

PANARIAGROUP Industrie Ceramiche S.p.A.

PRESS RELEASE

**ORDINARY SHAREHOLDERS' MEETING OF PANARIAGROUP INDUSTRIE CERAMICHE S.P.A. OF
29 APRIL 2021**

Approval of the financial statements as at 31 December 2020

**Approval of the 2021 Remuneration Policy described in the first section of the Report on the
remuneration policy and on compensation paid**

Finale Emilia, 29 April 2021 – The Ordinary Shareholders' Meeting of Panariagroup Industrie Ceramiche S.p.A. ("**Panariagroup**" or the "**Company**"), parent company of the Group of the same name, specialised in the production and distribution of ceramic material for high-end and luxury floor and wall coverings, was held today at a single call to resolve on the following items on the agenda:

1) Approval of the financial statements for the year ended 31 December 2020 and allocation of the result for the year

Panariagroup's Shareholders approved the Company's financial statements as at and for the year ended 31 December 2020.

The pandemic has penalised business volumes but Gross Operating Profit and the financial profile have improved.

- Consolidated net Revenues amounted to Euro 357.3 million (Euro 382.0 in 2019, with a reduction of 6.5%).
- The Gross Operating Profit was Euro 37.5 million (Euro 32.4 million in 2019, +15.7%).
- Net Operating Profit (pre-impairment) came to Euro -0.1 million (Euro -4.9 million in 2019).
- Net Operating Profit was Euro -6.0 million (Euro -4.9 million in 2019).
- The Net Result was Euro -5.8 million (Euro -6.4 million in 2019).
- The Net Financial Position pre-IFRS 16 was Euro 87.6 million (an improvement of Euro 18 million compared to 2019).

In terms of revenues, a downturn is seen to turnover, linked directly to the general reduction seen throughout the ceramic industry as a result of the pandemic.

Of the Group's Business Units, the Italian one was the worst struck due to the difficulties experienced on the domestic market, whilst the Portuguese BU managed to completely absorb the negative effects of COVID-19; finally, the American BU partially offset the decline in business volumes on the more traditional sales channels, through a partial recovery brought about by the increase in the large-scale retail channel.

Gross Operating Profit went from Euro 32.4 million (8.1% of the Value of Production) to Euro 37.5 million (10.6% of the Value of Production).

The improvement seen in Gross Operating Profit is an important result, particularly considering the difficult conditions amidst which it was achieved, the result of both structural and contingent optimisations and exogenous elements, such as the decline in energy tariffs and the support measures implemented by the governments of the countries in which the Group operates, which successfully balanced the reductions in both business volume and production.

The Net Operating Profit goes from a negative Euro 4.9 million (1.2% of the Value of Production) to a negative Euro 6.0 million (1.7% of the Value of Production), suffering the effect of impairment and particularly considerable provisions made in view of the general uncertainty that weighed heavy on the whole of the economic system.

With regard to the Italian parent company Panariagroup Industrie Ceramiche S.p.A., the Shareholders' Meeting approved the proposal made by the Board of Directors regarding the allocation of the result of the year, resolving to carry forward the loss, equal to Euro 7.6 million.

2) Resolutions regarding the Report on the remuneration policy and on compensation paid pursuant to article 123-ter of Legislative Decree no. 58/1998 ("Consolidated Finance Act") and article 84-quater of Consob Regulation no. 11971/1999 ("Issuers' Regulation")

The Meeting resolved to approve, pursuant to and for the purposes of the provisions of article 123-ter, paragraphs 3-bis and 3-ter of the Consolidated Finance Act, the Remuneration Policy of the administrative and control bodies, general managers and managers with strategic responsibilities of the Company described in the first section of the Report on the remuneration policy and on compensation paid prepared pursuant to article 123-ter of the Consolidated Finance Act and article 84-quater of the Issuers' Regulation.

The Meeting, pursuant to and for the purposes of article 123-ter, paragraph 6 of the Consolidated Finance Act, also expressed a favourable opinion on the second section of said Report regarding the compensation paid in 2020 or related to it.

The Report on the remuneration policy and on compensation paid is available on the Company's website at www.panariagroup.it and on the authorised storage mechanism 1Info at the address www.1info.it.

3) Determination of the compensation due to members of the Board of Directors

Panariagroup's Shareholders have established a maximum annual gross amount of Euro 615,000 for the fixed fees to be paid to the Board of Directors for 2021 and, in any case, until the approval of the financial statements at 31 December 2021, and a maximum annual gross amount of Euro 200,000 for the variable fees for the Directors with executive duties for 2021.

4) Renewal of the authorisation to purchase and sell treasury shares

Lastly, Panariagroup's Shareholders conferred the authorisation to the Board of Directors to purchase 9,071,058 (nine million, seventy one thousand and fifty eight) Panaria shares, equal to 20% of the share capital, in one or more tranches, including the number of treasury shares held by the Company and its subsidiaries at the time of each transaction.

As of today, the Company directly holds 432,234 treasury shares (equal to 0.953% of share capital) with a par value of Euro 0.50 per share; Panariagroup's subsidiaries do not hold any shares in their parent company.

The purchase of treasury shares will take place within the limits of distributable earnings and available reserves shown in the latest financial statements (also interim financial statements) that have been regularly approved at the time of each distribution, given that other restrictions that arise subsequently also have to be taken into consideration.

The authorisation also includes the right to dispose of the shares in portfolio subsequently (in whole or in part, and also in several tranches), even before using up the maximum number of shares that can be purchased and, if necessary, repurchasing them to an extent that the treasury shares held by the Company and, where applicable, by its subsidiaries, do not exceed the limit established in the authorisation.

Any purchases have to be made on the market: (i) at a price that does not deviate by more than 20% up or down compared with the reference price recorded by the share during trading on the day prior to each transaction, and in any case (ii) for an amount that does not exceed the higher of the price of the last independent transaction and the price of the highest current independent purchase bid present in the trading venue where the purchase is made.

Purchases may be made, pursuant to articles 2357 et seq. of the Italian Civil Code and article 132 of Italian Legislative Decree no. 58/98, article 144-*bis* of the Issuers' Regulation and any other applicable regulation, including Regulation (EU) 596/2014 and Delegated Regulation (EU) 2016/1052, as well as in accordance with current market practices (if applicable) and the Regulations issued by Borsa Italiana S.p.A.

The maximum number of treasury shares that can be purchased each day may not be more than 25% of the daily average volume of Panaria shares traded on the market.

The authorisation has been conferred to pursue, in the Company's interests, the purposes as per the explanatory report of the Board of Directors available on the Company website at www.panariagroup.it and on the authorised storage mechanism 1Info at www.1info.it.

The minutes of the Shareholders' Meeting will be made available to the public in accordance with the terms and methods laid down by current law.

Board of Directors – Re-election of Emilio Mussini as Chair of the Board of Directors, Paolo Mussini as Deputy Chair and Giuliano Pini as Chief Executive Officer; granting of proxies and powers; start-up of the treasury share purchase programme

The Board of Directors, which met after the Shareholders' Meeting, appointed Emilio Mussini as Chair of the Board of Directors, Paolo Mussini as Deputy Chair and Giuliano Pini as Chief Executive Officer and General Manager; in addition, Paolo Mussini was appointed as CEO of the Cotto D'Este/Blustyle division while the Panaria, Lea, Fiordo and Panariatrade brands remain the direct responsibility of the Chair Emilio Mussini.

It should also be noted that, today, the Board of Directors approved the start of a treasury share purchase programme, the duration, value and maximum quantity of which were established by the above mentioned Shareholders' resolution granting authorisation.

For the purposes authorised by the Shareholders today, the Board of Directors approved the implementation of the purchase programme and use the treasury shares for the following purposes:

- to fulfil any obligations arising from share option plans or other allocations of shares to employees or members of the board of the Company or its subsidiaries or affiliates;
- to fulfil the obligations arising from debt instruments that are convertible into equity instruments;
- to carry out transactions in support of market liquidity, as well as to facilitate the smooth conduct of trading and avoid movements in prices not in line with the market trend; or
- to implement sales transactions, swaps, exchanges, transfers or other act of disposal of treasury shares for acquisitions of shareholdings and/or property and/or the conclusion of agreements (including commercial agreements) with strategic partners, and/or for the realization of industrial projects and corporate finance transactions, which fall within the expansion targets of the Company and of the Panaria Group.

Finally, the Board of Directors has resolved that the maximum number of shares that can be purchased each day under the scope of the programme shall be no more than 25% of the average daily volume of “Panaria” shares traded on the market, calculated in compliance with the provisions of the Delegated Regulation (EU) 2016/1052.

During this same meeting – as recommended by the Code of Corporate Governance on the independence requirements of Directors – the Board of Directors assessed the existence, pursuant to Italian Legislative Decree no. 58 of 24 February 1998 and the Code of Corporate Governance approved by Borsa Italiana S.p.A., of the independence requirements of the Directors Sonia Bonfiglioli, Tiziana Ferrari and Francesca Bazoli.

The Board of Directors also re-appointed Damiano Quarta as the Manager in charge of financial reporting for 2021 and, in any case, until the approval of the financial statements at 31 December 2021, with the prior approval of the Board of Auditors. To the best of the Company’s knowledge, Damiano Quarta does not currently hold shares of Panariagroup Industrie Ceramiche S.p.A.

The Manager in charge of Panariagroup Industrie Ceramiche S.p.A.’s financial reporting, Damiano Quarta, states, pursuant to article 154-*bis*, paragraph 2 of Legislative Decree no. 58 of 24 February 1998, that the accounting information in this press release corresponds with the documents, ledgers and accounting entries.

The Financial Statements as at and for the year ended 31 December 2020 of Panariagroup Industrie Ceramiche S.p.A., together with the Management Report, the Consolidated Non-Financial Statement for 2020, the Report of the Board of Auditors and the Report of the Independent Auditors, the Consolidated Financial Statements as at and for the year ended 31 December 2020 and the Directors’ reports on other matters on the agenda are available to whoever requests them at the Company’s registered office and at Borsa Italiana S.p.A. (www.borsaitaliana.com). They may also be consulted on the Company’s website www.panariagroup.com and on the authorised storage mechanism 1Info (www.1Info.it).

Pursuant to article 125-*quater*, paragraph 2, of the Consolidated Finance Act, a summary report of the voting, containing the number of shares represented at the Shareholders’ Meeting and the shares for which votes were cast, the percentage of share capital that the shares represented, as well as the number of votes for and against each motion and the number of abstentions, will be made available to the public on the Company’s website within five days of the date of the Shareholders’ Meeting.

Panariagroup Industrie Ceramiche

Panariagroup Industrie Ceramiche S.p.A. is an Italian multinational group that is a world leader in the production

and distribution of ceramic surfaces for floor and wall coverings in the premium market segment. With over 1,700

employees, more than 10,000 professional customers, 6 production plants (3 in Italy, 2 in Portugal and 1 in the USA) and a turnover of 382 million euros in 2019, Panariagroup is one of the leading companies in its industry and boasts geographical distribution of sales that is 81% focused on foreign markets.

Specialized in the production of porcelain and laminated stoneware, through its commercial brands (Panaria Ceramica, Lea Ceramiche, Cotto D'Este and Blustyle in Italy, Margres and Love Tiles in Portugal, Florida Tile in the United States and Bellissimo in India), Panariagroup offers high-quality, prestigious solutions for all the needs of residential, commercial and public architecture.

Panariagroup is an international company present in Italy, Portugal, the United States and India. It operates in over 130 countries worldwide with a large and widespread sales network.

web www.panariagroup.it | social: facebook.com/panariagroup ; linkedin.com/company/panariagroup/

Contact:

Panariagroup – Foreign Relations Office

relazioniesterne@panariagroup.it

T. +39 0522 773 530

Sassuolo, 29th April 2021

CONSOLIDATED INCOME STATEMENT : comparison 31 December 2020 – 31 December 2019 (figures in thousands of Euro)

	CUMULATED				var € (000)
	31/12/2020		31/12/2019		
	eur (000)	%	eur (000)	%	
Revenues from sales and services	357.269	101,3%	382.019	95,3%	(24.750)
Change in inventories of finished products	(13.515)	-3,8%	6.989	1,7%	(20.504)
Other Revenues	8.874	2,5%	11.766	2,9%	(2.892)
Value of Production	352.629	100,0%	400.774	100,0%	(48.145)
Raw Materials	(109.450)	-31,0%	(124.858)	-31,2%	15.408
Services	(118.781)	-33,7%	(143.730)	-35,9%	24.949
Personnel Costs	(83.958)	-23,8%	(96.225)	-24,0%	12.267
Other operating expenses	(2.948)	-0,8%	(3.535)	-0,9%	587
Production Costs	(315.136)	-89,4%	(368.348)	-91,9%	53.212
Gross Operating Profit	37.493	10,6%	32.426	8,1%	5.067
Amortisation and depreciation	(21.754)	-6,2%	(22.252)	-5,6%	498
Amortization of right of use of assets	(10.778)	-3,1%	(11.373)	-2,8%	595
Provisions and writedowns	(5.115)	-1,5%	(3.683)	-0,9%	(1.432)
Net Operating Profit (before Impairment)	(154)	0,0%	(4.882)	-1,2%	4.728
Impairment	(5.859)	-1,7%	–	0,0%	(5.859)
Net Operating Profit	(6.014)	-1,7%	(4.882)	-1,2%	(1.132)
Financial income (expense)	(3.568)	-1,0%	(2.320)	-0,6%	(1.248)
IFRS 16 Financial Expenses	(2.083)	-0,6%	(2.249)	-0,6%	166
Pre-tax profit	(11.665)	-3,3%	(9.451)	-2,4%	(2.214)
Income Taxes	5.888	1,7%	3.065	0,8%	2.823
Net result for the period	(5.777)	-1,6%	(6.386)	-1,6%	609

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2020

(in thousands of Euro)

	31/12/2020	31/12/2019
Inventories	144.100	164.289
Receivables from customers	58.105	58.844
Other current assets	10.508	12.332
CURRENT ASSETS	212.713	235.465
Payables due to suppliers	(77.471)	(82.103)
Other current liabilities	(26.080)	(26.398)
CURRENT LIABILITIES	(103.552)	(108.501)
NET WORKING CAPITAL	109.161	126.964
Goodwill	8.139	8.464
Intangible Assets	15.358	17.113
Tangible Assets	109.591	115.459
Right of Use . Leasing assets	95.361	101.451
Equity Investments	43	32
FIXED ASSETS	228.492	242.519
Receivables due after the following years	406	368
Liabilities for employee benefits	(4.781)	(5.046)
Provisions for risks and charges	(10.699)	(11.938)
Deferred Tax Asset	20.584	18.122
Other payables due after 12 months	(6.515)	(1.644)
ASSET AND LIABILITIES DUE AFTER 12 MONTHS	(1.004)	(138)
NET CAPITAL EMPLOYED	336.649	369.345
Short-Term Financial Assets	(38.182)	(9.384)
Mid-Long Term Financial Assets	(15.196)	(17.803)
Short-Term Financial Liabilities	26.420	57.314
Mid-Long Term Financial Liabilities	114.556	75.463
NET FINANCIAL DEBT ANTE IFRS 16	87.598	105.590
Short-Term debt - Lease contracts	9.729	9.464
Mid-Long Term Debts - Lease contract	92.927	96.967
DEBT FOR LEASING CONTRACT	102.655	106.431
NET FINANCIAL DEBT POST IFRS 16	190.253	212.021
GROUP SHAREHOLDER EQUITY	146.396	157.324
TOTAL SOURCES OF FUNDS	336.649	369.345

SEPARATE INCOME STATEMENT : comparison 31 December 2020 – 31 December 2019

(figures in thousands of Euro)

	31/12/2020		31/12/2019		var € (000)
	eur (000)	%	eur (000)	%	
Revenues from sales and services	182.923	102,6%	201.485	93,0%	(18.562)
Change in inventories of finished products	(10.991)	-6,2%	7.247	3,3%	(18.238)
Other Revenues	6.336	3,6%	7.889	3,6%	(1.553)
Value of Production	178.269	100,0%	216.621	100,0%	(38.352)
Raw Materials	(51.875)	-29,1%	(63.443)	-29,3%	11.568
Services	(65.151)	-36,5%	(83.882)	-38,7%	18.731
Personnel Costs	(47.696)	-26,8%	(52.559)	-24,3%	4.863
Other operating expenses	(1.442)	-0,8%	(1.726)	-0,8%	284
Production Costs	(166.163)	-93,2%	(201.610)	-93,1%	35.447
Gross Operating Profit	12.106	6,8%	15.011	6,9%	(2.905)
Amortisation and depreciation	(9.152)	-5,1%	(9.853)	-4,5%	701
Amortization of right of use of assets	(6.329)	-3,6%	(6.402)	-3,0%	73
Provisions and writedowns	(2.865)	-1,6%	(1.710)	-0,8%	(1.155)
Net Operating Profit	(6.240)	-3,5%	(2.954)	-1,4%	(3.286)
Financial income (expense)	(2.947)	-1,7%	2.430	1,1%	(5.377)
IFRS 16 Financial Expenses	(1.352)	-0,8%	(1.417)	-0,7%	65
Pre-tax profit	(10.539)	-5,9%	(1.941)	-0,9%	(8.598)
Income Taxes	2.943	1,7%	1.238	0,6%	1.705
Net result	(7.596)	-4,3%	(703)	-0,3%	(6.893)

SEPARATE BALANCE SHEET AT 31ST DECEMBER 2020-2019

(in thousands of Euro)

	31/12/2019	31/12/2019
Inventories	77.813	90.120
Receivables from customers	51.332	52.726
Other current assets	5.533	5.693
CURRENT ASSETS	134.678	148.539
Payables due to suppliers	(50.498)	(48.799)
Other current liabilities	(20.908)	(21.452)
CURRENT LIABILITIES	(71.407)	(70.251)
NET WORKING CAPITAL	63.271	78.288
Goodwill	0	0
Intangible Assets	6.790	6.724
Tangible Assets	43.725	39.525
Right of Use . Leasing assets	80.276	80.721
Equity Investments	85.752	90.018
FIXED ASSETS	216.543	216.988
Receivables due after the following years	152	148
Liabilities for employee benefits	(4.600)	(4.879)
Provisions for risks and charges	(4.381)	(4.341)
Deferred Tax Asset	9.994	8.739
Other payables due after 12 months	(5.661)	(1.435)
ASSET AND LIABILITIES DUE AFTER 12 MONTHS	(4.495)	(1.768)
	0	0
NET CAPITAL EMPLOYED	275.319	293.508
Short-Term Financial Assets	(26.589)	(2.328)
Mid-Long Term Financial Assets	(12.087)	(21.642)
Short-Term Financial Liabilities	21.021	48.881
Mid-Long Term Financial Liabilities	75.881	44.055
NET FINANCIAL DEBT ANTE IFRS 16	58.226	68.966
Short-Term debt - Lease contracts	5.859	5.501
Mid-Long Term Debts - Lease contract	75.944	76.202
DEBT FOR LEASING CONTRACT	81.802	81.703
NET FINANCIAL DEBT POST IFRS 16	140.028	150.669
GROUP SHAREHOLDER EQUITY	135.291	142.839
TOTAL SOURCES OF FUNDS	275.319	293.508