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<u>**PRESS RELEASE**</u>

Panariagroup Industrie Ceramiche S.p.A: the Board of Directors approves the Draft Financial Statements at 31 March 2020.

The performance in the first quarter of 2020 was significantly conditioned by the spread of the Covid-19 epidemic; the diversification of turnover in the various geoghraphic areas made it possible to contain the loss of turnover in the quarter.

- **Consolidated Revenues** totalled **Euro 92.5 million**, a drop of **4.0%** compared to March 2019;
- The **Gross Operating Profit** was **Euro 7.0 million,** a drop of **6.2%** compared to March 2019**;**
- The **Net Operating Loss** came to **Euro 1.6 million**;
- The **Consolidated Net Result** was a loss of **Euro 1.7 million.**

The result on Gross Operating Profit result is to be noted, with an improvement in percentage terms on Value of Production, by virtue of some effective policies to protect sales margins, combined with the continuous search for sources of efficency.

The Board of Directors of Panariagroup Industrie Ceramiche S.p.a, Group specialized in the production and distribution of ceramic material for high-end and luxury floor and wall coverings, today approved the Financial Statements at 31 March 2020, drafted in accordance with International Financial Reporting Standards (IFRS).

The trend in the first quarter of 2020 was conditioned by the progressive spread of the Covid-19 epidemic, which led to significant economic repercussions, initially limited to Asian areas and then spreading to Europe.

The performance of the Group's turnover was also clearly affected by the progression of the virus, with an actual drop in sales in the Italian market, as well as with significant declines in other European countries (in particular Spain and France) in March 2020, after the first two months of the year had been characterised by a slight growth in turnover compared to the previous year.

Despite the global spread of the phenomenon, the diversification of turnover made it possible to contain the loss of turnover in the quarter; while the Italian Business Unit suffered significantly the negative effects with a drop in sales (-10%), the Portuguese and the American Business Units were able to achieve growth of 3% and 2% respectively.

The drop in turnover was accompanied by a reduction in the volumes produced following the government measures that imposed in Italy, also for our sector, the closure of production activities in the last ten days of March.

The overall effect of the decrease in sales and production was a reduction in the Production Value of Euro 9.3 million, equal to 9.1%.

With these preliminary remarks, the decrease in the Gross Operating Profit of "only" Euro 0.5 million, with an improvement in percentage terms (from 7.3% to 7.5% on the Production Value) is to be considered a positive result overall, to which some exogenous (the drop in gas and electricity tariffs, which led to a significant drop in unit production costs) and endogenous (the actions taken by the Group in commercial, logistics and production terms) factors contributed.

CONSOLIDATED FINANCIAL HIGHLIGHTS
(thousand euros)

Nature	**03/31/2020**	**03/31/2019**	**Var. € (000)**
Revenues from sales and services	92,476	96,358	(3,882)
Value of Production	92,715	102,042	(9,327)
Gross Operating Profit	6,952	7,409	(457)
Net Operating Profit	(1,561)	(937)	(624)
Consolidated Net Profit	(1,666)	(1,111)	(555)

"The results of the first quarter of 2020 were affected by the Covid-19 pandemic - said **Emilio Mussini, Chairman of Panariagroup** - even though our diversified presence on international markets has allowed us to contain the drop in turnover."

"In this moment of great uncertainty - continued **Mussini** - we are putting in place all the initiatives both of an organizational and financial nature not only to absorb the impact of this emergency but to prepare oursevler for an important relaunch, also thanks to some of our competitive distinguishing factors that are gaining more and more value, such as Sustainability and antibacterial technologies, of which we are pioneers and leaders in our sector "

REVENUES

Revenues decreased by Euro 3.9 million, from Euro 96.4 million at 31 March 2019 to Eur 92.5 million at 31 March 2020

The turnover trend was clearly affected by the impacts of Covid-19 on the economic system; after the first two months, which closed slightly up on the same period of the previous year (+0.6%), signs of a slowdown in consumption were evident in March 2020 alone, with a drop in turnover of 12.1%, concentrated on the Italian Business Unit (-23.4% in the month).

EUROPA - European markets remained substantially stable, with a drop in turnover of less than 1%.
In line with as recorded in 2019, good results were confirmed in Germany, Austria and Eastern European Markets.
Instead, France and Spain, among the countries most affected by the Coronavirus, suffered significant drops.

The impact of the European markets on total revenues was **39%.**

U.S.A. - Turnover on the **US market** grew by 2.8% in Euros.
The result is positive, in consideration of low American consumption; in particular, outstanding results were recorded for the companies Panariagroup USA and Lea North America, with Florida Tile, attesting to the turnover levels of the previous year.
In the first quarter, the economic effects of the pandemic were not visible in the US market, which occurred with a delay compared to Europe.

The impact of the US market on total revenues was **35%.**

ITALY- The **Italian market** is the one in which the Group was most penalised by the spread of the Coronavirus; after the first two months, closed in line with the previous year, March alone, due to the lock-down imposed on people and businesses for health purposes, recorded a drop of 40%, bringing the overall performance in the quarter to -15%.

The impact of the Italian market on total revenues was **17%.**

ASIA, CANADA, SOUTH AMERICA, OCEANIA AND AFRICA - In the **other markets** (Asia, Canada, South America, Oceania and Africa), there was an overall negative result, with a drop of 17%.
In the face of a positive trend in Africa and stationary in Oceania, the Asian area suffered a significant decline in turnover (-27%).
As is known, the spread of contagion began precisely in these areas, which therefore were the first to show the effects, also economic, of this phenomenon.

The impact of the "other markets" on total revenues was **9%.**

The turnover of the Group's **foreign markets** is therefore equal to **83%** of the total, with the share of **non-European markets** equal to **44%** of total turnover.

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OPERATING RESULTS

Gross operating profit came to Euro 7.0 million, representing 7.5% of the Production Value (Euro 7.4 million as at 31 March 2019, equal to 7.3% of the Production Value).

For the particular scenario that characterized the quarter, the improvement in percentage terms in the Gross Operating Profit is to be considered a positive result overall, to which some exogenous and endogenous factors contributed.

The most important exogenous positive factor was undoubtedly the drop in gas and electricity tariffs, already widely expected and which led to a significant drop in unit production costs.

Positive endogenous factors were equally important, determined by the actions taken by the Group in commercial, logistics and production terms.

Firstly, the safeguarding of sales margins was confirmed, with the application of an increase on the 2020 price lists, accompanied by a rigid application of the discount commercial policies applied to customers.

Also in commercial terms, activities continued for a more targeted use of promotional tools, in addition to a significant downward revision of spending budgets, following the expectations of a decline in 2020 turnover, related to the effects of Covid-19 on consumption

Excellent results are also the result of incisive measures implemented to reduce production costs; in this regard, of particular importance are the savings deriving from the optimisation of the formulation of mixes and glazes and from greater standardisation, in terms of formats and thicknesses, of the products in the catalog.

A further element of improvement was represented by the increase in the use of internal processing lines (grinding and sanding), thanks to the investments made in 2019 and careful production planning.

Net operating loss amounted to Euro 1.6 million (loss of Euro 0.9 million as at 31 March 2019).

Depreciation and amortisation, including that deriving from rights of use and provisions, have increased by Euro 0.2 million compared to the first quarter of 2019.

The incidence of financial expenses on the Production Value, equal to 0.9%, remains at low levels; in this regard, it is noted that slightly less than half of this cost consists of Interest expense on lease contracts, in application of IFRS 16.

The Consolidated net result was a loss of Euro 1.7 million (loss of Euro -1.1 million as at 31 March 2019).

NET FINANCIAL INDEBTEDNESS

The Net Financial Position consists of Euro 116.0 million of "Financial debt" and Euro 106.4 million of "Liabilities for leased assets" and is, as a total, down Euro 3.3 million compared to 31 March 2019.

The item "Liabilities for leased assets" was included in accordance with IFRS 16 and represents the value of the contractual commitments relating to leasing contracts in force at the closing date of the period and corresponds, in general, to the present value of future lease payments.

The level of the Net Financial Position has always been one of the major management objectives for the Group. However, the real economic shock we are witnessing makes it undoubtedly the main issue for the whole of 2020, placing it at the center of all operational decisions for the coming months.

BUSINEES OUTLOOK

The forecasts on the operating performance of the coming months cannot be separated from the Coronavirus phenomenon, which will certainly continue to heavily influence the whole of 2020, without current visibility, at the moment, of when we will be able to return to a normal situation.

In confirmation of this fact, it is reported that April 2020 alone ended with a 45% drop in turnover for the Group compared to the same month of the previous year, due to the continuation of the lock-down in Italy and to the worsening of the situation in the United States. Production activity suffered an even more marked shutdown, with the total closure of the Italian factories and partial closure of the Portuguese ones.

The trend of the last two months has meant that the initial loss and uncertainty have been replaced by increased awareness of the severity of the situation, and this certainly results in a clearer idea of the actions to be taken.

The fundamental lines of the Group's activities for the coming months will essentially be two: the management of financial liquidity and the optimisation of the structure and processes, with the aim of resuming, at the end of the crisis, with renewed strength and energy.

The economic system has undergone a real shock, due to the extent, speed and spread of the phenomenon, in an unpredictable and non-programmable manner; this is causing a liquidity crisis in all sectors, including ours, which risks having a domino effect, compromising even the most solid companies.
It is therefore necessary to mitigate this risk, implementing all possible actions to optimise financial flows.

In this perspective, one of the fundamental levers is the management of Net Working Capital, with particular attention to inventories and to trade receivables and payables.

The reduction in inventories represents an important source for recovering liquidity that is currently fixed; this objective necessarily passes through a significant reduction in the volumes produced. A detailed operational plan has been prepared to allow this objective to be achieved, without compromising the level of service for customers on the "best-selling" collections.

It is equally important to achieve balance in terms of trade receivables and payables, to preserve the supply chain; this determines the need to find agreements in both areas that allow mutual support.

Another important lever is represented by a decisive and significant saving of non-essential operating costs; in this sense, also in consideration of the current scarce receptivity of the market, the spending budgets of commercial costs have been considerably reduced.

The investment budget for 2020 has also been affected by a temporary suspension of many projects, leaving open only those deemed strategic for increasing competitiveness, essential for a more effective restart in 2021.

The Group is also making use of the support measures implemented by public institutions, with particular reference to the personnel costs component; this is allowing, at a time of significant slowdown in activities, to contain this kind of costs in all the Business Units.

Another element of great importance is obviously the support of the financial system; in consideration of the extraordinary nature of the moment, the Group has requested the possibility of extending the amortisation plans for medium/long-term loans in place, with reference to the instalments due in 2020, obtaining overall, positive and appreciated feedback from financial institutions.

In this context, we are operating, in all the Group's Business Units, to access medium-long term forms of financing supported by government aid, while also observing, in particular in the Italian system, uncertainties regarding the timing and method of disbursement, while requests made in Portugal and the USA are at a more advanced stage.

In addition to the central issue of liquidity, we believe it is fundamental to seize the opportunity offered by this moment of "stasis" to review the business model even more in-depth.
The initiatives that had already been undertaken, in particular in terms of industrial efficiency and the diversification of sales channels, will be in addition to other initiatives aimed at the optimisation of the product catalog, customer base, organisational structures, so we can be more ready, competitive and timely when the economy is able to restart.

We believe that when the emergency is over, markets can take on a new physiognomy in which the value increases of competitive factors that are already important, but that previously had not yet fully matured as primary.
We refer in particular to Sustainability, of which Panariagroup is a convinced interpreter, but also to the greater consideration by consumers of the intrinsic characteristics of the ceramic product compared to other alternative materials, thanks to its greater guarantees in terms of hygiene and cleanliness.
In this context, for example, we are observing particular interest in our Protect anti-bacterial products with Microban technology, which are very much in demand.

In this moment of great uncertainty, we think that our Group, thanks to its history and experience, can represent a solid point of reference for suppliers, customers, and its personnel. Therefore, we feel a lot of responsibility in dealing with this global crisis that we are facing with a spirit of renewed energy and enthusiasm, to be even more leaders among the players in the sector at the end of the emergency.

Declaration of the financial reporting manager

The Financial Reporting Manager, Mr. Damiano Quarta, hereby certify pursuant to article 154-bis, paragraph 2 of the Consolidated Law on Finance that the accounting information contained in this press release corresponds to the document results, books and accounting records.

Attachments: Consolidated Balance Sheet and Income Statement.

Panariagroup Industrie Ceramiche

Panariagroup Industrie Ceramiche S.p.A. is a multinational italian group, worldwide leader in the production and distribution of ceramic tiles for floors and walls. With more than 1,700 employees, 10.000 customers, 6 production facilities (3 in Italy, 2 in Portugal and 1 in the United States), and a turnover of 382 million € in 2019, Panariagroup is a player of reference in its sector and boasts a geographic distribution of revenues focused for 81% on the foreign markets Specialised in the production of porcelain and laminated stoneware, by means of its own brands (Panaria, Lea, Cotto d'Este, Blustyle, Fiordo in Italy, Margres and Love Tiles in Portugal, Florida Tile in USA and Bellissimo in India), Panariagroup offers high quality and prestigious solutions for all the needs of residential, commercial and public architecture.
Panariagroup is an international-scale reference point, counting on production facilities in Italy, Portugal, United States, India and an extensive sales network in over 130 countries all over the world.

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Finale Emilia, 15th May 2020

RECLASSIFIED BALANCE SHEET

	31/3/2020	31/12/2019	Restated 31/3/2019
Inventories	163.615	164.289	163.821
Receivables from customers	69.764	58.844	75.261
Other Current Assets	11.806	12.332	16.623
CURRENT ASSETS	**245.185**	**235.465**	**255.705**
Trade Payables	(80.259)	(82.103)	(90.096)
Other Current Liabilities	(27.212)	(26.398)	(29.280)
Current Liabilities	**(107.471)**	**(108.501)**	**(119.376)**
NET WORKING CAPITAL	**137.714**	**126.964**	**136.329**
Goodwill	8.464	8.464	8.139
Intangible Assets	16.941	17.113	16.025
Tangible Assets	113.711	115.459	122.072
Right of use assets	101.230	101.451	108.649
Equity investments	37	32	84
NON CURRENT ASSETS	**240.383**	**242.519**	**254.969**
Non Current Receivables	376	368	542
Liabilities for employee benefits	(5.043)	(5.046)	(5.024)
Provision for risk and charges	(4.272)	(4.441)	(4.261)
Deferred tax assets	11.542	10.625	8.789
Other Non Current Payables	(1.115)	(1.644)	(2.527)
Non Current Receivable and Payables	**1.488**	**(138)**	**(2.481)**
NET CAPITAL EMPLOYED	**379.584**	**369.345**	**388.817**
Current Financial Assets	(8.623)	(8.179)	(6.987)
Short-Term Financial Debt	61.496	56.109	38.280
Medium-Long Term Financial Debt	63.189	57.660	81.216
Net Financial Position before IFRS 16	**116.062**	**105.590**	**112.509**
Short-Term Lease Liaibilities	10.179	9.464	9.023
Medium-Long Term Lease Liabilities	96.223	96.967	104.199
Lease Liabilities	**106.402**	**106.431**	**113.222**
Net Financial Position after IFRS 16	**222.464**	**212.021**	**225.731**
Reserves	157.120	157.324	163.087
Equity	**157.120**	**157.324**	**163.087**
TOTAL SOURCES OF FOUNDS	**379.584**	**369.345**	**388.818**

The Balances at 31st March 2019 have been restated in respect with what shown in the 1Q Interim Report 2019, in agreement with the first Group Consolidated Financial Statement presented on 31st December 2019, to be considered as first-time adoption of IFRS 16 criteria.

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INCOME STATEMENT

	CUMULATED		RESTATED		
	31/03/2020		31/03/2019		
	eur (000)	%	eur (000)	%	var € (000)
REVENUES FROM CONTRACT WITH CUSTOMERS	**92.476**	**99,7%**	**96.358**	**94,4%**	**(3.882)**
Change in inventories of finished products	(2.083)	-2,2%	3.249	3,2%	(5.332)
Other revenues	2.322	2,5%	2.435	2,4%	(113)
VALUE OF PRODUCTION	**92.715**	**100,0%**	**102.042**	**100,0%**	**(9.327)**
Raw materials	(29.172)	-31,5%	(31.991)	-31,4%	2.819
Services, leases and rentals	(32.426)	-35,0%	(37.128)	-36,4%	4.702
Personell costs	(23.386)	-25,2%	(24.757)	-24,3%	1.371
Other operating expenses	(779)	-0,8%	(757)	-0,7%	(22)
PRODUCTION COSTS	**(85.763)**	**-92,5%**	**(94.633)**	**-92,7%**	**8.870**
GROSS OPERATING PROFIT	**6.952**	**7,5%**	**7.409**	**7,3%**	**(457)**
Amortisation and depreciation	(5.410)	-5,8%	(5.287)	-5,2%	(123)
Amortisation of Right of Use of assets	(2.801)	-3,0%	(2.825)	-2,8%	24
Provisions and writedowns	(302)	-0,3%	(234)	-0,2%	(68)
NET OPERATING PROFIT	**(1.561)**	**-1,7%**	**(937)**	**-0,9%**	**(624)**
Financial income (expense)	(418)	-0,5%	(175)	-0,2%	(243)
Financial Expense - IFRS 16	(345)	-0,4%	(572)	-0,6%	227
PRE-TAX PROFIT	**(2.324)**	**-2,5%**	**(1.684)**	**-1,7%**	**(640)**
Income taxes	658	0,7%	573	0,6%	85
NET RESULT FOR THE PERIOD	**(1.666)**	**-1,8%**	**(1.111)**	**-1,1%**	**(555)**

The Balances at 31st March 2019 have been restated in respect with what shown in the 1Q Interim Report 2019, in agreement with the first Group Consolidated Financial Statement presented on 31st December 2019, to be considered as first-time adoption of IFRS 16 criteria.