

PRESS RELEASE

Approval of Neodecortech consolidated financial report at 30 June 2019. Good outlook for second half driven by the turnover achieved in July and August.

- **Adjusted EBITDA approximately € 8.5 million (-2.7% versus adjusted EBITDA of € 8.7 million at 30 June 2018);**
- **Adjusted consolidated net profit approximately € 2.3 million (-28.3% versus adjusted consolidated net profit of approximately € 3.2 million at 30 June 2018);**
- **Net Financial Debt at 30 June 2019** approximately € 48.3 million, **improving by € 4.8 million** versus financial position at 30 June 2018 of € 53.1 million;
- **Transition to MTA in early 2020 set in motion.**

Filago, 23 september 2019

Neodecortech S.p.A. ("NDT" or the "Company"), the Italian market leader in the production of decorative papers for laminated panels and flooring for interior design, listed on AIM Italia, a multilateral trading system organized and managed by Borsa Italiana S.p.A. ("AIM Italia"), announces that the Board of Directors met today and approved the consolidated financial report at 30 June 2019.

CONSOLIDATED FINANCIAL HIGHLIGHTS AT 30 JUNE 2019

Consolidated sales revenue at 30 June 2019 amounted to € 68.7 million, up by 2.2% versus € 67.0 million in the same period of 2018.

Consolidated EBITDA at 30 June 2019 came to approximately € 7.0 million (10.6% of consolidated revenue) versus € 8.2 million in the same period of 2018 (12.4% of consolidated revenue). Mention should be made that adjusted EBITDA has been adjusted due to the extraordinary items from higher costs arising from the IPO (approx. € 0.2 million) and the non-monetary impact of the 2017-2020 Stock Grant Plan (approx. € 1.1 million). Adjusted EBITDA is equal to € 8.5 million: -2.7% versus the same period of 2018 (€ 8.7 million).

Consolidated net profit at 30 June 2019 amounted to approximately € 1.1 million versus € 2.7 million in the same period of 2018. Mention should be made that the adjusted consolidated Net Profit, adjusted as EBITDA, amounted to € 2.3 million versus € 3.2 million in the same period last year.

The consolidated net financial position (NFP) at 30 June 2019 stands at approximately € 48.3 million versus € 53.1 million at 30 June 2018, down by € 4.8 million. It should be noted that the NFP figure does not include a financial receivable from the parent

company of approximately € 1.7 million.

CEO Luigi Cologni, commenting on the figures, says that "they are in line with the budget forecasts for the current year, slightly down on last year, due to the deterioration of the core market and the economy more in general as already anticipated at the end of last year. However, the figures for the third quarter, virtually closed at this time, are reassuring thanks to the strong recovery posted, and encourage us to look on the bright side for the year-end results, despite an all but favourable backdrop. The decrease in the operating net working capital is due mainly to the assignment of receivables without recourse made by the parent company."

Significant events after the reporting period

Since the beginning of August this year, a series of sites have been opened for the installation/extension of various plants at the Filago (BG) production site. These sites refer to the expansion of an impregnation line, the extension of the embossing line for PPLF (Plastic Printed Laminated Film), and the installation of a new lacquering line for the production of the new EOS low-pressure product, whose surface will have anti-fingerprint features similar to those already on the market with the TITAN laminated product, manufactured at the Casoli (TE) plant. The expanded impregnation line came into operation at the beginning of September; the other two plants will, instead, be ready for November and December respectively. These activities are sheer proof of the Company's strong innovative bent towards products that bring novelties and with higher margin among those offered by the Group.

CEO Cologni also stresses that the Company, following the resolution adopted by the Ordinary Shareholders' Meeting held on 31 July 2019, which approved the project on the listing of the Company's ordinary shares and warrants on the MTA organized and managed by Borsa Italiana S.p.A., has set the wheels in motion for the transition to the MTA which, subject to obtaining the necessary authorizations from the competent authorities, is expected to take place in early 2020.

Attached:

- the tables of the consolidated Statement of Financial Position, consolidated Income Statement and consolidated Statement of Cash Flows at 30 June 2019, prepared in accordance with international accounting standards.

For the other statements and the Independent Auditors' Report, reference should be made to the consolidated half-year financial report, which will be made available on the Company website.

The income statement at 30 June 2019 and the comparison at 30 June 2018 is shown below:

CONSOLIDATED FIGURES IN EURO THOUSANDS	30 JUNE 2019	% ON REVENUE	30 JUNE 2018	% ON REVENUE	Change	% change
Revenue from sales and services	66.366	100,0%	65.759	100,0%	606	0,9%
Changes in work in progress, semi-finished and finished products	(452)	-0,7%	724	1,1%	(1.176)	(162,4%)
Other revenue	2.323	3,5%	1.438	2,2%	885	61,5%
Value of Production	68.237	102,8%	67.920	103,3%	317	0,5%
Raw and ancillary materials and consumables	(38.780)	58,4%	(40.405)	61,4%	1.625	(4,0%)
Other operating expense	(11.376)	17,1%	(10.190)	15,5%	(1.186)	11,6%
Value Added	18.081	27,2%	17.325	26,3%	756	4,4%
* Personnel expense	(11.015)	16,6%	(9.148)	13,9%	(1.867)	20,4%
EBITDA	7.065	10,6%	8.177	12,4%	(1.112)	(13,6%)
Amortization, depreciation	(4.174)	6,3%	(3.502)	5,3%	(672)	19,2%
Allocations	-	0,0%	19	0,0%	19	0,0%
EBIT	2.892	4,4%	4.657	7,1%	(1.765)	(37,9%)
Financial components	(976)	1,5%	(1.516)	2,3%	540	(35,6%)
Exchange gains and losses	(19)	0,0%	254	-0,4%	(273)	(107,5%)
Profit (loss) before tax	1.896	2,9%	3.394	5,2%	(1.498)	(44,1%)
Income tax	(797)	1,2%	(677)	1,0%	(120)	17,7%
Profit/(loss) for the year	1.099	1,7%	2.717	4,1%	(1.618)	(59,6%)

* Personnel expense at 30 June 2019 includes a provision for the 2017-2020 Stock Grant Plan of € 1.1 million versus € 0.5 million allocated at 30 June 2018. The further increase in this item is due mainly to the inclusion in the consolidation scope of the business unit acquired from Corbetta Fia at the Casoli (TE) site.

The reclassified Statement of Financial Position at 30 June 2019 and the comparison at 31 December 2018 is shown below:

<i>Reclassified Consolidated Statement of Financial Position (Euro thousands)</i>	30 June 2019	30 June 2018	Variation	Variation
Trade receivables	23.420	30.092	(6.672)	(22,2%)
Inventory	35.697	32.609	3.088	9,5%
Trade payables	(29.156)	(28.708)	(448)	1,6%
Operating NWC	29.961	33.993	(4.032)	-11,9%
Other current receivables	5.901	5.477	424	7,7%
Other current payables	(5.414)	(4.518)	(896)	19,8%
Tax payables	(1.912)	(1.060)	(852)	80,4%
Net Working Capital	28.536	33.892	(5.356)	(15,8%)
Property, plant and equipment	77.306	72.746	4.560	6,3%
Goodwill	-	1.293	(1.293)	-100,0%
Intangible assets	3.116	3.445	(329)	(9,5%)
Other financial assets	2.388	2.387	1	0,0%
Non-current financial assets not included in NFP	3.417	1.647	1.770	107,5%
Other non-current assets	36	36	-	100%
Fixed assets	86.264	81.553	4.711	5,8%
Post-employment benefit provisions	(2.989)	(2.816)	(173)	6,1%
Provisions for risks and charges	(455)	(455)	0	(0,1%)
Deferred tax assets and liabilities	(4.493)	(3.749)	(744)	19,8%
Net Capital Employed	106.864	108.425	(1.560)	(1,4%)
Equity	58.573	55.246	3.327	6,0%
Cash and cash equivalents	(1.458)	(1.360)	(98)	7,2%
Other current financial receivables	(3)	-	(3)	100,0%
Current financial liabilities	23.902	23.332	570	2,4%
Non-current financial liabilities	25.850	31.207	(5.357)	(17,2%)
Net Financial Debt	48.291	53.179	(4.889)	(9,2%)
Equity and Net Financial Debt	106.864	108.425	(1.561)	(1,4%)

The Statement of Cash Flows at 30 June 2019 and the comparison at 31 December 2018 is shown below:

in Euro thousands	30 JUNE 2019	31 DECEMBER 2018
Profit (loss) for the year	1.099	6.030
Income tax	796	1.593
Interest expense/(interest income)	996	2.963
(Dividends)		
(Gains)/losses from disposal of assets	(239)	(5)
1 Profit (loss) for the year before income tax, interest, dividends and gains/losses from disposals	2.652	10.590
Adjustments for non-monetary items that had no balancing entry in net working capital:		
Provision for post-employment benefits	17	34
Allocations to other provisions		
Depreciation of fixed assets	4.174	7.157
Write-downs for impairment losses		
Other adjustments for non-monetary items	1.098	1.358
2 Cash flow before changes in NWC	7.941	19.139
Changes in net working capital		
Decrease/(increase) in receivables from customers	625	3.699
Decrease/(increase) in inventory	250	(2.682)
Increase/(decrease) in payables to suppliers	(4.082)	(2.185)
Decrease/(increase) in other receivables	-75	1.879
Increase/(decrease) in other payables	1.215	(576)
Other changes in net working capital	2	(137)
3 Cash flow after changes in NWC	5.876	19.137
Other adjustments		
Interest received/(paid)	(503)	(1.693)
(Income tax paid)	(370)	(265)
(Gains)/losses from disposal of assets		
Dividends received		
(Utilization of provisions)		(546)
(Utilization of provisions for post-employment benefits)	(120)	(178)
4 Cash flow after other adjustments	4.883	16.455

A Cash flow from operations	4.883	16.455
Property, plant and equipment (Capital expenditure)	(3.456) (3.695)	(6.868) (6.868)
Disposals	239	
Intangible assets (Capital expenditure)	(112) (112)	(860) (860)
Disposals		
Non-current financial assets (Capital expenditure)	(182) (182)	
loans granted		
B Cash flow from investing activities	(3.750)	(7.728)
Liabilities	(4.163)	(6.245)
Increase (decrease) in current bank borrowings	411	(1.559)
New loans		1.128
Repayment of loans	(1.621)	(1.926)
Increase (decrease) in non-current bank borrowings		(1.283)
Financial liabilities to other lenders	(1.194)	(3.314)
Financial liabilities IC		
Change in financial receivables from other lenders	(1.759)	710
Change in financial receivables - intercompany		
Equity	(2.001)	(2.096)
Share capital increase		
Sale (purchase) of treasury shares		(94)
Other changes in equity	(2.001)	(2.002)
C Cash flow from financing activities	(6.164)	(8.341)
Increase (decrease) in cash and cash equivalents (A ± B ± C)	(5.031)	386
Cash and cash equivalents at 1 January	6.489	6.103
Cash and cash equivalents at 31 December	1.458	6.489
.	(5.031)	386

Neodecortech S.p.A.

Neodecortech is the Italian market leader in the production of decorative papers for laminated panels and flooring for interior design. The Group's business is in the production of complete and technologically advanced solutions for the realization of interior design projects, covering all stages of the production process for the production of decorative paper, from raw material management, through surface finishing and impregnation, up to the finished product and the management of end-of-line logistics. The Group is able to offer 51 products divided into the following 5 categories: decorative papers; decorative printings; finish foil; melamine film; PPF or LVT (www.neodecortech.it).

ISIN Code ordinary shares: IT0005275778

ISIN Code Warrant: IT0005346785

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