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FOPE REPORTS STRONG GROWTH FOR 2018: +11.5%, EBITDA +56.4%; EURO 0.35 p.s.

International accounted for 82% of the total; positive performance also in Italy

- *Revenues: Euro 31.26 million, +11.5% (FY2017: Euro 28.03 million)*
- *EBITDA: Euro 6.10 million, +56.4% (FY2017: Euro 3.90 million)*
- *EBITDA MARGIN: 19.5% (FY2017: 13.9%)*
- *Net Profit for the Year: Euro 3.35 million (FY2017: Euro 2.33 million)*
- *Net Position Debt/(Cash): Euro 0.11 million (FY2017: Euro 1.17 million)*
- *Equity: Euro 15.98 million (FY2017: Euro 11.92 million)*
- *Euro 0.35 p.s. (53% pay-out ratio), with a 5.3% yield*

Vicenza, March 14th 2019

The Board of Directors of FOPE (FPE:IM), a leading Italian fine jewellery company listed on AIM Italia, approved today the Consolidated Financial Statements and the Draft Separate Financial Statements at December 31st 2018.

Diego Nardin, **FOPE** Chief Executive Officer: *"We are satisfied with our performance in 2018, a year that saw steady growth across all indicators and a robust financial position. Sales rose in the main international markets where we are focusing our investments, showing that the actions we have taken are in the right direction.*
The increase in volumes, combined with the continued efficiency of our operations, caused EBITDA to improve in both absolute terms as well as in terms of EBITDA MARGIN.
In 2018, FOPE Jewellery Limited was incorporated in the United Kingdom to support the local market, giving the brand a direct presence and making our operations more efficient. We also launched a major project to vertically expand our headquarters: this will give us more space for communication and marketing operations as well as a new production area. The positive performance registered in early 2019 allows us to look forward to a year during which we will continue creating value for our shareholders."

Consolidated highlights at December 31st 2018

Net totalled Euro 31.26 million, up 11.5% from Euro 28.03 million in 2017, largely because of the company's international performance, especially in Europe (+11%, led by Germany and UK) and the US (+24%).

EBITDA amounted to Euro 6.10 million, up 56.4% from Euro 3.90 million in 2017, resulting in a 19.5% EBITDA margin (13.9% in 2017). **EBIT**, totalled Euro 4.96 million, compared to Euro 3.08 million in 2017.

Earnings Before Taxes for the year amounted to Euro 4.74 million, rising steadily from Euro 3.17 million in 2017.

Net Profit for the Year totalled Euro 3.35 million, up from Euro 2.33 million in 2017, net of Euro 1.40 million in taxes.

The **Net Position Debt/(cash)** amounted to Euro 0.11 million (Euro 1.17 million at December 31st 2017); the positive improvement was attributable to the increased profitability as well as the careful management of working capital and, specifically, of accounts receivable.

Equity stood at Euro 15.98 million, compared to Euro 11.92 million at December 31st 2017. As at the end of 2018, Equity reflected the capital increase resulting from the exercise of n. 2,525,000 outstanding warrants and the subscription of n. 252,500 new common shares, totalling Euro 886,275. During the year FOPE paid out Euro 593,463 in dividends for 2017, while the remainder of the profit for that year was allocated to reserves.
In accordance with the Italian accounting standard OIC32, Equity includes the Reserve for Hedges of Planned Transactions; in 2018, this reserve added Euro 294,535 to Equity, whereas in 2017 it had a negative Euro 131,000 impact. The Hedges the Company put in place are intended to stabilise the price of gold as well as exchange rates.

The Board of Directors resolved to propose to the General Meeting to allocate the Net Profit for the year, totalling Euro 3.27 million, as follows:

- Euro 163,835 to the legal reserve
- Euro 1,362,799 to the extraordinary reserve
- Euro 1,750,070 to the distribution of a gross Euro 0.35 per share to the holders of the n. 5,000,200 common shares outstanding.

The to be paid starting from April 25th 2019 - ex date: April 23rd 2019; record date: April 24th 2019 - results in a 5.3% yield and a pay-out ratio amounting to 53% as a proportion of the Parent's Net Profit for the year.

Significant events after the reporting period

Incorporation of FOPE Jewellery Limited

In March 2018, the Group set up FOPE Jewellery Limited ("**FOPE Jewellery**"), a company incorporated under British law and based in Birmingham.

The creation of the new entity is part of the strategy to consolidate and strengthen FOPE's direct presence in its core markets. By having resources directly in the local market, FOPE can expand and bolster the partnerships with its authorised retailers, providing customer service as well as support for communication and marketing operations, monitoring FOPE's retail visibility and image, and, with respect to the sales-administrative relationship, monitoring the in-store stocks of its collections.

FOPE Jewellery has an exclusive agency to sell FOPE's collections in the United Kingdom and receives a fee calculated as a percentage of order volumes.
The project, whose key elements were outlined in late 2017, consisted of the following steps:

- ending the relationship with the external entity that held the agency for the distribution of FOPE products until February 2018;
- incorporating the newco FOPE Jewellery Limited under British law;
- including the 3 managers who previously supported FOPE's British operations on behalf of the former external agent into the ownership structure.

To ensure that the mentioned 3 key managers, who oversee sales operations and the relationships with customers, are as invested as possible in the future growth of the business, the company was set up by giving them a combined 25% equity interest, while FOPE owns the remaining 75%.

In light of FOPE Jewellery's first few months of operations, the project, which marks a radical shift in the Group's market approach, will allow to achieve the expected results in terms of direct local presence while maintaining the outstanding performance of the previous arrangement as well as a deep-rooted relationship with the market.

Expansion of the headquarters in Vicenza

In October 2018, FOPE launched a major project to expand its headquarters in via G. Zampieri in Vicenza.
The expansion consists in the construction of a new floor on top of the existing building that will cover the entire indoor surface area. Once the project is complete, the headquarters will therefore consist of 3 levels in addition to the ground floor. The new level will include offices, an important conference room for presentations and meetings with customers, and a show room modelled on the "design concept" of the Venice store and the "Shops in shop" at some retailers.
The current office floor will be renovated and turned into a new production area.

Business outlook

Based also on the positive performance for the first few months of 2019, the Group expects growing sales volumes and to deliver a profit for the current year.

Convening of the Annual General Meeting

The Board of Directors resolved to convene the Annual General Meeting on April 18th 2019 at 10:30 AM at the Registered Office, or, if necessary, on second call on April 23rd 2019, at the same time and place, to discuss and vote on the following agenda:

- *approval of the separate financial statements at December 31st 2018 along with the reports of the Board of Directors, the Board of Statutory Auditors, and the Independent Auditors. Presentation of the group's consolidated financial statements at December 31st 2018 and the relevant reports;*
- *allocation of the net profit for the year;*
- *appointment of Directors;*
- *determination of Directors' fees.*

The documents related to the agenda will be made publicly available at the company's registered office as well as on the website www.fopegroup.com as required by applicable laws.

FOPE informs that will meet the financial community on **April 16th 2019** at Hotel Palazzo Parigi in Milan as part of the Integrae SIM Investor Day.

The press release is available at www.fopegroup.com and *www.1info.it*

FOPE (FPE:IM) is a historic Italian jewellery company established in Vicenza in 1929 and a leader in the fine jewellery market. With Euro 28 million in in 2017, 37 employees, and a strong international presence (it generates 82% of its abroad), FOPE pursues a strategic growth project based on expanding and consolidating the brand in the international luxury market by leveraging 4 competitive advantages: product quality, perfect combination of Made-in-Italy craftsmanship and technology, recognisable design, and long-standing customer relationships. FOPE operates globally through a well-established and select network of over 600 stores in 50 countries (with a direct presence in the US, Arab, and UK markets through the subsidiaries FOPE USA Inc., FOPE Services DMCC, and FOPE Jewellery Limited, respectively). The business model focuses on maintaining direct business relationships with multi-brand jewellery retailers (either independent or part of groups) that specialise in luxury products such as fine jewellery and watches. FOPE does not work with intermediaries: instead, it enters into direct partnerships that ensure the loyalty and reliability of the customer/retailer as well as an outstanding after-sale service. In 2015, the Company opened its first mono-brand store in Venice's Piazza San Marco. The entire production cycle - from prototyping to the shipping of finished jewels to over 50 countries - takes place inside the headquarters in Vicenza. FOPE's investments in R&D have led to an extremely high level of standardisation and automation, with proprietary technology that allows to optimise processes and times in order to deliver products of world-class quality. FOPE's jewels range from timeless classics featuring the iconic Novecento mesh to the more recent Flex'it lines, which include the original bracelets made flexible thanks to a patented system of tiny gold springs embedded in the mesh. These exquisitely elegant collections stand out for their comfort and portability. FOPE is recognised as an Innovative SME, has obtained the voluntary TF (*Traceability & Fashion*) certification, and is a certified member of the *Responsible Jewellery Council.*

ISIN of FOPE common shares: IT0005203424 – ISIN of "Warrant FOPE 2016-2019": IT0005203432 – ISIN of "FOPE POC 4.5% 2016-2021": IT0005203671

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Attachments:

- Consolidated Income Statement
- Consolidated Balance Sheet
- FOPE SpA Income Statement
- FOPE SpA Balance Sheet

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CONSOLIDATED INCOME STATEMENT

Euro	31/12/2018	31/12/2017	Change
Net revenues	**31,258,572**	**28,026,112**	**3,232,460**
Other incomes	378,982	404,807	(25,825)
Operating costs	(22,257,353)	(21,890,776)	(366,577)
Added value	**9,380,201**	**6,540,143**	**2,840,058**
Cost of personnel	(3,283,723)	(2,642,720)	(641,003)
EBITDA	**6,096,478**	**3,897,423**	**2,199,055**
Depreciation and Amortization	(1,131,772)	(815,903)	(315,869)
EBIT	**4,964,706**	**3,081,520**	**1,883,186**
Financial income and expense	(220,920)	92,030	(312,950)
EBT	**4,743,786**	**3,173,550**	**1,570,236**
Tax	(1,396,900)	(839,220)	(557,680)
Net Profit	**3,346,886**	**2,334,330**	**1,012,556**

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CONSOLIDATED BALANCE SHEET

Euro	31/12/2018	31/12/2017	Change
Net intangible assets	2,094,319	2,315,802	(221,483)
Net tangible assets	7,009,835	4,430,798	2,579,037
Financial assets	200,010	150,010	50,000
Fixed Assets	**9,304,164**	**6,896,610**	**2,407,554**
Inventories	5,703,656	4,742,725	960,931
Account Receivable	7,925,453	7,990,477	(65,024)
Other Receivables	767,561	777,396	(9,835)
Hedging op. cr. position	536,766	106,655	430,111
Current Asset	**14,933,436**	**13,617,253**	**1,316,183**
Accounts Payable	4,230,634	3,570,647	659,987
Oher Payables	1,156,666	1,150,962	5,704
Current liabilities	**5,387,300**	**4,721,609**	**665,691**
Net Working Capital	**9,546,136**	**8,895,644**	**650,492**
Severance pay Fund	(892,886)	(871,374)	(21,512)
Agencies indemn.Fund and Other	(1,747,044)	(1,543,391)	(203,653)
Hedging op.Fund	(121,675)	(289,235)	167,560
Total funds	**(2,761,605)**	**(2,704,000)**	**(57,605)**
Invested capital	**16,088,695**	**13,088,254**	**3,000,441**
Share capital and equity reserve	15,683,425	12,053,994	3,629,431
Hedging op.Reserve	294,535	(131,209)	425,744
Shareholders' equity	**15,977,960**	**11,922,785**	**4,055,175**
M/L term financial position	5,707,768	2,786,296	2,921,472
Short-term financial position/(cash)	(5,597,033)	(1,620,827)	(3,976,206)
Net Position Debt/(cash)	**110,735**	**1,165,469**	**(1,054,734)**
Equity and Net Position Debt	**16,088,695**	**13,088,254**	**3,000,441**

FOPE SPA INCOME STATEMENT

Euro	31/12/2018	31/12/2017	Change
Net revenues	**31,258,572**	**28,026,112**	**3,232,460**
Other incomes	494,799	413,721	81,078
Operating costs	(23,196,989)	(22,369,850)	(827,139)
Added value	**8,556,382**	**6,069,983**	**2,486,399**
Cost of personnel	(2,560,644)	(2,390,853)	(169,791)
EBITDA	**5,995,738**	**3,679,130**	**2,316,608**
Depreciation and Amortization	(1,103,266)	(783,978)	(319,288)
EBIT	**4,892,472**	**2,895,152**	**1,997,320**
Financial income and expense	(219,974)	61,920	(281,894)
EBT	**4,672,498**	**2,957,072**	**1,715,426**
Tax	(1,395,794)	(776,204)	(619,590)
Net Profit	**3,276,704**	**2,180,868**	**1,095,836**

FOPE SPA BALANCE SHEET

Euro	31/12/2018	31/12/2017	Change
Net intangible assets	2,094,320	2,315,802	(221,482)
Net tangible assets	6,983,712	4,379,504	2,604,208
Financial assets	334,118	275,652	58,466
Fixed Assets	**9,412,150**	**6,970,958**	**2,441,192**
Inventories	5,703,656	4,742,725	960,931
Account Receivable	7,925,453	7,988,926	(63,473)
Subsidiaries Receivables	111,004	3,349	107,655
Other Receivables	649,395	734,676	(85,281)
Hedging op. cr.position	536,766	106,655	430,111
Current Asset	**14,926,274**	**13,576,331**	**1,349,943**
Accounts Payable	3,825,437	3,364,033	461,404
Subsidiaries Payables	686,337	404,883	281,454
Oher Payables	1,535,875	1,132,035	403,840
Short term debt	**6,047,649**	**4,900,951**	**1,146,698**
Net Working Capital	**8,878,625**	**8,675,381**	**203,244**
Severance pay Fund	892,886	871,374	21,512
Agencies indemn.Fund and Other	1,233,233	1,438,415	(205,182)
Hedging op.Fund	121,675	289,235	(167,560)
Invested capital	**16,042,981**	**13,047,314**	**2,995,667**
Share capital and equity reserve	15,469,620	11,900,103	3,569,517
Hedging op.Reserve	294,535	(131,209)	425,744
Shareholders' equity	**15,764,155**	**11,768,894**	**3,995,261**
M/L term financial position	5,707,768	2,786,296	2,921,472
Short-term financial position/(cash)	(5,428,942)	(1,507,876)	(3,921,066)
Net Position Debt/(cash)	**278,826**	**1,278,420**	**999,594**
Equity and Net Position Debt	**16,042,981**	**13,047,314**	**2,995,667**