:

- the existence of an economic relationship between the hedged item and the hedging instrument such that the related changes in value would be offset, without this being affected by the counterparty credit risk;
- a hedging relationship that coincides with the entity's risk management objectives, which should be rebalanced where necessary. Any changes to the entity's risk management objectives, or any lapse in the conditions for qualification as hedge transactions, or any rebalancing operations will lead to partial or total discontinuation of the hedge.

At June 30, 2020 the Group holds several derivatives for an overall negative value of Euro 368 thousand, of which Euro 131 thousand are classed as current assets, Euro 499 thousand are non-current liabilities.

IFRS 7 requires the classification of financial instruments at fair value to be determined on the basis of the quality of the input sources used in their valuation.

The IFRS 7 classification has the following hierarchy:

- Level 1: fair value determined according to unadjusted prices in active markets for identical assets or liabilities;
- Level 2: fair value determined according to inputs other than quoted market prices included within Level 1 but which are either directly or indirectly observable. This category includes the instruments the Group uses to hedge risks arising from interest rate and exchange rate fluctuations;
- Level 3: fair value determined according to valuation models whose inputs are not based on observable inputs ("unobservable inputs"). There are no financial instruments so valued.

As required by the amendment to IAS 7, the following table shows the changes in liabilities arising from loan activities, whether arising from changes in cash flows or changes not in cash.

Values in Euro thousand	Dec 31, 2019	Variations from cash flow	Variations not in cash			Jun 30, 2020
			Issues	Exchange rate effect	Fair value	
Financial debts	102,286	1,991	-	5	-	104,282
Bond issued	25,497	(418)	-	-	-	25,079
Leasing	38,871	(2,809)	4,347	(208)	-	40,201
Derivatives	600	-	-	-	(101)	499
<b>TOTAL</b>	<b>167,254</b>	<b>(1,236)</b>	<b>4,347</b>	<b>(203)</b>	<b>(101)</b>	<b>170,061</b>

## 12. Assets held for sale

At June 30, 2020, the value of non-current assets held for sale amounts to Euro 4,149 thousand and refers to some properties under construction, owned by the parent company PRIMA INDUSTRIE SpA in Mantua, Italy and an investment for Euro 4,000 thousand in OSAlcnc held by PRIMA ELECTRO SpA.

The change of Euro 80 thousand compared with the previous year is due to the sale of one of the properties.

## 13. Shareholders' equity

Net Equity decreased by Euro 3,409 thousand compared to the previous year. This decrease is the result of the loss for the period (Euro -3,148 thousand), the conversion reserve (Euro -333 thousand) and the *fair value* adjustment reserve for derivatives (Euro +72 thousand).

For more details, see the table of changes in net equity.

## 14. Employee benefit liabilities

The item employees benefits liabilities on June 30, 2020 is equal to Euro 7,074 thousand and is increased compared to December 31, 2019 of Euro 57 thousand, this item includes:

- the Severance Indemnity (TFR) recognized by Italian companies for employees;
- a loyalty premium recognized by the Parent Company and by PRIMA ELECTRO for their own employees;
- a pension fund recognized by PRIMA POWER GmbH and by PRIMA POWER France Sarl to their employees;
- a liability for employee benefits accounted for by PRIMA INDUSTRIE SpA relevant the South Korea *branch office*.

The table below compares the items in question.

EMPLOYEE BENEFITS	June 30, 2020	December 31, 2019
Severance indemnity fund	4,220	4,282
Fidelity premium and other pension funds	2,854	2,735
<b>TOTAL</b>	<b>7,074</b>	<b>7,017</b>

#### 15. Deferred tax liabilities

The Deferred Tax Liabilities are equal to Euro 5,704 thousand, increasing compared with December 31, 2019 of Euro 338 thousand.

#### 16. Provisions

The provisions for liabilities and charges are equal to Euro 21,749 thousand and increased by Euro 883 thousand compared with December 31, 2019; non-current provisions refer exclusively to the agent client indemnity provision and amounts comprehensively to Euro 222 thousand.

Below a brief overview of the short-term.

CURRENT PROVISIONS	Warranty provisions and Completion project	Others provisions	TOTAL
Value as at December 31, 2018	21,945	861	22,806
Allocations	14,558	260	14,818
Utilizations in the period	(16,628)	(529)	(17,157)
Exchange rate differences	181	(4)	177
Value as at December 31, 2019	20,056	588	20,644
Allocations	9,433	80	9,513
Utilizations in the period	(8,435)	(96)	(8,531)
Exchange rate differences	(78)	(21)	(99)
Value as at June 30, 2020	20,976	551	21,527

Current provisions mainly relate to product warranties (equal to Euro 13,229 thousand) and to the best estimate of costs still to be incurred for the completion of certain activities ancillary to the sale of machinery already sold (equal to Euro 7,747 thousand). The warranty provision relates to the provisions for technical interventions on the Group's products and is considered appropriate in comparison to the warranty costs which have to be provided for.

The other provisions amounting to Euro 551 thousand refer to legal, fiscal procedures and other disputes; these provisions represent the best estimate by management of the liabilities which must be accounted for with regard to legal, fiscal proceedings occasioned during normal operational activity with regard to dealers, clients, suppliers or public authorities.

#### 17. Trade payables, Advance payments and Other payables

The value of payables decreased compared to December 31, 2019 by Euro 13,592 thousand.

The advance payments increased compared to December 31, 2019 and it is equal to Euro 36,899 thousand.

Other payables decreased to December 31, 2019 by Euro 1,910 thousand and includes social security and welfare payables, payables due to employees, accruals and deferrals and other minor payables.

#### 18. Current tax payables

Tax payables for current taxes on June 30, 2020 amounts to Euro 5,746 thousand which results in a reduction of Euro 699 thousand compared with December 31, 2019.

#### CONSOLIDATED INCOME STATEMENT

As already mentioned previously, the Group presents the income statement by “functional area”. In accordance with paragraph 104 of “IAS 1 - Presentation of Financial Statements”, personnel costs amount to Euro 47,678 thousand (Euro 58,114 thousand at June 30, 2019). At June 30, 2020, amortization/depreciation and impairment were Euro 10,977 thousand (at June 30, 2019 these were Euro 12,105 thousand).

#### 19. Net revenues

Revenues from sales and services have already been dealt with in chapter 5 of this document: “Group Management Report” in the paragraph entitled “Economic performance”.

#### 20. Cost of goods sold

“Cost of goods sold” includes costs relating to the functional areas involved directly or indirectly in the generation of revenues with the sale of goods or services. Therefore this item includes the production or purchase cost of products and goods sold. It also includes all costs for materials, processing and overheads directly attributable to production. Furthermore, it contains write-downs on inventories, provisions to cover warranty costs on sold goods, transport and insurance costs incurred for deliveries to customers and sales commissions to agents or third-party distributors. The cost of sales in the first half of 2020 stood at Euro 124,539 thousand down Euro 40,158 thousand from June 30, 2019; the main components include materials (Euro 100,571 thousand), processing and outsourcing (Euro 6,620 thousand).

#### 21. Research and development costs

This item includes non-capitalizable research and development costs, *Tech Center* costs and *overheads* and is disclosed net of grants (national and European) entered on an accrual basis. Net research and development costs at June 30, 2020 were Euro 10,665 thousand, down Euro 3,183 thousand from the previous half year; public grants accounted for Euro 1,205 thousand.

#### 22. Sales and marketing expenses

This item includes, for allocation, business structure costs such as personnel, trade fairs and events, the demo center, promotional and advertising activities and related overheads.

Sales and marketing costs in the first half of 2020 were Euro 11,276 thousand, against Euro 15,323 thousand at the end of the first half of 2019.

#### 23. General and administrative expenses

This item includes all costs related to Group or Divisional management structures, Finance costs, HR, IT and overheads. General and administration costs were Euro 12,007 thousand at the end of the first half of 2020, down from June 30, 2019 (Euro 14,409 thousand).

#### 24. Financial Income and expenses

The financial income and expenses of the first six months of 2020 shows a negative result of Euro 2,747 thousand.

FINANCIAL RESULTS	June 30, 2020	June 30, 2019
Financial income	2,073	2,072
Financial expenses	(4,421)	(5,157)
<b>Net financial expenses</b>	<b>(2,348)</b>	<b>(3,085)</b>
Net exchange differences	(399)	(181)
<b>Total Financial Results</b>	<b>(2,747)</b>	<b>(3,266)</b>

#### 25. Net result of investments accounted for using the equity method

The net result from shareholdings valued using the equity method presented a loss of Euro 50 thousand and concerns the related 3D NT.

#### 26. Net result of other investments

The net result from other investments is positive by Euro 5 thousand and relate to:

- the capital gains on the full sale for Euro 54 thousand of the investment in Härmämedi OY;
- the write-down of Euro 49 thousand of shares in Caretek Srl held by Prima Electro SpA.

#### 27. Current and deferred taxes

Income tax for the first six months of 2020 showed a net positive balance of Euro 557 thousand. The balance of current and deferred taxes is positive by Euro 552 thousand and other taxes, including those relating to prior years, are positive for Euro 5 thousand.

#### 28. Result per share

The result per share on June 30, 2020, negative by Euro 0.30 (positive by Euro 0.17 on June 30, 2019) is calculated by dividing the profits attributable to the shareholders of the parent company by the average number of ordinary shares in circulation during the financial year equal to 10,467,500.

Diluted result per share at June 30, 2020 were negative for Euro 0.30 (positive for Euro 0.17 at June 30, 2019), calculated by dividing the result attributable to the shareholders of the Parent Company by the weighted average number of shares in circulation, adjusted to take account of the effects of all potential ordinary shares with a diluting effect. Shares linked to the stock grant plan were considered to have a potential diluting effect.

#### INFORMATION ON RELATED PARTIES

Below is information on related parties with regard to the bodies for the administration, control and strategic management of the companies Lleeport, 3D-NT, RODSTEIN e ENGIE EPS.

The LEEPRT Group sells industrial machinery worldwide and is considered a related party as chairman and CEO Lee Joseph owns more than 10% of shares in Prima Industrie SpA.

The companies 3D-NT, RODSTEIN e ENGIE EPS are considered a related party since several people with managerial roles in PRIMA INDUSTRIE SpA are involved in the said companies.

3D-NT is a start up in the field of additive manufacturing, and specifically metal powder bed technology. Prima Industrie SpA holds a 20% interest in the company.

RODSTEIN is a Finnish company that develops and produces busbars.

ENGIE EPS is a French company operating in the sustainable energy field and specialises in solutions that enable the transformation of intermittent renewable sources into genuinely stable energy sources.

OPERATIONS WITH RELATED PARTIES	Administrative, control boards and strategic management	LEEPORT	3D-NT	RODSTEIN	ENGIE EPS	TOTAL
RECEIVABLES AS AT Jan 01, 2020	-	1,993	106	-	-	2,099
RECEIVABLES AS AT Jun 30, 2020	-	536	222	-	-	758
PAYABLES AS AT Jan 01, 2020	519	94	-	-	-	613
PAYABLES AS AT Jun 30, 2020	387	85	-	-	965	1,437
REVENUES Jan 01, 2020 - Jun 30, 2020	-	593	36	-	-	629
COSTS Jan 01, 2020 - Jun 30, 2020	706	10	-	43	-	759
<b>VARIATIONS IN RECEIVABLES</b>						
Jan 01, 2020 - Jun 30, 2020	-	(1,457)	116	-	-	(1,341)
<b>VARIATIONS IN PAYABLES</b>						
Jan 01, 2020 - Jun 30, 2020	(132)	(9)	-	-	965	824

### SIGNIFICANT NOT RECURRING ITEMS

The table below summarises non-recurring items that have had a negative impact on the Income Statement during the first half of 2020 for a total of Euro 2,126 thousand.

Significant non-recurring events and transactions (values expressed in Euro thousand)	Gross Margin	Research and Development costs	Sales and marketing expenses	General and administrative expenses	Net result of investments	Total as at Jun 30, 2020	Total as at Jun 30, 2019	Variation between 2020 and 2019
COVID-19	(238)	(1)	(32)	(82)	-	(353)	-	(353)
Reorganization/Restructuring	(119)	(23)	(93)	(360)	-	(595)	(823)	228
Disputes tax/legal and customer penalties	(998)	-	(30)	(155)	-	(1,183)	(327)	(856)
Impairment of intangible fixed assets	-	-	-	-	-	-	(135)	135
Impairment of Goodwill	-	-	-	-	-	-	(1,014)	1,014
<b>EBIT</b>	<b>(1,355)</b>	<b>(24)</b>	<b>(155)</b>	<b>(597)</b>	<b>-</b>	<b>(2,131)</b>	<b>(2,299)</b>	<b>168</b>
Financial receivables devaluation	-	-	-	-	-	-	(118)	118
Write-down Caretek investment	-	-	-	-	(49)	(49)	(23)	(26)
Härmämedi OY gain	-	-	-	-	54	54	-	54
<b>EBT</b>	<b>(1,355)</b>	<b>(24)</b>	<b>(155)</b>	<b>(597)</b>	<b>5</b>	<b>(2,126)</b>	<b>(2,440)</b>	<b>314</b>

The item COVID-19 relates to expenses incurred by the Group mainly for the purchase of safety devices, sanitisation of premises and any costs incurred for the cancellation of travel bookings (international and national) for employees and commercial events.

Reorganisation/renovation costs mainly refer to the relocation of the PRIMA POWER LASERDYNE factory. Legal disputes include the legal advice received for the PRIMA POWER LASERDYNE subpoena. To this end, we recall that in 2017 the US Company PRIMA POWER LASERDYNE received a Federal Grand Jury subpoena requesting information relating to certain exports and related activities from 2011 onwards. PRIMA POWER LASERDYNE, with the support of the Law Firms appointed to assist the Company on this matter, is in the process of responding to the subpoena and cooperating with the Government's investigation. The company was recently informed by its legal team that the criminal investigation (subpoena) was closed with no charges, fines or penalties brought against the company.

SUBSEQUENT EVENTS

No events occurred after the date of the Interim Management Report which, if known, would have resulted in a correction of the values.

Signature of the authorized governing body

A handwritten signature in black ink, consisting of a stylized initial 'P' followed by several cursive loops and a horizontal line.

The background is a solid blue color. There are two thin white diagonal lines: one in the top-left corner and one in the bottom-right corner, both extending from the edge towards the center.

# Annexes

# ANNEXES

## ANNEX 1 - CONSOLIDATION AREA

PRIMA POWER	REGISTERED OFFICE	SHARE CAPITAL	OWNERSHIP	CONSOLIDATION METHOD
FINN POWER OY	Nuppiväylä 7, 60100 Seinäjoki, FINLAND	€ 30.000.000	100%	Line-by-line method
PRIMA POWER LASERDYNE LLC	7105, Northland Terrace North, Brooklyn Park, MN 55428, U.S.A.	USD 200.000	100%	Line-by-line method
PRIMA POWER SUZHOU Co. LTD.	459 Xingrui Road, Wujiang Ec. & Tech. Develop. Zone, Suzhou City Jiangsu Prov. CHINA	USD 15.850.000	70%	Line-by-line method
PRIMA POWER NORTH AMERICA Inc.	555W Algonquin Rd., Arlington Heights, IL 60005, U.S.A.	USD 10.000	100%	Line-by-line method
PRIMA POWER CANADA Ltd.	1500 Upper Middle Rd W Suite 313, Oakville Ontario , L6M 0C2, Canada	CAD 200	100%	Line-by-line method
PRIMA POWER MEXICO S DE RL DE CV	Campo Real, 121 FRACC. Valle Real, Saltillo, Coahuila C.P. 25198 MEXICO	USD 250	100%	Line-by-line method
PRIMA POWER GmbH	Am Gfild 9, 85375 Neufahrn, GERMANY	€ 500.000	100%	Line-by-line method
PRIMA POWER IBERICA S.L.	C/Primer de Mayo 13-15, 08908 L'Hospitalet de Llobregat, Barcelona, SPAIN	€ 6.440.000	100%	Line-by-line method
PRIMA POWER CENTRAL EUROPE Sp.z.o.o.	Ul. Holenderska 6 - 05 - 152 Czosnów Warsaw, POLAND	PLN 350.000	100%	Line-by-line method
OOO PRIMA POWER	Ordzhonikidze str., 11/A - 115419, Moscow - RUSSIAN FEDERATION	RUB 4.800.000	100%	Line-by-line method
PRIMA POWER FRANCE Sarl	Espace Green Parc , Route de Villepècle, 91280 St. Pierre du Perray, FRANCE	€ 960.015	100%	Line-by-line method
PRIMA POWER MAKINA TICARET LIMITED SIRKETI	Soğanlık Yeni Mah. Balıkesir Cad. Uprise Elite Teras Evler B2 A Dupleks Gül Blok Daire:4 Kartal - Istanbul, TURKEY	TRY 1.470.000	100%	Line-by-line method
PRIMA POWER UK LTD	Unit 1, Phoenix Park, Bayton Road, Coventry CV7 9QN, UNITED KINGDOM	GBP 1	100%	Line-by-line method
PRIMA POWER INDIA PVT. LTD.	Plot No A-54/55, H Block, MIDC, Pimpri, Pune - 411018, Maharashtra, INDIA	Rs. 7.000.000	99,99%	Line-by-line method
PRIMA POWER SOUTH AMERICA Ltda	Av Fuad Lutfalla, 1,182 - Freguesia do Ó - 02968-00, Sao Paulo BRAZIL	R\$ 7.698.699	99,99%	Line-by-line method
PRIMA POWER CHINA Company Ltd.	Room 2006, Unit C, Tower 1, Wangjing SOHO, Chaoyang District, Beijing, P.R. CHINA	RMB 2.038.778	100%	Line-by-line method
PRIMA POWER AUSTRALASIA Pty. LTD.	Suite 2, First Floor, 100 Queen street, PO Box 878, Campbelltown, NSW, 2560 AUSTRALIA	A\$ 1	100%	Line-by-line method

PRIMA ELECTRO	REGISTERED OFFICE	SHARE CAPITAL	OWNERSHIP	CONSOLIDATION METHOD
PRIMA ELECTRO S.p.A.	Strada Carignano 48/2, 10024 Moncalieri, (TO) ITALY	€ 15.000.000	100%	Line-by-line method
CONVERGENT - PHOTONICS	711 East Main Street, Chicopee, MA 01020, U.S.A.	USD 24.119.985	100%	Line-by-line method
PRIMA ELECTRO SUZHOU Co.Ltd.	459 Xingrui Road, Wujiang Ec. & Tech. Develop. Zone, Suzhou City Jiangsu Prov. CHINA	€ 300.000	100%	Line-by-line method

## ANNEX 2 - “NON-GAAP” PERFORMANCE INDICATORS

The Management of PRIMA INDUSTRIE assesses the performance of the Group and its business segments using a number of non-IFRS indices. Below are described the components of each of these indices:

ORDERS: includes agreements entered into with customers during the reference period than can be considered part of the order books.

BACKLOG: this is the sum of orders from the previous period and current confirmed orders, net of revenues in the reference period.

EBIT: Operating Profit.

EBITDA: the Operating Profit, as shown in the income statement, gross of “Amortization”, “Write-downs and Impairment”. This index is also referred to as “Gross Operating Margin”.

Adjusted EBITDA, EBIT and EBT (hereinafter “Adj”) correspond to the same alternative performance indicators net of non-recurring items.

EBITDA Margin: calculated as the ratio between EBITDA and revenues.

FCF (Free Cash Flow): is the cash flow from operations that is available after the company has made the necessary reinvestment in new fixed assets; it is the sum of cash flow from operations and the cash flow from investments.

Workforce: is the number of employees on the books on the last day of the reference period.

Net financial indebtedness includes cash and cash equivalents, financial receivables (current and non-current), net of financial payables (current and non-current) and the fair value of derivatives. Reconciliation with the net financial position required by CONSOB Communication no. DEM/6064293 of July 28, 2006 is provided in the Notes to the Interim Financial Report.

Revenues at constant exchange rates are stated by applying the average exchange rates of the previous year to the revenues of the current year in the local currency.

### ANNEX 3 - CURRENCY EXCHANGE RATE

The exchange rates applied in converting the financial statements to a currency other than the Euro are, for the purpose of consolidation, the following:

CURRENCY	AVERAGE EXCHANGE RATE		SPOT EXCHANGE RATE	
	June 30, 2020	June 30, 2019	June 30, 2020	December 31, 2019
US DOLLAR	1.1015	1.1298	1.1198	1.1234
CHINESE RENMINBI	7.7481	7.6670	7.9219	7.8205
RUSSIAN RUBLE	76.6825	73.7215	79.6300	69.9563
TURKISH LIRA	7.1521	6.3543	7.6761	6.6843
POLISH ZLOTY	4.4136	4.2920	4.4560	4.2568
POUND STERLING	0.8743	0.8736	0.9124	0.8508
BRAZILIAN REAL	5.4169	4.3407	6.1118	4.5157
INDIAN RUPEE	81.6766	79.1182	84.6235	80.1870
AUSTRALIAN DOLLAR	1.6775	1.6002	1.6344	1.5995
CANADIAN DOLLAR	1.5031	1.5067	1.5324	1.4598
MEXICAN PESO	23.8571	21.6539	25.9470	21.2202

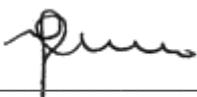
## ATTESTATION OF THE CONDENSED INTERIM FINANCIAL STATEMENTS AS OF JUNE 30,2020

PURSUANT TO ART. 81-ter of CONSOB Regulation No. 11971 OF 14 MAY 1999, AS AMENDED

1. The undersigned Gianfranco Carbonato (Executive Chairman) and Davide Danieli (Manager responsible for preparing the corporate accounting documents) of PRIMA INDUSTRIE SpA, pursuant to the provisions of the art. 154-bis, comma 3 and 4, of the legislative decree 24th February 1998, no. 58 hereby attest:
  - The adequacy in relation to the structure of the company and
  - The effective application of a administrative and accounting procedures for the preparation of half year condensed, during the period January 1, 2020 - June 30, 2020;
2. In this regard there are no significant issues.
3. In addition, we attest that:
  - 3.1 The consolidated half-year financial statement:
    - (a) is prepared in accordance with International accounting standards adopted by the European Community pursuant to regulations (CE) no. 1606/2002 of the European Council and Parliament, at July 19, 2002;
    - (b) corresponds to the amounts shown in the company's accounts, books and records;
    - (c) is able to give a true and fair representation of the financial position, the results and the cash flow of the companies included in the consolidation.
  - 3.2 The interim management report includes a fair analysis of the important events that have occurred in the first six months of the financial year and their effect on the condensed financial statement, together with a description of the main risks and uncertain for the six months of the financial year. The interim management report comprehends, a reliable analysis about the information on significant transactions with related parties.

September 1, 2020

Signature of the Chairman



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Signature Manager responsible for preparing the corporate accounting documents



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**PRIMA INDUSTRIE GROUP**

**REVIEW REPORT ON CONSOLIDATED CONDENSED  
INTERIM FINANCIAL STATEMENTS**



## REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the Shareholders of  
Prima Industrie SpA

### Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of Prima Industrie SpA and its subsidiaries (the “Prima Industrie Group”) as of 30 June 2020, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in shareholders’ equity, the cash flow statement and the related explanatory notes. The directors of Prima Industrie SpA are responsible for the preparation of the consolidated condensed interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

### Scope of review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No. 10867 of 31 July 1997. A review of consolidated condensed interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated condensed interim financial statements.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial statements of the Prima Industrie Group as of 30 June 2020 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Turin, 2 September 2020

PricewaterhouseCoopers SpA

*Signed by*

Piero De Lorenzi  
(Partner)

*This report has been translated into English from the Italian original solely for the convenience of international readers*

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### PricewaterhouseCoopers SpA

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