



COSTRUZIONI ELETTROMECCANICHE BRESCIANE

INTERIM REPORT

2020 FIRST QUARTER

Cembre S.p.A.

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

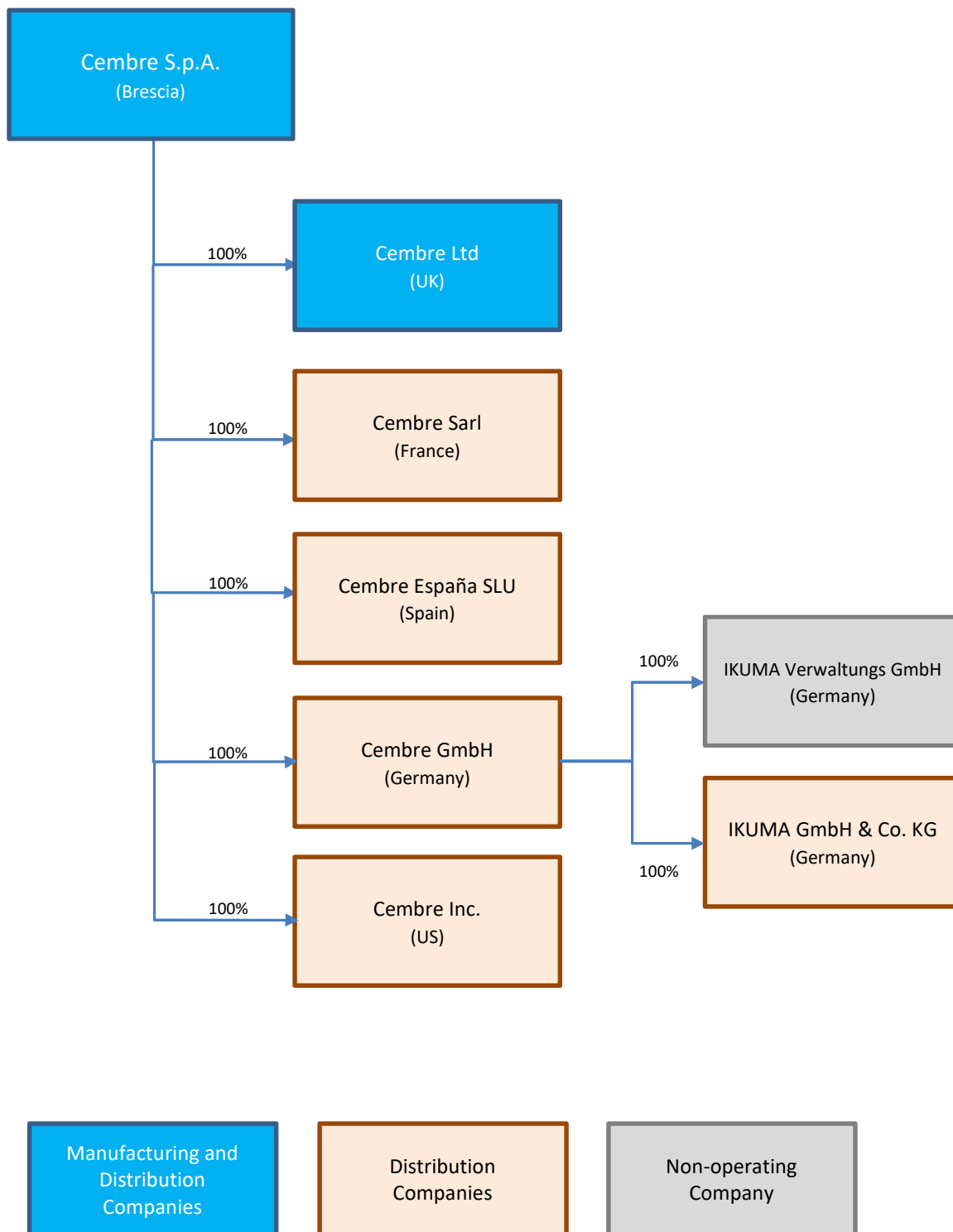
Board of Statutory Auditors

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 year 2020 will sadly be remembered for the COVID-19 pandemic, whose repercussions are putting the global economy to the test. The closures imposed by the various governments in order to contain the spread of the virus have actually eliminated buying and selling, bringing national and international trade to low levels. This unprecedented crisis will hit company finances harder from the start of the second quarter, even though the first three months of the year have already seen a downturn in the markets, which increased in intensity in the middle of March.

In the first quarter of 2020, consolidated turnover stood at €36,459 thousand, marking a decrease of 5.1% compared to €38,401 thousand recorded in the first three months of 2019.

An analysis of consolidated sales by geographical area shows a decline of 6.5% in the Italian market, with sales at €14.3 million; a reduction in revenues of 2.9% on the other European markets, with a total value of €17.4 million and a drop in non-European sales, amounting to €4.7 million, 8.4%. In the 1st Quarter of 2020, 39.3% of Group sales were represented by Italy (as compared with 39.9% in the 1st Quarter of 2019), 47.8% by the rest of Europe (46.7% in the 1st Quarter of 2019), and the remaining 12.9% by the rest of the World (13.4% in the 1st Quarter of 2019).

Sales by geographical area:

(euro '000)	1 st Quarter 2020	1 st Quarter 2019	Change	1 st Quarter 2018	1 st Quarter 2017	1 st Quarter 2016	1 st Quarter 2015	1 st Quarter 2014	1 st Quarter 2013
Italy	14,341	15,336	-6.5%	15,401	14,045	12,293	11,967	10,324	9,538
Rest of Europe	17,432	17,947	-2.9%	15,036	13,914	12,725	13,165	13,319	12,211
Rest of the World	4,686	5,118	-8.4%	5,533	5,228	5,309	5,765	3,886	3,923
Total	36,459	38,401	-5.1%	35,970	33,187	30,327	30,897	27,529	25,672

Revenues from sales and services in the first three months of 2020 by Group company (net of intragroup sales):

(euro '000)	1 st Quarter 2020	1 st Quarter 2019	Change	1 st Quarter 2018	1 st Quarter 2017	1 st Quarter 2016	1 st Quarter 2015	1 st Quarter 2014	1 st Quarter 2013
Parent Company	18,464	19,594	-5.8%	20,245	18,477	16,987	16,483	13,543	13,014
Cembre Ltd. (UK)	4,976	5,682	-12.4%	4,759	4,718	4,757	5,460	5,770	4,850
Cembre S.a.r.l. (F)	2,405	2,780	-13.5%	2,702	2,606	2,339	2,156	2,098	2,070
Cembre España S.L.U.	3,042	2,877	5.7%	2,613	2,444	1,889	2,149	1,845	1,586
Cembre GmbH (D)	1,948	1,777	9.6%	2,044	2,084	1,697	1,646	1,737	1,685
IKUMA KG (D)	2,288	2,170	5.4%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Cembre Inc. (USA)	3,336	3,521	-5.3%	3,607	2,858	2,635	2,721	2,346	2,268
Cembre AS (NOR) (Wound up in 2016)	n.a.	n.a.	n.a.	n.a.	n.a.	23	282	190	199
Total	36,459	38,401	-5.1%	35,970	33,187	30,327	30,897	27,529	25,672

In the 1st quarter of 2020, Group companies reported the following results, before the consolidation:

(euro '000)	Revenues from sales (prior to consolidation)								
	1 st Quarter 2020	1 st Quarter 2019	Change	1 st Quarter 2018	1 st Quarter 2017	1 st Quarter 2016	1 st Quarter 2015	1 st Quarter 2014	1 st Quarter 2013
Cembre S.p.A.	27,692	28,111	-1.5%	28,754	25,955	23,547	23,460	20,445	18,651
Cembre Ltd. (UK)	5,345	6,144	-13.0%	5,354	5,008	5,099	5,847	6,211	5,229
Cembre S.a.r.l. (F)	2,450	2,796	-12.4%	2,704	2,608	2,344	2,157	2,100	2,071
Cembre España S.L.U. (E)	3,043	2,884	5.5%	2,616	2,444	1,890	2,154	1,846	1,587
Cembre GmbH (D)	2,106	1,817	15.9%	2,063	2,098	1,705	1,657	1,764	1,810
IKUMA KG (D)	2,291	2,172	5.5%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Cembre Inc. (USA)	3,338	3,522	-5.2%	3,607	2,862	2,656	2,728	2,441	2,273
Cembre AS (NOR) (Wound up in 2016)	n.a.	n.a.	n.a.	n.a.	n.a.	194	283	190	200

(euro '000)	Pre-tax result (prior to consolidation)								
	1 st Quarter 2020	1 st Quarter 2019	Change	1 st Quarter 2018	1 st Quarter 2017	1 st Quarter 2016	1 st Quarter 2015	1 st Quarter 2014	1 st Quarter 2013
Cembre S.p.A.	7,506	10,828	-30.7%	9,556	8,219	6,801	6,692	5,062	3,133
Cembre Ltd. (UK)	576	933	-38.3%	644	629	755	950	981	715
Cembre S.a.r.l. (F)	81	271	-70.1%	277	188	110	173	106	127
Cembre España S.L.U. (E)	136	120	13.3%	82	141	(22)	153	96	50
Cembre GmbH (D)	248	156	59.0%	158	192	66	90	95	40
IKUMA Verw. Cembre GmbH (D)	(10)	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
IKUMA KG (D)	70	203	-65.5%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Cembre Inc. (USA)	267	433	-38.3%	570	182	134	240	203	298
Cembre AS (NOR) (Wound up in 2016)	n.a.	n.a.	n.a.	n.a.	n.a.	(73)	3	15	1

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

(euro '000)	Currency	Revenues from sales (prior to consolidation)								
		1 st Quarter 2020	1 st Quarter 2019	Change	1 st Quarter 2018	1 st Quarter 2017	1 st Quarter 2016	1 st Quarter 2015	1 st Quarter 2014	1 st Quarter 2013
Cembre Ltd. (UK)	Gbp	4,609	5,361	-14.0%	4,730	4,307	3,928	4,346	5,142	4,450
Cembre Inc. (USA)	US\$	3,681	4,000	-8.0%	4,434	3,047	2,927	3,072	3,343	3,002

(euro '000)	Currency	Pre-tax result (prior to consolidation)								
		1 st Quarter 2020	1 st Quarter 2019	Change	1 st Quarter 2018	1 st Quarter 2017	1 st Quarter 2016	1 st Quarter 2015	1 st Quarter 2014	1 st Quarter 2013
Cembre Ltd. (UK)	Gbp	497	639	-22.2%	569	541	582	706	812	609
Cembre Inc. (USA)	US\$	296	491	-39.7%	701	193	147	270	278	394

To provide a better understanding of the Company's financial performance for the first three months of 2020, a Reclassified 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 quarter of 2020 amounted to €9,866 thousand, corresponding to a 27.1% margin on sales, down 5.9% on €10,485 thousand reported in the first three months of 2019 (27.3% of sales). The incidence of the cost of goods sold and the weight of the cost of services dropped during the period. Personnel costs rose compared to the first quarter of 2019, due to the increase in the average number of Group employees in the period, up from 730 to 754.

The consolidated operating profit for the first quarter of 2020 amounted to €7,199 thousand, corresponding to a 19.7% margin on sales, down 11.6% on €8,144 thousand reported in the first three months of 2019 (21.2% of sales).

Consolidated profit before taxes for the first three months of 2020 amounted to €7,227 thousand, representing a 19.8% margin on sales, down 11.6% on the profit before taxes

reported in the first quarter of 2019, amounting to €8,176 thousand and corresponding to a 21.3% margin on sales.

Consolidated net profit for the period fell by 16.1% compared to 2019 from €6,255 thousand, representing 16.3% of sales, to €5,251 thousand, representing 14.4% of sales.

The net financial position as at March 31, 2020 is composed as follows:

	euro '000	03/31/2020	12/31/2019	03/31/2019
A	Cash	18	14	14
B	Bank deposits	36,617	20,969	16,927
C	Cash and cash equivalents (A+B)	36,635	20,983	16,941
D	Current bank debts	(23,312)	(9,037)	(6,668)
E	Current financial leasing liabilities	(1,454)	(1,483)	(1,326)
F	Current financial debt (D+E)	(24,766)	(10,520)	(7,994)
G	Net current financial position (C+F)	11,869	10,463	8,947
H	Non-current bank debts	(2,400)	-	(500)
I	Non-current financial leasing liabilities	(4,734)	(4,901)	(5,369)
J	Non-current financial debt (H+I)	(7,134)	(4,901)	(5,869)
K	Net Financial Position (G+ J)	4,735	5,562	3,078

The net financial position as at March 31, 2020, amounting to a positive €4.7 million, was down compared to December 31, 2019, when it amounted to €5.6 million.

The net financial position at March 31, 2019 was a positive €3.1 million.

We should point out that, from January 1, 2019, the Group applied international accounting standard IFRS 16 for the accounting of leases, which involved the recognition of current and non-current financial payables for leases, as highlighted in the table. Without the application of IFRS 16, the net financial position as March 31, 2020 would have been a positive €10.9 million; as at December 31, 2019, it would have come to a positive €11.9 million, while as at March 31, 2019, it would have been a positive €9.8 million.

In March 2020, three new bank loans were subscribed for a total of €20 million, with repayments between 6 and 18 months, in order to ensure the company with liquidity at a particularly affordable rate.

The investments made by the Group in the first quarter of the current year came to €0.2 million in intangible assets, and €1.7 million in property, plant and equipment. Investments totalled €2.5 million in the first three months of 2019.

Subsequent events

After the close of the first quarter of 2020, the shut-down of activities imposed by the Government continued; European countries attempted a phased recovery from the end of April, while Italy had to wait until May 4. The situation in the United States remains extremely uncertain, with areas of the country shut down and others where activities are continuing more or less as normal. By contrast, the situation appears to have progressed better in Asian countries, where the spread seems to have slowed and companies have re-started their activities. Also during the aforementioned lock-down, Cembre Spa continued to actively monitor the situation, adopting the necessary preventive measures to protect all its employees, in order to continue to provide products to customers operating in essential sectors, for example rail transport and electricity distribution. The foreign companies of the Group scaled down their operations, without closing fully, with the exception of the French company Cembre Sarl, which completely stopped activities for one week.

During these difficult days, the automated warehouse at the central Brescia site proved to be particularly useful, which, thanks to its advanced technology, guaranteed not only efficient deliveries, but also the safety of workers, who, thanks to this high level of automation, can always keep themselves properly distanced.

Cembre S.p.A. only re-started production activities in all departments and re-opened all offices from May 4, 2020, by adopting the precautionary measures and the restrictions prescribed by specific legislation to protect its employees.

As a result of the aforementioned shut-down of activities, consolidated turnover in April was heavily penalised; in fact, a reduction of 51.7% was recorded compared to April 2019, meaning consolidated revenues for the first 4 months of 2020 fell by 16.6% compared to the same period in 2019.

The Group's net financial position as at April 30, 2020 was confirmed as a positive €5.5 million; in addition, without considering the application of IFRS 16 (accounting of leases), the net financial position as at April 30, 2020 would have been a positive €11.6 million.

Outlook

In consideration of the uncertainty of the current situation, making forecasts is extremely difficult. In fact, the evolution of the current health emergency is still uncertain and it is not easy to predict the repercussions of any Government measures that should be taken in the future to deal with it. In any case, it is estimated that, in 2020, the Cembre Group will see a fall in revenues, with a subsequent drop in profit margins. However, thanks to the notable financial strength of the Group, it is not believed that the uncertainty linked to the above situation will prejudice the Group's ability to continue to operate.

Attachment 1 to the Interim Report on Operations

Comparative Consolidated Income Statement

	1 st Quarter 2020	%	1 st Quarter 2019	%	Change
<i>(euro '000)</i>					
Revenue from contracts with customers	36,459	100.0%	38,401	100.0%	-5.1%
Other revenues and income	206		342		-39.8%
Total Revenues	36,665		38,743		-5.4%
Cost of goods and merchandise	(12,029)	-33.0%	(12,262)	-31.9%	-1.9%
Change in inventories	524	1.4%	(47)	-0.1%	
Cost of goods sold	(11,505)	-31.6%	(12,309)	-32.0%	-6.5%
Cost of services received	(4,554)	-12.5%	(4,890)	-12.7%	-6.9%
Lease and rental costs	(30)	-0.1%	(117)	-0.3%	-74.4%
Personnel costs	(10,622)	-29.1%	(10,851)	-28.3%	-2.1%
Other operating costs	(456)	-1.3%	(407)	-1.1%	12.0%
Capitalised internal construction costs	377	1.0%	323	0.8%	16.7%
Write-down of current assets	(3)	0.0%	(1)	0.0%	200.0%
Accruals to provisions for risks and charges	(6)	0.0%	(6)	0.0%	0.0%
Gross operating result	9,866	27.1%	10,485	27.3%	-5.9%
Property, plant and equipm. depreciation	(2,060)	-5.7%	(1,784)	-4.6%	15.5%
Intangible asset amortisation	(194)	-0.5%	(215)	-0.6%	-9.8%
Depreciation of lease assets	(413)	-1.1%	(342)	-0.9%	20.8%
Operating result	7,199	19.7%	8,144	21.2%	-11.6%
Financial income	1	0.0%	1	0.0%	0.0%
Financial charges	(32)	-0.1%	(34)	-0.1%	-5.9%
Foreign exchange gains (losses)	59	0.2%	65	0.2%	-9.2%
Pre-tax result	7,227	19.8%	8,176	21.3%	-11.6%
Income taxes	(1,976)	-5.4%	(1,921)	-5.0%	2.9%
Net profit for the period	5,251	14.4%	6,255	16.3%	-16.1%

Consolidated Financial Statements at March 31, 2020

Consolidated Comprehensive Income Statement

	1 st Quarter 2020	1 st Quarter 2019
(euro '000)		
Revenue from contracts with customers	36,459	38,401
Other revenues and income	206	342
Total Revenues	36,665	38,743
Cost of goods and merchandise	(12,029)	(12,262)
Change in inventories	524	(47)
Cost of services received	(4,554)	(4,890)
Lease and rental costs	(30)	(117)
Personnel costs	(10,622)	(10,851)
Other operating costs	(456)	(407)
Capitalised internal construction costs	377	323
Write-down of current assets	(3)	(1)
Accruals to provisions for risks and charges	(6)	(6)
Gross operating result	9,866	10,485
Property, plant and equipment depreciation	(2,060)	(1,784)
Intangible asset amortisation	(194)	(215)
Depreciation of lease assets	(413)	(342)
Operating result	7,199	8,144
Financial income	1	1
Financial charges	(32)	(34)
Foreign exchange gains (losses)	59	65
Pre-tax result	7,227	8,176
Income taxes	(1,976)	(1,921)
Net profit for the period	5,251	6,255
Elements that could be charged to the income statement		
Conversion difference reserves	(362)	678
Comprehensive Income	4,889	6,933

Consolidated Statement of Financial Position - Assets

ASSETS	03.31.2020	12.31.2019
(euro '000)		
NON-CURRENT ASSETS		
Property, plant and equipment	85,910	86,430
Investment property	1,012	1,024
Intangible fixed assets	4,461	4,442
Goodwill	4,608	4,608
Lease assets	6,173	6,366
Other investments	10	10
Other non-current assets	1,021	1,013
Deferred tax assets	3,112	3,091
TOTAL NON-CURRENT ASSETS	106,307	106,984
CURRENT ASSETS		
Inventories	51,224	50,828
Trade receivables	26,787	22,284
Tax receivables	641	843
Other receivables	1,880	1,396
Cash and cash equivalents	36,635	20,983
TOTAL CURRENT ASSETS	117,167	96,334
NON-CURRENT ASSETS HELD FOR DISPOSAL	-	-
TOTAL ASSETS	223,474	203,318

Consolidated Statement of Financial Position – Liabilities and Shareholders' Equity

LIABILITIES AND SHAREHOLDERS' EQUITY	03.31.2020	12.31.2019
(euro '000)		
SHAREHOLDERS' EQUITY		
Share capital	8,840	8,840
Reserves	151,224	129,896
Net profit	5,251	21,690
TOTAL SHAREHOLDERS' EQUITY	165,315	160,426
NON-CURRENT LIABILITIES		
Non-current financial liabilities	7,134	4,901
Other non-current payables	989	989
Employee Severance Indemnity and other personnel benefits	2,340	2,356
Provisions for risks and charges	296	278
Deferred tax liabilities	2,843	2,856
TOTAL NON-CURRENT LIABILITIES	13,602	11,380
CURRENT LIABILITIES		
Current financial liabilities	24,766	10,520
Trade payables	10,221	12,062
Tax payables	1,997	309
Other payables	7,573	8,621
TOTAL CURRENT LIABILITIES	44,557	31,512
LIABILITIES ON ASSETS HELD FOR DISPOSAL	-	-
TOTAL LIABILITIES	58,159	42,892
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	223,474	203,318

Consolidated Statement of Cash Flows

	1 st Quarter 2020	1 st Quarter 2019
(euro '000)		
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	20,983	17,198
B) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit (loss) for the period	5,251	6,255
Depreciation, amortisation and write-downs	2,667	2,341
(Gains)/Losses on disposal of assets	15	(15)
Net change in Employee Severance Indemnity	(16)	(46)
Net change in provisions for risks and charges	18	151
Operating profit (loss) before change in working capital	7,935	8,686
(Increase) Decrease in trade receivables	(4,503)	(4,850)
(Increase) Decrease in inventories	(396)	(323)
(Increase) Decrease in other receivables and deferred tax assets	(317)	(366)
Increase (Decrease) of trade payables	(902)	211
Increase (Decrease) of other payables, deferred tax liabilities and tax payables	627	2,642
Change in working capital	(5,491)	(2,686)
NET CASH FLOW (USED IN)/FROM OPERATING ACTIVITIES	2,444	6,000
C) CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets:		
- intangible	(213)	(304)
- tangible	(1,717)	(2,162)
Proceeds from disposal of tangible, intangible, available-for-sale financial assets		
- tangible	7	63
Increase (Decrease) of trade payables for assets	(939)	(1,560)
NET CASH FLOW (USED IN)/FROM INVESTING ACTIVITIES	(2,862)	(3,963)
D) CASH FLOW FROM FINANCING ACTIVITIES		
(Increase) Decrease in other non-current assets	(8)	1,512
(Increase) Decrease in other non-current liabilities	-	(1,480)
(Increase) Decrease in bank payables	16,675	(2,499)
Payment of principal portion for lease payables	(402)	(326)
NET CASH FLOW (USED IN)/FROM FINANCING ACTIVITIES	16,265	(2,793)
E) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (B+C+D)	15,847	(756)
F) Foreign exchange conversion differences	(195)	499
G) CASH AND CASH EQUIVALENTS AT END OF PERIOD (A+E+F)	36,635	16,941
Of which: assets held for disposal		-
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	36,635	16,941

(continued)

(Continued from previous page)

	1 st Quarter 2020	1 st Quarter 2019
(euro '000)		
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	36,635	16,941
Current financial liabilities	(24,766)	(7,994)
Non-current financial liabilities	(7,134)	(5,869)
NET CONSOLIDATED FINANCIAL POSITION	4,735	3,078

INTEREST EXPENSE FOR THE PERIOD	(32)	(34)
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BREAKDOWN OF CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
Cash	18	14
Bank deposits	36,617	16,927
	36,635	16,941

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 March 31, 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)					(5,283)
Suspended-tax reserves	585					585
Other suspended-tax reserves	68					68
Other reserves	23,774	(910)			48	22,912
Conversion differences	(1,128)				(410)	(1,538)
Extraordinary reserve	89,565					89,565
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					101
Retained earnings	-	22,600				22,600
Net profit	21,690	(21,690)			5,251	5,251
Total Shareholders' Equity	160,426	-	-	-	4,889	165,315

(euro '000)	Balance at December 31, 2018	Allocation of previous year's net profit	Other changes	Dividends	Comprehensive Income for the period	Balance at December 31, 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			(458)	23,774
Conversion differences	(2,413)				1,285	(1,128)
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				(22)	89
Merger differences	4,397					4,397
Stock options reserve	-		101			101
Retained earnings	-					-
Net profit	22,736	(7,688)		(15,048)	21,690	21,690
Total Shareholders' Equity	152,878	-	101	(15,048)	22,495	160,426

Notes to the accounts

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

The Interim Report on Operations of the Cembre Group at March 31, 2020 was prepared in compliance with article 2.2.3, comma 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 March 31, 2020 of Cembre S.p.A.

(Parent Company) and the following companies:

	Share owned by the Group March 31, 2020	Share owned by the Group March 31, 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%*	100%*
IKUMA Verwaltungs GmbH (Germany)	100%*	100%*

(*) fully held via Cembre GmbH

The parent company has control of the above companies pursuant to Article 2359 of the Italian Civil Code.

The scope of consolidation has not changed with respect to both March 31, 2019 and December 31, 2019.

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 in accordance with the “period separation criteria”, based on which the period considered is treated as an independent financial period. 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 March 31, 2020	Average exchange rate for 2020
British pound	0.8864	0.8623
US Dollar	1.0956	1.1027

Brescia, May 14, 2020

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

Giovanni Rosani

Sede:
Via Serenissima, 9
25135 Brescia
Tel.: 030 3692.1
Telefax: 030 3365766
www.cembre.com
E-mail: Info@cembre.com



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: 2020 first Quarter Interim Report

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 2020 first Quarter Interim Report corresponds to the document results, books and accounting records.

Brescia, May 14, 2020

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



Via Serenissima, 9 - 25135 Brescia (Italy)
Phone: 030 3692.1
Telefax: 030 3365766
P.O. Box 392 - 25100 Brescia (Italy)
www.cembre.com
E-mail: Info@cembre.com