

PRESS RELEASE

Approval of Neodecortech S.p.A. Consolidated Financial Report at 30 June 2020

- Turnover € 54.5 million (-17.8% versus € 66.4 million at 30 June 2019), despite the 4 and 5 weeks' shutdown in March and April, respectively, at the Filago (BG) and Casoli d'Atri (TE) plants and reduced operations in May and June;
- EBITDA € 5.6 million (€ 7.1 million at 30 June 2019), making for 10.3% of revenue;
- EBIT € 1.2 million (€ 2.9 million at 30 June 2019), making for 2.3% of revenue;
- Consolidated net profit € 0.2 million (versus € 1.1 million at 30 June 2019);
- Net Financial Debt approximately € 48.2 million at 30 June 2020, in line with € 48.3 million at 30 June 2019, and up versus € 40.5 million at 31 December 2019, after capital expenditure of € 3.5 million;
- Start of new PPLF and EOS production lines.

Filago, 7 September 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 the MTA (electronic stock market) organized and managed by Borsa Italiana S.p.A. ("MTA"), announces that the Board of Directors met today and approved the Consolidated Financial Report at 30 June 2020, which will be published within the time limits set forth by the relevant laws, together with the results of the audit currently underway.

CEO Luigi Cologni's words on the figures: "The results of first half 2020, approved today by our Board of Directors, prove, in such a challenging context and despite the heavy impact of the COVID-19 emergency, how the Neodecortech Group has shown great resilience, retaining the quality of margins and financial soundness and managing to complete the transition to the MTA on 25 May 2020.

The company believes it has a good competitive edge vis-à-vis the market outlook, leveraging on its commitment to innovation and ongoing respect for the environment; furthermore, the figures for the first two months of the third quarter are reassuring, thanks to their strong recovery, and give us grounds for optimism for the year-end results, in line with the budget for 2020 updated by the Board of Directors during the transition to the MTA, despite the continuing uncertainty, further aggravated by the crisis that has affected the global economy".

CONSOLIDATED FINANCIAL HIGHLIGHTS AT 30 JUNE 2020

Consolidated net revenue at 30 June 2020 amounted to € 54.5 million, down by 17.8% versus € 66.4 million recorded in the same period of the prior year.

More specifically, sales in the printed decorative paper division fell by 21.3%, sales in the decorative paper division dropped by 27.8%, while those in the energy division grew by 5.6% versus the same period of the prior year.

Geographically speaking, the performance of the different areas was affected by the timeline of the spread of the COVID-19 pandemic and the gradual adoption of the containment measures by the various government authorities. The following changes were therefore recorded: in Italy sales fell by 7.1%, in Europe by 27%, in Asia and the Middle East by 48.3%, and in America by 11.9% versus the same period of the prior year.

In first half 2020, the cost of sales and other net operating costs amounted to € 44.4 million, making for 81.5% of revenue, up in terms of percentage versus € 50.2 million in the same period of the prior year (75.6% of revenue).

Personnel expense amounted to € 9.1 million, making for 16.7% of revenue, in line with the same period of the prior year (16.6% of revenue). The number of employees at 30 June 2020 was 376 versus 378 at 31 December 2019.

EBITDA came to € 5.6 million (10.3% of revenue) versus € 7.1 million (10.6% of revenue) in first half 2019.

EBIT came to € 1.2 million (2.3% of revenue) versus € 2.9 million (4.4% of revenue) in first half 2019.

Net financial expense amounted to € 0.8 million in the six months versus € 1.0 million in first half 2019.

The result before tax shows a profit of € 0.5 million versus € 1.9 million in first half 2019.

The first six months close with a net profit of € 0.2 million (0.4% of revenue) versus € 1.1 million in first half 2019 (2.1% of revenue).

The net financial position at 30 June 2020 stands at € 48.2 million, up by € 7.7 million versus 31 December 2019, but in line with € 48.3 million at 30 June 2019 after capital expenditure of € 3.5 million.

<i>(Euro thousands)</i>	30.06.2020	% on revenues	30.06.2019	% on revenues	Chg. %
Revenues	54,5		66,4		(17,8%)
EBITDA	5,6	10,3%	7,1	10,6%	(20,3%)
EBIT	1,2	2,3%	2,9	4,4%	(57,3%)
Net Income	0,2	0,4%	1,1	1,7%	(82,3%)

	30.06.2020	30.06.2019	Chg.	31.12.2019	Chg.
Net Financial Debt	48,2	48,3	(0,1)	40,5	7,7

As previously disclosed to the market on 21 May 2020, following preliminary analyses and assessments of the possible effects of the COVID-19-related crisis, on 27 April 2020 the Company updated the outlook for 2020 (the "Updated 2020 Budget") taking account of the results of first quarter 2020, closure of the plants in March-April 2020 and the presumable developments in demand for the Group during the remaining part of 2020. The Updated 2020 Budget includes two sensitivity analyses with the application, respectively, of a reduction in gross revenue versus the base scenario; in the first assumption (10% reduction in gross revenue versus the base scenario), the net result shows a loss for 2020 of € 308 thousand, while in the second (a 20% reduction in gross revenue versus the base scenario), a loss of € 2,310 thousand.

Therefore, with regard to the period 1 January 2020 - 30 June 2020, the trend in revenue and in the Net Financial Position is basically in line with the estimates of the Updated 2020 Budget base scenario for the first half of the year.

Against this backdrop, the Group believes that it is able to meet the debt covenants for the current year, based on the Updated 2020 Budget, even in the event of more adverse sensitivity.

COVID-19 containment measures

At the beginning of January 2020, the World Health Organization announced the spread of the COVID-19 infection in China, particularly in the Wuhan district, and then declared an international state of health emergency on 30 January. In February 2020, the virus had spread across Europe and America, leading to a general lockdown in March and April.

Since the onset, the Neodecortech Group has monitored the developments of the spread of COVID-19, setting up a dedicated task force and promptly adopting the necessary prevention, control and containment measures against the pandemic at all its sites in Italy. Additionally, production activities were suspended during March and April at the Filago (BG), Casoli d'Atri (TE) and Guarcino (FR) plants.

In order to contain personnel expense, the Group resorted to the CIGO (Ordinary Temporary Layoff Benefits Fund).

For the restart of production sites, after the periods of lockdown, the Group put in place effective measures to contain the virus and protect the health of its employees and associates, such as: change of production layouts,

sanitization of premises, purchase of personal protective equipment, temperature measurement, widespread adoption of hygiene rules and social distancing.

Additionally, in March 2020 two donations were made to Fondazione Donizetti and Ospedale Papa Giovanni XXIII in Bergamo in support of the COVID-19 emergency.

In order to tackle this tough market phase, between April and May 2020, the Group's financial structure was further strengthened with new short-term loan agreements for € 2.9 million while, at the date of this press release, two medium/long-term loans guaranteed by Medio Credito Centrale for a total of € 7 million are being finalized.

EVENTS AFTER THE REPORTING PERIOD

No significant events occurred after the end of the six months.

OUTLOOK FOR THE YEAR

After the shutdown weeks in March and April and the period of reduced production capacity in May and June, the second half of the year (in July and August 2020) showed a strong recovery: to date, the entire production chain in which the Neodecortech Group operates is working at full production capacity, with a rather good forecast of orders for September. The trend is evenly spread over all the sales areas in which the Group companies operate.

Additionally, the Group believes that the production investments that started in 2019 and were completed in first half 2020, amounting to € 5.4 million, can greatly contribute to its growth in the following areas:

- plastic printed laminated film (PPLF), used for production in the LVT (luxury vinyl tiles) flooring category and in new areas such as vertical wall coverings;
- laminates size 142 cm (in addition to 130 cm) to offer both existing and new customers in new geographical areas;
- strong promotional action for the launch on the market of the new family of anti-fingerprint products, EOS, currently available in laminate and thermoplastic versions.

Based on the strong recovery witnessed in the first two months of the third quarter this year, the Group believes it can close 2020 in line with the results of the Updated 2020 Budget.

ALTERNATIVE PERFORMANCE MEASURES

The definition of the main APMs used by the Neodecortech Group is given below:

- EBITDA and EBIT: alternative performance measures not defined by IFRS but used by Group Management to monitor and measure its performance, as they are not affected by volatility, due to the effects of the range of criteria for determining taxable income, the amount and characteristics of the capital employed and - for EBITDA - the amortization/depreciation policies. These measures are also commonly used by analysts and investors to assess company performance;
- ADJUSTED EBITDA and ADJUSTED NET PROFIT: measures used by Management to strip EBITDA and net income of the effect of non-recurring cost and revenue components;
- OPERATING WORKING CAPITAL, NET WORKING CAPITAL, FIXED ASSETS and NET INVESTED CAPITAL: allow a better assessment of both the ability to meet short-term trade commitments through current trade assets and the consistency of the structure of loans and sources of financing in terms of time;
- NET FINANCIAL DEBT: the figure shown is in line with the value of net financial debt determined in accordance with the recommendations of the CESR (Committee of European Securities Regulators) of 10 February 2005 and referred to by CONSOB. This measure allows a better assessment of the overall level of debt, capital strength and debt repayability.

The Consolidated Financial Report of the Neodecortech Group at 30 June 2020, approved by the Board of Directors

today, will be published, in accordance with current regulations, at the Company's registered office and can be consulted on the Company's website at the following address www.neodecortech.it, as well as at the authorized storage mechanism www.1info.it, within the time limits set forth by the relevant laws, together with the results of the audit currently underway.

The Financial Reporting Manager, Fabio Zanobini, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Finance Law, that the accounting information contained herein is consistent with the underlying accounting documents, books and records.

Attached herein, the Income Statement, the Statement of Financial Position and the Statement of Cash Flows, the audit of which is still underway.

CONSOLIDATED INCOME STATEMENT AT 30 JUNE 2020

<i>(Euro thousands)</i>	30 JUNE 2020	%	30 JUNE 2019	%	Chg.	% change
Revenue from sales and services	54.530	100,0%	66.366	100,0%	(11.836)	(17,8%)
Changes in work in progress, semi-finished and finished	86	0,2%	(452)	(0,7%)	538	(119,0%)
Other revenue	4.598	8,4%	2.323	3,5%	2.275	97,9%
Value of Production	59.214	108,6%	68.237	102,8%	(9.023)	(13,2%)
Raw and ancillary materials and consumables	(34.133)	(62,6%)	(38.780)	(58,4%)	4.647	(12,0%)
Other operating expense	(10.319)	(18,9%)	(11.377)	(17,1%)	1.058	(9,3%)
Value Added	14.762	27,1%	18.080	27,2%	(3.318)	(18,4%)
Personnel expense	(9.129)	(16,7%)	(11.015)	(16,6%)	1.886	(17,1%)
EBITDA	5.633	10,3%	7.065	10,6%	(1.432)	(20,3%)
Amortization and depreciation	(4.170)	(7,6%)	(4.173)	(6,3%)	3	(0,1%)
Allocations	(229)	(0,4%)	0	0,0%	(229)	-
EBIT	1.235	2,3%	2.892	4,4%	(1.657)	(57,3%)
Financial components	(759)	(1,4%)	(976)	(1,5%)	217	(22,2%)
Exchange gains and losses	0	0,0%	(19)	(0,0%)	19	(100,0%)
Profit (loss) before tax	475	0,9%	1.896	2,9%	(1.421)	(74,9%)
Income tax	(281)	(0,5%)	(797)	(1,2%)	516	(64,7%)
Profit (loss) for the period	194	0,4%	1.099	1,7%	(905)	(82,3%)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2020

Assets	Notes	30 JUNE 2020	%	31 DECEMBER 2019	%	Chg.	% change
<i>(Euro thousands)</i>							
Intangible assets	12	2.575	1,7%	2.905	1,9%	(330)	(11,4%)
Property, plant and equipment	13	78.545	52,9%	78.871	51,5%	(326)	(0,4%)
Other non-current assets	14	96	0,1%	113	0,1%	(17)	(15,0%)
Non-current financial receivables	15	1.837	1,2%	1.853	1,2%	(16)	(0,9%)
Deferred tax assets	16	2.167	1,5%	2.159	1,4%	8	0,4%
Non-current assets		85.220	57,4%	85.902	56,1%	(682)	(0,8%)
Inventory	17	38.438	25,9%	39.114	25,6%	(676)	(1,7%)
Trade receivables	18	17.149	11,5%	19.239	12,6%	(2.090)	(10,9%)
Receivables from tax consolidation	19	1.266	0,9%	918	0,6%	348	37,9%
Tax receivables	20	2.663	1,8%	2.506	1,6%	157	6,3%
Current financial receivables	21	64	0,0%	63	0,0%	1	1,6%
Other current receivables	22	2.536	1,7%	1.870	1,2%	666	35,6%
Cash and cash equivalents	23	1.168	0,8%	3.475	2,3%	(2.307)	(66,4%)
Current assets		63.284	42,6%	67.185	43,9%	(3.901)	(5,8%)
Total Assets		148.503	100,0%	153.087	100,0%	(4.584)	(3,0%)
Equity and liabilities		30 JUNE 2020	%	31 DECEMBER 2019	%	Chg.	% change
<i>(Euro thousands)</i>							
Share capital		17.399	11,7%	16.203	10,6%	1.196	7,4%
Share premium reserve		17.357	11,7%	17.357	11,3%	-	0,0%
Other reserves		14.560	9,8%	15.002	9,8%	(442)	(2,9%)
Prior years' profit (loss)		8.761	5,9%	8.755	5,7%	6	0,1%
Profit (loss) for the period		194	0,1%	3.961	2,6%	(3.767)	(95,1%)
Equity	31	58.269	39,2%	61.277	40,0%	(3.008)	(4,9%)
Provisions for risks and charges	24	1.081	0,7%	918	0,6%	163	17,8%
Deferred tax	16	6.609	4,5%	6.575	4,3%	34	0,5%
Post-employment benefits	25	3.211	2,2%	2.887	1,9%	324	11,2%
Non-current financial liabilities	26	23.237	15,6%	23.051	15,1%	186	0,8%
Non-current liabilities		34.138	23,0%	33.431	21,8%	707	2,1%
Trade payables	27	23.554	15,9%	31.333	20,5%	(7.779)	(24,8%)
Payables from tax consolidation	28	544	0,4%	422	0,3%	122	28,9%
Tax payables	29	1.122	0,8%	881	0,6%	241	27,4%
Current financial liabilities	26	26.223	17,7%	21.023	13,7%	5.200	24,7%
Other current payables	30	4.652	3,1%	4.719	3,1%	(67)	(1,4%)
Current liabilities		56.095	37,8%	58.379	38,1%	(2.284)	(3,9%)
Total equity and liabilities		148.503	100,0%	153.087	100,0%	(4.584)	(3,0%)

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2020

	30 JUNE 2020	30 JUNE 2019	Chg.	% change
<i>(Euro thousands)</i>				
Trade receivables	17.149	23.421	(6.272)	(26,8%)
Inventory	38.438	35.697	2.741	7,7%
Trade payables	(23.554)	(29.139)	5.585	(19,2%)
Operating NWC	32.033	29.979	2.054	6,9%
Other current receivables	2.536	2.776	(240)	(8,6%)
Receivable from Tax Consolidation	1.266	731	535	73,2%
Tax receivables	2.663	2.396	267	11,1%
Other current payables	(4.643)	(5.431)	788	(14,5%)
Tax payables	(1.122)	(944)	(178)	18,9%
Payables from tax consolidation	(544)	(968)	424	(43,8%)
Net Working Capital	32.188	28.537	3.651	12,8%
Property, plant and equipment	78.545	77.306	1.239	1,6%
Intangible fixed assets	2.575	3.116	(541)	(17,4%)
Non-current financial assets not included in NFP	1.837	5.805	(3.968)	(68,4%)
Other non-current assets	87	36	51	100,0%
Fixed assets	83.044	86.264	(3.220)	(3,7%)
Post-employment benefits	(3.211)	(2.989)	(222)	7,4%
Provisions for risks and charges	(1.081)	(455)	(626)	137,6%
Deferred tax assets and liabilities	(4.443)	(4.493)	50	(1,1%)
Net Capital Employed	106.497	106.865	(368)	(0,3%)
Equity	58.269	58.573	(304)	(0,5%)
Cash and cash equivalents	(1.168)	(1.458)	290	(19,9%)
Other current financial receivables	(64)	(3)	(61)	100,0%
Current financial liabilities	26.223	23.903	2.320	9,7%
Non-current financial liabilities	23.237	25.850	(2.613)	(10,1%)
Net Financial Debt	48.227	48.292	(65)	(0,1%)
Equity and Net Financial Debt	106.496	106.865	(369)	(0,3%)

	30 JUNE 2020	31 DECEMBER 2019	Chg.	% change
<i>(Euro thousands)</i>				
Trade receivables	17.149	19.239	(2.090)	(10,9%)
Inventory	38.438	39.114	(676)	(1,7%)
Trade payables	(23.554)	(31.333)	7.779	(24,8%)
Operating NWC	32.033	27.020	5.013	18,6%
Other current receivables	2.536	5.294	(2.758)	(52,1%)
Receivable from Tax Consolidation	1.266	0	1.266	0,0%
Tax receivables	2.663	0	2.663	0,0%
Other current payables	(4.643)	(4.714)	71	(1,5%)
Tax payables	(1.122)	(881)	(241)	27,4%
Payables from tax consolidation	(544)	(422)	(122)	28,9%
Net Working Capital	32.188	26.297	5.891	22,4%
Property, plant and equipment	78.545	78.871	(326)	(0,4%)
Intangible fixed assets	2.575	2.905	(330)	(11,4%)
Non-current financial assets not included in NFP	1.837	1.853	(16)	(0,9%)
Other non-current assets	87	108	(21)	(19,4%)
Fixed assets	83.044	83.738	(694)	(0,8%)
Post-employment benefits	(3.211)	(2.887)	(324)	11,2%
Provisions for risks and charges	(1.081)	(918)	(163)	17,8%
Deferred tax assets and liabilities	(4.443)	(4.416)	(27)	0,6%
Net Capital Employed	106.497	101.814	4.683	4,6%
Equity	58.269	61.277	(3.008)	(4,9%)
Cash and cash equivalents	(1.168)	(3.475)	2.307	(66,4%)
Other current financial receivables	(64)	(63)	(1)	1,6%
Current financial liabilities	26.223	21.023	5.200	24,7%
Non-current financial liabilities	23.237	23.051	186	0,8%
Net Financial Debt	48.227	40.536	7.691	19,0%
Equity and Net Financial Debt	106.496	101.814	4.682	4,6%

CONSOLIDATED STATEMENT OF CASH FLOWS AT 30 JUNE 2020

<i>(Euro thousands)</i>	30 JUNE 2020	30 JUNE 2019
Profit (loss) for the period	194	1.099
Income tax	264	796
Deferred/(prepaid) tax	17	
Interest expense/(interest income)	926	996
(Dividends received)		
(Gains)/losses from disposal of assets	12	(239)
1 Profit (loss) for the period before income tax, interest, dividends and gains/losses from disposals	1.413	2.652
Adjustments for non-monetary items that had no balancing entry in net working capital:		
Allocation to post-employment benefits	284	17
Allocations to other provisions	274	
Depreciation of fixed assets	4.103	4.174
Write-downs for impairment losses		
Other adjustments for non-monetary items	(907)	1.098
2 Cash flow before changes in NWC	5.167	7.941
Changes in net working capital		
Decrease/(increase) in receivables from customers	1.742	625
Decrease/(increase) in inventory	676	250
Increase/(decrease) in payables to suppliers	(7.762)	(4.082)
Decrease/(increase) in other receivables	(822)	(75)
Increase/(decrease) in other payables	(3)	1.215
Other changes in net working capital		2
3 Cash flow after changes in NWC	(1.002)	5.876
Other adjustments		
Interest received/(paid)	(590)	(503)
(Income tax paid)		(370)
(Gains)/losses from disposal of assets	12	
Dividends received		
(Utilization of provisions)	(137)	
(Utilization of provisions for post-employment benefits)	(153)	(120)
4 Cash flow after other adjustments	(1.870)	4.883

A Cash flow from operations	(1.870)	4.883
Property, plant and equipment	(3.278)	(3.456)
(Purchase)	(3.317)	(3.695)
Disposal	39	239
Intangible fixed assets	(109)	(112)
(Purchase)	(109)	(112)
Disposal		
Financial fixed assets	16	(182)
(Purchase)	16	(182)
loans granted		
Current financial assets		
(Purchase)		
Proceeds from disposal of assets		
B Cash flow from investing activities	(3.371)	(3.750)
Liabilities	4.947	(4.163)
Increase (decrease) in current bank payables	3.733	411
New loans	3.200	
Repayment of loan	(1.471)	(1.621)
Increase (decrease) in non-current bank payables		
Financial liabilities to other lenders	(536)	(1.194)
Change in financial receivables from other lenders	21	(1.759)
Equity	(2.012)	(2.001)
Share capital increase		
Sale (purchase) of treasury shares	(130)	
Other changes in equity	(1.882)	(2.001)
C Cash flow from financing activities	2.934	(6.164)
Increase (decrease) in cash and cash equivalents (A ± B ± C)	(2.307)	(5.031)
Cash and cash equivalents at 1 January	3.475	6.489
Cash and cash equivalents at 30 June	1.168	1.458

Neodecortech S.p.A.

Neodecortech is one of Europe's top players in the production of decorative papers for laminated panels and flooring used in 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 7 product categories: decorative papers; decorative printings; finish foil; melamine film; PPF and PPLF; laminates; EOS anti-fingerprint surfaces (www.neodecortech.it).

ISIN Code ordinary shares: IT0005275778

ISIN Code Warrants: IT0005346785

For further information:

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