

PRESS RELEASE

Neodecortech interim consolidated financial statements at 30 June 2018 approved

- **INCREASED PROFITABILITY**
- **DECREASE IN NET DEBT**
- **2018 BUDGET: TARGETS OF THE REMEDY SHARES CONFIRMED: EBITDA OF OVER EURO 17 MILLION AND NET PROFIT ABOVE EURO 7 MILLION**

- **Consolidated revenues of over Euro 67 million (+7.5% compared to the figure at 30 June 2017);**
- **Adjusted consolidated EBITDA of approximately Euro 8.7 million (+28% compared to the EBITDA at 30 June 2017);**
- **Adjusted consolidated NET PROFIT of approximately Euro 3.2 million (+63% compared to the NET PROFIT at 30 June 2017);**

Filago, 28 September 2018

Neodecortech S.p.A. (“**NDT**” or the “**Company**”), a leading producer of decorative paper for interior design, which has been listed since 26 September 2017 on the AIM Italia / Alternative Capital market, the multilateral trading system organised and managed by Borsa Italiana S.p.A. (“AIM Italia”), announces that the Board of Directors meeting on 28 September 2018 approved the interim consolidated financial statements at 30 June 2018.

The CEO, Mr Cologni, expressed his satisfaction with the increase in revenues (+7.5%) that was more than double the growth in the sector (+3%). The strong financial results included higher profitability following the adjustments made to selling prices to reflect the increased cost of paper pulp and titanium dioxide.

Consolidated revenues at 30 June 2018 exceeded Euro 67 million compared to the figure of Euro 62.5 million for the first semester 2017. The increase was **mainly due to the growth in the Decorative Papers division and revenues from the sale of electrical energy.**

The consolidated gross operating profit (EBITDA) at 30 June 2018 was approximately Euro 8.1 million (a margin of 12.2% on consolidated revenues) compared to Euro 6.9 million in the same period of 2017 (11% of pro-forma consolidated revenues). EBITDA, adjusted for contingent assets and liabilities and for the non-monetary effect of the Stock Grant (ca. Euro 0.5 million) was Euro 8.7 million (Euro 6.8 million in the first semester 2017), an increase of approximately 28%.

The consolidated net profit at 30 June 2018 was approximately Euro 2.7 million compared to the figure of Euro 2.1 million in the first semester 2017. The consolidated net profit adjusted for the same items as the EBITDA, the non-monetary effect of the Stock Grant and extraordinary transactions, was Euro 3.2 million, an increase of 63% (Euro 2 million in the first semester 2017).

The consolidated net financial position (NFP) at 30 June 2018 was approximately Euro 53.1 million compared to Euro 60.6 million at 30 June 2017.

The CEO, Mr Cognigni, commented: “the adjusted EBITDA and net profit figures for the first semester confirm that operations are correctly orientated to achieve the targets set when the remedy shares were issued (EBITDA >= Euro 17 million and net profit >= Euro 7 million).”

Mr Cognigni concluded saying that, “the figures for the third quarter, which has already ended, and the outlook for the last part of the year lead us to believe that the forecasts of independent financial analysts should be confirmed.

The increase in working capital was primarily due to the delay in payments from the State to Bio Energia Guarcino (VAT credits and 2017-208 short supply chain incentives”.

Significant events subsequent to the end of the semester

On the 1 September 2018, the acquisition of the business division from CorbettaFia srl. was completed. The company believes that this transaction will initially give it an entry into the promising European market for laminates and subsequently, with the integration of its own expertise and that of CorbettaFia, will expand its offer to PPLF (Plastic Printed Laminated Film) products, the new laminated products that combine printed PVC and transparent PVC films, which are then embossed and lacquered and used in the manufacture of LVT flooring, a sector where Neodecortech Group is recognised as a technological leader in Europe. The transaction therefore implies the acquisition of specific know-how, as well as of the relevant machinery. The margins of PPLF products are expected to be in line with those of LVT flooring and they will, therefore, be among the products that generate the highest margins for the Group.

The Extraordinary Shareholders' Meeting of Neodecortech S.p.A. on 14 September 2018 approved, *inter alia*, share capital increase, for payment and in tranches, for a maximum amount of Euro 13,101,500 including the share premium. This will be done through the issue, also in one or more tranches, of a maximum of no. 3,275,375 ordinary shares with no indication of nominal value (the “Conversion Shares”), giving the exclusive and irrevocable right to the bearer to subscribe to the “Warrant Neodecortech 2018-2020” (the “Warrants”) to be issued and assigned free of charge, without the need for further approval, to the Company shareholders as decided by the Extraordinary Shareholders' Meeting of the same date in the ratio of 1 Warrant for every 1 share held.

The same Extraordinary Shareholders' Meeting also established, *inter alia*, that the maximum number of Warrants to be issued would be 13,101,500 and the maximum number of “Conversion Shares” would be 3,275,375, as well as the relative Subscription Price (as herein defined and approved).

Interim Financial Statements

The tables below show the first semester interim consolidated income statement at 30 June 2018 with pro-forma comparative figures at 30 June 2017 and the reclassified statement of financial position.

The other financial tables and the report of the audit firm are included in the consolidated financial statements for the first semester, which will be made publicly available on the Company website.

The table below shows the Income Statement at 30 June 2018 with pro-forma comparative figures at 30 June 2017:

Consolidated Income Statement						
<i>(Euro thousands)</i>	30 June 2018	(a)	30 June 2017	(a)	change	change %
Product sales revenues	62.286	92,7	58.071	92,9	4.215	7,3
Services	3.473	5,2	2.445	3,9	1.028	42,0
Other revenues and income	1.437	2,1	2.019	3,2	(582)	(28,8)
Total revenues	67.196	100,0	62.536	100,0	4.660	7,5
Change in inventories	724	1,1	(447)	(0,7)	1.171	(261,9)
Purchases of raw and semi-finished materials and consumables	(39.788)	(59,2)	(36.780)	(58,8)	(3.008)	8,2
Packaging materials	(616)	(0,9)	(639)	(1,0)	23	(3,5)
Services	(9.303)	(13,8)	(8.374)	(13,4)	(929)	11,1
Use of third party assets	(207)	(0,3)	(99)	(0,2)	(108)	109,4
Personnel	(9.148)	(13,6)	(8.712)	(13,9)	(436)	5,0
Other operating costs	(680)	(1,0)	(594)	(0,9)	(86)	14,5
Total operating costs	(59.743)	(88,9)	(55.198)	(88,3)	(4.545)	8,2
Gross Operating Profit (EBITDA)	8.177	12,2	6.891	11,0	1.286	18,7
Amortisation intangible assets	(449)	(0,7)	(160)	(0,3)	(289)	180,5
Depreciation of tangible assets	(3.053)	(4,5)	(2.831)	(4,5)	(222)	7,8
Impairment	(19)	-	-	-	(19)	100,0
Operating profit	4.656	6,9	3.900	6,2	756	19,4
Financial income	118	0,2	321	0,5	(203)	(63,3)
Financial expenses	(1.380)	(2,1)	(1.602)	(2,6)	222	(13,9)
Profit/(loss) before taxes	3.394	5,1	2.619	4,2	775	29,6
Taxes on income for the period	(677)	(1,0)	(534)	(0,9)	(143)	26,8
Profit/(loss) for the period	2.717	4,0	2.085	3,3	632	30,3

(a) as a percentage of total revenues

The table below shows the reclassified Statement of Financial Position at 30 June 2018 with the comparative figures at 31 December 2017:

<i>Reclassified Consolidated Statement of Financial Position (Euro thousands)</i>	30/06/2018	31/12/2017	Change	Change %
Trade receivables	30.092	26.333	3.759	14%
Inventories	32.609	32.127	482	1%
Trade payables	(28.708)	(33.597)	4.889	-15%
Operating working capital	33.993	24.863	9.130	37%
Other current receivables	5.477	6.895	(1.418)	-21%
Other current payables	(4.518)	(3.599)	(918)	26%
Tax	(1.060)	(1.220)	160	-13%
Net working capital	33.892	26.938	6.954	26%
Property, plant and equipment	72.746	72.563	183	0%
Goodwill	1.293	1.293	-	0%
Intangible assets	3.445	3.280	165	5%
Available for sale financial assets	2.387	2.074	313	15%
Non-current financial assets not included in Net Financial Position	1.647	1.665	(18)	-1%
Other non-current assets	36	-	36	100%
Fixed assets	81.553	80.874	679	1%
Post employment benefit provisions	(2.816)	(2.905)	89	-3%
Provisions for risks and charges	(455)	(457)	2	0%
Deferred tax assets and liabilities	(3.749)	(3.512)	(237)	7%
Net invested capital	108.425	100.939	7.486	7%
Equity and liabilities	55.246	54.029	1.217	2%
Cash and cash equivalents	(1.360)	(6.104)	4.744	-78%
Other current financial receivables	-	(868)	868	100%
Current financial liabilities	23.332	22.048	1.284	6%
Non-current financial liabilities	31.207	31.834	(627)	-2%
Net financial debt	53.179	46.911	6.268	13%
Net equity and net debt	108.425	100.939	7.486	7%

The table below shows the Statement of Cash Flows at 30 June 2018 with the comparative figures at 31 December 2017:

Statement of changes in Financial Position	30 June 2018	31 December 2017
Profit (loss) for the period	2.717	5.479
Taxes on income	443	931
Deferred /(prepaid) taxes	235	1.849
Financial expenses/(income)	1.262	
(Dividends)	-	
(Capital gains)/losses arising from the sale of assets	(3)	
1 Profit (loss) for the period before income taxes, financial income	4.654	8.260
dividends and gains/losses on asset disposals		
Adjustments for non-cash items with no corresponding entry in net working capital:		
Staff leaving indemnity (TFR) provisions		
Provisions to other reserves	591	139
Depreciation and amortisation	3.502	4.321
Impairment for permanent reduction in value of assets		
Other adjustments for non-cash items		
2 Cash flow before changes in net working capital	8.746	12.720
Change in net working capital		
Decrease/(increase) in trade receivables	(3.759)	9.105
Decrease/(increase) in revenues	(482)	(4.596)
Increase/(decrease) in payables to suppliers	(5.286)	3.882
Decrease/(increase) other receivables	1.418	(2.498)
Increase/(decrease) other payables	741	(5.744)
Other changes in net working capital		(2.716)
3 Cash flow after changes in net working capital	1.378	10.152
Other adjustments		
Interest received/(paid)	(794)	(1.848)
(Income taxes paid)	(45)	(827)
(Capital gains)/losses arising from the sale of assets		
Dividends received		
(Utilisation of reserves)	(2)	(612)
(Utilisation of tfr staff leaving indemnity)	(109)	
4 Cash flows after other adjustments	428	6.865
A Cash flow from operations	428	6.865

	30 June 2018	31 December 2017
A Cash flow from operations	428	6.865
Tangible fixed assets	(3.233)	(4.461)
(Investments)	(3.236)	(4.572)
Disposals	3	111
Intangible fixed assets	(613)	(3.184)
(Investments)	(613)	(3.184)
Disposals		
Financial fixed assets	(313)	0
(Investments)	(313)	
financing granted		
B Cash flow from investment activities	(4.160)	(7.645)
Financial liabilities	1.058	(3.050)
Increase (decrease) in payables to banks	(565)	(4.927)
Loans received	1.128	11.928
Repayment of loans	(373)	(10.051)
Change in financial payables to other financial institutions	868	
Shareholders' equity	(2.072)	10.403
Increase in share capital		11.403
Sale (purchase) of treasury shares	(70)	
Other changes in net equity (Dividend payments)	(2.002)	(1.000)
C Cash flow from financing activities	(1.013)	7.353
Increase (decrease) in cash and cash equivalents (A ± B ± C)	(4.744)	6.572

Neodecortech S.p.A

Neodecortech is the leader in Italy in the production of decorative paper for laminated panels and flooring used in the interior design sector. 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, until 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 for ordinary shares: IT0005275778

For further information:

Nominated Adviser (Nomad)

BPER Banca S.p.A.
051-2756537

neodecortech@bper.it www.bper.it

Investor Relator

Neodecortech S.p.A.

T+39035996302

F+39035995225

Marco Giussani

C +39 340 2391966

investor.relations@neodecortech.it

www.neodecortech.it

* * *

This press release is for informational purposes only and does not constitute an offer to the public or an invitation to subscribe or purchase financial instruments in Italy or any other country where such offer or solicitation would be subject to restrictions or authorization by local authorities or otherwise prohibited by law. This press release may not be published, distributed or transmitted to the United States, Canada, Australia or Japan. The shares mentioned in this press release cannot be offered or sold in either Italy or the United States or any other jurisdiction without registration under the applicable provisions or an exemption from the obligation to register under the applicable provisions. The shares mentioned in this press release have not been and will not be registered under the US Securities Act of 1933 nor under the applicable provisions in Italy, Australia, Canada, Japan or any other jurisdiction.

There will be no offer to the public of the Company's shares either in Italy or in the United States, Australia, Canada or Japan or elsewhere.