

INNOVATION IS LOOKING BEYOND

**Interim Financial Report
March 31, 2020**



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**Prima Industrie SpA
Management and Control**

CHAPTER 1. PRIMA INDUSTRIE SPA MANAGEMENT AND CONTROL

Board of Directors

EXECUTIVE CHAIRMAN	Gianfranco Carbonato
MANAGING DIRECTORS	Ezio G. Basso Domenico Peiretti
INDEPENDENT DIRECTORS	Donatella Busso Paolo Cantarella Carla Patrizia Ferrari Paola Gatto Mauro Mauri Marina Meliga
OTHER DIRECTORS	Rafic Y. Mansour Michael R. Mansour

Internal Control Committee

CHAIRMAN	Donatella Busso
MEMBERS	Paolo Cantarella Carla Patrizia Ferrari

Remuneration Committee

CHAIRMAN	Mauro Mauri
MEMBERS	Paola Gatto Rafic Y. Mansour

Operation with Related Parties Committee

CHAIRMAN	Donatella Busso
MEMBERS	Paola Gatto Marina Meliga

Strategic Committee

CHAIRMAN	Gianfranco Carbonato
MEMBERS	Ezio G. Basso Domenico Peiretti Paolo Cantarella Mauro Mauri Michael R. Mansour Marina Meliga

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 2019 Financial Statements.

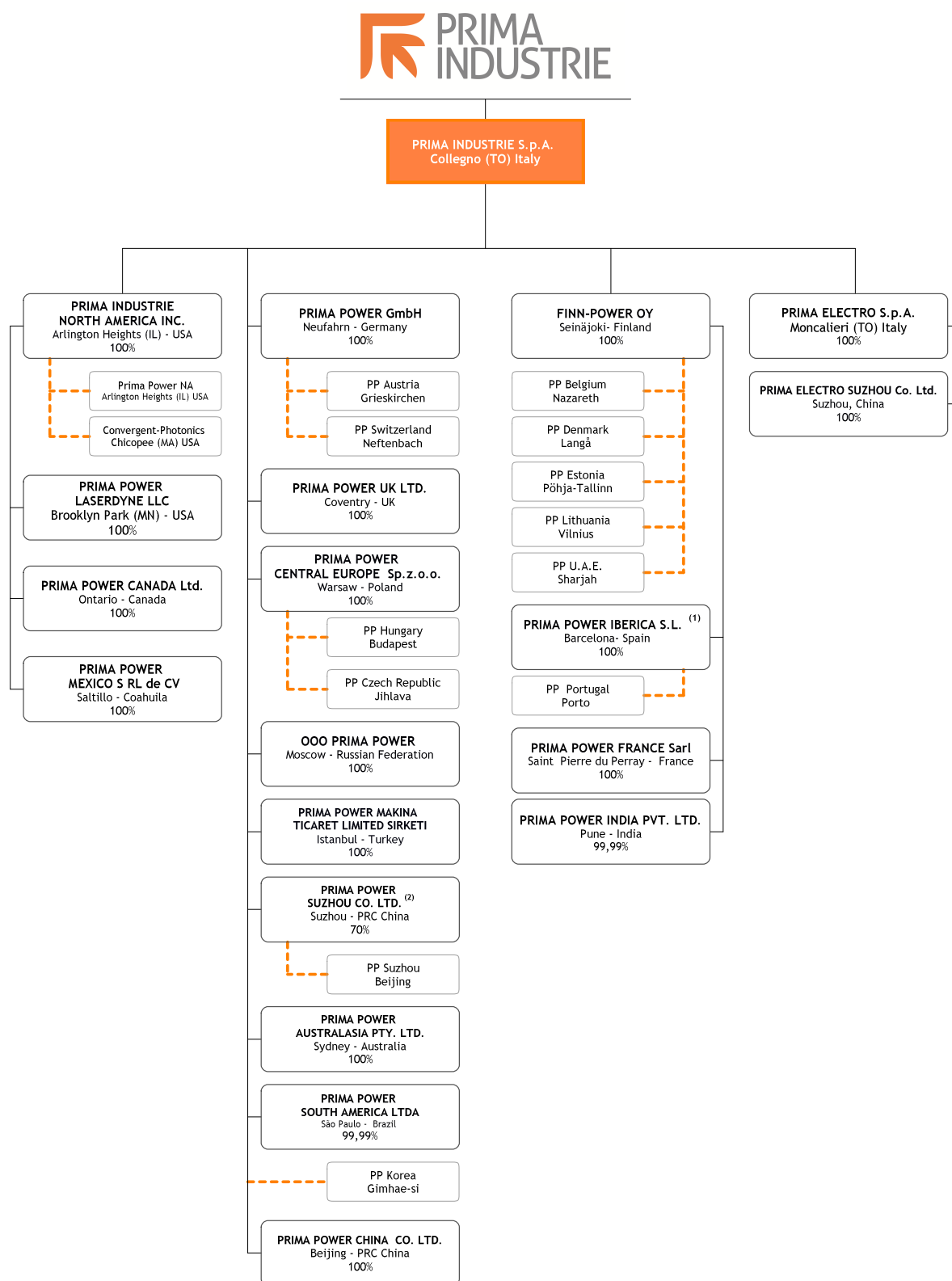
The Statutory Auditors Committee shall remain in office until the approval of 2019-2020-2021 Financial Statements.

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

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Prima Industrie Group Structure

CHAPTER 2. PRIMA INDUSTRIE GROUP STRUCTURE



The statement on this page represents the corporate situation of PRIMA INDUSTRIE Group on March 31, 2020.
Group Branch offices/business units are identified with dashed lines.

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

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

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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 Interim Financial Report has been approved by the Board of Directors on May 8, 2020.

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Introduction

CHAPTER 4. INTRODUCTION

The Interim Financial Report at March 31, 2020 of the PRIMA INDUSTRIE Group was prepared in accordance with the provisions of article 154-ter, paragraph 5 of Consolidated Law on Finance and subsequent amendments, in accordance with the International Financial Reporting Standards (IFRS), as well as by Italian legislation and regulations.

These financial statements were approved by the Board of Directors on May 8, 2020 and were published in accordance with the provisions of article 2.2.3 of Borsa Italiana SpA Regulations applicable to issuers listed in the STAR segment.

Quarterly data were not audited by the independent auditors.

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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Group Interim Management Report

CHAPTER 5. GROUP INTERIM MANAGEMENT REPORT

GROUP RESULTS SUMMARY

Values in Euro thousand	March 31, 2020	March 31, 2019	Variations	%
ORDER INTAKE	72,825	97,251	(24,426)	-25.1%
BACKLOG	141,289	166,754	(25,465)	-15.3%
REVENUES	75,051	98,444	(23,393)	-23.8%
EBITDA	3,100	7,386	(4,286)	-58.0%
EBITDA %	4.1%	7.5%	-3.4%	-
EBIT	(2,544)	2,051	(4,595)	-224.0%
EBIT %	-3.4%	2.1%	-5.5%	-
NET RESULT	(3,524)	408	(3,932)	-963.7%
FCF	(26,491)	(17,462)	(9,029)	-51.7%
NET FINANCIAL DEBT	(133,452)	(117,632)	(15,820)	-13.4%
HEADCOUNT	1,770	1,861	(91)	-4.9%

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

Values in Euro thousand	March 31, 2020	March 31, 2019	Variations	%
REVENUES AT COSTANT EXCHANGE RATES	74,340	98,444	(24,104)	-24.5%
EBITDA Adj	3,783	8,002	(4,219)	-52.7%
EBITDA Adj %	5.0%	8.1%	-3.1%	-
EBIT Adj	(1,861)	2,667	(4,528)	-169.8%
EBIT Adj %	-2.5%	2.7%	-5.2%	-

(% 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 trend of the first quarter of the year was heavily influenced by the spread of the COVID-19 pandemic which, as is known, starting from China in January 2020, has spread rapidly all over the world.

The resulting health emergency, in addition to the dramatic costs in social and human terms, is also causing an unprecedented contraction in world economic activity, causing very strong uncertainties also on the *outlook* for the coming months.

The capital goods sector in which the Group operates is derivative with respect to the macroeconomic trend and therefore is penalized even more significantly.

The restrictive and containment measures of the epidemic (lockdown) caused everywhere a very strong slowdown in the machine tool market which had already entered a slowdown phase for over 12 months. In particular, the Group was penalized, in addition to the closure of its production plants in Italy and China (and only partially in the United States), by the limitations on journeys and travel, which negatively affected in particular the installation of new machines at customers and after-sales assistance and maintenance activities, generating a significant slowdown in revenues.

Despite this, the Group, which has put in place all the protocols and measures necessary to protect the health and safety of its employees, suspending production activities where required, strengthening the hygiene and safety protocols and encouraging remote work as much as possible, managed to maintain a gross operating profitability (EBITDA) of over 4% on turnover in the first quarter. This is also thanks to

the results deriving from the first cost reduction measures already started from the end of 2019 and which will continue during the year.

ORDINARY SHAREHOLDERS' MEETING

On March 17, 2020 PRIMA INDUSTRIE SpA informed that, following the provisions of the Law Decree c.d. "Cura Italia" being published due to the Covid-19 emergency, the Ordinary Shareholders' Meeting, scheduled for April 27, 2020 (1st call) and May 25, 2020 (2nd call) would not have taken place. On March 30, 2020 PRIMA INDUSTRIE SpA informed that the Ordinary Shareholders' Meeting will take place on May 11, 2020 (1st call) and May 12, 2020 (2nd call).

ECONOMIC PERFORMANCE

The Group closed the first quarter of 2020 with a turnover of Euro 75,051 thousand, a decrease of 23.8% compared to the first quarter of 2019.

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

Values in Euro thousand

March 31, 2020	Revenues	Gross Margin	Gross Margin %	EBITDA	EBITDA %	EBIT	EBIT %	NET RESULT
PRIMA POWER	69,356	14,646	21.1%	3,187	4.6%	(1,238)	-1.8%	(2,539)
PRIMA ELECTRO	11,668	1,340	11.5%	57	0.5%	(1,162)	-10.0%	(879)
ELIMINATIONS	(5,973)	(150)	-2.5%	(144)	-2.4%	(144)	-2.4%	(106)
GROUP	75,051	15,836	21.1%	3,100	4.1%	(2,544)	-3.4%	(3,524)

(% calculated over the revenues)

Values in Euro thousand

March 31, 2019	Revenues	Gross Margin	Gross Margin %	EBITDA	EBITDA %	EBIT	EBIT %	NET RESULT
PRIMA POWER	90,457	20,233	22.4%	6,149	6.8%	2,099	2.3%	616
PRIMA ELECTRO	13,796	2,683	19.4%	1,000	7.2%	(285)	-2.1%	(398)
ELIMINATIONS	(5,809)	133	2.3%	237	4.1%	237	4.1%	190
GROUP	98,444	23,049	23.4%	7,386	7.5%	2,051	2.1%	408

(% calculated over the revenues)

Values in Euro thousand

Variations	Revenues	Gross Margin	Gross Margin %	EBITDA	EBITDA %	EBIT	EBIT %	NET RESULT
PRIMA POWER	(21,101)	(5,587)	-26.5%	(2,962)	-14.0%	(3,337)	-15.8%	(3,155)
PRIMA ELECTRO	(2,128)	(1,343)	-63.1%	(943)	-44.3%	(877)	-41.2%	(481)
ELIMINATIONS	(164)	(283)	-172.6%	(381)	-232.3%	(381)	-232.3%	(296)
GROUP	(23,393)	(7,213)	-30.8%	(4,286)	-18.3%	(4,595)	-19.6%	(3,932)

(% calculated over the revenues)

Following is the consolidated revenues geographical breakdown at March 31, 2020 compared with same period of the previous year:

Revenues	March 31, 2020		March 31, 2019	
	<i>Euro thousand</i>	%	<i>Euro thousand</i>	%
EMEA	44,609	59.4	62,684	63.7
AMERICAS	24,269	32.3	22,302	22.7
APAC	6,173	8.3	13,458	13.6
TOTAL	75,051	100.0	98,444	100.0

The table above shows the Group's turnover at March 31, 2020 (compared with the same period of the previous year) has suffered a decline in the EMEA area (-28.8%) and in APAC (-54.1%) and, instead, recorded a growth in AMERICAS (+8.8%).

The Group generated consolidated revenues in the EMEA area for Euro 44,609 thousand; the most relevant destination countries have been Italy (13.4% of consolidated revenues), Russia and Eastern Europe (11.9% of consolidated revenues), the countries of Northern Europe (10.1% of consolidated revenues) and Germany, Austria and Switzerland (as a whole 6.5% of consolidated revenues).

The share of revenues achieved in the AMERICAS has increased by 8.8% compared to the same period of 2019, going from Euro 22,302 thousand to Euro 24,269 thousand.

As for APAC Countries revenues decreased compared to the same period of 2019 passing by Euro 13,458 thousand to Euro 6,173 thousand (-54.1%). This drop is to be attributed to revenues recorded on the Chinese market which passed from Euro 11,611 thousand (at March 31, 2019) to Euro 3,867 thousand (at March 31, 2020). It should be noted that in the first quarter of the year China was hit hard by the pandemic COVID-19 which started in January from that country and then spread to the rest of the world.

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

Revenues	March 31, 2020		March 31, 2019	
	<i>Euro thousand</i>	%	<i>Euro thousand</i>	%
PRIMA POWER	69,356	92.4	90,457	91.9
PRIMA ELECTRO	11,668	15.5	13,796	14.0
Inter-sector revenues	(5,973)	(7.9)	(5,809)	(5.9)
TOTAL	75,051	100.0	98,444	100.0

As can be seen from the above table, the overall revenues decrease is attributable both to the PRIMA POWER division for Euro 21,101 thousand and to the PRIMA ELECTRO division for Euro 2,128 thousand.

Group **Gross Margin** at March 31, 2020 is equal to Euro 15,836 thousand, a decrease of Euro 7,213 thousand compared to Euro 23,049 thousand in the same period of 2019; the margin accounted for 21.1% of sales and was down from March 31, 2019 (23.4%).

The **EBITDA** of the Group at March 31, 2020 amounts to Euro 3,100 thousand equal to 4.1% of revenues against Euro 7,386 thousand, equal to 7.5% of revenues of March 31, 2019.

The EBITDA has been affected by non-recurring costs amounting equal to Euro 683 thousand (as of March 31, 2019 these costs were equal to Euro 616 thousand); therefore the **adjusted^(*) EBITDA** amounts to Euro 3,783 thousand (equal to 5.0% of revenues), decreasing by Euro 4,219 thousand compared to the same period of the previous year (Euro 8,002 thousand equal to 8.1% of revenues).

The **EBIT** of the Group at March 31, 2020 is negative for Euro 2,544 thousand equal to -3.4% of revenues against the positive Euro 2,051 thousand equal to 2.1% of revenues of the same period of the previous year.

This result is affected by:

- the amortization of intangible assets for Euro 2,782 thousand (of which Euro 2,089 thousand relating to development costs and Euro 469 thousand to the trademark registered as part of the business combination of the FINN-POWER Group);
- the amortization of tangible assets for Euro 2,863 thousand.

The EBIT at March 31, 2020 is penalized by non-recurring costs; consequently, the **adjusted^(*) EBIT** is negative for Euro 1,861 thousand (-2.5% of revenues), decreasing compared to March 31, 2019 (equal to Euro 2,667 thousand).

The **EBT** of the Group at March 31, 2020 is negative for Euro 4,116 thousand against the positive Euro 867 thousand of March 31, 2019.

Group's EBT is affected by net financial charges (including foreign exchange losses and gains) negative for Euro 1,540 thousand (at March 31, 2019 were equal to Euro 1,184 thousand).

Financial results (€/000)	March 31, 2020	March 31, 2019
Bond expenses	(229)	(226)
Loans 2018 expenses	(315)	(358)
Derivatives expenses (CRS)	(101)	(323)
Derivatives expenses (IRS)	(90)	(96)
Lease expenses	(340)	(314)
Write-down of financial receivables	-	(118)
Other financial expenses	(290)	(415)
Net financial expenses	(1,365)	(1,850)
Net exchange differences	(175)	666
TOTAL	(1,540)	(1,184)

The net result of investments accounted for using the equity method presented a loss of Euro 32 thousand and refers to the related 3D NT.

The Group's **NET PROFIT** as at March 31, 2020 is negative for Euro 3,524 thousand against the positive Euro 408 thousand at March 31, 2019; the Net Profit pertaining to the Parent Company is negative for Euro 3,293 thousand.

^(*) Note that, as illustrated in Annex 2 to this report, the **adjusted** performance indicators are the same indicators net of non-recurring items only.

FINANCIAL PERFORMANCE

Values in Euro thousand	March 31, 2020	March 31, 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	(3,637)	1,554	(5,191)
Change in Trade Working Capital	(15,591)	(15,568)	(23)
Cash from operating activities	(19,228)	(14,014)	(5,214)
Investments in development costs	(1,190)	(1,369)	179
Other investments	(6,073)	(2,079)	(3,994)
Cash from investment activities	(7,263)	(3,448)	(3,815)
FREE CASH FLOW (FCF)	(26,491)	(17,462)	(9,029)
Net result of investments accounted for using the equity method	(32)	-	(32)
Cash from financing activities	(32)	-	(32)
Net exchange differences	414	1,535	(1,121)
CASH FLOW - TOTAL	(26,109)	(15,927)	(10,182)
Net Financial Indebtedness Closing	(133,452)	(117,632)	(15,820)

At March 31, 2020 the Group's **Net Financial Indebtedness^(*)** was equal to Euro 133,452 thousand compared to Euro 107,343 thousand at December 31, 2019 and Euro 117,632 thousand at March 31, 2019.

Below is a breakdown of net financial indebtedness:

Values expressed in Euro thousand	March 31, 2020	December 31, 2019	March 31, 2019
NON CURRENT FINANCIAL ASSETS	(4,243)	(4,243)	(4,904)
CASH & CASH EQUIVALENTS	(32,161)	(55,136)	(54,294)
CURRENT FINANCIAL ASSETS	(473)	(532)	(78)
CURRENT FINANCIAL LIABILITIES	43,367	43,326	38,273
NON CURRENT FINANCIAL LIABILITIES	85,496	85,056	103,335
NET FINANCIAL DEBT (before leasing)	91,986	68,471	82,332
LEASING LIABILITIES	41,466	38,872	35,300
NET FINANCIAL DEBT	133,452	107,343	117,632

BUSINESS PERFORMANCE

During the first quarter of 2020 the Group's **order acquisition** (including after-sale service) amounted to Euro 72.8 million, decreasing of 25.1%, compared to Euro 97.3 million at March 31, 2019.

PRIMA POWER sector's order acquisition amounted to Euro 67.3 million, while the PRIMA ELECTRO ones, considering the ones from customers outside the Group, amounted to Euro 5.5 million.

The consolidated **order backlog** (not including the after-sale service) at March 31, 2020 amounts to Euro 141.3 million (compared to Euro 166.8 million at March 31, 2019), substantially stable compared to order backlog at December 31, 2019 (Euro 142.3 million). The portfolio includes Euro 136.0 million relating to the PRIMA POWER sector and Euro 5.3 million relating to the PRIMA ELECTRO sector.

At April 30, 2020 order backlog is equal to Euro 144.5 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.

FORESEEABLE DEVELOPMENTS OF MANAGEMENT

In an unprecedented historical moment the PRIMA INDUSTRIE Group closed the first quarter with a significant business contraction, despite recording a largely positive EBITDA.

The virus containment measures implemented in the various countries, together with the situation of general market uncertainty, are likely to produce a contraction in turnover also in the second quarter of the year. However, we are confident of an improvement in profitability as an effect of the important cost reduction measures implemented in all Group companies.

The high uncertainty relating to the evolution of the crisis worldwide does not currently allow us to provide reliable estimates for the second half of the year; we therefore believe it is correct to wait for the market signals in the coming months to be able to provide an update on expectations.

EVENTS OCCURRING AFTER THE REFERENCE DATE OF THE FINANCIAL STATEMENT

WITHDRAWAL OF THE PROPOSAL FOR AUTHORIZATION TO PURCHASE TREASURY STOCK

On April 17, 2020 the Board of Directors, met in an extraordinary session, resolved to withdraw, without changing the agenda of the Shareholders' Meeting called for May 11-12, 2020, the proposal to approve the authorization to purchase treasury stock.

The withdrawn proposal refers to Point 5 of the Agenda ("Resolutions regarding the purchase and disposal of treasury stock pursuant to articles 2357 and 2357-ter of the civil code, subject to revocation of the shareholders' resolution of April 16, 2019"). In particular, the request for authorization to purchase treasury stock is withdrawn and the request for authorization to dispose of treasury stock already in the portfolio is maintained, pursuant to article 2357-ter of the civil code. The request to revoke the Shareholders' Meeting resolution of April 16, 2019 on treasury stock is also unchanged. This decision was dictated by reasons of prudence, following the emergency situation created by the Covid-19 pandemic, which requires a greater focus of the company on industrial and business aspects. In addition, this will eventually allow the Company to take advantage of the SACE guarantees provided by Law Decree April 8, 2020 n. 23 ("Liquidity Decree") should the Company decide to make use of it.

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**Prima Industrie Group
Consolidated Financial Statements
March 31, 2020
Accounting Tables**

CHAPTER 6. PRIMA INDUSTRIE GROUP CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>Values in thousand euro</i>	March 31, 2020	December 31, 2019
Property, plant and equipment	72,251	69,180
Intangible assets	133,387	134,705
Investments accounted for using the equity method	362	394
Other investments	6,492	6,458
Non current financial assets	4,243	4,243
Deferred tax assets	15,832	14,671
NON CURRENT ASSETS	232,567	229,651
Inventories	142,552	127,818
Trade receivables	81,671	85,406
Other receivables	9,341	9,298
Current tax receivables	7,375	8,057
Derivatives	28	-
Financial assets	445	532
Cash and cash equivalents	32,161	55,136
CURRENT ASSETS	273,573	286,247
Assets held for sale	4,229	4,229
TOTAL ASSETS	510,369	520,127
Capital stock	26,208	26,208
Legal reserve	5,213	5,213
Other reserves	68,534	68,557
Currency translation reserve	4,709	4,003
Retained earnings	68,000	58,954
Net result	(3,293)	9,046
Stockholders' equity of the Group	169,371	171,981
Minority interest	2,920	3,132
STOCKHOLDERS' EQUITY	172,291	175,113
Interest-bearing loans and borrowings	120,537	117,740
Employee benefit liabilities	7,004	7,017
Deferred tax liabilities	5,410	5,366
Provisions	222	222
Derivatives	682	600
NON CURRENT LIABILITIES	133,855	130,945
Trade payables	73,533	81,290
Advance payments	37,880	34,715
Other payables	20,629	22,061
Interest-bearing loans and borrowings	49,084	48,914
Current tax payables	3,552	6,445
Provisions	19,519	20,644
Derivatives	26	-
CURRENT LIABILITIES	204,223	214,069
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	510,369	520,127

CONSOLIDATED INCOME STATEMENT

<i>Values in euro thousand</i>	March 31, 2020	March 31, 2019
Net revenues	75,051	98,444
Cost of goods sold	(59,215)	(75,395)
GROSS MARGIN	15,836	23,049
Research and Development costs	(5,619)	(7,121)
Sales and marketing expenses	(6,501)	(7,382)
General and administrative expenses	(6,260)	(6,495)
OPERATING PROFIT (EBIT)	(2,544)	2,051
Financial income	97	28
Financial expenses	(1,462)	(1,878)
Net exchange differences	(175)	666
Net result of investments accounted for using the equity method	(32)	-
RESULT BEFORE TAXES (EBT)	(4,116)	867
Taxes	592	(459)
NET RESULT	(3,524)	408
- Attributable to Group shareholders	(3,293)	407
- Attributable to minority shareholders	(231)	1
RESULT PER SHARE - BASIC (in euro)	(0.31)	0.04
RESULT PER SHARE - DILUTED (in euro)	(0.31)	0.04

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>Values in euro thousand</i>	March 31, 2020	March 31, 2019
NET RESULT (A)	(3,524)	408
Gains/ (Losses) on actuarial defined benefit plans	-	-
Tax effect	-	-
Total other comprehensive gains/(losses) not to be classified in the Income Statement, net of tax effects (B)	-	-
Gains / (Losses) on cash flow hedges	(30)	(55)
Tax effect	7	13
Gains/ (Losses) on exchange differences on translating foreign operations	725	1,633
Total other comprehensive gains/(losses) to be classified in the Income Statement, net of tax effects (C)	702	1,591
TOTAL COMPREHENSIVE INCOME (A) + (B) + (C)	(2,822)	1,999
- Attributable to Group shareholders	(2,610)	1,850
- Attributable to minority shareholders	(212)	149

CONSOLIDATED STATEMENT OF CHANGES ON SHAREHOLDERS' EQUITY

from January 1, 2019 to March 31, 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
Allocation of prior year net result	-	-	-	-	-	-	-	-	-	24,056	(24,056)	-	-	-
Result of comprehensive Income	-	-	-	-	-	-	(42)	-	1,485	-	407	1,850	149	1,999
Balance as at Mar 31, 2019	26,208	57,507	(1,966)	4,992	(1,286)	13	(507)	15,351	4,191	63,378	407	168,288	3,483	171,771

from January 1, 2020 to March 31, 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	-	-	-	-	-	-	-	-	-	9,046	(9,046)	-	-	-
Result of comprehensive Income	-	-	-	-	-	-	(23)	-	706	-	(3,293)	(2,610)	(212)	(2,822)
Balance as at Mar 31, 2020	26,208	57,507	(1,966)	5,213	(1,286)	13	(462)	14,728	4,709	68,000	(3,293)	169,371	2,920	172,291

CONSOLIDATED CASH FLOW STATEMENT

<i>Values in Euro thousand</i>	March 31, 2020	March 31, 2019
Net result	(3,524)	408
Adjustments (sub-total)	(15,887)	(13,714)
Depreciation, impairment & write-off	5,645	5,335
Net change in deferred tax assets and liabilities	(1,117)	(712)
Change in employee benefits	(13)	(38)
Change in inventories	(14,734)	(16,658)
Change in trade receivables	3,735	16,756
Change in trade payables and advances	(4,592)	(15,666)
Net change in other receivables / payables and other assets / liabilities	(4,811)	(2,731)
Cash Flows from (used in) operating activities	(19,411)	(13,306)
Cash flow from investments		
Acquisition of tangible fixed assets (*)	(1,900)	(1,286)
Acquisition of intangible fixed assets	(113)	(267)
Capitalization of development costs	(1,190)	(1,369)
Net disposal of fixed assets (**)	-	143
Net result of investments accounted for using the equity method	32	-
Cash Flows from (used in) investing activities	(3,171)	(2,779)
Cash flow from financing activities		
Change in other financial assets / liabilities and other minor items	141	432
Increases in loans and borrowings (including bank overdrafts)	6,498	9,036
Repayment of loans and borrowings (including bank overdrafts)	(6,170)	(9,892)
Repayments in financial lease liabilities	(1,406)	(1,179)
Cash Flows from (used in) financing activities	(937)	(1,603)
Cash Flows from (used in) change of minority shareholders	-	-
Foreign exchange translation differences	544	904
Net change in cash and equivalents	(22,975)	(16,784)
Cash and equivalents beginning of period	55,136	71,078
Cash and equivalents end of period	32,161	54,294

<i>Additional Information to the Consolidated Statement of Cash-Flow</i>	March 31, 2020	March 31, 2019
<i>Values in euro thousand</i>		
Taxes paid	461	205
Interests paid	626	872

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

(**) Included assets held for sale.

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Explanatory Notes to Consolidated Financial Statements March 31, 2020

CHAPTER 7. EXPLANATORY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT MARCH 31, 2020

ACCOUNTING TABLES FORM AND CONTENT

The Interim Financial Report of the Prima Industrie Group at March 31, 2020 was prepared on the basis that it is an ongoing concern and in accordance with the International Financial Reporting Standards (IFRS) and with applicable Italian statutory regulations.

The report includes the Consolidated Financial position, the Income Statement, the Comprehensive Income Statement, the Cash Flow Statement, the Changes in Shareholders' Equity and the Explanatory Notes.

The Group presents the income statement according to functional areas, otherwise referred to as "at cost of the sale". 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 condensed consolidated balance sheet at March 31, 2020 are compatible with those used for the consolidated annual balance sheet 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.

ON-GOING CONCERN

The condensed consolidated balance sheet at March 31, 2020 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.

USE OF ACCOUNTING ESTIMATES

The drawing up of an interim balance sheet requires the carrying out of estimates and assumptions which have effect on the values of revenues, costs, assets and liabilities of the balance sheet and on the information report relating to the potential assets and liabilities on the date of the interim balance sheet. 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 balance sheet of March 31, 2020, 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.

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

	Prima Power		Prima Electro		Elimination		Prima Industrie Group	
Values in euro thousand	Mar 31, 2020	Mar 31, 2019	Mar 31, 2020	Mar 31, 2019	Mar 31, 2020	Mar 31, 2019	Mar 31, 2020	Mar 31, 2019
Net revenues	69,356	90,457	11,668	13,796	(5,973)	(5,809)	75,051	98,444
Cost of goods sold	(54,710)	(70,224)	(10,328)	(11,113)	5,823	5,942	(59,215)	(75,395)
GROSS MARGIN	14,646	20,233	1,340	2,683	(150)	133	15,836	23,049
Research and Development costs	(4,203)	(5,849)	(1,416)	(1,374)	-	102	(5,619)	(7,121)
Sales and marketing expenses	(6,163)	(6,767)	(338)	(615)	-	-	(6,501)	(7,382)
General and administrative expenses	(5,518)	(5,518)	(748)	(979)	6	2	(6,260)	(6,495)
OPERATING PROFIT (EBIT)	(1,238)	2,099	(1,162)	(285)	(144)	237	(2,544)	2,051
Net financial expenses	(1,297)	(1,666)	(67)	(184)	(1)	-	(1,365)	(1,850)
Net exchange differences	(259)	657	84	9	-	-	(175)	666
Net result of investments accounted for using the equity method	(32)	-	-	-	-	-	(32)	-
RESULT BEFORE TAXES (EBT)	(2,826)	1,090	(1,145)	(460)	(145)	237	(4,116)	867
Taxes	287	(474)	266	62	39	(47)	592	(459)
NET RESULT	(2,539)	616	(879)	(398)	(106)	190	(3,524)	408
- Attributable to Group shareholders	(2,308)	615	(879)	(398)	(106)	190	(3,293)	407
- Attributable to minority shareholders	(231)	1	-	-	-	-	(231)	1

	Prima Power		Prima Electro		Elimination		Prima Industrie Group	
Values in euro thousand	Mar 31, 2020	Dec 31, 2019	Mar 31, 2020	Dec 31, 2019	Mar 31, 2020	Dec 31, 2019	Mar 31, 2020	Dec 31, 2019
Property, plant and equipment	58,570	55,275	13,681	13,905	-	-	72,251	69,180
Intangible assets	119,780	121,443	13,819	13,474	(212)	(212)	133,387	134,705
Investments accounted for using the equity method	362	394	-	-	-	-	362	394
Other investments	17,387	17,353	50	49	(10,945)	(10,944)	6,492	6,458
Non current financial assets	2,728	2,728	1,515	1,515	-	-	4,243	4,243
Deferred tax assets	10,722	9,957	4,769	4,413	341	301	15,832	14,671
NON CURRENT ASSETS	209,549	207,150	33,834	33,356	(10,816)	(10,855)	232,567	229,651
Inventories	117,954	103,473	25,801	25,404	(1,203)	(1,059)	142,552	127,818
Trade receivables	77,083	80,310	14,141	14,991	(9,553)	(9,895)	81,671	85,406
Other receivables	6,933	7,497	2,406	1,797	2	4	9,341	9,298
Current tax receivables	6,009	7,253	1,779	1,217	(413)	(413)	7,375	8,057
Derivatives	28	-	-	-	-	-	28	-
Financial assets	11,021	9,066	-	-	(10,576)	(8,534)	445	532
Cash and cash equivalents	30,529	52,611	1,632	2,525	-	-	32,161	55,136
CURRENT ASSETS	249,557	260,210	45,759	45,934	(21,743)	(19,897)	273,573	286,247
Assets held for sale	229	229	4,000	4,000	-	-	4,229	4,229
TOTAL ASSETS	459,335	467,589	83,593	83,290	(32,559)	(30,752)	510,369	520,127
STOCKHOLDERS' EQUITY	146,778	148,902	37,589	38,180	(12,076)	(11,969)	172,291	175,113
Interest-bearing loans and borrowings	110,506	107,958	20,607	18,239	(10,576)	(8,457)	120,537	117,740
Employee benefit liabilities	5,364	5,333	1,640	1,685	-	(1)	7,004	7,017
Deferred tax liabilities	3,554	3,541	1,856	1,825	-	-	5,410	5,366
Provisions	222	222	-	-	-	-	222	222
Derivatives	682	600	-	-	-	-	682	600
NON CURRENT LIABILITIES	120,328	117,654	24,103	21,749	(10,576)	(8,458)	133,855	130,945
Trade payables	69,632	79,995	13,359	11,224	(9,458)	(9,929)	73,533	81,290
Advance payments	37,473	34,232	95	171	312	312	37,880	34,715
Other payables	18,368	19,232	2,262	2,829	(1)	-	20,629	22,061
Interest-bearing loans and borrowings	44,149	41,080	5,021	7,867	(86)	(33)	49,084	48,914
Current tax payables	3,874	6,550	98	315	(420)	(420)	3,552	6,445
Provisions	18,707	19,944	1,066	955	(254)	(255)	19,519	20,644
Derivatives	26	-	-	-	-	-	26	-
CURRENT LIABILITIES	192,229	201,033	21,901	23,361	(9,907)	(10,325)	204,223	214,069
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	459,335	467,589	83,593	83,290	(32,559)	(30,752)	510,369	520,127

CONSOLIDATED FINANCIAL POSITION

Property, plant and equipment on March 31, 2020 are equal to Euro 72,251 thousand an increase of Euro 3,071 thousand compared with December 31, 2019.

The intangible assets on March 31, 2020 are equal to Euro 133,387 thousand and decreased by Euro 1,318 thousand compared with December 31, 2019. The most significant item is represented by Goodwill, which on March 31, 2020 amounts to Euro 97,937 thousand.

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

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

CASH GENERATING UNIT	BOOK VALUE GOODWILL March 31, 2020	BOOK VALUE GOODWILL December 31, 2019
PRIMA POWER	97,784	97,741
PRIMA ELECTRO - BU Electronics	153	153
TOTAL	97,937	97,894

Goodwill (being an asset with an undefined life) is not subject to depreciation and is subject to verification at least annually of the reduction of value (*impairment test*). On December 31, 2019 the Group carried out the *impairment test* on the value of the main elements of goodwill, for which

attention is drawn to the Consolidated Financial Statements at December 31, 2019. Regarding the above mentioned goodwill, as no indicators of loss in value have appeared compared with the financial statements closed on December 31, 2019, it was not considered necessary to update the related *impairment* tests.

The item Investments accounted for using the equity method refers to the shareholding in 3D NT held by PRIMA INDUSTRIE SpA (19.9%) and amounts to Euro 362 thousand. The change of Euro 32 thousand compared to the previous year refers to the share of the result for the period.

Other investments amounted to Euro 6,492 thousand; the increase of Euro 34 thousand relates to the positive exchange rate differences for the stake in Lead Laser held by Prima Power Suzhou.

The deferred tax assets amounts to Euro 15,832 thousand, showing an increase compared with the previous financial year of Euro 1,161 thousand. The accounting statement of prepaid taxes has been carried out, only where suppositions of recoverability exist. The valuation on the recoverability of anticipated taxes takes into account the expected profits in future financial years. The anticipated taxes calculated on the losses carried forward have been recognized in the measure at which it is probable that a future taxable income against which they might be recovered. In light of the above no elements have been identified which could modify the valuations made with regard to the recoverability of deferred tax assets.

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

INVENTORIES	March 31, 2020	December 31, 2019
Raw materials	47,080	42,603
Semi-finished goods	27,000	24,260
Finished goods	77,814	70,787
(Inventory provisions)	(9,342)	(9,832)
TOTAL	142,552	127,818

The net value of inventories on March 31, 2020 shows an increase equal to Euro 14,734 thousand compared with December 31, 2019.

Trade receivables at March 31, 2020 amounted to Euro 81,671 thousand in decrease of Euro 3,735 thousand compared to December 31, 2019.

Other receivables on March 31, 2020 are equal to Euro 9,341 thousand and increased by Euro 43 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.

The current tax receivables amount to Euro 7,375 thousand and are decreased of Euro 682 thousand compared with December 31, 2019. Tax assets mainly include VAT receivables for Euro 3,182 thousand (Euro 2,663 thousand at December 31, 2019), tax credit for R&D for Euro 841 thousand (Euro 2,151 thousand at December 31, 2019), direct tax advances for Euro 2,268 thousand (Euro 2,168 thousand on December 31, 2019), a tax receivable amounting to Euro 970 thousand following the submission of claims for IRES reimbursement (IRAP deductions for IRES purposes for the years 2007-2011) which arose

in February 2013, other receivables for minor tax assets for Euro 67 thousand (Euro 59 thousand on December 31, 2019) and withholding taxes for Euro 47 thousand (Euro 46 thousand on December 31, 2019).

On March 31, 2020 the net financial position ^(*) of the Group was negative for an amount of Euro 137,695 thousand increasing of Euro 26,109 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 three 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 debt at March 31, 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	March 31, 2020	December 31, 2019	Variations
A	CASH	32,161	55,136	(22,975)
B	OTHER CASH AND CASH EQUIVALENTS	-	-	-
C	SECURITIES HELD FOR TRADING	-	-	-
D	CASH ON HAND (A+B+C)	32,161	55,136	(22,975)
E	CURRENT FINANCIAL RECEIVABLES	473	532	(59)
F	CURRENT BANK DEBTS	4,464	4,141	323
G	CURRENT PART OF NON-CURRENT INDEBTEDNESS	35,782	35,250	532
H	BOND ISSUED	34	691	(657)
I	OTHER CURRENT FINANCIAL DEBTS	8,830	8,832	(2)
J	CURRENT FINANCIAL INDEBTEDNESS (F+G+H+I)	49,110	48,914	196
K	NET CURRENT FINANCIAL INDEBTEDNESS (J-D-E)	16,476	(6,754)	23,230
L	NON-CURRENT BANK DEBTS	53,487	53,059	428
M	BOND ISSUED	24,817	24,806	11
N	OTHER NON-CURRENT FINANCIAL DEBTS	42,915	40,475	2,440
O	NON-CURRENT FINANCIAL INDEBTEDNESS (L+M+N)	121,219	118,340	2,879
P	NET FINANCIAL POSITION (K+O)	137,695	111,586	26,109

Reconciliation with the Group's net financial debt (used as performance indicator) shown in the Interim Management Report is as follows:

	March 31, 2020	December 31, 2019
Net financial position com. CONSOB n. DEM/6064293	137,695	111,586
Term deposit Smilla	(4,233)	(4,233)
Loan Caretek	(10)	(10)
Net financial indebtedness	133,452	107,343

(*) 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.

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			March 31, 2020
			Issues	Exchange rate effect	Fair value	
Financial debts	102,286	974	-	44	-	103,304
Bond issued	25,497	(646)	-	-	-	24,851
Leasing	38,871	(1,406)	4,092	(91)	-	41,466
Derivatives	600	-	-	-	108	708
TOTAL	167,254	(1,078)	4,092	(47)	108	170,329

At March 31, 2020, the value of non-current assets held for sale amounts to Euro 4,229 thousand. The non-current assets for sale at March 31, 2020 refers to some properties under construction, owned by the parent company Prima Industrie SpA in Mantua, Italy and a building in Brescia and an investment for Euro 4,000 thousand in OSAlcnc held by Prima Electro SpA.

The net equity of the PRIMA INDUSTRIE Group has decreased compared to the end of last financial year of Euro 2,822 thousand. For more details, see the table consolidated statement of changes on shareholders' equity

The item employee benefit liabilities on March 31, 2020 is equal to Euro 7,004 thousand and is decreased compared to December 31, 2019 of Euro 13 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 deferred tax liabilities amounts to Euro 5,410 thousand, showing an increase of Euro 44 thousand compared with December 31, 2019.

The provisions are equal to Euro 19,741 thousand and decreased by Euro 1,125 thousand compared with December 31, 2019.

Non-current provisions refer exclusively to the agent client indemnity provision and amounts comprehensively to Euro 222 thousand.

Current provisions mainly relate to product warranties (equal to Euro 12,818 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 6,207 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 494 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.

The value of trade payables decreased compared to December 31, 2019 by Euro 7,757 thousand.

The heading advance payments increased compared to December 31, 2019 by Euro 3,165 thousand. The heading other payables is decreased by Euro 1,432 thousand compared to December 31, 2019 and includes social security and welfare payables, payables due to employees, accruals and deferrals and other minor payables.

Current tax payables on March 31, 2020 amounts to Euro 3,552 thousand which results in a reduction of Euro 2,893 thousand compared with December 31, 2019.

CONSOLIDATED INCOME STATEMENT

As already stated above, the Group presents the income statement by “function”. In accordance with paragraph 104 of “IAS 1 - Presentation of Financial Statements”, personnel costs amount to Euro 25,889 thousand (Euro 29,656 thousand at March 31, 2019). Depreciation and impairment at March 31, 2020 amount to Euro 5,645 thousand (at March 31, 2019 amount to Euro 5,335 thousand).

The revenues from sales and services have been commented on Chapter 5 of this document “Group Interim Management Report” in the paragraph “Economic performance”.

The financial management of the first three months of 2020 shows a negative result of Euro 1,540 thousand.

FINANCIAL RESULTS	March 31, 2020	March 31, 2019
Financial income	97	28
Financial expenses	(1,462)	(1,878)
Net financial expenses	(1,365)	(1,850)
Net exchange differences	(175)	666
Total Financial Results	(1,540)	(1,184)

The net result of investments accounted for using the equity method presented a loss of Euro 32 thousand and refers to the share of the result for the period of the related 3D NT.

Taxes in the first three months of 2020 result in a positive net balance of Euro 592 thousand. The balance of current and deferred taxes is positive by Euro 597 thousand, and other taxes including those relating to prior years, are equal to Euro -5 thousand.

The result per share on March 31, 2020, negative by Euro 0.31 (positive by Euro 0.04 on March 31, 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 March 31, 2020 were negative for Euro 0.31 (positive for Euro 0.04 at March 31, 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.

SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

The table below summarises non-recurring items that have had a negative impact on the Income Statement during the first quarter of 2020 for a total of Euro 683 thousand. The item COVID-19 concerns the expenses incurred by the Group mainly for the purchase of safety devices, environments sanitizing

and any costs incurred for the cancellation of business trip (both international and national) of the employees and commercial events.

Significant non-recurring events and transactions (values expressed in Euro thousand)	Gross Margin	Sales and marketing expenses	General and administrative expenses	Total as at Mar 31, 2020	Total as at Mar 31, 2019	Variation between 2020 and 2019
COVID-19	(98)	(17)	(12)	(127)	-	(127)
Reorganization/Restructuring	(61)	-	(88)	(149)	(473)	324
Disputes tax/legal and customer penalties	(312)	(30)	(65)	(407)	(135)	(272)
Other items	-	-	-	-	(8)	8
EBIT	(471)	(47)	(165)	(683)	(616)	(67)
Financial receivables devaluation	-	-	-	-	(118)	118
EBT	(471)	(47)	(165)	(683)	(734)	51



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 82 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 28 July 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	
	March 31, 2020	March 31, 2019	March 31, 2020	December 31, 2019
US DOLLAR	1.1023	1.1356	1.0956	1.1234
CHINESE RENMINBI	7.6936	7.6619	7.7784	7.8205
RUSSIAN RUBLE	73.7020	74.8842	85.9486	69.9563
TURKISH LIRA	6.7391	6.1079	7.2063	6.6843
POLISH ZLOTY	4.3226	4.3020	4.5506	4.2568
POUND STERLING	0.8616	0.8723	0.8864	0.8508
BRAZILIAN REAL	4.9111	4.2768	5.7001	4.5157
INDIAN RUPEE	79.8511	80.0730	82.8985	80.1870
AUSTRALIAN DOLLAR	1.6778	1.5943	1.7967	1.5995
CANADIAN DOLLAR	1.4808	1.5098	1.5617	1.4598
MEXICAN PESO	22.0446	21.8038	26.1772	21.2202

ATTESTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AT MARCH 31, 2020

Declaration pursuant to article 154-bis, paragraph 2 of Part IV, Title III, Chapter II, Section V bis of Legislative Decree of February 24, 1998, no. 58: Consolidated Law on Financial Intermediation, pursuant to Articles 8 and 21 of the Law of February 6, 1996, No. 52.

The manager responsible for preparing the company accounting documents of the PRIMA INDUSTRIE Group, Davide Danieli, declares, in accordance with the provisions of the second paragraph of Art. 154 bis, Part IV, Title III, Chapter II, Section V bis of Legislative Decree of February 24, 1998, No. 58, that the accounting information contained in this Interim Financial Report at March 31, 2020 corresponds to the document results, books and accounting records.