

PRESS RELEASE

- **Approval of draft financial statements of Neodecortech S.p.A. and consolidated financial statements for 2019.**
 - **Total consolidated revenue € 135.8 million (+1.7% versus 31 December 2018).**
 - **Adjusted EBITDA approximately € 17.9 million (-5.9% versus 31 December 2018).**
 - **Adjusted profit € 5.7 million (-22.3% versus 31 December 2018).**
 - **NFP at 31 December 2019 equal to € 40.5 million, improving by € 3.5 million versus 31 December 2018, with approximately € 10 million in investments.**
 - **Proposed dividend: 0.145 cents per share with a 4.4% yield.**
- **Approval of new 2020-2022 Business Plan in view of the transition to the MTA, possibly STAR segment.**
- **Dividend policy approved.**
- **Shareholders' Meeting called for 24 February 2020.**

Filago, 01 february 2020

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., announces that the Board of Directors met today to review and approve the draft Financial Statements for the year ended 31 December 2019, as well as the Consolidated Financial Statements for 2019, prepared in accordance with international accounting standards (IAS/IFRS). The Board of Directors also reviewed and approved the 2019 Corporate Governance Report.

Additionally, also in view of the start of the procedure for the admission to listing of the Company's shares and warrants on the MTA, organized and managed by Borsa Italiana S.p.A., possibly in the STAR segment (the "**Listing**"), the Board of Directors approved the new 2020-2022 Business Plan, which reflects the contributions from the new product lines linked to the recent investments currently being concluded.

The Board of Directors also approved a dividend policy for 2020-2022, which envisages the distribution of an amount equal to at least 40% of the Company's profit as shown in the financial statements that will be approved each year, without prejudice, in any

case, to an absolute limit of € 2 million for each year. Without prejudice to the required resolutions by the Shareholders' Meeting, the Company's actual capacity to distribute the dividend will, in any case, remain subject, *inter alia*, to the Company's operating and financial results, market conditions and financial flexibility needs required to pursue its corporate object.

Lastly, the Board of Directors authorized the Chairman to convene the Ordinary Shareholders' Meeting for 24 February 2020, at 10.30 a.m., at the Company's registered office in Filago (BG), Via Provinciale 2, with the following agenda:

1. *"Review and approval of the financial statements at 31 December 2019 and presentation of the consolidated financial statements at 31 December 2019. Related and consequent resolutions;*
2. *proposed allocation of profit. Related and consequent resolutions;*
3. *appointment of the Board of Statutory Auditors for 2020-2022 and determination of the relating remuneration. Related and consequent resolutions;*
4. *review of the compensation of the Board of Directors for the purpose of adopting a remuneration policy in line with the regulations applicable to companies with shares listed on the MTA. Related and consequent resolutions;*
5. *appointment of the Independent Auditors for 2020-2022 and determination of the relating remuneration. Related and consequent resolutions."*

Specifically, the Board of Directors, in light of a net profit of Neodecortech S.p.A. equal to € 3.961 million, submits to the Shareholders' Meeting a proposal to distribute a dividend for a total of approximately € 1.888 million and € 0.145 per share, with ex-dividend date set on 16 March 2020 and payment date as from 18 March 2020 (record date 17 March 2020). The dividend yield calculated on the closing price at 31 January 2020 is 4.4%.

Treasury shares in portfolio at today's date amount to 80,000.

The full notice of call of the Shareholders' Meeting and the documentation related to the items on the agenda will be published and made publicly available in the manners and within the time limits of law.

Attached:

- the tables of the Statement of Financial Position, Income Statement and Statement of Cash Flows of Neodecortech S.p.A. at 31 December 2019;
- the tables of the consolidated Statement of Financial Position, consolidated Income Statement and consolidated Statement of Cash Flows at 31 December 2019, prepared in accordance with international accounting standards.

CONSOLIDATED FINANCIAL HIGHLIGHTS AT 31 DECEMBER 2019

Total consolidated revenue at 31 December 2019 amounted to € 135.8 million, up by 1.7% versus € 133.5 million in the same period of 2018. It should be noted that revenue in 2019 was affected by the 22-day production shutdown of the subsidiary Cartiere di Guarcino S.p.A. in February 2019, due to a weather incident. This led to a lower value of production and a resulting drop in turnover, with no particular impact on margins thanks to insurance reimbursements.

Consolidated EBITDA at 31 December 2019 amounted to approximately € 15.9 million (11.7% of total consolidated revenue) versus € 17.7 million in the same period of 2018 (€ 13.2 million of consolidated revenue). It should be noted that the drop in EBITDA is due mainly to higher variable industrial costs, including in particular fuel for the BEG cogeneration plant and increased use of direct labour.

Adjusted EBITDA, adjusted at 31 December 2019 for extraordinary items and costs arising from the MTA translisting process (currently equal to approx. € 0.5 million) and the non-monetary impact of the 2017-2020 Stock Grant plan (approx. € 0.975 million), stands at € 17.9 million, down by 5.9% versus the same period of 2018 (€ 19.0 million).

Adjusted net profit (for stock grants and translisting costs) is equal to € 5.7 million, down by 22.3% versus 31 December 2018:

Reconciliation of EBITDA-ADJUSTED EBITDA				
	31 DECEMBER 2019	31 DECEMBER 2018	Change	% CHG 2019/2018
<i>(Euro thousands)</i>				
Consolidated EBITDA before non-recurring items	15.897	17.742	(1.845)	(10,4%)
Allocation for Stock Grants	975	704	270	38,5%
Higher IPO-Translisting MTA Costs - Extraordinary Comp	1.000	554	446	80,5%
Adjusted EBITDA from consolidated	17.872	19.000	(1.127)	(5,9%)
Adjusted Net Profit	5.655	7.274	(1.618)	(22,3%)

The Neodecortech Group made organic investments in 2019 of approximately € 10 million in order to increase efficiency and diversify its production range. Thanks also to the disposal of financial assets worth approximately € 4.3 million and despite the investments made, the Company managed to reduce its net financial position by approximately € 3.5 million.

The consolidated net financial position (NFP) at 31 December 2019 stands at € 40.5 million versus € 44.0 million at 31 December 2018, decreasing by € 3.5 million versus the prior year. The NFP/adj EBITDA ratio is equal to 2.26 versus 2.31 at 31 December 2018, while the NFP/E ratio is equal to 0.66 versus 0.75 at 31 December 2018.

Below is the Statement of Financial Position of Neodecortech S.p.A. at 31/12/2019 versus 31/12/2018:

	31 DECEMBER 2019	31 DECEMBER 2018	Change	% change
Euro thousands				
Trade receivables	7.462	8.330	(868)	(10,4%)
Trade receivables – Intercompany	0	41	(41)	(100,0%)
Inventory	8.795	8.392	403	4,8%
Trade payables	(8.063)	(6.412)	(1.651)	25,7%
Trade payables - Intercompany	(156)	0	(156)	100,0%
Operating NWC	8.038	10.350	(2.312)	(22,3%)
Other current receivables	98	206	(108)	(52,6%)
Other current payables	(3.442)	(3.032)	(410)	13,5%
Tax receivables	817	627	190	30,3%
Tax payables	(441)	(461)	20	(4,4%)
Payables from tax consolidation	(267)	(472)	205	(43,4%)
Net Working Capital	4.803	7.218	(2.415)	(33,5%)
Property, plant and equipment	28.213	24.559	3.653	14,9%
Intangible assets	671	543	128	23,6%
Non-current financial assets	24.301	21.957	2.344	10,7%
Non-current financial assets not included in NFP	1.408	1.217	192	15,7%
Non-current financial assets not included in the NFP-IC	16.152	17.582	(1.430)	(8,1%)
Other non-current assets	9	9	0	0,0%
Fixed assets	70.754	65.867	4.887	7,4%
Post-employment benefits	(1.209)	(1.315)	106	(8,1%)
Provisions for risks and charges	(386)	(269)	(117)	43,6%
Deferred tax assets and liabilities	(1.936)	(1.927)	(8)	0,4%
Net Capital Employed	72.027	69.574	2.453	3,5%
Equity	(61.312)	(58.735)	(2.577)	4,4%
Cash and cash equivalents	1.446	4.792	(3.346)	(69,8%)
Other current financial receivables	65	0	65	100,0%
Other current financial receivables IC	3.729	1.763	1.966	111,5%
Current financial liabilities	(1.570)	(1.838)	269	(14,6%)
Non-current financial liabilities	(14.385)	(15.556)	1.171	(7,5%)
Net Financial Debt	(10.715)	(10.839)	125	(1,1%)
Equity and Net Financial Debt	(72.027)	(69.574)	(2.453)	3,5%

Below is the Income Statement of Neodecortech S.p.A. at 31/12/2019 versus 31/12/2018

	31 DECEMBER 2019	%	31 DECEMBER 2018	%	Changes
<i>Euro thousands</i>					
Revenue from sales and services	56.454	100,0%	50.891	100,0%	5.563
Changes in work in progress, semi-finished and finished products	484	0,9%	528	1,0%	(44)
Other revenue	1.289	2,3%	1.136	2,2%	153
Consumption of raw, ancillary and consumable materials	(31.623)	56,0%	(28.680)	56,4%	(2.944)
Personnel expense	(10.875)	19,3%	(8.861)	17,4%	(2.014)
Amortization and depreciation	(2.799)	5,0%	(2.356)	4,6%	(443)
Other operating expense	(10.350)	18,3%	(8.316)	16,3%	(2.034)
EBIT	2.578	4,6%	4.342	8,5%	(1.763)
Financial income	637	1,1%	645	1,3%	(8)
Income/Expense from participation	1.814	3,2%	2.562	5,0%	(748)
Financial expense	(540)	1,0%	(781)	1,5%	242
Profit (loss) before tax	4.490	8,0%	6.767	13,3%	(2.278)
Income tax	(529)	0,9%	(738)	1,4%	208
Profit (loss) for the period	3.961	7,0%	6.030	11,8%	(2.068)

Below is the Statement of Cash Flows of Neodecortech S.p.A. at 31/12/2019 versus 31/12/2018:

<i>Euro thousands</i>	31 December 2019	31 December 2018
Profit (loss) for the period	3.961	6.030
Income tax	470	705
Deferred/(prepaid) tax	59	41
Interest expense/(interest income)	(97)	136
(Dividends)		
(Gains)/losses from disposal of assets	(228)	(5)
1 Profit (loss) for the period before income tax, interest, dividends and gains/losses from disposals	4.165	6.909
Adjustments for non-monetary items that had no balancing entry in net working capital:		
Allocation to post-employment benefits	19	31
Allocations to other provisions		
Depreciation of fixed assets	2.799	2.356
Write-downs for impairment losses		
Other adjustments for non-monetary items	(1.417)	(2.212)
2 Cash flow before changes in NWC	5.566	7.084
Changes in net working capital		
Decrease/(increase) in receivables from customers	909	2.984
Decrease/(increase) in inventory	(403)	(904)
Increase/(decrease) in payables to suppliers	193	707
Decrease/(increase) in other receivables	(82)	(149)
Increase/(decrease) in other payables	(167)	673
Other changes in net working capital		
3 Cash flow after changes in NWC	6.016	10.394
Other adjustments		
Interest received/(paid)	31	(136)
(Income tax paid)	(201)	(738)
(Gains)/losses from disposal of assets		
Dividends received		
(Utilization of provisions)		(52)
(Utilization of provisions for post-employment benefits)	(217)	(135)
4 Cash flow after other adjustments	5.629	9.333

A Cash flow from operations	5.629	9.333
Property, plant and equipment	(4.100)	(3.209)
(Purchase)	(4.100)	(3.209)
Disposal		
Intangible assets	(357)	(369)
(Purchase)	(357)	(369)
Disposal		
Non-current financial assets		
(Purchase)		
loans granted		
Proceeds from disposal of assets	251	
B Cash flow from investing activities	(4.206)	(3.577)
Liabilities	(2.571)	(2.507)
Increase (decrease) in current bank payables	(382)	(4.635)
New loans		
Repayment of loans	(1.588)	(777)
Increase (decrease) in non-current bank payables		
Financial liabilities to other lenders	(602)	2.905
Change in financial receivables from other lenders		
Equity	(2.198)	(2.114)
Share capital increase		
Sale (purchase) of treasury shares	(197)	(94)
Other changes in equity	(2.001)	(2.020)
C Cash flow from financing activities	(4.768)	(4.621)
Increase (decrease) in cash and cash equivalents (A ± B ± C)	(3.346)	1.135
Cash and cash equivalents at 1 January	4.792	3.656
Cash and cash equivalents at 31 December	1.446	4.792
	(3.346)	1.135

Below is the reclassified Consolidated Statement of Financial Position at 31/12/2019 versus 31/12/2018:

	31 DECEMBE R 2019	31 DECEMBE R 2018	Difference	% Difference
CONSOLIDATED FIGURES IN EURO THOUSANDS				
Trade receivables	19.239	24.052	(4.813)	(20,0%)
Inventory	39.114	35.948	3.166	8,8%
Trade payables	(31.333)	(33.176)	1.843	(5,6%)
Operating NWC	27.020	26.824	196	0,7%
Other current receivables	4.868	5.761	(893)	(15,5%)
Other current payables	(4.714)	(4.260)	(454)	10,7%
Tax payables	(455)	(1.387)	932	(67,2%)
Payables from tax consolidation	(422)	(472)	50	(10,6%)
Net Working Capital	26.297	26.466	(169)	(0,6%)
Property, plant and equipment	78.871	76.675	2.196	2,9%
Intangible assets	2.905	3.451	(546)	(15,8%)
Other financial assets	-	2.199	(2.199)	(100,0%)
Non-current financial assets not included in NFP	1.853	1.662	191	11,5%
Other non-current assets	108	37	71	100,0%
Fixed assets	83.738	84.023	(285)	(0,3%)
Post-employment benefits	(2.887)	(2.867)	(20)	0,7%
Provisions for risks and charges	(918)	(724)	(194)	26,8%
Deferred tax assets and liabilities	(4.416)	(4.252)	(164)	3,9%
Net Capital Employed	101.814	102.648	(834)	(0,8%)
Equity	61.277	58.603	2.674	4,6%
Cash and cash equivalents	(3.475)	(6.489)	3.014	(46,4%)
Other current financial receivables	(63)	-	(63)	100,0%
Current financial liabilities	20.504	22.682	(2.178)	(9,6%)
Non-current financial liabilities	23.570	27.853	(4.283)	(15,4%)
Net Financial Debt	40.536	44.046	(3.510)	(8,0%)
Equity and Net Financial Debt	101.814	102.648	(834)	(0,8%)

Below is the Consolidated Income Statement at 31/12/2019 versus 31/12/2018:

CONSOLIDATED FIGURES I	31 DECEMBER 2019	% ON REVENUE	31 DECEMBER 2018	% ON REVENUE	Change	% change
Revenue from sales and	132.985	100,0%	130.943	100,0%	2.041	1,6%
Changes in work in progress, semi-finished	1.359	1,0%	275	0,2%	1.084	393,6%
Other revenue	2.873	2,2%	2.601	2,0%	272	10,5%
Value of Production	137.218	103,2%	133.819	102,2%	3.399	2,5%
Raw and ancillary materials	(77.501)	58,3%	(77.194)	59,0%	(307)	0,4%
Other operating expense	(23.097)	17,4%	(20.903)	16,0%	(2.194)	10,5%
Value Added	36.621	27,5%	35.722	27,3%	899	2,5%
Personnel expense	(20.724)	15,6%	(17.980)	13,7%	(2.744)	15,3%
EBITDA	15.897	12,0%	17.742	13,5%	(1.845)	(10,4%)
Amortization and depreciation	(8.689)	6,5%	(7.157)	5,5%	(1.532)	21,4%
Allocations	(77)	0,1%	0	0,0%	(77)	0,0%
EBIT	7.130	5,4%	10.586	8,1%	(3.456)	(32,6%)
Financial components	(1.893)	1,4%	(2.906)	2,2%	1.012	(34,8%)
Exchange gains and losses	(28)	0,0%	(57)	0,0%	29	(50,5%)
Profit (loss) before tax	5.209	3,9%	7.623	5,8%	(2.414)	(31,7%)
Income tax	(1.248)	0,9%	(1.593)	1,2%	345	(21,6%)
Profit (loss) for the period	3.961	3,0%	6.030	4,6%	(2.068)	(34,3%)

Below is the Consolidated Statement of Cash Flows at 31/12/2019 versus 31/12/2018:

<i>Euro thousands</i>	31 December 2019	31 December 2018
Profit (loss) for the period	3.961	6.030
Income tax	1.001	1.381
Deferred/(prepaid) tax	247	212
Interest expense/(interest income)	1.922	2.963
(Dividends)		
(Gains)/losses from disposal of assets	(228)	(5)
1 Profit (loss) for the period before income tax, interest, dividends and gains/losses from disposals	6.903	10.590
Adjustments for non-monetary items that had no balancing entry in net working capital:		
Allocation to post-employment benefits	22	34
Allocations to other provisions	77	
Depreciation of fixed assets	8.689	7.157
Write-downs for impairment losses		
Other adjustments for non-monetary items	757	1.376
2 Cash flow before changes in NWC	16.447	19.157
Changes in net working capital		
Decrease/(increase) in receivables from customers	4.647	3.699
Decrease/(increase) in receivables from customers - Intercompany		
Decrease/(increase) in inventory	(3.166)	(2.682)
Increase/(decrease) in payables to suppliers	(3.143)	(2.185)
Increase/(decrease) in payables to suppliers - Intercompany		
Decrease/(increase) in other receivables	639	1.880
Increase/(decrease) in other payables	(863)	(576)
Other changes in net working capital	5	(137)
3 Cash flow after changes in NWC	14.567	19.155
Other adjustments		
Interest received/(paid)	(1.518)	(1.693)
(Income tax paid)	(698)	(265)
(Gains)/losses from disposal of assets		
Dividends received		
(Utilization of provisions)		(546)
(Utilization of provisions for post-employment benefits)	(248)	(178)
4 Cash flow after other adjustments	12.103	16.473

A Cash flow from operations	12.103	16.473
Property, plant and equipment	(7.615)	(6.868)
(Purchase)	(7.615)	(6.868)
Disposal		
Intangible assets	(368)	(860)
(Purchase)	(368)	(860)
Disposal		
Non-current financial assets	2.426	
(Purchase)	2.426	
loans granted		
Proceeds from disposal of assets	251	
B Cash flow from investing activities	(5.306)	(7.728)
Liabilities	(7.612)	(6.245)
Increase (decrease) in current bank payables	(2.846)	(1.559)
New loans	182	1.128
Repayment of loans	(2.505)	(3.209)
Increase (decrease) in non-current bank payables	(52)	
Financial liabilities to other lenders	(2.173)	(3.314)
Financial liabilities IC		
Change in financial receivables from other lenders	(218)	710
Change in financial receivables - Intercompany		
Equity	(2.198)	(2.114)
Share capital increase		
Sale (purchase) of treasury shares	(197)	(94)
Other changes in equity	(2.001)	(2.020)
C Cash flow from financing activities	(9.809)	(8.359)
Increase (decrease) in cash and cash equivalents (A ± B ± C)	(3.013)	386
Cash and cash equivalents at 1 January	6.489	6.103
Cash and cash equivalents at 31 December	3.475	6.489
	(3.013)	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 offers 6 product categories: decorative papers; decorative printings; finish foil; melamine film; PPF; laminates (www.neodecortech.it).

ISIN Code ordinary shares: IT0005275778

ISIN Code Warrants: IT0005346785

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