



Neodecortech S.p.A.

Independent auditor's report pursuant
to article 14 of Legislative Decree n.
39, dated January 27, 2010 and article
10 of EU Regulation n. 537/2014

Consolidated financial statements at
31 December 2021

This report has been translated into English from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.

Independent auditor's Report

pursuant to article 14 of Legislative Decree n. 39, dated January 27, 2010 and article 10 of EU Regulation n. 537/2014

To the Shareholders of
Neodecortech S.p.A.

Report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Neodecortech Group (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2021, the consolidated statement of comprehensive income, the consolidated income statement, the consolidated statement of changes in shareholders' equity, the consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement art. 9 of Legislative Decree n. 38/'05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated financial statements* section of our report. We are independent of Neodecortech S.p.A. (the "Company") in accordance with the ethical and independence requirements applicable in Italy to the audit of financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters**Audit response**

PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2021 property, plant and equipment amounted at amount of about € 78.6 million of which 11.0 million referred to the subsidiary Bio Energia Guarcino S.r.l.

Considering what is reported by Directors in the Directors Report of Operation in relation to the unit value of incentives, the time frame of the application of the new legislation, as well as the growing trend of raw material prices, as at December 31, 2021, the Directors identified the presence of impairment indicators regarding the recoverability of the tangible fixed assets' carrying amount accounted for by the subsidiary Bio Energia Guarcino S.r.l. An impairment test in compliance with IAS 36 was carried out by the Directors accordingly.

The methods followed in the evaluation and calculation of the recoverable amount of the assets involved are based on assumptions that are sometimes complex and whose nature involves the use of judgement by the Directors. It regards the identification of indicators of impairment, the forecasts of future cash flows, the calculation of normalised cash flows to determine the estimated terminal value, the determination of long-term growth rates and the discounting of future cash flow forecasts included in the business plan used for the impairment test.

In light of the materiality of the element involved and the complexity of the assumptions made when estimating the recoverable amount of the tangible fixed assets owned by Bio Energia Guarcino S.r.l., we believe that this represents a Key Audit Matter.

Information regarding the valuation of the tangible fixed assets is provided in the Directors Report of Operation, in the Explanatory Notes to the Group's Consolidated Financial Statements - Note "General Criteria for the preparation of the financial statements" and in Note 13 - "Property, plant and equipment".

Our audit procedures in response to the key audit matter identified included the following:

- discussions with Management;
- analysis of the tangible fixed assets variation over the fiscal year and review of the most significant acquisitions and sales;
- review of the correct classification and of the related accounting treatment;
- testing for the presence of impairment' indicators;
- analysis of the procedures implemented by the Company for the identification of any tangible fixed assets' impairment losses;
- review of the report prepared by the expert who assisted the Directors with the impairment test, as well as an assessment of his professional skill, capability and objectivity;
- analysis of the operating cash flow forecasts used to determine fair value;
- comparison of the operating cash flow forecasts with the business plan used for the impairment test;
- comparison between past forecasts and actual figures;
- check of the mathematical accuracy of the impairment test model;
- sensitivity analysis of the key assumptions;
- comparison between carrying amounts and value in use deriving from the impairment test.

During our work, we were assisted by our valuation experts. They were called upon to perform an independent check of the impairment test and the related assumptions.

We tested the adequacy and appropriateness of the information provided in the Notes to the Financial Statements relating to property, plant and equipment.

Responsibilities of the Directors and Those charged with governance for the consolidated financial statements

The Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement art. 9 of Legislative Decree n. 38/'05 and, within the terms prescribed by the law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Parent Company Neodecortech S.p.A. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercised professional judgment and maintain professional skepticism throughout the audit. We also have:

- Identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Concluded on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We have communicated with Those charged with governance, as properly identified in accordance with ISA Italia, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have also provided Those charged with governance with a statement that we have complied with relevant ethical and independence requirements applicable in Italy, and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described those matters in our auditor's report.

Other information communicated pursuant to article 10 of Regulation (EU) 537/2014

We were initially engaged by the Shareholders meeting of Neodecortech S.p.A. on December 9, 2019 to perform the audits of the Company's and the consolidated financial statements of the Group of each fiscal year starting from December 31, 2020 to December 31, 2028.

We declare that we did not provide prohibited non-audit services, referred to article 5, paragraph 1, of Regulation (EU) 537/2014, and that we remained independent of the Company in conducting the audit.

We confirm that the opinion on the consolidated financial statements of Neodecortech S.p.A. included in this audit report is consistent with the content of the additional report prepared in accordance with article 11 of the EU Regulation n.537/2014, submitted to Those charged with governance.

Reports on other legal and regulatory requirements

Opinion on the compliance to the requirements of Delegated Regulation (EU) 2019/815

The Directors of Neodecortech S.p.A. are responsible for the application of the requirements of Delegated Regulation (EU) 2019/815 of European Commission regarding the regulatory technical standards pertaining the electronic reporting format specifications (ESEF - European Single Electronic Format) (hereinafter the "Delegated Regulation") to the consolidated financial statements, to be included in the Annual financial report.

We have performed the procedures required under audit standard (SA Italia) no. 700B in order to express an opinion on the compliance of the consolidated financial statements to the requirements of the Delegated Regulation.

In our opinion, the consolidated financial statements have been prepared in XHTML format and have been marked-up, in all material respects, in compliance to the requirements of Delegated Regulation.

Opinion pursuant to article 14, paragraph 2, (e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Neodecortech S.p.A. are responsible for the preparation of the report on operations and of the corporate governance report of Neodecortech S.p.A. as at December 31, 2021, including their consistency with the consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and of specific information of the corporate governance report as provided by article 123-bis, paragraph 4, of Legislative Decree n. 58/'98, with the consolidated financial statements of Neodecortech Group as at December 31, 2021 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the report on operations and the above mentioned specific information of the corporate governance report are consistent with the consolidated financial statements of Neodecortech Group as at December 31, 2021 and are compliant with applicable laws and regulations.

With reference to the assessment pursuant to article 14, paragraph. 2, (e), of Legislative Decree n. 39/'10 based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Statement in accordance with article 4 of Consob Regulation in application of Legislative Decree no. 254, of December 30, 2016

The Directors of Neodecortech S.p.A. are responsible for the preparation on a voluntary basis of the consolidated non-financial statement pursuant to Legislative Decree no.254, of December 30,2016. We have checked that the Directors had approved the consolidated non-financial statement.

According to article 3, paragraph 10, of Legislative Decree n.254, of December 30,2016 the compliance of the consolidated non-financial statement is attested by another auditor.

Milan, March 31, 2022

BDO Italia S.p.A.
Signed by

Lelio Bigogno
Partner



Neodecortech S.p.A.

Independent auditor's report pursuant
to article 14 of Legislative Decree n.
39, dated January 27, 2010 and article
10 of EU Regulation n. 537/2014

Financial statements at 31 December 2021

This report has been translated into English from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.

Independent auditor's Report

pursuant to article 14 of Legislative Decree n. 39, dated January 27 2010 and article 10 of EU Regulation n. 537/2014

To the shareholders of
Neodecortech S.p.A.

Report on the financial statements

Opinion

We have audited the financial statements of Neodecortech S.p.A. (the Company), which comprise the statement of financial position as at December 31, 2021, the income statement, the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended; and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements give a true and fair view of the financial position of the Company as at December 31, 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement article 9 of Legislative Decree NO. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical and independence requirements applicable in Italy to the audit of financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters

Audit response

VALUATION OF INVESTMENTS

As at December 31, 2021 investments amounted of about € 33.3 million, totally referred to the investment in Cartiere di Guarcino S.p.A., fully owned by the Company. Cartiere di Guarcino S.p.A. investment amounted of about € 11.1 million, totally referred to the 100% interest in Bio Energia Guarcino S.r.l.

At least annually, Management checks for the presence of indicators of impairment of each investment in line with its management strategy for the legal entities belonging to the Group. If any such indicators of impairment are identified, an impairment test is performed on the relevant assets.

Considering what is reported by Directors in the Directors Report of Operation in relation to the unit value of incentives, the time frame of the application of the new legislation, as well as the growing trend of raw material price, as at December 31, 2021, an impairment test was performed on the value of the investment in Bio Energia Guarcino S.r.l. but no important was identified as a result of the test.

The methods followed in the evaluation and calculation of the recoverable amount of the assets involved are based on assumptions that are sometimes complex and whose nature involves the use of judgement by the Directors. It regards the identification of indicators of impairment, the forecasts of future cash flows, the calculation to determine the estimated terminal value, the determination of long-term growth rates and the discounting of future cash flow forecasts included in the business plan used for the impairment test.

In light of the materiality of the element involved and the complexity of the assumptions made when estimating the recoverable amount of the assets, we believe that this represent a Key Audit Matter.

Information regarding the valuation of investments is provided in the Directors Report of Operation and in the Explanatory Notes to the Financial Statements - Note "General Criteria for the preparation of the financial statements".

Our audit procedures in response to the key audit matter identified included the following:

- discussions with Management;
- analysis of the investments' variation over the fiscal year and review of the most significant acquisitions and sales;
- review of the correct classification and of the related accounting treatment;
- collection of the financial statements for all the investments;
- testing for the presence of impairment' indicators;
- analysis of the procedures implemented by the Company for the identification of any investments' impairment losses;
- review of the report prepared by the expert who assisted the Directors with the impairment test, as well as an assessment of his professional skill, capability and objectivity;
- analysis of the operating cash flows forecasts used to determine fair value;
- comparison of operating cash flows forecast with the business plan;
- comparison between past forecasts actual figures;
- check of the mathematical accuracy of the impairment test model;
- sensitivity analysis of the key assumptions;
- comparison between carrying amounts and value in use deriving from the impairment test.

During our work, we were assisted by our valuation experts. They were called upon to perform an independent check of the impairment test and the related assumptions.

We tested the adequacy and appropriateness of the information provided in the Notes to the Financial Statements on the valuation of investments.

Responsibilities of the Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement article 9 of Legislative Decree NO. 38/05 and, within the terms provide by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also have:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Concluded on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, as properly identified in accordance with ISA Italia, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have also provided those charged with governance with a statement that we have complied with relevant ethical and independence requirements applicable in Italy, and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described those matters in the auditor's report.

Other information communicated pursuant to article 10 of Regulation (EU) 537/2014

We were initially engaged by the shareholders meeting of Neodecortech S.p.A. on December 9, 2019 to perform the audits of the financial statements of each fiscal year starting from December 31, 2020 to December 31, 2028.

We declare that we did not provide prohibited non audit services, referred to article 5, paragraph 1, of Regulation (EU) 537/2014, and that we remained independent of the company in conducting the audit.

We confirm that the opinion on the financial statements included in this audit report is consistent with the content of the additional report prepared in accordance with article 11 of the EU Regulation n.537/2014, submitted to those charged with governance.

Reports on other legal and regulatory requirements

Opinion on the compliance to the requirements of Delegated Regulation (EU) 2019/815

The Directors of Neodecortech S.p.A. are responsible for the application of the requirements of Delegated Regulation (EU) 2019/815 of European Commission regarding the regulatory technical standards pertaining the electronic reporting format specifications (ESEF - European Single Electronic Format) (hereinafter the "Delegated Regulation") to the financial statements, to be included in the Annual financial report.

We have performed the procedures required under audit standard (SA Italia) no. 700B in order to express an opinion on the compliance of the financial statements to the requirements of the Delegated Regulation.

In our opinion, the financial statements have been prepared in XHTML format in compliance to the requirements of Delegated Regulation.

Opinion pursuant to article 14, paragraph 2, (e), of Legislative Decree n. 39/10 and of article 123-bis paragraph 4 of Legislative Decree n. 58/98.

The Directors of Neodecortech S.p.A. are responsible for the preparation of the report on operations and of the corporate governance report of Neodecortech S.p.A. as at December 31, 2021, including their consistency with the financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and of specific information of the corporate governance report as provided by article 123-bis, paragraph. 4, of Legislative Decree n. 58/98, with the financial statements of Neodecortech S.p.A. as at December 31, 2021 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the report on operations and the above mentioned specific information of the corporate governance report are consistent with the financial statements of Neodecortech S.p.A. as at December 31, 2021 and are compliant with applicable laws and regulations.

With reference to the assessment pursuant to article 14, paragraph. 2, (e), of Legislative Decree n. 39/10 based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Milan, March 31, 2022

BDO Italia S.p.A.
Signed by

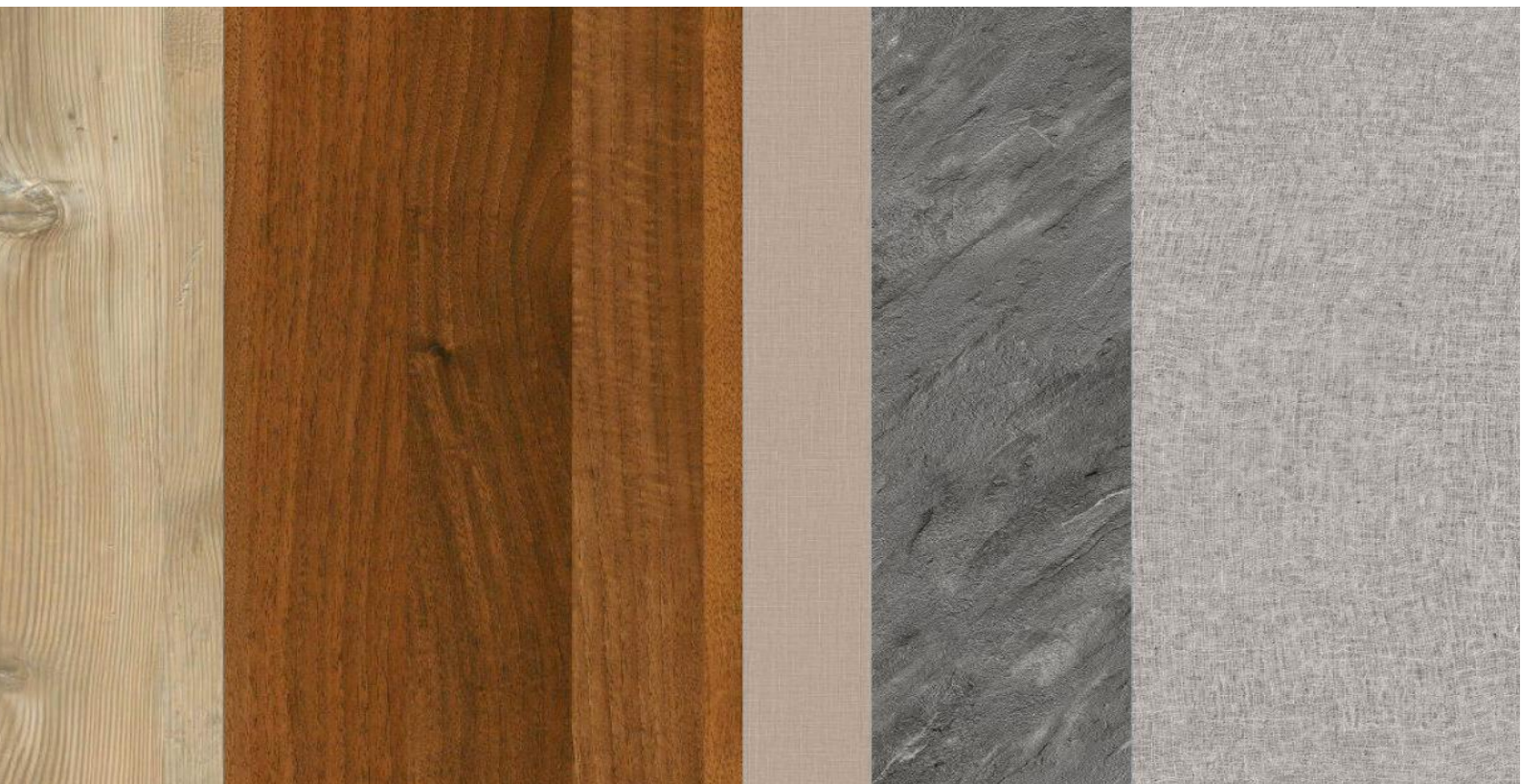
Lelio Bigogno
Partner



Annual Report at 31 December 2021

Financial Statements prepared in accordance with IAS/IFRS

Amounts in Euro





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Share Capital
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www.neodecortech.it

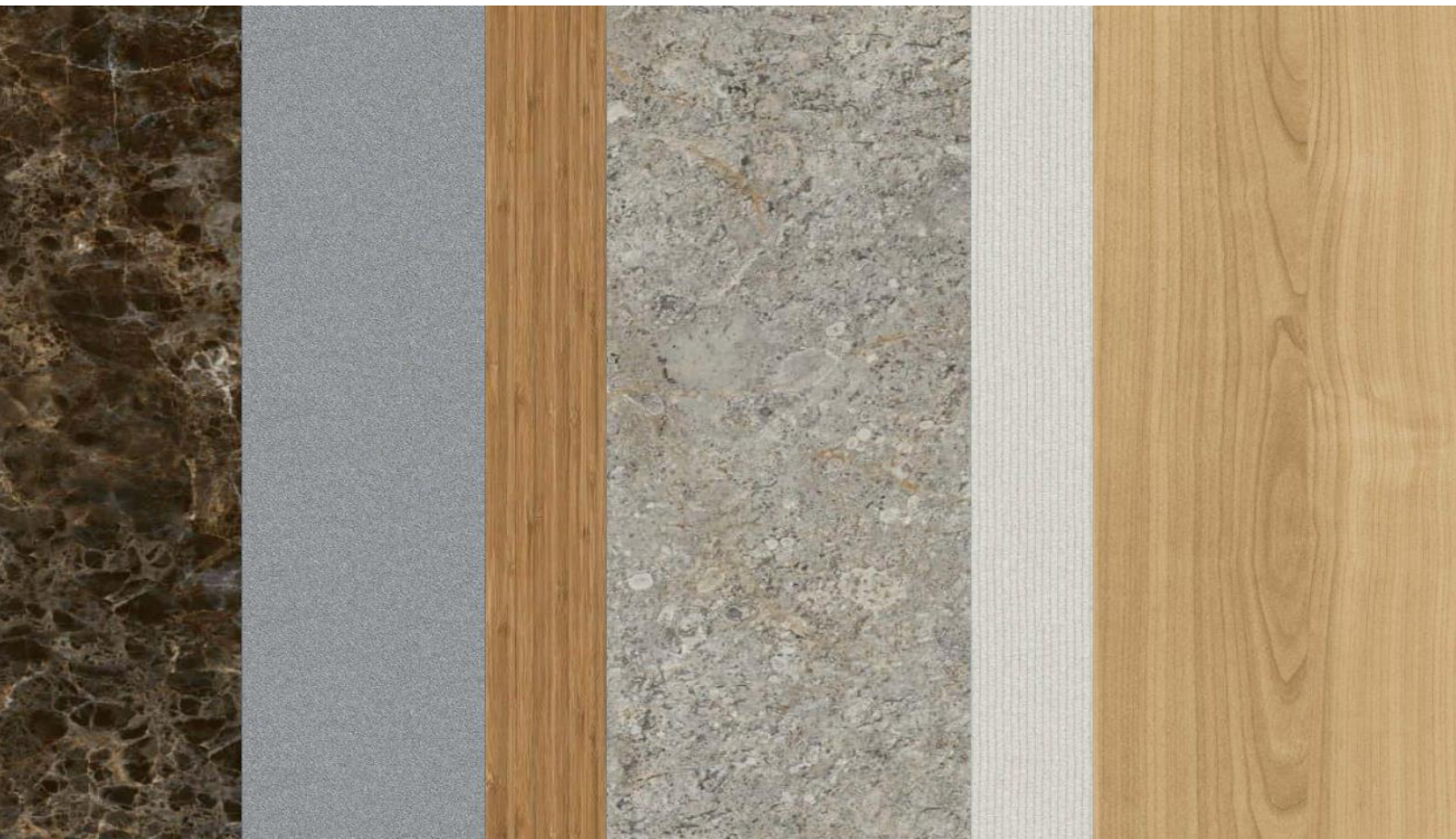
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**NEO
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The Neodecortech Group



Corporate bodies

Board of Directors ⁽¹⁾

Chairman	Riccardo Bruno*
Director, Chief Executive Officer	Luigi Cologni
Executive Director	Massimo Giorgilli
Non-Executive Director	Luca Peli
Independent Non-Executive Director	Paolo Pietrogrande*
Independent Non-Executive Director	Paola Carrara*
Independent Non-Executive Director	Laura Calini*

() Independent Director pursuant to Article 148 of the TUF and Article 2 of the Corporate Governance Code adopted by the Corporate Governance Committee of Borsa Italiana S.p.A. to which the Company adheres.*

Board of Statutory Auditors ⁽²⁾

Chairman	Stefano Santucci
Standing Auditor	Federica Menichetti
Standing Auditor	Stefano Zonca
Alternate Auditor	Davide Mantegazza
Alternate Auditor	Marinella Monterumisi

Financial Reporting Manager ⁽³⁾

Fabio Zanobini

Committees ⁽⁴⁾

Remuneration and Appointments Committee	Paola Carrara (Chair) Paolo Pietrogrande Riccardo Bruno
Control and Risk Committee	Paolo Pietrogrande (Chairman) Laura Calini Paola Carrara
Related Party Committee	Laura Calini (Chair) Paolo Pietrogrande Paola Carrara

Sustainability Committee

Riccardo Bruno (Chairman)
Luigi Cogni
Massimo Giorgilli
Laura Calini

Supervisory Board ⁽⁵⁾

Ettore Raspadori (Chairman)
Federica Menichetti ⁽⁶⁾

Independent Auditors ⁽⁷⁾

BDO Italia S.p.A.

⁽¹⁾ The Board of Directors of Neodecortech S.p.A. in office was appointed on 9 December 2019 and will remain in office for three financial years until the Shareholders' Meeting called to approve these financial statements for the year ending 31 December 2021. Director Luca Peli was appointed by co-optation on 11 May 2021; on 30 September 2021, the Shareholders' Meeting then appointed him as Director to replace the outgoing Director Cristina Valentini.

⁽²⁾ The Company's Board of Statutory Auditors was appointed on 24 February 2020 and will remain in office until the date of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2022.

⁽³⁾ Fabio Zanobini was appointed Financial Reporting Manager by the Board of Directors on 25 June 2020, pursuant to Article 154-bis of the TUF.

⁽⁴⁾ The Board of Directors of Neodecortech S.p.A. resolved on 31 January 2020 to establish (i) a Remuneration and Appointments Committee; (ii) a Control and Risk Committee; (iii) a Related Party Committee and (iv) a Sustainability Committee, subject to the start of trading of the Company's shares and "Warrant Neodecortech 2018-2021" on the Euronext Milan market organized and managed by Borsa Italiana S.p.A. (then called Mercato Telematico Azionario - **MTA**). Trading on Euronext Milan started on 25 May 2020.

⁽⁵⁾ The Board of Directors of Neodecortech S.p.A. passed a resolution on 31 January 2020 appointing Mr. Raspadori and Ms. Menichetti as members of the Supervisory Board of the Company for three financial years, therefore, until the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2022.

⁽⁶⁾ Ms. Menichetti also holds the position of standing auditor of Neodecortech S.p.A.

⁽⁷⁾ The nine-year statutory audit assignment pursuant to Article 17 of Legislative Decree 39/2010 of the Italian Civil Code for the financial years 2020-2028 was granted by the Ordinary Shareholders' Meeting on 9 December 2019.

Group structure

The Group's structure at 31 December 2021 and 31 December 2020 is shown below.

Neodecortech S.p.A. — 100% → Cartiere di Guarcino S.p.A. — 100% → Bio Energia Guarcino S.r.l.

At 31 December 2021, the **companies forming the Group** are:

NDT

Neodecortech S.p.A. ("NDT" or "Parent Company")

registered and operating offices in Filago (BG) and other operating offices in Casoli d'Atri (TE), heads up the core business of the Group and is active in the printing and impregnation of paper, in the printing and finishing of thermoplastic film, and in "laminates" produced mainly at the Casoli headquarters. Neodecortech's goal is to act as a highly proactive decoration partner for its customers in the interior design and flooring industry, through constant monitoring and interpretation of new stylistic trends.

The Parent Company performs the following functions for its subsidiaries:

- (i) legal and corporate affairs,
- (ii) administration and investments,
- (iii) strategic planning and business development,
- (iv) Internal Audit, Compliance & Risk Management.

CDG

Cartiere di Guarcino S.p.A. (CDG)

registered office in Guarcino (FR), specializes in the production of decorative papers that subsequently undergo other stages of processing: printing or directly impregnation with thermosetting resins and hot pressing. The company operates on the national and international markets through a network of agents.

BEG

Bio Energia Guarcino S.r.l. (BEG)

registered office in Guarcino (FR), owns the cogeneration plant in operation since May 2010 for the self-production of electrical and thermal energy that satisfies a large part of the energy needs of CDG.

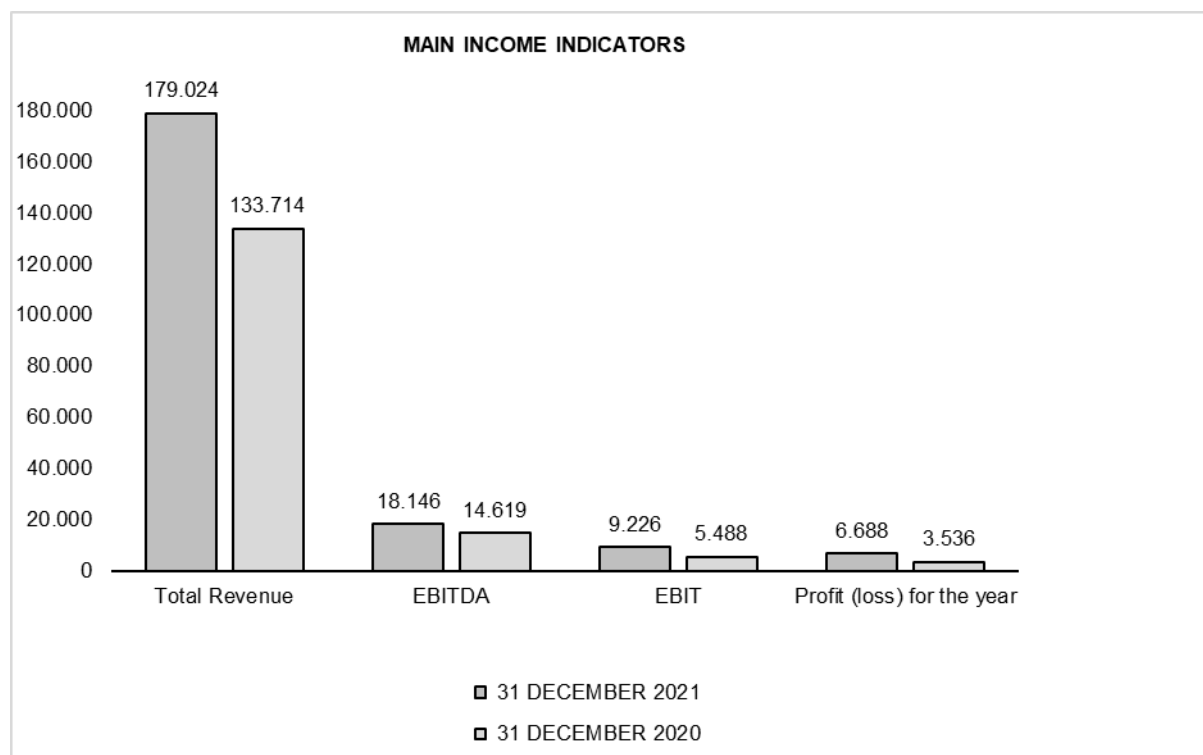
Financial highlights of the Neodecortech Group

Income statement

The table below shows the main **consolidated income statement** figures:

<i>(Euro thousands)</i>	31 DECEMBER 2021	%	31 DECEMBER 2020	%	Chg.	% change
Revenue from sales and services	176.429	100,0%	127.843	100,0%	48.586	38,0%
Other revenue	2.595	1,5%	5.871	4,6%	(3.276)	(55,8%)
Total Revenue	179.024	101,5%	133.714	104,6%	45.310	33,9%
EBITDA	18.146	10,3%	14.619	11,4%	3.527	24,1%
Amortization and depreciation	8.839	5,0%	8.725	6,8%	114	1,3%
Allocations	81	0,0%	406	0,3%	(325)	0,0%
EBIT	9.226	5,2%	5.488	4,3%	3.738	68,1%
Profit (loss) for the year	6.688	3,8%	3.536	2,8%	3.152	89,1%

For comments on changes, reference should be made to the section "CONSOLIDATED INCOME STATEMENT" in the Directors' Report on Operations.

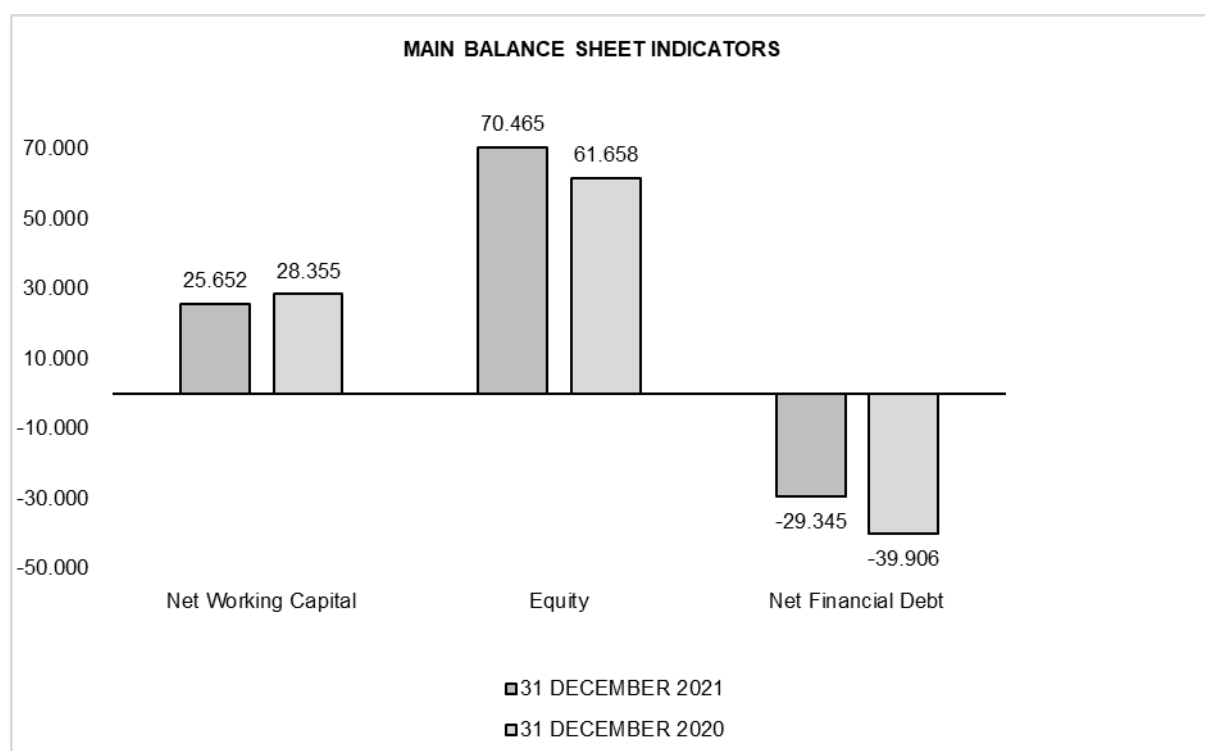


Financial results

The table below shows the main **consolidated financial indicators**:

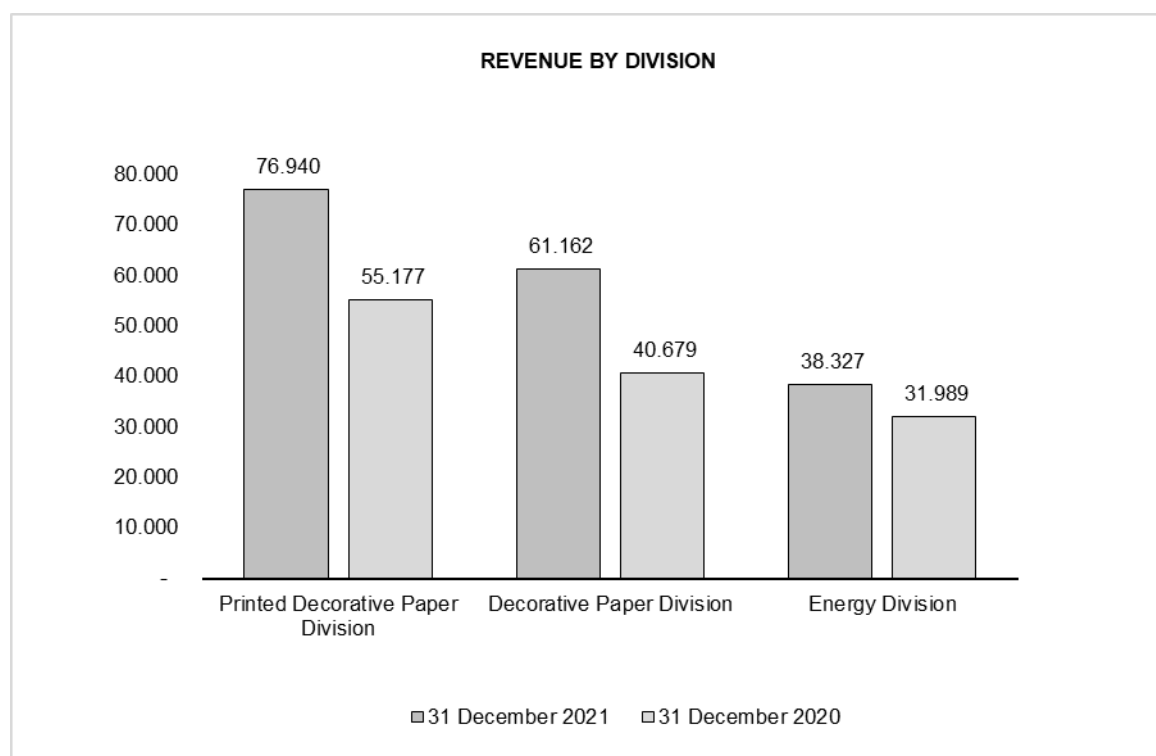
(Euro thousands)	31 DECEMBER 2021	31 DECEMBER 2020	Chg.	% change
Net Working Capital	25.652	28.355	(2.703)	(9,5%)
Equity	70.465	61.658	8.807	14,3%
Net Financial Debt	(29.345)	(39.906)	(10.561)	26,5%

For comments on changes, reference should be made to the section "RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION" in this Directors' Report on Operations.



The table below shows **consolidated revenue by operating segment**.

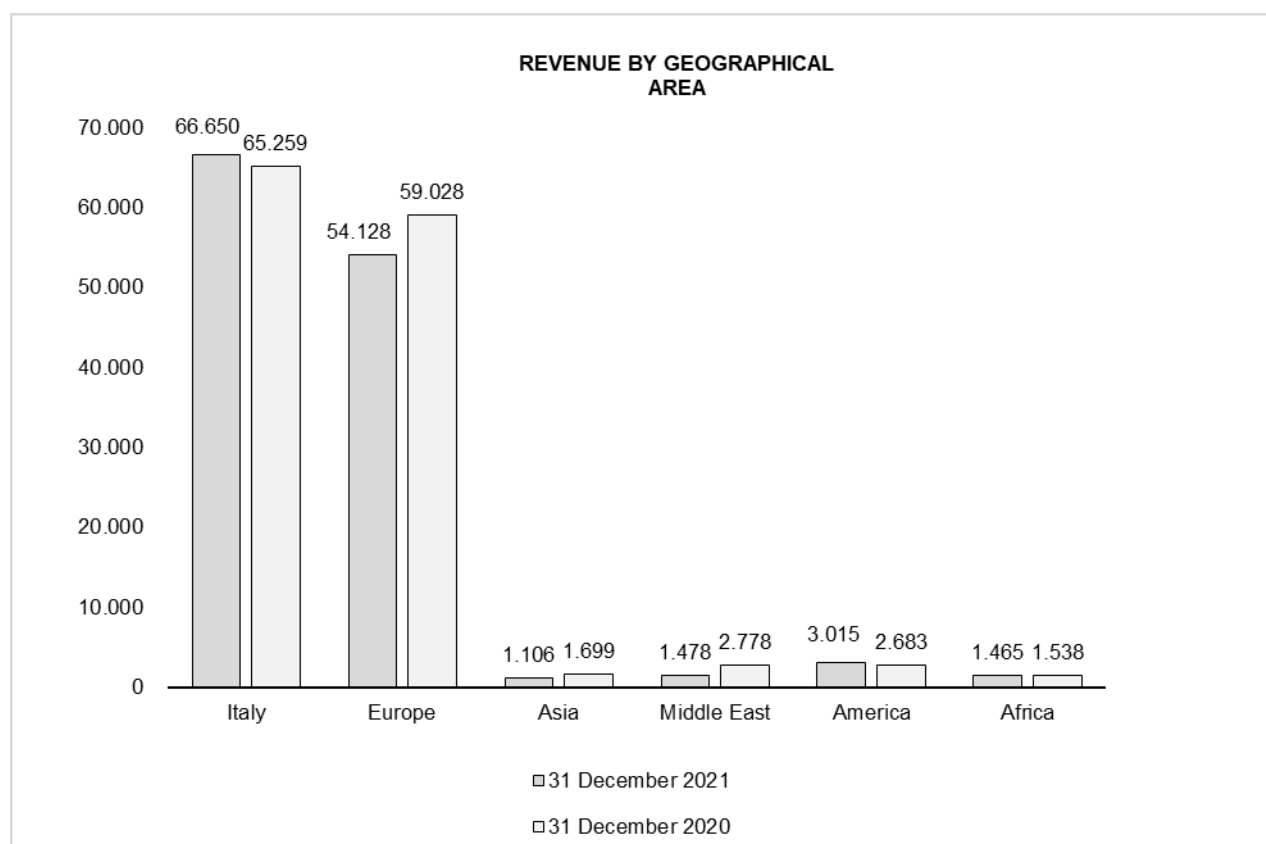
<i>(Euro thousands)</i>	31 December 2021	%	31 December 2020	%	Chg.	% change
Printed Decorative Paper Division	76.940	44%	55.177	43%	21.763	39,4%
Decorative Paper Division	61.162	35%	40.679	32%	20.484	50,4%
Energy Division	38.327	22%	31.989	25%	6.339	19,8%
Total	176.429	100%	127.843	100%	48.586	38,0%



For comments on the performance of each division, reference should be made to the section “KEY RESULTS BY OPERATING SEGMENT” in the Directors’ Report on Operations.

The table below shows **consolidated revenue by geographical area**.

(Euro thousands)	31 December 2021	%	31 December 2020	%	Chg.	% change
Italy	93.059	52,7%	66.650	52,1%	26.410	39,6%
Europe	66.514	37,7%	54.128	42,3%	12.386	22,9%
Asia	2.163	1,2%	1.106	0,9%	1.057	95,5%
Middle East	8.020	4,5%	1.478	1,2%	6.542	442,5%
America	5.194	2,9%	3.015	2,4%	2.179	72,2%
Africa	1.479	0,8%	1.465	1,1%	14	0,9%
Total	176.429	100,0%	127.843	100,0%	48.587	38,0%



**NEO
DECOR
TECH**

Directors' Report on Operations



Dear Shareholders,

Submitted to your approval are the Consolidated Financial Statements at 31 December 2021 of the Neodecortech Group (hereinafter also "the Group"), prepared in accordance with the IAS/IFRS international accounting standards and accompanied by this Report, by means of which we present the performance of the Group in 2021 as well as its outlook.

Mention should be made that on 5 March 2021, Borsa Italiana, under provision no. 8746, assigned the ordinary shares and warrants of Neodecortech S.p.A. the STAR qualification as per the Company's application dated 4 March 2021. The first trading day in the STAR segment of Euronext Milan was 15 March 2021.

The period under review closes with a consolidated profit of € 6,688 thousand (€ 3,536 thousand at 31 December 2020), after amortization, depreciation and provisions of € 8,920 thousand (€ 9,131 thousand at 31 December 2020), and income tax of € 1,328 thousand (€ 527 thousand at 31 December 2020).

This Report, drawn up with amounts expressed in Euro thousands, is presented together with the consolidated financial statements in order to provide income, financial and operating information of the Group.

Below are the trends, uncertainties, demands, commitments or known facts that could be reasonably expected to have an impact on the Group's outlook, including the impacts from the Coronavirus pandemic.

Impacts from the Coronavirus pandemic (COVID-19)

Considering the requirements of CONSOB in the “warning notices” issued with regard to COVID-19 in the provision of financial disclosures, the Group's consolidated operating and financial figures at 31 December 2021 were, arguably, unaffected by the ongoing pandemic. The upward trend of turnover and order backlog seen in first nine months 2021 continued, driven also by the initial gradual contribution of sales of the new product lines of Neodecortech S.p.A. The Group continued to comply with national pandemic containment rules and the observance and adoption of safety protocols on the health of workers and third parties, also managing a small number of non-severe COVID cases among employees. Where necessary, resort was made to smart working tools for personnel for whom this method is deemed effective, i.e. staff, given the manufacturing nature of Group companies.

Starting from 15 October 2021, the Group has updated the COVID-19 safety protocol in all its plants and workplaces to bring it in line with Law Decree no. 127 of 21 September 2021, which introduced the mandatory COVID-19 green certificate and the strengthening of the screening system in the workplaces of private and public companies. Since that date, Group Companies have started to check that all employees possess a green pass; no work problems were reported, nor were any suspension measures required.

The safety protocols were further updated following entry into force of the provisions set forth in Law Decree no. 172 of 26/11/2021 "Urgent measures for the containment of the COVID-19 epidemic and for the safe performance of economic and social activities", Law Decree no. 221 of 24 December 2021, Law Decree no. 229 of 30 December 2021 "Urgent measures for the containment of the spread of the COVID-19 epidemic and provisions on health surveillance" and Law Decree no. 1 of 7 January 2022, which requires, from 15 February 2022, the obligation to check the super green pass for workers aged over 50. Once again, no critical issues arose in the performance of the Group's business activities.

The table below shows that revenue, EBITDA and net profit for 2021 are on the rise not only versus the same period of 2020, which was severely impacted by the COVID-19 related closures of the production facilities, but also versus the year ended 31 December 2019, a normal period of operations; this proves that the Group has managed not only to come out of the context of pandemic crisis, but has performed significantly better than both 2020 and 2019.

Specifically, revenue from sales and services grew by 38% versus 2020 (from € 128 million to € 176 million), but also by 32.7% versus 2019 (from € 133 million). EBITDA increased by 24.1% versus 31 December 2020, and by 14.1% versus 31 December 2019: € 18.1 million in 2021 versus € 14.6 million in 2020 and € 15.9 million in 2019. The percentage (10.3%) is slightly lower, due only to the impact of the increase in raw material prices, as explained below. As a result, net profit came to € 6.7 million in 2021 versus € 3.5 million in 2020 and € 4 million in 2019. In this case, the percentage is higher than both 2020 and 2019.

(Euro thousands)	31 DECEMBER 2021	%	31 DECEMBER 2020	%	Chg.	% change	31 DECEMBER 2019	%	Chg.	% change
Revenue from sales and services	176.429	100,0%	127.843	100,0%	48.586	38,0%	132.985	100,0%	43.444	32,7%
Changes in work in progress, semi-finished and finished products	255	0,1%	(2.547)	(2,0%)	2.802	(110,0%)	1.359	1,0%	(1.104)	(81,2%)
Other revenue	2.595	1,5%	5.871	4,6%	(3.276)	(55,8%)	2.873	2,2%	(278)	(9,7%)
Value of Production	179.279	101,6%	131.167	102,6%	48.112	36,7%	137.218	103,2%	42.061	30,7%
Raw and ancillary materials and consum.	(114.201)	(64,7%)	(75.834)	(59,3%)	(38.367)	50,6%	(77.501)	(58,3%)	(36.700)	47,4%
Other operating expense	(25.111)	(14,2%)	(21.832)	(17,1%)	(3.279)	15,0%	(23.097)	(17,4%)	(2.014)	8,7%
Value Added	39.967	22,7%	33.501	26,2%	6.466	19,3%	36.601	27,5%	3.366	9,2%
Personnel expense	(21.821)	(12,4%)	(18.882)	(14,8%)	(2.939)	15,6%	(20.724)	(15,6%)	(1.097)	5,3%
EBITDA	18.146	10,3%	14.619	11,4%	3.527	24,1%	15.897	12,0%	2.249	14,1%
Amortization and depreciation	(8.839)	(5,0%)	(8.725)	(6,8%)	(114)	1,3%	(8.689)	(6,5%)	(150)	1,7%
Allocations	(81)	(0,0%)	(406)	(0,3%)	325	(80,0%)	(77)	(0,1%)	(4)	5,2%
EBIT	9.226	5,2%	5.488	4,3%	3.738	68,1%	7.130	5,4%	2.096	29,4%
Financial expense	(1.333)	(0,8%)	(1.705)	(1,3%)	372	(21,8%)	(1.125)	(0,8%)	(208)	18,5%
Financial income	124	0,1%	280	0,2%	(156)	(55,7%)	3.046	2,3%	(2.922)	(95,9%)
Profit/(loss) before tax	8.017	4,5%	4.063	3,2%	3.954	97,3%	5.209	3,9%	2.808	53,9%
Income tax	(1.328)	(0,8%)	(527)	(0,4%)	(801)	152,0%	(1.248)	(0,9%)	(80)	6,4%
Profit/(loss) for the year	6.688	3,8%	3.536	2,8%	3.152	89,1%	3.961	3,0%	2.727	68,8%

Effects of the COVID-19 pandemic on the final results at 31 December 2021

Despite the persisting pandemic, with regard to the year ended 31 December 2021, revenue, margins and Net Financial Position were in line with the 2021 Budget estimates contained in the new 2021-2023 Business Plan ("the 2021-2023 Business Plan"), approved by the Board of Directors on 10 February 2021.

The spread of the Delta and Omicron variants of the Coronavirus, the risks of a closure of business activities, as well as the restrictions on the movement of goods and people, while mitigated by the strong vaccination campaign in our Country, in the Rest of Europe (where our Group mainly operates) and across the World, clearly requires the need to maintain and comply with all the COVID-19 safety protocols, and generates a degree of uncertainty over when the COVID-19 crisis will eventually come to an end. This calls for a constant monitoring of the risk of a possible aggravation of the uncertainties arising from the COVID-19 variants and the related possible impacts on the Group's operating and financial performance.

Effects of the COVID-19 pandemic on the recoverable value of assets

In view of the above, taking account of a credit risk that remains low, thanks to the positive trend in operating and financial results throughout 2021, and given the operating and financial forecasts for 2022 reflected in the 2022 Budget, approved by the Board of Directors on 14 December 2021, no particular critical issues or uncertainties were found regarding business continuity as a result of the COVID-19 pandemic; the pandemic itself continues not to represent an indicator of impairment of the Group's tangible and intangible assets.

With regard to the application of IAS 36, in addition to the internal and external impairment indicators generally monitored, based on the information available at 31 December 2021 and the data contained in the 2021-2023 Business Plan and the 2022 Budget, Management assessed the effects of the COVID-19 pandemic on the recoverable value of assets. Based on the 2021 actual results, and the above assumptions regarding the impacts of the pandemic for financial years beyond 2021, Management does not believe that the pandemic could be an indicator of impairment and therefore did not deem it necessary to perform an impairment test. In any event, it should be noted that the Group does not hold any intangible assets with indefinite useful life, therefore, fixed assets consist of assets subject to regular depreciation based on their finite useful life. Capital expenditure made and in progress in 2021 has all been recorded under property, plant and equipment and intangible assets; as a result, there are currently no impairment indicators for these assets.

Consistent with the guidelines of IAS 36 referred to, Management will, in any case, monitor the developments of macroeconomic conditions and any other impairment indicator and will take account of any changes in the value of assets.

Effects of the COVID-19 pandemic on business continuity

When preparing the consolidated annual financial statements, the Group reviewed the main financial and operating risks to which it is exposed in order to assess any negative effects of the COVID-19 pandemic on business continuity. In this regard, in light of the analyses conducted and based on the available findings - taking account of a credit risk that remains low, the Group's sound capacity to obtain liquidity from the banking system, and in view of the operating-financial forecasts for 2022 reflected in the 2022 Budget - no critical issues and uncertainties were found regarding the Group's business continuity.

The international economic environment

As broadly illustrated in the previous sections of this Report, the macroeconomic outlook for 2021 on the Group's area of operation, in light of the heavy impact of the COVID-19 pandemic on first half 2020, shows an improvement in the relevant context - EUR - PMI (*Purchasing Managers Indexes*) in December 2020 was at 55.5 points versus 63.1 points in June 2021, slightly retracing to 58.0 points in December 2021 (source <https://it.investing.com/economic-calendar/manufacturing-pmi-201>) - reflecting a newfound confidence on future prospects.

Additionally, since the beginning of the second half of 2020, thanks to the heavy use of smart working by companies across all industries and the renewed pivotal role of the home environment, a strong growth in demand for furniture and flooring has been reported throughout Europe (90% of the Group's market), which continues to date and is driving the market segments of furnishing surfaces, the main outlet for Neodecortech decorative surfaces.

ISTAT shows that the wood, paper and furnishing segment grew in December 2021 by 18.7% versus December 2020, with an overall increase by 12.1% in production in 2021 versus 2020, despite the weight and difficulties from the increase in the prices of raw materials and energy, which were felt especially in the final months of 2021 (ISTAT).

In 2021, the ECB reiterated its belief that overall economic growth will remain strong over the three-year period 2021-2023. Nonetheless, in the final part of 2021, the sharp increase in coronavirus (COVID-19) infection rates in several Euro zone countries has led to new restrictions and greater uncertainty over the duration of the pandemic, heightened by the emergence of variants. Restrictions have been gradually lifted only during the last few weeks. This situation has brought an escalation in price increases, which are expected to last longer than was thought at end 2021. The general consensus is that supply-side restrictions will begin to ease only gradually starting from second quarter 2022 and gradually fade away in the following quarters. According again to the general consensus, forecasts point to a GDP in real terms above pre-crisis levels in first quarter 2022, a quarter later than scheduled in the September 2021 projections. However, in a context where global supply-side constraints are expected to ease, pandemic-related restrictions and resulting uncertainties should diminish, and high levels of inflation reduce; growth is expected to regain momentum from mid-2022, despite the less favorable tone of fiscal policies and market expectations of higher interest rates. Private consumption will remain the main engine of economic growth thanks to the recovery of real disposable income, the slight reduction in accumulated savings and a strong labor market in the presence of an unemployment rate which, at the end of the projection period, is the lowest ever seen since the creation of the euro zone in 1999.

Inflation will be higher for longer than expected at end 2021, but is expected to fall slightly below 2% at end 2022 and then settle at 1.8% in 2023 and 2024. The rate of change in energy prices is likely to remain high on average in 2022, and then moderate sharply later in the year in a context where downward base effects are reinforced by the assumed decline in oil, gas, and electricity prices. (source: https://www.ecb.europa.eu/pub/projections/html/ecb.projections202112_eurosystemstaff~32e481d712.it.html#toc)

The break out at the end of February of the Ukrainian-Russian conflict, the length and outcome of which cannot be predicted at this time, has obviously deteriorated the context and risks associated with the procurement of raw materials and the possible increase in their prices, as well as a further obvious increase in the prices of energy carriers; this situation could also affect the consumption propensity of furniture and flooring buyers, which directly affects our Group.

Relevant segment

In addition to the above considerations on the international economic context, the chain of decorative surfaces related to the furniture and furnishing market, both in terms of furniture and flooring, also witnessed a period of growth across the board. On the other hand, the period recorded a sharp increase in the cost and availability of raw materials in the Group's industry, as well as on a global economic scale. This was true for both the strategic raw materials of Neodecortech (resins and plastic film for printing), and for those of Cartiere di Guarcino (pulp and titanium dioxide) and Bio Energia Guarcino (animal fat).

Indeed, throughout 2021, the price of the Group's strategic raw materials hovered at high levels or continued to rise, with no sign of the pullback hoped for after the end of summer. These increases, to a large extent, have been transferred downstream of the supply chain, even though this may put pressure on prices, with a resulting partial erosion of percentage margins. The less-than-full availability of these raw materials, albeit occasionally, also impacted the Group.

As far as Bio Energia Guarcino is concerned, the general increase in the price of fuels, especially animal fat, amounted to over 70% versus December 2020. For this reason, the Bio Energia Guarcino plant operated in the period April - July 2021 at less than full capacity, using 2 of the 3 engines available, with a view to safeguarding the consolidated CDG/BEG margin. July saw a slight drop in the price of fuel, which was then cancelled out from August until the end of the year, when animal fat prices rose again above the levels recorded in June. As a partial offset against such cost increase, the third and fourth quarters of the year saw a spike in energy selling prices, especially in the final months of the year. The energy price increase (PUN) in 2021 averaged € 125.46/MWh versus an average of € 38.92/MWh in 2020. While this effect was factually significant, it was unable to fully absorb the equally sharp increase in fuel prices (animal by-products).

With regard to Cartiere di Guarcino's strategic raw materials (pulp and titanium dioxide), the price change for pulp in first twelve months 2021 was USD 460 ton higher for short fiber and USD 350 ton for long fiber versus December 2020 prices. The price of titanium dioxide on the European market in the first twelve months of the current year increased on average by € 725 ton versus fourth quarter 2020.

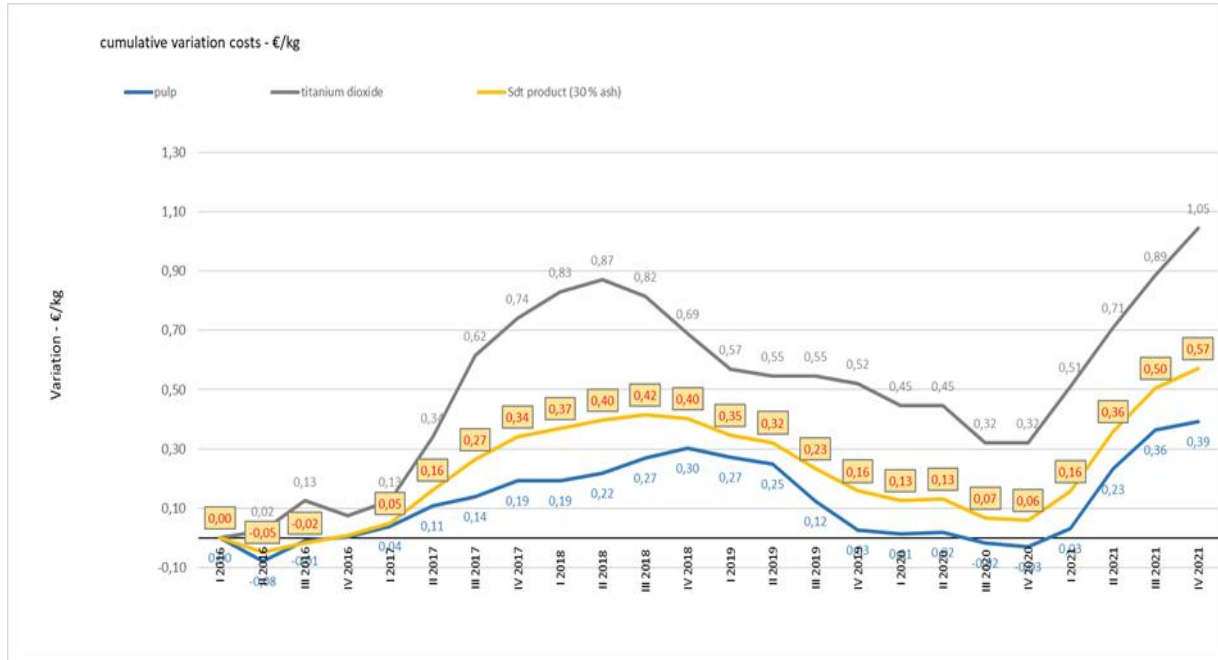
Neodecortech too recorded sharp price increases not only for decorative papers, clearly reflecting the issues involving Cartiera, but also for plastic materials and impregnating resins, in addition to a number of problems related to their availability. In this regard, the non-full availability of melamine resin in July 2021 led at times to the stoppage of a number of impregnation plants, with a resulting reduction in turnover.

All of the raw material cost increases accounted for took place mainly in January 2021 (round 1), April 2021 (round 2), July 2021 (round 3), with a 4th round from September to December 2021. The inflationary pressure is still there and its effects are still felt in first quarter 2022.

As regards both Neodecortech and Cartiera di Guarcino, given the magnitude of these cost increases and in order to prevent them in any possible way from impacting significantly on margins, they were transferred to the price lists applied to the customers of the two companies. Given the above market difficulties, the transfer to the respective sales lists is incomplete, but is still in the order of 85% of the increases incurred.

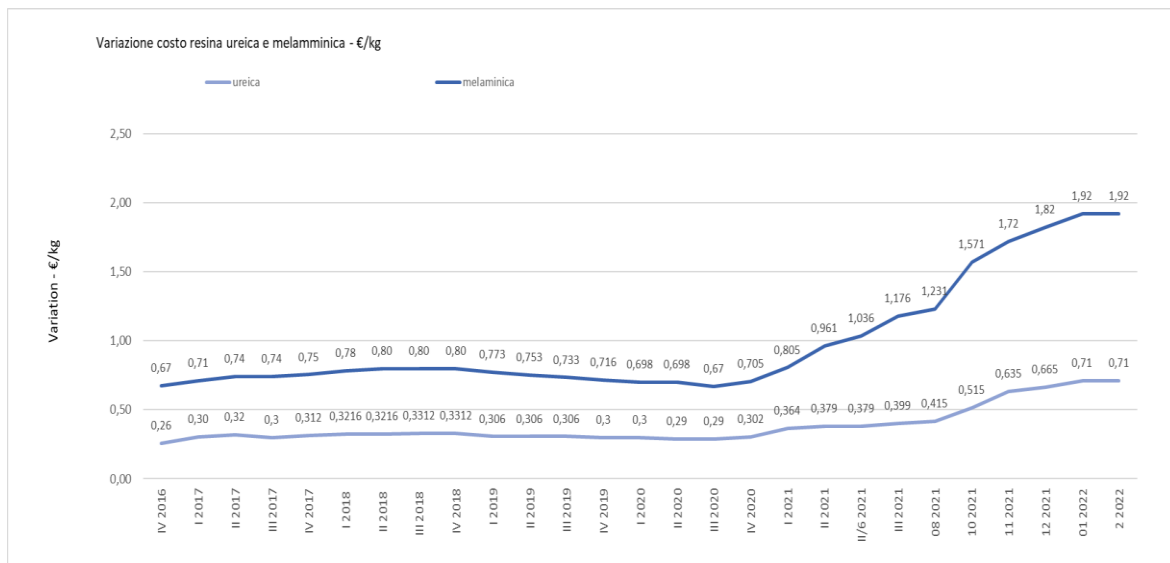
Despite the abovementioned increases in raw materials and, at times, their shortage, thanks to the sales actions aimed at transferring them on sales price lists, their impact on the Group's operating and financial results at 31 December 2021 was moderate; the year closed, in fact, with revenue (+38%), EBITDA (+24.1%) and net profit (+89.1%) up versus the same period of the prior year.

The chart shows the change in the cost (€/kg) of base printing paper.

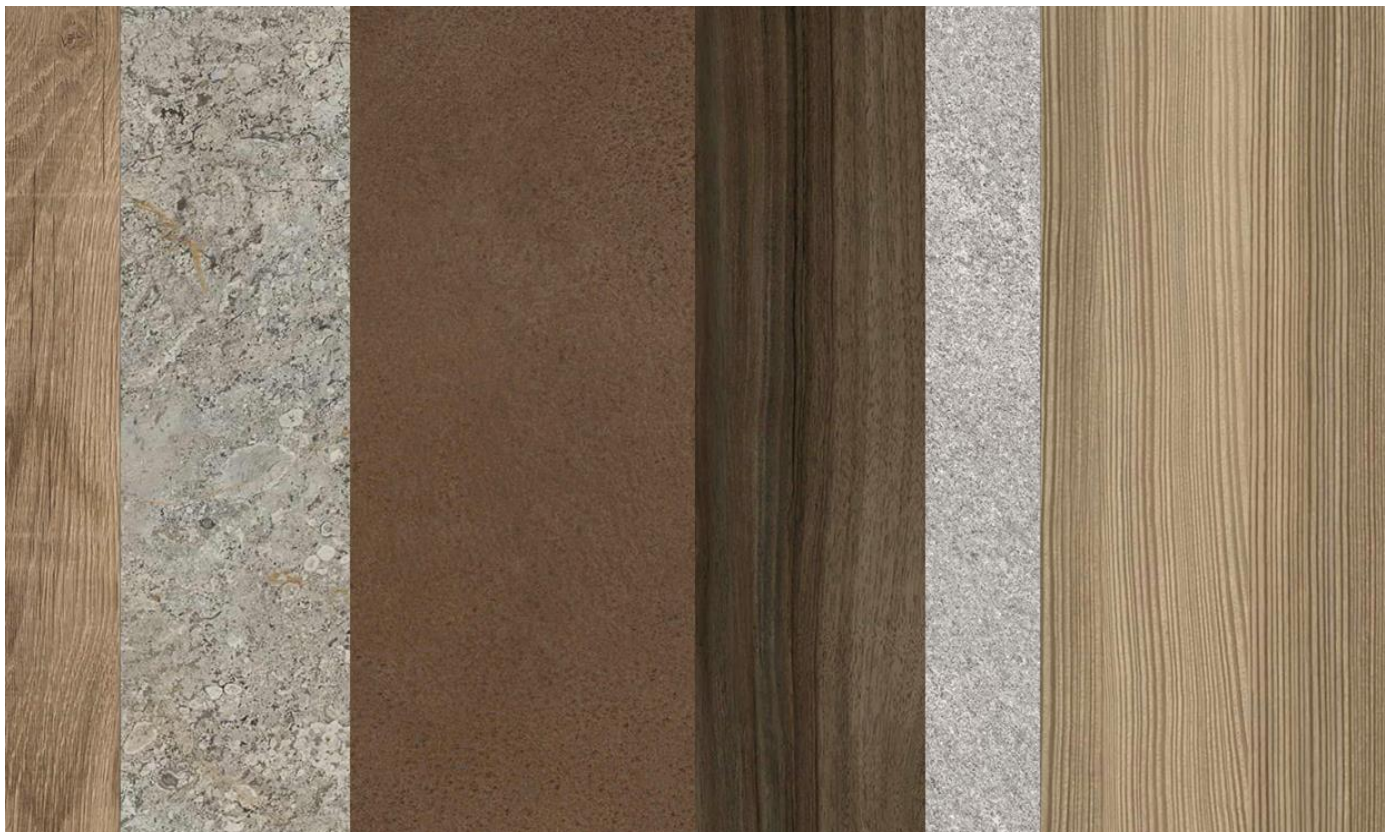


Source: Internal processing on FOEX data for pulp and ICIS LOR data for titanium dioxide.

On the other hand, the following chart shows the change in the cost of melamine and urea resin.



Key balance sheet, financial and income figures



Consolidated results of the Neodecortech Group

(Euro thousands)	31DECEMBER 2021	%	31DECEMBER 2020	%	Chg.	% change
Revenue from sales and services	176.429	100,0%	127.843	100,0%	48.586	38,0%
Changes in work in progress, semi-finished and finished products	255	0,1%	(2.547)	(2,0%)	2.802	(10,0%)
Other revenue	2.595	1,5%	5.871	4,6%	(3.276)	(55,8%)
Value of Production	179.279	101,6%	131.167	102,6%	48.112	36,7%
Raw and ancillary materials and consum.	(114.201)	(64,7%)	(75.834)	(59,3%)	(38.367)	50,6%
Other operating expense	(25.111)	(14,2%)	(21.832)	(17,1%)	(3.279)	15,0%
Value Added	39.967	22,7%	33.501	26,2%	6.466	19,3%
Personnel expense	(21.821)	(12,4%)	(18.882)	(14,8%)	(2.939)	15,6%
EBITDA	18.146	10,3%	14.619	11,4%	3.527	24,1%
Amortization and depreciation	(8.839)	(5,0%)	(8.725)	(6,8%)	(114)	1,3%
Allocations	(81)	(0,0%)	(406)	(0,3%)	325	(80,0%)
EBIT	9.226	5,2%	5.488	4,3%	3.738	68,1%
Financial expense	(1.333)	(0,8%)	(1.705)	(1,3%)	372	(218%)
Financial income	124	0,1%	280	0,2%	(156)	(55,7%)
Profit/(loss) before tax	8.017	4,5%	4.063	3,2%	3.954	97,3%
Income tax	(1.328)	(0,8%)	(527)	(0,4%)	(801)	152,0%
Profit/(loss) for the year	6.688	3,8%	3.536	2,8%	3.152	89,1%

At 31 December 2021, revenue from sales and services increased by € 48,586 thousand (+38%) versus 31 December 2020. A point worth mentioning is the positive growth trend that has marked the Group's segment of operation, which began in the second half of 2020 and continued throughout 2021, while in the prior year, the COVID-19 pandemic had badly hit revenue in the first half, due to production stoppages in March, April and part of May 2020. The general context of growth has further improved thanks to the steady contribution of the new EOS and PPLF products and the family of laminated products.

The change in revenue is equally significant when compared to the year ended 31 December 2019, a year untouched by the COVID-19 pandemic. 2019 had recorded revenue of € 132,985 thousand. The increase versus this figure totals € 43,444 thousand, or +32.7%.

The above increases in revenue obviously take account of the transfer of prices applied to customers, following the often-mentioned increase in raw material prices, which continued throughout 2021. The increase in revenue recorded during the year stems from the mix of changes in sales prices and volumes; on an annual basis, these changes are linked to approximately 71% of the increase in volumes and 29% of the increase in unit sales prices, for both Neodecortech S.p.A. and Cartiere di Guarcino S.p.A.

"Other revenue" consists mainly of gains from the sale of tangible assets, amounting to € 284 thousand for Neodecortech S.p.A. and € 856 thousand for Cartiera di Guarcino. Regarding the latter: € 240 thousand refer to the non-repayable co-financing received from Simest for the Loan to improve and safeguard the financial solidity of exporting companies, € 90 thousand for the research and development tax credit obtained again by Cartiere di Guarcino S.p.A., and € 526 thousand relating to the settlement of a repurchase agreement for CO2 allowances, again for Cartiere di Guarcino S.p.A.

The increase in the percentage of the consumption of raw and ancillary materials (+50.6%), more than proportional to the increase in turnover (+38%), clearly shows the impact of the increase in the prices of all strategic raw materials throughout the year. This increase was always transferred to end customers in the case of Neodecortech S.p.A. and Cartiere di Guarcino S.p.A., but only to the extent of 85% and always delayed by at least a quarter on average. All this resulted in a drop in expected margins. Additionally, with regard to Bio Energia Guarcino S.r.l., the combined effect of the increase in the price of animal fat, which rose by an average of 70% throughout the year, and the increase in the

price of energy sold, together with the value of incentives, which remained steady and unchanged, did not result in a reduction in budgeted margins.

Other operating expense, which was up overall (+15%) versus 31 December 2020, includes increases in costs linked to turnover such as "bonuses and commissions" (+34%), "transport" (+44.5%), "utilities" (+46.8%), "sundry industrial services" (+17.5%) and "external processing" for the new EOS product. *Sundry industrial services* increased but less than proportionally to turnover, mitigated by the effect of the higher costs incurred in 2020, due to the damage suffered by the subsidiary Bio Energia Guarcino S.r.l.; on the other hand, increases in transport and utilities costs increased more than proportionally as they were heavily affected by the general increases, due to inflation, the prices of raw materials and their availability worldwide, which generated the increase in logistics costs and the rise in electricity and gas costs (for energy carriers, especially in the second half of 2021). These costs, unlike the increases in strategic raw materials, were not transferred to end customers in order not to further jeopardize the tension with them.

The increase in personnel expense, amounting to € 2,939 thousand, is attributable to the strong recruitment policy resulting from the abovementioned general growth trend, which continued throughout 2021. Mention should be made, under "other personnel expense" at 31 December 2020, of the allocation to the Welfare fund of € 501 thousand consisting of a one-off payment for all employees, excluding executives, to counter the reduction in their disposable income due to the COVID-19 emergency.

Amortization at 31 December 2021 was in line with the same period of 2020 as, despite the capital expenditure made by the Group, the effect of higher amortization and depreciation was offset by the decrease in "depreciation for work on third-party assets" of the subsidiary Bio Energia di Guarcino S.r.l. for assets fully depreciated at 31 December 2020.

For 2021, "Provisions" includes an allocation of € 45 thousand to the provision for doubtful accounts, and € 36 thousand to the provision for supplementary agents' indemnity.

With regard to financial components, the reduction of € 372 thousand in expense is a result of the optimization of the lines of credit granted to the Companies of the Group, and of the reduction in the related rates with the opening of "umbrella facilities" granted to the Parent Company, Neodecortech. The reclassification of debt, from short to long-term, thanks to low-interest loans and the repayment of certain loans taken out at higher rates, also enabled the Group to achieve the abovementioned financial savings result; additionally, a positive turnover trend obviously increases cash, allowing the Group to resort less to the use of debt sources.

The IRES and IRAP tax rate amounted to approximately 17%, related to the contributions and benefits arising from tax consolidation with the Valentini Group and the effects of tax benefits obtained by Group companies. More specifically, to the patent box agreement signed on 1 October 2021 by Neodecortech S.p.A. with the Revenue Agency, and the super ACE at 15% for increases in share capital and equity during the year for Group Companies.

Reclassified consolidated statement of financial position

<i>(Euro thousands)</i>	31December 2021	31December 2020	Chg.	% change
Trade receivables	26.632	19.252	7.380	38,3%
Inventory	40.603	36.684	3.919	10,7%
Trade payables	(39.833)	(25.571)	(14.262)	55,8%
Operating NWC	27.402	30.365	(2.963)	(9,8%)
Other current receivables	1.084	1.118	(34)	(3,0%)
Receivable from Tax Consolidation	1.129	1.008	121	0,0%
Tax receivables	2.299	1.767	532	0,0%
Other current payables	(4.673)	(4.719)	46	(1,0%)
Tax payables	(773)	(708)	(65)	9,2%
Payables from tax consolidation	(816)	(476)	(340)	71,4%
Net Working Capital	25.652	28.355	(2.703)	(9,5%)
Property, plant and equipment	78.561	77.221	1.340	1,7%
Intangible fixed assets	1.551	2.203	(652)	(29,6%)
Non-current financial assets	1.757	1.821	(64)	(3,5%)
Other non-current assets	19	95	(76)	(80,0%)
Fixed assets	81.888	81.340	548	0,7%
Post-employment benefits	(2.587)	(2.728)	141	(5,2%)
Provisions for risks and charges	(977)	(1.284)	307	(23,9%)
Deferred tax assets and liabilities	(4.166)	(4.116)	(50)	1,2%
Net Capital Employed	99.811	101.567	(1.756)	(1,7%)
Equity	70.465	61.658	8.807	14,3%
Cash funds	(13.491)	(7.536)	(5.955)	79,0%
Other current financial receivables	-	(64)	64	(100,0%)
Current financial liabilities	19.616	18.666	950	5,1%
Non-current financial liabilities	23.220	28.840	(5.620)	(19,5%)
Net Financial Debt	29.345	39.906	(10.561)	(26,5%)
Equity and Net Financial Debt	99.811	101.567	(1.756)	(1,7%)

The strong increase in turnover recorded in 2021, which saw revenue from sales and services increase by 38% versus the prior year, did not translate, as is usually the case, in an increase in Net Working Capital ("NWC"), but rather in a decrease. Indeed, whilst trade payables increased by € 14,262 thousand (+55.8%), inventory and trade receivables rose less than proportionately by € 3,919 thousand and € 7,380 thousand, respectively. This bears proof to the Group's ability to contain the increase in inventory and the rise in trade receivables, therefore average collection times compared with payment times, despite the sharp rise in turnover.

The change in tangible fixed assets, amounting to € 1,340 thousand, refers to the new capital expenditure made during the year; the expenditure is attributable to the Parent Company and refers to the purchase of the plant in Casoli d'Atri (TE) from the related company Valinvest S.r.l. - a property already leased by the Parent Company - at a purchase price of € 1.5 million, and to the subsidiaries regarding measures to increase output on "backer" papers, plant optimization as well as maintenance. All of the Group's plants are continuing their 4.0 process redesign actions. Disposals in 2021 refer mainly to the sale of plant-machinery and equipment of former Corbetta FIA S.r.l., which was incorporated in the latter part of 2018. Amortization and depreciation for the period amounted to € 7,890 thousand.

Consolidated Financial Debt at 31 December 2021 and 31 December 2020, in accordance with ESMA Recommendations/2013/319 and the new guidelines published on 4 March 2021, is shown below:

<i>(Euro thousands)</i>	31December 2021	31December 2020	Chg.
A. Cash funds	(13.491)	(7.536)	(5.955)
B. Cash and cash equivalents	0	0	0
C. Other current financial assets	0	(64)	64
D. Cash (A + B + C)	(13.491)	(7.600)	(5.891)
E. Current financial debt	13.608	12.974	634
F. Current portion of non-current financial debt	6.008	5.692	316
G. Current financial debt (E + F)	19.616	18.666	950
H. Net current financial debt (G - D)	6.125	11.066	(4.941)
I. Non-current financial debt	23.220	28.840	(5.620)
J. Debt instruments	0	0	0
K. Trade payables and other non-current payables	0	0	0
L. Non-current financial debt (I + J + K)	23.220	28.840	(5.620)
M. Total financial debt (H + L)	29.345	39.906	(10.561)

The sharp decrease in the Group's financial debt (€ -10,560 thousand versus 31 December 2020), amounted to € 29,346 thousand at 31 December 2021; with EBITDA at € 18,146 thousand, the leverage ratio (Net Debt/EBITDA) of the Group stands at 1.6.

The increase in *cash funds* (B) versus 31.12.2020 of € 5,954 thousand, refers to both the Group's general ability to generate cash, despite the significant capital expenditure of approximately € 10 million in the year and payment of dividends for € 1,206 thousand, and to the exercise of warrants from October to December 2021, which led in Neodecortech S.p.A. to an increase in equity and financial resources of € 2,811 thousand.

Non-current financial payables (I) decreased by € 5,620 thousand, due to repayment of medium/long-term loans by Group companies, the repayment of lease instalments (the subsidiary Bio Energia Guarcino resumed payment of these instalments from March 2021 after suspension of the COVID-19-related standstill), the write-off of the payable for rights of use recognized in accordance with IFRS 16, and the early termination of the lease of the production plant in Casoli d'Atri (TE), acquired by Neodecortech S.p.A. on 18 November 2021.

As explained in greater detail in the post-balance sheet events and in the Notes, other *non-current financial payables* still include the payable due to the Ministry of Industry, Trade and Crafts ("MICA") held by the Parent Company and amounting to € 5,082 thousand at 31 December 2021 (including principal and interest accrued over the years), which will be derecognized at 20 February 2022 from the Parent Company's financial statements, as it has been finally time-barred. The limitation and resulting derecognition of the liability in the financial statements are corroborated by the opinions of the Group's legal advisors.

Results of Neodecortech S.p.A.

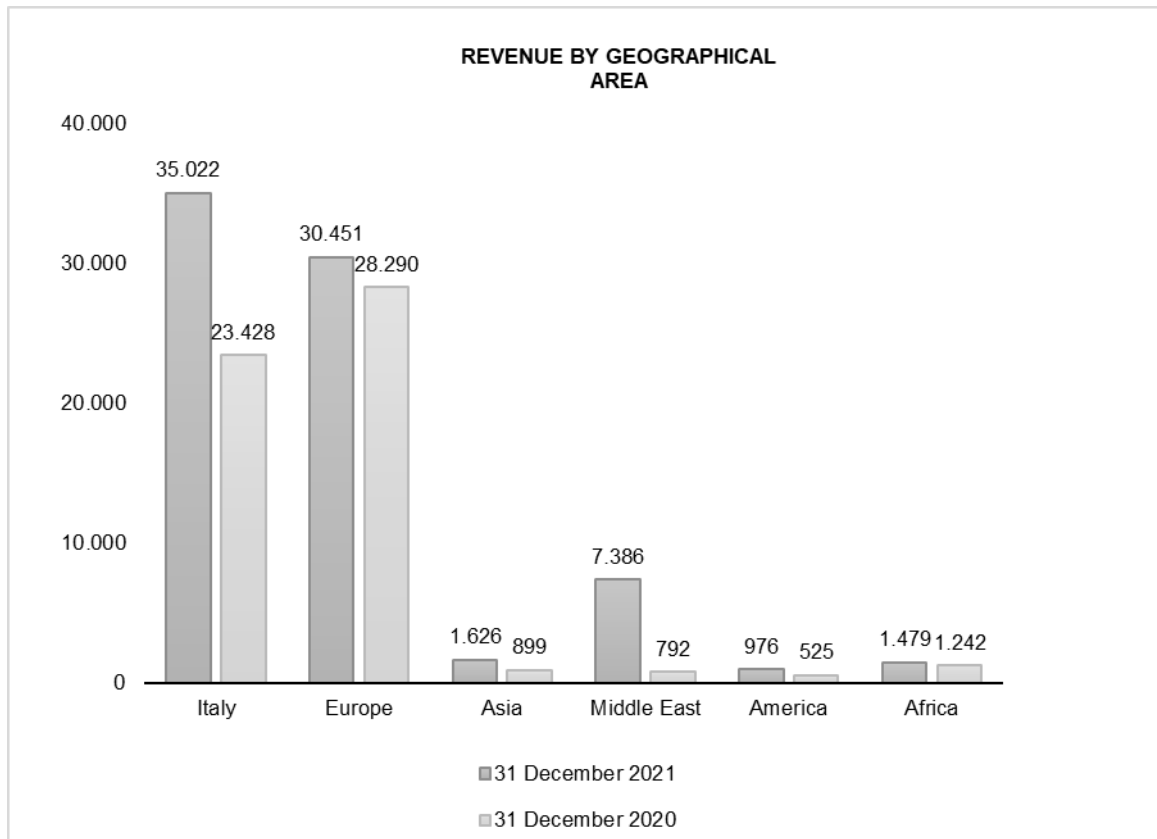
<i>(Euro thousands)</i>	31 DECEMBER 2021	%	31 DECEMBER 2020	%	Chg.	% change
Revenue from sales and services	76.940	100,0%	55.176	100,0%	21.764	39,4%
Changes in work in progress, semi-finished and finished	(487)	(0,6%)	(403)	(0,7%)	(84)	20,8%
Other revenue	1.409	1,8%	1.466	2,7%	(57)	(3,9%)
Value of Production	77.862	101,2%	56.239	101,9%	21.623	38,4%
Raw and ancillary materials and consum.	(46.149)	(60,0%)	(30.709)	(55,7%)	(15.440)	50,3%
Other operating expense	(11.626)	(15,1%)	(10.099)	(18,3%)	(1.527)	15,1%
Value Added	20.087	26,1%	15.431	28,0%	4.656	30,2%
Personnel expense	(11.847)	(15,4%)	(10.543)	(19,1%)	(1.304)	12,4%
EBITDA	8.239	10,7%	4.888	8,9%	3.351	68,6%
Amortization and depreciation	(3.384)	(4,4%)	(3.108)	(5,6%)	(276)	8,9%
Allocations	(81)	(0,1%)	(248)	(0,4%)	167	(67,2%)
EBIT	4.774	6,2%	1.531	2,8%	3.243	211,8%
Financial expense	(434)	(0,6%)	(521)	(0,9%)	87	(16,7%)
Financial income	3.102	4,0%	2.722	4,9%	380	13,9%
Profit/(loss) before tax	7.441	9,7%	3.733	6,8%	3.708	99,3%
Income tax	(753)	(1,0%)	(177)	(0,3%)	(576)	325,5%
Profit/(loss) for the year	6.688	8,7%	3.555	6,4%	3.133	88,1%

Revenue from sales and services amounted to € 76,940 thousand at 31 December 2021, increasing by € 21,764 thousand (+39.4%) versus 31 December 2020. A point worth mentioning is the positive growth trend that has marked the Group's segment of operation, which began in the second half of 2020 and continued throughout 2021, while in the prior year, the COVID-19 pandemic had badly hit revenue in the first half, due to production stoppages in March, April and part of May 2020. The general context of growth has further improved thanks to the steady contribution of the new EOS and PPLF products and the family of laminated products.

The change in revenue is equally significant when compared to the year ended 31 December 2019, a year untouched by the COVID-19 pandemic, a year in which NDT had reported revenue of € 56,454 thousand. The increase versus this amount totals € 20,486 thousand, or +36.3%.

The geographic distribution of revenue in 2021 versus 2020 is shown below.

<i>(Euro thousands)</i>	31 DECEMBER 2021	%	31 DECEMBER 2020	%	Chg.	% change
Italy	35.022	45,5%	23.428	42,5%	11.594	49,5%
Europe	30.451	39,6%	28.290	51,3%	2.161	7,6%
Asia	1.626	2,1%	899	1,6%	727	80,8%
Middle East	7.386	9,6%	792	1,4%	6.594	832,6%
America	976	1,3%	525	1,0%	451	86,0%
Africa	1.479	1,9%	1.242	2,3%	237	19,1%
Total	76.940	100,0%	55.176	100,0%	21.764	39,4%



The increase in revenue versus 2020, affected by the transfer of the increase in the prices of strategic raw materials, such as decorative paper and resins, on prices to end customers, can be broken down between changes in volumes and changes in unit sales prices. Specifically, on a YoY basis, approximately 71% of the increase in revenue from sales refers to increases in volumes sold and 29% to increases in unit prices.

Other revenue is in line with the year ended 31 December 2020.

The increase in the percentage of the consumption of raw and ancillary materials (+50.3%), more than proportional to the increase in turnover (+39.4%), clearly shows the impact of the increase in the prices of all strategic raw materials throughout the year. This increase was transferred to end customers, but only to the extent of 85% and with a time delay of at least one quarter. All this resulted in a drop in expected margins versus the 2021 Budget.

Other operating expense, up (€ +1,527 thousand) versus 31 December 2020 and with a lower percentage (15.1% versus 18.3% in 2020), includes increases relating to "bonuses and commissions" (+38.2%), "transport" (+29%), "utilities" (+43.6%), "sundry industrial services" (+34.7%) and "external processing" for the new EOS product. The increases in utilities costs increased more than proportionally as they were heavily affected by the general increases, due to inflation, the prices of raw materials and their availability worldwide, which generated the increase in logistics costs and the rise in electricity and gas costs (for these energy carriers, especially in the second half of 2021). These costs, unlike the increases in strategic raw materials, were not transferred to the end customers.

Consultancy costs decreased by € 838 thousand versus 31 December 2020, the year when the Company switched to the Euronext Milan market managed by Borsa Italiana (then known as Mercato Telematico Azionario).

The increase in personnel expense, amounting to € 1,304 thousand, is attributable to the strong recruitment policy resulting from the abovementioned general growth trend and the full implementation of the production lines for the new products (Eos, PPLF and Laminates). Mention should be made that "other personnel expense" at 31 December 2020

included the allocation to the Welfare fund of € 272 thousand, a one-off benefit for all employees, excluding executives, to counter the reduction in their disposable income due to the COVID-19 emergency.

Amortization and depreciation at 31 December 2021 increased by € 276 thousand versus 2020, as a result of new capital expenditure, including the purchase of the Casoli d'Atri (TE) plant in November 2021 for € 1.5 million and the new laminating machine at the Casoli production plant for approximately € 1.2 million.

For 2021, "Provisions" includes an allocation of € 45 thousand to the provision for doubtful accounts, and € 36 thousand to the provision for supplementary agents' indemnity.

In 2021, thanks to the financial savings resulting from the improvement in the special conditions applied to the lines of credit, *financial expense* fell by € 87 thousand. The change in *financial income* is due primarily to the adjustment of the value of the investment in Cartiere di Guarcino S.p.A. to the equity method, and also includes interest income, regarding mainly the loan to said subsidiary. With regard to the latter, the bond loan was still outstanding in 2020.

With regard to IRES and IRAP, the effective tax rate amounts to approximately 17%, related to the benefits of tax consolidation with the Valentini Group, the effects of the tax benefits resulting from the patent box agreement signed on 1 October 2021 with the Revenue Agency, and the super ACE at 15% for increases in share capital and equity during the year for Subsidiaries.

Reclassified Statement of Financial Position of Neodecortech S.p.A.

<i>(Euro thousands)</i>	31 DECEMBER 2021	31 DECEMBER 2020	Chg.	% change
Trade receivables	10.248	7.024	3.224	45,9%
Trade receivables - intercompany	1	-	1	0,0%
Inventory	8.232	8.451	(219)	(2,6%)
Trade payables	(10.444)	(7.186)	(3.258)	45,3%
Trade payables - Intercompany	(12)	-	(12)	0,0%
Operating NWC	8.025	8.289	(264)	(3,2%)
Other current receivables	120	90	30	33,6%
Tax receivables	281	301	(20)	(6,6%)
Other current payables	(3.230)	(3.405)	175	(5,1%)
Tax payables	(347)	(242)	(105)	43,5%
Payables from tax consolidation	(466)	(229)	(237)	103,6%
Net Working Capital	4.382	4.804	(422)	(8,8%)
Property, plant and equipment	30.878	29.408	1.470	5,0%
Intangible fixed assets	651	637	14	2,2%
Financial fixed assets	33.344	25.719	7.625	29,6%
Non-current financial assets	1.312	1.376	(64)	(4,6%)
Non-current financial assets - Intercompany	9.027	15.462	(6.435)	(41,6%)
Other non-current assets	7	8	(1)	100,0%
Fixed assets	75.219	72.610	2.609	3,6%
Post-employment benefits	(1.003)	(1.127)	124	(11,0%)
Provisions for risks and charges	(382)	(577)	195	(33,8%)
Deferred tax assets and liabilities	(1.854)	(1.779)	(75)	4,2%
Net Capital Employed	76.362	73.931	2.431	3,3%
Equity	70.465	61.658	8.807	14,3%
Cash funds	(9.152)	(5.167)	(3.985)	77,1%
Other current financial receivables	-	(64)	64	(100,0%)
Other current financial receivables - Intercompany	(1.560)	(2.060)	500	(24,3%)
Current financial liabilities	2.142	2.899	(757)	(26,1%)
Non-current financial liabilities	14.468	16.665	(2.197)	(13,2%)
Net Financial Debt	5.898	12.273	(6.375)	(51,9%)
Equity and Net Financial Debt	76.362	73.931	2.431	3,3%

At 31 December 2021, the NWC is equal to € 4,382 thousand, down by € 422 thousand versus the prior year; this change is in contrast with the strong growth in Revenue recorded during the year and is a direct result of the Company's ability to maintain a flat level of inventory, which decreased by € 219 thousand versus 31 December 2020.

Capital expenditure in tangible fixed assets amounted to € 4,822 thousand and refers to the purchase of new machinery, the acquisition of the production plant in Casoli d'Atri, and maintenance, improvement and efficiency expenses for existing plants. Disposals in 2021 amounted to € 944 thousand and refer mainly to the sale of plant-machinery and equipment of former Corbetta FIA S.r.l., acquired in the latter part of 2018; lastly, amortization and depreciation for the year amounted to € 3,156 thousand.

The change in financial fixed assets is related to the adjustment of the value of the investment held in CDG, measured using the equity method, and the partial waiver of the financial receivable due from the company amounting to € 5 million.

The **net financial debt** of **Neodecortech S.p.A.** at 31 December 2021 and 31 December 2020, according to the new ESMA guidance approved on 4 March 2021, is shown below:

<i>(Euro thousands)</i>	31 DECEMBER 2021	31 DECEMBER 2020	Chg.
A. Cash funds	(9.152)	(5.167)	(3.985)
B. Cash and cash equivalents	0	0	0
C. Other current financial assets	(1.560)	(2.124)	564
D. Cash (A) + (B) + (C)	(10.712)	(7.291)	(3.421)
E. Current financial debt	7	9	(2)
F. Current portion of non-current debt	2.135	2.891	(756)
G. Current financial debt (E)+(F)	2.142	2.899	(757)
H. Net current financial debt (G)-(D)	(8.570)	(4.392)	(4.179)
I. Non-current financial debt	14.468	16.665	(2.197)
(excluding current portion and debt instruments)			
J. Debt instruments	0	0	0
K. Trade payables and other non-current payables	0	0	0
L. Non-current financial debt (I)+(J)+(K)	14.468	16.665	(2.197)
M. Total financial debt (H)+(L)	5.898	12.273	(6.375)

The sharp decrease in the financial debt of € -6,375 thousand versus 31 December 2020, results in a financial debt of € 5,898 thousand at 31 December 2021; with EBITDA at € 8,239 thousand, the leverage ratio (Net Debt/EBITDA) of the Company stands at 0.7.

The increase in *cash funds* (B) of € 3,985 thousand versus 31.12.2020 is the result of the Company's general ability to generate cash, the capital expenditure made during the year for € 4,822 thousand, the payment of dividends for € 1,206 thousand, and the exercise of warrants from October to December 2021, which led to an increase in equity of Neodecortech S.p.A. with the contribution of financial resources for € 2,811 thousand.

Non-current financial payables (I) decreased by € 2,197 thousand, due to repayment of instalments on medium/long-term loans and changes in the payable for rights of use recorded in accordance with IFRS 16, which decreased due to the write-off of the payable from the lease of the plant in Casoli d'Atri (TE) acquired by Neodecortech S.p.A. on 18 November 2021.

As explained in greater detail in the post-balance sheet events and in the Notes, non-current financial payables still include the amount due to the Ministry of Industry, Trade and Crafts ("MICA") from Neodecortech S.p.A. of € 5,082 thousand (including principal and interest accrued over the years). This payable, at 20 February 2022, was derecognized from the Parent Company's financial statements as it has been finally time-barred.

The limitation and resulting derecognition of the liability in the financial statements are corroborated by the opinions of the Parent Company's legal advisors.

The following is a reconciliation between Parent Company equity and results and the Consolidated Financial Statements at 31 December 2021:

CONSOLIDATED FIGURES IN EURO THOUSANDS	EQUITY 31 DECEMBER 2021	PROFIT (LOSS) FOR THE YEAR 31 DECEMBER 2021	EQUITY 31 DECEMBER 2020	PROFIT (LOSS) FOR THE YEAR 31 DECEMBER 2020
Equity and profit for the year attributable to the parent company	70.465	6.688	61.638	3.555
Elimination of the carrying amount of consolidated investments:				
Difference between carrying amount and pro-rata amount of equity	-		20	
Currency translation difference	-		-	
Pro-rata results of investees		2.559		3.115
Cancellation of write-downs/write-backs of investments		(2.420)		(2.881)
Amortization of fair value of fixed assets (allocation of BEG goodwill)		(162)		(162)
Elimination of the effects of transactions between consolidated companies:				
Intercompany profits included in the value of closing inventory	-	23	-	(92)
Intercompany profits on disposal of fixed assets	-	-	-	-
Equity and profit for the year attributable to the shareholders of the parent	70.465	6.688	61.658	3.535
Non-controlling interests	-	-	-	-
Total equity	70.465	6.688	61.658	3.535

Business and financial performance of the subsidiaries

CARTIERE DI GUARCINO S.P.A.

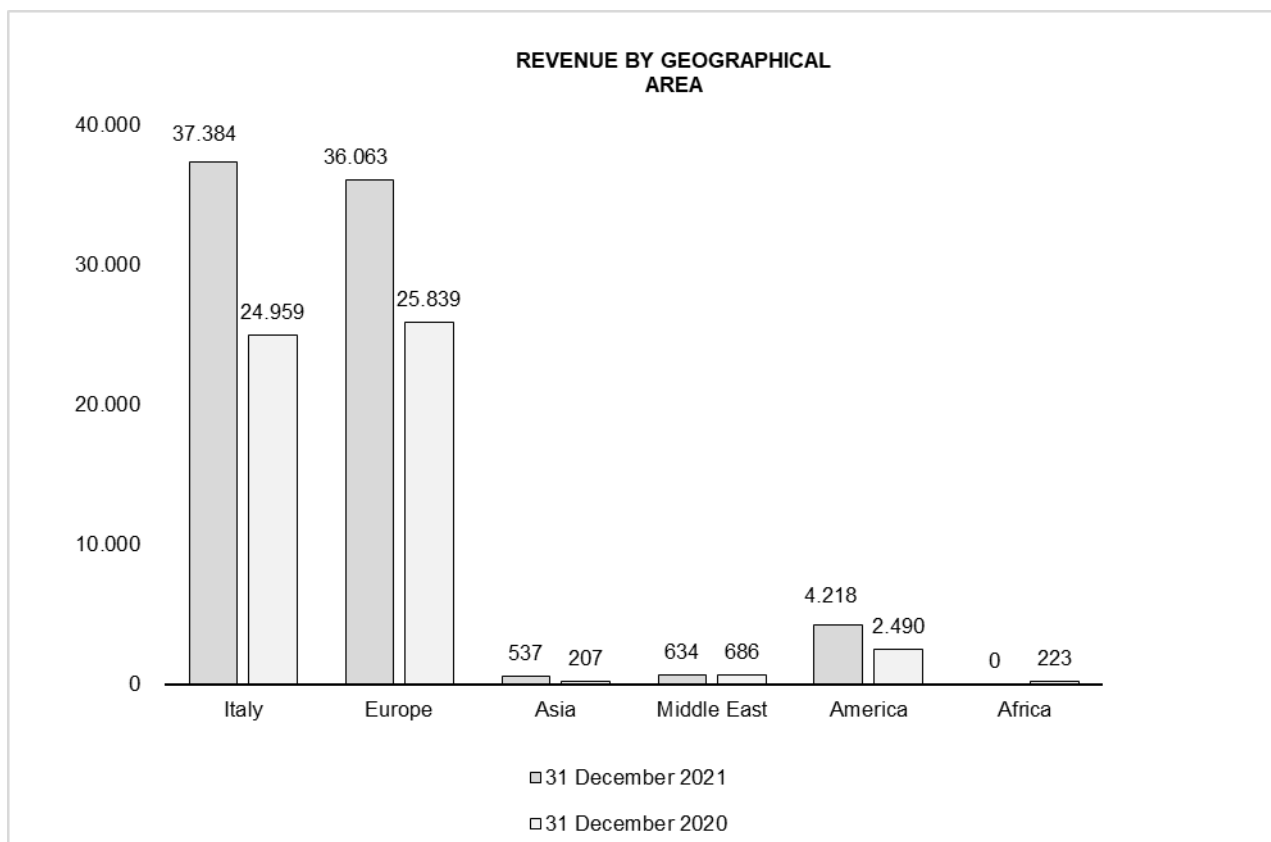
Business performance

(Euro thousands)	31 DECEMBER 2021	%	31 DECEMBER 2020	%	Chg.	% change
Revenue from sales and services	78.835	100,0%	54.405	100,0%	24.430	44,9%
Other revenue	1.429	1,8%	1.755	3,2%	(326)	(18,6%)
Total Revenue	80.264	101,8%	56.160	103,2%	24.104	42,9%
EBITDA	7.068	9,0%	5.863	10,8%	1.205	20,6%
Amortization and depreciation	(2.988)	(3,8%)	(2.988)	(5,5%)	(0)	0,0%
Allocations	0	0,0%	(158)	(0,3%)	158	0,0%
EBIT	4.079	5,2%	2.717	5,0%	1.363	50,2%
Profit (loss) for the period	2.620	3,3%	2.179	4,0%	441	20,2%

The trend in revenue from sales recorded by CDG in 2021 matches the trend of the Parent NDT. Revenue, in fact, increased by 45% versus 2020, linked mainly to higher sales in the Italian market (+80%), Northern Europe (+48%) and America (+80%). The sharp growth in revenue derives mainly from the sales of Unicolour papers (+70%) and Base papers (+50%), while growth in other types of products was less significant. When comparing the figures with 2020, mention should be made of the production stoppages that ran from April to June 2020, due to the strong reduction in orders caused by the COVID-19 pandemic. More significant is the comparison with the year ended 31 December 2019, with revenue up by 26%.

The geographic distribution of revenue in 2021 versus 2020 is shown below.

(Euro thousands)	31 December 2021	%	31 December 2020	%	Chg.	% change
Italy	37.384	47,4%	24.959	45,9%	12.425	49,8%
Europe	36.063	45,7%	25.839	47,5%	10.224	39,6%
Asia	537	0,7%	207	0,4%	330	158,9%
Middle East	634	0,8%	686	1,3%	(52)	(7,6%)
America	4.218	5,4%	2.490	4,6%	1.728	69,4%
Africa	0	0,0%	223	0,4%	(223)	(100,0%)
Total	78.835	100,0%	54.405	100,0%	24.430	44,9%

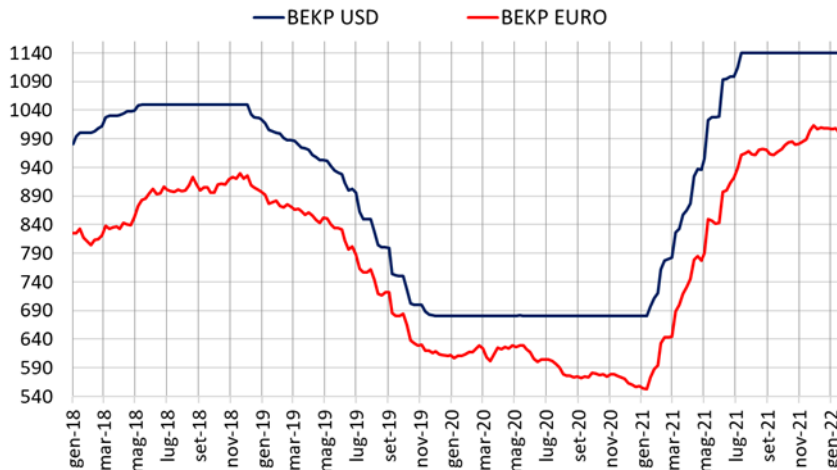


As for the pulp market, the first half of 2021 saw a strong increase in prices driven by sustained demand in both China and Europe, for graphic papers and specialties in particular: Short Fibre was up from a \$ 680 list price in December 2020 to \$ 1,140 in June 2021, while Long Fibre increased from a \$ 910 list price in December 2020 to \$ 1,340 in June 2021. The second half of the year saw a steady market for Short Fibre, which ended the year with a list price unchanged versus June at \$ 1,140, and a slight decline for Long Fibre, whose list price stands at \$ 1,260 at December 2021. All this despite expectations of declines for both Fibres also in light of lower prices in China. The trend is being affected by persistently strong demand in Europe and difficulties in the logistics chain, which impact on the level of inventory, which remains low.

The following is the trend of gross prices for Short Fibre (FOEX data).

Europa: prezzi medi lordi BEKP settimanali

aggiornamento al 25/01/22

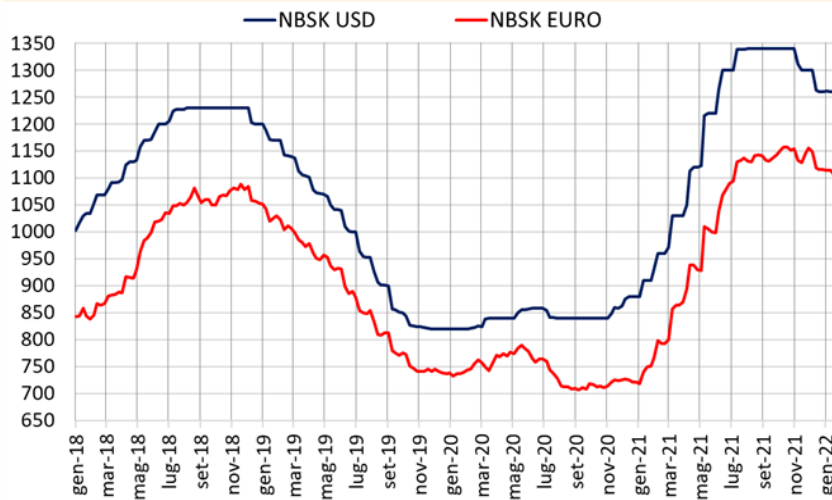


Source FOEX

The following graph shows the trend of gross prices of Long Fibre, again based on FOEX data.

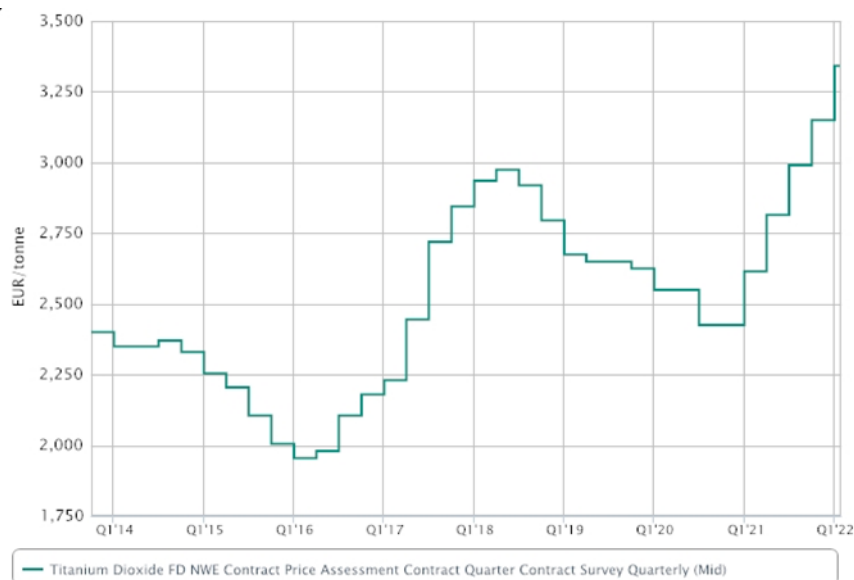
Europa: Prezzi medi lordi NBSK settimanali

aggiornamento al 25/01/22



Source FOEX

The titanium dioxide market too was marked throughout 2021 by rising prices, and continues to be so, driven by sustained demand and by a limited supply of product from China, due to both shortages and high freight costs. The average price stood at € 3.150/kg at end 2021 versus an average € 2.425/kg in the last quarter of 2020.



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Source ICS

Other operating expense improved versus the prior year, thanks to the production continuity driven by strong demand (330 working days) and the resulting increase in plant efficiency.

Financial performance

(Euro thousands)	31 DECEMBER 2021	31 DECEMBER 2020	Chg.	% change
Operative working Capital	18.494	19.792	(1.298)	(6,6%)
Net Working Capital	16.646	18.115	(1.469)	(8,1%)
Equity	(33.414)	(25.811)	(7.603)	29,5%
Net Financial Debt	(26.262)	(33.665)	(7.403)	22,0%

The decrease of € 1,298 thousand in the Operating NWC is attributable to the combined effect of an increase in trade receivables of € 1,550 thousand due to higher turnover, but with collection times unchanged, and an increase in the value of inventory of € 4,060 thousand and in trade payables of € 6,907 thousand due to increased production volumes.

Equity increased by € 7,603 thousand following recapitalization by the Parent Company, NDT, of € 5,000 thousand through waiver of part of its financial receivables and as a result of net profit for the year.

This transaction led to the recapitalization of Bio Energia Guarcino S.r.l. for € 2,700 thousand by waiving all existing financial receivables due from the company.

At 30 December 2021, net financial debt amounted to € 26,262 thousand, continuing the gradual downward trend of recent years. The item decreased by 22% versus the same period of the prior year when it amounted to € 33,665 thousand. Net financial debt at 31 December 2021 is better balanced between long-term and short-term bank positions, thanks to both the new MCC-guaranteed loans taken out in 2020 and less resort to short-term lines.

In addition to the natural decalage for scheduled debt repayment, a new medium/long-term loan was granted to the Company in 2021:

- Loan and co-financing of € 600 thousand resolved by Simest as part of the Capitalization Call to improve and safeguard the financial solidity of exporting companies, of which:

- € 240 thousand non-repayable co-financing (as part of the Integrated Promotion Fund)
- € 360 thousand loan (as part of the 394/81 Fund).

BIO ENERGIA GUARCINO S.R.L.

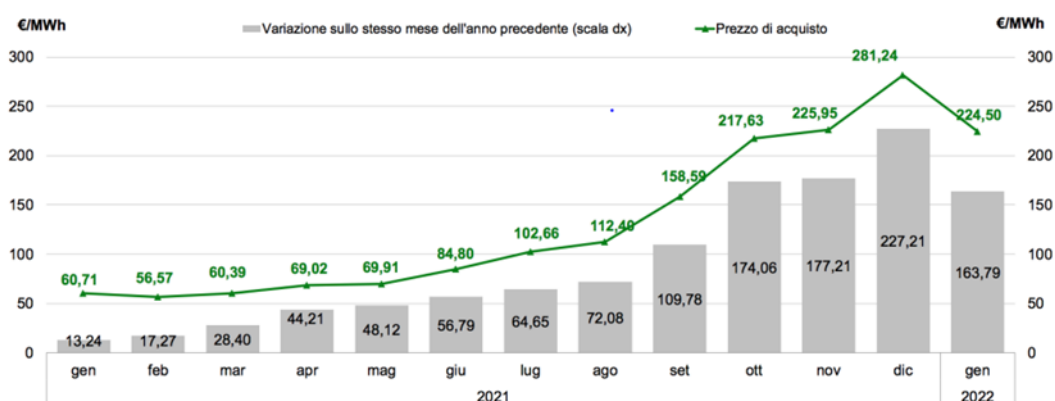
Business performance

(Euro thousands)	31 DECEMBER 2021		31 DECEMBER 2020		Chg.	% change
		%		%		
Revenue from sales and services	40.766	100,0%	33.925	100,0%	6.841	20,2%
Other revenue	196	0,5%	2.911	8,6%	(2.715)	(93,3%)
Total Revenue	40.962	100,5%	36.836	108,6%	4.126	11,2%
EBITDA	2.806	6,9%	3.999	11,8%	(1.193)	(29,8%)
Amortization and depreciation	-2.240	(5,5%)	-2.402	(7,1%)	162	(6,7%)
Allocations	0	0,0%	0	0,0%	0	0,0%
EBIT	566	1,4%	1.597	4,7%	(1.031)	(64,6%)
Profit (loss) for the period	-61	(0,1%)	936	2,8%	(997)	(106,5%)

Strong growth of the energy market throughout 2021 with PUN averaging € 125.46/MWh for 2021. The increase in the price of energy in 2021 did not affect the Italian market alone, but all the main European and world markets; it originates in the spike in the price of gas and in the value assigned to CO2 emissions according to the ETS mechanism, and in the upswing in volumes after the lockdown of 2020. The increase in the PUN affected all months of the year, but peaked in the last quarter as shown in the graph below.

Grafico 1: MGP, Prezzo Unico Nazionale (PUN)

Fonte: GME



In 2021, the Bio Energia Guarcino S.r.l. plant worked 21,776 hours, down versus the prior year when it worked 23,821 hours, generating a production of approximately 145,915 MWh versus 160,137 MWh in the prior year. The lower production is due to both a shorter operating time following scheduled maintenance on two engines in the first half of the year, and to Management's decision to limit production to two units following the sharp rise in the price of bioliquids before it was followed, as occurred later in the year, by an equally sharp rise in energy prices. Energy fed into the grid totaled 92,083 MWh, down from 115,779 MWh in 2020. Conversely, energy sold to CDG amounted to 48,159 MWh, up

from 38,399 MWh in 2020. This difference is attributable to CDG's good production regime throughout 2021, in the face of partial production stoppages related to the 2020 lockdown brought by COVID-19.

The consumption of raw and ancillary materials grew, due mainly to the increase in the purchase price of fuel. Other consumables, urea in particular, also saw a significant rise in prices.

The animal fats market too showed a strong growth trend in the wake of the trend of vegetable oils, palm oil and soybean oil in particular, which it is a substitute of. The average growth versus December 2020 is over 70% as shown in the table below summarizing 2021 prices from the livestock bulletin published by Associazione Granaria of Milan.

GRASSI ANIMALI	Dicembre 2020	gennaio	febbraio	marzo	aprile	maggio	giugno	luglio	agosto	settembre	ottobre	novembre	dicembre	Variazione 12 mesi	%
Sego 2-3 FFA-MIU 1 - FAC 7-9	732	759	831	945	1.011	1.045	1.089	1.073	1.088	1.108	1.153	1.224	1.230	498	68,03%
Grasso acidità 4 - MIU 1	712	739	811	925	991	1.025	1.069	1.053	1.068	1.088	1.133	1.204	1.210	498	69,94%
Grasso max 7 FFA - MIU 1	677	704	779	895	963	1.000	1.044	1.026	1.038	1.058	1.103	1.174	1.180	503	74,30%
Grasso max 10 FFA - MIU 1	662	689	764	880	948	985	1.029	1.011	1.023	1.043	1.088	1.159	1.165	503	75,98%

Financial performance

(Euro thousands)	31 DECEMBER 2021	31 DECEMBER 2020	Chg.	% change
Operative working Capital	979	2.415	(1.436)	(59,5%)
Net Working Capital	4.720	5.572	(852)	(15,3%)
Equity	10.504	7.866	2.638	33,5%
Net Financial Debt	(6.212)	(10.232)	(4.020)	39,3%

The changes in Operating NWC are due mainly to the increase in trade receivables of € 1,366 thousand, related to the sale of energy and the incentives granted by the GSE on renewable energy produced, and the increase in trade payables of € 2,847 thousand.

Net financial debt at 31 December 2021 amounted to € 6,212 thousand, improving significantly versus the prior period, due to the recapitalization by the Parent Company, Cartiere di Guarino S.p.A., of € 2,700 thousand through waiver of all outstanding financial receivables.

Main Alternative Performance Measures (APMs)

The European Securities and Market Authority (ESMA) has published guidelines on Alternative Performance Measures ("APMs") for listed issuers.

The APMs constitute information used by Management and investors to analyze the trends and performance of the Group, which are directly derived from the financial statements, even though not required by IAS/IFRS. These measures, used by the Group continuously and consistently for several years now, are relevant to assist Management and investors in analyzing the Group's performance. Investors should not consider these APMs as substitutes, but rather as additional information to the figures included in the financial statements. It should be noted that the APMs as defined may not be comparable to APMs of a similar name used by other listed groups.

The definition of the main APMs used in this Directors' Report on Operations is given below:

- **EBITDA and EBIT:** alternative performance measures not defined by IAS/IFRS but used by Group Management to monitor and measure its performance, as they are not affected by volatility, due to the effects of the range of criteria for determining taxable income, the amount and characteristics of the capital employed

and - for EBITDA - the amortization/depreciation policies. These measures are also commonly used by analysts and investors to assess company performance;

- **OPERATING WORKING CAPITAL, NET WORKING CAPITAL, FIXED ASSETS and NET INVESTED CAPITAL** Allow a better assessment of both the ability to meet short-term trade commitments through current trade assets and the consistency of the structure of loans and sources of financing in terms of time;
- **NET FINANCIAL DEBT:** the figure shown is in line with the value of net financial debt determined in accordance with the recommendations of the CESR (Committee of European Securities Regulators) of 10 February 2005 and referred to by CONSOB. This measure allows a better assessment of the overall level of debt, capital strength and debt repayability.

Main risks and uncertainties to which Neodecortech S.p.A. and the Group are exposed

The Group's risk management is based on the principle of accountability that the risk is managed by the person in charge of the business process directly involved.

The main risks are reported and discussed at the top management level of the Group companies in order to create the conditions for their management, coverage, insurance and assessment of the residual risk.

Financial risks - for a detailed analysis of which reference should be made to the Notes to the Financial Statements in "Financial Risk Management" of the separate and consolidated financial statements - are managed within the framework of specific directives of an organizational nature that govern their management and the oversight of all transactions that are strictly relevant to the composition of assets and liabilities of a financial and trade nature. Risks are also monitored by means of a structured system (ERM) for all Group companies, with specific reporting to the relevant Board of Directors and, in aggregate form, to the Board of Directors of the Parent Company.

Below is an analysis of risks and the resulting uncertainties.

Non-financial risks

Risks associated with the general economic situation

As the Group operates in a global competitive scenario, its financial position, results and cash flows are affected by the general conditions and performance of the world economy and, also during 2021, by the COVID-19 pandemic. Any negative economic cycle or political instability in one or more relevant geographical markets may influence the Group's performance and strategies and affect its future prospects in both the short and medium/long term. In order to alleviate risk, the Group operates both nationally and internationally, in order to diversify the source of its turnover. This is to avoid both the

concentration of turnover from a single country and to adopt business strategies that allow it not to depend on customers located in high-risk countries. Specifically, in light of the Russian-Ukrainian conflict that broke out at end February, the Group can attest that it has not carried out any development activities or invested in these countries, and purchases and sales in both Russia and Ukraine are negligible. Despite that, the lingering effects of the conflict could affect the consumption propensity of furniture and flooring buyers and therefore indirectly impact on the Group's results.

Risks associated with the spread of COVID-19

Following the spread of COVID-19 during 2020 and throughout 2021, Management kept a watchful eye on the developments of the pandemic, promptly adopting all the necessary measures for the prevention, control and containment of the virus at its plants, in order to protect the health of employees and associates, introducing changes to production layouts, the sanitization of premises, the provision of personal protective equipment, temperature measurement, and

serological tests, as well as adopting hygiene regulations and social distancing, while making use of smart working.

The Group continues to monitor developments very closely and take any mitigation measures that may be required. For further details, reference should be made to the section "Impacts from the CORONAVIRUS pandemic (COVID-19)" in this Report.

Risks associated with the level of competitiveness and cyclicity in the segment

Demand trends are cyclical and vary according to the general economic conditions and the consumption propensity of end customers. An adverse trend in demand, or if the Group is not able to adapt effectively to the external market context, could have a significant negative impact on the Group's business prospects, as well as on its performance and financial situation. Most of the Group's revenue is generated in the decorative papers and industrial paper sectors. The Group

competes primarily in Europe with other major international groups. These markets are all highly competitive in terms of product quality, innovation and price. The Group has launched new product lines in order to seize new market segments that are more lucrative than traditional business; these new lines will not only allow it to acquire new customers, but also to expand sales and further strengthen its relationships with existing customers.

Risks associated with sales on international markets

Part of the Group's sales takes place outside the European Union. The Group is therefore exposed to the risks related to exposure to local economic and political conditions and to the possible implementation of restrictive import and/or export policies. The Group

constantly monitors the development of political and financial risks associated with countries whose general economic and political situation could prove unstable in the future, in order to take possible mitigation actions.

Risks associated with fluctuations in the price of raw materials and components

The Group's exposure (in particular the Paper and Energy Division) to the risk of an increase in prices of raw materials for production. In order to manage these risks, the Group constantly monitors the market prices of the raw materials it procures for its activities in order to promptly anticipate any significant price increases, always keeping at least two suppliers that are able to supply the same quantity and quality of raw materials. In this context however, the Group does not carry out

specific hedges against these risks but rather tends to implement targeted purchasing policies to ensure stability for periods normally of no less than a quarter. The technical methods of setting prices on the raw materials market, as well as the fierce level of competition in the Group's area of operation, do not always allow it to transfer all of the sudden and/or significant increases in procurement costs to sales prices.

Risks associated with the ability to propose innovative products

The success of the Group's activities depends on its ability to maintain or increase its share in its markets of operation and/or to expand into new markets through innovative, high-quality products that ensure adequate levels of profitability. Specifically, should the Group be unable to develop and offer innovative and competitive

products compared to those of its main competitors in terms of price and quality, the Group's market shares could shrink, impacting negatively on its business prospects, results and/or financial situation. The Group invests constantly in technological innovation in order to mitigate this risk. Investments in recent years have

been channeled mainly into the new lacquering line for EOS products, the expansion of an embossing line for plastic films, the purchase of a new lamination line and

the purchase and engraving of cylinders, as well as maintenance work to maintain/upgrade existing process technologies.

Risks associated with the concentration of turnover on a small number of customers and with production on order

Part of the Group's revenue is concentrated on a small number of customers. Production on order is strictly affected by relations with the Group's main customers, which can have a significant impact on revenue generation. Group revenue relates mainly to business on order, where prices are based on the production batch. The Group therefore bears the risk that the work required to complete individual job orders is higher than budgeted and that, consequently, expectations in terms of profit margins may be significantly lower. In addition, production on order is subject to possible

fluctuations in revenue in the short term. Consequently, the increase or decrease in revenue in a given period may not be indicative of revenue trends over the long term. In order to mitigate the resulting risk, the Group companies have developed long-term relationships with their main customers based on trust and great focus on quality. The products developed become "niche" products, not just commodities. Decorations are developed, in some cases, ad hoc at the customer's request; the Group, therefore, adopts a loyalty system with this practice.

Risks associated with the compliance with environmental, health and safety regulations in the workplace

The Group is an industrial entity and, as such, is subject to laws and regulations governing the environment, health and safety in the workplace. Violations of the regulations applicable to these areas could result in restrictions on the Group's activities, the application of sanctions and/or claims for damages. In performing its activities, the Group is subject to strict environmental and health and worker protection legislation, applicable within the plants where production activities are carried out. In this regard, Neodecortech S.p.A. and its subsidiaries have obtained ISO 14001 environmental certification and ISO 45001 on health and safety in the workplace. As far as environmental protection is concerned, in accordance with applicable legislation, the Group has the burden of requesting and obtaining permits and authorizations to carry out its activities. Specifically, both the Parent Company and the subsidiary Cartiere di Guarcino S.p.A. have applied for the renewal of the Integrated Environmental Authorizations issued by the Lombardy Region and the Province of Frosinone, respectively. Additionally, production activities imply a controlled use of hazardous chemical materials that require a special system for their management and disposal. With regard to health and safety in the workplace, the Group is required to comply with laws and regulations (for instance, Legislative Decree no. 81 of 2008) aimed at mapping and managing risks, also with a view to preventing accidents. To this end, the

Group has adopted policies and procedures to comply with regulatory provisions; the presence of requirements regarding safety, health and hygiene in the workplace is secured thanks to the constant updating and implementation of the legally prescribed controls.

Moreover, in 2020 and 2021, given the spread of the Coronavirus pandemic, the Group companies have implemented the measures envisaged in the shared regulatory Protocol on the contrast and containment of COVID-19 in the workplace at all their production sites, and have also adopted additional prevention and control measures to reduce the risks of infection. The Group regularly complies with applicable environmental and occupational health and safety regulations, and has no knowledge of any proceedings of any kind initiated against it by the competent authorities in these areas. Additionally, the Group has insurance policies taken out with leading insurance companies in line with market practice aimed at transferring to third parties any costs deriving from adverse environmental or occupational health and safety events (e.g. possible violation of the above regulations and/or accidents in the workplace).

A specific insurance policy was taken out in 2021 to the benefit of employees in the event of Coronavirus infection, and then renewed for 2022. The ceilings of these insurance policies are deemed adequate by Management.

Risks associated with Management

The success of the Group depends to a large extent on the ability of its Executive Directors and other members of management to effectively manage the Group and its individual business areas.

The current governance structure of Neodecortech S.p.A. - with the presence of two Executive Directors who have longstanding experience in the specific line of business - allows management of operating discontinuities in the short term resulting, for instance,

from a replacement of Managing Directors before the ordinary expiry of their office or resignation, thus ensuring continuity and stability in the management of the Company and the Group. Additionally, the Group has fitted itself with an effective organizational setup, which provides, for each department within the three divisions, a manager with adequate powers to exercise the role.

Cyber Security Risk

With regard to cyber security, the Group is implementing all necessary actions to align its structure with the main national and international industry standards. Technological and organizational measures are being put in place with the aim of: managing the threats to which the organization's network

infrastructure and information systems are exposed, in order to ensure a level of security appropriate to the existing risk; preventing incidents and minimizing their impact on the security of the network and information systems used for production and business, in order to ensure their continuity.

Climate Change Risk

With regard to the risks related to climate change, the Neodecortech Group has embarked on a structured process of analysis of its environmental impacts and mitigation activities. In addition to the internal analysis of its risks and opportunities, the Group has decided to undergo the CDP - Carbon Disclosure Project

assessment as from 2021, with a view to increasing awareness, and has launched a sustainability process aimed at increasingly reducing its negative impacts in this area. On 7 December 2021, CDP scored a B rating.

Financial risks

Risks associated with financial requirements

Liquidity risk is normally defined as the risk that a company will be unable to meet its payment obligations due to the difficulty of raising funds (funding liquidity risk) or liquidating assets on the market (asset liquidity risk).

The Group efficiently manages its financial resources through a loan agreement between the Parent Company and its Subsidiaries in order to make surplus liquidity available, if necessary, to cover its requirements. Short-term bank credit lines are in line with commitments undertaken and planned, while

medium-term loans guarantee adequate coverage for investments in fixed assets, keeping cash flows and the resulting liquidity generated in balance.

Thanks to the provision of low-interest loans obtained through the emergency law decrees in 2020, the Group was able to upgrade its debt from short to long-term, obtaining a more adequate financial structure. Reference should be made for further details to the Directors' Report on Operations and to Note 25 "Non-current financial liabilities" and "Current financial liabilities".

Credit risk

The current assets of Group companies, with the exception of inventory, are primarily trade receivables.

The Group presents different credit risk concentrations in its different relevant markets. While the Group has

longstanding relationships with its main clients, changes in these relationships or in the business strategies of some of these clients could have negative effects on the results and financial position of the Group itself. The Group takes measures to carefully manage trade receivables in order to minimize collection time and credit risk, also

adopting a policy of advance payments and guarantees, including the insurance of most receivables. To date, the Group has not encountered significant issues in the collection of trade receivables and does not expect to have a significant negative impact from this situation in the future.

Currency risk

The Group is obviously exposed to market risks associated with fluctuations in exchange rates and interest rates. Exposure to exchange rate risks is related mainly to the procurement of certain raw materials (pulp and titanium dioxide) and, to a lesser extent, to the sale of products, which leads to cash

flows denominated in currencies other than those of the production area (mainly US dollars). This exposes the Group to the risk of fluctuations in the Euro against the US dollar, against which specific exchange rate hedging policies are adopted, but not accounted for in hedge accounting.

Interest rate risk

The Group companies have in place - inter alia - financial liabilities (loans) at floating rates. In order to alleviate the negative effects of a possible increase in interest rates, a hedging derivative (IRS - Interest Rate Swaps) is in place, accounted for using the fair value hedge accounting method. Specifically, at 31

December 2021, the Parent Company had an IRS in place relating to the mortgage loan agreement with BPM, with a notional value of € 7,596 thousand and a negative fair value of € 203 thousand (a negative € 395 thousand at 31 December 2020).

Corporate Governance

The Company has aligned its corporate governance system to the relevant provisions set out in Legislative Decree no. 58/1998 ("TUF"), and has adopted the Corporate Governance Code approved by the Corporate Governance Committee, published on 31 January 2020, applicable as from 1 January 2021 (the "Corporate Governance Code") and adopted by the Company on the same date.

Following the provision of Borsa Italiana for admission to the STAR segment dated 5 March 2021, trading of the Company's ordinary shares began on 15 March 2021 on the STAR segment of Euronext Milan organized and managed by Borsa Italiana.

The Company has a traditional management and control model in place, which envisages the presence of the Shareholders' Meeting, the Board of Directors, the Board of Statutory Auditors and the Independent Auditors (for further information, reference should be made to the chapter "CORPORATE BODIES" at the beginning of this Report).

At the meeting held on 23 February 2022, the Chairman of the Board of Directors of the Company submitted to the review of the other members of the Board the recommendations contained in the communication of the Chairman of the Corporate Governance Committee of Borsa Italiana of 3 December 2021 referring to (i) sustainable success and the promotion of dialogue with stakeholders, (ii) the classification of the Company with regard to the categories defined by the Corporate Governance Code with a view to proportionality and the adoption of the simplification options put forward by the Corporate Governance Code, (iii) the management of pre-Board meeting information, (iv) the appointment and succession of directors, (v) compliance with gender equality and equal opportunities, and (vi) remuneration policies (the "Recommendations"); the Board of Directors discussed then took account of all the Recommendations and ascertained that the Company's governance is already aligned with most of them; the considerations made and any further initiatives will be formalized and reflected in the Report on Corporate Governance and Ownership Structure pursuant to Article 123 bis of the TUF. At the same meeting, the Board of Directors, having acknowledged the outcome of the self-assessment

process and in view of its upcoming renewal, approved the guidelines on the best quantitative and qualitative composition of the governing body.

On 26 March 2021, with a view to reorganizing governance, the subsidiaries Cartiere di Guarcino and Bio Energia Guarcino re-appointed their Boards of Directors to each include an independent director.

For further information on the Company's corporate governance, reference should be made to the specific section on the Company website www.neodecortech.it, Investors, Corporate Governance section.

Report on Corporate Governance and Ownership Structure

The Report on Governance and Ownership Structure pursuant to Article 123 bis of the TUF of Neodecortech S.p.A. is contained in a separate report from the Directors' Report on Operations, published jointly with the latter and available on the Neodecortech S.p.A. website (www.neodecortech.it).

Related party transactions

Following the transposition into Italian law of Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 (Shareholders Right Directive II), through Legislative Decree no. 49/2019, and in light of the CONSOB amendments with resolution no. 21624 of 10 December 2020 to the regulation containing provisions on related party transactions adopted by CONSOB with resolution no. 17221 of 12 March 2010, on 28 June 2021, the Board of Directors of the Company approved the update to the Procedure for Transactions with Related Parties (the "RPT Procedure"), adopted by the Company on 25 June 2020 and amended on 10 December 2020, in order to adapt it to the new legal and regulatory framework, effective as of 1 July 2021.

The procedure aims to ensure full transparency and correctness of transactions carried out with Related Parties. The updated text of the Procedure for Transactions with Related Parties of Neodecortech S.p.A. is available on the Company website (https://www.neodecortech.it/wp-content/uploads/2021/06/210628_Procedura-OPC-final.pdf).

Reference should be made to the Explanatory Notes to the Consolidated Financial Statements, which provide a detailed comment on transactions with related parties; it should be noted that during the year under review, no atypical or unusual transactions were carried out with such parties and that business transactions with related parties, including those outside Group companies, were carried out at conditions corresponding to normal market value.

Capital expenditure

Capital expenditure on property, plant and equipment for 2021 amounted to € 9,609 thousand. € 4,822 thousand refers to the Parent Company and relates to new plant and machinery and the improvement and efficiency of existing ones.

Purchases include an investment in a new CPL laminating machine at the plant in Casoli d'Atri (TE) amounting to approximately € 1,200 thousand, proof of the continued expansion of the family of laminated products, and the purchase of the previously leased production plant in Casoli d'Atri, for € 1,548 thousand, including the price of the land, separated and measured on the basis of an external expert's report, amounting to € 400 thousand. In December 2021, an agreement was signed, with payment of an initial advance, for the construction of a photovoltaic system of approximately 500kW, again in the Casoli d'Atri production plant, for the amount of approximately € 400 thousand.

As for the subsidiaries, capital expenditure in tangible fixed assets amounted to € 2,857 thousand for Cartiere di Guarcino S.p.A., regarding actions to increase output and optimize plants, and € 1,930 thousand for Bio Energia Guarcino S.r.l. regarding planned and extraordinary maintenance of the power plant.

All Group plants are continuing their 4.0 process revision actions to further strengthen the production process, with active control of critical variables and plant upgrading.

Research & Development

In 2021, with regard to the Parent Company, research and innovation activities continued, as well as the improvement of the processes of both historical and new production lines, such as the new family of EOS anti-fingerprint products, now available in both "laminated" and "thermoplastic" versions in PVC and recycled PET.

The subsidiary Cartiere di Guarcino S.p.A. continued its Research and Development on the "Study and development of an innovative paper with high printability and high printing resolution for the decorative segment, suitable for both rotogravure and digital printing", achieving results in line with the targets set. Costs incurred are fully expensed during the year.

The project is relevant for the purposes of the Tax Credit for R&D carried out in tax year 2020 and 2021 (Article 1, paragraph 200 of Law no. 160 of 27 December 2019, Article 244 of Law no. 77 of 17 July 2020, Decree 26/05/2020 "Application provisions for new tax credit, for research and development, technological innovation and design activities").

Cartiere di Guarcino S.p.A. has undertaken a further R&D project, submitting on 10/12/2020 an aid application under the "Circular Economy" call pursuant to Ministerial Decree 05/08/2020 and DD 11/06/2020 20/06/2013, regarding the project on the "Study and development of an innovative paper for food use". On 07/02/2022, the Ministry of Economic Development issued the Admission Decree, which provides for an allowable cost of up to € 2,000 thousand, a subsidized loan of € 1,000 thousand and a non-refundable grant of € 200 thousand.

Information on the environment, safety and health and, more generally, on ESG topics

Environment

Environmental impact is a crucial issue for the Neodecortech Group. As proof of this, the Parent Company, since 2007, has acquired a series of system certifications that offer its stakeholders tangible evidence of its commitment and of the transparency and correctness of its business activities.

This approach has also been gradually adopted by the subsidiaries Cartiere di Guarcino S.p.A. and Bio Energia Guarcino S.r.l.. Below is a list of the certifications obtained by each Group company. With regard to environmental targets and policies, in 2021 the Group continued with the implementation of the ESG 2021-2023 Plan adopted at the Board meeting in May and November 2021.

Moreover, given the product sector in which the Group companies operate and their activities, there are no reports of specific activities and/or accidents with repercussions on the environment. During the year, the Group caused no environmental damage for which it was found guilty, nor was it imposed fines or penalties for environmental offences or damage.

Neodecortech

UNI EN ISO 9001 (since 2009) - Quality System Certification

UNI EN ISO 14001 (since 2007) - Environmental Certification - for the improvement of environmental performance

BS HOSAS 18001 (since 2011) - Certification related to occupational health and safety management

UNI EN ISO 45001 (since 2020) - Certification related to occupational health and safety management

UNI EN ISO 50001 (since 2017) - Certification related to energy use efficiency and gradual improvement of energy performance

FSC® CHAIN CUSTODY (since 2010) - Certification on the sustainability of the forests where the pulp used in the paper we employ is obtained from

MADE IN ITALY 100% (since 2015) - Supply Chain Certification

SUSTAINABILITY REPORT
from 2016 to 2020

Cartiere di Guarcino

UNI EN ISO 9001 (since 2017) - Quality System Certification

UNI EN ISO 14001 (since 2012) - Environmental Certification - for the improvement of environmental performance

BS HOSAS 18001 (since 2012) - Certification related to occupational health and safety management

UNI ISO 45001 (since 2019) - Certification related to occupational health and safety management

UNI EN ISO 50001 (since 2018) - Certification related to energy use efficiency and gradual improvement of energy performance

FSC® CHAIN CUSTODY (since 2010) - Certification on the sustainability of the forests where the pulp used in the paper we employ is obtained from

PEFC (since 2015) - Programme for Endorsement of Forest Certification

Bio Energia Guarcino

UNI EN ISO 9001 (since 2017) - Quality System Certification

UNI EN ISO 14001 (since 2012) - Environmental Certification - for the improvement of environmental performance

BS HOSAS 18001 (since 2016) - Certification related to occupational health and safety management

UNI ISO 45001 (since 2019) - Certification related to occupational health and safety management

UNI EN ISO 50001 (since 2018) - Certification related to energy use efficiency and gradual improvement of energy performance

Safety and Health

The Group adopts all workplace health and safety measures and, in particular, has adopted all the safety protocols provided for by the COVID-19 emergency, as explained in detail in the relevant section on risks. A supplementary insurance policy was also taken out for all employees to cover the risks associated with the infection from the virus.

ESG

More generally, with regard to ESG topics, the Group adopted, through two resolutions of the Board of Directors in May and November 2021, an ESG 2021-2023 Action Plan. As part of the Action Plan, the following policies were adopted:

- the "diversity and inclusion policy" applicable within the Group;
- the supplier code of conduct, aimed at the adoption of policies, principles and standards relating to the respect of human rights;
- the biodiversity policy;
- the remuneration policy, which includes incentive plans tied to sustainability objectives not only for top and middle managers, but also for all other employees as an additional parameter among those considered for the purposes of accruing the annual performance bonus;
- medium to long-term projects in support of local communities, to be implemented in the municipalities where the Group's production plants are located, through donations or gifts aimed at promoting cultural and/or charitable activities;
- extension of GHG emissions reporting to scope 1 and 2, setting the Group's carbon footprint, in order to undertake carbon offsetting and neutralization of CO₂ equivalent emissions for all the Group's production facilities in the three-year period 2021-2023.

Specifically, in 2021 the Group offset approximately 7,800 ton of CO₂ equivalent from the production sites of Filago and Casoli, equal to the residual emissions of these sites and the neutralization of approximately 2,400 ton of CO₂ equivalent for the same production sites.

On 11 May 2021, the Board of Directors approved, for the fifth consecutive year, the GRI-compliant 2020 Sustainability Report, obtaining "limited assurance" from Deloitte & Touche S.p.A. in accordance with the criteria set out in ISAE 3000 Revised.

For the first year, on 7 December 2021, CDP (Carbon Disclosure Project) awarded the Neodecortech Group a "B" score based on the 2020 data underlying the questionnaire to be filled, recognizing the Group Companies' commitment to combating climate change. With the "Climate change 2021" questionnaire, CDP has placed Neodecortech in the "Management band" with a "B" score. The score places Neodecortech in the European average and in the average of the Paper Products & Packaging industry, both with the same "B" score, but slightly better than the world average which has a "B-" score.

Starting from 2021, in the continued effort to create value, Neodecortech has chosen to implement its sustainability reporting, with the publication of the first non-financial consolidated statement pursuant to Legislative Decree 254/2016, on a voluntary basis.

Human resources and organization

There is no significant information relating to human resources that requires disclosure.

PERSONNEL IN SERVICE	NDT Printed Decorative Paper Division	CDG Printed Decorative Paper Division	BEG Energy Division	31.12.2021 GROUP	31.12.2020 GROUP
Executives	5	5	0	10	10
Managers/Employees	64	49	2	115	113
Blue collars	173	106	2	281	262
Total	242	160	4	406	385

The average number of employees in 2021 amounted to 396 resources. Additionally, 5 resources from Cartiere di Guarcino S.p.A. work on secondment at the subsidiary Bio Energia Guarcino S.r.l..

In 2021, with the COVID-19 pandemic still at play, the Group continued to resort to smart working for those tasks deemed possible, given the manufacturing nature of the business.

For the period May-December 2020, the Group adopted a Corporate Welfare Plan covering all its employees, excluding executives, recognizing an additional amount above fixed and variable remuneration of € 477 thousand, based on attendance during the period, to deal with the hardships brought by the COVID-19 pandemic. The accrued employee welfare credit was used throughout 2021.

Atypical and/or unusual transactions during the year

In 2021, the Group did not carry out any significant transactions qualifying as non-recurring, atypical and/or unusual.

Significant events after 31 December 2021

The payable arising from the loan taken out by NDT (formerly Confalonieri Fratelli di Mario S.p.A.), on its own behalf and on behalf of Andreotti Fotoincisioni S.p.A. (formerly a Confalonieri Group company) on 20 February 1997 with the Ministry of Industry, Trade and Crafts (the "**MICA**", now MISE), amounting to approximately 5.7 billion lire (€ 2,943 thousand) in principal (the "**MICA Loan**"), for which the last repayment instalment was due on 20 February 2012, was finally time-barred on 20 February 2022. The receivable due from Andreotti Fotoincisioni S.p.A., to which the Company had transferred part of the MICA loan due to it, was equally time-barred.

In this regard, it should be noted that the repayment obligations of the MICA Loan could have been reasonably considered already time-barred, in accordance with the provisions of Article 55 of the Bankruptcy Law and in the absence of claims of debt by MICA, as from 7 April 2011.

Nonetheless, the Company's directors, partly on the basis of the relevant legal opinions obtained and in the absence of significant case law on the matter, have decided to prudently continue to record in the Consolidated Financial Statements both the amount due to MICA and the related receivable due from Andreotti Fotoincisioni S.p.A., in view of the application of ordinary civil law provisions which, in the case of loan agreements, envisage that the ten-year limitation on the right to repayment starts to run as from the date of expiry of the last instalment.

Therefore, as from 20 February 2022, both the payable to MICA of € 5,082 thousand (including capital and accrued interest) and the receivable from Andreotti Fotoincisioni S.p.A. of € 1,312 thousand (including capital and accrued interest) have been written off from the financial statements of the Parent Company, which will generate an extraordinary

positive impact on the results of the Parent Company and on the consolidated financial statements of first quarter 2022 of € 3,770 thousand, and on the reduction of the Parent Company and Group financial debt by € 5,082 thousand.

Compliance with the simplified system under Articles 70 and 71 of the Issuer Regulation

It should be noted that the Company, pursuant to articles 70, paragraph 8 and 71, paragraph 1-bis, of the Regulation adopted by CONSOB through resolution no. 11971/1999, as supplemented and amended (the "Issuer Regulation"), complies with the opt-out system provided for by the above articles, availing itself of the right to depart from the obligations to publish the information documents envisaged in Annex 3B of the Issuer Regulation on the occasion of significant transactions relating to mergers, spin-offs and capital increases through contribution of assets in kind, acquisitions and transfers.

Treasury shares and shares of the Parent Company

Pursuant to Articles 2435-bis and 2428 of the Italian Civil Code, it should be noted that, at the closing of the year, the Company held no. 32,354 treasury shares for the equivalent of € 139,630.

The Shareholders' Meeting held on 13 April 2021 approved the purchase of ordinary shares of the Company, up to a maximum of 10% of the Company's share capital, equal to a maximum of no. 1,351,526 ordinary shares. The purchase of treasury shares may be made, in one or more tranches, within eighteen months.

Specifically, on 5 October 2021, Neodecortech S.p.A. sold all no. 120,000 treasury shares held at 31.12.2020 at a value of € 4.36 each for a total of € 523,200, while in November and December 2021, no. 32,354 treasury shares were purchased at a value of € 139,630.

In January, February and March 2022, the Company continued with the purchase of additional treasury shares based on and within the limits of the above resolution.

At 31 December 2021 and in 2021, the Company did not hold and did not purchase any shares of the parent company.

Other information

Pursuant to paragraph 5 of Article 2497-bis of the Italian Civil Code, we certify that the company is not subject to the direction and coordination of others.

On 10 February 2021, the Board of Directors of the Parent Company approved the new 2021-2023 Business Plan ("the 2021-2023 Business Plan"), which included the 2021 Budget, and on 14 December 2021, the Board of Directors approved the 2022 Budget.

As from April 2021, the standstill agreed upon last year with SelmaBipiemme Leasing S.p.A. regarding the lease in place with Bio Energia Guarcino S.r.l. was terminated, with the resumption of the normal payment of lease instalments.

In June 2021, the mortgage loan granted to Cartiere di Guarcino S.p.A. by Monte dei Paschi S.p.A., which had the only covenant on the Group's financial debt, was fully repaid.

In July 2021, Cartiere di Guarcino S.p.A. was granted a loan and co-financing from Simest to improve and safeguard the financial solidity of exporting companies. The sum approved and paid out amounts to € 600 thousand, of which € 240 thousand for non-repayable co-financing and € 360 thousand in subsidized loans (0.055%) with a duration of four years, of which two years of grace period.

On 1 October 2021, Neodecortech S.p.A. reached a preliminary agreement with the Revenue Agency to take advantage of the Patent Box tax break over the five-year period 2018-2022. The Patent Box optional tax regime grants a five-year

tax benefit, renewable on expiry, to those companies that generate income through the direct and indirect use of patents, software, designs, models and know-how. The estimated tax benefit for 2018 is € 180 thousand. For following tax periods but prior to 2021, talks are underway with the Revenue Agency to define the effects of the calculation as they are impacted by extraordinary events such as the COVID-19 pandemic or the translisting costs to the regulated segment of Borsa Italiana.

During the months of October, November and December 2021, no. 2,811,044 Warrants were exercised by the holders at the price of € 4.00 per share (at a ratio of 1 Conversion Share for every 4 Warrants), resulting in the subscription of no. 702,761 newly-issued Neodecortech S.p.A. shares. These shares have no par value, have the same divided entitlements as the ordinary shares of Neodecortech S.p.A. outstanding at the issue date, and have a total value of € 2,811,044.00, of which € 1,405,522.00 allocated to the share capital, and the remainder is allocated to the share premium reserve. The deadline for exercising the Warrants expired on 31 December 2021. Therefore, warrants not submitted for exercise by the deadline of 27 December 2021, are forfeited of all rights and shall have no validity.

As a result of the above, the new share capital of Neodecortech S.p.A. amounts to € 18,804,209.37 (eighteen million eight hundred and four thousand two hundred and nine/37) and is divided into no. 14,218,021 ordinary shares with no par value.

Business and market outlook

The first two months of 2022 witnessed the growth trend seen since mid-2020 and throughout 2021, albeit at a slower pace. To date, the entire production chain in which Neodecortech and Cartiere di Guarcino operate is working at full capacity, with an order book still higher than normal; despite the possible lingering risks of a margin squeeze, owing to the yet-to-occur retracement of raw material prices, the increases in which continued during the first two months of 2022, therefore their difficult transfer to sales prices applied to customers, forecasts indicate that this mood will continue until at least mid-2022 and will spread evenly across all the sales areas in which the Companies mainly operate (90% Europe). Also, with regard to increases in the cost of energy carriers, it should be noted that these increases are being transferred to end customers, having reached levels that can no longer be contained.

However, as known, the Ukrainian-Russian conflict broke out at end February; while the Group does not source supplies, has not invested, has not carried out development activities and has only marginal sales in both Russia and Ukraine, no estimates can be currently made on the magnitude and length of the impact of this event on the consumption propensity of furniture and flooring buyers, as well as on the possible availability of strategic raw materials and energy carriers. This condition, however, transcends the industry in which the Group operates and has a macroeconomic relevance.

As a result, from a conservative point of view, with regard to the indirect effects of the abovementioned conflict on price increases in the cost of electricity and gas and in raw materials used, the risks of a stoppage of operations at the Group's three production plants are deemed to be low. Specifically, CDG continues to function according to the annual production plan that calls for maintenance-related stoppages during the year; the plant is complying with the plan and is fully operational to date. All this thanks to the supply of electricity by the subsidiary BEG, which operates an internal network with respect to Cartiera, and to the fact that it benefits from increases in the price of energy, despite the high costs of the biomass burned (animal by-products). Reference should be made to the section below on BEG, which illustrates its trend of operations and the relevant economic and regulatory context.

With regard to the CONSOB notice of 7 March 2022, aimed at compliance with the restrictive measures adopted by the EU in response to the Russian military aggression in Ukraine, it should be noted that the Group is complying with all the measures introduced by the European Union. Additionally, from an IT point of view, the Group has adopted stringent business continuity plans, guaranteeing the full operation of back-ups, including offline solutions, to protect company systems and data from possible cyber-attacks, which could intensify following the Russian-Ukrainian conflict.

The Group continues to pursue its policy of containing financial costs by optimizing both its short and medium/long-term lines of credit and reducing its net financial position.

No particularly negative impacts are expected from the trend of the COVID-19 pandemic, thanks also to the ongoing vaccination plan and the prevention measures underway in Italy and Europe.

Taking account of all the above considerations, in light of current events and as far as we can assess at today's date, the Group believes it can achieve the targets set in the 2022 Budget, approved on 14 December 2021, which envisages maintaining operating and financial results basically in line and in keeping with the year just ended, despite the regulatory uncertainties relating to the subsidiary Bio Energia Guarcino S.r.l., described in greater detail below.

Printed Decorative Paper Division - Neodecortech

As mentioned earlier, due to the continued price increases in raw materials (resins, base decorative papers, plastics, packaging) witnessed also in the first two months of 2022 and yet to be transferred to the sales prices applied to end customers, margins are expected to feel some impact throughout the first half of 2022. All this has already been factored in when preparing the 2022 Budget; forecasts indicate that the lower margins will gradually pick up pace in the second half of the year.

As for business performance, despite the above critical situation, the positive trend seen throughout 2021 is expected to continue.

Special mention must be made of the agreement signed for the acquisition of a new impregnating machine, which will be delivered and start operation in mid-2023, to support the expected volume growth of impregnated decorative paper.

Paper Division - Cartiere di Guarcino

Cartiere di Guarcino S.p.A. reports the same market trends as the Parent Company NDT. With regard to the increase in the cost of raw materials (pulp and titanium dioxide), forecasts see a recovery that may lead to normalized prices as from the second half of the year. The normalization will further improve margins. The development of Velvet Paper and, again in terms of innovation, of paper for food use will resume in 2022; the positive outcome from these two new product lines is expected to increase the Company's turnover.

Energy Division - Bio Energia Guarcino

As far as BEG is concerned, the unit value of the incentives dropped sharply in 2022, from 109.36 €/MWh in 2021 to 42.85 €/MWh in 2022, as a result of a reference price of electricity in 2021 of 125.06 €/MWh. Additionally, energy prices are expected to continue to rise on average in 2022 from a January PUN value of 224.50 €/MWh. Should these forecasts be confirmed, the value of the incentive in 2023 would be zeroed out according to the determination criteria under the regulations in effect today. Mention should be made that the value of the incentive for the year is fixed for the entire year and is determined based on the prior year's energy price trend (PUN).

With regard to the trend of the price of fuel - bioliquids of animal origin from the supply chain - the first two months of 2022 saw a slight retracement, but a new increase since the beginning of March. Conversely, vegetable oil prices continued to strengthen.

The continued high prices of bioliquids, imposed by a well-supported vegetable oil market, a clearly decreasing incentive combined with an extremely volatile energy market, due also to the outside events of a geopolitical nature, require a constant assessment of the risk of negative margins (Spark Spread: value of electricity production + value of incentives - cost of biofuel).

This general framework has already led the BEG managers in July 2021 to carefully and continuously assess the decision to change the production regime (from three to two engines). This approach will continue throughout 2022, to the point where one can consider operating the plant with a single engine or stopping it altogether in order to minimize the negative financial impact on the Company. This scenario has gradually materialized since the last quarter of 2021 and has therefore been factored in when preparing the 2022 budget.

As a result of these considerations, as from June 2022, the operation of the plant could be reduced in order to minimize the negative financial impact on the Company. However, this picture could dramatically change, should the current regulatory framework change too, as is reasonably foreseeable, as mentioned below.

In fact, a point worth mentioning is that the conditions for a possible regulatory change in the incentive system have been set. If this were the case, it would have a positive impact on BEG, given that in June 2025 the incentivized aid period for bioliquid powered plants will come to conclusion.

On 06.11.2021, in fact, the Government passed the Legislative Decree - published in the State Gazette on 30.11 - which implements Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 (the so-called RED II Directive), under which the State, among other measures, is called to promote the continuity of operations of plants powered by renewable sources, once they have reached the end of the incentive period. Specifically, the Decree refers to the possibility of providing for special tariffs or supplements to revenue for plants which, due also to fuel costs, are unable to operate with the sole income deriving from participation in the electricity market.

The Ministry of Environmental Transition will be called to issue, within 180 days from the publication of the Law in the State Gazette and therefore by May 2022, the Implementation Decree, which will in any case have to comply with State aid regulations.

The Company has acted in conjunction with the trade association to put forward, as part of the implementation of the RED II Directive and the related implementing decrees, a proposal to modify the incentive framework for plants powered by domestic biofuels and functional to manufacturing companies which, if transposed, would provide for the:

- Extension of the aid for bioliquid plants as described above until at least 2030.
- Introduction, in a manner similar to the provisions of articles 63, 64 and 65 of the ARERA Resolution no. 111/2006 for so-called essential plants for the electricity system, of a revenue reintegration scheme.

The above proposal has been delivered to MITE and is currently under review by the Ministry's technical bodies.

Based on these elements, the Company's Management identified the presence of impairment indicators regarding the recoverability of the carrying amount of tangible fixed assets referring to the subsidiary BEG and therefore carried out an impairment test pursuant to IAS 36. The impairment test regarded both the assets held by the subsidiary BEG and the book value of the investment held by CDG (in turn wholly owned by Neodecortech S.p.A.) in BEG, equal to 100% of the share capital. The Company appointed an independent third-party consultant to conduct an impairment test to support the decisions taken by the corporate bodies of the companies involved. The conclusions on the impairment test, backed by the analyses of the appointed consultant, were approved by the Board of Directors of the BEG subsidiary on 14 March 2022.

The results of the approved impairment test, which is based on projections inferred from the 2022-2030 business plan prepared by the Management of the subsidiary BEG and approved by the Board of Directors on 14 March 2022, showed that the recoverable value was higher than both the carrying amount of the tangible fixed assets of BEG, as described in greater detail in the Notes, paragraph 13 "Tangible assets", and the book value of the investment of the subsidiary BEG in CDG.

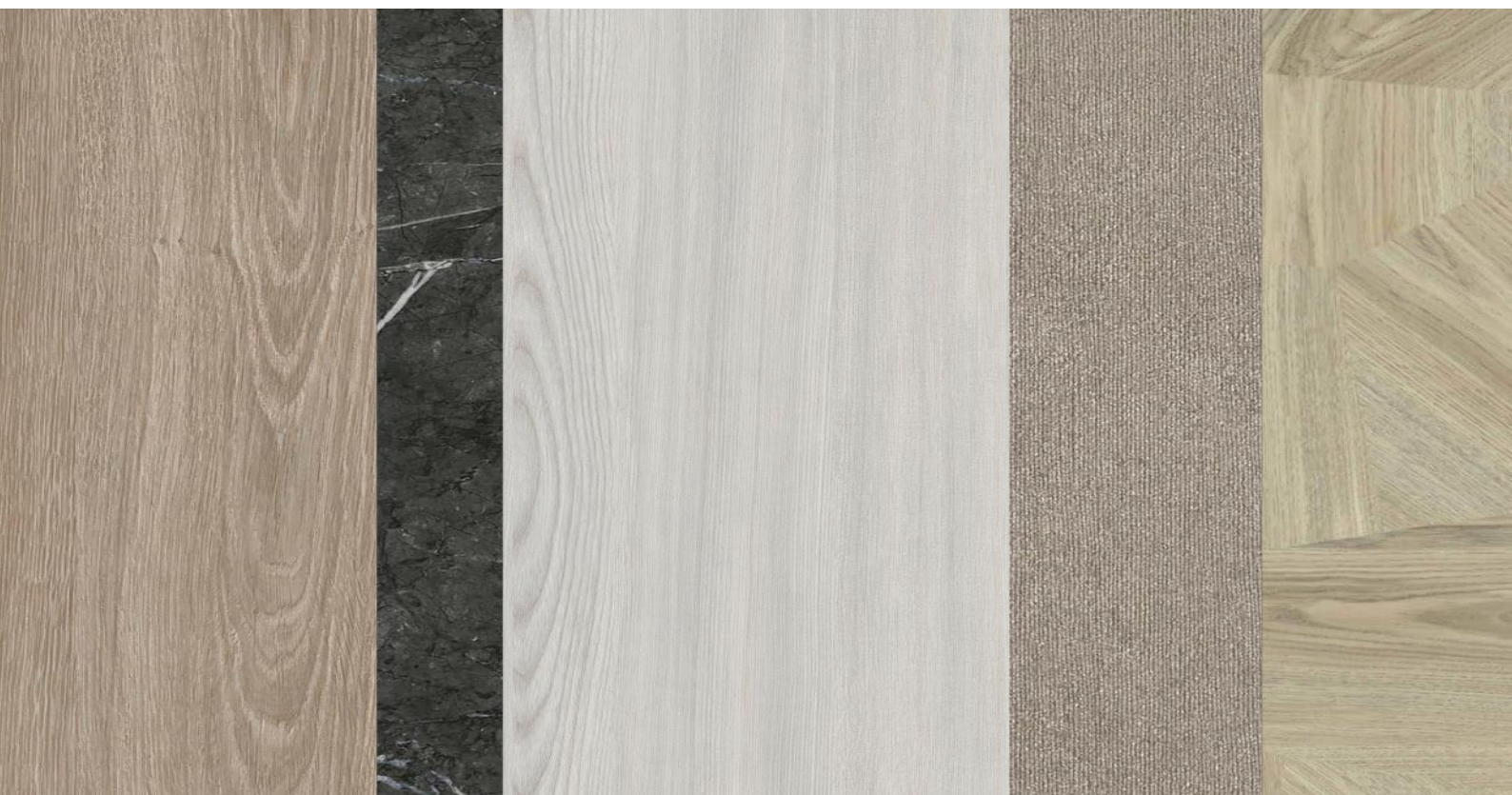
Filago (BG), 15 March 2022

For the Board of Directors The Chief Executive Officer

(Luigi Cologni)

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**Consolidated Financial Statements at 31
December 2021**



Consolidated income statement at 31 December 2021

(Euro thousands)	Notes	31December 2021	%	31December 2020	%	Chg.	% change
Revenue from sales and services	1	176.429	100,0%	127.843	100,0%	48.586	38,0%
Changes in work in progress, semi-finished and finished products	2	255	0,1%	(2.547)	(2,0%)	2.802	(110,0%)
Other revenue	3	2.595	15%	5.871	4,6%	(3.276)	(55,8%)
Raw and ancillary materials and consum.	4	(114.201)	(64,7%)	(75.834)	(59,3%)	(38.367)	50,6%
Other operating expense	5	(25.111)	(14,2%)	(21.832)	(17,1%)	(3.279)	15,0%
Personnel expense	6	(21.821)	(12,4%)	(18.882)	(14,8%)	(2.939)	15,6%
Amortization and depreciation	7	(8.839)	(5,0%)	(8.725)	(6,8%)	(114)	13%
Allocations	8	(81)	(0,0%)	(406)	(0,3%)	325	(80,0%)
EBIT		9.226	4,3%	5.488	5,4%	3.738	68,1%
Financial expense	9	(1.333)	(0,8%)	(1.705)	(1,3%)	372	(21,8%)
Financial income	10	124	0,1%	280	0,2%	(156)	(55,7%)
Pre-tax profit/(loss)		8.017	4,5%	4.063	3,2%	3.954	97,3%
Income tax	11	(1.328)	(0,8%)	(527)	(0,4%)	(801)	152,0%
Profit/(loss) for the year		6.688	3,8%	3.536	2,8%	3.152	89,1%

Consolidated statement of comprehensive income at 31 December 2021

(Euro thousands)	31 DECEMBER 2021	31 DECEMBER 2020
Profit/(loss) for the year	6.688	3.536
Other items of the comprehensive income statement		
Actuarial gains (losses) net of tax effect	(16)	185
Total items that will not be reclassified in the income statement for the year	(16)	185
Gains/(losses) on cash flow hedging instruments	146	(123)
Total items that will or may be reclassified in the income statement for the year	146	(123)
Total other components of the comprehensive income statement	130	62
Comprehensive income (loss) for the year	6.818	3.598
Profit for the year attributed to:		
Shareholders of the Parent	6.818	3.598
Non-controlling interests		
Earnings per share (in Euro):		
Basic	0,50	0,27
Diluted	0,50	0,27

Consolidated statement of financial position at 31 December 2021

Assets	31 December 2021	%	31 December 2020	%	Chg.	% change
<i>(Euro thousands)</i>						
Intangible assets	1.551	0,9%	2.203	1,5%	(652)	(29,6%)
Property, plant and equipment	78.561	46,5%	77.221	51,2%	1.340	1,7%
Other non-current assets	19	0,0%	95	0,1%	(76)	(80,0%)
Non-current financial receivables	1.757	1,0%	1.821	1,2%	(64)	(3,5%)
Deferred tax assets	1.985	1,2%	2.115	1,4%	(130)	(6,1%)
Non-current assets	83.873	49,6%	83.455	55,3%	418	0,5%
Inventory	40.603	24,0%	36.684	24,3%	3.919	10,7%
Trade receivables	26.632	15,7%	19.252	12,8%	7.380	38,3%
Receivables from tax consolidation	1.129	0,7%	1.008	0,7%	121	12,0%
Tax receivables	2.299	1,4%	1.767	1,2%	532	30,1%
Current financial receivables	0	0,0%	64	0,0%	(64)	(100,0%)
Other current receivables	1.084	0,6%	1.118	0,7%	(34)	(3,0%)
Cash funds	13.491	8,0%	7.536	5,0%	5.955	79,0%
Current assets	85.238	50,4%	67.428	44,7%	17.810	26,4%
Total Assets	169.111	100,0%	150.883	100,0%	18.228	12,1%
Equity and liabilities						
	31 December 2021	%	31 December 2020	%	Chg.	% change
<i>(Euro thousands)</i>						
Share capital	18.804	11,1%	17.399	11,5%	1.405	8,1%
Share premium reserve	18.864	11,2%	17.357	11,5%	1.507	8,7%
Other reserves	17.348	10,3%	13.954	9,2%	3.394	24,3%
Prior years' profit (loss)	8.761	5,2%	9.412	6,2%	(651)	(6,9%)
Profit (loss) for the year	6.688	4,0%	3.536	2,3%	3.152	89,1%
Equity	70.465	41,7%	61.658	40,9%	8.807	14,3%
Provisions for risks and charges	977	0,6%	1.284	0,9%	(307)	(23,9%)
Deferred tax	6.150	3,6%	6.231	4,1%	(81)	(1,3%)
Post-employment benefits	2.587	1,5%	2.728	1,8%	(141)	(5,2%)
Non-current financial liabilities	23.220	13,7%	28.840	19,1%	(5.620)	(19,5%)
Non-current liabilities	32.934	19,5%	39.084	25,9%	(6.150)	(15,7%)
Trade payables	39.832	23,6%	25.571	16,9%	14.261	55,8%
Payables from tax consolidation	816	0,5%	476	0,3%	340	71,4%
Tax payables	773	0,5%	708	0,5%	65	9,2%
Current financial liabilities	19.616	11,6%	18.666	12,4%	950	5,1%
Other current payables	4.674	2,8%	4.719	3,1%	(45)	(1,0%)
Current liabilities	65.711	38,9%	50.140	33,2%	15.571	31,1%
Total equity and liabilities	169.111	100,0%	150.883	100,0%	18.228	12,1%

Consolidated statement of changes in equity at 31 December 2021

CONSOLIDATED FIGURES EURO THOUSANDS	NOTES	ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT								
		SHARE CAPITAL	HEDGING AND TRANSLATION RESERVES	EQUITY RESERVES	OTHER RESERVES	TREASURY SHARES	PROFIT (LOSS) FOR THE YEAR	EQUITY	EQUITY NON- CONTROL LING INTEREST S	TOTAL EQUITY
Balance at 01/01/2020	28	16.203	(173)	17.357	24.220	(291)	3.961	61.277	-	61.277
Other items of the comprehensive income statement		-	(123)	-	185	-	-	62	-	62
Profit for the year		-	-	-	-	-	3.536	3.536	-	3.536
Total comprehensive income/loss for the year		-	(123)	-	185	-	3.536	3.598	-	3.598
Dividend distribution					(1.882)			(1.882)	-	(1.882)
Allocation of prior year's profit (loss)					3.961		(3.961)	-	-	-
Other changes		1.196	-		(2.401)	(130)		(1.335)	-	(1.335)
Balance at 31/12/2020	28	17.399	(296)	17.357	24.083	(421)	3.536	61.658	-	61.658
Balance at 01/01/2021	28	17.399	(296)	17.357	24.083	(421)	3.536	61.658	-	61.658
Other items of the comprehensive income statement		-	146	-	(16)	-	-	130	-	130
Profit for the year		-	-	-	-	-	6.688	6.688	-	6.688
Total comprehensive income/loss for the year		-	146	-	(16)	-	6.688	6.818	-	6.818
Dividend distribution					(1.206)			(1.206)	-	(1.206)
Allocation of prior year's profit (loss)					3.536		(3.536)	-	-	-
Other changes		1.405	(4)	1.507	6	281		3.195	-	3.195
Balance at 31/12/2021	28	18.804	(154)	18.864	26.403	(140)	6.688	70.465	-	70.465

Consolidated statement of cash flows at 31 December 2021

<i>(Euro thousands)</i>	31 December 2021	31 December 2020
Profit (loss) for the year	6.688	3.536
Income tax	1.319	836
Deferred/(prepaid) tax	8	(308)
Interest expense/(interest income)	1.432	1.425
(Dividends received)	0	0
(Gains)/losses from disposal of assets	(280)	(26)
1 Profit (loss) for the year before income tax, interest, dividends and gains/losses from disposals	9.168	5.463
Adjustments for non-monetary items that had no balancing entry in net working capital:	0	0
Allocation to post-employment benefits	87	27
Allocations to other provisions	267	1.059
Amortization and depreciation of fixed assets	8.839	8.725
Write-downs for impairment losses	0	0
Other adjustments for non-monetary items	(918)	(1.349)
2 Cash flow before changes in NWC	17.443	13.925
Changes in net working capital		
Decrease/(increase) in receivables from customers	(7.666)	(221)
Decrease/(increase) in inventory	(3.839)	2.023
Increase/(decrease) in payables to suppliers	14.262	(5.729)
Decrease/(increase) in other receivables	(536)	1.492
Increase/(decrease) in other payables	(95)	(464)
Other changes in net working capital	0	3
3 Cash flow after changes in NWC	19.570	11.029
Other adjustments		
Interest received/(paid)	(690)	(1.045)
(Income tax paid)	(181)	(484)
(Gains)/losses from disposal of assets	0	0
Dividends received	0	0
(Utilization of provisions)	(562)	(347)
(Utilization of provisions for post-employment benefits)	(184)	(148)
4 Cash flow after other adjustments	17.952	9.005

A Cash flow from operations	17.952	9.005
<i>Property, plant and equipment</i>	(9.442)	(6.120)
(Purchase)	(9.451)	(6.170)
Disposal	10	50
<i>Intangible fixed assets</i>	(297)	(223)
(Purchase)	(297)	(223)
Disposal	0	0
<i>Financial fixed assets</i>	76	18
(Purchase)	0	0
Disposal	76	18
<i>Current financial assets</i>	0	0
(Purchase)	0	0
disposal	0	0
<i>Proceeds from disposal of assets</i>	280	26
B Cash flow from investing activities	(9.383)	(6.299)
Liabilities	(4.603)	3.368
Increase (decrease) in short-term bank payables	992	(3.468)
New loans	360	11.046
Repayment of loan	(4.221)	(3.676)
Financial liabilities to other lenders	(1.861)	(599)
Change in financial receivables from other lenders	127	65
Equity	1.989	(2.012)
Share capital increase	2.811	0
Sale (purchase) of treasury shares	384	(130)
Other changes in equity	(1.206)	(1.882)
C Cash flow from financing activities	(2.614)	1.355
Increase (decrease) in cash funds (A ± B ± C)	5.955	4.061
Cash funds at 1 January	7.536	3.475
Cash funds at 31 December	13.491	7.536

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Explanatory Notes to the Group's Consolidated Financial Statements



Entity preparing the consolidated financial statements

Neodecortech S.p.A. (hereinafter also the "Company", the "Parent Company" or the "Controlling Company") is a company incorporated under Italian law, with registered office in Filago (BG), Strada Provinciale 2, at the head of the Neodecortech Group (hereinafter also the "Group"). The Company's website is: www.neodecortech.it.

The Group is active in the production and marketing of decorative papers for the industrial sectors of wood and furnishing accessories.

Mention should be made that on 5 March 2021, Borsa Italiana, under provision no. 8746, assigned the ordinary shares and warrants of Neodecortech S.p.A. the STAR qualification as per the Company's application dated 4 March 2021. The first trading day in the STAR segment of Euronext Milan was 15 March 2021.

The publication of these consolidated financial statements was authorized by the Directors on 15 March 2022; they will be submitted to the Shareholders' Meeting for approval and subsequent filing, within the time limits of law. The Shareholders' Meeting is empowered to make changes to these Consolidated Financial Statements.

BDO Italia S.p.A. is in charge of auditing the accounts.

General criteria for the preparation of the consolidated financial statements

Statement of compliance with IAS-IFRS

These consolidated financial statements were prepared in compliance with the IAS-IFRS international accounting standards in force at 31 December 2021, as adopted by the European Union, as well as with the provisions issued in implementation of Article 9 of Legislative Decree no. 38/2005. The IAS-IFRS also include all the revised international accounting standards (IAS) and all the interpretations issued by the IFRS Interpretation Committee (formerly IFRIC), previously known as SIC. The rules of national legislation implementing EU Directive 2013/34 also apply, provided they are consistent, to companies that prepare their financial statements in accordance with IAS-IFRS. Therefore, the financial statements implement the relevant provisions of the articles of the Italian Civil Code and the corresponding provisions of the TUF for listed companies concerning the Directors' Report on Operations, the Independent Auditors' Report and the publication of the financial statements. The consolidated financial statements and the notes thereto also include the details and additional information required by the articles of the Italian Civil Code concerning financial statements, insofar as they do not conflict with the provisions of IAS-IFRS, as well as the other CONSOB regulations and instructions concerning financial statements.

The financial statements have been prepared on a going concern basis. The Group has, in fact, assessed that, despite the volatility of the general economic and financial environment marked by the effects of the COVID-19 pandemic, there are no significant uncertainties surrounding its ability to continue operations, due also to its financial structure and the forecasts contained in the 2022 Budget, as explained in the "Directors' Report on Operations".

Preparation criteria and functional currency

Delegated Regulation (EU) 2019/815 has introduced the requirement for issuers of securities listed on EU regulated markets to prepare their annual financial report in the XHTML language, based on the ESMA-approved European Single Electronic Format (ESEF). For 2021, the schedules of the consolidated financial statements must be "marked up" to the ESEF taxonomy, using an inline IT language (iXBRL).

The consolidated accounts are prepared in accordance with the cost principle, with the exception of derivative financial instruments and financial assets, which are measured at fair value.

The presentation currency used in the consolidated financial statements is the Euro, which is the functional currency of the Parent Company, Neodecortech S.p.A., and its other subsidiaries. All the amounts contained in the financial statements and the notes are rounded to the nearest Euro unit, unless otherwise indicated

Financial statements and presentation criteria

The consolidated financial statements comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity and the consolidated statement of cash flows, as well as the explanatory notes for the year ended 31 December 2021.

With regard to the presentation of the financial statements, the Group has made the following choices:

- current and non-current assets and current and non-current liabilities are shown separately in the statement of financial position. Current assets, which include cash and cash equivalents, are those intended to be realized, sold or consumed in the Group's normal operating cycle; current liabilities are those expected to be settled in the Group's normal operating cycle or in the twelve months following the end of the period;
- for the income statement, the analysis of costs is carried out based on the nature of the costs;
- for the statement of comprehensive income, the Group has chosen to present two statements: the first shows the traditional income statement components with the result for the period, while the second, starting from this result, shows in detail the other components, i.e. (i) changes in fair value of derivative financial instruments designated as hedge accounting, and (ii) the effects of the remeasurement of defined benefit plans;
- the statement of cash flows was prepared using the indirect method.

Accounting standards, amendments and IFRS interpretations applied from 1° January 2021

Commission Regulation (EU) 2021/25 of 13 January 2021 adopting "*Interest Rate Benchmark Reform - Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16*" was published in the State Gazette L 11 of 14 January 2021.

The amendments to these standards outline a specific accounting treatment capable of spreading over time value changes of financial instruments or lease contracts, resulting from the actual replacement of interest rate benchmarks for determining existing interest rates to alternative existing interest rate benchmarks.

Entities will be required to implement the amendments no later than the start date of their first financial period beginning on or after 1 January 2021.

On 31 March 2021, the IASB issued *Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)*, extending by one year the period of application of the amendment to IFRS 16, issued in 2020, relating to the accounting for facilities granted, owing to COVID-19, to lessees.

The amendments apply as of 1 April 2021.

Accounting standards, amendments and IFRS interpretations applicable from 1 January 2022 or 1 January 2023

On 14 May 2020, the IASB published the following amendments:

- Amendments to IFRS 3 Business Combinations: the purpose of these amendments is to update the reference in IFRS 3 to the Conceptual Framework in its revised version, without this entailing any changes to the provisions of IFRS 3.
- Amendments to IAS 16 Property, Plant and Equipment: the purpose of these amendments is not to allow deduction from the cost of property, plant and equipment of the amount received from the sale of goods produced during the testing phase of the asset itself. The sales revenue and related costs will be therefore recognized in the income statement.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: the amendment clarifies that all costs directly attributable to the contract must be considered when estimating whether a contract is onerous. As a result, the assessment of whether a contract is onerous includes not only

incremental costs (such as the cost of direct material used in the work), but also any costs that the company cannot avoid because it has entered into the contract (such as the share of the cost of personnel and depreciation of machinery used to perform the contract).

- Annual Improvements 2018-2020: Amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture, and Illustrative Examples of IFRS 16 Leases.

All the changes will come into effect on 1 January 2022.

On 12 February 2021, the IASB published several amendments to the IFRS standards:

- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2;
- Definition of Accounting Estimates - Amendments to IAS 8.

The amendments are intended to improve accounting policy disclosures so that they provide more useful information to investors and other primary users of financial statements, as well as to help entities distinguish changes in accounting estimates from changes in accounting policies.

The amendments apply as from 1 January 2023, but early adoption is allowed.

On 7 May 2021, the IASB published amendments to IAS 12, the tax standard, to clarify how entities should account for deferred tax on certain transactions that can generate assets and liabilities of equal amounts, such as leases and decommissioning provisions.

The amendments apply as from 1 January 2023, but early adoption is allowed.

In January 2020, the IASB issued amendments to IAS 1 that clarify how an entity should classify liabilities as current or non-current. The effective date of the amendments was initially 1 January 2022; however, in July 2020 effectiveness was deferred to 1 January 2023 due to the COVID-19 pandemic. At its June 2021 meeting, the IASB tentatively decided to amend the requirements of IAS 1 with regard to the classification of contingent liabilities and disclosure of those conditions and to defer the effective date of the 2020 amendment by at least one year to financial periods beginning on or after 1 January 2024.

The Directors do not expect the Group's consolidated financial statements to be materially affected by the adoption of these amendments.

Consolidation methods

The consolidated financial statements were prepared on the basis of the financial statements at 31 December 2021 prepared by the Parent Company Neodecortech S.p.A. and the consolidated companies, in accordance with the accounting standards adopted by the Group.

The administrative period and the closing date for the preparation of the Consolidated Financial Statements correspond to those of the financial statements of the Parent Company and all consolidated companies.

Subsidiaries

Subsidiaries are those entities in which the Group is exposed to variable returns, or holds rights to those returns, arising from its relationship with those entities and at the same time has the ability to affect those returns by exercising its power.

The Group assesses entity control through the presence of three elements:

- power: current ability of the Group, deriving from substantive rights, to direct the relevant activities of the businesses that significantly affect the entity's returns;

- the Group's exposure to variability in the returns of the investee;
- correlation between power and returns, the Group has the ability to exercise its power to affect the returns from such relationship.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is assumed until the date on which such control ceases.

Scope of consolidation

The list of companies over which Neodecortech S.p.A. exercises control, and are therefore included in these consolidated financial statements, is shown in the table below:

Company name	Registered office	Share Capital	Consolidation method	% held
Cartiere di Guarcino S.p.A.	Guarcino (IT)	10,000,000 €	Full	100%
Bio Energia Guarcino S.r.l.*	Guarcino (IT)	1,100,000 €	Full	100%

* *Controlled indirectly through Cartiere di Guarcino S.p.A.*

There were no changes versus the prior year.

The table below shows the reconciliation of Parent Company equity and profit for the period with the corresponding consolidated figures.

CONSOLIDATED FIGURES IN EURO THOUSANDS	EQUITY 31 DECEMBER 2021	PROFIT (LOSS) FOR THE YEAR 31 DECEMBER 2021	EQUITY 31 DECEMBER 2020	PROFIT (LOSS) FOR THE YEAR 31 DECEMBER 2020
Equity and profit for the year attributable to the parent company	70.465	6.688	61.638	3.555
Elimination of the carrying amount of consolidated investments:				
Difference between carrying amount and pro-rata amount of equity	-		20	
Currency translation difference	-		-	
Pro-rata results of investees		2.559		3.115
Cancellation of write-downs/write-backs of investments		(2.420)		(2.881)
Amortization of fair value of fixed assets (allocation of BEG goodwill)		(162)		(162)
Elimination of the effects of transactions between consolidated companies:				
Intercompany profits included in the value of closing inventory	-	23	-	(92)
Intercompany profits on disposal of fixed assets	-	-	-	-
Equity and profit for the year attributable to the shareholders of the parent	70.465	6.688	61.658	3.535
Non-controlling interests	-	-	-	-
Total equity	70.465	6.688	61.658	3.535

Transactions eliminated in the consolidation process

All intercompany balances and transactions, including any unrealized gains from third parties, are eliminated in full. Unrealized losses from intercompany transactions with third parties are eliminated, unless they cannot be recovered at a later date.

Non-current assets held for sale and discontinued operations

Assets and liabilities held for sale and discontinued operations are classified as such if their carrying amount will be recovered primarily through sale rather than through continued use; these assets must represent a major independent line of business or geographical area of operation. These conditions are considered fulfilled when the sale is considered highly probable and the assets and liabilities are immediately available for sale in their present condition.

Operations held for sale are measured at the lower of net carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets once classified as held for sale no longer need to be depreciated or amortized.

In the consolidated statement of income, the net result from discontinued operations, together with the gain or loss from the measurement at fair value less costs to sell and the net realized gain or loss from the sale of assets, is grouped in a single line item separately from the result from continuing operations.

Cash flows relating to discontinued operations are reported separately in the statement of cash flows.

The above information is also presented for the comparative period.

Cost of a business combination

Under IFRS 3, the cost of an acquisition is the acquisition-date fair value of the consideration transferred, plus the amount of any non-controlling interest held. For each business combination, any non-controlling interest in the acquiree must be measured at fair value or in proportion to the non-controlling interest's share of the acquiree's identifiable net assets.

IFRS 3 requires that acquisition-related costs be considered as expense in the periods in which such costs are incurred and the services are received.

Allocating the cost of a business combination

Goodwill is determined as the excess between:

- the sum of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value, at the acquisition date, of any interest in the acquiree previously held;
- the net fair value of the identifiable assets and liabilities at the date of acquisition.

If the difference is negative, it is recorded directly in the income statement. If the initial recognition of a business combination can only be determined provisionally, the adjustments to the amounts assigned are recorded within 12 months of the acquisition date (valuation period).

Business combination achieved in stages

If a business combination is achieved in stages with subsequent purchases of shares, at each transaction the fair value of the investment previously held must be recalculated and any difference recognized in the income statement as a profit or loss.

Purchases of shares subsequent to taking control do not result in a restatement of identifiable assets and liabilities. The difference between the cost and the portion of equity acquired is recorded as a change in Group equity. Transactions that result in a decrease in the percentage of interest held, without loss of control, are treated as disposals to minority shareholders and the difference between the interest sold and the price paid is recorded in Group equity.

Subjective evaluations and use of estimates

The preparation of the financial statements and the notes thereto, in application of the IAS-IFRS, requires Management to make estimates and assumptions that affect the carrying amounts of assets and liabilities and disclosures on contingent assets and liabilities as of the reporting date, as well as the amount of revenue and costs in the reporting period presented. Estimates and assumptions used are based on experience and on other factors considered significant. Actual results may differ from these estimates. Estimates and assumptions are reviewed regularly and the effects of each variation therein are recognized in profit and loss in the period in which the estimate was revised. The effects of such revisions are reflected in the periods on which they have effect, i.e. both in the current period, and in future periods, if relevant.

To provide a better understanding of the Consolidated Financial Statements, the following are the most significant estimates adopted in the process of preparing the Consolidated Financial Statements, as they involve a high level of subjective judgments, assumptions and estimates relating to issues that are by their nature uncertain, especially in the current context of the COVID-19 pandemic. Changes in the conditions underlying the judgments and assumptions made could have a material impact on subsequent results.

- *Measurement of receivables:* receivables from clients are adjusted by the related allowance for doubtful accounts to take account of their recoverable value. The determination of the amount of the write-downs requires the directors to perform subjective evaluations based on past experience for similar receivables or current and historical past dues, closing rates, losses and collections, and to carefully monitor credit quality, especially in the current context of the COVID-19 pandemic;
- *Measurement of inventory:* obsolescent inventory is periodically measured and written down if the net realizable value is lower than the carrying amount. Write-downs are calculated on the basis of Management's assumptions and estimates, based on their experience and sales forecasts;
- *Measurement of deferred tax assets:* deferred tax assets - whose recovery in future years is considered highly probable - are measured on the basis of the expected taxable income in future years. The measurement of such expected taxable income depends on factors that may vary over time and have significant effects on the measurement of deferred tax assets;
- *Income tax:* the calculation of the Group's tax liability requires Management to measure transactions whose tax implications are not certain at the balance sheet date;
- *Impairment of intangible and tangible assets with finite useful life:* these assets undergo an impairment test to ascertain whether there has been an impairment, which must be recognized by means of a write-down, when there are indications of a difficulty in recovering the related net book value through use. Ascertainment of the existence of the above indicators requires the Directors to make subjective assessments based on information available within the Group and from the market, as well as statistics. Additionally, if it is determined that a potential impairment may have occurred, the Group determines it using appropriate measurement techniques. The proper identification of the elements pointing to the existence of a potential impairment, as well as the estimates used to determine them, depend on factors that may change over time and that are subject to uncertainties and the use of estimates (growth rates, rates of return on assets, and financial projections affected by external, non-controllable variables) that affect the valuations and estimates made by the Directors;
- *Measurement of intangible and tangible assets with finite useful life:* tangible and intangible assets with finite useful life are depreciated/amortized over the estimated useful life of the related assets. The useful life of the assets is determined by the Directors at the time the asset is acquired; it is based on historical experience for similar fixed assets, market conditions and anticipations of future events that could have an impact on the useful life. Therefore, the actual useful life may differ from the estimated useful life. The Group regularly assesses technological and industry changes to update the remaining useful life. This regular update could lead to a change in the amortization/depreciation period and therefore also in the amortization/depreciation charge for future years.
 - With regard to the COVID-19 pandemic, in addition to the internal and external impairment indicators generally monitored, Management assessed, based on information available at 31 December 2021, the effects of the pandemic on the recoverable value of assets. Based on the final results at 31 December 2021, the forecasts made in the 2021-2023 Business Plan and the 2022 Budget, and the assumptions on the impact of the pandemic for the years subsequent to 31 December 2021, Management does not believe that the COVID-19 pandemic could represent an indicator of impairment for the Group and, therefore, did not consider it necessary to carry out an impairment test on the value of the recognized assets;

- the Company's Management identified the presence of impairment indicators regarding the recoverability of the carrying amount of tangible fixed assets referring to the subsidiary Bio Energia Guarmino S.r.l., and the consequent carrying amount of the investment in BEG in the financial statements of the subsidiary, CDG (in turn wholly owned by Neodecortech), and therefore carried out an impairment test pursuant to IAS 36, assisted by an independent third-party consultant. The results of the impairment test, the main elements of which are explained in the Notes at paragraph 13, "Tangible assets", showed a recoverable value higher than the carrying amount of the tangible assets referred to Bio Energia Guarmino S.r.l. and the carrying amount of the investment in BEG in CDG's financial statements.
- *Pension plans:* the present value of the liability for pension benefits depends on a number of factors that are determined by actuarial methods using certain assumptions. The assumptions regard the discount rate, the expected return on the assets servicing the plan, the rates of future salary increase, and the mortality and resignation rates. Any change in the above assumptions could have significant effects on the liability for pension benefits;
- *Valuation of risk provisions:* the Group is subject to legal and tax lawsuits that may arise from complex and difficult issues, which are subject to a varying degree of uncertainty, including facts and circumstances underlying each case, jurisdiction and different applicable laws. Given the uncertainties underlying these issues, it is difficult to accurately predict the outlay that could arise from such disputes. Accordingly, after hearing the opinion of their legal and tax advisors and experts, the Directors recognize a liability from such disputes when they consider it probable that a financial outlay will occur and when the amount of the resulting losses can be reasonably estimated. This estimate implies the adoption of assumptions that depend on factors that may change over time and which could therefore have significant effects over the current estimates made by the Directors in preparing the Group's consolidated financial statements;
- *Determination of fair value:* the fair value of certain financial assets that are not listed on active markets is determined using measurement techniques. The Group uses measurement techniques that use inputs that are directly or indirectly observable in the market at year end, related to the assets being measured. While the estimates of the abovementioned fair values are deemed reasonable, possible changes in the estimation factors on which the calculation of these values is based may produce different valuations.

Accounting policies

Property, plant and equipment

These are recorded at purchase, production or transfer cost, including any ancillary expense and direct costs required to make the asset available for use, less subsequent accumulated depreciation and write-downs for impairment. All other costs and financial expense are recognized in the income statement in the year to which they refer.

If an item of property, plant and equipment consists of several components with different useful lives, these components are accounted for separately (if they are significant components).

Leasehold improvements are classified as PPE, on the basis of the cost incurred. In such cases, the depreciation period corresponds to the lower of the residual useful life of the tangible asset and the residual term of the lease contract.

Assets under construction are recorded at cost under "Assets under construction" until they are available for use; at the time of their availability for use, the cost is classified under the relevant item and depreciated.

The gain or loss on the disposal of property, plant, machinery, equipment and other assets is determined as the difference between the net sale proceeds and the net residual value of the asset, and is recognized in the income statement for the year in which the asset is derecognized.

Costs incurred after the purchase of the assets and the cost of replacing certain parts of the assets recorded in this category are added to the carrying amount of the item to which they refer and capitalized only if they increase the future economic benefits inherent in the asset itself and are therefore depreciated on the basis of the residual possibility of use of the asset. All other costs are recognized in the income statement when incurred.

When the cost of replacing certain parts of the assets is capitalized, the residual amount of the parts replaced is charged to the income statement.

Gains and losses arising from the sale or disposal of assets are determined as the difference between the sale proceeds and the net carrying amount of the asset and are recognized in the income statement for the year.

Depreciation is generally calculated on a straight-line basis over the estimated useful lives of the individual components into which property, plant and equipment are divided. Land is not depreciated.

Below are the rates applied for each category:

Category	Rates % Neodecortech	Rates % Cartiere di Guarcino	Rates % Bio Energia Guarcino
Industrial buildings	2%	2.5%	4%
Light constructions	10%		
Temporary and kindred constructions	10%		
Plant and equipment	9%	5.5%	
Purification plants	12%	7.5%	
Miscellaneous production equipment / laboratory	30%		
Production equipment (printing cylinders)	20%		
Furniture and ordinary office equipment	12%	8.5%	12%
Electronic office equipment	20%	14%	
Internal means of transport	16%	14%	10%
Cars and motorcycles	25%	17.5%	
Laboratory workshop maintenance		17.5%	
General plant		4.5%	15%
General equipment		6.5%	

Communications systems			20%
Weighing plant			15%
Firefighting Water System			15%
Dewatering plant			15%
Steam production plant			15%
Measurement and control system			10%
Industrial equipment			10%
Workshop and equipment			10%

The useful life of tangible assets and their residual value are reviewed and updated, where necessary, at least at the end of each financial period.

Tangible assets are also tested for impairment annually or whenever there is an indication that the asset may be impaired. Reference should be made to the section below "Impairment of property, plant and equipment and intangible assets" for the criteria used to determine any write-downs.

Leases

The Group must evaluate whether the contract is, or contains a lease, as at the date it is entered into. The Group recognizes the Right of Use and related Lease Liability for all leases in which it acts as lessee, except for short-term leases (leases of 12 months or less) and leases related to low-value assets (i.e., assets valued at less than € 5,000 when new). Contracts for which the latter exemption has been applied fall primarily within the following categories: computers, phones and tablets; printers, other electronic devices; and furniture and fixtures.

With regard to these exemptions, the Group records the related payments as operating expense recognized on a straight-line basis over the life of the contract.

The lease liability is initially recorded at the present value of future payments at the effective date of the contract. Since most of the lease agreements entered into by the Group do not contain an implicit interest rate, the discount rate to be applied to future lease payments was determined as the risk-free rate, with maturities commensurate with the term of the specific lease, increased by the specific credit spread of the company entering into the agreement.

Lease payments included in the value of the lease Liability include:

- the fixed component of lease payments, net of any incentives received;
- variable lease payments based on an index or rate, initially measured using the index or rate on the effective date of the contract;
- the amount of collateral for the residual value that the lessee expects to pay;
- the exercise price of the purchase option, which must only be included if the exercise of such option is considered reasonably certain;

- penalties for early termination of the contract, if the lease term envisages the option to exercise termination of the lease and the exercise thereof is estimated to be reasonably certain.

Subsequent to initial recognition, the carrying amount of the lease liability increases due to interest accrued (using the effective interest method) and decreases to take account of payments made under the lease agreement.

The Group restates the value of the Lease Liabilities (and adjusts the value of the corresponding Right of Use) if:

- the lease term changes or there is a change in the valuation of the exercise of the option right; in this case, the lease liability is restated by discounting the new lease payments at the revised discount rate.
- the value of lease payments changes as a result of changes in indices or rates, in such cases the Lease Liability is restated by discounting the new lease payments at the initial discount rate (unless the payments due under the lease change as a result of fluctuations in interest rates, in which case a revised discount rate must be used).
- The Group did not recognize any of the above changes in the period, availing itself, however, of the possibility of early application of the amendment to IFRS 16 - COVID-19 Related Rent Concessions, which allowed it to account for the effects of reductions in lease payments directly in the income statement at the effective date of the reduction, without having to assess, through the analysis of contracts, whether the definition of lease modification in IFRS 16 is met.

The Group did not recognize any of the above changes during the period.

The Right of Use asset includes the initial calculation of the lease Liability, lease payments made prior to or on the effective date of the contract, plus any other initial direct costs. The Right of Use is recorded in the financial statements net of depreciation and any impairment losses. Lease-related incentives (e.g., free lease periods) are recognized as part of the initial value of the right of use and lease liability over the contract period.

The Right of Use is amortized/depreciated on a systematic basis to the lower of the lease term and the remaining useful life of the underlying asset. If the lease agreement transfers ownership of the related asset or the cost of the right of use reflects the Group's wish to exercise the purchase option, the related right of use is amortized over the useful life of the asset in question. The beginning of amortization starts from the effective date of the lease.

The Right of Use is included under "Tangible assets" in the consolidated statement of financial position.

The Group applies IAS 36 Impairment of Assets in order to identify the presence of any impairment losses.

In the statement of cash flows, the Group divides the total amount paid between principal (recognized in the cash flow from financing activities) and interest (recognized in the cash flow from operations).

Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance, controllable and capable of generating future economic benefits. These items are recorded at purchase and/or production cost, including directly attributable expenses for preparing the asset for use, net of accumulated amortization and any impairment losses.

Intangible assets arising from the development of products and production processes are recognized as assets only if the following requirements are met:

- the cost attributable to the asset during its development can be measured reliably;
- the product or process is technically and commercially feasible;
- future economic benefits are likely;
- the Group has sufficient resources to complete its development and to use or sell the asset.

Amortization begins from when the asset is available for use, in accordance with Management's intentions, and is systematically allocated in relation to the residual possibility of use of the asset, or on the basis of its estimated useful life.

The costs of software licenses, including expenses incurred to make the software ready for use, are amortized on a straight-line basis over the relevant period of time (5 years), while the costs relating to the maintenance of software programs are charged to the Income Statement at the time they are incurred.

Intangible assets with finite useful life are systematically amortized from the moment the asset is available for use over their expected useful life. Below are the rates applied for each category:

Category	Rates %	Rates %	Rates %
	Neodecortech	Cartiere di Guarcino	Bio Energia Guarcino
Patents and use of intellectual property	20%		
Other intangible fixed assets	20%	20%	20%

Intangible assets with finite useful life are also tested for impairment whenever there is an indication that the asset may be impaired. Reference should be made to the section below "Impairment of property, plant and equipment and intangible assets" for the criteria used to determine any write-downs.

Impairment of property, plant and equipment and intangible assets

At each balance sheet date, an assessment is made to ascertain whether there are any indications that tangible and intangible assets (including rights of use, the reduction in value of which is connected with the emergence of conditions for using the asset on the basis of an onerous contract pursuant to IAS 37) may have suffered impairment. Both internal and external sources of information are considered for this purpose. With regard to the former (internal sources), the following are considered: obsolescence or physical deterioration of the asset, any significant changes in the use of the asset, and the economic performance of the asset compared to estimated performance. With regard to external sources, the following are considered: trends in the market prices of assets, any technological, market or regulatory discontinuities, trends in market interest rates or the cost of capital used to value investments.

If such indicators are identified, the recoverable amount of said assets is estimated (impairment test), posting any write-down against the related carrying amount to the Income Statement. The recoverable value of an asset is represented by the greater of its fair value, less ancillary costs to sell, and its value in use, i.e. the current value of the future cash flows estimated for this asset. In determining the value in use, the expected future cash flows are discounted using a discount rate that reflects current market assessments of the time value of money, in relation to the period of the investment and the risks specific to the asset. For an asset that does not generate cash flows that are largely independent, the recoverable amount is determined in relation to the cash generating unit (CGU) to which such asset belongs.

An impairment loss is recognized in the Income Statement if the carrying amount of the asset, or of its cash generating unit, is higher than its recoverable value. Impairment losses of the cash generating unit are recognized as a reduction in assets, in proportion to their book value and within the limits of the relating recoverable value, including rights of use. If the conditions for a previous write-down no longer apply, the carrying amount of the asset is reinstated with an entry in profit and loss, up to the net carrying amount that the asset in question would have had if the write-down had not been made and the related amortization/depreciation had been carried out.

Financial assets

All financial assets are initially recognized, at the trading date, at cost, which corresponds to the fair value increased by the expense directly attributable to the purchase, with the exception of financial assets held for trading (fair value in the income statement).

All financial assets must be subsequently recognized at amortized cost or fair value based on the entity's business model for managing financial assets and the characteristics related to the contractual cash flows of the financial asset. Specifically:

- Debt instruments held as part of a business model whose objective is to hold financial assets for the purpose of collecting contractual cash flows, and which have cash flows represented solely by principal payments and interest on the amount of principal to be repaid, are subsequently measured at amortized cost;
- Debt instruments held as part of a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and which have cash flows represented solely by principal payments and interest on the amount of principal to be repaid, are subsequently measured at fair value with changes recognized in other comprehensive income (FVTOCI);
- All other debt instruments and investments in equity instruments are subsequently measured at fair value, with changes recognized in net profit (loss) for the year (FVTPL).

When an investment in a debt instrument measured as FVTOCI is derecognized, the cumulative gain (loss) previously recognized in other comprehensive income is reclassified from equity to net profit (loss) through a reclassification adjustment. Conversely, when an investment in an equity instrument designated as FVTOCI rated is derecognized, the cumulative gain (loss) previously recognized in other comprehensive income is subsequently transferred to retained earnings without passing through the income statement. Dividends received from investments in equity instruments are recognized in the income statement.

Debt instruments subsequently measured at amortized cost or FVTOCI are subject to financial asset impairment. With regard to the impairment of financial assets, the Group has applied a model based on expected losses on receivables, with reference to trade receivables. Specifically, the Group measures the loss allowance on a financial asset at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial asset has significantly increased since initial recognition, or if the financial instrument is an impaired financial asset that has been purchased or originated. However, if the credit risk of a financial instrument has not increased significantly since initial recognition, the Group shall measure the loss allowance for the financial instrument in an amount equal to the expected credit losses from a default event in the following 12 months (12-month expected credit losses).

The Group adopts the simplified method for measuring the loss allowance for trade receivables by estimating the expected losses over the life of the receivable, also using a Group procedure that also requires a customer-by-customer analysis of past due doubtful debts.

The Group derecognizes all or a portion of its financial assets when:

- the contractual rights attributable to these assets have expired;
- it transfers the risks and rewards of ownership of the asset or does not transfer or even retain substantially all the risks and rewards, but transfers control of these assets;
- Receivables transferred as a result of factoring transactions are eliminated from the statement of financial position only if they are transferred without recourse, and if substantially all the risks inherent in the receivable are transferred.

Receivables assigned with recourse, or in any case without the transfer of all risks, remain recorded in the financial statements and a financial liability of equal amount is recorded under liabilities against the advance received.

Inventory

The purchase cost includes the costs incurred to bring each asset to the storage location and takes account of write-downs related to obsolescence and slow turnover of inventory.

The production cost of finished and semi-finished goods includes the cost of raw materials, direct labour and a portion of general production costs, calculated on the basis of normal plant operations, while financial costs are excluded.

For raw and ancillary materials and consumables, the net realizable value is represented by the replacement cost. For finished and semi-finished goods, the net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the costs necessary to make the sale.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits on demand, and other treasury investments with original expected maturities of three months or less. Overdrafts are considered a means of financing and not a component of cash and cash equivalents. The definition of cash and cash equivalents in the statement of cash flows corresponds to the definition in the statement of financial position.

Treasury shares

Repurchased treasury shares are recorded at cost and deducted from equity. The purchase, sale or cancellation of treasury shares does not give rise to any profit or loss in the income statement. The difference between the purchase price and the consideration, in the event of re-issue, is recognized in the share premium reserve.

Provisions for risks and charges

Allocations to provisions for risks and charges are made when the Group must meet a current obligation (legal or implicit) deriving from a past event, the amount of which can be reliably determined, and the fulfilment of which will likely result in the use of resources. Allocations are made on the basis of the best estimate, on the basis of the costs required to fulfil the obligation at the balance sheet date, and are discounted when the effect is significant. In this case, the discounting is determined at a pre-tax discount rate that reflects the current market valuation of the cost of money in relation to time. The discounting effect is recorded under financial expense.

Employee benefits

As of 1 January 2007, companies with over 50 employees at the date of introduction of the reform are required to pay the new severance indemnity flows into pension funds chosen by the worker or, where the worker has opted to keep the flows within the company, into a treasury account set up with INPS. For the Group, the employee severance indemnity accrued up to 31 December 2006 continues to fall under "defined benefit plans", while the indemnity accrued after such date is treated, for all workers, as a "defined contribution plan", since all the companies' obligations are discharged with the periodic payment of a contribution to third parties. An exception is made for the portions accrued by workers who have opted to keep the severance indemnity within the company, which are classified as a defined benefit plan.

Defined contribution plans

Defined contribution plans are formalized post-employment benefit programs under which the Group pays fixed contributions to an insurance company or pension fund and will not have a legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior years.

These contributions, paid in exchange for employee service, are recorded as an expense in the period incurred.

Defined benefit plans

Defined benefit plans are formalized post-employment benefit programs that constitute a future obligation for the Group. The entity is, in substance, underwriting the actuarial and investment risks associated with the plan. Under IAS 19, the Group uses the Projected Unit Credit Method to determine the present value of obligations and the related current service cost.

This actuarial calculation requires the use of objective and compatible actuarial assumptions about demographic (mortality rate, employee turnover rate) and financial (discount rate, future increases in salary levels and medical benefits) variables.

Actuarial gains and losses related to post-employment defined benefit plans may result from both changes in the actuarial assumptions used for the calculation between two consecutive years and changes in the value of the obligation relating to the actuarial assumptions made at the beginning of the year. Actuarial gains and losses are recognized and charged immediately to other comprehensive income.

Net interest expense on defined benefit plans is recognized in financial income/(expense) in the income statement.

Share-based payments (Stock Grants)

In the event that a number of Group employees receive part of the remuneration as share-based payments, these employees provide services in exchange for shares ("equity settled transactions").

This cost, together with the corresponding increase in equity, is recorded under personnel expense over the period in which the conditions relating to the achievement of objectives and/or the provision of the service are met. The cumulative costs recorded for such transactions at the end of each financial year up to the vesting date are commensurate with the expiry of the vesting period and the best estimate of the number of equity instruments that will actually vest. Cost or revenue in profit or loss represents the change in cumulative cost recognized at the beginning and end of the period.

Service or performance conditions are not taken into account when defining the fair value of the plan at the granting date. However, the probability of these conditions being met is taken into account when defining the best estimate of the number of equity instruments that will vest. Market conditions are reflected in the fair value at grant date. Any other conditions attached to the plan that do not involve a service obligation are not considered to be a vesting condition. Non-vesting conditions are reflected in the fair value of the plan and result in the immediate recognition of the cost of the plan, unless there are also service or performance conditions.

Loans

Loans are initially recognized at the fair value of the amount disbursed/received net of ancillary expense directly attributable to the financial asset/liability. After initial recognition, loans are measured at amortized cost using the effective interest method.

Trade and other payables

Trade and other payables are initially recorded at the fair value of the initial consideration received in exchange and subsequently measured at amortized cost.

Revenue recognition

Revenue is measured taking account of the consideration specified in the contract with the customer. The Group recognizes revenue when it transfers control of goods or services.

Revenue recognition is performed by applying a five-step model as outlined below:

- Identification of the contract with the customer;
- Identification of "performance obligations" under the contract;
- Determination of transaction consideration;
- Allocation of consideration to individual "performance obligations";
- Recognition of revenue at the point in time (or over a period of time) of satisfaction of the individual "performance obligation".

Revenue is recognized when the economic benefits associated with the sale of goods or the provision of services will flow to the Group and the amount can be reliably determined. Revenue is recorded at fair value, equal to the consideration received or receivable, taking account of the value of any trade discounts granted and volume rebates.

With regard to the sale of goods, revenue is recognized when the company has transferred the significant risks and benefits associated with the ownership of the goods to the purchaser. Contracts with customers generally include a single performance obligation. A performance obligation is satisfied upon delivery of the asset.

Costs

Costs are recorded on an accrual basis and in accordance with the relevance principle.

Financial expense and income

Interest income/expense is recognized as financial income/expense following its assessment on an accruals basis and using the effective interest rate method.

Income tax

Current tax is calculated on the basis of taxable income for the year, applying the tax rates in force at the reporting date. Deferred tax is calculated on all differences arising between the tax base of an asset or liability and the relating carrying amount.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which they can be recovered. Deferred tax is determined using the tax rates that are expected to apply in the periods in which the differences are realized or settled. The recoverability of deferred tax assets is reviewed at each end of the period. Deferred tax assets not recognized in the financial statements are re-analyzed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Current and deferred tax is recorded in the Income Statement, with the exception of tax relating to items directly debited or credited to equity, in which case the tax effect is recognized directly in equity and in the Consolidated Statement of Comprehensive Income. Tax is offset when levied by the same taxing authority and when there is a legal right to offset it and a settlement of the net balance is expected.

Neodecortech S.p.A. participates as a subsidiary in the national tax consolidation scheme of the Valentini Group, together with the subsidiaries Cartiere di Guarcino S.p.A., Bio Energia Guarcino S.r.l., Industrie Valentini S.p.A., and Valinvest S.r.l.. In this context, pursuant to Articles 117 et seq. of Presidential Decree 917/86, IRES is determined at the level of Finanziaria Valentini S.p.A. by offsetting the positive and negative taxable amounts of the above companies.

Income-related transactions, responsibilities and mutual obligations among the companies are set out in the regulations for participation in the tax consolidation scheme of the Valentini Group.

Derivative financial instruments

Derivatives, including embedded derivatives that are separated from the main contract, are initially recognized at fair value.

Derivatives are classified as hedging instruments when the relationship between the derivative and the hedged item is formally documented and the hedge effectiveness, regularly verified, is high.

When hedging derivatives hedge the risk of change in the fair value of the hedged instruments, they are recorded at fair value and the effects are posted to the income statement; accordingly, the hedged instruments are adjusted to reflect the changes in fair value associated with the risk hedged.

When derivatives hedge the risk of fluctuations in the cash flows of the hedged instruments (cash flow hedge), the hedges are designated against the exposure to variability in cash flows attributable to risks that may subsequently affect the Income Statement; these risks are generally associated with an asset or liability recognized in the balance sheet (such as future payments on debts at variable rates). The effective portion of the change in the fair value of the portion of derivative contracts that have been designated as hedges under IFRS 9 is recognized as a component of the Comprehensive Income Statement (hedging reserve); this reserve is then charged to profit or loss in the period in which the hedged transaction affects the Income Statement. The ineffective portion of the change in fair value, as well as the entire change in fair value of the derivatives that have not been designated as hedging instruments or do not meet the requirements of IFRS 9, is booked directly to the income statement.

When derivative instruments do not meet the requirements to be classified as hedges, gains and losses from fair value fluctuations are recognized in the income statement for the period.

Transactions denominated in currencies other than the functional currency

Transactions denominated in currencies other than the functional currency are initially translated into the functional currency using the exchange rate on the date of the transaction. At the reporting date, monetary assets and liabilities denominated in non-functional currencies are translated into the functional currency at the exchange rate in effect at the reporting date. The resulting exchange rate differences are recorded in the Income Statement.

Non-monetary assets and liabilities denominated in non-functional currencies and measured at cost are translated at the exchange rate on the date of the transaction, while those measured at fair value are translated at the exchange rate on the date such value is determined.

Earnings/(loss) per share

Earnings per share are calculated by dividing the Group's net profit or loss by the weighted average number of shares outstanding during the relevant period, excluding treasury shares. Diluted earnings are calculated by dividing the Group's profit or loss adjusted to take account of any effects, net of tax for the year, of any rights with diluted effects by the weighted average number of shares outstanding during the relevant period, excluding treasury shares and equivalent securities (options) with dilutive effect.

Segment reporting

The Group's areas of operation, which constitute the segment reporting under IFRS 8, are as follows and correspond to the activities carried out by the Parent Company and its subsidiaries, Cartiera di Guarcino S.p.A. and Bio Energia Guarcino S.r.l., respectively:

- Printed Decorative Paper Division - Neodecortech S.p.A.
- Decorative Paper Division - Cartiera di Guarcino S.p.A.
- Energy Division - Bio Energia Guarcino S.r.l.

The Group's management and organizational structure reflects the segment reporting by business activity as described above. Operating segments are identified on the basis of the elements that the Group's highest decision-making level uses to make its decisions regarding the allocation of resources and the assessment of results.

The table below shows the segment figures relating to revenue and income and results at 31 December 2021 and, below, at 31 December 2020:

31 December 2021

(Euro thousands)	Printed Decorative Paper Division	% on Revenue	Decorative Paper Division	% on Revenue	Energy Division	% on Revenue	Aggregate	Eliminations and consolidation entries	Consolidated	% on Revenue
Revenue from sales and services	76.940	100,0%	78.835	100,0%	40.766	100,0%	196.541	20.112	176.429	100,0%
Changes in work in progress, semi-finished and finished products	(487)	(0,6%)	742	0,9%	0	0,0%	255	0	255	0,1%
Other revenue	1.409	1,8%	1.429	1,8%	196	0,5%	3.034	439	2.595	1,5%
Value of Production	77.862	101,2%	81.006	102,8%	40.962	100,5%	199.830	20.551	179.279	101,6%
Raw and ancillary materials and consumables	(46.149)	(60,0%)	(51.330)	(65,1%)	(33.844)	(83,0%)	(131.323)	(17.122)	(114.201)	(64,7%)
Other operating expense	(11.626)	(15,1%)	(12.788)	(16,2%)	(3.893)	(9,5%)	(28.307)	(3.196)	(25.111)	(14,2%)
Value Added	20.087	26,1%	16.888	21,4%	3.225	7,9%	40.200	233	39.967	22,7%
Personnel expense	(11.847)	(15,4%)	(9.821)	(12,5%)	(420)	(1,0%)	(22.088)	(267)	(21.821)	(12,4%)
EBITDA	8.240	10,7%	7.067	9,0%	2.805	6,9%	18.112	(34)	18.146	10,3%
Amortization and depreciation	(3.384)	(4,4%)	(2.988)	(3,8%)	(2.240)	(5,5%)	(8.612)	227	(8.839)	(5,0%)
Allocations	(81)	(0,1%)	0	0,0%	0	0,0%	(81)	0	(81)	(0,0%)
EBIT	4.775	6,2%	4.079	5,2%	565	1,4%	9.419	193	9.226	5,2%
Financial expense	(434)	(0,6%)	(1.000)	(1,3%)	(556)	(1,4%)	(1.990)	(657)	(1.333)	(0,8%)
Financial income	3.102	4,0%	96	0,1%	4	0,0%	3.202	3.078	124	0,1%
Profit/(loss) before tax	7.443	9,7%	3.175	4,0%	13	0,0%	10.631	2.614	8.017	4,5%
Income tax	(753)	(1,0%)	(555)	(0,7%)	(75)	(0,2%)	(1.383)	(55)	(1.328)	(0,8%)
Profit/(loss) for the year	6.688	8,7%	2.620	3,3%	-61	(0,1%)	9.247	2.559	6.688	3,8%

31 December 2020

(Euro thousands)	Printed Decorative Paper Division	% on Revenue	Decorative Paper Division	% on Revenue	Energy Division	% on Revenue	Aggregate	Eliminations and consolidation entries	Consolidated	% on Revenue
Revenue from sales and services	55.176	100,0%	54.405	100,0%	33.925	100,0%	143.506	(15.663)	127.843	100,0%
Changes in work in progress, semi-finished and finished products	(403)	(0,7%)	(2.144)	(3,9%)	0	0,0%	(2.547)	0	(2.547)	(2,0%)
Other revenue	1.466	2,7%	1.755	3,2%	2.911	8,6%	6.132	(261)	5.871	4,6%
Value of Production	56.239	101,9%	54.016	99,3%	36.836	108,6%	147.091	(15.924)	131.167	102,6%
Raw and ancillary materials and consumables	(30.709)	(55,7%)	(30.403)	(55,9%)	(27.354)	(80,6%)	(88.466)	12.632	(75.834)	(59,3%)
Other operating expense	(10.099)	(18,3%)	(9.494)	(17,5%)	(5.003)	(14,7%)	(24.596)	2.765	(21.832)	(17,1%)
Value Added	15.431	28,0%	14.119	26,0%	4.479	13,2%	34.029	(528)	33.501	26,2%
Personnel expense	(10.543)	(19,1%)	(8.256)	(15,2%)	(480)	(1,4%)	(19.279)	398	(18.881)	(14,8%)
EBITDA	4.888	8,9%	5.863	10,8%	3.999	11,8%	14.750	(130)	14.620	11,4%
Amortization and depreciation	(3.108)	(5,6%)	(2.988)	(5,5%)	(2.402)	(7,1%)	(8.498)	(227)	(8.725)	(6,8%)
Allocations	(248)	(0,5%)	-158	(0,3%)	0	0,0%	(406)	0	(406)	(0,3%)
EBIT	1.531	2,8%	2.717	5,0%	1.597	4,7%	5.845	(357)	5.488	4,3%
Financial expense	(521)	(0,9%)	(1.126)	(2,1%)	(642)	(1,9%)	(2.289)	585	(1.704)	(1,3%)
Financial income	2.722	4,9%	944	1,7%	79	0,2%	3.745	(3.465)	280	0,2%
Profit/(loss) before tax	3.733	6,8%	2.534	4,7%	1.034	3,0%	7.301	(3.237)	4.063	3,2%
Income tax	(177)	(0,3%)	(355)	(0,7%)	(98)	(0,3%)	(630)	103	(527)	(0,4%)
Profit/(loss) for the year	3.555	6,4%	2.179	4,0%	936	2,8%	6.670	(3.134)	3.536	2,8%

At 31 December 2021, the table below shows revenue broken down by type of business.

(Euro thousands)	Printed Decorative Paper	Decorative Paper Division	Energy Division	Aggregate
Revenue from the sale of goods	66.836	77.664		144.500
Revenue from services	10.104	1.171		11.275
Revenue from the sale of electricity and steam			13.166	13.166
Revenue from incentives			27.600	27.600
Total by segment	76.940	78.835	40.766	196.541

The table below shows segment balance sheet and financial position figures at 31 December 2021 and, below, at 31 December 2020:

31 December 2021

(Euro thousands)	Printed Decorative Paper Division	Decorative Paper Division	Energy Division	Aggregate	Eliminations and consolidation entries	Consolidated
Intangible assets	651	896	4	1.551	0	1.551
Property, plant and equipment	30.878	35.735	11.039	77.652	909	78.561
Equity investments	33.345	11.150	0	44.495	(44.495)	0
Other non-current assets	10.370	457	0	10.827	(9.027)	1.800
Deferred tax assets	507	76	1.374	1.957	28	1.985
Non-current assets	75.751	48.314	12.417	136.482	(52.585)	83.897
Inventory	8.232	26.918	5.550	40.700	(97)	40.603
Trade receivables	10.249	10.376	6.420	27.045	(413)	26.632
Receivables from tax consolidation	0	0	1.129	1.129	0	1.129
Tax receivables	257	202	1.816	2.275	0	2.275
Current financial receivables	1.560	0	0	1.560	(1.560)	0
Other receivables	120	125	838	1.083	1	1.084
Cash funds	9.152	1.033	3.306	13.491	0	13.491
Current assets	29.570	38.654	19.059	87.283	(2.069)	85.214
Assets	105.322	86.967	31.478	223.767	(54.657)	169.110
Equity	70.465	33.414	10.504	114.383	(43.918)	70.465
Provisions for risks and charges	382	575	20	977	0	977
Deferred tax	2.361	3.147	380	5.888	262	6.150
Post-employment benefits	1.003	1.562	22	2.587	0	2.587
Non-current financial liabilities	14.468	14.890	2.889	32.247	(9.027)	23.220
Non-current liabilities	18.214	20.174	3.311	41.699	(8.765)	32.934
Trade payables	10.455	18.800	10.991	40.246	(414)	39.832
Payables from tax consolidation	466	350	0	816	0	816
Tax payables	347	419	7	773	0	773
Current financial liabilities	2.142	12.405	6.629	21.176	(1.560)	19.616
Other current payables	3.231	1.406	36	4.673	1	4.674
Current liabilities	16.641	33.380	17.663	67.684	(1.973)	65.711
Equity and liabilities	105.322	86.967	31.478	223.767	(54.657)	169.110

31 December 2020

(Euro thousands)	Printed Decorative Paper Division	Decorative Paper Division	Energy Division	Aggregate	Eliminations and consolidation entries	Consolidated
Intangible assets	637	1.550	17	2.204	0	2.203
Property, plant and equipment	29.408	35.316	11.361	76.085	1.136	77.221
Equity investments	25.719	8.674	0	34.393	(34.393)	0
Other non-current assets	16.846	1.257	75	18.178	(16.262)	1.916
Deferred tax assets	595	91	1.392	2.078	37	2.115
Non-current assets	73.205	46.887	12.845	132.937	(49.483)	83.455
Inventory	8.451	22.858	5.505	36.814	(130)	36.684
Trade receivables	7.024	8.827	5.054	20.905	(1.652)	19.252
Receivables from tax consolidation	0	0	1.008	1.008	0	1.008
Tax receivables	301	95	1.370	1.766	0	1.767
Current financial receivables	2.124	1.899	0	4.023	(3.960)	64
Other receivables	90	227	801	1.118	0	1.118
Cash funds	5.167	443	1.926	7.536	0	7.536
Current assets	23.156	34.349	15.665	73.170	(5.743)	67.428
Assets	96.362	81.236	28.510	206.108	(55.225)	150.883
Equity	61.658	25.811	7.866	95.335	(33.677)	61.658
Provisions for risks and charges	577	687	20	1.284	0	1.284
Deferred tax	2.374	3.243	287	5.904	327	6.231
Post-employment benefits	1.127	1.588	13	2.728	0	2.728
Non-current financial liabilities	16.665	22.733	5.705	45.103	(16.262)	28.840
Non-current liabilities	20.743	28.252	6.025	55.020	(15.935)	39.084
Trade payables	7.186	11.893	8.144	27.223	(1.652)	25.571
Payables from tax consolidation	229	248	0	477	0	476
Tax payables	242	464	2	708	0	708
Current financial liabilities	2.899	13.274	6.453	22.626	(3.961)	18.666
Other current payables	3.405	1.294	20	4.719	0	4.719
Current liabilities	13.961	27.173	14.619	55.753	(5.613)	50.140
Equity and liabilities	96.362	81.236	28.510	206.108	(55.225)	150.883

Management of financial risks

The Board of Directors of Neodecortech S.p.A. adopts a consistent policy with a view to reducing the financial risks the Neodecortech Group is exposed to in the course of business.

As the Group's activities are essentially industrial, the use of instruments is limited to transactions to hedge the risks connected with its operations, thus excluding speculative policies or policies that pursue purely financial profit objectives.

The financial instruments applicable to the sector are only those that allow for the funding and use of the financial means required to carry out operations. Therefore, the amounts, terms and maturities of the financial instruments must be appropriate to the transactions they are linked to.

Liquidity risk

In connection to its debt position, the Group is exposed to liquidity risk, namely the risk of being unable to raise the funds required to service and repay existing loans.

In order to minimize this risk, the Treasury and Credit area puts these activities in place:

- ongoing assessment of forecast financial requirements in order to put in place the necessary actions in a timely manner;
- negotiation of appropriate credit facilities;
- the correct composition of net financial debt, i.e. to finance capital expenditure using medium/long-term debt (in addition to equity), while covering net working capital requirements using short-term lines of credit;
- inclusion of Group companies in loan agreements in order to optimize any excess liquidity among companies.

Reference should be made to Note 25 "Non-current financial liabilities" and "Current financial liabilities" for further details of the loans taken out.

At 31 December 2021, the Group has no outstanding loan agreements containing covenants tied to compliance with financial or capital ratios.

Credit risk

The Group is subject to credit risk relating to the sales of products in its core markets. The policies set out the criteria for establishing customer creditworthiness, credit facilities and related risk containment measures. The policies also envisage the assignment of responsibilities for approving any breaches of such limits and for preparing management reports.

The review of overdue receivables provides the following analysis by due date (not including allocations for invoices to issue and credit notes to issue):

Trade receivables	Overall total	Total falling due	Total past due	Past due 0 - 30	Past due 31 - 60	Past due 61 - 90	Past due 91 - 120	Past due over 120
31 DECEMBER 2021	26.034	23.098	2.936	2.116	181	11	0	628
31 DECEMBER 2020	20.149	18.741	1.408	565	105	43	(0)	695

As the Group's exposure to customers is represented mainly by receivables from companies in the furniture and flooring sector, it is reasonable to estimate that there are no noteworthy solvency risks. Special cases are systematically reviewed and, where deemed necessary, a specific provision for impairment is made.

Also included in past dues between 0-30 days are mainly collection of cash orders paid on December 31, 2021, but credited by the bank on the first day of 2022.

The general risk associated with overall exposure to customers is assessed on a statistical basis, by reviewing the historical series of insolvencies and realized losses per year, to which average percentages of probable uncollectability are associated, in connection to the age of the receivable.

Changes in the provision for doubtful accounts at 31 December 2021 are shown below:

(Euro thousands)	Provision for doubtful accounts				
	31 DICEMBRE 2020	Alloc.	Utilization	Release	31 DICEMBRE 2021
Changes in Provision for Bad Debts	394	45	(20)	0	419
Total provision for doubtful accounts	394	45	(20)	0	419

Actions aimed at limiting risk include the continued controls made in the year to assess and analyze the higher risk situations on a monthly basis, and the implementation of credit insurance policies at Neodecortech S.p.A. and Cartiere di Guarcino S.p.A. in the manner deemed appropriate.

Exchange rate risk

By focusing its sales on the Italian and European markets of the Euro zone, the Group is exposed to the risk of fluctuations in exchange rates to a limited extent and primarily in relation to the purchase of certain raw materials (pulp and titanium), whose transactions are partly denominated in currencies other than the Euro, primarily in US dollars.

In this regard, the subsidiary Cartiere di Guarcino S.p.A., in order to mitigate the risk, enters into derivative contracts for the forward purchase of US dollars; at 31 December 2021, there were no open derivative contracts and therefore no fair value to be recorded (the fair value at 31 December 2020 was a negative € 84 thousand).

Interest rate risk

The risk is represented by the likelihood that the value or future cash-flows of a financial instrument - in particular, current account overdrafts, bank advances and loans - may vary parallel to changes in interest rates. At 31 December 2021, total medium/long-term loans (including the finance lease of Bio Energia Guarcino S.r.l.) amounted to € 24,016 thousand, of which approximately 65% are at floating rate not hedged by derivative contracts.

To mitigate the above risk, the Parent Company entered into two Interest Rate Swap contracts relating to the outstanding mortgage loan with BPM, with a notional value of € 7,596 thousand and a negative fair value of € 203 thousand at 31 December 2021 (negative € 395 thousand at 31 December 2020).

Fair value hierarchy and classes of financial instruments

In order to determine and document the fair value of financial instruments, use was made of the following hierarchy based on different valuation techniques:

- Level 1: the data used in the measurements are represented by quoted prices on markets where assets and liabilities identical to those being measured are traded;
- Level 2: the data used in the measurements, other than the quoted prices referred to in Level 1, are observable for the financial asset or liability, either directly (prices) or indirectly (derived from prices);
- Level 3: non-observable data; if observable data are unavailable and, therefore, there is a modest or non-existent market activity for the assets and liabilities being measured.

It should be noted that in choosing the measurement techniques to use, the Group has followed the following hierarchy:

- use of prices recorded in markets (even if not active) of identical (Recent Transactions) or similar instruments (Comparable Approach);
- measurement techniques based primarily on observable market inputs;
- measurement techniques based primarily on unobservable inputs corroborated by market data.

At 31 December 2021, the Group measured the fair value of derivative financial instruments using inputs that resulted in the financial instruments being categorized in Level 2 of the fair value hierarchy. No movements were reported during the period in the different levels of fair value.

With regard to the classes of financial instruments, at 31 December 2021 - as at 31 December 2020 - the derivatives indicated above represent the only category of financial instruments measured at fair value. Other financial assets and liabilities are measured using the amortized cost method.

Information on the fair value of derivative financial instruments

The following information is provided on the fair value of derivative financial instruments in place at 31 December 2021:

- Currency Rate - Contract hedging the risk of fluctuation of the US dollar concluded by Cartiere di Guarcino S.p.A. - at 31 December 2021, there were no open derivative contracts and therefore no fair value to be recorded (the fair value at 31 December 2020 was a negative € 83,905 thousand);
- Interest Rate Swap - Contract hedging the risk of interest rate fluctuations concluded by Neodecortech S.p.A. - Notional value at 31 December 2021 € 7,595,667 - Fair value at 31 December 2021 € -203,442 (€ -395,894 at 31 December 2020);

In 2020, five loan agreements were also concluded for a total of € 10,000 thousand, underlying which there are embedded derivatives (floor at zero on Euribor rate). For four of these agreements, for a total of € 8,000 thousand, the embedded derivatives are active at 31 December 2021, and have therefore been separated and measured and at 31 December 2021 have a negative fair value of € 76 thousand (negative fair value of € 143 thousand at 31 December 2020).

Consolidated income statement

1. REVENUE FROM SALES AND SERVICES

The table below details the item in question with regard to the period ended 31 December 2021 and 2020:

Revenue from sales and services						
<i>(Euro thousands)</i>						
	31 December 2021	%	31 December 2020	%	Chg.	% change
Revenue from sales	165.781	94,0	120.130	94,0	45.651	38,0
Services	10.648	6,0	7.713	6,0	2.935	38,1
Total revenue from sales and services	176.429	100,0	127.843	100,0	48.586	38,0

In order to provide adequate disclosure of the nature and characteristics of revenue, reference should be made to the comments appearing in the Directors' Report on Operations.

It should be noted that services consist mainly of the item "Impregnation under contract work" of the Parent Company for the amount of approximately € 9,883 thousand at 31 December 2021 (€ 7,523 thousand at 31 December 2020).

2. CHANGES IN SEMI-FINISHED AND FINISHED PRODUCTS

With regard to changes in inventory, which closes with a positive € 255 thousand (versus a negative € 2,547 thousand at 31 December 2020), efforts continue on increasing efficiency in terms of its reduction in order not to commit the Group's financial resources.

3. OTHER REVENUE AND INCOME

Other revenue and income						
<i>(Euro thousands)</i>						
	31 December 2021	%	31 December 2020	%	Chg.	% change
Contingent assets	482	18,6	406	6,9	76	18,7
Sale of raw materials and packaging	1	0,0	21	0,4	(20)	(95,2)
Exchange rate gains	113	4,4	119	2,0	(6)	(5,0)
Gains	284	10,9	41	0,7	243	592,7
Insurance reimbursements	82	3,2	3.211	54,7	(3.129)	(97,4)
Other revenue	1.633	62,9	2.073	35,3	(440)	(21,2)
Total other revenue and income	2.595	100,0	5.871	100,0	(3.276)	(55,8)

This item, amounting to € 2,595 thousand at 31 December 2021, comprises mainly:

- "Capital gains" - amounting to € 284 thousand from gains on the sale of tangible assets for Neodecortech S.p.A.;
- "Other revenue" - amounting to € 330 thousand, including € 240 thousand for the non-repayable co-financing received for Cartiere di Guarcino S.p.A. from Simest in relation to the Loan to improve and safeguard the financial solidity of exporting companies, and € 90 thousand for the research and development tax credit obtained again by Cartiere di Guarcino S.p.A. for 2020. € 526 thousand refer to the settlement of a repurchase agreement for CO2 allowances, again for Cartiere di Guarcino S.p.A.

The main changes in this item versus the prior year refer to the fact that, at 31 December 2020, insurance reimbursements had been obtained for the subsidiaries Bio Energia Guarcino in the amount of € 2,840 thousand and Cartiere di Guarcino in the amount of € 350 thousand; other revenue at 31 December 2020 had included € 1,204 thousand for the release of 40% of the amount allocated to the Stock Grant reserve following the failure to reach the listing target by March 2020

4. RAW AND ANCILLARY MATERIALS AND CONSUMABLES

Raw and ancillary materials and consumables						
<i>(Euro thousands)</i>						
	31 December 2021	%	31 December 2020	%	Chg.	% change
Raw and ancillary materials and consumables	112.576	98,6	74.678	98,5	37.898	50,7
Packaging materials	1.624	1,4	1.156	1,5	468	40,5
Total raw materials	114.201	100,0	75.834	100,0	38.367	50,6

With regard to the increase in "Raw and ancillary materials and consumables" for € 38,367 thousand, reference should be made to the Directors' Report on Operations.

5. OTHER OPERATING EXPENSE

Other operating expense						
<i>(Euro thousands)</i>						
	31 December 2021	%	31 December 2020	%	Chg.	% change
External processing	357	1,4	68	0,3	289	425,0
Consultancy	1.944	7,7	2.892	13,2	(948)	(32,8)
Advertising and marketing	201	0,8	71	0,3	130	183,1
Bonuses and commissions	1.374	5,5	1.026	4,7	348	33,9
Transport	4.368	17,4	3.023	13,8	1.345	44,5
Utilities	5.586	22,2	3.804	17,4	1.782	46,8
Fees to Directors and Board of Statutory Auditors	805	3,2	870	4,0	(65)	-7,5
Insurance	1.347	5,4	1.289	5,9	58	4,5
Bank commissions	266	1,1	371	1,7	(105)	(28,3)
Reimbursements to employees	23	0,1	24	0,1	(1)	(4,2)
Travel expense	100	0,4	74	0,3	26	35,1
Sundry industrial services	5.447	21,7	4.637	21,2	810	17,5
Other services	1.303	5,2	1.834	8,4	(531)	(29,0)
Rental expense	2	0,0	4	0,0	(2)	(50,0)
Rentals and other	190	0,8	198	0,9	(8)	(4,0)
Tax and duties	833	3,3	901	4,1	(68)	(7,5)
Gifts	10	0,0	9	0,0	1	11,1
Contingent liabilities	698	2,8	506	2,3	192	37,9
Exchange rate losses	161	0,6	120	0,5	41	34,2
Capital losses	4	0,0	15	0,1	(11)	0,0
Other operating expense	94	0,4	96	0,4	(2)	(2,1)
Total Other Operating Expense	25.111	100,0	21.832	100,0	3.278	15,0

The change in this item of € 3,278 thousand is due mainly to the following:

- other operating expense, up overall (+15%) versus 31 December 2020, includes increases, as a result of the trend in turnover (+38%), in "bonuses and commissions" (+34%), "transport" (+44.5%), "utilities" (+46.8%), "sundry industrial services" (+17.5%) and "outsourcing" for the new EOS product. Sundry industrial services increased but less than proportionally to turnover, mitigated by the effect of the higher costs incurred in first half 2020, due to the damage suffered by the subsidiary Bio Energia Guarcino S.r.l.; on the other hand, increases in transport and utilities costs increased more than proportionally as they were heavily affected by the general increases, due to inflation, the prices of raw materials and their availability worldwide, which generated the increase in logistics costs and the rise in electricity and gas costs (for these energy carriers, especially in the second half of 2021). These costs, unlike the increases in strategic raw materials, were not transferred to the end customers.
- the decrease in "consultancy" costs for € 948 thousand is attributable mainly to the fact that the prior year had included the fees incurred by the Parent Company for listing on the MTA (€ 904 thousand) in May 2020;

Other services also include costs for health and safety costs incurred related to the COVID-19 emergency.

6. PERSONNEL EXPENSE

Personnel expense						
<i>(Euro thousands)</i>						
	31 December 2021	%	31 December 2020	%	Chg.	% change
Wages and salaries	15.622	71,6	12.979	68,7	2.643	20,4
Social security charges	4.995	22,9	4.216	22,3	779	18,5
Post-employment benefits	1.026	4,7	997	5,3	29	2,9
Other personnel expense	178	0,8	690	3,7	(512)	(74,2)
Total personnel expense	21.821	100,0	18.882	100,0	2.939	15,6

The increase in personnel expense, amounting to € 2,939 thousand, is attributable to the strong recruitment policy resulting from the abovementioned general growth trend, which continued throughout 2021. Mention should be made, under "other personnel expense" at 31 December 2020, of the allocation to the Welfare fund of € 501 thousand consisting of a one-off payment for all employees, excluding executives, to counter the reduction in their disposable income due to the COVID-19 emergency.

7. AMORTIZATION AND DEPRECIATION

Amortization and depreciation						
<i>(Euro thousands)</i>						
	31 December 2021	%	31 December 2020	%	Chg.	% change
Other intangible assets	949	10,7	925	10,6	24	2,6
Buildings	728	8,2	727	8,3	1	0,1
Work on third party assets	824	9,3	942	10,8	(118)	(12,5)
Plant and machinery	4.811	54,4	4.578	52,5	233	5,1
Equipment	1.153	13,0	1.197	13,7	(44)	(3,7)
Other	375	4,2	355	4,1	20	5,6
Total amortization and depreciation	8.839	100,0	8.724	100,0	115	1,3

Amortization and depreciation at 31 December 2021 were in line with the same period of 2020 as, despite the capital expenditure made by the Group for € 9,906 thousand, the effect of higher amortization and depreciation was offset by the decrease in "depreciation for work on third-party assets" of the subsidiary Bio Energia di Guarcino S.r.l. for assets fully depreciated at 31 December 2020.

8. ALLOCATIONS

Allocations						
<i>(Euro thousands)</i>						
	31 December 2021	%	31 December 2020	%	Chg.	% change
Provision for supplementary agents' indemnity	36	44,4	216	53,2	(180)	0,0
Provision for doubtful accounts	45	55,6	181	44,6	(136)	(75,1)
Provisions for risks and charges - other	0	0,0	9	2,2	(9)	0,0
Provisions for tax risks and charges	0	0,0	0	0,0	0	0,0
Total Allocations	81	100,0	406	100,0	(325)	(80,0)

For the comments, reference should be made, for the provision for supplementary agents' indemnity and for the provision for risks and charges, to the section on the provision for risks and charges in the Statement of Financial Position, while for the provision for doubtful accounts to the section on trade receivables in the Statement of Financial Position, of the Notes.

9. FINANCIAL EXPENSE

Financial expense						
<i>(Euro thousands)</i>						
	31 December 2021	%	31 December 2020	%	Chg.	% change
Interest payable on C/A	155	11,6	306	17,9	(151)	(49,3)
Interest ML Term Loans	352	26,4	397	23,3	(45)	(11,3)
Interest short-term loans	3	0,2	10	0,6	(7)	0
Interest from factoring	357	26,8	405	23,8	(48)	(11,9)
Interest from application of IAS/IFRS	127	9,5	180	10,6	(53)	(29,4)
Interest MICA loan	113	8,5	114	6,7	(1)	(0,9)
Other interest expense	31	2,3	56	3,3	(25)	(44,6)
Total interest expense	1.138	85,4	1.468	86,1	(330)	(22,5)
Lease interest	98	7,4	107	6,3	(9)	(8,4)
Currency losses	97	7,3	130	7,6	(33)	(25,4)
Total financial expense	1.333	100,0	1.705	100,0	(372)	(21,8)

Financial expense decreased sharply by € 372 thousand at 31 December 2021 versus 31 December 2020, due mainly to the lower cost of short-term debt, thanks to the presence of "umbrella" facilities, improved rating of all subsidiaries, as well as the lower resort to debt, thanks to the reclassification of debt from short to long-term and to the positive trend in turnover that led to an increase in cash.

With regard to medium/long-term debt, the Group optimized its lines of credit and obtained more lower rates thanks to two different factors: the resort to new sources of borrowing at lower interest rates and repayment of previously existing lines of credit at higher rates.

With regard to Factoring, the Group obtained better conditions and made less resort to the assignment without recourse of trade receivables; the assignment without recourse of VAT receivables and supply chain incentives continued, instead, for the subsidiary, Bio Energia Guarcino S.r.l.

10. FINANCIAL INCOME

Financial income						
<i>(Euro thousands)</i>						
	31 December 2021	%	31 December 2020	%	Chg.	% change
Interest income	40	32,3	88	31,4	(48)	(54,5)
Other income	68	54,8	88	31,4	(20)	0,0
Currency gains	17	13,7	104	37,1	(87)	(83,7)
Total financial income	124	100,0	280	100,0	(156)	(55,7)

The item decreased by € 156 thousand and is composed mainly of:

- the recognition of the fair value of derivatives hedging the risk of fluctuations in the US dollar underwritten by the subsidiary Cartiere di Guarcino S.p.A., amounting to € 17 thousand (€ 104 thousand at 31 December 2020);
- the recognition of the fair value of the embedded derivatives of Neodecortech S.p.A. and Cartiere di Guarcino S.p.A., amounting to € 68 thousand under other income (€ 9 thousand at 31 December 2020). Additionally, in the prior year other income had included financial income of € 79 thousand referring to the twelve-month suspension of the principal of the repayment plan for the finance lease by the subsidiary Bio Energia Guarcino S.r.l. following early adoption of the new amendment "*Covid-19 Related Rent Concessions (Amendment to IFRS 16)*".

11. INCOME TAX

Income tax				
<i>(Euro thousands)</i>				
	31 DECEMBER 2021	%	31 DECEMBER 2020	%
Profit (loss) before tax	8.017		4.062	
IRES for the year	1.486	18,5%	991	24,4%
Income from tax consolidation	(739)	(9,2%)	(471)	(11,6%)
IRES net of income from tax consolidation	747	9,3%	520	12,8%
IRAP for the year	570	7,1%	368	9,1%
Deferred tax assets	79		72	
Deferred tax	(71)		(381)	
Income tax relating to prior years and benefits	3		(52)	
Income tax	1.328		527	
Advances on cons. amortization and depreciation	(65)		(65)	
Advances on profit in stock	10		(37)	

Income tax for the period under review is accounted for in accordance with current tax laws on the basis of the best estimate of the effective tax rate expected for the entire year, applied to income before tax for the period.

The IRES and IRAP tax rate amounted to approximately 17% versus 21% in 2020, again thanks to the benefits from the contribution of income from tax consolidation, but also to the effects of patent box benefits for the Parent Company and

Super ACE, as shown in the Directors' Report on Operations. Deferred tax was affected by realignments of notional tax relating to the subsidiary Bio Energia Guarcino S.r.l..

Income from tax consolidation - as well as the resulting receivables and payables - refer to the National and World Tax Consolidation agreement concluded by the Group companies with the parent company Finanziaria Valentini S.p.A.

Assets

12. INTANGIBLE ASSETS

Intangible fixed assets							
<i>(Euro thousands)</i>							
	Balance at 31.12.2020	Acquisitions	Disposals	Amortization and depreciation	Write-back/Write-	Other changes	Balance at 31.12.2021
Other intangible fixed assets	2.182	284	0	(949)	0	33	1.550
Fixed assets under construction and advances	21	12	0	0	0	(33)	0
Total intangible fixed assets	2.203	296	0	(949)	0	0	1.550

Intangible assets include the capitalization deriving from the change of the AS400 management system for the Parent Company, with regard to the updating of the accounting system in use, and prior-year R&D costs of the subsidiary Cartiere di Guarcino S.p.A.; acquisitions during the year regard mainly upgrades to existing IT/management systems and implementation of new ones, such as the treasury management system.

13. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at 31 December 2021 amounted to € 78,561 thousand versus € 77,221 thousand at 31 December 2020. The breakdown and changes versus the prior year are shown below.

Mention should be made that the table also shows the rights of use arising from existing lease contracts under IFRS 16.

Property, plant and equipment						
<i>(Euro thousands)</i>						
	Historical cost 31.12.2020*	Depreciation provision 31.12.2020	NBV at 31.12.2020	Historical cost 31.12.2021	Depreciation provision 31.12.2021	NBV at 31.12.2021
Land	12.082	0	12.082	12.487	0	12.487
Buildings	25.763	(7.170)	18.593	26.754	(7.616)	19.139
Work on third party assets	8.744	(4.936)	3.808	10.641	(5.752)	4.888
Plant and machinery	112.474	(73.802)	38.672	116.964	(78.526)	38.438
Equipment	20.725	(17.960)	2.765	21.199	(18.858)	2.341
Other	5.688	(4.387)	1.301	5.950	(4.682)	1.268
Total tangible fixed assets	185.476	(108.255)	77.221	193.995	(115.434)	78.561

() amount including write-back of € 20,018 thousand*

Below is a breakdown of assets under construction by category.

(Euro thousands)	PPE under construction and advances			
	Amount at 31.12.2021	Amount at 31.12.2020	Chg.	% change
Buildings	99	6	93	1.545,1
Plant and machinery	1.079	471	608	129,3
Equipment	46	42	4	9,5
Other	30	10	20	0,0
Total PPE under construction and advances	1.254	529	725	137,2

Changes in assets and the related provision are shown below, including both assets under construction allocated to the pertaining categories and rights of use.

Property, plant and equipment						
(Euro thousands)	Historical cost 31.12.2020	of which Write- back/Write-down (prior years)	Acquisitions	Disposals	Other	Historical cost 31.12.2021
Land	1.846	10.236	405	0	0	12.487
Buildings	16.012	9.751	1.501	(486)	(25)	26.754
Work on third party assets	8.744	0	1.922	(25)	0	10.641
Plant and machinery	112.444	31	4.611	(97)	(25)	116.964
Equipment	20.725	0	730	(255)	0	21.199
Other	5.687	1	439	(81)	(96)	5.950
Total Historical Cost	165.457	20.018	9.609	(944)	(146)	193.995
(Euro thousands)	Depreciation provision 31.12.2020	of which Write- back/Write-down (prior years)	Depreciation	Disposals	Other changes	Depreciation provision 31.12.2021
Land	0	0	0	0	0	0
Buildings	(7.170)	0	(752)	282	25	(7.616)
Work on third party assets	(4.936)	0	(824)	7	0	(5.752)
Plant and machinery	(73.802)	0	(4.846)	(123)	0	(78.526)
Equipment	(17.960)	0	(1.161)	263	0	(18.858)
Other	(4.387)	0	(464)	73	96	(4.682)
Total accumulated depreciation	(108.255)	0	(8.047)	748	121	(115.434)

Total acquisitions, amounting to € 9,609 thousand, refer for € 4,822 thousand to the Parent Company and relate to new plant and machinery and the improvement and efficiency of existing ones.

Purchases include an investment in a new CPL laminating machine at the plant in Casoli d'Atri (TE) amounting to approximately € 1,000 thousand, proof of the continued expansion of the laminates division, and the purchase of the previously leased production plant in Casoli d'Atri, for € 1,548 thousand, including the price of the land, separated and measured on the basis of an external expert's report, amounting to € 400 thousand.

As for the subsidiaries, capital expenditure in tangible fixed assets amounted to € 2,857 thousand for Cartiere di Guarcino S.p.A. regarding actions to increase output and optimize plants, and € 1,930 thousand for Bio Energia Guarcino S.r.l. regarding planned and extraordinary maintenance of the power plant. All Group plants are continuing their 4.0 process management actions to further strengthen the production process, with active control of critical variables and plant upgrading.

Below are details of the allocation of the rights of use within the classes of tangible fixed assets.

Rights of Use			
<i>(Euro thousands)</i>			
	Historical cost 31.12.2021	Depreciation provision 31.12.2021	NBV at 31.12.2021
Buildings	131	(78)	53
Other	208	(133)	75
Total Rights of Use	339	(212)	128

The movements are shown below.

Rights of Use						
<i>(Euro thousands)</i>						
	Historical cost 31.12.2019	Write-back/Write- down (prior years)	Acquisitions	Disposals	Other changes	Historical cost 31.12.2020
Buildings	579	0	58	(481)	(25)	131
Plant and machinery	0	0	0	0	0	0
Other	238	0	96	(30)	(96)	208
Total Rights of Use	817	0	154	0	0	339

	Depreciation provision 31.12.2019	Write-back/Write- down (prior years)	Depreciation	Disposals	Other changes	Depreciation provision 31.12.2020
<i>(Euro thousands)</i>						
Buildings	(236)	0	(144)	277	25	(78)
Plant and machinery	0	0	0	0	0	0
Other	(116)	0	(141)	28	96	(133)
Total provision for deprec. of rights of use	(353)	0	(285)	305	121	(212)

Changes on buildings during the year relate to the termination of the lease of the production plant in Casoli d'Atri (TE), home to the production of the laminates division line, following purchase of the plant from the subsidiary Valinvest S.p.A. on 18 November 2021 for € 1,548 thousand. The right of use was therefore cancelled and the asset entered in the buildings category under property assets. Payment for this purchase was agreed in 3 instalments, the last two of which are due by 31 December 2022 for the amount of € 1,032 thousand.

The residual rights of use at 31 December 2021 refer to buildings used by employees or for guesthouse use and long-term rental cars.

Below are details of the properties and tangible assets on which mortgages are held:

- with regard to Neodecortech:

- in favor of Banco BPM S.p.A., a mortgage of € 24,000 thousand on the loan taken out on 26 May 2017; a mortgage encumbering on the industrial property complex owned by the Issuer located in Filago (BG), Via Provinciale 2.
- in favor of Banco BPM S.p.A. (former Banco Popolare Società Cooperativa), a mortgage of € 2,400 thousand on the loan taken out on 22 October 2015 and assumed on 1 September 2018 following acquisition of the industrial business unit from "Corbetta Fia S.r.l."; encumbering on the industrial property complex owned by Valinvest S.r.l. located in Atri (TE), Casoli, Contrada Stracca - the mortgage was cancelled in November 2021, following pay off of the loan already at end 2020.

- with regard to the subsidiary Cartiere di Guarcino:

- in favor of Monte dei Paschi di Siena S.p.A., a mortgage of € 12,000 thousand on a loan taken out on 30 June 2010; a mortgage encumbering on the industrial property complex owned by the company located in Guarcino (FR), in Via Madonna di Loreto 2.
 - in favor of Monte dei Paschi di Siena S.p.A., a mortgage of € 4,000 thousand on the loan taken out on 21 December 2011; a mortgage encumbering on the industrial property complex owned by the company located in Guarcino (FR), in Via Madonna di Loreto 2.
- with regard to Bio Energia:
- a mortgage of € 3,350 thousand on a loan taken out on 17 July 2009 in favor of Unicredit S.p.A.; encumbering on the industrial property complex owned by the company located in Guarcino (FR), Via Madonna di Loreto 2, the mortgage was cancelled in 2021, as the loan has been paid off.

Impairment tests of property, plant and equipment of the subsidiary Bio Energia Guarcino Srl

As mentioned in the Directors' Report on Operations, the unit value of the incentives for 2022 recognized to the subsidiary Bio Energia Guarcino S.r.l. are expected to decrease significantly, from 109.36 €/MWh in 2021 to 42.85 €/MWh in 2022, as a result of a reference price of electricity in 2021 of 125.06 €/MWh. Additionally, taking account of an average energy price still on the rise in 2022, starting from a January PUN value of 224.50 €/MWh, the value of the incentive for 2023 would therefore be zero according to the determination criteria of the regulations in force today.

In a macroeconomic scenario also marked by a strong increase in fuel supply prices (bioliquids of animal and vegetable origin) and an extremely volatile energy market, the subsidiary's managers, as early as July 2021, had begun to change the plant's production regime, reducing capacity from three to two engines. As a result, the 2022 budget was prepared taking account of the possibility of changing production in the first quarter, on the assumption of a plant shutdown from April 2022, in order to minimize the impact of the reduction in incentives and the increase in procurement costs.

Against this backdrop - which affects the whole industry to which the subsidiary belongs, with heavy repercussions on a domestic scale - on 06.11.2021, the Government passed the Legislative Decree - published in the State Gazette on 30.11.2021 - which implements Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 (the so-called RED II Directive), under which the State, among other measures, is called to promote the continuity of operations of plants powered by renewable sources, once they have reached the end of the incentive period. Specifically, the Decree refers to the possibility of providing for special tariffs or supplements to revenue for plants which, due also to fuel costs, are unable to operate with the sole income deriving from participation in the electricity market. The Ministry of Environmental Transition is called to issue, within 180 days from the publication of the Law in the State Gazette and therefore by May 2022, the Implementation Decree, which will in any case have to comply with State aid regulations.

BEG has acted in conjunction with the trade association to put forward, as part of the implementation of the RED II Directive and the related implementing decrees, a proposal (currently under scrutiny by the technical bodies of the Ministry) to modify the incentive framework for plants powered by domestic biofuels and functional to manufacturing companies which, if transposed, would provide for the:

- extension of the aid to bioliquid plants as described above until at least 2030 (the current aid system ends in June 2025);
- the introduction, in a manner similar to the provisions of articles 63, 64 and 65 of the ARERA Resolution no. 111/2006 for so-called essential plants for the electricity system, of a revenue reintegration scheme.

In light of the above economic and legislative framework, Group Management identified the presence of impairment indicators regarding the recoverability of the carrying amount of tangible fixed assets relating to the subsidiary, Bio Energia Guarcino S.r.l., and the carrying amount of the 100% investment held by CDG (in turn wholly owned by Neodecortech) in BEG, and carried out an impairment test in accordance with IAS 36, also assisted by an independent consultancy firm.

The Company, assisted by its consultants, initially decided to identify the recoverable value in the value in use of the plant, obtained by discounting back the expected cash flows based on the forecast data taken from the 2022-2030 financial plan prepared by the Management of BEG and approved by its Board of Directors on 14 March 2022. The Board of Directors also deemed it reasonable, in carrying out the impairment test, to consider a multi-scenario context with 2 alternative scenarios: the first, named "Base Case" on the basis of which the incentives of the Implementing Decree expected by the first half of 2022 come into force starting from 2023, which has been given a 65% probability; a second, which, instead, sees their coming into force starting from 2024, which has been given a 35% probability.

The scenarios were then prepared taking account of the expectations of BEG Management regarding the implementation of the RED II Directive, specifically:

- the shutdown of the production plant starting from April 2022, until December 2022 in the first scenario and until December 2023 in the second, depending on the actual issuing of the Implementation Decree;
- a cost-reintegration mechanism and the application of a rate of return on capital of 8.8% (ARERA rate for 2020) as from 1 January 2023 in the first scenario and 1 January 2024 in the second;
- an extension of the aid system until 2030 in both scenarios;
- a trend of electricity selling prices and supply costs based on the expectations of the respective relevant markets and based on trends at the end of 2021 and beginning of 2022.

The expected cash flows, attributable to BEG considered in the context of the impairment test as the only CGU, given that it owns the assets earmarked for energy production, were discounted based on an appropriate rate, calculated starting from the weighted average of the cost of debt and equity (*WACC - Weighted Average Cost of Capital*) post-tax, prepared also taking account of the market comparable, as they operate in the same line of business. The value of the WACC thus determined was 6.98%. The terminal value was calculated solely as the disposal value of the plant at the end of the period of extension of the aid system, assumed on the basis of current regulations to be 2030.

The sensitivity analysis prepared entailed two assumptions: a +/- 1% change in the WACC rate applied and a +/-5% weighting of the scenarios relating to entry into force of the incentive system. Despite these substantial changes, the performance of the impairment test, including the above sensitivity analyses, which envisage the presence of minor impairment losses, exclusively in the event that the incentives come into effect in 2024, an event that Management currently believes cannot be considered as a Base Case, confirmed the carrying amount of the net invested capital referred to the subsidiary BEG recorded in the consolidated financial statements of the Neodecortech Group at 31 December 2021.

The impairment test and the scenarios adopted by the Group in carrying out the test, as well as the 2022-2030 Plan on which the determination of cash flows is based, are based on a set of assumptions and hypotheses regarding future events and actions of the governing bodies and competent regulatory bodies of energy services, which will not necessarily occur and are not entirely under the control of the Company. The assumptions regarding future performance and the resulting forecast data used to carry out the impairment test, given their forecasting nature, are marked by a certain degree of uncertainty and, therefore, one cannot rule out that the materialization of future events currently unforeseeable may require adjustments, if need be, to the value of the tangible fixed assets recorded in the financial statements.

14. OTHER NON-CURRENT ASSETS

At 31 December 2021, other non-current assets amounted to € 19 thousand versus € 95 thousand at 31 December 2020, consisting mainly of security deposits paid by Group companies, for various purposes in relation to utilities and lease contracts on buildings where Group companies are headquartered.

15. CURRENT AND NON-CURRENT FINANCIAL RECEIVABLES

Current and non-current financial receivables						
<i>(Euro thousands)</i>						
	31 DICEMBRE 2021	%	31 DICEMBRE 2020	%	Chg.	% change
From Andreotti S.r.l.	1.312	74,7	1.281	68,0	31	2,4
From the related party Valinvest S.r.l.	0	0,0	96	5,1	(96)	(100,0)
From the related party ISFRE	445	25,3	444	23,6	1	0,2
Total non-current financial receivables	1.757	100	1.821	96,6	(64)	(3,5)
From the related party Valinvest S.r.l.	0	0,0	64	3,4	(64)	(100,0)
Total current financial receivables	0	0,0	64	3,4	(64)	(100,0)
Total current and non-current financial receivable	1.757	100,0	1.885	100,0	(128,0)	(6,8)

At 31 December 2021, "non-current financial receivables", amounting to € 1,312 thousand, includes the Interest-Bearing Financial Receivable from former Andreotti S.p.A. (€ 1,281 thousand at 31 December 2020), including accrued principal and interest, which will be written off as from 20 February 2022, as the related MICA payable has been finally time-barred. Reference should be made to the section on "current and non-current financial liabilities" for further details.

The residual financial receivable from the related party Valinvest S.r.l. amounting to € 103 thousand (€ 160 thousand at 31 December 2020) was reclassified under trade payables, to offset the amount due to the company for the two remaining instalments, amounting to € 1,032 thousand, to be paid by 31 December 2022 and relating to the purchase of the plant in Casoli d'Atri (TE).

The receivable of the subsidiary Cartiere di Guarcino S.p.A. from the related party, ISFRE in liquidation, amounts to € 445 thousand; a specific risk provision was already set aside owing to collection difficulties (reference should be made to the section on provisions for risks and charges in the Explanatory Notes).

16. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax income and expense						
<i>(Euro thousands)</i>						
	31 DECEMBER 2021	Change recognized in Income Statement	Change recognized in Statement of Comprehensive Income	31 DECEMBER 2020	Chg.	% change
Directors' fees approved and not paid	56	(14)	0	70	(14)	(19,5%)
Allocations to the provisions for write-downs and risks	43	3	0	40	3	7,5%
Allocation to the provision for inventory obsolescence	76	(3)	0	79	(3)	(4,0%)
Taxation on profit in stock	27	(10)	0	37	(10)	(27,8%)
Tax recovery on adjustment of start-up and expansion costs	5	(11)	-	16	(11)	(68,8%)
Tax recovery on adjustment of plant and machinery depreciation	220	(19)	0	239	(19)	(8,1%)
Deferred tax on derivative contracts	49	0	(46)	95	(46)	(48,3%)
Deferred tax on employee benefits	74	(14)	5	84	(10)	(11,4%)
Tax recovery on adjustment of research expense	-	(32)	0	32	(32)	(100,0%)
Tax loss carryforward (BEG)	1.329	(4)	0	1.333	(4)	(0,3%)
Other	106	14	0	92	14	15,2%
Deferred tax assets	1.985	(90)	(41)	2.115	(131)	(6,2%)
Deferred tax on statutory revaluations	5.327	(38)	0	5.365	(38)	(0,7%)
Deferred tax on assets (BEG)	262	(65)	0	327	(65)	(19,9%)
Valuation exchange gains	2	(24)	0	27	(25)	(92,5%)
Finance lease assets	559	46	0	513	46	9,0%
Deferred tax liabilities	6.150	(81)	0	6.231	(81)	(1,3%)

Management has recognized deferred tax assets up to the value which it considers their recovery likely for. In determining the items, budget results and forecasts for subsequent years were taken into account. Deferred-tax assets of € 1,985 thousand include € 1,329 thousand for prior-years' tax losses of the subsidiary Bio Energia Guarcino S.r.l., and the residual portion attributable mainly to temporary differences between the amounts assigned for financial statement and

tax purposes. At 31 December 2021, deferred tax amounted to € 6,150 thousand. Deferred tax refers mainly to the temporary differences between the statutory value and the fiscal value emerging from the statutory revaluations made at the time on the properties owned.

17. INVENTORY FOR RAW MATERIALS AND FINISHED PRODUCTS

Inventory						
<i>(Euro thousands)</i>						
	31 December 2021	%	31 December 2020	%	Chg.	% change
Raw and ancillary materials and consumables	25.060	61,7	20.203	55,1	4.857	24,0
Work in progress	313	0,8	151	0,4	162	107,3
Finished products	15.088	37,2	15.198	41,4	(110)	(0,7)
Advances	536	1,3	1.539	4,2	(1.003)	(65,2)
Provision for inventory obsolescence	(394)	(1,0)	(407)	(1)	13	0,0
Total inventory	40.603	100,0	36.684	100,0	3.919	10,7

Inventory for raw materials refers mainly to inks, paper and impregnation material for Neodecortech, pulp and Titanium Dioxide for Cartiere di Guarcino and animal by-products for Bio Energia Guarcino. It should be noted that the level of stock at 31 December 2021 was up versus the value at 31 December 2020 by € 4,857 thousand, due mainly to the abovementioned inflationary effect.

Changes in the provision for inventory obsolescence for 2021, which was set aside to alleviate the risk associated with the slow turnover of certain specific products, are shown below.

Provision for inventory obsolescence					
<i>(Euro thousands)</i>					
	31 December 2020	Alloc.	Utilization	Release	31 December 2021
Movement of provision for inventory obsolescence	(407)	(186)	199	0	(394)
Total provision for inventory obsolescence	(407)	(186)	199	0	(394)

18. TRADE RECEIVABLES

Trade receivables						
<i>(Euro thousands)</i>						
	31 December 2021	%	31 December 2020	%	Chg.	% change
Trade receivables	27.051	101,6	19.646	102,0	7.405	37,7
Provision for doubtful accounts	(419)	(1,6)	(394)	(2,0)	(25)	6,3
Total trade receivables	26.632	100,0	19.252	100,0	7.380	38,3

Changes in the provision for doubtful accounts are shown below:

Provision for doubtful accounts					
<i>(Euro thousands)</i>					
	31 December 2020	Alloc.	Utilization	Release	31 December 2021
Changes in Provision for Bad Debts	394	45	(20)	0	419
Total provision for doubtful accounts	394	45	(20)	0	419

As far as trade receivables are concerned, mention should be made of the assignment without recourse to a factoring company carried out on an ongoing basis.

The provision for doubtful accounts was determined in accordance with IFRS 9 and recorded an allocation of € 181 thousand. The utilization of € 65 thousand refers to closure of two receivables due from customers in agreement with the Parent Company.

19. RECEIVABLES FROM TAX CONSOLIDATION

This item amounts to € 1,129 thousand (€ 1,008 thousand at 31 December 2020) and refers to the receivable of the subsidiary Bio Energia Guarcino S.r.l. from Tax Consolidation mainly for the receivable related to the withholding tax applied by GSE on the incentives paid during the year.

20. TAX RECEIVABLES

Tax receivables						
<i>(Euro thousands)</i>						
	31 December 2021	%	31 December 2020	%	Chg.	% change
VAT	2.067	89,9	1.623	91,9	444	27,4
IRES	0	0,0	8	0,5	(8)	(100,0)
IRAP	51	2,2	34	1,9	17	50,0
Withholdings a/c	0	0,0	0,0	0,0	0	0,0
Other tax receivables	181	7,9	102	5,8	79	77,5
Total tax receivables	2.299	100,0	1.767	100,0	532	30,1

The table above shows an increase of € 444 thousand in the VAT receivable versus 31 December 2020, referring to Bio Energia Guarcino S.r.l., which is structurally in credit owing to the fact that energy sold and the incentives have lower or zero rates versus the rates on purchases.

Other tax receivables refer to tax credits ("Art bonus", research and development and for the purchase of simple new assets) that may be used for offsetting purposes beyond the current year.

21. OTHER CURRENT RECEIVABLES

Other current receivables						
<i>(Euro thousands)</i>						
	31 December 2021	%	31 December 2020	%	Chg.	% change
Receivables for advance costs	0	0,0	0	0,0	0	0,0
Advances to suppliers	23	2,1	7	0,6	16	228,6
Prepayments and accrued income	71	6,5	72	6,4	(1)	(1,4)
Other	989	91,2	1.039	92,9	(50)	(4,8)
Total current receivables	1.084	100,0	1.118	100,0	(34)	(3,0)

"Other" includes receivables from social security institutions and GSE.

22. CASH FUNDS

Cash funds						
<i>(Euro thousands)</i>						
	31 December 2021	%	31 December 2020	%	Chg.	% change
Bank and post office deposits	13.482	99,9	7.528	99,9	5.954	79,1
Cash and valuables on hand	9	0,1	8	0,1	1	12,5
Total cash funds	13.491	100,0	7.536	100,0	5.955	79,0

This item consists of cash and bank current account deposits. There are no restraints or restrictions on cash and cash equivalents. Current accounts and postal deposits are classified as current assets, highly liquid and convertible into cash, foreign currency cash has an exchange rate risk that is considered not material.

Dividends of € 1,206 thousand were paid on 19 May 2021.

Reference should be made to the Statement of Cash Flows and the comments on Financial Debt for an analysis of changes in cash and cash equivalents.

Liabilities

23. PROVISIONS FOR RISKS AND CHARGES

Provision for risks and charges						
<i>(Euro thousands)</i>						
	31 December 2021	%	31 December 2020	%	Chg.	% change
Provision for supplementary agents' indemnity	234	24,0	198	15,4	36	0,0
IRS derivative on loan	203	20,8	395	30,8	(192)	(48,6)
Embedded derivatives	76	7,8	143	11,1	(67)	0,0
ISFRE	444	45,4	444	34,6	0	0,0
Currency derivative	0	0,0	84	6,5	(84)	0,0
Provision for tax risks	20	2,0	20	1,6	0	0,0
Total provisions for risks and charges	977	100,0	1.284	100,0	(307)	(23,9)

Changes in the provision for supplementary agents' indemnity and the provision for risks and charges are shown below:

Provision for risks and charges					
<i>(Euro thousands)</i>					
	31 December 2020	Alloc.	Utilization	Release	31 December 2021
Movement of provision for supplementary agents' indem	198	36	0	0	234
Movement of provisions for risks and charges	20	0	0	0	20
Total provision for risks and charges	218	36	0	0	254

The increase in the provision for risks and charges is attributable for € 36 thousand to the provision for supplementary agents' indemnity Italy and EU, whilst decreases include € 192 thousand for the accounting of the fair value of the IRS derivative on the BPM loan of Neodecortech S.p.A., amounting to € 203 thousand (€ 395 thousand at 31 December 2020) and € 67 thousand for the accounting of the fair value of the derivatives embedded in the new zero-floor loans. The provision for supplementary agents' indemnity was set aside to cover specific risks from potential interruptions to agency contracts.

Additionally, the provisions for risks and charges include:

- € 444 thousand referring to a provision for risks set aside to write down the financial receivable due from ISFRE in liquidation owned by Cartiere di Guarcino S.p.A.;
- € 20 thousand referring to the subsidiary Bio Energia Guarcino S.r.l., for tax liabilities with the Revenue Agency.

24. POST-EMPLOYMENT BENEFITS

Post-employment benefits					
<i>(Euro thousands)</i>					
	31 DECEMBER 2020	Alloc.	Utilization	Discounting	31 DECEMBER 2021
Provision for post-employment benefits	2.381	82	(184)	0	2.279
Actuarial valuation of post-employment benefits (IAS 19)	347	0	0	(39)	308
Total post-employment benefits	2.728	82	(184)	(39)	2.587

The balance refers to the severance indemnity of Neodecortech, Cartiere di Guarcino and Bio Energia di Guarcino. These liabilities qualify as defined benefit plans under IAS 19 and were therefore subject to actuarial calculation by an independent expert.

The defined benefit plans were updated to reflect their market value at 31 December 2021.

With regard to the discounting back of the Employee Severance Indemnity, the relevant actuarial model is based on various demographic and economic assumptions. For some of the assumptions used, where possible, explicit reference has been made to the direct experience of the Company and the Group, for others best practice has been taken into account. The technical and economic bases used are shown below.

Below are the technical economic bases.

	31.12.2021
Annual discount rate	0,98%
Annual inflation rate	1,75%
Annual rate of increase in severance termination	2,81%
Annual rate of salary increase	1,00%

The table below shows the technical demographic basis.

Death	RG48 mortality tables published by the State General Accounting Office
Disability	INPS tables by age and gender
Retirement	100% upon meeting AGO requirements

Lastly, the annual turnover frequencies and severance indemnity advances.

	31.12.2021
Advances Frequency	3,00%
Turnover Frequency	1,00%

25. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Current and non-current financial liabilities						
<i>(Euro thousands)</i>						
	31 December 2021	%	31 December 2020	%	Chg.	% change
Unsecured loans	9,013	21,0	11.250	23,7	(2.237)	(19,9)
Mortgage loans	7.666	17,9	9.420	19,8	(1.754)	(18,6)
Non-current lease payables	1.459	3,4	3.201	6,7	(1.742)	(54,4)
Payables to other lenders (MICA)	5.082	11,9	4.969	10,5	113	2,3
Currency derivatives	0	0,0	0	0,0	0	0,0
Total non-current financial liabilities	23.220	54,2	28.840	60,7	(5.620)	(19,5)
Payables to banks C/A	13.539	31,6	12.570	26,5	969	7,7
Current portion of unsecured loans	2.609	6,1	2.268	4,8	341	15,0
Current portion of mortgage loans	1.753	4,1	1.913	4,0	(160)	(8,4)
Accrued interest expense	70	0,2	152	0,3	(82)	(53,9)
Current lease payables	1.645	3,8	1.763	3,7	(118)	(6,7)
Total current financial liabilities	19.616	45,8	18.667	39,3	949	5,1
Total financial liabilities	42.836	100,0	47.507	100,0	(4.671)	(9,8)

The increase of € 969 thousand in payables to banks is attributable to a net effect: a positive effect of reduced resort to short-term borrowing, thanks to new long-term lines of credit at low rates provided by banks to Cartiere di Guarcino S.p.A.; a negative effect from greater use of short-term lines of credit by the subsidiary Bio Energia Guarcino S.r.l., following difficulties linked to fuel price increases, as explained in the Directors' Report on Operations.

Current and non-current lease obligations include:

- The payable from finance leases on the plants of the subsidiary Bio Energia Guarcino S.r.l., which resumed repayment of instalments from April 2021, after the COVID-19 related suspension obtained until March 2021, whose residual debt at 31 December 2021 (short-term to long-term portion) amounts to € 2,973 thousand;
- Financial liabilities relating to the rights of use of Neodecortech S.p.A. and Cartiere di Guarcino S.p.A. shown in the table below.

<i>(Euro thousands)</i>	Balance at 01.01.2021	Payments	Other changes	Balance at 31.12.2021
Land	0	0		0
Buildings	342	(86)	(203)	53
Work on third party assets	0	0		0
Plant and machinery	0	0		0
Equipment	0	0		0
Other	122	(46)		76
TOTAL	464	(132)	(203)	129

Changes on buildings during the year for Neodecortech S.p.A. relate to the termination of the lease of the production plant in Casoli d'Atri (TE), home to the production of the laminates division line, following purchase of the plant from the subsidiary Valinvest S.r.l. on 18 November 2021 for € 1,548 thousand. Therefore, the remaining financial debt was cancelled. Payment for this purchase was agreed in 3 instalments, two of which are due by 31 December 2022 for the amount of € 1,032 thousand, recorded under trade payables.

With regard to unsecured and mortgage loans, the change is directly attributable to the repayment of instalments and new loans taken out. Below are the details of the Group's loans:

Neodecortech S.p.A.

- Original BPM mortgage loan of € 12,000 thousand, with a residual balance of € 7,570 thousand at 31 December 2021 divided into current and non-current portions;
- BPM S.p.A. € 2,500 thousand, for 72 months (quarterly instalments) and a residual balance at 31 December 2021 of € 1,955 thousand divided into current and non-current portions - loan granted against closure of the short-term BPM loan of € 2,000 thousand granted in April 2020 - 80% FGPMI guarantee;
- BPM S.p.A. € 2,500 thousand, for 72 months (quarterly instalments) and a residual balance at 31 December 2021 of € 1,951 thousand divided into current and non-current portions - 90% FGPMI guarantee;

In 2021, the BPER Banca S.p.A. loan of € 900 thousand, with an 18-month term (with quarterly instalments and a 6-month grace period) and a residual balance of € 676 thousand at 31 December 2020, was fully repaid.

Cartiere di Guarcino S.p.A.

- Original MPS mortgage loan of € 6,000 thousand, with a residual balance of € 1,850 thousand at 31 December 2021 divided into current and non-current portions;
- Original BAC unsecured loan of € 3,500 thousand, with a residual balance of € 1,530 thousand at 31 December 2021 divided into current and non-current portions;
- Medio Credito Centrale unsecured loan of € 1,128 thousand, with a residual balance of € 714 thousand at 31 December 2021 divided into current and non-current portions;
- Medio Credito Centrale unsecured loan of € 182 thousand, with a residual balance of € 122 thousand at 31 December 2021 divided into current and non-current portions;
- Banca POPSO unsecured loan of € 2,000 thousand - 12-month grace period - FGPMI 90% guarantee - residual balance at 31 December 2021 of € 1,902 thousand divided into current and non-current portions;
- Banco DESIO e Brianza unsecured loan of € 1,000 thousand - 12-month grace period - MCC 90% guarantee - residual balance at 31 December 2021 of € 967 thousand divided into current and non-current portions;
- Medio Credito Centrale unsecured loan of € 146 thousand, with a residual balance of € 122 thousand at 31 December 2021 divided into current and non-current portions.
- Unsecured loan approved in 2021 by Simest as part of the Capitalization Call to improve and safeguard the financial solidity of exporting companies, amounting to € 360 thousand, with a grace period of 24 months and a residual balance at 31 December 2021 of € 360 thousand.

Bio Energia Guarcino S.r.l.

- BPER unsecured loan of € 2,000 thousand - 12-month grace period - MCC 90% guarantee - residual balance at 31 December 2021 of € 2,000 thousand divided into current and non-current portions;

With regard to unsecured and mortgage loans, the table below shows the maturity bands:

	31 December 2021	%	31 December 2020	%
<i>(Euro thousands)</i>				
Due within 1 year	4.363	20,7	4.181	16,8
Due within 5 years	15.632	74,3	17.150	69,0
Due beyond 5 years	1.048	5,0	3.519	14,2
Total	21.043	100,0	24.850	100,0

Neodecortech S.p.A. hedged the interest rate risk on the BPM loan by subscribing an interest rate swap (IRS). The fair value of this instrument, reclassified under "Provisions for Risks and Charges" at 31 December 2021 came to a negative € 203 thousand (€ 395 thousand at 31 December 2020).

The above loan agreements do not envisage financial covenants.

From 1 January 2021 to 31 December 2021, interest rate movements were marginal and had no material impact on the fair value of the Group's loans.

MICA Loan

On 20 February 1997, Confalonieri Fratelli di Mario S.p.A. ("Confalonieri") entered into an agreement with the Ministry for Industry, Trade and Crafts (the "MICA") on the granting of a loan from the special revolving fund for technological innovation pursuant to Article 16, paragraph 3, of the Law dated 17 February 1982, amounting to approximately Lire 5.7 billion (€ 2,943 thousand) in principal (the "MICA Loan"). The MICA Loan was intended to partly cover the costs of a program designed to introduce technological breakthroughs. The cost estimate for the technological innovation program amounted to Lire 16,284,271 thousand (€ 8,410 thousand). The last repayment instalment of the MICA Loan was due on 20 February 2012. The MICA Loan was granted to Confalonieri in its own name and by the mandate of Andreotti Fotoincisioni S.p.A. (for 28% of the amount granted), which at the time was a Confalonieri Group company and to which Confalonieri subsequently transferred its share of the MICA Loan.

On 31 January 2001, Confalonieri was declared insolvent by the Court of Bergamo pursuant to Legislative Decree 270/1999 ("Prodi Bis"), and admitted on 6 April 2001 to the Extraordinary Administration procedure under the Prodi Bis Law. On 15 November 2001, Confalonieri's statement of liabilities was declared enforceable, in the absence of timely or late filings by the MICA.

On 18 September 2002, Arbea S.p.A. (a special-purpose entity) purchased the shares of Confalonieri as part of the composition proceedings it had opened. On 31 January 2003, the Court of Bergamo upheld the composition pursuant to Articles 17 and 214 of the Bankruptcy Law and to Article 78 of the Prodi Bis. On 15 February 2003, the decision became final in the absence of objections and, on 27 February 2003, the Court of Bergamo issued a decree closing the Extraordinary Administration procedure.

In 2003, following the merger by incorporation of Arbea S.p.A. into Finanziaria Valentini, the latter became the sole shareholder of Confalonieri. Subsequently, Confalonieri changed its name to "Confalonieri S.p.A." and later to "Neodecortech S.p.A."

It should be noted that the directors of the Company, based also on legal advice specifically obtained in support of the case, deem the provisions of Article 55, paragraph two, of the Bankruptcy Law, under which monetary debts of the bankrupt entity are considered expired on the date of the declaration of bankruptcy (in the case at hand, concurrent to the provision for admission to the Extraordinary Administration procedure, as referred to in the Prodi Bis), to be reasonably applicable to the above case. Based on such an interpretation of the law, the limitation period for the amounts

due under the MICA Loan took effect on 6 April 2001. As of 7 April 2011, therefore, the repayment obligations of the MICA Loan are to be considered reasonably time-barred.

The directors deem however that, should such an interpretation not be upheld by case law in a possible litigation, the ordinary civil law rules would apply, under which in loan agreements, the limitation of the right to repayment starts from the maturity date of the last instalment, since payment of the accruals is deemed a single obligation and the related debt cannot be considered due before the maturity date of the last instalment. Under such a different interpretation, therefore, the debt relating to the amounts of the MICA Loan would be time-barred from 20 February 2022.

In the absence of relevant case law on the matter, however, the directors of the Company have prudently considered in the Consolidated Financial Statements both the payable to MICA (now MISE) and the receivable from Andreotti Fotoincisioni S.p.A., since the latter's collectability depends on the initial mandate agreement.

Therefore, on 20 February 2022, the payable will be derecognized from the Financial Statements for a total of € 5,082 thousand (including principal and accrued interest).

26. TRADE PAYABLES

Trade payables at 31 December 2021 amounted to € 39,832 thousand (€ 25,571 thousand at 31 December 2020). The increase of € 14,261 thousand is explained by the growth in the volume of business in 2021; for details, see the Directors' Report on Operations. Additionally, the Company did not request or obtain any extension or deferment of payments with its suppliers.

There are no trade payables due beyond 12 months.

This item also includes the payable to the affiliate Valinvest S.r.l. for the residual instalments for payment of the purchase of the production plant in Casoli d'Atri (TE), amounting to € 1,032 thousand (net of a residual financial receivable of € 103 thousand to be offset), due by 31 December 2022.

The Directors believe that the book value of trade payables approximates their fair value.

27. PAYABLE FROM TAX CONSOLIDATION

The IRES payable at 31 December 2021 to be paid to tax consolidation is attributable to Neodecortech S.p.A. (€ 466 thousand) and Cartiere di Guarcino S.p.A. (€ 350 thousand). Reference should be made to the section "Income tax" in the Notes.

28. TAX PAYABLES

Tax payables						
<i>(Euro thousands)</i>						
	31 December 2021	%	31 December 2020	%	Chg.	% change
VAT	0	0,0	121	17,1	(121)	(100,0)
IRAP	253	32,7	0	0,0	253	0,0
Withholdings a/c	520	67,3	587	82,9	(67)	(11,4)
Other tax payables	0	0,0	0	0,0	0	0,0
Total tax payables	773	100,0	708	100,0	65,0	9,2

29. OTHER CURRENT PAYABLES

Other current payables						
<i>(Euro thousands)</i>						
	31 December 2021	%	31 December 2020	%	Chg.	% change
Payables to social security institutions	1.658	35,5	1.476	31,3	182	12,3
Payables to employees	1.911	40,9	1.997	42,3	(86)	(4,3)
Advances received from customers	774	16,6	894	18,9	(120)	(13,4)
Other	331	7,1	352	7,5	(21)	(6,0)
Total other current payables	4.674	100,0	4.719	100,0	(45)	(1,0)

"Payables to employees" in the prior year included the allocation of a one-off Welfare provision of € 264 thousand, set up for all employees, excluding executives.

"Other" is due mainly to the fixed and variable fees to directors.

30. EQUITY

Capital increases

During the months of October, November and December 2021, no. 2,811,044 Warrants were exercised, therefore no. 702,761 newly-issued Neodecortech S.p.A. shares had been subscribed at the price of € 4.00 per share (at the ratio of 1 Conversion Share for every 4 Warrants submitted for exercise). These shares have no par value, have the same divided entitlements as the ordinary shares of Neodecortech S.p.A. outstanding at the issue date, and have a total value of € 2,811,044.00, of which € 1,405,522.00 has been allocated to the share capital, while the remainder is allocated to the share premium reserve.

Share Capital

After the above capital increases, the new share capital of Neodecortech S.p.A. amounts to € 18,804,209.37, divided into no. 14,218,021 ordinary shares with no par value.

Dividend payout

The Shareholders' Meeting of the Parent Company Neodecortech S.p.A., held on 13 April 2021, approved the Financial Statements at 31 December 2020 and allocated a total of € 1,205,573.40 as a dividend for the no. 13,515,260 ordinary shares in circulation and, therefore, the distribution of a unit dividend, also in consideration of the distribution of the dividend attributable to treasury shares, of € 0.089 for each entitled ordinary share, without prejudice to the fact that any change in the number of treasury shares in the Company's portfolio at the time of distribution will not affect the distribution of the unit dividend as established above, but will increase or decrease the amount allocated to the extraordinary reserve.

On 19 May 2021, Neodecortech S.p.A. paid out dividends of € 1,205,573.40 (gross of the portion related to treasury shares held at the time of distribution).

Details of other reserves

<i>(Euro thousands)</i>	31 December 2021		31 December 2020	
Share capital		18.804		17.399
Share premium reserve		18.864		17.357
Treasury shares		(140)		(421)
Other reserves and accumulated profit (loss), including profit (loss) for the year:		32.937		27.323
<i>Legal reserve</i>	1.886		1.709	
<i>Reserve for fair value adjustments of hedging derivatives</i>	(155)		(296)	
<i>Revaluation reserves (including investments measured at equity)</i>	15.549		13.444	
<i>Reserve for re-measurement of defined benefit plans for employees (IAS 19)</i>	(122)		(91)	
<i>Stock grant reserve</i>	-		-	
<i>Miscellaneous reserves and accumulated profit (loss), including profit (loss) for the year</i>	15.779		12.557	
Total		70.465		61.658

Warrant issue valid for subscribing to ordinary shares of Neodecortech S.p.A.

The Extraordinary Shareholders' Meeting of Neodecortech S.p.A. (the "Company" or "Neodecortech"), held on 14 September 2018, resolved, inter alia, to increase the share capital, against payment and in separate issues, for a maximum total amount of € 13,101,500, including the share premium, by issuing, also in several tranches, a maximum of 3,275,375 ordinary shares, without indication of their nominal value (the "Conversion Shares"), intended exclusively and irrevocably to the exercise of the subscription right of the holders of the "Neodecortech 2018-2020 Warrants" (the "Warrants") to be issued and assigned, free of charge and without further request, to the shareholders of the Company pursuant to the resolution of the Extraordinary Shareholders' Meeting of the Company on the same date, in the ratio of 1 Warrant for each number 1 share held.

On 9 December 2019, the Extraordinary Shareholders' Meeting of the Company and the meeting of Warrant holders resolved to extend the term of the Warrants until 27 December 2021.

The Warrants are bearer type and are admitted to the centralized dematerialized shares system of Monte Titoli S.p.A., pursuant to Articles 83-bis et seq. of Legislative Decree no. 58 of 24 February 1998.

At 31 December 2021, the deadline for exercising the Warrants expired; warrants that have not been submitted for exercise by the deadline of 27 December 2021 have forfeited all rights, and shall have no validity to all intents and purposes.

Treasury shares

At 31 December 2021, the Company holds no. 32,354 treasury shares for a value of € 139,630.

Specifically, on 5 October 2021, Neodecortech S.p.A. sold all no. 120,000 treasury shares held at 31.12.2020 at a value of € 4.36 each for a total of € 523,200, while in November and December 2021, no. 32,354 treasury shares were purchased at a value of € 139,630.

The Shareholders' Meeting held on 13 April 2021 approved the purchase of ordinary shares of the Company, up to a maximum of 10% of the Company's share capital, equal to a maximum of no. 1,351,526 ordinary shares. The purchase of treasury shares may be carried out, in one or more tranches, within eighteen months, in order to: (i) use them as an investment for an efficient use of the liquidity generated by the Company's core business; (ii) purchase treasury shares from the beneficiaries of any stock option or stock grant plans approved by the competent corporate bodies; and (iii)

allow the use of treasury shares in the context of transactions connected with the core business or with plans consistent with the strategic guidelines that the Company intends to pursue, with a view to the opportunity of exchanging shares.

Earnings (losses) per share

Basic earnings per share are calculated by dividing the consolidated profit or loss for the year by the weighted average number of ordinary shares outstanding during the year. Therefore, treasury shares held by the Group are excluded from the denominator.

Earnings per share	31/12/2021	31/12/2020
Net profit attributable to the shareholders (Euro thousands)	6.688	3.535
Weighted average number of shares outstanding (n./000)	13.439	13.269
Basic earnings per share	0,50	0,27
Diluted earnings per share	31/12/2021	31/12/2020
Net profit attributable to the shareholders (Euro thousands)	6.688	3.535
Weighted average number of shares outstanding (n./000)	13.439	13.269
Weighted average number of shares outstanding adjusted for dilution effect (n./000)	13.439	13.269
Diluted earnings per share (*)	0,50	0,27

* The Company has no potentially dilutive financial instruments and therefore the two indicators match.

31. COMMENTS ON THE MAIN ITEMS OF THE STATEMENT OF CASH FLOWS

The increase in cash generated during the year amounted to € 5,955 thousand (versus € 4,061 thousand in the prior year), resulting in cash funds of € 13,491 thousand.

Starting from a profit before tax, interest, dividends, amortization and depreciation, provisions, gains/losses on disposals and other non-cash changes of € 17,443 thousand, the movement in cash flow is related mainly to the events below.

The situation associated with the sharp increase in turnover and the impact of increases in raw material prices, transferred only in part to customers, led to an increase in all items included in the changes in the NWC versus the prior year, generating a positive cash flow of € 2,126 thousand.

Capital expenditure, net of disposals, made during the year generated cash flow from investing activities of € 9,383 thousand.

New loans amounted to € 360 thousand only, regarding the unsecured Simest loan, whilst repayment of loans and leases amounted to € 6,082 thousand. Together with other movements in short-term bank borrowings and financial receivables, a negative cash flow of € 4,063 thousand was generated from loan capital.

Monetary changes in equity include the exercise of warrants, which increased the share capital, the sale and purchase of treasury shares and payment of dividends amounting to € 1,206 thousand, which generated a net positive cash flow of € 1,989 thousand.

32. CONTINGENT LIABILITIES

Under the provisions of IAS 34:15B, the Group's contingent liabilities are shown below: there are no further contingent liabilities, except for those that generated allocations to "provisions for risks", described above.

33. RELATED PARTY TRANSACTIONS

Transactions carried out by Neodecortech S.p.A. and other Group companies with related parties, as identified by IAS 24, including transactions with subsidiaries, are neither atypical nor unusual and fall within the ordinary course of business of the Company. These transactions were carried out on market terms. It should be noted that transactions with subsidiaries are not shown as they are derecognized at the consolidation level, while transactions with related parties at 31 December 2020 are shown.

In accordance with the provisions of IAS 24, the following entities are considered Related Parties: (a) companies that directly or indirectly through one or more intermediate companies, control, or are controlled by, or are under common control with, the reporting entity; (b) associates; (c) natural persons who directly or indirectly have voting power in the reporting entity that gives them a dominant influence over the company and their immediate family members; (d) Key management personnel, i.e. those who have the power and responsibility for planning, directing and controlling the activities of the reporting entity, including directors and officers of the company and the immediate family members of such persons; (e) companies in which significant voting power is held, directly or indirectly, by any natural person described under (c) or (d) or over which such natural person can exercise significant influence. Case (e) includes undertakings owned by the directors or major shareholders of the reporting entity and undertakings which have a key management personnel in common with the reporting entity.

With regard to the provisions of point 2) of the third paragraph of Article 2428 of the Civil Code, it should be noted that the Company is controlled, through a 58.60% stake, by Finanziaria Valentini S.p.A. Accordingly, the Company is part of a group of entities whose parent is "Finanziaria Valentini S.p.A." and whose sister companies are "Industrie Valentini S.p.A." and "Valinvest S.r.l.". Related parties also include "Valfina S.r.l." as it is directly or indirectly controlled by the Valentini Family.

Specifically, it should be noted that at 31 December 2021, the outstanding transactions with these companies can be summarized in the tables below:

<i>(Euro thousands)</i>				
	Trade receivables 31 December 2021	Financial receivables 31 December 2021	Trade payables 31 December 2021	Financial payables 31 December 2021
Finanziaria Valentini	0	1.129	0	815
Industrie Valentini	132	0	0	0
ISRFE Srl in liquid.	0	445	0	0
Valinvest	0	0	929	0
Loma Srl	1.332	0	75	0
Total	1.464	1.574	1.004	815

<i>(Euro thousands)</i>		
	Revenue and income	Costs and expense
	31 December 2021	31 December 2021
Finanziaria Valentini	739	0
Industrie Valentini	13	0
Valinvest	3	91
Loma Srl	4.215	152
Addi Emanuela		10
Total	4.969	253

Financial receivables, amounting to € 1,574 thousand, includes € 1,129 thousand for a tax consolidation receivable regarding the subsidiary, Bio Energia Guarcino S.r.l., € 445 thousand for a receivable regarding the subsidiary, Cartiere di Guarcino S.p.A. from the related party, ISFRE in liquidation, which remained unchanged and for which a provision for risks was set up owing to collection difficulties; Financial payables, amounting to € 815 thousand, are payables from tax consolidation of the Parent Company and the subsidiary, Cartiere di Guarcino S.p.A.; income from tax consolidation for the three Group companies amounted to € 739 thousand.

Trade receivables include:

- the receivable of € 132 thousand from Industrie Valentini for the sale of printed and impregnated paper made in 2020, which was included in the bankruptcy proceedings; this receivable is covered by a guarantee from Finanziaria Valentini for € 100 thousand and partly written down by 80% for the remainder;
- receivables from the business agreement between Neodecortech S.p.A. and Loma S.r.l., for the distribution of the Parent Company's products and the sale of base decorative paper by Cartiere di Guarcino S.p.A.; Loma S.r.l. became a related party following appointment of one of the Parent Company's executives as a "key management personnel".

Trade payables include:

- € 929 thousand to Valinvest S.r.l., whose lease agreement with the Parent Company for the Casoli Plant (production of laminates) terminated following purchase of the plant on 18 November 2021, for an amount of € 1,548 thousand. Payment of the consideration was established in 3 equal instalments, the last two of which amount to € 1,032 thousand to be paid in June and December 2022. The residual financial receivable granted by Neodecortech S.p.A., again to Valinvest S.r.l., for the renovation of the warehouse located in Casoli d'Atri (TE), amounting to € 103 thousand, will be offset with the last instalment of the payment for the purchase of the property on 31 December 2022. As a guarantee of the payment of the 2 instalments due in 2022 (for € 1,032 thousand), Neodecortech S.p.A. issued a guarantee on first demand, issued by Banco Popolare BPM S.p.A., at the same time as the deed.
- € 75 thousand to Loma S.r.l. for an agreement to provide strategic and commercial marketing consultancy services to Neodecortech S.p.A.

With regard to revenue and income, costs and expense, in addition to the amounts relating to the above agreements and transactions, € 13 thousand refer to one-off income from Industrie Valentini for the sale of products with advance payment and € 10 thousand for legal consultancy services related to Emanuela Addi.

The following table shows the fees to the Group's directors, statutory auditors and key management personnel for 2021:

Subjects	Fees payable 31 December 2021
Luigi Cologni	125
Massimo Giorgilli	108
Riccardo Bruno	5
Paola Carrara	0
Paolo Pietrogrande	3
Laura Calini	0
Cristina Valentini	0
Luca Peli	0
Stefano Santucci	7
Federica Manichetti	8
Stefano Zonca	5
Key management personnel	97
Total	357

Subjects	Fees 31 December 2021
Luigi Cologni	441
Massimo Giorgilli	336
Riccardo Bruno	112
Paola Carrara	31
Paolo Pietrogrande	38
Laura Calini	29
Cristina Valentini	8
Luca Peli	0
Stefano Santucci	34
Federica Manichetti	26
Stefano Zonca	20
Key management personnel	701
Total	1.776

34. SEASONALITY

The Group's industrial sectors are not significantly affected by seasonality.

35. INFORMATION PURSUANT TO ART. 1, PARAGRAPH 125, OF LAW NO. 124 OF 4 AUGUST 2017

With regard to the provisions of Article 1, paragraph 125, of Law 124/2017, regarding the obligation to provide evidence in the notes to the financial statements of any amounts of money received during the year by way of grants, contributions, paid assignments and in any case economic advantages of any kind from public administrations and from the persons referred to in paragraph 125 of the same article, mention should be made, for the situation at 31 December 2021, of the following:

Payee entity	Paying entity	Amount collected/taken	Collection/availability date	Description of reason
Neodecortech Spa	Fondimpresa	5.965	12/01/2021	Liquidation Plan 225416
Neodecortech Spa	Fondimpresa	2.099	19/01/2021	Liquidation Plan 249129
Neodecortech Spa	Gestore dei Servizi Energetici GSE S.p.A.	1.887	01/02/2021	Electricity production incentive
Neodecortech Spa	Gestore dei Servizi Energetici GSE S.p.A.	492	01/02/2021	Electricity production incentive
Neodecortech Spa	Gestore dei Servizi Energetici GSE S.p.A.	1.887	01/03/2021	Electricity production incentive
Neodecortech Spa	Gestore dei Servizi Energetici GSE S.p.A.	8.694	01/03/2021	Electricity production incentive
Neodecortech Spa	Gestore dei Servizi Energetici GSE S.p.A.	434	01/03/2021	Electricity production incentive
Neodecortech Spa	Gestore dei Servizi Energetici GSE S.p.A.	1.611	01/03/2021	Electricity production incentive
Neodecortech Spa	INPS	6.686	16/03/2021	Tax relief South (Art. 27 LD 14/08/2020, n. 104 as s.a.s.)
Neodecortech Spa	Gestore dei Servizi Energetici GSE S.p.A.	443	31/03/2021	Electricity production incentive
Neodecortech Spa	Gestore dei Servizi Energetici GSE S.p.A.	1.427	31/03/2021	Electricity production incentive
Neodecortech Spa	Gestore dei Servizi Energetici GSE S.p.A.	101	31/03/2021	Electricity production incentive
Neodecortech Spa	INPS	7.676	16/04/2021	Tax relief South (Art. 27 LD 14/08/2020, n. 104 as s.a.s.)
Neodecortech Spa	Gestore dei Servizi Energetici GSE S.p.A.	1.971	30/04/2021	Electricity production incentive
Neodecortech Spa	Fondimpresa	944	28/04/2021	Liquidation Plan 279144
Neodecortech Spa	INPS	7.124	16/05/2021	Decontribution South (Art. 27 LD 14/08/2020, n. 104 as s.a.s.)
Neodecortech Spa	Gestore dei Servizi Energetici GSE S.p.A.	450	31/05/2021	Electricity production incentive
Neodecortech Spa	Gestore dei Servizi Energetici GSE S.p.A.	1.971	31/05/2021	Electricity production incentive
Neodecortech Spa	INPS	6.957	16/06/2021	Tax relief South (Art. 27 LD 14/08/2020, n. 104 as s.a.s.)
Neodecortech Spa	INPS	6.075	16/07/2021	Tax relief South (Art. 27 LD 14/08/2020, n. 104 as s.a.s.)
Neodecortech Spa	Gestore dei Servizi Energetici GSE S.p.A.	1.976	30/06/2021	Electricity production incentive
Neodecortech Spa	Gestore dei Servizi Energetici GSE S.p.A.	455	30/06/2021	Electricity production incentive
Neodecortech Spa	Gestore dei Servizi Energetici GSE S.p.A.	1.976	02/08/2021	Electricity production incentive
Neodecortech Spa	Gestore dei Servizi Energetici GSE S.p.A.	455	02/08/2021	Electricity production incentive
Neodecortech Spa	Fondirigenti	15.000	02/08/2021	Governance and Transparency on the MTA Borsa Italiana
Neodecortech Spa	INPS	6.609	16/08/2021	Tax relief South (Art. 27 LD 14/08/2020, n. 104 as s.a.s.)
Neodecortech Spa	Gestore dei Servizi Energetici GSE S.p.A.	455	31/08/2021	Electricity production incentive
Neodecortech Spa	Gestore dei Servizi Energetici GSE S.p.A.	1.976	31/08/2021	Electricity production incentive
Neodecortech Spa	INPS	6.910	16/09/2021	Tax relief South (Art. 27 LD 14/08/2020, n. 104 as s.a.s.)
Neodecortech Spa	Gestore dei Servizi Energetici GSE S.p.A.	457	30/09/2021	Electricity production incentive
Neodecortech Spa	Gestore dei Servizi Energetici GSE S.p.A.	2.031	30/09/2021	Electricity production incentive
Neodecortech Spa	INPS	6.262	16/10/2021	Tax relief South (Art. 27 LD 14/08/2020, n. 104 as s.a.s.)
Neodecortech Spa	Gestore dei Servizi Energetici GSE S.p.A.	2.031	02/11/2021	Electricity production incentive
Neodecortech Spa	Gestore dei Servizi Energetici GSE S.p.A.	457	02/11/2021	Electricity production incentive
Neodecortech Spa	INPS	6.378	16/11/2021	Tax relief South (Art. 27 LD 14/08/2020, n. 104 as s.a.s.)
Neodecortech Spa	Gestore dei Servizi Energetici GSE S.p.A.	1.968	30/11/2021	Electricity production incentive
Neodecortech Spa	Gestore dei Servizi Energetici GSE S.p.A.	457	30/11/2021	Electricity production incentive
Neodecortech Spa	INPS	6.269	16/12/2021	Tax relief South (Art. 27 LD 14/08/2020, n. 104 as s.a.s.)
Neodecortech Spa	INPS	2.500	16/12/2021	Exemption under 36 (Art.1, paragraphs 10 to 15, L 30/12/2020, n. 178)
Neodecortech Spa	Gestore dei Servizi Energetici GSE S.p.A.	2.084	31/12/2021	Electricity production incentive
Neodecortech Spa	Gestore dei Servizi Energetici GSE S.p.A.	449	31/12/2021	Electricity production incentive
Neodecortech Spa	Fondimpresa	6.545	02/12/2021	Liquidation Plan 273207
Neodecortech Spa	Fondirigenti	10.000	09/12/2021	New Sustainability - Path to Sustainability
Cartiere di Guarcino Spa	Fondimpresa	2.984	22/12/2021	GALILEO 16 Training
Cartiere di Guarcino Spa	SIMEST	240.000	31/03/2021	Contribution - Promotion of export and internationalization
Cartiere di Guarcino Spa	SIMEST	360.000	31/03/2021	Loan - Promotion of export and internationalization
Cartiere di Guarcino Spa	Fondirigenti	10.000	23/02/2021	New Sustainability - Path to Sustainability
Cartiere di Guarcino Spa	Fondimpresa	10.468	10/03/2021	"S.T.A.R. - Technological Development, Learning and Reskilling"
Cartiere di Guarcino Spa	Fondimpresa	64.000	11/02/2021	Automatic Inspection
Bio Energia Guarcino Srl	Gestore dei Servizi Energetici GSE S.p.A.	8.348.206	31/01/2021	Electricity production incentive
Bio Energia Guarcino Srl	Gestore dei Servizi Energetici GSE S.p.A.	1.787.126	28/02/2021	Electricity production incentive
Bio Energia Guarcino Srl	Gestore dei Servizi Energetici GSE S.p.A.	1.958.263	31/03/2021	Electricity production incentive
Bio Energia Guarcino Srl	Gestore dei Servizi Energetici GSE S.p.A.	1.593.663	30/04/2021	Electricity production incentive
Bio Energia Guarcino Srl	Gestore dei Servizi Energetici GSE S.p.A.	1.587.250	31/05/2021	Electricity production incentive
Bio Energia Guarcino Srl	Gestore dei Servizi Energetici GSE S.p.A.	1.293.117	30/06/2021	Electricity production incentive
Bio Energia Guarcino Srl	Gestore dei Servizi Energetici GSE S.p.A.	1.364.331	31/07/2021	Electricity production incentive
Bio Energia Guarcino Srl	Gestore dei Servizi Energetici GSE S.p.A.	1.247.147	31/08/2022	Electricity production incentive
Bio Energia Guarcino Srl	Gestore dei Servizi Energetici GSE S.p.A.	1.403.118	30/09/2021	Electricity production incentive
Bio Energia Guarcino Srl	Gestore dei Servizi Energetici GSE S.p.A.	1.843.523	29/10/2021	Electricity production incentive
Bio Energia Guarcino Srl	Gestore dei Servizi Energetici GSE S.p.A.	1.865.877	30/11/2021	Electricity production incentive
Bio Energia Guarcino Srl	Gestore dei Servizi Energetici GSE S.p.A.	2.026.787	31/12/2021	Electricity production incentive
Total 2021		27.154.458		

Other supplementary information

36. GUARANTEES GIVEN

Guarantees given by Neodecortech S.p.A.

Guarantees issued in favour of the subsidiaries, Cartiere di Guarcino S.p.A. and Bio Energia Guarcino S.r.l., amounting to € 26,825 thousand for short-term lines of credit for mixed use and export finance, granted to the latter by BPM, BPER, Popolare di Sondrio, Monte dei Paschi di Siena and Credit Agricole, via "umbrella" credit facilities.

On 10 November 2020, Neodecortech S.p.A. issued a letter of patronage to Banco di Desio e Brianza S.p.A. in favour of the subsidiary Cartiere di Guarcino to guarantee various lines of credit up to a maximum of € 2,650,000 granted by the bank to the subsidiary.

On 19 January 2021, Banco Popolare BPM S.p.A. issued a first demand bank guarantee, in favor of Sonae Industria de Rivestimentos SA, for € 250 thousand, expiring on 30 April 2026, to guarantee the balance relating to the purchase of the new laminating machine for the production plant in Casoli d'Atri (TE), to be paid within 5 years, based on the business agreements.

On 16 November 2021, Banco Popolare BPM S.p.A. issued a first demand bank guarantee, in favor of the subsidiary Valinvest S.r.l., for € 1,032 thousand, expiring on 30 January 2023, to guarantee payment of the residual instalments relating to the purchase of the production plant in Casoli d'Atri (TE), due by 31 December 2022.

Creation of a voluntary mortgage in favor of C.E.G. S.p.A.

On 22 December 2016, CDG granted a third voluntary mortgage in favor of C.E.G. S.p.A. ("CEG") for the amount of € 5,854 thousand on some of its properties (the "CEG Mortgage") following the sale by CEG to CDG of the stake held by the former in the share capital of BEG (equal to 1% of the latter's share capital).

The CEG Mortgage is intended to hold CEG harmless from any and all liabilities and/or obligations of any kind and type, as well as from any costs, losses or damages, arising from BEG's failure to perform or incorrectly perform its obligations under: (i) the Lease Contract, as well as (ii) the credit facility agreement concluded by BEG with UniCredit on 17 July 2009.

CEG is a subsidiary of AET - Azienda Elettrica Ticinese ("AET") - which held 50% of BEG. In 2014, CEG entered into a first private agreement, subsequently renewed in 2015, for the sale of its stake in BEG, obtaining the commitment to be held harmless from the sureties issued by AET in the interest of BEG. On 13 April 2015, CEG sold 49% of BEG to CDG and on 22 December 2016 sold the remaining 1% share to CDG. Under the agreements, CDG undertook to indemnify and hold harmless CEG, within the limit of € 5,854 thousand, from any liability and/or obligation of any kind and type and/or any cost, loss or direct or indirect damage, resulting from BEG's failure to perform and/or incorrectly perform the following contracts: (i) the Lease Contract; and (ii) the credit facility agreement concluded by BEG with UniCredit on 17 July 2009. To guarantee such obligations, CDG granted the CEG Mortgage.

The year 2020 saw completion of the transaction with SelmaBipiemme Leasing S.p.A. regarding the lease contract in place with Bio Energia Guarcino S.r.l., which envisaged suspension of the lease payments (relating to the principal) for the period from April 2020 to March 2021; under the standstill, the parties had set out a new structure for the guarantee and indemnity agreements related to the lease contract. Specifically, on 22 June 2020, Neodecortech S.p.A. and Cartiere di Guarcino signed indemnity agreements with Azienda Elettrica Ticinese.

In light of these new indemnity agreements, the voluntary mortgage in favour of C.E.G. S.p.A. is in the process of being cancelled.

Sureties in favor of GATTI S.r.l.

On 29 May 2017, Gatti S.r.l. ("Gatti"), CDG and BEG signed a framework agreement (the "Framework Supply Agreement") to govern the conditions relating to the supply of animal fat for energy use by Gatti to BEG. The Framework

Supply Agreement ran from 29 May 2017 to 29 May 2018. On 27 September 2018, Gatti, CDG and BEG signed a new framework agreement for the supply of animal fat for energy use (the "Second Framework Supply Agreement"), under which the parties may agree on the price of the supply at the time of each individual order/sales contract specifying the quantities of goods or, failing that, at the end of each month, the parties define the price of the purchase/sale for the following month and agree on the delivery of the product for the following month. As a guarantee of the timely payment of the amount of the invoices issued pursuant to the Framework Supply Agreement dated 14 June 2017, Banca Carim - Cassa di Risparmio di Rimini S.p.A. (now Credit Agricole Italia S.p.A.) has provided Gatti and in the interest of BEG and CDG with a bank guarantee "on first demand" for the maximum amount of € 300 thousand, expiring on 31 August 2018, renewed until 31 August 2020 and then renewed again until 31 August 2022.

On 11 October 2018, BPER issued a further guarantee in the interest of BEG in favor of Gatti up to a principal amount of € 400 thousand, renewed in February 2021 until 28 February 2022.

Other guarantees given by Cartiere di Guarcino S.p.A.

On 23/01/2020, Banca Popolare di Sondrio gave a bank guarantee on first demand for € 300 thousand in favour of Kronos Titan GMBH for the supply of titanium dioxide running until 31/01/2022, subsequently not renewed;

On 13/05/2019, Banco di Desio e Brianza S.p.A. issued a stand by letter for € 1,500 thousand to Anhui Gold Star Titanium Dioxide Group Co. Ltd for the supply of titanium dioxide running until 30/09/2021, and then renewed until 30 September 2022;

On 02/07/2020, Banca Popolare del Frusinate S.p.A. gave a bank guarantee on first demand for € 45 thousand to the University of Cassino by agreement pursuant to Article 1, paragraph 12, of Law 230/2015 running until 30/06/2023.

37. EVENTS AFTER THE REPORTING PERIOD

Reference should be made to the Directors' Report on Operations.

38. INFORMATION ON AGREEMENTS NOT RESULTING FROM THE STATEMENT OF FINANCIAL POSITION

Pursuant to Article 2427, point 22-ter, mention should be made that there are no agreements not shown in the statement of financial position that have significant risks or benefits and that are necessary to assess the Group's financial position, results of operations and cash flows.

39. INFORMATION ON ASSETS AND LOANS FOR A SPECIFIC TRANSACTION

With regard to the requirements of Articles 2447-bis to 2447-decies of the Italian Civil Code, it should be noted that during the period the Group did not allocate any assets or loans to any activity.

40. INFORMATION RELATING TO THE FEES TO THE BOARD OF DIRECTORS AND BOARD OF STATUTORY AUDITORS

In accordance with the law, the table below shows the total fees to the Directors and the Board of Statutory Auditors.

Qualification	31 DECEMBER 2021	31 DECEMBER 2020
Directors	694.889	647.619
Board of Statutory Auditors	96.462	85.468

41. INFORMATION RELATING TO THE FEES TO THE INDEPENDENT AUDITORS

Details are provided below of the fees paid in 2021 by the Neodecortech Group to the independent auditors, BDO Italia S.p.A. and the companies belonging to its network, as required by CONSOB Resolution no. 11971 of 14 May 1999, Article 149-duodecies, paragraph 1:

	31 DECEMBER 2021	31 DECEMBER 2020
Auditing services	84.527	80.622
Provision of other activities with issuance of certification	4.000	119.359
Provision of other non-auditing services	3.000	3.000

Filago (BG), 15 March 2022

For the Board of Directors
The Chief Executive Officer
(Luigi Cologni)

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**Parent Company Financial Statements
at 31 December 2021**



Income statement at 31 December 2021

<i>(Euro thousands)</i>	Notes	31 DECEMBER 2021	%	31 DECEMBER 2020	%	Chg.	% change
Revenue from sales and services	1	76.940	100,0%	55.176	100,0%	21.764	39,4%
Changes in work in progress, semi-finished and finished	2	(487)	(0,6%)	(403)	(0,7%)	(84)	20,8%
Other revenue	3	1.409	1,8%	1.466	2,7%	(57)	(3,9%)
Raw and ancillary materials and consum.	4	(46.149)	(60,0%)	(30.709)	(55,7%)	(15.440)	50,3%
Other operating expense	5	(11.626)	(15,1%)	(10.099)	(18,3%)	(1.527)	15,1%
Personnel expense	6	(11.847)	(15,4%)	(10.543)	(19,1%)	(1.304)	12,4%
Amortization and depreciation	7	(3.384)	(4,4%)	(3.108)	(5,6%)	(276)	8,9%
Allocations	8	(81)	(0,1%)	(248)	(0,4%)	167	(67,2%)
EBIT		4.774	6,2%	1.531	2,8%	3.243	211,8%
Financial expense	9	(434)	(0,6%)	(521)	(0,9%)	87	(16,7%)
Financial income	10	3.102	4,0%	2.722	4,9%	380	13,9%
Pre-tax profit/(loss)		7.441	9,7%	3.733	6,8%	3.708	99,3%
Income tax	11	(753)	(1,0%)	(177)	(0,3%)	(576)	325,5%
Profit/(loss) for the year		6.688	8,7%	3.555	6,4%	3.133	88,1%

Statement of comprehensive income at 31 December 2021

<i>(Euro thousands)</i>	31 DECEMBER 2021	31 DECEMBER 2020
Profit/(loss) for the year	6.688	3.555
Other items of the comprehensive income statement		
Actuarial gains (losses) net of tax effect	(16)	14
Total items that will not be reclassified in the income statement for the year	(16)	14
Gains/(losses) on cash flow hedging instruments	146	(7)
Total items that will or may be reclassified in the income statement for the year	146	(7)
Total other components of the comprehensive income statement	130	7
Comprehensive income (loss) for the year	6.818	3.562
Profit for the year attributed to:		
Shareholders of the Parent	6.818	3.562
Non-controlling interests		
Earnings per share (in Euro):		
Basic	0,50	0,27
Diluted	0,50	0,27

Statement of financial position at 31 December 2021

Assets	Notes	31 DECEMBER 2021	%	31 DECEMBER 2020	%	Chg.	% change
<i>(Euro thousands)</i>							
Intangible assets	12	651	0,6%	637	0,7%	14	2,2%
Property, plant and equipment	13	30.878	29,3%	29.408	30,5%	1.470	5,0%
Equity investments	14	33.345	31,7%	25.719	26,7%	7.626	29,6%
Other non-current assets	15	7	0,0%	8	0,0%	(1)	(14,3%)
Non-current financial receivables	16	10.363	9,8%	16.838	17,5%	(6.475)	(38,5%)
Deferred tax assets	17	507	0,5%	595	0,6%	(88)	(14,8%)
Non-current assets		75.751	71,9%	73.205	76,0%	2.546	3,5%
Inventory	18	8.232	7,8%	8.451	8,8%	(219)	(2,6%)
Trade receivables	19	10.249	9,7%	7.024	7,3%	3.225	45,9%
Tax receivables	20	257	0,2%	301	0,3%	(44)	(14,5%)
Current financial receivables	16	1.560	1,5%	2.124	2,2%	(564)	(26,6%)
Other current receivables	21	120	0,1%	90	0,1%	30	33,6%
Cash funds	22	9.152	8,7%	5.167	5,4%	3.985	77,1%
Current assets		29.571	28,1%	23.156	24,0%	6.415	27,7%
Total Assets		105.322	100,0%	96.362	100,0%	8.959	9,3%

Equity and liabilities		31 DECEMBER 2021	%	31 DECEMBER 2020	%	Chg.	% change
<i>(Euro thousands)</i>							
Share capital		18.804	17,9%	17.399	18,1%	1.405	8,1%
Share premium reserve		18.864	17,9%	17.357	18,0%	1.507	8,7%
Treasury shares		(140)	(0,1%)	(421)	(0,4%)	281	(66,8%)
Other reserves		17.488	16,6%	15.008	15,6%	2.480	16,5%
Prior years' profit (loss)		8.761	8,3%	8.761	9,1%	(0)	(0,0%)
Profit (loss) for the year		6.688	6,4%	3.555	3,7%	3.133	88,1%
Equity	30	70.465	66,9%	61.658	64,0%	8.807	14,3%
Provisions for risks and charges	23	382	0,4%	577	0,6%	(195)	(33,8%)
Deferred tax	17	2.361	2,2%	2.374	2,5%	(13)	(0,5%)
Post-employment benefits	24	1.003	1,0%	1.127	1,2%	(124)	(11,0%)
Non-current financial liabilities	25	14.468	13,7%	16.665	17,3%	(2.197)	(13,2%)
Non-current liabilities		18.214	17,3%	20.743	21,5%	(2.529)	(12,2%)
Trade payables	26	10.455	9,9%	7.186	7,5%	3.269	45,5%
Payables from tax consolidation	27	466	0,4%	229	0,2%	237	103,6%
Tax payables	28	347	0,3%	242	0,3%	105	43,5%
Current financial liabilities	25	2.142	2,0%	2.899	3,0%	(757)	(26,1%)
Other current payables	29	3.231	3,1%	3.405	3,5%	(174)	(5,1%)
Current liabilities		16.642	15,8%	13.961	14,5%	2.681	19,2%
Total equity and liabilities		105.322	100,0%	96.362	100,0%	8.960	9,3%

Statement of changes in equity at 31 December 2021

(Euro thousands)	Notes	Attributable to the shareholders of the Parent						
		SHARE CAPITAL	HEDGING AND TRANSLATION RESERVES	EQUITY RESERVES	OTHER RESERVES	TREASURY SHARES	PROFIT (LOSS) FOR THE YEAR	TOTAL EQUITY
Balance at 01/01/2020	30	16.203	(293)	17.357	24.375	(291)	3.961	61.312
Other items of the comprehensive income statement		0	(7)	0	14	0	0	7
Profit for the year		0	0	0	0	0	(3.961)	(3.961)
Total comprehensive income/loss for the year		0	(7)	0	14	0	(3.961)	(3.954)
Dividend distribution		0	0	0	(1.882)	0	0	(1.882)
Allocation of prior year's profit (loss)		0	0	0	3.961	0	3.555	7516
Other changes		1.196	0		(2.400)	(130)		(1.334)
Balance at 31/12/2020	30	17.399	(300)	17.357	24.068	(421)	3.555	61.658
Balance at 01/01/2021	30	17.399	(300)	17.357	24.068	(421)	3.555	61.658
Other items of the comprehensive income statement		0	146	0	(16)	0	0	130
Profit for the year		0	0	0	0	0	6.688	6.688
Total comprehensive income/loss for the year		0	146	0	(16)	0	6.688	6.818
Dividend distribution					(1.206)			(1.206)
Allocation of prior year's profit (loss)					3.555		(3.555)	0
Other changes		1.405	0	1.507	1	282		3.195
Balance at 31/12/2021	30	18.804	(154)	18.864	26.402	(139)	6.688	70.465

Statement of cash flows at 31 December 2021

<i>(Euro thousands)</i>	31 DECEMBER 2021	31 DECEMBER 2020
Profit (loss) for the year	6.688	3.555
Income tax	724	338
Deferred/(prepaid) tax	29	(161)
Interest expense/(interest income)	(25)	(104)
(Dividends received)	0	
(Gains)/losses from disposal of assets	(280)	(26)
1 Profit (loss) for the year before income tax, interest, dividends and gains/losses from disposals	7.137	3.603
Adjustments for non-monetary items that had no balancing entry in net working capital:		
Allocation to post-employment benefits	33	14
Allocations to other provisions	267	669
Amortization and depreciation of fixed assets	3.384	3.108
Write-downs for impairment losses	0	0
Other adjustments for non-monetary items	(3.052)	(2.701)
2 Cash flow before changes in NWC	7.769	4.693
Changes in net working capital	0	
Decrease/(increase) in receivables from customers	(3.254)	372
Decrease/(increase) in inventory	232	14
Increase/(decrease) in payables to suppliers	3.258	(877)
Increase/(decrease) in payables to suppliers - Intercompany	10	(156)
Decrease/(increase) in other receivables	78	525
Increase/(decrease) in other payables	155	(274)
Other changes in net working capital	0	0
3 Cash flow after changes in NWC	8.249	4.296
Other adjustments	0	
Interest received/(paid)	210	272
(Income tax paid)	(22)	(338)
(Gains)/losses from disposal of assets	0	0
Dividends received	0	0
(Utilization of provisions)	(445)	(239)
(Utilization of provisions for post-employment benefits)	(128)	(73)
4 Cash flow after other adjustments	7.864	3.917

A Cash flow from operations	7.864	3.917
<i>Property, plant and equipment</i>	(4.812)	(4.122)
(Purchase)	(4.822)	(4.172)
Disposal	10	50
<i>Intangible fixed assets</i>	(280)	(205)
(Purchase)	(280)	(205)
Disposal	0	0
<i>Financial fixed assets</i>	1	1
(Purchase)	0	0
Disposal	1	1
<i>Current financial assets</i>	0	0
(Purchase)	0	0
disposal	0	0
<i>Proceeds from disposal of assets</i>	280	26
B Cash flow from investing activities	(4.811)	(4.300)
Liabilities	(1.057)	6.116
Increase (decrease) in short-term bank payables	(2)	(15)
New loans	0	5.900
Repayment of loan	(2.815)	(2.194)
Financial liabilities to other lenders	(303)	0
Change in financial receivables from other lenders	128	65
Change in financial receivables - Intercompany	1.935	2.359
Equity	1.989	(2.012)
Share capital increase	2.811	
Sale (purchase) of treasury shares	384	(130)
Other changes in equity	(1.206)	(1.882)
C Cash flow from financing activities	932	4.104
Increase (decrease) in cash funds (A ± B ± C)	3.985	3.721
Cash funds at 1 January	5.167	1.446
Cash funds at 31 December	9.152	5.167

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Notes to the Financial Statements of the Parent Company



Entity preparing the financial statements

Neodecortech S.p.A. (hereinafter also the "Company", the "Parent Company" or the "Controlling Company") is a company incorporated under Italian law, with registered office in Filago (BG), Strada Provinciale 2, at the head of the Neodecortech Group (hereinafter also the "Group"). The Company's website is: www.neodecortech.it.

The Company is active in the production and marketing of decorative papers for the industrial sectors of wood and furnishing accessories.

Following the provision of Borsa Italiana for admission to the STAR segment dated 5 March 2021, trading of the Company's ordinary shares and warrants began on 15 March 2021 on the STAR segment of Euronext Milan organized and managed by Borsa Italiana.

The publication of these financial statements was authorized by the Directors on 15 March 2022; they will be submitted to the Shareholders' Meeting for approval and subsequent filing, within the time limits of law. The Shareholders' Meeting is empowered to make changes to these Financial Statements.

BDO Italia S.p.A. is in charge of auditing the accounts.

General criteria for the preparation of the financial statements

Statement of compliance with IAS-IFRS

These financial statements were prepared in compliance with the IAS-IFRS international accounting standards in force at 31 December 2021, as adopted by the European Union, as well as with the provisions issued in implementation of Article 9 of Legislative Decree no. 38/2005. The IAS-IFRS also include all the revised international accounting standards (IAS) and all the interpretations issued by the IFRS Interpretation Committee (formerly IFRIC), previously known as SIC. The rules of national legislation implementing EU Directive 2013/34 also apply, provided they are consistent, to companies that prepare their financial statements in accordance with IAS-IFRS. Therefore, the financial statements implement the relevant provisions of the articles of the Italian Civil Code and the corresponding provisions of the TUF for listed companies concerning the Directors' Report on Operations, the Independent Auditors' Report and the publication of the financial statements. The financial statements and the notes thereto also include the details and additional information required by the articles of the Italian Civil Code concerning financial statements, insofar as they do not conflict with the provisions of IAS-IFRS, as well as the other CONSOB regulations and instructions concerning financial statements.

The financial statements have been prepared on a going concern basis. The Company has, in fact, assessed that, despite the volatility of the general economic and financial environment marked by the effects of the COVID-19 pandemic, there are no significant uncertainties surrounding its ability to continue operations, due also to its financial structure and the actions already identified and included in the 2021-2023 Business Plan and the 2022 Budget, as explained in the "Directors' Report on Operations".

Preparation criteria and functional currency

The financial statements are prepared in accordance with the cost principle, with the exception of derivative financial instruments and financial assets, which are measured at fair value.

The presentation currency used in the financial statements is the Euro, which is the functional currency of Neodecortech S.p.A. All the amounts contained in the financial statements and the notes are rounded to the nearest Euro unit, unless otherwise indicated

Financial statements and presentation criteria

The financial statements consist of the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, and statement of cash flows, as well as the notes to the financial statements for the year ended 31 December 2021.

With regard to the presentation of the financial statements, the Company has made the following decisions:

- current and non-current assets and current and non-current liabilities are shown separately in the statement of financial position. Current assets, which include cash and cash equivalents, are those intended to be realized, sold or consumed in the Company's normal operating cycle; current liabilities are those expected to be settled in the Company's normal operating cycle or in the twelve months following the end of the period;
- for the income statement, the analysis of costs is carried out based on the nature of the costs;
- for the statement of comprehensive income, the Company has chosen to present two statements: the first shows the traditional income statement components with the result for the period, while the second, starting from this result, shows in detail the other components, i.e. (i) changes in fair value of derivative financial instruments designated as hedge accounting, and (ii) the effects of the remeasurement of defined benefit plans;
- the statement of cash flows was prepared using the indirect method.

The financial statements provide comparative information for the prior year.

Accounting standards, amendments and IFRS interpretations applied from 1^o January 2021

Commission Regulation (EU) 2021/25 of 13 January 2021 adopting "*Interest Rate Benchmark Reform - Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16*" was published in the State Gazette L 11 of 14 January 2021.

The amendments to these standards outline a specific accounting treatment capable of spreading over time value changes of financial instruments or lease contracts, resulting from the actual replacement of interest rate benchmarks for determining existing interest rates to alternative existing interest rate benchmarks.

Entities will be required to implement the amendments no later than the start date of their first financial period beginning on or after 1 January 2021.

On 31 March 2021, the IASB issued *Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)*, extending by one year the period of application of the amendment to IFRS 16, issued in 2020, relating to the accounting for facilities granted, owing to COVID-19, to lessees.

The amendments apply as of 1 April 2021.

Accounting standards, amendments and IFRS interpretations applicable from 1 January 2022 or 1 January 2023

On 14 May 2020, the IASB published the following amendments:

- Amendments to IFRS 3 Business Combinations: the purpose of these amendments is to update the reference in IFRS 3 to the Conceptual Framework in its revised version, without this entailing any changes to the provisions of IFRS 3.
- Amendments to IAS 16 Property, Plant and Equipment: the purpose of these amendments is not to allow deduction from the cost of property, plant and equipment of the amount received from the sale of goods produced during the testing phase of the asset itself. The sales revenue and related costs will be therefore recognized in the income statement.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: the amendment clarifies that all costs directly attributable to the contract must be considered when estimating whether a contract is onerous. As a result, the assessment of whether a contract is onerous includes not only incremental costs (such as the cost of direct material used in the work), but also any costs that the

company cannot avoid because it has entered into the contract (such as the share of personnel expense and depreciation of machinery used to perform the contract).

- Annual Improvements 2018-2020: Amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture, and Illustrative Examples of IFRS 16 Leases.

All the changes will come into effect on 1 January 2022.

On 12 February 2021, the IASB published several amendments to the IFRS standards:

- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2;
- Definition of Accounting Estimates - Amendments to IAS 8.

The amendments are intended to improve accounting policy disclosures so that they provide more useful information to investors and other primary users of financial statements, as well as to help entities distinguish changes in accounting estimates from changes in accounting policies.

The amendments apply as from 1 January 2023, but early adoption is allowed.

On 7 May 2021, the IASB published amendments to IAS 12, the tax standard, to clarify how entities should account for deferred tax on certain transactions that can generate assets and liabilities of equal amounts, such as leases and decommissioning provisions.

The amendments apply as from 1 January 2023, but early adoption is allowed.

In January 2020, the IASB issued amendments to IAS 1 that clarify how an entity should classify liabilities as current or non-current. The effective date of the amendments was initially 1 January 2022; however, in July 2020 effectiveness was deferred to 1 January 2023 due to the COVID-19 pandemic. At its June 2021 meeting, the IASB tentatively decided to amend the requirements of IAS 1 with regard to the classification of contingent liabilities and disclosure of those conditions and to defer the effective date of the 2020 amendment by at least one year to financial periods beginning on or after 1 January 2024.

The Directors do not expect the Group's consolidated financial statements to be materially affected by the adoption of these amendments.

Subjective evaluations and use of estimates

The preparation of the financial statements and the notes thereto, in application of the IAS-IFRS, requires Management to make estimates and assumptions that affect the carrying amounts of assets and liabilities and disclosures on contingent assets and liabilities as of the reporting date, as well as the amount of revenue and costs in the reporting period presented. Estimates and assumptions used are based on experience and on other factors considered significant. Actual results may differ from these estimates. Estimates and assumptions are reviewed regularly and the effects of each variation therein are recognized in profit and loss in the period in which the estimate was revised. The effects of such revisions are reflected in the periods on which they have effect, i.e. both in the current period, and in future periods, if relevant.

To provide a better understanding of the Financial Statements, the following are the most significant estimates adopted in the process of preparing the Financial Statements, as they involve a high level of subjective judgments, assumptions and estimates relating to issues that are by their nature uncertain, especially in the current context of the COVID-19 pandemic. Changes in the conditions underlying the judgments and assumptions made could have a material impact on subsequent results.

- *Measurement of receivables:* receivables from clients are adjusted by the related allowance for doubtful accounts to take account of their recoverable value. The determination of the amount of the write-downs

requires the directors to perform subjective evaluations based on past experience for similar receivables or current and historical past dues, closing rates, losses and collections, and to carefully monitor credit quality, especially in the current context of the COVID-19 pandemic;

- *Measurement of inventory:* obsolescent inventory is periodically measured and written down if the net realizable value is lower than the carrying amount. Write-downs are calculated on the basis of Management's assumptions and estimates, based on their experience and sales forecasts;
- *Measurement of deferred tax assets:* deferred tax assets - whose recovery in future years is considered highly probable - are measured on the basis of the expected taxable income in future years. The measurement of such expected taxable income depends on factors that may vary over time and have significant effects on the measurement of deferred tax assets;
- *Income tax:* the calculation of the Company's tax liability requires Management to measure transactions whose tax implications are not certain at the balance sheet date;
- *Impairment of intangible and tangible assets with finite useful life:* these assets undergo an impairment test to ascertain whether there has been an impairment, which must be recognized by means of a write-down, when there are indications of a difficulty in recovering the related net book value through use. Ascertainment of the existence of the above indicators requires the Directors to make subjective assessments based on information available within the Company and from the market, as well as statistics. Additionally, if it is determined that a potential impairment may have occurred, the Company determines it using appropriate measurement techniques. The proper identification of the elements pointing to the existence of a potential impairment, as well as the estimates used to determine them, depend on factors that may change over time and that are subject to uncertainties and the use of estimates (growth rates, rates of return on assets, and financial projections affected by external, non-controllable variables) that affect the valuations and estimates made by the Directors;
- *Measurement of intangible and tangible assets with finite useful life:* tangible and intangible assets with finite useful life are depreciated/amortized over the estimated useful life of the related assets. The useful life of the assets is determined by the Directors at the time the asset is acquired; it is based on historical experience for similar fixed assets, market conditions and anticipations of future events that could have an impact on the useful life. Therefore, the actual useful life may differ from the estimated useful life. The Company regularly assesses technological and industry changes to update the remaining useful life. This regular update could lead to a change in the amortization/depreciation period and therefore also in the amortization/depreciation charge for future years.
 - With regard to the COVID-19 pandemic, in addition to the internal and external impairment indicators generally monitored, Management assessed, based on information available at 31 December 2021, the effects of the pandemic on the recoverable value of assets. Based on the final results at 31 December 2021, the forecasts made in the 2021 - 2023 Business Plan and the 2022 Budget, and the fact that the COVID-19 pandemic did not impact the 2021 results, Management confirms that it does not believe that the COVID-19 pandemic could represent an indicator of impairment for the Group and, therefore, did not consider it necessary to carry out an impairment test on the value of the recognized assets;
- *Pension plans:* the present value of the liability for pension benefits depends on a number of factors that are determined by actuarial methods using certain assumptions. The assumptions regard the discount rate, the expected return on the assets servicing the plan, the rates of future salary increases, and the mortality and resignation rates. Any change in the above assumptions could have significant effects on the liability for pension benefits;
- *Valuation of risk provisions:* the Company is subject to legal and tax lawsuits that may arise from complex and difficult issues, which are subject to a varying degree of uncertainty, including facts and circumstances underlying each case, jurisdiction and different applicable laws. Given the uncertainties underlying these issues,

it is difficult to accurately predict the outlay that could arise from such disputes. Accordingly, after hearing the opinion of their legal and tax advisors and experts, the Directors recognize a liability from such disputes when they consider it probable that a financial outlay will occur and when the amount of the resulting losses can be reasonably estimated. This estimate implies the adoption of assumptions that depend on factors that may change over time and which could therefore have significant effects over the current estimates made by the Directors in preparing the Company's financial statements;

- *Determination of fair value:* the fair value of certain financial assets that are not listed on active markets is determined using measurement techniques. The Company uses measurement techniques that use inputs that are directly or indirectly observable in the market at year end, related to the assets being measured. While the estimates of the abovementioned fair values are deemed reasonable, possible changes in the estimation factors on which the calculation of these values is based may produce different valuations.

Accounting policies

Property, plant and equipment

These are recorded at purchase, production or transfer cost, including any ancillary expense and direct costs required to make the asset available for use, less subsequent accumulated depreciation and write-downs for impairment. All other costs and financial expense are recognized in the income statement in the year to which they refer.

If an item of property, plant and equipment consists of several components with different useful lives, these components are accounted for separately (if they are significant components).

Leasehold improvements are classified as PPE, on the basis of the cost incurred. In such cases, the depreciation period corresponds to the lower of the residual useful life of the tangible asset and the residual term of the lease contract.

Assets under construction are recorded at cost under "Assets under construction" until they are available for use; at the time of their availability for use, the cost is classified under the relevant item and depreciated.

The gain or loss on the disposal of property, plant, machinery, equipment and other assets is determined as the difference between the net sale proceeds and the net residual value of the asset, and is recognized in the income statement for the year in which the asset is derecognized.

Costs incurred after the purchase of the assets and the cost of replacing certain parts of the assets recorded in this category are added to the carrying amount of the item to which they refer and capitalized only if they increase the future economic benefits inherent in the asset itself and are therefore depreciated on the basis of the residual possibility of use of the asset. All other costs are recognized in the income statement when incurred.

When the cost of replacing certain parts of the assets is capitalized, the residual amount of the parts replaced is charged to the income statement.

Gains and losses arising from the sale or disposal of assets are determined as the difference between the sale proceeds and the net carrying amount of the asset and are recognized in the income statement for the year.

Depreciation is generally calculated on a straight-line basis over the estimated useful lives of the individual components into which property, plant and equipment are divided. Land is not depreciated. Below are the rates applied for each category:

Category	Rates %
Industrial buildings	2%
Light constructions	10%
Temporary and kindred constructions	10%
Plant and equipment	9%
Purification plants	12%
Miscellaneous production equipment / laboratory	30%
Production equipment (printing cylinders)	20%
Furniture and ordinary office equipment	12%
Electronic office equipment	20%
Internal means of transport	16%
Cars and motorcycles	25%

The useful life of tangible assets and their residual value are reviewed and updated, where necessary, at least at the end of each financial period.

Tangible assets are also tested for impairment annually or whenever there is an indication that the asset may be impaired. Reference should be made to the section below "Impairment of property, plant and equipment, intangible assets and investments" for the criteria used to determine any write-downs.

Leases

The Company must evaluate whether the contract is, or contains a lease, as at the date it is entered into. The Company recognizes the Right of Use and related Lease Liability for all leases in which it acts as lessee, except for short-term leases (leases of 12 months or less) and leases related to low-value assets (i.e., assets valued at less than € 5,000 when new). Contracts for which the latter exemption has been applied fall primarily within the following categories: computers, phones and tablets; printers, other electronic devices; and furniture and fixtures.

With regard to these exemptions, the Company records the related payments as operating expense recognized on a straight-line basis over the life of the contract.

The lease liability is initially recorded at the present value of future payments at the effective date of the contract. Since most of the lease agreements entered into by the Company do not contain an implicit interest rate, the discount rate to be applied to future lease payments was determined as the risk-free rate, with maturities commensurate with the term of the specific lease, increased by the specific credit spread of the company entering into the agreement.

Lease payments included in the value of the lease Liability include:

- the fixed component of lease payments, net of any incentives received;

- variable lease payments based on an index or rate, initially measured using the index or rate on the effective date of the contract;
- the amount of collateral for the residual value that the lessee expects to pay;
- the exercise price of the purchase option, which must only be included if the exercise of such option is considered reasonably certain;
- penalties for early termination of the contract, if the lease term envisages the option to exercise termination of the lease and the exercise thereof is estimated to be reasonably certain.

Subsequent to initial recognition, the carrying amount of the lease liability increases due to interest accrued (using the effective interest method) and decreases to take account of payments made under the lease agreement.

The Company restates the value of the Lease Liabilities (and adjusts the value of the corresponding Right of Use) if:

- the lease term changes or there is a change in the valuation of the exercise of the option right; in this case, the lease liability is restated by discounting the new lease payments at the revised discount rate.
- the value of lease payments changes as a result of changes in indices or rates, in such cases the Lease Liability is restated by discounting the new lease payments at the initial discount rate (unless the payments due under the lease change as a result of fluctuations in interest rates, in which case a revised discount rate must be used).
- A lease has been amended and the amendment does not fall within the cases for separate lease recognition. In such cases, the lease liability is restated by discounting the new lease payments at the revised interest rate.

The Right of Use asset includes the initial calculation of the lease Liability, lease payments made prior to or on the effective date of the contract, plus any other initial direct costs. The Right of Use is recorded in the financial statements net of depreciation and any impairment losses. Lease-related incentives (e.g., free lease periods) are recognized as part of the initial value of the right of use and lease liability over the contract period.

The Right of Use is amortized/depreciated on a systematic basis to the lower of the lease term and the remaining useful life of the underlying asset. If the lease agreement transfers ownership of the related asset or the cost of the right of use reflects the Company's wish to exercise the purchase option, the related right of use is amortized over the useful life of the asset in question. The beginning of amortization starts from the effective date of the lease.

The Right of Use is included under "Tangible assets" in the consolidated statement of financial position.

The Company applies IAS 36 Impairment of Assets in order to identify the presence of any impairment losses.

In the statement of cash flows, the Company divides the total amount paid between principal (recognized in the cash flow from financing activities) and interest (recognized in the cash flow from operations).

Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance, controllable and capable of generating future economic benefits. These items are recorded at purchase and/or production cost, including directly attributable expenses for preparing the asset for use, net of accumulated amortization and any impairment losses.

Amortization begins from when the asset is available for use, in accordance with Management's intentions, and is systematically allocated in relation to the residual possibility of use of the asset, or on the basis of its estimated useful life.

The costs of software licenses, including expenses incurred to make the software ready for use, are amortized on a straight-line basis over the relevant period of time (5 years), while the costs relating to the maintenance of software programs are charged to the Income Statement at the time they are incurred.

Below are the rates applied for each category:

Category	Rates % Neodecortech
Patents and use of intellectual property	20%
Other intangible fixed assets	20%

Intangible assets with finite useful life are also tested for impairment whenever there is an indication that the asset may be impaired. Reference should be made to the section below "Impairment of property, plant and equipment, intangible assets and investments" for the criteria used to determine any write-downs.

Subsidiaries

Subsidiaries are those entities in which the company is exposed to variable returns, or holds rights to those returns, arising from its relationship with those entities and at the same time has the ability to affect those returns by exercising its power.

The company assesses entity control through the presence of three elements: power:

- current ability of the company, deriving from substantive rights, to direct the relevant activities of the businesses that significantly affect the entity's returns;
- the company's exposure to variability in the returns of the investee;
- correlation between power and returns, the company has the ability to exercise its power to affect the returns from such relationship.

Generally, control is assumed when the company owns, directly or indirectly, more than half of the voting rights in the ordinary shareholders' meeting, including any potential rights to vote resulting from convertible securities.

Investments in subsidiaries are measured at equity. Under this method, investments are initially recognized at cost, subsequently adjusted to reflect changes in the value of the Company's share of the associate's equity. The Company's share of the profits or losses of its subsidiaries is accounted for in a specific item in the income statement from the date on which control is exercised until the moment it ceases.

Investments are subject to impairment testing, where indicators of impairment have been identified. If there is evidence that these investments have suffered an impairment loss, the loss is recognized in the Income Statement as a write-down. Whenever an impairment loss is reduced or ceases to exist, the loss is reversed up to the carrying amount through profit and loss.

Cost of a business combination

Under IFRS 3, the cost of an acquisition is the acquisition-date fair value of the consideration transferred, plus the amount of any non-controlling interest held. For each business combination, any non-controlling interest in the acquiree must be measured at fair value or in proportion to the non-controlling interest's share of the acquiree's identifiable net assets.

IFRS 3 requires that acquisition-related costs be considered as expense in the periods in which such costs are incurred and the services are received.

Allocating the cost of a business combination

Goodwill is determined as the excess between, on the one hand:

- the sum of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value, at the acquisition date, of any interest in the acquiree previously held; and, on the other hand,
- the net fair value of the identifiable assets and liabilities at the date of acquisition.

If the difference is negative, it is recorded directly in the income statement. If the initial recognition of a business combination can only be determined provisionally, the adjustments to the amounts assigned are recorded within twelve months of the acquisition date (valuation period).

Impairment of property, plant and equipment, intangible assets and investments

At each balance sheet date, an assessment is made to ascertain whether there are any indications that tangible and intangible assets (including rights of use, the reduction in value of which is connected with the emergence of conditions for using the asset on the basis of an onerous contract pursuant to IAS 37) and investments may have suffered impairment. Both internal and external sources of information are considered for this purpose. With regard to the former (internal sources), the following are considered: obsolescence or physical deterioration of the asset, any significant changes in the use of the asset, and the economic performance of the asset and the investment compared to estimated performance. With regard to external sources, the following are considered: trends in the market prices of assets, any technological, market or regulatory discontinuities, trends in market interest rates or the cost of capital used to value investments.

If such indicators are identified, the recoverable amount of said assets is estimated (impairment test), posting any write-down against the related carrying amount to the Income Statement. The recoverable value of an asset is represented by the greater of its fair value, less ancillary costs to sell, and its value in use, i.e. the current value of the future cash flows estimated for this asset. In determining the value in use, the expected future cash flows are discounted using a discount rate that reflects current market assessments of the time value of money, in relation to the period of the investment and the risks specific to the asset. For an asset that does not generate cash flows that are largely independent, the recoverable amount is determined in relation to the cash generating unit (CGU) to which such asset belongs.

An impairment loss is recognized in the Income Statement if the carrying amount of the asset, or of its cash generating unit, is higher than its recoverable value. Impairment losses of the cash generating unit are recognized as a reduction in assets, in proportion to their book value and within the limits of the relating recoverable value, including rights of use. If the conditions for a previous write-down no longer apply, the carrying amount of the asset is reinstated with an entry in profit and loss, up to the net carrying amount that the asset in question would have had if the write-down had not been made and, for tangible and intangible assets, the related amortization/depreciation had been carried out.

Financial assets

All financial assets are initially recognized, at the trading date, at cost, which corresponds to the fair value increased by the expense directly attributable to the purchase, with the exception of financial assets held for trading (fair value in the income statement).

All financial assets must be subsequently recognized at amortized cost or fair value based on the entity's business model for managing financial assets and the characteristics related to the contractual cash flows of the financial asset. Specifically:

- Debt instruments held as part of a business model whose objective is to hold financial assets for the purpose of collecting contractual cash flows, and which have cash flows represented solely by principal payments and interest on the amount of principal to be repaid, are subsequently measured at amortized cost;
- Debt instruments held as part of a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and which have cash flows represented solely by principal payments and interest on the amount of principal to be repaid, are subsequently measured at fair value with changes recognized in other comprehensive income (FVTOCI);

- All other debt instruments and investments in equity instruments are subsequently measured at fair value, with changes recognized in net profit (loss) for the year (FVTPL).

When an investment in a debt instrument measured as FVTOCI is derecognized, the cumulative gain (loss) previously recognized in other comprehensive income is reclassified from equity to net profit (loss) through a reclassification adjustment. Conversely, when an investment in an equity instrument designated as FVTOCI rated is derecognized, the cumulative gain (loss) previously recognized in other comprehensive income is subsequently transferred to retained earnings without passing through the income statement. Dividends received from investments in equity instruments are recognized in the income statement.

Debt instruments subsequently measured at amortized cost or FVTOCI are subject to financial asset impairment. With regard to the impairment of financial assets, the Company has applied a model based on expected losses on receivables, with reference to trade receivables. Specifically, the Company measures the loss allowance on a financial asset at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial asset has significantly increased since initial recognition, or if the financial instrument is an impaired financial asset that has been purchased or originated. However, if the credit risk of a financial instrument has not increased significantly since initial recognition, the Company shall measure the loss allowance for the financial instrument in an amount equal to the expected credit losses from a default event in the following 12 months (12-month expected credit losses).

The Company adopts the simplified method for measuring the loss allowance for trade receivables by estimating the expected losses over the life of the receivable, also using a procedure that also requires a customer-by-customer analysis of past due doubtful debts.

The Company derecognizes all or a portion of its financial assets when:

- the contractual rights attributable to these assets have expired;
- it transfers the risks and rewards of ownership of the asset or does not transfer or even retain substantially all the risks and rewards, but transfers control of these assets;
- receivables transferred as a result of factoring transactions are eliminated from the statement of financial position only if they are transferred without recourse, and if substantially all the risks inherent in the receivable are transferred.

Receivables assigned with recourse, or in any case without the transfer of all risks, remain recorded in the financial statements and a financial liability of equal amount is recorded under liabilities against the advance received.

Inventory

The purchase cost includes the costs incurred to bring each asset to the storage location and takes account of write-downs related to obsolescence and slow turnover of inventory.

The production cost of finished and semi-finished goods includes the cost of raw materials, direct labor and a portion of general production costs, calculated on the basis of normal plant operations, while financial costs are excluded.

For raw and ancillary materials and consumables, the net realizable value is represented by the replacement cost. For finished and semi-finished goods, the net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the costs necessary to make the sale.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits on demand, and other treasury investments with original expected maturities of three months or less. Overdrafts are considered a means of financing and not a component of cash and cash equivalents. The definition of cash and cash equivalents in the statement of cash flows corresponds to the definition in the statement of financial position.

Treasury shares

Repurchased treasury shares are recorded at cost and deducted from equity. The purchase, sale or cancellation of treasury shares does not give rise to any profit or loss in the income statement. The difference between the purchase price and the consideration, in the event of re-issue, is recognized in the share premium reserve.

Provisions for risks and charges

Allocations to provisions for risks and charges are made when the Company must meet a current obligation (legal or implicit) deriving from a past event, the amount of which can be reliably determined, and the fulfilment of which will likely result in the use of resources. Allocations are made on the basis of the best estimate, on the basis of the costs required to fulfil the obligation at the balance sheet date, and are discounted when the effect is significant. In this case, the discounting is determined at a pre-tax discount rate that reflects the current market valuation of the cost of money in relation to time. The discounting effect is recorded under financial expense.

Employee benefits

As of 1 January 2007, companies with over 50 employees at the date of introduction of the reform are required to pay the new severance indemnity flows into pension funds chosen by the worker or, where the worker has opted to keep the flows within the company, into a treasury account set up with INPS. For the Company, the employee severance indemnity accrued up to 31 December 2006 continues to fall under "defined benefit plans", while the indemnity accrued after such date is treated, for all workers, as a "defined contribution plan", since all the company's obligations are discharged with the periodic payment of a contribution to third parties. An exception is made for the portions accrued by workers who have opted to keep the severance indemnity within the company, which are classified as a defined benefit plan.

Defined contribution plans

Defined contribution plans are formalized post-employment benefit programs under which the Company pays fixed contributions to an insurance company or pension fund and will not have a legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior years.

These contributions, paid in exchange for employee service, are recorded as an expense in the period incurred.

Defined benefit plans

Defined benefit plans are formalized post-employment benefit programs that constitute a future obligation for the Company. The entity is, in substance, underwriting the actuarial and investment risks associated with the plan. Under IAS 19, the Company uses the Projected Unit Credit Method to determine the present value of obligations and the related current service cost.

This actuarial calculation requires the use of objective and compatible actuarial assumptions about demographic (mortality rate, employee turnover rate) and financial (discount rate, future increases in salary levels and medical benefits) variables.

Actuarial gains and losses related to post-employment defined benefit plans may result from both changes in the actuarial assumptions used for the calculation between two consecutive years and changes in the value of the obligation relating to the actuarial assumptions made at the beginning of the year. Actuarial gains and losses are recognized and charged immediately to other comprehensive income.

Net interest expense on defined benefit plans is recognized in financial income/(expense) in the income statement.

Share-based payments (Stock Grants)

A number of Company employees receive part of the remuneration as share-based payments; therefore these employees provide services in exchange for shares ("equity settled transactions").

This cost, together with the corresponding increase in equity, is recorded under personnel expense over the period in which the conditions relating to the achievement of objectives and/or the provision of the service are met. The cumulative costs recorded for such transactions at the end of each financial year up to the vesting date are commensurate with the expiry of the vesting period and the best estimate of the number of equity instruments that will actually vest. Cost or revenue in profit or loss represents the change in cumulative cost recognized at the beginning and end of the period.

Service or performance conditions are not taken into account when defining the fair value of the plan at the granting date. However, the probability of these conditions being met is taken into account when defining the best estimate of the number of equity instruments that will vest. Market conditions are reflected in the fair value at grant date. Any other conditions attached to the plan that do not involve a service obligation are not considered to be a vesting condition. Non-vesting conditions are reflected in the fair value of the plan and result in the immediate recognition of the cost of the plan, unless there are also service or performance conditions.

The total amount of the fair value of stock grants granted to employees of subsidiaries at the grant date must also be recognized in the Statement of Financial Position, as an increase in investments in subsidiaries, with a balancing entry in a specific item of equity.

Loans

Loans are initially recognized at the fair value of the amount disbursed/received net of ancillary expense directly attributable to the financial asset/liability. After initial recognition, loans are measured at amortized cost using the effective interest method.

Trade and other payables

Trade and other payables are initially recorded at the fair value of the initial consideration received in exchange and subsequently measured at amortized cost.

Revenue recognition

Revenue is measured taking account of the consideration specified in the contract with the customer. The Company recognizes revenue when it transfers control of goods or services.

Revenue recognition is performed by applying a five-step model as outlined below:

- Identification of the contract with the customer;
- Identification of "performance obligations" under the contract;
- Determination of transaction consideration;
- Allocation of consideration to individual "performance obligations";
- Recognition of revenue at the point in time (or over a period of time) of satisfaction of the individual "performance obligation".

Revenue is recognized when the economic benefits associated with the sale of goods or the provision of services will flow to the Company and the amount can be reliably determined. Revenue is recorded at fair value, equal to the consideration received or receivable, taking account of the value of any trade discounts granted and volume rebates.

With regard to the sale of goods, revenue is recognized when the company has transferred the significant risks and benefits associated with the ownership of the goods to the purchaser. Contracts with customers generally include a single performance obligation. A performance obligation is satisfied upon delivery of the asset.

Costs

Costs are recorded on an accrual basis and in accordance with the relevance principle.

Financial expense and income

Interest income/expense is recognized as financial income/expense following its assessment on an accruals basis and using the effective interest rate method.

Dividends

Dividends are recognized when the shareholders' right to receive payment arises, in accordance with current legislation, and are classified under "Financial income" and reversed as part of the entries to adjust Investments to the equity method.

Income tax

Current tax is calculated on the basis of taxable income for the year, applying the tax rates in force at the reporting date. Deferred tax is calculated on all differences arising between the tax base of an asset or liability and the relating carrying amount.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which they can be recovered. Deferred tax is determined using the tax rates that are expected to apply in the periods in which the differences are realized or settled. The recoverability of deferred tax assets is reviewed at each end of the period. Deferred tax assets not recognized in the financial statements are re-analyzed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Current and deferred tax is recorded in the Income Statement, with the exception of tax relating to items directly debited or credited to equity, in which case the tax effect is recognized directly in equity and in the Consolidated Statement of Comprehensive Income. Tax is offset when levied by the same taxing authority and when there is a legal right to offset it and a settlement of the net balance is expected.

Neodecortech S.p.A. participates as a subsidiary in the national tax consolidation scheme of the Valentini Group, together with the subsidiaries Cartiere di Guarcino S.p.A., Bio Energia Guarcino S.r.l., Industrie Valentini S.p.A., and Valinvest S.r.l.. In this context, pursuant to Articles 117 et seq. of Presidential Decree 917/86, IRES is determined at the level of Finanziaria Valentini S.p.A. by offsetting the positive and negative taxable amounts of the above companies.

Income-related transactions, responsibilities and mutual obligations among the companies are set out in the regulations for participation in the tax consolidation scheme of the Valentini Group.

Derivative financial instruments

Derivatives, including embedded derivatives that are separated from the main contract, are initially recognized at fair value.

Derivatives are classified as hedging instruments when the relationship between the derivative and the hedged item is formally documented and the hedge effectiveness, regularly verified, is high.

When hedging derivatives hedge the risk of change in the fair value of the hedged instruments, they are recorded at fair value and the effects are posted to the income statement; accordingly, the hedged instruments are adjusted to reflect the changes in fair value associated with the risk hedged.

When derivatives hedge the risk of fluctuations in the cash flows of the hedged instruments (cash flow hedge), the hedges are designated against the exposure to variability in cash flows attributable to risks that may subsequently affect the Income Statement; these risks are generally associated with an asset or liability recognized in the balance sheet (such as future payments on debts at variable rates). The effective portion of the change in the fair value of the portion of derivative contracts that have been designated as hedges under IFRS 9 is recognized as a component of the Comprehensive Income Statement (hedging reserve); this reserve is then charged to profit or loss in the period in which the hedged transaction affects the Income Statement. The ineffective portion of the change in fair value, as well as the entire change in fair value of the derivatives that have not been designated as hedging instruments or do not meet the requirements of IFRS 9, is booked directly to the income statement.

When derivative instruments do not meet the requirements to be classified as hedges, gains and losses from fair value fluctuations are recognized in the income statement for the period.

Transactions denominated in currencies other than the functional currency

Transactions denominated in currencies other than the functional currency are initially translated into the functional currency using the exchange rate on the date of the transaction. At the reporting date, monetary assets and liabilities denominated in non-functional currencies are translated into the functional currency at the exchange rate in effect at the reporting date. The resulting exchange rate differences are recorded in the Income Statement.

Non-monetary assets and liabilities denominated in non-functional currencies and measured at cost are translated at the exchange rate on the date of the transaction, while those measured at fair value are translated at the exchange rate on the date such value is determined.

Earnings/(loss) per share

Earnings per share are calculated by dividing the Company's net profit or loss by the weighted average number of shares outstanding during the relevant period, excluding treasury shares. Diluted earnings are calculated by dividing the Company's profit or loss adjusted to take account of any effects, net of tax for the year, of any rights with diluted effects by the weighted average number of shares outstanding during the relevant period, excluding treasury shares and equivalent securities (options) with dilutive effect.

Non-current assets held for sale and discontinued operations

Assets and liabilities held for sale and discontinued operations are classified as such if their carrying amount will be recovered primarily through sale rather than through continued use; these assets must represent a major independent line of business or geographical area of operation. These conditions are considered fulfilled when the sale is considered highly probable and the assets and liabilities are immediately available for sale in their present condition.

Operations held for sale are measured at the lower of net carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets once classified as held for sale no longer need to be depreciated or amortized.

In the consolidated statement of income, the net result from discontinued operations, together with the gain or loss from the measurement at fair value less costs to sell and the net realized gain or loss from the sale of assets, is grouped in a single line item separately from the result from continuing operations.

Cash flows relating to discontinued operations are reported separately in the statement of cash flows.

The above information is also presented for the comparative period.

Management of financial risks

The Board of Directors of Neodecortech S.p.A. adopts a consistent policy with a view to reducing the financial risks the Neodecortech Group is exposed to in the course of business.

As the Company's activities are industrial, the use of instruments is limited to transactions to hedge the risks connected with its operations, thus excluding speculative policies or policies that pursue purely financial profit objectives.

The financial instruments applicable to the sector are only those that allow for the funding and use of the financial means required to carry out operations. Therefore, the amounts, terms and maturities of the financial instruments must be appropriate to the transactions they are linked to.

Liquidity risk

In connection to its debt position, the Company is exposed to liquidity risk, namely the risk of being unable to raise the funds required to service and repay existing loans.

In order to minimize this risk, the Treasury and Credit area puts these activities in place:

- ongoing assessment of forecast financial requirements in order to put in place the necessary actions in a timely manner;
- negotiation of appropriate credit facilities;
- the correct composition of net financial debt, i.e. to finance capital expenditure using medium/long-term debt (in addition to equity), while covering net working capital requirements using short-term lines of credit;
- inclusion of Group companies in loan agreements in order to optimize any excess liquidity among companies.

Reference should be made to the Directors' Report on Operations and to Note 25 "Non-current financial liabilities" and "Current financial liabilities" for further details of the loans taken out.

Credit risk

The Company is subject to credit risk relating to the sales of products in its core markets. The policies set out the criteria for establishing customer creditworthiness, credit facilities and related risk containment measures. The policies also envisage the assignment of responsibilities for approving any breaches of such limits and for preparing management reports.

The review of overdue receivables provides the following analysis by due date (not including allocations for invoices to issue and credit notes to issue):

Trade receivables	Overall total	Total falling due	Total past due	Past due 0 - 30	Past due 31 - 60	Past due 61 - 90	Past due 91 - 120	Past due over 120
31 DECEMBER 2021	12.345	11.735	610	251	3	47	(1)	310
31 DECEMBER 2020	20.149	18.741	1.408	565	105	43	(0)	695

As the Company's exposure to customers is represented mainly by receivables from companies in the furniture and flooring sector, it is reasonable to estimate that there are no noteworthy solvency risks. Special cases are systematically reviewed and, where deemed necessary, a specific provision for impairment is made.

Also included in past dues between 0-30 days are mainly collection of cash orders paid on December 31, 2021, but credited by the bank on the first day of 2022.

The general risk associated with overall exposure to customers is assessed on a statistical basis, by reviewing the historical series of insolvencies and realized losses per year, to which average percentages of probable uncollectability are associated, in connection to the age of the receivable.

Changes in the provision for doubtful accounts at 31 December 2021 are shown below:

Provision for doubtful accounts					
<i>(Euro thousands)</i>					
	31 DECEMBER 2020	Alloc.	Utilization	Release	31 DECEMBER 2021
Changes in Provision for Doubtful Accounts	232	45	(14)	0	263
Total provision for doubtful accounts	232	45	(14)	0	263

Actions aimed at limiting risk include the continued controls made in the year to assess and analyze the higher risk situations on a monthly basis, and the implementation of credit insurance policies in the manner deemed appropriate.

Exchange rate risk

By focusing its sales on the Italian and European markets of the Euro zone, the Company is exposed in a marginal way to the risk of fluctuations in exchange rates, considering additionally that transactions in foreign currency to purchase raw materials are equally limited.

Interest rate risk

The risk is represented by the likelihood that the value or future cash-flows of a financial instrument - in particular, current account overdrafts, bank advances and loans - may vary parallel to changes in interest rates.

To mitigate the above risk, the Company entered into two Interest Rate Swap contracts relating to the outstanding mortgage loan with BPM, with a notional value of € 7,596 thousand and a negative fair value of € 203 thousand at 31 December 2021 (negative € 395 thousand at 31 December 2020). At 31 December 2021, total medium/long-term loans taken out by the Company amounted to € 11,475 thousand, 35% of which at floating rate and not covered by derivatives.

Fair value hierarchy and classes of financial instruments

In order to determine and document the fair value of financial instruments, use was made of the following hierarchy based on different valuation techniques:

- Level 1: the data used in the measurements are represented by quoted prices on markets where assets and liabilities identical to those being measured are traded;
- Level 2: the data used in the measurements, other than the quoted prices referred to in Level 1, are observable for the financial asset or liability, either directly (prices) or indirectly (derived from prices);
- Level 3: non-observable data; if observable data are unavailable and, therefore, there is a modest or non-existent market activity for the assets and liabilities being measured.

It should be noted that in choosing the measurement techniques to use, the Group has followed the following hierarchy:

- use of prices recorded in markets (even if not active) of identical (Recent Transactions) or similar instruments (Comparable Approach);
- measurement techniques based primarily on observable market inputs;
- measurement techniques based primarily on unobservable inputs corroborated by market data.

At 31 December 2021, the Company measured the fair value of derivative financial instruments using inputs that resulted in the financial instruments being categorized in Level 2 of the fair value hierarchy. No movements were reported during the period in the different levels of fair value.

With regard to the classes of financial instruments, at 31 December 2021 - as at 31 December 2020 - the derivatives indicated above represent the only category of financial instruments measured at fair value. Other financial assets and liabilities are measured using the amortized cost method.

Information on the fair value of derivative financial instruments

The following information is provided on the fair value of derivative financial instruments in place at 31 December 2021:

- Interest Rate Swap - Contract hedging the risk of interest rate fluctuations - Notional value at 31 December 2021 € 7,595,667 - Fair value at 31 December 2021 € -203,442 (€ -395,894 at 31 December 2020);

In 2020, two loan agreements were also concluded for a total of € 5,000 thousand, underlying which there are embedded derivatives (floor at zero on Euribor rate), with a negative fair value of € 43 thousand at 31 December 2021 (a negative € 82 thousand at 31 December 2020).

Income statement

1. REVENUE FROM SALES AND SERVICES

Revenue from sales and services						
(Euro thousands)	31 DECEMBER 2021	%	31 DECEMBER 2020	%	Chg.	% change
Revenue from sales	66.836	86,9	47.653	86,4	19.183	40,3
Services	10.104	13,1	7.523	13,6	2.581	34,3
Total revenue from sales and services	76.940	100,0	55.176	100,0	21.764	39,4

In order to provide adequate disclosure of the nature and characteristics of revenue, reference should be made to the comments appearing in the Directors' Report on Operations.

It should be noted that service revenue refers mainly to impregnation under contract work.

The breakdown of revenue by geographical area is as follows:

(Euro thousands)	31 DECEMBER 2021	%	31 DECEMBER 2020	%	Chg.	% change
Italy	35.022	45,5%	23.428	42,5%	11.594	49,5%
Europe	30.451	39,6%	28.290	51,3%	2.161	7,6%
Asia	1.626	2,1%	899	1,6%	727	80,8%
Middle East	7.386	9,6%	792	1,4%	6.594	832,6%
America	976	1,3%	525	1,0%	451	86,0%
Africa	1.479	1,9%	1.242	2,3%	237	19,1%
Total	76.940	100,0%	55.176	100,0%	21.764	39,4%

The increase in the various geographical areas is in line with the growth seen throughout 2021, with particular emphasis on the increase from Italian customers (€ +11,594 thousand), which raises the percentage of sales in Italy (45.5%), even though many customers sell their products mainly on European markets, and the Middle East (€ +6,594 thousand), which raises the presence in this market to 9.6%.

2. CHANGES IN SEMI-FINISHED AND FINISHED PRODUCTS

With regard to changes in inventory, which closes with a negative € 487 thousand at 31 December 2021 (versus a positive change of € 403 thousand at 31 December 2020), efforts continue on increasing efficiency in terms of its reduction.

3. OTHER REVENUE AND INCOME

Other revenue and income						
<i>(Euro thousands)</i>						
	31 DECEMBER 2021	%	31 DECEMBER 2020	%	Chg.	% change
Contingent assets	366	26,0	311	21,2	55	17,7
Sale of raw materials and packaging	1	0,1	21	1,4	(20,0)	(95,2)
Exchange rate gains	1	0,1	1	0,1	0	0,0
Gains	284	20,2	41	2,8	243	592,7
Insurance reimbursements	50	3,5	21	1,4	29	138,1
Other revenue	707	50,2	1.071	73,1	(364)	(34,0)
Total other revenue and income	1.409	100,0	1.466	100,0	(57)	(3,9)

"Capital gains", amounting to € 284 thousand, refers to the sale of tangible assets, especially at the production plant in Casoli d'Atri (TE).

The change in "other revenue" of € 364 thousand is due mainly to the release, accounted for in 2020, of 40% of the amount accrued to the Stock Grant reserve for € 548 thousand, following failure to reach the listing target by March 2020. The item is comprised mainly of cost chargebacks to customers.

4. RAW AND ANCILLARY MATERIALS AND CONSUMABLES

Raw and ancillary materials and consumables						
<i>(Euro thousands)</i>						
	31 DECEMBER 2021	%	31 DECEMBER 2020	%	Chg.	% change
Raw and ancillary materials and consumables	45.284	98,1	30.108	98,0	15.176	50,4
Packaging materials	865	1,9	601	2,0	264	43,9
Total raw materials	46.149	100,0	30.709	100,0	15.440	50,3

With regard to the increase in "Raw and ancillary materials and consumables" for € 15,440 thousand, reference should be made to the Directors' Report on Operations.

This item also includes movements in the provision for inventory obsolescence, as shown in the table below:

Provision for inventory obsolescence					
<i>(Euro thousands)</i>					
	31 DECEMBER 2020	Alloc.	Utilization	Release	31 DECEMBER 2021
Movement of provision for inventory obsolescence	(330)	(186)	199	0	(317)
Total provision for inventory obsolescence	(330)	(186)	199	0	(317)

5. OTHER OPERATING EXPENSE

Other operating expense						
<i>(Euro thousands)</i>						
	31 DECEMBER 2021	%	31 DECEMBER 2020	%	Chg.	% change
External processing	354	3,0	54	0,5	300	555,6
Consultancy	1.483	12,8	2.322	23,0	(839)	(36,1)
Advertising and marketing	185	1,6	68	0,7	117	172,1
Bonuses and commissions	658	5,7	476	4,7	182	38,2
Transport	1.357	11,7	1.051	10,4	306	29,1
Utilities	2.772	23,8	1.930	19,1	842	43,6
Fees to Directors and Board of Statutory Auditors	685	5,9	748	7,4	-63	-8,4
Insurance	427	3,7	502	5,0	-75	-14,9
Bank commissions	81	0,7	112	1,1	(31)	(27,7)
Travel expense	45	0,4	41	0,4	4	9,8
Sundry industrial services	2.308	19,9	1.713	17,0	595	34,7
Other services	540	4,6	476	4,7	64	13,4
Rental expense	2	0,0	4	0,0	(2)	(50,0)
Rentals and other	33	0,3	33	0,3	0	0,0
Tax and duties	157	1,4	150	1,5	7	4,7
Gifts	5	0,0	3	0,0	2	66,7
Contingent liabilities	527	4,5	393	3,9	134	34,1
Exchange rate losses	1	0,0	4	0,0	-3	-75,0
Capital losses	4	0,0	15	0,1	-11	0,0
Other operating expense	2	0,0	4	0,0	(2)	(50,0)
Total Other Operating Expense	11.626	100,0	10.099	100,0	1.527	15,1

The change in "Other operating expense" of € 1,527 thousand is due mainly to the following:

- The decrease in "consultancy" costs for € 839 thousand, due mainly to the fact that the year 2020 had included the fees for the listing on the MTA (€ 904 thousand in 2020), which took place in May 2020;
- also included are the increases, as a result of the trend in turnover (+39.4%), in "bonuses and commissions" (+38.2%), "transport" (+29%), "utilities" (+43.6%), "sundry industrial services" (+34.7%) and "outsourcing" for the new EOS product. The increases in utilities costs increased more than proportionally as they were heavily affected by the general increases, due to inflation, the prices of raw materials and their availability worldwide, which generated the increase in logistics costs and the rise in electricity and gas costs (for these energy carriers, especially in the second half of 2021). These costs, unlike the increases in strategic raw materials, were not transferred to the end customers.

6. PERSONNEL EXPENSE

Personnel expense						
<i>(Euro thousands)</i>						
	31 DECEMBER 2021	%	31 DECEMBER 2020	%	Chg.	% change
Wages and salaries	8.583	72,4	7.267	68,9	1.316	18,1
Social security charges	2.713	22,9	2.437	23,1	276	11,3
Post-employment benefits	573	4,8	539	5,1	34	6,3
Other personnel expense	(22)	-0,2	300	2,8	(322)	(107,3)
Total personnel expense	11.847	100,0	10.543	100,0	1.304	12,4

The increase in personnel expense, amounting to € 1,304 thousand, is attributable to the strong recruitment policy resulting from the abovementioned general growth trend, which continued throughout 2021, and the full implementation of the new production lines.

With regard to the change in personnel expense, this is attributable mainly to the fact that the item had included at 31 December 2020 a provision for a one-off welfare fund intended for employees, excluding executives, for a total of € 272 thousand.

The table below shows the changes in personnel in service between 2021 and 2020:

PERSONNEL IN SERVICE	Neodecortech S.p.A.		
	31.12.2021	31.12.2020	Change
Executives	5	5	0
Managers/White collars	64	60	4
Blue collars	173	153	20
Total	242	218	24

7. AMORTIZATION AND DEPRECIATION

(Euro thousands)	Amortization and depreciation					
	31 DECEMBER 2021	%	31 DECEMBER 2020	%	Chg.	% change
Other intangible assets	266	7,9	239	7,7	27	11,3
Buildings	427	12,6	428	13,8	(1)	(0,2)
Work on third party assets	0	0,0	6	0,2	(6)	(100,0)
Plant and machinery	1.333	39,4	1.038	33,4	295	28,4
Equipment	1.088	32,2	1.141	36,7	(53)	(4,6)
Other	270	8,0	256	8,2	14	5,5
Total amortization and depreciation	3.384	100,0	3.108	100,0	276	8,9

Amortization and depreciation at 31 December 2021 increased by € 276 thousand versus 2020; this is explained by the capital expenditure made in 2021 for the amount of € 4,822 thousand, including purchase of the plant in Casoli d'Atri (TE), previously under lease, from the affiliate Valinvest S.r.l. in November 2021 for € 1,548 thousand.

8. ALLOCATIONS

(Euro thousands)	Allocations					
	31 DECEMBER 2021	%	31 DECEMBER 2020	%	Chg.	% change
Provision for supplementary agents' indemnity	36	44,4	118	47,6	(82)	0,0
Provision for doubtful accounts	45	55,6	130	52,4	(85)	(65,4)
Total Allocations	81	100,0	248	100,0	(167)	(67,3)

The item, amounting to € 81 thousand, includes € 45 thousand for the risk of uncollectable trade receivables under IFRS 9, and € 36 thousand for the provision for supplementary agents' indemnity. With regard to provisions for risks and charges, at 31 December 2021, there are no certain or probable risks of loss requiring any allocations.

9. FINANCIAL EXPENSE

Financial expense						
<i>(Euro thousands)</i>						
	31 DECEMBER 2021	%	31 DECEMBER 2020	%	Chg.	% change
Interest payable on C/A	0	0,0	9	1,7	(9)	(100,0)
Interest ML Term Loans	187	43,1	238	45,7	(51)	(21,4)
Interest short-term loans	3	0,7	10	1,9	(7)	0
Interest from factoring	12	2,8	15	2,9	(3)	(20,0)
Interest from application of IAS/IFRS	118	27,2	134	25,7	(16)	(11,9)
Interest MICA loan	113	26,0	114	21,9	(1)	(0,9)
Other interest expense	1	0,2	1	0,2	0	0,0
Total interest expense	434	100,0	521	100,0	(87)	(16,7)
Other expense	0	0,0	0	0,0	0	0,0
Total financial expense	434	100,0	521	100,0	(87)	(16,7)

2021 was marked by the constant process of financial saving, with a reduction in the cost of financial expense (for further details, reference should be made to the Statement of Financial Position under "current and non-current financial liabilities").

10. FINANCIAL INCOME

Financial income						
<i>(Euro thousands)</i>						
	31 DECEMBER 2021	%	31 DECEMBER 2020	%	Chg.	% change
Income (expense) from investments	2.643	85,2	2.105	77,3	538,0	25,6
Interest income	419	13,5	610	22,4	(191,0)	(31,3)
Other income	40	1,3	7	0,3	33,0	0,0
Total financial income	3.102	100,0	2.722	100,0	380	14,0

The change in financial income is due primarily to the adjustment of the value of the investment in Cartiere di Guarcino S.p.A. to the equity method.

Interest income of € 419 thousand (€ 610 thousand at 31 December 2020) comprises mainly € 384 thousand (€ 497 thousand at 31 December 2020) of interest paid by subsidiaries to the Parent Company for loans granted to them, which in 2020 still included the bond loan, repaid at the end of the same year.

Other income is composed mainly by the effect of the positive change in the fair value of the embedded derivatives on the MCC-guaranteed unsecured loans, taken out in 2020.

11. INCOME TAX

<i>(Euro thousands)</i>	31 DECEMBER 2021		31 DECEMBER 2020	
Profit (loss) before tax	7.441		3.733	
Net IRES taxable amount	3.543		2.084	
Net IRAP taxable amount	6.277		3.500	
IRES for the year	850	11,4%	500	13,4%
Income from tax consolidation	(383)	(5,1%)	(250)	(6,7%)
IRES net of income from tax consolidation	467	6,3%	250	6,7%
IRAP for the year	254	3,4%	141	3,8%
Deferred tax assets	42		(148)	
Deferred tax	(13)		(13)	
Income tax relating to prior years and benefits	3		(52)	
Income tax	753		177	

Income tax for the period under review is accounted for in accordance with current tax laws on the basis of the best estimate of the effective tax rate expected for the entire year.

Income from tax consolidation - as well as the resulting receivables and payables - refer to the National and World Tax Consolidation agreement concluded by the group companies with the parent company Finanziaria Valentini S.p.A.

With regard to IRES and IRAP, the theoretical tax rate amounts to approximately 10% and the effective tax rate to 17%, in line with the prior year, again related to the contributions and benefits of income from tax consolidation with the Valentini Group, and to the effects of the tax benefits resulting from the patent box agreement signed on 1 October 2021 with the Revenue Agency.

Assets

12. INTANGIBLE ASSETS

Intangible fixed assets							
<i>(Euro thousands)</i>	Balance at 31.12.2020	Acquisitions	Disposals	Amortization	Write-back/Write-	Other changes	Balance at 31.12.2021
Other intangible fixed assets	616	267	0	(266)	0	33	650
Fixed assets under construction and advances	21	12	0	0	0	(33)	0
Total intangible fixed assets	637	279	0	(266)	0	0	650

Intangible assets include the capitalization deriving from the change of the AS400 management system, with regard to the updating of the accounting system in use.

Acquisitions during the year regard mainly upgrades to existing IT/management systems and implementation of new ones, such as the treasury management system.

13. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at 31 December 2021 amounted to € 30,878 thousand versus € 29,408 thousand at 31 December 2020. The breakdown and changes versus the prior year are shown below.

Mention should be made that the table also shows the rights of use arising from existing lease contracts under IFRS 16.

Tangible Assets						
<i>(Euro thousands)</i>						
	Historical Cost 31.12.2020*	Depreciation provision 31.12.2020	NBV at 31.12.2020	Historical Cost 31.12.2021	Depreciation provision 31.12.2021	NBV at 31.12.2021
Land	3.680	0	3.680	4.080	0	4.080
Buildings	15.557	(3.980)	11.577	16.414	(4.125)	12.290
Work on third party assets	112	(93)	18	86	(86)	0
Plant and machinery	48.847	(38.192)	10.655	50.938	(39.430)	11.508
Equipment	19.814	(17.229)	2.584	20.156	(18.062)	2.093
Other	4.188	(3.296)	893	4.401	(3.493)	907
Total Tangible Assets	92.197	(62.789)	29.408	96.075	(65.197)	30.878

() amount including write-back of € 9,980 thousand*

Below is a breakdown of assets under construction by category.

<i>(Euro thousands)</i>	PPE under construction and advances			
	Amount at 31.12.2021	Amount at 31.12.2020	Chg.	% change
Buildings	0	6	(6)	(100,0)
Plant and machinery	442	334	108	32,5
Equipment	25	42	(17)	(40,5)
Other	30	10	20	0,0
Total PPE under construction and advances	497	392	105	26,9

Assets under development at 31 December 2021 include advances for new assets in the process of acquisition, the purchase or installation of which will be completed during 2022 (specifically, the plants include the purchase and installation of a new photovoltaic system of approximately 500kW at the production plant in Casoli d'Atri (TE)).

Changes in assets and the related provision are shown below, including both assets under construction allocated to the pertaining categories and rights of use.

Property, plant and equipment						
<i>(Euro thousands)</i>						
	Historical Cost 31.12.2020	of which Write- back/Write- down (prior years)	Acquisitions	Disposals	Other	Historical Cost 31.12.2021
Land	0	3.680	400	0	0	4.080
Buildings	9.289	6.268	1.343	(486)	(0)	16.414
Work on third party assets	112	0	0	(25)	0	86
Plant and machinery	48.816	31	2.188	(97)	(0)	50.938
Equipment	19.813	0	597	(255)	0	20.156
Other	4.188	1	293	(81)	0	4.401
Total Historical Cost	82.218	9.980	4.822	(944)	(0)	96.075
<i>(Euro thousands)</i>						
	Depreciation provision 31.12.2020	of which Write- back/Write- down (prior years)	Amortization	Disposals	Other changes	Depreciation provision 31.12.2021
Land	0	0	0	0	0	0
Buildings	(3.980)	0	(427)	282	0	(4.125)
Work on third party assets	(93)	0	0	7	0	(86)
Plant and machinery	(38.192)	0	(1.363)	124	0	(39.430)
Equipment	(17.229)	0	(1.097)	263	0	(18.062)
Other	(3.296)	0	(269)	72	0	(3.493)
Total accumulated depreciation	(62.789)	0	(3.156)	748	0	(65.197)

Acquisitions, amounting to € 4,822 thousand, bear witness to the constant process of organic growth made by new plants and improvement and efficiency of the existing ones; all plants are continuing their 4.0 process management actions to further strengthen the production process, with active control of critical variables and plant upgrading.

Purchases include an investment in a new CPL laminating machine at the plant in Casoli d'Atri (TE) amounting to approximately € 1,000 thousand, proof of the continued expansion of the laminates division, and the purchase of the previously leased production plant in Casoli d'Atri, for € 1,548 thousand, including the price of the land, separated and measured on the basis of an external expert's report, amounting to € 400 thousand.

Below are details of the allocation of the rights of use within the classes of tangible fixed assets recorded on the basis of IFRS 16.

Rights of Use			
<i>(Euro thousands)</i>			
	Historical cost 31.12.2021	Depreciation provision	NBV at 31.12.2021
Buildings	87	(42)	45
Other	30	(30)	0
Total Rights of Use	117	(72)	45

The movements are shown below.

Rights of Use						
(Euro thousands)	Historical cost 31.12.2020	Write-back/Write- down (prior years)	Acquisitions	Disposals	Other changes	Historical cost 31.12.2021
Buildings	546	0	21	(481)	(0)	87
Other	30	0	0	(30)	0	0
Total Rights of Use	576	0	21	(511)	(0)	87
(Euro thousands)	Depreciation provision 31.12.2020	Write-back/Write- down (prior years)	Depreciation	Disposals	Other changes	Depreciation provision 31.12.2021
Buildings	(212)	0	(107)	277	0	(42)
Other	(20)	0	(8)	28	0	0
Total provision for depreciation of rights of use	(232)	0	(115)	305	0	(42)

Changes on buildings during the year relate to the termination of the lease of the production plant in Casoli d'Atri (TE), home to the production of the laminates division line, following purchase of the plant from the subsidiary Valinvest S.r.l. on 18 November 2021 for € 1,548 thousand. The right of use was therefore cancelled and the asset entered in the buildings category under property assets. Payment for this purchase was agreed in 3 instalments, the last two of which are due by 31 December 2022 for the amount of € 1,032 thousand.

The residual rights of use at 31 December 2021 refer to two buildings used by employees.

Below are details of the properties and tangible assets on which mortgages are held:

- in favor of Banco BPM S.p.A., a mortgage of € 24,000 thousand on the loan taken out on 26 May 2017; a mortgage encumbering on the industrial property complex owned by the Issuer located in Filago (BG), Via Provinciale 2.

in favor of Banco BPM S.p.A. (former Banco Popolare Società Cooperativa), a mortgage of € 2,400 thousand on the loan taken out on 22 October 2015 and assumed on 1 September 2018 following acquisition of the industrial business unit from "Corbetta Fia S.r.l."; encumbering on the industrial property complex owned by Valinvest S.r.l. located in Atri (TE), Casoli, Contrada Stracca - the mortgage was cancelled in November 2021, following pay off of the loan already at end 2020.

14. INVESTMENTS

At 31 December 2021, the investment in the subsidiary, Cartiere di Guarcino S.p.A., amounted to € 33,345 thousand, increasing by € 7,626 thousand, attributable to the write-back related to the result for the year and € 5,000 thousand to the partial waiver of the receivable due from the company in December 2021, with a view to the capitalization and improvement in the rating of the subsidiary.

15. OTHER NON-CURRENT ASSETS

At 31 December 2021, other non-current assets amounted to € 7 thousand (€ 8 thousand at 31 December 2020), consisting of security deposits.

16. CURRENT AND NON-CURRENT FINANCIAL RECEIVABLES

CURRENT AND NON-CURRENT FINANCIAL RECEIVABLES						
<i>(Euro thousands)</i>						
	31 DECEMBER 2021	%	31 DECEMBER 2020	%	Chg.	% change
From the subsidiary Cartiere di Guarcino S.p.A.	9.027	75,7	15.462	81,5	(6.435)	(41,6)
From Andreotti S.r.l.	1.312	11,0	1.280	6,7	32	2,5
From the related party Valinvest S.r.l.	0	0,0	96	0,5	(96)	(100,0)
Tax receivables	24	0,2	0	0,0	24	0,0
Total non-current financial receivables	10.363	86,7	16.838	88,8	(6.475)	(38,5)
From the subsidiary Cartiere di Guarcino S.p.A.	1.560	13,1	2.060	10,9	-500	(24,3)
From the subsidiary Bio Energia di Guarcino S.r.l.	0	0,0	0	0,0	0	0,0
From the related party Valinvest S.r.l.	0	0,0	64	0,3	(64)	(100,0)
From others	0	0,0	0	0,0	0	0,0
Total current financial receivables	1.560	13,1	2.125	11,2	(565)	(26,6)
Total current and non-current financial receivable	11.923	99,8	18.963	100,0	(7.040)	(37,1)

"Non-current financial receivables" at 31 December 2021, amounting to € 1,312 thousand, includes the interest-bearing financial receivable from former Andreotti S.p.A. (€ 1,280 thousand at 31 December 2020), including accrued principal and interest, which will be written off as from 20 February 2022, as the related MICA payable has been finally time-barred (reference should be made for further details to the Directors' Report on Operations and the section on "current and non-current financial liabilities").

Additionally, financial receivables include the financial receivables claimed by the Parent Company from its subsidiaries; specifically, a loan of € 10,587 thousand at 31 December 2021 granted to the subsidiary Cartiere di Guarcino S.p.A. and divided into current and non-current portions, which was reduced due partly to repayment of installments, but primarily to a partial waiver of € 5,000 thousand of the same receivable, with a view to improving the subsidiary's capitalization. The residual financial receivable from the related party Valinvest S.r.l. amounting to € 103 thousand (€ 160 thousand at 31 December 2020) was reclassified under trade payables, to offset the amount due to the company for the two remaining instalments, amounting to € 1,032 thousand, to be paid by 31 December 2022 and relating to the purchase of the plant in Casoli d'Atri (TE).

17. DEFERRED TAX ASSETS AND LIABILITIES

<i>(Euro thousands)</i>	31 DECEMBER 2021	Change recognized in Income Statement	Change recognized in Statement of Comprehensive Income	31 DECEMBER 2020	Change	% change
Directors' fees approved and not paid	53	(17)		70	(17)	(23,9%)
Allocations to the provisions for write-downs and risks	43	3		40	3	8,1%
Allocation to the provision for inventory obsolescence	76	(3)		79	(3)	(4,0%)
Tax recovery on adjustment of start-up and expansion costs	0	0		0	-	0,0%
Tax recovery on adjustment of plant and machinery depreciation	220	(19)		239	(19)	(8,1%)
Deferred tax on derivative contracts	49	0	(46)	95	(46)	(48,3%)
Deferred tax on employee benefits	29	(6)	-	35	(6)	(17,4%)
Other	37			37		0,0%
Deferred tax assets	507	(42)	(46)	595	(88)	(14,8%)
Deferred tax on statutory revaluations	2.361	(13)	0	2.374	(13)	(0,6%)
Deferred tax liabilities	2.361	(13)	0	2.374	(13)	(0,5%)

Management has recognized deferred tax assets up to the value which it considers their recovery likely for. In determining the items, budget results and forecasts for subsequent years were taken into account. Deferred tax assets of € 507 thousand are attributable mainly to temporary differences between the amounts assigned for financial statement and tax purposes. At 31 December 2021, deferred tax of € 2,361 thousand was recorded for

temporary differences between the statutory value and the fiscal value emerging from the statutory revaluations made at the time on the properties owned.

18. INVENTORY FOR RAW MATERIALS AND FINISHED PRODUCTS

Inventory						
<i>(Euro thousands)</i>						
	31 DECEMBER 2021	%	31 DECEMBER 2020	%	Chg.	% change
Raw and ancillary materials and consumables	5.126	62,3	4.717	55,8	409	8,7
Work in progress	313	3,8	151	1,8	162	107,3
Finished products	3.110	37,8	3.913	46,3	(803)	(20,5)
Provision for inventory obsolescence	(317)	(3,9)	(330)	(3,9)	13	0,0
Total inventory	8.232	100,0	8.451	100,0	(219)	(2,6)

Inventory for raw materials refers mainly to resins, inks, paper and impregnation material.

The slight increase of € 409 thousand versus 2020 is related partly to the need to adequately procure those strategic raw materials, against the backdrop of constant increases in their prices and availability risk. At 31 December 2021, the item reported a decrease of € 803 thousand in finished goods inventory, reflecting the policy of reducing this stock.

Changes in the provision for inventory obsolescence for 2021, which was set aside to alleviate the risk associated with the slow turnover of certain specific products, are shown below.

Provision for inventory obsolescence					
<i>(Euro thousands)</i>					
	31 DECEMBER 2020	Alloc.	Utilization	Release	31 DECEMBER 2021
Movement of provision for inventory obsolescence	(330)	(186)	199	0	(317)
Total provision for inventory obsolescence	(330)	(186)	199	0	(317)

19. TRADE RECEIVABLES

Trade receivables						
<i>(Euro thousands)</i>						
	31 DECEMBER 2021	%	31 DECEMBER 2020	%	Chg.	% change
Trade receivables	10.512	102,6	7.256	103,3	3.256	44,9
Provision for doubtful accounts	(263)	(2,6)	(232)	(3,3)	(31)	13,4
Total trade receivables	10.249	100,0	7.024	100,0	3.225	45,9

As far as trade receivables are concerned, mention should be made that in 2021, the company made occasional resort to the assignment without recourse to a factoring company.

Changes in the provision for doubtful accounts are shown below:

Provision for doubtful accounts					
<i>(Euro thousands)</i>					
	31 DECEMBER 2020	Alloc.	Utilization	Release	31 DECEMBER 2021
Changes in Provision for Doubtful Accounts	232	45	(14)	0	263
Total provision for doubtful accounts	232	45	(14)	0	263

The provision for doubtful accounts was determined in accordance with IFRS 9 and recorded an allocation of € 45 thousand. The utilization of € 14 thousand refers to the arranged closure of a receivable due from customers.

20. TAX RECEIVABLES

Tax receivables						
<i>(Euro thousands)</i>						
	31 DECEMBER 2021	%	31 DECEMBER 2020	%	Chg.	% change
VAT	245	95,3	270	89,7	(25,0)	(9,3)
IRAP	0	0,0	25	8,3	(25,0)	(100,0)
Other tax receivables	12	4,7	6	2,0	6,0	0,0
Total tax receivables	257	100,0	301	100,0	(44)	(14,6)

Other tax receivables refer to tax credits ("Art bonus" and for the purchase of simple new assets) that may be used for offsetting purposes beyond the current year.

21. OTHER CURRENT RECEIVABLES

Other current receivables						
<i>(Euro thousands)</i>						
	31 DECEMBER 2021	%	31 DECEMBER 2020	%	Chg.	% change
Advances to suppliers	23	19,2	7	7,8	16	229
Prepayments and accrued income	42	35,0	4	4,4	38	950,0
Other	55	45,8	79	87,8	(24)	(30,4)
Total current receivables	120	100,0	90	100,0	30	33,3

Other receivables include advances to employees and receivables from Inail and Fondimpresa.

22. CASH FUNDS

Cash funds						
<i>(Euro thousands)</i>						
	31 DECEMBER 2021	%	31 DECEMBER 2020	%	Chg.	% change
Bank and post office deposits	9.147	99,9	5.162	99,9	3.985	77,2
Cash and valuables on hand	5	0,1	5	0,1	0	0,0
Total cash funds	9.152	100,0	5.167	100,0	3.985	77,1

This item consists of cash and bank current account deposits. There are no restraints or restrictions on cash and cash equivalents. Current accounts and postal deposits are classified as current assets, highly liquid and convertible into cash, foreign currency cash has an exchange rate risk that is considered not material.

Dividends of € 1,206 thousand were paid on 19 May 2021.

Reference should be made to the Statement of Cash Flows for an analysis of changes in liquid funds.

Liabilities

23. PROVISIONS FOR RISKS AND CHARGES

Provision for risks and charges						
<i>(Euro thousands)</i>						
	31 DECEMBER 2021	%	31 DECEMBER 2020	%	Chg.	% change
Provision for supplementary agents' indemnity	136	35,6	100	1,9	36	0,0
IRS derivative on loan	203	53,1	395	68,5	(192)	(48,6)
Embedded derivatives	43	11,3	82	1,6	(39)	0,0
Total provision for risks and charges	382	100,0	577	100,0	(195)	(33,8)

The increase in the provision for risks and charges is attributable for € 36 thousand to the provision for supplementary agents' indemnity Italy and EU, whilst the reduction of € 192 thousand refers to the accounting of the fair value of the IRS derivative, amounting to € 203 thousand (€ 395 thousand at 31 December 2020) and € 43 thousand to the accounting of the fair value of the derivatives embedded in the new loans (€ 82 thousand at 31 December 2020). The provision for supplementary agents' indemnity was set aside to cover specific risks from potential interruptions to agency contracts.

Changes in the supplementary agents' indemnity are shown below:

Provision for risks and charges					
<i>(Euro thousands)</i>					
	31 DECEMBER 2020	Alloc.	Utilization	Release	31 DECEMBER 2021
Movement of provision for supplementary agents' indem	100	36	0	0	136
Total provision for risks and charges	100	36	0	0	136

24. POST-EMPLOYMENT BENEFITS

Post-employment benefits					
<i>(Euro thousands)</i>					
	31 DECEMBER 2020	Alloc.	Utilization	Discounting	31 DECEMBER 2021
Provision for post-employment benefits	981	31	(128)	0	884
Actuarial valuation of post-employment benefits (IAS 19)	146	0	0	(27)	119
Total post-employment benefits	1.127	31	(128)	(27)	1.003

The balance refers to the employee severance indemnity of Neodecortech S.p.A. This liability qualifies as a defined benefit plan in accordance with IAS 19 and was therefore subject to actuarial calculation by an independent expert.

The defined benefit plan was updated to reflect its market value at 31 December 2021.

With regard to the discounting back of the Employee Severance Indemnity, the relevant actuarial model is based on various demographic and economic assumptions. For some of the assumptions used, where possible, explicit reference was made to the direct experience of the Company, for others best practice was taken into account. The technical and economic bases used are shown below.

Below are the technical economic bases.

31.12.2021

Annual discount rate	0,98%
Annual inflation rate	1,75%
Annual rate of increase in severance termination	2,81%
Annual rate of salary increase	1,00%

The table below shows the technical demographic basis.

Death	RG48 mortality tables published by the State General Accounting Office
Disability	INPS tables by age and gender
Retirement	100% upon meeting AGO requirements

Lastly, the annual turnover frequencies and severance indemnity advances.

31.12.2021

Advances Frequency	3,00%
Turnover Frequency	1,00%

25. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Current and non-current financial liabilities						
(Euro thousands)	31 DECEMBER 2021	%	31 DECEMBER 2020	%	Chg.	% change
Unsecured loans	3.094	18,6	3.905	20,0	(811)	0,0
Mortgage loans	6.260	37,7	7.570	38,7	(1.310)	(17,3)
Payables to other financial institutions (MICA)	5.082	30,6	4.969	25,4	113	2,3
Non-current lease payables	32	0,2	221	1,1	(189)	(85,5)
Total non-current financial liabilities	14.468	87,1	16.665	85,2	-2.197	(13,2)
Current portion of unsecured loans	811	4,9	1.481	7,6	(670)	0,0
Current portion of mortgage loans	1.310	7,9	1.281	6,5	29	2,3
Accrued interest expense	7	0,0	8	0,0	(1)	(12,5)
Current lease payables	14	0,1	129	0,7	(115)	(89,1)
Total current financial liabilities	2.142	12,9	2.899	14,8	(757)	(26,1)
Total financial liabilities	16.610	100,0	19.564	100,0	(2.954)	(15,1)

“Lease payables” includes the financial liabilities from the rights of use shown in the table below.

<i>(Euro thousands)</i>	Balance at 01.01.2021	Payments	Other changes	Balance at 31.12.2021
Land	0	0		0
Buildings	334	(86)	(203)	45
Work on third party assets	0	0		0
Plant and machinery	0	0		0
Equipment	0	0		0
Other	10	(10)		0
TOTAL	344	(96)	(203)	45

Changes on buildings during the year relate to the termination of the lease of the production plant in Casoli d'Atri (TE), home to the production of the laminates division line, following purchase of the plant from the subsidiary Valinvest S.r.l. on 18 November 2021 for € 1,548 thousand. Therefore, the remaining financial debt was cancelled. Payment for this purchase was agreed in 3 instalments, two of which are due by 31 December 2022 for the amount of € 1,032 thousand, recorded under trade payables.

With regard to unsecured and mortgage loans, the change is directly attributable to the repayment of instalments. Below are the details of Neodecortech S.p.A.'s loans:

- Original BPM mortgage loan of € 12,000 thousand, with a residual balance of € 7,570 thousand at 31 December 2021 divided into current and non-current portions;

Unsecured loans:

- BPM S.p.A. € 2,500 thousand, for 72 months (quarterly instalments) and a residual balance at 31 December 2021 of € 1,955 thousand divided into current and non-current portions - loan granted against closure of the short-term BPM loan of € 2,000 thousand granted in April 2020 - 80% FGPMI guarantee;
- BPM S.p.A. € 2,500 thousand, for 72 months (quarterly instalments) and a residual balance at 31 December 2021 of € 1,951 thousand divided into current and non-current portions - 90% FGPMI guarantee;

In 2021, the BPER Banca S.p.A. loan of € 900 thousand, with an 18-month term (with quarterly instalments and a 6-month grace period) and a residual balance of € 676 thousand at 31 December 2020, was fully repaid.

The nominal value of unsecured and mortgage loans amounted to € 11,535 thousand, with an adjustment from the measurement at amortized cost equal to € -60 thousand.

With regard to unsecured and mortgage loans, the table below shows the maturity bands:

<i>(Euro thousands)</i>	31 DECEMBER 2021	%	31 DECEMBER 2020	%
Due w ithin 1 year	2.121	18,5	2.762	19,4
Due w ithin 5 years	8.666	75,5	8.681	61,0
Due beyond 5 years	688	6,0	2.794	19,6
Total	11.475	100,0	14.237	100,0

The loans taken out by Neodecortech S.p.A. do not require compliance with specific financial parameters (covenants).

The Company hedged the interest rate risk on the BPM loan by subscribing an interest rate swap (IRS). The fair value of this instrument, reclassified under "Provisions for Risks and Charges" at 31 December 2021 came to a negative € 203 thousand (€ 395 thousand at 31 December 2020).

From 1 January 2021 to 31 December 2021, interest rate movements were marginal and had no material impact on the fair value of the Company's loans.

MICA Loan

On 20 February 1997, Confalonieri Fratelli di Mario S.p.A. ("Confalonieri") entered into an agreement with the Ministry for Industry, Trade and Crafts (the "MICA") on the granting of a loan from the special revolving fund for technological innovation pursuant to Article 16, paragraph 3, of the Law dated 17 February 1982, amounting to approximately Lire 5.7 billion (€ 2,943 thousand) in principal (the "MICA Loan"). The MICA Loan was intended to partly cover the costs of a program designed to introduce technological breakthroughs. The cost estimate for the technological innovation program amounted to Lire 16,284,271 thousand (€ 8,410 thousand). The last repayment instalment of the MICA Loan was due on 20 February 2012. The MICA Loan was granted to Confalonieri in its own name and by the mandate of Andreotti Fotoincisioni S.p.A. (for 28% of the amount granted), which at the time was a Confalonieri Group company and to which Confalonieri subsequently transferred its share of the MICA Loan.

On 31 January 2001, Confalonieri was declared insolvent by the Court of Bergamo pursuant to Legislative Decree 270/1999 ("Prodi Bis"), and admitted on 6 April 2001 to the Extraordinary Administration procedure under the Prodi Bis Law. On 15 November 2001, Confalonieri's statement of liabilities was declared enforceable, in the absence of timely or late filings by the MICA.

On 18 September 2002, Arbea S.p.A. (a special-purpose entity) purchased the shares of Confalonieri as part of the composition proceedings it had opened. On 31 January 2003, the Court of Bergamo upheld the composition pursuant to Articles 17 and 214 of the Bankruptcy Law and to Article 78 of the Prodi Bis. On 15 February 2003, the decision became final in the absence of objections and, on 27 February 2003, the Court of Bergamo issued a decree closing the Extraordinary Administration procedure.

In 2003, following the merger by incorporation of Arbea S.p.A. into Finanziaria Valentini, the latter became the sole shareholder of Confalonieri. Subsequently, Confalonieri changed its name to "Confalonieri S.p.A." and later to "Neodecortech S.p.A."

It should be noted that the directors of the Company, based also on legal advice specifically obtained in support of the case, deem the provisions of Article 55, paragraph two, of the Bankruptcy Law, under which monetary debts of the bankrupt entity are considered expired on the date of the declaration of bankruptcy (in the case at hand, concurrent to the provision for admission to the Extraordinary Administration procedure, as referred to in the Prodi Bis), to be reasonably applicable to the above case. Based on such an interpretation of the law, the limitation period for the amounts due under the MICA Loan took effect on 6 April 2001. As of 7 April 2011, therefore, the repayment obligations of the MICA Loan are to be considered reasonably time-barred.

The directors deem however that, should such an interpretation not be upheld by case law in a possible litigation, the ordinary civil law rules would apply, under which in loan agreements, the limitation of the right to repayment starts from the maturity date of the last instalment, since payment of the accruals is deemed a single obligation and the related debt cannot be considered due before the maturity date of the last instalment. Under such a different interpretation, therefore, the debt relating to the amounts of the MICA Loan would be time-barred from 20 February 2022.

In the absence of relevant case law on the matter, however, the directors of the Company have prudently considered in the Consolidated Financial Statements both the payable to MICA (now MISE) and the receivable from Andreotti Fotoincisioni S.p.A., since the latter's collectability depends on the initial mandate agreement.

Therefore, on 20 February 2022, the payable will be derecognized from the Financial Statements for a total of € 5,082 thousand (including principal and accrued interest).

26. TRADE PAYABLES

Trade payables at 31 December 2021 amounted to € 10,455 thousand (€ 7,186 thousand at 31 December 2020). The increase of € 3,269 thousand is explained by the growth in the volume of business in 2021; for details, see the Directors' Report on Operations. Additionally, the Company did not request or obtain any extension or deferment of payments with its suppliers.

There are no trade payables due beyond 12 months.

This item also includes the payable to the affiliate Valinvest S.r.l. for the residual instalments for payment of the purchase of the production plant in Casoli d'Atri (TE), amounting to € 1,032 thousand (net of a residual financial receivable of € 103 thousand to be offset), due by 31 December 2022.

The Directors believe that the book value of trade payables approximates their fair value.

27. PAYABLE FROM TAX CONSOLIDATION

The payable recorded at 31 December 2021, amounting to € 466 thousand (€ 229 thousand at 31 December 2020), refers to the IRES payable due by Neodecortech S.p.A. to Finanziaria Valentini S.p.A. For further details, reference should be made to the section "Income tax" of the Notes to the financial statements.

28. TAX PAYABLES

Tax payables						
<i>(Euro thousands)</i>						
	31 DECEMBER 2021	%	31 DECEMBER 2020	%	Chg.	% change
Withholdings a/c	234	67,4	242	100,0	(8)	(3,3)
Other tax payables	113	32,6	0	0,0	113	0,0
Total tax payables	347	100,0	242	100,0	105	43

Other tax payables refer to the amount of IRAP due at 31 December 2021.

29. OTHER CURRENT PAYABLES

Other current payables						
<i>(Euro thousands)</i>						
	31 DECEMBER 2021	%	31 DECEMBER 2020	%	Chg.	% change
Payables to social security institutions	1.037	32,1	832	24,4	205	24,6
Payables to employees	1.144	35,4	1.354	39,8	(210)	(15,5)
Advances received from customers	770	23,8	893	26,2	(123)	(13,8)
Other	280	8,7	326	9,6	(46)	(14,1)
Total other current payables	3.231	100,0	3.405	100,0	(174)	(5,1)

"Payables to employees" in the prior year decreased since it included the allocation of a one-off Welfare provision of € 199 thousand, set up for all employees, excluding executives.

"Other" is due mainly to the fees to directors.

30. EQUITY

Capital increases

During the months of October, November and December 2021, no. 2,811,044 Warrants were exercised, therefore no. 702,761 newly-issued Neodecortech S.p.A. shares had been subscribed at the price of € 4.00 per share (at the ratio of 1 Conversion Share for every 4 Warrants submitted for exercise). These shares have no par value, have the same divided entitlements as the ordinary shares of Neodecortech S.p.A. outstanding at the issue date, and have a total value of € 2,811,044.00, of which € 1,405,522.00 has been allocated to the share capital, while the remainder is allocated to the share premium reserve.

Share Capital

After the above capital increases, the new share capital of Neodecortech S.p.A. amounts to € 18,804,209.37 (eighteen million, eight hundred and four thousand, two hundred and nine/37), divided into no. 14,218,021 ordinary shares with no par value.

Dividend payout

The Shareholders' Meeting of the Parent Company Neodecortech S.p.A., held on 13 April 2021, approved the Financial Statements at 31 December 2020 and allocated a total of € 1,205,573.40 as a dividend for the no. 13,515,260 ordinary shares in circulation and, therefore, the distribution of a unit dividend, also in consideration of the distribution of the dividend attributable to treasury shares, of € 0.089 for each entitled ordinary share, without prejudice to the fact that any change in the number of treasury shares in the Company's portfolio at the time of distribution will not affect the distribution of the unit dividend as established above, but will increase or decrease the amount allocated to the extraordinary reserve.

On 19 May 2021, Neodecortech S.p.A. paid out dividends of € 1,205,573.40 (gross of the portion related to treasury shares held at the time of distribution).

Details and changes in equity reserves

Euro thousands	31/12/2020	Allocation of profit (loss)		Increase	Other changes		Profit (loss) for the year	31/12/2021
		Dividend distribution	Other allocations		Decreases	Reclassification		
Share Capital	17.399			1.405				18.804
Legal reserve	1.709		177					1.886
Share premium reserve	17.357			1.507				18.864
Extraordinary reserve	1.566		67					1.633
Equity revaluation reserve	7.292		2.105		(17)			9.380
Revaluation reserves	6.152							6.152
Hedging reserve	(300)			146				(154)
Retained earnings/(losses carried)	8.761							8.761
OCI reserve	(107)			2				(105)
FTA reserve	(1.303)							(1.303)
Treasury shares reserve	(421)				282			(139)
Profit/(loss) for the year	3.555	(1.206)	(2.349)				6.688	6.688
rounding	(2)							(2)
Equity at 31/12/2021	61.658	(1.206)	-	3.060	265	-	6.688	70.465

Distributability of equity reserves

DESCRIPTION	AMOUNT 31 DECEMBER 2021	ORIGIN/NATURE	ELIGIBILITY FOR USE	AVAILABLE PORTION
SH.CAP. IN SHARES	18.804	Share capital		0
PROV. SH. PREM. RESERVE	18.864	Share capital	A,B;C	16.989
TREASURY SHARES RESERVE	(140)	Share capital		0
LEGAL RESERVE	1.886	Profit	B	0
EXTRAORDINARY RESERVE	1.633	Profit	A,B;C	1.633
REVALUATION RESERVES	15.532	Profit	A;B	6.152
OCI RESERVE	(105)	Profit	B	0
RESERVE HEDG. ESTIM. CASH FLOWS	(155)	Profit	B	0
IAS RESERVES	(1.304)	Profit	B	0
RETAINED EARNINGS	8.761	Profit	A,B;C	8.761
Total	63.776			33.535
Distributable portion				25.680

Key: A: for capital increase B: to cover losses C: for distribution to shareholders D: for other statutory obligations E: other

Warrant issue valid for subscribing to ordinary shares of Neodecortech S.p.A.

The Extraordinary Shareholders' Meeting of Neodecortech S.p.A. (the "Company" or "Neodecortech"), held on 14 September 2018, resolved, inter alia, to increase the share capital, against payment and in separate issues, for a maximum total amount of € 13,101,500, including the share premium, by issuing, also in several tranches, a maximum of 3,275,375 ordinary shares, without indication of their par value (the "Conversion Shares"), intended exclusively and irrevocably to the exercise of the subscription right of the holders of the "Neodecortech 2018-2020 Warrants" (the "Warrants") to be issued and assigned, free of charge and without further request, to the shareholders of the Company pursuant to the resolution of the Extraordinary Shareholders' Meeting of the Company on the same date, in the ratio of 1 Warrant for each number 1 share held.

On 9 December 2019, the Extraordinary Shareholders' Meeting of the Company and the meeting of Warrant holders resolved to extend the term of the Warrants until 27 December 2021.

The Warrants are bearer type and are admitted to the centralized dematerialized shares system of Monte Titoli S.p.A., pursuant to Articles 83-bis et seq. of Legislative Decree no. 58 of 24 February 1998.

At 31 December 2021, the deadline for exercising the Warrants expired; warrants that have not been submitted for exercise by the deadline of 27 December 2021, with respect to those exercised as indicated above, have forfeited all rights, and shall have no validity to all intents and purposes.

Treasury shares

At 31 December 2021, the Company holds no. 32,354 treasury shares for a value of € 139,630.

Specifically, on 5 October 2021, Neodecortech S.p.A. sold all no. 120,000 treasury shares held at 31.12.2020 at a value of € 4.36 each for a total of € 523,200, while in November and December 2021, no. 32,354 treasury shares were purchased at a value of € 139,630.

The Shareholders' Meeting held on 13 April 2021 approved the purchase of ordinary shares of the Company, up to a maximum of 10% of the Company's share capital, equal to a maximum of no. 1,351,526 ordinary shares. The purchase of treasury shares may be carried out, in one or more tranches, within eighteen months, in order to: (i)

use them as an investment for an efficient use of the liquidity generated by the Company's core business; (ii) purchase treasury shares from the beneficiaries of any stock option or stock grant plans approved by the competent corporate bodies; and (iii) allow the use of treasury shares in the context of transactions connected with the core business or with plans consistent with the strategic guidelines that the Company intends to pursue, with a view to the opportunity of exchanging shares.

Earnings (losses) per share

Basic earnings per share are calculated by dividing the profit or loss for the year by the weighted average number of ordinary shares outstanding during the year. Therefore, treasury shares held by the Company are excluded from the denominator.

Earnings per share	31/12/2021	31/12/2020
Net profit attributable to the shareholders (Euro thousands)	6.688	3.535
Weighted average number of shares outstanding (n./000)	13.439	13.269
Basic earnings per share	0,50	0,27
Diluted earnings per share	31/12/2021	31/12/2020
Net profit attributable to the shareholders (Euro thousands)	6.688	3.535
Weighted average number of shares outstanding (n./000)	13.439	13.269
Weighted average number of shares outstanding adjusted for dilution effect (n./000)	13.439	13.269
Diluted earnings per share (*)	0,50	0,27

* The Company has no potentially dilutive financial instruments and therefore the two indicators match.

31. COMMENTS ON THE MAIN ITEMS OF THE STATEMENT OF CASH FLOWS

The increase in cash generated during the year amounted to € 3,985 thousand (versus € 3,721 thousand in the prior year), resulting in cash funds of € 9,152 thousand.

Starting from a profit before tax, interest, dividends, amortization and depreciation, provisions, gains/losses on disposals and other non-cash changes of € 7,769 thousand, the movement in cash flow is related mainly to the events below.

The situation associated with the sharp increase in turnover and the impact of increases in raw material prices, transferred only in part to customers, led to an increase in trade receivables, offset by a reduction in trade payables and steady inventory, generating a positive cash flow of € 480 thousand in the NWC.

Capital expenditure, net of disposals, made during the year generated cash flow from investing activities of € 4,811 thousand.

Loan repayments totaled € 2,815 thousand, whilst collections of intercompany loans to the subsidiary, Cartiere di Guarcino S.p.A., amounted to € 1,935 thousand. Together with other movements in short-term bank borrowings and financial receivables, a negative cash flow of € 1,057 thousand was generated from loan capital.

Monetary changes in equity include the exercise of warrants, the sale and purchase of treasury shares and payment of dividends amounting to € 1,206 thousand, which generated a net positive cash flow of € 1,989 thousand.

32. CONTINGENT LIABILITIES

In compliance with the provisions of IAS 34:15B, no further contingent liabilities were reported, except for those that generated allocations to "provisions for risks", described above.

33. RELATED PARTY TRANSACTIONS

Transactions carried out by Neodecortech S.p.A. with related parties, as identified by IAS 24, including transactions with subsidiaries and associates, are neither atypical nor unusual and fall within the ordinary course of business of the Company. These transactions were carried out on market terms. It should be noted that transactions with subsidiaries are not shown as they are derecognized at the consolidation level, while transactions with related parties at 31 December 2021 are shown. Additionally, mention should be made that the Parent Company Neodecortech S.p.A. is in turn controlled by Finanziaria Valentini S.p.A.

In accordance with the provisions of IAS 24, the following entities are considered Related Parties: (a) companies that directly or indirectly through one or more intermediate companies, control, or are controlled by, or are under common control with, the reporting entity; (b) associates; (c) natural persons who directly or indirectly have voting power in the reporting entity that gives them a dominant influence over the company and their immediate family members; (d) Key management personnel, i.e. those who have the power and responsibility for planning, directing and controlling the activities of the reporting entity, including directors and officers of the company and the immediate family members of such persons; (e) companies in which significant voting power is held, directly or indirectly, by any natural person described under (c) or (d) or over which such natural person can exercise significant influence. Case (e) includes undertakings owned by the directors or major shareholders of the reporting entity and undertakings which have a key management personnel in common with the reporting entity.

With regard to the provisions of point 2) of the third paragraph of Article 2428 of the Civil Code, it should be noted that the Company is controlled, through a 58.60% stake, by Finanziaria Valentini S.p.A. Accordingly, the Company is part of a group of entities whose parent is "Finanziaria Valentini S.p.A." and whose sister companies are "Industrie Valentini S.p.A." and "Valinvest S.r.l.". Related parties also include "Valfina S.r.l." as it is directly or indirectly controlled by the Valentini Family.

Specifically, it should be noted that at 31 December 2021, the outstanding transactions with these companies can be summarized in the tables below:

<i>(Euro thousands)</i>				
	Trade receivables 31 December 2021	Financial receivables 31 December 2021	Trade payables 31 December 2021	Financial payables 31 December 2021
Finanziaria Valentini	0	0	0	466
Industrie Valentini	132	0	0	0
Valinvest	0	0	929	0
Loma Srl	695	0	75	0
Cartiere di Guarcino	1	10.587	12	0
Total	828	10.587	1.016	466

<i>(Euro thousands)</i>		
	Revenue and income 31 December 2021	Costs and expense 31 December 2021
Finanziaria Valentini	383	0
Industrie Valentini	13	0
Valinvest	3	(91)
Loma Srl	2.738	(152)
Cartiere di Guarcino	619	(17.007)
Bio Energia Guarcino	44	0
Total	3.800	(17.252)

At 31 December 2021, the following remain outstanding with related parties:

- the tax consolidation agreement with Finanziaria Valentini: financial payables, amounting to € 466 thousand, represent the amount due from tax consolidation, while income from tax consolidation amounted to € 383 thousand;
- the business agreement with Industrie Valentini: for the sale of printed and impregnated paper, transformed into an advance payment since Industrie Valentini applied to the Court for a composition with creditors; the receivable of € 132 thousand, included in the bankruptcy proceedings, is covered for € 100 thousand by a guarantee from Finanziaria Valentini and partly written down by 80% for the remainder;
- the loan agreements between the Company and its subsidiary, Cartiere di Guarcino S.p.A.;
- the agreement on the supply of raw materials from the subsidiary Cartiere di Guarcino S.p.A. to the Parent Company;
- agreements for central administrative services and payment of directors' fees by the Parent Company to the subsidiaries, Cartiere di Guarcino S.p.A. and Bio Energia Guarcino S.r.l.;
- the business agreement with Loma S.r.l. for the distribution of Neodecortech S.p.A. products, as well as an agreement with Loma S.r.l. for the supply of business consulting services; this Company became a related party following appointment of one of the Parent Company's executives as "key management personnel";
- the lease agreement with Valinvest S.r.l. for the Casoli Plant (production of laminates) terminated following purchase of the plant on 18 November 2021, for an amount of € 1,548 thousand. Payment of the consideration was established in 3 equal instalments, the last two of which amount to € 1,032 thousand to be paid in June and December 2022. The residual financial receivable granted by Neodecortech S.p.A., again to Valinvest S.r.l., for the renovation of the warehouse located in Casoli d'Atri (TE), amounting to € 103 thousand, will be offset with the last instalment of the payment for the purchase of the property on 31 December 2022. As a guarantee of the payment of the 2 instalments due in 2022 (for € 1,032 thousand), Neodecortech S.p.A. issued a guarantee on first demand, issued by Banco Popolare BPM S.p.A., at the same time as the deed.

The following table shows the fees and payables to the Company's directors, statutory auditors and key management personnel for 2021:

Subjects	Fees 31 December 2021
Luigi Cologni	441
Massimo Giorgilli	220
Riccardo Bruno	112
Paola Carrara	31
Paolo Pietrogrande	38
Laura Calini	29
Cristina Valentini	8
Luca Peli	0
Stefano Santucci	26
Federica Manichetti	26
Stefano Zonca	20
Key management personnel	506
Total	1.458

Subjects	Fees payable 31 December 2021
Luigi Cologni	125
Massimo Giorgilli	95
Riccardo Bruno	5
Paola Carrara	0
Paolo Pietrogrande	3
Laura Calini	0
Cristina Valentini	0
Luca Peli	0
Stefano Santucci	7
Federica Manichetti	8
Stefano Zonca	5
Key management personnel	85
Total	332

34. SEASONALITY

The Company's business performance is not significantly affected by seasonality.

35. INFORMATION PURSUANT TO ART. 1, PARAGRAPH 125, OF LAW NO. 124 OF 4 AUGUST 2017

With regard to the provisions of Article 1, paragraph 125, of Law 124/2017, regarding the obligation to provide evidence in the notes to the financial statements of any amounts of money received during the year by way of grants, contributions, paid assignments and in any case economic advantages of any kind from public administrations and from the persons referred to in paragraph 125 of the same article, mention should be made, for the situation updated at 31 December 2021, of the following.

Paying entity	Amount collected/taken	Collection/availability date	Description of reason
Fondimpresa	5.965	12/01/2021	Liquidation Plan 225416
Fondimpresa	2.099	19/01/2021	Liquidation Plan 249129
Gestore dei Servizi Energetici GSE S.p.A.	1.887	01/02/2021	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	492	01/02/2021	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	1.887	01/03/2021	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	8.694	01/03/2021	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	434	01/03/2021	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	1.611	01/03/2021	Electricity production incentive
INPS	6.686	16/03/2021	Tax relief South (Art. 27 LD 14/08/2020, n. 104 as s.a.s.)
Gestore dei Servizi Energetici GSE S.p.A.	443	31/03/2021	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	1.427	31/03/2021	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	101	31/03/2021	Electricity production incentive
INPS	7.676	16/04/2021	Tax relief South (Art. 27 LD 14/08/2020, n. 104 as s.a.s.)
Gestore dei Servizi Energetici GSE S.p.A.	1.971	30/04/2021	Electricity production incentive
Fondimpresa	944	28/04/2021	Liquidation Plan 279144
INPS	7.124	16/05/2021	Tax relief South (Art. 27 LD 14/08/2020, n. 104 as s.a.s.)
Gestore dei Servizi Energetici GSE S.p.A.	450	31/05/2021	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	1.971	31/05/2021	Electricity production incentive
INPS	6.957	16/06/2021	Tax relief South (Art. 27 LD 14/08/2020, n. 104 as s.a.s.)
INPS	6.075	16/07/2021	Tax relief South (Art. 27 LD 14/08/2020, n. 104 as s.a.s.)
Gestore dei Servizi Energetici GSE S.p.A.	1.976	30/06/2021	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	455	30/06/2021	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	1.976	02/08/2021	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	455	02/08/2021	Electricity production incentive
Fondirigenti	15.000	02/08/2021	Governance and Transparency on the MTA Borsa Italiana
INPS	6.609	16/08/2021	Tax relief South (Art. 27 LD 14/08/2020, n. 104 as s.a.s.)
Gestore dei Servizi Energetici GSE S.p.A.	455	31/08/2021	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	1.976	31/08/2021	Electricity production incentive
INPS	6.910	16/09/2021	Tax relief South (Art. 27 LD 14/08/2020, n. 104 as s.a.s.)
Gestore dei Servizi Energetici GSE S.p.A.	457	30/09/2021	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	2.031	30/09/2021	Electricity production incentive
INPS	6.262	16/10/2021	Tax relief South (Art. 27 LD 14/08/2020, n. 104 as s.a.s.)
Gestore dei Servizi Energetici GSE S.p.A.	2.031	02/11/2021	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	457	02/11/2021	Electricity production incentive
INPS	6.378	16/11/2021	Tax relief South (Art. 27 LD 14/08/2020, n. 104 as s.a.s.)
Gestore dei Servizi Energetici GSE S.p.A.	1.968	30/11/2021	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	457	30/11/2021	Electricity production incentive
INPS	6.269	16/12/2021	Tax relief South (Art. 27 LD 14/08/2020, n. 104 as s.a.s.)
INPS	2.500	16/12/2021	Exemption under 36 (Art.1, paragraphs 10 to 15, L 30/12/2020, n. 178)
Gestore dei Servizi Energetici GSE S.p.A.	2.084	31/12/2021	Electricity production incentive
Gestore dei Servizi Energetici GSE S.p.A.	449	31/12/2021	Electricity production incentive
Fondimpresa	6.545	02/12/2021	Liquidation Plan 273207
Fondirigenti	10.000	09/12/2021	New Sustainability - Path to Sustainability
Total 2021	148.598		

Other supplementary information

36. GUARANTEES GIVEN

Guarantees issued in favor of the subsidiaries, Cartiere di Guarcino S.p.A. and Bio Energia Guarcino S.r.l., amounting to € 26,825 thousand for short-term lines of credit for mixed use and export finance, granted to the latter by BPM, BPER, Popolare di Sondrio, Monte dei Paschi di Siena and Credit Agricole, via "umbrella" credit facilities.

On 10 November 2020, Neodecortech S.p.A. issued a letter of patronage to Banco di Desio e Brianza S.p.A. in favor of the subsidiary Cartiere di Guarcino to guarantee various lines of credit up to a maximum of € 2,650,000 granted by the bank to the subsidiary.

On 19 January 2021, Banco Popolare BPM S.p.A. issued a first demand bank guarantee, in favor of Sonae Industria de Rivestimentos SA, for € 250 thousand, expiring on 30 April 2026, to guarantee the balance relating to the purchase of the new laminating machine for the production plant in Casoli d'Atri (TE), to be paid within 5 years, based on the business agreements.

On 16 November 2021, Banco Popolare BPM S.p.A. issued a first demand bank guarantee, in favor of the subsidiary Valinvest S.r.l., for € 1,032 thousand, expiring on 30 January 2023, to guarantee payment of the residual instalments relating to the purchase of the production plant in Casoli d'Atri (TE), due by 31 December 2022.

37. EVENTS AFTER THE REPORTING PERIOD

Reference should be made to the Directors' Report on Operations.

38. INFORMATION ON AGREEMENTS NOT RESULTING FROM THE STATEMENT OF FINANCIAL POSITION

Pursuant to Article 2427, point 22-ter, mention should be made that there are no agreements not shown in the statement of financial position that have significant risks or benefits and that are necessary to assess the Company's financial position, results of operations and cash flows.

39. INFORMATION ON ASSETS AND LOANS FOR A SPECIFIC TRANSACTION

With regard to the requirements of Articles 2447-bis to 2447-decies of the Italian Civil Code, it should be noted that during the period the Company did not allocate any assets or loans to any activity.

40. UNDERTAKINGS THAT PREPARE THE FINANCIAL STATEMENTS OF THE LARGER/SMALLER BODY OF UNDERTAKINGS THEY ARE PART OF AS SUBSIDIARIES

In accordance with Article 2427, numbers 22-quinquies and 22-sexies of the Italian Civil Code, the following table indicates the name and registered office of the undertaking preparing the consolidated financial statements, of the larger or smaller body of undertakings, of which the company is part as a consolidated company. It also indicates the place where the copy of the consolidated financial statements is available:

Larger body	
Company Name	Finanziaria Valentini S.p.A.
Place	Rimini
Tax code	3842170403
Place of filing of the consolidated financial statements	Rimini

41. INFORMATION RELATING TO THE FEES TO THE BOARD OF DIRECTORS, BOARD OF STATUTORY AUDITORS AND INDEPENDENT AUDITORS

In accordance with the law, the table below shows the total fees to the Directors, the Board of Statutory Auditors and the Independent Auditors.

Qualification	31 DECEMBER 2021	31 DECEMBER 2020
Directors	567.225	647.619
Board of Statutory Auditors	66.128	85.468
Independent Auditors	59.250	179.059

42. ALLOCATION OF THE RESULT FOR THE YEAR

Dear Shareholders, in light of the considerations made in the points above and of the information appearing in the Explanatory Notes, we invite you:

- to approve the Financial Statements for the year ended 31 December 2021 together with the Explanatory Notes and this Report thereto;
- to allocate net profit for the year, amounting to € 6,688,151.71, as follows:
 - € 334,408.00 to the legal reserve;
 - € 2,642,882.46 to the non-distributable revaluation reserve for investments recorded pursuant to Legislative Decree no. 38/05 Article 6, paragraph 1;
 - € 1,710,861.25 to the extraordinary reserve;
- the remaining part of profit as a dividend for the no. 14,218,021 outstanding ordinary shares for a total of € 2,000,000, in compliance with the ceiling set in the dividend policy approved by the Board of Directors on 31 January 2020 and further detailed by the Board on 2 March 2021; a unit dividend will therefore be distributed, also in consideration of the distribution of the dividend attributable to treasury shares, of € 0.14 for each entitled ordinary share, without prejudice to the fact that any change in the number of treasury shares in the company's portfolio at the time of distribution will not affect the distribution of the unit dividend as established above, but will increase or decrease the amount allocated to the extraordinary reserve.

Filago (BG), 15 March 2022

For the Board of Directors

The Chief Executive Officer

(Luigi Cologni)

Certification of the Group's consolidated financial statements at 31 December 2021 pursuant to Article 81-ter of CONSOB Regulation no. 11971 of 14 May 1999 as subsequently amended and supplemented

1. The undersigned Luigi Cologni, Chief Executive Officer, and Fabio Zanobini, CFO and Financial Reporting Manager, of Neodecortech S.p.A., also in compliance with the provisions set out in Article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998, hereby certify:

- the adequacy in relation to the Company's characteristics; and
- the actual application of the administrative and accounting procedures for the preparation of the consolidated financial statements for the period 1 January 2021 - 31 December 2021.

2. No major issues arose in this respect.

3. We also certify that:

3.1 the consolidated financial statements at 31 December 2021:

a) have been prepared in accordance with the applicable IFRS endorsed by the European Union pursuant to (EC) Ruling no. 1606/2002 of the European Parliament and Council of 19 July 2002;

b) correspond to the accounting books and entries;

c) give a true and fair view of the financial position, results of operations and cash flows of the Issuer and of the companies included in the consolidation scope as a whole.

3.2 The Directors' Report on Operations, drawn up for the purposes of the financial statements and consolidated financial statements, includes a reliable analysis of performance and results of operations of the Issuer and of all the companies included in the consolidation scope, together with a description of the main risks and uncertainties they are exposed to. The Directors' Report on Operations also includes a reliable analysis of the significant transactions with related parties.

Date: 15 March 2022

Signed Chief Executive Officer

Signed Financial Reporting Manager

Certification of the financial statements at 31 December 2021 pursuant to Article 81-ter of CONSOB Regulation no. 11971 of 14 May 1999 as subsequently amended and supplemented

1. The undersigned Luigi Cologni, Chief Executive Officer, and Fabio Zanobini, CFO and Financial Reporting Manager, of Neodecortech S.p.A., also in compliance with the provisions set out in Article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998, hereby certify:

- the adequacy in relation to the Company's characteristics; and
- the actual application of the administrative and accounting procedures for the preparation of the financial statements for the period 1 January 2021 - 31 December 2021.

2. No major issues arose in this respect.

3. We also certify that:

3.1 the financial statements at 31 December 2021:

a) have been prepared in accordance with the applicable IFRS endorsed by the European Union pursuant to (EC) Ruling no. 1606/2002 of the European Parliament and Council of 19 July 2002;

b) correspond to the accounting books and entries;

c) give a true and fair view of the financial position, results of operations and cash flows of the Issuer and of the companies included in the consolidation scope as a whole.

3.2 The Directors' Report on Operations, drawn up for the purposes of the financial statements and consolidated financial statements, includes a reliable analysis of performance and results of operations of the Issuer, together with a description of the main risks and uncertainties it is exposed to. The Directors' Report on Operations also includes a reliable analysis of the significant transactions with related parties.

Date: 15 March 2022

Signed Chief Executive Officer

Signed Financial Reporting Manager

Report of the Board of Statutory Auditors to the Shareholders' Meeting of NEODECORTECH S.p.A. in accordance with Art. 2429, paragraph 2 of the Italian Civil Code and Art. 153 of Italian Legislative Decree no. 58/1998

To the Shareholders' Meeting of the Company NEODECORTECH S.p.A.

Introduction

The Board of Statutory Auditors of NEODECORTECH S.p.A. (from now on also "NEODECORTECH" or "Company"), according to Art. 153 of Italian Legislative Decree no. 58 of 1998 (from now on also TUF) and Art. 2429, paragraph 2 of the Italian Civil Code, is called upon to report to the Shareholders' Meeting called to approve the Financial Statements, to discuss the supervisory activity carried out during the financial year in the performance of its duties, also in its capacity of "internal control and audit committee" any omissions and reprehensible facts found and on the results of the financial year, as well as to formulate proposals regarding the Financial Statements, the approval thereof and any other matters falling within its competence.

During the financial year ended 31 December 2021 and up to date, the Board of Statutory Auditors carried out its supervisory activities in compliance with Law provisions, Rules of Behaviour of the Board of Statutory Auditors of listed companies issued by the Italian Board of Certified Public Accountants and Bookkeepers, the CONSOB provisions regarding corporate controls, the Corporate Governance Code, as well as by the provisions contained in Art. 19 of Italian Legislative Decree 39/2010.

The separate and consolidated financial statements of NEODECORTECH were prepared following the IAS/IFRS international accounting standards, issued by the International Accounting Standards Board (IASB) and approved by the European Union, as well as under the provisions issued by CONSOB in implementation of Article 9, paragraph 3, of Italian Legislative Decree 38/2005.

Moreover, under the provisions of the Law, the Company prepared the Consolidated Financial Statements for the year 2021 following the Law and accompanied by the documentation required by the Italian Civil Code and the TUF and the Non-Financial Reporting Statement according to the requirements of D.LGS. 254/2016 in voluntary form.

The Board of Statutory Auditors acquired the information necessary for the performance of the supervisory duties assigned to it by attending the meetings of the Board of Directors and the Board Committees, the hearings of the Company's and the Group's management, the information acquired from the competent company structures, as well as through the additional control activities carried out. The Board of Statutory Auditors has strengthened the exchange of data with the board committees and with the Company's auditors, also in compliance with CONSOB's Notice of Attention no. 1/2021, n. 4/2021, and most recently the Notice of attention issued on 18 March 2022 with particular reference to the effects upon the annual and consolidated accounts of the Company deriving from the conflict between Russia and Ukraine.

Appointment and Independence of the Board of Statutory Auditors

The Board of Statutory Auditors in office at the date of this report was appointed by the Shareholders' Meeting on 24 February 2020 and is composed of the following members: Stefano Santucci (Chairman), Federica Menichetti (Statutory Auditor), Stefano Zonca (Statutory Auditor), as well as Marinella Monterumisi and Davide Mantegazza (Alternate Auditors). The control body will remain in office for three financial years and will expire on the date of the Shareholders' Meeting called to approve the Financial Statements for 2022.

The appointment was made based on the list submitted by Finanziaria Valentini S.p.A., owner of n. 8.325.385 shares of the Company, amounting to 63,54% of its Shareholders Capital, in compliance with the terms and the manner indicated in the notice calling the appointment meeting. This list was made available to the public within the terms and methods provided by the Articles of Association.

The composition of the Board of Statutory Auditors complies with the gender division criterion referred to in art. 148, c. 1-bis, of Legislative Decree no. 58 of 1998, as amended by Art. 1, paragraph 303, of Law no. 160 of 27 December 2019, also considering what was clarified by CONSOB in Communication no. 1/2020 of January 30, 2020.

After the time of its appointment and subsequently on 19 February 2021 and 10 of March 2022, the Board of Statutory Auditors checked the persistence of the independence requirement as part of the broader process self-valuation of the Board of Statutory Auditors under recommendations 7 and 9 of the Corporate Governance Code.

The outcome of the verification and the result of its assessment (according to art. 144-novies paragraph 1-ter of the CONSOB Regulation no. 11971 of 1999) were communicated to the Board of Directors held on 15 March 2022.

Supervision and control of the Board of Statutory Auditors

Supervisory activity in compliance with the law and articles of association

In carrying out its duties, the Board of Statutory Auditors performed the supervisory activities required by Art. 2403 of the Italian Civil Code, Art. 149 of Italian Legislative Decree No. 58 of 1998, Art. 19 of Italian Legislative Decree No. 39/2010, CONSOB recommendations on corporate controls and the activities of the Board of Statutory Auditors and referring to the indications contained in the Corporate Governance Code and the Rules of Behaviour of the Board of Statutory Auditors of listed companies.

Therefore, as part of its functions, the Board of Statutory Auditors:

- attended the meetings of the Shareholders and Board of Directors, monitoring compliance with the statutory, legislative, and regulatory provisions regulating the operation of the Company's bodies as well as compliance with the principles of proper management;
- supervised, within the scope of its competencies, the adequacy of the Company's organizational structure and compliance with the principles of proper management through direct observation, gathering information from heads of the corporate functions, and meetings with the Independent auditors to exchange data and information;
- assessed and supervised the adequacy of the internal control system and the administrative and accounting system, as well as its reliability in providing a fair presentation of operational transactions through the information of the heads of the respective functions, the examination of company documents, and the analysis of the results of the work carried out by the Independent Auditors;
- held 14 meetings during the year, lasting approximately 1 hour and a half, and also attended all the meetings of the Board of Directors, as well as of the board committees (Control and Risk Committee, Remuneration and Nomination Committee, Related-Party Committee and Sustainability Committee);

- supervised the adequacy of the reciprocal flow of information between NEODECORTECH and its subsidiaries pursuant to Art. 114, paragraph 2, of Italian Legislative Decree no. 58 of 1998, ensured by the instructions issued by the Company's management to Group companies;
- supervised the compliance with the rules of "Market abuse," "Protection of savings," and "Internal Dealing," with particular reference to the processing of inside information and the procedure for the dissemination of statements and communication to the public. The adjustment of the procedure adopted by the Company for the management of inside relevant information, drawn up in the light of CONSOB Guidelines no. 1/2017, was monitored.

Moreover, the Board:

- obtained from the Directors adequate information on the business carried on and significant economic and financial operations carried out by the Company and its subsidiaries according to Art. 150, paragraph 1 of the TUF. In this regard, the Board of Statutory Auditors paid particular attention to the fact that the transactions approved and implemented complied with the law and the Articles of Association and were not imprudent or risky, in contrast with the resolutions adopted by the Shareholders' Meeting, in a potential conflict of interest or such as to compromise the integrity of the Company's assets;
- held meetings with representatives of the Independent Auditors under Art. 150, paragraph 3 of the TUF, and there were no significant data and/or information to be reported;
- had exchanges of information with corresponding control bodies of the companies directly or indirectly controlled by NEODECORTECH S.p.A. according to Art. 151, paragraphs 1 and 2 of the TUF;
- supervised the procedures for effective implementation of the corporate governance rules envisaged in the Corporate Governance Code complied with, as adequately represented in the Report on Corporate Governance and Ownership Structure, in compliance with Art. 124-ter of the TUF and Art. 89-bis of the Issuers' Regulations;
- checked, with the periodic assessment to be carried out according to recommendation 7 of the Corporate Governance Code, as part of the supervision of the procedures for effective implementation of the corporate governance rules, the correct application of the assessment criteria and procedures adopted by the Board of Directors, with regard to the positive assessment of the independence of the Directors.

As required by recommendations 21 to 23 of the Corporate Governance Code, the Board of Statutory Auditors expressed its assessment of the size and composition of the Board of Directors and its operation, as well as the size, composition, and function of the board committees. The assessment was carried out based on the results of a self-assessment questionnaire filled in by all the members of the Board of Directors.

The Board also acknowledges that it has issued:

- its favorable opinion about the regulation implementing the remuneration policy of the directors of the Company with particular powers, according to Article 2389, paragraph 3 of the Italian Civil Code;
- its favorable opinion about the Internal Auditing Function Plan according to lett. C) of Recommendation n. 33 related to article 6 of the Corporate Governance Code
- its favorable opinion, under Article 5, paragraph 4, of Regulation (EU) 2014/537 to the provision by the Independent Auditors BDO S.p.A. of services other than the external audit to the NEODECORTECH Group, after having carefully assessed the potential risks for the independence of the auditor.

Supervisory activity on the adequacy of the administrative and accounting system and the auditing activity

According to Art. 19 of Italian Legislative Decree 39/2010 (Consolidated External Audit Act), the Board of Statutory Auditors is required to supervise:

- the financial reporting process;
- the effectiveness of the internal control and risk management systems;
- the External audit of annual accounts and consolidated accounts;
- the independence of the Independent Auditors, precisely as far as the provision of non-audit services is concerned.

The Board of Statutory Auditors carried out its activities in collaboration with the Control and Risk Committee to coordinate their responsibilities and avoid overlapping activities.

Financial reporting process

The Board of Statutory Auditors supervised the existence of rules and procedures relating to forming and disseminating financial information. In this regard, it should be noted that the Report on Corporate Governance and Ownership Structure illustrates how the Group defined its Internal Control and Risk Management System about the financial reporting process at the consolidated level. The Financial Reporting Officer is Fabio Zanobini.

The Financial Reporting Officer is supported by the Internal Audit Department to check the operation of the administrative and accounting procedures through control testing.

The Board of Statutory Auditors acknowledges that it has received adequate information on the monitoring of business processes with an administrative and accounting impact within the Internal Control System, carried out both during the year about the regular management reports, and during the closing of the accounts for the preparation of the Financial Statements, in compliance with the monitoring and certification requirements to which NEODECORTECH S.p.A. is subject under Italian Law no. 262/2005. In particular, the Board of Statutory Auditors acknowledged the Risk Assessment for 2021 and the periodic update on testing activities according to Italian Law no. 262/2005.

The adequacy of the administrative and accounting system was also assessed through the acquisition of information from the heads of the respective departments and the analysis of the results of the work carried out by the Independent Auditors.

No particular critical issues or elements hindering the issue of the certification by the Financial Reporting Officer and by the Chief Executive Officer concerning the adequacy of the administrative and accounting procedures for the preparation of the financial statements of NEODECORTECH S.p.A. and the Consolidated Financial Statements for the year 2021 emerged.

The Board of Statutory Auditors monitored compliance with the legislation relating to the preparation and publication of the Half-Year Financial Report and Interim Management Reports, the settings given to them and the correct application of accounting principles, also using the information obtained from the Independent Auditors.

The Board of Statutory Auditors also states that the separate and consolidated financial statements have been prepared in compliance with the specifications required by Regulation (EU) no. 2019/815 ("ESEF Regulation") and, therefore, in the XHTML electronic format and that the company of Auditors in charge of auditing the accounts certified the regularity and correct application of these drafting protocols.

Furthermore, it is acknowledged that:

- the Independent Auditors in charge of the statutory audit illustrated the checks carried out to the Board of Statutory Auditors and did not highlight any findings in the periodic meetings with the Board of Statutory Auditors;
- the Board of Statutory Auditors supervised the auditing of the annual and consolidated accounts, informing and discussing periodically with the Independent Auditors, also in light of the changes introduced regarding the Independent Auditors' report with particular reference to the so-called "Key Audit Matter.". With reference to the KAMs, the Board of Statutory Auditors agrees with the information provided by the independent auditors in its report to the separate and consolidated financial statements of NEODECORTECH as of 31.12.2021 regarding the impairment tests which verified the adequacy of the participation in Cartiere di Guarcino SpA book value in the separate financial statements of Neodecortech and of the assets of Bio Energie Guarcino S.p.A. in the consolidated financial statements. The Board of Statutory Auditors actively participated in the joint meetings with the Independent Auditors and with the Manager responsible for carrying out the aforementioned impairment tests.

In particular, all the main phases of the audit activity were illustrated to the Board of Statutory Auditors, including the identification of the risk areas, with a description of the related audit procedures adopted; moreover, the main accounting principles applied by NEODECORTECH have been followed.

The Board also acknowledges that the Independent Auditors BDO S.p.A. issued their opinions on the Consolidated Financial Statements and the Separate Financial Statements on 31st March 2022 and also issued on the same date the Additional Report to the Internal Control and Audit Committee according to Article 11 of Regulation (EU) 2014/537.

The reports on the separate Financial Statements and the Consolidated financial statements do not give rise to any observations or requests for information.

It is also acknowledged that the Independent Auditors expressed, in the reports mentioned above, a positive opinion concerning consistency with the financial statements and compliance with the law with reference:

- to the Management report;
- to the information referred to in Art. 123-bis, paragraph 4, Italian Legislative Decree 58/98 contained in the corporate governance and ownership structure report.

Moreover, the reports issued by the Independent Auditors do not reveal any material shortcomings in the Company's internal control system for financial information and accounting system.

The Board of Statutory Auditors supervised the independence of the Independent Auditors BDO S.p.A., verifying the type and extent of services other than auditing regarding NEODECORTECH and its subsidiaries and obtaining explicit confirmation from the Independent Auditors that the independence requirement was met. The statement on independence has been included, under Art. 11, paragraph 2, letter a), of Regulation (EU) 2014/537, in the above-mentioned Additional Report.

The fees paid by the NEODECORTECH Group to the Independent Auditors and to the companies belonging to the network of the Independent Auditors themselves are as follows:

Activities	Amount EUR/000
Audit Services	84,5
Compliance Services	4,0
Other services	<u>3,0</u>
Total	91,5

In the light of the above, the Board of Statutory Auditors considers that the Independent Auditors BDO S.p.A. meet the independence requirement.

Supervisory activity on the adequacy of the internal control system and the organizational structure

The Board of Statutory Auditors assessed and supervised the adequacy of internal control and the effectiveness of the internal control and risk management systems. The Board of Statutory Auditors acknowledges that it has verified the most significant activities carried out by the overall internal control and risk management system by attending the meetings of the Control and Risk Committee (also with functions of the Committee for related-party transactions) attended by:

- members of the Control and Risk Committee;
- members of the Board of Statutory Auditors;
- the Chief Executive Officer in charge of the internal control and risk management system;
- the Internal Audit Officer;
- the Financial Reporting Officer.

The Board of Statutory Auditors also acknowledges that it attended the periodic meetings among the Company's control bodies attended by:

- members of the Control and Risk Committee;
- members of the Board of Statutory Auditors;
- the Independent Auditors;
- the Chief Executive Officer in charge of the internal control system;
- the Financial Reporting Officer;
- the Internal Audit Officer;
- the Supervisory Body.

In particular, as part of these activities, the Board of Statutory Auditors acknowledges that it has received and examined:

- the periodic reports on the activities carried out, prepared by the Control and Risks Committee and the Internal Audit Officer;
- the reports were drawn up at the end of the verification and monitoring activities by the Internal Audit Officer, with the relative results, the recommended actions, and the controls on the implementation of the actions described above;
- periodic updates on the development of the risk management process, the outcome of the monitoring and assessment activities carried out by Internal Audit, and the objectives achieved.

The Board of Statutory Auditors then reviewed the periodic reports on the activities carried out by the Supervisory Body and examined the activity plan and the budget allocated for 2021.

Similarly, the Board of Statutory Auditors acknowledged the compliance with the provisions of Italian Legislative Decree no. 231/2001 and the activity plan for 2021, examining and agreeing with the amendments made during the year to the Organisation and Management Model according to Italian Legislative Decree no. 231/2001.

Following the activities carried out during the 2021 financial year, as detailed above, the Board of Statutory Auditors shared the positive assessment expressed by the Control and Risk Committee about the adequacy of the Internal Control and Risk Management System.

Supervisory activity on compliance with the principles of proper management

The company's foremost transactions during the financial year are summarized below, concerning which the Board supervised compliance with the principles of proper administration.

In terms of ordinary management, NEODECORTECH's activity continued in line with previous years. It consisted of industrial activity, strategic and managing coordination of the Group, and the search to optimize the Group's financial net inflows. There are no extraordinary transactions to report.

Investments in tangible fixed assets for 2021 amounted to 9,609 thousand euros. Of these, they refer to the Parent Company for € 4,822 thousand and relate to new plants and machinery and the improvement and efficiency of existing ones, with particular reference to the purchase of plants for the production of rolled products, of the Casoli d'Atri production plant, previously leased, as well as the construction of a photovoltaic system of approximately 500kW again in the production plant in Casoli d'Atri.

For the Subsidiaries, investments in tangible fixed assets were referred to Cartiere di Guarcino S.p.A. relating to interventions aimed at increasing productivity and optimizing plants, and for Bio Energia Guarcino S.r.l. scheduled or extraordinary maintenance of the Power Plant.

In all the Group's factories, work continues with the review of processes based on a 4.0 logic, making it possible to strengthen further the production process with active control of critical variables and plant upgrading.

Following the supervision and control activities carried out during the year, the Board of Statutory Auditors can certify that:

- during the activity carried out, no omissions, irregularities, or objectionable or significant facts that would require reporting to the control bodies or any mention in this Report emerged;
- no reports were received by the Board of Statutory Auditors according to Art. 2408 of the Italian Civil Code, nor has it received any complaints from third parties;
- no transactions have been identified with third parties, intra-group and/or Related-Parties such as to highlight atypical and/or unusual profiles in terms of content, nature, size, and timing;
- all the transactions and management choices adopted are inspired by the principle of proper management and reasonableness.

Supervisory activity on the implementation of the corporate governance rules

The Board of Statutory Auditors assessed the application of the corporate governance rules set out in the Corporate Governance Code that NEODECORTECH complies with and the relative level of compliance, also with analyzing the Report on Corporate Governance and ownership structure and comparing its contents with what emerged during the general supervisory activity carried out during the year. Moreover, compliance with the obligation of NEODECORTECH to inform the market in its report on corporate governance of its level of compliance with the Code itself was assessed, also following the provisions of Article 123-bis the TUF.

The Board of Statutory Auditors thinks that the report on corporate governance was prepared by the provisions of Art. 123-bis of the TUF and the Corporate Governance Code, following the format made available by the Corporate Governance Committee of Borsa Italiana S.p.A..

Supervisory activities concerning the Financial Statements, the Consolidated financial statements

Concerning the separate Financial Statements for the financial year ended 31 December 2021, the Consolidated financial statements for the financial year ended on the same date and the related Management Report, note the following:

- the Board of Statutory Auditors ascertained, through direct audits and information obtained from the Independent Auditors, compliance with law provisions regulating their formation, the layout of the

Financial Statements, the Consolidated financial statements and the Management Report, and the financial statement formats adopted, certifying the correct use of the accounting standards described in the explanatory notes and the Management Report.

- in pursuance of CONSOB Resolution 15519/2006, the effects of transactions with Related Parties are expressly indicated in the financial statements. In furtherance of this Resolution in the Explanatory Notes, it is specified that during the year, there were no significant non-recurring events or operations, and no transactions deriving from atypical and/or unusual operations were carried out;
- the Financial statements are in keeping with the facts and information of which the Board of Statutory Auditors has become aware within its supervisory duties and its control and inspection powers;
- as far as the Board of Statutory Auditors is aware, the Directors did not depart from the law provisions according to Art. 2423, paragraph 5 of the Italian Civil Code when preparing the financial statements.;
- the Chief Executive Officer and the Financial Reporting Officer issued the certificate under Art. 81-ter of CONSOB Regulation no. 11971/1999 as amended and Art. 154-bis of the TUF;
- the Management Report complies with legal requirements and is consistent with the data and results of the Financial Statements; it provides the necessary information on the activities and significant transactions of which the Board of Statutory Auditors was informed during the year, on the principal risks of the Company and its subsidiaries, on intra-group and related-party transactions, as well as on the process of adapting the corporate organization to the principles of corporate governance, by the Corporate Governance Code for listed companies;
- under the provisions of Art. 123-ter of the TUF, the Remuneration Report is presented to the Shareholders' Meeting (for approval in its first section, for reporting purposes in its second section): the Board of Statutory Auditors examined and agreed with the approach followed in preparing this report, at a joint meeting with the Remuneration Committee.

About the presentation of the Consolidated Non-financial Statement drawn up voluntarily, the Board, in compliance with the provisions of Legislative Decree no. 254, supervised the compliance with the requirements established in the decree itself and Consob resolution number 20267 of 18/01/2018 for the preparation of the declarations in question, also acquiring the certification issued by the designated auditor Deloitte S.p.A. and dated March 31st, 2022. No facts that could be reported in this report emerged from this activity.

Supervisory activity on relationships with Subsidiaries

The Board of Statutory Auditors supervised the adequacy of the instructions given by the Company to the subsidiaries, following Art. 114, paragraph 2 of Italian Legislative Decree 58/1998.

Periodic meetings with the management and the company in charge of Internal Audit did not reveal any critical elements to be reported in this report.

Finally, we acknowledged that to date no communications had been received from the Control Bodies of the Subsidiaries containing findings to be noted in this report.

Supervisory activity on Related-Party Transactions

About the provisions of Art. 2391-bis of the Italian Civil Code, the Board of Statutory Auditors acknowledges that the Board of Directors adopted a procedure for the regulation of Related-Party Transactions.

Its main objective is to define the guidelines and criteria for identifying related-party transactions and setting out roles, responsibilities, and operating methods to guarantee, for such transactions, adequate information transparency and the related procedural and substantial correctness.

That procedure was prepared in compliance with what was established by the CONSOB Regulation on Related-Party (no. 17221 dated 21 March 2010). It was last updated by the Board of Directors on June the 28th, 2021.

The Board of Statutory Auditors supervised the practical application of the rules by the Company and has no observations to make in this regard in this Report.

Risks related to the Coronavirus pandemic

As part of the Management Report, the Directors highlighted the initiatives undertaken to contain the impacts for the NEODECORTECH Group deriving from the worldwide spread of the pandemic related to the COVID-19 virus.

The Group has taken the necessary preventive measures in terms of safety and protection of workers' health. It has continued to comply with the national regulations for containing the pandemic and the respect and adoption of safety protocols on the health of workers and third parties, where necessary, making use of the smart working tool for that part of the staff for which this method is in any case effective.

Starting from 15 October 2021, the Covid-19 security protocol was updated in all the Group's plants and workplaces to align with the Legislative Decree of 21 September 2021, n. 127, which introduced the Covid-19 green certification obligation and the strengthening of the screening system in the workplace of private and public companies. The security protocols have been further updated following the entry into force of the provisions set out in Decree-Law 172 of 11/26/2021 "Urgent measures for the containment of the COVID-19 epidemic and for the safe carrying out of economic and social activities ", Law Decree 221 of December 24, 2021, Law Decree 229 of December 30, 2021" Urgent measures to contain the spread of the COVID-19 epidemic and provisions on health surveillance " and the Law Decree n.1 of 7 January 2022 on the basis of which, starting from 15 February 2022, the obligation to verify the reinforced super green pass for workers over 50 was established. The Board has no particular reports to bring to the attention of the Shareholders' Meeting with reference to the adoption of the security protocols related to the Covid-19 Pandemic.

From an economic-financial point of view, the consolidated figures of the Group as of 31 December 2021 were not affected by the impacts of the pandemic still in progress. The growth trend in turnover and the order book already highlighted in the first nine months of 2021 continued and the trend in revenues, margins and the Net Financial Position was found to be in line with the estimates of the 2021 Budget set out in the 2021 Business Plan -2023, approved by the Board of Directors of the Parent Company on 12 February 2021. No particular critical issues or uncertainties related to the Covid-19 pandemic emerged, also with reference to its consideration as an indicator of impairment of the Group's tangible and intangible assets.

These elements, together with the analysis of the main financial and operational risks to which the Group is exposed, reported in the management report, allow us to conclude that there are no criticalities and uncertainties regarding business continuity following the persistence of the pandemic associated with the Coronavirus.

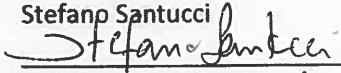
Proposal to the Shareholders' Meeting

Having taken note of the financial statements for the year ended 31 December 2021, the Board of Statutory Auditors, taking into account the specific duties of the Independent Auditors in terms of auditing the accounts and verifying the reliability of the financial statements, has no objections to formulate in this regard its approval and the resolution proposal of the Board of Directors relating to the allocation of the profit for the year.

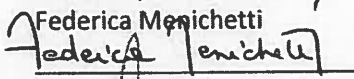
Milan, March 31st, 2022

The Board of Statutory Auditors

Stefano Santucci



Federica Menichetti



Stefano Zonca

