



NEODEOCRTECH S.p.A.

Review report on interim condensed
consolidated financial statements at
30 September 2021

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To the shareholders of
Neodecortech S.p.A.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements as of 30 September 2021, and the related consolidated income statement, consolidated income statement of comprehensive income, consolidated statement of financial position, consolidated statement of change in equity and consolidated cash flows for the three month period then ended, and related notes, of Neodecortech S.p.A. and its subsidiaries (Neodecortech Group).

Management is responsible for the preparation of this interim condensed consolidated financial statements in accordance with the International Financial Accounting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on this interim condensed consolidated financial reporting based on our review.

Scope of review

We conducted our review in accordance with review standard recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of July, 31, 1997. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements of Neodecortech Group as of 30 September 2021, are not prepared, in all material respects, in accordance with the International Financial Accounting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Milan, 12 November 2021

BDO Italia S.p.A.

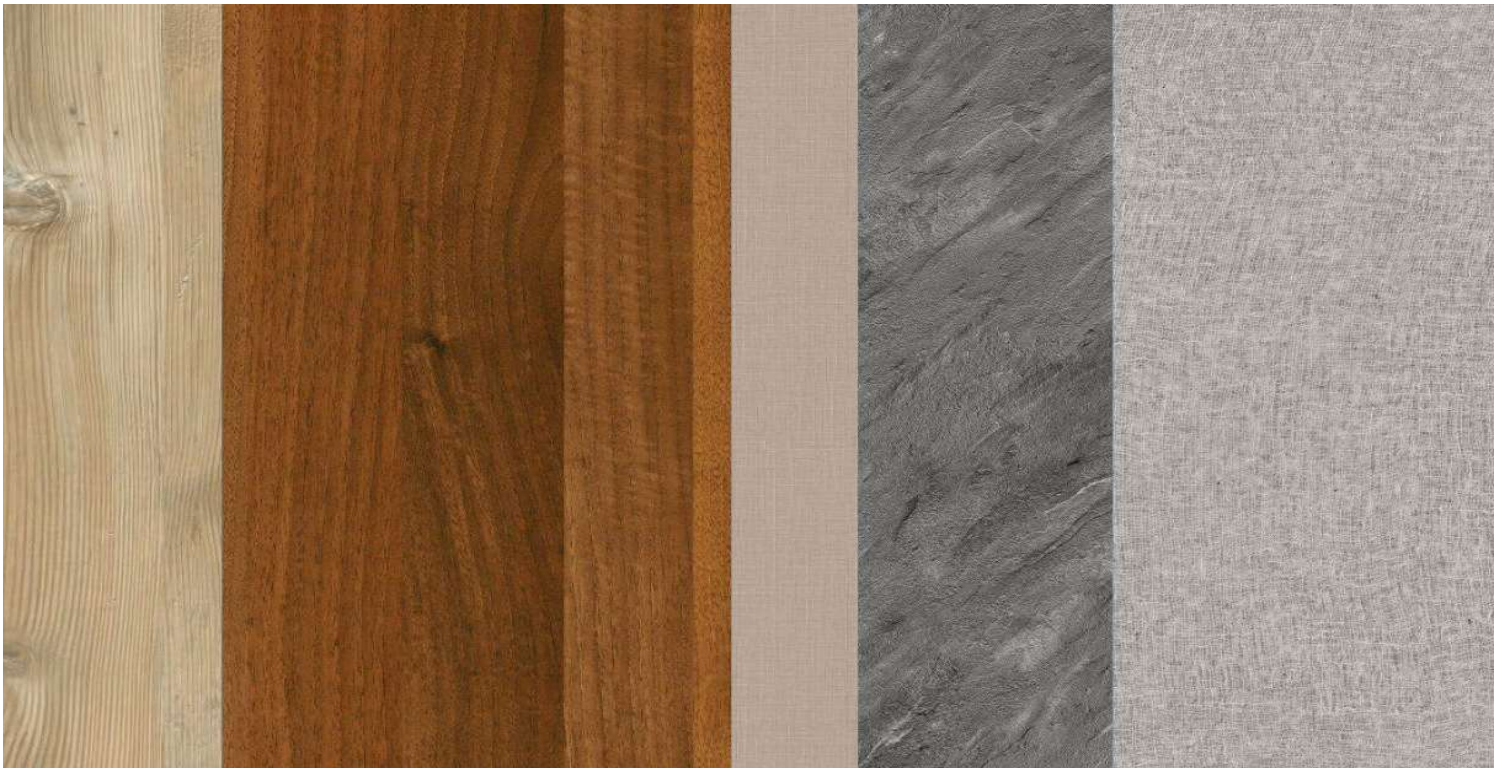
Signed by Lelio Bigogno
Partner

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.

Interim Management Statement at 30 September 2021

Financial Statements prepared in accordance with IAS/IFRS

Amounts in Euro





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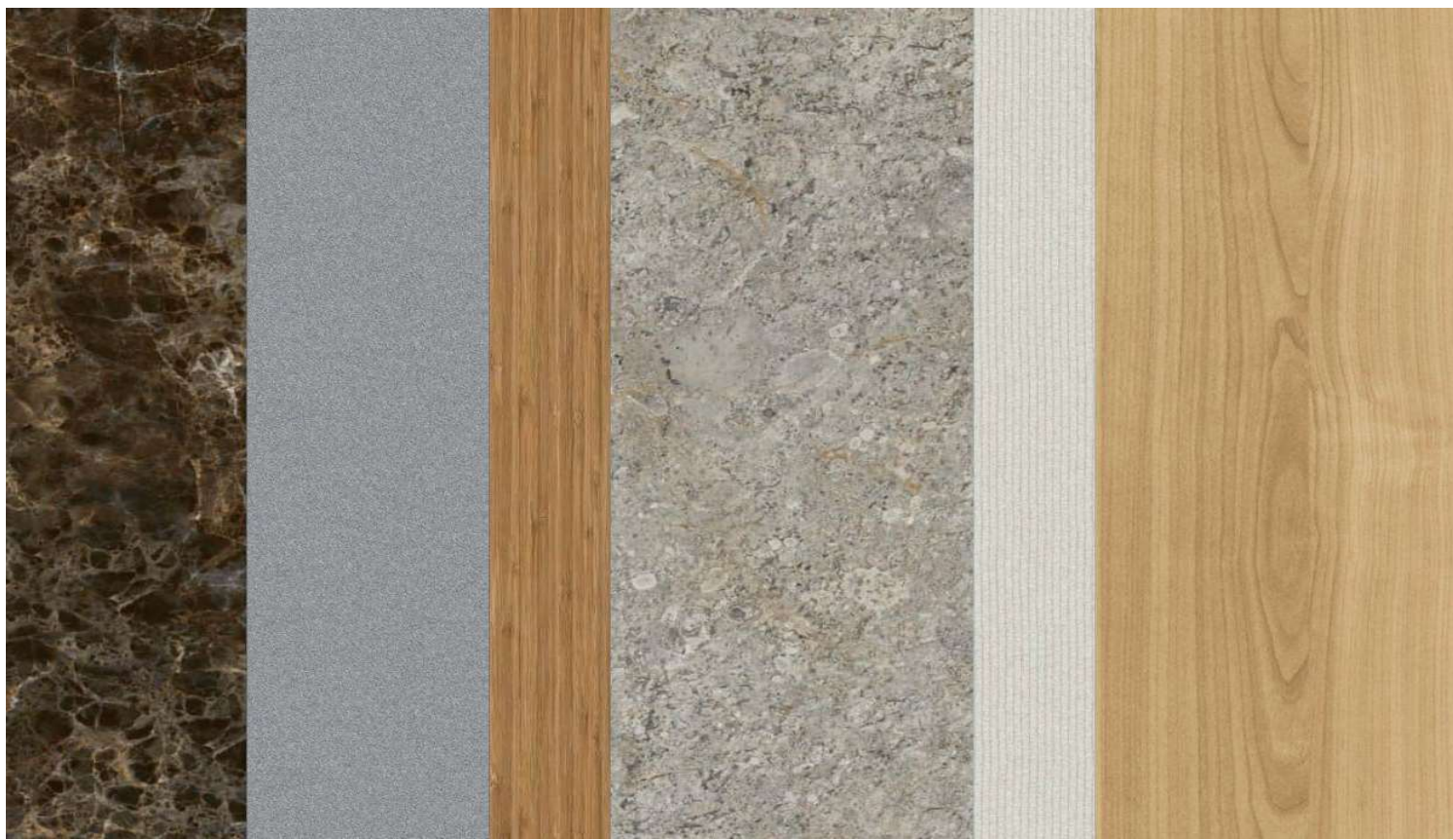
Share Capital
€ 17,435,133.37 fully paid up
www.neodecortech.it

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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 Cologni
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 the 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 Mercato Telematico Azionario (electronic stock

market) organized and managed by Borsa Italiana S.p.A. ("MTA"). Trading on the MTA 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 structure at 30 September 2021, 31 December 2020 and 30 September 2020 is shown below.

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

At 30 September 2021, the **Group companies** are:

NDT

Neodecortech S.p.A.

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 the production of laminates at the Casoli headquarters. Neodecortech's goal is to act as a highly proactive decorative surfaces partner for 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.

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.

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

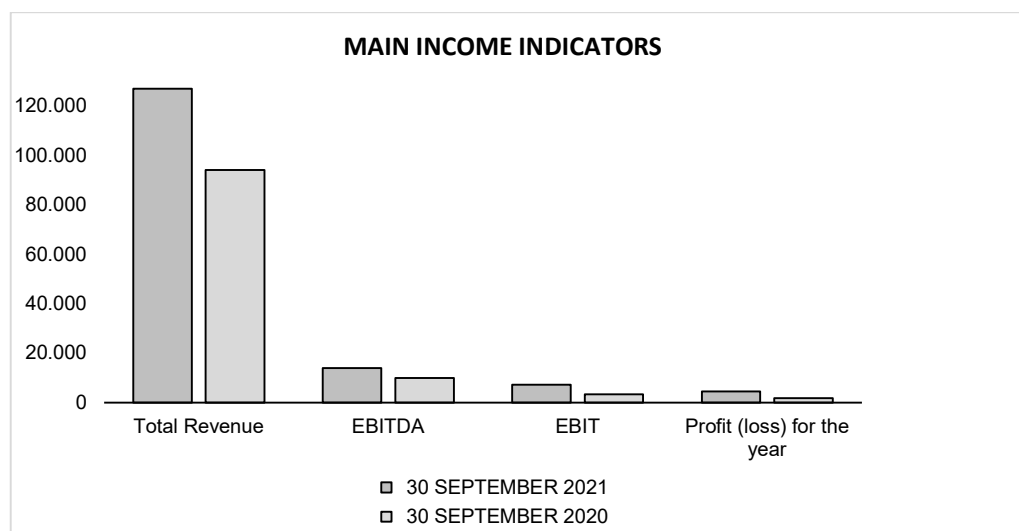
The table below shows the main **consolidated income statement figures**:

(Euro thousands)	30 SEPTEMBER 2021	%	30 SEPTEMBER 2020	%	Chg.	% change
Revenue from sales and services	125,383	100.0%	88,850	100.0%	36,533	41.1%
Other revenue	1,604	1.3%	5,299	6.0%	(3,695)	(69.7%)
Total Revenue	126,987	101.3%	94,149	106.0%	32,838	34.9%
EBITDA	13,837	11.0%	9,890	11.1%	3,947	39.9%
Amortization and depreciation	6,561	5.2%	6,347	7.1%	214	3.4%
Allocations	77	0.1%	218	0.2%	(141)	(64.7%)
EBIT	7,199	5.7%	3,325	3.7%	3,874	116.5%
Profit (loss) for the year	4,467	3.6%	1,730	1.9%	2,737	158.2%

Total Revenue at 30 September 2021 increased by 34.9%, a result of the sharp rise in *Revenue from Sales and Services* (+41.1%) on the one hand, and of the decrease in *Other Revenue* of € 3,695 thousand on the other. The latter change is related to the recognition at 30 September 2020 of insurance reimbursements for € 2,350 thousand and the release of the Stock Grant reserve for € 1,204 thousand.

EBITDA at 30 September 2021 was up by 39.9% versus 30 September 2020, impacted by the COVID-19 pandemic only in the first half of the year, as production had already fully recovered by July 2020, as had both sales and margins. Net Profit for the period amounted to € 4,467 thousand versus € 1,730 thousand at 30 September 2020.

For further details on the changes, reference should be made to "Notes to the main changes in the consolidated financial statements".



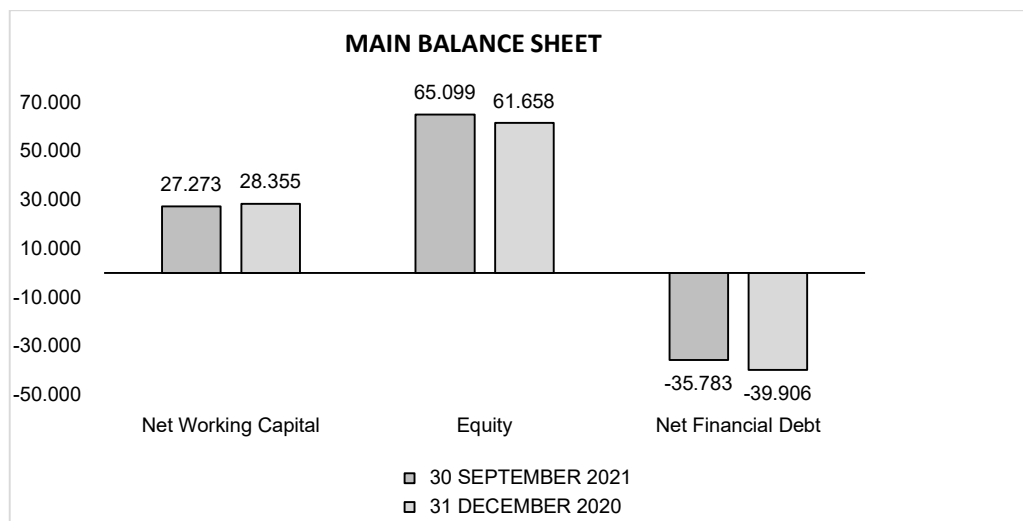
Financial results

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

(Euro thousands)	30 SEPTEMBER 2021	31 DECEMBER 2020	Chg.	% change
Net Working Capital	27,273	28,355	(1,082)	(3.8%)
Equity	65,099	61,658	3,441	5.6%
Net Financial Debt	(35,783)	(39,906)	(4,123)	10.3%

The sharp reduction in *net financial debt* is explained in particular by the reduced use of short-term borrowing facilities. The decrease is even more significant (€ -11,816 thousand) if compared with the figure at 30.09.2020 (€ 47,599 thousand).

For further details on the changes, reference should be made to "Notes to the main changes in the consolidated financial statements".



Balance sheet figures at 30 September 2020 are shown for comparison.

(Euro thousands)	30 SEPTEMBER 2020
Net Working Capital	34,034
Equity	59,827
Net Financial Debt	(47,599)

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Directors' Comments



Significant events during the period

Considering the requirements of CONSOB in the Warning Notices issued with regard to COVID-19 in the provision of financial disclosures, mention should be made that the Group's consolidated operating and financial figures at 30 September 2021 too were not impacted by the COVID-19 pandemic. The upward trend in turnover and order backlog already reported in second half 2020 and in first half 2021 continued in fact, driven also by the contribution of sales of Neodecortech's new product lines.

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 few non-serious COVID-19 positive cases among employees.

Starting from 15 October 2021 in particular, 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 stoppages required.

Therefore, taking account of a credit risk that remains low and the constant improvement in operating and financial results reported also in third quarter 2021 and the operating and financial forecasts for 2021 reflected in the 2021-2023 Business Plan, no 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.

The spread of variants and the risks of a closure of business activities and of 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 certain 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 pandemic and the possible impacts on the Group's operating and financial performance.

In third quarter 2021 too, 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 are, to a large extent, transferred downstream of the supply chain, even though this may put pressure on prices, with a resulting erosion at times of percentage margins. The less-than-full availability of raw materials also began to impact the Group.

As far as Bio Energia Guarcino is concerned, the general increase in the price of fuels, especially animal fat, amounted to over 50% in the first half versus December 2020. For this reason, in the second quarter and in the month of July, Bio Energia Guarcino worked at less than full capacity with 2 engines out of 3, in order to safeguard the consolidated margins of the paper mill/plant located in Guarcino. July saw a slight retracement, which was cancelled out in August and September when animal fat prices returned to rise above the levels recorded in June. However, as a partial offset against such cost increase, the third quarter continued to see the spike in energy selling prices, in September in particular. Our sentiment is that these values will continue to remain high until year end, and most likely in Q1 2022 too. The production of Bio Energia Guarcino has been at full production capacity since August.

With regard to Cartiere di Guarcino's strategic raw materials (pulp and titanium dioxide), the price change for pulp in first nine months 2021 was USD 460 higher for short fibre and USD 430 for long fibre versus December 2020 prices. The price of titanium dioxide on the European market in the first nine months of the current year increased on average by € 565 versus fourth quarter 2020, while a further increase is expected in the fourth quarter.

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 estimated at approximately € 500 thousand. This situation eased back at end August, while tensions continue for the availability of this kind of resins.

All of the raw material cost increases accounted for took place mainly in January 2021 (round 1), April 2021 (round 2), July (round 3), with a 4th round in September.

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. The transfer has yet to be completed given the above market difficulties.

Mention should be made that the price increase in September, for resins especially, at Neodecortech S.p.A., had a slight impact on third quarter margins.

Increases in raw materials and, at times, their shortage, have impacted to some extent on the Group's operating/financial results at 30 September 2021, which nevertheless managed to close with revenue (+41.1%), EBITDA (+39.9%) and net profit (+158.2%) up versus the same period last year. The year 2020 had been impacted by the COVID-19 pandemic mainly in the second quarter, while production had resumed at full swing for all plants as early as July 2020, and, since then, operating/financial results had returned to pre-pandemic levels.

Specifically, revenue for third quarter 2021 alone amounted to € 42,949 thousand, up by 25.1% versus third quarter 2020 (€ 34,320 thousand). Aggregate sales in 2021 amounted to € 125,383 thousand, up by 41.1% versus € 88,850 thousand in the same period of 2020.

Net financial debt at 30 September 2021 stood at € 35,783 thousand, down by € 4,123 thousand versus € 39,906 thousand at 31 December 2020, and by € 11,816 thousand versus € 47,599 at 30 September 2020.

In the third quarter, the Company continued to implement its budgeted capital expenditure plan, closing with € 6,503 thousand at 30 September 2021.

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 amounted to € 600 thousand, of which € 240 thousand for non-repayable co-financing and € 360 thousand in subsidized loans with a duration of four years, of which two years of grace period.

On 28 July 2021, Neodecortech S.p.A. submitted the CDP Questionnaire (Carbon Disclosure Program) in order to obtain the ESG Rating by year end.

Business and market outlook

In keeping with the trend witnessed in the first nine months and in line with the approved budget, estimates show that in fourth quarter 2021 turnover may continue to grow versus the same period of the prior year, with a slight impairment of unit margins however, owing to the incomplete transfer to customers of the increase in the cost of raw materials by Neodecortech S.p.A. and Cartiere di Guarcino S.p.A.

As for Bio Energia Guarcino S.r.l., the cost of fuel is expected to hover at high prices until year end with incentive revenue remaining steady; revenue from the sale of electricity is, however, forecast to rise, driven by the good trend in the unit price of electricity, a price that should bring a recovery in margins that remained low until third quarter 2021.

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

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**Condensed Consolidated Financial Statements
at 30 September 2021**



Consolidated income statement at 30 September 2021

<i>(Euro thousands)</i>	30 SEPTEMBER 2021	%	30 SEPTEMBER 2020	%	Chg.	% change
Revenue from sales and services	125,383	100.0%	88,850	100.0%	36,533	41.1%
Changes in work in progress, semi-finished and finished products	(729)	(0.6%)	(2,615)	(2.9%)	1,886	(72.1%)
Other revenue	1,604	1.3%	5,299	6.0%	(3,695)	(69.7%)
Value of Production	126,258	100.7%	91,534	103.0%	34,724	37.9%
Raw and ancillary materials and consumables	(78,422)	(62.5%)	(52,299)	(58.9%)	(26,123)	49.9%
Other operating expense	(17,621)	(14.1%)	(15,712)	(17.7%)	(1,909)	12.1%
Value Added	30,215	24.1%	23,523	26.5%	6,692	28.4%
Personnel expense	(16,378)	(13.1%)	(13,633)	(15.3%)	(2,745)	20.1%
EBITDA	13,837	11.0%	9,890	11.1%	3,947	39.9%
Amortization and depreciation	(6,561)	(5.2%)	(6,347)	(7.1%)	(214)	3.4%
Allocations	(77)	(0.1%)	(218)	(0.2%)	141	(64.7%)
EBIT	7,199	5.7%	3,325	3.7%	3,874	116.5%
Financial expense	(1,042)	(0.8%)	(1,198)	(1.3%)	156	(13.0%)
Financial income	167	0.1%	29	0.0%	138	475.9%
Profit/(loss) before tax	6,324	5.0%	2,156	2.4%	4,168	193.3%
Income tax	(1,857)	(1.5%)	(426)	(0.5%)	(1,431)	335.9%
Profit/(loss) for the year	4,467	3.6%	1,730	1.9%	2,737	158.2%

Consolidated statement of comprehensive income at 30 September 2021

<i>(Euro thousands)</i>	30 SEPTEMBER 2021	30 SEPTEMBER 2020
Profit/(loss) for the year	4,467	1,730
Other items of the comprehensive income statement		
Actuarial gains (losses) net of tax effect	81	176
Total items that will not be reclassified in the income statement for the year	81	176
Gains/(losses) on cash flow hedging instruments	99	-134
Total items that will or may be reclassified in the income statement for the year	99	-134
Total other components of the comprehensive income statement	180	42
Comprehensive income/(loss) for the period	4,647	1,772
Profit for the period attributed to:		
Shareholders of the Parent	4,647	1,772
Non-controlling interests		
Earnings per share (in Euro):		
Basic earnings per share	0.33	0.13
Diluted earnings per share	0.33	0.13

Consolidated statement of financial position at 30 September 2021

Assets	30 SEPTEMBER 2021	%	31 DECEMBER 2020	%	Chg.	% change
<i>(Euro thousands)</i>						
Intangible assets	1,739	1.1%	2,203	1.5%	(464)	(21.1%)
Property, plant and equipment	77,292	48.9%	77,221	51.2%	71	0.1%
Other non-current assets	406	0.3%	95	0.1%	311	327.4%
Non-current financial receivables	1,797	1.1%	1,821	1.2%	(24)	(1.3%)
Deferred tax assets	2,085	1.3%	2,115	1.4%	(30)	(1.4%)
Non-current assets	83,319	52.7%	83,455	55.3%	(136)	(0.2%)
Inventory	36,986	23.4%	36,684	24.3%	302	0.8%
Trade receivables	22,875	14.5%	19,252	12.8%	3,623	18.8%
Receivables from tax consolidation	0	0.0%	1,008	0.7%	(1,008)	(100.0%)
Tax receivables	4,156	2.6%	1,767	1.2%	2,389	135.2%
Current financial receivables	64	0.0%	64	0.0%	0	0.0%
Other current receivables	2,020	1.3%	1,118	0.7%	902	80.7%
Cash and cash equivalents	8,801	5.6%	7,536	5.0%	1,265	16.8%
Current assets	74,901	47.3%	67,428	44.7%	7,473	11.1%
Total Assets	158,221	100.0%	150,883	100.0%	7,338	4.9%
Equity and liabilities						
	30 SEPTEMBER 2021	%	31 DECEMBER 2020	%	Chg.	% change
<i>(Euro thousands)</i>						
Share capital	17,399	11.0%	17,399	11.5%	0	0.0%
Share premium reserve	17,357	11.0%	17,357	11.5%	0	0.0%
Other reserves	17,115	10.8%	13,954	9.2%	3,161	22.7%
Prior years' profit (loss)	8,761	5.5%	9,412	6.2%	(651)	(6.9%)
Profit (loss) for the year	4,467	2.8%	3,536	2.3%	931	26.3%
Equity	65,099	41.1%	61,658	40.9%	3,441	5.6%
Provisions for risks and charges	1,052	0.7%	1,284	0.9%	(232)	(18.1%)
Deferred tax	6,117	3.9%	6,231	4.1%	(114)	(1.8%)
Post-employment benefits	2,516	1.6%	2,728	1.8%	(212)	(7.8%)
Non-current financial liabilities	25,090	15.9%	28,840	19.1%	(3,750)	(13.0%)
Non-current liabilities	34,776	22.0%	39,084	25.9%	(4,308)	(11.0%)
Trade payables	30,405	19.2%	25,571	16.9%	4,834	18.9%
Payables from tax consolidation	2,098	1.3%	476	0.3%	1,622	340.8%
Tax payables	819	0.5%	708	0.5%	111	15.7%
Current financial liabilities	19,557	12.4%	18,666	12.4%	891	4.8%
Other current payables	5,466	3.5%	4,719	3.1%	747	15.8%
Current liabilities	58,346	36.9%	50,140	33.2%	8,206	16.4%
Total equity and liabilities	158,221	100.0%	150,883	100.0%	7,338	4.9%

Consolidated statement of changes in equity at 30 September 2021

(Euro thousands)	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	Non-controlling interests	Total equity
Balance at 01/01/2020	16,203	(173)	17,357	24,220	(291)	3,961	61,277	0	61,277
Other items of the comprehensive income statement	0	(123)	0	185	0	0	62	0	62
Profit for the year	0	0	0	0	0	3,535	3,535	0	3,535
Total comprehensive income/loss for the year	0	(123)	0	185	0	3,535	3,597	0	3,597
Dividend distribution	0	0	0	(1,882)	0	0	(1,882)	0	(1,882)
Allocation of prior year's profit (loss)	0	0	0	3,961	0	(3,961)	0	0	0
Other changes	1,196	0	0	(2,400)	(130)	0	(1,334)	0	(1,334)
Balance at 31/12/2020	17,399	(296)	17,357	24,084	(421)	3,535	61,658	0	61,658
Balance at 01/01/2021	17,399	(296)	17,357	24,084	(421)	3,535	61,658	0	61,658
Other items of the comprehensive income statement	0	99	0	81	0	0	180	0	180
Profit for the year	0	0	0	0	0	4,467	4,467	0	4,467
Total comprehensive income/loss for the year	0	99	0	81	0	4,467	4,647	0	4,647
Dividend distribution	0	0	0	(1,206)	0	0	(1,206)	0	(1,206)
Allocation of prior year's profit (loss)	0	0	0	3,535	0	(3,535)	0	0	0
Other changes	0	(4)	0	4	0	0	0	0	0
Balance at 30/09/2021	17,399	(201)	17,357	26,498	(421)	4,467	65,099	0	65,099

Consolidated Statement of Cash Flows at 30 September 2021

<i>(Euro thousands)</i>	30 SEPTEMBER 2021	30 SEPTEMBER 2020
Profit (loss) for the year	4,467	1,730
Income tax	1,998	314
Deferred/(prepaid) tax	(141)	112
Interest expense/(interest income)	1,305	1,170
(Dividends received)	0	0
(Gains)/losses from disposal of assets	(210)	8
1 Profit (loss) for the year before income tax, interest, dividends and gains/losses from disposals	7,419	3,334
Adjustments for non-monetary items that had no balancing entry in net working capital:		
Allocation to post-employment benefits	61	54
Allocations to other provisions	263	218
Amortization and depreciation of fixed assets	6,561	6,347
Write-downs for impairment losses	0	0
Other adjustments for non-monetary items	(1,509)	(1,505)
2 Cash flow before changes in NWC	12,794	8,448
Changes in net working capital:		
Decrease/(increase) in receivables from customers	(3,835)	(1,725)
Decrease/(increase) in inventory	(280)	2,182
Increase/(decrease) in payables to suppliers	4,835	(7,952)
Decrease/(increase) in other receivables	(2,302)	(966)
Increase/(decrease) in other payables	1,728	471
Other changes in net working capital	0	0
3 Cash flow after changes in NWC	12,940	458
Other adjustments:		
Interest received/(paid)	(504)	(754)
(Income tax paid)	(103)	0
(Gains)/losses from disposal of assets	0	0
Dividends received	0	0
(Utilization of provisions)	(454)	(12)
(Utilization of provisions for post-employment benefits)	(120)	15
4 Cash flow after other adjustments	11,758	(294)
A Cash flow from operations	11,758	(294)
<i>Property, plant and equipment</i>	(6,184)	(4,574)
(Purchase)	(6,223)	(4,612)
Disposal	39	39
<i>Intangible fixed assets</i>	(280)	(174)
(Purchase)	(280)	(174)
Disposal	0	0
<i>Financial fixed assets</i>	(287)	18
(Purchase)	(363)	0
Disposal	76	18
<i>Current financial assets</i>	0	0
(Purchase)	0	0
disposal	0	0
<i>Proceeds from disposal of assets</i>	210	0
B Cash flow from investing activities	(6,541)	(4,730)
Liabilities	(2,746)	7,564
Increase (decrease) in short-term bank payables	1,023	2,192

New loans	0	5,900
Repayment of loan	(2,809)	6
Financial liabilities to other lenders	(1,008)	(558)
Change in financial receivables from other lenders	47	25
Equity	(1,206)	(2,012)
Share capital increase	0	0
Sale (purchase) of treasury shares	0	(130)
Other changes in equity	(1,206)	(1,882)
C Cash flow from financing activities	(3,952)	5,552
Increase (decrease) in cash and cash equivalents (A ± B ± C)	1,265	528
Cash and cash equivalents at 1 January	7,536	3,549
Cash and cash equivalents at September 30	8,801	4,077

The following table shows **consolidated net financial debt** at 30 September 2021 versus the situation at 31 December 2020 and 30 September 2020:

<i>(Euro thousands)</i>	30 SEPTEMBER 2021	31 DECEMBER 2020	Chg.	30 SEPTEMBER 2020	Chg.
A. Liquid funds	(12)	(8)	(4)	(9)	(3)
B. Cash and cash equivalents	(8,789)	(7,528)	(1,261)	(4,068)	(4,721)
C. Other current financial assets	(64)	(64)	0	(89)	25
D. Liquidity (A + B + C)	(8,865)	(7,600)	(1,265)	(4,166)	(4,699)
E. Current financial debt	15,403	14,009	1,394	19,738	(4,335)
F. Current portion of non-current financial debt	4,154	4,657	(503)	4,052	102
G. Current financial debt (E + F)	19,557	18,666	891	23,790	(4,233)
H. Net current financial debt (G - D)	10,692	11,066	(374)	19,624	(8,932)
I. Non-current financial debt	25,091	28,840	(3,749)	27,974	(2,883)
J. Debt instruments	0	0	0	0	0
K. Trade payables and other non-current payables	0	0	0	0	0
L. Non-current financial debt (I + J + K)	25,091	28,840	(3,749)	27,974	(2,883)
M. Total financial debt (H + L)	35,783	39,906	(4,123)	47,599	(11,816)

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Notes



Accounting standards and preparation criteria

The Interim Management Statement for nine months 2021 includes the Balance Sheet, Income Statement, Statement of Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity and brief notes; it has been prepared on the basis of the recognition and measurement criteria provided for by the IAS-IFRS standards adopted by the European Union. It has been made available to the public on a voluntary basis, and has been prepared in accordance with the regulations of Borsa Italiana, which establish, among the requirements for maintaining the listing on the STAR segment of the MTA market, the publication of interim reports, which are available on the Company website (www.neodecortech.it).

With regard to the relevant international accounting standards and the criteria chosen by the Group in preparing the financial statements, reference is made to the Consolidated Half-Year Report at 30 June 2021.

The preparation of the Interim Statement has required Management to make estimates and assumptions affecting the value of revenue, costs, assets and liabilities and the information relating to contingent assets and liabilities at the date of the interim statement. These estimates and assumptions have been based on Management's best evaluation. Should they, in the future, differ from the circumstances in effect at that time, they will be modified appropriately in the period in which the change in circumstances is recorded. It should also be noted that these evaluation processes, specifically the more complex ones, such as those relating to the calculation of potential impairment of non-current assets, are generally carried out in their entirety during the preparation of the year-end financial statements when all necessary information is available, unless impairment indicators exist which require an immediate evaluation of the potential impairment.

Lastly, the Interim Management Statement has been prepared in accordance with the "criterion of the separation of periods" based on which the period under review is considered as an independent financial period. From this point of view, the quarterly income statement reflects the income components of the period under review using the accruals basis of accounting.

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.

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 the ability to repay debt.

Notes on the main changes in the consolidated financial statements

The Group's consolidated net *revenue from sales and services* at 30 September 2021 amounted to € 125,383 thousand, up by 41.1% versus the same period of 2020 when it had amounted to € 88.850 thousand.

The increase shows different patterns for the three Divisions, as follows: Printed Decorative Paper Division (+49.0%), Decorative Paper Division (+59.6%) and Energy Division (+6.8%).

The increase in revenue in the Printed Decorative Paper Division was due primarily to increased sales of paper and printed PVC, laminates and the new EOS product.

The increase in revenue in the Decorative Paper Division is the result of the higher sales in the Italy (+80%), Northern Europe (+48%) and American (+80%) markets, versus the same period of 2020.

The sharp growth in revenue, driven by the strong demand in the decorative paper segment, was achieved thanks to the effective sales actions taken in recent years, which led to an increase in sales of Unicolour papers (+70%) and Base papers (+50%), while growth in other types of products was less significant.

At 30 September 2021, the Energy Division's revenue was higher than the amount recorded at 30 September 2020, due to higher electricity prices.

Other revenue at 30 September 2021 includes € 330 thousand from the non-repayable co-financing of € 240 thousand 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.

With regard to margins, consolidated *EBITDA* at 30 September came to € 13,837 thousand versus € 9,890 thousand at 30 September 2020, increasing by 39.9%, due mainly to the combined effect of the growth in production volumes and improved margins of the operations of the three divisions. However, this improvement was affected by two non-recurring events in 2020; *Other revenue* at 30 September 2021, in fact, amounted to € 1,604 thousand versus € 5,299

thousand at 30 September 2020, down by € 3,695 thousand. The following is a breakdown of the two non-recurring events that took place in first quarter 2020:

- insurance reimbursement for damages suffered by the subsidiary Bio Energia Guarcino S.r.l. amounting to € 2,350 thousand;
- release of the Stock Grant reserve for € 1,204 thousand.

Consolidated *net profit* amounted to € 4,467 thousand (€ 1,730 thousand at 30 September 2020), up by 158.2%. As mentioned for *EBITDA*, the result reflects both the significant revenue growth and the improvements in the margins of the Company's operations, as well as the impact of non-recurring events that occurred in first quarter 2020.

Consolidated *net financial debt* at 30 September 2021 amounted to € 35,783 thousand (€ 39,906 thousand at 31 December 2020). The decrease of € 4,123 thousand is due mainly to:

- The reduced use of short-term facilities;
- The repayment of medium/long-term loans.

The difference recorded from the figure at 30 September 2020 is even more significant, down by € 11,816 thousand, and is linked to four main factors:

- The increase in *cash and cash equivalents* of € 4,724 thousand is due to the cash flow generated by operations;
- The reduction in *short-term debt* to banks is due to the Group's reduced use of lines of credit;
- With regard to *other current and non-current financial payables*, the subsidiary, Bio Energia Guarcino S.r.l., obtained a suspension of the principal portion of its lease obligations on the plants until March 2021.

Consolidated net working capital at 30 September 2021 amounted to € 27,272 thousand versus € 28,355 thousand at 31 December 2020. The main effect that contributed to the decrease of € 1,083 thousand is the increase in trade payables of € 4,835 thousand, only partly offset by an increase in trade receivables of € 3,622 thousand and in inventory of € 302 thousand, in line with the increase in turnover (+41.1%) and, as a result, in the cost of raw materials (+49.9%).

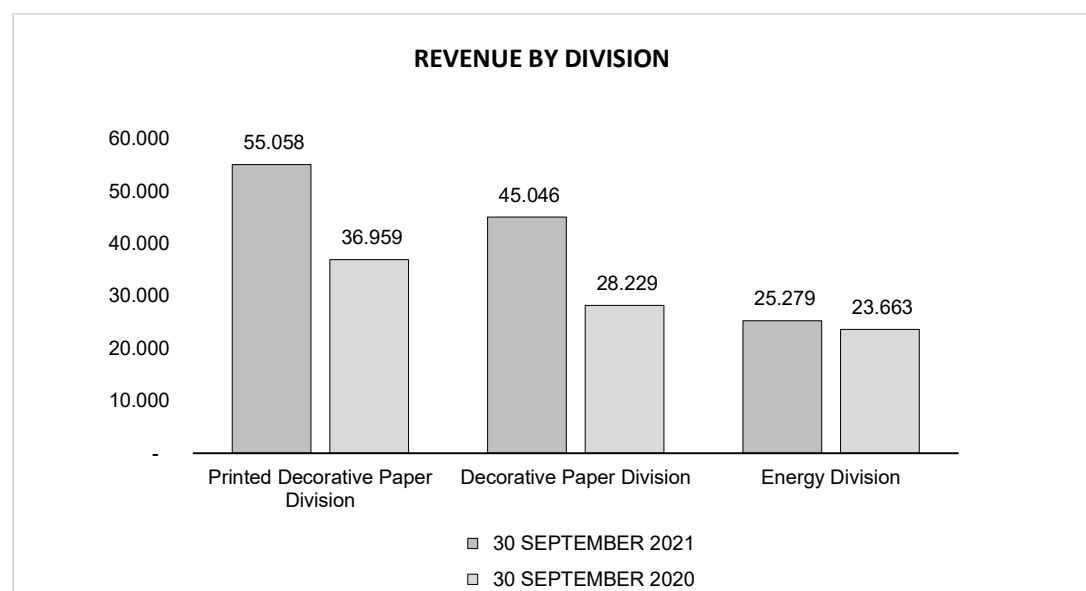
Consolidated equity at 30 September 2021 amounted to € 65,099 thousand (€ 61,658 thousand at 31 December 2020). The main effect impacting on the item was the allocation of profit for the year.

At 30 September 2021, capital expenditure in tangible and intangible fixed assets amounted to € 6,503 thousand. In the same period of 2020, capital expenditure had amounted to € 4,786 thousand, up by € 1,717 thousand.

Revenue by division, type of business and geographical area

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

(Euro thousands)	30 SEPTEMBER 2021	%	30 SEPTEMBER 2020	%	Chg.	% change
Printed Decorative Paper Division	55,058	44%	36,959	42%	18,099	49.0%
Decorative Paper Division	45,046	36%	28,229	32%	16,817	59.6%
Energy Division	25,279	20%	23,663	27%	1,616	6.8%
Total	125,383	100%	88,850	100%	36,533	41.1%

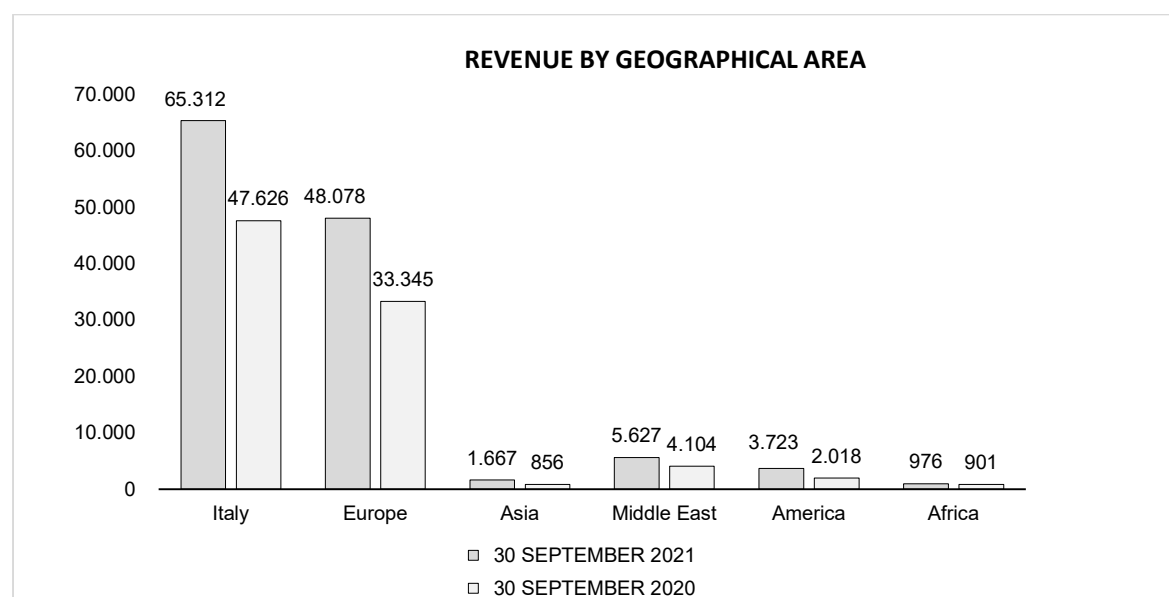


At 30 September 2021, the table below shows **consolidated revenue broken down by type of business**:

(Euro thousands)	Printed Decorative Paper Division	Decorative Paper Division	Energy Division	Consolidated
Revenue from the sale of goods	47,888	44,159		92,047
Revenue from services	7,170	887		8,057
Revenue from the sale of electricity and steam			5,608	5,608
Revenue from incentives			19,671	19,671
Total by segment	55,058	45,046	25,279	125,383

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

(Euro thousands)	30 SEPTEMBER 2021	%	30 SEPTEMBER 2020	%	Chg.	% change
Italy	65,312	52.1%	47,626	53.6%	17,686	37.1%
Europe	48,078	38.3%	33,345	37.5%	14,733	44.2%
Asia	1,667	1.3%	856	1.0%	811	94.7%
Middle East	5,627	4.5%	4,104	4.6%	1,523	37.1%
America	3,723	3.0%	2,018	2.3%	1,705	84.4%
Africa	976	0.8%	901	1.0%	75	8.4%
Total	125,383	100.0%	88,850	100.0%	36,533	41.1%



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 30 September 2021 are shown, the details of which are given below.

(Euro thousands)

	Trade receivables 30 September 2021	Financial receivables 30 September 2021	Trade payables 30 September 2021	Financial payables 30 September 2021
Finanziaria Valentini	0	1,011	0	(2,098)
Industrie Valentini	132	0	0	0
Valinvest	0	112	0	0
ISFRE	0	444	0	0
Loma	1,557	0	(85)	0
Menichetti Federica			(8)	
Santucci Stefano			(7)	
Total	1,689	1,567	(100)	(2,098)

(Euro thousands)

	Revenue and income 30 September 2021	Costs and expense 30 September 2021
Finanziaria Valentini	0	0
Industrie Valentini	13	0
Valinvest	3	(78)
Loma	3,071	(119)
Addi Emanuela		(9)
Menichetti Federica		(20)
Zonca Stefano		(15)
Santucci Stefano		(15)
Total	3,087	(256)

Financial receivables, amounting to € 556 thousand, include € 112 thousand for a financial receivable granted by the Parent Company to the related party Valinvest S.r.l. to renovate the property located in Casoli d'Atri (TE), and € 444 thousand for a receivable claimed by the subsidiary Cartiere di Guarcino S.p.A. from the related party ISFRE in liquidation, the amount of which remained unchanged and for which a provision for risks was set up owing to collection difficulties, while financial payables, amounting to € 2,098 thousand, refers to the tax consolidation payable of the Parent Company and the subsidiary Cartiere di Guarcino S.p.A..

Trade receivables, amounting to € 3,203 thousand, include € 132 thousand from Industrie Valentini for the sale of products (receivables partly guaranteed by Finanziaria Valentini for € 100 thousand and partly written down for the remainder), and € 3,071 thousand from Loma S.r.l., a Group customer also with business advisory relationships, which became a related party following the appointment of one of the Group's executives as a "key management personnel".

As for revenue and income, amounting to € 3,087 thousand, most (€ 3,071 thousand) is represented by revenue from sales to Loma S.r.l..

With regard to the business advisory agreement in place with Loma S.r.l., Neodecortech S.p.A. recorded trade payables of € 84 thousand and costs of € 119 thousand.

The following table shows the fees to the Group's directors and key management personnel at 30 September 2021:

<i>(Euro thousands)</i>	
Subjects	Cost for fees 30 September 2021
Luigi Cologni	317
Massimo Giorgilli	242
Riccardo Bruno	83
Paola Carrara	23
Paolo Pietrogrande	28
Laura Calini	22
Cristina Valentini	8
Luca Peli	0
Key management personnel	493
Total	1,215

<i>(Euro thousands)</i>	
Subjects	Payable for fees 30 September 2021
Luigi Cologni	94
Massimo Giorgilli	84
Riccardo Bruno	5
Paola Carrara	0
Paolo Pietrogrande	3
Laura Calini	0
Cristina Valentini	0
Luca Peli	0
Key management personnel	77
Total	262

Other supplementary information

Atypical and/or unusual transactions during the period

During the period up to 30 September 2021, the Group did not carry out any significant transactions qualifying as non-recurring, atypical and/or unusual.

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.

Significant events after 30 September 2021

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 estimated at € 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 costs of translisting to the regulated segment of Borsa Italiana.

In October 2021, at 29 October 2021, no. 72,892 Warrants had been exercised, therefore no. 18,223 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 dividend entitlements as the ordinary shares of Neodecortech S.p.A. outstanding at the issue date, and have a total value of € 72,892.00, of which € 36,446.00 allocated to the share capital, while the remainder is allocated to the share premium reserve. As a result of the above, there are no. 13,004,608 Warrants still outstanding at 31 October 2021 that may be exercised until 27 December 2021, as envisaged in the Neodecortech 2018-2021 Regulation. As a result of the above, the new share capital of Neodecortech S.p.A. amounts to € 17,435,133.37 (seventeen million four hundred and thirty-five thousand one hundred and thirty-three/37) and is divided into no. 13,533,483 (thirteen million five hundred and thirty-three thousand four hundred and eighty-three) ordinary shares with no par value.

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 the Company held no. 120,000 treasury shares at 30 September 2021 for a value of € 422,030.

At 30 September 2021 and during the quarter, the Company did not purchase any shares of the parent company.

On 5 October 2021, Neodecortech S.p.A. sold all 120,000 treasury shares at a value of € 4.36 each for a total of € 523,200.

Filago (BG), 12 November 2021

For the Board of Directors

The Chairman

(Riccardo Bruno)

Certification by the Financial Reporting Manager

IN ACCORDANCE WITH ARTICLE 154-bis, paragraph 2, of Legislative Decree 58/1998 (TUF)

Object: Interim Management Statement at 30 September 2021 approved on 12 November 2021.

I, the undersigned, Fabio Zanobini, Financial Reporting Manager of Neodecortech S.p.A.,

CERTIFY

pursuant to Article 154 bis, paragraph two, Part IV, Title III, Chapter II, Section V-bis, of Legislative Decree no. 58 of 24 February 1998, that, to the best of my knowledge, the Interim Management Statement at 31 March 2021 corresponds to the underlying records, books and accounting entries.

Filago (BG), 12 November 2021

Financial Reporting Manager

(Fabio Zanobini)