

AS CREATION

INTERIM REPORT FOR THE PERIOD
ENDED SEPTEMBER 30, 2020

A.S. CRÉATION TAPETEN AG

		2016	2017	2018	2019	2020
Sales	€ '000	116,290	109,350	102,659	108,303	105,621
EBIT	€ '000	4,908	-14,131	-2,031	4,208	1,360
Earnings after income taxes	€ '000	5,503	-15,851	-4,223	4,391	-654
Earnings per share	€/share	2.00	-5.75	-1.53	1.59	-0.24
Cash-flow from operating activities	€ '000	12,250	1,913	2,762	-4,748	8,798
Capital expenditures	€ '000	3,809	7,589	6,023	4,226	2,636
Depreciation	€ '000	5,827	5,445	4,714	4,721	4,478
Number of employees		767	765	753	749	746

A.S. Création Tapeten AG, Gummersbach

Interim Management Report

on the business performance for the nine-month period ended September 30, 2020

Sales performance

While the eurozone economy grew by 1.2% in the full year 2019, a growth rate of only 0.9% was projected for 2020 in view of the decline in exports. Because of the coronavirus crisis, very far-reaching measures were taken in many EU countries from mid-March onwards to contain the spread of the virus. These lockdowns led to a collapse of the economies in the respective countries and of international trade. After the moderate recovery in the summer, many governments have tightened restrictions again noticeably due to a growing number new COVID-19 cases. The further economic trend will therefore depend to a large extent on the course of the pandemic. According to the available forecasts of the leading economic institutes, the economic output in the eurozone will drop sharply by around 8% in 2020. A decline by about 6% is projected for Germany, A.S. Création's largest output market. This means that the economic conditions in the eurozone have deteriorated noticeably. In response to the second wave of infection that is currently being observed, new lockdowns of varying extents have been imposed in key eurozone countries for the month of November. As these lockdowns were not taken into account in the above-mentioned forecasts, it is safe to assume that gross domestic product will decline more sharply in 2020 than expected.

Growth in the Russian economy had already slowed to 1.3% in 2019. Besides the unresolved political tensions between Russia and the USA and the European Union, this is mainly attributable to the VAT hike from 18% to 20% as of January 1, 2019 and the lower crude oil price. These problems have continued in the current year and have been exacerbated by the COVID-19 crisis and the imposed lockdown. On balance, Russia's gross domestic product is projected to drop by between 4% and 6% in the full year 2020. As in the eurozone, however, a sharper decline in economic output is on the cards for Russia due to the restrictions imposed in connection with the second wave of infection. As a result of these many adverse factors, the exchange rate of the Russian rouble against the euro has collapsed. Although the rouble temporarily recovered in the second quarter, the currency depreciated noticeably during the first nine months of 2020, falling by 34.2% from RUB 69.34/€ at the beginning of the year to RUB 93.02/€ at the end of September 2020. The Belarusian rouble followed a similar trend, losing 31.1% against the euro in the first nine months of 2020.

The macroeconomic environment has changed dramatically as a result of the coronavirus pandemic and has also influenced the sales performance of A.S. Création in the fiscal year to date. While A.S. Création still recorded strong revenue growth of 8.5% in the first two months of the fiscal year, the company clearly lost revenues as of March, which sent the Group's revenues falling by 1.1% and 17.7% in the first and second quarter of 2020, respectively. As the coronavirus restrictions in the individual countries were gradually loosened as of June and demand for wallpapers and furnishing fabrics picked up,

A.S. Création was able to grow its revenues by 13.3% from € 32.7 million to € 37.1 million in the third quarter. It is gratifying to note that both the Wallpaper Division and the Furnishing Fabrics Division were able to increase their third-quarter revenues in all sales regions. The strong increase in third-quarter revenues was insufficient, however, to fully offset the slump in revenues in the first six months of the year. As a result, total consolidated revenues for the first nine months of 2020 were down by € 2.7 million or 2.5% on previous year's € 108.3 million to € 105.6 million.

The breakdown of revenues by region shows that A.S. Création recorded declining revenues in all regions except Germany in the first nine months of 2020. In Germany, A.S. Création was able to grow its sales revenues in each quarter of the current fiscal year, which means that total gross revenues were up by an impressive 6.7% on the previous year's € 47.8 million to € 51.0 million in the first nine months of 2020.

The higher revenues in Germany contrasted with declining revenues in the rest of the EU. While gross revenues in the first half of the year declined by 16.1%, revenues in the third quarter rose by 19.5%, also due to catch-up effects. As the increase in revenues in the third quarter of 2020 failed to fully offset the declines in the first half of the year, A.S. Création recorded a 5.8% drop in gross revenues in the first nine months of 2020 from € 48.7 million in the previous year to € 45.9 million. This reduction is primarily attributable to the situation in France, the second largest wallpaper market in the EU behind Germany. As a result of the lockdown, sales of wallpaper and furnishing fabrics in France came to an almost complete standstill in the second half of March and in April. In contrast to Germany, all sales channels were affected by the lockdown in France. Gross revenues in Great Britain and Poland were also noticeably lower in the reporting period than in the previous year. In the Benelux countries, A.S. Création benefits from the expansion of its own sales organisation, which was completed at the end of 2019 and enabled the company to grow its revenues significantly in the first nine months of 2020.

While consolidated revenues in non-EU Eastern European countries still increased by a strong 5.2% in the first three months of 2020, the company suffered a 43.3% drop in revenues in the second quarter of 2020. This slump is attributable to the coronavirus-related lockdown in some countries in the region. Far-reaching measures to contain the virus were taken particularly in Russia. This affected both A.S. Création (RUS), the Russian distribution company, and Profistil, the Belarusian Group company, whose main output market is Russia. As in the rest of the EU, sales revenues in non-EU Eastern European countries increased by a strong 20.8% from € 5.2 million to € 6.3 million in the third quarter of 2020. On balance, these developments led to a decline in Group revenues in non-EU Eastern European countries by € 1.1 million or 7.5% from € 14.6 million in the previous year to € 13.5 million in the first nine months of 2020.

The political and economic crises and the effects of the coronavirus pandemic also prevented an increase in revenues in the remaining countries outside Western and Eastern Europe. In this region, A.S. Création generated gross revenues of € 7.2 million in the first nine months of 2020, down by 11.7% on the previous year's € 8.1 million.

Against the background of the extraordinary conditions and challenges in the year 2020, the Managing Board of A.S. Création is satisfied with the sales revenues of € 105.6 million

generated in the fiscal year to date, even though they are below both the previous year's and the planned level. This view is supported, on the one hand, by the fact that the very high commitment shown by the employees of the A.S. Création Group during the crisis months allowed the company to ensure a reliable supply of customers, without which it would have been impossible to generate these revenues. On the other hand, it is positive that the "New Walls" and "Neue Bude 2.0" campaigns launched in November 2019 were very well received by the market and may be called a success already today, which is a confirmation of A.S. Création's product and marketing policy. Moreover, the Managing Board believes that the sales momentum observed since mid-2020 is not exclusively based on catch-up effects but reflects a structurally higher demand for wallpapers and furnishing fabrics, which results from the fact that people are attaching greater importance to their homes.

Earnings performance

For the first nine months of 2020, A.S. Création reports earnings before interest and taxes of € 1.4 million, down by € 2.8 million on the previous year's € 4.2 million. The EBIT decline in the reporting period is exclusively due to exchange losses resulting from the strong depreciation of the Russian and Belarusian rouble against the euro in the course of the first nine months of 2020. As the Eastern European subsidiaries are largely financed in euros, this depreciation resulted in a translation-related exchange loss of € 4.6 million, whereas a translation-related exchange gain of € 1.3 million was generated in the first nine months of the previous year. Adjusted for these non-cash currency effects, EBIT amounted to € 6.0 million in the fiscal year 2020, up € 3.1 million on the previous year's € 2.9 million. This doubling of the result means that A.S. Création's operating performance has improved noticeably in the current fiscal year 2020. The EBIT margin (revenues as a percentage of adjusted EBIT) increased to 5.7% in the first nine months of 2020 (previous year: 2.7%), with both the Wallpaper Division and the Furnishing Fabrics Division contributing to this improvement.

The gross profit margin, which improved by three percentage points from 50.4% in the previous year to 53.4% in the reporting period, played an important role in this context. At € 56.2 million, gross profit in the reporting period was thus up by € 1.5 million on the previous year's € 54.7 million, in spite of the lower revenues. In this context, the consistent increase of the share of higher-value and higher-priced products in the overall product range and, hence, the success of the product policy of the past years as well as the increased share of high-margin low-volume business in total sales revenues had a positive effect. Moreover, A.S. Création benefited from the temporary decline in the prices of raw materials and energy in the wake of the global economic slump.

A.S. Création responded to the sharp drop in revenues caused by the coronavirus pandemic as of mid-March by reducing working hours. This was primarily implemented by reducing the overtime accumulated in the working time accounts in the past. In addition, the labour market policy instrument of short-time working was used in some areas. The structural changes within the A.S. Création Group already decided and initiated before the coronavirus pandemic also took effect in the reporting period. Against the background of the commissioning of the second production line at the Belarusian company Profistil in October 2019, additional employees were hired in the course of the second half of 2019. As a result,

this company employed an average of 114 people in the first nine months of 2020 (previous year: 107), seven more than in the same period of the previous year. By contrast, the average headcount of the other entities of the A.S. Création Group declined by 10 people from 642 in the first nine months of 2019 to 632 in the reporting period. The reduction in personnel expenses achieved with the help of the measures described above was offset by the increase in performance-related compensation components resulting from the clearly improved earnings situation; at € 28.2 million, personnel expenses in the first nine months of 2020 were thus more or less on a par with the previous year's € 28.1 million. Because of the slightly higher personnel expenses, in combination with the € 3.2 million decline in total output, the personnel expense ratio (personnel expenses as a percentage of total output) deteriorated to 26.7% (previous year: 25.8%). This means that the company failed to achieve the planned improvement in this performance indicator to around 25% in the first nine months of 2020. On a stand-alone basis, however, the personnel expense ratio in the third quarter of 2020 stood exactly at the planned level of 25.0%. This shows that the failure to reach the planned target in the current fiscal year is mainly attributable to the drop in revenues resulting from the coronavirus pandemic.

Other operating expenses increased sharply by € 2.8 million or 14.1% from € 20.3 million in the previous year to € 23.1 million in the first nine months of 2020. However, other operating expenses in the reporting period include exchange losses in the amount of € 4.6 million. Adjusted for the exchange losses, other operating expenses amounted to € 18.5 million, € 1.8 million below the previous year's € 20.3 million, while the ratio of other operating expenses to total output improved to 17.6% (previous year: 18.7%). This improvement is essentially attributable to cost savings.

The fact that it was possible to double earnings before interest and taxes adjusted for currency effects although sales revenues declined by € 2.7 million or 2.5% is seen as a great success by the Managing Board. This view is also supported by the fact that the earnings before interest and taxes (excluding currency effects) of € 6.0 million achieved in the first nine months of 2020 already exceed the € 4 million to € 5 million planned for the full year 2020.

Due to the lower financial liabilities, the financial result improved slightly to € -0.5 million in the first nine months of 2020 (previous year: € -0.7 million).

Earnings before interest and taxes and the financial result lead to earnings before taxes of € 0.8 million in the reporting period, down by € 2.7 million on the € 3.5 million generated in the first nine months of 2019. The currency effects already explained in connection with the operating result also affected earnings before taxes. Adjusted for these currency effects, earnings before taxes amounted to € 5.4 million, which is € 3.2 million higher than the previous year's € 2.2 million.

Given that only part of the translation-related exchange losses in the reporting period have a tax-reducing effect, income taxes of € 1.5 million were incurred in the first nine months of 2020 on a profit before taxes of € 0.8 million. This resulted in a loss after taxes from continuing operations of € -0.7 million, compared to a profit after taxes of € 2.4 million in the previous year. Adjusted for the currency effects explained above, earnings after taxes from continuing operations amounted to € 3.6 million (previous year: € 1.2 million). This clearly

improved result after taxes from continuing operations (excl. currency effects) exceeds the plans for 2020, which projected between € 2.5 million and € 3.5 million for the full year.

In the course of 2019, the 50% stake in A.S. & Palitra, the Russian joint venture, was sold, which means this company was no longer included in the basis of consolidation in the reporting period – in contrast to the previous year. Accordingly, the consolidated result for the first nine months of 2020 does not include any earnings contributions from this company, while earnings after taxes in the prior year period still included an earnings contribution of € 2.0 million from these discontinued operations.

At the bottom line, A.S. Création posted a small loss for the first nine months of 2020, which is attributable to the decline in sales revenues in line with the coronavirus crisis as well as the related depreciation of the Russian and Belarusian rouble against the euro. If the currency effects are disregarded, A.S. Création has clearly mastered the challenges of the coronavirus pandemic successfully so far and its business model has remained intact. Although consolidated sales revenues declined and fell short of expectations, the results for the first nine months of 2020 are above the targets set for 2020.

Financial and net assets position

Despite the deterioration in earnings, operating cash flow of € 8.8 million in the first nine months of 2020 exceeded the previous year's € -4.7 million by € 13.5 million. This strong increase is due to a one-time effect in the previous year, i.e. the payment of the € 11.9 million fine from the completed antitrust proceedings in September 2019. Adjusted for this one-time effect, operating cash flow improved by € 1.6 million compared to the previous year.

The slight € 0.5 million reduction in inventories in the first nine months of 2020 contributed to this improvement and contrasts with an increase by € 1.3 million in the same period of the previous year. At 4.1x per year, inventory turnover remained almost unchanged compared to the previous year's 4.2x per year.

The increase in trade receivables in the reporting period is striking and, at € 7.2 million, was noticeably higher than in the same period of the previous year (€ 4.3 million); as a result, days of sales outstanding deteriorated slightly from 63 days in the first nine months of 2019 to 66 days in the reporting period. This increase is not due to a deterioration in customers' payment behaviour, but to a technical effect. Because of the coronavirus pandemic, the quarterly distribution of revenues in the current fiscal year is untypical for A.S. Création. While in normal years revenues in the third quarter are lower than in the second quarter, the situation in 2020 is different. The third-quarter revenues exceed second-quarter revenues by around 20%. As a result, trade receivables increased in the third quarter of 2020 instead of declining, which would be the typical seasonal pattern. Consequently, receivables as of September 30, 2020 were unusually high for that time of the year, leading to an increase in days of sales outstanding in the reporting period.

Financing requirements for investments amounted to € 2.6 million in the reporting period, down € 1.6 million on the previous year's € 4.2 million. This decline is mainly attributable to

the € 1.4 million decline in capital expenditures in Belarus, where the first stage of expansion has been completed in the meantime. Investments in printing tools for new wallpaper collections in the first nine months of 2020 were also lower than in the previous year.

Due to the high internal financial strength, both the investments of € 2.6 million and the dividend payment of € 2.5 million as well as the scheduled repayment of financial liabilities in the amount of € 2.7 million could be financed from operating cash flow in the reporting period. The net credit position (difference between cash and cash equivalents as well as current financial assets and interest-bearing financial liabilities) thus increased by € 4.9 million in the first nine months from € 6.1 million as of December 31, 2019 to € 11.0 million as of September 30, 2020. It is composed of cash and cash equivalents in the amount of € 21.9 million and interest-bearing financial liabilities of € 10.9 million, which means that liquidity is still very high. Besides this net credit position, the high equity ratio of 60.3% on the balance sheet date (September 30, 2019: 57.8%) also underlines the very solid and robust financial structure of A.S. Création.

In the opinion of the Managing Board, A.S. Création also has a solid net worth position. As of September 30, 2020, the A.S. Création Group's total assets amounted to € 128.7 million (September 30, 2019: € 124.8 million), of which 88.2% (September 30, 2019: 86.4%), i.e. by far the biggest portion, was composed of property, plant and equipment, inventories, trade receivables as well as cash and cash equivalents. By contrast, intangible assets (including goodwill) carried in the consolidated balance sheet as of the reporting date played only a minor role and represented merely 6.6% (September 30, 2019: 7.4%) of the Group's total assets and 11.0% (September 30, 2019: 12.7%) of its equity capital.

Important events in the interim reporting period

Roland Bantel, who was appointed member of the Managing Board of A.S. Création on April 1, 2015, left the Managing Board with effect from March 31, 2020. Mr Bantel's responsibilities were assumed by CEO Daniel Barth.

In the context of the restructuring of the distribution network in France, the former distribution companies A.S. Création (France) S.A.S., SCE – Société de conception et d'édition S.A.S. and MCF Investissement S.A.S. were merged and the remaining company was renamed CREALIS S.A.S. as of June 1, 2020. The objective of this restructuring is to improve the market positioning of the "A.S. Création", "Lutèce" and "Montecolino" brands in the French wallpaper market and to make them more attractive for the different distribution channels by clearly distinguishing them. In addition, the merger and the related standardisation of internal processes will lead to a more efficient organisation in the interest of the French customers.

Forecast

In the 2019 Annual Report, the Managing Board published the following forecasts regarding the key performance indicators for the fiscal year 2020:

- Group sales revenues should amount to between € 143 million and € 153 million in the fiscal year 2020, compared to € 141 million in the previous year.
- The gross profit margin is expected to be slightly lower than the previous year's 50.5%.
- The personnel expense ratio, which stood at 26.5% in 2019, should decline to around 25% – excl. severance payments – in 2020.
- Earnings before interest and taxes should come in at between € 4 million and € 5 million in 2020. This figure does not include any extraordinary effects such as exchange gains or losses. This means that A.S. Création's operating performance should improve noticeably compared to the previous year's EBIT of € 3.4 million (excl. currency effects).
- Earnings after taxes from continuing operations – excluding extraordinary factors such as currency effects – could reach between € 2.5 million and € 3.5 million in 2020, compared to € 1.4 million in 2019.

The positive scenario described in the 6-month report materialised in the third quarter of 2020. Increased renovation activities and people's greater appreciation of their homes led to higher demand for wallpapers and furnishing fabrics. This effect was reinforced by the restriction of holiday travel, which meant that large parts of the population had to spend their holidays at home. This third-quarter trend is reflected in a 13.3% increase in A.S. Création's consolidated sales revenues. As described above, all of the above-mentioned KPIs, with the exception of Group sales revenues and the personnel expense ratio, were in line with or above the plans and budgets for the full year in the first nine months of 2020.

Incoming orders currently remain at a high level. Accordingly, consolidated sales revenues in the month of October are also likely to exceed the previous year's level. Nevertheless, there are still considerable uncertainties with regard to the future development until the end of the year, which have increased noticeably now that renewed lockdowns have been imposed in some of A.S. Création's key output markets. It is impossible to reliably predict how these developments will affect consumer spending and the sales potential for wallpaper and furnishing fabrics.

The revenue target for the full year 2020 has been set at between € 143 million and € 153 million. With consolidated revenues of close to € 106 million generated in the first nine months, at least € 37.4 million in revenues would have to be achieved in the fourth quarter in order to reach the revenue target for the full year 2020, which corresponds to the very high level of the third quarter of 2020 or revenue growth of around 14% compared with the fourth quarter of 2019. Against the background of the stricter measures imposed in the context of the coronavirus pandemic, the Managing Board currently assumes that revenues will not reach this level in the fourth quarter. Consequently, consolidated revenues for the full year 2020 are expected to remain slightly below plan and, from today's perspective, will reach between € 135 million and € 140 million.

Thanks to the very good gross profit margin achieved by A.S. Création in the current fiscal year as well as the cost savings, EBIT adjusted for currency effects already reached € 6.0 million in the first nine months of 2020, which is above the € 4 million to € 5 million planned

for the full year. In spite of the uncertainties about the economic environment in November and December 2020, the Managing Board considers a scenario in which A.S. Création incurs an operating loss of more than € 2 million in the fourth quarter of 2020 and thus misses its earnings target for 2020 to be extremely unlikely. While a loss cannot be completely ruled out in the fourth quarter of 2020, the Managing Board assumes that earnings before interest and taxes (excluding currency losses) for the full year 2020 will come in at between € 6 million and € 7 million, which would exceed the target set for the full year. Provided that EBIT excluding currency effects reach the above-mentioned level in the full year 2020, earnings after taxes from continuing operations – excluding currency effects – will also exceed the planned level of € 2.5 million to € 3.5 million and probably reach between € 4 million and € 5 million.

The debate on the personal, social, economic and political consequences of the coronavirus pandemic is very much in the media and public perception, which is undoubtedly justified in view of the dangerousness of the COVID-19 virus and the scale of the measures taken. However, in the opinion of the Managing Board, one should not forget that there will be a time after 2020 and after the pandemic. The Managing Board considers A.S. Création very well positioned for this time.

- With wallpaper and furnishing fabrics, A.S. Création's product portfolio comprises products that are likely to benefit from (mega)trends such as individualisation, the return to the home (cocooning), changes in the world of work (working from home) and urbanisation.
- A.S. Création has already pushed ahead with its own internationalisation, both with respect to its product portfolio and its organisation. With an innovative product range, a strong license brand portfolio as well as convincing marketing concepts, A.S. Création can provide its customers an attractive product offering. The company's portfolio of licensed brands has since been strengthened by the internationally renowned KARL LAGERFELD fashion brand. A.S. Création will present the corresponding wallpaper collection in November and December 2020. In combination with its own distribution companies in the large wallpaper markets and its growth-oriented production facility in Belarus, A.S. Création has a good basis for a successful future development.
- A.S. Création is established in all distribution channels and is therefore able to respond to market changes. Its own innovative strength provides the basis for rapid adaptation to such changes.
- A.S. Création has a robust financial structure, high internal financial resources and sufficient liquidity to realise the modernisation investments in logistics, production and IT that are required for the Group's further development.

Except for the potential consequences of the coronavirus crisis described above, the risk and opportunity profile of A.S. Création Tapeten AG has not changed materially as compared to the presentation in the 2019 Annual Report.

Statement pursuant to Article 315 paragraph 1 sentence 5 of the German Commercial Code (Handelsgesetzbuch – HGB)

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Gummersbach, November 2, 2020

A.S. Création Tapeten AG

The Managing Board

Barth

Krämer

Suskas

A.S. Création Tapeten AG, Gummersbach

Consolidated balance sheet

as per September 30, 2020

Assets			
	Notes No.	30.09.2020 € '000	31.12.2019 € '000
Tangible fixed assets		29,389	33,884
Intangible fixed assets		8,552	8,399
Other assets		760	245
Deferred tax assets		2,356	1,968
Non-current assets		41,057	44,496
Inventories		33,461	34,788
Trade receivables		28,771	22,543
Other assets		3,379	5,272
Income tax receivables		147	252
Cash and cash equivalents		21,913	20,649
Current assets		87,671	83,504
Total assets		128,728	128,000
Equity and liabilities			
	Notes No.	30.09.2020 € '000	31.12.2019 € '000
Capital stock		9,000	9,000
Capital reserves		13,757	13,757
Revenue reserves		60,544	58,188
Profit / loss carried forward		-4,432	-15,030
Earnings after taxes		-654	14,133
Adjustment for own shares		-4,021	-4,021
Currency translation differences		3,379	2,400
Equity		77,573	79,427
Financial liabilities (interest-bearing)		8,277	10,765
Other liabilities		429	910
Provisions	(1)	15,156	14,487
Non-current liabilities		23,862	26,162
Financial liabilities (interest-bearing)		2,670	3,766
Other liabilities		16,777	11,291
Trade payables		5,137	5,380
Provisions	(1)	142	200
Tax liabilities		2,567	1,774
Current liabilities		27,293	22,411
Total equity and liabilities		128,728	128,000

A.S. Création Tapeten AG, Gummersbach

Consolidated income statement

for the nine-month period ended September 30, 2020

	Notes No.	2020 € '000	2019 € '000
Sales	(2)	105,621	108,303
Increase or decrease in unfinished and finished goods		-272	215
Other own work capitalized		0	69
Total output		105,349	108,587
Cost of materials		49,124	53,845
Gross profit		56,225	54,742
Other income		906	2,517
		57,131	57,259
Personnel expenses		28,163	28,058
Depreciation		4,478	4,721
Other operating expenses		23,130	20,272
Operating expenses		55,771	53,051
Earnings before interest and taxes (EBIT)		1,360	4,208
Interest and similar income		17	34
Interest and similar expenses		557	769
Financial result		-540	-735
Earnings before income taxes		820	3,473
Income taxes	(3)	1,474	1,077
Earnings after taxes from continued operations		-654	2,396
Earnings after taxes from discontinued operations	(4)	0	1,995
Earnings after taxes		-654	4,391
Earnings per share (basic/diluted)	(5)	-0.24 €	1.59 €

A.S. Création Tapeten AG, Gummersbach

Consolidated statement of comprehensive income

for the nine-month period ended September 30, 2020

	2020 € '000	2019 € '000
Earnings after taxes	-654	4,391
Items, that will never be reclassified to profit or loss:		
Actuarial gains/losses from pension provisions	-660	-3,836
Deferred taxes on other comprehensive income	203	1,179
	-457	-2,657
Items, that are or may be reclassified to profit or loss:		
Foreign currency translation differences for fully consolidated companies	979	-331
Foreign currency translation differences for investments accounted for at equity	0	-887
Change in fair value of an interest rate hedge	1,101	-752
Deferred taxes on other comprehensive income	-342	234
	1,738	-1,736
Other comprehensive income (outside profit or loss)	1,281	-4,393
Total comprehensive income	627	-2

A.S. Création Tapeten AG, Gummersbach

Consolidated income statement

for the three-month period ended September 30, 2020

	Notes No.	2020 € '000	2019 € '000
Sales	(2)	37,051	32,702
Increase or decrease in unfinished and finished goods		1,807	494
Other own work capitalized		0	29
Total output		38,858	33,225
Cost of materials		18,569	17,299
Gross profit		20,289	15,926
Other income		189	705
		20,478	16,631
Personnel expenses		9,707	8,819
Depreciation		1,407	1,607
Other operating expenses		8,714	5,773
Operating expenses		19,828	16,199
Earnings before interest and taxes (EBIT)		650	432
Interest and similar income		3	12
Interest and similar expenses		182	265
Financial result		-179	-253
Earnings before income taxes		471	179
Income taxes	(3)	778	63
Earnings after taxes from continued operations		-307	116
Earnings after taxes from discontinued operations	(4)	0	0
Earnings after taxes		-307	116
Earnings per share (basic/diluted)	(5)	-0.11 €	0.04 €

A.S. Création Tapeten AG, Gummersbach

Consolidated statement of comprehensive income

for the three-month period ended September 30, 2020

	2020 € '000	2019 € '000
Earnings after taxes	-307	116
Items, that will never be reclassified to profit or loss:		
Actuarial gains/losses from pension provisions	0	-1,369
Deferred taxes on other comprehensive income	0	420
	0	-949
Items, that are or may be reclassified to profit or loss:		
Foreign currency translation differences for fully consolidated companies	735	0
Foreign currency translation differences for investments accounted for at equity	0	0
Change in fair value of an interest rate hedge	524	-1,217
Deferred taxes on other comprehensive income	-163	378
	1,097	-839
Other comprehensive income (outside profit or loss)	1,097	-1,788
Total comprehensive income	790	-1,672

A.S. Création Tapeten AG, Gummersbach

Consolidated statement of changes in equity

for the nine-month period ended September 30, 2020

	Capital stock	Capital reserves	Revenue reserves	Profit/ loss carried forward	Earnings after taxes	Adjust- ment for own shares	Currency trans- lation diffe- rences	Total
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
January 1, 2019	9,000	13,757	73,345	-21,421	-5,977	-4,021	7,550	72,233
First adoption of IFRS 16	0	0	-48	0	0	0	0	-48
Earnings after taxes 2018	0	0	0	-5,977	5,977	0	0	0
Dividend payments	0	0	0	0	0	0	0	0
Allocation to revenue reserves	0	0	0	0	0	0	0	0
Total comprehensive income 2019	0	0	-3,175	0	4,391	0	-1,218	-2
September 30, 2019	9,000	13,757	70,122	-27,398	4,391	-4,021	6,332	72,183

	Capital stock	Capital reserves	Revenue reserves	Profit/ loss carried forward	Earnings after taxes	Adjust- ment for own shares	Currency trans- lation diffe- rences	Total
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
January 1, 2020	9,000	13,757	59,188	-15,030	14,133	-4,021	2,400	79,427
Earnings after taxes 2019	0	0	0	14,133	-14,133	0	0	0
Dividend payments	0	0	0	-2,481	0	0	0	-2,481
Allocation to revenue reserves	0	0	1,054	-1,054	0	0	0	0
Total comprehensive income 2020	0	0	302	0	-654	0	979	627
September 30, 2020	9,000	13,757	60,544	-4,432	-654	-4,021	3,379	77,573

A.S. Création Tapeten AG, Gummersbach

Consolidated cash-flow statement

for the nine-month period ended September 30, 2020

	2020 € '000	2019 € '000
Operating activities		
Earnings after taxes	-654	4,391
+ Depreciation on tangible and intangible fixed assets	4,478	4,721
+/- Increase/decrease in long-term provisions	10	115
-/+ Income/expenses from investments accounted for at equity	0	-1,910
- Non-cash decrease in financial liabilities	-16	57
-/+ Income/expenses from changes in deferred taxes	-630	-384
-/+ Profit/losses from disposal of tangible and intangible fixed assets	94	28
-/+ Increase/decrease in inventories	503	-1,283
-/+ Increase/decrease in trade receivables	-7,238	-4,294
+/- Increase/decrease in trade payables	-27	-647
-/+ Increase/decrease in other net working capital	12,278	-5,542
Cash-flow from operating activities	8,798	-4,748
thereof from continued operations	(8,798)	(-4,790)
) Investing activities		
- Cash outflows for capital expenditures on tangible and intangible fixed assets	-2,636	-4,226
Capital expenditures	-2,636	-4,226
+ Proceeds from credits and bonds granted	0	10,958
+ Proceeds from the disposal of tangible and intangible fixed assets	42	166
Cash-flow from investing activities	-2,594	6,898
thereof from continued operations	(-2,594)	(-4,060)
Financing activities		
- Dividend paid to shareholders of A.S. Création Tapeten AG	-2,481	0
+/- Raising/repayment of financial liabilities (interest-bearing)	-2,686	-2,175
Cash-flow from financing activities	-5,167	-2,175
thereof from continued operations	(-5,167)	(-2,175)
Net change in cash and cash equivalents	1,037	-25
+/- Change in cash and cash equivalents due to exchange rate fluctuations	227	116
+ Cash and cash equivalents at January 1	20,649	11,890
Cash and cash equivalents at September 30	21,913	11,981

Further information on the cash-flow statement is presented in the notes to the consolidated financial statement (see No. 6).

A.S. Création Tapeten AG, Gummersbach

Notes to the consolidated financial statements

for the nine-month period ended September 30, 2020

General

A.S. Création Tapeten AG is a joint stock company registered in the Federal Republic of Germany. The address of the headquarters is Südstrasse 47, D-51645 Gummersbach.

The present consolidated interim financial statements for the period ended September 30, 2020 were prepared by A.S. Création Tapeten AG in a condensed form in accordance with the provisions of IAS 34 “Interim Financial Reporting”. The accounting and valuation methods used are the same as those used for the consolidated financial statements for the period ended December 31, 2019. The latter was prepared on the basis of the International Financial Reporting Standards (IFRS) that were applicable on the reporting date and had been adopted by the European Union as well as the additional requirements pursuant to section 315e (1) of the German Commercial Code (Handelsgesetzbuch HGB). A detailed description of the accounting and valuation methods was published in the notes to the consolidated financial statements for the period ended December 31, 2019.

A.S. Création Tapeten AG has a policy of applying new IFRS as soon as they become effective. The IFRS that were first adopted in the period under review did not have a material impact on the consolidated financial statements of A.S. Création as of September 30, 2020:

- Amendments to the IFRS Conceptual Framework; first-time adoption for fiscal years beginning on or after January 1, 2020.
- Amendments to IFRS 3 “Business Combinations”; first-time adoption for fiscal years beginning on or after January 1, 2020.
- Amendments to IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies”; first-time adoption for fiscal years beginning on or after January 1, 2020.
- Amendments to IAS 39 “Financial Instruments: Recognition and Measurement”, IFRS 7 “Financial Instruments: Disclosures” and IFRS 9 “Financial Instruments” - Interest Rate Benchmark Reform (Phase 1); first-time adoption for fiscal years beginning on or after January 1, 2020.
- Amendments to IFRS 16 “Leases”; apply from June 1, 2020 for lease concessions that reduce lease payments due on or before June 30, 2021.

The following standards have been published but have not yet become effective or been endorsed by the EU in fiscal 2020:

- Amendments to IAS 39 “Financial Instruments: Recognition and Measurement”, IFRS 7 “Financial Instruments: Disclosures”, IFRS 9 “Financial Instruments”, IFRS 4 “Insurance Contracts” and IFRS 16 “Leases” - Interest Rate Benchmark Reform (Phase 2); first-time adoption for fiscal years beginning on or after January 1, 2021.
- Amendments to IAS 1 “Presentation of Financial Statements”; first-time adoption for fiscal years beginning on or after January 1, 2023.
- Annual improvements to IFRS (2018-2020); first-time adoption for fiscal years beginning on or after January 1, 2022.

No material impact on the consolidated financial statements of A.S. Création are expected.

The preparation of the interim financial statements in accordance with IFRS requires the Managing Board to make estimates and assumptions that affect the presentation of assets and liabilities as well as income and expenses. All estimates and assumptions are made to the best of our knowledge and belief in order to provide a true and fair view of the net assets, financial and earnings position of the Group. The actual values may nevertheless differ from the estimated values. The results achieved in the fiscal year 2020 to date do not necessarily allow predictions to be made about the further course of business.

The present interim financial statements have neither been audited nor reviewed by an auditor.

Notes on the basis of consolidation

The merger of the two French companies MCF Investissement S.A.S. and A.S. Création (France) S.A.S. into SCE – Société de conception et d’édition S.A.S. in the first half of 2020 resulted in the new Group company CREALIS S.A.S. As a result, the number of fully consolidated subsidiaries of A.S. Création Tapeten AG declined from nine to seven.

Currency translation

A.S. Création Tapeten AG's reporting currency is the euro (€).

In accordance with IAS 21, foreign currencies of subsidiaries in non-EMU countries are translated according to the functional currency concept using the modified closing rate method. Besides, the following exchange rates come to the use:

	Closing rate of the period		Average rate of the period	
	30.09.2020	31.12.2019	2020	2019
Pound Sterling (GBP/€)	0.91235	0.85080	0.88509	0.88346
Russian Rouble (RUB/€)	93.02370	69.34060	79.91640	72.95891
Belarus Rouble (BYN/€)	3.08400	2.35240	2.69338	2.35820

Notes to the balance sheet

(1) Provisions

Long-term provisions refer to pension provisions, while short-term provisions mainly refer to potential losses from current contracts and warranties.

Notes to the income statement

(2) Sales

A breakdown of Group sales by region is provided below:

	Wallpaper Division		Fabrics Division		Consolidation		Group	
	2020	2019	2020	2019	2020	2019	2020	2019
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Germany	44,103	40,581	6,936	7,257	-44	-48	50,995	47,790
EU (excl. Germany)	44,467	47,217	1,453	1,528	-16	-18	45,904	48,727
European Union (EU)	88,570	87,798	8,389	8,785	-60	-66	96,899	96,517
Other Eastern Europe	13,443	14,481	42	100	0	0	13,485	14,581
Other countries	6,854	7,698	302	409	0	0	7,156	8,107
Sales (gross)	108,867	109,977	8,733	9,294	-60	-66	117,540	119,205
Reduction in revenues	-11,319	-10,308	-600	-594	0	0	-11,919	-10,902
Sales (net)	97,548	99,669	8,133	8,700	-60	-66	105,621	108,303

(3) Income taxes

Income taxes recognised comprise the income taxes paid or due in the individual countries as well as deferred tax assets and liabilities. Income taxes break down as follows:

	2020	2019
	€ '000	€ '000
Income taxes	2,104	1,459
Deferred income taxes	-630	-382
	1,474	1,077

In addition, income taxes in the amount of € 0.00 million (previous year: € 0.038 million) were incurred on discontinued operations.

(4) Earnings after taxes from discontinued operations

Due to the sale of the 50% stake in OOO A.S. & Palitra in 2019, earnings components attributable to these assets are presented separately as earnings after taxes from discontinued operations. These are composed as follows:

	2020 € '000	2019 € '000
Results from assets accounted for at equity	0	1,910
Interest income from shareholder loans	0	123
Financial result from discontinued operations	0	2,033
Income taxes	0	-38
Earnings after taxes from discontinued operations	0	1,995

(5) Earnings per share (basic/diluted)

Earnings per share are calculated as follows:

		2020	2019
Number of shares outstanding (weighted average)	shares	2,756,351	2,756,351
Earnings after taxes	€	-653,731	4,391,121
Earnings per share	€/share	-0.24	1.59
thereof from continued operations	€/share	(-0.24)	(0.87)
thereof from discontinued operations	€/share	(0.00)	(0.72)

Given that no stock options or similar equity instruments exist that may lead to a change in the number of shares (so-called "capital dilution"), earnings per share represent both basic and diluted earnings per share.

Complementary information

(6) Cash-flow statement

Cash-flow from operating activities includes the following payments:

	2020 € '000	2019 € '000
Interest received	15	73
thereof from discontinued operations	(0)	(42)
Interest paid	431	574
Income tax received	135	277
Income tax paid	1,383	448

Interest paid primarily relates to investment financing.

The changes in financial liabilities shown under cash-flow from financing activities are composed as follows:

	2020 € '000	2019 € '000
Raising of financial liabilities	13	0
Repayment of financial liabilities	-2,699	-2,175
thereof from financial lease contracts	(-325)	(-248)
	-2,686	-2,175

(7) Contract fulfilment costs

In the reporting period, contract fulfilment costs as defined in IFRS 15 amounted to € 1.350 million (previous year: € 1.336 million); these are provided continuously over the term of the underlying contract. As the performance for the contract fulfilment costs capitalised in the contractual period, these costs were immediately written off in full in the reporting period.

(8) Segment reporting

According to IFRS 8, segment reporting must reflect the Group's internal organisational and reporting structures. Based on A.S. Création's products and services, the corporate structure comprises two segments, i.e. the Wallpaper Division and the Furnishing Fabrics Division. Prices charged for intragroup deliveries and services are set in line with general market prices.

A breakdown of key figures by segments is provided below:

	Wallpaper Division		Fabrics Division		Consolidation		Group	
	2020 € '000	2019 € '000	2020 € '000	2019 € '000	2020 € '000	2019 € '000	2020 € '000	2019 € '000
External sales	97,507	99,625	8,114	8,678	0	0	105,621	108,303
Intra-Group sales	41	44	19	22	-60	-66	0	0
Total sales	97,548	99,669	8,133	8,700	-60	-66	105,621	108,303
EBITDA ¹	5,503	8,683	335	259	0	-13	5,838	8,929
EBITDA-margin	5.6 %	8.7 %	4.1 %	3.0 %			5.5 %	8.2 %
EBIT ²	1,180	4,104	180	96	0	8	1,360	4,208
EBIT-margin	1.2 %	4.1 %	2.2 %	1.1 %			1.3 %	3.9 %
Interest income ³	28	47	0	0	-11	-13	17	34
Interest expenses	517	719	51	65	-11	-15	557	769
Earnings before taxes ³	691	3,432	129	31	0	10	820	3,473
Return on sales (before taxes) ³	0.7 %	3.4 %	1.6 %	0.4 %			0.8 %	3.2 %
Income taxes ³	1,432	1,065	42	9	0	3	1,474	1,077
Capital expenditures ⁴	2,589	4,172	47	54	0	0	2,636	4,226
Depreciation	4,323	4,579	155	163	0	-21	4,478	4,721
Cash-flow ³								
from operating activities	8,232	-5,142	566	365	0	-13	8,798	-4,790
from investing activities	-2,565	-4,046	-29	-14	0	0	-2,594	-4,060
from financing activities	-4,683	-1,753	-484	-435	0	13	-5,167	-2,175
Segment assets (closing date) ⁵	98,444	104,035	5,895	6,240	-27	-25	104,312	110,250
thereof non-current assets	(37,508)	(40,859)	(1,193)	(1,366)	(0)	(0)	(38,701)	(42,225)
Segment liabilities (closing date) ⁶	21,016	17,647	1,496	1,511	-27	-24	22,485	19,134
Employees (average)	683	685	63	64	0	0	746	749

A breakdown of Group sales by geographical regions is provided in the notes on sales (see No. 2).

The table below shows a breakdown of the Group's assets by regions and maturities:

	Total	Remaining term	Remaining term
--	-------	----------------	----------------

1 **EBITDA** ist die international gebräuchliche Abkürzung für das Ergebnis vor Steuern, Finanzergebnis und Abschreibungen (Earnings before Interest, Taxes, Depreciation and Amortisation).

2 **EBIT** ist die international gebräuchliche Abkürzung für das operative Ergebnis, d. h. für das Ergebnis vor Steuern und Finanzergebnis (Earnings before Interest and Taxes). Es entspricht dem Segmentergebnis.

3 Diese Werte beziehen sich auf die fortgeführten Aktivitäten.

4 Die **Investitionen** entsprechen dem Ausweis in der Kapitalflussrechnung.

5 **Segmentvermögen** ist die Bilanzsumme (Aktiva) des Geschäftsbereichs abzüglich der verzinslichen Ausleihungen an verbundene Unternehmen, der flüssigen Mittel und abzüglich der latenten Steueransprüche sowie anderer Steuererstattungsansprüche.

6 **Segmentsschulden** sind die Bilanzsumme (Passiva) des Geschäftsbereichs abzüglich des Eigenkapitals, der langfristigen Rückstellungen, der Steuerverbindlichkeiten, der latenten Steuerverbindlichkeiten sowie abzüglich der Finanzverbindlichkeiten.

			of up to 1 year		of over 1 year	
	30.09.2020	31.12.2019	30.09.2020	31.12.2019	30.09.2020	31.12.2019
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Germany	67,742	62,902	45,903	43,864	21,839	19,038
EU (excl. Germany)	21,828	20,646	12,748	11,447	9,080	9,199
Other Eastern Europe	14,742	21,583	6,960	7,292	7,782	14,291
	104,312	105,131	65,611	62,603	38,701	42,528

(9) Managing Board

The Managing Board had the following members in the reporting period:

- Daniel Barth, Chairman, Corporate Strategy, Marketing and Sales
- Maik Krämer, Finance and Controlling
- Antonios Suskas, Production and Logistics
- Roland Bantel (until March 31, 2020)

(10) Related party transactions

All business relations with related parties are contractually agreed and conducted on an arm's length basis.

The relationship of the company with A.S. Création Tapeten Stiftung, a charitable foundation, mentioned in the consolidated financial statement 2019, as well as the agreements with Franz Jürgen Schneider relating the release from the anti-trust proceedings continued to exist in the period under review. No expenses incurred in this context in the reporting period as well as in the previous year.

(11) Post balance sheet events

No events that require reporting occurred.

Gummersbach, November 2, 2020

A.S. Création Tapeten AG

The Managing Board

Barth

Krämer

Suskas

Investor Relations

Maik Krämer, Director of Finance
Südstraße 47, D-51645 Gummersbach-Derschlag
Phone: +49-2261-542 387
fax: +49-2261-542 304
e-mail: m.kraemer@as-creation.de