

PRESS RELEASE

Approval of Neodecortech S.p.A. Consolidated Financial Report at 30 June 2021

- Turnover € 82.4 million, up by 24.2% versus first half 2019 (€ 66.4 million, period of comparable market activity) and up by 51.2% also versus first half 2020 (€ 54.5 million, financial year significantly affected by the shut-down of production sites due to the pandemic);
- EBITDA € 9.8 million, up by 74.4% versus 30 June 2020 (€ 5.6 million) and by 39.1% versus 30 June 2019 (€ 7.1 million); EBITDA margin at 30 June 2021 equal to 11.9% of revenue;
- EBIT € 5.3 million (€ 1.2 million at 30 June 2020 and € 2.9 million at 30 June 2019), equal to 6.5% of revenue;
- Consolidated net profit € 3.1 million (€ 0.2 million at 30 June 2020 and € 1.1 million at 30 June 2019);
- Net Financial Debt approximately € 41 million at 30 June 2021, down sharply versus € 48.2 million at 30 June 2020 and in line versus € 39.9 million at 31 December 2020, after capital expenditure of € 4.7 million.

Filago, 7 September 2021

Neodecortech S.p.A. ("**NDT**" or the "**Company**"), one of Europe's top players in the production of decorative papers for laminated panels and flooring used in interior design, listed on the **STAR** segment of the MTA (electronic stock market) organized and managed by Borsa Italiana S.p.A., announces that the Board of Directors met today and approved the Consolidated Financial Report at 30 June 2021, which will be published within the time limits set forth by the relevant laws, together with the results of the audit currently underway.

In the words of CEO Luigi Cologni: "The Group's operating and financial results for first half 2021, approved today by the Board of Directors, prove that the figures are no longer impacted by the ongoing pandemic, unlike those recorded at June 2020.

The revenue growth trend we saw in both second half 2020 and first quarter 2021 still continues. The unprecedented results achieved by the Neodecortech Group were driven not only by the good market performance, but also by the gradual and increasing contribution of sales from the new product lines of Neodecortech S.p.A. All this regardless of the spike in the prices of raw materials (pulp, titanium dioxide, resins, pvc) and, in some cases, of their shortage.

Specifically, revenue, EBITDA and net profit for first half 2021 were on a strong rise not only versus the same period of 2020, which was greatly impacted by the COVID-19 pandemic, but also versus first half 2019, a normal period of operations; these results prove that the Group has managed to come out of the pandemic-related context, and has performed even better than in first half 2019, considered a six-month period of an ordinary year. The levels of growth seen, while corroborated by the trend in orders and figures for the first two months of the third quarter of the current year, continue to be a reflection of the upbeat mood of our industry, but should be read, however, also as a likely anticipation of the growth envisaged in the 2021-2023 Business Plan.

The challenge for the next 18-24 months will therefore be to consolidate and preserve the levels of turnover and profitability achieved thanks to the full implementation of the ambitious investment plan envisaged in the Business Plan, while keeping a watchful eye on the NFP trend".

CONSOLIDATED OPERATING AND FINANCIAL HIGHLIGHTS AT 30 JUNE 2021

Consolidated net revenue at 30 June 2021 increased by 51.2% versus first half 2020 (from € 54.5 million to € 82.4 million), a period severely impacted by production plant closures due to the COVID-19 pandemic, but also versus first half 2019, a period instead of normal operations, by 24.2% (€ 66.4 million).

More specifically, sales in the Printed Decorative Paper Division increased by 75%, sales in the Decorative Paper Division grew by 67.5%, while sales in the Energy Division were down slightly by 1.1% versus the same period of the prior year.

Geographically speaking, the different areas showed a constant upward performance. The following changes were therefore recorded, excluding the Energy division: in Italy sales rose by 82.4%, in Europe by 52.2%, in Asia and the Middle East by over 200% and in America by 84.8% versus the same period of the prior year.

Other revenue includes, for the most part, approximately € 200 thousand in capital gains from the sale of tangible fixed assets by the parent company. At 30 June 2020, the item had included non-recurring items: € 1,204 thousand from the release of 40% of the Stock Grant plan related to the non-achievement of the MTA listing target by March 2020, € 350 thousand from an insurance reimbursement acknowledged to the subsidiary Cartiere di Guarcino, and € 2,840 thousand from an insurance indemnity received by the subsidiary Bio Energia Guarcino.

In first half 2021, the cost of sales and other net operating costs amounted to € 61.8 million, making for 75% of revenue, down in terms of percentage versus € 44.5 million in the same period of the prior year (81.5% of revenue).

Personnel expense amounted to € 11.2 million, or 13.6% of revenue, down versus the same period of the prior year (16.7% of revenue), despite the increase in absolute terms of € 2.1 million, due to the hires resulting from the above general trend and the full entry into production of the new products of the Parent Company, which began in second half 2020, but came into full operation in first half 2021. The number of employees at 30 June 2021 was 408 versus 385 at 31 December 2020.

EBITDA amounted to € 9.8 million (11.9% margin), up by 74.4% versus 30 June 2020 (€ 5.6 million or 10.3% margin on revenue), but also up by 39.1% versus € 7.1 million in first half 2019 (10.6% margin on revenue).

EBIT came to € 5.3 million (6.5% of revenue) versus € 1.2 million (2.3% of revenue) in first half 2020 and € 2.9 million at 30 June 2019 (4.4% of revenue).

Net financial expense amounted to € 0.7 million in the six months versus € 0.8 million in first half 2020, proof of the ongoing strategy to optimize and reduce the cost of debt.

Profit before tax amounted to € 4.7 million (3.8% of revenue) versus € 0.5 million (0.9% of revenue) in first half 2020 and € 1.9 million at 30 June 2019 (2.9% of revenue).

The first six months close with a net profit of € 3.1 million (3.8% of revenue), up sharply from € 0.2 million in first 2020 (or 0.4% of revenue), and also up from € 1.1 million in first half 2019 (1.7% of revenue).

The net financial position at 30 June 2021 stands at € 41 million, down by € 7.2 million versus 30 June

2020 (€ 48.2 million) and in line with € 39.9 million at 31 December 2020, after capital expenditure of € 4.7 million and dividend payouts of € 1.2 million.

Lastly, it should be noted that the Group has no longer any loan agreements in place containing covenants tied to compliance with certain financial ratios, having fully paid the last loan that included such covenants during the first half of the year.

<i>(Euro millions)</i>	June 2021	%	June 2020	%	Var. %	June 2019	%	Var. %
Revenues	82,4	100,0%	54,5	100,0%	51,2%	66,4	100,0%	24,2%
EBITDA	9,8	11,9%	5,6	10,3%	74,4%	7,1	10,6%	39,1%
EBIT	5,3	6,4%	1,2	2,3%	330,2%	2,9	4,4%	83,7%
Net Income	3,1	3,8%	0,2	0,4%	1508,2%	1,1	1,7%	183,9%

<i>(Euro millions)</i>	Giu 2021	Giu 2020	Var.	Giu 2019	Var.
Net Financial Position	41,0	48,2	-7,2	39,9	1,1

Despite the persisting pandemic, with regard to the period from 1 January 2021 to 30 June 2021, revenue, margins and the Net Financial Position are in line with the estimates contained in the 2021-2023 Business Plan ("the 2021-2023 Business Plan") approved by the Board of Directors on 10 February 2021.

Therefore, based also on the trend in orders and the figures for the first two months of the third quarter of the current year, the Group believes it can maintain a positive view on the end of the year in line with the results achieved during the first six months.

COVID-19 containment measures

In light of the above, it appears clear that the Group's consolidated operating and financial figures at 30 June 2021 were unaffected by the COVID-19 pandemic. The upward trend in turnover and order backlog already reported in second half 2020 continued in first quarter 2021. The Group continued to comply with national pandemic containment rules and adopt the safety protocols on the health of workers and third parties, also managing a small number of non-severe COVID cases among employees. For part of the period, use of smart working continued for non-production staff. As from April 2021, the standstill agreed upon last year with SelmaBipiemme Leasing S.p.A. regarding the lease in place with Bio Energia Guarcino S.r.l. was terminated, with the resumption of the normal payment of lease instalments.

EVENTS AFTER THE REPORTING PERIOD

The impact from the shortage of resins in July 2021 for the parent company Neodecortech S.p.A. led to reduced operations of the plants for the production of impregnated paper and the need for related personnel to take early leave. The estimated loss of turnover in the third quarter will be around a few hundred thousand euro. However, this revenue shortfall is expected not to impact much on the ongoing strong growth trend versus the estimates made in the 2021 Budget.

OUTLOOK FOR THE YEAR

The second half of the year kicked off with July and August showing the same upward trend seen in recent months. To date, the entire production chain in which Neodecortech and Cartiere di Guarcino operate is working at full capacity, with an order book significantly higher than normal. This mood is shared by all the sales areas (90% Europe) in which the companies mainly operate.

All this despite a third round of raw material price increases in July 2021 - the transfer to customers of which will be completed in September 2021 - and a partial lack of certain raw materials such as resins for Neodecortech.

The Group continues to pursue its policy of containing financial costs, optimizing short and medium/long-term lines of credit and reducing its net financial position.

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;
- 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 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.

The Consolidated Financial Report of the Neodecortech Group at 30 June 2021, 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.

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 2021

<i>(Euro thousands)</i>	Notes	30 JUNE 2021	%	30 JUNE 2020	%	Chg.	% change
Revenue from sales and services	1	82.434	100,0%	54.530	100,0%	27.904	51,2%
Changes in work in progress, semi-finished and finished products	2	(486)	(0,6%)	86	0,2%	(572)	(665,1%)
Other revenue	3	903	1,1%	4.598	8,4%	(3.695)	(80,4%)
Raw and ancillary materials and consumables	4	(49.561)	(60,1%)	(34.133)	(62,6%)	(15.428)	45,2%
Other operating expense	5	(12.235)	(14,8%)	(10.319)	(18,9%)	(1.916)	18,6%
Personnel expense	6	(11.229)	(13,6%)	(9.129)	(16,7%)	(2.100)	23,0%
Amortization and depreciation	7	(4.322)	(5,2%)	(4.170)	(7,6%)	(152)	3,6%
Allocations	8	(192)	(0,2%)	(229)	(0,4%)	37	(16,2%)
EBIT		5.313	6,5%	1.235	2,3%	4.078	330,2%
Financial expense	9	(682)	(0,8%)	(779)	(1,4%)	97	(12,5%)
Financial income	10	112	0,1%	19	0,0%	93	489,5%
Pre-tax profit/(loss)		4.743	5,8%	475	0,9%	4.268	898,5%
Income tax	11	(1.623)	(2,0%)	(281)	(0,5%)	(1.342)	477,6%
Profit/(loss) for the period		3.120	3,8%	194	0,4%	2.926	1508,2%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

Assets	Notes	30 JUNE 2021	%	31 DECEMBER 2020	%	Chg.	% change
<i>(Euro thousands)</i>							
Intangible assets	12	1.919	1,2%	2.203	1,5%	(284)	(12,9%)
Property, plant and equipment	13	77.825	50,3%	77.221	51,2%	604	0,8%
Other non-current assets	14	235	0,2%	95	0,1%	140	147,4%
Non-current financial receivables	15	1.805	1,2%	1.821	1,2%	(16)	(0,9%)
Deferred tax assets	16	2.018	1,3%	2.115	1,4%	(97)	(4,6%)
Non-current assets		83.803	54,2%	83.455	55,3%	348	0,4%
Inventory	17	35.130	22,7%	36.684	24,3%	(1.554)	(4,2%)
Trade receivables	18	24.448	15,8%	19.252	12,8%	5.196	27,0%
Receivables from tax consolidation	19	1.672	1,1%	1.008	0,7%	664	65,9%
Tax receivables	20	2.328	1,5%	1.767	1,2%	561	31,7%
Current financial receivables	15	64	0,0%	64	0,0%	0	0,0%
Other current receivables	21	1.817	1,2%	1.118	0,7%	699	62,5%
Cash and cash equivalents	22	5.426	3,5%	7.536	5,0%	(2.110)	(28,0%)
Current assets		70.885	45,8%	67.428	44,7%	3.457	5,1%
Total Assets		154.687	100,0%	150.883	100,0%	3.804	2,5%

Equity and liabilities	Notes	30 JUNE 2021	%	31 DECEMBER 2020	%	Chg.	% change
<i>(Euro thousands)</i>							
Share capital		17.399	11,2%	17.399	11,5%	0	0,0%
Share premium reserve		17.357	11,2%	17.357	11,5%	0	0,0%
Other reserves		17.083	11,0%	13.954	9,2%	3.129	22,4%
Prior years' profit (loss)		8.761	5,7%	9.412	6,2%	(651)	(6,9%)
Profit (loss) for the period		3.120	2,0%	3.536	2,3%	(416)	(11,8%)
Equity	30	63.718	41,2%	61.658	40,9%	2.060	3,3%
Provisions for risks and charges	23	1.110	0,7%	1.284	0,9%	(174)	(13,6%)
Deferred tax	16	6.223	4,0%	6.231	4,1%	(8)	(0,1%)
Post-employment benefits	24	2.548	1,6%	2.728	1,8%	(180)	(6,6%)
Non-current financial liabilities	25	26.177	16,9%	28.840	19,1%	(2.663)	(9,2%)
Non-current liabilities		36.058	23,3%	39.084	25,9%	(3.026)	(7,7%)
Trade payables	26	26.899	17,4%	25.571	16,9%	1.328	5,2%
Payables from tax consolidation	27	1.662	1,1%	476	0,3%	1.186	249,2%
Tax payables	28	629	0,4%	708	0,5%	(79)	(11,2%)
Current financial liabilities	25	20.322	13,1%	18.666	12,4%	1.656	8,9%
Other current payables	29	5.398	3,5%	4.719	3,1%	679	14,4%
Current liabilities		54.911	35,5%	50.140	33,2%	4.771	9,5%
Total equity and liabilities		154.687	100,0%	150.883	100,0%	3.804	2,5%

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

(Euro thousands)	30 JUNE 2021	31 DECEMBER 2020	Chg.	% change	30 JUNE 2020	Chg.	% change
Trade receivables	24.448	19.252	5.196	27,0%	17.149	7.299	42,6%
Inventory	35.130	36.684	(1.554)	(4,2%)	38.438	(3.308)	(8,6%)
Trade payables	(26.900)	(25.571)	(1.329)	5,2%	(23.554)	(3.346)	14,2%
Operating NWC	32.678	30.365	2.313	7,6%	32.033	645	2,0%
Other current receivables	1.817	1.118	699	62,5%	2.536	(719)	(28,4%)
Receivable from Tax Consolidation	1.672	1.008	664	65,9%	1.266	406	32,1%
Tax receivables	2.328	1.767	561	31,7%	2.663	(335)	(12,6%)
Other current payables	(5.412)	(4.719)	(693)	14,7%	(4.643)	(769)	16,6%
Tax payables	(629)	(708)	79	(11,2%)	(1.122)	493	(43,9%)
Payables from tax consolidation	(1.662)	(476)	(1.186)	249,2%	(544)	(1.118)	205,5%
Net Working Capital	30.791	28.355	2.436	8,6%	32.188	(1.397)	(4,3%)
Property, plant and equipment	77.825	77.221	604	0,8%	78.545	(720)	(0,9%)
Intangible fixed assets	1.919	2.203	(284)	(12,9%)	2.575	(656)	(25,5%)
Non-current financial assets	1.805	1.821	(16)	(0,9%)	1.837	(32)	(1,7%)
Other non-current assets	249	95	154	162,1%	87	162	186,2%
Fixed assets	81.799	81.340	459	0,6%	83.044	(1.245)	(1,5%)
Post-employment benefits	(2.548)	(2.728)	180	(6,6%)	(3.211)	663	(20,6%)
Provisions for risks and charges	(1.110)	(1.284)	174	(13,6%)	(1.081)	(29)	2,7%
Deferred tax assets and liabilities	(4.205)	(4.116)	(89)	2,2%	(4.443)	238	(5,4%)
Net Capital Employed	104.727	101.567	3.160	3,1%	106.497	(1.770)	(1,7%)
Equity	63.718	61.658	2.060	3,3%	58.269	5.449	9,4%
Cash and cash equivalents	(5.426)	(7.536)	2.110	(28,0%)	(1.168)	(4.258)	364,6%
Other current financial receivables	(64)	(64)	0	0,0%	(64)	0	0,0%
Current financial liabilities	20.322	18.666	1.656	8,9%	26.223	(5.901)	(22,5%)
Non-current financial liabilities	26.177	28.840	(2.663)	(9,2%)	23.237	2.940	12,7%
Net Financial Debt	41.009	39.906	1.103	2,8%	48.227	(7.218)	(15,0%)
Equity and Net Financial Debt	104.727	101.567	3.160	3,1%	106.497	(1.770)	(1,7%)

CONSOLIDATED STATEMENT OF CASH FLOWS AT 30 JUNE 2021

<i>(Euro thousands)</i>	30 JUNE 2021	30 JUNE 2020
Profit (loss) for the period	3.120	194
Income tax	1.580	264
Deferred/(prepaid) tax	43	17
Interest expense/(interest income)	781	926
(Dividends received)	0	0
(Gains)/losses from disposal of assets	(200)	12
1 Profit (loss) for the period before income tax, interest, dividends and gains/losses from disposals	5.324	1.413
Adjustments for non-monetary items that had no balancing entry in net working capital:		
Allocation to post-employment benefits	19	284
Allocations to other provisions	337	274
Amortization and depreciation of fixed assets	4.322	4.103
Write-downs for impairment losses	0	0
Other adjustments for non-monetary items	(341)	(907)
2 Cash flow before changes in NWC	9.661	5.167
Changes in net working capital		
Decrease/(increase) in receivables from customers	(5.454)	1.742
Decrease/(increase) in inventory	1.695	676
Increase/(decrease) in payables to suppliers	1.204	(7.762)
Decrease/(increase) in other receivables	(1.840)	(822)
Increase/(decrease) in other payables	1.428	(3)
Other changes in net working capital	0	0
3 Cash flow after changes in NWC	6.695	(1.002)
Other adjustments		
Interest received/(paid)	(287)	(590)
(Income tax paid)	(1.177)	0
(Gains)/losses from disposal of assets	0	12
Dividends received	0	0
(Utilization of provisions)	(351)	(137)
(Utilization of provisions for post-employment benefits)	(91)	(153)
4 Cash flow after other adjustments	4.789	(1.870)

A Cash flow from operations	4.789	(1.870)
<i>Property, plant and equipment</i>	(4.539)	(3.278)
(Purchase)	(4.578)	(3.317)
Disposal	39	39
<i>Intangible fixed assets</i>	(173)	(109)
(Purchase)	(173)	(109)
Disposal	0	0
<i>Financial fixed assets</i>	(140)	16
(Purchase)	(216)	16
Disposal	76	0
<i>Current financial assets</i>	0	0
(Purchase)	0	0
disposal	0	0
<i>Proceeds from disposal of assets</i>	200	0
B Cash flow from investing activities	(4.651)	(3.371)
Liabilities	(1.041)	4.947
Increase (decrease) in short-term bank payables	1.785	3.733
New loans	0	3.200
Repayment of loan	(2.359)	(1.471)
Financial liabilities to other lenders	(499)	(536)
Change in financial receivables from other lenders	31	21
Equity	(1.206)	(2.012)
Share capital increase	0	0
Sale (purchase) of treasury shares	0	(130)
Other changes in equity	(1.206)	(1.882)
C Cash flow from financing activities	(2.247)	2.934
Increase (decrease) in cash and cash equivalents (A ± B ± C)	(2.110)	(2.307)
Cash and cash equivalents at 1 January	7.536	3.475
Cash and cash equivalents at 30 June	5.426	1.168

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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