



COSTRUZIONI ELETTROMECCANICHE BRESCIANE

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INTERIM  
REPORT  
ON OPERATIONS

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AT SEPTEMBER 30, 2020

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# Cembre S.p.A.

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Head Office: Via Serenissima 9, Brescia, Italy  
Share Capital: EUR 8,840,000 (fully paid-up).  
Registration no: 00541390175 (Commercial Register of Brescia)

*This document contains translations of the quarterly report prepared in the Italian language for the purpose of the Italian law and of CONSOB regulations (CONSOB is the public authority responsible for regulating the Italian securities market)*

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## Corporate Boards and Independent Auditors

### Board of Directors

Giovanni Rosani	Chairman and Managing Director
Anna Maria Onofri	Vice-Chairman
Sara Rosani	Director
Aldo Bottini Bongrani	Director
Felice Albertazzi	Director
Franco Celli	Director
Paola Carrara	Independent Director
Fabio Fada	Independent Director

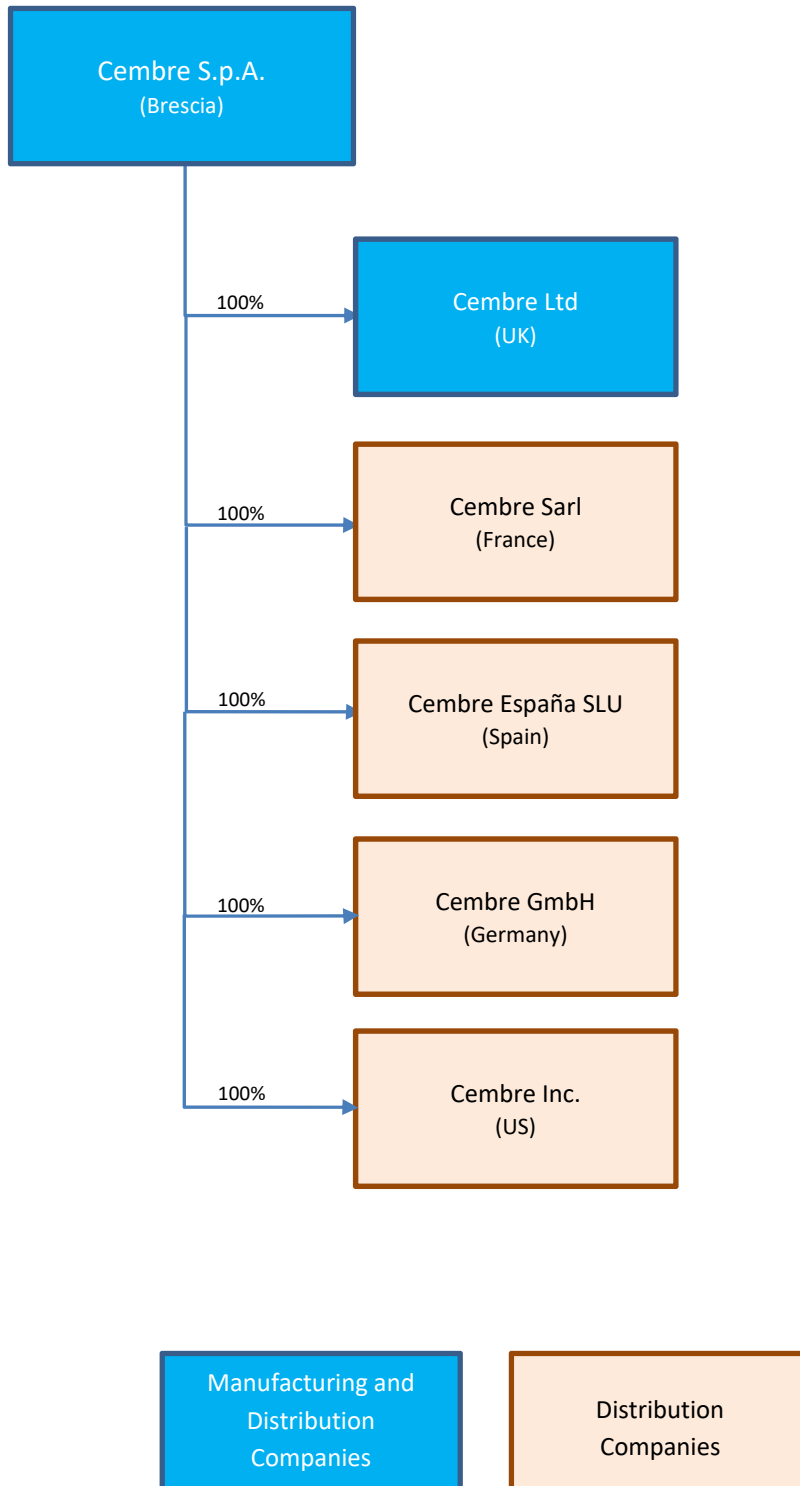
### Board of Statutory Auditors

Fabio Longhi	Chairman
Riccardo Astori	Auditor
Rosanna Angela Pilenga	Auditor
Maria Grazia Lizzini	Substitute Auditor
Rosella Colleoni	Substitute Auditor

### Independent Auditors

EY S.p.A.

## Group Structure



## Interim Report on Operations

The results of the first nine months of 2020 were heavily impacted by the effects of the pandemic that has sadly characterised 2020. It is still not possible to predict how the recent evolution of the virus will affect the global economy.

In the first nine months of 2020, consolidated turnover stood at €98,655 thousand, marking a decrease of 10.6% compared to €110,306 thousand recorded in the first nine months of 2019, while in the third quarter of 2020, Group revenues rose by 1.7% compared to the same period in 2019.

An analysis of consolidated sales by geographical area shows a decline of 10.6% in the Italian market, with sales at €39.0 million; a reduction in revenues of 9.5% on the other European markets, with a total value of €46.9 million and a drop in non-European sales, amounting to €12.8 million, equal to 14.2%. In the first nine months of 2020, 39.5% of Group sales were represented by Italy (as compared with 39.5% in the first nine months of 2019), 47.5% by the rest of Europe (46.9% in the first nine months of 2019), and the remaining 13.0% by the rest of the World (13.6% in the first nine months of 2019).

The summary table of sales by geographical area is reported below:

(euro '000)	First nine months 2020	First nine months 2019	Change	First nine months 2018	First nine months 2017	First nine months 2016	First nine months 2015	First nine months 2014	First nine months 2013
Italy	38,961	43,562	-10.6%	44,413	40,768	36,716	36,632	32,769	28,499
Rest of Europe	46,852	51,778	-9.5%	46,278	41,001	38,848	38,750	37,972	35,625
Rest of the World	12,842	14,966	-14.2%	16,579	15,786	14,954	15,896	12,923	12,573
<b>Total</b>	<b>98,655</b>	<b>110,306</b>	<b>-10.6%</b>	<b>107,270</b>	<b>97,555</b>	<b>90,518</b>	<b>91,278</b>	<b>83,664</b>	<b>76,697</b>

Sales and service revenues in the first nine months of 2020 are divided between the various companies (net of intragroup sales):

(euro '000)	First nine months 2020	First nine months 2019	Change	First nine months 2018	First nine months 2017	First nine months 2016	First nine months 2015	First nine months 2014	First nine months 2013
Parent Company	51,752	57,616	-10.2%	58,080	54,587	50,142	49,924	43,371	38,726

Cembre Ltd. (UK)	11,943	14,594	-18.2%	13,596	13,209	13,633	14,479	15,376	14,295
Cembre S.a.r.l. (F)	6,517	8,036	-18.9%	7,448	7,215	6,899	6,481	6,188	5,853
Cembre España S.L.U. (E)	8,401	8,960	-6.2%	8,094	7,237	5,990	6,217	5,101	4,622
Cembre GmbH (D)*	11,763	11,432	2.9%	9,404	6,552	5,953	5,869	5,706	5,478
Cembre Inc. (USA)	8,279	9,668	-14.4%	10,648	8,755	7,878	7,553	7,257	7,141
Cembre AS (NOR) (Wound up in 2016)	-	-	n.a.	-	-	23	755	665	582
<b>Total</b>	<b>98,655</b>	<b>110,306</b>	<b>-10.6%</b>	<b>107,270</b>	<b>97,555</b>	<b>90,518</b>	<b>91,278</b>	<b>83,664</b>	<b>76,697</b>

\*From July 1, 2020, the company IKUMA KG was merged by incorporation in Cembre GmbH.

The two companies operated in close synergy from the start of the year, through common management and a strategy defined at country level; for said reason, the data were shown in the tables in consolidated form, considering the data of the German companies jointly (note that IKUMA was acquired effective from May 1, 2018, therefore the data up to 2017 concern solely Cembre GmbH).

In the first nine months of 2020, Group companies reported the following pre-consolidated sales revenues and results:

(euro '000)	Sales revenues (pre-consolidation)								
	First nine months 2020	First nine months 2019	Change	First nine months 2018	First nine months 2017	First nine months 2016	First nine months 2015	First nine months 2014	First nine months 2013
Cembre S.p.A.	72,198	81,454	-11.4%	81,659	76,059	70,140	70,016	63,408	56,944
Cembre Ltd. (UK)	12,911	16,223	-20.4%	15,545	14,119	14,719	15,590	16,716	15,530
Cembre S.a.r.l. (F)	6,647	8,124	-18.2%	7,458	7,221	6,925	6,484	6,197	5,903
Cembre España S.L.U. (E)	8,405	8,973	-6.3%	8,098	7,238	5,991	6,233	5,103	4,623
Cembre GmbH (D)*	11,818	11,514	2.6%	9,709	6,609	6,012	5,978	5,748	5,616
Cembre Inc. (USA)	8,321	9,703	-14.2%	10,654	8,782	8,037	7,867	7,376	7,167

(euro '000)	Pre-tax result (pre-consolidation)								
	First nine months 2020	First nine months 2019	Change	First nine months 2018	First nine months 2017	First nine months 2016	First nine months 2015	First nine months 2014	First nine months 2013
Cembre S.p.A.	14,243	21,187	-32.8%	20,360	21,521	16,765	16,595	13,602	8,400
Cembre Ltd. (UK)	1,009	1,951	-48.3%	1,590	3,611	1,790	2,022	2,416	2,100
Cembre S.a.r.l. (F)	257	718	-64.2%	551	427	286	438	278	318
Cembre España S.L.U. (E)	459	604	-24.0%	540	996	8	479	246	169
Cembre GmbH (D)*	350	784	-55.4%	521	705	432	595	422	433
Cembre Inc. (USA)	472	850	-44.5%	1,316	566	271	239	677	1,012

For a more direct evaluation of the effect of foreign exchange translations, we include below sales figures and pre-tax result figures of the companies operating outside the euro area in the respective currency.

(euro '000)	Currency	Sales revenues (pre-consolidation)								
		First nine months 2020	First nine months 2019	Change	First nine months 2018	First nine months 2017	First nine months 2016	First nine months 2015	First nine months 2014	First nine months 2013
Cembre Ltd. (UK)	Gbp	11,427	14,332	-20.3%	13,742	12,329	11,820	11,337	13,570	13,234
Cembre Inc. (USA)	US\$	9,361	10,903	-14.1%	12,723	9,784	8,971	8,767	9,994	9,440

(euro '000)	Currency	Pre-tax result (pre-consolidation)								
		First nine months 2020	First nine months 2019	Change	First nine months 2018	First nine months 2017	First nine months 2016	First nine months 2015	First nine months 2014	First nine months 2013
Cembre Ltd. (UK)	Gbp	893	1,724	-48.2%	1,405	3,153	1,438	1,470	1,961	1,789
Cembre Inc. (USA)	US\$	531	955	-44.4%	1,572	645	303	266	917	1,333

To provide a better understanding of the Company's financial performance for the first nine months of 2020, a Comparative Consolidated Income Statement for the same period and the corresponding period in 2019 showing percentage changes is enclosed as Attachment 1.

Consolidated gross operating profit for the first nine months of 2020 amounted to €24,113 thousand, corresponding to a 24.4% margin on sales, down 15.9% on €28,661 thousand reported in the first nine months of 2019 (26.0% of sales). Both the incidence of the cost of goods sold and the weight of the cost for services fell during the period. The weight of personnel costs rose compared to the first nine months of 2019, especially due to the decline in revenues; the average number of Group employees went from 745 in the first nine months of 2019 to 754 in the first nine months of 2020.

Consolidated operating profit for the first nine months of 2020 amounted to €15,953 thousand, corresponding to a 16.2% margin on sales, down 25.4% on €21,374 thousand reported in the first nine months of 2019 (19.4% of sales).



Consolidated profit before taxes for the first nine months of 2020 amounted to €15,901 thousand, representing a 16.1% margin on sales, down 25.1% on the profit before taxes reported in the first nine months of 2019, amounting to €21,239 thousand and corresponding to a 19.3% margin on sales.

Consolidated net profit for the period fell by 28.5 compared to 2019 from €16,633 thousand, representing 15.1% of sales, to €11,895 thousand, representing 12.1% of sales.

Results solely for the third quarter of 2020 bucked the trend recorded in the first nine months of 2020, highlighting both an increase in sales revenues of 1.7%, and an increase in profit results compared to the third quarter of 2019, as shown in the already mentioned Attachment 1, the Comparative Consolidated Income Statement.

The net financial position as at September 30, 2020 is composed as follows:

	(euro '000)	09/30/2020	12/31/2019	09/30/2019
A	Cash	13	14	14
B	Bank deposits	29,533	20,969	19,563
<b>C</b>	<b>Cash and cash equivalents (A+B)</b>	<b>29,546</b>	<b>20,983</b>	<b>19,577</b>
D	Current bank debts	(18,801)	(9,037)	(12,167)
E	Current financial leasing liabilities	(1,725)	(1,483)	(1,404)
<b>F</b>	<b>Current financial debt (D+E)</b>	<b>(20,526)</b>	<b>(10,520)</b>	<b>(13,571)</b>
<b>G</b>	<b>Net current financial position (C+F)</b>	<b>9,020</b>	<b>10,463</b>	<b>6,006</b>
H	Non-current bank debts	-	-	-
I	Non-current financial leasing liabilities	(5,296)	(4,901)	(4,966)
<b>J</b>	<b>Non-current financial debt (H+I)</b>	<b>(5,296)</b>	<b>(4,901)</b>	<b>(4,966)</b>
<b>K</b>	<b>Net Financial Position (G+J)</b>	<b>3,724</b>	<b>5,562</b>	<b>1,040</b>

The net financial position as at September 30, 2020, amounting to a positive €3.7 million, was down compared to December 31, 2019, when it amounted to €5.6 million.

The net financial position at September 30, 2019 was a positive €1.0 million.

The investments made by the Group in the first nine months of the current year came to €0.5 million in intangible assets and €4.8 million in property, plant and equipment. In the first nine months of 2019, investments had amounted to €8.1million.

## **Significant events after September 30, 2020**

The second half of October witnessed an upswing in COVID-19 infections in all the main European countries. National Governments, through measures to limit activities entailing greater social involvement, are attempting to avoid the risk of new complete shut-downs in production and services, but the situation remains extremely uncertain.

## **Outlook**

In consideration of the situation described above, formulating forecasts is still very difficult. In fact, the evolution of the current health emergency is still uncertain and it is not easy to predict the consequences of any Government measures that might be implemented in the future to deal with it. In any case, despite the recovery recorded solely in the third quarter of 2020, it is estimated that Cembre Group revenues will fall in 2020, with a subsequent drop in profit margins. Thanks to the notable financial strength of the Group, it is not believed that the uncertainty connected with the phenomenon described above will prejudice the Group's ability to continue with its activities.

## Attachment 1 to the Interim Report on Operations

### Comparative Consolidated Income Statement

	First nine months 2020	%	First nine months 2019	%	Change	3rd Qtr. 2020	%	3rd Qtr. 2019	%	Change
<i>(euro '000)</i>										
Revenue from contracts with customers	98,655	100.0%	110,306	100.0%	-10.6%	33,999	100.0%	33,428	100.0%	1.7%
Other revenues and income	492		798		-38.3%	124		233		-46.8%
<b>Total Revenues</b>	<b>99,147</b>		<b>111,104</b>		<b>-10.8%</b>	<b>34,123</b>		<b>33,661</b>		<b>1.4%</b>
Cost of goods and merchandise	(31,183)	-31.6%	(36,433)	-33.0%	-14.4%	(8,537)	-25.1%	(11,075)	-33.1%	-22.9%
Change in inventories	282	0.3%	941	0.9%	-70.0%	(2,731)	-8.0%	(203)	-0.6%	
<b>Cost of sales</b>	<b>(30,901)</b>	<b>-31.3%</b>	<b>(35,492)</b>	<b>-32.2%</b>	<b>-12.9%</b>	<b>(11,268)</b>	<b>-33.1%</b>	<b>(11,278)</b>	<b>-33.7%</b>	<b>-0.1%</b>
Cost for services	(12,345)	-12.5%	(14,771)	-13.4%	-16.4%	(3,981)	-11.7%	(4,673)	-14.0%	-14.8%
Lease and rental costs	(100)	-0.1%	(261)	-0.2%	-61.7%	(23)	-0.1%	(83)	-0.2%	-72.3%
Personnel costs	(30,513)	-30.9%	(31,468)	-28.5%	-3.0%	(10,161)	-29.9%	(9,763)	-29.2%	4.1%
Other operating costs	(1,211)	-1.2%	(1,183)	-1.1%	2.4%	(323)	-1.0%	(319)	-1.0%	1.3%
Increase in assets due to internal construction	794	0.8%	759	0.7%	4.6%	218	0.6%	206	0.6%	5.8%
Write-down of receivables	(83)	-0.1%	(10)	0.0%	730.0%	(49)	-0.1%	4	0.0%	
Accruals to provisions for risks and charges	(675)	-0.7%	(17)	0.0%		(1)	0.0%	(6)	0.0%	-83.3%
<b>Gross operating profit</b>	<b>24,113</b>	<b>24.4%</b>	<b>28,661</b>	<b>26.0%</b>	<b>-15.9%</b>	<b>8,535</b>	<b>25.1%</b>	<b>7,749</b>	<b>23.2%</b>	<b>10.1%</b>
Depreciation of property, plant and equipment	(6,274)	-6.4%	(5,593)	-5.1%	12.2%	(2,112)	-6.2%	(1,959)	-5.9%	7.8%
Amortisation of intangible fixed asset	(631)	-0.6%	(650)	-0.6%	-2.9%	(232)	-0.7%	(218)	-0.7%	6.4%
Depreciation of lease assets	(1,255)	-1.3%	(1,044)	-0.9%	20.2%	(440)	-1.3%	(365)	-1.1%	20.5%
<b>Operating profit</b>	<b>15,953</b>	<b>16.2%</b>	<b>21,374</b>	<b>19.4%</b>	<b>-25.4%</b>	<b>5,751</b>	<b>16.9%</b>	<b>5,207</b>	<b>15.6%</b>	<b>10.4%</b>
Financial income	4	0.0%	4	0.0%	0.0%	1	0.0%	1	0.0%	0.0%
Financial charges	(86)	-0.1%	(102)	-0.1%	-15.7%	(29)	-0.1%	(34)	-0.1%	-14.7%
Foreign exchange gains (losses)	30	0.0%	(37)	0.0%	-181.1%	(21)	-0.1%	32	0.1%	-165.6%
<b>Pre-tax result</b>	<b>15,901</b>	<b>16.1%</b>	<b>21,239</b>	<b>19.3%</b>	<b>-25.1%</b>	<b>5,702</b>	<b>16.8%</b>	<b>5,206</b>	<b>15.6%</b>	<b>9.5%</b>
Income taxes	(4,006)	-4.1%	(4,606)	-4.2%	-13.0%	(1,407)	-4.1%	(948)	-2.8%	48.4%
<b>Net profit for the period</b>	<b>11,895</b>	<b>12.1%</b>	<b>16,633</b>	<b>15.1%</b>	<b>-28.5%</b>	<b>4,295</b>	<b>12.6%</b>	<b>4,258</b>	<b>12.7%</b>	<b>0.9%</b>

## Consolidated Financial Statements at September 30, 2020

### Consolidated Statement of Comprehensive Income

	First nine months 2020	First nine months 2019
(euro '000)		
Revenue from contracts with customers	98,655	110,306
Other revenues and income	492	798
<b>Total Revenues</b>	<b>99,147</b>	<b>111,104</b>
Cost of goods and merchandise	(31,183)	(36,433)
Change in inventories	282	941
Cost for services	(12,345)	(14,771)
Lease and rental costs	(100)	(261)
Personnel costs	(30,513)	(31,468)
Other operating costs	(1,211)	(1,183)
Increase in assets due to internal construction	794	759
Write-down of receivables	(83)	(10)
Accruals to provisions for risks and charges	(675)	(17)
<b>Gross operating profit</b>	<b>24,113</b>	<b>28,661</b>
Depreciation of property, plant and equipment	(6,274)	(5,593)
Amortisation of intangible fixed assets	(631)	(650)
Depreciation of lease assets	(1,255)	(1,044)
<b>Operating profit</b>	<b>15,953</b>	<b>21,374</b>
Financial income	4	4
Financial charges	(86)	(102)
Foreign exchange gains (losses)	30	(37)
<b>Pre-tax result</b>	<b>15,901</b>	<b>21,239</b>
Income taxes	(4,006)	(4,606)
<b>Net profit for the period</b>	<b>11,895</b>	<b>16,633</b>
<b>Elements that could be charged to the income statement</b>		
Conversion difference reserves	(1,238)	533
<b>Comprehensive income</b>	<b>10,657</b>	<b>17,166</b>

## Consolidated Statement of Financial Position – Assets

ASSETS	09.30.2020	12.31.2019
(euro '000)		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	84,582	86,430
Investment property	989	1,024
Intangible fixed assets	4,310	4,442
Goodwill	4,608	4,608
Lease assets	7,005	6,366
Other investments	10	10
Other non-current assets	548	1,013
Deferred tax assets	3,083	3,091
<b>TOTAL NON-CURRENT ASSETS</b>	<b>105,135</b>	<b>106,984</b>
<b>CURRENT ASSETS</b>		
Inventories	50,399	50,828
Trade receivables	23,603	22,284
Tax receivables	434	843
Other receivables	1,388	1,396
Cash and cash equivalents	29,546	20,983
<b>TOTAL CURRENT ASSETS</b>	<b>105,370</b>	<b>96,334</b>
<b>NON-CURRENT ASSETS HELD FOR DISPOSAL</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>210,505</b>	<b>203,318</b>

## Consolidated Statement of Financial Position – Liabilities and Shareholders' Equity

LIABILITIES AND SHAREHOLDERS' EQUITY	09.30.2020	12.31.2019
(euro '000)		
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	8,840	8,840
Reserves	135,680	129,896
Net profit	11,895	21,690
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>156,415</b>	<b>160,426</b>
<b>NON-CURRENT LIABILITIES</b>		
Non-current financial liabilities	5,296	4,901
Other non-current payables	496	989
Employee Termination Indemnity and other personnel benefits	2,212	2,356
Provisions for risks and charges	722	278
Deferred tax liabilities	2,743	2,856
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>11,469</b>	<b>11,380</b>
<b>CURRENT LIABILITIES</b>		
Current financial liabilities	20,526	10,520
Trade payables	9,837	12,062
Tax payables	2,306	309
Other payables	9,952	8,621
<b>TOTAL CURRENT LIABILITIES</b>	<b>42,621</b>	<b>31,512</b>
<b>LIABILITIES ON ASSETS HELD FOR DISPOSAL</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>54,090</b>	<b>42,892</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>210,505</b>	<b>203,318</b>

## Consolidated Cash Flow Statement

	First nine months 2020	First nine months 2019
(euro '000)		
<b>A) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>20,983</b>	<b>17,198</b>
<b>B) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit (loss) for the period	11,895	16,633
Amortisation/depreciation and write-downs	8,160	7,287
(Gains)/Losses on disposal of assets	8	(17)
Net change in Employee Termination Indemnity	(144)	(339)
Net change in provisions for risks and charges	444	54
<b>Operating profit (loss) before changes in working capital</b>	<b>20,363</b>	<b>23,618</b>
(Increase) Decrease in trade receivables	(1,319)	1,760
(Increase) Decrease in inventories	429	(1,284)
(Increase) Decrease in other receivables and deferred tax assets	411	804
Increase (Decrease) in trade payables	(1,047)	(2,990)
Increase (Decrease) in other payables, deferred tax liabilities and tax payables	3,215	3,742
<b>Change in working capital</b>	<b>1,689</b>	<b>2,032</b>
<b>NET CASH FLOW GENERATED BY (USED IN) OPERATING ACTIVITIES</b>	<b>22,052</b>	<b>25,650</b>
<b>C) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investment in fixed assets:		
- intangible	(499)	(833)
- tangible	(4,842)	(7,261)
Proceeds from disposal of tangible, intangible, available-for-sale fixed assets		
- intangible		16
- tangible	152	132
Increase (Decrease) in trade payables for assets	(1,178)	(2,268)
<b>NET CASH FLOW GENERATED BY (USED IN) INVESTMENT ACTIVITIES</b>	<b>(6,367)</b>	<b>(10,214)</b>
<b>D) CASH FLOW FROM FINANCING ACTIVITIES</b>		
(Increase) Decrease in other non-current assets	465	514
(Increase) Decrease in other non-current liabilities	(493)	(491)
(Increase) Decrease in bank debts	9,764	2,500
Repayment of leasing liabilities	(1,243)	(1,012)
Change in reserves	380	-
Distribution of dividends	(15,048)	(15,048)
<b>NET CASH FLOW GENERATED BY (USED IN) FINANCING ACTIVITIES</b>	<b>(6,175)</b>	<b>(13,537)</b>
<b>E) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (B+C+D)</b>	<b>9,510</b>	<b>1,899</b>
F) Foreign exchange conversion differences	(947)	480
<b>G) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+E+F)</b>	<b>29,546</b>	<b>19,577</b>
Of which: assets held for disposal	-	-
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>29,546</b>	<b>19,577</b>

(continued)

*(continued from previous page)*

	First nine months 2020	First nine months 2019
(euro '000)		
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>29,546</b>	<b>19,577</b>
Current financial liabilities	(20,526)	(13,571)
Non-current financial liabilities	(5,296)	(4,966)
<b>NET CONSOLIDATED FINANCIAL POSITION</b>	<b>3,724</b>	<b>1,040</b>

<b>INTEREST EXPENSE FOR THE PERIOD</b>	<b>(60)</b>	<b>(7)</b>
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<b>BREAKDOWN OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		
Cash	13	14
Bank deposits	29,533	19,563
	<b>29,546</b>	<b>19,577</b>



## Statement of Changes in the Consolidated Shareholders' Equity

(euro '000)	Balance at December 31, 2019	Allocation of previous year's net profit	Other changes	Dividends	Comprehensive Income for the period	Balance at September 30, 2020
Share capital	8,840					8,840
Share premium reserve	12,245					12,245
Legal reserve	1,768					1,768
Reserve for Treasury Shares	(5,283)		(32)			(5,315)
Suspended-tax reserves	585					585
Other suspended-tax reserves	68					68
Other reserves	23,774	(860)				22,914
Conversion differences	(1,128)	(82)			(1,238)	(2,448)
Extraordinary reserve	89,565	7,584				97,149
First time application of IAS/IFRS reserve	3,715					3,715
Discounting of employee termination indemnities	89					89
Merger differences	4,397					4,397
Stock options reserve	101		412			513
Retained earnings	-					-
Net profit	21,690	(6,642)		(15,048)	11,895	11,895
<b>Total Shareholders' Equity</b>	<b>160,426</b>	<b>-</b>	<b>380</b>	<b>(15,048)</b>	<b>10,657</b>	<b>156,415</b>

(euro '000)	Balance at December 31, 2018	Allocation of previous year's net profit	Other changes	Dividends	Comprehensive Income for the period	Balance at September 30, 2019
Share capital	8,840					8,840
Share premium reserve	12,245					12,245
Legal reserve	1,768					1,768
Reserve for Treasury Shares	(5,283)					(5,283)
Suspended-tax reserves	585					585
Other suspended-tax reserves	68					68
Other reserves	22,753	1,479			(427)	23,805
Conversion differences	(2,413)				960	(1,453)
Extraordinary reserve	83,356	6,209				89,565
First time application of IAS/IFRS reserve	3,715					3,715
Discounting of employee termination indemnities	111					111
Merger differences	4,397					4,397
Stock options reserve	-					-
Retained earnings	-					-
Net profit	22,736	(7,688)		(15,048)	16,633	16,633
<b>Total Shareholders' Equity</b>	<b>152,878</b>	<b>-</b>	<b>-</b>	<b>(15,048)</b>	<b>17,166</b>	<b>154,996</b>

## Notes to the accounts

### Accounting principles, form and content of the Financial Statements, estimates

The Interim Report on Operations of the Cembre Group at September 30, 2020 was prepared in compliance with article 2.2.3, paragraph 3 of the “Rules for Markets organised and managed by Borsa Italiana S.p.A.” and aims at providing a general description of the financial position and the economic performance of the Company and its subsidiaries in the period, in addition to reporting important events occurred and operations carried out and their effect on the financial position of the Company and its subsidiaries.

All the information required by IAS 34 is not provided in this document.

The consolidation principles and measurement criteria adopted conform to the international accounting standards (IAS/IFRS) and are consistent with those adopted to draft the financial statements of the Group for the year ended as at December 31, 2019.

The Group’s financial statements include those as at September 30, 2020 of Cembre S.p.A.

(Parent Company) and the following companies:

	Share owned by the Group as at September 30, 2020	Share owned by the Group as at September 30, 2019
Cembre Ltd. (UK)	100%	100%
Cembre S.a.r.l. (France)	100%	100%
Cembre España S.L.U. (Spain)	100%	100%
Cembre GmbH (Germany)	100%	100%
Cembre Inc. (USA)	100%	100%
IKUMA GmbH & Co. KG (Germany)	-	100%*
IKUMA Verwaltungs GmbH (Germany)	-	100%*

(\*) wholly-owned through Cembre GmbH

The Parent Company has control of the above companies pursuant to Article 2359 of the Italian Civil Code.

On July 1, 2020, effective from January 1, 2020, Cembre Gmbh incorporated IKUMA KG & CO GmbH and IKUMA Verwaltungs GmbH, companies in which it already owned all the share capital.

The criteria used in the preparation of the financial statements were applied consistently within the Group. Where necessary, financial data were adjusted and reclassified. In compliance with IAS 1, in the financial statements costs were classified by nature.

Amounts are expressed in thousands of Euro.

The Interim Report was prepared according to the “separation of periods method”, based on which the reference period is considered an autonomous financial year. The income statement for the quarter thus reflects the income components relating to the period based on the accrual method.

Bonuses recognised to customers at the end of the period were estimated based on past sales and their expected future performance.

### **Translation of financial statements expressed in currencies other than the euro**

The functional and reporting currency of the Group is the euro.

Exchange rates applied in the translation of financial statements of subsidiaries are shown in the table below (expressed in currency/€).

Currency	Exchange rate at September 30, 2020	Average exchange rate 2020
British pound	0.9123	0.8851
US Dollar	1.1708	1.1250

Brescia, November 12, 2020

**FOR THE BOARD OF DIRECTORS  
OF THE PARENT COMPANY CEMBRE S.P.A.**  
The Chairman and Managing Director  
Giovanni Rosani

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**C e m b r e**

## **DECLARATION**

pursuant to art 154-bis, Paragraph 2 of Legislative Decree 58 dated Feb. 24, 1998 “Consolidated Law on financial intermediation regulations” and subsequent integrations and updatings

Re: Interim Report on Operations as at September 30, 2020

The undersigned,

Claudio Bornati, Manager responsible for preparing the Cembre S.p.A. financial reports

## **DECLARES**

pursuant to Paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the financial disclosure contained in the “Interim Report on Operations as at September 30, 2020” corresponds to the document results, books and accounting records.

Brescia, November 12, 2020

Signed by: Claudio Bornati  
Manager in charge of drafting  
the accounts of Cembre S.p.A.



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