

PRESS RELEASE

**FINLOGIC: AS OF JUNE 30TH 2020 REVENUES + 24% , EBITDA + 12%
THE "LABEL PRODUCTION" DIVISION + 41%
INTEGRATION OF THE PURCHASED COMPANIES**

- **Revenues: € 20.8 million (1H2019: € 16.8 million)**
- **EBITDA: € 2.7 million (1H2019: € 2.4 million)**
- **Group net profit: € 0.8 million (1H2019: € 1, 1 million)**
- **NFP: debt of Euro 4.7 million (FY2019: liquidity of € -1.6 million)**

Bollate (MI), September 25th, 2020

The Board of Directors of **FINLOGIC S.p.A. (FNL: IM)**, a company active since 2003 in the Information Technology sector with complete solutions for the coding and automatic identification of products, today approved the Consolidated Financial Report on June 30th, 2020, voluntarily subjected to a limited audit.

Dino Natale, President and CEO of Finlogic: "The positive results of the first half of 2020, achieved in a difficult economic and social situation following the spread of the Covid-19 pandemic, are proof of the solidity, adaptability and the innovative strength of the Finlogic Group, which has demonstrated a strong resilience in terms of volumes and margins, as well as the main economic indicators. By leveraging internal skills, the Group has adapted to changes in the market by seizing new and challenging opportunities. During the lock-down Finlogic continued with the production activity, keeping the three production plants operational and guaranteeing remote working methods where possible. In addition, the integration activity of the new acquired companies continued successfully, which led to the generation of synergies and demonstrated the validity of the Company's strategic vision, even in a complex market moment. As of June 30th, 2020, revenues and EBITDA were up respectively by + 24% and + 12%. The entry of the company Staf S.r.l. contributed to the positive performance of the Labels division, which drove the results at consolidated level, thanks to the improvement of the new production capacity. The development strategy continued and enforced the creation of new technological solutions and the rationalization of the corporate structure. For the second part of the year we intend to consolidate our leadership position in the Digital sector and continue with the process of integrating the acquired companies".

Main consolidated results as of June 30th, 2020

Revenues amounted to € 20.8 million, up by + 24% compared to € 16.8 million in the first half of 2019, a result that consolidates the effects of the acquisitions made at the end of 2019 and in 2020. The revenues analysis of product lines highlight that the increase is mainly attributable to the **"Labels"** division, the group's core business (65% of total revenues, equal to € 13.6 million). "Labels" division recorded growth of + 41%, mainly due to the acquisition (100%) of STAF S.r.l., active in the self-adhesive labels sector, as well as important investments in technology and production which have increased production capacity and optimized efficiency. The **"Technological Products"** division, which recorded revenues of € 6.7 million (32% of the total) and the **"Services and assistance"** division, with revenues of € 0.5 million (3% of the total) are substantially in line with the first half of 2019.

The Groups main reference market (Italy) generated a turnover of 96% in the first half of the year, while

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the main European markets consist of France, Spain and Switzerland.

The Value of Production is equal to € 21.4 million, + 22% compared to € 17.5 million in the first half of 2019.

EBITDA, at € 2.7 million, recorded growth of + 12% (€ 2.4 million on June 30th, 2019), growth of production value is higher than the growth of EBITDA due to the increase in operating costs, in particular services and cost of personnel. The **EBITDA margin** stands at 13% of the Production Value influenced by the correlation of increased fixed costs.

EBIT amounts to € 1.5 million (€ 1.8 million June 30th,2019) and corresponds to 7% of the Value of Production, after amortization, depreciation and write-downs of € 1.2 million. Amortization increased by 95% compared to June 30th, 2019 (€ 0.6 million), due to the investments made in the last 12 months. The Earnings Before Tax (EBT) stood at € 1.39 million (€ 1.76 million June 30th, 2019), after financial cost of € 0.09 million (€ 0.02 million June 30th, 2019).

The Group managed to maintain its profitability in a challenging economic context due to the global impact of the Covid-19 emergency. The Group's Net Profit amounted to € 0.8 million (€ 1.1 million June 30th, 2019), lower due to higher depreciation related to acquisitions and investments made in fixed assets.

Equity at € 15.9 million (of which € 697 thousand attributable to minority interests), is up compared to December 31st, 2019 (€ 15.6 million) and includes the allocation of the net profit of Finlogic at December 31st, 2019 (€ 1.6 million), of which € 1 million distributed as a dividend.

The Net Financial Position (debt) is equal to € 4.7 million compared to € -1.6 million on December 31st, 2019. The change is mainly attributable to the increase in long-term bank debt, necessary to finance structural investments and acquisitions, and payables to other lenders (consisting of payables to leasing companies, which, as specified, are accounted for using the financial method).

Significant events during the half year and subsequent event to the end of the period

Acquisition of new companies

January 28, 2020 - **Finalized purchase agreement of STAF S.r.l. (100%)**. In implementation of the binding agreement (December 18th,2019) Finlogic completed the transaction by signing the acquisition agreement for 100% ownership of STAF Srl and paying in full € 4.6 million. Thanks to the experience gained over 25 years STAF S.r.l., a company active in the production and printing of self-adhesive labels, is an important reference point for the use of special materials and production of labels for particularly complex applications (desensitized labels, etc.).

February 28, 2020 - **Agreement finalized for the purchase of 51% of Socialware Srl**. Finlogic has signed the acquisition agreement for 51% of Socialware Italy srl, a consulting company active in the digital and web marketing and e-commerce. Certified as a Google Partner, Socialware specializes in the management of advertising campaigns on the web, SEO, Web Analytics, Email marketing, Social media marketing and any other related activities. The purchase price (€ 150 thousand) was disbursed for € 120 thousand at the date of signing of the agreement and the remainder disbursed, by way of earn-out, within 30 days from the approval of the company's financial statements closing on December 31st, 2020 provided that a certain EBITDA target is met.



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Agreements and collaborations

June 25th, 2020 - **Collaboration with EPSON on a high definition color label printing system.** Finlogic has created the innovative CW-APT applicator in collaboration with Epson, presenting the first automatic labeling system, which can be integrated with any production line, capable of printing and applying high-definition color labels in real time.

July 7th, 2020 – **Distribution agreement with TSC (Italy and Europe).** Finlogic signed , with the multinational TSC Auto ID Technology Emea GmbH active since 1991 in the Auto-ID sector, a new contract as Platinum Reseller for the distribution throughout Italy and Europe of barcode printers, laptops, POS and consumable product. The agreement outlines TSC's contribution to Finlogic's marketing activity, which affirms its position as a leader in the barcode printer sector.

Optimization and simplification of the corporate structure

Strengthening of the Digital division. As part of the broader project to consolidate Finlogic's position as a market leader in the distribution of digital label, 3D and UV printers, Aldo Pisanello was appointed as the new sales manager (April 2nd, 2020). The Group's goal is to further improve the technical structure by strengthening the three areas of the digital division which will allow for an increase in market share.

Merger of Tecmark and System Code. The Board of Directors approved the merger of Tecmark Srl and System Code Srl, pursuant to articles 2501-ter and 2505, of the cod. civ. and the Articles of Association. The merger is part of the process of redefining the Group, aimed at simplifying its structure and improving its current operational, administrative, and corporate synergies.

Corporate Governance and Shareholding

August 7th, 2020 - **Change in share capital and shareholding update after the last exercise period Warrant.** Finlogic communicated the new composition of the resulting share capital following the assignment of no. 259,474 newly issued FINLOGIC shares, consequently to the exercise of no. 2,594,740 "FINLOGIC 2017-2020 Warrants" ISIN IT0005256349 which took place in the third and final exercise period (01 July - 16 July 2020). I n. 563,660 unexercised warrants have lost all rights and are extinguished for all purposes. The shareholding structure is updated as follows: BF Capital Srl (61.625%), Hydra SpA (10.395%), shareholders who confirmed their trust and alignment with the corporate strategy, Italcod Srl (2.723%), Other shareholders <5% (25.256 %).

Management of the COVID-19 emergency for business protection and going concern

With reference to the management of the effects generated by the Covid-19 pandemic and the consequent restrictive measures adopted by the competent Government Bodies in relation to the evolution of the emergency, the Group has been structured, from the earliest stages, to maintain business continuity and guarantee normal performance of work activities, while ensuring the protection of the Group's employees, customers, suppliers and stakeholders. Finlogic was fully operational during the lock-down period; the warehouse and commercial technical support remained operational, with the utmost respect and adherence to the measures outlined by the National Institute of Health, implementing the smart working mode with remote operational technical assistance. The production plants in Bollate (MI), Rottofreno (PC) and Acquaviva delle Fonti (BA) continued to be fully operational. In particular, pursuant

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to the Prime Ministerial Decree of March 22nd, 2020, Finlogic's activity fell within the services that can be qualified as essential, therefore not being subjected to any imposed block, in order to guarantee the continuity of the supply chain. Finlogic Group products, i.e. labels, printers, barcode readers, but also bracelets for patient identification in hospitals, blood bag labels, labels for agri-food companies and for large-scale distribution, are essential to guarantee the continuity of the supply chain and the needs of this difficult moment. Finlogic has also set up a Covid19 emergency committee.

Foreseeable evolution of management

As per the evolution of management, it should be noted that the Group, albeit in a socio-economic context strongly influenced by the spread of the Covid-19 pandemic, seems to have sufficiently emerged from the emergency situation, thanks to the tenacity and determination of the management, sales and marketing and production department that have continued to work tirelessly to support all those customers who have continued their business at full capacity. Finlogic continuing growth process started in recent years and is committed to continuing with the Group's strategy of acquisitions and organizational efficiency. It will also be important to consolidate the national structure, promoting synergies and economies of scale in an easily scalable market. The Company will will inform in a timely manner the economic and financial impacts deriving from the evolution of the Covid-19 emergency on its activities in compliance with the provisions of EU Regulation 569 / 2014 (MAR), but also through participation in dedicated conferences.

Meeting with the financial community - AIM Investor Day

Finlogic announces that on **October 1st, 2020** it will participate in **AIM Investor Day** (VII Edition), the virtual event dedicated to companies listed on the AIM Italia market, organized by IR Top Consulting. The Chairman and Chief Executive Officer, Dino Natale, will illustrate the economic-financial results and the strategic development of the Group. The mission of the online road show is to offer Italian and foreign institutional, professional, and retail investors and the economic-financial press the opportunity to deepen the equity story, results and strategies of AIM Italia companies. The institutional presentation will be made available on the website www.finlogicgroup.it in the Investor Relations section. Mandatory registration for the Financial Community at the following [link](#).

The press release is available on the websites www.finlogicgroup.it and www.iinfo.it

The Finlogic Group is active in the Information Technology sector with the creation of complete and innovative solutions for the coding and automatic identification of products through the use of barcodes and RFID (Radio Frequency Identification) technology. The Group provides integrated and customized labeling systems for recognition and traceability, covering the entire value chain (hardware, software, consumables and technical assistance). With production plants in Puglia, Lombardy and Emilia Romagna and a commercial and technical office in Lazio, Piedmont and Tuscany, it employs about 220 employees and is a reference partner and strategic supplier to numerous customers operating in various production sectors, from food to pharmaceuticals, from logistics to chemistry, from security to healthcare.

ISIN Ordinary Shares : IT0005256323

Contacts

FINLOGIC SpA

Investor Relator

Giovanni Chiri

investorrelator@finlogicgroup.it

T: +39 02 96741014 | +39 080 3050511

Via G. Ferraris, 125 - 20021 Bollate (Mi)

www.finlogicgroup.it

IR TOP CONSULTING

Financial Media Relations

Domenico Gentile - Antonio Buoizzi

ufficiostampa@irtop.com

T: +39 02 45473884

Via Bigli, 19 - 20121 Milano

www.irtop.net - www.aimnews.it

INTEGRAE SIM

NomAd

Via Meravigli 13 - 20123 Milano

T +39 02 87208720

info@integraesim.it

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NET INCOME AS OF JUNE 30TH 2020

Income statements (€/000)	As of June 30th 2020	As of June 30th 2019	Variance	Variance %
Labels Revenues	13.555	9.593	3.962	41%
Technological Products Revenues	6.698	6.706	(9)	0%
Service and Assistance Revenues	524	517	7	1%
Revenues	20.777	16.816	3.961	24%
Changes in inventories (Finished Good & Work in progress)	(32)	101	(133)	<100%
Grants and other Income	644	565	79	14%
Value of Production	21.389	17.481	3.908	22%
Raw Materials	12.684	9.780	2.905	30%
Changes in inventories (Raw Materials)	(605)	229	(833)	<100%
Total Raw materials & Change in inventories (Raw materials)	12.079	10.008	2.071	21%
Costs of services	2.638	2.050	588	29%
Leases and rentals	308	266	42	16%
Costs of personnel	3.526	2.712	814	30%
Other Expenses	132	38	94	246%
Operating Costs	18.684	15.074	3.609	24%
EBITDA*	2.706	2.407	299	12%
Amortization	1.164	553	611	111%
Depreciation	63	77	(14)	-18%
Total Amortization & Depreciation	1.227	630	597	95%
EBIT**	1.478	1.777	(299)	-17%
Finance income and (costs)	(93)	(24)	(69)	286%
EBT***	1.386	1.754	(368)	-21%
Income TAX Expense	536	540	(4)	-1%
Net Income	850	1.214	(365)	-30%
Net Income (Minorities)	102	91	11	12%
Net Income to owners of the Company	748	1.124	(376)	-33%

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BALANCE SHEET AS OF JUNE 30TH 2020

Balance Sheet (€/000)	30/06/2020	31/12/2019	Variance	Variance %
Intangible Assets	5.772	2.980	2.792	94%
Property, Plant and Equipment	6.242	4.078	2.164	53%
Financial Assets	11	11	0	0%
Fixed & Assets	12.025	7.069	4.957	70%
Inventories	4.710	3.323	1.387	42%
Trade Receivables	14.117	11.196	2.921	26%
Trade Payables	(5.166)	(4.516)	(650)	14%
Other Receivables	1.368	1.541	(173)	-11%
Other Payables	(3.984)	(3.030)	(954)	31%
Net working capital	11.045	8.513	2.531	30%
Long Term Provisions and Long Term Provisions for Employee Benefits	(2.550)	(1.510)	(1.040)	69%
Net invested capital	20.520	14.072	6.448	46%
Equity	15.861	15.640	220	1%
Not-Controlling Interests	697	571	126	22%
Equity Attributable to owners of the Company	15.164	15.069	95	1%
Borrowings and other financial Liabilities	11.466	5.250	6.216	>100%
Cash and Cash and Equivalents	(6.807)	(6.819)	12	0%
Net Financial Position	4.659	(1.569)	6.228	<100%
Sources	20.520	14.072	6.448	46%

NET FINANCIAL POSITION AS OF JUNE 30TH 2020

Net Financial Position (€/000)	30/06/2020	31/12/2019	Variance
Cash and Cash and Equivalents	(6.807)	(6.819)	12
Short term Borrowings	2.532	2.432	100
Short Term - Other Financial Liabilities	195	116	79
Short Term Net Financial Position (a)	(4.080)	(4.271)	191
Long term Borrowings	7.548	2.374	5.174
Long Term - Other Financial Liabilities	1.191	329	862
Long Term: Borrowings and Other financial position	8.739	2.703	6.036
Net financial Position (c=a+b)	4.659	(1.569)	6.228